

CITY OF ANDOVER, KANSAS

FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 2023

CITY OF ANDOVER, KANSAS
FINANCIAL STATEMENT
REGULATORY BASIS
Year Ended December 31, 2023

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REGULATORY BASIS
Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of Andover, Kansas

Report on the Audit of the Financial Statement

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Andover, Kansas (the City) as of and for the year ended December 31, 2023 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 2.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 2 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern within one year after the date that the financial statement is issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (the basic financial statement) as a whole. The schedules

listed under supplementary information in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 2.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



August 19, 2024
Topeka, Kansas

CITY OF ANDOVER, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Primary government:							
General fund	$ 2,239,128	$ 10,267	$ 13,099,592	$ 11,568,367	$ 3,780,620	$ 390,197	$ 4,170,817
Special purpose funds:							
Street improvement fund	1,154,037	37,100	9,148,230	6,276,069	4,063,298	1,676,118	5,739,416
Employee benefits fund	836,439	-	2,996,239	2,796,114	1,036,564	-	1,036,564
Special highway fund	860,824	-	532,168	454,215	938,777	15,549	954,326
Library fund	38,909	-	670,089	644,850	64,148	-	64,148
Hotel and tourism fund	204,205	-	178,374	96,951	285,628	-	285,628
Park improvement fund	368,782	-	389,454	123,166	635,070	13,235	648,305
Emergency 911 fund	179,046	-	107,060	50,753	235,353	-	235,353
Special building fund	26,996	-	412,954	401,346	38,604	-	38,604
Golf course fund	23,900	-	186,998	198,103	12,795	100,990	113,785
Festivals fund	202	-	285,448	105,042	180,608	825	181,433
ARPA fund	1,033,792	-	-	800,000	233,792	-	233,792
Andover Public Building Commission fund	-	-	401,346	401,346	-	-	-
Debt service fund	1,423,372	-	4,279,156	4,402,983	1,299,545	-	1,299,545
Capital project funds:							
Sewer expansion/equipment reserve fund	12,193,218	-	2,444,143	9,750,624	4,886,737	687,138	5,573,875
Street equipment reserve fund	94,714	-	209,994	-	304,708	-	304,708
City project funds	(2,817,585)	-	3,719,115	18,161,809	(17,260,279)	4,636,113	(12,624,166)
Capital equipment reserve fund	1,802,821	55,878	459,600	321,272	1,997,027	-	1,997,027
Sales tax funded projects fund	(17,985,693)	-	13,876,392	2,273,078	(6,382,379)	8,463,857	2,081,478
Business funds:							
Water utility fund	564,227	-	167,474	46,677	685,024	-	685,024
Sewer utility fund	1,145,476	-	3,112,564	2,489,593	1,768,447	46,803	1,815,250
Recycling/trash utility fund	100,289	-	1,064,742	1,036,056	128,975	4,536	133,511
Storm water utility fund	129,469	-	210,522	204,897	135,094	4,625	139,719
Vehicle lease management fund	341,306	-	292,280	288,809	344,777	-	344,777
Total primary government	3,957,874	103,245	58,243,934	62,892,120	(587,067)	16,039,986	15,452,919
Related municipal entity:							
Andover Public Library	760,417	-	821,781	693,505	888,693	24	888,717
Total reporting entity (excluding agency funds)	$ 4,718,291	$ 103,245	$ 59,065,715	$ 63,585,625	$ 301,626	$ 16,040,010	$ 16,341,636

Composition of cash	
Equity Bank:	
Checking	$ 15,345,125
Bond account	20,120
Library checking	6,275
Library capital improvement	16,563
Emprise Bank:	
Library checking	241,738
Andover State Bank:	
Library certificate of deposit	250,000
Capitol Federal Bank:	
Library certificate of deposit	117,950
INTRUST Bank:	
Library certificate of deposit	256,191
Kansas Municipal Investment Pool	82,876
Capitalized health account	39,769
Total cash	16,376,607
Agency funds per Schedule 4	(34,971)
Total reporting entity (excluding agency funds)	$ 16,341,636

See accompanying notes to financial statement.

1 - Municipal Financial Reporting Entity

The City of Andover, Kansas (the City) was incorporated in 1957 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. This financial statement presents the City and the following related municipal entities:

The Andover Public Library (the Library) is legally separate from the City; however, the governing body of the Library is appointed by the City Council. The Library 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 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 purpose fund of the City. The Library also receives funding through state assistance programs, charges for services, and donations from the public.

The Andover Public Building Commission (the Commission) is governed by a seven-member board that is the same as the Governing Body of the City. Although it is legally separate from the City, the Commission is reported as if it is part of the primary government because its sole purpose is to finance and construct the City's public buildings.

The financial statement excludes the financial information for the following related municipal entity:

Fire District #1 (the District) is a legally separate entity established by Butler County (the County) to provide fire services to the citizens of Butler County. The County establishes a budget for the District and levies taxes accordingly. The funds of the District are maintained by the City. Since the District is included in the financial statement of the County, it is not included in this financial statement. The financial statements of Butler County can be obtained by writing to the Butler County Clerk at 205 W. Central Ave. El Dorado, Kansas 67042.

2 - Summary of Significant Accounting Policies

(a) Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

(b) Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following regulatory basis fund types comprise the financial activities of the City for the year ended December 31, 2023:

General Fund is used to account for the general operations of the City and is used to account for all unrestricted resources except those required to be accounted for in other funds.

Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific revenue sources (other than major capital projects and tax levies for long-term debt) that are intended for specified purposes.

Debt Service Fund is used to account for the accumulation of resources, including tax levies, transfers from other funds, and payment of general long-term debt.

Capital Project Funds are used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Funds are financed in whole or in part by fees charged to users of the goods or services.

Agency Funds are used to report assets held by the City in a purely custodial capacity.

(c) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), the debt service fund, and business funds. Although directory rather than mandatory, 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 local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
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.

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. The budget was amended for the following funds: general, street improvement, employee benefits, hotel and tourism, park improvement, ARPA, sewer expansion/equipment reserve, water utility, recycling/trash utility, and vehicle lease management.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, agency funds, the Andover Public Library or the following special purpose fund: Andover Public Building Commission.

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

(d) Annual Personal and Sick Leave Benefits

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, and twenty-one or more years of service to earn 214 hours vacation pay. Employees may accumulate a maximum of 86 to 321 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.

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.

(e) 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.

(f) Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase.

(g) Use of Estimates

The preparation of the financial statement in compliance with the regulatory basis requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

3 - Deposits and Investments

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the City. 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 FDIC coverage. The City has no other policies that would further limit interest rate risk.

