ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2022



THE CITY OF

ANDOVER, KS

EST. 1957

Prepared By:

Finance Department

City of Andover, Kansas

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INTRODUCTORY SECTION

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December 28, 2023

To the Citizens of ANDOVER

The Annual Comprehensive Financial Report of the City of Andover, Kansas for the fiscal year ended December 31, 2022 is submitted herewith. The report was 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 Annual Comprehensive 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 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 65 years since then the population had grown to 15,435 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 insure 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

Housing starts during 2022, in the City of Andover, saw a decrease of 35% from the prior year. For the past ten-year period a yearly average of 91 new residential building permits were issued. During 2022 there were a total of 61 new residential building permits. Based on projections from developers housing starts will be comparable to 2022 in 2023. Also in 2022, construction began on a two floor parking garage valued at $14.7 million. The lower level will have open parking and commercial spaces. The upper level will be reserved for the residents of the 186 unit apartment complex being built above the parking garage. Permits were issued for 60 of the apartment units in 2022, with the remainder to follow in 2023. Occupancy should begin in early 2024. Commercial permits for new and remodels in 2022 totaled $2.7 million. This is in addition to $11.4 million in permits issued for commercial/school structures damaged/destroyed by a tornado on April 29, 2022. While over 100 homes were damaged in the tornado to the level of unsafe or limited access, less than 5 have not been rebuilt/repaired. The tornado recovery team, headed by United Way, continues to be present to help those families needing assistance from the tornado. Families are moving to the bedroom communities around the Wichita area for the quiet lifestyle and quality schools.

The Wichita based aircraft industries' overall economic condition improved by the end of 2022, as companies were returning to full operations after a slowdown from Covid-19 in

2020. Due to the proximity to Wichita, this condition has a bearing on the economic circumstance in Andover. The unemployment rate for Butler County, in which Andover is located, was 2.7% at the end of the year which is .2% above the rate from a year ago. This compares to the state's average unemployment rate of 2.9% and the national average of 3.5%. As in many other areas, finding workers has become difficult.

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 saw a rebound from 2020 as businesses attempt to return to pre Covid-19 employment and operations.

Based on current projections and activities, the City of Andover anticipates moderate to sizeable economic growth in the next few years. 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

In 2022 major steps were taken towards the implementation of the Family Future Forward project, including design refinement for the redevelopment of the 13th Street Sports Park. Concepts were reviewed and approved by staff, outside consultants, PRAB (Parks & Recreation Advisory Board) and the Governing Body. By the end of the year plans were in place to utilize the Construction Manager at Risk (CMAR) model to deliver this project on budget and on time for public use by summer-2024, without losing a program season. The most notable event of 2022 was the April 29th tornado, which substantially impacted the City and the Park Department. Multiple pieces of equipment, vehicles, several buildings with contents, were damaged or complete losses. Temporary office quarters, vehicles, and other resources were required for many months during recovery. Debris cleanup on the Central Park property extended through the end of the year as over 1000 trees and multiple buildings were lost. Department staff continued to perform all standard work responsibilities during the tornado recovery. This level of effort placed a high demand on the budget and overtime work. The insurance process was long and demanded significant staff time to navigate the necessary reporting for initial and full reimbursements. Major projects such as the City Hall roof replacement, Maintenance Shop repairs, and Lodge reconstruction spanned into the following year due to supply chain issues and complexity of project scope as we updated these to purpose-built park facilities. Staff worked diligently to assist the community with clean up, organizing volunteer workdays in Central Park and out in the community. Normally scheduled programming was able to resume during the summer of 2022, including all the planned events at the Capitol Federal Amphitheater. In 2022, activity and event opportunities continued to modestly grow, including added disc golf tournaments and traditional golf tournaments. Participation numbers in youth sports remained high across all programs. Staff completed the planned CIP's for 2022, including new playground equipment installation at Central Park, and replacement of the fishing piers at Lake George. The department modified its staffing structure to allow for an additional intermediate supervisor overseeing routine

grounds operations staff, and to prevent intermediate supervisors from having their direct reports grow past 6 or 7 individuals.

Street Department

In 2022, Phases 1 and 2 of the 5 year street maintenance plan totaling $2 million was contracted and completed. Phase 3 was contracted in 2021 and completed in the spring of 2022. The streets improvement programs were budgeted and funded by the City's 1% sales tax. Council approved the purchase of a new tractor/mower in the amount of $145,244.96 to replace the current one that had multiple mechanical issues. $67,500 of which was encumbered due to factory delays on the mowers installation.

Wastewater Department

Approximately 291,730,000 gallons of raw sewage were treated. Nearly 4,638,700 gallons of sludge ran through the sludge press and was applied with a manure spreader on City owned agricultural fields. 72,504,720 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 miles of sewer lines. There were 13 manholes rehabbed for a total of 154 vertical feet. 16 manholes had chimney seals applied in them. No sewer lining was performed as that multi-year project ended in 2021. 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. The initial design of the Wastewater Treatment Plant expansion began and will continue through 2023.

Fire Department

Andover Fire-Rescue responded to 1,519 requests for assistance in 2022, an increase of 137 responses over 2021. Of the total alarms, 54% were medical/rescue in nature, a 5% reduction over the previous year. AFR responded to 14 building fire incidents in 2022 a decrease of 1 occurrence. The local trend in the occurrence of overlapping calls for service saw a slight increase over the previous year, ending with 295 incidents. With a community focus on tornado recovery following the April 29th tornado event Fire Department personnel conducted 50% fewer business inspections compared to the previous year. Crews focused on high occupancy and state mandated inspections such as schools & restaurants. Crews were able to complete approximately 500 fire hydrant inspections and participated in 10,274 hours of training.

Police Department

In 2022, the Police Department's calls for service were up by 16%, police reports down by 3.5%, traffic stops up 73.80%, and overall reported crimes down by 10.45%. These reductions are believed to be the result of the departments aggressive social media campaign and involvement with the Homeowner Association (HOA) Liaison program. The Police Department responded to 23,137 calls for service, completed 1,853 incident reports, investigated 262 motor vehicle accidents, issued 2,529 traffic citations and 1467 traffic warnings, and made 223 arrests. With well over 23,000 community contacts in 2022, the department's professional culture was once again exemplified by the receipt of zero citizen complaints. Over the previous 5 years there have only been 4 complaints. Additionally, the Police Department became the first in the State of Kansas to have dual accreditation with Commission on Accreditation for Law Enforcement Agencies (CALEA) and the Kansas Law Enforcement Accreditation Coalition (KLEAC.) For the twelfth year in a row the Department was recognized by the American Automobile Association (AAA) of Kansas for the

department's efforts in traffic safety initiative and for the ninth year in a row received the association's "Community Traffic Safety Platinum" award.

Storm Water Department

During 2022, work continued on the permit issued by the Kansas Department of Health and Environment. Water samples were collected and tested 4 times after rain events. The results of those tests are compared to the test results from water samples collected over the previous four years. Over 290 storm water structures were inspected and over 8,000 feet of storm water pipe was televised in 2022. Community outreach was provided with posts on the City of Andover social media, event advertising, product give-a-ways and a brochure sent out to all utility users in the Fall and Spring of 2022. The Storm Water Department held an in person training for the Public Works Department for Preventing Storm Water Pollution and BMPs (Best Management Practices).

Municipal Court Department

In 2022, there was a change in Court personnel; Judge Gene White retired after many decades as the Municipal Judge. City Prosecutor, Ms. Cami Baker was appointed as the new Andover Municipal Court Judge in March of 2022. The new City Prosecutor, that replaced Judge Baker, is Mr. Robert Lane from El Dorado who came highly recommended. Municipal Court processed 2,465 citations from the Andover Police Department for the year.

Recycling/Trash Department

Since implementation of the recycling program the rate has increased $2.20 over the past 11 years. The recycling program serves almost 4,7500 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 $36.57 a calendar quarter for trash service. For trash and recycling the current rate is $56.67 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.

Communications

In 2022, the Andover Emergency Communications Center bolstered its workforce by hiring three new communication officers to meet staffing requirements. This expansion facilitated the implementation of a power-shift position. Through the collaboration of the Public Station Officer and the power-shift Communications Officer, the center achieved dual coverage on the E-911 consoles during periods of historically high call volumes. This extended coverage is provided from 7 a.m. to 11 p.m. on weekdays. In a pivotal moment on April 29, 2022, the Andover Emergency Communications Center demonstrated its commitment to safeguarding the community. Promptly activating outdoor warning sirens minutes before a tornado struck the city limits, the center adeptly managed the ensuing surge in E-911 calls. Simultaneously, they dispatched first responders to affected residents' homes and ensured that additional resources protected the roads. This was crucial, especially considering live power lines were down on the main roads and highways within the city. Undeterred by challenges, the Andover Emergency Communications Center continued its unwavering service to the community, handling an impressive 23,000 calls for service in 2022. This marked a

substantial 16% increase from the previous year, showcasing the center's dedication and effectiveness in meeting the evolving needs of the citizens of Andover.

Information Technology (IT)
During 2022, IT staff worked on updates to various components in the environment, including upgrading numerous upgrades and replacement of desktop/laptop machines. Updates and upgrades to servers, networks and audio/video services continue to be made. After the tornado, IT was instrumental in getting computer systems back up and running in the City facilities affected, and making sure the Emergency Command Center's IT needs were met. 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 2022, the two-year process of updating the 10-year Comprehensive Development Plan was started with plans to adopt the updated plan in 2023. The Governing Body first adopted a comprehensive plan in 1990 which established the agenda for civic improvements. The policies contain ideas the Council, staff and citizens 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 has given the City an AA- credit rating with a stable outlook in 2022.

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 GBN, 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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive 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 43 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,

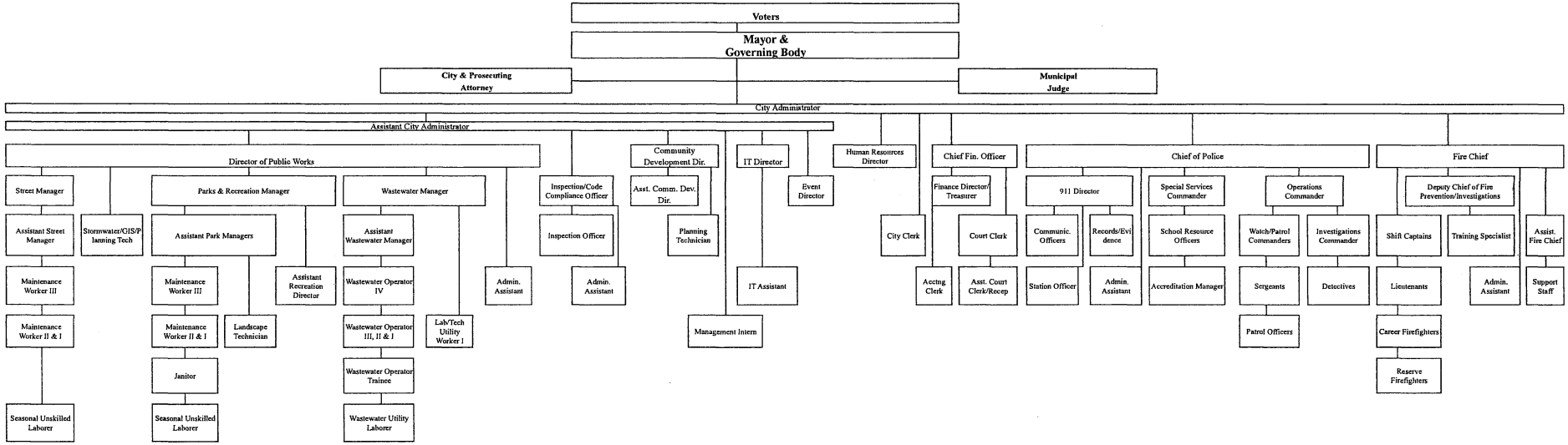
Donna K. Davis

Donna K. Davis
Chief Financial Officer

CITY OF ANDOVER, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2022

Title	Name
Mayor	Ronnie Price
Council Member	Tim Berry
Council Member	Shelby Carselowey
Council Member	Joseph Forred
Council Member	Michael Henry
Council Member	Troy Tabor
Council Member	Mike Warrington
City Administrator	Jennifer McCausland
City Public Works Director	Rick Lanzrath
City Clerk	Susan Renner
Chief Financial Officer	Donna Davis
Community Development Director	Leslie Mangus
Finance Director/Treasurer	Matt Koehn
Chief of Police	Buck Buchanan
Chief of Fire	Chad Russell
Wastewater Manager	Brian Walls
Street Manager	Vern Tripp
Parks & Recreation Manager	Daniel Schapaugh
City Engineer	Professional Engineering Consultants, P.A.
Municipal Judge	Cami Baker
City Attorney	J.T. Klaus
Planning Consultant	Bickley Foster, Foster & Associates
Prosecuting Attorney	Robert Lane

CITY OF ANDOVER, KANSAS
ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Andover
Kansas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

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

Opinions

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 (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Improvement Fund, and the Employee Benefits Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Statements 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 audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 statements.
- 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.

Required Supplementary Information

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 Supplementary 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 statements and schedules listed under other supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 statements. The 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 accompanying other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises 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 form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

GBN, P.A.

Wichita, Kansas
December 28, 2023

CITY OF ANDOVER, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

As management of the City of Andover, Kansas, we offer readers of the City's Annual Comprehensive Financial report (ACFR) this narrative overview and analysis of the financial activities of the City of Andover for year ended December 31, 2022. 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 ACFR 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 2022 by $197,522,220. Of this amount, $44,369,420 represents net position invested in capital assets, net of related debt. Also included is $48,214,047 restricted for future debt service, various other functions and wastewater facility expansion.

- The City's total net position decreased $8,802,556 during the fiscal year.

- At the end of the current fiscal year, the City's governmental funds reported total ending fund balance of $18,198,682. For 2021, there was a fund balance of $36,609,083.

- At the end of 2022, the General Fund fund balance was $2,402,460, an increase of 25% from 2021.

- The City of Andover's total bonded debt increased $90,000 during 2022. There was only one general obligation bond issued in 2022, in the amount of $4,160,000. During 2022, $4,070,000 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 Annual Comprehensive 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 s*tatement 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 two categories: governmental funds, proprietary 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.

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 41 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 and deferred outflows of resources exceeded liabilities and deferred inflows resources by $94,359,832 at the close of 2022.

As shown on Table 1, the largest portion of the City's net position, $44,369,420, 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 55,740,207	$ 76,479,842	$ 17,656,426	$ 16,195,370	$ 73,396,633	$ 92,675,212
Capital assets	80,970,353	68,179,108	26,271,498	26,210,963	107,241,851	94,390,071
Total assets	136,710,560	144,658,950	43,927,924	42,406,333	180,638,484	187,065,283
Deferred outflows of resources	2,105,343	1,497,994	-0-	-0-	2,105,343	1,497,994
Current and other liabilities	4,753,717	4,604,903	362,754	57,540	5,116,471	4,662,443
Long-term liabilities	74,640,692	71,933,189	83,397	87,248	74,724,089	72,020,437
Total liabilities	79,394,409	76,538,092	446,151	144,788	79,840,560	76,682,880
Deferred inflows of resources	8,543,435	8,718,009	-0-	-0-	8,543,435	8,718,009
Net position						
Net Investment in capital assets,	18,097,922	21,891,282	26,271,498	26,210,963	44,369,420	48,102,245
Restricted	32,819,510	39,414,084	15,394,537	14,226,097	48,214,047	53,640,181
Unrestricted	(39,373)	(404,523)	1,815,738	1,824,485	1,776,365	1,419,962
Total net position	$ 50,878,059	$ 60,900,843	$ 43,481,773	$ 42,261,545	$ 94,359,832	$ 103,162,388

The city's net position decreased $8,802,556 during 2022.

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Table 2
City of Andover
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenue:						
Program revenue:						
Charges for services	$ 2,576,599	$ 2,059,888	$ 4,352,797	$ 3,997,094	$ 6,929,396	$ 6,056,982
Operating grants and contributions	737,553	575,404	-0-	-0-	737,553	575,404
Capital grants and contributions	1,076,811	898,890	-0-	-0-	1,076,811	898,890
General revenues:						
Sales tax	5,502,407	2,871,786	-0-	-0-	5,502,407	2,871,786
Property tax	8,486,787	8,190,545	-0-	-0-	8,486,787	8,190,545
Other taxes	1,652,536	1,392,051	-0-	-0-	1,652,536	1,392,051
Insurance recovery	1,136,631	-0-	-0-	-0-	1,136,631	-0-
Other general revenues	984,676	63,519	349,056	53,908	1,333,732	117,427
Total Revenues	22,154,000	16,052,083	4,701,853	4,051,002	26,855,853	20,103,085
Expenses:						
General government	1,703,219	1,512,340	-0-	-0-	1,703,219	1,512,340
Public safety	7,462,711	6,637,856	-0-	-0-	7,462,711	6,637,856
Highways and street	18,915,443	5,833,088	-0-	-0-	18,915,443	5,833,088
Health and sanitation	-0-	-0-	-0-	-0-	-0-	-0-
Culture and recreation	3,027,244	2,774,608	-0-	-0-	3,027,244	2,774,608
Economic development	16,510	20,435	-0-	-0-	16,510	20,435
Environment protection	-0-	-0-	-0-	-0-	-0-	-0-
Interest on long-term debt	1,468,879	932,327	-0-	-0-	1,468,879	932,327
Water	-0-	-0-	246,699	256,505	246,699	256,505
Sewer	-0-	-0-	1,955,409	1,641,418	1,955,409	1,641,418
Recycling/Trash	-0-	-0-	862,295	766,769	862,295	766,769
Total Expenses	32,594,006	17,710,654	3,064,403	2,664,692	35,658,409	20,375,346
Excess (deficiency) of revenues over expenses before transfers	(10,440,006)	(1,658,571)	1,637,450	1,386,310	(8,802,556)	(272,261)
Transfers in (out)	417,222	(2,244,127)	(417,222)	2,244,127	-0-	-0-
Change in net position	(10,022,784)	(3,902,698)	1,220,228	3,630,437	(8,802,556)	(272,261)
Net position, beginning of year	60,900,843	64,803,541	42,261,545	38,631,108	103,162,388	103,434,649
Net position, end of year	$ 50,878,059	$ 60,900,843	$ 43,481,773	$ 42,261,545	$ 94,359,832	$ 103,162,388

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Governmental Activities. Governmental activities decreased the City's net position by $10,022,784 in 2022. The decrease is primarily the contribution from municipality for infrastructure for parking garage ($12,823,968), sewer ($100,559) and water lines ($45,406).

