



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the City of Lawrence for the
fiscal year ending December 31, 2024



CITY OF LAWRENCE, KANSAS

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2024

**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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June 30, 2025

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, 2024. State law requires that all general-purpose local governments publish a complete set of audited financial statements, presented in conformity with generally accepted accounting principles in the United States of America (“GAAP”). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (“MDA”). This letter of transmittal is designed to complement the MDA and should be read in conjunction with it. The MDA can be found immediately following the report of the independent auditor.

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

The City’s financial statements have been audited by *RSM US LLP*. The goal of the independent audit is to provide reasonable assurance that the City’s financial statements for the year ended December 31, 2024, 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, 2024, 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/>.

City Hall

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PO Box 708
Lawrence, KS 66044

785-832-3000
lawrenceks.org

CITY COMMISSION

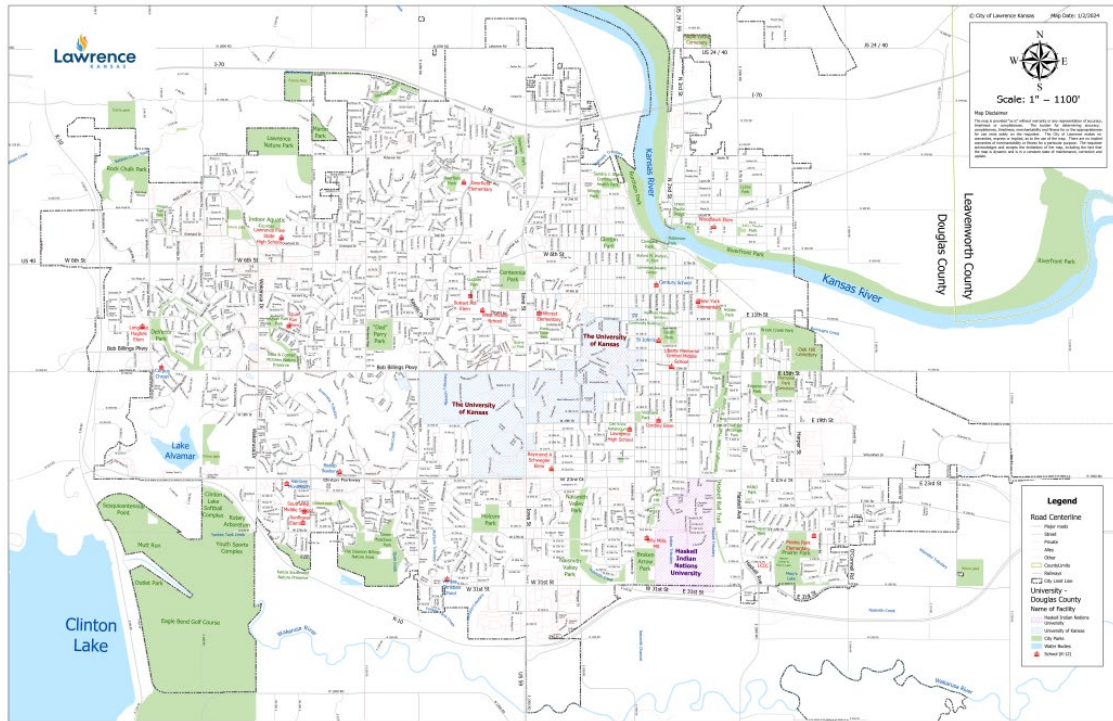
MAYOR
MIKE DEVER

COMMISSIONERS
LISA LARSEN
BART LITTLEJOHN
AMBER SELLERS
BRADLEY R. FINKELDEI

CITY MANAGER
CRAIG S. OWENS

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 35.3 square miles and had an estimated population of 96,207 as of December 31, 2024. 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. All governmental and proprietary funds are annually appropriated. 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 2024, the City continued to see exciting growth in economic development. The University of Kansas is slated to complete Phase I of their Gateway District project in August of 2025 that includes renovations to David Booth Kansas Memorial Stadium and an addition of a conference center. Phase II of the project was proposed in December 2024 that would complete the final renovations to the stadium, the addition of a 160-room hotel to support the conference center and stadium, parking improvements and the creation of additional student housing. Support for additional local development continued to grow with the City implementing a comprehensive update to our Land Development Code this year and has begun the process of updating to the 2024 International Codes for building and construction. With these updates the City is positioning itself to welcome business creation, spur property development and generate growth in our tax base. Approximately 60% of the sales taxes generated in the City come from retail sales. About 12% comes from accommodation and food services, and about 6% comes from wholesale trade activity. At the end of 2024, the City's unemployment rate was 2.8% compared to the 3.8% for the State of Kansas and the national rate of 4.0%.

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 2025-2029 CIP includes project costs totaling \$529.410 million. Of the \$170.971 million of funding for 2025, 64% 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, 2024. 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 33 consecutive years. Additionally, the City has been awarded the GFOA's "Triple Crown" for Fiscal Years 2020 through 2023. 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, Todd Fisher, 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 2024 financial records.

Respectfully submitted,



Rachelle Mathews
Finance Director



Jennifer Werth
Assistant Finance Director

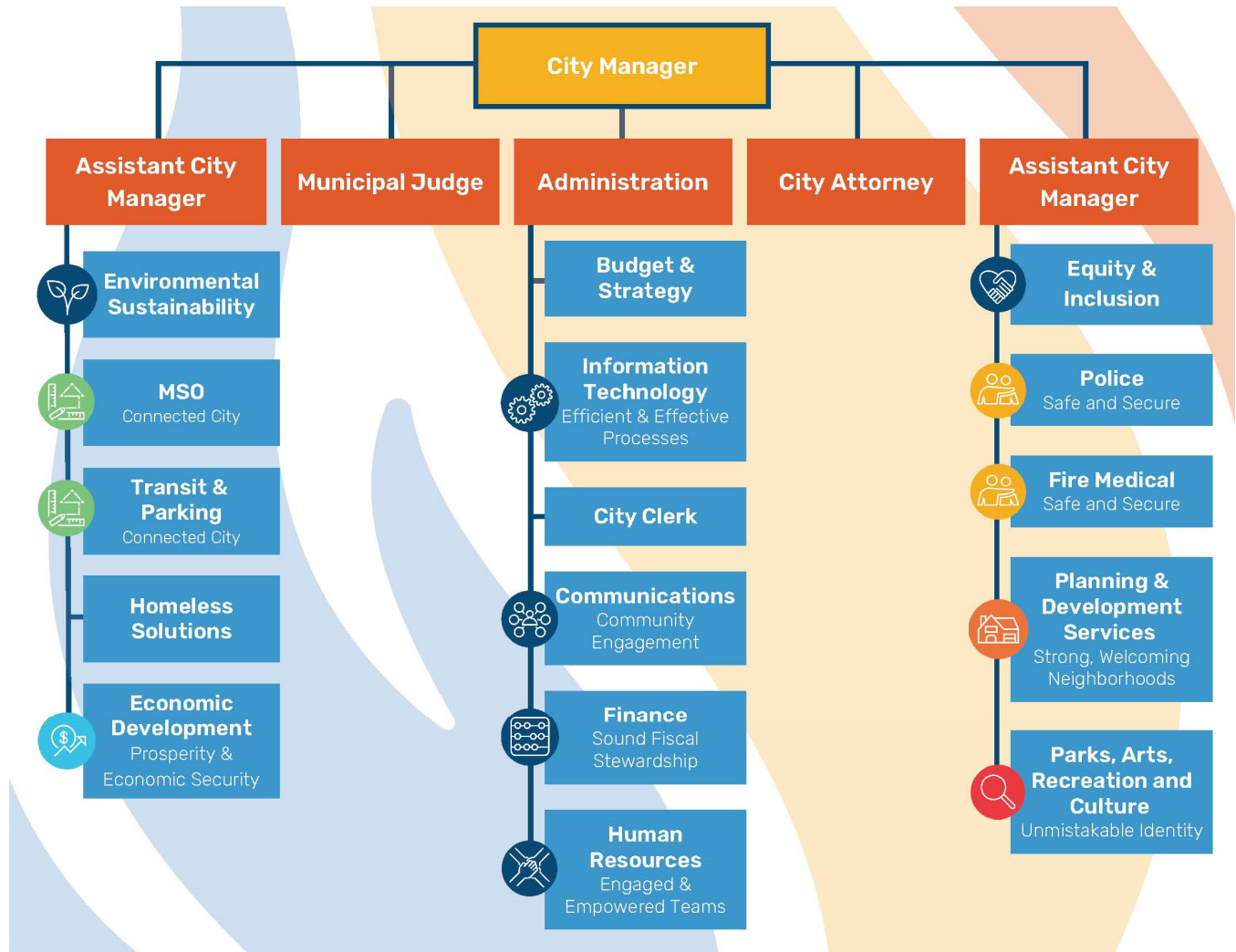
CITY OF LAWRENCE, KANSAS

List of Principal Officials
As of December 31, 2024

TITLE	NAME
Mayor	Mike Dever
Vice Mayor	Brad Finkeldei
Commission Member	Bart Littlejohn
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	Rachelle Mathews
Acting Fire Chief	Joe Hardy
Information Technology Director	Brian Thomas
Municipal Services and Operations Director	Melissa Sieben
Parks, Recreation and Culture Director	Luis Ruiz
Planning and Development Services Director	Jeff Crick
Police Chief	Rich Lockhart

City of Lawrence, Kansas

Organizational Chart December 31, 2024





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, 2023

Christopher P. Morrell

Executive Director/CEO

Independent Auditor's Report

RSM US LLP

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawrence, Kansas (the City), as of and for the year ended December 31, 2024, 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, 2024, 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 LMH Health Foundation (the Foundation) 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 0.81% of total assets, 1.60% of total revenues, and 1.21% of total fund balance and net position of the aggregate remaining fund information and represent 0.20% of total assets, 0.92% of total revenues, and 0.47% of total net position of 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 City adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, as of January 1, 2024. The implementation of this standard resulted in the restatement of January 1, 2024 net position for governmental activities, business type activities and each impacted proprietary fund, and in the City modifying its estimation of the compensated absences liabilities.

As discussed in Note 17 to the basic financial statements, the City had a change in reporting entity for the addition of the Lawrence Community Shelter as a discretely presented component unit, which restated its opening net position as of January 1, 2024.

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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 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 GAAS. In our opinion, the combining statements and budgetary comparison schedules are 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
June 27, 2025

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2024

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, 2024, as a part of the overall Annual Comprehensive Financial Report (Annual Report). This overview compares the fiscal year ended December 31, 2024, with the fiscal year ended December 31, 2023. 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 their liabilities and deferred inflows as of December 31, 2024, by \$449.04 million. This is our total net position. Of this amount, \$18.79 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 \$3.82 million from the restated beginning net position. The prior year there was also an increase of \$12.14 million. The City saw an increase in revenue of \$10.73 million (4.10% increase), an increase in expenses of \$19.05 million (7.64% increase), and a change in accounting principle of \$6.04 million which resulted in a decrease in net position.
- As of December 31, 2024, the City's governmental funds reported combined ending fund balances of \$110.86 million, a decrease of \$8.90 million in comparison with the prior year. This was primarily due to decreases in cash and investments of \$12.93 million that was partially offset by an increase of \$4.80 million in taxes receivable.
- As of December 31, 2024, the City's business-type activities reported a combined total net position of \$229.60 million, an increase of \$11.31 million in comparison with the prior year. This was primarily due to increases in charges for services for utility revenues of \$9.39 million.
- As of December 31, 2024, the fund balance for the general fund was \$25.11 million or 24.0% of revenues.
- The City's total debt, including temporary notes increased by \$30.96 million to a total of \$429.31 million. The key factors were increases in revenue bonds (\$21.30 million), business-type general obligation bonds (\$2.66 million) and in temporary notes (\$3.30 million).
- The total OPEB Liability as of the end of the year is \$17.83 million.
- The Net Pension Liability as of the end of the year is \$105.28 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, 2024

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 seven *component units*. The Lawrence Public Library, Lawrence Housing Authority, Lawrence Memorial Hospital Endowment Association, Lawrence Surgery Center, LLC, Lawrence Memorial Hospital, and Lawrence Community Shelter are considered discretely presented and are shown separately on the face of the financial statements. eExplore 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*.

CITY OF LAWRENCE, KANSAS

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The City of Lawrence maintains 38 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 95-105 of this report.

Budgets were adopted by the governing body for 2024 operations for the general fund plus 20 additional governmental funds that are legally required to be adopted. A budgetary comparison statement has been provided for the budgeted governmental funds to demonstrate compliance with this budget.

Proprietary funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The city uses 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 127-136 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 City's progress in funding its obligation to fund its outstanding OPEB and Pension costs found on pages 87-94 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 \$449.04 million at December 31, 2024. The City's net position increased by \$3.82 million from restated beginning net position. Governmental activities decreased net position by \$8.54 million while business-type activities increased net position by \$12.36 million in 2024. 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, 2024

Table 1. City of Lawrence's Net Position, Year Ended December 31, 2024, and December 31, 2023 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government Total	
	2024	2023	2024	2023	2024	2023
Current and other Assets	\$ 222,095	\$ 231,731	\$ 106,442	\$ 104,057	\$ 328,537	\$ 335,788
Capital assets, net of depreciation	350,628	342,255	445,172	403,389	795,800	745,644
Total assets	572,723	573,986	551,614	507,446	1,124,337	1,081,432
Deferred outflows of resources	23,183	29,688	5,296	5,784	28,479	35,472
Total assets and deferred outflows of resources	595,906	603,674	556,910	513,230	1,152,816	1,116,904
Long-term liabilities						
Current	73,225	71,049	38,683	30,182	111,908	101,231
Non-current	238,622	239,023	286,178	262,854	524,800	501,877
Total liabilities	311,847	310,072	324,861	293,036	636,708	603,108
Deferred inflows of resources	64,668	60,679	2,403	1,856	67,071	62,535
Total liabilities and deferred inflows of resources	376,515	300,651	327,264	294,892	703,779	665,643
Net Position						
Net investment in capital assets	203,957	201,115	141,083	134,718	345,040	335,833
Restricted	78,202	83,260	7,002	8,211	85,204	91,471
Unrestricted (deficit)	(62,768)	(51,452)	81,561	75,409	18,793	23,957
Total Net Position	\$ 219,391	\$ 232,923	\$ 229,646	\$ 218,338	\$ 449,037	\$ 451,261

The largest portion of the City's net position, \$345.04 million (76.84%), reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt and deferred outflows/inflows of resources used to acquire those assets that are 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, \$85.20 million (19.00%), represents resources that are subject to external restrictions on how they may be used. This decreased \$6.27 million compared to the prior year primarily due to the fewer funds invested for capital improvements (\$6.95 million) that was offset by an increase in required restrictions for debt service (\$1.05 million).

The remaining balance of the net position of \$18.79 million (4.16%); (\$11.32 million decrease in governmental activities and \$6.15 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, 2024

Table 2. City of Lawrence's Changes in Net Position, Year Ended December 31, 2024, and December 31, 2023 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2024
Revenues:						
Program revenues:						
Charges for services	\$ 20,767	\$ 17,804	\$ 96,940	\$ 87,258	\$ 117,707	\$ 105,062
Operating grants and contributions	15,959	22,480	-	-	15,959	22,480
Capital grants and contributions	216	216	45	45	261	261
General revenues:						
Property taxes	52,919	48,932	-	-	52,919	48,932
Other taxes	70,237	68,424	-	-	70,237	68,424
Investment income	6,980	7,742	5,917	5,366	12,897	13,108
Other	1,902	2,383	413	920	2,315	3,303
Total Revenues	<u>168,980</u>	<u>167,981</u>	<u>103,315</u>	<u>93,589</u>	<u>272,295</u>	<u>261,570</u>
Expenses:						
General government	24,053	22,564	-	-	24,053	22,564
Public safety	70,112	69,622	-	-	70,112	69,622
Public works	37,787	26,146	-	-	37,787	26,146
Health and social services	15,324	14,562	-	-	15,324	14,562
Culture and recreation	28,026	27,028	-	-	28,026	27,028
Economic Development & Tourism	4,442	4,417	-	-	4,442	4,417
Interest on long-term debt	3,159	6,278	-	-	3,159	6,278
Water and Sewer	-	-	58,790	54,497	58,790	54,497
Sanitation	-	-	18,306	15,944	18,306	15,944
Nonmajor business-type activities	-	-	8,477	8,367	8,477	8,367
Total expenses	<u>182,903</u>	<u>170,617</u>	<u>85,573</u>	<u>78,808</u>	<u>268,476</u>	<u>249,425</u>
Change in Net Position before transfers	<u>(13,923)</u>	<u>(2,636)</u>	<u>17,742</u>	<u>14,781</u>	<u>3,819</u>	<u>12,145</u>
Transfers in(out)	<u>5,387</u>	<u>5,254</u>	<u>(5,387)</u>	<u>(5,254)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(8,536)</u>	<u>2,618</u>	<u>12,355</u>	<u>9,527</u>	<u>3,819</u>	<u>12,145</u>
Net position, beginning of year (Restated)	<u>227,926</u>	<u>230,305</u>	<u>217,291</u>	<u>208,811</u>	<u>445,217</u>	<u>439,116</u>
Net position, end of year	<u>\$ 219,390</u>	<u>\$ 232,923</u>	<u>\$ 229,646</u>	<u>\$ 201,883</u>	<u>\$ 449,036</u>	<u>\$ 451,261</u>

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2024

Governmental Activities

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

Governmental revenues increased \$1.00 million (0.60%) over the prior year with increases in property taxes (\$3.99 million), other taxes (\$1.81 million), and charges for services (\$2.96 million) causing the largest drivers of the increase. These were partially offset by decreases in our operating grants and contributions (\$6.52 million) and investment income (\$762 thousand). The increase in property tax is primarily due to an 8% increase in appraised property value. The increase in charges for services is primarily due to additional public works fees being implemented in 2024 and increases in volume of fees related to public safety. The decrease in operating grants and contributions is primarily due to the spend down most of the remaining balance of the City's American Rescue Plan Act (ARPA) funding in 2023.

Governmental expenses increased \$12.29 million or 7.2% from the prior year with increases in general government, public works, culture and recreation and that was partially offset by decreases in interest on long term debt.

General Government:

The increase was primarily due to general wage increases based on the approved pay plan.

Public Works:

The increase is primarily due to general wage increases based on the approved pay plan and increases in repairs and maintenance of city assets as approved and planned for in the Capital Improvement Plan.

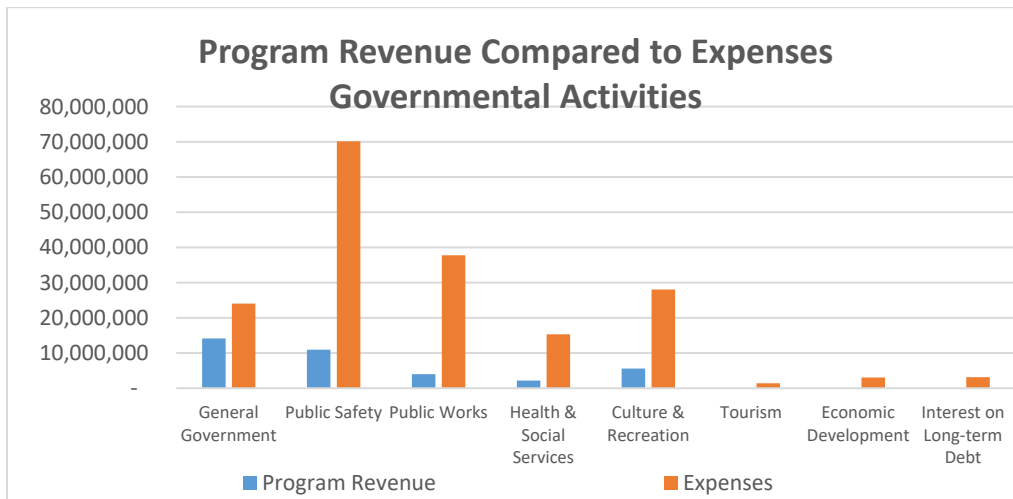
Health and Social Services:

The increase is primarily due to increases in payment to outside organizations being paid from the general fund that were previously paid from the ARPA grant funding in 2023.

Interest on Long Term Debt:

The decrease is primarily due to a decrease in interest expense on governmental activity related temporary notes in 2024 as compared to the prior year.

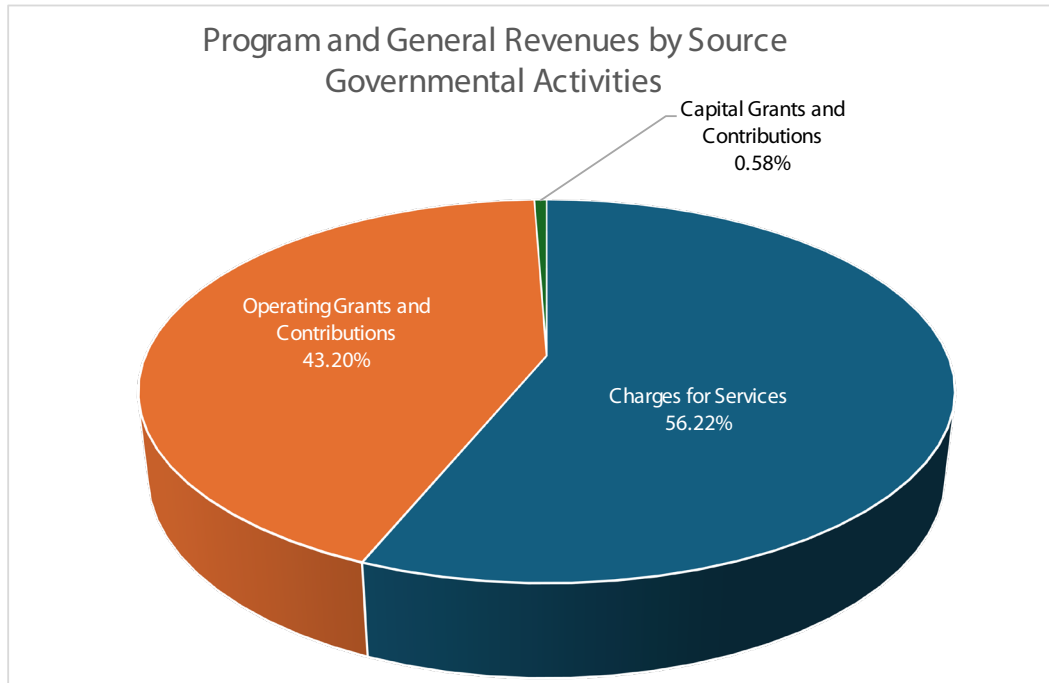
Figure 1. Program Revenues Compared to Expenses, Year Ended December 31, 2024:



CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2024

Figure 2. Program Revenues for Governmental Activities, Year Ended December 31, 2024:



Business-type activities

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

Business-type revenues increased \$9.73 million (10.39%) over the prior year with increases in charges for services (\$9.68 million) and investment income (\$551 thousand) compared to the prior year.

Business-type expenses increased \$6.77 million or 8.58% from the prior year with increases to the Water and Wastewater Utility (\$4.29 million) and Solid Waste (\$2.36 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, 2024:

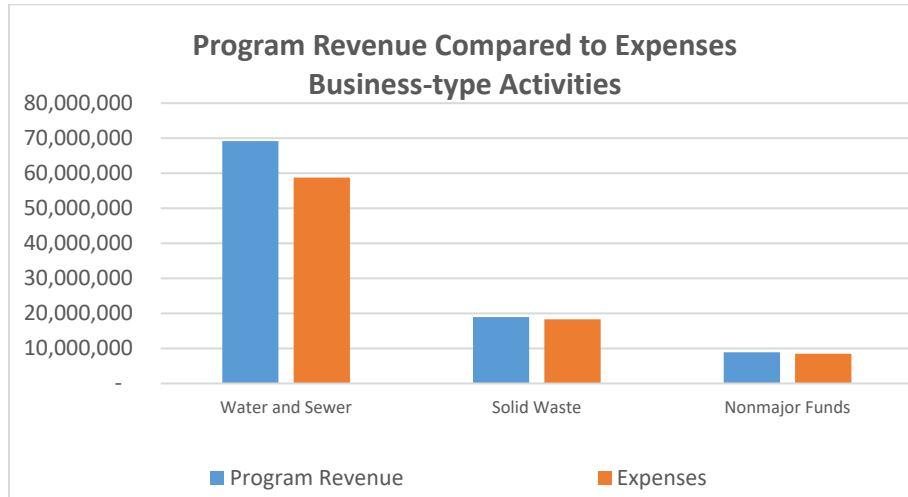
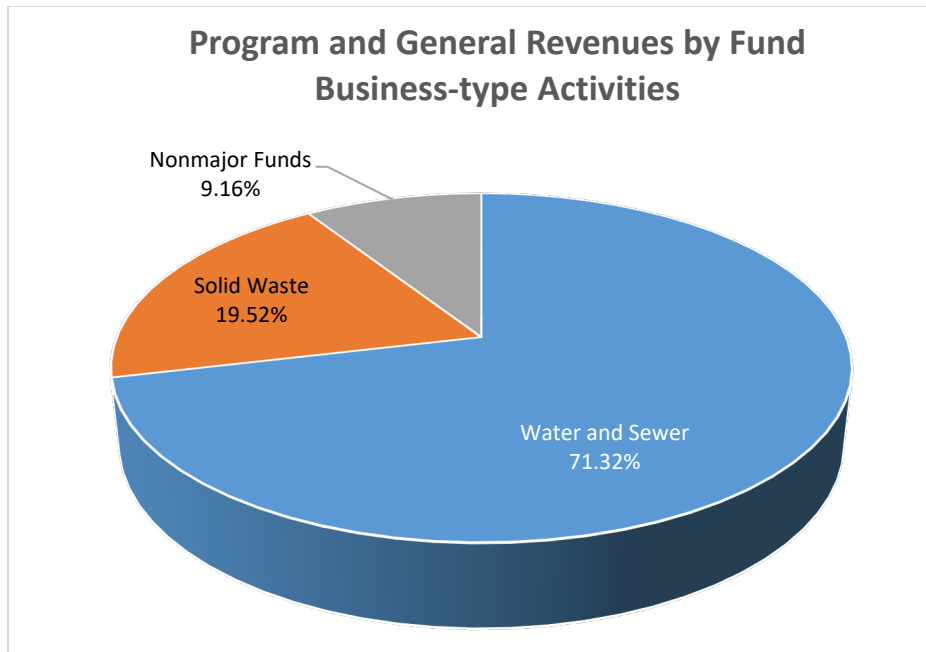


Figure 4. Program Revenues for Business-type Activities, Year Ended December 31, 2024:



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Management's Discussion and Analysis (Unaudited) December 31, 2024

Table 3. Water and Wastewater Utility Revenues and Expenses, Year Ended December 31, 2024, and December 31, 2023 (in thousands):

	Year Ended December 31		
	2024	2023	Change
REVENUES			
Total operating revenues	\$ 69,167	\$ 62,300	\$ 6,867
Non-operating revenues, net	4,408	4,545	(137)
Total Revenues	<u>73,575</u>	<u>66,845</u>	<u>6,730</u>
EXPENSES			
Total operating expenses	51,217	47,258	3,959
non-operating expenses			
Interest expense	7,065	6,918	147
Other expenses	596	240	356
Total expenses	<u>58,878</u>	<u>54,416</u>	<u>4,462</u>
Income before Transfers	<u>14,697</u>	<u>12,429</u>	<u>2,268</u>
Transfers, net	(4,224)	(3,831)	(393)
Capital Contribution	-	-	-
Change in Net Position	<u>10,473</u>	<u>8,598</u>	<u>1,875</u>
Net Position, Beginning of Period (Restated)	<u>172,838</u>	<u>164,925</u>	
Net Position, End of Period	<u>\$ 183,311</u>	<u>\$ 173,523</u>	

Total revenues for the year ended December 31, 2024, increased \$6.73 million or 10.07%, compared to the prior year. Total operating revenues, which primarily consist of water and wastewater fees, increased by \$6.87 million or 11.02%. The increase is due to a rate increase. Non-operating decreased by -\$137 thousand or -3.01%, which was primarily due to decreases in rental income.

