

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019



THE CITY OF
ANDOVER, KS

EST. 1957

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF ANDOVER, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2019

Ben Lawrence, Mayor
Caroline Hale, Council Member
Michael Henry, Council Member
Gregory Schneider, Council Member
Troy Tabor , Council Member
Mike Warrington, Council Member

PREPARED BY CHIEF FINANCIAL OFFICER
DONNA K. DAVIS

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INTRODUCTORY SECTION

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July 28, 2020

To the Citizens of ANDOVER

The Comprehensive Annual Financial Report of the City of Andover, Kansas for the fiscal year ended December 31, 2019 is submitted herewith. The reports were prepared through the efforts of the Chief Financial Officer and the City staff. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's Financial activity have been included.

This Comprehensive Annual Financial Report includes all the funds of the City and its component units. This report has been prepared in conformity with generally accepted accounting principles that are promulgated by the Government Accounting Standards Board and following the guidelines of Governmental Accounting, Auditing, and Financial Reporting.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Andover as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services consisting of highway and streets, wastewater treatment, public improvement, police, fire, recreation and leisure, planning and zoning and general administrative services. Blended component units, although legally separate entities are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Andover Public Building Commission is reported as special revenue and capital project funds of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Andover Public Library is reported as a discretely presented component unit.

Generally accepted accounting principles require that management provide a narrative introduction overview and analysis, to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Andover's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Andover is located in western Butler County, which is in the south central portion of Kansas. Andover's western edge borders the City of Wichita and is 14 miles southwest of El Dorado, the county seat. The City was incorporated in 1957 with a population of 166, and covering less than 1 square mile. In the 60+ years since then the population had grown to 13,405 and the city currently covers 10 square miles.

The City of Andover operates under the form of government known as the Mayor-City Council model. Under this model, policy making and legislative authority are vested in a Governing Body consisting of the Mayor, who is a non-voting member, and six other Council members. The six Council members are elected at large, serving four-year staggered terms, with three Council members elected bi-annually. The Council members are responsible, among other things, for adopting ordinances and resolutions, adopting an annual budget, and confirming appointments of certain officials of boards and committees.

The Mayor is also elected at large and is responsible, among other things, to preside over Council meetings, formulate the council agenda, appoint the Municipal Court Judge, City Attorney, City Administrator, City Clerk, City Treasurer and Chief of Police, and to publicly represent the City. The City Administrator is responsible to the Mayor for the administration of all city affairs placed in his or her charge by the Mayor. All City department heads report directly to the City Administrator or the Assistant City Administrator. The City Administrator works to ensure that policies adopted by the governing body are implemented, and to facilitate communication among the Mayor, City Council members, and City staff.

ECONOMIC CONDITIONS AND OUTLOOK

After a decrease the prior year in the housing starts in the City of Andover, 2019 saw an increase. Based on projections from developers housing starts in 2020 should continue the upward trend. In addition, 2019 saw several new commercial starts. The largest being a \$4 million ambulatory surgery center located on the hospital campus. For the past ten-year period a yearly average of 82 new residential building permits were issued. During 2019 there were a total of 111 new residential building permits of which 32 were multi-family. School district expansion and renovations that started in 2017, as the result of a \$187 million school district bond issue, will continue into 2020. Families are moving to the smaller communities around the Wichita area for the quiet lifestyle and quality schools.

The Wichita based aircraft industries' overall economic condition has held steady 2019. Due to the proximity to Wichita, this condition has a bearing on the economic condition in Andover. At the end of the year, the average unemployment rate was 3.1% for the State (the lowest rate in 20 years) and 3.1% for Butler County, which is equal to 2018.

The City assisted in the development of the Andover Business Park where three of our major employers, Everidge (fka International Cold Storage), Vornado Air Circulation Systems, Inc., and Sherwin Williams as well as other smaller companies have located. These businesses employ approximately 300 people. This park has the necessary infrastructure to provide access, water, sewer and fiber optic service for new companies wishing to locate in Andover. The number of small retail and service jobs remained steady 2019.

Based on current projections and activities, the City of Andover anticipates moderate economic growth. The Andover Chamber of Commerce and the Convention and Visitors Bureau continue to promote all aspects of the community.

MAJOR INITIATIVES

Parks and Recreation Department

The City of Andover has continued making improvements to its grounds and buildings throughout town in 2019. Work was done in preparation for the installation of Yorktown Parkway along the western edge of Central Park. This included moving a large park shelter to an improved location with a new foundation. The department was able to dedicate a staff member to primarily focus their time on the numerous landscape plantings around City facilities. In 2019, steps were taken to insure all playground locations met the recommended NRPA safety standards. The investment was made to replace damaged and worn playground components. Safety surfaces at several playgrounds were supplemented or completely changed out. All locations passed the impact test for playground safety surfacing at the end of 2019. The department now has an employee who is a Certified Playground Safety Inspector who is capable of performing safety evaluations in house. At the 13th Street Sports Park improvements were made to the ball diamonds, the restrooms received a facelift, and the Community Center received an all new interior paint and flooring repairs and refinishing. The Recreational Sports Program reached a record high in 2019 with nearly 1,000 participants. In addition to supporting free events in the park such as Movies in the Park, Greater Andover Days, Hometown Christmas and Police and Fire Festival, the department also helped with the Capitol Federal Amphitheater Summer Concert Series and private rentals.

Street Department

In 2019, a comprehensive study of Andover streets was performed by Infrastructure Management Services (IMS). All paved streets were inspected using a vehicle equipped with lasers, camera and sensors. The equipment analyzed the conditions of the roads and assigned a numeric value (PCI-pavement condition index) to each section. The report from IMS gave Andover streets a PCI of 72 and a backlog of 4.6%, with most of the network landing in the Very Good to Excellent PCI range. The 72 PCI average is defined in the report as “Very Good” with a relative remaining life of 12 to 20 years. Routine maintenance was deferred until 2020 so that the results of the survey could be used as a guide for future improvements. The annual street improvement projects are funded with the City’s one cent sales tax road improvement fund. Major projects this past year included improvements to gravel roads in a newly annexed subdivision, ditch work, road striping, installing driveway culverts, road striping, upgrading of street signage and inventory of the City’s 2,629 street signs. Additional improvements were made to the Red Bud Trail, (hike/bike trail). The first phase of Yorktown Parkway was opened, which is the start of a new north/south access through the City.

Wastewater Department

Approximately 295,880,000 gallons of raw sewage were treated. Nearly 3,049,191 gallons of treated sludge were spread on City owned agricultural fields using a sludge sprinkler system. 17,484,840 gallons of treated wastewater effluent were sold to Flint Hills National Golf Club for irrigation of the golf course. A jetter and easement machine was used to clean 27.2 miles of

sewer lines. As part of an ongoing maintenance program, 10 manholes and 129 feet of vertical pipe were rehabbed. There was also 1,293 ft. of sewer line lined. The rehabilitation of the sewer lines and manholes has allowed the average daily flows to remain steady, while the number of sewer connections continues to increase. Construction started on a sludge press valued at \$850,000. This cost is approximately \$450,000 less than original estimates. The savings is due to City staff acting as general contractor and also performing some parts of the building construction. The sludge press project will separate solids from the treated sewage and allow the solids to be field applied on and off site.

Fire Department

Andover Fire-Rescue responded to 1,544 requests for assistance in 2019, an increase of 39 responses from 2018. Of the total alarms, 67% were medical/rescue in nature, mirroring the national trend of departments responding to emergencies that are more medical in nature and less in fire responses. There is a continued local trend in the occurrence of overlapping calls for service; 264 in 2019 compared to 269 in 2018. Fire Department personnel conducted over 145 business inspections, 682 fire hydrant inspections and participated in 9,465 hours of training.

Police Department

In 2019, the City of Andover once again experienced a drop in crime, and a very low crime rate, boasting less than 1 violent crime and just over 23 property crimes per 1,000 residents, well below the state and national averages. The Police Department responded to 21,873 calls for service, completed 1,682 incident reports, investigated 260 motor vehicle accidents, issued 1,618 traffic citations and 1,218 traffic warnings and made 260 arrests. With well over 22,000 community contacts in 2019, the department's professional culture was once again exemplified by the receipt of only one citizen complaint. Additionally, 2019 was highlighted by Andover being recognized as the 2nd safest City in Kansas by "Backgroundchecks.org" and the 38th best city in the country to live by USA Today. A number of very successful community events including; Police and Fire Festival, National Night Out, two Drug Take-Back events, Fill-A-Cruiser and three major concerts in Central Park were staffed by the department. In addition, for the ninth year in a row the Department was recognized by the American Automobile Association (AAA) of Kansas with a "Community Traffic Safety Award," and for the sixth year in a row received their highest award, the "platinum award."

Storm Water Department

During 2019, work continued on the new permit issued by Kansas Department of Health and Environment. Water samples were collected and tested 6 times after rain events. The results of those tests are being compared to test results from water samples collected over the previous three years, in order to analyze trends and develop future operational plans. The Storm Water Department continued an outreach program with the 6th grade science classes at Andover Central Middle School. Staff delivered a presentation to all the classes, with prizes being awarded to students who could correctly answer questions over the items covered in the classroom. Students also continued actively sampling water quality at Lake George near their school.

Municipal Court Department

During 2019 the municipal court processed 2,208 citations issued by the Andover Police Department. These citations consisted of 1,654 for various traffic violations and 554 for

misdeemeanor offenses. The misdemeanor offenses range from: no proof of insurance, driving while suspended up to theft and battery. In 2019, Andover Municipal Court was able to assist 24 drivers with suspended driver's licenses get their driving status reinstated. 2019 marked the first complete year that Municipal Court has been located at City Hall. Previously court had been housed in the same building as the Police Department. The move allows an increased capacity to see defendants, and increased parking availability. A long term project for this department is entering cases prior to 2017 into the current court software. Currently, anything prior to 2017 is either in the old software, and not easily accessible, or is in paper form.

Recycling/Trash Department

Since implementation of the recycling program the rate has increased 13¢ which is than 2.8% increase over the past 9 years. The recycling program serves almost 4,400 households, and diverts approximately 6 million pounds of material from the landfill. The City also has a contract with the recycling hauler to provide trash service (a voluntary participation program) at a reduced rate. The residents who have chosen this hauler (approximately 85%) have realized tremendous savings. Prior to the change households were paying \$65-\$90 per calendar quarter, the current contracted rate is \$32.22 a calendar quarter for trash service. For trash and recycling the current rate is \$46.11 per quarter. In addition to providing affordable trash and recycling services, the contract provider also helps sponsor an annual city-wide cleanup event, Concert in the Park, and Greater Andover Days.

Building Inspection/Code Enforcement Department

Single family residential construction represents the majority of building activity in Andover. There was an increase of 51 residential construction permits in 2019 from 2018. There were 111 residential dwelling permits issued. Of the permits issued, 32 were issued for duplexes, and 79 were for single family homes. The increase in the number of two-family permits issued was primarily due to a new residential development that is all two-family units. Nonresidential construction permit numbers were more than 2018 as well. There were 17 nonresidential/ commercial permits issued, 11 of which were for the USD #385 bond project. There were 21 remodel projects permitted for either renovations of existing commercial spaces, and/or new tenant finishes. Updated building codes and a permit fee schedule with increased rates were approved in 2018 took effect in 2019.

Communications

In 2019, the Andover Emergency Communications Center finished their two-year self-assessment stage for CALEA Communications Accreditation. During this second year, the Andover Emergency Communication Center finalized writing policies that brought the Communications Center in compliance with the best practices of operations nationwide. In the fall of 2019, the Andover Emergency Communications Center along with the Andover Police Department successfully completed their on-site assessment of their policies and procedures for CALEA Accreditation. In the spring of 2020, The Andover Emergency Communications Center will have their first CALEA Accreditation Award, making this communication center the first in the State to become nationally accredited and the Andover Police Department will be receiving their third CALEA Accreditation Award. The Andover Emergency Communications Center continued its dedicated service to the community, handling over 21,873 Calls for Service. Communications Staff also participated in many of Andover's Community Events such as Police and Fire Festival, Concerts in the Park, Kansas

2019 Law Enforcement Torch Run, National Night Out, Greater Andover Days, Safe Halloween and Hometown Christmas.

Information Technology (IT)

During 2019 IT staff worked on updates to various components in the environment. Windows 7 was retired by either upgrading operating systems or replacing computers. Staff continues to make updates and upgrades to servers, networks and audio/video services. Current staffing levels are one full-time IT director and one-half time IT technician.

FINANCIAL PLANNING

The Governing Body realizes the importance of a long-term plan for capital expenditures for buildings, land and infrastructures of a municipality. In 2014, the two-year process of updating the 10-year Comprehensive Development Plan was adopted. The Governing Body first adopted a comprehensive plan in 1990 which established the agenda for civic improvements. The policies contain ideas the Council and staff want to consider for the future of Andover as the community continues to grow. The purpose of the plan is to keep the present and future governing bodies informed on the relative need for large expenditures at times when the immediate needs of the community receive the most attention. The plan forces the Governing Body to give forethought to the future of the community. In addition, the plan provides information to the citizens well in advance of the City's intent to acquire and/or develop capital facilities. The plan is to be reviewed annually between January 1 and March 31.

Under the laws of the State of Kansas, special assessment debt incurred constitutes a general obligation of the City. This debt is controlled and serviced through the Debt Service fund. The City of Andover, on October 13, 1998 adopted a resolution that approved a debt management and fiscal policy that became effective January 1, 1999. Included in the resolution is a measure of debt affordability, which provides that the amount of new general obligation debt, including temporary notes, issued in any one fiscal year shall not exceed sixty percent of the amount of new growth in the prior year of the assessed valuation of the City.

The City's accounting system is organized and operated on a "fund basis". Each fund is a distinct self-balancing accounting entity.

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding the safeguarding of assets against loss from unauthorized use or disposition. The internal accounting controls also insure the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The final evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations for accounting occur within the above framework. Internal control is exercised to the greatest extent conceivable for a city of our size with limited personnel.

During all regular City Council meetings, the Governing Body approves appropriation ordinances listing all expenditures. The budget is reviewed continually in all activities for significant deviations from budget authorizations. The Kansas Cash Basis and Budget Laws

require cash be on hand before an expenditure is authorized, that all expenditures be budgeted (unless specifically exempted), and that the budget cannot exceed anticipated revenues including carry forward cash balances. The Governing Body, management, and department heads receive a monthly financial report on status of budgetary conditions of all funds.

As demonstrated by the statements and schedules included in the Financial Section of this report, the government continues meeting its responsibility for sound financial management. In addition, Standard & Poor's confirmed the City's AA credit rating in 2019.

OTHER INFORMATION

Independent Audit. The City of Andover became a City of the second class on April 1, 1995. Kansas Statutes Annotated requires an annual audit of all accounts. The City of Andover's Governing Body, pursuant to Kansas State Law, contracts for an audit of accounts, transactions, and financial records. The City of Andover engages George, Bowerman, and Noel, P.A., to perform the audit. The auditor's report on the financial statements is included in the Financial Section of this report.

Awards. 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 Andover, Kansas, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate Program requirements, and are submitting it to GFOA to determine its eligibility for another certificate. The City of Andover has received the Certificate of Achievement for the last 40 years.

Acknowledgments. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the City staff. I express my appreciation to all persons who assisted and contributed to the financial preparation of all reports. I would also like to thank the Mayor and the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Donna K. Davis
Chief Financial Officer

CITY OF ANDOVER, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2019

Title	Name
Mayor	Ben Lawrence
Council Member	Caroline Hale
Council Member	Michael Henry
Council Member	Gregory Schneider
Council Member	Troy Tabor
Council Member	Mike Warrington
Council Member	Vacant
City Administrator	Jennifer McCausland
City Public Works Director	Rick Lanzrath
City Clerk	Susan Renner
Chief Financial Officer	Donna Davis
Community Development Director	Leslie Mangus
Financial Director/Treasurer	Julie Spyres
Chief of Police	Michael Keller
Chief of Fire	Chad Russell
Wastewater Superintendent	Brian Walls
Street Superintendent	William Braitsch
Parks & Recreation Director	Daniel Schapaugh
City Engineer	Vacant
Municipal Judge	Eugene White
City Attorney	J.T. Klaus
Planning Consultant	Bickley Foster, Foster & Associates
Prosecuting Attorney	Cami Baker



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Andover
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

GBN, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
Andover, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Andover, Kansas (City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Andover, Kansas, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Street Improvement Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Other 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 and individual nonmajor fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

GBN, P.A.

Wichita, Kansas
August 25, 2020

**CITY OF ANDOVER, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

As management of the City of Andover, Kansas, we offer readers of the City's Comprehensive Annual Financial Report (CAFR) this narrative overview and analysis of the financial activities of the City of Andover for year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, and the CAFR transmittal letter in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City of Andover exceeded its liabilities and deferred inflows of resources at the close of 2019 by \$96,058,478. Of this amount, \$43,894,149 represents net position invested in capital assets, net of related debt. Also included is \$50,412,169 restricted for future debt service, various other functions and wastewater facility expansion.
- The City's total net position decreased \$953,426 during the fiscal year.
- At the end of the current fiscal year, the City's governmental funds reported total ending fund balance of \$10,381,071. For 2018, there was a fund balance of \$12,692,199.
- At the end of 2019, the General Fund fund balance was \$1,932,369, a decrease of 38.3% from 2018. This was the result of an increase (450%) in transfers out.
- The City of Andover's total bonded debt increased \$4,320,000 during 2019. The key factor was two debt series issued; a \$7,525,000 bond for refunding and internal improvements, and a tax increment bond for \$3,655,000. During 2019, \$6,860,000 of bonds were retired.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Andover's Comprehensive Annual Financial Report, which includes the basic financial statements. The City's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains 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 similar to statements of a private-sector business.

The *statement of net position* presents information on all of the City of Andover's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference 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 of Andover is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here, including public safety, highways and streets, culture and recreation, environmental protection, economic development, health and sanitation and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- Business type Activities – The City charges a fee to customers to help it cover the cost of certain services it provides. The City's sewer, water and recycling/trash utilities are reported here.
- Component Unit – A component unit is an entity that is legally separate, but for which the City is financially accountable. The Andover Public Library is reported under this heading.

Reporting the City's Most Significant Funds

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 fund financial statements provide detailed information about the most significant funds – not about the City of Andover as a whole. Some funds are required to be established by State law or by bond covenants. In addition, the City Council establishes other funds to help control and manage money for particular purposes, or to demonstrate that the City is complying with legal requirements for using certain taxes, grants or other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund Financial Statements

- Governmental funds – Most of the City’s basic services are reported in its governmental funds, which focus on how money flows into and out of these funds, and the balances left at year-end are available for future spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short term view of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government’s near term financing decisions. The relationship or differences between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City of Andover maintains nineteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Street Improvement Fund, Debt Service Fund, and Capital Projects Fund all of which are considered to be major funds. Data from the other fifteen governmental funds are combined into a single, aggregated nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 27 through 36 of this report.

- Proprietary funds – When the City charges for certain services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the City’s enterprise funds are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary funds financial statements can be found at pages 37 through 40 of this report.

- Fiduciary funds – In these funds the City is the trustee, or fiduciary, for certain amounts held on behalf of parties outside the City. The City’s fiduciary activities are reported in the Statement of Fiduciary Net Position. We exclude these activities from the City’s other financial statements, because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

The fiduciary funds financial statements can be found on page 41 of this report.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 42 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$96,058,478 at the close of 2019.

As shown on Table 1, the largest portion of the City’s net position, \$43,894.149, reflects its net investment in capital assets. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s net investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

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Table 1
City of Andover
Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 57,742,863	\$ 59,970,514	\$ 13,452,530	\$ 12,126,927	\$ 71,195,393	\$ 72,097,441
Capital assets	64,155,334	56,674,009	24,189,954	23,220,475	88,345,288	79,894,484
Total assets	<u>121,898,197</u>	<u>116,644,523</u>	<u>37,642,484</u>	<u>35,347,402</u>	<u>159,540,681</u>	<u>151,991,925</u>
Deferred outflows of resources	<u>1,100,052</u>	<u>1,302,342</u>	<u>-0-</u>	<u>-0-</u>	<u>1,100,052</u>	<u>1,302,342</u>
Current and other liabilities	12,830,039	9,688,470	59,249	155,584	12,889,288	9,844,054
Long-term liabilities	45,026,109	40,213,889	66,836	64,313	45,092,945	40,278,202
Total liabilities	<u>57,856,148</u>	<u>49,902,359</u>	<u>126,085</u>	<u>219,897</u>	<u>57,982,233</u>	<u>50,122,256</u>
Deferred inflows of resources	<u>6,600,022</u>	<u>6,160,107</u>	<u>-0-</u>	<u>-0-</u>	<u>6,600,022</u>	<u>6,160,107</u>
Net position						
Net Investment in capital assets,	19,704,195	19,037,619	24,189,954	23,220,475	43,894,149	42,258,094
Restricted	39,025,042	41,742,686	11,387,127	9,638,694	50,412,169	51,381,380
Unrestricted	(187,158)	1,104,094	1,939,318	2,268,336	1,752,160	3,372,430
Total net position	<u>\$ 58,542,079</u>	<u>\$ 61,884,399</u>	<u>\$ 37,516,399</u>	<u>\$ 35,127,505</u>	<u>\$ 96,058,478</u>	<u>\$ 97,011,904</u>

The city's net position decreased \$953,426 during 2019.

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Table 2
City of Andover
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program revenue:						
Charges for services	\$ 3,226,767	\$ 2,764,312	\$ 3,936,839	\$ 3,497,657	\$ 7,163,606	\$ 6,261,969
Operating grants and contributions	640,019	409,037	-0-	-0-	640,019	409,037
Capital grants and contributions	38,352	19,671	-0-	-0-	38,352	19,671
General revenues:						
Sales tax	2,297,919	3,940,634	-0-	-0-	2,297,919	3,940,634
Property tax	6,922,407	6,531,148	-0-	-0-	6,922,407	6,531,148
Other taxes	1,344,530	1,349,170	-0-	-0-	1,344,530	1,349,170
Other general revenues	490,342	422,371	272,731	217,416	763,073	639,787
Total Revenues	<u>14,960,336</u>	<u>15,436,343</u>	<u>4,209,570</u>	<u>3,715,073</u>	<u>19,169,906</u>	<u>19,151,416</u>
Expenses:						
General government	1,701,154	1,572,841	-0-	-0-	1,701,154	1,572,841
Public safety	6,579,712	5,890,490	-0-	-0-	6,579,712	5,890,490
Highways and street	4,838,762	5,003,057	-0-	-0-	4,838,762	5,003,057
Health and sanitation	-0-	-0-	-0-	-0-	-0-	-0-
Culture and recreation	3,072,942	2,693,791	-0-	-0-	3,072,942	2,693,791
Economic development	107,448	236,033	-0-	-0-	107,448	236,033
Environment protection	-0-	-0-	-0-	-0-	-0-	-0-
Interest on long-term debt	1,089,748	914,055	-0-	-0-	1,089,748	914,055
Water	-0-	-0-	240,479	248,523	240,479	248,523
Sewer	-0-	-0-	1,780,757	1,657,298	1,780,757	1,657,298
Recycling/Trash	-0-	-0-	712,330	667,599	712,330	667,599
Total Expenses	<u>17,389,766</u>	<u>16,310,267</u>	<u>2,733,566</u>	<u>2,573,420</u>	<u>20,123,332</u>	<u>18,883,687</u>
Excess (deficiency) of revenues over expenses before transfers	(2,429,430)	(873,924)	1,476,004	1,141,653	(953,426)	267,729
Transfers in (out)	<u>(912,890)</u>	<u>260,721</u>	<u>912,890</u>	<u>(260,721)</u>	<u>-0-</u>	<u>-0-</u>
Change in net position	<u>(3,342,320)</u>	<u>(613,203)</u>	<u>2,388,894</u>	<u>880,932</u>	<u>(953,426)</u>	<u>267,729</u>
Net position, beginning of year	<u>61,884,399</u>	<u>62,497,602</u>	<u>35,127,505</u>	<u>34,246,573</u>	<u>97,011,904</u>	<u>96,744,175</u>
Net position, end of year	<u>\$ 58,542,079</u>	<u>\$ 61,884,399</u>	<u>\$ 37,516,399</u>	<u>\$ 35,127,505</u>	<u>\$ 96,058,478</u>	<u>\$ 97,011,904</u>

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Governmental Activities. Governmental activities decreased the City's net position by \$3,342,320 in 2019. The decrease is the result of a reduction in sales tax revenue, and an increase in operating expenses.

