CITY OF LAWRENCE · KANSAS ·

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the City of Lawrence for the fiscal year ending December 31, 2025

CITY OF LAWRENCE, KANSAS

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2025

Prepared by:
Department of Finance

CITY OF LAWRENCE, KANSAS

<u>Our Mission Statement</u>
We create a community where all enjoy life and feel at home.

<u>Organizational Values</u>
Character
Competence
Courage
Collaboration
Commitment

<u>Vision</u>
The City of Lawrence—supporting an unmistakably vibrant community with innovative, equitable, transparent, and responsible local government.

<u>Outcomes</u>
To realize our Vision for Lawrence, we endeavor to achieve these important strategic outcomes. The outcomes represent what our City is "in business to do" and what we plan to accomplish for our community. While much of what the City has always done is foundational to these **areas, we're now building plans that are targeted at achieving these outcomes with excellence.**

<u>Unmistakable Identity</u>**:** Lawrence is a welcoming community, synonymous with arts, diverse culture, fun, and a quintessential downtown. City parks and community events contribute to the vibrancy experienced by all people in Lawrence.
<u>Strong, Welcoming Neighborhoods</u>: All people in Lawrence live in safe, functional, and aesthetically unique neighborhoods that provide opportunities to lead healthy lifestyles with access to safe and affordable housing and essential services that help them thrive.
<u>Safe and Secure</u>: Lawrence is a community where all people feel safe and secure and have access to trusted public and community-based safety resources.
<u>Prosperity & Economic Security</u>: The City of Lawrence fosters an environment that provides all people and businesses the opportunity for economic security and intentionally acknowledges, removes, and prevents barriers created by systemic and institutional injustice. Our community succeeds because of collective prosperity and a vibrant, sustainable local economy.
<u>Connected City</u>: The City of Lawrence has well-maintained, functional, and efficient infrastructure, facilities, and other assets. Connectivity supports accessible, sustainable methods for safely moving people and information throughout the community and the region. Investment in these assets reflects the City's commitment to contribute to the well-being of all people.

<u>Commitments</u>
The way we do our work is as important as what we do. The City will ensure we're following through on our five community outcomes with the below commitments to how our team will do our work. The community we create is reflected in the decisions that our employees will make every day.

<u>Community Engagement</u>:
Listen, share, and engage with our community to drive action and build trust in City government.
We invite and welcome all community members to collaborate and innovate with us. Through strong and equitable engagement with our community, we share and receive information about important city services and community life.
<u>Efficient and Effective Processes</u>:
Intentional and consistent delivery of city services.
We focus on process improvement by working collaboratively to understand needs, research, adapt and develop successful solutions. Trust-worthy processes are the foundation for the delivery of city services.
<u>Equity and Inclusion:</u>
Fair and impartial delivery of services so that no group is disadvantaged or burdened along with having inclusive representation and participation for all.
Inclusion and racial equity drive the culture of our organization and our community. When we intentionally prioritize race, it can no longer be used to predict life outcomes and outcomes are improved for all. We remove systemic barriers to reconcile historic injustices and their continued presence in our work.
<u>Sound Fiscal Stewardship:</u>
Efficient use and sustainable management of resources that align with community priorities.
We build and maintain public trust while using our resources to achieve high value. We provide transparent, easy access to relevant, accurate data for budgeting and decision making.
<u>Engaged and Empowered Teams:</u>
People throughout the organization are trusted, supported, and cared for as we build community.
We invest in and cultivate service to community, individual growth, team development, respect, and trust. Our very best is achieved by a diverse, engaged, collaborative, and innovative organizational culture.
<u>Environmental Sustainability:</u>
A deep respect for our place in relationship with the planet and environment.
We consider the environmental consequences of every decision, big and small, knowing that our actions have impacts beyond our boundaries. We protect and restore our ecosystem to make it healthier and more balanced for future generations.

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Statistical Section (unaudited)

July 27, 2026

Honorable Mayor, Members of the City Commission, and Lawrence community members

City Hall

6 East 6th Street
PO Box 708
Lawrence, KS 66044

785-832-3000
lawrenceks.org

The Finance Department is pleased to present the Annual Comprehensive Financial Report ("Annual Financial Report") of the City of Lawrence, Kansas (the "City") for the fiscal year ended December 31, 2025. State law requires that all general-purpose local governments publish a complete set of audited financial statements, presented in conformity with generally accepted accounting principles in the United States of America ("GAAP"). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis ("MDA"). This letter of transmittal is designed to complement the MDA and should be read in conjunction with it. The MDA can be found immediately following the report of the independent auditor.

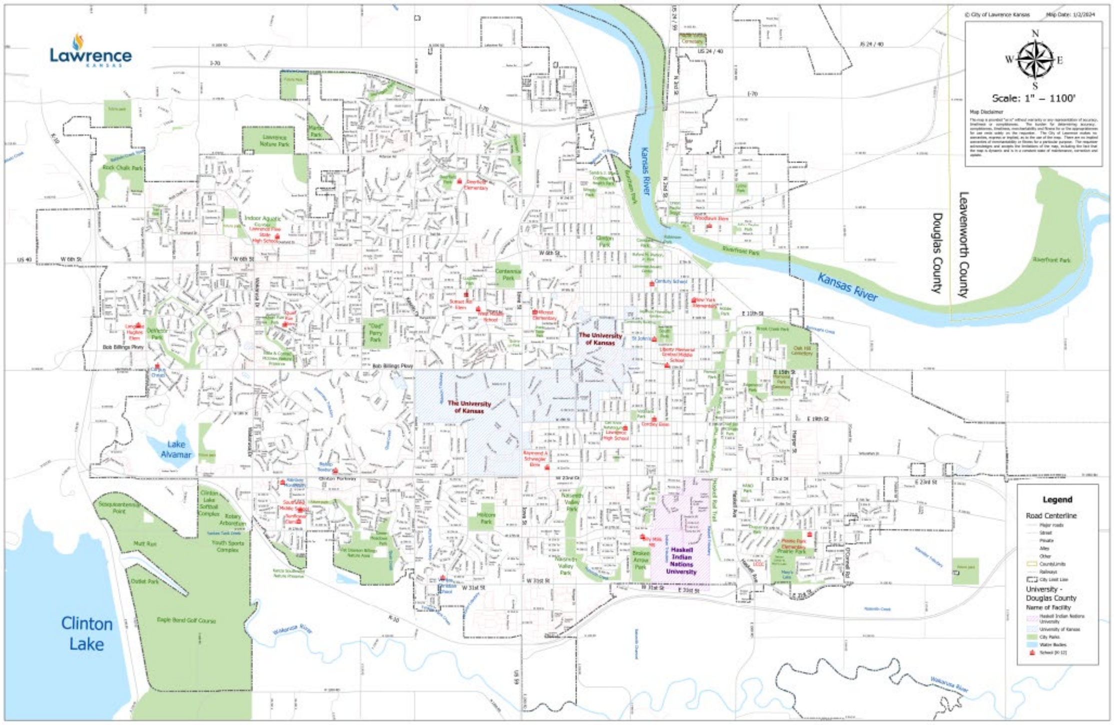
Responsibility for the accuracy and completeness of the data and the fairness of the presentation, including all disclosures, rests with management. We believe that the data, as presented, is accurate in all material respects, and presents fairly the City's financial position and results of operations, as measured by the financial activity of its various funds. To provide a reasonable basis for making these representations, the City has established an internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. The cost of internal controls should never outweigh their benefits. The City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert, to the best of our knowledge and belief, that the Annual Financial Report is complete and reliable in all material respects.

The City's financial statements have been audited by *RSM US LLP*. The goal of the independent audit is to provide reasonable assurance that the City's financial statements for the year ended December 31, 2025, are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. The independent auditors rendered unmodified opinions that the City's Financial Statements for the year ended December 31, 2025, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

This report and other historical audited financial statements, prior year(s) operating and capital budgets, and other financial reports may also be accessed via the City's website at https://lawrenceks.org/finance/.

Profile of the City

Lawrence was founded by and named after Amos Adams Lawrence, a Republican abolitionist from Massachusetts, who offered financial aid and support for the settlement.



Lawrence is the county seat of Douglas County and the sixth-largest city in Kansas. It is in the northeastern sector of the state, astride Interstate 70, between the Kansas and Wakarusa Rivers. The City encompasses approximately 35.3 square miles and had an estimated population of 97,271 as of December 31, 2025. Lawrence is a college town and home to both the University of Kansas and Haskell Indian Nations University.

The City has operated under the Commission-City Manager form of government since 1951. The five-member Commission is elected at large to either a two- or four-year term with the two winning the most votes getting four-year terms and the one with the third most votes getting a two-year term. Each year the Commission chooses one of its members to serve as Mayor. The Commission is responsible for policymaking, passing ordinances, adopting an annual budget, appointing citizens to committees, and hiring the City Manager. The City Manager is responsible for the day-to-day operations of the City, including hiring all personnel.

Expenditures are authorized in a budget, approved by the City Commission, as required by State Statute on an annual basis. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained using an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved with the use of an encumbrance, for later payment, so that appropriations may not be overspent. Kansas Statutes also require unencumbered cash to be on hand before an obligation can be incurred. Budget to actual comparisons is provided in this report for each individual fund for which an appropriated budget has been legally adopted.

Primary City Functions

The City provides a full range of municipal services, including police and fire protection, the maintenance of streets and other infrastructure, park facilities, recreational activities, cultural events, land use and building regulations, a municipal airport, water/wastewater/stormwater utility, solid waste collection, public transit system, and public parking facilities.

The City accounts for all utilities, solid waste, and parking operations separately and attempts to recover operating costs through user charges. The City is self-insured for worker's compensation, health insurance, and most liability claims. The City pays for these claims as they become due. The City engages in an external actuary to provide an actuarial estimate of its liabilities for self-insured expenses, except for legal claims. The City is a member of both the Kansas Public Employee Retirement System (KPERS) and the Kansas Police and Fire Retirement System (KP&F) for all pension-related activity.

Local Economy

Economic activity in Lawrence continues to strengthen, driven by major capital investments, strategic redevelopment, and expanding employment opportunities across the community. The University of Kansas is advancing Phase II of the Gateway District project, which includes significant renovations to David Booth Kansas Memorial Stadium, construction of a full-service hotel, new student housing, expanded parking, retail, restaurant, and office space, and a programmable outdoor plaza. Combined with Phase I, the Gateway investment totals approximately $800 million and is projected to generate an estimated $2 billion in economic activity over the next 20 years through increased tourism, sales tax growth, and new property tax revenue. The project also leverages proposed STAR and CID financing, with bondholder-held risk, and is expected to contribute $14 million in TIF-supported stormwater improvements in the Jayhawk watershed.

Private-sector and institutional economic development remain active in both East and West Lawrence. U.S. Engineering is investing approximately $25 million in a new 110,000-square-foot manufacturing facility in Lawrence Venture Park, projected to create roughly 130 high-wage jobs. In West Lawrence, KU Innovation Park has begun site preparation for Phase VI, expanding its capacity to attract technology, bioscience, and research-oriented employers, including startups and key institutional partners.

Retail growth continues as well, highlighted by the planned opening of Costco in late 2026. The new store is expected to generate substantial new sales tax revenue, broaden the City's retail base, attract regional shoppers, and create high-quality employment opportunities. Lawrence will also receive international visibility during the 2026 FIFA World Cup, as the Algerian national football team has selected the city as its training base. This partnership with the University of Kansas is expected to bring global media attention, international visitors, and increased economic activity during the tournament.

Long-term financial planning

The City prepares a five-year Capital Improvement Plan (CIP) every year. The CIP includes estimated costs for constructing, upgrading, and replacing the City's physical infrastructures. The fiscal year 2026-2030 CIP includes project costs totaling $474.727 million. Of the $157.625 million of funding for 2026, 47% is projected to come from funding sources other than General Obligation debt (i.e., cash and designated revenues). In preparing the capital budget, needs are assessed, public improvements are prioritized, and costs are projected. The budget is reviewed annually as projects are reprioritized and the City's financial condition is evaluated. The City Commission has adopted a policy to maintain the unassigned fund balance in the General Fund at a level equal to 90 days of operating expenditures. In addition to the General Fund, the City has been building fund balance in the Debt Service Fund as well as the Water/Wastewater Utility Fund for several years. This helps to keep the mill levy rate consistent, and rates to customers stable. In addition to the infrastructure projects, the City works very diligently to promote economic development by attracting companies to locate in Lawrence and housing projects to be developed. For additional information on the City's economic development activity, refer to Note 15 to the basic financial statements.

Relevant financial policies

Fiscal principles help ensure the City meets its responsibility to citizens to carefully account for public funds, manage municipal finances wisely, and plan for adequate funding of City services and improvements. Some of these principles are already established, others are being established currently. These principles will provide a framework for day-to-day decision making and will be the foundation for long-term financial stability. Fiscal principles will be reviewed by the City Manager and finance staff on a periodic basis to ensure the City is prepared for changing circumstances and economic conditions. The fiscal principles are listed below.

1. The City will continuously evaluate its financial position to ensure stability to its citizens.
2. The City will provide a balanced revenue structure which is responsive to economic conditions.
3. The City will develop a balanced budget in which all current revenues will pay the costs of all current expenditures, and one-time costs will be paid with fund balance or one-time revenues.
4. The City Commission will hold public meetings which will allow the public input into the budgetary process.
5. The budget will establish legal levels of spending.
6. The budget will establish maintenance reserves to allow for the maintenance of capital assets.
7. The budget will address major capital improvement priorities which have been established by the City Commission.
8. The City will maintain services through innovative budgeting procedures and fiscal management in alignment with City Commission and community direction.

Outcomes

The City Commission identified five outcomes that define the core purpose of municipal operations and reflect what the City is "in business to do" for the community. These outcomes continue to anchor the City's long-term vision and provide a framework for aligning policies, resources, and performance expectations. The City has now completed the first five years of its strategic plan and is entering a formal review and update process to guide the next phase of strategic planning. While many long-standing City services remain foundational to these areas, the upcoming review will ensure that future strategies, initiatives, and performance measures remain responsive, data-driven, and aligned with community priorities. Additional information on the strategic plan is available at https://lawrenceks.org/strategic-plan/.

1. Unmistakable Identity: Lawrence is a welcoming community, synonymous with arts, diverse culture, fun, and a quintessential downtown. City parks and community events contribute to the vibrancy experienced by all people in Lawrence.
2. Strong, Welcoming Neighborhoods: All people in Lawrence live in safe, functional, and aesthetically unique neighborhoods that provide opportunities to lead healthy lifestyles with access to safe and affordable housing and essential services that help them thrive.
3. Safe and Secure: Lawrence is a community where all people feel safe and secure and have access to trusted public and community-based safety resources.
4. Prosperity & Economic Security: The City of Lawrence fosters an environment that provides all people and businesses the opportunity for economic security and intentionally acknowledges, removes, and prevents barriers created by systemic and institutional injustice. Our community succeeds because of collective prosperity and a vibrant, sustainable local economy.

5. Connected City: The City of Lawrence has well-maintained, functional, and efficient infrastructure, facilities, and other assets. Connectivity supports accessible, sustainable methods for safely moving people and information throughout the community and the region. Investment in these assets reflects the City's commitment to contribute to the well-being of all people.

The City Commission developed six (6) commitments to the strategic plan. The way we do our work is as important as what we do. The City will ensure we're following through on our five community outcomes with the below commitments to how our team will do our work. The community we create is reflected in the decisions that our employees will make every day.

1. Community Engagement: *Listen, share, and engage with our community to drive action and build trust in City government.*
2. Efficient and Effective Processes: *Intentional and consistent delivery of city services.*
3. Equity and Inclusion: *Fair and impartial delivery of services so that no group is disadvantaged or burdened along with having inclusive representation and participation for all.*
4. Sound Fiscal Stewardship: *Efficient use and sustainable management of resources that align with community priorities.*
5. Engaged and Empowered Teams: *People throughout the organization are trusted, supported, and cared for as we build community.*
6. Environmental Sustainability: *A deep respect for our place in relationship with the planet and environment.*

Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lawrence for its Annual Report for the fiscal year ended December 31, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Report, whose contents conform to program standards. Such an Annual Report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 34 consecutive years. Additionally, the City has been awarded the GFOA's "Triple Crown" for Fiscal Years 2020 through 2024. GFOA's Triple Crown recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award. We believe our current Annual Report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. We intend to submit the other two documents as well.

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the staff of the Finance Department. We want to express our appreciation to all members of the department that contributed to its preparation. Special thanks are extended to Jennifer Werth, Todd Fisher, Octavia Chan, Yara Dominquez, and Mary Biggs for their primary role in preparation of this Annual Report. We would also like to thank the City Commission and City Manager for the direction and support necessary to plan and conduct the financial operations of the City in a responsible, sound manner. Finally, we would like to extend the City's thanks to RSM for the cooperation and professional assistance provided during the audit of the City's 2025 financial records.

Respectfully submitted,

Rachelle Mathews
Finance Director

Jennifer Werth
Assistant Finance Director

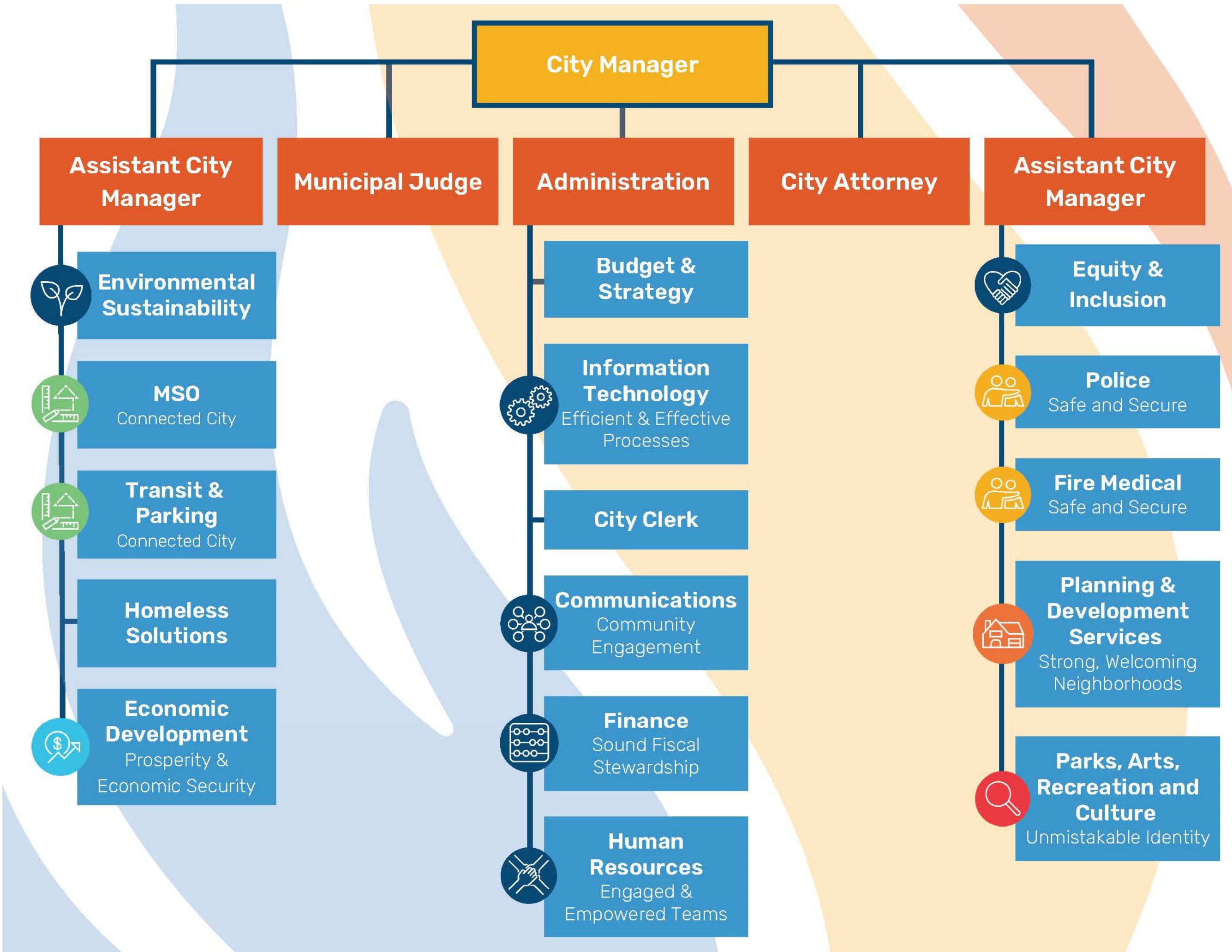
CITY OF LAWRENCE, KANSAS

List of Principal Officials
As of December 31, 2025

TITLE	NAME
Mayor	Brad Finkeldei
Vice Mayor	Mike Courtney
Commission Member	Mike Dever
Commission Member	Amber Sellers
Commission Member	Kristine Polian
City Manager	Craig S. Owens
Assistant City Manager	Casey Toomay
Assistant City Manager	Brandon McGuire
City Clerk	Sherri Riedemann
City Attorney	Toni Wheeler
Finance Director	Rachelle Mathews
Acting Fire Chief	Joe Hardy
Information Technology Director	Brian Thomas
Municipal Services and Operations Director	Melissa Sieben
Interim Parks and Recreation Director	Lindsay Hart
Planning and Development Services Director	Jeff Crick
Police Chief	Rich Lockhart

City of Lawrence, Kansas

Organizational Chart
December 31, 2025



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lawrence
Kansas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

RSM US LLP

Independent Auditor's Report

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawrence, Kansas (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lawrence, Kansas, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Lawrence-Douglas County Housing Authority (the Authority), the Lawrence Memorial Hospital (the Hospital) (the Hospital includes discretely presented component units; the LMH Health Foundation (the Foundation) and the Lawrence Surgery Center, LLC (the Surgery Center)); the Lawrence Public Library (the Library) or the Lawrence Community Shelter (the Shelter), discretely presented component units of the City, which collectively represent all of the assets, net position and revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of eXplore Lawrence, which is a blended component unit and non-major governmental fund of the City. The financial statements of eXplore Lawrence comprise 0.95% of total assets, 1.60% of total revenues, and 1.67% of total fund balance and net position of the aggregate remaining fund information and represent 0.22% of total assets, 0.86% of total revenues, and 0.57% of total net position of governmental activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Authority, the Hospital, the Library, the Shelter and eXplore Lawrence, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the general fund budgetary comparison schedule and the pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information
Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

RSM US LLP

Kansas City, Missouri
July 27, 2026

Management's Discussion and Analysis (Unaudited)
December 31, 2025

As management of the City of Lawrence, Kansas (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025, as a part of the overall Annual Comprehensive Financial Report (Annual Report). This overview compares the fiscal year that ended December 31, 2025, with the fiscal year that ended December 31, 2024. Readers are encouraged to consider the information presented here, in conjunction with the letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of the City of Lawrence exceeded their liabilities and deferred inflows as of December 31, 2025, by $468.7 million. This is our total net position. Of this amount, $43.9 million is not specifically assigned for restricted purposes (unrestricted net position) and may be used to meet the government's ongoing obligations.
- The City's total net position increased by $19.6 million from the beginning net position. The prior year there was also an increase of $3.9 million from the restated beginning net position. The City saw an increase in revenue of $19.1 million (7.1% increase) and an increase in expenses of $3.3 million (1.21% increase) which resulted in an increase in net position.
- As of December 31, 2025, the City's governmental funds reported combined ending fund balances of $123.0 million, an increase of $12.2 million in comparison with the prior year. This was primarily due to increases in cash and investments of $17.2 million that was partially offset by an increase of $4.8 million in taxes receivable.
- As of December 31, 2025, the City's business-type activities reported a combined total net position of $241.3 million, an increase of $11.6 million in comparison with the prior year. This was primarily due to increases in charges for services for utility revenues of $7.9 million.
- As of December 31, 2025, the fund balance for the general fund was $30.9 million or 28.9% of revenues.
- The City's total debt, including temporary notes increased by $86.6 million to a total of $516.0 million. The key factors were increases in revenue bonds ($36.2 million), general obligation bonds ($19.8 million) and in temporary notes ($30.5 million).
- The total OPEB Liability as of the end of the year is $21.6 million.
- The Net Pension Liability as of the end of the year is $100.1 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business.

The *Statement of Net Position* presents information on all the City's assets and liabilities, deferred outflows, and deferred inflows with the difference between the two reported as *Net Position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Based on this criteria, the City's financial position continues to improve.

The *Statement of Activities* presents information showing how the City's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave). The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, cultural affairs, and community services. The business-type activities include the water and wastewater, solid waste, storm sewer, and parking operations.

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

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

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

Governmental funds

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

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

The City of Lawrence maintains 41 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects Fund, all of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 94-104 of this report.

Budgets were adopted by the governing body for 2025 operations for the general fund plus 22 additional governmental funds that are legally required to be adopted. A budgetary comparison statement has been provided for the budgeted governmental funds to demonstrate compliance with this budget.

Proprietary funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The city uses 4 enterprise funds to account for its water and wastewater operations, solid waste operations, public parking, and storm water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses 4 internal service funds to account for shared administrative costs, healthcare costs, fleet maintenance, workers compensation and liability expenses. These activities have been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater, storm water, and solid waste operations. The other enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements on pages 133-137 of this report.

Notes to the financial statements

The notes to the basic financial statements begin on page 32. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary and other information

In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City's progress in funding its obligation to fund its outstanding OPEB and Pension costs found on pages 86-93 of this report. The combining statements are presented immediately following the required supplementary information.

Financial Analysis - Government-wide Financial Statements

As noted earlier, Net Position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $468.7 million at December 31, 2025. The City's net position increased by $19.6 million from beginning net position. Governmental activities increased net position by $8.0 million and business-type activities increased net position by $11.6 million in 2025. Table 1 summarizes the assets and deferred outflows of resources, liabilities and deferred inflows of resources and Net Position for governmental activities, business-type activities, and the total primary government.

Table 1. City of Lawrence's Net Position, Year Ended December 31, 2025, and December 31, 2024 (in thousands):

	Governmental Activities		Business-type Activities		Total Primary Government Total	
	2025	2024	2025	2024	2025	2024
Current and other Assets	$ 245,119	$ 222,095	$ 124,531	$ 106,442	$ 369,650	$ 328,537
Capital assets, net of depreciation	382,825	350,628	504,250	445,172	887,075	795,800
Total assets	627,944	572,723	628,781	551,614	1,256,725	1,124,337
Deferred outflows of resources	21,351	23,183	4,702	5,296	26,053	28,479
Total assets and deferred outflows of resources	649,295	595,906	633,483	556,910	1,282,778	1,152,816
Liabilities						
Current	102,052	73,225	59,123	38,683	161,175	111,908
Non-current	247,784	238,622	324,203	286,178	571,987	524,800
Total liabilities	349,836	311,847	383,326	324,861	733,162	636,708
Deferred inflows of resources	72,062	64,668	8,898	2,403	80,960	67,071
Total liabilities and deferred inflows of resources	421,898	376,515	392,224	327,264	814,122	703,779
Net Position						
Net investment in capital assets	203,542	203,957	146,662	141,083	350,204	345,040
Restricted	74,230	78,311	350	7,002	74,580	85,313
Unrestricted (deficit)	(50,375)	(62,877)	94,248	81,561	43,873	18,684
Total Net Postion	$ 227,397	$ 219,391	$ 241,260	$ 229,646	$ 468,657	$ 449,037

The largest portion of the City's net position, $350.2 million (74.73%), reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, etc.) less any related debt and deferred outflows/inflows of resources used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt and deferred inflows/outflows of resources, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, $74.6 million (15.91%), represents resources that are subject to external restrictions on how they may be used. This decreased $8.3 million compared to the prior year primarily due to a decrease in required restrictions for debt service ($4.0 million) and fewer funds invested for capital improvements as of year-end ($4.9 million).

The remaining balance of the net position of $43.9 million (9.36%); ($12.4 million increase in governmental activities and $12.7 million increase in business-type activities) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

Table 2. City of Lawrence's Changes in Net Position, Year Ended December 31, 2025, and December 31, 2024 (in thousands):

	Governmental Activities		Business-type Activites		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 23,318	$ 20,767	$ 104,849	$ 96,940	$ 128,167	$ 117,707
Operating grants and contributions	11,718	15,959	-	-	11,718	15,959
Capital grants and contributions	1,422	216	73	45	1,495	261
General revenues:						
Property taxes	57,008	52,919	-	-	57,008	52,919
Other taxes	78,516	70,238	-	-	78,516	70,238
Investment Income	6,103	6,980	5,028	5,917	11,131	12,897
Other	2,927	1,902	383	413	3,310	2,315
Total Revenues	181,012	168,981	110,333	103,315	291,345	272,296
Expenses:						
General government	22,397	24,053	-	-	22,397	24,053
Public safety	69,882	70,112	-	-	69,882	70,112
Public works	36,967	37,787	-	-	36,967	37,787
Health and social services	10,311	15,324	-	-	10,311	15,324
Culture and recreation	27,368	28,026	-	-	27,368	28,026
Economic Development & Tourism	7,297	4,442	-	-	7,297	4,442
Interest on long-term debt	3,365	3,159	-	-	3,365	3,159
Water and Sewer	-	-	65,149	58,790	65,149	58,790
Sanitation	-	-	20,241	18,306	20,241	18,306
Nonmajor business-type activities	-	-	8,749	8,477	8,749	8,477
Total expenses	177,587	182,903	94,139	85,573	271,726	268,476
Change in Net Position before transfers	3,425	(13,922)	16,194	17,742	19,619	3,820
Transfers in(out)	4,580	5,387	(4,580)	(5,387)	-	-
Change in Net Position	8,005	(8,535)	11,614	12,355	19,619	3,820
Net position, beginning of year	219,391	227,926	229,646	217,291	449,037	445,217
Net position, end of year	$ 227,396	$ 219,391	$ 241,260	$ 229,646	$ 468,656	$ 449,037

Governmental Activities

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

Governmental revenues increased $12.0 million (7.12%) over the prior year with increases in property taxes ($4.1 million), other taxes ($8.3 million), and charges for services ($2.5 million) causing the largest drivers of the increase. These were partially offset by decreases in our operating grants and contributions ($4.2 million) and investment income ($877 thousand). The increase in property tax is primarily due to an 7.80% increase in appraised property value. The increase in other taxes is primarily due to increases in sales taxes related to a 2025 voter approved tax rate increase and increased sales volume with local retailers. The increase in charges for services is primarily due to an increase in volume of fees related to public safety and budgeted cost increases for governmental fees as adopted in the budget. The decrease in operating grants and contributions is primarily due to the spend down most of the final balance of the City's American Rescue Plan Act (ARPA) funding in 2025.

Governmental expenses decreased $5.3 million or 2.91% from the prior year with decreases in general government, public works, culture and recreation and health and social services and that was partially offset by increases in economic development and tourism.

General Government:
The decrease was primarily attributable to planned position vacancies, which resulted in personnel cost savings for the fiscal year.

Public Works:
The decrease was primarily attributable to planned position vacancies, which resulted in personnel cost savings for the fiscal year.

Health and Social Services:
The increase is primarily due to decreases in payments to outside organizations being paid from the general fund that were previously paid from the ARPA grant funding in 2024, and the reclassification of Guest Tax activity from Health and Social Services to Economic Development and Tourism.

Culture and Recreation:
The decrease was primarily due to staffing vacancies, reduced utility costs, and the deferral of planned project and maintenance activities during the fiscal year.

Economic Development and Tourism:
The increase is partially attributable to the reclassification of Guest Tax activity from Health and Social Services to the Tourism function during the fiscal year.

Figure 1. Program Revenues Compared to Expenses, Year Ended December 31, 2025:

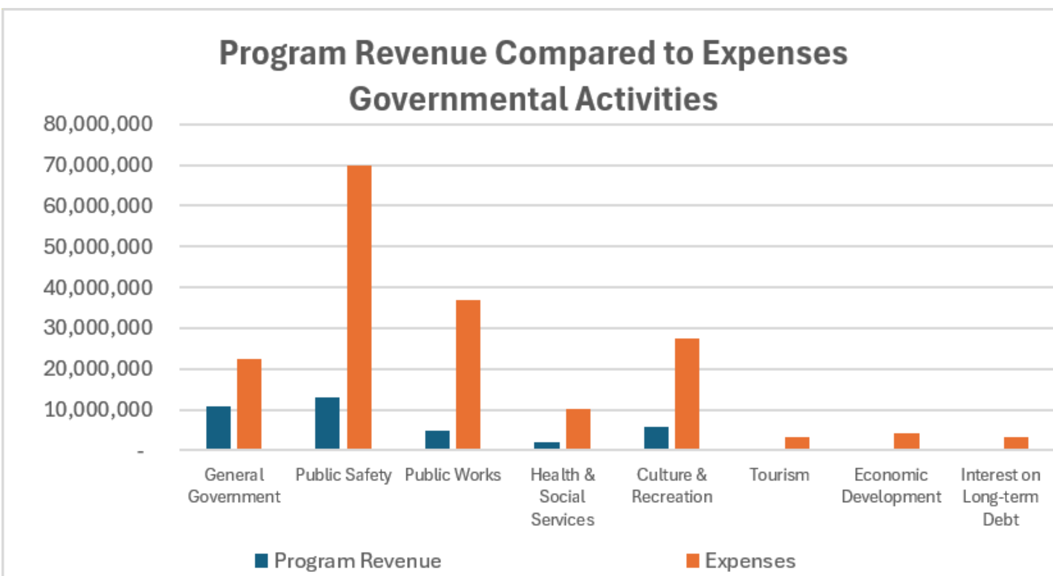
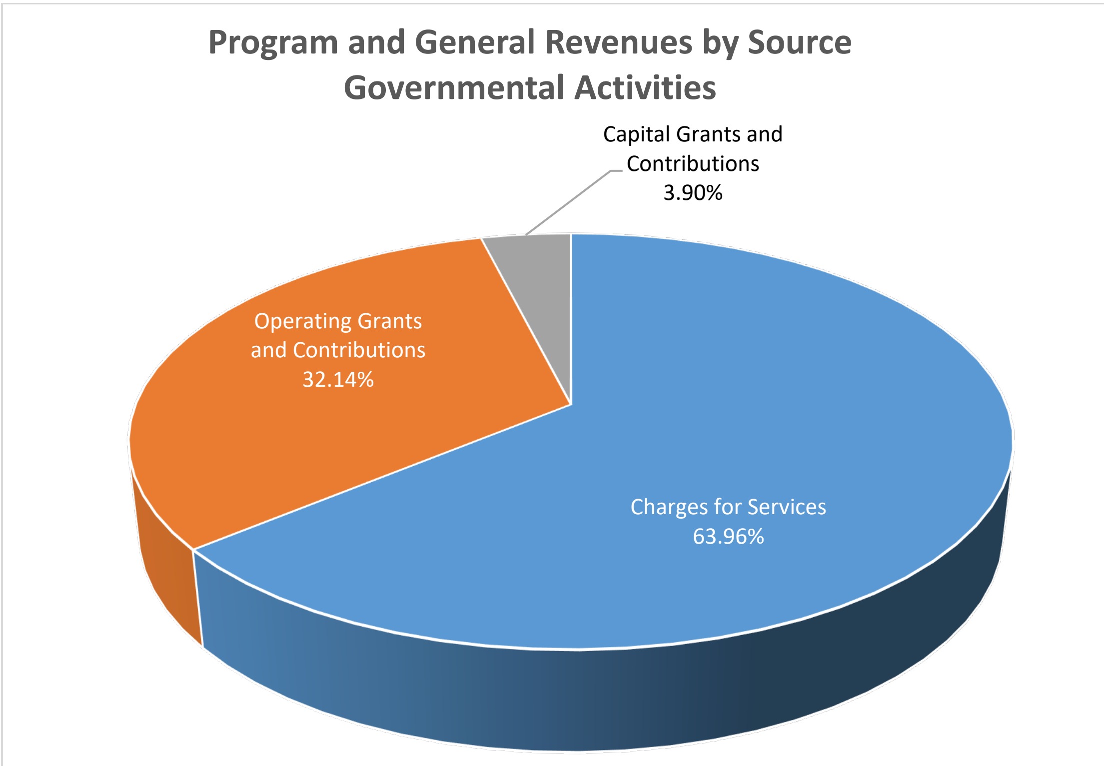


Figure 2. Program Revenues for Governmental Activities, Year Ended December 31, 2025:



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

Business-type revenues increased $7.0 million (6.79%) over the prior year with increases in charges for services ($7.9 million) and was partially offset by decreases in investment income ($889 thousand) compared to the prior year.

Business-type expenses increased $8.6 million or 10.01% from the prior year with increases to the Water and Wastewater Utility ($6.4 million) and Solid Waste ($1.9 million) being the primary drivers.

