

City of Lawrence Quarterly Financial Report

Quarter ending September 30, 2019
Prepared by the Finance Department



City of Lawrence

2019 3rd Quarter Report


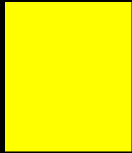
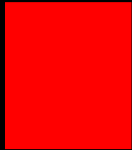
The information contained in this report is unaudited. Only Funds with Appropriations of \$500,000 or more are reviewed.

The report focuses on five key indicators:

- ✓ Revenues
- ✓ Expenditures
- ✓ Reserve Policy
- ✓ Debt Management
- ✓ Investments

2019 3rd Quarter Report

Each key revenue indicator is rated compared to the prior year on the following scale:

	Rating Scale	Revenue
	Positive Outlook	All positive growth and any indicator within (+/-) 2% compared to the prior year
	Area of Concern	2% through 5% reduction compared to the prior year
	Negative Outlook	Greater than 5% reduction compared to the prior year

2019 3rd Quarter Report

From January through September, 2019, the City's key revenues increased by \$1 million (0.90%) compared with revenue collections for the same period in 2018.

2019 3rd Quarter Report

Revenue Indicators

Status	Indicator	Comments
	Property Taxes	0.30% higher than the prior year and are on target with the budget.
	Sales Taxes – City	0.65% higher than the prior year and are on target with the revised budget.
	Use Tax – City	20% higher than the prior year and are on target with the revised budget.
	Sales Taxes – County	1% higher than the prior year and are on target with the revised budget.
	Use Tax County	16% higher than the prior year and are on target with the revised budget.
	Franchise Fees - Electric	-4% lower than last year. Will need to monitor.
	Franchise Fees – Natural Gas	-3% lower than last year. Will need to monitor.

2019 3rd Quarter Report

Revenue Indicators

Status	Indicator	Comments
	Franchise Fee – Communications	7% higher than the prior year and are on target with the budget.
	Gasoline Tax	2% higher than the prior year and are on target with the revised budget.
	Transient Guest Tax	1% higher than the prior year and are on target with the revised budget.
	Liquor Tax	-2% lower than last year. Will need to monitor.
	Water/Sewer Fees	-4% lower than the prior year. Will need to monitor.
	Solid Waste Fees	-2% lower than the prior year. Will need to monitor.
	Roll Off Fees	2% higher than the prior year and are on target with the revised budget.

2019 3rd Quarter Report

Revenue Indicators

Status	Indicator	Comments
	Storm Water Fees	0.65% higher than the prior year and are on target with the budget.
	Douglas County EMS Fees	38% higher than the prior year and are on target with the budget.

2019 3rd Quarter Report

Revenue Discussion

Collections for the City's key revenues increased \$1 million (0.90%) from Jan-Sept 2019 compared to the same period in 2018.

Electric Franchise tax collections were lower by \$171 thousand (-4.13%). The decrease is due to Westar billing credits for customers (Westar merger savings and federal income tax savings).

Natural Gas Franchise tax collections were lower by \$24 thousand (-3.15%). The decrease is due to more mild weather conditions.

Water/Sewer Fees were lower by \$1.3 million (-3.83%) due to a wet spring.

2019 3rd Quarter Report


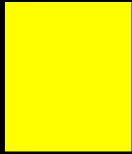
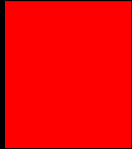
General Fund ONLY			Amount of	% of
Revenue Type	FY 2019 Budget	Revenues as of 9/30/19	Budget Remaining	Budget Remaining
Property Taxes	\$ 22,872,000	\$ 20,209,774	\$ 2,662,226	11.64%
Sales Taxes	29,780,000	22,454,739	7,325,261	24.60%
Franchise Fees	7,704,000	5,364,197	2,339,803	30.37%
Licenses & Permits	1,981,000	1,216,424	764,576	38.60%
Intergovernmental	886,000	746,370	139,630	15.76%
Charges for Services	8,106,000	7,241,792	864,208	10.66%
Fines & Penalties	2,015,000	1,447,106	567,894	28.18%
Interest income	192,000	281,543	(89,543)	-46.64%
Miscellaneous	412,000	466,353	(54,353)	-13.19%
Transfers from other funds	3,649,000	2,736,750	912,250	25.00%
General Fund	\$ 77,597,000	\$ 62,165,047	\$ 15,431,953	19.89%

