



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the City of Lawrence for the
fiscal year ending December 31, 2023

CITY OF LAWRENCE, KANSAS

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2023

**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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August 9, 2024

Honorable Mayor, Members of the City Commission, and Lawrence community members

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, 2023. 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.

City Hall

6 East 6th Street
PO Box 708
Lawrence, KS 66044

785-832-3000
lawrenceks.org

CITY COMMISSION

MAYOR
NATHAN LITTLEJOHN III

COMMISSIONERS
LISA LARSEN
MIKE DEVER
AMBER SELLERS
BRADLEY R. FINKELDEI

CITY MANAGER
CRAIG S. OWENS

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.

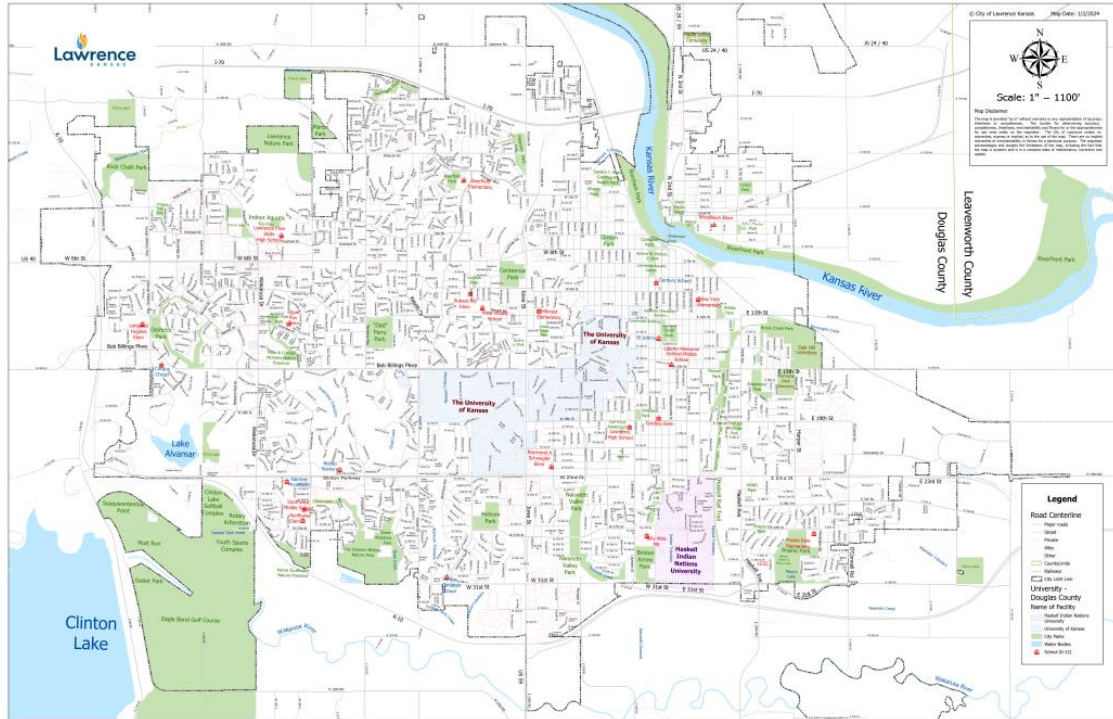
The City’s financial statements have been audited by *RSM US LLP*. The goal of the independent audit is to provide reasonable assurance that the City’s financial statements for the year ended December 31, 2023, are free from material misstatements. An audit involves performing procedures to obtain audit 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, 2023, 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 named after Amos Adams Lawrence, a Republican abolitionist 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 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 95,794 as of December 31, 2023. Lawrence is a college town and 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 a 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.

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

In 2023, the City continued to see exciting growth in economic development. The Crossing @ KU planned development will pave the way for several mixed-use housing developments, Class-A office and lab space, and a new childcare facility. Rehabilitation of the historic Turnhalle Building will revitalize a 100+ year old community facility into a thriving place for cultural activities. Support for local entrepreneurship continued to grow, with the City participating in several initiatives facilitated by the National League of Cities. Approximately 60% of the sales taxes generated in the City come from retail sales. About 6% comes from food and beverage stores, and about 12% comes from food service and drinking establishments. At the end of 2023, the City's unemployment rate was 1.9% compared to the 2.6% for the State of Kansas and the national rate of 3.7%.

Long-term financial planning

The City prepares a five-year Capital Improvement Plan (CIP) every year. The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2024-2028 CIP includes project costs totaling \$480.733 million. Of the \$125.024 million of funding for 2024, 68% 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, 2022. 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 32 consecutive years. Additionally, the City has been awarded the GFOA's "Triple Crown" for both Fiscal Years 2020, 2021 and 2022. 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, Kristee Bowles, and Mary Biggs 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 2023 financial records.

Respectfully submitted,



Rachelle Mathews
Finance Director



Jennifer Werth
Assistant Finance Director



CITY OF LAWRENCE, KANSAS

List of Principal Officials
As of December 31, 2023

TITLE	NAME
Mayor	Bart Littlejohn
Vice Mayor	Mike Dever
Commission Member	Brad Finkeldei
Commission Member	Lisa Larsen
Commission Member	Amber Sellers
City Manager	Craig S. Owens
Assistant City Manager	Casey Toomay
Assistant City Manager	Brandon McGuire
City Clerk	Sherri Riedemann
City Attorney	Toni Wheeler
Finance Director	Alley Porter (Interim)
Fire Chief	Richard Llewellyn
Information Technology Director	Brian Thomas
Municipal Services and Operations Director	Melissa Sieben
Parks and Recreation Director	Linsay Hart (Interim)
Planning and Development Services Director	Jeff Crick
Police Chief	Rich Lockhart



Organizational Structure

★ Strategic Plan Champion ☹ Interim Director

Municipal Services & Operations

- ★ **MELISSA SIEBEN**
Director / Connected City
- MIKE LAWLESS**
MSO Deputy Directory
- ANGELA BUZZARD**
General Manager-Administration
- MELINDA HARGER**
Assistant Director-CMED
- TREVOR FLYNN**
Assistant Director-EHSTD
- SCOTT FEWINS**
General Manager-Field Operations
- RON GREEN**
General Manager-Solid Waste
- Homelessness Services**
- MISTY BOSCH-HASTINGS**
Homeless Programs Coordinator

Parks & Recreation

- ☹ **LINDSAY HART**
Interim Director
- PORTER ARNEILL**
Assistant Director-Arts & Culture
- MARK HECKER**
Assistant Director-Parks

Environmental Sustainability

- ★ **KATHY RICHARDSON**
Director / Environmental Sustainability

Parking & Transit

- ADAM WEIGEL**
Transit & Parking Manager
- BRAD HARRELL**
Parking Manager

BRANDON MCGUIRE
Assistant City Manager

City Attorney's Office

- TONI WHEELER**
City Attorney
- RANDY LARKIN**
Deputy City Attorney
- VICKI STANWIX**
Court Administrator
- ELIZABETH HAFOKA**
Supervising City Prosecutor

City Clerk's Office

- SHERRI RIEDEMANN**
City Clerk
- ALIZA BIDINGER**
Deputy City Clerk

Communications & Community Relations

- CORI WALLACE**
Director
- MAUREEN BRADY**
Brand Manager

Economic Development

- ★ **BRITT CRUM-CANO**
Director / Prosperity & Economic Security
- SAM CAMP**
Economic Development Analyst

Planning & Development Services

- ★ **JEFF CRICK**
Director / Strong, Welcoming Neighborhoods
- AMY MILLER**
Assistant Director
- BRIAN JIMINEZ**
Assistant Director-Code Official
- DANELLE WALTERS**
Assistant Director

CRAIG OWENS
City Manager

Police Department

- ★ **RICH LOCKHART**
Police Chief / Safe & Secure
- ANTHONY BRIXIUS**
Deputy Police Chief
- ADAM HEFFLEY**
Deputy Police Chief

Lawrence-Douglas County

Fire/Medical

- ★ **RICH LLEWELLYN**
LDCFM Chief / Safe & Secure
- MCKENZI EZELL**
Fire Data Analyst-Administration
- ROB FLEEUP**
Battalion Chief-Operations
- JOE HARDY**
Division Chief (Interim)-Training
- BRANDON HOLLOMAN**
Battalion Chief-Operations
- KEVIN JOLIS**
Division Chief-EMS
- CHRIS KING**
Division Chief-Prevention
- ZANE MORGAN**
Division Chief-Operations
- LYLE SCHWARTZ**
Division Chief-Operation
- JUSTIN TEMPLE**
Division Chief-Operations

Equity & Inclusion

- ★ **FARRIS MUHAMMAD**
Director / Equity & Inclusion
- KALENNA COLEMAN**
Organizational Equity Coordinator

CASEY TOOMAY
Assistant City Manager

Human Resources

- ★ **MEGAN DODGE**
Director / Engaged & Empowered Teams
- JON THUMMEL**
Assistant Director
- SHELBY PATCH**
Risk Manager

Finance

- ☹ **ALLEY PORTER**
Interim Finance Director
- JENNIFER WERTH**
Assistant Finance Director
- EILEEN PHILLIPS**
Purchasing Manager
- KRISTY WEBB**
Financial Supervisor
- LORI RIDENOUR**
Customer Service Supervisor

Information Technology

- ★ **BRIAN THOMAS**
Director / Efficient & Effective Processes
- JOHN WILLIAMS**
Cybersecurity Manager
- MICAH SEYBOLD**
GIS Manager
- MICHELLE FERGUSON**
Technology Operations Manager
- MICHELE BERENDSEN**
Project Management
- MATTHEW ZAGER**
Infrastructure Manager



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, 2022

Christopher P. Morrill

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, 2023, 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 the 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, 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 0.61% of total assets, 1.26% of total revenues, and 0.92% of total fund balance and net position of the aggregate remaining fund information and represent 0.15% of total assets, 0.78% of total revenues, and 0.36% of total net position 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 Matters

As discussed in Note 17 to the basic financial statements, the net position of the business-type activities and Water and Wastewater fund as of January 1, 2023 were restated to correct errors related to certain capital assets not being properly capitalized. In addition, fund balance, net position, cash, capital assets and long-term debt as of January 1, 2023 were restated to correct errors in the allocation of certain capital asset and long-term debt transactions between governmental activities, business-type activities and certain funds of the City.

As discussed in Note 17 to the basic financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of January 1, 2023. The implementation of this standard resulted in the City recording a right-to-use subscription asset and subscription liability as of January 1, 2023, as well as additional disclosures. The Lawrence Memorial Hospital, a discretely presented component unit of the City, restated its opening net position as of January 1, 2023 as a result of retrospectively adopting the standard.

Our opinions are not modified with respect to these matters.

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, the general fund budgetary comparison schedule 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 other 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 9, 2024

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2023

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, 2023, as a part of the overall Annual Comprehensive Financial Report (Annual Report). This overview compares the fiscal year ended December 31, 2023 with the fiscal year ended December 31, 2022. 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, 2023, by \$451.26 million. This is our total net position. Of this amount, \$23.96 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 increased by \$12.14 million. This is an increase compared to the prior year, which decreased \$1.28 million. The City saw an increase in revenue of \$15.93 million (6.48% increase) and an increase in expenses of \$2.50 million (1.01% increase) which resulted in the increase in net position.
- As of December 31, 2023, the City's governmental funds reported combined ending fund balances of \$119.76 million, a decrease of \$30.01 million in comparison with the prior year. This was primarily due to decreases in cash and investments of \$27.02 million driven by a net reduction of \$13.32 million in general obligation bonds and temporary notes.
- As of December 31, 2023, the City's business-type activities reported combined total net position of \$218.34 million, an increase of \$9.53 million in comparison with the prior year. This was primarily due to increases in charges for services for utility revenues of \$8.08 million.
- At December 31, 2023, the fund balance for the general fund was \$25.691 million or 26.3% of revenues.
- The City's total debt, including temporary notes increased by \$14.91 million to a total of \$398.35 million. The key factors were increases in revenue bonds (\$29.73 million) and business-type general obligation bonds (\$4.92 million) that was partially offset by a decrease in temporary notes (\$24.19 million).
- The total OPEB Liability as of the end of the year is \$19.29 million.
- The Net Pension Liability as of the end of the year is \$104.26 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, 2023

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 96-103 of this report.

Budgets were adopted by the governing body for 2023 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

Management's Discussion and Analysis (Unaudited) December 31, 2023

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 125-133 of this report.

Notes to the financial statements

The notes to the basic financial statements begin on page 32. 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 General Fund budget to actual schedule and the City's progress in funding its obligation to fund its outstanding OPEB and Pension costs found on pages 85-92 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 \$451.26 million at December 31, 2023. The City's net position increased by \$12.14 million. Governmental activities increased net position by \$2.62 million while business-type activities increased net position by \$9.52 million in 2023. 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, 2023**

Table 1. City of Lawrence’s Net Position, Year Ended December 31, 2023, and December 31, 2022 (in thousands):

	Governmental Activities		Business-type Activites		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other Assets	\$ 231,803	\$ 257,680	\$ 164,575	\$ 140,932	\$ 396,378	\$ 398,612
Capital assets, net of depreciation	342,183	318,343	342,872	304,946	685,055	623,289
Total assets	573,986	576,023	507,447	445,878	1,081,433	1,021,901
Deferred outflows of resources	29,688	29,321	5,783	5,532	35,471	34,853
Total assets and deferred outflows of resources	603,674	605,344	513,230	451,410	1,116,904	1,056,754
Long-term liabilities						
Current	71,049	86,729	30,182	18,898	101,231	105,627
Non-current	239,023	232,384	262,854	225,377	501,877	457,761
Total liabilities	310,072	319,113	293,036	244,275	603,108	563,388
Deferred inflows of resources	60,679	55,926	1,856	1,961	62,535	57,887
Total liabilities and deferred inflows of resources	370,751	375,039	294,892	246,236	665,643	621,275
Net Position						
Net investment in capital assets	201,115	193,575	134,719	131,014	335,834	324,589
Restricted	83,260	86,913	8,211	8,427	91,471	95,340
Unrestricted (deficit)	(51,452)	(50,183)	75,408	65,733	23,956	15,550
Total Net Postion	\$ 232,923	\$ 230,305	\$ 218,338	\$ 205,174	\$ 451,261	\$ 435,479

The largest portion of the City’s net position, \$335.83 million (74.42%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt and deferred outflows/inflows of resources used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City’s investments in its capital assets is reported net of related debt and deferred inflows/outflows of resources, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City’s net position, \$91.47 million (20.27%), represents resources that are subject to external restrictions on how they may be used. This decreased \$3.87 million compared to the prior year primarily due to the additional funds invested for capital improvements (\$8.37 million) that was offset by a decrease in required restrictions for debt service (\$4.82 million).

The remaining balance of the net position of \$23.96 million (5.31%); (\$3.65 million decrease in governmental activities and \$9.68 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, 2023**

Table 2. City of Lawrence’s Changes in Net Position, Year Ended December 31, 2023, and December 31, 2022 (in thousands):

	<u>Governmental Activities</u>		<u>Business-type Activites</u>		<u>Total Primary Government</u>	
	2022		2022			
	2023	(not restated)	2023	(not restated)	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 17,804	\$ 24,396	\$ 87,258	\$ 81,436	\$ 105,062	\$ 105,832
Operating grants and contributions	22,480	20,848	-	-	22,480	20,848
Capital grants and contributions	216	3,360	45	414	261	3,774
General revenues:						
Property taxes	48,932	43,025	-	-	48,932	43,025
Other taxes	68,424	67,220	-	-	68,424	67,220
Investment Income	7,742	1,262	5,366	122	13,108	1,384
Other	2,383	2,266	920	1,295	3,303	3,561
Total Revenues	167,981	162,377	93,589	83,267	261,570	245,644
Expenses:						
General government	22,564	23,515	-	-	22,564	23,515
Public safety	69,622	67,013	-	-	69,622	67,013
Public works	26,146	45,474	-	-	26,146	45,474
Health and social services	14,562	5,926	-	-	14,562	5,926
Culture and recreation	27,028	22,346	-	-	27,028	22,346
Economic development & tourism	4,417	4,515	-	-	4,417	4,515
Interest on long-term debt	6,278	2,980	-	-	6,278	2,980
Water and Wastewater	-	-	54,497	53,094	54,497	53,094
Solid Waste	-	-	15,944	15,652	15,944	15,652
Nonmajor business-type activities	-	-	8,367	6,409	8,367	6,409
Total expenses	170,617	171,769	78,808	75,155	249,425	246,924
Change in Net Position before transfers	(2,636)	(9,392)	14,781	8,112	12,145	(1,280)
Transfers in(out)	5,254	4,821	(5,254)	(4,821)	-	-
Change in Net Position	2,618	(4,571)	9,527	3,291	12,145	(1,280)
Net position, beginning of year, as restated	230,305	234,876	208,811	201,882	439,116	436,758
Net position, end of year	\$ 232,923	\$ 230,305	\$ 218,338	\$ 205,173	\$ 451,261	\$ 435,478

See Note 17 for information regarding the restatement of beginning net position.

Governmental Activities

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

Governmental revenues increased \$5.60 million (3.34%) over the prior year with increases in operating grants and contributions (\$1.63 million), property taxes (\$5.91 million), other taxes (\$1.20 million), and investment income (\$6.48 million) causing the largest drivers of the increase. These were partially offset by decreases in our charges for services (\$6.59 million) and capital grants (\$3.14 million). The increase in property tax is primarily due to a 12% increase in appraised property value. The increase in investment income is primarily due to higher yields available in the investment market. The decrease in charges for services is primarily due to decreases in charges related to ambulance fees and intergovernmental charges. The decrease in capital grants is primarily due to a onetime transportation capital grant received and expensed in 2022 that did not occur in 2023.

Governmental expenses decreased \$1.15 million or -0.68% from the prior year with a decreases in public works, that was partially offset by increases in public safety, health and social services, culture and recreation and interest on long term debt.

CITY OF LAWRENCE, KANSAS

Management’s Discussion and Analysis (Unaudited) December 31, 2023

Public Works:

The decrease was primarily due to a \$20.48 million pollution remediation liability that was recognized and expensed in 2022 that did not occur in 2023.

Public Safety:

The increase was primarily due to grant support for public safety wages reducing in 2023 as well as to general wage increases based on the approved pay plan.

Health and Social Services:

The increase is primarily due to increases in ARPA related social service spending as well as payments to outside organizations.

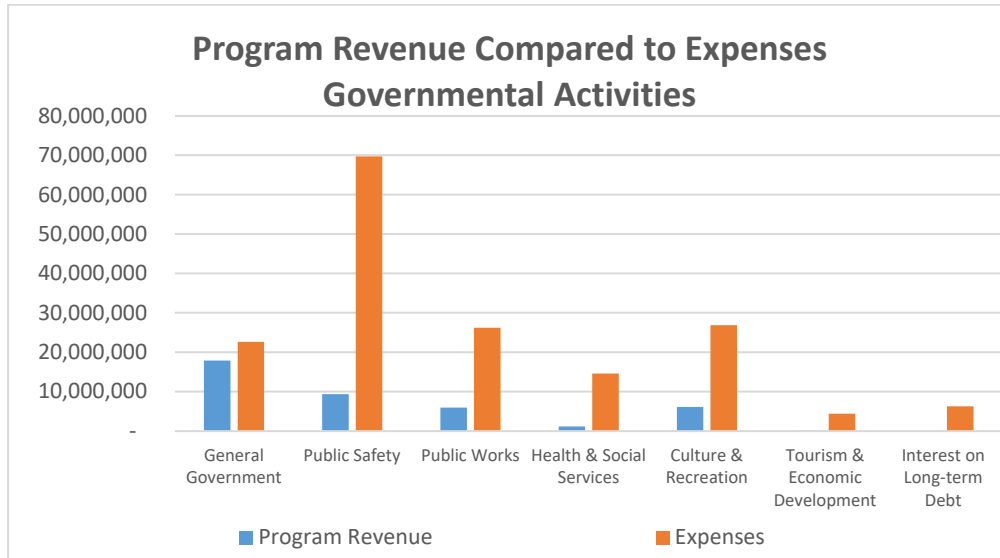
Culture and Recreation:

The increase due increases in the pay plan, utilities expense, and increases in depreciation based on capital assets acquired per the Capital Improvement Plan.

Interest on Long Term Debt:

The increase is primarily due to the retirement of a \$52 million 2022 temporary note in 2023 as well as increased general obligation interest expense due to more bonds outstanding in 2023 compared to 2022.

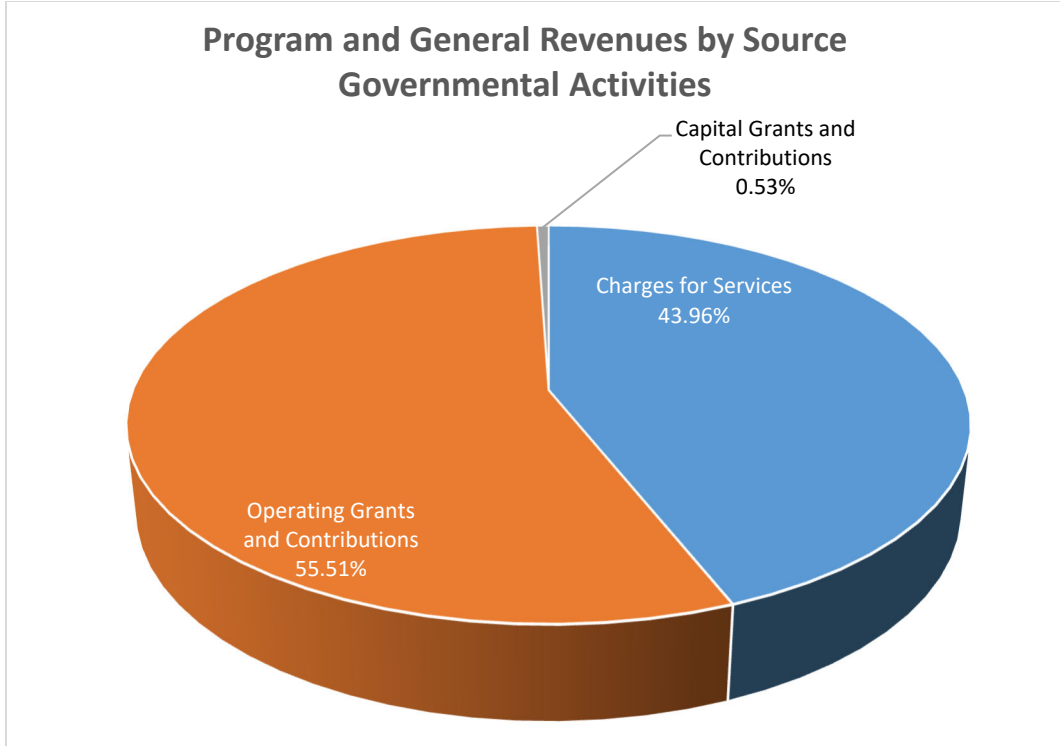
Figure 1. Program Revenues Compared to Expenses, Year Ended December 31, 2023:



CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023**

Figure 2. Program Revenues for Governmental Activities, Year Ended December 31, 2023:



Business-type activities

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

Business-type revenues increased \$10.32 million (11.03%) over the prior year with increases in charges for services (\$5.82 million) and investment income (\$5.24 million) compared to the prior year.

Business-type expenses increased \$3.65 million or 4.64% from the prior year with increases to the Water and Wastewater Utility (\$1.40 million) and Nonmajor Business type activities (\$1.96 million) being the primary drivers.

CITY OF LAWRENCE, KANSAS

Management’s Discussion and Analysis (Unaudited)
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Figure 3. Expenses for Business-type Activities, Year Ended December 31, 2023:

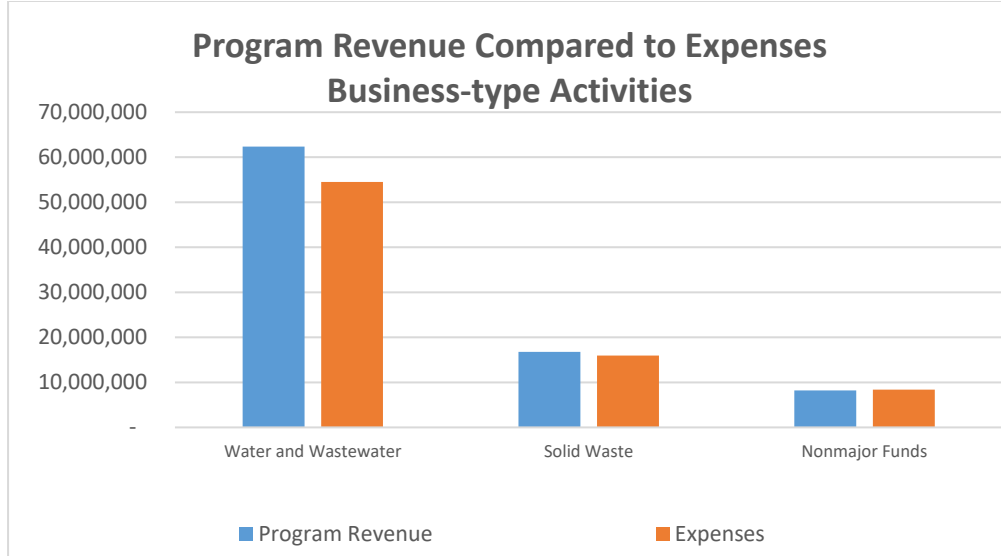
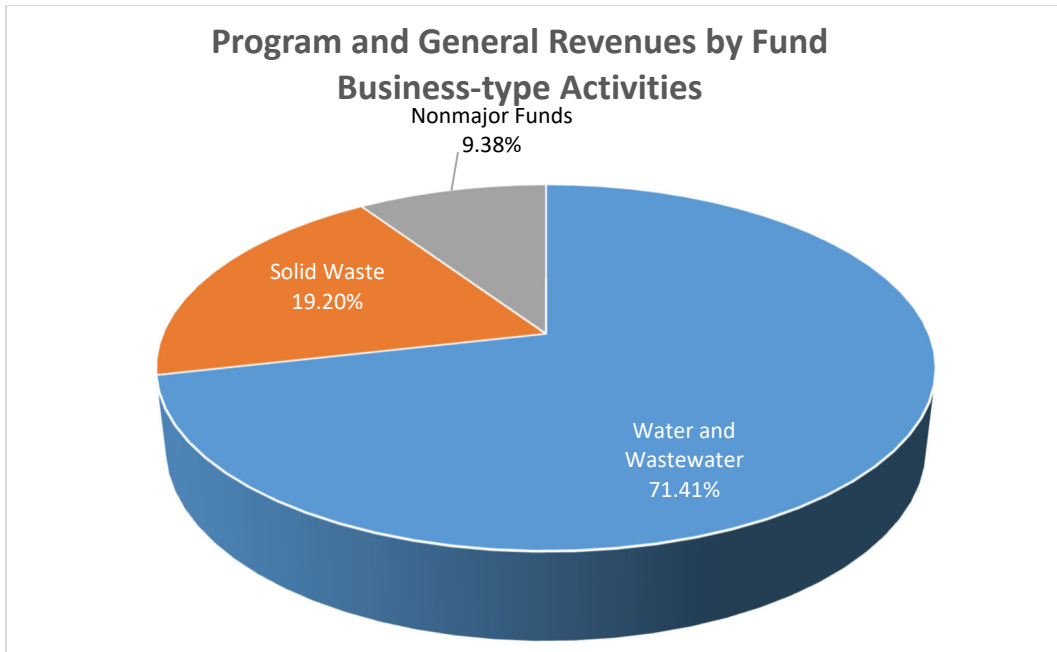


Figure 4. Program Revenues for Business-type Activities, Year Ended December 31, 2023:



CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023**

Table 3. Water and Wastewater Utility Revenues and Expenses, Year Ended December 31, 2023, and December 31, 2022 (in thousands):

	Year Ended December 31		Change
	2023	2022 (as restated)	
REVENUES			
Total operating revenues	\$ 62,300	\$ 55,887	\$ 6,413
Non-operating revenues, net	4,545	641	3,904
Total Revenues	66,845	56,528	10,317
EXPENSES			
Total operating expenses	47,258	42,964	4,294
non-operating expenses			
Interest expense	6,918	6,492	426
Other expenses	240	65	175
Total expenses	54,416	49,521	4,895
Income before Transfers	12,429	7,007	5,422
Transfers, net	(3,831)	(2,637)	(1,194)
Capital Contribution	-	-	-
Change in Net Position	8,598	4,370	4,228
Net Position, Beginning of Period, as restated	164,925	160,555	
Net Position, End of Period	<u>\$ 173,523</u>	<u>\$ 164,925</u>	

Total revenues for the year ended December 31, 2023, increased \$10.32 million or 18.25%, compared to the prior year. Total operating revenues which primarily consist of water and wastewater fees, increased by \$6.41 million or 11.47%. The increase is due to a rate increase. Non-operating revenue increased by \$3.90 million or 609.05%, which was primarily due to increases in investment income.

