

CITY OF LAWRENCE, KANSAS

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 1999

Prepared by:
Department of Finance

CITY OF LAWRENCE, KANSAS

Mission Statement

MISSION

We are committed to providing excellent city services that enhance the quality of life for the Lawrence community.

VALUES

In order to fulfill our mission, we have established several guidelines:

We are committed to these basic principles:

*Integrity
Courtesy
Fairness
Honesty*

How we get the job done is as important as getting the job done.

Our interaction with the community will be professional, responsive, direct, personal, caring and appropriate.

We will promote teamwork, employee satisfaction and professional development in order to provide innovative, cost-effective, efficient service.

WE WANT OUR CITIZENS, CLIENTS AND CUSTOMERS TO HAVE HIGH EXPECTATIONS OF GOVERNMENT SERVICE, AND WE WILL DO OUR BEST TO MEET AND EXCEED THOSE EXPECTATIONS.

CITY OF LAWRENCE, KANSAS

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INTRODUCTORY SECTION



City of Lawrence

KANSAS

CITY COMMISSION

MAYOR
JAMES R. HENRY

COMMISSIONERS

MIKE RUNDLE
DAVID M. DUNFIELD
MARTIN A. KENNEDY
ERVIN E. HODGES

Mike Wildgen, City Manager

City Offices
Box 708 66044-0708

6 East 6th
785-832-3000
TDD 785-832-3205
FAX 785-832-3405

May 31, 2000

To the Citizens of Lawrence:

The Comprehensive Annual Financial Report (CAFR) of the City of Lawrence for the year ended December 31, 1999 is hereby submitted. The report was prepared by the Finance Department, which is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge, the data is accurate in all respects and is reported in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of the funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the City's financial statements are presented with the general purpose financial statements and are an integral part of the CAFR. They should be read for a fuller understanding of the statements.

The CAFR is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes this transmittal letter, the City's organizational chart and a list of principal officials. The Financial Section includes the auditor's report, general purpose financial statements, the combining and individual fund and account group financial statements, supplementary schedules, and the notes to the general purpose financial statements. The Statistical Section includes selected financial and demographic information, generally presented on a multiyear basis. The Single Audit includes the reports required under OMB Circular A-133 covering federal grant recipients.

The report includes all funds and account groups of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; water and sewer services; construction and maintenance of streets and infrastructure; community development and planning; and recreational activities and cultural events.

In addition to the general governmental activities, the City Commission appoints the governing body and influences the decisions of the Lawrence Memorial Hospital and the Lawrence Housing Authority. However, for reporting purposes they are considered legally separate entities. The Lawrence Public Library is also a legally separate entity, but receives a significant amount of funding from the City. All three are reported as discretely presented component units.

Economic Condition and Outlook

The City of Lawrence is located in Douglas County, Kansas. The City's location, thirty-eight miles west of Kansas City, Missouri, and twenty-five miles east of Topeka, Kansas, the state capitol, makes it currently one of the fastest growing cities in Kansas. In addition, Lawrence is home to the University of Kansas, which is the largest local employer. Other major employers include Hallmark Cards, K-Mart Corporation, Allied Signal, Sallie Mae, and Packer Plastics. The average civilian labor force in Douglas County during 1999 was 55,730. Only 3.2%, or 1,789 people, were unemployed at the end of 1999. The state and local governments employed the largest number of employees (13,550), followed by the services sector (11,658), and the retail sector (10,850). Retail hired an additional 250 employees in 1999. An additional 417 jobs were added in the government sector.



We are committed to providing excellent city services that enhance the quality of life for the Lawrence Community

U. S. Census figures indicate Lawrence is one of the fastest growing metropolitan areas in Kansas. The total valuation of City building permits issued was \$96.5 million in 1995, \$167.5 million in 1996, \$127.4 million in 1997, \$141.1 million in 1998 and \$149.7 million in 1999. Combined city and county-wide sales tax collections in 1999 represent a 3.0% increase over 1998. A total of 1,123 single-family homes were sold in 1999.

A new Kohl's department store was completed in November 1998. In addition, the downtown area has two major retail projects on the drawing board. One would involve the use of tax increment financing to construct a parking garage. The second involves the construction of new buildings for Talbot's and an expanded Gap store. Lawrence continues to experience a significant number of new office buildings opening in the western part of the City. The population continues to grow, as does the demand for housing.

The City has sufficient water capacity to meet current needs. However, an expansion of the Clinton water treatment plant is planned to accommodate future growth. The City is currently designing an expansion of its wastewater treatment plant. Because the sales tax is a major revenue source, the City is dependent upon the level of retail sales in the City to finance a significant portion of governmental operations.

Major Initiatives

During 1999, the City undertook a variety of activities to improve services and enhance economic development.

A total of \$9,020,000 in general obligation bonds was issued in 1999 to obtain long-term financing of improvements in benefit districts and construction of City projects. City projects included construction of the Michigan Street and Carolina Street storm sewer projects and the purchase of the PSI building for the Police Department, as well as various street and storm water projects. In addition, \$12,405,000 in temporary construction notes were issued during the year. The notes provide financing until the projects are complete. The notes are then retired with the proceeds of a general obligation bond, revenue bond or prepayments from special benefit districts.

The City anticipates the need to issue approximately \$2 million in general obligation sales tax bonds to finance an additional recreation center. Construction of an indoor swimming pool, located adjacent to the recently opened high school, began in 1999. General obligation debt for the new Arts Center will be issued in 2000. The city's portion of the \$6.6 million facility will be \$3.6 million.

Financial Information

The Finance Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management of the City.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended December 31, 1999 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Kansas law prescribes the policies and procedures by which the City prepares its annual budget. The City maintains budgetary control to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. The annual budget contains an itemized estimate of the anticipated revenue and the proposed expenditures necessary to meet the City's financial needs, detailed by program and object of expenditures. The annual budget must be balanced so that total resources equal obligations. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts not disbursed are carried over as a designation of fund balance for the following year.

The modified accrual basis of accounting is followed by the Governmental, Expendable Trust, and Agency Funds. Under this method of accounting, revenues are recognized when they are both measurable and available within a certain time period. Expenditures, other than interest on long-term debt, are recorded as liabilities when incurred. The accrual basis of accounting is used for Proprietary and Nonexpendable Trust Funds. Revenues are recognized when earned and expenses when incurred.

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Fund revenues for the fiscal year ended December 31, 1999 and the amount and percentage of increases and decreases in relation to prior year revenues. The amounts from the Lawrence Housing Authority have been removed from the 1998 expenditures total since it is considered to be a component unit.

Revenues	Amount*	Percent of Total	Increase (Decrease) From 1998	Percent of Increase (Decrease)
Taxes	\$ 24,813	52.1%	\$ 1,196	5.1%
Licenses and permits	661	1.4	46	7.5
Special assessments	816	1.7	(262)	(24.3)
Charges for service	3,063	6.4	(138)	(8.2)
Fines	1,346	2.8	293	27.8
Interest	1,761	3.7	(101)	(11.9)
Intergovernmental	14,053	29.6	(59)	(0.4)
Miscellaneous	1,116	2.3	(39)	(3.3)
 Total	 \$ 47,629	 100.0%	 \$ 936	

*In thousands of dollars.

Taxes increased due to an 8.6% increase in assessed valuation and a 5.7% increase in city sales tax. The increase in licenses and permits is due to a 6.1% increase in the value of new construction. Special assessments decreased because of prior year prepayments and fewer benefit districts. Charges for services were less because only \$1.7 million for ambulance service was received in 1999. The remaining amount was received from the County in 2000. Fines are greater due to an increase in the number of traffic tickets issued and higher court costs. Interest revenues are less due to lower rates. Miscellaneous revenue was less due to the sale of a parcel of land in 1998. Intergovernmental revenue decreased because of a reduction in CDBG grants.

The following schedule presents a summary of General Fund, Special Revenue Funds and Debt Service Fund expenditures for the fiscal year ended December 31, 1999 and the percentage of increases and decreases in relation to prior year amounts. Expenditures of the Housing Authority were removed from the 1998 totals.

Expenditures	Amount*	Percent of Total	Increase (Decrease) From 1998	Percent of Increase (Decrease)
Current:				
General Government	\$ 6,940	15.3%	\$ 690	11.0%
Public Safety	14,932	32.8	274	1.9
Public Works	4,768	10.4	161	3.5
Health	1,469	3.2	166	12.7
Social Services	1,848	4.1	(486)	(21.0)
Culture and Recreation	4,036	8.9	325	8.8
Tourism	485	1.1	53	12.3
Airport	52	.1	6	13.0
Capital Outlay	4,121	9.1	(190)	(4.4)
Debt Service:				
Principal	4,603	10.1	(57)	(1.2)
Interest and fiscal charges	2,229	4.9	(259)	(10.4)
Total	\$ <u>45,483</u>	<u>100.0%</u>	\$ <u>683</u>	

*In thousands of dollars.

General Government expenditures increased due to a 3% COLA, the hiring of two Municipal Court employees, five police employees, three fire employees, a maintenance worker and a recruitment specialist. Expenditures for Health show an increase because of the opening of the new Health Department facilities. Social Services decreased due to lower CDBG funding. Culture and Recreation expenditures increased due to the 3% COLA and additional operating costs associated with operating and maintaining the new facilities. Principal and interest charges decreased due to the structure of the debt service schedule, actual debt outstanding increased.

The unreserved fund balance of the General Fund increased by 13.1% in 1999. The 1999 unreserved General Fund balance of \$9,296,123 represented over 33.2% of expenditures.

A five-year plan of capital improvements was developed for the Water and Sewer Fund in 1999. The plan called for the issuance of revenue bonds to expand and maintain water and sewer facilities. An annual rate increase of 16% for sanitary sewer service was approved for 1999 to finance the plan. A new rate study was also completed in 1999. The plan calls for no increase in water rates and 6.0% annual increase in sanitary sewer rates from 2000-2004.

The City is cooperating with the County to construct and operate a Household Hazardous Waste Disposal Facility. In addition, a cardboard recycling center has started. A facility that includes sufficient space for recycling activities was purchased in 1995.

The City is responsible for several trust funds. Included are trust funds established for cemetery maintenance and park maintenance.

At December 31, 1999, the City had a number of debt issues outstanding. These issues included \$51,245,000 of general obligation bonds and \$14,360,000 of revenue bonds. The City has an Aa2 rating from Moody's Investors Service on general obligation bond issues and A1 on revenue bond issues. Under current statutes, the general obligation debt cannot exceed 30% of assessed valuation. As of December 31, 1999, the City's net general obligation bonded debt was 8.7% of the assessed property value, well below the legal limit of 30.0%, and net bonded debt per capita equaled \$525.26.

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, and obligations of the U. S. Treasury. The average yield on investments was 5.2%. The City earned interest revenue of \$3,894,023 on all investments for the year ended December 31, 1999.

The City's investment policy is to minimize credit and market risks, while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance, collateralized, or held by the City. All collateral on deposits was held either by a federal reserve bank or a dealer bank's trust department, as required by Kansas Statutes, except treasury bills and federal agencies which are held by the City's agent. As a result, all of the City's investments were in the second credit risk category except treasury bills and agencies which were category three as defined by the Governmental Accounting Standards Board. In addition, in 1999 the City became the third local government to be given expanded investment powers by the State Treasurer.

The City is self-insured for its workers' compensation, automobile liability, and general liability. An umbrella policy is in effect for worker's compensation risks above \$100,000 up to \$1,000,000. The self-funding of insurance for the City has proven to be a cost-effective way to provide coverage for the types of insurance needs described above.

Other Information

State Statutes require an annual audit by an independent certified public accounting firm. The 1999 annual audit was performed by Schehrer Bennett & Lowenthal, P.A. In addition to meeting the requirements set forth in State Statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the government for its CAFR for the fiscal year ended December 31, 1998. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

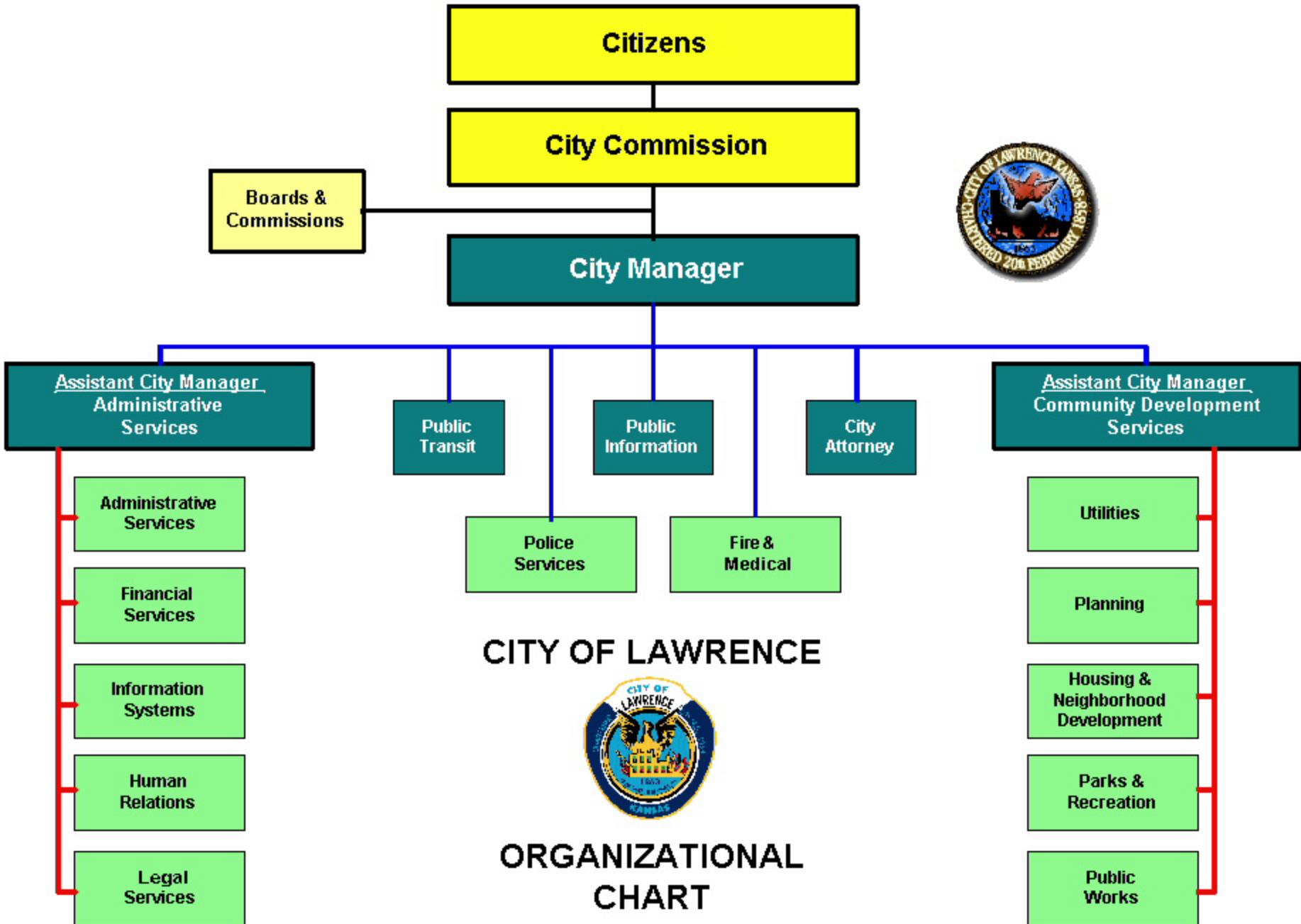
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department, in close cooperation with the independent auditors. Each member of the Finance Department has our sincere appreciation for the contributions made in the preparation of the report, especially the work of Laura Warner and Gena Schallehn.

In closing, without the leadership and support of the governing body of the City, preparation of this report would not have been possible.

Sincerely,

A. Ed Mullins, CPA
Finance Director



CITY OF LAWRENCE, KANSAS

List of Principal Officials

December 31, 1999

Title	Name
Mayor	Erv Hodges
Vice Mayor	James Henry
Commission Member	Marty Kennedy
Commission Member	Mike Rundle
Commission Member	David Runfield
City Manager	H. Michael Wildgen
Assistant City Manager	Roderick L. Bremby
City Clerk	Ray Hummert
Community Development Director	Lynn Goodell
Finance Director	A. Ed Mullins
Fire Chief	Jim McSwain
Human Relations Director	Ray Samuel
Parks and Recreation Director	Fred DeVictor
Planning Director	Linda Finger
Police Chief	Ron Olin
Public Works Director	George Williams
Utilities Director	Roger Coffey

Certificate of Achievement for Excellence in Financial Reporting

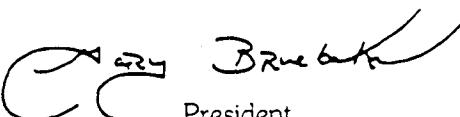
Presented to

City of Lawrence,
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.




Cary Brueckner
President


Jeffrey L. Ecker
Executive Director

FINANCIAL SECTION

SCHEHRER BENNETT & LOWENTHAL
P R O F E S S I O N A L A S S O C I A T I O N

CERTIFIED PUBLIC ACCOUNTANTS

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Thomas G. Wilson, CPA

Anthony M. Funk, CPA
Mary A. LeGresley, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Lawrence, Kansas

We have audited the accompanying general purpose financial statements of the City of Lawrence, Kansas, (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The financial statements of the City of Lawrence, as of and for the year ended December 31, 1998 were audited by other auditors whose report dated April 30, 1999 expressed an unqualified opinion on those statements. We did not audit the financial statements of Lawrence Memorial Hospital or the Lawrence Housing Authority. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts for Lawrence Memorial Hospital or the Lawrence Housing Authority included as discretely presented component units, is based solely upon the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and the "Kansas Municipal Audit Guide". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lawrence, Kansas, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary and similar trust fund types for the year then ended, in conformity with generally accepted accounting principles.

In accordance with "Government Auditing Standards", we have also issued a report dated April 28, 2000, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards and schedule of findings and questioned costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and are not a required part of the general purpose financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lawrence, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

Schehrer, Bennett & Lowenthal

Professional Association

April 28, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

Exhibit A

CITY OF LAWRENCE, KANSAS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

December 31, 1999

Assets	Fiduciary						Account Groups			Totals		Totals	
	Proprietary			Type	General	General	Long-term	Government	Combined	Reporting			
	General	Fixed	Enterprise							(Memorandum Only)	Entity (Memorandum Only)		
Cash	\$ 1,715,575	1,281,919	3	1	1,139,929	287,789	133,355	—	—	4,558,571	3,402,831	7,961,402	
Investments	8,866,252	13,801,245	8,239,004	12,604,446	28,473,406	1,882,888	81,000	—	—	73,948,241	39,608	73,987,849	
Receivables (net of allowances for uncollectibles):													
Taxes	6,297,411	2,948,632	3,017,498	—	—	—	—	—	—	12,263,541	—	12,263,541	
Special assessments	—	—	3,808,587	—	—	—	—	—	—	3,808,587	—	3,808,587	
Intergovernmental	—	1,623,522	—	—	—	—	—	—	—	1,623,522	—	1,623,522	
Accounts	84,815	265,540	37,893	1,289	2,188,639	168,269	—	—	—	2,746,445	22,529,296	25,275,741	
Franchise fees	252,961	—	—	—	—	—	—	—	—	252,961	—	252,961	
Loans	—	231,593	—	—	—	—	—	—	—	231,593	—	231,593	
Accrued interest	102,912	134,433	133,398	146,587	331,050	14,504	1,282	—	—	864,166	1,186	865,352	
Due from other funds	260,370	—	—	—	215,004	—	—	—	—	475,374	—	475,374	
Inventories	—	—	—	—	602,936	207,152	—	—	—	810,088	422,174	1,232,262	
Prepaid items	—	—	—	—	203,713	—	—	—	—	203,713	501,018	704,731	
Restricted assets													
Cash	—	—	—	—	214,954	—	98,847	—	—	313,801	85,032	398,833	
Investments	—	—	—	—	1,380,112	—	—	—	—	1,380,112	12,482,354	13,862,466	
Property, plant and equipment (net of accumulated depreciation where applicable)	—	—	—	—	85,687,675	183,984	—	61,927,885	—	147,799,544	56,964,477	204,764,021	
Deferred bond issue costs	—	—	—	—	—	—	—	—	—	—	870,417	870,417	
Other assets	—	—	—	—	—	—	—	—	—	—	5,023,203	5,023,203	
Other debits:													
Amount available in Debt Service Fund	—	—	—	—	—	—	—	—	7,993,327	7,993,327	—	7,993,327	
Amount to be provided for retirement of general long-term debt	—	—	—	—	—	—	—	—	37,650,861	37,650,861	39,558	37,690,419	
Total assets	\$ 17,580,296	20,286,884	15,236,383	12,752,323	120,437,418	2,744,586	314,484	61,927,885	45,644,188	296,924,447	102,361,154	399,285,601	