Total expenses increased \$4.46 million or 8.20% 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 \$10.47 million for fiscal year 2024, an increase of \$1.88 million or 21.81% compared to the prior year.

CITY OF LAWRENCE, KANSAS

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Table 4. Solid Waste Utility Revenues and Expenses, Year Ended December 31, 2024, and December 31, 2023 (in thousands):

	Year Ended December 31		
	2024	2023	Change
REVENUES			
Total operating revenues	\$ 18,887	\$ 16,765	\$ 2,122
Non-operating revenues, net	621	881	(260)
Total Revenues	19,508	17,646	1,862
EXPENSES			
Total operating expenses	18,323	15,912	2,411
non-operating expenses			
Interest expense	-	-	-
Other expenses	-	-	-
Total expenses	18,323	15,912	2,411
Income before Transfers	1,185	1,734	(549)
Transfers, net	(874)	(1,066)	192
Change in Net Position	311	668	(357)
Net Position, Beginning of Period (Restated)	15,114	14,710	
Net Position, End of Period	\$ 15,425	\$ 15,378	

Total revenues for the year ended December 31, 2024, increased \$1.86 million or 10.55%, compared to the prior year. Total operating revenues, which primarily consist of solid waste fees, increased by \$2.12 million or 12.66%. Non-operating revenue decreased by \$260 thousand or -29.51%, which was primarily due to higher gains on sale of capital assets in 2023 that did not occur in 2024.

Total expenses increased \$2.41 million or 15.15% when compared to the prior year. The increase is primarily due to increases in operating expense related to general wage increases based on the approved pay plan, repairs and maintenance of facilities and equipment and disposal fees.

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, 2024, the City's governmental funds reported combined ending fund balances of \$110.86 million, a decrease of \$8.90 million in comparison with the prior year. This was primarily due to decreases in cash and investments of \$12.93 million that was partially offset by an increase in tax receivables of \$4.79 million.

The general fund is the chief operating fund of the City. At the end of 2024, the unassigned fund balance of the general fund was \$19.79 million, and the total fund balance was \$25.11 million which is 18.91% and 24.00% of the total general fund revenues, respectively.

CITY OF LAWRENCE, KANSAS

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The fund balance of the City's general fund decreased by \$578 thousand during 2024. The revenues increased by \$6.94 million (7.11%). Expenditures increased by \$8.39 million (8.25%). Net transfers in increased by \$324 thousand.

The debt service fund at the end of 2024 has a total fund balance of \$34.89 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 \$2.49 million which resulted primarily from taxes and debt issuances exceeding the required debt payments for the year.

The capital projects fund at the end of 2024 has a total fund balance of \$6.88 million. The fund balance decreased by \$4.00 million during 2024 primarily from the issuance of additional temporary notes for capital projects identified in the City's Capital Improvement Plan and an increase in total expenditures related to capital project construction.

Other governmental funds have fund balance of \$43.98 million at the end of 2024. The fund balance decreased \$6.81 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 98.

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 2024 was \$51.12 million and \$8.83 million, respectively. The total change in net position for the Water and Wastewater Utility and Solid Waste were \$10.47 million and \$311 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 more than revised budgetary estimates by approximately \$1.67 million (1.62%). This was primarily due to higher than projected miscellaneous revenue (\$1.36 million). Miscellaneous revenue increases were primarily due to one-time public work reimbursement and miscellaneous contributions that occurred in 2024 that did not occur in 2023. And intergovernmental revenue (\$999 thousand) decreased from the revised budgetary estimates primarily due to an increase in deferred revenue related to the fire and medical billing due from the county.

Expenditures were less than budgetary estimates by \$2.39 million (-14.03%). Of the total difference in the budgeted expenditures:

- Public Works which encompasses Municipal Services and Operations spent \$1.70 million (9.99%) less than budgeted. The majority of this was savings in operating expenses, such as repairs and maintenance as well as decreases in capital outlay planned for 2024 that will occur in 2025.
- General Government spent \$2.66 million (25.56%) less than budgeted and Health and Social Services spent \$1.53 million (2.04%) more than budgeted for a net decrease of \$1.53 million less than budgeted. This was mainly due to decreases in payments to outside organizations in the General Government category that were partially offset by increases in payments to outside organizations in the Health and Social Services category.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2024

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, 2024, totaled \$350.53 million and \$384.05 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:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land	\$ 18,989	\$ 17,923	\$ 7,218	\$ 7,101	\$ 26,207	\$ 25,024
Buildings & Improvements	96,790	102,577	152,455	158,178	249,245	260,755
Other property and equipment	23,696	22,858	17,646	16,572	41,342	39,430
Infrastructure	183,560	171,222	151,789	122,159	335,349	293,381
Right to use lease assets	86	1,288	-	-	86	1,288
SBITA assets	5,180	7,404	1,189	1,478	6,369	8,882
Construction in progress	22,225	18,911	53,758	37,384	75,983	56,295
Total	<u>\$ 350,526</u>	<u>\$ 342,183</u>	<u>\$ 384,055</u>	<u>\$ 342,872</u>	<u>\$ 734,581</u>	<u>\$ 685,055</u>

The overall value of the City's assets increased by \$49.53 million (7.22%) 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, 2024, included the following major additions to Construction in progress:

Governmental Activity

- Farmland Remediation
- 11th St - Indiana to Ohio - 11th to 12th
- Iowa St-Irving Hill Road to 23rd St
- 6th & Schwarz Rd ADA Improvements
- Mass St-14th to 23rd St Multimodal
- Bob Billings-Kasold to Monterey Way
- Bob Billings-K10 to E800 Rd
- Maple Ln Storm WW & Watermain Improvements
- 2023 Safe Routes to Schools
- N 2nd/3rd St Tunnel to N City Limit
- Lawrence Loop - Iowa Crossing

CITY OF LAWRENCE, KANSAS

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Business-type Activity

- Wastewater Field Operations Facility Improvements
- Clinton Parkway - Wakarusa Dr to Lake Pointe Dr Improvements
- 9th and Mississippi Improvements
- Maple Lane Storm, Sanitary and Watermain Improvements
- 11th St - Indiana to Ohio - 11th to 12th Improvements
- Kansas River WWTP Nutrient Removal Pilot
- Iowa 28th to 31st and 28th Ter water line
- K-10 West Leg Expansion - Utility Relocates
- 2024 In-house Watermain Replacement

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, 2024, the City had total bonded debt outstanding of \$429.13 million. Of this amount, \$145.54 million is comprised of debt backed by the full faith and credit of the City and \$283.59 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):

	Governmental Activities		Business-type Activites		Total Primary Government	
	2024	2023	2024	2023	2024	2023
General obligation bonds	\$ 104,910	\$ 101,815	\$ 8,428	\$ 5,935	\$ 113,338	\$ 107,750
Premium on bonds	7,095	6,517	852	687	7,947	7,204
Notes payable	33,405	32,315	7,997	5,701	41,402	38,016
Premium on notes	131	378	-	-	131	378
Water/Wastewater Revenue Bonds	-	-	247,945	226,335	247,945	226,335
Premuim on bonds	-	-	18,366	18,669	18,366	18,669
Total	<u>\$ 145,541</u>	<u>\$ 141,025</u>	<u>\$ 283,588</u>	<u>\$ 257,327</u>	<u>\$ 429,129</u>	<u>\$ 398,352</u>

The City's net outstanding debt, including temporary notes, increased by \$30.96 million during 2024. The City issued \$38.44 million of temporary notes, \$13.49 of general obligation bonds and \$31.39 million of revenue bonds in 2024.

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

State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$425.51 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.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2024

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, 2024

	Primary Government			
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Component Units
Assets and deferred outflows of resources				
Assets				
Current assets:				
Cash and investments	\$ 139,341,277	\$ 68,765,637	\$ 208,106,914	\$ 68,236,714
Receivables (net of allowance for uncollectibles):				
Accounts	4,456,515	10,296,475	14,752,990	46,783,877
Taxes	64,567,976	-	64,567,976	-
Special assessments	9,908,161	-	9,908,161	-
Intergovernmental	4,248,096	-	4,248,096	-
Franchise fees	702,169	-	702,169	-
Loans	461,562	-	461,562	-
Accrued interest	1,809,714	1,590,663	3,400,377	-
Other	-	-	-	1,592,748
Internal balances	(7,747,384)	7,747,384	-	-
Inventories	1,210,102	4,788,703	5,998,805	6,907,739
Leases	680,867	110,744	791,611	1,242,066
Prepaid	45,375	-	45,375	5,872,245
Other assets	75,022	-	75,022	3,271
Restricted cash and investments	2,335,205	13,142,252	15,477,457	3,779,074
Total current assets	222,094,657	106,441,858	328,536,515	134,417,734
Noncurrent assets:				
Restricted cash and investments	7	60,783,636	60,783,643	91,028,027
Investments	-	-	-	19,751,613
Beneficial interests	-	-	-	7,485,383
Receivables (net of allowance for uncollectibles)	-	-	-	496,616
Land held for resale	-	181,874	181,874	-
Leases receivable, noncurrent	102,341	151,166	253,507	13,164,702
Other assets	-	-	-	1,599,952
Capital assets, nondepreciable:				
Land	18,989,125	7,217,707	26,206,832	14,939,118
Construction in progress	22,225,598	53,759,372	75,984,970	10,585,992
Capital assets, depreciable	565,637,697	539,680,752	1,105,318,449	503,531,614
Less: accumulated depreciation	(256,326,315)	(216,602,639)	(472,928,954)	(221,226,560)
Total noncurrent assets	350,628,453	445,171,868	795,800,321	441,356,457
Total assets	572,723,110	551,613,726	1,124,336,836	575,774,191
Deferred outflows of resources:				
Pension related amounts	20,085,370	4,110,586	24,195,956	1,524,937
OPEB related amounts	3,097,827	1,185,467	4,283,294	25,551
Total deferred outflows of resources	23,183,197	5,296,053	28,479,250	1,550,488
Total assets and deferred outflows of resources	595,906,307	556,909,779	1,152,816,086	577,324,679

(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, 2024**

	Primary Government			
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Component Units
Liabilities and deferred inflows of resources				
Liabilities:				
Current liabilities:				
Accounts payable	13,978,425	12,661,286	26,639,711	16,919,394
Accrued payroll	3,473,063	1,036,668	4,509,731	23,432,981
Interest payable	1,696,746	1,740,624	3,437,370	2,240,410
Deposits payable	98,112	1,322,896	1,421,008	-
Unearned revenue	1,008,217	-	1,008,217	1,037,829
Claims payable	2,226,788	-	2,226,788	-
Other liabilities	-	-	-	1,513,865
Current portion of compensated absences payable	6,027,626	1,588,861	7,616,487	254,594
Current portion of revenue bonds payable	-	11,525,000	11,525,000	1,575,000
Current portion of KDHE SRF loan	-	156,032	156,032	-
Current portion of temporary notes payable	33,536,445	8,025,183	41,561,628	-
Current portion of general obligation bonds payable	7,661,142	386,859	8,048,001	-
Current portion of financed purchase	118,351	-	118,351	256,615
Current portion of loan payable and other financing obligations	-	-	-	974,090
Current portion of lease liability	74,873	-	74,873	1,667,080
Current portion of SBITA liability	1,448,392	266,709	1,715,101	7,370,929
Current portion of pollution remediation liability	1,877,189	-	1,877,189	-
Total current liabilities	73,225,369	38,710,118	111,935,487	57,242,787
Noncurrent liabilities:				
Compensated absences payable	9,418,235	1,927,119	11,345,354	317,205
General obligation bonds payable	104,343,892	8,892,934	113,236,826	-
Revenue bonds payable	-	254,786,239	254,786,239	75,781,247
Notes payable and other financing obligations	-	-	-	9,293,847
Financed purchase	244,848	-	244,848	333,078
Lease liability	-	-	-	14,706,003
SBITA liability	3,259,280	924,477	4,183,757	33,448,998
Net pension liability	90,592,032	14,685,436	105,277,468	5,291,031
Total OPEB liability	12,895,344	4,934,753	17,830,097	74,784
Pollution remediation liability	17,868,071	-	17,868,071	-
Total noncurrent liabilities	238,621,702	286,150,958	524,772,660	139,246,193
Total liabilities	311,847,071	324,861,076	636,708,147	196,488,980
Deferred inflows of resources:				
Property and vehicle taxes	55,522,904	-	55,522,904	-
Pension related amounts	2,789,756	-	2,789,756	166,656
OPEB related amounts	5,639,625	2,158,154	7,797,779	74,326
Leases	716,189	244,464	960,653	13,339,186
Total deferred inflows of resources	64,668,474	2,402,618	67,071,092	13,580,168
Total liabilities and deferred inflows of resources	376,515,545	327,263,694	703,779,239	210,069,148
Net position				
Net investment in capital assets	203,957,312	141,083,014	345,040,326	159,048,627
Restricted for:				
Debt service	33,210,832	7,002,400	40,213,232	-
Capital improvements	21,903,956	-	21,903,956	4,758,259
Other purposes	23,086,683	-	23,086,683	14,810,017
Unrestricted	(62,768,021)	81,560,671	18,792,650	188,638,628
Total net position	\$ 219,390,762	\$ 229,646,085	\$ 449,036,847	\$ 367,255,531

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

City of Lawrence, Kansas

Statement of Activities
Year Ended December 31, 2024

					Net (Expenses) Revenue and Changes in Net Position			
Program Revenues					Primary Government			Component Units
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total		
Governmental activities								
General government	\$ 24,053,045	\$ 3,329,276	\$ 10,733,594	\$ 84,345	\$ (9,905,830)	\$ -	\$ (9,905,830)	\$ -
Public safety	70,112,251	10,588,697	346,909	-	(59,176,645)	-	(59,176,645)	-
Public works	37,786,584	922,485	2,964,354	131,260	(33,768,485)	-	(33,768,485)	-
Health and social services	15,324,551	336,517	1,831,297	-	(13,156,737)	-	(13,156,737)	-
Culture and recreation	28,025,604	5,536,546	68,204	-	(22,420,854)	-	(22,420,854)	-
Tourism	1,408,295	-	-	-	(1,408,295)	-	(1,408,295)	-
Economic development	3,033,588	53,881	15,000	-	(2,964,707)	-	(2,964,707)	-
Interest on long-term debt	3,158,935	-	-	-	(3,158,935)	-	(3,158,935)	-
Total governmental activities	182,902,853	20,767,402	15,959,358	215,605	(145,960,488)	-	(145,960,488)	-
Business-type activities								
Water and wastewater	58,790,346	69,166,581	-	-	-	10,376,235	10,376,235	-
Solid waste	18,306,128	18,887,565	45,000	-	-	626,437	626,437	-
Stormwater	6,016,351	6,714,534	-	-	-	698,183	698,183	-
Public parking	2,461,290	2,171,891	-	-	-	(289,399)	(289,399)	-
Total business-type activities	85,574,115	96,940,571	45,000	-	-	11,411,456	11,411,456	-
Total primary government	268,476,968	117,707,973	16,004,358	215,605	(145,960,488)	11,411,456	(134,549,032)	-
Component units								
Lawrence-Douglas County Housing Authority	13,772,674	2,211,179	11,636,640	1,089,270	-	-	-	1,164,415
Lawrence Memorial Hospital	375,815,868	375,435,617	6,355,870	8,707,870	-	-	-	14,683,489
Lawrence Memorial Hospital Endowment Association	9,857,564	4,195,709	-	-	-	-	-	(5,661,855)
Lawrence Surgery Center, LLC	12,294,917	12,317,110	-	-	-	-	-	22,193
Lawrence Public Library	7,462,000	43,189	757,709	-	-	-	-	(6,661,102)
Lawrence Community Shelter	3,219,683	-	4,232,570	-	-	-	-	1,012,887
Total component units	\$ 422,422,706	\$ 394,202,804	\$ 22,982,789	\$ 9,797,140	-	-	-	4,560,027
General revenues								
Property and vehicle tax					52,919,151	-	52,919,151	-
Sales, liquor, guest and gas tax					61,726,991	-	61,726,991	-
Franchise tax					8,510,214	-	8,510,214	-
Unrestricted grants and contributions					431,976	-	431,976	6,180,000
Interest income					6,979,643	5,917,009	12,896,652	10,874,541
Miscellaneous					1,470,127	240,441	1,710,568	10,620,487
Gain on sale of capital assets					-	173,321	173,321	-
Transfers, net					5,387,000	(5,387,000)	-	-
Total general revenues and transfers					137,425,102	943,771	138,368,873	27,675,028
Change in net position					(8,535,386)	12,355,227	3,819,841	32,235,055
Net position, beginning, as previously reported					232,923,299	218,338,330	451,261,629	332,265,316
Change in accounting principle					(4,997,151)	(1,047,472)	(6,044,623)	-
Change in reporting entity					-	-	-	2,755,160
Net position - beginning, as restated					227,926,148	217,290,858	445,217,006	335,020,476
Net position - ending					\$ 219,390,762	\$ 229,646,085	\$ 449,036,847	\$ 367,255,531

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

City of Lawrence, Kansas

**Balance Sheet
Governmental Funds
December 31, 2024**

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 20,182,839	\$ 34,332,580	\$ 9,709,304	\$ 43,653,401	\$ 107,878,124
Receivables:					
Taxes	42,218,129	12,906,403	-	9,443,444	64,567,976
Special assessments	-	9,908,161	-	-	9,908,161
Intergovernmental	202,316	-	-	4,045,780	4,248,096
Accounts (net allowance for uncollectibles)	2,567,811	-	-	1,821,619	4,389,430
Franchise fees	702,169	-	-	-	702,169
Loans	205,726	-	-	255,836	461,562
Accrued interest	113,089	564,247	40,720	487,178	1,205,234
Leases	372,649	-	-	272,255	644,904
Due from other funds	2,304,526	-	-	-	2,304,526
Prepaid	4,535	-	-	40,840	45,375
Inventories	552,999	-	-	-	552,999
Other assets	-	-	-	75,022	75,022
Restricted assets:					
Cash and investments	40,047	5,244	-	2,289,714	2,335,005
Total assets	\$ 69,466,835	\$ 57,716,635	\$ 9,750,024	\$ 62,385,089	\$ 199,318,583
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 3,466,052	\$ 7,875	\$ 2,870,706	\$ 6,951,444	\$ 13,296,077
Accrued payroll	2,857,038	-	-	104,124	2,961,162
Customer deposits	87,214	-	-	10,698	97,912
Due to other funds	-	-	-	2,304,526	2,304,526
Unearned revenue	971,876	-	-	36,341	1,008,217
Total liabilities	7,382,180	7,875	2,870,706	9,407,133	19,667,894
Deferred inflows of resources:					
Leases	357,907	-	-	255,696	613,603
Unavailable revenue	36,614,027	22,820,888	-	8,745,898	68,180,813
Total deferred inflows of resources	36,971,934	22,820,888	-	9,001,594	68,794,416
Total liabilities and deferred inflows of resources	44,354,114	22,828,763	2,870,706	18,408,727	88,462,310
Fund balance:					
Nonspendable	557,534	-	-	40,840	598,374
Restricted	159,752	34,887,872	6,879,318	44,940,747	86,867,689
Assigned	4,607,696	-	-	301,000	4,908,696
Unassigned	19,787,739	-	-	(1,306,225)	18,481,514
Total fund balances	25,112,721	34,887,872	6,879,318	43,976,362	110,856,273
Total liabilities, deferred inflows of resources and fund balances	\$ 69,466,835	\$ 57,716,635	\$ 9,750,024	\$ 62,385,089	\$ 199,318,583

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, 2024**

Total governmental fund balances		\$ 110,856,273
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 601,259,317	
Accumulated depreciation and amortization	<u>(253,613,591)</u>	347,645,726
Internal service funds are used by the City's management to charge the costs of various services to other funds. The assets and liabilities of certain internal service funds are included with governmental activities.		
		10,936,637
Pension and OPEB related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources - pension		17,930,777
Deferred outflows of resources - OPEB		2,605,100
Deferred inflows of resources - pension		(2,789,758)
Deferred inflows of resources - OPEB		(4,742,614)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		12,657,909
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	(13,264,348)	
Total OPEB liability	(10,844,275)	
Net pension liability	(82,894,567)	
General obligation bonds payable	(112,005,034)	
Temporary note	(32,272,158)	
Financed purchased	(363,199)	
Lease liability	(74,873)	
SBITA liability	(2,568,536)	
Accrued interest on the bonds	(1,677,038)	
Pollution remediation liability	<u>(19,745,260)</u>	<u>(275,709,288)</u>
Net position of governmental activities		<u>\$ 219,390,762</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, 2024**

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 80,083,802	\$ 12,140,176	\$ -	\$ 22,219,648	\$ 114,443,626
Special assessments	-	756,501	-	-	756,501
Licenses and permits	1,308,485	-	-	-	1,308,485
Charges for services	16,958,018	-	-	89,360	17,047,378
Fines, forfeitures and penalties	973,845	-	-	33,978	1,007,823
Investment income	1,582,719	1,427,678	1,160,597	2,689,060	6,860,054
Intergovernmental	1,053,984	84,345	-	22,820,456	23,958,785
Reimbursements	1,679,044	-	-	31,438	1,710,482
Contributions	431,856	-	-	30,635	462,491
Miscellaneous	585,725	107,914	-	1,863,854	2,557,493
Total revenues	104,657,478	14,516,614	1,160,597	49,778,429	170,113,118
Expenditures:					
Current expenditures:					
General government	7,207,442	37,610	-	12,192,880	19,437,932
Public safety	61,457,724	-	-	462,903	61,920,627
Public works	14,219,759	-	5,585,121	9,403,512	29,208,392
Health and social services	5,412,462	-	-	9,395,139	14,807,601
Culture and recreation	17,220,487	-	489,784	7,948,841	25,659,112
Tourism	-	-	-	1,378,110	1,378,110
Economic development	464,295	-	-	2,569,293	3,033,588
Capital outlay	3,500,603	-	12,534,928	13,511,405	29,546,936
Debt service:					
Principal retirement	622,311	36,466,471	-	36,620	37,125,402
Interest and fiscal charges	67,107	4,804,949	-	5,793	4,877,849
Issuance costs	-	116,774	65,597	-	182,371
Total expenditures	110,172,190	41,425,804	18,675,430	56,904,496	227,177,920
Excess (deficiency) of revenues over expenditures	(5,514,712)	(26,909,190)	(17,514,833)	(7,126,067)	(57,064,802)
Other financing sources (uses):					
Issuance of debt	-	10,756,961	30,158,376	-	40,915,337
Issuance of debt premium	-	1,092,474	514,167	-	1,606,641
Sale of property - proceeds received	341,677	-	-	-	341,677
Transfers in	5,387,000	17,552,200	-	380,754	23,319,954
Transfers out	(792,000)	-	(17,154,200)	(71,754)	(18,017,954)
Total other financing sources (uses)	4,936,677	29,401,635	13,518,343	309,000	48,165,655
Net change in fund balance	(578,035)	2,492,445	(3,996,490)	(6,817,067)	(8,899,147)
Fund balance - beginning	25,690,756	32,395,427	10,875,808	50,793,429	119,755,420
Fund balance - ending	\$ 25,112,721	\$ 34,887,872	\$ 6,879,318	\$ 43,976,362	\$ 110,856,273

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, 2024**

Total net change in fund balances - governmental funds	\$	(8,899,147)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlays	\$ 29,516,936		
Loss on disposal of capital assets	(1,471,038)		
Depreciation and amortization expense	<u>(18,253,416)</u>		9,792,482

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		(41,199,098)	
Proceeds on issuance of long-term debt premiums		(1,332,048)	
General obligation and temporary notes principal payments		36,535,046	
Financed purchase principal payments		115,716	
SBITA principal payments		470,196	
Lease principal payments		1,299,446	
Amortization of premiums, net		1,000,865	

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.

