ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2021



THE CITY OF

ANDOVER, KS

EST. 1957

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INTRODUCTORY SECTION

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December 31, 2022

To the Citizens of ANDOVER

The Annual Comprehensive Financial Report of the City of Andover, Kansas for the fiscal year ended December 31, 2021 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 50+ 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 ensure that policies adopted by the governing body are implemented, and to facilitate communication among the Mayor, City Council members, and City staff.

ECONOMIC CONDITIONS AND OUTLOOK

Housing starts during 2021, in the City of Andover, saw a decrease of 27% from the prior year. For the past ten-year period a yearly average of 94 new residential building permits were issued. During 2021 there were a total of 93 new residential building permits of which 11 were multi-family. Based on projections from developers housing starts will be comparable to 2021 in 2022. There was one new commercial start in 2021 for a local auto body shop, valued at $849 thousand. There were 8 commercial remodel projects worth $587 thousand completed in 2021. School district expansion and renovations that started in 2017, as the result of a $187 million school district bond issue, were finished in 2021, with the completion of the new administration building

and restroom/concession stand. Families are moving to the smaller communities around the Wichita area for the quiet lifestyle and quality schools.

The Wichita based aircraft industries' overall economic condition improved by the end of 2021, 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 2.5% at the end of the year which is 1.3% below the rate from a year ago. This compares to the state's average unemployment rate of 2.8% and the national average of 5.3%. 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 (f/k/a 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.

The City operates economic development programs that qualify for tax abatements. The first is for neighborhood revitalization programs for improvement of or construction of residential and commercial properties to increase the value and/or livability in certain areas in the City.

The second program provides tax abatements for industrial revenue bonds for several entities to enhance the City's economic climate, retention or expansion of businesses, completion and development of City and business enterprises, and positively impact certain areas of the City where economic assistance is needed.

MAJOR INITIATIVES

Parks and Recreation Department

In 2021 many of the traditional City programs and events returned to operation as restrictions related to Covid-19 relaxed. The City hosted several privately promoted events and operated the summer concert series at the Capitol Federal Amphitheater®. Community events such as Hometown Christmas and Greater Andover Days also returned to operation. Andover was in the position to host outdoor events at the City's venue space as other indoor facilities in the metro area were

managing large group gathering restrictions. Music Theater Wichita performed multiple shows in Central Park. The traditional youth rec programming resumed. Social distancing policies and other related efforts to managing Covid-19 spread were implemented program-wide. 2021 saw the completion of the Andover Parks and Recreation Playbook 2030, an updated 10-year master plan for the department. Additionally, the Family Future Forward campaign was launched and successfully passed via vote in November. This 1¢ sales tax is the main vehicle to implement the larger capital improvements defined in the 2030 Playbook. Following the themes of the 2030 Playbook, the department took steps to add specialized staff to assist in the maintenance of our growing and complex Parks and Recreation inventory. Landscape Technicians I and II are now part of the department grounds keeping staff to assist with the management of our highly developed and landscaped boulevards, facility entries, and high value turf grass areas. The completion of the Yorktown Parkway project, which included a high level of aesthetic plantings and features is one example of this growth.

Street Department

In 2021, Phases 1 and 2 of the recommended 5 year street maintenance plan totaling $2 million was contracted. The majority of these street maintenance projects were completed by the end of 2021, with the remaining work to be completed in the spring of 2022. The street improvement projects were budgeted and funded by the City's 1¢ sales tax. In April 2021, Council approved the purchase of a new bucket truck to replace the current one that was no longer safe to operate. This expense was encumbered, as the vehicle had not arrived by the end of the year.

Wastewater Department

Approximately 299,450,000 gallons of raw sewage were treated. Nearly 3,022,300 gallons of sludge ran through the sludge press and was applied with a manure spreader on City owned agricultural fields. 50,026,716 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 22 miles of sewer lines. No manholes were rehabbed in 2021. The money allocated for this was encumbered to be included in a larger project in 2022. There was 1,220 ft. of 18" sewer line lined. 2021 is the final year of this multi-year sewer lining project. 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 Wastewater Master Plan for the plant and collection system was completed in 2021. The engineering firm was selected to lead the Plant Expansion Design.

Fire Department

Andover Fire-Rescue responded to 1,382 requests for assistance in 2021, a decrease of 10 responses from 2020. Of the total alarms, 59% were medical/rescue in nature, a 2% increase over the previous year. This follows the national trend of departments responding to emergencies that are more medical in nature and less in fire responses. Building fire responses saw a decrease of 5 incidents from the prior year. The local trend in the occurrence of overlapping calls for service returned to 260,

similar to that of previous years, after nearly doubling to 466 in 2020. Fire Department personnel conducted over 280 business inspections, over 500 fire hydrant inspections and participated in 8,885 hours of training.

Police Department

In 2021, the Police Department's calls for service were up by 4%, police reports up 22.45%, traffic stops down by 6.55%, and overall reported crimes down by 14.5%. These reductions are believed to be the result of Covid-19 restrictions. The Police Department responded to 19,222 calls for service, completed 1,920 incident reports, investigated 235 motor vehicle accidents, issued 1,391 traffic citations and 834 traffic warnings and made 243 arrests. With well over 20,000 community contacts in 2021, the department's professional culture was once again exemplified by the receipt of zero citizen complaints. Over the previous 4 years there have only been 4 complaints. Additionally, the Police Department saw the retirement of Chief Michael Keller who had served the Andover Police Department for more than 14 years. For the eleventh 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 eighth year in a row received the association's "Community Traffic Safety Platinum" award.

Storm Water Department

During 2021, work continued on the new permit issued by Kansas Department of Health and Environment. Water samples were collected and tested 4 times after rain events. The results of those tests are being compared to test results from water samples collected over the previous four years, in order to analyze trends and develop future operational plans. A total of 799 storm water structures were inspected in 2021. Covid-19 restrictions continued to prevent the outreach program at the local schools. The Storm Water Department held virtual trainings for the city's public works departments for Preventing Storm Water Pollution, and BMP's (Best Management Practices).

Municipal Court Department

In July 2021 Municipal Court staff was given approval to implement a new community program called Food for Fines. The outline of the program allows defendants to bring in non-perishable food items in exchange for monetary relief on their fine. Currently the program allows $5 off per 1 food item with a max of 10 items for a total $50 reduction of the fine. In the six months the program was in effect in 2021, with limited communication of the program, 71 defendants took advantage of the program. Although everything was starting to pick back up from the effects of Covid-19, citations were slow to come back. Court processed 1,862 citations issued by the Andover Police Department

Recycling/Trash Department

Since implementation of the recycling program the rate has increased 40¢ which is about a 9% increase over the past 11 years. The recycling program serves almost 4,500 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 $33.57 a calendar quarter for trash service. For trash and recycling the current rate is $48.27 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 2021, the Andover Emergency Communications Center expanded its staffing to include the new position of a Community Service Officer. The Community Service Officer performs the duties of a communications officer and also handles walk-in reports and fingerprinting services for the citizens of Andover. This dual role position provides a second communications officer during normal business hours for the Andover Emergency Communications Center and allows the police officers to remain available to patrol the City of Andover. The Andover Emergency Communications Center continued its dedicated service to the community, handling over 19,222 calls for service, an increase of 4% from 2020. Communications Staff also participated in the City's efforts in keeping staff and citizens safe while following the city and department's Covid-19 Contingency Plans set in place throughout the year.

Information Technology (IT)

During 2021, IT staff worked on updates to various components in the environment, including the purchase of an employee badge printer that integrates with the time clock system. Updates and upgrades to servers, networks and audio/video services continue to be made. Current staffing levels are one full-time IT director and one-half time IT technician.

FINANCIAL PLANNING

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

Under the laws of the State of Kansas, special assessment debt incurred constitutes a general obligation of the City. This debt is controlled and serviced through the Debt Service fund. The City of Andover, on October 13, 1998 adopted a resolution that

approved a debt management and fiscal policy that became effective January 1, 1999. Included in the resolution is a measure of debt affordability, which provides that the amount of new general obligation debt, including temporary notes, issued in any one fiscal year shall not exceed sixty percent of the amount of new growth in the prior year of the assessed valuation of the City.

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

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurances regarding the safeguarding of assets against loss from unauthorized use or disposition. The internal accounting controls also ensure 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 2021.

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, 2020.

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 42 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,

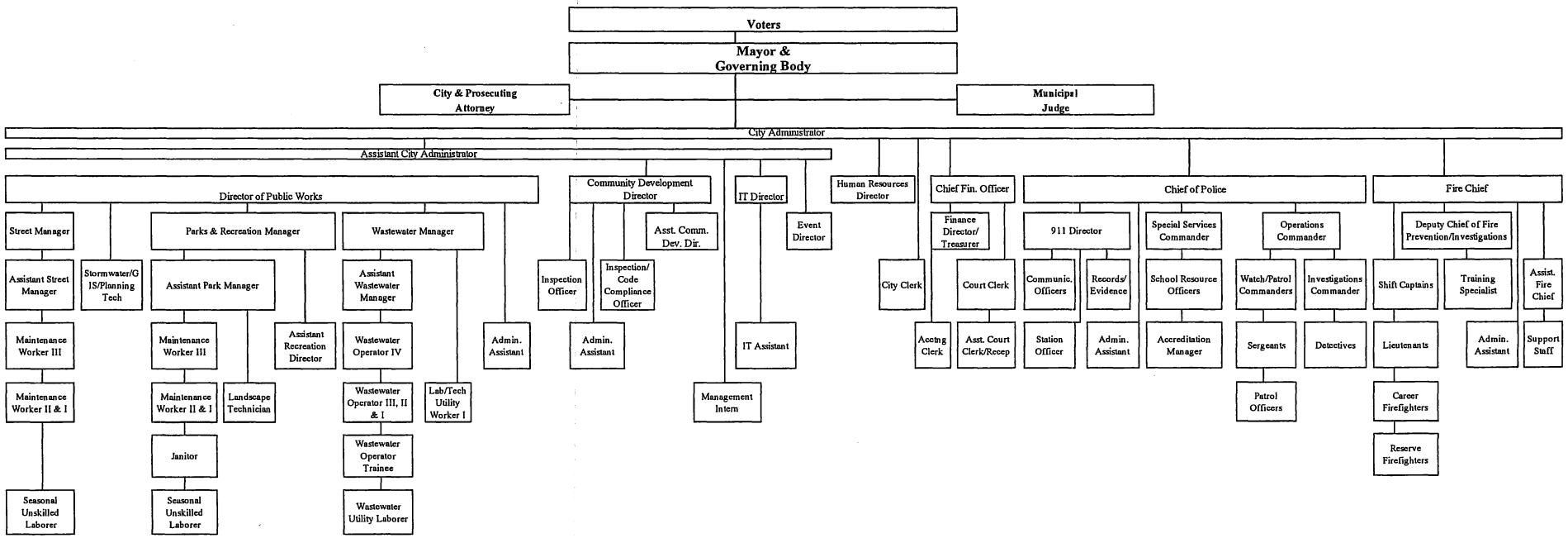
Donna K. Davis

Donna K. Davis
Chief Financial Officer

CITY OF ANDOVER, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2021

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
Budget & Accounting Manager/Treasurer	Taben Azad
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	PEC
Municipal Judge	Eugene White
City Attorney	J.T. Klaus
Planning Consultant	Bickley Foster, Foster & Associates
Prosecuting Attorney	Cami Baker

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, 2020

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

GBN, P.A.

Certified Public Accountants
Management Consultants
Tax Advisors

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
Andover, Kansas

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, 2021, 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, 2021, 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.

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 and 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 30, 2022

CITY OF ANDOVER, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

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, 2021. 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 2021 by $103,162,388. Of this amount, $48,102,245 represents net position invested in capital assets, net of related debt. Also included is $53,640,181 restricted for future debt service, various other functions and wastewater facility expansion.

- The City's total net position decreased $272,261 during the fiscal year.

- At the end of the current fiscal year, the City's governmental funds reported total ending fund balance of $36,609,083. For 2020, there was a fund balance of $13,642,520.

- At the end of 2021, the General Fund fund balance was $1,921,556, an increase of 0.3% from 2020.

- The City of Andover's total bonded debt increased $22,790,000 during 2021. The key factor was two debt series issued; both were general obligation bonds for Tax Increment Financing (TIF) projects totaling $26,495,000. During 2021, $3,705,000 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund Financial Statements

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

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

  The governmental funds financial statements can be found on pages 28 through 37 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 38 through 42 of this report.

- Fiduciary funds – In these funds the City is the trustee, or fiduciary, for certain amounts held on behalf of parties outside the City. The City's fiduciary activities are reported in the Statement of Fiduciary Net Position. We exclude these activities from the City's other financial statements, because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The City did not have any Fiduciary funds in 2021.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $103,162,388 at the close of 2021.

As shown on Table 1, the largest portion of the City's net position, $48,102,245, 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 76,479,842	$ 54,763,408	$ 16,195,370	$ 14,602,497	$ 92,675,212	$ 69,365,905
Capital assets	68,179,108	68,606,590	26,210,963	24,228,772	94,390,071	92,835,362
Total assets	144,658,950	123,369,998	42,406,333	38,831,269	187,065,283	162,201,267
Deferred outflows of resources	1,497,994	1,587,139	-0-	-0-	1,497,994	1,587,139
Current and other liabilities	4,604,903	3,039,699	57,540	118,278	4,662,443	3,157,977
Long-term liabilities	71,933,189	50,368,205	87,248	81,883	72,020,437	50,450,088
Total liabilities	76,538,092	53,407,904	144,788	200,161	76,682,880	53,608,065
Deferred inflows of resources	8,718,009	6,745,692	-0-	-0-	8,718,009	6,745,692
Net position						
Net Investment in capital assets,	21,891,282	23,573,105	26,210,963	24,228,772	48,102,245	47,801,877
Restricted	39,414,084	41,692,507	14,226,097	13,064,258	53,640,181	54,756,765
Unrestricted	(404,523)	(462,071)	1,824,485	1,338,078	1,419,962	876,007
Total net position	$ 60,900,843	$ 64,803,541	$ 42,261,545	$ 38,631,108	$ 103,162,388	$ 103,434,649

The city's net position decreased $272,261 during 2021.

