

CITY OF LAWRENCE, KANSAS

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2022

**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

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CITY MANAGER

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CITY COMMISSION

MAYOR
COURTNEY SHIPLEY

COMMISSIONERS
LISA LARSEN
NATHAN LITTLEJOHN III
AMBER SELLERS
BRADLEY R. FINKELDEI

August 25, 2023

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, 2022. 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, and 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.

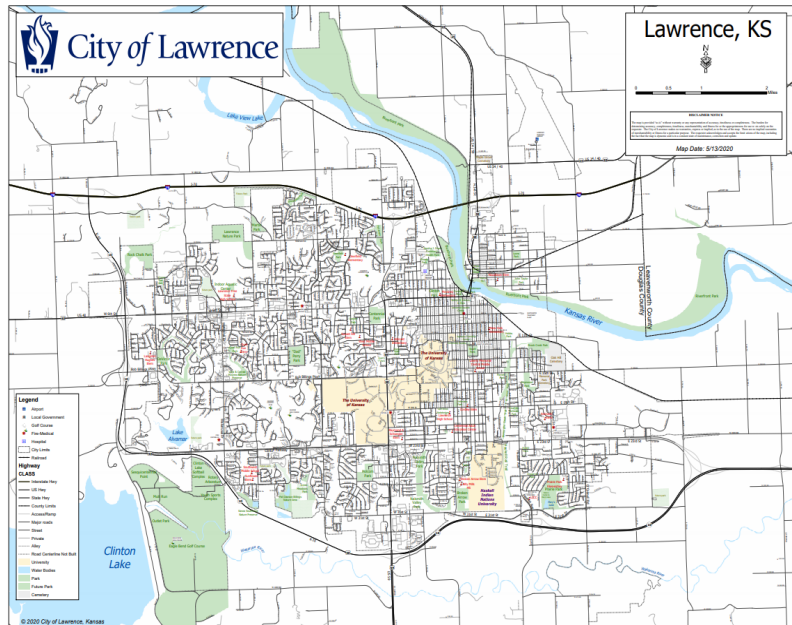
The City's financial statements have been audited by *RSM US LLP*. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the year ended December 31, 2022, are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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, 2022, 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 and other historical audited financial statements, prior year(s) operating and capital budgets, and 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 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 105,511 as of December 31, 2022. 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 policymaking, 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 stormwater 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 encumbrance, 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 is 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 59% of the sales taxes generated in the City come from retail sales. About 13% comes from food and beverage stores, and about 12% comes from food service and drinking establishments. At the end of 2022, the City's unemployment rate was 2.4% compared to the 2.7% for the State of Kansas and the national rate of 3.5%.

Long-term financial planning

The City prepares a five-year Capital Improvement Plan (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2023-2027 CIP includes project costs totaling \$446.093 million. Of the \$110.877 million of funding for 2023, 88% 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 City's financial condition is evaluated. The City Commission has adopted a policy to maintain the unassigned fund balance in the General Fund at a level equal to 90 days of operating 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 15 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

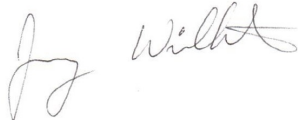
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lawrence for its Annual Report for the fiscal year ended December 31, 2021. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Report, whose contents conform to program standards. Such an 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 31 consecutive years. Additionally, the City has been awarded the GFOA's "Triple Crown" for both Fiscal Years 2020, and 2021. The GFOA's Triple Crown recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award. 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. We intend to submit the other two documents as well.

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, Josh Wisenbaker, Grant Heithaus, and A'sha Pruitt 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 2022 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

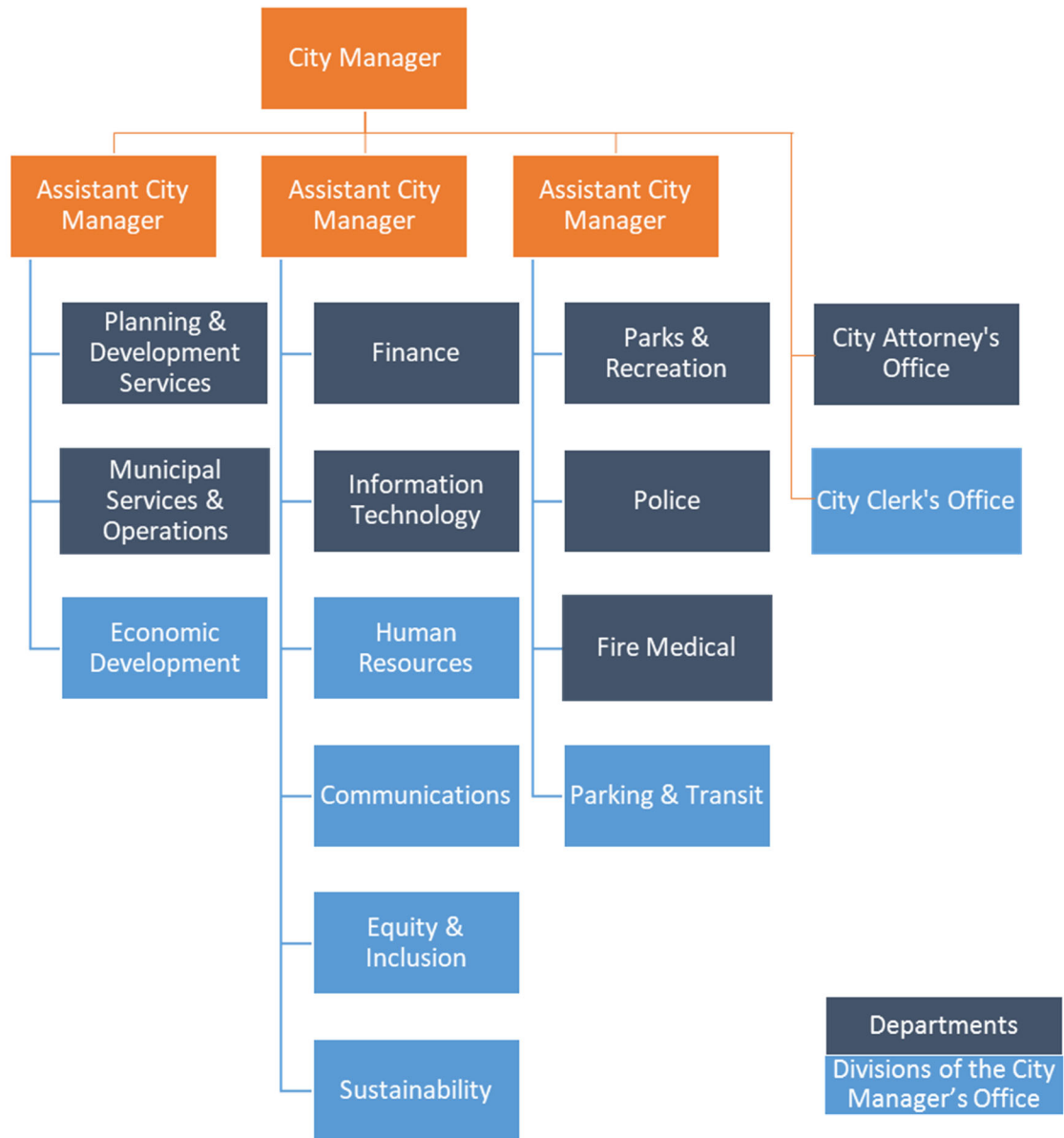
CITY OF LAWRENCE, KANSAS

List of Principal Officials
As of December 31, 2022

TITLE	NAME
Mayor	Lisa Larsen
Vice Mayor	Bart Littlejohn
Commission Member	Amber Sellers
Commission Member	Brad Finkeldei
Commission Member	Courtney Shipley
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	Richard Llewellyn
Information Technology Director	Brian Thomas (Interim)
Municipal Services and Operations Director	Melissa Sieben
Parks and Recreation Director	Derek Rogers
Planning and Development Services Director	Jeff Crick
Police Chief	Rich Lockhart

City of Lawrence, Kansas

**Organizational Chart
December 31, 2022**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lawrence
Kansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO

Independent Auditor's Report

RSM US LLP

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

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawrence, Kansas, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 0.75% of total assets and 1.07% of total revenues of the aggregate remaining fund information and represent 0.18% of total assets and 0.65% of total revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Authority, the Hospital, the Library and eXplore Lawrence, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the discretely presented component unit of the City (Lawrence Memorial Hospital, audited by other auditors) restated its opening net position as a result of retrospectively adopting Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The City adopted GASB Statement No. 87 as well, however this did not result in a restatement of opening net position for the primary government. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Kansas City, Missouri
August 25, 2023

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2022

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, 2022, as a part of the overall Annual Comprehensive Financial Report (Annual Report). This overview compares the fiscal year ended December 31, 2022 with the fiscal year ended December 31, 2021. 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 as of December 31, 2022, by \$435.48 million. This is our total net position. Of this amount, \$15.55 million is not specifically assigned for restricted purposes (unrestricted net position) and may be used to meet the government's ongoing obligations.
- The City's total net position decreased by \$1.28 million. This is a decrease compared to the prior year, which increased \$15.76 million. The City saw an increase in revenue of \$36.72 million (17.58% increase) and an increase in expenses of \$53.76 million (27.83% increase) which resulted in the decrease in net position.
- As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$152.62 million, an increase of \$34.93 million in comparison with the prior year. This was primarily due to issuing \$59.17 million in general obligation bonds and temporary notes.
- As of December 31, 2022, the City's business-type activities reported combined total net position of \$205.17 million, an increase of \$3.29 million in comparison with the prior year. This was primarily due to increases in charges for services for utility revenues of \$5.84 million, offset by an increase in expenses of \$8.39 million.
- At December 31, 2022, the fund balance for the general fund was \$24.891 million or 26.95% of revenues.
- The City's total debt, including temporary notes increased by \$18.61 million to a total of \$383.44 million. The key factor was an increase in temporary notes (\$29.87 million).
- The total OPEB Liability as of the end of the year is \$15.74 million.
- The Net Pension Liability as of the end of the year is \$98.31 million.

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, 2022

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 wastewater, solid waste, storm sewer, and parking 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 35 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 90-100 of this report.

Budgets were adopted by the governing body for 2022 operations for the general fund plus 21 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 4 enterprise funds to account for its water and wastewater operations, solid waste operations, public parking, and storm water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses 3 internal service funds to account for shared administrative costs, healthcare 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 wastewater, 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 122-131 of this report.

Notes to the financial statements

The notes to the basic financial statements begin on page 31. 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 83-89 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 \$435.48 million at December 31, 2022. The City's net position decreased by \$1.28 million. Governmental activities decreased net position by \$4.57 million while business-type activities increased net position by \$3.29 million in 2022. 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, 2022

Table 1. City of Lawrence's Net Position, Year Ended December 31, 2022, and December 31, 2021 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other Assets	\$ 257,680	\$ 212,149	\$ 140,932	\$ 148,035	\$ 398,612	\$ 360,184
Capital assets, net of depreciation	318,343	304,080	304,946	302,016	623,289	606,096
Total assets	576,023	516,229	445,878	450,051	1,021,901	966,280
Deferred outflows of resources	29,321	19,299	5,532	4,241	34,853	23,540
Total assets and deferred outflows of resources	605,344	535,528	451,410	454,292	1,056,754	989,820
Long-term liabilities						
Current	86,729	57,765	18,898	16,554	105,627	74,319
Non-current	232,384	181,812	225,377	231,942	457,761	413,754
Total liabilities	319,113	239,577	244,275	248,496	563,388	488,073
Deferred inflows of resources	55,926	61,074	1,961	3,913	57,887	64,987
Total liabilities and deferred inflows of resources	375,039	300,651	246,236	252,409	621,275	553,060
Net Position						
Net investment in capital assets	193,575	192,481	131,014	137,090	324,589	329,571
Restricted	86,913	65,999	8,427	8,278	95,340	74,277
Unrestricted (deficit)	(50,183)	(23,603)	65,733	56,515	15,550	32,912
Total Net Position	\$ 230,305	\$ 234,877	\$ 205,174	\$ 201,883	\$ 435,479	\$ 436,760

The largest portion of the City's net position, \$324.59 million (74.54%) 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, \$95.34 million (21.89%), represents resources that are subject to external restrictions on how they may be used. This increased \$21.06 million compared to the prior year primarily due to the issuance of temporary notes for capital projects.

The remaining balance of the net position of \$15.55 million (3.57%); (\$26.58 million decrease in governmental activities and \$9.22 million increase in 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, 2022

Table 2. City of Lawrence's Changes in Net Position, Year Ended December 31, 2022, and December 31, 2021 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 24,396	\$ 13,878	\$ 81,436	\$ 75,598	\$ 105,832	\$ 89,476
Operating grants and contributions	20,848	11,689	-	-	20,848	11,689
Capital grants and contributions	3,360	489	414	-	3,774	489
General revenues:						
Property taxes	43,025	43,958	-	-	43,025	43,958
Other taxes	67,220	60,781	-	-	67,220	60,781
Investment Income	1,262	313	122	112	1,384	425
Other	2,266	1,565	1,295	541	3,561	2,106
Total Revenues	<u>162,377</u>	<u>132,673</u>	<u>83,267</u>	<u>76,251</u>	<u>245,644</u>	<u>208,924</u>
Expenses:						
General government	23,515	24,674	-	-	23,515	24,674
Public safety	67,013	53,987	-	-	67,013	53,987
Public works	45,475	20,835	-	-	45,475	20,835
Health and social services	5,926	5,518	-	-	5,926	5,518
Culture and recreation	22,346	13,527	-	-	22,346	13,527
Economic development & tourism	4,515	4,253	-	-	4,515	4,253
Interest on long-term debt	2,980	3,606	-	-	2,980	3,606
Water and Wastewater	-	-	53,094	49,709	53,094	49,709
Solid Waste	-	-	15,652	12,657	15,652	12,657
Nonmajor business-type activities	-	-	6,409	4,399	6,409	4,399
Total expenses	<u>171,770</u>	<u>126,400</u>	<u>75,155</u>	<u>66,765</u>	<u>246,925</u>	<u>193,165</u>
Change in Net Position before transfers	<u>(9,393)</u>	<u>6,273</u>	<u>8,112</u>	<u>9,486</u>	<u>(1,281)</u>	<u>15,759</u>
Transfers in(out)	<u>4,821</u>	<u>4,878</u>	<u>(4,821)</u>	<u>(4,878)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(4,572)</u>	<u>11,151</u>	<u>3,291</u>	<u>4,608</u>	<u>(1,281)</u>	<u>15,759</u>
Net position, beginning of year	<u>234,877</u>	<u>223,726</u>	<u>201,882</u>	<u>197,274</u>	<u>436,759</u>	<u>421,000</u>
Net position, end of year	<u>\$ 230,305</u>	<u>\$ 234,877</u>	<u>\$ 205,173</u>	<u>\$ 201,882</u>	<u>\$ 435,478</u>	<u>\$ 436,759</u>

Governmental Activities

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

Governmental revenues increased \$29.70 million (22.39%) over the prior year with increases in charges for services, operating grants and contributions, and other taxes causing the largest portions of the increase.

Governmental expenses increased \$45.37 million or 35.89% from the prior year with increased in public safety, public works, and culture and recreation being the primary drivers.

Public Safety:

The changes were predominately due to increased wages based on the pay plan, and grant activity surrounding Covid-19 and the fiscal recovery funds.

Public Works:

The Capital Improvement Project Plan had additional depreciation in 2022 compared to 2021 due to additional assets placed in service in 2022. In addition, a \$20.48 million pollution remediation liability was recognized and expensed in the current year.

CITY OF LAWRENCE, KANSAS

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Culture and Recreation:

This category grew \$8.98 million. The primary drivers were in the General fund for the pay plan, internal service fees, and increases in depreciation based on capital assets acquired per the Capital Improvement Plan.

Figure 1. Program Revenues Compared to Expenses, Year Ended December 31, 2022:

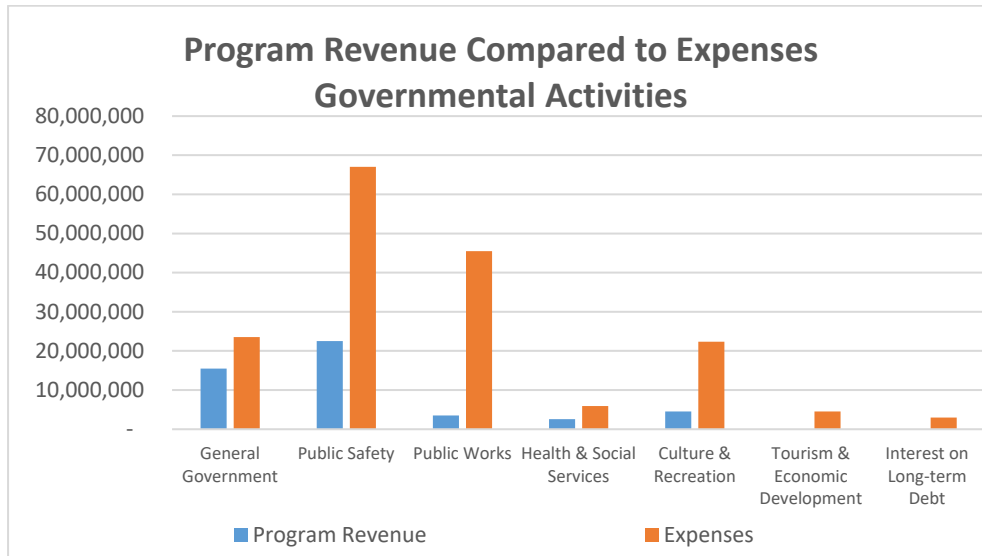
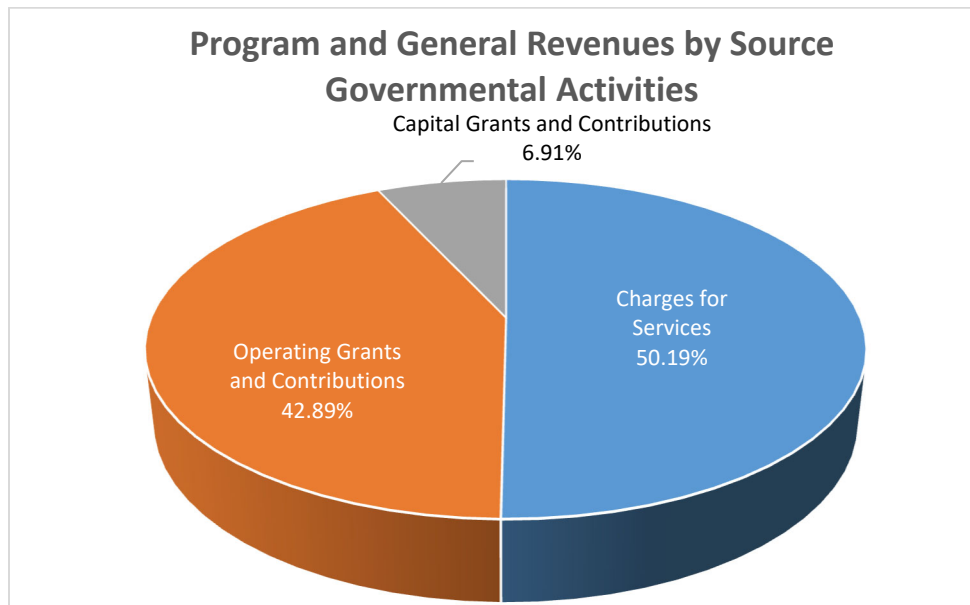


Figure 2. Program Revenues for Governmental Activities, Year Ended December 31, 2022:



CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2022

Business-type activities

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

Business-type revenues increased \$7.02 million (9.20%) over the prior year with increases in charges for services causing the largest portion of the increase.

Business-type expenses increased \$8.39 million or 12.57% from the prior year with increases to the Water and Wastewater Utility being the primary driver.

Figure 3. Expenses for Business-type Activities, Year Ended December 31, 2022:

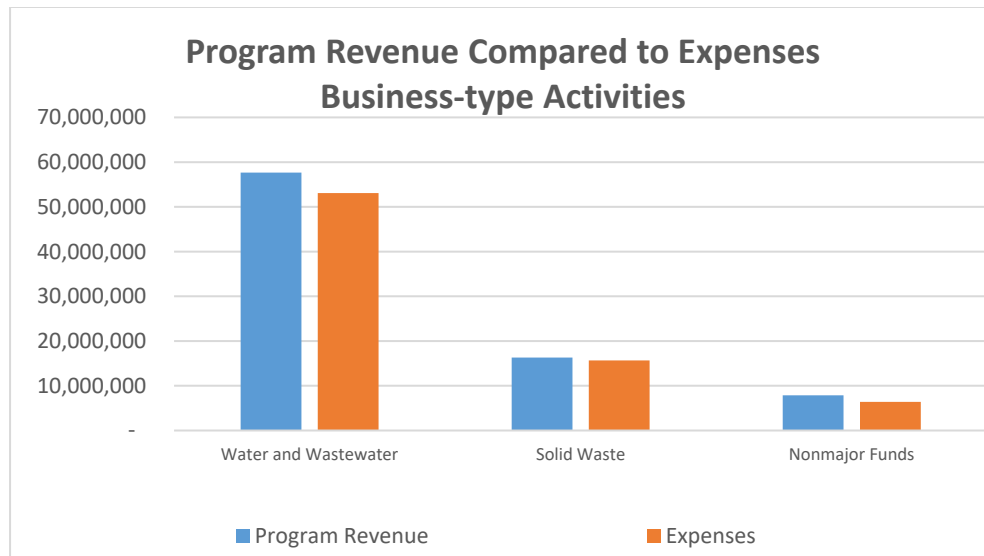
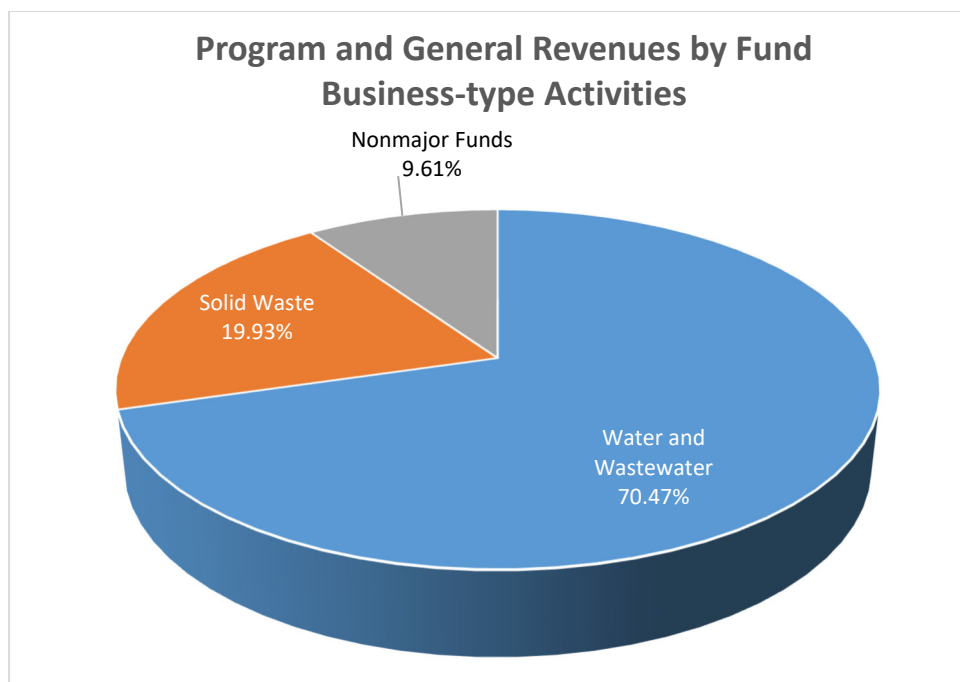


Figure 4. Program Revenues for Business-type Activities, Year Ended December 31, 2022:



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Table 3. Water and Wastewater Utility Revenues and Expenses, Year Ended December 31, 2022, and December 31, 2021 (in thousands):

	Year Ended December 31		Change
	2022	2021	
REVENUES			
Total operating revenues	\$ 55,887	\$ 53,843	\$ 2,044
Non-operating revenues, net	641	309	332
Total Revenues	<u>56,528</u>	<u>54,152</u>	<u>2,376</u>
EXPENSES			
Total operating expenses	46,602	43,604	2,998
non-operating expenses			
Interest expense	6,492	5,873	619
Other expenses	65	53	12
Total expenses	<u>53,159</u>	<u>49,530</u>	<u>3,629</u>
Income before Transfers	<u>3,369</u>	<u>4,622</u>	<u>(1,253)</u>
Transfers, net	(2,637)	(2,488)	(149)
Capital Contribution	-	-	-
Change in Net Position	<u>732</u>	<u>2,134</u>	<u>(1,402)</u>
Net Position, Beginning of Period	160,555	158,421	
Net Position, End of Period	<u>\$ 161,287</u>	<u>\$ 160,555</u>	

Total revenues for the year ended December 31, 2022, increased \$2.38 million or 4.39%, compared to the prior year. Total operating revenues which primarily consist of water and wastewater fees, increased by \$2.04 million or 3.80%. The increase is due to a rate increase. Non-operating revenue increased by \$332 thousand or 107.58%, which was primarily due to increases in investment income.

Total expenses increased \$3.63 million or 7.33% when compared to the prior year. Wages and benefits were \$1.3 million or 10.56% less than 2021 as the utility billing staff were moved out of this fund and into the internal service fund so that all utility funds could contribute their equitable share of the costs. Internal Service Charges were \$2.26 million or 78.5% more than 2021 for the same reason.

Total operating revenues less operating expenses, or operating margin was \$9.29 million for fiscal year 2022, a decrease of \$0.95 million or 9.32% compared to the prior year.

CITY OF LAWRENCE, KANSAS

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Table 4. Solid Waste Utility Revenues and Expenses, Year Ended December 31, 2022, and December 31, 2021 (in thousands):

	Year Ended December 31		Change
	2022	2021	
REVENUES			
Total operating revenues	\$ 15,655	\$ 14,637	\$ 1,018
Non-operating revenues, net	965	144	821
Total Revenues	16,620	14,781	1,839
EXPENSES			
Total operating expenses	15,651	12,621	3,030
non-operating expenses			
Interest expense	-	-	-
Other expenses	-	45	(45)
Total expenses	15,651	12,666	2,985
Income before Transfers	969	2,115	(1,146)
Transfers, net	(1,447)	(1,474)	27
Change in Net Position	(478)	641	(1,119)
Net Position, Beginning of Period	15,188	14,547	
Net Position, End of Period	\$ 14,710	\$ 15,188	

Total revenues for the year ended December 31, 2022, increased \$1.84 million or 12.44%, compared to the prior year. Total operating revenues which primarily consist of solid waste fees, increased by \$1.02 million or 6.95%. Non-operating revenue increased by \$821 thousand or 570.14%, which was primarily due to rebates and gain on disposals of assets.

Total expenses increased \$2.99 million or 23.57% when compared to the prior year. Wages and benefits were \$1.78 million or 34.79% more than 2021. Internal Services were also increased per the shift in utility billing noted above. The other significant increase in cost was due to the operating agreement for the City's waste hauling contract increasing.

Financial Analysis of the City's Funds

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

Governmental funds

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

As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$152.62 million, an increase of \$34.93 million in comparison with the prior year. This was primarily due to issuing \$59.17 million in general obligation bonds and temporary notes.

CITY OF LAWRENCE, KANSAS

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The general fund is the chief operating fund of the City. At the end of 2022, the unassigned fund balance of the general fund was \$22.50 million and the total fund balance was \$24.89 million which is 24.36% and 26.95% of the total general revenues, respectively.

The fund balance of the City's general fund decreased by \$33 thousand during 2022. The revenues increased by \$10.58 million (12.94%). Expenditures increased by \$7.54 million (9.20%). Net transfers out increased by \$2.49 million.

The debt service fund at the end of 2022 has a total fund balance of \$26.10 million all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in debt service was \$7.53 million which resulted primarily from taxes and debt issuances exceeding the required debt payments for the year.

The capital projects fund increased its fund balance by \$17.23 million during 2022 primarily from the issuance of additional temporary notes for capital projects identified in the City's Capital Improvement Plan.

Other governmental funds have fund balance of \$57.66 million at the end of 2022. The fund balance increased \$10.21 million during the year. For more information on these funds, see the "Combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds" beginning on page 96.