Investments. 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 (KMIP). The City has no investment policy that would further limit its investment choices.

As of December 31, 2023, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	Rating
Kansas Municipal Investment Pool	$ 82,876	Less than a year	N/A

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, 2023, is as follows:

Investment Type	Percentage of Investments
Kansas Municipal Investment Pool	100.00%

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

At December 31, 2023, the City's carrying amount of deposits was $ 15,487,890 and the bank balance was $ 18,308,702. Of the bank balance, $ 250,000 was covered by federal depository insurance, and the remaining bank balance of $ 18,058,702 was collateralized with securities held by the pledging financial institutions' agent in the City's name.

At December 31, 2023, the Library's carrying amount of deposits was $ 888,717 and the bank balance was $ 912,560. Of the bank balance, $ 890,788 was covered by federal depository insurance, and the remaining balance of $ 21,772 was unsecured.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2023, the City had invested $ 82,876 in the State's municipal investment pool. The KMIP is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4 - Defined Benefit Pension Plan

Simplified Employee Pension Plan

All full-time employees, except for police and fire employees, participate in the City's Simplified Employee Pension Plan (the Plan), a single-employer defined contribution retirement plan. The payroll for employees covered by the Plan was $ 2,920,227 and the City's total payroll was $ 6,443,778 for the year ended December 31, 2023. 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 2023 was based upon 7% of gross compensation and was $ 204,416. 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 2023,

the employees elective contributions made through payroll deductions were $ 154,661. 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 statement 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. Plan provisions were updated in 2023 to increase the employer's contribution from 6% to 7%.

Kansas Police and Firemen's Retirement System Pension Plan

General Information about the Plan

Plan Description. The City participates in the Kansas Police and Firemen's Retirement System (KP&F), a cost-sharing multiple-employer defined benefit pension plan administered by the Kansas Public Employees Retirement System (KPERS), as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website www.kpers.org or by writing to KPERS (611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate was 22.86% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $ 639,591 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $ 7,281,425. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Kansas Police and Firemen subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees who qualify under the plan terms and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

5 - Long-Term Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. The Andover Public Building Commission issues revenue bonds, which are to be paid with future property tax revenues to be levied in the special building fund and other resources available to the City. Additionally, the City has entered into lease agreements as lessee for financing the acquisition of equipment.

Changes in long-term liabilities for the City for the year ended December 31, 2023, were as follows:

Issue	Interest Rates	Date of Issue	Date of Final Maturity	Original Amount Issued	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General obligation bonds:									
Series 2015-A	2.00% - 3.00%	11/12/2015	10/1/2036	$ 6,540,000	$ 3,880,000	$ -	$ 525,000	$ 3,355,000	$ 106,250
Series 2015-B	0.65% - 3.90%	12/1/2015	10/1/2030	3,780,000	2,180,000	-	245,000	1,935,000	74,123
Series 2016-A	2.00% - 2.50%	3/1/2016	10/1/2031	9,640,000	4,690,000	-	1,025,000	3,665,000	99,494
Series 2017-A	2.00% - 3.25%	12/14/2017	10/1/2038	3,575,000	3,125,000	-	150,000	2,975,000	92,050
Series 2019-A	2.00% - 4.00%	11/14/2019	10/1/2039	7,525,000	6,690,000	-	365,000	6,325,000	178,573
Series 2019-B	2.00% - 3.00%	12/17/2019	10/1/2039	3,655,000	3,495,000	-	165,000	3,330,000	81,668
Series 2020-A	1.00% - 3.00%	7/30/2020	10/1/2040	3,695,000	3,410,000	-	155,000	3,255,000	69,475
Series 2020-B	1.10% - 2.00%	11/12/2020	10/1/2033	4,320,000	2,310,000	-	745,000	1,565,000	41,830
Series 2020-C	1.00% - 3.00%	12/22/2020	10/1/2041	3,745,000	3,485,000	-	215,000	3,270,000	69,520
Series 2021-A	1.00% - 2.00%	9/1/2021	10/1/2039	9,605,000	9,605,000	-	-	9,605,000	159,475
Series 2021-B	1.60% - 2.55%	12/30/2021	10/1/2040	16,890,000	16,890,000	-	-	16,890,000	352,253
Series 2022-A	3.00% - 5.00%	9/27/2022	10/1/2042	4,160,000	4,160,000	-	-	4,160,000	165,943
Series 2023-A	4.00% - 5.00%	8/1/2023	10/1/2043	3,220,000	-	3,220,000	-	3,220,000	-
Total general obligation bonds					63,920,000	3,220,000	3,590,000	63,550,000	1,490,654
Andover Public Building Commission revenue bonds:									
Public Safety Facility Revenue Bonds, Series C 2004	4.32%	9/1/2004	9/1/2024	2,500,000	565,000	-	270,000	295,000	24,408
Andover Public Building Commission Revenue Bonds, Series A 2017 (Amphitheater)	3.00% - 4.00%	8/15/2017	11/1/2032	1,150,000	930,000	-	75,000	855,000	31,938
Total Andover Public Building Commission revenue bonds					1,495,000	-	345,000	1,150,000	56,346
Finance leases:									
2022 Ford Police Interceptor Utility	0%	2/21/2023	2/21/2028	37,484	-	37,484	6,872	30,612	-
2022 Ford Police Interceptor Utility	0%	2/21/2023	2/21/2028	37,369	-	37,369	6,851	30,518	-
2023 Ford Expedition	0%	3/27/2023	2/21/2028	70,961	-	70,961	11,827	59,134	-
2023 Ford F150	0%	12/1/2023	2/21/2028	59,732	-	59,732	996	58,736	-
2023 Ford Expedition Max	0%	8/31/2023	2/21/2028	65,287	-	65,287	5,441	59,846	-
2023 Chevy Silverado 3500HD Chassis	0%	2/17/2023	2/21/2028	70,510	-	70,510	12,927	57,583	-
2023 Ford F150	0%	11/21/2023	2/21/2028	60,216	-	60,216	2,007	58,209	-
2023 Ford F150	0%	12/11/2023	2/21/2028	59,738	-	59,738	996	58,742	-
2023 Ford F150	0%	12/1/2023	2/21/2028	59,732	-	59,732	996	58,736	-
2023 Ford F150	0%	12/11/2023	2/21/2028	59,738	-	59,738	996	58,742	-
2021 Dodge Durango	0%	10/12/2022	10/12/2026	47,120	44,175	-	11,780	32,395	-
2022 Chevy Silverado 1500	0%	11/25/2022	10/12/2026	48,519	46,497	-	12,130	34,367	-
2022 Chevy Silverado 1500	0%	9/15/2022	10/12/2026	44,348	40,652	-	11,087	29,565	-
2022 Chevy Silverado 1500	0%	9/15/2022	10/12/2026	47,795	43,812	-	11,949	31,863	-
2022 Chevy Silverado 1500	0%	9/15/2022	10/12/2026	44,348	40,652	-	11,087	29,565	-
2022 Chevy Silverado 1500	0%	9/15/2022	10/12/2026	47,919	43,926	-	11,980	31,946	-
2022 Chevy Silverado 1500	0%	10/7/2022	10/7/2024	22,394	19,594	-	11,197	8,397	-
2022 Chevy Silverado 1500	0%	10/7/2022	10/7/2024	23,071	20,188	-	11,536	8,652	-
2022 Chevy Silverado 1500	0%	10/7/2022	10/7/2026	47,106	44,162	-	11,776	32,386	-
2022 Chevy Silverado 2500 HD	0%	6/15/2022	6/15/2024	15,926	11,945	-	7,963	3,982	-
2022 Chevy Silverado 1500	0%	10/7/2022	10/7/2026	50,672	47,505	-	12,668	34,837	-
Postage Meter Rental	0%	7/26/2022	7/26/2027	8,248	7,561	-	1,650	5,911	-
Postage Meter Rental	0%	5/23/2023	5/23/2026	1,359	-	1,359	264	1,095	-
Total finance leases					410,669	582,126	176,976	815,819	-
Total contractual indebtedness					$ 65,825,669	$ 3,802,126	$ 4,111,976	$ 65,515,819	$ 1,547,000

