

City of Lawrence Quarterly Financial Report

Quarter ending September 30, 2020
Prepared by the Finance Department



City of Lawrence

2020 3rd Quarter Report


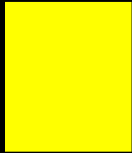
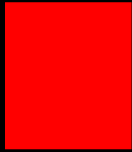
The information contained in this report is unaudited. Only Funds with Appropriations of \$500,000 or more are reviewed.

The report focuses on five key indicators:

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

2020 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

2020 3rd Quarter Report

From January through September 2020, the City's key revenues increased by \$923 thousand (0.75%) compared with revenue collections for the same period in 2019.

2020 3rd Quarter Report

Revenue Indicators

Status	Indicator	Comments
Green	Property Taxes	4.25% higher than the prior year.
Yellow	Sales Taxes – City	3.85% lower than the prior year due to COVID-19.
Green	Use Tax – City	7.13% higher than the prior year.
Yellow	Sales Taxes – County	3.56% lower than the prior year due to COVID-19.
Green	Use Tax County	10.38% higher than the prior year.
Green	Franchise Fees - Electric	0.89% higher than last year.
Red	Franchise Fees – Natural Gas	-15% lower than the prior year. Current Year Budget has been adjusted.

2020 3rd Quarter Report

Revenue Indicators

Status	Indicator	Comments
	Franchise Fee – Communications	-5.84% lower than the prior year. Current Year Budget has been adjusted.
	Gasoline Tax	7.61% lower than the prior year. Current Year Budget has been adjusted.
	Transient Guest Tax	45.65% Lower than the prior year. Current Year Budget has been adjusted.
	Liquor Tax	26.73% lower than the prior year. Current Year Budget has been adjusted.
	Water/Sewer Fees	5.61% higher than the prior year.
	Solid Waste Fees	6.97% higher than the prior year.
	Roll Off Fees	19.59% lower than the prior year. Current Year Budget has been adjusted.

2020 3rd Quarter Report

Revenue Indicators

Status	Indicator	Comments
	Storm Water Fees	5.09% higher than the prior year.
	Douglas County EMS Fees	13.43% lower than the prior year. This revenue has wide timing variances throughout the year.

2020 3rd Quarter Report

Revenue Discussion

Collections for the City's key revenues increased \$923 thousand (0.75%) from Jan-September 2020 compared to the same period in 2019.

Sales Taxes were lower by \$1 million (-3.77%) due to the shutdowns caused by COVID-19, though Use Taxes were up \$283 thousand (8.13%) so the net effect is a decline of \$720 thousand (-2.39%).

Natural Gas Franchise tax collections were lower by \$109 thousand (-15%). The decrease is due to a milder winter than originally anticipated. The 2020 budget has been revised accordingly.

Communications Franchise tax collections were lower by \$39 thousand (-5.84%). The 2020 budget has been revised accordingly.

2020 3rd Quarter Report

Revenue Discussion (Con't)

Gasoline Taxes were lower by \$99 thousand (-7.61%) due to fewer vehicle trips caused by the stay at home order due to COVID-19.

Transient Guest Taxes were lower by \$379 thousand (-45.65%) due to COVID-19.

Liquor Taxes were lower by \$489 thousand (-26.73%) due to COVID-19.

Roll Off Dumpster fees were lower by \$321 thousand (-19.60%). The decrease is due to XXX.

Douglas County EMS fees were lower by \$825 thousand (-13.43%). The decrease is due to XXX.

2020 3rd Quarter Report

General Fund ONLY

Revenue Type	Revenues as of 9/30/2019	Revenues as of 9/30/2020	\$ Change from FY 2019	% Change from FY 2019
Property Taxes	\$ 22,214,360	\$ 23,202,211	\$ 987,851	4.45%
Sales Taxes	22,454,739	21,971,755	(482,984)	-2.15%
Franchise Fees	5,364,197	5,251,311	(112,886)	-2.10%
Licenses & Permits	1,215,893	1,059,223	(156,670)	-12.89%
Intergovernmental	1,101,951	915,126	(186,825)	-16.95%
Charges for Services	6,802,372	5,849,306	(953,066)	-14.01%
Fines & Penalties	1,441,506	711,970	(729,536)	-50.61%
Interest income	127,528	514,800	387,272	303.68%
Miscellaneous	466,353	349,663	(116,690)	-25.02%
Transfers from other funds	2,736,750	3,578,345	841,595	30.75%
General Fund	\$ 63,925,649	\$ 63,403,710	\$ (521,939)	-0.82%