Total governmental activity revenues decreased by \$476,007 for 2019. Revenue from sales tax decreased \$1,642,715 due to a temporary sales tax ending in October 2018. This decrease was partially offset by increases in charges for service and property tax revenue.

Total governmental activity expenses had an increase of \$1,079,499 for 2019. This increase can be primarily attributed to an increase in two areas; public safety and culture and recreation. The \$689,222 increase in public and safety is due to increases in the KP&F retirement liability, employee benefits and vehicle purchases. The increase in culture and recreation of \$379,151 is the result of more summer concerts held at the City's Capitol Federal Amphitheater.

Business-type Activities. Business-type activities increased the City's net position by \$2,388,894 in 2019. Operating revenues increased by \$494,497 and operating expenses increased \$160,146 over the 2018 levels. Total revenue over expenses before contributions and transfers was \$1,476,004. There were contributions from the municipality in the form of water and sewer lines in the amount of \$1,224,193 in 2019. There were contributions made from business type activities to the municipality for debt service payments towards prior years' sewer and water lines.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

At the end of 2019, the City's governmental funds reported total fund balance of \$10,381,071 compared to fund balance of \$12,692,199 for the prior year, a decrease of \$2,311,128.

General Fund

The General Fund is the primary operating fund of the City. At the end of 2019, \$1,000,029 of the fund balance was committed and \$932,340 was unassigned, for a total fund balance of \$1,932,369, which was \$1,200,749 or 38.3% less than the prior year's General Fund total fund balance. The main reason for the decreased fund balance was a \$273,031 increase in transfers out to debt service and capital reserves. There was an increase in expenses of \$572,699 and a decrease in revenue of \$731,467.

The City's management may also designate committed fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year. However, unassigned fund balance is available for appropriation at any time. Of the total General Fund balance, 48.2% is unassigned. The committed amount is for current resources which were included in the subsequent year's budget to be used to finance operations for the ensuing year.

Employee Benefits

The fund balance for Employee Benefits increased by \$64,450 or 18.8%. This was the result of a \$159,491 increase in property tax revenue, which was partially offset by an increase of \$100,244 in expenses.

Street Improvement Fund

The Street Improvement Fund had an increase in the fund balance of \$787,689 or 11.1%. Revenue from sales tax continues to accumulate to be used for upcoming street improvement projects.

Debt Service Fund

In the Debt Service Fund, the fund balance was flat with only a slight decrease of \$45,292 or 2.1%.

Capital Project Fund

The Capital Project Fund had a decrease of \$2,241,942 in the fund balance. While several projects from prior years were bonded, there was a substantial increase in new subdivision projects started that will be bonded in future years.

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

The total net position of the enterprise funds increased \$2,388,894. This was due primarily to contributions from the municipality in the form of water and sewer lines in the amount of \$1,224,193. In addition, operating revenue outpaced operating expenses by \$1,203,273. Sewer utility rates didn't increase in 2019. Trash and recycling rates were adjusted for CPI for an increase of 25¢ per month starting in July 2019.

Water Utility Fund

The total net position of the Water Utility Fund increased by \$385,437. This was due to contributions from the municipality of water lines in the amount of \$497,388. This was partially offset by expenses exceeding revenue by \$122,657.

Sewer Utility Fund

The total net position of the Sewer Utility Fund increased by \$2,000,678, due to the utility user fees collections more than offsetting expenses by \$1,323,883. There was also new infrastructure built and contributed in 2019 totaling \$726,805.

Recycling/Trash Utility Fund

The Recycling/Trash Utility Fund operating revenues exceeded expenses by \$2,047, resulting in an increase in fund balance of \$2,779 after taking into account interest revenue of \$732.

General Fund Budgetary Highlights

Actual General Fund revenues were higher than the final budget by \$499,812, of which \$481,104 can be attributed to a higher than projected collection of licenses, fees and permits. In addition, interest revenue exceeding projections by \$32,252. These increases were partially offset by lower collections of fines in the amount of \$46,621. The expenditures from the General Fund at year-end were \$328,570 less than the final budget. This was primarily from the savings in personnel services from the budgeted amount, which was \$211,092.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of December 31, 2019, amounted to \$88,345,287 (net of accumulated depreciation). This investment, detailed in Table 3, in a broad range of capital assets includes land, infrastructure, buildings and improvements, equipment, and construction in progress. This amount represents a net increase of \$8,450,813, or 10.6%, for 2019.

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Table 3
City of Andover
Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,572,628	\$ 1,572,628	\$ 123,946	\$ 123,946	\$ 1,696,574	\$ 1,696,574
Building and improvements	12,271,901	12,618,099	3,084,726	2,977,678	15,356,627	15,595,777
Impr. other than buildings	247,850	298,890	20,088,555	19,479,394	20,336,405	19,778,284
Machinery and equipment	2,127,005	2,224,809	892,726	639,447	3,019,731	2,864,256
Infrastructure	38,341,244	37,226,787	-0-	-0-	38,341,244	37,226,787
Contruction in progress	9,594,706	2,732,796	-0-	-0-	9,594,706	2,732,796
Capital assets, net	<u>\$ 64,155,334</u>	<u>\$ 56,674,009</u>	<u>\$ 24,189,953</u>	<u>\$ 23,220,465</u>	<u>\$ 88,345,287</u>	<u>\$ 79,894,474</u>

Some of the City's major capital asset events in 2019 were:

- * Construction in progress increased due to the start of projects for sewer lines, water lines, paving and drainage in several new subdivisions.
- * Infrastructure increased primarily due to the completion of a new arterial road. In addition, the sewer lines, waterlines, paving and drainage in progress in a few ongoing subdivisions were completed.

Additional information regarding the City's capital assets can be found at note 3 of the Notes to the Financial Statements.

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Debt

At December 31, 2019 the City's total long-term debt obligations outstanding are \$45,092,945. This amount is comprised of \$36,220,000 of general obligation bonds and \$663,397 of unamortized bond premium on those bonds and are secured by future tax revenues from governmental activities. The City has \$2,400,000 of revenue bonds which are secured by future revenue sources from governmental activities via lease revenues from the City to the Andover Public Building Commission. The City's portion of the unfunded net pension liability for the Kansas Police & Fireman's Retirement Pension System at December 31, 2019 was \$4,790,975. The remaining long-term debt obligations totaling \$1,018,573 pertains to accrued compensated absences and will be liquidated from future resources of governmental activities and business-type activities.

The City's total long term debt increased by \$4,814,744, or about 12% during the current year. There were two general obligation bonds issued during 2019; a \$7,525,000 bond for refunding and internal improvements, and a tax increment bond for \$3,655,000. During 2019 the City retired \$5,715,000 in general obligation bonds.

Additional information regarding the City's long-term debt can be found at note 4 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate for Butler County, in which Andover is located, is currently 3.1% which is the same rate from a year ago. This compares to the state's average unemployment rate of 3.1% and the national average of 3.5%. Inflationary trends in the region compare favorably to national indices. Assessed valuation increased 5% between the 2018 and 2019 budgets. These and other factors were considered in preparing the City of Andover's budget for the 2020 fiscal year.

During 2019, the budgetary fund balance in the General Fund decreased to \$1,705,023. The City anticipated a carry forward fund balance of \$1,000,029 when it adopted its 2019 operating budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City's Finance Department at the City of Andover, 1609 E. Central, Andover, Kansas 67002, or at (316)733-1303.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ANDOVER, KANSAS

STATEMENT OF NET POSITION

December 31, 2019

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
<u>ASSETS</u>				
Cash and investments	\$ 22,654,521	\$ 1,710,195	\$ 24,364,716	\$ 522,407
Receivables:				
Property taxes	6,585,874	—	6,585,874	—
Special assessment taxes	28,112,853	—	28,112,853	—
Sales taxes	177,077	—	177,077	—
Franchise fees	121,901	—	121,901	—
Trade accounts, net	56,113	355,208	411,321	—
Prepaid items	34,524	—	34,524	—
Restricted assets	—	11,387,127	11,387,127	—
Capital assets:				
Land	1,572,628	123,946	1,696,574	—
Buildings	16,212,665	5,833,446	22,046,111	—
Improvements other than buildings	882,118	30,910,095	31,792,213	157,749
Infrastructure	77,613,132	—	77,613,132	—
Machinery and equipment	10,844,186	2,154,071	12,998,257	258,822
Less accumulated depreciation	(52,564,101)	(14,831,604)	(67,395,705)	(263,774)
Construction work in progress	9,594,706	—	9,594,706	27,688
Total assets	121,898,197	37,642,484	159,540,681	702,892
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to pension liabilities	1,100,052	—	1,100,052	—
<u>LIABILITIES</u>				
Accounts payable	3,398,395	35,471	3,433,866	38
Accrued wages payable	199,989	23,778	223,767	—
Accrued interest payable	226,655	—	226,655	—
Temporary notes payable	9,005,000	—	9,005,000	—
Noncurrent liabilities:				
Due within one year	4,008,315	29,535	4,037,850	2,393
Due in more than one year	41,017,794	37,301	41,055,095	451
Total liabilities	57,856,148	126,085	57,982,233	2,882
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources:				
Property taxes receivable	6,585,874	—	6,585,874	—
Pension liabilities	14,148	—	14,148	—
	6,600,022	—	6,600,022	—
<u>NET POSITION</u>				
Net investment in capital assets	19,704,195	24,189,954	43,894,149	180,485
Restricted for:				
Debt service	30,221,314	—	30,221,314	—
Street improvements	7,910,979	—	7,910,979	—
General government	406,523	—	406,523	—
Recreation	233,613	—	233,613	—
Economic development	103,575	—	103,575	—
Public safety	149,038	—	149,038	—
Wastewater expansion and equipment	—	11,387,127	11,387,127	—
Unrestricted	(187,158)	1,939,318	1,752,160	519,525
	\$ 58,542,079	\$ 37,516,399	\$ 96,058,478	\$ 700,010

The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	Component Unit
Governmental Activities:								
General government	\$ 1,701,154	\$ 721,449	\$ —	\$ 8,352	\$ (971,353)	\$ —	\$ (971,353)	\$ —
Public safety	6,579,712	560,336	—	30,000	(5,989,376)	—	(5,989,376)	—
Highways and streets	4,838,762	990,001	569,970	—	(3,278,791)	—	(3,278,791)	—
Culture and recreation	3,072,942	954,981	70,049	—	(2,047,912)	—	(2,047,912)	—
Economic development	107,448	—	—	—	(107,448)	—	(107,448)	—
Interest on long-term debt	1,089,748	—	—	—	(1,089,748)	—	(1,089,748)	—
Total Governmental Activities	<u>\$ 17,389,766</u>	<u>\$ 3,226,767</u>	<u>\$ 640,019</u>	<u>\$ 38,352</u>	<u>(13,484,628)</u>	<u>—</u>	<u>(13,484,628)</u>	<u>—</u>
Business-Type Activities:								
Water Utility	\$ 240,479	\$ 117,822	\$ —	\$ —	—	(122,657)	(122,657)	—
Sewer Utility	1,780,757	3,104,640	—	—	—	1,323,883	1,323,883	—
Recycling/Trash Utility	712,330	714,377	—	—	—	2,047	2,047	—
Total Business-Type Activities	<u>\$ 2,733,566</u>	<u>\$ 3,936,839</u>	<u>\$ —</u>	<u>\$ —</u>	<u>—</u>	<u>1,203,273</u>	<u>1,203,273</u>	<u>—</u>
Component Unit:								
Andover Public Library	<u>\$ 613,097</u>	<u>\$ 69,894</u>	<u>\$ 89,273</u>	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(453,930)</u>
General Revenues and Transfers:								
Property taxes levied for:								
General purposes					6,652,882	—	6,652,882	—
Debt service					269,525	—	269,525	—
Sales taxes					2,297,919	—	2,297,919	—
Franchise taxes					1,205,653	—	1,205,653	—
Tourism taxes					138,877	—	138,877	—
Payment from City of Andover					—	—	—	502,000
Investment earnings					490,342	272,731	763,073	1,386
Transfers in (out)					(912,890)	912,890	—	—
Total general revenues and transfers					<u>10,142,308</u>	<u>1,185,621</u>	<u>11,327,929</u>	<u>503,386</u>
Change in net position					(3,342,320)	2,388,894	(953,426)	49,456
Net position at beginning of year					<u>61,884,399</u>	<u>35,127,505</u>	<u>97,011,904</u>	<u>650,554</u>
Net position at end of year					<u>\$ 58,542,079</u>	<u>\$ 37,516,399</u>	<u>\$ 96,058,478</u>	<u>\$ 700,010</u>

The accompanying notes are an integral
part of the financial statements.

FUND FINANCIAL STATEMENTS

CITY OF ANDOVER, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

	General	Street Improvement	Employee Benefits	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 2,135,360	\$ 8,760,194	\$ 452,964	\$ 2,088,126	\$ 6,015,166	\$ 3,202,711	\$ 22,654,521
Property taxes receivable	3,873,684	-	1,827,390	185,086	-	699,714	6,585,874
Special assessment taxes receivable	-	-	-	28,112,853	-	-	28,112,853
Franchise fees receivable	121,901	-	-	-	-	-	121,901
Sales taxes receivable	-	177,077	-	-	-	-	177,077
Accounts receivable	-	-	-	-	-	56,113	56,113
Total assets	<u>\$ 6,130,945</u>	<u>\$ 8,937,271</u>	<u>\$ 2,280,354</u>	<u>\$ 30,386,065</u>	<u>\$ 6,015,166</u>	<u>\$ 3,958,538</u>	<u>\$ 57,708,339</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accrued wages payable	\$ 198,547	\$ -	\$ -	\$ -	\$ -	\$ 1,442	\$ 199,989
Accounts payable	126,345	1,048,383	46,441	-	2,158,165	19,061	3,398,395
Accrued interest payable	-	-	-	-	25,157	-	25,157
Temporary notes payable	-	-	-	-	9,005,000	-	9,005,000
Total liabilities	<u>324,892</u>	<u>1,048,383</u>	<u>46,441</u>	<u>-</u>	<u>11,188,322</u>	<u>20,503</u>	<u>12,628,541</u>
Deferred inflows of resources:							
Property taxes receivable	3,873,684	-	1,827,390	185,086	-	699,714	6,585,874
Special assessment taxes receivable	-	-	-	28,112,853	-	-	28,112,853
	<u>3,873,684</u>	<u>-</u>	<u>1,827,390</u>	<u>28,297,939</u>	<u>-</u>	<u>699,714</u>	<u>34,698,727</u>
Fund balances (deficit):							
Restricted:							
General government	-	-	406,523	-	-	-	406,523
Debt service	-	-	-	2,088,126	-	20,335	2,108,461
Street improvements	-	7,888,888	-	-	-	22,091	7,910,979
Recreation	-	-	-	-	-	233,613	233,613
Economic development	-	-	-	-	-	103,575	103,575
Public safety	-	-	-	-	-	149,038	149,038
Committed:							
General government	1,000,029	-	-	-	-	-	1,000,029
Street improvements	-	-	-	-	-	1,206,466	1,206,466
Parks and recreation	-	-	-	-	-	130,755	130,755
Assigned:							
Recreation	-	-	-	-	-	53,685	53,685
Capital outlay	-	-	-	-	-	1,318,763	1,318,763
Unassigned	932,340	-	-	-	(5,173,156)	-	(4,240,816)
Total fund balances (deficit)	<u>1,932,369</u>	<u>7,888,888</u>	<u>406,523</u>	<u>2,088,126</u>	<u>(5,173,156)</u>	<u>3,238,321</u>	<u>10,381,071</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,130,945</u>	<u>\$ 8,937,271</u>	<u>\$ 2,280,354</u>	<u>\$ 30,386,065</u>	<u>\$ 6,015,166</u>	<u>\$ 3,958,538</u>	<u>\$ 57,708,339</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2019

Total Governmental Fund Balances	\$ 10,381,071
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported
in the funds (capital assets net of accumulated
depreciation):

Cost	\$ 116,719,435	
Accumulated depreciation	<u>(52,564,101)</u>	64,155,334

Other assets not available to pay for current period
expenditures and therefore are not reported in
the governmental funds:

Special assessments receivable	28,112,853
Prepaid expenses	34,524

Long-term liabilities are not due and payable in the
current period and therefore are not reported
in the funds:

Accrued interest payable on general obligation bonds	177,081	
Accrued interest payable on Andover Public Building Commission revenue bonds	24,417	
Compensated absences payable	951,737	
General obligation bonds payable	36,220,000	
Andover Public Building Commission Revenue bonds payable	2,400,000	
Capital lease obligations payable	-	
Unamortized premium on general obligation bonds payable	657,983	
Unamortized premium on Andover Public Building Commission revenue bonds payable	5,414	
Net pension liability for Kansas Police & Fire retirement plan including deferred outflows and deferred inflows related to pensions	<u>3,705,071</u>	<u>44,141,703</u>

Net Position of Governmental Activities	<u><u>\$ 58,542,079</u></u>
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The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

Year ended December 31, 2019

	General	Street Improvement	Employee Benefits	Debt Service	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property and sales taxes	\$ 4,170,757	\$ 2,297,919	\$ 1,981,851	\$ 12,679	\$ -	\$ 863,889	\$ 9,327,095
Special assessment taxes	-	-	-	3,612,317	-	-	3,612,317
Intergovernmental	-	-	-	-	-	554,886	554,886
Licenses and permits	1,981,014	-	-	-	-	273,385	2,254,399
Charges for services	6,293	-	-	-	-	230,603	236,896
Fines and forfeitures	268,379	-	-	-	-	-	268,379
Use of money and property	91,052	165,887	17,253	78,520	78,954	1,333,437	1,765,103
Miscellaneous	43,279	153,961	-	11,812	-	338,809	547,861
Total revenues	6,560,774	2,617,767	1,999,104	3,715,328	78,954	3,595,009	18,566,936
Expenditures:							
Current:							
General government	1,265,365	-	284,492	-	-	-	1,549,857
Public safety	4,167,958	-	1,287,119	-	-	329,404	5,784,481
Highways and streets	356,142	1,792,108	179,970	-	-	802,220	3,130,440
Culture and recreation	872,558	-	183,073	-	-	1,833,996	2,889,627
Economic development	-	-	-	-	-	107,448	107,448
Capital improvements	-	-	-	-	10,842,185	280,315	11,122,500
Debt Service	-	-	-	6,613,993	232,865	1,266,410	8,113,268
Total expenditures	6,662,023	1,792,108	1,934,654	6,613,993	11,075,050	4,619,793	32,697,621
Revenues over (under) expenditures	(101,249)	825,659	64,450	(2,898,665)	(10,996,096)	(1,024,784)	(14,130,685)
Other financing sources (uses):							
Issuance of general obligation bonds	-	-	-	2,625,000	8,555,000	-	11,180,000
Net premium on sale of general obligation bonds	-	-	-	129,100	199,154	-	328,254
Transfers in	277,500	-	-	99,273	-	1,539,851	1,916,624
Transfers out	(1,377,000)	(37,970)	-	-	-	(190,351)	(1,605,321)
Total other financing sources (uses)	(1,099,500)	(37,970)	-	2,853,373	8,754,154	1,349,500	11,819,557
Net change in fund balances	(1,200,749)	787,689	64,450	(45,292)	(2,241,942)	324,716	(2,311,128)
Fund balances (deficit), beginning of year	3,133,118	7,101,199	342,073	2,133,418	(2,931,214)	2,913,605	12,692,199
Fund balances (deficit), end of year	\$ 1,932,369	\$ 7,888,888	\$ 406,523	\$ 2,088,126	\$ (5,173,156)	\$ 3,238,321	\$ 10,381,071

The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

Net Change in Fund Balances – Total Governmental Funds	\$ (2,311,128)
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these
amounts are:

Capital outlays	\$ 12,193,878
Depreciation	(4,712,553)

Excess of capital outlays over depreciation expense	7,481,325
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In the statement of activities, the sale of bonds is reported as a long-term
liability, whereas in the governmental funds, the proceeds increase
financial resources:

General obligation bonds	(11,180,000)
Andover Public Building Commission revenue bonds	-

Total issuance of long-term debt	(11,180,000)
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In the statement of activities, interest is accrued on outstanding
debt, whereas in governmental funds, an interest expenditure
is reported when due

82,636

Repayment of debt principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position:

General obligation bond payment	5,715,000
Andover Public Building Commission revenue bond payment	1,145,000
Capital lease obligations	-

Total payments on long-term liabilities	6,860,000
---	-----------

Premium on the sale of refunding bonds provides current financial
resources to government funds, but is amortized over the life of
the bonds in the statement of activities

Premium on sale of general obligation bonds	(328,254)
Premium on sale of Andover Public Building Commission revenue bonds	-
Amortization on premium on general obligation bonds	75,447
Amortization of premium on Andover Public Building Commission revenue bonds	5,437

(247,370)

Pension contributions is an expenditure in the governmental funds but
reduces the net pension liability in the statement of net position.
Additionally, the effect of changes in deferred outflows and inflows
for pensions are only recorded in the statement of activities.