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	Total
General obligation bonds:									
Principal:									
Series 2015-A	$ 535,000	$ 545,000	$ 240,000	$ 235,000	$ 240,000	$ 1,060,000	$ 500,000	$ -	$ 3,355,000
Series 2015-B	250,000	260,000	265,000	275,000	285,000	600,000	-	-	1,935,000
Series 2016-A	615,000	635,000	565,000	350,000	360,000	1,140,000	-	-	3,665,000
Series 2017-A	155,000	165,000	165,000	170,000	175,000	980,000	1,165,000	-	2,975,000
Series 2019-A	380,000	390,000	410,000	425,000	440,000	2,290,000	1,675,000	315,000	6,325,000
Series 2019-B	170,000	180,000	180,000	185,000	190,000	1,020,000	1,155,000	250,000	3,330,000
Series 2020-A	160,000	165,000	170,000	175,000	180,000	945,000	1,025,000	435,000	3,255,000
Series 2020-B	305,000	130,000	130,000	135,000	140,000	725,000	-	-	1,565,000
Series 2020-C	225,000	230,000	145,000	155,000	155,000	840,000	920,000	600,000	3,270,000
Series 2021-A	-	350,000	600,000	610,000	625,000	3,240,000	3,455,000	725,000	9,605,000
Series 2021-B	-	700,000	940,000	960,000	980,000	5,165,000	5,685,000	2,460,000	16,890,000
Series 2022-A	150,000	155,000	155,000	160,000	185,000	1,020,000	1,215,000	1,120,000	4,160,000
Series 2023-A	85,000	110,000	110,000	120,000	125,000	715,000	880,000	1,075,000	3,220,000
Total principal	3,030,000	4,015,000	4,075,000	3,955,000	4,080,000	19,740,000	17,675,000	6,980,000	63,550,000
Interest:									
Series 2015-A	90,500	79,800	67,538	61,538	55,075	171,125	34,175	-	559,751
Series 2015-B	67,140	59,640	51,450	42,705	33,218	34,853	-	-	289,006
Series 2016-A	78,994	66,694	53,994	42,694	35,694	57,294	-	-	335,364
Series 2017-A	88,975	84,713	80,175	75,638	70,963	273,583	114,689	-	788,736
Series 2019-A	163,973	148,773	133,173	116,773	99,773	364,032	142,677	7,403	1,176,577
Series 2019-B	76,718	71,618	66,218	60,818	55,268	217,440	106,855	5,750	660,685
Series 2020-A	64,825	60,025	55,075	49,975	44,725	189,875	105,513	13,100	583,113
Series 2020-B	32,930	20,830	18,230	15,630	12,930	29,400	-	-	129,950
Series 2020-C	63,073	56,323	49,423	45,073	40,423	145,215	88,976	19,966	508,472
Series 2021-A	159,475	159,475	152,475	140,475	128,275	508,315	269,975	14,500	1,532,965
Series 2021-B	352,253	352,253	338,253	319,453	300,253	1,232,025	706,104	93,263	3,693,857
Series 2022-A	164,119	156,619	148,869	141,119	133,119	533,495	351,514	113,738	1,742,592
Series 2023-A	156,450	130,700	126,300	121,900	117,100	488,050	322,800	132,600	1,595,900
Total interest	$ 1,559,425	$ 1,447,463	$ 1,341,173	$ 1,233,791	$ 1,126,816	$ 4,244,702	$ 2,243,278	$ 400,320	$ 13,596,968

