

POPULAR ANNUAL FINANCIAL REPORT



City of Lawrence

FISCAL YEAR

2020

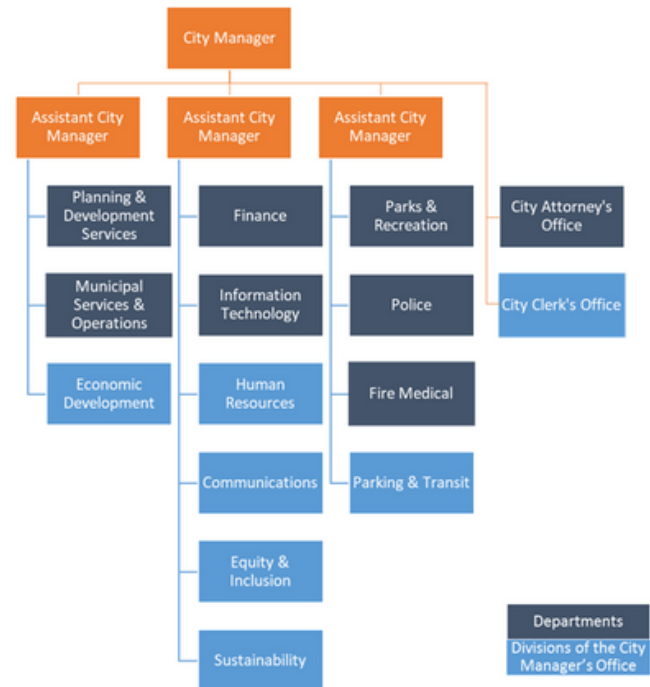
WELCOME TO
DOWNTOWN
LAWRENCE

About Lawrence

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

List of Principal Officials (December 31, 2020)

Mayor	Brad Finkeldei
Vice Mayor	Courtney Shipley
Commission Member	Stuart Boley
Commission Member	Jennifer Ananda
Commission Member	Lisa Larsen
City Manager	Craig S. Owens
Assistant City Manager	Diane Stoddard
Assistant City Manager	Casey Toomay
Assistant City Manager	Brandon McGuire
City Clerk	Sherri Riedemann
City Attorney	Toni Wheeler
Finance Director	Jeremy Willmoth
Fire Chief	Shaun Coffey
Information Technology Director	Michael Aldridge (Interim)
Municipal Services and Operations Director	Dave Wagner
Parks & Recreation Director	Derek Rogers
Planning and Development Services	Jeff Crick
Police Chief	Anthony Brixius (Interim)



Popular Annual Financial Report (PAFR)

This report communicates the financial standing of the City of Lawrence, Kansas to the general public. The content of this report is taken from the City's Annual Comprehensive Financial Report (ACFR). The ACFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. The PAFR takes information from the ACFR about the Primary Government, and presents it in a more user friendly format.

The City of Lawrence reports financial information from three categories of activities which include Governmental activities, Business-type activities, and Component units. The following are included within each category:

- Governmental activities - General Government, Public Safety, Public Works, Health, Social Services, Culture and Recreation, Tourism, Economic Development
- Business-type activities - Water and Sewer, Sanitation, Stormwater, Public Parking, Golf Course
- Component units - Lawrence-Douglas County Housing Authority, Lawrence Memorial Hospital, Lawrence Memorial Hospital Endowment Association, Lawrence Public Library

For the purposes of this report we have combined each category. For more information on any aspect of this report please review the full ACFR at <https://lawrenceks.org/finance/>.

Economic Activity	
Activity	% of Sales Tax
Nonstore Retailers	24%
Retail Trade - Other	18%
Wholesale Trade	15%
Largest Employers in Lawrence	
Employer	Employees
The University of Kansas	9,994
Lawrence Public Schools	1,920
LMH Health	1,800
Amarr Garage Doors	1,583
Maximus	1,100
City of Lawrence	860
Hallmark Cards Inc.	772
Berry Global	750
Douglas County	521
SS&C	359
Unemployment (2020)	
Lawrence	3.9%
Kansas	3.8%
National	6.7%