(425,833)

Special assessments are not considered available to liquidate
liabilities of the current period. However, they are recognized
as revenue in the statement of activities as soon as the related
improvement is completed and the special assessments are levied

(3,606,600)

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 the funds:

Prepaid items	6,621
Compensated absences payable	(1,971)

Total	4,650
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Change in Net Position of Governmental Activities	\$ (3,342,320)
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The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

**Year ended December 31, 2019
(continued on next page)**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Taxes	\$ 4,172,605	\$ 4,172,605	\$ 4,170,756	\$ (1,849)
Licenses, fees and permits	1,467,820	1,467,820	1,948,924	481,104
Charges for services	3,245	3,245	6,293	3,048
Fines and forfeitures	315,000	315,000	268,379	(46,621)
Use of money and property	58,800	58,800	91,052	32,252
Miscellaneous	5,900	5,900	43,278	37,378
Transfers in	283,000	283,000	277,500	(5,500)
Total revenues and other sources	<u>6,306,370</u>	<u>6,306,370</u>	<u>6,806,182</u>	<u>499,812</u>
Expenditures, encumbrances and other uses:				
General government:				
General department:				
Personal services	599,088	599,088	631,630	(32,542)
Contractual services	510,700	510,700	580,263	(69,563)
Commodities	27,000	27,000	32,030	(5,030)
Capital outlay	40,000	40,000	32,509	7,491
Transfers out	917,000	917,000	867,000	50,000
Contingencies	11,000	11,000	–	11,000
Total general government	<u>2,104,788</u>	<u>2,104,788</u>	<u>2,143,432</u>	<u>(38,644)</u>
Public safety:				
Police department:				
Personal services	1,725,033	1,725,033	1,574,119	150,914
Contractual services	279,982	279,982	250,439	29,543

CITY OF ANDOVER, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

**Year ended December 31, 2019
(continued from previous page)**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Commodities	\$ 140,750	\$ 140,750	\$ 125,561	\$ 15,189
Capital outlay	183,000	183,000	120,849	62,151
Transfers out	—	—	50,000	(50,000)
Total police department	2,328,765	2,328,765	2,120,968	207,797
Fire department:				
Personal services	1,027,806	1,027,806	992,388	35,418
Contractual services	111,099	111,099	94,284	16,815
Commodities	113,884	113,884	83,763	30,121
Capital outlay	101,268	101,268	107,724	(6,456)
Debt service	—	—	—	—
Transfers out	—	—	—	—
Total fire department	1,354,057	1,354,057	1,278,159	75,898
Municipal Court department:				
Personal services	73,985	73,985	64,457	9,528
Contractual services	72,910	72,910	59,865	13,045
Commodities	7,050	7,050	645	6,405
Capital Outlay	—	—	—	—
Transfers out	—	—	—	—
Total Municipal Court department	153,945	153,945	124,967	28,978
Total public safety	3,836,767	3,836,767	3,524,094	312,673
Highways and streets:				
Street department:				
Personal services	326,147	326,147	308,062	18,085
Contractual services	30,600	30,600	36,766	(6,166)
Commodities	13,750	13,750	10,633	3,117

CITY OF ANDOVER, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

**Year ended December 31, 2019
(continued from previous page)**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Capital outlay	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total highways and streets	370,497	370,497	355,461	15,036
Recreation:				
Park department:				
Personal services	429,787	429,787	400,098	29,689
Contractual services	143,530	143,530	153,245	(9,715)
Commodities	147,600	147,600	154,691	(7,091)
Capital outlay	565,000	565,000	99,251	465,749
Transfers Out	-	-	460,000	(460,000)
Total park department	1,285,917	1,285,917	1,267,285	18,632
Recreation Programs:				
Contractual services	26,249	26,249	28,566	(2,317)
Commodities	39,816	39,816	36,706	3,110
Total recreation programs	66,065	66,065	65,272	793
Total recreation	1,351,982	1,351,982	1,332,557	19,425
Environmental Protection:				
Composting Program:				
Personal services	-	-	-	-
Commodities	-	-	-	-
Total composting program	-	-	-	-
Dispatch/IT Department:				
Personal services	86,717	86,717	88,991	(2,274)
Contractual services	196,186	196,186	221,421	(25,235)

CITY OF ANDOVER, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – BUDGETARY BASIS**

**Year ended December 31, 2019
(continued from previous page)**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Commodities	\$ 70,600	\$ 70,600	\$ 161,173	\$ (90,573)
Capital outlay	120,000	120,000	5,562	114,438
Transfers out	—	—	—	—
Total Dispatch/IT Department	473,503	473,503	477,147	(3,644)
Building Inspection Department:				
Personal services	161,271	161,271	143,315	17,956
Contractual services	25,550	25,550	22,578	2,972
Commodities	10,600	10,600	7,804	2,796
Capital Outlay	20,000	20,000	20,000	—
Transfers out	—	—	—	—
Total Building Inspection Department	217,421	217,421	193,697	23,724
Total expenditures, encumbrances and other uses	8,354,958	8,354,958	8,026,388	328,570
Revenues and other sources over (under) expenditures, encumbrances and other uses	(2,048,588)	(2,048,588)	(1,220,206)	828,382
Fund Balance, beginning of year	2,232,761	2,232,761	2,925,229	692,468
Fund balance, end of year	\$ 184,173	\$ 184,173	\$ 1,705,023	\$ 1,520,850

The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

STREET IMPROVEMENT FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales tax	\$ 2,400,000	\$ 2,400,000	\$ 2,323,328	\$ (76,672)
Reimbursements	–	–	153,961	153,961
Use of money and property	<u>20,000</u>	<u>20,000</u>	<u>165,887</u>	<u>145,887</u>
Total revenues	<u>2,420,000</u>	<u>2,420,000</u>	<u>2,643,176</u>	<u>223,176</u>
Expenditures:				
Contractual services	–	–	78,456	(78,456)
Capital outlay	6,671,864	6,671,864	1,913,652	4,758,212
Transfers out	<u>37,970</u>	<u>37,970</u>	<u>37,970</u>	<u>–</u>
Total expenditures	<u>6,709,834</u>	<u>6,709,834</u>	<u>2,030,078</u>	<u>4,679,756</u>
Revenues over (under)				
expenditures	(4,289,834)	(4,289,834)	613,098	4,902,932
Fund balance ,beginning of year	<u>4,347,894</u>	<u>4,347,894</u>	<u>6,898,713</u>	<u>2,550,819</u>
Fund balance, end of year	<u><u>\$ 58,060</u></u>	<u><u>\$ 58,060</u></u>	<u><u>\$ 7,511,811</u></u>	<u><u>\$ 7,453,751</u></u>

The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

EMPLOYEE BENEFITS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,982,339	\$ 1,982,339	\$ 1,981,851	\$ (488)
Use of money and property	3,500	3,500	17,253	13,753
Total revenues	1,985,839	1,985,839	1,999,104	13,265
Expenditures:				
Personal services	2,180,775	2,180,775	1,934,654	246,121
Revenues over (under)				
expenditures	(194,936)	(194,936)	64,450	259,386
Fund balance ,beginning of year	214,936	214,936	342,073	127,137
Fund balance, end of year	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 406,523</u>	<u>\$ 386,523</u>

CITY OF ANDOVER, KANSAS

STATEMENT OF NET POSITION – ALL ENTERPRISE FUNDS

December 31, 2019

	Business-type Activities Enterprise Funds			Total Enterprise Funds
	Water Utility	Sewer Utility	Recycling/ Trash Utility	
<u>ASSETS</u>				
Current assets:				
Cash including investments	\$ 569,785	\$ 1,110,432	\$ 29,978	\$ 1,710,195
Trade accounts receivable	8,804	265,560	80,844	355,208
Total current assets	578,589	1,375,992	110,822	2,065,403
Noncurrent assets:				
Restricted assets:				
Cash and investments restricted for:				
Sewage equipment	–	52,747	–	52,747
Sewage treatment expansion	–	11,334,380	–	11,334,380
Total restricted assets	–	11,387,127	–	11,387,127
Capital assets:				
Land	–	123,946	–	123,946
Water mains and distribution lines	11,126,987	–	–	11,126,987
Sewage mains and distribution lines	–	19,783,108	–	19,783,108
Sewage disposal plant	–	5,833,446	–	5,833,446
Machinery and equipment	13,515	2,139,259	1,297	2,154,071
	11,140,502	27,879,759	1,297	39,021,558
Less accumulated depreciation	(3,976,865)	(10,853,442)	(1,297)	(14,831,604)
Capital assets, net	7,163,637	17,026,317	–	24,189,954
Total assets	7,742,226	29,789,436	110,822	37,642,484
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	597	34,874	–	35,471
Accrued wages payable	–	21,404	2,374	23,778
Current portion of accrued compensated absences payable	–	29,535	–	29,535
Total current liabilities	597	85,813	2,374	88,784
Noncurrent liabilities:				
Long-term portion of accrued compensated absences payable	–	37,301	–	37,301
Total liabilities	597	123,114	2,374	126,085
<u>NET POSITION</u>				
Net position:				
Net investment in capital assets	7,163,637	17,026,317	–	24,189,954
Restricted for:				
Sewage equipment	–	52,747	–	52,747
Sewage treatment expansion	–	11,334,380	–	11,334,380
Unrestricted	577,992	1,252,878	108,448	1,939,318
	\$ 7,741,629	\$ 29,666,322	\$ 108,448	\$ 37,516,399

The accompanying notes are an integral
part of the financial statements

CITY OF ANDOVER, KANSAS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – ALL ENTERPRISE FUNDS**

Year ended December 31, 2019

	Business-type Activities Enterprise Funds			Total Enterprise Funds
	Water Utility	Sewer Utility	Recycling/ Trash Utility	
Operating revenues:				
Sales of services	\$ 117,822	\$ 3,089,019	\$ 714,377	\$ 3,921,218
Other	–	15,621	–	15,621
Total operating revenues	<u>117,822</u>	<u>3,104,640</u>	<u>714,377</u>	<u>3,936,839</u>
Operating expenses:				
Personal services	16,640	559,836	49,023	625,499
Contractual services	–	329,175	662,059	991,234
Commodities	185	167,116	1,248	168,549
Depreciation	<u>223,654</u>	<u>724,630</u>	<u>–</u>	<u>948,284</u>
Total operating expenses	<u>240,479</u>	<u>1,780,757</u>	<u>712,330</u>	<u>2,733,566</u>
Operating income (loss)	(122,657)	1,323,883	2,047	1,203,273
Nonoperating revenues and expenses:				
Interest income	<u>10,706</u>	<u>261,293</u>	<u>732</u>	<u>272,731</u>
Income (loss) before contributions and transfers	(111,951)	1,585,176	2,779	1,476,004
Contributions from municipality	497,388	726,805	–	1,224,193
Transfers out	<u>–</u>	<u>(311,303)</u>	<u>–</u>	<u>(311,303)</u>
Change in net position	385,437	2,000,678	2,779	2,388,894
Net position, beginning of year	<u>7,356,192</u>	<u>27,665,644</u>	<u>105,669</u>	<u>35,127,505</u>
Net position, end of year	<u>\$ 7,741,629</u>	<u>\$ 29,666,322</u>	<u>\$ 108,448</u>	<u>\$ 37,516,399</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

**STATEMENT OF OF CASH FLOWS –
ALL ENTERPRISE FUNDS**

Year ended December 31, 2019

	Business-type Activities Enterprise Funds			Total Enterprise Funds
	Water Utility	Sewer Utility	Recycling/ Trash Utility	
Cash flows from operating activities:				
Cash received from customers	\$ 118,057	\$ 3,102,498	\$ 711,489	\$ 3,932,044
Cash payments to vendors for materials and supplies	(230)	(595,309)	(663,574)	(1,259,113)
Cash paid to employees	(16,640)	(554,977)	(48,364)	(619,981)
Other receipts	—	15,621	—	15,621
	<u>101,187</u>	<u>1,967,833</u>	<u>(449)</u>	<u>2,068,571</u>
Net cash provided by (used for) operating activities				
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	—	(693,569)	—	(693,569)
Cash flows from noncapital financing activities				
Transfers out	—	(311,303)	—	(311,303)
Cash flows from investing activities				
Interest received	10,706	261,293	732	272,731
Net increase in cash and cash equivalents	111,893	1,224,254	283	1,336,430
Cash and cash equivalents at beginning of year	457,892	11,273,306	29,695	11,760,893
Cash and cash equivalents at end of year	<u>\$ 569,785</u>	<u>\$ 12,497,560</u>	<u>\$ 29,978</u>	<u>\$ 13,097,323</u>
Cash and cash equivalents	\$ 569,785	\$ 1,110,432	\$ 29,978	\$ 1,710,195
Restricted cash and cash equivalents included in restricted cash and investments	—	11,387,127	—	11,387,127
Cash and cash equivalents, end of year	<u>\$ 569,785</u>	<u>\$ 12,497,559</u>	<u>\$ 29,978</u>	<u>\$ 13,097,322</u>

CITY OF ANDOVER, KANSAS
STATEMENT OF OF CASH FLOWS –
ALL ENTERPRISE FUNDS

Year ended December 31, 2019

(continued from previous page)

	Business-type Activities Enterprise Funds			Total Enterprise Funds
	Water Utility	Sewer Utility	Recycling/ Trash Utility	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (122,657)	\$ 1,323,884	\$ 2,047	\$ 1,203,274
Adjustments to reconcile net cash provided by operating income (loss to net cash provided by operating activities:				
Depreciation	223,654	724,630	–	948,284
Decrease (increase) in accounts receivable	235	13,478	(2,888)	10,825
Increase (decrease) in accounts payable	(45)	(99,018)	(267)	(99,330)
Decrease (increase) in accrued wages payable	–	2,336	659	2,995
Increase in compensated absences payable	–	2,523	–	2,523
Net cash provided by (used for) operating activities	<u>\$ 101,187</u>	<u>\$ 1,967,833</u>	<u>\$ (449)</u>	<u>\$ 2,068,571</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF ANDOVER, KANSAS

**STATEMENT OF FIDUCIARY NET POSITION –
FIDUCIARY FUNDS**

Year Ended December 31, 2019

	<u>Agency Funds</u>
Assets:	
Cash including investments	<u>\$ 12,863</u>
Liabilities:	
Accrued liabilities payable	11,400
Appearance bonds payable	<u>1,463</u>
Total liabilities	<u>12,863</u>
Net position	<u><u>\$ –</u></u>

The accompanying notes are an
integral part of the financial statements.

CITY OF ANDOVER, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

The City of Andover (City) was incorporated in 1957 under the laws of the State of Kansas as a municipal corporation governed under a Mayor-Council form of government consisting of an elected mayor and six council members. The City provides a full range of municipal services to its citizens in the areas of highways and streets, wastewater treatment, public improvement, public safety, planning and zoning, recreation, and general administrative services. As required by generally accepted accounting principles, these financial statements present the City of Andover, Kansas (primary government) and its component units, entities for which the City is considered to be financially accountable. The component unit discussed in the following paragraph is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely presented component unit

The component unit columns in the financial statements include the financial data of the City's component unit, the Andover Public Library (the Library). It is reported in a separate column to emphasize that it is legally separate from the City, however, the governing body of the component unit is appointed by the City Council. The City's component unit is accounted for using the same principles as the governmental fund types of the City.

The Andover Public Library operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs, charges for services and donations from the public. The Library Board does not issue separate audited financial statements.

Blended component units

The Andover Public Building Commission is governed by a seven-member board that shall be the same persons as those persons then serving on the Governing Body of the City of Andover. Although it is legally separate from the City, the Andover Public Building Commission is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The financial activities of the Andover Public Building Commission are reflected in the Andover Public Building Commission special revenue and capital project fund types.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Boards

The Park Board, Health Board, Planning Board and Board of Zoning Appeals are appointive boards that serve in an advisory capacity to the City Council. These advisory boards do not receive appropriations from the City Council. The financial activities related to these boards are reflected in the General and Park Improvement Funds.

Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. *The Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The City's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component unit. Generally, 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 business-type activities, which rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net position presents the financial condition of the City and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund financial statements

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as do the proprietary funds financial statements. Fiduciary funds do not have a measurement focus but they do use the accrual basis of accounting to recognize receivables and payables. 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 are 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 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 property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and report only assets and liabilities. Accordingly, agency funds do not measure results of operations however, they use the accrual basis of accounting to recognize assets and payables.

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for and report all financial resources not accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Street Improvement Fund – The Street Improvement Fund is used to account for and report the local sales tax revenues restricted to construction or improvement of City streets.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by proprietary funds).

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report the City's portion of social security taxes, retirement plan contributions, workers compensation insurance premiums and unemployment insurance contributions applicable to the governmental fund's payroll. Financing is principally provided by taxes.

The City reports the following major proprietary funds:

Water Utility Fund – The Water Utility fund is used to account for the maintenance of the municipal water utility system. The supply, treatment and distribution of water for the City's water utility are provided by the City of Wichita, Kansas, through a twenty-year agreement entered into in 2011. The City of Wichita provides for all billing and collection activities with a surcharge added to provide for City of Andover water system improvements.

Sewer Utility Fund – The Sewer Utility fund is used to account for the operation of the municipal sewer utility including the collection and treatment of wastewater.

Recycling/Trash Utility Fund – The Recycling/Trash Utility fund is used to account for the operation of the recycling and trash service collection of solid waste. A third-party service provider provides the collection and disposal of trash to the City.

The City also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

Agency Funds – The agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The City maintains agency funds for Payroll withholdings and for Municipal Court Appearance Bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for franchise fees and other charges between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Cash and investments

The City invests all idle cash aggregately. Investments are carried at fair value. Cash deposits are reported at a carrying amount that approximates fair value. Investments in external investment pools are valued at fair value representing the same value as the pool shares. For purposes of the statement of cash flows, the Water Utility, Sewer Utility and Recycling/Trash Utility Funds consider all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased to be cash equivalents. Interest income is credited to the investing funds based on their average monthly balances.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes receivable

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. At December 31st such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred inflows of resources on the balance sheets of the appropriate funds.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Sales taxes receivable

The City imposes a 1.75% local sales tax that is collected by the State and remitted to the City on a monthly basis. 1% of the sales tax is committed to street rehabilitation within the City and the additional .75% was approved by the citizenry in April 2015 for Central Park restrooms, a new fire ladder truck and a new street shop building. The .75% tax was imposed beginning October 1, 2015 and sunsets on or before October 1, 2020. In May 2018, the City Council approved the repeal of Ordinance 1590 to repeal the additional .75% sales tax effective October 1, 2018, two years in advance of its established sunset date.

The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end. Such taxes are available to liquidate expenditures of the current period and are accrued as revenues at year-end.

Special assessments receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied for various debt issues over ten, fifteen or twenty

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

year periods and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund and as revenues in the statement of net position. Since they are not considered available spendable resources for the funds statement, the special assessments receivable are reported as deferred inflows of resources in the funds statements.

Other taxes and revenues

Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and, consequently, for revenue recognition purposes, amounts collected and held by the state on behalf of the City at year-end are not due and receivable until the ensuing year.

Current year revenue from federal and state grants receivable has been recognized on the basis of current year expenditures applicable to such grants. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, permits, fines, forfeitures, charges for services and other revenues are generally not susceptible to accrual and are recorded when received in cash.

Utility accounts receivable

The City records water revenues billed to its customers when meters are read on a bimonthly basis. Charges for sewage treatment and solid waste services are billed monthly.

Inventories and prepaid expenses

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenses when purchased. The inventory of consumable supplies is not considered significant to the City's financial statements.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the fund financial statements.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of \$5,000 or greater. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for the City's infrastructure assets include all assets acquired subsequent to January 1, 1980. Donated capital assets are valued at their acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Property, plant and equipment of the primary government and its component unit is depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	50 years
Infrastructure	20 to 30 years
Machinery	4 to 10 years
Sewage treatment plant	50 years
Water and sewer mains	50 years

Amortization of capital leases is included in depreciation expense.

Compensated absences

The City's policy regarding vacation pay permits all regular employees with one year of service to earn 86 hours vacation pay, two to five years of service to earn 118 hours vacation pay, six to ten years of service to earn 142 hours vacation pay, eleven to fifteen years of service to earn 166 hours vacation pay, sixteen to twenty years of service to earn 190 hours vacation pay, twenty-one or more years of service to earn 214 hours vacation pay. Employees may accumulate a maximum of 86 to 214 hours of vacation pay depending on the employee's years of service with the City. Vacation will not accrue more than one hundred fifty percent of what they accrue annually. An employee must work one full year before being eligible for any vacation pay upon resignation. Upon resignation, employees who have vacation hours in excess of the maximum vacation balance, per their years of service, will receive their current rate of pay for hours up to the maximum vacation balance level. Vacation hours in excess of this level will be paid at the rate of pay on December 31, 2019. The City's policy regarding sick leave permits all regular full-time and probationary employees to earn 8 hours of sick leave for every month of service. Sick leave is allowed to accumulate up to a maximum of 480 hours for non-firefighters and 720 for firefighters. After the maximum hours are reached, employees, based on their monthly or hourly salary, will be paid 5/12 of the unused hours over the maximum as of December 31st. Policies require the cancellation of accumulated sick leave upon termination. The

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

liabilities for accrued compensated absences are based on current salary rates and the vested portion of accumulated benefits. The liability for compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements.

A liability for these amounts is reported in the governmental funds statements only if they have matured, for example, as a result of employee termination or retirement.

Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. In the government-wide financial statements, bond premiums and/or discounts are amortized over the life of the bonds.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service fund expenditures.

The present value of net minimum capitalized lease payments is recorded as expenditures in the applicable governmental fund and subsequent lease payments are accounted for as debt service expenditures.

Retirement plans

Substantially all full-time City employees, other than police and fire employees, are members of a single employer defined contribution pension plan administered by AXA Financial, Inc. The City's policy is to fund all pension costs accrued. The police and fire employees of the City are members of the State of Kansas Police and Firemen's Retirement System, which is a cost-sharing multi-employer statewide pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the System's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, generally all of which are located within the environs of the City. This credit is unsecured by the City however, annually the City certifies any unpaid utility billings to the County Clerk for property tax levy against the respective property owners.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk management

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 carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Deferred Inflows of Resources/Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The City has identified changes in the pension liability proportion and differences between expected and actual experience and deferred refunding bond costs as financial items that meet the definition of deferred outflows of resources. The City identified certain items that met the definition of a deferred inflow of resources. These items include property taxes receivable, special assessment taxes receivable, premium received on the sale of general obligation bonds and pension related items of differences between expected and actual experience, differences between projected and actual investment earnings, changes in assumptions and changes in pension liability proportion. These items are classified as deferred inflows of resources and will be recognized in the period that the amounts become available.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and 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, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints placed on their 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.
- Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As prescribed by Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws or regulations.
- Committed – The committed portion of fund balance can only be used for the specific purpose imposed by an ordinance authorized by a majority vote of the City Council. Any changes or removal of specific purposes requires a majority vote by a quorum of the governing body.
- Assigned – The assigned portion of fund balance is that which the City of Andover intends to use for a specific purpose as directed by the City Council. The portion of fund balance that is appropriated by the City Council for next year's budget that is not already restricted or committed is considered assigned. Encumbrances, which can be approved by designated senior staff, are included in assigned fund balance.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose in which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund balance for all major and nonmajor governmental funds as of December 31, 2019 were allocated as follows:

	Major Funds					Non-Major Funds	Total Govern- mental Funds
	General	Street Improvement	Debt Service	Capital Projects	Employee Benefits	Other Govern- mental Funds	
Fund balances							
Restricted for:							
General government –							
Employee benefits	\$ –	\$ –	\$ –	\$ –	\$ 406,523	\$ –	\$ 406,523
Debt service	–	–	2,088,126	–	–	20,335	2,108,461
Street improvements	–	7,888,888	–	–	–	22,091	7,910,979
Recreation for:							
Library	–	–	–	–	–	12,446	12,446
Park improvements	–	–	–	–	–	221,167	221,167
Economic development	–	–	–	–	–	103,575	103,575
Public safety for:							
Emergency 911 equipment	–	–	–	–	–	149,038	149,038
Committed to:							
General government –							
Subsequent year's budget	1,000,029	–	–	–	–	–	1,000,029
Street improvements for:							
Streets	–	–	–	–	–	945,524	945,524
Storm water improvements	–	–	–	–	–	88,723	88,723
Street machinery and bridge building	–	–	–	–	–	172,219	172,219
Parks and recreation improvements	–	–	–	–	–	130,755	130,755
Assigned to:							
Recreation – festivals	–	–	–	–	–	53,685	53,685
Capital outlay for:							
Administration equipment	–	–	–	–	–	712,855	712,855
Technology equipment	–	–	–	–	–	110,531	110,531
Inspection/code enforcement equipment	–	–	–	–	–	52,329	52,329
Police equipment	–	–	–	–	–	185,076	185,076
Fire equipment	–	–	–	–	–	203,097	203,097
Storm water equipment	–	–	–	–	–	54,875	54,875
Unassigned	932,340	–	–	(5,173,156)	–	–	(4,240,816)
Totals	<u>\$ 1,932,369</u>	<u>\$ 7,888,888</u>	<u>\$ 2,088,126</u>	<u>\$ (5,173,156)</u>	<u>\$ 406,523</u>	<u>\$ 3,238,321</u>	<u>\$ 10,381,071</u>

Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary principles

The City is required by State statute to adopt annual budgets for the general fund, special revenue funds (unless exempted by specific statute), debt service funds and enterprise funds on or before August 25 for the ensuing year. Specific special revenue funds exempted from legally adopted budgetary requirements include the Andover Public Building Commission fund. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Controls over spending in funds which are not subject to legal budgets are maintained by the use of internal spending limits established by management. Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to exceed line item budgets however, total fund expenditures cannot exceed the adopted budget of expenditures of individual funds.