Figure 3. Expenses for Business-type Activities, Year Ended December 31, 2025:

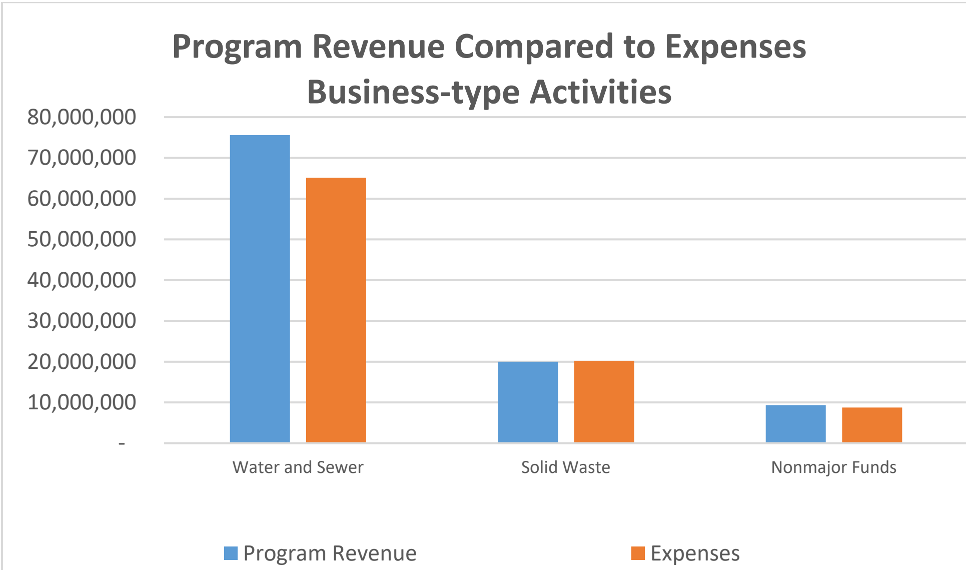


Figure 4. Program Revenues for Business-type Activities, Year Ended December 31, 2025:

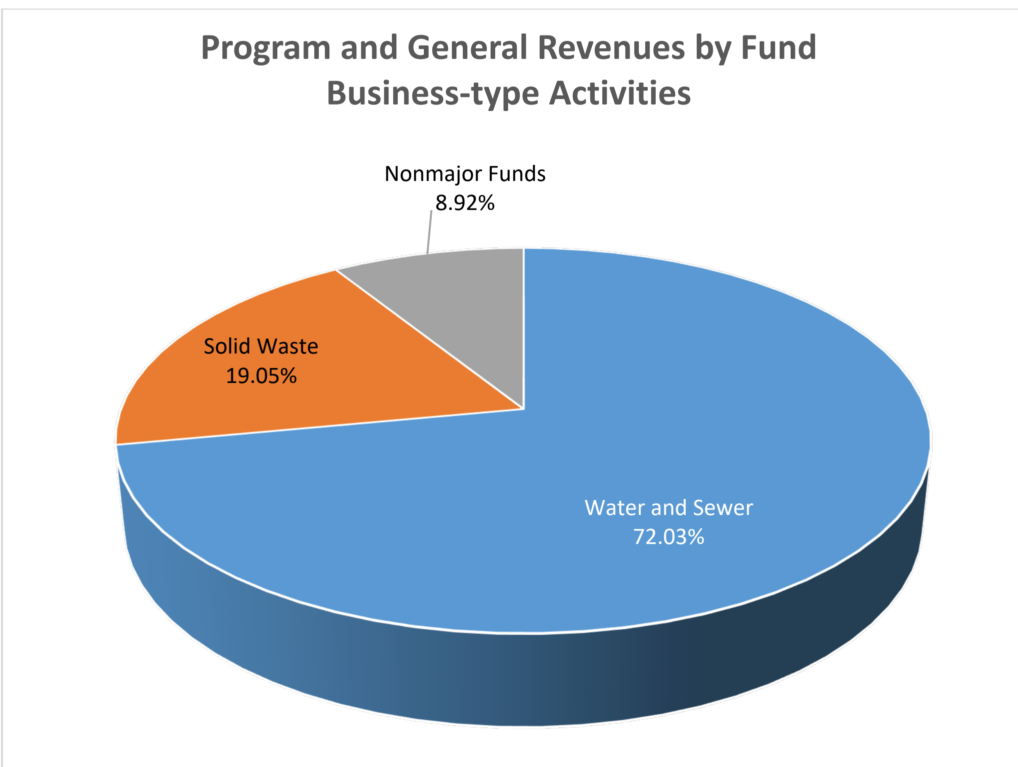


Table 3. Water and Wastewater Utility Revenues and Expenses, Year Ended December 31, 2025, and December 31, 2024 (in thousands):

	Year Ended December 31		
REVENUES	2025	2024	Change
Total operating revenues	$ 75,572	$ 69,167	$ 6,405
Non-operating revenues, net	3,799	4,408	(609)
Total Revenues	79,371	73,575	5,796
EXPENSES			
Total operating expenses	53,697	51,217	2,480
non-operating expenses			
Interest expense	8,827	7,065	1,762
Other expenses	438	596	(158)
Total expenses	62,962	58,878	4,084
Income before Transfers	16,409	14,697	1,712
Transfers, net	(3,649)	(4,224)	575
Capital Contribution	-	-	-
Change in Net Position	12,760	10,473	2,287
Net Position, Beginning of Period	183,311	172,838	
Net Position, End of Period	$ 196,071	$ 183,311	

Total revenues for the year ended December 31, 2025, increased $5.8 million or 7.88%, compared to the prior year. Total operating revenues, which primarily consist of water and wastewater fees, increased by $6.4 million or 9.26% and is due to an approved rate increase. Non-operating decreased by $608 thousand or 13.79%, which was primarily due to decreases in rental income and miscellaneous income.

Total expenses increased $4.1 million or 6.94% when compared to the prior year. The increase is due to increases in wages and benefits of 5% from the previous year. Additionally, increases occurred in the administrative charges, PILOT fees, and larger than average inflationary increases to commodities such as chemicals, supplies and equipment contributed to the increase.

Total operating revenues less operating expenses, or operating margin was $21.8 million for fiscal year 2025, an increase of $2.29 million or 21.85% compared to the prior year.

Table 4. Solid Waste Utility Revenues and Expenses, Year Ended December 31, 2025, and December 31, 2024 (in thousands):

	Year Ended December 31		
REVENUES	2025	2024	Change
Total operating revenues	$ 19,942	$ 18,887	$ 1,055
Non-operating revenues, net	579	621	(42)
Total Revenues	20,521	19,508	1,013
EXPENSES			
Total operating expenses	19,949	18,323	1,626
non-operating expenses			
Interest expense	-	-	-
Other expenses	-	-	-
Total expenses	19,949	18,323	1,626
Income before Transfers	572	1,185	(613)
Transfers, net	(600)	(874)	274
Change in Net Position	(28)	311	(339)
Net Position, Beginning of Period	15,425	15,114	
Net Position, End of Period	$ 15,397	$ 15,425	

Total revenues for the year ended December 31, 2025, increased $1.0 million or 5.19%, compared to the prior year. Total operating revenues, which primarily consist of solid waste fees, increased by $1.0 million or 5.59%. Non-operating revenue decreased by $42 thousand or -6.76%, which was primarily due to decreased gains on sale of capital assets compared to the previous year.

Total expenses increased $1.6 million or 8.87% when compared to the prior year. The increase is primarily due to increases in operating expense related to general wage increases based on the approved pay plan, repairs and maintenance of facilities and equipment and disposal fees.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

<u>Governmental funds</u>

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2025, the City's governmental funds reported combined ending fund balances of $123.0 million, an increase of $12.1 million in comparison with the prior year. This was primarily due to increases of $17.2 million in cash and investments, $3.8 million in receivables and $3.2 million in special assessment receivables. These increases were partially offset by a decrease in unavailable revenue of $13.4 million.

The general fund is the chief operating fund of the City. At the end of 2025, the unassigned fund balance of the general fund was $22.9 million, and the total fund balance was $30.9 million which is 21.47% and 28.91% of the total general fund revenues, respectively.

The fund balance of the City's general fund increased by $5.8 million during 2025. The revenues increased by $2.3 million (2.16%). Expenditures decreased by $2.7 million (2.47%). Net transfers in increased by $1.4 million.

The debt service fund at the end of 2025 has a total fund balance of $37.4 million, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in debt service was $2.6 million which resulted primarily from taxes and debt issuances exceeding the required debt payments for the year.

The capital projects fund at the end of 2025 has a total fund balance of $14.8 million. The fund balance increased by $7.9 million primarily from the issuance of additional temporary notes for capital projects identified in the City's Capital Improvement Plan.

Other governmental funds have fund balance of $39.8 million at the end of 2025. The fund balance decreased $4.2 million during the year. For more information on these funds, see the "Combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds" beginning on page 97.

Proprietary funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Wastewater Fund and the Solid Waste Fund at the end of 2025 was $67.8 million and $7.8 million, respectively. The total change in net position for the Water and Wastewater Utility and Solid Waste were $12.8 million and ($28) thousand, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund budgetary highlights

Overall, revenues were less than revised budgetary estimates by approximately $1.9 million (1.62%). This was primarily due to the final month's sales tax collections not meeting the revenue recognition criteria within the current fiscal year and therefore being recorded as deferred inflows of resources.

Expenditures were less than budgetary estimates by $6.1 million (5.32%). Of the total difference in the budgeted expenditures:

- Public Works, which encompasses Municipal Services and Operations, spent $2.3 million (15.86%) less than budgeted. This was due to planned position vacancies, which resulted in personnel cost savings for the fiscal year as well as savings in operating expenses such as repairs and maintenance.
- General Government spent $1.5 million (19.0%) less than budgeted and Culture and Recreation spent $1.1 million (6.8%) more than budgeted for a net decrease of $1.53 million less than budgeted. This was mainly due to decreases related to staffing vacancies and the deferral of planned project and maintenance activities during the fiscal year.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, totaled $382.7 million and $444.2 million, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and systems, improvements, construction in progress, machinery and equipment, right of use lease assets, subscription-based IT arrangements (SBITA), park and recreation facilities, storm sewers, roads, bridges, water, and sewer lines.

Table 5. Capital Assets Schedule (in thousands):

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

	Governmental Activities		Business-type Activites		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 18,996	$ 18,989	$ 7,323	$ 7,218	$ 26,319	$ 26,207
Buildings & Improvements	93,738	96,790	146,853	152,455	240,591	249,245
Other property and equipment	24,603	23,696	16,872	17,646	41,475	41,342
Infrastructure	193,894	183,560	156,349	151,789	350,243	335,349
Right to use lease assets	16	86	-	-	16	86
SBITA assets	3,705	5,180	934	1,189	4,639	6,369
Construction in progress	47,775	22,225	115,862	53,758	163,637	75,983
Total	$ 382,727	$ 350,526	$ 444,193	$ 384,055	$ 826,920	$ 734,581

The overall value of the City's assets increased by $92.4 million (26.34%) as the City's investment in assets exceeded the City's accumulated depreciation in those assets.

Highlights of capital asset activity during the year ended December 31, 2025, included the following major additions to Construction in progress:

Governmental Activity

- Rehabilitate Airport Apron
- LDCFM Electrical Infrastructure Equipment
- Police Department Parking Expansion and Solar Project
- MSO Operations Campus – Phase 2
- City Hall and Associated Annex Reconfiguration
- 19th and Tennessee Traffic Signal Replacement
- 23rd Street and Clinton Traffic Signal Replacement
- Jayhawk Watershed Improvement – 9th and Mississippi
- Airport Taxiway A Lighting Improvements
- Lyons Park Shelter Replacement
- Transit Electric Bus – Phase 3

Business-type Activity

- Bob Billings Improvements – Kasold to Monterey Way
- Eagle Bend and Youth Sports Complex – IRR Water Supply Improvements
- Pump Station 9 Expansion and Rehabilitation
- Lawrence Avenue Channel Improvements
- 2025 Stormwater Replacement and Rehabilitation
- West Campus Road Infrastructure Improvements

- Alvamar Estates Water Line Replacement
- Kanas River Wastewater Treatment Process Nutrient Removal
- Maple Lane Storm, Sanitary and Watermain Improvements
- K-10 West Leg Expansion – Utility Relocates
- 9th and Mississippi Improvements
- Clinton Water Treatment Plan Storage and Distribution Improvements
- Iowa Street – Irving Hill Road to 23rd Street Improvements
- Haskel 23rd to 28th Waterline Project
- Harper Tower Maintenance and Coating Project

For additional information on the City's capital assets, refer to Note 7 to the basic financial statements.

Long-term debt

As of December 31, 2025, the City had total bonded debt outstanding of $515.9 million. Of this amount, $185.0 million is comprised of debt backed by the full faith and credit of the City and $330.9 million is debt secured solely by specific revenue sources (i.e., revenue bonds). More detailed information about the City's long-term debt is presented in Note 6 to the basic financial statements.

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

	Governmental Activities		Business-type Activites		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 120,208	$ 104,910	$ 11,517	$ 8,428	$ 131,725	$ 113,338
Premium on bonds	8,286	7,095	1,104	852	9,390	7,947
Notes payable	56,251	33,405	15,779	8,154	72,030	41,559
Premium on notes	225	131	63	27	288	158
Water/Wastewater Revenue Bonds	-	-	280,425	247,945	280,425	247,945
Premium on bonds	-	-	22,127	18,366	22,127	18,366
Total	$ 184,970	$ 145,541	$ 331,015	$ 283,772	$ 515,985	$ 429,313

The City's net outstanding debt, including temporary notes, increased by $86.6 million during 2025. The City issued $72.03 million of temporary notes, $26.44 of general obligation bonds and $117.70 million of revenue bonds in 2025.

The City of Lawrence maintained its rating of Aa1 on its general obligation debt by Moody's. The City's revenue bonds have been rated Aa2 by Moody's.

State statutes limit the amount of general obligation debt a government entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is $457.0 million which is significantly in excess of the City's outstanding general obligation bonds.

More information on debt may be found in the statistical section of this Annual Report beginning with table 13 and on the City's Finance Site https://lawrenceks.org/finance .

For additional information on the city's debt, refer to Note 6 to the basic financial statements.

Requests for Information

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

City of Lawrence, Kansas

Statement of Net Position
December 31, 2025

	Primary Government			
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Component Units
Assets and deferred outflows of resources				
Assets				
Current assets:				
Cash and investments	$ 152,346,306	$ 96,950,137	$ 249,296,443	$ 48,674,840
Receivables (net of allowance for uncollectibles):				
Accounts	4,874,117	11,797,966	16,672,083	61,078,977
Taxes	68,470,388	-	68,470,388	-
Special assessments	13,057,240	-	13,057,240	-
Intergovernmental	5,436,875	-	5,436,875	-
Franchise fees	832,877	-	832,877	-
Loans	413,190	-	413,190	-
Accrued interest	753,201	627,880	1,381,081	-
Other	-	-	-	1,244,471
Internal balances	(5,529,911)	5,529,911	-	-
Inventories	1,263,808	5,192,740	6,456,548	7,701,793
Leases	560,563	96,866	657,429	1,218,068
Prepaid	73,435	-	73,435	5,305,280
Other assets	172,615	-	172,615	2,441
Restricted cash and investments	2,394,341	4,335,742	6,730,083	3,038,296
Total current assets	245,119,045	124,531,242	369,650,287	128,264,166
Noncurrent assets:				
Restricted cash and investments	-	59,791,940	59,791,940	111,765,251
Investments	-	-	-	24,405,499
Beneficial interests	-	-	-	7,647,905
Receivables (net of allowance for uncollectibles)	-	-	-	3,605,787
Land held for resale	-	181,874	181,874	-
Leases receivable, noncurrent	98,808	83,474	182,282	11,827,154
Other assets	-	-	-	1,810,026
Capital assets, nondepreciable:				
Land	18,996,602	7,322,880	26,319,482	14,939,118
Construction in progress	47,774,969	115,861,792	163,636,761	5,299,179
Capital assets, depreciable	591,246,796	551,516,019	1,142,762,815	540,519,494
Less: accumulated depreciation	(275,291,721)	(230,507,838)	(505,799,559)	(243,836,954)
Total noncurrent assets	382,825,454	504,250,141	887,075,595	477,982,459
Total assets	627,944,499	628,781,383	1,256,725,882	606,246,625
Deferred outflows of resources:				
Goodwill	-	-	-	7,233,325
Pension related amounts	18,185,488	3,498,420	21,683,908	1,251,627
OPEB related amounts	3,165,068	1,203,765	4,368,833	24,400
Total deferred outflows of resources	21,350,556	4,702,185	26,052,741	8,509,352
Total assets and deferred outflows of resources	649,295,055	633,483,568	1,282,778,623	614,755,977

(Continued)

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

City of Lawrence, Kansas

Statement of Net Position (Continued)
December 31, 2025

	Primary Government			
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Component Units
Liabilities and deferred inflows of resources				
Liabilities:				
Current liabilities:				
Accounts payable	14,605,024	22,379,612	36,984,636	26,469,897
Accrued payroll	3,818,981	1,072,967	4,891,948	23,528,095
Interest payable	1,581,009	2,491,221	4,072,230	2,522,522
Deposits payable	245,036	1,401,393	1,646,429	-
Unearned revenue	835,575	26,888	862,463	837,894
Claims payable	2,142,752	-	2,142,752	-
Other liabilities	-	-	-	496,306
Current portion of compensated absences payable	7,267,980	1,747,900	9,015,880	272,376
Current portion of general obligation bonds payable	8,396,520	577,480	8,974,000	-
Current portion of revenue bonds payable	-	13,035,000	13,035,000	1,655,000
Current portion of temporary notes payable	56,476,153	15,842,282	72,318,435	-
Current portion of financed purchase	121,046	-	121,046	123,079
Current portion of loan payable and other financing obligations	-	-	-	2,525,129
Current portion of lease liability	-	-	-	1,321,402
Current portion of SBITA liability	1,570,470	273,652	1,844,122	8,379,886
Current portion of Total OPEB liability	721,568	274,432	996,000	-
Current portion of pollution remediation liability	4,269,898	-	4,269,898	-
Total current liabilities	102,052,012	59,122,827	161,174,839	68,131,586
Noncurrent liabilities:				
Compensated absences payable	9,601,524	1,901,967	11,503,491	349,780
General obligation bonds payable	120,097,517	11,983,273	132,080,790	-
Revenue bonds payable	-	289,516,622	289,516,622	84,078,621
Notes payable and other financing obligations	-	-	-	8,570,075
Financed purchase	123,802	-	123,802	214,818
Lease liability	-	-	-	14,238,602
SBITA liability	1,690,810	650,826	2,341,636	31,349,088
Net pension liability	85,644,300	14,464,125	100,108,425	5,010,196
Total OPEB liability	14,949,710	5,685,791	20,635,501	75,640
Pollution remediation liability	15,676,048	-	15,676,048	-
Total noncurrent liabilities	247,783,711	324,202,604	571,986,315	143,886,820
Total liabilities	349,835,723	383,325,431	733,161,154	212,018,406
Deferred inflows of resources:				
Property and vehicle taxes	58,506,259	-	58,506,259	-
Gain on refunding	-	5,997,368	5,997,368	-
Pension related amounts	7,076,821	496,745	7,573,566	280,695
OPEB related amounts	5,886,705	2,238,877	8,125,582	74,874
Leases	592,665	164,778	757,443	11,916,687
Total deferred inflows of resources	72,062,450	8,897,768	80,960,218	12,272,256
Total liabilities and deferred inflows of resources	421,898,173	392,223,199	814,121,372	224,290,662
Net position				
Net investment in capital assets	203,542,337	146,662,055	350,204,392	164,465,137
Restricted for:				
Debt service	35,912,549	350,000	36,262,549	-
Capital improvements	16,974,171	-	16,974,171	2,858,339
Hospital	-	-	-	20,346,077
Transit operations - general government	8,024,002	-	8,024,002	-
Road and highways - public works	4,398,446	-	4,398,446	-
Farmland remediation - public works	1,789,172	-	1,789,172	-
Other purposes	7,131,947	-	7,131,947	63,850
Unrestricted	(50,375,742)	94,248,314	43,872,572	202,731,912
Total net position	$ 227,396,882	$ 241,260,369	$ 468,657,251	$ 390,465,315

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

City of Lawrence, Kansas

Statement of Activities
Year Ended December 31, 2025

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
					Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total	Component Units
Governmental activities								
General government	$ 22,397,076	$ 3,583,347	$ 7,030,987	$ 84,345	$ (11,698,397)	$ -	$ (11,698,397)	$ -
Public safety	69,881,897	12,792,707	166,556	131,260	(56,791,374)	-	(56,791,374)	-
Public works	36,966,676	833,014	2,641,955	1,206,232	(32,285,475)	-	(32,285,475)	-
Health and social services	10,310,749	187,285	1,829,477	-	(8,293,987)	-	(8,293,987)	-
Culture and recreation	27,368,047	5,844,551	48,779	-	(21,474,717)	-	(21,474,717)	-
Tourism	3,182,665	9,711	-	-	(3,172,954)	-	(3,172,954)	-
Economic development	4,114,756	67,476	-	-	(4,047,280)	-	(4,047,280)	-
Interest on long-term debt	3,365,464	-	-	-	(3,365,464)	-	(3,365,464)	-
Total governmental activities	177,587,330	23,318,091	11,717,754	1,421,837	(141,129,648)	-	(141,129,648)	-
Business-type activities								
Water and wastewater	65,148,788	75,572,463	-	-	-	10,423,675	10,423,675	-
Solid waste	20,241,041	19,942,451	45,000	-	-	(253,590)	(253,590)	-
Stormwater	6,242,743	7,069,347	23,112	-	-	849,716	849,716	-
Public parking	2,506,407	2,264,723	5,000	-	-	(236,684)	(236,684)	-
Total business-type activities	94,138,979	104,848,984	73,112	-	-	10,783,117	10,783,117	-
Total primary government	271,726,309	128,167,075	11,790,866	1,421,837	(141,129,648)	10,783,117	(130,346,531)	-
Component units								
Lawrence-Douglas County Housing Authority	14,060,219	2,490,365	10,610,206	4,415,236	-	-	-	3,455,588
Lawrence Memorial Hospital	421,486,692	413,303,674	6,524,022	1,462,240	-	-	-	(196,756)
LMH Health Foundation	2,786,037	8,065,430	-	-	-	-	-	5,279,393
Lawrence Surgery Center, LLC	13,016,734	13,154,065	-	-	-	-	-	137,331
Lawrence Public Library	7,615,487	45,774	800,231	-	-	-	-	(6,769,482)
Lawrence Community Shelter	4,188,152	-	4,313,932	-	-	-	-	125,780
Total component units	$ 463,153,321	$ 437,059,308	$ 22,248,391	$ 5,877,476	-	-	-	2,031,854
	General revenues							
	Property and vehicle tax				57,008,602	-	57,008,602	-
	Sales, liquor, guest and gas tax				69,481,390	-	69,481,390	-
	Franchise tax				9,035,091	-	9,035,091	-
	Unrestricted grants and contributions				2,055	-	2,055	6,625,000
	Interest income				6,103,354	5,027,894	11,131,248	13,709,561
	Miscellaneous				2,652,218	232,102	2,884,320	843,369
	Gain on sale of capital assets				273,129	151,100	424,229	-
	Transfers, net				4,579,929	(4,579,929)	-	-
	Total general revenues and transfers				149,135,768	831,167	149,966,935	21,177,930
	Change in net position				8,006,120	11,614,284	19,620,404	23,209,784
	Net position, beginning				219,390,762	229,646,085	449,036,847	367,255,531
	Net position - ending				$ 227,396,882	$ 241,260,369	$ 468,657,251	$ 390,465,315

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

City of Lawrence, Kansas

Balance Sheet
Governmental Funds
December 31, 2025

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	$ 28,764,308	$ 37,293,767	$ 19,074,477	$ 39,863,711	$ 124,996,263
Receivables:					
Taxes	44,742,319	13,748,817	-	9,979,252	68,470,388
Special assessments	-	13,057,240	-	-	13,057,240
Intergovernmental	178,488	-	-	5,258,387	5,436,875
Accounts (net allowance for uncollectibles)	2,829,053	-	-	1,972,051	4,801,104
Franchise fees	832,877	-	-	-	832,877
Loans	188,852	-	-	224,338	413,190
Accrued interest	145,925	175,399	23,555	206,341	551,220
Leases	346,483	-	-	210,547	557,030
Due from other funds	2,754,071	-	-	-	2,754,071
Prepaid	62,631	-	-	8,034	70,665
Inventories	512,734	-	-	-	512,734
Other assets	-	-	-	172,615	172,615
Restricted assets:					
Cash and investments	216,073	5,400	-	2,172,468	2,393,941
Total assets	$ 81,573,814	$ 64,280,623	$ 19,098,032	$ 60,067,744	$ 225,020,213
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	$ 4,358,632	$ 8,160	$ 4,279,265	$ 4,668,693	$ 13,314,750
Accrued payroll	3,134,216	-	-	116,180	3,250,396
Customer deposits	231,917	-	-	13,119	245,036
Due to other funds	-	-	-	2,754,071	2,754,071
Unearned revenue	777,779	-	-	57,796	835,575
Total liabilities	8,502,544	8,160	4,279,265	7,609,859	20,399,828
Deferred inflows of resources:					
Leases	327,927	-	-	193,743	521,670
Unavailable revenue	41,830,921	26,806,057	-	12,458,399	81,095,377
Total deferred inflows of resources	42,158,848	26,806,057	-	12,652,142	81,617,047
Total liabilities and deferred inflows of resources	50,661,392	26,814,217	4,279,265	20,262,001	102,016,875
Fund balance:					
Nonspendable	575,365	-	-	8,034	583,399
Restricted	216,073	37,466,406	14,818,767	38,094,876	90,596,122
Assigned	7,170,991	-	-	3,984,716	11,155,707
Unassigned	22,949,993	-	-	(2,281,883)	20,668,110
Total fund balances	30,912,422	37,466,406	14,818,767	39,805,743	123,003,338
Total liabilities, deferred inflows of resources and fund balances	$ 81,573,814	$ 64,280,623	$ 19,098,032	$ 60,067,744	$ 225,020,213

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

City of Lawrence, Kansas

Reconciliation of the Total Governmental Fund Balance to the Net Position of Governmental Activities
December 31, 2025

Total governmental fund balances		$ 123,003,338
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	$ 652,398,328	
Accumulated depreciation and amortization	(271,674,316)	380,724,012
Internal service funds are used by the City's management to charge the costs of various services to other funds. The assets and liabilities of certain internal service funds are included with governmental activities.		8,293,733
Pension and OPEB related deferred outflows and inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources - pension		16,353,799
Deferred outflows of resources - OPEB		2,641,015
Deferred inflows of resources - pension		(6,816,738)
Deferred inflows of resources - OPEB		(4,912,021)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		22,589,118
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	(14,672,531)	
Total OPEB liability	(13,076,523)	
Net pension liability	(78,071,215)	
General obligation bonds payable	(128,494,037)	
Temporary note	(56,476,153)	
Financed purchased	(244,848)	
SBITA liability	(1,944,265)	
Accrued interest on the bonds	(1,553,856)	
Pollution remediation liability	(19,945,946)	(314,479,374)
Net position of governmental activities		$ 227,396,882

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

City of Lawrence, Kansas

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2025

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	$ 80,348,501	$ 13,016,076	$ -	$ 22,700,203	$ 116,064,780
Special assessments	-	1,130,261	-	-	1,130,261
Licenses and permits	1,525,028	-	-	-	1,525,028
Charges for services	19,300,827	-	-	110,720	19,411,547
Fines, forfeitures and penalties	1,065,255	-	-	34,737	1,099,992
Investment income	1,466,910	1,648,256	1,304,359	1,683,829	6,103,354
Intergovernmental	1,093,838	84,345	-	20,192,279	21,370,462
Reimbursements	1,333,468	-	-	4,597	1,338,065
Contributions	3,255	-	-	19,430	22,685
Miscellaneous	776,581	107,089	-	1,859,339	2,743,009
Total revenues	106,913,663	15,986,027	1,304,359	46,605,134	170,809,183
Expenditures:					
Current expenditures:					
General government	6,820,575	78,555	-	11,126,514	18,025,644
Public safety	62,693,036	-	299,955	231,966	63,224,957
Public works	13,220,060	-	1,833,362	12,326,007	27,379,429
Health and social services	4,038,019	-	-	5,471,471	9,509,490
Culture and recreation	16,658,864	-	19,384	8,089,278	24,767,526
Tourism	-	-	-	3,152,557	3,152,557
Economic development	1,424,391	-	-	2,690,365	4,114,756
Capital outlay	1,881,375	-	42,081,471	8,148,766	52,111,612
Debt service:					
Principal retirement	660,703	39,903,300	-	114,402	40,678,405
Interest and fiscal charges	52,349	4,287,662	-	3,973	4,343,984
Issuance costs	-	170,807	101,746	-	272,553
Total expenditures	107,449,372	44,440,324	44,335,918	51,355,299	247,580,913
Deficiency of revenues under expenditures	(535,709)	(28,454,297)	(43,031,559)	(4,750,165)	(76,771,730)
Other financing sources (uses):					
Issuance of debt	-	22,941,897	56,250,903	-	79,192,800
Issuance of debt premium	-	1,727,903	685,136	-	2,413,039
Sale of property - proceeds received	277,750	-	-	-	277,750
Issuance of SBITA liability	75,960	-	-	-	75,960
Transfers in	7,015,700	6,363,031	-	579,998	13,958,729
Transfers out	(1,034,000)	-	(5,965,031)	(452)	(6,999,483)
Total other financing sources (uses)	6,335,410	31,032,831	50,971,008	579,546	88,918,795
Net change in fund balance	5,799,701	2,578,534	7,939,449	(4,170,619)	12,147,065
Fund balance - beginning	25,112,721	34,887,872	6,879,318	43,976,362	110,856,273
Fund balance - ending	$ 30,912,422	$ 37,466,406	$ 14,818,767	$ 39,805,743	$ 123,003,338

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

City of Lawrence, Kansas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-Wide Statement of Activities
Year Ended December 31, 2025

Total net change in fund balances - governmental funds		$ 12,147,065
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period and other transactions involving capital assets		
Capital outlays	$ 52,128,812	
Net book value of capital asset disposals	(4,621)	
Depreciation and amortization expense	(19,045,905)	33,078,286
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resource of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Proceeds on issuance of bonds		(79,192,800)
Proceeds on issuance of long-term debt premiums		(2,413,039)
Issuance of SBITA liability		(75,960)
General obligation and temporary notes principal payments		39,784,950
Financed purchase principal payments		118,351
SBITA principal payments		700,231
Lease principal payments		74,873
Amortization of premiums, net		1,127,891
Internal service funds are used by the City's management to charge the costs of certain activities to the individual funds. The revenues and expenses of certain internal service funds are reported with governmental activities.		(2,642,904)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		9,931,209
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences		(1,408,183)
Pension expense		(780,606)
OPEB expense		(2,365,740)
Change in accrued interest expense		123,182
Pollution remediation expense		(200,686)
Changes in net position of governmental activities		$ 8,006,120

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

City of Lawrence, Kansas

Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-Type Activities: Enterprise Funds				Governmental Activities:
	Water and Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Assets and deferred outflows of resources					
Current assets:					
Cash and investments	$ 67,345,444	$ 13,420,712	$ 16,183,981	$ 96,950,137	$ 27,350,043
Receivables (net of allowances for uncollectibles):					
Accounts	8,486,646	2,350,700	960,620	11,797,966	73,013
Accrued interest	437,360	89,719	100,801	627,880	201,981
Leases	71,205	-	25,661	96,866	3,533
Inventories	5,192,740	-	-	5,192,740	751,074
Prepaid	-	-	-	-	2,770
Restricted cash	2,035,627	-	2,300,115	4,335,742	400
Total current assets	83,569,022	15,861,131	19,571,178	119,001,331	28,382,814
Noncurrent assets:					
Restricted cash and investments	59,791,940	-	-	59,791,940	-
Land held for resale	-	-	181,874	181,874	-
Leases receivable, noncurrent	74,709	-	8,765	83,474	98,808
Capital assets:					
Land	4,979,736	-	2,343,144	7,322,880	-
Construction in progress	98,277,465	2,169,236	15,415,091	115,861,792	29,765
Building and improvements	247,973,623	2,737,540	3,920,583	254,631,746	704,842
Equipment	24,928,805	13,928,484	3,923,319	42,780,608	603,515
Infrastructure	223,261,805	-	29,142,418	252,404,223	-
SBITA asset	1,501,540	-	197,902	1,699,442	4,281,917
Less: accumulated depreciation and amortization	(204,298,669)	(10,453,056)	(15,756,113)	(230,507,838)	(3,617,405)
Total capital assets	396,624,305	8,382,204	39,186,344	444,192,853	2,002,634
Total noncurrent assets	456,490,954	8,382,204	39,376,983	504,250,141	2,101,442
Total assets	540,059,976	24,243,335	58,948,161	623,251,472	30,484,256
Deferred outflows of resources:					
Pension related amounts	1,998,175	1,100,283	399,962	3,498,420	1,831,689
OPEB related amounts	607,071	446,223	150,471	1,203,765	524,053
Total deferred outflows of resources	2,605,246	1,546,506	550,433	4,702,185	2,355,742
Total assets and deferred outflows of resources	$ 542,665,222	$ 25,789,841	$ 59,498,594	$ 627,953,657	$ 32,839,998

(Continued)

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

City of Lawrence, Kansas

Statement of Net Position (Continued)
Proprietary Funds
December 31, 2025

	Business-Type Activities: Enterprise Funds				Governmental Activities:
	Water and Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Liabilities and deferred inflows of resources					
Current liabilities:					
Accounts payable	$ 18,290,806	$ 684,669	$ 3,404,137	$ 22,379,612	$ 1,290,274
Interest payable	1,814,092	17,918	659,211	2,491,221	27,153
Claims payable	-	-	-	-	2,142,752
Accrued payroll	578,482	365,394	129,091	1,072,967	568,585
Compensated absences	1,087,802	462,108	197,990	1,747,900	1,114,951
Unearned revenue	-	-	26,888	26,888	-
Current portion of general obligation bonds payable	-	-	577,480	577,480	-
Current portion of temporary notes payable	-	651,244	15,191,038	15,842,282	-
Current portion of SBITA liability	230,924	-	42,728	273,652	844,598
Current portion of Total OPEB liability	138,399	101,729	34,304	274,432	119,473
Total unrestricted current liabilities	22,140,505	2,283,062	20,262,867	44,686,434	6,107,786
Current liabilities payable from restricted assets:					
Customer deposits	1,401,393	-	-	1,401,393	-
Current portion of revenue bonds payable	13,035,000	-	-	13,035,000	-
Total current liabilities payable from restricted assets	14,436,393	-	-	14,436,393	-
Total current liabilities	36,576,898	2,283,062	20,262,867	59,122,827	6,107,786
Noncurrent liabilities:					
Compensated absences	1,214,247	466,873	220,847	1,901,967	1,082,022
General obligation bonds payable	-	-	11,983,273	11,983,273	-
Revenue bonds payable	289,516,622	-	-	289,516,622	-
SBITA liability	612,536	-	38,290	650,826	472,417
Net pension liability	8,261,404	4,549,088	1,653,633	14,464,125	7,573,085
Total OPEB liability	2,867,403	2,107,663	710,725	5,685,791	2,475,282
Total noncurrent liabilities	302,472,212	7,123,624	14,606,768	324,202,604	11,602,806
Total liabilities	339,049,110	9,406,686	34,869,635	383,325,431	17,710,592
Deferred inflows of resources:					
Gain on refunding	5,997,368	-	-	5,997,368	-
Pension related amounts	283,723	156,230	56,792	496,745	260,083
OPEB related amounts	1,129,089	829,928	279,860	2,238,877	974,684
Leases	133,962	-	30,816	164,778	70,995
Total deferred inflows of resources	7,544,142	986,158	367,468	8,897,768	1,305,762
Total liabilities and deferred inflows of resources	$ 346,593,252	$ 10,392,844	$ 35,237,103	$ 392,223,199	$ 19,016,354
Net position					
Net investment in capital assets	$ 127,952,457	$ 7,474,312	$ 11,235,286	$ 146,662,055	$ 681,245
Restricted for:					
Debt service	350,000	-	-	350,000	-
Unrestricted	67,769,513	7,922,685	13,026,205	88,718,403	13,142,399
Total net position	$ 196,071,970	$ 15,396,997	$ 24,261,491	235,730,458	$ 13,823,644
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				5,529,911	
Net position of business-type activities				$ 241,260,369	

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

City of Lawrence, Kansas

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities: Enterprise Funds				Governmental Activities:
	Water and Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues					
Charges for services	$ 74,531,688	$ 19,715,819	$ 9,083,713	$ 103,331,220	$ 37,093,055
Licenses and permits	-	-	24,240	24,240	82,460
Other revenue	1,040,775	226,632	226,117	1,493,524	36,025
Total operating revenues	75,572,463	19,942,451	9,334,070	104,848,984	37,211,540
Operating expenses					
Continuing operations	34,633,353	18,454,218	6,931,929	60,019,500	11,987,812
Transmission and distribution	5,118,677	-	-	5,118,677	-
General administration	1,803,665	-	-	1,803,665	14,903,749
Health insurance claims	-	-	-	-	15,684,041
Depreciation and amortization	12,141,454	1,495,309	863,899	14,500,662	904,682
Total operating expenses	53,697,149	19,949,527	7,795,828	81,442,504	43,480,284
Operating income (loss)	21,875,314	(7,076)	1,538,242	23,406,480	(6,268,744)
Nonoperating revenues (expenses)					
Investment income	3,522,655	457,226	722,906	4,702,787	1,242,124
Intergovernmental revenue	-	45,000	28,112	73,112	-
Interest expense	(8,826,713)	(12,608)	(822,747)	(9,662,068)	(73,027)
Debt issuance costs	(438,106)	(1,148)	(52,573)	(491,827)	-
Gain on sale of capital assets	49,400	86,000	15,700	151,100	-
Rental income	23,285	-	-	23,285	35,238
Miscellaneous	203,981	4,836	-	208,817	2,583,349
Total nonoperating revenues (expenses)	(5,465,498)	579,306	(108,602)	(4,994,794)	3,787,684
Income (loss) before transfers	16,409,816	572,230	1,429,640	18,411,686	(2,481,060)
Transfers in	1,008,466	318,630	88,975	1,416,071	85,000
Transfers out	(4,657,000)	(919,000)	(420,000)	(5,996,000)	(2,464,317)
Total net transfers	(3,648,534)	(600,370)	(331,025)	(4,579,929)	(2,379,317)
Change in net position	12,761,282	(28,140)	1,098,615	13,831,757	(4,860,377)
Net position, beginning	183,310,688	15,425,137	23,162,876	221,898,701	18,684,021
Net position, ending	$ 196,071,970	$ 15,396,997	$ 24,261,491	235,730,458	$ 13,823,644
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				(2,217,473)	
Change in net position of business-type activities				$ 11,614,284	

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

City of Lawrence, Kansas

Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities: Enterprise Funds				Governmental Activities:
	Water and Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers and users	$ 74,580,911	$ 19,827,786	$ 9,280,626	$ 103,689,323	$ 39,828,371
Cash paid to suppliers of goods and services	(40,692,362)	(11,660,779)	(5,291,393)	(57,644,534)	(31,631,458)
Cash paid to employees	(10,277,327)	(5,575,237)	(1,932,306)	(17,784,870)	(9,400,586)
Net cash provided by (used in) operating activities	23,611,222	2,591,770	2,056,927	28,259,919	(1,203,673)
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(40,940,178)	(2,944,598)	(10,657,374)	(54,542,150)	(22,563)
Proceeds from issuance of debt	128,620,889	656,554	19,097,149	148,374,592	-
Proceeds from issuance of refunding debt					
Principal payments on general obligation bonds	-	-	(403,901)	(403,901)	-
Principal payments on revenue bonds	(29,045,000)	-	-	(29,045,000)	-
Payments to refund revenue bonds	(56,175,000)	-	-	(56,175,000)	-
Principal payments on KDHE SRF loan	(156,032)	-	-	(156,032)	-
Payments to refund general obligation temporary notes	-	-	(7,995,266)	(7,995,266)	(1,264,287)
Principal payments on SBITAs	(224,880)	-	(41,828)	(266,708)	(822,121)
Interest payments on debt	(10,117,314)	(1,148)	(704,425)	(10,822,887)	(65,579)
Net cash used in capital and related financing activities	(8,037,515)	(2,289,192)	(705,645)	(11,032,352)	(2,174,550)
Cash flows from noncapital financing activities:					
Intergovernmental revenue	-	45,000	28,112	73,112	-
Transfers in	1,008,466	318,630	88,975	1,416,071	85,000
Transfers out	(4,657,000)	(919,000)	(420,000)	(5,996,000)	(2,464,317)
Net cash used in noncapital financing activities	(3,648,534)	(555,370)	(302,913)	(4,506,817)	(2,379,317)
Cash flows from investing activities:					
Purchase of investments	(119,809,457)	(11,471,200)	(22,303,721)	(153,584,378)	(31,373,719)
Sale of investments	104,755,671	11,947,914	18,766,407	135,469,992	25,703,157
Interest received	3,164,682	426,632	674,507	4,265,821	1,644,623
Net cash provided by (used in) investing activities	(11,889,104)	903,346	(2,862,807)	(13,848,565)	(4,025,939)
Net increase (decrease) in cash and cash equivalents	36,069	650,554	(1,814,438)	(1,127,815)	(9,783,479)
Cash and cash equivalents, beginning	12,399,370	586,249	5,225,119	18,210,738	14,995,788
Cash and cash equivalents, ending	$ 12,435,439	$ 1,236,803	$ 3,410,681	$ 17,082,923	$ 5,212,309