	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	Total
Andover Public Building Commission revenue bonds:									
Principal:									
Public Safety Facility Revenue Bonds, Series C 2004	$ 295,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 295,000
Andover Public Building Commission Revenue Bonds, Series A 2017 (Amphitheater)	80,000	85,000	85,000	90,000	95,000	420,000	-	-	855,000
Total principal	375,000	85,000	85,000	90,000	95,000	420,000	-	-	1,150,000
Interest:									
Public Safety Facility Revenue Bonds, Series C 2004	12,744	-	-	-	-	-	-	-	12,744
Andover Public Building Commission Revenue Bonds, Series A 2017 (Amphitheater)	29,688	27,288	24,738	22,188	19,263	42,375	-	-	165,540
Total interest	42,432	27,288	24,738	22,188	19,263	42,375	-	-	178,284
Finance leases:									
Principal:									
2022 Ford Police Interceptor Utility	7,497	7,497	7,497	7,497	624	-	-	-	30,612
2022 Ford Police Interceptor Utility	7,474	7,474	7,474	7,474	622	-	-	-	30,518
2023 Ford Expedition	14,192	14,192	14,192	14,192	2,366	-	-	-	59,134
2023 Ford F150	11,946	11,946	11,946	11,946	10,952	-	-	-	58,736
2023 Ford Expedition Max	13,057	13,057	13,057	13,057	7,618	-	-	-	59,846
2023 Chevy Silverado 3500HD Chassis	14,102	14,102	14,102	14,102	1,175	-	-	-	57,583
2023 Ford F150	12,043	12,043	12,043	12,043	10,037	-	-	-	58,209
2023 Ford F150	11,948	11,948	11,948	11,948	10,950	-	-	-	58,742
2023 Ford F150	11,946	11,946	11,946	11,946	10,952	-	-	-	58,736
2023 Ford F150	11,948	11,948	11,948	11,948	10,950	-	-	-	58,742
2021 Dodge Durango	11,780	11,780	8,835	-	-	-	-	-	32,395
2022 Chevy Silverado 1500	12,130	12,130	10,107	-	-	-	-	-	34,367
2022 Chevy Silverado 1500	11,087	11,087	7,391	-	-	-	-	-	29,565
2022 Chevy Silverado 1500	11,949	11,949	7,965	-	-	-	-	-	31,863
2022 Chevy Silverado 1500	11,087	11,087	7,391	-	-	-	-	-	29,565
2022 Chevy Silverado 1500	11,980	11,980	7,986	-	-	-	-	-	31,946
2022 Chevy Silverado 1500	8,397	-	-	-	-	-	-	-	8,397
2022 Chevy Silverado 1500	8,652	-	-	-	-	-	-	-	8,652
2022 Chevy Silverado 1500	11,776	11,776	8,834	-	-	-	-	-	32,386
2022 Chevy Silverado 2500 HD	3,982	-	-	-	-	-	-	-	3,982
2022 Chevy Silverado 1500	12,668	12,668	9,501	-	-	-	-	-	34,837
Postage Meter Rental	1,650	1,650	1,650	961	-			-	5,911
Postage Meter Rental	453	453	189	-	-	-	-	-	1,095
Total principal	233,744	212,713	186,002	117,114	66,246	-	-	-	815,819
Total contractual indebtedness	$ 5,240,601	$ 5,787,464	$ 5,711,913	$ 5,418,093	$ 5,387,325	$ 24,447,077	$ 19,918,278	$ 7,380,320	$ 79,291,071

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. As of December 31, 2023, there were nine series of industrial revenue bonds outstanding with a principal amount payable of approximately $ 26,606,132. The bonds do not constitute an indebtedness or pledge of the faith or credit of the City of Andover, and accordingly, are not reported in the accompanying financial statement.

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 2019-B, in the amount of $ 3,655,000. Additional tax increment financing district bonds totaling $ 26,495,000 were issued in 2021.

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.

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 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.

6 - Interfund Transfers

Operating transfers for the year ended December 31, 2023 were as follows:

From	To	Regulatory Authority	Amount
General	Vehicle Lease Management	K.S.A. 12-1,118	$ 175,000
General	Capital Equipment Reserve	K.S.A. 12-1,117	35,000
General	Golf Course	Ordinance	185,000
General	Sales Tax Funded Projects	K.S.A. 12-1,118	3,506,461
Sewer Utility	Vehicle Lease Management	K.S.A. 12-1,118	35,000
Sewer Utility	Sewer Expansion/Equipment Reserve	K.S.A. 12-1,117	850,000
Sewer Utility	General	K.S.A. 12-825d	300,000
Sewer Utility	Street Equipment Reserve	K.S.A. 12-1,117	100,000
ARPA	Sales Tax Funded Projects	K.S.A. 12-1,118	800,000
Special Highway	Sewer Expansion/Equipment Reserve	K.S.A. 12-1,117	100,000
City Projects	General	K.S.A. 12-1,117	171,652
City Projects	Debt Service	K.S.A. 12-1,117	22,012
Street Improvement	Debt Service	Ordinance	432,115
Sewer Expansion/Equipment Reserve	Debt Service	Ordinance	60,638
Sewer Expansion/Equipment Reserve	Sales Tax Funded Projects	Ordinance	9,398,261
Park Improvement	Special Building	Ordinance	106,938
Hotel and Tourism	Festivals	Ordinance	75,000

7 - Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

8 - Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

Project Name	Project Estimate	Expenditures to Date
Fire Station 2 Build	$ 6,514,985	$ 5,968,220
Fire Station 1 Remodel	1,719,381	722,674
13th Street Improvements	13,424,454	6,506,731
Cottages at Cornerstone - Engineering	438,859	199,482
Cottages at Cornerstone - Contractor	1,622,222	424,730
Lakeview Heights	1,542,309	839,121
Heritage TIF Project Phase 2 - Engineering	1,434,600	1,346,048
Heritage TIF Project Phase 2 - Paving	2,680,040	2,350,847
Heritage TIF Project Phase 2 - Contractor	6,250,583	5,581,190
Heritage TIF Parking Garage	15,503,062	14,230,197
Heritage 3rd Addition	590,975	493,778

9 - Commitments And Contingencies

Federal assistance. The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the City. However, in the opinion of management, any such disallowed claims will not have a material effect on the basic financial statement as of December 31, 2023.

Sewage treatment reserves. 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.

Litigation. The City is a party to various claims, none of which is expected to have a material impact on the financial statement.

Self-Insurance. The City is responsible for a potential liability up to $ 50,000 per individual per year for health care claims. This plan had fixed costs of $ 494,242. Management believes claims incurred, but not reported, are insignificant at December 31, 2023.

10 - 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 for which it carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have not been significant reductions in coverage from prior years.

11 - Statutory Compliance

The city project funds had a deficit cash balance of $ 12,624,166 and a deficit unencumbered cash balance of $ 17,260,279, and the sales tax funded projects fund had a deficit unencumbered cash balance of $ 6,382,379 at December 31, 2023, which is a violation of K.S.A. 10-1113. However, per K.S.A. 10-1116, limits of indebtedness may be exceeded when this is due to capital project expenditures incurred prior to the issuance of bonds.

12 - Subsequent Events

Subsequent events have been evaluated for the City through the date of the independent auditors' report, which is the date the financial statement was available to be issued.

The City issued General Obligation Bond Series 2024-A in May 2024. The total amount of the issue was $ 25,155,000 with an interest rate of 4.00% - 5.00%. Payments will begin in October 2025 through the maturity date of October 1, 2044.

In May 2024, the City approved a subscription contract for software to be used by the Andover Police Department. The total contract cost is approximately $ 1.3 million over a ten year term.