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Table 2
City of Andover
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenue:						
Program revenue:						
Charges for services	$ 2,059,888	$ 1,732,314	$ 3,997,094	$ 4,022,993	$ 6,056,982	$ 5,755,307
Operating grants and contributions	575,404	744,930	-0-	-0-	575,404	744,930
Capital grants and contributions	898,890	9,245,487	-0-	-0-	898,890	9,245,487
General revenues:						
Sales tax	2,871,786	2,549,172	-0-	-0-	2,871,786	2,549,172
Property tax	8,190,545	7,374,409	-0-	-0-	8,190,545	7,374,409
Other taxes	1,392,051	1,266,833	-0-	-0-	1,392,051	1,266,833
Other general revenues	63,519	119,616	53,908	78,160	117,427	197,776
Total Revenues	16,052,083	23,032,761	4,051,002	4,101,153	20,103,085	27,133,914
Expenses:						
General government	1,512,340	1,936,643	-0-	-0-	1,512,340	1,936,643
Public safety	6,637,856	6,367,692	-0-	-0-	6,637,856	6,367,692
Highways and street	5,833,088	5,278,212	-0-	-0-	5,833,088	5,278,212
Health and sanitation	-0-	-0-	-0-	-0-	-0-	-0-
Culture and recreation	2,774,608	1,951,332	-0-	-0-	2,774,608	1,951,332
Economic development	20,435	45,036	-0-	-0-	20,435	45,036
Environment protection	-0-	-0-	-0-	-0-	-0-	-0-
Interest on long-term debt	932,327	1,450,924	-0-	-0-	932,327	1,450,924
Water	-0-	-0-	256,505	243,223	256,505	243,223
Sewer	-0-	-0-	1,641,418	1,726,412	1,641,418	1,726,412
Recycling/Trash	-0-	-0-	766,769	758,269	766,769	758,269
Total Expenses	17,710,654	17,029,839	2,664,692	2,727,904	20,375,346	19,757,743
Excess (deficiency) of revenues over expenses before transfers	(1,658,571)	6,002,922	1,386,310	1,373,249	(272,261)	7,376,171
Transfers in (out)	(2,244,127)	258,540	2,244,127	(258,540)	-0-	-0-
Change in net position	(3,902,698)	6,261,462	3,630,437	1,114,709	(272,261)	7,376,171
Net position, beginning of year	64,803,541	58,542,079	38,631,108	37,516,399	103,434,649	96,058,478
Net position, end of year	$ 60,900,843	$ 64,803,541	$ 42,261,545	$ 38,631,108	$ 103,162,388	$ 103,434,649

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Governmental Activities. Governmental activities decreased the City's net position by $3,902,698 in 2021. The decrease is primarily the contribution from municipality for infrastructure for sewer ($1,602,702) and water lines ($952,050).

Total governmental activity revenues decreased by $6,980,678 for 2021. The revenue in 2020 from a property owner payment, which was a onetime occurrence, accounts for the bulk of this decrease. This reduction was partially offset by slight increases in sales and property taxes

Total governmental activity expenses had an increase of $680,815 for 2021. This increase can be primarily attributed to an increase of $823,276 in culture and recreation, as concerts that were cancelled at the City's Capitol Federal Amphitheater® in 2020 resumed in 2021. There was also an increase in Public Safety of $270,164, partially due to increased overtime from staffing shortages. These increases were partially offset by a decrease of $518,597 in interest on long term debt.

Business-type Activities. Business-type activities increased the City's net position by $3,630,437 in 2021. Operating revenues decreased by $50,151 and operating expenses decreased $63,212 over the 2020 levels. Total revenue over expenses before contributions and transfers was $1,386,310. There were contributions from the municipality in the form of sewer and water lines in the amount of $2,554,752 in 2021. 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 2021, the City's governmental funds reported total fund balance of $36,609,083 compared to fund balance of $13,642,520 for the prior year, an increase of $22,966,563.

General Fund

The General Fund is the primary operating fund of the City. At the end of 2021, $1,145,552 of the fund balance was committed and $776,004 was unassigned, for a total fund balance of $1,921,556, which was an increase of $5,525, only a .3% 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, 40.3% 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 $231,793 or 43.2%. This was the result of a $301,726 increase in property tax revenue, which was partially offset by an increase of $197,732 in expenses.

Street Improvement Fund

The Street Improvement Fund had an increase in the fund balance of $705,371 or 10.2%. There was an increase in sales tax revenue of $322,614, and an intergovernmental payment of $410,610 for a shared infrastructure project. 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 $100,196 or 5.3%. Annual savings realized from prior bond refinancings are expiring.

Capital Project Fund

The Capital Project Fund had an increase of $22,582,449 in the fund balance. Several projects from prior years were bonded, in addition to bonds being issued for Tax Increment Financed (TIF) projects where construction is just beginning. 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 $3,630,437. This was due primarily to contributions from the municipality in the form of water and sewer lines in the amount of $2,554,752. In addition, operating revenue outpaced operating expenses by $1,386,310. Sewer utility rates didn't increase in 2021. Trash and recycling rates were adjusted for CPI in the amount of 9¢, and administrative fees of 45¢, for a total increase of 54¢ per month starting in August 2021.

Water Utility Fund

The total net position of the Water Utility Fund increased by $824,061. This was due to new infrastructure built and contributed in 2021 totaling $952,050.

Sewer Utility Fund

The total net position of the Sewer Utility Fund increased by $2,766,255, due to the utility user fees collections more than offsetting expenses by $1,421,683. There was also new infrastructure built and contributed in 2021 totaling $1,602,702. The sewer utility fund also paid a City share of the cost of infrastructure in new developments.

Recycling/Trash Utility Fund

The Recycling/Trash Utility Fund, revenue exceeded operating expenses by $40,022 resulting in an increase in fund balance of $40,121 after taking into account interest revenue of $99.

General Fund Budgetary Highlights

Actual General Fund revenues were higher than the final budget by $743,267, of which $410,646 can be attributed to tax receipts. The transfer of administrative fees from capital projects accounted for $106,171 of the increase. In addition, $255,993 can be attributed to a higher than projected collection of licenses, fees and permits. These increases were partially offset by lower collections of fines in the amount of $36,883. The expenditures from the General Fund at year-end were $295,445 less than the final budget. This was primarily from the savings in personnel services from the budgeted amount $203,487.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of December 31, 2021, amounted to $94,390,071 (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 $1,554,709, or 1.7%, for 2021.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	$ 2,175,758	$ 1,976,238	$ 123,946	$ 123,946	$ 2,299,704	$ 2,100,184
Building and improvements	11,727,825	11,973,019	3,024,759	2,995,786	14,752,584	14,968,805
Impr. other than buildings	276,352	209,274	22,248,618	20,193,903	22,524,970	20,403,177
Machinery and equipment	1,871,486	2,202,081	813,640	915,137	2,685,126	3,117,218
Infrastructure	48,786,362	47,519,604	-0-	-0-	48,786,362	47,519,604
Contruction in progress	3,341,325	4,726,374	-0-	-0-	3,341,325	4,726,374
Capital assets, net	$ 68,179,108	$ 68,606,590	$ 26,210,963	$ 24,228,772	$ 94,390,071	$ 92,835,362

Some of the City's major capital asset events in 2021 were:

* Land increased due to the purchase of property for the expansion of the 13th Street Park.

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

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

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Debt

At December 31, 2021 the City's total long-term debt obligations outstanding are $72,016,415. This amount is comprised of $63,510,000 of general obligation bonds and $928,103 of unamortized bond premium on those bonds and are secured by future tax revenues from governmental activities. The City has $1,815,000 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, 2021 was $4,625,688. The remaining long-term debt obligations totaling $1,137,624 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 $21,566,327, or about 42.7% during the current year. There were two general obligation bonds issued during 2021; both were general obligation bonds for Tax Increment Financing (TIF) projects totaling $26,495,000. During 2021 the City retired $3,400,000 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 2.5% at the end of the year which is 1.3% below the rate from a year ago. This compares to the state's average unemployment rate of 2.8% and the national average of 5.3%. As in many other areas, finding workers has become difficult. Inflationary trends in the region compare favorably to national indices. Assessed valuation increased 8.2% between the 2020 and 2021 budgets. These and other factors were considered in preparing the City of Andover's budget for the 2022 fiscal year.

During 2021, the budgetary fund balance in the General Fund increased to $1,921,556. The City anticipated a carry forward fund balance of $1,145,552 when it adopted its 2022 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, 2021

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit
ASSETS				
Cash and investments	$ 40,585,972	$ 1,612,611	$ 42,198,583	$ 724,201
Receivables:				
Property taxes	7,485,421	–	7,485,421	–
Special assessment taxes	27,977,165	–	27,977,165	–
Sales taxes	208,520	–	208,520	–
Franchise fees	122,484	–	122,484	–
Trade accounts, net	54,649	356,662	411,311	–
Prepaid items	45,631	–	45,631	–
Restricted assets	–	14,226,097	14,226,097	–
Total current assets	76,479,842	16,195,370	92,675,212	724,201
Capital assets:				
Land	2,175,758	123,946	2,299,704	–
Buildings	16,350,628	6,002,631	22,353,259	–
Improvements other than buildings	1,012,906	34,384,407	35,397,313	191,309
Infrastructure	96,588,121	–	96,588,121	–
Machinery and equipment	11,971,586	2,475,735	14,447,321	262,040
Less accumulated depreciation	(63,261,216)	(16,775,756)	(80,036,972)	(290,025)
Construction work in progress	3,341,325	–	3,341,325	5,775
Total noncurrent assets	68,179,108	26,210,963	94,390,071	169,099
Total assets	144,658,950	42,406,333	187,065,283	893,300
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension liabilities	1,497,994	–	1,497,994	–
LIABILITIES				
Accounts payable	1,361,102	57,540	1,418,642	5
Accrued wages payable	89,651	–	89,651	–
Accrued interest payable	246,287	–	246,287	–
Temporary notes payable	1,885,000	–	1,885,000	–
Unearned revenue	1,022,863	–	1,022,863	–
Noncurrent liabilities:				
Due within one year	4,741,060	35,222	4,776,282	3,311
Due in more than one year	67,192,129	52,026	67,244,155	848
Total liabilities	76,538,092	144,788	76,682,880	4,164
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources:				
Property taxes receivable	7,485,421	–	7,485,421	–
Pension liabilities	1,232,588	–	1,232,588	–
	8,718,009	–	8,718,009	–
NET POSITION				
Net investment in capital assets	21,891,282	26,210,963	48,102,245	169,099
Restricted for:				
Debt service	29,799,474	–	29,799,474	–
Street improvements	7,798,787	–	7,798,787	–
General government	768,420	–	768,420	–
Recreation	731,444	–	731,444	–
Economic development	171,182	–	171,182	–
Public safety	144,777	–	144,777	–
Wastewater expansion and equipment	–	14,226,097	14,226,097	–
Unrestricted	(404,523)	1,824,485	1,419,962	720,037
	$ 60,900,843	$ 42,261,545	$ 103,162,388	$ 889,136

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

CITY OF ANDOVER, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2021

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	$ 1,512,340	$ 423,446	$ –	$ 32,174	$ (1,056,720)	$ –	$ (1,056,720)	$ –
Public safety	6,637,856	564,997	–	4,078	(6,068,781)	–	(6,068,781)	–
Highways and streets	5,833,088	276,407	454,518	862,638	(4,239,525)	–	(4,239,525)	–
Culture and recreation	2,774,608	795,038	120,886	–	(1,858,684)	–	(1,858,684)	–
Economic development	20,435	–	–	–	(20,435)	–	(20,435)	–
Interest on long-term debt	932,327	–	–	–	(932,327)	–	(932,327)	–
Total Governmental Activities	$ 17,710,654	$ 2,059,888	$ 575,404	$ 898,890	(14,176,472)	–	(14,176,472)	–
Business-Type Activities:								
Water Utility	$ 256,505	$ 127,202	$ –	$ –	–	(129,303)	(129,303)	–
Sewer Utility	1,641,418	3,063,101	–	–	–	1,421,683	1,421,683	–
Recycling/Trash Utility	766,769	806,791	–	–	–	40,022	40,022	–
Total Business-Type Activities	$ 2,664,692	$ 3,997,094	$ –	$ –	–	1,332,402	1,332,402	–
Component Unit:								
Andover Public Library	$ 516,654	$ 35,072	$ 62,914	$ –	–	–	–	(418,668)
General Revenues and Transfers:								
Property taxes levied for:								
General purposes					7,798,402	–	7,798,402	–
Debt service					392,143	–	392,143	–
Sales taxes					2,871,786	–	2,871,786	–
Franchise taxes					1,282,632	–	1,282,632	–
Tourism taxes					109,419	–	109,419	–
Payment from City of Andover					–	–	–	539,900
Investment earnings					63,519	53,908	117,427	938
Transfers in (out)					(2,244,127)	2,244,127	–	–
Total general revenues and transfers					10,273,774	2,298,035	12,571,809	540,838
Change in net position					(3,902,698)	3,630,437	(272,261)	122,170
Net position at beginning of year					64,803,541	38,631,108	103,434,649	766,966
Net position at end of year					$ 60,900,843	$ 42,261,545	$ 103,162,388	$ 889,136

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

FUND FINANCIAL STATEMENTS

CITY OF ANDOVER, KANSAS

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2021

	General	Street Improvement	Employee Benefits	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 2,432,256	$ 7,407,317	$ 791,541	$ 1,790,190	$ 23,719,094	$ 4,445,574	$ 40,585,972
Property taxes receivable	4,645,757	–	2,003,858	87,749	–	748,057	7,485,421
Special assessment taxes receivable	–	–	–	27,977,165	–	–	27,977,165
Franchise fees receivable	122,484	–	–	–	–	–	122,484
Sales taxes receivable	–	208,520	–	–	–	–	208,520
Accounts receivable	–	–	–	–	–	54,649	54,649
Total assets	$ 7,200,497	$ 7,615,837	$ 2,795,399	$ 29,855,104	$ 23,719,094	$ 5,248,280	$ 76,434,211
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accrued wages payable	$ 88,443	$ –	$ –	$ –	$ –	$ 1,208	$ 89,651
Accounts payable	544,741	10,557	23,121	–	708,808	73,875	1,361,102
Accrued interest payable	–	–	–	–	3,926	–	3,926
Unearned revenue	–	–	–	–	–	1,022,863	1,022,863
Temporary notes payable	–	–	–	–	1,885,000	–	1,885,000
Total liabilities	633,184	10,557	23,121	–	2,597,734	1,097,946	4,362,542
Deferred inflows of resources:							
Property taxes receivable	4,645,757	–	2,003,858	87,749	–	748,057	7,485,421
Special assessment taxes receivable	–	–	–	27,977,165	–	–	27,977,165
	4,645,757	–	2,003,858	28,064,914	–	748,057	35,462,586
Fund balances (deficit):							
Restricted:							
General government	–	–	768,420	–	–	–	768,420
Debt service	–	–	–	1,790,190	–	32,119	1,822,309
Street improvements	–	7,605,280	–	–	–	193,507	7,798,787
Recreation	–	–	–	–	–	731,444	731,444
Economic development	–	–	–	–	–	171,182	171,182
Public safety	–	–	–	–	–	144,777	144,777
Committed:							
General government	1,145,552	–	–	–	–	–	1,145,552
Street improvements	–	–	–	–	–	1,030,272	1,030,272
Parks and recreation	–	–	–	–	–	–	–
Assigned:							
Recreation	–	–	–	–	–	38,157	38,157
Capital outlay	–	–	–	–	–	1,060,819	1,060,819
Unassigned	776,004	–	–	–	21,121,360	–	21,897,364
Total fund balances (deficit)	1,921,556	7,605,280	768,420	1,790,190	21,121,360	3,402,277	36,609,083
Total liabilities, deferred inflows and fund balances	$ 7,200,497	$ 7,615,837	$ 2,795,399	$ 29,855,104	$ 23,719,094	$ 5,248,280	$ 76,434,211

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, 2021

Total Governmental Fund Balances		$ 36,609,083
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	$ 131,440,324	
Accumulated depreciation	(63,261,216)	
		68,179,108
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		27,977,165
Prepaid expenses		45,631
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	226,675	
Accrued interest payable on Andover Public Building Commission revenue bonds	15,686	
Compensated absences payable	1,050,375	
General obligation bonds payable	63,510,000	
Andover Public Building Commission Revenue bonds payable	1,815,000	
Capital lease obligations payable	–	
Unamortized premium on general obligation bonds payable	928,103	
Unamortized premium on Andover Public Building Commission revenue bonds payable	4,023	
Net pension liability for Kansas Police & Fire retirement plan including deferred outflows and deferred inflows related to pensions	4,360,282	
		71,910,144
Net Position of Governmental Activities		$ 60,900,843