(Continued)

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

City of Lawrence, Kansas

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2025

	Business-Type Activities: Enterprise Funds				Governmental Activities:
	Water and Wastewater	Solid Waste	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 21,875,314	$ (7,076)	$ 1,538,242	$ 23,406,480	$ (6,268,744)
Net cash provided by (used in) operating activities:					
Depreciation and amortization expense	12,141,454	1,495,309	863,899	14,500,662	904,682
Rent receipts	23,285	-	-	23,285	35,238
Miscellaneous Income	203,981	4,836	-	208,817	2,583,349
Changes in assets and liabilities:					
Accounts receivable	(1,298,896)	(119,501)	(83,094)	(1,501,491)	(5,928)
Leases receivable	56,832	-	24,738	81,570	35,963
Inventories	(408,626)	-	4,589	(404,037)	(93,971)
Prepaid	-	-	-	-	(2,770)
Deferred outflows:					
Pension related amounts	377,668	149,963	84,535	612,166	322,904
OPEB related amounts	22,251	(46,189)	5,640	(18,298)	(31,326)
Accounts payable	(9,794,027)	73,938	(506,658)	(10,226,747)	603,552
Customer deposits	78,497	-	-	78,497	(200)
Claims payable	-	-	-	-	(84,036)
Accrued payroll	(23,846)	43,597	16,548	36,299	56,684
Net pension liability	(226,510)	82,474	(77,275)	(221,311)	(124,380)
Total OPEB liability	386,118	544,167	95,185	1,025,470	543,686
Deferred inflows:					
Pension related amounts	283,723	156,230	56,792	496,745	260,083
OPEB related amounts	(16,598)	101,662	(4,341)	80,723	77,673
Leases	(55,251)	-	(24,435)	(79,686)	(31,591)
Unearned revenue	-	-	26,888	26,888	-
Compensated absences	(14,147)	112,360	35,674	133,887	15,459
Net cash provided by (used in) operating activities	$ 23,611,222	$ 2,591,770	$ 2,056,927	$ 28,259,919	$ (1,203,673)
Noncash capital and related financing activities,					
Capital asset acquisitions in accounts payable	$ 16,669,844	$ 256,648	$ 3,128,299	$ 20,054,791	$ 4,374
Cash and investment amounts reported on the statement of net position:					
Cash and investments	$ 67,345,444	$ 13,420,712	$ 16,183,981	$ 96,950,137	$ 27,350,043
Restricted cash	2,035,627	-	2,300,115	4,335,742	400
Restricted cash and investments - noncurrent	59,791,940	-	-	59,791,940	-
	$ 129,173,011	$ 13,420,712	$ 18,484,096	$ 161,077,819	$ 27,350,443
Reconciliation to amounts reported on the statement of net position:					
Cash and cash equivalents	$ 12,435,439	$ 1,236,803	$ 3,410,681	$ 17,082,923	$ 5,212,309
Investments	116,737,572	12,183,909	15,073,415	143,994,896	22,138,134
Total cash and investments	$ 129,173,011	$ 13,420,712	$ 18,484,096	$ 161,077,819	$ 27,350,443

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

City of Lawrence, Kansas

Statement of Net Position
Discretely Presented Component Units
December 31, 2025

	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	LMH Health Foundation	Lawrence Surgery Center, LLC	Lawrence Public Library	Lawrence Community Shelter	Total Component Units
Assets and deferred outflows of resources							
Current assets:							
Cash and investments	$ 8,856,200	$ 35,605,437	$ 753,498	$ 963,009	$ 1,865,001	$ 631,695	$ 48,674,840
Receivables (net of allowances for uncollectibles)	29,117	58,100,522	1,371,852	1,499,539	-	77,947	61,078,977
Accounts receivable - other	122,251	1,122,220	-	-	-	-	1,244,471
Leases receivable	15,858	1,202,210	-	-	-	-	1,218,068
Inventories	96,840	7,174,456	-	430,497	-	-	7,701,793
Prepaid	193,203	4,930,525	-	170,580	-	10,972	5,305,280
Other assets	-	-	-	-	-	2,441	2,441
Restricted cash	293,109	2,745,187	-	-	-	-	3,038,296
Total current assets	9,606,578	110,880,557	2,125,350	3,063,625	1,865,001	723,055	128,264,166
Noncurrent assets:							
Restricted cash and investments	-	111,765,251	-	-	-	-	111,765,251
Investments	-	-	24,405,499	-	-	-	24,405,499
Beneficial interests	-	-	7,647,905	-	-	-	7,647,905
Receivables (net of allowances for uncollectibles)	-	-	3,605,787	-	-	-	3,605,787
Leases receivable	295,149	11,532,005	-	-	-	-	11,827,154
Other assets	-	1,810,026	-	-	-	-	1,810,026
Capital assets:							
Capital assets, nondepreciable							
Land	1,849,347	13,089,771	-	-	-	-	14,939,118
Construction in progress	858,869	4,425,060	-	-	-	15,250	5,299,179
Capital assets, depreciable	40,879,989	471,127,403	-	16,749,317	6,435,347	5,327,438	540,519,494
Less: accumulated depreciation	(21,281,781)	(212,431,678)	-	(5,538,179)	(2,872,402)	(1,712,914)	(243,836,954)
Total capital assets	22,306,424	276,210,556	-	11,211,138	3,562,945	3,629,774	316,920,837
Total noncurrent assets	22,601,573	401,317,838	35,659,191	11,211,138	3,562,945	3,629,774	477,982,459
Total assets	32,208,151	512,198,395	37,784,541	14,274,763	5,427,946	4,352,829	606,246,625
Deferred outflows of resources:							
Goodwill	-	7,233,325	-	-	-	-	7,233,325
Pension related amounts	434,277	-	-	-	817,350	-	1,251,627
OPEB related amounts	917	-	-	-	23,483	-	24,400
Total deferred outflows of resources	435,194	7,233,325	-	-	840,833	-	8,509,352
Total assets and deferred outflows of resources	32,643,345	519,431,720	37,784,541	14,274,763	6,268,779	4,352,829	614,755,977
Liabilities and deferred inflows of resources							
Liabilities:							
Current liabilities:							
Accounts payable	195,627	16,007,807	7,877	350,478	240,932	60,292	16,863,013
Interest payable	-	2,522,522	-	-	-	-	2,522,522
Accrued payroll and expenses	69,760	22,453,684	-	829,937	96,092	78,622	23,528,095
Due to other entities	231,557	9,375,327	-	-	-	-	9,606,884
Unearned revenue	533,654	-	-	-	-	304,240	837,894
Other liabilities	195,748	284,710	-	-	-	15,848	496,306
Current portion of compensated absences	127,982	-	-	-	144,394	-	272,376
Current portion of revenue bonds payable	-	1,655,000	-	-	-	-	1,655,000
Current portion of finance purchases	-	-	-	123,079	-	-	123,079
Current portion of notes payable and other financing obligations	-	2,525,129	-	-	-	-	2,525,129
Current portion of SBITA liability	12,707	8,367,179	-	-	-	-	8,379,886
Current portion of lease liabilities	-	716,198	-	605,204	-	-	1,321,402
Total current liabilities	1,367,035	63,907,556	7,877	1,908,698	481,418	459,002	68,131,586
Noncurrent liabilities:							
Compensated absences	60,991	-	-	-	288,789	-	349,780
Revenue bonds payable	-	84,078,621	-	-	-	-	84,078,621
SBITA liability	-	31,349,088	-	-	-	-	31,349,088
Financed purchases	-	-	-	214,818	-	-	214,818
Lease liabilities	-	4,423,104	-	9,815,498	-	-	14,238,602
Notes payable and other financing obligations	199,315	8,370,760	-	-	-	-	8,570,075
Total OPEB liability	18,501	-	-	-	57,139	-	75,640
Net pension liability	1,870,263	-	-	-	3,139,933	-	5,010,196
Total noncurrent liabilities	2,149,070	128,221,573	-	10,030,316	3,485,861	-	143,886,820
Total liabilities	3,516,105	192,129,129	7,877	11,939,014	3,967,279	459,002	212,018,406
Deferred inflows of resources:							
Pension related amounts	159,639	-	-	-	121,056	-	280,695
OPEB related amounts	37,792	-	-	-	37,082	-	74,874
Leases	311,007	11,605,680	-	-	-	-	11,916,687
Total deferred inflows of resources	508,438	11,605,680	-	-	158,138	-	12,272,256
Total liabilities and deferred inflows of resources	4,024,543	203,734,809	7,877	11,939,014	4,125,417	459,002	224,290,662
Net position							
Net investment in capital assets	22,094,402	134,725,477	-	452,539	3,562,945	3,629,774	164,465,137
Restricted for:							
Capital	-	1,620,514	-	1,237,825	-	-	2,858,339
Hospital - specific operating activities	-	-	20,346,077	-	-	-	20,346,077
Housing assistance	63,850	-	-	-	-	-	63,850
Unrestricted	6,460,550	179,350,920	17,430,587	645,385	(1,419,583)	264,053	202,731,912
Total net position	$ 28,618,802	$ 315,696,911	$ 37,776,664	$ 2,335,749	$ 2,143,362	$ 3,893,827	$ 390,465,315

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

City of Lawrence, Kansas

Statement of Activities
Discretely Presented Component Units
Year Ended December 31, 2025

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Lawrence-Douglas County Housing Authority	Lawrence Memorial Hospital	LMH Health Foundation	Lawrence Surgery Center, LLC	Lawrence Public Library	Lawrence Community Shelter	Total
Component units											
Lawrence-Douglas County Housing Authority	$ 14,060,219	$ 2,490,365	$ 10,610,206	$ 4,415,236	$ 3,455,588	$ -	$ -	$ -	$ -	$ -	$ 3,455,588
Lawrence Memorial Hospital	421,486,692	413,303,674	6,524,022	1,462,240	-	(196,756)	-	-	-	-	(196,756)
LMH Health Foundation	2,786,037	8,065,430	-	-	-	-	5,279,393	-	-	-	5,279,393
Lawrence Surgery Center, LLC	13,016,734	13,154,065	-	-	-	-	-	137,331	-	-	137,331
Lawrence Public Library	7,615,487	45,774	800,231	-	-	-	-	-	(6,769,482)	-	(6,769,482)
Lawrence Community Shelter	4,188,152	-	4,313,932	-	-	-	-	-	-	125,780	125,780
Total component units	$ 463,153,321	$ 437,059,308	$ 22,248,391	$ 5,877,476	3,455,588	(196,756)	5,279,393	137,331	(6,769,482)	125,780	2,031,854
General revenues											
Appropriation from the City					-	-	-	-	6,625,000	-	6,625,000
Investment income					311,800	9,949,494	3,326,140	14,137	107,990	-	13,709,561
Miscellaneous					22,911	808,107	-	-	12,351	-	843,369
Subtotal general revenues					334,711	10,757,601	3,326,140	14,137	6,745,341	-	21,177,930
Change in net position					3,790,299	10,560,845	8,605,533	151,468	(24,141)	125,780	23,209,784
Net position, beginning					24,828,503	305,136,066	29,171,131	2,184,281	2,167,503	3,768,047	367,255,531
Net position - ending					$ 28,618,802	$ 315,696,911	$ 37,776,664	$ 2,335,749	$ 2,143,362	$ 3,893,827	$ 390,465,315

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

Note 1. Summary of Significant Accounting Policies

The City of Lawrence, Kansas (the City) is a municipal corporation governed by an elected five-member commission. These basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component units are reported as a separate column in the basic financial statements to emphasize they are legally separate. The more significant of the City's accounting policies are described below.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from certain business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues for grants and similar items are considered to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. General capital asset acquisitions, including entering into contracts giving the City right to use leased assets, are reported as expenditures in governmental funds. However, debt service expenditures, as well as expenditures related to certain compensated absences, pensions, other postemployment benefits, pollution remediation liabilities, and claims and judgments are recognized when the obligations are due and are expected to be liquidated with expendable available financial resources. Issuances of long-term debt and financing through leases are reported as other financing sources.

Note 1. Summary of Significant Accounting Policies (Continued)

Property taxes, interest, entitlements, shared revenues and expenditure-driven grants are all susceptible to accrual. Property taxes and interest intended to finance the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, subject to availability.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The internal service funds account for operations that provide services to other departments and agencies of the government on a cost-reimbursement basis. The City has four internal service funds. The Health and Wellness Fund accounts for the payments of health insurance claims. The Administrative Services Fund accounts for the City's internal services departments (City Commission, Communications, Finance, Human Resources, Information Technology, the Office of the City Attorney, and the Office of the City Manager). These expenses are charged to other City funds based on certain criteria and ratios. The Central Maintenance Garage Fund accounts for the repairs and maintenance of the City's fleet of vehicles and equipment. The Central Maintenance Garage Fund was split out from the Administrative Services Fund and is now reported as a separate fund, resulting in a change in the financial reporting entity during fiscal year 2025. The Risk Management fund accounts for payments for auto and general liability claims, as well as workers' compensation claims, insurance premiums and other administrative expenses.

The City reports the following major governmental funds:

General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. This is the City's primary operating fund.

Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal, interest, and other related costs from governmental resources and special assessment bond principal, and interest from special assessment levies when the City is obligated in some manner for this payment.

Capital Projects Fund is used to account for financial resources designated for the acquisition or construction of major capital projects other than those financed by proprietary funds.

The City reports the following major enterprise funds:

Water and Wastewater Fund is used to account for the operations of the City's water and wastewater operations.

Solid Waste Fund is used to account for the operations of the City's refuse collection service.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Budgetary procedures: Kansas Statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute) and Debt Service Funds.

A legal annual operating budget is not required for the Capital Projects Fund, and some of the Special Revenue Funds. Those governmental funds with a legally required budget have been included in this report.

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

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

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20. The City did hold a revenue neutral rate hearing for the fiscal year 2025.

To amend originally adopted budgeted revenues or expenditures, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. The statutes allow the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. The City Commission amended the budget for revenues that were not ad valorem property tax related for multiple funds in 2025.

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

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

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments, unless specifically designated, are allocated to the investing fund at the end of each fiscal year, based on the percentage of funds invested to total investment. Most investments are carried at fair value. Certain investments are valued at amortized cost, which approximates fair value and represents the purchase price of the underlying investment adjusted to reflect interest income. Other investments are valued at net asset value which represents the amount of net assets attributable to each security.

Receivables and payables:

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

Taxes receivable: Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivables are not available as a resource that can be used to finance the current year operations of the City and, therefore, are susceptible to accrual, but not recognized as revenue until the year for which they are levied. Accruals of uncollected current year property taxes are offset by deferred inflows of resource and are identical to the adopted budget for 2026, plus delinquent taxes.

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the County. In accordance with state statute, property and vehicle taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property and vehicle taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due to the County November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. The County receives 10% in December and then all available funds from the County Treasurer’s office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Special assessments receivable: Special assessments receivable reflects the property taxes collectable by the City for the purpose of repaying the Special Assessment debt held by the City. The amount collectable by the City is reduced each year as the taxes are levied against the property and, subsequently, collected by the City. Special assessments receivable is expressed net of allowances for doubtful accounts, based on foreclosed properties. At December 31, 2025, the City had $13,057,240 in special assessments receivable in the Debt Service Fund. In the governmental funds, this receivable is reported as unavailable revenue and recognized as revenue in the period the amounts become available.

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The City has the following types of interfund activity:

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

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

Capital assets: Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $20,000 for property, plant and equipment, or $50,000 for infrastructure assets. Such assets are stated at actual or estimated historical cost if purchased or constructed. Donated assets are recorded at acquisition value at the date of donation. Depreciation of plant and equipment is provided on the straight-line basis over the estimated useful lives of the respective assets as follows:

Water treatment plant and water sewer mains	50 years
Buildings	10-50 years
Improvements other than buildings	10-50 years
Office equipment	3-20 years
Machinery	3-20 years
Infrastructure	50-80 years
Subscription assets	3-15 years

The costs of normal maintenance and repairs are charged to expenses. Major expenditures for renewals and betterments are capitalized and depreciated over their estimated useful lives.

Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and any resulting gain or loss is reflected in the basic financial statements.

Leases:

Leases payable: The City is a lessee in real estate and equipment leases. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements, if applicable.

Note 1. Summary of Significant Accounting Policies (Continued)

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease liability and asset if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Leases receivable: The City is a lessor in real estate and fiber optic leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Lawrence Memorial Hospital (the Hospital), a discretely presented component unit, is a lessor for noncancellable leases of certain buildings and equipment and recognizes a related lease receivable and deferred inflows of resources. At the commencement of a lease, the Hospital initially measures the lease receivable at the present value of payments expected to be received during the lease term.

Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

The Hospital monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

All leases: Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease payments/receipts to present value, (2) lease term, and (3) lease payments/receipts.

- For leases where the City is a lessee, the City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- For leases where the City is a lessor, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Note 1. Summary of Significant Accounting Policies (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Prepaid: Prepaid balances are for payments made by the City in the current year to provide services occurring in subsequent fiscal years, and the related fund balance is reported as nonspendable as the fund balance is not available for other expenditures and is not in spendable form. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The City recognizes and records prepaid expenditures only if the transaction is non-recurring in nature.

Subscription-Based Information Technology Arrangements (SBITA): The City has entered into agreements where they subscribe to use a vendor's software programs. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date of the agreement, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription liability and asset if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value and (2) the subscription term.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

- The subscription term includes the noncancellable period of the agreement.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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

Compensated absences: The City recognizes a liability for compensated absences for leave that (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The City has adopted a first-in, first-out flows assumption which aligns with how compensated absences are likely to be paid/settled.

The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only for amounts due and payable. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation: Under the terms of the City's personnel policy, employees are granted vacation in varying amounts based upon their type and length of service. Terminated employees with at least six months of service will receive all accumulated vacation, subject to limitations, as will sworn fire/medical personnel, regardless of their length of service.

Sick Leave: Under the terms of the City's personnel policy, employees are granted sick leave in varying amounts based upon their type and length of service. Terminated employees with at least five years of service will receive all accumulated sick leave, subject to limitations, as will sworn fire/medical personnel, regardless of their length of service.

For types of compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees in any particular reporting period (parental leave, military leave, and jury duty), a liability is not recognized until the leave commences. For unlimited leave and holiday leave, a liability is recognized when the leave is taken.

The liability for leave that has been used, but not yet paid, has been recognized in accrued salaries. The liability for leave that has not been used is recognized in compensated absences.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results could differ from those estimates.

Unearned revenue: Unearned revenue arises when resources are received by the City but not yet recognized as revenue since it has not been earned. In subsequent periods when all applicable eligibility requirements are met, revenue is recognized.

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The deferred outflow related to pension consists of unrecognized items not yet charged to pension expense related to the net pension liability, and contributions paid by the City after the measurement date but before the end of the City's reporting period. The deferred outflow related to OPEB consists of unamortized items not yet charged to OPEB expense and contributions paid by the City after the measurement date but before the end of the City's reporting period. In addition, the Hospital recognizes a deferred outflow for goodwill.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues primarily from property taxes and special assessments along with other miscellaneous revenues, as well as lease receivables. In the City's government-wide statements, the property and vehicle tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied, and leases remain as a deferred inflow until payments are due. The City's government-wide and proprietary fund statements include the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the City's contribution and proportionate share of contributions all related to the net pension liability. The City's government-wide statements and proprietary fund statements further include unamortized items not yet charged to OPEB expense. The City's government-wide statements and proprietary fund statements also include the gain on refunding of prior debt, which is deferred and amortized over the life of the debt.

Fund balance: In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city commission through resolution approved prior to year-end. Any modification of the commitment requires the same type of action. Assigned fund balances include amounts that are constrained by the City's management or governing body's intent to be used for specific purposes but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. However, in other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that governmental fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, restricted amounts are considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

Note 1. Summary of Significant Accounting Policies (Continued)

The City has a fund balance/net position policy for its major funds. The policy states that the City shall maintain an unassigned fund balance in the General Fund equal to 90 days of operating expenditures. The policy also requires all Special Revenue Funds with appropriations in excess of $500,000 (excluding grant funds, economic development funds, the Library fund, and the Farmland Remediation fund) to maintain a fund balance equal to 60 days of operating expenditures. The Policy requires the Water and Wastewater Fund to maintain an unrestricted net position equal to 250 days of operating expenditures. The Policy also requires that the Solid Waste Fund maintain an unrestricted net position equal to 120 days of operating expenditures and that the Storm Water Utility and Public Parking funds maintain an unrestricted net position equal to 60 days of operating expenditures.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds				
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable for:					
Prepaids	$ 62,631	$ -	$ -	$ 8,034	$ 70,665
Inventories	512,734	-	-	-	512,734
Total nonspendable for	575,365	-	-	8,034	583,399
Restricted for:					
Capital outlay	-	-	14,818,767	12,656,827	27,475,594
Debt service	-	37,466,406	-	-	37,466,406
General government	216,073	-	-	8,107,252	8,323,325
Public safety	-	-	-	1,704,842	1,704,842
Public works	-	-	-	9,268,670	9,268,670
Health and social services	-	-	-	2,498,526	2,498,526
Culture and recreation	-	-	-	1,499,493	1,499,493
Tourism	-	-	-	1,294,383	1,294,383
Economic development	-	-	-	1,064,883	1,064,883
Total restricted for	216,073	37,466,406	14,818,767	38,094,876	90,596,122
Assigned for:					
Capital outlay	5,165,748	-	-	3,984,716	9,150,464
General government	6,681	-	-	-	6,681
Public safety	720,476	-	-	-	720,476
Public works	1,120,651	-	-	-	1,120,651
Culture and recreation	116,651	-	-	-	116,651
Economic development	40,784	-	-	-	40,784
Total assigned for	7,170,991	-	-	3,984,716	11,155,707
Unassigned	22,949,993	-	-	(2,281,883)	20,668,110
	$ 30,912,422	$ 37,466,406	$ 14,818,767	$ 39,805,743	$ 123,003,338

Note 1. Summary of Significant Accounting Policies (Continued)

Net position:

Net position classifications: In the government-wide and proprietary fund financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and is classified into three components:

Net investment in capital assets—consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, other borrowings, deferred inflows or deferred outflows that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position—consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities for which restricted and unrestricted net position is available. Net position restricted through enabling legislation consists of $8,024,002 for transit operations, $4,398,446 for road and highways, $1,789,172 for farmland remediation, and $7,131,947 for various other purposes.

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

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

Note 2. Reporting Entity

The City has considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the City, or the significance of their relationship with the City are such that exclusion would be misleading or incomplete. This consideration relied on the underlying concept that elected officials are accountable for the actions of those they appoint to govern other organizations and that the City’s financial statements should report this accountability. Although elected officials are accountable for the actions of all appointees, generally accepted accounting principles establish financial accountability as the threshold for including an organization in the financial statements of the reporting entity. Financial accountability results from one of the following criteria:

1. The City of Lawrence, as the primary government, is financially accountable if it appoints a voting majority of the organization’s governing body and is able to impose its will on that organization. There also is a potential for the organization to provide specific financial benefits to or impose burdens on the primary government.

2. The primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a financial benefit or burden, 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:

Note 2. Reporting Entity (Continued)

The Lawrence-Douglas County Housing Authority, created by State Statutes with a variety of corporate powers, operates the City's low income housing programs, serving Lawrence and Douglas County. The Housing Authority is governed by a five-member board appointed by the Mayor with approval of the City Commission. It is considered a component unit because the City appoints the voting majority and has the ability to impose its will. The Housing Authority has two blended component units: Douglas County Housing, Inc. and Full Circle Tenant Services, Inc., which are both not-for-profit corporations that were established to allow the Housing Authority to provide additional housing opportunities and services.

The Lawrence Memorial Hospital, created by State Statutes with a variety of corporate powers, operates the city hospital. The hospital is governed by a nine-member board appointed by the Mayor with approval of the City Commission. It is considered a component unit because the City appoints the voting majority and has the ability to impose its will. In addition, the hospital has its own discretely presented component units, the LMH Health Foundation (the Foundation) and the Lawrence Surgery Center, LLC (the Surgery Center), which are also presented as a discretely presented component units in the City's financial statements.

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

The Surgery Center is an ambulatory surgical care center located in Lawrence, Kansas. In 2020, the Hospital increased its ownership interest in the Surgery Center to 70%. As the Hospital now holds a majority equity interest in the Surgery Center, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests,* the reporting entity changed to include the Surgery Center as a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

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

Lawrence Community Shelter, Inc. (the Organization), is a 501(c)(3) nonprofit organization which was incorporated under the laws of the State of Kansas. The Organization provides safe shelter and comprehensive support services and programs that provide a path to a positive future for people experiencing homelessness and people who are at risk of homelessness. The City appoints three of the seven members of the Board of Directors. Management of the City believes it would be misleading to exclude the organization from the reporting entity based on the nature and significance of the organization's relationship with the City.

Note 2. Reporting Entity (Continued)

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

Based on this analysis, the following organization has been classified as a component unit of the City of Lawrence and is presented on the blended basis:

eXplore Lawrence is a private, not-for-profit organization with the purpose to promote, support, foster and develop programs which endeavor to increase general tourism and visitations to Lawrence. eXplore Lawrence's primary funding is through a contract with the City of Lawrence. eXplore Lawrence is governed by seven voting members appointed by the Mayor with approval by the City Commission. Additionally, the Organization has three ex-officio members: the City Manager or designee from the City Manager's Office; the Director of Downtown Lawrence, Inc. or staff designee; and the Lawrence Chamber of Commerce CEO or staff designee. eXplore Lawrence is considered a blended component unit because eXplore Lawrence provides services that almost exclusively benefit the City eXplore Lawrence is therefore combined within the City's primary governing statements as a Special Revenue Fund.

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

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

Lawrence Housing Authority
1600 Haskell Avenue
Lawrence, Kansas 66044

Lawrence Public Library
707 Vermont Street
Lawrence, Kansas 66044

Lawrence Community Shelter
3655 E 25th Street
Lawrence, KS 66046

Lawrence Memorial Hospital
325 Main Street
Lawrence, Kansas 66044

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

Note 3. Deposits and Investments

At December 31, 2025, the City's carrying values of cash and investments are summarized as follows:

Cash:	
Deposits	$ 25,050,149
Certificates of deposit	46,411,575
Total cash	71,461,724
Investments:	
Kansas Municipal Investment Pool	3,483,297
Certificates of deposit	53,424,824
U.S. Treasury notes	19,962,518
U.S. Treasury bills	28,391,337
U.S. Federal Agency issues	65,924,927
Mutual Funds	73,169,839
Total investments	244,356,742
Total cash and investments	$ 315,818,466

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

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

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

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

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

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

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

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

Note 3. Deposits and Investments (Continued)

Certificates of deposit: These investments are reported at amortized cost using quoted prices and interest rates.

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

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

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

At December 31, 2025, the City held the following investments:

	Balance	Rating	Maturity	Fair Value Hierarchy Level
Investments by fair value level:				
Federal Agency issues:				
Federal Home Loan Bank (FHLB)	$ 46,954,971	Moody's Aa1	1/16/26 to 6/12/26	2
Federal Farm Credit Bank (FFCB)	1,998,196	Moody's Aa1	1/12/2026	2
Federal Home Loan Mortgage Corp (Freddie Mac)	16,971,760	Moody's Aa1	6/1/2026	2
Mutual Funds	73,169,839	Not rated	N/A	1
U.S. Treasury notes	19,962,518	Moody's Aa1	2/15/2026 - 8/31/2026	2
U.S. Treasury bills	28,391,337	Moody's Aa1	1/13/2026 - 8/6/2026	2
	187,448,621			
Investments measured at amortized cost				
Certificates of Deposit	53,424,824	N/A	1/2/2026 - 5/20/2026	
Investments measured by the net asset value (NAV)				
Kansas Municipal Investment Pool	3,483,297	Not rated	Current	
	$ 244,356,742			

The amount invested in the Kansas Municipal Investment Pool is measured at the net asset value, having an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

At December 31, 2025, the City had $3,483,297 invested in the State of Kansas's municipal investment pool. The Kansas Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

Note 3. Deposits and Investments (Continued)

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

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

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

Concentration of credit risk: The City of Lawrence's investment policy does not allow for more than 50% of the City's cash and investment portfolio to be invested in the certificates of deposit of any one institution. The City's policy additionally imposes certain other concentration limits on various classes of investments. There are no restrictions on the amount of U.S. Treasury or Agency obligations or Municipal refunding bonds that the City can invest in.

As of December 31, 2025, the City's investments include FHLB and Freddie Mac, which represent 19% and 7% of total investments, respectively.

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

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

Note 4. Tax Revenue

Tax revenue for the year ended December 31, 2025, is as follows:

	Primary Government			
	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes	$ 31,934,149	$ 12,169,375	$ 8,076,352	$ 52,179,876
Motor vehicle taxes	2,262,239	846,701	439,001	3,547,941
Utility franchise taxes	9,035,091	-	-	9,035,091
Sales tax	37,117,022	-	14,184,850	51,301,872
Total	$ 80,348,501	$ 13,016,076	$ 22,700,203	$ 116,064,780

Included in intergovernmental revenue in the governmental fund financial statements are also approximately $8.2 million of state liquor tax, state guest tax and state fuel tax. These tax revenues are presented as intergovernmental revenues because they were received from the State.

The City's property tax levies per $1,000 assessed valuation for the year ended December 31, 2025, were as follows:

	Primary Government			
	General Fund	Debt Service Fund	Library Funds	Total
Levy	$ 21.654	$ 7.965	$ 4.093	$ 33.712

Note 5. Leases Receivable

The City is the lessor in several real estate and fiber optic cable lease agreements, which expire in 2025 through 2037. Annual payments increase periodically on several of the leases based upon the terms of the agreements. Rental and interest revenues recognized during the year ended December 31, 2025 were approximately $203,000 and $27,000, respectively.

The Lawrence Memorial Hospital, a proprietary fund type component unit, leases a portion of its real estate to various third parties, the terms of which expire 2026 through 2040. Annual payments increase periodically on several of the leases based upon the terms of the lease agreements. The leases were measured based upon the payments at lease commencement. The Hospital leases certain equipment to Lawrence Surgery Center, LLC, a discretely presented component unit of the Hospital. Annual payments are based upon the terms of the lease agreements.

Revenue recognized under lease contracts during the year ended December 31, 2025 was approximately $2,562,000, which includes both lease revenue and interest.

The following schedule is the Hospital's expected future minimum lease payments by year as of December 31, 2025:

	Principal	Interest	Total
Year ending December 31,			
2026	$ 1,202,210	$ 491,067	$ 1,693,277
2027	1,078,272	446,489	1,524,761
2028	1,058,183	403,006	1,461,189
2029	1,012,328	360,980	1,373,308
2030	969,619	320,637	1,290,256
2031 - 2035	3,980,046	1,077,060	5,057,106
2036 - 2040	3,433,557	344,278	3,777,835
	$ 12,734,215	$ 3,443,517	$ 16,177,732

Note 6. Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year ended December 31, 2025:

Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 104,909,937	$ 22,941,897	$ 7,644,100	$ 120,207,734	$ 8,396,520
General obligation bonds premium	7,095,097	1,727,903	536,697	8,286,303	-
General obligation bonds, net	112,005,034	24,669,800	8,180,797	128,494,037	8,396,520
General obligation temporary note	33,405,137	56,250,903	33,405,137	56,250,903	56,250,903
General obligation temporary note premium	131,308	685,136	591,194	225,250	225,250
General obligation temporary note, net	33,536,445	56,936,039	33,996,331	56,476,153	56,476,153
Financed purchase	363,199	-	118,351	244,848	121,046
Lease liability	74,873	-	74,873	-	-
SBITA liability	4,707,672	75,960	1,522,352	3,261,280	1,570,470
Compensated absences *	15,445,862	1,423,642	-	16,869,504	7,267,980
Net pension liability	90,592,032	-	4,947,732	85,644,300	-
Total OPEB liability	12,895,344	2,775,934	-	15,671,278	721,568
Pollution remediation liability	19,745,260	2,511,863	2,311,177	19,945,946	4,269,898
Total	$ 289,365,721	$ 88,393,238	$ 51,151,613	$ 326,607,346	$ 78,823,635

Type of Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	$ 8,428,066	$ 3,493,103	$ 403,901	$ 11,517,268	$ 577,480
General obligation premium	851,728	249,695	57,938	1,043,485	-
General obligation, net	9,279,794	3,742,798	461,839	12,560,753	577,480
General obligation temporary note	7,997,863	15,779,097	7,997,863	15,779,097	15,779,097
General obligation temporary note premium	27,320	192,189	156,324	63,185	63,185
KDHE DRF Loan	156,032	-	156,032	-	-
General obligation temp note, net	8,181,215	15,971,286	8,310,219	15,842,282	15,842,282
Revenue bonds	247,945,000	117,700,000	85,220,000	280,425,000	13,035,000
Revenue bonds premium	18,366,239	10,899,920	7,139,537	22,126,622	-
Revenue bonds, net	266,311,239	128,599,920	92,359,537	302,551,622	13,035,000
SBITA liability	1,191,186	-	266,708	924,478	273,652
Compensated absences *	3,515,980	133,887	-	3,649,867	1,747,900
Net pension liability	14,685,436	-	221,311	14,464,125	-
Total OPEB liability	4,934,753	1,025,470	-	5,960,223	274,432
Total	$ 308,099,603	$ 149,473,361	$ 101,619,614	$ 355,953,350	$ 31,750,746

* The increase or decrease for compensated absences has been presented on the net basis.

Note 6. Long-Term Liabilities (Continued)

The total OPEB liability is generally liquidated from the fund in which the employees were paid.

The general obligation temporary notes mature in 2026. The City does not intend to pay them off early.

Kansas statutes limit the amount of general obligation debt a city may issue to 30% of total assessed valuation. On December 31, 2025 the debt limitation for the City of Lawrence was $457 million. The City's general obligation debt and temporary notes as of December 31, 2025 was $185 million. This is approximately 40% of the maximum allowed under statutes. More information on the City's debt limit may be found in table 13 of the statistical section of this ACFR.

Financed purchase: In November 2017, the City entered into a ten-year financed purchase agreement for equipment and vehicles with a total principal amount of $1,064,200. The financed purchase carries an interest rate of 2.264%. Semiannual payments of $62,954 are due each March and September.

Financed purchase maturities are as follows:

	Principal	Interest	Total
Year ending December 31,			
2026	$ 121,046	$ 4,862	$ 125,908
2027	123,802	2,106	125,908
	$ 244,848	$ 6,968	$ 251,816

Lease liability: The City has entered into an equipment lease agreement. An initial lease liability was recorded in the amount of $289,586. The agreement requires annual payments of $76,586 and monthly payments of between $23,167 and $25,578, respectively. During the year ended December 31, 2025, principal and interest paid were $74,873 and $1,713, respectively.

SBITA liability: The City has entered into various subscription-based information technology arrangements. The agreements require annual payments ranging from $17,000 to $596,000. During the year ended December 31, 2025, principal and interest paid were $1,789,060 and $117,916, respectively.

SBITA liability maturities are as follows:

	Principal	Interest	Total to be Paid
Year ending December 31,			
2026	$ 1,844,122	$ 91,062	$ 1,935,184
2027	815,287	48,269	863,556
2028	466,754	24,210	490,964
2029	439,182	15,408	454,590
2030	51,885	6,888	58,773
2031-2035	568,528	18,235	586,763
	$ 4,185,758	$ 204,072	$ 4,389,830

Note 6. Long-Term Liabilities (Continued)

Arbitrage: The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. The City has no arbitrage liability for tax-exempt debt as of December 31, 2025.

General obligation bonds and temporary notes and revenue bonds, at December 31, 2025 are composed of the following:

Debt Issue	Date Issued	Date Matured	Interest Rate	Original Amount	Balance at End of Year	Due in One Year
General obligation bonds:						
Internal improvement	2014A	2034	2.000-5.000	$ 25,065,000	$ 13,505,000	$ 1,305,000
Internal improvement	2014B	2034	3.000-4.000	18,440,000	9,805,000	1,000,000
Internal improvement	2015	2030	2.000-3.000	9,450,000	3,595,000	680,000
Internal improvement	2017A	2027	2.000-2.500	3,030,000	660,000	325,000
Green internal improvement	2017B	2039	1.000-3.375	11,375,000	8,400,000	375,000
Internal improvement	2017C	2027	0.950-2.400	654,000	140,000	69,000
Internal improvement	2017D	2038	2.875-5.000	13,975,000	7,805,000	1,000,000
Internal improvement	2019A	2039	3.000-3.250	3,880,000	2,135,000	165,000
Internal improvement	2020A	2040	2.000-3.625	5,775,000	4,690,000	255,000
Refunding	2020B	2034	1.000-1.850	2,325,000	1,490,000	165,000
Internal improvement *	2021A	2051	2.000-4.000	29,740,000	25,565,001	1,215,000
Internal improvement *	2022A	2042	3.000-5.000	5,800,000	4,985,001	330,000
Internal improvement *	2023A	2043	3.875-5.000	10,455,000	9,370,000	675,000
Internal improvement *	2024A	2044	4.000-5.000	13,485,000	13,145,000	585,000
Internal improvement *	2025A	2045	4.000-5.000	26,435,000	26,435,000	830,000
					131,725,002	8,974,000
General obligation temporary notes:						
Internal improvement	2025-I	2026	4.000	72,030,000	72,030,000	72,030,000
					72,030,000	72,030,000
Revenue bonds:						
Water and sewerage improvement	2016A	2036	2.625-5.000	60,310,000	25,990,000	-
Water and sewerage improvement	2017A	2037	1.320-5.000	17,195,000	11,130,000	920,000
Water and sewerage improvement	2018	2038	3.500-4.000	20,070,000	14,935,000	875,000
Water and sewerage improvement	2021	2042	1.750-4.000	46,560,000	42,795,000	1,925,000
Water and sewerage improvement	2023	2044	4.000-5.000	37,840,000	37,115,000	1,225,000
Water and sewerage improvement	2024	2054	4.000-5.000	31,390,000	30,760,000	535,000
Water and sewerage improvement	2025	2045	3.750-6.500	117,700,000	117,700,000	7,555,000
					280,425,000	13,035,000
					$ 484,180,002	$ 94,039,000

Note 6. Long-Term Liabilities (Continued)

* The Series 2021A bonds are split with 99% ($29,460,803) reported in governmental activities and 1% ($279,197) reported in business-type activities. The Series 2022A bonds are split with 86% ($5,007,000) reported in governmental activities and 14% ($793,000) reported in business-type activities. The Series 2023A bonds are split with 53% ($5,492,696) reported in governmental activities and 47% ($4,962,304) reported in business-type activities. The Series 2024A bonds are split with 80% ($10,756,961) reported in governmental activities and 20% ($2,728,039) reported in business-type activities. The Series 2025A bonds are split with 87% ($22,941,897) reported in governmental activities and 13% ($3,493,103) reported in business-type activities. The Series 2025-I general obligation temporary notes are split 78% ($56,250,903) reported in governmental activities and 22% ($15,779,097) reported in business-type activities.