Total expenses increased \$4.90 million or 9.89% when compared to the prior year. The increase is due to increases in wages and benefits of between 7% and 10% from the previous year. Additionally increases occurred in the administrative charges, PILOT fees, and larger than average inflationary increases to commodities such as chemicals, supplies and equipment.

Total operating revenues less operating expenses, or operating margin was \$15.04 million for fiscal year 2023, an increase of \$2.12 million or 16.40% compared to the prior year.

CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023**

Table 4. Solid Waste Utility Revenues and Expenses, Year Ended December 31, 2023, and December 31, 2022 (in thousands):

	Year Ended December 31		Change
	2023	2022	
REVENUES			
Total operating revenues	\$ 16,765	\$ 15,655	\$ 1,110
Non-operating revenues, net	881	965	(84)
Total Revenues	17,646	16,620	1,026
EXPENSES			
Total operating expenses	15,912	15,651	261
non-operating expenses			
Interest expense	-	-	-
Other expenses	-	-	-
Total expenses	15,912	15,651	261
Income before Transfers	1,734	969	765
Transfers, net	(1,066)	(1,447)	381
Change in Net Position	668	(478)	1,146
Net Position, Beginning of Period	14,710	15,188	
Net Position, End of Period	\$ 15,378	\$ 14,710	

Total revenues for the year ended December 31, 2023, increased \$1.03 million or 6.17%, compared to the prior year. Total operating revenues which primarily consist of solid waste fees, increased by \$1.11 million or 7.09%. Non-operating revenue decreased by \$84 thousand or 8.70%, which was primarily due to decreases in rebate income that was partially offset by increases in investment income.

Total expenses increased \$261 thousand or 1.67% when compared to the prior year. Wages and benefits were \$672 thousand or 10.43% more than 2022.

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, 2023, the City’s governmental funds reported combined ending fund balances of \$119.76 million, a decrease of \$30.01 million in comparison with the prior year. This was primarily due to decreases in cash and investments of \$27.02 million driven by a net reduction of \$13.32 million in general obligation bonds and temporary notes.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2023

The general fund is the chief operating fund of the City. At the end of 2023, the unassigned fund balance of the general fund was \$20.21 million and the total fund balance was \$25.69 million which is 20.68% and 26.29% of the total general fund revenues, respectively.

The fund balance of the City's general fund increased by \$799 thousand during 2023. The revenues increased by \$5.35 million (5.79%). Expenditures increased by \$12.11 million (13.51%). Net transfers in increased by \$7.09 million.

The debt service fund at the end of 2023 has a total fund balance of \$32.40 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 \$6.29 million which resulted primarily from taxes and debt issuances exceeding the required debt payments for the year.

The capital projects fund decreased its fund balance by \$30.24 million during 2023 primarily from the issuance of additional temporary notes for capital projects identified in the City's Capital Improvement Plan that was partially offset by increases in principal retirement.

Other governmental funds have fund balance of \$50.79 million at the end of 2023. The fund balance decreased \$6.87 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 100.

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 2023 was \$59.66 million and \$9.98 million, respectively. The total change in net position for the Water and Wastewater Utility and Solid Waste were \$8.60 million and \$668 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

Overall, revenues were less than budgetary estimates by approximately \$1.26 million (1.29%). This was primarily due to a slowdown in sales tax collections (\$1.49 million) and charges for services (\$1.14 million). However, interest revenue (\$1.15 million) increased more than budgetary estimates.

Expenditures were less than budgetary estimates by \$7.21 million (7.09%). Of the total difference in the budgeted expenditures:

- Office of the City Attorney spent \$175 thousand (8.58%) less than budgeted. This was largely savings in operating expenses and personnel.
- Lawrence-Douglas County Fire/Medical spent \$2.71 million (8.64%) less than budgeted. Much of this savings was due to vacancies and reduced expenses for vehicles and equipment.
- Municipal Services and Operations spent \$3.65 million (20.97%) less than budgeted. The majority of this was savings in operating expenses, such as repairs and maintenance, as well as reduced expenses for vehicles and equipment.
- Parks and Recreation spent \$737 thousand (4.14%) less than budgeted. This was primarily due to savings in operating and capital expenses.

CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023**

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, 2023, totaled \$342.18 million and \$342.87 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, subscription-based IT arrangements (SBITA), 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:

	<u>Governmental Activities</u>		<u>Business-type Activites</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022 (as restated)</u>	<u>2023</u>	<u>2022 (as restated)</u>	<u>2023</u>	<u>2022 (as restated)</u>
Land	\$ 17,923	\$ 17,005	\$ 7,101	\$ 7,075	\$ 25,024	\$ 24,080
Buildings & Improvements	102,577	97,650	158,178	163,206	260,755	260,856
Other property and equipment	22,858	21,495	16,572	15,830	39,430	37,325
Infrastructure	171,222	162,400	122,159	102,072	293,381	264,472
Right to use leased assets	1,288	1,639	-	-	1,288	1,639
SBITA assets	7,404	8,166	1,478	2,163	8,882	10,329
Construction in progress	18,911	13,385	37,384	25,169	56,295	38,554
Total	<u>\$ 342,183</u>	<u>\$ 321,740</u>	<u>\$ 342,872</u>	<u>\$ 315,515</u>	<u>\$ 685,055</u>	<u>\$ 637,255</u>

The overall value of the City’s assets increased by \$47.80 million (7.50%) as the City’s investment in assets exceeded the City’s accumulated depreciation in those assets.

Highlights of capital asset activity during the year ended December 31, 2023 included the following major additions to Construction in progress:

Governmental Activity

- Farmland Remediation
- Sports Complex and Golf Irrigation Upgrades
- Playground Replacement – Lyons & Stonegate Parks
- Golf Course Lagoon Liner
- Skate Park at Centennial Park
- Airport Sign and Terminal Improvements
- Trauma Hawk Ambulances – Qty 2
- 17th and Alabama Drainage Improvement
- Wakarusa - Research Pkwy to 23rd Street
- South Iowa Traffic Signal Improvement Project
- Queens Rd, 6th Street to North City Limits
- Kansas Riverbank Recreational Trail
- 11th Street – Indiana to Ohio
- Iowa Street – Irving Hill Rd to 23rd Street
- 6th Street and K-10 Interchange Improvements
- 6th Street & Schwarz Rd ADA Improvements
- 6th Street – Iowa to Massachusetts Street
- Bob Billings Parkway Fiber Extension

CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2023**

Business-type Activity

- Stratford Water Tower Replacement
- Kaw & Clinton Water Treatment Plant Improvements
- 17th and Alabama Drainage Improvement
- New York Street Water Main Rehab
- Clinton Parkway – Wakarusa Drive to Lake Pointe Drive
- 9th and Mississippi
- 6th Street – Iowa to Massachusetts Street
- North Lawrence Water Supply Redundancy Evaluation
- Maple Lane – Stormwater, Water and Wastewater Improvements
- 11th Street – Indiana to Ohio
- Sports Complex and Golf Irrigation Updates
- Kansas River Wastewater Treatment Plant Nutrient Removal
- Harper Water Tower Maintenance and Coatings
- Johnson Avenue Stormwater Improvements
- Freedom Hill Court Stormwater Improvements
- Vermont Street Bridge Watermain Replacement
- Clinton Water Treatment Plant Chem Storage and Distribution Improvements
- Water and Wastewater Maintenance and Replacement
- Holcom Flood Mitigation and Water Quality
- Haskell – 23rd Street to 28th Terrace Waterline
- Iowa – 28th Street to 31st Street and 28th Terrace Waterline
- Learnard – 19th Street to 23rd Street Waterline
- Wakarusa – Research Parkway to 23rd Street Waterline

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, 2023, the City had total bonded debt outstanding of \$398.35 million. Of this amount, \$153.35 million is comprised of debt backed by the full faith and credit of the City and \$245.00 million 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):

	<u>Governmental Activities</u>		<u>Business-type Activites</u>		<u>Total Primary Government</u>	
	2022		2022		2022	
	2023	(as restated)	2023	(as restated)	2023	(as restated)
General obligation bonds	\$ 101,815	\$ 103,726	\$ 5,935	\$ 1,590	\$ 107,750	\$ 105,316
Premium on bonds	6,517	5,861	687	109	7,204	5,970
Notes payable	32,315	48,857	5,701	7,195	38,016	56,052
Premium on notes	378	828	-	-	378	828
Revenue Bonds	-	-	226,335	197,910	226,335	197,910
Premium on bonds	-	-	18,669	17,368	18,669	17,368
Total	\$ 141,025	\$ 159,272	\$ 257,327	\$ 224,172	\$ 398,352	\$ 383,444

The City’s net outstanding debt, including temporary notes increased by \$14.91 million during 2023. The City issued \$34.58 million of temporary notes, \$10.45 of general obligation bonds and \$37.84 million of revenue bonds in 2023.

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.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2023

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 \$393.20 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 Finance Site <https://lawrenceks.org/finance>.

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, 2023

	Primary Government			Component Units
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	
Assets and deferred outflows of resources				
Assets				
Current assets:				
Cash and investments	\$ 152,079,842	\$ 65,840,436	\$ 217,920,278	\$ 52,121,604
Receivables (net of allowance for uncollectibles):				
Accounts	4,566,440	10,902,343	15,468,783	44,427,117
Taxes	59,775,441	-	59,775,441	-
Special assessments	10,677,313	-	10,677,313	-
Intergovernmental	4,064,225	-	4,064,225	-
Franchise fees	688,798	-	688,798	-
Loans	523,111	-	523,111	-
Accrued interest	2,259,429	1,080,542	3,339,971	-
Other	-	-	-	1,281,763
Internal balances	(7,518,002)	7,518,002	-	-
Inventories	1,238,609	4,372,725	5,611,334	5,938,679
Leases	777,162	106,131	883,293	1,105,032
Prepaid	40,391	-	40,391	4,393,280
Other assets	80,380	-	80,380	-
Restricted cash and investments	2,477,545	14,237,136	16,714,681	2,830,558
Total current assets	231,730,684	104,057,315	335,787,999	112,098,033
Noncurrent assets:				
Restricted cash and investments	1,694	60,075,599	60,077,293	75,547,928
Investments	-	-	-	22,878,598
Beneficial interests	-	-	-	6,629,120
Receivables (net of allowance for uncollectibles)	-	-	-	828,059
Land held for resale	-	181,874	181,874	-
Leases receivable, noncurrent	70,339	259,886	330,225	13,836,309
Other assets	-	-	-	1,852,719
Capital assets, nondepreciable:				
Land	17,922,772	7,100,964	25,023,736	13,720,982
Construction in progress	18,911,832	37,384,491	56,296,323	4,002,327
Capital assets, depreciable	545,924,425	502,887,328	1,048,811,753	483,986,206
Less: accumulated depreciation	(240,576,020)	(204,500,698)	(445,076,718)	(200,676,435)
Total noncurrent assets	342,255,042	403,389,444	745,644,486	422,605,813
Total assets	573,985,726	507,446,759	1,081,432,485	534,703,846
Deferred outflows of resources:				
Pension related amounts	26,371,593	4,632,187	31,003,780	1,594,495
OPEB related amounts	3,316,656	1,151,194	4,467,850	22,216
Total deferred outflows of resources	29,688,249	5,783,381	35,471,630	1,616,711
Total assets and deferred outflows of resources	603,673,975	513,230,140	1,116,904,115	536,320,557

(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, 2023

	Primary Government			Component Units
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	
Liabilities and deferred inflows of resources				
Liabilities:				
Current liabilities:				
Accounts payable	16,914,765	9,292,888	26,207,653	11,643,014
Accrued payroll	2,941,686	812,143	3,753,829	20,988,194
Interest payable	1,311,662	1,531,354	2,843,016	2,187,113
Deposits payable	154,734	1,435,244	1,589,978	-
Unearned revenue	2,654,379	-	2,654,379	211,719
Claims payable	2,448,906	-	2,448,906	-
Other liabilities	-	-	-	1,883,546
Current portion of compensated absences payable	4,403,949	1,065,196	5,469,145	164,475
Current portion of revenue bonds payable	-	9,780,000	9,780,000	1,500,000
Current portion of temporary notes payable	29,352,582	5,701,418	35,054,000	-
Current portion of general obligation bonds payable	7,592,888	304,112	7,897,000	-
Current portion of financed purchase	115,716	-	115,716	251,582
Current portion of loan payable and other financing obligations	-	-	-	1,435,804
Current portion of lease liability	318,542	-	318,542	2,195,209
Current portion of SBITA liability	1,562,712	259,945	1,822,657	4,836,990
Current portion of pollution remediation liability	1,276,231	-	1,276,231	-
Total current liabilities	71,048,752	30,182,300	101,231,052	47,297,646
Noncurrent liabilities:				
Compensated absences payable	5,382,606	1,301,906	6,684,512	265,588
General obligation bonds payable	100,738,851	6,318,574	107,057,425	-
Temporary notes payable	3,340,914	-	3,340,914	-
Revenue bonds payable	-	235,224,141	235,224,141	77,742,067
Notes payable and other financing obligations	-	-	-	9,928,760
Financed purchase	363,199	-	363,199	587,911
Lease liability	1,055,777	-	1,055,777	14,133,879
SBITA liability	4,182,588	1,191,185	5,373,773	34,660,646
Net pension liability	90,412,748	13,847,396	104,260,144	5,080,896
Total OPEB liability	14,320,125	4,970,439	19,290,564	59,760
Pollution remediation liability	19,226,282	-	19,226,282	-
Total noncurrent liabilities	239,023,090	262,853,641	501,876,731	142,459,507
Total liabilities	310,071,842	293,035,941	603,107,783	189,757,153
Deferred inflows of resources:				
Property and vehicle taxes	51,644,829	-	51,644,829	-
Pension related amounts	3,882,549	6,809	3,889,358	117,905
OPEB related amounts	4,342,550	1,507,277	5,849,827	86,675
Leases	808,906	341,783	1,150,689	14,093,508
Total deferred inflows of resources	60,678,834	1,855,869	62,534,703	14,298,088
Total liabilities and deferred inflows of resources	370,750,676	294,891,810	665,642,486	204,055,241
Net position				
Net investment in capital assets	201,115,312	134,718,702	335,834,014	153,812,409
Restricted for:				
Debt service	30,951,282	8,211,024	39,162,306	-
Capital improvements	49,522,631	-	49,522,631	4,458,259
Other purposes	2,785,633	-	2,785,633	18,394,603
Unrestricted	(51,451,559)	75,408,604	23,957,045	155,600,045
Total net position	\$ 232,923,299	\$ 218,338,330	\$ 451,261,629	\$ 332,265,316

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

City of Lawrence, Kansas

Statement of Activities
Year Ended December 31, 2023

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Total Governmental Activities	Total Business-type Activities	Total	
Governmental activities								
General government	\$ 22,563,985	\$ 3,169,934	\$ 14,635,535	\$ 84,345	\$ (4,674,171)	\$ -	\$ (4,674,171)	\$ -
Public safety	69,620,762	9,040,018	300,312	-	(60,280,432)	-	(60,280,432)	-
Public works	26,145,705	92,523	5,720,152	131,260	(20,201,770)	-	(20,201,770)	-
Health and social services	14,561,641	193,965	974,370	-	(13,393,306)	-	(13,393,306)	-
Culture and recreation	27,028,134	5,252,949	850,072	-	(20,925,113)	-	(20,925,113)	-
Tourism	1,322,691	-	-	-	(1,322,691)	-	(1,322,691)	-
Economic development	3,094,768	54,554	-	-	(3,040,214)	-	(3,040,214)	-
Interest on long-term debt	6,277,802	-	-	-	(6,277,802)	-	(6,277,802)	-
Total governmental activities	170,615,488	17,803,943	22,480,441	215,605	(130,115,499)	-	(130,115,499)	-
Business-type activities								
Water and wastewater	54,497,121	62,300,354	-	-	-	7,803,233	7,803,233	-
Solid waste	15,944,362	16,764,712	-	45,000	-	865,350	865,350	-
Stormwater	6,309,991	5,975,906	-	-	-	(334,085)	(334,085)	-
Public parking	2,056,861	2,216,907	-	-	-	160,046	160,046	-
Total business-type activities	78,808,335	87,257,879	-	45,000	-	8,494,544	8,494,544	-
Total primary government	249,423,823	105,061,822	22,480,441	260,605	(130,115,499)	8,494,544	(121,620,955)	-
Component units								
Lawrence-Douglas County Housing Authority	12,390,923	1,837,131	9,204,104	1,085,121	-	-	-	(264,567)
Lawrence Memorial Hospital	354,904,028	341,555,464	6,222,069	2,133,912	-	-	-	(4,992,583)
Lawrence Memorial Hospital Endowment Association	3,359,956	4,065,988	-	-	-	-	-	706,032
Lawrence Surgery Center, LLC	11,952,591	12,053,747	-	-	-	-	-	101,156
Lawrence Public Library	6,616,101	42,479	734,164	-	-	-	-	(5,839,458)
Total component units	\$ 389,223,599	\$ 359,554,809	\$ 16,160,337	\$ 3,219,033	-	-	-	(10,289,420)
General revenues								
Property and vehicle tax					48,932,115	-	48,932,115	-
Sales, liquor, guest and gas tax					59,729,000	-	59,729,000	-
Franchise tax					8,693,733	-	8,693,733	-
Unrestricted grants and contributions					61,617	-	61,617	5,725,000
Interest income					7,742,341	5,366,082	13,108,423	9,748,010
Miscellaneous					1,700,931	407,691	2,108,622	447,008
Gain on sale of capital assets					619,599	512,520	1,132,119	-
Transfers, net					5,254,000	(5,254,000)	-	-
Total general revenues and transfers					132,733,336	1,032,293	133,765,629	15,920,018
Change in net position					2,617,837	9,526,837	12,144,674	5,630,598
Net position - beginning, as restated					230,305,462	208,811,493	439,116,955	326,634,718
Net position - ending					\$ 232,923,299	\$ 218,338,330	\$ 451,261,629	\$ 332,265,316

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

City of Lawrence, Kansas

**Balance Sheet
Governmental Funds
December 31, 2023**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 21,642,014	\$ 31,888,442	\$ 14,052,466	\$ 53,222,446	\$ 120,805,368
Receivables:					
Taxes	39,067,387	12,007,392	-	8,700,662	59,775,441
Special assessments	-	10,677,313	-	-	10,677,313
Intergovernmental	115,861	-	-	3,948,364	4,064,225
Accounts (net allowance for uncollectibles)	2,648,893	2,424	-	1,841,656	4,492,973
Franchise fees	688,798	-	-	-	688,798
Loans	237,038	-	-	286,073	523,111
Accrued interest	393,172	499,516	143,076	680,852	1,716,616
Leases	395,927	-	-	332,173	728,100
Due from other funds	2,021,608	-	-	-	2,021,608
Prepaid	21,748	-	-	18,643	40,391
Inventories	563,909	-	-	-	563,909
Other assets	-	-	-	80,380	80,380
Restricted assets:					
Cash and investments	83,465	5,045	-	2,389,035	2,477,545
Total assets	<u>\$ 67,879,820</u>	<u>\$ 55,080,132</u>	<u>\$ 14,195,542</u>	<u>\$ 71,500,284</u>	<u>\$ 208,655,778</u>
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 3,977,060	\$ -	\$ 3,319,734	\$ 7,553,164	\$ 14,849,958
Accrued payroll	2,548,081	-	-	101,198	2,649,279
Customer deposits	140,438	-	-	14,296	154,734
Due to other funds	-	-	-	2,021,608	2,021,608
Unearned revenue	1,047,878	-	-	1,606,501	2,654,379
Total liabilities	<u>7,713,457</u>	<u>-</u>	<u>3,319,734</u>	<u>11,296,767</u>	<u>22,329,958</u>
Deferred inflows of resources:					
Leases	380,550	-	-	311,289	691,839
Unavailable revenue	34,095,057	22,684,705	-	9,098,799	65,878,561
Total deferred inflows of resources	<u>34,475,607</u>	<u>22,684,705</u>	<u>-</u>	<u>9,410,088</u>	<u>66,570,400</u>
Total liabilities and deferred inflows of resources	<u>42,189,064</u>	<u>22,684,705</u>	<u>3,319,734</u>	<u>20,706,855</u>	<u>88,900,358</u>
Fund balance:					
Nonspendable	585,657	-	-	18,643	604,300
Restricted	83,465	32,395,427	10,875,808	52,224,797	95,579,497
Assigned	4,810,557	-	-	585,000	5,395,557
Unassigned	20,211,077	-	-	(2,035,011)	18,176,066
Total fund balances	<u>25,690,756</u>	<u>32,395,427</u>	<u>10,875,808</u>	<u>50,793,429</u>	<u>119,755,420</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,879,820</u>	<u>\$ 55,080,132</u>	<u>\$ 14,195,542</u>	<u>\$ 71,500,284</u>	<u>\$ 208,655,778</u>

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, 2023**

Total governmental fund balances		\$ 119,755,420
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 576,863,654	
Accumulated depreciation and amortization	<u>(239,010,410)</u>	337,853,244
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.		
		11,371,053
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		23,882,601
Deferred outflows of resources - OPEB		2,789,238
Deferred inflows of resources - pension		(3,878,893)
Deferred inflows of resources - OPEB		(3,651,991)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		14,233,732
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	(8,457,111)	
Total OPEB liability	(12,042,919)	
Net pension liability	(82,972,181)	
General obligation bonds payable	(108,331,739)	
Temporary note	(30,950,209)	
Financed purchased	(478,915)	
Lease liability	(1,374,319)	
SBITA liability	(3,038,734)	
Accrued interest on the bonds	(1,282,465)	
Pollution remediation liability	<u>(20,502,513)</u>	<u>(269,431,105)</u>
Net position of governmental activities		<u><u>\$ 232,923,299</u></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, 2023**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 76,748,615	\$ 11,249,906	\$ -	\$ 20,662,183	\$ 108,660,704
Special assessments	-	771,610	-	-	771,610
Licenses and permits	1,296,823	-	-	-	1,296,823
Charges for services	14,855,234	-	-	119,604	14,974,838
Fines, forfeitures and penalties	861,856	-	-	29,019	890,875
Investment income	1,216,926	1,374,468	1,735,491	2,621,835	6,948,720
Intergovernmental	1,085,038	84,345	-	26,217,419	27,386,802
Reimbursements	1,004,777	2,424	-	4,007,268	5,014,469
Contributions	61,617	-	-	53,640	115,257
Miscellaneous	582,573	111,264	-	1,581,191	2,275,028
Total revenues	97,713,459	13,594,017	1,735,491	55,292,159	168,335,126
Expenditures:					
Current expenditures:					
General government	7,650,106	31,235	40,237	10,128,638	17,850,216
Public safety	57,009,947	-	-	1,541,447	58,551,394
Public works	13,462,026	-	1,239,592	7,776,255	22,477,873
Health and social services	3,700,926	-	-	10,245,535	13,946,461
Culture and recreation	16,324,548	-	82,695	6,812,238	23,219,481
Tourism	-	-	-	1,276,739	1,276,739
Economic development	452,711	-	-	2,640,983	3,093,694
Capital outlay	1,925,343	-	14,949,484	22,416,977	39,291,804
Debt service:					
Principal retirement	1,203,945	52,357,200	-	187,730	53,748,875
Interest and fiscal charges	49,153	6,734,487	302,073	279	7,085,992
Issuance costs	-	79,963	73,655	-	153,618
Total expenditures	101,778,705	59,202,885	16,687,736	63,026,821	240,696,147
Excess (deficiency) of revenues over expenditures	(4,065,246)	(45,608,868)	(14,952,245)	(7,734,662)	(72,361,021)
Other financing sources (uses):					
Issuance of debt	-	5,505,603	28,873,072	-	34,378,675
Issuance of debt premium	-	1,059,193	781,871	-	1,841,064
Sale of property - proceeds received	497,683	-	-	134,675	632,358
Issuance of SBITA liability	95,680	-	-	146,295	241,975
Transfers in	5,254,000	45,338,370	-	585,000	51,177,370
Transfers out	(983,000)	-	(44,940,370)	-	(45,923,370)
Total other financing sources (uses)	4,864,363	51,903,166	(15,285,427)	865,970	42,348,072
Net change in fund balance	799,117	6,294,298	(30,237,672)	(6,868,692)	(30,012,949)
Fund balance - beginning, as restated	24,891,639	26,101,129	41,113,480	57,662,121	149,768,369
Fund balance - ending	\$ 25,690,756	\$ 32,395,427	\$ 10,875,808	\$ 50,793,429	\$ 119,755,420

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, 2023**

Total net change in fund balances - governmental funds \$ (30,012,949)

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 and other transactions involving capital assets

Capital outlays	\$ 37,554,414	
Net book value of capital asset disposals	(12,759)	
Depreciation and amortization expense	<u>(14,939,080)</u>	22,602,575

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		(34,378,675)
Proceeds on issuance of long-term debt premiums		(1,841,064)
Issuance of SBITA liability		(241,975)
General obligation and temporary notes principal payments		52,357,200
Financed purchase principal payments		113,140
SBITA principal payments		975,837
Lease principal payments		302,698
Amortization of premiums, net		1,634,343

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. (137,804)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (837,595)

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		(432,373)
Pension expense		(6,745,154)
OPEB expense		(40,332)
Change in accrued interest expense		(672,535)
Pollution remediation expense		<u>(27,500)</u>

Changes in net position of governmental activities \$ 2,617,837

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, 2023

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds		
Assets and deferred outflows of resources					
Current assets:					
Cash and investments	\$ 37,820,317	\$ 13,456,078	\$ 14,564,041	\$ 65,840,436	\$ 31,274,474
Receivables (net of allowances for uncollectibles):					
Accounts	7,744,584	2,354,462	803,297	10,902,343	73,467
Accrued interest	807,680	217,422	55,440	1,080,542	542,813
Leases	82,219	-	23,912	106,131	49,062
Inventories	4,372,725	-	-	4,372,725	674,700
Restricted cash:					
Customer deposits	4,399,922	57,189	25	4,457,136	-
Current portion of revenue bonds	9,780,000	-	-	9,780,000	-
Total current assets	65,007,447	16,085,151	15,446,715	96,539,313	32,614,516
Noncurrent assets:					
Restricted cash and investments	60,075,599	-	-	60,075,599	1,694
Land held for resales	-	-	181,874	181,874	-
Leases receivable, noncurrent	202,749	-	57,137	259,886	70,339
Capital assets:					
Land	4,776,418	-	2,324,546	7,100,964	-
Construction in progress	29,490,387	50,241	7,843,863	37,384,491	30,000
Building and improvements	247,986,697	2,737,540	3,859,228	254,583,465	704,842
Equipment	22,501,287	11,006,547	3,292,229	36,800,063	543,131
Infrastructure	191,087,409	-	18,253,572	209,340,981	-
SBITA asset	1,908,210	-	254,609	2,162,819	4,617,402
Less: accumulated depreciation and amortization	(181,452,711)	(8,414,769)	(14,633,218)	(204,500,698)	(1,565,610)
Total capital assets	316,297,697	5,379,559	21,194,829	342,872,085	4,329,765
Total noncurrent assets	376,576,045	5,379,559	21,433,840	403,389,444	4,401,798
Total assets	441,583,492	21,464,710	36,880,555	499,928,757	37,016,314
Deferred outflows of resources:					
Pension related amounts	2,684,566	1,450,847	496,774	4,632,187	2,488,992
OPEB related amounts	633,917	385,422	131,855	1,151,194	527,418
Total deferred outflows of resources	3,318,483	1,836,269	628,629	5,783,381	3,016,410
Total assets and deferred outflows of resources	\$ 444,901,975	\$ 23,300,979	\$ 37,509,184	\$ 505,712,138	\$ 40,032,724

