

CITY OF LAWRENCE, KANSAS

Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2021

**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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City of Lawrence

CRAIG S. OWENS
CITY MANAGER

City Offices
PO Box 708 66044-0708
www.lawrenceks.org

6 East 6th St
785-832-3000
FAX 785-832-3405

CITY COMMISSION

MAYOR
COURTNEY SHIPLEY

COMMISSIONERS
LISA LARSEN
NATHAN LITTLEJOHN III
AMBER SELLERS
BRADLEY R. FINKELDEI

July 26, 2022

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

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, 2021. 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, 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.

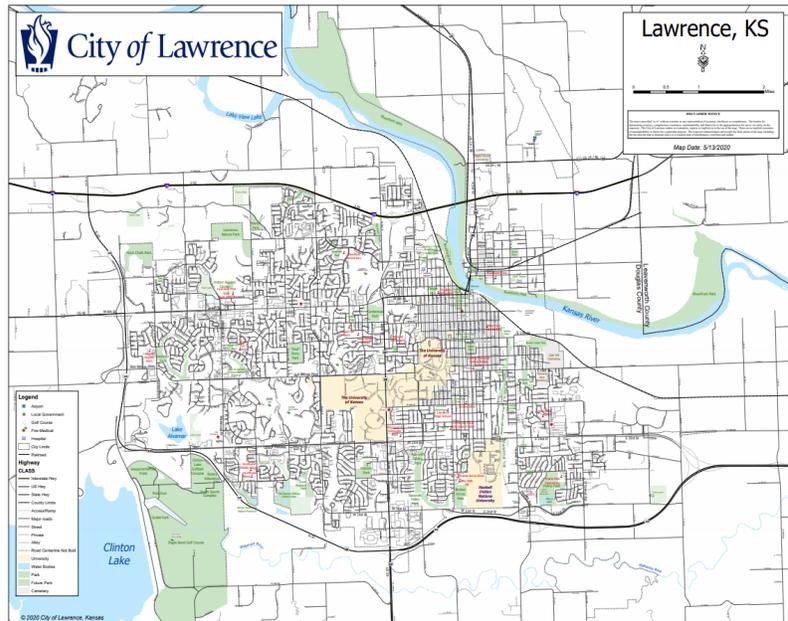
The City’s financial statements have been audited by *RSM US LLP*. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2021, are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, 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, 2021, 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 as well as other historical audited financial statements, prior year(s) operating and capital budgets, as well as other financial reports, may also be accessed via the City’s website at <https://lawrenceks.org/finance/>.



Profile of the City

Lawrence was founded by and named after [Amos Adams Lawrence](#), a [Republican](#) abolitionist originally 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 located in the northeastern sector of the state, astride [Interstate 70](#), between the [Kansas](#) and [Wakarusa](#) Rivers. The City encompasses approximately 34.3 square miles and had an estimated population of 105,200, as of December 31, 2021. Lawrence is a [college town](#) and the 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 the two-year term. Each year the Commission chooses one of its members to serve as Mayor. The Commission is responsible for policy making, 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.

The City provides a full range of services which include police and fire protection, construction and maintenance of infrastructure, community development and planning, and recreational and cultural activities. The City also operates water, wastewater, and storm water utilities. In addition, the City provides both residential and commercial solid waste removal services to its citizens.

Expenditures are authorized in a budget, approved by the City Commission, as required by State Statute. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained using an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved with the use of an encumbrances, 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 are 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

The City continues to grow with an average of almost 3 new residents every day over the past ten years. The recent addition of the Venture Park business park will provide space for new businesses and jobs. The economy is varied and diverse, producing a wide variety of products and services. Approximately 62% of the sales taxes generated in the City come from retail sales. About 13% comes from food and beverage stores, and about 12% comes from food service and drinking establishments. At the end of 2021, the City's unemployment rate was 1.8% compared to the 2.6% for the State of Kansas and the national rate of 3.9%.

Long-term financial planning

The City prepares a five-year Capital Improvement Plan (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2022-2026 CIP includes project costs totaling \$243.68 million. Of the \$51.63 million of funding for 2022, 66.74% 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 financial condition of the City 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 14 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, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for 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 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 30 consecutive years. 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.

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, and Susan Desch 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 2021 financial records.

Respectfully submitted,



Jeremy Willmoth
Finance Director



Jennifer Werth
Senior Accountant

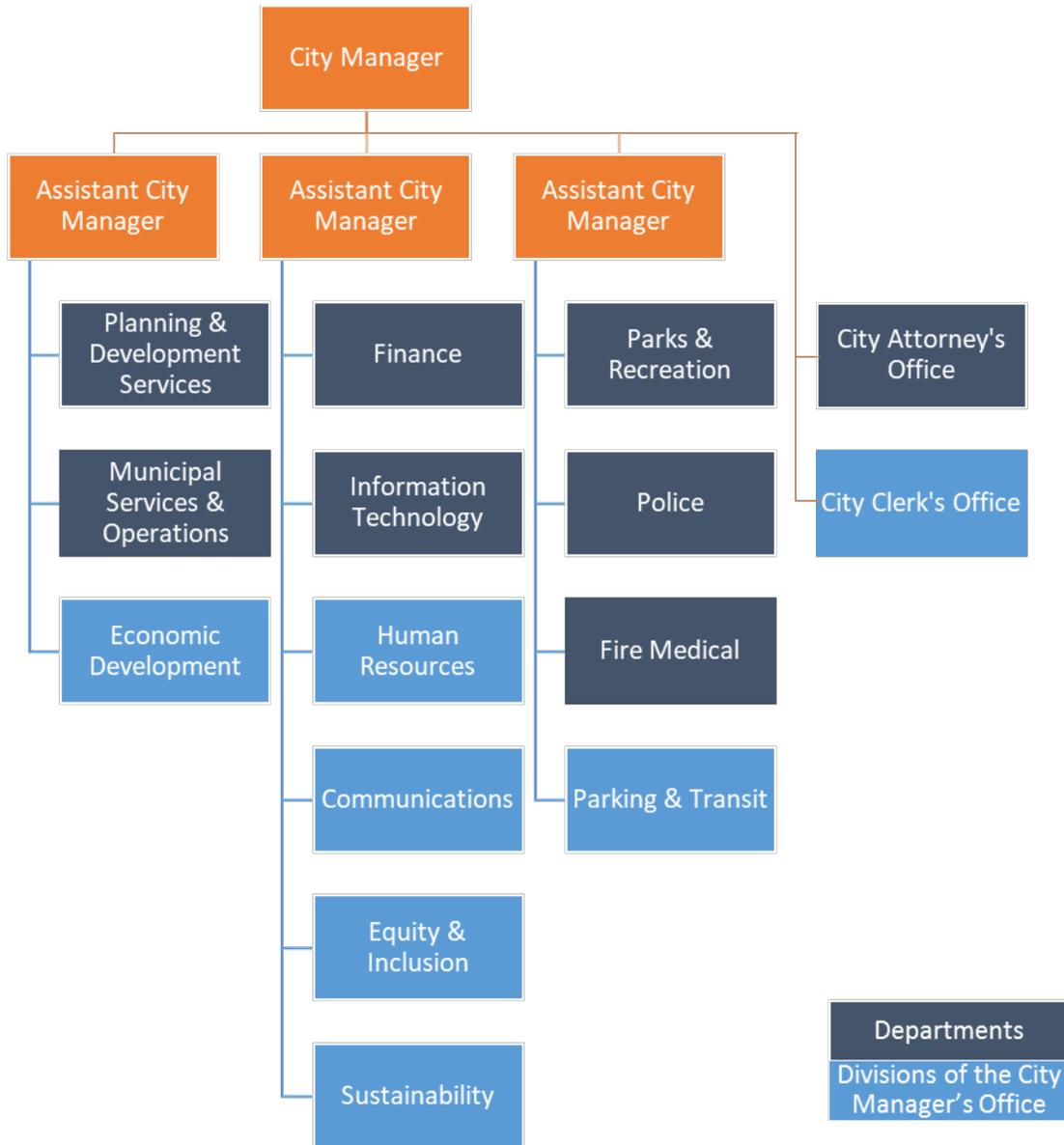
CITY OF LAWRENCE, KANSAS

List of Principal Officials
As of December 31, 2021

TITLE	NAME
Mayor	Courtney Shipley
Vice Mayor	Lisa Larsen
Commission Member	Bart Littlejohn
Commission Member	Brad Finkeldei
Commission Member	Amber Sellers
City Manager	Craig S. Owens
Assistant City Manager	Diane Stoddard
Assistant City Manager	Casey Toomay
Assistant City Manager	Brandon McGuire
City Clerk	Sherri Riedemann
City Attorney	Toni Wheeler
Finance Director	Jeremy Willmoth
Fire Chief	Tom Fagan (Interim)
Information Technology Director	Michael Aldridge
Municipal Services and Operations Director	Melinda Harger (Interim)
Parks and Recreation Director	Derek Rogers
Planning and Development Services Director	Jeff Crick
Police Chief	Adam Heffley (Interim)

City of Lawrence, Kansas

Organizational Chart
December 31, 2021





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, 2020

Christopher P. Morill

Executive Director/CEO



Independent Auditor's Report

RSM US LLP

Honorable Mayor and
Members of the City Council 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, 2021, 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 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Lawrence-Douglas County Housing Authority (the Authority), the Lawrence Memorial Hospital (the Hospital) (the Hospital includes discretely presented component units; the Lawrence Memorial Hospital Endowment Association (the Endowment) and the Lawrence Surgery Center, LLC (the Surgery Center)) or the Lawrence Public Library (the Library), discretely presented component units of the City, which collectively represent all of the assets, net position and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of eXplore Lawrence, which is a blended component unit and non-major governmental fund of the City. The financial statements of eXplore Lawrence comprise 0.79% of total assets and 1.49% of total revenues of the aggregate remaining fund information and represent 0.17% of total assets and 0.88% of total revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, 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 Matter

As discussed in Note 16 of the financial statements, the discretely presented component unit of the City (the Housing Authority, audited by other auditors) did not properly account for its HUD CARES Act grants in the prior year. The change had a material impact on the discretely presented component unit financial statements. Accordingly, the prior year financial statements for 2020 have been restated, which affected beginning net position for the year ended December 31, 2021. Our opinions are not modified with respect to that matter.

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, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual 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
July 26, 2022

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2021

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, 2021, as a part of the overall Annual Comprehensive Financial Report (Annual Report). This overview compares the fiscal year ended December 31, 2021, with the fiscal year ended December 31, 2020. Readers are encouraged to consider the information presented here, in conjunction with the letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of the City of Lawrence exceeded its liabilities and deferred inflows as of December 31, 2021, by \$436.76 million. This is our total net position. Of this amount, \$32.92 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 \$15.76 million. This is a significant increase over the prior year, which only increased \$28 thousand. The City saw an increase in revenue of 8.65 million (4.32% increase) and a decrease in expenses of \$7.08 million (3.54% decrease) which resulted in the significant increase in net position.
- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$117.69 million, an increase of \$25.18 million in comparison with the prior year. This was primarily due to increases in cash and investments due to issuing \$26.52 million in temporary notes for capital projects.
- As of December 31, 2021, the City's business-type activities reported combined total net position of \$201.88 million, an increase of \$4.61 million in comparison with the prior year. This was primarily due to increases in charges for services for utility revenues \$6.6 million, and an increase in expenses of \$1.70 million.
- At December 31, 2021, the fund balance for the general fund was \$24.923 million or 30% of revenues.
- The City's total debt, including temporary notes increased by \$48.83 million to a total of \$364.83 million. The key factors were an increase in general obligation debt (\$20.65 million), a decrease in temporary notes (\$13.22 million) and an increase in revenue bonds (\$41.35 million).
- The total OPEB Liability as of the end of the year is 19.22 million.
- The Net Pension Liability as of the end of the year is \$ 64.51 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, 2021

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 sanitary sewer, sanitation, storm sewer, parking, and golf course operations.

The government-wide financial statements include not only the City (known as the primary government), but also the legally separate entities for which the City is financially accountable. The City has six *component units*. The Lawrence Public Library, Lawrence Housing Authority, Lawrence Memorial Hospital Endowment Association, Lawrence Surgery Center, LLC and Lawrence Memorial Hospital are considered discretely presented and are shown separately on the face of the financial statements. eXplore Lawrence is considered a blended component unit and is therefore combined within the City's primary governing statements as a Special Revenue Fund.

The City also has an advised foundation fund held at the Douglas County Community Foundation. The funds in the Foundation are from grants and donations. This fund is reported as a Special Revenue Fund in the City's financial statements.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the *governmental funds* and *governmental activities*.

The City of Lawrence maintains 26 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 82-92 of this report.

Budgets were adopted by the governing body for 2021 operations for the general fund plus 16 additional governmental funds that are legally required to be adopted. A budgetary comparison statement has been provided for the budgeted governmental funds to demonstrate compliance with this budget.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2021

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 sewer operations, sanitation 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, health care 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 sewer, storm water, and sanitation 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 113-122 of this report.

Notes to the financial statements

The notes to the basic financial statements begin on page 31. 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 77-81 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 \$436.76 million at December 31, 2021. The City's net position increased by \$15.76 million. Governmental activities increased net position by \$11.23 million while business-type activities increased net position by \$4.61 million in 2021. 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, 2021

Table 1. City of Lawrence's Net Position, Year Ended December 31, 2021, and December 31, 2020 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary	
	2021	2020	2021	2020	2021	2020
Current and other Assets	\$ 212,149	\$ 179,249	\$ 148,035	\$ 99,571	\$ 360,184	\$ 278,820
Capital assets, net of depreciation	304,080	309,931	302,016	308,730	606,096	618,661
Total assets	<u>516,229</u>	<u>489,180</u>	<u>450,051</u>	<u>408,301</u>	<u>966,280</u>	<u>897,481</u>
Deferred outflows of resources	19,299	20,861	4,241	4,141	23,540	25,002
Total assets and deferred outflows of resources	<u>535,528</u>	<u>510,041</u>	<u>454,292</u>	<u>412,442</u>	<u>989,820</u>	<u>922,483</u>
Long-term liabilities						
Current	57,765	70,185	16,554	19,267	74,319	89,452
Non-current	181,812	174,314	231,942	195,060	413,754	369,374
Total liabilities	<u>239,577</u>	<u>244,499</u>	<u>248,496</u>	<u>214,327</u>	<u>488,073</u>	<u>458,826</u>
Deferred inflows of resources	61,074	41,816	3,913	841	64,987	42,657
Total liabilities and deferred inflows of resources	<u>300,651</u>	<u>286,315</u>	<u>252,409</u>	<u>215,168</u>	<u>553,060</u>	<u>501,483</u>
Net Position						
Net investment in capital assets	192,481	198,874	137,090	138,767	329,571	337,641
Restricted	65,999	49,519	8,278	8,203	74,277	57,722
Unrestricted (deficit)	(23,603)	(24,667)	56,515	50,304	32,912	25,637
Total Net Postion	<u>\$ 234,877</u>	<u>\$ 223,726</u>	<u>\$ 201,883</u>	<u>\$ 197,274</u>	<u>\$ 436,760</u>	<u>\$ 421,000</u>

The largest portion of the City's net position, \$329.57 million (75.46%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt and deferred outflows/inflows of resources used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt and deferred inflows/outflows of resources, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$74.28 million (17.01%), represents resources that are subject to external restrictions on how they may be used. This increased \$16.56 million compared to the prior year primarily due to the issuance of temporary notes for capital projects.

The remaining balance of the net position of \$32.91 million (7.54%); (\$1.07 million increase in governmental activities and \$6.21 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, 2021

Table 2. City of Lawrence's Changes in Net Position, Year Ended December 31, 2021, and December 31, 2020 (in thousands):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 13,878	\$ 14,203	\$ 75,598	\$ 68,895	\$ 89,476	\$ 83,098
Operating grants and contributions	11,689	10,619	-	-	11,689	10,619
Capital grants and contributions	489	5,188	-	-	489	5,188
General revenues:						
Property taxes	43,958	43,182	-	-	43,958	43,182
Other taxes	60,781	52,188	-	-	60,781	52,188
Investment Income	313	1,194	112	1,221	425	2,415
Other	1,565	2,584	541	1,000	2,106	3,584
Total Revenues	132,673	129,158	76,251	71,116	208,924	200,274
Expenses:						
General government	24,674	28,182	-	-	24,674	28,182
Public safety	53,987	54,948	-	-	53,987	54,948
Public works	20,835	25,026	-	-	20,835	25,026
Health and social services	5,518	4,338	-	-	5,518	4,338
Culture and recreation	13,527	13,229	-	-	13,527	13,229
Economic development & tourism	4,253	3,897	-	-	4,253	3,897
Interest on long-term debt	3,606	5,359	-	-	3,606	5,359
Water and Sewer	-	-	49,709	45,806	49,709	45,806
Sanitation	-	-	12,657	13,762	12,657	13,762
Nonmajor business-type activities	-	-	4,399	5,699	4,399	5,699
Total expenses	126,400	134,979	66,765	65,268	193,165	200,247
Change in Net Position before transfers	6,273	(5,821)	9,486	5,848	15,759	27
Transfers in(out)	4,878	(11,024)	(4,878)	11,024	-	-
Change in Net Position	11,151	(16,845)	4,608	16,872	15,759	27
Net position, beginning of year	223,726	240,571	197,274	180,402	421,000	420,973
Net position, end of year	\$ 234,877	\$ 223,726	\$ 201,882	\$ 197,274	\$ 436,759	\$ 421,000

Governmental Activities

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

Governmental revenues increased \$3.52 million (2.72%) over the prior year with increases in sales taxes and decreases in capital grants causing the largest portions of the increase.

Governmental expenses decreased \$8.58 million or -6.36% from the prior year with decreases in general government, public safety, public works, social services, tourism, and interest on long term debt being the primary drivers.

General Government:

The General Government expenditures under the General Fund decreased by \$1.8 million as several city management functions were moved from the General Fund to the Internal Service Fund and only the allocable portion of those expenditures were charged to the General Fund. The Special Equipment Fund, and the Capital Projects Fund decreased a total of \$2.1 million as planned expenditures in 2021 were less than 2020 per the City's Capital Improvement Plan.

CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2021**

Public Works:

The Capital Improvement Reserve Fund, and the Capital Projects Fund decreased a total of \$1.9 million as planned expenditures in 2021 were less than 2020 per the City’s Capital Improvement Plan. The largest variations were due to allocations of capital outlay and depreciation being \$2.8 million less in 2021.

Health and Social Services:

The General Fund allocation increased \$576 thousand as funding for the City/County Health Department and funding for the Lawrence Community Shelter increased in 2021. Grant funding also increased \$1.4 million because of increased funding through the CARES Act and ARPA Funds.

Figure 1. Program Revenues Compared to Expenses, Year Ended December 31, 2021:

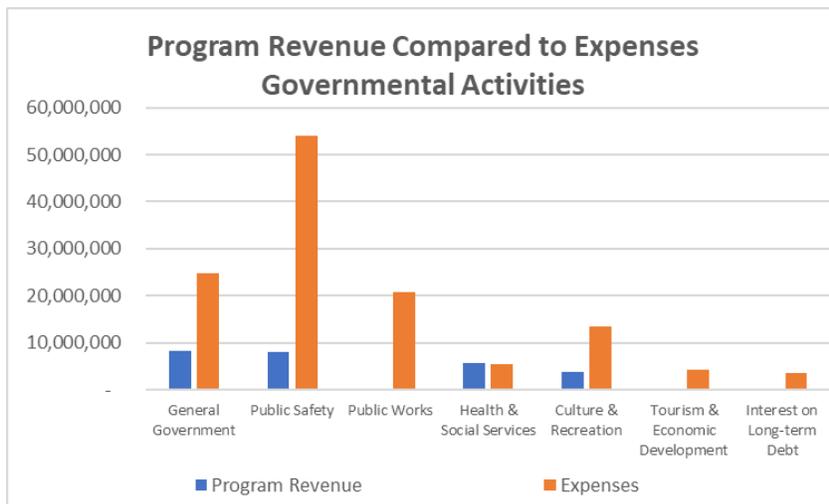
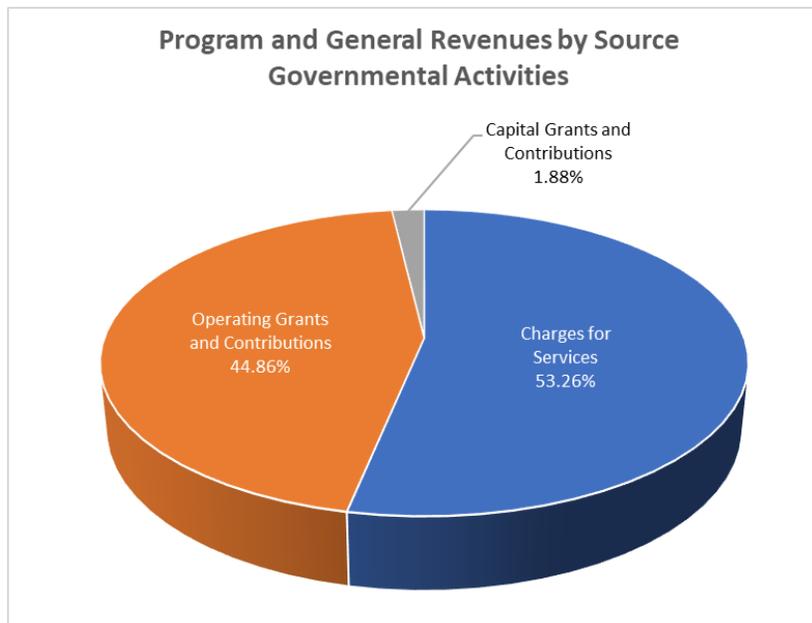


Figure 2. Program Revenues for Governmental Activities, Year Ended December 31, 2021:



CITY OF LAWRENCE, KANSAS

Management’s Discussion and Analysis (Unaudited)
December 31, 2021

Business-type activities

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

Business-type revenues increased \$5.13 million (7.22%) over the prior year with increases in charges for services causing the largest portion of the increase.

Business-type expenses increased \$1.50 million or 2.29% from the prior year with increases to the Water and Sewer Utility being the primary driver.

Figure 3. Expenses for Business-type Activities, Year Ended December 31, 2021:

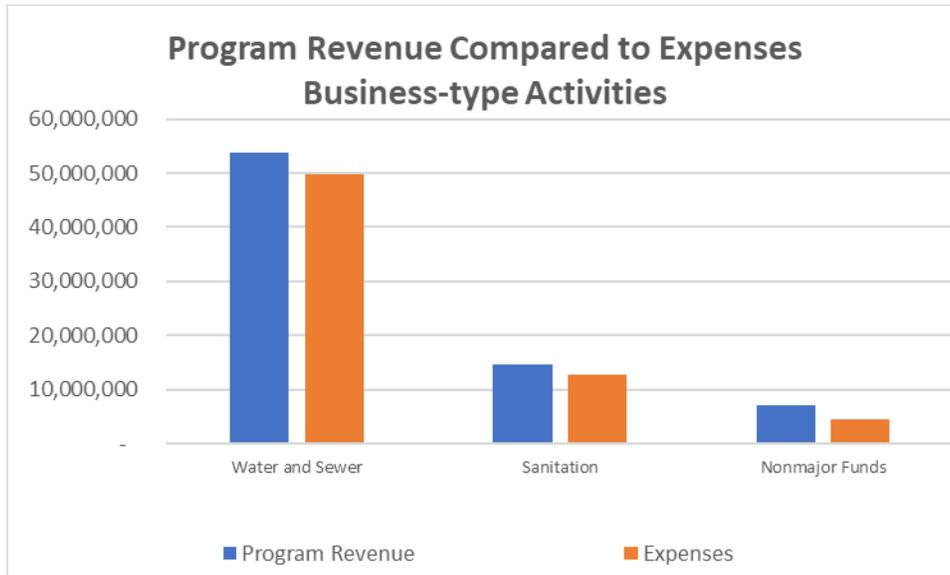
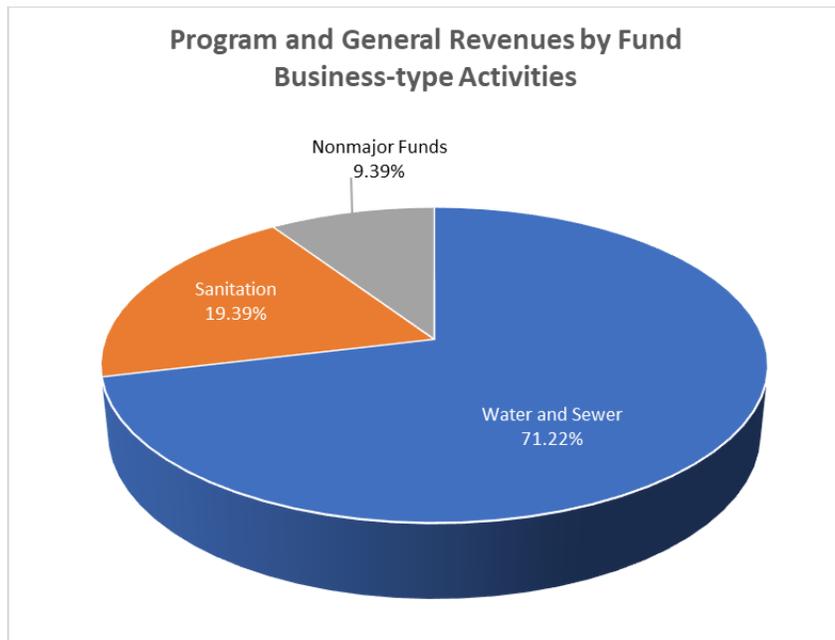


Figure 4. Program Revenues for Business-type Activities, Year Ended December 31, 2021:



CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2021**

Table 3. Water and Sewer Utility Revenues and Expenses, Year Ended December 31, 2021, and December 31, 2020 (in thousands):

	<u>Year Ended December 31</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
REVENUES			
Total operating revenues	\$ 53,843	\$ 48,496	\$ 5,347
Non-operating revenues, net	309	1,079	(770)
Total Revenues	<u>54,152</u>	<u>49,575</u>	<u>4,577</u>
EXPENSES			
Total operating expenses	43,604	39,786	3,818
non-operating expenses			
Interest expense	5,873	6,009	(136)
Other expenses	53	11	42
Total expenses	<u>49,530</u>	<u>45,806</u>	<u>3,724</u>
Income before Transfers	<u>4,622</u>	<u>3,769</u>	<u>853</u>
Transfers, net	(2,488)	(3,199)	711
Capital Contribution	-	13,056	(13,056)
Change in Net Position	<u>2,134</u>	<u>13,626</u>	<u>(11,492)</u>
Net Position, Beginning of Period	<u>158,421</u>	<u>144,795</u>	
Net Position, End of Period	<u>\$160,555</u>	<u>\$158,421</u>	

Total revenues for the year ended December 31, 2021, increased \$4.58 million or 9.23%, compared to the prior year. Total operating revenues which primarily consist of water and sewer fees, increased by \$5.35 million or 11.03%. The increase is due to a rate increase, as well as utilization increases as the community began to resume more normal service levels after being closed the majority of 2020 due to COVID-19. Non-operating revenue decreased by \$770 thousand or 71.36%, which was primarily due to decreases in investment income.

Total expenses increased \$3.72 million or 8.13% when compared to the prior year. Wages and benefits were \$1 million or 9.8% more than 2020. Internal Service Charges were \$1.4 million or 52% more than 2020 as the City expanded those charges to include more shared services. Capital expenses related to the City’s CIP increased \$1.2 million or 25.91% over 2020.

Total operating revenues less operating expenses, or operating margin was \$10 million for fiscal year 2021, an increase of \$1.53 million or 17.55% compared to the prior year.

CITY OF LAWRENCE, KANSAS

**Management’s Discussion and Analysis (Unaudited)
December 31, 2021**

Table 4. Sanitation Utility Revenues and Expenses, Year Ended December 31, 2021, and December 31, 2020 (in thousands):

	<u>Year Ended December 31</u>		Change
	<u>2021</u>	<u>2020</u>	
REVENUES			
Total operating revenues	\$ 14,637	\$ 14,539	\$ 98
Non-operating revenues, net	144	831	(687)
Total Revenues	<u>14,781</u>	<u>15,370</u>	<u>(589)</u>
EXPENSES			
Total operating expenses	12,621	13,490	(869)
non-operating expenses			
Interest expense	-	41	(41)
Other expenses	45	231	(186)
Total expenses	<u>12,666</u>	<u>13,762</u>	<u>(1,096)</u>
Income before Transfers	<u>2,115</u>	<u>1,608</u>	<u>507</u>
Transfers, net	<u>(1,474)</u>	<u>(807)</u>	<u>(667)</u>
Change in Net Position	<u>641</u>	<u>801</u>	<u>(160)</u>
Net Position, Beginning of Period	<u>14,547</u>	<u>13,746</u>	
Net Position, End of Period	<u>\$ 15,188</u>	<u>\$ 14,547</u>	

Total revenues for the year ended December 31, 2021, decreased \$589 thousand or 3.83%, compared to the prior year. Total operating revenues which primarily consist of sanitation fees, increased by \$98 thousand or 0.67%. Non-operating revenue decreased by \$687 thousand or 82.67%, which was primarily due to decreases in investment income miscellaneous income.