In 2025, the City issued $117,700,000 in water and sewage system improvement revenue bonds, series 2025, for paying various water and sewage system infrastructure projects within the City as well as refund the Series 2015 and a portion of the Series 2016A bonds. The Revenue Bonds are due in annual installments of $3,380,000 to $8,240,000 through November 2045, with interest due in semiannual installments at rates from 3.750% to 6.500%. A total of approximately $68,156,000 of principal was used to currently refund the Series 2015 and a portion of the Series 2016A bonds. The net carrying amount of the old debt was greater than the reacquisition price and this gain is recorded as a deferred inflow and is amortized over the remaining life of the current debt or the refunded debt, whichever is shorter. The refunding will result in total cash flow savings of approximately $6,920,000 through fiscal year 2039. Annual savings range from approximately $464,000 to $620,000 in fiscal years 2026 through 2039. The transaction resulted in a net economic gain of approximately $5,126,000 based on the present value of the new and old debt service requirements.

In 2025, the City issued $26,435,000 in general obligation improvement bonds, series 2025A, for paying for the cost of certain public improvement projects within the City and repaying a portion of the General Obligation Temporary Notes Series 2024-I. The general obligation bonds are due in annual installments of $830,000 to $1,810,000 through September 2045, with interest due in semiannual installments at rates from 4.000% to 5.000%.

In 2025, the City issued $72,030,000 in general obligation temporary notes, series 2025-I, for paying a portion of the costs of certain public improvements within the City and repaying the General Obligation Temporary Notes Series 2024-I. The General Obligation Temporary Notes, Series 2024-I are due May 1, 2026, with interest due in semiannual installments at an interest rate of 4.000%. The general obligation temporary notes are presented as long-term liabilities on the governmental activities statement of net position. The general obligation temporary notes were refinanced as part of the 2026 long-term debt transaction noted in the subsequent events footnote (Note 17).

Note 6. Long-Term Liabilities (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2025, are as follows:

	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total Due
Year ending:					
2026	$ 8,396,520	$ 4,728,176	$ 577,480	$ 591,429	$ 14,293,605
2027	8,822,177	4,028,319	663,823	504,000	14,018,319
2028	8,072,264	3,673,481	622,736	470,931	12,839,412
2029	8,265,505	3,352,971	634,495	439,920	12,692,891
2030	8,515,426	3,041,022	669,574	408,327	12,634,349
2031 - 2035	38,074,961	10,576,817	3,175,040	1,550,408	53,377,226
2036 - 2040	23,139,970	4,870,143	2,750,030	848,420	31,608,563
2041 - 2045	12,305,911	1,648,574	2,424,090	248,289	16,626,864
2046 - 2050	3,805,000	332,031	-	-	4,137,031
2051	810,000	17,212	-	-	827,212
	$ 120,207,734	$ 36,268,746	$ 11,517,268	$ 5,061,724	$ 173,055,472

The future annual requirements for revenue bonds outstanding as of December 31, 2025, are as follows:

	Business-Type Activities		
	Principal Due	Interest Due	Total Due
Year ending:			
2026	$ 13,035,000	$ 11,574,418	$ 24,609,418
2027	13,475,000	11,131,519	24,606,519
2028	14,240,000	10,361,669	24,601,669
2029	14,805,000	9,680,619	24,485,619
2030	15,460,000	9,035,506	24,495,506
2031 - 2035	81,900,000	35,120,044	117,020,044
2036 - 2040	72,645,000	18,386,388	91,031,388
2041 - 2045	41,615,000	7,116,950	48,731,950
2046 - 2050	7,260,000	2,108,656	9,368,656
2051 - 2054	5,990,000	567,719	6,557,719
	$ 280,425,000	$ 115,083,488	$ 395,508,488

The Water and Sewage System Revenue Bonds require that one-sixth of the next interest payment due, one-twelfth of the next principal payment due, and one-sixth of the agent charges next due be set aside monthly in a restricted account and that a bond reserve be maintained if net revenues of the Water and Wastewater System are less than 120% of the maximum annual debt service. A depreciation and emergency account is also to be maintained at a minimum of $50,000.

Conduit debt: The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprise are equal to the mortgage payment schedule related to the original debt. In addition, no commitments beyond the collateral, the payments from the private-sector entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the City for any of those bonds. At December 31, 2025, total outstanding conduit debt was $152,029,456.

Note 6. Long-Term Liabilities (Continued)

Pledged revenues: The City has pledged future water and wastewater operating revenues, net of specified operating expenses, to repay $395,508,488 in water and wastewater revenue and revenue refunding bonds. The bonds are payable solely from water and wastewater net revenues and are payable through 2054. Annual principal and interest payments on the bonds have required an average of 60% of net revenues. The City's debt covenants require that 120% of the annual debt service payment be available in pledged revenues. Principal and interest paid for the current year, excluding directly refunded principal, and total net revenues for the current year, were $24,609,418 and $39,684,505, respectively. This equates to a net revenue/debt ratio of 1.61 which meets the requirement. The City takes into consideration the 120% covenant requirement when establishing its utility rate model.

Lawrence Memorial Hospital component unit debt: The following is a summary of the long-term debt of the Lawrence Memorial Hospital, a proprietary fund type component unit. This debt is to be paid solely with Hospital revenues.

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable:					
Series 2018	$ 71,935,000	$ -	$ 1,575,000	$ 70,360,000	$ 1,655,000
Series 2025	-	10,329,747	-	10,329,747	-
Unamortized premiums	5,421,247	-	377,373	5,043,874	-
Notes from direct borrowing:					
2018 Note	8,143,736	-	313,358	7,830,378	326,115
2025 Note	-	2,550,000	425,000	2,125,000	1,700,000
Other financing obligations	1,575,614	-	635,103	940,511	499,014
Lease liability	5,187,442	1,883,373	1,931,513	5,139,302	716,198
Subscription liabilities	40,796,146	8,101,035	9,180,914	39,716,267	8,367,179
Total long-term debt	$ 133,059,185	$ 22,864,155	$ 14,438,261	$ 141,485,079	$ 13,263,506

The indenture agreements require that certain funds be established with the trustee. Accordingly, these funds are included as assets held by trustee (restricted cash) for debt service and capital acquisitions in the balance sheets. The indenture agreements also require the Hospital to comply with certain restrictive covenants including minimum insurance coverage, maintaining a historical debt-service coverage ratio of at least 1.10 to 1.00, and restrictions on incurrence of additional debt.

In 2025, the Hospital met the debt coverage ratio requirements established by the bond indenture.

The City has issued Series 2018 hospital revenue bonds under a Bond Indenture dated June 1, 1994, as amended and supplemented, to finance expansion and renovation of Hospital facilities, acquire equipment and property, refinance a prior bond issue and reimburse the Hospital for certain capital expenditures. The issuance of these bonds does not directly, indirectly or contingently, obligate the City, the State or any other political subdivision thereof to levy any form of taxation therefore or to make any appropriation for their payment.

In 2025, the City authorized the issuance of up to $20,000,000 of additional Hospital Revenue Bonds pursuant to the Series 2025 Supplemental Indenture, which supplements the Indenture of Trust dated May 1, 2018. Proceeds from the Series 2025 authorization may be used for purchasing, acquiring, constructing, improving, equipping, furnishing, repairing, enlarging, or remodeling facilities for hospital purposes, as well as for entering into leases or lease-purchase agreements related to such facilities. The Series 2025 Supplemental Indenture contains restrictive covenants substantially identical to those applicable to the Series 2018 Hospital Revenue Bonds.

Note 6. Long-Term Liabilities (Continued)

Debt Issue	Date Matured	Interest Rate	Original Amount	Balance at End of Year	Due in One Year
Series 2018	2048	3.50%–5.00%	$ 77,520,000	$ 70,360,000	$ 1,655,000
Series 2025	2045	4.46%	20,000,000	10,329,747	-

Notes from direct borrowing: In 2018, the Hospital entered a promissory note payable for $10,000,000. The Hospital's outstanding note is secured by, among other things, the Assignment, Mortgage, and other Loan Documents (Security Instruments). This outstanding note contains (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if any payment of principal and interest or any other required payment is not received by the lender on or before five days after the date that such payment is due; and (2) a provision that if the Hospital is unable to make payment, outstanding amounts are due immediately. The note also contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. Monthly payments include principal and interest of 4.0% with the term expiring in 2043.

In 2025, the Hospital entered a promissory note payable with Lawrence Radiation Oncology, LLC d/b/a Precision Cancer Care in connection with an asset purchase transaction. Under the terms of the note, the Hospital borrowed $2,550,000. The note is secured by collateral as defined in a related Security Agreement executed concurrently with the promissory note. Monthly payments include principal and interest of 6.0% with the term expiring in 2027.

Debt service requirements on long-term debt other than lease liabilities for the Hospital as of December 31, 2025, are as follows:

	Total to	Bonds		Direct Borrowings	
Year ending December 31,	be Paid **	Principal	Interest	Principal	Interest
2026	$ 5,100,563	$ 1,655,000	$ 3,445,563	$ 2,026,115	$ 320,046
2027	5,999,813	2,633,000	3,366,813	764,412	307,279
2028	5,820,063	2,536,000	3,284,063	353,240	293,992
2029	5,855,313	2,658,000	3,197,313	367,632	280,164
2030	5,892,063	2,786,000	3,106,063	382,609	265,773
2031 - 2035	30,064,065	16,069,000	13,995,065	2,159,964	1,091,612
2036 - 2040	31,210,552	19,799,000	11,411,552	2,637,309	632,954
2041 - 2045	34,771,500	26,824,000	7,947,500	1,264,097	118,504
2046 - 2048	17,967,500	15,400,000	2,567,500	-	-
	$ 142,681,432	$ 90,360,000	$ 52,321,432	$ 9,955,378	$ 3,310,324

** Per the Series 2025 bond agreement, if on October 31, 2026, the full bond amount issued has not been advanced, the remaining amount to be advanced will be sent to the Hospital to ensure the outstanding balance of bonds is equal to the maximum principal amount of $20,000,000. As such, the full bond amount is included within the debt service requirements table.

Other financing obligations: The Hospital is obligated under certain financings for purchase of equipment totaling approximately $941,000 at December 31, 2025. Monthly payments of obligations include principal plus interest ranging from 3.25% to 4.00%, terms expiring in various years through 2027.

Lease liability: The Hospital leases equipment and real estate, the terms of which expire in various years through 2036. The leases were measured based upon the discount rate at commencement.

Note 6. Long-Term Liabilities (Continued)

The following is a scheduled by year of payments under the leases as of December 31, 2025:

Year ending December 31,	Total to be Paid	Principal	Interest
2026	$ 935,890	$ 716,198	$ 219,692
2027	922,838	738,616	184,222
2028	754,927	603,906	151,021
2029	720,822	598,101	122,721
2030	731,682	637,739	93,943
2031 - 2035	1,918,831	1,749,464	169,367
2036	96,776	95,278	1,498
	$ 6,081,766	$ 5,139,302	$ 942,464

Subscription liabilities: The Hospital has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2033. Variable payments of certain subscriptions are based upon the Consumer Price Index (Index). The subscriptions were measured based upon the Index at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

The following is a schedule by year of payments under the SBITAs as of December 31, 2025:

Year ending December 31,	Total to be Paid	Principal	Interest
2026	$ 9,864,208	$ 8,367,179	$ 1,497,029
2027	8,071,541	6,945,086	1,126,455
2028	6,927,877	6,089,625	838,252
2029	5,668,893	5,059,370	609,523
2030	4,682,473	4,243,692	438,781
2031 - 2033	9,361,456	9,011,315	350,141
	$ 44,576,448	$ 39,716,267	$ 4,860,181

Lawrence Surgery Center, LLC component unit debt:

Lease liability: The Lawrence Surgery Center, LLC has entered into agreements with the Hospital to lease certain equipment and for certain information technology support services. In connection with these agreements LSC, LLC paid the Hospital approximately $56,000 for these services during 2025. The Surgery Center leased certain real estate from the Hospital for approximately $975,000 during 2025. As a result of these agreements, the Surgery Center has approximately $10,685,000 in related-party lease liabilities recorded on its balance sheets at December 31, 2025. The Hospital has corresponding related-party lease receivables of approximately $9,419,000 recorded on its balance sheets at December 31, 2025. As the Surgery Center's related-party lease liabilities are recorded under those standards issued by the FASB, the related-party lease liabilities will not equal those related-party lease receivables recorded on the Hospital's balance sheets, which are recorded under those standards issued by the GASB.

Note 7. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 18,989,125	$ 7,477	$ -	$ 18,996,602
Construction in progress	22,225,598	48,796,693	23,247,322	47,774,969
Total capital assets, not being depreciated/amortized	41,214,723	48,804,170	23,247,322	66,771,571
Capital assets being depreciated/amortized:				
Buildings	145,779,644	113,357	-	145,893,001
Improvements other than buildings	58,413,009	3,523,098	-	61,936,107
Machinery and equipment	62,391,306	6,459,012	989,804	67,860,514
Infrastructure	290,547,279	16,427,474	-	306,974,753
Right to use leased assets	294,646	-	-	294,646
SBITA assets	8,211,815	75,960	-	8,287,775
Total capital assets, being depreciated/amortized	565,637,699	26,598,901	989,804	591,246,796
Less accumulated depreciation/amortization for:				
Buildings	73,022,968	4,622,684	-	77,645,652
Improvements other than buildings	34,379,929	2,064,483	-	36,444,412
Machinery and equipment	38,695,289	5,548,141	985,183	43,258,247
Infrastructure	106,987,372	6,093,803	-	113,081,175
Right to use lease assets	208,804	69,602	-	278,406
SBITA assets	3,031,955	1,551,874	-	4,583,829
Total accumulated depreciation/amortization	256,326,317	19,950,587	985,183	275,291,721
Total capital assets being depreciated/amortized, net	309,311,382	6,648,314	4,621	315,955,075
Governmental activities capital assets, net	$ 350,526,105	$ 55,452,484	$ 23,251,943	$ 382,726,646

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 7,217,707	$ 105,173	$ -	$ 7,322,880
Construction in progress	53,759,372	71,546,076	9,443,656	115,861,792
Total capital assets, not being depreciated/amortized	60,977,079	71,651,249	9,443,656	123,184,672
Capital assets being depreciated/amortized:				
Buildings	87,818,546	61,355	-	87,879,901
Improvements other than buildings	166,751,845	-	-	166,751,845
Machinery and equipment	40,388,996	2,987,075	595,463	42,780,608
Infrastructure	243,021,923	9,382,300	-	252,404,223
SBITA assets	1,699,442	-	-	1,699,442
Total capital assets, being depreciated/amortized	539,680,752	12,430,730	595,463	551,516,019
Less accumulated depreciation/amortization for:				
Buildings	42,110,100	1,876,562	-	43,986,662
Improvements other than buildings	60,006,007	3,785,919	-	63,791,926
Machinery and equipment	22,743,156	3,762,091	595,463	25,909,784
Infrastructure	91,233,480	4,821,141	-	96,054,621
SBITA assets	509,896	254,949	-	764,845
Total accumulated depreciation/amortization	216,602,639	14,500,662	595,463	230,507,838
Total capital assets being depreciated/amortized, net	323,078,113	(2,069,932)	-	321,008,181
Business-type activities capital assets, net	$ 384,055,192	$ 69,581,317	$ 9,443,656	$ 444,192,853

Note 7. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely presented component units:				
Capital assets, not being depreciated:				
Land	$ 14,939,118	$ -	$ -	$ 14,939,118
Construction in progress	10,585,992	13,294,693	18,581,506	5,299,179
Total capital assets, not being depreciated	25,525,110	13,294,693	18,581,506	20,238,297
Capital assets being depreciated:				
Buildings	294,390,061	20,412,236	-	314,802,297
Improvements other than buildings	9,693,662	89,513	-	9,783,175
Collection	3,963,616	780,054	766,906	3,976,764
Machinery and equipment	114,804,216	11,293,220	1,595,969	124,501,467
Lease assets - buildings	15,786,023	932,080	232,331	16,485,772
Lease assets - equipment	6,819,965	951,293	4,753,859	3,017,399
SBITA assets	58,074,071	11,935,105	2,056,556	67,952,620
Total capital assets, being depreciated	503,531,614	46,393,501	9,405,621	540,519,494
Less accumulated depreciation for:				
Buildings	111,271,604	8,075,581	-	119,347,185
Improvements other than buildings	4,472,815	445,722	-	4,918,537
Collection	1,220,556	467,976	489,298	1,199,234
Machinery and equipment	81,074,794	6,855,634	406,881	87,523,547
Lease assets - buildings	3,010,685	1,581,127	232,334	4,359,478
Lease assets - equipment	2,524,528	735,957	2,926,479	334,006
SBITA assets	17,651,578	10,559,945	2,056,556	26,154,967
Total accumulated depreciation	221,226,560	28,721,942	6,111,548	243,836,954
Total capital assets being depreciated, net	282,305,054	17,671,559	3,294,073	296,682,540
Component unit capital assets, net	$ 307,830,164	$ 30,966,252	$ 21,875,579	$ 316,920,837

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

Governmental activities:	
General government	$ 3,372,914
Public safety	3,878,349
Public works	9,128,469
Social services	488,282
Culture and recreation	2,147,756
Tourism	30,135
	19,045,905
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	904,682
Total depreciation and amortization expense, governmental activities	$ 19,950,587

Note 7. Capital Assets (Continued)

Business-type activities:	
Water and wastewater	$ 12,141,454
Solid waste	1,495,309
Parking	18,530
Stormwater	845,369
Total depreciation expense, business-type activities	$ 14,500,662
Component units:	
Lawrence-Douglas County Housing Authority	$ 1,197,241
Lawrence Surgery Center	1,187,956
Lawrence Memorial Hospital	25,552,243
Lawrence Public Library	580,190
Lawrence Community Shelter	204,312
Total depreciation expense, component units	$ 28,721,942

Note 8. Defined Benefit Pension Plan

Description of pension plan: The City participates in a cost-sharing multiple-employer pension plan (Pension Plan), administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firefighters
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Kansas Police and Firefighters group.

KPERS issues a stand-alone annual comprehensive financial report, which is available on the KPERS website at www.kpers.org.

Benefits: Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Firefighters) with ten or more years of credited service, may retire as early as age 55 (Police and Firefighters may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member’s combined age and years of service equal 85. Police and Firefighters normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Note 8. Defined Benefit Pension Plan (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions: Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.20% of total payroll for the fiscal year ended June 30, 2025.

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

	Actuarial Employer Rate	Statutory Employer Capped Rate
Local government employees	9.71%	9.71%
Police and firefighters	24.67%	24.67%

Note 8. Defined Benefit Pension Plan (Continued)

Member contribution rates as a percentage of eligible compensation for the fiscal year 2025 are 6.00% for Local employees and 7.15% for Police and Firefighters.

Employer allocations: Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firefighters
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2025, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2025. The City's contributions to the plan during the measurement period were $4,188,247 and $7,318,054 for the Local and Police and Fire groups, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2025, the City's proportion for the Local employees group was 1.813%, which was an increase of 0.011% from its proportion measured at June 30, 2024. At June 30, 2025, the City's proportion for the Police and Firefighters group was 3.934%, which was a decrease of 0.269% from its proportion measured at June 30, 2024.

Net pension liability: At December 31, 2025, the City reported a liability of $36,324,085 and $63,784,340 for its total proportionate share of the net pension liability for the Local and Police and Firefighters groups, respectively, for a total net pension liability of $100,108,425 as of December 31, 2025.

Actuarial assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025 as the measurement date, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	2.75%
Salary increases, including wage increases	3.50% to 15.50% including inflation
Long-term rate of return, net of investment expense and including price inflation	7.00%

Mortality rates were based on the PUB-2010 Mortality Tables with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

Note 8. Defined Benefit Pension Plan (Continued)

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study dated January 29, 2024 as provided by KPERS' investment consultant are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Rate of Return
Global equities	43.00%	8.20%
Private equity	11.00	12.00
Real estate	15.00	5.70
Yield driven	12.00	5.30
Infrastructure	3.00	6.80
Core fixed income	13.00	2.20
Cash	3.00	0.30
	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so. Based on legislation first passed in 1993, the employer contribution rates certified by KPERS Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90% for Fiscal Year 2014, 1.00% for Fiscal Year 2015, 1.10% for Fiscal Year 2016 and 1.20% for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

Note 8. Defined Benefit Pension Plan (Continued)

Legislation in the 2016 session (S.B. 161) provided for the delay of up to $100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for S.B. 249 provided that the delayed contributions would be paid in full, with interest at 8.00%, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for H.B. 2052 delayed $64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment of $6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01% for that year.

Additional legislation in the 2017 Session (S. Sub for H.B. 2002) provided for a reduction of $194.0 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivables by the System.

The 2018 Legislature passed H. Sub for S.B. 109 that provided additional contributions to the school group of $56.0 million in Fiscal Year 2018 and $82.0 million in Fiscal Year 2019.

The 2019 Legislature passed S.B. 9 that provided additional contributions to the school group of $115.0 million in Fiscal Year 2019. H. Sub for S.B. 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of $51.0 million.

The 2021 Legislature passed H.B. 2405, which authorizes the state of Kansas to issue bonds with net proceeds of $500.0 million to fund a portion of the School's unfunded actuarial liability. S.B. 159 recertified the State/ School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed S.B. 421, which authorized the state of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600.0 million was transferred to the System. S.B. 421 authorized two additional transfers totaling $271.0 million in Fiscal Year 2023 (reflected in the projected cash flows of the System).

The 2023 Legislature passed HB 2196, which expanded the Deferred Retirement Option Plan (DROP) in KP&F to include all of that System's employers as of April 27, 2023. Under that same Bill, the Kansas Department of Wildlife and Parks (KDWP) became an affiliated KP&F employer making certain law enforcement positions in the Agency eligible for KP&F future service participation as of July 1, 2023. HB 2100 was also passed, defining and establishing limits on environmental, social and governance factors when entering into contracts (including investment contracts) and when making proxy votes on behalf of the System. This latter change was not expected to materially affect the asset allocation. Neither act impacted the valuation results.

Note 8. Defined Benefit Pension Plan (Continued)

The 2024 Legislature passed HB 2711 that increased both the lump sum retiree death benefit from $4,000 to $6,000 and employer contribution rates for State/School for FY 2025 and FY 2026 and for Local employers for CY 2025 to fund this benefit improvement. The Bill also increased the employer contribution threshold for the 30% Working After Retirement (WAR) rate from $25,000 to $40,000; and the earnings limit for KP&F retirees from $25,000 to $40,000; while creating an exemption from employer contributions for nurses and direct support workers at Community Development Disability Organizations (CDDOs). Further, the Bill increased the alternative investment cap from 15% to 25% and requires the System to divest all publicly traded securities held in funds by countries of concern.

There was no legislation passed in 2025 impacting plan provisions.

Based on the employer contribution history described above, it is a reasonable assumption that the State/ School group's contribution rate may not be certified at the statutory rate at some point in the future. It has been assumed that the contribution rates will be made within the same range as have been seen in the past few years. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/ School group are sufficient to avoid a depletion date.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate: The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Local	$ 53,602,931	$ 36,324,085	$ 21,812,164
Police and firefighters	87,752,735	63,784,340	43,702,488
Total	$ 141,355,666	$ 100,108,425	$ 65,514,652

Pension expense: For the year ended December 31, 2025, the City recognized total pension expense of $14,074,484 which is comprised of local pension expense of $5,544,126 and Police and Firefighters pension expense of $8,530,358.

Note 8. Defined Benefit Pension Plan (Continued)

Deferred outflows of resources and deferred inflows of resources: At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firefighters groups from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Local:		
Differences between actual and expected experience	$ 4,680,702	$ -
Net differences between projected and actual earnings on investments	-	1,247,481
Changes in assumptions	897,913	-
Changes in proportion	1,082,221	-
Total	6,660,836	1,247,481
Police and Firefighters:		
Differences between actual and expected experience	7,503,604	-
Net differences between projected and actual earnings on investments	-	1,656,987
Changes in assumptions	1,560,568	-
Changes in proportion	50,020	4,669,098
Total	9,114,192	6,326,085
Total:		
Differences between actual and expected experience	12,184,306	-
Net differences between projected and actual earnings on investments	-	2,904,468
Changes in assumptions	2,458,481	-
Changes in proportion	1,132,241	4,669,098
Total	15,775,028	7,573,566
City contributions subsequent to measurement date for both groups	5,908,880	-
Total	$ 21,683,908	$ 7,573,566

The $5,908,880 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Local Deferred Outflows	Police and Firefighters Deferred Outflows	Total Deferred Outflows
2026	$ 4,347,773	$ 3,758,685	$ 8,106,458
2027	1,081,480	32,974	1,114,454
2028	185,262	(525,804)	(340,542)
2029	(201,160)	(477,748)	(678,908)
	$ 5,413,355	$ 2,788,107	$ 8,201,462

Note 8. Defined Benefit Pension Plan (Continued)

Deferred outflows and inflows of resources related to the difference between expected and actual plan experience, changes in proportionate share and changes in assumptions are being amortized over a closed period equal to the average of the expected service lives of all employees at the beginning of each measurement period. Deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments is being amortized over a closed five-year period.

Note 9. Interfund Transactions

Interfund receivables and payables: At December 31, 2025, the following funds had interfund receivables and payables to the following funds:

	Due From Other Funds
	General Fund
Due to other funds, nonmajor governmental funds	$ 2,754,071

The City uses interfund receivables and payables as needed when pooled cash is negative within a fund until investments mature or grant proceeds are received. Management expects all payables to be cleared in less than one year.

Interfund transfers: A summary of transfers for the year ended December 31, 2025, follows:

Fund	Transfers Out	Transfers In
General	$ 1,034,000	$ 7,015,700
Debt service	-	6,363,031
Capital projects	5,965,031	-
Nonmajor governmental	452	579,998
Water and wastewater	4,657,000	1,008,466
Solid waste	919,000	318,630
Internal service funds	2,464,317	85,000
Nonmajor proprietary	420,000	88,975
	$ 15,459,800	$ 15,459,800

The City uses interfund transfers to share administrative costs between the enterprise and general funds. The water and wastewater fund, the solid waste fund and the stormwater fund transferred $4,657,000, $919,000 and $420,000, respectively, to the general fund in lieu of franchise fees for various utilities. The general fund transferred $551,000 to nonmajor governmental funds. The capital projects fund transferred $5,695,031 to the debt service fund for a bond payment. Beyond that, the City's policy is to transfer all fund balance in the general fund in excess of 25% to the capital sales tax and the equipment reserve annually.

Note 10. Commitments and Contingencies

Contract commitments: At December 31, 2025, the City had outstanding construction contract commitments totaling $131,108,575.

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

Description	Authorized	Expended	Remaining Authority
MSO Campus - Phase 2 SWD/CMG	$ 124,021,000	$ 64,541,316	$ 59,479,684
MSO Operations Campus - Phase 1	345,222,330	327,104,052	18,118,278
Jayhawk Watershed-9th & Mississippi	255,779,700	242,220,460	13,559,240
K-10 West Leg Exp-Utility Relocates	27,769,703	19,745,289	8,024,414
Kansas River WWTP IMPRVMTS and NR	143,709,659	138,022,433	5,687,226
Bob Billings-Kasold to Monterey Way	12,200,355	6,643,202	5,557,153
Outdoor Aquatic Center-Major Renova	10,452,750	5,580,720	4,872,030
Maple Ln Storm WW & Watermain Imprv	53,084,862	51,162,442	1,922,420
2025 Street Maintenance - Phase 1	10,399,940	8,730,588	1,669,352
2022 Kaw WTP Infrastructure Rehab	9,649,138	8,107,072	1,542,066
2023 Sanitary Main Rehabilitation	11,892,926	10,408,478	1,484,448
Taxiway A Lighting Improvements	1,872,562	1,019,846	852,716
Pump Station 9 Expansion and Rehab	1,102,141	266,256	835,885
East 12th Street ADA Reconstruction	808,562	196,047	612,515
6th Street SUP (Kasold - Lawrence)	573,870	-	573,870
Eagle Bend & YSC IRR WTR Supply	4,179,060	3,608,638	570,422
2025 Street Maintenance - Phase 3	3,400,000	2,863,407	536,593
2025 Water Maint Program	588,339	62,173	526,166
2025 Wastewater Maint Program	500,000	-	500,000
Harper Tower Maintenance/Coatings	2,537,350	2,064,269	473,081
Rehabilitate Airport Apron	7,054,394	6,719,903	334,491
2023 Asset Management Program	4,681,669	4,347,907	333,762
Clinton WTP Chem Storage & Dist Imp	2,423,614	2,100,483	323,131
Stormwtr Syst Id Assessmnt & Model	2,699,999	2,386,744	313,255
LDCFM Exterior Repairs	314,915	35,172	279,743
23rd St/Clinton Traffic Sgnl EQ IMP	256,000	-	256,000
Sports Pavilion Turf	242,395	-	242,395
24th St StrmSwr Rplcmt-1200 block	518,100	276,775	241,325
Wastewater Col Systm PrevMaint Eval	2,281,293	2,049,067	232,226
Mass St-14th to 23rd St Multimodal	1,675,254	1,460,947	214,307
Holcom Flood Mitig & Water Quality	990,911	786,447	204,464
2024 ADA Brick Sidewalk Reconstruct	600,418	397,429	202,989
PD Parking Expansion & EV/Solar	382,838	199,130	183,708
2025 In-House Watermain Replacement	250,000	109,099	140,901
2025 Street Maintenance - Phase 4	650,000	542,319	107,681
2025 CDBG Sidewalk Improvements	456,267	355,629	100,638
Total	$ 1,045,222,314	$ 914,113,739	$ 131,108,575

Note 10. Commitments and Contingencies (Continued)

Encumbrance: The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as assigned or restricted fund balance. As of December 31, 2025, the City had a total of $58,791,767 in encumbrances, which are reported as part of the governmental fund balance sheet as follows:

	Assigned	Restricted	Total
General Fund	$ 7,182,910	$ -	$ 7,182,910
Capital Projects Fund	-	41,518,601	41,518,601
Nonmajor governmental funds	-	10,090,256	10,090,256
	$ 7,182,910	$ 51,608,857	$ 58,791,767

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. The City addresses potential risk by purchasing various commercial insurance policies for certain insurable causes of loss, with the exception of workers' compensation and employee health insurance. Other miscellaneous coverage purchased includes underground storage tank liability, fiduciary liability, cyber liability and terrorism/sabotage. In certain cases, the City retains risks up to the individual policy deductible amounts. Settled claims have not exceeded the commercial limits in any of the past three fiscal years.

Under the City's risk management program, the City retains risk for up to $750,000 per occurrence 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.

The City's self-insurance activities are reported in internal service funds. 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. The City's claims liability reported in the Statement of Net Position at December 31, 2025 was $2,142,752, for general and worker's comp liabilities and employee health insurance. The liability reported in the financial statements at December 31, 2025 is based on the requirement that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and that the amount of loss can be reasonably estimated.

Employee health care: The City has established a program to pay medical claims of covered current and former City employees and additional health insurance premiums. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available resources. This program is accounted for in an internal service fund.

Note 10. Commitments and Contingencies (Continued)

Changes in the balance of claims liabilities during the fiscal years 2025 and 2024 for workers' compensation and employee health care are as follows:

	2025	2024
Unpaid claims, January 1	$ 2,226,788	$ 2,448,906
Incurred claims (including IBNRs)	16,413,466	13,692,184
Claim payments	16,497,502	13,914,302
Unpaid claims, December 31	$ 2,142,752	$ 2,226,788

Note 11. Cost Sharing Arrangements

In 1994, the City and the County agreed to combine their emergency communications services with the costs of the combined operations to be shared. This agreement was modified in 1997 following the 1996 combination of the County emergency medical services (EMS) and the City fire department.

Under the current agreement, the City invoices the County for actual costs for personnel, contractual, commodity and capital expenses. These costs are calculated based on what type of cost it is. All EMS costs are 100% invoiced to the County and all other costs that are not 100% fire related are invoiced to the County using 36%. The City is responsible for 64% of these costs. The City does not invoice the County for 100% of fire related items and is 100% responsible for these costs. The City billed the County $11.1 million for the year ending December 31, 2025.

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

Note 12. Net Position

The amounts reported on the statement of net position identified as net investment in capital assets are as follows:

	Governmental Activities	Business-type Activities	Total
Total net capital assets	$ 382,726,646	$ 444,192,853	$ 826,919,499
Less:			
Current portion of temporary notes payable	(56,476,153)	(15,842,282)	(72,318,435)
Current portion of general obligation bonds	(8,396,520)	(577,480)	(8,974,000)
Current portion of financed purchase	(121,046)	-	(121,046)
Current portion of lease and SBITA liability	(1,570,470)	(273,652)	(1,844,122)
Current portion of revenue bonds	-	(13,035,000)	(13,035,000)
Noncurrent portion of general obligation bonds	(120,097,517)	(11,983,273)	(132,080,790)
Noncurrent portion of financed purchase	(123,802)	-	(123,802)
Noncurrent portion of lease and SBITA liability	(1,690,810)	(650,826)	(2,341,636)
Noncurrent portion of revenue bonds	-	(289,516,622)	(289,516,622)
Deferred inflow, gain on refunding	-	(5,997,368)	(5,997,368)
Capital in accounts payable	(5,526,760)	(20,054,791)	(25,581,551)
Plus:			
Unspent general obligation bonds, revenue bonds and temporary note proceeds	14,818,769	59,690,478	74,509,247
Portion of debt not used for capital purposes	-	710,018	710,018
Net investment in capital assets	$ 203,542,337	$ 146,662,055	$ 350,204,392

Note 13. Postemployment Health Care Plans

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

Below is a summary of amounts reported by the City:

	City Plan	KPERS Plan	Total
Total OPEB liability	$ 19,667,362	$ 1,964,139	$ 21,631,501
Deferred outflows of resources	3,415,588	953,245	4,368,833
Deferred inflows of resources	7,508,206	617,376	8,125,582
OPEB expense	4,417,732	187,475	4,605,207

Note 13. Postemployment Health Care Plans (Continued)

Lawrence Other Postemployment Benefit Plan

***Plan description*:** The City operates a single employer defined benefit healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group healthcare plan to make participation available to all retirees and dependents until the retirees reaches the age of 65 years. The Health and Wellness Fund has been used to liquidate net other postemployment benefit obligations in prior years through charges to other funds. No separate financial report is issued for the Plan. OPEB expenses are paid from the Health and Wellness internal services fund.

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

The City requires the retiree to pay 80% of group plan premium when single or family coverage is elected. Otherwise the retiree is required to pay 100% of the premium. Retirees and spouses have the same benefits as active employees. However, all retiree coverage terminates at the time the retiree became eligible for Medicare or if premium payment is not received on a timely basis. When the retiree attains Medicare eligibility age, it may be a COBRA qualifying event for the spouse.

***Contributions*:** The City does not pay retiree benefits directly; they are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group. Retirees who elect to continue coverage in the medical and dental plans offered through Aetna are required to pay a contribution until the employee becomes eligible for Medicare. Since the retirees pay the premium each year, the City's share of any premium costs is determined on the basis of a blended rate or implicit rate subsidy calculation. The benefits and benefit levels are governed by City policy. Other postemployment liabilities attributable to governmental activities are generally liquidated by the General fund. The City made contributions of $419,446 during the current year.

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

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

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

Note 13. Postemployment Health Care Plans (Continued)

***Employees covered by benefit terms*:** At December 31, 2025, the following employees were covered by the benefit terms:

Active employees:	
KPERS 1	138
KPERS 2	72
KPERS 3	341
Police and fire	275
Total active employees	826
Inactives:	
Retirees/disabled—subscribers	70
Spouses of retirees/disabled	12
Total inactive covered members	82
Total	908

Total OPEB liability: The City's total OPEB liability of $19,667,362 was measured as of December 31, 2025 and was determined by an actuarial valuation as of December 31, 2025.

Actuarial methods and assumptions: The total OPEB liability in the December 31, 2025 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Salary increases	2.00% for all employees
Inflation rate	2.50%
Discount rate	4.42% measurement date 4.22% year preceding measurement date
Health care cost trend rates	8.00% for 2026 decreasing to an ultimate rate 4.5% in 2038
Dental cost trend rate	3.75%
Healthy mortality rates	Society of Actuaries Pub-2016 Public Retirement Plans Headcount-weighted General and Public Safety Mortality Tables using MP-2021 Full Generational Improvement
Disabled mortality rates	Society of Actuaries Pub-2016 Public Retirement Plans Headcount-weighted General and Public Safety Disabled Mortality Tables using MP-2021 Full Generational Improvement

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

Note 13. Postemployment Health Care Plans (Continued)

Changes in the total OPEB liability:

	Total OPEB Liability
Balance as of December 31, 2024	$ 15,929,717
Changes for the year:	
Service cost	935,045
Interest	702,843
Changes in benefit terms	3,239,573
Differences between expected and actual experience	(1,352,019)
Changes in assumptions	631,649
Benefit payments	(419,446)
Net changes	3,737,645
Balance as of December 31, 2025	$ 19,667,362

Changes in assumptions: The discount rate was changed from 4.22% at the beginning of the year to 4.42% at the end of the year. The assumed mortality was revised from Pub-2010 to Pub-2016. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2026 renewal was taken into account.