(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, 2023

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds		
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	\$ 8,439,101	\$ 551,939	\$ 301,848	\$ 9,292,888	\$ 2,064,807
Interest payable	1,360,327	-	171,027	1,531,354	29,197
Claims payable	-	-	-	-	2,448,906
Accrued payroll	478,099	238,784	95,260	812,143	292,407
Compensated absences	694,297	268,183	102,716	1,065,196	598,249
Current portion of general obligation bonds payable	-	-	304,112	304,112	-
Current portion of temporary notes payable	-	-	5,701,418	5,701,418	479,000
Current portion of SBITA liability	218,999	-	40,946	259,945	837,797
Total unrestricted current liabilities	11,190,823	1,058,906	6,717,327	18,967,056	6,750,363
Current liabilities payable from restricted assets:					
Customer deposits	1,406,314	28,930	-	1,435,244	-
Current portion of revenue bonds payable	9,780,000	-	-	9,780,000	-
Total current liabilities payable from restricted assets	11,186,314	28,930	-	11,215,244	-
Total current liabilities	22,377,137	1,087,836	6,717,327	30,182,300	6,750,363
Noncurrent liabilities:					
Compensated absences	848,585	327,779	125,542	1,301,906	731,195
General obligation bonds payable	-	-	6,318,574	6,318,574	-
Revenue bonds payable	235,224,141	-	-	235,224,141	-
Temporary notes payable	-	-	-	-	1,264,287
SBITA liability	1,068,340	-	122,845	1,191,185	1,868,769
Net pension liability	8,025,206	4,337,141	1,485,049	13,847,396	7,440,567
Total OPEB liability	2,737,026	1,664,112	569,301	4,970,439	2,277,206
Total noncurrent liabilities	247,903,298	6,329,032	8,621,311	262,853,641	13,582,024
Total liabilities	270,280,435	7,416,868	15,338,638	293,035,941	20,332,387
Deferred inflows of resources:					
Pension related amounts	3,946	2,133	730	6,809	3,656
OPEB related amounts	829,998	504,639	172,640	1,507,277	690,559
Leases	264,667	-	77,116	341,783	117,067
Total deferred inflows of resources	1,098,611	506,772	250,486	1,855,869	811,282
Total liabilities and deferred inflows of resources	\$ 271,379,046	\$ 7,923,640	\$ 15,589,124	\$ 294,891,810	\$ 21,143,669
Net position					
Net investment in capital assets	\$ 120,682,450	\$ 5,329,318	\$ 8,706,934	\$ 134,718,702	\$ (120,088)
Restricted for:					
Debt service	8,211,024	-	-	8,211,024	-
Unrestricted	44,629,455	10,048,021	13,213,126	67,890,602	19,009,143
Total net position	\$ 173,522,929	\$ 15,377,339	\$ 21,920,060	210,820,328	\$ 18,889,055
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				7,518,002	
Net position of business-type activities				<u>\$ 218,338,330</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, 2023

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds		
Operating revenues					
Charges for services	\$ 62,191,261	\$ 16,625,592	\$ 8,147,901	\$ 86,964,754	\$ 37,185,510
Licenses and permits	-	-	17,565	17,565	97,396
Other sales	109,093	139,120	27,347	275,560	583,181
Total operating revenues	62,300,354	16,764,712	8,192,813	87,257,879	37,866,087
Operating expenses					
Continuing operations	29,355,299	14,834,255	6,658,962	50,848,516	6,124,826
Transmission and distribution	5,166,274	-	-	5,166,274	-
General administration	1,556,782	-	-	1,556,782	20,371,904
Health insurance claims	-	-	-	-	12,588,069
Depreciation and amortization	11,179,637	1,077,381	750,656	13,007,674	1,289,494
Total operating expenses	47,257,992	15,911,636	7,409,618	70,579,246	40,374,293
Operating income	15,042,362	853,076	783,195	16,678,633	(2,508,206)
Nonoperating revenues (expenses)					
Investment income	4,115,882	514,832	382,601	5,013,315	1,146,388
Intergovernmental revenue	-	45,000	-	45,000	-
Interest expense	(6,918,272)	-	(732,131)	(7,650,403)	(262,448)
Debt issuance costs	(240,557)	-	(29,212)	(269,769)	-
Gain on sale of capital assets	141,400	310,900	60,220	512,520	-
Rental income	119,405	-	6,000	125,405	19,218
Miscellaneous	168,583	10,031	100,000	278,614	1,514,766
Total nonoperating revenues (expenses)	(2,613,559)	880,763	(212,522)	(1,945,318)	2,417,924
Income before transfers	12,428,803	1,733,839	570,673	14,733,315	(90,282)
Transfers in	-	-	-	-	-
Transfers out	(3,831,000)	(1,066,000)	(357,000)	(5,254,000)	-
Total net transfers out	(3,831,000)	(1,066,000)	(357,000)	(5,254,000)	-
Change in net position	8,597,803	667,839	213,673	9,479,315	(90,282)
Net position, beginning, as restated	164,925,126	14,709,500	21,706,387	201,341,013	18,979,337
Net position, ending	<u>\$ 173,522,929</u>	<u>\$ 15,377,339</u>	<u>\$ 21,920,060</u>	210,820,328	<u>\$ 18,889,055</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				<u>47,522</u>	
Change in net position of business-type activities				<u>\$ 9,526,837</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, 2023

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds		
Cash flows from operating activities:					
Cash received from customers and users	\$ 61,695,087	\$ 16,540,288	\$ 8,174,459	\$ 86,409,834	\$ 39,384,022
Cash paid to suppliers of goods and services	(24,529,321)	(9,565,916)	(4,760,401)	(38,855,638)	(30,619,727)
Cash paid to employees	(8,652,292)	(4,699,476)	(1,453,123)	(14,804,891)	(6,891,586)
Net cash provided by operating activities	28,513,474	2,274,896	1,960,935	32,749,305	1,872,709
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(33,848,281)	(1,707,056)	(3,307,974)	(38,863,311)	-
Proceeds from sale of capital assets	141,400	310,900	60,220	512,520	-
Proceeds from issuance of debt	40,253,512	-	11,240,507	51,494,019	-
Principal payments on general obligation bonds	(525,000)	-	(79,170)	(604,170)	-
Principal payments on revenue bonds	(9,415,000)	-	-	(9,415,000)	-
Principal payments on general obligation temporary notes	-	-	(7,194,630)	(7,194,630)	(475,000)
Principal payments on SBITAs	(134,991)	-	(94,418)	(229,409)	(929,751)
Interest payments on debt	(7,514,466)	-	(601,643)	(8,116,109)	(233,249)
Net cash provided by (used in) capital and related financing activities	(11,042,826)	(1,396,156)	22,892	(12,416,090)	(1,638,000)
Cash flows from noncapital financing activities:					
Intergovernmental revenue	322,921	45,000	-	367,921	-
Miscellaneous income	-	-	100,000	100,000	-
Interfund loan	-	-	(9,611)	(9,611)	-
Transfers out	(3,831,000)	(1,066,000)	(357,000)	(5,254,000)	-
Net cash provided by (used in) noncapital financing activities	(3,508,079)	(1,021,000)	(266,611)	(4,795,690)	-
Cash flows from investing activities:					
Purchase of investments	(449,329,299)	(36,468,834)	(25,290,474)	(511,088,607)	(82,636,364)
Sale of investments	440,322,989	36,147,834	29,760,547	506,231,370	77,916,537
Interest received	3,011,391	211,213	255,821	3,478,425	767,618
Net cash provided by (used in) investing activities	(5,994,919)	(109,787)	4,725,894	(1,378,812)	(3,952,209)
Net increase (decrease) in cash and cash equivalents	7,967,650	(252,047)	6,443,110	14,158,713	(3,717,500)
Cash and cash equivalents, beginning, as restated	9,608,976	540,585	3,292,879	13,442,440	3,437,417
Cash and cash equivalents, ending	\$ 17,576,626	\$ 288,538	\$ 9,735,989	\$ 27,601,153	\$ (280,083)

(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, 2023

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 15,042,362	\$ 853,076	\$ 783,195	\$ 16,678,633	\$ (2,508,206)
Net cash provided by operating activities:					
Depreciation and amortization expense	11,179,637	1,077,381	750,656	13,007,674	1,289,494
Rent receipts	119,405	-	6,000	125,405	19,218
Miscellaneous Income	168,583	10,031	-	178,614	1,506,466
(Increase) decrease in accounts receivable	(944,065)	(236,510)	(23,700)	(1,204,275)	(2,545)
(Increase) decrease in leases receivable	78,624	-	23,059	101,683	47,627
(Increase) decrease in inventories	(339,180)	-	-	(339,180)	(5,824)
(Increase) decrease in prepaids	503,937	-	-	503,937	-
(Increase) decrease in deferred outflows:					
Pension related amounts	211,147	74,177	(116,344)	168,980	105,497
OPEB related amounts	(260,943)	(93,195)	(66,488)	(420,626)	(173,669)
Increase (decrease) in meter deposits payable	53,406	2,055	-	55,461	206
Increase (decrease) in accounts payable	2,038,244	424,319	(159,839)	2,302,724	388,336
Increase (decrease) in claims payable	-	-	-	-	423,236
Increase (decrease) in accrued payroll	59,263	5,031	22,644	86,938	60,521
Increase (decrease) in net pension liability	60,855	142,722	438,718	642,295	304,696
Increase (decrease) in total OPEB liability	796,588	143,769	229,225	1,169,582	436,791
Increase (decrease) in deferred inflows:					
Pension related amounts	(59,823)	(31,451)	(7,647)	(98,921)	(53,480)
OPEB related amounts	111,007	(58,695)	46,631	98,943	8,629
Leases	(81,220)	-	(23,702)	(104,922)	(53,037)
Increase (decrease) in accrued compensated absences	(224,353)	(37,814)	58,527	(203,640)	78,753
Net cash provided by operating activities	\$ 28,513,474	\$ 2,274,896	\$ 1,960,935	\$ 32,749,305	\$ 1,872,709
Noncash capital and related financing activities,					
Capital asset acquisitions in accounts payable	\$ 4,181,950	\$ 50,241	\$ -	\$ 4,232,191	\$ -
Issuance of SBITA liability	-	-	-	-	201,122
Cash and investment amounts reported on the statement of net position:					
Cash and investments	\$ 37,820,317	\$ 13,456,078	\$ 14,564,041	\$ 65,840,436	\$ 31,274,474
Restricted cash - customer deposits	4,399,922	57,189	25	4,457,136	-
Restricted cash - revenue bonds	9,780,000	-	-	9,780,000	-
Restricted cash and investments - noncurrent	60,075,599	-	-	60,075,599	1,694
	\$ 112,075,838	\$ 13,513,267	\$ 14,564,066	\$ 140,153,171	\$ 31,276,168
Reconciliation of amounts reported on the statement of net position:					
Cash and cash equivalents	\$ 17,576,626	\$ 288,538	\$ 9,735,989	\$ 27,601,153	\$ (280,083)
Investments	94,499,212	13,224,729	4,828,077	112,552,018	31,556,251
Total cash and investments	\$ 112,075,838	\$ 13,513,267	\$ 14,564,066	\$ 140,153,171	\$ 31,276,168

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, 2023

	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	\$ 9,460,080	\$ 38,378,162	\$ 1,257,469	\$ 1,168,318	\$ 1,857,575	\$ 52,121,604
Receivables (net of allowances for uncollectibles)	41,633	42,318,974	618,792	1,447,718	-	44,427,117
Accounts receivable - other	241,123	1,040,640	-	-	-	1,281,763
Leases receivable	14,257	1,090,775	-	-	-	1,105,032
Inventories	112,514	5,486,229	-	339,936	-	5,938,679
Prepaid	171,343	4,123,367	-	98,570	-	4,393,280
Restricted cash	245,246	2,585,312	-	-	-	2,830,558
Total current assets	10,286,196	95,023,459	1,876,261	3,054,542	1,857,575	112,098,033
Noncurrent assets:						
Restricted cash and investments	-	75,547,928	-	-	-	75,547,928
Investments	-	-	22,878,598	-	-	22,878,598
Beneficial interests	-	-	6,629,120	-	-	6,629,120
Receivables (net of allowances for uncollectibles)	-	-	828,059	-	-	828,059
Leases receivable	326,473	13,509,836	-	-	-	13,836,309
Other assets	-	1,852,719	-	-	-	1,852,719
Capital assets:						
Capital assets, nondepreciable						
Land	1,128,679	12,592,303	-	-	-	13,720,982
Construction in progress	1,139,706	2,674,271	-	-	188,350	4,002,327
Capital assets, depreciable	32,546,684	428,453,154	-	17,135,732	5,850,636	483,986,206
Less: accumulated depreciation	(19,141,964)	(174,977,501)	-	(3,940,779)	(2,616,191)	(200,676,435)
Total capital assets	15,673,105	268,742,227	-	13,194,953	3,422,795	301,033,080
Total noncurrent assets	15,999,578	359,652,710	30,335,777	13,194,953	3,422,795	422,605,813
Total assets	26,285,774	454,676,169	32,212,038	16,249,495	5,280,370	534,703,846
Deferred outflows of resources:						
Pension related amounts	663,864	-	-	-	930,631	1,594,495
OPEB related amounts	1,212	-	-	-	21,004	22,216
Total deferred outflows of resources	665,076	-	-	-	951,635	1,616,711
Total assets and deferred outflows of resources	26,950,850	454,676,169	32,212,038	16,249,495	6,232,005	536,320,557
Liabilities and deferred inflows of resources						
Liabilities:						
Current liabilities:						
Accounts payable	220,092	10,080,647	5,964	350,234	158,988	10,815,925
Interest payable	-	2,187,113	-	-	-	2,187,113
Accrued payroll and expenses	44,927	19,945,705	-	874,741	122,821	20,988,194
Due to other entities	106,882	720,207	-	-	-	827,089
Unearned revenue	211,719	-	-	-	-	211,719
Other liabilities	197,181	1,686,365	-	-	-	1,883,546
Current portion of compensated absences	53,235	-	-	-	111,240	164,475
Current portion of revenue bonds payable	-	1,500,000	-	-	-	1,500,000
Current portion of finance purchases	-	-	-	251,582	-	251,582
Current portion of notes payable and other financing obligations	-	1,395,151	-	40,653	-	1,435,804
Current portion of SBITA liability	33,010	4,803,980	-	-	-	4,836,990
Current portion of lease liabilities	-	1,135,831	-	1,059,378	-	2,195,209
Total current liabilities	867,046	43,454,999	5,964	2,576,588	393,049	47,297,646
Noncurrent liabilities:						
Compensated absences	43,108	-	-	-	222,480	265,588
Revenue bonds payable	-	77,742,067	-	-	-	77,742,067
SBITA liability	-	34,660,646	-	-	-	34,660,646
Financed purchases	-	-	-	587,911	-	587,911
Lease liabilities	-	3,201,143	-	10,932,736	-	14,133,879
Notes payable and other financing obligations	199,315	9,719,351	-	10,094	-	9,928,760
Total OPEB liability	15,327	-	-	-	44,433	59,760
Net pension liability	2,090,668	-	-	-	2,990,228	5,080,896
Total noncurrent liabilities	2,348,418	125,323,207	-	11,530,741	3,257,141	142,459,507
Total liabilities	3,215,464	168,778,206	5,964	14,107,329	3,650,190	189,757,153
Deferred inflows of resources:						
Pension related amounts	81,530	-	-	-	36,375	117,905
OPEB related amounts	44,249	-	-	-	42,426	86,675
Leases	340,730	13,752,778	-	-	-	14,093,508
Total deferred inflows of resources	466,509	13,752,778	-	-	78,801	14,298,088
Total liabilities and deferred inflows of resources	3,681,973	182,530,984	5,964	14,107,329	3,728,991	204,055,241
Net position						
Net investment in capital assets	15,440,779	134,333,907	-	614,928	3,422,795	153,812,409
Restricted for:						
Capital	-	3,220,434	-	1,237,825	-	4,458,259
Hospital - specific operating activities	-	-	18,063,511	289,413	-	18,352,924
Housing assistance	41,679	-	-	-	-	41,679
Unrestricted	7,786,419	134,590,844	14,142,563	-	(919,781)	155,600,045
Total net position	\$ 23,268,877	\$ 272,145,185	\$ 32,206,074	\$ 2,142,166	\$ 2,503,014	\$ 332,265,316

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, 2023

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position					Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	Lawrence Memorial Hospital Endowment Association	Lawrence Surgery Center, LLC	Lawrence Public Library	
Component units										
Lawrence-Douglas County Housing Authority	\$ 12,390,923	\$ 1,837,131	\$ 9,204,104	\$ 1,085,121	\$ (264,567)	\$ -	\$ -	\$ -	\$ -	\$ (264,567)
Lawrence Memorial Hospital	354,904,028	341,555,464	6,222,069	2,133,912	-	(4,992,583)	-	-	-	(4,992,583)
Lawrence Memorial Hospital Endowment Association	3,359,956	4,065,988	-	-	-	-	706,032	-	-	706,032
Lawrence Surgery Center, LLC	11,952,591	12,053,747	-	-	-	-	-	101,156	-	101,156
Lawrence Public Library	6,616,101	42,479	734,164	-	-	-	-	-	(5,839,458)	(5,839,458)
Total component units	<u>\$ 389,223,599</u>	<u>\$ 359,554,809</u>	<u>\$ 16,160,337</u>	<u>\$ 3,219,033</u>	<u>(264,567)</u>	<u>(4,992,583)</u>	<u>706,032</u>	<u>101,156</u>	<u>(5,839,458)</u>	<u>(10,289,420)</u>
General revenues										
Appropriation from the City					-	-	-	-	5,725,000	5,725,000
Investment income					405,677	6,151,858	3,080,493	4,276	105,706	9,748,010
Miscellaneous					286,465	125,789	-	-	34,754	447,008
Subtotal general revenues					<u>692,142</u>	<u>6,277,647</u>	<u>3,080,493</u>	<u>4,276</u>	<u>5,865,460</u>	<u>15,920,018</u>
Change in net position					427,575	1,285,064	3,786,525	105,432	26,002	5,630,598
Net position - beginning, as restated					<u>22,841,302</u>	<u>270,860,121</u>	<u>28,419,549</u>	<u>2,036,734</u>	<u>2,477,012</u>	<u>326,634,718</u>
Net position - ending					<u>\$ 23,268,877</u>	<u>\$ 272,145,185</u>	<u>\$ 32,206,074</u>	<u>\$ 2,142,166</u>	<u>\$ 2,503,014</u>	<u>\$ 332,265,316</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.

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, pensions, other postemployment benefits, pollution remediation liabilities, 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, interest, entitlements, shared revenues and expenditure-driven grants are all susceptible to accrual. Property taxes and interest intended to finance 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 available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, subject to availability.

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 2023.

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. Most 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 inflows of resource 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, 2023, the City had \$10,677,313 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
Subscription assets	3-15 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)

Subscription-Based Information Technology Arrangements (SBITA): The City has entered into agreements where they subscribe to use a vendors software programs. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date of the agreement, plus certain initial direct costs. Subsequently, the subscription 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 subscriptions and will remeasure the subscription liability and asset if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value and (2) the subscription term.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the agreement.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

The City has a fund balance/net position policy for its 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.

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

	Major Governmental Funds				Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	
Fund balances:					
Nonspendable for:					
Prepays	\$ 21,748	\$ -	\$ -	\$ 18,643	\$ 40,391
Inventories	563,909	-	-	-	563,909
Total nonspendable for	585,657	-	-	18,643	604,300
Restricted for:					
Capital outlay	-	-	10,875,808	24,393,309	35,269,117
Debt service	-	32,395,427	-	-	32,395,427
General government	83,465	-	-	10,308,237	10,391,702
Public safety	-	-	-	1,152,197	1,152,197
Public works	-	-	-	9,445,376	9,445,376
Health and social services	-	-	-	2,785,633	2,785,633
Culture and recreation	-	-	-	1,198,561	1,198,561
Tourism	-	-	-	2,148,216	2,148,216
Economic development	-	-	-	793,268	793,268
Total restricted for	83,465	32,395,427	10,875,808	52,224,797	95,579,497
Assigned for:					
General government	108,505	-	-	146,000	254,505
Public safety	1,383,974	-	-	-	1,383,974
Public works	2,605,050	-	-	89,000	2,694,050
Health and social services	39,282	-	-	350,000	389,282
Culture and recreation	669,746	-	-	-	669,746
Economic development	4,000	-	-	-	4,000
Total assigned for	4,810,557	-	-	585,000	5,395,557
Unassigned	20,211,077	-	-	(2,035,011)	18,176,066
	<u>\$ 25,690,756</u>	<u>\$ 32,395,427</u>	<u>\$ 10,875,808</u>	<u>\$ 50,793,429</u>	<u>\$ 119,755,420</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 \$30,951,282 for debt service and \$2,785,633 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.

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-Douglas County 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 2. Reporting Entity (Continued)

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.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 2. Reporting Entity (Continued)

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 provides services that almost exclusively benefit 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, 2023, the City's carrying values of cash and investments are summarized as follows:

Cash:	
Deposits	\$ 27,022,810
Certificates of deposit	140,005,000
Petty cash	50
Total cash	<u>167,027,860</u>
Investments:	
Kansas Municipal Investment Pool	3,147,293
U.S. Treasury notes	23,988,385
U.S. Treasury bills	17,193,178
U.S. Federal Agency issues	82,652,981
Municipal Bonds	339,882
Mutual Funds	362,673
Total investments	<u>127,684,392</u>
Total cash and investments	<u>\$ 294,712,252</u>

Fair value measurements: The City categorizes its assets measured at fair value within the hierarchy established by generally accepted accounting principles. Assets valued at fair value are categorized based on inputs to valuation techniques as follows:

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

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

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

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

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

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

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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

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, 2023, the City held the following investments:

	Balance	Rating	Maturity	Fair Value Hierarchy Level
Investments by fair value level:				
Federal Agency issues:				
Federal Home Loan Bank (FHLB)	\$ 79,776,631	Moody's Aaa	4/5/2024 to 6/30/2025	2
Federal Farm Credit Bank (FFCB)	2,876,350	Moody's Aaa	1/12/24 to 3/28/2025	2
Municipal Bonds	339,882	Moody's Aaa	9/1/2024	2
Mutual Funds	362,673	N/A	N/A	1
U.S. Treasury notes	23,988,385	Moody's Aaa	5/15/2024 to 5/15/2025	2
U.S. Treasury bills	17,193,178	Moody's Aaa	2/14/2024 to 6/20/2024	2
	<u>124,537,099</u>			
Investments measured by the net asset value (NAV)				
Kansas Municipal Investment Pool	3,147,293	N/A	Current	
	<u>\$ 127,684,392</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, 2023, the City had \$3,147,293 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, 2023, the City's investments include FHLB, which represent 62% 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, 2023, is as follows:

	Primary Government			Total
	General	Debt Service	Other	
	Fund	Fund	Governmental Funds	
Property taxes	\$ 27,751,024	\$ 10,333,618	\$ 7,061,759	\$ 45,146,401
Motor vehicle taxes	1,968,274	916,288	398,761	3,283,323
Utility franchise taxes	8,764,278	-	-	8,764,278
Sales tax	38,265,039	-	13,201,663	51,466,702
Total	<u>\$ 76,748,615</u>	<u>\$ 11,249,906</u>	<u>\$ 20,662,183</u>	<u>\$ 108,660,704</u>

Included in intergovernmental revenue in the governmental fund financial statements are also approximately \$7.8 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, 2023, were as follows:

	Primary Government			Total
	General	Debt Service	Library	
	Fund	Fund	Funds	
Levy	\$ 21.142	\$ 7.956	\$ 4.109	\$ 33.207

Note 5. Leases Receivable

The City is the lessor in several real estate and fiber optic cable lease agreements, which expire 2024 through 2037. Annual payments increase periodically on several of the leases based upon the terms of the agreements. Rental and interest revenues recognized during the year ended December 31, 2023 were approximately \$234,000 and \$42,000, 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 2025 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, 2023 and 2022, were approximately \$1,821,000 and \$1,424,000, respectively, which includes both lease revenue and interest.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Leases Receivable (Continued)

The following schedule is the Hospital's expected future minimum lease payments by year as of December 31, 2023:

	Principal	Interest	Total
Year ending December 31,			
2024	\$ 1,090,775	\$ 568,870	\$ 1,659,645
2025	1,138,751	523,210	1,661,961
2026	1,146,358	476,026	1,622,384
2027	1,106,850	430,336	1,537,186
2028	1,008,770	386,413	1,395,183
2029 - 2033	4,274,559	1,384,920	5,659,479
2034 - 2038	3,502,710	634,122	4,136,832
2039 - 2040	1,331,838	47,106	1,378,944
	\$ 14,600,611	\$ 4,451,003	\$ 19,051,614

Note 6. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended December 31, 2023:

Type of Issue	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 103,726,176	\$ 5,505,603	\$ 7,416,830	\$ 101,814,949	\$ 7,592,888
General obligation bonds premium	5,860,849	1,059,193	403,252	6,516,790	-
General obligation bonds, net	109,587,025	6,564,796	7,820,082	108,331,739	7,592,888
General obligation temporary note	48,857,370	28,873,072	45,415,370	32,315,072	29,352,582
General obligation temporary note premium	827,644	781,871	1,231,091	378,424	-
General obligation temporary note, net	49,685,014	29,654,943	46,646,461	32,693,496	29,352,582
Financed purchase	592,055	-	113,140	478,915	115,716
Lease liability	1,677,017	-	302,698	1,374,319	318,542
SBITA liability	7,207,891	442,997	1,905,588	5,745,300	1,562,712
Compensated absences	9,280,370	1,917,770	1,411,585	9,786,555	4,403,949
Net pension liability	85,100,646	5,312,102	-	90,412,748	-
Total OPEB liability	11,942,693	2,377,432	-	14,320,125	-
Pollution remediation liability	20,475,013	27,500	-	20,502,513	1,276,231
Total	\$ 295,547,724	\$ 46,297,540	\$ 58,199,554	\$ 283,645,710	\$ 44,622,620

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

See Note 17 for information on the restatement due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Type of Issue	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 1,589,824	\$ 4,949,397	\$ 604,170	\$ 5,935,051	\$ 304,112
General obligation premium	109,270	589,694	11,329	687,635	-
General obligation, net	1,699,094	5,539,091	615,499	6,622,686	304,112
General obligation temporary note	7,194,630	5,701,418	7,194,630	5,701,418	5,701,418
Revenue bonds	197,910,000	37,840,000	9,415,000	226,335,000	9,780,000
Revenue bonds premium	17,367,632	2,413,512	1,112,003	18,669,141	-
Revenue bonds, net	215,277,632	40,253,512	10,527,003	245,004,141	9,780,000
SBITA liability	1,680,539	-	229,409	1,451,130	259,945
Compensated absences	2,570,742	465,216	668,856	2,367,102	1,065,196
Net pension liability	13,205,101	642,295	-	13,847,396	-
Total OPEB liability	3,800,857	1,169,582	-	4,970,439	-
Total	\$ 245,428,595	\$ 53,771,114	\$ 19,235,397	\$ 279,964,312	\$ 17,110,671

The total OPEB liability and compensated absences are generally liquidated from the fund in which the employees are paid.

The general obligation temporary notes mature between 2024 and 2025. The City does not intend to pay them off early.