Total governmental activity revenues increased by $6,101,917 for 2022. There are two primary reasons for this increase. A voter approved additional 1% sales tax for construction of an additional fire station, remodel of current fire station and overhaul of the 13th Street Sports Park, began in April 2022, and brought in an additional $3,749,793. Insurance recovery from damage to City facilities and property from the April 29th tornado that impacted Andover, resulted in $1,136,631 in unexpected revenue.

Total governmental activity expenses had an increase of $14,883,352 for 2022. This increase can be primarily attributed to the City contribution of $12,823,968 for a parking garage being constructed as part of a TIF (tax improvement financing) project. All departments saw an increase in expenses directly related to the tornado mentioned earlier. These expenses ranged from payroll overtime to materials needed for repairs. There was also an increase of $536,552 in interest on long term debt.

Business-type Activities. Business-type activities increased the City's net position by $1,220,228 in 2022. Operating revenues increased by $650,851 and operating expenses increased $399,711 over the 2021 levels. Total revenue over expenses before contributions and transfers was $1,637,450. There was a transfer to the municipality in the form of sewer and water lines in the amount of $145,965 in 2022. 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 2022, the City's governmental funds reported total fund balance of $18,198,682 compared to fund balance of $36,609,083 for the prior year, a decrease of $18,410,401.

General Fund

The General Fund is the primary operating fund of the City. At the end of 2022, $1,166,872 of the fund balance was committed and $1,235,588 was unassigned, for a total fund balance of $2,402,460, which was an increase of $480,904, a 25% change from the prior year's General Fund total fund balance.

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, 51.4% 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 had an increase of $68,013 or 8.9%. This was the result of a property tax revenue collections, being slightly ahead of projections and expenses were marginally below estimates for the year.

Street Improvement Fund

The Street Improvement Fund had a decrease in the fund balance of $3,889,662 or 51.1%. While there was an increase in sales tax revenue of $390,267, this was absorbed by the $4,453,042 increase in City funded arterial road projects. In addition, funds were transferred to capital projects to pay for the City's portion of development paving projects

Debt Service Fund

The Debt Service Fund, had a decrease of $366,818 or 20.5%. Annual savings realized from prior bond refinancings are expiring.

Capital Project Fund

The Capital Project Fund had a decrease of $17,349,984 in the fund balance. While several projects from prior years were bonded, funds from bonds issued for Tax Increment Financed (TIF) projects in prior years were partially spent in 2022. There were several 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 $1,220,228. This was due to several factors. There were contributions from the municipality in the form of water and sewer lines in the amount of $145,965. Operating revenue outpaced operating expenses by $1,285,284. Sewer utility rates didn't increase in 2022. Trash and recycling rates were adjusted per the contract with the hauler in the amount of $3 starting in July 2022.

Water Utility Fund

The total net position of the Water Utility Fund decreased by $159,643. This was due to the City's contribution to infrastructure in new developments of $102,815.

Sewer Utility Fund

The total net position of the Sewer Utility Fund increased by $1,316,746, due to the utility user fees collections more than offsetting expenses by $1,341,047. The sewer utility fund also paid a City share of the cost of infrastructure in new developments totaling $149,161.

Recycling/Trash Utility Fund

The Recycling/Trash Utility Fund, operating revenue exceeded operating expenses by $61,104 resulting in an increase in fund balance of $63,125 after taking into account interest revenue of $2.021.

Internal Service Fund

Beginning in 2022, the City established an internal service fund for the management of fleet lease vehicles. At year-end 2022, the unrestricted net position of the Internal Service Fund was $341,307.

General Fund Budgetary Highlights

Actual General Fund revenues were higher than the final budget by $1,073,491, of which $208,460 can be attributed to tax receipts. There was an increase in collections of fines in the amount of $132,816. Higher than projected collection of licenses, fees and permits accounted for $548,130 of the increase. In addition, insurance recovery from the tornado was responsible for $108,307 of the increase. The expenditures from the General Fund at year-end were $377,423 less than the final budget. This was primarily from the savings in public safety personnel services from the budgeted amount $292,139, which can be attributed to vacant positions for turnover.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of December 31, 2022, amounted to $107,241,852 (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 $12,881,781, or 13.6%, for 2022.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	$ 2,175,758	$ 2,175,758	$ 123,946	$ 123,946	$ 2,299,704	$ 2,299,704
Building and improvements	11,326,877	11,727,825	3,540,151	3,024,759	14,867,028	14,752,584
Impr. other than buildings	263,067	276,352	21,739,288	22,248,618	22,002,355	22,524,970
Machinery and equipment	2,076,173	1,871,486	868,113	813,640	2,944,286	2,685,126
Right-to-use assets	355,462	-0-	-0-	-0-	355,462	-0-
Infrastructure	51,737,054	48,786,362	-0-	-0-	51,737,054	48,786,362
Contruction in progress	13,035,962	3,341,325	-0-	-0-	13,035,962	3,341,325
Capital assets, net	$ 80,970,353	$ 68,179,108	$ 26,271,498	$ 26,210,963	$ 107,241,851	$ 94,390,071

Some of the City's major capital asset events in 2022 were:

* Infrastructure increased primarily due to sewer lines, water line, paving and drainage projects in progress in a few ongoing subdivisions were completed

* Construction in progress increased due to sewer lines, water line, paving and drainage projects started in 2022.

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, 2022 the City's total long-term debt obligations outstanding are $74,724,090. This amount is comprised of $63,920,000 of general obligation bonds and $885,573 of unamortized bond premium on those bonds and are secured by future tax revenues from governmental activities. The City has $1,495,000 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, 2022 was $6,930,685. Starting in 2022, the City had right-to-use leases totaling $346,630. The remaining long-term debt obligations totaling $1,146,202 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 $2,703,652, or about 3.8% during the current year. There was one general obligation bond issued during 2022 for $4,160,000. This was for bonding of projects that were completed that didn't have prior temporary note financing. During 2022 the City retired $3,750,000 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, was 2.7% at the end of the year which is .2% above the rate from a year ago. This compares to the state's average unemployment rate of 2.9% and the national average of 3.5%. As in many other areas, finding workers has become difficult. Inflationary trends in the region compare favorably to national indices. Assessed valuation increased 2.8% between the 2021 and 2022 budgets. The valuation of the homes destroyed in the 2022 tornado that were removed from City's valuation was considered when estimating the next year's budget. These and other factors were considered in preparing the City of Andover's budget for the 2023 fiscal year.

During 2022, the budgetary fund balance in the General Fund increased to $2,348,618. The City anticipated a carry forward fund balance of $1,166,872 when it adopted its 2023 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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and investments	$ 22,168,095	$ 1,858,454	$ 24,026,549	$ 760,423
Receivables:				
Property taxes	8,495,823	–	8,495,823	–
Special assessment taxes	24,309,341	–	24,309,341	–
Sales taxes	513,442	–	513,442	–
Franchise fees	153,975	–	153,975	–
Trade accounts, net	58,240	403,435	461,675	–
Prepaid items	41,291	–	41,291	–
Restricted assets	–	15,394,537	15,394,537	–
Total current assets	55,740,207	17,656,426	73,396,633	760,423
Capital assets:				
Land	2,175,758	123,946	2,299,704	–
Buildings	16,105,960	6,646,935	22,752,895	–
Improvements other than buildings	1,017,183	34,563,165	35,580,348	191,309
Infrastructure	104,137,601	–	104,137,601	–
Machinery and equipment	12,540,218	2,727,421	15,267,639	268,036
Right-to-use machinery and equipment	395,993	–	395,993	–
Less accumulated depreciation	(68,438,322)	(17,789,969)	(86,228,291)	(302,181)
Construction work in progress	13,035,962	–	13,035,962	64,388
Total noncurrent assets	80,970,353	26,271,498	107,241,851	221,552
Total assets	136,710,560	43,927,924	180,638,484	981,975
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liabilities	2,105,343	–	2,105,343	–
LIABILITIES				
Accounts payable	3,207,049	352,979	3,560,028	6
Accrued wages payable	112,923	9,775	122,698	–
Accrued interest payable	399,953	–	399,953	–
Temporary notes payable	–	–	–	–
Unearned revenue	1,033,792	–	1,033,792	–
Noncurrent liabilities:				
Due within one year	4,691,758	41,507	4,733,265	3,066
Due in more than one year	69,948,934	41,890	69,990,824	760
Total liabilities	79,394,409	446,151	79,840,560	3,832
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources:				
Property taxes receivable	8,495,823	–	8,495,823	–
Pension liabilities	47,612	–	47,612	–
	8,543,435	–	8,543,435	–
NET POSITION				
Net investment in capital assets	18,097,922	26,271,498	44,369,420	221,552
Restricted for:				
Debt service	25,759,707	–	25,759,707	–
Street improvements	3,827,191	–	3,827,191	–
General government	836,433	–	836,433	–
Recreation	1,976,170	–	1,976,170	–
Economic development	240,964	–	240,964	–
Public safety	179,045	–	179,045	–
Wastewater expansion and equipment	–	15,394,537	15,394,537	–
Unrestricted	(39,373)	1,815,738	1,776,365	756,591
	$ 50,878,059	$ 43,481,773	$ 94,359,832	$ 978,143

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

CITY OF ANDOVER, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Governmental Activities:								
General government	$ 1,703,219	$ 770,416	$ 44,978	$ 11,283	$ (876,542)	$ –	$ (876,542)	$ –
Public safety	7,462,711	782,062	124,000	803,360	(5,753,289)	–	(5,753,289)	–
Highways and streets	18,915,443	385,111	470,776	262,168	(17,797,388)	–	(17,797,388)	–
Culture and recreation	3,027,244	639,010	97,799	–	(2,290,435)	–	(2,290,435)	–
Economic development	16,510	–	–	–	(16,510)	–	(16,510)	–
Interest on long-term debt	1,468,879	–	–	–	(1,468,879)	–	(1,468,879)	–
Total Governmental Activities	$ 32,594,006	$ 2,576,599	$ 737,553	$ 1,076,811	(28,203,043)	–	(28,203,043)	–
Business-Type Activities:								
Water Utility	$ 246,699	$ 132,942	$ –	$ –	–	(113,757)	(113,757)	–
Sewer Utility	1,955,409	3,296,456	–	–	–	1,341,047	1,341,047	–
Recycling/Trash Utility	862,295	923,399	–	–	–	61,104	61,104	–
Total Business-Type Activities	$ 3,064,403	$ 4,352,797	$ –	$ –	–	1,288,394	1,288,394	–
Component Unit:								
Andover Public Library	$ 594,894	$ 57,591	$ 36,340	$ –	–	–	–	(500,963)
General Revenues and Transfers:								
Property taxes levied for:								
General purposes					8,128,377	–	8,128,377	–
Debt service					358,410	–	358,410	–
Sales taxes					5,502,407	–	5,502,407	–
Franchise taxes					1,515,285	–	1,515,285	–
Tourism taxes					137,251	–	137,251	–
Payment from City of Andover					–	–	–	587,175
Insurance recoveries					1,136,631	–	1,136,631	–
Gain on sale of assets					419,164	–	419,164	–
Investment earnings					565,512	349,056	914,568	2,795
Transfers in (out)					417,222	(417,222)	–	–
Total general revenues and transfers					18,180,259	(68,166)	18,112,093	589,970
Change in net position					(10,022,784)	1,220,228	(8,802,556)	89,007
Net position at beginning of year					60,900,843	42,261,545	103,162,388	889,136
Net position at end of year					$ 50,878,059	$ 43,481,773	$ 94,359,832	$ 978,143

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

FUND FINANCIAL STATEMENTS

CITY OF ANDOVER, KANSAS

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2022

	General	Street Improvement	Employee Benefits	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 2,671,543	$ 3,567,012	$ 861,952	$ 1,423,372	$ 5,104,597	$ 8,198,313	$ 21,826,789
Property taxes receivable	5,226,212	–	2,398,665	31,538	–	839,408	8,495,823
Special assessment taxes receivable	–	–	–	24,309,341	–	–	24,309,341
Franchise fees receivable	153,975	–	–	–	–	–	153,975
Sales taxes receivable	–	256,721	–	–	–	256,721	513,442
Accounts receivable	–	–	–	–	–	58,240	58,240
Total assets	$ 8,051,730	$ 3,823,733	$ 3,260,617	$ 25,764,251	$ 5,104,597	$ 9,352,682	$ 55,357,610
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accrued wages payable	$ 112,923	$ –	$ –	$ –	$ –	$ –	$ 112,923
Accounts payable	310,135	108,115	25,519	–	1,333,221	1,430,059	3,207,049
Accrued interest payable	–	–	–	–	–	–	–
Unearned revenue	–	–	–	–	–	1,033,792	1,033,792
Temporary notes payable	–	–	–	–	–	–	–
Total liabilities	423,058	108,115	25,519	–	1,333,221	2,463,851	4,353,764
Deferred inflows of resources:							
Property taxes receivable	5,226,212	–	2,398,665	31,538	–	839,408	8,495,823
Special assessment taxes receivable	–	–	–	24,309,341	–	–	24,309,341
	5,226,212	–	2,398,665	24,340,879	–	839,408	32,805,164
Fund balances (deficit):							
Restricted:							
General government	–	–	836,433	–	–	–	836,433
Debt service	–	–	–	1,423,372	–	26,994	1,450,366
Street improvements	–	3,715,618	–	–	–	111,573	3,827,191
Recreation	–	–	–	–	–	1,976,170	1,976,170
Economic development	–	–	–	–	–	240,964	240,964
Public safety	–	–	–	–	–	179,045	179,045
Committed:							
General government	1,166,872	–	–	–	–	–	1,166,872
Street improvements	–	–	–	–	–	1,166,298	1,166,298
Parks and recreation	–	–	–	–	–	–	–
Assigned:							
Recreation	–	–	–	–	–	201	201
Capital outlay	–	–	–	–	–	2,348,178	2,348,178
Unassigned	1,235,588	–	–	–	3,771,376	–	5,006,964
Total fund balances (deficit)	2,402,460	3,715,618	836,433	1,423,372	3,771,376	6,049,423	18,198,682
Total liabilities, deferred inflows and fund balances	$ 8,051,730	$ 3,823,733	$ 3,260,617	$ 25,764,251	$ 5,104,597	$ 9,352,682	$ 55,357,610

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, 2022

Total Governmental Fund Balances		$ 18,198,682
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	$ 149,012,682	
Accumulated depreciation	(68,397,791)	
		80,614,891
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		24,309,341
Prepaid expenses		41,291
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	386,494	
Accrued interest payable on Andover Public Building Commission revenue bonds	13,459	
Compensated absences payable	1,062,805	
General obligation bonds payable	63,920,000	
Andover Public Building Commission Revenue bonds payable	1,495,000	
Capital lease obligations payable	346,630	
Unamortized premium on general obligation bonds payable	882,176	
Unamortized premium on Andover Public Building Commission revenue bonds payable	3,396	
Net pension liability for Kansas Police & Fire retirement plan including deferred outflows and deferred inflows related to pensions	4,872,954	
Internal service funds are used by management to manage a fleet of vehicles. The assets and liabilities of the internal service funds are included included in governmental activities in the statement of net position.	(696,768)	
		72,286,146
Net Position of Governmental Activities		$ 50,878,059

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, 2022

	General	Street Improvement	Employee Benefits	Debt Service	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property and sales taxes	$ 5,279,404	$ 3,262,053	$ 2,273,381	$ 163,824	$ –	$ 3,385,765	$ 14,364,427
Special assessment taxes	–	–	–	3,578,525	262,168	–	3,840,693
Intergovernmental	–	–	–	–	–	1,464,470	1,464,470
Licenses and permits	2,143,745	84,830	–	–	–	94,350	2,322,925
Charges for services	4,268	–	–	–	–	357,997	362,265
Fines and forfeitures	382,816	–	–	–	–	–	382,816
Use of money and property	90,307	97,928	22,258	49,164	199,155	496,362	955,174
Miscellaneous	26,531	–	–	10,688	–	325,239	362,458
Total revenues	7,927,071	3,444,811	2,295,639	3,802,201	461,323	6,124,183	24,055,228
Expenditures:							
Current:							
General government	1,174,236	–	264,780	–	–	44,977	1,483,993
Public safety	4,681,420	–	1,523,076	–	–	1,865,078	8,069,574
Highways and streets	455,367	6,720,099	190,267	–	–	505,516	7,871,249
Culture and recreation	1,314,550	–	249,503	–	–	1,868,142	3,432,195
Economic development	–	–	–	–	–	16,510	16,510
Capital improvements	–	–	–	–	22,034,259	614,158	22,648,417
Debt Service	–	–	–	4,657,694	464,638	389,181	5,511,513
Total expenditures	7,625,573	6,720,099	2,227,626	4,657,694	22,498,897	5,303,562	49,033,451
Revenues over (under) expenditures	301,498	(3,275,288)	68,013	(855,493)	(22,037,574)	820,621	(24,978,223)
Other financing sources (uses):							
Insurance Recoveries	108,307	–	–	–	–	1,644,105	1,752,412
Issuance of general obligation bonds	–	–	–	–	4,160,000	–	4,160,000
Net premium on sale of general obligaton bonds	–	–	–	–	92,223	–	92,223
Transfers in	253,519	–	–	488,675	495,299	1,304,608	2,542,101
Transfers out	(182,420)	(614,374)	–	–	(59,932)	(1,122,188)	(1,978,914)
Total other financing sources (uses)	179,406	(614,374)	–	488,675	4,687,590	1,826,525	6,567,822
Net change in fund balances	480,904	(3,889,662)	68,013	(366,818)	(17,349,984)	2,647,146	(18,410,401)
Fund balances (deficit), beginning of year	1,921,556	7,605,280	768,420	1,790,190	21,121,360	3,402,277	36,609,083
Fund balances (deficit), end of year	$ 2,402,460	$ 3,715,618	$ 836,433	$ 1,423,372	$ 3,771,376	$ 6,049,423	$ 18,198,682