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 Wastewater Fund and the Solid Waste Fund at the end of 2022 was \$39.90 million and \$10.01 million, respectively. The total change in net position for the Water and Wastewater Utility and Solid Waste were \$733 thousand and (\$478) thousand, respectively. 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

During the year, revenues were more than budgetary estimates by \$8.57 million (10.21%). Sales taxes were \$5.55 million more than budget as the sales taxes rebounded much quicker from the pandemic than we had anticipated. Charges for services were \$1.80 million more than budget as collected more in ambulance revenue than we had originally anticipated. Expenditures were less than budgetary estimates by \$9.66 million (10.00%). Of the total difference in the budgeted expenditures:

- Office of the City Manager spent \$72 thousand (-6.80%) less than budgeted.
- Office of the City Attorney spent \$123 thousand (-9.75%) less than budgeted.
- Police spent \$634 thousand (-2.14%) less than budgeted. Most of the underspending was due to vacancies.
- Fire/Medical spent \$6.43 million (-23.57%) less than budgeted, however, the City utilized \$7.25 million of expenditures for the ARPA grant therefore these costs were recognized in the ARPA fund. If this is considered, Fire/Medical actually underspent their budget by \$824 thousand (3.02%). Much of this increase is due to overtime expenses.
- The MSO spent \$2.67 million (-18.07%) less than budgeted. The majority of this was for road maintenance.
- Parks and Recreation spent \$793 thousand (-5.06%) less than budgeted.

CITY OF LAWRENCE, KANSAS

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Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, totaled \$318.34 million and \$304.95 million, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and systems, improvements, construction in progress, machinery and equipment, right of use lease assets, park and recreation facilities, storm sewers, roads, bridges, water, and sewer lines.

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	
	2022	2021	2022	2021	2022	2021
Land	\$ 17,005	\$ 16,755	\$ 7,075	\$ 7,056	\$ 23,811	\$ 23,635
Buildings & Improvements	97,650	102,022	163,206	168,991	271,013	283,100
Other property and equipment	21,495	13,914	15,830	16,668	30,582	31,875
Infrastructure	162,400	161,867	102,073	103,197	265,064	272,135
Right to use leased assets	1,639	-	-	-	265,064	272,135
Construction in progress	18,154	11,404	16,762	5,922	17,326	7,916
Total	<u>\$ 318,343</u>	<u>\$ 305,962</u>	<u>\$ 304,946</u>	<u>\$ 301,834</u>	<u>\$ 872,860</u>	<u>\$ 890,796</u>

The overall value of the City's assets declined by \$17.94 million (-2.01%) as the accumulated depreciation of the assets exceeded the City's investment in assets.

Highlights of capital asset activity during the year ended December 31, 2022 included the following major additions to Construction in progress:

Governmental Activity

- Enterprise Resource Planning System Replacement
- Farmland Remediation
- 647 Replacement Truck 5
- Santa Fe Depot Parking Lot
- Multi Modal Facility
- Broken Arrow Park - Shelter (ADA Compliance)
- Water Spray Park - Lyons Park
- Downtown Pole Lighting Replacement
- Sports Complex and Golf Irrigation Upgrades
- Facility Main. Program
- 23rd Street - Haskell Bridge to East City Limits
- 17th and Alabama Drainage Improvement
- Wakarusa - Research Pkwy to 23rd Street
- Naismith Mobility Enhancement
- South Iowa Traffic Signal Improvement Project

Business-type Activity

- Eagle Bend and YSC Irrigation Water Supply Project
- Wakarusa WWTP Maintenance Building
- Stormwater System Id, Assessment & Model Creation

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2022

- Field Operations Facility
- Automated Meter Reading Installation
- Stratford Water Tower Replacement
- Kaw & Clinton Water Treatment Plant Improvements
- Rapid Inflow/Infiltration Reduction
- 23rd Street - Haskell Bridge to East City Limits
- 17th and Alabama Drainage Improvement

For additional information on the City's capital assets, refer to Note 7 to the basic financial statements.

Long-term debt

As of December 31, 2022, the City had total bonded debt outstanding of \$383.44 million. Of this amount, \$168.17 million is comprised of debt backed by the full faith and credit of the City and \$215.28 is debt secured solely by specific revenue sources (i.e., revenue bonds). More detailed information about the City's long-term debt is presented in Note 6 to the basic financial statements.

Table 6. General Obligation and Revenue Bonds (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 103,726	\$ 106,561	\$ 1,590	\$ 1,250	\$ 105,316	\$ 107,811
Premium on bonds	5,861	5,963	109	-	5,970	5,963
Notes payable	56,052	26,522	-	-	56,052	26,522
Premium on notes	828	492	-	-	828	492
Revenue Bonds	-	-	197,910	205,745	197,910	205,745
Premium on bonds	-	-	17,368	18,298	17,368	18,298
Total	\$ 166,467	\$ 139,538	\$ 216,977	\$ 225,293	\$ 383,444	\$ 364,831

The City's net outstanding debt, including temporary notes increased by \$18.61 million during 2022. The City issued \$53.8 million of temporary notes and \$6.53 of general obligation bonds in 2022.

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.

State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$349.97 million which is significantly in excess of the City's outstanding general obligation bonds.

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 <https://www.lawrenceksbonds.com/lawrence-kansas-bond-investors-ks/i538>.

For additional information on the city's debt, refer to Note 6 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, 2022**

	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	\$ 177,544,835	\$ 50,690,684	\$ 228,235,519	\$ 31,702,394
Receivables (net of allowance for uncollectibles):				
Accounts	8,586,676	9,698,068	18,284,744	52,952,165
Taxes	56,512,357	-	56,512,357	-
Special assessments	11,448,923	-	11,448,923	-
Intergovernmental	6,167,188	322,921	6,490,109	-
Franchise fees	891,682	-	891,682	-
Loans	579,210	-	579,210	-
Accrued interest	738,564	367,416	1,105,980	-
Other	-	-	-	2,030,865
Internal balances	(7,470,480)	7,470,480	-	-
Inventories	1,125,121	4,033,545	5,158,666	6,028,726
Due from other entities	-	-	-	4,127,627
Leases	860,333	101,683	962,016	963,485
Prepaid	91,894	503,937	595,831	11,097,570
Other assets	85,739	-	85,739	-
Restricted cash	397,617	9,472,189	9,869,806	2,802,630
Total current assets	257,559,659	82,660,923	340,220,582	111,705,462
Noncurrent assets:				
Restricted cash and investments	1,694	57,723,075	57,724,769	76,074,491
Investments	-	-	-	14,698,087
Beneficial interests	-	-	-	6,422,460
Receivables (net of allowance for uncollectibles)	-	-	-	4,287,413
Land held for resale	-	181,874	181,874	-
Leases receivable, noncurrent	119,404	366,017	485,421	13,988,945
Other assets	-	-	-	1,680,571
Capital assets, nondepreciable				
Land	17,004,994	7,074,750	24,079,744	13,565,982
Construction in progress	18,153,544	16,762,099	34,915,643	4,549,891
Capital assets, depreciable	507,568,191	473,577,228	981,145,419	425,691,344
Less: accumulated depreciation	(224,384,035)	(192,467,985)	(416,852,020)	(175,565,307)
Total noncurrent assets	318,463,792	363,217,058	681,680,850	385,393,877
Total assets	576,023,451	445,877,981	1,021,901,432	497,099,339
Deferred outflows of resources:				
Pension related amounts	27,025,101	4,801,167	31,826,268	1,761,569
OPEB related amounts	2,295,520	730,568	3,026,088	30,290
Total deferred outflows of resources	29,320,621	5,531,735	34,852,356	1,791,859
Total assets and deferred outflows of resources	605,344,072	451,409,716	1,056,753,788	498,891,198

(Continued)

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

City of Lawrence, Kansas

Statement of Net Position (Continued)
December 31, 2022

	Primary Government			
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Component Units
Liabilities and deferred inflows of resources				
Liabilities:				
Current liabilities:				
Accounts payable	8,065,727	5,012,843	13,078,570	11,499,707
Accrued payroll	2,492,549	725,205	3,217,754	20,860,235
Interest payable	609,930	603,961	1,213,891	1,819,707
Meter deposits payable	-	1,379,783	1,379,783	-
Due to other entities	-	-	-	1,419,226
Unearned revenue	10,084,275	-	10,084,275	389,908
Other liabilities	299,654	-	299,654	1,732,537
Current portion of compensated absences payable	4,176,166	1,156,834	5,333,000	157,186
Current portion of revenue bonds payable	-	9,415,000	9,415,000	2,893,727
Current portion of temporary notes payable	52,610,000	-	52,610,000	-
Current portion of general obligation bonds payable	7,416,830	604,170	8,021,000	-
Current portion of financed purchase	113,140	-	113,140	209,072
Current portion of lease liability	357,371	-	357,371	1,870,840
Current portion of pollution remediation liability	503,000	-	503,000	-
Current portion of other long-term liabilities	-	-	-	39,359
Total current liabilities	86,728,642	18,897,796	105,626,438	42,891,504
Noncurrent liabilities:				
Compensated absences payable	5,104,204	1,413,908	6,518,112	239,299
Claims payable	2,025,670	-	2,025,670	-
General obligation bonds payable	102,170,195	1,094,924	103,265,119	-
Temporary notes payable	4,269,644	-	4,269,644	-
Revenue bonds payable	-	205,862,632	205,862,632	90,750,434
Notes payable	-	-	-	199,315
Financed purchase	478,915	-	478,915	872,728
Lease liability	1,319,646	-	1,319,646	16,224,539
Net pension liability	85,100,646	13,205,101	98,305,747	4,971,403
Total OPEB liability	11,942,693	3,800,857	15,743,550	125,037
Pollution remediation liability	19,972,013	-	19,972,013	-
Other long-term liabilities	-	-	-	45,919
Total noncurrent liabilities	232,383,626	225,377,422	457,761,048	113,428,674
Total liabilities	319,112,268	244,275,218	563,387,486	156,320,178
Deferred inflows of resources:				
Property and vehicle taxes	46,837,400	-	46,837,400	-
Pension related amounts	2,746,292	105,730	2,852,022	54,805
OPEB related amounts	5,386,762	1,408,334	6,795,096	81,001
Leases	955,888	446,705	1,402,593	14,448,640
Total deferred inflows of resources	55,926,342	1,960,769	57,887,111	14,584,446
Total liabilities and deferred inflows of resources	375,038,610	246,235,987	621,274,597	170,904,624
Net position				
Net investment in capital assets	193,575,038	131,013,555	324,588,593	160,501,551
Restricted for:				
Debt service	26,101,129	8,237,008	34,338,137	-
Capital improvements	57,941,704	190,345	58,132,049	3,003,059
Other purposes	2,870,306	-	2,870,306	21,331,380
Unrestricted	(50,182,715)	65,732,821	15,550,106	143,150,584
Total net position	\$ 230,305,462	\$ 205,173,729	\$ 435,479,191	\$ 327,986,574

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

City of Lawrence, Kansas

Statement of Activities
Year Ended December 31, 2022

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Total Governmental Activities	Total Business-type Activities	Total	
Governmental activities								
General government	\$ 23,515,893	\$ 5,061,162	\$ 9,887,852	\$ 533,569	\$ (8,033,310)	\$ -	\$ (8,033,310)	\$ -
Public safety	67,012,799	14,038,997	7,400,524	1,053,491	(44,519,787)	-	(44,519,787)	-
Public works	45,474,673	537,825	1,206,255	1,772,774	(41,957,819)	-	(41,957,819)	-
Health	1,978,927	186,509	-	-	(1,792,418)	-	(1,792,418)	-
Social services	3,946,758	10,287	2,351,167	-	(1,585,304)	-	(1,585,304)	-
Culture and recreation	22,345,544	4,515,691	2,232	-	(17,827,621)	-	(17,827,621)	-
Tourism	2,225,777	-	-	-	(2,225,777)	-	(2,225,777)	-
Economic development	2,288,738	45,493	-	-	(2,243,245)	-	(2,243,245)	-
Interest on long-term debt	2,980,322	-	-	-	(2,980,322)	-	(2,980,322)	-
Total governmental activities	171,769,431	24,395,964	20,848,030	3,359,834	(123,165,603)	-	(123,165,603)	-
Business-type activities								
Water and wastewater	53,094,266	57,261,705	-	413,792	-	4,581,231	4,581,231	-
Solid waste	15,651,690	16,310,668	-	-	-	658,978	658,978	-
Stormwater	4,896,172	5,782,156	-	-	-	885,984	885,984	-
Public parking	1,512,377	2,081,184	-	-	-	568,807	568,807	-
Total business-type activities	75,154,505	81,435,713	-	413,792	-	6,695,000	6,695,000	-
Total primary government	246,923,936	105,831,677	20,848,030	3,773,626	(123,165,603)	6,695,000	(116,470,603)	-
Component units								
Lawrence-Douglas County Housing Authority	11,215,673	1,903,323	8,938,679	1,042,615	-	-	-	668,944
Lawrence Memorial Hospital	347,214,671	333,417,179	5,707,521	660,000	-	-	-	(7,429,971)
Lawrence Memorial Hospital Endowment Association	2,096,781	15,875,831	-	-	-	-	-	13,779,050
Lawrence Surgery Center, LLC	11,293,706	11,255,008	-	-	-	-	-	(38,698)
Lawrence Public Library	5,925,002	39,419	5,667,813	-	-	-	-	(217,770)
Total component units	\$ 377,745,833	\$ 362,490,760	\$ 20,314,013	\$ 1,702,615	-	-	-	6,761,555
General revenues								
Property and vehicle tax					43,025,482	-	43,025,482	-
Sales, liquor, guest and gas tax					58,152,035	-	58,152,035	-
Franchise tax					9,067,952	-	9,067,952	-
Unrestricted grants and contributions					38,360	-	38,360	-
Interest income (loss)					1,261,741	122,122	1,383,863	(2,404,347)
Miscellaneous					2,227,394	1,294,897	3,522,291	1,181,703
Transfers, net					4,821,000	(4,821,000)	-	-
Total general revenues and transfers					118,593,964	(3,403,981)	115,189,983	(1,222,644)
Change in net position					(4,571,639)	3,291,019	(1,280,620)	5,538,911
Net position - beginning, as restated					234,877,101	201,882,710	436,759,811	322,447,663
Net position - ending					<u>\$ 230,305,462</u>	<u>\$ 205,173,729</u>	<u>\$ 435,479,191</u>	<u>\$ 327,986,574</u>

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

City of Lawrence, Kansas

**Balance Sheet
Governmental Funds
December 31, 2022**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 11,659,042	\$ 25,727,046	\$ 45,124,005	\$ 65,313,896	\$ 147,823,989
Receivables:					
Taxes	37,086,743	11,173,098	-	8,252,516	56,512,357
Special assessments	-	11,448,923	-	-	11,448,923
Intergovernmental	12,532	265,942	-	5,888,714	6,167,188
Accounts (net allowance for uncollectibles)	6,784,008	-	-	1,731,746	8,515,754
Franchise fees	891,682	-	-	-	891,682
Loans	257,300	2,424	-	319,486	579,210
Accrued interest	95,050	111,955	112,312	255,204	574,521
Leases	420,626	-	-	392,083	812,709
Due from other funds	3,952,747	-	-	-	3,952,747
Prepaid	26,471	-	-	65,423	91,894
Inventories	456,245	-	-	-	456,245
Other assets	-	-	-	85,739	85,739
Restricted assets					
Cash and investments	88,441	-	-	309,176	397,617
Total assets	\$ 61,730,887	\$ 48,729,388	\$ 45,236,317	\$ 82,613,983	\$ 238,310,575
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 2,557,112	\$ 6,238	\$ 1,268,231	\$ 2,559,381	\$ 6,390,962
Accrued payroll	2,203,260	-	-	62,345	2,265,605
Customer deposits	26,960	-	-	6,535	33,495
Due to other funds	-	-	-	3,952,747	3,952,747
Unearned revenue	867,012	-	-	9,217,263	10,084,275
Other liabilities	105,050	-	-	161,109	266,159
Total liabilities	5,759,394	6,238	1,268,231	15,959,380	22,993,243
Deferred inflows of resources:					
Leases	409,986	-	-	375,798	785,784
Unavailable revenue	30,669,868	22,622,021	-	8,616,684	61,908,573
Total deferred inflows of resources	31,079,854	22,622,021	-	8,992,482	62,694,357
Total liabilities and deferred inflows of resources	36,839,248	22,628,259	1,268,231	24,951,862	85,687,600
Fund balance:					
Nonspendable	482,716	-	-	65,423	548,139
Restricted	193,627	26,101,129	43,968,086	60,618,382	130,881,224
Assigned	1,712,336	-	-	-	1,712,336
Unassigned	22,502,960	-	-	(3,021,684)	19,481,276
Total fund balances	24,891,639	26,101,129	43,968,086	57,662,121	152,622,975
Total liabilities, deferred inflows of resources and fund balances	\$ 61,730,887	\$ 48,729,388	\$ 45,236,317	\$ 82,613,983	\$ 238,310,575

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, 2022**

Total governmental fund balances		\$ 152,622,975
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 541,478,756	
Accumulated depreciation	<u>(223,442,220)</u>	318,036,536
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.		
		11,508,857
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		24,430,612
Deferred outflows of resources - OPEB		1,941,771
Deferred inflows of resources - pension		(2,689,156)
Deferred inflows of resources - OPEB		(4,704,832)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		15,071,173
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	(8,024,737)	
Total OPEB liability	(10,102,278)	
Net pension liability	(77,964,775)	
General obligation bonds payable	(109,587,025)	
Temporary note	(56,879,644)	
Financed purchased	(592,055)	
Lease liability	(1,677,017)	
Accrued interest on the bonds	(609,930)	
Pollution remediation liability	<u>(20,475,013)</u>	<u>(285,912,474)</u>
Net position of governmental activities		<u>\$ 230,305,462</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, 2022**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 71,500,649	\$ 11,845,902	\$ -	\$ 20,011,355	\$ 103,357,906
Special assessments	-	797,195	-	-	797,195
Licenses and permits	1,427,847	-	-	-	1,427,847
Charges for services	16,419,882	-	-	415,628	16,835,510
Fines, forfeitures and penalties	883,891	-	-	29,102	912,993
Investment income	7,582	29,711	440,679	116,649	594,621
Intergovernmental	1,014,116	265,942	-	27,928,800	29,208,858
Reimbursements	326,133	968,918	-	425,812	1,720,863
Contributions	82,735	84,345	-	38,360	205,440
Miscellaneous	705,577	136,909	10,648	1,603,223	2,456,357
Total revenues	92,368,412	14,128,922	451,327	50,568,929	157,517,590
Expenditures:					
Current expenditures:					
General government	11,134,722	21,622	212,071	9,099,326	20,467,741
Public safety	49,748,615	-	27,834	7,568,046	57,344,495
Public works	11,533,541	-	2,647,661	2,335,102	16,516,304
Health	1,153,449	-	-	817,302	1,970,751
Social services	-	-	-	3,074,552	3,074,552
Culture and recreation	13,837,799	-	150,000	5,744,210	19,732,009
Tourism	-	-	-	2,219,932	2,219,932
Economic development	-	-	-	2,247,273	2,247,273
Capital outlay	1,792,424	-	11,007,610	14,320,866	27,120,900
Debt service:					
Principal retirement	377,240	7,841,824	22,605,000	-	30,824,064
Interest and fiscal charges	-	4,985,636	-	-	4,985,636
Issuance costs	-	48,152	114,837	-	162,989
Total expenditures	89,577,790	12,897,234	36,765,013	47,426,609	186,666,646
Excess (deficiency) of revenues over expenditures	2,790,622	1,231,688	(36,313,686)	3,142,320	(29,149,056)
Other financing sources (uses):					
Issuance of debt	-	5,007,000	52,135,000	-	57,142,000
Issuance of debt premium	-	345,554	1,680,311	-	2,025,865
Sale of property - proceeds received	76,032	-	-	9,900	85,932
Transfers in	4,563,570	942,905	-	9,252,639	14,759,114
Transfers out	(7,463,000)	-	(275,905)	(2,195,849)	(9,934,754)
Total other financing sources (uses)	(2,823,398)	6,295,459	53,539,406	7,066,690	64,078,157
Net change in fund balance	(32,776)	7,527,147	17,225,720	10,209,010	34,929,101
Fund balance - beginning	24,924,415	18,573,982	26,742,366	47,453,111	117,693,874
Fund balance - ending	\$ 24,891,639	\$ 26,101,129	\$ 43,968,086	\$ 57,662,121	\$ 152,622,975

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, 2022**

Total net change in fund balances - governmental funds	\$ 34,929,101
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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	\$ 25,897,270	
Net book value of disposed asset	(138,716)	
Depreciation expense	<u>(15,381,975)</u>	10,376,579

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:

Proceeds on issuance of bonds	(57,142,000)	
Proceeds on issuance of bond premiums	(2,025,865)	
General obligation and temporary notes principal payments	30,446,824	
Financed purchase principal payments	92,873	
Lease principal payments	284,367	
Amortization of premiums, net	1,792,821	

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.

4,282,646

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

862,747

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	(1,006,901)	
Pension expense	(4,549,620)	
OPEB expense	(2,440,198)	
Pollution remediation expense	<u>(20,475,013)</u>	

Changes in net position of governmental activities

\$ (4,571,639)

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

City of Lawrence, Kansas

**General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022**

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 64,546,000	\$ 64,546,000	\$ 71,500,649	\$ 6,954,649
Licenses and permits	1,574,000	1,574,000	1,427,847	(146,153)
Intergovernmental	826,000	826,000	1,014,116	188,116
Charges for services	14,621,000	14,621,000	16,419,882	1,798,882
Fines, forfeitures, and penalties	800,000	800,000	883,891	83,891
Interest	350,000	350,000	7,582	(342,418)
Miscellaneous	1,051,000	1,161,000	1,190,477	29,477
Total revenues	<u>83,768,000</u>	<u>83,878,000</u>	<u>92,444,444</u>	<u>8,566,444</u>
Expenditures				
General government	9,585,000	9,842,684	10,469,730	627,046
Public safety	56,572,000	56,449,000	49,346,957	(7,102,043)
Public works	10,039,000	12,040,000	9,679,592	(2,360,408)
Culture and recreation	13,505,000	14,375,500	13,721,124	(654,376)
Health	388,000	388,000	361,949	(26,051)
Social services	2,533,000	2,213,500	2,193,157	(20,343)
Capital outlay	1,806,000	1,232,000	1,109,364	(122,636)
Total expenditures	<u>94,428,000</u>	<u>96,540,684</u>	<u>86,881,873</u>	<u>(9,658,811)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,660,000)</u>	<u>(12,662,684)</u>	<u>5,562,571</u>	<u>18,225,255</u>
Other financing sources (uses)				
Transfers in	4,552,000	4,552,000	4,563,570	11,570
Transfers out	(2,315,000)	(2,315,000)	(7,463,000)	(5,148,000)
Total other financing sources (uses)	<u>2,237,000</u>	<u>2,237,000</u>	<u>(2,899,430)</u>	<u>(5,136,430)</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (8,423,000)</u>	<u>\$ (10,425,684)</u>	<u>2,663,141</u>	<u>\$ 13,088,825</u>
Fund balance, beginning of year, GAAP basis			<u>24,924,415</u>	
Fund balance, end of year, budget basis			27,587,556	
Adjustments, encumbrances			<u>(2,695,917)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 24,891,639</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, 2022

	Business-Type Activities: Enterprise Funds			Governmental Activities:	
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
Assets and deferred outflows of resources					
Current assets:					
Cash and investments	\$ 27,413,964	\$ 13,233,368	\$ 10,043,352	\$ 50,690,684	\$ 29,720,846
Receivables (net of allowances for uncollectibles):					
Accounts	6,800,519	2,117,952	779,597	9,698,068	70,922
Intergovernmental	322,921	-	-	322,921	-
Accrued interest	253,028	67,560	46,828	367,416	164,043
Leases	78,624	-	23,059	101,683	47,624
Inventories	4,033,545	-	-	4,033,545	668,876
Prepaid	503,937	-	-	503,937	-
Restricted cash:					
Customer deposits	-	57,189	-	57,189	-
Current portion of revenue bonds	9,415,000	-	-	9,415,000	-
Total current assets	48,821,538	15,476,069	10,892,836	75,190,443	30,672,311
Noncurrent assets:					
Restricted cash and investments	57,723,075	-	-	57,723,075	1,694
Land held for resales	-	-	181,874	181,874	-
Leases receivable, noncurrent	284,968	-	81,049	366,017	119,404
Capital assets:					
Land	4,750,204	-	2,324,546	7,074,750	-
Construction in progress	16,699,290	-	62,809	16,762,099	-
Building and improvements	247,258,046	2,737,540	3,859,228	253,854,814	704,842
Equipment	21,055,847	9,726,755	3,340,661	34,123,263	543,131
Infrastructure	167,540,551	-	18,058,600	185,599,151	-
Less: accumulated depreciation	(170,657,670)	(7,764,652)	(14,045,663)	(192,467,985)	(941,815)
Total capital assets	286,646,268	4,699,643	13,600,181	304,946,092	306,158
Total noncurrent assets	344,654,311	4,699,643	13,863,104	363,217,058	427,256
Total assets	393,475,849	20,175,712	24,755,940	438,407,501	31,099,567
Deferred outflows of resources:					
Pension related amounts	2,895,713	1,525,024	380,430	4,801,167	2,594,489
OPEB related amounts	372,974	292,227	65,367	730,568	353,749
Total deferred outflows of resources	3,268,687	1,817,251	445,797	5,531,735	2,948,238
Total assets and deferred outflows of resources	\$ 396,744,536	\$ 21,992,963	\$ 25,201,737	\$ 443,939,236	\$ 34,047,805

(Continued)

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

City of Lawrence, Kansas

**Statement of Net Position (Continued)
Proprietary Funds
December 31, 2022**

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	\$ 4,478,166	\$ 77,379	\$ 457,298	\$ 5,012,843	\$ 1,674,765
Interest payable	603,961	-	-	603,961	-
Claims payable	-	-	-	-	2,025,670
Accrued payroll	418,836	233,753	72,616	725,205	226,944
Compensated absences	795,256	285,199	76,379	1,156,834	567,753
Current portion of general obligation bonds payable	525,000	-	79,170	604,170	-
Total unrestricted current liabilities	6,821,219	596,331	685,463	8,103,013	4,495,132
Current liabilities payable from restricted assets:					
Customer deposits	1,352,908	26,875	-	1,379,783	-
Current portion of revenue bonds	9,415,000	-	-	9,415,000	-
Total current liabilities payable from restricted assets	10,767,908	26,875	-	10,794,783	-
Total current liabilities	17,589,127	623,206	685,463	18,897,796	4,495,132
Noncurrent liabilities:					
Compensated absences	971,979	348,577	93,352	1,413,908	687,880
General obligation bonds payable	-	-	1,094,924	1,094,924	-
Revenue bonds payable	205,862,632	-	-	205,862,632	-
Net pension liability	7,964,351	4,194,419	1,046,331	13,205,101	7,135,871
Total OPEB liability	1,940,438	1,520,343	340,076	3,800,857	1,840,415
Total noncurrent liabilities	216,739,400	6,063,339	2,574,683	225,377,422	9,664,166
Total liabilities	234,328,527	6,686,545	3,260,146	244,275,218	14,159,298
Deferred inflows of resources:					
Pension related amounts	63,769	33,584	8,377	105,730	57,136
OPEB related amounts	718,991	563,334	126,009	1,408,334	681,930
Leases	345,887	-	100,818	446,705	170,104
Total deferred inflows of resources	1,128,647	596,918	235,204	1,960,769	909,170
Total liabilities and deferred inflows of resources	\$ 235,457,174	\$ 7,283,463	\$ 3,495,350	\$ 246,235,987	\$ 15,068,468
Net position					
Net investment in capital assets	\$ 112,961,448	\$ 4,699,643	\$ 13,352,464	\$ 131,013,555	\$ 306,158
Restricted for:					
Debt service	8,237,008	-	-	8,237,008	-
Capital outlay	190,345	-	-	190,345	-
Unrestricted	39,898,561	10,009,857	8,353,923	58,262,341	18,673,179
Total net position	\$ 161,287,362	\$ 14,709,500	\$ 21,706,387	197,703,249	\$ 18,979,337
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>7,470,480</u>	
Net position of business-type activities				<u><u>\$ 205,173,729</u></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, 2022