CITY OF LAWRENCE, KANSAS

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units, Continued

Liabilities, Equity and Other Credits	Fiduciary Fund Type						Account Groups		Totals Primary Government (Memorandum Only)		Totals Reporting Entity (Memorandum Only)	
	Proprietary		Trust and Agency		General Fixed Assets	General Long-term Debt	Combined Component Units	Combined Component Units	Government (Memorandum Only)	Combined Component Units	Reporting Entity (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	General	Long-term Debt	Government (Memorandum Only)	Combined Component Units	Reporting Entity (Memorandum Only)	
Liabilities:												
Accounts payable	\$ 699,279	122,942	–	566,892	1,699,763	42,597	128,625	–	3,260,098	5,151,816	8,411,914	
Accrued expenses	–	–	–	–	–	–	–	–	–	4,391,146	4,391,146	
Accrued interest payable	–	–	–	73,402	273,048	–	–	–	346,450	841,408	1,187,858	
Accrued payroll	728,088	80,983	–	–	290,913	20,495	–	–	1,120,479	–	1,120,479	
Accrued vacation and sick pay	1,093,147	115,409	–	–	610,618	69,086	–	–	2,768,169	90,477	2,858,646	
Due to other funds	–	175,380	65,540	234,454	–	–	–	–	475,374	–	475,374	
Deferred compensation	–	–	–	1,289	–	–	–	–	1,289	–	1,289	
Payable from restricted assets:												
Customer deposits and court bond payable	–	–	–	–	614,251	–	98,847	–	713,098	85,032	798,130	
Current portion of revenue bonds	–	–	–	–	1,220,000	–	–	–	1,220,000	1,198,612	2,418,612	
Current portion of general obligation bonds	–	–	–	–	454,833	–	–	–	454,833	–	454,833	
Estimated claims and judgments payable	92,367	–	–	–	30,494	390,959	–	–	206,250	720,070	720,070	
Temporary notes payable	–	–	–	8,763,550	3,641,450	–	–	–	–	12,405,000	–	12,405,000
Notes payable	–	–	–	–	–	–	–	–	133,971	133,971	775,000	
General obligation bonds payable	–	–	–	–	6,366,109	–	–	–	44,424,058	50,790,167	–	50,790,167
Revenue bonds payable	–	–	–	–	13,140,000	–	–	–	–	13,140,000	31,177,636	44,317,636
Capital lease payable	–	–	–	–	235,603	–	–	–	–	235,603	1,765,893	2,001,496
Net pension obligation	–	–	–	–	–	–	–	–	–	–	1,657,684	1,657,684
Deferred revenue	5,671,292	4,892,592	7,177,516	–	–	13,182	–	–	–	17,754,582	45,813	17,800,395
Total liabilities	8,284,173	5,387,306	7,243,056	9,639,587	28,577,082	536,319	227,472	–	45,644,188	105,539,183	47,180,517	152,719,700
Equity and other credits:												
Contributed capital	–	–	–	–	3,173,288	97,391	–	–	–	3,270,679	–	3,270,679
Investment in general fixed assets	–	–	–	–	–	–	–	61,927,885	–	61,927,885	955,035	62,882,920
Retained earnings												
Reserved for revenue bond requirements	–	–	–	–	913,888	–	–	–	–	913,888	4,117,371	5,031,259
Reserved for improvements	–	–	–	–	–	–	–	–	–	–	8,210,121	8,210,121
Reserved for donor restriction	–	–	–	–	–	–	–	–	–	–	154,862	154,862
Unreserved	–	–	–	–	87,773,160	2,110,876	–	–	–	89,884,036	41,078,790	130,962,826
Fund balances:												
Reserved for improvements	–	–	–	3,112,736	–	–	–	–	–	3,112,736	–	3,112,736
Reserved for donor restriction	–	–	–	–	–	–	23,000	–	–	23,000	–	23,000
Reserved for encumbrances	1,126,996	284,422	–	–	–	–	–	–	–	1,411,418	–	1,411,418
Reserved for debt service	–	–	7,993,327	–	–	–	–	–	–	7,993,327	–	7,993,327
Reserved for loans	–	231,593	–	–	–	–	–	–	–	231,593	–	231,593
Unreserved:												
Designated for losses	–	2,308,093	–	–	–	–	–	–	–	2,308,093	–	2,308,093
Undesignated	8,169,127	12,075,470	–	–	–	–	64,012	–	–	20,308,609	664,458	20,973,067
Total fund balances	9,296,123	14,899,578	7,993,327	3,112,736	–	–	87,012	–	–	35,388,776	664,458	36,053,234
Total equity and other credits	9,296,123	14,899,578	7,993,327	3,112,736	91,860,336	2,208,267	87,012	61,927,885	–	191,385,264	55,180,637	246,565,901
Total liabilities, equity and other credits	\$ 17,580,296	20,286,884	15,236,383	12,752,323	120,437,418	2,744,586	314,484	61,927,885	45,644,188	296,924,447	102,361,154	399,285,601

See accompanying notes to general purpose financial statements

CITY OF LAWRENCE, KANSAS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units

Year Ended December 31, 1999

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals Primary Government (Memorandum Only)	Component Unit Lawrence Public Library	Totals Reporting Entity (Memorandum Only)
	General		Special Revenue	Debt Service				
Revenues:								
Taxes	\$ 19,389,900	1,843,441	3,579,347	—	—	24,812,688	—	24,812,688
Special assessments	—	—	815,907	—	—	815,907	—	815,907
Licenses and permits	660,835	—	—	—	—	660,835	—	660,835
Charges for services	2,147,064	899,461	16,250	—	—	3,062,775	11,754	3,074,529
Fines, forfeitures and penalties	1,346,049	—	—	—	—	1,346,049	77,206	1,423,255
Interest	829,377	574,440	356,686	543,412	1,128	2,305,043	27,501	2,332,544
Intergovernmental	8,088,078	5,965,229	—	152,346	—	14,205,653	138,995	14,344,648
Reimbursements	—	—	—	399,861	—	399,861	—	399,861
Miscellaneous	195,461	501,067	419,960	5,677	5,026	1,127,191	106,795	1,233,986
Total revenues	32,656,764	9,783,638	5,188,150	1,101,296	6,154	48,736,002	362,251	49,098,253
Expenditures:								
Current:								
General government	6,626,214	313,963	—	—	—	6,940,177	—	6,940,177
Public safety	14,930,103	1,832	—	—	—	14,931,935	—	14,931,935
Public works	2,816,702	1,951,377	—	—	—	4,768,079	—	4,768,079
Health	392,256	1,077,021	—	—	—	1,469,277	—	1,469,277
Social services	241,916	1,605,668	—	—	—	1,847,584	—	1,847,584
Culture and recreation	2,291,250	1,744,925	—	—	1,945	4,038,120	1,695,205	5,733,325
Tourism	—	485,027	—	—	—	485,027	—	485,027
Airport	52,107	—	—	—	—	52,107	—	52,107
Capital outlay	666,522	3,453,603	—	10,187,296	—	14,307,421	—	14,307,421
Debt service:								
Principal retirement	11,092	995,000	3,597,767	—	—	4,603,859	—	4,603,859
Interest and fiscal charges	8,184	894,788	1,325,998	196,007	—	2,424,977	—	2,424,977
Total expenditures	28,036,346	12,523,204	4,923,765	10,383,303	1,945	55,868,563	1,695,205	57,563,768
Excess of revenues over (under) expenditures	4,620,418	(2,739,566)	264,385	(9,282,007)	4,209	(7,132,561)	(1,332,954)	(8,465,515)
Other financing sources (uses):								
Operating transfers in	790,910	4,205,799	1,593,785	—	—	6,590,494	38,840	6,629,334
Operating transfers out	(4,332,382)	(31,200)	—	(1,596,245)	—	(5,959,827)	(38,840)	(5,998,667)
Operating transfers to component units	—	(1,408,000)	—	—	—	(1,408,000)	—	(1,408,000)
Operating transfers from primary government	—	—	—	—	—	—	1,408,000	1,408,000
Proceeds of general obligation bonds	—	—	—	5,796,733	—	5,796,733	—	5,796,733
Total other financing sources (uses)	(3,541,472)	2,766,599	1,593,785	4,200,488	—	5,019,400	1,408,000	6,427,400
Excess of revenues and other sources over expenditures and other uses	1,078,946	27,033	1,858,170	(5,081,519)	4,209	(2,113,161)	75,046	(2,038,115)
Fund balance, beginning of year	8,217,177	14,872,545	6,135,157	8,194,255	27,715	37,446,849	589,412	38,036,261
Fund balance, end of year	\$ 9,296,123	14,899,578	7,993,327	3,112,736	31,924	35,333,687	664,458	35,998,145

See accompanying notes to general purpose financial statements

CITY OF LAWRENCE, KANSAS

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Statutory Basis) - General, Special Revenue and Debt Service Fund Types

Year Ended December 31, 1999

	General Fund			Budgeted Special Revenue Funds			Budgeted Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	\$ 18,978,679	19,389,900	411,221	1,785,804	1,843,441	57,637	3,461,864	3,579,347	117,483
Special assessments	—	—	—	—	—	—	520,620	815,907	295,287
Licenses and permits	550,000	660,835	110,835	—	—	—	—	—	—
Charges for services	2,272,565	2,147,064	(125,501)	840,407	872,858	32,451	15,000	16,250	1,250
Fines, forfeitures and penalties	900,000	1,346,049	446,049	—	—	—	—	—	—
Interest	625,000	829,377	204,377	—	—	—	100,000	356,686	256,686
Intergovernmental	7,625,909	8,088,078	462,169	3,290,000	3,605,045	315,045	—	—	—
Miscellaneous	244,453	195,461	(48,992)	60,000	70,360	10,360	16,500	419,960	403,460
Total revenues	31,196,606	32,656,764	1,460,158	5,976,211	6,391,704	415,493	4,113,984	5,188,150	1,074,166
Expenditures:									
Current:									
General government	7,030,642	6,687,084	343,558	—	—	—	—	—	—
Public safety	15,682,440	15,003,155	679,285	—	—	—	—	—	—
Public works	3,238,580	2,944,647	293,933	2,263,230	2,039,439	223,791	—	—	—
Health	570,146	428,279	141,867	538,427	438,804	99,623	—	—	—
Social services	253,893	243,180	10,713	—	—	—	—	—	—
Culture and recreation	2,287,945	2,292,833	(4,888)	1,946,061	1,771,275	174,786	—	—	—
Tourism	—	—	—	448,800	448,800	—	—	—	—
Airport	76,998	63,097	13,901	—	—	—	—	—	—
Capital outlay	818,970	780,797	38,173	398,488	375,849	22,639	—	—	—
Capital service:									
Principal retirement	11,500	11,092	408	—	—	—	3,485,000	3,597,767	(112,767)
Interest and fiscal charges	8,500	8,184	316	—	—	—	1,831,000	1,322,998	508,002
Total expenditures	29,979,614	28,462,348	1,517,266	5,595,006	5,074,167	520,839	5,316,000	4,920,765	395,235
Excess of revenues over (under) expenditures	1,216,992	4,194,416	2,977,424	381,205	1,317,537	936,332	(1,202,016)	267,385	1,469,401
Other financing sources (uses):									
Operating transfers in	780,650	790,910	10,260	99,300	99,300	—	—	1,593,785	1,593,785
Operating transfers out	(4,507,382)	(4,332,382)	175,000	(31,200)	(31,200)	—	(1,400,000)	—	1,400,000
Operating transfers to component units	—	—	—	(1,408,000)	(1,408,000)	—	—	—	—
Total other financing uses	(3,726,732)	(3,541,472)	185,260	(1,339,900)	(1,339,900)	—	(1,400,000)	1,593,785	2,993,785
Excess of revenues and other sources over (under) expenditures and other uses	\$ (2,509,740)	652,944	3,162,684	(958,695)	(22,363)	936,332	(2,602,016)	1,861,170	4,463,186
Fund balance, beginning of year		8,217,177			14,872,545			6,135,157	
Net change in fund balance of nonbudgeted funds		—			(97,318)			—	
Encumbrances, beginning of year		(700,994)			(137,708)			(3,000)	
Encumbrances, end of year		1,126,996			284,422			—	
Fund balance, end of year	\$ 9,296,123				\$ 14,899,578			\$ 7,993,327	

See accompanying notes to general purpose financial statements

CITY OF LAWRENCE, KANSAS

Combined Statement of Revenues, Expenses and Changes in Retained Earnings
 Fund Balances - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely
 Presented Component Units

For the Year Ended December 31, 1999

	Proprietary Fund Types		Fiduciary Fund Types	Combined Component Units
	Enterprise Funds	Internal Service	Nonexpendable Trust Funds	Housing Authority & Hospital
Operating revenues:				
Charges for services	\$ 28,190,776	4,774,193	—	64,221,971
Other sales	253,896	—	—	1,118,509
Interest income	—	—	2,577	—
Total operating revenues	<u>28,444,672</u>	<u>4,774,193</u>	<u>2,577</u>	<u>65,340,480</u>
Operating expenses:				
Continuing operations	6,810,511	1,579,213	—	61,383,804
Transmission and distribution	6,897,817	—	—	—
General administration	1,640,779	416,633	—	—
Health insurance claims	—	2,781,353	—	—
Depreciation and amortization	3,334,937	38,993	—	4,446,341
Total operating expenses	<u>18,684,044</u>	<u>4,816,192</u>	<u>—</u>	<u>65,830,145</u>
Operating income (loss)	<u>9,760,628</u>	<u>(41,999)</u>	<u>2,577</u>	<u>(489,665)</u>
Other income (expense):				
Interest income	1,508,428	80,552	—	495,237
Interest expense and fiscal charges	(1,304,870)	—	—	(1,433,862)
Gain on sale of fixed assets	5,820	1,538	—	—
Federal and state grant	114,742	—	—	3,184,009
Other items	119,498	—	—	(3,415,371)
Total other income	<u>443,618</u>	<u>82,090</u>	<u>—</u>	<u>(1,169,987)</u>
Income (loss) before operating transfers	<u>10,204,246</u>	<u>40,091</u>	<u>2,577</u>	<u>(1,659,652)</u>
Operating transfers:				
Operating transfers in	157,783	—	—	—
Operating transfers out	(781,450)	(7,000)	—	—
Total operating transfers	<u>(623,667)</u>	<u>(7,000)</u>	<u>—</u>	<u>—</u>
Net income (loss)	<u>9,580,579</u>	<u>33,091</u>	<u>2,577</u>	<u>(1,659,652)</u>
Depreciation on fixed assets acquired by contributions	<u>176,440</u>	<u>12,509</u>	<u>—</u>	<u>—</u>
Increase (decrease) in retained earnings:				
	9,757,019	45,600	2,577	(1,659,652)
Retained earnings/fund balance, beginning of year	<u>78,930,029</u>	<u>2,065,276</u>	<u>52,511</u>	<u>55,220,796</u>
Retained earnings/fund balance, end of year	<u>\$ 88,687,048</u>	<u>2,110,876</u>	<u>55,088</u>	<u>53,561,144</u>

See accompanying notes to general purpose financial statement

CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable
Trust Funds and Discretely Presented Component Units

For the Year Ended December 31, 1999

	Proprietary Fund Types		Fiduciary Fund Types		Combined Component Units Housing Authority & Hospital
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Funds		
Cash flows from operating activities:					
Operating income (loss)	\$ 9,760,628	(41,999)	2,577		(489,665)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization expense	3,334,937	38,993	—		4,446,341
Interest income	—	—	(2,577)		—
Other items	119,498	—	—		(3,415,371)
Change in:					
Accounts receivable	(558,275)	(31,678)	—		(8,810,116)
Inventories of supplies	(47,958)	(36,838)	—		(140,938)
Prepaid items	(203,713)	—	—		79,810
Other assets	—	—	—		(813,286)
Due from other funds	(215,004)	—	—		—
Due to other funds	(135,000)	—	—		—
Accounts payable	(581,117)	32,036	—		1,248,334
Claims payable	—	63,426	—		—
Accrued payroll	44,436	3,285	—		—
Customer deposits	16,475	—	—		4,178
Accrued vacation and sick pay	44,610	284	—		3,409
Estimated claims and judgements payable	21,522	—	—		—
Accrued expenses	—	—	—		2,413,413
Deferred costs	—	—	—		(38,766)
Net pension obligation	—	—	—		782,970
Deferred revenue	—	(2,055)	—		20,146
Total adjustments	1,840,411	67,453	(2,577)		(4,219,876)
Net cash provided by (used in) operating activities	11,601,039	25,454	—		(4,709,541)
Cash flows from noncapital financing activities:					
Operating transfers out	(781,450)	(7,000)	—		—
Operating transfers in	157,783	—	—		—
Grant proceeds	114,742	—	—		3,184,009
Net cash used in noncapital financing activities	(508,925)	(7,000)	—		3,184,009

(Continued)

CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - All Proprietary Fund Types, Nonexpendable Trust Funds and Discretely Presented Component Units, Continued

	Proprietary Fund Types		Fiduciary Fund Types		Combined Component Units Housing Authority & Hospital
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust Funds		
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	\$ (14,166,719)	(66,757)	—		(5,511,169)
Proceeds from sales of capital assets	5,820	1,538	—		31,313
Proceeds from notes	—	—	—		775,000
Proceeds from general obligation bonds	3,223,267	—	—		—
Proceeds from revenue bonds	—	—	—		10,273,508
Proceeds from temporary notes	3,641,450	—	—		—
Bond issuance costs	—	—	—		(397,891)
Principal payments on debt	(5,787,341)	—	—		(870,213)
Interest payments on debt	(1,265,068)	—	—		(1,423,319)
Net cash used in capital and related financing activities	<u>(14,348,591)</u>	<u>(65,219)</u>	<u>—</u>		<u>2,877,229</u>
Cash flows from investment activities:					
Receipt of interest and dividends	1,485,755	75,830	1,958		657,153
Net change in investments	—	—	—		(871,471)
Purchases of investments	(76,249,241)	(5,060,568)	(106,498)		—
Sales of investments	<u>78,010,767</u>	<u>4,992,180</u>	<u>104,498</u>		<u>—</u>
Net cash provided by (used in) investing activities	<u>3,247,281</u>	<u>7,442</u>	<u>(42)</u>		<u>(214,318)</u>
Net increase (decrease) in cash	(9,196)	(39,323)	(42)		1,137,379
Cash and cash equivalents, beginning of year	<u>1,364,079</u>	<u>327,112</u>	<u>818</u>		<u>1,679,893</u>
Cash and cash equivalents, end of year	<u>\$ 1,354,883</u>	<u>287,789</u>	<u>776</u>		<u>2,817,272</u>
Components of cash and cash equivalents at end of year:					
Cash	\$ 1,139,929	287,789	133,355		2,732,240
Restricted cash	214,954	—	—		85,032
Less Agency and Expendable Trust Cash	—	—	(132,579)		—
	<u>\$ 1,354,883</u>	<u>287,789</u>	<u>776</u>		<u>2,817,272</u>
Noncash Investing, Capital and Financing Activities					
Borrowing under capital lease	\$ 195,344	—	—		—
Acquisition of equipment under capital lease	195,344	—	—		—

See accompanying notes to general purpose financial statements

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

(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 general purpose 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 general purpose financial statements to emphasize they are legally separate. The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the general purpose financial statements. The following fund types and account groups are utilized by the City:

GOVERNMENTAL FUND TYPES

Governmental Funds are those in which the measurement focus is upon determination of financial position, rather than upon net income. The following are the Governmental Fund Types:

- *General Fund* is the principal operating fund of the City and accounts for all financial transactions not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.
- *Special Revenue Funds* are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are restricted to finance particular functions or activities.
- *Debt Service Fund* is used to account for the accumulation of resources and payment of principal, interest and other related costs of the City's general obligation debt other than bonds payable from an Enterprise Fund.
- *Capital Projects Fund* is used to account for financial resources designated for the acquisition or construction of general fixed assets which by their nature take more than one budgetary cycle to complete.

PROPRIETARY FUND TYPES

Proprietary Funds are those which the measurement focus is based upon determination of net income. The City's Proprietary Fund Types are:

- *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

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

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be financed or recovered primarily through user charges, or where the periodic determination of net income is deemed appropriate. In reporting its financial activity, the City applies all applicable Government Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

- *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 City on a cost reimbursement basis.

FIDUCIARY FUND TYPES

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. When these assets are held under the terms of a formal trust agreement, either a Nonexpendable Trust Fund or an Expendable Trust Fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the City is under an obligation to maintain the trust principal. Agency Funds generally are used to account for assets that the City holds on behalf of others as their agent. The measurement focus is based upon changes in current financial resources for Expendable Trust Funds and flow of economic resources for Nonexpendable Trust Funds.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The modified accrual basis of accounting is used by all Governmental, Expendable Trust, Agency Funds and the Lawrence Public Library Component Unit. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period.

Significant revenues susceptible to accrual are property taxes, utility franchise taxes, special assessments, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the City also are recognized as revenue. Fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

City of Lawrence, Kansas

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The accrual basis of accounting is utilized by Proprietary Fund Types, Nonexpendable Trust Funds, and two component units: Lawrence Housing Authority and Lawrence Memorial Hospital. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

C. 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.

D. 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), Debt Service Funds and certain Enterprise Funds.

A legal annual operating budget is not required for the Capital Projects Fund or Trust Funds and the following Special Revenue Funds:

Airport Improvement Fund
Capital Improvement Reserve Fund
Equipment Reserve Fund
Guest Tax Reserve Fund
Liability Reserve Fund
Sales Tax Reserve Fund
Law Enforcement Grant Fund
Workers' Compensation Reserve Fund
Summer Youth Fund
Outside Agency Fund
Wee Folks Scholarship Fund
Fair Housing Assistance Fund
Community Development Fund
Rehabilitation Escrow Fund
Home Program Fund
Transportation Planning Fund
Law Enforcement Trust Fund

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

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

City of Lawrence, Kansas

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The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, 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. There were no such budget amendments for the year.

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). 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.

E. Property, Plant and Equipment

Property, plant and equipment owned by the Proprietary Funds are stated at actual or estimated historical cost. Contributed assets are recorded at fair value at the time received. 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

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 general purpose financial statements.

F. General Fixed Assets

General fixed assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Fund Types and capitalized at

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

actual or estimated historical cost in the General Fixed Assets Account Group. In the case of gifts or contributions, such assets are recorded in General Fixed Assets Account Group at fair value at the time received.