Kansas statutes limit the amount of general obligation debt a city may issue to 30% of total assessed valuation. On December 31, 2023 the debt limitation for the City of Lawrence was \$393 million. The City's general obligation debt and temporary notes as of December 31, 2023 was \$153 million. This is approximately 39% of the maximum allowed under statutes. More information on the City's debt limit may be found in table 13 of the statistical section of this 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:

Year ending December 31,	Principal	Interest	Total
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
	\$ 478,915	\$ 24,716	\$ 503,631

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

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 December 31, 2023, principal and interest paid were \$302,698 and \$72,144, respectively.

Lease liability maturities are as follows:

	Principal	Interest	Total to be Paid
Year ending December 31,			
2024	\$ 318,542	\$ 44,445	\$ 362,987
2025	335,331	16,692	352,023
2026	276,121	21,849	297,970
2027	292,489	11,441	303,930
2028	151,836	1,635	153,471
	<u>\$ 1,374,319</u>	<u>\$ 96,062</u>	<u>\$ 1,470,381</u>

SBITA liability: The City has entered into various subscription-based information technology arrangements. The agreements require annual payments ranging from \$17,000 to \$596,000. During the year ended December 31, 2023, principal and interest paid were \$2,134,997 and \$181,339, respectively.

SBITA liability maturities are as follows:

	Principal	Interest	Total to be Paid
Year ending December 31,			
2024	\$ 1,822,657	\$ 159,670	\$ 1,982,327
2025	1,789,680	134,718	1,924,398
2026	1,822,008	79,654	1,901,662
2027	896,395	39,900	936,295
2028	450,836	16,547	467,383
2029-2033	273,807	29,138	302,945
2034-2035	141,047	3,827	144,874
	<u>\$ 7,196,430</u>	<u>\$ 463,454</u>	<u>\$ 7,659,884</u>

Arbitrage: The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The City has no arbitrage liability for tax-exempt debt as of December 31, 2023.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

General obligation bonds and temporary notes and revenue bonds, at December 31, 2023 are 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	2012A	2024	2.000-3.000	\$ 7,710,000	\$ 530,000	\$ 530,000
Internal improvement	2013	2025	2.000-4.000	4,405,000	790,000	390,000
Internal improvement	2014A	2024	2.000-5.000	25,065,000	16,005,000	1,225,000
Internal improvement	2014B	2024	3.000-4.000	18,440,000	11,705,000	900,000
Internal improvement	2015	2030	2.000-3.000	9,450,000	4,890,000	640,000
Internal improvement	2017A	2027	2.000-2.500	3,030,000	1,295,000	315,000
Green internal improvement	2017B	2039	1.000-3.375	11,375,000	9,065,000	320,000
Internal improvement	2017C	2027	0.950-2.400	654,000	275,000	67,000
Internal improvement	2017D	2038	2.875-5.000	13,975,000	9,645,000	895,000
Internal improvement	2019A	2039	3.000-3.250	3,880,000	2,635,000	345,000
Internal improvement	2020A	2040	2.000-3.625	5,775,000	5,170,000	235,000
Refunding	2020B	2034	1.000-1.850	2,325,000	1,820,000	165,000
Internal improvement *	2021A	2051	2.000-4.000	29,740,000	27,875,000	1,135,000
Internal improvement *	2022A	2042	3.000-5.000	5,800,000	5,595,000	295,000
Internal improvement *	2023A	2043	3.875-5.000	10,455,000	10,455,000	440,000
					<u>107,750,000</u>	<u>7,897,000</u>
General obligation temporary notes:						
Internal improvement	2021-II	2025	1.020	3,917,000	3,442,000	479,000
Internal improvement	2023-I	2024	5.000	34,575,000	34,574,490	34,575,000
					<u>38,016,490</u>	<u>35,054,000</u>
Revenue bonds:						
Water and sewerage improvement	2015A	2040	2.000-5.000	85,375,000	69,595,000	3,020,000
Water and sewerage improvement refunding	2015B	2025	3.000-5.000	8,960,000	1,885,000	930,000
Water and sewerage improvement	2016A	2036	2.625-5.000	58,810,000	42,240,000	2,940,000
Water and sewerage improvement	2017A	2037	1.320-5.000	17,195,000	12,850,000	835,000
Water and sewerage improvement	2018	2038	3.500-4.000	20,070,000	16,565,000	795,000
Water and sewerage improvement	2021	2042	1.750-4.000	46,560,000	45,360,000	1,260,000
Water and sewerage improvement	2023	2044	4.000-5.000	37,840,000	37,840,000	-
					<u>226,335,000</u>	<u>9,780,000</u>
					<u>\$ 372,101,490</u>	<u>\$ 52,731,000</u>

* The Series 2021A bonds are split with 99% (\$29,460,803) reported in governmental activities and 1% (\$279,197) 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. The Series 2023A bonds are split with 53% (\$5,505,603) reported in governmental activities and 47% (\$4,949,397) reported in business-type activities. The Series 2023-I general obligation temporary notes are split 84% (\$28,873,583) reported in governmental activities and 16% (\$5,701,417) 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 2023, the City issued \$37,840,000 in water and sewage system improvement revenue bonds, series 2023, for paying various water and sewage system infrastructure projects within the City. The Revenue Bonds are due in annual installments of \$725,000 to \$2,845,000 through November 2044, with interest due in semiannual installments at rates from 4.250% to 5.000%.

In 2023, the City issued \$10,445,000 in general obligation improvement bonds, series 2023-A, for paying for the cost of certain public improvement projects within the City. The general obligation bonds are due in annual installments of \$305,000 to \$755,000 through September 2043, with interest due in semiannual installments at rates from 3.875% to 5.000%.

In 2023, the City issued \$34,575,000 in general obligation temporary notes, series 2023-I, for paying a portion of the costs of certain public improvements within the City and repaying the General Obligation Temporary Notes Series 2022-I. The General Obligation Temporary Notes, Series 2023-I are due May 1, 2024, 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 2024 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, 2023, are as follows:

Year ending:	Governmental Activities		Business-Type Activities		Total Due
	Principal	Interest	Principal	Interest	
2024	\$ 7,592,889	\$ 3,333,485	\$ 304,111	\$ 356,245	\$ 11,586,730
2025	7,302,291	2,973,360	405,709	258,904	10,940,264
2026	7,134,379	2,726,505	424,621	238,731	10,524,236
2027	7,115,099	2,480,847	445,901	217,617	10,259,464
2028	6,292,282	2,216,730	382,718	195,444	9,087,174
2029 - 2033	31,546,120	7,768,551	1,798,880	712,898	41,826,449
2034 - 2038	19,779,992	3,351,824	1,010,008	352,165	24,493,989
2039 - 2043	9,021,897	1,183,411	1,163,103	131,464	11,499,875
2044 - 2048	3,650,000	486,088	-	-	4,136,088
2049 - 2051	2,380,000	101,894	-	-	2,481,894
	<u>\$ 101,814,949</u>	<u>\$ 26,622,695</u>	<u>\$ 5,935,051</u>	<u>\$ 2,463,468</u>	<u>\$ 136,836,163</u>

The future annual requirements for revenue bonds outstanding as of December 31, 2023, are as follows:

Year ending:	Business-Type Activities		
	Principal Due	Interest Due	Total Due
2024	\$ 9,780,000	\$ 8,401,636	\$ 18,181,636
2025	10,895,000	8,224,513	19,119,513
2026	11,390,000	7,754,913	19,144,913
2027	11,890,000	7,252,663	19,142,663
2028	12,410,000	6,727,813	19,137,813
2029 - 2033	66,165,000	25,752,200	91,917,200
2034 - 2038	65,925,000	13,453,656	79,378,656
2039 - 2043	35,035,000	3,504,106	38,539,106
2044	2,845,000	120,913	2,965,913
	<u>\$ 226,335,000</u>	<u>\$ 81,192,413</u>	<u>\$ 307,527,413</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.

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. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the City for any of those bonds. At December 31, 2023, total outstanding conduit debt was \$149,003,064.

Pledged revenues: The City has pledged future water and wastewater operating revenues, net of specified operating expenses, to repay \$307,527,413 in water and wastewater revenue and revenue refunding bonds. The bonds are payable solely from water and wastewater net revenues and are payable through 2044. 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 \$16,675,294 and \$21,334,073, respectively. This equates to a net revenue/debt ratio of 1.28 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	\$ 74,865,000	\$ -	\$ 1,430,000	\$ 73,435,000	\$ 1,500,000
Unamortized premiums	6,200,932	-	393,865	5,807,067	-
Note from direct borrowing	8,734,132	-	289,305	8,444,827	301,091
Other financing obligations	3,844,097	-	1,174,422	2,669,675	1,094,060
Lease liability	5,312,999	107,212	1,083,237	4,336,974	1,135,831
Subscription liabilities	43,981,041	665,593	5,182,008	39,464,626	4,803,980
Total long-term debt	<u>\$ 142,938,201</u>	<u>\$ 772,805</u>	<u>\$ 9,552,837</u>	<u>\$ 134,158,169</u>	<u>\$ 8,834,962</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 2023, 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	\$ 73,435,000	\$ 1,500,000

Note from direct borrowing: The Hospital's outstanding note from direct borrowing of \$8,444,827 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, 2023, are as follows:

Year ending December 31,	Total to be Paid	Bonds		Direct Borrowings	
		Principal	Interest	Principal	Interest
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	5,655,717	1,825,000	3,197,313	353,240	280,164
2029 - 2033	28,271,086	10,580,000	14,524,065	1,994,164	1,172,857
2034 - 2038	28,271,636	13,185,000	11,919,615	2,434,867	732,154
2039 - 2043	28,278,901	16,900,000	8,792,500	2,382,570	203,831
2044 - 2048	28,271,500	24,480,000	3,791,500	-	-
	<u>\$ 141,364,458</u>	<u>\$ 73,435,000</u>	<u>\$ 55,841,995</u>	<u>\$ 8,444,827</u>	<u>\$ 3,642,636</u>

Other financing obligations: The Hospital is obligated under certain financings for purchase of equipment totaling approximately \$2,670,000 at December 31, 2023. 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, 2023:

Year ending December 31,	Total to be Paid	Principal	Interest
2024	\$ 1,281,823	\$ 1,135,831	\$ 145,992
2025	763,025	646,291	116,734
2026	341,232	241,800	99,432
2027	322,181	233,043	89,138
2028	310,251	231,276	78,975
2029 - 2033	1,584,932	1,340,472	244,460
2034 - 2036	531,125	508,261	22,864
	<u>\$ 5,134,569</u>	<u>\$ 4,336,974</u>	<u>\$ 797,595</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 17,004,994	\$ 917,778	\$ -	\$ 17,922,772
Construction in progress	13,384,823	14,055,613	8,528,604	18,911,832
Total capital assets, not being depreciated/amortized	30,389,817	14,973,391	8,528,604	36,834,604
Capital assets being depreciated/amortized:				
Buildings	136,989,778	8,559,598	-	145,549,376
Improvements other than buildings	55,392,588	2,747,482	-	58,140,070
Machinery and equipment	54,426,868	5,656,809	1,120,769	58,962,908
Infrastructure	258,797,573	13,903,763	-	272,701,336
Right to use leased assets	1,961,384	-	-	1,961,384
SBITA assets	8,166,354	442,997	-	8,609,351
Total capital assets, being depreciated/amortized	515,734,545	31,310,649	1,120,769	545,924,425
Less accumulated depreciation/amortization for:				
Buildings	64,040,723	4,457,671	-	68,498,394
Improvements other than buildings	30,691,290	1,923,618	-	32,614,908
Machinery and equipment	32,931,657	4,280,900	1,108,011	36,104,546
Infrastructure	96,397,385	5,082,444	-	101,479,829
Right to use lease assets	322,980	349,968	-	672,948
SBITA assets	-	1,205,395	-	1,205,395
Total accumulated depreciation/amortization	224,384,035	17,299,996	1,108,011	240,576,020
Total capital assets being depreciated/amortized, net	291,350,510	14,010,653	12,758	305,348,405
Governmental activities capital assets, net	\$ 321,740,327	\$ 28,984,044	\$ 8,541,362	\$ 342,183,009
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 7,074,750	\$ 26,214	\$ -	\$ 7,100,964
Construction in progress	25,168,584	22,931,246	10,715,339	37,384,491
Total capital assets, not being depreciated/amortized	32,243,334	22,957,460	10,715,339	44,485,455
Capital assets being depreciated/amortized:				
Buildings	87,708,754	122,866	-	87,831,620
Improvements other than buildings	166,146,062	605,783	-	166,751,845
Machinery and equipment	34,123,262	3,664,642	987,841	36,800,063
Infrastructure	185,599,150	23,741,831	-	209,340,981
SBITA assets	2,162,819	-	-	2,162,819
Total capital assets, being depreciated/amortized	475,740,047	28,135,122	987,841	502,887,328
Less accumulated depreciation/amortization for:				
Buildings	38,337,303	1,890,531	-	40,227,834
Improvements other than buildings	52,311,665	3,865,901	-	56,177,566
Machinery and equipment	18,293,419	2,909,783	974,961	20,228,241
Infrastructure	83,525,598	3,656,147	-	87,181,745
SBITA assets	-	685,312	-	685,312
Total accumulated depreciation/amortization	192,467,985	13,007,674	974,961	204,500,698
Total capital assets being depreciated/amortized, net	283,272,062	15,127,448	12,880	298,386,630
Business-type activities capital assets, net	\$ 315,515,396	\$ 38,084,908	\$ 10,728,219	\$ 342,872,085

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	\$ 13,565,982	\$ 155,000	\$ -	\$ 13,720,982
Construction in progress	4,549,891	4,093,824	4,641,388	4,002,327
Total capital assets, not being depreciated	18,115,873	4,248,824	4,641,388	17,723,309
Capital assets being depreciated:				
Buildings	281,314,078	5,526,623	332,048	286,508,653
Improvements other than buildings	9,338,475	417,450	70,867	9,685,058
Collection	3,591,613	724,007	492,676	3,822,944
Machinery and equipment	110,180,913	5,526,807	4,306,034	111,401,686
Leased assets - buildings	15,786,023	-	-	15,786,023
Leased assets - equipment	5,480,242	107,212	-	5,587,454
SBITA assets	50,218,461	1,129,177	153,250	51,194,388
Total capital assets, being depreciated	475,909,805	13,431,276	5,354,875	483,986,206
Less accumulated depreciation for:				
Buildings	95,233,458	7,420,240	332,048	102,321,650
Improvements other than buildings	3,681,052	453,598	70,867	4,063,783
Collection	1,033,261	427,456	302,932	1,157,785
Machinery and equipment	73,571,055	7,220,350	4,245,629	76,545,776
Leased assets - buildings	864,608	1,468,811	-	2,333,419
Leased assets - equipment	1,181,873	637,369	-	1,819,242
SBITA assets	6,115,239	6,472,791	153,250	12,434,780
Total accumulated depreciation	181,680,546	24,100,615	5,104,726	200,676,435
Total capital assets being depreciated, net	294,229,259	(10,669,339)	250,149	283,309,771
Component unit capital assets, net	\$ 312,345,132	\$ (6,420,515)	\$ 4,891,537	\$ 301,033,080

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

Governmental activities:	
General government	\$ 4,069,627
Public safety	4,792,823
Public works	3,223,863
Social services	521,857
Culture and recreation	3,369,579
Economic Development	-
Tourism	32,753
	<u>16,010,502</u>

Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,289,494
Total depreciation and amortization expense, governmental activities	<u>\$ 17,299,996</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets (Continued)

Business-type activities:	
Water and wastewater	\$ 11,179,637
Solid waste	1,077,381
Parking	51,872
Stormwater	698,784
Total depreciation expense, business-type activities	<u>\$ 13,007,674</u>
Component units:	
Lawrence-Douglas County Housing Authority	\$ 952,252
Lawrence Surgery Center	1,157,240
Lawrence Memorial Hospital	21,466,275
Lawrence Public Library	524,848
Total depreciation expense, component units	<u>\$ 24,100,615</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, 2023.

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	8.43%	8.43%
Police and firefighters	22.86%	22.86%

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 2023 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, 2023, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2023. The City's contributions to the plan during the measurement period were \$3,314,522 and \$6,434,870 for the Local and Police and Fire groups, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2023, the City's proportion for the Local employees group was 1.762%, which was an increase of 0.068% from its proportion measured at June 30, 2022. At June 30, 2023, the City's proportion for the Police and Firefighters group was 4.214%, which was a decrease of 0.268% from its proportion measured at June 30, 2022.

Net pension liability: At December 31, 2023, the City reported a liability of \$36,959,714 and \$67,300,430 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 \$104,260,144 as of December 31, 2023.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023 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 as of the most recent experience study dated January 7, 2020 as provided by KPERs' investment consultant 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 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERs, the Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so. Based on legislation first passed in 1993, the employer contribution rates certified by KPERs Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.00 percent for Fiscal Year 2015, 1.10 percent for Fiscal Year 2016 and 1.20 percent for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

In 2015, S.B. 4, reduced the previously certified State/School statutory rate from 11.27 percent to 8.65 percent for the last half of Fiscal Year 2015. That same session, S.B. 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1.0 billion in pension obligation bonds.

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

Legislation in the 2016 session (S.B. 161) provided for the delay of up to \$100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for S.B. 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for H.B. 2052 delayed \$64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

Additional legislation in the 2017 Session (S. Sub for H.B. 2002) provided for a reduction of \$194.0 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivables by the System.

The 2018 Legislature passed H. Sub for S.B. 109 that provided additional contributions to the school group of \$56.0 million in Fiscal Year 2018 and \$82.0 million in Fiscal Year 2019.

The 2019 Legislature passed S.B. 9 that provided additional contributions to the school group of \$115.0 million in Fiscal Year 2019. H. Sub for S.B. 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of \$51.0 million.

The 2021 Legislature passed H.B. 2405, which authorizes the state of Kansas to issue bonds with net proceeds of \$500.0 million to fund a portion of the School's unfunded actuarial liability. S.B. 159 recertified the State/ School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09 percent to 13.33 percent and Fiscal Year 2023 from 13.86 percent to 13.11 percent. The bond proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed S.B. 421, which authorized the state of Kansas to transfer \$1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first \$253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining \$871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, \$600.0 million was transferred to the System. S.B. 421 authorized two additional transfers totaling \$271.0 million in Fiscal Year 2023 (reflected in the projected cash flows of the System).

Based on the employer contribution history described above, it is a reasonable assumption that the State/School group's contribution rate may not be certified at the statutory rate at some point in the future. It has been assumed that the contribution rates will be made within the same range as have been seen in the past few years. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/ School group are sufficient to avoid a depletion date.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

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	\$ 52,996,285	\$ 36,959,714	\$ 23,599,579
Police and firefighters	90,755,087	67,300,430	47,717,765
Total	<u>\$ 143,751,372</u>	<u>\$ 104,260,144</u>	<u>\$ 71,317,344</u>

Pension expense: For the year ended December 31, 2023, the City recognized total pension expense of \$17,723,531 which is comprised of local pension expense of \$6,278,469 and Police and Firefighters pension expense of \$11,445,062.

Deferred outflows of resources and deferred inflows of resources: At December 31, 2023, 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	\$ 3,072,415	\$ 5,205
Net differences between projected and actual earnings on investments	2,158,652	-
Changes in assumptions	3,917,215	-
Changes in proportion	1,524,901	12,968
Total	<u>10,673,183</u>	<u>18,173</u>
Police and Firefighters:		
Differences between actual and expected experience	6,230,575	-
Net differences between projected and actual earnings on investments	3,031,801	-
Changes in assumptions	5,449,083	-
Changes in proportion	605,788	3,871,185
Total	<u>15,317,247</u>	<u>3,871,185</u>
Total:		
Differences between actual and expected experience	9,302,990	5,205
Net differences between projected and actual earnings on investments	5,190,453	-
Changes in assumptions	9,366,298	-
Changes in proportion	2,130,689	3,884,153
Total	<u>25,990,430</u>	<u>3,889,358</u>
City contributions subsequent to measurement date for both groups	5,013,350	-
Total	<u>\$ 31,003,780</u>	<u>\$ 3,889,358</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

\$5,013,350 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, 2024. 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
2024	\$ 3,584,127	\$ 3,935,991	\$ 7,520,118
2025	2,192,539	2,235,104	4,427,643
2026	4,017,599	4,635,321	8,652,920
2027	838,922	623,012	1,461,934
2028	21,823	16,634	38,457
	<u>\$ 10,655,010</u>	<u>\$ 11,446,062</u>	<u>\$ 22,101,072</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, 2023, the following funds had interfund receivables and payables to the following funds:

	<u>Due From Other Funds</u>
	<u>General Fund</u>
Due to other funds, other governmental funds	<u>\$ 2,021,608</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, 2023, follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General	\$ 983,000	\$ 5,254,000
Debt service	-	45,338,370
Capital projects	44,940,370	-
Other governmental	-	585,000
Water and wastewater	3,831,000	-
Solid waste	1,066,000	-
Internal service funds	-	-
Nonmajor proprietary	357,000	-
	<u>\$ 51,177,370</u>	<u>\$ 51,177,370</u>

The City uses interfund transfers to share administrative costs between the enterprise and general funds. The water and wastewater fund, the solid waste fund and the stormwater fund transferred \$3,831,000, \$1,066,000 and \$357,000, respectively, to the general fund in lieu of franchise fees for various utilities. The general fund transferred \$585,000 to nonmajor governmental funds. The capital projects fund transferred \$44,940,370 to the debt service fund for a bond payment. 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, 2023, the City had construction contract commitments totaling \$102,360,966. The City expects to receive the contracted services during fiscal year 2024.

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

Description	Authorized	Expended	Remaining Authority
Kansas River WWTP IMPRVMTS and NR	\$ 71,369,829	\$ 10,294,448	\$ 61,075,382
Wakarusa - Research Pkwy to 23rd St	10,258,215	2,379,094	7,879,121
6th Street - Iowa to Mass St	9,624,677	1,806,639	7,818,038
2023 Street Maintenance - Phase 2	5,527,827	437,127	5,090,700
New York St 24" Transm Wtr Main Rhb	4,117,650	2,507,374	1,610,276
6th & Schwarz Rd ADA Improvements	1,500,000	166,549	1,333,451
Pump Station 4 Rehabilitation	1,019,345	77,352	941,993
17th & Alabama Drainage Improvements	7,584,053	6,662,053	922,000
Vermont St Bridge Watermain Replmnt	1,540,136	663,187	876,949
Stratford Water Tower Replacement	6,186,863	5,323,490	863,374
K-10 West Leg Exp-Utility Relocates	1,088,102	224,843	863,259
Queens Road-6th St to N. City Limit	6,085,573	5,327,269	758,304
2022 Pedestrian Improvements	802,116	66,400	735,716
Enterprise Resource Planning System	3,587,009	2,918,713	668,296
Stormwtr Syst Id Assessmnt & Model	3,775,947	3,123,446	652,501
Kaw & Clinton WTP MEP Improvements	5,825,408	5,192,513	632,895
Jayhawk Watershed-9th & Mississippi	1,735,575	1,149,282	586,293
MSO Operations Campus - Phase 1	904,000	350,406	553,594
23rd St-Haskell Bridge E City Limit	16,358,443	15,810,847	547,596
FFY2021 FTA 5307 Formula Funds	986,503	508,473	478,030
Advanced Metering Infrastructure	9,388,595	8,991,529	397,066
T-Hangar Taxilns & Taxiway C Rehab	750,065	364,031	386,034
Airport Layout Plan Update	380,011	-	380,011
2023 Asset Management Program	374,490	-	374,490
2022 Kaw WTP Infrastructure Rehab	498,524	135,139	363,385
Multi Modal Facility	1,722,397	1,387,597	334,800
Iowa St-Irving Hill Road to 23rd St	396,640	79,290	317,350
Water Distribution Master Plan	373,429	74,642	298,787
FEDERAL HOME Investment Partnership	290,000	-	290,000
2023 Crack Seal Program	280,000	-	280,000
23 Neighborhood Traffic Mgmnt Progr	316,915	44,498	272,418
Kaw & Clinton Condition Assessment	266,990	-	266,990
6th and Queens Road Intersection BD	437,915	173,254	264,661
WWTP Annual Improvements - 2 Plants	261,226	-	261,226
Modular Homes Project	722,765	487,441	235,324
Lawrence Loop-7th St - Constant Prk	268,562	34,962	233,600
Wastewater Col System PrevMaint Eval	548,813	326,411	222,402
Asset Management Software	448,864	232,995	215,869
subtotal forward	177,603,472	77,321,294	100,282,181

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 10. Commitments and Contingencies (Continued)

Description	Authorized	Expended	Remaining Authority
subtotal forwarded	\$ 177,603,472	\$ 77,321,294	\$ 100,282,181
FEDERAL Community Development Block	271,680	59,538	212,142
Westdale Road Sewer Rehab	194,200	-	194,200
2023 Facility Maintenance Program	185,000	-	185,000
Water Maintenance Program	158,000	-	158,000
Maple Ln Storm WW & Watermain Imprv	568,618	411,407	157,211
Transit Bus Stop Improvements PH3	149,694	1,484	148,210
HOME Investment Partnerships Pgm 22	267,864	124,768	143,096
Rehabilitate Airport Apron	136,000	10,371	125,629
Transmission Main Assessment	429,500	307,297	122,203
S Iowa Traffic Signal Improvements	1,545,481	1,433,904	111,577
YSC - 4 Artificial Turf Fields	164,115	54,295	109,820
Land Development Code Update	383,650	278,661	104,989
Broken Arrow Park-Shelter ADA Compl	114,487	11,459	103,028
N 2nd/3rd St Tunnel to N City Limit	219,808	117,183	102,625
2022 Facility Maintenance Program	115,579	14,524	101,055
	<u>\$ 182,507,148</u>	<u>\$ 80,146,185</u>	<u>\$ 102,360,966</u>

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, 2023, the City had a total of \$33,802,936 in encumbrances, which are reported as part of the governmental fund balance sheet as follows:

	Assigned	Restricted	Total
General Fund	\$ 4,810,557	\$ -	\$ 4,810,557
Capital Projects Fund	-	14,415,822	14,415,822
Other governmental funds	-	14,576,557	14,576,557
	<u>\$ 4,810,557</u>	<u>\$ 28,992,379</u>	<u>\$ 33,802,936</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. The City addresses potential risk by purchasing various commercial insurance policies for certain insurable causes of loss, with the exception of workers' compensation and employee health insurance. Other miscellaneous coverage purchased includes underground storage tank liability, fiduciary liability and cyber liability. In certain cases, the City retains risks up to the individual policy deductible amounts. Settled claims have not exceeded the commercial limits in any of the past three fiscal years.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 10. Commitments and Contingencies (Continued)

Under the City's risk management program, the City retains risk for up to \$750,000 per occurrence 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.

The City's self insurance activities are reported in internal service funds. 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. The City's claims liability reported in the Statement of Net Position at December 31, 2023 was \$2,448,906, for general and worker's comp liabilities and employee health insurance. The liability reported in the financial statements at December 31, 2023 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.

Changes in the balance of claims liabilities during the fiscal years 2023 and 2022 for workers' compensation and employee health care are as follows:

	2023	2022
Unpaid claims, January 1	\$ 2,025,670	\$ 2,315,829
Incurred claims (including IBNRs)	13,311,727	10,957,913
Claim payments	12,888,491	11,248,072
Unpaid claims, December 31	<u>\$ 2,448,906</u>	<u>\$ 2,025,670</u>

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. This agreement was modified in 1997 following the 1996 combination of the County emergency medical services (EMS) and the City fire department.

Under the current agreement, the City invoices the County for actual costs for personnel, contractual, commodity and capital expenses. These costs are calculated based on what type of cost it is. All EMS costs are 100% invoiced to the County and all other costs that are not 100% fire related are invoiced to the County using 36%. The City is responsible for 64% of these costs. The City does not invoice the County for 100% of fire related items and is 100% responsible for these costs. The City billed the County \$7.1 million for the year ending December 31, 2023.