SUPPLEMENTARY INFORMATION

CITY OF ANDOVER, KANSAS
SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
Year Ended December 31, 2023

Fund	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General fund	$ 12,715,605	$ -	$ 12,715,605	$ 11,568,367	$ (1,147,238)
Special purpose funds:					
Street improvement fund	7,895,492	-	7,895,492	6,276,069	(1,619,423)
Employee benefits fund	3,497,771	-	3,497,771	2,796,114	(701,657)
Special highway fund	595,750	-	595,750	454,215	(141,535)
Library fund	661,600	-	661,600	644,850	(16,750)
Hotel and tourism fund	101,375	-	101,375	96,951	(4,424)
Park improvement fund	211,938	-	211,938	123,166	(88,772)
Emergency 911 fund	56,800	-	56,800	50,753	(6,047)
Special building fund	401,346	-	401,346	401,346	-
Golf course fund	223,000	-	223,000	198,103	(24,897)
Festivals fund	528,243	-	528,243	105,042	(423,201)
ARPA fund	800,000	-	800,000	800,000	-
Debt service fund	5,003,983	-	5,003,983	4,402,983	(601,000)
Capital project fund:					
Sewer expansion/equipment reserve fund	492,638	-	492,638	352,363	(140,275)
Business funds:					
Water utility fund	150,000	-	150,000	46,677	(103,323)
Sewer utility fund	3,031,490	-	3,031,490	2,489,593	(541,897)
Recycling/trash utility fund	1,044,453	-	1,044,453	1,036,056	(8,397)
Storm water utility fund	206,093	-	206,093	204,897	(1,196)
Vehicle lease management fund	310,000	-	310,000	288,809	(21,191)
Totals	$ 37,927,577	$ -	$ 37,927,577	$ 32,336,354	

CITY OF ANDOVER, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts and transfers:				
Taxes	$ 6,989,657	$ 10,870,312	$ 11,001,208	$ 130,896
Fines and fees	270,000	270,000	474,620	204,620
Licenses and permits	300,000	300,000	651,689	351,689
Rentals and recreational fees	104,675	104,675	102,733	(1,942)
Charges for services	400	400	364	(36)
Miscellaneous	-	-	74,321	74,321
Interest income	9,000	30,000	323,005	293,005
Transfers in	300,000	300,000	471,652	171,652
Total receipts and transfers	$ 7,973,732	$ 11,875,387	13,099,592	$ 1,224,205
Expenditures, encumbrances, and transfers:				
Administration:				
Personal services	$ 738,807	$ 738,807	659,236	$ (79,571)
Contractual services	406,800	406,800	440,885	34,085
Commodities	25,750	25,750	86,677	60,927
Capital outlay	10,000	10,000	-	(10,000)
Total administration	1,181,357	1,181,357	1,186,798	5,441
Police:				
Personal services	2,100,229	2,100,229	1,767,938	(332,291)
Contractual services	389,641	389,641	253,604	(136,037)
Commodities	191,114	191,114	157,608	(33,506)
Capital outlay	14,000	14,000	-	(14,000)
Total police	2,694,984	2,694,984	2,179,150	(515,834)
Fire:				
Personal services	1,473,989	1,473,989	1,319,183	(154,806)
Contractual services	133,367	133,367	101,026	(32,341)
Commodities	141,214	141,214	138,265	(2,949)
Capital outlay	29,855	29,855	34,382	4,527
Total fire	$ 1,778,425	$ 1,778,425	$ 1,592,856	$ (185,569)

(Continued)

CITY OF ANDOVER, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Municipal Court:				
Personal services	$ 73,914	$ 73,914	$ 72,068	$ (1,846)
Contractual services	70,575	70,575	63,469	(7,106)
Commodities	500	500	749	249
Capital outlay	14,165	14,165	-	(14,165)
Total Municipal Court	159,154	159,154	136,286	(22,868)
Street:				
Personal services	423,934	423,934	353,635	(70,299)
Contractual services	199,000	199,000	190,979	(8,021)
Commodities	16,850	16,850	2,237	(14,613)
Capital outlay	-	-	10	10
Total street	639,784	639,784	546,861	(92,923)
Parks:				
Personal services	675,493	675,493	582,647	(92,846)
Contractual services	181,230	181,230	157,273	(23,957)
Commodities	241,250	241,250	281,491	40,241
Capital outlay	35,000	35,000	31,961	(3,039)
Total parks	1,132,973	1,132,973	1,053,372	(79,601)
Recreation programs:				
Contractual services	42,350	42,350	3,765	(38,585)
Commodities	52,325	52,325	2,247	(50,078)
Total recreation programs	94,675	94,675	6,012	(88,663)
Information technology:				
Personal services	116,907	116,907	90,463	(26,444)
Contractual services	325,353	325,353	272,563	(52,790)
Commodities	58,200	58,200	115,488	57,288
Capital outlay	12,000	12,000	29,764	17,764
Total information technology	$ 512,460	$ 512,460	$ 508,278	$ (4,182)

(Continued)

CITY OF ANDOVER, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Code enforcement:				
Personal services	$ 418,693	$ 418,693	$ 365,916	$ (52,777)
Contractual services	89,100	89,100	81,437	(7,663)
Commodities	10,500	10,500	9,940	(560)
Capital outlay	7,500	7,500	-	(7,500)
Total code enforcement	525,793	525,793	457,293	(68,500)
Transfers out	246,000	3,996,000	3,901,461	(94,539)
Total expenditures, encumbrances, and transfers	$ 8,965,605	$ 12,715,605	11,568,367	$ (1,147,238)
Receipts and transfers over expenditures, encumbrances, and transfers			1,531,225	
Unencumbered cash, beginning			2,239,128	
Prior year canceled encumbrances			10,267	
Unencumbered cash, ending			$ 3,780,620	

(Continued)

CITY OF ANDOVER, KANSAS
STREET IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts:				
Taxes	$ 2,700,000	$ 3,294,198	$ 3,506,461	$ 212,263
Intergovernmental	-	4,250,000	4,250,000	-
Licenses and permits	144,455	175,000	221,055	46,055
Reimbursements	-	-	847,172	847,172
Interest income	-	100,000	323,542	223,542
Total receipts	$ 2,844,455	$ 7,819,198	9,148,230	$ 1,329,032
Expenditures, encumbrances, and transfers:				
Contractual services	$ 21,377	$ 30,000	2,784,983	$ 2,754,983
Capital outlay	4,692,000	7,433,377	3,058,971	(4,374,406)
Transfers out	432,115	432,115	432,115	-
Total expenditures, encumbrances, and transfers	$ 5,145,492	$ 7,895,492	6,276,069	$ (1,619,423)
Receipts over expenditures, encumbrances, and transfers			2,872,161	
Unencumbered cash, beginning			1,154,037	
Prior year canceled encumbrances			37,100	
Unencumbered cash, ending			$ 4,063,298	

(Continued)