2020 3rd Quarter Report

General Fund ONLY

Revenue Type	FY 2020 Revised Budget	Revenues as of 9/30/2020	Amount of Budget Remaining	% of Budget Remaining
Property Taxes	\$ 23,567,000	\$ 23,202,211	\$ 364,789	1.55%
Sales Taxes	25,752,000	21,971,755	3,780,245	14.68%
Franchise Fees	7,585,000	5,251,311	2,333,689	30.77%
Licenses & Permits	1,571,000	1,059,223	511,777	32.58%
Intergovernmental	1,332,000	915,126	416,874	31.30%
Charges for Services	7,894,000	5,849,306	2,044,694	25.90%
Fines & Penalties	1,460,000	711,970	748,030	51.23%
Interest income	350,000	514,800	(164,800)	-47.09%
Miscellaneous	540,000	349,663	190,337	35.25%
Transfers from other funds	3,805,000	3,578,345	226,655	5.96%
General Fund	\$ 73,856,000	\$ 63,403,710	\$ 10,452,290	14.15%

All Major Funds


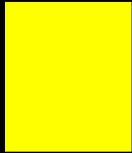
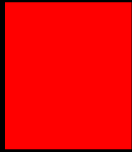
Fund	Revenues as of 9/30/2019	Revenues as of 9/30/2020	\$ Change from FY 2019	% Change from FY 2019
Administrative Charges	\$ -	\$ 3,924,398	\$ 3,924,398	100.00%
Bond & Interest	13,062,081	15,376,196	2,314,115	17.72%
Outside Agency Grants	1,800,808	3,704,502	1,903,694	105.71%
Water/Sewer Nonbonded Const	820,872	2,629,061	1,808,189	220.28%
Water/Sewer	31,270,386	32,773,668	1,503,282	4.81%
Economic Development Funds	1,694,949	2,108,029	413,080	24.37%
Housing Trust	669,599	1,043,879	374,280	55.90%
Stormwater	2,415,624	2,653,276	237,652	9.84%
Comm. Dev. Block Grant	486,356	708,992	222,636	45.78%
Library	4,485,883	4,684,510	198,627	4.43%
Special Gas	1,491,264	1,394,567	(96,697)	-6.48%
Public Golf Course	787,780	667,717	(120,063)	-15.24%
Farmland Escrow	142,798	10,281	(132,517)	-92.80%
Special Alcohol	610,486	453,397	(157,089)	-25.73%
Special Recreation	625,886	454,398	(171,488)	-27.40%
Guest Tax	833,166	468,052	(365,114)	-43.82%
Public Transportation	3,613,857	3,230,537	(383,320)	-10.61%
Central Maintenance	3,135,227	2,631,645	(503,582)	-16.06%
Public Parking	1,065,403	560,484	(504,919)	-47.39%
General	63,925,649	63,403,710	(521,939)	-0.82%
Solid Waste	11,488,867	10,793,734	(695,133)	-6.05%
Equipment Reserve	1,724,726	861,596	(863,130)	-50.04%
Recreation	4,520,393	2,773,823	(1,746,570)	-38.64%
Capital Improvement Reserve	8,070,913	5,960,968	(2,109,945)	-26.14%
Major Funds	<u>\$ 158,742,973</u>	<u>\$ 163,271,420</u>	<u>\$ 4,528,446</u>	<u>2.85%</u>