Total expenses decreased \$1.096 million or 7.96% when compared to the prior year. Wages and benefits were \$853 thousand or 12.75% less than 2020. Repairs and Maintenance were \$171 thousand less than 2020 primarily due to less being spent on vehicle maintenance in 2021.

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, 2021, the City’s governmental funds reported combined ending fund balances of \$117.69 million, an increase of \$25.18 million in comparison with the prior year. This was primarily due to increases in cash and investments due to issuing \$26.52 million in temporary notes for capital projects.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2021

The general fund is the chief operating fund of the City. At the end of 2021, the unassigned fund balance of the general fund was \$21.89 million and the total fund balance was \$24.92 million which is 26.76% and 30.48% of the total general revenues respectively.

The fund balance of the City's general fund decreased by \$93 thousand during 2021. The revenues increased by \$11.703 million (16.57%). Expenditures increased by \$6.86 million (9.12%). Transfers in decreased \$1 thousand while transfers out increased \$2.96 million.

The debt service fund at the end of 2021, has a total fund balance of \$18.57 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 \$4.62 million which resulted primarily from taxes and transfers exceeding the required debt payments for the year. This was an anticipated increase for planned future debt service payments that will begin next year for the City's new Police headquarters.

The capital projects fund increased its fund balance by \$11.79 million during 2021 primarily from the issuance of additional temporary notes for capital projects identified in the City's Capital Improvement Plan.

Other governmental funds have fund balance of \$47.45 million at the end of 2021. The fund balance increased \$8.87 million during the year. For more information on these funds, see the "Combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds" beginning on page 89.

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 Sewer Fund at the end of 2021 was \$33.68 million; and the Sanitation Fund was \$10.49 million. The total change in net position for the Water and Sewer Utility and Sanitation were \$2.13 million and \$641 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

During the year, revenues were more than budgetary estimates by \$3.15 million (3.97%). Sales taxes were \$5.71 million more than budget as the sales taxes rebounded much quicker from the pandemic than we had anticipated. Charges for services were \$2.10 million less than budget as our recreation programming was more severely impacted by the pandemic than we had originally anticipated. Expenditures were less than budgetary estimates by \$16.69 million (17.09%). Of the total difference in the budgeted expenditures:

- Economic Development spent \$123 thousand (-12.60%) less than budgeted.
- Office of the City Attorney spent \$143 thousand (-11.75%) less than budgeted.
- Police spent \$586 thousand (-2.11%) less than budgeted. The majority of the underspending was due to vacancies.
- Fire/Medical spent \$2.78 million (-10.98%) less than budgeted, however, the City utilized \$3 million of expenditures for the ARPA grant so if that were taken into account Fire/Medical actually would have overspent their budget by \$224 thousand (0.88%). The majority of this increase is due to overtime expenses.
- The MSO spent \$10.08 million (-54.31%) less than budgeted. The majority of this was for road maintenance.
- Parks and Recreation spent \$1.96 million (-14.97%) less than budgeted. Approximately \$380 thousand of this was due to seasonal staff reductions caused by the pandemic. A significant portion of the remaining unspent budget was at facilities like the pool that were closed for a significant part of the season due to the pandemic.

CITY OF LAWRENCE, KANSAS

Management's Discussion and Analysis (Unaudited) December 31, 2021

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, 2021, totaled \$305.96 million, and \$301.83 million, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and systems, improvements, construction in progress, machinery and equipment, park and recreation facilities, storm sewers, roads, bridges, water, and sewer lines.

Table 5. Capital Assets Schedule (in thousands):

Capital assets, net of depreciation, for the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2021	2020	2021	2020	2021	2020
Land	\$ 16,755	\$ 16,651	\$ 7,056	\$ 6,984	\$ 23,811	\$ 23,635
Buildings & Improvements	102,022	108,243	168,991	174,857	271,013	283,100
Other property and equipment	13,914	13,557	16,668	18,318	30,582	31,875
Infrastructure	161,867	165,675	103,197	106,460	265,064	272,135
Construction in progress	11,404	5,805	5,922	2,111	17,326	7,916
Total	\$ 305,962	\$ 309,931	\$ 301,834	\$ 308,730	\$ 607,796	\$ 618,661

The overall value of the City's assets declined by \$10.86 million (-3.51%) as the accumulated depreciation of the assets exceeded the City's investment in assets. Accumulated depreciation was \$26.62 million, and investment in assets was \$19.83 million.

Highlights of capital asset activity during the year ended December 31, 2021 included the following major additions to Construction in progress:

Governmental Activity

- Water spray park at Burroughs Creek Park
- Retaining wall improvements near the Kansas River Bowersock Dam
- Improvements to the Santa Fe Depot parking lot
- Design and planning of a multimodal facility
- Improvements to 23rd Street between the Haskell Street Bridge to the Eastern City limits
- Improvements to Wakarusa between Research Parkway to 23rd Street
- Construction of the Lawrence Loop from 11th to 7th Streets downtown

Business-type Activity

- Automated meter reading infrastructure
- Stratford Water Tower replacement
- KAW and Clinton Water Treatment Plant improvements
- Naismith Valley Interceptor improvements
- Water and Sewer lines on 19th Street
- Water and Sewer lines on 23rd Street

For additional information on the City's capital assets, refer to Note 6 to the basic financial statements.

CITY OF LAWRENCE, KANSAS

Management’s Discussion and Analysis (Unaudited) December 31, 2021

Long-term debt

As of December 31, 2021, the City had total bonded debt outstanding of \$364.83 million. Of this amount, \$140.79 million is comprised of debt backed by the full faith and credit of the City and \$224.04 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 5 to the basic financial statements.

Table 6. General Obligation and Revenue Bonds (in thousands):

	<u>Governmental</u>		<u>Business-type</u>		<u>Total Primary</u>	
	<u>Activities</u>		<u>Activites</u>		<u>Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 106,561	\$ 83,320	\$ 1,250	\$ 4,965	\$ 107,811	\$ 88,285
Premium on bonds	5,963	4,549	-	291	5,963	4,840
Notes payable	26,522	40,070	-	-	26,522	40,070
Premium on notes	492	159	-	-	492	159
Water/Wastewater Revenue Bonds	-	-	205,745	167,100	205,745	167,100
Premuim on bonds	-	-	18,298	15,592	18,298	15,592
Total	<u>\$ 139,538</u>	<u>\$ 128,098</u>	<u>\$ 225,293</u>	<u>\$ 187,948</u>	<u>\$ 364,831</u>	<u>\$ 316,046</u>

The City’s net outstanding debt, including temporary notes increased by \$48.79 million during 2021. The City issued \$26.52 million of temporary notes, \$29.74 of general obligation bonds and \$46.56 million of revenue bonds in 2021.

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 \$341.25 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 Investor Relations Site <https://www.lawrenceksbonds.com/lawrence-kansas-bond-investors-ks/i538>.

For additional information on the city’s debt, refer to Note 5 to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City of Lawrence’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: City of Lawrence, Finance Director, P.O. Box 708, Lawrence, KS 66044. The City’s website can be found at www.lawrenceks.org.

City of Lawrence, Kansas

Statement of Net Position
December 31, 2021

	Primary Government			Component Units
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	
Assets and deferred outflows of resources				
Assets				
Current assets:				
Cash and investments	\$ 140,848,311	\$ 43,445,052	\$ 184,293,363	\$ 102,909,556
Receivables (net of allowance for uncollectibles):				
Accounts	3,848,738	11,712,029	15,560,767	53,069,403
Taxes	51,516,271	-	51,516,271	-
Special assessments	12,154,051	-	12,154,051	-
Intergovernmental	1,971,878	-	1,971,878	-
Franchise fees	598,538	-	598,538	-
Loans	656,867	-	656,867	-
Accrued interest	171,137	174,935	346,072	-
Internal balances	(5,054,475)	5,054,475	-	-
Inventories	776,957	3,558,560	4,335,517	6,802,200
Due from other entities	-	-	-	557,240
Prepaid	202,459	504,130	706,589	11,726,163
Other assets	91,098	-	91,098	1,808,312
Restricted cash	2,483,139	7,947,714	10,430,853	2,876,887
Total current assets	210,264,969	72,396,895	282,661,864	179,749,761
Noncurrent assets:				
Restricted cash and investments	1,884	75,637,875	75,639,759	26,915,669
Investments	-	-	-	14,072,139
Receivables (net of allowance for uncollectibles)	-	-	-	1,177,418
Land held for resale	-	181,874	181,874	-
Capital assets, nondepreciable				
Land	16,754,772	7,056,141	23,810,913	13,757,032
Construction in progress	11,404,485	5,921,763	17,326,248	3,610,720
Capital assets, depreciable	489,883,412	470,197,012	960,080,424	402,683,922
Less: accumulated depreciation	(212,080,609)	(181,340,984)	(393,421,593)	(163,850,390)
Total noncurrent assets	305,963,944	377,653,681	683,617,625	298,366,510
Total assets	516,228,913	450,050,576	966,279,489	478,116,271
Deferred outflows of resources:				
Pension related amounts	17,021,498	3,318,174	20,339,672	1,007,242
OPEB related amounts	2,278,015	922,885	3,200,900	6,319
Total deferred outflows of resources	19,299,513	4,241,059	23,540,572	1,013,561
Total assets and deferred outflows of resources	535,528,426	454,291,635	989,820,061	479,129,832

(Continued)

City of Lawrence, Kansas

Statement of Net Position (Continued)
December 31, 2021

	Primary Government			Component Units
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	
Liabilities and deferred inflows of resources				
Liabilities:				
Current liabilities:				
Accounts payable	8,798,523	4,441,381	13,239,904	8,322,225
Accrued payroll	2,266,100	650,307	2,916,407	22,754,380
Interest payable	609,930	609,930	1,219,860	1,891,241
Meter deposits payable	-	1,345,502	1,345,502	-
Due to other entities	-	-	-	19,269,802
Unearned revenue	7,516,173	-	7,516,173	334,799
Other liabilities	318,099	-	318,099	1,662,434
Current portion of compensated absences payable	3,561,509	891,456	4,452,965	107,971
Current portion of revenue bonds payable	-	7,890,525	7,890,525	3,241,492
Current portion of temporary notes payable	27,014,451	-	27,014,451	-
Current portion of general obligation bonds payable	7,570,000	725,000	8,295,000	-
Current portion of capital lease payable	110,622	-	110,622	-
Current portion of other long-term liabilities	-	-	-	143,192
Total current liabilities	57,765,407	16,554,101	74,319,508	57,727,536
Noncurrent liabilities:				
Compensated absences payable	4,417,058	1,089,556	5,506,614	310,585
Claims payable	2,315,829	-	2,315,829	-
General obligation bonds payable	104,953,998	525,000	105,478,998	-
Revenue bonds payable	-	216,152,288	216,152,288	93,542,018
Notes payable	-	-	-	199,315
Capital lease payable	574,306	-	574,306	-
Net pension liability	55,873,010	8,634,168	64,507,178	2,885,954
Total OPEB liability	13,677,387	5,541,061	19,218,448	172,401
Other long-term liabilities	-	-	-	659,284
Total noncurrent liabilities	181,811,588	231,942,073	413,753,661	97,769,557
Total liabilities	239,576,995	248,496,174	488,073,169	155,497,093
Deferred inflows of resources:				
Property and vehicle taxes	41,935,222	-	41,935,222	-
Pension related amounts	17,921,660	3,419,532	21,341,192	1,136,120
OPEB related amounts	1,217,448	493,219	1,710,667	44,281
Total deferred inflows of resources	61,074,330	3,912,751	64,987,081	1,180,401
Total liabilities and deferred inflows of resources	300,651,325	252,408,925	553,060,250	156,677,494
Net position				
Net investment in capital assets	192,481,050	137,090,006	329,571,056	166,477,795
Restricted for:				
Debt service	18,573,982	8,105,872	26,679,854	-
Capital improvements	44,892,877	171,714	45,064,591	3,313,527
Other purposes	2,532,419	-	2,532,419	9,230,668
Unrestricted	(23,603,227)	56,515,118	32,911,891	143,430,348
Total net position	\$ 234,877,101	\$ 201,882,710	\$ 436,759,811	\$ 322,452,338

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

City of Lawrence, Kansas

Statement of Activities
Year Ended December 31, 2021

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Total Governmental Activities	Total Business-type Activities	Total	
Governmental activities								
General government	\$ 24,673,611	\$ 3,054,395	\$ 4,801,456	\$ 316,101	\$ (16,501,659)	\$ -	\$ (16,501,659)	\$ -
Public safety	53,986,755	6,856,827	4,137,248	42,046	(42,950,634)	-	(42,950,634)	-
Public works	20,835,298	142,029	-	131,260	(20,562,009)	-	(20,562,009)	-
Health	3,356,246	177,408	-	-	(3,178,838)	-	(3,178,838)	-
Social services	2,161,684	12,522	2,508,753	-	359,591	-	359,591	-
Culture and recreation	13,526,642	3,600,736	242,001	-	(9,683,905)	-	(9,683,905)	-
Tourism	1,995,296	-	-	-	(1,995,296)	-	(1,995,296)	-
Economic development	2,258,104	33,941	-	-	(2,224,163)	-	(2,224,163)	-
Interest on long-term debt	3,606,049	-	-	-	(3,606,049)	-	(3,606,049)	-
Total governmental activities	126,399,685	13,877,858	11,689,458	489,407	(100,342,962)	-	(100,342,962)	-
Business-type activities								
Water and sewer	49,708,507	53,843,060	-	-	-	4,134,553	4,134,553	-
Sanitation	12,656,576	14,657,374	-	-	-	2,000,798	2,000,798	-
Stormwater	3,197,639	5,644,550	-	-	-	2,446,911	2,446,911	-
Public parking	1,201,311	1,453,405	-	-	-	252,094	252,094	-
Total business-type activities	66,764,033	75,598,389	-	-	-	8,834,356	8,834,356	-
Total primary government	193,163,718	89,476,247	11,689,458	489,407	(100,342,962)	8,834,356	(91,508,606)	-
Component units								
Lawrence-Douglas County Housing Authority	10,563,005	1,848,898	9,106,396	840,687	-	-	-	1,232,976
Lawrence Memorial Hospital	325,087,999	317,459,355	11,582,315	3,209,559	-	-	-	7,163,230
Lawrence Memorial Hospital Endowment Association	3,785,848	-	4,253,737	-	-	-	-	467,889
Lawrence Surgery Center, LLC	9,426,380	9,698,016	-	-	-	-	-	271,636
Lawrence Public Library	5,206,606	32,303	5,660,464	-	-	-	-	486,161
Total component units	\$ 354,069,838	\$ 329,038,572	\$ 30,602,912	\$ 4,050,246	-	-	-	9,621,892
General revenues								
Property and vehicle tax					43,957,928	-	43,957,928	-
Sales, liquor, guest and gas tax					53,573,414	-	53,573,414	-
Franchise tax					7,207,175	-	7,207,175	-
Unrestricted grants and contributions					26,864	-	26,864	-
Interest income					312,560	111,472	424,032	7,819,113
Miscellaneous					1,537,853	540,553	2,078,406	1,165,008
Transfers, net					4,877,739	(4,877,739)	-	-
Subtotal general revenues and transfers					111,493,533	(4,225,714)	107,267,819	8,984,121
Change in net position					11,150,571	4,608,642	15,759,213	18,606,013
Net position - beginning, as restated					223,726,530	197,274,068	421,000,598	303,846,325
Net position - ending					\$ 234,877,101	\$ 201,882,710	\$ 436,759,811	\$ 322,452,338

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

City of Lawrence, Kansas

Balance Sheet
Governmental Funds
December 31, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 22,166,228	\$ 18,544,998	\$ 25,643,051	\$ 51,707,711	\$ 118,061,988
Receivables:					
Taxes	32,122,837	11,930,033	-	7,463,401	51,516,271
Special assessments	-	12,154,051	-	-	12,154,051
Intergovernmental	21,811	-	-	1,950,067	1,971,878
Accounts (net allowance for uncollectibles)	2,004,845	-	-	1,608,582	3,613,427
Franchise fees	598,538	-	-	-	598,538
Loans	280,135	8,424	-	368,308	656,867
Accrued interest	11,747	24,291	42,767	70,990	149,795
Due from other funds	251,063	-	-	-	251,063
Prepaid	43,294	-	-	159,165	202,459
Inventories	303,776	-	-	-	303,776
Other assets	-	-	-	91,098	91,098
Restricted assets					
Cash and investments	105,186	-	2,136,629	241,324	2,483,139
Total assets	\$ 57,909,460	\$ 42,661,797	\$ 27,822,447	\$ 63,660,646	\$ 192,054,350
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 3,868,775	\$ 3,732	\$ 1,080,081	\$ 3,101,791	\$ 8,054,379
Accrued payroll	2,049,420	-	-	27,694	2,077,114
Customer deposits	50,748	-	-	5,725	56,473
Due to other funds	-	-	-	251,063	251,063
Unearned revenue	632,277	-	-	6,883,896	7,516,173
Other liabilities	105,050	-	-	156,576	261,626
Total liabilities	6,706,270	3,732	1,080,081	10,426,745	18,216,828
Deferred inflows of resources,					
Unavailable revenue	26,278,775	24,084,083	-	5,780,790	56,143,648
Total liabilities and deferred inflows of resources	32,985,045	24,087,815	1,080,081	16,207,535	74,360,476
Fund balance:					
Nonspendable	347,070	-	-	159,165	506,235
Restricted	105,186	18,573,982	26,742,366	47,320,111	92,741,645
Assigned	2,584,296	-	-	-	2,584,296
Unassigned	21,887,863	-	-	(26,165)	21,861,698
Total fund balances	24,924,415	18,573,982	26,742,366	47,453,111	117,693,874
Total liabilities, deferred inflows of resources and fund balances	\$ 57,909,460	\$ 42,661,797	\$ 27,822,447	\$ 63,660,646	\$ 192,054,350

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, 2021**

Total governmental fund balances		\$ 117,693,874
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 516,884,234	
Accumulated depreciation	<u>(211,185,661)</u>	305,698,573
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.		
		7,226,211
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		16,765,548
Deferred outflows of resources - OPEB		1,882,298
Deferred inflows of resources - pension		(16,402,372)
Deferred inflows of resources - OPEB		(1,005,965)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		14,208,426
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	(7,017,836)	
Total OPEB liability	(11,301,474)	
Net pension liability	(52,036,875)	
General obligation bonds payable	(112,523,998)	
Temporary note	(27,014,451)	
Capital lease payable	(684,928)	
Accrued interest on the bonds	<u>(609,930)</u>	<u>(211,189,492)</u>
Net position of governmental activities		<u><u>\$ 234,877,101</u></u>

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

City of Lawrence, Kansas

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 66,550,842	\$ 11,691,846	\$ -	\$ 18,945,808	\$ 97,188,496
Special assessments	35,857	1,322,091	-	-	1,357,948
Licenses and permits	1,778,017	-	-	-	1,778,017
Charges for services	10,854,433	-	-	353,091	11,207,524
Fines, forfeitures and penalties	909,911	-	-	30,069	939,980
Interest	132,550	123,921	(111,067)	110,485	255,889
Intergovernmental	695,022	-	231,756	17,377,233	18,304,011
Reimbursements	142,956	139,534	-	279,416	561,906
Contributions	7,263	84,345	-	44,655	136,263
Miscellaneous	677,222	-	-	1,549,919	2,227,141
Total revenues	81,784,073	13,361,737	120,689	38,690,676	133,957,175
Expenditures:					
Current expenditures:					
General government	9,518,750	148,694	57,870	13,646,791	23,372,105
Public safety	49,694,753	-	73,414	4,050,188	53,818,355
Public works	8,997,986	-	2,809,071	3,699,750	15,506,807
Health	1,666,440	-	-	1,692,033	3,358,473
Social services	286,249	-	-	1,281,308	1,567,557
Culture and recreation	10,791,165	-	5,901	1,388,475	12,185,541
Tourism	-	-	-	1,996,716	1,996,716
Economic development	-	-	-	2,222,764	2,222,764
Capital outlay	953,170	-	4,137,127	4,025,459	9,115,756
Debt service:					
Principal retirement	125,908	6,499,000	40,070,000	25,120	46,720,028
Interest and fiscal charges	-	3,378,329	-	192	3,378,521
Issuance costs	-	-	157,459	-	157,459
Total expenditures	82,034,421	10,026,023	47,310,842	34,028,796	173,400,082
Excess (deficiency) of revenues over expenditures	(250,348)	3,335,714	(47,190,153)	4,661,880	(39,442,907)
Other financing sources (uses):					
Issuance of debt	-	-	56,262,000	-	56,262,000
Issuance of debt premium	-	-	2,715,048	-	2,715,048
Sale of property - proceeds received	570,349	-	-	5,950	576,299
Transfers in	4,433,816	1,283,174	-	9,416,837	15,133,827
Transfers out	(4,846,583)	-	-	(5,213,128)	(10,059,711)
Total other financing sources	157,582	1,283,174	58,977,048	4,209,659	64,627,463
Net change in fund balance	(92,766)	4,618,888	11,786,895	8,871,539	25,184,556
Fund balance - beginning	25,017,181	13,955,094	14,955,471	38,581,572	92,509,318
Fund balance - ending	\$ 24,924,415	\$ 18,573,982	\$ 26,742,366	\$ 47,453,111	\$ 117,693,874

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, 2021**

Total net change in fund balances - governmental funds \$ 25,184,556

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.

Capital outlays	\$ 12,517,203	
Net book value of disposed asset	(147,642)	
Depreciation expense	<u>(16,439,627)</u>	(4,070,066)

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:

Change in accrued interest payable		(25,913)
Proceeds on issuance of bonds		(56,262,000)
Proceeds on issuance of bond premiums		(2,715,048)
General obligation and temporary notes principal payments		46,569,000
Capital lease principal payments		151,028
Amortization of premiums, net		966,773

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. (3,070,550)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,282

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		653,848
Pension expense		3,336,762
OPEB expense		<u>429,899</u>

Changes in net position of governmental activities \$ 11,150,571

City of Lawrence, Kansas

General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2021

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 61,018,000	\$ 61,018,000	\$ 66,550,844	\$ 5,532,844
Licenses and permits	1,446,000	1,456,000	1,778,018	322,018
Intergovernmental	919,000	919,000	695,022	(223,978)
Charges for Services	12,987,000	12,992,000	10,890,351	(2,101,649)
Fines, forfeitures, and penalties	1,400,000	1,400,000	909,911	(490,089)
Interest	250,000	250,000	132,550	(117,450)
Miscellaneous	963,000	1,172,767	1,397,729	224,962
Total revenues	78,983,000	79,207,767	82,354,425	3,146,658
Expenditures				
General government	9,427,000	9,867,000	9,644,661	(222,339)
Public safety	52,824,000	52,896,573	49,514,380	(3,382,193)
Public works	12,289,000	16,630,000	8,391,797	(8,238,203)
Culture and recreation	11,775,000	12,384,000	10,667,818	(1,716,182)
Health	2,646,000	2,656,000	1,666,438	(989,562)
Social Services	290,000	290,000	254,720	(35,280)
Capital outlay	3,343,000	2,937,194	827,171	(2,110,023)
Total expenditures	92,594,000	97,660,767	80,966,985	(16,693,782)
Excess (deficiency) of revenues over (under) expenditures	(13,611,000)	(18,453,000)	1,387,440	19,840,440
Other financing sources (uses)				
Transfers in	17,518,000	19,490,000	4,433,816	(15,056,184)
Transfers out	(2,896,000)	(3,301,000)	(4,846,583)	(1,545,583)
Total other financing sources (uses)	14,622,000	16,189,000	(412,767)	(16,601,767)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 1,011,000	\$ (2,264,000)	974,673	\$ 3,238,673
Fund balance, beginning of year, GAAP basis			25,017,181	
Fund balance, end of year, budget basis			25,991,854	
Adjustments, encumbrances			(1,067,439)	
Fund balance, end of year, GAAP basis			<u>\$ 24,924,415</u>	

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, 2021

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	
Assets and deferred outflows of resources					
Current assets:					
Cash and investments	\$ 22,911,051	\$ 12,954,794	\$ 7,579,207	\$ 43,445,052	\$ 22,786,323
Receivables (net of allowances for uncollectibles):					
Accounts	7,892,686	2,805,349	1,013,994	11,712,029	235,311
Accrued interest	150,709	14,964	9,262	174,935	21,342
Inventories	3,558,560	-	-	3,558,560	473,181
Prepaid	503,937	193	-	504,130	-
Restricted cash:					
Customer deposits	-	57,189	-	57,189	-
Current portion of revenue bonds	7,890,525	-	-	7,890,525	-
Total current assets	42,907,468	15,832,489	8,602,463	67,342,420	23,516,157
Noncurrent assets:					
Restricted cash and investments	75,637,875	-	-	75,637,875	1,884
Land held for resales	-	-	181,874	181,874	-
Capital assets:					
Land	4,731,595	-	2,324,546	7,056,141	-
Construction in progress	5,809,904	-	111,859	5,921,763	63,029
Building and improvements	247,258,046	2,737,540	3,859,228	253,854,814	704,842
Equipment	20,515,017	9,360,115	3,345,663	33,220,795	390,564
Infrastructure	165,481,166	-	17,640,237	183,121,403	-
Less: accumulated depreciation	(160,534,252)	(7,398,376)	(13,408,356)	(181,340,984)	(894,948)
Total capital assets	283,261,476	4,699,279	13,873,177	301,833,932	263,487
Total noncurrent assets	358,899,351	4,699,279	14,055,051	377,653,681	265,371
Total assets	401,806,819	20,531,768	22,657,514	444,996,101	23,781,528
Deferred outflows of resources:					
Pension related amounts	1,823,397	1,206,300	288,477	3,318,174	255,950
OPEB related amounts	550,726	297,044	75,115	922,885	395,717
Total deferred outflows of resources	2,374,123	1,503,344	363,592	4,241,059	651,667
Total assets and deferred outflows of resources	\$ 404,180,942	\$ 22,035,112	\$ 23,021,106	\$ 449,237,160	\$ 24,433,195

(Continued)

City of Lawrence, Kansas

Statement of Net Position (Continued)
Proprietary Funds
December 31, 2021

	Business-Type Activities: Enterprise Funds				Governmental Activities: Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds	Total Enterprise Funds	
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	\$ 3,661,474	\$ 417,137	\$ 362,770	\$ 4,441,381	\$ 744,144
Interest payable	609,930	-	-	609,930	-
Claims payable	-	-	-	-	2,315,829
Accrued payroll	392,072	213,249	44,986	650,307	188,986
Compensated absences	549,079	285,145	57,232	891,456	432,329
Current portion of general obligation bonds payable	725,000	-	-	725,000	-
Total unrestricted current liabilities	5,937,555	915,531	464,988	7,318,074	3,681,288
Current liabilities payable from restricted assets:					
Customer deposits	1,288,313	57,189	-	1,345,502	-
Current portion of revenue bonds	7,890,525	-	-	7,890,525	-
Total current liabilities payable from restricted assets	9,178,838	57,189	-	9,236,027	-
Total current liabilities	15,116,393	972,720	464,988	16,554,101	3,681,288
Noncurrent liabilities:					
Compensated absences	671,096	348,510	69,950	1,089,556	528,402
General obligation bonds payable	525,000	-	-	525,000	-
Revenue bonds payable	216,152,288	-	-	216,152,288	-
Net pension liability	5,415,674	2,567,209	651,285	8,634,168	3,836,135
Total OPEB liability	3,306,597	1,783,471	450,993	5,541,061	2,375,913
Total noncurrent liabilities	226,070,655	4,699,190	1,172,228	231,942,073	6,740,450
Total liabilities	241,187,048	5,671,910	1,637,216	248,496,174	10,421,738
Deferred inflows of resources:					
Pension related amounts	2,144,859	1,016,734	257,939	3,419,532	1,519,288
OPEB related amounts	294,326	158,750	40,143	493,219	211,483
Total deferred inflows of resources	2,439,185	1,175,484	298,082	3,912,751	1,730,771
Total liabilities and deferred inflows of resources	\$ 243,626,233	\$ 6,847,394	\$ 1,935,298	\$ 252,408,925	\$ 12,152,509
Net position					
Net investment in capital assets	\$ 118,592,405	\$ 4,699,279	\$ 13,798,322	\$ 137,090,006	\$ 263,487
Restricted for:					
Debt service	8,105,872	-	-	8,105,872	-
Capital outlay	171,714	-	-	171,714	-
Unrestricted	33,684,718	10,488,439	7,287,486	51,460,643	12,017,199
Total net position	\$ 160,554,709	\$ 15,187,718	\$ 21,085,808	196,828,235	\$ 12,280,686
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				5,054,475	
Net position of business-type activities				<u>\$ 201,882,710</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, 2021