CITY OF ANDOVER, KANSAS
EMPLOYEE BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts:				
Taxes	$ 2,575,802	$ 2,637,269	$ 2,716,567	$ 79,298
Payroll contributions	-	200,000	201,018	1,018
Interest income	-	54,000	78,556	24,556
Miscellaneous	-	-	98	98
Total receipts	$ 2,575,802	$ 2,891,269	2,996,239	$ 104,970
Expenditures:				
Personal services	$ 2,997,771	$ 3,497,771	2,796,114	$ (701,657)
Receipts over expenditures			200,125	
Unencumbered cash, beginning			836,439	
Unencumbered cash, ending			$ 1,036,564	

(Continued)

CITY OF ANDOVER, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	$ 431,285	$ 477,685	$ 46,400
Interest income	2,500	54,483	51,983
Total receipts	$ 433,785	532,168	$ 98,383
Expenditures, encumbrances, and transfers:			
Personal services	$ 55,600	55,000	$ (600)
Contractual services	90,050	68,265	(21,785)
Commodities	300,100	186,695	(113,405)
Capital outlay	50,000	44,255	(5,745)
Transfers out	100,000	100,000	-
Total expenditures, encumbrances, and transfers	$ 595,750	454,215	$ (141,535)
Receipts over expenditures, encumbrances, and transfers		77,953	
Unencumbered cash, beginning		860,824	
Unencumbered cash, ending		$ 938,777	

(Continued)

CITY OF ANDOVER, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	$ 627,669	$ 662,456	$ 34,787
Interest income	-	7,633	7,633
Total receipts	$ 627,669	670,089	$ 42,420
Expenditures:			
Appropriations to Library Board	$ 661,600	644,850	$ (16,750)
Receipts over expenditures		25,239	
Unencumbered cash, beginning		38,909	
Unencumbered cash, ending		$ 64,148	

(Continued)

CITY OF ANDOVER, KANSAS
HOTEL AND TOURISM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts:				
Taxes	$ 75,000	$ 75,000	$ 162,247	$ 87,247
Interest income	-	-	16,127	16,127
Total receipts	$ 75,000	$ 75,000	178,374	$ 103,374
Expenditures and transfers:				
Contractual services	$ 15,875	$ 25,875	21,951	$ (3,924)
Commodities	500	500	-	(500)
Transfer out	75,000	75,000	75,000	-
Total expenditures and transfers	$ 91,375	$ 101,375	96,951	$ (4,424)
Receipts over expenditures and transfers			81,423	
Unencumbered cash, beginning			204,205	
Unencumbered cash, ending			$ 285,628	

(Continued)

CITY OF ANDOVER, KANSAS
PARK IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts:				
Taxes	$ 70,000	$ 70,000	$ 87,282	$ 17,282
Licenses and permits	141,525	149,025	176,025	27,000
Rentals	65,000	65,000	83,518	18,518
Contributions	-	10,000	10,000	-
Interest income	-	20,000	32,629	12,629
Total receipts	$ 276,525	$ 314,025	389,454	$ 75,429
Expenditures, encumbrances and transfers:				
Capital outlay	$ 75,000	$ 105,000	16,228	$ (88,772)
Transfers out	106,938	106,938	106,938	-
Total expenditures, encumbrances and transfers	$ 181,938	$ 211,938	123,166	$ (88,772)
Receipts over expenditures, encumbrances and transfers			266,288	
Unencumbered cash, beginning			368,782	
Unencumbered cash, ending			$ 635,070	

(Continued)

CITY OF ANDOVER, KANSAS
EMERGENCY 911 FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Taxes	$ 59,500	$ 96,557	$ 37,057
Interest income	250	10,503	10,253
Total receipts	$ 59,750	107,060	$ 47,310
Expenditures:			
Contractual services	$ 56,800	50,753	$ (6,047)
Receipts over expenditures		56,307	
Unencumbered cash, beginning		179,046	
Unencumbered cash, ending		$ 235,353	

(Continued)

CITY OF ANDOVER, KANSAS
SPECIAL BUILDING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	$ 278,697	$ 294,946	$ 16,249
Interest income	100	11,070	10,970
Transfers in	106,938	106,938	-
Total receipts and transfers	$ 385,735	412,954	$ 27,219
Expenditures:			
Appropriations to Andover Public Building Commission	$ 401,346	401,346	$ -
Receipts and transfers over expenditures		11,608	
Unencumbered cash, beginning		26,996	
Unencumbered cash, ending		$ 38,604	

(Continued)

CITY OF ANDOVER, KANSAS
GOLF COURSE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Charges for services	$ 2,000	$ 2,470	$ 470
Interest income	-	(472)	(472)
Transfers in	221,000	185,000	(36,000)
Total receipts and transfers	$ 223,000	186,998	$ (36,002)
Expenditures and encumbrances:			
Contractual services	$ 118,000	148,404	$ 30,404
Commodities	17,000	453	(16,547)
Capital outlay	88,000	49,246	(38,754)
Total expenditures and encumbrances	$ 223,000	198,103	$ (24,897)
Receipts and transfers under expenditures and encumbrances		(11,105)	
Unencumbered cash, beginning		23,900	
Unencumbered cash, ending		$ 12,795	

(Continued)

CITY OF ANDOVER, KANSAS
FESTIVALS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Intergovernmental	$ -	$ 75,000	$ 75,000
Rentals	45,000	56,673	11,673
Charges for services	237,223	19,953	(217,270)
Contributions	136,400	56,783	(79,617)
Interest income	-	2,039	2,039
Transfers in	75,000	75,000	-
Total receipts and transfers	$ 493,623	285,448	$ (208,175)
Expenditures and encumbrances:			
Contractual services	$ 493,468	92,854	$ (400,614)
Commodities	34,775	12,188	(22,587)
Total expenditures and encumbrances	$ 528,243	105,042	$ (423,201)
Receipts and transfers over expenditures and encumbrances		180,406	
Unencumbered cash, beginning		202	
Unencumbered cash, ending		$ 180,608	

(Continued)

CITY OF ANDOVER, KANSAS
ARPA FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Transfers:				
Transfers out	$ -	$ 800,000	$ 800,000	$ -
Unencumbered cash, beginning			1,033,792	
Unencumbered cash, ending			$ 233,792	

(Continued)

CITY OF ANDOVER, KANSAS
DEBT SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts and transfers:			
Taxes	$ 40,220	$ 317,298	$ 277,078
Special assessments	3,410,587	3,296,620	(113,967)
Interest income	-	139,610	139,610
Miscellaneous	10,863	10,863	-
Transfers in	492,753	514,765	22,012
Total receipts and transfers	$ 3,954,423	4,279,156	$ 324,733
Expenditures:			
Principal	$ 3,590,000	3,590,000	$ -
Interest	812,983	812,983	-
Commission and postage	1,000	-	(1,000)
Cash basis reserve	600,000	-	(600,000)
Total expenditures	$ 5,003,983	4,402,983	$ (601,000)
Receipts and transfers under expenditures		(123,827)	
Unencumbered cash, beginning		1,423,372	
Unencumbered cash, ending		$ 1,299,545	