Changes in benefit terms: The City made an early retirement offer in 2025. Twenty-eight retirees accepted the offer. Retirees received coverage to age 65 at no employee contribution premium. Dependents are charged full plan premiums.

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

	Discount Rate		
	1% Decrease 3.42%	4.42%	1% Increase 5.42%
Total OPEB liability	$ 21,687,956	$ 19,667,362	$ 17,876,085

Sensitivity of the total OPEB liability to changes in the health care cost trend rates: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Health Care Cost Trend Rates		
	(7.0% Decreasing to 3.5%)	(8.0% Decreasing to 4.5%)	(9.0% Decreasing to 5.5%)
Total OPEB liability	$ 17,558,542	$ 19,667,362	$ 22,169,770

Note 13. Postemployment Health Care Plans (Continued)

OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended December 31, 2025, the City recognized OPEB expense of $4,417,732. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions or other inputs	$ 1,557,375	$ 5,264,057
Differences between expected and actual experience	1,858,213	2,244,149
	$ 3,415,588	$ 7,508,206

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

Years ending December 31:	
2026	$ (459,729)
2027	(459,729)
2028	(459,725)
2029	(446,328)
2030	(763,473)
Thereafter	(1,503,634)
	$ (4,092,618)

KPERS Other Postemployment Benefit Plan

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

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

Note 13. Postemployment Health Care Plans (Continued)

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

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

Covered employees: The City has the following employees covered by the Plan as of December 31, 2024:

Active members	573
Disabled members	13
	586

Total OPEB liability: The City's total OPEB liability of $1,964,139 was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025 as the measurement date, using the following actuarial assumptions:

Salary increases	3.50%
Inflation rate	2.75%
Discount rate	5.20% - measurement date 3.93% - year preceding measurement date

Mortality rates were based on the PUB-2010 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Projection Scale MP-2021.

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

Note 13. Postemployment Health Care Plans (Continued)

Changes in total OPEB liability:

	Total OPEB Liability
Balance as of December 31, 2024	$ 1,900,380
Changes for the year:	
Service cost	103,119
Interest	75,989
Effect of economic/demographic gains or losses	160,989
Changes in assumptions	(135,054)
Benefit payments	(141,284)
Net changes	63,759
Balance as of December 31, 2025	$ 1,964,139

Changes in assumptions: The discount rate was changed from 3.93% at the beginning of the year to 5.20% at the end of the year.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the City's total OPEB liability calculated using the discount rate of 5.20%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 4.20%	Discount Rate 5.20%	1% Increase 6.20%
Total OPEB liability	$ 2,069,515	$ 1,964,139	$ 1,865,367

Sensitivity of the total OPEB liability to changes in the health care cost trend rates: The health care cost trend rates do not affect liabilities related to the long-term disability benefits sponsored by KPERS.

OPEB expense: For the year ended December 31, 2025, the City recognized OPEB expense of $187,475.

Deferred outflows of resources and deferred inflows of resources: At December 31, 2025, The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 661,537	$ 280,309
Changes of assumptions or other inputs	72,875	337,067
	734,412	617,376
Contributions subsequent to measurement date	218,833	-
	$ 953,245	$ 617,376

Note 13. Postemployment Health Care Plans (Continued)

The $218,833 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the average remaining service lives of plan participants (actives and retirees) as follows:

Years ending June 30:		
2026	$	10,653
2027		17,112
2028		14,276
2029		(1,019)
2030		15,169
Thereafter		60,845
	$	117,036

Note 14. Pollution Remediation

On September 29, 2010, the City of Lawrence obtained the former Farmland site out of bankruptcy. The site includes 463.5 acres located in Northeast Lawrence adjacent to Kansas Highway 10. Of this acreage, 263 acres will require minimal action. Farmland used the location to produce nitrogen fertilizer from 1954 to 2001 and the groundwater, soil, sediments and surface and storm waters contain nitrate and ammonia levels that exceed current drinking water regulations. The City entered into a consent order with the Kansas Department of Health and Environment (KDHE) to remediate the pollution and received $8.5 million from the Farmland Trust Account to pay the estimated cost over 30 years.

A Data Gap Study report was prepared by GHD Services Inc. (GHD) and approved by Kansas Department of Health and Environment (KDHE) on March 6, 2020. The Data Gap Study provided GHD and the City the necessary information to complete the Cost-Benefit Analysis (CBA) report, detailing multiple remediation options for both soil and groundwater at the site. The CBA report for potential remedial efforts in addition to or in place of groundwater collection for land application was submitted to Kansas Department of Health and Environment Bureau of Remediation (KDHE BER) on April 6, 2020. Comments on the CBA report were received on April 27, 2020, and subsequently addressed. KDHE BER approved the CBA on July 1, 2020.

On February 2, 2021, the City commission approved a supplemental agreement to the Engineering Services Agreement with GHD. The next steps included evaluating the findings of the Data Gap Study and remedial options in the CBA report. The City negotiated the next scope of work with GHD that included a pre-design investigation and work plan. The scope of work additionally included installing new monitoring wells, containment wells, and submitting a Current Site Conditions Report with analytical information from the new monitoring wells. Phase one of this effort included professional services related to site study, analysis of alternative remediation strategies and regulatory approvals for alternative strategies prepared by GHD. The project scope included data review, existing remediation systems evaluation, and remediation alternative evaluation and recommendation.

Note 14. Pollution Remediation (Continued)

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

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

On April 15, 2022, the City of Lawrence and GHD participated in a virtual meeting with members of KDHE BER and KDHE Bureau of Water (BOW) to provide an update on the progress of the remedial efforts and share results of the Remedial Alternatives Workshop. During this discussion, KDHE requested a formal request with supporting documentation stating the next steps of the remedial process.

On June 15, 2022, GHD and the City submitted a formal request to KDHE BER and BOW to gain concurrence to the proposed remedial options selected for the remediation Site. This request included supporting documentation outlining the proposed remedial strategies. The timing of this concurrence was critical to coincide with the planned upgrades to the KRWWTP that are being designed to meet new nutrient removal requirements established in the current NPDES permit schedule of compliance. One of the proposed options for remediation of the Farmland water is nitrogen side stream removal at the KRWWTP which will be incorporated into the new plant design. Approval from KDHE to the proposed changes to the Farmland remedial alternatives was received in a letter dated July 26, 2022.

In July 2022, KDHE BER began preparation of a draft Explanation of Significant Difference (ESD) document for the remedial alternatives at the Farmland site. This document will describe the differences in scope, performance, and cost of the remediation strategy adopted by the current Remedial Action Plan.

On October 31, 2022, the City received notification from KDHE BER that the ESD document for the proposed remedial alternatives at the Farmland site had been signed by the KDHE Secretary. After public notice activities were completed by KDHE, the City received a signed copy of the finalized ESD on December 8, 2022.

With the finalization of the ESD, the next steps in the remedial process were for the City and GHD to draft a Remedial Design/Remedial Action (RD/RA) Plan Addendum. This addendum provides a basis for design and implementation of the modified remedies authorized by the ESD and supplements the Remedial Design/Remedial Action Plan prepared by the City in 2012. On September 27, 2023, the City received KDHE approval of the Addendum. The modifications to the remedies are now incorporated into the Consent Order and the remedial action objectives described in the Corrective Action Decision remain unchanged.

Note 14. Pollution Remediation (Continued)

The cost for the design and construction of the approved remedial alternatives is estimated to be $10.01 million, funded by Future General Obligation Bonds in the City's Capital Improvement Plan. Additional costs over the next 29 years include an estimated $9.94 million for operations and maintenance of these remedial alternatives. Remediation projects of this magnitude are complex, and costs are difficult to predict. As the implementation schedule and design of the remedial strategy progresses over the next four years, the estimated capital costs of the project will become more apparent.

The estimated costs for design and construction of the approved remediation strategy were determined using results of technical reports approved by KDHE over the last several years. A Cost-Benefit Analysis (C-BA) report submitted by GHD Services, Inc. in 2020, detailed the cost options for multiple remediation alternatives. Although the recommended alternatives in the C-BA report varied from the actual selected remedies, these results were used to estimate costs of the modified remediation strategy with an assumed 30-year projected life cycle for this project. In 2020, a nutrient pilot study was performed by Black & Veatch to evaluate the conceptual design alternatives for improvements to the Kansas River Wastewater Treatment Plant. As part of this study, the City requested that Black & Veatch produce a technical memorandum to evaluate a nitrogen-side stream process with the anticipation of future Farmland water being treated at the plant. *TM7: Sidestream Nitrogen Removal* evaluated three different technologies and estimated preliminary capital and O&M costs.

The projected expenditures for operations and maintenance of the remediation system was estimated using historical annual budget reports required by the Kansas Department of Health and Environment in the consent order. This report documents past expenditures for all activities from the Farmland remediation trust fund. Changes in these estimates will likely occur in the future as the City works through designs of the approved strategies and nitrogen concentrations on the Site continue to decline. No estimated recoveries are expected that would reduce the liability.

The projected expenditures for operations and maintenance of the remediation system was estimated using historical annual budget reports required by the Kansas Department of Health and Environment in the consent order. This report documents past expenditures for all activities from the Farmland remediation trust fund. Changes in these estimates will likely occur in the future as the City works through designs of the approved strategies and nitrogen concentrations on the Site continue to decline. No estimated recoveries are expected that would reduce the liability.

Note 15. Economic Development

Property tax abatements: In 2025, the City of Lawrence participated in real property tax abatements for six local companies. Property tax abatements are authorized under Kansas state statutes K.S.A. 12-1740 et seq. and K.S.A. 79-201a and subject to City policy.

Note 15. Economic Development (Continued)

The City provides property tax abatements to encourage existing industry to expand, assist new business start-ups, recruit new companies from out-of-state or internationally, encourage high technology and research based businesses, encourage training and development of Lawrence area employees, and encourage location and retention of businesses which are good "corporate citizens" that will add to the quality of life in the community through leadership and support of civic and philanthropic organizations. Property tax abatements reduce ad valorem property taxes. The percentage of reduction ranges from 50% to 100%, but in all cases, the maximum duration is for ten years as per state statute. To receive an abatement, applicants must submit an application, which undergoes due diligence and analysis before being considered by the City Commission. If the abatement is authorized, the applicant must sign a performance agreement that specifies annual compliance measures. Each year, the applicant must submit a renewal application, along with compliance information, which is reviewed by City staff for conformance with agreement provisions. If compliance is not met, details are reviewed by advisory boards and the City Commission to determine the amount of incentives, if any, to be received by the property owner. Compliance details are reported annually in the City's economic development report.

Company	Commitments	Type & percent Abatement in 2025	Amount Abated in 2025
T&M Heartland Clinic	Community non-profit clinic	Real Property Taxes (PILOT)	N/A
VanTrust Building 1 [1]	Industrial spec building in Lawrence VenturePark	Real Property Taxes (PILOT)	N/A
Plastikon Expansion Phase I & II	Business expansion, job creation and retention	Real Property Taxes, 70%	$151,864
Grandstand Expansion	Business expansion, job creation and retention	Real Property Taxes, 70%	$116,442
Standard Beverage	Business expansion, job creation and retention	Real Property Taxes, 70%	$163,733
Pretzels, Inc. [1]	Industrial spec building in Lawrence VenturePark	Real Property Taxes (PILOT)	N/A

Note 1 – Under agreements with the City, these entities are subject to pre-determined Payment in Lieu of Tax (PILOT) payments.

No other governments have entered into tax abatement agreements that reduce the City's tax revenues.

Neighborhood Revitalization Areas (NRA): NRAs are authorized under Kansas state statutes K.S.A. 12-117 and subject to City policy to spur investment and revitalization of properties which can benefit a neighborhood and the public. The program works by rebating a portion of the incremental increase in property taxes resulting from improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. Participation in the program and percentage of rebate and duration are determined separately by the City, County, and School District. In the majority of cases, the program is active for 10-15 years and provides rebates from 85% to 95%.

Note 15. Economic Development (Continued)

To receive an NRA, applicants must submit an application, which undergoes due diligence and analysis before being considered by the City Commission, County Commission, and School Board. If the NRA is authorized, the district is subject to an NRA Plan. Each year, the applicant must submit a rebate application, along with proof that property taxes have been paid in full. Because the rebate is not given until after improvements are put in place and property taxes paid, there are no provisions for recapturing taxes. The City of Lawrence negotiates NRAs on an individual basis. Details for NRA districts are reported annually in the City's economic development report.

The City of Lawrence negotiates NRAs on an individual basis. The City had the NRAs listed below in 2025:

Neighborhood Revitalization Area	Purpose	Duration- percent of Increment Subject to NRA	Rebate Amount in 2025
8th and Pennsylvania District (720 E 9th Street)	Revitalization of historic warehouse district	95%	$35,372
900 Delaware (9 Del Lofts)	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	$36,891
826 Pennsylvania Street (Mixed-use, Commercial/Residential)	Rehab and redevelopment of dilapidated structure into mixed-use commercial & residential	10Y, 85% County, 50% City and USD	$55,939
1101/1115 Indiana (Mixed-Use, Student Housing)	Redevelopment of underutilized property for mixed-use commercial and residential space	10Y-85%	$666,125
800 Pennsylvania Street	Redevelopment of vacant parcel into multi-family, affordable housing	15Y-95%	$76,637
1106 Rhode Island	Redevelopment of underutilized property for mixed-use commercial and residential space	15Y-85%	$15,893

Note 1—The 8th & Pennsylvania NRA district allows up to twenty years of NRA rebates (subject to capped amount correlating with costs). As per agreement with the City, rebates are due until the maximum amount of $324,673 has been rebated or December 31, 2032, whichever comes first.

Tax Increment Financing (TIF): TIFs are an economic development tool established by the Kansas TIF Act (K.S.A. 12-1770 et seq.) and subject to City policy to aid in financing projects for substantial public benefit. Public benefits can include creating jobs or retaining existing employment, eliminating blight, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, upgrading older neighborhoods, facilitating economic self-sufficiency, promoting projects that are of community wide importance, or implementing the Comprehensive Plan and economic development goals of the City. The program works by reimbursing a portion of the incremental increase in property taxes resulting from improvements and a portion of local sales tax generated within the district to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate.

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

Note 15. Economic Development (Continued)

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

The City of Lawrence negotiates TIFs on an individual basis. The City had the TIFs listed below in 2025:

2025 Tax increment Financing (TIF) (For all taxing jurisdictions)

TIF District	Description		Total
Downtown 2000	901 New Hampshire		$28,085
Oread	TIF Sales Tax	$164,358	$586,512
	TIF Property Tax	$422,154	
9th & New Hampshire: South Project	900 New Hampshire: TIF Sales Tax	$154,924	$447,898
	900 New Hampshire: TIF Property Tax	$317,879	
	City Retained TIF (5%)	$24,905	
9th & New Hampshire: North Project	888 New Hampshire: TIF Sales Tax	$0	$355,011
	888 New Hampshire: TIF Property Tax	$338,106	
	City Retained TIF (5%)	$16,905	

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

Totals may include both property tax increment reimbursements and sales tax increment reimbursements. In certain districts, a portion of revenues is retained by the City pursuant to the governing agreement.

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

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

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

Note 15. Economic Development (Continued)

The City of Lawrence negotiates TDDs on an individual basis. The City had the TDDs listed below in 2025.

2025 Transportation Development District (TDD)
(for All Taxing Jurisdictions)

TDD District	Purpose	Expires	Total Reimbursement
The Oread	Aid in funding transportation improvements related to The Oread Hotel TDD district.	2031	$104,289
Free-State (Bauer Farms)	Aid in funding transportation improvements related to the Free-State TDD development district.	2031	$394,666
9th & New Hampshire			
900 New Hampshire (South)	Aid in funding transportation improvements related to the 9th & New Hampshire TDD district.	2037	$0
888 New Hampshire (North)			$0
City Retained TDD	City retains first $850,000 of TDD Revenue as a contribution toward the City parking garage at 10th & New Hampshire.		$72,869

Note 16. Adopted and Pending Governmental Accounting Standards Board (GASB) Statements

The GASB has issued a statement which was implemented by the City in the current year. GASB Statement No. 102, *Certain Risk Disclosures,* improves financial reporting by providing users of financial statements with information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The adoption of this statement did not have a material impact on the City's fiscal year 2025 financial statements.

The GASB has issued several statements that are not yet effective and have not yet been implemented by the City. The statements which might impact the City are as follows:

- GASB Statement No. 103, *Financial Reporting Model Improvements,* will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The statement will be effective for the City with its year ending December 31, 2026.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets* will improve financial reporting by provided issuers of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The statement will be effective for the City with its year ending December 31, 2026.

- GASB Statement No. 105, *Subsequent Events* will improve financial reporting requirements for subsequent events, enhancing consistency in their application and better meeting the needs of financial statement users. The statement will be effective for the City with its year ending December 31, 2027.

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

Note 17. Subsequent Events

In April 2026, the City issued $146,340,000 in General Obligation Improvement Bonds and $25,870,000 in General Obligation Temporary Notes. The bonds mature September 1, 2027 through September 1, 2046 with interest rates of 4.00% to 5.00%. The temporary notes mature May 1, 2027 through May 1, 2029 with interest rates of 3.00% to 4.00%. These bonds and notes were issued to finance the cost of certain public improvement projects within the City and to refund the Series 2025-I temporary notes.

City of Lawrence, Kansas
Required Supplementary Information (unaudited)
General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 83,902,000	$ 83,902,000	$ 80,348,501	$ (3,553,499)
Licenses and permits	1,520,000	1,520,000	1,688,388	168,388
Intergovernmental	1,110,000	1,110,000	1,093,838	(16,162)
Charges for services	18,176,000	18,184,000	18,353,836	169,836
Fines, forfeitures, and penalties	850,000	850,000	1,065,255	215,255
Interest	800,000	800,000	1,466,910	666,910
Miscellaneous	2,288,000	2,768,000	3,175,218	407,218
Total revenues	108,646,000	109,134,000	107,191,946	(1,942,054)
Expenditures				
General government	9,371,000	9,412,264	7,942,419	(1,469,845)
Public safety	63,512,000	64,183,396	63,644,478	(538,918)
Public works	16,949,000	16,743,475	14,505,799	(2,237,676)
Culture and recreation	17,605,000	17,942,784	16,862,178	(1,080,606)
Health and social services	3,352,000	3,360,000	3,153,194	(206,806)
Economic development	1,336,000	1,816,000	1,465,678	(350,322)
Capital outlay	3,021,000	7,150,834	6,971,143	(179,691)
Total expenditures	115,146,000	120,608,753	114,544,889	(6,063,864)
Excess (deficiency) of revenues over (under) expenditures	(6,500,000)	(11,474,753)	(7,352,943)	4,121,810
Other financing sources (uses)				
Transfers in	5,996,000	5,996,000	7,015,700	1,019,700
Transfers out	(1,034,000)	(1,047,000)	(1,034,000)	13,000
Total other financing sources (uses)	4,962,000	4,949,000	5,981,700	1,032,700
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	$ (1,538,000)	$ (6,525,753)	(1,371,243)	$ 5,154,510
Fund balance, beginning of year, GAAP basis			25,112,721	
Fund balance, end of year, budget basis			23,741,478	
Adjustments, encumbrances			7,170,944	
Fund balance, end of year, GAAP basis			$ 30,912,422	

City of Lawrence, Kansas

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

		2025		2024
Total OPEB liability				
Service cost	**$**	**935,045**	$	997,587
Interest		**702,843**		713,240
Change in benefit terms		**3,239,573**		-
Differences between expected and actual experience		**(1,352,019)**		(544,409)
Changes of assumptions		**631,649**		(2,408,312)
Benefit payments		**(419,446)**		(426,529)
Net change in total OPEB liability		**3,737,645**		(1,668,423)
Total OPEB liability—beginning		**15,929,717**		17,598,140
Total OPEB liability—ending	**$**	**19,667,362**	$	15,929,717
Covered employee payroll	**$**	**71,152,946**	$	67,149,611
Total OPEB liability as a percentage of covered employee payroll		**27.64%**		23.72%

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2025 Changes of assumptions and benefit terms: The discount rate was changed from 4.22% at the beginning of the year to 4.42% at the end of the year. The assumed mortality was revised from Pub-2010 to Pub-2016. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2026 renewal was taken into account. The impact of early retirements in fiscal year 2025 were also taken into account and are reported as a change in benefit terms.

2024 Changes of assumptions: The discount rate was changed from 3.88% at the beginning of the year to 4.22% at the end of the year. The salary increases was decreased from 2.50% to 2.00%. The dental cost trend rate increased from 3.00% to 3.50%. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2025 renewal was taken into account. The city HRA contribution was eliminated January 1, 2024.

2023 Changes of assumptions: The discount rate was changed from 4.18% at the beginning of the year to 3.88% at the end of the year. The assumed retiree Wellness participation rate was changed from 10% to 5% and the inflation rate decreased from 2.75% to 2.5%. The per capita costs, retiree contribution premiums and trend assumptions were revised. The January 1, 2024 renewal was taken into account. The city HRA contribution was eliminated January 1, 2024.

2022 Changes of assumptions: The discount rate was changed from 2.04% at the beginning of the year to 4.18% at the end of the year. The assumed future retiree coverage election distribution was revised from Single - 70%, Single + Children - 0%, Single + Spouse - 20% and Family - 10% to 65%, 0%, 20% and 15%, respectively. The assumed proportion of future retiring employees with a covered spouse was revised from 30% to 35%. The retiree contribution premiums, projected per capita costs and assumed trends were revised as part of the evaluation. The January 1, 2023 renewal was taken into account.

2021 Changes of assumptions: The discount rate was changed from 1.96% at the beginning of the year to 2.04% at the end of the year. The scale used for the mortality assumption was changed from MP-2020 Full Generational Improvement to MP-2021 Full Generational Improvement. The assumed salary scale per employee was revised from 1.5% to 2.5%.

2020 Changes of assumptions: The discount rate was changed from 3.50% at the beginning of the year to 1.96% at the end of the year. The scale used for the mortality assumption was changed from MP-2019 Full Generational Improvement to MP-2020 Full Generational Improvement. The assumed coverage tier distribution for future retiring employees was changed from Single – 65%, Single + Spouse – 25% and Family – 10% to 70%, 20% and 10% respectively. The assumed salary scale was changed from 2.5% – General employees, 1.5% – Police employees and 2.5% – Fire employees to 1.5% for all employees.

2019 Changes of assumptions: The discount rate was changed from 3.68% at the beginning of the year to 3.50% at the end of the year. The mortality was changed from RPH-2014 Adjusted to 2006 Total Dataset Headcount-Weighted Mortality with MP-2018 Full Generational Improvement to Pub-2010 Public Retirement Plan Headcount- Weighted Mortality with MP-2019 Full Generational Improvement and the retiree contribution premiums, admin fees and stop-loss premiums were updated. This resulted in an increase of costs by $2,495,496.

2018 Changes of assumptions: The discount rate was changed from 3.24% at the beginning of the year to 3.68% at the end of the year. The mortality improvement scale was changed from MP-2017 to MP-2018 and the retiree contribution premiums, admin fees and stop-loss premiums were updated. This resulted in a reduction of costs by $147,396.

2018 was the City's first year implementing GASB Statement No. 75 for the OPEB liability. This schedule will become a ten-year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements.

2023	2022	2021	2020	2019	2018
$ 830,277	$ 1,081,075	$ 1,079,077	$ 898,426	$ 681,971	$ 701,279
627,402	369,122	356,979	521,767	483,736	410,745
961,655	-	-	-	-	-
1,853,409	248,634	(787,722)	(386,654)	993,023	-
(759,196)	(4,257,659)	(293,374)	166,522	2,495,496	(147,396)
(189,501)	(360,437)	(591,452)	(528,056)	(718,830)	(236,456)
3,324,046	(2,919,265)	(236,492)	672,005	3,935,396	728,172
14,274,094	17,193,359	17,429,851	16,757,846	12,822,450	12,094,278
$ 17,598,140	$ 14,274,094	$ 17,193,359	$ 17,429,851	$ 16,757,846	$ 12,822,450
$ 60,683,169	$ 60,683,169	$ 50,793,649	$ 50,793,649	$ 46,574,172	$ 46,574,172
29.00%	23.52%	33.85%	34.32%	35.98%	27.53%

City of Lawrence, Kansas

Required Supplementary Information (unaudited) (Continued)
Schedule of Changes in Total OPEB Liability and Related Ratios—KPERS Plan

	2025	2024
Total OPEB liability		
Service cost	**$ 103,119**	$ 97,198
Interest	**75,989**	62,331
Effect of economic/demographic gains or losses	**160,989**	231,939
Changes of assumptions	**(135,054)**	(18,196)
Benefit payments	**(141,284)**	(165,315)
Net change in total OPEB liability	**63,759**	207,957
Total OPEB liability—beginning	**1,900,380**	1,692,423
Total OPEB liability—ending	**$ 1,964,139**	$ 1,900,380
Covered employee payroll	**$ 42,096,877**	$ 38,982,097
Total OPEB liability as a percentage of covered employee payroll	**4.67%**	4.88%

Notes to schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

2025 Changes of assumptions: The discount rate was changed from 3.93% at the beginning of the year to 5.20% at the end of the year. This resulted in a decrease of costs by $135,054.

2024 Changes of assumptions: The discount rate was changed from 3.65% at the beginning of the year to 3.93% at the end of the year. This resulted in a decrease of costs by $18,196.

2023 Changes of assumptions: The discount rate was changed from 3.54% at the beginning of the year to 3.65% at the end of the year. This resulted in a decrease of costs by $9,904.

2022 Changes of assumptions: The discount rate was changed from 2.16% at the beginning of the year to 3.54% at the end of the year. This resulted in a decrease of costs by $306,029. The Disability Rates, Estimated Offsets, Waiver Mortality Rates and Claim Cost Assumption have been updated based on recent experience.

2021 Changes of assumptions: The discount rate was changed from 2.21% at the beginning of the year to 2.16% at the end of the year. This resulted in an increase of costs by $5,190.

2020 Changes of assumptions: The discount rate was changed from 3.50% at the beginning of the year to 2.21% at the end of the year. This resulted in an increase of costs by $151,873. The demographic assumptions have been updated based upon the most recent KPERS experience study. The discount rate was updated in accordance with the requirements of GASB Statement No. 75. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

2019 Changes of assumptions: The discount rate was changed from 3.87% at the beginning of the year to 3.50% at the end of the year. This resulted in an increase of costs by $37,534.

2018 Changes of assumptions: The discount rate was changed from 3.58% at the beginning of the year to 3.87% at the end of the year. This resulted in a reduction of costs by $26,501.

2018 was the City's first year implementing GASB Statement No. 75 for the OPEB liability. This schedule will become a ten year schedule, as information becomes available, in accordance with GASB Statement No. 75 requirements.

	2023	2022	2021	2020	2019	2018
	$ 83,494	$ 139,419	$ 132,546	$ 107,158	$ 108,334	$ 107,683
	53,154	44,692	40,164	70,045	69,119	66,254
	199,995	(241,861)	268,941	(331,807)	193,076	(23,557)
	(9,904)	(306,029)	5,190	151,873	37,534	(26,501)
	(103,772)	(191,854)	(211,969)	(200,611)	(182,614)	(195,792)
	222,967	(555,633)	234,872	(203,342)	225,449	(71,913)
	1,469,456	2,025,089	1,790,217	1,993,559	1,768,110	1,840,023
	$ 1,692,423	$ 1,469,456	$ 2,025,089	$ 1,790,217	$ 1,993,559	$ 1,768,110
	$ 35,989,719	$ 31,009,771	$ 30,346,501	$ 29,075,960	$ 26,579,520	$ 27,873,554
	4.70%	4.74%	6.67%	6.16%	7.50%	6.34%

City of Lawrence, Kansas

Required Supplementary Information (unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability—KPERS
December 31, 2025

	December 31,														
	Local 2025	**Police and Firefighters 2025**	**Total**	Local 2024	Police and Firefighters 2024	Total	Local 2023	Police and Firefighters 2023	Total	Local 2022	Police and Firefighters 2022	Total	Local 2021	Police and Firefighters 2021	Total
City's proportion of the net pension liability	**1.813%**	**3.934%**		1.802%	4.203%		1.762%	4.214%		1.694%	4.482%		1.642%	4.695%	
City's proportionate share of the net pension liability	**$ 36,324,085**	**$ 63,784,340**	**$ 100,108,425**	$ 38,278,955	$ 66,998,513	$ 105,277,468	$ 36,959,714	$ 67,300,430	$ 104,260,144	$ 33,669,718	$ 64,636,029	$ 98,305,747	$ 19,703,845	$ 44,803,333	$ 64,507,178
City's covered payroll	**$ 43,362,866**	**$ 30,521,907**	**$ 73,884,773**	$ 41,583,839	$ 30,015,048	$ 71,598,887	$ 38,397,612	$ 28,075,047	$ 66,472,659	$ 35,571,803	$ 27,966,793	$ 63,538,596	$ 31,343,058	$ 25,621,338	$ 56,964,396
City's proportionate share of the net pension liability as a percentage of its covered payroll	**83.77%**	**208.98%**		92.05%	223.22%		96.26%	239.72%		94.65%	231.12%		62.87%	174.87%	
Plan fiduciary net position as a percentage of the total net pension liability	**74.40%**	**68.13%**		71.71%	66.61%		70.55%	64.95%		70.66%	66.12%		81.14%	76.09%	

Schedule of the City's Contribution—KPERS
December 31, 2025

	December 31,														
	Local 2025	**Police and Firefighters 2025**	**Total**	Local 2024	Police and Firefighters 2024	Total	Local 2023	Police and Firefighters 2023	Total	Local 2022	Police and Firefighters 2022	Total	Local 2021	Police and Firefighters 2021	Total
Contractually required contribution	**$ 4,188,247**	**$ 7,318,054**	**$ 11,506,301**	$ 3,684,474	$ 6,898,603	$ 10,583,077	$ 3,314,522	$ 6,434,870	$ 9,749,392	$ 3,244,281	$ 6,333,976	$ 9,578,257	$ 2,840,596	$ 5,984,568	$ 8,825,164
Contributions in relation to the contractually required contribution	**4,188,247**	**7,318,054**	**11,506,301**	3,684,474	6,898,603	10,583,077	3,314,522	6,434,870	9,749,392	3,244,281	6,333,976	9,578,257	2,840,596	5,984,568	8,825,164
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	**$ 43,362,866**	**$ 30,521,907**		$ 41,583,839	$ 30,015,048		$ 38,397,612	$ 28,075,047		$ 36,452,558	$ 27,551,004		$ 31,776,341	$ 25,589,111	
Contributions as a percentage of covered payroll	**9.66%**	**23.98%**		8.86%	22.98%		8.63%	22.92%		8.90%	22.99%		8.94%	23.39%	

December 31,

Local 2020	Police and Firefighters 2020	Total	Local 2019	Police and Firefighters 2019	Total	Local 2018	Police and Firefighters 2018	Total	Local 2017	Police and Firefighters 2017	Total	Local 2016	Police and Firefighters 2016	Total	Local 2015	Police and Firefighters 2015	Total
1.614%	4.550%		1.563%	4.629%		1.613%	4.889%		1.722%	5.130%		1.683%	4.954%		1.678%	5.068%	
$ 27,985,700	$ 56,108,274	$ 84,093,974	$ 21,845,415	$ 46,853,480	$ 68,698,895	$ 22,476,271	$ 47,041,107	$ 69,517,378	$ 24,948,735	$ 48,108,856	$ 73,057,591	$ 26,042,494	$ 46,013,453	$ 72,055,947	$ 22,038,579	$ 36,797,128	$ 58,835,707
$ 30,497,900	$ 25,004,984	$ 55,502,884	$ 28,798,716	$ 25,785,226	$ 54,583,942	$ 28,857,883	$ 24,857,649	$ 53,715,532	$ 29,272,989	$ 24,092,226	$ 53,365,215	$ 29,365,147	$ 24,053,146	$ 53,418,293	$ 27,253,827	$ 22,717,357	$ 49,971,184
91.76%	224.39%		75.86%	181.71%		77.89%	189.24%		85.23%	199.69%		88.69%	191.30%		80.86%	161.98%	
70.77%	66.81%		75.02%	71.22%		74.22%	71.53%		72.15%	70.99%		68.55%	69.30%		71.98%	74.60%	

December 31,

Local 2020	Police and Firefighters 2020	Total	Local 2019	Police and Firefighters 2019	Total	Local 2018	Police and Firefighters 2018	Total	Local 2017	Police and Firefighters 2017	Total	Local 2016	Police and Firefighters 2016	Total	Local 2015	Police and Firefighters 2015	Total
$ 2,670,841	$ 5,638,072	$ 8,308,913	$ 2,497,226	$ 5,232,406	$ 7,729,632	$ 2,459,149	$ 5,064,566	$ 7,523,715	$ 2,463,442	$ 4,723,704	$ 7,187,146	$ 2,687,252	$ 4,919,631	$ 7,606,883	$ 2,783,814	$ 5,137,753	$ 7,921,567
2,670,841	5,638,072	8,308,913	2,497,226	5,232,406	7,729,632	2,459,149	5,064,566	7,523,715	2,463,442	4,723,704	7,187,146	2,687,252	4,919,631	7,606,883	2,783,814	5,137,753	7,921,567
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 31,020,210	$ 25,709,408		$ 29,501,415	$ 24,798,549		$ 29,310,477	$ 25,209,388		$ 29,118,723	$ 24,822,401		$ 29,272,898	$ 24,092,226		$ 29,365,147	$ 24,053,146	
8.61%	21.93%		8.46%	21.10%		8.39%	20.09%		8.46%	19.03%		9.18%	20.42%		9.48%	21.36%	

Actuarial methods and assumptions used to determine the actuarially determined contributions:

The following actuarial methods and assumptions were used in the December 31, 2024 valuation to determine the actuarially determined contribution.

Valuation timing	December 31, 2024
Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14 - 20 years (layered bases)
Asset valuation method	5-year smoothed value
Inflation	2.75%
Salary increases including inflation	3.50% to 15.50%, including price inflation
Long-term rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	The PUB-2010 mortality tables with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using Projection Scale MP-2021.

Budgeted Funds

Capital Sales Tax 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.

Guest Tax Fund—This fund is used to account for the 6% guest tax received on the occupancy of hotels and motels in the City.

Library Fund—This fund is used to account for the tax receipts collected and disbursed to the local public library.

Transportation Fund—This fund is used to account for revenues and expenditures associated with the fixed route bus system and para-transit services of the City.

Special Alcohol Fund—This fund is used to account for one-third of the liquor tax received by the City from the State of Kansas. The revenues are used to finance contractual programs for the prevention and treatment of drug and alcohol abuse.

Special Gas Tax Fund—This fund is used to account for the gasoline tax received from the State of Kansas and Douglas County. The expenditures are primarily for repairs of streets and to provide for new traffic signals.

Special Recreation Fund—This fund is used to account for one-third of the liquor tax received from the State of Kansas. These funds are used to provide additional resources for recreational activities and historic tours.

Free State TDD Fund—This fund accounts for proceeds from the Free State Transportation Development District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

Oread TDD/TIF Fund—This fund accounts for proceeds from the Oread Transportation Development District and Tax Increment Financing District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

9 NH South TDD/TIF Fund—This fund accounts for proceeds from the 9 NH South Transportation Development District and Tax Increment Financing District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

901 NH TIF Fund—This fund accounts for proceeds from the 901 NH Tax Increment Financing District that are paid to the developers to reimburse them for public improvements. This fund has reached maturity and is scheduled to be closed in Fiscal Year 2026 (K.S.A 12-1770 to K.S.A 12-1780d).

Neighborhood Revitalization Areas Fund—This fund accounts for all property tax rebates issued to property owners within Neighborhood Revitalization Areas who make qualifying improvements to their property (K.S.A. 12-17,114).

9 NH North TDD/TIF Fund—This fund is used to account for proceeds from the 9 NH North Transportation Development District and Tax Increment Financing District that are paid to the developers to reimburse them for public improvements (K.S.A. 12-17,140).

City Parks Memorial Fund—This fund is used to account for donations received from the public to fund special requests for landscaping and flower gardens (K.S.A. 79-2925).

Budgeted Funds (Continued)

Farmland Remediation Fund—This fund is used to account for escrow funds received and remediation costs for the former Farmland Industries property (K.S.A. 12-1663).

Cemetery Perpetual Care Fund—This fund is used to provide monies for the maintenance of the City Cemetery (K.S.A. 12-1408).

Housing Trust Fund—This fund is used to support the acquisition, construction, and rehabilitation of affordable housing (K.S.A. 12-16,114).

Wee Folks Scholarship Fund—The fund was started with a $12,000 donation from the St. Patrick's Day Parade organization. The City is to seek matching donations. The fund is to be used to provide scholarships for Lawrence youth for recreational activities (K.S.A. 79-2925).

Law Enforcement Trust Fund—This fund is used to account for proceeds from the sale of assets forfeited in a legal proceeding. Receipts in the fund are used to defray the cost of complex investigations, purchase technical equipment or provide matching funds for federal grants (K.S.A. 60-4117).

Federal Funds Exchange Program Fund—The fund is used to account for funds received from the State through the Federal Funds Exchange program to fund road or bridge improvement projects.

Kansas Fights Addiction Act Fund—The fund is used to account for settlement funds received from the State to treat and fight opioid addiction.

Crossing TIF/CID Fund—This fund accounts for proceeds from the Crossing Tax Increment Financing District that are paid to developers to reimburse them for public improvements (K.S.A. 12-1770 to K.S.A., 12-1780d) and from the Community Improvement District sales tax (K.S.A. 12-6a26 to K.S.A. 12-6a36).

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).

Equipment Reserve Fund—This fund is used to account for major equipment purchases which are not budgeted in the operating funds of the Governmental Fund Types or financed with general obligation bonds. Transfers from the General Fund provide the resources for these expenditures (K.S.A. 12-1,117).

Cemetery Mausoleum Fund—This fund is used to provide monies for the City Mausoleum (K.S.A. 12-1408).

Federal Grants Fund—This fund is used to account for grants issued by Federal agencies (K.S.A. 12-1663).

Fair Housing Assistance Fund—This fund is used to account for federal housing assistance grants received by the City. The monies are used to promote fair housing practices in the City and to assure compliance with federal regulations governing fair housing practices (K.S.A. 12-1663).

Community Development Fund—This fund is used to account for federal block grants received and related program income. These funds are used to provide assistance to low and moderate income individuals and areas in the City (K.S.A. 12-1663).

<u>Nonbudgeted Funds (Continued)</u>

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).