All Major Funds

Fund	FY 2020 Budget	Revenues as of 6/30/2020	Amount of Budget Remaining	% of Budget Remaining
General	\$ 81,175,000	\$ 47,981,312	\$ 33,193,688	40.89%
Water/Sewer	52,152,000	18,957,033	33,194,967	63.65%
Solid Waste	14,904,000	6,909,141	7,994,859	53.64%
Bond & Interest	13,286,000	12,082,990	1,203,010	9.05%
Capital Improvement Reserve	9,466,000	4,514,644	4,951,356	52.31%
Public Transportation	5,005,000	2,216,035	2,788,965	55.72%
Recreation	5,925,000	1,366,352	4,558,648	76.94%
Central Maintenance	5,154,000	2,010,487	3,143,513	60.99%
Administrative Charges	4,880,000	2,580,617	2,299,383	47.12%
Library	4,782,000	4,386,595	395,405	8.27%
Water/Sewer Nonbonded Const	3,000,000	1,632,175	1,367,825	45.59%
Outside Agency Grants	4,264,750	1,610,358	2,654,392	62.24%
Stormwater	3,434,000	1,726,152	1,707,848	49.73%
Special Gas	2,899,000	786,317	2,112,683	72.88%
Equipment Reserve	790,000	670,012	119,988	15.19%
Economic Development Funds	2,563,000	1,984,604	578,396	22.57%
Public Parking	2,224,000	478,454	1,745,546	78.49%
Guest Tax	1,814,000	320,415	1,493,585	82.34%
Farmland Escrow	10,000	16,116	(6,116)	-61.16%
Housing Trust	1,275,000	812,302	462,698	36.29%
Public Golf Course	1,017,000	312,848	704,152	69.24%
Special Recreation	828,000	400,847	427,153	51.59%
Special Alcohol	826,000	399,828	426,172	51.59%
Comm. Dev. Block Grant	817,000	571,951	245,049	29.99%
Major Funds	<u>\$ 222,490,750</u>	<u>\$ 114,727,585</u>	<u>\$ 107,763,165</u>	<u>48.43%</u>

2020 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 below (+/-) 2% compared to the prior year
	Area of Concern	Any indicator within (+/-) 2% through 5% increase compared to the prior year
	Negative Outlook	Any indicator greater than (+/-) 5% increase compared to the prior year

2020 3rd Quarter Report

From January through September 2020, the City's key expenditures increased by \$13.67 million (10.43%) compared with expenditures for the same period in 2019.

2020 3rd Quarter Report

Expenditure Indicators

Status	Indicator	Comments
	Personnel Services	2.87% higher than the prior year and are on target with the budget.
	Contractual Services	3.89% lower than the prior year but is within budget.
	Internal Services	New program developed in 2020.
	Commodities	7.44% higher than the prior year and are on target with the budget.
	Capital Outlay	155.68% higher than last year and are on target with the budget.
	Other	761.60% higher than last year, but on target with budget.
	Debt Service	18.21% higher than the prior year but is within budget.
	Transfers to other funds	11.39% lower than the prior year. The budget has been revised.

2020 3rd Quarter Report

Expenditure Discussion

Expenditures for the City increased \$13.67 million (10.43%) from September 2020 compared to 2019.

Commodities increased \$672 thousand (7.44%) primarily due to changes to upfront costs in the raw water purchase contracts with the State of Kansas.

Capital Outlay increased \$9.65 million (155.68%) primarily due to the construction of the police headquarters and various water/wastewater capital projects as listed in the CIP.

2020 3rd Quarter Report

Expenditure Discussion (Con't)

Other is where bad debt expenses are recorded. The bad debt expense in the Water/Wastewater Fund is \$XX thousand more than 2019. Solid Waste is \$XX thousand more than 2019.

Debt Service increased \$2.78 million (18.21%) 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 decreased \$1.31 million (-11.39%) due to XXX.