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, 2021

	General	Street Improvement	Employee Benefits	Debt Service	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Property and sales taxes	$ 4,872,545	$ 2,871,786	$ 2,343,975	$ 182,645	$ –	$ 998,484	$ 11,269,435
Special assessment taxes	–	–	–	3,510,607	1,076,526	–	4,587,133
Intergovernmental	–	410,610	–	–	–	563,937	974,547
Licenses and permits	1,800,309	–	–	–	–	208,905	2,009,214
Charges for services	5,329	–	–	–	–	446,463	451,792
Fines and forfeitures	238,117	–	–	–	–	–	238,117
Use of money and property	42,732	20,927	3,249	7,606	9,671	397,882	482,067
Miscellaneous	5,679	–	–	11,604	–	244,847	262,130
Total revenues	6,964,711	3,303,323	2,347,224	3,712,462	1,086,197	2,860,518	20,274,435
Expenditures:							
Current:							
General government	1,130,949	–	243,149	–	–	–	1,374,098
Public safety	4,637,586	–	1,447,917	–	–	326,115	6,411,618
Highways and streets	370,359	2,267,057	200,615	–	–	449,961	3,287,992
Culture and recreation	1,013,770	–	223,750	–	–	1,405,579	2,643,099
Economic development	–	–	–	–	–	20,435	20,435
Capital improvements	–	–	–	–	4,817,405	238,078	5,055,483
Debt Service	–	–	–	4,234,728	171,647	386,374	4,792,749
Total expenditures	7,152,664	2,267,057	2,115,431	4,234,728	4,989,052	2,826,542	23,585,474
Revenues over (under) expenditures	(187,953)	1,036,266	231,793	(522,266)	(3,902,855)	33,976	(3,311,039)
Other financing sources (uses):							
Issuance of general obligation bonds	–	–	–	–	26,495,000	–	26,495,000
Net premium on sale of general obligaton bonds	–	–	–	–	96,475	–	96,475
Transfers in	356,171	655,048	–	422,070	–	829,528	2,262,817
Transfers out	(162,693)	(985,943)	–	–	(106,171)	(1,321,883)	(2,576,690)
Total other financing sources (uses)	193,478	(330,895)	–	422,070	26,485,304	(492,355)	26,277,602
Net change in fund balances	5,525	705,371	231,793	(100,196)	22,582,449	(458,379)	22,966,563
Fund balances (deficit), beginning of year	1,916,031	6,899,909	536,627	1,890,386	(1,461,089)	3,860,656	13,642,520
Fund balances (deficit), end of year	$ 1,921,556	$ 7,605,280	$ 768,420	$ 1,790,190	$ 21,121,360	$ 3,402,277	$ 36,609,083

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, 2021

Net Change in Fund Balances – Total Governmental Funds		$ 22,966,563
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	$ 4,895,097	
Depreciation	(5,322,579)	
Excess of capital outlays over depreciation expense		(427,482)
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	(26,495,000)	
Andover Public Building Commission revenue bonds	–	
Total issuance of long-term debt		(26,495,000)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		7,395
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	3,400,000	
Andover Public Building Commission revenue bond payment	305,000	
Capital lease obligations	–	
Total payments on long-term liabilities		3,705,000
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	(96,475)	
Premium on sale of Andover Public Building Commission revenue bonds	–	
Amortization on premium on general obligation bonds	147,353	
Amortization of premium on Andover Public Building Commission revenue bonds	674	
		51,552
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.		(145,415)
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		(3,597,854)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Prepaid items	6,605	
Compensated absences payable	25,938	
Total		32,543
Change in Net Position of Governmental Activities		$ (3,902,698)

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, 2021
(continued on next page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Taxes	$ 4,461,899	$ 4,461,899	$ 4,872,545	$ 410,646
Licenses, fees and permits	1,542,425	1,542,425	1,798,418	255,993
Charges for services	3,500	3,500	5,329	1,829
Fines and forfeitures	275,000	275,000	238,117	(36,883)
Intergovernment	–	–	–	–
Use of money and property	39,500	39,500	42,732	3,232
Miscellaneous	3,400	3,400	5,679	2,279
Transfers in	250,000	250,000	356,171	106,171
Total revenues and other sources	6,575,724	6,575,724	7,318,991	743,267
Expenditures, encumbrances and other uses:				
General government:				
General department:				
Personal services	520,479	520,479	562,802	(42,323)
Contractual services	544,550	544,550	533,268	11,282
Commodities	25,400	25,400	17,578	7,822
Capital outlay	–	–	–	–
Transfers out	–	–	–	–
Contingencies	54,314	54,314	–	54,314
Total general government	1,144,743	1,144,743	1,113,648	31,095
Public safety:				
Police department:				
Personal services	1,898,518	1,898,518	1,705,307	193,211
Contractual services	311,406	311,406	299,558	11,848

CITY OF ANDOVER, KANSAS

GENERAL FUND

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

Year ended December 31, 2021
(continued from previous page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Commodities	$ 135,900	$ 135,900	$ 95,521	$ 40,379
Capital outlay	116,500	116,500	135,434	(18,934)
Transfers out	10,000	10,000	65,000	(55,000)
Total police department	2,472,324	2,472,324	2,300,820	171,504
Fire department:				
Personal services	1,187,434	1,187,434	1,189,163	(1,729)
Contractual services	115,020	115,020	99,699	15,321
Commodities	115,235	115,235	101,825	13,410
Capital outlay	55,835	55,835	51,294	4,541
Debt service	–	–	–	–
Transfers out	7,000	7,000	7,000	–
Total fire department	1,480,524	1,480,524	1,448,981	31,543
Municipal Court department:				
Personal services	68,593	68,593	69,085	(492)
Contractual services	72,875	72,875	61,805	11,070
Commodities	650	650	365	285
Capital Outlay	–	–	–	–
Transfers out	–	–	–	–
Total Municipal Court department	142,118	142,118	131,255	10,863
Total public safety	4,094,966	4,094,966	3,881,056	213,910
Highways and streets:				
Street department:				
Personal services	362,714	362,714	326,119	36,595
Contractual services	35,000	35,000	38,954	(3,954)
Commodities	13,500	13,500	5,286	8,214

CITY OF ANDOVER, KANSAS

GENERAL FUND

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

Year ended December 31, 2021
(continued from previous page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Capital outlay	$ –	$ –	$ –	$ –
Transfers out	20,000	20,000	40,000	(20,000)
Total highways and streets	431,214	431,214	410,359	20,855
Recreation:				
Park department:				
Personal services	530,416	530,416	518,633	11,783
Contractual services	161,480	161,480	186,449	(24,969)
Commodities	158,000	158,000	169,074	(11,074)
Capital outlay	67,000	67,000	58,479	8,521
Transfers Out	–	–	25,693	(25,693)
Total park department	916,896	916,896	958,328	(41,432)
Recreation Programs:				
Contractual services	35,100	35,100	23,365	11,735
Commodities	40,825	40,825	22,516	18,309
Total recreation programs	75,925	75,925	45,881	30,044
Total recreation	992,821	992,821	1,004,209	(11,388)
Environmental Protection:				
Composting Program:				
Personal services	–	–	–	–
Commodities	–	–	–	–
Total composting program	–	–	–	–
Dispatch/IT Department:				
Personal services	101,239	101,239	101,825	(586)
Contractual services	243,242	243,242	253,218	(9,976)

CITY OF ANDOVER, KANSAS

GENERAL FUND

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

Year ended December 31, 2021
(continued from previous page)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Commodities	$ 76,100	$ 76,100	$ 34,864	$ 41,236
Capital outlay	52,500	52,500	11,711	40,789
Transfers out	–	–	25,000	(25,000)
Total Dispatch/IT Department	473,081	473,081	426,618	46,463
Building Inspection Department:				
Personal services	296,271	296,271	289,829	6,442
Contractual services	101,575	101,575	117,381	(15,806)
Commodities	11,750	11,750	7,876	3,874
Capital Outlay	–	–	–	–
Transfers out	–	–	–	–
Total Building Inspection Department	409,596	409,596	415,086	(5,490)
Total expenditures, encumbrances and other uses	7,546,421	7,546,421	7,250,976	295,445
Revenues and other sources over (under) expenditures, encumbrances and other uses	(970,697)	(970,697)	68,015	1,038,712
Fund Balance, beginning of year	3,716,017	3,716,017	1,731,058	(1,984,959)
Fund balance, end of year	$ 2,745,320	$ 2,745,320	$ 1,799,073	$ (946,247)

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	$ 2,400,000	$ 2,400,000	$ 2,865,818	$ 465,818
Reimbursements	–	–	410,610	410,610
Use of money and property	20,000	20,000	20,927	927
Transfers In	–	–	655,048	655,048
Total revenues	2,420,000	2,420,000	3,952,403	877,355
Expenditures:				
Contractual services	–	–	386,408	(386,408)
Capital outlay	5,635,500	5,635,500	2,411,864	3,223,636
Transfers out	361,445	361,445	985,943	(624,498)
Total expenditures	5,996,945	5,996,945	3,784,215	2,212,730
Revenues over (under) expenditures	(3,576,945)	(3,576,945)	168,188	3,090,085
Fund balance ,beginning of year	5,846,333	5,846,333	6,493,577	647,244
Fund balance, end of year	$ 2,269,388	$ 2,269,388	$ 6,661,765	$ 4,392,377

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 2,146,821	$ 2,146,821	$ 2,343,975	$ 197,154
Use of money and property	1,500	1,500	3,249	1,749
Total revenues	2,148,321	2,148,321	2,347,224	198,903
Expenditures:				
Personal services	2,412,360	2,412,360	2,115,430	296,930
Revenues over (under) expenditures	(264,039)	(264,039)	231,794	495,833
Fund balance ,beginning of year	294,039	294,039	536,627	242,588
Fund balance, end of year	$ 30,000	$ 30,000	$ 768,421	$ 738,421

CITY OF ANDOVER, KANSAS

STATEMENT OF NET POSITION – ALL ENTERPRISE FUNDS

December 31, 2021

	Business-type Activities Enterprise Funds			
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds
ASSETS				
Current assets:				
Cash including investments	$ 522,951	$ 1,031,964	$ 57,696	$ 1,612,611
Trade accounts receivable	9,168	264,224	83,270	356,662
Total current assets	532,119	1,296,188	140,966	1,969,273
Noncurrent assets:				
Restricted assets:				
Cash and investments restricted for:				
Sewage equipment	–	53,183	–	53,183
Sewage treatment expansion	–	14,172,914	–	14,172,914
Total restricted assets	–	14,226,097	–	14,226,097
Capital assets:				
Land	–	123,946	–	123,946
Water mains and distribution lines	12,291,347	–	–	12,291,347
Sewage mains and distribution lines	–	22,093,060	–	22,093,060
Sewage disposal plant	–	6,002,631	–	6,002,631
Machinery and equipment	13,515	2,460,923	1,297	2,475,735
	12,304,862	30,680,560	1,297	42,986,719
Less accumulated depreciation	(4,450,555)	(12,323,904)	(1,297)	(16,775,756)
Capital assets, net	7,854,307	18,356,656	–	26,210,963
Total assets	8,386,426	33,878,941	140,966	42,406,333
LIABILITIES				
Current liabilities:				
Accounts payable	2	55,852	1,686	57,540
Accrued wages payable	–	–	–	–
Current portion of accrued compensated absences payable	–	35,222	–	35,222
Total current liabilities	2	91,074	1,686	92,762
Noncurrent liabilities:				
Long-term portion of accrued compensated absences payable	–	52,026	–	52,026
Total liabilities	2	143,100	1,686	144,788
NET POSITION				
Net position:				
Net investment in capital assets	7,854,307	18,356,656	–	26,210,963
Restricted for:				
Sewage equipment	–	53,183	–	53,183
Sewage treatment expansion	–	14,172,914	–	14,172,914
Unrestricted	532,117	1,153,088	139,280	1,824,485
	$ 8,386,424	$ 33,735,841	$ 139,280	$ 42,261,545

The accompanying notes are an integral part of the financial statements

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2021

	Business-type Activities Enterprise Funds			
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds
Operating revenues:				
Sales of services	$ 127,202	$ 3,037,340	$ 806,791	$ 3,971,333
Other	–	25,761	–	25,761
Total operating revenues	127,202	3,063,101	806,791	3,997,094
Operating expenses:				
Personal services	10,714	545,226	26,786	582,726
Contractual services	–	277,010	737,992	1,015,002
Commodities	–	95,190	1,991	97,181
Capital Outlay	–	3,100	–	3,100
Depreciation	245,791	720,892	–	966,683
Total operating expenses	256,505	1,641,418	766,769	2,664,692
Operating income (loss)	(129,303)	1,421,683	40,022	1,332,402
Nonoperating revenues and expenses:				
Interest income	1,314	52,495	99	53,908
Income (loss) before contributions and transfers	(127,989)	1,474,178	40,121	1,386,310
Contributions from municipality	952,050	1,602,702	–	2,554,752
Transfers out	–	(310,625)	–	(310,625)
Change in net position	824,061	2,766,255	40,121	3,630,437
Net position, beginning of year	7,562,363	30,969,586	99,159	38,631,108
Net position, end of year	$ 8,386,424	$ 33,735,841	$ 139,280	$ 42,261,545

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

CITY OF ANDOVER, KANSAS

STATEMENT OF OF CASH FLOWS –
ALL ENTERPRISE FUNDS

Year ended December 31, 2021

	Business-type Activities Enterprise Funds			
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	$ 127,290	$ 3,050,822	$ 808,474	$ 3,986,586
Cash payments to vendors for materials and supplies	2	(377,048)	(738,298)	(1,115,344)
Cash paid to employees	(10,713)	(539,859)	(87,463)	(638,035)
Other receipts	–	25,761	–	25,761
Net cash provided by (used for) operating activities	116,579	2,159,676	(17,287)	2,258,968
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	–	(394,123)	–	(394,123)
Cash flows from noncapital financing activities				
Transfers out	–	(310,625)	–	(310,625)
Cash flows from investing activities				
Interest received	1,314	52,495	99	53,908
Net increase in cash and cash equivalents	117,893	1,507,423	(17,188)	1,608,128
Cash and cash equivalents at beginning of year	405,058	13,750,639	74,884	14,230,581
Cash and cash equivalents at end of year	$ 522,951	$ 15,258,062	$ 57,696	$ 15,838,709
Cash and cash equivalents	$ 522,951	$ 1,031,964	$ 57,696	$ 1,612,611
Restricted cash and cash equivalents included in restricted cash and investments	–	14,226,098	–	14,226,098
Cash and cash equivalents, end of year	$ 522,951	$ 15,258,062	$ 57,696	$ 15,838,709

Noncash capital financing activities:
Contributions of capital assets of $952,050, $1,602,702, $–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 ENTERPRISE FUNDS

Year ended December 31, 2021

(continued from previous page)

	Business-type Activities Enterprise Funds			
	Water Utility	Sewer Utility	Recycling/ Trash Utility	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (129,302)	$ 1,421,683	$ 40,023	$ 1,332,404
Adjustments to reconcile net cash provided by operating income (loss to net cash provided by operating activities:				
Depreciation	245,791	720,892	–	966,683
Increase in accounts receivable	88	13,482	1,683	15,253
Increase (decrease) in accounts payable	2	(1,747)	1,685	(60)
Decrease (increase) in accrued wages payable	–	–	(60,678)	(60,678)
Increase in compensated absences payable	–	5,366	–	5,366
Net cash provided by (used for) operating activities	$ 116,579	$ 2,159,676	$ (17,287)	$ 2,258,968

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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Sales taxes receivable

The City imposes a 1.00% local sales tax that is collected by the State and remitted to the City on a monthly basis. The 1% sales tax is committed to street rehabilitation within the City.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021. 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

- 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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, 2021 were allocated as follows:

	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	$ –	$ –	$ 768,420	$ –	$ –	$ –	$ 768,420
Debt service	–	–	–	1,790,190	–	32,119	1,822,309
Street improvements	–	7,605,280	–	–	–	193,507	7,798,787
Recreation for:							
Library	–	–	–	–	–	49,890	49,890
Park improvements	–	–	–	–	–	681,554	681,554
Economic development	–	–	–	–	–	171,182	171,182
Public safety for:							
Emergency 911 equipment	–	–	–	–	–	144,777	144,777
Committed to:							
General government – Subsequent year's budget	1,145,552	–	–	–	–	–	1,145,552
Street improvements for:							
Streets	–	–	–	–	–	543,276	543,276
Storm water improvements	–	–	–	–	–	112,500	112,500
Street machinery and bridge building	–	–	–	–	–	374,496	374,496
Parks and recreation improvements	–	–	–	–	–	–	–
Assigned to:							
Recreation – festivals	–	–	–	–	–	38,157	38,157
Capital outlay for:							
Administration equipment	–	–	–	–	–	181,207	181,207
Technology equipment	–	–	–	–	–	226,723	226,723
Inspection/code enforcement equipment	–	–	–	–	–	61,245	61,245
Police equipment	–	–	–	–	–	265,047	265,047
Fire equipment	–	–	–	–	–	216,523	216,523
Storm water equipment	–	–	–	–	–	110,074	110,074
Unassigned	776,004	–	–	–	21,121,360	–	21,897,364
Totals	$ 1,921,556	$ 7,605,280	$ 768,420	$ 1,790,190	$ 21,121,360	$ 3,402,277	$ 36,609,083

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary principles

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.