195,653

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

(1,575,823)

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		(440,156)	
Pension expense		(4,785,077)	
OPEB expense		(76,118)	
Change in accrued interest expense		(394,576)	
Pollution remediation expense		<u>757,253</u>	

Changes in net position of governmental activities

\$ (8,535,386)

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, 2024

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	
Assets and deferred outflows of resources					
Current assets:					
Cash and investments	\$ 39,301,115	\$ 13,047,628	\$ 16,416,894	\$ 68,765,637	\$ 31,463,153
Receivables (net of allowances for uncollectibles):					
Accounts	7,187,750	2,231,199	877,526	10,296,475	67,085
Accrued interest	935,647	258,369	396,647	1,590,663	604,480
Leases	86,006	-	24,738	110,744	35,963
Inventories	4,784,114	-	4,589	4,788,703	657,103
Restricted cash:					
Customer deposits	1,617,145	-	107	1,617,252	200
Current portion of revenue bonds	11,525,000	-	-	11,525,000	-
Total current assets	65,436,777	15,537,196	17,720,501	98,694,474	32,827,984
Noncurrent assets:					
Restricted cash and investments	60,783,636	-	-	60,783,636	7
Land held for resale	-	-	181,874	181,874	-
Leases receivable, noncurrent	116,740	-	34,426	151,166	102,341
Capital assets:					
Land	4,876,863	-	2,340,844	7,217,707	-
Construction in progress	50,564,726	-	3,194,646	53,759,372	30,000
Building and improvements	247,973,623	2,737,540	3,859,228	254,570,391	704,842
Equipment	23,731,051	13,135,054	3,522,891	40,388,996	576,344
Infrastructure	214,817,646	-	28,204,277	243,021,923	-
SBITA asset	1,501,540	-	197,902	1,699,442	4,281,917
Less: accumulated depreciation and amortization	(192,359,112)	(9,282,327)	(14,961,200)	(216,602,639)	(2,712,724)
Total capital assets	351,106,337	6,590,267	26,358,588	384,055,192	2,880,379
Total noncurrent assets	412,006,713	6,590,267	26,574,888	445,171,868	2,982,727
Total assets	477,443,490	22,127,463	44,295,389	543,866,342	35,810,711
Deferred outflows of resources:					
Pension related amounts	2,375,843	1,250,246	484,497	4,110,586	2,154,593
OPEB related amounts	629,322	400,034	156,111	1,185,467	492,727
Total deferred outflows of resources	3,005,165	1,650,280	640,608	5,296,053	2,647,320
Total assets and deferred outflows of resources	\$ 480,448,655	\$ 23,777,743	\$ 44,935,997	\$ 549,162,395	\$ 38,458,031

(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, 2024

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	\$ 11,414,989	\$ 354,083	\$ 892,214	\$ 12,661,286	\$ 682,348
Interest payable	1,503,449	-	237,175	1,740,624	19,705
Claims payable	-	-	-	-	2,226,788
Accrued payroll	602,328	321,797	112,543	1,036,668	511,901
Compensated absences	1,035,382	383,369	170,110	1,588,861	980,816
Current portion of general obligation bonds payable	-	-	386,859	386,859	-
Current portion of KDHE SRF loan payable	156,032	-	-	156,032	-
Current portion of temporary notes payable	-	-	8,025,183	8,025,183	1,264,287
Current portion of SBITA liability	224,881	-	41,828	266,709	824,123
Total unrestricted current liabilities	14,937,061	1,059,249	9,865,912	25,862,222	6,509,968
Current liabilities payable from restricted assets:					
Customer deposits	1,322,896	-	-	1,322,896	200
Current portion of revenue bonds payable	11,525,000	-	-	11,525,000	-
Total current liabilities payable from restricted assets	12,847,896	-	-	12,847,896	200
Total current liabilities	27,784,957	1,059,249	9,865,912	38,710,118	6,510,168
Noncurrent liabilities:					
Compensated absences	1,280,814	433,252	213,053	1,927,119	1,200,698
General obligation bonds payable	-	-	8,892,934	8,892,934	-
Revenue bonds payable	254,786,239	-	-	254,786,239	-
SBITA liability	843,459	-	81,018	924,477	1,315,013
Net pension liability	8,487,914	4,466,614	1,730,908	14,685,436	7,697,465
Total OPEB liability	2,619,684	1,665,225	649,844	4,934,753	2,051,069
Total noncurrent liabilities	268,018,110	6,565,091	11,567,757	286,150,958	12,264,245
Total liabilities	295,803,067	7,624,340	21,433,669	324,861,076	18,774,413
Deferred inflows of resources:					
OPEB related amounts	1,145,687	728,266	284,201	2,158,154	897,011
Leases	189,213	-	55,251	244,464	102,586
Total deferred inflows of resources	1,334,900	728,266	339,452	2,402,618	999,597
Total liabilities and deferred inflows of resources	\$ 297,137,967	\$ 8,352,606	\$ 21,773,121	\$ 327,263,694	\$ 19,774,010
Net position					
Net investment in capital assets	\$ 125,185,214	\$ 6,590,267	\$ 9,307,533	\$ 141,083,014	\$ (523,044)
Restricted for:					
Debt service	7,002,400	-	-	7,002,400	-
Unrestricted	51,123,074	8,834,870	13,855,343	73,813,287	19,207,065
Total net position	\$ 183,310,688	\$ 15,425,137	\$ 23,162,876	221,898,701	\$ 18,684,021
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>7,747,384</u>	
Net position of business-type activities				<u>\$ 229,646,085</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, 2024**

	Business-Type Activities: Enterprise Funds			Governmental Activities:	
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues					
Charges for services	\$ 69,075,743	\$ 18,548,847	\$ 8,729,707	\$ 96,354,297	\$ 37,670,080
Licenses and permits	-	-	17,215	17,215	58,984
Other sales	90,838	338,718	139,503	569,059	497,381
Total operating revenues	69,166,581	18,887,565	8,886,425	96,940,571	38,226,445
Operating expenses					
Continuing operations	31,965,785	17,009,256	6,892,508	55,867,549	5,892,510
Transmission and distribution	6,041,609	-	-	6,041,609	-
General administration	1,794,400	-	-	1,794,400	20,415,810
Health insurance claims	-	-	-	-	13,353,613
Depreciation and amortization	11,415,546	1,314,019	649,474	13,379,039	887,542
Total operating expenses	51,217,340	18,323,275	7,541,982	77,082,597	40,549,475
Operating income (loss)	17,949,241	564,290	1,344,443	19,857,974	(2,323,030)
Nonoperating revenues (expenses)					
Investment income	4,156,398	462,244	897,263	5,515,905	1,205,342
Intergovernmental revenue	-	45,000	-	45,000	-
Interest expense	(7,064,990)	-	(591,446)	(7,656,436)	(117,304)
Debt issuance costs	(596,468)	-	(66,892)	(663,360)	-
Gain on sale of capital assets	17,151	108,070	48,100	173,321	-
Rental income	81,347	-	-	81,347	34,650
Miscellaneous	153,682	5,412	-	159,094	1,540,377
Total nonoperating revenues (expenses)	(3,252,880)	620,726	287,025	(2,345,129)	2,663,065
Income before transfers	14,696,361	1,185,016	1,631,468	17,512,845	340,035
Transfers in	2,600,000	-	-	2,600,000	85,000
Transfers out	(6,824,000)	(874,000)	(289,000)	(7,987,000)	-
Total net transfers	(4,224,000)	(874,000)	(289,000)	(5,387,000)	85,000
Change in net position	10,472,361	311,016	1,342,468	12,125,845	425,035
Net position, beginning, as previously reported	173,522,929	15,377,339	21,920,060	210,820,328	18,889,055
Change in accounting principle	(684,602)	(263,218)	(99,652)	(1,047,472)	(630,069)
Net position, beginning, as restated	172,838,327	15,114,121	21,820,408	209,772,856	18,258,986
Net position, ending	\$ 183,310,688	\$ 15,425,137	\$ 23,162,876	221,898,701	\$ 18,684,021
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				229,382	
Change in net position of business-type activities				<u>\$ 12,355,227</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, 2024

	Business-Type Activities: Enterprise Funds			Governmental Activities: Internal Service Funds	
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	
Cash flows from operating activities:					
Cash received from customers and users	\$ 69,881,794	\$ 18,987,310	\$ 8,812,216	\$ 97,681,320	\$ 39,774,464
Cash paid to suppliers of goods and services	(22,225,705)	(11,489,044)	(4,048,033)	(37,762,782)	(31,938,006)
Cash paid to employees	(9,646,272)	(5,089,304)	(1,855,876)	(16,591,452)	(7,597,777)
Net cash provided by (used in) operating activities	38,009,817	2,408,962	2,908,307	43,327,086	238,681
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(50,388,985)	(2,466,898)	(5,670,165)	(58,526,048)	(106,938)
Proceeds from issuance of debt	32,762,831	-	11,003,371	43,766,202	-
Principal payments on general obligation bonds	-	-	(235,356)	(235,356)	-
Principal payments on revenue bonds	(9,780,001)	-	-	(9,780,001)	-
Principal payments on general obligation temporary notes	-	-	(5,674,098)	(5,674,098)	(479,000)
Principal payments on SBITAs	(218,999)	-	(40,945)	(259,944)	(567,430)
Interest payments on debt	(9,038,036)	-	(705,261)	(9,743,297)	(126,796)
Net cash used in capital and related financing activities	(36,663,190)	(2,466,898)	(1,322,454)	(40,452,542)	(1,280,164)
Cash flows from noncapital financing activities:					
Intergovernmental revenue	-	45,000	-	45,000	-
Transfers in	2,600,000	-	-	2,600,000	85,000
Transfers out	(6,824,000)	(874,000)	(289,000)	(7,987,000)	-
Net cash provided by (used in) noncapital financing activities	(4,224,000)	(829,000)	(289,000)	(5,342,000)	85,000
Cash flows from investing activities:					
Purchase of investments	(251,399,418)	(19,231,827)	(39,396,461)	(310,027,706)	(46,764,585)
Sale of investments	245,635,074	20,106,879	33,160,302	298,902,255	61,853,264
Interest received	3,464,461	309,595	428,436	4,202,492	1,143,675
Net cash provided by (used in) investing activities	(2,299,883)	1,184,647	(5,807,723)	(6,922,959)	16,232,354
Net increase (decrease) in cash and cash equivalents	(5,177,256)	297,711	(4,510,870)	(9,390,415)	15,275,871
Cash and cash equivalents, beginning	17,576,626	288,538	9,735,989	27,601,153	(280,083)
Cash and cash equivalents, ending	\$ 12,399,370	\$ 586,249	\$ 5,225,119	\$ 18,210,738	\$ 14,995,788

(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, 2024**

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Wastewater	Solid Waste	Nonmajor Proprietary Funds	Total Enterprise Funds	
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 17,949,241	\$ 564,290	\$ 1,344,443	\$ 19,857,974	\$ (2,323,030)
Net cash provided by (used in) operating activities:					
Depreciation and amortization expense	11,415,546	1,314,019	649,474	13,379,039	887,542
Rent receipts	81,347	-	-	81,347	34,650
Miscellaneous Income	153,682	5,412	-	159,094	1,540,377
Reevaluation of SBITA assets					668,782
Changes in assets and liabilities:					
Accounts receivable	556,834	123,263	(74,229)	605,868	6,382
Leases receivable	82,222	-	21,885	104,107	(18,903)
Inventories	(411,389)	-	(4,589)	(415,978)	17,597
Prepays	-	-	-	-	-
Deferred outflows:					
Pension related amounts	308,723	200,601	12,277	521,601	334,399
OPEB related amounts	4,595	(14,612)	(24,256)	(34,273)	34,691
Meter deposits payable	(83,418)	(28,930)	-	(112,348)	(6)
Accounts payable	7,157,838	(147,615)	495,398	7,505,621	(1,382,253)
Claims payable	-	-	-	-	(222,118)
Accrued payroll	124,229	83,013	17,283	224,525	219,494
Net pension liability	462,708	129,473	245,859	838,040	256,898
Total OPEB liability	(117,342)	1,113	80,543	(35,686)	(226,137)
Deferred inflows:					
Pension related amounts	(3,946)	(2,133)	(730)	(6,809)	(3,656)
OPEB related amounts	315,689	223,627	111,561	650,877	206,452
Leases	(75,454)	-	(21,865)	(97,319)	(14,481)
Compensated absences	88,712	(42,559)	55,253	101,406	222,001
Net cash provided by (used in) operating activities	\$ 38,009,817	\$ 2,408,962	\$ 2,908,307	\$ 43,327,086	\$ 238,681
Noncash capital and related financing activities,					
Capital asset acquisitions in accounts payable	\$ -	\$ -	\$ 109,718	\$ 109,718	\$ -
Issuance of SBITA liability	-	-	-	-	66,224
Cash and investment amounts reported on the statement of net position:					
Cash and investments	\$ 39,301,115	\$ 13,047,628	\$ 16,416,894	\$ 68,765,637	\$ 31,463,153
Restricted cash - customer deposits	1,617,145	-	107	1,617,252	200
Restricted cash - revenue bonds	11,525,000	-	-	11,525,000	-
Restricted cash and investments - noncurrent	60,783,636	-	-	60,783,636	7
	\$ 113,226,896	\$ 13,047,628	\$ 16,417,001	\$ 142,691,525	\$ 31,463,360
Reconciliation of amounts reported on the statement of net position:					
Cash and cash equivalents	\$ 12,399,370	\$ 586,249	\$ 5,225,119	\$ 18,210,738	\$ 14,995,788
Investments	100,827,526	12,461,379	11,191,882	124,480,787	16,467,572
Total cash and investments	\$ 113,226,896	\$ 13,047,628	\$ 16,417,001	\$ 142,691,525	\$ 31,463,360

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, 2024

	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	LMH Health Foundation	Lawrence Surgery Center, LLC	Lawrence Public Library	Lawrence Community Shelter	Total Component Units
Assets and deferred outflows of resources							
Current assets:							
Cash and investments	\$ 8,181,579	\$ 55,685,645	\$ 982,554	\$ 756,645	\$ 1,669,108	\$ 961,183	\$ 68,236,714
Receivables (net of allowances for uncollectibles)	47,487	44,721,263	463,074	1,540,880	-	11,173	46,783,877
Accounts receivable - other	544,154	896,382	-	-	-	152,212	1,592,748
Leases receivable	20,445	1,221,621	-	-	-	-	1,242,066
Inventories	111,752	6,394,717	-	401,270	-	-	6,907,739
Prepaid	164,517	5,501,054	-	206,674	-	-	5,872,245
Other assets	-	-	-	-	-	3,271	3,271
Restricted cash	1,191,111	2,587,963	-	-	-	-	3,779,074
Total current assets	10,261,045	117,008,645	1,445,628	2,905,469	1,669,108	1,127,839	134,417,734
Noncurrent assets:							
Restricted cash and investments	-	91,028,027	-	-	-	-	91,028,027
Investments	-	-	19,751,613	-	-	-	19,751,613
Beneficial interests	-	-	7,485,383	-	-	-	7,485,383
Receivables (net of allowances for uncollectibles)	-	-	496,616	-	-	-	496,616
Leases receivable	311,007	12,853,695	-	-	-	-	13,164,702
Other assets	-	1,599,952	-	-	-	-	1,599,952
Capital assets:							
Capital assets, nondepreciable							
Land	1,849,347	13,089,771	-	-	-	-	14,939,118
Construction in progress	1,837,445	8,629,227	-	-	-	119,320	10,585,992
Capital assets, depreciable	34,763,205	441,461,490	-	16,461,991	6,260,480	4,584,448	503,531,614
Less: accumulated depreciation	(20,084,540)	(192,501,685)	-	(4,350,223)	(2,781,510)	(1,508,602)	(221,226,560)
Total capital assets	18,365,457	270,678,803	-	12,111,768	3,478,970	3,195,166	307,830,164
Total noncurrent assets	18,676,464	376,160,477	27,733,612	12,111,768	3,478,970	3,195,166	441,356,457
Total assets	28,937,509	493,169,122	29,179,240	15,017,237	5,148,078	4,323,005	575,774,191
Deferred outflows of resources:							
Pension related amounts	543,744	-	-	-	981,193	-	1,524,937
OPEB related amounts	1,146	-	-	-	24,405	-	25,551
Total deferred outflows of resources	544,890	-	-	-	1,005,598	-	1,550,488
Total assets and deferred outflows of resources	29,482,399	493,169,122	29,179,240	15,017,237	6,153,676	4,323,005	577,324,679
Liabilities and deferred inflows of resources							
Liabilities:							
Current liabilities:							
Accounts payable	335,757	14,719,417	8,109	198,063	85,595	141,807	15,488,748
Interest payable	-	2,240,410	-	-	-	-	2,240,410
Accrued payroll and expenses	57,398	22,360,414	-	849,465	91,855	73,849	23,432,981
Due to other entities	103,201	1,327,445	-	-	-	-	1,430,646
Unearned revenue	1,037,829	-	-	-	-	-	1,037,829
Other liabilities	195,291	1,318,450	-	-	-	124	1,513,865
Current portion of compensated absences	123,460	-	-	-	131,134	-	254,594
Current portion of revenue bonds payable	-	1,575,000	-	-	-	-	1,575,000
Current portion of finance purchases	-	-	-	256,615	-	-	256,615
Current portion of notes payable and other financing obligations	-	948,462	-	10,094	-	15,534	974,090
Current portion of SBITA liability	11,158	7,359,771	-	-	-	-	7,370,929
Current portion of lease liabilities	-	902,142	-	764,938	-	-	1,667,080
Total current liabilities	1,864,094	52,751,511	8,109	2,079,175	308,584	231,314	57,242,787
Noncurrent liabilities:							
Compensated absences	54,937	-	-	-	262,268	-	317,205
Revenue bonds payable	-	75,781,247	-	-	-	-	75,781,247
SBITA liability	12,623	33,436,375	-	-	-	-	33,448,998
Financed purchases	-	-	-	333,078	-	-	333,078
Lease liabilities	-	4,285,300	-	10,420,703	-	-	14,706,003
Notes payable and other financing obligations	199,315	8,770,888	-	-	-	323,644	9,293,847
Total OPEB liability	20,150	-	-	-	54,634	-	74,784
Net pension liability	1,991,508	-	-	-	3,299,523	-	5,291,031
Total noncurrent liabilities	2,278,533	122,273,810	-	10,753,781	3,616,425	323,644	139,246,193
Total liabilities	4,142,627	175,025,321	8,109	12,832,956	3,925,009	554,958	196,488,980
Deferred inflows of resources:							
Pension related amounts	142,069	-	-	-	24,587	-	166,656
OPEB related amounts	37,749	-	-	-	36,577	-	74,326
Leases	331,451	13,007,735	-	-	-	-	13,339,186
Total deferred inflows of resources	511,269	13,007,735	-	-	61,164	-	13,580,168
Total liabilities and deferred inflows of resources	4,653,896	188,033,056	8,109	12,832,956	3,986,173	554,958	210,069,148
Net position							
Net investment in capital assets	18,142,361	136,834,247	-	593,049	3,478,970	-	159,048,627
Restricted for:							
Capital	-	3,520,434	-	1,237,825	-	-	4,758,259
Hospital - specific operating activities	-	-	14,458,295	289,413	-	-	14,747,708
Housing assistance	62,309	-	-	-	-	-	62,309
Unrestricted	6,623,833	164,781,385	14,712,836	63,994	(1,311,467)	3,768,047	188,638,628
Total net position	\$ 24,828,503	\$ 305,136,066	\$ 29,171,131	\$ 2,184,281	\$ 2,167,503	\$ 3,768,047	\$ 367,255,531

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, 2024

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	LMH Health Foundation	Lawrence Surgery Center, LLC	Lawrence Public Library	Lawrence Community Shelter	Total
Component units											
Lawrence-Douglas County Housing Authority	\$ 13,772,674	\$ 2,211,179	\$ 11,636,640	\$ 1,089,270	\$ 1,164,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,164,415
Lawrence Memorial Hospital	375,815,868	375,435,617	6,355,870	8,707,870	-	14,683,489	-	-	-	-	14,683,489
LMH Health Foundation	9,857,564	4,195,709	-	-	-	-	(5,661,855)	-	-	-	(5,661,855)
Lawrence Surgery Center, LLC	12,294,917	12,317,110	-	-	-	-	-	22,193	-	-	22,193
Lawrence Public Library	7,462,000	43,189	757,709	-	-	-	-	-	(6,661,102)	-	(6,661,102)
Lawrence Community Shelter	3,219,683	-	4,232,570	-	-	-	-	-	-	1,012,887	1,012,887
Total component units	\$ 422,422,706	\$ 394,202,804	\$ 22,982,789	\$ 9,797,140	1,164,415	14,683,489	(5,661,855)	22,193	(6,661,102)	1,012,887	4,560,027
General revenues											
Appropriation from the City					-	-	-	-	6,180,000	-	6,180,000
Investment income					390,251	7,718,494	2,626,912	19,922	118,962	-	10,874,541
Miscellaneous					4,960	10,588,898	-	-	26,629	-	10,620,487
Subtotal general revenues					395,211	18,307,392	2,626,912	19,922	6,325,591	-	27,675,028
Change in net position					1,559,626	32,990,881	(3,034,943)	42,115	(335,511)	1,012,887	32,235,055
Net position, beginning, as previously reported					23,268,877	272,145,185	32,206,074	2,142,166	2,503,014	-	332,265,316
Change in reporting entity					-	-	-	-	-	2,755,160	2,755,160
Net position - beginning, as restated					23,268,877	272,145,185	32,206,074	2,142,166	2,503,014	2,755,160	335,020,476
Net position - ending					\$ 24,828,503	\$ 305,136,066	\$ 29,171,131	\$ 2,184,281	\$ 2,167,503	\$ 3,768,047	\$ 367,255,531

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.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20. The City did hold a revenue neutral rate hearing for the fiscal year 2024.

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 2024.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 2024, 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, 2024, the City had \$9,908,161 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The City has the following types of interfund activity:

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

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

Capital assets: Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an 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, if applicable.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 (the Hospital), a discretely presented 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 their length of service. Terminated employees with at least five years of service will receive all accumulated vacation and $\frac{1}{4}$ accumulated sick leave, subject to limitations, as will sworn fire/medical personnel, regardless of their length of service. Terminated employees with at least six months of service, but fewer than five years, will receive all accumulated vacation only. Benefits considered more likely than not to be used as leave or settled at separation are recognized in the financial statements. The City has adopted a first-in, first-out flows assumption. The liability for compensated absences is reported 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 terminations, resignations, and retirements.

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 and contributions paid by the City after the measurement date but before the end of the City's reporting period.

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.

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

	Major Governmental Funds			Other	Total
	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Fund balances:					
Nonspendable for:					
Prepays	\$ 4,535	\$ -	\$ -	\$ 40,840	\$ 45,375
Inventories	552,999	-	-	-	552,999
Total nonspendable for	557,534	-	-	40,840	598,374
Restricted for:					
Capital outlay	-	-	6,879,318	18,384,239	25,263,557
Debt service	-	34,887,872	-	-	34,887,872
General government	159,752	-	-	9,547,986	9,707,738
Public safety	-	-	-	1,551,226	1,551,226
Public works	-	-	-	8,952,432	8,952,432
Health and social services	-	-	-	2,530,494	2,530,494
Culture and recreation	-	-	-	2,033,100	2,033,100
Tourism	-	-	-	1,024,349	1,024,349
Economic development	-	-	-	916,921	916,921
Total restricted for	159,752	34,887,872	6,879,318	44,940,747	86,867,689
Assigned for:					
General government	53,903	-	-	-	53,903
Public safety	2,352,127	-	-	-	2,352,127
Public works	1,631,248	-	-	155,000	1,786,248
Health and social services	451,539	-	-	146,000	597,539
Culture and recreation	118,879	-	-	-	118,879
Total assigned for	4,607,696	-	-	301,000	4,908,696
Unassigned	19,787,739	-	-	(1,306,225)	18,481,514
	<u>\$ 25,112,721</u>	<u>\$ 34,887,872</u>	<u>\$ 6,879,318</u>	<u>\$ 43,976,362</u>	<u>\$ 110,856,273</u>

Net position:

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

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

Restricted net position—consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities for which restricted and unrestricted net position is available. Net position restricted through enabling legislation consists of \$33,210,832 for debt service, \$21,903,956 for capital improvements, and \$23,086,683 for other purposes, which consist of \$9,453,269 for transit operations, \$4,377,566 for road and highways, \$1,926,014 for farmland remediation, and \$7,329,834 for various other purposes.

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 LMH Health Foundation (the Foundation) 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 Foundation is a legally separate tax-exempt component unit of the Hospital. The Foundation is exclusively dedicated to the support of the Hospital. The Foundation'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 Foundation to be held in trust for the benefit of the Hospital. A trust agreement was established between the Hospital and the Foundation. Although the Hospital does not control the timing or amount of receipts from the Foundation, substantially all of the Foundation's resources and related income are restricted by donors for the benefit of the Hospital. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the Hospital, the Foundation is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 2. Reporting Entity (Continued)

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

The 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.

Lawrence Community Shelter, Inc. (the Organization), is a 501(c)(3) nonprofit organization which was incorporated under the laws of the State of Kansas. The Organization provides safe shelter and comprehensive support services and programs that provide a path to a positive future for people experiencing homelessness and people who are at risk of homelessness. The City appoints three of the seven members of the Board of Directors. Management of the City believes it would be misleading to exclude the organization from the reporting entity based on the nature and significance of the organization's relationship with the City.

The Foundation, the Surgery Center, and the Organization 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 these statements in the City's financial reporting entity for these differences.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 2. Reporting Entity (Continued)

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

Lawrence Community Shelter
3655 E 25th Street
Lawrence, KS 66046

Note 3. Deposits and Investments

At December 31, 2024, the City's carrying values of cash and investments are summarized as follows:

Cash:

Deposits	\$ 19,315,144
Certificates of deposit	7,750,000
Total cash	<u>27,065,144</u>

Investments:

Kansas Municipal Investment Pool	3,264,539
Certificates of deposit	69,349,500
U.S. Treasury notes	60,740,494
U.S. Treasury bills	13,106,634
U.S. Federal Agency issues	102,301,883
Mutual Funds	8,539,820
Total investments	<u>257,302,870</u>
Total cash and investments	<u>\$ 284,368,014</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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

At December 31, 2024, 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)	\$ 53,547,111	Moody's Aaa	1/3/25 to 10/24/25	2
Federal National Mortgage Association (FNMA)	37,857,066	Moody's Aaa	1/7/25 to 10/22/25	2
Federal Farm Credit Bank (FFCB)	1,964,612	Moody's Aaa	6/30/2025	2
Federal Home Loan Mortgage Corp (Freddie Mac)	8,933,094	Moody's Aaa	2/12/25 to 8/6/25	2
Mutual Funds	8,539,820	N/A	N/A	1
U.S. Treasury notes	60,740,494	Moody's Aaa	3/15/25 to 10/15/25	2
U.S. Treasury bills	13,106,634	Moody's Aaa	4/8/2025	2
	<u>184,688,831</u>			
Investments measured at amortized cost				
Certificates of Deposit	69,349,500	N/A	1/15/25 to 7/20/25	
Investments measured by the net asset value (NAV)				
Kansas Municipal Investment Pool	3,264,539	N/A	Current	
	<u>\$ 257,302,870</u>			

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

At December 31, 2024, the City had \$3,264,539 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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, 2024, the City's investments include FHLB, FNMA, and Freddie Mac, which represent 27%, 19% and 5% of total investments, respectively.

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

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

Note 4. Tax Revenue

Tax revenue for the year ended December 31, 2024, is as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Other Governmental Funds	
Property taxes	\$ 29,724,728	\$ 11,309,676	\$ 7,585,122	\$ 48,619,526
Motor vehicle taxes	2,146,951	830,500	418,554	3,396,005
Utility franchise taxes	8,510,214	-	-	8,510,214
Sales tax	39,701,909	-	14,215,972	53,917,881
Total	<u>\$ 80,083,802</u>	<u>\$ 12,140,176</u>	<u>\$ 22,219,648</u>	<u>\$ 114,443,626</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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 4. Tax Revenue (Continued)

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2024, were as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Library Funds	
Levy	\$ 21.164	\$ 7.965	\$ 4.103	\$ 33.232

Note 5. Leases Receivable

The City is the lessor in several real estate and fiber optic cable lease agreements, which expire in 2025 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, 2024 were approximately \$248,000 and \$35,000, 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 year ended December 31, 2024 was approximately \$1,902,000, which includes both lease revenue and interest.

The following schedule is the Hospital's expected future minimum lease payments by year as of December 31, 2024:

	Principal	Interest	Total
Year ending December 31,			
2025	\$ 1,221,621	\$ 551,759	\$ 1,773,380
2026	1,221,789	494,336	1,716,125
2027	1,202,880	444,888	1,647,768
2028	1,112,553	396,985	1,509,538
2029	996,855	354,760	1,351,615
2030 - 2034	4,130,807	1,224,540	5,355,347
2035 - 2039	3,645,416	491,406	4,136,822
2040	543,395	8,183	551,578
	<u>\$ 14,075,316</u>	<u>\$ 3,966,857</u>	<u>\$ 18,042,173</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended December 31, 2024:

Type of Issue	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 101,814,949	\$ 10,756,961	\$ 7,661,973	\$ 104,909,937	\$ 7,661,142
General obligation bonds premium	6,516,790	1,092,474	514,167	7,095,097	-
General obligation bonds, net	108,331,739	11,849,435	8,176,140	112,005,034	7,661,142
General obligation temporary note	32,315,072	30,442,137	29,352,072	33,405,137	33,405,137
General obligation temporary note premium	378,424	230,406	477,522	131,308	131,308
General obligation temporary note, net	32,693,496	30,672,543	29,829,594	33,536,445	33,536,445
Financed purchase	478,915	-	115,716	363,199	118,351
Lease liability	1,374,319	-	1,299,446	74,873	74,873
SBITA liability	5,745,300	66,224	1,103,852	4,707,672	1,448,392
Compensated absences *	14,783,706	662,156	-	15,445,862	6,027,626
Net pension liability	90,412,748	179,284	-	90,592,032	-
Total OPEB liability	14,320,125	-	1,424,781	12,895,344	-
Pollution remediation liability	20,502,513	-	757,253	19,745,260	1,877,189
Total	\$ 288,642,861	\$ 43,429,642	\$ 42,706,782	\$ 289,365,721	\$ 50,744,018

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Type of Issue	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 5,935,051	\$ 2,728,039	\$ 235,024	\$ 8,428,066	\$ 386,859
General obligation premium	687,635	277,469	113,376	851,728	-
General obligation, net	6,622,686	3,005,508	348,400	9,279,794	386,859
General obligation temporary note	5,701,418	7,997,863	5,701,418	7,997,863	7,997,863
General obligation temporary note premium	-	55,778	28,458	27,320	27,320
KDHE DRF Loan	-	156,032	-	156,032	156,032
General obligation temp note, net	5,701,418	8,209,673	5,729,876	8,181,215	8,181,215
Revenue bonds	226,335,000	31,390,000	9,780,000	247,945,000	11,525,000
Revenue bonds premium	18,669,141	1,216,798	1,519,700	18,366,239	-
Revenue bonds, net	245,004,141	32,606,798	11,299,700	266,311,239	11,525,000
SBITA liability	1,451,130	-	259,944	1,191,186	266,709
Compensated absences *	3,414,574	101,406	-	3,515,980	1,588,861
Net pension liability	13,847,396	838,040	-	14,685,436	-
Total OPEB liability	4,970,439	-	35,686	4,934,753	-
Total	\$ 281,011,784	\$ 44,761,425	\$ 17,673,606	\$ 308,099,603	\$ 21,948,644

* The increase or decrease for compensated absences has been presented on the net basis. Compensated absences as of January 1, 2024 have been restated due to the implementation of GASB 101, *Compensated Absences*.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

The total OPEB liability is generally liquidated from the fund in which the employees were paid.