Public domain (infrastructure) fixed assets consisting of certain improvements, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City.

Assets in the General Fixed Assets Account Group are not depreciated and interest is not capitalized.

G. Bond Discounts/Issuance Costs

In Governmental Fund Types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for Proprietary Fund Types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method.

H. Compensated Absences

Under 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. The costs of vacation and sick leave are accrued and recorded when earned. Only the current portion of accrued vacation and sick leave is recorded in the Governmental Fund Types and the remainder of the liability is reported in the General Long-term Debt Account Group. Accrued vacation and sick leave related to Proprietary Funds is recorded entirely within those funds.

I. Capitalization of Interest

Interest costs incurred on borrowed funds during the period of construction of capital assets for Enterprise Funds are capitalized, when material, as a component of the cost of acquiring such assets. There was no interest capitalized during 1999.

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Cash, Cash Equivalents and Investments

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

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Cash and cash equivalents include amounts in demand deposit accounts and investments with an original maturity of three months or less. Investments are stated at cost, which approximates fair value.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Deferred Revenue

The City has reported as deferred revenue certain taxes and special assessments which have been deemed to be measurable but not available.

N. Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned as “memorandum only” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

O. Comparative Data / Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government’s financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

(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, governmental accounting standards establish financial accountability as the threshold for including an organization in the financial statements of the reporting entity. Generally, financial accountability results from one of the following criteria:

1. The primary government (in this case the City of Lawrence) is financially accountable if it appoints a voting majority of the organization’s governing body and it is able to impose its

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

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will on that organization or there 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 program, 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. The Housing Authority is presented as a proprietary fund type. It is a component unit because it satisfies criterion 1 above.

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. The Hospital is presented as a proprietary fund type. It is a component unit because it satisfies criterion 1 above.

The City of 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. The Library is presented as a governmental fund type. It is a component unit because it satisfies criterion 2 above.

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

Lawrence Housing Authority
1600 Haskell Avenue
Lawrence, Kansas 66044

Lawrence Memorial Hospital
325 Maine
Lawrence, Kansas 66044

Lawrence Public Library
707 Vermont
Lawrence, Kansas 66044

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

Below is the condensed combining information for all component units:

Combining balance sheet - all component units

	Lawrence Housing Authority	Lawrence Memorial Hospital	Lawrence Public Library	Total Component Units
Assets:				
Current assets	\$ 1,633,397	24,551,958	710,758	26,896,113
Restricted assets	85,032	12,482,354	-	12,567,386
Property, plant and equipment, net	9,184,339	46,825,103	955,035	56,964,477
Noncurrent assets	67,370	5,826,250	-	5,893,620
Amount to be provided for the retirement of general long-term debt	-	-	39,558	39,558
	<hr/> \$ 10,970,138	<hr/> 89,685,665	<hr/> 1,705,351	<hr/> 102,361,154
Liabilities and equity:				
Current liabilities	\$ 191,793	10,243,009	85,858	10,520,660
Liabilities payable from restricted assets	85,032	1,198,612	-	1,283,644
Long-term liabilities	-	35,376,213	-	35,376,213
Fund equity	10,693,313	42,867,831	1,619,493	55,180,637
	<hr/> \$ 10,970,138	<hr/> 89,685,665	<hr/> 1,705,351	<hr/> 102,361,154

Combining Statement of Revenues, Expenses and Changes in Equity - Proprietary Fund Type Component Units

	Lawrence Housing Authority	Lawrence Memorial Hospital	Total Component Units
Operating revenues	\$ 843,960	64,496,520	65,340,480
Operating expenses	4,076,392	61,753,753	65,830,145
Operating income	(3,232,432)	2,742,767	(489,665)
Other income (expense)	3,211,267	(4,381,254)	(1,169,987)
Net income (loss)	<hr/> \$ (21,165)	<hr/> (1,638,487)	<hr/> (1,659,652)
Federal and state grants	<hr/> \$ 3,184,009	<hr/> -	<hr/> 3,184,009

(3) Budgetary Accounting

The accounting principles employed by the City in its budgetary accounting and reporting differ from those used to present financial statements in accordance with generally accepted accounting principles due to the inclusion of encumbrances with expenditures in the budgetary basis statement.

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

(4) Deposits and Investments

Deposits – At December 31, 1999 cash on hand, deposits, including accrued interest, and bank balances covered by FDIC insurance or collateral, is as follows:

		<u>Primary Government</u>
Cash and deposits, including certificates of deposit:		
Carrying amount	\$ <u>54,920,241</u>	
Bank balance	\$ <u>54,916,204</u>	
FDIC insurance	\$ 100,000	
Collateral pledged and held at the Federal Reserve in the City's name or at a third-party bank under joint custody	64,608,575	
Agreements	-	
Uncollateralized	<u>64,708,575</u>	

Investments – Kansas Statutes authorize the City to invest the U. S. treasury bills and notes, repurchase agreements and the State Treasurer's investment pool. All investments must be insured, registered or held by the City or its agent in the City's name. The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. The investments of the State Treasurer's investment pool are held in the name of the state in the state's account at the Federal Reserve. These investments are reported to the City at fair value on a monthly basis. State statutes established the Pooled Money Investment Board to oversee the activities of the pool.

Type	<u>Risk Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U. S. government securities	\$ <u>—</u>	—	<u>19,184,040</u>	19,184,040	19,184,040
State Treasurer's investment pool				<u>5,231,364</u>	<u>5,231,364</u>
Total				<u>\$ 24,415,404</u>	<u>24,415,404</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

A summary of deposits, investments and petty cash is as follows:

	<u>Primary Government</u>
Petty cash	\$ 4,250
Total deposits, including accrued interest	4,868,122
Total investments, including accrued interest	<u>76,192,519</u>
 Total	 <u>\$ 81,064,891</u>

The deposits and investments of the City are shown in the general purpose financial statements as follows:

	<u>Primary Government</u>
Cash	\$ 4,558,571
Investments	73,948,241
Accrued interest	864,166
Restricted:	
Cash	313,801
Investments	<u>1,380,112</u>
	<u>\$ 81,064,891</u>

(5) Tax Revenue

Tax revenue for the year ended December 31, 1999 is as follows:

	<u>Primary Government</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>
Property taxes	\$ 5,584,886	1,593,577	3,050,367	10,228,830
Motor vehicle tax	705,420	237,864	506,036	1,449,320
Payment in lieu of tax	55,886	12,000	22,944	90,830
Utility franchise taxes	2,852,957	-	-	2,852,957
Sales taxes	<u>10,190,751</u>	<u>-</u>	<u>-</u>	<u>10,190,751</u>
 Tax revenue	 <u>\$ 19,389,900</u>	<u>1,843,441</u>	<u>3,579,347</u>	<u>24,812,688</u>

The City's property tax is levied and a lien attached each November 1 on the assessed value as of the prior January 1 for all property located in the City. Assessed values are established by the County Assessor. The assessed value for property located in the City as of January 1, 1998, on which the 1999 levy was based, was \$459,249,919.

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

Property taxes are due in total by December 31 following the levy date, or may be paid in equal installments if paid by December 20 (first installment) and the following June 20 (second installment). They are remitted by the County Treasurer to the City subsequent to collection.

Taxes receivable represent property taxes levied on November 1, 1999 for 2000 which have been recorded as deferred revenue, and sales taxes and utility franchise taxes which have been recorded as revenues.

The City's property tax levies per \$1,000 assessed valuation for the year ended December 31, 1999 were as follows:

Fund	Levy
Primary government:	
General	\$ 11.151
Library	2.629
Public Transportation	3.047
Recreation	.860
Debt Service	<u>6.666</u>
 Total primary government	 <u>\$ 24.353</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

(6) Intergovernmental Revenue

Intergovernmental revenue during the year ended December 31, 1999 consisted of the following:

	General Fund	Special Revenue Funds	Capital Projects Fund	Enterprise Funds	Total Primary Government
Federal:					
CDBG	\$ -	932,520	-	-	932,520
DOT	6,021	145,546	-	-	151,567
Home	-	379,059	-	-	379,059
HUD	-	69,370	-	-	69,370
FAA	-	2,231	-	-	2,231
Department of Justice	-	66,438	-	-	66,438
	<u>6,021</u>	<u>1,595,164</u>	<u>-</u>	<u>-</u>	<u>1,601,185</u>
Pass-through:					
Commerce and Housing	-	88,047	-	-	88,047
DOT	-	590,971	141,803	-	732,774
Department of Interior	7,816	-	-	-	7,816
Department of Justice	-	84,024	-	-	84,024
	<u>7,816</u>	<u>763,042</u>	<u>141,803</u>	<u>-</u>	<u>912,661</u>
State:					
DOR	1,633,836	3,605,045	-	-	5,238,881
DOT	107,738	1,978	10,543	-	120,259
Health & Environment	-	-	-	114,742	114,742
	<u>1,741,574</u>	<u>3,607,023</u>	<u>10,543</u>	<u>114,742</u>	<u>5,473,882</u>
County:					
Sales Tax	6,217,008	-	-	-	6,217,008
Use Tax	115,659	-	-	-	115,659
	<u>6,332,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,332,667</u>
Total	<u>\$ 8,088,078</u>	<u>5,965,229</u>	<u>152,346</u>	<u>114,742</u>	<u>14,320,395</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

(7) Debt

The following is a summary of long-term debt transactions for the year ended December 31, 1999:

Type of Issue	Beginning Balance	Discount			Ending Balance
		Amortization/ Additions	Reductions		
General obligation bonds, to be paid with:					
Tax levies	\$ 43,220,092	5,796,733	4,592,767		44,424,058
Utility revenues	4,034,908	3,223,267	437,233		6,820,942
Revenue bonds	15,515,000	-	1,155,000		14,360,000
Long term notes payable	145,064	-	11,093		133,971
Temporary notes	9,470,000	12,405,000	9,470,000		12,405,000
Capital lease obligations	111,339	195,344	71,080		235,603
Estimated claims and judgements payable	32,610	720,070	32,610		720,070
Accrued vacation and sick pay	781,692	98,217	-		879,909
Total primary government	<u>\$ 73,310,705</u>	<u>22,438,631</u>	<u>15,769,783</u>		<u>79,979,553</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

Debt payable, other than capital lease obligations, claims and judgments and compensated absences, at December 31, 1999 is composed of the following:

Debt Issue	Date Issued	Interest Rate	Original Amount	Balance At End of Year
General obligation bonds:				
General obligation refunding & improvement	1992	5.0%	\$ 22,350,000	6,840,000
Internal improvement	1992	6.1	1,410,000	495,000
Internal improvement	1993	3.5-5.5	1,140,000	370,000
Internal improvement	1994	4.6-6.6	1,990,000	885,000
Street & internal improvement	1995	4.6-6.25	3,065,000	1,660,000
Street & internal improvement	1995	4.0-6.25	2,445,000	1,565,000
Internal improvement	1995	4.4-6.2	295,000	175,000
Internal improvement	1996	4.5-6.5	9,240,000	7,015,000
Internal improvement	1996	4.6-6.5	540,000	400,000
Internal improvement	1996	4.8-6.8	16,465,000	14,215,000
Internal improvement	1996	4.8-6.8	390,000	295,000
Internal improvement	1997	4.45-6.45	2,930,000	2,095,000
Internal improvement	1997	4.2-4.7	2,900,000	2,415,000
Internal improvement	1998	3.6-4.4	5,325,000	4,280,000
Internal improvement	1999	3.15-4.2	4,405,000	3,925,000
Internal improvement	1999	4.5-6.0	2,110,000	2,110,000
Internal improvement	1999	7.25-8	2,505,000	<u>2,505,000</u>
				<u>51,245,000</u>
Revenue bonds:				
Water and sewerage				
refunding & improvement	1992	2.85-5.3	3,615,000	1,050,000
Water and sewerage improvement	1994	4.7-6.7	4,200,000	1,930,000
Water and sewerage improvement	1996	4.9-6.9	6,390,000	5,360,000
Water and sewerage improvement	1997	4.5-6.5	6,900,000	<u>6,020,000</u>
				<u>14,360,000</u>
Long term notes payable -				
Kansas Partnership Fund	1998		290,127	<u>133,971</u>
Temporary notes:				
Internal improvement	1999	3.79	2,740,000	2,740,000
Internal improvement	1999	3.45	4,650,000	4,650,000
Internal improvement	1999	3.7	4,460,000	4,460,000
Internal improvement	1999		555,000	<u>555,000</u>
				<u>12,405,000</u>
Total primary government			\$ <u>78,143,971</u>	

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

In 1999, the City issued \$9,020,000 of general obligation bonds for the purpose of paying the costs of certain street, building, sanitary sewer, stormwater, traffic signal, and other improvements. The General Obligation Bonds, Series 1999A & 1999B, are due in annual installments of \$560,000 to \$880,000 with interest due in semiannual installments at rates of 3.15% to 4.90% through September 1, 2009. Series 1999C is due in annual installments of \$85,000 to \$180,000 with interest due in semiannual installments at rates of 6.0% to 8.0% through September 1, 2019.

In 1999, the City issued \$2,740,000 of temporary notes for the purpose of temporarily financing the costs of sanitary sewer improvements. The Temporary Notes, Series 1999-I, bearing interest of 3.2%, mature August 1, 2000, and will be retired with proceeds from the State Revolving Loan Fund.

In 1999, the City issued \$4,650,000 of temporary notes for the purpose of temporarily financing the costs of certain street, traffic signal and other improvements. The Temporary Notes, Series 1999-II, bearing interest of 3.2%, mature June 1, 2000.

In 1999, the City issued \$4,460,000 of temporary notes for the purpose of temporarily financing the costs of certain street, sanitary sewer, traffic signal and other improvements. The Temporary Notes, Series 1999-III, bearing interest of 3.8%, mature October 1, 2000.

In 1999, the City issued \$555,000 of temporary notes for the purpose of temporarily financing the costs of certain airport improvements. The Temporary Notes, Series 1999-IV, bearing interest of 4.00%, mature October 1, 2000.

The City intends to redeem all temporary notes in 2000 from proceeds of general obligation bonds issued to permanently finance the improvements, with the exception of 1999-I.

Subsequently, the City issued \$2,450,000 of general obligation bonds dated May 1, 2000 for the purpose of general improvements.

The annual debt service requirements to amortize general obligation, temporary notes, and revenue bonds as of December 31, 1999 are as follows.

General obligation bonds to be paid with tax levies:

Year	Principal Due	Interest Due	Total Due
2000	\$ 4,965,167	2,215,855	7,181,022
2001	5,152,117	1,969,191	7,121,308
2002	5,297,782	1,717,848	7,015,630
2003	5,538,776	1,461,164	6,999,940
2004	4,983,444	1,203,229	6,186,673
Thereafter	18,486,772	4,707,650	23,194,422
Total	\$ 44,424,058	13,274,937	57,698,995

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

General obligation bonds to be paid with utility revenues:

Year	Principal Due	Interest Due	Total Due
2000	\$ 454,833	323,280	778,113
2001	472,883	301,130	774,013
2002	492,218	281,052	773,270
2003	516,224	260,088	776,312
2004	541,556	237,807	779,363
Thereafter	<u>4,343,228</u>	<u>1,228,580</u>	<u>5,571,808</u>
Total	<u>\$ 6,820,942</u>	<u>2,631,937</u>	<u>9,452,879</u>

Total general obligation bonds:

Year	Principal Due	Interest Due	Total Due
2000	\$ 5,420,000	2,634,104	8,054,104
2001	5,625,000	2,334,076	7,959,076
2002	5,790,000	2,032,296	7,822,296
2003	6,055,000	1,742,069	7,797,069
2004	5,525,000	1,430,994	6,955,994
Thereafter	<u>22,830,000</u>	<u>6,730,110</u>	<u>29,560,110</u>
Total	<u>\$ 51,245,000</u>	<u>16,903,649</u>	<u>68,148,649</u>

Revenue bonds:

Year	Principal Due	Interest Due	Total Due
2000	\$ 1,220,000	756,510	1,976,510
2001	1,285,000	687,975	1,972,975
2002	1,345,000	615,325	1,960,325
2003	1,035,000	545,970	1,580,970
2004	540,000	494,720	1,034,720
Thereafter	<u>8,935,000</u>	<u>3,275,160</u>	<u>12,210,160</u>
Total	<u>\$ 14,360,000</u>	<u>6,375,660</u>	<u>20,735,660</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

Long-term notes payable:

Year	Principal Due	Interest Due	Total Due
2000	\$ 11,738	7,537	19,275
2001	12,424	6,852	19,276
2002	13,149	6,128	19,277
2003	13,916	5,361	19,277
2004	14,727	4,549	19,276
Thereafter	<u>68,017</u>	<u>9,090</u>	<u>77,107</u>
Total	<u>\$ 133,971</u>	<u>39,517</u>	<u>173,488</u>

Temporary notes:

Year	Principal Due	Interest Due	Total Due
2000	\$ 12,405,000	359,573	12,764,573

The Water and Sewage System Revenue Refunding Bonds Series 1992 require that one-sixth of the next interest payment due, one-twelfth of the next principal 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 140% of the maximum annual debt service. A depreciation and emergency account is also to be maintained at a minimum of \$50,000.

Reserved Retained Earnings and Restricted Asset Accounts:

Account	Restricted Assets		Reserved Retained Earnings/ Fund Balance
	Proprietary Funds	Fiduciary Funds	
Revenue bond requirements	\$ 981,369	-	913,888
Donor restriction	-	-	23,000
Customer deposit and court bonds	613,697	98,847	-
Improvements	-	-	3,112,736
Encumbrances	-	-	1,411,418
Loans	-	-	231,593
Total primary government	<u>\$ 1,595,066</u>	<u>98,847</u>	<u>5,692,635</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

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.

Changes in long term debt transactions:

Type of Issue	Beginning Balance	Discount Amortization/ Additions	Reductions	Ending Balance
Revenue bonds	\$ 22,645,464	10,273,508	542,724	32,376,248
Capital lease obligations	1,416,106	650,000	300,213	1,765,893
Total Lawrence Memorial Hospital	\$ 24,061,570	10,923,508	842,937	34,142,141

The City has issued Series 1994, Series 1997 and Series 1999 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 therefor or to make any appropriation for their payment.

Debt Issue	Interest Rate	Original Amount	Balance at End of Year
Revenue bonds:			
Series 1994	5.35-6.20%	\$ 16,060,000	14,625,000
Series 1997	5.00-5.35	8,000,000	7,640,000
Series 1999	5.00-6.00	10,380,000	10,380,000
Unamortized discounts			(268,752)
		\$	<u>32,376,248</u>

Annual debt service requirements for hospital revenue bonds as of December 31, 1999 are as follows:

Year	Principal Due	Interest Due	Total Due
2000	\$ 800,000	1,880,047	2,680,047
2001	840,000	1,836,943	2,676,943
2002	890,000	1,790,955	2,680,955
2003	965,000	1,741,549	2,706,549
2004	975,000	1,689,111	2,664,111
Thereafter	28,175,000	18,686,854	46,861,854
Total	\$ <u>32,645,000</u>	<u>27,625,459</u>	<u>60,270,459</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

(8) Lease Obligations

A summary of capitalized lease commitments at December 31, 1999 follows:

Year ending December 31:	
2000	75,399
2001	75,399
2002	<u>113,016</u>
 Total minimum lease payments	 263,814
 Less amount representing interest	 <u>28,211</u>
 Present value of future minimum lease payments	 <u>\$ 235,603</u>

(9) Property, Plant and Equipment

(a) Proprietary Funds

A summary of property, plant and equipment at December 31, 1999 follows:

Account	Enterprise Funds						Internal Service Fund
	Water and Sewer Fund	Public Sanitation	Storm-water Utility	Golf Course	Total	Central Maintenance Fund	
Land	\$ 293,212	-	479,055	771,712	-	1,543,979	-
Buildings and Improvements	74,579,332	924,824	3,691,952	3,998,420	3,586,312	86,780,840	390,454
Machinery and equipment	4,783,068	4,457,573	338,169	232,500	382,987	10,194,297	377,081
	79,655,612	5,382,397	4,509,176	5,002,632	3,969,299	98,519,116	767,535
Less accumulated depreciation	(25,411,393)	(3,118,398)	(1,305,556)	(171,092)	(328,632)	(30,335,071)	(583,551)
	54,244,219	2,263,999	3,203,620	4,831,540	3,640,667	68,184,045	183,984
Construction in progress	17,437,757	-	65,873	-	-	17,503,630	-
Net property, plant and equipment	\$ 71,681,976	2,263,999	3,269,493	4,831,540	3,640,667	85,687,675	183,984

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

(b) General Fixed Assets Account Group

A summary of changes in general fixed assets for the year ended December 31, 1999 follows:

	Building and Improvements	Machinery and Equipment	Construction in Progress	Total	
	Land	Improvements	Equipment	Progress	Total
Beginning of year	\$ 4,666,745	23,467,713	15,623,460	6,835,924	50,593,842
Additions:					
Expenditures from:					
General Fund	-	21,510	669,353	-	690,863
Special Revenue Funds	468,376	526,581	1,051,586	1,041,450	3,087,993
Capital Projects Fund	-	12,696,693	316,360	4,529,192	17,542,245
Total additions	468,376	13,244,784	2,037,299	5,570,642	21,321,101
Deletions:					
General Fund	-	-	235,580	-	235,580
Special Revenue Funds	-	-	92,380	1,795,127	1,887,507
Capital Projects Fund	-	-	-	7,863,970	7,863,970
Total deletions	-	-	327,961	9,659,097	9,987,058
End of year	<u>5,135,121</u>	<u>36,712,497</u>	<u>17,332,798</u>	<u>2,747,469</u>	<u>61,927,885</u>

(10) Defined Benefit Pension Plan

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS; 611 South Kansas Avenue, Topeka, KS 66603.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for calendar year 1999 is 2.93%. The City's employer contributions to KPERS for the years ending December 31, 1999, 1998 and 1997 were \$784,643, \$899,063 and \$726,520, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 1999 is 7.36%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

separately for each participating employer. The City contributions to KP&F for the years ending December 31, 1999, 1998 and 1997 were \$1,671,438, \$1,728,019 and \$1,774,650, respectively, equal to the required contributions for each year.