2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

4. Adoption of the final budget on or before August 25th.

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

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The original budgets for the following funds were amended during 2021:

Fund	Original Budget	Amended Budget
Park Impact Fee	$ 150,000	$ 741,158
Sewer Expansion/Equipment Reserve	60,625	3,910,625
Recycling/Trash Utility Fund	712,992	815,992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. DEPOSITS AND INVESTMENTS

Deposits

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

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

Investments

At December 31, 2021 the City had the following investments:

Investment Type	Fair Value/ Carrying Amount	Cost	Weighted Average Months to Maturity	Standard & Poor's Rating
Municipal Investment Pool – Overnight	$ 16,132	$ 16,132	.03	AAAf/S1+

2. DEPOSITS AND INVESTMENTS (continued)

The Kansas State Treasurer under the oversight of the Pooled Money Investment Board manages the Municipal Investment Pool. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. 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, 2021, 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, 2021 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 $56,405,783 with the bank balances of such accounts being $56,361,839. Of the bank balances, $254,882 was covered by federal depository insurance and the remaining balance of $56,106,957 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 $57,773,814 at December 31, 2021.

The City's discretely presented component unit's cash and investments at December 31, 2021 consisted of checking and savings accounts. At year-end, the carrying amount of the City's component unit's deposits were $724,201 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 $397,164 at December 31, 2021.

2. DEPOSITS AND INVESTMENTS (continued)

A reconciliation of cash and investments as reported in the financial statements at December 31, 2021 is as follows:

Cash on hand	$ 2,765
Carrying amount of deposits – City	56,405,783
Carrying amount of deposits – component unit	724,201
Carrying amount of investments	16,132
Total	$57,148,881
Amounts per statement of net position:	
Cash including investments	$ 42,198,583
Component unit cash and investments	724,201
Restricted cash and investments	14,226,097
Total	$ 57,148,881

3. CAPITAL ASSETS

A summary of changes in capital assets of the City for the year ended December 31, 2021 is as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,976,239	$ 199,519	$ –	$ 2,175,758
Construction Work in Progress	$ 4,726,374	$ 5,086,598	$ 6,471,647	$ 3,341,325
	6,702,613	5,286,117	6,471,647	5,517,083
Capital assets being depreciated:				
Buildings	16,262,149	88,479	–	16,350,628
Improvements other than buildings	894,901	118,005	–	1,012,906
Infrastructure	91,002,305	5,585,816	–	96,588,121
Machinery and equipment	11,683,259	288,327	–	11,971,586
Total capital assets being depreciated	119,842,614	6,080,627	–	125,923,241

3. CAPITAL ASSETS (continued)

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Less accumulated depreciation for:				
Buildings	4,289,130	333,673	–	4,622,803
Improvements other than buildings	685,628	50,926	–	736,554
Infrastructure	43,482,701	4,319,058	–	47,801,759
Machinery and equipment	9,481,178	618,922	–	10,100,100
Total accumulated depreciation	57,938,637	5,322,579	–	63,261,216
Total capital assets being depreciated, net	61,903,977	758,048	–	62,662,025
Governmental activities capital assets, net	$ 68,606,590	$ 6,044,165	$ 6,471,647	$ 68,179,108
Business-Type Activities:				
Capital assets, not being depreciated				
Land	$ 123,946	$ –	$ –	$ 123,946
Capital assets being depreciated:				
Buildings	5,857,632	144,999	–	6,002,631
Improvements other than buildings	31,645,175	2,739,232	–	34,384,407
Machinery and equipment	2,411,092	64,643	–	2,475,735
Total capital assets being depreciated	39,913,899	2,948,874	–	42,862,773

3. CAPITAL ASSETS (continued)

Less accumulated depreciation for:				
Buildings	2,861,846	116,026	–	2,977,872
Improvements other than buildings	11,451,272	684,517	–	12,135,789
Machinery and equipment	1,495,955	166,140	–	1,662,095
Total accumulated depreciation	15,809,073	966,683	–	16,775,756
Total capital assets being depreciated, net	24,104,826	1,982,191	–	26,087,017
Business-type activities capital assets, net	$ 24,228,772	$ 1,982,191	$ –	$ 26,210,963

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

Governmental activities:	
General government	$ 117,965
Public safety	403,941
Highways and streets (including depreciation of infrastructure assets)	4,475,423
Culture and recreation	325,250
Total depreciation expense – governmental activities	$ 5,322,579
Business-type activities:	
Water utility	$ 245,791
Sewer utility	720,892
Total depreciation expense – business-type activities	$ 966,683

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, 2021:

	Outstanding January 1, 2021	Additions	Deletions	Outstanding December 31, 2021	Due Within One Year
Governmental activities					
General obligation bonds	$40,415,000	$26,495,000	$ 3,400,000	$ 63,510,000	$ 3,750,000
Andover Public Building Commission revenue bonds	2,120,000	–	305,000	1,815,000	320,000
Capital lease obligations	–	–	–	–	–
Compensated absences	1,076,314	506,134	532,073	1,050,375	538,815
Net pension liability	5,773,214	–	1,507,526	4,625,688	–
Net premium on bonds	983,677	92,453	148,027	928,103	131,618
Total long-term liabilities – Governmental activities	$50,368,205	$27,093,587	$ 5,892,626	$ 71,929,166	$ 4,740,433
Business-type activities					
Compensated absences	$ 81,883	$ 38,421	$ 33,055	$ 87,249	$ 35,223

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2041. At December 31, 2021 the bonds consist of the following:

	Interest rates	Bonds outstanding
General Obligation Refunding and Improvement Bonds, Series A 2015	2.00 – 3.00%	$ 4,385,000
Taxable General Obligation Bonds, Series B 2015	.65 – 3.90%	2,420,000
General Obligation Refunding and Equipment Bonds, Series A 2016	2.00 – 2.50%	5,690,000
General Obligation Bonds, Series A 2017	2.00 – 3.25%	3,270,000
General Obligation Refunding and Improvement Bonds, Series A 2019	2.00 – 4.00%	7,040,000
General Obligation Tax Increment Bonds, Series B 2019	2.00 – 3.00%	3,655,000
General Obligation Bonds, Series A 2020	1.00 – 3.00%	3,560,000
General Obligation Refunding Bonds, Series B 2020	1.10 – 2.00%	3,310,000
General Obligation Bonds, Series C 2020	1.00 – 3.00%	3,685,000
General Obligation Tax Increment Bonds, Series A 2021	1.00 – 2.00%	9,605,000

4. LONG-TERM DEBT (continued)

	Interest rates	Bonds outstanding
General Obligation Tax Increment Bonds, Series B 2021	1.60 – 2.55%	$ 16,890,000
		$ 63,510,000

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
2022	$ 3,750,000	$ 1,251,599	$ 5,001,599
2023	3,590,000	1,324,711	4,914,711
2024	2,795,000	1,232,854	4,027,854
2025	3,750,000	1,160,141	4,910,141
2026	3,810,000	1,066,001	4,876,001
2027	3,675,000	970,769	4,645,769
2028	3,770,000	876,594	4,646,594
2029	3,840,000	793,103	4,633,103
2030	3,925,000	716,403	4,641,403
2031	3,690,000	634,798	4,324,798
2032	3,250,000	568,068	3,818,068
2033	3,300,000	508,755	3,808,755
2034	3,205,000	445,853	3,650,853
2035	3,075,000	381,800	3,456,800
2036	3,140,000	315,868	3,455,868
2037	3,045,000	246,653	3,291,653
2038	3,115,000	178,545	3,293,545
2039	2,915,000	107,768	3,022,768
2040	1,665,000	42,830	1,707,830
2041	205,000	3,383	208,383
	$ 63,510,000	$12,826,496	$ 76,336,496

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, 2021 the bonds consist of the following:

4. LONG-TERM DEBT (continued)

	Interest rates	Bonds outstanding
Public Safety Facility Revenue Bonds, Series C 2004	4.32%	$ 810,000
Andover Public Building Commission Revenue Bonds, Series A 2017 (Amphitheater)	3.00 – 4.00%	1,005,000
		$ 1,815,000

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
2022	$ 320,000	$ 69,180	$ 389,180
2023	345,000	56,346	401,346
2024	375,000	42,462	417,462
2025	85,000	27,288	112,288
2026	85,000	24,738	109,738
2027	90,000	22,188	112,188
2028	95,000	19,263	114,263
2029	100,000	16,175	116,175
2030	100,000	12,800	112,800
2031	105,000	8,800	113,800
2032	115,000	4,600	119,600
	$ 1,815,000	$ 303,840	$ 2,118,840

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, 2021 was $36,932,775. During 2021, there were no new bonds issued of and $2,221,403 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.

4. LONG-TERM DEBT (continued)

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.

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 2021, there were no temporary notes issued.

During 2021, 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

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, 2021, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

	Project authorizations	Expenditures project inception to December 31, 2021
Prairie Pointe @ Cornerstone Project	$ 625,420	$ 683,000
Cornerstone 5th Addition Project	856	1,228,000
Cornerstone 9th Addition Project	730,920	813,000

Cornerstone 10th Addition Project	717,192	871,000

7. CAPITAL PROJECT AUTHORIZATIONS (continued)

	Project authorizations	Expenditures project inception to December 31, 2021
Cornerstone 11th Addition Project	$ 774,023	$ 1,463,000
USD #385- Meadowlark	459,160	728,000
Tuscany 3rd Addition Project	786,856	786,856
Community College Project	120,780	1,858,000
Flint Hills 6th	617,931	722,000
Meadowbrook	249,923	455,000
Heritage 1st Addition Project	1,815,093	2,032,000
Heritage TIF Project	721,013	1,050,000
Heritage TIF Project Phase 2	800,133	26,591,475
Yorktown Paving Project	685,654	3,550,000
Prairie Creek 6th Addition Project	115,049	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 $3,494,184 and the City's total payroll was $5,640,808 for the year ended December 31, 2021. 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 2021 was based upon 6% of gross compensation and was $209,651. 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 2021, the employees elective contributions made through payroll deductions were $121,421. 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 2021.

8. PENSION PLANS (continued)

Kansas Police and Firemen's Retirement System Pension Plan

Plan Description

The City began contributing to the Kansas Police and Firemen's Retirement System (KP&F) effective January 1, 2007. KP&F is a cost-sharing multiple-employer defined benefit pension plan. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et. seq.*:

Public employees, which includes:
- State/School employees
- Local employees

Police and Firemen
Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Police and Firemen group.

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

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 ears 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.

8. PENSION PLANS (continued)

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member 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 for the fiscal year ended June 30, 2021.

The actuarially determined employer contribution rates and the statutory contribution rates for KP&F employees are 22.80%. Member contribution rates as a percentage of eligible compensation for the fiscal year 2021 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, 2021 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, 2021. The contributions used exclude contributions made for prior service excess benefits and irregular payments. At June 30, 2021, the City's proportion was 0.483642%, which was an increase of 0.015472% from its proportion measured at June 30, 2020.

Receivables

In addition to statutorily determined contractually required contributions, certain agencies also make payment through an additional component of their required employer contribution rate or annual installment payments. Both options include interest at 8 percent per year, for the cost of service credits granted retroactively when the agency initially joined the Retirement System. As of June 30, 2021, the outstanding balance was $3,408,088. These payments are due over various time periods up through December 31, 2032.

The 2016 Legislature passed Senate Bill 161 authorizing the delay of $64.1 million in fiscal year 2017 contributions. Repayment is scheduled to be made in a series of twenty annual payments of $6.4 million, which began in fiscal year 2019. Senate Sub for HB 2002 authorized the delay of $194 million in fiscal year 2019 school contributions. Repayment is scheduled to be made in a series of twenty annual payments of $19.4 million beginning in fiscal year 2020. These amounts have been set up as receivables, the balance at June 30, 2021 was $242,903,822. The implicit interest rate for these receivables is the assumed investment rate of return, 7.75%.

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

At December 31, 2021 the City reported a liability of $4,625,688 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2021, the City recognized pension expense of $794,767. At December 31, 2021 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	$ 344,952	$ –
Differences between expected and actual experience	364,168	–
Net difference between projected and actual earnings on pension plan investments	–	1,210,784
Changes in assumptions	587,051	–
Changes in proportion	201,823	21,804
Total	$ 1,497,994	$ 1,232,588

8. PENSION PLANS (continued)

The City reported $344,952 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, 2022. 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
2022	$ 134,967
2023	36,699
2024	(37,066)
2025	(245,220)
2026	31,074
Thereafter	–

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, 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	7.25 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, 2020 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 7.75 percent to 7.25 percent
- General wage growth assumption was changed to be from 3.50 to 12.00 percent, including price inflation

8. PENSION PLANS (continued)

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:

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, 2021 was 7.25 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for fiscal year 2021 was 1.2 percent.