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	
Operating revenues					
Charges for services	\$ 55,813,903	\$ 15,655,379	\$ 7,631,635	\$ 79,100,917	\$ 39,292,245
Other sales	73,823	-	-	73,823	-
Total operating revenues	55,887,726	15,655,379	7,631,635	79,174,740	39,292,245
Operating expenses					
Continuing operations	661	14,105,605	5,689,371	19,795,637	4,701,509
Transmission and distribution	27,755,040	-	781	27,755,821	-
General administration	8,325,476	587,808	65,462	8,978,746	18,722,402
Health insurance claims	-	-	-	-	10,206,384
Depreciation	10,521,186	958,277	642,309	12,121,772	46,868
Total operating expenses	46,602,363	15,651,690	6,397,923	68,651,976	33,677,163
Operating income	9,285,363	3,689	1,233,712	10,522,764	5,615,082
Nonoperating revenues (expenses)					
Investment income (loss)	(65,218)	8,866	22,429	(33,923)	127,872
Intergovernmental revenue	368,792	45,000	-	413,792	-
Interest / amortization expense	(6,491,903)	-	(10,626)	(6,502,529)	-
Gain on sale of capital assets	80,530	227,835	5,700	314,065	4,226
Rental income	164,464	-	6,000	170,464	11,271
Miscellaneous	27,625	683,392	100,364	811,381	943,560
Total nonoperating revenues (expenses)	(5,915,710)	965,093	123,867	(4,826,750)	1,086,929
Income before transfers	3,369,653	968,782	1,357,579	5,696,014	6,702,011
Transfers in	3,680,833	-	-	3,680,833	-
Transfers out	(6,317,833)	(1,447,000)	(737,000)	(8,501,833)	(3,360)
Total net transfers out	(2,637,000)	(1,447,000)	(737,000)	(4,821,000)	(3,360)
Change in net position	732,653	(478,218)	620,579	875,014	6,698,651
Net position, beginning	160,554,709	15,187,718	21,085,808	196,828,235	12,280,686
Net position, ending	<u>\$ 161,287,362</u>	<u>\$ 14,709,500</u>	<u>\$ 21,706,387</u>	<u>197,703,249</u>	<u>\$ 18,979,337</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				2,416,005	
Change in net position of business-type activities				<u>\$ 3,291,019</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, 2022

	Business-Type Activities: Enterprise Funds			Governmental Activities:	
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	\$ 57,218,872	\$ 16,995,854	\$ 7,969,106	\$ 82,183,832	\$ 40,414,541
Cash paid to suppliers of goods and services	(28,991,472)	(9,867,413)	(4,419,009)	(43,277,894)	(33,652,730)
Cash received from (paid to) employees	(8,767,429)	(4,673,331)	(1,115,651)	(14,556,411)	332,860
Net cash provided by operating activities	19,459,971	2,455,110	2,434,446	24,349,527	7,094,671
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(12,686,277)	(958,641)	(387,696)	(14,032,614)	(146,375)
Proceeds from sale of capital assets	85,613	227,835	6,064	319,512	4,226
Proceeds from issuance of debt	-	-	1,174,094	1,174,094	-
Principal payments on general obligation bonds	(725,000)	-	-	(725,000)	-
Principal payments on revenue bonds	(7,835,000)	-	-	(7,835,000)	-
Interest payments on debt	(7,428,053)	-	(10,626)	(7,438,679)	-
Net cash provided by (used in) capital and related financing activities	(28,588,717)	(730,806)	781,836	(28,537,687)	(142,149)
Cash flows from noncapital financing activities:					
Intergovernmental revenue	45,871	45,000	-	90,871	-
Transfers in	3,680,833	-	-	3,680,833	-
Transfers out	(6,317,833)	(1,447,000)	(737,000)	(8,501,833)	(3,360)
Net cash provided by (used in) noncapital financing activities	(2,591,129)	(1,402,000)	(737,000)	(4,730,129)	(3,360)
Cash flows from investing activities:					
Purchase of investments	(112,794,823)	(16,646,961)	(10,845,162)	(140,286,946)	(37,287,213)
Sale of investments	121,954,844	15,528,944	9,090,932	146,574,720	32,065,930
Interest received	1,061,423	96,083	67,022	1,224,528	167,061
Net cash provided by (used in) investing activities	10,221,444	(1,021,934)	(1,687,208)	7,512,302	(5,054,222)
Net increase (decrease) in cash and cash equivalents	(1,498,431)	(699,630)	792,074	(1,405,987)	1,894,940
Cash and cash equivalents, beginning	11,107,407	1,240,215	74,896	12,422,518	1,114,142
Cash and cash equivalents, ending	\$ 9,608,976	\$ 540,585	\$ 866,970	\$ 11,016,531	\$ 3,009,082

(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, 2022**

	Business-Type Activities: Enterprise Funds			Governmental Activities:	
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 9,285,363	\$ 3,689	\$ 1,233,712	\$ 10,522,764	\$ 5,615,082
Net cash provided by operating activities:					
Depreciation expense	10,521,186	958,277	642,309	12,121,772	46,868
Rent receipts	164,464	-	6,000	170,464	11,271
Miscellaneous Income	27,625	683,392	100,364	811,381	943,560
(Increase) decrease in accounts receivable	1,092,167	687,397	234,397	2,013,961	164,389
(Increase) decrease in leases receivable	(363,592)	-	(104,108)	(467,700)	(167,028)
(Increase) decrease in inventories	(474,985)	-	-	(474,985)	(195,695)
(Increase) decrease in prepaids	-	193	-	193	-
(Increase) decrease in deferred outflows:					
Pension related amounts	(1,072,316)	(318,724)	(91,953)	(1,482,993)	(2,338,539)
OPEB related amounts	177,752	4,817	9,748	192,317	41,968
Increase (decrease) in meter deposits payable	64,595	(30,314)	-	34,281	-
Increase (decrease) in accounts payable	(408,092)	(339,758)	112,547	(635,303)	987,457
Increase (decrease) in claims payable	-	-	-	-	(290,159)
Increase (decrease) in accrued payroll	26,764	20,504	27,630	74,898	42,900
Increase (decrease) in net pension liability	2,548,677	1,627,210	395,046	4,570,933	3,299,736
Increase (decrease) in total OPEB liability	(1,366,159)	(263,128)	(110,917)	(1,740,204)	(535,498)
Increase (decrease) in deferred inflows:					
Pension related amounts	(2,081,090)	(983,150)	(249,562)	(3,313,802)	(1,462,152)
OPEB related amounts	424,665	404,584	85,866	915,115	470,447
Leases	345,887	-	100,818	446,705	170,104
Increase (decrease) in accrued compensated absences	547,060	121	42,549	589,730	289,960
Net cash provided by operating activities	\$ 19,459,971	\$ 2,455,110	\$ 2,434,446	\$ 24,349,527	\$ 7,094,671
Noncash capital activities-capital assets in accounts payable	\$ 2,259,259	\$ -	\$ -	\$ 2,259,259	\$ -
Cash and investment amounts reported on the statement of net position:					
Cash and investments	\$ 27,413,964	\$ 13,233,368	\$ 10,043,352	\$ 50,690,684	\$ 29,720,846
Restricted cash - customer deposits	-	57,189	-	57,189	-
Restricted cash - revenue bonds	9,415,000	-	-	9,415,000	-
Restricted cash and investments - noncurrent	57,723,075	-	-	57,723,075	1,694
	\$ 94,552,039	\$ 13,290,557	\$ 10,043,352	\$ 117,885,948	\$ 29,722,540
Reconciliation of amounts reported on the statement of net position:					
Cash and cash equivalents	\$ 9,608,976	\$ 540,585	\$ 866,970	\$ 11,016,531	\$ 3,009,082
Investments	84,943,063	12,749,972	9,176,382	106,869,417	26,713,458
Total cash and investments	\$ 94,552,039	\$ 13,290,557	\$ 10,043,352	\$ 117,885,948	\$ 29,722,540

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, 2022

	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	\$ 9,185,060	\$ 18,378,211	\$ 1,485,819	\$ 867,323	\$ 1,785,981	\$ 31,702,394
Receivables (net of allowances for uncollectibles)	29,447	50,053,637	1,531,544	1,337,537	-	52,952,165
Accounts receivable - other	-	2,030,865	-	-	-	2,030,865
Leases receivable	13,632	949,853	-	-	-	963,485
Due from other entities	526,823	3,600,804	-	-	-	4,127,627
Inventories	116,790	5,575,680	-	336,256	-	6,028,726
Prepaid	126,520	10,875,213	-	95,837	-	11,097,570
Restricted cash	267,624	2,535,006	-	-	-	2,802,630
Total current assets	10,265,896	93,999,269	3,017,363	2,636,953	1,785,981	111,705,462
Noncurrent assets:						
Restricted cash and investments	-	76,074,491	-	-	-	76,074,491
Investments	-	-	14,698,087	-	-	14,698,087
Beneficial interests	-	-	6,422,460	-	-	6,422,460
Receivables (net of allowances for uncollectibles)	-	-	4,287,413	-	-	4,287,413
Leases receivable	340,730	13,648,215	-	-	-	13,988,945
Other assets	-	1,680,571	-	-	-	1,680,571
Capital assets:						
Capital assets, nondepreciable						
Land	1,128,679	12,437,303	-	-	-	13,565,982
Construction in progress	816,192	3,733,699	-	-	-	4,549,891
Capital assets, depreciable	31,416,436	371,398,939	-	17,313,570	5,562,399	425,691,344
Less: accumulated depreciation	(18,173,593)	(152,036,063)	-	(2,961,377)	(2,394,274)	(175,565,307)
Total capital assets	15,187,714	235,533,878	-	14,352,193	3,168,125	268,241,910
Total noncurrent assets	15,528,444	326,937,155	25,407,960	14,352,193	3,168,125	385,393,877
Total assets	25,794,340	420,936,424	28,425,323	16,989,146	4,954,106	497,099,339
Deferred outflows of resources:						
Pension related amounts	745,562	-	-	-	1,016,007	1,761,569
OPEB related amounts	1,425	-	-	-	28,865	30,290
Total deferred outflows of resources	746,987	-	-	-	1,044,872	1,791,859
Total assets and deferred outflows of resources	26,541,327	420,936,424	28,425,323	16,989,146	5,998,978	498,891,198
Liabilities and deferred inflows of resources						
Liabilities:						
Current liabilities:						
Accounts payable	111,740	11,137,936	5,774	185,981	58,276	11,499,707
Interest payable	-	1,819,707	-	-	-	1,819,707
Accrued payroll and expenses	70,239	19,820,839	-	855,515	113,642	20,860,235
Due to other entities	99,251	1,319,975	-	-	-	1,419,226
Unearned revenue	389,908	-	-	-	-	389,908
Other liabilities	196,526	1,536,011	-	-	-	1,732,537
Current portion of compensated absences	55,033	-	-	-	102,153	157,186
Current portion of revenue bonds payable	-	2,893,727	-	-	-	2,893,727
Current portion of other long-term liabilities	-	-	-	39,359	-	39,359
Current portion of financed purchases	-	-	-	209,072	-	209,072
Current portion of lease liabilities	-	1,072,104	-	798,736	-	1,870,840
Total current liabilities	922,697	39,600,299	5,774	2,088,663	274,071	42,891,504
Noncurrent liabilities:						
Compensated absences	34,993	-	-	-	204,306	239,299
Revenue bonds payable	-	90,750,434	-	-	-	90,750,434
Financed purchases	-	-	-	872,728	-	872,728
Lease liabilities	-	4,240,895	-	11,983,644	-	16,224,539
Loan payable	199,315	-	-	-	-	199,315
Net pension liability	2,095,538	-	-	-	2,875,865	4,971,403
Total OPEB liability	20,992	-	-	-	104,045	125,037
Other long-term liabilities	-	-	-	45,919	-	45,919
Total noncurrent liabilities	2,350,838	94,991,329	-	12,902,291	3,184,216	113,428,674
Total liabilities	3,273,535	134,591,628	5,774	14,990,954	3,458,287	156,320,178
Deferred inflows of resources:						
Pension related amounts	32,709	-	-	-	22,096	54,805
OPEB related amounts	39,418	-	-	-	41,583	81,001
Leases	354,363	14,094,277	-	-	-	14,448,640
Total deferred inflows of resources	426,490	14,094,277	-	-	63,679	14,584,446
Total liabilities and deferred inflows of resources	3,700,025	148,685,905	5,774	14,990,954	3,521,966	170,904,624
Net position						
Net investment in capital assets	14,988,399	141,857,014	-	488,013	3,168,125	160,501,551
Restricted for:						
Capital	-	1,820,434	-	1,182,625	-	3,003,059
Hospital - specific operating activities	-	32,583	20,932,982	327,554	-	21,293,119
Housing assistance	38,261	-	-	-	-	38,261
Unrestricted	7,814,642	128,540,488	7,486,567	-	(691,113)	143,150,584
Total net position	\$ 22,841,302	\$ 272,250,519	\$ 28,419,549	\$ 1,998,192	\$ 2,477,012	\$ 327,986,574

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, 2022

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position					Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	Lawrence Memorial Hospital Endowment Association	Lawrence Surgery Center, LLC	Lawrence Public Library	
Component units										
Lawrence-Douglas County Housing Authority	\$ 11,215,673	\$ 1,903,323	\$ 8,938,679	\$ 1,042,615	\$ 668,944	\$ -	\$ -	\$ -	\$ -	\$ 668,944
Lawrence Memorial Hospital	347,214,671	333,417,179	5,707,521	660,000	-	(7,429,971)	-	-	-	(7,429,971)
Lawrence Memorial Hospital Endowment Association	2,096,781	15,875,831	-	-	-	-	13,779,050	-	-	13,779,050
Lawrence Surgery Center, LLC	11,293,706	11,255,008	-	-	-	-	-	(38,698)	-	(38,698)
Lawrence Public Library	5,925,002	39,419	5,667,813	-	-	-	-	-	(217,770)	(217,770)
Total component units	\$ 377,745,833	\$ 362,490,760	\$ 20,314,013	\$ 1,702,615	668,944	(7,429,971)	13,779,050	(38,698)	(217,770)	6,761,555
General revenues										
Investment income (loss)					70,796	(230,252)	(2,264,345)	156	19,298	(2,404,347)
Miscellaneous					47,838	1,123,776	-	-	10,089	1,181,703
Subtotal general revenues					118,634	893,524	(2,264,345)	156	29,387	(1,222,644)
Change in net position					787,578	(6,536,447)	11,514,705	(38,542)	(188,383)	5,538,911
Net position - beginning, as restated					22,053,724	278,786,966	16,904,844	2,036,734	2,665,395	322,447,663
Net position - ending					<u>\$ 22,841,302</u>	<u>\$ 272,250,519</u>	<u>\$ 28,419,549</u>	<u>\$ 1,998,192</u>	<u>\$ 2,477,012</u>	<u>\$ 327,986,574</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. General capital asset acquisitions, including entering into contracts giving the City right to use leased assets, are reported as expenditures in governmental funds. 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. Issuances of long-term debt and financing through leases are reported as other financing sources.

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 three internal service funds. The Health and Wellness 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 internal services departments (City Commission, Communications, Finance, Human Resources, Information Technology, the Office of the City Attorney, and the Office of the City Manager). 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 Wastewater Fund is used to account for the operations of the City's water and wastewater operations.

Solid Waste Fund is used to account for the operations of the City's refuse collection service.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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, and some of the Special Revenue Funds. Those governmental 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 2022.

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.

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. Certain investments are valued at amortized cost, which approximates fair value and represents the purchase price of the underlying investment adjusted to reflect interest income. Other investments are valued at net asset value which represents the amount of net assets attributable to each security.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 2023, 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, 2022, the City had \$11,448,923 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.

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".

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 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.

Leases:

Leases payable: The City is a lessee in real estate and equipment leases. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Leases receivable: The City is a lessor in real estate and fiber optic leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Lawrence Memorial Hospital, a proprietary fund type component unit, is a lessor for noncancellable leases of certain buildings and equipment and recognizes a related lease receivable and deferred inflows of resources. At the commencement of a lease, the Hospital initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

The Hospital monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

All leases: Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease payments/receipts to present value, (2) lease term, and (3) lease payments/receipts.

- For leases where the City is a lessee, the City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- For leases where the City is a lessor, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. The City recognizes and records prepaid expenditures only if the transaction is non-recurring in nature.

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 assets that applies to future periods 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 assets that applies to future periods 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, as well as lease receivables. 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, and leases remain as a deferred inflow until payments are due. 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 balance: 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's management 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 May 4, 2021, the Governing Body approved a fund balance/net position policy for the City's major funds. The policy states that the City shall maintain an unassigned fund balance in the General Fund equal to 90 days of operating expenditures. The policy also requires all Special Revenue Funds with appropriations in excess of \$500,000 (excluding grant funds, economic development funds, the Library fund, and the Farmland Remediation fund) to maintain a fund balance equal to 60 days of operating expenditures. The Policy requires the Water and Wastewater Fund to maintain an unrestricted net position equal to 250 days of operating expenditures. The Policy also requires that the Solid Waste Fund maintain an unrestricted net position equal to 120 days of operating expenditures and that the Storm Water Utility and Public Parking funds maintain an unrestricted net position equal to 60 days of operating expenditures.

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	\$ 26,471	\$ -	\$ -	\$ 65,423	\$ 91,894
Inventories	456,245	-	-	-	456,245
Total nonspendable for	482,716	-	-	65,423	548,139
Restricted for:					
Capital outlay	88,441	-	43,968,086	23,807,452	67,863,979
Debt service	-	26,101,129	-	-	26,101,129
General government	105,186	-	-	18,088,245	18,193,431
Public safety	-	-	-	2,131,339	2,131,339
Public works	-	-	-	9,886,559	9,886,559
Social services	-	-	-	2,870,306	2,870,306
Culture and recreation	-	-	-	1,073,390	1,073,390
Tourism	-	-	-	1,831,357	1,831,357
Economic development	-	-	-	929,734	929,734
Total restricted for	193,627	26,101,129	43,968,086	60,618,382	130,881,224
Assigned for:					
General government	515,804	-	-	-	515,804
Public safety	152,192	-	-	-	152,192
Public works	152,313	-	-	-	152,313
Culture and recreation	892,027	-	-	-	892,027
Total assigned for	1,712,336	-	-	-	1,712,336
Unassigned	22,502,960	-	-	(3,021,684)	19,481,276
	<u>\$ 24,891,639</u>	<u>\$ 26,101,129</u>	<u>\$ 43,968,086</u>	<u>\$ 57,662,121</u>	<u>\$ 152,622,975</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, other borrowings, deferred inflows or deferred outflows 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 \$34,338,137 for debt service, \$58,132,049 for capital improvements and \$2,870,306 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 the City appoints the voting majority and has the ability to impose its will.

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 the City appoints the voting majority and has the ability to impose its will. 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 the City has the voting majority of the board, and there is a financial benefit or burden relationship.

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, 2022, the City's carrying values of cash and investments are summarized as follows:

Cash:	
Deposits	\$ 8,153,139
Certificates of deposit	9,657,000
Petty cash	50
Total cash	<u>17,810,189</u>
Investments:	
Kansas Municipal Investment Pool	81,974
Certificates of deposit	57,192,000
U.S. Treasury notes	5,944,794
U.S. Treasury bills	23,927,090
U.S. Federal Agency issues	188,404,236
Municipal Bonds	2,446,909
Mutual Funds	22,902
Total investments	<u>278,019,905</u>
Total cash and investments	<u><u>\$ 295,830,094</u></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.

Municipal bonds: Fair value for these investments is determined using quoted prices for similar assets or liabilities in active markets.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

Mutual funds: 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.

Certificates of deposit: These investments are reported at amortized cost using quoted prices and interest rates.

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, 2022, 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)	\$ 142,705,675	Moody's Aaa	1/12/2023 to 3/28/2025	2
Federal National Mortgage Association (FNMA)	7,408,522	Moody's Aaa	11/16/2023	2
Federal Farm Credit Bank (FFCB)	38,290,039	Moody's Aaa	1/10/2023 to 6/30/2025	2
Municipal Bonds	2,446,909	Moody's Aaa	1/19/2023 to 11/27/2023	2
Mutual Funds	22,902	N/A	N/A	1
U.S. Treasury notes	5,944,794	Moody's Aaa	2/9/2023 to 11/27/2023	1
U.S. Treasury bills	23,927,090	Moody's Aaa	1/15/2023 to 9/15/2023	1
	<u>220,745,931</u>			
Investments measured at amortized cost				
Certificates of deposit	57,192,000	N/A	6/20/2023 to 10/17/2024	
Investments measured by the net asset value (NAV)				
Kansas Municipal Investment Pool	81,974	N/A	Current	
	<u>\$ 278,019,905</u>			

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

At December 31, 2022, the City had \$81,974 invested in the State of Kansas's municipal investment pool. The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

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

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

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

Concentration of credit risk: The City of Lawrence's investment policy does not allow for more than 50% of the City's cash and investment portfolio to be invested in the certificates of deposit of any one institution. The City's policy additionally imposes certain other concentration limits on various classes of investments. There are no restrictions on the amount of U.S. Treasury or Agency obligations or Municipal refunding bonds that the City can invest in.

As of December 31, 2022, the City's investments include FHLB and FFCB, which represent 51% and 14%, respectively, of total investments.

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

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

City of Lawrence, Kansas**Notes to the Basic Financial Statements**

Note 4. Tax Revenue

Tax revenue for the year ended December 31, 2022, is as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Other Governmental Funds	
Property taxes	\$ 23,154,701	\$ 10,942,275	\$ 6,207,103	\$ 40,304,079
Motor vehicle taxes	1,934,206	903,627	392,134	3,229,967
Utility franchise taxes	9,067,952	-	-	9,067,952
Sales tax	37,343,790	-	13,412,118	50,755,908
Total	<u>\$ 71,500,649</u>	<u>\$ 11,845,902</u>	<u>\$ 20,011,355</u>	<u>\$ 103,357,906</u>

Included in intergovernmental revenue in the governmental fund financial statements are also approximately \$7.3 million of state liquor tax, state guest tax and state fuel tax. These tax revenues are presented as intergovernmental revenues because they were received from the State.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2022, were as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Library Funds	
Levy	\$ 21.292	\$ 7.806	\$ 4.109	\$ 33.207

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Leases Receivable

The City is the lessor in several real estate and fiber optic cable lease agreements, which expire 2023 through 2037. Annual payments increase periodically on several of the leases based upon the terms of the agreements. Principal and interest revenues recognized during the year ended December 31, 2022 were approximately \$254,000 and \$48,000, respectively.

The Lawrence Memorial Hospital, a proprietary fund type component unit, leases a portion of its real estate to various third parties, the terms of which expire 2023 through 2040. Annual payments increase periodically on several of the leases based upon the terms of the lease agreements. The leases were measured based upon the payments at lease commencement. The Hospital leases certain equipment to Lawrence Surgery Center, LLC, a discretely presented component unit of the Hospital. Annual payments are based upon the terms of the lease agreements.

Revenue recognized under lease contracts during the years ended December 31, 2022 and 2021, were approximately \$1,424,000 and \$2,263,000, respectively, which includes both lease revenue and interest.

The following schedule is expected future minimum lease payments by year as of December 31, 2022:

	Principal	Interest	Total
Year ending December 31,			
2023	\$ 949,853	\$ 572,255	\$ 1,522,108
2024	969,621	532,978	1,502,599
2025	1,012,517	4,900,214	5,912,731
2026	1,009,814	450,309	1,460,123
2027	964,472	410,144	1,374,616
2028-2032	4,208,775	1,521,033	5,729,808
2033-2037	3,393,600	771,710	4,165,310
2038-2040	2,089,416	116,893	2,206,309
	<u>\$ 14,598,068</u>	<u>\$ 9,275,536</u>	<u>\$ 23,873,604</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended December 31, 2022:

Type of Issue	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 106,561,000	\$ 5,007,000	\$ 7,841,824	\$ 103,726,176	\$ 7,416,830
General obligation bonds premium	5,962,998	345,554	447,703	5,860,849	-
General obligation bonds, net	112,523,998	5,352,554	8,289,527	109,587,025	7,416,830
General obligation temporary note	26,522,000	52,135,000	22,605,000	56,052,000	52,610,000
General obligation temporary note premium	492,451	1,680,311	1,345,118	827,644	-
General obligation temporary note, net	27,014,451	53,815,311	23,950,118	56,879,644	52,610,000
Financed purchase	684,928	-	92,873	592,055	113,140
Lease liability	1,961,384	-	284,367	1,677,017	357,371
Compensated absences	7,978,567	2,483,127	1,181,324	9,280,370	4,176,166
Net pension liability	55,873,010	29,227,636	-	85,100,646	-
Total OPEB liability	13,677,387	-	1,734,694	11,942,693	-
Total	\$ 219,713,725	\$ 90,878,628	\$ 35,532,903	\$ 275,059,450	\$ 64,673,507

See Note 17 for information on the restatement due to the implementation of GASB Statement No. 87, *Leases*.

Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 1,250,000	\$ 1,064,824	\$ 725,000	\$ 1,589,824	\$ 604,170
General obligation premium	-	111,463	2,193	109,270	-
General obligation, net	1,250,000	1,176,287	727,193	1,699,094	604,170
Revenue bonds	205,745,000	-	7,835,000	197,910,000	9,415,000
Revenue bonds premium	18,297,813	-	930,181	17,367,632	-
Revenue bonds, net	224,042,813	-	8,765,181	215,277,632	9,415,000
Compensated absences	1,981,012	1,022,846	433,116	2,570,742	1,156,834
Net pension liability	8,634,168	4,570,933	-	13,205,101	-
Total OPEB liability	5,541,061	-	1,740,204	3,800,857	-
Total	\$ 241,449,054	\$ 6,770,066	\$ 11,665,694	\$ 236,553,426	\$ 11,176,004

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

The general obligation temporary notes mature between 2023 and 2025. The City does not intend to pay them off early.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Kansas statutes limit the amount of general obligation debt a city may issue to 30% of total assessed valuation. On December 31, 2022 the debt limitation for the City of Lawrence was \$350 million. The City's general obligation debt and temporary notes as of December 31, 2022 was \$160 million. This is approximately 46% 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.

Financed purchase: In November 2017, the City entered into a ten-year financed purchase agreement for equipment and vehicles with a total principal amount of \$1,064,200. The financed purchase carries an interest rate of 2.264%. Semiannual principal payments of \$62,954 are due each March and September.

Financed purchase maturities are as follows:

	Principal	Interest	Total
Year ending December 31,			
2023	\$ 113,140	\$ 12,767	\$ 125,907
2024	115,716	10,191	125,907
2025	118,351	7,557	125,908
2026	121,046	4,862	125,908
2027	123,802	2,106	125,908
	<u>\$ 592,055</u>	<u>\$ 37,483</u>	<u>\$ 629,538</u>

Lease liability: The City has entered into a building and equipment lease agreement. An initial lease liability was recorded in the amount of \$1,961,384. The agreements requires annual payments of \$76,586 and monthly payments of between \$23,167 and \$25,578, respectively. During the year ended June 30, 2022, principal and interest paid were \$284,367 and \$62,601, respectively.

Lease liability maturities are as follows:

	Principal	Interest	Total
Year ending December 31,			
2023	\$ 357,371	\$ 52,745	\$ 410,116
2024	362,987	42,447	405,434
2025	358,581	31,311	389,892
2026	297,971	21,017	318,988
2027	300,107	11,736	311,843
	<u>\$ 1,677,017</u>	<u>\$ 159,256</u>	<u>\$ 1,836,273</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

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, 2022.

Debt payable, other than the financed purchase, lease liability, claims and judgments and compensated absences, at December 31, 2022 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	2010C	2023	1.250-3.000	\$ 8,305,000	\$ 525,000	\$ 525,000
Internal improvement	2011	2023	2.000-3.000	3,895,000	370,000	370,000
Internal improvement	2012A	2024	2.000-3.000	7,710,000	1,050,000	520,000
Internal improvement	2013	2025	2.000-4.000	4,405,000	1,175,000	385,000
Internal improvement	2014A	2024	2.000-5.000	25,065,000	17,170,000	1,165,000
Internal improvement	2014B	2024	3.000-4.000	18,440,000	12,570,000	865,000
Internal improvement	2015	2030	2.000-3.000	9,450,000	5,520,000	630,000
Internal improvement	2017A	2027	2.000-2.500	3,030,000	1,600,000	305,000
Green internal improvement	2017B	2039	1.000-3.375	11,375,000	9,360,000	295,000
Internal improvement	2017C	2027	0.950-2.400	654,000	341,000	66,000
Internal improvement	2017D	2038	2.875-5.000	13,975,000	10,505,000	860,000
Internal improvement	2019A	2039	3.000-3.250	3,880,000	2,975,000	340,000
Internal improvement	2020A	2040	2.000-3.625	5,775,000	5,400,000	230,000
Refunding	2020B	2034	1.000-1.850	2,325,000	1,990,000	170,000
Internal improvement *	2021A	2051	2.000-4.000	29,740,000	28,965,000	1,090,000
Internal improvement *	2022A	2042	3.000-5.000	5,800,000	5,800,000	205,000
					<u>105,316,000</u>	<u>8,021,000</u>
General obligation temporary notes:						
Internal improvement	2021-II	2025	1.020	3,917,000	3,917,000	475,000
Internal improvement	2022-I	2023	5.000	52,135,000	52,135,000	52,135,000
					<u>56,052,000</u>	<u>52,610,000</u>
Revenue bonds:						
Water and sewerage improvement	2015A	2040	2.000-5.000	85,375,000	72,545,000	2,950,000
Water and sewerage improvement refunding	2015B	2025	3.000-5.000	8,960,000	2,790,000	905,000
Water and sewerage improvement	2016A	2036	2.625-5.000	58,810,000	45,045,000	2,805,000
Water and sewerage improvement	2017A	2037	1.320-5.000	17,195,000	13,645,000	795,000
Water and sewerage improvement	2018	2038	3.500-4.000	20,070,000	17,325,000	760,000
Water and sewerage improvement	2021	2042	1.875-4.000	46,560,000	46,560,000	1,200,000
					<u>197,910,000</u>	<u>9,415,000</u>
					<u>\$ 359,278,000</u>	<u>\$ 70,046,000</u>

* The Series 2021A bonds are split with 99% (\$28,693,176) reported in governmental activities and 1% (\$271,824) reported in business-type activities. The Series 2022A bonds are split with 86% (\$5,007,000) reported in governmental activities and 14% (\$793,000) reported in business-type activities. In addition, the 2010C bonds are wholly reported in the business-type activities.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

In 2022, the City issued \$5,800,000 in general obligation bonds, series 2022A, for paying a portion of the costs of certain public improvement projects within the City. The General Obligation Bonds, Series 2022A are due in annual installments of \$205,000 to \$345,000 through September 2042, with interest due in semiannual installments at interest rates from 3.125 to 5.000%.

