

City of Lawrence Quarterly Financial Report

Quarter ending March 31, 2020

Prepared by the Finance Department



City of Lawrence

2020 1st Quarter Report


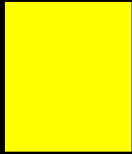
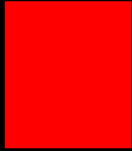
The information contained in this report is unaudited. Only Funds with Appropriations of \$500,000 or more are reviewed.

The report focuses on five key indicators:

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

2020 1st 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

2020 1st Quarter Report

From January through March 2020, the City's key revenues increased by \$2.6 million (5.60%) compared with revenue collections for the same period in 2019.

2020 1st Quarter Report

Revenue Indicators

Status	Indicator	Comments
	Property Taxes	5% higher than the prior year and are on target with the budget.
	Sales Taxes – City	1% higher than the prior year and are on target with the budget.
	Use Tax – City	4.9% higher than the prior year and are on target with the budget.
	Sales Taxes – County	0.73% higher than the prior year and are on target with the budget.
	Use Tax County	11% higher than the prior year and are on target with the budget.
	Franchise Fees - Electric	18% higher than last year. and are on target with the budget.
	Franchise Fees – Natural Gas	-17% lower than the prior year. Will need to monitor

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Revenue Indicators

Status	Indicator	Comments
	Franchise Fee – Communications	-5% lower than the prior year. We will need to monitor
	Gasoline Tax	3% higher than the prior year and are on target with the budget.
	Transient Guest Tax	5% higher than the prior year and are on target with the budget.
	Liquor Tax	4% higher than the prior year and are on target with the budget.
	Water/Sewer Fees	5% higher than the prior year and are on target with the budget.
	Solid Waste Fees	6% higher than the prior year and are on target with the budget.
	Roll Off Fees	4% higher than the prior year and are on target with the budget.

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Revenue Indicators

Status	Indicator	Comments
	Storm Water Fees	5% lower than the prior year and are on target with the budget.
	Douglas County EMS Fees	44% Higher than the prior year. This revenue has wide timing variances throughout the year.

2020 1st Quarter Report

Revenue Discussion

Collections for the City's key revenues increased \$2.6 million (5.60%) from Jan-March 2020 compared to the same period in 2019.

Natural Gas Franchise tax collections were lower by \$63 thousand (-17.02%). The decrease is due to a milder winter than originally anticipated. We will need to monitor the impact to the budget throughout the remainder of the year.

Communications Franchise tax collections were lower by \$12 thousand (-5.26%). This reduction was expected, and we are within the budget target for FY 2020.

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General Fund ONLY


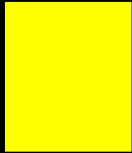
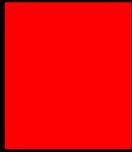
Revenue Type	FY 2020 Budget	Revenues as of 3/31/2020	Amount of Budget Remaining	% of Budget Remaining
Property Taxes	\$ 23,996,000	\$13,071,116	\$10,924,884	45.53%
Sales Taxes	30,443,000	7,788,613	22,654,387	74.42%
Franchise Fees	7,999,000	1,820,348	6,178,652	77.24%
Licenses & Permits	2,133,000	396,698	1,736,302	81.40%
Intergovernmental	1,332,000	282,865	1,049,135	78.76%
Charges for Services	7,883,000	2,350,422	5,532,578	70.18%
Fines & Penalties	2,000,000	332,021	1,667,979	83.40%
Interest income	192,000	135,489	56,511	29.43%
Miscellaneous	427,000	87,063	339,937	79.61%
Transfers from other funds	4,770,000	1,192,500	3,577,500	75.00%
General Fund	\$ 81,175,000	\$27,457,135	\$53,717,865	66.18%

All Major Funds

Fund	FY 2020 Budget	Revenues as of 3/31/2020	Amount of Budget Remaining	% of Budget Remaining
General	\$ 81,175,000	\$ 27,457,135	\$ 53,717,865	66.18%
Water/Sewer	52,152,000	7,814,877	44,337,123	85.02%
Solid Waste	14,904,000	3,162,482	11,741,518	78.78%
Bond & Interest	13,286,000	7,416,293	5,869,707	44.18%
Capital Improvement Reserve	9,466,000	1,525,150	7,940,850	83.89%
Recreation	5,925,000	981,901	4,943,099	83.43%
Central Maintenance	5,154,000	680,167	4,473,833	86.80%
Public Transportation	5,005,000	1,039,757	3,965,243	79.23%
Administrative Charges	4,880,000	1,291,379	3,588,621	73.54%
Library	4,782,000	2,652,454	2,129,546	44.53%
Outside Agency Grants	4,264,750	450,288	3,814,462	89.44%
Stormwater	3,434,000	705,319	2,728,681	79.46%
Water/Sewer Nonbonded Const	3,000,000	742,199	2,257,801	75.26%
Special Gas	2,899,000	734,353	2,164,647	74.67%
Economic Development Funds	2,563,000	866,962	1,696,038	66.17%
Public Parking	2,224,000	229,342	1,994,658	89.69%
Guest Tax	1,814,000	448,313	1,365,687	75.29%
Housing Trust	1,275,000	588,799	686,201	53.82%
Public Golf Course	1,017,000	91,306	925,694	91.02%
Special Recreation	828,000	212,442	615,558	74.34%
Special Alcohol	826,000	214,641	611,359	74.01%
Comm. Dev. Block Grant	817,000	146,875	670,125	82.02%
Equipment Reserve	790,000	182,780	607,220	76.86%
Farmland Escrow	10,000	11,640	(1,640)	-16.40%
Major Funds	<u>\$ 222,490,750</u>	<u>\$ 59,646,854</u>	<u>\$ 162,843,896</u>	<u>73.19%</u>