The general obligation temporary notes mature in 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, 2024 the debt limitation for the City of Lawrence was \$425 million. The City's general obligation debt and temporary notes as of December 31, 2024 was \$163 million. This is approximately 38% of the maximum allowed under statutes. More information on the City's debt limit may be found in table 13 of the statistical section of this ACFR.

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

Financed purchase maturities are as follows:

	Principal	Interest	Total
Year ending December 31,			
2025	\$ 118,351	\$ 7,557	\$ 125,908
2026	121,046	4,862	125,908
2027	123,802	2,106	125,908
	<u>\$ 363,199</u>	<u>\$ 14,525</u>	<u>\$ 377,724</u>

Lease liability: The City has entered into a building and equipment lease agreement. An initial lease liability was recorded in the amount of \$1,961,384. The agreements requires annual payments of \$76,586 and monthly payments of between \$23,167 and \$25,578, respectively. During the year ended December 31, 2024, principal and interest paid were \$1,299,446 and \$44,602, respectively.

Lease liability maturities are as follows:

	Principal	Interest	Total to be Paid
Year ending December 31,			
2025	\$ 74,873	\$ 1,713	\$ 76,586

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, 2024, principal and interest paid were \$470,196 and \$116,253, respectively.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

SBITA liability maturities are as follows:

Year ending December 31,	Principal	Interest	Total to be Paid
2025	\$ 1,713,100	\$ 131,067	\$ 1,844,167
2026	1,865,699	91,062	1,956,761
2027	815,287	48,269	863,556
2028	466,754	24,210	490,964
2029	439,182	15,408	454,590
2030-2034	432,001	23,826	455,827
2035-2036	166,837	1,297	168,134
	<u>\$ 5,898,860</u>	<u>\$ 335,139</u>	<u>\$ 6,233,999</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, 2024.

General obligation bonds and temporary notes and revenue bonds, at December 31, 2024 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	2013	2025	2.000-4.000	\$ 4,405,000	\$ 400,000	\$ 400,000
Internal improvement	2014A	2034	2.000-5.000	25,065,000	14,780,000	1,275,000
Internal improvement	2014B	2034	3.000-4.000	18,440,000	10,805,000	1,000,000
Internal improvement	2015	2030	2.000-3.000	9,450,000	4,250,000	655,000
Internal improvement	2017A	2027	2.000-2.500	3,030,000	980,000	320,000
Green internal improvement	2017B	2039	1.000-3.375	11,375,000	8,745,000	345,000
Internal improvement	2017C	2027	0.950-2.400	654,000	208,000	68,000
Internal improvement	2017D	2038	2.875-5.000	13,975,000	8,750,000	945,000
Internal improvement	2019A	2039	3.000-3.250	3,880,000	2,290,000	155,000
Internal improvement	2020A	2040	2.000-3.625	5,775,000	4,935,000	245,000
Refunding	2020B	2034	1.000-1.850	2,325,000	1,655,000	165,000
Internal improvement *	2021A	2051	2.000-4.000	29,740,000	26,740,001	1,175,000
Internal improvement *	2022A	2042	3.000-5.000	5,800,000	5,300,001	315,000
Internal improvement *	2023A	2043	3.875-5.000	10,455,000	10,015,001	645,000
Internal improvement *	2024A	2044	4.000-5.000	13,485,000	13,485,000	340,000
					<u>113,338,003</u>	<u>8,048,000</u>
General obligation temporary notes:						
Internal improvement	2021-II	2025	1.020	3,917,000	2,963,000	2,963,000
Internal improvement	2024-I	2025	5.000	38,440,000	38,440,000	38,440,000
					<u>41,403,000</u>	<u>41,403,000</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Debt Issue	Date Issued	Date Matured	Interest Rate	Original Amount	Balance at End of Year	Due in One Year
Revenue bonds:						
Water and sewerage improvement	2015A	2040	2.000-5.000	89,900,000	66,575,000	3,105,000
Water and sewerage improvement refunding	2015B	2025	3.000-5.000	8,960,000	955,000	955,000
Water and sewerage improvement	2016A	2036	2.625-5.000	60,310,000	39,300,000	3,085,000
Water and sewerage improvement	2017A	2037	1.320-5.000	17,195,000	12,015,000	885,000
Water and sewerage improvement	2018	2038	3.500-4.000	20,070,000	15,770,000	835,000
Water and sewerage improvement	2021	2042	1.750-4.000	46,560,000	44,100,000	1,305,000
Water and sewerage improvement	2023	2044	4.000-5.000	37,840,000	37,840,000	725,000
Water and sewerage improvement	2024	2054	4.000-5.000	31,390,000	31,390,000	630,000
					<u>247,945,000</u>	<u>11,525,000</u>
					<u>\$ 402,686,003</u>	<u>\$ 60,976,000</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% (\$5,492,696) reported in governmental activities and 47% (\$4,962,304) reported in business-type activities. The Series 2024A bonds are split with 80% (\$10,756,961) reported in governmental activities and 20% (\$2,728,039) reported in business-type activities. The Series 2024-I general obligation temporary notes are split 79% (\$30,442,137) reported in governmental activities and 21% (\$7,997,863) reported in business-type activities.

In 2024, the City issued \$31,390,000 in water and sewage system improvement revenue bonds, series 2024, for paying various water and sewage system infrastructure projects within the City. The Revenue Bonds are due in annual installments of \$535,000 to \$1,765,000 through November 2054, with interest due in semiannual installments at rates from 4.000% to 5.000%.

In 2024, the City issued \$13,485,000 in general obligation improvement bonds, series 2024-A, for paying for the cost of certain public improvement projects within the City. The general obligation bonds are due in annual installments of \$340,000 to \$825,000 through September 2044, with interest due in semiannual installments at rates from 4.000% to 5.000%.

In 2024, the City issued \$38,440,000 in general obligation temporary notes, series 2024-I, for paying a portion of the costs of certain public improvements within the City and repaying the General Obligation Temporary Notes Series 2023-I. The General Obligation Temporary Notes, Series 2024-I are due May 1, 2025, with interest due in semiannual installments at an interest rate of 4.500%. 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 2025 long-term debt transaction noted in the subsequent events footnote (Note 18).

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2024, are as follows:

Year ending:	Governmental Activities		Business-Type Activities		Total Due
	Principal	Interest	Principal	Interest	
2025	\$ 7,661,142	\$ 3,695,541	\$ 386,859	\$ 430,941	\$ 12,174,483
2026	7,693,507	3,247,321	450,495	367,294	11,758,617
2027	7,699,762	2,968,570	471,238	344,886	11,484,456
2028	6,904,711	2,669,853	410,289	321,446	10,306,299
2029	7,039,391	2,407,721	415,609	301,058	10,163,779
2030 - 2034	34,468,626	8,352,649	2,231,374	1,174,869	46,227,518
2035 - 2039	18,864,704	3,674,431	2,000,296	674,944	25,214,375
2040 - 2044	9,248,094	1,282,631	2,061,906	222,519	12,815,150
2045 - 2049	3,725,000	410,294	-	-	4,135,294
2050 - 2051	1,605,000	51,319	-	-	1,656,319
	<u>\$ 104,909,937</u>	<u>\$ 28,760,330</u>	<u>\$ 8,428,066</u>	<u>\$ 3,837,957</u>	<u>\$ 145,936,290</u>

The future annual requirements for revenue bonds outstanding as of December 31, 2024, are as follows:

Year ending:	Business-Type Activities		
	Principal Due	Interest Due	Total Due
2025	\$ 11,525,000	\$ 9,469,003	\$ 20,994,003
2026	11,925,000	9,093,494	21,018,494
2027	12,450,000	8,564,494	21,014,494
2028	13,000,000	8,011,644	21,011,644
2029	13,315,000	7,426,844	20,741,844
2030 - 2034	71,075,000	28,992,106	100,067,106
2035 - 2039	66,910,000	15,930,363	82,840,363
2040 - 2044	33,205,000	5,923,313	39,128,313
2045 - 2049	6,980,000	2,387,856	9,367,856
2050 - 2054	7,560,000	873,450	8,433,450
	<u>\$ 247,945,000</u>	<u>\$ 96,672,567</u>	<u>\$ 344,617,567</u>

The Water and Sewage System Revenue Bonds require that one-sixth of the next interest payment due, one-twelfth of the next principal payment due, and one-sixth of the agent charges next due be set aside monthly in a restricted account and that a bond reserve be maintained if net revenues of the Water and 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, 2024, total outstanding conduit debt was \$145,037,689.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Pledged revenues: The City has pledged future water and wastewater operating revenues, net of specified operating expenses, to repay \$344,617,567 in water and wastewater revenue and revenue refunding bonds. The bonds are payable solely from water and wastewater net revenues and are payable through 2054. 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 \$18,181,636 and \$26,632,743, respectively. This equates to a net revenue/debt ratio of 1.46 which meets the requirement. The City takes into consideration the 120% covenant requirement when establishing its utility rate model.

Lawrence Memorial Hospital component unit debt: The following is a summary of the long-term debt of the Lawrence Memorial Hospital, a proprietary fund type component unit. This debt is to be paid solely with Hospital revenues.

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable:					
Series 2018	\$ 73,435,000	\$ -	\$ 1,500,000	\$ 71,935,000	\$ 1,575,000
Unamortized premiums	5,807,067	-	385,820	5,421,247	-
Note from direct borrowing	8,444,827	-	301,091	8,143,736	313,358
Other financing obligations	2,669,675	-	1,094,061	1,575,614	635,104
Lease liability	4,336,974	2,038,982	1,188,514	5,187,442	902,142
Subscription liabilities	39,464,626	8,858,062	7,526,542	40,796,146	7,359,771
Total long-term debt	<u>\$ 134,158,169</u>	<u>\$ 10,897,044</u>	<u>\$ 11,996,028</u>	<u>\$ 133,059,185</u>	<u>\$ 10,785,375</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.

In 2024, 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	\$ 71,935,000	\$ 1,575,000

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Long-Term Liabilities (Continued)

Note from direct borrowing: The Hospital's outstanding note from direct borrowing of \$8,143,736 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, 2024, are as follows:

Year ending December 31,	Total to be Paid	Bonds		Direct Borrowings	
		Principal	Interest	Principal	Interest
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	5,654,468	1,915,000	3,106,063	367,632	265,773
2030 - 2034	28,272,086	11,110,000	13,995,065	2,075,409	1,091,612
2035 - 2039	28,273,573	13,695,000	11,411,552	2,534,067	632,954
2040 - 2044	28,275,497	18,375,000	7,947,500	1,834,493	118,504
2045 - 2048	22,617,500	20,050,000	2,567,500	-	-
	<u>\$ 135,710,492</u>	<u>\$ 71,935,000</u>	<u>\$ 52,321,432</u>	<u>\$ 8,143,736</u>	<u>\$ 3,310,324</u>

Other financing obligations: The Hospital is obligated under certain financings for purchase of equipment totaling approximately \$1,576,000 at December 31, 2024. Monthly payments of obligations include principal plus interest ranging from 3.25% to 4.00%, terms expiring in various years through 2026.

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, 2024:

Year ending December 31,	Total to be Paid	Principal	Interest
2025	\$ 1,108,481	\$ 902,142	\$ 206,339
2026	673,562	500,558	173,004
2027	654,511	504,529	149,982
2028	642,580	516,133	126,447
2029	606,549	502,487	104,062
2030 - 2034	2,274,085	2,035,159	238,926
2035 - 2036	234,619	226,434	8,185
	<u>\$ 6,194,387</u>	<u>\$ 5,187,442</u>	<u>\$ 1,006,945</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 17,922,772	\$ 1,066,353	\$ -	\$ 18,989,125
Construction in progress	18,911,832	14,282,943	10,969,177	22,225,598
Total capital assets, not being depreciated/amortized	36,834,604	15,349,296	10,969,177	41,214,723
Capital assets being depreciated/amortized:				
Buildings	145,549,376	347,783	117,515	145,779,644
Improvements other than buildings	58,140,070	1,260,497	987,558	58,413,009
Machinery and equipment	58,962,908	5,715,809	2,287,411	62,391,306
Infrastructure	272,701,336	17,845,943	-	290,547,279
Right to use leased assets	1,961,384	10,275	1,677,013	294,646
SBITA assets	8,609,351	73,724	471,260	8,211,815
Total capital assets, being depreciated/amortized	545,924,425	25,254,031	5,540,757	565,637,699
Less accumulated depreciation/amortization for:				
Buildings	68,498,394	4,615,158	90,584	73,022,968
Improvements other than buildings	32,614,908	2,003,681	238,660	34,379,929
Machinery and equipment	36,104,546	4,878,154	2,287,411	38,695,289
Infrastructure	101,479,829	5,507,543	-	106,987,372
Right to use lease assets	672,948	309,862	774,006	208,804
SBITA assets	1,205,395	1,826,560	-	3,031,955
Total accumulated depreciation/amortization	240,576,020	19,140,958	3,390,661	256,326,317
Total capital assets being depreciated/amortized, net	305,348,405	6,113,073	2,150,096	309,311,382
Governmental activities capital assets, net	\$ 342,183,009	\$ 21,462,369	\$ 13,119,273	\$ 350,526,105
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 7,100,964	\$ 116,743	\$ -	\$ 7,217,707
Construction in progress	37,384,491	39,064,585	22,689,704	53,759,372
Total capital assets, not being depreciated/amortized	44,485,455	39,181,328	22,689,704	60,977,079
Capital assets being depreciated/amortized:				
Buildings	87,831,620	-	13,074	87,818,546
Improvements other than buildings	166,751,845	-	-	166,751,845
Machinery and equipment	36,800,063	4,426,844	837,911	40,388,996
Infrastructure	209,340,981	33,680,942	-	243,021,923
SBITA assets	2,162,819	-	463,377	1,699,442
Total capital assets, being depreciated/amortized	502,887,328	38,107,786	1,314,362	539,680,752
Less accumulated depreciation/amortization for:				
Buildings	40,227,834	1,891,087	8,821	42,110,100
Improvements other than buildings	56,177,566	3,828,441	-	60,006,007
Machinery and equipment	20,228,241	3,352,827	837,912	22,743,156
Infrastructure	87,181,745	4,051,735	-	91,233,480
SBITA assets	685,312	254,949	430,365	509,896
Total accumulated depreciation/amortization	204,500,698	13,379,039	1,277,098	216,602,639
Total capital assets being depreciated/amortized, net	298,386,630	24,728,747	37,264	323,078,113
Business-type activities capital assets, net	\$ 342,872,085	\$ 63,910,075	\$ 22,726,968	\$ 384,055,192

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets (Continued)

	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	\$ 13,720,982	\$ 1,218,136	\$ -	\$ 14,939,118
Construction in progress	4,002,327	9,538,249	2,954,584	10,585,992
Total capital assets, not being depreciated	17,723,309	10,756,385	2,954,584	25,525,110
Capital assets being depreciated:				
Buildings	290,403,034	4,172,315	185,288	294,390,061
Improvements other than buildings	9,685,058	54,051	45,447	9,693,662
Collection	3,822,944	750,445	609,773	3,963,616
Machinery and equipment	111,924,061	5,865,389	2,985,234	114,804,216
Lease assets - buildings	15,786,023	-	-	15,786,023
Lease assets - equipment	5,587,454	2,038,982	806,471	6,819,965
SBITA assets	51,194,388	9,707,921	2,828,238	58,074,071
Total capital assets, being depreciated	488,402,962	22,589,103	7,460,451	503,531,614
Less accumulated depreciation for:				
Buildings	103,655,405	7,801,487	185,288	111,271,604
Improvements other than buildings	4,063,783	454,479	45,447	4,472,815
Collection	1,157,785	452,256	389,485	1,220,556
Machinery and equipment	76,545,776	7,122,638	2,593,620	81,074,794
Lease assets - buildings	2,333,419	677,266	-	3,010,685
Lease assets - equipment	1,819,242	705,286	-	2,524,528
SBITA assets	12,434,780	8,045,036	2,828,238	17,651,578
Total accumulated depreciation	202,010,190	25,258,448	6,042,078	221,226,560
Total capital assets being depreciated, net	286,392,772	(2,669,345)	1,418,373	282,305,054
Component unit capital assets, net	\$ 304,116,081	\$ 8,087,040	\$ 4,372,957	\$ 307,830,164

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

Governmental activities:	
General government	\$ 3,582,606
Public safety	3,890,430
Public works	8,242,192
Social services	473,196
Culture and recreation	2,034,857
Tourism	30,135
	<u>18,253,416</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	887,542
Total depreciation and amortization expense, governmental activities	<u>\$ 19,140,958</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Capital Assets (Continued)

Business-type activities:

Water and wastewater	\$ 11,415,546
Solid waste	1,314,019
Parking	15,221
Stormwater	634,253
Total depreciation expense, business-type activities	<u>\$ 13,379,039</u>

Component units:

Lawrence-Douglas County Housing Authority	\$ 1,092,911
Lawrence Surgery Center	409,444
Lawrence Memorial Hospital	23,026,441
Lawrence Public Library	554,805
Lawrence Community Shelter	174,847
Total depreciation expense, component units	<u>\$ 25,258,448</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, 2024.

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	9.26%	9.26%
Police and firefighters	23.10%	23.10%

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 2024 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, 2024, 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, 2024. The City's contributions to the plan during the measurement period were \$3,684,474 and \$6,898,603 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, 2024, the City's proportion for the Local employees group was 1.802%, which was an increase of 0.040% from its proportion measured at June 30, 2023. At June 30, 2024, the City's proportion for the Police and Firefighters group was 4.203%, which was a decrease of 0.011% from its proportion measured at June 30, 2023.

Net pension liability: At December 31, 2024, the City reported a liability of \$38,278,955 and \$66,998,513 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 \$105,277,468 as of December 31, 2024.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024 as the measurement date, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Salary increases, including wage increases	3.50% to 15.50% including inflation
Long-term rate of return, net of investment expense and including price inflation	7.00%

Mortality rates were based on the PUB-2010 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-2021.

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 29, 2024 as provided by KPERS' investment consultant are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Rate of Return
Non-U.S. equities	43.00%	8.20%
Core fixed income	13.00	2.20
Yield driven	12.00	5.30
Infrastructure	3.00	6.80
Real estate	15.00	5.70
Alternatives	11.00	12.00
Short-term investments	3.00	0.30
	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate 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% for Fiscal Year 2014, 1.00% for Fiscal Year 2015, 1.10% for Fiscal Year 2016 and 1.20% 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% to 8.65% for the last half of Fiscal Year 2015. That same session, S.B. 228 recertified statutory rates to 10.91% for Fiscal Year 2016 and 10.81% for Fiscal Year 2017 in anticipation of the issuance of \$1.0 billion in pension obligation bonds.

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%, 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% 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% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. 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).

The 2023 Legislature passed HB 2196, which expanded the Deferred Retirement Option Plan (DROP) in KP&F to include all of that System's employers as of April 27, 2023. Under that same Bill, the Kansas Department of Wildlife and Parks (KDWP) became an affiliated KP&F employer making certain law enforcement positions in the Agency eligible for KP&F future service participation as of July 1, 2023. HB 2100 was also passed, defining and establishing limits on environmental, social and governance factors when entering into contracts (including investment contracts) and when making proxy votes on behalf of the System. This latter change was not expected to materially affect the asset allocation. Neither act impacted the valuation results.

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

The 2024 Legislature passed HB 2711 that increased both the lump sum retiree death benefit from \$4,000 to \$6,000 and employer contribution rates for State/School for FY 2025 and FY 2026 and for Local employers for CY 2025 to fund this benefit improvement. The Bill also increased the employer contribution threshold for the 30% Working After Retirement (WAR) rate from \$25,000 to \$40,000; and the earnings limit for KP&F retirees from \$25,000 to \$40,000; while creating an exemption from employer contributions for nurses and direct support workers at Community Development Disability Organizations (CDDOs). Further, the Bill increased the alternative investment cap from 15% to 25% and requires the System to divest all publicly traded securities held in funds by countries of concern. None of the changes from this legislation had any impact on the valuation.

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.

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	\$ 55,417,459	\$ 38,278,955	\$ 23,955,848
Police and firefighters	91,664,636	66,998,513	46,370,682
Total	\$ 147,082,095	\$ 105,277,468	\$ 70,326,530

Pension expense: For the year ended December 31, 2024, the City recognized total pension expense of \$17,822,416 which is comprised of local pension expense of \$6,972,378 and Police and Firefighters pension expense of \$10,850,038.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

Deferred outflows of resources and deferred inflows of resources: At December 31, 2024, 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	\$ 4,656,385	\$ -
Net differences between projected and actual earnings on investments	234,509	-
Changes in assumptions	2,313,763	-
Changes in proportion	1,491,105	-
Total	8,695,762	-
Police and Firefighters:		
Differences between actual and expected experience	5,791,923	-
Net differences between projected and actual earnings on investments	319,324	-
Changes in assumptions	3,568,442	-
Changes in proportion	327,904	2,789,758
Total	10,007,593	2,789,758
Total:		
Differences between actual and expected experience	10,448,308	-
Net differences between projected and actual earnings on investments	553,833	-
Changes in assumptions	5,882,205	-
Changes in proportion	1,819,009	2,789,758
Total	18,703,355	2,789,758
City contributions subsequent to measurement date for both groups	5,492,601	-
Total	\$ 24,195,956	\$ 2,789,758

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 8. Defined Benefit Pension Plan (Continued)

\$5,492,601 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, 2025. 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
2025	\$ 2,619,792	\$ 2,170,034	\$ 4,789,826
2026	4,488,369	4,563,827	9,052,196
2027	1,239,977	562,139	1,802,116
2028	347,624	(78,165)	269,459
	<u>\$ 8,695,762</u>	<u>\$ 7,217,835</u>	<u>\$ 15,913,597</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, 2024, the following funds had interfund receivables and payables to the following funds:

	Due From Other Funds General Fund
Due to other funds, other governmental funds	<u>\$ 2,304,526</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, 2024, follows:

Fund	Transfers Out	Transfers In
General	\$ 792,000	\$ 5,387,000
Debt service	-	17,552,200
Capital projects	17,154,200	-
Nonmajor governmental	71,754	380,754
Water and wastewater	6,824,000	2,600,000
Solid waste	874,000	-
Internal service funds	-	85,000
Nonmajor proprietary	289,000	-
	<u>\$ 26,004,954</u>	<u>\$ 26,004,954</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 \$6,824,000, \$874,000 and \$289,000, respectively, to the general fund in lieu of franchise fees for various utilities. The general fund transferred \$380,754 to nonmajor governmental funds. The capital projects fund transferred \$17,154,200 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.

Contract commitments: At December 31, 2024, the City had construction contract commitments totaling \$101,032,401. The City expects to receive the contracted services during fiscal year 2025.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 10. Commitments and Contingencies

Contract commitments: At December 31, 2024, the City had outstanding construction contract commitments totaling \$101,032,401.

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	\$ 71,869,829	\$ 42,240,490	\$ 29,629,339
MSO Operations Campus - Phase 1	50,741,875	21,876,350	28,865,525
Iowa St-Irving Hill Road to 23rd St	10,443,202	427,452	10,015,750
Maple Ln Storm WW & Watermain Imprv	8,137,854	712,664	7,425,190
2023 Sanitary Main Rehabilitation	4,162,926	94,693	4,068,233
2024 Street Maintenance - Phase 2	4,100,000	1,814,870	2,285,130
Clinton WTP Chem Storage & Dist Imp	2,423,614	251,443	2,172,171
Eagle Bend & YSC IRR WTR Supply	2,179,060	162,222	2,016,838
Stormwtr Syst Id Assessmnt & Model	2,649,996	1,237,906	1,412,090
Harper Tower Maintenance/Coatings	1,539,916	185,149	1,354,767
Haskell 23rd to 28th Ter Waterline	1,268,647	127,436	1,141,211
Clinton Pwy-Wakarusa to Lake Pt WL	2,723,975	1,644,975	1,079,000
LDCFM Electrical Infrastructure	1,031,000	-	1,031,000
19th & Tenn Traffic Signal Replmnt	718,817	79,759	639,058
Clinton WTP Plant Piping	1,041,362	412,103	629,259
Outdoor Aquatic Center-Major Renova	741,450	189,405	552,045
2024 Water Maint Program	510,000	-	510,000
2024 Sidewalk Improvement Program	500,000	-	500,000
11th St-Indiana to Ohio; Louisiana	3,642,520	3,187,445	455,075
Enterprise Resource Planning System	2,931,124	2,547,487	383,637
Pump Stations 44 & 45 Abandonment	405,797	28,249	377,548
2024 Wastewater Maint Program	356,806	-	356,806
Urgent Storm Sewer Repairs	920,918	571,224	349,694
Bob Billings-Kasold to Monterey Way	557,239	238,031	319,208
Bob Billings Pkwy - K10 to E 800 Rd	429,428	114,492	314,936
FEDERAL HOME Investment Partnership	290,000	-	290,000
Mass St-14th to 23rd St Multimodal	668,995	393,407	275,588
W & WW Treatment Plants Residuals	269,964	-	269,964
2023 Asset Management Program	374,490	123,216	251,274
6th Street - Iowa to Mass St	9,372,711	9,134,289	238,422
Pump Station 4 Rehabilitation	1,061,262	847,029	214,233
Airport Layout Plan Update	380,011	167,614	212,397
NH Parking Garage Stairway Enclosur	209,100	-	209,100
Multi Modal Facility	1,185,790	999,032	186,758
PD Parking Lot Rehab	171,000	-	171,000
Kaw & Clinton WTP MEP Improvements	648,996	480,325	168,671
PD Parking Expansion & EV/Solar	157,838	-	157,838
2025 Street Maintenance - Phase 1	199,940	57,990	141,950
2025 Street Maintenance - Phase 3	160,500	22,876	137,624
City Hall Reconfiguration	206,150	87,417	118,733
Kaw & Clinton Condition Assessment	266,990	161,651	105,339
Total	\$ 191,651,092	\$ 90,618,691	\$ 101,032,401

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 10. Commitments and Contingencies (Continued)

Encumbrance: The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as assigned or restricted fund balance. As of December 31, 2024, the City had a total of \$35,320,993 in encumbrances, which are reported as part of the governmental fund balance sheet as follows:

	Assigned	Restricted	Total
General Fund	\$ 4,607,696	\$ -	\$ 4,607,696
Capital Projects Fund	-	22,358,632	22,358,632
Nonmajor governmental funds	-	8,354,665	8,354,665
	<u>\$ 4,607,696</u>	<u>\$ 30,713,297</u>	<u>\$ 35,320,993</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.