In 2022, the City issued \$52,135,000 in general obligation temporary notes, series 2022-I, for paying a portion of the costs of certain public improvements within the City and repaying the General Obligation Temporary Notes Series 2021-I. The General Obligation Temporary Notes, Series 2022-I are due May 1, 2023, with interest due in semiannual installments at an interest rate of 5.000%. 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 2023 long-term debt transaction noted in the subsequent events footnote (Note 18).

The future annual requirements for general obligation bonds outstanding as of December 31, 2022, are as follows:

	Governmental Activities		Business-Type Activities		Total Due
	Principal	Interest	Principal	Interest	
Year ending:					
2023	\$ 7,416,830	\$ 3,354,001	\$ 604,170	\$ 73,643	\$ 11,448,644
2024	7,361,185	3,019,208	95,815	39,434	10,515,642
2025	6,962,634	2,757,453	100,366	34,771	9,855,224
2026	6,778,924	2,522,662	105,076	29,878	9,436,540
2027	6,741,213	2,289,621	109,787	24,760	9,165,381
2028-2032	29,774,431	8,124,507	165,569	82,744	38,147,251
2033-2037	21,376,153	3,673,913	198,847	48,530	25,297,443
2038-2042	10,599,806	1,341,458	210,194	18,514	12,169,972
2043-2047	3,575,000	574,944	-	-	4,149,944
2048-2051	3,140,000	251,175	-	-	3,391,175
	<u>\$ 103,726,176</u>	<u>\$ 27,908,942</u>	<u>\$ 1,589,824</u>	<u>\$ 352,274</u>	<u>\$ 133,577,216</u>

The future annual requirements for revenue bonds outstanding as of December 31, 2022, are as follows:

	Business-Type Activities		
	Principal Due	Interest Due	Total Due
Year ending:			
2023	\$ 9,415,000	\$ 7,200,294	\$ 16,615,294
2024	9,780,000	6,833,394	16,613,394
2025	10,170,000	6,443,544	16,613,544
2026	10,165,000	6,010,194	16,175,194
2027	10,605,000	5,569,194	16,174,194
2028-2032	57,595,000	20,971,381	78,566,381
2033-2037	58,460,000	10,488,388	68,948,388
2038-2042	31,720,000	2,252,838	33,972,838
	<u>\$ 197,910,000</u>	<u>\$ 65,769,227</u>	<u>\$ 263,679,227</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. 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 Wastewater 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, 2022, total outstanding conduit debt was \$149,837,180.

Pledged revenues: The City has pledged future water and wastewater operating revenues, net of specified operating expenses, to repay \$263,679,227 in water and wastewater revenue and revenue refunding bonds. The bonds are payable solely from water and wastewater net revenues and are payable through 2042. Annual principal and interest payments on the bonds have required an average of 60% 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 \$15,225,016 and \$23,562,585, respectively. This equates to a net revenue/debt ratio of 1.55 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 (as restated)	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable:					
Series 2018	\$ 76,225,000	\$ -	\$ 1,360,000	\$ 74,865,000	\$ 1,430,000
Unamortized premiums	6,602,465	-	401,533	6,200,932	-
Note from direct borrowing	9,012,111	-	277,979	8,734,132	289,305
Other financing obligations	3,447,493	2,321,770	1,925,166	3,844,097	1,174,422
Lease liability	6,345,561	-	1,032,562	5,312,999	1,072,104
Total long-term debt	<u>\$ 101,632,630</u>	<u>\$ 2,321,770</u>	<u>\$ 4,997,240</u>	<u>\$ 98,957,160</u>	<u>\$ 3,965,831</u>

The indenture agreements require that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee (restricted cash) 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

In 2022, the Hospital met the debt coverage ratio requirements established by the bond indenture.

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	\$ 74,865,000	\$ 1,430,000

Note from direct borrowing: The Hospital's outstanding note from direct borrowing of \$8,734,132 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 lease liabilities for the Hospital as of December 31, 2022, are as follows:

Year ending December 31,	Total to be Paid	Bonds		Direct Borrowings	
		Principal	Interest	Principal	Interest
2023	\$ 5,655,468	\$ 1,430,000	\$ 3,592,063	\$ 289,305	\$ 344,100
2024	5,653,967	1,500,000	3,520,563	301,091	332,313
2025	5,653,967	1,575,000	3,445,563	313,358	320,046
2026	5,655,217	1,655,000	3,366,813	326,125	307,279
2027	5,652,467	1,735,000	3,284,063	339,412	293,992
2028-2032	28,269,836	10,075,000	15,027,815	1,916,099	1,250,922
2033-2037	28,274,511	12,670,000	12,437,490	2,339,550	827,471
2038-2042	28,277,709	15,575,000	9,535,688	2,856,583	310,438
2043-2047	28,272,534	23,265,000	4,954,750	52,609	175
2048	5,654,250	5,385,000	269,250	-	-
	<u>\$ 147,019,926</u>	<u>\$ 74,865,000</u>	<u>\$ 59,434,058</u>	<u>\$ 8,734,132</u>	<u>\$ 3,986,736</u>

Other financing obligations: The Hospital is obligated under certain financings for purchase of equipment totaling approximately \$3,844,000 at December 31, 2022. Monthly payments of obligations include principal plus interest ranging from 3.25 percent to 4.00 percent, terms expiring in various years through 2026.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Lease liability: The Hospital leases equipment and real estate, the terms of which expire in various years through 2036. The leases were measured based upon the discount rate at commencement.

The following is a scheduled by year of payments under the leases as of December 31, 2022:

Year ending December 31,	Total to be Paid	Principal	Interest
2023	\$ 1,249,879	\$ 1,072,104	\$ 177,775
2024	1,256,162	1,116,792	139,370
2025	737,365	625,760	111,605
2026	315,571	219,659	95,912
2027	296,521	209,167	87,354
2028-2032	1,559,132	1,262,749	296,383
2033-2036	856,486	806,768	49,718
	<u>\$ 6,271,116</u>	<u>\$ 5,312,999</u>	<u>\$ 958,117</u>

The Lawrence Surgery Center leases equipment and real estate, the terms of which expire in various years through 2040. The leases were measured based upon the discount rate at commencement.

The following is a scheduled by year of payments under the leases as of December 31, 2022:

Year ending December 31,	Total to be Paid	Principal	Interest
2023	\$ 1,305,384	\$ 1,014,543	\$ 290,841
2024	1,322,465	1,054,709	267,756
2025	1,264,462	1,021,552	242,910
2026	950,284	725,981	224,303
2027	889,093	679,281	209,812
2028-2032	4,292,219	3,458,501	833,718
2033-2037	4,136,832	3,686,387	450,445
2038-2040	2,275,257	2,206,146	69,111
	<u>\$ 16,435,996</u>	<u>\$ 13,847,100</u>	<u>\$ 2,588,896</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,754,772	\$ 340,273	\$ 90,051	\$ 17,004,994
Construction in progress	11,404,485	17,697,323	10,948,264	18,153,544
Total capital assets, not being depreciated	28,159,257	18,037,596	11,038,315	35,158,538
Capital assets being depreciated:				
Buildings	135,636,139	1,378,639	25,000	136,989,778
Improvements other than buildings	54,896,848	540,740	45,000	55,392,588
Machinery and equipment	46,132,799	11,398,151	3,104,082	54,426,868
Infrastructure	253,217,626	5,579,947	-	258,797,573
Right to use leased assets	1,961,384	-	-	1,961,384
Total capital assets, being depreciated	491,844,796	18,897,477	3,174,082	507,568,191
Less accumulated depreciation for:				
Buildings	59,626,897	4,438,826	25,000	64,040,723
Improvements other than buildings	28,884,438	1,849,977	43,125	30,691,290
Machinery and equipment	32,219,224	3,769,725	3,057,292	32,931,657
Infrastructure	91,350,050	5,047,335	-	96,397,385
Right to use lease assets	-	322,980	-	322,980
Total accumulated depreciation	212,080,609	15,428,843	3,125,417	224,384,035
Total capital assets being depreciated, net	279,764,187	3,468,634	48,665	283,184,156
Governmental activities capital assets, net	\$ 307,923,444	\$ 21,506,230	\$ 11,086,980	\$ 318,342,694
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,056,141	\$ 18,609	\$ -	\$ 7,074,750
Construction in progress	5,921,763	13,244,956	2,404,620	16,762,099
Total capital assets, not being depreciated	12,977,904	13,263,565	2,404,620	23,836,849
Capital assets being depreciated:				
Buildings	87,708,754	-	-	87,708,754
Improvements other than buildings	166,146,062	-	-	166,146,062
Machinery and equipment	33,220,794	1,902,322	999,854	34,123,262
Infrastructure	183,121,402	2,477,748	-	185,599,150
Total capital assets, being depreciated	470,197,012	4,380,070	999,854	473,577,228
Less accumulated depreciation for:				
Buildings	36,451,378	1,885,925	-	38,337,303
Improvements other than buildings	48,412,184	3,899,481	-	52,311,665
Machinery and equipment	16,553,160	2,735,030	994,771	18,293,419
Infrastructure	79,924,262	3,601,336	-	83,525,598
Total accumulated depreciation	181,340,984	12,121,772	994,771	192,467,985
Total capital assets being depreciated, net	288,856,028	(7,741,702)	5,083	281,109,243
Business-type activities capital assets, net	\$ 301,833,932	\$ 5,521,863	\$ 2,409,703	\$ 304,946,092

See note 17 for information on the restatement due to the implementation of GASB Statement No. 87, Leases.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	\$ 13,757,032	\$ 164,500	\$ 355,550	\$ 13,565,982
Construction in progress	3,610,720	4,540,430	3,601,259	4,549,891
Total capital assets, not being depreciated	17,367,752	4,704,930	3,956,809	18,115,873
Capital assets being depreciated:				
Buildings	275,801,915	5,830,744	318,581	281,314,078
Improvements other than buildings	9,368,267	2,998	32,790	9,338,475
Collection	3,845,267	730,580	984,234	3,591,613
Machinery and equipment	111,133,517	3,871,617	4,824,221	110,180,913
Leased assets - buildings	16,363,713	-	577,690	15,786,023
Leased assets - equipment	5,630,037	150,230	300,025	5,480,242
Total capital assets, being depreciated	422,142,716	10,586,169	7,037,541	425,691,344
Less accumulated depreciation for:				
Buildings	88,252,781	7,193,031	212,354	95,233,458
Improvements other than buildings	3,239,058	459,584	17,590	3,681,052
Collection	1,284,076	382,413	633,228	1,033,261
Machinery and equipment	70,870,928	7,461,986	4,761,859	73,571,055
Leased assets - buildings	432,304	432,304	-	864,608
Leased assets - equipment	557,013	624,860	-	1,181,873
Total accumulated depreciation	164,636,160	16,554,178	5,625,031	175,565,307
Total capital assets being depreciated, net	257,506,556	(5,968,009)	1,412,510	250,126,037
Component unit capital assets, net	\$ 274,874,308	\$ (1,263,079)	\$ 5,369,319	\$ 268,241,910

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

Governmental activities:	
General government	\$ 2,051,032
Public safety	3,405,966
Public works	7,300,773
Social services	747,664
Culture and recreation	1,837,727
Economic Development	38,091
Tourism	722
	<u>15,381,975</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	46,868
Total depreciation expense, governmental activities	<u>\$ 15,428,843</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets (Continued)

Business-type activities:

Water and wastewater	\$ 10,521,186
Solid waste	958,277
Parking	2,420
Stormwater	639,889
Total depreciation expense, business-type activities	<u>\$ 12,121,772</u>

Component units:

Lawrence-Douglas County Housing Authority	\$ 871,058
Lawrence Surgery Center	391,181
Lawrence Memorial Hospital	14,828,989
Lawrence Public Library	462,950
Total depreciation expense, component units	<u>\$ 16,554,178</u>

Note 8. 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 8. 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, 2022.

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	8.90%	8.90%
Police and firefighters	22.99%	22.99%

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

Member contribution rates as a percentage of eligible compensation for the fiscal year 2022 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, 2022, 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, 2022.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the City's proportion for the Local employees group was 1.694%, which was an increase of 0.052% from its proportion measured at June 30, 2021. At June 30, 2022, the City's proportion for the Police and Firefighters group was 4.482%, which was a decrease of 0.213% from its proportion measured at June 30, 2021.

Net pension liability: At December 31, 2022, the City reported a liability of \$33,669,718 and \$64,636,029 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 \$98,305,747 as of December 31, 2022.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022 as the measurement date, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Salary increases, including wage increases	3.50% to 12.00% including inflation
Long-term rate of return, net of investment expense and including price inflation	7.00%

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 8. Defined Benefit Pension Plan (Continued)

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, 2022 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 7.00%. 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 8. 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 7.00%, 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 or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.0%)
Local	\$ 48,367,638	\$ 33,669,718	\$ 21,424,215
Police and firefighters	88,657,775	64,636,029	44,648,552
Total	<u>\$ 137,025,413</u>	<u>\$ 98,305,747</u>	<u>\$ 66,072,767</u>

Pension expense: For the year ended December 31, 2022, the City recognized total pension expense of \$13,410,932 which is comprised of local pension expense of \$4,300,753 and Police and Firefighters pension expense of \$9,110,179. 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

Deferred outflows of resources and deferred inflows of resources: At December 31, 2022, 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	\$ 1,273,528	\$ 60,351
Net differences between projected and actual earnings on investments	2,850,141	-
Changes in assumptions	5,381,910	-
Changes in proportion	1,090,769	209,235
Total	10,596,348	269,586
Police and Firefighters:		
Differences between actual and expected experience	2,742,890	-
Net differences between projected and actual earnings on investments	4,436,052	-
Changes in assumptions	8,306,147	-
Changes in proportion	883,672	2,582,436
Total	16,368,761	2,582,436
Total:		
Differences between actual and expected experience	4,016,418	60,351
Net differences between projected and actual earnings on investments	7,286,193	-
Changes in assumptions	13,688,057	-
Changes in proportion	1,974,441	2,791,671
Total	26,965,109	2,852,022
City contributions subsequent to measurement date for both groups	4,861,159	-
Total	\$ 31,826,268	\$ 2,852,022

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

\$4,861,159 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, 2023. 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
2023	\$ 2,760,330	\$ 3,758,059	\$ 6,518,389
2024	2,787,469	3,660,372	6,447,841
2025	1,445,608	1,840,718	3,286,326
2026	3,197,041	4,407,131	7,604,172
2027	136,314	120,045	256,359
	<u>\$ 10,326,762</u>	<u>\$ 13,786,325</u>	<u>\$ 24,113,087</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 9. Interfund Transactions

Interfund receivables and payables: At December 31, 2022, 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>\$ 3,952,747</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 9. Interfund Transactions (Continued)

Interfund transfers: A summary of transfers for the year ended December 31, 2022, follows:

Fund	Transfers Out	Transfers In
General	\$ 7,463,000	\$ 4,563,570
Debt service	-	942,905
Capital projects	275,905	-
Other governmental	2,195,849	9,252,639
Water and wastewater	6,317,833	3,680,833
Solid waste	1,447,000	-
Internal service funds	3,360	-
Nonmajor proprietary	737,000	-
	<u>\$ 18,439,947</u>	<u>\$ 18,439,947</u>

The City uses interfund transfers to share administrative costs between the enterprise and general funds. The water and wastewater fund and the solid waste fund transferred \$3,090,000 and \$1,009,000, respectively, to the general fund in lieu of franchise fees for various utilities. The general fund transferred \$350,000 to the Housing Trust Fund. The Equipment Reserve Fund transferred \$1,207,931 to the Transportation Fund for the purchase of new vehicles. Beyond that, the City's policy is to transfer all fund balance in the general fund in excess of 25% to the capital sales tax and the equipment reserve annually.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 10. Commitments and Contingencies

Contract commitments: At December 31, 2022, the City had construction contract commitments totaling \$40,746,416. The City expects to receive the contracted services during fiscal year 2023.

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

Description	Authorized	Expended	Remaining Authority
ERP System	\$ 3,222,581	\$ 1,620,453	\$ 1,602,128
23rd Street - Haskell Bridge	15,594,322	5,073,013	10,521,309
20th Street East System Storm Sewer Improvements	7,150,978	3,919,366	3,231,612
Kansas River Wastewater Treatment Plant Improvements	10,992,053	1,637,407	9,354,646
Sidewalk Improvements	157,000	145,186	11,814
Storm & Sewer Improvements - Sharon Drive	848,924	452,409	396,515
13th and Kentucky Stormwater Improvements	27,000	20,000	7,000
University Place Watermain Replacement Project	23,703	16,033	7,670
Storage Tanks	403,201	199,390	203,811
Sidewalk Hazard Urgent Repair	80,531	40,916	39,615
Naismith Mobility Enhancement Project	356,007	47,735	308,272
2021 Sanitary Manhole Rehabilitation	3,672,146	2,068,028	1,604,118
2022 Sidewalk Improvement Program	699,190	88,129	611,061
2022 Milling, Patch, Overlay, & Concrete Maintenance Program	2,537,242	1,163,490	1,373,752
Eagle Bend Golf Course Irrigation Pump Station	723,000	274,603	448,397
Youth Sports Complex	259,286	82,902	176,384
Queens Rd Improvements	5,784,654	165,919	5,618,735
19th Street	1,984,473	1,445,294	539,179
Riverfront and New Hampshire Parking Structures			
Maintenance Repairs	182,491	72,731	109,760
Naismith Valley Interceptor Sewer project	5,689,824	5,289,077	400,747
Kaw Electrical and Mechanical Improvements	4,515,743	335,852	4,179,891
	<u>\$ 64,904,349</u>	<u>\$ 24,157,933</u>	<u>\$ 40,746,416</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 10. 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, 2022, the City had a total of \$35,604,160 in encumbrances, which are reported as part of the governmental fund balance sheet as follows:

	Assigned	Restricted	Total
General Fund	\$ 3,081,336	\$ -	\$ 3,081,336
Capital Projects Fund	-	16,675,871	16,675,871
Other governmental funds	-	15,846,953	15,846,953
	<u>\$ 3,081,336</u>	<u>\$ 32,522,824</u>	<u>\$ 35,604,160</u>

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

Claims expenditures and liabilities are reported based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,876,762 at December 31, 2022 in the risk management fund. The primary government's claims liability reported in the Statement of Net Position at December 31, 2022 was \$2,025,670, for general and worker's comp liabilities. The liability reported in the financial statements at December 31, 2022 is based on the requirement that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and that the amount of loss can be reasonably estimated.

Employee health care: The City has established a program to pay medical claims of covered current and former City employees and additional health insurance premiums. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available resources. This program is accounted for in an internal service fund.

	2022	2021
Unpaid claims, January 1	\$ 1,566,545	\$ 1,441,318
Incurred claims (including IBNRs)	10,206,384	9,977,804
Claim payments	10,312,872	9,852,577
Unpaid claims, December 31	<u>\$ 1,460,057</u>	<u>\$ 1,566,545</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 11. 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, 2005 and 2022. The City received \$8.0 million from the County for this agreement for the year ending December 31, 2022.

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

Note 12. 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	\$ 318,342,694	\$ 304,946,092	\$ 623,288,786
Less:			
Current portion of temporary notes payable	(52,610,000)	-	(52,610,000)
Current portion of general obligation bonds	(7,416,830)	(529,414)	(7,946,244)
Current portion of financed purchase	(113,140)	-	(113,140)
Current portion of lease liability	(357,371)	-	(357,371)
Current portion of revenue bonds	-	(9,415,000)	(9,415,000)
Noncurrent portion of temporary notes payable	(4,269,644)	-	(4,269,644)
Noncurrent portion of general obligation bonds	(102,170,195)	(243,303)	(102,413,498)
Noncurrent portion of financed purchase	(478,915)	-	(478,915)
Noncurrent portion of lease liability	(1,319,646)	-	(1,319,646)
Noncurrent portion of revenue bonds	-	(205,862,632)	(205,862,632)
Capital in accounts payable	-	(2,259,259)	(2,259,259)
Plus:			
Unspent general obligation bonds, revenue bonds and temporary note proceeds	43,968,085	44,377,071	88,345,156
Net investment in capital assets	<u>\$ 193,575,038</u>	<u>\$ 131,013,555</u>	<u>\$ 324,588,593</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. 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	\$ 14,274,094	\$ 1,469,456	\$ 15,743,550
Deferred outflows of resources	2,564,846	461,242	3,026,088
Deferred inflows of resources	5,058,368	775,099	5,833,467
OPEB expense	1,224,911	150,097	1,375,008

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 and Wellness 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 and Wellness internal services fund.

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

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

Contributions: The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. Retirees who elect to continue coverage in the medical and dental plans offered through Aetna are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premium each year, the City's share of any premium costs is determined on the basis of a blended rate or implicit rate subsidy calculation. The benefits and benefit levels are governed by City policy. Other postemployment liabilities attributable to governmental activities are generally liquidated by the General fund. The City made contributions of \$360,437 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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, 2022, the following employees were covered by the benefit terms:

Active employees:	
KPERS 1	194
KPERS 2	74
KPERS 3	266
Police and fire	281
Total active employees	<u>815</u>
Inactives:	
Retirees/disabled—subscribers	56
Spouses of retirees/disabled	28
Total inactive covered members	<u>84</u>
Total	<u>899</u>

Total OPEB liability: The City's total OPEB liability of \$14,274,094 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022.

Actuarial methods and assumptions: The total OPEB liability in the December 31, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	2.50% for all employees
Inflation rate	2.75%
Discount rate	4.18% measurement date 2.04% year preceding measurement date
Health care cost trend rates	7.00% for 2023 decreasing to an ultimate rate 4.5% in 2032
Dental cost trend rate	3.00%
Healthy mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with Scale MP-2021 Full Generational Improvement
Disabled mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with MP-2021 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

Changes in the total OPEB liability:

	Total OPEB Liability
Balance as of December 31, 2021	\$ 17,193,359
Changes for the year:	
Service cost	1,081,075
Interest	369,122
Differences between expected and actual experience	248,634
Changes in assumptions	(4,257,659)
Benefit payments	(360,437)
Net changes	(2,919,265)
Balance as of December 31, 2022	\$ 14,274,094

Changes in assumptions: The discount rate was changed from 2.04% at the beginning of the year to 4.18% at the end of the year. The assumed future retiree coverage election distribution was revised from Single – 70%, Single + Children – 0%, Single + Spouse – 20% and Family – 10% to 65%, 0%, 20% and 15%, respectively. The assumed proportion of future retiring employees with a covered spouse was revised from 30% to 35%. The retiree contribution premiums projected per capita costs and assumed trends were revised as part of the evaluation. The January 1, 2023 renewal was taken into account. This resulted in a decrease of costs by \$4,257,659.

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 3.18%	4.18%	1% Increase 5.18%
Total OPEB liability	\$ 15,799,244	\$ 14,274,094	\$ 12,914,615

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		
	(6.5% Decreasing to 3.5%)	(7.5% Decreasing to 4.5%)	(8.5% Decreasing to 5.5%)
Total OPEB liability	\$ 12,643,020	\$ 14,274,094	\$ 16,212,352

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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

OPEB: For the year ended December 31, 2022, the City recognized OPEB expense of \$1,224,911. At December 31, 2022, 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
Changes of assumptions or other inputs	\$ 1,709,152	\$ 4,146,986
Differences between expected and actual experience	855,694	911,382
	<u>\$ 2,564,846</u>	<u>\$ 5,058,368</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:	
2023	\$ (225,286)
2024	(225,286)
2025	(225,286)
2026	(225,286)
2027	(225,286)
Thereafter	(1,367,092)
	<u>\$ (2,493,522)</u>

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

The monthly long-term disability benefit is 60% of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 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 December 31, 2021:

Active members	523
Disabled members	10
	<hr/>
	533
	<hr/>

Total OPEB liability: The City's total OPEB liability of \$1,469,456 was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022 as the measurement date, using the following actuarial assumptions:

Salary increases	3.50%
Inflation rate	2.75%
Discount rate	3.54% - measurement date
	2.16% - 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 Projection Scale MP-2021.

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

Changes in total OPEB liability

	Total OPEB Liability
Balance as of December 31, 2021	\$ 2,025,089
Changes for the year:	
Service cost	139,419
Interest	44,692
Effect of economic/demographic gains	(241,861)
Changes in assumptions	(306,029)
Benefit payments	(191,854)
Net changes	(555,633)
Balance as of December 31, 2022	\$ 1,469,456

Changes in assumptions: The discount rate was changed from 2.16% at the beginning of the year to 3.54% at the end of the year.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the City's total OPEB liability calculated using the discount rate of 3.54%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB liability	\$ 1,554,109	\$ 1,469,456	\$ 1,389,816

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, 2022, the City recognized OPEB expense of \$150,097, 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, 2022, 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	\$ 329,177	\$ 460,378
Changes of assumptions or other inputs	132,065	314,721
	\$ 461,242	\$ 775,099

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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

Years ending June 30:

2023	\$	(34,014)
2024		(34,014)
2025		(34,014)
2026		(31,728)
2027		(25,269)
Thereafter		(154,818)
	\$	<u>(313,857)</u>

Note 14. 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 over 30 years.

A Data Gap Study report was prepared by GHD Services Inc. (GHD) and approved by Kansas Department of Health and Environment (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 Kansas Department of Health and Environment Bureau of Remediation (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.

On February 2, 2021, the City commission approved a supplemental agreement to the Engineering Services Agreement with GHD. The next steps included evaluating the findings of the Data Gap Study and remedial options in the CBA report. The City negotiated the next scope of work with GHD that included a pre-design investigation and work plan. The scope of work additionally included installing new monitoring wells, containment wells, and submitting a Current Site Conditions Report with analytical information from the new monitoring wells. Phase one of this effort included professional services related to site study, analysis of alternative remediation strategies and regulatory approvals for alternative strategies prepared by GHD. The project scope included data review, existing remediation systems evaluation, and remediation alternative evaluation and recommendation.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Pollution Remediation (Continued)

In May 2021, GHD began the initial phase of the groundwater monitoring well installation work plan as outlined in the current scope of work. Seventeen new monitoring wells were drilled and developed over a period of approximately four weeks in May and early June. During the third week of June, GHD performed well sampling on all existing (30 wells) and new monitoring wells (17 wells). The City of Lawrence water quality laboratory conducted the analyses of the samples for ammonia-nitrogen and nitrate/nitrite-nitrogen and turned over the results to GHD. On September 30, 2021, GHD finalized the Supplemental Investigation Report and submitted to KDHE BER for review on November 9, 2021. After addressing comments from KDHE BER on January 11, 2022, and meeting with members of KDHE BER on January 26, 2022, the Supplemental Investigation Report was approved by KDHE on February 10, 2022.

Under the terms of the scope of work in Supplemental Agreement No. 2, GHD and the City held a Remedial Alternatives Workshop on February 22, 2022. The primary goal of this workshop was to re-evaluate and discuss the remedial alternatives described in the CBA and Supplemental Investigation Report. Members of City staff, GHD, and engineering consultants were invited to contribute their expertise to the workshop.

On April 15, 2022, the City of Lawrence and GHD participated in a virtual meeting with members of KDHE BER and KDHE Bureau of Water (BOW) to provide an update on the progress of the remedial efforts and share results of the Remedial Alternatives Workshop. During this discussion, KDHE requested a formal request with supporting documentation stating the next steps of the remedial process.