2020 1st 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

2020 1st Quarter Report

From January through March 2020, the City's key expenditures increased by \$5.6 million (13.97%) compared with expenditures for the same period in 2019.

2020 1st Quarter Report

Expenditure Indicators

Status	Indicator	Comments
Yellow	Personnel Services	3% higher than the prior year and are on target with the budget.
Green	Contractual Services	0.68% higher than the prior year but is within budget.
Red	Commodities	70% higher than the prior year and are on target with the budget.
Red	Capital Outlay	67% higher than last year and are on target with the budget.
Red	Other	774% higher than last year and are on target with the budget.
Red	Debt Service	16% higher than the prior year but is within budget.
Red	Transfers to other funds	45% higher than the prior year and are on target with the budget.

2020 1st Quarter Report

Expenditure Discussion

Expenditures for the City increased \$5.6 million (13.97%) from Jan-March 2020 compared to 2019.

Commodities increased \$1.6 million (70.38%) primarily due to changes to upfront costs in the raw water purchase contracts with the State of Kansas.

Capital Outlay increased \$1.7 million (67.04%) primarily due to the construction of the police headquarters and various water/wastewater capital projects as listed in the CIP.

2020 1st Quarter Report

Expenditure Discussion

Other is where we are classifying the new internal service charges for Human Resources, Information Technology, Finance, and Risk Management as discussed in the FY 2020 budget.

Debt Service increased \$270 thousand (16.18%) due to increases in planned debt payments for the 2019-A General Obligation bonds. While the expenditures are higher than 2019, these were budgeted.

Transfers to other funds increased \$1.15 million (45.42%) due to increases from the General Fund to the other operating funds to help offset the first year of the internal service charges, as well as planned increased transfers from the Water/Wastewater Fund for CIP, and finally the grant match for the airport runway project. All of these increases were budgeted.

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General Fund ONLY

Department	FY 2020 Budget	Expenditures as of 3/31/2020	Amount of Budget Remaining	% of Budget Remaining
City Commission	\$ 974,000	\$ 402,004	\$ 571,996	58.73%
Office of the City Manager	3,079,000	747,111	2,331,889	75.74%
Planning & Development	3,315,000	657,370	2,657,630	80.17%
Finance	5,544,000	1,550,904	3,993,096	72.03%
Office of the City Attorney	2,733,000	523,567	2,209,433	80.84%
Police Department	27,391,000	5,056,792	22,334,208	81.54%
Fire/EMS Department	24,604,000	4,601,679	20,002,321	81.30%
Parks and Recreation	5,059,000	760,733	4,298,267	84.96%
MSO	9,444,000	1,290,774	8,153,226	86.33%
General Fund	\$ 82,143,000	\$ 15,590,934	\$ 66,552,066	81.02%

All Major Funds

Fund	FY 2020 Budget	Expenditures as of 3/31/2020	Amount of Budget Remaining	% of Budget Remaining
General	\$ 82,143,000	\$ 15,590,934	\$ 66,552,066	81.02%
Water/Sewer	52,454,000	7,528,412	44,925,588	85.65%
Solid Waste	15,711,000	2,259,173	13,451,827	85.62%
Bond & Interest	12,583,000	1,580,802	11,002,198	87.44%
Capital Improvement Reserve	10,918,000	335,368	10,582,632	96.93%
Public Transportation	9,237,000	469,382	8,767,618	94.92%
Recreation	6,220,000	1,175,181	5,044,819	81.11%
Central Maintenance	4,937,000	387,339	4,549,661	92.15%
Administrative Charges	4,878,000	1,256,872	3,621,128	74.23%
Library	4,782,000	2,720,723	2,061,277	43.10%
Water/Sewer Nonbonded Const	4,720,000	22,634	4,697,366	99.52%
Outside Agency Grants	3,529,000	1,612,978	1,916,022	54.29%
Stormwater	3,419,000	778,275	2,640,725	77.24%
Special Gas	3,182,000	474,122	2,707,878	85.10%
Equipment Reserve	2,626,000	700,121	1,925,879	73.34%
Economic Development Funds	2,563,000	706,932	1,856,068	72.42%
Public Parking	2,224,000	208,690	2,015,310	90.62%
Guest Tax	1,920,000	408,170	1,511,830	78.74%
Farmland Escrow	1,470,000	18,682	1,451,318	98.73%
Housing Trust	1,275,000	72,212	1,202,788	94.34%
Public Golf Course	970,000	208,267	761,733	78.53%
Special Recreation	883,000	60,238	822,762	93.18%
Special Alcohol	826,000	307,248	518,752	62.80%
Comm. Dev. Block Grant	752,000	301,854	450,146	59.86%
Major Funds	\$ 234,222,000	\$ 39,184,609	\$ 195,037,391	83.27%

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Reserve Policy Indicator

Status	Indicator	Comments
	General Fund	The current General Fund reserve balance is 26% of budgeted expenditures. This percentage exceeds the 25% target established by policy.