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities:
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds		Internal Service Funds
Operating revenues					
Charges for services	\$ 53,791,047	\$ 14,636,792	\$ 6,980,942	\$ 75,408,781	\$ 31,182,274
Other sales	52,013	-	-	52,013	1,210,357
Total operating revenues	53,843,060	14,636,792	6,980,942	75,460,794	32,392,631
Operating expenses					
Continuing operations	601	11,620,685	3,708,058	15,329,344	3,668,757
Transmission and distribution	24,196,199	-	-	24,196,199	-
General administration	8,797,291	70,324	19,703	8,887,318	21,659,360
Health insurance claims	-	-	-	-	9,977,804
Depreciation	10,609,750	930,431	653,469	12,193,650	37,353
Total operating expenses	43,603,841	12,621,440	4,381,230	60,606,511	35,343,274
Operating income (loss)	10,239,219	2,015,352	2,599,712	14,854,283	(2,950,643)
Nonoperating revenues (expenses)					
Investment income (loss)	72,460	7,782	(1,822)	78,420	26,714
Interest / amortization expense	(5,872,822)	9,930	-	(5,862,892)	-
Gain (loss) on sale of capital assets	(52,757)	(45,066)	(17,720)	(115,543)	7,814
Rental income	217,209	-	6,000	223,209	67,035
Miscellaneous	18,497	126,494	100,537	245,528	38,283
Total nonoperating revenues (expenses)	(5,617,413)	99,140	86,995	(5,431,278)	139,846
Income (loss) before transfers	4,621,806	2,114,492	2,686,707	9,423,005	(2,810,797)
Transfers in	349,000	-	-	349,000	194,373
Transfers out	(2,837,000)	(1,473,739)	(916,000)	(5,226,739)	(390,750)
Total transfers	(2,488,000)	(1,473,739)	(916,000)	(4,877,739)	(196,377)
Change in net position	2,133,806	640,753	1,770,707	4,545,266	(3,007,174)
Net position, beginning	158,420,903	14,546,965	19,315,101	192,282,969	15,287,860
Net position, ending	<u>\$ 160,554,709</u>	<u>\$ 15,187,718</u>	<u>\$ 21,085,808</u>	<u>196,828,235</u>	<u>\$ 12,280,686</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				63,376	
Change in net position of business-type activities				<u>\$ 4,608,642</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, 2021

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities: Internal Service Funds
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds		
Cash flows from operating activities:					
Cash received from customers and users	\$ 53,606,172	\$ 14,419,773	\$ 6,688,522	\$ 74,714,467	\$ 32,329,571
Cash paid to suppliers of goods and services	(23,932,665)	(8,575,716)	(2,710,992)	(35,219,373)	(30,650,959)
Cash received from (paid to) employees	(8,686,163)	(4,119,825)	(1,045,074)	(13,851,062)	499,465
Net cash provided by operating activities	20,987,344	1,724,232	2,932,456	25,644,032	2,178,077
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(4,274,507)	(831,543)	(414,046)	(5,520,096)	(81,542)
Proceeds from land held for resale	-	-	39,148	39,148	-
Proceeds from sale of capital assets	67,485	259,949	20,300	347,734	7,814
Proceeds from issuance of debt	50,196,436	-	-	50,196,436	-
Principal payments on general obligation bonds	(3,395,000)	(320,000)	-	(3,715,000)	-
Principal payments on revenue bonds	(7,915,000)	-	-	(7,915,000)	-
Interest payments on debt	(7,042,212)	160,526	-	(6,881,686)	-
Net cash provided by (used in) capital and related financing activities	27,637,202	(731,068)	(354,598)	26,551,536	(73,728)
Cash flows from noncapital financing activities:					
Transfers in	349,000	-	-	349,000	194,373
Transfers out	(2,837,000)	(1,473,739)	(916,000)	(5,226,739)	(390,750)
Net cash provided by (used in) noncapital financing activities	(2,488,000)	(1,473,739)	(916,000)	(4,877,739)	(196,377)
Cash flows from investing activities:					
Purchase of investments	(50,000,000)	-	(2,005,000)	(52,005,000)	(49,294,366)
Sale of investments	3,607,736	1,102,620	2,079	4,712,435	45,442,747
Interest received	343,244	82,446	42,046	467,736	142,878
Net cash provided by (used in) investing activities	(46,049,020)	1,185,066	(1,960,875)	(46,824,829)	(3,708,741)
Net increase (decrease) in cash and cash equivalents	87,526	704,491	(299,017)	493,000	(1,800,769)
Cash and cash equivalents, beginning	11,019,881	535,724	373,913	11,929,518	2,914,911
Cash and cash equivalents, ending	\$ 11,107,407	\$ 1,240,215	\$ 74,896	\$ 12,422,518	\$ 1,114,142

(Continued)

City of Lawrence, Kansas

Statement of Cash Flows (Continued)
 Proprietary Funds
 Year Ended December 31, 2021

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds	Governmental Activities:
	Water and Sewer	Sanitation	Nonmajor Proprietary Funds		Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 10,239,219	\$ 2,015,352	\$ 2,599,712	\$ 14,854,283	\$ (2,950,643)
Net cash provided by (used in) operating activities:					
Depreciation expense	10,609,750	930,431	653,469	12,193,650	37,353
Rent receipts	217,209	-	6,000	223,209	67,035
Miscellaneous Income	18,497	126,494	100,537	245,528	38,283
(Increase) decrease in accounts receivable	(494,132)	(387,301)	(398,957)	(1,280,390)	(168,378)
(Increase) decrease in inventories	(360,734)	-	-	(360,734)	(99,676)
(Increase) decrease in prepaids	191,684	4,559	2,273	198,516	373,169
(Increase) decrease in deferred outflows					
Pension related amounts	31,147	(156,210)	(30,853)	(155,916)	539,879
OPEB related amounts	2,219	37,027	17,043	56,289	(207,563)
Increase (decrease) in meter deposits payable	21,538	43,788	-	65,326	-
Increase (decrease) in accounts payable	103,131	(273,555)	212,838	42,414	(8,503)
Increase (decrease) in claims payable	-	-	-	-	381,189
Increase (decrease) in accrued payroll	37,085	38,430	1,873	77,388	60,044
Increase (decrease) in net pension liability	(1,532,905)	(1,367,253)	(313,976)	(3,214,134)	854,335
Increase (decrease) in total OPEB liability	110,651	(147,414)	(81,664)	(118,427)	1,288,404
Increase (decrease) in deferred inflows					
Pension related amounts	1,795,402	818,862	209,394	2,823,658	1,369,327
OPEB related amounts	155,965	75,157	17,083	248,205	164,401
Increase (decrease) in accrued compensated absences	(158,382)	(34,135)	(62,316)	(254,833)	439,421
Net cash provided by (used in) operating activities	\$ 20,987,344	\$ 1,724,232	\$ 2,932,456	\$ 25,644,032	\$ 2,178,077
Noncash capital activities-capital assets in accounts payable	\$ 1,034,475	\$ -	\$ 74,855	\$ 1,109,330	\$ -
Cash and investment amounts reported on the statement of net position:					
Cash and investments	\$ 22,911,051	\$ 12,954,794	\$ 7,579,207	\$ 43,445,052	\$ 22,786,323
Restricted cash - customer deposits	-	57,189	-	57,189	-
Restricted cash - revenue bonds	7,890,525	-	-	7,890,525	-
Restricted cash and investments - noncurrent	75,637,875	-	-	75,637,875	1,884
	\$ 106,439,451	\$ 13,011,983	\$ 7,579,207	\$ 127,030,641	\$ 22,788,207
Reconciliation of amounts reported on the statement of net position:					
Cash and cash equivalents	\$ 11,107,407	\$ 1,240,215	\$ 74,896	\$ 12,422,518	\$ 1,114,142
Investments	95,332,044	11,771,768	7,504,311	114,608,123	21,674,065
Total cash and investments	\$ 106,439,451	\$ 13,011,983	\$ 7,579,207	\$ 127,030,641	\$ 22,788,207

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, 2021

	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	Lawrence Memorial Hospital Endowment Association	Lawrence Surgery Center, LLC	Lawrence Public Library	Total Component Units
Assets and deferred outflows of resources						
Current assets:						
Cash and investments	\$ 8,743,065	\$ 90,970,027	\$ 730,039	\$ 609,924	\$ 1,856,501	\$ 102,909,556
Receivables (net of allowances for uncollectibles)	32,482	50,780,434	930,169	1,326,318	-	53,069,403
Due from other entities	218,117	339,123	-	-	-	557,240
Inventories	70,269	6,404,137	-	327,794	-	6,802,200
Prepaid	117,391	11,587,498	-	21,274	-	11,726,163
Other assets	-	1,808,312	-	-	-	1,808,312
Restricted cash	366,736	2,510,151	-	-	-	2,876,887
Total current assets	9,548,060	164,399,682	1,660,208	2,285,310	1,856,501	179,749,761
Noncurrent assets:						
Restricted cash and investments	-	26,915,669	-	-	-	26,915,669
Investments	-	-	14,072,139	-	-	14,072,139
Receivables (net of allowances for uncollectibles)	-	-	1,177,418	-	-	1,177,418
Capital assets:						
Capital assets, nondepreciable						
Land	1,128,679	12,628,353	-	-	-	13,757,032
Construction in progress	1,247,284	2,363,436	-	-	-	3,610,720
Capital assets, depreciable						
	29,845,423	363,325,125	-	3,934,292	5,579,082	402,683,922
Less: accumulated depreciation	(17,302,535)	(141,413,107)	-	(2,570,196)	(2,564,552)	(163,850,390)
Total capital assets	14,918,851	236,903,807	-	1,364,096	3,014,530	256,201,284
Total noncurrent assets	14,918,851	263,819,476	15,249,557	1,364,096	3,014,530	298,366,510
Total assets	24,466,911	428,219,158	16,909,765	3,649,406	4,871,031	478,116,271
Deferred outflows of resources:						
Pension related amounts	389,800	-	-	-	617,442	1,007,242
OPEB related amounts	1,638	-	-	-	4,681	6,319
Total deferred outflows of resources	391,438	-	-	-	622,123	1,013,561
Total assets and deferred outflows of resources	24,858,349	428,219,158	16,909,765	3,649,406	5,493,154	479,129,832
Liabilities and deferred inflows of resources						
Liabilities:						
Current liabilities:						
Accounts payable	65,528	7,944,111	4,814	260,565	47,207	8,322,225
Interest payable	-	1,891,241	-	-	-	1,891,241
Accrued payroll and expenses	40,618	22,162,170	-	549,631	1,961	22,754,380
Due to other entities	98,153	19,171,649	-	-	-	19,269,802
Unearned revenue	334,799	-	-	-	-	334,799
Other liabilities	187,491	1,474,836	107	-	-	1,662,434
Current portion of compensated absences	13,110	-	-	-	94,861	107,971
Current portion of revenue bonds payable	-	3,241,492	-	-	-	3,241,492
Current portion of other long-term liabilities	-	-	-	143,192	-	143,192
Total current liabilities	739,699	55,885,499	4,921	953,388	144,029	57,727,536
Noncurrent liabilities:						
Compensated absences	117,988	-	-	-	192,597	310,585
Revenue bonds payable	-	93,542,018	-	-	-	93,542,018
Loan payable	199,315	-	-	-	-	199,315
Net pension liability	1,192,468	-	-	-	1,693,486	2,885,954
Total OPEB liability	26,870	-	-	-	145,531	172,401
Other long-term liabilities	-	-	-	659,284	-	659,284
Total noncurrent liabilities	1,536,641	93,542,018	-	659,284	2,031,614	97,769,557
Total liabilities	2,276,340	149,427,517	4,921	1,612,672	2,175,643	155,497,093
Deferred inflows of resources:						
Pension related amounts	497,165	-	-	-	638,955	1,136,120
OPEB related amounts	31,120	-	-	-	13,161	44,281
Total deferred inflows of resources	528,285	-	-	-	652,116	1,180,401
Total liabilities and deferred inflows of resources	2,804,625	149,427,517	4,921	1,612,672	2,827,759	156,677,494
Net position						
Net investment in capital assets	14,719,536	147,379,633	-	1,364,096	3,014,530	166,477,795
Restricted for:						
Capital	-	2,075,702	-	1,237,825	-	3,313,527
Hospital - specific operating activities	-	93,278	9,047,592	-	-	9,140,870
Housing assistance	89,798	-	-	-	-	89,798
Unrestricted	7,244,390	129,243,028	7,857,252	(565,187)	(349,135)	143,430,348
Total net position	\$ 22,053,724	\$ 278,791,641	\$ 16,904,844	\$ 2,036,734	\$ 2,665,395	\$ 322,452,338

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, 2021

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position					Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	Lawrence Memorial Hospital Endowment Association	Lawrence Surgery Center, LLC	Lawrence Public Library	
Component units										
Lawrence-Douglas County Housing Authority	\$ 10,563,005	\$ 1,848,898	\$ 9,106,396	\$ 840,687	\$ 1,232,976	\$ -	\$ -	\$ -	\$ -	\$ 1,232,976
Lawrence Memorial Hospital	325,087,999	317,459,355	11,582,315	3,209,559	-	7,163,230	-	-	-	7,163,230
Lawrence Memorial Hospital Endowment Association	3,785,848	-	4,253,737	-	-	-	467,889	-	-	467,889
Lawrence Surgery Center, LLC	9,426,380	9,698,016	-	-	-	-	-	271,636	-	271,636
Lawrence Public Library	5,206,606	32,303	5,660,464	-	-	-	-	-	486,161	486,161
Total component units	\$ 354,069,838	\$ 329,038,572	\$ 30,602,912	\$ 4,050,246	1,232,976	7,163,230	467,889	271,636	486,161	9,621,892
General revenues										
Investment income					5,783	6,082,694	1,730,342	-	294	7,819,113
Miscellaneous					71,238	-	-	1,082,838	10,932	1,165,008
Subtotal general revenues					77,021	6,082,694	1,730,342	1,082,838	11,226	8,984,121
Change in net position					1,309,997	13,245,924	2,198,231	1,354,474	497,387	18,606,013
Net position - beginning, as restated					20,743,727	265,545,717	14,706,613	682,260	2,168,008	303,846,325
Net position - ending					\$ 22,053,724	\$ 278,791,641	\$ 16,904,844	\$ 2,036,734	\$ 2,665,395	\$ 322,452,338

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 and when revenues are both measurable and available.

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. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are due and are expected to be liquidated with expendable available financial resources.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property taxes and interest associated with 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 the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

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 Insurance 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 information systems, human resources and finance departments' expenses. 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 Sewer Fund is used to account for the operations of the City's water and sewer operations.

Sanitation 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. The City prepares and adopts budgets for all funds, however only those governmental funds with a legally required budget have been included in this report.

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- Preparation of budget for the succeeding calendar year on or before August 1 of each year.
- Publication of proposed budget and notice of public hearing on or before August 5 of each year.
- Public hearing on or before August 15 of each year, but at least ten days after public notice.
- Adoption of final budget on or before August 25 of each year.

To amend originally adopted budgeted revenues or expenditures, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. The statutes allow the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. The City Commission amended the budget for revenues that were not ad valorem property tax related for multiple funds in 2021.

The statutes permit management to transfer budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds (the legal level of budgetary control). In transportation development district funds, overspending of budget is authorized as long as the total expenditures within the fund do not exceed the total revenues. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations lapse at year-end.

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes or by the use of internal spending limits established by the City.

Pooled cash and investments: The City maintains a cash and investment pool that is available for use by all funds managed by the City. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments, unless specifically designated, are allocated to the investing fund at the end of each fiscal year, based on the percentage of funds invested to total investment. All investments are carried at fair value.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables and payables:

Accounts receivable: The City records revenues when services are provided. All receivables are shown net of an allowance for doubtful accounts.

Taxes receivable: Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivables are not available as a resource that can be used to finance the current year operations of the City and, therefore, are susceptible to accrual, but not recognized as revenue until the year for which they are levied. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2022, 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, 2021, the City had \$12,154,051 in special assessments receivable in the Debt Service Fund. In the governmental funds, this receivable is reported as unavailable revenue, and recognized as revenue in the period the amounts become available.

Interfund activity: Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

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

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

The City has the following types of interfund activity:

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

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

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

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.

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.

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.

Notes to the Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Bond premiums, discounts and issuance costs: In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as an expense in the year in which the costs were incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs are reported as a debt service expenditure in the year in which the costs were incurred.

Compensated absences: Under the terms of the City's personnel policy, employees are granted vacation and sick leave in varying amounts based upon the length of service. In the event of termination, an employee with over six months of service will receive all accumulated vacation and one-fourth accumulated sick leave. All vacation and sick leave is accrued when incurred in the government wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are paid from the fund in which the employees are paid.

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The deferred outflow related to pension consists of unrecognized items not yet charged to pension expense related to the net pension liability, and contributions paid by the City after the measurement date but before the end of the City's reporting period. The deferred outflow related to OPEB consists of unamortized items not yet charged to OPEB expense.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) 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. 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. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

Fund equity: 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.

On September 19, 2017, the Governing Body approved a fund balance policy for the General Fund. The policy states the City shall maintain a minimum unassigned fund balance equal to 25% of the following year's expenditure budget. The policy allows for the City to reduce the unassigned Fund Balance in the General Fund below the 25% target to provide temporary funding for emergency needs in the case of a natural disaster, prolonged economic downturn, or other non-recurring need at the Governing Body's discretion. If it is anticipated at the completion of any fiscal year that the projected amount of fund balance in the General Fund will be less than the minimum established target, the balance shall be restored to the minimum target amount within a five-year period.

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				Total Governmental Funds
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	
Fund balances:					
Nonspendable for:					
Prepays	\$ 43,294	\$ -	\$ -	\$ 159,165	\$ 202,459
Inventories	303,776	-	-	-	303,776
Total nonspendable for	347,070	-	-	159,165	506,235
Restricted for:					
Capital outlay	-	-	21,517,313	18,023,131	39,540,444
Debt service	-	18,573,982	-	-	18,573,982
General government	105,186	-	2,788,609	17,009,150	19,902,945
Public safety	-	-	77,834	1,505,930	1,583,764
Public works	-	-	2,090,431	5,583,665	7,674,096
Social services	-	-	-	2,532,419	2,532,419
Culture and recreation	-	-	268,179	510,584	778,763
Tourism	-	-	-	1,313,059	1,313,059
Economic development	-	-	-	842,173	842,173
Total restricted for	105,186	18,573,982	26,742,366	47,320,111	92,741,645
Assigned for:					
General government	19,000	-	-	-	19,000
Public safety	39,733	-	-	-	39,733
Public works	2,200,538	-	-	-	2,200,538
Culture and recreation	325,025	-	-	-	325,025
Total assigned for	2,584,296	-	-	-	2,584,296
Unassigned	21,887,863	-	-	(26,165)	21,861,698
	<u>\$ 24,924,415</u>	<u>\$ 18,573,982</u>	<u>\$ 26,742,366</u>	<u>\$ 47,453,111</u>	<u>\$ 117,693,874</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, or other borrowings 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 \$26,679,854 for debt service, \$45,064,591 for capital improvements and \$2,532,419 for other purposes.

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

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

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 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 Lawrence Memorial Hospital Endowment Association (the Endowment Association) and the Lawrence Surgery Center, LLC (the Surgery Center), which are also presented as a discretely presented component units in the City's financial statements.

The Endowment Association is a legally separate tax-exempt component unit of the Hospital. The Endowment Association is exclusively dedicated to the support of the Hospital. The Endowment Association's operations are managed by a board of directors separate from the Hospital's board. In October 1984, the City, upon request of the Hospital, passed an ordinance granting the Hospital's board of trustees the power to transfer personal property and funds previously donated to the Hospital to the Endowment Association to be held in trust for the benefit of the Hospital. A trust agreement was established between the Hospital and the Endowment Association. Although the Hospital does not control the timing or amount of receipts from the Endowment Association, substantially all of the Endowment Association's resources and related income are restricted by donors for the benefit of the Hospital. Because these restricted resources held by the Endowment Association can only be used by, or for the benefit of the Hospital, the Endowment Association is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

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 Endowment Association and the Surgery Center report under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No significant modifications have been made to the Endowment Association's or the Surgery Center's statements in the City's financial reporting entity for these differences.

The Lawrence Public Library, created by State Statutes as a body corporate, operates the City's public library, serving primarily Lawrence and Douglas County. The library is governed by a seven-member board appointed by the Mayor with approval by the City Commission. It is considered a component unit because the City has the voting majority of the board, and there is a financial benefit or burden relationship.

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's governing body is substantively the same as the City's and there is a financial benefit or burden relationship between eXplore Lawrence and the City. eXplore Lawrence is therefore combined within the City's primary governing statements as a Special Revenue Fund.

eXplore Lawrence is a private nonprofit organization that reports under the Financial Accounting Standards Board (FASB), including Topic 958. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to eXplore Lawrence's financial information in the City's financial statements for these differences.

Complete financial statements for each of the individual component units may be obtained at the entities' administrative offices.

Lawrence Housing Authority
1600 Haskell Avenue
Lawrence, Kansas 66044

Lawrence Memorial Hospital
325 Main Street
Lawrence, Kansas 66044

Lawrence Public Library
707 Vermont Street
Lawrence, Kansas 66044

eXplore Lawrence
200 W. 9th Street
Lawrence, Kansas 66044

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments

At December 31, 2021, the City's carrying values of cash and investments are summarized as follows:

Cash:	
Deposits	\$ 22,159,311
Certificates of deposit	69,451,324
Petty cash	4,988
Total cash	<u>91,615,623</u>
Investments:	
Kansas Municipal investment pool	2,053,159
U.S. Treasury notes	54,767,805
U.S. Treasury bills	21,409,007
U.S. Federal Agency issues	91,202,558
Municipal Bonds	4,131,669
Mutual Funds	5,184,154
Total investments	<u>178,748,352</u>
Total cash and investments	<u>\$ 270,363,975</u>

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

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

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

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

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

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

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

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

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

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.

Federal Agency issues: U.S. Government securities are reported at fair value based on bullet (noncall) spread scale for each issuer for maturities going out to 40 years. These spreads represent credit risk and are obtained from the new issue market, secondary trading and dealer quotes.

An Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features. Final spreads are added to a U.S. Treasury curve. A cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.

The City has no assets reported at fair value on a nonrecurring basis and no other investments meeting the fair value disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 72.

At December 31, 2021, the City held the following investments:

	Fair Value Measurement	Rating	Maturity	Fair Value Hierarchy Level
Investments by fair value level:				
Federal Agency issues:				
Federal Home Loan Bank (FHLB)	\$ 43,596,497	Moody's Aaa	2/18/2022 to 3/28/2025	2
Federal National Mortgage Association (FNMA)	348,404	Moody's Aaa	11/16/2023	2
Federal Farm Credit Bank (FFCB)	47,257,657	Moody's Aaa	2/24/2022 to 6/30/2025	2
Municipal Bonds	4,131,669	Moody's Aaa	9/1/2022 to 9/1/2024	1
Mutual Funds	5,184,154	N/A	N/A	1
U.S. Treasury notes	54,767,805	Moody's Aaa	5/15/2022 to 2/15/20223	1
U.S. Treasury bills	21,409,007	Moody's Aaa	2/15/2022 to 11/03/2022	1
	<u>176,695,193</u>			
Investments measured by the net asset value (NAV)				
Kansas Municipal Investment Pool	2,053,159	N/A	Current	
	<u>\$ 178,748,352</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, 2021, the City had \$2,053,159 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 3. Deposits and Investments (Continued)

The City Commission has adopted an Investment and Cash Management Policy that is reviewed annually by the Pooled Money Investment Board. The City's policy was certified by the Association of Public Treasurers of the United States and Canada. The policy establishes performance standards, legal authority and procedures for the City's investments.

Interest rate risk: As a means of limiting exposure to fair value losses arising from rising interest rates, the City's investment policy limits its investment maturities to less than four years.

Credit risk: Kansas statutes and City policy limit the investment of public funds to certificates of deposit and U.S. Treasury obligations. The City of Lawrence has been granted expanded investment powers by the Pooled Money Investment Board of the State of Kansas and has adopted a policy detailing their ability to also invest in the obligation of government sponsored corporations. The obligations of government sponsored corporations are not liabilities of the U.S. government and do pose some credit risk. The City has no formal policy relating to the additional risks posed by implicitly guaranteed government agencies.

Concentration of credit risk: The City of Lawrence's investment policy does not allow for more than 50% of the City's cash and investment portfolio to be invested in the certificates of deposit of any one institution.

As of December 31, 2021, the City's investments include FHLB and FFCB, which represent 25% and 27%, respectively, of total investments.

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

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 4. Tax Revenue

Tax revenue for the year ended December 31, 2021, is as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Other Governmental Funds	
Property taxes	\$ 22,655,306	\$ 10,730,181	\$ 6,255,432	\$ 39,640,919
Motor vehicle taxes	2,058,301	961,665	417,290	3,437,256
Utility franchise taxes	7,207,175	-	-	7,207,175
Sales tax	34,630,060	-	12,273,086	46,903,146
Total	<u>\$ 66,550,842</u>	<u>\$ 11,691,846</u>	<u>\$ 18,945,808</u>	<u>\$ 97,188,496</u>

Included in intergovernmental revenue in the governmental fund financial statements is also approximately \$6 million of state liquor tax, state guest tax and state fuel tax. These tax revenues are presented as intergovernmental revenues because they were received from the State.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 2021, were as follows:

	Primary Government			Total
	General Fund	Debt Service Fund	Library Funds	
Levy	\$ 19.935	\$ 9.313	\$ 4.042	\$ 33.290

Note 5. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended December 31, 2021:

Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 83,320,000	\$ 29,740,000	\$ 6,499,000	\$ 106,561,000	\$ 7,570,000
General obligation bonds premium	4,548,554	1,730,148	315,704	5,962,998	-
General obligation bonds, net	<u>87,868,554</u>	<u>31,470,148</u>	<u>6,814,704</u>	<u>112,523,998</u>	<u>7,570,000</u>
General obligation temporary note	40,070,000	26,522,000	40,070,000	26,522,000	26,522,000
General obligation temporary note premium	158,620	984,900	651,069	492,451	492,451
General obligation temporary note, net	<u>40,228,620</u>	<u>27,506,900</u>	<u>40,721,069</u>	<u>27,014,451</u>	<u>27,014,451</u>
Capital lease	835,956	-	151,028	684,928	110,622
Compensated absences	8,192,994	3,059,049	3,273,476	7,978,567	3,561,509
Net pension liability	72,245,672	-	16,372,662	55,873,010	-
Total OPEB liability	<u>13,560,580</u>	<u>116,807</u>	<u>-</u>	<u>13,677,387</u>	<u>-</u>
Total	<u>\$ 222,932,376</u>	<u>\$ 62,152,904</u>	<u>\$ 67,332,939</u>	<u>\$ 217,752,341</u>	<u>\$ 38,256,582</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 4,965,000	\$ -	\$ 3,715,000	\$ 1,250,000	\$ 725,000
General obligation premium	291,052	-	291,052	-	-
General obligation, net	5,256,052	-	4,006,052	1,250,000	725,000
Revenue bonds	167,100,000	46,560,000	7,915,000	205,745,000	7,890,525
Revenue bonds premium	15,591,558	3,636,436	930,181	18,297,813	-
Revenue bonds, net	182,691,558	50,196,436	8,845,181	224,042,813	7,890,525
Compensated absences	2,235,845	734,945	989,778	1,981,012	891,456
Net pension liability	11,848,302	-	3,214,134	8,634,168	-
Total OPEB liability	5,659,488	-	118,427	5,541,061	-
Total	\$ 207,691,245	\$ 50,931,381	\$ 17,173,572	\$ 241,449,054	\$ 9,506,981

The total OPEB liability is paid from the fund in which the employees are paid.

The general obligation temporary notes mature in 2022. 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, 2021 the debt limitation for the City of Lawrence was \$472 million. The City's general obligation debt and temporary notes as of December 31, 2021 was \$133 million. This is approximately 28% 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.

Capital leases: In July 2016, the City entered into a five-year capital lease agreement for vehicles with a total principal amount of \$244,259. The lease carries an interest rate of 1.53%. Semiannual lease payments of \$25,312 are due each March and September and was paid off in the year ending December 31, 2021. In November 2017, the City entered into a ten-year capital lease agreement for equipment and vehicles with a total principal amount of \$1,064,200. The lease carries an interest rate of 2.264%. Semiannual lease payments of \$62,954 are due each March and September.

The cost and the accumulated depreciation of property under capital lease obligations was \$1,028,559 and \$475,686 as of December 31, 2021, respectively.

The following is a schedule by year of future minimum lease payments under the capital lease as of December 31, 2021:

2022	\$ 125,908
2023	125,907
2024	125,908
2025	125,908
2026	125,908
2027	125,908
	<u>755,447</u>
Less amount representing interest	(70,519)
Less current maturities	(110,622)
Noncurrent portion	<u>\$ 574,306</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

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, 2021.