(11) Interfund Transactions

Interfund Operating Transfers

A summary of operating transfers for the year ended December 31, 1999 follows:

Receiving Fund	Transfers In	Transfers Out
General	\$ 790,910	4,332,382
Special Revenue Funds:		
Guest Tax	-	31,200
Recreation	99,300	-
Airport Reserve	15,000	-
Capital Improvement Reserve	450,000	-
Equipment Reserve	250,000	-
Guest Tax Reserve	31,220	-
Sales Tax Reserve	3,302,917	
Law Enforcement Block Grant	7,382	-
Workers Compensation Reserve	50,000	-
	<u>4,205,799</u>	<u>31,200</u>
Debt Service Fund	<u>1,593,785</u>	<u>-</u>
Capital Projects Fund	<u>-</u>	<u>1,596,245</u>
Enterprise Funds:		
Water and Sewer System	-	604,950
Sanitation	-	128,500
Public Parking System	-	8,000
Storm Water Utility	-	40,000
Municipal Golf Course	<u>157,783</u>	<u>-</u>
	<u>157,783</u>	<u>781,450</u>
Internal Service – Central Maintenance	<u>-</u>	<u>7,000</u>
	<u>\$ 6,748,277</u>	<u>6,748,277</u>

Additionally, the Library (Special Revenue) Fund transferred \$1,408,000 to the Lawrence Public Library Component Unit.

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

At December 31, 1999, the following funds had interfund receivables and payables to the following funds:

Due From	Due To			Total Enterprise Funds	Total		
	Enterprise funds						
	General Fund	Stormwater Utility	Golf Course				
Special Revenue Funds:							
Sales Tax Reserve	\$ 110,020	-	-	-	110,020		
Community Development	8,040	-	-	-	8,040		
Transportation Planning	57,320	-	-	-	57,320		
	<u>175,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,380</u>		
Debt Service Fund	65,540	-	-	-	65,540		
Capital Projects Fund	19,450	214,217	787	215,004	234,454		
Totals	\$ <u>260,370</u>	<u>214,217</u>	<u>787</u>	<u>215,004</u>	<u>475,374</u>		

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

Water, sewer and sanitation services and the operations of the public parking system and golf course are financed by user charges and are accounted for as Enterprise Funds. Additional financial data for the year ended December 31, 1999 for these five funds is as follows:

	Water and Sewer System	Public Parking System	Storm- water Utility	Golf Course	Total
Assets:					
Current assets	\$ 27,691,028	3,321,866	538,568	1,404,824	198,391
Restricted assets	1,590,829	4,237	-	-	-
Property, plant and equipment, net	71,681,976	2,263,999	3,269,493	4,831,540	3,640,667
	<u>\$ 100,963,833</u>	<u>5,590,102</u>	<u>3,808,061</u>	<u>6,236,364</u>	<u>3,839,058</u>
					<u>120,437,418</u>
Liabilities and equity:					
Current liabilities	\$ 4,987,942	442,581	39,518	1,301,168	229,910
Liabilities payable from restricted assets	1,830,274	3,977	-	-	-
Long-term liabilities	13,140,000	-	-	3,031,109	3,570,603
Fund equity	81,005,617	5,143,544	3,768,543	1,904,087	38,545
	<u>\$ 100,963,833</u>	<u>5,590,102</u>	<u>3,808,061</u>	<u>6,236,364</u>	<u>3,839,058</u>
					<u>120,437,418</u>
Operating revenues	\$ 19,420,407	6,336,369	518,520	1,184,400	984,976
Operating expenses	10,937,931	5,800,834	661,437	488,799	795,043
Operating income	8,482,476	535,535	(142,917)	695,601	189,933
Other income (expense)	474,931	283,204	24,086	(147,052)	(191,551)
Income before operating transfers	8,957,407	818,739	(118,831)	548,549	(1,618)
Net operating transfers	(604,950)	(128,500)	(8,000)	(40,000)	157,783
Net income (loss)	<u>\$ 8,352,457</u>	<u>690,239</u>	<u>(126,831)</u>	<u>508,549</u>	<u>156,165</u>
					<u>9,580,579</u>
Changes in contributed capital - depreciation add-back	\$ 60,561	-	115,879	-	-
Property, plant and equipment additions, net of retirements	\$ 12,038,701	(31,742)	86,152	1,340,073	441,453
Net working capital	<u>\$ 22,703,086</u>	<u>2,879,285</u>	<u>499,050</u>	<u>103,656</u>	<u>(31,519)</u>
					<u>26,153,558</u>

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

A. Contract Commitments

At December 31, 1999, the City had construction contract commitments totaling approximately \$3,101,107. The City expects to receive the contracted services during fiscal year 2000.

At year-end, capital project authorizations compared with expenditures from inception are as follows:

Project	Description	Resolution		Expenditures	
		Amount	Authorized		to Date
10SW5S	Bike Path Improvements	5697	\$ 300,000	\$ 85,288	
95PH07	Public Health Facility	5787 5778 5798	8,080,000	6,560,652	
37SL6C	Downtown Street Lights	5789	50,000	32,254	
38PW6C	Public Works Satellite	5790	500,000	513,240	
07SI7C	Clinton & Wakarusa Signal	5932	127,765	68,006	
16ST7B	Deerfield Drainage Improvements	5887, 5890, 5946	785,000	611,382	
55SI7C	1997 Traffic Signal Improvements	5934	106,471	68,747	
58CP7S	Monterey Way, Harvard to 15th	5963, 6069	550,000	365,302	
97PR20	Indoor Aquatics Center	6064	2,000,000	1,315,162	
01CP8S	W. 6th St., Wakarusa to SLT	5970	203,000	205,564	
17BR8C	1998 Building Renovations	5960	350,000	342,471	
26PL8C	800 New Hampshire Parking Lot	6050	300,000	19,970	
38AP8B	Myers Addition Streets, etc.	6054	100,000	86,377	
39SW8B	6th St. Sidewalk Improvements	5697	300,000	31,364	
60SS8B	Western Hills Sanitary Sewer Improvements	6028	900,000	147,594	
61CP8S	Riverridge, Iowa to Michigan	6053	193,205	147,686	
62AP8C	Michigan, 7th to 9th	6042 6058	600,000	103,459	
65TS8C	1998 Traffic Signal Improvements	6023	100,000	1,815	
98ARTC	Art Center Expansion	n/a	625,000	266,053	
01SR9S	1999 KLINK project	6100 6123	550,000	303,249	
06SR9C	1999 Overlay, Phase I	6041	224,600	231,276	
07ST9B	6th & Maine Medical Plaza	6040 6059	280,000	32,082	
08SR9C	1999 Overlay, Phase II	6041	325,400	335,030	
09SW9S	Kasold Recreation Path	5974	195,000	24,270	
11BR9C	1999 Building Renovations	6037	350,000	334,543	
26BR9C	1999 Salt Dome	6037	100,000	99,769	
42CP9C	City Fueling Station	6037	250,000	113,102	
44CP9B	27th St, Bluestem to Scottsdale	6088	100,000	7,823	
45AP9B	Scottsdale, 26th to 27th St.	6090	65,000	3,518	
50CP9B	George Williams Way	6085	950,000	1,500	
81CP9B	27th & Wakarusa Improvements	6121	150,000	3,090	
PSIBLD	PSI Building Purchase and Renovation	6084	2,500,000	2,154,216	

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

Expenditures may exceed authorized amounts by up to 10%.

The Public Health Facility was substantially complete at December 31, 1999 and provides facilities to the Bert Nash Community Mental Health Center, Inc., the Visiting Nurses Association and the Lawrence/Douglas County Health Department, a component unit of Douglas County.

The Indoor Aquatics Center is a joint project with the Lawrence Unified School District No. 497.

The PSI Building purchase and renovation is to provide a satellite law enforcement facility on the west side of the city. One half of the building will be leased for five years.

B. 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 \$2,308,093 at December 31, 1999 and is reported as a designation of the Special Revenue fund balance. The City's claims liability reported in the General, Special Revenue, Enterprise and Internal Service Funds and in the general long-term debt account group at December 31, 1999 was \$720,070. The liability reported in the financial statements at December 31, 1999 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 the loss can be reasonably estimated. Changes in the claims liability in 1998 and 1999 were:

		Claims and			Claims and			December 31, 1999 Balance	
		December 31, 1997 Balance	Changes in Estimates	Payments	December 31, 1998 Balance	Changes in Estimates	Payments		
General Fund	\$ 35,202	297,663	277,541	55,324	329,002	291,959	92,367		
Special Revenue Funds	-	-	-	-	132,869	132,869	-		
Enterprise Funds	8,683	3,699	3,410	8,972	45,667	24,145	30,494		
Internal Service Fund	156,644	2,659,742	2,488,853	327,533	2,701,489	2,638,063	390,959		
General Long-term Debt									
Account Group	96,100	(63,490)	-	32,610	173,640	-	206,250		
	\$ 296,629	2,897,614	2,769,804	424,439	3,382,667	3,087,036	720,070		

City of Lawrence, Kansas

Notes to General Purpose Financial Statements

December 31, 1999

(14) Fund Deficit

At December 31, 1999, the Home Program Fund and Transportation Planning Fund have deficits of \$844 and \$61,214. Both deficits are a result of program expenditures for which reimbursement has not yet been requested.

(15) Contributed Capital

During 1999, changes in contributed capital were as follows:

	Enterprise Funds	Internal Service Funds	Total
Balances, beginning of year	\$ 3,349,730	109,902	3,459,632
Deductions – depreciation	<u>176,442</u>	<u>12,511</u>	<u>188,953</u>
Balances, end of year	\$ <u>3,173,288</u>	<u>97,391</u>	<u>3,270,679</u>

GENERAL FUND

The 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.

Schedule 1**CITY OF LAWRENCE, KANSAS**

Balance Sheets – General Fund

December 31, 1999
(With Comparative Amounts for 1998)

Assets	1999	1998
Cash	\$ 1,715,575	436,200
Investments	8,866,252	8,875,000
Receivables:		
Taxes	6,297,411	6,758,117
Accounts	84,815	68,547
Franchise fees	252,961	251,321
Accrued interest	102,912	91,924
Due from other funds	<u>260,370</u>	<u>—</u>
Total assets	<u>\$ 17,580,296</u>	<u>16,481,109</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 699,279	826,964
Accrued payroll	728,088	618,291
Accrued vacation and sick leave	1,093,147	1,041,130
Estimated claims and judgments	92,367	55,324
Deferred revenue	<u>5,671,292</u>	<u>5,722,223</u>
Total liabilities	<u>8,284,173</u>	<u>8,263,932</u>
Fund balances:		
Reserved for encumbrances	1,126,996	700,994
Unreserved	<u>8,169,127</u>	<u>7,516,183</u>
Total fund balance	<u>9,296,123</u>	<u>8,217,177</u>
Total liabilities and fund balance	<u>\$ 17,580,296</u>	<u>16,481,109</u>

See independent auditor's report on the general purpose financial statements.

Schedule 2

CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual – General Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999		Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 18,978,679	19,389,900	411,221	17,995,005
Licenses and permits	550,000	660,835	110,835	614,569
Charges for services	2,272,565	2,147,064	(125,501)	354,448
Fines, forfeitures and penalties	900,000	1,346,049	446,049	1,053,438
Interest	625,000	829,377	204,377	849,502
Intergovernmental	7,625,909	8,088,078	462,169	8,018,443
Miscellaneous	244,453	195,461	(48,992)	2,164,693
Total revenues	31,196,606	32,656,764	1,460,158	31,050,098
Expenditures:				
General government	7,030,642	6,687,084	343,558	6,146,321
Public safety	15,682,440	15,003,155	679,285	14,668,193
Public works	3,238,580	2,944,647	293,933	2,760,450
Health	570,146	428,279	141,867	313,923
Social services	253,893	243,180	10,713	239,090
Culture and recreation	2,287,945	2,292,833	(4,888)	2,104,584
Airport	76,998	63,097	13,901	42,529
Capital outlay	818,970	780,797	38,173	658,539
Debt service:				
Principal retirement	11,500	11,092	408	—
Interest and fiscal charges	8,500	8,184	316	—
Total expenditures	29,979,614	28,462,348	1,517,266	26,933,629
Excess of revenues over expenditures	1,216,992	4,194,416	2,977,424	4,116,469
Other financing sources (uses):				
Operating transfers in	780,650	790,910	10,260	788,450
Operating transfers out	(4,507,382)	(4,332,382)	175,000	(4,275,400)
Total other financing sources (uses)	(3,726,732)	(3,541,472)	185,260	(3,486,950)
Excess of revenues and other sources over (under) expenditures and other uses	\$ (2,509,740)	652,944	3,162,684	629,519
Fund balance, beginning of year		8,217,177		7,614,692
Net change in reserve for encumbrances		426,002		(27,034)
Fund balance, end of year	\$ 9,296,123			8,217,177

See independent auditor's report on the general purpose financial statements.

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

SPECIAL REVENUE FUNDS

Fund Descriptions

BUDGETED FUNDS

Guest Tax Fund – This fund is used to account for the 4% 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 beginning in the year 2000.

Recreation Fund – This fund is used to account for user fees derived from recreational and cultural events and the expenditures necessary to carry out the recreation programs at the City's four community recreation centers.

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.

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. 12-1118).

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. 12-1117).

Guest Tax Reserve Fund – This fund is used to account for funds being reserved for Horizon 2020 (Charter Ordinance No. 30).

Liability Reserve Fund – This fund is used to account for reserve of the City's self-insured liability programs (K.S.A. 12-2615).

Sales Tax Reserve Fund – This fund is used to account for the City's share of a .01 cents sales tax levied by the county designated for recreational and cultural capital projects and a health facility project (K.S.A. 12-1118).

SPECIAL REVENUE FUNDS

Fund Descriptions, Continued

Law Enforcement Grant Fund - This fund is used to account for Local Law Enforcement Block Grant received. These funds are used to reduce crime and improve public safety(K.S.A. 12-1663).

Workers' Compensation Reserve Fund - This fund is used to account for reserves established for the City's self-insured workers' compensation (K.S.A. 12-2615).

Summer Youth Fund - This fund is used to account for a donation received from Hallmark Foundation to provide employment opportunities to youth in the community through the Parks and Recreation Department (K.S.A. 79-2925).

Outside Agency Fund - This fund is used to account for grants passed through the outside agencies and Project Freedom which is staffed by City employees (K.S.A. 12-1663).

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.

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 target neighborhoods in the City (K.S.A. 12-1663).

Rehabilitation Escrow Fund – This fund is used to account for federal grants received to provide assistance to homeowners for improvements to properties in targeted neighborhoods (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).

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. 65-4173).

Schedule 3

CITY OF LAWRENCE, KANSAS

Combining Balance Sheet – All Special Revenue Funds

December 31, 1999

Assets	Guest Tax	Library	Transportation	Recreation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement	Capital Improvement Reserve	Equipment Reserve	Guest Tax Reserve	Liability Reserve	Sales Tax Reserve
Cash	\$ 62,636	140,876	153,424	98,352	91,334	53,617	67,094	14,568	176,440	31,502	8,385	4,378	206,891
Investments	—	74,985	—	355,001	289,977	1,084,932	240,010	140,023	2,065,136	2,140,194	49,998	1,190,049	4,994,822
Receivables:													
Taxes	—	1,189,149	1,370,343	389,140	—	—	—	—	—	—	—	—	—
Intergovernmental	—	—	—	—	—	—	—	—	—	—	—	—	—
Accounts	—	—	—	3,002	—	—	—	3,412	—	257,041	—	—	—
Loans	—	—	—	—	—	—	—	—	—	—	—	—	—
Accrued interest	—	—	—	—	—	—	—	—	25,496	20,488	723	14,145	60,377
Total assets	\$ 62,636	1,405,010	1,523,767	845,495	381,311	1,138,549	307,104	158,003	2,267,072	2,449,225	59,106	1,208,572	5,262,090
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$ 7,200	—	—	7,220	65,320	6,391	9,883	—	—	—	—	—	4,335
Accrued payroll	—	—	—	32,215	3,738	33,256	—	—	—	—	—	—	—
Accrued vacation/sick pay	—	—	—	35,185	4,664	52,556	—	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—	—	—	—	—	—	110,020
Deferred revenue	—	1,313,726	1,522,603	444,244	—	—	—	3,412	—	—	—	—	—
Total liabilities	7,200	1,313,726	1,522,603	518,864	73,722	92,203	9,883	3,412	—	—	—	—	114,355
Fund balances:													
Reserved for encumbrances	—	—	—	13,227	—	220,293	50,902	—	—	—	—	—	—
Reserved for loans	—	—	—	—	—	—	—	—	—	—	—	—	—
Unreserved:													
Designated for losses	—	—	—	—	—	—	—	—	—	—	—	—	—
Undesignated	55,436	91,284	1,164	313,404	307,589	826,053	246,319	154,591	2,267,072	2,449,225	59,106	—	5,147,735
Total fund balances	55,436	91,284	1,164	326,631	307,589	1,046,346	297,221	154,591	2,267,072	2,449,225	59,106	1,208,572	5,147,735
Total liabilities and fund balances	\$ 62,636	1,405,010	1,523,767	845,495	381,311	1,138,549	307,104	158,003	2,267,072	2,449,225	59,106	1,208,572	5,262,090

(Continued)

Schedule 3 (Cont'd)

CITY OF LAWRENCE, KANSAS

Combining Balance Sheet – All Special Revenue Funds, Continued

December 31, 1999

Assets	Law Enforcement Grant	Workers' Compensation Reserve	Summer Youth	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development	Rehabilitation Escrow	Home Program	Transportation Planning	Law Enforcement Trust	Totals
Cash	\$ —	1,568	839	60,317	885	44,596	58	13,840	—	9	50,310	1,281,919
Investments	—	1,085,110	8,000	—	33,000	50,008	—	—	—	—	—	13,801,245
Receivables:												
Taxes	—	—	—	—	—	—	—	—	—	—	—	2,948,632
Intergovernmental	—	—	—	—	—	17,000	1,606,522	—	—	—	—	1,623,522
Accounts	—	—	—	—	—	570	1,515	—	—	—	—	265,540
Loans	—	—	—	—	—	—	231,593	—	—	—	—	231,593
Accrued interest	—	12,246	139	—	624	195	—	—	—	—	—	134,433
Total assets	\$ —	1,098,924	8,978	60,317	34,509	112,369	1,839,688	13,840	—	9	50,310	20,286,884
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	\$ —	—	—	—	—	125	7,553	13,243	844	828	—	122,942
Accrued payroll	—	—	—	—	—	630	9,513	—	—	1,631	—	80,983
Accrued vacation/sick pay	—	—	—	—	—	—	21,560	—	—	1,444	—	115,409
Due to other funds	—	—	—	—	—	—	8,040	—	—	57,320	—	175,380
Deferred revenue	—	—	—	—	—	570	1,608,037	—	—	—	—	4,892,592
Total liabilities	—	—	—	—	—	1,325	1,654,703	13,243	844	61,223	—	5,387,306
Fund balances:												
Reserved for encumbrances	—	—	—	—	—	—	—	—	—	—	—	284,422
Reserved for loans	—	—	—	—	—	—	231,593	—	—	—	—	231,593
Unreserved:												
Designated for losses	—	1,098,924	—	—	—	—	—	597	—	—	—	2,308,093
Undesignated	—	—	8,978	60,317	34,509	111,044	(46,608)	—	(844)	(61,214)	50,310	12,075,470
Total fund balances	—	1,098,924	8,978	60,317	34,509	111,044	184,985	597	(844)	(61,214)	50,310	14,899,578
Total liabilities and fund balances	\$ —	1,098,924	8,978	60,317	34,509	112,369	1,839,688	13,840	—	9	50,310	20,286,884

See independent auditor's report on the general purpose financial statements.