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to 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 original budgets for the following funds were amended during 2019:

<u>Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Debt Service	\$ 4,338,107	\$ 7,109,271
Hotel & Tourism	130,000	180,000
Park Impact	40,000	80,000
Park Improvements	192,851	222,851
Recycling/Trash Utility	714,043	724,043

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Applicable Kansas statutes require the use of an encumbrance system as a management control technique to assist in controlling expenditures. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year, except for capital project funds, which are carried forward until such time as the project is completed or terminated. Accordingly, the actual data presented in the budgetary comparison statements include encumbrances and, consequently, can differ from the expenditure data presented in the financial statements prepared in accordance with generally accepted accounting principles. For budget purposes, fund balances are determined by deducting liabilities and encumbrances from cash.

2. DEPOSITS AND INVESTMENTS

Deposits

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Investments

At December 31, 2019 the City had the following investments:

<u>Investment Type</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Standard & Poor's Rating</u>
Municipal Investment Pool – Overnight	\$ 123,174	\$ 123,174	.03	AAAf/S1+

2. DEPOSITS AND INVESTMENTS (continued)

The Kansas State Treasurer under the oversight of the Pooled Money Investment Board manages the Municipal Investment Pool. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. Investments by the State Treasurer of pooled moneys are limited to those investments defined by State statute and each participant's fair value of their position in the pool is the same as their value of the pool shares. The investments with the Kansas Municipal Investment Pool are not subject to pledged security statutes.

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2019, is as follows:

Kansas Municipal Investment Pool	100%
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Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State Statutes and requires deposits to be 100% secured by collateral (pledged securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State Statutes define the allowable pledged securities.

The City and its component unit's cash and investments at December 31, 2019 consisted of demand deposit accounts, money market savings accounts, certificates of deposits and investments in the Kansas State Treasurer's Municipal Investment Pool. At year-end, the carrying amount of the City's deposits was \$35,638,767 with the bank balances of such accounts being \$36,749,299. Of the bank balances, \$251,978 was covered by federal depository insurance and the remaining balance of \$36,497,321 was covered by collateral held by the City's custodial bank in joint custody in the name of the City and its bank. The fair value of those pledged securities held by the City's custodial bank was \$38,059,479 at December 31, 2019.

The City's discretely presented component unit's cash and investments at December 31, 2019 consisted of checking and savings accounts. At year-end, the carrying amount of the City's component unit's deposits were \$522,407 and the bank balances were \$546,617. Of the bank balances, \$450,341 was covered by federal depository insurance and the remaining balance of \$96,276 was covered by collateral held by the City's component unit custodial bank in joint custody in the name of the City's component unit and its bank. The fair value of those pledged securities held by the City's component unit custodial bank was \$358,274 at December 31, 2019.

2. DEPOSITS AND INVESTMENTS (continued)

A reconciliation of cash and investments as reported in the financial statements at December 31, 2019 is as follows:

Cash on hand	\$ 2,765
Carrying amount of deposits – City	35,638,767
Carrying amount of deposits – component unit	522,407
Carrying amount of investments	<u>123,174</u>
Total	<u>\$ 36,287,113</u>
Amounts per statement of net position:	
Cash including investments	\$ 24,364,716
Component unit cash and investments	522,407
Cash held in fiduciary funds	12,863
Restricted cash and investments	<u>11,387,127</u>
Total	<u>\$ 36,287,113</u>

3. CAPITAL ASSETS

A summary of changes in capital assets of the City for the year ended December 31, 2019 is as follows:

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,572,628	\$ –	\$ –	\$ 1,572,628
Construction				
Work in Progress	<u>2,732,796</u>	<u>10,842,186</u>	<u>3,980,276</u>	<u>9,594,706</u>
	<u>4,305,424</u>	<u>10,842,186</u>	<u>3,980,276</u>	<u>11,167,334</u>

3. CAPITAL ASSETS (continued)

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2019</u>
Capital assets being depreciated:				
Buildings	\$ 16,212,665	\$ —	\$ —	\$ 16,212,665
Improvements other than buildings	882,118	—	—	882,118
Infrastructure	72,897,361	4,715,771	—	77,613,132
Machinery and equipment	<u>10,227,989</u>	<u>616,197</u>	<u>—</u>	<u>10,844,186</u>
Total capital assets being depreciated	<u>100,220,133</u>	<u>5,331,968</u>	<u>—</u>	<u>105,552,101</u>
Less accumulated depreciation for:				
Buildings	3,594,567	346,197	—	3,940,764
Improvements other than buildings	583,228	51,040	—	634,268
Infrastructure	35,670,574	3,601,314	—	39,271,888
Machinery and equipment	<u>8,003,180</u>	<u>714,001</u>	<u>—</u>	<u>8,717,181</u>
Total accumulated depreciation	<u>47,851,549</u>	<u>4,712,552</u>	<u>—</u>	<u>52,564,101</u>
Total capital assets being depreciated, net	<u>52,368,584</u>	<u>619,416</u>	<u>—</u>	<u>52,988,000</u>
Governmental activities capital assets, net	<u>\$ 56,674,008</u>	<u>\$ 11,461,602</u>	<u>\$ 3,980,276</u>	<u>\$ 64,155,334</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	<u>\$ 123,946</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 123,946</u>

3. CAPITAL ASSETS (continued)

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Capital assets being depreciated:				
Buildings	\$ 5,613,756	\$ 219,690	\$ —	\$ 5,833,446
Improvements other than buildings	29,685,902	1,224,193	—	30,910,095
Machinery and equipment	<u>1,680,182</u>	<u>473,889</u>	<u>—</u>	<u>2,154,071</u>
Total capital assets being depreciated	<u>36,979,840</u>	<u>1,917,772</u>	<u>—</u>	<u>38,897,612</u>
Less accumulated depreciation for:				
Buildings	2,636,078	112,642	—	2,748,720
Improvements other than buildings	10,206,508	615,032	—	10,821,540
Machinery and equipment	<u>1,040,735</u>	<u>220,610</u>	<u>—</u>	<u>1,261,345</u>
Total accumulated depreciation	<u>13,883,321</u>	<u>948,284</u>	<u>—</u>	<u>14,831,604</u>
Total capital assets being depreciated, net	<u>23,096,519</u>	<u>969,488</u>	<u>—</u>	<u>24,065,008</u>
Business-type activities capital assets, net	<u>\$ 23,220,465</u>	<u>\$ 969,488</u>	<u>\$ —</u>	<u>\$ 24,189,954</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 179,931
Public safety	456,688
Highways and streets (including depreciation of infrastructure assets)	3,755,632
Culture and recreation	<u>320,301</u>

3. CAPITAL ASSETS (continued)

Total depreciation expense – governmental activities	<u>\$ 4,712,552</u>
Business-type activities:	
Water utility	\$ 223,654
Sewer utility	<u>724,630</u>
Total depreciation expense – business-type activities	<u>\$ 948,284</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2019:

	<u>Outstanding January 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding December 31, 2019</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
General obligation bonds	\$30,755,000	\$11,180,000	\$ 5,715,000	\$ 36,220,000	\$ 3,185,000
Andover Public Building Commission revenue bonds	3,545,000	–	1,145,000	2,400,000	280,000
Capital lease obligations	–	–	–	–	–
Compensated absences	949,766	428,544	426,573	951,737	443,434
Net pension liability	4,548,096	801,916	559,037	4,790,975	–
Net premium on bonds	<u>416,027</u>	<u>328,254</u>	<u>80,884</u>	<u>663,397</u>	<u>99,881</u>
Total long-term liabilities – Governmental activities	<u>\$40,213,889</u>	<u>\$12,738,714</u>	<u>\$ 7,926,494</u>	<u>\$ 45,026,109</u>	<u>\$ 4,008,315</u>
<u>Business-type activities</u>					
Compensated absences	<u>\$ 64,313</u>	<u>\$ 30,941</u>	<u>\$ 28,417</u>	<u>\$ 66,837</u>	<u>\$ 29,535</u>

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2039. At December 31, 2019 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding Bonds, Series A 2012	2.00 – 3.00%	\$ 2,045,000
General Obligation Bonds, Series B 2012	2.00 – 2.60%	1,875,000
General Obligation Refunding Bonds, Series A 2013	2.00 – 2.00%	1,680,000
General Obligation Refunding and Improvement Bonds, Series A 2015	2.00 – 3.00%	5,360,000

4. LONG-TERM DEBT (continued)

	<u>Interest rates</u>	<u>Bonds outstanding</u>
Taxable General Obligation Bonds, Series B 2015	.65 – 3.90%	\$ 2,880,000
General Obligation Refunding and Equipment Bonds, Series A 2016	2.00 – 2.50%	7,655,000
General Obligation Bonds, Series A 2017	2.00 – 3.25%	3,545,000
General Obligation Refunding and Improvement Bonds, Series A 2019	2.00 – 4.00%	7,525,000
General Obligation Tax Increment Bonds, Series B 2019	2.00 – 3.00%	<u>3,655,000</u>
		<u>\$ 36,220,000</u>

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,185,000	\$ 870,033	\$ 4,055,033
2021	3,200,000	842,361	4,042,361
2022	3,420,000	766,029	4,186,029
2023	3,235,000	682,719	3,917,719
2024	2,415,000	601,501	3,016,501
2025	2,305,000	540,551	2,845,551
2026	1,955,000	479,391	2,434,391
2027	1,775,000	424,409	2,199,409
2028	1,830,000	371,331	2,201,331
2029	1,865,000	326,110	2,191,110
2030	1,925,000	277,840	2,202,840
2031	1,660,000	224,738	1,884,738
2032	1,180,000	186,463	1,366,463
2033	1,210,000	158,305	1,368,305
2034	1,075,000	128,873	1,203,873
2035	910,000	102,640	1,012,640
2036	930,000	78,835	1,008,835
2037	775,000	53,763	828,763
2038	805,000	34,042	839,042
2039	<u>565,000</u>	<u>13,153</u>	<u>578,153</u>
	<u>\$ 36,220,000</u>	<u>\$ 7,163,087</u>	<u>\$ 43,383,087</u>

4. LONG-TERM DEBT (continued)

Andover Public Building Commission revenue bonds

Andover Public Building Commission revenue bonds payable are serial bonds to be retired through calendar year 2032. At December 31, 2019 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
Public Safety Facility Revenue Bonds, Series C 2004	4.32%	\$ 1,240,000
Park Facilities Revenue Bonds, Series A, 2006	4.25 – 4.50%	10,000
Andover Public Building Commission Revenue Bonds, Series A 2017 (Amphitheater)	3.00 – 4.00%	<u>1,150,000</u>
		<u>\$ 2,400,000</u>

Remaining debt service requirements for the Andover Public Building Commission revenue bonds will be paid by the Andover Public Building Commission from the lease payments from the City, which are provided with future property tax revenues to be levied in the Special Building Fund and other resources available to the City. Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 280,000	\$ 92,556	\$ 372,556
2021	305,000	81,375	386,375
2022	320,000	69,180	389,180
2023	345,000	56,346	401,346
2024	375,000	42,462	417,462
2025	85,000	27,288	112,288
2026	85,000	24,738	109,738
2027	90,000	22,188	112,188
2028	95,000	19,263	114,263
2029	100,000	16,175	116,175
2030	100,000	12,800	112,800
2031	105,000	8,800	113,800
2032	<u>115,000</u>	<u>4,600</u>	<u>119,600</u>
	<u>\$ 2,400,000</u>	<u>\$ 477,771</u>	<u>\$ 2,877,771</u>

4. LONG-TERM DEBT (continued)

Conduit Debt

The City has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the City, they are payable solely from resources provided by leases with third parties on whose behalf they were issued. The total amount of these limited obligation bonds outstanding at December 31, 2019 was \$40,145,064. During 2019, there were new bonds issued of \$11,431,640 and \$639,766 of bonds retired. The bonds do not constitute an indebtedness or pledge of the faith or credit of the City of Andover, and accordingly, are not included as liabilities in the accompanying financial statements.

Bond Refunding

In November, 2019, the City entered into a refunding transaction whereby it issued General Obligation Refunding and Improvement Bonds, Series A, 2019, with interest rates from 2.00% to 4.00%, to currently refund \$2,710,000 of outstanding General Obligation Bonds, Series B 2013 with interest rates from 2.50% to 4.20%. Proceeds from the Series A 2019 Refunding Bonds, including the premium received thereon, in the amount of \$2,721,802 were paid to the City's paying agent, the Kansas State Treasurer, to provide for the principal amount and interest to the call date, November 15, 2019.

The City entered into the refunding transaction to reduce its total debt service payments over the next fifteen years by \$412,712 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$353,640.

Tax Increment Financing District

In December, 2019 the City established a tax increment financing district to support economic development activities and issued General Obligation Tax Increment Bonds, Series B in the amount of \$3,655,000.

Projects financed through tax increment financing involve the creation of an "increment" in real estate property taxes. The increment is the amount of property taxes paid on the increase in assessed valuation of property in the redevelopment district over the property taxes paid in the redevelopment district before redevelopment occurs. When the aggregate tax rates of all tax jurisdictions are applied to the increased property valuation in the redevelopment district, tax increment is generated and paid to the City to fund and pay over time certain costs of the development project. The property taxes attributable to the assessed value of the district before redevelopment (the "base valuation"), are distributed to all taxing jurisdictions just before development of the redevelopment district.

4. LONG-TERM DEBT (continued)

The redevelopment project consists of the necessary infrastructure and site improvements to permit a full scale residential and mixed-use development anticipated to include 190 single family residences and approximately over 340,000 square feet of retail/commercial space with large and small scale retail, restaurants and complimentary uses. The project includes street, drainage, sewer, water and park improvements to be developed in three phases.

Kansas statutes governing tax increment financing allow such financing to be used for property acquisition, site preparation, utilities, drainage, street improvements, landscape amenities, public outdoor spaces, streetscape amenities and parking facilities in a redevelopment district. The tax increment financing will be used to pay a portion of these costs related to the proposed project and 100% of the tax increment attributable to the redevelopment was pledged to finance such costs for a period not exceeding 20 years as provided by law.

Compensated Absences

The governmental funds portion of outstanding compensated absence liabilities is principally liquidated from resources of the General Fund.

Net Pension Liability

The liability for pension-related debt has typically been liquidated from the City's General Fund.

5. TEMPORARY NOTES

Kansas statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds or paid through other resources available to the City. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2019, there were new temporary notes issued of \$3,840,000 and \$3,550,000 temporary notes retired by the City.

During 2019, the temporary note activity for the various capital improvement projects were as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 8,715,000	\$3,840,000	\$ 3,550,000	\$9,005,000

6. SEWAGE TREATMENT RESERVES

Sewage treatment expansion reserve

The City Council has, by ordinance, established a sewer connection surcharge at a fixed amount (currently \$1,500 for inside City residents). The funds collected from this surcharge are restricted for either: (a) the future expansion of the sewage treatment plant or (b) at the discretion of the governing body may be used to reduce the general tax levy in the debt service fund which is levied to fund past sewer expansion costs.

Sewage equipment reserve

Applicable state statutes permit the governing body to legally restrict a portion of operating revenue to be used for future acquisition of equipment. Net position has been reserved for the portion of assets legally restricted for future equipment acquisitions.

7. CAPITAL PROJECT AUTHORIZATIONS

At December 31, 2019, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

	Project authorizations	Expenditures project inception to December 31, 2019
Prairie Pointe @ Cornerstone Project	\$ 727,000	\$ 613,637
Cornerstone 8 th Addition Project	1,514,569	584,551
Prairie Creek 2 nd Addition Project	1,505,000	1,379,814
Prairie Creek 3 rd Addition Project	1,813,000	1,130,630
Prairie Creek 4 th Addition Project	923,431	366,667
Prairie Creek 5 ^h Addition Project	1,079,000	504,294
Yorktown Paving Project	9,503,302	4,504,258
Heormann/Lafayette Project	950,000	883,764
159 th Street Paving	2,438,972	2,438,972
Green Valley Greens 12 th	354,000	277,211
Terradyne 3 rd	92,785	85,569
USD #385- Meadowlark	701,000	259,747
Flint Hills 6 th	722,000	556,829
Heritage 1 st Addition	2,032,000	103,092

8. PENSION PLANS

Simplified Employee Pension Plan

All full-time employees, except for police and fire employees, participate in the City's Simplified Employee Pension Plan ("Plan"), a single-employer defined contribution retirement plan. The payroll for employees covered by the Plan was \$3,575,616 and the City's total payroll was \$5,131,651 for the year ended December 31, 2019. All full-time employees are eligible to participate in the Plan after six months of continuous employment. Benefits are fully vested upon eligibility to participate in the Plan. The employer's contribution as required by the Plan document, for 2019 was based upon 6% of gross compensation and was \$214,537. Employees are not required to make contributions to the Plan but are allowed to make elective contributions, however, the tax deferral of such contributions is dependent upon each individual's situation. The City matches the employee's elective contributions up to a maximum of 3%. During 2019, the employees elective contributions made through payroll deductions were \$114,919. All contributions are paid directly to the Plan Administrator, AXA Financial, Inc., in the name of the individual employees and the accounts are 100% vested at the time of contribution. The City retains no ownership rights to the accounts and, accordingly, the account balances are not included within the financial statements of the City. The City holds no investments of the Plan or any of its related parties. The City Council may amend or discontinue the Plan at any time. There were no changes to the Plan provisions during 2019.

Kansas Police and Firemen's Retirement System Pension Plan

Plan Description

The City began contributing to the Kansas Police and Firemen's Retirement System (KP&F) effective January 1, 2007. KP&F is a cost-sharing multiple-employer defined benefit pension plan. The Pension Plan is 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. 74-4901 *et. seq.*:

Public employees, which includes:

- State/School employees
- Local employees

Police and Firemen

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 Police and Firemen group.

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERS website at www.kpers.org.

8. PENSION PLANS (continued)

Benefits Provided

KP&F provides retirement benefits, life insurance, disability income benefits and death benefits. Benefits are established by statute and may only be changed by the Legislature.

Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retire is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen's 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).

Monthly retirement benefits are based on 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. 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 1.2% of total payroll for the fiscal year ended June 30, 2019.

8. PENSION PLANS (continued)

The actuarially determined employer contribution rates and the statutory contribution rates for KP&F employees are 22.13%. Member contribution rates as a percentage of eligible compensation for the fiscal year 2019 are 7.15% for KP&F employees.

Employer and Nonemployer Allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially 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 Firemen
- 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 as of June 30, 2019 are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service excess benefits and irregular payments. At June 30, 2019, the City's proportion was 0.472141%, which was an increase of 0.000614% from its proportion measured at June 30, 2018.

Receivables

In addition to statutorily determined contractually required contributions, certain agencies also make payment through an additional component of their required employer contribution rate or annual installment payments. Both options include interest at 8 percent per year, for the cost of service credited and granted retroactively when the agency initially joined the Retirement System. As of June 30, 2019, the outstanding balance was \$4,196,871. These payments are due over various time periods up through December 31, 2032.

The 2016 Legislature passed Senate Bill 161 authorizing the delay of \$64.1 million in fiscal year 2017 contributions. Repayment is scheduled to be made in a series of twenty annual payments of \$6.4 million, which began in fiscal year 2018. Senate Sub for HB 2002 authorized the delay of \$194 million in fiscal year 2019 school contributions. Repayment is scheduled to be made in a series of twenty annual payments of \$19.4 million beginning in fiscal year 2020. These amounts have been set up as receivables, the balance at June 30, 2019 was 255,304,367.

8. PENSION PLANS (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2019 the City reported a liability of \$4,790,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2019, the City recognized pension expense of \$983,560. At December 31, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to the measurement date	\$ 277,780	\$ —
Differences between expected and actual experience	269,963	8,857
Net difference between projected and actual earnings on pension plan investments	96,182	—
Changes in assumptions	169,279	5,291
Changes in proportion	<u>286,848</u>	<u>—</u>
Total	<u>\$ 1,100,052</u>	<u>\$ 14,148</u>

The City reported \$277,780 as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 375,566
2021	184,389
2022	171,609
2023	74,437
2024	2,123
Thereafter	—

8. PENSION PLANS (continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75 percent
Salary Increase	3.50 percent to 12.00 percent, including price inflation
Investment Rate of Return	7.75 percent compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP 2014 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 Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 to 3.50 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

The long-term expected rate of return on 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major assets class as of the most recent experience study, dated November 18, 2016, as proved by KPERS' investment consultant, are summarized in the following table:

8. PENSION PLANS (continued)

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.85%
Fixed Income	13.00	1.25
Yield Driven	8.00	6.55
Real Return	11.00	1.71
Real Estate	11.00	5.05
Alternatives	8.00	9.85
Short-Term Investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for fiscal year 2019 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for fiscal year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates of the State/School group to 10.91 percent for fiscal year 2016 and 10.81 percent for fiscal year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 (BS 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the payment provisions included in SB 161.