KEY ACTIVITIES FOR 2020

- The City of Lawrence adopted a new strategic plan framework with five (5) outcome areas and six (6) commitment areas. This plan was guided by our community.
- In response to COVID-19, the City stood up an Emergency Winter Shelter program. This program provided more than 7,600 overnight stays during the winter months.
- In 2020, the City was notified by the Government Finance Officers Association (GFOA) that it had received the "Triple Crown" for FY19. The GFOA administers three annual awards recognizing excellence in financial reporting (Certificate of Achievement for Excellence in Financial Reporting, Distinguished Budget Presentation, and Popular Annual Financial Report) and the City received all three awards.
- There were two (2) projects that participated in the City's Economic Development Catalyst program and were completed in 2020 (VanTrust Phase I and Plastics Phase I & II expansion). There are another five (5) projects that have been approved through the Catalyst program but were not completed by Dec. 31, 2020.
- In 2020, the City completed the first year of a rate model for solid waste and stormwater operations. This will help the City provide better long-term planning and more closely align the costs of providing services with the rates being charged to customers.
- A new police facility was constructed in FY2020, which allowed a majority of our Police Department to be housed together in one location.
- A substantial rehabilitation was also completed to Fire Station No. 1 which resides in our downtown and was built as the City's main fire station in 1950. It was updated to accommodate current-day operational needs, improve accessibility, and enhance the space used by the Senior Resource Center.



Statement of Net Position

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.

Net Position at December 31, over the last three years (in thousands)			
Year	2020	2019	2018
Assets			
Current	\$278,600	\$290,902	\$251,735
Capital	\$618,882	\$610,462	\$615,219
Total assets	\$897,482	\$901,363	\$866,954
Deferred outflows of resources	\$25,002	\$14,975	\$13,497
Total	\$922,484	\$916,338	\$880,451
Liabilities			
Current	\$89,452	\$50,579	\$43,164
Non-current	\$369,374	\$402,725	\$382,507
Total liabilities	\$458,826	\$453,304	\$425,671
Deferred inflows of resources	\$42,657	\$42,061	\$35,689
Total	\$501,483	\$495,365	\$461,360
Total Net Position	\$421,001	\$420,972	\$419,090

In 2020, the Total Net Position for the City of Lawrence was \$421,001,000 compared to \$420,972,000 in 2019. As mentioned before, increases in net position show that the financial health of the city is improving. Additionally, between 2019 and 2020 the net position improved by approximately \$29 thousand.

Deferred Inflows and Outflows of Resource -

Deferred inflows and outflows of resources represent activities recorded now, that will be reported as an expense or revenue at a future date. These activities have already been paid for but will not be recognized in the financial statements until a future event occurs. Because the money has already been allocated, they are recorded as deferred outflows or inflows of resources. For example, the property and vehicle tax revenues remain as a deferred inflow of resources and will become an inflow in the year for which the taxes are levied. The largest source of deferred outflow of resources is the City's pension and other post-employment benefits.

As noted earlier, Net Position may serve over time as a useful indicator of the City’s financial position. Currently, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by about \$421 million at December 31, 2020. The City’s net position increased by \$29 thousand. Governmental activities decreased net position by \$16.85 million while business-type activities increased net position by \$16.87 million in 2020.

Capital Assets

Capital assets are land, buildings and systems, improvements, construction in progress, machinery and equipment, park and recreation facilities, storm sewers, roads, bridges, water, and sewer lines. The City’s net investment in capital assets for the year ended December 31, 2020 was \$337.6 million.

Top 5 Capital Asset Investments	2020 Cost	Total Project Estimate
Police Headquarters Construction Completion	\$15,631,667	\$18,840,000
Fire Station #1 Renovation	\$6,467,699	\$7,100,000
Street Mill Overlay and Concrete Maintenance	\$4,147,202	\$4,860,000
Airport Runway Rehabilitation	\$4,101,111	\$4,104,100
Kasold - Clinton Parkway	\$2,101,025	\$2,624,661



Municipalities can issue debt called general obligation (GO) bonds to pay for public improvement projects. The issuing municipality assures the bonds will be paid back based on their ability to raise funds, including through taxation. The City of Lawrence has issued three different general obligation bonds in 2020 including:

- \$5,775,000 GO Bonds, series 2020-A
- \$2,325,000 GO Bonds, series 2020-B
- \$2,445,000 GO Temporary Notes, series 2020-I

The proceeds from each of these bond issuances will be used for streets, public buildings and facilities, storm sewer systems and other public improvements within the City.