Schedule 4

CITY OF LAWRENCE, KANSAS

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
All Special Revenue Funds**

Year ended December 31, 1999

	Guest Tax	Library	Transportation	Recreation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement	Capital Improvement Reserve	Equipment Reserve	Guest Tax Reserve	Liability Reserve	Sales Tax Reserve
Revenues:													
Taxes	\$ —	1,384,642	1,164	457,635	—	—	—	—	—	—	—	—	—
Charges for services	—	—	—	872,858	—	—	—	26,603	—	—	—	—	—
Interest	—	—	—	—	—	—	—	—	103,197	108,265	2,229	57,477	242,566
Intergovernmental	535,436	—	—	364,649	2,338,390	366,570	—	4,209	—	119,294	—	—	58,900
Miscellaneous	—	—	—	70,360	—	—	—	2,663	110,004	29,824	—	—	—
Total revenues	535,436	1,384,642	1,164	1,400,853	364,649	2,338,390	366,570	33,475	213,201	257,383	2,229	57,477	301,466
Expenditures:													
General government	—	—	—	—	—	—	—	—	—	—	—	40,282	—
Public safety	—	—	—	—	—	—	—	—	—	—	—	—	—
Public works	—	—	—	—	—	1,912,695	—	33,012	5,670	—	—	—	—
Health	—	—	—	—	438,804	—	—	—	—	—	—	—	—
Social services	—	—	—	—	—	—	—	—	—	—	—	—	—
Culture and recreation	—	—	—	1,546,204	—	—	198,721	—	—	—	—	—	—
Tourism	448,800	—	—	—	—	—	—	—	—	—	36,227	—	—
Capital outlay	—	—	—	6,766	—	262,728	112,735	16,298	730,645	647,055	—	—	1,574,630
Debt service:													
Principal retirement	—	—	—	—	—	—	—	—	—	—	—	—	995,000
Interest and fiscal charges	—	—	—	—	—	—	—	—	—	—	—	—	894,788
Total expenditures	448,800	—	—	1,552,970	438,804	2,175,423	311,456	49,310	736,315	647,055	36,227	40,282	3,464,418
Excess of revenues over (under) expenditures	86,636	1,384,642	1,164	(152,117)	(74,155)	162,967	55,114	(15,835)	(523,114)	(389,672)	(33,998)	17,195	(3,162,952)
Other financing sources (uses):													
Operating transfers in	—	—	—	99,300	—	—	—	15,000	450,000	250,000	31,200	—	3,302,917
Operating transfers out	(31,200)	—	—	—	—	—	—	—	—	—	—	—	—
Operating transfers to component units	—	(1,408,000)	—	—	—	—	—	—	—	—	—	—	—
Total other financing sources (uses)	(31,200)	(1,408,000)	—	99,300	—	—	—	15,000	450,000	250,000	31,200	—	3,302,917
Excess of revenues and other sources over (under) expenditures and other uses	55,436	(23,358)	1,164	(52,817)	(74,155)	162,967	55,114	(835)	(73,114)	(139,672)	(2,798)	17,195	139,965
Fund balance, beginning of year	—	114,642	—	379,448	381,744	883,379	242,107	155,426	2,340,186	2,588,897	61,904	1,191,377	5,007,770
Fund balance, end of year	\$ 55,436	91,284	1,164	326,631	307,589	1,046,346	297,221	154,591	2,267,072	2,449,225	59,106	1,208,572	5,147,735

(Continued)

Schedule 4 (Cont'd)

CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances –
All Special Revenue Funds, Continued

Year ended December 31, 1999

	Law Enforcement Grant	Workers' Compensation Reserve	Summer Youth	Outside Agency	Wee Folks Scholarship	Fair Housing Assistance	Community Development	Rehabilitation Escrow	Home Program	Transportation Planning	Law Enforcement Trust	Total
Revenues:												
Taxes	\$ —	—	—	—	—	—	—	—	—	—	—	1,843,441
Charges for services	—	—	—	—	—	—	—	—	—	—	—	899,461
Interest	615	53,215	368	64	1,305	3,626	—	—	—	—	1,513	574,440
Intergovernmental	66,438	—	—	640,586	—	69,370	932,520	—	379,059	89,808	—	5,965,229
Miscellaneous	—	—	—	—	8,200	12,628	145,190	—	102,211	—	19,987	501,067
Total revenues	<u>67,053</u>	<u>53,215</u>	<u>368</u>	<u>640,650</u>	<u>9,505</u>	<u>85,624</u>	<u>1,077,710</u>	<u>—</u>	<u>481,270</u>	<u>89,808</u>	<u>21,500</u>	<u>9,783,638</u>
Expenditures:												
General government	—	91,069	—	—	—	37,864	—	—	—	144,748	—	313,963
Public safety	—	—	—	—	—	—	—	—	—	—	1,832	1,832
Public works	—	—	—	—	—	—	—	—	—	—	—	1,951,377
Health	—	—	—	638,217	—	—	—	—	—	—	—	1,077,021
Social services	—	—	—	—	—	—	1,123,554	—	482,114	—	—	1,605,668
Culture and recreation	—	—	—	—	—	—	—	—	—	—	—	1,744,925
Tourism	—	—	—	—	—	—	—	—	—	—	—	485,027
Capital outlay	74,435	—	—	—	—	21,142	2,360	—	—	4,809	—	3,453,603
Debt service:												
Principal retirement	—	—	—	—	—	—	—	—	—	—	—	995,000
Interest and fiscal charges	—	—	—	—	—	—	—	—	—	—	—	894,788
Total expenditures	<u>74,435</u>	<u>91,069</u>	<u>—</u>	<u>638,217</u>	<u>—</u>	<u>59,006</u>	<u>1,125,914</u>	<u>—</u>	<u>482,114</u>	<u>149,557</u>	<u>1,832</u>	<u>12,523,204</u>
Excess of revenues over (under) expenditures	<u>(7,382)</u>	<u>(37,854)</u>	<u>368</u>	<u>2,433</u>	<u>9,505</u>	<u>26,618</u>	<u>(48,204)</u>	<u>—</u>	<u>(844)</u>	<u>(59,749)</u>	<u>19,668</u>	<u>(2,739,566)</u>
Other financing sources (uses):												
Operating transfers in	7,382	50,000	—	—	—	—	—	—	—	—	—	4,205,799
Operating transfers out	—	—	—	—	—	—	—	—	—	—	—	(31,200)
Operating transfers to component units	—	—	—	—	—	—	—	—	—	—	—	(1,408,000)
Total other financing sources (uses)	<u>7,382</u>	<u>50,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,766,599</u>
Excess of revenues and other sources over (under) expenditures and other uses	—	12,146	368	2,433	9,505	26,618	(48,204)	—	(844)	(59,749)	19,668	27,033
Fund balance, beginning of year	—	1,086,778	8,610	57,884	25,004	84,426	233,189	597	—	(1,465)	30,642	14,872,545
Fund balance, end of year	\$ —	<u>1,098,924</u>	<u>8,978</u>	<u>60,317</u>	<u>34,509</u>	<u>111,044</u>	<u>184,985</u>	<u>597</u>	<u>(844)</u>	<u>(61,214)</u>	<u>50,310</u>	<u>14,899,578</u>

See independent auditor's report on the general purpose financial statements.

Schedule 5**CITY OF LAWRENCE, KANSAS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual - Guest Tax Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues – intergovernmental	\$ 480,000	535,436	55,436	452,351
Expenditures:				
Tourism – contractual services	448,800	448,800	—	421,801
Excess of revenues over (under) expenditures	31,200	86,636	55,436	30,550
Other financing uses – operating transfers out	(31,200)	(31,200)	—	(30,550)
Excess of revenues over (under) expenditures and other uses	\$ —	55,436	55,436	—
Fund balance, beginning of year		—	—	—
Fund balance, end of year	\$ 55,436		—	—

See independent auditor's report on the general purpose financial statements.

Schedule 6**CITY OF LAWRENCE, KANSAS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual – Library Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999		Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues – taxes	\$ 1,343,211	1,384,642	41,431	1,318,936
Other financing uses – operating transfers to component units	<u>1,408,000</u>	<u>1,408,000</u>	<u>—</u>	<u>1,288,500</u>
Excess of revenues over (under) expenditures and other uses	\$ <u>(64,789)</u>	(23,358)	<u>41,431</u>	30,436
Fund balance, beginning of year		<u>114,642</u>		<u>84,206</u>
Fund balance, end of year		\$ <u>91,284</u>		<u>114,642</u>

See independent auditor's report on the general purpose financial statements.

Schedule 7**CITY OF LAWRENCE, KANSAS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual - Transportation Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999			1998
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues – taxes	\$ —	1,164	1,164	—
Expenditures:				
Expenditures - general government	—	—	—	—
Excess of revenues over (under) expenditures and other uses	\$ —	1,164	1,164	—
Fund balance, beginning of year		—	—	—
Fund balance, end of year	\$ <u>1,164</u>			<u>—</u>

See independent auditor's report on the general purpose financial statements.

Schedule 8

CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual – Recreation Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999		Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 442,593	457,635	15,042	464,872
Charges for services	840,407	872,858	32,451	853,251
Miscellaneous	<u>60,000</u>	<u>70,360</u>	<u>10,360</u>	<u>119,049</u>
Total revenues	<u>1,343,000</u>	<u>1,400,853</u>	<u>57,853</u>	<u>1,437,172</u>
Expenditures:				
Culture and recreation:				
Personal services	1,351,029	1,303,614	47,415	1,109,663
Contractual service	120,217	108,683	11,534	118,521
Commodities	140,498	137,307	3,191	92,189
Capital outlay	11,114	6,766	4,348	9,639
Other	<u>1,629</u>	<u>1,629</u>	—	<u>3,850</u>
Total expenditures	<u>1,624,487</u>	<u>1,557,999</u>	<u>66,488</u>	<u>1,333,862</u>
Excess of revenues over (under) expenditures	\$ (281,487)	(157,146)	124,341	103,310
Other financing sources – operating transfers in	<u>99,300</u>	<u>99,300</u>	—	—
Excess of revenues over (under) expenditures and other uses	\$ <u>(182,187)</u>	<u>(57,846)</u>	<u>124,341</u>	103,310
Fund balance, beginning of year		379,448		275,449
Net change in reserve for encumbrances		<u>5,029</u>		<u>689</u>
Fund balance, end of year	\$ <u>326,631</u>			<u>379,448</u>

See independent auditor's report on the general purpose financial statements.

Schedule 9

CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual – Special Alcohol Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999			
			Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues – intergovernmental	\$ 330,000	364,649	34,649	361,669
Expenditures:				
Health:				
Personal services	115,000	82,218	32,782	78,279
Contractual service	403,427	350,620	52,807	311,954
Commodities	10,000	5,966	4,034	1,112
Capital outlay	5,000	—	5,000	34,157
Other	10,000	—	10,000	—
Total expenditures	543,427	438,804	104,623	425,502
Excess of revenues over (under) expenditures	(213,427)	(74,155)	139,272	(63,833)
Fund balance, beginning of year		381,744		453,077
Net change in reserve for encumbrances		—		(7,500)
Fund balance, end of year	\$ 307,589			381,744

See independent auditor's report on the general purpose financial statements.

Schedule 10**CITY OF LAWRENCE, KANSAS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual – Special Gas Tax Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999		Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues - intergovernmental	\$ 2,150,000	2,338,390	188,390	2,234,779
Expenditures:				
Public works:				
Personal services	1,044,873	1,002,043	42,830	940,182
Contractual service	—	—	—	1,483
Commodities	1,218,357	1,037,396	180,961	952,920
Capital outlay	258,043	264,875	(6,832)	236,908
Total expenditures	2,521,273	2,304,314	216,959	2,131,493
Excess of revenues over (under) expenditures	\$ (371,273)	34,076	405,349	103,286
Fund balance, beginning of year		883,379		770,457
Net change in reserve for encumbrances		128,891		9,636
Fund balance, end of year	\$ 1,046,346			883,379

See independent auditor's report on the general purpose financial statements.

Schedule 11

CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual – Special Recreation Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999		Variance Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues - intergovernmental	\$ 330,000	366,570	36,570	361,669
Expenditures:				
Culture and recreation:				
Personal services	48,900	5,438	43,462	56,507
Contractual service	209,322	176,685	32,637	189,767
Commodities	37,016	37,919	(903)	37,030
Capital outlay	124,331	104,208	20,123	132,935
Other	37,450	—	37,450	—
Total expenditures	457,019	324,250	132,769	416,239
Excess of revenues over (under) expenditures	\$ (127,019)	42,320	169,339	(54,570)
Fund balance, beginning of year		242,107		292,869
Net change in reserve for encumbrances		12,794		3,808
Fund balance, end of year	\$ 297,221			242,107

See independent auditor's report on the general purpose financial statements.

CITY OF LAWRENCE, KANSAS

Schedule 12

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Airport Improvement Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999	1998
Revenues:		
Intergovernmental	\$ 4,209	21,899
Charges for services	26,603	23,448
Miscellaneous	<u>2,663</u>	<u>6,684</u>
Total revenues	<u>33,475</u>	<u>52,031</u>
Expenditures:		
Public works:		
Contractual service	32,417	52,514
Capital outlay	16,298	—
Other	<u>595</u>	<u>—</u>
Total expenditures	<u>49,310</u>	<u>52,514</u>
Excess of revenues (under) expenditures	(15,835)	(483)
Other financing sources - operating transfers in	<u>15,000</u>	<u>15,000</u>
Excess of revenues over (under) expenditures and other uses	(835)	14,517
Fund balance, beginning of year	<u>155,426</u>	<u>140,909</u>
Fund balance, end of year	<u>\$ 154,591</u>	<u>155,426</u>

See independent auditor's report on the general purpose financial statements.

Schedule 13**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Capital Improvement Reserve Fund****Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)**

	1999	1998
Revenues:		
Interest	\$ 103,197	100,808
Intergovernmental	—	93,550
Miscellaneous	<u>110,004</u>	<u>—</u>
Total revenues	<u>213,201</u>	<u>194,358</u>
Expenditures:		
Public works:		
Contractual service	5,670	15,848
Capital outlay	<u>730,645</u>	<u>102,240</u>
Total expenditures	<u>736,315</u>	<u>118,088</u>
Excess of revenues over (under) expenditures	<u>(523,114)</u>	<u>76,270</u>
Other financing sources (uses):		
Operating transfers in	450,000	700,000
Operating transfers out	<u>—</u>	<u>(500,000)</u>
Total other financing sources (uses)	<u>450,000</u>	<u>200,000</u>
Excess of revenues over (under) expenditures and other uses	<u>(73,114)</u>	<u>276,270</u>
Fund balance, beginning of year	<u>2,340,186</u>	<u>2,063,916</u>
Fund balance, end of year	<u>\$ 2,267,072</u>	<u>2,340,186</u>

See independent auditor's report on the general purpose financial statements.

Schedule 14**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Equipment Reserve Fund****Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)**

	1999	1998
Revenues:		
Interest	\$ 108,265	142,387
Intergovernmental	119,294	78,122
Miscellaneous	<u>29,824</u>	<u>23,707</u>
 Total revenues	 <u>257,383</u>	 <u>244,216</u>
 Expenditures		
Contractual services	1,990	75,199
Commodities	28,136	14,607
Capital outlay	<u>616,929</u>	<u>975,017</u>
 Total expenditures	 <u>647,055</u>	 <u>1,064,823</u>
 Excess of revenues (under) expenditures	 (389,672)	 (820,607)
 Other financing sources – operating transfers in	 <u>250,000</u>	 <u>50,000</u>
 Excess of revenues (under) expenditures and other uses	 (139,672)	 (770,607)
 Fund balance, beginning of year	 <u>2,588,897</u>	 <u>3,359,504</u>
 Fund balance, end of year	 \$ <u>2,449,225</u>	 <u>2,588,897</u>

See independent auditor's report on the general purpose financial statements.

CITY OF LAWRENCE, KANSAS

Schedule 15

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Guest Tax Reserve Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues – interest	\$ <u>2,229</u>	<u>2,000</u>
Expenditures – tourism:		
Contractual services	<u>28,316</u>	<u>6,703</u>
Commodities	<u>7,911</u>	<u>3,053</u>
Total expenditures	<u>36,227</u>	<u>9,756</u>
Excess of revenues under expenditures	(33,998)	(7,756)
Other financing sources – operating transfers in	<u>31,200</u>	<u>30,550</u>
Excess of revenues over (under) expenditures and other uses	(2,798)	22,794
Fund balance, beginning of year	<u>61,904</u>	<u>39,110</u>
Fund balance, end of year	\$ <u>59,106</u>	<u>61,904</u>

See independent auditor's report on the general purpose financial statements.

Schedule 16**CITY OF LAWRENCE, KANSAS**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Liability Reserve FundYear Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999	1998
Revenues:		
Interest	\$ 57,477	60,037
Miscellaneous	<u>—</u>	<u>914</u>
Total revenues	<u>57,477</u>	<u>60,951</u>
Expenditures – general government	<u>40,282</u>	<u>10,496</u>
Excess of revenues over expenditures	17,195	50,455
Fund balance, beginning of year	<u>1,191,377</u>	<u>1,140,922</u>
Fund balance, end of year	<u>\$ 1,208,572</u>	<u>1,191,377</u>

See independent auditor's report on the general purpose financial statements.

Schedule 17**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Sales Tax Reserve Fund****Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)**

	1999	1998
Revenues:		
Interest	\$ 242,566	245,741
Intergovernmental	<u>58,900</u>	<u>—</u>
Total revenues	<u>301,466</u>	<u>245,741</u>
Expenditures:		
Capital outlay	1,574,630	1,827,530
Debt service:		
Principal retirement	995,000	945,000
Interest and fiscal charges	<u>894,788</u>	<u>954,983</u>
Total expenditures	<u>3,464,418</u>	<u>3,727,513</u>
Excess of revenues (under) expenditures	<u>(3,162,952)</u>	<u>(3,481,772)</u>
Other financing sources (uses):		
Operating transfers in	3,302,917	3,560,400
Operating transfers out	<u>—</u>	<u>(125,000)</u>
Total other financing sources (uses)	<u>3,302,917</u>	<u>3,435,400</u>
Excess of revenues over (under) expenditures and other uses	<u>139,965</u>	<u>(46,372)</u>
Fund balance, beginning of year	<u>5,007,770</u>	<u>5,054,142</u>
Fund balance, end of year	<u>\$ 5,147,735</u>	<u>5,007,770</u>

See independent auditor's report on the general purpose financial statements.

Schedule 18**CITY OF LAWRENCE, KANSAS**Schedule of Revenues, Expenditures and Changes in Fund Balance –
Law Enforcement Grant FundYear Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999	1998
Revenues:		
Interest	\$ 615	5,726
Intergovernmental	<u>66,438</u>	—
Total revenues	<u>67,053</u>	<u>5,726</u>
Expenditures – public safety	<u>74,435</u>	<u>72,040</u>
Excess of revenues (under) expenditures	(7,382)	(66,314)
Other financing sources – operating transfers in	<u>7,382</u>	—
Excess of revenues (under) expenditures and other uses	—	(66,314)
Fund balance, beginning of year	<u>—</u>	<u>66,314</u>
Fund balance, end of year	<u>\$ —</u>	<u>—</u>

See independent auditor's report on the general purpose financial statements.

Schedule 19**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Workers' Compensation Reserve Fund**

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999	1998
Revenues:		
Interest	\$ 53,215	55,713
Miscellaneous	<u>—</u>	11,360
Total revenues	<u>53,215</u>	<u>67,073</u>
Expenditures – general government	<u>91,069</u>	<u>65,116</u>
Excess of revenues over (under) expenditures	(37,854)	1,957
Other financing sources – operating transfers in	<u>50,000</u>	<u>—</u>
Excess of revenues over expenditures and other uses	12,146	1,957
Fund balance, beginning of year	<u>1,086,778</u>	<u>1,084,821</u>
Fund balance, end of year	<u>\$ 1,098,924</u>	<u>1,086,778</u>

See independent auditor's report on the general purpose financial statements.

Schedule 20**CITY OF LAWRENCE, KANSAS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Summer Youth Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues - interest	\$ <u>368</u>	<u>433</u>
Expenditures – general government	<u>—</u>	<u>—</u>
Excess of revenues over expenditures	368	433
Fund balance, beginning of year	<u>8,610</u>	<u>8,177</u>
Fund balance, end of year	<u>\$ 8,978</u>	<u>8,610</u>

See independent auditor's report on the general purpose financial statements.

Schedule 21**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance -
Outside Agency Fund**

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues:		
Interest	\$ 64	—
Intergovernmental	<u>640,586</u>	<u>589,918</u>
Total revenues	<u>640,650</u>	<u>589,918</u>
Expenditures - health		
Excess of revenues over expenditures	2,433	—
Fund balance, beginning of year	<u>57,884</u>	<u>57,884</u>
Fund balance, end of year	<u>\$ 60,317</u>	<u>57,884</u>

See independent auditor's report on the general purpose financial statements.

Schedule 22**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Wee Folks Scholarship Fund**

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues:		
Interest	\$ 1,305	997
Miscellaneous	<u>8,200</u>	<u>8,000</u>
Total revenues	9,505	8,997
Expenditures – social services	—	—
Excess of revenues over expenditures	9,505	8,997
Fund balance, beginning of year	<u>25,004</u>	<u>16,007</u>
Fund balance, end of year	<u>\$ 34,509</u>	<u>25,004</u>

See independent auditor's report on the general purpose financial statements.

Schedule 23
CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –
 Fair Housing Assistance Fund

Year Ended December 31, 1999
 (With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues:		
Interest	\$ 3,626	—
Intergovernmental	69,370	43,610
Miscellaneous	<u>12,628</u>	<u>—</u>
Total revenues	<u>85,624</u>	<u>43,610</u>
Expenditures:		
General government	37,864	18,922
Capital outlay	<u>21,142</u>	<u>5,284</u>
Total expenditures	<u>59,006</u>	<u>24,206</u>
Excess of revenues over expenditures	26,618	19,404
Fund balance, beginning of year	<u>84,426</u>	<u>65,022</u>
Fund balance, end of year	<u>\$ 111,044</u>	<u>84,426</u>

See independent auditor's report on the general purpose financial statements.

Schedule 24**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Community Development Fund**

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999	1998
Revenues:		
Intergovernmental	\$ 932,520	1,202,370
Miscellaneous	<u>145,190</u>	<u>220,392</u>
Total revenues	<u>1,077,710</u>	<u>1,422,762</u>
Expenditures:		
Social services	1,123,554	1,401,163
Capital outlay	<u>2,360</u>	<u>3,185</u>
Total expenditures	<u>1,125,914</u>	<u>1,404,348</u>
Excess of revenues over (under) expenditures	(48,204)	18,414
Fund balance, beginning of year	<u>233,189</u>	<u>214,775</u>
Fund balance, end of year	<u>\$ 184,985</u>	<u>233,189</u>

See independent auditor's report on the general purpose financial statements.