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, 2024 was \$2,226,788, for general and worker's comp liabilities and employee health insurance. The liability reported in the financial statements at December 31, 2024 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 10. Commitments and Contingencies (Continued)

Changes in the balance of claims liabilities during the fiscal years 2024 and 2023 for workers' compensation and employee health care are as follows:

	2024	2023
Unpaid claims, January 1	\$ 2,448,906	\$ 2,025,670
Incurred claims (including IBNRs)	13,692,184	13,311,727
Claim payments	13,914,302	12,888,491
Unpaid claims, December 31	<u>\$ 2,226,788</u>	<u>\$ 2,448,906</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 \$10.7 million for the year ending December 31, 2024.

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	\$ 350,526,105	\$ 384,055,192	\$ 734,581,297
Less:			
Current portion of temporary notes payable	(33,536,445)	(8,025,183)	(41,561,628)
Current portion of general obligation bonds	(7,661,142)	(386,859)	(8,048,001)
Current portion of financed purchase	(118,351)	-	(118,351)
Current portion of lease and SBITA liability	(1,523,265)	(266,709)	(1,789,974)
Current portion of revenue bonds	-	(11,525,000)	(11,525,000)
Current portion of KDHE SRF loan	-	(156,032)	(156,032)
Noncurrent portion of general obligation bonds	(104,343,892)	(8,892,934)	(113,236,826)
Noncurrent portion of financed purchase	(244,848)	-	(244,848)
Noncurrent portion of lease and SBITA liability	(3,259,280)	(924,477)	(4,183,757)
Noncurrent portion of revenue bonds	-	(254,786,239)	(254,786,239)
Capital in accounts payable	(2,870,706)	(5,803,479)	(8,674,185)
Plus:			
Unspent general obligation bonds, revenue bonds and temporary note proceeds	6,989,136	47,794,734	54,783,870
Net investment in capital assets	<u>\$ 203,957,312</u>	<u>\$ 141,083,014</u>	<u>\$ 345,040,326</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	\$ 15,929,717	\$ 1,900,380	\$ 17,830,097
Deferred outflows of resources	3,366,993	916,301	4,283,294
Deferred inflows of resources	7,198,970	598,809	7,797,779
OPEB expense	1,316,586	165,321	1,481,907

Note 13. Postemployment Health Care Plans (Continued)

Lawrence Other Postemployment Benefit Plan

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

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

The City requires the retiree to pay 80% of group plan premium when single or family coverage is elected. Otherwise the retiree is required to 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 \$426,529 during the current year.

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

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

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

Employees covered by benefit terms: At December 31, 2024, the following employees were covered by the benefit terms:

Active employees:	
KPERS 1	166
KPERS 2	70
KPERS 3	320
Police and fire	281
Total active employees	<u>837</u>
Inactives:	
Retirees/disabled—subscribers	48
Spouses of retirees/disabled	12
Total inactive covered members	<u>60</u>
Total	<u>897</u>

Total OPEB liability: The City's total OPEB liability of \$15,929,717 was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2024.

Actuarial methods and assumptions: The total OPEB liability in the December 31, 2024 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	2.00% for all employees
Inflation rate	2.50%
Discount rate	4.22% measurement date 3.88% year preceding measurement date
Health care cost trend rates	7.50% for 2025 decreasing to an ultimate rate 4.5% in 2037
Dental cost trend rate	3.50%
Healthy mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General and Public Safety Mortality Tables using MP-2021 Full Generational Improvement
Disabled mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted General and Public Safety Disabled Mortality Tables using 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 Municipal AA Yield Curve indexes.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

Changes in the total OPEB liability:

	Total OPEB Liability
Balance as of December 31, 2023	\$ 17,598,140
Changes for the year:	
Service cost	997,587
Interest	713,240
Changes in benefit terms	-
Differences between expected and actual experience	(544,409)
Changes in assumptions	(2,408,312)
Benefit payments	(426,529)
Net changes	(1,668,423)
Balance as of December 31, 2024	\$ 15,929,717

Changes in assumptions: The discount rate was changed from 3.88% at the beginning of the year to 4.22% at the end of the year. The salary increases was decreased from 2.50% to 2.00%. The dental costs trend rate increased from 3.00% to 3.50%. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2025 renewal was taken into account.

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

	Discount Rate		
	1% Decrease 3.22%	4.22%	1% Increase 5.22%
Total OPEB liability	\$ 17,718,420	\$ 15,929,717	\$ 14,347,064

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

	Health Care Cost Trend Rates		
	(6.5% Decreasing to 3.5%)	(7.5% Decreasing to 4.5%)	(8.5% Decreasing to 5.5%)
Total OPEB liability	\$ 14,026,293	\$ 15,929,717	\$ 18,198,905

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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

OPEB: For the year ended December 31, 2024, the City recognized OPEB expense of \$1,316,586. At December 31, 2024, 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	\$ 1,225,150	\$ 6,020,515
Differences between expected and actual experience	2,141,843	1,178,455
	<u>\$ 3,366,993</u>	<u>\$ 7,198,970</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:

2025	\$ (394,241)
2026	(394,241)
2027	(394,241)
2028	(394,237)
2029	(380,840)
Thereafter	(1,874,177)
	<u>\$ (3,831,977)</u>

KPERS Other Postemployment Benefit Plan

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

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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

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

Covered employees: The City has the following employees covered by the Plan as of December 31, 2023:

Active members	563
Disabled members	13
	<u>576</u>

Total OPEB liability: The City's total OPEB liability of \$1,900,380 was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024 as the measurement date, using the following actuarial assumptions:

Salary increases	3.50%
Inflation rate	2.75%
Discount rate	3.93% - measurement date
	3.65% - year preceding measurement date

Mortality rates were based on the PUB-2010 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale MP-2021.

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

Changes in total OPEB liability

	Total OPEB Liability
Balance as of December 31, 2023	\$ 1,692,423
Changes for the year:	
Service cost	97,198
Interest	62,331
Effect of economic/demographic gains	231,939
Changes in assumptions	(18,196)
Benefit payments	(165,315)
Net changes	207,957
Balance as of December 31, 2024	\$ 1,900,380

Changes in assumptions: The discount rate was changed from 3.65% at the beginning of the year to 3.93% 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 3.93%, 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 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Total OPEB liability	\$ 2,009,105	\$ 1,900,380	\$ 1,798,464

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

OPEB expense: For the year ended December 31, 2024, the City recognized OPEB expense of \$165,321.

Deferred outflows of resources and deferred inflows of resources: At December 31, 2024, 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	\$ 605,675	\$ 340,332
Changes of assumptions or other inputs	92,605	258,477
	698,280	598,809
Contributions subsequent to measurement date	218,021	-
	\$ 916,301	\$ 598,809

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Postemployment Health Care Plans (Continued)

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

Years ending June 30:

2025	\$	5,794
2026		8,080
2027		14,539
2028		11,703
2029		(3,592)
Thereafter		62,947
	\$	<u>99,471</u>

Note 14. Pollution Remediation

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

A Data Gap Study report was prepared by GHD Services Inc. (GHD) and approved by Kansas Department of Health and Environment (KDHE) on March 6, 2020. The Data Gap Study provided GHD and the City the necessary information to complete the Cost-Benefit Analysis (CBA) report, detailing multiple remediation options for both soil and groundwater at the site. The CBA report for potential remedial efforts in addition to or in place of groundwater collection for land application was submitted to Kansas Department of Health and Environment Bureau of Remediation (KDHE BER) on April 6, 2020. Comments on the CBA report were received on April 27, 2020, and subsequently addressed. KDHE BER approved the CBA on July 1, 2020.

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

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Pollution Remediation (Continued)

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

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

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

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

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

With the finalization of the ESD, the next steps in the remedial process were for the City and GHD to draft a Remedial Design/Remedial Action (RD/RA) Plan Addendum. This addendum provides a basis for design and implementation of the modified remedies authorized by the ESD and supplements the Remedial Design/Remedial Action Plan prepared by the City in 2012. On September 27, 2023, the City received KDHE approval of the Addendum. The modifications to the remedies are now incorporated into the Consent Order and the remedial action objectives described in the Corrective Action Decision remain unchanged.

The cost for the design and construction of the approved remedial alternatives is estimated to be \$9.45 million, funded by Future General Obligation Bonds in the City's Capital Improvement Plan. Additional costs over the next 29 years include an estimated \$10.30 million for operations and maintenance of these remedial alternatives. Remediation projects of this magnitude are complex, and costs are difficult to predict. As the implementation schedule and design of the remedial strategy progresses over the next four years, the estimated capital costs of the project will become more apparent.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Pollution Remediation (Continued)

The estimated costs for design and construction of the approved remediation strategy were determined using results of technical reports approved by KDHE over the last several years. A Cost-Benefit Analysis (C-BA) report submitted by GHD Services, Inc. in 2020, detailed the cost options for multiple remediation alternatives. Although the recommended alternatives in the C-BA report varied from the actual selected remedies, these results were used to estimate costs of the modified remediation strategy with an assumed 30-year projected life cycle for this project. In 2020, a nutrient pilot study was performed by Black & Veatch to evaluate the conceptual design alternatives for improvements to the Kansas River Wastewater Treatment Plant. As part of this study, the City requested that Black & Veatch produce a technical memorandum to evaluate a nitrogen-side stream process with the anticipation of future Farmland water being treated at the plant. *TM7: Sidestream Nitrogen Removal* evaluated three different technologies and estimated preliminary capital and O&M costs.

The projected expenditures for operations and maintenance of the remediation system was estimated using historical annual budget reports required by the Kansas Department of Health and Environment in the consent order. This report documents past expenditures for all activities from the Farmland remediation trust fund. Changes in these estimates will likely occur in the future as the City works through designs of the approved strategies and nitrogen concentrations on the Site continue to decline. No estimated recoveries are expected that would reduce the liability.

The projected expenditures for operations and maintenance of the remediation system was estimated using historical annual budget reports required by the Kansas Department of Health and Environment in the consent order. This report documents past expenditures for all activities from the Farmland remediation trust fund. Changes in these estimates will likely occur in the future as the City works through designs of the approved strategies and nitrogen concentrations on the Site continue to decline. No estimated recoveries are expected that would reduce the liability.

Note 15. Economic Development

Property tax abatements: In 2024, 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

Company	Commitments	Type & percent Abatement in 2024	Amount Abated in 2024
T&M Heartland Clinic	Community non-profit clinic	Real Property Taxes (PILOT)	N/A
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%	\$139,280
Grandstand Expansion	Business expansion, job creation and retention	Real Property Taxes, 70%	\$109,801
Standard Beverage	Business expansion, job creation and retention	Real Property Taxes, 70%	\$152,676
Pretzels, Inc. ¹	Industrial spec building in Lawrence VenturePark	Real Property Taxes (PILOT)	N/A

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

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

Neighborhood Revitalization Areas (NRA): NRAs are authorized under Kansas state statutes K.S.A. 12-117 and subject to City policy to spur investment and revitalization of properties which can benefit a neighborhood and the public. The program works by rebating a portion of the incremental increase in property taxes resulting from improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. Participation in the program and percentage of rebate and duration are determined separately by the City, County, and School District. In the majority of cases, the program is active for 10-15 years and provides rebates from 85% to 95%.

To receive an NRA, applicants must submit an application, which undergoes due diligence and analysis before being considered by the City Commission, County Commission, and School Board. If the NRA is authorized, the district is subject to an NRA Plan. Each year, the applicant must submit a rebate application, along with proof that property taxes have been paid in full. Because the rebate is not given until after improvements are put in place and property taxes paid, there are no provisions for recapturing taxes. The City of Lawrence negotiates NRAs on an individual basis. Details for NRA districts are reported annually in the City's economic development report.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

The City of Lawrence negotiates NRAs on an individual basis. The City had the NRAs listed below in 2024:

Neighborhood Revitalization Area	Purpose	Duration- percent of Increment Subject to NRA	Rebate Amount in 2024
8th and Pennsylvania District (720 E 9th Street)	Revitalization of historic warehouse district	95%	\$31,512
1106 Rhode Island (Hernly Architect's Studio)	Rehab and development of vacant, historical structures into office and residential space	10Y-85%	\$14,153
900 Delaware (9 Del Lofts)	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$36,762
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	\$58,415
1101/1115 Indiana (Mixed-Use, Student Housing)	Redevelopment of underutilized property for mixed-use commercial and residential space	10Y-85%	\$619,541
800 Pennsylvania Street	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$75,572

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.

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

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

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

The City of Lawrence negotiates TIFs on an individual basis. The City had the TIFs listed below in 2024:

2024 Tax increment Financing (TIF) (For all taxing jurisdictions)			
TIF District	Description		Total
Downtown 2000	901 New Hampshire		\$28,085
Oread	TIF Sales Tax	\$169,066	\$587,895
	TIF Property Tax	\$418,829	
9th & New Hampshire: South Project	900 New Hampshire: TIF Sales Tax	\$151,628	\$470,516
	900 New Hampshire: TIF Property Tax	\$295,362	
	City Retained TIF (5%)	\$23,526	
9th & New Hampshire: North Project	888 New Hampshire: TIF Sales Tax	\$0	\$257,745
	888 New Hampshire: TIF Property Tax	\$244,858	
	City Retained TIF (5%)	\$12,887	

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.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Economic Development (Continued)

The City of Lawrence negotiates TDDs on an individual basis. The City had the TDDs listed below in 2024.

2024 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	\$87,483
Free-State (Bauer Farms)	Aid in funding transportation improvements related to the Free-State TDD development district.	2031	\$393,326
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.		\$64,292

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. 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.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets* will improve financial reporting by provided issuers of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. 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

The City adopted GASB Statement No. 101, *Compensated Absences*, as of January 1, 2024. The implementation of this standard resulted in the City restating their compensated absence liability as of January 1, 2024. The implementation of this standard also resulted in certain additional disclosures. The impact of this adoption is disclosed below:

	Compensated Absences	Net Position
Governmental activities:		
December 31, 2023, as previously reported	\$ 9,786,555	\$ 232,923,299
Adjustment for recalculation of compensated absences	4,997,151	(4,997,151)
January 1, 2024, as restated	<u>\$ 14,783,706</u>	<u>\$ 227,926,148</u>
Business-type activities:		
December 31, 2023, as previously reported	\$ 2,367,102	\$ 218,338,330
Adjustment for recalculation of compensated absences	1,047,472	(1,047,472)
January 1, 2024, as restated	<u>\$ 3,414,574</u>	<u>\$ 217,290,858</u>
Water and Wastewater Fund, major enterprise fund:		
December 31, 2023, as previously reported	\$ 1,542,882	\$ 173,522,929
Adjustment for recalculation of compensated absences	684,602	(684,602)
January 1, 2024, as restated	<u>\$ 2,227,484</u>	<u>\$ 172,838,327</u>
Solid Waste Fund, major enterprise fund:		
December 31, 2023, as previously reported	\$ 595,962	\$ 15,377,339
Adjustment for recalculation of compensated absences	263,218	(263,218)
January 1, 2024, as restated	<u>\$ 859,180</u>	<u>\$ 15,114,121</u>
Aggregate remaining fund information, enterprise funds:		
December 31, 2023, as previously reported	\$ 228,258	\$ 21,920,060
Adjustment for recalculation of compensated absences	99,652	(99,652)
January 1, 2024, as restated	<u>\$ 327,910</u>	<u>\$ 21,820,408</u>
Internal Service Funds:		
December 31, 2023, as previously reported	\$ 1,329,444	\$ 18,889,055
Adjustment for recalculation of compensated absences	630,069	(630,069)
January 1, 2024, as restated	<u>\$ 1,959,513</u>	<u>\$ 18,258,986</u>

During the year, it was determined that the Lawrence Community Shelter is a discretely presented component unit. The effect to the financial statements is as follows:

	Net Position
Component units:	
December 31, 2023, as previously reported	\$ 332,265,316
Change in reporting entity	2,755,160
January 1, 2024, as restated	<u>\$ 335,020,476</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 18. Subsequent Events

In April 2025 the City issued \$26,435,000 in General Obligation Improvement Bonds and \$72,030,000 in General Obligation Temporary Notes. The bonds mature September 1, 2026 through September 1, 2045 with interest rates of 4.00% to 5.00%. The temporary notes mature May 1, 2026 with an interest rate of 4.00%. These bonds and notes were issued to finance the cost of certain public improvement projects within the City and to refund the Series 2024-I temporary notes.

In January 2025, several executive orders were signed by President Trump, that could potentially impact federal financial assistance. Federal agencies have been tasked with reviewing their federal programs to ensure they align with the President's policy priorities. Management has concluded there is no significant impact expected to the financial statements for the year ended December 31, 2024 as the majority of the federal funded receivables balance as of year-end has been collected. The City does not believe any loss of funds would be material to its financial statements, however the implication of these executive orders are not fully known at the date these financial statements are issued.

City of Lawrence, Kansas
Required Supplementary Information (unaudited)
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 88,575,000	\$ 80,034,000	\$ 80,083,802	\$ 49,802
Licenses and permits	1,648,000	1,648,000	1,308,485	(339,515)
Intergovernmental	1,035,000	1,035,000	1,053,984	18,984
Charges for services	17,046,000	17,086,000	16,958,018	(127,982)
Fines, forfeitures, and penalties	850,000	850,000	973,845	123,845
Interest	175,000	1,000,000	1,582,719	582,719
Miscellaneous	1,675,000	1,675,000	3,038,302	1,363,302
Total revenues	<u>111,004,000</u>	<u>103,328,000</u>	<u>104,999,155</u>	<u>1,671,155</u>
Expenditures				
General government	8,276,000	8,466,011	7,744,555	(721,456)
Public safety	63,092,000	61,128,848	61,631,928	503,080
Public works	16,942,000	17,064,650	15,360,151	(1,704,499)
Culture and recreation	17,752,000	17,801,946	17,480,906	(321,040)
Health and social services	5,293,000	5,953,426	5,460,487	(492,939)
Economic development	492,000	575,500	464,295	(111,205)
Capital outlay	3,321,000	6,260,826	6,637,563	376,737
Total expenditures	<u>115,168,000</u>	<u>117,251,207</u>	<u>114,779,885</u>	<u>(2,471,322)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,164,000)</u>	<u>(13,923,207)</u>	<u>(9,780,730)</u>	<u>4,142,477</u>
Other financing sources (uses)				
Transfers in	5,387,000	5,387,000	5,387,000	-
Transfers out	(1,134,000)	(1,134,000)	(792,000)	342,000
Total other financing sources (uses)	<u>4,253,000</u>	<u>4,253,000</u>	<u>4,595,000</u>	<u>342,000</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 89,000</u>	<u>\$ (9,670,207)</u>	<u>(5,185,730)</u>	<u>\$ 4,484,477</u>
Fund balance, beginning of year, GAAP basis			<u>25,690,756</u>	
Fund balance, end of year, budget basis			20,505,026	
Adjustments, encumbrances			<u>4,607,695</u>	
Fund balance, end of year, GAAP basis			<u>\$ 25,112,721</u>	

City of Lawrence, Kansas

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

	2024	2023
Total OPEB liability		
Service cost	\$ 997,587	\$ 830,277
Interest	713,240	627,402
Change in benefit terms	-	961,655
Differences between expected and actual experience	(544,409)	1,853,409
Changes of assumptions	(2,408,312)	(759,196)
Benefit payments	(426,529)	(189,501)
Net change in total OPEB liability	(1,668,423)	3,324,046
Total OPEB liability—beginning	17,598,140	14,274,094
Total OPEB liability—ending	<u>\$ 15,929,717</u>	<u>\$ 17,598,140</u>
Covered employee payroll	<u>\$ 67,149,611</u>	<u>\$ 60,683,169</u>
Total OPEB liability as a percentage of covered employee payroll	23.72%	29.00%

Notes to schedule:

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

2024 Changes of assumptions: The discount rate was changed from 3.88% at the beginning of the year to 4.22% at the end of the year. The salary increases was decreased from 2.50% to 2.00%. The dental cost trend rate increased from 3.00% to 3.50%. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2025 renewal was taken into account. The city HRA contribution was eliminated January 1, 2024.

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 taken 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.

	2022		2021		2020		2019		2018
\$	1,081,075	\$	1,079,077	\$	898,426	\$	681,971	\$	701,279
	369,122		356,979		521,767		483,736		410,745
	-		-		-		-		-
	248,634		(787,722)		(386,654)		993,023		-
	(4,257,659)		(293,374)		166,522		2,495,496		(147,396)
	(360,437)		(591,452)		(528,056)		(718,830)		(236,456)
	(2,919,265)		(236,492)		672,005		3,935,396		728,172
	17,193,359		17,429,851		16,757,846		12,822,450		12,094,278
\$	14,274,094	\$	17,193,359	\$	17,429,851	\$	16,757,846	\$	12,822,450
\$	60,683,169	\$	50,793,649	\$	50,793,649	\$	46,574,172	\$	46,574,172
	23.52%		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

	2024	2023
Total OPEB liability		
Service cost	\$ 97,198	\$ 83,494
Interest	62,331	53,154
Effect of economic/demographic gains	231,939	199,995
Changes of assumptions	(18,196)	(9,904)
Benefit payments	(165,315)	(103,772)
Net change in total OPEB liability	207,957	222,967
Total OPEB liability—beginning	1,692,423	1,469,456
Total OPEB liability—ending	<u>\$ 1,900,380</u>	<u>\$ 1,692,423</u>
Covered employee payroll	<u>\$ 38,982,097</u>	<u>\$ 35,989,719</u>
Total OPEB liability as a percentage of covered employee payroll	4.88%	4.70%

Notes to schedule:

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

2024 Changes of assumptions: The discount rate was changed from 3.65% at the beginning of the year to 3.93% at the end of the year. This resulted in a decrease of costs by \$18,196.

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.

	2022		2021		2020		2019		2018
\$	139,419	\$	132,546	\$	107,158	\$	108,334	\$	107,683
	44,692		40,164		70,045		69,119		66,254
	(241,861)		268,941		(331,807)		193,076		(23,557)
	(306,029)		5,190		151,873		37,534		(26,501)
	(191,854)		(211,969)		(200,611)		(182,614)		(195,792)
	(555,633)		234,872		(203,342)		225,449		(71,913)
	2,025,089		1,790,217		1,993,559		1,768,110		1,840,023
\$	1,469,456	\$	2,025,089	\$	1,790,217	\$	1,993,559	\$	1,768,110
\$	31,009,771	\$	30,346,501	\$	29,075,960	\$	26,579,520	\$	27,873,554
	4.74%		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, 2024

	December 31,											
	Local			Police and Firefighters			Local			Police and Firefighters		
	2024	2024	Total	2023	2023	Total	2022	2022	Total	2021	2021	Total
City's proportion of the net pension liability	1.802%	4.203%		1.762%	4.214%		1.694%	4.482%		1.642%	4.695%	
City's proportionate share of the net pension liability	\$ 38,278,955	\$ 66,998,513	\$ 105,277,468	\$ 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
City's covered payroll	\$ 41,583,839	\$ 30,015,048	\$ 71,598,887	\$ 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
City's proportionate share of the net pension liability as a percentage of its covered payroll	92.05%	223.22%		96.26%	239.72%		94.65%	231.12%		62.87%	174.87%	
Plan fiduciary net position as a percentage of the total net pension liability	71.71%	66.61%		70.55%	64.95%		70.66%	66.12%		81.14%	76.09%	

Schedule of the City's Contribution—KPERs
December 31, 2024

	December 31,											
	Local			Police and Firefighters			Local			Police and Firefighters		
	2024	2024	Total	2023	2023	Total	2022	2022	Total	2021	2021	Total
Contractually required contribution	\$ 3,684,474	\$ 6,898,603	\$ 10,583,077	\$ 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
Contributions in relation to the contractually required contribution	3,684,474	6,898,603	10,583,077	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
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 41,583,839	\$ 30,015,048		\$ 38,397,612	\$ 28,075,047		\$ 36,452,558	\$ 27,551,004		\$ 31,776,341	\$ 25,589,111	
Contributions as a percentage of covered payroll	8.86%	22.98%		8.63%	22.92%		8.90%	22.99%		8.94%	23.39%	

December 31,																	
Local	Police		Local	Police		Local	Police		Local	Police		Local	Police		Local	Police	
2020	and Firefighters	Total	2019	and Firefighters	Total	2018	and Firefighters	Total	2017	and Firefighters	Total	2016	and Firefighters	Total	2015	and Firefighters	Total
1.614%	4.550%		1.563%	4.629%		1.613%	4.889%		1.722%	5.130%		1.683%	4.954%		1.678%	5.068%	
\$ 27,985,700	\$ 56,108,274	\$ 84,093,974	\$ 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
\$ 30,497,900	\$ 25,004,984	\$ 55,502,884	\$ 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
91.76%	224.39%		75.86%	181.71%		77.89%	189.24%		85.23%	199.69%		88.69%	191.30%		80.86%	161.98%	
70.77%	66.81%		75.02%	71.22%		74.22%	71.53%		72.15%	70.99%		68.55%	69.30%		71.98%	74.60%	

December 31,																	
Local	Police		Local	Police		Local	Police		Local	Police		Local	Police		Local	Police	
2020	and Firefighters	Total	2019	and Firefighters	Total	2018	and Firefighters	Total	2017	and Firefighters	Total	2016	and Firefighters	Total	2015	and Firefighters	Total
\$ 2,670,841	\$ 5,638,072	\$ 8,308,913	\$ 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
2,670,841	5,638,072	8,308,913	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 31,020,210	\$ 25,709,408		\$ 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	
8.61%	21.93%		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, 2023 valuation to determine the actuarially determined contribution.

Valuation timing	December 31, 2023
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 - 20 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 11.65%, 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 PUB-2010 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.

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.

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

Outside Agency Grants Fund – The fund is used to account for grant issued by organizations other than the State or Federal government.

Crossing TIF/CIO Fund – This fund accounts for proceeds from the Crossing Tax Increment Financing District that are paid to developers to reimburse them for public improvements (K.S.A. 12-1770 to K.S.A., 12-1780d) and from the Community Improvement District sales tax (K.S.A. 12-6a26 to K.S.A. 12-6a36).