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, 2022

Net Change in Fund Balances – Total Governmental Funds		$ (18,410,401)
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	$ 18,447,210	
Depreciation	(5,609,045)	
Excess of capital outlays over depreciation expense		12,838,165
The net effect of various miscellaneous transactions involving capital assets (e.g sales,trade-ins, and disposals).		(402,382)
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	(4,160,000)	
Andover Public Building Commission revenue bonds	–	
Total issuance of long-term debt		(4,160,000)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		(157,592)
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	3,750,000	
Andover Public Building Commission revenue bond payment	320,000	
Capital lease obligations	–	
Total payments on long-term liabilities		4,070,000
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	(92,223)	
Premium on sale of Andover Public Building Commission revenue bonds	–	
Amortization on premium on general obligation bonds	138,150	
Amortization of premium on Andover Public Building Commission revenue bonds	627	
		46,554
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.		(512,672)
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		(3,667,824)
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	(4,340)	
Compensated absences payable	(12,430)	
Total		(16,770)
Internal service funds are used by management to charge the costs of the vehicle fleet to individual funds. The net revenue of the internal service funds is reported with governmental activities.		350,138
Change in Net Position of Governmental Activities		$ (10,022,784)

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, 2022
(continued on next page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Taxes	$ 5,070,944	$ 5,070,944	$ 5,279,404	$ 208,460
Licenses, fees and permits	1,564,125	1,564,125	2,112,255	548,130
Charges for services	10,000	10,000	4,268	(5,732)
Fines and forfeitures	250,000	250,000	382,816	132,816
Intergovernment	–	–	–	–
Use of money and property	37,500	37,500	90,307	52,807
Miscellaneous	400	400	26,530	26,130
Insurance recoveries	–	–	108,307	108,307
Transfers in	250,000	250,000	253,519	3,519
Total revenues and other sources	7,182,969	7,182,969	8,257,406	1,074,437
Expenditures, encumbrances and other uses:				
General government:				
General department:				
Personal services	560,075	560,075	591,885	(31,810)
Contractual services	614,400	614,400	519,298	95,102
Commodities	21,950	21,950	18,474	3,476
Capital outlay	60,000	60,000	69,629	(9,629)
Transfers out	–	–	–	–
Contingencies	15,000	15,000	–	15,000
Total general government	1,271,425	1,271,425	1,199,286	72,139
Public safety:				
Police department:				
Personal services	1,964,055	1,964,055	1,671,916	292,139
Contractual services	344,811	344,811	349,363	(4,552)

CITY OF ANDOVER, KANSAS

GENERAL FUND

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

Year ended December 31, 2022
(continued from previous page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Commodities	$ 149,450	$ 149,450	$ 163,727	$ (14,277)
Capital outlay	101,800	101,800	10,291	91,509
Transfers out	10,000	10,000	10,000	–
Total police department	2,570,116	2,570,116	2,205,297	364,819
Fire department:				
Personal services	1,268,847	1,268,847	1,220,780	48,067
Contractual services	122,021	122,021	112,284	9,737
Commodities	120,628	120,628	125,179	(4,551)
Capital outlay	–	–	–	–
Debt service	–	–	–	–
Transfers out	10,000	10,000	10,000	–
Total fire department	1,521,496	1,521,496	1,468,243	53,253
Municipal Court department:				
Personal services	68,458	68,458	69,529	(1,071)
Contractual services	72,575	72,575	59,510	13,065
Commodities	4,100	4,100	1,314	2,786
Capital Outlay	–	–	–	–
Transfers out	–	–	–	–
Total Municipal Court department	145,133	145,133	130,353	14,780
Total public safety	4,236,745	4,236,745	3,803,893	432,852
Highways and streets:				
Street department:				
Personal services	352,872	352,872	318,492	34,380
Contractual services	47,000	47,000	85,625	(38,625)
Commodities	16,750	16,750	21,250	(4,500)

CITY OF ANDOVER, KANSAS

GENERAL FUND

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

Year ended December 31, 2022
(continued from previous page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Capital outlay	$ 95,000	$ 95,000	$ 30,000	$ 65,000
Transfers out	75,000	75,000	75,000	–
Total highways and streets	586,622	586,622	530,367	56,255
Recreation:				
Park department:				
Personal services	595,919	595,919	554,724	41,195
Contractual services	163,730	163,730	249,429	(85,699)
Commodities	208,500	208,500	324,950	(116,450)
Capital outlay	30,000	30,000	122,434	(92,434)
Transfers Out	67,500	67,500	67,500	–
Total park department	1,065,649	1,065,649	1,319,037	(253,388)
Recreation Programs:				
Contractual services	35,350	35,350	33,299	2,051
Commodities	42,325	42,325	29,714	12,611
Total recreation programs	77,675	77,675	63,013	14,662
Total recreation	1,143,324	1,143,324	1,382,050	(238,726)
Dispatch/IT Department:				
Personal services	106,866	106,866	93,098	13,768
Contractual services	281,045	281,045	277,949	3,096
Commodities	84,100	84,100	70,128	13,972
Capital outlay	15,000	15,000	1,728	13,272
Transfers out	3,000	3,000	19,920	(16,920)
Total Dispatch/IT Department	490,011	490,011	462,823	27,188

CITY OF ANDOVER, KANSAS

GENERAL FUND

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

Year ended December 31, 2022
(continued from previous page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Building Inspection Department:				
Personal services	$ 342,394	$ 342,394	$ 339,098	$ 3,296
Contractual services	61,500	61,500	115,672	(54,172)
Commodities	12,500	12,500	8,527	3,973
Capital Outlay	75,000	75,000	1,328	73,672
Transfers out	–	–	–	–
Total Building Inspection Department	491,394	491,394	464,625	26,769
Total expenditures, encumbrances and other uses	8,219,521	8,219,521	7,843,044	376,477
Revenues and other sources over (under) expenditures, encumbrances and other uses	(1,036,552)	(1,036,552)	414,362	1,450,914
Fund Balance, beginning of year	1,145,552	1,145,552	1,799,073	653,521
Fund balance, end of year	$ 109,000	$ 109,000	$ 2,213,435	$ 2,104,435

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	$ 2,500,000	$ 3,000,000	$ 3,213,852	$ 213,852
Impact fees	43,250	49,305	84,830	35,525
Reimbursements	–	–	–	–
Use of money and property	20,000	20,000	97,928	77,928
Transfers In	–	–	–	-
Total revenues	2,563,250	3,069,305	3,396,610	327,305
Expenditures:				
Contractual services	–	–	1,278,576	(1,278,576)
Capital outlay	6,727,440	8,701,000	7,011,389	1,689,611
Transfers out	427,465	427,465	614,374	(186,909)
Total expenditures	7,154,905	9,128,465	8,904,339	224,126
Revenues over (under) expenditures	(4,591,655)	(6,059,160)	(5,507,729)	551,431
Fund balance ,beginning of year	5,229,994	6,661,765	6,661,765	–
Fund balance, end of year	$ 638,339	$ 602,605	$ 1,154,036	$ 551,431

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

CITY OF ANDOVER, KANSAS

EMPLOYEE BENEFITS FUND

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

Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 2,146,821	$ 2,146,821	$ 2,273,381	$ 126,560
Use of money and property	1,500	1,500	22,258	20,758
Total revenues	2,148,321	2,148,321	2,295,639	147,318
Expenditures:				
Personal services	2,412,360	2,412,360	2,227,626	184,734
Revenues over (under) expenditures	(264,039)	(264,039)	68,013	332,052
Fund balance ,beginning of year	294,039	294,039	768,420	474,381
Fund balance, end of year	$ 30,000	$ 30,000	$ 836,433	$ 806,433

CITY OF ANDOVER, KANSAS

STATEMENT OF NET POSITION – ALL PROPRIETARY FUNDS

December 31, 2022

	Business-type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash including investments	$ 564,227	$ 1,191,867	$ 102,360	$ 1,858,454	$ 341,307
Trade accounts receivable	9,541	293,849	100,045	403,435	–
Total current assets	573,768	1,485,716	202,405	2,261,889	341,307
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Sewage equipment	–	179,206	–	179,206	–
Sewage treatment expansion	–	15,215,331	–	15,215,331	–
Total restricted assets	–	15,394,537	–	15,394,537	–
Capital assets:					
Land	–	123,946	–	123,946	–
Water mains and distribution lines	12,336,753	–	–	12,336,753	–
Sewage mains and distribution lines	–	22,226,412	–	22,226,412	–
Sewage disposal plant	–	6,646,935	–	6,646,935	–
Machinery and equipment	13,515	2,712,609	1,297	2,727,421	–
Right -to -use leased equipment	–	–	–	–	395,993
	12,350,268	31,709,902	1,297	44,061,467	395,993
Less accumulated depreciation	(4,697,255)	(13,091,417)	(1,297)	(17,789,969)	(40,531)
Capital assets, net	7,653,013	18,618,485	–	26,271,498	355,462
Total noncurrent assets	7,653,013	34,013,022	–	41,666,035	355,462
Total assets	8,226,781	35,498,738	202,405	43,927,924	696,769
LIABILITIES					
Current liabilities:					
Accounts payable	–	352,979	–	352,979	–
Accrued wages payable	–	9,775	–	9,775	–
Current portion of accrued compensated absences payable	–	41,507	–	41,507	–
Current portion of Right-to-use leases	–	–	–	–	108,337
Total current liabilities	–	404,261	–	404,261	108,337
Noncurrent liabilities:					
Long-term portion of accrued compensated absences payable	–	41,890	–	41,890	–
Long-term portion of Right-to-use leases	–	–	–	–	238,293
Total noncurrent liabilities	–	41,890	–	41,890	238,293
Total liabilities	–	446,151	–	446,151	346,630
NET POSITION					
Net position:					
Net investment in capital assets	7,653,013	18,618,485	–	26,271,498	8,832
Restricted for:					
Sewage equipment	–	179,206	–	179,206	–
Sewage treatment expansion	–	15,215,331	–	15,215,331	–
Unrestricted	573,768	1,039,565	202,405	1,815,738	341,307
	$ 8,226,781	$ 35,052,587	$ 202,405	$ 43,481,773	$ 350,139

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 PROPRIETARY FUNDS

Year ended December 31, 2022

	Business-type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds	Internal Service Funds
Operating revenues:					
Sales of services	$ 132,942	$ 3,258,741	$ 923,399	$ 4,315,082	$ 209,000
Other	–	37,715	–	37,715	–
Total operating revenues	132,942	3,296,456	923,399	4,352,797	209,000
Operating expenses:					
Personal services	–	620,605	33,602	654,207	–
Contractual services	–	430,438	826,740	1,257,178	17,346
Commodities	–	136,853	1,953	138,806	–
Capital Outlay	–	–	–	3,100	–
Depreciation	246,699	767,513	–	1,014,212	40,531
Total operating expenses	246,699	1,955,409	862,295	3,067,503	57,877
Operating income (loss)	(113,757)	1,341,047	61,104	1,285,294	151,123
Nonoperating revenues and expenses:					
Interest income	11,523	335,512	2,021	349,056	1,802
Interest expense	–	–	–	–	(8,551)
Insurance recoveries	–	–	–	–	197,480
Gain (loss) on sale of assets	–	–	–	–	8,285
Total nonoperting revenues and expenses:	11,523	335,512	2,021	349,056	199,016
Income (loss) before contributions and transfers	(102,234)	1,676,559	63,125	1,637,450	350,139
Contributions from municipality	45,406	100,559	–	145,965	–
Transfers out	(102,815)	(460,372)	–	(563,187)	–
Change in net position	(159,643)	1,316,746	63,125	1,220,228	350,139
Net position, beginning of year	8,386,424	33,735,841	139,280	42,261,545	–
Net position, end of year	$ 8,226,781	$ 35,052,587	$ 202,405	$ 43,481,773	$ 350,139

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

CITY OF ANDOVER, KANSAS

STATEMENT OF OF CASH FLOWS –
ALL PROPRIETARY FUNDS

Year ended December 31, 2022

	Business-type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	$ 132,570	$ 3,229,116	$ 906,624	$ 4,268,310	$ 209,000
Cash payments to vendors for materials and supplies	(2)	(270,164)	(830,379)	(1,100,545)	(17,346)
Cash paid to employees	–	(614,681)	(33,602)	(648,283)	–
Other receipts	–	37,715	–	37,715	–
Net cash provided by (used for) operating activities	132,568	2,381,986	42,643	2,557,197	191,654
Cash flows from capital and related financing activities:					
Principal payments on right-to-use assets	–	–	–	–	(46,063)
Interest Payments o right-to-use assets	–	–	–	–	(8,551)
Insurance Recoveries	–	–	–	–	197,480
Proceeds from sales of assets	–	–	–	–	8,285
Acquisition and construction of capital assets	–	(928,783)	–	(928,783)	(3,300)
Net cash provided by (used for) capital and related financing activities	–	(928,783)	–	(928,783)	147,851
Cash flows from noncapital financing activities					
Transfers out	(102,815)	(460,372)	–	(563,187)	–
Cash flows from investing activities					
Interest received	11,523	335,512	2,021	349,056	1,802
Net increase in cash and cash equivalents	41,276	1,328,343	44,664	1,414,283	341,307
Cash and cash equivalents at beginning of year	522,951	15,258,061	57,696	15,838,708	–
Cash and cash equivalents at end of year	$ 564,227	$ 16,586,404	$ 102,360	$ 17,252,991	$ 341,307
Cash and cash equivalents	$ 564,227	$ 1,191,867	$ 102,360	$ 1,858,454	$ 341,307
Restricted cash and cash equivalents included in restricted cash and investments	–	15,394,537	–	15,394,537	–
Cash and cash equivalents, end of year	$ 564,227	$ 16,586,404	$ 102,360	$ 17,252,991	$ 341,307

Noncash capital financing activities:
Contributions of capital assets of $45,406, $100,559, $–0– were acquired in the water fund, sewer fund, and recycling/trash fund, respectively, from other governmental funds.

CITY OF ANDOVER, KANSAS

STATEMENT OF OF CASH FLOWS – ALL PROPRIETARY FUNDS

Year ended December 31, 2022

(continued from previous page)

	Business-type Activities Enterprise Funds				Governmental Activities
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ (113,757)	$ 1,341,047	$ 61,104	$ 1,288,394	$ 151,123
Adjustments to reconcile net cash provided by operating income (loss to net cash provided by operating activities:					
Depreciation	246,699	767,513	–	1,014,212	40,531
Increase in accounts receivable	(372)	(29,625)	(16,775)	(46,772)	–
Increase (decrease) in accounts payable	(2)	297,127	(1,686)	295,439	–
Decrease (increase) in accrued wages payable	–	9,775	–	9,775	–
Increase in compensated absences payable	–	(3,851)	–	(3,851)	–
Net cash provided by (used for) operating activities	$ 132,568	$ 2,381,986	$ 42,643	$ 2,557,197	$ 191,654

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

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.

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.

Additionally, the City reports internal service funds to report any activity that provides goods or services to other funds of the City.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 two percent local sales tax that is collected by the State and remitted to the City on a monthly basis. One percent of the sales tax is committed to street rehabilitation within the City and one percent is for the funding of a new fire station, remodeling fire station #1 and the design and construction of the 13th street sports park.

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022. 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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 represent a consumption of net assets that applies to future periods. A deferred inflow of resources represent an acquisition of net assets that applies to future periods. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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".

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.

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.

Fund balance for all major and nonmajor governmental funds as of December 31, 2022 were allocated as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Major Funds					Non-Major Funds	
	General	Street Improvements	Employee Benefits	Debt Service	Capital Projects	Other Govern-mental Funds	Total Govern-mental Funds
Fund balances:							
Restricted for:							
General government – Employee benefits	$ –	$ –	$ 836,433	$ –	$ –	$ –	$ 836,433
Debt service	–	–	–	1,423,372	–	26,994	1,450,366
Street improvements	–	3,715,618	–	–	–	111,573	3,827,191
Recreation for:							
Library	–	–	–	–	–	38,909	38,909
Park improvements	–	–	–	–	–	1,937,261	1,937,261
Economic development	–	–	–	–	–	240,964	240,964
Public safety for:							
Emergency 911 equipment	–	–	–	–	–	179,045	179,045
Committed to:							
General government – Subsequent year's budget	1,166,872	–	–	–	–	–	1,166,872
Street improvements for:							
Streets	–	–	–	–	–	749,248	749,248
Storm water improvements	–	–	–	–	–	151,208	151,208
Street equipment reserve	–	–	–	–	–	265,842	265,842
Parks and recreation improvements	–	–	–	–	–	–	–
Assigned to:							
Recreation – festivals	–	–	–	–	–	201	201
Capital outlay for:							
Administration equipment	–	–	–	–	–	1,441,237	1,441,237
Technology equipment	–	–	–	–	–	231,084	231,084
Inspection/code enforcement equipment	–	–	–	–	–	39,020	39,020
Police equipment	–	–	–	–	–	283,677	283,677
Fire equipment	–	–	–	–	–	230,728	230,728
Storm water equipment	–	–	–	–	–	122,231	122,231
Unassigned	1,235,588	–	–	–	3,771,376	–	5,006,964
Totals	$ 2,402,460	$ 3,715,618	$ 836,433	$ 1,423,372	$ 3,771,376	$ 6,049,423	$ 18,198,682

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 hearing for this year.