On June 15, 2022, GHD and the City submitted a formal request to KDHE BER and BOW to gain concurrence to the proposed remedial options selected for the remediation Site. This request included supporting documentation outlining the proposed remedial strategies. The timing of this concurrence was critical to coincide with the planned upgrades to the KRWWTP that are being designed to meet new nutrient removal requirements established in the current NPDES permit schedule of compliance. One of the proposed options for remediation of the Farmland water is nitrogen side stream removal at the KRWWTP which will be incorporated into the new plant design. Approval from KDHE to the proposed changes to the Farmland remedial alternatives was received in a letter dated July 26, 2022.

In July 2022, KDHE BER began preparation of a draft Explanation of Significant Difference (ESD) document for the remedial alternatives at the Farmland site. This document will describe the differences in scope, performance, and cost of the remediation strategy adopted by the current Remedial Action Plan.

On October 31, 2022, the City received notification from KDHE BER that the ESD document for the proposed remedial alternatives at the Farmland site had been signed by the KDHE Secretary. After public notice activities were completed by KDHE, the City received a signed copy of the finalized ESD on December 8, 2022.

With the finalization of the ESD, the next steps in the remedial process are to draft an addendum to the Remedial Design/Remedial Action Plan. This plan will detail the modified remedial work plan for the Farmland Site with technical specifications and a plan of action for the implementation of the new remedies for the Site.

The cost for the design and construction of the approved remedial alternatives is estimated to be \$9.8 million, funded by Future General Obligation Bonds in the City's Capital Improvement Plan. Additional costs over the next 30 years include an estimated \$10.7 million for operations and maintenance of these remedial alternatives. The estimated costs were determined based on the Remedial Design/Remedial Action Plan that was approved by KDHE. Changes in these estimates will likely occur in the future. As stated above, an addendum to the Remedial Design/Remedial Action Plan will be drafted and submitted to KDHE. Once approved by KDHE, estimated costs will be adjusted as necessary. No estimated recoveries are expected that would reduce the liability.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development

Property tax abatements: In 2022, the City of Lawrence participated in real property tax abatements for six 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 2022	Amount Abated in 2022
T&M Heartland Clinic	Community non-profit clinic	Real Property Taxes (PILOT)	N/A
Sunlite Science & Technology, Inc.	Business relocation and expansion, job creation and retention	Real Property Taxes, 50%	\$21,161
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%	\$479,470
VanTrust Building 1 ¹	Industrial spec building in Lawrence VenturePark	Real Property Taxes 70% (PILOT)	N/A
Plastikon Expansion Phase I & II	Business expansion, job creation and retention	Real Property Taxes, 70%	\$113,835
Grandstand Expansion	Business expansion, job creation and retention	Real Property Taxes, 70%	\$86,701
Standard Beverage	Business expansion, job creation and retention	Real Property Taxes, 70%	\$136,020
Pretzels, Inc. ¹	Industrial spec building in Lawrence VenturePark	Real Property Taxes (PILOT)	N/A

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

Note 1 – Under agreements with the City, these entities are subject to pre-determined Payment in Lieu of Tax (PILOT) payments.

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

Neighborhood Revitalization Areas (NRA): NRAs are authorized under Kansas state statutes K.S.A. 12-117 and subject to City policy to spur investment and revitalization of properties which can benefit a neighborhood and the 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. The City of Lawrence negotiates NRAs on an individual basis. Details for NRA districts are reported annually in the City's economic development report.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

The City of Lawrence negotiates NRAs on an individual basis. The City had the NRAs listed below in 2022:

Neighborhood Revitalization Area	Purpose	Duration- percent of Increment Subject to NRA	Rebate Amount in 2022
8th and Pennsylvania District (720 E 9th Street)	Revitalization of historic warehouse district	95%	\$19,960
1040 Vermont (Treanor Architect Headquarters)	Redevelopment of vacant building into architectural headquarters/office space	10Y-70% in 2019	\$13,608
810/812 Pennsylvania (Cider Building)	Redevelopment of vacant, historic building into art gallery and commercial office space	10Y-95%	\$25,819
1106 Rhode Island (Hernly Architect's Studio)	Rehab and development of vacant, historical structures into office and residential space	10Y-85%	\$12,403
900 Delaware (9 Del Lofts)	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$34,834
826 Pennsylvania Street (Mixed-use, Commercial/Residential)	Rehab and redevelopment of dilapidated structure into mixed-use commercial & residential	10-Y, 85% County, 50% City and USD	\$20,243
1101/1115 Indiana (Mixed-Use, Student Housing)	Redevelopment of underutilized property for mixed-use commercial and residential space	10Y-85%	\$536,123
800 Pennsylvania Street	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$105,303

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%

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

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.

The City of Lawrence negotiates TIFs on an individual basis. The City had the TIFs listed below in 2022:

2022 Tax increment Financing (TIF) (For all taxing jurisdictions)			
TIF District	Description		Total
Downtown 2000	901 New Hampshire		\$28,085
Oread	TIF Sales Tax	\$146,051	\$453,666
	TIF Property Tax	\$307,615	
9th & New Hampshire: South Project	900 New Hampshire: TIF Sales Tax	\$109,724	\$407,902
	900 New Hampshire: TIF Property Tax	\$278,865	
	City Retained TIF (5%)	\$19,313	
9th & New Hampshire: North Project	888 New Hampshire: TIF Sales Tax	\$0	\$298,986
	888 New Hampshire: TIF Property Tax	\$287,232	
	City Retained TIF (5%)	\$11,754	

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

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

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

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

The City of Lawrence negotiates TDDs on an individual basis. The City had the TDDs listed below in 2022.

2022 Transportation Development District (TDD) (for All Taxing Jurisdictions)			
TDD District	Purpose	Expires	Total Reimbursement
The Oread	Aid in funding transportation improvements related to The Oread Hotel TDD district.	2031	\$75,503
Free-State (Bauer Farms)	Aid in funding transportation improvements related to the Free-State TDD development district.	2031	\$454,689
9th & New Hampshire			
900 New Hampshire (South)	Aid in funding transportation improvements related to the 9th & New Hampshire TDD district.	2037	\$0
888 New Hampshire (North)			\$0
City Retained TDD	City retains first \$850,000 of TDD Revenue as a contribution toward the City parking garage at 10th & New Hampshire.		\$46,492

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 16. 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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the City with its year ending December 31, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. This statement will be effective for the City with its year ending December 31, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections* improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. This statement will be effective for the City with its year ending December 31, 2024.
- GASB Statement No. 101, *Compensated Absences*, will through its unified recognition and remeasurement model, result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The statement will be effective for the City with its year ending December 31, 2024.

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 17. Restatement

The City adopted GASB Statement No. 87, *Leases*, as of January 1, 2022. The implementation of this standard resulted in the City recording a right-to-use asset and lease liability as of January 1, 2022 for its lessee agreements and a lease receivable and lease-related deferred inflow as of January 1, 2022 for its lessor agreements. The implementation of this standard also resulted in certain additional disclosures. The adoption of the Statement did not materially impact change in net position and did not result in a cumulative-effect adjustment to the opening balance of net position. The impact of this adoption is disclosed below.

Governmental Activities

	Lease Receivable	Deferred Inflows-Leases	Right to Use Leased Assets	Lease Liability
Balances December 31, 2021, as previously reported	\$ -	\$ -	\$ -	\$ 684,928
Change to implement GASB No. 87	1,107,648	1,107,648	1,961,384	1,961,384
Balances January 1, 2022, as restated	<u>\$ 1,107,648</u>	<u>\$ 1,107,648</u>	<u>\$ 1,961,384</u>	<u>\$ 2,646,312</u>

Business-type Activities

	Lease Receivable	Deferred Inflows-Leases	Right to Use Leased Assets	Lease Liability
Balances December 31, 2021, as previously reported	\$ -	\$ -	\$ -	\$ -
Change to implement GASB No. 87	565,077	565,077	-	-
Balances January 1, 2022, as restated	<u>\$ 565,077</u>	<u>\$ 565,077</u>	<u>\$ -</u>	<u>\$ -</u>

During 2022, the Lawrence Memorial Hospital retrospectively adopted GASB Statement No. 87, *Leases* as of January 1, 2021. The adoption of this standard resulted in a restatement that decreased the net position for the discretely presented component units by \$4,675 as of January 1, 2022.

	Aggregate Discretely Presented Component Units
Net position January 1, 2022, as previously reported	\$ 322,452,338
GASB 87 adjustment	(4,675)
Net position January 1, 2022, as restated	<u>\$ 322,447,663</u>

Note 18. Subsequent Events

In April 2023 the City issued \$10,455,000 in General Obligation Improvement Bonds and \$34,575,000 in General Obligation Temporary Notes. The bonds mature September 1, 2024 through September 1, 2043 with interest rates of 3.88% to 5.00%. The temporary notes mature May 1, 2024 with an interest rate of 5.00%. These bonds and notes were issued to finance the cost of certain public improvement projects within the City and to refund the Series 2022-I temporary notes.

City of Lawrence, Kansas

Required Supplementary Information (unaudited) Schedule of Changes in Total OPEB Liability and Related Ratios—City Plan

	2022	2021
Total OPEB liability		
Service cost	\$ 1,081,075	\$ 1,079,077
Interest	369,122	356,979
Differences between expected and actual experience	248,634	(787,722)
Changes of assumptions	(4,257,659)	(293,374)
Benefit payments	(360,437)	(591,452)
Net change in total OPEB liability	(2,919,265)	(236,492)
Total OPEB liability—beginning	17,193,359	17,429,851
Total OPEB liability—ending	<u>\$ 14,274,094</u>	<u>\$ 17,193,359</u>
Covered employee payroll	<u>\$ 60,683,169</u>	<u>\$ 50,793,649</u>
Total OPEB liability as a percentage of covered employee payroll	23.52%	33.85%

Notes to schedule:

2022 Changes of assumptions: The discount rate was changed from 2.04% at the beginning of the year to 4.18% at the end of the year. The assumed future retiree coverage election distribution was revised from Single - 70%, Single + Children - 0%, Single + Spouse - 20% and Family - 10% to 65%, 0%, 20% and 15%, respectively. The assumed proportion of future retiring employees with a covered spouse was revised from 30% to 35%. The retiree contribution premiums, projected per capita costs and assumed trends were revised as part of the evaluation. The January 1, 2023 renewal was taken into account.

2021 Changes of assumptions: The discount rate was changed from 1.96% at the beginning of the year to 2.04% at the end of the year. The scale used for the mortality assumption was changed from MP-2020 Full Generational Improvement to MP-2021 Full Generational Improvement. The assumed salary scale per employee was revised from 1.5% to 2.5%.

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.

2020		2019		2018	
\$	898,426	\$	681,971	\$	701,279
	521,767		483,736		410,745
	(386,654)		993,023		-
	166,522		2,495,496		(147,396)
	(528,056)		(718,830)		(236,456)
	672,005		3,935,396		728,172
	16,757,846		12,822,450		12,094,278
\$	17,429,851	\$	16,757,846	\$	12,822,450
\$	50,793,649	\$	46,574,172	\$	46,574,172
	34.32%		35.98%		27.53%

City of Lawrence, Kansas

Required Supplementary Information (unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios—KPERS Plan

	2022	2021
Total OPEB liability		
Service cost	\$ 139,419	\$ 132,546
Interest	44,692	40,164
Effect of economic/demographic gains	(241,861)	268,941
Changes of assumptions	(306,029)	5,190
Benefit payments	(191,854)	(211,969)
Net change in total OPEB liability	(555,633)	234,872
Total OPEB liability—beginning	2,025,089	1,790,217
Total OPEB liability—ending	<u>\$ 1,469,456</u>	<u>\$ 2,025,089</u>
Covered employee payroll	<u>\$ 31,009,771</u>	<u>\$ 30,346,501</u>
Total OPEB liability as a percentage of covered employee payroll	4.74%	6.67%

Notes to schedule:

2022 Changes of assumptions: The discount rate was changed from 2.16% at the beginning of the year to 3.54% at the end of the year. This resulted in a decrease of costs by \$306,029. The Disability Rates, Estimated Offsets, Waiver Mortality Rates and Claim Cost Assumption have been updated based on recent experience.

2021 Changes of assumptions: The discount rate was changed from 2.21% at the beginning of the year to 2.16% at the end of the year. This resulted in a increase of costs by \$5,190.

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.

2020		2019		2018	
\$	107,158	\$	108,334	\$	107,683
	70,045		69,119		66,254
	(331,807)		193,076		(23,557)
	151,873		37,534		(26,501)
	(200,611)		(182,614)		(195,792)
	(203,342)		225,449		(71,913)
	1,993,559		1,768,110		1,840,023
\$	1,790,217	\$	1,993,559	\$	1,768,110
\$	29,075,960	\$	26,579,520	\$	27,873,554
	6.16%		7.50%		6.34%

City of Lawrence, Kansas

Required Supplementary Information (unaudited) (Continued) Schedule of the City's Proportionate Share of the Net Pension Liability—KPERs December 31, 2022

	December 31,											
	Local	Police		Local	Police		Local	Police		Local	Police	
	2022	and Firefighters	Total	2021	and Firefighters	Total	2020	and Firefighters	Total	2019	and Firefighters	Total
City's proportion of the net pension liability	1.694%	4.482%		1.642%	4.695%		1.614%	4.550%		1.563%	4.629%	
City's proportionate share of the net pension liability	\$ 33,669,718	\$ 64,636,029	\$ 98,305,747	\$ 19,703,845	\$ 44,803,333	\$ 64,507,178	\$ 27,985,700	\$ 56,108,274	\$ 84,093,974	\$ 21,845,415	\$ 46,853,480	\$ 68,698,895
City's covered payroll	\$ 35,571,803	\$ 27,966,793	\$ 63,538,596	\$ 31,343,058	\$ 25,621,338	\$ 56,964,396	\$ 30,497,900	\$ 25,004,984	\$ 55,502,884	\$ 28,798,716	\$ 25,785,226	\$ 54,583,942
City's proportionate share of the net pension liability as a percentage of its covered payroll	94.65%	231.12%		62.87%	174.87%		91.76%	224.39%		75.86%	181.71%	
Plan fiduciary net position as a percentage of the total net pension liability	70.66%	66.12%		81.14%	76.09%		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, 2022

	December 31,											
	Local	Police		Local	Police		Local	Police		Local	Police	
	2022	and Firefighters	Total	2021	and Firefighters	Total	2020	and Firefighters	Total	2019	and Firefighters	Total
Contractually required contribution	\$ 3,244,281	\$ 6,333,976	\$ 9,578,257	\$ 2,840,596	\$ 5,984,568	\$ 8,825,164	\$ 2,670,841	\$ 5,638,072	\$ 8,308,913	\$ 2,497,226	\$ 5,232,406	\$ 7,729,632
Contributions in relation to the contractually required contribution	3,244,281	6,333,976	9,578,257	2,840,596	5,984,568	8,825,164	2,670,841	5,638,072	8,308,913	2,497,226	5,232,406	7,729,632
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 36,452,558	\$ 27,551,004		\$ 31,776,341	\$ 25,589,111		\$ 31,020,210	\$ 25,709,408		\$ 29,501,415	\$ 24,798,549	
Contributions as a percentage of covered payroll	8.90%	22.99%		8.94%	23.39%		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	Police		Local	Police		Local	Police		Local	Police	
2018	and Firefighters		2017	and Firefighters		2016	and Firefighters		2015	and Firefighters	
2018	2018	Total	2017	2017	Total	2016	2016	Total	2015	2015	Total
1.613%	4.889%		1.722%	5.130%		1.683%	4.954%		1.678%	5.068%	
\$ 22,476,271	\$ 47,041,107	\$ 69,517,378	\$ 24,948,735	\$ 48,108,856	\$ 73,057,591	\$ 26,042,494	\$ 46,013,453	\$ 72,055,947	\$ 22,038,579	\$ 36,797,128	\$ 58,835,707
\$ 28,857,883	\$ 24,857,649	\$ 53,715,532	\$ 29,272,989	\$ 24,092,226	\$ 53,365,215	\$ 29,365,147	\$ 24,053,146	\$ 53,418,293	\$ 27,253,827	\$ 22,717,357	\$ 49,971,184
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	Police		Local	Police		Local	Police		Local	Police	
2018	and Firefighters		2017	and Firefighters		2016	and Firefighters		2015	and Firefighters	
2018	2018	Total	2017	2017	Total	2016	2016	Total	2015	2015	Total
\$ 2,459,149	\$ 5,064,566	\$ 7,523,715	\$ 2,463,442	\$ 4,723,704	\$ 7,187,146	\$ 2,687,252	\$ 4,919,631	\$ 7,606,883	\$ 2,783,814	\$ 5,137,753	\$ 7,921,567
2,459,149	5,064,566	7,523,715	2,463,442	4,723,704	7,187,146	2,687,252	4,919,631	7,606,883	2,783,814	5,137,753	7,921,567
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 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, 2021 valuation to determine the actuarially determined contribution.

Valuation timing	December 31, 2021
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 - 22 years (layered bases)
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 Local, 3.50% to 11.50%, including price inflation
Long-term rate of return	7.00%
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 Projection Scale MP-2016.

City of Lawrence, Kansas

Nonmajor Governmental Funds Special Revenue Funds

Budgeted Funds

Capital Sales Tax 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).

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.

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).

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).

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).

Federal Funds Exchange Program Fund—The fund is used to account for funds received from the State through the Federal Funds Exchange program to fund road or bridge improvement projects.

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).

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).

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).

City of Lawrence, Kansas

**Nonmajor Governmental Funds
Special Revenue Funds**

Nonbudgeted Funds (Continued)

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

State Grant Fund—This fund is used to account for grants issued by State of Kansas Agencies (K.S.A. 12-1663).

American Recovery Plan Act (ARPA) Fund—This fund is used to account for the tranche of federal dollars authorized by the American Recovery Plan Act through the Department of Treasury (K.S.A. 12-1663).

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

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

Kansas Fights Addiction Act Fund—The fund is used to account for settlement funds received from the State to treat and fight opioid addiction.

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement
Assets							
Cash and investments	\$ 544,835	\$ 87,081	\$ 17,147,819	\$ 311,700	\$ 4,511,883	\$ 514,140	\$ 696,085
Receivables:							
Taxes	-	5,794,321	847,111	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Accounts (net allowance for uncollectibles)	556,992	-	7,523	237,279	664,212	237,279	27,011
Loans	-	-	-	158,568	-	-	-
Accrued interest	4,698	-	84,923	3,023	23,546	2,690	4,769
Leases	-	-	-	-	-	-	392,083
Prepaid	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	-	-	-	-	5,725
Total assets	\$ 1,106,525	\$ 5,881,402	\$ 18,087,376	\$ 710,570	\$ 5,199,641	\$ 754,109	\$ 1,125,673
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	\$ 1,383	\$ -	\$ 363,279	\$ 8,549	\$ 126,324	\$ 79,210	\$ 40,359
Accrued payroll	5,282	-	3,534	677	-	-	6,148
Customer deposits	-	-	-	-	-	-	6,535
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	120
Other liabilities	-	-	-	-	-	-	-
Total liabilities	6,665	-	366,813	9,226	126,324	79,210	53,162
Deferred inflows of resources:							
Leases	-	-	-	-	-	-	375,798
Unavailable revenue	-	5,794,321	-	395,847	-	237,279	-
Total deferred inflows of resources	-	5,794,321	-	395,847	-	237,279	375,798
Total liabilities and deferred inflows of resources	6,665	5,794,321	366,813	405,073	126,324	316,489	428,960
Fund balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,099,860	87,081	17,720,563	305,497	5,073,317	437,620	696,713
Unassigned	-	-	-	-	-	-	-
Total fund balance (deficit)	1,099,860	87,081	17,720,563	305,497	5,073,317	437,620	696,713
Total liabilities, deferred inflows of resources and fund balances	\$ 1,106,525	\$ 5,881,402	\$ 18,087,376	\$ 710,570	\$ 5,199,641	\$ 754,109	\$ 1,125,673

Capital Sales Tax	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	Neighborhood Revitalization Areas	9 NH North TDD/TIF	City Parks Memorial
\$ 17,440,045	\$ 7,526,681	\$ 35,614	\$ 114,235	\$ 521,267	\$ 114,463	\$ 1,634	\$ 73,856	\$ 114,739
1,270,667	-	79,000	27,735	21,826	-	-	78	-
-	81,796	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
71,282	15,073	-	-	-	-	-	-	607
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 18,781,994</u>	<u>\$ 7,623,550</u>	<u>\$ 114,614</u>	<u>\$ 141,970</u>	<u>\$ 543,093</u>	<u>\$ 114,463</u>	<u>\$ 1,634</u>	<u>\$ 73,934</u>	<u>\$ 115,346</u>

\$ 119,849	\$ 267,409	\$ 35,505	\$ 14,283	\$ 10,186	\$ -	\$ -	\$ -	\$ 26
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>119,849</u>	<u>267,409</u>	<u>35,505</u>	<u>14,283</u>	<u>10,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>

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

<u>119,849</u>	<u>267,409</u>	<u>35,505</u>	<u>14,283</u>	<u>10,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
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-	-	-	-	-	-	-	-	-
18,662,145	7,356,141	79,109	127,687	532,907	114,463	1,634	73,934	115,320
-	-	-	-	-	-	-	-	-
<u>18,662,145</u>	<u>7,356,141</u>	<u>79,109</u>	<u>127,687</u>	<u>532,907</u>	<u>114,463</u>	<u>1,634</u>	<u>73,934</u>	<u>115,320</u>

<u>\$ 18,781,994</u>	<u>\$ 7,623,550</u>	<u>\$ 114,614</u>	<u>\$ 141,970</u>	<u>\$ 543,093</u>	<u>\$ 114,463</u>	<u>\$ 1,634</u>	<u>\$ 73,934</u>	<u>\$ 115,346</u>
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(Continued)

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2022

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development
Assets								
Cash and investments	\$ 2,092,826	\$ 57,658	\$ 12	\$ 2,394,806	\$ -	\$ 62,782	\$ 234,118	\$ -
Receivables:								
Taxes	-	-	-	211,778	-	-	-	-
Intergovernmental	-	-	-	-	3,559,276	-	-	189,679
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	-	1,450
Loans	-	-	-	-	-	-	-	160,918
Accrued interest	6,627	306	-	12,311	-	359	-	-
Leases	-	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Restricted assets, cash and investments	74,684	-	-	-	-	24,000	-	-
Total assets	\$ 2,174,137	\$ 57,964	\$ 12	\$ 2,618,895	\$ 3,559,276	\$ 87,141	\$ 234,118	\$ 352,047
Liabilities, deferred inflows of resources and fund balances								
Liabilities:								
Accounts payable	\$ 1,785	\$ 13	\$ -	\$ 561	\$ 462,517	\$ 20	\$ -	\$ 74,757
Accrued payroll	5,382	-	-	-	11,675	-	212	7,377
Customer deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	2,392,724	-	-	86,025
Unearned revenue	-	-	-	-	-	-	29,213	173,126
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	7,167	13	-	561	2,866,916	20	29,425	341,285
Deferred inflows of resources:								
Leases	-	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	1,655,959	-	-	-
Total deferred inflows of resources	-	-	-	-	1,655,959	-	-	-
Total liabilities and deferred inflows of resources	7,167	13	-	561	4,522,875	20	29,425	341,285
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,166,970	57,951	12	2,618,334	-	87,121	204,693	10,762
Unassigned	-	-	-	-	(963,599)	-	-	-
Total fund balance (deficit)	2,166,970	57,951	12	2,618,334	(963,599)	87,121	204,693	10,762
Total liabilities, deferred inflows of resources and fund balances	\$ 2,174,137	\$ 57,964	\$ 12	\$ 2,618,895	\$ 3,559,276	\$ 87,141	\$ 234,118	\$ 352,047

Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	State Grants	ARPA	Federal Funds Exchange Program	Kansas Fights Addiction Act	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 679,841	\$ 61,959	\$ 536,773	\$ -	\$ 9,167,863	\$ 244,985	\$ 24,196	\$ 65,313,896
-	-	-	-	-	-	-	-	-	8,252,516
154,575	102,573	-	-	-	594,560	-	1,206,255	-	5,888,714
-	-	-	-	-	-	-	-	-	1,731,746
-	-	-	-	-	-	-	-	-	319,486
-	-	-	-	2,668	-	20,820	1,502	-	255,204
-	-	-	-	-	-	-	-	-	392,083
-	-	65,423	-	-	-	-	-	-	65,423
-	-	85,739	-	-	-	-	-	-	85,739
-	-	204,767	-	-	-	-	-	-	309,176
\$ 154,575	\$ 102,573	\$ 1,035,770	\$ 61,959	\$ 539,441	\$ 594,560	\$ 9,188,683	\$ 1,452,742	\$ 24,196	\$ 82,613,983

\$ 4,240	\$ 12,351	\$ 77,741	\$ -	\$ 123	\$ 829,109	\$ -	\$ 29,802	\$ -	\$ 2,559,381
2,999	9,406	-	-	-	6,476	3,177	-	-	62,345
-	-	-	-	-	-	-	-	-	6,535
135,015	84,182	-	-	-	1,254,801	-	-	-	3,952,747
-	-	-	-	-	25,615	8,989,189	-	-	9,217,263
-	-	161,109	-	-	-	-	-	-	161,109
142,254	105,939	238,850	-	123	2,116,001	8,992,366	29,802	-	15,959,380

-	-	-	-	-	-	-	-	-	375,798
-	-	-	-	-	533,278	-	-	-	8,616,684
-	-	-	-	-	533,278	-	-	-	8,992,482

142,254	105,939	238,850	-	123	2,649,279	8,992,366	29,802	-	24,951,862
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-	-	65,423	-	-	-	-	-	-	65,423
12,321	-	731,497	61,959	539,318	-	196,317	1,422,940	24,196	60,618,382
-	(3,366)	-	-	-	(2,054,719)	-	-	-	(3,021,684)
12,321	(3,366)	796,920	61,959	539,318	(2,054,719)	196,317	1,422,940	24,196	57,662,121

\$ 154,575	\$ 102,573	\$ 1,035,770	\$ 61,959	\$ 539,441	\$ 594,560	\$ 9,188,683	\$ 1,452,742	\$ 24,196	\$ 82,613,983
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City of Lawrence, Kansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2022

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation
Revenues						
Taxes	\$ -	\$ 5,067,144	\$ 4,585,259	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	283,306	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Investment income (loss)	4,787	7	(11,177)	3,194	6,687	2,325
Intergovernmental	1,987,099	-	-	860,552	2,774,111	860,552
Reimbursements	7,442	-	-	-	-	-
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	9,092	-	2,265
Total revenues	1,999,328	5,067,151	4,857,388	872,838	2,780,798	865,142
Expenditures						
General government	-	-	2,671,901	36,363	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	987,286	-
Health	-	-	-	-	-	-
Social service	105,335	-	-	540,383	-	-
Culture and recreation	152,121	5,023,000	-	-	-	430,919
Tourism	1,266,224	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	1,117,302	-	137,466	46,693
Total expenditures	1,523,680	5,023,000	3,789,203	576,746	1,124,752	477,612
Excess (deficiency) of revenues over expenditures	475,648	44,151	1,068,185	296,092	1,656,046	387,530
Other financing sources (uses):						
Sale of property - proceeds received	-	-	9,900	-	-	-
Transfers in	-	-	1,207,931	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	1,217,831	-	-	-
Net change in fund balance	475,648	44,151	2,286,016	296,092	1,656,046	387,530
Fund balance (deficit), beginning of year	624,212	42,930	15,434,547	9,405	3,417,271	50,090
Fund balance (deficit), end of year	<u>\$ 1,099,860</u>	<u>\$ 87,081</u>	<u>\$ 17,720,563</u>	<u>\$ 305,497</u>	<u>\$ 5,073,317</u>	<u>\$ 437,620</u>

Airport Improvement	Capital Sales Tax	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	Neighborhood Revitalization Areas	9 NH North TDD/TIF	City Parks Memorial
\$ -	\$ 6,877,888	\$ -	\$ 473,839	\$ 514,128	\$ 428,419	\$ 28,085	\$ 655,206	\$ 235,073	\$ -
-	-	-	-	-	-	-	-	-	-
96,922	-	-	-	-	-	-	-	-	-
-	-	29,102	-	-	-	-	-	-	-
13,616	(36,795)	(80,577)	7	10	47	10	-	6	160
-	-	-	-	-	-	-	-	-	-
5,864	403,104	5,450	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	29,230
142,804	-	-	-	-	-	-	-	-	-
259,206	7,244,197	(46,025)	473,846	514,138	428,466	28,095	655,206	235,079	29,390
-	14,746	164,225	-	-	-	-	-	-	-
-	-	156,065	-	-	-	-	-	-	-
319,110	646,894	46,491	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	29,945	17,404	-	-	-	-	-	-	12,849
-	-	-	-	-	-	-	-	-	-
-	-	-	454,689	519,027	366,948	28,084	655,206	223,319	-
155,457	1,485,600	3,240,643	-	-	-	-	-	-	-
474,567	2,177,185	3,624,828	454,689	519,027	366,948	28,084	655,206	223,319	12,849
(215,361)	5,067,012	(3,670,853)	19,157	(4,889)	61,518	11	-	11,760	16,541
-	-	-	-	-	-	-	-	-	-
216,000	55,145	6,499,000	-	-	-	-	-	-	-
-	(69,563)	(1,207,931)	-	-	-	-	-	-	-
216,000	(14,418)	5,291,069	-	-	-	-	-	-	-
639	5,052,594	1,620,216	19,157	(4,889)	61,518	11	-	11,760	16,541
696,074	13,609,551	5,735,925	59,952	132,576	471,389	114,452	1,634	62,174	98,779
\$ 696,713	\$ 18,662,145	\$ 7,356,141	\$ 79,109	\$ 127,687	\$ 532,907	\$ 114,463	\$ 1,634	\$ 73,934	\$ 115,320