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement
Assets							
Cash and investments	\$ 753,250	\$ 94,717	\$ 9,288,620	\$ 989,584	\$ 2,842,469	\$ 976,243	\$ 165,628
Receivables:							
Taxes	-	6,698,655	940,393	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Accounts (net allowance for uncollectibles)	566,149	-	1,500	261,503	644,032	261,503	28,194
Loans	-	-	-	137,503	-	-	-
Accrued interest	5,413	-	72,133	8,040	32,020	14,022	1,718
Leases	-	-	-	-	-	-	272,255
Prepaid	30,000	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	-	-	-	-	10,698
Total assets	\$ 1,354,812	\$ 6,793,372	\$ 10,302,646	\$ 1,396,630	\$ 3,518,521	\$ 1,251,768	\$ 478,493
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	\$ 384,058	\$ -	\$ 849,377	\$ 8,576	\$ 401,327	\$ 293,441	\$ 38,661
Accrued payroll	20,766	-	-	-	-	-	4,164
Customer deposits	-	-	-	-	-	-	10,698
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	404,824	-	849,377	8,576	401,327	293,441	53,523
Deferred inflows of resources:							
Leases	-	-	-	-	-	-	255,696
Unavailable revenue	-	6,698,655	-	399,006	-	261,503	-
Total deferred inflows of resources	-	6,698,655	-	399,006	-	261,503	255,696
Total liabilities and deferred inflows of resources	404,824	6,698,655	849,377	407,582	401,327	554,944	309,219
Fund balance (deficit):							
Nonspendable	30,000	-	-	-	-	-	-
Restricted	919,988	94,717	9,453,269	843,048	3,117,194	696,824	14,274
Assigned	-	-	-	146,000	-	-	155,000
Unassigned	-	-	-	-	-	-	-
Total fund balance (deficit)	949,988	94,717	9,453,269	989,048	3,117,194	696,824	169,274
Total liabilities, deferred inflows of resources and fund balances	\$ 1,354,812	\$ 6,793,372	\$ 10,302,646	\$ 1,396,630	\$ 3,518,521	\$ 1,251,768	\$ 478,493

Capital Sales Tax	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	Neighborhood Revitalization Areas	9 NH North TDD/TIF	City Parks Memorial
\$ 17,481,978	\$ 4,209,255	\$ 69,816	\$ 115,211	\$ 493,799	\$ 170,796	\$ 2,982	\$ 8,189	\$ 154,650
1,410,590	-	66,788	53,523	38,397	-	-	-	-
-	-	-	-	-	-	-	-	-
-	31,705	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
250,079	78,008	-	-	-	-	-	-	891
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 19,142,647</u>	<u>\$ 4,318,968</u>	<u>\$ 136,604</u>	<u>\$ 168,734</u>	<u>\$ 532,196</u>	<u>\$ 170,796</u>	<u>\$ 2,982</u>	<u>\$ 8,189</u>	<u>\$ 155,541</u>

\$ 1,433,025	\$ 14,786	\$ 69,695	\$ 15,233	\$ 17,651	\$ -	\$ -	\$ -	\$ 35
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,433,025</u>	<u>14,786</u>	<u>69,695</u>	<u>15,233</u>	<u>17,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35</u>

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

1,433,025	14,786	69,695	15,233	17,651	-	-	-	35
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-	-	-	-	-	-	-	-	-
17,709,622	4,304,182	66,909	153,501	514,545	170,796	2,982	8,189	155,506
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>17,709,622</u>	<u>4,304,182</u>	<u>66,909</u>	<u>153,501</u>	<u>514,545</u>	<u>170,796</u>	<u>2,982</u>	<u>8,189</u>	<u>155,506</u>

<u>\$ 19,142,647</u>	<u>\$ 4,318,968</u>	<u>\$ 136,604</u>	<u>\$ 168,734</u>	<u>\$ 532,196</u>	<u>\$ 170,796</u>	<u>\$ 2,982</u>	<u>\$ 8,189</u>	<u>\$ 155,541</u>
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(Continued)

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2024

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Federal Grants	Wee Folks Scholarship	Fair Housing Assistance	Community Development
Assets								
Cash and investments	\$ 591	\$ 207,685	\$ 12	\$ 1,944,215	\$ -	\$ 28,756	\$ 205,960	\$ -
Receivables:								
Taxes	-	-	-	235,098	-	-	-	-
Intergovernmental	-	-	-	-	2,234,256	-	-	88,503
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	20,300	-
Loans	-	-	-	-	-	-	-	118,333
Accrued interest	-	1,237	-	9,313	-	200	-	-
Leases	-	-	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Restricted assets, cash and investments	1,932,984	-	-	-	-	24,000	-	-
Total assets	\$ 1,933,575	\$ 208,922	\$ 12	\$ 2,188,626	\$ 2,234,256	\$ 52,956	\$ 226,260	\$ 206,836
Liabilities, deferred inflows of resources and fund balances								
Liabilities:								
Accounts payable	\$ 1,094	\$ 46	\$ -	\$ 1,300,403	\$ 1,065,867	\$ 1,061	\$ 1,440	\$ 51,080
Accrued payroll	6,467	-	-	-	36,300	-	476	10,657
Customer deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	1,199,956	-	-	24,946
Unearned revenue	-	-	-	-	31,341	-	-	-
Total liabilities	7,561	46	-	1,300,403	2,333,464	1,061	1,916	86,683
Deferred inflows of resources:								
Leases	-	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	304,134	-	-	118,332
Total deferred inflows of resources	-	-	-	-	304,134	-	-	118,332
Total liabilities and deferred inflows of resources	7,561	46	-	1,300,403	2,637,598	1,061	1,916	205,015
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,926,014	208,876	12	888,223	-	51,895	224,344	1,821
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(403,342)	-	-	-
Total fund balance (deficit)	1,926,014	208,876	12	888,223	(403,342)	51,895	224,344	1,821
Total liabilities, deferred inflows of resources and fund balances	\$ 1,933,575	\$ 208,922	\$ 12	\$ 2,188,626	\$ 2,234,256	\$ 52,956	\$ 226,260	\$ 206,836

Home Program	Transportation Planning	eXplore Lawrence	Law Enforcement Trust	State Grants	ARPA	Federal Funds Exchange Program	Kansas Fights Addiction Act	Outside Agency Grants	Crossing TIF/CID	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 740,466	\$ 551,678	\$ -	\$ 3,880	\$ 1,474,485	\$ 673,486	\$ 5,000	\$ -	\$ 43,653,401
-	-	-	-	-	-	-	-	-	-	9,443,444
97,231	64,028	-	-	1,468,284	-	-	93,478	-	-	4,045,780
-	722	6,000	-	-	-	-	-	-	11	1,821,619
-	-	-	-	-	-	-	-	-	-	255,836
-	-	-	4,221	-	-	4,311	5,572	-	-	487,178
-	-	-	-	-	-	-	-	-	-	272,255
-	-	10,840	-	-	-	-	-	-	-	40,840
-	-	75,022	-	-	-	-	-	-	-	75,022
-	-	322,032	-	-	-	-	-	-	-	2,289,714
\$ 97,231	\$ 64,750	\$ 1,154,360	\$ 555,899	\$ 1,468,284	\$ 3,880	\$ 1,478,796	\$ 772,536	\$ 5,000	\$ 11	\$ 62,385,089
\$ 55,696	\$ 58	\$ 119,171	\$ 125	\$ 501,686	\$ 3,428	\$ 218,424	\$ 106,000	\$ -	\$ -	\$ 6,951,444
2,423	12,274	-	-	10,597	-	-	-	-	-	104,124
-	-	-	-	-	-	-	-	-	-	10,698
48,038	55,786	-	-	975,800	-	-	-	-	-	2,304,526
-	-	-	-	-	-	-	-	5,000	-	36,341
106,157	68,118	119,171	125	1,488,083	3,428	218,424	106,000	5,000	-	9,407,133
-	-	-	-	-	-	-	-	-	-	255,696
-	722	-	-	870,068	-	-	93,478	-	-	8,745,898
-	722	-	-	870,068	-	-	93,478	-	-	9,001,594
106,157	68,840	119,171	125	2,358,151	3,428	218,424	199,478	5,000	-	18,408,727
-	-	10,840	-	-	-	-	-	-	-	40,840
-	-	1,024,349	555,774	-	452	1,260,372	573,058	-	11	44,940,747
-	-	-	-	-	-	-	-	-	-	301,000
(8,926)	(4,090)	-	-	(889,867)	-	-	-	-	-	(1,306,225)
(8,926)	(4,090)	1,035,189	555,774	(889,867)	452	1,260,372	573,058	-	11	43,976,362
\$ 97,231	\$ 64,750	\$ 1,154,360	\$ 555,899	\$ 1,468,284	\$ 3,880	\$ 1,478,796	\$ 772,536	\$ 5,000	\$ 11	\$ 62,385,089

City of Lawrence, Kansas

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2024**

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation
Revenues						
Taxes	\$ -	\$ 6,175,237	\$ 4,860,689	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Investment income	72,407	104	556,959	329,131	274,562	79,041
Intergovernmental	2,213,520	-	-	922,724	2,827,418	922,724
Reimbursements	-	-	-	27,880	-	-
Contributions	-	-	-	-	-	1,300
Miscellaneous	-	-	5,848	11,005	-	-
Total revenues	2,285,927	6,175,341	5,423,496	1,290,740	3,101,980	1,003,065
Expenditures						
General government	-	-	5,182,738	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	5,534,385	-
Health and social services	1,884,879	-	-	791,901	-	26,875
Culture and recreation	777,836	6,180,000	-	-	-	930,725
Tourism	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	886,952	-	10,340	23,953
Debt service:						
Principal retirement	-	-	9,197	-	-	-
Interest and fiscal charges	-	-	1,373	-	-	-
Total expenditures	2,662,715	6,180,000	6,080,260	791,901	5,544,725	981,553
Excess (deficiency) of revenues over expenditures	(376,788)	(4,659)	(656,764)	498,839	(2,442,745)	21,512
Other financing sources (uses):						
Sale of property - proceeds received	-	-	-	-	-	-
Issuance of SBITA liability	-	-	-	-	-	-
Transfers in	-	-	-	146,000	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	146,000	-	-
Net change in fund balance	(376,788)	(4,659)	(656,764)	644,839	(2,442,745)	21,512
Fund balance (deficit), beginning of year	1,326,776	99,376	10,110,033	344,209	5,559,939	675,312
Fund balance (deficit), end of year	\$ 949,988	\$ 94,717	\$ 9,453,269	\$ 989,048	\$ 3,117,194	\$ 696,824

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
\$ -	\$ 7,291,033	\$ -	\$ 396,389	\$ 688,268	\$ 548,026	\$ 28,085	\$ 758,992	\$ 257,745	\$ -
29,935	-	-	-	-	-	-	-	-	-
-	-	33,978	-	-	-	-	-	-	-
20,128	721,851	154,759	5	66	248	97	21	6	14,404
-	-	-	-	-	-	-	-	-	-
3,558	-	-	-	-	-	-	-	-	-
120	-	-	-	-	-	-	-	-	23,731
225,117	-	-	-	-	-	-	-	-	-
278,858	8,012,884	188,737	396,394	688,334	548,274	28,182	759,013	257,751	38,135
-	15,404	5,543	-	-	-	-	-	-	-
-	-	108,989	-	-	-	-	-	-	-
577,830	2,566,698	13,912	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	1,774	-	-	-	-	-	-	-	24,390
-	-	-	-	-	-	-	-	-	-
-	-	-	393,326	675,378	468,774	-	758,992	257,823	-
49,829	6,788,700	881,264	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
627,659	9,372,576	1,009,708	393,326	675,378	468,774	-	758,992	257,823	24,390
(348,801)	(1,359,692)	(820,971)	3,068	12,956	79,500	28,182	21	(72)	13,745
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
166,311	-	-	-	-	-	-	-	-	-
-	(25,968)	-	-	-	-	-	-	-	-
166,311	(25,968)	-	-	-	-	-	-	-	-
(182,490)	(1,385,660)	(820,971)	3,068	12,956	79,500	28,182	21	(72)	13,745
351,764	19,095,282	5,125,153	63,841	140,545	435,045	142,614	2,961	8,261	141,761
\$ 169,274	\$ 17,709,622	\$ 4,304,182	\$ 66,909	\$ 153,501	\$ 514,545	\$ 170,796	\$ 2,982	\$ 8,189	\$ 155,506

(Continued)

City of Lawrence, Kansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Federal Grants	Wee Folks Scholarship	Fair Housing Assistance
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ 1,215,173	\$ -	\$ -	\$ -
Charges for services	-	47,425	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Interest	92,576	17,013	-	90,826	-	6,315	142
Intergovernmental	-	-	-	-	8,371,278	-	20,300
Reimbursements	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	5,484	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	92,576	64,438	-	1,305,999	8,371,278	11,799	20,442
Expenditures							
General government	-	-	-	-	5,038,914	-	29,140
Public safety	-	-	-	-	305,170	-	-
Public works	213,526	-	-	-	99,823	-	-
Health	-	-	-	2,985,552	168,653	-	-
Culture and recreation	-	178	-	-	8,877	25,061	-
Tourism	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,777,250	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	213,526	178	-	2,985,552	7,398,687	25,061	29,140
Excess (deficiency) of revenues over expenditures	(120,950)	64,260	-	(1,679,553)	972,591	(13,262)	(8,698)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Issuance of SBITA liability	-	-	-	-	-	-	-
Transfers in	-	-	-	-	68,443	-	-
Transfers out	-	-	-	-	(11,311)	-	-
Total other financing sources (uses)	-	-	-	-	57,132	-	-
Net change in fund balance	(120,950)	64,260	-	(1,679,553)	1,029,723	(13,262)	(8,698)
Fund balance (deficit), beginning of year	2,046,964	144,616	12	2,567,776	(1,433,065)	65,157	233,042
Fund balance (deficit), end of year	<u>\$ 1,926,014</u>	<u>\$ 208,876</u>	<u>\$ 12</u>	<u>\$ 888,223</u>	<u>\$ (403,342)</u>	<u>\$ 51,895</u>	<u>\$ 224,344</u>

Community Development	Home Program	Transportation Planning	eXplore Lawrence	Law Enforcement Trust	State Grant	ARPA	Federal Funds Exchange Program	Kansas Fights Addiction Act	Outside Agency Grants	Crossing TIF/CID	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	11	\$ 22,219,648
-	-	-	12,000	-	-	-	-	-	-	-	89,360
-	-	-	-	-	-	-	-	-	-	-	33,978
-	-	-	13,276	31,070	-	92,763	92,875	28,415	-	-	2,689,060
1,105,401	725,896	230,649	-	-	2,394,396	1,539,345	1,182,108	339,911	24,786	-	22,820,456
-	-	-	-	-	-	-	-	-	-	-	31,438
-	-	-	-	-	-	-	-	-	-	-	30,635
72,306	1,639	-	1,547,939	-	-	-	-	-	-	-	1,863,854
1,177,707	727,535	230,649	1,573,215	31,070	2,394,396	1,632,108	1,274,983	368,326	24,786	11	49,778,429
-	-	229,189	-	-	1,691,952	-	-	-	-	-	12,192,880
-	-	-	-	2,958	-	-	-	36,000	9,786	-	462,903
-	-	722	-	-	315,938	-	80,678	-	-	-	9,403,512
458,837	755,172	-	-	-	137,381	2,115,889	-	70,000	-	-	9,395,139
-	-	-	-	-	-	-	-	-	-	-	7,948,841
-	-	-	1,378,110	-	-	-	-	-	-	-	1,378,110
-	-	-	-	-	-	-	-	-	15,000	-	2,569,293
722,421	-	-	-	-	475,556	24,243	1,870,897	-	-	-	13,511,405
-	-	797	-	-	26,626	-	-	-	-	-	36,620
-	-	47	-	-	4,373	-	-	-	-	-	5,793
1,181,258	755,172	230,755	1,378,110	2,958	2,651,826	2,140,132	1,951,575	106,000	24,786	-	56,904,496
(3,551)	(27,637)	(106)	195,105	28,112	(257,430)	(508,024)	(676,592)	262,326	-	11	(7,126,067)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	380,754
-	-	-	-	-	(34,475)	-	-	-	-	-	(71,754)
-	-	-	-	-	(34,475)	-	-	-	-	-	309,000
(3,551)	(27,637)	(106)	195,105	28,112	(291,905)	(508,024)	(676,592)	262,326	-	11	(6,817,067)
5,372	18,711	(3,984)	840,084	527,662	(597,962)	508,476	1,936,964	310,732	-	-	50,793,429
\$ 1,821	\$ (8,926)	\$ (4,090)	\$ 1,035,189	\$ 555,774	\$ (889,867)	\$ 452	\$ 1,260,372	\$ 573,058	\$ -	\$ 11	\$ 43,976,362

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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 11,771,000	\$ 11,771,000	\$ 12,140,176	\$ 369,176
Special assessment	763,000	763,000	756,501	(6,499)
Interest	100,000	100,000	1,427,678	1,327,678
Intergovernmental	-	-	84,345	84,345
Miscellaneous	150,000	150,000	107,914	(42,086)
Total revenues	12,784,000	12,784,000	14,516,614	1,732,614
Expenditures				
General government	18,000	18,000	37,610	19,610
Debt service				
Principal retirement	61,139,000	61,139,000	36,466,471	(24,672,529)
Interest and fiscal charges	5,860,000	5,896,000	4,804,949	(1,091,051)
Issuance costs	-	-	116,774	116,774
Total expenditures	67,017,000	67,053,000	41,425,804	(25,627,196)
Excess (deficiency) of revenues over expenditures	(54,233,000)	(54,269,000)	(26,909,190)	27,359,810
Other financing sources:				
Transfers in	398,000	398,000	17,552,200	17,154,200
Issuance of debt, including premium	52,285,000	69,439,200	11,849,435	(57,589,765)
Total other financing sources	52,683,000	69,837,200	29,401,635	(40,435,565)
Excess (deficiency) of revenues over (under) expenditures and other sources	\$ (1,550,000)	\$ 15,568,200	2,492,445	\$ (13,075,755)
Fund balance, beginning of year			<u>32,395,427</u>	
Fund balance, end of year			<u>\$ 34,887,872</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 8,308,000	\$ 7,193,000	\$ 7,291,033	\$ 98,033
Investment income (loss)	125,000	125,000	721,851	596,851
Miscellaneous	350,000	350,000	-	(350,000)
Total revenues	8,783,000	7,668,000	8,012,884	344,884
Expenditures				
General government	14,000	14,000	15,404	1,404
Public works	3,333,000	6,155,040	5,112,355	(1,042,685)
Culture and recreation	-	633,000	1,774	(631,226)
Capital outlay	6,860,000	9,964,730	7,898,589	(2,066,141)
Total expenditures	10,207,000	16,766,770	13,028,122	(3,738,648)
Excess (deficiency) of revenues over expenditures	\$ (1,424,000)	\$ (9,098,770)	(5,015,238)	\$ 4,083,532
Fund balance, beginning of year, GAAP basis			19,095,282	
Fund balance, end of year, budget basis			14,080,044	
Adjustments, encumbrances			3,629,578	
Fund balance, end of year, GAAP basis			\$ 17,709,622	

City of Lawrence, Kansas

Guest Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 2,500,000	\$ 2,500,000	\$ 2,213,520	\$ (286,480)
Investment income	5,000	5,000	72,407	67,407
Total revenues	<u>2,505,000</u>	<u>2,505,000</u>	<u>2,285,927</u>	<u>(219,073)</u>
Expenditures				
Culture and recreation	919,000	948,282	800,392	(147,890)
Tourism	1,871,000	1,880,000	1,884,879	4,879
Capital outlay	150,000	143,000	-	(143,000)
Total expenditures	<u>2,940,000</u>	<u>2,971,282</u>	<u>2,685,271</u>	<u>(286,011)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (435,000)</u>	<u>\$ (466,282)</u>	<u>(399,344)</u>	<u>\$ 66,938</u>
Fund balance, beginning of year, GAAP basis			<u>1,326,776</u>	
Fund balance, end of year, budget basis			927,432	
Adjustments, encumbrances			<u>22,556</u>	
Fund balance, end of year, GAAP basis			<u>\$ 949,988</u>	

City of Lawrence, Kansas

Library Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 6,136,000	\$ 6,136,000	\$ 6,175,237	\$ 39,237
Interest	-	-	104	104
Total revenues	<u>6,136,000</u>	<u>6,136,000</u>	<u>6,175,341</u>	<u>39,341</u>
Expenditures				
Culture and recreation, contractual services	<u>6,180,000</u>	<u>6,180,000</u>	<u>6,180,000</u>	<u>-</u>
Total expenditures	<u>6,180,000</u>	<u>6,180,000</u>	<u>6,180,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (44,000)</u>	<u>\$ (44,000)</u>	<u>(4,659)</u>	<u>\$ 39,341</u>
Fund balance, beginning of year, GAAP basis			<u>99,376</u>	
Fund balance, end of year, GAAP basis			<u>\$ 94,717</u>	

City of Lawrence, Kansas

Transportation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 5,590,000	\$ 4,713,000	\$ 4,860,689	\$ 147,689
Interest	95,000	95,000	556,959	461,959
Miscellaneous	-	-	5,848	5,848
Total revenues	5,685,000	4,808,000	5,423,496	615,496
Expenditures				
General government	4,576,000	5,486,176	5,671,599	185,423
Capital outlay	1,492,000	2,436,463	886,952	(1,549,511)
Total expenditures	6,068,000	7,922,639	6,558,551	(1,364,088)
Excess (deficiency) of revenues over (under) expenditures	(383,000)	(3,114,639)	(1,135,055)	1,979,584
Fund balance, beginning of year, GAAP basis			10,110,033	
Fund balance, end of year, budget basis			8,974,978	
Adjustments, encumbrances			478,291	
Fund balance, end of year, GAAP basis			<u>\$ 9,453,269</u>	

City of Lawrence, Kansas

Special Alcohol Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 905,000	\$ 905,000	\$ 922,724	\$ 17,724
Interest	-	-	329,131	329,131
Reimbursements	-	-	38,883	38,883
Total revenues	<u>905,000</u>	<u>905,000</u>	<u>1,290,738</u>	<u>385,738</u>
Expenditures				
Health and social services	884,000	1,034,000	1,034,136	136
Total expenditures	<u>884,000</u>	<u>1,034,000</u>	<u>1,034,136</u>	<u>136</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,000</u>	<u>(129,000)</u>	<u>256,602</u>	<u>385,602</u>
Other financing sources (uses):				
Transfers in	146,000	146,000	146,000	-
Total other financing sources (uses)	<u>146,000</u>	<u>146,000</u>	<u>146,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 167,000</u>	<u>\$ 17,000</u>	<u>402,602</u>	<u>\$ 385,602</u>
Fund balance, beginning of year, GAAP basis			<u>344,209</u>	
Fund balance, end of year, budget basis			746,811	
Adjustment			<u>242,237</u>	
Fund balance, end of year, GAAP basis			<u>\$ 989,048</u>	

City of Lawrence, Kansas

Special Gas Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 2,935,000	\$ 2,935,000	\$ 2,827,418	\$ (107,582)
Interest	10,000	10,000	274,562	264,562
Total revenues	2,945,000	2,945,000	3,101,980	156,980
Expenditures				
Public works	4,303,000	6,820,700	6,444,906	(375,794)
Capital outlay	557,000	320,367	552,250	231,883
Total expenditures	4,860,000	7,141,067	6,997,156	(143,911)
Excess (deficiency) of revenues over (under) expenditures	\$ (1,915,000)	\$ (4,196,067)	(3,895,176)	\$ 300,891
Fund balance, beginning of year, GAAP basis			5,559,939	
Fund balance, end of year, budget basis			1,664,763	
Adjustment			1,452,431	
Fund balance, end of year, GAAP basis			<u>\$ 3,117,194</u>	

City of Lawrence, Kansas
Special Recreation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 905,000	\$ 905,000	\$ 922,724	\$ 17,724
Interest	-	-	79,041	79,041
Contributions	-	-	1,300	1,300
Total revenues	<u>905,000</u>	<u>905,000</u>	<u>1,003,065</u>	<u>98,065</u>
Expenditures				
Culture and recreation	709,000	1,056,808	1,077,952	21,144
Health and social services	81,000	33,000	26,875	(6,125)
Capital outlay	-	201,953	187,238	(14,715)
Total expenditures	<u>790,000</u>	<u>1,291,761</u>	<u>1,292,065</u>	<u>304</u>
Excess (deficiency) of revenues (under) expenditures	<u>\$ 115,000</u>	<u>\$ (386,761)</u>	<u>(289,000)</u>	<u>\$ 97,761</u>
Fund balance, beginning of year, GAAP basis			<u>675,312</u>	
Fund balance, end of year, budget basis			386,312	
Adjustments, encumbrances			<u>310,512</u>	
Fund balance, end of year, GAAP basis			<u>\$ 696,824</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 501,000	\$ 501,000	\$ 396,389	\$ (104,611)
Interest	-	-	4	4
Total revenues	<u>501,000</u>	<u>501,000</u>	<u>396,393</u>	<u>(104,607)</u>
Expenditures				
Economic development	<u>501,000</u>	<u>501,000</u>	<u>393,325</u>	<u>(107,675)</u>
Total expenditures	<u>501,000</u>	<u>501,000</u>	<u>393,325</u>	<u>(107,675)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	3,068	<u>\$ 3,068</u>
Fund balance, beginning of year			<u>63,841</u>	
Fund balance, end of year			<u>\$ 66,909</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 413,000	\$ 413,000	\$ 688,268	\$ 275,268
Intergovernmental	269,000	269,000	-	(269,000)
Interest	-	-	66	66
Total revenues	<u>682,000</u>	<u>682,000</u>	<u>688,334</u>	<u>6,334</u>
Expenditures				
Economic development	<u>608,000</u>	<u>608,000</u>	<u>675,378</u>	<u>67,378</u>
Total expenditures	<u>608,000</u>	<u>608,000</u>	<u>675,378</u>	<u>67,378</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 74,000</u>	<u>\$ 74,000</u>	12,956	<u>\$ (61,044)</u>
Fund balance, beginning of year			<u>140,545</u>	
Fund balance, end of year			<u>\$ 153,501</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 375,000	\$ 375,000	\$ 548,026	\$ 173,026
Intergovernmental	190,000	190,000	-	(190,000)
Interest	-	-	248	248
Total revenues	<u>565,000</u>	<u>565,000</u>	<u>548,274</u>	<u>(16,726)</u>
Expenditures				
Economic development	<u>522,000</u>	<u>522,000</u>	<u>468,774</u>	<u>(53,226)</u>
Total expenditures	<u>522,000</u>	<u>522,000</u>	<u>468,774</u>	<u>(53,226)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 43,000</u>	<u>\$ 43,000</u>	<u>79,500</u>	<u>\$ 36,500</u>
Fund balance, beginning of year			<u>435,045</u>	
Fund balance, end of year			<u>\$ 514,545</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 28,085	\$ 28,085
Interest	-	-	97	97
Total revenues	-	-	28,182	28,182
Expenditures				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	28,182	<u>\$ 28,182</u>
Fund balance, beginning of year			<u>142,614</u>	
Fund balance, end of year			<u>\$ 170,796</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 848,000	\$ 848,000	\$ 758,992	\$ (89,008)
Interest	-	-	21	21
Total revenues	<u>848,000</u>	<u>848,000</u>	<u>759,013</u>	<u>(88,987)</u>
Expenditures				
Economic development, contractual service	<u>848,000</u>	<u>848,000</u>	<u>758,992</u>	<u>(89,008)</u>
Total expenditures	<u>848,000</u>	<u>848,000</u>	<u>758,992</u>	<u>(89,008)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	21	<u>\$ 21</u>
Fund balance, beginning of year			<u>2,961</u>	
Fund balance, end of year			<u>\$ 2,982</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 316,000	\$ 316,000	\$ 257,745	\$ (58,255)
Interest	-	-	6	6
Total revenues	<u>316,000</u>	<u>316,000</u>	<u>257,751</u>	<u>(58,249)</u>
Expenditures				
Economic development, contractual service	<u>333,000</u>	<u>333,000</u>	<u>257,823</u>	<u>(75,177)</u>
Total expenditures	<u>333,000</u>	<u>333,000</u>	<u>257,823</u>	<u>(75,177)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (17,000)</u>	<u>\$ (17,000)</u>	<u>(72)</u>	<u>\$ 16,928</u>
Fund balance, beginning of year			<u>8,261</u>	
Fund balance, end of year			<u>\$ 8,189</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 14,404	\$ 14,404
Miscellaneous	20,000	20,000	23,731	3,731
Total revenues	20,000	20,000	38,135	18,135
Expenditures				
Culture and recreation	38,000	47,900	24,390	(23,510)
Total expenditures	38,000	47,900	24,390	(23,510)
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (18,000)</u>	<u>\$ (27,900)</u>	13,745	<u>\$ 41,645</u>
Fund balance, beginning of year, GAAP basis			<u>141,761</u>	
Fund balance, end of year, GAAP basis			<u>\$ 155,506</u>	