Property Tax -

In 2020 Property taxes during fiscal year 2020 increased by \$5.1 million or 13.48%, due mainly to increases in assessed valuation and special assessment adjustments.

Revenue (in thousands)			
Year	2020	2019	2018
Charges for services	\$83,097	\$84,742	\$89,143
Operating grants and contributions	\$10,619	\$5,676	\$11,119
Capital grants and contributions	\$5,188	\$2,178	\$1,729
Property taxes	\$43,183	\$38,054	\$37,134
Other taxes	\$52,188	\$56,336	\$47,994
Investment Income	\$2,403	\$5,163	\$2,147
Other	\$3,597	\$4,037	\$1,939
Total	\$200,275	\$196,186	\$191,205

Other Taxes -

These taxes are primarily made up of sales, franchise, and motor vehicle taxes. Other taxes decreased \$4.1 million or -7.36%, driven primarily by sales tax reductions due to businesses closing caused by the COVID-19 pandemic. Governmental activities capital grants and contributions increased \$3.01 million or 138.24%, due mainly to FAA funding for runway projects at the airport.

Where Does Tax Money Come From?



Charges for Services -

Fees, permits and fines make up the majority of charges for services. This revenue decreased \$1.6 million or 1.94% for the primary government

Investment Income -

This revenue comes from activities like interest payments, dividends, and capital gains. This decreased by 46.5% from 2019 to 2020.

Operating Grants -

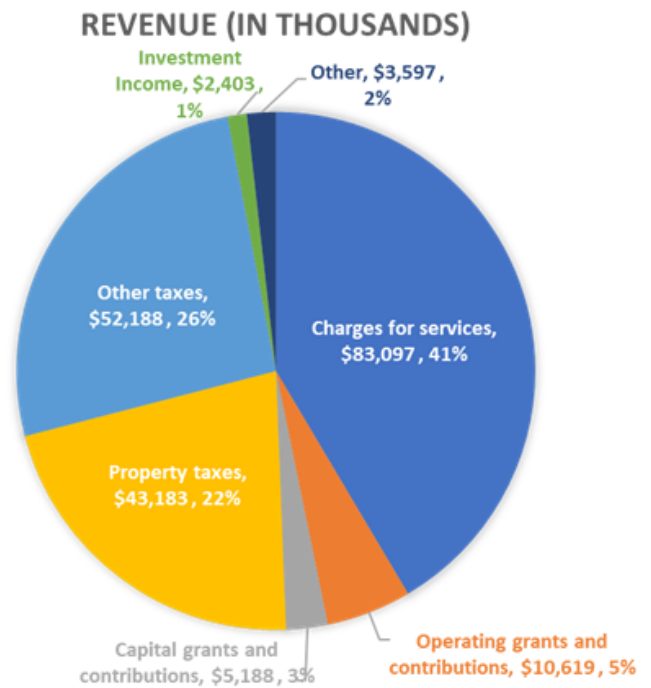
These are grants to the city for a variety of purposes. The increase in operating grants of \$4.9 million or 46.30%.

Other -

These revenues include reimbursements, contributions, other miscellaneous revenue such as repayment of land, and Community Development Block Grants.

Capital Grants and Contributions -

These grants are made available to government entities to complete specific capital projects. Governmental activities capital grants and contributions increased \$3.01 million or 138.24%, due mainly to FAA funding for runway projects at the airport.



Total expenses for the City were \$200.24 million in fiscal year 2020, an increase of \$13.4 million or 9.33%, when compared to fiscal year 2019. This increase is primarily due to a \$3.14million expenditures in Public Safety, as well as a \$1.7 million increase in community services,.

Expense (in thousands)			
Year	2020	2019	2018
General Government	\$28,182	\$28,631	\$23,128
Public safety	\$54,948	\$51,934	\$44,961
Public works	\$25,026	\$20,326	\$13,078
Community services	\$4,337	\$2,680	\$2,784
Culture and recreation	\$13,229	\$13,859	\$13,443
Economic development & tourism	\$3,896	\$3,721	\$1,722
Interest on long-term debt	\$5,359	\$3,442	\$3,400
Water and Sewer	\$45,806	\$45,764	\$39,048
Sanitation	\$13,762	\$12,440	\$11,333
Nonmajor business-type activities	\$5,699	\$4,031	\$5,038
Total	\$200,244	\$186,828	\$157,935

Where Does the Money Go?