2020 3rd Quarter Report

General Fund ONLY

Department	Expenditures as of 9/30/2019	Expenditures as of 9/30/2020	\$ Change from FY 2019	% Change from FY 2019
City Commission	\$ 706,974	\$ 604,630	\$ (102,344)	-14.48%
Office of the City Manager	2,482,037	1,953,129	(528,908)	-21.31%
Planning & Development	2,155,438	2,139,430	(16,008)	-0.74%
Finance	6,414,117	4,221,672	(2,192,445)	-34.18%
Information Technology	815,201	-	(815,201)	-100.00%
Office of the City Attorney	1,616,506	1,822,233	205,727	12.73%
Police Department	16,344,042	16,549,164	205,122	1.26%
Fire/EMS Department	15,168,968	15,413,475	244,507	1.61%
Parks and Recreation	3,343,163	3,008,884	(334,279)	-10.00%
Health & Social Services	935,673	611,063	(324,610)	-34.69%
MSO	4,224,677	4,823,436	598,759	14.17%
General Fund	<u>\$ 54,206,796</u>	<u>\$ 51,147,116</u>	<u>\$ (3,059,680)</u>	<u>-5.64%</u>



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General Fund ONLY

Department	FY 2020 Revised Budget	Expenditures as of 9/30/2020	Amount of Budget Remaining	% of Budget Remaining
City Commission	\$ 994,000	\$ 604,630	\$ 389,370	39.17%
Office of the City Manager	2,973,000	1,953,126	1,019,874	34.30%
Planning & Development	3,111,000	2,137,894	973,106	31.28%
Finance	6,130,000	4,221,672	1,908,328	31.13%
Office of the City Attorney	2,663,000	1,822,233	840,767	31.57%
Police Department	27,117,000	16,549,166	10,567,834	38.97%
Fire/EMS Department	23,866,000	15,413,475	8,452,525	35.42%
Parks and Recreation	5,035,000	3,008,884	2,026,116	40.24%
Health & Social Services	1,109,000	602,933	506,067	45.63%
MSO	8,178,000	4,823,002	3,354,998	41.02%
General Fund	<u>\$ 81,176,000</u>	<u>\$ 51,137,015</u>	<u>\$ 30,038,985</u>	<u>37.00%</u>

All Major Funds

Fund	Expenditures as of 9/30/2019	Expenditures as of 9/30/2020	\$ Change from FY 2019	% Change from FY 2019
General	\$ 54,206,796	\$ 51,147,116	\$ (3,059,680)	-5.64%
Water/Sewer	23,164,805	26,216,877	3,052,072	13.18%
Bond & Interest	11,512,350	19,246,912	7,734,562	67.18%
Solid Waste	8,824,301	8,996,548	172,247	1.95%
Outside Agency Grants	2,578,892	3,325,615	746,723	28.96%
Central Maintenance	2,721,768	2,218,033	(503,735)	-18.51%
Capital Improvement Reserve	1,140,641	1,835,834	695,193	60.95%
Recreation	4,058,874	3,743,155	(315,719)	-7.78%
Library	4,538,131	4,752,766	214,635	4.73%
Administrative Charges	-	3,573,645	3,573,645	#DIV/0!
Public Transportation	2,797,806	2,210,522	(587,284)	-20.99%
Stormwater	1,540,762	1,641,210	100,448	6.52%
Economic Development Funds	1,611,873	1,897,089	285,216	17.69%
Water/Sewer Nonbonded Const	140,975	1,130,821	989,846	702.14%
Special Gas	1,753,113	1,795,194	42,081	2.40%
Public Golf Course	668,993	668,524	(469)	-0.07%
Equipment Reserve	386,242	299,043	(87,199)	-22.58%
Public Parking	667,221	658,102	(9,119)	-1.37%
Housing Trust	539	191,303	190,764	35392.21%
Guest Tax	1,545,415	991,895	(553,520)	-35.82%
Comm. Dev. Block Grant	548,624	403,686	(144,938)	-26.42%
Special Recreation	477,588	439,897	(37,691)	-7.89%
Special Alcohol	605,641	417,569	(188,072)	-31.05%
Farmland Escrow	651,418	87,280	(564,138)	-86.60%
Major Funds	<u>\$ 126,142,768</u>	<u>\$ 137,888,636</u>	<u>\$ 11,745,868</u>	<u>9.31%</u>