City of Lawrence, Kansas
Farmland Remediation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ 1,000	\$ 1,000	\$ 92,576	\$ 91,576
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>92,576</u>	<u>91,576</u>
Expenditures				
Public works	<u>1,146,000</u>	<u>1,146,000</u>	<u>220,527</u>	<u>(925,473)</u>
Total expenditures	<u>1,146,000</u>	<u>1,146,000</u>	<u>220,527</u>	<u>(925,473)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ (1,145,000)</u>	<u>\$ (1,145,000)</u>	<u>(127,951)</u>	<u>\$ 1,017,049</u>
Fund balance, beginning of year, GAAP basis			<u>2,046,964</u>	
Fund balance, end of year, budget basis			1,919,013	
Adjustment			<u>7,001</u>	
Fund balance, end of year, GAAP basis			<u>\$ 1,926,014</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 20,000	\$ 20,000	\$ 47,425	\$ 27,425
Interest	-	-	17,013	17,013
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>64,438</u>	<u>44,438</u>
Expenditures				
Culture and recreation, contractual services	<u>8,000</u>	<u>8,000</u>	<u>178</u>	<u>(7,822)</u>
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>178</u>	<u>(7,822)</u>
Excess of revenues over expenditures	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>64,260</u>	<u>\$ 52,260</u>
Fund balance, beginning of year			<u>144,616</u>	
Fund balance, end of year			<u>\$ 208,876</u>	

City of Lawrence, Kansas

Housing Trust Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,384,000	\$ 2,595,000	\$ 1,215,173	\$ (1,379,827)
Interest	15,000	15,000	90,826	75,826
Total revenues	<u>1,399,000</u>	<u>2,610,000</u>	<u>1,305,999</u>	<u>(1,304,001)</u>
Expenditures				
Health and social services	<u>2,987,000</u>	<u>2,987,000</u>	<u>2,985,552</u>	<u>(1,448)</u>
Total expenditures	<u>2,987,000</u>	<u>2,987,000</u>	<u>2,985,552</u>	<u>(1,448)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,588,000)</u>	<u>(377,000)</u>	<u>(1,679,553)</u>	<u>(1,302,553)</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>-</u>	<u>(350,000)</u>
Excess (deficiency) of revenues over (under) expenditures and other sources	<u>\$ (1,238,000)</u>	<u>\$ (27,000)</u>	<u>(1,679,553)</u>	<u>\$ (1,652,553)</u>
Fund balance, beginning of year			<u>2,567,776</u>	
Fund balance, end of year			<u>\$ 888,223</u>	

City of Lawrence, Kansas

Wee Folks Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 6,315	\$ 6,315
Miscellaneous	35,000	35,000	5,484	(29,516)
Total revenues	35,000	35,000	11,799	(23,201)
Expenditures				
Culture and recreation contractual Services	55,000	55,000	25,061	(29,939)
Total expenditures	55,000	55,000	25,061	(29,939)
(Deficiency) of revenues (under) expenditures	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	(13,262)	<u>\$ 6,738</u>
Fund balance, beginning of year			65,157	
Fund balance, end of year			<u>\$ 51,895</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	\$ 5,000	\$ 5,000	\$ 31,070	\$ 26,070
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>31,070</u>	<u>26,070</u>
Expenditures				
Public safety	<u>80,000</u>	<u>80,000</u>	<u>2,958</u>	<u>(77,042)</u>
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>2,958</u>	<u>(77,042)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>28,112</u>	<u>\$ 103,112</u>
 Fund balance, beginning of year, GAAP basis			<u>527,662</u>	
Fund balance, end of year, budget basis			555,774	
Adjustments, encumbrances			<u>-</u>	
Fund balance, end of year, GAAP basis			<u>\$ 555,774</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, 2024

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,100,000	\$ 1,100,000	\$ 1,182,108	\$ 82,108
Interest	-	-	92,875	92,875
Total revenues	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,274,983</u>	<u>174,983</u>
Expenditures				
General government	-	79,673	80,678	1,005
Capital outlay	<u>1,100,000</u>	<u>1,892,897</u>	<u>1,870,897</u>	<u>(22,000)</u>
Total expenditures	<u>1,100,000</u>	<u>1,972,570</u>	<u>1,951,575</u>	<u>(20,995)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (872,570)</u>	<u>(676,592)</u>	<u>\$ 195,978</u>
Fund balance, beginning of year			<u>1,936,964</u>	
Fund balance, end of year			<u>\$ 1,260,372</u>	

City of Lawrence, Kansas

Nonmajor Proprietary Funds

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

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

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, 2024

	Public Parking	Storm Water Utility	Total Nonmajor Proprietary Funds
Assets and deferred outflows of resources			
Current assets:			
Cash and investments	\$ 3,121,511	\$ 13,295,383	\$ 16,416,894
Receivables (net of allowance for uncollectibles):			
Accounts	45,661	831,865	877,526
Accrued interest	42,609	354,038	396,647
Leases receivable, current	24,738	-	24,738
Inventories	-	4,589	4,589
Restricted Cash:			
Customer deposits	81	26	107
Total current assets	3,234,600	14,485,901	17,720,501
Noncurrent assets:			
Property held for resale	-	181,874	181,874
Leases receivable, noncurrent	34,426	-	34,426
Capital assets:			
Land	479,055	1,861,789	2,340,844
Construction in progress	61,355	3,133,291	3,194,646
Building and improvements	3,844,229	14,999	3,859,228
Equipment	84,752	3,438,139	3,522,891
Infrastructure	-	28,204,277	28,204,277
SBITA asset	71,226	126,676	197,902
Less: accumulated depreciation and amortization	(3,942,370)	(11,018,830)	(14,961,200)
Total capital assets	598,247	25,760,341	26,358,588
Total noncurrent assets	632,673	25,942,215	26,574,888
Total assets	3,867,273	40,428,116	44,295,389
Deferred outflows of resources:			
Pension related amounts	176,664	307,833	484,497
OPEB related amounts	63,420	92,691	156,111
Total deferred outflows of resources	240,084	400,524	640,608
Total assets and deferred outflows of resources	4,107,357	40,828,640	44,935,997
Liabilities and deferred inflows of resources			
Current liabilities:			
Accounts payable	82,242	809,972	892,214
Interest payable	12,466	224,709	237,175
Accrued payroll	42,196	70,347	112,543
Compensated absences	47,673	122,437	170,110
Current portion of general obligation bonds payable	107,287	279,572	386,859
Current portion of temporary notes payable	97,594	7,927,589	8,025,183
Current portion of SBITA liability	14,369	27,459	41,828
Total current liabilities	403,827	9,462,085	9,865,912
Noncurrent liabilities:			
Compensated absences	60,141	152,912	213,053
General obligation bonds payable	816,190	8,076,744	8,892,934
SBITA liability	29,612	51,406	81,018
Net pension liability	631,147	1,099,761	1,730,908
Total OPEB liability	263,999	385,845	649,844
Total noncurrent liabilities	1,801,089	9,766,668	11,567,757
Total liabilities	2,204,916	19,228,753	21,433,669
Deferred inflows of resources:			
OPEB related amounts	115,457	168,744	284,201
Leases	55,251	-	55,251
Total deferred inflows of resources	170,708	168,744	339,452
Total liabilities and deferred inflows of resources	2,375,624	19,397,497	21,773,121
Net position			
Net investment in capital assets	(466,805)	9,774,338	9,307,533
Unrestricted	2,198,538	11,656,805	13,855,343
Total net position	\$ 1,731,733	\$ 21,431,143	\$ 23,162,876

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
Year Ended December 31, 2024

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Operating revenues			
Charges for services	\$ 2,024,726	\$ 6,704,981	\$ 8,729,707
Licenses and permits	17,215	-	17,215
Other sales	129,950	9,553	139,503
Total operating revenues	<u>2,171,891</u>	<u>6,714,534</u>	<u>8,886,425</u>
Operating expenses			
Continuing operations	2,428,990	4,463,518	6,892,508
Depreciation and amortization	15,221	634,253	649,474
Total operating expenses	<u>2,444,211</u>	<u>5,097,771</u>	<u>7,541,982</u>
Operating income (loss)	<u>(272,320)</u>	<u>1,616,763</u>	<u>1,344,443</u>
Nonoperating revenues (expenses):			
Investment income	132,754	764,509	897,263
Interest expense	(25,161)	(566,285)	(591,446)
Debt issuance costs	(1,478)	(65,414)	(66,892)
Gain on sale of capital assets	-	48,100	48,100
Total nonoperating revenues (expenses)	<u>106,115</u>	<u>180,910</u>	<u>287,025</u>
Income (loss) before transfers	<u>(166,205)</u>	<u>1,797,673</u>	<u>1,631,468</u>
Transfers out	-	(289,000)	(289,000)
Total transfers	<u>-</u>	<u>(289,000)</u>	<u>(289,000)</u>
Change in net position	<u>(166,205)</u>	<u>1,508,673</u>	<u>1,342,468</u>
Net position, beginning, as previously reported	1,930,458	19,989,602	21,920,060
Change in accounting principle	(32,520)	(67,132)	(99,652)
Net position, beginning, as restated	<u>1,897,938</u>	<u>19,922,470</u>	<u>21,820,408</u>
Net position, ending	<u>\$ 1,731,733</u>	<u>\$ 21,431,143</u>	<u>\$ 23,162,876</u>

City of Lawrence, Kansas

Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2024

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 2,175,135	\$ 6,637,081	\$ 8,812,216
Cash paid to suppliers of goods and services	(1,674,255)	(2,373,778)	(4,048,033)
Cash paid to employees	(597,094)	(1,258,782)	(1,855,876)
Net cash provided by (used in) operating activities	(96,214)	3,004,521	2,908,307
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(63,115)	(5,607,050)	(5,670,165)
Proceeds from sale of capital assets	-	-	-
Proceeds from issuance of debt	97,262	10,906,109	11,003,371
Principal payments on general obligation bonds	(104,051)	(131,305)	(235,356)
Principal payments on general obligation temporary notes	(96,478)	(5,577,620)	(5,674,098)
Principal payments on SBITAs	(14,085)	(26,860)	(40,945)
Interest payments on debt	(49,675)	(655,586)	(705,261)
Net cash used in capital and related financing activities	(230,142)	(1,092,312)	(1,322,454)
Cash flows from noncapital financing activities:			
Transfers out	-	(289,000)	(289,000)
Cash used in noncapital financing activities	-	(289,000)	(289,000)
Cash flows from investing activities:			
Purchase of investments	(6,211,912)	(33,184,549)	(39,396,461)
Sale of investments	7,686,857	25,473,445	33,160,302
Interest received	106,419	322,017	428,436
Net cash provided by (used in) investing activities	1,581,364	(7,389,087)	(5,807,723)
Net increase (decrease) in cash and cash equivalents	1,255,008	(5,765,878)	(4,510,870)
Cash and cash equivalents, beginning	825,039	8,910,950	9,735,989
Cash and cash equivalents, ending	<u>\$ 2,080,047</u>	<u>\$ 3,145,072</u>	<u>\$ 5,225,119</u>

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Nonmajor Proprietary Funds
Year Ended December 31, 2024

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (272,320)	\$ 1,616,763	\$ 1,344,443
Net cash provided by (used in) operating activities:			
Depreciation/amortization expense	15,221	634,253	649,474
Change in assets and liabilities:			
Accounts receivable	3,224	(77,453)	(74,229)
Lease receivable	21,885	-	21,885
Inventories	-	(4,589)	(4,589)
Deferred outflows:			
Pension related amounts	15,759	(3,482)	12,277
OPEB related amounts	(7,635)	(16,621)	(24,256)
Accounts payable	11,292	484,106	495,398
Accrued payroll	6,594	10,689	17,283
Net pension liability	55,922	189,937	245,859
Total OPEB liability	23,141	57,402	80,543
Deferred inflows:			
Pension related amounts	(283)	(447)	(730)
OPEB related amounts	42,417	69,144	111,561
Leases	(21,865)	-	(21,865)
Compensated absences	10,434	44,819	55,253
Net cash provided by (used in) operating activities	\$ (96,214)	\$ 3,004,521	\$ 2,908,307
Noncash capital activities - capital assets in accounts payable	\$ 7,940	\$ 101,778	\$ 109,718
Reconciliation of amounts reported on the statement of net position:			
Cash and cash equivalents	\$ 2,080,047	\$ 3,145,072	\$ 5,225,119
Investments	1,041,545	10,150,337	11,191,882
Total cash and investments	\$ 3,121,592	\$ 13,295,409	\$ 16,417,001

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, 2024

	Health and Wellness	Administrative Services	Risk Management	Total
Assets and deferred outflows of resources:				
Current assets:				
Cash and investments	\$ 14,946,192	\$ 12,710,484	\$ 3,806,477	\$ 31,463,153
Receivables (net of allowances for uncollectibles):				
Accounts	40,311	26,774	-	67,085
Accrued interest	255,936	279,307	69,237	604,480
Leases, current	-	35,963	-	35,963
Inventories	-	657,103	-	657,103
Restricted cash: Customer deposits	200	-	-	200
Total current assets	15,242,639	13,709,631	3,875,714	32,827,984
Noncurrent assets:				
Restricted cash	-	7	-	7
Leases receivable, noncurrent	-	102,341	-	102,341
Capital assets:				
Construction in progress	-	30,000	-	30,000
Building and improvements	-	704,842	-	704,842
Equipment	-	576,344	-	576,344
SBITA asset	-	4,281,917	-	4,281,917
Less: accumulated depreciation and amortization	-	(2,712,724)	-	(2,712,724)
Total capital assets	-	2,880,379	-	2,880,379
Total noncurrent assets	-	2,982,727	-	2,982,727
Total assets	15,242,639	16,692,358	3,875,714	35,810,711
Deferred outflows of resources:				
Pension related amounts	18,177	2,111,290	25,126	2,154,593
OPEB related amounts	4,879	482,969	4,879	492,727
Total deferred outflows of resources	23,056	2,594,259	30,005	2,647,320
Total assets and deferred outflows of resources	15,265,695	19,286,617	3,905,719	38,458,031
Liabilities and deferred inflows of resources:				
Liabilities:				
Current liabilities				
Accounts payable	\$ 127,436	\$ 435,984	\$ 118,928	\$ 682,348
Interest payable	-	19,705	-	19,705
Claims payable	1,762,195	-	464,593	2,226,788
Accrued payroll	4,305	501,350	6,246	511,901
Compensated absences	5,240	957,838	17,738	980,816
Temporary notes payable	-	1,264,287	-	1,264,287
SBITA liability	-	824,123	-	824,123
Total unrestricted current liabilities	1,899,176	4,003,287	607,505	6,509,968
Current liabilities payable from restricted assets:				
Customer deposits	200	-	-	200
Total current liabilities	1,899,376	4,003,287	607,505	6,510,168
Noncurrent liabilities:				
Compensated absences	6,555	1,175,895	18,248	1,200,698
SBITA liability	-	1,315,013	-	1,315,013
Net pension liability	64,939	7,542,754	89,772	7,697,465
Total OPEB liability	20,307	2,010,455	20,307	2,051,069
Total noncurrent liabilities	91,801	12,044,117	128,327	12,264,245
Total liabilities	1,991,177	16,047,404	735,832	18,774,413
Deferred inflows of resources:				
OPEB related amounts	8,881	879,249	8,881	897,011
Leases	-	102,586	-	102,586
Total deferred inflows of resources	8,881	981,835	8,881	999,597
Total liabilities and deferred inflows of resources	2,000,058	17,029,239	744,713	19,774,010
Net position				
Net investment in capital assets	-	(523,044)	-	(523,044)
Unrestricted	13,265,637	2,780,422	3,161,006	19,207,065
Total net position	\$ 13,265,637	\$ 2,257,378	\$ 3,161,006	\$ 18,684,021

City of Lawrence, Kansas

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2024**

	Health and Wellness	Administrative Services	Risk Management	Total
Operating revenues				
Charges for services	\$ 12,746,547	\$ 21,856,133	\$ 3,067,400	\$ 37,670,080
Licenses and permits	-	58,984	-	58,984
Other revenue	444,791	52,590	-	497,381
Total operating revenues	13,191,338	21,967,707	3,067,400	38,226,445
Operating expenses				
Continuing operations	3,767,132	20,415,810	2,125,378	26,308,320
Health insurance claims	13,353,613	-	-	13,353,613
Depreciation and amortization	-	887,542	-	887,542
Total operating expenses	17,120,745	21,303,352	2,125,378	40,549,475
Operating income (loss)	(3,929,407)	664,355	942,022	(2,323,030)
Nonoperating revenues (expenses)				
Interest income	681,080	375,919	148,343	1,205,342
Rental income	-	34,650	-	34,650
Interest expense	-	(117,304)	-	(117,304)
Miscellaneous	1,503,393	18,469	18,515	1,540,377
Total nonoperating revenues (expenses)	2,184,473	311,734	166,858	2,663,065
Income (loss) before transfers	(1,744,934)	976,089	1,108,880	340,035
Transfers in	85,000	-	-	85,000
Change in net position	(1,659,934)	976,089	1,108,880	425,035
Net position, beginning, as previously reported	14,928,591	1,897,446	2,063,018	18,889,055
Change in accounting principle	(3,020)	(616,157)	(10,892)	(630,069)
Net position, beginning, as restated	14,925,571	1,281,289	2,052,126	18,258,986
Net position, ending	\$ 13,265,637	\$ 2,257,378	\$ 3,161,006	\$ 18,684,021

City of Lawrence, Kansas

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2024**

	Health and Wellness	Administrative Services	Risk Management	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 14,701,981	\$ 21,986,568	\$ 3,085,915	\$ 39,774,464
Cash paid to suppliers of goods and services	(17,712,990)	(11,913,679)	(2,311,337)	(31,938,006)
Cash paid to employees	(73,571)	(7,423,060)	(101,146)	(7,597,777)
Net cash provided by (used in) operating activities	(3,084,580)	2,649,829	673,432	238,681
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	-	(106,938)	-	(106,938)
Principal payments on general obligation temporary notes	-	(479,000)	-	(479,000)
Principal payments on SBITAs	-	(567,430)	-	(567,430)
Interest payments on debt	-	(126,796)	-	(126,796)
Net cash used in capital and related financing activities	-	(1,280,164)	-	(1,280,164)
Cash flows from noncapital financing activities:				
Transfers in	85,000	-	-	85,000
Net cash provided by noncapital financing activities	85,000	-	-	85,000
Cash flows from investing activities:				
Purchase of investments	(27,765,228)	(12,778,119)	(6,221,238)	(46,764,585)
Sale of investments	38,174,180	16,289,215	7,389,869	61,853,264
Interest received	706,360	306,342	130,973	1,143,675
Net cash provided by investing activities	11,115,312	3,817,438	1,299,604	16,232,354
Net increase in cash and cash equivalents	8,115,732	5,187,103	1,973,036	15,275,871
Cash and cash equivalents, beginning	199,367	(389,404)	(90,046)	(280,083)
Cash and cash equivalents, ending	\$ 8,315,099	\$ 4,797,699	\$ 1,882,990	\$ 14,995,788

(Continued)

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended December 31, 2024

	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)	\$ (3,929,407)	\$ 664,355	\$ 942,022	\$ (2,323,030)
Net cash provided by (used in) operating activities:				
Depreciation and amortization expense	-	887,542	-	887,542
Rental income	-	34,650	-	34,650
Miscellaneous income	1,503,393	18,469	18,515	1,540,377
Reevaluation of SBITA assets	-	668,782	-	668,782
Changes in assets and liabilities:				
Accounts receivable	7,256	(874)	-	6,382
Leases receivable	-	(18,903)	-	(18,903)
Inventories	-	17,597	-	17,597
Deferred outflows:				
Pension related amounts	3,034	328,659	2,706	334,399
OPEB related amounts	192	34,307	192	34,691
Accounts payable	(556,887)	(623,164)	(202,202)	(1,382,253)
Customer deposits	(6)	-	-	(6)
Claims payable	(116,603)	-	(105,515)	(222,118)
Accrued payroll	736	213,902	4,856	219,494
Net pension liability	1,532	248,801	6,565	256,898
Total OPEB liability	(1,589)	(222,959)	(1,589)	(226,137)
Deferred inflows:				
Pension related amounts	(31)	(3,584)	(41)	(3,656)
OPEB related amounts	2,241	201,970	2,241	206,452
Leases	-	(14,481)	-	(14,481)
Compensated absences	1,559	214,760	5,682	222,001
Net cash provided by (used in) operating activities	\$ (3,084,580)	\$ 2,649,829	\$ 673,432	\$ 238,681
Noncash capital and related financing activities,				
Issuance of SBITA liability	\$ -	\$ 66,224	\$ -	\$ 66,224
Reconciliation of amounts reported on the statement of net position:				
Cash and cash equivalents	\$ 8,315,099	\$ 4,797,699	\$ 1,882,990	\$ 14,995,788
Investments	6,631,293	7,912,792	1,923,487	16,467,572
Total cash and investments	\$ 14,946,392	\$ 12,710,491	\$ 3,806,477	\$ 31,463,360

City of Lawrence, Kansas

Statistical Section (Unaudited)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic and Demographic Information

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

Operating Information

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

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

Table 1

CITY OF LAWRENCE, KANSAS

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

		<u>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>	<u>2024</u>
Governmental Activities											
Net investment in capital assets	\$	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	203,957,312
Restricted		17,031,955	16,176,776	16,124,317	22,642,527	29,367,732	49,518,600	65,999,278	86,913,139	83,844,546	78,201,471
Unrestricted		<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>(52,036,559)</u>	<u>(62,768,021)</u>
Total governmental activities net position	\$	<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>	<u>219,390,762</u>
Business-type activities											
Net investment in capital assets	\$	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	141,083,014
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	7,002,400
Unrestricted		<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>	<u>81,560,671</u>
Total business-type activities net position	\$	<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>	<u>229,646,085</u>
Primary government											
Net investment in capital assets	\$	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	345,040,326
Restricted		17,031,955	18,184,531	18,132,072	30,106,035	36,850,915	57,721,883	74,276,864	95,340,492	92,055,570	85,203,871
Unrestricted		<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>23,372,045</u>	<u>18,792,650</u>
Total primary government net position	\$	<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>	<u>449,036,847</u>

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	<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>	<u>2024</u>
Expenses										
Governmental Activities										
General Government	\$ 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	24,053,045
Public Safety	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	70,112,251
Public Works	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	37,786,584
Health and Social Services*	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	15,324,551
Culture and Recreation	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	28,025,604
Tourism	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	1,408,295
Airport	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	3,033,588
Interest on Long-Term Debt	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	3,158,935
Total Governmental Activities Expenses	<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>	<u>182,902,853</u>
Business-Type Activities:										
Water & Sewer	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	58,790,346
Sanitation	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	18,306,128
Stormwater	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	6,016,351
Public Parking	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	2,461,290
Golf Course	961,517	978,457	1,261,536	850,780	939,014	948,732	-	-	-	-
Total Business-Type Activities Expenses	<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>	<u>85,574,115</u>
Total Primary Government Expenses	<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>	<u>268,476,968</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	3,329,276
Public Safety	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	10,588,697
Public Works	-	-	-	-	-	-	-	-	-	922,485
Health and Social Services	-	-	-	-	-	-	-	-	-	336,517
Culture and Recreation	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	5,536,546
Other Activities	461,508	1,599,985	534,779	1,648,292	680,797	565,588	365,900	780,114	341,042	53,881
Operating Grants and Contributions	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	15,959,358
Capital Grants and Contributions	389,639	1,055,540	16,914,876	1,728,558	2,177,582	5,187,762	489,407	3,359,834	215,605	215,605
Total Governmental Activities Program Revenues	<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>	<u>36,942,365</u>
Business-Type Activities:										
Charges for Services:										
Water & Sewer	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	69,166,581
Sanitation	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	18,887,565
Stormwater	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	6,714,534
Parking	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	2,171,891
Golf Course	733,798	747,031	984,669	930,992	932,240	792,583	-	-	-	-

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>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>
Capital Grants and Contributions	-	-	-	-	-	-	-	413,792	45,000	45,000
Total Business-Type Activities Program Revenues	57,283,958	62,351,657	70,676,124	66,317,433	68,894,512	75,598,389	81,435,713	87,671,671	45,000	96,985,571
Total Primary Government Program Revenues	\$ 85,924,129	107,160,111	101,990,605	92,594,987	98,903,637	101,655,112	130,039,541	128,171,660	45,000	133,927,936
Net (Expense)/Revenue										
Governmental Activities	\$ (74,965,590)	(75,677,864)	(79,507,950)	(98,316,799)	(104,969,397)	(100,342,962)	(123,165,603)	(130,115,499)	-	(145,960,488)
Business-Type Activities	5,991,564	7,543,334	8,774,836	4,082,761	3,626,429	8,834,356	6,281,208	8,863,336	45,000	11,411,456
Total Primary Government Net Expense	\$ (68,974,026)	(68,134,530)	(70,733,114)	(94,234,038)	(101,342,968)	(91,508,606)	(116,884,395)	(121,252,163)	45,000	(134,549,032)
General Revenues and Other Changes in										
Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	\$ 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	52,919,151
Franchise Taxes	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	8,510,214
Sales Taxes	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	61,726,991
Unrestricted Grants and Contributions	720,387	764,798	783,431	796,314	42,032	12,601	26,864	38,360	61,617	431,976
Investment Earnings	100,697	390,171	493,557	1,069,632	2,939,293	1,181,470	312,560	1,261,741	7,742,341	6,979,643
Miscellaneous	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	1,470,127
Transfers	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	5,387,000
Total Governmental Activities	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	137,425,102
Business-Type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Investment Earnings	233,589	500,878	802,034	1,077,026	2,224,171	1,221,162	111,472	122,122	5,366,082	5,917,009
Miscellaneous	767,015	564,790	1,310,446	858,835	820,034	1,000,427	540,553	1,294,897	920,211	240,441
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	173,321
Transfers	(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)	(5,387,000)
Total Business-Type Activities	(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	943,771
Total Primary Government	\$ 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	138,368,873
Change in Net Position										
Governmental Activities	\$ 5,454,064	9,374,880	8,941,909	(7,352,574)	31,496,004	(12,217,698)	(11,672,070)	(11,521,535)	132,733,336	(8,535,386)
Business-Type Activities	3,339,138	6,351,442	7,085,333	2,332,987	2,883,159	22,079,926	2,055,494	5,459,355	1,077,293	12,355,227
Total Primary Government	\$ 8,793,202	15,726,322	16,027,242	(5,019,587)	34,379,163	9,862,228	(9,616,576)	(6,062,180)	133,810,629	3,819,841

