

POPULAR ANNUAL FINANCIAL REPORT



For the fiscal year ending December 31, 2022

City of Lawrence, Kansas



ABOUT THIS REPORT

As part of our commitment to Sound Fiscal Stewardship, we present the 2022 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 (GAAP) and applicable legal requirements and audited by RSM US LLP.

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:

- 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
- 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 lawrenceks.org/finance.



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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. Each election, three new members are voted in. The two with the most votes get four-year terms and the one with the third most votes gets a two-year term. Each year the Commission chooses one member 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.

City Manager
Craig Owens

Assistant City Manager
Casey Toomay

Assistant City Manager
Brandon McGuire

City Attorney
Toni Wheeler

City Clerk
Sherri Riedemann

Communications & Community Relations Director
Porter Arnell

Finance Director
Jeremy Wilmoth

Planning & Development Services Director
Jeff Crick

Municipal Services & Operations Director
Melissa Sieben

Economic Development Director
Britt Crum-Cano

Information Technology Director
Brian Thomas

Human Resources Director
Megan Dodge

Equity & Inclusion Director
Farris Muhammad

Sustainability Director
Kathy Richardson

Police Chief
Rich Lockhart

Fire-Medical Chief
Rich Llewellyn

Parks & Recreation Director
Derek Rogers

Transit & Parking Administrator
Adam Weigel

ELECTED BODY

As of December 31, 2022



MAYOR
Lisa Larson



VICE MAYOR
Bart Littlejohn



Commissioner
Amber Sellers



Commissioner
Courtney Shipley

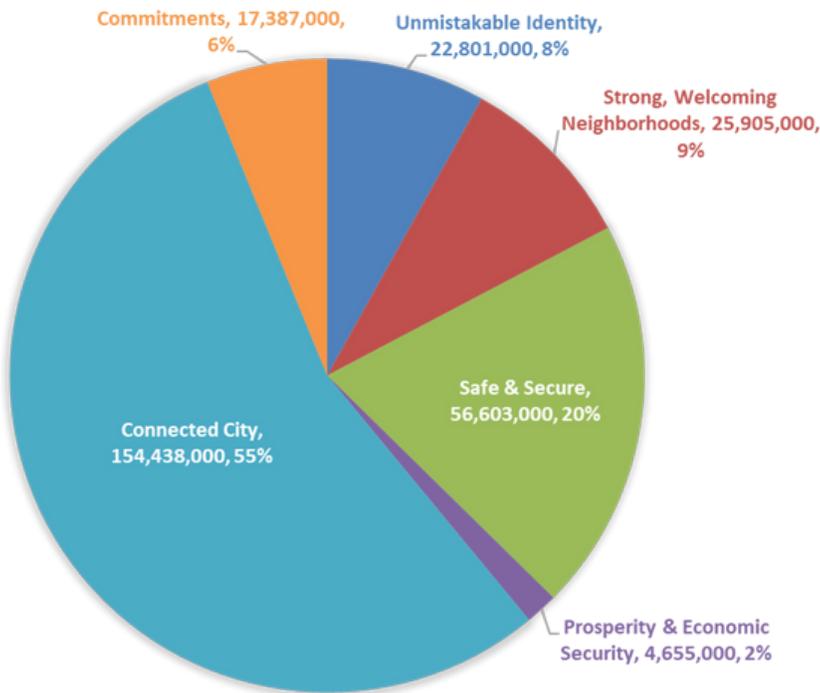


Commissioner
Brad Finkeldei

STRATEGIC PLAN

The Strategic Planning Framework drives the “what” and “how” of our work as a municipal organization. As we continue to align resources around this framework, we measure and report our progress. This reporting creates a feedback loop for community members, policy leaders and the professionals of the organization.

The chart below shows the operating budget by strategic plan outcome area. This is the first year the strategic plan is being operationalized so further alignment will be made over the coming years.



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
-  SUSTAINABILITY



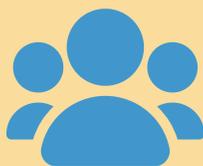
COMMUNITY PROFILE

Lawrence has a rich history dating back to the pre-Civil War era known as “Bleeding Kansas” when the Free State Jayhawkers would disrupt pro-slavery settlements. During the Civil War, the vigilante Jayhawkers joined the Federal Union Arm to defend Lawrence and the anti-slavery movement.

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.



Community At A Glance



Population: 105,511

Size: 34.3 square miles

Per Capita Income: \$51,703



Unemployment Rate: 2.4%

Miles of Streets: 353

Acres of Parks: 3,800



Top 5 Employers

The University of Kansas

8,845

LMH Health

1,945

Lawrence Public Schools

1,660

Berry Global

1,115

Hallmark Cards, Inc.

885

NET POSITION

\$435,480,000

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.

2022	2021	2020
\$435	\$437	\$421
million	million	million

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2022, by \$435.48 million. This is our total net position. Of this amount, \$15.55 million is not specifically assigned for restricted purposes (unrestricted net position) and may be used to meet the governments ongoing obligations.