In addition, 2017 Senate Substitute For Substitute HB 2052 delayed \$64.1 million in Fiscal Year 2017 State/School contributions to be repaid 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 2019, and appropriations for fiscal year 2019 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 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 long-term receivables by the Pension Plan. The 2019 Legislature passed House Substitute for Senate Bill 109, which directed on-behalf payments of \$56 million and \$82 million be

8. PENSION PLANS (continued)

made to the system. The \$56 million payment was received by the system on June 30, 2018, and recorded as fiscal year 2018 contributions. The \$82 million was received July 1, 2019, and was recorded as fiscal year 2019 contributions. The 2019 legislative session passed Senate bill 9 which authorized a transfer of \$115 million to KPERS, received in march 2019.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11 and 12 percent. 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.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Pension Plan as of June 30, 2019 calculated using the discount rate of 7.75%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	June 30, 2019		
	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
Amount due within one year	\$6,781,232	\$4,778,636	\$3,102,080

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

9. INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. A summary of interfund transfers by individual fund is as follows:

9. INTERFUND TRANSFERS (continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 277,500	\$ 1,377,000
Street Improvement	–	37,970
Debt Service	99,273	–
Capital Project	60,000	–
Sewer Utility	<u>–</u>	<u>311,303</u>
	<u>436,773</u>	<u>1,726,273</u>
Nonmajor Funds:		
Special Building	1,019,851	–
Park improvement	–	152,851
Storm Water Utility	–	10,000
Hotel and Tourism	–	27,500
Street Machinery and Bridge Building	–	–
Capital Equipment Reserve	<u>460,000</u>	<u>–</u>
	<u>1,479,851</u>	<u>190,351</u>
Total transfers	<u>\$ 1,916,624</u>	<u>\$ 1,916,624</u>

Transfers from the General Fund to Capital Equipment Reserve Fund in the amount of \$510,000, related to improvement and equipment replacement reserves. In addition, the Storm Water Utility Fund transferred \$10,000 to the Capital Equipment Reserve Fund to fund future equipment.

The General Fund received a nonroutine transfer of \$250,000 from the Sewer Utility Fund to defray administrative expenses. In addition, the General Fund received nonroutine transfers from the Hotel and Tourism Fund in the amount of \$27,500 for administrative expense charges.

The Special Building Fund received \$1,019,851 of routine transfers from the General Fund and Park Improvement Fund to assist in the lease payments from the City to the Public Building Commission.

The Debt Service Fund received non-routine transfers from Street Improvement Fund and Sewer Utility Fund in the amounts of \$37,970 and \$61,303, respectively, to forestall the need for a property tax increase in the Debt Service Fund.

10. BUDGETARY DATA

As described in Note 1, the actual data presented in the budgetary comparison statements differ from the data presented in accordance with generally accepted accounting principles (GAAP). The following reconciliation's are presented to provide a correlation between the different basis of reporting for budgeted governmental fund types:

	General Fund	Street Improve- ment Fund	Employee Benefits Fund	Debt Service Fund	Other Non-major Governmental Funds
GAAP fund balances at December 31, 2019	\$ 1,932,369	\$ 7,888,888	\$ 406,523	\$ 2,088,126	\$ 3,238,321
Adjustments:					
Reserved for encumbrances (budgeted funds only)	(105,445)	(200,000)	-	-	(2,350)
Accrued sales tax revenues	-	(177,077)	-	-	-
Accrued franchise fee revenues	(121,901)	-	-	-	-
Accrued accounts receivable	-	-	-	-	(42,036)
Fund balances of funds not subject to Kansas budget law	-	-	-	-	(1,580,331)
Budgetary fund balances at December 31, 2019	<u>\$ 1,705,023</u>	<u>\$ 751,811</u>	<u>\$ 406,523</u>	<u>\$ 2,088,126</u>	<u>\$ 1,613,604</u>

11. FUND DEFICITS

At December 31, 2019, the Capital Projects Fund had incurred a fund deficit in the amount of \$5,173,156. This fund deficit will be financed through the sale of bonds authorized by the City Council, not yet sold at December 31, 2019, or through other revenue sources available to the City.

12. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, has not been quantified in these financial statements and City management believes the effect on the City's financial statements is not significant. The City provides no other postemployment benefits, other than retirement plans, to former employees of the City.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

13. TAX ABATEMENTS

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements. The City operates two economic development programs that qualify as tax abatements under GASB No. 77. Those programs are summarized as follows.

Neighborhood Revitalization Programs Property Tax Abatements

The City approves property tax abatements in accordance with K.S.A. 79-201a Second and Twenty-Fourth and K.S.A. 12-1740 to 12-1749d, inclusive. The City has two separate Neighborhood Revitalization Plan (NRP) incentive programs which were established January 1, 2010 (revised May 8, 2012), expiring December 31, 2013, and August 11, 2015, expiring December 31, 2018. The first NRP program requires that the construction or improvements for residential properties be at least \$5,000 based upon building permit value. Valuation increases above \$400,000 will not be eligible under the program.

Commercial/industrial construction or improvements must be at least \$10,000 based on permit value. Valuation increases above \$800,000 will not be eligible under the program. Properties within the designated area within the City of Andover are eligible. Upon timely payment in full of all real estate tax and special assessments for the property, a rebate of the taxes related to the valuation improvement (less a 5% administrative fee retained by Butler County, Kansas) will be made to the property owner within 45 days of the due date of taxes. Butler County issues the rebate checks directly to the individual taxpayers. The rebate period is 10 years for rehabilitations, alterations or additions and 5 years for new construction on a vacant lot. The rebate amount is 95% of the tax corresponding to the increase in appraised value resulting from the specific improvements identified on the application on rehabilitations, alterations, or additions to residential or commercial properties and new residential and commercial projects. All taxing subdivisions overlapping the City of Andover participate in this NRP program.

The second NRP program requires that the construction or improvements for residential properties be at least \$25,000 based upon building permit value. Commercial/industrial construction or improvements must be at least \$50,000 based on permit value. Properties within the designated area within the City of Andover are eligible. Upon timely payment in full of all real estate tax and special assessments for the property, a rebate of the taxes related to the valuation improvement (less a 5% administrative fee retained by Butler County, Kansas) will be made to the property owner within 45 days of the due date of taxes. Butler County issues the rebate checks directly to the individual taxpayers. The rebate period is 5 years for rehabilitations, alterations or additions and 5 years for new construction on a vacant lot. The rebate amount is 45% of the property tax corresponding to the increase in appraised value resulting from new construction as identified on the application. The rebate amount is 95% of the property tax corresponding to the increase in appraised value resulting from rehabilitation/repair as identified in the application. All taxing subdivisions overlapping the City of Andover participate in this NRP program with the exception of Unified School District No. 385.

13. TAX ABATEMENTS (continued)

The property taxes rebated under the NRP programs during 2019 totaled \$133,672.

Industrial Revenue Bond (IRB) Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with seven entities as of December 31, 2019. The City expects property tax abatements to help achieve some or all of the following objectives:

- Retention and/or expansion of existing businesses located in the City;
- Diversification of the local economy;
- Positive net impact on the City or a particular areas of the City where economic assistance is needed;
- Enhance the City's economic climate and increase/maintain the City's job market;
- Increase the property tax base of commercial properties to further support the cost of City services;
- Enhance the City's credit worthiness by broadening the tax base;
- Promote the completion of existing City business park and encourage development of new business enterprises.

The City has granted tax abatements ranging from 0% to 100% of property taxes for a maximum period of 10 years.

For the year ended December 31, 2019, the total property taxes abated under the City's IRB agreements were approximately \$1,293,850 with the City's portion of that total being \$322,647.

14. COMMITMENTS AND CONTINGENCIES

The City has certain projects for the construction of streets, water lines, sewer lines and storm drainage improvements related to new housing developments and other improvement projects. These improvement projects are included within the Capital Project fund types in the City's financial statements. At December 31, 2019, the City had outstanding construction and engineering commitments related to these projects in the amount of \$2,512,192. Funding for the improvement projects will be provided from long-term debt sources, reimbursements from the local developers and other resources available to the City.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 25, 2020, the date on which the financial statements were available to be issued.

The COVID-19 coronavirus pandemic has created economic uncertainties that may negatively impact the City's financial position. The ultimate impact of the ongoing pandemic on the City's financial position is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANDOVER, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
KANSAS POLICE AND FIREMEN'S RETIREMENT PENSION PLAN

Schedule of City's Proportionate Share of the Net Pension Liability
Last Five Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportionate percentage of the net pension liability	.472141%	.471527%	.438006%	.417055%	.408608%
City's proportionate share of the net pension liability	\$4,778,636	\$4,537,041	\$4,109,163	\$3,873,455	\$2,966,975
City's covered payroll	\$2,656,341	\$2,334,913	\$2,268,789	\$2,028,512	\$1,860,078
City's proportionate share of the net pension liability as a percentage of its covered payroll	55.59%	51.46%	55.23%	52.37%	62.69%
Plan fiduciary net position as a percentage of the total pension liability	71.22%	71.53%	70.99%	69.30%	74.60%

Schedule of City's Contributions
Last Five Years *

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 559,036	\$ 501,762	\$ 440,788	\$ 418,402	\$ 402,811
Contributions in relation to the contractually required contribution	<u>(559,036)</u>	<u>(501,762)</u>	<u>(440,788)</u>	<u>(418,402)</u>	<u>(402,811)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered payroll	\$2,526,148	\$2,497,569	\$2,316,279	\$ 2,048,982	\$ 1,885,819
Contributions as a percentage of covered payroll	22.13%	20.09%	19.03%	20.42%	21.36%

* — Data became available with the inception of GASB Statement No. 68 during fiscal year 2014, therefore 10 years of data is unavailable.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources that are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Special Highway - to account for street maintenance operations. Financing is provided through motor fuel taxes distributed from the State of Kansas special City and County highway fund.

Library - to account for the City's tax levy funding of the operation of the municipal library. Financing is provided by a specific tax levy.

Hotel and Tourism - to account for the administration of the Transient Guest Tax. All moneys are to be expended for convention and tourism promotion per applicable State statutes.

Park Improvement - to account for the resources received for park improvement activities. Financing is principally provided by fireworks permits and alcohol tax.

Emergency 911 - to account for telephone tax revenue and other financing sources used to purchase and maintain emergency communication equipment and systems.

Street Impact Fee - to account for the assessments on new home construction for use in construction or improvement of arterial streets.

Special Building - to account for and report the lease payments for public service, public safety and park facilities. Financing is provided by a specific property tax levy.

Park Impact Fee – to account for the assessments on new home construction for use in construction and maintenance of the City's park system.

Storm Water Utility – to account for resources made available for repair and improvement to the City's storm water system.

Festivals – to account for resources from local donations and fund raising efforts for the promotion and operation of the annual "Greater Andover Days" festival.

Andover Public Building Commission - the Andover Public Building Commission is a component unit of the City is to account for the acquisition and subsequent debt service of public buildings used by the City. Financing is provided through lease payments received from the City.

NONMAJOR CAPITAL PROJECT FUNDS

The primary purpose of the capital project funds is to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except for those financed by proprietary funds. The following nonmajor Capital Project Funds are reported:

Highway Improvement - to account for street improvement and maintenance operations. Financing is provided by transfers from the special highway fund at the discretion of the City Council, with certain limitations as provided in applicable state statutes.

Street Machinery and Bridge Building - to account for acquisitions of street building machinery and equipment. Financing is provided for by transfers from the special highway fund at the discretion of the City Council with certain limitations as provided in applicable state statutes.

Capital Equipment Reserve - to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source that may be lawfully utilized for such purposes.

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

	Special Revenue Funds	Capital Project Funds	Total
<u>ASSETS</u>			
Cash including short-term investments	\$ 1,621,379	\$ 1,581,332	\$ 3,202,711
Property taxes receivable	699,714	–	699,714
Accounts receivable	56,113	–	56,113
Total	<u>\$ 2,377,206</u>	<u>\$ 1,581,332</u>	<u>\$ 3,958,538</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accrued wages payable	\$ 1,442	\$ –	\$ 1,442
Accounts payable	18,061	1,000	19,061
Total liabilities	<u>19,503</u>	<u>1,000</u>	<u>20,503</u>
Deferred inflows of resources:			
Property taxes receivable	699,714	–	699,714
Fund Balances:			
Restricted:			
General government	–	–	–
Debt service	20,335	–	20,335
Street improvements	22,091	–	22,091
Recreation	233,613	–	233,613
Economic development	103,575	–	103,575
Public safety	149,038	–	149,038
Committed:			
Street improvements	944,897	261,569	1,206,466
Parks and recreation	130,755	–	130,755
Assigned:			
Recreation	53,685	–	53,685
Capital outlay	–	1,318,763	1,318,763
Total fund balances	<u>1,657,989</u>	<u>1,580,332</u>	<u>3,238,321</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,377,206</u>	<u>\$ 1,581,332</u>	<u>\$ 3,958,538</u>

CITY OF ANDOVER, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2019

	Special Revenue Funds	Capital Projects Fund	Total
Revenues:			
Taxes	\$ 863,889	\$ -	\$ 863,889
Intergovernmental	554,886	-	554,886
Licenses, fees and permits	273,385	-	273,385
Charges for services	230,603	-	230,603
Use of money and property	1,307,138	26,299	1,333,437
Miscellaneous	296,640	42,169	338,809
Total revenues	<u>3,526,541</u>	<u>68,468</u>	<u>3,595,009</u>
Expenditures:			
Current:			
General government	-	-	-
Public Safety	329,404	-	329,404
Highways and streets	802,220	-	802,220
Culture and recreation	1,833,996	-	1,833,996
Economic development	107,448	-	107,448
Capital improvements	-	280,315	280,315
Debt service:			
Principal	1,145,000	-	1,145,000
Interest and fiscal charges	121,410	-	121,410
Total expenditures	<u>4,339,478</u>	<u>280,315</u>	<u>4,619,793</u>
Revenues over (under) expenditures	<u>(812,937)</u>	<u>(211,847)</u>	<u>(1,024,784)</u>
Other financing sources (uses):			
Transfers in	1,079,851	460,000	1,539,851
Transfers out	<u>(190,351)</u>	<u>-</u>	<u>(190,351)</u>
Total other financing sources (uses)	<u>889,500</u>	<u>460,000</u>	<u>1,349,500</u>
Net change in fund balances	76,563	248,153	324,716
Fund balances, beginning of year	<u>1,581,426</u>	<u>1,332,179</u>	<u>2,913,605</u>
Fund balances, end of year	<u><u>\$ 1,657,989</u></u>	<u><u>\$ 1,580,332</u></u>	<u><u>\$ 3,238,321</u></u>

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS

December 31, 2019

	Special Highway	Library	Hotel and Tourism	Park Improvement	Emergency 911	Street Impact Fee	Special Building	Park Impact Fee	Storm Water Utility	Festivals	Andover Public Building Commission	Total Nonmajor Special Revenue Funds
ASSETS												
Cash and short-term investments	\$ 471,792	\$ 12,446	\$ 66,573	\$ 221,167	\$ 145,087	\$ 418,118	\$ 20,335	\$ 130,755	\$ 81,400	\$ 53,706	\$ –	\$ 1,621,379
Accounts receivable	–	–	37,402	–	4,633	–	–	–	14,078	–	–	56,113
Property taxes receivable	–	471,263	–	–	–	–	228,451	–	–	–	–	699,714
Total assets	<u>\$ 471,792</u>	<u>\$ 483,709</u>	<u>\$ 103,975</u>	<u>\$ 221,167</u>	<u>\$ 149,720</u>	<u>\$ 418,118</u>	<u>\$ 248,786</u>	<u>\$ 130,755</u>	<u>\$ 95,478</u>	<u>\$ 53,706</u>	<u>\$ –</u>	<u>\$ 2,377,206</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES												
Liabilities:												
Accrued wages payable	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 1,442	\$ –	\$ –	\$ 1,442
Accounts payable	11,645	–	400	–	682	–	–	–	5,313	21	–	18,061
Total liabilities	<u>11,645</u>	<u>–</u>	<u>400</u>	<u>–</u>	<u>682</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,755</u>	<u>21</u>	<u>–</u>	<u>19,503</u>
Deferred inflows of resources:												
Property taxes receivable	–	471,263	–	–	–	–	228,451	–	–	–	–	699,714
Fund balances:												
Restricted:												
General government	–	–	–	–	–	–	–	–	–	–	–	–
Debt service	–	–	–	–	–	–	20,335	–	–	–	–	20,335
Street improvements	22,091	–	–	–	–	–	–	–	–	–	–	22,091
Recreation	–	12,446	–	221,167	–	–	–	–	–	–	–	233,613
Economic development	–	–	103,575	–	–	–	–	–	–	–	–	103,575
Public safety	–	–	–	–	149,038	–	–	–	–	–	–	149,038
Committed:												
Street improvements	438,056	–	–	–	–	418,118	–	–	88,723	–	–	944,897
Parks and recreation	–	–	–	–	–	–	–	130,755	–	–	–	130,755
Assigned:												
Recreation	–	–	–	–	–	–	–	–	–	53,685	–	53,685
Total fund balances	<u>460,147</u>	<u>12,446</u>	<u>103,575</u>	<u>221,167</u>	<u>149,038</u>	<u>418,118</u>	<u>20,335</u>	<u>130,755</u>	<u>88,723</u>	<u>53,685</u>	<u>–</u>	<u>1,657,989</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 471,792</u>	<u>\$ 483,709</u>	<u>\$ 103,975</u>	<u>\$ 221,167</u>	<u>\$ 149,720</u>	<u>\$ 418,118</u>	<u>\$ 248,786</u>	<u>\$ 130,755</u>	<u>\$ 95,478</u>	<u>\$ 53,706</u>	<u>\$ –</u>	<u>\$ 2,377,206</u>

CITY OF ANDOVER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

Year ended December 31, 2019

	Special Highway	Library	Hotel and Tourism	Park Improvement	Emergency 911	Street Impact Fee	Special Building	Park Impact	Storm Water	Festivals	Andover Public Building Commision	Total Nonmajor Special Revenue Funds
Revenues:												
Taxes	\$ -	\$ 500,274	\$ -	\$ 68,901	\$ 55,397	\$ -	\$ 239,317	\$ -	\$ -	\$ -	\$ -	\$ 863,889
Intergovernmental	416,009	-	138,877	-	-	-	-	-	-	-	-	554,886
Licenses and permits	-	-	-	60,000	-	120,235	-	93,150	-	-	-	273,385
Charges for services	2,031	-	-	-	-	-	-	-	118,588	109,984	-	230,603
Use of money and property	10,225	585	2,193	3,554	2,761	9,810	5,894	3,198	1,671	837	1,266,410	1,307,138
Miscellaneous	-	-	-	70,049	-	-	-	-	28	226,563	-	296,640
Total Revenues	428,265	500,859	141,070	202,504	58,158	130,045	245,211	96,348	120,287	337,384	1,266,410	3,526,541
Expenditure:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	46,504	-	282,900	-	-	-	-	329,404
Highways and streets	452,111	-	-	-	-	-	246,560	-	103,549	-	-	802,220
Culture and recreation	-	502,000	-	-	-	141,508	736,950	70,151	-	383,387	-	1,833,996
Economic development	-	-	107,448	-	-	-	-	-	-	-	-	107,448
Debt service	-	-	-	-	-	-	-	-	-	-	1,266,410	1,266,410
Total expenditures	452,111	502,000	107,448	-	46,504	141,508	1,266,410	70,151	103,549	383,387	1,266,410	4,339,478
Revenues over (under) expenditures	(23,846)	(1,141)	33,622	202,504	11,654	(11,463)	(1,021,199)	26,197	16,738	(46,003)	-	(812,937)
Other Financing Sources												
Transfers in	-	-	-	60,000	-	-	1,019,851	-	-	-	-	1,079,851
Transfers out	-	-	(27,500)	(152,851)	-	-	-	-	(10,000)	-	-	(190,351)
Total other financing sources (uses)	-	-	(27,500)	(92,851)	-	-	1,019,851	-	(10,000)	-	-	889,500
Net change in fund balances	(23,846)	(1,141)	6,122	109,653	11,654	(11,463)	(1,348)	26,197	6,738	(46,003)	-	76,563
Fund balances, beginning of year	483,993	13,587	97,453	111,514	137,384	429,581	21,683	104,558	81,985	99,688	-	1,581,426
Fund balances, end of year	\$ 460,147	\$ 12,446	\$ 103,575	\$ 221,167	\$ 149,038	\$ 418,118	\$ 20,335	\$ 130,755	\$ 88,723	\$ 53,685	\$ -	\$ 1,657,989

CITY OF ANDOVER, KANSAS

SPECIAL HIGHWAY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 405,180	\$ 405,180	\$ 418,040	\$ 12,860
Use of money and property	3,000	3,000	10,225	7,225
Total revenues	408,180	408,180	428,265	20,085
Expenditures and other uses:				
Personal services	55,600	55,600	55,600	-
Contractual services	71,025	71,025	69,947	1,078
Commodities	222,925	222,925	208,835	14,090
Capital Outlay	87,500	87,500	117,663	(30,163)
Transfers	15,000	15,000	-	15,000
Total expenditures and other uses	452,050	452,050	452,045	5
Revenues over (under) expenditures and other uses	(43,870)	(43,870)	(23,780)	20,090
Fund balance ,beginning of year	419,071	419,071	481,927	62,856
Fund balance, end of year	\$ 375,201	\$ 375,201	\$ 458,147	\$ 82,946

CITY OF ANDOVER, KANSAS

LIBRARY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 499,240	\$ 499,240	\$ 500,274	\$ 1,034
Use of money and property	<u>—</u>	<u>—</u>	<u>585</u>	<u>585</u>
Total revenues	499,240	499,240	500,859	1,619
Expenditures and other uses:				
Appropriations to Library Board	<u>512,266</u>	<u>512,266</u>	<u>502,000</u>	<u>10,266</u>
Total expenditures	<u>512,266</u>	<u>512,266</u>	<u>502,000</u>	<u>10,266</u>
Revenues over (under) expenditures and other uses	(13,026)	(13,026)	(1,141)	11,885
Fund balance ,beginning of year	<u>13,026</u>	<u>13,026</u>	<u>13,587</u>	<u>561</u>
Fund balance, end of year	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 12,446</u></u>	<u><u>\$ 12,446</u></u>

CITY OF ANDOVER, KANSAS

HOTEL AND TOURISM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Motel tax	\$ 110,000	\$ 145,700	\$ 145,736	\$ 36
Amphitheater Sponsorship	—	—	—	—
Use of money and property	—	2,000	2,193	193
Concert Proceeds/Donations	—	—	—	—
Total revenues	110,000	147,700	147,929	229
Expenditures:				
Contractual services	100,000	70,000	107,394	(37,394)
Commodities	—	—	54	(54)
Transfers Out	30,000	110,000	27,500	82,500
Total expenditures	130,000	180,000	134,948	45,052
Revenues over (under) expenditures	(20,000)	(32,300)	12,981	45,281
Fund balance ,beginning of year	176,682	53,192	53,192	—
Fund balance, end of year	\$ 156,682	\$ 20,892	\$ 66,173	\$ 45,281

CITY OF ANDOVER, KANSAS

PARK IMPROVEMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Liquor tax	\$ 64,274	\$ 64,274	\$ 68,901	\$ 4,627
Licenses, permits and fees	37,500	60,000	60,000	–
Use of money and property	67,281	67,281	73,602	6,321
Transfers In	–	–	60,000	60,000
Total revenues	169,055	191,555	262,503	70,948
Expenditures:				
Capital outlay	40,000	40,000	–	40,000
Commodities	–	30,000	–	30,000
Debt service	152,851	152,851	–	152,851
Transfers out	–	–	152,851	(152,851)
Total expenditures	192,851	222,851	152,851	70,000
Revenues over (under)				
expenditures	(23,796)	(31,296)	109,652	140,948
Fund balance ,beginning of year	109,133	111,514	111,514	–
Fund balance, end of year	\$ 85,337	\$ 80,218	\$ 221,166	\$ 140,948