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 2022:

Fund	Original Budget	Amended Budget
ARPA	$ –	$ 1,030,500
Water Utility Fund	60,000	327,815
Street Improvement	7,154,905	9,128,465
Recycling/Trash Utility Fund	748,750	898,750
Vehicle Lease Management	–	165,000

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standards

During the year, the City adopted the following accounting standard:

GASB Statement No. 87, Leases – This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement resulted in the reporting of certain lease receivables, lease obligations, and leased assets, along with deferred inflows of resources and accumulated amortization. Beginning net position and fund balance were not impacted by the adoption of this statement.

Pending Governmental Accounting Standards Board Statements

At December 31, 2022, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 99, Omnibus 2022 - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance by the City. The requirements related to leases, PPPs, and SBITAs are effective for periods beginning after June 15, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 100, Accounting Changes and Error Corrections - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

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, 2022 the City had the following investments:

Investment Type	Fair Value/ Carrying Amount	Cost	Weighted Average Months to Maturity	Rating U.S
Municipal Investment Pool – Overnight	$ 37,777	$ 37,777	.03	N/A

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. Investmentsby 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, 2022, is as follows:

Kansas Municipal Investment Pool	100%

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, 2022 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 $39,383,309 with the bank balances of such accounts being $39,952,950. Of the bank balances, $265,870 was covered by federal depository insurance and the remaining balance of $39,687,080 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 $50,797,047 at December 31, 2022.

The City's discretely presented component unit's cash and investments at December 31, 2022 consisted of checking and savings accounts. At year-end, the carrying amount of the City's component unit's deposits were $760,423 and the bank balances were $738,759. Of the bank balances, $607,927 was covered by federal depository insurance and the remaining balance of $130,832 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 $703,958 at December 31, 2022.

2. DEPOSITS AND INVESTMENTS (continued)

A reconciliation of cash and investments as reported in the financial statements at December 31, 2022 is as follows:

Cash on hand	$ 2,765
Carrying amount of deposits – City	39,380,559
Carrying amount of deposits – component unit	760,423
Carrying amount of investments	37,777
Total	$ 40,181,524

3. CAPITAL ASSETS

A summary of changes in capital assets of the City for the year ended December 31, 2022 is as follows:

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 2,175,758	$ –	$ –	$ 2,175,758
Construction Work in Progress	3,341,325	10,717,573	1,022,936	13,035,962
	5,517,083	10,717,573	1,022,936	15,211,720
Capital assets being depreciated:				
Buildings	16,350,628	299,630	544,298	16,105,960
Improvements other than buildings	1,012,906	47,907	43,630	1,017,183
Infrastructure	96,588,121	7,549,480	–	104,137,601
Machinery and equipment	11,971,586	855,557	286,925	12,540,218
Total capital assets being depreciated	$125,923,241	$ 8,752,574	$ 874,853	$133,800,962

3. CAPITAL ASSETS (continued)

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Less accumulated depreciation for:				
Buildings	$ 4,622,803	$ 325,552	$ 169,272	$ 4,779,083
Improvements other than buildings	736,554	48,102	30,540	754,116
Infrastructure	47,801,759	4,598,788	–	52,400,547
Machinery and equipment	10,100,100	636,602	272,657	10,464,045
Total accumulated depreciation	63,261,216	5,609,044	472,469	68,397,791
Total capital assets being depreciated, net	62,662,025	3,143,530	402,384	65,403,171
Right-to-use assets being depreciated:				
Machinery and Equipment	–	395,993	–	395,993
Less Accumulated amortization	–	40,531	–	40,531
Total Right-to-use assets being depreciated, net	–	355,462	–	355,462
Governmental activities capital assets, net	$ 68,179,108	$ 14,216,565	$ 1,425,320	$ 80,970,353

3. CAPITAL ASSETS (continued)

	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Business-Type Activities:				
Capital assets, not being depreciated				
Land	$ 123,946	$ –	$ –	$ 123,946
Capital assets being depreciated:				
Buildings	6,002,631	644,304	–	6,646,935
Improvements other than buildings	34,384,407	178,758	–	34,563,165
Machinery and equipment	2,475,735	251,686	–	2,727,421
Total capital assets being depreciated	42,862,773	1,074,748	–	43,937,521
Less accumulated depreciation for:				
Buildings	2,977,872	128,912	–	3,106,784
Improvements other than buildings	12,135,789	688,088	–	12,823,877
Machinery and equipment	1,662,096	197,212	–	1,859,307
Total accumulated depreciation	16,775,757	1,014,212	–	17,789,969
Total capital assets being depreciated, net	26,087,016	60,536	–	32,147,552
Business-type activities capital assets, net	$ 26,210,962	$ 60,536	$ –	$ 26,271,498

3. CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	$ 125,643
Public safety	359,959
Highways and streets (including depreciation of infrastructure assets)	4,803,462
Culture and recreation	319,981
Internal Service Fund	40,531
Total depreciation expense – governmental activities	$ 5,649,576
Business-type activities:	
Water utility	$ 246,699
Sewer utility	767,513
Total depreciation expense – business-type activities	$ 1,014,212

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, 2022:

	Outstanding January 1, 2022	Additions	Deletions	Outstanding December 31, 2022	Due Within One Year
Governmental activities					
General obligation bonds	$63,510,000	$ 4,160,000	$ 3,750,000	$ 63,920,000	$ 3,590,000
Andover Public Building Commission revenue bonds	1,815,000	–	320,000	1,495,000	345,000
Right-to-use leases	–	392,693	46,063	346,630	108,337
Compensated absences	1,050,375	513,029	500,599	1,062,805	526,270
Net pension liability	4,625,688	2,304,997	–	6,930,685	–
Net premium on bonds	932,126	92,223	138,777	885,572	122,151
Total long-term liabilities – Governmental activities	$71,933,189	$ 7,462,942	$ 4,755,439	$ 74,640,692	$ 4,691,758
Business-type activities					
Compensated absences	$ 87,249	$ 39,570	$ 43,423	$ 83,397	$ 41,507

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2041. At December 31, 2022 the bonds consist of the following:

4. LONG-TERM DEBT (continued)

	Interest rates	Bonds outstanding
General Obligation Refunding and Improvement Bonds, Series A 2015	2.00 – 3.00%	$ 3,880,000
Taxable General Obligation Bonds, Series B 2015	0.65 – 3.90%	2,180,000
General Obligation Refunding and Equipment Bonds, Series A 2016	2.00 – 2.50%	4,690,000
General Obligation Bonds, Series A 2017	2.00 – 3.25%	3,125,000
General Obligation Refunding and Improvement Bonds, Series A 2019	2.00 – 4.00%	6,690,000
General Obligation Tax Increment Bonds, Series B 2019	2.00 – 3.00%	3,495,000
General Obligation Bonds, Series A 2020	1.00 – 3.00%	3,410,000
General Obligation Refunding Bonds, Series B 2020	1.10 – 2.00%	2,310,000
General Obligation Bonds, Series C 2020	1.00 – 3.00%	3,485,000
General Obligation Tax Increment Bonds, Series A 2021	1.00 – 2.00%	9,605,000
General Obligation Tax Increment Bonds, Series B 2021	1.60 – 2.55%	16,890,000
General Obligation Bonds, Series A 2022	3.00 – 5.00%	4,160,000
		$ 63,920,000

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:

Year	Principal	Interest	Total
2023	$ 3,590,000	$ 1,490,653	$ 5,080,653
2024	2,945,000	1,396,973	4,341,973
2025	3,905,000	1,316,760	5,221,760
2026	3,965,000	1,214,870	5,179,870
2027	3,835,000	1,111,888	4,946,888
2028	3,955,000	1,009,713	4,964,713
2029	4,030,000	916,971	4,946,971
2030	4,120,000	830,771	4,950,771
2031	3,895,000	739,416	4,634,416
2032	3,460,000	666,536	4,126,536
2033	3,520,000	600,924	4,120,924
2034	3,435,000	531,421	3,966,421
2035	3,310,000	460,181	3,770,181
2036	3,380,000	386,905	3,766,905

4. LONG-TERM DEBT (continued)

Year	Principal	Interest	Total
2037	$ 3,295,000	$ 309,290	$ 3,604,290
2038	3,375,000	232,433	3,607,433
2039	3,180,000	151,905	3,331,905
2040	1,935,000	77,030	2,012,030
2041	490,000	26,783	516,783
2042	300,000	12,000	312,000
	$ 63,920,000	$13,483,423	$ 77,403,423

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, 2022 the bonds consist of the following:

	Interest rates	Bonds outstanding
Public Safety Facility Revenue Bonds, Series C 2004	4.32%	$ 565,000
Andover Public Building Commission Revenue Bonds, Series A 2017 (Amphitheater)	3.00 – 4.00%	930,000
		$ 1,495,000

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:

Year	Principal	Interest	Total
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	115,000	4,600	119,600
	$ 1,495,000	$ 234,660	$ 1,729,660

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, 2022 was $31,803,132. During 2022, there were no new bonds issued and $5,129,643 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.

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. 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 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.

4. LONG-TERM DEBT (continued)

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 2022, there were no temporary notes issued.

During 2022, the temporary note activity for the various capital improvement projects were as follows:

Beginning Balance	Additions	Deletions	Ending Balance
$ 1,885,000	$ –	$ 1,885,000	$ –

Lease Obligations Payable

In fiscal year 2022, the City entered into seven 48-month lease as lessee for the use of an Enterprise fleet vehicle. An initial lease liability was recorded in the amount of $ 325,924. The City is required to make monthly fixed payments between $ 967 and $ 1,506. The leases have inerest rates bewtween 7.11% and 7.78%. The value of the right-to-use asset as of December 31, 2022 is $ 350,578 with accumulated amortization of $ 14,730.	$ 312,005
In fiscal year 2022, the City entered into three 24-month leases as lessee for the use of Enterprise fleet vehicles. An initial lease liability was recorded in the amount of $ 66,769. The City is required to make monthly fixed payments of $ 1,023. The lease has an interest rate of 7.46%. The value of the right-to-use assets as of December 31, 2022 is $ 159,270 with accumulated amortization of $ 25,802.	34,625
Total City lease obligation payable	$ 346,630

The future principal and interest lease payments as of December 31, 2022 were as follows:

Year	Principal	Interest	Total
2023	$ 108,337	$ 22,160	$ 130,497
2024	79,384	15,072	94,456
2025	85,495	8,962	94,457
2026	73,414	2,468	75,882
	$ 346,630	$ 48,662	$ 395,292

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, 2022, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

	Expenditures project inception to December 31, 2022	Project Authorizations
Prairie Pointe @ Cornerstone Project	$ 650,209	$ 683,000
Cornerstone 5th Addition Project	263,152	1,228,000
Cornerstone 9th Addition Project	751,126	813,000
Cornerstone 10th Addition Project	736,848	871,000
Cornerstone 11th Addition Project	1,260,272	1,463,000
USD #385- Meadowlark	478,723	728,000
Tuscany 3rd Addition Project	797,864	853,440
Community College Project	120,780	1,858,000
Courtyards @ Cornerstone	973,620	3,603,000
Meadowbrook	406,413	455,000

7. CAPITAL PROJECT AUTHORIZATIONS (continued)

	Expenditures project inception to December 31, 2022	Project Authorizations
Heritage 1st Addition Project	1,981,187	2,094,000
Lakeview Hights Project	129,041	1,964,000
Summerlin Project	802	1,729,000
Speyside @ Terradyne Project	65,795	1,440,000
Heritage 2nd Project	1,116,763	1,957,000
Hodges 7th Project	169,273	265,000
Hodges 6th Project	1,561,018	1,584,000
Heritage TIF Project	2,960,094	3,732,358
Heritage TIF Project Phase 2	15,815,617	26,591,475
Prairie Creek 6th Addition Project	1,723,150	3,834,000

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 $3,867,936 and the City's total payroll was $5,944,148 for the year ended December 31, 2022. 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 2022 was based upon 6% of gross compensation and was $232,076. 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 2022, the employees elective contributions made through payroll deductions were $112,928. 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 2022.

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.*:

8. PENSION PLANS (continued)

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.

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 retirement 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 a 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.

8. PENSION PLANS (continued)

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan was created for new hires starting January 1, 2015. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

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 contribution rates 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 for each of the three state wide pension groups. 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, which includes the state and the school 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.

The actuarially determined employer contribution rates and the statutory contribution rates for KP&F employees are 22.99%. Member contribution rates as a percentage of eligible compensation for the fiscal year 2022 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.

8. PENSION PLANS (continued)

The allocation percentages presented for each group as of June 30, 2022 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, 2022. The contributions used exclude contributions made for prior service excess benefits and irregular payments. At June 30, 2022, the City's proportion was 0.479604%, which was a decrease of 0.004038% from its proportion measured at June 30, 2021.

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

At December 31, 2022 the City reported a liability of $6,930,685 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

For the year ended December 31, 2022, the City recognized pension expense of $1,157,813. At December 31, 2022 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	$ 341,066	$ –
Differences between expected and actual experience	293,529	–
Net difference between projected and actual earnings on pension plan investments	474,723	–
Changes in assumptions	888,879	–
Changes in proportion	107,146	47,612
Total	$ 2,105,343	$ 47,612

The City reported $2,105,343 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amount
2023	$ 514,251
2024	440,995
2025	234,630
2026	508,419
2027	18,370
Thereafter	–

8. PENSION PLANS (continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022, 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	7.00 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, 2022 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

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

- Price inflation assumption remained at 2.75 percent
- Investment return assumption was lowered from 7.25 percent to 7.00 percent
- General wage growth assumption was changed to be from 3.50 to 12.00 percent, including price inflation

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 January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

8. PENSION PLANS (continued)

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
U.S Equities	23.50%	5.20%
Non-US Equities	23.50	6.40
Private Equity	8.00	9.50
Private Real Estate	11.00	4.45
Yield Driven	8.00	4.70
Real Return	11.00	3.25
Fixed Income	11.00	1.55
Short-Term Investments	4.00	0.25
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability at the measurement date of June 30, 2022 was 7.00 percent which was a decrease from the rate of 7.25% used in the prior year. 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 2022 was 1.2 percent.

The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2022 calculated using the discount rate of 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

8. PENSION PLANS (continued)

	June 30, 2022		
	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Amount due within one year	$9,487,680	$6,917,002	$4,778,049

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:

Fund	Transfers In	Transfers Out
Major Funds:		
General	$ 253,519	$ 182,420
Street Improvement	–	614,374
Debt Service	488,675	–
Capital Projects	495,299	59,932
Water Utility	–	102,815
Sewer Utility	–	460,372
	1,237,493	1,628,913
Nonmajor Funds:		
Special Building	109,188	–
Golf Course	180,500	–
Motel and Tourism	–	55,000
Festivals	94,920	–
Sales Tax Funded Projects	800,000	–
Park Improvement	–	109,188
ARPA	–	800,000
Storm Water	–	25,000
Street Equipment	75,000	–
Capital Equipment Reserve	45,000	133,000
	1,304,608	1,122,188
Total transfers	$ 2,542,101	$ 2,542,101

9. INTERFUND TRANSFERS (continued)

Transfers from the General Fund to Capital Equipment Reserve Fund,Street Machinery and Bridge Building Fund, Golf Course Fund and Fleet management Fund in the amounts of $20,000, $75,000 and $70,500 respectively, related to improvement, equipment replacement reserves and cover golf course expenses. In addition, the Storm Water Utility Fund transferred $25,000 to the Capital Equipment Reserve Fund to fund future equipment.

The General Fund received nonroutine transfers from the Capital Project Fund and Wastewater Fund in the amount of $2,573 and $250,000 respectively to defray administrative expense charges.

Transfers from the Impact Sales Tax Fund of $495,299 to the Capital Project Fund for the Cornerstone improvement project.

Transfers from the ARPA Fund of $800,000 to the Sales Tax Funded Projects Fund for the city's family future forward projcts.

The Special Building Fund received $109,188 of routine transfers from the 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 Impact Sales Tax Fund and the Sewer Utility Fund in the amounts of $427,465 and $61,210 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 reconciliations 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, 2022	$2,402,460	$ 3,715,618	$836,433	$1,423,372	$ 6,049,423
Adjustments:					
Reserved for encumbrances (budgeted funds only)	(35,050)	(2,304,861)	–	–	(112,742)
Accrued sales tax revenues	–	(256,721)	–	–	–
Accrued franchise fee revenues	(153,974)	–	–	–	–
Accrued accounts receivable	–	–	–	–	(36,759)
Fund balances of funds not subject to Kansas budget law	–	–	–	–	(4,046,252)
Budgetary fund balances at December 31, 2022	$2,213,436	$1,154,036	$836,433	$ 1,423,372	$ 1,853,670

11. 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.

12. 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 three separate Neighborhood Revitalization Plan (NRP) incentive programs which were established January 1, 2010 (revised May 8, 2012), expiring December 31, 2013, August 11, 2015, expiring December 31, 2018 and January 1, 2019, expiring December 31, 2021. 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

12. TAX ABATEMENTS (continued)

properties and new residential and commercial projects. All taxing subdivisions overlapping the City of Andover participate in this NRP program.

The second and third NRP program require 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. The second NRP program includes all taxing subdivisions overlapping the City of Andover participate in this NRP program with the exception of Unified School District No. 385. The third NRP program includes all taxing subdivisions overlapping the City of Andover participate in this NRP program.

The property taxes rebated under the NRP programs during 2022 totaled $90,710.

For the year ended December 31, 2022, the total property taxes abated under the City's IRB agreements were approximately $1,481,228 with the City's portion of that total being $403,815.

13. 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, 2022, the City had outstanding construction and engineering commitments related to these projects in the amount of $32,701,839. 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.

14. INSURANCE RECOVERIES

The City, along with parts of the surrounding county, experienced an EF-3 tornado on the evening of April 29, 2022. Andover City Hall narrowly missed taking a direct hit, but the City did lose some structures, including the Andover Lodge, which is used for various City functions, and rented out to citizens. The City received $2,015,128 of insurance recoveries related to the tornado damage with $1,752,412 included in other finacing sources in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and $197,480 included as nonoperating revenue in the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds. The remaining $65,236 was netted against tornado related clean up costs. The Statement of Activities includes insurance recoveries of $1,136,631 and gain on disposal of assets of $410,879 related to the tornado damage. Assets disposals included assets with net book value of $402,382.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2023, the date on which the financial statements were available to be issued.