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

City of Lawrence, Kansas

Notes to the Basic 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	\$ 342,183,009	\$ 342,872,085	\$ 685,055,094
Less:			
Current portion of temporary notes payable	(29,352,582)	(5,701,418)	(35,054,000)
Current portion of general obligation bonds	(7,592,888)	(304,112)	(7,897,000)
Current portion of financed purchase	(115,716)	-	(115,716)
Current portion of lease and SBITA liability	(1,881,254)	(259,945)	(2,141,199)
Current portion of revenue bonds	-	(9,780,000)	(9,780,000)
Noncurrent portion of temporary notes payable	(3,340,914)	-	(3,340,914)
Noncurrent portion of general obligation bonds	(100,738,851)	(6,318,574)	(107,057,425)
Noncurrent portion of financed purchase	(363,199)	-	(363,199)
Noncurrent portion of lease and SBITA liability	(5,238,365)	(1,191,185)	(6,429,550)
Noncurrent portion of revenue bonds	-	(235,224,141)	(235,224,141)
Capital in accounts payable	(3,319,734)	(4,232,191)	(7,551,925)
Plus:			
Unspent general obligation bonds, revenue bonds and temporary note proceeds	10,875,806	54,858,183	65,733,989
Net investment in capital assets	<u>\$ 201,115,312</u>	<u>\$ 134,718,702</u>	<u>\$ 335,834,014</u>

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	\$ 17,598,140	\$ 1,692,423	\$ 19,290,563
Deferred outflows of resources	3,892,624	575,226	4,467,850
Deferred inflows of resources	5,166,121	683,706	5,849,827
OPEB expense	2,293,522	121,362	2,414,884

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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 pay 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 \$189,501 during the current year.

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

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

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

Employees covered by benefit terms: At December 31, 2023, 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 \$17,598,140 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to the measurement date.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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	2.50%
Discount rate	3.88% measurement date 4.18% 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.

Changes in the total OPEB liability:

	Total OPEB Liability
Balance as of December 31, 2022	<u>\$ 14,274,094</u>
Changes for the year:	
Service cost	830,277
Interest	627,402
Changes in benefit terms	961,655
Differences between expected and actual experience	1,853,409
Changes in assumptions	(759,196)
Benefit payments	<u>(189,501)</u>
Net changes	<u>3,324,046</u>
Balance as of December 31, 2023	<u><u>\$ 17,598,140</u></u>

Changes in assumptions: The discount rate was changed from 4.18% at the beginning of the year to 3.88% at the end of the year. The assumed retiree wellness participation rate was changed from 10% to 5% and the inflation rate was decreased from 2.75% to 2.50%. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2024 renewal was taken into account. The City HRA contribution was eliminated January 1, 2024.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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

	Discount Rate		
	1% Decrease 2.88%	3.88%	1% Increase 4.88%
Total OPEB liability	\$ 19,437,711	\$ 17,598,140	\$ 15,956,876

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		
	(6.0% Decreasing to 3.5%)	(7.0% Decreasing to 4.5%)	(8.0% Decreasing to 5.5%)
Total OPEB liability	\$ 15,454,918	\$ 17,598,140	\$ 20,161,151

OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended December 31, 2023, the City recognized OPEB expense of \$2,293,522. At December 31, 2023, 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	\$ 1,467,151	\$ 4,368,661
Differences between expected and actual experience	2,425,473	797,460
	<u>\$ 3,892,624</u>	<u>\$ 5,166,121</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:	
2024	\$ (125,812)
2025	(125,812)
2026	(125,812)
2027	(125,812)
2028	(125,812)
Thereafter	(644,437)
	<u>\$ (1,273,497)</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

KPERS Other Postemployment Benefit Plan

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

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

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

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

Covered employees: The City has the following employees covered by the Plan as of December 31, 2022:

Active members	554
Disabled members	11
	<hr/>
	565
	<hr/>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

Total OPEB liability: The City's total OPEB liability of \$1,692,493 was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023 as the measurement date, using the following actuarial assumptions:

Salary increases	3.50%
Inflation rate	2.75%
Discount rate	3.65% - measurement date 3.54% - 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.

Changes in total OPEB liability

	<u>Total OPEB Liability</u>
Balance as of December 31, 2022	\$ 1,469,456
Changes for the year:	
Service cost	83,494
Interest	53,154
Effect of economic/demographic gains	199,995
Changes in assumptions	(9,904)
Benefit payments	(103,772)
Net changes	<u>222,967</u>
Balance as of December 31, 2023	<u>\$ 1,692,423</u>

Changes in assumptions: The discount rate was changed from 3.54% at the beginning of the year to 3.65% 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 3.65%, 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 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB liability	\$ 1,784,821	\$ 1,692,423	\$ 1,605,350

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

OPEB expense: For the year ended December 31, 2023, the City recognized OPEB expense of \$121,362.

Deferred outflows of resources and deferred inflows of resources: At December 31, 2023, 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	\$ 462,891	\$ 400,355
Changes of assumptions or other inputs	112,335	283,351
	<u>\$ 575,226</u>	<u>\$ 683,706</u>

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

Years ending June 30:		
2024		\$ (15,286)
2025		(15,286)
2026		(13,000)
2027		(6,541)
2028		(9,377)
Thereafter		(48,990)
		<u>\$ (108,480)</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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Pollution Remediation (Continued)

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.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Pollution Remediation (Continued)

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 2023, 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 2023	Amount Abated in 2023
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%	\$22,423
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 owner-ship. 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%	\$476,310
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%	\$117,399
Grandstand Expansion	Business expansion, job creation and retention	Real Property Taxes, 70%	\$95,306
Standard Beverage	Business expansion, job creation and retention	Real Property Taxes, 70%	\$133,600
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.

The City of Lawrence negotiates NRAs on an individual basis. The City had the NRAs listed below in 2023:

Neighborhood Revitalization Area	Purpose	Duration- percent of Increment Subject to NRA	Rebate Amount in 2023
8th and Pennsylvania District (720 E 9th Street)	Revitalization of historic warehouse district	95%	\$26,548
810/812 Pennsylvania (Cider Building)	Redevelopment of vacant, historic building into art gallery and commercial office space	10Y-95%	\$25,646
1106 Rhode Island (Hernly Architect's Studio)	Rehab and development of vacant, historical structures into office and residential space	10Y-85%	\$12,606
900 Delaware (9 Del Lofts)	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$37,679
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	\$19,786
1101/1115 Indiana (Mixed-Use, Student Housing)	Redevelopment of underutilized property for mixed-use commercial and residential space	10Y-85%	\$561,326
800 Pennsylvania Street	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$75,471

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.

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 2023:

2023 Tax increment Financing (TIF) (For all taxing jurisdictions)			
TIF District	Description		Total
Downtown 2000	901 New Hampshire		\$28,085
Oread	TIF Sales Tax	\$189,283	\$494,338
	TIF Property Tax	\$305,055	
9th & New Hampshire: South Project	900 New Hampshire: TIF Sales Tax	\$120,313	\$385,234
	900 New Hampshire: TIF Property Tax	\$264,921	
	City Retained TIF (5%)	\$20,275	
9th & New Hampshire: North Project	888 New Hampshire: TIF Sales Tax	\$0	\$272,870
	888 New Hampshire: TIF Property Tax	\$272,870	
	City Retained TIF (5%)	\$14,362	

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 2023.

2023 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	\$97,926
Free-State (Bauer Farms)	Aid in funding transportation improvements related to the Free-State TDD development district.	2031	\$371,975
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.		\$51,008

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. 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.
- GASB Statement No. 102, *Certain Risk Disclosures*, will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The statement will be effective for the City with its year ending December 31, 2025.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The statement will be effective for the City with its year ending December 31, 2026.

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

During 2023, it was discovered that certain costs incurred in the Water and Wastewater major enterprise fund should have been capitalized in prior years but had not been. In addition, proceeds of long-term debt and the related capital spending of those proceeds were all accounted for in the City's Capital Projects fund, but some of these transactions should have been recorded in certain proprietary funds of the City. The effects of these changes and errors on governmental activities, business-type activities, the Capital Projects major governmental fund, the Water and Wastewater major enterprise fund, and the aggregate remaining fund information cash, capital assets and net position/fund balance as of January 1, 2023 is included in the table below.

The City adopted GASB Statement No. 96, *Subscription-Based IT Arrangements*, as of January 1, 2023. The implementation of this standard resulted in the City recording a right-to-use subscription asset and subscription liability as of January 1, 2023. The implementation of this standard also resulted in certain additional disclosures. The impact of this adoption is disclosed below:

	Cash	Capital Assets	Temporary Notes Payable	SBITA Liability	Fund Balance/ Net Position
Capital Projects Fund:					
December 31, 2022, as previously reported	\$ 45,124,005	\$ -	\$ -	\$ -	\$ 43,968,086
Correct allocation of long-term debt proceeds and related capital expenditures	(2,854,244)	-	-	-	(2,854,244)
January 1, 2023, as restated	\$ 42,269,761	\$ -	\$ -	\$ -	\$ 41,113,842

The impact to the change in fund balance for the year ended December 31, 2022 was a decrease of \$2,557,333.

Water and Sewer Fund, major enterprise fund					
December 31, 2022, as previously reported	\$ 27,413,964	\$ 286,646,268	\$ -	\$ -	\$ 161,287,362
Adjust for capital assets that were previously expensed	-	3,637,764	-	-	3,637,764
Implementation of GASB Statement No. 96	-	1,904,610	-	1,422,330	-
January 1, 2023, as restated	\$ 27,413,964	\$ 292,188,642	\$ -	\$ 1,422,330	\$ 164,925,126

The impact to the change in net position for the year ended December 31, 2022 was an increase of \$3,272,720.

Aggregate remaining fund information:					
December 31, 2022, as previously reported	\$ 105,078,094	\$ 286,646,268	\$ -	\$ -	\$ 98,347,845
Adjust for capital assets that were previously expensed	2,854,244	6,558,671	9,412,915	-	-
Implementation of GASB Statement No. 96	-	3,716,125	-	3,894,526	-
January 1, 2023, as restated	\$ 107,932,338	\$ 296,921,064	\$ 9,412,915	\$ 3,894,526	\$ 98,347,845

There was no impact to the change in fund balance/net position for the year ended December 31, 2022.

Governmental Activities					
December 31, 2022, as previously reported	\$ 177,544,835	\$ 318,342,694	\$ 56,879,644	\$ -	\$ 230,305,462
Correct allocation of long-term debt proceeds and related capital expenditures	(2,425,909)	(4,768,721)	(7,194,630)	-	-
Implementation of GASB Statement No. 96	-	8,166,354	-	7,207,891	-
January 1, 2023, as restated	\$ 175,118,926	\$ 321,740,327	\$ 49,685,014	\$ 7,207,891	\$ 230,305,462

There was no impact to the change in net position for the year ended December 31, 2022.

Business-type activities					
December 31, 2022, as previously reported	\$ 50,690,684	\$ 304,946,092	\$ -	\$ -	\$ 205,173,729
Correct allocation of long-term debt proceeds and related capital expenditures	2,425,909	4,768,721	7,194,630	-	-
Adjust for capital assets that were previously expensed	-	3,637,764	-	-	3,637,764
Implementation of GASB Statement No. 96	-	2,162,819	-	1,680,539	-
January 1, 2023, as restated	\$ 53,116,593	\$ 315,515,396	\$ 7,194,630	\$ 1,680,539	\$ 208,811,493

The impact to the change in net position for the year ended December 31, 2022 was an increase of \$3,272,720.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 17. Restatement (Continued)

During 2023, the Lawrence Memorial Hospital retrospectively adopted GASB Statement No. 96, *Subscription-Based IT Arrangements*, as of January 1, 2022. The adoption of this standard resulted in a restatement that decreased the net position for the discretely presented component units by \$1,351,856 as of January 1, 2023.

	Aggregate Discretely Presented <u>Component Units</u>
Net position January 1, 2023, as previously reported	\$ 327,986,574
GASB Statement No. 96 adjustment	<u>(1,351,856)</u>
Net position January 1, 2023, as restated	<u><u>\$ 326,634,718</u></u>

Note 18. Subsequent Events

In April 2024 the City issued \$13,485,000 in General Obligation Improvement Bonds and \$38,440,000 in General Obligation Temporary Notes. The bonds mature September 1, 2025 through September 1, 2044 with interest rates of 4.00% to 5.00%. The temporary notes mature May 1, 2025 with an interest rate of 4.50%. These bonds and notes were issued to finance the cost of certain public improvement projects within the City and to refund the Series 2023-I temporary notes.

City of Lawrence, Kansas

**General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2023**

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 78,242,000	\$ 78,242,000	\$ 76,748,615	\$ (1,493,385)
Licenses and permits	897,000	897,000	1,296,823	399,823
Intergovernmental	2,084,000	2,084,000	1,085,038	(998,962)
Charges for services	15,366,000	15,999,000	14,855,234	(1,143,766)
Fines, forfeitures, and penalties	850,000	850,000	861,856	11,856
Interest	65,000	65,000	1,216,926	1,151,926
Miscellaneous	615,000	841,000	1,648,967	807,967
Total revenues	<u>98,119,000</u>	<u>98,978,000</u>	<u>97,713,459</u>	<u>(1,264,541)</u>
Expenditures				
General government	9,122,000	9,176,522	8,722,038	(454,484)
Public safety	58,473,000	58,630,622	57,359,992	(1,270,630)
Public works	14,992,000	15,703,238	13,532,129	(2,171,109)
Culture and recreation	16,112,000	16,477,677	16,438,423	(39,254)
Health and social services	2,990,000	3,599,745	3,729,844	130,099
Capital outlay	2,380,000	5,332,907	1,925,342	(3,407,565)
Total expenditures	<u>104,069,000</u>	<u>108,920,711</u>	<u>101,707,768</u>	<u>(7,212,943)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,950,000)</u>	<u>(9,942,711)</u>	<u>(3,994,309)</u>	<u>5,948,402</u>
Other financing sources (uses)				
Transfers in	5,254,000	5,254,000	5,254,000	-
Transfers out	(1,049,000)	(1,049,000)	(983,000)	66,000
Total other financing sources (uses)	<u>4,205,000</u>	<u>4,205,000</u>	<u>4,271,000</u>	<u>66,000</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (1,745,000)</u>	<u>\$ (5,737,711)</u>	<u>276,691</u>	<u>\$ 6,014,402</u>
Fund balance, beginning of year, GAAP basis			<u>24,891,639</u>	
Fund balance, end of year, budget basis			25,168,330	
Adjustments, encumbrances			<u>522,426</u>	
Fund balance, end of year, GAAP basis			<u>\$ 25,690,756</u>	

City of Lawrence, Kansas

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

	2023	2022
Total OPEB liability		
Service cost	\$ 830,277	\$ 1,081,075
Interest	627,402	369,122
Change in benefit terms	961,655	-
Differences between expected and actual experience	1,853,409	248,634
Changes of assumptions	(759,196)	(4,257,659)
Benefit payments	(189,501)	(360,437)
Net change in total OPEB liability	3,324,046	(2,919,265)
Total OPEB liability—beginning	14,274,094	17,193,359
Total OPEB liability—ending	\$ 17,598,140	\$ 14,274,094
Covered employee payroll	\$ 60,683,169	\$ 60,683,169
Total OPEB liability as a percentage of covered employee payroll	29.00%	23.52%

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2023 Changes of assumptions: The discount rate was changed from 4.18% at the beginning of the year to 3.88% at the end of the year. The assumed retiree Wellness participation rate was changed from 10% to 5% and the inflation rate decreased from 2.75% to 2.5%. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2024 renewal was taking into account. The city HRA contribution was eliminated January 1, 2024.

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 an 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.

	2021	2020	2019	2018
\$	1,079,077	\$ 898,426	\$ 681,971	\$ 701,279
	356,979	521,767	483,736	410,745
	-	-	-	-
	(787,722)	(386,654)	993,023	-
	(293,374)	166,522	2,495,496	(147,396)
	(591,452)	(528,056)	(718,830)	(236,456)
	(236,492)	672,005	3,935,396	728,172
	17,429,851	16,757,846	12,822,450	12,094,278
\$	17,193,359	\$ 17,429,851	\$ 16,757,846	\$ 12,822,450
\$	50,793,649	\$ 50,793,649	\$ 46,574,172	\$ 46,574,172
	33.85%	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**

	2023	2022
Total OPEB liability		
Service cost	\$ 83,494	\$ 139,419
Interest	53,154	44,692
Effect of economic/demographic gains	199,995	(241,861)
Changes of assumptions	(9,904)	(306,029)
Benefit payments	(103,772)	(191,854)
Net change in total OPEB liability	222,967	(555,633)
Total OPEB liability—beginning	1,469,456	2,025,089
Total OPEB liability—ending	\$ 1,692,423	\$ 1,469,456
Covered employee payroll	\$ 35,989,719	\$ 31,009,771
Total OPEB liability as a percentage of covered employee payroll	4.70%	4.74%

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2023 Changes of assumptions: The discount rate was changed from 3.54% at the beginning of the year to 3.65% at the end of the year. This resulted in a decrease of costs by \$9,904.

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 an 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 an 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 an 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.

	2021	2020	2019	2018
\$	132,546	\$ 107,158	\$ 108,334	\$ 107,683
	40,164	70,045	69,119	66,254
	268,941	(331,807)	193,076	(23,557)
	5,190	151,873	37,534	(26,501)
	(211,969)	(200,611)	(182,614)	(195,792)
	234,872	(203,342)	225,449	(71,913)
	1,790,217	1,993,559	1,768,110	1,840,023
\$	2,025,089	\$ 1,790,217	\$ 1,993,559	\$ 1,768,110
\$	30,346,501	\$ 29,075,960	\$ 26,579,520	\$ 27,873,554
	6.67%	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, 2023

	December 31,											
	Local 2023	Police and Firefighters 2023	Total	Local 2022	Police and Firefighters 2022	Total	Local 2021	Police and Firefighters 2021	Total	Local 2020	Police and Firefighters 2020	Total
City's proportion of the net pension liability	1.762%	4.214%		1.694%	4.482%		1.642%	4.695%		1.614%	4.550%	
City's proportionate share of the net pension liability	\$ 36,959,714	\$ 67,300,430	\$ 104,260,144	\$ 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
City's covered payroll	\$ 38,397,612	\$ 28,075,047	\$ 66,472,659	\$ 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
City's proportionate share of the net pension liability as a percentage of its covered payroll	96.26%	239.72%		94.65%	231.12%		62.87%	174.87%		91.76%	224.39%	
Plan fiduciary net position as a percentage of the total net pension liability	70.55%	64.95%		70.66%	66.12%		81.14%	76.09%		70.77%	66.81%	

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 is unavailable.

Schedule of the City's Contribution—KPERs
 December 31, 2023

	December 31,											
	Local 2023	Police and Firefighters 2023	Total	Local 2022	Police and Firefighters 2022	Total	Local 2021	Police and Firefighters 2021	Total	Local 2020	Police and Firefighters 2020	Total
Contractually required contribution	\$ 3,314,522	\$ 6,434,870	\$ 9,749,392	\$ 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
Contributions in relation to the contractually required contribution	3,314,522	6,434,870	9,749,392	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 38,397,612	\$ 28,075,047		\$ 36,452,558	\$ 27,551,004		\$ 31,776,341	\$ 25,589,111		\$ 31,020,210	\$ 25,709,408	
Contributions as a percentage of covered payroll	8.63%	22.92%		8.90%	22.99%		8.94%	23.39%		8.61%	21.93%	

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

December 31,														
Local 2019	Police and Firefighters 2019	Total	Local 2018	Police and Firefighters 2018	Total	Local 2017	Police and Firefighters 2017	Total	Local 2016	Police and Firefighters 2016	Total	Local 2015	Police and Firefighters 2015	Total
	1.563%			4.629%										
\$ 21,845,415	\$ 46,853,480	\$ 68,698,895	\$ 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
\$ 28,798,716	\$ 25,785,226	\$ 54,583,942	\$ 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
	75.86%			181.71%										
	75.02%			77.89%										
				189.24%										
				85.23%										
				199.69%										
				88.69%										
				191.30%										
				80.86%										
				71.98%										
				74.60%										

December 31,														
Local 2019	Police and Firefighters 2019	Total	Local 2018	Police and Firefighters 2018	Total	Local 2017	Police and Firefighters 2017	Total	Local 2016	Police and Firefighters 2016	Total	Local 2015	Police and Firefighters 2015	Total
\$ 2,497,226	\$ 5,232,406	\$ 7,729,632	\$ 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
2,497,226	5,232,406	7,729,632	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 29,501,415	\$ 24,798,549	\$ 29,310,477	\$ 25,209,388	\$ 29,118,723	\$ 24,822,401	\$ 29,272,898	\$ 24,092,226	\$ 29,365,147	\$ 24,053,146	\$ 29,365,147	\$ 24,053,146	\$ 29,365,147	\$ 24,053,146	\$ 24,053,146
	8.46%			21.10%										
				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, 2022 valuation to determine the actuarially determined contribution.

Valuation timing	December 31, 2022
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 - 21 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).

Federal Grants Fund—This fund is used to account for grants issued by Federal 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, 2023

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement
Assets							
Cash and investments	\$ 730,105	\$ 99,376	\$ 10,745,974	\$ 365,700	\$ 5,774,670	\$ 767,533	\$ 509,870
Receivables:							
Taxes	-	6,256,747	842,038	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Accounts (net allowance for uncollectibles)	620,793	-	-	260,894	638,919	260,894	19,853
Loans	-	-	-	148,506	-	-	-
Accrued interest	9,787	-	111,135	6,831	94,606	14,596	5,333
Leases	-	-	-	-	-	-	332,173
Prepaid	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	-	-	-	-	5,725
Total assets	\$ 1,360,685	\$ 6,356,123	\$ 11,699,147	\$ 781,931	\$ 6,508,195	\$ 1,043,023	\$ 872,954
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	\$ 19,319	\$ -	\$ 1,589,114	\$ -	\$ 948,256	\$ 106,817	\$ 186,008
Accrued payroll	14,590	-	-	28,831	-	-	9,477
Customer deposits	-	-	-	-	-	-	14,296
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	120
Total liabilities	33,909	-	1,589,114	28,831	948,256	106,817	209,901
Deferred inflows of resources:							
Leases	-	-	-	-	-	-	311,289
Unavailable revenue	-	6,256,747	-	408,891	-	260,894	-
Total deferred inflows of resources	-	6,256,747	-	408,891	-	260,894	311,289
Total liabilities and deferred inflows of resources	33,909	6,256,747	1,589,114	437,722	948,256	367,711	521,190
Fund balance (deficit):							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,326,776	99,376	10,110,033	198,209	5,559,939	675,312	262,764
Assigned	-	-	-	146,000	-	-	89,000
Unassigned	-	-	-	-	-	-	-
Total fund balance (deficit)	1,326,776	99,376	10,110,033	344,209	5,559,939	675,312	351,764
Total liabilities, deferred inflows of resources and fund balances	\$ 1,360,685	\$ 6,356,123	\$ 11,699,147	\$ 781,931	\$ 6,508,195	\$ 1,043,023	\$ 872,954

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
\$ 18,626,005	\$ 5,004,608	\$ 19,193	\$ 112,222	\$ 422,498	\$ 142,614	\$ 2,961	\$ 8,183	\$ 143,295
1,263,057	-	63,724	40,228	24,280	-	-	78	-
-	40,303	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
248,455	82,742	-	-	-	-	-	-	2,316
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 20,137,517</u>	<u>\$ 5,127,653</u>	<u>\$ 82,917</u>	<u>\$ 152,450</u>	<u>\$ 446,778</u>	<u>\$ 142,614</u>	<u>\$ 2,961</u>	<u>\$ 8,261</u>	<u>\$ 145,611</u>

\$ 1,042,235	\$ 2,500	\$ 19,076	\$ 11,905	\$ 11,733	\$ -	\$ -	\$ -	\$ 3,850
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,042,235</u>	<u>2,500</u>	<u>19,076</u>	<u>11,905</u>	<u>11,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,850</u>

-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,042,235</u>	<u>2,500</u>	<u>19,076</u>	<u>11,905</u>	<u>11,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,850</u>

19,095,282	5,125,153	63,841	140,545	435,045	142,614	2,961	8,261	141,761
-	-	-	-	-	-	-	-	-
<u>19,095,282</u>	<u>5,125,153</u>	<u>63,841</u>	<u>140,545</u>	<u>435,045</u>	<u>142,614</u>	<u>2,961</u>	<u>8,261</u>	<u>141,761</u>
<u>\$ 20,137,517</u>	<u>\$ 5,127,653</u>	<u>\$ 82,917</u>	<u>\$ 152,450</u>	<u>\$ 446,778</u>	<u>\$ 142,614</u>	<u>\$ 2,961</u>	<u>\$ 8,261</u>	<u>\$ 145,611</u>

(Continued)

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2023

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Federal Grants	Wee Folks Scholarship	Fair Housing Assistance	Community Development
Assets								
Cash and investments	\$ 3,611	\$ 142,009	\$ 12	\$ 2,516,813	\$ -	\$ 40,646	\$ 247,154	\$ -
Receivables:								
Taxes	-	-	-	210,510	-	-	-	-
Intergovernmental	-	-	-	-	2,994,586	-	16,500	209,953
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	137,567
Accrued interest	-	2,607	-	40,453	-	511	-	-
Leases	-	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Restricted assets, cash and investments	2,050,407	-	-	-	-	24,000	-	-
Total assets	\$ 2,054,018	\$ 144,616	\$ 12	\$ 2,767,776	\$ 2,994,586	\$ 65,157	\$ 263,654	\$ 347,520
Liabilities, deferred inflows of resources and fund balances								
Liabilities:								
Accounts payable	\$ 1,377	\$ -	\$ -	\$ 200,000	\$ 1,341,301	\$ -	\$ 1,000	\$ 79,299
Accrued payroll	5,677	-	-	-	21,943	-	399	8,203
Customer deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	1,414,488	-	-	104,996
Unearned revenue	-	-	-	-	-	-	29,213	12,208
Total liabilities	7,054	-	-	200,000	2,777,732	-	30,612	204,706
Deferred inflows of resources:								
Leases	-	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	1,649,919	-	-	137,442
Total deferred inflows of resources	-	-	-	-	1,649,919	-	-	137,442
Total liabilities and deferred inflows of resources	7,054	-	-	200,000	4,427,651	-	30,612	342,148
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,046,964	144,616	12	2,217,776	-	65,157	233,042	5,372
Assigned	-	-	-	350,000	-	-	-	-
Unassigned	-	-	-	-	(1,433,065)	-	-	-
Total fund balance (deficit)	2,046,964	144,616	12	2,567,776	(1,433,065)	65,157	233,042	5,372
Total liabilities, deferred inflows of resources and fund balances	\$ 2,054,018	\$ 144,616	\$ 12	\$ 2,767,776	\$ 2,994,586	\$ 65,157	\$ 263,654	\$ 347,520