All Major Funds

Fund	FY 2019 Budget	Revenues as of 9/30/19	Amount of Budget Remaining	% of Budget Remaining
General	\$ 77,597,000	\$ 62,165,047	\$ 15,431,953	19.89%
Water/Sewer	49,213,000	31,273,969	17,939,031	36.45%
Solid Waste	15,615,000	11,537,521	4,077,479	26.11%
Bond & Interest	12,833,000	11,664,759	1,168,241	9.10%
Capital Improvement Reserve	8,288,000	8,303,055	(15,055)	-0.18%
Public Transportation	4,854,000	3,692,981	1,161,019	23.92%
Recreation	5,704,000	4,444,763	1,259,237	22.08%
Central Maintenance	5,154,000	3,135,186	2,018,814	39.17%
Library	4,457,000	4,538,000	(81,000)	-1.82%
Outside Agency Grants	4,254,000	2,245,073	2,008,927	47.22%
Stormwater	3,335,000	2,431,564	903,436	27.09%
Special Gas	2,802,000	1,510,855	1,291,145	46.08%
Water/Sewer Nonbonded Const	1,020,000	847,188	172,812	16.94%
Guest Tax	1,777,000	1,299,802	477,198	26.85%
Equipment Reserve	1,999,000	1,735,768	263,232	13.17%
Solid Waste Nonbonded Constr.	-	27,273	(27,273)	0.00%
Public Parking	1,430,000	1,075,299	354,701	24.80%
Housing Trust	848,000	672,452	175,548	20.70%
Comm. Dev. Block Grant	1,072,000	599,367	472,633	44.09%
Special Alcohol	811,000	612,015	198,985	24.54%
Public Golf Course	995,000	796,374	198,626	19.96%
Special Recreation	813,000	631,702	181,298	22.30%
Farmland Escrow	10,000	142,322	(132,322)	0.00%
Major Funds	\$ 204,881,000	\$ 155,382,334	\$ 49,498,666	24.16%

2019 3rd Quarter Report

Each key expenditure indicator is rated compared to the prior year on the following scale:

	Rating Scale	Expenditure
	Positive Outlook	Any indicator within (+/-) 2% compared to the prior year
	Area of Concern	2% through 5% increase compared to the prior year
	Negative Outlook	Greater than 5% increase compared to the prior year

2019 3rd Quarter Report

From January through September, 2019, the City's key expenditures increased by \$2.4 million (1.86%) compared with expenditures for the same period in 2018.

2019 3rd Quarter Report

Expenditure Indicators

Status	Indicator	Comments
Green	Personnel Services	1% higher than the prior year and are on target with the budget.
Yellow	Contractual Services	7% higher than the prior year but is within budget.
Green	Commodities	-5% lower than the prior year and are on target with the budget.
Green	Capital Outlay	-9% lower than last year and are on target with the budget.
Green	Debt Service	-5.16% lower than the prior year but is within budget.
Red	Transfers to other funds	20% higher than the prior year and are on target with the revised budget.

2019 3rd Quarter Report

Expenditure Discussion

Expenditures for the City increased \$2.4 million (1.86%) from Jan-Sept 2019 compared to 2018.

Contractual services increased \$2 million (7.22%) primarily due to payment to the Humane Society to assist with their new facility and our animal control operations.

Transfers to other funds increased \$1.9 million (20%) due primarily to the increase to capital funds from the General Fund per the revised 2019 budget.

Based on an evenly split budget, there should be 25% budget remaining at the end of the third quarter.

2019 3rd Quarter Report

General Fund ONLY			Amount of	% of
Department	FY 2019 Budget	Expenditures as of 9/30/19	Budget Remaining	Budget Remaining
City Commission	\$ 955,000	\$ 706,643	\$ 248,357	26.01%
Office of the City Manager	4,096,000	2,450,502	1,645,498	40.17%
Planning & Development	3,183,000	2,165,313	1,017,687	31.97%
Finance	7,573,000	6,407,938	1,165,062	15.38%
Information Services	1,295,000	816,951	478,049	36.91%
Office of the City Attorney	2,387,000	1,519,792	867,208	36.33%
Police Department	25,433,000	15,993,995	9,439,005	37.11%
Fire/EMS Department	23,289,000	15,033,580	8,255,420	35.45%
Parks and Recreation	4,949,000	3,493,814	1,455,186	29.40%
MSO	8,800,000	5,215,614	3,584,386	40.73%
General Fund	\$ 81,960,000	\$ 53,804,142	\$ 28,155,858	34.35%