All Major Funds

Fund	FY 2020 Revised Budget	Expenditures as of 9/30/2020	Amount of Budget Remaining	% of Budget Remaining
General	\$ 81,146,000	\$ 51,147,116	\$ 29,998,884	36.97%
Water/Sewer	47,656,000	26,216,877	21,439,123	44.99%
Bond & Interest	18,595,000	19,246,912	(651,912)	-3.51%
Solid Waste	16,340,000	8,996,548	7,343,452	44.94%
Outside Agency Grants	11,829,992	3,325,615	8,504,377	71.89%
Central Maintenance	5,250,000	2,218,033	3,031,967	57.75%
Capital Improvement Reserve	9,147,000	1,835,834	7,311,166	79.93%
Recreation	5,822,000	3,743,155	2,078,845	35.71%
Library	4,782,000	4,752,766	29,234	0.61%
Administrative Charges	4,765,000	3,573,645	1,191,355	25.00%
Public Transportation	5,265,000	2,210,522	3,054,478	58.01%
Stormwater	2,798,000	1,641,210	1,156,790	41.34%
Economic Development Funds	2,563,000	1,897,089	665,911	25.98%
Water/Sewer Nonbonded Const	6,058,000	1,130,821	4,927,179	81.33%
Special Gas	3,150,000	1,795,194	1,354,806	43.01%
Public Golf Course	949,000	668,524	280,476	29.55%
Equipment Reserve	2,486,000	299,043	2,186,957	87.97%
Public Parking	1,465,000	658,102	806,898	55.08%
Housing Trust	1,376,000	191,303	1,184,697	86.10%
Guest Tax	1,057,000	991,895	65,105	6.16%
Comm. Dev. Block Grant	1,619,000	403,686	1,215,314	75.07%
Special Recreation	883,000	439,897	443,103	50.18%
Special Alcohol	826,000	417,569	408,431	49.45%
Farmland Escrow	1,474,000	87,280	1,386,720	94.08%
Major Funds	<u>\$ 237,301,992</u>	<u>\$ 137,888,636</u>	<u>\$ 99,413,356</u>	<u>41.89%</u>

2020 3rd Quarter Report

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 Reserve Balance	Revenues as of 9/30/2020	Expenditures as of 9/30/2020	Revenues Over / (Under) Expenditures	9/30/20 Projected Reserve Balance	Reserve % of Budget
General	\$ 24,709,340	\$ 63,403,710	\$ 51,147,116	\$12,256,594	\$ 36,965,934	45.55%
Water/Sewer	25,927,412	32,773,668	26,216,877	6,556,791	32,484,203	68.16%
Bond & Interest	12,491,540	15,376,196	19,246,912	(3,870,716)	8,620,824	52.76%
Solid Waste	8,746,281	10,793,734	8,996,548	1,797,186	10,543,467	56.70%
Outside Agency Grants	1,788	3,704,502	3,325,615	378,887	380,675	4.16%
Central Maintenance	136,776	2,631,645	2,218,033	413,612	550,388	10.45%
Capital Improvement Reserve	9,651,772	5,960,968	1,835,834	4,125,134	13,776,906	236.64%
Recreation	955,483	2,773,823	3,743,155	(969,332)	(13,849)	-0.26%
Library	75,547	4,684,510	4,752,766	(68,256)	7,291	0.15%
Administrative Charges	-	3,924,398	3,573,645	350,753	350,753	7.33%
Public Transportation	16,537,264	3,230,537	2,210,522	1,020,015	17,557,279	289.82%
Stormwater	4,695,574	2,653,276	1,641,210	1,012,066	5,707,640	48.25%
Economic Development Funds	674,884	2,108,029	1,897,089	210,940	885,824	31.66%
Water/Sewer Nonbonded Const.	7,695,692	2,629,061	1,130,821	1,498,240	9,193,931	291.87%
Special Gas	2,779,245	1,394,567	1,795,194	(400,627)	2,378,618	95.68%
Public Golf Course	(301,778)	667,717	668,524	(807)	(302,585)	-11.81%
Equipment Reserve	2,660,570	861,596	299,043	562,553	3,223,123	220.01%
Public Parking	558,264	560,484	658,102	(97,618)	460,646	43.58%
Housing Trust	1,090,562	1,043,879	191,303	852,576	1,943,138	131.83%
Guest Tax	671,621	468,052	991,895	(523,843)	147,778	10.74%
Comm. Dev. Block Grant	256,717	708,992	403,686	305,306	562,023	59.22%
Special Recreation	414,040	454,398	439,897	14,501	428,541	48.53%
Special Alcohol	274,996	453,397	417,569	35,828	310,824	37.63%
Farmland Escrow	2,584,217	10,281	87,280	(76,999)	2,507,218	154.86%
Major Funds	\$123,287,807	\$163,271,420	\$ 137,888,636	\$25,382,784	\$148,670,590	62.65%