CITY OF ANDOVER, KANSAS

EMERGENCY 911 FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Telephone tax	\$ 55,000	\$ 55,000	\$ 55,351	\$ 351
Use of money and property	500	500	2,761	2,261
Total revenues	55,500	55,500	58,112	2,612
Expenditures:				
Contractual services	87,200	87,200	46,504	40,696
Capital outlay	40,000	40,000	—	40,000
Total expenditures	127,200	127,200	46,504	80,696
Revenues over (under)				
expenditures	(71,700)	(71,700)	11,608	83,308
Fund balance ,beginning of year	110,392	110,392	132,797	22,405
Fund balance, end of year	\$ 38,692	\$ 38,692	\$ 144,405	\$ 105,713

CITY OF ANDOVER, KANSAS

STREET IMPACT FEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ 43,250	\$ 43,250	\$ 120,235	\$ 76,985
Use of money and property	<u>–</u>	<u>–</u>	<u>9,810</u>	<u>9,810</u>
Total revenues	43,250	43,250	130,045	86,795
Expenditures:				
Capital outlay	<u>180,000</u>	<u>180,000</u>	<u>141,508</u>	<u>38,492</u>
Revenues over (under)				
expenditures	(136,750)	(136,750)	(11,463)	125,287
Fund balance ,beginning of year	<u>470,202</u>	<u>470,202</u>	<u>429,581</u>	<u>(40,621)</u>
Fund balance, end of year	<u>\$ 333,452</u>	<u>\$ 333,452</u>	<u>\$ 418,118</u>	<u>\$ 84,666</u>

CITY OF ANDOVER, KANSAS

SPECIAL BUILDING FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Property taxes	\$ 239,274	\$ 239,274	\$ 239,317	\$ 43
Use of money and property	250	250	5,894	5,644
Transfers in	<u>1,019,851</u>	<u>1,019,851</u>	<u>1,019,851</u>	<u>–</u>
 Total revenues and other sources	 1,259,375	 1,259,375	 1,265,062	 5,687
 Expenditures and other uses:				
Appropriation to Andover Public Building Commission	 <u>1,271,328</u>	 <u>1,271,328</u>	 <u>1,266,410</u>	 <u>4,918</u>
 Revenues and other sources over (under) expenditures and other uses	 (11,953)	 (11,953)	 (1,348)	 10,605
Fund balance ,beginning of year	<u>16,953</u>	<u>16,953</u>	<u>21,684</u>	<u>4,731</u>
 Fund balance, end of year	 <u><u>\$ 5,000</u></u>	 <u><u>\$ 5,000</u></u>	 <u><u>\$ 20,336</u></u>	 <u><u>\$ 15,336</u></u>

CITY OF ANDOVER, KANSAS

PARK IMPACT FEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 33,750	\$ 85,000	\$ 93,150	\$ 8,150
Use of money and property	<u>500</u>	<u>500</u>	<u>3,198</u>	<u>2,698</u>
Total revenues	<u>34,250</u>	<u>85,500</u>	<u>96,348</u>	<u>10,848</u>
Expenditures:				
Contractual services	–	–	9,080	(9,080)
Commodities	–	–	10,171	(10,171)
Capital outlay	<u>40,000</u>	<u>80,000</u>	<u>50,900</u>	<u>29,100</u>
Total expenditures	<u>40,000</u>	<u>80,000</u>	<u>70,151</u>	<u>9,849</u>
Revenues over (under)				
expenditures	(5,750)	5,500	26,197	20,697
Fund balance ,beginning of year	<u>135,925</u>	<u>104,558</u>	<u>104,558</u>	<u>–</u>
Fund balance, end of year	<u><u>\$ 130,175</u></u>	<u><u>\$ 110,058</u></u>	<u><u>\$ 130,755</u></u>	<u><u>\$ 20,697</u></u>

CITY OF ANDOVER, KANSAS

STORM WATER UTILITY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees	\$ 111,500	\$ 111,500	\$ 118,588	\$ 7,088
Use of money and property	750	750	1,671	921
Miscellaneous	—	—	28	28
Total revenues	112,250	112,250	120,287	8,037
Expenditures:				
Personal services	81,395	81,395	69,527	11,868
Contractual services	34,900	34,900	18,499	16,401
Commodities	20,100	20,100	15,507	4,593
Capital outlay	—	—	—	—
Transfers out	10,000	10,000	10,000	—
Total expenditures	146,395	146,395	113,533	32,862
Revenues over (under)				
expenditures	(34,145)	(34,145)	6,754	40,899
Fund balance ,beginning of year	96,024	96,024	81,619	(14,405)
Fund balance, end of year	\$ 61,879	\$ 61,879	\$ 88,373	\$ 26,494

CITY OF ANDOVER, KANSAS

FESTIVALS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees, charges and donations	\$ 541,009	\$ 541,009	\$ 336,547	\$ (204,462)
Use of money and property	<u>—</u>	<u>—</u>	<u>837</u>	<u>837</u>
Total revenues and other sources	<u>541,009</u>	<u>541,009</u>	<u>337,384</u>	<u>(203,625)</u>
Expenditures:				
Personnel services	79,000	79,000	6,932	72,068
Contractual services	383,884	383,884	352,958	30,926
Commodities	88,000	88,000	18,641	69,359
Capital outlay	—	—	4,856	(4,856)
Transfers out	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>550,884</u>	<u>550,884</u>	<u>383,387</u>	<u>167,497</u>
Revenues and other sources over expenditures	(9,875)	(9,875)	(46,003)	(36,128)
Fund balance ,beginning of year	<u>202,985</u>	<u>202,985</u>	<u>99,688</u>	<u>(103,297)</u>
Fund balance, end of year	<u><u>\$ 193,110</u></u>	<u><u>\$ 193,110</u></u>	<u><u>\$ 53,685</u></u>	<u><u>\$ (139,425)</u></u>

CITY OF ANDOVER, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Taxes	\$ 11,861	\$ 12,116	\$ 12,679	\$ 563
Special assessments	3,442,182	3,442,182	3,612,317	170,135
Use of money and property	10,000	10,000	78,520	68,520
Bond proceeds	–	2,771,164	2,625,000	(146,164)
Premium on sale of Bonds	–	–	129,100	129,100
Miscellaneous	–	–	16,495	16,495
Transfers in	161,085	161,085	94,590	(66,495)
	<u>3,625,128</u>	<u>6,396,547</u>	<u>6,568,701</u>	<u>172,154</u>
Total revenues and other sources				
Expenditures and other uses:				
Bond Principal	3,005,000	5,715,000	5,715,000	–
Bond interest and commission	858,107	919,271	898,993	20,278
Debt service – Fire Station				
Temporary notes				
Cash basis reserve	475,000	475,000	–	475,000
	<u>4,338,107</u>	<u>7,109,271</u>	<u>6,613,993</u>	<u>495,278</u>
Total expenditures and other uses				
Revenues and other sources over (under) expenditures and other uses	(712,979)	(712,724)	(45,292)	667,432
Fund balance ,beginning of year	902,979	902,797	2,133,418	1,230,621
	<u>902,979</u>	<u>902,797</u>	<u>2,133,418</u>	<u>1,230,621</u>
Fund balance, end of year	\$ 190,000	\$ 190,073	\$ 2,088,126	\$ 1,898,053
	<u>\$ 190,000</u>	<u>\$ 190,073</u>	<u>\$ 2,088,126</u>	<u>\$ 1,898,053</u>

CITY OF ANDOVER, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS**

December 31, 2019

	<u>Highway Improvement</u>	<u>Street Machinery and Bridge Building</u>	<u>Capital Equipment Reserve</u>	<u>Total Nonmajor Capital Project Funds</u>
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 89,350</u>	<u>\$ 172,219</u>	<u>\$ 1,319,763</u>	<u>\$ 1,581,332</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Fund balances:				
Committed:				
Street improvements	89,350	172,219	–	261,569
Assigned:				
Capital outlay	<u>–</u>	<u>–</u>	<u>1,318,763</u>	<u>1,318,763</u>
Total fund balances	<u>89,350</u>	<u>172,219</u>	<u>1,318,763</u>	<u>1,580,332</u>
Total liabilities and fund balances	<u>\$ 89,350</u>	<u>\$ 172,219</u>	<u>\$ 1,319,763</u>	<u>\$ 1,581,332</u>

CITY OF ANDOVER, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS –
CAPITAL PROJECT FUNDS**

Year ended December 31, 2019

	<u>Highway Improvement</u>	<u>Street Machinery and Bridge Building</u>	<u>Capital Equipment Reserve</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues:				
Use of money and property	\$ 1,862	\$ 4,375	\$ 20,062	\$ 26,299
Miscellaneous	<u>–</u>	<u>12,169</u>	<u>30,000</u>	<u>42,169</u>
Total revenues	1,862	16,544	50,062	68,468
Expenditures:				
Capital outlay	<u>–</u>	<u>129,357</u>	<u>150,958</u>	<u>280,315</u>
Revenues over (under) expenditures	1,862	(112,813)	(100,896)	(211,847)
Other financing sources (uses):				
Transfers in	–	–	460,000	460,000
Transfers out	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Net change in fund balances	1,862	(112,813)	359,104	248,153
Fund balances, beginning of year	<u>87,488</u>	<u>285,032</u>	<u>959,659</u>	<u>1,332,179</u>
Fund balances, end of year	<u><u>\$ 89,350</u></u>	<u><u>\$ 172,219</u></u>	<u><u>\$ 1,318,763</u></u>	<u><u>\$ 1,580,332</u></u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following major Enterprise Funds are reported:

Water Utility - to account for the maintenance of the water distribution system. Financing is provided by user charges.

Sewer Utility - to account for the operation and maintenance of the sewer system and sewage treatment plant. Financing is provided by user charges.

Recycling/Trash Utility – to account for the operations of the recycling/trash operations. Financing is provided by user charges. The City contracts with a third-party service provider for the collection and disposal activities and performs the billing and collection functions.

CITY OF ANDOVER, KANSAS

WATER UTILITY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 115,000	\$ 115,000	\$ 118,057	\$ 3,057
Use of money and property	750	750	10,706	9,956
Reimbursed expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>115,750</u>	<u>115,750</u>	<u>128,763</u>	<u>13,013</u>
Expenditures, encumbrances and other uses:				
Personal services	14,566	14,566	16,640	(2,074)
Contractual services	5,000	5,000	—	5,000
Commodities	<u>—</u>	<u>—</u>	<u>185</u>	<u>(185)</u>
Total expenditures, encumbrances and other uses	<u>19,566</u>	<u>19,566</u>	<u>16,825</u>	<u>2,741</u>
Revenues and other sources over (under) expenditures and other uses	96,184	96,184	111,938	15,754
Fund balance ,beginning of year	<u>196,554</u>	<u>196,554</u>	<u>457,250</u>	<u>260,696</u>
Fund balance, end of year	<u>\$ 292,738</u>	<u>\$ 292,738</u>	<u>\$ 569,188</u>	<u>\$ 276,450</u>

CITY OF ANDOVER, KANSAS

SEWER UTILITY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 2,633,987	\$ 2,633,987	\$ 2,640,675	\$ 6,688
Use of money and property	7,000	7,000	52,498	45,498
Miscellaneous	<u>–</u>	<u>–</u>	<u>15,621</u>	<u>15,621</u>
Total revenues	<u>2,640,987</u>	<u>2,640,987</u>	<u>2,708,794</u>	<u>67,807</u>
Expenditures, encumbrances and other uses:				
Personal services	636,956	636,956	557,323	79,633
Contractual services	413,505	413,505	398,584	14,921
Commodities	131,800	131,800	76,572	55,228
Capital outlay	170,000	170,000	186,220	(16,220)
Transfers out	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>–</u>
Total expenditures, encumbrances and other uses	<u>3,352,261</u>	<u>3,352,261</u>	<u>3,218,699</u>	<u>133,562</u>
Revenues over (under) expenditures, encumbrances and other uses	(711,274)	(711,274)	(509,905)	201,369
Fund balance ,beginning of year	<u>1,346,278</u>	<u>1,346,278</u>	<u>1,767,735</u>	<u>421,457</u>
Fund balance, end of year	<u><u>\$ 635,004</u></u>	<u><u>\$ 635,004</u></u>	<u><u>\$ 1,257,830</u></u>	<u><u>\$ 622,826</u></u>

CITY OF ANDOVER, KANSAS

RECYCLING/TRASH UTILITY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 700,000	\$ 710,000	\$ 714,378	\$ 4,378
Use of money and property	75	75	620	545
Miscellaneous	<u>–</u>	<u>–</u>	<u>112</u>	<u>112</u>
Total revenues	<u>700,075</u>	<u>710,075</u>	<u>715,110</u>	<u>5,035</u>
Expenditures, encumbrances and other uses:				
Personal services	54,043	54,043	49,023	4,427
Contractual services	657,000	667,000	661,994	37,202
Commodities	3,000	3,000	1,248	1,694
Capital outlay	–	–	–	221
Transfers out	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total expenditures, encumbrances and other uses	<u>714,043</u>	<u>724,043</u>	<u>712,265</u>	<u>43,544</u>
Revenues over (under) expenditures, encumbrances and other uses	(13,968)	(13,968)	2,845	48,579
Fund balance ,beginning of year	<u>32,639</u>	<u>26,248</u>	<u>104,204</u>	<u>69,034</u>
Fund balance, end of year	<u>\$ 18,671</u>	<u>\$ 12,280</u>	<u>\$ 107,049</u>	<u>\$ 74,565</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS:

Payroll - to account for the payroll withholdings and City contributions held until disbursement.

Municipal Court Bond Deposits - to account for cash bail bond moneys posted by defendants until disposition of their case.

CITY OF ANDOVER, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS**

Year ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
<u>PAYROLL AGENCY FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	\$ 20,114	\$ 561,932	\$ 570,646	\$ 11,400
Due from employees	—	—	—	—
Total assets	<u>\$ 20,114</u>	<u>\$ 561,932</u>	<u>\$ 570,646</u>	<u>\$ 11,400</u>
<u>LIABILITIES</u>				
Accrued liabilities	<u>\$ 20,114</u>	<u>\$ 561,932</u>	<u>\$ 570,646</u>	<u>\$ 11,400</u>

MUNICIPAL COURT BOND DEPOSIT FUND

<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 5,183</u>	<u>\$ 4,845</u>	<u>\$ 8,565</u>	<u>\$ 1,463</u>
<u>LIABILITIES</u>				
Appearance bonds payable	<u>\$ 5,183</u>	<u>\$ 4,845</u>	<u>\$ 8,565</u>	<u>\$ 1,463</u>

TOTALS – ALL AGENCY FUNDS

<u>ASSETS</u>				
Cash and short-term investments	\$ 25,297	\$ 566,777	\$ 579,211	\$ 12,863
Due from employees	—	—	—	—
Total assets	<u>\$ 25,297</u>	<u>\$ 566,777</u>	<u>\$ 579,211</u>	<u>\$ 12,863</u>
<u>LIABILITIES</u>				
Accrued liabilities	\$ 20,114	\$ 561,932	\$ 570,646	\$ 11,400
Appearance bonds payable	<u>5,183</u>	<u>4,845</u>	<u>8,565</u>	<u>1,463</u>
Total liabilities	<u>\$ 25,297</u>	<u>\$ 566,777</u>	<u>\$ 579,211</u>	<u>\$ 12,863</u>

COMPONENT UNIT

The Andover Public Library is reported as a discretely presented component unit with the financial statements of the City of Andover (the reporting entity) to emphasize its separate legal status. The Andover Public Library Board is appointed by the City Council and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs, fines and donations from the public. The following fund is used to account for the operations of the Andover Public Library:

General Fund – all operating activities of the Library Board are accounted for within this fund.

CITY OF ANDOVER, KANSAS

GENERAL FUND BALANCE SHEET – ANDOVER PUBLIC LIBRARY

December 31, 2019

ASSETS

Cash and investments \$ 522,407

LIABILITIES AND FUND BALANCE

Liabilities:
Accounts payable \$ 38

Fund balance:
Committed:
Capital improvements 323,447
Unassigned 198,922

Total fund balance 522,369

Total liabilities and fund balance \$ 522,407

Reconciliation to total net position:
Total fund balance per above \$ 522,369
Add long-term capital assets 444,259
Less accumulated depreciation
on long-term capital assets (263,774)
Less accrued compensated absences payable (2,844)

Total net position \$ 700,010

CITY OF ANDOVER, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – GENERAL FUND – ANDOVER PUBLIC LIBRARY**

Year ended December 31, 2019

Revenues:

Appropriation from City of Andover	\$ 502,000
South Central Kansas Library System grants	71,713
State aid	3,734
Interest earnings	1,386
Room rentals	2,325
Fines and fees	65,987
Memorial donations	13,826
Miscellaneous	<u>1,582</u>
 Total revenues	 <u>662,553</u>

Expenditures:

Salaries, wages and payroll taxes	352,248
Purchase of books, periodicals and other media	72,882
Advertising	10,195
Postage, supplies and equipment maintenance	23,337
Workshops and training	194
Capital equipment outlays	87,992
Telephone and utilities	32,795
Building maintenance and supplies	33,418
Special programs	11,346
Miscellaneous	<u>12,624</u>
 Total expenditures	 <u>637,031</u>

Net change in fund balance	25,522
Fund balance, beginning of year	<u>496,847</u>
 Fund balance, end of year	 <u><u>\$ 522,369</u></u>

Reconciliation of change in net position:

Net change in fund balance per above	\$ 25,522
Add assets capitalized	36,503
Less current year depreciation on capital assets	(14,628)
Less loss on disposal of capital assets	—
Change in accrued compensated absences payable	<u>2,059</u>
 Change in net position	 <u><u>\$ 45,338</u></u>

STATISTICAL SECTION

City of Andover
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 907,527	\$ 3,069,080	\$ 3,742,281	\$ 8,119,579	\$ 11,794,001	\$ 13,165,372	\$ 16,359,323	\$ 16,317,435	\$ 19,037,619	\$ 19,704,195
Restricted	29,429,901	39,086,258	39,920,413	39,719,179	36,211,840	54,135,658	44,993,484	45,388,280	41,742,686	39,025,042
Unrestricted	4,233,375	1,476,823	2,394,760	2,523,635	2,365,887 *	(5,985,537)	(626,354)	791,887	1,104,094	(187,158)
Total governmental activities net position	<u>\$ 34,570,803</u>	<u>\$ 43,632,161</u>	<u>\$ 46,057,454</u>	<u>\$ 50,362,393</u>	<u>\$ 50,371,728</u>	<u>\$ 61,315,493</u>	<u>\$ 60,726,453</u>	<u>\$ 62,497,602</u>	<u>\$ 61,884,399</u>	<u>\$ 58,542,079</u>
Business-type activities										
Net investment in capital assets	\$ 19,924,848	\$ 21,678,530	\$ 21,753,996	\$ 22,273,648	\$ 22,984,734	\$ 23,832,006	\$ 23,270,210	\$ 23,556,569	\$ 23,220,475	\$ 24,189,954
Restricted	3,318,137	2,402,826	2,921,829	4,291,105	3,703,266	5,140,790	6,777,916	7,847,588	9,638,694	11,387,127
Unrestricted	441,443	726,966	963,898	1,079,885	2,316,686	2,541,334	2,586,557	2,842,416	2,268,336	1,939,318
Total business-type activities net position	<u>\$ 23,684,428</u>	<u>\$ 24,808,322</u>	<u>\$ 25,639,723</u>	<u>\$ 27,644,638</u>	<u>\$ 29,004,686</u>	<u>\$ 31,514,130</u>	<u>\$ 32,634,683</u>	<u>\$ 34,246,573</u>	<u>\$ 35,127,505</u>	<u>\$ 37,516,399</u>
Primary government										
Net investment in capital assets	\$ 20,832,375	\$ 24,747,610	\$ 25,496,277	\$ 30,393,227	\$ 34,778,735	\$ 36,997,378	\$ 39,629,533	\$ 39,874,004	\$ 42,258,094	\$ 43,894,149
Restricted	32,748,038	41,489,084	42,842,242	44,010,284	39,915,106	59,276,448	51,771,400	53,235,868	51,381,380	50,412,169
Unrestricted	4,674,818	2,203,789	3,358,658	3,603,520	4,682,573	(3,444,203)	1,960,203	3,634,303	3,372,430	1,752,160
Total primary government net position	<u>\$ 58,255,231</u>	<u>\$ 68,440,483</u>	<u>\$ 71,697,177</u>	<u>\$ 78,007,031</u>	<u>\$ 79,376,414</u>	<u>\$ 92,829,623</u>	<u>\$ 93,361,136</u>	<u>\$ 96,744,175</u>	<u>\$ 97,011,904</u>	<u>\$ 96,058,478</u>

* Amount adjusted for the restatement to record the Kansas Police & Fire Net Pension liability

