

POPULAR ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR
ENDED DECEMBER 31, 2021

CITY OF LAWRENCE, KANSAS



ABOUT THIS REPORT

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 (GAAP) and applicable legal requirements.

The PAFR summarizes information from the ACFR about the financial position and operations of the City. 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/>.



TABLE OF CONTENTS

ABOUT LAWRENCE

ELECTED BODY &	
FORM OF GOVERNMENT	3
STRATEGIC PLAN	4
THE COMMUNITY	5

FINANCIAL OVERVIEW

STATEMENT OF NET POSITION	6
CAPITAL ASSETS & GENERAL OBLIGATION BONDS	7
REVENUES	8
EXPENSES	9

FORM OF GOVERNMENT

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.

ELECTED BODY

As of December 31, 2021



MAYOR
Courtney Shipley



VICE MAYOR
Lisa Larsen



COMMISSONER
Amber Sellers



COMMISSONER
Bart Littlejohn



COMMISSONER
Brad Finkeldei

CITY MANAGER
Craig Owens

CITY ATTORNEY
Toni Wheeler

CITY CLERK
Sherri Riedemann

ASSISTANT CITY MANAGER
Diane Stoddard

PLANNING & DEVELOPMENT SERVICES DIRECTOR
Jeff Crick

MUNICIPAL SERVICES & OPERATIONS DIRECTOR (INTERIM)
Melinda Harger

ECONOMIC DEVELOPMENT DIRECTOR
Britt Crum-Cano

ASSISTANT CITY MANAGER
Casey Toomay

FINANCE DIRECTOR
Jeremy Willmoth

INFORMATION TECHNOLOGY DIRECTOR
Michael Aldridge

HUMAN RESOURCES DIRECTOR
Megan Dodge

COMMUNICATIONS DIRECTOR
Porter Arneill

EQUITY & INCLUSION DIRECTOR
Farris Muhammad

SUSTAINABILITY DIRECTOR (INTERIM)
Kathy Richardson

ASSISTANT CITY MANAGER
Brandon McGuire

PARKS & RECREATION DIRECTOR
Derek Rogers

POLICE CHIEF (INTERIM)
Adam Heffley

FIRE MEDICAL CHIEF (INTERIM)
Tom Fagan

PARKING & TRANSIT ADMINISTRATOR
Adam Weigel

STRATEGIC PLAN ADOPTION, PLANNING & ACTION

The strategic plan adopted by City Commission in October 2020 has five Outcome areas defining what we do and six Commitment areas describing how we do our work.

2021 saw significant action on developing work plans and activities designed to make measurable progress in each key area.

The City is retooling its budget process to align with our Priority Based Budgeting initiatives.

In 2021, key accomplishments for the city included:

- * The City stood-up an emergency winter shelter which provided 305 stays for guests in need of shelter from the elements.
- * The Parking Division implemented mobile payment applications for customers to pay for public parking in downtown Lawrence. Since the launch of mobile payments in April, the Lawrence community and visitors made 110,708 mobile payments.
- * The City established a new Utility Assistance Program to help community members behind on utility payments. The program is the first of its kind for Lawrence and is entirely community funded.
- * The Government Finance Officers Association (GFOA) awarded the city with 3 annual awards for excellence in financial reporting, known as the "Triple Crown."
- * The Police Department created a Special Victim's Unit, which investigated 258 cases in 2021 and will be supported the addition of a Victim/Witness Advocate position in 2022.
- * Following the 2019 flooding on the Kansas River, the Municipal Services and Operations (MSO) Department designed and constructed a new retaining wall. This project was not funded through the Capital Improvement Plan, rather the Department leveraged FEMA reimbursement for the project and will continue work on it through the Kansas Riverbank recreational trail project.