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

8. PENSION PLANS (continued)

In addition, 2017 Senate Substitute For Substitute HB 2052 delayed $64.1 million in Fiscal Year 2017 State/School contributions to be repaid over 20 years in level dollar installments. The first year payment of $6.4 million was paid in full at the beginning of fiscal year 2019, and appropriations for fiscal year 2018 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for fiscal year 2019. Like the fiscal year 2017 reduction, it is to be paid back over a 20-year period, beginning in fiscal year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2018 Legislature passed House Substitute for Senate Bill 109, which directed on-behalf payments of $56 million in fiscal year 2018 and $82 million in fiscal year 2019. The 2019 legislative session passed Senate Bill 9 which provided additional contributions to the KPERS School Group of $115 million in Fiscal Year 2019. House Sub for Senate Bill 25 from the 2019 legislative session authorized additional funding for the KPERS School group in fiscal year 2020 of $51 million.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate at some point in the future. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

The statutory contribution rate for the combined State/School group first became equal to the actuarially required rate (ARC rate) in Fiscal Year 2021. Projections based on the same valuation, and an annual return on investments of 7.25 percent, indicate that the contribution rate will remain fairly stable until 2036.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

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

The following table presents the net pension liability of the Pension Plan as of June 30, 2021 calculated using the discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	June 30, 2021		
	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Amount due within one year	$6,926,864	$4,615,127	$2,681,358

8. PENSION PLANS (continued)

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	$ 356,171	$ 162,693
Street Improvement	655,048	985,943
Debt Service	422,070	–
Capital Projects	624,498	106,171
Sewer Utility	1,000,000	1,310,625
	3,057,787	2,565,432
Nonmajor Funds:		
Special Building	116,663	–
Motel and Tourism	–	47,125
Festivals	47,125	–
Sales Tax Funded Projects	25,693	–
Park Improvement	277,975	116,663
Park Impact	115,000	277,975
Street Impact	–	655,048
Storm Water	–	20,000
Street Machinery and Bridge Building	130,072	–
Capital Equipment Reserve	117,000	205,072
	829,528	1,321,883
Total transfers	$ 3,887,315	$ 3,887,315

Transfers from the General Fund to Capital Equipment Reserve Fund and Street Machinery and Bridge Building Fund in the amounts of $117,000 and $130,072 respectively, related to improvement and equipment replacement reserves. In addition, the Storm Water Utility Fund transferred $20,000 to the Capital Equipment Reserve Fund to fund future equipment.

The General Fund received nonroutine transfers from the Capital Project Fund in the amount of $106,171 to defray administrative expense charges.

Transfers from the Impact Sales Tax Fund of $624,498 to the Capital Project Fund for the Yorktown improvement project.

9. INTERFUND TRANSFERS (continued)

The Special Building Fund received $116,663 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 $361,445 and $60,625 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 Improvement Fund	Employee Benefits Fund	Debt Service Fund	Other Non-major Governmental Funds
GAAP fund balances at December 31, 2021	$1,921,556	$ 7,605,280	$768,420	$1,790,190	$ 3,402,277
Adjustments:					
Reserved for encumbrances (budgeted funds only)	–	(734,995)	–	–	(35,000)
Accrued sales tax revenues	–	(208,521)	–	–	–
Accrued franchise fee revenues	(122,484)	–	–	–	–
Accrued accounts receivable	–	–	–	–	(34,413)
Fund balances of funds not subject to Kansas budget law	–	–	–	–	(1,435,315)
Budgetary fund balances at December 31, 2021	$1,799,073	$6,661,764	$768,420	$1,790,190	$ 1,897,549

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 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

12. TAX ABATEMENTS (continued)

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 2021 totaled $74,258.

For the year ended December 31, 2021, the total property taxes abated under the City's IRB agreements were approximately $1,440,182 with the City's portion of that total being $368,941.

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, 2021, the City had outstanding construction and engineering commitments related to these projects in the amount of $1,403,933. 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. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 30, 2022, the date on which the financial statements were available to be issued.

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

Subsequent to year-end, the city approved a temporary 1% sales tax beginning in 2022 for the funding of a new fire station, remodeling fire station #1 and the design and construction of Sport Park.

The City, along with parts of the surrounding county, experienced an EF-3 tornado on the evening of April 29, 2022. While there was substantial damage, there were no deaths and only 3 injuries. The YMCA received a large amount of the damage, but is already instituting the plan to rebuild. Andover City Hall narrowly missed taking a direct hit, but did lose a few structures, including the Andover Lodge, which is used for various City functions, and rented out to citizens. Work will continue to rebuild and replace homes and City buildings well into 2023.

In August 2022 the City issued $4,160,000 of General Obligation Bonds, Series A, 2022 for the purpose of financing the costs of multiple capital improvement projects in the City.

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 Six Years *

	2021	2020	2019	2018	2017	2016	2015
City's proportionate percentage of the net pension liability	.483642%	.4681701%	.472141%	.471527%	.438006%	.417055%	.408608%
City's proportionate share of the net pension liability	$4,625,688	$5,773,214	$4,778,636	$4,537,041	$4,109,163	$3,873,455	$2,966,975
City's covered payroll	$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	57.45%	44.75%	50.46%	51.46%	55.23%	52.37%	62.69%
Plan fiduciary net position as a percentage of the total pension liability	76.09%	66.81%	71.22%	71.53%	70.99%	69.30%	74.60%

Schedule of City's Contributions
Last Six Years *

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 659,905	$ 579,813	$ 559,036	$ 501,762	$ 440,788	$ 418,402	$ 402,811
Contributions in relation to the contractually required contribution	(659,905)	(579,813)	(559,036)	(501,762)	(440,788)	(418,402)	(402,811)
Contribution deficiency (excess)	$ –	$ –	$ –	$ –	$ –	$ –	$ –
City's covered payroll	$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	22.80%	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.

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

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

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

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

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

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, 2021

	Special Revenue Funds	Capital Project Funds	Total
ASSETS			
Cash including short-term investments	$ 2,994,623	$ 1,450,951	$ 4,445,574
Property taxes receivable	748,057	–	748,057
Accounts receivable	54,649	–	54,649
Total	$ 3,797,329	$ 1,450,951	$ 5,248,280
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accrued wages payable	$ 1,208	$ –	$ 1,208
Accounts payable	58,239	15,636	73,875
Unearned revenue	1,022,863	–	1,022,863
Total liabilities	1,082,310	15,636	1,097,946
Deferred inflows of resources:			
Property taxes receivable	748,057	–	748,057
Fund Balances:			
Restricted:			
General government	–	–	–
Debt service	32,119	–	32,119
Street improvements	193,507	–	193,507
Recreation	731,444	–	731,444
Economic development	171,182	–	171,182
Public safety	144,777	–	144,777
Committed:			
Street improvements	655,776	374,496	1,030,272
Parks and recreation	–	–	–
Assigned:			
Recreation	38,157	–	38,157
Capital outlay	–	1,060,819	1,060,819
Total fund balances	1,966,962	1,435,315	3,402,277
Total liabilities, deferred inflows and fund balances	$ 3,797,329	$ 1,450,951	$ 5,248,280

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2021

	Special Revenue Funds	Capital Projects Fund	Total
Revenues:			
Taxes	$ 998,484	$ –	$ 998,484
Intergovernmental	563,937	–	563,937
Licenses, fees and permits	208,905	–	208,905
Charges for services	446,463	–	446,463
Use of money and property	393,793	4,089	397,882
Miscellaneous	244,847	–	244,847
Total revenues	2,856,429	4,089	2,860,518
Expenditures:			
Current:			
General government	–	–	–
Public Safety	326,115	–	326,115
Highways and streets	449,961	–	449,961
Culture and recreation	1,405,579	–	1,405,579
Economic development	20,435	–	20,435
Capital improvements	–	238,078	238,078
Debt service:			
Principal	305,000	–	305,000
Interest and fiscal charges	81,374	–	81,374
Total expenditures	2,588,464	238,078	2,826,542
Revenues over (under) expenditures	267,965	(233,989)	33,976
Other financing sources (uses):			
Issuance of general obligation bonds	–	–	–
Net premium on sale of general obligaton bonds	–	–	–
Transfers in	582,456	247,072	829,528
Transfers out	(1,116,811)	(205,072)	(1,321,883)
Total other financing sources (uses)	(534,355)	42,000	(492,355)
Net change in fund balances	(266,390)	(191,989)	(458,379)
Fund balances, beginning of year	2,233,352	1,627,304	3,860,656
Fund balances, end of year	$ 1,966,962	$ 1,435,315	$ 3,402,277

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS

December 31, 2021

	Special Highway	Library	Hotel and Tourism	Park Improvement	Emergency 911	Street Impact Fee	Special Building	Park Impact Fee	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	$ 761,507	$ 49,890	$ 145,349	$ 681,554	$ 140,517	$ –	$ 32,119	$ –	$ 100,984	$ 39,108	$ 1,022,863	$ –	$ 16,365	$ 4,367	$ –	$ 2,994,623
Accounts receivable	–	–	29,753	–	4,660	–	–	–	20,236	–	–	–	–	–	–	54,649
Property taxes receivable	–	507,555	–	–	–	–	240,502	–	–	–	–	–	–	–	–	748,057
Total assets	$ 761,507	$ 557,445	$ 175,102	$ 681,554	$ 145,177	$ –	$ 272,621	$ –	$ 121,220	$ 39,108	$ 1,022,863	$ –	$ 16,365	$ 4,367	$ –	$ 3,797,329
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES																
Liabilities:																
Accrued wages payable	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 1,208	$ –	$ –	$ –	$ –	$ –	$ –	$ 1,208
Accounts payable	24,724	–	3,920	–	400	–	–	–	7,512	951	–	–	16,365	4,367	–	58,239
Unearned revenue	–	–	–	–	–	–	–	–	–	–	1,022,863	–	–	–	–	1,022,863
Total liabilities	24,724	–	3,920	–	400	–	–	–	8,720	951	1,022,863	–	16,365	4,367	–	1,082,310
Deferred inflows of resources:																
Property taxes receivable	–	507,555	–	–	–	–	240,502	–	–	–	–	–	–	–	–	748,057
Fund balances:																
Restricted:																
General government	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt service	–	–	–	–	–	–	32,119	–	–	–	–	–	–	–	–	32,119
Street improvements	193,507	–	–	–	–	–	–	–	–	–	–	–	–	–	–	193,507
Recreation	–	49,890	–	681,554	–	–	–	–	–	–	–	–	–	–	–	731,444
Economic development	–	–	171,182	–	–	–	–	–	–	–	–	–	–	–	–	171,182
Public safety	–	–	–	–	144,777	–	–	–	–	–	–	–	–	–	–	144,777
Committed:																
Street improvements	543,276	–	–	–	–	–	–	–	112,500	–	–	–	–	–	–	655,776
Parks and recreation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Assigned:																
Recreation	–	–	–	–	–	–	–	–	–	38,157	–	–	–	–	–	38,157
Total fund balances	736,783	49,890	171,182	681,554	144,777	–	32,119	–	112,500	38,157	–	–	–	–	–	1,966,962
Total liabilities, deferred Inflows and fund balances	$ 761,507	$ 557,445	$ 175,102	$ 681,554	$ 145,177	$ –	$ 272,621	$ –	$ 121,220	$ 39,108	$ 1,022,863	$ –	$ 16,365	$ 4,367	$ –	$ 3,797,329

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2021

	Special Highway	Library	Hotel and Tourism	Park Improvement	Emergency 911	Street Impact Fee	Special Building	Park Impact	Storm Water	Festivals	ARPA	Sales Tax Funded Projects	Payroll Agency	Municipal Court Bond	Andover Public Building Commision	Total Nonmajor Special Revenue Funds
Revenues:																
Taxes	$ –	$ 581,882	$ –	$ 74,293	$ 57,168	$ –	$ 285,141	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 998,484
Intergovernmental	454,518	–	109,419	–	–	–	–	–	–	–	–	–	–	–	–	563,937
Licenses and permits	–	–	–	52,500	–	88,230	–	68,175	–	–	–	–	–	–	–	208,905
Charges for services	5,242	–	–	–	–	–	–	–	182,935	258,286	–	–	–	–	–	446,463
Use of money and property	2,411	205	373	1,141	356	1,697	310	504	292	130	–	–	–	–	386,374	393,793
Miscellaneous	–	–	–	120,886	–	–	–	–	–	123,961	–	–	–	–	–	244,847
Total Revenues	462,171	582,087	109,792	248,820	57,524	89,927	285,451	68,679	183,227	382,377	–	–	–	–	386,374	2,856,429
Expenditure:																
General government	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public Safety	–	–	–	–	56,403	–	269,712	–	–	–	–	–	–	–	–	326,115
Highways and streets	284,605	–	–	–	–	–	–	–	165,356	–	–	–	–	–	–	449,961
Culture and recreation	–	539,900	–	111,095	–	–	116,662	130,363	–	481,866	–	25,693	–	–	–	1,405,579
Economic development	–	–	20,435	–	–	–	–	–	–	–	–	–	–	–	–	20,435
Debt service	–	–	–	–	–	–	–	–	–	–	–	–	–	–	386,374	386,374
Total expenditures	284,605	539,900	20,435	111,095	56,403	–	386,374	130,363	165,356	481,866	–	25,693	–	–	386,374	2,588,464
Revenues over (under) expenditures	177,566	42,187	89,357	137,725	1,121	89,927	(100,923)	(61,684)	17,871	(99,489)	–	(25,693)	–	–	–	267,965
Other Financing Sources																
Transfers in	–	–	–	277,975	–	–	116,663	115,000	–	47,125	–	25,693	–	–	–	582,456
Transfers out	–	–	(47,125)	(116,663)	–	(655,048)	–	(277,975)	(20,000)	–	–	–	–	–	–	(1,116,811)
Total other financing sources (uses)	–	–	(47,125)	161,312	–	(655,048)	116,663	(162,975)	(20,000)	47,125	–	25,693	–	–	–	(534,355)
Net change in fund balances	177,566	42,187	42,232	299,037	1,121	(565,121)	15,740	(224,659)	(2,129)	(52,364)	–	–	–	–	–	(266,390)
Fund balances, beginning of year	559,217	$ 7,703	$ 128,950	$ 382,517	$ 143,656	$ 565,121	$ 16,379	$ 224,659	$ 114,629	$ 90,521	$ –	$ –	$ –	$ –	$ –	$ 2,233,352
Fund balances, end of year	$ 736,783	$ 49,890	$ 171,182	$ 681,554	$ 144,777	$ –	$ 32,119	$ –	$ 112,500	$ 38,157	$ –	$ –	$ –	$ –	$ –	$ 1,966,962

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	$ 340,580	$ 340,580	$ 459,760	$ 119,180
Use of money and property	2,500	2,500	2,411	(89)
Total revenues	343,080	343,080	462,171	119,091
Expenditures and other uses:				
Personal services	55,600	55,600	55,600	-
Contractual services	69,775	69,775	70,504	(729)
Commodities	242,275	242,275	158,501	83,774
Capital Outlay	-	-	-	-
Transfers	-	-	-	-
Total expenditures and other uses	367,650	367,650	284,605	83,045
Revenues over (under) expenditures and other uses	(24,570)	(24,570)	177,566	202,136
Fund balance, beginning of year	447,856	447,856	559,216	111,360
Fund balance, end of year	$ 423,286	$ 423,286	$ 736,782	$ 313,496

CITY OF ANDOVER, KANSAS

LIBRARY FUND

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

Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	$ 531,308	$ 531,308	$ 581,882	$ 50,574
Use of money and property	–	–	205	205
Total revenues	531,308	531,308	582,087	50,779
Expenditures and other uses:				
Appropriations to Library Board	544,664	544,664	539,900	4,764
Total expenditures	544,664	544,664	539,900	4,764
Revenues over (under) expenditures and other uses	(13,356)	(13,356)	42,187	55,543
Fund balance ,beginning of year	13,356	13,356	7,703	(5,653)
Fund balance, end of year	$ –	$ –	$ 49,890	$ 49,890