All Major Funds

Fund	FY 2019 Budget	Expenditures as of 9/30/19	Amount of Budget Remaining	% of Budget Remaining
General	\$ 81,960,000	\$ 53,804,142	\$ 28,155,858	34.35%
Water/Sewer	49,570,000	24,372,384	25,197,616	50.83%
Solid Waste	15,360,000	9,001,743	6,358,257	41.39%
Bond & Interest	12,441,000	11,483,372	957,628	7.70%
Capital Improvement Reserve	6,237,000	5,245,938	991,062	15.89%
Public Transportation	6,208,000	2,807,412	3,400,588	54.78%
Recreation	6,096,000	4,029,499	2,066,501	33.90%
Central Maintenance	4,803,000	2,721,099	2,081,901	43.35%
Library	4,538,000	4,538,000	-	0.00%
Outside Agency Grants	4,114,000	2,576,064	1,537,936	37.38%
Stormwater	3,815,000	1,531,332	2,283,668	59.86%
Special Gas	2,960,000	1,747,028	1,212,972	40.98%
Water/Sewer Nonbonded Const	2,460,000	129,626	2,330,374	94.73%
Guest Tax	2,155,000	1,586,458	568,542	26.38%
Equipment Reserve	1,538,000	605,428	932,572	60.64%
Solid Waste Nonbonded Constr.	1,465,000	1,465,000	-	0.00%
Public Parking	1,189,000	667,047	521,953	43.90%
Housing Trust	1,048,000	200,395	847,605	80.88%
Comm. Dev. Block Grant	1,000,000	568,736	431,264	43.13%
Special Alcohol	963,000	605,134	357,866	37.16%
Public Golf Course	898,000	668,963	229,037	25.51%
Special Recreation	860,000	507,230	352,770	41.02%
Farmland Escrow	632,000	212,070	419,930	66.44%
Major Funds	\$ 212,310,000	\$ 131,074,099	\$ 81,235,901	38.26%

2019 3rd Quarter Report

General Fund Reserve Policy:
Unrestricted Fund Balance is 25% of the
following year's expenditure budget

Reserve Policy Indicator

Status	Indicator	Comments
	Unrestricted Fund Balance is 25% of the following year's expenditure budget	The General Fund reserve balance at 12/31/18 was 31% of 2019 budgeted expenditures.

2019 3rd Quarter Report

Reserve Policy Discussion

Currently, the City only has a reserve policy for the General Fund.

The funds identified as over the target in 2018, are budgeted to be transferred to the Capital Reserve Fund (\$2 million), and the Equipment Reserve Fund (\$1.149 million) to support the City's Capital Improvement Plan, and to bring the Fund Balance back in line with the City's policy. Once these transfers are considered, the revised Fund Balance will be 26.7% of projected expenditures.

All Major Funds

Fund	Revenues as of 9/30/19	Expenditures as of 9/30/19	Revenues Over / (Under) Expenditures	9/30/19 Projected Reserve Balance	Reserve % of Budget
General	\$ 62,165,047	\$ 53,804,142	\$ 8,360,905	\$ 33,813,505	41.26%
Water/Sewer	31,273,969	24,372,384	6,901,585	32,301,585	65.16%
Solid Waste	11,537,521	9,001,743	2,535,778	12,576,120	81.88%
Bond & Interest	11,664,759	11,483,372	181,387	11,013,691	88.53%
Capital Improvement Reserve	8,303,055	5,245,938	3,057,117	11,957,672	191.72%
Public Transportation	3,692,981	2,807,412	885,570	16,840,824	271.28%
Recreation	4,444,763	4,029,499	415,264	1,299,026	21.31%
Central Maintenance	3,135,186	2,721,099	414,088	(272,941)	-5.68%
Library	4,538,000	4,538,000	-	86,494	1.91%
Outside Agency Grants	2,245,073	2,576,064	(330,991)	(79,999)	-1.94%
Stormwater	2,431,564	1,531,332	900,232	4,365,979	114.44%
Special Gas	1,510,855	1,747,028	(236,173)	2,129,874	71.96%
Water/Sewer Nonbonded Const	847,188	129,626	717,561	4,751,924	193.17%
Guest Tax	1,299,802	1,586,458	(286,656)	658,029	30.53%
Equipment Reserve	1,735,768	605,428	1,130,340	2,562,470	166.61%
Solid Waste Nonbonded Constr.	27,273	1,465,000	(1,437,727)	27,273	1.86%
Public Parking	1,075,299	667,047	408,252	589,204	49.55%
Housing Trust	672,452	200,395	472,057	699,636	66.76%
Comm. Dev. Block Grant	599,367	568,736	30,632	341,154	34.12%
Special Alcohol	612,015	605,134	6,881	203,799	21.16%
Public Golf Course	796,374	668,963	127,410	190,760	12.40%
Special Recreation	631,702	507,230	124,472	584,393	27.12%
Farmland Escrow	142,322	212,070	(69,748)	3,765,281	60.65%
Major Funds	\$ 155,382,334	\$ 131,074,099	\$ 24,308,236	\$ 140,405,753	63.87%