OUTCOMES

-  **UNMISTAKABLE IDENTITY**
-  **STRONG, WELCOMING NEIGHBORHOODS**
-  **SAFE & SECURE**
-  **PROSPERITY & ECONOMIC SECURITY**
-  **CONNECTED CITY**

COMMITMENTS

-  **COMMUNITY ENGAGEMENT**
-  **EFFICIENT & EFFECTIVE PROCESSES**
-  **EQUITY & INCLUSION**
-  **SOUND FISCAL STEWARDSHIP**
-  **ENGAGED & EMPOWERED TEAMS**
-  **ENVIRONMENTAL SUSTAINABILITY**

WHAT MAKES LAWRENCE UNIQUE?

Today, Lawrence is known for its live music venues, vibrant art scene, and a walkable downtown known as “one of the best destinations in Kansas.”

Massachusetts Street, called Mass Street by locals, has locally owned restaurants, art galleries, unique shops, breweries and coffee shops.

The city also boasts numerous outdoor and indoor recreation opportunities. Lawrence has 69 parks and green spaces, ranging from South Park, home of the iconic bandstand where the community gathers for concerts and festivals, to Riverfront Park, which features trails overlooking the Kansas River.



POPULATION

105,200



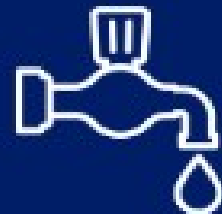
PER CAPITA PERSONAL INCOME

\$47,494



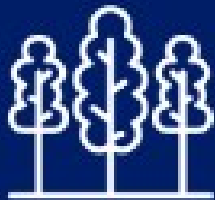
MILES OF TRAILS

80



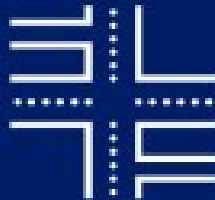
DAILY AVG. GALLONS OF WATER USED

10,000,000



ACRES OF PARKS

3,800



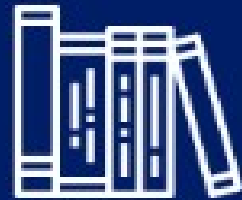
MILES OF STREETS

351.77



CALLS ANSWERED BY POLICE & FIRE MEDICAL

85,539



VOLUMES IN THE LIBRARY

3,800

NET POSITION

\$436,760,000

Net position, or net worth, presents information on all the City’s assets, liabilities, deferred outflows and deferred inflows. The difference between total assets plus deferred outflows and liabilities plus deferred inflows is net position.

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.

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.



Currently, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by about \$437 million at December 31, 2021. The City’s net position increased by \$15.76 million. Of net position amount, \$32.9 million is not specifically assigned for restricted purposes and may be used to meet the government’s ongoing obligations. The chart below is expressed in thousands:

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

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, 2021 was \$607.8 million.

Below are the top five capital asset investments, the 2021 cost and the total project estimate.

✱ Replacing Fire Truck #20	\$1,541,252 / \$1,541,252
✱ Replacing Fire Truck #5	\$1,370,876 / \$1,370,876
✱ Naismith Valley Sanitary Sewer Pump Station #8	\$1,116,495 / \$6,506,000
✱ Kansas River Retaining Wall Reconstruction.....	\$993,323 / \$957,000
✱ Lawrence Loop—11th Street to 7th Street	\$739,602 / \$930,000

GENERAL OBLIGATION BONDS

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 2021 including:

- ✱ \$29,740,000 GO Bonds, series 2021-A
- ✱ \$22,605,000 GO Temporary Notes, series I
- ✱ \$3,917,000 GO Temporary Notes, series II

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



REVENUES: WHERE DOES THE MONEY COME FROM?

PROPERTY TAX

Property taxes during fiscal year 2021 increased by \$776 thousand or 1.80%, due mainly to increases in assessed valuation and special assessment adjustments.

OTHER TAXES

These taxes are primarily made up of sales, franchise, and motor vehicle taxes. Other taxes increased \$8.59 million or 16.47%, driven primarily by sales tax rebounding after we had experienced businesses closing due the COVID-19 pandemic.