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
\$ 11,764	\$ -	\$ 478,686	\$ -	\$ 519,999	\$ -	\$ 2,935,721	\$ 2,544,486	\$ 306,738	\$ 53,222,446
-	-	-	-	-	-	-	-	-	8,700,662
73,729	54,088	-	-	-	214,602	-	-	384,906	3,948,364
-	-	-	-	-	-	-	-	-	1,841,656
-	-	-	-	-	-	-	-	-	286,073
-	-	-	-	7,663	-	-	49,823	3,994	680,852
-	-	-	-	-	-	-	-	-	332,173
-	-	18,643	-	-	-	-	-	-	18,643
-	-	80,380	-	-	-	-	-	-	80,380
-	-	308,903	-	-	-	-	-	-	2,389,035
<u>\$ 85,493</u>	<u>\$ 54,088</u>	<u>\$ 886,612</u>	<u>\$ -</u>	<u>\$ 527,662</u>	<u>\$ 214,602</u>	<u>\$ 2,935,721</u>	<u>\$ 2,594,309</u>	<u>\$ 695,638</u>	<u>\$ 71,500,284</u>
\$ 64,968	\$ -	\$ 46,528	\$ -	\$ -	\$ 332,633	\$ 887,900	\$ 657,345	\$ -	\$ 7,553,164
1,814	2,729	-	-	-	7,535	-	-	-	101,198
-	-	-	-	-	-	-	-	-	14,296
-	55,343	-	-	-	446,781	-	-	-	2,021,608
-	-	-	-	-	25,615	1,539,345	-	-	1,606,501
<u>66,782</u>	<u>58,072</u>	<u>46,528</u>	<u>-</u>	<u>-</u>	<u>812,564</u>	<u>2,427,245</u>	<u>657,345</u>	<u>-</u>	<u>11,296,767</u>
-	-	-	-	-	-	-	-	-	311,289
-	-	-	-	-	-	-	-	384,906	9,098,799
-	-	-	-	-	-	-	-	384,906	9,410,088
<u>66,782</u>	<u>58,072</u>	<u>46,528</u>	<u>-</u>	<u>-</u>	<u>812,564</u>	<u>2,427,245</u>	<u>657,345</u>	<u>384,906</u>	<u>20,706,855</u>
-	-	18,643	-	-	-	-	-	-	18,643
18,711	-	821,441	-	527,662	-	508,476	1,936,964	310,732	52,224,797
-	-	-	-	-	-	-	-	-	585,000
-	(3,984)	-	-	-	(597,962)	-	-	-	(2,035,011)
<u>18,711</u>	<u>(3,984)</u>	<u>840,084</u>	<u>-</u>	<u>527,662</u>	<u>(597,962)</u>	<u>508,476</u>	<u>1,936,964</u>	<u>310,732</u>	<u>50,793,429</u>
<u>\$ 85,493</u>	<u>\$ 54,088</u>	<u>\$ 886,612</u>	<u>\$ -</u>	<u>\$ 527,662</u>	<u>\$ 214,602</u>	<u>\$ 2,935,721</u>	<u>\$ 2,594,309</u>	<u>\$ 695,638</u>	<u>\$ 71,500,284</u>

City of Lawrence, Kansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation
Revenues						
Taxes	\$ -	\$ 5,737,155	\$ 4,690,734	\$ -	\$ -	\$ -
Charges for services	-	-	110	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Investment income (loss)	31,278	140	671,064	19,840	229,999	19,488
Intergovernmental	2,226,067	-	-	927,569	2,774,953	927,569
Reimbursements	-	-	621	-	-	-
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	20	10,570	-	-
Total revenues	2,257,345	5,737,295	5,362,549	957,979	3,004,952	947,057
Expenditures						
General government	-	-	4,184,357	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	1,502,291	-
Health and social services	1,633,567	-	155,000	1,065,267	-	44,560
Culture and recreation	396,730	5,725,000	-	-	-	541,656
Tourism	132	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	8,623,852	-	1,016,039	123,149
Debt service:						
Principal retirement	-	-	40,843	-	-	-
Interest and fiscal charges	-	-	217	-	-	-
Total expenditures	2,030,429	5,725,000	13,004,269	1,065,267	2,518,330	709,365
Excess (deficiency) of revenues over expenditures	226,916	12,295	(7,641,720)	(107,288)	486,622	237,692
Other financing sources (uses):						
Sale of property - proceeds received	-	-	-	-	-	-
Issuance of SBITA liability	-	-	31,190	-	-	-
Transfers in	-	-	-	146,000	-	-
Total other financing sources (uses)	-	-	31,190	146,000	-	-
Net change in fund balance	226,916	12,295	(7,610,530)	38,712	486,622	237,692
Fund balance (deficit), beginning of year	1,099,860	87,081	17,720,563	305,497	5,073,317	437,620
Fund balance (deficit), end of year	\$ 1,326,776	\$ 99,376	\$ 10,110,033	\$ 344,209	\$ 5,559,939	\$ 675,312

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
\$ -	\$ 7,036,101	\$ -	\$ 356,699	\$ 305,055	\$ 278,864	\$ 28,085	\$ 769,575	\$ 287,231	\$ -
27,969	-	-	-	-	-	-	-	-	-
-	-	29,019	-	-	-	-	-	-	-
27,049	694,852	240,175	8	57	228	66	45	32	7,677
-	-	-	-	300,011	178,560	-	-	-	-
6,647	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	46,548
214,910	-	-	-	-	-	-	-	-	-
276,575	7,730,953	269,194	356,707	605,123	457,652	28,151	769,620	287,263	54,225
52	17,283	115,855	-	-	-	-	-	-	-
-	-	343,421	-	-	-	-	-	-	-
565,504	5,295,294	-	-	-	-	-	-	-	-
-	19,255	-	-	-	-	-	-	-	27,784
-	-	-	-	-	-	-	-	-	-
-	-	-	371,975	592,265	555,514	-	768,293	352,936	-
279,643	1,965,984	2,040,906	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
845,199	7,297,816	2,500,182	371,975	592,265	555,514	-	768,293	352,936	27,784
(568,624)	433,137	(2,230,988)	(15,268)	12,858	(97,862)	28,151	1,327	(65,673)	26,441
134,675	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
89,000	-	-	-	-	-	-	-	-	-
223,675	-	-	-	-	-	-	-	-	-
(344,949)	433,137	(2,230,988)	(15,268)	12,858	(97,862)	28,151	1,327	(65,673)	26,441
696,713	18,662,145	7,356,141	79,109	127,687	532,907	114,463	1,634	73,934	115,320
\$ 351,764	\$ 19,095,282	\$ 5,125,153	\$ 63,841	\$ 140,545	\$ 435,045	\$ 142,614	\$ 2,961	\$ 8,261	\$ 141,761

(Continued)

City of Lawrence, Kansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2023

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Federal Grants	Wee Folks Scholarship	Fair Housing Assistance
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ 1,172,684	\$ -	\$ -	\$ -
Charges for services	-	79,525	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Interest	98,723	7,213	-	92,546	-	2,244	115
Intergovernmental	-	-	-	-	6,383,559	-	41,060
Reimbursements	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	7,092	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	98,723	86,738	-	1,265,230	6,383,559	9,336	41,175
Expenditures							
General government	-	-	-	-	4,368,488	-	12,826
Public safety	-	-	-	-	146,265	-	-
Public works	218,729	-	-	-	37,083	-	-
Health	-	-	-	1,665,788	716,417	-	-
Culture and recreation	-	73	-	-	-	31,300	-
Tourism	-	-	-	-	4,506	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,580,266	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	218,729	73	-	1,665,788	6,853,025	31,300	12,826
Excess (deficiency) of revenues over expenditures	(120,006)	86,665	-	(400,558)	(469,466)	(21,964)	28,349
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Issuance of SBITA liability	-	-	-	-	-	-	-
Transfers in	-	-	-	350,000	-	-	-
Total other financing sources (uses)	-	-	-	350,000	-	-	-
Net change in fund balance	(120,006)	86,665	-	(50,558)	(469,466)	(21,964)	28,349
Fund balance (deficit), beginning of year	2,166,970	57,951	12	2,618,334	(963,599)	87,121	204,693
Fund balance (deficit), end of year	\$ 2,046,964	\$ 144,616	\$ 12	\$ 2,567,776	\$ (1,433,065)	\$ 65,157	\$ 233,042

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,662,183
-	-	-	12,000	-	-	-	-	-	-	119,604
-	-	-	-	-	-	-	-	-	-	29,019
-	-	-	9,267	-	24,471	-	312,159	121,349	11,750	2,621,835
516,812	457,558	224,195	-	-	-	2,377,917	7,449,844	1,156,959	274,786	26,217,419
-	-	-	-	-	-	4,000,000	-	-	-	4,007,268
-	-	-	-	-	-	-	-	-	-	53,640
55,303	6,390	-	1,293,998	-	-	-	-	-	-	1,581,191
572,115	463,948	224,195	1,315,265	-	24,471	6,377,917	7,762,003	1,278,308	286,536	55,292,159
-	-	223,969	-	-	-	1,095,645	110,163	-	-	10,128,638
-	-	-	-	-	761	-	1,051,000	-	-	1,541,447
-	-	-	-	-	-	93,713	-	63,641	-	7,776,255
577,505	457,558	-	-	-	-	53,275	3,876,598	-	-	10,245,535
-	-	-	-	61,959	-	8,481	-	-	-	6,812,238
-	-	-	1,272,101	-	-	-	-	-	-	1,276,739
-	-	-	-	-	-	-	-	-	-	2,640,983
-	-	-	-	-	35,366	3,639,046	2,412,083	700,643	-	22,416,977
-	-	782	-	-	-	146,105	-	-	-	187,730
-	-	62	-	-	-	-	-	-	-	279
577,505	457,558	224,813	1,272,101	61,959	36,127	5,036,265	7,449,844	764,284	-	63,026,821
(5,390)	6,390	(618)	43,164	(61,959)	(11,656)	1,341,652	312,159	514,024	286,536	(7,734,662)
-	-	-	-	-	-	-	-	-	-	134,675
-	-	-	-	-	-	115,105	-	-	-	146,295
-	-	-	-	-	-	-	-	-	-	585,000
-	-	-	-	-	-	115,105	-	-	-	865,970
(5,390)	6,390	(618)	43,164	(61,959)	(11,656)	1,456,757	312,159	514,024	286,536	(6,868,692)
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
\$ 5,372	\$ 18,711	\$ (3,984)	\$ 840,084	\$ -	\$ 527,662	\$ (597,962)	\$ 508,476	\$ 1,936,964	\$ 310,732	\$ 50,793,429

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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 11,310,000	\$ 11,310,000	\$ 11,249,906	\$ (60,094)
Special assessment	763,000	763,000	771,610	8,610
Interest	100,000	100,000	1,374,468	1,274,468
Intergovernmental	-	-	84,345	84,345
Miscellaneous	-	140,000	113,688	(26,312)
Total revenues	12,173,000	12,313,000	13,594,017	1,281,017
Expenditures				
General government	18,000	18,000	31,235	13,235
Debt service				
Principal retirement	59,631,000	59,631,000	52,357,200	(7,273,800)
Interest and fiscal charges	5,678,000	5,744,112	6,734,487	990,375
Issuance costs	-	-	79,963	79,963
Total expenditures	65,327,000	65,393,112	59,202,885	(6,190,227)
Excess (deficiency) of revenues over expenditures	(53,154,000)	(53,080,112)	(45,608,868)	7,471,244
Other financing sources:				
Transfers in	398,000	398,000	45,338,370	44,940,370
Issuance of debt	52,275,000	52,135,000	6,564,796	(45,570,204)
Total other financing sources	52,673,000	52,533,000	51,903,166	(629,834)
Excess (deficiency) of revenues over (under) expenditures and other sources	\$ (481,000)	\$ (547,112)	6,294,298	\$ 6,841,410
Fund balance, beginning of year			<u>26,101,129</u>	
Fund balance, end of year			<u>\$ 32,395,427</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 7,338,000	\$ 7,338,000	\$ 7,036,101	\$ (301,899)
Investment income (loss)	40,000	40,000	694,852	654,852
Miscellaneous	275,000	275,000	403,104	128,104
Total revenues	7,653,000	7,653,000	8,134,057	481,057
Expenditures				
General government	14,000	14,000	17,283	3,283
Public works	5,675,000	7,843,326	531,337	(7,311,989)
Culture and recreation	-	25,483	29,945	4,462
Capital outlay	3,611,000	5,671,042	1,433,584	(4,237,458)
Total expenditures	9,300,000	13,553,851	2,012,149	(11,541,702)
Excess (deficiency) of revenues over expenditures	(1,647,000)	(5,900,851)	6,121,908	12,022,759
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)	\$ (1,647,000)	\$ (5,900,851)	6,107,490	\$ 12,008,341
Fund balance, beginning of year, GAAP basis			<u>18,662,145</u>	
Fund balance, end of year, budget basis			24,769,635	
Adjustments, encumbrances			<u>(5,674,353)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 19,095,282</u>	

City of Lawrence, Kansas

Guest Tax Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,850,000	\$ 1,850,000	\$ 2,226,067	\$ 376,067
Investment income	1,000	1,000	31,278	30,278
Miscellaneous	-	-	-	-
Total revenues	<u>1,851,000</u>	<u>1,851,000</u>	<u>2,257,345</u>	<u>406,345</u>
Expenditures				
Culture and recreation	634,000	614,000	396,730	(217,270)
Health and social services	-	-	-	-
Tourism - contractual services	1,576,000	1,644,000	132	(1,643,868)
Total expenditures	<u>2,210,000</u>	<u>2,258,000</u>	<u>396,862</u>	<u>(1,861,138)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (359,000)</u>	<u>\$ (407,000)</u>	<u>1,860,483</u>	<u>\$ 2,267,483</u>
Fund balance, beginning of year, GAAP basis			<u>1,099,860</u>	
Fund balance, end of year, budget basis			2,960,343	
Adjustments, encumbrances			<u>(1,633,567)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 1,326,776</u>	

City of Lawrence, Kansas

Library Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 5,682,000	\$ 5,682,000	\$ 5,737,155	\$ 55,155
Interest	-	-	140	140
Total revenues	<u>5,682,000</u>	<u>5,682,000</u>	<u>5,737,295</u>	<u>55,295</u>
Expenditures				
Culture and recreation, contractual services	<u>5,725,000</u>	<u>5,725,000</u>	<u>5,023,000</u>	<u>(702,000)</u>
Total expenditures	<u>5,725,000</u>	<u>5,725,000</u>	<u>5,023,000</u>	<u>(702,000)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (43,000)</u>	<u>\$ (43,000)</u>	<u>714,295</u>	<u>\$ 757,295</u>
Fund balance, beginning of year, GAAP basis			<u>87,081</u>	
Fund balance, end of year, budget basis			801,376	
Adjustments, encumbrances			<u>(702,000)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 99,376</u>	

City of Lawrence, Kansas

Transportation Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,893,000	\$ 4,893,000	\$ 4,585,259	\$ (307,741)
Charges for services	-	-	283,306	283,306
Interest	50,000	50,000	192,668	142,668
Miscellaneous	-	-	9,900	9,900
Total revenues	4,943,000	4,943,000	5,071,133	128,133
Expenditures				
General government	4,578,000	5,263,990	2,687,375	(2,576,615)
Health and social services	-	-	177,056	177,056
Capital Outlay	6,676,000	15,115,450	848,927	(14,266,523)
Total expenditures	11,254,000	20,379,440	3,713,358	(16,666,082)
Excess (deficiency) of revenues over (under) expenditures	(6,311,000)	(15,436,440)	1,357,775	16,794,215
Other financing sources (uses):				
Transfers in	-	-	1,207,931	1,207,931
Total other financing sources (uses)	-	-	1,207,931	1,207,931
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ (6,311,000)	\$ (15,436,440)	2,565,706	\$ 18,002,146
Fund balance, beginning of year, GAAP basis			17,720,563	
Fund balance, end of year, budget basis			20,286,269	
Adjustments, encumbrances			(10,176,236)	
Fund balance, end of year, GAAP basis			<u>\$ 10,110,033</u>	

City of Lawrence, Kansas

Special Alcohol Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 704,000	\$ 704,000	\$ 860,552	\$ 156,552
Interest	-	-	19,840	19,840
Miscellaneous	-	-	9,092	9,092
Total revenues	704,000	704,000	889,484	185,484
Expenditures				
General government	-	31,440	-	(31,440)
Health and social services	843,000	1,028,042	1,065,267	37,225
Total expenditures	843,000	1,059,482	1,065,267	5,785
Excess (deficiency) of revenues over (under) expenditures	(139,000)	(355,482)	(175,783)	179,699
Other financing sources (uses):				
Transfers in	146,000	146,000	146,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	146,000	146,000	146,000	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 7,000	\$ (209,482)	(29,783)	\$ 179,699
Fund balance, beginning of year, GAAP basis			305,497	
Fund balance, end of year, budget basis			275,714	
Adjustment			68,495	
Fund balance, end of year, GAAP basis			<u>\$ 344,209</u>	

City of Lawrence, Kansas

Special Recreation Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 704,000	\$ 704,000	\$ 927,569	\$ 223,569
Interest	-	-	19,488	19,488
Total revenues	<u>704,000</u>	<u>704,000</u>	<u>947,057</u>	<u>243,057</u>
Expenditures				
General government	-	-	1,510	1,510
Culture and recreation	623,000	758,160	396,928	(361,232)
Health and social services	81,000	51,000	30,000	(21,000)
Capital outlay	-	149,000	46,693	(102,307)
Total expenditures	<u>704,000</u>	<u>958,160</u>	<u>475,131</u>	<u>(483,029)</u>
Excess (deficiency) of revenues (under) expenditures	<u>\$ -</u>	<u>\$ (254,160)</u>	<u>471,926</u>	<u>\$ 726,086</u>
Fund balance, beginning of year, GAAP basis			<u>437,620</u>	
Fund balance, end of year, budget basis			909,546	
Adjustments, encumbrances			<u>(234,234)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 675,312</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 404,000	\$ 404,000	\$ 356,699	\$ (47,301)
Interest	-	-	8	8
Total revenues	<u>404,000</u>	<u>404,000</u>	<u>356,707</u>	<u>(47,293)</u>
Expenditures				
Economic development, contractual service	404,000	404,000	371,975	(32,025)
Total expenditures	<u>404,000</u>	<u>404,000</u>	<u>371,975</u>	<u>(32,025)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	(15,268)	<u>\$ (15,268)</u>
Fund balance, beginning of year			<u>79,109</u>	
Fund balance, end of year			<u>\$ 63,841</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 413,000	\$ 413,000	\$ 305,055	\$ (107,945)
Intergovernmental	182,000	182,000	300,011	118,011
Interest	-	-	57	57
Total revenues	<u>595,000</u>	<u>595,000</u>	<u>605,123</u>	<u>10,123</u>
Expenditures				
Economic development, contractual service	<u>595,000</u>	<u>584,000</u>	<u>592,265</u>	<u>8,265</u>
Total expenditures	<u>595,000</u>	<u>584,000</u>	<u>592,265</u>	<u>8,265</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ 11,000</u>	<u>12,858</u>	<u>\$ 1,858</u>
Fund balance, beginning of year			<u>127,687</u>	
Fund balance, end of year			<u>\$ 140,545</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 375,000	\$ 375,000	\$ 278,864	\$ (96,136)
Intergovernmental	147,000	147,000	178,560	31,560
Interest	-	-	228	228
Total revenues	<u>522,000</u>	<u>522,000</u>	<u>457,652</u>	<u>(64,348)</u>
Expenditures				
Economic development, contractual service	<u>522,000</u>	<u>522,000</u>	<u>555,514</u>	<u>33,514</u>
Total expenditures	<u>522,000</u>	<u>522,000</u>	<u>555,514</u>	<u>33,514</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(97,862)</u>	<u>\$ (97,862)</u>
Fund balance, beginning of year			<u>532,907</u>	
Fund balance, end of year			<u>\$ 435,045</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 28,085	\$ 28,085
Interest	-	-	66	66
Total revenues	-	-	28,151	28,151
Expenditures				
Economic development, contractual service	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	28,151	<u>\$ 28,151</u>
Fund balance, beginning of year			<u>114,463</u>	
Fund balance, end of year			<u>\$ 142,614</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 722,000	\$ 722,000	\$ 769,575	\$ 47,575
Interest	-	-	45	45
Total revenues	<u>722,000</u>	<u>722,000</u>	<u>769,620</u>	<u>47,620</u>
Expenditures				
Economic development, contractual service	<u>722,000</u>	<u>769,000</u>	<u>768,293</u>	<u>(707)</u>
Total expenditures	<u>722,000</u>	<u>769,000</u>	<u>768,293</u>	<u>(707)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ (47,000)</u>	1,327	<u>\$ 48,327</u>
Fund balance, beginning of year			<u>1,634</u>	
Fund balance, end of year			<u>\$ 2,961</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 293,000	\$ 293,000	\$ 287,231	\$ (5,769)
Interest	-	-	32	32
Total revenues	<u>293,000</u>	<u>293,000</u>	<u>287,263</u>	<u>(5,737)</u>
Expenditures				
Economic development, contractual service	293,000	353,000	352,936	(64)
Total expenditures	<u>293,000</u>	<u>353,000</u>	<u>352,936</u>	<u>(64)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>(65,673)</u>	<u>\$ (5,673)</u>
Fund balance, beginning of year			<u>73,934</u>	
Fund balance, end of year			<u>\$ 8,261</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 7,677	\$ 7,677
Miscellaneous	20,000	30,000	46,548	16,548
Total revenues	20,000	30,000	54,225	24,225
Expenditures				
General government	-	-	-	-
Culture and recreation	38,000	48,000	10,633	(37,367)
Total expenditures	38,000	48,000	10,633	(37,367)
Excess (deficiency) of revenues over (under) expenditures	\$ (18,000)	\$ (18,000)	43,592	\$ 61,592
Fund balance, beginning of year, GAAP basis			115,320	
Fund balance, end of year, budget basis			158,912	
Adjustments, encumbrances			(17,151)	
Fund balance, end of year, GAAP basis			<u>\$ 141,761</u>	

City of Lawrence, Kansas

Farmland Remediation Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ 1,000	\$ 1,000	\$ 98,723	\$ 97,723
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>98,723</u>	<u>97,723</u>
Expenditures				
Public works	1,224,000	1,224,000	218,729	(1,005,271)
Capital Outlay	-	-	-	-
Total expenditures	<u>1,224,000</u>	<u>1,224,000</u>	<u>218,729</u>	<u>(1,005,271)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ (1,223,000)</u>	<u>\$ (1,223,000)</u>	<u>(120,006)</u>	<u>\$ 1,102,994</u>
Fund balance, beginning of year			<u>2,166,970</u>	
Fund balance, end of year			<u>\$ 2,046,964</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 11,000	\$ 11,000	\$ 79,525	\$ 68,525
Interest	-	-	7,213	7,213
Total revenues	<u>11,000</u>	<u>11,000</u>	<u>86,738</u>	<u>75,738</u>
Expenditures				
General government	-	-	-	-
Culture and recreation, contractual services	8,000	8,000	73	(7,927)
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>73</u>	<u>(7,927)</u>
Excess of revenues over expenditures	<u>\$ 3,000</u>	<u>\$ 3,000</u>	86,665	<u>\$ 83,665</u>
Fund balance, beginning of year			<u>57,951</u>	
Fund balance, end of year			<u>\$ 144,616</u>	

City of Lawrence, Kansas

Housing Trust Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,224,000	\$ 1,224,000	\$ 1,172,684	\$ (51,316)
Interest	6,000	6,000	92,546	86,546
Total revenues	<u>1,230,000</u>	<u>1,230,000</u>	<u>1,265,230</u>	<u>35,230</u>
Expenditures				
General government	2,000	2,000	4,788	2,788
Health and social services, contractual services	1,659,000	1,667,000	1,661,000	(6,000)
Total expenditures	<u>1,661,000</u>	<u>1,669,000</u>	<u>1,665,788</u>	<u>(3,212)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(431,000)</u>	<u>(439,000)</u>	<u>(400,558)</u>	<u>38,442</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>\$ (81,000)</u>	<u>\$ (89,000)</u>	<u>(50,558)</u>	<u>\$ 38,442</u>
Fund balance, beginning of year			<u>2,618,334</u>	
Fund balance, end of year			<u>\$ 2,567,776</u>	

City of Lawrence, Kansas

Wee Folks Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 2,244	\$ 2,244
Miscellaneous	35,000	35,000	7,092	(27,908)
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>9,336</u>	<u>(25,664)</u>
Expenditures				
General government	-	-	-	-
Culture and recreation contractual Services	55,000	55,000	31,300	(23,700)
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>31,300</u>	<u>(23,700)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>(21,964)</u>	<u>\$ (1,964)</u>
Fund balance, beginning of year			<u>87,121</u>	
Fund balance, end of year			<u>\$ 65,157</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ 1,000	\$ 1,000	\$ 24,471	\$ 23,471
Miscellaneous	20,000	20,000	-	(20,000)
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>24,471</u>	<u>3,471</u>
Expenditures				
Public safety	40,000	80,000	761	(79,239)
Capital outlay	-	40,000	24,602	(15,398)
Total expenditures	<u>40,000</u>	<u>120,000</u>	<u>25,363</u>	<u>(94,637)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,000)</u>	<u>\$ (99,000)</u>	<u>(892)</u>	<u>\$ 98,108</u>
Fund balance, beginning of year, GAAP basis			<u>539,318</u>	
Fund balance, end of year, budget basis			539,318	
Adjustments, encumbrances			<u>(11,656)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 527,662</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, 2023

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ -	\$ 1,200,000	\$ 1,156,959	\$ (43,041)
Interest	-	-	121,349	121,349
Total revenues	-	1,200,000	1,278,308	78,308
Expenditures				
General government	-	147,000	63,641	(83,359)
Capital outlay	-	2,496,937	700,643	(1,796,294)
Total expenditures	-	2,643,937	764,284	(1,879,653)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (1,443,937)	514,024	\$ 1,957,961
Fund balance, beginning of year			1,422,940	
Fund balance, end of year			\$ 1,936,964	

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, 2023

	Public Parking	Storm Water Utility	Total Nonmajor Proprietary Funds
Assets and deferred outflows of resources			
Current assets:			
Cash and investments	\$ 3,314,109	\$ 11,249,932	\$ 14,564,041
Receivables (net of allowance for uncollectibles):			
Accounts	48,885	754,412	803,297
Accrued interest	43,694	11,746	55,440
Leases receivable, current	23,912	-	23,912
Restricted Cash:			
Customer deposits	-	25	25
Total current assets	<u>3,430,600</u>	<u>12,016,115</u>	<u>15,446,715</u>
Noncurrent assets:			
Property held for resale	-	181,874	181,874
Leases receivable, noncurrent	57,137	-	57,137
Capital assets:			
Land	479,055	1,845,491	2,324,546
Construction in progress	-	7,843,863	7,843,863
Building and improvements	3,844,229	14,999	3,859,228
Equipment	78,952	3,213,277	3,292,229
Infrastructure	-	18,253,572	18,253,572
SBITA asset	105,936	148,673	254,609
Less: accumulated depreciation	(3,965,009)	(10,668,209)	(14,633,218)
Total capital assets	<u>543,163</u>	<u>20,651,666</u>	<u>21,194,829</u>
Total noncurrent assets	<u>600,300</u>	<u>20,833,540</u>	<u>21,433,840</u>
Total assets	<u>4,030,900</u>	<u>32,849,655</u>	<u>36,880,555</u>
Deferred outflows of resources:			
Pension related amounts	192,423	304,351	496,774
OPEB related amounts	55,785	76,070	131,855
Total deferred outflows of resources	<u>248,208</u>	<u>380,421</u>	<u>628,629</u>
Total assets and deferred outflows of resources	<u>4,279,108</u>	<u>33,230,076</u>	<u>37,509,184</u>
Liabilities and deferred inflows of resources			
Current liabilities:			
Accounts payable	63,760	238,088	301,848
Interest payable	15,569	155,458	171,027
Accrued payroll	35,602	59,658	95,260
Compensated absences	29,187	73,529	102,716
Current portion of general obligation bonds payable	95,805	208,307	304,112
Current portion of temporary notes payable	96,810	5,604,608	5,701,418
Current portion of SBITA liability	14,085	26,861	40,946
Total current liabilities	<u>350,818</u>	<u>6,366,509</u>	<u>6,717,327</u>
Noncurrent liabilities:			
Compensated absences	35,673	89,869	125,542
General obligation bonds payable	951,656	5,366,918	6,318,574
SBITA liability	43,981	78,864	122,845
Net pension liability	575,225	909,824	1,485,049
Total OPEB liability	240,858	328,443	569,301
Total noncurrent liabilities	<u>1,847,393</u>	<u>6,773,918</u>	<u>8,621,311</u>
Total liabilities	<u>2,198,211</u>	<u>13,140,427</u>	<u>15,338,638</u>
Deferred inflows of resources:			
Pension related amounts	283	447	730
OPEB related amounts	73,040	99,600	172,640
Leases	77,116	-	77,116
Total deferred inflows of resources	<u>150,439</u>	<u>100,047</u>	<u>250,486</u>
Total liabilities and deferred inflows of resources	<u>2,348,650</u>	<u>13,240,474</u>	<u>15,589,124</u>
Net position			
Net investment in capital assets	(659,174)	9,366,108	8,706,934
Unrestricted	2,589,632	10,623,494	13,213,126
Total net position	<u>\$ 1,930,458</u>	<u>\$ 19,989,602</u>	<u>\$ 21,920,060</u>