(Continued)

CITY OF ANDOVER, KANSAS
SEWER EXPANSION/EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts and transfers:				
Licenses and permits	$ 125,000	$ 125,000	$ 977,988	$ 852,988
Interest income	-	-	506,130	506,130
Miscellaneous	-	-	10,025	10,025
Transfers in	850,000	850,000	950,000	100,000
Total receipts and transfers	$ 975,000	$ 975,000	2,444,143	$ 1,469,143
Expenditures, encumbrances, and transfers subject to budget:				
Contractual services	$ -	$ 10,000	9,000	$ (1,000)
Capital outlay	422,000	422,000	282,725	(139,275)
Transfers out	60,638	60,638	60,638	-
Total expenditures, encumbrances, and transfers subject to budget	$ 482,638	$ 492,638	352,363	$ (140,275)
Transfers not subject to budget:				
Transfers out			9,398,261	
Total expenditures, encumbrances, and transfers			9,750,624	
Receipts and transfers under expenditures, encumbrances, and transfers			(7,306,481)	
Unencumbered cash, beginning			12,193,218	
Unencumbered cash, ending			$ 4,886,737	

(Continued)

CITY OF ANDOVER, KANSAS
WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts:				
Charges for services	$ 130,000	$ 130,000	$ 133,650	$ 3,650
Interest income	-	-	33,824	33,824
Total receipts	$ 130,000	$ 130,000	167,474	$ 37,474
Expenditures:				
Personal services	$ -	$ -	2	$ 2
Capital outlay	124,250	150,000	46,675	(103,325)
Total expenditures	$ 124,250	$ 150,000	46,677	$ (103,323)
Receipts over expenditures			120,797	
Unencumbered cash, beginning			564,227	
Unencumbered cash, ending			$ 685,024	

(Continued)

CITY OF ANDOVER, KANSAS
SEWER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Licenses and permits	$ 20,000	$ 64,537	$ 44,537
Charges for services	2,815,000	2,925,978	110,978
Interest income	5,000	116,534	111,534
Miscellaneous	-	5,515	5,515
Total receipts	$ 2,840,000	3,112,564	$ 272,564
Expenditures, encumbrances, and transfers:			
Personal services	$ 779,700	684,192	$ (95,508)
Capital outlay	512,500	41,005	(471,495)
Contractual services	348,290	341,753	(6,537)
Commodities	141,000	137,643	(3,357)
Transfers out	1,250,000	1,285,000	35,000
Total expenditures, encumbrances, and transfers	$ 3,031,490	2,489,593	$ (541,897)
Receipts over expenditures, encumbrances, and transfers		622,971	
Unencumbered cash, beginning		1,145,476	
Unencumbered cash, ending		$ 1,768,447	

(Continued)

CITY OF ANDOVER, KANSAS
RECYCLING/TRASH UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts:				
Charges for services	$ 847,000	$ 1,065,000	$ 1,056,564	$ (8,436)
Interest income	100	-	8,178	8,178
Total receipts	$ 847,100	$ 1,065,000	1,064,742	$ (258)
Expenditures and encumbrances:				
Personal services	$ 44,653	$ 44,653	47,731	$ 3,078
Commodities	2,500	2,500	1,409	(1,091)
Contractual services	779,300	997,300	986,916	(10,384)
Total expenditures and encumbrances	$ 826,453	$ 1,044,453	1,036,056	$ (8,397)
Receipts over expenditures and encumbrances			28,686	
Unencumbered cash, beginning			100,289	
Unencumbered cash, ending			$ 128,975	

(Continued)

CITY OF ANDOVER, KANSAS
STORM WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Over (Under)
Receipts:			
Charges for services	$ 200,000	$ 205,168	$ 5,168
Interest income	150	5,354	5,204
Total receipts	$ 200,150	210,522	$ 10,372
Expenditures, encumbrances, and transfers:			
Personal services	$ 138,243	125,708	$ (12,535)
Contractual services	32,150	65,472	33,322
Commodities	20,700	13,717	(6,983)
Transfers out	15,000	-	(15,000)
Total expenditures, encumbrances, and transfers	$ 206,093	204,897	$ (1,196)
Receipts over expenditures, encumbrances, and transfers		5,625	
Unencumbered cash, beginning		129,469	
Unencumbered cash, ending		$ 135,094	

(Continued)

CITY OF ANDOVER, KANSAS
VEHICLE LEASE MANAGEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts and transfers:				
Interest income	$ -	$ 8,000	$ 12,276	$ 4,276
Miscellaneous	100,000	100,000	70,004	(29,996)
Transfers in	-	-	210,000	210,000
Total receipts and transfers	$ 100,000	$ 108,000	292,280	$ 184,280
Expenditures:				
Contractual services	$ 275,000	$ 310,000	288,809	$ (21,191)
Receipts and transfers over expenditures			3,471	
Unencumbered cash, beginning			341,306	
Unencumbered cash, ending			$ 344,777	

CITY OF ANDOVER, KANSAS
STREET EQUIPMENT RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2023

Receipts and transfers:		
Interest income	$	9,194
Miscellaneous		100,800
Transfers in		100,000
Total receipts and transfers		209,994
Unencumbered cash, beginning		94,714
Unencumbered cash, ending	$	304,708

* This fund is not required to be budgeted.

(Continued)

CITY OF ANDOVER, KANSAS
CITY PROJECT FUNDS*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Receipts:	
Reimbursements	$ 544,300
Interest income	(175,181)
Debt issuance proceeds	3,220,000
Proceeds of bond premiums	129,996
Total receipts	3,719,115
Expenditures, encumbrances, and transfers:	
Contractual services	17,290,474
Interest	677,671
Transfers out	193,664
Total expenditures, encumbrances, and transfers	18,161,809
Receipts under expenditures, encumbrances, and transfers	(14,442,694)
Unencumbered cash, beginning	(2,817,585)
Unencumbered cash, ending	$ (17,260,279)

* This fund is not required to be budgeted.

(Continued)

CITY OF ANDOVER, KANSAS
CAPITAL EQUIPMENT RESERVE FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Receipts and transfers:		
Fines and fees	$	38,161
Contributions		1,000
Interest		122,553
Miscellaneous		262,886
Transfers in		35,000
Total receipts and transfers		459,600
Expenditures:		
Contractual services		269,414
Commodities		51,858
Total expenditures		321,272
Receipts and transfers over expenditures		138,328
Unencumbered cash, beginning		1,802,821
Prior year canceled encumbrances		55,878
Unencumbered cash, ending	$	1,997,027

* This fund is not required to be budgeted.