In June 2023 the City issued $9,398,000 of General Obligation Temporary Notes, 2023 for the purpose of tempoarary financing the Family Future Forward projects .

In June 2023 the City issued certain taxable Industrial Revenue Bonds in an aggregate principal amount of $1,800,000 for the purpose of purchasing, acquiring, constructing, furnishing, and equipping an addition to an existing Industrial Facility located in the City of Andover, KS.

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 Eight Years *

	2022	2021	2020	2019	2018	2017	2016	2015
City's proportionate percentage of the net pension liability	.479604%	.483642%	.4681701%	.472141%	.471527%	.438006%	.417055%	.408608%
City's proportionate share of the net pension liability	$6,917,002	$4,615,127	$5,773,214	$4,778,636	$4,537,041	$4,109,163	$3,873,455	$2,966,975
City's covered payroll	$2,836,612	$2,657,539	$2,583,798	$2,411,473	$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	41.01%	57.58%	44.75%	50.46%	51.46%	55.23%	52.37%	62.69%
Plan fiduciary net position as a percentage of the total pension liability	66.12%	76.09%	66.81%	71.22%	71.53%	70.99%	69.30%	74.60%

Schedule of City's Contributions
Last Eight Years *

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 648,251	$ 659,905	$ 579,813	$ 559,036	$ 501,762	$ 440,788	$ 418,402	$ 402,811
Contributions in relation to the contractually required contribution	(648,251)	(659,905)	(579,813)	(559,036)	(501,762)	(440,788)	(418,402)	(402,811)
Contribution deficiency (excess)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
City's covered payroll	$2,819,712	$2,894,321	$2,643,923	$2,526,148	$2,497,569	$2,316,279	$ 2,028,512	$ 1,885,819
Contributions as a percentage of covered payroll	22,.99%	22.80%	21.93%	22.13%	20.09%	19.03%	20.63%	21.36%

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

OTHER SUPPLEMENTARY INFORMATION

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.

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

Golf Course – to account for the city's management of operations of the golf course.

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.

ARPA – to account for federal aid under the American Rescue Plan Act (ARPA).

Sales Tax Funded Projects –to account for and report the local sales tax revenues restricted to construction or improvement of City parks and fire stations.

Payroll Clearing – to account for moneys held on behalf of city employees payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees.

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

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, 2022

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash including short-term investments	$ 5,454,460	$ 2,743,853	$ 8,198,313
Property taxes receivable	839,408	–	839,408
Accounts receivable	58,240	–	58,240
Sales tax	256,721	–	256,721
Total	$ 6,352,108	$ 2,743,853	$ 9,352,682
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accrued wages payable	$ –	$ –	$ –
Accounts payable	1,300,226	129,833	1,430,059
Unearned revenue	1,033,792	–	1,033,792
Total liabilities	2,334,018	129,833	2,463,851
Deferred inflows of resources:			
Property taxes receivable	839,408	–	839,408
Fund Balances:			
Restricted:			
General government	–	–	–
Debt service	26,994	–	26,994
Street improvements	111,573	–	111,573
Recreation	1,976,170	–	1,976,170
Economic development	240,964	–	240,964
Public safety	179,045	–	179,045
Committed:			
Street improvements	900,456	265,842	1,166,298
Parks and recreation	–	–	–
Assigned:			
Recreation	201	–	201
Capital outlay	–	2,348,178	2,348,178
Total fund balances	3,435,403	2,614,020	6,049,423
Total liabilities, deferred inflows and fund balances	$ 6,608,829	$ 2,743,853	$ 9,352,682

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2022

	Special Revenue Funds	Capital Projects Fund	Total
Revenues:			
Taxes	$ 3,385,765	$ –	$ 3,385,765
Intergovernmental	1,464,470	–	1,464,470
Licenses, fees and permits	94,350	–	94,350
Charges for services	357,997	–	357,997
Use of money and property	443,394	52,968	496,362
Miscellaneous	216,449	108,790	325,239
Total revenues	5,962,425	161,758	6,124,183
Expenditures:			
Current:			
General government	44,977	–	44,977
Public Safety	1,865,078	–	1,865,078
Highways and streets	505,516	–	505,516
Culture and recreation	1,868,142	–	1,868,142
Economic development	16,510	–	16,510
Capital improvements	–	614,158	614,158
Debt service:			
Principal	320,000	–	320,000
Interest and fiscal charges	69,181	–	69,181
Total expenditures	4,689,404	614,158	5,303,562
Revenues over (under) expenditures	1,273,021	(452,400)	820,621
Other financing sources (uses):			
Insurance recoveries	–	1,644,105	1,644,105
Issuance of general obligation bonds	–	–	–
Net premium on sale of general obligaton bonds	–	–	–
Transfers in	1,184,608	120,000	1,304,608
Transfers out	(989,188)	(133,000)	(1,122,188)
Total other financing sources (uses)	195,420	1,631,105	1,826,525
Net change in fund balances	1,468,441	1,178,705	2,647,146
Fund balances, beginning of year	1,966,962	1,435,315	3,402,277
Fund balances, end of year	$ 3,435,403	$ 2,614,020	$ 6,049,423

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS

December 31, 2022

	Special Highway	Library	Hotel and Tourism	Park Improvement	Emergency 911	Special Building	Golf Course	Storm Water Utility	Festivals	ARPA	Sales Tax Funded Projects	Payroll Agency	Municipal Court Bond	Andover Public Building Commission	Total Nonmajor Special Revenue Funds
ASSETS															
Cash and short-term investments	$ 868,755	$ 38,909	$ 207,085	$ 482,328	$ 179,445	$ 26,994	$ 33,067	$ 133,230	$ 201	$ 1,033,792	$ 2,432,662	$ 2,122	$ 15,870	$ –	$ 5,454,460
Accounts receivable	–	–	36,759	–	–	–	–	21,481	–	–	–	–	–	–	58,240
Property taxes receivable	–	582,358	–	–	–	257,050	–	–	–	–	–	–	–	–	839,408
Sales tax	–	–	–	–	–	–	–	–	–	–	256,721	–	–	–	256,721
Total assets	$ 868,755	$ 621,267	$ 243,844	$ 482,328	$ 179,445	$ 284,044	$ 33,067	$ 154,711	$ 201	$ 1,033,792	$ 2,689,383	$ 2,122	$ 15,870	$ –	$ 6,608,829
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES															
Liabilities:															
Accrued wages payable	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Accounts payable	7,934	–	2,880	1,200	400	–	9,167	3,503	–	–	1,257,150	2,122	15,870	–	1,300,226
Unearned revenue	–	–	–	–	–	–	–	–	–	1,033,792	–	–	–	–	1,033,792
Total liabilities	7,934	–	2,880	1,200	400	–	9,167	3,503	–	1,033,792	1,257,150	2,122	15,870	–	2,334,018
Deferred inflows of resources:															
Property taxes receivable	–	582,358	–	–	–	257,050	–	–	–	–	–	–	–	–	839,408
Fund balances:															
Restricted:															
General government	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt service	–	–	–	–	–	26,994	–	–	–	–	–	–	–	–	26,994
Street improvements	111,573	–	–	–	–	–	–	–	–	–	–	–	–	–	111,573
Recreation	–	38,909	–	481,128	–	–	23,900	–	–	–	1,432,233	–	–	–	1,976,170
Economic development	–	–	240,964	–	–	–	–	–	–	–	–	–	–	–	240,964
Public safety	–	–	–	–	179,045	–	–	–	–	–	–	–	–	–	179,045
Committed:															
Street improvements	749,248	–	–	–	–	–	–	151,208	–	–	–	–	–	–	900,456
Parks and recreation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Assigned:															
Recreation	–	–	–	–	–	–	–	–	201	–	–	–	–	–	201
Total fund balances	860,821	38,909	240,964	481,128	179,045	26,994	23,900	151,208	201	–	1,432,233	–	–	–	3,435,403
Total liabilities, deferred Inflows and fund balances	$ 868,755	$ 621,267	$ 243,844	$ 482,328	$ 179,445	$ 284,044	$ 33,067	$ 154,711	$ 201	$ 1,033,792	$ 2,689,383	$ 2,122	$ 15,870	$ –	$ 6,608,829

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2022

	Special Highway	Library	Hotel and Tourism	Park Improvement	Emergency 911	Special Building	Golf Course	Storm Water	Festivals	ARPA	Sales Tax Funded Projects	Payroll Agency	Municipal Court Bond	Andover Public Building Commision	Total Nonmajor Special Revenue Funds
Revenues:															
Taxes	$ –	$ 575,592	$ 137,251	$ 80,124	$ 79,246	$ 273,198	$ –	$ –	$ –	$ –	$ 2,240,354	$ –	$ –	$ –	$ 3,385,765
Intergovernmental	452,537	–		–	–	–	–	–	–	1,011,933		–	–	–	1,464,470
Licenses and permits	–	–	–	94,350	–	–	–	–	–	–	–	–	–	–	94,350
Charges for services	2,181	–	–	–	–	–	–	201,670	154,146	–	–	–	–	–	357,997
Use of money and property	15,914	602	4,041	9,310	3,032	1,669	–	2,721	–	–	16,924	–	–	389,181	443,394
Miscellaneous	–	–	–	73,083	–	–	–	–	143,366	–	–	–	–	–	216,449
Total Revenues	470,632	576,194	141,292	256,867	82,278	274,867	–	204,391	297,512	1,011,933	2,257,278	–	–	389,181	5,962,425
Expenditure:															
General government	–	–	–	–	–	–	–	–	–	44,977	–	–	–	–	44,977
Public Safety	–	–	–	–	48,010	279,992	–	–	–	124,001	1,413,075	–	–	–	1,865,078
Highways and streets	346,594	–	–	–	–	–	–	140,683	–	18,239	–	–	–	–	505,516
Culture and recreation	–	587,175	–	348,105	–	109,188	156,600	–	430,388	24,716	211,970	–	–	–	1,868,142
Economic development	–	–	16,510	–	–	–	–	–	–	–	–	–	–	–	16,510
Debt service	–	–	–	–	–	–	–	–	–	–	–	–	–	389,181	389,181
Total expenditures	346,594	587,175	16,510	348,105	48,010	389,180	156,600	140,683	430,388	211,933	1,625,045	–	–	389,181	4,689,404
Revenues over (under) expenditures	124,038	(10,981)	124,782	(91,238)	34,268	(114,313)	(156,600)	63,708	(132,876)	800,000	632,233	–	–	–	1,273,021
Other Financing Sources															
Transfers in	–	–	–	–	–	109,188	180,500	–	94,920	–	800,000	–	–	–	1,184,608
Transfers out	–	–	(55,000)	(109,188)	–	–	–	(25,000)	–	(800,000)	–	–	–	–	(989,188)
Total other financing sources (uses)	–	–	(55,000)	(109,188)	–	109,188	180,500	(25,000)	94,920	(800,000)	800,000	–	–	–	195,420
Net change in fund balances	124,038	(10,981)	69,782	(200,426)	34,268	(5,125)	23,900	38,708	(37,956)	–	1,432,233	–	–	–	1,468,441
Fund balances, beginning of year	736,783	49,890	171,182	681,554	144,777	32,119	–	112,500	38,157	–	–	–	–	–	1,966,962
Fund balances, end of year	$ 860,821	$ 38,909	$ 240,964	$ 481,128	$ 179,045	$ 26,994	$ 23,900	$ 151,208	$ 201	$ –	$ 1,432,233	$ –	$ –	$ –	$ 3,435,403

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 397,290	$ 397,290	$ 454,718	$ 57,428
Use of money and property	2,500	2,500	15,914	13,414
Total revenues	399,790	399,790	470,632	70,842
Expenditures and other uses:				
Personal services	55,600	55,600	55,600	-
Contractual services	71,825	71,825	102,660	(30,835)
Commodities	259,900	259,900	188,334	71,566
Capital Outlay	-	-	-	-
Transfers	-	-	-	-
Total expenditures and other uses	387,325	387,325	346,594	40,731
Revenues over (under) expenditures and other uses	12,465	12,465	124,038	111,573
Fund balance, beginning of year	543,276	543,276	736,783	193,507
Fund balance, end of year	$ 555,741	$ 555,741	$ 860,821	$ 305,080

CITY OF ANDOVER, KANSAS

LIBRARY FUND

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

Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 550,914	$ 550,914	$ 575,592	$ 24,678
Use of money and property	–	–	602	602
Total revenues	550,914	550,914	576,194	25,280
Expenditures and other uses:				
Appropriations to Library Board	587,175	587,175	587,175	–
Total expenditures	587,175	587,175	587,175	–
Revenues over (under) expenditures and other uses	(36,261)	(36,261)	(10,981)	25,280
Fund balance ,beginning of year	36,261	36,261	49,890	13,629
Fund balance, end of year	$ –	$ –	$ 38,909	$ 38,909

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Motel tax	$ 100,000	$ 100,000	$ 130,245	$ 30,245
Amphitheater Sponsorship	–	–	–	–
Use of money and property	–	–	4,041	4,041
Concert Proceeds/Donations	–	–	–	–
Total revenues	100,000	100,000	134,286	34,286
Expenditures:				
Contractual services	80,000	80,000	16,510	63,490
Commodities	–	–	–	–
Transfers Out	55,000	55,000	55,000	–
Total expenditures	135,000	135,000	71,510	63,490
Revenues over (under) expenditures	(35,000)	(35,000)	62,776	97,776
Fund balance ,beginning of year	77,104	77,104	141,429	64,325
Fund balance, end of year	$ 42,104	$ 42,104	$ 204,205	$ 162,101

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Liquor tax	$ 58,218	$ 58,218	$ 80,124	$ 21,906
Impact fees	33,750	33,750	41,850	8,100
Licenses, permits and fees	105,680	105,680	52,500	(53,180)
Use of money and property	–	–	9,310	9,310
Miscellaneous	–	–	73,083	73,083
Transfers In	–	–	–	–
Total revenues	197,648	197,648	256,867	59,219
Expenditures:				
Contractual Services	–	–	1,021	(1,021)
Commodities	–	–	–	–
Capital Outlay	500,000	500,000	424,429	75,571
Transfers out	109,188	109,188	109,188	–
Total expenditures	609,188	609,188	534,638	74,550
Revenues over (under) expenditures	(411,540)	(411,540)	(277,771)	133,769
Fund balance ,beginning of year	592,525	592,525	646,554	54,029
Fund balance, end of year	$ 180,985	$ 180,985	$ 368,783	$ 187,798

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Telephone tax	$ 55,000	$ 55,000	$ 83,905	$ 28,905
Use of money and property	250	250	3,032	2,782
Total revenues	55,250	55,250	86,937	31,687
Expenditures:				
Contractual services	48,500	48,500	37,817	10,683
Capital outlay	–	–	10,193	(10,193)
Total expenditures	48,500	48,500	48,010	490
Revenues over (under) expenditures	6,750	6,750	38,927	32,177
Fund balance ,beginning of year	90,190	90,190	140,118	49,928
Fund balance, end of year	$ 96,940	$ 96,940	$ 179,045	$ 82,105

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Property taxes	$ 261,915	$ 261,915	$ 273,198	$ 11,283
Use of money and property	100	100	1,669	1,569
Transfers in	109,188	109,188	109,188	–
Total revenues and other sources	371,203	371,203	384,055	12,852
Expenditures and other uses:				
Appropriation to Andover Public Building Commission	389,230	389,230	389,180	50
Revenues and other sources over (under) expenditures and other uses	(18,027)	(18,027)	(5,125)	12,902
Fund balance ,beginning of year	25,527	25,527	32,119	6,592
Fund balance, end of year	$ 7,500	$ 7,500	$ 26,994	$ 19,494

CITY OF ANDOVER, KANSAS

GOLF COURSE FUND

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

Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	$ –	$ –	$ –	$ –
Use of money and property	–	–	–	–
Transfer In	180,500	180,500	180,500	–
Total revenues and other sources	180,500	180,500	180,500	–
Expenditures:				
Personnel services	–	–	–	–
Contractual services	125,500	125,500	117,034	8,466
Commodities	15,000	15,000	53	14,947
Capital outlay	40,000	40,000	39,513	487
Transfers out	–	–	–	–
Total expenditures	180,500	180,500	156,600	23,900
Revenues and other sources over expenditures	–	–	23,900	23,900
Fund balance ,beginning of year	–	–	–	–
Fund balance, end of year	$ –	$ –	$ 23,900	$ 23,900

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees	$ 171,500	$ 171,500	$ 201,670	$ 30,170
Use of money and property	500	500	2,721	2,221
Miscellaneous	–	–	–	–
Total revenues	172,000	172,000	204,391	32,391
Expenditures:				
Personal services	85,171	85,171	85,062	109
Contractual services	34,900	34,900	42,629	(7,729)
Commodities	21,750	21,750	13,388	8,362
Capital outlay	–	–	–	–
Transfers out	25,000	25,000	25,000	–
Total expenditures	166,821	166,821	166,079	742
Revenues over (under) expenditures	5,179	5,179	38,312	33,133
Fund balance ,beginning of year	46,679	46,679	112,499	65,820
Fund balance, end of year	$ 51,858	$ 51,858	$ 150,811	$ 98,953

CITY OF ANDOVER, KANSAS

FESTIVALS FUND

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

Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, charges and donations	$ 513,095	$ 513,095	$ 154,146	$ (358,949)
Sponsorships	–	–	143,366	143,366
Grants	–	–	–	–
Use of money and property	–	–	–	–
Transfer In	–	–	94,920	94,920
Total revenues and other sources	513,095	513,095	392,432	(120,663)
Expenditures:				
Personnel services	7,000	7,000	–	7,000
Contractual services	475,269	475,269	413,777	61,492
Commodities	31,470	31,470	16,611	14,859
Capital outlay	–	–	–	–
Transfers out	–	–	–	–
Total expenditures	513,739	513,739	430,388	83,351
Revenues and other sources over expenditures	(644)	(644)	(37,956)	(37,312)
Fund balance ,beginning of year	90,451	90,451	38,157	(52,294)
Fund balance, end of year	$ 89,807	$ 89,807	$ 201	$ (89,606)