2020 3rd Quarter Report

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 1.16%. This is considered very manageable by the credit rating agencies.

2020 3rd Quarter Report

Debt Management Discussion

As of December 31, 2019 the City has \$101.5 million in outstanding general obligation (g.o.) Debt, and \$174.6 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 1.16% - 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).

2020 3rd Quarter Report

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 1.03% is ahead of our benchmark with the 90 day Treasury of 0.52%.

2020 3rd Quarter Report



City of Lawrence

QUARTERLY PORTFOLIO REPORT QUARTER ENDING SEPTEMBER 30, 2020

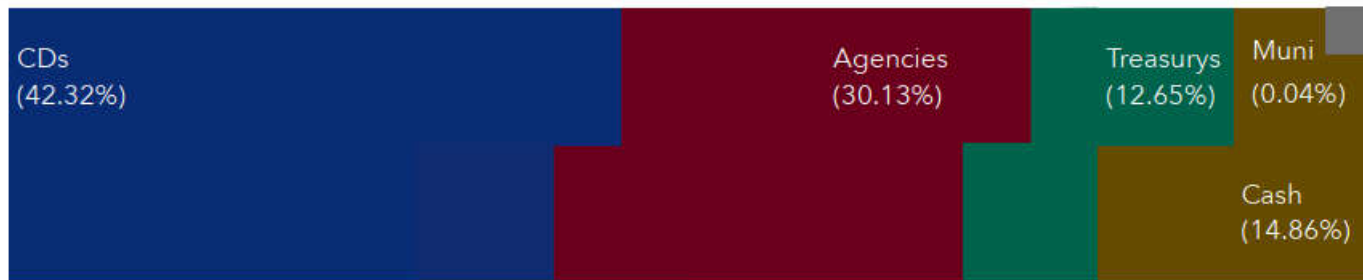
The City of Lawrence manages its investment portfolio in accordance with key state statutes, including K.S.A. 12-1675, K.S.A. 12-1677b and K.S.A. 10-131. Kansas law requires most idle funds to be first bid to Lawrence banks before investment in Treasuries, Agencies, or Municipal Bonds.

TOTAL ASSETS	\$224,636,058	12-MONTH FORWARD INCOME PROJECTION	\$1,790,994
CHANGE FROM PRIOR YEAR	-\$1,295,496 ↓	CHANGE FROM PRIOR YEAR	-\$2,369,916 ↓
PORTFOLIO YTM	0.43%	1-YEAR TREASURY YIELD	0.12% ↓
CHANGE FROM PRIOR YEAR	-1.61% ↓	2-YEAR TREASURY YIELD	0.13% ↓

Reporting Period	Market Value	Yield to Mat	Yield to Call	Current Yield	12-Month Income
As of September 30, 2020	\$ 224,636,058	0.43%	0.80%	0.80%	\$ 1,790,994
As of September 30, 2019	\$ 225,931,553	2.04%	1.84%	1.80%	\$ 4,160,911

2020 3rd Quarter Report

PORTFOLIO HOLDINGS HEAT MAP



TOP BANK HOLDINGS

Holding	Market Value	% of Total
Capitol Federal Savings	\$ 52,500,000	23.37%
Intrust Bank	\$ 42,562,176	18.95%
US Bank	\$ 23,666,695	10.54%
TOTAL	\$ 118,728,871	52.85%

BENCHMARK PERFORMANCE

	Year-to-Date	Inception-to-Date
Portfolio Returns	1.03%	6.00%
90d Treasury Benchmark Returns	0.52%	5.38%

Questions?



City of Lawrence