Schedule 25**CITY OF LAWRENCE, KANSAS**

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Rehabilitation Escrow Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues – miscellaneous	\$ —	—
Expenditures – capital outlay	—	—
Excess of revenues over expenditures	—	—
Fund balance, beginning of year	<u>597</u>	<u>597</u>
Fund balance, end of year	<u>\$ 597</u>	<u>597</u>

See independent auditor's report on the general purpose financial statements.

Schedule 26**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Home Program Fund**

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues:		
Intergovernmental	\$ 379,059	617,254
Miscellaneous	<u>102,211</u>	<u>74,677</u>
Total revenues	<u>481,270</u>	<u>691,931</u>
Expenditures – social services	<u>482,114</u>	<u>691,931</u>
Excess of revenues over (under) expenditures	(844)	—
Fund balance (deficit), beginning of year	—	—
Fund balance (deficit), end of year	\$ <u>(844)</u>	<u>—</u>

See independent auditor's report on the general purpose financial statements.

Schedule 27**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Transportation Planning Fund**

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues – intergovernmental	\$ <u>89,808</u>	<u>36,474</u>
Expenditures:		
General government	144,748	37,278
Capital outlay	<u>4,809</u>	<u>—</u>
Total expenditures	<u>149,557</u>	<u>37,278</u>
Excess of revenues under expenditures	(59,749)	(804)
Fund balance (deficit), beginning of year	<u>(1,465)</u>	<u>(661)</u>
Fund balance (deficit), end of year	<u>\$ (61,214)</u>	<u>(1,465)</u>

See independent auditor's report on the general purpose financial statements.

Schedule 28**CITY OF LAWRENCE, KANSAS****Schedule of Revenues, Expenditures and Changes in Fund Balance –
Law Enforcement Trust Fund**

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	<u>1999</u>	<u>1998</u>
Revenues		
Interest	\$ 1,513	1,211
Miscellaneous	<u>19,987</u>	<u>10,218</u>
Total revenues	21,500	11,429
Expenditures – public safety	<u>1,832</u>	<u>—</u>
Excess of revenues over expenditures	19,668	11,429
Fund balance, beginning of year	<u>30,642</u>	<u>19,213</u>
Fund balance, end of year	<u>\$ 50,310</u>	<u>30,642</u>

See independent auditor's report on the general purpose financial statements.

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DEBT SERVICE FUND

Bond and Interest Fund – This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies of the primary government when the government is obligated to pledge its full faith and credit for the payment.

Schedule 29**CITY OF LAWRENCE, KANSAS**

Balance Sheets – Bond and Interest Fund

December 31, 1999
(With Comparative Amounts for 1998)

Assets	1999	1998
Cash	\$ 3	430,120
Investments	8,239,004	5,837,075
Receivables:		
Taxes	3,017,498	2,893,926
Special assessments	3,808,587	4,105,171
Accounts	37,893	2,906
Accrued interest	<u>133,398</u>	<u>70,337</u>
Total assets	<u>\$ 15,236,383</u>	<u>13,339,535</u>

Liabilities and Fund Balances

Liabilities:		
Due to other funds	\$ 65,540	—
Deferred revenue	<u>7,177,516</u>	<u>7,204,378</u>
Total liabilities	<u>7,243,056</u>	<u>7,204,378</u>
Fund balances:		
Reserved for encumbrances	—	3,000
Reserved for debt service	<u>7,993,327</u>	<u>6,132,157</u>
Total fund balance	<u>7,993,327</u>	<u>6,135,157</u>
Total liabilities and fund balances	<u>\$ 15,236,383</u>	<u>13,339,535</u>

See independent auditor's report on the general purpose financial statements.

Schedule 30

CITY OF LAWRENCE, KANSAS

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual – Bond and Interest Fund

Year Ended December 31, 1999
(With Comparative Actual Amounts for 1998)

	1999		Variance	1998
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$ 3,461,864	3,579,347	117,483	3,838,092
Special assessments	520,620	815,907	295,287	1,077,723
Charges for services	15,000	16,250	1,250	18,539
Interest	100,000	356,686	256,686	397,910
Miscellaneous	16,500	419,960	403,460	466,677
Total revenues	<u>4,113,984</u>	<u>5,188,150</u>	<u>1,074,166</u>	<u>5,798,941</u>
Expenditures:				
Principal retirement	3,485,000	3,597,767	(112,767)	3,715,760
Interest and fiscal charges	<u>1,831,000</u>	<u>1,322,998</u>	<u>508,002</u>	<u>1,536,014</u>
Total expenditures	<u>5,316,000</u>	<u>4,920,765</u>	<u>395,235</u>	<u>5,251,774</u>
Excess of revenues over (under) expenditures	(1,202,016)	267,385	1,469,401	547,167
Other financing sources – operating transfers in/(out)	<u>(1,400,000)</u>	<u>1,593,785</u>	<u>2,993,785</u>	<u>506,570</u>
Excess of revenues and other sources over (under) expenditures and other uses	\$ <u>(2,602,016)</u>	1,861,170	<u>4,463,186</u>	1,053,737
Fund balance, beginning of year	6,135,157			5,078,420
Net change in reserve for encumbrances	<u>(3,000)</u>			<u>3,000</u>
Fund balance, end of year	\$ <u>7,993,327</u>			<u>6,135,157</u>

See independent auditor's report on the general purpose financial statements.

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ENTERPRISE 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.

Water and Sewer Fund – This fund is used to account for the activities of the Utilities Department which provides water and sewer services to residents of the City.

Sanitation Fund – This fund is used to account for the activities of recycling, solid waste and disposal of refuse.

Public Parking System 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 record the revenues from the storm water fee assessed each property based on its impervious surface. Expenses for repair and maintenance of the storm water system and debt service are also recorded in this fund.

Golf Course Fund – This fund is used to record the activities of Eagle Bend Golf Course, a publicly owned facility.

CITY OF LAWRENCE, KANSAS

Schedule 31

Combining Balance Sheet – Enterprise Funds

December 31, 1999

Assets	Water and Sewer	Sanitation	Public Parking	Storm Water Utility	Golf Course	Total
Cash	\$ 580,907	137,677	69,571	166,505	185,269	1,139,929
Investments	24,448,327	2,670,119	464,991	889,969	—	28,473,406
Receivables:						
Accounts (net of allowance of \$54,119)	1,572,607	488,997	—	127,035	—	2,188,639
Accrued interest	294,873	25,073	4,006	7,098	—	331,050
Due from other funds	—	—	—	214,217	787	215,004
Inventories	590,601	—	—	—	12,335	602,936
Prepaid items	203,713	—	—	—	—	203,713
Restricted cash	210,717	4,237	—	—	—	214,954
Restricted investments	1,380,112	—	—	—	—	1,380,112
Property, plant and equipment	97,093,369	5,382,397	4,575,049	5,002,632	3,969,299	116,022,746
Accumulated depreciation	<u>(25,411,393)</u>	<u>(3,118,398)</u>	<u>(1,305,556)</u>	<u>(171,092)</u>	<u>(328,632)</u>	<u>(30,335,071)</u>
Total assets	<u>\$ 100,963,833</u>	<u>5,590,102</u>	<u>3,808,061</u>	<u>6,236,364</u>	<u>3,839,058</u>	<u>120,437,418</u>
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	\$ 1,601,018	75,675	3,892	6,802	12,376	1,699,763
Accrued interest payable	162,888	—	—	48,651	61,509	273,048
Accrued payroll	155,243	104,387	13,435	10,907	6,941	290,913
Accrued vacation and sick pay	321,248	239,570	22,191	13,525	14,084	610,618
Payable from restricted assets:						
Customer deposits	610,274	3,977	—	—	—	614,251
Current portion of revenue bonds	1,220,000	—	—	—	—	1,220,000
Current portion of general obligation bonds	—	—	—	319,833	135,000	454,833
Estimated claims and judgments payable	7,545	22,949	—	—	—	30,494
Temporary notes payable	2,740,000	—	—	901,450	—	3,641,450
General obligation bonds payable				3,031,109	3,335,000	6,366,109
Revenue bonds payable	13,140,000	—	—	—	—	13,140,000
Capital lease payable	—	—	—	—	235,603	235,603
Total liabilities	<u>19,958,216</u>	<u>446,558</u>	<u>39,518</u>	<u>4,332,277</u>	<u>3,800,513</u>	<u>28,577,082</u>
Fund equity:						
Contributed capital	658,814	—	2,346,554	—	167,920	3,173,288
Retained earnings:						
Reserved for revenue bond ` requirements	913,888					913,888
Unreserved	<u>79,432,915</u>	<u>5,143,544</u>	<u>1,421,989</u>	<u>1,904,087</u>	<u>(129,375)</u>	<u>87,773,160</u>
Total fund equity	<u>81,005,617</u>	<u>5,143,544</u>	<u>3,768,543</u>	<u>1,904,087</u>	<u>38,545</u>	<u>91,860,336</u>
Total liabilities and fund equity	<u>\$ 100,963,833</u>	<u>5,590,102</u>	<u>3,808,061</u>	<u>6,236,364</u>	<u>3,839,058</u>	<u>120,437,418</u>

See independent auditor's report on the general purpose financial statements.

Schedule 32
CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenses and
 Changes in Retained Earnings – Enterprise Funds

For the Year Ended December 31, 1999

	Water and Sewer	Sanitation	Public Parking System	Storm Water Utility	Golf Course	Total
Operating revenues:						
Charges for services	\$ 19,298,806	6,204,074	518,520	1,184,400	984,976	28,190,776
Other sales	121,601	132,295	—	—	—	253,896
Total operating revenues	19,420,407	6,336,369	518,520	1,184,400	984,976	28,444,672
Operating expenses:						
Continuing operations	—	5,374,129	487,532	381,871	566,979	6,810,511
Transmission and distribution	6,897,817	—	—	—	—	6,897,817
General administration	1,640,779	—	—	—	—	1,640,779
Depreciation and amortization	2,399,335	426,705	173,905	106,928	228,064	3,334,937
Total operating expenses	10,937,931	5,800,834	661,437	488,799	795,043	18,684,044
Operating income (loss)	8,482,476	535,535	(142,917)	695,601	189,933	9,760,628
Other income (expense):						
Interest income	1,291,742	113,203	23,986	73,293	6,204	1,508,428
Interest expense and fiscal charges	(886,115)	—	—	(220,345)	(198,410)	(1,304,870)
Gain on sale of fixed assets	3,700	2,120	—	—	—	5,820
Federal and state grant	—	114,742	—	—	—	114,742
Other	65,604	53,139	100	—	655	119,498
Total other income (expense)	474,931	283,204	24,086	(147,052)	(191,551)	443,618
Income (loss) before operating transfers	8,957,407	818,739	(118,831)	548,549	(1,618)	10,204,246
Operating transfers:						
Operating transfers in	—	—	—	—	157,783	157,783
Operating transfers out	(604,950)	(128,500)	(8,000)	(40,000)	—	(781,450)
Total operating transfers	(604,950)	(128,500)	(8,000)	(40,000)	157,783	(623,667)
Net income (loss)	8,352,457	690,239	(126,831)	508,549	156,165	9,580,579
Depreciation on fixed assets acquired by contributions	60,561	—	115,879	—	—	176,440
Increase (decrease) in retained earnings	8,413,018	690,239	(10,952)	508,549	156,165	9,757,019
Retained earnings (deficit), beginning of year	71,933,785	4,453,305	1,432,941	1,395,538	(285,540)	78,930,029
Retained earnings (deficit), end of year	\$ 80,346,803	5,143,544	1,421,989	1,904,087	(129,375)	88,687,048

See independent auditor's report on the general purpose financial statements.

Schedule 33
CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows – Enterprise Funds

For the Year Ended December 31, 1999

	Water and Sewer	Sanitation	Public Parking	Storm Water Utility	Golf Course	Total
Cash flows from operating activities						
Operating income (loss)	\$ 8,482,476	535,535	(142,917)	695,601	189,933	9,760,628
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization expense	2,399,335	426,705	173,905	106,928	228,064	3,334,937
Other income	65,604	53,139	100	—	655	119,498
Change in:						
Accounts receivable	(464,202)	(57,358)	—	(36,715)	—	(558,275)
Inventories of supplies	(61,675)	—	—	—	13,717	(47,958)
Prepaid items	(203,713)	—	—	—	—	(203,713)
Due from other funds	—	—	—	(214,217)	(787)	(215,004)
Due to other funds	—	(35,000)	—	—	(100,000)	(135,000)
Accounts payable	(411,890)	(176,446)	2,437	(4,099)	8,881	(581,117)
Accrued payroll	18,772	13,626	5,432	4,567	2,039	44,436
Customer deposits	16,673	(198)	—	—	—	16,475
Accrued vacation and sick pay	6,526	16,712	5,709	8,251	7,412	44,610
Estimated claims and judgments payable	1,213	20,309	—	—	—	21,522
Total adjustments	1,366,643	261,489	187,583	(135,285)	159,981	1,840,411
Net cash provided by (used in) operating activities	9,849,119	797,024	44,666	560,316	349,914	11,601,039
Cash flows from noncapital financing activities						
Operating transfers out	(604,950)	(128,500)	(8,000)	(40,000)	—	(781,450)
Operating transfers in	—	—	—	—	157,783	157,783
Grant proceeds	—	114,742	—	—	—	114,742
Net cash provided by (used in) noncapital financing activities	(604,950)	(13,758)	(8,000)	(40,000)	157,783	(508,925)
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(12,151,270)	(343,115)	(86,153)	(1,340,073)	(246,108)	(14,166,719)
Proceeds from sales of capital assets	3,700	2,120	—	—	—	5,820
Proceeds from general obligation bonds	—	—	—	3,223,267	—	3,223,267
Proceeds from temporary notes	2,740,000	—	—	901,450	—	3,641,450
Principal payments on debt	(1,155,000)	—	—	(4,431,261)	(201,080)	(5,787,341)
Interest payments on debt	(860,015)	—	—	(203,826)	(201,227)	(1,265,068)
Net cash used in capital and related financing activities	(11,422,585)	(340,995)	(86,153)	(1,850,443)	(648,415)	(14,348,591)
Cash flows from investing activities						
Receipt of interest and dividends	1,266,357	108,376	22,507	81,411	7,104	1,485,755
Purchases of investments	(65,091,257)	(6,615,597)	(1,505,051)	(2,714,358)	(322,978)	(76,249,241)
Sales of investments	65,716,818	6,116,478	1,530,060	4,080,104	567,307	78,010,767
Net cash provided by (used in) investing activities	1,891,918	(390,743)	47,516	1,447,157	251,433	3,247,281
Net increase (decrease) in cash	(286,498)	51,528	(1,971)	117,030	110,715	(9,196)
Cash and cash equivalents, beginning of year	1,078,122	90,386	71,542	49,475	74,554	1,364,079
Cash and cash equivalents, end of year	\$ 791,624	141,914	69,571	166,505	185,269	1,354,883
Components of cash and cash equivalents at end of year:						
Cash	580,907	137,677	69,571	166,505	185,269	1,139,929
Restricted cash	210,717	4,237	—	—	—	214,954
	\$ 791,624	141,914	69,571	166,505	185,269	1,354,883
Noncash Investing, Capital and Financing Activities:						
Borrowing under capital lease	\$ —	—	—	—	—	195,344
Acquisition of equipment under capital lease	—	—	—	—	—	195,344

See independent auditor's report on the general purpose financial statements.

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.

Central Maintenance Fund – This fund accounts for the repairs and maintenance expenses of the City's fleet of vehicles and equipment.

Stores Fund – This fund accounts for the purchase of office supplies.

Health Insurance Fund – This fund accounts for the payment of health insurance claims.

Schedule 34**CITY OF LAWRENCE, KANSAS**

Combining Balance Sheet – Internal Service Funds

December 31, 1999

Assets	Central Maintenance	Stores	Health Insurance	Total
Cash	\$ 255,095	15,748	16,946	287,789
Investments	25,013	—	1,857,875	1,882,888
Receivables:				
Accounts	155,141	—	13,128	168,269
Accrued interest	4	—	14,500	14,504
Inventories	179,728	27,424	—	207,152
Property, plant and equipment	767,535	—	—	767,535
Accumulated depreciation	(583,551)	—	—	(583,551)
 Total assets	 \$ <u>798,965</u>	 <u>43,172</u>	 <u>1,902,449</u>	 <u>2,744,586</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 41,727	870	—	42,597
Claims payable	—	—	390,959	390,959
Accrued payroll	20,495	—	—	20,495
Accrued vacation and sick pay	69,086	—	—	69,086
Deferred revenue	53	—	13,129	13,182
 Total liabilities	 <u>131,361</u>	 <u>870</u>	 <u>404,088</u>	 <u>536,319</u>
Fund Equity:				
Contributed capital	97,391	—	—	97,391
Retained earnings	<u>570,213</u>	<u>42,302</u>	<u>1,498,361</u>	<u>2,110,876</u>
 Total fund equity	 <u>667,604</u>	 <u>42,302</u>	 <u>1,498,361</u>	 <u>2,208,267</u>
 Total liabilities and fund equity	 <u>\$ 798,965</u>	 <u>43,172</u>	 <u>1,902,449</u>	 <u>2,744,586</u>

See independent auditor's report on the general purpose financial statements.

Schedule 35

CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenses and
Changes in Retained Earnings – Internal Service Funds

For the Year Ended December 31, 1999

	Central Maintenance	Stores	Health Insurance	Total
Operating revenues – charges for services	\$ <u>1,733,489</u>	<u>4,500</u>	<u>3,036,204</u>	<u>4,774,193</u>
Operating expenses:				
Continuing operations	1,572,965	6,248	—	1,579,213
General administration	—	—	416,633	416,633
Health insurance claims	—	—	2,781,353	2,781,353
Depreciation and amortization	<u>38,993</u>	<u>—</u>	<u>—</u>	<u>38,993</u>
Total operating expenses	<u>1,611,958</u>	<u>6,248</u>	<u>3,197,986</u>	<u>4,816,192</u>
Operating income (loss)	<u>121,531</u>	<u>(1,748)</u>	<u>(161,782)</u>	<u>(41,999)</u>
Other income:				
Interest income	1,186	—	79,366	80,552
Gain on sale of assets	<u>1,538</u>	<u>—</u>	<u>—</u>	<u>1,538</u>
Total other income	<u>2,724</u>	<u>—</u>	<u>79,366</u>	<u>82,090</u>
Income (loss) before operating transfers	124,255	(1,748)	(82,416)	40,091
Operating transfers out	<u>(7,000)</u>	<u>—</u>	<u>—</u>	<u>(7,000)</u>
Net income (loss)	117,255	(1,748)	(82,416)	33,091
Depreciation on fixed assets acquired by contributions	<u>12,509</u>	<u>—</u>	<u>—</u>	<u>12,509</u>
Increase (decrease) in retained earnings	129,764	(1,748)	(82,416)	45,600
Retained earnings, beginning of year	<u>440,449</u>	<u>44,050</u>	<u>1,580,777</u>	<u>2,065,276</u>
Retained earnings, end of year	\$ <u>570,213</u>	<u>42,302</u>	<u>1,498,361</u>	<u>2,110,876</u>

See independent auditor's report on the general purpose financial statements.

Schedule 36

CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows – Internal Service Funds

For the Year Ended December 31, 1999

	Central Maintenance	Stores	Health Insurance	Total
Cash flows from operating activities:				
Operating income (loss)	\$ 121,531	(1,748)	(161,782)	(41,999)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	38,993	—	—	38,993
Change in:				
Accounts receivable	(33,787)	—	2,109	(31,678)
Inventories of supplies	(33,198)	(3,640)	—	(36,838)
Accounts payable	31,548	488	—	32,036
Claims payable	—	—	63,426	63,426
Accrued payroll	3,285	—	—	3,285
Accrued vacation and sick pay	284	—	—	284
Deferred revenue	53	—	(2,108)	(2,055)
Total adjustments	7,178	(3,152)	63,427	67,453
Net cash provided by (used in) operating activities	128,709	(4,900)	(98,355)	25,454
Operating transfers out	(7,000)	—	—	(7,000)
Net cash used in noncapital financing activities	(7,000)	—	—	(7,000)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(66,757)	—	—	(66,757)
Proceeds from sales of capital assets	1,538	—	—	1,538
Net cash used in capital and related financing activities	(65,219)	—	—	(65,219)
Cash flows from investing activities:				
Receipt of interest and dividends	1,406	—	74,424	75,830
Purchases of investments	(105,013)	—	(4,955,555)	(5,060,568)
Sales of investments	120,000	—	4,872,180	4,992,180
Net cash provided by investing activities	16,393	—	(8,951)	7,442
Net increase (decrease) in cash	72,883	(4,900)	(107,306)	(39,323)
Cash and cash equivalents, beginning of year	182,212	20,648	124,252	327,112
Cash and cash equivalents, end of year	\$ 255,095	15,748	16,946	287,789

See independent auditor's report on the general purpose financial statements.

TRUST AND AGENCY FUNDS

Trust Funds are used to account for assets held by the government in a trustee capacity. Agency Funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

AGENCY FUNDS

Payroll Clearing Fund – This fund is used to account for withholdings from payroll pending payment to outside agencies.

Sales Tax Fund – This fund is used to account for sales tax due to the State of Kansas on water sales to customers.

Municipal Court Fund – This fund is used to account for cash bonds paid by defendants.

KPRF Fund – This fund is used by the Parks and Recreation Department to purchase tickets, pay travel agents and pay for other reimbursable expenses.

Fire Insurance Proceeds Fund – This fund accounts for insurance proceeds received and held by the City until the affected property is demolished.