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Motel tax	$ 100,000	$ 100,000	$ 102,107	$ 2,107
Amphitheater Sponsorship	–	–	–	–
Use of money and property	–	–	373	373
Concert Proceeds/Donations	–	–	–	–
Total revenues	100,000	100,000	102,480	2,480
Expenditures:				
Contractual services	80,000	80,000	18,155	61,845
Commodities	–	–	–	–
Transfers Out	47,125	47,125	47,125	–
Total expenditures	127,125	127,125	65,280	61,845
Revenues over (under) expenditures	(27,125)	(27,125)	37,200	64,325
Fund balance ,beginning of year	51,173	51,173	104,229	53,056
Fund balance, end of year	$ 24,048	$ 24,048	$ 141,429	$ 117,381

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Liquor tax	$ 67,763	$ 67,763	$ 74,293	$ 6,530
Licenses, permits and fees	104,157	104,157	128,793	24,636
Use of money and property	500	500	1,142	642
Miscellaneous	–	–	44,593	44,593
Transfers In	–	–	277,975	277,975
Total revenues	172,420	172,420	526,796	354,376
Expenditures:				
Contractual Services	75,000	75,000	11,640	63,360
Commodities	–	–	–	–
Capital Outlay	15,000	15,000	35,000	(20,000)
Transfers out	116,663	116,663	116,663	–
Total expenditures	206,663	206,663	163,303	43,360
Revenues over (under) expenditures	(34,243)	(34,243)	363,493	397,736
Fund balance ,beginning of year	240,176	240,176	283,061	42,885
Fund balance, end of year	$ 205,933	$ 205,933	$ 646,554	$ 440,621

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Telephone tax	$ 55,000	$ 55,000	$ 57,050	$ 2,050
Use of money and property	250	250	357	107
Total revenues	55,250	55,250	57,407	2,157
Expenditures:				
Contractual services	95,000	95,000	47,229	47,771
Capital outlay	–	–	–	–
Total expenditures	95,000	95,000	47,229	47,771
Revenues over (under) expenditures	(39,750)	(39,750)	10,178	49,928
Fund balance ,beginning of year	106,905	106,905	129,940	23,035
Fund balance, end of year	$ 67,155	$ 67,155	$ 140,118	$ 72,963

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Property taxes	$ 260,566	$ 260,566	$ 285,141	$ 24,575
Use of money and property	100	100	310	210
Transfers in	116,663	116,663	116,663	–
Total revenues and other sources	377,329	377,329	402,114	24,785
Expenditures and other uses:				
Appropriation to Andover Public Building Commission	388,765	388,765	386,374	2,391
Revenues and other sources over (under) expenditures and other uses	(11,436)	(11,436)	15,740	27,176
Fund balance ,beginning of year	18,936	18,936	16,379	(2,557)
Fund balance, end of year	$ 7,500	$ 7,500	$ 32,119	$ 24,619

CITY OF ANDOVER, KANSAS

PARK IMPACT FEE FUND

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

Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	$ 33,750	$ 425,000	$ 68,175	$ (356,825)
Transfers In	150,000	115,000	115,000	–
Use of money and property	–	700	505	(195)
Total revenues	183,750	540,700	183,680	(357,020)
Expenditures:				
Contractual services	150,000	115,000	118,466	(3,466)
Commodities	–	–	–	–
Capital outlay	–	35,000	7,697	27,303
Transfers Out	–	591,158	257,975	333,183
Total expenditures	150,000	741,158	384,138	357,020
Revenues over (under) expenditures	33,750	(200,458)	(200,458)	–
Fund balance ,beginning of year	104,504	200,458	200,458	–
Fund balance, end of year	$ 138,254	$ –	$ –	$ –

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees	$ 161,500	$ 161,500	$ 182,934	$ 21,434
Use of money and property	750	750	292	(458)
Miscellaneous	–	–	–	–
Total revenues	162,250	162,250	183,226	20,976
Expenditures:				
Personal services	141,627	141,627	133,898	7,729
Contractual services	45,400	45,400	21,194	24,206
Commodities	22,250	22,250	9,886	12,364
Capital outlay	–	–	–	–
Transfers out	–	–	20,000	(20,000)
Total expenditures	209,277	209,277	184,978	24,299
Revenues over (under) expenditures	(47,027)	(47,027)	(1,752)	45,275
Fund balance ,beginning of year	51,124	51,124	114,251	63,127
Fund balance, end of year	$ 4,097	$ 4,097	$ 112,499	$ 108,402

CITY OF ANDOVER, KANSAS

FESTIVALS FUND

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

Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fees, charges and donations	$ 509,925	$ 509,925	$ 258,286	$ (251,639)
Sponsorships	–	–	123,961	123,961
Grants	–	–	–	–
Use of money and property	–	–	130	130
Transfer In	–	–	47,125	47,125
Total revenues and other sources	509,925	509,925	429,502	(80,423)
Expenditures:				
Personnel services	25,000	25,000	6,426	18,574
Contractual services	453,595	453,595	457,833	(4,238)
Commodities	31,400	31,400	17,607	13,793
Capital outlay	–	–	–	–
Transfers out	–	–	–	–
Total expenditures	509,995	509,995	481,866	28,129
Revenues and other sources over expenditures	(70)	(70)	(52,364)	(52,294)
Fund balance ,beginning of year	22,685	22,685	90,521	67,836
Fund balance, end of year	$ 22,615	$ 22,615	$ 38,157	$ 15,542

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, 2021

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 125,000	$ 280,000	$ 336,951	$ 56,951
Use of money and property	10,000	–	36,862	36,862
Transfers In	1,000,000	1,000,000	1,000,000	–
Total revenues	1,135,000	1,280,000	1,373,813	93,813
Expenditures, encumbrances and other uses:				
Contractual services	–	3,850,000	3,081,000	769,000
Capital Outlay	–	–	–	–
Transfers out	60,625	60,625	60,625	–
Total expenditures, encumbrances and other uses	60,625	3,910,625	3,141,625	769,000
Revenues over (under) expenditures, encumbrances and other uses	1,074,375	(2,630,625)	(1,767,812)	862,813
Fund balance ,beginning of year	10,950,351	12,859,726	12,859,726	–
Fund balance, end of year	$ 12,024,726	$ 10,229,101	$ 11,091,914	$ 862,813

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, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Taxes	$ 166,436	$ 166,436	$ 182,646	$ 16,210
Special assessments	3,261,236	3,261,236	3,510,607	249,371
Use of money and property	3,000	3,000	7,606	4,606
Miscellaneous	–	–	11,604	11,604
Transfers in	433,674	433,674	422,070	(11,604)
Total revenues and other sources	3,864,346	3,864,346	4,134,533	270,187
Expenditures and other uses:				
Bond Principal	3,335,000	3,335,000	3,400,000	(65,000)
Bond interest and commission	935,556	935,556	834,728	100,828
Debt service – Fire Station	150,000	150,000	–	150,000
Debt service – Park Land			–	–
Temporary notes	–	–	–	–
Cash basis reserve	650,000	650,000	–	650,000
Total expenditures and other uses	5,070,556	5,070,556	4,234,728	835,828
Revenues and other sources over (under) expenditures and other uses	(1,206,210)	(1,206,210)	(100,195)	1,106,015
Fund balance ,beginning of year	1,406,210	1,406,210	1,890,386	484,176
Fund balance, end of year	$ 200,000	$ 200,000	$ 1,790,191	$ 1,590,191

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS

December 31, 2021

	Highway Improvement	Street Machinery and Bridge Building	Capital Equipment Reserve	Total Nonmajor Capital Project Funds
ASSETS				
Cash and short-term investments	$ –	$ 374,496	$ 1,076,455	$ 1,450,951
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ –	$ –	$ 15,636	$ 15,636
Fund balances:				
Committed:				
Street improvements	–	374,496	–	374,496
Assigned:				
Capital outlay	–	–	1,060,819	1,060,819
Total fund balances	–	374,496	1,060,819	1,435,315
Total liabilities and fund balances	$ –	$ 374,496	$ 1,076,455	$ 1,450,951

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2021

	Highway Improvement	Street Machinery and Bridge Building	Capital Equipment Reserve	Total Nonmajor Capital Project Funds
Revenues:				
Use of money and property	$ 234	$ 707	$ 3,148	$ 4,089
Miscellaneous	–	–	–	–
Total revenues	234	707	3,148	4,089
Expenditures:				
Capital outlay	–	–	238,078	238,078
Revenues over (under) expenditures	234	707	(234,930)	(233,989)
Other financing sources (uses):				
Issuance of general obligation bonds	–	–	–	–
Net premium on sale of general obligaton bonds	–	–	–	–
Transfers in	–	130,072	117,000	247,072
Transfers out	(90,072)	–	(115,000)	(205,072)
Net change in fund balances	(89,838)	130,779	(232,930)	(191,989)
Fund balances, beginning of year	89,838	$ 243,717	$ 1,293,749	$ 1,627,304
Fund balances, end of year	$ –	$ 374,496	$ 1,060,819	$ 1,435,315

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, 2021

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 125,000	$ 125,000	$ 127,355	$ 2,355
Use of money and property	250	250	1,314	1,064
Reimbursed expenditures	–	–	–	–
Total revenues	125,250	125,250	128,669	3,419
Expenditures, encumbrances and other uses:				
Personal services	10,613	10,613	10,713	(100)
Contractual services	20,000	20,000	–	20,000
Commodities	–	–	–	–
Capital Outlay	–	–	–	–
Transfer Out	–	–	–	–
Total expenditures, encumbrances and other uses	30,613	30,613	10,713	19,900
Revenues and other sources over (under) expenditures and other uses	94,637	94,637	117,956	23,319
Fund balance ,beginning of year	627,933	627,933	404,862	(223,071)
Fund balance, end of year	$ 722,570	$ 722,570	$ 522,818	$ (199,752)

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, 2021

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 2,684,224	$ 2,684,224	$ 2,700,388	$ 16,164
Use of money and property	5,000	5,000	15,484	10,484
Miscellaneous	–	–	25,761	25,761
Total revenues	2,689,224	2,689,224	2,741,633	52,409
Expenditures, encumbrances and other uses:				
Personal services	623,029	623,029	539,859	83,170
Contractual services	314,640	314,640	276,981	37,659
Commodities	147,400	147,400	112,517	34,883
Capital outlay	455,000	455,000	392,471	62,529
Transfers out	1,250,000	1,250,000	1,250,000	–
Total expenditures, encumbrances and other uses	2,790,069	2,790,069	2,571,828	218,241
Revenues over (under) expenditures, encumbrances and other uses	(100,845)	(100,845)	169,805	270,650
Fund balance ,beginning of year	297,859	297,859	824,699	526,840
Fund balance, end of year	$ 197,014	$ 197,014	$ 994,504	$ 797,490

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, 2021

	Original	Final	Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 714,500	$ 820,000	$ 806,791	$ (13,209)
Use of money and property	200	200	99	(101)
Total revenues	714,700	820,200	806,890	(13,310)
Expenditures, encumbrances and other uses:				
Personal services	44,642	44,642	26,785	17,857
Contractual services	665,250	768,250	737,992	30,258
Commodities	3,100	3,100	1,991	1,109
Capital outlay	–	–	–	–
Transfers out	–	–	–	–
Total expenditures, encumbrances and other uses	712,992	815,992	766,768	49,224
Revenues over (under) expenditures, encumbrances and other uses	1,708	4,208	40,122	35,914
Fund balance ,beginning of year	14,645	12,693	97,646	84,953
Fund balance, end of year	$ 16,353	$ 16,901	$ 137,768	$ 120,867

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, 2021

ASSETS

Cash and investments	$ 724,201

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	$ 5
Fund balance:	
Committed:	
Capital improvements	374,665
Unassigned	349,531
Total fund balance	724,196
Total liabilities and fund balance	$ 724,201

Reconciliation to total net position:	
Total fund balance per above	$ 724,201
Add long-term capital assets	459,124
Less accumulated depreciation on long-term capital assets	(290,025)
Less accrued compensated absences payable	(4,159)
Total net position	$ 889,136

CITY OF ANDOVER, KANSAS

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

Year ended December 31, 2021

Revenues:	
Appropriation from City of Andover	$ 539,900
South Central Kansas Library System grants	43,272
State aid	3,810
Other grant	9,505
Interest earnings	938
Room rentals	100
Fines and fees	29,971
Memorial donations	6,327
Miscellaneous	5,001
Total revenues	638,824
Expenditures:	
Salaries, wages and payroll taxes	308,031
Purchase of books, periodicals and other media	78,790
Advertising	7,106
Postage, supplies and equipment maintenance	16,151
Workshops and training	–
Capital equipment outlays	22,494
Telephone and utilities	32,927
Building maintenance and supplies	28,474
Special programs	8,136
Miscellaneous	10,252
Total expenditures	512,361
Net change in fund balance	126,463
Fund balance, beginning of year	597,733
Fund balance, end of year	$ 724,196
Reconciliation of change in net position:	
Net change in fund balance per above	$ 126,463
Add assets capitalized	6,845
Less current year depreciation on capital assets	(13,099)
Less loss on disposal of capital assets	–
Change in accrued compensated absences payable	1,961
Change in net position	$ 122,170

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.	98
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	105
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.	109
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.	114
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.	119

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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	$ 3,742,281	$ 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
Restricted	39,920,413	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
Unrestricted	2,394,760	2,523,635	2,365,887 *	(5,985,537)	(626,354)	791,887	1,104,094	(187,158)	(462,071)	(404,523)
Total governmental activites net position	$46,057,454	$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
Business-type activites										
Net investment in capital assets	$21,753,996	$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
Restricted	2,921,829	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
Unrestricted	963,898	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
Total business-type activites net position	$25,639,723	$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
Primary government										
Net investment in capital assets	$25,496,277	$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
Restricted	42,842,242	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
Unrestricted	3,358,658	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
Total primary government net position	$71,697,177	$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

* 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	$ 2,370,028	$ 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
Public Safety	3,980,400	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
Highways and street	3,895,179	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
Health and sanitation	125,110	119,216	130,326	137,997	6,150	-	-	-	-	-
Culture and recreation	1,590,511	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
Economic development	53,280	112,099	130,072	135,006	243,518	296,874	236,033	107,448	45,036	20,435
Environment protection	12,331	7,352	5,225	8,089	235	-	-	-	-	-
Interest on long-term debt	1,849,110	1,353,866	1,114,864	978,136	1,157,417	992,824	914,055	1,089,748	1,450,924	932,327
Total governmental activities expenses	13,875,949	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
Business type activities:										
Water	213,041	244,919	222,484	232,378	232,321	240,427	248,523	240,479	243,223	256,505
Wastewater	1,237,691	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
Recycle/Trash Utility	495,219	514,556	540,964	522,325	600,488	623,591	667,599	712,330	758,269	766,769
Total business-type activities expenses	1,945,951	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
Total primary government expenses	$ 15,821,900	$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	$ 1,591,067	$ 3,248,958	$ 229,545	$ 248,586	$ 224,524	$ 198,402	$ 157,112	$ 721,449	$ 458,102	$ 423,446
Public Safety	482,306	476,277	507,507	567,177	578,202	591,318	561,518	560,336	530,708	564,997
Highway and streets	187,229	295,032	172,974	186,033	922,541	958,550	912,143	990,001	310,512	276,407
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	429,033	571,110	426,200	479,150	644,381	739,548	1,133,289	954,981	432,992	795,038
Economic development	-	-	7,356	29,153	126,542	153,958	250	-	-	-
Operating grants and contributions	364,185	360,538	446,607	409,569	392,880	395,773	409,037	640,019	744,930	575,404
Capital grants and contributions	3,735,910	5,435,805	2,083,544	14,945,134	119,752	3,934,517	19,671	38,352	9,245,487	898,890
Total governmental activies program revenue	6,789,730	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
Business-type activities:										
Charges for services:										
Water	127,247	114,995	129,913	123,165	117,660	123,551	121,923	117,822	128,890	127,202
Wastewater	1,920,091	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
Recycle/Trash Utility	501,154	540,809	568,547	590,341	611,424	611,809	661,262	714,377	748,859	806,791
Capital grants and contributions	-	-	-	26,100	-	-	-	-	-	-
Total business-type activites program revenues	2,548,492	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
Total primary government program revenues	$ 9,338,222	$ 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
Net (Expense) Revenue										
Governmental activities	$ (7,086,219)	$ (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)
Business-type activities	602,541	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
Total primary government net expenses	$ (6,483,678)	$ (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)