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

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

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

KU Gateway CID/TIF Fund—This fund accounts for proceeds from the KU Gateway Community Improvement District and Tax Increment Financing District that are paid to bond holders for bonds issued to fund public improvements inside the district.

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation	Airport Improvement
Assets							
Cash and investments	$ 212,440	$ 80,359	$ 8,317,038	$ 957,641	$ 2,524,805	$ 932,416	$ 328,782
Receivables:							
Taxes	-	7,058,349	908,468	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Accounts (net allowance for uncollectibles)	652,315	-	2,000	308,197	658,455	308,197	34,947
Loans	-	-	-	131,236	-	-	-
Accrued interest	974	-	38,846	6,168	18,122	5,632	3,027
Leases	-	-	-	-	-	-	210,547
Prepaid	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Restricted assets, cash and investments	-	-	-	-	-	-	13,119
Total assets	$ 865,729	$ 7,138,708	$ 9,266,352	$ 1,403,242	$ 3,201,382	$ 1,246,245	$ 590,422
Liabilities, deferred inflows of resources and fund balances							
Liabilities:							
Accounts payable	$ 46,139	$ -	$ 735,413	$ -	$ 79,345	$ 66,568	$ 31,117
Accrued payroll	22,235	-	14,379	-	-	-	3,640
Customer deposits	-	-	-	-	-	-	13,119
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	68,374	-	749,792	-	79,345	66,568	47,876
Deferred inflows of resources:							
Leases	-	-	-	-	-	-	193,743
Unavailable revenue	-	7,058,349	492,558	439,433	-	308,197	-
Total deferred inflows of resources	-	7,058,349	492,558	439,433	-	308,197	193,743
Total liabilities and deferred inflows of resources	68,374	7,058,349	1,242,350	439,433	79,345	374,765	241,619
Fund balance (deficit):							
Nonspendable	-	-	-	-	-	-	-
Restricted	797,355	80,359	8,024,002	963,809	3,122,037	871,480	348,803
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance (deficit)	797,355	80,359	8,024,002	963,809	3,122,037	871,480	348,803
Total liabilities, deferred inflows of resources and fund balances	$ 865,729	$ 7,138,708	$ 9,266,352	$ 1,403,242	$ 3,201,382	$ 1,246,245	$ 590,422

Capital Sales Tax	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	Neighborhood Revitalization Areas	9 NH North TDD/TIF	City Parks Memorial
$ 16,977,451	$ 3,961,250	$ 36,043	$ 127,271	$ 577,810	$ 199,020	$ 3,031	$ 8,202	$ 162,384
1,362,702	-	72,992	60,219	29,766	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3,498	4,442	-	-	-	-
-	-	-	-	-	-	-	-	-
95,782	24,332	-	-	-	-	-	-	797
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	3,777
$ 18,435,935	$ 3,985,582	$ 109,035	$ 190,988	$ 612,018	$ 199,020	$ 3,031	$ 8,202	$ 166,958
$ 1,775,487	$ 866	$ 35,914	$ 28,885	$ 29,496	$ -	$ -	$ -	$ 8,784
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,775,487	866	35,914	28,885	29,496	-	-	-	8,784
-	-	-	-	-	-	-	-	-
738,837	-	39,066	20,595	15,221	-	-	-	-
738,837	-	39,066	20,595	15,221	-	-	-	-
2,514,324	866	74,980	49,480	44,717	-	-	-	8,784
-	-	-	-	-	-	-	-	-
15,921,611	-	34,055	141,508	567,301	199,020	3,031	8,202	158,174
-	3,984,716	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,921,611	3,984,716	34,055	141,508	567,301	199,020	3,031	8,202	158,174
$ 18,435,935	$ 3,985,582	$ 109,035	$ 190,988	$ 612,018	$ 199,020	$ 3,031	$ 8,202	$ 166,958

(Continued)

City of Lawrence, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
December 31, 2025

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Federal Grants	Wee Folks Scholarship	Fair Housing Assistance	Community Development
Assets								
Cash and investments	$ 1,633	$ 292,784	$ 12	$ 486,489	$ -	$ 12,070	$ 212,587	$ -
Receivables:								
Taxes	-	-	-	454,234	-	-	-	-
Intergovernmental	-	-	-	-	1,911,765	-	-	316,509
Accounts (net allowance for uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	93,102
Accrued interest	-	1,794	-	4,289	-	60	-	-
Leases	-	-	-	-	-	-	-	-
Prepaid	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Restricted assets, cash and investments	1,795,854	-	-	-	-	24,000	-	-
Total assets	$ 1,797,487	$ 294,578	$ 12	$ 945,012	$ 1,911,765	$ 36,130	$ 212,587	$ 409,611
Liabilities, deferred inflows of resources and fund balances								
Liabilities:								
Accounts payable	$ 976	$ 9,966	$ -	$ 3,268	$ 864,393	$ 1,059	$ -	$ 216,238
Accrued payroll	7,339	-	-	-	14,386	-	546	11,435
Customer deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	676,991	-	-	125,342
Unearned revenue	-	-	-	-	57,796	-	-	-
Total liabilities	8,315	9,966	-	3,268	1,613,566	1,059	546	353,015
Deferred inflows of resources:								
Leases	-	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	246,279	1,004,120	-	-	93,102
Total deferred inflows of resources	-	-	-	246,279	1,004,120	-	-	93,102
Total liabilities and deferred inflows of resources	8,315	9,966	-	249,547	2,617,686	1,059	546	446,117
Fund balance (deficit):								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,789,172	284,612	12	695,465	-	35,071	212,041	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(705,921)	-	-	(36,506)
Total fund balance (deficit)	1,789,172	284,612	12	695,465	(705,921)	35,071	212,041	(36,506)
Total liabilities, deferred inflows of resources and fund balances	$ 1,797,487	$ 294,578	$ 12	$ 945,012	$ 1,911,765	$ 36,130	$ 212,587	$ 409,611

Home Program	Transportation Planning	eXplore Lawrence	Law Enforcement Trust	State Grants	Federal Funds Exchange Program	Kansas Fights Addiction Act	Crossing TIF/CID	KU Gateway	Total Nonmajor Governmental Funds
$ -	$ -	$ 925,012	$ 525,482	$ -	$ 1,277,195	$ 624,044	$ 100,460	$ -	$ 39,863,711
-	-	-	-	-	-	-	21,123	11,399	9,979,252
39,943	73,017	-	-	2,211,292	-	705,861	-	-	5,258,387
-	-	-	-	-	-	-	-	-	1,972,051
-	-	-	-	-	-	-	-	-	224,338
-	-	-	2,625	-	731	3,162	-	-	206,341
-	-	-	-	-	-	-	-	-	210,547
-	-	8,034	-	-	-	-	-	-	8,034
-	-	172,615	-	-	-	-	-	-	172,615
-	-	335,718	-	-	-	-	-	-	2,172,468
$ 39,943	$ 73,017	$ 1,441,379	$ 528,107	$ 2,211,292	$ 1,277,926	$ 1,333,067	$ 121,583	$ 11,399	$ 60,067,744
$ 18,298	$ 51	$ 118,562	$ 115	$ 596,236	$ 1,517	$ -	$ -	$ -	$ 4,668,693
1,980	14,897	20,400	-	4,943	-	-	-	-	116,180
-	-	-	-	-	-	-	-	-	13,119
26,851	77,057	-	-	1,847,830	-	-	-	-	2,754,071
-	-	-	-	-	-	-	-	-	57,796
47,129	92,005	138,962	115	2,449,009	1,517	-	-	-	7,609,859
-	-	-	-	-	-	-	-	-	193,743
-	-	-	-	1,275,565	-	705,861	9,817	11,399	12,458,399
-	-	-	-	1,275,565	-	705,861	9,817	11,399	12,652,142
47,129	92,005	138,962	115	3,724,574	1,517	705,861	9,817	11,399	20,262,001
-	-	8,034	-	-	-	-	-	-	8,034
-	-	1,294,383	527,992	-	1,276,409	627,206	111,766	-	38,094,876
-	-	-	-	-	-	-	-	-	3,984,716
(7,186)	(18,988)	-	-	(1,513,282)	-	-	-	-	(2,281,883)
(7,186)	(18,988)	1,302,417	527,992	(1,513,282)	1,276,409	627,206	111,766	-	39,805,743
$ 39,943	$ 73,017	$ 1,441,379	$ 528,107	$ 2,211,292	$ 1,277,926	$ 1,333,067	$ 121,583	$ 11,399	$ 60,067,744

City of Lawrence, Kansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2025

	Guest Tax	Library	Transportation	Special Alcohol	Special Gas Tax	Special Recreation
Revenues						
Taxes	$ -	$ 6,610,460	$ 4,515,679	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-
Investment income	30,087	182	396,234	36,821	135,757	38,758
Intergovernmental	2,514,048	-	-	962,578	2,846,527	962,578
Reimbursements	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	11,385	6,266	-	-
Total revenues	2,544,135	6,610,642	4,923,298	1,005,665	2,982,284	1,001,336
Expenditures						
General government	-	-	5,194,595	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	2,111,118	-
Health and social services	-	-	-	1,176,904	-	30,000
Culture and recreation	852,023	6,625,000	-	-	-	522,836
Tourism	1,856,812	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay	-	-	1,142,965	-	866,323	273,844
Debt service:						
Principal retirement	-	-	24,810	-	-	-
Interest and fiscal charges	-	-	952	-	-	-
Total expenditures	2,708,835	6,625,000	6,363,322	1,176,904	2,977,441	826,680
Excess (deficiency) of revenues over expenditures	(164,700)	(14,358)	(1,440,024)	(171,239)	4,843	174,656
Other financing sources (uses):						
Transfers in	12,067	-	10,757	146,000	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	12,067	-	10,757	146,000	-	-
Net change in fund balance	(152,633)	(14,358)	(1,429,267)	(25,239)	4,843	174,656
Fund balance (deficit), beginning of year	949,988	94,717	9,453,269	989,048	3,117,194	696,824
Fund balance (deficit), end of year	$ 797,355	$ 80,359	$ 8,024,002	$ 963,809	$ 3,122,037	$ 871,480

Airport Improvement	Capital Sales Tax	Equipment Reserve	Free State TDD	Oread TDD/TIF	9 NH South TDD/TIF	901 NH TIF	Neighborhood Revitalization Areas	9 NH North TDD/TIF	City Parks Memorial
$ -	$ 6,773,518	$ -	$ 361,805	$ 687,349	$ 549,807	$ 28,085	$ 831,255	$ 267,087	$ -
26,736	-	-	-	-	-	-	-	-	-
-	-	34,737	-	-	-	-	-	-	-
10,837	662,723	164,792	8	92	366	139	49	13	6,384
-	-	-	-	-	-	-	-	-	-
4,597	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	8,812
229,439	-	-	-	-	-	-	-	-	-
271,609	7,436,241	199,529	361,813	687,441	550,173	28,224	831,304	267,100	15,196
-	16,320	50,012	-	-	-	-	-	-	-
-	-	15,342	-	-	-	-	-	-	-
503,254	7,559,567	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	12,528
-	-	-	-	-	-	-	-	-	-
-	-	-	394,667	699,434	497,417	-	831,255	267,087	-
-	1,648,365	453,641	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
503,254	9,224,252	518,995	394,667	699,434	497,417	-	831,255	267,087	12,528
(231,645)	(1,788,011)	(319,466)	(32,854)	(11,993)	52,756	28,224	49	13	2,668
411,174	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
411,174	-	-	-	-	-	-	-	-	-
179,529	(1,788,011)	(319,466)	(32,854)	(11,993)	52,756	28,224	49	13	2,668
169,274	17,709,622	4,304,182	66,909	153,501	514,545	170,796	2,982	8,189	155,506
$ 348,803	$15,921,611	$ 3,984,716	$ 34,055	$ 141,508	$ 567,301	$ 199,020	$ 3,031	$ 8,202	$ 158,174

(Continued)

City of Lawrence, Kansas

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
Year Ended December 31, 2025

	Farmland Remediation	Cemetery Perpetual Care	Cemetery Mausoleum	Housing Trust	Federal Grants	Wee Folks Scholarship	Fair Housing Assistance
Revenues							
Taxes	$ -	$ -	$ -	$ 1,962,898	$ -	$ -	$ -
Charges for services	-	74,273	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-	-	-
Investment income	68,870	11,591	-	13,193	-	896	151
Intergovernmental	-	-	-	-	7,439,173	-	-
Reimbursements	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	10,618	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	68,870	85,864	-	1,976,091	7,439,173	11,514	151
Expenditures							
General government	-	-	-	-	4,917,849	-	12,454
Public safety	-	-	-	-	166,481	-	-
Public works	205,712	-	-	-	82,437	-	-
Health and social services	-	-	-	2,168,849	138,897	-	-
Culture and recreation	-	10,128	-	-	38,425	28,338	-
Tourism	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,336,895	-	-
Debt service:							
Principal retirement	-	-	-	-	60,768	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	205,712	10,128	-	2,168,849	7,741,752	28,338	12,454
Excess (deficiency) of revenues over expenditures	(136,842)	75,736	-	(192,758)	(302,579)	(16,824)	(12,303)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balance	(136,842)	75,736	-	(192,758)	(302,579)	(16,824)	(12,303)
Fund balance (deficit), beginning of year	1,926,014	208,876	12	888,223	(403,342)	51,895	224,344
Fund balance (deficit), end of year	$ 1,789,172	$ 284,612	$ 12	$ 695,465	$ (705,921)	$ 35,071	$ 212,041

Community Development	Home Program	Transportation Planning	eXplore Lawrence	Law Enforcement Trust	State Grants	ARPA	Federal Funds Exchange Program	Kansas Fights Addiction Act	Crossing TIF/CID	KU Gateway	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 112,260	$ -	$ 22,700,203
-	-	-	9,711	-	-	-	-	-	-	-	110,720
-	-	-	-	-	-	-	-	-	-	-	34,737
-	-	-	14,153	22,361	-	-	42,606	26,766	-	-	1,683,829
1,442,290	387,187	312,015	-	-	1,975,497	-	1,206,232	144,154	-	-	20,192,279
-	-	-	-	-	-	-	-	-	-	-	4,597
-	-	-	-	-	-	-	-	-	-	-	19,430
63,239	9,901	-	1,539,109	-	-	-	-	-	-	-	1,859,339
1,505,529	397,088	312,015	1,562,973	22,361	1,975,497	-	1,248,838	170,920	112,260	-	46,605,134
-	-	-	-	-	935,284	-	-	-	-	-	11,126,514
-	-	-	-	50,143	-	-	-	-	-	-	231,966
-	-	326,068	-	-	327,079	-	1,210,772	-	-	-	12,326,007
1,187,753	395,348	-	-	-	256,948	-	-	116,772	-	-	5,471,471
-	-	-	-	-	-	-	-	-	-	-	8,089,278
-	-	-	1,295,745	-	-	-	-	-	-	-	3,152,557
-	-	-	-	-	-	-	-	-	505	-	2,690,365
356,103	-	-	-	-	1,048,601	-	22,029	-	-	-	8,148,766
-	-	813	-	-	28,011	-	-	-	-	-	114,402
-	-	32	-	-	2,989	-	-	-	-	-	3,973
1,543,856	395,348	326,913	1,295,745	50,143	2,598,912	-	1,232,801	116,772	505	-	51,355,299
(38,327)	1,740	(14,898)	267,228	(27,782)	(623,415)	-	16,037	54,148	111,755	-	(4,750,165)
-	-	-	-	-	-	-	-	-	-	-	579,998
-	-	-	-	-	-	(452)	-	-	-	-	(452)
-	-	-	-	-	-	(452)	-	-	-	-	579,546
(38,327)	1,740	(14,898)	267,228	(27,782)	(623,415)	(452)	16,037	54,148	111,755	-	(4,170,619)
1,821	(8,926)	(4,090)	1,035,189	555,774	(889,867)	452	1,260,372	573,058	11	-	43,976,362
$ (36,506)	$ (7,186)	$ (18,988)	$ 1,302,417	$ 527,992	$ (1,513,282)	$ -	$ 1,276,409	$ 627,206	$ 111,766	$ -	$ 39,805,743

City of Lawrence, Kansas

Debt Service Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 12,651,000	$ 12,651,000	$ 13,016,076	$ 365,076
Special assessment	763,000	763,000	1,130,261	367,261
Interest	880,000	880,000	1,648,256	768,256
Intergovernmental	-	-	84,345	84,345
Miscellaneous	150,000	150,000	107,089	(42,911)
Total revenues	14,444,000	14,444,000	15,986,027	1,542,027
Expenditures				
General government	33,000	33,000	81,150	48,150
Debt service				
Principal retirement	55,711,000	55,711,000	39,903,300	(15,807,700)
Interest and fiscal charges	4,368,000	4,536,899	4,287,662	(249,237)
Issuance costs	-	-	170,807	170,807
Total expenditures	60,112,000	60,280,899	44,442,919	(15,837,980)
Excess (deficiency) of revenues over expenditures	(45,668,000)	(45,836,899)	(28,456,892)	17,380,007
Other financing sources:				
Transfers in	398,000	398,000	6,363,031	5,965,031
Issuance of debt, including premium	46,389,000	46,389,000	24,669,800	(21,719,200)
Total other financing sources	46,787,000	46,787,000	31,032,831	(15,754,169)
Excess (deficiency) of revenues over expenditures and other sources	$ 1,119,000	$ 950,101	2,575,939	$ 1,625,838
Fund balance, beginning of year, GAAP basis			34,887,872	
Fund balance, end of year, budget basis			37,463,811	
Adjustments, encumbrances			2,595	
Fund balance, end of year, GAAP basis			$ 37,466,406	

City of Lawrence, Kansas

Capital Sales Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 7,412,000	$ 7,412,000	$ 6,773,518	$ (638,482)
Investment income	125,000	125,000	662,723	537,723
Miscellaneous	350,000	350,000	-	(350,000)
Total revenues	7,887,000	7,887,000	7,436,241	(450,759)
Expenditures				
General government	14,000	14,000	19,025	5,025
Public safety	-	1,650,000	1,039,974	(610,026)
Public works	6,774,000	10,035,080	9,810,183	(224,897)
Culture and recreation	-	134,000	-	(134,000)
Capital outlay	6,111,000	7,220,889	3,338,962	(3,881,927)
Total expenditures	12,899,000	19,053,969	14,208,144	(4,845,825)
Excess (deficiency) of revenues over (under) expenditures	$ (5,012,000)	$ (11,166,969)	(6,771,903)	$ 4,395,066
Fund balance, beginning of year, GAAP basis			17,709,622	
Fund balance, end of year, budget basis			10,937,719	
Adjustments, encumbrances			4,983,892	
Fund balance, end of year, GAAP basis			$ 15,921,611	

City of Lawrence, Kansas

Guest Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 2,500,000	$ 2,500,000	$ 2,514,048	$ 14,048
Investment income	5,000	5,000	30,087	25,087
Total revenues	2,505,000	2,505,000	2,544,135	39,135
Expenditures				
Culture and recreation	926,000	948,265	852,566	(95,699)
Tourism	1,871,000	1,880,000	1,856,812	(23,188)
Total expenditures	2,797,000	2,828,265	2,709,378	(118,887)
Excess (deficiency) of revenues over expenditures	(292,000)	(323,265)	(165,243)	158,022
Other financing sources:				
Transfers in	-	-	12,067	12,067
Total other financing sources	-	-	12,067	12,067
Excess (deficiency) of revenues over (under) expenditures and other sources	$ (292,000)	$ (323,265)	(153,176)	$ 170,089
Fund balance, beginning of year, GAAP basis			949,988	
Fund balance, end of year, budget basis			796,812	
Adjustments, encumbrances			543	
Fund balance, end of year, GAAP basis			$ 797,355	

City of Lawrence, Kansas

Library Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 6,570,000	$ 6,570,000	$ 6,610,460	$ 40,460
Interest	-	-	182	182
Total revenues	6,570,000	6,570,000	6,610,642	40,642
Expenditures				
Culture and recreation, contractual services	6,625,000	6,625,000	6,625,000	-
Total expenditures	6,625,000	6,625,000	6,625,000	-
Excess (deficiency) of revenues over expenditures	$ (55,000)	$ (55,000)	(14,358)	$ 40,642
Fund balance, beginning of year, GAAP basis			94,717	
Fund balance, end of year, GAAP basis			$ 80,359	

City of Lawrence, Kansas

Transportation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 4,854,000	$ 4,854,000	$ 4,515,679	$ (338,321)
Interest	95,000	95,000	396,234	301,234
Miscellaneous	-	-	11,385	11,385
Total revenues	4,949,000	4,949,000	4,923,298	(25,702)
Expenditures				
General government	5,429,000	5,693,201	5,341,108	(352,093)
Capital outlay	-	1,549,410	1,142,965	(406,445)
Total expenditures	5,429,000	7,242,611	6,484,073	(758,538)
Excess (deficiency) of revenues over (under) expenditures	(480,000)	(2,293,611)	(1,560,775)	732,836
Other financing sources:				
Transfers in	-	-	10,757	10,757
Total other financing sources	-	-	10,757	10,757
Excess (deficiency) of revenues over (under) expenditures and other sources	$ (480,000)	$ (2,293,611)	(1,550,018)	$ 743,593
Fund balance, beginning of year, GAAP basis			9,453,269	
Fund balance, end of year, budget basis			7,903,251	
Adjustments, encumbrances			120,751	
Fund balance, end of year, GAAP basis			$ 8,024,002	

City of Lawrence, Kansas

Special Alcohol Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 980,000	$ 980,000	$ 962,578	$ (17,422)
Interest	-	-	36,821	36,821
Reimbursements	-	-	6,266	6,266
Total revenues	980,000	980,000	1,005,665	25,665
Expenditures				
Health and social services	884,000	1,177,236	1,176,904	(332)
Total expenditures	884,000	1,177,236	1,176,904	(332)
Excess (deficiency) of revenues over (under) expenditures	96,000	(197,236)	(171,239)	25,997
Other financing sources:				
Transfers in	146,000	146,000	146,000	-
Total other financing sources	146,000	146,000	146,000	-
Excess (deficiency) of revenues over (under) expenditures and other sources	$ 242,000	$ (51,236)	(25,239)	$ 25,997
Fund balance, beginning of year, GAAP basis			989,048	
Fund balance, end of year, GAAP basis			$ 963,809	

City of Lawrence, Kansas

Special Gas Tax Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 2,866,000	$ 2,866,000	$ 2,846,527	$ (19,473)
Interest	10,000	10,000	135,757	125,757
Total revenues	2,876,000	2,876,000	2,982,284	106,284
Expenditures				
Public works	2,759,000	3,303,957	3,322,700	18,743
Capital outlay	720,000	1,261,940	1,189,105	(72,835)
Total expenditures	3,479,000	4,565,897	4,511,805	(54,092)
Excess (deficiency) of revenues over (under) expenditures	$ (603,000)	$ (1,689,897)	(1,529,521)	$ 160,376
Fund balance, beginning of year, GAAP basis			3,117,194	
Fund balance, end of year, budget basis			1,587,673	
Adjustments, encumbrances			1,534,364	
Fund balance, end of year, GAAP basis			$ 3,122,037	

City of Lawrence, Kansas

Special Recreation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 980,000	$ 980,000	$ 962,578	$ (17,422)
Interest	-	-	38,758	38,758
Total revenues	980,000	980,000	1,001,336	21,336
Expenditures				
Culture and recreation	1,003,000	588,662	554,826	(33,836)
Health and social services	86,000	30,000	30,000	-
Capital outlay	185,000	940,285	921,052	(19,233)
Total expenditures	1,274,000	1,558,947	1,505,878	(53,069)
Excess (deficiency) of revenues (under) expenditures	$ (294,000)	$ (578,947)	(504,542)	$ 74,405
Fund balance, beginning of year, GAAP basis			696,824	
Fund balance, end of year, budget basis			192,282	
Adjustments, encumbrances			679,198	
Fund balance, end of year, GAAP basis			$ 871,480	

City of Lawrence, Kansas

Free State TDD Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 451,000	$ 451,000	$ 361,805	$ (89,195)
Interest	-	-	8	8
Total revenues	451,000	451,000	361,813	(89,187)
Expenditures				
Economic development	451,000	451,000	394,667	(56,333)
Total expenditures	451,000	451,000	394,667	(56,333)
Excess (deficiency) of revenues over expenditures	$ -	$ -	(32,854)	$ (32,854)
Fund balance, beginning of year			66,909	
Fund balance, end of year			$ 34,055	

City of Lawrence, Kansas

Oread TDD/TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 728,000	$ 728,000	$ 687,349	$ (40,651)
Interest	-		92	92
Total revenues	728,000	728,000	687,441	(40,559)
Expenditures				
Economic development	810,000	810,000	699,434	(110,566)
Total expenditures	810,000	810,000	699,434	(110,566)
Excess (deficiency) of revenues over expenditures	$ (82,000)	$ (82,000)	(11,993)	$ 70,007
Fund balance, beginning of year			153,501	
Fund balance, end of year			$ 141,508	

City of Lawrence, Kansas

9 NH South TDD/TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 602,000	$ 602,000	$ 549,807	$ (52,193)
Interest	-	-	366	366
Total revenues	602,000	602,000	550,173	(51,827)
Expenditures				
Economic development	602,000	602,000	497,417	(104,583)
Total expenditures	602,000	602,000	497,417	(104,583)
Excess (deficiency) of revenues over expenditures	$ -	$ -	52,756	$ 52,756
Fund balance, beginning of year			514,545	
Fund balance, end of year			$ 567,301	

City of Lawrence, Kansas

901 NH TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ -	$ -	$ 28,085	$ 28,085
Interest	-		139	139
Total revenues	-	-	28,224	28,224
Expenditures				
Economic development	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	$ -	$ -	28,224	$ 28,224
Fund balance, beginning of year			170,796	
Fund balance, end of year			$ 199,020	

City of Lawrence, Kansas

Neighborhood Revitalization Areas Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 921,000	$ 921,000	$ 831,255	$ (89,745)
Interest	-	-	49	49
Total revenues	921,000	921,000	831,304	(89,696)
Expenditures				
Economic development, contractual service	921,000	921,000	831,255	(89,745)
Total expenditures	921,000	921,000	831,255	(89,745)
Excess (deficiency) of revenues over expenditures	$ -	$ -	49	$ 49
Fund balance, beginning of year			2,982	
Fund balance, end of year			$ 3,031	

City of Lawrence, Kansas

9 NH North TDD/TIF Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 340,000	$ 340,000	$ 267,087	$ (72,913)
Interest	-	-	13	13
Total revenues	340,000	340,000	267,100	(72,900)
Expenditures				
Economic development, contractual service	302,000	302,000	267,087	(34,913)
Total expenditures	302,000	302,000	267,087	(34,913)
Excess (deficiency) of revenues over expenditures	$ 38,000	$ 38,000	13	$ (37,987)
Fund balance, beginning of year			8,189	
Fund balance, end of year			$ 8,202	

City of Lawrence, Kansas

City Parks Memorial Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	$ -	$ -	$ 6,384	$ 6,384
Miscellaneous	30,000	30,000	8,812	(21,188)
Total revenues	30,000	30,000	15,196	(14,804)
Expenditures				
Culture and recreation	40,000	40,000	12,578	(27,422)
Total expenditures	40,000	40,000	12,578	(27,422)
Excess (deficiency) of revenues over (under) expenditures	$ (10,000)	$ (10,000)	2,618	$ 12,618
Fund balance, beginning of year, GAAP basis			155,506	
Fund balance, end of year, budget basis			158,124	
Adjustments, encumbrances			50	
Fund balance, end of year, GAAP basis			$ 158,174	

City of Lawrence, Kansas

Farmland Remediation Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	$ 1,000	$ 1,000	$ 68,870	$ 67,870
Total revenues	1,000	1,000	68,870	67,870
Expenditures				
Public works	317,000	317,475	213,006	(104,469)
Total expenditures	317,000	317,475	213,006	(104,469)
Excess (deficiency) of revenues over (under) expenditures	$ (316,000)	$ (316,475)	(144,136)	$ 172,339
Fund balance, beginning of year, GAAP basis			1,926,014	
Fund balance, end of year, budget basis			1,781,878	
Adjustments, encumbrances			7,294	
Fund balance, end of year, GAAP basis			$ 1,789,172	

City of Lawrence, Kansas

Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Charges for Services	$ 20,000	$ 20,000	$ 74,273	$ 54,273
Interest	-	-	11,591	11,591
Total revenues	20,000	20,000	85,864	65,864
Expenditures				
Culture and recreation, contractual services	12,000	12,000	10,133	(1,867)
Total expenditures	12,000	12,000	10,133	(1,867)
Excess of revenues over expenditures	$ 8,000	$ 8,000	75,731	$ 67,731
Fund balance, beginning of year, GAAP basis			208,876	
Fund balance, end of year, budget basis			284,607	
Adjustments, encumbrances			5	
Fund balance, end of year, GAAP basis			$ 284,612	

City of Lawrence, Kansas

Housing Trust Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 2,502,000	$ 2,502,000	$ 1,962,898	$ (539,102)
Intergovernmental		750,000	-	(750,000)
Interest	15,000	15,000	13,193	(1,807)
Total revenues	2,517,000	3,267,000	1,976,091	(1,290,909)
Expenditures				
Health and social services	2,404,000	2,404,000	2,170,735	(233,265)
Capital outlay	-	750,000	-	(750,000)
Total expenditures	2,404,000	3,154,000	2,170,735	(983,265)
Excess (deficiency) of revenues over (under) expenditures	$ 113,000	$ 113,000	(194,644)	$ (307,644)
Fund balance, beginning of year, GAAP basis			888,223	
Fund balance, end of year, budget basis			693,579	
Adjustments, encumbrances			1,886	
Fund balance, end of year, GAAP basis			$ 695,465	

City of Lawrence, Kansas

Wee Folks Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	$ -	$ -	$ 896	$ 896
Miscellaneous	30,000	30,000	10,618	(19,382)
Total revenues	30,000	30,000	11,514	(18,486)
Expenditures				
Culture and recreation contractual services	35,000	35,000	28,338	(6,662)
Total expenditures	35,000	35,000	28,338	(6,662)
(Deficiency) of revenues (under) expenditures	$ (5,000)	$ (5,000)	(16,824)	$ (11,824)
Fund balance, beginning of year			51,895	
Fund balance, end of year			$ 35,071	

City of Lawrence, Kansas

Law Enforcement Trust Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Interest	$ 5,000	$ 5,000	$ 22,361	$ 17,361
Total revenues	5,000	5,000	22,361	17,361
Expenditures				
Public safety	80,000	80,000	50,634	(29,366)
Total expenditures	80,000	80,000	50,634	(29,366)
(Deficiency) of revenues (under) expenditures	$ (75,000)	$ (75,000)	(28,273)	$ 46,727
Fund balance, beginning of year, GAAP basis			555,774	
Fund balance, end of year, budget basis			527,501	
Adjustments, encumbrances			491	
Fund balance, end of year, GAAP basis			$ 527,992	

City of Lawrence, Kansas

Federal Funds Exchange Program
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 1,180,000	$ 1,210,000	$ 1,206,232	$ (3,768)
Interest	-	-	42,606	42,606
Total revenues	1,180,000	1,210,000	1,248,838	38,838
Expenditures				
Public works	1,180,000	1,210,000	1,211,001	1,001
Capital outlay	-	300,000	22,029	(277,971)
Total expenditures	1,180,000	1,510,000	1,233,030	(276,970)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (300,000)	15,808	$ 315,808
Fund balance, beginning of year, GAAP basis			1,260,372	
Fund balance, end of year, budget basis			1,276,180	
Adjustments, encumbrances			229	
Fund balance, end of year, GAAP basis			$ 1,276,409	

City of Lawrence, Kansas

Kansas Fights Addiction Act Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 95,000	$ 95,000	$ 144,154	$ 49,154
Interest	-	-	26,766	26,766
Total revenues	95,000	95,000	170,920	75,920
Expenditures				
Public safety	95,000	125,000	-	(125,000)
Health and social services	-	118,000	116,772	(1,228)
Total expenditures	95,000	243,000	116,772	(126,228)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (148,000)	54,148	$ 202,148
Fund balance, beginning of year, GAAP basis			573,058	
Fund balance, end of year, GAAP basis			$ 627,206	

City of Lawrence, Kansas

Crossing TIF/CID Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Budgetary Basis Actual	Variance with Final Budget
Revenues				
Taxes	$ 100,000	$ 100,000	$ 112,260	$ 12,260
Total revenues	100,000	100,000	112,260	12,260
Expenditures				
Economic development	100,000	100,000	505	(99,495)
Total expenditures	100,000	100,000	505	(99,495)
Excess of revenues over expenditures	$ -	$ -	111,755	$ 111,755
Fund balance, beginning of year, GAAP basis			11	
Fund balance, end of year, GAAP basis			$ 111,766	

Nonmajor 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.

Public Parking Fund—This fund is used to account for the operation of all parking facilities owned by the City.

Storm Water Utility Fund—This fund is used to account for the storm water fees and expenses for repair and maintenance of the storm water system.

City of Lawrence, Kansas

Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2025

	Public Parking	Storm Water Utility	Total Nonmajor Proprietary Funds
Assets and deferred outflows of resources			
Current assets:			
Cash and investments	$ 2,704,948	$ 13,479,033	$ 16,183,981
Receivables (net of allowance for uncollectibles):			
Accounts	149,769	810,851	960,620
Accrued interest	15,981	84,820	100,801
Leases receivable, current	25,661	-	25,661
Restricted cash	83	2,300,032	2,300,115
Total current assets	2,896,442	16,674,736	19,571,178
Noncurrent assets:			
Property held for resale	-	181,874	181,874
Leases receivable, noncurrent	8,765	-	8,765
Capital assets:			
Land	479,055	1,864,089	2,343,144
Construction in progress	209,785	15,205,306	15,415,091
Building and improvements	3,905,584	14,999	3,920,583
Equipment	84,752	3,838,567	3,923,319
Infrastructure	-	29,142,418	29,142,418
SBITA asset	71,226	126,676	197,902
Less: accumulated depreciation and amortization	(3,960,900)	(11,795,213)	(15,756,113)
Total capital assets	789,502	38,396,842	39,186,344
Total noncurrent assets	798,267	38,578,716	39,376,983
Total assets	3,694,709	55,253,452	58,948,161
Deferred outflows of resources:			
Pension related amounts	150,267	249,695	399,962
OPEB related amounts	72,641	77,830	150,471
Total deferred outflows of resources	222,908	327,525	550,433
Total assets and deferred outflows of resources	3,917,617	55,580,977	59,498,594
Liabilities and deferred inflows of resources			
Current liabilities:			
Accounts payable	100,777	3,303,360	3,404,137
Interest payable	9,837	649,374	659,211
Accrued payroll	42,645	86,446	129,091
Compensated absences	59,701	138,289	197,990
Unearned revenue	-	26,888	26,888
Current portion of general obligation bonds payable	103,909	473,571	577,480
Current portion of temporary notes payable	-	15,191,038	15,191,038
Current portion of SBITA liability	14,658	28,070	42,728
Current portion of Total OPEB liability	16,561	17,743	34,304
Total current liabilities	348,088	19,914,779	20,262,867
Noncurrent liabilities:			
Compensated absences	63,131	157,716	220,847
General obligation bonds payable	685,898	11,297,375	11,983,273
SBITA liability	14,954	23,336	38,290
Net pension liability	621,274	1,032,359	1,653,633
Total OPEB liability	343,108	367,617	710,725
Total noncurrent liabilities	1,728,365	12,878,403	14,606,768
Total liabilities	2,076,453	32,793,182	34,869,635
Deferred inflows of resources:			
Pension related amounts	21,337	35,455	56,792
OPEB related amounts	135,105	144,755	279,860
Leases	30,816	-	30,816
Total deferred inflows of resources	187,258	180,210	367,468
Total liabilities and deferred inflows of resources	2,263,711	32,973,392	35,237,103
Net position			
Net investment in capital assets	624,482	10,610,804	11,235,286
Unrestricted	1,029,424	11,996,781	13,026,205
Total net position	$ 1,653,906	$ 22,607,585	$ 24,261,491

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2025

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Operating revenues			
Charges for services	$ 2,014,366	$ 7,069,347	$ 9,083,713
Licenses and permits	24,240	-	24,240
Other revenue	226,117	-	226,117
Total operating revenues	2,264,723	7,069,347	9,334,070
Operating expenses			
Continuing operations	2,435,912	4,496,017	6,931,929
Depreciation and amortization	18,530	845,369	863,899
Total operating expenses	2,454,442	5,341,386	7,795,828
Operating income (loss)	(189,719)	1,727,961	1,538,242
Nonoperating revenues (expenses):			
Investment income	107,414	615,492	722,906
Intergovernmental revenue	5,000	23,112	28,112
Interest expense	(24,843)	(797,904)	(822,747)
Debt issuance costs	-	(52,573)	(52,573)
Gain on sale of capital assets	-	15,700	15,700
Total nonoperating revenues (expenses)	87,571	(196,173)	(108,602)
Income before transfers	(102,148)	1,531,788	1,429,640
Transfers in	24,321	64,654	88,975
Transfers out	-	(420,000)	(420,000)
Total transfers	24,321	(355,346)	(331,025)
Change in net position	(77,827)	1,176,442	1,098,615
Net position, beginning	1,731,733	21,431,143	23,162,876
Net position, ending	$ 1,653,906	$ 22,607,585	$ 24,261,491

City of Lawrence, Kansas

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2025

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Cash flows from operating activities:			
Cash received from customers and users	$ 2,160,918	$ 7,119,708	$ 9,280,626
Cash paid to suppliers of goods and services	(1,653,000)	(3,638,393)	(5,291,393)
Cash paid to employees	(652,631)	(1,279,675)	(1,932,306)
Net cash provided by (used in) operating activities	(144,713)	2,201,640	2,056,927
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(162,106)	(10,495,268)	(10,657,374)
Proceeds from issuance of debt	-	19,097,149	19,097,149
Principal payments on general obligation bonds	(123,997)	(279,904)	(403,901)
Principal payments on general obligation temporary notes	(97,594)	(7,897,672)	(7,995,266)
Principal payments on SBITAs	(14,369)	(27,459)	(41,828)
Interest payments on debt	(37,145)	(667,280)	(704,425)
Net cash used in capital and related financing activities	(435,211)	(270,434)	(705,645)
Cash flows from noncapital financing activities:			
Intergovernmental income	5,000	23,112	28,112
Transfers in	24,321	64,654	88,975
Transfers out	-	(420,000)	(420,000)
Net cash provided by (used in) noncapital financing activities	29,321	(332,234)	(302,913)
Cash flows from investing activities:			
Purchase of investments	(1,955,549)	(20,348,172)	(22,303,721)
Sale of investments	701,837	18,064,570	18,766,407
Interest received	89,364	585,143	674,507
Net cash provided by (used in) investing activities	(1,164,348)	(1,698,459)	(2,862,807)
Net increase (decrease) in cash and cash equivalents	(1,714,951)	(99,487)	(1,814,438)
Cash and cash equivalents, beginning	2,080,047	3,145,072	5,225,119
Cash and cash equivalents, ending	$ 365,096	$ 3,045,585	$ 3,410,681

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds
Year Ended December 31, 2025

	Public Parking	Stormwater Utility	Total Nonmajor Proprietary Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (189,719)	$ 1,727,961	$ 1,538,242
Net cash provided by (used in) operating activities:			
Depreciation/amortization expense	18,530	845,369	863,899
Change in assets and liabilities:			
Accounts receivable	(104,108)	21,014	(83,094)
Lease receivable	24,738	-	24,738
Inventories	-	4,589	4,589
Deferred outflows:			
Pension related amounts	26,397	58,138	84,535
OPEB related amounts	(9,221)	14,861	5,640
Accounts payable	(29,144)	(477,514)	(506,658)
Accrued payroll	449	16,099	16,548
Net pension liability	(9,873)	(67,402)	(77,275)
Total OPEB liability	95,670	(485)	95,185
Deferred inflows:			
Pension related amounts	21,337	35,455	56,792
OPEB related amounts	19,648	(23,989)	(4,341)
Leases	(24,435)	-	(24,435)
Unearned revenue	-	26,888	26,888
Compensated absences	15,018	20,656	35,674
Net cash provided by (used in) operating activities	$ (144,713)	$ 2,201,640	$ 2,056,927
Noncash capital financing activities, capital assets in accounts payable	$ 55,619	$ 3,072,680	$ 3,128,299
Cash and investment amounts reported on the statement of net position:			
Cash and investments	$ 2,704,948	$ 13,479,033	$ 16,183,981
Restricted cash	83	2,300,032	2,300,115
	$ 2,705,031	$ 15,779,065	$ 18,484,096
Reconciliation to amounts reported on the statement of net position:			
Cash and cash equivalents	$ 365,096	$ 3,045,585	$ 3,410,681
Investments	2,339,935	12,733,480	15,073,415
Total cash and investments	$ 2,705,031	$ 15,779,065	$ 18,484,096

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Health and Wellness Fund—This fund accounts for the payment of health insurance claims.