EXPENDABLE TRUST FUNDS

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).

Constant Park Trust Fund – This fund is used to account for donations received from the Estate of Frances Constant for development of Constant Park (K.S.A. 79-2925).

Hobbs Park Trust Fund – This fund is used to account for donations received from the Hobbs Estate for the development of Hobbs Park in East Lawrence (K.S.A. 79-2925).

City Band Fund – This fund is used to account for donations received from the public to fund the summer band concert series (K.S.A. 79-2925).

NONEXPENDABLE TRUST FUNDS

Cemetery Perpetual Care Fund – This fund is used to provide monies for the maintenance of the City Cemetery (K.S.A. 79-2925).

Cemetery Mausoleum Fund – This fund is used to provide monies for the City Mausoleum (K.S.A. 79-2925).

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Schedule 37**CITY OF LAWRENCE, KANSAS**

Combining Balance Sheet – Agency and Trust Funds

December 31, 1999

Assets	Agency Funds	Expendable Trust Funds	Nonexpendable Trust Funds	Total
Cash	\$ 128,625	3,954	776	133,355
Investments	—	27,500	53,500	81,000
Accrued interest receivable	—	470	812	1,282
Restricted assets – cash	<u>98,847</u>	—	—	<u>98,847</u>
Total assets	\$ <u>227,472</u>	<u>31,924</u>	<u>55,088</u>	<u>314,484</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 128,625	—	—	128,625
Payable from restricted assets	<u>98,847</u>	—	—	<u>98,847</u>
Total liabilities	<u>227,472</u>	—	—	<u>227,472</u>
Fund Equity:				
Fund balance/Retained earnings:				
Reserved for cemetery care	—	—	23,000	23,000
Unreserved	—	<u>31,924</u>	<u>32,088</u>	<u>64,012</u>
Total fund equity	—	<u>31,924</u>	<u>55,088</u>	<u>87,012</u>
Total liabilities and fund equity	\$ <u>227,472</u>	<u>31,924</u>	<u>55,088</u>	<u>314,484</u>

See independent auditor's report on the general purpose financial statements.

Schedule 38**CITY OF LAWRENCE, KANSAS**Combining Statement of Changes in Assets and Liabilities
All Agency Funds

Year Ended December 31, 1999

Payroll Clearing	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
Assets:				
Cash	\$ <u>14,947</u>	<u>10,462,399</u>	<u>10,444,395</u>	<u>32,951</u>
Liabilities:				
Accounts payable	\$ <u>14,947</u>	<u>10,462,399</u>	<u>10,444,395</u>	<u>32,951</u>
Sales Tax				
Assets:				
Cash	\$ <u> 5</u>	<u> —</u>	<u> 5</u>	<u> —</u>
Liabilities:				
Accounts payable	\$ <u> 5</u>	<u> —</u>	<u> 5</u>	<u> —</u>
Municipal Court				
Assets:				
Cash	\$ <u>90,399</u>	<u>300,289</u>	<u>296,331</u>	<u>94,357</u>
Restricted assets - cash	\$ <u>98,847</u>	<u>115,205</u>	<u>115,205</u>	<u>98,847</u>
	\$ <u>189,246</u>	<u>415,494</u>	<u>411,536</u>	<u>193,204</u>
Liabilities:				
Accounts payable	\$ <u>90,399</u>	<u>300,289</u>	<u>296,331</u>	<u>94,357</u>
Payable from restricted assets	\$ <u>98,847</u>	<u>115,205</u>	<u>115,205</u>	<u>98,847</u>
	\$ <u>189,246</u>	<u>415,494</u>	<u>411,536</u>	<u>193,204</u>
KPRF				
Assets:				
Restricted assets - investments	\$ <u>244</u>	<u>20,628</u>	<u>20,628</u>	<u>244</u>
Liabilities:				
Accounts payable	\$ <u>244</u>	<u>20,628</u>	<u>20,628</u>	<u>244</u>

(Continued)

Schedule 38 (Cont'd)

CITY OF LAWRENCE, KANSAS

Combining Statement of Changes in Assets and Liabilities
All Agency Funds, Continue

Year Ended December 31, 1999

Fire Insurance Proceeds Fund	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
Assets:				
Cash	\$ <u>5,000</u>	<u>2,073</u>	<u>6,000</u>	<u>1,073</u>
Liabilities:				
Accounts payable	\$ <u>5,000</u>	<u>2,073</u>	<u>6,000</u>	<u>1,073</u>
Totals - All Agency Funds				
Assets:				
Cash	\$ 110,595	10,785,389	10,767,359	128,625
Restricted assets - cash	<u>98,847</u>	<u>115,205</u>	<u>115,205</u>	<u>98,847</u>
Total assets	\$ <u>209,442</u>	<u>10,900,594</u>	<u>10,882,564</u>	<u>227,472</u>
Liabilities:				
Accounts payable	\$ 110,595	10,785,389	10,767,359	128,625
Court bonds payable	<u>98,847</u>	<u>115,205</u>	<u>115,205</u>	<u>98,847</u>
Total liabilities	\$ <u>209,442</u>	<u>10,900,594</u>	<u>10,882,564</u>	<u>227,472</u>

See independent auditor's report on the general purpose financial statement

Schedule 39**CITY OF LAWRENCE, KANSAS**

Combining Balance Sheet – All Expendable Trust Funds

December 31, 1999

Assets	City Parks <u>Memorial</u>	Constant Park <u>Trust</u>	Hobbs Park <u>Trust</u>	City Band	Total
Cash	\$ 317	1,888	1,383	366	3,954
Investments	15,500	—	—	12,000	27,500
Receivable – accrued interest	<u>260</u>	<u>—</u>	<u>—</u>	<u>210</u>	<u>470</u>
Total assets	<u>\$ 16,077</u>	<u>1,888</u>	<u>1,383</u>	<u>12,576</u>	<u>31,924</u>
Liabilities and Fund Balance					
Liabilities - unreserved fund balance	<u>\$ 16,077</u>	<u>1,888</u>	<u>1,383</u>	<u>12,576</u>	<u>31,924</u>
Total liabilities and fund balance	<u>\$ 16,077</u>	<u>1,888</u>	<u>1,383</u>	<u>12,576</u>	<u>31,924</u>

See independent auditor's report on the general purpose financial statements.

Schedule 40**CITY OF LAWRENCE, KANSAS**Combining Statement of Revenues, Expenditures and Changes in
Fund Balance – All Expendable Trust Funds

Year Ended December 31, 1999

	<u>City Parks Memorial</u>	<u>Constant Park Trust</u>	<u>Hobbs Park Trust</u>	<u>City Band</u>	<u>Total</u>
Revenues:					
Interest	\$ 709	74	51	294	1,128
Miscellaneous	<u>2,026</u>	—	—	<u>3,000</u>	<u>5,026</u>
Total revenues	2,735	74	51	3,294	6,154
Expenditures – culture and recreation	<u>945</u>	—	—	<u>1,000</u>	<u>1,945</u>
Excess of revenues over expenditures	1,790	74	51	2,294	4,209
Fund balance, beginning of year	<u>14,287</u>	<u>1,814</u>	<u>1,332</u>	<u>10,282</u>	<u>27,715</u>
Fund balance, end of year	<u>\$ 16,077</u>	<u>1,888</u>	<u>1,383</u>	<u>12,576</u>	<u>31,924</u>

See independent auditor's report on the general purpose financial statements.

Schedule 41**CITY OF LAWRENCE, KANSAS**

Combining Balance Sheet – All Nonexpendable Trust Funds

December 31, 1999

Assets	<u>Cemetery Perpetual Care</u>	<u>Cemetery Mausoleum</u>	<u>Total</u>
Cash	\$ 85	691	776
Investments	50,500	3,000	53,500
Receivable – accrued interest	<u>808</u>	<u>4</u>	<u>812</u>
 Total assets	 <u>\$ 51,393</u>	 <u>3,695</u>	 <u>55,088</u>

Liabilities and Fund Balances

Liabilities:

Accounts payable	\$ —	—	—
------------------	------	---	---

Fund balances:

Reserved for cemetery care	22,000	1,000	23,000
Unreserved	<u>29,393</u>	<u>2,695</u>	<u>32,088</u>
 Total fund balance	 <u>51,393</u>	 <u>3,695</u>	 <u>55,088</u>
 Total liabilities and fund balances	 <u>\$ 51,393</u>	 <u>3,695</u>	 <u>55,088</u>

See independent auditor's report on the general purpose financial statements.

Schedule 42**CITY OF LAWRENCE, KANSAS****Combining Statement of Revenues, Expenditures and Changes in
Fund Balance – All Nonexpendable Trust Funds**

Year Ended December 31, 1999

	<u>Cemetery Perpetual Care</u>	<u>Cemetery Mausoleum</u>	<u>Total</u>
Operating revenue – interest	\$ 2,416	161	2,577
Expenditures – general maintenance	—	—	—
Excess of revenues over expenditures	2,416	161	2,577
Fund balance, beginning of year	<u>48,977</u>	<u>3,534</u>	<u>52,511</u>
Fund balance, end of year	<u>\$ 51,393</u>	<u>3,695</u>	<u>55,088</u>

See independent auditor's report on the general purpose financial statements.

Schedule 43**CITY OF LAWRENCE, KANSAS**

Combining Statement of Cash Flows - All Nonexpendable Trust Funds

For the Year Ended December 31, 1999

	<u>Cemetery Perpetual Care</u>	<u>Cemetery Mausoleum</u>	<u>Total</u>
Cash flows from operating activities:			
Operating income	\$ 2,416	161	2,577
Adjustments to reconcile operating income to net cash provided by operating activities –			
Interest	<u>(2,416)</u>	<u>(161)</u>	<u>(2,577)</u>
Net cash provided by operating activities	<u>—</u>	<u>—</u>	<u>—</u>
Cash flows from investment activities:			
Receipt of interest	1,788	170	1,958
Purchases of investments	(99,999)	(6,499)	(106,498)
Sales of investments	<u>97,499</u>	<u>6,999</u>	<u>104,498</u>
Net cash provided by investing activities	<u>(712)</u>	<u>670</u>	<u>(42)</u>
Net increase in cash	<u>(712)</u>	<u>670</u>	<u>(42)</u>
Cash and cash equivalents, beginning of year	<u>797</u>	<u>21</u>	<u>818</u>
Cash and cash equivalents, end of year	<u>\$ 85</u>	<u>691</u>	<u>776</u>

See independent auditor's report on the general purpose financial statements.

COMPONENT UNITS

Lawrence Housing Authority

Lawrence Memorial Hospital

Lawrence Public Library

Schedule 44

CITY OF LAWRENCE, KANSAS

Combining Balance Sheet - Discretely Presented Component Units

December 31, 1999

Assets	Lawrence Housing Authority	Lawrence Memorial Hospital	Lawrence Public Library	Total Component Units
Cash	\$ 1,464,391	1,267,849	670,591	3,402,831
Investments	—	—	39,608	39,608
Receivables (net of allowances for uncollectibles of \$4,833,000):				
Accounts	168,379	22,360,917	—	22,529,296
Accrued interest	627	—	559	1,186
Inventories	—	422,174	—	422,174
Prepaid items	—	501,018	—	501,018
Restricted assets				
Cash	85,032	—	—	85,032
Investments	—	12,482,354	—	12,482,354
Property, plant and equipment	9,184,339	46,825,103	955,035	56,964,477
Deferred costs	67,370	803,047	—	870,417
Other assets	—	5,023,203	—	5,023,203
Other debits:				
Amount to be provided for retirement of general long-term debt	—	—	39,558	39,558
Total assets	\$ 10,970,138	89,685,665	1,705,351	102,361,154

Liabilities, Equity and Other Credits

Liabilities:				
Accounts payable	\$ 59,222	5,066,449	26,145	5,151,816
Accrued expenses	55,994	4,335,152	—	4,391,146
Accrued interest payable	—	841,408	—	841,408
Accrued vacation and sick pay	30,764	—	59,713	90,477
Payable from restricted assets:				
Customer deposits and court bond payable	85,032	—	—	85,032
Current portion of revenue bonds	—	1,198,612	—	1,198,612
Notes payable	—	775,000	—	775,000
Revenue bonds payable	—	31,177,636	—	31,177,636
Capital lease payable	—	1,765,893	—	1,765,893
Net pension obligation	—	1,657,684	—	1,657,684
Deferred revenue	45,813	—	—	45,813
Total liabilities	276,825	46,817,834	85,858	47,180,517
Equity and other credits:				
Investment in general fixed assets	—	—	955,035	955,035
Retained earnings:				
Reserved for revenue bond requirements	—	4,117,371	—	4,117,371
Reserved for improvements	—	8,210,121	—	8,210,121
Reserved for donor restriction	—	154,862	—	154,862
Unreserved	10,693,313	30,385,477	—	41,078,790
Fund balance - unreserved	—	—	664,458	664,458
Total equity and other credits	10,693,313	42,867,831	1,619,493	55,180,637
Total liabilities, equity and other credits	\$ 10,970,138	89,685,665	1,705,351	102,361,154

See independent auditor's report on the general purpose financial statements

CITY OF LAWRENCE, KANSAS

Combining Statement of Revenues, Expenses and Changes in Retained Earnings -
Proprietary Fund Type Component Units

For the Year Ended December 31, 1999

	Enterprise Funds		
	Lawrence Housing Authority	Lawrence Memorial Hospital	Total Component Units
Operating revenues:			
Charges for services	\$ 814,628	63,407,343	64,221,971
Other sales	29,332	1,089,177	1,118,509
Total operating revenues	<u>843,960</u>	<u>64,496,520</u>	<u>65,340,480</u>
Operating expenses:			
Continuing operations	3,762,741	57,621,063	61,383,804
Depreciation and amortization	313,651	4,132,690	4,446,341
Total operating expenses	<u>4,076,392</u>	<u>61,753,753</u>	<u>65,830,145</u>
Operating income (loss)	<u>(3,232,432)</u>	<u>2,742,767</u>	<u>(489,665)</u>
Other income (expense):			
Interest income	27,258	467,979	495,237
Interest expense and fiscal charges	–	(1,433,862)	(1,433,862)
Federal and state grant (note 6)	3,184,009	–	3,184,009
Other items	–	(3,415,371)	(3,415,371)
Total other income (expense)	<u>3,211,267</u>	<u>(4,381,254)</u>	<u>(1,169,987)</u>
Net income (loss)	<u>(21,165)</u>	<u>(1,638,487)</u>	<u>(1,659,652)</u>
Retained earnings/fund balance, beginning of year	<u>10,714,478</u>	<u>44,506,318</u>	<u>55,220,796</u>
Retained earnings/fund balance, end of year	<u>\$ 10,693,313</u>	<u>42,867,831</u>	<u>53,561,144</u>

See independent auditor's report on the general purpose financial statements.

CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - Proprietary Fund Type
Component Units

For the Year Ended December 31, 1999

	Enterprise Funds		Total Component Units
	Lawrence Housing Authority	Lawrence Memorial Hospital	
Cash flows from operating activities:			
Operating income (loss)	\$ (3,232,432)	2,742,767	(489,665)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	313,651	4,132,690	4,446,341
Other items	–	(3,415,371)	(3,415,371)
Change in:			
Accounts receivable	(9,091)	(8,801,025)	(8,810,116)
Inventories of supplies	–	(140,938)	(140,938)
Prepaid items	–	79,810	79,810
Other assets	–	(813,286)	(813,286)
Accounts payable	9,460	1,238,874	1,248,334
Customer deposits	4,178	–	4,178
Accrued vacation and sick pay	3,409	–	3,409
Accrued expenses	55,994	2,357,419	2,413,413
Deferred costs	(38,766)	–	(38,766)
Net pension obligation	–	782,970	782,970
Deferred revenue	20,146	–	20,146
Total adjustments	358,981	(4,578,857)	(4,219,876)
Net cash provided by (used in) operating activities	(2,873,451)	(1,836,090)	(4,709,541)
Cash flows from noncapital financing activities:			
Grant proceeds	3,184,009	–	3,184,009
Net cash used in noncapital financing activities	3,184,009	–	3,184,009
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(3,394)	(5,507,775)	(5,511,169)
Proceeds from sales of capital assets	–	31,313	31,313
Proceeds from notes payable	–	775,000	775,000
Proceeds from revenue bonds	–	10,273,508	10,273,508
Bond issuance costs	–	(397,891)	(397,891)
Principal payments on debt	–	(870,213)	(870,213)
Interest payments on debt	–	(1,423,319)	(1,423,319)
Net cash used in capital and related financing activities	\$ (3,394)	2,880,623	2,877,229

(continued)

CITY OF LAWRENCE, KANSAS

Combining Statement of Cash Flows - Proprietary Fund Type
Component Units, Continued

For the Year Ended December 31, 1999

	Enterprise Funds		Total Component Units
	Lawrence Housing Authority	Lawrence Memorial Hospital	
Cash flows from investment activities:			
Receipt of interest and dividends	\$ 26,633	630,520	657,153
Change in investments	—	(871,471)	(871,471)
Net cash provided by (used in) investing activities	<u>26,633</u>	<u>(240,951)</u>	<u>(214,318)</u>
Net increase (decrease) in cash	333,797	803,582	1,137,379
Cash and cash equivalents, beginning of year	<u>1,215,626</u>	<u>464,267</u>	<u>1,679,893</u>
Cash and cash equivalents, end of year	<u>\$ 1,549,423</u>	<u>1,267,849</u>	<u>2,817,272</u>
Components of cash and cash equivalents at end of year:			
Cash	\$ 1,464,391	1,267,849	2,732,240
Restricted cash	85,032	—	85,032
	<u>\$ 1,549,423</u>	<u>1,267,849</u>	<u>2,817,272</u>

See independent auditor's report on the general purpose financial statements.

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STATISTICAL SECTION

CITY OF LAWRENCE, KANSAS

General Governmental Expenditures by Function (1)

Last Ten Fiscal Years

Table 1

Year	General Government	Public Safety	Public Works	Health	Social Services (2)	Culture and Recreation	Tourism	Airport	Capital Outlay	Debt Service	Total
1990	\$ 3,111,618	6,378,031	3,347,587	349,840	245,601	3,975,946	263,000	47,547	434,904	4,519,024	22,673,098
1991	3,782,309	8,244,836	3,561,340	396,338	244,141	3,919,841	258,254	58,253	831,952	3,894,506	25,191,770
1992	4,547,248	8,841,399	3,818,642	386,717	271,303	4,344,327	285,186	57,212	1,107,668	4,112,708	27,772,410
1993	4,278,328	8,727,951	4,191,760	952,891	280,278	2,630,487	320,000	54,218	1,064,656	3,563,190	26,063,759
1994	3,645,758	9,950,244	3,996,532	853,868	1,152,267	2,793,890	323,718	55,912	2,418,191	3,751,373	28,941,753
1995	4,085,600	10,870,141	4,072,699	983,610	3,949,855	2,868,026	348,592	60,699	4,960,200	4,120,208	36,319,630
1996	4,320,031	11,721,579	4,282,564	1,064,986	5,691,592	3,085,206	353,455	57,406	3,756,090	4,948,837	39,281,746
1997	5,619,976	13,822,621	4,738,153	893,561	4,926,671	3,307,316	428,369	62,995	4,300,420	6,701,911	44,801,993
1998	6,250,441	14,658,202	4,607,114	1,302,686	5,617,675	3,710,518	431,557	45,959	4,325,993	7,506,654	48,456,799
1999	6,940,177	14,931,935	4,768,079	1,469,277	1,847,584	4,036,175	485,027	52,107	4,120,125	6,832,829	45,483,315

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Includes Lawrence Housing Authority from 1995-1998, excludes it in other years..

CITY OF LAWRENCE, KANSAS

General Governmental Revenues by Source (1)

Last Ten Fiscal Years

Table 2

Year	Taxes	Licenses and Permits	Inter-governmental (2)	Special Assessments	Charges for Services	Fines and Forfeitures	Use of Money and Property	Miscellaneous Revenues	Total
1990	\$ 13,502,180	272,872	3,899,597	1,828,502	737,321	760,195	1,210,852	1,077,431	23,288,950
1991	15,964,822	283,305	5,508,806	1,358,973	789,321	901,425	1,107,575	470,933	26,385,160
1992	16,572,113	367,597	6,150,309	1,225,725	968,503	996,489	669,586	245,580	27,195,902
1993	18,417,058	416,335	6,038,011	1,073,453	937,177	949,685	698,201	294,799	28,824,719
1994	20,148,469	616,420	6,258,187	935,491	1,024,299	856,312	703,555	355,876	30,898,609
1995	21,382,979	496,153	14,654,866	1,043,432	1,626,418	707,562	1,318,666	946,177	42,176,253
1996	21,298,624	671,309	16,053,548	983,359	1,703,456	857,320	1,345,896	545,758	43,459,270
1997	22,269,525	535,278	17,169,515	943,073	3,819,842	971,397	1,672,692	556,052	47,937,374
1998	23,616,905	614,569	17,389,127	1,077,723	3,986,051	1,053,438	1,885,404	1,154,721	50,777,938
1999	24,812,688	660,835	14,053,307	815,907	3,062,775	1,346,049	1,760,503	1,116,488	47,628,552

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Includes County-wide sales tax from 1995-1999 and Lawrence Housing Authority from 1995-1998

Table 3
CITY OF LAWRENCE, KANSAS

General Governmental Tax Revenues by Source (1)

Last Ten Fiscal Years

Year		Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Tax	Payment- in-lieu	Total
1990	\$	6,764,618	3,076,469	1,777,760	1,776,199	107,134	13,502,180
1991		6,470,718	6,184,981	1,804,810	1,366,043	138,270	15,964,822
1992		7,188,194	6,321,977	1,732,649	1,157,328	171,965	16,572,113
1993		7,641,889	7,280,749	2,059,344	1,314,003	121,073	18,417,058
1994		8,102,991	7,918,138	2,423,466	1,461,643	242,231	20,148,469
1995		8,654,079	8,596,944	2,448,127	1,548,682	135,147	21,382,979
1996		8,130,026	8,635,425	2,819,752	1,595,138	118,283	21,298,624
1997		8,732,520	9,126,141	2,921,599	1,369,012	120,253	22,269,525
1998		9,476,465	9,781,233	2,922,099	1,341,665	95,443	23,616,905
1999		10,228,830	10,190,751	2,852,957	1,449,320	90,830	24,812,688

(1) Includes General, Special Revenue and Debt Service Funds.