* 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 7,158,713	$ 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
Sales taxes	1,852,510	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
Franchise taxes	631,758	693,676	748,782	778,129	1,130,232	1,130,789	1,198,460	1,205,653	1,197,026	1,282,632
Other Taxes	89,554	95,831	104,455	145,676	111,814	131,739	150,710	138,877	69,807	109,419
Investment earnings	78,043	46,363	32,538	32,810	59,411	271,256	422,371	490,342	119,616	63,519
Transfers	(299,066)	(734,379)	(153,477)	(1,126,047)	221,466	(742,716)	260,721	(912,890)	258,540	(2,244,127)
Total governmental activities	9,511,512	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
Business-type activities										
Investment earnings	10,462	21,883	22,348	10,946	31,557	94,342	217,416	272,731	78,160	53,908
Transfers	299,066	734,379	153,477	1,126,047	(221,466)	742,716	(260,721)	912,890	(258,540)	2,244,127
Total business-type activities	309,528	756,262	175,825	1,136,993	(189,909)	837,058	(43,305)	1,185,621	(180,380)	2,298,035
Total primary government	$ 9,821,040	$ 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
Change in Net Position										
Governmental activities	$ 2,425,293	$ 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)
Business-type activities	912,069	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
Total primary government	3,337,362	6,309,854	(1,441,468)	16,264,060	531,513	3,383,039	267,729	(953,426)	7,376,171	(272,261)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Governmental Activities:										
General government	$1,591,067	$ 3,266,898	$ 280,079	$ 248,586	$ 251,629	$ 208,010	$ 157,732	$ 729,801	$ 756,514	$ 455,620
Public Safety	511,690	476,277	529,406	1,253,686	649,855	601,682	561,518	590,336	649,214	569,075
Highways and streets	759,192	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
Health and sanitation	---	---	---	---	---	---	---	---	---	---
Culture and recreation	429,033	572,610	426,200	479,150	644,381	740,873	1,133,289	1,025,030	640,172	915,924
Environmental protection	---	---	---	---	---	---	---	---	---	---
Economic development	---	384,528	341,945	29,153	126,542	153,958	250	---	---	---
Interest on long term debt	3,498,748	5,017,093	1,214,590	13,713,815	---	3,703,746	19,051	---	6,957,906	---
Subtotal governmental activities	6,789,730	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
Business-type activities										
Water	127,247	114,995	129,913	123,165	117,660	123,551	121,923	117,822	128,890	127,202
Wastewater	1,920,091	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
Recycling/Trash Utility	501,154	540,809	568,547	590,341	611,424	611,809	661,262	714,377	748,859	806,791
Subtotal business-type activitities	2,548,492	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
Total primary government	$9,338,222	$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

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

Fiscal Year	Property	Sales	Franchise	Other	Total
2012	$7,158,716	$1,852,510	$ 631,758	$ 89,554	$9,732,538
2013	5,308,073	3,637,608	693,676	95,831	9,735,188
2014	5,158,711	1,988,869	748,782	104,455	8,000,817
2015	5,584,723	2,400,178	778,129	145,676	8,908,706
2016	5,560,591	3,931,686	1,130,232	111,814	10,734,323
2017	6,213,885	4,039,350	1,130,789	131,739	11,515,763
2018	6,531,148	3,940,634	1,198,460	150,710	11,820,952
2019	6,922,407	2,297,919	1,205,653	138,877	10,564,856
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
Change 2012-2021	14.4%	55.0%	103.0%	22.2%	28.0%

City of Andover
Fund Balances
Governmental Funds
Last Ten Fiscal Years

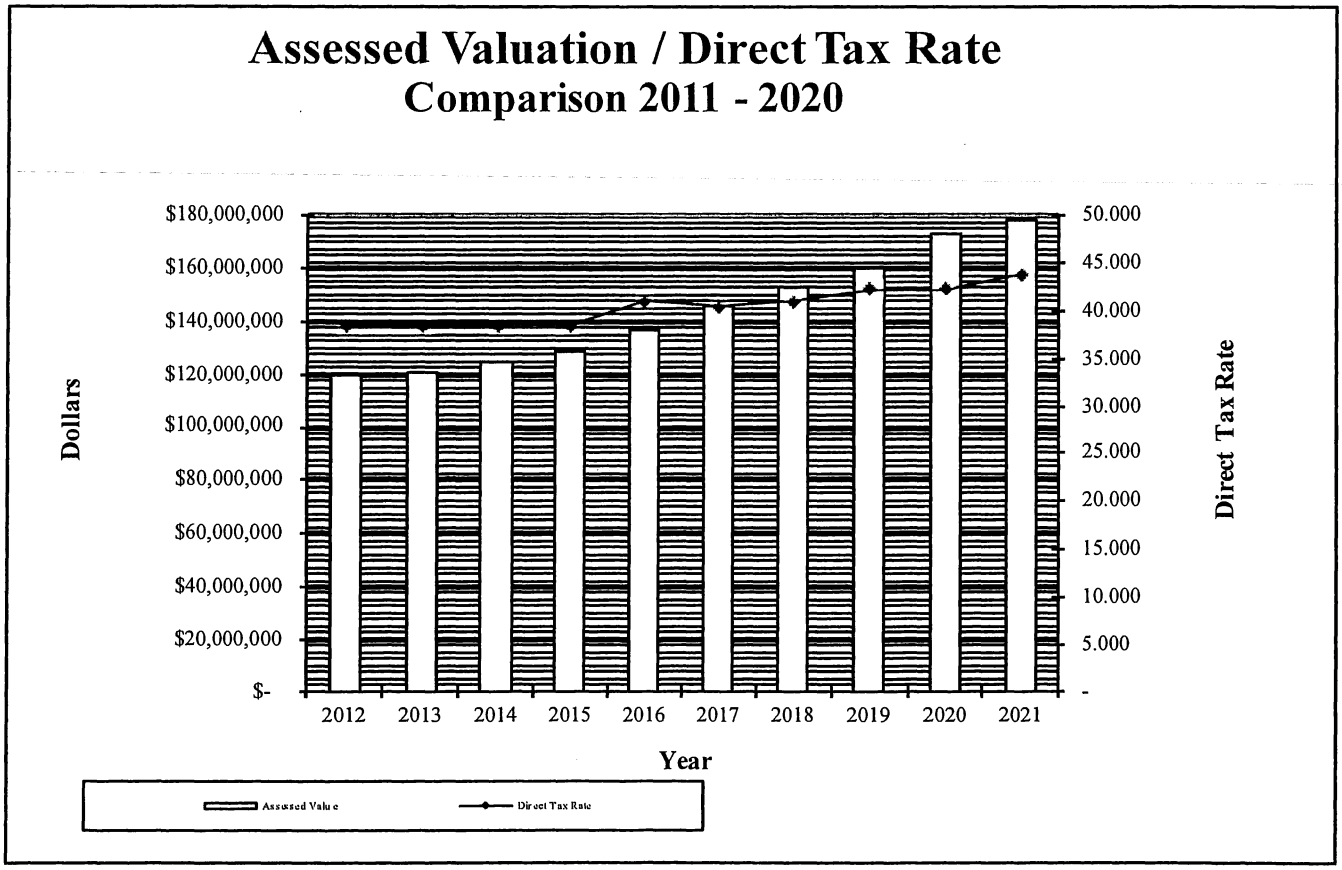
	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Committed	$ 201,425	$ 146,492	$1,241,811	$ 855,533	$ 1,230,044	$ 2,568,968	$ 2,232,761	$ 1,000,029	$ 1,070,697	$ 1,145,552
Assigned	-	-	-	-	-	-	-	-	-	
Unassigned	1,703,753	1,914,689	644,814	1,292,746	1,831,282	237,702	900,357	932,340	845,334	776,004
Total General Fund	$1,905,178	$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
All Other Governmental Funds										
Restricted	$6,321,097	$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
Committed	1,165,931	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
Assigned	551,394	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
Unassigned, Reported In:										
Capital projects funds	(2,989,640)	(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
Total all other governmental funds	$5,048,782	$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

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	$ 8,961,924	$ 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
Licenses and permits	1,004,942	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
Fines, forfeiture and other	233,615	257,888	272,990	282,595	305,138	305,785	267,880	268,379	214,174	238,117
Charges for service	164,075	365,319	110,534	156,601	116,138	117,142	245,755	236,896	176,390	451,792
Special assessments	4,585,505	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
Intergovernmental	552,772	359,038	918,438	911,622	449,533	395,773	559,747	554,886	1,100,884	974,547
Use of Property and Money	1,758,877	3,506,378	762,069	474,720	1,334,847	1,567,352	1,636,195	1,765,103	492,459	482,067
Other revenues	141,570	69,730	82,990	121,560	216,425	307,407	521,275	547,861	172,912	262,130
Total revenues	17,403,280	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
Expenditures										
General government	2,180,550	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
Public Safety	3,735,576	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
Highways and streets	1,698,017	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
Health and sanitation	125,110	131,979	128,704	136,581	-	-	-	-	-	-
Culture and recreation	1,373,101	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
Environmental protection	12,331	7,115	5,225	8,089	235	-	-	-	-	-
Economic development	49,205	110,044	130,072	135,006	243,518	296,874	236,033	107,448	45,036	20,435
Capital improvements	571,113	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
Debt Service										
Interest	1,632,006	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
Principal	5,188,736	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
Total expenditures	16,565,745	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
Excess of revenues over (under) expenditures	837,535	(783,699)	(3,112,498)	(75,858)	(8,129,812)	(895,422)	(2,569,164)	(14,130,685)	(9,756,976)	(3,311,039)
Other financing sources (uses)										
Issuance of general obligation bonds	2,444,000	3,295,000	---	7,820,000	660,000	3,575,000	---	11,180,000	11,760,000	26,495,000
Issuance of general obligation refunding bonds	5,960,000	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	111,751	163,497	---	320,684	289,885	14,018	---	328,254	476,970	96,475
Payment to escrow agent	(5,982,573)	(6,663,247)	---	(2,600,411)	(9,150,512)	---	---	---	---	---
Transfers in	580,405	870,941	643,232	694,832	1,532,468	3,046,457	1,903,282	1,916,624	4,096,243	2,262,817
Transfers out	(505,074)	(806,817)	(532,180)	(588,029)	(1,311,002)	(2,789,845)	(1,642,561)	(1,605,231)	(3,314,788)	(2,576,690)
Total other financing sources (uses)	2,608,509	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
Net change in fund balances	$ 3,446,044	$ 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
Debt service as a percentage of non capital expenditures	43.0%	41.4%	39.9%	38.8%	36.9%	32.3%	27.9%	37.6%	44.8%	25.6%

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

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



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
2012	22.397	1.532	1.083	3.002	10.450	38.464	65.350	35.273	18.005	1.500
2013	23.410	0.956	0.460	3.004	10.689	38.519	65.993	35.164	18.021	1.500
2014	23.120	1.694	0.027	3.000	10.677	38.518	63.918	35.133	18.003	1.500
2015	23.856	1.446	0.027	3.001	10.195	38.525	65.289	35.012	18.063	1.500
2016	25.706	1.489	0.873	2.995	9.910	40.973	65.341	34.747	20.074	1.500
2017	24.291	1.513	0.097	2.966	11.644	40.511	67.592	34.749	20.075	1.500
2018	24.604	1.423	0.068	3.001	11.917	41.013	67.612	34.274	20.068	1.500
2019	24.886	1.468	1.189	3.028	11.740	42.311	67.736	34.280	19.336	1.500
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

Source: Butler County Clerk

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

	2021			2012		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Evergy Kansas South *	$ 3,793,952	1	2.22 %	$ 1,429,824	4	1.22 %
Founders' Real Estate LLC	3,225,635	2	1.89	3,447,925	1	2.87
Vornado Air LLC	1,917,646 **	3	1.12	1,387,538	5	1.15
Flint Hills National Golf Club	1,679,348	4	0.98	1,497,823	3	1.25
Dillons Companies Inc.	1,550,000	5	0.91	1,832,451	2	1.52
Paul Properties II Family LP	1,507,110	6	0.88	---		---
Kansas Gas Service	1,232,580	7	0.72	660,627	8	0.55
GJ Partners LLC	806,782	8	0.47	---		---
HE of Andover LLC	785,225	9	0.46	---		---
Andover State Bank	579,321	10	0.34	556,973	10	0.46
Southwestern Bell Telephone	---		---	6,833,704	6	0.57
Sherwin Williams Co	---		---	661,662	7	0.55
Andover Land Leasing LLC	---		---	651,121	9	0.54

* 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.