CITY OF ANDOVER, KANSAS

ARPA FUND

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

Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Grants	$ –	$ 1,022,863	$ 1,022,863	$ –
Use of money and property	–	–	–	–
Total revenues	–	1,022,863	1,022,863	–
Expenditures:				
Personal services	–	230,500	211,933	18,567
Contractual services	–	–	–	–
Capital outlay	–	800,000	–	800,000
Transfers	–	–	800,000	(800,000)
Total expenditures	–	1,030,500	1,011,933	18,567
Revenues over (under) expenditures	–	(7,637)	10,930	18,567
Fund balance ,beginning of year	–	1,022,863	1,022,863	–
Fund balance, end of year	$ –	$ 1,015,226	$ 1,033,793	$ 18,567

CITY OF ANDOVER, KANSAS

SEWER EXPANSION/EQUIPMENT RESERVE FUND

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

Year Ended December 31, 2022

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 125,000	$ 125,000	$ 410,378	$ 285,378
Use of money and property	10,000	10,000	275,799	265,799
Transfers In	900,000	900,000	1,025,000	125,000
Total revenues	1,035,000	1,035,000	1,711,177	676,177
Expenditures, encumbrances and other uses:				
Contractual services	–	–	4,675	(4,675)
Capital Outlay	2,136,000	2,136,000	448,009	1,687,991
Transfers out	61,210	61,210	210,372	(149,162)
Total expenditures, encumbrances and other uses	2,197,210	2,197,210	663,056	1,534,154
Revenues over (under) expenditures, encumbrances and other uses	(1,162,210)	(1,162,210)	1,048,121	2,210,331
Fund balance ,beginning of year	13,934,101	13,934,101	11,091,914	(2,842,187)
Fund balance, end of year	$ 12,771,891	$ 12,771,891	$ 12,140,035	$ (631,856)

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, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Taxes	$ 168,881	$ 168,881	$ 163,824	$ (5,057)
Special assessments	3,445,029	3,445,029	3,578,524	133,495
Use of money and property	–	–	49,164	49,164
Miscellaneous	–	–	10,688	10,688
Transfers in	499,363	499,363	488,675	(10,688)
Total revenues and other sources	4,113,273	4,113,273	4,290,875	177,602
Expenditures and other uses:				
Bond Principal	3,750,000	3,750,000	3,750,000	–
Bond interest and commission	907,194	907,194	907,694	(500)
Debt service – Fire Station	–	–	–	–
Temporary notes	–	–	–	–
Cash basis reserve	600,000	600,000	–	600,000
Total expenditures and other uses	5,257,194	5,257,194	4,657,694	599,500
Revenues and other sources over (under) expenditures and other uses	(1,143,921)	(1,143,921)	(366,819)	777,102
Fund balance ,beginning of year	1,343,921	1,343,921	1,790,191	446,270
Fund balance, end of year	$ 200,000	$ 200,000	$ 1,423,372	$ 1,223,372

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS

December 31, 2022

	Street Equipment Reserve	Capital Equipment Reserve	Total Nonmajor Capital Project Funds
ASSETS			
Cash and short-term investments	$ 265,842	$ 2,478,011	$ 2,743,853
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ –	$ 129,833	$ 129,833
Fund balances:			
Committed:			
Street improvements	265,842	–	265,842
Assigned:			
Capital outlay	–	2,348,178	2,348,178
Total fund balances	265,842	2,348,178	2,614,020
Total liabilities and fund balances	$ 265,842	$ 2,478,011	$ 2,743,853

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2022

	Street Equipment Reserve	Capital Equipment Reserve	Total Nonmajor Capital Project Funds
Revenues:			
Use of money and property	$ 5,629	$ 47,339	$ 52,968
Miscellaneous	96,430	12,360	108,790
Total revenues	102,059	59,699	161,758
Expenditures:			
Capital outlay	285,713	328,445	614,158
Revenues over (under) expenditures	(183,654)	(268,746)	(452,400)
Other financing sources (uses):			
Insurance Recoveries	–	1,644,105	1,644,105
Issuance of general obligation bonds	–	–	–
Net premium on sale of general obligaton bonds	–	–	–
Transfers in	75,000	45,000	120,000
Transfers out	–	(133,000)	(133,000)
Net change in fund balances	(108,654)	1,287,359	1,178,705
Fund balances, beginning of year	374,496	1,060,819	1,435,315
Fund balances, end of year	$ 265,842	$ 2,348,178	$ 2,614,020

ENTERPRISE FUNDS

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, 2022

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 125,000	$ 125,000	$ 132,701	$ 7,701
Use of money and property	250	250	11,523	11,273
Reimbursed expenditures	–	–	–	–
Total revenues	125,250	125,250	144,224	18,974
Expenditures, encumbrances and other uses:				
Personal services	–	–	–	–
Contractual services	–	–	–	–
Commodities	–	–	–	–
Capital Outlay	60,000	327,815	–	327,815
Transfer Out	–	–	102,815	(102,815)
Total expenditures, encumbrances and other uses	60,000	327,815	102,815	225,000
Revenues and other sources over (under) expenditures and other uses	65,250	(202,565)	41,409	243,974
Fund balance ,beginning of year	499,498	522,820	522,818	(2)
Fund balance, end of year	$ 564,748	$ 320,255	$ 564,227	$ 243,972

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, 2022

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 2,680,224	$ 2,680,224	$ 2,848,363	$ 168,139
Use of money and property	5,000	5,000	59,713	54,713
Miscellaneous	–	–	37,715	37,715
Total revenues	2,685,224	2,685,224	2,945,791	260,567
Expenditures, encumbrances and other uses:				
Personal services	591,037	591,037	624,457	(33,420)
Contractual services	325,440	325,440	345,898	(20,458)
Commodities	136,000	136,000	131,108	4,892
Capital outlay	264,000	264,000	47,228	216,772
Transfers out	1,354,048	1,354,048	1,355,000	(952)
Total expenditures, encumbrances and other uses	2,670,525	2,670,525	2,503,691	166,834
Revenues over (under) expenditures, encumbrances and other uses	14,699	14,699	442,100	427,401
Fund balance ,beginning of year	446,148	446,148	994,504	548,356
Fund balance, end of year	$ 460,847	$ 460,847	$ 1,436,604	$ 975,757

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, 2022

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 760,000	$ 900,000	$ 923,399	$ 23,399
Use of money and property	100	100	2,021	1,921
Total revenues	760,100	900,100	925,420	25,320
Expenditures, encumbrances and other uses:				
Personal services	–	–	33,602	(33,602)
Contractual services	713,300	863,300	828,324	34,976
Commodities	2,500	2,500	1,953	547
Capital outlay	–	–	–	–
Transfers out	32,950	32,950	–	32,950
Total expenditures, encumbrances and other uses	748,750	898,750	863,879	34,871
Revenues over (under) expenditures, encumbrances and other uses	11,350	1,350	61,541	60,191
Fund balance ,beginning of year	14,400	54,498	137,768	83,270
Fund balance, end of year	$ 25,750	$ 55,848	$ 199,309	$ 143,461

INTERNAL SERVICE FUNDS

Internal service funds are used to account for services provided to other departments of the government on a cost-reimbursement basis:

Fleet Management Fund – This fund accounts for the City's financial management of its fleet vehicle leasing program with Enterprise.

CITY OF ANDOVER, KANSAS

STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

December 31, 2022

	Vehicle Lease Management
ASSETS	
Current assets:	
Cash and short-term investments	$ 341,307
Noncurrent assets:	
Capital assets:	
Right-to-use leased equipment	395,993
Accumulated Deprecitaion	(40,531)
Total noncurrent assets	355,462
Total Assets	696,769
LIABILITIES	
Accounts payable	$ –
Noncurrent liabilities:	
Leases payable	346,630
Total liabilities	346,630
NET POSITION:	
Net investment in capital assets	8,832
Unrestricted	341,307
Total Net position	$ 350,139

CITY OF ANDOVER, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - INTERNAL FUNDS

Year ended December 31, 2022

	Vehicle Lease Management
Operating revenue:	
Charges for sales services	$ 209,000
Operating Expenditures:	
Maintenance and operations	17,346
Depreciation	40,531
Total operation expenses	57,877
Operating income (loss)	151,123
Other financing sources (uses):	
Investment Income	1,802
Interest expense	(8,551)
Insurance recoveries	197,480
Gain(loss) on sale of assets	8,285
Total other financing sources	199,016
Net change in fund balances	350,139
Fund balances, beginning of year	–
Fund balances, end of year	$ 350,139

CITY OF ANDOVER, KANSAS

STATEMENT OF OF CASH FLOWS –
INTERNAL FUNDS

Year ended December 31, 2022

	Vehicle Lease Mnagement Funds
Cash flows from operating activities:	
Cash received from customers	$ 209,000
Cash payments to vendors for materials and supplies	(17,346)
Net cash provided by (used for) operating activities	191,654
Cash flows from capital and related financing activities:	
Principal payments on right-to-use assets	(46,063)
Interest Payments o right-to-use assets	(8,551)
Insurance Recoveries	197,480
proceeds from sales of assets	8,285
Acquisition and construction of capital assets	(3,300)
Net cash provided by (used for) capital and related financing activities	147,851
Cash flows from investing activities	
Interest received	1,802
Net increase in cash and cash equivalents	341,307
Cash and cash equivalents at beginning of year	–
Cash and cash equivalents at end of year	$ 341,307
Cash and cash equivalents	$ 341,307
Restricted cash and cash equivalents included in restricted cash and investments	–
Cash and cash equivalents, end of year	$ 341,307
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ 151,123
Adjustments to reconcile net cash provided by operating income (loss to net cash provided by operating activities:	
Depreciation	40,531
Increase in accounts receivable	–
Increase (decrease) in accounts payable	–
Net cash provided by (used for) operating activities	$ 191,654

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

CITY OF ANDOVER, KANSAS

VEHICLE LEASE MANAGEMENT FUND

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

Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Insurance recoveries	$ –	$ 150,000	$ 197,480	$ 47,480
Use of money and property	–	–	10,087	10,087
Transfers In	–	140,000	209,000	69,000
Total revenues	–	290,000	416,567	126,567
Expenditures:				
Vehicle Lease Payments	–	165,000	75,260	89,740
Revenues over expenditures	–	125,000	341,307	36,827
Fund balance ,beginning of year	–	–	–	–
Fund balance, end of year	$ –	$ 125,000	$ 341,307	$ 216,307

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, 2022

ASSETS

Cash and investments	$ 760,423

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	$ 6
Fund balance:	
Committed:	
Capital improvements	375,228
Unassigned	385,189
Total fund balance	760,417
Total liabilities and fund balance	$ 760,423

Reconciliation to total net position:	
Total fund balance per above	$ 760,417
Add long-term capital assets	523,733
Less accumulated depreciation on long-term capital assets	(302,181)
Less accrued compensated absences payable	(3,826)
Total net position	$ 978,143

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2022

Revenues:	
Appropriation from City of Andover	$ 587,175
South Central Kansas Library System grants	25,034
State aid	3,915
Interest earnings	2,795
Fines and fees	43,695
Memorial donations	7,391
Miscellaneous	13,896
Total revenues	683,901
Expenditures:	
Salaries, wages and payroll taxes	369,639
Purchase of books, periodicals and other media	72,789
Advertising	368
Postage, supplies and equipment maintenance	20,065
Workshops and training	–
Capital equipment outlays	91,382
Telephone and utilities	39,128
Building maintenance and supplies	36,941
Special programs	7,232
Miscellaneous	10,136
Total expenditures	647,680
Net change in fund balance	36,221
Fund balance, beginning of year	724,196
Fund balance, end of year	$ 760,417
Reconciliation of change in net position:	
Net change in fund balance per above	$ 36,221
Add assets capitalized	64,609
Less current year depreciation on capital assets	(12,156)
Less loss on disposal of capital assets	–
Change in accrued compensated absences payable	333
Change in net position	$ 89,007

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Andover's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	105
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	112
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	116
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	121
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	126

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.*

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	$ 8,119,579	$ 11,794,001	$ 13,165,372	$ 16,359,323	$ 16,317,435	$ 19,037,619	$ 19,704,195	$ 23,573,105	$ 21,891,282	$ 18,097,922
Restricted	39,719,179	36,211,840	54,135,658	44,993,484	45,388,280	41,742,686	39,025,042	41,692,507	39,414,084	32,819,510
Unrestricted	2,523,635	2,365,887 *	(5,985,537)	(626,354)	791,887	1,104,094	(187,158)	(462,071)	(404,523)	(39,373)
Total governmental activites net position	$ 50,362,393	$ 50,371,728	$ 61,315,493	$ 60,726,453	$ 62,497,602	$ 61,884,399	$ 58,542,079	$ 64,803,541	$ 60,900,843	$ 50,878,059
Business-type activites										
Net investment in capital assets	$ 22,273,648	$ 22,984,734	$ 23,832,006	$ 23,270,210	$ 23,556,569	$ 23,220,475	$ 24,189,954	$ 24,228,772	$ 26,210,963	$ 26,271,498
Restricted	4,291,105	3,703,266	5,140,790	6,777,916	7,847,588	9,638,694	11,387,127	13,064,258	14,226,097	15,394,537
Unrestricted	1,079,885	2,316,686	2,541,334	2,586,557	2,842,416	2,268,336	1,939,318	1,338,078	1,824,485	1,815,738
Total business-type activites net position	$ 27,644,638	$ 29,004,686	$ 31,514,130	$ 32,634,683	$ 34,246,573	$ 35,127,505	$ 37,516,399	$ 38,631,108	$ 42,261,545	$ 43,481,773
Primary government										
Net investment in capital assets	$ 30,393,227	$ 34,778,735	$ 36,997,378	$ 39,629,533	$ 39,874,004	$ 42,258,094	$ 43,894,149	$ 47,801,877	$ 48,102,245	$ 44,369,420
Restricted	44,010,284	39,915,106	59,276,448	51,771,400	53,235,868	51,381,380	50,412,169	54,756,765	53,640,181	48,214,047
Unrestricted	3,603,520	4,682,573	(3,444,203)	1,960,203	3,634,303	3,372,430	1,752,160	876,007	1,419,962	1,776,365
Total primary government net position	$ 78,007,031	$ 79,376,414	$ 92,829,623	$ 93,361,136	$ 96,744,175	$ 97,011,904	$ 96,058,478	$ 103,434,649	$ 103,162,388	$ 94,359,832

* 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	$ 3,828,947	$ 986,656	$ 1,148,674	$ 1,282,819	$ 1,479,757	$ 1,572,841	$ 1,701,154	$ 1,936,643	$ 1,512,340	$ 1,703,219
Public Safety	3,898,147	6,880,918 *	4,481,867	5,121,031	5,637,427	5,890,490	6,579,712	6,367,692	6,637,856	7,387,711
Highways and street	4,273,557	3,312,108	2,498,517	5,133,968	5,633,951	5,003,057	4,838,762	5,278,212	5,833,088	18,885,443
Health and sanitation	119,216	130,326	137,997	6,150	-	-	-	-	-	-
Culture and recreation	1,536,769	2,007,531	1,657,370	1,667,924	2,204,387	2,693,791	3,072,942	1,951,332	2,774,608	3,003,244
Economic development	112,099	130,072	135,006	243,518	296,874	236,033	107,448	45,036	20,435	16,510
Environment protection	7,352	5,225	8,089	235	-	-	-	-	-	-
Interest on long-term debt	1,353,866	1,114,864	978,136	1,157,417	992,824	914,055	1,089,748	1,450,924	932,327	1,468,879
Total governmental activities expenses	15,129,953	14,567,700	11,045,656	14,613,062	16,245,220	16,310,267	17,389,766	17,029,839	17,710,654	32,465,006
Business type activities:										
Water	244,919	222,484	232,378	232,321	240,427	248,523	240,479	243,223	256,505	246,699
Wastewater	1,333,983	1,260,875	1,342,371	1,418,164	2,020,984	1,657,298	1,780,757	1,726,412	1,641,418	1,875,409
Recycle/Trash Utility	514,556	540,964	522,325	600,488	623,591	667,599	712,330	758,269	766,769	862,295
Total business-type activities expenses	2,093,458	2,024,323	2,097,074	2,250,973	2,885,002	2,573,420	2,733,566	2,727,904	2,664,692	2,984,403
Total primary government expenses	$ 17,223,411	$ 16,592,023	$ 13,142,730	$ 16,864,035	$ 19,130,222	$ 18,883,687	$ 20,123,332	$ 19,757,743	$ 20,375,346	$ 35,449,409
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	$ 3,248,958	$ 229,545	$ 248,586	$ 224,524	$ 198,402	$ 157,112	$ 721,449	$ 458,102	$ 423,446	$ 561,416
Public Safety	476,277	507,507	567,177	578,202	591,318	561,518	560,336	530,708	564,997	782,062
Highway and streets	295,032	172,974	186,033	922,541	958,550	912,143	990,001	310,512	276,407	385,111
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	571,110	426,200	479,150	644,381	739,548	1,133,289	954,981	432,992	795,038	639,010
Economic development	-	7,356	29,153	126,542	153,958	250	-	-	-	-
Operating grants and contributions	360,538	446,607	409,569	392,880	395,773	409,037	640,019	744,930	575,404	737,553
Capital grants and contributions	5,435,805	2,083,544	14,945,134	119,752	3,934,517	19,671	38,352	9,245,487	898,890	1,076,811
Total governmental activies program revenue	10,387,720	3,873,733	16,864,802	3,008,822	6,972,066	3,193,020	3,905,138	11,722,731	3,534,182	4,181,963
Business-type activities:										
Charges for services:										
Water	114,995	129,913	123,165	117,660	123,551	121,923	117,822	128,890	127,202	132,942
Wastewater	2,686,307	2,510,086	2,729,919	2,832,351	2,924,474	2,714,472	3,104,640	3,145,244	3,063,101	3,296,456
Recycle/Trash Utility	540,809	568,547	590,341	611,424	611,809	661,262	714,377	748,859	806,791	923,399
Capital grants and contributions	-	-	26,100	-	-	-	-	-	-	-
Total business-type activites program revenues	3,342,111	3,208,546	3,469,525	3,561,435	3,659,834	3,497,657	3,936,839	4,022,993	3,997,094	4,352,797
Total primary government program revenues	$ 13,729,831	$ 7,082,279	$ 20,334,327	$ 6,570,257	$ 10,631,900	$ 6,690,677	$ 7,841,977	$ 15,745,724	$ 7,531,276	$ 8,534,760
Net (Expense) Revenue										
Governmental activities	$ (4,742,233)	$ (10,693,967)	$ 5,819,146	$ (11,604,240)	$ (9,273,154)	$ (13,117,247)	$ (13,484,628)	$ (5,307,108)	$ (14,176,472)	$ (28,283,043)
Business-type activities	1,248,653	1,184,223	1,372,451	1,310,462	774,832	924,237	1,203,273	1,295,089	1,332,402	1,368,394
Total primary government net expenses	$ (3,493,580)	$ (9,509,744)	$ 7,191,597	$ (10,293,778)	$ (8,498,322)	$ (12,193,010)	$ (12,281,355)	$ (4,012,019)	$ (12,844,070)	$ (26,914,649)