CHARGES FOR SERVICES

Fees, permits and fines make up the majority of charges for services. This revenue increased \$6.38 million or 7.68% primarily driven by increased revenues in the utility funds.

INVESTMENT INCOME

This revenue comes from activities like interest payments, dividends, and capital gains. This decreased by 82.4% as interest rates have dropped significantly, and the amount of cash the City had to invest has declined during the pandemic.

OPERATING GRANTS

These are grants to the city for a variety of purposes. These grants increased by \$1.07 million or 10.08%.

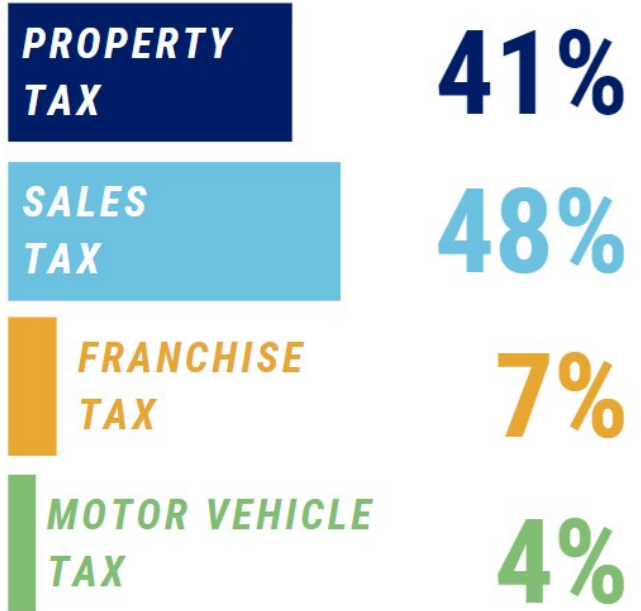
OTHER

These revenues include reimbursements, contributions, other miscellaneous revenue such as repayment of land. These revenues decreased \$1.48 million or -41.24%

CAPITAL GRANTS & CONTRIBUTIONS

These grants are made available to government entities to complete specific capital projects. Governmental activities capital grants and contributions decreased \$4.70 million or -90.557%, due mainly to one time grants related to the COVID-19 pandemic in 2020.