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
2012	$ 4,632,240	$ 4,300,802	92.84%	$ 254,590	$4,555,392	98.34%
2013	4,641,995	4,416,045	95.13%	156,281	4,572,326	98.50%
2014	4,802,749	4,318,371	89.91%	293,963	4,612,334	96.04%
2015	4,959,306	4,585,186	92.46%	145,952	4,731,138	95.40%
2016	4,960,163	4,701,925	94.79%	146,642	4,848,567	97.75%
2017	5,598,375	5,328,654	95.18%	132,010	5,460,664	97.54%
2018	5,906,872	5,594,839	94.72%	102,767	5,697,606	96.46%
2019	6,279,787	5,971,543	95.09%	151,672	6,123,215	97.51%
2020	6,763,034	6,340,985	93.76%	361,203	6,702,188	99.10%
2021	7,599,129	6,903,666	90.85%	-	6,903,666	90.85%

* 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
2012	##########	$ 5,850,000	$ -	$ -	$ 254,706	$ 96,157	$ 1,425,000	$ -	$43,418,863	-	$ 3,589
2013	35,534,000	2,976,000	-	-	217,204	215,517	1,095,000	-	40,037,721	-	3,264
2014	31,920,000	2,737,000	-	-	177,849	172,030	-	-	35,006,879	-	2,799
2015	36,195,000	5,773,000	-	-	136,550	411,457	-	-	42,516,007	-	3,336
2016	33,490,000	4,654,000	-	-	93,210	591,349	-	-	38,828,559	-	2,991
2017	33,885,000	4,660,000	-	-	47,729	505,467	-	-	39,098,196	-	2,982
2018	30,755,000	3,545,000	-	-	-	416,027	-	-	34,716,027	-	2,615
2019	36,220,000	2,400,000	-	-	-	663,397	-	-	39,283,397	-	2,931
2020	40,415,000	2,120,000	-	-	-	983,677	-	-	43,518,677	7.81%	2,922
2021	63,510,000	1,815,000	-	-	-	928,103	-	-	66,253,103	-	4,292

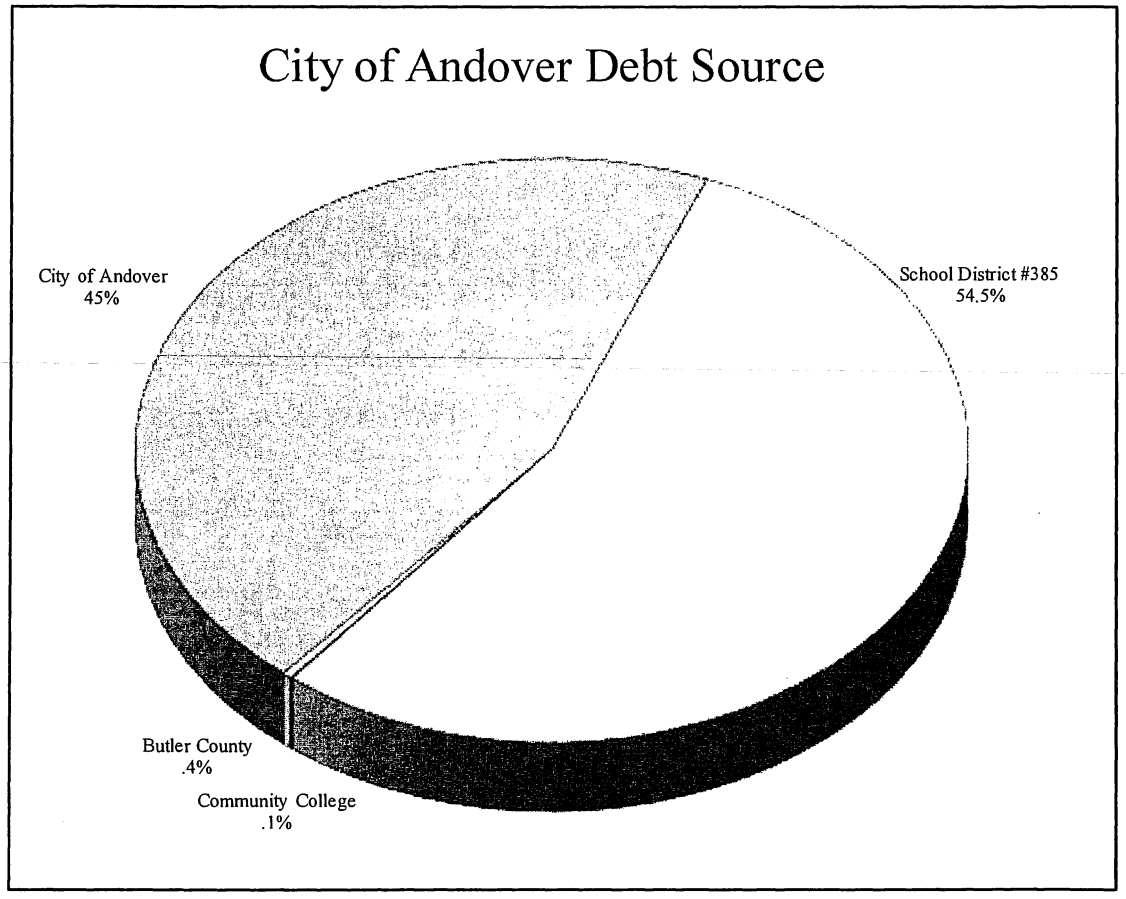
* Personal income numbers, only calculated in census years.

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
2011	$ 36,642,000	-	$36,642,000	$ 831,419	$35,810,581	30.96	$ 2,996
2012	35,793,000	96,157	35,889,157	753,112	35,136,045	29.87	2,904
2013	35,534,000	215,517	35,749,517	1,478,676	34,270,841	29.62	2,794
2014	31,920,000	172,030	32,092,030	1,662,174	30,429,856	25.74	2,433
2015	36,195,000	411,457	36,606,457	2,249,803	34,356,654	28.43	2,696
2016	33,490,000	591,349	34,081,349	2,136,435	31,944,914	24.94	2,461
2017	33,885,000	505,467	34,390,467	2,119,711	32,270,756	23.59	2,461
2018	30,755,000	416,027	31,171,027	2,133,418	29,037,609	20.36	2,187
2019	36,220,000	663,397	36,883,397	2,088,126	34,795,271	23.07	2,596
2020	40,415,000	983,677	41,398,677	1,890,386	39,508,291	23.95	2,653
2021	63,510,000	928,103	64,438,103	1,790,190	62,647,913	36.26	4,059

CITY OF ANDOVER
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
December 31, 2021

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	66,253,103		66,253,103
Total Direct and overlapping debt			$ 147,105,973



* 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
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
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
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
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%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed Value	$198,083,667 *
Debt limit (30% of assessed value)	59,425,100
Debt applicable to limit:	
General Obligation Bonds	63,510,000
Temporary Notes	1,885,000
Less: Amount exempted by state statute	(23,985,093)
Total net debt applicable to limit	41,409,907
Legal debt margin	$ 18,015,193

* Includes motor vehicles assessed value

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

				Debt Service			
Year	Gross Revenue *	Less Operating Expense **	Net Revenue Available Revenue	Principal ***	Interest ***	Total	Coverage (1)
2012	1,930,295	727,795	1,202,500	310,000	37,390	347,390	3.46
2013	2,707,878	819,595	1,888,283	330,000	32,740	362,740	5.21
2014	2,531,994	760,441	1,771,553	350,000	27,130	377,130	4.70
2015	2,766,351	773,776	1,992,575	-	-	-	N/A
2016	2,862,565	845,650	2,016,915	-	-	-	N/A
2017	3,015,133	1,412,720	1,602,413	-	-	-	N/A
2018	2,923,344	993,398	1,929,946	-	-	-	N/A
2019	3,365,933	1,056,127	2,309,806	-	-	-	N/A
2020	3,220,360	976,842	2,243,518	-	-	-	N/A
2021	3,115,596	920,526	2,195,070	-	-	-	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%	

* 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

	2021		2012	
Employer	**Employees**	**Rank**	**Employees**	**Rank**
USD 385	628	1	461	1
Kansas Medical Center	293	2	235	2
Vornado	152	3	78	9
Butler Community College	128	4	115	7
Sherwin-Williams Co.	126	5	142	3
Victoria Falls	120	6	139	5
City of Andover	97	7	89	8
Life Care Center of Andover	73	8	140	4
Dillons Real Estate Co. Inc	69	9	138	6
Everidge (formerly International Cold Storage)	65	10	42	10
Total	1,751		1,579	

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, 2021

Trustee	*Bonds*	*Outstanding*
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	$ 13,414,453
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	5,500,000
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series A 2014	1,480,081
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series B 2014	490,000
Security Bank of Kansas City Kansas City, KS 66101	Founders' Real Estate, LLC Series A 2014	2,542,000
Security Bank of Kansas City Kansas City, KS 66101	Aveda Institute Project Series A 2014	2,458,733
Security Bank of Kansas City Wichita, KS 67212	Aveda Institute Project Series B 2014	400,000
Security Bank Of Kansas City Kansas City, KS 66101	Founders' Real Estate LLC Series A 2018	1,067,948
UMB Bank, N.A. Wichita, KS 67202	Vornado Air, LLC Series A 2019	4,547,920
Security Bank of Kansas City Kansas City, KS 66101	Andover Ambulatory Surgery Center LLC	–
Security Bank of Kansas City Kansas City, KS 66101	ASC Real Estate LLC	5,031,640

CITY OF ANDOVER
SCHEDULE OF INDUSTRIAL REVENUE BONDS
December 31, 2021
(Continued from previous page)

	Date of Issue	Interest Rate	Payment Year	Payment Schedule	Outstanding Issues 01/01/21	Additions	Retirements	Outstanding 12/31/21
Andover Apartments, LLC	3/7/13	3.99%	2015	245,017	13,909,053	-	494,600	13,414,453
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	-	-	5,500,000
Series B 2013								
KMC MOB, LLC	12/16/14	4.35%	2015	46,342	$ 1,560,596	$ -	$ 80,515	$ 1,480,081
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	-	-	490,000
Series B 2014								
Founders' Real Estate, LLC	12/22/14	5.00%	2025	2,542,000	2,542,000	-	-	2,542,000
Aveda Institute Project	12/23/14	4.75%	2016	94,172	2,578,981	-	120,248	2,458,733
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				

CITY OF ANDOVER
SCHEDULE OF INDUSTRIAL REVENUE BONDS
December 31, 2021
(Continued from previous page)

	Date of Issue	Interest Rate	Payment Year	Payment Schedule	Outstanding Issues 01/01/21	Additions	Retirements	Outstanding 12/31/21
			2027	160,426				
			2028	168,109				
			2029	176,602				
			2030	185,297				
			2031	194,421				
			2032	203,878				
			2033	214,032				
			2034	224,570				
			2035	235,628				
Aveda Institute Project Series B	12/23/14	3.00%	2025	400,000	400,000	-	-	400,000
Founders' Real Estate, LLC Series A	10/1/18	5.00%	2029	1,067,948	$ 1,067,948	-	-	1,067,948
Vornado Air, LLC Series 2019	12/12/19	2.88%	2020	326,040	$ 4,873,960	-	326,040	4,547,920
			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 Taxable Industrial Revenue Bonds Series 2019	12/20/19	4.50%	2021	1,200,000	$ 1,200,000		1,200,000	0
Andover Ambulatory Surgery Center Taxable Health Care Facility Revenue Bonds Series 2019	12/20/19	4.50%	2030	5,031,640	$ 5,031,640			5,031,640
				-	-	-	-	-
Total Industrial Revenue Bonds				$ 59,581,805	$ 39,154,178	$ -	$ 2,221,403	$ 36,932,775

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

Function/Program	Full-time Equivalent Employees as of December 31										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	12	12	12	12	13	15	15	16	16	16	16
Public safety											
Police	22	23	23	23	24	26	25	26	26	26	26
Fire	14	14	14	14	14	16	18	18	18	18	19
Fire Reservist	12	10	8	11	9	8	9	8	7	4	6
Civilians	8	8	8	8	8	9	11	11	11	12	12
Streets and highways	7	7	7	7	7	7	6	7	7	7	7
Culture and recreation	9	9	9	9	9	9	8	9	10	10	10
Stormwater	1	1	1	1	1	1	1	1	1	1	1
Wastewater	5	5	5	5	5	5	5	5	6	6	6
Total	90	89	87	90	90	96	98	101	102	100	103

Source: City of Andover Human Resources

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

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Arrests	374	451	423	349	315	325	358	260	233	243
Accidents	366	380	352	343	256	272	263	260	198	235
Citations (including parking)	3,642	4,599	3,868	3,722	3,830	3,565	2,734	2,889	2,331	2,225
Calls for service	19,329	19,750	19,470	23,079	19,265	21,942	20,189	21,873	19,222	19,990
Fire										
Structure fires	30	30	27	22	20	25	28	15	23	18
Other fires	57	53	61	59	65	50	74	29	57	42
Medical calls	891	893	847	1,065	1,060	1,100	992	1,030	794	825
Other calls	376	358	384	380	470	433	407	470	518	497
Inspections	419	391	252	240	105	159	191	139	120	287
Training hours	2,526	3,536	3,932	4,550	4,747	6,200	9,676	9,465	8,400	8,585
Streets and highways										
Streets rehabbed (square yards)	81,896	91,764	82,259	84,123	80,806	-0- *	47,000	50,183	-0-**	199,154
Water										
Public water service connections	4,096	4,143	4,181	4,257	4,351	4,407	4,543	4,608	4,642	4,693
GPD average consumption	1,070,118	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
Wastewater										
Service Connections	5,199	5,490	5,683	5,751	5,866	5,942	6,078	6,148	6,208	6,251
Average Daily Flow (thousands of gallons)	724	749	729	755	801	806	750	810	761	820

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 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	18	18	18	20	21	21	22	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	61	63	63	70	88	91	94	98	101
Miles of unpaved streets	13	13	13	13	13	13	13	15	15	15
Traffic Signals	7	7	7	7	7	7	7	7	7	9
Parks & Recreation										
Neighborhood parks	3	3	3	3	3	3	3	3	3	3
Playground areas						2	2	2	2	2
56 Acre recreation complex:										
Baseball/softball diamonds	6	6	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	3	4	4	4	4	4	4	4	4
FEMA Storm Shelter/Restroom/Concession	1	1	1	1	1	1	1	1	1	1
Community center	1	1	1	1	1	1	1	1	1	1
9 hole golf course	1	1	1	1	1	1	1	1	1	1
Clubhouse	1	1	1	1	1	1	1	1	1	1
80 Acre Passive Recreation Park:										
Fishing Lake	1	1	1	1	1	1	1	1	1	1
Playground areas	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	1	1	1	1	1	1	1	1	1	1
Handicap accessible paved walking path	1	1	1	1	1	1	1	1	1	1
Conference Cabin	1	1	1	1	1	1	1	1	1	1
Scout Lodge	1	1	1	1	1	1	1	1	1	1
Lodge	1	1	1	1	1	1	1	1	1	1
Gazebo	1	1	1	1	1	1	1	1	1	1
Amphitheater				1	1	1	1	1	1	1
FEMA Storm Shelter/Restroom					1	1	1	1	1	1
Community 5 acre park										
Playground areas	1	1	1	1	1	1	1	1	1	1
Outdoor basketball court	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	1	1	1	1	1	1	1	1	1	1
Redbud Trail Head Park							1	1	1	1
6 Mile Redbud Hike/Bike trail				1	1	1	1	1	1	1
Water *										
Fire hydrants	596	596	607	611	614	615	621	647	675	682
Miles of water lines	90	91	92	92	93	95	97	100	105	109
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	91	92	93	94	96	97	98	98	103

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

Source: Various City of Andover departments

CITY OF ANDOVER
SCHEDULE OF FRINGE BENEFIT COST
Year ended December 31, 2021

Direct Expense Items:			
Health/Dental Insurance			$1,053,035
Social Security			409,731
Worker's Compensation			79,163
Unemployment Insurance			18,750
Retirement			858,467
Flex Spending Account Fees			2,858
New Hire Physicals			7,368
			$2,429,372
Indirect Expense Items (time off with pay):			
Vacation	12,745	Hours	$ 341,721
Sick Leave	4,633	Hours	97,009
Holiday	8,994	Hours	214,950
	26,372	Hours	$ 653,680
Total Payroll			$5,600,839
Total Hours Worked			202,046
Total Hours Paid			253,491
Cost of Direct Expense Items			$2,429,372
Cost of Indirect Expense Items			653,680
Total Cost of Fringe Benefits			$3,083,052
Cost Per Hour Worked			$ 15.26
Cost as Percent of Payroll			55.05%

CITY OF ANDOVER
SICK LEAVE AND VACATION USAGE

	Vacation	Sick Leave
Balance 1/1/21	13,797	30,523
Value of Accumulated Days	$ 360,166	$ 806,818
Hours Accumulated During Year	13,049	8,860
Hours Used During Year	12,775	4,633
Hours Lost Due to Termination	74	3,501
Paid Hours Over 480 Hours		1,164
Lost Hours Over 480 Hours		1,630
Hours donated to pool	17	160
Value of donated hours	$ 478	$ 4,480
Hours Balance 12/31/21	13,980	28,296
Value of Accumulated Days 12/31/21	$ 366,589	$ 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