Net Position at end of year over the last three years (in thousands)			
Year	2022	2021	2020
Assets			
Current	\$398,612	\$360,184	\$278,820
Capital	\$623,289	\$606,096	\$618,661
Total assets	\$1,021,901	\$966,280	\$897,481
Deferred outflows of resources	\$34,853	\$23,540	\$25,002
Total	\$1,056,754	\$989,820	\$922,483
Liabilities			
Current	\$105,627	\$74,319	\$89,452
Non-current	\$457,761	\$413,754	\$369,374
Total liabilities	\$563,388	\$488,073	\$458,826
Deferred inflows of resources	\$57,887	\$64,987	\$42,657
Total	\$621,275	\$553,060	\$501,483
Total Net Position	\$435,479	\$436,760	\$421,000

CAPITAL ASSETS

The City prepares a five-year Capital Improvement Plan (CIP). The CIP includes estimated costs for constructing, upgrading, and replacing the City’s physical infrastructures. The fiscal year 2023-2027 CIP includes project costs totaling \$446.093 million. Of the \$110.877 million of funding for 2023, 88% 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.

Top five capital asset investments	
Investment	2022 total cost
Transit vehicles (electric bus project)	\$4,780,715
Naismith Valley interceptor & PS8 abandonment	\$4,479,979
17th & Alabama drainage improvement	\$4,062,039
Kaw & Clinton Water Treatment Plant improvements	\$2,053,375
Lawrence loop (N. Iowa to Michigan)	\$1,909,492

GENERAL OBLIGATION BONDS

As of December 31, 2022, the City had total bonded debt outstanding of \$383.44 million. Of this amount \$168.17 million is comprised of debt backed by the full faith and credit of the City and \$215.28 is debt secured solely by specific revenue bonds. The City issued \$53.8 million of temporary notes and \$6.53 million of general obligation bonds in 2022. The City maintained its rating of Aa1 on its general obligation debt by Moody’s.



REVENUE: WHERE DOES THE MONEY COME FROM?

The City’s revenues increased \$29.70 million (22.39%) over the prior year with increases in charges for services, operating grants and contributions, and other taxes causing the largest portions of the increase.

Revenue (in thousands)			
Year	2022	2021	2020
Charges for services	\$24,396	\$13,878	\$14,203
Operating grants and contributions	\$20,848	\$11,689	\$10,619
Capital grants and contributions	\$3,360	\$489	\$5,188
Property taxes	\$43,025	\$43,958	\$43,182
Other taxes	\$67,220	\$60,781	\$52,188
Investment income	\$1,262	\$313	\$1,194
Other	\$2,266	\$1,565	\$2,584
Total	\$162,377	\$132,673	\$129,158



EXPENSES: WHERE DOES THE MONEY GO?

General Fund expenditures were less than budgetary estimates by \$9.66 million (10.00%) of the total difference in budgeted expenditures.

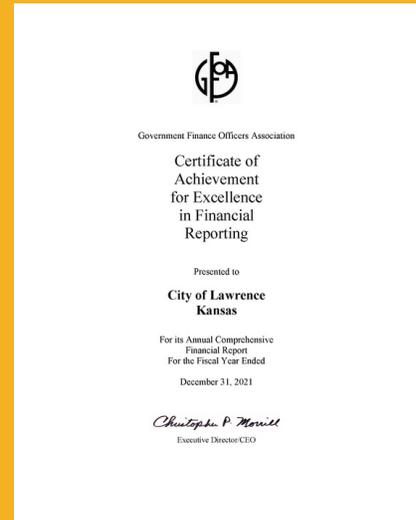
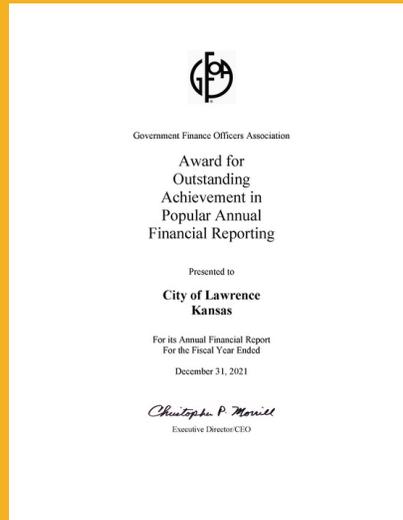
Expenses (in thousands)			
Year	2022	2021	2020
General government	\$23,515	\$24,674	\$28,182
Public safety	\$67,013	\$53,987	\$54,948
Public works	\$45,475	\$20,835	\$25,026
Health	\$5,926	\$5,518	\$4,338
Culture and recreation	\$22,346	\$13,527	\$13,229
Economic development & tourism	\$4,515	\$4,253	\$3,897
Interest on long-term debt	\$2,980	\$3,606	\$5,359
Water and sewer	\$53,094	\$49,709	\$49,709
Solid waste	\$15,652	\$12,657	\$12,657
Non-major business-type activities	\$6,409	\$4,399	\$5,359
Total	\$246,925	\$193,165	\$202,704





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.



Lawrence
KANSAS