(Continued)

City of Lawrence, Kansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended December 31, 2022

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ 1,146,314	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Charges for services	-	23,400	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Interest	30,461	152	-	(2,282)	-	(41)	22
Intergovernmental	-	-	-	-	10,437,322	-	10,912
Reimbursements	-	-	-	-	3,952	-	-
Contributions	-	-	-	-	-	9,130	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	30,461	23,552	-	1,144,032	10,441,274	9,089	10,934
Expenditures							
General government	-	-	-	-	5,187,008	-	-
Public safety	-	-	-	-	150,548	-	-
Public works	198,051	-	-	-	137,225	-	-
Health	-	-	-	-	817,302	-	-
Social service	-	-	-	1,101,883	-	-	24,607
Culture and recreation	-	37	-	-	-	23,277	-
Tourism	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	5,113,342	-	-
Total expenditures	198,051	37	-	1,101,883	11,405,425	23,277	24,607
Excess (deficiency) of revenues over expenditures	(167,590)	23,515	-	42,149	(964,151)	(14,188)	(13,673)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	350,000	-	-	-
Transfers out	-	-	-	-	(55,145)	-	-
Total other financing sources (uses)	-	-	-	350,000	(55,145)	-	-
Net change in fund balance	(167,590)	23,515	-	392,149	(1,019,296)	(14,188)	(13,673)
Fund balance (deficit), beginning of year	2,334,560	34,436	12	2,226,185	55,697	101,309	218,366
Fund balance (deficit), end of year	\$ 2,166,970	\$ 57,951	\$ 12	\$ 2,618,334	\$ (963,599)	\$ 87,121	\$ 204,693

Community Development	Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	State Grant	ARPA	Federal Funds Exchange Program	Kansas Fights Addiction Act	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,011,355
-	-	-	-	-	-	-	-	-	-	-
-	-	-	12,000	-	-	-	-	-	-	415,628
-	-	-	-	-	-	-	-	-	-	29,102
-	-	-	3,659	(12,113)	2,161	-	190,712	1,608	3	116,649
1,228,475	280,868	273,028	-	-	-	673,155	7,312,278	1,206,255	24,193	27,928,800
-	-	-	-	-	-	-	-	-	-	425,812
-	-	-	-	-	-	-	-	-	-	38,360
80,636	35,459	-	1,043,022	-	289,945	-	-	-	-	1,603,223
1,309,111	316,327	273,028	1,058,681	(12,113)	292,106	673,155	7,502,990	1,207,863	24,196	50,568,929
-	-	269,628	-	-	-	678,176	77,279	-	-	9,099,326
-	-	-	-	-	26,433	-	7,235,000	-	-	7,568,046
-	-	-	-	-	-	-	-	45	-	2,335,102
-	-	-	-	-	-	-	-	-	-	817,302
1,024,503	277,841	-	-	-	-	-	-	-	-	3,074,552
-	-	-	-	658	-	54,000	-	-	-	5,744,210
-	-	-	953,708	-	-	-	-	-	-	2,219,932
-	-	-	-	-	-	-	-	-	-	2,247,273
352,301	-	-	-	-	24,602	2,007,582	-	639,878	-	14,320,866
1,376,804	277,841	269,628	953,708	658	51,035	2,739,758	7,312,279	639,923	-	47,426,609
(67,693)	38,486	3,400	104,973	(12,771)	241,071	(2,066,603)	190,711	567,940	24,196	3,142,320
-	-	-	-	-	-	-	-	-	-	9,900
-	-	-	-	-	-	69,563	-	855,000	-	9,252,639
-	-	(8,210)	-	-	-	(855,000)	-	-	-	(2,195,849)
-	-	(8,210)	-	-	-	(785,437)	-	855,000	-	7,066,690
(67,693)	38,486	(4,810)	104,973	(12,771)	241,071	(2,852,040)	190,711	1,422,940	24,196	10,209,010
78,455	(26,165)	1,444	691,947	74,730	298,247	797,321	5,606	-	-	47,453,111
\$ 10,762	\$ 12,321	\$ (3,366)	\$ 796,920	\$ 61,959	\$ 539,318	\$ (2,054,719)	\$ 196,317	\$ 1,422,940	\$ 24,196	\$ 57,662,121

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 11,589,000	\$ 11,589,000	\$ 11,845,902	\$ 256,902
Special assessment	1,116,000	1,116,000	797,195	(318,805)
Interest	220,000	220,000	29,711	(190,289)
Intergovernmental	-	-	265,942	265,942
Miscellaneous	240,000	240,000	1,190,172	950,172
Total revenues	13,165,000	13,165,000	14,128,922	963,922
Expenditures				
General government	18,000	18,000	21,622	3,622
Debt service				
Principal retirement	32,190,000	32,190,000	7,570,000	(24,620,000)
Interest and fiscal charges	4,639,000	4,639,000	4,698,461	59,461
Issuance costs	-	140,651	48,152	(92,499)
Total expenditures	36,847,000	36,987,651	12,338,235	(24,649,416)
Excess (deficiency) of revenues over (under) expenditures	(23,682,000)	(23,822,651)	1,790,687	25,613,338
Other financing sources:				
Transfers in	667,000	667,000	942,905	275,905
Issuance of debt	22,605,000	22,605,000	4,793,555	(17,811,445)
Total other financing sources	23,272,000	23,272,000	5,736,460	(17,535,540)
Excess (deficiency) of revenues over (under) expenditures and other sources	\$ (410,000)	\$ (550,651)	7,527,147	\$ 8,077,798
Fund balance, beginning of year			<u>18,573,982</u>	
Fund balance, end of year			<u>\$ 26,101,129</u>	

City of Lawrence, Kansas

Capital Sales Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 5,405,000	\$ 5,405,000	\$ 6,877,888	\$ 1,472,888
Investment income (loss)	35,000	35,000	(36,795)	(71,795)
Intergovernmental	-	77,000	-	(77,000)
Miscellaneous	500,000	654,000	403,104	(250,896)
Total revenues	5,940,000	6,171,000	7,244,197	1,073,197
Expenditures				
General government	14,000	14,000	14,746	746
Public works	2,699,000	3,109,000	531,337	(2,577,663)
Culture and recreation	-	35,000	29,945	(5,055)
Capital outlay	2,646,000	3,585,000	1,433,584	(2,151,416)
Total expenditures	5,359,000	6,743,000	2,009,612	(4,733,388)
Excess (deficiency) of revenues over (under) expenditures	581,000	(572,000)	5,234,585	5,806,585
Other financing sources (uses)				
Transfers in	-	-	55,145	55,145
Transfers out	-	-	(69,563)	(69,563)
Total other financing sources (uses)	-	-	(14,418)	(14,418)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 581,000	\$ (572,000)	5,220,167	\$ 5,792,167
Fund balance, beginning of year, GAAP basis			<u>13,609,551</u>	
Fund balance, end of year, budget basis			18,829,718	
Adjustments, encumbrances			<u>(167,573)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 18,662,145</u>	

City of Lawrence, Kansas

Guest Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,728,000	\$ 1,728,000	\$ 1,987,099	\$ 259,099
Investment income	2,000	2,000	4,787	2,787
Miscellaneous	-	-	7,442	7,442
Total revenues	<u>1,730,000</u>	<u>1,730,000</u>	<u>1,999,328</u>	<u>269,328</u>
Expenditures				
Culture and recreation	178,000	167,000	152,121	(14,879)
Social service	1,234,000	168,000	105,335	(62,665)
Tourism - contractual services	235,000	1,312,000	1,266,224	(45,776)
Total expenditures	<u>1,647,000</u>	<u>1,647,000</u>	<u>1,523,680</u>	<u>(123,320)</u>
Excess of revenues over expenditures	<u>\$ 83,000</u>	<u>\$ 83,000</u>	<u>475,648</u>	<u>\$ 392,648</u>
Fund balance, beginning of year			<u>624,212</u>	
Fund balance, end of year			<u>\$ 1,099,860</u>	

City of Lawrence, Kansas

Library Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 5,023,000	\$ 5,023,000	\$ 5,067,144	\$ 44,144
Interest	-	-	7	7
Total revenues	<u>5,023,000</u>	<u>5,023,000</u>	<u>5,067,151</u>	<u>44,151</u>
Expenditures				
Culture and recreation, contractual services	<u>5,023,000</u>	<u>5,023,000</u>	<u>5,023,000</u>	<u>-</u>
Total expenditures	<u>5,023,000</u>	<u>5,023,000</u>	<u>5,023,000</u>	<u>-</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>44,151</u>	<u>\$ 44,151</u>
Fund balance, beginning of year			<u>42,930</u>	
Fund balance, end of year			<u>\$ 87,081</u>	

City of Lawrence, Kansas

Transportation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,168,000	\$ 4,168,000	\$ 4,585,259	\$ 417,259
Charges for services	310,000	310,000	283,306	(26,694)
Interest	200,000	200,000	192,668	(7,332)
Miscellaneous	-	-	9,900	9,900
Total revenues	4,678,000	4,678,000	5,071,133	393,133
Expenditures				
General government	2,881,000	2,874,000	2,687,375	(186,625)
Social Services	178,000	178,000	177,056	(944)
Capital Outlay	8,981,000	10,890,000	848,927	(10,041,073)
Total expenditures	12,040,000	13,942,000	3,713,358	(10,228,642)
Excess (deficiency) of revenues over (under) expenditures	(7,362,000)	(9,264,000)	1,357,775	10,621,775
Other financing sources (uses):				
Transfers in	-	-	1,207,931	1,207,931
Transfers out	(1,902,000)	-	-	-
Total other financing sources (uses)	(1,902,000)	-	1,207,931	1,207,931
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (9,264,000)</u>	<u>\$ (9,264,000)</u>	2,565,706	<u>\$ 11,829,706</u>
Fund balance, beginning of year, GAAP basis			<u>15,434,547</u>	
Fund balance, end of year, budget basis			18,000,253	
Adjustments, encumbrances			<u>(279,690)</u>	
Fund balance, end of year, GAAP basis			<u><u>\$ 17,720,563</u></u>	

City of Lawrence, Kansas

Special Alcohol Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 725,000	\$ 725,000	\$ 860,552	\$ 135,552
Interest	-	-	3,194	3,194
Miscellaneous	-	-	9,092	9,092
Total revenues	<u>725,000</u>	<u>725,000</u>	<u>872,838</u>	<u>147,838</u>
Expenditures				
General government	-	35,000	36,363	1,363
Social service	408,000	765,000	540,383	(224,617)
Total expenditures	<u>408,000</u>	<u>800,000</u>	<u>576,746</u>	<u>(223,254)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 317,000</u>	<u>\$ (75,000)</u>	296,092	<u>\$ 371,092</u>
Fund balance, beginning of year			<u>9,405</u>	
Fund deficit, end of year			<u>\$ 305,497</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 2,728,000	\$ 2,728,000	\$ 2,774,111	\$ 46,111
Interest	6,000	6,000	6,687	687
Total revenues	<u>2,734,000</u>	<u>2,734,000</u>	<u>2,780,798</u>	<u>46,798</u>
Expenditures				
Public safety	811,000	2,514,000	987,286	(1,526,714)
Capital outlay	2,005,000	1,358,000	137,466	(1,220,534)
Total expenditures	<u>2,816,000</u>	<u>3,872,000</u>	<u>1,124,752</u>	<u>(2,747,248)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (82,000)</u>	<u>\$ (1,138,000)</u>	1,656,046	<u>\$ 2,794,046</u>
Fund balance, beginning of year			<u>3,417,271</u>	
Fund deficit, end of year			<u>\$ 5,073,317</u>	

City of Lawrence, Kansas

Special Recreation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 725,000	\$ 725,000	\$ 860,552	\$ 135,552
Interest	-	-	3,835	3,835
Miscellaneous	-	-	2,265	2,265
Total revenues	<u>725,000</u>	<u>725,000</u>	<u>866,652</u>	<u>141,652</u>
Expenditures				
General government	-	-	1,510	1,510
Culture and recreation	695,000	523,000	396,928	(126,072)
Social Services	30,000	30,000	30,000	-
Capital outlay	-	146,000	46,693	(99,307)
Total expenditures	<u>725,000</u>	<u>699,000</u>	<u>475,131</u>	<u>(223,869)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ -</u>	<u>\$ 26,000</u>	391,521	<u>\$ 365,521</u>
Fund balance, beginning of year, GAAP basis			<u>50,090</u>	
Fund balance, end of year, budget basis			441,611	
Adjustments, encumbrances			<u>(3,991)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 437,620</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 364,000	\$ 439,000	\$ 473,839	\$ 34,839
Interest	-	-	7	7
Total revenues	<u>364,000</u>	<u>439,000</u>	<u>473,846</u>	<u>34,846</u>
Expenditures				
Economic development, contractual service	<u>364,000</u>	<u>439,000</u>	<u>454,689</u>	<u>15,689</u>
Total expenditures	<u>364,000</u>	<u>439,000</u>	<u>454,689</u>	<u>15,689</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	19,157	<u>\$ 19,157</u>
Fund balance, beginning of year			<u>59,952</u>	
Fund balance, end of year			<u>\$ 79,109</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 584,000	\$ 584,000	\$ 514,128	\$ (69,872)
Interest	-	-	10	10
Total revenues	<u>584,000</u>	<u>584,000</u>	<u>514,138</u>	<u>(69,862)</u>
Expenditures				
Economic development, contractual service	<u>584,000</u>	<u>584,000</u>	<u>519,027</u>	<u>(64,973)</u>
Total expenditures	<u>584,000</u>	<u>584,000</u>	<u>519,027</u>	<u>(64,973)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(4,889)</u>	<u>\$ (4,889)</u>
Fund balance, beginning of year			<u>132,576</u>	
Fund balance, end of year			<u>\$ 127,687</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 482,000	\$ 482,000	\$ 428,419	\$ (53,581)
Interest	-	-	47	47
Total revenues	<u>482,000</u>	<u>482,000</u>	<u>428,466</u>	<u>(53,534)</u>
Expenditures				
Economic development, contractual service	<u>482,000</u>	<u>482,000</u>	<u>366,948</u>	<u>(115,052)</u>
Total expenditures	<u>482,000</u>	<u>482,000</u>	<u>366,948</u>	<u>(115,052)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>61,518</u>	<u>\$ 61,518</u>
Fund balance, beginning of year			<u>471,389</u>	
Fund balance, end of year			<u>\$ 532,907</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 29,000	\$ 29,000	\$ 28,085	\$ (915)
Interest	-	-	10	10
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>28,095</u>	<u>(905)</u>
Expenditures				
Economic development, contractual service	<u>29,000</u>	<u>29,000</u>	<u>28,084</u>	<u>(916)</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>28,084</u>	<u>(916)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	11	<u>\$ 11</u>
Fund balance, beginning of year			<u>114,452</u>	
Fund balance, end of year			<u>\$ 114,463</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 753,000	\$ 753,000	\$ 655,206	\$ (97,794)
Total revenues	<u>753,000</u>	<u>753,000</u>	<u>655,206</u>	<u>(97,794)</u>
Expenditures				
Economic development, contractual service	<u>753,000</u>	<u>753,000</u>	<u>655,206</u>	<u>(97,794)</u>
Total expenditures	<u>753,000</u>	<u>753,000</u>	<u>655,206</u>	<u>(97,794)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>1,634</u>	
Fund balance, end of year			<u>\$ 1,634</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 309,000	\$ 309,000	\$ 235,073	\$ (73,927)
Interest	-	-	6	6
Total revenues	<u>309,000</u>	<u>309,000</u>	<u>235,079</u>	<u>(73,921)</u>
Expenditures				
Economic development, contractual service	<u>309,000</u>	<u>309,000</u>	<u>223,319</u>	<u>(85,681)</u>
Total expenditures	<u>309,000</u>	<u>309,000</u>	<u>223,319</u>	<u>(85,681)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>11,760</u>	<u>\$ 11,760</u>
Fund balance, beginning of year			<u>62,174</u>	
Fund balance, end of year			<u>\$ 73,934</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, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 160	\$ 160
Miscellaneous	20,000	20,000	29,230	9,230
Total revenues	20,000	20,000	29,390	9,390
Expenditures				
General government	-	-	-	-
Culture and recreation	35,000	35,000	10,633	(24,367)
Total expenditures	35,000	35,000	10,633	(24,367)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	18,757	<u>\$ 33,757</u>
Fund balance, beginning of year, GAAP basis			98,779	
Fund balance, end of year, budget basis			117,536	
Adjustments, encumbrances			(2,216)	
Fund balance, end of year, GAAP basis			<u>\$ 115,320</u>	

City of Lawrence, Kansas

Farmland Remediation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 10,000	\$ 10,000	\$ 30,461	\$ 20,461
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>30,461</u>	<u>20,461</u>
Expenditures				
Public works	1,178,000	1,178,000	198,051	(979,949)
Capital Outlay	<u>66,000</u>	<u>66,000</u>	<u>-</u>	<u>(66,000)</u>
Total expenditures	<u>1,244,000</u>	<u>1,244,000</u>	<u>198,051</u>	<u>(1,045,949)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ (1,234,000)</u>	<u>\$ (1,234,000)</u>	<u>(167,590)</u>	<u>\$ 1,066,410</u>
Fund balance, beginning of year			<u>2,334,560</u>	
Fund balance, end of year			<u>\$ 2,166,970</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 8,000	\$ 8,000	\$ 23,400	\$ 15,400
Interest	-	-	152	152
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>23,552</u>	<u>15,552</u>
Expenditures				
General government	-	-	-	-
Culture and recreation, contractual services	8,000	8,000	37	(7,963)
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>37</u>	<u>(7,963)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	23,515	<u>\$ 23,515</u>
Fund balance, beginning of year			<u>34,436</u>	
Fund balance, end of year			<u>\$ 57,951</u>	

City of Lawrence, Kansas

Housing Trust Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 937,000	\$ 937,000	\$ 1,146,314	\$ 209,314
Interest	12,000	12,000	(2,282)	(14,282)
Total revenues	<u>949,000</u>	<u>949,000</u>	<u>1,144,032</u>	<u>195,032</u>
Expenditures				
General government	-	-	-	-
Social service, contractual services	1,661,000	1,661,000	1,051,883	(609,117)
Total expenditures	<u>1,661,000</u>	<u>1,661,000</u>	<u>1,051,883</u>	<u>(609,117)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(712,000)</u>	<u>(712,000)</u>	<u>92,149</u>	<u>804,149</u>
Other financing sources, transfers in	350,000	350,000	350,000	-
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources	<u>\$ (362,000)</u>	<u>\$ (362,000)</u>	<u>442,149</u>	<u>\$ 804,149</u>
Fund balance, beginning of year, GAAP basis			<u>2,226,185</u>	
Fund balance, end of year, budget basis			2,668,334	
Adjustments, encumbrances			<u>(50,000)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 2,618,334</u>	

City of Lawrence, Kansas

Wee Folks Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ (41)	\$ (41)
Miscellaneous	5,000	5,000	9,130	4,130
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>9,089</u>	<u>4,089</u>
Expenditures				
General government	-	-	-	-
Culture and recreation				
contractual Services	35,000	35,000	23,277	(11,723)
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>23,277</u>	<u>(11,723)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ (30,000)</u>	<u>\$ (30,000)</u>	(14,188)	<u>\$ 15,812</u>
Fund balance, beginning of year			<u>101,309</u>	
Fund balance, end of year			<u>\$ 87,121</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 2,000	\$ 2,000	\$ 2,161	\$ 161
Miscellaneous	20,000	20,000	289,945	269,945
Total revenues	22,000	22,000	292,106	270,106
Expenditures				
Public safety	51,000	26,000	26,433	433
Capital outlay	-	25,000	24,602	(398)
Total expenditures	51,000	51,000	51,035	35
Excess (deficiency) of revenues over (under) expenditures	\$ (29,000)	\$ (29,000)	241,071	\$ 270,071
Fund balance, beginning of year			298,247	
Fund balance, end of year			<u>\$ 539,318</u>	

City of Lawrence, Kansas

Federal Funds Exchange Program
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ 1,205,000	\$ 1,206,255	\$ 1,255
Interest	-	-	1,608	1,608
Total revenues	-	1,205,000	1,207,863	2,863
Expenditures				
Public Works	-	-	45	45
Capital outlay	-	2,062,000	639,878	(1,422,122)
Total expenditures	-	2,062,000	639,923	(1,422,077)
Excess (deficiency) of revenues over (under) expenditures	-	(857,000)	567,940	1,424,940
Other financing sources, transfers in	-	857,000	855,000	(2,000)
Total other financing sources	-	857,000	855,000	(2,000)
Excess of revenues over expenditures and other sources	\$ -	\$ -	1,422,940	\$ 1,422,940
Fund balance, beginning of year			-	
Fund balance, end of year			\$ 1,422,940	

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.

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.

City of Lawrence, Kansas
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2022

	Public Parking	Storm Water Utility	Total Nonmajor Proprietary Funds
Assets and deferred outflows of resources			
Current assets:			
Cash and investments	\$ 2,581,587	\$ 7,461,765	\$ 10,043,352
Receivables (net of allowance for uncollectibles):			
Accounts	42,426	737,171	779,597
Accrued interest	12,211	34,617	46,828
Leases receivable, current	23,059	-	23,059
Total current assets	2,659,283	8,233,553	10,892,836
Noncurrent assets:			
Property held for resale	-	181,874	181,874
Leases receivable, noncurrent	81,049	-	81,049
Capital assets:			
Land	479,055	1,845,491	2,324,546
Construction in progress	-	62,809	62,809
Building and improvements	3,844,229	14,999	3,859,228
Equipment	78,952	3,261,709	3,340,661
Infrastructure	-	18,058,600	18,058,600
Less: accumulated depreciation	(3,913,137)	(10,132,526)	(14,045,663)
Total capital assets	489,099	13,111,082	13,600,181
Total noncurrent assets	570,148	13,292,956	13,863,104
Total assets	3,229,431	21,526,509	24,755,940
Deferred outflows of resources:			
Pension related amounts	158,194	222,236	380,430
OPEB related amounts	34,606	30,761	65,367
Total deferred outflows of resources	192,800	252,997	445,797
Total assets and deferred outflows of resources	3,422,231	21,779,506	25,201,737
Liabilities and deferred inflows of resources			
Current liabilities:			
Accounts payable	46,457	410,841	457,298
Accrued payroll	25,782	46,834	72,616
Compensated absences	31,563	44,816	76,379
Current portion of general obligation bonds payable	74,756	4,414	79,170
Total current liabilities	178,558	506,905	685,463
Noncurrent liabilities:			
Compensated absences	38,577	54,775	93,352
General obligation bonds payable	851,621	243,303	1,094,924
Net pension liability	472,513	573,818	1,046,331
Total OPEB liability	180,040	160,036	340,076
Total noncurrent liabilities	1,542,751	1,031,932	2,574,683
Total liabilities	1,721,309	1,538,837	3,260,146
Deferred inflows of resources:			
Pension related amounts	3,783	4,594	8,377
OPEB related amounts	66,711	59,298	126,009
Leases	100,818	-	100,818
Total deferred inflows of resources	171,312	63,892	235,204
Total liabilities and deferred inflows of resources	1,892,621	1,602,729	3,495,350
Net position			
Net investment in capital assets	489,099	12,863,365	13,352,464
Unrestricted	1,040,511	7,313,412	8,353,923
Total net position	\$ 1,529,610	\$ 20,176,777	\$ 21,706,387

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
Year Ended December 31, 2022

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Operating revenues			
Charges for services	\$ 2,003,834	\$ 5,627,801	\$ 7,631,635
Total operating revenues	<u>2,003,834</u>	<u>5,627,801</u>	<u>7,631,635</u>
Operating expenses			
Continuing operations	1,499,331	4,190,040	5,689,371
Transmission and distribution	-	781	781
General administration	-	65,462	65,462
Depreciation	2,420	639,889	642,309
Total operating expenses	<u>1,501,751</u>	<u>4,896,172</u>	<u>6,397,923</u>
Operating income	<u>502,083</u>	<u>731,629</u>	<u>1,233,712</u>
Nonoperating revenues (expenses):			
Investment income	13,626	8,803	22,429
Interest/amortization expense	(10,626)	-	(10,626)
Gain on sale of capital assets	5,700	-	5,700
Rental income	6,000	-	6,000
Miscellaneous	100,000	364	100,364
Total nonoperating revenues	<u>114,700</u>	<u>9,167</u>	<u>123,867</u>
Income before transfers	<u>616,783</u>	<u>740,796</u>	<u>1,357,579</u>
Transfers out	-	(737,000)	(737,000)
Total transfers	<u>-</u>	<u>(737,000)</u>	<u>(737,000)</u>
Change in net position	<u>616,783</u>	<u>3,796</u>	<u>620,579</u>
Net position, beginning	<u>912,827</u>	<u>20,172,981</u>	<u>21,085,808</u>
Net position, ending	<u>\$ 1,529,610</u>	<u>\$ 20,176,777</u>	<u>\$ 21,706,387</u>

City of Lawrence, Kansas

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2022

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 2,106,542	\$ 5,862,564	\$ 7,969,106
Cash paid to suppliers of goods and services	(910,681)	(3,508,328)	(4,419,009)
Cash paid to employees	(510,477)	(605,174)	(1,115,651)
Net cash provided by (used in) operating activities	685,384	1,749,062	2,434,446
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	-	(387,696)	(387,696)
Proceeds from sale of capital assets	5,700	364	6,064
Proceeds from issuance of debt	926,377	247,717	1,174,094
Interest payments on debt	(10,626)	-	(10,626)
Net cash provided by (used in) capital and related financing activities	921,451	(139,615)	781,836
Cash flows from noncapital financing activities:			
Transfers out	-	(737,000)	(737,000)
Cash (used in) noncapital financing activities	-	(737,000)	(737,000)
Cash flows from investing activities:			
Purchase of investments	(2,494,955)	(8,350,207)	(10,845,162)
Sale of investments	1,095,828	7,995,104	9,090,932
Interest received	15,313	51,709	67,022
Net cash (used in) investing activities	(1,383,814)	(303,394)	(1,687,208)
Net increase in cash and cash equivalents	223,021	569,053	792,074
Cash and cash equivalents, beginning	112,828	(37,932)	74,896
Cash and cash equivalents, ending	<u>\$ 335,849</u>	<u>\$ 531,121</u>	<u>\$ 866,970</u>

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Nonmajor Proprietary Funds
Year Ended December 31, 2022

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 502,083	\$ 731,629	\$ 1,233,712
Net cash provided by operating activities:			
Depreciation expense	2,420	639,889	642,309
Rental income	6,000	-	6,000
Miscellaneous income	100,000	364	100,364
(Increase) decrease in accounts receivable	(2)	234,399	234,397
(Increase) in lease receivable	(104,108)	-	(104,108)
(Increase) decrease in deferred outflows:			
Pension related amounts	(39,100)	(52,853)	(91,953)
OPEB related amounts	(463)	10,211	9,748
Increase in accounts payable	5,473	107,074	112,547
Increase in accrued payroll	7,107	20,523	27,630
Increase in net pension liability	170,834	224,212	395,046
(Decrease) in total OPEB liability	(24,957)	(85,960)	(110,917)
Increase (decrease) in deferred inflows:			
Pension related amounts	(115,696)	(133,866)	(249,562)
OPEB related amounts	48,464	37,402	85,866
Leases	100,818	-	100,818
Increase in compensated absences	26,511	16,038	42,549
Net cash provided by operating activities	\$ 685,384	\$ 1,749,062	\$ 2,434,446
Reconciliation of amounts reported on the statement of net position:			
Cash and cash equivalents	\$ 335,849	\$ 531,121	\$ 866,970
Investments	2,245,738	6,930,644	9,176,382
Total cash and investments	\$ 2,581,587	\$ 7,461,765	\$ 10,043,352

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.