Table 4**CITY OF LAWRENCE, KANSAS**

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

<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>
1990	\$ 7,099,393	6,696,448	94.32	68,170	6,764,618	95.28	547,097	7.71
1991	6,575,166	6,338,593	96.40	132,125	6,470,718	98.41	651,545	9.91
1992	7,433,058	7,073,603	95.16	114,591	7,188,194	96.71	896,409	12.06
1993	7,648,979	7,427,851	97.11	214,038	7,641,889	99.91	903,499	11.82
1994	8,138,455	7,963,487	97.85	139,504	8,102,991	99.56	938,963	11.54
1995	8,749,132	8,511,302	97.28	142,777	8,654,079	98.91	1,034,016	11.82
1996	8,160,690	7,939,468	97.29	190,558	8,130,026	99.62	1,064,680	13.05
1997	8,807,831	8,602,435	97.67	130,085	8,732,520	99.14	1,139,991	12.94
1998	9,557,471	9,337,045	97.69	139,420	9,476,465	99.15	1,220,997	12.79
1999	10,377,742	10,111,307	97.43	256,943	10,228,830	98.57	1,369,909	13.20

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

CITY OF LAWRENCE, KANSAS

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Table 5

Year	Real Property		Personal Property (1)		State Assessed		Total		Ratio of Assessed to Fair Market Value
	Assessed Value	Estimated Fair Market Value	Assessed Value	Estimated Fair Market Value	Assessed Value	Estimated Fair Market Value	Assessed Value	Estimated Fair Market Value	
1990	\$ 216,234,975	1,403,930,721	20,386,600	113,258,888	12,280,269	40,934,230	248,901,844	1,558,123,839	16.0
1991	230,195,225	1,494,569,267	20,858,530	115,880,722	13,267,955	44,226,517	264,321,710	1,654,676,506	16.0
1992	237,584,475	1,827,572,885	19,767,490	109,819,389	14,263,054	47,543,513	271,615,019	1,984,935,787	13.7
1993	242,414,200	1,842,224,612	26,041,830	113,434,493	17,521,947	48,975,895	285,977,977	2,004,635,000	14.1
1994	265,475,125	1,899,457,229	29,224,185	120,448,190	17,374,560	52,650,182	312,073,870	2,072,551,601	15.1
1995	306,634,405	2,200,816,704	31,905,265	131,052,435	17,755,345	53,804,076	356,295,015	2,385,673,215	14.9
1996	331,776,560	2,375,848,803	37,404,345	153,208,295	18,670,148	55,889,424	387,851,053	2,584,946,522	15.0
1997	360,067,050	2,581,012,295	41,742,335	171,013,733	19,709,636	59,128,908	421,519,021	2,811,154,936	15.0
1998	396,254,275	2,844,811,518	44,139,690	180,835,431	18,855,954	56,567,862	459,249,919	3,082,214,811	15.0
1999	430,724,410	3,093,617,130	49,302,310	197,209,240	18,637,210	55,911,630	498,663,930	3,346,738,000	14.9

(1) Excludes motor vehicles.

CITY OF LAWRENCE, KANSAS

Table 6

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Year	City of Lawrence			Douglas County			School District			State of Kansas	Total
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
1990	20.40	6.02	26.42	24.76	2.48	27.24	66.21	3.35	69.56	1.50	124.72
1991	18.39	9.78	28.17	24.10	3.01	27.11	73.87	3.17	77.04	1.50	133.82
1992	18.39	9.77	28.16	26.07	3.85	29.92	45.50	2.77	48.27	1.50	107.85
1993	19.69	8.77	28.46	25.60	4.22	29.82	48.97	7.97	56.94	1.50	116.72
1994	19.59	8.44	28.03	25.54	4.34	29.88	53.24	6.78	60.02	1.50	119.43
1995	14.34	8.44	22.78	23.83	1.69	25.52	56.81	13.29	70.10	1.50	119.88
1996	14.18	8.49	22.67	21.62	3.57	25.19	56.08	11.51	67.59	1.50	116.95
1997	14.76	7.91	22.67	22.02	2.64	24.66	52.27	10.09	62.36	1.50	111.19
1998	15.87	6.73	22.60	22.82	3.02	25.84	39.33	9.17	48.50	1.50	98.43
1999	17.69	6.67	24.35	22.24	2.38	24.62	43.47	11.05	54.52	1.50	104.99

CITY OF LAWRENCE, KANSAS

Table 7

Principal Taxpayers

December 31, 1999

Taxpayer	Type of Business	1999 Assessed Valuation	Percent of Total Assessed Valuation
K-Mart Warehouse	District Warehouse	\$ 8,956,070	1.80 %
Southwestern Bell	Telephone Utility	7,791,583	1.56
Western Resources	Electric Utility	6,682,250	1.34
Hallmark Cards, Inc.	Card Manufacturer	4,768,800	0.96
Lawrence Paper Co.	Paper Manufacturer	3,785,595	0.76
Packer Ware	Plastics Manufacturer	3,282,165	0.66
People's Natural Gas	Gas Utility	2,834,509	0.57
Oread Labs	Research Lab	2,743,085	0.55
Lawrence Technology	Cable Utility	2,650,355	0.53
Target	Retail Outlet	<u>2,386,105</u>	<u>0.48</u>
 Total		<u>\$ 45,880,517</u>	<u>9.21 %</u>

Source: Douglas County Clerk.

Table 8
CITY OF LAWRENCE, KANSAS

Special Assessment Billings and Collections

Last Ten Fiscal Years

<u>Year</u>	<u>Special Assessments Due</u>	<u>Special Assessments Collected (1)</u>
1990	\$ 1,901,944	\$ 1,898,495
1991	1,448,518	1,358,973
1992	1,094,381	1,225,725
1993	888,792	1,073,453
1994	794,580	935,491
1995	665,300	1,043,432
1996	849,271	983,359
1997	807,215	943,073
1998	748,125	1,077,723
1999	520,620	815,907

(1) Includes prepayments and foreclosures.

CITY OF LAWRENCE, KANSAS

Table 9

Computation of Legal Debt Margin

December 31, 1999

Assessed value – January 1, 1999	\$ <u>562,985,984</u>
Debt limitation (1)	\$ <u>168,895,795</u>
Total bonded debt (including notes)	78,010,000
Less revenue bonds	<u>14,360,000</u>
Total debt applicable to limitation	<u>63,650,000</u>
Legal debt margin	\$ <u>105,245,795</u>

(1) Debt limitation is 30% of assessed value

Table 10
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

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Debt Payable From Enterprise Revenue	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
1990	65,608	248,902	24,490,000	1,232,883	3,925,000	19,332,117	7.77	294.66
1991	65,608	264,322	23,484,000	860,356	3,375,000	19,248,644	7.28	293.39
1992	65,608	271,615	23,415,000	1,087,132	2,825,000	19,502,868	7.18	297.26
1993	69,203	285,978	28,380,000	1,990,300	6,915,000	19,474,700	6.81	281.41
1994	71,316	312,074	27,360,000	2,461,555	8,935,000	15,963,445	5.12	223.84
1995	74,784	356,295	28,270,000	3,114,847	6,840,000	18,315,153	5.14	244.91
1996	77,325	387,851	56,305,000	3,969,175	11,585,000	40,750,825	11.53	578.34
1997	79,190	421,519	63,250,000	5,078,420	16,620,000	41,551,580	9.86	524.71
1998	80,843	459,250	62,770,000	6,135,157	15,515,000	41,119,843	8.95	508.64
1999	82,344	498,664	65,605,000	7,993,327	14,360,000	43,251,673	8.67	525.26

(1) Census Bureau estimates 1990; other years are Planning Department estimates or previous census figure.

(2) Amounts expressed in thousands.

(3) City of Lawrence only - excludes Lawrence Memorial Hospital and bond anticipation notes.

Table 11
CITY OF LAWRENCE, KANSAS

Ratio of Annual Debt Service Expenditures for General
 Obligation Bonded Debt to Total General Governmental Expenditures

Last Ten Fiscal Years

<u>Year</u>	<u>Principal (1)</u>	<u>Interest (1)</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
1990	\$ 2,706,000	1,812,100	4,518,100	22,673,098	19.93
1991	2,486,000	1,392,052	3,878,052	25,191,770	15.39
1992	3,023,000	1,027,212	4,050,212	27,772,410	14.58
1993	2,540,000	1,023,190	3,563,190	26,063,759	13.67
1994	2,755,000	996,373	3,751,373	28,941,753	12.96
1995	2,800,000	978,677	3,778,677	36,419,630	10.38
1996	3,345,000	1,260,859	4,605,859	39,281,746	11.73
1997	3,920,000	2,422,431	6,342,431	44,801,993	14.16
1998	4,700,000	2,487,997	7,187,997	48,456,799	14.83
1999	5,030,000	2,639,541	7,669,541	45,483,315	16.86

(1) Includes Principal and Interest payments made from Enterprise Funds

(2) Includes General, Special Revenue and Debt Service Funds.

Table 12

CITY OF LAWRENCE, KANSAS

Computation of Direct and Overlapping Bonded Debt –
General Obligation Bonds

December 31, 1999

Jurisdiction	Bond Issues Outstanding	Amount Available in Debt Service Fund	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City	Amount Applicable to City
Direct – City of Lawrence	\$ 51,245,000	7,993,327	43,251,673	100 %	\$ 43,251,673
Overlapping:					
Douglas County	36,660,000	905,493	35,754,507	72	25,743,245
Unified School District No. 497	<u>73,185,000</u>	<u>2,074,089</u>	<u>71,110,911</u>	83	<u>59,022,056</u>
	<u>\$ 161,090,000</u>	<u>10,972,909</u>	<u>150,117,091</u>		<u>128,016,974</u>

CITY OF LAWRENCE, KANSAS

Revenue Bond Coverage – Water and Sewer Fund

Last Ten Fiscal Years

Table 13

Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
1990	\$ 9,042,963	6,196,845	2,846,118	925,000	400,350	1,325,350	2.15
1991	9,647,073	7,246,224	2,400,849	1,000,000	320,393	1,320,393	1.82
1992	10,018,413	6,892,542	3,125,871	795,000	240,395	1,035,395	3.02
1993	10,602,277	7,538,587	3,063,690	1,070,000	373,217	1,443,217	2.12
1994	12,554,587	7,633,546	4,921,041	1,610,000	426,823	2,036,823	2.42
1995	13,498,613	8,803,717	4,694,896	1,520,000	420,654	1,940,654	2.42
1996	14,349,648	8,910,558	5,439,090	1,645,000	464,733	2,109,733	3.88
1997	15,456,466	9,618,109	5,838,357	1,290,000	806,524	2,096,524	2.78
1998	17,564,406	10,222,628	7,341,778	1,105,000	874,335	1,979,335	3.71
1999	19,420,407	10,937,931	8,482,476	1,155,000	878,794	2,033,794	4.17

Table 14
CITY OF LAWRENCE, KANSAS

Demographic Statistics

Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
1990	65,608	11,760	24.70	8,824	3.5
1991	65,608	11,760	24.70	8,944	2.7
1992	65,608	11,760	24.70	9,135	3.2
1993	69,203	11,760	24.70	9,367	5.1
1994	71,316	11,760	24.70	9,624	5.4
1995	74,784	11,760	24.70	9,710	4.7
1996	77,325	11,760	24.70	9,957	4.9
1997	79,190	11,760	24.70	10,136	4.2
1998	80,843	11,760	24.70	10,253	4.4
1999	82,344	11,760	24.70	10,371	3.2

Data Sources:

- (1) U. S. Department of Commerce Bureau of the Census Local Population Estimates: West North Central 1990 Population; 1990 Per Capita Income Estimates for Counties and Incorporated Places.
- (2) 1990 Census of Population General Population Characteristics and Woodes and Poole Economics.
- (3) Headcount Enrollment, Kansas Public Schools, Kansas State Department of Education.
- (4) Kansas Department of Human Resources: Research and Analysis.

CITY OF LAWRENCE, KANSAS

Property Value, Construction and Bank Deposits

Last Ten Fiscal Years

Table 15

Year	Real Property	Personal Property	State Assessed Property	Total	New Construction-Number of Units				Valuation Building Permits	Bank Deposits (1)
					Commercial	Multi- family	Duplex	Single Family		
1990	\$ 216,234,975	20,386,600	12,280,269	248,901,844	21	41	53	261	67,081,055	326,648,000
1991	230,195,225	20,858,530	13,267,955	264,321,710	90	31	59	339	58,753,218	360,475,000
1992	237,584,475	19,767,490	14,263,054	271,615,019	18	96	79	452	73,704,381	377,536,000
1993	242,414,200	26,041,830	17,521,947	285,977,977	31	246	78	389	103,511,159	429,900,000
1994	265,475,125	29,224,185	17,374,560	312,071,870	27	442	77	486	122,806,816	459,013,000
1995	306,634,405	31,905,265	17,755,345	356,295,015	33	184	55	356	96,513,808	743,328,000
1996	331,776,560	37,404,345	18,670,148	387,851,053	52	972	122	338	167,505,304	784,958,000
1997	360,067,050	41,742,335	19,709,636	421,519,021	46	89	37	346	127,422,684	846,344,000
1998	396,254,275	44,139,690	18,855,954	459,249,919	26	33	75	360	141,064,963	931,673,000
1999	430,724,410	49,302,310	18,637,210	498,663,930	38	195	62	392	149,742,874	924,654,000

(1) Federal Deposit Insurance Corporation, Institute of Public Policy and Business Research 1995-1997 (includes Savings and Loans).

CITY OF LAWRENCE, KANSAS

Table 16

Miscellaneous Statistics

December 31, 1999

Date Chartered	1858	Sewerage System	
Form of Government	Commission - Manager	Mile of Sanitary Sewers	300 Miles
Number of Employees	657	Number of Treatment Plants	1
Area in Square Miles	28.50	Number of Service Connections	24,400
		Actual Daily Average of Treatment	8.9 MGD *
		Number of Lift Stations	40
		*(MGD= Million Gallons Daily)	
City of Lawrence Facilities and Services		Water System	
Miles of Streets	265	Number of Water Plants	2
Culture and Recreation		Miles of Water Mains	350
Recreation Centers	5	Number of Service Connections	24,500
Parks	35	Number of City Owned Fire Hydrants	2,300
Park Acreage	3,148	Daily Average Consumption in Million Gallon	11.6
Tennis Courts	18	Maximum Daily Capacity of Plant in Million Gallon	27.5
Fire Protection		Libraries	
Number of Stations	7	Public Libraries	1
Number of Firefighters and Officers	129	Number of volumes (approximately)	213,500
Number of Fire Calls Answered	1,919	Facilities and Services Not Included in the Reporting Entity	
Number of Medical Calls Answered	5,705	Education	
Number of Medical Transports	4,340	Number of Public Elementary Schools	18
Number of Inspections Conducted	2,706	Number of Public Elementary School Instructors	455
Police Protection		Number of Public Secondary Schools	6
Number of Stations	1	Number of Public Secondary School Instructors	394
Number of Commissioned Police Officers	123	Number of Universities	2
Number of Full Time Civilians	23	Hospitals	
Number of Patrol Units	23	Number of Hospitals	1
Number of Calls for Service	106,946	Number of Patient Beds	167
Arrests Processed through County Jail	2,484		
Officer Issued Traffic Violations	18,475		
Officer Issued Parking Violations	15,019		

SINGLE AUDIT SECTION

SCHEHRER BENNETT & LOWENTHAL
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Lawrence, Kansas

We have audited the general purpose financial statements of the City of Lawrence, Kansas, as of and for the year ended December 31, 1999, and have issued our report thereon dated April 28, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards".

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor and City Commission, management and awarding agencies and should not be used by anyone other than these specified parties.

Schehrer, Bennett & Lowenthal

Professional Association

April 28, 2000

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SCHEHRER BENNETT & LOWENTHAL
PROFESSIONAL ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Lawrence, Kansas

Compliance

We have audited the compliance of the City of Lawrence, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1999. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Lawrence, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the City of Lawrence, Kansas is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor and City Commission, management and awarding agencies and should not be used by anyone other than these specified parties.

Schehrer, Bennett & Lowenthal

Professional Association

April 28, 2000

CITY OF LAWRENCE, KANSAS
Schedule of Expenditures of Federal Awards
Year Ended December 31, 1999

Federal Grantor Agency Pass-Through Grantor / Program Name	Federal CFDA Number	Grant Program Number	Expenditures	Passed through to Subrecipient
U.S. Department of Housing and Urban Development				
Direct Assistance				
Community Development Block Grant/ Entitlement Grants	14.218	B-97-MC-20-0005	397,042	0
Community Development Block Grant/ Entitlement Grants	14.218	B-98-MC-20-0005	535,478	0
			<u>932,520</u>	<u>0</u>
Home - Investment Partnerships Program	14.239	M-98-MC-20-0205	379,059	0
			<u>379,059</u>	<u>0</u>
Fair Housing Assistance - State & Local (96)	14.401	FF207K967011	16,847	0
Fair Housing Assistance - State & Local (97)	14.401	FF207K977011	32,200	0
Fair Housing Assistance - State & Local (98)	14.401	FF207K987001	9,959	0
			<u>59,006</u>	<u>0</u>
KS Department of Commerce and Housing				
Emergency Shelter Grant (98)	14.231	S-98-DC-20-0001	85,679	0
			<u>85,679</u>	<u>0</u>
Total U.S. Department of Housing and Urban Development			<u>1,456,264</u>	<u>0</u>
U. S. Department of Transportation				
Federal Transportation Administration				
Federal Transit Formula Grant	20.507	KS-90-X077-00	125,315	0
Federal Transit Formula Grant	20.507	KS-90-X079-00	26,252	0
			<u>151,567</u>	<u>0</u>
Federal Aviation Administration				
Airport Improvement Program	20.106	A09-97-A-40032	2,231	0
			<u>2,231</u>	<u>0</u>
KS Department of Transportation				
ISTEA	20.205	23-TE-0067-01	15,318	0
ISTEA	20.205	23-TE-0088-01	4,445	0
ISTEA	20.205	23-TE-0089-01	37,329	0
97 Section 5303 Grant	20.507	97-FTA-5303	22,704	0
98 Section 5303 Grant	20.507	98-FTA-5303	501	0
Transportation Planning Grant (96)	20.205	96 P.L. Contract Funds	38,857	0
Transportation Planning Grant (97)	20.205	97 P.L. Contract Funds	1,494	0
Alcohol Safety Action Project	20.600	AL-99-01-11	62,833	62,833
Governor's Center for Teen Leadership	20.600	AL 97/99-99-02-08	235,717	235,717
KS Youth Alcohol Media Campaign (ASAP)	20.600	AL 97/99-99-02-03	169,965	169,965
			<u>589,164</u>	<u>468,515</u>
Kansas Department of Wildlife and Parks				
Recreational Trails Program	20.219	NRT 9043-99	58,900	0
			<u>58,900</u>	<u>0</u>
Total Department of Transportation			<u>801,862</u>	<u>468,515</u>
U.S. Department of Justice				
Direct Assistance				
Local Law Enforcement Block Grant	16.592	98-LBVX-6267	66,438	0
			<u>66,438</u>	<u>0</u>
KS Juvenile Justice Authority				
Title II - Juvenile Justice Grant	16.540	OJJ-98F-09-C2	63,574	63,574
Title V - Juvenile Justice Grant	16.548	OJJ-99-06-01	20,450	20,450
			<u>84,024</u>	<u>84,024</u>
Total Department of Justice			<u>150,462</u>	<u>84,024</u>
U.S. Department of the Interior				
KS Historical Society				
Historic Preservation Fund	15.904	20-98-13119-004	7,816	0
			<u>7,816</u>	<u>0</u>
Total Department of the Interior			<u>7,816</u>	<u>0</u>
Total Federal Financial Assistance			<u>2,416,404</u>	<u>552,539</u>

CITY OF LAWRENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 1999

Section I – Summary of Auditor's Results

1. Type of report issued on financial statements: Unqualified
2. Reportable conditions in internal control over the financial statements: No
3. Were any reportable conditions noted in 2 above reported as a material weakness: None Reported
4. Material noncompliance disclosed: No
5. Reportable conditions in internal controls over major programs: No
6. Were any reportable conditions noted in 5 above reported at materials weakness: None Reported
7. Type of report on major program compliance: Unqualified
8. Audit disclosed audit findings required to be reported under Circular A-133 paragraph 510(a): No
9. Major Programs:

<u>Programs</u>	<u>CFDA</u>	<u>Expenditures</u>
CDBG	14.218	\$932,520
HOME	14.239	\$379,059
Fair Housing	14.401	\$59,006
10. Threshold used to distinguish between Type A and Type B programs: \$300,000
11. Auditee qualified as a low-risk auditee: No

Section II – Financial Statement Findings

None Noted

Section III – Financial Award Findings and Questioned Costs

None Noted