City of Andover
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 809,915	\$ 1,373,335	\$ 2,370,028	\$ 3,828,947	\$ 986,656	\$ 1,148,674	\$ 1,282,819	\$ 1,479,757	\$ 1,572,841	\$ 1,701,154
Public Safety	3,623,780	3,843,380	3,980,400	3,898,147	6,880,918 *	4,481,867	5,121,031	5,637,427	5,890,490	6,579,712
Highways and street	3,084,834	3,424,155	3,895,179	4,273,557	3,312,108	2,498,517	5,133,968	5,633,951	5,003,057	4,838,762
Health and sanitation	107,215	170,363	125,110	119,216	130,326	137,997	6,150	-	-	-
Culture and recreation	1,210,123	1,996,474	1,590,511	1,536,769	2,007,531	1,657,370	1,667,924	2,204,387	2,693,791	3,072,942
Economic development	23,974	44,995	53,280	112,099	130,072	135,006	243,518	296,874	236,033	107,448
Environment protection	10,601	13,729	12,331	7,352	5,225	8,089	235	-	-	-
Interest on long-term debt	1,602,859	1,751,294	1,849,110	1,353,866	1,114,864	978,136	1,157,417	992,824	914,055	1,089,748
Total governmental activities expenses	10,473,301	12,617,725	13,875,949	15,129,953	14,567,700	11,045,656	14,613,062	16,245,220	16,310,267	17,389,766
Business type activities:										
Water	197,173	208,667	213,041	244,919	222,484	232,378	232,321	240,427	248,523	240,479
Wastewater	1,260,543	1,136,863	1,237,691	1,333,983	1,260,875	1,342,371	1,418,164	2,020,984	1,657,298	1,780,757
Recycle/Trash Utility	234,422	411,880	495,219	514,556	540,964	522,325	600,488	623,591	667,599	712,330
Total business-type activities expenses	1,692,138	1,757,410	1,945,951	2,093,458	2,024,323	2,097,074	2,250,973	2,885,002	2,573,420	2,733,566
Total primary government expenses	\$ 12,165,439	\$ 14,375,135	\$ 15,821,900	\$ 17,223,411	\$ 16,592,023	\$ 13,142,730	\$ 16,864,035	\$ 19,130,222	\$ 18,883,687	\$ 20,123,332
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 397,086	\$ 734,966	\$ 1,591,067	\$ 3,248,958	\$ 229,545	\$ 248,586	\$ 224,524	\$ 198,402	\$ 157,112	\$ 721,449
Public Safety	236,339	424,870	482,306	476,277	507,507	567,177	578,202	591,318	561,518	560,336
Highway and streets	151,010	179,709	187,229	295,032	172,974	186,033	922,541	958,550	912,143	990,001
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	286,418	1,019,634	429,033	571,110	426,200	479,150	644,381	739,548	1,133,289	954,981
Economic development	-	-	-	-	7,356	29,153	126,542	153,958	250	-
Operating grants and contributions	330,462	341,771	364,185	360,538	446,607	409,569	392,880	395,773	409,037	640,019
Capital grants and contributions	5,721,800	10,502,266	3,735,910	5,435,805	2,083,544	14,945,134	119,752	3,934,517	19,671	38,352
Total governmental activities program revenue	7,123,115	13,203,216	6,789,730	10,387,720	3,873,733	16,864,802	3,008,822	6,972,066	3,193,020	3,905,138
Business-type activities:										
Charges for services:										
Water	113,690	128,631	127,247	114,995	129,913	123,165	117,660	123,551	121,923	117,822
Wastewater	1,205,873	1,452,342	1,920,091	2,686,307	2,510,086	2,729,919	2,832,351	2,924,474	2,714,472	3,104,640
Recycle/Trash Utility	254,149	405,133	501,154	540,809	568,547	590,341	611,424	611,809	661,262	714,377
Capital grants and contributions	-	-	-	-	-	26,100	-	-	-	-
Total business-type activities program revenues	1,573,712	1,986,106	2,548,492	3,342,111	3,208,546	3,469,525	3,561,435	3,659,834	3,497,657	3,936,839
Total primary government program revenues	\$ 8,696,827	\$ 15,189,322	\$ 9,338,222	\$ 13,729,831	\$ 7,082,279	\$ 20,334,327	\$ 6,570,257	\$ 10,631,900	\$ 6,690,677	\$ 7,841,977
Net (Expense) Revenue										
Governmental activities	\$ (3,350,186)	\$ 585,491	\$ (7,086,219)	\$ (4,742,233)	\$ (10,693,967)	\$ 5,819,146	\$ (11,604,240)	\$ (9,273,154)	\$ (13,117,247)	\$ (13,484,628)
Business-type activities	(118,426)	228,696	602,541	1,248,653	1,184,223	1,372,451	1,310,462	774,832	924,237	1,203,273
Total primary government net expenses	\$ (3,468,612)	\$ 814,187	\$ (6,483,678)	\$ (3,493,580)	\$ (9,509,744)	\$ 7,191,597	\$ (10,293,778)	\$ (8,498,322)	\$ (12,193,010)	\$ (12,281,355)

* Amount adjusted for the restatement to record the Kansas Police & Fire Net Pension liability

City of Andover
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Continued from previous page)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 4,927,084	\$ 6,653,922	\$ 7,158,713	\$ 6,597,597	\$ 5,171,284	\$ 5,704,724	\$ 5,560,591	\$ 6,213,885	\$ 6,531,148	\$ 6,922,407
Sales taxes	1,567,061	1,909,229	1,852,510	2,348,084	1,988,869	2,400,178	3,931,686	4,039,350	3,940,634	2,297,919
Franchise taxes	683,013	667,299	631,758	693,676	748,782	778,129	1,130,232	1,130,789	1,198,460	1,205,653
Other Taxes	76,391	97,294	89,554	95,831	104,455	145,676	111,814	131,739	150,710	138,877
Investment earnings	26,563	30,944	78,043	46,363	32,538	32,810	59,411	271,256	422,371	490,342
Transfers	(1,358,163)	(882,821)	(299,066)	(734,379)	(153,477)	(1,126,047)	221,466	(742,716)	260,721	(912,890)
Total governmental activities	5,921,949	8,475,867	9,511,512	9,047,172	7,892,451	7,935,470	11,015,200	11,044,303	12,504,044	10,142,308
Business-type activities										
Investment earnings	14,064	12,377	10,462	21,883	22,348	10,946	31,557	94,342	217,416	272,731
Transfers	1,358,163	882,821	299,066	734,379	153,477	1,126,047	(221,466)	742,716	(260,721)	912,890
Total business-type activities	1,372,227	895,198	309,528	756,262	175,825	1,136,993	(189,909)	837,058	(43,305)	1,185,621
Total primary government	\$ 7,294,176	\$ 9,371,065	\$ 9,821,040	\$ 9,803,434	\$ 8,068,276	\$ 9,072,463	\$ 10,825,291	\$ 11,881,361	\$ 12,460,739	\$ 11,327,929
Change in Net Position										
Governmental activities	\$ 2,571,763	\$ 9,061,358	\$ 2,425,293	\$ 4,304,939	\$ (2,801,516)	\$ 13,754,616	\$ (589,040)	\$ 1,771,149	\$ (613,203)	\$ 10,142,308
Business-type activities	1,253,801	1,123,894	912,069	2,004,915	1,360,048	2,509,444	1,120,553	1,611,890	880,932	1,185,621
Total primary government	\$ 3,825,564	\$ 10,185,252	\$ 3,337,362	\$ 6,309,854	\$ (1,441,468)	\$ 16,264,060	\$ 531,513	\$ 3,383,039	\$ 267,729	\$ 11,327,929

City of Andover
Program Revenues by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General government	\$ 400,513	\$ 734,966	\$ 1,591,067	\$ 3,266,898	\$ 280,079	\$ 248,586	\$ 251,629	\$ 208,010	\$ 157,732	\$ 729,801
Public Safety	271,508	684,937	511,690	476,277	529,406	1,253,686	649,855	601,682	561,518	590,336
Highways and streets	1,308,709	1,207,207	759,192	670,314	1,081,513	1,140,412	1,336,415	1,563,797	1,321,180	1,559,971
Health and sanitation	---	---	---	---	---	---	---	---	---	---
Culture and recreation	286,418	1,019,634	429,033	572,610	426,200	479,150	644,381	740,873	1,133,289	1,025,030
Environmental protection	---	---	---	---	---	---	---	---	---	---
Economic development	---	---	---	384,528	341,945	29,153	126,542	153,958	250	---
Interest on long term debt	4,855,967	9,556,472	3,498,748	5,017,093	1,214,590	13,713,815	---	3,703,746	19,051	---
Subtotal governmental activities	7,123,115	13,203,216	6,789,730	10,387,720	3,873,733	16,864,802	3,008,822	6,972,066	3,193,020	3,905,138
Business-type activities										
Water	113,690	128,631	127,247	114,995	129,913	123,165	117,660	123,551	121,923	117,822
Wastewater	1,205,873	1,452,342	1,920,091	2,686,307	2,510,086	2,756,019	2,832,351	2,924,474	2,714,472	3,104,640
Recycling/Trash Utility	254,149	405,133	501,154	540,809	568,547	590,341	611,424	611,809	661,262	714,377
Subtotal business-type activities	1,573,712	1,986,106	2,548,492	3,342,111	3,208,546	3,469,525	3,561,435	3,659,834	3,497,657	3,936,839
Total primary government	\$ 8,696,827	\$ 15,189,322	\$ 9,338,222	\$ 13,729,831	\$ 7,082,279	\$ 20,334,327	\$ 6,570,257	\$ 10,631,900	\$ 6,690,677	\$ 7,841,977

City of Andover
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years

Fiscal Year	Property	Sales	Franchise	Other	Total
2010	\$ 4,927,084	\$ 1,567,061	\$ 683,013	\$ 76,391	\$ 7,253,549
2011	6,653,922	1,909,229	667,299	97,294	9,327,744
2012	7,158,716	1,852,510	631,758	89,554	9,732,538
2013	5,308,073	3,637,608	693,676	95,831	9,735,188
2014	5,158,711	1,988,869	748,782	104,455	8,000,817
2015	5,584,723	2,400,178	778,129	145,676	8,908,706
2016	5,560,591	3,931,686	1,130,232	111,814	10,734,323
2017	6,213,885	4,039,350	1,130,789	131,739	11,515,763
2018	6,531,148	3,940,634	1,198,460	150,710	11,820,952
2019	6,922,407	2,297,919	1,205,653	138,877	10,564,856
Change 2010-2019	51.4%	49.3%	95.7%	6.6%	54.0%

**City of Andover
Fund Balances
Governmental Funds
Last Ten Fiscal Years**

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund											
Reserved	\$	78,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved		1,840,011	-	-	-	-	-	-	-	-	-
Committed		-	1,002,945	201,425	146,492	1,241,811	855,533	1,230,044	2,568,968	2,232,761	1,000,029
Assigned		-	-	-	-	-	-	-	-	-	-
Unassigned		-	1,167,321	1,703,753	1,914,689	644,814	1,292,746	1,831,282	237,702	900,357	932,340
Total General Fund	\$	1,918,050	2,170,266	1,905,178	2,061,181	1,886,625	2,148,279	3,061,326	2,806,670	3,133,118	1,932,369
All Other Governmental Funds											
Reserved	\$	2,459,314	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:											
Special revenue funds		4,424,197	-	-	-	-	-	-	-	-	-
Capital projects funds		(10,126,128)	-	-	-	-	-	-	-	-	-
Debt service funds		1,029,435	-	-	-	-	-	-	-	-	-
Restricted	\$	-	4,683,970	6,321,097	6,179,834	5,789,033	14,671,992	9,431,256	9,996,166	10,023,233	10,912,189
Committed		-	1,362,590	1,165,931	1,400,263	984,159	1,150,733	1,158,553	1,384,381	1,407,715	1,337,221
Assigned		-	473,721	551,394	1,031,833	1,321,830	1,251,675	1,010,009	1,245,207	1,059,347	1,372,448
Unassigned, Reported In:											
Capital projects funds		-	(5,182,631)	(2,989,640)	(1,033,476)	(3,343,458)	(1,193,272)	(3,760,710)	(431,782)	(2,931,214)	(5,173,156)
Total all other governmental funds	\$	(2,213,182)	1,337,650	5,048,782	7,578,454	4,751,564	15,881,128	7,839,108	12,193,972	9,559,081	8,448,702

906

Fund balance classifications starting in 2011 are due to the implementation of Governmental Accounting Standards Board Statement No. 54.

City of Andover
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

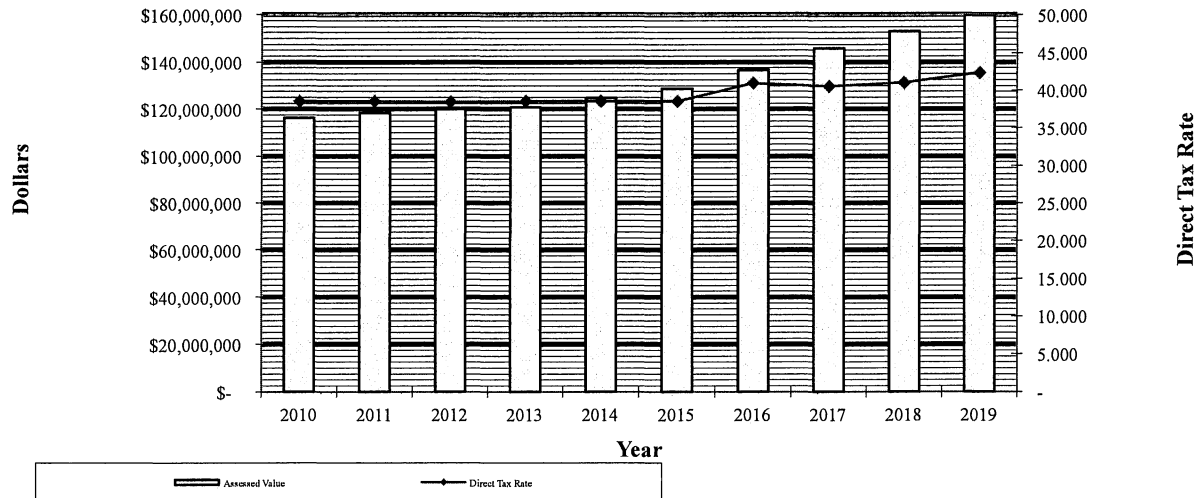
Fiscal Year

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 6,611,832	\$ 8,561,022	\$ 8,961,924	\$ 9,159,094	\$ 7,352,507	\$ 8,228,841	\$ 9,713,288	\$ 10,501,434	\$ 10,589,756	\$ 9,327,095
Licenses and permits	1,069,365	1,089,780	1,004,942	1,434,731	1,130,436	1,199,498	1,646,193	1,665,017	1,608,875	2,254,399
Fines, forfeiture and other	195,043	217,806	233,615	257,888	272,990	282,595	305,138	305,785	267,880	268,379
Charges for service	335,330	561,423	164,075	365,319	110,534	156,601	116,138	117,142	245,755	236,896
Special assessments	4,468,964	3,864,630	4,585,505	5,077,064	4,406,235	4,885,697	3,881,969	4,069,289	3,679,521	3,612,317
Intergovernmental	708,740	1,165,934	552,772	359,038	918,438	911,622	449,533	395,773	559,747	554,886
Use pf Property and Money	62,497	1,053,699	1,758,877	3,506,378	762,069	474,720	1,334,847	1,567,352	1,636,195	1,765,103
Other revenues	54,633	45,788	141,570	69,730	82,990	121,560	216,425	307,407	521,275	547,861
Total revenues	13,506,404	16,560,082	17,403,280	20,229,242	15,036,199	16,261,134	17,663,531	18,929,199	19,109,004	18,566,936
Expenditures										
General government	786,501	1,170,046	2,180,550	3,665,697	938,715	991,438	1,142,504	1,248,490	1,330,858	1,549,857
Public Safety	3,329,243	3,859,594	3,735,576	3,763,868	3,851,325	4,382,478	4,744,620	4,942,525	5,282,323	5,784,481
Highways and streets	2,053,746	2,252,666	1,698,017	2,311,639	3,699,507	1,759,329	2,029,426	3,229,502	4,002,375	3,130,440
Health and sanitation	106,043	112,767	125,110	131,979	128,704	136,581	-	-	-	-
Culture and recreation	1,030,539	1,879,487	1,373,101	1,472,168	1,874,893	1,532,216	1,576,796	1,773,325	2,655,705	2,889,627
Environmental protection	10,601	13,729	12,331	7,115	5,225	8,089	235	-	-	-
Economic development	22,178	63,327	49,205	110,044	130,072	135,006	243,518	296,874	236,033	107,448
Capital improvements	8,325,641	3,915,453	571,113	1,609,139	2,526,708	2,447,393	10,487,278	2,808,469	2,939,412	11,122,500
Debt Service										
Interest	3,419,695	1,661,155	1,632,006	1,110,790	1,101,193	1,164,163	806,626	1,155,955	938,733	6,860,000
Principal	1,557,935	5,421,754	5,188,736	6,830,502	3,892,355	3,780,299	4,762,340	4,369,481	4,292,729	1,253,268
Total expenditures	20,642,122	20,349,978	16,565,745	21,012,941	18,148,697	16,336,992	25,793,343	19,824,621	21,678,168	32,697,621
107 Excess of revenues over (under) expenditures	(7,135,718)	(3,789,896)	837,535	(783,699)	(3,112,498)	(75,858)	(8,129,812)	(895,422)	(2,569,164)	(14,130,685)
Other financing sources (uses)										
Issuance of general obligation bonds	6,876,000	5,958,000	2,444,000	3,295,000	---	7,820,000	660,000	3,575,000	---	11,180,000
Issuance of general obligation refunding bonds	---	1,780,000	5,960,000	6,610,000	---	2,500,000	8,980,000	---	---	---
Issuance of Andover Public Building Commission revenue bonds/certificates of participation	4,350,000	4,936,000	---	---	---	3,320,000	---	1,150,000	---	---
Issuance of certificates of participation	79,000	---	---	---	---	---	---	---	---	---
Issuance of capital lease obligations	---	---	---	---	---	---	---	---	---	---
Premium on bonds issued	---	---	111,751	163,497	---	320,684	289,885	14,018	---	328,254
Payment to escrow agent	---	(5,156,301)	(5,982,573)	(6,663,247)	---	(2,600,411)	(9,150,512)	---	---	---
Transfers in	2,060,490	534,363	580,405	870,941	643,232	694,832	1,532,468	3,046,457	1,903,282	1,916,624
Transfers out	(1,640,320)	(459,118)	(505,074)	(806,817)	(532,180)	(588,029)	(1,311,002)	(2,789,845)	(1,642,561)	(1,605,231)
Total other financing sources (uses)	11,725,170	7,592,944	2,608,509	3,469,374	111,052	11,467,076	1,000,839	4,995,630	260,721	11,819,647
Net change in fund balances	\$ 4,589,452	\$ 3,803,048	\$ 3,446,044	\$ 2,685,675	\$ (3,001,446)	\$ 11,391,218	\$ (7,128,973)	\$ 4,100,208	\$ (2,308,443)	\$ (2,311,038)
Debt service as a percentage of non capital expenditures	38.6%	45.0%	43.0%	41.4%	39.9%	38.8%	36.9%	32.3%	27.9%	39.6%

**CITY OF ANDOVER
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010	\$ 110,442,796	\$ 5,970,589	\$ 116,413,385	\$ 38.555	\$ 980,274,102	11.88%
2011	112,578,054	5,766,758	118,344,812	38.549	998,162,127	11.86%
2012	114,586,801	5,578,196	120,164,997	38.464	1,015,000,952	11.84%
2013	115,452,153	5,231,981	120,684,134	38.519	1,021,371,702	11.82%
2014	119,751,159	4,934,858	124,686,017	38.518	1,057,763,953	11.79%
2015	123,531,493	5,221,466	128,752,959	38.525	1,091,591,782	11.79%
2016	131,232,952	5,403,728	136,636,680	40.973	1,159,168,531	11.79%
2017	140,168,302	5,639,865	145,808,167	40.511	1,237,654,350	11.78%
2018	147,382,436	5,734,172	153,116,608	41.013	1,300,700,307	11.77%
2019	153,973,474	5,869,543	159,843,017	42.311	1,358,464,917	11.77%

**Assessed Valuation / Direct Tax Rate
Comparison 2010 - 2019**



City of Andover
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates						Overlapping Rates			
	Basic Rate	Special Public Building Fund	Bond & Interest	Library	Employee Benefits	Total Direct	Andover School District USD #385	Butler County	Butler Community College	State of Kansas
2010	22.248	1.806	1.022	3.001	10.478	38.555	67.126	35.822	18.002	1.500
2011	22.399	1.858	0.382	3.005	10.905	38.549	67.837	35.755	18.005	1.500
2012	22.397	1.532	1.083	3.002	10.450	38.464	65.350	35.273	18.005	1.500
2013	23.410	0.956	0.460	3.004	10.689	38.519	65.993	35.164	18.021	1.500
2014	23.120	1.694	0.027	3.000	10.677	38.518	63.918	35.133	18.003	1.500
2015	23.856	1.446	0.027	3.001	10.195	38.525	65.289	35.012	18.063	1.500
2016	25.706	1.489	0.873	2.995	9.910	40.973	65.341	34.747	20.074	1.500
2017	24.291	1.513	0.097	2.966	11.644	40.511	67.592	34.749	20.075	1.500
2018	24.604	1.423	0.068	3.001	11.917	41.013	67.612	34.274	20.068	1.500
2019	24.886	1.468	1.189	3.028	11.740	42.311	67.736	34.280	19.336	1.500

City of Andover
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2019</u>			<u>2010</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Founders' Real Estate LLC	\$ 3,746,768	1	2.34 %	\$ 3,447,925	1	2.96 %
Kansas Gas & Electric	2,716,669	2	1.70	1,282,015	5	1.10
Dillons Companies Inc.	2,579,935	3	1.61	1,832,465	2	1.57
Vornado Air LLC	1,883,276 *	4	1.18	1,353,475	4	1.16
Flint Hills National Golf Club	1,735,163	5	1.09	1,485,350	3	1.28
Paul Properties II Family LP	1,458,985	6	0.91	---		---
Kansas Gas Service	1,085,760	7	0.68	723,033	8	0.62
HE of Andover LLC	943,788	8	0.59	---		---
Andover Senior Care LLC	828,425	9	0.52	---		---
Andover State Bank	577,228	10	0.36	577,701	10	0.50
Southwestern Bell Telephone	---		---	909,882	6	0.78
Terradyne Country Club LLC	---		---	791,673	7	0.68
Sherwin Williams Co	---		---	681,839	9	0.59

* This industry has Industrial Revenue Bond (IRB) Issues with Tax Abatement; therefore, the assessed value does not reflect the buildings or equipment purchased with IRB proceeds.

Source: Butler County Clerk

**City of Andover
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended Dec. 31,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years *	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 4,449,366	\$ 4,094,807	92.03%	\$ 274,192	\$ 4,368,999	98.19%
2011	6,162,748	4,222,997	68.52%	197,944	4,420,941	71.74%
2012	4,632,240	4,300,802	92.84%	254,590	4,555,392	98.34%
2013	4,641,995	4,416,045	95.13%	156,281	4,572,326	98.50%
2014	4,802,749	4,318,371	89.91%	293,963	4,612,334	96.04%
2015	4,959,306	4,585,186	92.46%	145,952	4,731,138	95.40%
2016	4,960,163	4,701,925	94.79%	146,642	4,848,567	97.75%
2017	5,598,375	5,328,654	95.18%	132,010	5,460,664	97.54%
2018	5,906,872	5,594,839	94.72%	102,767	5,697,606	96.46%
2019	6,279,787	5,971,543	95.09%	-	5,971,543	95.09%

* County Treasurer's records do not provide a determination of which year the collections in subsequent years is applied to. For this schedule all collections of delinquent taxes are applied to the preceding year.

Source: Butler County Clerk

City of Andover
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-type Activities				
	General Obligation Bonds	Public Building Commission Revenue Bonds	Public Building Commission Certificate of Participation	City of Andover Certificate of Participation	Capital Lease Obligations	Premium on Bonds	Wastewater Revenue Bonds	Capital Lease Obligations	Total Primary Government	Percentage of Personal Income *	Per Capita
2010	\$ 33,884,000	\$ 7,902,000	\$ -	\$ 79,000	\$ 359,496	\$ -	\$ 2,025,000	\$ -	\$ 44,249,496	11.30%	\$ 3,753
2011	36,642,000	7,355,000	-	40,000	290,442	-	1,735,000	-	46,062,442	-	3,854
2012	35,793,000	5,850,000	-	-	254,706	96,157	1,425,000	-	43,418,863	-	3,589
2013	35,534,000	2,976,000	-	-	217,204	215,517	1,095,000	-	40,037,721	-	3,264
2014	31,920,000	2,737,000	-	-	177,849	172,030	-	-	35,006,879	-	2,799
2015	36,195,000	5,773,000	-	-	136,550	411,457	-	-	42,516,007	-	3,336
2016	33,490,000	4,654,000	-	-	93,210	591,349	-	-	38,828,559	-	2,991
2017	33,885,000	4,660,000	-	-	47,729	505,467	-	-	39,098,196	-	2,982
2018	30,755,000	3,545,000	-	-	-	416,027	-	-	34,716,027	-	2,615
2019	36,220,000	2,400,000	-	-	-	663,397	-	-	39,283,397	-	2,931

* Personal income numbers, only calculated in census years.