TAX REVENUES



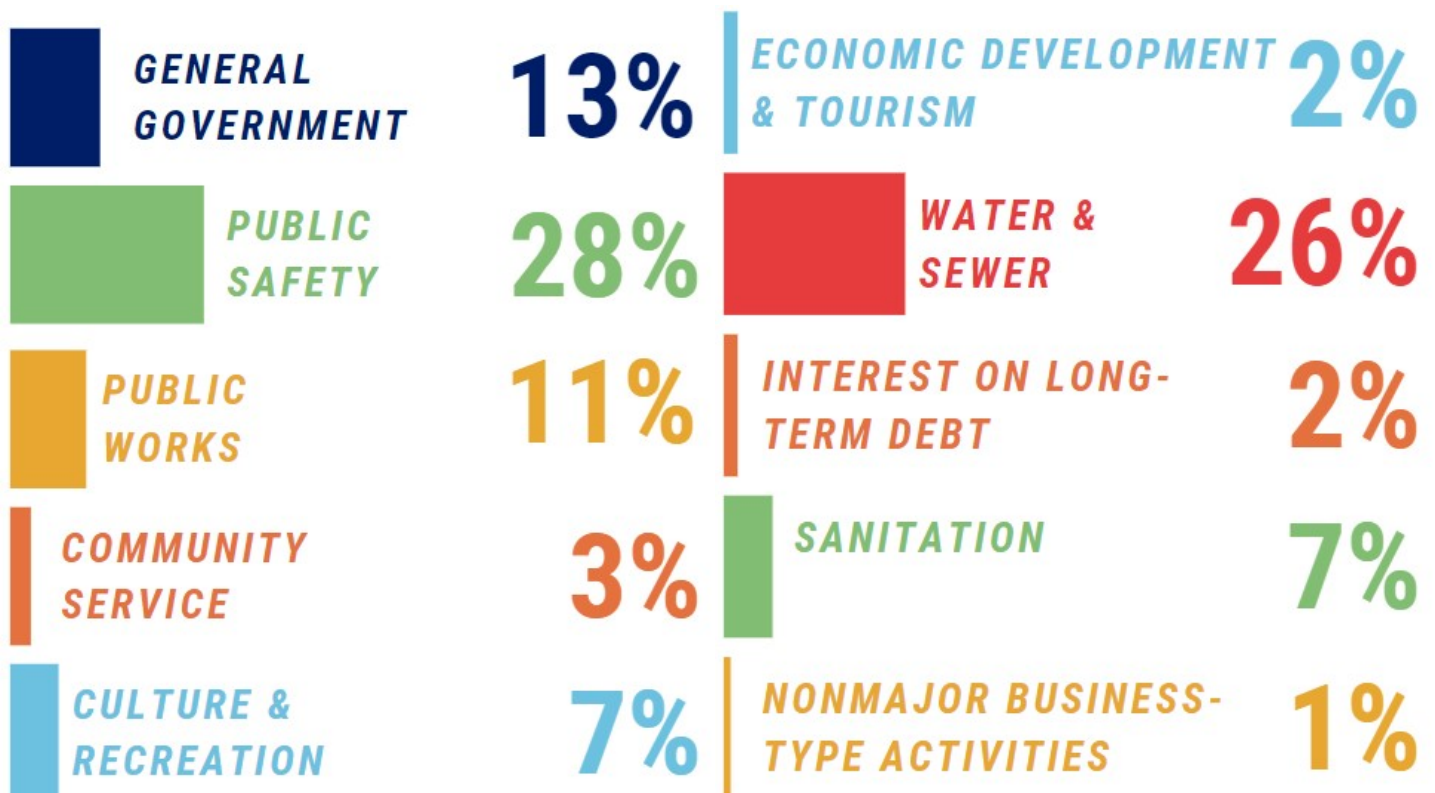
REVENUES (in thousands)

	2021	2020	2019
Charges for services	\$ 89,476	\$ 83,098	\$ 84,742
Operating grants	11,689	10,619	5,676
Capital grants	489	5,188	2,178
Property taxes	43,958	43,182	38,054
Other taxes	60,781	52,188	56,336
Investment income	425	2,415	5,163
Other	2,106	3,584	4,037
TOTAL	\$ 208,924	\$ 200,274	\$ 196,185

EXPENSES: WHERE IS THE MONEY INVESTED?

Total expenses for the City were \$193.17 million in fiscal year 2021, an decrease of \$7.08 million or 3.54%, when compared to fiscal year 2020. This decrease is primarily due to reductions in capital expenditures that were funded through one time CARES act grants in 2020.

	2021	2020	2019
EXPENSES (IN THOUSANDS)			
General Government	\$ 24,674	\$ 28,182	\$ 28,631
Public Safety	53,987	54,948	51,934
Public Works	20,835	25,026	20,326
Community Services	5,518	4,338	2,680
Culture & Recreation	13,527	13,229	13,859
Economic Development & Tourism	4,253	3,897	3,721
Interest on Long-term Debt	3,606	5,359	3,442
Water & Sewer	49,709	45,806	45,764
Sanitation	12,657	13,762	12,440
Nonmajor Business-type Activities	4,399	5,699	4,031
Total	\$ 193,165	\$ 200,247	\$ 186,829





Government Finance Officers Association of the United States and Canada (GFOA) has given the City of Lawrence the Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award for the fiscal year ended December 31, 2021.

These are national awards recognizing state and local governments preparing financial and budgetary reports that reflect the highest levels of transparency, accessibility and professional standards.