Health and Wellness 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 (Deficit)
Internal Service Funds
December 31, 2022

	Health and Wellness	Administrative Services	Risk Management	Total
Assets and deferred outflows of resources:				
Current assets:				
Cash and investments	\$ 18,539,782	\$ 8,149,472	\$ 3,031,592	\$ 29,720,846
Receivables (net of allowances for uncollectibles):				
Accounts	44,948	25,974	-	70,922
Accrued interest	104,599	42,875	16,569	164,043
Leases, current	-	47,624	-	47,624
Inventories	-	668,876	-	668,876
Total current assets	18,689,329	8,934,821	3,048,161	30,672,311
Noncurrent assets:				
Restricted cash	-	1,694	-	1,694
Leases receivable, noncurrent	-	119,404	-	119,404
Capital assets:				
Building and improvements	-	704,842	-	704,842
Equipment	-	543,131	-	543,131
Less: accumulated depreciation	-	(941,815)	-	(941,815)
Total capital assets	-	306,158	-	306,158
Total noncurrent assets	-	427,256	-	427,256
Total assets	18,689,329	9,362,077	3,048,161	31,099,567
Deferred outflows of resources:				
Pension related amounts	-	2,566,316	28,173	2,594,489
OPEB related amounts	-	361,250	(7,501)	353,749
Total deferred outflows of resources	-	2,927,566	20,672	2,948,238
Total assets and deferred outflows of resources	18,689,329	12,289,643	3,068,833	34,047,805
Liabilities and deferred inflows of resources:				
Liabilities:				
Current liabilities				
Accounts payable	\$ 1,267,088	\$ 333,250	\$ 74,427	\$ 1,674,765
Claims payable	1,460,057	-	565,613	2,025,670
Accrued payroll	-	231,182	(4,238)	226,944
Compensated absences	-	559,694	8,059	567,753
Total current liabilities	2,727,145	1,124,126	643,861	4,495,132
Noncurrent liabilities:				
Compensated absences	-	679,580	8,300	687,880
Net pension liability	-	7,058,384	77,487	7,135,871
Total OPEB liability	-	1,820,411	20,004	1,840,415
Total noncurrent liabilities	-	9,558,375	105,791	9,664,166
Total liabilities	2,727,145	10,682,501	749,652	14,159,298
Deferred inflows of resources:				
Pension related amounts	-	56,516	620	57,136
OPEB related amounts	-	674,518	7,412	681,930
Leases	-	170,104	-	170,104
Total deferred inflows of resources	-	901,138	8,032	909,170
Total liabilities and deferred inflows of resources	2,727,145	11,583,639	757,684	15,068,468
Net position				
Net investment in capital assets	-	306,158	-	306,158
Unrestricted	15,962,184	399,846	2,311,149	18,673,179
Total net position	\$ 15,962,184	\$ 706,004	\$ 2,311,149	\$ 18,979,337

City of Lawrence, Kansas

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2022**

	Health and Wellness	Administrative Services	Risk Management	Total
Operating revenues				
Charges for services	\$ 13,376,654	\$ 23,008,591	\$ 2,907,000	\$ 39,292,245
Total operating revenues	<u>13,376,654</u>	<u>23,008,591</u>	<u>2,907,000</u>	<u>39,292,245</u>
Operating expenses				
Continuing operations	-	4,701,509	-	4,701,509
General administration	3,162,478	13,375,969	2,183,955	18,722,402
Health insurance claims	10,206,384	-	-	10,206,384
Depreciation	-	46,868	-	46,868
Total operating expenses	<u>13,368,862</u>	<u>18,124,346</u>	<u>2,183,955</u>	<u>33,677,163</u>
Operating income	<u>7,792</u>	<u>4,884,245</u>	<u>723,045</u>	<u>5,615,082</u>
Nonoperating revenues				
Interest income	61,496	49,188	17,188	127,872
Rental income	-	11,271	-	11,271
Miscellaneous	825,349	12,864	105,347	943,560
Gain on sale of capital assets	-	4,226	-	4,226
Total nonoperating revenues	<u>886,845</u>	<u>77,549</u>	<u>122,535</u>	<u>1,086,929</u>
Income before transfers	<u>894,637</u>	<u>4,961,794</u>	<u>845,580</u>	<u>6,702,011</u>
Transfers out	<u>-</u>	<u>(3,360)</u>	<u>-</u>	<u>(3,360)</u>
Change in net position (deficit)	894,637	4,958,434	845,580	6,698,651
Net position (deficit), beginning	<u>15,067,547</u>	<u>(4,252,430)</u>	<u>1,465,569</u>	<u>12,280,686</u>
Net position, ending	<u>\$ 15,962,184</u>	<u>\$ 706,004</u>	<u>\$ 2,311,149</u>	<u>\$ 18,979,337</u>

City of Lawrence, Kansas

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2022**

	Health and Wellness	Administrative Services	Risk Management	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 14,369,340	\$ 23,032,854	\$ 3,012,347	\$ 40,414,541
Cash paid to suppliers of goods and services	(12,535,015)	(18,755,069)	(2,362,646)	(33,652,730)
Cash received from employees	-	326,819	6,041	332,860
Net cash provided by operating activities	1,834,325	4,604,604	655,742	7,094,671
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	-	(146,375)	-	(146,375)
Proceeds from sale of capital assets	-	4,226	-	4,226
Net cash (used in) capital and related financing activities	-	(142,149)	-	(142,149)
Cash flows from noncapital financing activities:				
Transfers out	-	(3,360)	-	(3,360)
Cash (used in) noncapital financing activities	-	(3,360)	-	(3,360)
Cash flows from investing activities:				
Purchase of investments	(25,157,325)	(8,417,300)	(3,712,588)	(37,287,213)
Sale of investments	23,378,602	6,017,311	2,670,017	32,065,930
Interest received	114,274	35,210	17,577	167,061
Net cash used in investing activities	(1,664,449)	(2,364,779)	(1,024,994)	(5,054,222)
Net increase (decrease) in cash and cash equivalents	169,876	2,094,316	(369,252)	1,894,940
Cash and cash equivalents, beginning	(4,465)	631,652	486,955	1,114,142
Cash and cash equivalents, ending	\$ 165,411	\$ 2,725,968	\$ 117,703	\$ 3,009,082

(Continued)

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended December 31, 2022

	Health and Wellness	Administrative Services	Risk Management	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 7,792	\$ 4,884,245	\$ 723,045	\$ 5,615,082
Net cash provided by operating activities:				
Depreciation expense	-	46,868	-	46,868
Rental income	-	11,271	-	11,271
Miscellaneous income	825,349	12,864	105,347	943,560
(Increase) decrease in accounts receivable	167,337	(2,948)	-	164,389
(Increase) in leases receivable	-	(167,028)	-	(167,028)
(Increase) in inventories	-	(195,695)	-	(195,695)
(Increase) decrease in deferred outflows:				
Pension related amounts	-	(2,291,591)	(46,948)	(2,338,539)
OPEB related amounts	-	31,052	10,916	41,968
Increase in accounts payable	940,335	14,029	33,093	987,457
(Decrease) in claims payable	(106,488)	-	(183,671)	(290,159)
Increase in accrued payroll	-	42,395	505	42,900
Increase in net pension liability	-	3,276,173	23,563	3,299,736
(Decrease) in total OPEB liability	-	(535,002)	(496)	(535,498)
Increase (decrease) in deferred inflows:				
Pension related amounts	-	(1,441,416)	(20,736)	(1,462,152)
OPEB related amounts	-	464,859	5,588	470,447
Leases	-	170,104	-	170,104
Increase in accrued compensated absences	-	284,424	5,536	289,960
Net cash provided by operating activities	\$ 1,834,325	\$ 4,604,604	\$ 655,742	\$ 7,094,671
Reconciliation of amounts reported on the statement of net position:				
Cash and cash equivalents	\$ 165,411	\$ 2,725,968	\$ 117,703	\$ 3,009,082
Investments	18,374,371	5,425,198	2,913,889	26,713,458
Total cash and investments	\$ 18,539,782	\$ 8,151,166	\$ 3,031,592	\$ 29,722,540

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental Activities											
Net investment in capital assets	\$	142,465,788	153,650,856	165,282,595	176,377,845	174,116,398	203,909,143	211,012,487	198,873,906	192,481,050	193,575,038
Restricted		27,610,575	24,514,918	17,031,955	16,176,776	16,124,317	22,642,527	29,367,732	49,518,600	65,999,278	86,913,139
Unrestricted		34,979,766	39,710,437	(7,071,563)	(4,515,792)	11,126,590	8,002,262	190,444	(24,665,976)	(23,603,227)	(50,182,715)
Total governmental activities net position	\$	<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>	<u>234,877,101</u>	<u>230,305,462</u>
Business-type activities											
Net investment in capital assets	\$	135,412,622	142,129,630	138,094,523	115,683,218	109,887,927	163,615,909	119,110,426	138,766,846	137,090,006	131,013,555
Restricted		-	-	-	2,007,755	2,007,755	7,463,508	7,483,183	8,203,283	8,277,586	8,427,353
Unrestricted		30,899,856	26,144,324	21,920,645	48,675,637	61,630,771	13,457,357	53,808,460	50,303,939	56,515,118	65,732,821
Total business-type activities net position	\$	<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>	<u>201,882,710</u>	<u>205,173,729</u>
Primary government											
Net investment in capital assets	\$	277,878,410	295,780,486	303,377,118	292,061,063	284,004,325	367,525,052	330,122,913	337,640,752	329,571,056	324,588,593
Restricted		27,610,575	24,514,918	17,031,955	18,184,531	18,132,072	30,106,035	36,850,915	57,721,883	74,276,864	95,340,492
Unrestricted		65,879,622	65,854,761	14,849,082	44,159,845	72,757,361	21,459,619	53,998,904	25,637,963	32,911,891	15,550,106
Total primary government net position	\$	<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>	<u>436,759,811</u>	<u>435,479,191</u>

Table 2

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
General Government	\$ 24,459,731	26,010,819	29,469,833	28,734,221	23,993,685	23,127,516	28,630,913	28,182,086	24,673,611	23,515,893
Public Safety	31,660,850	33,175,448	33,066,853	36,496,705	44,199,155	44,961,424	51,933,937	54,948,346	53,986,755	67,012,799
Public Works	21,791,694	14,560,490	20,010,423	18,222,484	31,644,780	13,078,042	20,326,438	25,026,316	20,835,298	45,474,673
Health	1,215,155	1,308,714	1,098,022	1,244,979	1,320,850	1,081,903	1,167,189	1,310,804	3,356,246	1,978,927
Social Services	2,130,316	1,319,214	774,782	2,105,177	2,609,249	1,702,269	1,512,942	3,026,146	2,161,684	3,946,758
Culture and Recreation	8,463,663	9,746,664	9,914,279	10,765,374	11,851,021	11,767,715	13,859,427	13,229,403	13,526,642	22,345,544
Tourism	1,009,528	1,266,137	1,706,788	2,746,841	2,759,231	1,675,004	1,943,413	1,666,240	1,995,296	2,225,777
Airport	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	2,258,104	2,288,738
Interest on Long-Term Debt	1,493,818	3,860,258	2,803,653	3,091,844	3,440,221	3,399,543	3,442,110	5,359,042	3,606,049	2,980,322
Total Governmental Activities Expenses	92,476,174	91,476,905	99,097,368	104,318,035	124,316,404	102,515,079	124,594,353	134,978,522	126,399,685	171,769,431
Business-Type Activities:										
Water & Wastewater	28,303,397	29,021,550	32,175,287	34,618,665	37,356,134	39,047,713	45,764,237	45,806,311	49,708,507	53,094,266
Solid Waste	9,797,103	12,174,577	10,943,115	11,091,519	11,448,107	11,332,783	12,439,608	13,762,428	12,656,576	15,651,690
Stormwater	1,785,144	1,864,838	1,787,179	1,820,913	2,132,331	2,423,210	2,533,088	3,671,022	3,197,639	4,896,172
Public Parking	1,399,151	1,498,150	1,405,290	1,231,070	1,378,713	1,764,009	558,725	1,079,590	1,201,311	1,512,377
Golf Course	930,730	973,740	961,517	978,457	1,261,536	850,780	939,014	948,732	-	-
Total Business-Type Activities Expenses	42,215,525	45,532,855	47,272,388	49,740,624	53,576,821	55,418,495	62,234,672	65,268,083	66,764,033	75,154,505
Total Primary Government Expenses	\$ 134,691,699	137,009,760	146,369,756	154,058,659	177,893,225	157,933,574	186,829,025	200,246,605	193,163,718	246,923,936
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 9,008,294	8,990,118	8,769,512	5,857,934	5,122,733	5,932,189	5,042,029	3,901,660	3,054,395	5,061,162
Public Safety	503,123	563,446	427,146	5,773,962	6,866,750	7,382,054	8,735,242	8,475,018	6,856,827	14,038,997
Culture and Recreation	2,259,932	2,590,218	2,946,433	3,703,700	3,343,028	3,504,515	3,966,284	1,260,537	3,600,736	4,515,691
Other Activities	440,872	571,777	461,508	1,599,985	534,779	1,648,292	680,797	565,588	365,900	780,114
Operating Grants and Contributions	9,632,212	10,229,250	11,137,540	10,649,050	12,026,288	11,118,873	5,675,620	10,618,560	11,689,458	20,848,030
Capital Grants and Contributions	412,940	5,433,051	389,639	1,055,540	16,914,876	1,728,558	2,177,582	5,187,762	489,407	3,359,834
Total Governmental Activities Program Revenues	22,257,373	28,377,860	24,131,778	28,640,171	44,808,454	31,314,481	26,277,554	30,009,125	26,056,723	48,603,828
Business-Type Activities:										
Charges for Services:										
Water & Wastewater	32,259,758	34,130,975	35,608,968	39,233,985	42,930,470	50,217,334	45,697,915	48,739,971	53,843,060	57,261,705
Solid Waste	10,768,380	11,325,772	12,565,494	12,775,928	13,634,852	14,618,244	14,738,312	14,854,780	14,657,374	16,310,668
Stormwater	2,972,683	3,036,886	3,015,164	3,082,304	3,238,658	3,564,261	3,576,201	3,840,429	5,644,550	5,782,156
Parking	1,197,212	1,287,303	1,340,528	1,444,710	1,563,008	1,345,293	1,372,765	666,749	1,453,405	2,081,184
Golf Course	753,198	772,843	733,798	747,031	984,669	930,992	932,240	792,583	-	-

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	413,792
Total Business-Type Activities Program Revenues	47,951,231	50,553,779	53,263,952	57,283,958	62,351,657	70,676,124	66,317,433	68,894,512	75,598,389	81,849,505
Total Primary Government Program Revenues	\$ 70,208,604	78,931,639	77,395,730	85,924,129	107,160,111	101,990,605	92,594,987	98,903,637	101,655,112	130,453,333
Net (Expense)/Revenue										
Governmental Activities	\$ (70,218,801)	(63,099,045)	(74,965,590)	(75,677,864)	(79,507,950)	(71,200,598)	(98,316,799)	(104,969,397)	(100,342,962)	(123,165,603)
Business-Type Activities	5,735,706	5,020,924	5,991,564	7,543,334	8,774,836	15,257,629	4,082,761	3,626,429	8,834,356	6,695,000
Total Primary Government Net Expense	\$ (64,483,095)	(58,078,121)	(68,974,026)	(68,134,530)	(70,733,114)	(55,942,969)	(94,234,038)	(101,342,968)	(91,508,606)	(116,470,603)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	\$ 27,775,692	28,388,241	30,163,532	31,870,781	33,414,884	37,134,285	38,053,817	43,183,352	43,957,928	43,025,482
Franchise Taxes	6,822,828	7,645,920	7,127,746	7,448,325	7,229,327	7,465,999	40,365,760	6,893,125	7,207,175	9,067,952
Sales Taxes	32,644,826	34,791,050	36,073,916	38,935,957	39,365,644	40,528,022	48,920,869	45,294,649	53,573,414	58,152,035
Unrestricted Grants and Contributions	689,082	732,100	720,387	764,798	783,431	796,314	42,032	12,601	26,864	38,360
Investment Earnings	202,023	223,756	100,697	390,171	493,557	1,069,632	2,939,293	1,181,470	312,560	1,261,741
Miscellaneous	136,700	255,075	2,580,346	3,385,152	3,361,033	284,338	3,174,583	2,584,048	1,537,853	2,227,394
Transfers	4,652,635	3,882,985	3,653,030	2,257,560	3,801,983	3,685,635	3,787,475	(11,023,981)	4,877,739	4,821,000
Total Governmental Activities	72,923,786	75,919,127	80,419,654	85,052,744	88,449,859	90,964,225	137,283,829	88,125,264	111,493,533	118,593,964
Business-Type Activities:										
Unrestricted Grants and Contributions										
Investment Earnings	105,283	26,824	233,589	500,878	802,034	1,077,026	2,224,171	1,221,162	111,472	122,122
Miscellaneous	906,393	796,713	767,015	564,790	1,310,446	858,835	820,034	1,000,427	540,553	1,294,897
Transfers	(4,652,635)	(3,882,985)	(3,653,030)	(2,257,560)	(3,801,983)	(3,685,635)	(3,787,475)	11,023,981	(4,877,739)	(4,821,000)
Total Business-Type Activities	(3,640,959)	(3,059,448)	(2,652,426)	(1,191,892)	(1,689,503)	(1,749,774)	(743,270)	13,245,570	(4,225,714)	(3,403,981)
Total Primary Government	\$ 69,282,827	72,859,679	77,767,228	83,860,852	86,760,356	89,214,451	136,540,559	101,370,834	107,267,819	115,189,983
Change in Net Position										
Governmental Activities	\$ 2,704,985	12,820,082	5,454,064	9,374,880	8,941,909	19,763,627	38,967,030	(16,844,133)	11,150,571	(4,571,639)
Business-Type Activities	2,094,747	1,961,476	3,339,138	6,351,442	7,085,333	13,507,855	3,339,491	16,871,999	4,608,642	3,291,019
Total Primary Government	\$ 4,799,732	14,781,558	8,793,202	15,726,322	16,027,242	33,271,482	42,306,521	27,866	15,759,213	(1,280,620)

Table 3**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
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	1,603,218,377
2021	39,547,332	46,903,145	7,207,175	3,437,256	93,587	97,188,495	1,748,838,651
2022	40,205,927	50,755,910	9,067,952	3,229,966	98,152	103,357,907	1,889,508,922

*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)

	2013	2014	2015	2016*	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ -	-	-	-	-	-	206,645	427,738	336,121	482,716
Restricted	-	-	-	-	-	-	-	-	105,186	193,627
Assigned	444,230	418,924	483,882	626,605	666,212	456,504	2,081,608	1,292,014	2,584,296	1,712,336
Unassigned	12,987,191	13,203,510	12,718,338	20,009,047	22,713,597	24,996,096	24,709,340	23,297,429	21,898,812	22,502,960
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 13,431,421	13,622,434	13,202,220	20,635,652	23,379,809	25,452,600	26,997,593	25,017,181	24,924,415	24,891,639
All Other Governmental Funds										
Nonspendable	424,304	562,959	562,959	434,460	411,460	80,347	23,386	177,999	159,165	65,423
Restricted	16,924,753	17,578,956	16,468,996	15,742,316	25,226,913	50,110,197	39,761,077	67,394,535	47,320,111	130,687,597
Assigned	28,407,656	29,326,657	25,955,112	25,103,256	28,700,173	-	-	-	-	-
Unassigned	(15,039,302)	(14,022,677)	(8,716,690)	(11,265,210)	(116,324)	(21,213)	(32,796)	(80,397)	(26,165)	(3,021,684)
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 30,717,411	33,445,895	34,270,377	30,014,822	54,222,222	50,169,331	39,751,667	67,492,137	47,453,111	127,731,336

*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										
	2013	2014	2015	2016*	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 57,958,993	60,669,355	63,022,436	78,202,845	80,009,856	85,128,306	87,433,538	88,283,582	97,188,496	103,357,906
Special Assessments	2,762,369	2,735,676	2,411,557	2,018,400	2,542,191	889,070	1,599,336	1,259,163	1,357,948	797,195
Licenses and Permits	1,028,880	974,690	1,525,191	1,873,080	1,647,100	2,065,644	1,585,563	1,489,221	1,778,017	1,427,847
Charges for Services	6,676,694	6,984,748	8,091,858	10,141,679	12,005,980	11,504,060	12,275,703	9,889,718	11,207,524	16,835,510
Fines, Forfeitures and Penalties	3,083,596	3,277,102	2,987,550	2,451,698	2,214,210	2,237,632	1,897,608	993,386	939,980	912,993
Investment Income	188,012	266,269	95,043	366,695	458,254	1,034,090	2,636,307	1,227,777	255,889	594,621
Intergovernmental	20,230,592	21,868,227	22,501,383	12,617,160	14,376,408	13,935,803	14,383,505	20,939,182	18,304,011	29,208,858
Reimbursements	472,548	675,165	1,577,236	4,130,660	1,529,769	1,622,723	2,076,208	1,004,337	698,169	1,720,863
Contributions and Miscellaneous	811,405	2,408,160	1,072,924	1,570,382	1,831,264	1,084,214	1,794,382	1,280,356	2,227,141	2,661,797
Total Revenues	93,213,089	99,859,392	103,285,178	113,372,599	116,615,032	119,501,542	125,682,150	126,366,722	133,957,175	157,517,590
Expenditures										
General Government	23,865,832	25,347,630	26,604,520	27,374,180	23,929,049	23,162,939	25,896,044	26,168,789	23,372,105	20,467,741
Public Safety	31,178,696	32,508,249	33,856,702	35,428,959	41,512,350	44,127,910	46,100,200	50,705,913	53,818,355	57,344,495
Public Works	12,095,488	8,410,527	8,837,676	8,859,891	20,494,795	11,912,013	12,003,694	16,299,987	15,506,807	16,516,304
Health	1,214,877	1,309,031	1,166,555	1,245,432	1,318,875	1,123,941	1,162,195	1,309,335	3,358,473	1,970,751
Social Services	1,486,561	681,297	1,236,327	1,211,398	1,658,234	1,604,816	1,211,012	2,782,826	1,567,557	3,074,552
Culture and Recreation	7,993,784	9,178,546	9,513,574	10,280,949	11,151,720	11,662,354	11,434,466	10,792,873	12,185,541	19,732,009
Tourism	1,007,438	1,263,707	1,566,103	2,739,874	2,748,422	1,674,768	1,929,803	1,658,866	1,996,716	2,219,932
Airport	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	2,222,764	2,247,273
Capital Outlay	31,999,515	41,565,540	19,203,361	14,214,757	12,900,993	16,065,513	22,507,011	27,898,602	9,115,756	27,120,900
Debt Service:										
Principal Retirement	9,793,066	9,273,481	10,555,721	10,665,747	9,072,028	9,539,875	8,764,315	15,813,420	46,720,028	30,824,064
Interest and Fiscal Charges	2,313,042	2,253,624	3,373,345	3,199,285	3,349,460	3,687,136	3,559,349	3,977,571	3,378,521	4,985,636
Issuance Costs	-	-	-	-	-	-	252,831	99,207	157,459	162,989
Total Expenditures	123,083,148	131,986,037	116,348,480	116,120,521	130,622,903	126,282,928	136,598,904	159,737,508	173,400,082	186,666,646
Excess of Revenues over (under) Expenditures	(29,870,059)	(32,126,645)	(13,063,302)	(2,747,922)	(14,007,871)	(6,781,386)	(10,916,754)	(33,370,786)	(39,442,907)	(29,149,056)
Other Financing Sources (Uses)										
Transfers In	5,764,700	4,336,262	3,856,194	12,135,572	4,842,454	8,907,554	10,087,810	6,981,252	15,133,827	14,759,114
Transfers Out	(1,108,559)	(450,000)	(200,053)	(9,874,995)	(1,037,454)	(5,218,554)	(6,300,335)	(2,604,173)	(10,059,711)	(9,934,754)
Sale of Property - Proceeds Received	-	-	-	-	-	-	17,525	17,100	576,299	85,932
Capital Lease Proceeds	-	-	-	244,260	1,064,200	-	-	-	-	-
Proceeds of General Obligation Bonds	4,405,000	41,455,000	9,450,000	-	35,034,000	-	41,505,000	10,545,000	56,262,000	57,142,000
Premium on General Obligation Bonds	-	3,136,301	426,956	-	2,036,462	-	530,809	394,939	2,715,048	2,025,865
Total Other Financing Sources (Uses)	9,061,141	48,477,563	13,533,097	2,504,837	41,939,662	3,689,000	45,840,809	15,334,118	64,627,463	64,078,157
Net Change in Fund Balances	(20,808,918)	16,350,918	469,795	(243,085)	27,931,791	(3,092,386)	34,924,055	(18,036,668)	25,184,556	34,929,101
Debt Service as a Percentage of Noncapital Expenditures	12.9%	13.0%	14.0%	13.6%	10.4%	13.4%	12.4%	14.9%	31.1%	22.4%

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

Table 6

CITY OF LAWRENCE, KANSAS

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Unaudited

Year	Real Property		Personal Property (1)		State Assessed		Total		Ratio of Assessed to Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value		
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%	28.580
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%	30.040
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%	31.470
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%	31.488
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%	32.018
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%	33.279
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%	33.278
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
2021	1,118,725,664	9,888,992,770	13,609,923	59,181,481	34,245,599	34,245,599	1,166,581,186	9,982,419,850	11.7%	33.290
2022	1,265,923,407	11,279,663,010	10,238,870	53,518,626	34,512,586	34,512,586	1,310,674,863	11,367,694,222	11.5%	33.207

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

Table 7

CITY OF LAWRENCE, KANSAS

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Unaudited

Year	City of Lawrence			Overlapping Rates							Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Douglas County			School District			State of Kansas	
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
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
2021	23.977	9.313	33.290	47.419	0.000	47.419	43.068	9.772	52.840	1.500	135.049
2022	25.401	7.806	33.207	46.219	0.000	46.219	41.414	9.656	51.070	1.500	131.996

Source: Douglas County Budget Office

Table 8

CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2022

Unaudited

Taxpayer	2022 Assessed Valuation	Rank	Percent of Total Assessed Valuation	2013 Assessed Valuation	Rank	Percent of Total Assessed Valuation
Evergy (formerly Westar Energy)	\$ 24,834,849	1	1.89 %	\$ 14,382,059	1	1.69 %
Links at Kansas	6,621,274	2	0.51	-		
Walmart	6,484,081	3	0.49	5,289,403	2	0.62
Black Hills Corp	5,754,123	4	0.44	5,210,004	3	0.61
Cherry Hill Properties LLC	5,473,257	5	0.42			
KS-UK Holdings LLC	4,914,573	6	0.37			
ARC PRLAWS001 LLC	4,869,414	7	0.37			
Menards Inc	4,701,503	8	0.36			
HSRE Connection KU LLC	4,525,895	9	0.35			
North Creek Investors III LLC	4,477,011	10	0.34	3,191,138	10	0.37
Inland Western Lawrence				3,827,377	5	0.45
Hallmark Cards				3,306,661	4	0.39
Diamond URS				3,205,673	7	0.38
Kadish				2,934,375	8	0.34
LIB JV Holdings				2,857,326	9	0.34
Southwestern Bell				2,815,346	6	0.33
Total	\$ <u>72,655,980</u>		<u>5.54</u> %	\$ <u>47,019,362</u>		<u>5.52</u> %

Source: Douglas County Clerk.

Table 9

CITY OF LAWRENCE, KANSAS

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collection to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
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
2021	37,898,825	37,248,259	98.28	428,253	37,676,512	99.41	2,329,190	6.15
2022	38,835,488	38,059,697	98.00	443,772	38,503,468	99.15	2,661,209	6.85

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

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

Table 10

CITY OF LAWRENCE, KANSAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Lease Liabilities (1)	Revenue Bonds	General Obligation Bonds	Notes Payable	Lease Liabilities (1)			
2013	58,613,083	-	-	46,390,000	8,996,917	20,577,479	-	134,577,479	3.89 %	1,551
2014	90,794,602	-	-	44,030,000	9,800,398	18,301,688	-	162,926,688	3.28 %	1,723
2015	89,688,881	-	131,544	129,535,000	8,251,119	15,946,937	-	243,553,481	3.97 %	1,723
2016	79,640,645	-	286,629	183,538,349	20,375,195	-	-	283,840,818	5.69 %	2,506
2017	101,598,559	-	1,236,083	185,527,794	16,381,828	-	-	304,744,264	6.22 %	2,898
2018	91,966,494	6,018,520	1,143,691	199,557,038	12,607,365	-	-	311,293,108	6.47 %	3,063
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
2021	112,523,998	27,014,451	684,928	224,042,813	1,250,000	-	-	365,516,190	6.28 %	3,474
2022	109,587,025	56,879,644	2,269,072	215,277,632	1,699,094	-	-	385,712,467	6.25 %	3,656

Note 1 - Lease liabilities include both financed purchases and lease liabilities. Prior to fiscal year 2022, these were reported as capital lease liabilities.