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
 Nonmajor Proprietary Funds
 Year Ended December 31, 2023

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Operating revenues			
Charges for services	\$ 2,171,995	\$ 5,975,906	\$ 8,147,901
Licenses and permits	17,565	-	17,565
Other sales	27,347	-	27,347
Total operating revenues	<u>2,216,907</u>	<u>5,975,906</u>	<u>8,192,813</u>
Operating expenses			
Continuing operations	1,902,381	4,756,581	6,658,962
Depreciation and amortization	51,872	698,784	750,656
Total operating expenses	<u>1,954,253</u>	<u>5,455,365</u>	<u>7,409,618</u>
Operating income	<u>262,654</u>	<u>520,541</u>	<u>783,195</u>
Nonoperating revenues (expenses):			
Investment income	114,649	267,952	382,601
Interest expense	(75,575)	(656,556)	(732,131)
Debt issuance costs	(6,880)	(22,332)	(29,212)
Gain on sale of capital assets	-	60,220	60,220
Rental income	6,000	-	6,000
Miscellaneous	100,000	-	100,000
Total nonoperating revenues (expenses)	<u>138,194</u>	<u>(350,716)</u>	<u>(212,522)</u>
Income before transfers	<u>400,848</u>	<u>169,825</u>	<u>570,673</u>
Transfers out	-	(357,000)	(357,000)
Total transfers	<u>-</u>	<u>(357,000)</u>	<u>(357,000)</u>
Change in net position	<u>400,848</u>	<u>(187,175)</u>	<u>213,673</u>
Net position, beginning	<u>1,529,610</u>	<u>20,176,777</u>	<u>21,706,387</u>
Net position, ending	<u>\$ 1,930,458</u>	<u>\$ 19,989,602</u>	<u>\$ 21,920,060</u>

City of Lawrence, Kansas

**Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2023**

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 2,215,794	\$ 5,958,665	\$ 8,174,459
Cash paid to suppliers of goods and services	(1,277,511)	(3,482,890)	(4,760,401)
Cash paid to employees	(482,454)	(970,669)	(1,453,123)
Net cash provided by operating activities	455,829	1,505,106	1,960,935
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	-	(3,307,974)	(3,307,974)
Proceeds from sale of capital assets	-	60,220	60,220
Proceeds from issuance of debt	236,097	11,004,410	11,240,507
Principal payments on general obligation bonds	(10,418)	(68,752)	(79,170)
Principal payments on general obligation temporary notes	(364,945)	(6,829,685)	(7,194,630)
Principal payments on SBITAs	(51,470)	(42,948)	(94,418)
Interest payments on debt	(74,671)	(526,972)	(601,643)
Net cash provided by (used in) capital and related financing activities	(265,407)	288,299	22,892
Cash flows from noncapital financing activities:			
Miscellaneous income	100,000	-	100,000
Interfund loan	(9,611)	-	(9,611)
Transfers out	-	(357,000)	(357,000)
Net cash provided by (used in) noncapital financing activities	90,389	(357,000)	(266,611)
Cash flows from investing activities:			
Purchase of investments	(7,228,517)	(18,061,957)	(25,290,474)
Sale of investments	7,010,954	22,749,593	29,760,547
Interest received	60,997	194,824	255,821
Net cash provided by (used in) investing activities	(156,566)	4,882,460	4,725,894
Net increase in cash and cash equivalents	124,245	6,318,865	6,443,110
Cash and cash equivalents, beginning, as restated	700,794	2,592,085	3,292,879
Cash and cash equivalents, ending	\$ 825,039	\$ 8,910,950	\$ 9,735,989

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
 Nonmajor Proprietary Funds
 Year Ended December 31, 2023

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 262,654	\$ 520,541	\$ 783,195
Net cash provided by operating activities:			
Depreciation/amortization expense	51,872	698,784	750,656
Rental income	6,000	-	6,000
(Increase) in accounts receivable	(6,459)	(17,241)	(23,700)
Decrease in lease receivable	23,059	-	23,059
(Increase) in deferred outflows:			
Pension related amounts	(34,229)	(82,115)	(116,344)
OPEB related amounts	(21,179)	(45,309)	(66,488)
Increase (decrease) in accounts payable	26,914	(186,753)	(159,839)
Increase in accrued payroll	9,820	12,824	22,644
Increase in net pension liability	102,712	336,006	438,718
Increase in total OPEB liability	60,818	168,407	229,225
Increase (decrease) in deferred inflows:			
Pension related amounts	(3,500)	(4,147)	(7,647)
OPEB related amounts	6,329	40,302	46,631
Leases	(23,702)	-	(23,702)
Increase (decrease) in compensated absences	(5,280)	63,807	58,527
Net cash provided by operating activities	\$ 455,829	\$ 1,505,106	\$ 1,960,935
Reconciliation of amounts reported on the statement of net position:			
Cash and cash equivalents	\$ 825,039	\$ 8,910,950	\$ 9,735,989
Investments	2,489,070	2,339,007	4,828,077
Total cash and investments	\$ 3,314,109	\$ 11,249,957	\$ 14,564,066

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, 2023

	Health and Wellness	Administrative Services	Risk Management	Total
Assets and deferred outflows of resources:				
Current assets:				
Cash and investments	\$ 17,239,612	\$ 11,032,790	\$ 3,002,072	\$ 31,274,474
Receivables (net of allowances for uncollectibles):				
Accounts	47,567	25,900	-	73,467
Accrued interest	281,216	209,730	51,867	542,813
Leases, current	-	49,062	-	49,062
Inventories	-	674,700	-	674,700
Total current assets	17,568,395	11,992,182	3,053,939	32,614,516
Noncurrent assets:				
Restricted cash	-	1,694	-	1,694
Leases receivable, noncurrent	-	70,339	-	70,339
Capital assets:				
Construction in progress	-	30,000	-	30,000
Building and improvements	-	704,842	-	704,842
Equipment	-	543,131	-	543,131
SBITA asset	-	4,617,402	-	4,617,402
Less: accumulated depreciation	-	(1,565,610)	-	(1,565,610)
Total capital assets	-	4,329,765	-	4,329,765
Total noncurrent assets	-	4,401,798	-	4,401,798
Total assets	17,568,395	16,393,980	3,053,939	37,016,314
Deferred outflows of resources:				
Pension related amounts	21,211	2,439,949	27,832	2,488,992
OPEB related amounts	5,071	517,276	5,071	527,418
Total deferred outflows of resources	26,282	2,957,225	32,903	3,016,410
Total assets and deferred outflows of resources	17,594,677	19,351,205	3,086,842	40,032,724
Liabilities and deferred inflows of resources:				
Liabilities:				
Current liabilities				
Accounts payable	\$ 684,529	\$ 1,059,148	\$ 321,130	\$ 2,064,807
Interest payable	-	29,197	-	29,197
Claims payable	1,878,798	-	570,108	2,448,906
Accrued payroll	3,569	287,448	1,390	292,407
Compensated absences	3,247	586,267	8,735	598,249
Temporary notes payable	-	479,000	-	479,000
SBITA liability	-	837,797	-	837,797
Total current liabilities	2,570,143	3,278,857	901,363	6,750,363
Noncurrent liabilities:				
Compensated absences	3,969	716,549	10,677	731,195
Temporary notes payable	-	1,264,287	-	1,264,287
SBITA liability	-	1,868,769	-	1,868,769
Net pension liability	63,407	7,293,953	83,207	7,440,567
Total OPEB liability	21,896	2,233,414	21,896	2,277,206
Total noncurrent liabilities	89,272	13,376,972	115,780	13,582,024
Total liabilities	2,659,415	16,655,829	1,017,143	20,332,387
Deferred inflows of resources:				
Pension related amounts	31	3,584	41	3,656
OPEB related amounts	6,640	677,279	6,640	690,559
Leases	-	117,067	-	117,067
Total deferred inflows of resources	6,671	797,930	6,681	811,282
Total liabilities and deferred inflows of resources	2,666,086	17,453,759	1,023,824	21,143,669
Net position				
Net investment in capital assets	-	(120,088)	-	(120,088)
Unrestricted	14,928,591	2,017,534	2,063,018	19,009,143
Total net position	\$ 14,928,591	\$ 1,897,446	\$ 2,063,018	\$ 18,889,055

City of Lawrence, Kansas

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2023**

	Health and Wellness	Administrative Services	Risk Management	Total
Operating revenues				
Charges for services	\$ 12,446,307	\$ 22,455,786	\$ 2,283,417	\$ 37,185,510
Licenses and permits	-	97,396	-	97,396
Other revenue	504,746	58,682	19,753	583,181
Total operating revenues	<u>12,951,053</u>	<u>22,611,864</u>	<u>2,303,170</u>	<u>37,866,087</u>
Operating expenses				
Continuing operations	3,453,813	20,371,904	2,671,013	26,496,730
Health insurance claims	12,588,069	-	-	12,588,069
Depreciation and amortization	-	1,289,494	-	1,289,494
Total operating expenses	<u>16,041,882</u>	<u>21,661,398</u>	<u>2,671,013</u>	<u>40,374,293</u>
Operating income (loss)	<u>(3,090,829)</u>	<u>950,466</u>	<u>(367,843)</u>	<u>(2,508,206)</u>
Nonoperating revenues (expenses)				
Interest income	598,603	445,212	102,573	1,146,388
Rental income	-	19,218	-	19,218
Interest expense	-	(262,448)	-	(262,448)
Miscellaneous	1,458,633	38,994	17,139	1,514,766
Total nonoperating revenues (expenses)	<u>2,057,236</u>	<u>240,976</u>	<u>119,712</u>	<u>2,417,924</u>
Change in net position	<u>(1,033,593)</u>	<u>1,191,442</u>	<u>(248,131)</u>	<u>(90,282)</u>
Net position, beginning, as restated	<u>15,962,184</u>	<u>706,004</u>	<u>2,311,149</u>	<u>18,979,337</u>
Net position, ending	<u>\$ 14,928,591</u>	<u>\$ 1,897,446</u>	<u>\$ 2,063,018</u>	<u>\$ 18,889,055</u>

City of Lawrence, Kansas

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2023

	Health and Wellness	Administrative Services	Risk Management	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 14,407,273	\$ 22,656,440	\$ 2,320,309	\$ 39,384,022
Cash paid to suppliers of goods and services	(16,064,122)	(12,228,204)	(2,327,401)	(30,619,727)
Cash paid to employees	(65,307)	(6,736,576)	(89,703)	(6,891,586)
Net cash provided by (used in) operating activities	(1,722,156)	3,691,660	(96,795)	1,872,709
Cash flows from capital and related financing activities:				
Principal payments on general obligation temporary notes	-	(475,000)	-	(475,000)
Principal payments on SBITAs	-	(929,751)	-	(929,751)
Interest payments on debt	-	(233,249)	-	(233,249)
Net cash (used in) capital and related financing activities	-	(1,638,000)	-	(1,638,000)
Cash flows from investing activities:				
Purchase of investments	(43,421,653)	(31,698,503)	(7,516,208)	(82,636,364)
Sale of investments	44,755,779	25,822,779	7,337,979	77,916,537
Interest received	421,986	278,357	67,275	767,618
Net cash provided by (used in) investing activities	1,756,112	(5,597,367)	(110,954)	(3,952,209)
Net increase (decrease) in cash and cash equivalents	33,956	(3,543,707)	(207,749)	(3,717,500)
Cash and cash equivalents, beginning as restated	165,411	3,154,303	117,703	3,437,417
Cash and cash equivalents, ending	\$ 199,367	\$ (389,404)	\$ (90,046)	\$ (280,083)

(Continued)

City of Lawrence, Kansas

**Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended December 31, 2023**

	Health and Wellness	Administrative Services	Risk Management	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (3,090,829)	\$ 950,466	\$ (367,843)	\$ (2,508,206)
Net cash provided by operating activities:				
Depreciation and amortization expense	-	1,289,494	-	1,289,494
Rental income	-	19,218	-	19,218
Miscellaneous income	1,458,633	30,694	17,139	1,506,466
(Increase) decrease in accounts receivable	(2,619)	74	-	(2,545)
Decrease in leases receivable	-	47,627	-	47,627
(Increase) in inventories	-	(5,824)	-	(5,824)
(Increase) decrease in deferred outflows:				
Pension related amounts	(21,211)	126,367	341	105,497
OPEB related amounts	(5,071)	(156,026)	(12,572)	(173,669)
Increase (decrease) in accounts payable	(582,765)	724,398	246,703	388,336
Increase in customer deposits	206	-	-	206
Increase in claims payable	418,741	-	4,495	423,236
Increase in accrued payroll	3,569	56,266	686	60,521
Increase in net pension liability	63,407	235,569	5,720	304,696
Increase in total OPEB liability	21,896	413,003	1,892	436,791
Increase (decrease) in deferred inflows:				
Pension related amounts	31	(52,932)	(579)	(53,480)
OPEB related amounts	6,640	2,761	(772)	8,629
Leases	-	(53,037)	-	(53,037)
Increase in accrued compensated absences	7,216	63,542	7,995	78,753
Net cash provided by (used in) operating activities	\$ (1,722,156)	\$ 3,691,660	\$ (96,795)	\$ 1,872,709
Noncash capital and related financing activities,				
Issuance of SBITA liability	\$ -	\$ 201,022	\$ -	\$ 201,022
Reconciliation of amounts reported on the statement of net position:				
Cash and cash equivalents	\$ 199,367	\$ (389,404)	\$ (90,046)	\$ (280,083)
Investments	17,040,245	11,423,888	3,092,118	31,556,251
Total cash and investments	\$ 17,239,612	\$ 11,034,484	\$ 3,002,072	\$ 31,276,168

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.

CITY OF LAWRENCE, KANSAS

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	<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>	<u>2023</u>
Governmental Activities										
Net investment in capital assets	\$ 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	201,115,312
Restricted	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	83,259,546
Unrestricted	<u>39,710,437</u>	<u>(7,071,563)</u>	<u>(4,515,792)</u>	<u>11,126,590</u>	<u>8,002,262</u>	<u>190,444</u>	<u>(24,665,976)</u>	<u>(23,603,227)</u>	<u>(29,707,702)</u>	<u>(51,451,559)</u>
Total governmental activities net position	\$ <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>250,780,475</u>	<u>232,923,299</u>
Business-type activities										
Net investment in capital assets	\$ 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	134,718,702
Restricted	-	-	2,007,755	2,007,755	7,463,508	7,483,183	8,203,283	8,277,586	8,427,353	8,211,024
Unrestricted	<u>26,144,324</u>	<u>21,920,645</u>	<u>48,675,637</u>	<u>61,630,771</u>	<u>13,457,357</u>	<u>53,808,460</u>	<u>50,303,939</u>	<u>56,515,118</u>	<u>64,732,821</u>	<u>75,408,604</u>
Total business-type activities net position	\$ <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>204,173,729</u>	<u>218,338,330</u>
Primary government										
Net investment in capital assets	\$ 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	335,834,014
Restricted	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	91,470,570
Unrestricted	<u>65,854,761</u>	<u>14,849,082</u>	<u>44,159,845</u>	<u>72,757,361</u>	<u>21,459,619</u>	<u>53,998,904</u>	<u>25,637,963</u>	<u>32,911,891</u>	<u>35,025,119</u>	<u>23,957,045</u>
Total primary government net position	\$ <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>454,954,204</u>	<u>451,261,629</u>

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	<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>	<u>2023</u>
Expenses										
Governmental Activities										
General Government	\$ 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	22,563,985
Public Safety	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	69,620,762
Public Works	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	26,145,705
Health and Social Services*	2,627,928	1,872,804	3,350,156	3,930,099	2,784,172	2,680,131	4,336,950	5,517,930	5,925,685	14,561,641
Culture and Recreation	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	27,028,134
Tourism	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	1,322,691
Airport	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	3,094,768
Interest on Long-Term Debt	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	6,277,802
Total Governmental Activities Expenses	<u>91,476,905</u>	<u>99,097,368</u>	<u>104,318,035</u>	<u>124,316,404</u>	<u>102,515,079</u>	<u>124,594,353</u>	<u>134,978,522</u>	<u>126,399,685</u>	<u>171,769,431</u>	<u>170,615,488</u>
Business-Type Activities:										
Water & Sewer	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	54,497,121
Sanitation	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	15,944,362
Stormwater	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	6,309,991
Public Parking	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	2,056,861
Golf Course	973,740	961,517	978,457	1,261,536	850,780	939,014	948,732	-	-	-
Total Business-Type Activities Expenses	<u>45,532,855</u>	<u>47,272,388</u>	<u>49,740,624</u>	<u>53,576,821</u>	<u>55,418,495</u>	<u>62,234,672</u>	<u>65,268,083</u>	<u>66,764,033</u>	<u>75,154,505</u>	<u>78,808,335</u>
Total Primary Government Expenses	<u>\$ 137,009,760</u>	<u>146,369,756</u>	<u>154,058,659</u>	<u>177,893,225</u>	<u>157,933,574</u>	<u>186,829,025</u>	<u>200,246,605</u>	<u>193,163,718</u>	<u>246,923,936</u>	<u>249,423,823</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	3,169,934
Public Safety	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	9,040,018
Culture and Recreation	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	5,252,949
Other Activities	571,777	461,508	1,599,985	534,779	1,648,292	680,797	565,588	365,900	780,114	341,042
Operating Grants and Contributions	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	22,480,441
Capital Grants and Contributions	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	215,605
Total Governmental Activities Program Revenues	<u>28,377,860</u>	<u>24,131,778</u>	<u>28,640,171</u>	<u>44,808,454</u>	<u>31,314,481</u>	<u>26,277,554</u>	<u>30,009,125</u>	<u>26,056,723</u>	<u>48,603,828</u>	<u>40,499,989</u>
Business-Type Activities:										
Charges for Services:										
Water & Sewer	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	62,300,354
Sanitation	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	16,764,712
Stormwater	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	5,975,906
Parking	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	2,216,907
Golf Course	772,843	733,798	747,031	984,669	930,992	932,240	792,583	-	-	-

CITY OF LAWRENCE, KANSAS

Table 2 (cont'd) Table 2 (cont'd)

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Grants and Contributions	-	-	-	-	-	-	-	-	413,792	45,000
Total Business-Type Activities Program Revenues	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	87,302,879
Total Primary Government Program Revenues	\$ 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	127,802,868
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	(130,115,499)
Business-Type Activities	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	8,494,544
Total Primary Government Net Expense	\$ (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)	(121,620,955)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	\$ 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	48,932,115
Franchise Taxes	7,645,920	7,127,746	7,448,325	7,229,327	7,465,999	39,547,332	6,893,125	7,207,175	9,067,952	8,693,733
Sales Taxes	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	59,729,000
Unrestricted Grants and Contributions	732,100	720,387	764,798	783,431	796,314	42,032	12,601	26,864	38,360	61,617
Investment Earnings	223,756	100,697	390,171	493,557	1,069,632	2,939,293	1,181,470	312,560	1,261,741	7,742,341
Miscellaneous	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	2,320,530
Transfers	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	5,254,000
Total Governmental Activities	75,919,127	80,419,654	85,052,744	88,449,859	90,964,225	136,465,401	88,125,264	111,493,533	118,593,964	132,733,336
Business-Type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	26,824	233,589	500,878	802,034	1,077,026	2,224,171	1,221,162	111,472	122,122	5,366,082
Miscellaneous	796,713	767,015	564,790	1,310,446	858,835	820,034	1,000,427	540,553	1,294,897	920,211
Transfers	(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)	(5,254,000)
Total Business-Type Activities	(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)	1,032,293
Total Primary Government	\$ 72,859,679	77,767,228	83,860,852	86,760,356	89,214,451	135,722,131	101,370,834	107,267,819	115,189,983	133,765,629
Change in Net Position										
Governmental Activities	\$ 12,820,082	5,454,064	9,374,880	8,941,909	19,763,627	38,148,602	(16,844,133)	11,150,571	(4,571,639)	2,617,837
Business-Type Activities	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	9,526,837
Total Primary Government	\$ 14,781,558	8,793,202	15,726,322	16,027,242	33,271,482	41,488,093	27,866	15,759,213	(1,280,620)	12,144,674

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
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	9,067,953	3,229,966	98,152	103,357,907	1,889,508,922
2023	45,047,152	51,945,272	8,764,278	3,283,323	99,251	109,139,276	1,951,009,935

*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)

	2014	2015	2016**	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ -	-	-	-	-	206,645	427,738	336,121	482,716	585,657
Restricted	-	-	-	-	-	-	-	105,186	193,627	83,465
Assigned	418,924	483,882	626,605	666,212	456,504	2,081,608	1,292,014	2,584,296	1,712,336	4,810,557
Unassigned	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	20,211,077
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 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	25,690,756
All Other Governmental Funds										
Nonspendable	562,959	562,959	434,460	411,460	80,347	23,386	177,999	159,165	65,423	18,643
Restricted	17,578,956	16,468,996	15,742,316	25,226,913	50,110,197	39,761,077	67,394,535	47,320,111	60,618,382	96,081,032
Assigned	29,326,657	25,955,112	25,103,256	28,700,173	-	-	-	-	-	-
Unassigned	(14,022,677)	(8,716,690)	(11,265,210)	(116,324)	(21,213)	(32,796)	(80,397)	(26,165)	(3,021,684)	(2,035,011)
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 33,445,895	34,270,377	30,014,822	54,222,222	50,169,331	39,751,667	67,492,137	47,453,111	57,662,121	94,064,664

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

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

CITY OF LAWRENCE, KANSAS

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Unaudited									
	2014	2015	2016*	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 60,669,355	63,022,436	78,202,845	80,009,856	85,128,306	88,283,584	97,188,495	97,188,496	103,357,906	108,660,704
Special Assessments	2,735,676	2,411,557	2,018,400	2,542,191	889,070	1,599,336	1,259,163	1,357,948	1,129,282	771,610
Licenses and Permits	974,690	1,525,191	1,873,080	1,647,100	2,065,644	1,585,563	1,489,221	1,778,017	1,584,517	1,296,823
Charges for Services	6,984,748	8,091,858	10,141,679	12,005,980	11,504,060	12,275,703	9,889,718	11,207,524	16,643,687	14,974,838
Fines, Forfeitures and Penalties	3,277,102	2,987,550	2,451,698	2,214,210	2,237,632	1,897,608	993,386	939,980	912,993	890,875
Interest	266,269	95,043	366,695	458,254	1,034,090	2,636,307	1,227,777	255,889	1,752,866	6,948,720
Intergovernmental	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	27,386,802
Reimbursements	675,165	1,577,236	4,130,660	1,529,769	1,622,723	2,076,208	1,004,337	698,169	1,931,087	5,014,469
Miscellaneous	2,408,160	1,072,924	1,570,382	1,831,264	1,084,214	1,794,382	1,280,356	2,227,141	2,154,639	2,390,285
Total Revenues	<u>99,859,392</u>	<u>103,285,178</u>	<u>113,372,599</u>	<u>116,615,032</u>	<u>119,501,542</u>	<u>126,532,196</u>	<u>135,271,635</u>	<u>133,957,175</u>	<u>158,675,835</u>	<u>168,335,126</u>
Expenditures										
General Government	25,347,630	26,604,520	27,374,180	23,929,049	23,162,939	25,896,044	26,168,789	23,372,105	21,577,620	17,850,216
Public Safety	32,508,249	33,856,702	35,428,959	41,512,350	44,127,910	46,100,200	50,705,913	53,818,355	57,348,146	58,551,394
Public Works	8,410,527	8,837,676	8,859,891	20,494,795	11,912,013	12,003,694	16,299,987	15,506,807	16,504,082	22,477,873
Health and Social Services**	1,990,328	2,402,882	2,456,830	2,977,109	2,728,757	2,373,207	4,092,161	4,926,030	4,971,170	13,946,461
Culture and Recreation	9,178,546	9,513,574	10,280,949	11,151,720	11,662,354	11,434,466	10,792,873	12,185,541	19,894,766	23,219,481
Tourism	1,263,707	1,566,103	2,739,874	2,748,422	1,674,768	1,929,803	1,658,866	1,996,716	2,176,023	1,276,739
Airport	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	3,093,694
Capital Outlay	41,565,540	19,203,361	14,214,757	12,900,993	16,065,513	22,507,011	27,898,602	9,115,756	27,133,122	39,291,804
Debt Service:										
Principal Retirement	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	53,748,875
Interest and Fiscal Charges	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	7,085,992
Issuance Costs	-	-	-	-	-	252,831	99,207	157,459	162,989	153,618
Total Expenditures	<u>131,986,037</u>	<u>116,348,480</u>	<u>116,120,521</u>	<u>130,622,903</u>	<u>126,282,928</u>	<u>136,598,904</u>	<u>159,737,508</u>	<u>173,400,082</u>	<u>187,824,891</u>	<u>240,696,147</u>
Excess of Revenues over (under) Expenditures	<u>(32,126,645)</u>	<u>(13,063,302)</u>	<u>(2,747,922)</u>	<u>(14,007,871)</u>	<u>(6,781,386)</u>	<u>(10,066,708)</u>	<u>(24,465,873)</u>	<u>(39,442,907)</u>	<u>(29,149,056)</u>	<u>(72,361,021)</u>
Other Financing Sources (Uses)										
Transfers In	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	51,177,370
Transfers Out	(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)	(45,923,370)
Sale of Property - Proceeds Received	-	-	-	-	-	17,525	17,100	576,299	85,932	632,358
Capital Lease Proceeds	-	-	244,260	1,064,200	-	-	-	-	-	-
Issuance of SBITA Liability	-	-	-	-	-	-	-	-	-	241,975
Proceeds of General Obligation Bonds	41,455,000	9,450,000	-	35,034,000	-	41,505,000	10,545,000	56,262,000	57,142,000	34,378,675
Premium on General Obligation Bonds	3,136,301	426,956	-	2,036,462	-	530,809	394,939	2,715,048	2,025,865	1,841,064
Total Other Financing Sources (Uses)	<u>48,477,563</u>	<u>13,533,097</u>	<u>2,504,837</u>	<u>41,939,662</u>	<u>3,689,000</u>	<u>45,840,809</u>	<u>15,334,118</u>	<u>64,627,463</u>	<u>64,078,157</u>	<u>42,348,072</u>
Net Change in Fund Balances	<u>16,350,918</u>	<u>469,795</u>	<u>(243,085)</u>	<u>27,931,791</u>	<u>(3,092,386)</u>	<u>35,774,101</u>	<u>(9,131,755)</u>	<u>25,184,556</u>	<u>34,929,101</u>	<u>(30,012,949)</u>
Debt Service as a Percentage of Noncapital Expenditures	13.0%	14.0%	13.6%	10.4%	13.4%	12.4%	14.9%	31.1%	20.2%	27.9%

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

CITY OF LAWRENCE, KANSAS

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Unaudited

Year	Real Property		Personal Property (1)		State Assessed		Total		Ratio of Assessed to Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value		
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
2023	1,373,498,296	12,413,321,780	9,850,760	46,531,019	33,963,415	33,936,415	1,417,312,471	12,493,789,214	11.3%	33.207

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

CITY OF LAWRENCE, KANSAS

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Unaudited

Year	City of Lawrence			Overlapping Rates						Total Direct & Overlapping Rates	
	Operating Millage	Debt	Total	Douglas County			School District				State of Kansas
		Service Millage	City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
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
2023	25.251	7.956	33.207	44.209	0.000	44.209	43.195	9.015	52.210	1.500	131.126

Source: Douglas County Budget Office

CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2023

Unaudited

Taxpayer	2023 Assessed Valuation	Rank	Percent of Total Assessed Valuation	2014 Assessed Valuation	Rank	Percent of Total Assessed Valuation
Evergy (formerly Westar Energy)	\$ 22,343,149	1	1.58 %	\$ 16,416,613	1	1.92 %
Black Hills Corp	7,546,184	2	0.53	4,353,917	3	0.51
Links at Kansas	7,086,846	3	0.50			
Walmart	6,605,100	4	0.47	5,523,938	2	0.65
Cherry Hill Properties LLC	5,920,780	5	0.42			
KS-UK Holdings LLC	5,346,399	6	0.38			
ARC PRLAWKS001 LLC	5,060,652	7	0.36			
Menards Inc	4,922,133	8	0.35			
North Creek Investors III LLC	4,794,809	9	0.34	3,263,076	6	0.38
HSRE Connection KU LLC	4,766,714	10	0.34			
Hallmark Cards				4,270,753	4	0.50
Inland Western Lawrence				4,006,152	5	0.47
Diamond URS				3,203,308	7	0.37
Kadish				2,934,375	8	0.34
LIB JV Holdings				2,901,630	9	0.34
Westgate LC				2,875,278	10	0.34
Total	\$ <u>74,392,766</u>		<u>5.25 %</u>	\$ <u>49,749,040</u>		<u>5.82 %</u>

Source: Douglas County Clerk.