* 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)

	FISCAL YEAR									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 6,597,597	$ 5,171,284	$ 5,704,724	$ 5,560,591	$ 6,213,885	$ 6,531,148	$ 6,922,407	$ 7,374,409	$ 8,190,545	$ 8,486,787
Sales taxes	2,348,084	1,988,869	2,400,178	3,931,686	4,039,350	3,940,634	2,297,919	2,549,172	2,871,786	5,502,407
Franchise taxes	693,676	748,782	778,129	1,130,232	1,130,789	1,198,460	1,205,653	1,197,026	1,282,632	1,515,285
Other Taxes	95,831	104,455	145,676	111,814	131,739	150,710	138,877	69,807	109,419	137,251
Investment earnings	46,363	32,538	32,810	59,411	271,256	422,371	490,342	119,616	63,519	565,512
Insurance recoveries	-	-	-	-	-	-	-	-	-	1,136,631
Gain on sale of assets	-	-	-	-	-	-	-	-	-	419,164
Transfers	(734,379)	(153,477)	(1,126,047)	221,466	(742,716)	260,721	(912,890)	258,540	(2,244,127)	497,222
Total governmental activities	9,047,172	7,892,451	7,935,470	11,015,200	11,044,303	12,504,044	10,142,308	11,568,570	10,273,774	18,260,259
Business-type activities										
Investment earnings	21,883	22,348	10,946	31,557	94,342	217,416	272,731	78,160	53,908	349,056
Transfers	734,379	153,477	1,126,047	(221,466)	742,716	(260,721)	912,890	(258,540)	2,244,127	(497,222)
Total business-type activities	756,262	175,825	1,136,993	(189,909)	837,058	(43,305)	1,185,621	(180,380)	2,298,035	(148,166)
Total primary government	$ 9,803,434	$ 8,068,276	$ 9,072,463	$ 10,825,291	$ 11,881,361	$ 12,460,739	$ 11,327,929	$ 11,388,190	$ 12,571,809	$ 18,112,093
Change in Net Position										
Governmental activities	$ 4,304,939	$ (2,801,516)	$ 13,754,616	$ (589,040)	$ 1,771,149	$ (613,203)	$ (3,342,320)	$ 6,261,462	$ (3,902,698)	$ (10,022,784)
Business-type activities	2,004,915	1,360,048	2,509,444	1,120,553	1,611,890	880,932	2,388,894	1,114,709	3,630,437	1,220,228
Total primary government	6,309,854	(1,441,468)	16,264,060	531,513	3,383,039	267,729	(953,426)	7,376,171	(272,261)	(8,802,556)

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

	Fiscal Year									
Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General government	$ 3,266,898	$ 280,079	$ 248,586	$ 251,629	$ 208,010	$ 157,732	$ 729,801	$ 756,514	$ 455,620	$ 617,677
Public Safety	476,277	529,406	1,253,686	649,855	601,682	561,518	590,336	649,214	569,075	1,709,422
Highways and streets	670,314	1,081,513	1,140,412	1,336,415	1,563,797	1,321,180	1,559,971	2,718,925	1,593,563	1,118,055
Health and sanitation	---	---	---	---	---	---	---	---	---	---
Culture and recreation	572,610	426,200	479,150	644,381	740,873	1,133,289	1,025,030	640,172	915,924	736,809
Environmental protection	---	---	---	---	---	---	---	---	---	---
Economic development	384,528	341,945	29,153	126,542	153,958	250	---	---	---	---
Interest on long term debt	5,017,093	1,214,590	13,713,815	---	3,703,746	19,051	---	6,957,906	---	---
Subtotal governmental activities	10,387,720	3,873,733	16,864,802	3,008,822	6,972,066	3,193,020	3,905,138	11,722,731	3,534,182	4,181,963
Business-type activities										
Water	114,995	129,913	123,165	117,660	123,551	121,923	117,822	128,890	127,202	132,942
Wastewater	2,686,307	2,510,086	2,756,019	2,832,351	2,924,474	2,714,472	3,104,640	3,145,244	3,063,101	3,296,456
Recycling/Trash Utility	540,809	568,547	590,341	611,424	611,809	661,262	714,377	748,859	806,791	923,399
Subtotal business-type activitities	3,342,111	3,208,546	3,469,525	3,561,435	3,659,834	3,497,657	3,936,839	4,022,993	3,997,094	4,352,797
Total primary government	$ 13,729,831	$ 7,082,279	$ 20,334,327	$ 6,570,257	$ 10,631,900	$ 6,690,677	$ 7,841,977	$ 15,745,724	$ 7,531,276	$ 8,534,760

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

Fiscal Year	Property	Sales	Franchise	Other	Total
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
2020	7,374,409	2,549,172	1,197,026	69,807	11,190,414
2021	8,190,545	2,871,786	1,282,632	109,419	12,454,382
2022	8,486,787	5,502,407	1,515,285	137,251	15,641,730
Change 2013-2022	59.9%	51.3%	118.4%	43.2%	60.7%

City of Andover
Fund Balances
Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Committed	$ 146,492	$ 1,241,811	$ 855,533	$ 1,230,044	$ 2,568,968	$ 2,232,761	$ 1,000,029	$ 1,070,697	$ 1,145,552	$ 1,166,872
Assigned	-	-	-	-	-	-	-	-		
Unassigned	1,914,689	644,814	1,292,746	1,831,282	237,702	900,357	932,340	845,334	776,004	1,235,588
Total General Fund	$ 2,061,181	$ 1,886,625	$ 2,148,279	$ 3,061,326	$ 2,806,670	$ 3,133,118	$ 1,932,369	$ 1,916,031	$ 1,921,556	$ 2,402,460
All Other Governmental Funds										
Restricted	$ 6,179,834	$ 5,789,033	$ 14,671,992	$ 9,431,256	$ 9,996,166	$ 10,023,233	$ 10,912,189	$ 10,117,488	$ 11,436,919	$ 8,510,170
Committed	1,400,263	984,159	1,150,733	1,158,553	1,384,381	1,407,715	1,337,221	1,685,820	1,030,272	1,166,298
Assigned	1,031,833	1,321,830	1,251,675	1,010,009	1,245,207	1,059,347	1,372,448	1,384,270	1,098,976	2,348,379
Unassigned, Reported In:										
Capital projects funds	(1,033,476)	(3,343,458)	(1,193,272)	(3,760,710)	(431,782)	(2,931,214)	(5,173,156)	(1,461,089)	21,121,360	5,515,605
Total all other governmental funds	$ 7,578,454	$ 4,751,564	$ 15,881,128	$ 7,839,108	$ 12,193,972	$ 9,559,081	$ 8,448,702	$ 11,726,489	$ 34,687,527	$ 17,540,452

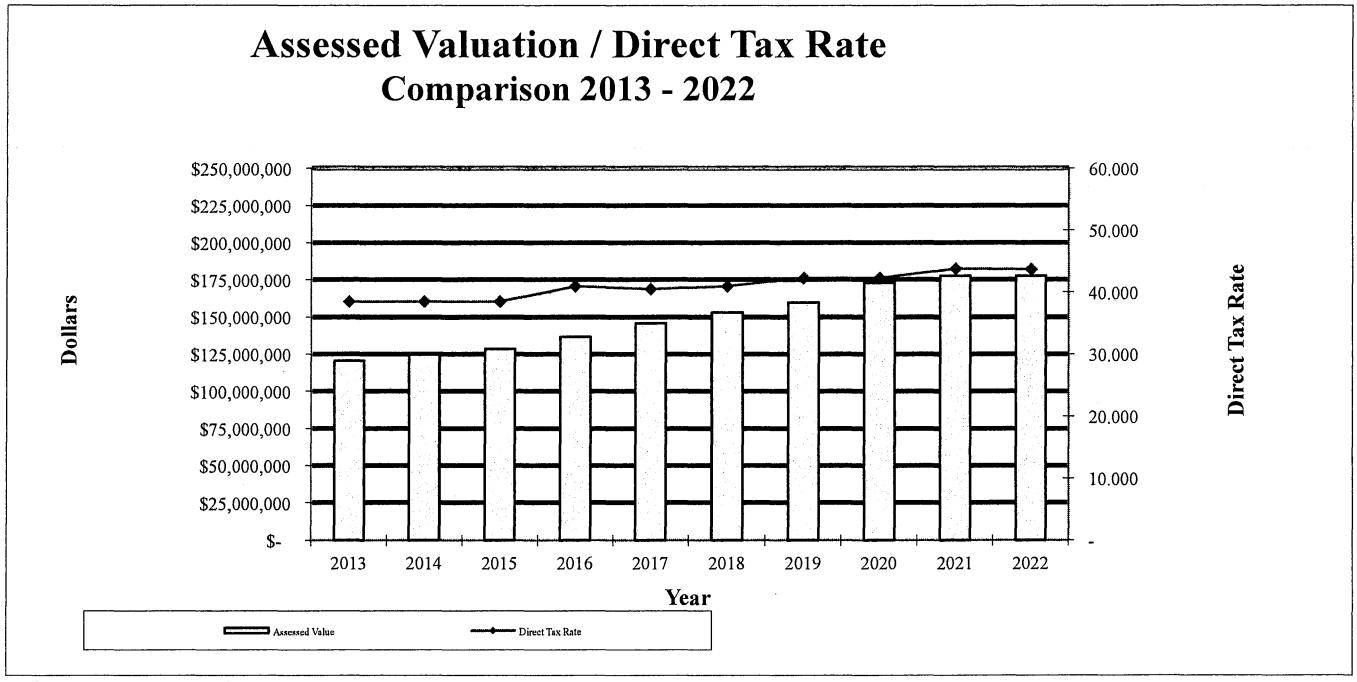
City of Andover
Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	$ 9,159,094	$ 7,352,507	$ 8,228,841	$ 9,713,288	$ 10,501,434	$ 10,589,756	$ 9,327,095	$ 10,037,772	$ 11,269,435	$ 14,227,176
Licenses and permits	1,434,731	1,130,436	1,199,498	1,646,193	1,665,017	1,608,875	2,254,399	1,973,215	2,009,214	2,322,925
Fines, forfeiture and other	257,888	272,990	282,595	305,138	305,785	267,880	268,379	214,174	238,117	382,816
Charges for service	365,319	110,534	156,601	116,138	117,142	245,755	236,896	176,390	451,792	362,265
Special assessments	5,077,064	4,406,235	4,885,697	3,881,969	4,069,289	3,679,521	3,612,317	5,402,789	4,587,133	3,840,692
Intergovernmental	359,038	918,438	911,622	449,533	395,773	559,747	554,886	1,100,884	974,547	1,601,721
Use of Property and Money	3,506,378	762,069	474,720	1,334,847	1,567,352	1,636,195	1,765,103	492,459	482,067	969,113
Other revenues	69,730	82,990	121,560	216,425	307,407	521,275	547,861	172,912	262,130	362,458
Total revenues	20,229,242	15,036,199	16,261,134	17,663,531	18,929,199	19,109,004	18,566,936	19,570,595	20,274,435	24,069,166
Expenditures										
General government	3,665,697	938,715	991,438	1,142,504	1,248,490	1,330,858	1,549,857	1,665,258	1,374,098	1,483,047
Public Safety	3,763,868	3,851,325	4,382,478	4,744,620	4,942,525	5,282,323	5,784,481	5,717,330	6,411,618	7,994,574
Highways and streets	2,311,639	3,699,507	1,759,329	2,029,426	3,229,502	4,002,375	3,130,440	2,368,179	3,287,992	7,841,249
Health and sanitation	131,979	128,704	136,581	-	-	-	-	-	-	
Culture and recreation	1,472,168	1,874,893	1,532,216	1,576,796	1,773,325	2,655,705	2,889,627	1,770,363	2,643,099	3,408,195
Environmental protection	7,115	5,225	8,089	235	-	-	-	-	-	
Economic development	110,044	130,072	135,006	243,518	296,874	236,033	107,448	45,036	20,435	16,510
Capital improvements	1,609,139	2,526,708	2,447,393	10,487,278	2,808,469	2,939,412	11,122,500	8,357,050	5,055,483	20,918,126
Debt Service										
Interest	1,110,790	1,101,193	1,164,163	806,626	1,155,955	938,733	1,253,268	1,559,355	1,087,749	1,761,513
Principal	6,830,502	3,892,355	3,780,299	4,762,340	4,369,481	4,292,729	6,860,000	7,845,000	3,705,000	3,750,000
Total expenditures	21,012,941	18,148,697	16,336,992	25,793,343	19,824,621	21,678,168	32,697,621	29,327,571	23,585,474	47,173,214
Excess of revenues over (under) expenditures	(783,699)	(3,112,498)	(75,858)	(8,129,812)	(895,422)	(2,569,164)	(14,130,685)	(9,756,976)	(3,311,039)	(23,104,048)
Other financing sources (uses)										
Insurance Recoveries										1,752,412
Issuance of general obligation bonds	3,295,000	---	7,820,000	660,000	3,575,000	---	11,180,000	11,760,000	26,495,000	4,160,000
Issuance of general obligation refunding bonds	6,610,000	---	2,500,000	8,980,000	---	---	---	---	---	---
Issuance of Andover Public Building Commission revenue bonds/certificates of participation	---	---	3,320,000	---	1,150,000	---	---	---	---	---
Issuance of certificates of participation	---	---	---	---	---	---	---	---	---	---
Issuance of capital lease obligations	---	---	---	---	---	---	---	---	---	---
Premium on bonds issued	163,497	---	320,684	289,885	14,018	---	328,254	476,970	96,475	92,223
Payment to escrow agent	(6,663,247)	---	(2,600,411)	(9,150,512)	---	---	---	---	---	---
Transfers in	870,941	643,232	694,832	1,532,468	3,046,457	1,903,282	1,916,624	4,096,243	2,262,817	2,541,155
Transfers out	(806,817)	(532,180)	(588,029)	(1,311,002)	(2,789,845)	(1,642,561)	(1,605,231)	(3,314,788)	(2,576,690)	(2,107,914)
Total other financing sources (uses)	3,469,374	111,052	11,467,076	1,000,839	4,995,630	260,721	11,819,647	13,018,425	26,277,602	6,437,876
Net change in fund balances	$ 2,685,675	$ (3,001,446)	$ 11,391,218	$ (7,128,973)	$ 4,100,208	$ (2,308,443)	$ (2,311,038)	$ 3,261,449	$ 22,966,563	$ (16,666,172)
Debt service as a percentage of non capital expenditures	41.4%	39.9%	38.8%	36.9%	32.3%	27.9%	37.6%	44.8%	25.9%	21.0%

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
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%
2020	166,737,303	6,140,312	172,877,615	42.273	1,470,357,298	11.76%
2021	170,649,257	7,064,297	177,713,554	43.831	1,507,454,239	11.79%
2022	170,649,257 *	7,064,297	177,713,554	43.727	1,507,454,239	11.79%

* Excludes $2,031,339 in Tax Improvement District valuation



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

	City Direct Rates						Overlapping Rates			
Fiscal Year	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
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
2020	24.736	1.472	0.911	2.998	12.156	42.273	67.859	34.013	18.007	1.500
2021	27.198	1.408	0.514	2.979	11.732	43.831	67.417	32.766	15.282	1.500
2022	26.899	1.323	0.162	2.997	12.346	43.727	67.337	32.093	13.856	1.500

Source: Butler County Clerk

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

Taxpayer	2022 Taxable Assessed Value		2022 Rank	2022 Percentage of Total City Taxable Assessed Value	2013 Taxable Assessed Value	2013 Rank	2013 Percentage of Total City Taxable Assessed Value
Evergy Kansas South *	$ 3,885,695		1	2.22 %	$ 1,515,900	3	1.26 %
Founders' Real Estate LLC	3,379,800		2	1.89	3,524,198	1	2.92
Vornado Air LLC	2,006,646	**	3	1.12	1,236,820	6	1.02
Flint Hills National Golf Club	1,805,895		4	0.98	1,484,601	5	1.23
Paul Properties II Family LP ***	1,755,653		5	0.88	1,495,284	4	1.24
Dillons Companies Inc.	1,550,001		6	0.91	2,113,463	2	1.75
Kansas Gas Service	1,490,773		7	0.72	697,366	7	0.58
Prairie Point at Cornerstone LLC ****	894,186		8	0.47	---		---
Andover State Bank	614,081		9	0.34	556,973	9	0.46
HE of Andover LLC	575,575		10	0.46	---		---
Southwestern Bell Telephone	---			---	541,150	10	0.45
Sherwin Williams Co	---			---	661,662	8	0.55

* Formerly Kansas Gas & Electric
** 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.
*** Formerly Andover Land Leasing LLC
**** Formerly GJ Partners LLC