Debt payable, other than claims and judgments and compensated absences, at December 31, 2021 is 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	2010B	2022	1.250-3.000	\$ 8,920,000	\$ 835,000	\$ 835,000
Internal improvement *	2010C	2023	1.250-3.000	8,305,000	1,250,000	725,000
Internal improvement	2011	2023	2.000-3.000	3,895,000	730,000	360,000
Internal improvement	2012A	2024	2.000-3.000	7,710,000	1,555,000	505,000
Internal improvement	2013	2025	2.000-4.000	4,405,000	1,550,000	375,000
Internal improvement *	2014A	2024	2.000-5.000	25,065,000	18,280,000	1,110,000
Internal improvement	2014B	2024	3.000-4.000	18,440,000	13,400,000	830,000
Internal improvement	2015	2030	2.000-3.000	9,450,000	6,130,000	610,000
Internal improvement	2017A	2027	2.000-2.500	3,030,000	1,900,000	300,000
Green internal improvement	2017B	2039	1.000-3.375	11,375,000	9,630,000	270,000
Internal improvement	2017C	2027	0.950-2.400	654,000	406,000	65,000
Internal improvement	2017D	2038	2.875-5.000	13,975,000	11,325,000	820,000
Internal improvement	2019A	2039	3.000-3.250	3,880,000	3,300,000	325,000
Internal improvement	2020A	2040	2.000-3.625	5,775,000	5,620,000	220,000
Refunding	2020B	2034	1.000-1.850	2,325,000	2,160,000	170,000
Internal improvement	2021A	2051	2.000-4.000	29,740,000	29,740,000	775,000
					<u>107,811,000</u>	<u>8,295,000</u>
General obligation temporary notes:						
Internal improvement	2021-I	2022	4.500	22,605,000	22,605,000	22,605,000
Internal improvement	2021-II	2025	1.020	3,917,000	3,917,000	3,917,000
					<u>26,522,000</u>	<u>26,522,000</u>
Revenue bonds:						
Water and sewerage improvement	2015A	2040	2.000-5.000	85,375,000	75,350,000	2,805,000
Water and sewerage improvement refunding	2015B	2025	3.000-5.000	8,960,000	3,670,000	880,000
Water and sewerage improvement	2016A	2036	2.625-5.000	58,810,000	47,715,000	2,670,000
Water and sewerage improvement	2017A	2037	1.320-5.000	17,195,000	14,405,000	760,000
Water and sewerage improvement	2018	2038	3.500-4.000	20,070,000	18,045,000	775,525
Water and sewerage improvement	2021	2042	1.875-4.000	46,560,000	46,560,000	-
					<u>205,745,000</u>	<u>7,890,525</u>
					<u>\$ 340,078,000</u>	<u>\$ 42,707,525</u>

* The Series 2014A bonds are split with 97% (\$19,020,000) reported in governmental activities and 3% (\$320,000) reported in business-type activities. The Series 2010C bonds are reported 100% in the business-type activities.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

In 2021, the City issued \$29,740,000 in general obligation bonds, series 2021A, for paying a portion of the costs of certain public improvement projects within the City. The General Obligation Bonds, Series 20201 are due in annual installments of \$675,000 to \$2,380,000 through September 2051, with interest due in semiannual installments at an interest rate ranging between 2.000% and 4.000%.

In 2021, the City issued \$22,605,000 in general obligation temporary notes, series 2021-I, for paying a portion of the costs of certain public improvements within the City. The General Obligation Temporary Notes, Series 2020-I are due May 1, 2022, 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 2022 long-term debt transaction noted in the subsequent events footnote (Note 17).

In 2021, the City issued \$46,560,000 in water and sewage system improvement revenue bonds, series 2021 for paying a portion of the costs of certain repairs, alterations, extensions, reconstruction, enlargements or improvement to the water and sewage system within the City. The Revenue Bonds, Series 2021 are due in annual installments of \$1,335,000 to \$2,990,000 through September 2042, with interest due in semiannual installments at an interest rate ranging between 1.875% and 4.000%.

In 2021, the City issued \$3,917,000 in general obligation temporary notes, series 2021-II, for paying a portion of the costs of certain public improvements within the City. The General Obligation Temporary Notes, Series 2021-II are due beginning October 1, 2023 in annual installments of \$475,000 to \$2,963,000, with interest due in annual installments at an interest rate of 1.020%. 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 2022 long-term debt transaction noted in the subsequent events footnote (Note 17).

The future annual requirements for general obligation bonds outstanding as of December 31, 2021, are as follows:

Year ending:	Governmental Activities		Business-Type Activities		Total Due
	Principal	Interest	Principal	Interest	
2022	\$ 7,570,000	\$ 3,649,032	\$ 725,000	\$ 37,500	\$ 11,981,532
2023	7,291,000	3,091,621	525,000	15,750	10,923,371
2024	7,162,000	2,830,179	-	-	9,992,179
2025	6,748,000	2,578,512	-	-	9,326,512
2026	6,554,000	2,354,578	-	-	8,908,578
2027-2031	29,701,000	8,515,729	-	-	38,216,729
2032-2036	22,635,000	3,992,960	-	-	26,627,960
2037-2041	11,510,000	1,493,488	-	-	13,003,488
2041-2046	3,505,000	630,444	-	-	4,135,444
2047-2051	3,885,000	251,175	-	-	4,136,175
	<u>\$ 106,561,000</u>	<u>\$ 29,387,718</u>	<u>\$ 1,250,000</u>	<u>\$ 53,250</u>	<u>\$ 137,251,968</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

The future annual requirements for revenue bonds outstanding as of December 31, 2021, are as follows:

Year ending:	Business-Type Activities		
	Principal Due	Interest Due	Total Due
2022	\$ 7,890,525	\$ 7,390,552	\$ 15,281,077
2023	9,415,000	7,200,294	16,615,294
2024	9,780,000	6,833,394	16,613,394
2025	10,170,000	6,443,544	16,613,544
2026	10,165,000	6,010,194	16,175,194
2027-2031	56,835,000	23,239,031	80,074,031
2032-2036	59,810,000	12,469,006	72,279,006
2037-2041	38,725,000	3,509,800	42,234,800
2042-2046	2,954,475	63,963	3,018,438
	<u>\$ 205,745,000</u>	<u>\$ 73,159,778</u>	<u>\$ 278,904,778</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 Sewer 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. The City is in compliance with these requirements.

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. At December 31, 2021, total outstanding conduit debt was \$142,411,495.

Pledged revenues: The City has pledged future water and sewer operating revenues, net of specified operating expenses, to repay \$278,704,778 in water and sewer revenue and revenue refunding bonds. The bonds are payable solely from water and sewer net revenues and are payable through 2046. Annual principal and interest payments on the bonds have required an average of 57% 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 \$14,570,038 and \$25,081,033, respectively. This equates to a net revenue/debt ratio of 1.72 which meets the requirement. The City takes into consideration the 120% covenant requirement when establishing its utility rate model.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

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	\$ 77,520,000	\$ -	\$ 1,295,000	\$ 76,225,000	\$ 1,360,000
Unamortized premiums	7,011,294	-	408,829	6,602,465	-
Note from direct borrowing	9,279,958	-	267,847	9,012,111	277,979
Capital lease obligations	3,680,546	3,006,294	1,742,906	4,943,934	1,603,513
Total long-term debt	<u>\$ 97,491,798</u>	<u>\$ 3,006,294</u>	<u>\$ 3,714,582</u>	<u>\$ 96,783,510</u>	<u>\$ 3,241,492</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 2021, 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	\$ 76,225,000	\$ 1,360,000

Note from direct borrowing: The Hospital's outstanding note from direct borrowing of \$9,012,111 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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 5. Long-Term Liabilities (Continued)

Debt service requirements on long-term debt other than capital lease obligations for the Hospital as of December 31, 2021, are as follows:

Year ending December 31,	Total to be Paid	Bonds		Direct Borrowings	
		Principal	Interest	Principal	Interest
2022	\$ 5,020,063	\$ 1,360,000	\$ 3,660,063	\$ 277,979	\$ 355,425
2023	5,022,063	1,430,000	3,592,063	289,305	344,100
2024	5,020,563	1,500,000	3,520,563	301,091	332,313
2025	5,020,563	1,575,000	3,445,563	313,358	320,046
2026	5,021,813	1,655,000	3,366,813	326,125	307,279
2027-2031	25,102,565	9,595,000	15,507,565	1,841,090	1,325,931
2032-2036	25,106,715	12,150,000	12,956,715	2,247,965	919,056
2037-2041	25,107,276	14,890,000	10,217,276	2,744,757	422,264
2042-2046	27,587,500	21,555,000	6,032,500	670,441	15,748
2047-2048	11,310,000	10,515,000	795,000	-	-
	<u>\$ 139,319,121</u>	<u>\$ 76,225,000</u>	<u>\$ 63,094,121</u>	<u>\$ 9,012,111</u>	<u>\$ 4,342,162</u>

Capital lease obligations: The Hospital is obligated under leases for equipment that are accounted for as capital leases. The capital leases are secured by the related assets as collateral. Assets under capital leases at December 31, 2021 total \$5,314,000, net of accumulated depreciation of \$2,261,000. The following is a schedule by year of future minimum lease payments under the capital lease including interest at rates of 3.250% to 4.000% together with the present value of the future minimum lease payments as of December 31, 2021:

	Capital Lease Obligations
2022	\$ 1,689,231
2023	1,545,334
2024	1,412,534
2025	384,517
2026	215,875
	<u>5,247,491</u>
Less amount representing interest	(303,557)
Less current maturities	(1,603,513)
Noncurrent portion	<u>\$ 3,340,421</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 16,650,937	\$ 103,835	\$ -	\$ 16,754,772
Construction in progress	5,804,966	6,882,595	1,283,076	11,404,485
Total capital assets, not being depreciated	22,455,903	6,986,430	1,283,076	28,159,257
Capital assets being depreciated:				
Buildings	135,566,375	106,613	36,849	135,636,139
Improvements other than buildings	54,747,057	149,791	-	54,896,848
Machinery and equipment	41,972,673	5,422,000	1,261,874	46,132,799
Infrastructure	251,943,801	1,273,825	-	253,217,626
Total capital assets, being depreciated	484,229,906	6,952,229	1,298,723	489,883,412
Less accumulated depreciation for:				
Buildings	55,029,287	4,601,295	3,685	59,626,897
Improvements other than buildings	27,041,455	1,842,983	-	28,884,438
Machinery and equipment	28,415,217	4,951,401	1,147,394	32,219,224
Infrastructure	86,268,749	5,081,301	-	91,350,050
Total accumulated depreciation	196,754,708	16,476,980	1,151,079	212,080,609
Total capital assets being depreciated, net	287,475,198	(9,524,751)	147,644	277,802,803
Governmental activities capital assets, net	\$ 309,931,101	\$ (2,538,321)	\$ 1,430,720	\$ 305,962,060
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,984,191	\$ 71,950	\$ -	\$ 7,056,141
Construction in progress	2,110,639	4,022,933	211,809	5,921,763
Total capital assets, not being depreciated	9,094,830	4,094,883	211,809	12,977,904
Capital assets being depreciated:				
Buildings	87,708,754	-	-	87,708,754
Improvements other than buildings	166,146,062	-	-	166,146,062
Machinery and equipment	33,042,650	1,405,472	1,227,328	33,220,794
Infrastructure	182,788,716	389,934	57,248	183,121,402
Total capital assets, being depreciated	469,686,182	1,795,406	1,284,576	470,197,012
Less accumulated depreciation for:				
Buildings	34,558,255	1,893,123	-	36,451,378
Improvements other than buildings	44,439,492	3,972,692	-	48,412,184
Machinery and equipment	14,724,270	2,731,856	902,966	16,553,160
Infrastructure	76,328,998	3,595,979	715	79,924,262
Total accumulated depreciation	170,051,015	12,193,650	903,681	181,340,984
Total capital assets being depreciated, net	299,635,167	(10,398,244)	380,895	288,856,028
Business-type activities capital assets, net	\$ 308,729,997	\$ (6,303,361)	\$ 592,704	\$ 301,833,932

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	\$ 13,757,032	\$ -	\$ -	\$ 13,757,032
Construction in progress	1,971,839	2,922,331	1,283,450	3,610,720
Total capital assets, not being depreciated	23,545,934	2,922,331	1,283,450	17,367,752
Capital assets being depreciated:				
Buildings	276,735,890	2,274,171	3,208,145	275,801,916
Improvements other than buildings	9,343,339	29,186	4,258	9,368,267
Collection	3,524,298	663,315	342,346	3,845,267
Machinery and equipment	114,664,684	7,241,700	8,237,912	113,668,472
Total capital assets, being depreciated	396,451,150	10,208,372	11,792,661	402,683,922
Less accumulated depreciation for:				
Buildings	83,932,463	7,244,317	2,923,999	88,252,781
Improvements other than buildings	2,773,303	470,016	4,261	3,239,058
Collection	1,098,001	415,908	229,833	1,284,076
Machinery and equipment	70,772,360	7,686,943	7,384,828	71,074,475
Total accumulated depreciation	158,576,127	15,817,184	10,542,921	163,850,390
Total capital assets being depreciated, net	237,875,023	(5,608,812)	1,249,740	238,833,532
Component unit capital assets, net	\$ 261,420,957	\$ (2,686,481)	\$ 2,533,190	\$ 256,201,284

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

Governmental activities:	
General government	\$ 2,079,367
Public safety	4,660,239
Public works	6,940,185
Social services	757,706
Culture and recreation	1,955,325
Economic Development	46,086
Tourism	719
	<u>16,439,627</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	37,353
Total depreciation expense, governmental activities	<u>\$ 16,476,980</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 6. Capital Assets (Continued)

Business-type activities:

Water and sewer	\$ 10,609,750
Sanitation	930,431
Parking	4,020
Stormwater	649,449
Total depreciation expense, business-type activities	<u>\$ 12,193,650</u>

Component units:

Lawrence-Douglas County Housing Authority	\$ 873,532
Lawrence Surgery Center	365,923
Lawrence Memorial Hospital	14,101,715
Lawrence Public Library	476,014
Total depreciation expense, component units	<u>\$ 15,817,184</u>

Note 7. 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 7. 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, 2020.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	Actuarial Employer Rate	Statutory Employer Capped Rate
Local government employees	8.87%	8.87%
Police and firefighters	22.80%	22.80%

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

Member contribution rates as a percentage of eligible compensation for the fiscal year 2021 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, 2021, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2021.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2021, the City's proportion for the Local employees group was 1.642%, which was an increase of 0.028% from its proportion measured at June 30, 2020. At June 30, 2021, the City's proportion for the Police and Firefighters group was 4.695%, which was an increase of 0.145% from its proportion measured at June 30, 2020.

Net pension liability: At December 31, 2021, the City reported a liability of \$19,703,845 and \$44,803,333 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 \$64,507,178 as of December 31, 2021.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021 as the measurement date, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Salary increases, including wage increases	3.50% to 12.00% including inflation
Long-term rate of return, net of investment expense and including price inflation	7.25%

Mortality rates were based on the RP-2014 Combined Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the period of January 1, 2016, through December 31, 2018.

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 included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Rate of Return
U.S. equities	23.50%	5.20%
Non-U.S. equities	23.50	6.40
Private equity	8.00	9.50
Private real estate	11.00	4.45
Yield driven	8.00	4.70
Real return	11.00	3.25
Fixed income	11.00	1.55
Short-term investments	4.00	0.25
	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firefighters, and Judges. Future employer contribution rates were also modeled for Police & Firefighters and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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 7.25%, 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 (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Local	\$ 32,410,912	\$ 19,703,845	\$ 9,047,359
Police and firefighters	67,245,516	44,803,333	26,030,441
Total	\$ 99,656,428	\$ 64,507,178	\$ 35,077,800

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

Pension expense: For the year ended December 31, 2021, the City recognized total pension expense of \$7,713,938 which is comprised of local pension expense of \$1,571,794 and Police and Firefighters pension expense of \$6,142,144. Total pension expense includes the changes in the collective net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred outflows of resources and deferred inflows of resources: At December 31, 2021, 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	\$ 777,756	\$ 178,410
Net differences between projected and actual earnings on investments	-	6,996,781
Changes in assumptions	3,878,725	-
Changes in proportion	781,910	628,449
Total	5,438,391	7,803,640
Police and Firefighters:		
Differences between actual and expected experience	3,535,319	-
Net differences between projected and actual earnings on investments	-	11,754,215
Changes in assumptions	5,699,047	-
Changes in proportion	1,266,895	1,783,337
Total	10,501,261	13,537,552
Total:		
Differences between actual and expected experience	4,313,075	178,410
Net differences between projected and actual earnings on investments	-	18,750,996
Changes in assumptions	9,577,772	-
Changes in proportion	2,048,805	2,411,786
Total	15,939,652	21,341,192
City contributions subsequent to measurement date for both groups	4,400,020	-
Total	\$ 20,339,672	\$ 21,341,192

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 7. Defined Benefit Pension Plan (Continued)

\$4,400,020 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, 2022. 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
2022	\$ (460,970)	\$ (92,725)	\$ (553,695)
2023	(271,803)	(360,003)	(631,806)
2024	(239,911)	(484,624)	(724,535)
2025	(1,544,140)	(2,398,834)	(3,942,974)
2026	151,575	299,895	451,470
	<u>\$ (2,365,249)</u>	<u>\$ (3,036,291)</u>	<u>\$ (5,401,540)</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 8. Interfund Transactions

Interfund receivables and payables: At December 31, 2021, the following funds had interfund receivables and payables to the following funds:

	Due From Other Funds
	<u>General</u>
	<u>Fund</u>
Due to other funds, other governmental funds	<u>\$ 251,063</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 8. Interfund Transactions (Continued)

Interfund transfers: A summary of transfers for the year ended December 31, 2021, follows:

Fund	Transfers Out	Transfers In
General	\$ 4,846,583	\$ 4,433,816
Debt service	-	1,283,174
Other governmental	5,213,128	9,416,837
Water and sewer	2,837,000	349,000
Sanitation	1,473,739	-
Internal service funds	390,750	194,373
Nonmajor proprietary	916,000	-
	\$ 15,677,200	\$ 15,677,200

The City uses interfund transfers to share administrative costs between the enterprise and general funds. The water and sewer fund and the sanitation fund transferred \$2,837,000 and \$934,000, respectively, to the general fund in lieu of franchise fees for various utilities. The general fund transferred \$350,000 to the Housing Trust Fund. The Transportation Fund and the Capital Sales Tax Fund transferred \$2,734,000 and \$2,065,428 respectively to the Equipment Reserve fund for the purchase of new vehicles. Beyond that, the City's policy is to transfer all fund balance in the general fund in excess of 25% to the capital improvement reserve and the equipment reserve annually.

Note 9. Commitments and Contingencies

Contract commitments: At December 31, 2021, the City had construction contract commitments totaling \$8,892,157. The City expects to receive the contracted services during fiscal year 2022.

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

Description	Authorized	Expended	Remaining Authority
ERP System	\$ 2,039,088	\$ 64,395	\$ 1,974,693
Switchgear and Substation Maintenance	158,075	115,706	42,369
2020 CIPP Project	504,849	406,569	98,280
2021 Sidewalk Improvement	1,244,647	181,094	1,063,553
Bowersock Dam Rehabilitation	1,617,314	952,531	664,783
Lawrence Loop	755,754	724,387	31,367
Burroughs Creek Splash Park	379,333	158,065	221,268
E 9th Street	118,278	-	118,278
Santa Fe Depot Parking Lot	173,366	-	173,366
Naismith Valley Interceptor and Pump Station 8 Abandonment	5,588,902	1,084,702	4,504,200
	\$ 12,579,606	\$ 3,687,449	\$ 8,892,157

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 9. 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, 2021, the City had a total of \$16,614,621 in encumbrances, which are reported as part of the governmental fund balance sheet as follows:

	Assigned	Unassigned	Total
General Fund	\$ 2,584,296	\$ -	\$ 2,584,296
Capital Projects Fund	-	5,225,053	5,225,053
Other governmental funds	-	8,805,272	8,805,272
	<u>\$ 2,584,296</u>	<u>\$ 14,030,325</u>	<u>\$ 16,614,621</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. Under the City's risk management program, the City retains risk for general liability protection, automobile liability and up to \$300,000 per occurrence (\$1,000,000 in aggregate) 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.

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. That reserve was \$2,214,853 at December 31, 2021 in the risk management fund. The primary government's claims liability reported in the Statement of Net Position at December 31, 2021 was \$2,315,829, for general and worker's comp liabilities. The liability reported in the financial statements at December 31, 2021 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.

Contingent liabilities: On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, and all States of the United States of America.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the City.

It is reasonable possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables and investments; net pension and OPEB liabilities and related deferred outflows and liabilities; and contingent obligations.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 9. Commitments and Contingencies (Continued)

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.

	2021	2020
Unpaid claims, January 1	\$ 1,441,318	\$ 1,340,456
Incurred claims (including IBNRs)	9,977,804	9,133,869
Claim payments	9,852,577	9,033,007
Unpaid claims, December 31	<u>\$ 1,566,545</u>	<u>\$ 1,441,318</u>

Note 10. 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 as follows: City 66% and County 34%. This agreement was modified in 1997 following the combination of the County emergency medical services and the City fire department in 1996 discussed below. This agreement was last modified in 2002.

In 1996, the County emergency medical services and the City fire department were combined with the City paying 73.36% and the County paying 25.64% of the operating costs of the combined operations. The County pays all the cost of buildings and equipment of the ambulance services and the City pays all the cost of buildings and equipment of the fire department. As of the effective date of the 1996 agreement all buildings, equipment, and furniture were transferred to the ownership of the City. This agreement was later modified in 1997, 1998 and 2005. The City received \$6.9 million from the County for this agreement for the year ending December 31, 2021.

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

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 11. 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	\$ 305,962,060	\$ 301,833,932	\$ 607,795,992
Less:			
Current portion of temporary notes payable	(27,014,451)	-	(27,014,451)
Current portion of general obligation bonds	(7,570,000)	(725,000)	(8,295,000)
Current portion of revenue bonds	-	(7,890,525)	(7,890,525)
Current portion of capital lease payable	(110,622)	-	(110,622)
Noncurrent portion of general obligation bonds	(104,953,998)	(525,000)	(105,478,998)
Noncurrent portion of revenue bonds	-	(216,152,288)	(216,152,288)
Noncurrent portion of capital lease payable	(574,306)	-	(574,306)
Capital in accounts payable	-	(1,109,330)	(1,109,330)
Plus:			
Unspent general obligation bonds, revenue bonds and temporary note proceeds	26,742,367	61,658,217	88,400,584
Net investment in capital assets	<u>\$ 192,481,050</u>	<u>\$ 137,090,006</u>	<u>\$ 329,571,056</u>

Note 12. Postemployment Health Care Plans

In addition to providing pension benefits the City provides postemployment health care benefits through two plans described below.

Below is a summary of amounts reported by the City:

	City Plan	KPERS Plan	Total
Total OPEB liability	\$ 17,193,359	\$ 2,025,089	\$ 19,218,448
Deferred outflows of resources	2,673,351	527,549	3,200,900
Deferred inflows of resources	1,383,137	327,530	1,710,667
OPEB expense	1,611,670	193,158	1,804,828

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 Insurance 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 Insurance internal services fund.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

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

The City requires the retiree to pay 80% of group plan premium when single or family coverage is elected. Otherwise the retiree is required to 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 government by City policy. Other postemployment liabilities attributable to governmental activities are generally liquidated by the General fund. The City made contributions of \$591,452 during the current year.

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

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

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

Employees covered by benefit terms: At December 31, 2021, the following employees were covered by the benefit terms:

Active employees:	
KPERS 1	191
KPERS 2	82
KPERS 3	233
Police and fire	265
Total active employees	<u>771</u>
Inactives:	
Retirees/disabled—subscribers	66
Spouses of retirees/disabled	16
Total inactive covered members	<u>82</u>
Total	<u><u>853</u></u>

Total OPEB liability: The City's total OPEB liability of \$17,193,359 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2020.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

Actuarial methods and assumptions: The total OPEB liability in the December 31, 2020 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	2.50% for all employees
Inflation rate	2.50%
Discount rate	2.04% measurement date 1.96% year preceding measurement date
Health care cost trend rates	7.50% for 2021 decreasing to an ultimate rate 4.0% in 2032
Dental cost trend rate	3.00%
Healthy mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with Scale MP-2021 Full Generational Improvement
Disabled mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality with MP-2021 Full Generational Improvement

The discount rate was based on the average of the S&P Municipal Bond 20-year High Grade and the Fidelity GO AA-20 Years indexes.

Changes in the total OPEB liability:

	<u>Total OPEB Liability</u>
Balance as of December 31, 2020	\$ 17,429,851
Changes for the year:	
Service cost	1,079,077
Interest	356,979
Differences between expected and actual experience	(787,722)
Changes in assumptions	(293,374)
Benefit payments	(591,452)
Net changes	<u>(236,492)</u>
Balance as of December 31, 2021	<u>\$ 17,193,359</u>

Changes in 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 retiree contribution premiums, admin fees and stop-loss premiums were updated. The salary scale assumption changed from 1.50% to 2.50%. This resulted in a decrease of costs by \$293,374.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

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

	Discount Rate		
	1% Decrease 1.04%	2.04%	1% Increase 3.04%
Total OPEB liability	\$ 18,967,764	\$ 17,193,359	\$ 15,586,359

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	\$ 15,010,036	\$ 17,193,359	\$ 19,809,657

OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended December 31, 2021, the City recognized OPEB expense of \$1,611,670. At December 31, 2021, 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	\$ 1,951,153	\$ 357,833
Differences between expected and actual experience	722,198	1,025,304
	<u>\$ 2,673,351</u>	<u>\$ 1,383,137</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:	
2022	\$ 175,617
2023	175,617
2024	175,617
2025	175,617
2026	175,617
Thereafter	412,129
	<u>\$ 1,290,214</u>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

KPERS Other Postemployment Benefit Plan

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

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

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

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

Covered employees: The City has the following employees covered by the Plan as of December 31, 2020:

Active members	516
Disabled members	11
	<hr/>
	527
	<hr/>

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

Total OPEB liability: The City's total OPEB liability of \$2,025,089 was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021 as the measurement date, using the following actuarial assumptions:

Salary increases	2.75%
Inflation rate	3.50%
Discount rate	2.16% - measurement date 2.21% - year preceding measurement date

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale MP-2021.

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 – December 31, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2020 KPERs pension valuation.

Changes in total OPEB liability

	Total OPEB Liability
Balance as of December 31, 2020	\$ 1,790,217
Changes for the year:	
Service cost	132,546
Interest	40,164
Effect of economic/demographic gains	268,941
Changes in assumptions	5,190
Benefit payments	(211,969)
Net changes	234,872
Balance as of December 31, 2021	\$ 2,025,089

Changes in assumptions: The discount rate was changed from 2.21% at the beginning of the year to 2.16% 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 2.16%, 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 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	\$ 2,131,148	\$ 2,025,089	\$ 1,923,105

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 12. Postemployment Health Care Plans (Continued)

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, 2021, the City recognized OPEB expense of \$193,158, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred outflows of resources and deferred inflows of resources: At December 31, 2021, 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	\$ 375,754	\$ 278,540
Changes of assumptions or other inputs	151,795	48,990
	<u>\$ 527,549</u>	<u>\$ 327,530</u>

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

Years ending June 30:	
2022	\$ 20,448
2023	20,448
2024	20,448
2025	20,448
2026	22,734
Thereafter	95,493
	<u>\$ 200,019</u>

Note 13. 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 of between \$11.2 million and \$11.8 million over 30 years. Originally the KDHE estimate for the remediation over a 30-year period was \$11.2 million with an additional \$2.1 million contingency. The EPA produced an estimate of \$11.8 million.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Pollution Remediation (Continued)

In September of 2017, the City of Lawrence and the Kansas Department of Health and Environment (KDHE) entered into conversations regarding the excess storage of nitrogen rich water collected on the Farmland site. After review by KDHE, they suggested a one-time, temporary, conditional discharge of this remediation water to the Kansas River. KDHE indicated that this in no way establishes a precedent for disposal of future water from the site, but allowed the City to regain storage capacity and begin the process of developing a more comprehensive and sustainable remediation strategy for the excess nitrogen. On April 16, 2018, the City entered into a contract with GHD to reassess the site and consider alternative remediation strategies.

Since approval of the original contract on April 3, 2018, the City has been pursuing changes to the long-term environmental remediation project at the former Farmland Nitrogen Fertilizer Plant. Phase one of this effort includes professional services related to site study, analysis of alternative remediation strategies and regulatory approvals for alternative strategies prepared by the selected firm, GHD Inc.

The project scope, as proposed by GHD in 2018, includes data review, existing remediation systems evaluation, remediation alternative evaluation and recommendation, and community engagement.

The City and GHD have worked continuously to produce a remediation alternative that may be presented to the Kansas Department of Health and Environment (KDHE). The first step in the approved contract with GHD included site data review and development of an updated conceptual site model. During their development of the static 3D model and detailed review of current systems and monitoring data, GHD and the City have identified data gaps and changes to the site conditions, which prevent the completion of the original scope of work as requested. To address these data gaps, the City and GHD prepared a data gap study work plan that was presented to KDHE on November 21, 2018.

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 13. Pollution Remediation (Continued)

In May 2021, GHD began the initial phase of the groundwater monitoring well installation work plan as outlined in the current scope of work. Seventeen new monitoring wells were drilled and developed over a period of approximately four weeks in May and early June. During the third week of June, GHD performed well sampling on all existing (30 wells) and new monitoring wells (17 wells). The City of Lawrence water quality laboratory conducted the analyses of the samples for ammonia-nitrogen and nitrate/nitrite-nitrogen and turned over the results to GHD. On September 30, 2021, GHD finalized the Supplemental Investigation Report and submitted to KDHE BER for review on November 9, 2021. After addressing comments from KDHE BER on January 11, 2022, and meeting with members of KDHE BER on January 26, 2022, the Supplemental Investigation Report was approved by KDHE on February 10, 2022.