CITY OF LAWRENCE, KANSAS

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Unaudited

<u>Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collection to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
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
2023	43,523,580	42,759,216	98.24	389,800	43,149,016	99.14	3,035,774	6.98

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

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

CITY OF LAWRENCE, KANSAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2014	90,794,602	-	-	44,030,000	9,800,398	18,301,688	-	162,926,688	3.97 %	1,754
2015	89,688,881	-	131,544	129,535,000	8,251,119	15,946,937	-	243,553,481	5.69 %	2,585
2016	79,640,645	-	286,629	183,538,349	20,375,195	-	-	283,840,818	6.22 %	2,967
2017	101,598,559	-	1,236,083	185,527,794	16,381,828	-	-	304,744,264	6.47 %	3,153
2018	91,966,494	6,018,520	1,143,691	199,557,038	12,607,365	-	-	311,293,108	5.87 %	3,203
2019	87,225,560	44,049,421	991,376	191,334,777	9,014,419	-	-	332,615,553	6.25 %	3,387
2020	87,868,554	40,228,620	835,956	182,691,558	5,256,052	-	-	316,880,740	5.74 %	3,338
2021	112,523,998	27,014,451	684,928	224,042,813	1,250,000	-	-	365,516,190	6.28 %	3,832
2022	103,726,176	56,052,000	592,056	197,910,000	1,589,824	-	-	359,870,056	5.83 %	3,755
2023	101,814,949	38,017,000	478,915	226,335,000	5,935,050	-	-	372,580,914	5.88 %	3,873

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

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

CITY OF LAWRENCE, KANSAS

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

Last Ten Fiscal Years

Unaudited

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
2014	92,881	875,119	100,595,000	10,674,909	89,920,091	10.28	951
2015	94,207	894,945	97,940,000	10,901,622	87,038,378	9.73	896
2016	95,655	928,930	100,015,840	10,930,190	89,085,650	9.59	910
2017	96,637	928,947	117,980,387	11,266,535	106,713,852	11.49	1,073
2018	97,187	985,104	101,410,000	10,832,304	90,577,696	9.19	899
2019	98,193	1,037,322	93,408,000	12,491,540	80,916,460	7.80	779
2020	94,931	1,090,534	88,285,000	13,955,094	74,329,906	6.82	719
2021	95,386	1,137,488	107,811,000	18,573,982	89,237,018	7.85	936
2022	95,831	1,166,581	105,316,000	26,101,129	79,214,871	6.79	827
2023	96,207	1,310,672	107,750,000	26,138,308	81,611,692	6.23	848

(1) US Census Population 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, 2023

<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>107,750,000</u>	100 %	\$ <u>107,750,000</u>
Overlapping:			
Douglas County	19,065,000	72%	138,017
Unified School District No. 497	<u>149,760,000</u>	87%	<u>1,296,826</u>
	<u>168,825,000</u>		<u>1,434,842</u>
	<u>\$ 276,575,000</u>		<u>\$ 109,184,842</u>

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

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

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

CITY OF LAWRENCE, KANSAS

Computation of Legal Debt Margin

Last Ten Fiscal Years

	<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>	<u>2023</u>
Total Assessed Valuation of Taxable Property*	\$ 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	1,310,674,863
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	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	393,202,459
Total net debt applicable to limit** (includes temporary notes)	<u>110,458,511</u>	<u>101,295,382</u>	<u>90,516,715</u>	<u>107,626,339</u>	<u>98,015,014</u>	<u>131,274,981</u>	<u>128,097,174</u>	<u>139,538,449</u>	<u>166,466,669</u>	<u>141,025,235</u>
Legal Debt Margin	<u>\$ 174,965,548</u>	<u>\$ 186,141,957</u>	<u>\$ 208,260,248</u>	<u>\$ 171,057,867</u>	<u>\$ 197,516,165</u>	<u>\$ 179,921,751</u>	<u>\$ 199,062,877</u>	<u>\$ 201,707,953</u>	<u>\$ 183,507,687</u>	<u>\$ 252,177,224</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	38.70%	35.24%	30.30%	38.62%	33.17%	42.18%	39.15%	40.89%	47.57%	35.87%

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

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

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

Table 14

CITY OF LAWRENCE, KANSAS

Revenue Bond Coverage – Water and Sewer Fund

Last Ten Fiscal Years

<u>Year</u>	<u>Operating Revenue</u>	<u>Operating Expenses Less Depreciation</u>	<u>Net Revenue Available For Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
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	55,885,356	36,078,807	19,806,549	7,835,000	7,428,053	15,263,053	1.30
2023	62,300,354	36,078,355	26,221,999	9,415,000	7,514,466	16,929,466	1.55

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>
2014	92,881	4,100,447,000	36,331	26.70	11,840	3.5
2015	94,207	4,277,044,000	36,686	26.70	12,106	3.0
2016	95,655	4,567,016,000	38,686	26.70	11,969	3.6
2017	96,637	4,710,732,000	39,400	26.70	11,970	3.1
2018	97,187	5,299,726,000	43,642	27.50	12,051	3.1
2019	98,193	5,321,380,000	43,939	26.70	11,879	2.6
2020	94,931	5,521,639,000	45,163	26.70	11,473	3.9
2021	95,386	5,819,458,000	47,494	28.20	11,150	1.8
2022	95,831	6,171,456,000	51,703	28.20	10,896	2.4
2023	96,207	6,334,017,000	52,799	28.20	10,603	1.9

Data Sources:

- (1) US Census Population 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

CITY OF LAWRENCE, KANSAS

Principal Employers

Current Year and Nine Years Ago

Employer	2023			2014		
	<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%	9,872	1	15.42%
LMH Health	1,945	2	4.21%	1,251	5	1.95%
Lawrence Public Schools	1,660	3	3.60%	1,831	2	2.86%
Berry Global	1,115	4	2.42%	665	8	1.04%
Hallmark Cards Inc.	885	5	1.92%	814	6	1.27%
City of Lawrence	860	6	1.86%	1,431	4	2.23%
Amarr Garage Doors	730	7	1.58%	480	9	0.75%
Douglas County	480	8	1.04%			
Maximus	450	9	0.97%			
Lawrence Paper Company	240	10	0.52%			
General Dynamics				1,500	3	2.34%
World Company				680	7	1.06%
DCCA Center				475	10	0.74%
Total	<u>17,210</u>		<u>37.28%</u>	<u>18,999</u>		<u>29.66%</u>

Sources: Lawrence Chamber of Commerce

Table 17

CITY OF LAWRENCE, KANSAS
Full Time Equivalent Employees by Function

Last Ten Fiscal Years
Unaudited

<u>Function/Program</u>	<u>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>	<u>2023</u>
Governmental Activities:										
General Government	73.14	72.55	105.00	76.86	79.93	85.59	72.07	80.70	62.32	38.47
Public Safety**	321.00	318.00	320.60	330.00	330.00	332.00	399.20	399.20	399.20	402.20
Public Works	59.66	59.16	62.66	62.66	61.16	61.16	62.16	62.16	83.00	90.70
Culture & Recreation	70.53	70.53	72.53	76.53	72.78	72.78	72.50	85.60	77.28	77.75
Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Social Services	4.30	-	3.60	2.70	2.70	2.60	2.25	2.25	2.25	2.23
Tourism	-	-	-	-	3.00	3.00	2.00	2.00	2.00	2.00
Total Governmental Activities	<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>611.18</u>	<u>632.91</u>	<u>627.05</u>	<u>614.35</u>
Business-type Activities:										
Water & Sewer	130.26	132.52	146.88	140.13	142.63	141.63	141.50	134.70	134.00	135.80
Solid Waste	97.84	97.84	97.84	97.84	93.34	94.34	92.34	90.50	84.00	87.75
Storm Water	10.50	10.00	10.00	10.00	11.50	13.50	11.50	11.50	14.00	14.75
Public Parking	12.00	12.00	12.00	12.00	14.00	13.00	12.00	10.00	10.00	10.20
Golf Course*	12.44	12.94	11.69	12.69	12.36	12.31	11.73	-	-	-
Administrative Services	17.00	17.00	17.00	17.00	17.00	17.00	22.00	72.50	111.90	110.35
Total Business-type Activities	<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>291.07</u>	<u>319.20</u>	<u>353.90</u>	<u>358.85</u>
Total	<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>902.25</u>	<u>952.11</u>	<u>980.95</u>	<u>973.20</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

CITY OF LAWRENCE, KANSAS

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire Protection										
Number of Firefighters and Officers	135	131	143	143	143	146	150	150	150	155
Number of Fire Calls Answered (1)	283	211	254	238	243	191	242	259	308	222
Number of Medical Calls Answered	7,800	8,229	8,246	8,802	9,089	8,781	8,624	9,380	9,792	10,721
Number of Other Calls Answered	3,293	3,404	3,426	3,496	3,962	4,034	3,793	4,921	5,479	5,911
Number of Medical Transports	5,320	5,775	5,851	6,207	6,207	6,441	6,200	7,067	7,318	8,013
Number of Inspections Conducted	4,326	6,392	7,241	7,332	7,332	4,862	4,950	4,247	3,787	4,238
Police Protection										
Number of Commissioned Police Officers	154	155	153	154	154	139	135	134	141	138
Number of Full Time Civilians	33	33	33	28	28	25	27	25	36	35
Number of Calls for Service	115,398	107,478	100,142	95,708	95,702	91,658	69,360	75,900	73,805	84,523
Arrests Processed through County Jail	3,668	3,219	2,976	3,324	2,994	2,434	1,786	1,863	1,300	1,980
Officer Issued Traffic Violations	15,631	12,811	10,970	11,614	10,742	8,417	3,896	4,526	4,658	4,669
Officer Issued Parking Violations	37,292	10,988	10,754	10,534	8,826	7,783	1,907	1,948	1,746	2,155
Sewerage System										
Number of Service Connections	32,345	32,395	32,395	32,791	33,105	34,146	33,595	33,863	33,969	34,111
Actual Daily Average of Treatment in Million Gallons Daily	9	10	10	10	9	12	11	11	10	9
Water System										
Number of Service Connections	33,005	33,220	33,256	33,547	33,874	34,146	34,340	650	34,688	34,782
Daily Average Consumption in Million Gallons	10	10	11	10	11	10	11	10	11	11
Maximum Daily Capacity of Plant in Million Gallons	37	37	37	41	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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Works										
Miles of Streets	333.6	356.9	362.9	365.23	367.19	351.62	351.77	352.17	352.82	353.37
Culture and Recreation										
Recreation Facilities	4	7	7	7	7	7	7	7	7	7
Parks	54	56	56	56	56	56	56	56	56	56
Park Acreage	3,535	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Tennis Courts	11	16	16	16	16	16	16	15	15	15
Fire Protection										
Number of Stations	6	6	6	5	5	5	5	5	7	7
Police Protection										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	30	38	40	40	36	36	34	40	32	39
Sewerage System										
Miles of Sanitary Sewers	434	452	454	457	460	461	461	462	462.2	464.8
Number of Treatment Plants	1	1	1	2	2	2	2	2	2	2
Number of Lift Stations	33	31	31	32	32	34	34	34	34	33
Water System										
Number of Water Plants	2	2	2	2	2	2	2	2	2	2
Miles of Water Mains	499	520	523	556	565	568	567	570	572.5	447.9
Number of City owned Fire Hydrants	3,331	3,480	3,531	3,599	3,646	3,690	3,688	3,683	3,714	3,720
Libraries										
Public Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (approximately)(1)	229,777	201,400	207,500	198,257	204,146	203,403	212,176	216,864	223,174	217,677
Facilities and Services Not Included in the Reporting Entity:										
Education										
Number of Public Elementary Schools(2)	14	14	14	14	14	14	15	14	14	12
Number of Public Elementary School Instructors	457	459	445	435	421	489	457	439	391	377
Number of Public Secondary Schools(2)	6	6	6	6	6	6	7	7	7	7
Number of Public Secondary School Instructors	485	495	476	456	460	526	529	494	453	413
Number of Universities	2	2	2	2	2	2	2	2	2	2
Hospitals										
Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Number of Patient Beds	173	174	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 2023 fiscal year for the general fund:

<u>Source</u>	<u>Percent</u>
Sales Tax	36.97%
Local property tax	28.72
Intergovernmental	1.05
Franchise fees	8.47
Charges for service	14.38
Fines and forfeitures	0.83
Interest on investments	1.18
Licenses and permits	1.25
Other	7.15
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. The City addresses potential risk by purchasing various commercial insurance policies for certain insurable causes of loss, with the exception of workers' compensation and employee health insurance. Other miscellaneous coverage purchased includes underground storage tank liability, fiduciary liability and cyber liability. In certain cases, the City retains risks up to the individual policy deductible amounts. Settled claims have not exceeded the commercial limits in any of the past five years.

Under the City's risk management program, the City retains risk for up to \$75,000 per occurrence 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.

The City's self-insurance activities are reported in internal service funds. 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. The City's claims liability reported in the Statement of Net Position at December 31, 2023 was \$2,448,906 for general and worker's comp liabilities and employee health insurance. The liability reported in the financial statements at December 31, 2023 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>
2023	\$38,017,000	\$107,750,000	\$226,335,000
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

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>
2023	\$1,417,312,471	\$12,493,789,214	96,207	\$3,867.72	26.25%	2.98%
2022	\$1,310,674,863	\$11,367,694,222	95,831	\$3,749.08	27.41%	3.16%
2021	1,166,581,186	9,982,419,850	95,386	3,565.28	29.15	3.41
2020	1,137,488,005	9,694,860,038	94,931	3,663.71	30.58	3.59
2019	1,090,533,504	9,220,346,536	98,193	3,174.29	28.58	3.38

* In 2023 population estimates began to be obtained from the US Census Bureau. For consistency and comparability, the numbers have been updated in this table to reflect the estimates from the US Census Bureau for the 4 preceding years. Since the Debt per Capita is based on the Population, those numbers have also been updated.

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.

	2019 <u>Actual</u>	2020 <u>Actual</u>	2021 <u>Actual</u>	2022 <u>Actual</u>	2023 <u>Actual*</u>
Revenues:					
Taxes	\$57,711,687	\$57,771,030	\$66,550,842	\$71,500,649	\$76,748,615
Special Assessments	0	0	35,857	0	0
Licenses & Permits	1,585,563	1,489,221	1,775,417	1,427,847	1,296,823
Charges for Services	8,107,071	8,646,933	11,386,133	16,419,882	14,855,234
Fines, Forfeitures & Penalties	1,842,364	964,989	909,911	883,891	861,856
Investment Income	628,280	447,695	132,550	7,582	1,216,926
Intergovernmental	914,809	681,468	695,022	1,014,116	1,085,038
Reimbursements	253,495	332,482	142,956	326,133	1,004,777
Miscellaneous	699,566	317,157	733,064	864,344	1,237,533
Transfers In	<u>3,667,475</u>	<u>4,434,853</u>	<u>4,433,816</u>	<u>4,563,570</u>	<u>5,254,000</u>
Total Revenues	\$75,156,815	\$75,085,829	\$86,795,568	\$97,008,014	\$103,560,822
Expenditures:					
General Government	\$11,552,577	\$11,356,432	\$ 9,826,503	\$11,134,722	\$7,699,259
Public Safety	45,479,521	48,732,744	49,954,302	49,748,615	57,009,947
Public Works	6,394,438	7,724,689	8,726,263	11,533,541	13,462,026
Health	1,030,308	1,099,711	1,666,440	1,153,449	3,700,926
Culture & Recreation	4,619,826	4,776,977	11,071,270	13,837,799	16,324,548
Economic Development	0	0	0	0	452,711
Capital Outlay	1,750,705	1,379,619	671,065	1,792,424	1,925,343
Principal Retirement	0	105,751	125,908	377,270	1,203,945
Transfers Out	<u>4,390,553</u>	<u>1,890,318</u>	<u>4,846,583</u>	<u>7,463,000</u>	<u>983,000</u>
Total Expenditures	\$75,217,928	\$77,066,241	\$86,888,334	\$97,040,790	\$102,761,705
Revenues Over/(Under)					
Expenditures	\$ (61,113)	\$ (1,980,412)	\$ (92,766)	\$(32,776)	\$799,117
Fund Balance, January 1	25,452,600	26,997,593	25,017,181	24,924,415	24,898,969
Restatement to Fund Balance	<u>1,606,106</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,330)</u>
Fund Balance, December 31	\$26,997,593	\$25,017,181	\$24,924,415	\$24,898,969	\$25,690,756

* *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.

	2019 <u>Actual</u>	2020 <u>Actual</u>	2021 <u>Actual</u>	2022 <u>Actual</u>	2023 <u>Actual</u> *
Revenues:					
Taxes	\$10,652,722	\$11,005,554	\$11,691,846	\$11,845,902	\$11,249,906
Special Assessments	1,599,336	1,259,163	1,322,091	797,195	771,610
Investment Income	314,734	162,695	123,921	29,711	1,374,468
Intergovernmental	0	100,000	84,345	265,942	84,345
Miscellaneous	450,121	142,659	139,534	6,542,726	6,678,484
Transfers In	<u>883,000</u>	<u>8,505,474</u>	<u>1,283,174</u>	<u>942,905</u>	<u>45,338,370</u>
Total Revenues	\$13,899,913	\$21,175,545	\$14,644,911	\$20,424,381	\$65,497,813
Expenditures:					
General Government	\$ 11,636	\$ 0	\$ 148,694	\$21,622	\$31,235
Principal Retirement	8,715,398	15,658,000	6,499,000	7,841,824	52,357,200
Interest and Fiscal Charges	<u>3,513,643</u>	<u>4,053,991</u>	<u>3,378,329</u>	<u>5,033,788</u>	<u>6,814,450</u>
Total Expenditures	\$12,240,677	\$19,711,991	\$10,026,023	\$12,897,234	\$59,202,885
Revenues Over/(Under)					
Expenditures	\$ 1,659,236	\$ 1,463,554	\$ 4,618,888	\$7,527,147	\$6,294,298
Fund Balance, January 1	10,832,304	12,491,540	13,955,094	18,573,982	26,101,129
Restatement to Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, December 31	\$12,491,540	\$13,955,094	\$18,573,982	\$26,101,129	\$32,395,427

* *Unaudited.*

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Taxes	\$57,711,687	\$57,771,030	\$66,550,842	\$71,500,649	\$76,748,615
Charges for Services	8,116,278	8,646,933	10,854,433	16,419,882	14,855,234
Licenses and Permits	1,585,563	1,489,221	1,778,017	1,427,847	1,296,823
Intergovernmental	914,809	681,468	695,022	1,014,116	1,085,038
Fines, Forfeitures, and Penalties	1,842,364	964,989	909,911	883,891	861,856

* *Unaudited.*

Sources: 2019-2022 from the City's Annual Comprehensive Financial Reports. 2023 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 34,782 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 11 mgd in 2023. 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 2023 was approximately 9.3 mgd.

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

Capital Improvement Plan

Each year, the City creates a five year capital improvement plan for the System. The existing FY 2024-2028 Capital Improvement Plan anticipates \$190 million of capital projects for the System. Proceeds from the City's Water and Sewage System Improvement Revenue Bonds, Series 2023 will finance costs of the debt-financed portion of projects funded in FY 2024. The City expects to issue an additional \$125 million of Parity Bonds from FY 2024-2028 to fund the balance of the debt-financed portion of the existing capital improvement plan for the System. Approximately 87% of the total 2024-2028 Capital Improvement Plan for the System is anticipated to be debt financed with additional Parity 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 anticipates amending the FY 2024-2028 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	1,736,759.80	16,738,763.55
Multifamily	409,024.00	3,521,243.91
Commercial	606,594.70	5,272,328.14
Industrial	446,064.70	3,474,154.69
Wholesale	705,099.90	1,719,310.60
Total	3,903,543.10	\$30,725,800.89

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>
2023	31,718	677	2,387	34,782
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

<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>
2023	1,736,760	409,024	606,595	446,065	705,100	3,903,543
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

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>
2023	34,111	9.3
2022	33,969	10.1
2021	33,863	11.0
2020	33,595	10.6
2019	33,358	12.3

Largest Customers

The top ten water consumers during 2023 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	233,963,900.00	12.53%	\$1,811,574.64	11.26%
City of Baldwin	193,595,500.00	10.37	852,827.71	5.30
Rural Water District #4	67,732,500.00	3.63	298,313.55	1.85
Evergy	49,749,400.00	2.66	377,173.14	2.34
Rural Water District #1	44,492,500.00	2.38	196,211.37	1.22
Packer Plastics	40,030,300.00	2.14	304,600.88	1.89
ICL Specialty Products, Inc.	38,027,500.00	2.04	316,214.79	1.97
Lawrence Memorial Hospital	34,088,700.00	1.83	280,740.61	1.74
Rural Water District #2	30,922,300.00	1.66	136,269.94	0.85
THE J M SMUCKER COM	24,254,500.00	2.3659	184,351.14	1.72

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 2023, the City of Baldwin City, Kansas comprised approximately 5.3% of the total water revenues and 10.37% of the total water sales volume of the System. The City's agreement with the City of Baldwin City terminates in 2052. During 2023, Rural Water District #1 comprised approximately 1.22% of the total water revenues and 2.38% 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 cancellation 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.

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%
January 1, 2023	8.75%

In 2022, the City completed a rate study to evaluate charges related to the System in consultation with Raftelis Financial Consultants and the Commission adopted rates for 2023, 2024 and 2025. For the 2024 and 2025 rates, the City in coordination with Raftelis performs a review of revenues and expenditures to ensure projections are in line with actuals and the adopted rates are adequate to support the system. The 2023 rate increases became effective on January 1, 2023 and are shown below.

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.

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, 2023, are shown below:

Customer Class	Inside City	Outside City
	Effective as of January 1, 2023	Effective as of January 1, 2023
Residential Block 1	\$8.20/1,000 gal	\$9.02/1,000 gal
Residential Block 2	\$9.02/1,000 gal	\$9.93/1,000 gal
Residential Block 3	\$9.43/1,000 gal	\$10.38/1,000 gal
Multifamily	\$6.93/1,000 gal	\$7.63/1,000 gal
Commercial	\$7.97/1,000 gal	\$8.77/1,000 gal
Industrial	\$7.62/1,000 gal	\$8.39/1,000 gal
Irrigation	\$9.43/1,000 gal	\$10.38/1,000 gal

Monthly charges for water service to rural water districts and other municipalities are currently set at \$4.42/1,000 gallons effective as of January 1, 2023, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after January 1, 2023, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2023	Effective as of January 1, 2023
5/8	\$4.90	\$5.40
1	\$5.85	\$6.45
1 ½	\$6.75	\$7.40
2	\$9.25	\$10.20
3	\$27.60	\$30.35
4	\$34.35	\$37.80
6	\$51.00	\$56.10
8	\$68.55	\$75.40
10	\$89.90	\$98.90
12	\$104.60	\$115.05
15	\$139.50	\$153.45

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, 2023, are shown below:

Monthly Water Use	Inside City	Outside City
	Effective as of January 1, 2023	Effective as of January 1, 2023
Volume Charge	\$10.00/1,000 gal	\$13.00/1,000 gal

Monthly sewer service charges per water meter, effective on and after January 1, 2023, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2023	Effective as of January 1, 2023
All Meter Sizes	\$16.40	\$18.05

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, 2023, 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
	ICBOD	ICTSS	OCBOD	OCTSS
January 1, 2023	\$0.977	\$0.624	\$1.075	\$0.686

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.

	2019	2020	2021	2022	2023
Revenues:					
Water and Sewer Charges	\$ 44,970,127	\$ 48,192,983	\$ 53,791,047	\$ 55,813,903	\$ 62,191,261
Water Tap Extensions	-	-	-	-	-
Other Revenues	273,443	302,817	52,013	73,823	109,093
Total Operating Revenues	<u>\$ 45,243,570</u>	<u>\$ 48,495,800</u>	<u>\$ 53,843,060</u>	<u>\$ 55,887,726</u>	<u>\$ 62,300,354</u>
Expenses:					
Administrative	\$ 7,712,967	\$ 6,663,898	\$ 8,797,291	\$ 8,325,476	\$ 1,556,782
Operation & Maintenance	22,653,061	22,734,203	24,196,800	27,755,701	34,521,573
Depreciation & Amortization	9,595,747	10,388,213	10,609,750	10,521,186	11,179,637
Total Operating Expenses	<u>\$ 39,961,775</u>	<u>\$ 39,786,314</u>	<u>\$ 43,603,841</u>	<u>\$ 46,602,363</u>	<u>\$ 47,257,992</u>
Non-Operating Revenues (Expenses):					
Gain (Loss) on Sale	\$ 29,329	\$ (10,625)	\$ (52,757)	\$ 80,530	\$ 141,400
Interest Income	1,625,853	857,472	72,460	(65,218)	4,115,882
Interest Expense	(5,802,462)	(6,009,372)	(5,872,822)	(6,491,903)	(6,918,272)
Transfers	(3,085,000)	(3,199,167)	(2,488,000)	(2,637,000)	(3,831,000)
Intergovernmental revenue	-	-	-	368,792	-
Miscellaneous	343,541	13,277,728	235,706	192,089	47,431
Total Non-Operating	<u>\$ (6,888,739)</u>	<u>\$ 4,916,036</u>	<u>\$ (8,105,413)</u>	<u>\$ (8,552,710)</u>	<u>\$ (6,444,559)</u>
Net income	\$ (1,606,944)	\$ 13,625,522	\$ 2,133,806	\$ 732,653	\$ 8,597,803
Net Position January 1	153,876,521	144,795,381	158,420,903	160,554,709	164,925,126
Restatement	(7,474,196)	-	-	-	-
Net Position December 31	<u>\$ 144,795,381</u>	<u>\$ 158,420,903</u>	<u>\$ 160,554,709</u>	<u>\$ 161,287,362</u>	<u>\$ 173,522,929</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.

	2019	2020	2021	2022	2023 ^(a)
Operating and Maintenance Expense	\$22,653,061	\$22,734,203	\$24,196,800	\$27,755,701	\$34,521,573
Administrative Expenses	<u>7,712,967</u>	<u>6,663,898</u>	<u>8,797,291</u>	<u>8,325,476</u>	<u>1,556,782</u>
Operating Expenses	\$30,366,028	\$29,398,101	\$32,994,091	\$36,081,177	\$36,078,355
Days	365	365	365	365	365
Daily Operating Expenses	\$ 83,195	\$ 80,543	\$ 90,395	\$98,853	\$98,845
Total Cash and Investments	\$30,483,995 ^(b)	\$32,704,964 ^(c)	\$22,911,051 ^(d)	\$27,413,964 ^(e)	\$37,820,317
Days of Cash for Daily Operating Expenses	366	406	253	277	383

(a) Unaudited.

- (b) *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.*
- (c) *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.*
- (d) *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.*
- (e) *The City's 2022 Annual Comprehensive Financial Report shows a cash amount of \$27,413,964 in the STATEMENT OF NET POSITION for the Water and Wastewater Fund.*