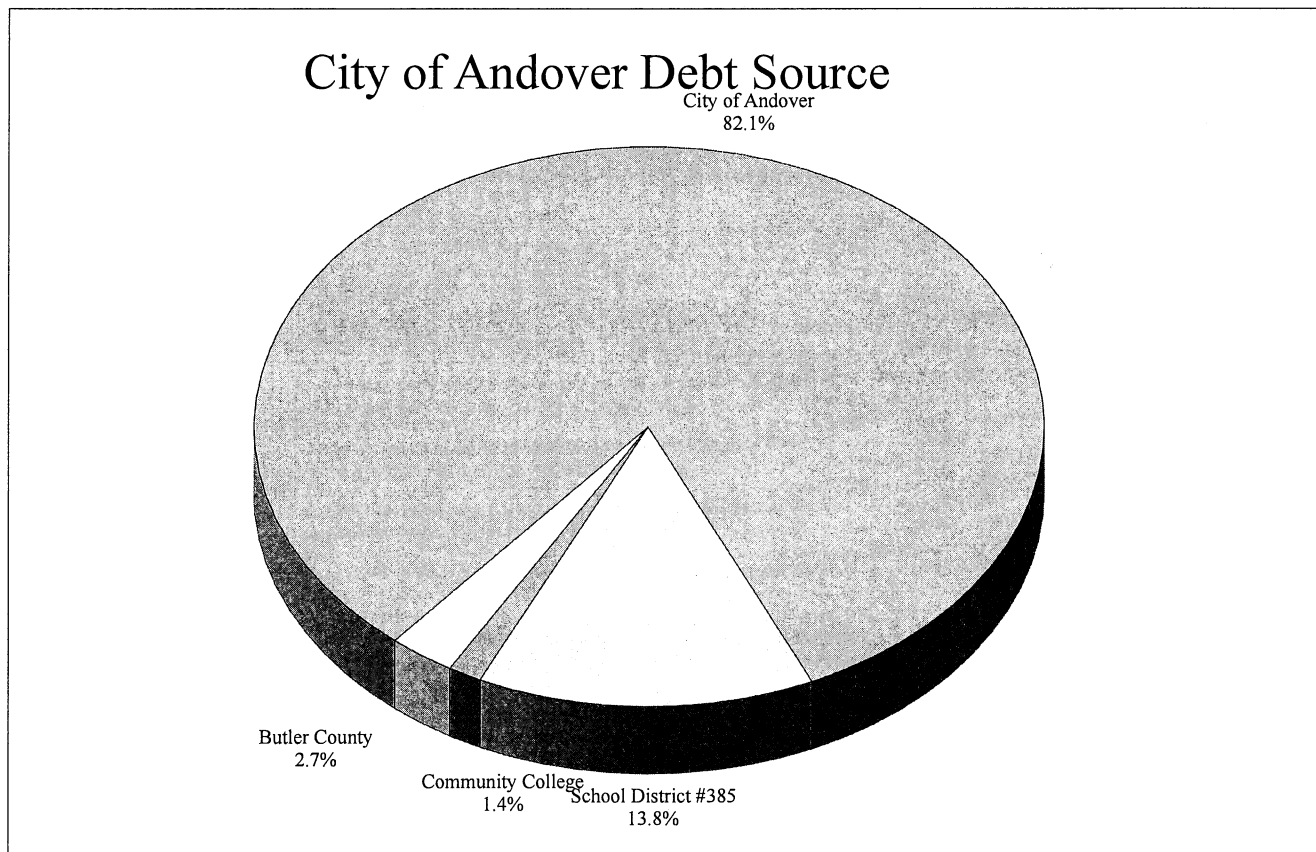
City of Andover
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Less Debt Service Funds	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
	General Obligation Bonds	Premium on Bonds	Total				
2010	\$ 33,884,000	\$ -	\$ 33,884,000	\$ 1,029,435	\$ 32,854,565	29.11 %	\$ 2,786
2011	36,642,000	-	36,642,000	831,419	35,810,581	30.96	2,996
2012	35,793,000	96,157	35,889,157	753,112	35,136,045	29.87	2,904
2013	35,534,000	215,517	35,749,517	1,478,676	34,270,841	29.62	2,794
2014	31,920,000	172,030	32,092,030	1,662,174	30,429,856	25.74	2,433
2015	36,195,000	411,457	36,606,457	2,249,803	34,356,654	28.43	2,696
2016	33,490,000	591,349	34,081,349	2,136,435	31,944,914	24.94	2,461
2017	33,885,000	505,467	34,390,467	2,119,711	32,270,756	23.59	2,461
2018	30,755,000	416,027	31,171,027	2,133,418	29,037,609	20.36	2,187
2019	36,220,000	663,397	36,883,397	2,088,126	34,795,271	23.07	2,596

CITY OF ANDOVER
COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Andover</u>	<u>City of Andover Share of Debt</u>
Local School District #385	\$ 15,155,000	43.457% *	\$ 6,585,908
Butler Community College	3,200,000	20.645% **	660,640
Butler County	6,312,000	20.645% **	<u>1,303,112</u>
Subtotal overlapping debt			8,549,660
City direct debt	39,283,397		<u>39,283,397</u>
Total Direct and overlapping debt			<u>\$ 47,833,057</u>



* Based upon percentage of school district valuation that is in the City limits of Andover.

** Based upon Andover's valuation as a percentage of Butler County's valuation.

City of Andover
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 39,207,765	\$ 39,813,359	\$ 40,375,067	\$ 40,893,561	\$ 42,355,674	\$ 43,831,202	\$ 46,327,536	\$ 49,184,488	\$ 51,550,462	\$ 53,794,562
Total net debt applicable to limit	<u>12,306,743</u>	<u>13,501,696</u>	<u>11,241,657</u>	<u>10,508,664</u>	<u>10,397,783</u>	<u>14,841,301</u>	<u>14,308,003</u>	<u>12,771,565</u>	<u>14,679,800</u>	<u>15,942,867</u>
Legal debt margin	\$ 26,901,022	\$ 26,311,663	\$ 29,133,410	\$ 30,384,897	\$ 31,957,891	\$ 28,989,901	\$ 32,019,533	\$ 36,412,923	\$ 36,870,662	\$ 37,851,695
Total net debt applicable to the limit as a percentage of debt limit	31.39%	33.91%	27.84%	25.70%	24.55%	33.86%	30.88%	25.97%	28.48%	29.64%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 179,315,205 *
Debt limit (30% of assessed value)	53,794,562
Debt applicable to limit:	
General Obligation Bonds	36,220,000
Temporary Notes	9,005,000
Less: Amount exempted by state statute	<u>(29,282,133) **</u>
Total net debt applicable to limit	<u>15,942,867</u>
Legal debt margin	\$ 37,851,695

* Includes motor vehicles assessed value

** Exempted Debt	
K.S.A. 12-624 - Sewer Mains	\$ 816,374
K.S.A. 10-309 - Wastewater & Water	9,643,176
K.S.A. 10-309 - Stormwater	18,781,236
K.S.A. 10-309 - Intersections	<u>41,347</u>
Total 2019 exempted debt	<u>\$ 29,282,133</u>

**CITY OF ANDOVER
PLEDGED REVENUE COVERAGE - WASTEWATER REVENUE BOND
LAST TEN FISCAL YEARS**

Debt Service							
<i>Year</i>	<i>Gross Revenue *</i>	<i>Less Operating Expense **</i>	<i>Net Revenue Available Revenue</i>	<i>Principal ***</i>	<i>Interest ***</i>	<i>Total</i>	<i>Coverage (1)</i>
2010	1,219,500	715,280	504,220	250,000	5,544	255,544	1.97
2011	1,464,521	597,329	867,192	290,000	41,015	331,015	2.62
2012	1,930,295	727,795	1,202,500	310,000	37,390	347,390	3.46
2013	2,707,878	819,595	1,888,283	330,000	32,740	362,740	5.21
2014	2,531,994	760,441	1,771,553	350,000	27,130	377,130	4.70
2015	2,766,351	773,776	1,992,575	-	-	-	N/A
2016	2,862,565	845,650	2,016,915	-	-	-	N/A
2017	3,015,133	1,412,720	1,602,413	-	-	-	N/A
2018	2,923,344	993,398	1,929,946	-	-	-	N/A
2019	3,365,933	1,056,127	2,309,806	-	-	-	N/A

* Total revenue includes interest but excludes all contributions from municipality

** Total operating expenses exclusive of depreciation

*** Excludes principal and interest on advance refunded bonds during 2014

(1) The Sewer System Refunding Revenue Bond Reolution requires debt service coverage of 1.25

**City of Andover
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year		(1) Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age (Years)	Percent With High School or Higher Education	(2) School Enrollment	(3) Unemployment Rate	Median Home Value
2010	*	11791	\$ 391,603	\$ 33,212	34.80	96.10%	4,776	6.80%	\$ 162,900
2011		11,951					5,077	6.60%	
2012		12,099					4,960	5.80%	
2013		12,265					4,975	5.00%	
2014		12,509					5,253	4.50%	
2015		12,745					4,947	3.70%	
2016		12,980					5,202	4.00%	
2017		13,111					5,279	3.20%	
2018		13,278					5,379	3.10%	
2019		13,405					5,639	3.10%	

* Federal Census

Currently there are no local, state or federal agencies that compile annual statistical information related to income, age, education or home values.

Sources:

- (1) Kansas Division of the Budget
- (2) Andover School (USD #385) Superintendent
- (3) Kansas Department of Labor

**City of Andover
Principal Employers
Current Year and Nine Years Ago**

	<u>2019</u>		<u>2010</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
USD 385	576	1	450	1
Kansas Medical Center	254	2	183	2
Victoria Falls	142	3	38	9
Butler Community College	138	4		
Vornado	124	5	66	7
Sherwin-Williams Co.	121	6	141	3
Life Care Center of Andover	117	7	132	4
YMCA	100	8		
City of Andover	95	9	84	6
Dillons Real Estate Co. Inc	74	10	125	5
Everidge (formerly International Cold Storage)	55		41	8
Andover State Bank			22	10
Total	1,796		1,282	

Total City of Andover employment is not tracked at the local or state level.
Employment amounts were obtained by direct solicitation of local businesses.

CITY OF ANDOVER
SCHEDULE OF INDUSTRIAL REVENUE BONDS
December 31, 2019

<u>Trustee</u>	<u>Bonds</u>	<u>Outstanding</u>
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	\$ 14,382,790
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	5,500,000
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series A 2014	1,637,449
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series B 2014	490,000
Security Bank of Kansas City Kansas City, KS 66101	Founders' Real Estate, LLC Series A 2014	2,542,000
Security Bank of Kansas City Kansas City, KS 66101	Aveda Institute Project Series A 2014	2,693,237
Security Bank of Kansas City Wichita, KS 67212	Aveda Institute Project Series B 2014	400,000
Security Bank Of Kansas City Kansas City, KS 66101	Founders' Real Estate LLC Series A 2018	1,067,948
UMB Bank, N.A. Wichita, KS 67202	Vornado Air, LLC Series A 2019	5,200,000
Security Bank of Kansas City Kansas City, KS 66101	Andover Ambulatory Surgery Center LLC	1,200,000
Security Bank of Kansas City Kansas City, KS 66101	ASC Real Estate LLC	5,031,640

CITY OF ANDOVER
SCHEDULE OF INDUSTRIAL REVENUE BONDS
December 31, 2019
(Continued from previous page)

	<i>Date of Issue</i>	<i>Interest Rate</i>	<i>Payment Year</i>	<i>Payment Schedule</i>	<i>Outstanding Issues 01/01/19</i>	<i>Additions</i>	<i>Retirements</i>	<i>Outstanding 12/31/19</i>
Andover Apartments, LLC Series A 2013	3/7/13	3.99%	2015	245,017	14,839,576	-	456,786	14,382,790
			2016	403,598				
			2017	421,807				
			2018	438,948				
			2019	456,786				
			2020	473,737				
			2021	494,600				
			2022	514,699				
			2023	535,616				
			2024	555,999				
			2025	579,977				
			2026	603,545				
			2027	628,072				
			2028	652,482				
			2029	680,111				
			2030	707,749				
			2031	736,511				
			2032	765,641				
			2033	797,555				
			2034	829,966				
			2035	863,693				
			2036	898,362				
			2037	935,299				
			2038	973,308				
			2039	1,012,861				
			2040	143,008				
Andover Apartments, LLC Series B 2013	3/7/13	5.00%	2023	5,500,000	5,500,000	-	-	5,500,000
KMC MOB, LLC Series A 2014	12/16/14	4.35%	2015	46,342	\$ 1,711,186	\$ -	\$ 73,737	\$ 1,637,449
			2016	64,387				
			2017	67,523				
			2018	70,562				
			2019	73,737				
			2020	76,853				
			2021	80,515				
			2022	84,139				
			2023	87,925				
			2024	91,721				
			2025	1,216,296				
KMC MOB, LLC Series B 2014	12/16/14	3.00%	2025	490,000	490,000	-	-	490,000
Founders' Real Estate, LLC	12/22/14	5.00%	2025	2,542,000	2,542,000	-	-	2,542,000
Aveda Institute Project Series A	12/23/14	4.75%	2016	94,172	2,802,480	-	109,243	2,693,237
			2017	99,231				
			2018	104,117				
			2019	109,243				
			2020	114,256				
			2021	120,248				
			2022	126,168				
			2023	132,380				
			2024	138,601				
			2025	145,723				
			2026	152,898				
			2027	160,426				
			2028	168,109				
			2029	176,602				
			2030	185,297				
			2031	194,421				
			2032	203,878				
			2033	214,032				
			2034	224,570				
			2035	235,628				
Aveda Institute Project Series B	12/23/14	3.00%	2025	400,000	400,000	-	-	400,000
Founders' Real Estate, LLC Series A	10/1/18	5.00%	2029	1,067,948	\$ 1,067,948	-	-	1,067,948

CITY OF ANDOVER
SCHEDULE OF INDUSTRIAL REVENUE BONDS
December 31, 2019
(Continued from previous page)

	<i>Date of Issue</i>	<i>Interest Rate</i>	<i>Payment Year</i>	<i>Payment Schedule</i>	<i>Outstanding Issues 01/01/19</i>	<i>Additions</i>	<i>Retirements</i>	<i>Outstanding 12/31/19</i>
Vornado Air, LLC Series 2019	12/12/19	2.88%	2020	326,040		5,200,000		5,200,000
			2021	29,640				
			2022	326,040				
			2023	355,680				
			2024	355,680				
			2025	355,680				
			2026	355,680				
			2027	355,680				
			2028	355,680				
			2029	355,680				
			2030	355,680				
			2031	355,680				
			2032	355,680				
			2033	355,680				
			2034	355,680				
			2035	250,123				
Andover Ambulatory Surgery Center Taxable Industrial Revenue Bonds Series 2019	12/20/19	4.50%	2021	1,200,000		1,200,000		1,200,000
Andover Ambulatory Surgery Center Taxable Health Care Facility Revenue Bonds Series 2019	12/20/19	4.50%	2030	5,031,640		5,031,640		5,031,640
				-	-	-	-	-
Total Industrial Revenue Bonds				<u>\$ 59,285,405</u>	<u>\$ 29,353,190</u>	<u>\$ 11,431,640</u>	<u>\$ 639,766</u>	<u>\$ 40,145,064</u>

City of Andover
Full-time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Full-time Equivalent Employees as of December 31									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	11	12	12	12	12	13	15	15	16	16
Public safety										
Police	21	22	23	23	23	24	26	25	26	26
Fire	14	14	14	14	14	14	16	18	18	18
Fire Reservist	11	12	10	8	11	9	8	9	8	7
Civilians	7	8	8	8	8	8	9	11	11	11
Streets and highways	7	7	7	7	7	7	7	6	7	7
Culture and recreation	7	9	9	9	9	9	9	8	9	10
Stormwater	1	1	1	1	1	1	1	1	1	1
Wastewater	5	5	5	5	5	5	5	5	5	6
Total	84	90	89	87	90	90	96	98	101	102

Source: City of Andover Human Resources

City of Andover
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Arrests	350	405	374	451	423	349	315	325	358	260
Accidents	354	352	366	380	352	343	256	272	263	260
Citations (including parking)	2,737	3,650	3,642	4,599	3,868	3,722	3,830	3,565	2,734	2,889
Calls for service	15,723	18,050	19,329	19,750	19,470	23,079	19,265	21,942	20,189	21,873
Fire										
Structure fires	22	28	30	30	27	22	20	25	28	15
Other fires	53	80	57	53	61	59	65	50	74	29
Medical calls	801	926	891	893	847	1,065	1,060	1,100	992	1,030
Other calls	366	380	376	358	384	380	470	433	407	470
Inspections	410	430	419	391	252	240	105	159	191	139
Training hours	4,098	2,895	2,526	3,536	3,932	4,550	4,747	6,200	9,676	9,465
Streets and highways										
Streets sealed (square yards)	89,074	88,824	81,896	91,764	82,259	84,123	80,806	-0- *	47,000	50,183
Water										
Public water service connections	4,051	4,073	4,096	4,143	4,181	4,257	4,351	4,407	4,543	4,608
GPD average consumption	1,062,240	1,069,532	1,070,118	1,123,324	1,133,627	1,137,921	1,158,823	1,180,387	1,183,541	1,235,236
Wastewater										
Service Connections	4,988	5,110	5,199	5,490	5,683	5,751	5,866	5,942	6,078	6,148
Average Daily Flow (thousands of gallons)	772	698	724	749	729	755	801	806	750	810

Source: Various City of Andover departments

* No streets were sealed in 2017 in anticipation of a new application process that will begin in 2018.

* Prior to 2003 the fire personnel were employed by the county.

** In 2006 a stormwater utility operator was hired to comply with a federally mandated program.

City of Andover
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	18	18	18	18	18	20	21	21	22	23
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Nonstaffed substations	2	2	1	1	1	1	1	1	1	1
Streets and highways										
Miles of paved streets	61	61	61	61	63	63	64	65	71	72
Miles of unpaved streets	13	13	13	13	13	13	13	13	13	15
Traffic Signals	7	7	7	7	7	7	7	7	7	7
Parks & Recreation										
Neighborhood parks	3	3	3	3	3	3	3	3	3	3
Playground areas								2	2	2
56 Acre recreation complex:										
Baseball/softball diamonds	6	6	6	6	4	4	4	4	4	4
Soccer fields	1	2	3	3	3	3	3	3	3	3
Playground areas	2	2	2	2	2	2	2	2	2	2
Tennis/basketball courts	3	3	3	3	3	3	3	3	3	3
Picnic Shelters	2	2	3	3	4	4	4	4	4	4
FEMA Storm Shelter/Restroom/Concession	1	1	1	1	1	1	1	1	1	1
Community center	1	1	1	1	1	1	1	1	1	1
9 hole golf course	1	1	1	1	1	1	1	1	1	1
Clubhouse	1	1	1	1	1	1	1	1	1	1
80 Acre Passive Recreation Park:										
Fishing Lake	1	1	1	1	1	1	1	1	1	1
Playground areas	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	1	1	1	1	1	1	1	1	1	1
Handicap accessible paved walking path	1	1	1	1	1	1	1	1	1	1
Conference Cabin	1	1	1	1	1	1	1	1	1	1
Scout Lodge	1	1	1	1	1	1	1	1	1	1
Lodge	1	1	1	1	1	1	1	1	1	1
Gazebo	1	1	1	1	1	1	1	1	1	1
FEMA Storm Shelter/Restroom							1	1	1	1
Community 5 acre park										
Playground areas	1	1	1	1	1	1	1	1	1	1
Outdoor basketball court			1	1	1	1	1	1	1	1
Picnic Shelters	1	1	1	1	1	1	1	1	1	1
Rebud Trail Head Park									1	1
6 Mile Redbud Hike/Bike trail						1	1	1	1	1
Water *										
Fire hydrants	587	596	596	596	607	611	614	615	621	647
Miles of water lines	88	88	90	91	92	92	93	95	97	100
Wastewater										
Treatment Capacity (thousands of gallons)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Miles of sewer lines	90	90	91	91	92	93	94	96	97	98

* Water service is provided by the City of Wichita, but the lines and hydrants are owned and maintained by the City of Andover.

Source: Various City of Andover departments

CITY OF ANDOVER
SCHEDULE OF FRINGE BENEFIT COST
Year ended December 31, 2019

Direct Expense Items:

Health/Dental Insurance		\$	987,564
Social Security			370,482
Worker's Compensation			77,053
Unemployment Insurance			7,135
Retirement			771,249
Flex Spending Account Fees			2,375
New Hire Physicals			5,589
		\$	<u>2,221,447</u>

Indirect Expense Items (time off with pay):

Vacation	10,656	Hours	\$	267,916
Sick Leave	4,441	Hours		92,040
Holiday	<u>7,020</u>	Hours		<u>162,386</u>
	<u>22,117</u>	Hours	\$	<u>522,342</u>

Total Payroll	\$	5,089,527
Total Hours Worked		197,780
Total Hours Paid		223,829
Cost of Direct Expense Items	\$	2,221,447
Cost of Indirect Expense Items		<u>522,342</u>
Total Cost of Fringe Benefits	\$	<u>2,743,789</u>
Cost Per Hour Worked	\$	13.87
Cost as Percent of Payroll		53.91%

**CITY OF ANDOVER
SICK LEAVE AND VACATION USAGE**

	<u>Vacation</u>	<u>Sick Leave</u>
Balance 1/1/19	10,743	30,040
Value of Accumulated Days	\$ 277,190	\$ 748,304
Hours Accumulated During Year	10,341	8,612
Hours Used During Year	10,656	4,441
Hours Lost Due to Termination	40	1,846
Paid Hours Over 480 Hours		1,030
Lost Hours Over 480 Hours		1,442
Hours donated to pool	70	80
Value of donated hours	\$ 1,508	\$ 2,009
Hours Balance 12/31/19	10,318	29,814
Value of Accumulated Days 12/31/19	\$ 262,751	\$ 766,598

Note: Permanent full-time employees accumulate vacation time as follows:

3.31	hours per pay period for the first year of employment;
4.54	hours per pay period for the second thru fifth year of employment;
5.46	hours per pay period for the sixth thru tenth year of employment;
6.38	hours per pay period for the eleventh thru fifteenth year of employment;
7.31	hours per pay period for the sixteenth thru twentieth year of employment;
8.23	hours per pay period for the twenty-first year of employment and on:

Accumulation of vacation cannot exceed 150% of annual amount available to the employee.

Full-time employees accumulate sick leave at the rate of one day per month worked.

Sick leave can only be used in the event of illness, except in the case of a death in the employee's immediate family. The employee may take three days off, that will be chargeable to sick leave, in addition to the three days of funeral leave. At termination, any sick leave balance is canceled. Accumulation cannot exceed 12 weeks/480 hours.

After the maximum hours of 480 is reached, the employee, based on their hourly salary, will be paid 5/12 of the unused hours over the maximum as of December 31st.

Employees may donate sick and/or vacation hours to a pool that employees can request to draw from in an emergency if they have exhausted their available sick and vacation.

The vacation policy was revised January 1, 2019