Administrative Services Fund—This fund accounts for the City’s information systems, human resources and finance departments’ expenses. These expenses are charged to other City funds based on certain criteria and ratios.

Central Maintenance Garage Fund—This fund accounts for the repairs and maintenance of the City’s fleet of vehicles and equipment.

Risk Management Fund—This fund accounts for payments for auto and general liability claims, as well as workers' compensation claims, insurance premiums and other administrative expenses.

City of Lawrence, Kansas

Combining Statement of Net Position (Deficit)
Internal Service Funds
December 31, 2025

	Health and Wellness	Administrative Services	Central Maintenance Garage	Risk Management	Total
Assets and deferred outflows of resources:					
Current assets:					
Cash and investments	$ 11,286,333	$ 8,750,816	$ 1,958,447	$ 5,354,447	$ 27,350,043
Receivables (net of allowances for uncollectibles):					
Accounts	45,874	27,139	-	-	73,013
Accrued interest	60,111	102,165	4,094	35,611	201,981
Leases, current	-	3,533	-	-	3,533
Inventories	-	-	751,074	-	751,074
Prepaid	-	2,770	-	-	2,770
Restricted cash: customer deposits	400	-	-	-	400
Total current assets	11,392,718	8,886,423	2,713,615	5,390,058	28,382,814
Noncurrent assets:					
Leases receivable, noncurrent	-	98,808	-	-	98,808
Capital assets:					
Construction in progress	-	29,765	-	-	29,765
Building and improvements	-	91,515	613,327	-	704,842
Equipment	-	237,008	366,507	-	603,515
SBITA asset	-	4,281,917	-	-	4,281,917
Less: accumulated depreciation and amortization	-	(2,732,832)	(884,573)	-	(3,617,405)
Total capital assets	-	1,907,373	95,261	-	2,002,634
Total noncurrent assets	-	2,006,181	95,261	-	2,101,442
Total assets	11,392,718	10,892,604	2,808,876	5,390,058	30,484,256
Deferred outflows of resources:					
Pension related amounts	15,526	1,539,662	254,014	22,487	1,831,689
OPEB related amounts	5,189	430,657	83,018	5,189	524,053
Total deferred outflows of resources	20,715	1,970,319	337,032	27,676	2,355,742
Total assets and deferred outflows of resources	11,413,433	12,862,923	3,145,908	5,417,734	32,839,998
Liabilities and deferred inflows of resources:					
Liabilities:					
Current liabilities					
Accounts payable	$ 325,160	$ 531,211	$ 311,064	$ 122,839	$ 1,290,274
Interest payable	-	27,153	-	-	27,153
Claims payable	1,641,000	-	-	501,752	2,142,752
Accrued payroll	4,927	481,441	75,013	7,204	568,585
Compensated absences	8,746	808,845	274,391	22,969	1,114,951
SBITA liability	-	844,598	-	-	844,598
Current portion of Total OPEB liability	1,183	98,181	18,926	1,183	119,473
Total current liabilities	1,981,016	2,791,429	679,394	655,947	6,107,786
Noncurrent liabilities:					
Compensated absences	6,637	759,260	294,118	22,007	1,082,022
SBITA liability	-	472,417	-	-	472,417
Net pension liability	64,193	6,365,698	1,050,214	92,980	7,573,085
Total OPEB liability	24,508	2,034,141	392,125	24,508	2,475,282
Total noncurrent liabilities	95,338	9,631,516	1,736,457	139,495	11,602,806
Total liabilities	2,076,354	12,422,945	2,415,851	795,442	17,710,592
Deferred inflows of resources:					
Pension related amounts	2,205	218,617	36,068	3,193	260,083
OPEB related amounts	9,650	800,978	154,406	9,650	974,684
Leases	-	70,995	-	-	70,995
Total deferred inflows of resources	11,855	1,090,590	190,474	12,843	1,305,762
Total liabilities and deferred inflows of resources	2,088,209	13,513,535	2,606,325	808,285	19,016,354
Net position (deficit)					
Net investment in capital assets	-	585,984	95,261	-	681,245
Unrestricted (deficit)	9,325,224	(1,236,596)	444,322	4,609,449	13,142,399
Total net position (deficit)	$ 9,325,224	$ (650,612)	$ 539,583	$ 4,609,449	$ 13,823,644

City of Lawrence, Kansas

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2025

	Health and Wellness	Administrative Services	Central Maintenance Garage	Risk Management	Total
Operating revenues					
Charges for services	$ 12,656,013	$ 14,520,656	$ 6,108,386	$ 3,808,000	$ 37,093,055
Licenses and permits	-	82,460	-	-	82,460
Other revenue	4	35,246	775	-	36,025
Total operating revenues	12,656,017	14,638,362	6,109,161	3,808,000	37,211,540
Operating expenses					
Continuing operations	4,073,931	14,903,749	5,365,566	2,548,315	26,891,561
Health insurance claims	15,684,041	-	-	-	15,684,041
Depreciation and amortization	-	885,473	19,209	-	904,682
Total operating expenses	19,757,972	15,789,222	5,384,775	2,548,315	43,480,284
Operating income (loss)	(7,101,955)	(1,150,860)	724,386	1,259,685	(6,268,744)
Nonoperating revenues (expenses)					
Investment income	584,964	474,914	15,757	166,489	1,242,124
Rental income	-	35,238	-	-	35,238
Interest expense	-	(73,027)	-	-	(73,027)
Miscellaneous	2,491,578	63,125	6,377	22,269	2,583,349
Total nonoperating revenues (expenses)	3,076,542	500,250	22,134	188,758	3,787,684
Income (loss) before transfers	(4,025,413)	(650,610)	746,520	1,448,443	(2,481,060)
Transfers in	85,000	-	-	-	85,000
Transfers out	-	(2,464,317)	-	-	(2,464,317)
Total transfers	85,000	(2,464,317)	-	-	(2,379,317)
Change in net position	(3,940,413)	(3,114,927)	746,520	1,448,443	(4,860,377)
Net position, beginning, as originally reported	13,265,637	2,257,378	-	3,161,006	18,684,021
Changes in reporting entity	-	206,937	(206,937)	-	-
Net position, beginning, as restated	13,265,637	2,464,315	(206,937)	3,161,006	18,684,021
Net position (deficit), ending	$ 9,325,224	$ (650,612)	$ 539,583	$ 4,609,449	$ 13,823,644

City of Lawrence, Kansas

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2025

	Health and Wellness	Administrative Services	Central Maintenance Garage	Risk Management	Total
Cash flows from operating activities:					
Cash received from customers and users	$ 15,141,832	$ 14,740,732	$ 6,115,538	$ 3,830,269	$ 39,828,371
Cash paid to suppliers of goods and services	(19,589,227)	(6,191,914)	(3,481,064)	(2,369,253)	(31,631,458)
Cash paid to employees	(78,053)	(7,911,284)	(1,298,088)	(113,161)	(9,400,586)
Net cash provided by (used in) operating activities	(4,525,448)	637,534	1,336,386	1,347,855	(1,203,673)
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	-	(22,563)	-	-	(22,563)
Principal payments on general obligation temporary notes	-	(1,264,287)	-	-	(1,264,287)
Principal payments on SBITAs	-	(822,121)	-	-	(822,121)
Interest payments on debt	-	(65,579)	-	-	(65,579)
Net cash used in capital and related financing activities	-	(2,174,550)	-	-	(2,174,550)
Cash flows from noncapital financing activities:					
Transfers in	85,000	-	-	-	85,000
Transfers out	-	(2,464,317)	-	-	(2,464,317)
Net cash provided by (used in) noncapital financing activities	85,000	(2,464,317)	-	-	(2,379,317)
Cash flows from investing activities:					
Purchase of investments	(10,091,550)	(15,173,837)	(1,251,812)	(4,856,520)	(31,373,719)
Sale of investments	7,168,543	15,850,987	762,776	1,920,851	25,703,157
Interest received	780,789	652,056	11,663	200,115	1,644,623
Net cash provided by (used in) investing activities	(2,142,218)	1,329,206	(477,373)	(2,735,554)	(4,025,939)
Net increas (decrease) in cash and cash equivalents	(6,582,666)	(2,672,127)	859,013	(1,387,699)	(9,783,479)
Cash and cash equivalents, beginning	8,315,099	4,797,699	-	1,882,990	14,995,788
Changes in reporting entity	-	(610,398)	610,398	-	-
Cash and cash equivalents, beginning, as restated	8,315,099	4,187,301	610,398	1,882,990	14,995,788
Cash and cash equivalents, ending	$ 1,732,433	$ 1,515,174	$ 1,469,411	$ 495,291	$ 5,212,309

(Continued)

City of Lawrence, Kansas

Combining Statement of Cash Flows (Continued)
Internal Service Funds
Year Ended December 31, 2025

	Health and Wellness	Administrative Services	Central Maintenance Garage	Risk Management	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ (7,101,955)	$ (1,150,860)	$ 724,386	$ 1,259,685	$ (6,268,744)
Net cash provided by (used in) operating activities:					
Depreciation and amortization expense	-	885,473	19,209	-	904,682
Rental income	-	35,238	-	-	35,238
Miscellaneous income	2,491,578	63,125	6,377	22,269	2,583,349
Changes in assets and liabilities:					
Accounts receivable	(5,563)	(365)	-	-	(5,928)
Leases receivable	-	35,963	-	-	35,963
Inventories	-	-	(93,971)	-	(93,971)
Prepaid	-	(2,770)	-	-	(2,770)
Deferred outflows:					
Pension related amounts	2,651	282,512	35,102	2,639	322,904
OPEB related amounts	(310)	(26,396)	(4,310)	(310)	(31,326)
Accounts payable	197,724	90,853	311,064	3,911	603,552
Customer deposits	(200)	-	-	-	(200)
Claims payable	(121,195)	-	-	37,159	(84,036)
Accrued payroll	622	55,141	(37)	958	56,684
Net pension liability	(746)	(144,165)	17,323	3,208	(124,380)
Total OPEB liability	5,384	449,504	83,414	5,384	543,686
Deferred inflows:					
Pension related amounts	2,205	218,617	36,068	3,193	260,083
OPEB related amounts	769	65,017	11,118	769	77,673
Leases	-	(31,591)	-	-	(31,591)
Compensated absences	3,588	(187,762)	190,643	8,990	15,459
Net cash provided by (used in) operating activities	$ (4,525,448)	$ 637,534	$ 1,336,386	$ 1,347,855	$ (1,203,673)
Noncash capital and related financing activities, capital assets in accounts payable	$ -	$ 4,374	$ -	$ -	$ 4,374
Reconciliation of amounts reported on the statement of net position:					
Cash and cash equivalents	$ 1,732,433	$ 1,515,174	$ 1,469,411	$ 495,291	$ 5,212,309
Investments	9,554,300	7,235,642	489,036	4,859,156	22,138,134
Total cash and investments	$ 11,286,733	$ 8,750,816	$ 1,958,447	$ 5,354,447	$ 27,350,443

City of Lawrence, Kansas

Statistical Section (Unaudited)

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Lawrence's overall financial health.

Contents

Financial Trends
These schedules help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, property tax.

Debt Capacity
These schedules help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.

Operating Information
The schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Table 1

CITY OF LAWRENCE, KANSAS

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities											
Net investment in capital assets	$	176,377,845	174,116,398	203,909,143	211,012,487	198,873,906	192,481,050	193,575,038	201,115,312	203,957,312	203,542,337
Restricted		16,176,776	16,124,317	22,642,527	29,367,732	49,518,600	65,999,278	86,913,139	83,844,546	78,201,471	74,230,287
Unrestricted		(4,515,792)	11,126,590	8,002,262	190,444	(24,665,976)	(23,603,227)	(29,707,702)	(52,036,559)	(62,768,021)	(50,375,742)
Total governmental activities net position	$	188,038,829	201,367,305	234,553,932	240,570,663	223,726,530	234,877,101	250,780,475	232,923,299	219,390,762	227,396,882
Business-type activities											
Net investment in capital assets	$	115,683,218	109,887,927	163,615,909	119,110,426	138,766,846	137,090,006	131,013,555	134,718,702	141,083,014	146,662,055
Restricted		2,007,755	2,007,755	7,463,508	7,483,183	8,203,283	8,277,586	8,427,353	8,211,024	7,002,400	350,000
Unrestricted		48,675,637	61,630,771	13,457,357	53,808,460	50,303,939	56,515,118	64,732,821	75,408,604	81,560,671	94,248,314
Total business-type activities net position	$	166,366,610	173,526,453	184,536,774	180,402,069	197,274,068	201,882,710	204,173,729	218,338,330	229,646,085	241,260,369
Primary government											
Net investment in capital assets	$	292,061,063	284,004,325	367,525,052	330,122,913	337,640,752	329,571,056	324,588,593	335,834,014	345,040,326	350,204,392
Restricted		18,184,531	18,132,072	30,106,035	36,850,915	57,721,883	74,276,864	95,340,492	92,055,570	85,203,871	74,580,287
Unrestricted		44,159,845	72,757,361	21,459,619	53,998,904	25,637,963	32,911,891	35,025,119	23,372,045	18,792,650	43,872,572
Total primary government net position	$	354,405,439	374,893,758	419,090,706	420,972,732	421,000,598	436,759,811	454,954,204	451,261,629	449,036,847	468,657,251

Table 2

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses											
Governmental Activities											
General Government	$	28,734,221	23,993,685	23,127,516	28,630,913	28,182,086	24,673,611	23,515,893	22,563,985	24,053,045	22,397,076
Public Safety		36,496,705	44,199,155	44,961,424	51,933,937	54,948,346	53,986,755	67,012,799	69,620,762	70,112,251	69,881,897
Public Works		18,222,484	31,644,780	13,078,042	20,326,438	25,026,316	20,835,298	45,474,673	26,145,705	37,786,584	36,966,676
Health and Social Services*		3,350,156	3,930,099	2,784,172	2,680,131	4,336,950	5,517,930	5,925,685	14,561,641	15,324,551	10,310,749
Culture and Recreation		10,765,374	11,851,021	11,767,715	13,859,427	13,229,403	13,526,642	22,345,544	27,028,134	28,025,604	27,368,047
Tourism		2,746,841	2,759,231	1,675,004	1,943,413	1,666,240	1,995,296	2,225,777	1,322,691	1,408,295	3,182,665
Airport		145,227	139,414	-	-	-	-	-	-	-	-
Economic Development		765,183	2,358,798	1,721,663	1,777,984	2,230,139	2,258,104	2,288,738	3,094,768	3,033,588	4,114,756
Interest on Long-Term Debt		3,091,844	3,440,221	3,399,543	3,442,110	5,359,042	3,606,049	2,980,322	6,277,802	3,158,935	3,365,464
Total Governmental Activities Expenses		104,318,035	124,316,404	102,515,079	124,594,353	134,978,522	126,399,685	171,769,431	170,615,488	182,902,853	177,587,330
Business-Type Activities:											
Water & Sewer		34,618,665	37,356,134	39,047,713	45,764,237	45,806,311	49,708,507	53,094,266	54,497,121	58,790,346	65,148,788
Sanitation		11,091,519	11,448,107	11,332,783	12,439,608	13,762,428	12,656,576	15,651,690	15,944,362	18,306,128	20,241,041
Stormwater		1,820,913	2,132,331	2,423,210	2,533,088	3,671,022	3,197,639	4,896,172	6,309,991	6,016,351	6,242,743
Public Parking		1,231,070	1,378,713	1,764,009	558,725	1,079,590	1,201,311	1,512,377	2,056,861	2,461,290	2,506,407
Golf Course		978,457	1,261,536	850,780	939,014	948,732	-	-	-	-	-
Total Business-Type Activities Expenses		49,740,624	53,576,821	55,418,495	62,234,672	65,268,083	66,764,033	75,154,505	78,808,335	85,574,115	94,138,979
Total Primary Government Expenses	$	154,058,659	177,893,225	157,933,574	186,829,025	200,246,605	193,163,718	246,923,936	249,423,823	268,476,968	271,726,309
Program Revenues											
Governmental Activities:											
Charges for Services:											
General Government	$	5,857,934	5,122,733	5,932,189	5,042,029	3,901,660	3,054,395	5,061,162	3,169,934	3,329,276	3,583,347
Public Safety		5,773,962	6,866,750	7,382,054	8,735,242	8,475,018	6,856,827	14,038,997	9,040,018	10,588,697	12,792,707
Public Works		-	-	-	-	-	-	-	-	922,485	833,014
Health and Social Services		-	-	-	-	-	-	-	-	336,517	187,285
Culture and Recreation		3,703,700	3,343,028	3,504,515	3,966,284	1,260,537	3,600,736	4,515,691	5,252,949	5,536,546	5,844,551
Culture and Recreation		-	-	-	-	-	-	-	-	-	9,711
Other Activities		1,599,985	534,779	1,648,292	680,797	565,588	365,900	780,114	341,042	53,881	67,476
Operating Grants and Contributions		10,649,050	12,026,288	11,118,873	5,675,620	10,618,560	11,689,458	20,848,030	22,480,441	15,959,358	11,717,754
Capital Grants and Contributions		1,055,540	16,914,876	1,728,558	2,177,582	5,187,762	489,407	3,359,834	215,605	215,605	1,421,837
Total Governmental Activities Program Revenues		28,640,171	44,808,454	31,314,481	26,277,554	30,009,125	26,056,723	48,603,828	40,499,989	36,942,365	36,457,682
Business-Type Activities:											
Charges for Services:											
Water & Sewer		39,233,985 x	42,930,470 x	50,217,334 x	45,697,915 x	48,739,971 x	53,843,060 x	57,261,705	62,300,354	69,166,581	75,572,463
Sanitation		12,775,928 x	13,634,852	14,618,244 x	14,738,312 x	14,854,780 x	14,657,374 x	16,310,668	16,764,712	18,887,565	19,942,451
Stormwater		3,082,304 x	3,238,658	3,564,261 x	3,576,201 x	3,840,429 x	5,644,550 x	5,782,156	5,975,906	6,714,534	7,069,347
Parking		1,444,710 x	1,563,008 x	1,345,293 x	1,372,765 x	666,749 x	1,453,405 x	2,081,184	2,216,907	2,171,891	2,264,723
Golf Course		747,031 x	984,669 x	930,992 x	932,240 x	792,583 x	- x	-	-	-	-

Table 2 (cont'd)

CITY OF LAWRENCE, KANSAS

Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Capital Grants and Contributions		-	-	-	-	-	-	413,792	45,000	45,000	73,112
Total Business-Type Activities Program Revenues		57,283,958	62,351,657	70,676,124	66,317,433	68,894,512	75,598,389	81,849,505	87,302,879	96,985,571	104,922,096
Total Primary Government Program Revenues	$	85,924,129	107,160,111	101,990,605	92,594,987	98,903,637	101,655,112	130,453,333	127,802,868	133,927,936	141,379,778
Net (Expense)/Revenue											
Governmental Activities	$	(75,677,864)	(79,507,950)	(71,200,598)	(98,316,799)	(104,969,397)	(100,342,962)	(123,165,603)	(130,115,499)	(145,960,488)	(141,129,648)
Business-Type Activities		7,543,334	8,774,836	15,257,629	4,082,761	3,626,429	8,834,356	6,695,000	8,494,544	11,411,456	10,783,117
Total Primary Government Net Expense	$	(68,134,530)	(70,733,114)	(55,942,969)	(94,234,038)	(101,342,968)	(91,508,606)	(116,470,603)	(121,620,955)	(134,549,032)	(130,346,531)
General Revenues and Other Changes in Net Assets											
Governmental Activities:											
Taxes											
Property Taxes	$	31,870,781	33,414,884	37,134,285	38,053,817	43,183,352	43,957,928	43,025,482	48,932,115	52,919,151	57,008,602
Franchise Taxes		7,448,325	7,229,327	7,465,999	39,547,332	6,893,125	7,207,175	9,067,952	8,693,733	8,510,214	9,035,091
Sales Taxes		38,935,957	39,365,644	40,528,022	48,920,869	45,294,649	53,573,414	58,152,035	59,729,000	61,726,991	69,481,390
Unrestricted Grants and Contributions		764,798	783,431	796,314	42,032	12,601	26,864	38,360	61,617	431,976	2,055
Investment Earnings		390,171	493,557	1,069,632	2,939,293	1,181,470	312,560	1,261,741	7,742,341	6,979,643	6,103,354
Miscellaneous		3,385,152	3,361,033	284,338	3,174,583	2,584,048	1,537,853	2,227,394	2,320,530	1,470,127	2,652,218
Gain on Sale of Capital Assets		-	-	-	-	-	-	-	-	-	273,129
Transfers		2,257,560	3,801,983	3,685,635	3,787,475	(11,023,981)	4,877,739	4,821,000	5,254,000	5,387,000	4,579,929
Total Governmental Activities		85,052,744	88,449,859	90,964,225	136,465,401	88,125,264	111,493,533	118,593,964	132,733,336	137,425,102	149,135,768
Business-Type Activities:											
Unrestricted Grants and Contributions		-	-	-	-	-	-	-	-	-	-
Investment Earnings		500,878	802,034	1,077,026	2,224,171	1,221,162	111,472	122,122	5,366,082	5,917,009	5,027,894
Miscellaneous		564,790	1,310,446	858,835	820,034	1,000,427	540,553	1,294,897	920,211	240,441	232,102
Gain on Sale of Capital Assets		-	-	-	-	-	-	-	-	173,321	151,100
Transfers		(2,257,560)	(3,801,983)	(3,685,635)	(3,787,475)	11,023,981	(4,877,739)	(4,821,000)	(5,254,000)	(5,387,000)	(4,579,929)
Total Business-Type Activities		(1,191,892)	(1,689,503)	(1,749,774)	(743,270)	13,245,570	(4,225,714)	(3,403,981)	1,032,293	943,771	831,167
Total Primary Government	$	83,860,852	86,760,356	89,214,451	135,722,131	101,370,834	107,267,819	115,189,983	133,765,629	138,368,873	149,966,935
Change in Net Position											
Governmental Activities	$	9,374,880	8,941,909	19,763,627	38,148,602	(16,844,133)	11,150,571	(4,571,639)	2,617,837	(8,535,386)	8,006,120
Business-Type Activities		6,351,442	7,085,333	13,507,855	3,339,491	16,871,999	4,608,642	3,291,019	9,526,837	12,355,227	11,614,284
Total Primary Government	$	15,726,322	16,027,242	33,271,482	41,488,093	27,866	15,759,213	(1,280,620)	12,144,674	3,819,841	19,620,404

CITY OF LAWRENCE, KANSAS

General Government Tax Revenues by Source

Last Ten Fiscal Years
(modified accrual basis of accounting)

Year	Property Tax	Sales* Tax	Franchise Tax	Motor Vehicle Tax	Payment-in-lieu	Total	Total Taxable Retail Sales
2016	28,968,384	38,935,957	7,448,325	2,800,584	101,813	78,255,063	1,596,568,250
2017	30,401,649	39,365,643	7,229,327	2,912,075	101,162	80,009,856	1,631,773,470
2018	34,017,273	40,528,022	7,465,999	3,014,654	102,358	85,128,306	1,644,471,741
2019	35,518,561	41,217,276	7,415,461	3,185,973	96,266	87,433,536	1,665,248,878
2020	37,853,022	40,365,760	6,893,125	3,068,095	103,580	88,283,582	1,603,218,377
2021	39,547,332	46,903,145	7,207,175	3,437,256	93,587	97,188,495	1,748,838,651
2022	40,205,927	50,755,910	9,067,953	3,229,966	98,152	103,357,907	1,889,508,922
2023	45,047,152	51,945,272	8,764,278	3,283,323	99,251	109,139,276	1,951,009,935
2024	48,512,645	53,917,880	8,510,213	3,396,005	106,882	114,443,626	1,970,593,323
2025	52,076,677	51,301,871	9,035,090	3,547,941	103,201	116,064,780	2,098,945,894

CITY OF LAWRENCE, KANSAS

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund											
Nonspendable	$	-	-	-	206,645	427,738	336,121	482,716	585,657	557,534	575,365
Restricted		-	-	-	-	-	105,186	193,627	83,465	159,752	216,073
Assigned		626,605	666,212	456,504	2,081,608	1,292,014	2,584,296	1,712,336	4,810,557	4,607,696	7,170,991
Unassigned		20,009,047	22,713,597	24,996,096	24,709,340	23,297,429	21,898,812	22,502,960	20,211,077	19,787,739	22,949,993
Total General Fund	$	20,635,652	23,379,809	25,452,600	26,997,593	25,017,181	24,924,415	24,891,639	25,690,756	25,112,721	30,912,422
All Other Governmental Funds											
Nonspendable		434,460	411,460	80,347	23,386	177,999	159,165	65,423	18,643	40,840	8,034
Restricted		15,742,316	25,226,913	50,110,197	39,761,077	67,394,535	47,320,111	60,618,382	96,081,032	86,707,937	90,380,049
Assigned		25,103,256	28,700,173	-	-	-	-	-	-	301,000	3,984,716
Unassigned		(11,265,210)	(116,324)	(21,213)	(32,796)	(80,397)	(26,165)	(3,021,684)	(2,035,011)	(1,306,225)	(2,281,883)
Total All Other Governmental Funds	$	30,014,822	54,222,222	50,169,331	39,751,667	67,492,137	47,453,111	57,662,121	94,064,664	85,743,552	92,090,916

CITY OF LAWRENCE, KANSAS

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

Unaudited

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 78,202,845	80,009,856	85,128,306	97,188,497	103,357,907	97,188,496	103,357,906	108,660,704	114,443,626	116,064,780
Special Assessments	2,018,400	2,542,191	889,070	1,599,336	1,259,163	1,357,948	1,129,282	771,610	756,501	1,130,261
Licenses and Permits	1,873,080	1,647,100	2,065,644	1,585,563	1,489,221	1,778,017	1,584,517	1,296,823	1,308,485	1,525,028
Charges for Services	10,141,679	12,005,980	11,504,060	12,275,703	9,889,718	11,207,524	16,643,687	14,974,838	17,047,378	19,411,547
Fines, Forfeitures and Penalties	2,451,698	2,214,210	2,237,632	1,897,608	993,386	939,980	912,993	890,875	1,007,823	1,099,992
Investment income	366,695	458,254	1,034,090	2,636,307	1,227,777	255,889	1,752,866	6,948,720	6,860,054	6,103,354
Intergovernmental	12,617,160	14,376,408	13,935,803	14,383,505	20,939,182	18,304,011	29,208,858	27,386,802	23,958,785	21,370,462
Reimbursements	4,130,660	1,529,769	1,622,723	2,076,208	1,004,337	698,169	1,931,087	5,014,469	1,710,482	1,338,065
Miscellaneous	1,570,382	1,831,264	1,084,214	1,794,382	1,280,356	2,227,141	2,154,639	2,390,285	3,019,984	2,765,694
Total Revenues	113,372,599	116,615,032	119,501,542	135,437,109	141,441,047	133,957,175	158,675,835	168,335,126	170,113,118	170,809,183
Expenditures										
General Government	27,374,180	23,929,049	23,162,939	25,896,044	26,168,789	23,372,105	21,577,620	17,850,216	19,437,932	18,025,644
Public Safety	35,428,959	41,512,350	44,127,910	46,100,200	50,705,913	53,818,355	57,348,146	58,551,394	61,920,627	63,224,957
Public Works	8,859,891	20,494,795	11,912,013	12,003,694	16,299,987	15,506,807	16,504,082	22,477,873	29,208,392	27,379,429
Health and Social Services**	2,456,830	2,977,109	2,728,757	2,373,207	4,092,161	4,926,030	4,971,170	13,946,461	14,807,601	9,509,490
Culture and Recreation	10,280,949	11,151,720	11,662,354	11,434,466	10,792,873	12,185,541	19,894,766	23,219,481	25,659,112	24,767,526
Tourism	2,739,874	2,748,422	1,674,768	1,929,803	1,658,866	1,996,716	2,176,023	1,276,739	1,378,110	3,152,557
Airport	134,866	128,179	-	-	-	-	-	-	-	-
Economic Development	765,183	2,358,798	1,721,663	1,777,984	2,230,119	2,222,764	2,247,273	3,093,694	3,033,588	4,114,756
Capital Outlay	14,214,757	12,900,993	16,065,513	22,507,011	27,898,602	9,115,756	27,133,122	39,291,804	29,546,936	52,111,612
Debt Service:										
Principal Retirement	10,665,747	9,072,028	9,539,875	8,764,315	15,813,420	46,720,028	30,824,064	53,748,875	37,125,402	40,678,405
Interest and Fiscal Charges	3,199,285	3,349,460	3,687,136	3,559,349	3,977,571	3,378,521	4,985,636	7,085,992	4,877,849	4,343,984
Issuance Costs	-	-	-	252,831	99,207	157,459	162,989	153,618	182,371	272,553
Total Expenditures	116,120,521	130,622,903	126,282,928	136,598,904	159,737,508	173,400,082	187,824,891	240,696,147	227,177,920	247,580,913
Excess of Revenues over (under) Expenditures	(2,747,922)	(14,007,871)	(6,781,386)	(1,161,795)	(18,296,461)	(39,442,907)	(29,149,056)	(72,361,021)	(57,064,802)	(76,771,730)
Other Financing Sources (Uses)										
Transfers In	12,135,572	4,842,454	8,907,554	10,087,810	6,981,252	15,133,827	14,759,114	51,177,370	23,319,954	13,958,729
Transfers Out	(9,874,995)	(1,037,454)	(5,218,554)	(6,300,335)	(2,604,173)	(10,059,711)	(9,934,754)	(45,923,370)	(18,017,954)	(6,999,483)
Sale of Property - Proceeds Received	-	-	-	17,525	17,100	576,299	85,932	632,358	341,677	277,750
Financed purchase issuance	244,260	1,064,200	-	-	-	-	-	-	-	-
Issuance of SBITA Liability	-	-	-	-	-	-	-	241,975	-	75,960
Proceeds of General Obligation Bonds	-	35,034,000	-	41,505,000	10,545,000	56,262,000	57,142,000	34,378,675	41,199,098	79,192,800
Premium on General Obligation Bonds	-	2,036,462	-	530,809	394,939	2,715,048	2,025,865	1,841,064	1,322,880	2,413,039
Total Other Financing Sources (Uses)	2,504,837	41,939,662	3,689,000	45,840,809	15,334,118	64,627,463	64,078,157	42,348,072	48,165,655	88,918,795
Net Change in Fund Balances	(243,085)	27,931,791	(3,092,386)	44,679,014	(2,962,343)	25,184,556	34,929,101	(30,012,949)	(8,899,147)	12,147,065
Debt Service as a Percentage of Noncapital Expenditures	13.6%	10.4%	13.4%	12.4%	14.9%	31.1%	20.2%	27.9%	20.5%	23.0%

CITY OF LAWRENCE, KANSAS

Assessed and Estimated Actual Value of Property

Last Ten Fiscal Years

Unaudited

Year	Real Property Assessed Value	Real Property Estimated Actual Value	Personal Property (1) Assessed Value	Personal Property (1) Estimated Actual Value	State Assessed Assessed Value	State Assessed Estimated Value	Total Assessed Value	Total Estimated Actual Value	Ratio of Assessed to Estimated Actual Value	Total Direct Tax Rate
2016	885,273,456	7,746,142,740	16,001,791	70,140,005	27,654,355	27,654,355	928,929,602	7,843,937,100	11.8%	32.018
2017	944,118,547	8,261,037,286	13,968,253	61,226,480	27,374,301	27,374,301	985,461,101	8,349,638,067	11.8%	33.279
2018	995,457,186	8,598,573,020	13,533,461	62,431,469	28,331,792	28,331,792	1,037,322,439	8,689,336,281	11.9%	33.278
2019	1,048,578,279	9,133,478,310	12,152,502	57,065,503	29,802,723	29,802,723	1,090,533,504	9,220,346,536	11.8%	33.319
2020	1,094,154,422	9,607,901,380	11,873,466	55,498,541	31,460,117	31,460,117	1,137,488,005	9,694,860,038	11.7%	33.318
2021	1,118,725,664	9,888,992,770	13,609,923	59,181,481	34,245,599	34,245,599	1,166,581,186	9,982,419,850	11.7%	33.290
2022	1,265,923,407	11,279,663,010	10,238,870	53,518,626	34,512,586	34,512,586	1,310,674,863	11,367,694,222	11.5%	33.207
2023	1,373,498,296	12,413,321,780	9,850,760	46,531,019	33,963,415	33,936,415	1,417,312,471	12,493,789,214	11.3%	33.207
2024	1,478,287,583	13,403,256,990	9,500,490	46,374,571	34,915,740	34,915,740	1,522,703,813	13,484,547,301	11.3%	33.232
2025	1,559,599,205	14,103,168,130	9,161,114	45,888,994	37,082,667	37,082,667	1,605,842,986	14,186,139,791	11.3%	33.712

(1) Excludes motor vehicles.

Source: Douglas County Appraiser

CITY OF LAWRENCE, KANSAS

Property Tax Rates – Direct and Overlapping Governments

Last Ten Fiscal Years

Unaudited

	City of Lawrence			Overlapping Rates: Douglas County			Overlapping Rates: School District			Overlapping Rates	
Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	State of Kansas	Total Direct & Overlapping Rates
2016	23.514	8.504	32.018	43.583	0.509	44.092	43.860	9.500	53.360	1.500	130.970
2017	23.522	9.757	33.279	45.509	0.509	46.018	45.515	10.435	55.950	1.500	136.747
2018	23.968	9.310	33.278	45.507	0.508	46.015	43.506	10.921	54.427	1.500	135.220
2019	23.997	9.322	33.319	46.430	0.000	46.430	43.058	9.926	52.984	1.500	134.233
2020	23.997	9.321	33.318	46.430	0.000	46.430	43.297	9.825	53.122	1.500	134.370
2021	23.977	9.313	33.290	47.419	0.000	47.419	43.068	9.772	52.840	1.500	135.049
2022	25.401	7.806	33.207	46.219	0.000	46.219	41.414	9.656	51.070	1.500	131.996
2023	25.251	7.956	33.207	44.209	0.000	44.209	43.195	9.015	52.210	1.500	131.126
2024	25.267	7.965	33.232	41.298	0.000	41.298	43.965	8.308	52.273	1.500	128.303
2025	25.747	7.965	33.712	40.669	0.000	40.669	44.045	8.300	52.345	1.500	128.226

Source: Douglas County Budget Office

Table 8

CITY OF LAWRENCE, KANSAS

Principal Taxpayers

December 31, 2025

Unaudited

Taxpayer		2025 Assessed Valuation	Rank	Percent of Total Assessed Valuation			2016 Assessed Valuation	Rank	Percent of Total Assessed Valuation	
Evergy (formerly Westar Energy)	$	25,619,282	1	1.5954	%	$	19,407,537	1	2.09	%
Black Hills Corp		7,579,042	2	0.472			3,796,063	7	0.41	
Links at Kansas		7,429,104	3							
CH Realty VII/SH Lawrence Connection LLC		7,262,613	4	0.4523			3,542,126	8	0.38	
Walmart		7,065,712	5	0.44			5,889,787	2	0.63	
RCG-Lawrence PM LLC		5,573,102	6	0.3471						
Cherry Hill Properties LLC		5,513,553	7	0.3433			3,861,594	5	0.42	
HSRE Connection KU LLC		5,347,051	8	0.333						
Menards Inc		5,224,310	9	0.3253			3,848,193	6	0.41	
LIB JV Holdings LLC		4,721,601	10	0.294						
ARC PRLAWKS001 LLC				0			5,098,447	3	0.55	
IREIT Lawrence Iowa Street, LLC				0			4,121,951	4	0.44	
North Creek Investors				0			3,308,886	9	0.36	
Westgate LC				0			2,996,702	10	0.32	
Hallmark Cards				0						
Total	$	81,335,370		4.60	%	$	55,871,286		6.01	%

Source: Douglas County Clerk.