(Continued)

CITY OF ANDOVER, KANSAS
SALES TAX FUNDED PROJECTS FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Receipts and transfers:	
Interest income	$ 171,670
Transfers in	13,704,722
Total receipts and transfers	13,876,392
Expenditures and encumbrances:	
Contractual services	2,273,078
Receipts and transfers over expenditures and encumbrances	11,603,314
Unencumbered cash, beginning	(17,985,693)
Unencumbered cash, ending	$ (6,382,379)

* This fund is not required to be budgeted.

(Continued)

CITY OF ANDOVER, KANSAS
ANDOVER PUBLIC BUILDING COMMISSION FUND*
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)
Year Ended December 31, 2023

Receipts:	
Intergovernmental	$ 401,346
Expenditures:	
Principal	345,000
Interest	56,346
Total expenditures	401,346
Receipts over expenditures	-
Unencumbered cash, beginning	-
Unencumbered cash, ending	$ -

* This fund is not required to be budgeted.

CITY OF ANDOVER, KANSAS
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
Year Ended December 31, 2023

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll clearing	$ 877	$ 88,588	$ 74,614	$ 14,851
Municipal court bond fund	15,870	24,007	19,757	20,120
	$ 16,747	$ 112,595	$ 94,371	$ 34,971

CITY OF ANDOVER, KANSAS
ANDOVER PUBLIC LIBRARY - RELATED MUNICIPAL ENTITY
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
Year Ended December 31, 2023

Receipts:		
Taxes	$	644,850
Intergovernmental		95,425
Fines and fees		52,658
Interest income		15,580
Miscellaneous		13,268
Total receipts		821,781
Expenditures and encumbrances:		
Salaries, wages, and payroll taxes		418,469
Advertising and promotion		2,459
Contract services		40,153
Capital equipment outlays		50,754
Postage		11,963
Special programs		9,491
Purchase books, periodicals, and other media		73,089
Repairs and maintenance		40,017
Workshops and trainings		3,799
Utilities		37,554
Other		5,757
Total expenditures and encumbrances		693,505
Receipts over expenditures and encumbrances		128,276
Unencumbered cash, beginning		760,417
Unencumbered cash, ending	$	888,693

CITY OF ANDOVER, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Grant Number	Assistance Listing Number	Expenditures
U.S. Department of the Treasury:			
Passed through the State of Kansas:			
COVID-19 Coronavirus Local Fiscal Recovery Funds (ARPA)	n/a	21.027	$ 800,000
Passed through the Kansas Department of Commerce:			
COVID-19 Coronavirus Local Fiscal Recovery Funds	FY23-BASE-AN1	21.027	4,000,000
COVID-19 Coronavirus Local Fiscal Recovery Funds	FY23-BASE-AN2	21.027	524,924
Total U.S. Department of the Treasury			5,324,924
Total federal expenditures			$ 5,324,924

See accompanying notes to schedule of expenditures of federal awards

CITY OF ANDOVER, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2023

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Andover, Kansas under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the regulatory basis of accounting, as described in Note 2 to the City's financial statement. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF ANDOVER, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2023

Section I – Summary of Auditors' Results

Financial Statement

Type of report issued on whether the financial statement audited was prepared in accordance with GAAP:	Adverse
Type of auditors' report issued on the basis of accounting used by the City:	Unmodified – Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None noted
Noncompliance material to the financial statement:	None

Federal Awards

Type of auditors' report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	Finding 2023-001
Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200 516(a):	Finding 2023-001
Identification of major programs:	

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as a low-risk auditee:	No

(Continued)

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

Finding 2023-001 – Significant Deficiency in Internal Control Over Compliance, Other Matters

Federal Agency – U.S. Department of the Treasury

Assistance Listing Number/Federal Program – 21.027 COVID-19 Coronavirus Local Fiscal Recovery Funds

Compliance Requirement – Suspension and Debarment

Criteria – 2 CFR 200.303 requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

2 CFR 180.300 prohibits entities from contracting with or making subawards under "covered transactions" to parties that are suspended or debarred from doing business with the federal government. A contract for goods or services is a covered transaction if awarded as a grant or payment for specified used and if the amount of the contract is expected to equal or exceed $25,000. In order to comply with federal suspension and debarment requirements, the City can perform a search in the federal System of Award Management (SAM) website, which tracks the entities that the federal government has determined are ineligible to receive federal funding; collect a certification from the entity; or add a clause or condition to the contract.

Condition and Context – During our testing of one covered transaction, we noted that management was not able to provide supporting documentation that suspension and debarment procedures were performed before the start of the procurement contract.

Questioned Costs – None

Repeat Finding – No

Cause – Lack of sufficient tracking and monitoring procedures related to tracking of suspension and debarment for vendors.

Effect – Failure to obtain the required certifications or perform verification procedures with the SAM website before the procurement of good or services could result in the payment of federal funds to vendors that are suspended or debarred from participation in federal assistance programs, which could lead to questioned costs.

Recommendation – We recommend the agency either obtain certifications from vendors stating their organization is not suspended, debarred, or otherwise excluded from participation in federal assistance programs or document the procedures performed to verify the vendor is not identified as suspended or debarred on the SAM website. We recommend that the agency have proper procedures in place to ensure that all contractual documentation is maintained and able to be located.

(Continued)

Management's Response (Unaudited) – Unfortunately, we are not able to provide documentation of this requirement at the time the contract was executed. We believe that the verification was performed, as vendor in question is not suspended or disbarred, but understand that documentation is needed.

Corrective Action Plan (Unaudited) – In the future, we plan to include a requirement to respond to our RFP/RFQ that the vendor must not be suspended or disbarred. If Federal funds are allocated to the project after the RFP/RFQ process, we will verify before accepting funds or signing the contract that the vendor is not suspended or disbarred by checking the sam.gov website.

Contact Person – Matt Koehn, Director of Finance

Anticipated Completion Date – August 12, 2024

BT & Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and City Council
City of Andover, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Andover, Kansas (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated August 19, 2024. Our report contained an adverse opinion because the financial statement was presented using accounting practices prescribed or permitted by the State of Kansas.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 19, 2024
Topeka, Kansas

BT & Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Council
City of Andover, Kansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Andover, Kansas, and the related municipal entity of the Andover Public Library's (collectively, the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we considered to be material

weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BT&Co., P.A.

August 19, 2024
Topeka, Kansas