Table 3**CITY OF LAWRENCE, KANSAS****General Government Tax Revenues by Source**

Last Ten Fiscal Years
(modified accrual basis of accounting)

Year	Property Tax	Sales* Tax	Franchise Tax	Motor Vehicle Tax	Payment- in-lieu	Total	Total Taxable Retail Sales
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
2024	48,512,645	53,917,880	8,510,213	3,396,005	106,882	114,443,626	1,970,593,323

*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)

	2015	2016**	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ -	-	-	-	206,645	427,738	336,121	482,716	585,657	557,534
Restricted	-	-	-	-	-	-	105,186	193,627	83,465	159,752
Assigned	483,882	626,605	666,212	456,504	2,081,608	1,292,014	2,584,296	1,712,336	4,810,557	4,607,696
Unassigned	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	19,787,739
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ <u>13,202,220</u>	<u>20,635,652</u>	<u>23,379,809</u>	<u>25,452,600</u>	<u>26,997,593</u>	<u>25,017,181</u>	<u>24,924,415</u>	<u>24,891,639</u>	<u>25,690,756</u>	<u>25,112,721</u>
All Other Governmental Funds										
Nonspendable	562,959	434,460	411,460	80,347	23,386	177,999	159,165	65,423	18,643	40,840
Restricted	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	86,707,937
Assigned	25,955,112	25,103,256	28,700,173	-	-	-	-	-	-	301,000
Unassigned	(8,716,690)	(11,265,210)	(116,324)	(21,213)	(32,796)	(80,397)	(26,165)	(3,021,684)	(2,035,011)	(1,306,225)
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds \$	<u>34,270,377</u>	<u>30,014,822</u>	<u>54,222,222</u>	<u>50,169,331</u>	<u>39,751,667</u>	<u>67,492,137</u>	<u>47,453,111</u>	<u>57,662,121</u>	<u>94,064,664</u>	<u>85,743,552</u>

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

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

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

Last Ten Fiscal Years
(modified accrual basis of accounting)

Unaudited										
	2015	2016*	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes	\$ 63,022,436	78,202,845	80,009,856	85,128,306	97,188,497	103,357,907	97,188,496	103,357,906	108,660,704	114,443,626
Special Assessments	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	756,501
Licenses and Permits	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	1,308,485
Charges for Services	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	17,047,378
Fines, Forfeitures and Penalties	2,987,550	2,451,698	2,214,210	2,237,632	1,897,608	993,386	939,980	912,993	890,875	1,007,823
Interest	95,043	366,695	458,254	1,034,090	2,636,307	1,227,777	255,889	1,752,866	6,948,720	6,860,054
Intergovernmental	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	23,958,785
Reimbursements	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	1,710,482
Miscellaneous	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	3,019,984
Total Revenues	103,285,178	113,372,599	116,615,032	119,501,542	135,437,109	141,441,047	133,957,175	158,675,835	168,335,126	170,113,118
Expenditures										
General Government	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	19,437,932
Public Safety	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	61,920,627
Public Works	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	29,208,392
Health and Social Services**	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	14,807,601
Culture and Recreation	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	25,659,112
Tourism	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	1,378,110
Airport	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	3,033,588
Capital Outlay	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	29,546,936
Debt Service:										
Principal Retirement	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	37,125,402
Interest and Fiscal Charges	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	4,877,849
Issuance Costs	-	-	-	-	252,831	99,207	157,459	162,989	153,618	182,371
Total Expenditures	116,348,480	116,120,521	130,622,903	126,282,928	136,598,904	159,737,508	173,400,082	187,824,891	240,696,147	227,177,920
Excess of Revenues over (under) Expenditures	(13,063,302)	(2,747,922)	(14,007,871)	(6,781,386)	(1,161,795)	(18,296,461)	(39,442,907)	(29,149,056)	(72,361,021)	(57,064,802)
Other Financing Sources (Uses)										
Transfers In	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	23,319,954
Transfers Out	(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)	(18,017,954)
Sale of Property - Proceeds Received	-	-	-	-	17,525	17,100	576,299	85,932	632,358	341,677
Finance Purchase Proceeds	-	244,260	1,064,200	-	-	-	-	-	-	-
Issuance of SBITA Liability	-	-	-	-	-	-	-	-	241,975	-
Proceeds of General Obligation Bonds	9,450,000	-	35,034,000	-	41,505,000	10,545,000	56,262,000	57,142,000	34,378,675	41,199,098
Premium on General Obligation Bonds	426,956	-	2,036,462	-	530,809	394,939	2,715,048	2,025,865	1,841,064	1,322,880
Total Other Financing Sources (Uses)	13,533,097	2,504,837	41,939,662	3,689,000	45,840,809	15,334,118	64,627,463	64,078,157	42,348,072	48,165,655
Net Change in Fund Balances	469,795	(243,085)	27,931,791	(3,092,386)	44,679,014	(2,962,343)	25,184,556	34,929,101	(30,012,949)	(8,899,147)
Debt Service as a Percentage of Noncapital Expenditures	14.0%	13.6%	10.4%	13.4%	12.4%	14.9%	31.1%	20.2%	27.9%	20.5%

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

Table 6

CITY OF LAWRENCE, KANSAS

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Unaudited

Year	Real Property		Personal Property (1)		State Assessed		Total		Ratio of Assessed to Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value		
2015	850,079,403	7,438,194,776	16,950,709	74,299,359	27,914,590	27,914,590	894,944,702	7,540,408,725	11.9%	31.488
2016	885,273,456	7,746,142,740	16,001,791	70,140,005	27,654,355	27,654,355	928,929,602	7,843,937,100	11.8%	32.018
2017	944,118,547	8,261,037,286	13,968,253	61,226,480	27,374,301	27,374,301	985,461,101	8,349,638,067	11.8%	33.279
2018	995,457,186	8,598,573,020	13,533,461	62,431,469	28,331,792	28,331,792	1,037,322,439	8,689,336,281	11.9%	33.278
2019	1,048,578,279	9,133,478,310	12,152,502	57,065,503	29,802,723	29,802,723	1,090,533,504	9,220,346,536	11.8%	33.319
2020	1,094,154,422	9,607,901,380	11,873,466	55,498,541	31,460,117	31,460,117	1,137,488,005	9,694,860,038	11.7%	33.318
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
2024	1,478,287,583	13,403,256,990	9,500,490	46,374,571	34,915,740	34,915,740	1,522,703,813	13,484,547,301	11.3%	33.232

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

Table 7

CITY OF LAWRENCE, KANSAS

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Unaudited

Year	City of Lawrence			Overlapping Rates							Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Douglas County			School District			State of Kansas	
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
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
2024	25.267	7.965	33.232	41.298	0.000	41.298	43.965	8.308	52.273	1.500	128.303

Source: Douglas County Budget Office

Table 8

CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2024

Unaudited

Taxpayer	2024 Assessed Valuation	Rank	Percent of Total Assessed Valuation	2015 Assessed Valuation	Rank	Percent of Total Assessed Valuation
Evergy (formerly Westar Energy)	\$ 23,058,219	1	1.5143 %	\$ 18,806,415	1	2.10 %
Cherry Hill Properties LLC	8,411,354	2	0.5524			
Black Hills Corp	7,948,636	3	0.52	4,012,654	3	0.45
Links at Kansas	7,196,492	4	0.47			
Walmart	6,896,683	5	0.45	5,567,532	2	0.62
CH Realty X-Preiss SH	5,845,085	6	0.38			
ARC PRLAWS001 LLC	5,390,700	7	0.35	4,005,350	4	0.45
HSRE Connection KU LLC	5,211,699	8	0.34			
North Creek Investors III LLC	5,188,053	9	0.34	3,307,115	6	0.37
Menards Inc	5,149,481	10	0.34			
Diamond URS				3,468,204	5	0.39
900 New Hampshire LLC				3,124,886	7	0.35
Kadish				2,995,151	8	0.33
Garber Enterprises Inc				2,942,186	9	0.33
Hallmark Cards				2,885,707	10	0.32
Total	\$ <u>80,296,402</u>		<u>5.27</u> %	\$ <u>51,115,200</u>		<u>5.71</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>
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
2024	47,063,799	46,153,608	98.07	371,452	46,525,060	98.86	3,574,512	7.60

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

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

Table 10

CITY OF LAWRENCE, KANSAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Financed Purchase	Lease Liability	Subscription Liability	Revenue Bonds	General Obligation Bonds	Notes Payable	Financed Purchase	Lease Liability	Subscription Liability				
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	1,677,017	-	197,910,000	1,589,824	-	-	-	-	361,547,073	5.86 %	3,773	
2023	101,814,949	38,017,000	478,915	1,374,319	5,745,300	226,335,000	5,935,050	-	-	-	1,451,130	381,151,663	6.02 %	3,962	
2024	112,005,034	33,536,445	363,199	74,873	4,707,672	266,311,239	9,279,794	8,181,215	-	-	1,191,186	435,650,657	6.36 %	4,528	

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

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

Table 11

CITY OF LAWRENCE, KANSAS

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

Last Ten Fiscal Years

Unaudited

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
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
2024	96,207	1,417,285	113,338,003	34,887,872	78,450,131	5.54	815

(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, 2024

<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>145,541,479</u>	\$ 100 %	\$ <u>145,541,479</u>
Overlapping:			
Douglas County	17,705,000	72%	128,171
Unified School District No. 497	<u>141,305,000</u>	87%	<u>1,223,611</u>
	<u>159,010,000</u>		<u>1,351,782</u>
	\$ <u>304,551,479</u>		\$ <u>146,893,261</u>

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

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

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

Table 13

CITY OF LAWRENCE, KANSAS

Computation of Legal Debt Margin

Last Ten Fiscal Years

	<u>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>	<u>2024</u>
Total Assessed Valuation of Taxable Property*	\$ 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	1,417,285,471
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	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	425,185,641
Total net debt applicable to limit** (includes temporary notes)	<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>	<u>145,541,479</u>
Legal Debt Margin	<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>	<u>\$ 279,644,162</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	35.24%	30.30%	38.62%	33.17%	42.18%	39.15%	40.89%	47.57%	35.87%	34.23%

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>
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
2024	69,166,581	39,801,794	29,364,787	9,780,001	9,038,036	18,818,037	1.56

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>
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
2024	96,207	6,852,947,000	56,846	28.20	9,417	2.8

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

Table 16

CITY OF LAWRENCE, KANSAS

Principal Employers

Current Year and Nine Years Ago

Employer	2024			2015		
	<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	16.76%	10,089	1	15.64%
LMH Health	1,945	2	3.69%	1,403	4	2.18%
Lawrence Public Schools	1,660	3	3.15%	1,856	2	2.88%
Berry Global	1,115	4	2.11%	750	5	1.16%
Hallmark Cards Inc.	1,000	5	1.89%	700	7	1.09%
City of Lawrence	860	6	1.63%	1,455	3	2.26%
Amarr Garage Doors	730	7	1.38%	750	6	1.16%
Douglas County	480	8	0.91%			
Maximus	450	9	0.85%			
Lawrence Paper Company	240	10	0.45%			
HyVee				540	8	0.84%
Dillons				465	9	0.72%
Boston Financial Data Services				405	10	0.63%
Total	<u>17,325</u>		<u>32.83%</u>	<u>18,413</u>		<u>28.56%</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>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>	<u>2024</u>
Governmental Activities:										
General Government	72.55	105.00	76.86	79.93	85.59	72.07	80.70	62.32	38.47	62.40
Public Safety**	318.00	320.60	330.00	330.00	332.00	399.20	399.20	399.20	402.20	375.20
Public Works	59.16	62.66	62.66	61.16	61.16	62.16	62.16	83.00	90.70	82.50
Culture & Recreation	70.53	72.53	76.53	72.78	72.78	72.50	85.60	77.28	77.75	78.00
Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Social Services	-	3.60	2.70	2.70	2.60	2.25	2.25	2.25	2.23	5.00
Tourism	-	-	-	3.00	3.00	2.00	2.00	2.00	2.00	-
Total Governmental Activities	<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>	<u>603.10</u>
Business-type Activities:										
Water & Sewer	132.52	146.88	140.13	142.63	141.63	141.50	134.70	134.00	135.80	149.20
Solid Waste	97.84	97.84	97.84	93.34	94.34	92.34	90.50	84.00	87.75	88.85
Storm Water	10.00	10.00	10.00	11.50	13.50	11.50	11.50	14.00	14.75	18.35
Public Parking	12.00	12.00	12.00	14.00	13.00	12.00	10.00	10.00	10.20	14.95
Golf Course*	12.94	11.69	12.69	12.36	12.31	11.73	-	-	-	-
Administrative Services	17.00	17.00	17.00	17.00	17.00	22.00	72.50	111.90	110.35	125.55
Total Business-type Activities	<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>	<u>396.90</u>
Total	<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>	<u>1,000.00</u>

Source: City of Lawrence Budget Document

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

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

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

Table 18

CITY OF LAWRENCE, KANSAS

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire Protection										
Number of Firefighters and Officers	131	143	143	143	146	150	150	150	155	159
Number of Fire Calls Answered (1)	211	254	238	243	191	242	259	308	222	211
Number of Medical Calls Answered	8,229	8,246	8,802	9,089	8,781	8,624	9,380	9,792	10,721	11,956
Number of Other Calls Answered	3,404	3,426	3,496	3,962	4,034	3,793	4,921	5,479	5,911	5,403
Number of Medical Transports	5,775	5,851	6,207	6,207	6,441	6,200	7,067	7,318	8,013	7,931
Number of Inspections Conducted	6,392	7,241	7,332	7,332	4,862	4,950	4,247	3,787	4,238	3,732
Police Protection										
Number of Commissioned Police Officers	155	153	154	154	139	135	134	141	138	145
Number of Full Time Civilians	33	33	28	28	25	27	25	36	35	33
Number of Calls for Service	107,478	100,142	95,708	95,702	91,658	69,360	75,900	73,805	84,523	86,159
Arrests Processed through County Jail	3,219	2,976	3,324	2,994	2,434	1,786	1,863	1,300	1,980	1,927
Officer Issued Traffic Violations	12,811	10,970	11,614	10,742	8,417	3,896	4,526	4,658	4,669	5,116
Officer Issued Parking Violations	10,988	10,754	10,534	8,826	7,783	1,907	1,948	1,746	2,155	1,871
Sewerage System										
Number of Service Connections	32,395	32,395	32,791	33,105	34,146	33,595	33,863	33,969	34,111	34,315
Actual Daily Average of Treatment in Million Gallons Daily	10	10	10	9	12	10.6	11	10	9	10
Water System										
Number of Service Connections	33,220	33,256	33,547	33,874	34,146	34,340	650	34,688	34,782	34,867
Daily Average Consumption in Million Gallons	10	11	10	11	10	10.5	10	11	11	11
Maximum Daily Capacity of Plant in Million Gallons	37	37	41	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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Works										
Miles of Streets	356.9	362.9	365.23	367.19	351.62	351.77	352.17	352.82	353.37	354.05
Culture and Recreation										
Recreation Facilities	7	7	7	7	7	7	7	7	7	7
Parks	56	56	56	56	56	56	56	56	56	71
Park Acreage	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,890
Tennis Courts	16	16	16	16	16	16	15	15	15	15
Fire Protection										
Number of Stations	6	7	7	7	7	7	7	7	7	7
Police Protection										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	38	40	40	36	36	34	40	32	39	33
Sewerage System										
Miles of Sanitary Sewers	452	454	457	460	461	461	462	462.2	464.8	467
Number of Treatment Plants	1	1	2	2	2	2	2	2	2	2
Number of Lift Stations	31	31	32	32	34	34	34	34	33	33
Water System										
Number of Water Plants	2	2	2	2	2	2	2	2	2	2
Miles of Water Mains	520	523	556	565	568	567	570	572.5	447.9	581
Number of City owned Fire Hydrants	3,480	3,531	3,599	3,646	3,690	3,688	3,683	3,714	3,720	3,780
Libraries										
Public Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (approximately)(1)	201,400	207,500	198,257	204,146	203,403	212,176	216,864	223,174	217,677	218,251
Facilities and Services Not Included in the Reporting Entity:										
Education										
Number of Public Elementary Schools(2)	14	14	14	14	14	15	14	14	12	12
Number of Public Elementary School Instructors	459	445	435	421	489	457	439	391	377	374
Number of Public Secondary Schools(2)	6	6	6	6	6	7	7	7	7	7
Number of Public Secondary School Instructors	495	476	456	460	526	529	494	453	413	422
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	174	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.

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 34,867 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 581 miles of water mains and 3,780 fire hydrants. The daily average volume of water treated was 11.1 mgd in 2024. 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 467 miles of sewers and includes lines up to 54 inches in diameter. The Department maintains 33 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 Kansas River Wastewater Treatment Plant is in the construction phase of a \$74 million project to upgrade the treatment process to Biological Nutrient Removal to meet regulatory permit requirements. The daily average treatment for 2024 was approximately 9.7 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 2025-2029 Capital Improvement Plan anticipates \$166 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 2025. The City expects to issue an additional \$110 million of Parity Bonds from FY 2025-2029 to fund the balance of the debt-financed portion of the existing capital improvement plan for the System. Approximately 87% of the total 2025-2029 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.

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 Lead and Copper Rule Revisions implemented on August 4, 2022. The City met EPA lead service line inventory requirements due in October 2024 and will continue to work to meet the remaining requirements of the updated lead and copper rule. 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 (2024):

<u>Customer Category</u>	<u>Water Usage (Thousand Gallons)</u>	<u>Amount</u>
Residential	1,709,240.60	18,303,242.00
Multifamily	414,240.90	3,879,044.13
Commercial	732,297.00	7,021,875.18
Industrial	482,569.00	4,131,472.37
Wholesale	772,545.80	1,997,666.09
Total	4,110,893.30	\$35,333,299.77

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>
2024	31,802	676	2,389	34,867
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

<u>Year</u>	<u>Water Sales Volume (Thousand Gallons)</u>					<u>Total</u>
	<u>Residential</u>	<u>Multifamily</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	
2024	1,709,241	414,241	732,297	482,569	772,546	4,110,893
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

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 (mgd)</u>
2024	34,315	9.7
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 2024 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	244,651,600.00	11.82%	\$2,086,496.01	10.83%
City of Baldwin	219,759,700.00	10.62	1,026,875.99	5.33
Rural Water District #4	73,084,800.00	3.53	341,312.05	1.77
Evergy	49,483,900.00	2.39	410,759.90	2.13
Rural Water District #1	47,797,900.00	2.31	223,521.34	1.16
ICL Specialty Products, Inc.	47,742,900.00	2.31	437,076.82	2.27
Packer Plastics	40,800,100.00	1.97	339,122.10	1.76
Lawrence Memorial Hospital	36,950,800.00	1.79	338,370.87	1.76
Rural Water District #2	31,137,600.00	1.50	145,574.29	0.76
Post Brands Pet Care	27,265,800.00	1.32	227,870.94	1.18

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 2024, the City of Baldwin City, Kansas comprised approximately 5.33% of the total water revenues and 10.62% of the total water sales volume of the System. The City's agreement with the City of Baldwin City terminates in 2059. During 2024, Rural Water District #1 comprised approximately 1.16% of the total water revenues and 2.31% of the total water consumption of the System. Rural Water District #1 entered into a new contract with the City in December 2019, which expires in 2059 with 60 months' notice of cancelation by either party. In addition to treated water, the City also supplies raw water to Rural Water District #2, Rural Water District #4, and the City of Baldwin City.

Rates and Charges

General

All rates and charges related to the System are determined solely by the governing body of the City and are not subject to further regulatory approval. The governing body of the City annually reviews System rates and charges.

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%
January 1, 2024	10.25%

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 2024 rate increases became effective on January 1, 2024 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, 2024, are shown below:

Customer Class	Inside City	Outside City
	Effective as of January 1, 2024	Effective as of January 1, 2024
Residential Block 1	\$9.17/1,000 gal	\$10.09/1,000 gal
Residential Block 2	\$10.09/1,000 gal	\$11.10/1,000 gal
Residential Block 3	\$10.55/1,000 gal	\$11.61/1,000 gal
Multifamily	\$7.59/1,000 gal	\$8.35/1,000 gal
Commercial	\$8.78/1,000 gal	\$9.66/1,000 gal
Industrial	\$8.34/1,000 gal	\$9.18/1,000 gal
Irrigation	\$10.55/1,000 gal	\$11.61/1,000 gal

Monthly charges for water service to rural water districts and other municipalities are currently set at \$4.69/1,000 gallons effective as of January 1, 2024, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after January 1, 2024, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2024	Effective as of January 1, 2024
5/8	\$5.15	\$5.70
1	\$6.15	\$6.80
1 ½	\$7.10	\$7.80
2	\$9.75	\$10.70
3	\$29.00	\$31.90
4	\$36.10	\$39.70
6	\$53.55	\$58.95
8	\$72.00	\$79.20
10	\$94.40	\$103.85
12	\$109.85	\$120.85
15	\$146.50	\$161.15

Sewer Service Charges

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

Monthly volume charges for sewer service to wastewater customers, effective on and after January 1, 2024, are shown below:

Monthly Water Use	Inside City	Outside City
	Effective as of January 1, 2024	Effective as of January 1, 2024
Volume Charge	\$11.02/1,000 gal	\$14.33/1,000 gal

Monthly sewer service charges per water meter, effective on and after January 1, 2024 are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2024	Effective as of January 1, 2024
All Meter Sizes	\$17.25	\$18.95

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, 2024, are shown below:

Effective Date	Inside City Unit Charge for BOD in dollars per pound	Inside City Unit Charge for TSS in dollars per pound	Outside City Unit Charge for BOD in dollars per pound	Outside City Unit Charge for TSS in dollars per pound
January 1, 2024	ICBOD	ICTSS	OCBOD	OCTSS
	\$1.140	\$0.711	\$1.254	\$0.782

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.*

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>
Local property tax	37.85%
Sales tax	30.28
Intergovernmental	1.00
Franchise fees	8.11
Charges for service	16.17
Fines and forfeitures	0.93
Interest on investments	1.51
Licenses and permits	1.25
Other	2.90
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, 2024 was \$2,226,788 for general and worker's comp liabilities and employee health insurance. The liability reported in the financial statements at December 31, 2024 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>
2024	\$41,403,000	\$113,338,003	\$247,945,000
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

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>
2024	\$1,478,287,583	\$13,403,256,990	96,207	\$4,185.62	27.24%	3.00%
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.

	2020 <u>Actual</u>	2021 <u>Actual</u>	2022 <u>Actual</u>	2023 <u>Actual</u>	2024 <u>Actual</u>
Revenues:					
Taxes	\$57,771,030	\$66,550,842	\$71,500,649	\$76,748,615	\$80,083,802
Special Assessments	0	35,857	0	0	0
Licenses & Permits	1,489,221	1,775,417	1,427,847	1,296,823	1,308,485
Charges for Services	8,646,933	11,386,133	16,419,882	14,855,234	16,958,018
Fines, Forfeitures & Penalties	964,989	909,911	883,891	861,856	973,845
Investment Income	447,695	132,550	7,582	1,216,926	1,582,719
Intergovernmental	681,468	695,022	1,014,116	1,085,038	1,053,984
Reimbursements	332,482	142,956	326,133	1,004,777	0
Miscellaneous	317,157	733,064	864,344	1,237,533	3,038,302
Transfers In	<u>4,434,853</u>	<u>4,433,816</u>	<u>4,563,570</u>	<u>5,254,000</u>	<u>5,387,000</u>
Total Revenues	\$75,085,829	\$86,795,568	\$97,008,014	\$103,560,822	\$104,999,155
Expenditures:					
General Government	\$11,356,432	\$ 9,826,503	\$11,134,722	\$7,699,259	\$7,744,555
Public Safety	48,732,744	49,954,302	49,748,615	57,009,947	61,631,928
Public Works	7,724,689	8,726,263	11,533,541	13,462,026	15,360,151
Health	1,099,711	1,666,440	1,153,449	3,700,926	5,460,487
Culture & Recreation	4,776,977	11,071,270	13,837,799	16,324,548	17,480,906
Economic Development	0	0	0	452,711	464,295
Capital Outlay	1,379,619	671,065	1,792,424	1,925,343	6,637,563
Principal Retirement	105,751	125,908	377,270	1,203,945	0
Transfers Out	<u>1,890,318</u>	<u>4,846,583</u>	<u>7,463,000</u>	<u>983,000</u>	<u>792,000</u>
Total Expenditures	\$77,066,241	\$86,888,334	\$97,040,790	\$102,761,705	\$114,779,885
Revenues Over/(Under) Expenditures	\$ (1,980,412)	\$ (92,766)	\$(32,776)	\$799,117	\$5,185,730
Fund Balance, January 1	26,997,593	25,017,181	24,924,415	24,898,969	25,690,756
Restatement to Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>(7,330)</u>	<u>0</u>
Fund Balance, December 31	\$25,017,181	\$24,924,415	\$24,898,969	\$25,690,756	\$25,112,721

* *Unaudited.*

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

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

	<u>2020</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>	<u>2024</u> <u>Actual</u> *
Revenues:					
Taxes	\$11,005,554	\$11,691,846	\$11,845,902	\$11,249,906	\$12,140,176
Special Assessments	1,259,163	1,322,091	797,195	771,610	756,501
Investment Income	162,695	123,921	29,711	1,374,468	1,427,678
Intergovernmental	100,000	84,345	265,942	84,345	84,345
Miscellaneous	142,659	139,534	6,542,726	6,678,484	107,914
Transfers In	<u>8,505,474</u>	<u>1,283,174</u>	<u>942,905</u>	<u>45,338,370</u>	<u>29,401,635</u>
Total Revenues	\$21,175,545	\$14,644,911	\$20,424,381	\$65,497,813	\$43,918,249
Expenditures:					
General Government	\$ 0	\$ 148,694	\$21,622	\$31,235	\$37,610
Principal Retirement	15,658,000	6,499,000	7,841,824	52,357,200	36,466,471
Interest and Fiscal Charges	<u>4,053,991</u>	<u>3,378,329</u>	<u>5,033,788</u>	<u>6,814,450</u>	<u>4,921,723</u>
Total Expenditures	\$19,711,991	\$10,026,023	\$12,897,234	\$59,202,885	\$41,425,804
Revenues Over/(Under) Expenditures	\$ 1,463,554	\$ 4,618,888	\$7,527,147	\$6,294,298	\$2,492,445
Fund Balance, January 1	12,491,540	13,955,094	18,573,982	26,101,129	32,395,427
Restatement to Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, December 31	\$13,955,094	\$18,573,982	\$26,101,129	\$32,395,427	\$34,887,872

* *Unaudited.*

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Taxes	\$57,771,030	\$66,550,842	\$71,500,649	\$76,748,615	\$80,083,802
Charges for Services	8,646,933	10,854,433	16,419,882	14,855,234	16,958,018
Licenses and Permits	1,489,221	1,778,017	1,427,847	1,296,823	1,308,485
Intergovernmental	681,468	695,022	1,014,116	1,085,038	1,053,984
Fines, Forfeitures, and Penalties	964,989	909,911	883,891	861,856	973,845

* *Unaudited.*

Sources: 2019-2023 from the City's Annual Comprehensive Financial Reports. 2024 from the City's unaudited Annual Comprehensive Financial Report.