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

The remedial alternatives selection for the remediation site is progressing. A meeting has been scheduled with KDHE to present and discuss the recommended remedial options selected by GHD and the City. The outcome of this meeting will determine the next steps in the remedial process. Future steps, which may be preceded by pilot testing, will include development of a Remedial Design Plan and revisions to the Remedial Action Plan. Until pilot studies are completed on the remedial alternatives, an estimate of the environmental remediation liability remains uncertain, and therefore no liability has been recorded as of December 31, 2021.

Note 14. Economic Development

Property tax abatements: In 2021, 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 14. Economic Development (Continued)

Company	Commitments	Type & percent Abatement in 2021	Amount Abated in 2021
3840 Greenway Circle LLC/Screen-It Graphics (Grandstand)	Business relocation and expansion, job creation and retention	Real Property Taxes, 65%	\$121,674
Sunlite Science & Technology, Inc.	Business relocation and expansion, job creation and retention	Real Property Taxes, 50%	\$21,059
RCP, LLC, known as "Rock Chalk Park"	A property tax abatement was authorized to assist the University of Kansas (KU) in pursuing this project. KU would normally enjoy a 100% property tax abatement on their property for the duration of ownership. However, due to the structure of the project with KU Athletics entering into a long-term lease with a private developer to construct the facilities, an automatic property tax exemption was not possible.	Real Property Taxes, 100%	\$435,762
VanTrust Building 1 ¹	Industrial spec building in Lawrence VenturePark	Real Property Taxes 70% (PILOT)	\$201,413
Plastikon Expansion Phase I & II	Business expansion, job creation and retention	Real Property Taxes, 70%	\$114,648
Grandstand Expansion	Business expansion, job creation and retention	Real Property Taxes, 70%	\$82,496

Note 1 – Under agreement with the City, Van Trust Phase I is 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): During 2021, the City of Lawrence had eight established neighborhood revitalization areas. six properties were eligible for an NRA rebate for the property taxes levied in 2021. The remaining NRA projects were either under construction or had not commenced construction by the end of the year and were not eligible for a rebate.

NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general 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. 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 14. Economic Development (Continued)

The City of Lawrence negotiates NRAs on an individual basis. The City had the NRAs listed below in 2021:

Neighborhood Revitalization Area	Purpose	Duration- percent of Increment Subject to NRA	Rebate Amount in 2021
8th and Pennsylvania District (720 E 9th Street) 1040 Vermont (Treanor Architect Headquarters)	Revitalization of historic warehouse district Redevelopment of vacant building into architectural headquarters/office space	95% 10Y-70% in 2019	\$17,869 \$11,579
810/812 Pennsylvania (Cider Building)	Redevelopment of vacant, historic building into art gallery and commercial office space	10Y-95%	\$26,426
1106 Rhode Island (Hernly Architect's Studio)	Rehab and development of vacant, historical structures into office and residential space	10Y-85%	\$11,405
900 Delaware (9 Del Lofts)	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	\$35,314
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	\$41,789
1101/1115 Indiana (Mixed-Use, Student Housing)	Redevelopment of underutilized property for mixed-use commercial and residential space	10Y-85%	\$510,824
8th and Pennsylvania District (720 E 9th Street)	Revitalization of historic warehouse district	95%	\$17,869
1040 Vermont (Treanor Architect Headquarters)	Redevelopment of vacant building into architectural headquarters/office space	10Y-70% in 2019	\$11,579

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.

Note 2—Years 1–4: 95%; Years 5–6: 85%; Year 7: 70%; Year 8: 50%; Year 9: 30%; Year 10: 20%

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.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Economic Development (Continued)

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

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

The City of Lawrence negotiates TIFs on an individual basis. The City had the TIFs listed below in 2021:

2021 Tax increment Financing (TIF) (For all taxing jurisdictions)			
TIF District	Description		Total
Downtown 2000	901 New Hampshire		\$28,085 ¹
Oread	TIF Sales Tax	\$127,725	\$425,198
	TIF Property Tax	\$297,473	
9th & New Hampshire: South Project	900 New Hampshire: TIF Sales Tax	\$74,010	\$399,499
	900 New Hampshire: TIF Property Tax	\$305,514	
	City Retained TIF (5%)	\$19,975	
9th & New Hampshire: North Project	888 New Hampshire: TIF Sales Tax	\$0	\$241,668
	888 New Hampshire: TIF Property Tax	\$229,585	
	City Retained TIF (5%)	\$12,083	

Note 1—The Downtown 2000 TIF does not pay out to private entities except for \$28,085 per year reimbursement that was authorized via agreement for 901 New Hampshire Street.

Note 2—The City retains 5% of TIF revenue for the Arts Common project, up to \$900,000. At the end of 2021, the City had retained a total of \$189,261 in TIF revenue (\$3,880 in 2015, \$21,789 in 2016, \$24,386 in 2017, \$35,975 in 2018, \$36,745 in 2019, \$34,428 in 2020 and \$32,058 in 2021).

¹ The Downtown 2000 TIF does not pay out to private entities except for a ~\$28,085/year reimbursement that was authorized via agreement for 901 New Hampshire Street.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 14. Economic Development (Continued)

Transportation Development District: Transportation Development Districts (TDD) are an economic development tool established by the Kansas TDD Act (K.S.A. 12-17,140 et seq.) and subject to City policy to assist with the development of transportation improvements which can benefit a development and the public. In all TDD districts, public improvements were financed initially by the developer and are reimbursed annually via a 1% transportation district sales tax on retail or taxable services occurring within the district.

To establish a TDD, the applicant first submits a TDD petition which is signed by the owners of all of the land within the proposed district. The City Commission then considers the request to establish a TDD.

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

The City of Lawrence negotiates TDDs on an individual basis. The City had the TDDs listed below in 2021.

2021 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	\$65,998
Free-State (Bauer Farms)	Aid in funding transportation improvements related to the Free-State TDD development district.	2031	\$333,968
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.

Note 1—The City retains the first \$850,000 as contribution toward the City parking garage at 10th and New Hampshire. As of December 31, 2020, the City had retained the entire amount of distributed 900 New Hampshire TDD tax revenue of \$62,226.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. 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. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending December 31, 2022, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.
- GASB Statement No. 91, *Conduit Debt Obligations*, will be effective for the City beginning with its year ending December 31, 2022. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. Under Statement 91 a government entity no longer reports a liability for any conduit debt that it has issued; however, the issuer should recognize a liability for any additional commitments or voluntary commitments to support the debt service.
- GASB Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB statements. In particular, this Statement addresses the effective date of GASB Statement No. 87, *Leases* and Implementation Guide No. 2019-3, *Leases*, which is effective upon issuance. It also addresses (1) Reporting of intra-entity transfers of assets between the primary government employer and component unit defined benefit retirement plans; (2) The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (3) The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; (4) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; (5) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (6) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and (7) Terminology used to refer to derivative instruments, all of which are effective for the City with its year ending December 31, 2022.
- GASB No. 93, *Replacement of Interbank Offered Rates* establishes how the City will report the change of any of its variable payment debt that are tied to the London Interbank Offered Rate (LIBOR) when the LIBOR standard is no longer used after December 31, 2021. This statement will be effective for the City with its year ending December 31, 2021 except for provision relating to the removal of the LIBOR rate, which will be effective for the fiscal year ending December 31, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will improve financial reporting by addressing issues related to public-private and public-public partnerships and provides guidance for accounting and reporting for availability payment arrangements. This statement will be effective for the City with its year ending December 31, 2023.

City of Lawrence, Kansas

Notes to the Basic Financial Statements

Note 15. Pending Governmental Accounting Standards Board (GASB) Statements (Continued)

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. This statement will be effective for the City with its year ending December 31, 2023.
- GASB Statement No. 99, *Omnibus 2022*, addresses practice issues that have been identified during implementation and application of certain GASB statements. The Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The Statement will be effective for the City at various times over the next two years

The City’s management has not yet determined the effect these statements will have on the City’s financial statements.

Note 16. Restatement

During 2020, the Housing Authority did not properly account for its HUD CARES Act grants in the prior year and as a result, \$90,134 of income should have been recognized in the Move-To-Work Program. Additionally, the Public Housing program did not recognize \$38,505 of prior year revenue or expenses related to its HUD CARES Act grant.

	Aggregate Discretely Presented <u>Component Units</u>
Net position January 1, 2021, as previously reported	\$ 303,756,191
Component unit adjustment	<u>90,134</u>
Net position January 1, 2021, as restated	<u><u>\$ 303,846,325</u></u>

Note 17. Subsequent Events

On April 28, 2022, the City issued \$5,800,000 in General Obligation Improvement Bonds, Series 2022A and \$52,135,000 in General Obligation Temporary Notes, Series 2022I. The bonds and notes were issued for the purpose of paying a portion of the cost of certain public improvement projects within the City.

City of Lawrence, Kansas

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 1,079,077	\$ 898,426	\$ 681,971	\$ 701,279
Interest	356,979	521,767	483,736	410,745
Differences between expected and actual experience	(787,722)	(386,654)	993,023	-
Changes of assumptions	(293,374)	166,522	2,495,496	(147,396)
Benefit payments	(591,452)	(528,056)	(718,830)	(236,456)
Net change in total OPEB liability	(236,492)	672,005	3,935,396	728,172
Total OPEB liability—beginning	17,429,851	16,757,846	12,822,450	12,094,278
Total OPEB liability—ending	<u>\$ 17,193,359</u>	<u>\$ 17,429,851</u>	<u>\$ 16,757,846</u>	<u>\$ 12,822,450</u>
Covered employee payroll	<u>\$ 50,793,649</u>	<u>\$ 50,793,649</u>	<u>\$ 46,574,172</u>	<u>\$ 46,574,172</u>
Total OPEB liability as a percentage of covered employee payroll	33.85%	34.32%	35.98%	27.53%

Notes to schedule:

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 a 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.

City of Lawrence, Kansas

Required Supplementary Information (Continued)

Schedule of Changes in Total OPEB Liability and Related Ratios—KPERS Plan

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 132,546	\$ 107,158	\$ 108,334	\$ 107,683
Interest	40,164	70,045	69,119	66,254
Effect of economic/demographic gains	268,941	(331,807)	193,076	(23,557)
Changes of assumptions	5,190	151,873	37,534	(26,501)
Benefit payments	(211,969)	(200,611)	(182,614)	(195,792)
Net change in total OPEB liability	234,872	(203,342)	225,449	(71,913)
Total OPEB liability—beginning	1,790,217	1,993,559	1,768,110	1,840,023
Total OPEB liability—ending	<u>\$ 2,025,089</u>	<u>\$ 1,790,217</u>	<u>\$ 1,993,559</u>	<u>\$ 1,768,110</u>
Covered employee payroll	<u>\$ 30,346,501</u>	<u>\$ 29,075,960</u>	<u>\$ 26,579,520</u>	<u>\$ 27,873,554</u>
Total OPEB liability as a percentage of covered employee payroll	6.67%	6.16%	7.50%	6.34%

Notes to schedule:

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 a 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 a 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 a 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.

City of Lawrence, Kansas

**Required Supplementary Information (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability—KPERs
December 31, 2021**

	December 31,								
	Police			Police			Police		
	Local	and Firefighters	Total	Local	and Firefighters	Total	Local	and Firefighters	Total
2021	2021		2020	2020		2019	2019		
City's proportion of the net pension liability	1.642%	4.695%		1.614%	4.550%		1.563%	4.629%	
City's proportionate share of the net pension liability	\$ 19,703,845	\$ 44,803,333	\$ 64,507,178	\$ 27,985,700	\$ 56,108,274	\$ 84,093,974	\$ 21,845,415	\$ 46,853,480	\$ 68,698,895
City's covered payroll	\$ 31,343,058	\$ 25,621,338	\$ 56,964,396	\$ 30,497,900	\$ 25,004,984	\$ 55,502,884	\$ 28,798,716	\$ 25,785,226	\$ 54,583,942
City's proportionate share of the net pension liability as a percentage of its covered payroll	62.87%	174.87%		91.76%	224.39%		75.86%	181.71%	
Plan fiduciary net position as a percentage of the total net pension liability	81.14%	76.09%		70.77%	66.81%		75.02%	71.22%	

The amounts presented for each fiscal year were determined as of December 31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore, 10 years of data is unavailable.

**Schedule of the City's Contribution—KPERs
December 31, 2021**

	December 31,								
	Police			Police			Police		
	Local	and Firefighters	Total	Local	and Firefighters	Total	Local	and Firefighters	Total
2021	2021		2020	2020		2019	2019		
Contractually required contribution	\$ 2,840,596	\$ 5,984,568	\$ 8,825,164	\$ 2,670,841	\$ 5,638,072	\$ 8,308,913	\$ 2,497,226	\$ 5,232,406	\$ 7,729,632
Contributions in relation to the contractually required contribution	2,840,596	5,984,568	8,825,164	2,670,841	5,638,072	8,308,913	2,497,226	5,232,406	7,729,632
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 31,776,341	\$ 25,589,111		\$ 31,020,210	\$ 25,709,408		\$ 29,501,415	\$ 24,798,549	
Contributions as a percentage of covered payroll	8.94%	23.39%		8.61%	21.93%		8.46%	21.10%	

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

December 31,

Local 2018			Police and Firefighters 2018			Total			Local 2017			Police and Firefighters 2017			Total			Local 2016			Police and Firefighters 2016			Total			Local 2015			Police and Firefighters 2015			Total		
	1.613%			4.889%						1.722%			5.130%						1.683%			4.954%						1.678%			5.068%				
\$	22,476,271	\$	\$	47,041,107	\$	\$	69,517,378	\$	\$	24,948,735	\$	\$	48,108,856	\$	\$	73,057,591	\$	\$	26,042,494	\$	\$	46,013,453	\$	\$	72,055,947	\$	\$	22,038,579	\$	\$	36,797,128	\$	\$	58,835,707	\$
\$	28,857,883	\$	\$	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	\$
	77.89%			189.24%						85.23%			199.69%						88.69%			191.30%						80.86%			161.98%				
	74.22%			71.53%						72.15%			70.99%						68.55%			69.30%						71.98%			74.60%				

December 31,

Local 2018			Police and Firefighters 2018			Total			Local 2017			Police and Firefighters 2017			Total			Local 2016			Police and Firefighters 2016			Total			Local 2015			Police and Firefighters 2015			Total		
\$	2,459,149	\$	\$	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	\$
	2,459,149			5,064,566			7,523,715			2,463,442			4,723,704			7,187,146			2,687,252			4,919,631			7,606,883			2,783,814			5,137,753			7,921,567	
\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$	\$	-	\$
\$	29,310,477	\$	\$	25,209,388	\$	\$	29,118,723	\$	\$	29,118,723	\$	\$	24,822,401	\$	\$	29,272,898	\$	\$	29,272,898	\$	\$	24,092,226	\$	\$	29,365,147	\$	\$	29,365,147	\$	\$	24,053,146	\$			
	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, 2020 valuation to determine the actuarially determined contribution.

Valuation timing	December 31, 2020
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	12 - 25 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 10.00%, including price inflation
Long-term rate of return	7.75%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The RP-2014 mortality tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale MP-2021.

City of Lawrence, Kansas

Nonmajor Governmental Funds Special Revenue Funds

Budgeted Funds

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).

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).

Capital Improvement Reserve 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).

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).

Outside Agency Fund—This fund is used to account for grants passed through the outside 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).

Transportation Planning Fund—This fund is used to account for federal grants received for urban transportation planning (K.S.A. 12-1663).

City of Lawrence, Kansas

**Nonmajor Governmental Funds
Special Revenue Funds**

Nonbudgeted Funds (Continued)

State Grant Fund—This fund is used to account for grants issued by State of Kansas Agencies (K.S.A. 12-1663).

American Recovery Plan Act (ARPA) Fund—This fund is used to account for the tranche of federal dollars authorized by the American Recovery Plan Act through the Department of Treasury (K.S.A. 12-1663).

eXplore Lawrence Fund—This fund is used to account for the activities of eXplore Lawrence as a component unit blended into the financial statements.

Lawrence Parks and Recreation Endowment Fund—The fund is to be used to account for activities of the Lawrence Park and Recreation Endowment Fund held at the Douglas County Community Foundation.

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement
Assets							
Cash and investments	\$ 206,418	\$ 42,930	\$ 14,707,054	\$ 9,406	\$ 2,740,553	\$ 53,566	\$ 676,620
Receivables:							
Taxes	-	5,177,260	788,343	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Accounts (net allowance for uncollectibles)	463,779	-	-	219,525	673,240	219,525	27,500
Loans	-	-	-	164,479	-	-	-
Accrued interest	254	-	21,983	-	4,010	101	532
Prepaid	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	-	-	-	-	5,725
Total assets	\$ 670,451	\$ 5,220,190	\$ 15,517,380	\$ 393,410	\$ 3,417,803	\$ 273,192	\$ 710,377
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	\$ 42,885	\$ -	\$ 81,657	\$ -	\$ 532	\$ 3,577	\$ 5,985
Accrued payroll	3,354	-	1,176	-	-	-	2,473
Customer deposits	-	-	-	-	-	-	5,725
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	120
Other liabilities	-	-	-	-	-	-	-
Total liabilities	46,239	-	82,833	-	532	3,577	14,303
Deferred inflows of resources, unavailable revenue	-	5,177,260	-	384,005	-	219,525	-
Total deferred inflows of resources	-	5,177,260	-	384,005	-	219,525	-
Total liabilities and deferred inflows of resources	46,239	5,177,260	82,833	384,005	532	223,102	14,303
Fund balance:							
Nonspendable	-	-	-	-	-	-	-
Restricted	624,212	42,930	15,434,547	9,405	3,417,271	50,090	696,074
Unassigned	-	-	-	-	-	-	-
Total fund balance (deficit)	624,212	42,930	15,434,547	9,405	3,417,271	50,090	696,074
Total liabilities, deferred inflows of resources and fund balances	\$ 670,451	\$ 5,220,190	\$ 15,517,380	\$ 393,410	\$ 3,417,803	\$ 273,192	\$ 710,377

Capital Improvement Reserve	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
\$ 12,410,773	\$ 6,929,000	\$ 29,261	\$ 116,673	\$ 455,734	\$ 114,452	\$ 1,634	\$ 62,096	\$ 98,698
1,182,514	-	59,850	35,297	22,973	-	-	78	-
-	45,932	-	-	-	-	-	-	-
-	-	-	2,369	1,094	-	-	-	-
-	-	-	-	-	-	-	-	-
22,827	11,227	-	-	-	-	-	-	100
-	156,065	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 13,616,114</u>	<u>\$ 7,142,224</u>	<u>\$ 89,111</u>	<u>\$ 154,339</u>	<u>\$ 479,801</u>	<u>\$ 114,452</u>	<u>\$ 1,634</u>	<u>\$ 62,174</u>	<u>\$ 98,798</u>

\$ 6,563	\$ 1,406,299	\$ 29,159	\$ 21,763	\$ 8,412	\$ -	\$ -	\$ -	\$ 19
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>6,563</u>	<u>1,406,299</u>	<u>29,159</u>	<u>21,763</u>	<u>8,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>

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

6,563	1,406,299	29,159	21,763	8,412	-	-	-	19
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-	156,065	-	-	-	-	-	-	-
13,609,551	5,579,860	59,952	132,576	471,389	114,452	1,634	62,174	98,779
-	-	-	-	-	-	-	-	-
<u>13,609,551</u>	<u>5,735,925</u>	<u>59,952</u>	<u>132,576</u>	<u>471,389</u>	<u>114,452</u>	<u>1,634</u>	<u>62,174</u>	<u>98,779</u>

<u>\$ 13,616,114</u>	<u>\$ 7,142,224</u>	<u>\$ 89,111</u>	<u>\$ 154,339</u>	<u>\$ 479,801</u>	<u>\$ 114,452</u>	<u>\$ 1,634</u>	<u>\$ 62,174</u>	<u>\$ 98,798</u>
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(Continued)

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2021

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development
Assets								
Cash and investments	\$ 2,322,921	\$ 34,402	\$ 12	\$ 2,026,918	\$ -	\$ 77,251	\$ 249,320	\$ 21,890
Receivables:								
Taxes	-	-	-	197,086	-	-	-	-
Intergovernmental	-	-	-	-	979,411	-	-	128,143
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	-	1,550
Loans	-	-	-	-	-	-	-	203,829
Accrued interest	6,934	39	-	2,606	-	78	-	-
Prepaid expense	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Restricted assets, cash and investments	8,319	-	-	-	-	24,000	-	-
Total assets	\$ 2,338,174	\$ 34,441	\$ 12	\$ 2,226,610	\$ 979,411	\$ 101,329	\$ 249,320	\$ 355,412
Liabilities, deferred inflows of resources and fund balances								
Liabilities:								
Accounts payable	\$ 582	\$ 5	\$ -	\$ 425	\$ 751,697	\$ 20	\$ 1,352	\$ 69,393
Accrued payroll	3,032	-	-	-	7,409	-	389	3,735
Customer deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	164,608	-	-	-
Unearned revenue	-	-	-	-	-	-	29,213	203,829
Other liabilities	-	-	-	-	-	-	-	-
Total liabilities	3,614	5	-	425	923,714	20	30,954	276,957
Deferred inflows of resources, unavailable revenue	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	3,614	5	-	425	923,714	20	30,954	276,957
Fund balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,334,560	34,436	12	2,226,185	55,697	101,309	218,366	78,455
Unassigned	-	-	-	-	-	-	-	-
Total fund balance (deficit)	2,334,560	34,436	12	2,226,185	55,697	101,309	218,366	78,455
Total liabilities, deferred inflows of resources and fund balances	\$ 2,338,174	\$ 34,441	\$ 12	\$ 2,226,610	\$ 979,411	\$ 101,329	\$ 249,320	\$ 355,412

Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	State Grants	ARPA	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 573,882	\$ 74,730	\$ 299,714	\$ 715,463	\$ 6,656,340	\$ 51,707,711
-	-	-	-	-	-	-	7,463,401
80,224	62,425	-	-	-	653,932	-	1,950,067
-	-	-	-	-	-	-	1,608,582
-	-	-	-	-	-	-	368,308
-	-	-	-	299	-	-	70,990
-	-	3,100	-	-	-	-	159,165
-	-	91,098	-	-	-	-	91,098
-	-	203,280	-	-	-	-	241,324
<u>\$ 80,224</u>	<u>\$ 62,425</u>	<u>\$ 871,360</u>	<u>\$ 74,730</u>	<u>\$ 300,013</u>	<u>\$ 1,369,395</u>	<u>\$ 6,656,340</u>	<u>\$ 63,660,646</u>

\$ 73,431	\$ 1,358	\$ 22,837	\$ -	\$ 1,766	\$ 572,074	\$ -	\$ 3,101,791
1,156	4,970	-	-	-	-	-	27,694
-	-	-	-	-	-	-	5,725
31,802	54,653	-	-	-	-	-	251,063
-	-	-	-	-	-	6,650,734	6,883,896
-	-	156,576	-	-	-	-	156,576
<u>106,389</u>	<u>60,981</u>	<u>179,413</u>	<u>-</u>	<u>1,766</u>	<u>572,074</u>	<u>6,650,734</u>	<u>10,426,745</u>

-	-	-	-	-	-	-	5,780,790
-	-	-	-	-	-	-	5,780,790

106,389	60,981	179,413	-	1,766	572,074	6,650,734	16,207,535
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-	-	3,100	-	-	-	-	159,165
-	1,444	688,847	74,730	298,247	797,321	5,606	47,320,111
(26,165)	-	-	-	-	-	-	(26,165)
<u>(26,165)</u>	<u>1,444</u>	<u>691,947</u>	<u>74,730</u>	<u>298,247</u>	<u>797,321</u>	<u>5,606</u>	<u>47,453,111</u>

<u>\$ 80,224</u>	<u>\$ 62,425</u>	<u>\$ 871,360</u>	<u>\$ 74,730</u>	<u>\$ 300,013</u>	<u>\$ 1,369,395</u>	<u>\$ 6,656,340</u>	<u>\$ 63,660,646</u>
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City of Lawrence, Kansas

Combining Statement of Revenue, Expenditures and Changes in Fund Balances
 Governmental Funds
 Nonmajor Governmental Funds
 Year Ended December 31, 2021

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation
Revenues						
Taxes	\$ -	\$ 4,991,605	\$ 4,235,794	\$ -	\$ -	\$ -
Charges for services	-	-	291,660	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Interest	(301)	-	77,014	-	(859)	(562)
Intergovernmental	1,426,080	-	-	563,762	3,109,920	563,762
Reimbursements	-	-	-	-	-	-
Contributions	-	-	9,280	-	-	-
Miscellaneous	-	-	-	9,092	-	-
Total revenues	<u>1,425,779</u>	<u>4,991,605</u>	<u>4,613,748</u>	<u>572,854</u>	<u>3,109,061</u>	<u>563,200</u>
Expenditures						
General government	-	4,978,000	3,546,127	-	-	-
Public safety	-	-	-	970,000	-	-
Public works	-	-	-	-	1,966,947	-
Health	-	-	-	-	-	-
Social service	-	-	-	-	-	-
Culture and recreation	248,350	-	-	-	-	1,100,157
Tourism	1,226,614	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	182,705	-	176,793	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>1,474,964</u>	<u>4,978,000</u>	<u>3,728,832</u>	<u>970,000</u>	<u>2,143,740</u>	<u>1,100,157</u>
Excess (deficiency) of revenues over expenditures	<u>(49,185)</u>	<u>13,605</u>	<u>884,916</u>	<u>(397,146)</u>	<u>965,321</u>	<u>(536,957)</u>
Other financing sources (uses):						
Sale of property - proceeds received	-	-	5,950	-	-	-
Transfers in	465,000	-	-	465,000	-	432,000
Transfers out	(377,000)	-	(2,734,000)	-	-	-
Total other financing sources (uses)	<u>88,000</u>	<u>-</u>	<u>(2,728,050)</u>	<u>465,000</u>	<u>-</u>	<u>432,000</u>
Net change in fund balance	<u>38,815</u>	<u>13,605</u>	<u>(1,843,134)</u>	<u>67,854</u>	<u>965,321</u>	<u>(104,957)</u>
Fund balance (deficit), beginning of year	<u>585,397</u>	<u>29,325</u>	<u>17,277,681</u>	<u>(58,449)</u>	<u>2,451,950</u>	<u>155,047</u>
Fund balance (deficit), end of year	<u>\$ 624,212</u>	<u>\$ 42,930</u>	<u>\$ 15,434,547</u>	<u>\$ 9,405</u>	<u>\$ 3,417,271</u>	<u>\$ 50,090</u>

Airport Improvement	Capital Improvement Reserve	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
\$ -	\$ 6,353,691	\$ -	\$ 330,736	\$ 578,547	\$ 442,511	\$ 28,085	\$ 684,222	\$ 241,668	\$ -
19,576	-	-	-	-	-	-	-	-	-
-	-	30,069	-	-	-	-	-	-	-
120	(2,772)	17,907	-	-	-	-	-	-	72
-	-	-	-	-	-	-	-	-	-
-	270,484	4,498	-	-	-	-	-	-	50
4,658	-	-	-	-	-	-	-	-	21,342
175,409	-	-	-	-	-	-	-	-	-
199,763	6,621,403	52,474	330,736	578,547	442,511	28,085	684,222	241,668	21,464
-	-	324,185	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
291,419	1,321,250	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	12,093
-	-	-	-	-	-	-	-	-	-
-	-	-	333,967	577,056	370,216	28,085	683,856	229,584	-
42,164	870,047	1,961,267	-	-	-	-	-	-	-
-	25,120	-	-	-	-	-	-	-	-
-	192	-	-	-	-	-	-	-	-
333,583	2,216,609	2,285,452	333,967	577,056	370,216	28,085	683,856	229,584	12,093
(133,820)	4,404,794	(2,232,978)	(3,231)	1,491	72,295	-	366	12,084	9,371
-	-	-	-	-	-	-	-	-	-
252,000	500,000	6,934,116	-	-	-	-	-	-	-
-	(2,065,428)	-	-	-	-	-	-	-	-
252,000	(1,565,428)	6,934,116	-	-	-	-	-	-	-
118,180	2,839,366	4,701,138	(3,231)	1,491	72,295	-	366	12,084	9,371
577,894	10,770,185	1,034,787	63,183	131,085	399,094	114,452	1,268	50,090	89,408
\$ 696,074	\$ 13,609,551	\$ 5,735,925	\$ 59,952	\$ 132,576	\$ 471,389	\$ 114,452	\$ 1,634	\$ 62,174	\$ 98,779

(Continued)

City of Lawrence, Kansas

Combining Statement of Revenue, Expenditures and Changes in Fund Balances
 Governmental Funds (Continued)
 Nonmajor Governmental Funds
 Year Ended December 31, 2021