All Major Funds

Fund	12/31/19	Revenues as of 3/31/2020	Expenditures as of 3/31/2020	Revenues	3/31/19	Reserve % of Budget
	Reserve Balance			Over / (Under)	Projected Reserve Balance	
General	\$ 25,826,989	\$ 27,457,135	\$15,590,934	\$11,866,201	\$ 37,693,189	45.89%
Water/Sewer	26,475,965	7,814,877	7,528,412	286,465	26,762,430	51.02%
Solid Waste	12,276,156	3,162,482	2,259,173	903,309	13,179,465	83.89%
Bond & Interest	12,400,299	7,416,293	1,580,802	5,835,491	18,235,790	144.92%
Capital Improvement Reserve	9,954,421	1,525,150	335,368	1,189,782	11,144,203	102.07%
Public Transportation	16,362,299	1,039,757	469,382	570,375	16,932,674	183.31%
Recreation	1,794,632	981,901	1,175,181	(193,280)	1,601,352	25.75%
Central Maintenance	412,414	680,167	387,339	292,828	705,242	14.28%
Administrative Charges	-	1,291,379	1,256,872	34,507	34,507	0.71%
Library	75,547	2,652,454	2,720,723	(68,269)	7,278	0.15%
Outside Agency Grants	30,270	450,288	1,612,978	(1,162,690)	(1,132,420)	-23.99%
Stormwater	5,217,943	705,319	778,275	(72,956)	5,144,987	145.79%
Special Gas	2,172,721	742,199	474,122	268,077	2,440,798	71.39%
Water/Sewer Nonbonded Const.	7,695,692	734,353	22,634	711,719	8,407,411	264.22%
Guest Tax	264,840	448,313	408,170	40,143	304,983	11.61%
Equipment Reserve	2,574,546	229,342	700,121	(470,779)	2,103,767	94.59%
Public Parking	1,155,381	588,799	208,690	380,109	1,535,490	104.46%
Housing Trust	924,382	91,306	72,212	19,094	943,476	74.00%
Comm. Dev. Block Grant	32,597	212,442	301,854	(89,412)	(56,815)	-5.86%
Special Alcohol	690,804	214,641	307,248	(92,607)	598,197	67.75%
Public Golf Course	159,625	146,875	208,267	(61,392)	98,233	6.39%
Special Recreation	611,280	182,780	60,238	122,542	733,822	34.05%
Farmland Escrow	3,628,783	11,640	18,682	(7,042)	3,621,741	58.34%
Major Funds	<u>\$130,737,584</u>	<u>\$ 58,779,892</u>	<u>\$38,477,677</u>	<u>\$20,302,215</u>	<u>\$151,039,799</u>	<u>62.19%</u>

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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 13.60% for the 2020 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 1.07%. This is considered very manageable by the credit rating agencies.

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Debt Management Discussion

As of December 31, 2019 the City has \$93.4 million in outstanding general obligation (g.o.) Debt, and \$175 million in revenue bonded debt.

The City's total debt service in FY 2020 is \$32 million or 13.60% of expenditures. 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 1.07% - 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 0.69% is in line with the benchmark of the 90 day Treasury 0.46%.

2020 1st Quarter Report

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	\$219,463,749	12-MONTH FORWARD INCOME PROJECTION	\$2,759,723
CHANGE FROM PRIOR YEAR	-\$8,693,508 ↓	CHANGE FROM PRIOR YEAR	-\$1,562,662 ↓
PORTFOLIO YTM	0.83%	1-YEAR TREASURY YIELD	0.17% ↓
CHANGE FROM PRIOR YEAR	-1.44% ↓	2-YEAR TREASURY YIELD	0.23% ↓

Reporting Period	Market Value	Yield to Mat	Yield to Call	Current Yield	12-Month Income
As of March 31, 2020	\$ 219,463,749	0.83%	1.26%	1.30%	\$ 2,759,723
As of March 31, 2019	\$ 228,157,256	2.27%	1.89%	1.90%	\$ 4,322,385

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TOP BANK HOLDINGS

Holding	Market Value	% of Total
Capitol Federal Savings	\$ 44,500,000	20.28%
Intrust Bank	\$ 32,764,791	14.93%
US Bank	\$ 23,206,118	10.57%
Central National Bank	\$ 5,000,000	2.28%
TOTAL	\$ 105,470,909	48.06%

BENCHMARK PERFORMANCE

	Year-to-Date	Inception-to-Date
Portfolio Returns	0.69%	5.73%
90d Treasury Benchmark Returns	0.46%	5.31%

Questions?



City of Lawrence