Note 2 - See the Demographic Statistics Table at Table 15 for personal income and population data.

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

Table 11

CITY OF LAWRENCE, KANSAS

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

Last Ten Fiscal Years

Unaudited

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
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
2021	105,200	1,137,488	107,811,000	18,573,982	89,237,018	7.85	848
2022	105,511	1,166,581	105,316,000	26,101,129	79,214,871	6.79	751

(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, 2022

<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>105,316,000</u>	100 %	\$ <u>105,316,000</u>
Overlapping:			
Douglas County	20,390,000	75%	151,907
Unified School District No. 497	<u>157,820,000</u>	88%	<u>1,395,013</u>
	<u>178,210,000</u>		<u>1,546,919</u>
	\$ <u>283,526,000</u>		\$ <u>106,862,919</u>

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

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

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

Table 13

CITY OF LAWRENCE, KANSAS

Computation of Legal Debt Margin

Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Assessed Valuation of Taxable Property*	\$ 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	1,137,488,005	1,166,581,186
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	279,780,545	285,424,059	287,437,339	298,776,963	278,684,206	295,531,179	311,196,732	327,160,051	341,246,402	349,974,356
Total net debt applicable to limit** (includes temporary notes)	<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>	<u>133,083,000</u>	<u>159,778,176</u>
Legal Debt Margin	<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>	<u>\$ 208,163,402</u>	<u>\$ 190,196,180</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	43.99%	41.91%	37.83%	26.46%	37.71%	36.34%	41.29%	37.72%	39.00%	45.65%

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 Wastewater Fund**

Last Ten Fiscal Years

Year	Operating Revenue	Operating Expenses Less Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
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
2021	53,843,060	32,994,091	20,848,969	7,915,000	7,042,212	14,957,212	1.39
2022	55,887,726	36,081,177	19,806,549	7,835,000	7,428,053	15,263,053	1.30

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>
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
2021	105,200	5,819,458,000	47,494	28.20	11,150	1.8
2022	105,511	6,171,456,000	51,703	28.20	10,896	2.4

Data Sources:

- (1) City of Lawrence, Kansas Planning Department estimates
- (2) Data from U.S. Bureau of Economic Analysis. The amount listed for FY2022 is from the FY2021 report.
- (3) From U.S. Census Bureau 2020 Census
- (4) Headcount enrollment for USD 497, Kansas Department of Education
- (5) Bureau of Labor Statistics

Table 16

CITY OF LAWRENCE, KANSAS

Principal Employers

Current Year and Nine Years Ago

Employer	2022			2013		
	<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	8,845	1	19.16%	9,881	1	16.93%
LMH Health	1,945	2	4.21%	1,322	5	2.27%
Lawrence Public Schools	1,660	3	3.60%	1,650	2	2.83%
Berry Global	1,115	4	2.42%	739	6	1.27%
Hallmark Cards Inc.	885	5	1.92%	525	8	0.90%
City of Lawrence	860	6	1.86%	1,455	4	2.49%
Amarr Garage Doors	730	7	1.58%	461	9	0.79%
Douglas County	480	8	1.04%	435	9	0.75%
Maximus	450	9	0.97%			
Lawrence Paper Company	240	10	0.52%	-		
General Dynamics	-		-	1,100	3	1.88%
K-Mart Distribution	-		-	320	10	0.55%
Total	<u>17,210</u>		<u>37.28%</u>	<u>17,888</u>		<u>30.65%</u>

Sources: Lawrence Chamber of Commerce

Table 17

CITY OF LAWRENCE, KANSAS
Full Time Equivalent Employees by Function

Last Ten Fiscal Years

Unaudited

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General Government	64.93	73.14	72.55	105.00	76.86	79.93	85.59	72.07	80.70	62.32
Public Safety**	310.00	321.00	318.00	320.60	330.00	330.00	332.00	332.00	332.00	399.20
Public Works	59.91	59.66	59.16	62.66	62.66	61.16	61.16	62.16	62.16	66.85
Culture & Recreation	61.03	70.53	70.53	72.53	76.53	72.78	72.78	72.50	85.60	77.28
Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Social Services	5.55	4.30	-	3.60	2.70	2.70	2.60	2.60	2.60	2.23
Tourism	-	-	-	-	-	3.00	3.00	2.00	2.00	2.00
Total Governmental Activities	<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>	<u>566.06</u>	<u>610.88</u>
Business-type Activities:										
Water & Wastewater	129.25	130.26	132.52	146.88	140.13	142.63	141.63	143.00	146.00	135.80
Solid Waste	96.34	97.84	97.84	97.84	97.84	93.34	94.34	92.34	92.34	87.75
Storm Water	10.50	10.50	10.00	10.00	10.00	11.50	13.50	11.50	14.50	14.75
Public Parking	12.00	12.00	12.00	12.00	12.00	14.00	13.00	12.00	12.00	10.20
Golf Course*	12.35	12.44	12.94	11.69	12.69	12.36	12.31	11.73	-	-
Administrative Services	17.25	17.00	17.00	17.00	17.00	17.00	17.00	39.00	49.50	90.60
Total Business-type Activities	<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>	<u>314.34</u>	<u>339.10</u>
Total	<u>780.11</u>	<u>809.67</u>	<u>803.54</u>	<u>860.80</u>	<u>839.41</u>	<u>841.40</u>	<u>849.91</u>	<u>853.90</u>	<u>880.40</u>	<u>949.98</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.

*Golf Course Fund dissolved at end of 2020 and combined into Culture & Recreation under Governmental Activities

**Prior to 2022, Firefighters were calculated using 2080 hours instead of 2912 hours

Table 18

CITY OF LAWRENCE, KANSAS

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire Protection										
Number of Firefighters and Officers	141	135	131	143	143	143	146	150	150	150
Number of Fire Calls Answered (1)	255	283	211	254	238	243	191	242	259	308
Number of Medical Calls Answered	7,584	7,800	8,229	8,246	8,802	9,089	8,781	8,624	9,380	9,792
Number of Medical Transports	7,686	5,320	5,775	5,851	6,207	6,207	6,441	6,200	7,067	7,318
Number of Inspections Conducted	3,728	4,326	6,392	7,241	7,332	7,332	4,862	4,950	4,247	3,787
Police Protection										
Number of Commissioned Police Officers	154	154	155	153	154	154	139	135	134	141
Number of Full Time Civilians	33	33	33	33	28	28	25	27	25	36
Number of Calls for Service	121,599	115,398	107,478	100,142	95,708	95,702	91,658	69,360	75,900	73,805
Arrests Processed through County Jail	4,661	3,668	3,219	2,976	3,324	2,994	2,434	1,786	1,863	1,300
Officer Issued Traffic Violations	4,657	15,631	12,811	10,970	11,614	10,742	8,417	3,896	4,526	4,658
Officer Issued Parking Violations	12,986	37,292	10,988	10,754	10,534	8,826	7,783	1,907	1,948	1,746
Sewerage System										
Number of Service Connections	32,239	32,345	32,395	32,395	32,791	33,105	34,146	33,595	33,863	33,969
Actual Daily Average of Treatment in Million Gallons Daily	10	9	10	10	10	9	12	11	11	10
Water System										
Number of Service Connections	32,897	33,005	33,220	33,256	33,547	33,874	34,146	34,340	34,589	34,688
Daily Average Consumption in Million Gallons	11	10	10	11	10	11	10	11	10	11
Maximum Daily Capacity of Plant in Million Gallons	37	37	37	37	41	41	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. Prior year numbers have been updated to reflect the change.

Table 19

CITY OF LAWRENCE, KANSAS

Capital Asset Statistics by Function

Last Ten Fiscal Years

Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Works											
Miles of Streets	323.2	333.6	333.6	356.9	362.9	365.23	367.19	351.62	351.77	352.17	352.82
Culture and Recreation											
Recreation Facilities	4	4	4	7	7	7	7	7	7	7	7
Parks	54	54	54	56	56	56	56	56	56	56	56
Park Acreage	3,535	3,535	3,535	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Tennis Courts	11	11	11	16	16	16	16	16	16	15	15
Fire Protection											
Number of Stations	6	6	6	6	6	5	5	5	5	5	7
Police Protection											
Number of Stations	2	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	30	30	30	38	40	40	36	36	34	40	32
Sewerage System											
Miles of Sanitary Sewers	433	434	434	452	454	457	460	461	461	462	462.2
Number of Treatment Plants	1	1	1	1	1	2	2	2	2	2	2
Number of Lift Stations	34	33	33	31	31	32	32	34	34	34	34
Water System											
Number of Water Plants	2	2	2	2	2	2	2	2	2	2	2
Miles of Water Mains	455	499	499	520	523	556	565	568	567	570	572.5
Number of City owned Fire Hydrants	3,218	3,331	3,331	3,480	3,531	3,599	3,646	3,690	3,688	3,683	3,714
Libraries											
Public Libraries	1	1	1	1	1	1	1	1	1	1	1
Number of volumes (approximately)(1)	229,777	229,777	229,777	201,400	207,500	198,257	204,146	203,403	212,176	216,864	223,174
Facilities and Services Not Included in the Reporting Entity:											
Education											
Number of Public Elementary Schools(2)	14	14	14	14	14	14	14	14	15	14	14
Number of Public Elementary School Instructors	429	457	457	459	445	435	421	489	457	439	391
Number of Public Secondary Schools(2)	6	6	6	6	6	6	6	6	7	7	7
Number of Public Secondary School Instructors	465	485	485	495	476	456	460	526	529	494	453
Number of Universities	2	2	2	2	2	2	2	2	2	2	2
Hospitals											
Number of Hospitals	1	1	1	1	1	1	1	1	1	1	1
Number of Patient Beds	173	173	173	174	174	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)**

Sources of Revenue

The City finances its general operations through the local property tax levy, sales taxes, franchise fees, a variety of license and permit fees, and other miscellaneous sources as indicated below for the 2022 fiscal year for the general fund:

<u>Source</u>	<u>Percent</u>
Sales Tax	38.40%
Local property tax	25.80
Intergovernmental	1.51
Franchise fees	9.33
Charges for service	16.04
Fines and forfeitures	0.91
Interest on investments	0.25
Licenses and permits	1.81
Other	5.95
Total	100.00%

Insurance

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

Claims expenditures and liabilities are reported based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. That reserve was \$2,311,146 at December 31, 2022. The primary government's claims liability reported in the Statement of Net Position at December 31, 2022 was \$2,025,670 for general and worker's comp liabilities. The liability reported in the financial statements at December 31, 2022, 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.

History of Indebtedness

The following table shows the amount of debt outstanding by type as of December 31 over the last five years:

<u>Year</u>	<u>Temporary Notes</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>
2022	\$56,052,000	\$105,316,000	\$197,910,000
2021	26,522,000	107,811,000	205,745,000
2020	62,675,000	118,025,000	167,100,000
2019	43,625,000	93,408,000	174,660,000
2018	6,000,000	101,410,000	181,965,000

The City has never in its history defaulted on the payment of any of its debt obligations.

The following table provides information on the debt burden of the City over the last five years, as of the fiscal year end of each year shown:

<u>Year</u>	<u>Assessed Valuation</u>	<u>Actual Value</u>	<u>Population</u>	<u>Debt Per Capita</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Ratio of Debt to Actual Value</u>
2022	\$1,310,674,863	\$11,367,694,222	105,511	\$3,405.12	27.41%	3.16%
2021	1,166,581,186	9,982,419,850	104,459	3,255.61	29.15	3.41
2020	1,137,488,005	9,694,860,038	103,351	3,365.23	30.58	3.59
2019	1,090,533,504	9,220,346,536	103,812	3,002.48	28.58	3.38
2018	1,034,322,439	8,689,336,281	100,736	2,872.61	27.90	3.33

Revenue, Expenditures and Changes in Fund Balance – General Fund

The following table shows the revenues, expenditures and fund balances for the General Fund for the last five years.

	2018 <u>Actual</u>	2019 <u>Actual</u>	2020 <u>Actual</u>	2021 <u>Actual</u>	2022 <u>Actual</u> *
Revenues:					
Taxes	\$55,780,448	\$57,711,687	\$57,771,030	\$66,550,842	\$71,500,649
Special Assessments	0	0	0	35,857	0
Licenses & Permits	2,065,644	1,585,563	1,489,221	1,775,417	1,427,847
Charges for Services	7,747,170	8,107,071	8,646,933	11,386,133	16,419,882
Fines, Forfeitures & Penalties	2,173,673	1,842,364	964,989	909,911	883,891
Investment Income	349,971	628,280	447,695	132,550	7,582
Intergovernmental	894,921	914,809	681,468	695,022	1,014,116
Reimbursements	376,193	253,495	332,482	142,956	326,133
Miscellaneous	462,551	699,566	317,157	733,064	864,344
Transfers In	<u>3,657,000</u>	<u>3,667,475</u>	<u>4,434,853</u>	<u>4,433,816</u>	<u>4,563,570</u>
Total Revenues	\$73,131,378	\$75,156,815	\$75,085,829	\$86,795,568	\$97,008,014
Expenditures:					
General Government	\$10,673,450	\$11,552,577	\$11,356,432	\$ 9,826,503	\$11,134,722
Public Safety	43,018,728	45,479,521	48,732,744	49,954,302	49,748,615
Public Works	7,040,398	6,394,438	7,724,689	8,726,263	11,533,541
Health	1,001,065	1,030,308	1,099,711	1,666,440	1,153,449
Culture & Recreation	5,134,474	4,619,826	4,776,977	11,071,270	13,837,799
Airport	0	0	0	0	0
Capital Outlay	516,472	1,750,705	1,379,619	671,065	1,792,424
Principal Retirement	0	0	105,751	125,908	377,270
Transfers Out	<u>3,674,000</u>	<u>4,390,553</u>	<u>1,890,318</u>	<u>4,846,583</u>	<u>7,463,000</u>
Total Expenditures	\$71,058,587	\$75,217,928	\$77,066,241	\$86,888,334	\$97,040,790
Revenues Over/(Under)					
Expenditures	\$ 2,072,791	\$ (61,113)	\$ (1,980,412)	\$ (92,766)	\$(32,776)
Fund Balance, January 1	23,379,809	25,452,600	26,997,593	25,017,181	24,924,415
Restatement to Fund Balance	<u>0</u>	<u>1,606,106</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, December 31	\$25,452,600	\$26,997,593	\$25,017,181	\$24,924,415	\$24,898,969

* *Unaudited.*

Revenue, Expenditures and Changes in Fund Balance – Debt Service Fund

The following table shows the revenues, expenditures and changes in fund balance for the debt service fund.

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> *
Revenues:					
Taxes	\$10,569,118	\$10,652,722	\$11,005,554	\$11,691,846	\$11,845,902
Special Assessments	889,070	1,599,336	1,259,163	1,322,091	797,195
Investment Income	235,752	314,734	162,695	123,921	29,711
Intergovernmental	0	0	100,000	84,345	265,942
Miscellaneous	345,242	450,121	142,659	139,534	6,542,726
Transfers In	<u>520,000</u>	<u>883,000</u>	<u>8,505,474</u>	<u>1,283,174</u>	<u>942,905</u>
Total Revenues	\$12,559,182	\$13,899,913	\$21,175,545	\$14,644,911	\$20,424,381
Expenditures:					
General Government	\$ 0	\$ 11,636	\$ 0	\$ 148,694	\$21,622
Principal Retirement	9,314,557	8,715,398	15,658,000	6,499,000	7,841,824
Interest and Fiscal Charges	<u>3,678,856</u>	<u>3,513,643</u>	<u>4,053,991</u>	<u>3,378,329</u>	<u>5,033,788</u>
Total Expenditures	\$12,993,413	\$12,240,677	\$19,711,991	\$10,026,023	\$12,897,234
Revenues Over/(Under) Expenditures	\$ (434,231)	\$ 1,659,236	\$ 1,463,554	\$ 4,618,888	\$7,527,147
Fund Balance, January 1	11,266,535	10,832,304	12,491,540	13,955,094	18,573,982
Restatement to Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, December 31	\$10,832,304	\$12,491,540	\$13,955,094	\$18,573,982	\$26,101,129

* *Unaudited.*

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Taxes	\$58,155,437	\$57,711,687	\$57,771,030	\$66,550,842	\$71,500,649
Charges for Services	7,747,170	8,116,278	8,646,933	10,854,433	16,419,882
Licenses and Permits	2,065,644	1,585,563	1,489,221	1,778,017	1,427,847
Fines, Forfeitures, and Penalties	2,173,673	1,842,364	964,989	909,911	883,891
Intergovernmental	894,921	914,809	681,468	695,022	1,014,116

* *Unaudited.*

Sources: 2018-2021 from the City's Annual Comprehensive Financial Reports. 2022 from the City's unaudited Annual Comprehensive Financial Report.

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, Melissa Sieben, 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 34,688 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	40,323.17

The City’s rights to the Kansas River supply is protected from junior water rights holders under Kansas law. The Clinton Reservoir supply is pursuant to water supply contracts with the Kansas Water Office. In addition, the City (along with other major cities on the Kansas River) is a member of the Kansas River Water Assurance District. The 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 572.5 miles of water mains and 3,714 fire hydrants. The daily average volume of water treated was 10.6 mgd in 2022. 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 462.2 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 2022 was approximately 10.1 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

Each year, the City creates a five year capital improvement plan for the System. The existing FY 2023-2027 Capital Improvement Plan anticipates \$202.8 million of capital projects for the System. Proceeds from the City's Water and Sewage System Improvement Revenue Bonds, Series 2021 financed costs of the debt-financed portion of projects funded in FY 2021, FY 2022, and the first quarter of FY 2023. The City expects to issue an additional \$90 million of Parity Bonds from FY 2023-2026 to fund the balance of the utility system debt-financed portion of the existing capital improvement plan for the System. Approximately 82.3% of the total 2023-2027 Capital Improvement Plan for the System is anticipated to be debt financed with utility revenue bonds, with the balance being funded with operating revenues of the System. The City is currently evaluating the cash requirements for these capital projects to the System and will plan to amend the FY 2023-2027 Capital Improvement Plan to align with the estimated cash requirements of the System.

Regulatory Matters

The City is in compliance with both the Safe Water Drinking Act of 1996 and the Clean Water Act as amended by the Water Quality Act of 1990. The City is working on a program to meet the requirements of the new lead and copper rule by the 2024 deadline. 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 (2022):

<u>Customer Category</u>	<u>Water Usage (Thousand Gallons)</u>	<u>Amount</u>
Residential	1,713,683.60	15,397,102.59
Multifamily	409,944.90	3,217,223.77
Commercial	595,939.30	4,677,816.40
Industrial	439,130.60	3,106,317.07
Wholesale	626,911.70	1,446,777.59
Total	3,785,610.10	\$27,845,237.42

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>
2022	31,637	656	2,395	34,688
2021	31,544	650	2,395	34,589
2020	31,275	661	2,404	34,340
2019	31,110	656	2,385	34,151
2018	30,851	632	2,391	33,874

<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>
2022	1,713,683	409,945	595,939	439,131	626,912	3,785,610
2021	1,673,907	375,146	419,536	381,932	662,810	3,513,331
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

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>
2022	33,969	10.1
2021	33,863	11.0
2020	33,595	10.6
2019	33,358	12.3
2018	33,105	8.7

Largest Customers

The top ten water consumers during 2022 are as follows:

<u>Customer</u>	<u>Water Sales Volume</u>	<u>% of Total</u>	<u>Water Revenues</u>	<u>% of Total</u>
Kansas University	223,925,200.00	12.50%	1,578,010.25	11.01%
City of Baldwin	185,932,900.00	10.38	779,019.27	5.43
Evergy	60,135,900.00	3.36	414,914.52	2.89
Rural Water District #1	50,701,700.00	2.83	212,439.50	1.48
Packer Plastics	42,509,700.00	2.37	293,871.26	2.05
Rural Water District #4	37,499,800.00	2.09	157,127.21	1.10
Lawrence Memorial Hospital	36,958,200.00	2.06	275,655.75	1.92
ICL Specialty Products, Inc.	32,132,900.00	1.79	244,884.94	1.71
Rural Water District #2	27,770,500.00	1.55	116,315.24	0.81
Meadowbrook Apartments	21,669,700.00	1.21	160,070.56	1.12

Wholesale Contracts

The City has entered into wholesale contracts with the City of Baldwin City, Kansas, and five other rural water districts in the State of Kansas for the sale of treated water. During 2022, the City of Baldwin City, Kansas comprised approximately 5.43% of the total water revenues and 10.38% of the total water sales volume of the System. The City's agreement with the City of Baldwin City terminates in 2052. During 2022, Rural Water District #1 comprised approximately 1.48% of the total water revenues and 2.83% of the total water consumption of the System. Rural Water District #1 entered into a new contract with the City in December 2019, which expires in 2059 with 60 months' notice of cancelation by either party. In addition to treated water, the City also supplies raw water to Rural Water District #2, Rural Water District #4, and the City of Baldwin City.

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. In 2018, the City completed a rate study to evaluate charges related to the System in consultation with Raftelis Financial Consultants. City staff and Raftelis Financial Consultants are currently working on updates to the rate study, and expect to present an updated study to the City Commission in Spring/Summer of 2022.

The City Commission has consistently approved rate increases over the past ten years. The table below describes the expected total System revenue increase as a result of approved rate increases.

Approved Revenue Increases

<u>Effective Date</u>	<u>Water and Sewer Revenue Increase</u>
November 15, 2017	8.00%
November 15, 2018	7.80%
January 1, 2020	7.75%
January 1, 2021	7.75%
January 1, 2022	7.50%

On November 16, 2021, the City Commission approved on first reading an ordinance increasing water and sewer rates by 7.5%. The City Commission approved and adopted on second reading of this ordinance on December 7, 2021. The rate increase became effective on January 1, 2022.

Due to the City's rate structures (as more fully described below), the impacts on individual customers may be more or less than the total percentage increases shown above.

The governing body of the City approved rate increases for 2022, effective January 1, 2022 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, 2022, are shown below:

Customer Class	Inside City	Outside City
	Effective as of January 1, 2022	Effective as of January 1, 2022
Residential Block 1	\$7.64/1,000 gal	\$8.41/1,000 gal
Residential Block 2	\$8.41/1,000 gal	\$9.26/1,000 gal
Residential Block 3	\$8.79/1,000 gal	\$9.67/1,000 gal
Multifamily	\$6.25/1,000 gal	\$6.88/1,000 gal
Commercial	\$7.11/1,000 gal	\$7.83/1,000 gal
Industrial	\$6.93/1,000 gal	\$7.63/1,000 gal
Irrigation	\$8.79/1,000 gal	\$9.67/1,000 gal

Monthly charges for water service to rural water districts and other municipalities are currently set at \$4.20/1,000 gallons effective as of January 1, 2022, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after January 1, 2022, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2022	Effective as of January 1, 2022
5/8	\$4.65	\$5.10
1	\$5.55	\$6.10
1 ½	\$6.40	\$7.00
2	\$8.80	\$9.65
3	\$26.25	\$28.90
4	\$32.70	\$35.95
6	\$48.55	\$53.40
8	\$65.25	\$71.75
10	\$85.60	\$94.15
12	\$99.60	\$109.60
15	\$132.85	\$146.15

Sewer Service Charges

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

Monthly volume charges for sewer service to wastewater customers, effective on and after January 1, 2022, are shown below:

Monthly Water Use	Inside City	Outside City
	Effective as of January 1, 2022	Effective as of January 1, 2022
Volume Charge	\$9.28/1,000 gal	\$12.07/1,000 gal

Monthly sewer service charges per water meter, effective on and after January 1, 2022, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2022	Effective as of January 1, 2022
All Meter Sizes	\$15.60	\$17.20

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, 2022, are shown below:

Effective Date	Inside City Unit Charge for BOD in dollars per pound	Inside City Unit Charge for TSS in dollars per pound	Outside City Unit Charge for BOD in dollars per pound	Outside City Unit Charge for TSS in dollars per pound
January 1, 2022	ICBOD	ICTSS	OCBOD	OCTSS
	\$0.925	\$0.600	\$1.017	\$0.659

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.

	2018	2019	2020	2021	2022
Revenues:					
Water and Wastewater Charges	\$ 49,878,618	\$ 44,970,127	\$ 48,192,983	\$ 53,791,047	\$ 55,813,903
Water Tap Extensions	-	-	-	-	-
Other Revenues	<u>338,716</u>	<u>273,443</u>	<u>302,817</u>	<u>52,013</u>	<u>73,823</u>
Total Operating Revenues	<u>\$ 50,217,334</u>	<u>\$ 45,243,570</u>	<u>\$ 48,495,800</u>	<u>\$ 53,843,060</u>	<u>\$ 55,887,726</u>
Expenses:					
Administrative	\$ 5,551,977	\$ 7,712,967	\$ 6,663,898	\$ 8,797,291	\$ 8,325,476
Operation & Maintenance	18,044,829	22,653,061	22,734,203	24,196,800	27,755,701
Depreciation & Amortization	<u>8,980,757</u>	<u>9,595,747</u>	<u>10,388,213</u>	<u>10,609,750</u>	<u>10,521,186</u>
Total Operating Expenses	<u>\$ 32,577,563</u>	<u>\$ 39,961,775</u>	<u>\$ 39,786,314</u>	<u>\$ 43,603,841</u>	<u>\$ 46,602,363</u>
Non-Operating Revenues (Expenses):					
Gain (Loss) on Sale	\$ 54,504	\$ 29,329	\$ (10,625)	\$ (52,757)	\$ 80,530
Investment Income (Loss)	902,225	1,625,853	857,472	72,460	(65,218)
Interest Expense	(6,173,524)	(5,802,462)	(6,009,372)	(5,872,822)	(6,491,903)
Transfers	(3,085,000)	(3,085,000)	(3,199,167)	(2,488,000)	(2,637,000)
Intergovernmental revenue	-	-	-	-	368,792
Reimbursements	<u>406,556</u>	<u>343,541</u>	<u>13,277,728</u>	<u>235,706</u>	<u>192,089</u>
Total Non-Operating	<u>\$ (7,895,239)</u>	<u>\$ (6,888,739)</u>	<u>\$ 4,916,036</u>	<u>\$ (8,105,413)</u>	<u>\$ (8,552,710)</u>
Net income	\$ 9,744,532	\$ (1,606,944)	\$ 13,625,522	\$ 2,133,806	\$ 732,653
Net Position January 1	145,612,712	153,876,521	144,795,381	158,420,903	160,554,709
Restatement	<u>(1,480,723)</u>	<u>(7,474,196)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position December 31	<u>\$ 153,876,521</u>	<u>\$ 144,795,381</u>	<u>\$ 158,420,903</u>	<u>\$ 160,554,709</u>	<u>\$ 161,287,362</u>

Liquidity

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

	2018	2019	2020	2021	2022 ^(a)
Operating and					
Maintenance Expense	\$18,044,829	\$19,061,678	\$22,734,203	\$24,196,800	\$20,935,474
Administrative Expenses	<u>5,551,977</u>	<u>7,231,053</u>	<u>6,663,898</u>	<u>9,040,872</u>	<u>13,181,052</u>
Operating Expenses	\$23,596,806	\$26,292,731	\$29,398,101	\$33,237,672	\$34,116,526
Days	365	365	365	365	365
Daily Operating Expenses	\$ 64,649	\$ 72,035	\$ 80,543	\$ 91,062	\$93,469.93
Total Cash and Investments	\$37,727,200 ^(b)	\$30,483,995 ^(c)	\$32,704,964 ^(d)	\$22,911,051 ^(e)	\$32,437,903
Days of Cash for Daily					
Operating Expenses	584	366	406	252	347

(a) Unaudited.

- (b) Subsequent to the publication of the City's 2018 Comprehensive Annual Financial Report it was determined that the cash amount of \$78,767,377 shown in the STATEMENT OF NET POSITION for the Water and Wastewater Fund contained \$41,040,177 of restricted cash and investments. The cash position for purposes of showing days on cash on hand above has been reduced by this amount.*
- (c) Subsequent to publication of the City's 2019 Comprehensive Annual Financial Report it was determined that the cash amount of \$68,141,577 shown in the STATEMENT OF NET POSITION for the Water and Wastewater Fund contained \$37,657,582 of restricted cash and investments. The cash position for purposes of showing days on cash on hand above has been reduced by this amount.*
- (d) Subsequent to publication of the City's 2020 Annual Comprehensive Financial Report it was determined that the cash amount of \$60,203,242 shown in the STATEMENT OF NET POSITION for the Water and Wastewater Fund contained \$27,498,278 of restricted cash and investments. The cash position for purposes of showing days on cash on hand above has been reduced by this amount.*
- (e) The City's 2021 Annual Comprehensive Financial Report shows a cash amount of \$22,911,051 in the STATEMENT OF NET POSITION for the Water and Wastewater Fund.*