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Outside Agency	Wee Folks Scholarship
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,058,949	\$ -	\$ -
Charges for services	-	19,200	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Interest	1,143	30	-	1,908	-	1
Intergovernmental	-	-	-	-	5,533,446	-
Reimbursements	-	-	-	-	3,008	-
Contributions	-	-	-	-	-	1,140
Miscellaneous	-	-	-	-	-	-
Total revenues	1,143	19,230	-	1,060,857	5,536,454	1,141
Expenditures						
General government	-	-	-	-	3,510,906	-
Public safety	-	-	-	-	63,416	-
Public works	87,853	-	-	-	27,812	-
Health	-	-	-	-	1,692,033	-
Social service	-	-	-	376,512	-	-
Culture and recreation	-	12	-	-	7,924	19,238
Tourism	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	25,629	-	-	-	479,290	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	113,482	12	-	376,512	5,781,381	19,238
Excess (deficiency) of revenues over expenditures	(112,339)	19,218	-	684,345	(244,927)	(18,097)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	350,000	-	-
Transfers out	-	-	-	-	(36,700)	-
Total other financing sources (uses)	-	-	-	350,000	(36,700)	-
Net change in fund balance	(112,339)	19,218	-	1,034,345	(281,627)	(18,097)
Fund balance (deficit), beginning of year	2,446,899	15,218	12	1,191,840	337,324	119,406
Fund balance (deficit), end of year	\$ 2,334,560	\$ 34,436	\$ 12	\$ 2,226,185	\$ 55,697	\$ 101,309

Fair Housing Assistance	Community Development	Home Program	Transportation Planning	eXplore Lawrence	Lawrence Parks & Recreation Endowment	Law Enforcement Trust	State Grant	ARPA	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,945,808
-	-	-	-	22,655	-	-	-	-	353,091
-	-	-	-	-	-	-	-	-	30,069
(428)	-	-	-	1,647	9,149	810	-	5,606	110,485
25,200	343,681	433,011	242,832	-	-	-	2,135,539	3,000,000	17,377,233
-	-	-	1,376	-	-	-	-	-	279,416
-	-	-	-	-	8,235	-	-	-	44,655
-	118,028	4,432	-	1,144,033	-	98,925	-	-	1,549,919
24,772	461,709	437,443	244,208	1,168,335	17,384	99,735	2,135,539	3,005,606	38,690,676
-	-	-	241,388	-	-	-	1,046,185	-	13,646,791
-	-	-	-	-	-	16,772	-	3,000,000	4,050,188
-	-	-	-	-	-	-	4,469	-	3,699,750
-	-	-	-	-	-	-	-	-	1,692,033
19,832	412,767	472,197	-	-	-	-	-	-	1,281,308
-	-	-	-	-	701	-	-	-	1,388,475
-	-	-	-	770,102	-	-	-	-	1,996,716
-	-	-	-	-	-	-	-	-	2,222,764
-	-	-	-	-	-	-	287,564	-	4,025,459
-	-	-	-	-	-	-	-	-	25,120
-	-	-	-	-	-	-	-	-	192
19,832	412,767	472,197	241,388	770,102	701	16,772	1,338,218	3,000,000	34,028,796
4,940	48,942	(34,754)	2,820	398,233	16,683	82,963	797,321	5,606	4,661,880
-	-	-	-	-	-	-	-	-	5,950
-	-	-	18,721	-	-	-	-	-	9,416,837
-	-	-	-	-	-	-	-	-	(5,213,128)
-	-	-	18,721	-	-	-	-	-	4,209,659
4,940	48,942	(34,754)	21,541	398,233	16,683	82,963	797,321	5,606	8,871,539
213,426	29,513	8,589	(20,097)	293,714	58,047	215,284	-	-	38,581,572
\$ 218,366	\$ 78,455	\$ (26,165)	\$ 1,444	\$ 691,947	\$ 74,730	\$ 298,247	\$ 797,321	\$ 5,606	\$ 47,453,111

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 11,368,000	\$ 11,368,000	\$ 11,691,846	\$ 323,846
Special assessment	1,116,000	1,116,000	1,322,091	206,091
Interest	300,000	300,000	123,921	(176,079)
Intergovernmental	-	-	84,345	84,345
Miscellaneous	325,000	325,000	139,534	(185,466)
Total revenues	13,109,000	13,109,000	13,361,737	252,737
Expenditures				
General government	12,000	23,000	148,694	125,694
Debt service				
Principal retirement	8,908,000	8,603,000	6,499,000	(2,104,000)
Interest and fiscal charges	4,555,000	4,555,000	3,378,329	(1,176,671)
Total expenditures	13,475,000	13,181,000	10,026,023	(3,154,977)
Excess (deficiency) of revenues over (under) expenditures	(366,000)	(72,000)	3,335,714	3,407,714
Other financing sources (uses):				
Transfers in	1,069,000	1,069,000	1,283,174	214,174
Total other financing sources (uses)	1,069,000	1,069,000	1,283,174	214,174
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ 703,000	\$ 997,000	4,618,888	\$ 3,621,888
Fund balance, beginning of year			13,955,094	
Fund balance, end of year			<u>\$ 18,573,982</u>	

City of Lawrence, Kansas

Capital Improvement Reserve Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2021

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 5,347,000	\$ 5,347,000	\$ 6,353,691	\$ 1,006,691
Interest	20,000	20,000	41,751	21,751
Miscellaneous	-	-	270,484	270,484
Total revenues	5,367,000	5,367,000	6,665,926	1,298,926
Expenditures				
General government	-	-	44,524	44,524
Public works	9,000	9,000	457,668	448,668
Capital outlay	-	-	125,971	125,971
Total expenditures	9,000	9,000	628,163	619,163
Excess (deficiency) of revenues over (under) expenditures	5,358,000	5,358,000	6,037,763	679,763
Other financing sources (uses),				
Transfers in	-	-	500,000	500,000
Transfers out	(12,335,000)	(13,899,240)	(2,065,428)	11,833,812
Total other financing sources (uses)	(12,335,000)	(13,899,240)	(1,565,428)	12,333,812
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ (6,977,000)	\$ (8,541,240)	4,472,335	\$ 13,013,575
Fund balance, beginning of year, GAAP basis			10,770,185	
Fund balance, end of year, budget basis			15,242,520	
Adjustments, encumbrances			(1,632,969)	
Fund balance, end of year, GAAP basis			<u>\$ 13,609,551</u>	

City of Lawrence, Kansas

Guest Tax Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2021

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,600,000	\$ 1,600,000	\$ 1,426,080	\$ (173,920)
Interest	2,000	2,000	634	(1,366)
Total revenues	1,602,000	1,602,000	1,426,714	(175,286)
Expenditures				
General government	-	-	936	936
Culture and recreation	-	-	3,354	3,354
Tourism - contractual services	1,538,000	1,538,000	1,436,507	(101,493)
Total expenditures	1,538,000	1,538,000	1,440,797	(97,203)
Excess (deficiency) of revenues over (under) expenditures	64,000	64,000	(14,083)	(78,083)
Other financing sources (uses),				
Transfers in	-	-	465,000	465,000
Transfers out	(377,000)	(377,000)	(377,000)	-
Total other financing sources (uses)	(377,000)	(377,000)	88,000	465,000
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	\$ (313,000)	\$ (313,000)	73,917	\$ 386,917
Fund balance, beginning of year, GAAP basis			<u>585,397</u>	
Fund balance, end of year, budget basis			659,314	
Adjustments, encumbrances			<u>(35,102)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 624,212</u>	

City of Lawrence, Kansas
Library Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,903,000	\$ 4,903,000	\$ 4,991,605	\$ 88,605
Total revenues	<u>4,903,000</u>	<u>4,903,000</u>	<u>4,991,605</u>	<u>88,605</u>
Expenditures				
General government, contractual services	<u>4,987,000</u>	<u>4,978,000</u>	<u>4,978,000</u>	-
Total expenditures	<u>4,987,000</u>	<u>4,978,000</u>	<u>4,978,000</u>	-
(Deficiency) of revenues (under) expenditures	<u>\$ (84,000)</u>	<u>\$ (75,000)</u>	13,605	<u>\$ 88,605</u>
Fund balance, beginning of year			<u>29,325</u>	
Fund balance, end of year			<u>\$ 42,930</u>	

City of Lawrence, Kansas

Transportation Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2021

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 4,258,000	\$ 4,258,000	\$ 4,235,794	\$ (22,206)
Charges for services	400,000	400,000	291,660	(108,340)
Interest	300,000	300,000	77,014	(222,986)
Miscellaneous	-	-	15,230	15,230
Total revenues	4,958,000	4,958,000	4,619,698	(338,302)
Expenditures				
General government	3,505,000	3,505,000	3,468,529	(36,471)
Capital Outlay	1,000	1,000	182,705	181,705
Total expenditures	3,506,000	3,506,000	3,651,234	145,234
Excess (deficiency) of revenues over (under) expenditures	1,452,000	1,452,000	968,464	(483,536)
Other financing sources (uses):				
Transfers out	(5,738,000)	(6,234,000)	(2,734,000)	3,500,000
Total other financing sources (uses)	(5,738,000)	(6,234,000)	(2,734,000)	3,500,000
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (4,286,000)</u>	<u>\$ (4,782,000)</u>	(1,765,536)	<u>\$ 3,016,464</u>
Fund balance, beginning of year, GAAP basis			17,277,681	
Fund balance, end of year, budget basis			15,512,145	
Adjustments, encumbrances			(77,598)	
Fund balance, end of year, GAAP basis			<u>\$ 15,434,547</u>	

City of Lawrence, Kansas

Special Alcohol Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Intergovernmental	\$ 818,000	\$ 818,000	\$ 563,762	\$ (254,238)
Miscellaneous	-	-	9,092	9,092
Total revenues	<u>818,000</u>	<u>818,000</u>	<u>572,854</u>	<u>(245,146)</u>
Expenditures				
Public safety, contractual services	-	-	970,000	970,000
Total expenditures	<u>-</u>	<u>-</u>	<u>970,000</u>	<u>970,000</u>
(Deficiency) of revenues (under) expenditures	<u>818,000</u>	<u>818,000</u>	<u>(397,146)</u>	<u>(1,215,146)</u>
Other financing sources (uses),				
transfers in	-	-	465,000	465,000
Transfers out	(970,000)	(970,000)	-	970,000
Total other financing sources (uses)	<u>(970,000)</u>	<u>(970,000)</u>	<u>465,000</u>	<u>1,435,000</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (152,000)</u>	<u>\$ (152,000)</u>	<u>67,854</u>	<u>\$ 219,854</u>
Fund balance, beginning of year			<u>(58,449)</u>	
Fund deficit, end of year			<u>\$ 9,405</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, 2021

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 2,888,000	\$ 2,888,000	\$ 3,109,920	\$ 221,920
Interest	51,000	51,000	3,710	(47,290)
Total revenues	<u>2,939,000</u>	<u>2,939,000</u>	<u>3,113,630</u>	<u>174,630</u>
Expenditures				
General government	-	-	4,570	4,570
Public safety	-	2,226,696	1,920,856	(305,840)
Total expenditures	<u>-</u>	<u>2,226,696</u>	<u>1,925,426</u>	<u>(301,270)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,939,000</u>	<u>712,304</u>	<u>1,188,204</u>	<u>475,900</u>
Other financing sources (uses),				
Transfers out	(3,914,000)	(1,688,304)	-	1,688,304
Total other financing sources (uses)	<u>(3,914,000)</u>	<u>(1,688,304)</u>	<u>-</u>	<u>1,688,304</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (975,000)</u>	<u>\$ (976,000)</u>	<u>1,188,204</u>	<u>\$ 2,164,204</u>
Fund balance, beginning of year, GAAP basis			<u>2,451,950</u>	
Fund balance, end of year, budget basis			3,640,154	
Adjustments, encumbrances			<u>(222,883)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 3,417,271</u>	

City of Lawrence, Kansas

Special Recreation Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2021

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	\$ 818,000	\$ 818,000	\$ 563,762	\$ (254,238)
Interest	-	-	183	183
Total revenues	<u>818,000</u>	<u>818,000</u>	<u>563,945</u>	<u>(254,055)</u>
Expenditures				
General government	-	-	745	745
Culture and recreation	-	-	1,045,247	1,045,247
Total expenditures	<u>-</u>	<u>-</u>	<u>1,045,992</u>	<u>1,045,992</u>
(Deficiency) of revenues (under) expenditures	<u>818,000</u>	<u>818,000</u>	<u>(482,047)</u>	<u>(1,300,047)</u>
Other financing sources (uses)				
Transfers in	-	-	432,000	432,000
Transfers out	(1,050,000)	(1,050,000)	-	1,050,000
Total other financing sources (uses)	<u>(1,050,000)</u>	<u>(1,050,000)</u>	<u>432,000</u>	<u>1,482,000</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ (232,000)</u>	<u>\$ (232,000)</u>	<u>(50,047)</u>	<u>\$ 181,953</u>
Fund balance, beginning of year, GAAP basis			<u>155,047</u>	
Fund balance, end of year, budget basis			105,000	
Adjustments, encumbrances			<u>(54,910)</u>	
Fund balance, end of year, GAAP basis			<u>\$ 50,090</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 312,000	\$ 312,000	\$ 330,736	\$ 18,736
Total revenues	<u>312,000</u>	<u>312,000</u>	<u>330,736</u>	<u>18,736</u>
Expenditures				
Economic development, contractual service	312,000	334,000	333,967	(33)
Total expenditures	<u>312,000</u>	<u>334,000</u>	<u>333,967</u>	<u>(33)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (22,000)</u>	<u>(3,231)</u>	<u>\$ 18,769</u>
Fund balance, beginning of year			<u>63,183</u>	
Fund balance, end of year			<u>\$ 59,952</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 651,000	\$ 651,000	\$ 557,163	\$ (93,837)
Interest	-	-	21,384	21,384
Total revenues	<u>651,000</u>	<u>651,000</u>	<u>578,547</u>	<u>(72,453)</u>
Expenditures				
Economic development, contractual service	<u>629,000</u>	<u>651,000</u>	<u>577,056</u>	<u>(73,944)</u>
Total expenditures	<u>629,000</u>	<u>651,000</u>	<u>577,056</u>	<u>(73,944)</u>
(Deficiency) of revenues (under) expenditures	<u>\$ 22,000</u>	<u>\$ -</u>	<u>1,491</u>	<u>\$ 1,491</u>
Fund balance, beginning of year			<u>131,085</u>	
Fund balance, end of year			<u>\$ 132,576</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 568,000	\$ 568,000	\$ 432,369	\$ (135,631)
Intergovernmental	28,000	28,000	10,142	(17,858)
Total revenues	<u>596,000</u>	<u>596,000</u>	<u>442,511</u>	<u>(153,489)</u>
Expenditures				
Economic development, contractual service	<u>596,000</u>	<u>596,000</u>	<u>370,216</u>	<u>(225,784)</u>
Total expenditures	<u>596,000</u>	<u>596,000</u>	<u>370,216</u>	<u>(225,784)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>72,295</u>	<u>\$ 72,295</u>
Fund balance, beginning of year			<u>399,094</u>	
Fund balance, end of year			<u>\$ 471,389</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 29,000	\$ 29,000	\$ 28,085	\$ (915)
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>28,085</u>	<u>(915)</u>
Expenditures				
Economic development, contractual service	<u>29,000</u>	<u>29,000</u>	<u>28,085</u>	<u>(915)</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>28,085</u>	<u>(915)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>114,452</u>	
Fund balance, end of year			<u>\$ 114,452</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 757,000	\$ 757,000	\$ 684,222	\$ (72,778)
Total revenues	<u>757,000</u>	<u>757,000</u>	<u>684,222</u>	<u>(72,778)</u>
Expenditures				
Economic development, contractual service	<u>757,000</u>	<u>757,000</u>	<u>683,856</u>	<u>(73,144)</u>
Total expenditures	<u>757,000</u>	<u>757,000</u>	<u>683,856</u>	<u>(73,144)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>366</u>	<u>\$ 366</u>
Fund balance, beginning of year			<u>1,268</u>	
Fund balance, end of year			<u>\$ 1,634</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 301,000	\$ 301,000	\$ 241,668	\$ (59,332)
Total revenues	<u>301,000</u>	<u>301,000</u>	<u>241,668</u>	<u>(59,332)</u>
Expenditures				
Economic development, contractual service	<u>301,000</u>	<u>301,000</u>	<u>229,584</u>	<u>(71,416)</u>
Total expenditures	<u>301,000</u>	<u>301,000</u>	<u>229,584</u>	<u>(71,416)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>12,084</u>	<u>\$ 12,084</u>
Fund balance, beginning of year			<u>50,090</u>	
Fund balance, end of year			<u>\$ 62,174</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ -	\$ -	\$ 378	\$ 378
Miscellaneous	15,000	15,000	21,392	6,392
Total revenues	15,000	15,000	21,770	6,770
Expenditures				
General government	-	-	306	306
Culture and recreation	16,000	16,000	12,093	(3,907)
Total expenditures	16,000	16,000	12,399	(3,601)
Excess of revenues over expenditures	(1,000)	(1,000)	9,371	10,371
Excess of revenues over expenditures and other financing sources (uses)	\$ (1,000)	\$ (1,000)	9,371	\$ 10,371
Fund balance, beginning of year			89,408	
Fund balance, end of year			\$ 98,779	

City of Lawrence, Kansas
Farmland Remediation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 30,000	\$ 30,000	\$ 1,143	\$ (28,857)
Miscellaneous	-	-	-	-
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>1,143</u>	<u>(28,857)</u>
Expenditures				
Public works	1,066,000	1,066,000	87,853	(978,147)
Capital Outlay	89,000	89,000	25,629	(63,371)
Total expenditures	<u>1,155,000</u>	<u>1,155,000</u>	<u>113,482</u>	<u>(1,041,518)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,125,000)</u>	<u>\$ (1,125,000)</u>	<u>(112,339)</u>	<u>\$ 1,012,661</u>
Fund balance, beginning of year			<u>2,446,899</u>	
Fund balance, end of year			<u>\$ 2,334,560</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for Services	\$ 5,000	\$ 5,000	\$ 19,200	\$ 14,200
Interest	-	-	142	142
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>19,342</u>	<u>14,342</u>
Expenditures				
General government	-	-	112	112
Culture and recreation, contractual services	6,000	6,000	12	(5,988)
Total expenditures	<u>6,000</u>	<u>6,000</u>	<u>124</u>	<u>(5,876)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	19,218	<u>\$ 20,218</u>
Fund balance, beginning of year			<u>15,218</u>	
Fund balance, end of year			<u>\$ 34,436</u>	

City of Lawrence, Kansas
Housing Trust Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 878,000	\$ 878,000	\$ 1,058,949	\$ 180,949
Interest	15,000	15,000	8,032	(6,968)
Total revenues	<u>893,000</u>	<u>893,000</u>	<u>1,066,981</u>	<u>173,981</u>
Expenditures				
General government	-	-	6,124	6,124
Social service, contractual Services	1,236,000	1,236,000	376,512	(859,488)
Total expenditures	<u>1,236,000</u>	<u>1,236,000</u>	<u>382,636</u>	<u>(853,364)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(343,000)</u>	<u>(343,000)</u>	<u>684,345</u>	<u>1,027,345</u>
Other financing sources (uses), transfers in	350,000	350,000	350,000	-
Total other financing sources (uses)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	<u>\$ 7,000</u>	<u>\$ 7,000</u>	<u>1,034,345</u>	<u>\$ 1,027,345</u>
Fund balance, beginning of year			<u>1,191,840</u>	
Fund balance, end of year			<u>\$ 2,226,185</u>	

City of Lawrence, Kansas

Wee Folks Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 2,000	\$ 2,000	\$ 278	\$ (1,722)
Miscellaneous	1,000	1,000	1,140	140
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>1,418</u>	<u>(1,582)</u>
Expenditures				
Culture and recreation	36,000	36,000	19,515	(16,485)
Total expenditures	<u>36,000</u>	<u>36,000</u>	<u>19,515</u>	<u>(16,485)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (33,000)</u>	<u>\$ (33,000)</u>	<u>(18,097)</u>	<u>\$ 14,903</u>
Fund balance, beginning of year			<u>119,406</u>	
Fund balance, end of year			<u>\$ 101,309</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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Interest	\$ 2,000	\$ 2,000	\$ 810	\$ (1,190)
Miscellaneous	20,000	20,000	98,925	78,925
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>99,735</u>	<u>77,735</u>
Expenditures				
General government	-	-	797	797
Public safety	51,000	51,000	15,975	(35,025)
Total expenditures	<u>51,000</u>	<u>51,000</u>	<u>16,772</u>	<u>(34,228)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,000)</u>	<u>\$ (29,000)</u>	<u>82,963</u>	<u>\$ 111,963</u>
Fund balance, beginning of year			<u>215,284</u>	
Fund balance, end of year			<u>\$ 298,247</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, 2021

	Public Parking	Storm Water Utility	Total Nonmajor Proprietary Funds
Assets and deferred outflows of resources			
Current assets:			
Cash and investments	\$ 972,247	\$ 6,606,960	\$ 7,579,207
Receivables (net of allowance for uncollectibles)			
Accounts	42,424	971,570	1,013,994
Accrued interest	1,090	8,172	9,262
Total current assets	<u>1,015,761</u>	<u>7,586,702</u>	<u>8,602,463</u>
Noncurrent assets:			
Property held for resale	-	181,874	181,874
Capital assets:			
Land	479,055	1,845,491	2,324,546
Construction in progress	-	111,859	111,859
Building and improvements	3,844,229	14,999	3,859,228
Equipment	78,952	3,266,711	3,345,663
Infrastructure	-	17,640,237	17,640,237
Less: accumulated depreciation	(3,910,717)	(9,497,639)	(13,408,356)
Total capital assets	<u>491,519</u>	<u>13,381,658</u>	<u>13,873,177</u>
Total noncurrent assets	<u>491,519</u>	<u>13,563,532</u>	<u>14,055,051</u>
Total assets	<u>1,507,280</u>	<u>21,150,234</u>	<u>22,657,514</u>
Deferred outflows of resources:			
Pension related amounts	119,094	169,383	288,477
OPEB related amounts	34,143	40,972	75,115
Total deferred outflows of resources	<u>153,237</u>	<u>210,355</u>	<u>363,592</u>
Total assets and deferred outflows of resources	<u>1,660,517</u>	<u>21,360,589</u>	<u>23,021,106</u>
Liabilities and deferred inflows of resources			
Current liabilities:			
Accounts payable	40,984	321,786	362,770
Accrued payroll	18,675	26,311	44,986
Compensated absences	19,633	37,599	57,232
Total current liabilities	<u>79,292</u>	<u>385,696</u>	<u>464,988</u>
Noncurrent liabilities:			
Compensated absences	23,996	45,954	69,950
Net pension liability	301,679	349,606	651,285
Total OPEB liability	204,997	245,996	450,993
Total noncurrent liabilities	<u>530,672</u>	<u>641,556</u>	<u>1,172,228</u>
Total liabilities	<u>609,964</u>	<u>1,027,252</u>	<u>1,637,216</u>
Deferred inflows of resources:			
Pension related amounts	119,479	138,460	257,939
OPEB related amounts	18,247	21,896	40,143
Total deferred inflows of resources	<u>137,726</u>	<u>160,356</u>	<u>298,082</u>
Total liabilities and deferred inflows of resources	<u>747,690</u>	<u>1,187,608</u>	<u>1,935,298</u>
Net position			
Net investment in capital assets	434,683	13,363,639	13,798,322
Unrestricted	478,144	6,809,342	7,287,486
Total net position	<u>\$ 912,827</u>	<u>\$ 20,172,981</u>	<u>\$ 21,085,808</u>

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
 Nonmajor Proprietary Funds
 Year Ended December 31, 2021

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Operating revenues			
Charges for services	\$ 1,452,346	\$ 5,528,596	\$ 6,980,942
Total operating revenues	<u>1,452,346</u>	<u>5,528,596</u>	<u>6,980,942</u>
Operating expenses			
Continuing operations	1,197,799	2,510,259	3,708,058
General administration	-	19,703	19,703
Depreciation	4,020	649,449	653,469
Total operating expenses	<u>1,201,819</u>	<u>3,179,411</u>	<u>4,381,230</u>
Operating income	<u>250,527</u>	<u>2,349,185</u>	<u>2,599,712</u>
Nonoperating revenues (expenses):			
Investment income (loss)	235	(2,057)	(1,822)
Gain on sale of capital assets	508	(18,228)	(17,720)
Rental income	6,000	-	6,000
Miscellaneous	100,537	-	100,537
Total nonoperating revenues	<u>107,280</u>	<u>(20,285)</u>	<u>86,995</u>
Income before transfers	<u>357,807</u>	<u>2,328,900</u>	<u>2,686,707</u>
Transfers out	(200,000)	(716,000)	(916,000)
Total transfers	<u>(200,000)</u>	<u>(716,000)</u>	<u>(916,000)</u>
Change in net position	<u>157,807</u>	<u>1,612,900</u>	<u>1,770,707</u>
Net position, beginning	<u>755,020</u>	<u>18,560,081</u>	<u>19,315,101</u>
Net position, ending	<u>\$ 912,827</u>	<u>\$ 20,172,981</u>	<u>\$ 21,085,808</u>

City of Lawrence, Kansas
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended December 31, 2021

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	\$ 1,529,605	\$ 5,158,917	\$ 6,688,522
Cash paid to suppliers of goods and services	(746,669)	(1,964,323)	(2,710,992)
Cash paid to employees	(481,192)	(563,882)	(1,045,074)
Net cash provided by (used in) operating activities	301,744	2,630,712	2,932,456
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(2,012)	(412,034)	(414,046)
Proceeds from land held for resale	-	39,148	39,148
Proceeds from sale of capital assets	-	20,300	20,300
Net cash provided by (used in) capital and related financing activities	(2,012)	(352,586)	(354,598)
Cash flows from noncapital financing activities:			
Transfers out	(200,000)	(716,000)	(916,000)
Net cash provided by (used in) noncapital financing activities	(200,000)	(716,000)	(916,000)
Cash flows from investing activities:			
Purchase of investments	(80,000)	(1,925,000)	(2,005,000)
Sale of investments	1,492	587	2,079
Interest received	4,813	37,233	42,046
Net cash provided by (used in) investing activities	(73,695)	(1,887,180)	(1,960,875)
Net increase (decrease) in cash and cash equivalents	26,037	(325,054)	(299,017)
Cash and cash equivalents, beginning	86,791	287,122	373,913
Cash and cash equivalents, ending	\$ 112,828	\$ (37,932)	\$ 74,896

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
 Nonmajor Proprietary Funds
 Year Ended December 31, 2021

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 250,527	\$ 2,349,185	\$ 2,599,712
Net cash provided by operating activities:			
Depreciation expense	4,020	649,449	653,469
Rental income	6,000	-	6,000
Miscellaneous income	100,537	-	100,537
(Increase) decrease in accounts receivable	(29,278)	(369,679)	(398,957)
(Increase) decrease in prepaids	511	1,762	2,273
(Increase) decrease in deferred outflows			
OPEB related amounts	4,256	12,787	17,043
Increase (decrease) in accounts payable	23,839	188,999	212,838
Increase (decrease) in accrued payroll	(243)	2,116	1,873
Increase (decrease) in total OPEB liability	(16,943)	(64,721)	(81,664)
Increase (decrease) in deferred inflows			
OPEB related amounts	8,638	8,445	17,083
Increase (decrease) in compensated absences	(23,241)	(39,075)	(62,316)
Net cash provided by operating activities	\$ 301,744	\$ 2,630,712	\$ 2,932,456
Noncash capital activities - capital assets in accounts payable	\$ 56,836	\$ 18,019	\$ 74,855
Reconciliation of amounts reported on the statement of net position:			
Cash and cash equivalents	\$ 112,828	\$ (37,932)	\$ 74,896
Investments	859,419	6,644,892	7,504,311
Total cash and investments	\$ 972,247	\$ 6,606,960	\$ 7,579,207

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 Insurance 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, 2021

	Health Insurance	Administrative Services	Risk Management	Total
Assets and deferred outflows of resources:				
Current assets:				
Cash and investments	\$ 16,731,852	\$ 3,680,977	\$ 2,373,494	\$ 22,786,323
Receivables (net of allowances for uncollectibles):				
Accounts	212,285	23,026	-	235,311
Accrued interest	16,708	2,897	1,737	21,342
Inventories	-	473,181	-	473,181
Total current assets	16,960,845	4,180,081	2,375,231	23,516,157
Noncurrent assets: Restricted cash	-	1,884	-	1,884
Capital assets:				
Construction in progress	-	63,029	-	63,029
Building and improvements	-	704,842	-	704,842
Equipment	-	390,564	-	390,564
Less: accumulated depreciation	-	(894,948)	-	(894,948)
Total capital assets	-	263,487	-	263,487
Total noncurrent assets	-	265,371	-	265,371
Total assets	16,960,845	4,445,452	2,375,231	23,781,528
Deferred outflows of resources:				
Pension related amounts	-	274,725	(18,775)	255,950
OPEB related amounts	-	392,302	3,415	395,717
Total deferred outflows of resources	-	667,027	(15,360)	651,667
Total assets and deferred outflows of resources	16,960,845	5,112,479	2,359,871	24,433,195
Liabilities and deferred inflows of resources:				
Liabilities:				
Current liabilities				
Accounts payable	\$ 326,753	\$ 376,057	\$ 41,334	\$ 744,144
Claims payable	1,566,545	-	749,284	2,315,829
Accrued payroll	-	188,787	199	188,986
Compensated absences	-	431,703	626	432,329
Total current liabilities	1,893,298	996,547	791,443	3,681,288
Noncurrent liabilities:				
Compensated absences	-	523,147	5,255	528,402
Net pension liability	-	3,782,211	53,924	3,836,135
Total OPEB liability	-	2,355,413	20,500	2,375,913
Total noncurrent liabilities	-	6,660,771	79,679	6,740,450
Total liabilities	1,893,298	7,657,318	871,122	10,421,738
Deferred inflows of resources:				
Pension related amounts	-	1,497,932	21,356	1,519,288
OPEB related amounts	-	209,659	1,824	211,483
Total deferred inflows of resources	-	1,707,591	23,180	1,730,771
Total liabilities and deferred inflows of resources	1,893,298	9,364,909	894,302	12,152,509
Net position (deficit)				
Net investment in capital assets	-	263,487	-	263,487
Unrestricted	15,067,547	(4,515,917)	1,465,569	12,017,199
Total net position (deficit)	\$ 15,067,547	\$ (4,252,430)	\$ 1,465,569	\$ 12,280,686