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Debt Management Indicators

Status	Indicator	Comments
	Ratio of budgeted debt service to total expenses	The ratio of debt service to total expenditures is 12% for the 2019 budget (this percentage is considered favorably by the credit rating agencies - target is 15% or less).
	Ratio of direct general obligation (g.o.) debt to appraised valuation	The ratio of city g.o. debt to appraised valuation is 1.46%. This is considered very manageable by the credit rating agencies.

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Debt Management Discussion

As of September 30, 2019 the City has \$95 million in outstanding general obligation (g.o.) Debt, and \$162 million in revenue bonded debt.

The City's total debt service in FY 2019 is \$30.7 million or 11.85% of expenses. This is considered to be manageable by the credit rating agencies (generally, the rating agencies prefer ratios of 15% or lower).

The ratio of g.o. debt to appraised value (estimated market value) is 0.17% - the rating agencies consider this to be very manageable and is what is helping keep the City's bond rating at Aa1 (rated "highest quality" by Moody's).

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Investment Indicators

Status	Indicator	Comments
	Portfolio distribution compared to policy parameters	The portfolio value by investment type is within the limits established by the city's investment policy.
	Current return vs. portfolio rate of return benchmark	Current investment return of 1.20% is in line with the benchmark of the 90 day Treasury 1.21%.

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City of Lawrence

QUARTERLY PORTFOLIO REPORT QUARTER ENDING SEPTEMBER 30, 2019

The City of Lawrence manages its investment portfolio in accordance with key state statutes, including K.S.A. 12-1675, K.S.A. 12-1677b and K.S.A. 10-131. Kansas law requires most idle funds to be first bid to Lawrence banks before investment in Treasuries, Agencies, or Municipal Bonds.

TOTAL ASSETS	\$225,931,553	12-MONTH FORWARD INCOME PROJECTION	\$4,160,911
CHANGE FROM PRIOR YEAR	\$48,452,986 ↑	CHANGE FROM PRIOR YEAR	\$1,526,329 ↑
PORTFOLIO YTM	2.04%	1-YEAR TREASURY YIELD	1.75% ↓
CHANGE FROM PRIOR YEAR	0.35% ↑	2-YEAR TREASURY YIELD	1.63% ↓

Reporting Period	Market Value	Yield to Mat	Yield to Call	Current Yield	12-Month Income
As of September 30, 2019	\$ 225,931,553	2.04%	1.84%	1.80%	\$ 4,160,911
As of September 30, 2018	\$ 177,478,568	1.69%	1.48%	1.50%	\$ 2,634,581

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PORTFOLIO HOLDINGS HEAT MAP



TOP BANK HOLDINGS

Holding	Market Value	% of Total
Intrust Bank	\$ 66,000,000	29.21%
Capitol Federal Savings	\$ 39,500,000	17.48%
US Bank	\$ 13,451,099	5.95%
Central National Bank	\$ 5,000,000	2.21%
TOTAL	\$ 123,951,099	54.86%

BENCHMARK PERFORMANCE

	Year-to-Date	Inception-to-Date
Portfolio Returns	1.78%	4.21%
90d Treasury Benchmark Returns	1.76%	4.36%

Questions?



City of Lawrence