CITY OF LAWRENCE, KANSAS

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Unaudited

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collection to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2016	28,168,200	27,832,626	98.81	313,875	28,146,501	99.92	809,827	2.88
2017	29,742,950	29,220,299	98.24	172,637	29,392,936	98.82	1,159,841	3.90
2018	32,783,573	32,352,946	98.69	308,224	32,661,170	99.63	1,282,244	3.91
2019	34,521,790	33,854,125	98.07	252,071	34,106,196	98.80	1,697,838	4.92
2020	36,335,486	35,545,948	97.83	380,499	35,926,447	98.87	2,106,877	5.80
2021	37,898,825	37,248,259	98.28	428,253	37,676,512	99.41	2,329,190	6.15
2022	38,835,488	38,059,697	98.00	443,772	38,503,468	99.15	2,661,209	6.85
2023	43,523,580	42,759,216	98.24	389,800	43,149,016	99.14	3,035,774	6.98
2024	47,063,799	46,153,608	98.07	371,452	46,525,060	98.86	3,609,944	7.60
2025	51,333,391	49,513,795	96.46	472,255	49,986,050	97.38	4,957,285	9.66

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

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

CITY OF LAWRENCE, KANSAS

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Unaudited

	Governmental Activities					Business-Type Activities								
Year	General Obligation Bonds	Notes Payable	Financed Purchase	Lease Liability	Subscription Liability	Revenue Bonds	General Obligation Bonds	Notes Payable	Financed Purchase	Lease Liability	Subscription Liability	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2016	79,640,645	-	286,629	-	-	183,538,349	20,375,195	-	-	-	-	283,840,818	6.64 %	3,013
2017	101,598,559	-	1,236,083	-	-	185,527,794	16,381,828	-	-	-	-	304,744,264	6.22 %	2,967
2018	91,966,494	6,018,520	1,143,691	-	-	199,557,038	12,607,365	-	-	-	-	311,293,108	6.47 %	3,153
2019	87,225,560	44,049,421	991,376	-	-	191,334,777	9,014,419	-	-	-	-	332,615,553	5.87 %	3,203
2020	87,868,554	40,228,620	835,956	-	-	182,691,558	5,256,052	-	-	-	-	316,880,740	6.25 %	3,387
2021	112,523,998	27,014,451	684,928	-	-	224,042,813	1,250,000	-	-	-	-	365,516,190	5.74 %	3,338
2022	103,726,176	56,052,000	592,056	1,677,017	-	197,910,000	1,589,824	-	-	-	-	361,547,073	6.28 %	3,832
2023	101,814,949	38,017,000	478,915	1,374,319	5,745,300	226,335,000	5,935,050	-	-	-	1,451,130	381,151,663	5.86 %	3,773
2024	112,005,034	33,536,445	363,199	74,873	4,707,672	266,311,239	9,279,794	8,181,215	-	-	1,191,186	435,650,657	6.02 %	3,962
2025	128,494,037	56,476,153	244,848	-	3,261,280	302,551,622	12,560,753	15,842,282	-	-	924,478	520,355,453	7.27 %	5,400

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

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

CITY OF LAWRENCE, KANSAS

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

Last Ten Fiscal Years

Unaudited

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less Debt Service Fund	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Per Capita
2015	94,207	894,945	97,940,000	10,901,622	87,038,378	9.73	896
2016	95,655	928,930	100,015,840	10,930,190	89,085,650	9.59	910
2017	96,637	928,947	117,980,387	11,266,535	106,713,852	11.49	1,073
2018	97,187	985,104	101,410,000	10,832,304	90,577,696	9.19	899
2019	98,193	1,037,322	93,408,000	12,491,540	80,916,460	7.80	779
2020	94,931	1,090,534	88,285,000	13,955,094	74,329,906	6.82	719
2021	95,386	1,137,488	107,811,000	18,573,982	89,237,018	7.85	936
2022	95,831	1,166,581	105,316,000	26,101,129	79,214,871	6.79	827
2023	96,207	1,310,672	107,750,000	26,138,308	81,611,692	6.23	848
2024	97,271	1,417,285	113,338,003	34,887,872	78,450,131	5.54	807
2025	96,367	1,522,704	131,725,003	37,466,406	94,258,597	6.19	978

(1) US Census Population Estimates
(2) Amounts expressed in thousands and were corrected to represent the Tax Levy for the prior year beginning for 2017
(3) City of Lawrence General Obligation Bonds only - excludes Lawrence Memorial Hospital and bond anticipation notes.

CITY OF LAWRENCE, KANSAS

Computation of Direct and Overlapping Bonded Debt – General Obligation Bonds

December 31, 2025

Jurisdiction	Bond Issues Outstanding	Percentage Applicable to City	Amount Applicable to City
Direct – City of Lawrence	$ 185,215,038 $	100 %	$ 185,215,038
Overlapping:			
Douglas County	72,585,000	73 %	52,856,756
Unified School District No. 497	132,600,000	87 %	115,808,765
	205,185,000		168,665,522
	$ 390,400,038		$ 353,880,560

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

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

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

Table 13

CITY OF LAWRENCE, KANSAS

Computation of Legal Debt Margin

Last Ten Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assessed Valuation of Taxable Property*	$ 995,923,209	928,947,354	985,103,931	1,037,322,439	1,090,533,504	1,137,488,005	1,166,581,186	1,310,674,863	1,417,312,471	1,522,703,813
Debt Limit Percent of Assessed Value	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Debt Limit	298,776,963	278,684,206	295,531,179	311,196,732	327,160,051	341,246,402	349,974,356	393,202,459	425,193,741	456,811,144
Total net debt applicable to limit** (includes temporary notes)	90,516,715	107,626,339	98,015,014	131,274,981	128,097,174	139,538,449	166,466,669	141,025,235	145,541,479	184,970,190
Legal Debt Margin	$ 208,260,248	$ 171,057,867	$ 197,516,165	$ 179,921,751	$ 199,062,877	$ 201,707,953	$ 183,507,687	$ 252,177,224	$ 279,652,262	$ 271,840,954
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	30.30%	38.62%	33.17%	42.18%	39.15%	40.89%	47.57%	35.87%	34.23%	40.49%

Note: Under State finance law, the City's outstanding general obligation debt should not exeed 30 percent of the total assessed property value.

* Total Assessed Valuation of Taxable Property is based on the prior year Tax Levy. Amounts indicated in this table for 2017-2019 have been corrected.

** General obligation bonds and temporary notes issued to finance utility improvements, revenue bonds, and certain refunding bonds are not subject to the debt limit pursuant to K.S.A. 10-301 et seq. Prior to 2016, all general obligation debt was included in this computation.

Table 14

CITY OF LAWRENCE, KANSAS

Revenue Bond Coverage – Water and Sewer Fund

Last Ten Fiscal Years

Year	Operating Revenue	Operating Expenses Less Depreciation	Net Revenue Available For Debt Service	Principal	Interest	Total	Coverage
2016	39,686,384	21,498,117	18,188,267	4,625,000	5,287,290	9,912,290	1.83
2017	43,619,415	22,538,928	21,080,487	6,445,000	6,635,356	13,080,356	1.61
2018	51,106,079	23,596,806	27,509,273	7,305,000	6,687,187	13,992,187	1.97
2019	45,243,570	30,366,028	14,877,542	7,305,000	7,275,129	14,580,129	1.02
2020	48,495,800	29,398,101	19,097,699	7,560,000	7,352,975	14,912,975	1.28
2021	53,843,060	32,994,091	20,848,969	7,915,000	7,042,212	14,957,212	1.39
2022	55,885,356	36,078,807	19,806,549	7,835,000	7,428,053	15,263,053	1.30
2023	62,300,354	36,078,355	26,221,999	9,415,000	7,514,466	16,929,466	1.55
2024	69,166,581	39,801,794	29,364,787	9,780,001	9,038,036	18,818,037	1.56
2025	75,572,463	41,555,695	34,016,768	29,045,000	10,117,314	39,162,314	0.87

CITY OF LAWRENCE, KANSAS

Demographic Statistics

Last Ten Fiscal Years

Unaudited

Year	Population (1)	Personal Income (2)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2015	94,207	4,277,044,000	36,686	26.70	12,106	3.0
2016	95,655	4,567,016,000	38,686	26.70	11,969	3.6
2017	96,637	4,710,732,000	39,400	26.70	11,970	3.1
2018	97,187	5,299,726,000	43,642	27.50	12,051	3.1
2019	98,193	5,321,380,000	43,939	26.70	11,879	2.6
2020	94,931	5,521,639,000	45,163	26.70	11,473	3.9
2021	95,386	5,819,458,000	47,494	28.20	11,150	1.8
2022	95,831	6,171,456,000	51,703	28.20	10,896	2.4
2023	96,207	6,334,017,000	52,799	28.20	10,603	1.9
2024	97,271	6,852,947,000	56,846	28.20	9,417	2.8
2025	96,367	7,160,490,000	58,698	28.20	8,382	3.8

Data Sources:
(1) US Census Population Estimates
(2) Data from U.S. Bureau of Economic Analysis. The amount listed for FY2022 is from the FY2021 report.
(3) From U.S. Census Bureau 2020 Census
(4) Headcount enrollment for USD 497, Kansas Department of Education
(5) Bureau of Labor Statistics

CITY OF LAWRENCE, KANSAS

Principal Employers

Current Year and Nine Years Ago

		2025			2016		
Employer		**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
The University of Kansas	x	8,845	1	16.75%	10,089	1	15.35%
LMH Health	x	1,945	2	3.68%	1,403	5	2.13%
Lawrence Public Schools	x	1,660	3	3.14%	1,856	3	2.82%
Berry Global	x	1,115	4	2.11%	750	7	1.14%
Hallmark Cards Inc.	x	1,000	5	1.89%	800	6	1.22%
City of Lawrence	x	999	6	1.89%	1,503	4	2.29%
Amarr Garage Doors	x	730	7	1.38%	750	8	1.14%
Douglas County	x	480	8	0.91%			
Maximus	x	450	9	0.85%			
Lawrence Paper Company	x	240	10	0.45%			
HyVee					540	9	0.82%
Dillons					465	10	0.71%
General Dynamics					1,500-2,500	2	3.80%
Total		17,464		33.07%	18,156		31.42%

Sources: Lawrence Chamber of Commerce

Table 17

CITY OF LAWRENCE, KANSAS

Full Time Equivalent Employees by Function

Last Ten Fiscal Years

Unaudited

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Actvities:										
General Government	105.00	76.86	79.93	85.59	72.07	80.70	62.32	38.47	62.40	88.50
Public Safety**	320.60	330.00	330.00	332.00	399.20	399.20	399.20	402.20	375.20	413.50
Public Works	62.66	62.66	61.16	61.16	62.16	62.16	83.00	90.70	82.50	38.00
Culture & Recreation	72.53	76.53	72.78	72.78	72.50	85.60	77.28	77.75	78.00	75.00
Health	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
Social Services	3.60	2.70	2.70	2.60	2.25	2.25	2.25	2.23	5.00	2.00
Tourism	-	-	3.00	3.00	2.00	2.00	2.00	2.00	-	-
Total Governmental Activities	565.39	549.75	550.57	558.13	611.18	632.91	627.05	614.35	603.10	617.00
Business-type Actvities:										
Water & Sewer	146.88	140.13	142.63	141.63	141.50	134.70	134.00	135.80	149.20	146.80
Solid Waste	97.84	97.84	93.34	94.34	92.34	90.50	84.00	87.75	88.85	90.10
Storm Water	10.00	10.00	11.50	13.50	11.50	11.50	14.00	14.75	18.35	21.45
Public Parking	12.00	12.00	14.00	13.00	12.00	10.00	10.00	10.20	14.95	17.75
Golf Course*	11.69	12.69	12.36	12.31	11.73	-	-	-	-	-
Administrative Services	17.00	17.00	17.00	17.00	22.00	72.50	111.90	110.35	125.55	105.90
Total Business-type Activities	295.41	289.66	290.83	291.78	291.07	319.20	353.90	358.85	396.90	382.00
Total	860.80	839.41	841.40	849.91	902.25	952.11	980.95	973.20	1,000.00	999.00

Source: City of Lawrence Budget Document

Note: Reviewing some budget documents we discovered some errors in the final reports published. This report is based off of budgeted FTE and may not match what was oringially published.

*Golf Course Fund disolved at end of 2020 and combined into Culture & Recreation under Governmental Activities

**Prior to 2022, Firefighters were calculated using 2080 hours instead of 2912 hours

CITY OF LAWRENCE, KANSAS

Operating Indicators by Function

Last Ten Fiscal Years

Unaudited

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fire Protection										
Number of Firefighters and Officers	143	143	143	146	150	150	150	155	159	158
Number of Fire Calls Answered (1)	254	238	243	191	242	259	308	222	211	176
Number of Medical Calls Answered	8,246	8,802	9,089	8,781	8,624	9,380	9,792	10,721	11,956	12,666
Number of Other Calls Answered	3,426	3,496	3,962	4,034	3,793	4,921	5,479	5,911	5,403	4,952
Number of Medical Transports	5,851	6,207	6,207	6,441	6,200	7,067	7,318	8,013	7,931	8,213
Number of Inspections Conducted	7,241	7,332	7,332	4,862	4,950	4,247	3,787	4,238	3,732	3,409
Police Protection										
Number of Commissioned Police Officers	153	154	154	139	135	134	141	138	145	139
Number of Full Time Civilians	33	28	28	25	27	25	36	35	33	30
Number of Calls for Service	100,142	95,708	95,702	91,658	69,360	75,900	73,805	84,523	86,159	84,044
Arrests Processed through County Jail	2,976	3,324	2,994	2,434	1,786	1,863	1,300	1,980	1,927	2,046
Officer Issued Traffic Violations	10,970	11,614	10,742	8,417	3,896	4,526	4,658	4,669	5,116	5,456
Officer Issued Parking Violations	10,754	10,534	8,826	7,783	1,907	1,948	1,746	2,155	1,871	2,060
Sewerage System										
Number of Service Connections	32,395	32,791	33,105	34,146	33,595	33,863	33,969	34,111	34,315	34,421
Actual Daily Average of Treatment in Million Gallons Daily	10	10	9	12	10.6	11	10	9	10	9
Water System										
Number of Service Connections	33,256	33,547	33,874	34,146	34,340	650	34,688	34,782	676	34,968
Daily Average Consumption in Million Gallons	11	10	11	10	10.5	10	11	11	11	11
Maximum Daily Capacity of Plant in Million Gallons	37	41	41	41	41	41	41	41	41	41

Sources: Various government departments

As reported in that years' source Annual Comprehensive Financial Report
(1) In 2019 there was a change in what was considered a Fire Call Answered. Prior year numbers have been updated to reflect the change.

Table 19

CITY OF LAWRENCE, KANSAS

Capital Asset Statistics by Function

Last Ten Fiscal Years

Unaudited

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Works										
Miles of Streets	362.9	365.23	367.19	351.62	351.77	352.17	352.82	353.37	354.05	354.63
Culture and Recreation										
Recreation Facilities	7	7	7	7	7	7	7	7	7	7
Parks	56	56	56	56	56	56	56	56	71	71
Park Acreage	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,890	3,890
Tennis Courts	16	16	16	16	16	15	15	15	15	15
Fire Protection										
Number of Stations	7	7	7	7	7	7	7	7	7	7
Police Proctection										
Number of Stations	2	2	2	2	2	2	2	2	2	2
Number of Patrol Units	40	40	36	36	34	40	32	39	33	38
Sewerage System										
Miles of Sanitary Sewers	454	457	460	461	461	462	462.2	464.8	467	468
Number of Treatment Plants	1	2	2	2	2	2	2	2	2	2
Number of Lift Stations	31	32	32	34	34	34	34	33	33	32
Water System										
Number of Water Plants	2	2	2	2	2	2	2	2	2	2
Miles of Water Mains	523	556	565	568	567	570	572.5	447.9	581	588
Number of City owned Fire Hydrants	3,531	3,599	3,646	3,690	3,688	3,683	3,714	3,720	3,780	3,807
Libraries										
Public Libraries	1	1	1	1	1	1	1	1	1	1
Number of volumes (approximately)(1)	207,500	198,257	204,146	203,403	212,176	216,864	223,174	217,677	218,251	210,817
Facilities and Services Not Included in the Reporting Entity:										
Education										
Number of Public Elementary Schools(2)	14	14	14	14	15	14	14	12	12	12
Number of Public Elementary School Instructors	445	435	421	489	457	439	391	377	374	413
Number of Public Secondary Schools(2)	6	6	6	6	7	7	7	7	7	7
Number of Public Secondary School Instructors	476	456	460	526	529	494	453	413	422	490
Number of Universities	2	2	2	2	2	2	2	2	2	2
Hospitals										
Number of Hospitals	1	1	1	1	1	1	1	1	1	1
Number of Patient Beds	174	174	174	174	174	174	174	174	174	174

Sources: Various government departments

Notes:
(1) Beginning in 2020 the approximate number of volumes held by the Lawrence Public Library includes digital volumes.
(2) Beginning in 2020 the number of Public Elementary Schools and Public Secondary Schools includes one (1) virtual school each.

WATER AND WASTEWATER DISCLOSURE INFORMATION

History, Organization, and Operation of the System

The City of Lawrence Municipal Services and Operations Department (the "Department") has the responsibility of providing water and sewage service to the City and portions of the outlying area. The Department operates through the Director, Melissa Sieben, under the delegated authority of the City Manager, Craig S. Owens.

The water and sewage systems (the "System") are operated as a combined entity for administrative and financial purposes, with all revenues commingled in a common fund, from which all water and sewage operating expenses, direct capital expenditures, and debt service costs are paid. However, water and sewage rates are based upon separate schedules and are established to cover the costs of each utility.

Description of Existing Facilities of the System

The Water Utility

The City's water system provides exclusive treated water service to approximately 34,969 customers, most of whom are located within the corporate limits of the City. Treated water service is also currently provided on a wholesale basis to seven rural water districts (one of which is on an emergency need basis) and the City of Baldwin, Kansas.

The City's current water supply consists of ground water and surface water derived from three sources: two water intakes from the Kansas River, six wells located in the Kansas River basin, and an intake on Clinton Reservoir, located west of the City. The following sets forth the volume of water for which the City has approved applications and/or rights to appropriate water for beneficial use.

Source	Acre Feet Per Year
Kansas River	25,017.57
Clinton Reservoir	15,305.60
Total	40,323.17

The City's rights to the Kansas River supply is protected from junior water rights holders under Kansas law. The Clinton Reservoir supply is pursuant to water supply contracts with the Kansas Water Office. In addition, the City (along with other major cities on the Kansas River) is a member of the Kansas River Water Assurance District. The Kansas River Water Assurance District was formed to purchase storage in upstream reservoirs to mitigate water supply problems during drought conditions.

The water utility service area is supplied from the Kaw Water Treatment Plant and the Clinton Water Treatment Plant. The Kaw Plant is a 16.0 million gallon per day (mgd) capacity water treatment plant located near the Kansas River at Third and Indiana Streets and has been in operation since 1917. The Clinton Plant is located near the Clinton Reservoir in the southwestern portion of the City and has been in operation since 1980. Subsequent expansions to the Clinton Plant in 2002, 2004, 2009, and to the raw water pump station in 2016 have increased the Clinton Plant's original 10.0 mgd capacity to 25.0 mgd. The distribution system includes over 588 miles of water mains and 3,807 fire hydrants. The daily average volume of water treated was 10.6 mgd in 2025. The highest recorded amount of water treated was 24.6 mgd on July 6, 2012. The City uses conventional water treatment technology including lime softening, coagulation, and filtration.

The Wastewater Utility

The wastewater utility provides exclusive service to virtually the same customers that are served by the water utility. The City's wastewater collection system includes over 468 miles of sewers and includes lines up to 54 inches in diameter. The Department maintains 32 sewage lift stations. Primary and secondary treatment of collected sewage is provided at the 12.5 mgd capacity dry weather and 25.0 mgd wet weather wastewater treatment plant located on the Kansas River near the eastern edge of the City. The plant also has an excess flow treatment facility capable of treating an additional 40.0 mgd during peak wet weather flows. The plant was first placed in service in 1956 and upgraded in 2004 and 2013. The Kansas River Wastewater Treatment Plant is wrapping up the final construction phase of a $74 million project to upgrade the treatment process to Biological Nutrient Removal to meet regulatory permit requirements. Substantial completion of the project is scheduled for the first quarter of 2026. The daily average treatment for 2025 was approximately 8.8 mgd.

The Wakarusa River Wastewater Treatment Plant and Conveyance Corridor system went into operation in March of 2018. The combined project cost was $73.2 million. This project provides a second wastewater treatment plant with a 2.5 mgd Biological Nutrient Removal (BNR) process train and enhanced operational flexibility, with pump station functionality to divert flows between the two (2) wastewater treatment plants as needed to meet changing operational needs. The project provides for future community growth, meets the regulatory requirements for wet weather treatment and nutrient removal, and increases system reliability and resiliency in transporting and treating wastewater without negatively impacting the community or the environment.

Capital Improvement Plan

Each year, the City creates a five year capital improvement plan for the System. The FY2026-2030 Capital Improvement Plan anticipates $200 million of capital projects for the System. Proceeds from the Bonds will finance costs of the debt-financed portion of projects funded in FY 2026. The City expects to issue an additional $113.5 million of Parity Bonds from FY 2026-2030 to fund the balance of the debt-financed portion of the existing capital improvement plan for the System. Approximately 81% of the total 2026-2030 Capital Improvement Plan for the System is anticipated to be debt financed with additional Parity Bonds, with the balance being funded with operating revenues of the System.

Regulatory Matters

The City is in compliance with both the Safe Water Drinking Act of 1996 and the Clean Water Act as amended by the Water Quality Act of 1990. The City is working on a program to meet the requirements of the Lead and Copper Rule Revisions implemented on August 4, 2022. The City met EPA lead service line inventory requirements due in October 2024 and will continue to work to meet the remaining requirements of the updated lead and copper rule. Wastewater effluent meets or exceeds EPA standards. The City tests for, and is in compliance with, all parameters required by the Kansas Department of Health and Environment

Customers

Sales

The following table shows System water sales by type of customer for the most recently completed calendar year (2025):

Customer Category	Water Sales Volume (Thousand Gallons)	Water Revenues
Residential	1,585,341	$18,927,538
Multifamily	382,615	3,993,176
Commercial	473,968	4,835,169
Industrial	433,929	4,110,775
Wholesale	739,675	2,022,707
Total	3,615,635	$33,890,637

Historical Customers – Water

The following tables show the historic number of water customers served by the System for the years indicated, as well as the historical water sales volume by category.

	Average Number of Water Service Connections			
Year	Residential	Multifamily	Other	Total
2025	31,896	678	2,395	34,969
2024	31,802	676	2,389	34,867
2023	31,718	677	2,387	34,782
2022	31,637	656	2,395	34,688
2021	31,544	650	2,395	34,589
2020	31,275	661	2,404	34,340

	Water Sales Volume (Thousand Gallons)					
Year	Residential	Multifamily	Commercial	Industrial	Other	Total
2025	1,585,341	382,615	473,968	433,929	739,675	3,615,635
2024	1,709,241	414,241	732,297	482,569	772,546	4,110,894
2023	1,736,760	409,024	606,595	446,065	705,100	3,903,544
2022	1,713,683	409,945	595,939	439,131	626,912	3,785,610
2021	1,673,907	375,146	419,536	381,932	662,810	3,513,331
2020	1,720,510	368,470	503,696	314,070	719,685	3,626,431

Historical Customers – Sewer

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

Year	Service Connections	Actual Daily Average of Treatment (mgd)
2025	34,421	8.8
2024	34,315	9.7
2023	34,111	9.3
2022	33,969	10.1
2021	33,863	11.0
2020	33,595	10.6

Largest Customers

The top ten water consumers during 2025 are as follows:

Customer	Water Sales Volume (in Gallons)	% of Total	Water Revenues	% of Total
University of Kansas	256,857,900	13.49%	$2,449,915	12.44%
City of Baldwin	205,748,800	10.80	1,022,994	5.20
Rural Water District #4	71,928,500	3.78	356,870	1.81
Rural Water District #1	50,153,200	2.63	249,417	1.27
Lawrence Memorial Hospital	37,615,300	1.98	387,137	1.97
Post Brands Pet Care	36,645,800	1.92	339,002	1.72
Evergy	36,135,000	1.90	337,289	1.71
ICL Specialty Products, Inc.	32,430,500	1.70	331,296	1.68
Packer Plastics	31,336,600	1.65	291,992	1.48
Rural Water District #2	31,262,100	1.64	155,272	0.79

Wholesale Contracts

The City has entered into wholesale contracts with the City of Baldwin City, Kansas, and seven rural water districts in the State of Kansas for the sale of treated water. During 2025, the City of Baldwin City, Kansas comprised approximately 5.20% of the total water revenues and 10.80% of the total water sales volume of the System. The City's agreement with the City of Baldwin City terminates in 2059. During 2025, Rural Water District #4 comprised approximately 1.81% of the total water revenues and 3.78% of the total water consumption of the System. The City's agreement with Rural Water District #4 terminates on December 30, 2059. During 2025, Rural Water District #1 comprised approximately 1.27% of the total water revenues and 2.31% of the total water consumption of the System. Rural Water District #1 entered into a new contract with the City in December 2019, which expires in 2059 with 60 months' notice of cancelation by either party. In addition to treated water, the City also supplies raw water to DG Rural Water District #1, DG Rural Water District #2, DG Rural Water District #4, LV Rural Water District #10, and the City of Baldwin City.

Rates and Charges

General

All rates and charges related to the System are determined solely by the governing body of the City and are not subject to further regulatory approval. The governing body of the City annually reviews System rates and charges.

The City Commission has consistently approved rate increases over the past ten years. The table below describes the System revenue increases anticipated at the time the rate increases were approved.

Approved Revenue Increases

Effective Date	Water and Sewer Revenue Increase
November 15, 2017	8.00%
November 15, 2018	7.80%
January 1, 2020	7.75%
January 1, 2021	7.75%
January 1, 2022	7.50%
January 1, 2023	8.75%
January 1, 2024	10.25%
January 1, 2025	11.00%
January 1, 2026	7.90%
January 1, 2027	7.90%
January 1, 2028	7.90%

In 2025, the City completed a rate study to evaluate charges related to the System in consultation with Raftelis Financial Consultants and the Commission adopted rates for 2026, 2027 and 2028. For the 2027 and 2028 rates, the City in coordination with Raftelis performs a review of revenues and expenditures to ensure projections are in line with actuals and the adopted rates are adequate to support the system. The 2026 rate increases become effective on January 1, 2026 and are shown below. The 2027 and 2028 rates will see a 7.9% increase each year.

Due to the City's rate structures (as more fully described below), the impacts on individual customers may be more or less than the total percentage increases shown above.

Water Service Charges

Monthly volume charges for water service to water service customers, including residential units, institutions, business or industry served by a single water meter, except rural water districts and other municipalities, effective on and after January 1, 2026, are shown below:

Customer Class	Inside City	Outside City
	Effective as of January 1, 2026	Effective as of January 1, 2026
Residential Block 1	$11.18/1,000 gal	$12.30/1,000 gal
Residential Block 2	$12.30/1,000 gal	$13.53/1,000 gal
Residential Block 3	$12.86/1,000 gal	$14.15/1,000 gal
Multifamily	$9.17/1,000 gal	$10.09/1,000 gal
Commercial	$10.44/1,000 gal	$11.49/1,000 gal
Industrial	$10.33/1,000 gal	$11.37/1,000 gal
Irrigation	$12.86/1,000 gal	$14.15/1,000 gal

Monthly charges for water service to rural water districts and other municipalities are currently set at $5.43/1,000 gallons effective as of January 1, 2026, or at such rates as contracted by the City.

Monthly water service charges per water meter, effective on and after January 1, 2026, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2026	Effective as of January 1, 2026
5/8	$5.75	$6.30
1	$6.85	$7.55
1 ½	$7.90	$8.70
2	$10.80	$11.85
3	$32.00	$35.20
4	$39.85	$43.85
6	$59.10	$65.00
8	$79.40	$87.35
10	$104.15	$114.55
12	$121.15	$133.25
15	$161.55	$177.70
Multi-Family (Per Unit)	$5.75	$6.30

Sewer Service Charges

For purposes of determining sewer charges for residential customers, a monthly average usage is computed based on the actual water usage for the billing periods falling in the months of December, January, and February. This average usage is used to calculate the monthly sewer charge for all subsequent months until a new average usage is calculated the following year. All nonresidential customers are charged based on monthly water use. The City considers applications for adjustments due to non-sewered water use.

Monthly volume charges for sewer service to wastewater customers, effective on and after January 1, 2026, are shown below:

Monthly Water Use	Inside City	Outside City
	Effective as of January 1, 2026	Effective as of January 1, 2026
Volume Charge	$13.35/1,000 gal	$17.36/1,000 gal

Monthly sewer service charges per water meter, effective on and after January 1, 2023, are shown below:

Meter Size (Inches)	Inside City	Outside City
	Effective as of January 1, 2026	Effective as of January 1, 2026
All Meter Sizes	$19.10	$21.00

Surcharges are applied if the biochemical oxygen demand ("BOD") strength or total suspended solids ("TSS") strength of wastewater exceeds certain levels. The surcharges, effective on and after January 1, 2026, are shown below:

Effective Date	Inside City Unit Charge for BOD in dollars per pound	Inside City Unit Charge for TSS in dollars per pound	Outside City Unit Charge for BOD in dollars per pound	Outside City Unit Charge for TSS in dollars per pound
	ICBOD	**ICTSS**	**OCBOD**	**OCTSS**
January 1, 2026	$1.305	$0.800	$1.436	$0.880

Historic Revenues and Expenses

The following table shows the revenues, expenses, and changes in net assets from the Water and Sewer Fund for the last five years.

	2021	2022	2023	2024	2025
Revenues:					
Water and Sewer Charges	$ 53,791,047	$ 55,813,903	$ 62,191,261	$ 69,075,743	$ 74,531,688
Water Tap Extensions	-	-	-		
Other Revenues	52,013	73,823	109,093	90,838	1,040,775
Total Operating Revenues	$ 53,843,060	$ 55,887,726	$ 62,300,354	$ 69,166,581	$ 75,572,463
Expenses:					
Administrative	$ 8,797,291	$ 8,325,476	$ 1,556,782	$ 1,794,400	$ 1,803,665
Operation & Maintenance	24,196,800	27,755,701	34,521,573	38,007,394	39,752,030
Depreciation & Amortization	10,609,750	10,521,186	11,179,637	11,415,546	12,141,454
Total Operating Expenses	$ 43,603,841	$ 46,602,363	$ 47,257,992	$ 51,217,340	$ 53,697,149
Non-Operating Revenues (Expenses):					
Gain (Loss) on Sale	$ (52,757)	$ 80,530	$ 141,400	$ 17,151	$ 49,400
Interest Income	72,460	(65,218)	4,115,882	4,156,398	3,522,655
Interest Expense	(5,872,822)	(6,491,903)	(6,918,272)	(7,064,990)	(8,826,713)
Transfers	(2,488,000)	(2,637,000)	(3,831,000)	(4,224,000)	(3,648,534)
Intergovernmental revenue	-	368,792	-	-	-
Miscellaneous	235,706	192,089	47,431	(361,439)	(210,840)
Total Non-Operating	$ (8,105,413)	$ (8,552,710)	$ (6,444,559)	$ (7,476,880)	$ (9,114,032)
Net income	$ 2,133,806	$ 732,653	$ 8,597,803	$ 10,472,361	$ 12,761,282
Net Position January 1	158,420,903	160,554,709	164,925,126	173,522,929	183,310,688
Change in Accounting Principle	-	-	-	(684,602)	-
Net Position December 31	$ 160,554,709	$ 161,287,362	$ 173,522,929	$ 183,310,688	$ 196,071,970

Liquidity

The following table shows the days of unrestricted cash on hand to pay operating and maintenance and administrative expenses for each of the past five years.

	2021	2022	2023	2024	2025
Operating & Maintenance Expense	$24,196,800	$27,755,701	$34,521,573	$38,007,394	$39,752,030
Administrative Expense	8,797,291	8,325,476	1,556,782	1,794,400	1,803,665
Operating Expenses	$32,994,091	$36,081,177	$36,078,355	$39,801,794	$41,555,695
Days	365	365	365	365	365
Daily Operating Expenses	$90,395	$98,853	$98,845	$109,046	$113,851
Total Cash and Investments	$22,911,051	$27,413,964	$37,820,317	$39,301,115	$67,345,444
Days of Cash for Daily Operating Expenses	253	277	383	360	592

Sources of Revenue

The City finances its general operations through the local property tax levy, sales taxes, franchise fees, a variety of license and permit fees, and other miscellaneous sources as indicated below for the 2025 fiscal year for the general fund:

Source	Percent
Local property tax	31.98%
Sales tax	34.72
Intergovernmental	1.02
Franchise fees	8.45
Charges for service	18.05
Fines and forfeitures	1.00
Interest on investments	1.37
Licenses and permits	1.43
Other	1.98
Total	100.00%

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. The City addresses potential risk by purchasing various commercial insurance policies for certain insurable causes of loss, with the exception of workers' compensation and employee health insurance. Other miscellaneous coverage purchased includes underground storage tank liability, fiduciary liability and cyber liability. In certain cases, the City retains risks up to the individual policy deductible amounts. Settled claims have not exceeded the commercial limits in any of the past five years.

Under the City's risk management program, the City retains risk for up to $75,000 per occurrence 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.

The City's self-insurance activities are reported in internal service funds. 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. The City's claims liability reported in the Statement of Net Position at December 31, 2025 was $2,142,752 for general and worker's comp liabilities and employee health insurance. The liability reported in the financial statements at December 31, 2025 is based on the requirement that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and that the amount of loss can be reasonably estimated.

History of Indebtedness

The following table shows the amount of debt outstanding by type as of December 31 over the last five years:

Year	Temporary Notes	General Obligation Bonds	Revenue Bonds
2025	72,030,000	131,725,002	280,425,000
2024	41,403,000	113,338,003	247,945,000
2023	38,017,000	107,750,000	226,335,000
2022	56,052,000	105,316,000	197,910,000
2021	26,522,000	107,811,000	205,745,000

The City has never in its history defaulted on the payment of any of its debt obligations.

The following table provides information on the debt burden of the City over the last five years, as of the fiscal year end of each year shown:

Year	Assessed Valuation	Actual Value	Population	Debt Per Capita	Ratio of Debt to Assessed Value	Ratio of Debt to Actual Value
2025	1,605,842,986	14,186,139,791	96,367	$5,024.33	30.15%	3.41%
2024	1,522,703,813	13,484,547,301	97,271	$4,139.84	26.45%	2.99%
2023	1,417,312,471	12,493,816,214	96,207	$3,867.72	26.25%	2.98%
2022	1,310,674,863	11,367,694,222	95,831	$3,749.08	27.41%	3.16%
2021	1,166,581,186	9,982,419,850	95,386	$3,565.28	29.15%	3.41%

Revenue, Expenditures and Changes in Fund Balance – General Fund

The following table shows the revenues, expenditures and fund balances for the General Fund for the last five years.

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual
Revenues					
Taxes	66,550,842	71,500,649	76,748,615	80,083,802	80,348,501
Special Assessments	35,857	0	0	0	0
Licenses and permits	1,775,417	1,427,847	1,296,823	1,308,485	1,525,028
Charges for services	11,386,133	16,419,882	14,855,234	16,958,018	19,300,827
Fines, forfeitures, and penalties	909,911	883,891	861,856	973,845	1,065,255
Interest	132,550	7,582	1,216,926	1,582,719	1,466,910
Intergovernmental	695,022	1,014,116	1,085,038	1,053,984	1,093,838
Reimbursements	142,956	326,133	1,004,777	0	1,333,468
Miscellaneous	733,064	864,344	1,237,553	2,696,625	779,836
Transfers in and other financing sources	4,433,816	4,563,570	5,254,000	5,728,677	7,369,410
Total revenues	86,795,568	97,008,014	103,560,822	110,386,155	114,283,073
Expenditures					
General government	9,826,503	11,134,722	7,699,259	7,207,442	6,820,575
Public safety	49,954,302	49,748,615	57,009,947	61,457,724	62,693,036
Public works	8,726,263	11,533,541	13,462,026	14,219,759	13,220,060
Health and social services	1,666,440	1,153,449	3,700,926	5,412,462	4,038,019
Culture and recreation	11,071,270	13,837,799	16,324,548	17,220,487	16,658,864
Economic development	0	0	452,711	464,295	1,424,391
Capital outlay	671,065	1,792,424	1,925,343	3,500,603	1,881,375
Principal retirement	125,908	377,240	1,203,945	689,418	713,052
Transfers out	4,846,583	7,463,000	983,000	792,000	1,034,000
Total expenditures	86,888,334	97,040,790	102,761,705	110,964,190	108,483,372
Revenues Over/(Under) Expenditures	(92,766)	(32,776)	799,117	(578,035)	5,799,701
Fund Balance, January 1	25,017,181	24,924,415	24,891,639	25,690,756	25,112,721
Fund Balance,December 31	24,924,415	24,891,639	25,690,756	25,112,721	30,912,422

Revenue, Expenditures and Changes in Fund Balance – Debt Service Fund

The following table shows the revenues, expenditures and changes in fund balance for the debt service fund.

	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025* Actual
Revenues					
Taxes	11,691,846	11,845,902	11,249,906	12,140,176	13,016,076
Special Assessments	1,322,091	797,195	771,610	756,501	1,130,261
Interest	123,921	29,711	1,374,468	1,427,678	1,648,256
Intergovernmental	84,345	265,942	84,345	84,345	84,345
Miscellaneous	139,534	6,542,726	6,678,484	11,957,349	24,776,889
Transfers in	1,283,174	942,905	45,338,370	17,552,200	6,363,031
Total revenues	14,644,911	20,424,381	65,497,183	43,918,249	47,018,858
Expenditures					
General government	148,694	21,622	31,235	37,610	78,555
Principal Retirement	6,499,000	7,841,824	52,357,200	36,466,471	39,903,300
Interest and Fiscal Charges	3,378,329	5,033,788	6,814,450	4,921,723	4,287,662
Issuance Costs	0	0	0	0	170,807
Total expenditures	10,026,023	12,897,234	59,202,885	41,425,804	44,440,324
Revenues Over/(Under) Expenditures	4,618,888	7,527,147	6,294,298	2,492,445	2,578,534
Fund Balance, January 1	13,955,094	18,573,982	26,101,129	32,395,427	34,887,872
Fund Balance,December 31	18,573,982	26,101,129	32,395,427	34,887,872	37,466,406

* *Unaudited.*

Major General Fund Revenue Sources

Revenues	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025* Actual
Taxes	66,550,842	71,500,649	76,748,615	80,083,802	80,348,501
Charges for services	11,386,133	16,419,882	14,855,234	16,958,018	19,300,827
Licenses and permits	1,775,417	1,427,847	1,296,823	1,308,485	1,525,028
Intergovernmental	695,022	1,014,116	1,085,038	1,053,984	1,093,838
Fines, forfeitures, and penalties	909,911	883,891	861,856	973,845	1,065,255

* *Unaudited.*

Sources: 2020-2024 from the City's Annual Comprehensive Financial Reports. 2025 from the City's unaudited Annual Comprehensive Financial Report.