City of Lawrence, Kansas

**Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2021**

	Health Insurance	Administrative Services	Risk Management	Total
Operating revenuea				
Charges for services	\$ 13,284,195	\$ 15,026,079	\$ 2,872,000	\$ 31,182,274
Other sales	1,210,357	-	-	1,210,357
Total operating revenues	14,494,552	15,026,079	2,872,000	32,392,631
Operating expenses				
Continuing operations	-	2,430,806	1,237,951	3,668,757
General administration	3,178,712	17,018,819	1,461,829	21,659,360
Health insurance claims	9,977,804	-	-	9,977,804
Depreciation	-	37,353	-	37,353
Total operating expensea	13,156,516	19,486,978	2,699,780	35,343,274
Operating income (loss)	1,338,036	(4,460,899)	172,220	(2,950,643)
Nonoperating revenues				
Interest income	14,947	8,248	3,519	26,714
Rental income	-	67,035	-	67,035
Miscellaneous	-	37,758	525	38,283
Gain on sale of capital assets	-	7,814	-	7,814
Total nonoperating revenues	14,947	120,855	4,044	139,846
Income (loss) before transfers	1,352,983	(4,340,044)	176,264	(2,810,797)
Transfers in	184,739	9,634	-	194,373
Transfers out	-	(390,750)	-	(390,750)
Total transfers	184,739	(381,116)	-	(196,377)
Change in net position (deficit)	1,537,722	(4,721,160)	176,264	(3,007,174)
Net position (deficit), beginning	13,529,825	468,730	1,289,305	15,287,860
Net position (deficit), ending	\$ 15,067,547	\$ (4,252,430)	\$ 1,465,569	\$ 12,280,686

City of Lawrence, Kansas

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2021

	Health Insurance	Administrative Services	Risk Management	Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 14,346,681	\$ 15,110,365	\$ 2,872,525	\$ 32,329,571
Cash paid to suppliers of goods and services	(13,086,418)	(15,274,609)	(2,289,932)	(30,650,959)
Cash paid to employees	-	493,385	6,080	499,465
Net cash provided by operating activities	1,260,263	329,141	588,673	2,178,077
Cash flows from capital and related financing activities:				
Purchase and construction of capital assets	-	(81,542)	-	(81,542)
Proceeds from sale of capital assets	-	7,814	-	7,814
Net cash provided by (used in) capital and related financing activities	-	(73,728)	-	(73,728)
Cash flows from noncapital financing activities:				
Transfers in	184,739	9,634	-	194,373
Transfers out	-	(390,750)	-	(390,750)
Net cash provided by (used in) noncapital financing activities	184,739	(381,116)	-	(196,377)
Cash flows from investing activities:				
Purchase of investments	(24,165,827)	(21,929,399)	(3,199,140)	(49,294,366)
Sale of investments	22,457,843	20,006,280	2,978,624	45,442,747
Interest received	103,596	25,714	13,568	142,878
Net cash used in investing activities	(1,604,388)	(1,897,405)	(206,948)	(3,708,741)
Net increase (decrease) in cash and cash equivalents	(159,386)	(2,023,108)	381,725	(1,800,769)
Cash and cash equivalents, beginning	154,921	2,654,760	105,230	2,914,911
Cash and cash equivalents, ending	\$ (4,465)	\$ 631,652	\$ 486,955	\$ 1,114,142

(Continued)

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended December 31, 2021

	Health Insurance	Administrative Services	Risk Management	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 1,338,036	\$ (4,460,899)	\$ 172,220	\$ (2,950,643)
Net cash provided by (used in) operating activities:				
Depreciation expense	-	37,353	-	37,353
Rental income	-	67,035	-	67,035
Miscellaneous income	-	37,758	525	38,283
(Increase) decrease in accounts receivable	(147,871)	(20,507)	-	(168,378)
(Increase) decrease in inventories	-	(99,676)	-	(99,676)
(Increase) decrease in prepaids	-	373,169	-	373,169
(Increase) decrease in deferred outflows				
OPEB related amounts	-	(204,148)	(3,415)	(207,563)
Increase (decrease) in accounts payable	(55,129)	5,704	40,922	(8,503)
Increase (decrease) in claims payable	125,227	-	255,962	381,189
Increase (decrease) in accrued payroll	-	59,845	199	60,044
Increase (decrease) in total OPEB liability	-	1,267,904	20,500	1,288,404
Increase (decrease) in deferred inflows				
OPEB related amounts	-	162,577	1,824	164,401
Increase (decrease) in accrued compensated absences	-	433,540	5,881	439,421
Net cash provided by (used in) operating activities	\$ 1,260,263	\$ 329,141	\$ 588,673	\$ 2,178,077
Reconciliation of amounts reported on the statement of net position:				
Cash and cash equivalents	\$ (4,465)	\$ 631,652	\$ 486,955	\$ 1,114,142
Investments	16,736,317	3,051,209	1,886,539	21,674,065
Total cash and investments	\$ 16,731,852	\$ 3,682,861	\$ 2,373,494	\$ 22,788,207

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 138,239,587	142,465,788	153,650,856	165,282,595	176,377,845	174,116,398	203,909,143	211,012,487	198,873,906	192,481,050
Restricted	30,071,225	27,610,575	24,514,918	17,031,955	16,176,776	16,124,317	22,642,527	29,367,732	49,518,600	65,999,278
Unrestricted	<u>34,040,332</u>	<u>34,979,766</u>	<u>39,710,437</u>	<u>(7,071,563)</u>	<u>(4,515,792)</u>	<u>11,126,590</u>	<u>8,002,262</u>	<u>190,444</u>	<u>(24,665,976)</u>	<u>(23,603,227)</u>
Total governmental activities net position	\$ <u>202,351,144</u>	<u>205,056,129</u>	<u>217,876,211</u>	<u>175,242,987</u>	<u>188,038,829</u>	<u>201,367,305</u>	<u>234,553,932</u>	<u>240,570,663</u>	<u>223,726,530</u>	<u>234,877,101</u>
Business-type activities										
Net investment in capital assets	\$ 132,286,325	135,412,622	142,129,630	138,094,523	115,683,218	109,887,927	163,615,909	119,110,426	138,766,846	137,090,006
Restricted	-	-	-	-	2,007,755	2,007,755	7,463,508	7,483,183	8,203,283	8,277,586
Unrestricted	<u>31,931,406</u>	<u>30,899,856</u>	<u>26,144,324</u>	<u>21,920,645</u>	<u>48,675,637</u>	<u>61,630,771</u>	<u>13,457,357</u>	<u>53,808,460</u>	<u>50,303,939</u>	<u>56,515,118</u>
Total business-type activities net position	\$ <u>164,217,731</u>	<u>166,312,478</u>	<u>168,273,954</u>	<u>160,015,168</u>	<u>166,366,610</u>	<u>173,526,453</u>	<u>184,536,774</u>	<u>180,402,069</u>	<u>197,274,068</u>	<u>201,882,710</u>
Primary government										
Net investment in capital assets	\$ 270,525,912	277,878,410	295,780,486	303,377,118	292,061,063	284,004,325	367,525,052	330,122,913	337,640,752	329,571,056
Restricted	30,071,225	27,610,575	24,514,918	17,031,955	18,184,531	18,132,072	30,106,035	36,850,915	57,721,883	74,276,864
Unrestricted	<u>65,971,738</u>	<u>65,879,622</u>	<u>65,854,761</u>	<u>14,849,082</u>	<u>44,159,845</u>	<u>72,757,361</u>	<u>21,459,619</u>	<u>53,998,904</u>	<u>25,637,963</u>	<u>32,911,891</u>
Total primary government net position	\$ <u>366,568,875</u>	<u>371,368,607</u>	<u>386,150,165</u>	<u>335,258,155</u>	<u>354,405,439</u>	<u>374,893,758</u>	<u>419,090,706</u>	<u>420,972,732</u>	<u>421,000,598</u>	<u>436,759,811</u>

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Expenses										
Governmental Activities										
General Government	\$ 25,726,334	24,459,731	26,010,819	29,469,833	28,734,221	23,993,685	23,127,516	28,630,913	28,182,086	24,673,611
Public Safety	30,675,333	31,660,850	33,175,448	33,066,853	36,496,705	44,199,155	44,961,424	51,933,937	54,948,346	53,986,755
Public Works	15,939,222	21,791,694	14,560,490	20,010,423	18,222,484	31,644,780	13,078,042	20,326,438	25,026,316	20,835,298
Health	1,379,859	1,215,155	1,308,714	1,098,022	1,244,979	1,320,850	1,081,903	1,167,189	1,310,804	3,356,246
Social Services	2,198,039	2,130,316	1,319,214	774,782	2,105,177	2,609,249	1,702,269	1,512,942	3,026,146	2,161,684
Culture and Recreation	8,473,244	8,463,663	9,746,664	9,914,279	10,765,374	11,851,021	11,767,715	13,859,427	13,229,403	13,526,642
Tourism	969,229	1,009,528	1,266,137	1,706,788	2,746,841	2,759,231	1,675,004	1,943,413	1,666,240	1,995,296
Airport	226,568	251,419	229,161	252,735	145,227	139,414	-	-	-	-
Economic Development	-	-	-	-	765,183	2,358,798	1,721,663	1,777,984	2,230,139	2,258,104
Interest on Long-Term Debt	2,312,471	1,493,818	3,860,258	2,803,653	3,091,844	3,440,221	3,399,543	3,442,110	5,359,042	3,606,049
Total Governmental Activities Expenses	<u>87,900,299</u>	<u>92,476,174</u>	<u>91,476,905</u>	<u>99,097,368</u>	<u>104,318,035</u>	<u>124,316,404</u>	<u>102,515,079</u>	<u>124,594,353</u>	<u>134,978,522</u>	<u>126,399,685</u>
Business-Type Activities:										
Water & Sewer	28,610,906	28,303,397	29,021,550	32,175,287	34,618,665	37,356,134	39,047,713	45,764,237	45,806,311	49,708,507
Sanitation	9,762,916	9,797,103	12,174,577	10,943,115	11,091,519	11,448,107	11,332,783	12,439,608	13,762,428	12,656,576
Stormwater	2,151,249	1,785,144	1,864,838	1,787,179	1,820,913	2,132,331	2,423,210	2,533,088	3,671,022	3,197,639
Public Parking	1,340,421	1,399,151	1,498,150	1,405,290	1,231,070	1,378,713	1,764,009	558,725	1,079,590	1,201,311
Golf Course	944,149	930,730	973,740	961,517	978,457	1,261,536	850,780	939,014	948,732	-
Total Business-Type Activities Expenses	<u>42,809,641</u>	<u>42,215,525</u>	<u>45,532,855</u>	<u>47,272,388</u>	<u>49,740,624</u>	<u>53,576,821</u>	<u>55,418,495</u>	<u>62,234,672</u>	<u>65,268,083</u>	<u>66,764,033</u>
Total Primary Government Expenses	<u>\$ 130,709,940</u>	<u>134,691,699</u>	<u>137,009,760</u>	<u>146,369,756</u>	<u>154,058,659</u>	<u>177,893,225</u>	<u>157,933,574</u>	<u>186,829,025</u>	<u>200,246,605</u>	<u>193,163,718</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 8,745,433	9,008,294	8,990,118	8,769,512	5,857,934	5,122,733	5,932,189	5,042,029	3,901,660	3,054,395
Public Safety	403,121	503,123	563,446	427,146	5,773,962	6,866,750	7,382,054	8,735,242	8,475,018	6,856,827
Culture and Recreation	2,278,274	2,259,932	2,590,218	2,946,433	3,703,700	3,343,028	3,504,515	3,966,284	1,260,537	3,600,736
Other Activities	370,832	440,872	571,777	461,508	1,599,985	534,779	1,648,292	680,797	565,588	365,900
Operating Grants and Contributions	11,525,865	9,632,212	10,229,250	11,137,540	10,649,050	12,026,288	11,118,873	5,675,620	10,618,560	11,689,458
Capital Grants and Contributions	3,295,028	412,940	5,433,051	389,639	1,055,540	16,914,876	1,728,558	2,177,582	5,187,762	489,407
Total Governmental Activities Program Revenues	<u>26,618,553</u>	<u>22,257,373</u>	<u>28,377,860</u>	<u>24,131,778</u>	<u>28,640,171</u>	<u>44,808,454</u>	<u>31,314,481</u>	<u>26,277,554</u>	<u>30,009,125</u>	<u>26,056,723</u>
Business-Type Activities:										
Charges for Services:										
Water & Sewer	34,345,233	32,259,758	34,130,975	35,608,968	39,233,985	42,930,470	50,217,334	45,697,915	48,739,971	53,843,060
Sanitation	10,749,061	10,768,380	11,325,772	12,565,494	12,775,928	13,634,852	14,618,244	14,738,312	14,854,780	14,657,374
Stormwater	2,970,639	2,972,683	3,036,886	3,015,164	3,082,304	3,238,658	3,564,261	3,576,201	3,840,429	5,644,550
Parking	1,225,464	1,197,212	1,287,303	1,340,528	1,444,710	1,563,008	1,345,293	1,372,765	666,749	1,453,405
Golf Course	820,444	753,198	772,843	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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Business-Type Activities Program Revenues	\$ 50,110,841	47,951,231	50,553,779	53,263,952	57,283,958	62,351,657	70,676,124	66,317,433	68,894,512	75,598,389
Total Primary Government Program Revenues	\$ 76,729,394	70,208,604	78,931,639	77,395,730	85,924,129	107,160,111	101,990,605	92,594,987	98,903,637	101,655,112
Net (Expense)/Revenue										
Governmental Activities	\$ (61,281,746)	(70,218,801)	(63,099,045)	(74,965,590)	(75,677,864)	(79,507,950)	(71,200,598)	(98,316,799)	(104,969,397)	(100,342,962)
Business-Type Activities	7,301,200	5,735,706	5,020,924	5,991,564	7,543,334	8,774,836	15,257,629	4,082,761	3,626,429	8,834,356
Total Primary Government Net Expense	\$ (53,980,546)	(64,483,095)	(58,078,121)	(68,974,026)	(68,134,530)	(70,733,114)	(55,942,969)	(94,234,038)	(101,342,968)	(91,508,606)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	\$ 26,479,032	27,775,692	28,388,241	30,163,532	31,870,781	33,414,884	37,134,285	38,053,817	43,183,352	43,957,928
Franchise Taxes	6,482,183	6,822,828	7,645,920	7,127,746	7,448,325	7,229,327	7,465,999	40,365,760	6,893,125	7,207,175
Sales Taxes	32,409,308	32,644,826	34,791,050	36,073,916	38,935,957	39,365,644	40,528,022	48,920,869	45,294,649	53,573,414
Unrestricted Grants and Contributions	691,768	689,082	732,100	720,387	764,798	783,431	796,314	42,032	12,601	26,864
Investment Earnings	210,102	202,023	223,756	100,697	390,171	493,557	1,069,632	2,939,293	1,181,470	312,560
Miscellaneous	425,033	136,700	255,075	2,580,346	3,385,152	3,361,033	284,338	3,174,583	2,584,048	1,537,853
Transfers	4,492,729	4,652,635	3,882,985	3,653,030	2,257,560	3,801,983	3,685,635	3,787,475	(11,023,981)	4,877,739
Total Governmental Activities	71,190,155	72,923,786	75,919,127	80,419,654	85,052,744	88,449,859	90,964,225	137,283,829	88,125,264	111,493,533
Business-Type Activities:										
Investment Earnings	121,636	105,283	26,824	233,589	500,878	802,034	1,077,026	2,224,171	1,221,162	111,472
Miscellaneous	638,793	906,393	796,713	767,015	564,790	1,310,446	858,835	820,034	1,000,427	540,553
Transfers	(4,492,729)	(4,652,635)	(3,882,985)	(3,653,030)	(2,257,560)	(3,801,983)	(3,685,635)	(3,787,475)	11,023,981	(4,877,739)
Total Business-Type Activities	(3,732,300)	(3,640,959)	(3,059,448)	(2,652,426)	(1,191,892)	(1,689,503)	(1,749,774)	(743,270)	13,245,570	(4,225,714)
Total Primary Government	\$ 67,457,855	69,282,827	72,859,679	77,767,228	83,860,852	86,760,356	89,214,451	136,540,559	101,370,834	107,267,819
Change in Net Position										
Governmental Activities	\$ 9,908,409	2,704,985	12,820,082	5,454,064	9,374,880	8,941,909	19,763,627	38,967,030	(16,844,133)	11,150,571
Business-Type Activities	3,568,900	2,094,747	1,961,476	3,339,138	6,351,442	7,085,333	13,507,855	3,339,491	16,871,999	4,608,642
Total Primary Government	\$ 13,477,309	4,799,732	14,781,558	8,793,202	15,726,322	16,027,242	33,271,482	42,306,521	27,866	15,759,213

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
2012	24,417,039	32,409,308	6,482,183	1,965,745	96,247	65,370,522	1,359,399,600
2013	25,470,800	32,644,826	6,822,828	2,206,347	98,546	67,243,347	1,388,082,800
2014	25,844,497	34,791,050	7,645,920	2,447,054	96,690	70,825,211	1,445,408,100
2015	27,672,476	36,073,916	7,127,746	2,562,534	96,085	73,532,757	1,512,719,800
2016	28,968,384	38,935,957	7,448,325	2,800,584	101,813	78,255,063	1,596,568,250
2017	30,401,649	39,365,643	7,229,327	2,912,075	101,162	80,009,856	1,631,773,470
2018	34,017,273	40,528,022	7,465,999	3,014,654	102,358	85,128,306	1,644,471,741
2019	35,518,561	41,217,276	7,415,461	3,185,973	96,266	87,433,536	1,665,248,878
2020	37,853,022	40,365,760	6,893,125	3,068,095	103,580	88,283,582	1,594,621,431
2021	39,547,332	46,903,145	7,207,175	3,437,256	93,587	97,188,495	1,748,838,651

*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)

	2012	2013	2014	2015	2016**	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ -	-	-	-	-	-	-	206,645	427,738	347,070
Restricted	-	-	-	-	-	-	-	-	-	105,186
Assigned	458,016	444,230	418,924	483,882	626,605	666,212	456,504	2,081,608	1,292,014	2,584,296
Unassigned	12,807,728	12,987,191	13,203,510	12,718,338	20,009,047	22,713,597	24,996,096	24,709,340	23,297,429	21,887,863
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ <u>13,265,744</u>	<u>13,431,421</u>	<u>13,622,434</u>	<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>
All Other Governmental Funds										
Nonspendable	\$ 461,146	424,304	562,959	562,959	434,460	411,460	80,347	23,386	177,999	159,165
Restricted	17,198,370	16,924,753	17,578,956	16,468,996	15,742,316	25,226,913	50,110,197	39,761,077	67,394,535	92,636,459
Assigned	22,307,990	28,407,656	29,326,657	25,955,112	25,103,256	28,700,173	-	-	-	-
Unassigned	(1,706,921)	(15,039,302)	(14,022,677)	(8,716,690)	(11,265,210)	(116,324)	(21,213)	(32,796)	(80,397)	(26,165)
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ <u>38,260,585</u>	<u>30,717,411</u>	<u>33,445,895</u>	<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>92,769,459</u>

**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

	2012	2013	2014	2015	2016*	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 55,968,894	57,958,993	60,669,355	63,022,436	78,202,845	80,009,856	85,128,306	87,433,538	88,283,582	97,188,496
Special Assessments	3,195,006	2,762,369	2,735,676	2,411,557	2,018,400	2,542,191	889,070	1,599,336	1,259,163	1,357,948
Licenses and Permits	968,947	1,028,880	974,690	1,525,191	1,873,080	1,647,100	2,065,644	1,585,563	1,489,221	1,778,017
Charges for Services	6,668,879	6,676,694	6,984,748	8,091,858	10,141,679	12,005,980	11,504,060	12,275,703	9,889,718	11,207,524
Fines, Forfeitures and Penalties	2,823,509	3,083,596	3,277,102	2,987,550	2,451,698	2,214,210	2,237,632	1,897,608	993,386	939,980
Interest	193,727	188,012	266,269	95,043	366,695	458,254	1,034,090	2,636,307	1,227,777	255,889
Intergovernmental	22,164,027	20,230,592	21,868,227	22,501,383	12,617,160	14,376,408	13,935,803	14,383,505	20,939,182	18,304,011
Reimbursements	335,350	472,548	675,165	1,577,236	4,130,660	1,529,769	1,622,723	2,076,208	1,004,337	698,169
Miscellaneous	1,399,018	811,405	2,408,160	1,072,924	1,570,382	1,831,264	1,084,214	1,794,382	1,280,356	2,227,141
Total Revenues	93,717,357	93,213,089	99,859,392	103,285,178	113,372,599	116,615,032	119,501,542	125,682,150	126,366,722	133,957,175
Expenditures										
General Government	24,950,523	23,865,832	25,347,630	26,604,520	27,374,180	23,929,049	23,162,939	25,896,044	26,168,789	23,372,105
Public Safety	30,336,181	31,178,696	32,508,249	33,856,702	35,428,959	41,512,350	44,127,910	46,100,200	50,705,913	53,818,355
Public Works	9,124,553	12,095,488	8,410,527	8,837,676	8,859,891	20,494,795	11,912,013	12,003,694	16,299,987	15,506,807
Health	1,379,104	1,214,877	1,309,031	1,166,555	1,245,432	1,318,875	1,123,941	1,162,195	1,309,335	3,358,473
Social Services	1,530,158	1,486,561	681,297	1,236,327	1,211,398	1,658,234	1,604,816	1,211,012	2,782,826	1,567,557
Culture and Recreation	8,041,351	7,993,784	9,178,546	9,513,574	10,280,949	11,151,720	11,662,354	11,434,466	10,792,873	12,185,541
Tourism	967,620	1,007,438	1,263,707	1,566,103	2,739,874	2,748,422	1,674,768	1,929,803	1,658,866	1,996,716
Airport	110,908	134,849	194,405	434,596	134,866	128,179	-	-	-	-
Economic Development	-	-	-	-	765,183	2,358,798	1,721,663	1,777,984	2,230,119	2,222,764
Capital Outlay	13,454,338	31,999,515	41,565,540	19,203,361	14,214,757	12,900,993	16,065,513	22,507,011	27,898,602	9,115,756
Debt Service:										
Principal Retirement	14,927,625	9,793,066	9,273,481	10,555,721	10,665,747	9,072,028	9,539,875	8,764,315	15,813,420	46,720,028
Interest and Fiscal Charges	2,582,033	2,313,042	2,253,624	3,373,345	3,199,285	3,349,460	3,687,136	3,559,349	3,977,571	3,378,521
Issuance Costs	-	-	-	-	-	-	-	252,831	99,207	157,459
Total Expenditures	107,404,394	123,083,148	131,986,037	116,348,480	116,120,521	130,622,903	126,282,928	136,598,904	159,737,508	173,400,082
Excess of Revenues over (under) Expenditures	(13,687,037)	(29,870,059)	(32,126,645)	(13,063,302)	(2,747,922)	(14,007,871)	(6,781,386)	(10,916,754)	(33,370,786)	(39,442,907)
Other Financing Sources (Uses)										
Transfers In	4,961,707	5,764,700	4,336,262	3,856,194	12,135,572	4,842,454	8,907,554	10,087,810	6,981,252	15,133,827
Transfers Out	(465,500)	(1,108,559)	(450,000)	(200,053)	(9,874,995)	(1,037,454)	(5,218,554)	(6,300,335)	(2,604,173)	(10,059,711)
Sale of Property - Proceeds Received	-	-	-	-	-	-	-	17,525	17,100	576,299
Capital Lease Proceeds	-	-	-	-	244,260	1,064,200	-	-	-	-
Proceeds of General Obligation Bonds	11,190,000	4,405,000	41,455,000	9,450,000	-	35,034,000	-	41,505,000	10,545,000	56,262,000
Premium on General Obligation Bonds	404,633	-	3,136,301	426,956	-	2,036,462	-	530,809	394,939	2,715,048
Total Other Financing Sources (Uses)	16,090,840	9,061,141	48,477,563	13,533,097	2,504,837	41,939,662	3,689,000	45,840,809	15,334,118	64,627,463
Net Change in Fund Balances	\$ 2,403,803	(20,808,918)	16,350,918	469,795	(243,085)	27,931,791	(3,092,386)	34,924,055	(18,036,668)	25,184,556
Debt Service as a Percentage of Noncapital Expenditures	18.6%	12.9%	13.0%	14.0%	13.6%	10.4%	13.4%	12.4%	14.9%	31.1%

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

CITY OF LAWRENCE, KANSAS

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Unaudited

Year	Real Property		Personal Property (1)		State Assessed		Total		Ratio of Assessed to Estimated Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Value	Assessed Value	Estimated Actual Value		
2012	807,364,770	7,065,536,665	23,044,106	100,766,596	21,914,351	66,426,085	852,323,227	7,232,729,346	11.8%	28.610
2013	810,265,700	7,056,749,570	21,615,031	94,744,293	24,426,177	74,018,718	856,306,908	7,225,512,581	11.9%	28.580
2014	831,174,881	7,272,780,209	18,432,625	80,794,981	25,511,114	25,511,114	875,118,620	7,379,086,304	11.9%	30.040
2015	850,079,403	7,438,194,776	16,950,709	74,299,359	27,914,590	27,914,590	894,944,702	7,540,408,725	11.9%	31.470
2016	885,273,456	7,746,142,740	16,001,791	70,140,005	27,654,355	27,654,355	928,929,602	7,843,937,100	11.8%	31.488
2017	944,118,547	8,261,037,286	13,968,253	61,226,480	27,374,301	27,374,301	985,461,101	8,349,638,067	11.8%	32.018
2018	995,457,186	8,598,573,020	13,533,461	62,431,469	28,331,792	28,331,792	1,037,322,439	8,689,336,281	11.9%	33.279
2019	1,048,578,279	9,133,478,310	12,152,502	57,065,503	29,802,723	29,802,723	1,090,533,504	9,220,346,536	11.8%	33.278
2020	1,094,154,422	9,607,901,380	11,873,466	55,498,541	31,460,117	31,460,117	1,137,488,005	9,694,860,038	11.7%	33.318
2021	1,118,725,664	9,888,992,770	13,609,923	59,181,481	34,245,599	34,245,599	1,166,581,186	9,982,419,850	11.7%	33.290

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

CITY OF LAWRENCE, KANSAS

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Unaudited

Year	City of Lawrence			Overlapping Rates						Total Direct & Overlapping Rates	
	Operating Millage	Debt 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		
2012	21.020	8.510	29.530	35.770	0.000	35.770	47.430	10.580	58.010	1.500	124.810
2013	21.530	8.510	30.040	37.150	0.000	37.150	47.250	10.540	57.790	1.500	126.480
2014	22.970	8.500	31.470	40.950	0.060	41.010	45.540	10.210	55.750	1.500	129.730
2015	22.984	8.504	31.488	40.591	0.507	41.098	46.833	10.073	56.906	1.500	130.992
2016	23.514	8.504	32.018	43.583	0.509	44.092	43.860	9.500	53.360	1.500	130.970
2017	23.522	9.757	33.279	45.509	0.509	46.018	45.515	10.435	55.950	1.500	136.747
2018	23.968	9.310	33.278	45.507	0.508	46.015	43.506	10.921	54.427	1.500	135.220
2019	23.997	9.322	33.319	46.430	0.000	46.430	43.058	9.926	52.984	1.500	134.233
2020	23.997	9.321	33.318	46.430	0.000	46.430	43.297	9.825	53.122	1.500	134.370
2021	23.977	9.313	33.290	47.419	0.000	47.419	43.068	9.772	52.840	1.500	135.049