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
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%	151,672	6,123,215	97.51%
2020	6,763,034	6,340,985	93.76%	361,203	6,702,188	99.10%
2021	7,307,988	6,903,666	94.47%	161,842	7,065,509	96.68%
2022	7,669,811	7,440,731	97.01%	-	7,440,731	97.01%

* 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

	Governmental Activities						Business-type Activities				
Fiscal Year	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
2013	$ 35,534,000	$ 2,976,000	$ -	$ -	$ 217,204	$ 215,517	$ 1,095,000	$ -	$ 40,037,721	-	$ 3,309
2014	31,920,000	2,737,000	-	-	177,849	172,030	-	-	35,006,879	-	2,854
2015	36,195,000	5,773,000	-	-	136,550	411,457	-	-	42,516,007	-	3,399
2016	33,490,000	4,654,000	-	-	93,210	591,349	-	-	38,828,559	-	3,047
2017	33,885,000	4,660,000	-	-	47,729	505,467	-	-	39,098,196	-	3,012
2018	30,755,000	3,545,000	-	-	-	416,027	-	-	34,716,027	-	2,648
2019	36,220,000	2,400,000	-	-	-	663,397	-	-	39,283,397	-	2,959
2020	40,415,000	2,120,000	-	-	-	983,677	-	-	43,518,677	7.81%	3,246
2021	63,510,000	1,815,000	-	-	-	928,103	-	-	66,253,103	-	4,449
2022	63,920,000	1,495,000	-	-	-	885,573	-	-	66,300,573	-	4,295

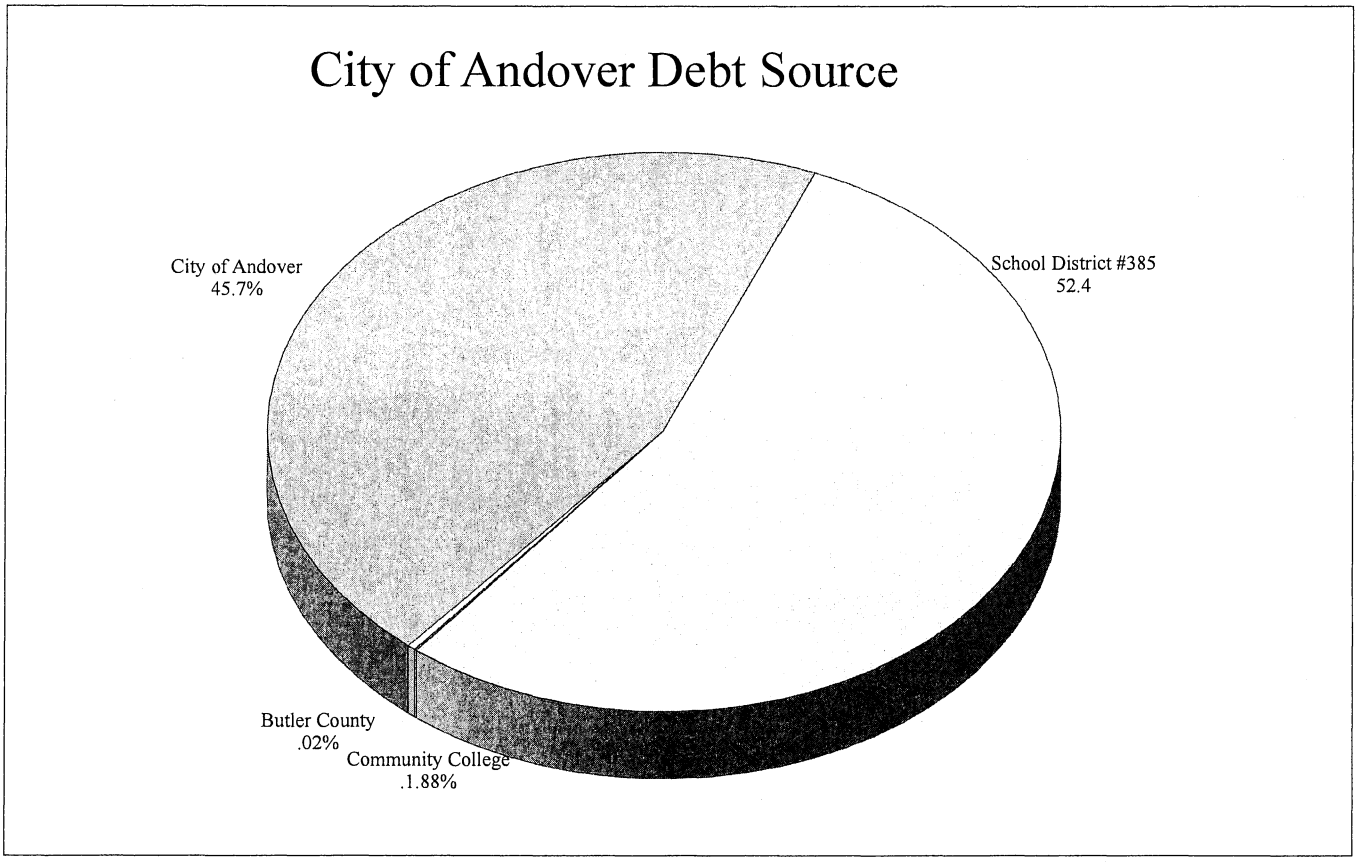
* Personal income numbers, only calculated in census years.

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

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	Premium on Bonds	Total	Less Debt Service Funds	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
2013	$ 35,534,000	$ 215,517	$ 35,749,517	$ 1,478,676	$ 34,270,841	29.62 %	$ 2,833
2014	31,920,000	172,030	32,092,030	1,662,174	30,429,856	25.74	2,481
2015	36,195,000	411,457	36,606,457	2,249,803	34,356,654	28.43	2,747
2016	33,490,000	591,349	34,081,349	2,136,435	31,944,914	24.94	2,506
2017	33,885,000	505,467	34,390,467	2,119,711	32,270,756	23.59	2,486
2018	30,755,000	416,027	31,171,027	2,133,418	29,037,609	20.36	2,215
2019	36,220,000	663,397	36,883,397	2,088,126	34,795,271	23.07	2,621
2020	40,415,000	983,677	41,398,677	1,890,386	39,508,291	23.95	2,947
2021	63,510,000	928,103	64,438,103	1,790,190	62,647,913	36.26	4,207
2022	63,920,000	885,573	64,805,573	1,423,372	63,382,201	36.47	4,106

CITY OF ANDOVER
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2022

Governmental Unit	Debt Outstanding	Percentage Applicable to City of Andover	City of Andover Share of Debt
Local School District #385	$ 181,140,000	44.288% *	$ 80,223,283
Butler Community College	645,000	22.192% **	143,138
Butler County	2,192,000	22.192% **	486,449
Subtotal overlapping debt			80,852,870
City direct debt	66,300,573		66,300,573
Total Direct and overlapping debt			$ 147,153,443



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

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

City of Andover
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	$ 40,375,067	$ 40,893,561	$ 42,355,674	$ 43,831,202	$ 46,327,536	$ 49,184,488	$ 51,550,462	$ 53,794,562	$ 57,974,318	$ 59,425,100	$ 66,853,094
Total net debt applicable to limit	11,241,657	10,508,664	10,397,783	14,841,301	14,308,003	12,771,565	14,679,800	15,942,867	19,538,381	41,409,907	39,895,289
Legal debt margin	$ 29,133,410	$ 30,384,897	$ 31,957,891	$ 28,989,901	$ 32,019,533	$ 36,412,923	$ 36,870,662	$ 37,851,695	$ 38,435,937	$ 18,015,193	$ 26,957,805
Total net debt applicable to the limit as a percentage of debt limit	27.84%	25.70%	24.55%	33.86%	30.88%	25.97%	28.48%	29.64%	33.70%	69.68%	59.68%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed Value	$ 222,843,646 *
Debt limit (30% of assessed value)	66,853,094
Debt applicable to limit:	
General Obligation Bonds	63,920,000
Temporary Notes	-
Less: Amount exempted by state statute	(24,024,711)
Total net debt applicable to limit	39,895,289
Legal debt margin	$ 26,957,805

* Includes motor vehicles assessed value and Tax Improvement District valuation

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

Year	Gross Revenue *	Less Operating Expense **	Net Revenue Available Revenue	Debt Service Principal ***	Interest ***	Total	Coverage (1)
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
2020	3,220,360	976,842	2,243,518	-	-	-	N/A
2021	3,115,596	920,526	2,195,070	-	-	-	N/A
2022	3,631,968	1,107,896	2,524,072	-	-	-	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
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%	
2020	*	14,892	$ 557,497	$ 37,436	34.80	94.50%	5,736	3.80%	$ 201,000
2021		15,435					5,636	2.50%	
2022		16,260					5,749	2.70%	

* 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) Superindentent
(3) Kansas Department of Labor

City of Andover
Principal Employers
Current Year and Nine Years Ago

	2022		2013	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
USD 385	683	1	611	1
Kansas Medical Center	283	2	250	2
Vornado	158	3	85	9
Butler Community College	133	4	120	6
Sherwin-Williams Co.	127	5	142	4
City of Andover	100	6	87	8
Life Care Center of Andover	74	7	137	5
Dillons Real Estate Co. Inc	69	8	144	3
Everidge (formerly International Cold Storage)	60	9	44	10
Victoria Falls	50	10	99	7
Total	1,737		1,719	

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, 2022

Trustee	*Bonds*	*Outstanding*	*Pay-Out Date*
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	8,294,354	02/01/40
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	5,500,000	01/01/23
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series A 2014	1,476,457	03/01/25
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series B 2014	490,000	01/01/25
Security Bank of Kansas City Kansas City, KS 66101	Founders' Real Estate, LLC Series A 2014	2,542,000	01/01/25
Security Bank of Kansas City Kansas City, KS 66101	Aveda Institute Project Series A 2014	2,452,813	12/01/35
Security Bank of Kansas City Wichita, KS 67212	Aveda Institute Project Series B 2014	400,000	01/01/25
Security Bank Of Kansas City Kansas City, KS 66101	Founders' Real Estate LLC Series A 2018	1,067,948	01/01/29
UMB Bank, N.A. Wichita, KS 67202	Vornado Air, LLC Series A 2019	4,547,920	01/01/35
Security Bank of Kansas City Kansas City, KS 66101	ASC Real Estate LLC	5,031,640	01/01/30
		$ 31,803,132	

CITY OF ANDOVER
SCHEDULE OF INDUSTRIAL REVENUE BONDS
December 31, 2022
(Continued from previous page)

	Date of Issue	Interest Rate	Payment Year	Payment Schedule	Outstanding Issues 01/01/22	Additions	Retirements	Outstanding 12/31/22
Andover Apartments, LLC	3/7/13	3.99%	2015	245,017	$13,909,053	-	$5,614,699	$8,294,354
Series A 2013			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	3/7/13	5.00%	2023	5,500,000	$5,500,000	-	$0	$5,500,000
Series B 2013								
KMC MOB, LLC	12/16/14	4.35%	2015	46,342	$1,560,596	$ -	$84,139	$1,476,457
Series A 2014			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	12/16/14	3.00%	2025	490,000	$490,000	-	$0	$490,000
Series B 2014								
Founders' Real Estate, LLC	12/22/14	5.00%	2025	2,542,000	$2,542,000	-	$0	$2,542,000
Aveda Institute Project	12/23/14	4.75%	2016	94,172	$2,578,981	-	$126,168	$2,452,813
Series A			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	12/23/14	3.00%	2025	400,000	$400,000	-	$0	$400,000
Series B								
Founders' Real Estate, LLC	10/1/18	5.00%	2029	1,067,948	$1,067,948	-	$0	$1,067,948
Series A								

CITY OF ANDOVER
SCHEDULE OF INDUSTRIAL REVENUE BONDS
December 31, 2022
(Continued from previous page)

	Date of Issue	*Interest Rate*	*Payment Year*	*Payment Schedule*	*Outstanding Issues 01/01/22*	*Additions*	*Retirements*	*Outstanding 12/31/22*
Vornado Air, LLC	12/12/19	2.88%	2020	326,040	$4,873,960	-	$326,040	$4,547,920
Series 2019			2021	326,040				
			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	12/20/19	4.50%	2030	5,031,640	$5,031,640			$5,031,640
Taxable Health Care Facility Revenue Bonds								
Series 2019								
					-	-	-	-
Total Industrial Revenue Bonds					$ 37,954,178	$ -	$ 6,151,046	$ 31,803,132

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

	Full-time Equivalent Employees as of December 31									
Function/Program	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
General government	12	12	13	15	15	16	16	16	16	18
Public safety										
Police	23	23	24	26	25	26	26	26	26	26
Fire	14	14	14	16	18	18	18	18	19	20
Fire Reservist	8	11	9	8	9	8	7	4	6	6
Civilians	8	8	8	9	11	11	11	12	12	12
Streets and highways	7	7	7	7	6	7	7	7	7	7
Culture and recreation	9	9	9	9	8	9	10	10	10	11
Stormwater	1	1	1	1	1	1	1	1	1	1
Wastewater	5	5	5	5	5	5	6	6	6	6
Total	87	90	90	96	98	101	102	100	103	107

Source: City of Andover Human Resources

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Arrests	451	423	349	315	325	358	260	233	243	223
Accidents	380	352	343	256	272	263	260	198	235	262
Citations (including parking)	4,599	3,868	3,722	3,830	3,565	2,734	2,889	2,331	2,225	2,529
Calls for service	19,750	19,470	23,079	19,265	21,942	20,189	21,873	19,222	19,990	23,137
Fire										
Structure fires	30	27	22	20	25	28	15	23	18	21
Other fires	53	61	59	65	50	74	29	57	42	83
Medical calls	893	847	1,065	1,060	1,100	992	1,030	794	825	824
Other calls	358	384	380	470	433	407	470	518	497	591
Inspections	391	252	240	105	159	191	139	120	287	39
Training hours	3,536	3,932	4,550	4,747	6,200	9,676	9,465	8,400	8,585	10,274
Streets and highways										
Streets rehabbed (square yards)	91,764	82,259	84,123	80,806	-0- *	47,000	50,183	-0-**	199,154	77,014
Water										
Public water service connections	4,143	4,181	4,257	4,351	4,407	4,543	4,608	4,642	4,693	4,728
GPD average consumption	1,123,324	1,133,627	1,137,921	1,158,823	1,180,387	1,183,541	1,235,236	1,248,153	1,261,548	1,284,184
Wastewater										
Service Connections	5,490	5,683	5,751	5,866	5,942	6,078	6,148	6,208	6,251	6,303
Average Daily Flow (thousands of gallons)	749	729	755	801	806	750	810	761	820	799

Source: Various City of Andover departments
* No streets were sealed in 2017 in anticipation of a new application process that will begin in 2018.
** No streets were sealed in 2020. Preparing for a larger project in 2021

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

Function/Program	Fiscal Year 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	18	18	20	21	21	22	23	23	23	23
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Nonstaffed substations	1	1	1	1	1	1	1	1	1	1
Streets and highways										
Miles of paved streets	61	63	63	70	88	91	94	98	101	103
Miles of unpaved streets	13	13	13	13	13	13	15	15	15	15
Traffic Signals	7	7	7	7	7	7	7	7	9	9
Parks & Recreation										
Neighborhood parks	3	3	3	3	3	3	3	3	3	3
Playground areas					2	2	2	2	2	3
56 Acre recreation complex:										
Baseball/softball diamonds	6	4	4	4	4	4	4	4	4	4
Soccer fields	3	3	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	3	4	4	4	4	4	4	4	4	3
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	-
Lodge **	1	1	1	1	1	1	1	1	1	-
Gazebo	1	1	1	1	1	1	1	1	1	1
Amphitheater			1	1	1	1	1	1	1	1
FEMA Storm Shelter/Restroom				1	1	1	1	1	1	1
Community 5 acre park										
Playground areas	1	1	1	1	1	1	1	1	1	1
Pickleball Court										1
Outdoor basketball court	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	1	1	1	1	1	1	1	1	1	1
Redbud Trail Head Park						1	1	1	1	1
Picnic Shelters										1
6 Mile Redbud Hike/Bike trail			1	1	1	1	1	1	1	1
Water *										
Fire hydrants	596	607	611	614	615	621	647	675	682	699
Miles of water lines	91	92	92	93	95	97	100	105	109	112
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	91	92	93	94	96	97	98	98	103	106

* Water service is provided by the City of Wichita, but the lines and hydrants are owned and maintained by the City of Andover.
** Destriyed in the April 29th 2022 tornado
Source: Various City of Andover departments

CITY OF ANDOVER
SCHEDULE OF FRINGE BENEFIT COST
Year ended December 31, 2022

Direct Expense Items:			
Health/Dental Insurance			$ 1,088,487
Social Security			404,351
Worker's Compensation			92,607
Unemployment Insurance			12,979
Retirement			833,595
Flex Spending Account Fees			2,784
New Hire Physicals			11,045
			$ 2,445,848
Indirect Expense Items (time off with pay):			
Vacation	13,332	Hours	$ 340,139
Sick Leave	5,122	Hours	114,576
Holiday	8,618	Hours	206,150
	27,072	Hours	$ 660,865
Total Payroll			$ 5,898,368
Total Hours Worked			206,725
Total Hours Paid			237,822
Cost of Direct Expense Items			$ 2,445,848
Cost of Indirect Expense Items			660,865
Total Cost of Fringe Benefits			$ 3,106,713
Cost Per Hour Worked			$ 15.03
Cost as Percent of Payroll			52.67%

CITY OF ANDOVER
SICK LEAVE AND VACATION USAGE

	Vacation	Sick Leave
Balance 1/1/22	13,980	28,296
Value of Accumulated Days	$ 366,589	$ 806,818
Hours Accumulated During Year	12,778	9,136
Hours Used During Year	13,332	5,122
Hours Lost Due to Termination	159	1,755
Paid Hours Over 480 Hours		1,089
Lost Hours Over 480 Hours		1,525
Hours donated to pool	24	160
Value of donated hours	$ 742	$ 4,928
Hours Balance 12/31/22	13,243	27,781
Value of Accumulated Days 12/31/22	$ 363,707	$ 806,818

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 bereavement 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