Source: Douglas County Budget Office

Table 8

CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2021

Unaudited

Taxpayer	2021 Assessed Valuation	Rank	Percent of Total Assessed Valuation	2012 Assessed Valuation	Rank	Percent of Total Assessed Valuation
Evergy (formerly Westar Energy)	\$ 24,878,441	1	2.13 %	\$ 12,504,517	1	1.47 %
Links at Kansas	6,195,717	2	0.53			
Walmart	6,042,480	3	0.52	5,195,191	2	0.61
Black Hills Corp	5,528,610	4	0.47	4,217,023	3	0.49
ARC PRLAWKS001 LLC	5,355,852	5	0.46			
Cherry Hill Properties LLC	5,155,542	6	0.44			
KS-UK Holdings	4,680,546	7	0.40			
Menard Inc	4,432,090	8	0.38			
UP Connection Lawrence Spe LLC	4,294,813	9	0.37			
North Creek Investors III LLC	4,124,895	10	0.35			
Hallmark Cards				3,969,885	4	0.47
Inland Western Lawrence				3,836,202	5	0.45
Southwestern Bell				3,350,465	6	0.39
Fairfield Lawrence Exchange LLC				2,970,997	7	0.35
Kresge				2,934,375	8	0.34
Amarr Garage Doors				2,857,326	9	0.34
Westgate				2,689,902	10	0.32
Total	<u>\$ 70,688,986</u>		<u>6.06 %</u>	<u>\$ 44,525,883</u>		<u>5.23 %</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>
2012	24,406,107	24,011,362	98.38	405,677	24,417,039	100.04	824,160	3.38
2013	25,205,016	25,085,728	99.53	385,072	25,470,800	101.05	558,376	2.22
2014	25,756,589	25,358,111	98.45	336,580	25,694,691	99.76	620,274	2.41
2015	27,539,983	27,032,669	98.16	339,460	27,372,129	99.39	788,128	2.86
2016	28,168,200	27,832,626	98.81	313,875	28,146,501	99.92	809,827	2.88
2017	29,742,950	29,220,299	98.24	172,637	29,392,936	98.82	1,159,841	3.90
2018	32,783,573	32,352,946	98.69	308,224	32,661,170	99.63	1,282,244	3.91
2019	34,521,790	33,854,125	98.07	252,071	34,106,196	98.80	1,697,838	4.92
2020	36,335,486	35,545,948	97.83	380,499	35,926,447	98.87	2,106,877	5.80
2021	37,898,825	37,248,259	98.28	428,253	37,676,512	99.41	2,329,190	6.15

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

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

CITY OF LAWRENCE, KANSAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Notes Payable	Capital Leases	Revenue Bonds	General Obligation Bonds	Notes Payable	Capital Leases			
2012	64,001,150	-	-	48,670,000	10,213,850	22,776,957	-	145,661,957	4.09 %	1,649
2013	58,613,083	-	-	46,390,000	8,996,917	20,577,479	-	134,577,479	3.89 %	1,551
2014	90,794,602	-	-	44,030,000	9,800,398	18,301,688	-	162,926,688	3.28 %	1,723
2015	89,688,881	-	131,544	129,535,000	8,251,119	15,946,937	-	243,553,481	3.97 %	1,723
2016	79,640,645	-	286,629	183,538,349	20,375,195	-	-	283,840,818	5.69 %	2,506
2017	101,598,559	-	1,236,083	185,527,794	16,381,828	-	-	304,744,264	6.22 %	2,898
2018	91,966,494	6,018,520	1,143,691	199,557,038	12,607,365	-	-	311,293,108	6.47 %	3,063
2019	87,225,560	44,049,421	991,376	191,334,777	9,014,419	-	-	332,615,553	6.25 %	3,204
2020	87,868,554	40,228,620	835,956	182,691,558	5,256,052	-	-	316,880,740	5.74 %	3,066
2021	112,523,998	27,014,451	684,928	224,042,813	1,250,000	-	-	365,516,190	6.28 %	3,474

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

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

CITY OF LAWRENCE, KANSAS

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

Last Ten Fiscal Years

Unaudited

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
2012	93,944	852,323	74,215,000	9,303,767	64,911,233	7.62	691
2013	94,586	856,307	67,610,000	9,659,399	57,950,601	6.77	613
2014	96,292	875,119	100,595,000	10,674,909	89,920,091	10.28	951
2015	97,193	894,945	97,940,000	10,901,622	87,038,378	9.73	896
2016	97,948	928,930	100,015,840	10,930,190	89,085,650	9.59	910
2017	99,496	928,947	117,980,387	11,266,535	106,713,852	11.49	1,073
2018	100,736	985,104	101,410,000	10,832,304	90,577,696	9.19	899
2019	103,812	1,037,322	93,408,000	12,491,540	80,916,460	7.80	779
2020	103,351	1,090,534	88,285,000	13,955,094	74,329,906	6.82	719
2021	105,200	1,137,488	107,811,000	18,573,982	89,237,018	7.85	848

(1) City of Lawrence, Kansas Planning Department 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, 2021

<u>Jurisdiction</u>	<u>Bond Issues Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Amount Applicable to City</u>
Direct – City of Lawrence	\$ <u>107,811,000</u>	100 %	\$ <u>107,811,000</u>
Overlapping:			
Douglas County	302,760,000	7%	226,077
Unified School District No. 497	<u>165,505,000</u>	9%	<u>145,647</u>
	<u>468,265,000</u>		<u>371,724</u>
	<u>\$ 576,076,000</u>		<u>\$ 108,182,724</u>

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

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

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

CITY OF LAWRENCE, KANSAS
 Computation of Legal Debt Margin
 Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Assessed Valuation of Taxable Property*	\$ 924,953,742	932,601,818	951,413,530	958,124,464	995,923,209	928,947,354	985,103,931	1,037,322,439	1,090,533,504	1,137,488,005
Debt Limit Percent of Assessed Value	<u>30.00%</u>									
Debt Limit	277,486,123	279,780,545	285,424,059	287,437,339	298,776,963	278,684,206	295,531,179	311,196,732	327,160,051	341,246,402
Total net debt applicable to limit** (includes temporary notes)	<u>98,430,000</u>	<u>123,085,000</u>	<u>119,625,000</u>	<u>108,735,000</u>	<u>79,048,062</u>	<u>105,085,263</u>	<u>107,410,000</u>	<u>128,503,000</u>	<u>123,390,000</u>	<u>133,083,000</u>
Legal Debt Margin	<u>\$ 179,056,123</u>	<u>\$ 156,695,545</u>	<u>\$ 165,799,059</u>	<u>\$ 178,702,339</u>	<u>\$ 219,728,901</u>	<u>\$ 173,598,943</u>	<u>\$ 188,121,179</u>	<u>\$ 182,693,732</u>	<u>\$ 203,770,051</u>	<u>\$ 208,163,402</u>
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	35.47%	43.99%	41.91%	37.83%	26.46%	37.71%	36.34%	41.29%	37.72%	39.00%

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>
2012	34,345,233	25,671,088	8,674,145	2,210,000	2,304,105	4,514,105	1.92
2013	32,259,758	18,925,425	13,334,333	2,280,000	2,985,423	5,265,423	2.53
2014	34,130,975	19,635,194	14,495,781	2,360,000	2,132,685	4,492,685	3.23
2015	35,608,968	19,637,989	15,970,979	13,355,000	3,799,618	17,154,618	0.93
2016	39,686,384	21,498,117	18,188,267	4,625,000	5,287,290	9,912,290	1.83
2017	43,619,415	22,538,928	21,080,487	6,445,000	6,635,356	13,080,356	1.61
2018	51,106,079	23,596,806	27,509,273	7,305,000	6,687,187	13,992,187	1.97
2019	45,243,570	30,366,028	14,877,542	7,305,000	7,275,129	14,580,129	1.02
2020	48,495,800	29,398,101	19,097,699	7,560,000	7,352,975	14,912,975	1.28
2021	53,843,060	32,994,091	20,848,969	7,915,000	7,042,212	14,957,212	1.39

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>
2012	93,944	3,745,526,000	33,379	26.70	11,458	5.3
2013	94,586	4,100,447,000	36,331	26.70	11,437	4.1
2014	94,586	4,100,447,000	36,331	26.70	11,840	3.5
2015	97,193	4,277,044,000	36,686	26.70	12,106	3.0
2016	97,948	4,567,016,000	38,686	26.70	11,969	3.6
2017	99,496	4,710,732,000	39,400	26.70	11,970	3.1
2018	100,736	5,299,726,000	43,642	27.50	12,051	3.1
2019	103,812	5,321,380,000	43,939	26.70	11,879	2.6
2020	103,351	5,521,639,000	45,163	26.70	11,473	3.9
2021	105,200	5,819,458,000	47,494	28.20	11,150	1.8

Data Sources:

- (1) City of Lawrence, Kansas Planning Department estimates
- (2) Data from U.S. Bureau of Economic Analysis. The amount listed for FY2020 is from the FY2019 report.
- (3) From U.S. Census Bureau 2010 Census
- (4) Headcount enrollment for USD 497, Kansas Department of Education
- (5) Bureau of Labor Statistics

CITY OF LAWRENCE, KANSAS

Principal Employers

Current Year and Nine Years Ago

Employer	2021			2012		
	<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	9,990	1	23.05%	9,881	1	16.93%
LMH Health	1,800	2	4.15%	1,322	5	2.27%
Lawrence Public Schools	1,670	3	3.85%	1,650	2	2.83%
Maximus (formerly General Dynamics IT)	1,000	4	2.31%	-		
Berry Global	870	5	2.01%	739	6	1.27%
City of Lawrence	860	6	1.98%	1,455	4	2.49%
Amarr Garage Doors	750	7	1.73%	461	9	0.79%
Hallmark Cards Inc.	700	8	1.62%	525	8	0.90%
Douglas County	521	9	1.20%	435	9	0.75%
Baker University	500	10	1.15%	-		
Vangent	-		-	1,500	3	2.57%
Kresge	-		-	320	10	0.55%
Total	<u>18,661</u>		<u>43.05%</u>	<u>18,288</u>		<u>31.35%</u>

Sources: Lawrence Chamber of Commerce

CITY OF LAWRENCE, KANSAS
Full Time Equivalent Employees by Function

Last Ten Fiscal Years

Unaudited

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
General Government	69.69	64.93	73.14	72.55	105.00	76.86	79.93	85.59	72.07	80.70
Public Safety	326.00	310.00	321.00	318.00	320.60	330.00	330.00	332.00	332.00	332.00
Public Works	58.41	59.91	59.66	59.16	62.66	62.66	61.16	61.16	62.16	62.16
Culture & Recreation	61.03	61.03	70.53	70.53	72.53	76.53	72.78	72.78	72.50	85.60
Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Social Services	5.55	5.55	4.30	-	3.60	2.70	2.70	2.60	2.60	2.60
Tourism	-	-	-	-	-	-	3.00	3.00	2.00	2.00
Total Governmental Activities	<u>521.68</u>	<u>502.42</u>	<u>529.63</u>	<u>521.24</u>	<u>565.39</u>	<u>549.75</u>	<u>550.57</u>	<u>558.13</u>	<u>544.33</u>	<u>566.06</u>
Business-type Activities:										
Water & Sewer	129.25	129.25	130.26	132.52	146.88	140.13	142.63	141.63	143.00	146.00
Sanitation	96.34	96.34	97.84	97.84	97.84	97.84	93.34	94.34	92.34	92.34
Storm Water	10.00	10.50	10.50	10.00	10.00	10.00	11.50	13.50	11.50	14.50
Public Parking	-	12.00	12.00	12.00	12.00	12.00	14.00	13.00	12.00	12.00
Golf Course*	12.13	12.35	12.44	12.94	11.69	12.69	12.36	12.31	11.73	-
Internal Services	17.25	17.25	17.00	17.00	17.00	17.00	17.00	17.00	39.00	49.50
Total Business-type Activities	<u>264.97</u>	<u>277.69</u>	<u>280.04</u>	<u>282.30</u>	<u>295.41</u>	<u>289.66</u>	<u>290.83</u>	<u>291.78</u>	<u>309.57</u>	<u>314.34</u>
Total	<u><u>786.65</u></u>	<u><u>780.11</u></u>	<u><u>809.67</u></u>	<u><u>803.54</u></u>	<u><u>860.80</u></u>	<u><u>839.41</u></u>	<u><u>841.40</u></u>	<u><u>849.91</u></u>	<u><u>853.90</u></u>	<u><u>880.40</u></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

CITY OF LAWRENCE, KANSAS

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fire Protection										
Number of Firefighters and Officers	143	141	135	131	143	143	143	146	150	150
Number of Fire Calls Answered (1)	347	255	283	211	254	238	243	191	242	259
Number of Medical Calls Answered	7,130	7,584	7,800	8,229	8,246	8,802	9,089	8,781	8,624	9,380
Number of Medical Transports	5,139	7,686	5,320	5,775	5,851	6,207	6,207	6,441	6,200	7,067
Number of Inspections Conducted	5,522	3,728	4,326	6,392	7,241	7,332	7,332	4,862	4,950	4,247
Police Protection										
Number of Commissioned Police Officers	147	154	154	155	153	154	154	139	135	134
Number of Full Time Civilians	30	33	33	33	33	28	28	25	27	25
Number of Calls for Service	112,464	121,599	115,398	107,478	100,142	95,708	95,702	91,658	69,360	75,900
Arrests Processed through County Jail	3,847	4,661	3,668	3,219	2,976	3,324	2,994	2,434	1,786	1,863
Officer Issued Traffic Violations	13,150	4,657	15,631	12,811	10,970	11,614	10,742	8,417	3,896	4,526
Officer Issued Parking Violations	11,882	12,986	37,292	10,988	10,754	10,534	8,826	7,783	1,907	1,948
Sewerage System										
Number of Service Connections	32,915	32,239	32,345	32,395	32,395	32,791	33,105	34,146	33,595	33,863
Actual Daily Average of Treatment in Million Gallons Daily	10	10	9	10	10	10	9	12	11	11
Water System										
Number of Service Connections	32,915	32,897	33,005	33,220	33,256	33,547	33,874	34,146	34,340	34,589
Daily Average Consumption in Million Gallons	11	11	10	10	11	10	11	10	11	10
Maximum Daily Capacity of Plant in Million Gallons	37	37	37	37	37	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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Works										
Miles of Streets	323.2	333.6	333.6	356.9	362.9	365.23	367.19	351.62	351.77	352.17
Culture and Recreation										
Recreation Facilities	4	4	4	7	7	7	7	7	7	7
Parks	54	54	54	56	56	56	56	56	56	56
Park Acreage	3,535	3,535	3,535	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Tennis Courts	11	11	11	16	16	16	16	16	16	15
Fire Protection										
Number of Stations	6	6	6	6	6	5	5	5	5	5
Police Protection										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	30	30	30	38	40	40	36	36	34	40
Sewerage System										
Miles of Sanitary Sewers	433	434	434	452	454	457	460	461	461	462
Number of Treatment Plants	1	1	1	1	1	2	2	2	2	2
Number of Lift Stations	34	33	33	31	31	32	32	34	34	34
Water System										
Number of Water Plants	2	2	2	2	2	2	2	2	2	2
Miles of Water Mains	455	499	499	520	523	556	565	568	567	570
Number of City owned Fire Hydrants	3,218	3,331	3,331	3,480	3,531	3,599	3,646	3,690	3,688	3,683
Libraries										
Public Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (approximately)(1)	229,777	229,777	229,777	201,400	207,500	198,257	204,146	203,403	212,176	216,864
Facilities and Services Not Included in the Reporting Entity:										
Education										
Number of Public Elementary Schools(2)	14	14	14	14	14	14	14	14	15	14
Number of Public Elementary School Instructors	429	457	457	459	445	435	421	489	457	439
Number of Public Secondary Schools(2)	6	6	6	6	6	6	6	6	7	7
Number of Public Secondary School Instructors	465	485	485	495	476	456	460	526	529	494
Number of Universities	2	2	2	2	2	2	2	2	2	2
Hospitals										
Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Number of Patient Beds	173	173	173	174	174	174	174	174	174	174

Sources: Various government departments

Notes:

(1) Beginning in 2020 the approximate number of volumes held by the Lawrence Public Library includes digital volumes.

(2) Beginning in 2020 the number of Public Elementary Schools and Public Secondary Schools includes one (1) virtual school each.

**City of Lawrence, Kansas
Continuing Disclosure Information
(Unaudited)**

Recent Development

The largest permitted projects in 2021, as of December 31, 2021, are as follows:

<u>Project Description</u>	<u>Construction Valuation</u>
Bioscience and Technology Business Center Phase III	\$18,970,398*
Union at the Loop, Multi-Family	18,564,109
KU Alumni Association	14,000,000*
Standard Beverage, Office and Warehouse expansion	12,777,500
Pretzels, Inc., Building finish	10,500,000
Douglas County Crisis and Recovery Center	9,061,668*
Douglas County Jail	5,000,000*
Heartland Community Health Center	5,000,000*
Kwik Shop, New Convenience Store and Fuel Station	3,625,333
Dillons, remodel	3,070,000
Standard Beverage, addition	2,177,520
LMH Health	2,100,000*
Laird Noller, Service Repair Garage Renovation	1,921,132
Lawrence Presbyterian Manor	1,800,000*
Deciphera Pharmaceuticals, Tenant Finish	1,540,500
Ad Astra Eye, New Commercial	1,450,000
Velocity Church, Commercial Remodel	1,450,000*
Chi Omega, Commercial Remodel	1,200,000

* *These projects are exempt from property taxation.*

Some other larger building permit projects currently under review and not yet issued include:

<u>Project Description</u>	<u>Construction Valuation</u>
Oldfather, New Multi-family	\$ 7,200,000
Residential new family	1,750,000
Hi-tech Interiors, New storage building	1,250,000
Residential new family	1,228,700
Valvoline instant oil, New Commercial	1,200,000

Labor Force Data

	<u>Annual Average</u>				<u>January</u>
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Labor Force:					
City of Lawrence	52,436	52,665	51,937	52,945	53,262
Douglas County	65,119	65,375	64,225	65,523	65,930
State of Kansas	1,477,847	1,486,620	1,497,003	1,495,233	1,495,634
Unemployment Rate:					
City of Lawrence	3.0%	2.9%	6.2%	1.8%	2.5%
Douglas County	3.0	2.9	6.1	1.8	2.5
State of Kansas	3.3	3.2	5.9	2.8	2.6

Source: Kansas Labor Information Center, <http://www.klic.dol.ks.gov>. 2021 and 2022 data are preliminary.

Permits Issued by the City

Year	New Single Family Residential		New Commercial/Industrial		Total Value ^(a) (All Permits)
	Number	Value	Number	Value	
2022 (to 1-31)	3	\$ 550,000	0	\$ 0	\$ 3,730,071
2021	171	58,325,560	24	43,380,668	218,944,276
2020	178	63,273,131	11	27,388,958	145,401,761
2019	153	45,173,958	13	39,216,051 ^(b)	213,984,111
2018	285	99,343,420	14	99,478,244 ^(c)	276,589,268
2017	173	60,503,549	16	39,056,790	165,923,864
2016	245	126,310,466	28	37,717,200	220,882,201
2015	246	140,936,024	22	35,494,368	227,899,792
2014	122	42,278,168	18	25,270,632	99,707,903
2013	155	57,549,685	9	49,927,401	171,995,682
2012	148	49,032,140	12	11,839,853	100,656,131

(a) In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

(b) Approximately \$15,500,000 of these permits are exempt from property taxation.

(c) Approximately \$10,450,000 of these permits are exempt from property taxation.

Source: The City.

Labor Contracts

Employees of the City have never been on strike against the management. The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
Lawrence Police Officers Association	105	December 31, 2024
Local 1596 International Association of Firefighters	<u>118</u>	December 31, 2023
Subtotal	223	
Non-unionized employees	<u>594</u>	
Total employees	817	

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, Dave Wagner, 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 34,334 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 569 miles of water mains and 3,659 fire hydrants. The daily average volume of water treated was 10.4 mgd in 2021. 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 461 miles of sewers and includes lines up to 54 inches in diameter. The Department maintains 34 sewage lift stations. Primary and secondary treatment of collected sewage is provided at the 12.5 mgd capacity dry weather and 25.0 mgd wet weather wastewater treatment plant located on the Kansas River near the eastern edge of the City. The plant also has an excess flow treatment facility capable of treating an additional 40.0 mgd during peak wet weather flows. The plant was first placed in service in 1956 and upgraded in 2004 and 2013. The daily average treatment for 2021 was approximately 10.6 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

The City currently expects to finance approximately \$25.11 million of this through the issuance of additional Parity Bonds, and this will be paid with operating revenues of the System. The planned improvements are primarily related to maintaining the existing water and wastewater system along with beginning of the nutrient removal project at the Kansa River Wastewater Treatment Plant.

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. 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 (2021):

<u>Customer Category</u>	<u>Water Usage (Thousand Gallons)</u>	<u>Amount</u>
Residential	1,673,907.10	\$14,022,905.74
Multifamily	375,146.90	2,836,416.11
Commercial	419,536.80	2,925,223.00
Industrial	381,932.90	2,434,940.15
Wholesale	662,810.90	1,469,692.45
Total	3,513,334.60	\$23,689,117.45

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>
2021	31,544	650	2,395	34,589
2020	31,275	661	2,404	34,340
2019	31,110	656	2,385	34,151
2018	30,851	632	2,391	33,874
2017*	30,477	677	2,393	33,547

* In 2017, all residential properties that have two units or less were classified as Residential which resulted in a decrease in Multifamily.

<u>Year</u>	<u>Water Sales Volume (Thousand Gallons)</u>					
	<u>Residential</u>	<u>Multifamily</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Other</u>	<u>Total</u>
2021	1,673,907	375,147	419,537	381,933	662,811	3,513,335
2020	1,720,510	368,470	503,696	314,070	719,685	3,626,431
2019	1,551,795	360,625	552,104	371,837	361,780	3,198,141
2018	1,850,099	363,809	668,711	446,698	404,839	3,734,156
2017*	1,690,929	362,423	714,637	390,578	356,486	3,515,053

* The differences in the Commercial and Industrial volume was due to a reclassification of reporting.

Historical Customers – Sewer

The following tables show the historic number of sewer customers served by the System for the years indicated, as well as the actual average daily treatment.

<u>Year</u>	<u>Service Connections</u>	<u>Actual Daily Average of Treatment (mdg)</u>
2021	33,863	11.0
2020	33,595	10.6
2019	33,358	12.3
2018	33,105	8.7
2017	32,791	10.3

Largest Customers

The top ten water consumers during 2021 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	207,215,600	10.03%	\$ 1,320,684.94	8.59%
City of Baldwin	198,546,200	9.61	796,917.69	5.18
Rural Water District #1	53,679,100	2.60	216,164.58	1.41
Evergy	52,865,900	2.56	328,745.10	2.14
Packer Plastics	42,033,200	2.04	262,630.73	1.71
Rural Water District #4	38,956,900	1.89	156,750.51	1.02
Lawrence Memorial Hospital	31,587,500	1.53	217,862.61	1.42
Rural Water District #2	27,842,800	1.35	111,959.01	0.73
ICL Specialty Products, Inc.	27,411,500	1.33	188,809.14	1.23
Meadowbrook Apartments	20,548,100	0.99	144,713.92	0.94

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 2021, the City of Baldwin City, Kansas comprised approximately 5.18% of the total water revenues and 9.61% of the total water sales volume of the System. The City's agreement with the City of Baldwin City terminates in 2059. During 2021, Rural Water District #1 comprised approximately 1.41% of the total water revenues and 2.60% of the total water consumption of the System. Rural Water District #1, Rural Water District #2, and Rural Water District #4 also entered into a new contracts with the City in December 2019. The contracts expire in 2059 with 60 months' notice of cancellation by either party. In addition to treated water, the new contracts include the City supplying raw water to Rural Water District #1, 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 completed a rate study to evaluate charges related to the System in consultation with Raftelis Financial Consultants. Before the most recent rate study, the last rate study was performed by a third-party in 2004, and was annually updated by City staff. The governing body of the City approved rate increases for 2021, effective April 1, 2021 are shown below.

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 April 1, 2021, are shown below:

Customer Class	Inside City	Outside City
	Effective as of April 1, 2021	Effective as of April 1, 2021
Residential – Block 1	\$7.01/1,000 gal	\$7.81/1,000 gal
Residential – Block 2	\$7.81/1,000 gal	\$8.60/1,000 gal
Residential – Block 3	\$8.17/1,000 gal	\$8.99/1,000 gal
Multifamily	\$5.93/1,000 gal	\$6.53/1,000 gal
Commercial	\$6.64/1,000 gal	\$7.31/1,000 gal
Industrial	\$6.27/1,000 gal	\$6.90/1,000 gal
Irrigation	\$8.17/1,000 gal	\$8.99/1,000 gal

Residential blocks are calculated using the Winter Quarter Average (WQA) as defined in City Code 19-314.1 as follows:

- Block 1 rate is applied to usage up to and including 125% of the WQA
- Block 2 rate is applied to all usage above 125% up to and including 200% of the WQA
- Block 3 rate is applied to all usage above 200% the WQA

The minimum WQA used to calculate residential blocks shall be 3,000 gallons.

Monthly charges for water service to rural water districts and other municipalities are currently set at \$4.04/1,000 gallons effective as of January 1, 2021, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after January 1, 2021, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2021	Effective as of January 1, 2021
5/8	\$4.40	\$4.80
1	\$5.25	\$5.80
1 ½	\$6.05	\$6.65
2	\$8.35	\$9.20
3	\$25.00	\$27.50
4	\$31.10	\$34.20
6	\$46.20	\$50.85
8	\$62.10	\$68.30
10	\$81.50	\$89.65
12	\$94.85	\$104.30
15	\$126.50	\$139.15
Multi-Family (Per Unit)	\$4.40	\$4.80

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, 2021, are shown below:

Monthly Water Use	Inside City	Outside City
	Effective as of January 1, 2021	Effective as of January 1, 2021
Volume Charge	\$8.73/1,000 gal	\$11.35/1,000 gal

Monthly sewer service charges per water meter, effective on and after January 1, 2021, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2021	Effective as of January 1, 2021
All Meter Sizes	\$14.85	\$16.30

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, 2021, are shown below:

Effective Date	Inside City Unit Charge for BOD in dollars per	Inside City Unit Charge for TSS in dollars per pound	Outside City Unit Charge for BOD in dollars	Outside City Unit Charge for TSS in dollars per
	ICBOD	ICTSS	OCBOD	OCTSS
January 1, 2021	\$0.9900	\$0.6340	\$1.089	\$0.6970

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.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Water and Sewer Charges	\$ 42,686,814	\$ 49,878,618	\$ 44,970,127	\$ 48,192,983	\$ 53,791,047
Water Tap Extensions	-	-	-	-	-
Other Revenues	243,656	338,716	273,443	302,817	52,013
Total Operating Revenues	42,930,470	50,217,334	45,243,570	48,495,800	53,843,060
Expenses:					
Administrative	4,722,002	5,551,977	7,712,967	6,663,898	8,797,291
Operation & Maintenance	17,816,926	18,044,829	22,653,061	22,734,203	24,196,800
Depreciation & Amortization	7,554,469	8,980,757	9,595,747	10,388,213	10,609,750
Total Operating Expenses	30,093,397	32,577,563	39,961,775	39,786,314	43,603,841
Non-Operating Revenues (Expenses):					
Gain (Loss) on Sale	7,045	54,504	29,329	(10,625)	(52,757)
Interest Income	688,945	902,225	1,625,853	857,472	72,460
Interest Expense	(7,268,743)	(6,173,524)	(5,802,462)	(6,009,372)	(5,872,822)
Transfers	(3,084,000)	(3,085,000)	(3,085,000)	(3,199,167)	(2,488,000)
Reimbursements	573,898	406,556	343,541	13,277,728	235,706
Total Non-Operating	(9,082,855)	(7,895,239)	(6,888,739)	4,916,036	(8,105,413)
Net income	\$ 3,754,218	\$ 9,744,532	\$ (1,606,944)	\$ 13,625,522	\$ 2,133,806
Net Position January 1	\$ 141,783,986	\$ 145,612,712	\$ 153,876,521	\$ 144,795,381	\$ 158,420,903
Restatement	\$ 74,508	\$ (1,480,723)	\$ (7,474,196)	\$ -	\$ -
Net Position December 31	\$ 145,612,712	\$ 153,876,521	\$ 144,795,381	\$ 158,420,903	\$ 160,554,709

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.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Operating and Maintenance Expense	\$17,816,926	\$18,044,829	\$22,653,061	\$22,734,203	\$24,196,800
Administrative Expenses	<u>4,722,002</u>	<u>5,551,977</u>	<u>7,712,967</u>	<u>6,663,898</u>	<u>8,797,291</u>
Operating Expenses	\$22,538,928	\$23,596,806	\$30,366,028	\$29,398,101	\$32,994,091
Days	365	365	365	365	365
Daily Operating Expenses	\$ 61,750	\$ 64,649	\$ 83,195	\$ 80,543	\$ 90,395
Total Cash and Investments	\$28,605,905 ^(a)	\$37,727,200 ^(b)	\$30,483,995 ^(c)	\$32,704,964 ^(d)	\$30,801,576
Days of Cash for Daily Operating Expenses	463	584	366	406	341

(a) Subsequent to the publication of the City's 2017 Comprehensive Annual Financial Report it was determined that the cash amount of \$68,927,242 shown in the STATEMENT OF NET POSITION for the Water and Sewer Fund contained \$40,321,337 of restricted cash and investments. The cash position for purposes of showing days cash on hand above has been reduced by this amount.

(b) Subsequent to the publication of the City's 2018 Comprehensive Annual Financial Report it was determined that the cash amount of \$78,767,377 shown in the STATEMENT OF NET POSITION for the Water and Sewer Fund contained \$41,040,177 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 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 Sewer 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.

(d) Subsequent to publication of the City's 2020 Comprehensive Annual Financial Report it was determined that the cash amount of \$60,203,242 shown in the STATEMENT OF NET POSITION for the Water and Sewer 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.