

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT  
YEAR ENDED DECEMBER 31, 2015**



THE CITY OF  
**ANDOVER, KS**

EST. 1957

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**CITY OF ANDOVER, KANSAS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

Ben Lawrence, Mayor  
Quentin Coon, Council Member  
Kris Estes, Council Member  
Sheri Geisler, Council Member  
Caroline Hale, Council Member  
Clark Nelson, Council Member  
Troy Tabor, Council Member

PREPARED BY CHIEF FINANCIAL OFFICER  
DONNA K. DAVIS

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# **INTRODUCTORY SECTION**

The City of



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Andover, Kansas 67002

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June 30, 2016

To the Citizens of ANDOVER

The Comprehensive Annual Financial Report of the City of Andover, Kansas for the fiscal year ended December 31, 2015 is submitted herewith. The reports were prepared through the efforts of the Chief Financial Officer and the City staff. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's Financial activity have been included.

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

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

Generally accepted accounting principles require that management provide a narrative introduction overview and analysis, to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to

complement 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 12,745 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. The City Administrator works to insure that policies adopted by the governing body are implemented, and to facilitate communication among the Mayor, City Council members, and City staff.

## **ECONOMIC CONDITIONS AND OUTLOOK**

After a decline in housing starts over the last few years in the City of Andover the turn around that began back in 2013 continued into 2015. For the previous ten-year period a yearly average of 108 new residential building permits were issued. During 2015 there were a total of 91 new residential building permits of which 22 were for town houses. In addition, there were 5 new and 17 remodel commercial permits with a value a \$1.7 million. Housing projects that had been put on hold in prior years are now in the process of being developed. Families are moving to the smaller communities around the Wichita area for the quiet lifestyle and quality schools.

The Wichita based aircraft industries' overall economic condition has seen improvement in 2015. Due to the proximity to Wichita, this condition has a bearing on the economic condition in Andover. At the end of the year, the average unemployment rate was 4% for the State and 3.7% for Butler County, which is a decrease of .8% from 2014.

The City assisted in the development of the Andover Business Park where our three major industries, International Cold Storage, Vornado Air Circulation Systems, Inc., and Sherwin Williams (fka Pratt & Lambert) 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 increased slightly in 2015.

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

## **MAJOR INITIATIVES**

### ***Parks and Recreation Department***

Improvements continue to be made in all the City's parks. Tree clean up continues in all the City parks to keep the parks safe. Park crews finished cleaning out the hedge rows near city hall in Central Park. Roughly one half mile of walking trail was cleaned and maintained at Central Park. The baseball diamonds at the 13<sup>th</sup> Street Sports Park were improved with the addition of field conditioner. This has made for a better playing surface with less rain outs. The newest additions to Central Park are two dog parks, one for large dogs and one for small dogs. Included in these parks are water fountains for both the dogs and their owners. Also in 2015, Central Park was host to several events including; Concert in the Park, Police and Fire Festival, Greater Andover Days and Hometown Christmas.

### ***Street Department***

The Street Department sealed 84,123 square yards of residential streets and one arterial street. A road improvement project funded by Butler County, was completed on Andover Road. The project consisted of road widening and a bridge replacement over Four Mile Creek. The street improvement project on 159<sup>th</sup> Street between 21<sup>st</sup> Street and 13<sup>th</sup> Street was completed. Milling and overlay projects in the Green Valley Greens Additions were paid for using funds from the City's 1% sales tax road improvement fund. Major projects this past year included improvements to gravel roads, ditch work, sidewalks and curb repairs, upgrading of street signage and the inventory of the City's 2,349 street signs. In 2015, the citizens of Andover authorized a 4 year, ¾ % sales tax with \$2.85 million of the proceeds being used to construct a new maintenance shop for the street department. Construction documents were completed in 2015, with construction to begin in 2016.

### ***Wastewater Department***

Approximately 275,684,500 gallons of raw sewage were treated. Nearly 4,400,000 gallons of treated sludge were spread on City owned agricultural fields using a sludge sprinkler system. 43,268,580 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 119,000 feet of sewer lines. As part of an ongoing maintenance program, 1,785 feet of sewer pipes, 10 manholes and 111 feet of vertical pipe were rehabbed and/or lined. The rehabilitation of the sewer lines and manholes has allowed the average daily flows to remain steady, while the number of sewer connections continues to increase.

### ***Fire Department***

Andover Fire/Rescue responded to 1,508 requests for assistance in 2015, an increase of 189 responses or 14% from 2014. Of the total alarms, 70.6% were medical/rescue in nature, an increase of 6.2% – mirroring the national trend of departments responding to emergencies that are medical responses and less in fire responses. There is also a trend in the increase in the occurrence of overlapping calls for service; 222 in 2015 compared to 186 in 2014, an increase of 19%. Fire Department personnel conducted over 220 business inspections, 650 fire hydrant inspections and participated in 4,550 hours of training. During 2015, 7 nuisance code complaints were received, none of which required formal action to obtain voluntary compliance. In 2015, the citizens of Andover authorized a  $\frac{3}{4}$  % sales tax with part of the proceeds being used to purchase a new ladder truck

### ***Police Department***

Andover experienced again, a crime rate well below the state average when compared to cities of similar size. In 2015 there was a 15.1% decrease in overall crime, which resulted in Andover's lowest crime rate in nine years. In 2015, the department responded to 23,079 calls for service, completed 1,502 incident reports, investigated 343 motor vehicle accidents, issued 4,108 traffic citations and 3,261 traffic warnings and made 349 arrests including taking 29 drunk drivers off of our streets. With well over 32,600 citizen contacts, the professional bearing of our staff was exemplified by only 2 citizen complaints. Additionally, the Police Department continued to demonstrate its compliance with the Commission on Accreditation for Law Enforcement Agencies (CALEA) "best practices". The department's "Advances Law Enforcement Accreditation" is shared by only 6 other Kansas law enforcement agencies and 3% of law enforcement agencies nationwide. For the second year in a row the department was recognized by the American Automobile Association (AAA) of Kansas "Community Traffic Safety Platinum Award" for its traffic safety efforts, one of only five law enforcement agencies in the state to receive such an award.

### ***Storm Water Department***

During 2015 work continued on the new permit issued by Kansas Department of Health and Environment. Water samples were collected and tested 5 times after rain events. The results of those tests will be compared to test results from water samples to be collected in 2016. This data will be used to further identify any contaminants that need special targeted best management practices. The Storm Water Department continued an outreach program with the 6<sup>th</sup> grade science classes at Andover Central Middle School. In 2015, teachers used a watershed model supplied by the City to demonstrate the effects of contaminants. Staff then did a presentation to all the 6<sup>th</sup> grade classes, with prizes being awarded to students who could correctly answer questions over the items covered in the classroom. The process of tracking inspections of storm drain inlets using the Trimble GPS device and mapping those results via ArcMap continued in 2015, with over 200 inlet inspections performed.

### ***Recycling/Trash Department***

The City's mandatory recycling program completed its fifth and final year of the original contract. Staff successfully negotiated a seven year extension with the current vendor. The extension is nearly the same as the original contract, and saves the City approximately \$24,000 annually for trash and porta pot services. The recycling program serves almost 3,500 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 83%) have realized tremendous savings. Prior to the change households were paying \$65-\$90 per calendar quarter, the current contracted rate is \$31 a calendar quarter. In addition to providing affordable trash and recycling services, the contract provider also sponsors, at no cost to the City, an annual city-wide cleanup event, Concert in the Park and Greater Andover Days.

### ***Building Inspection/Code Enforcement Department***

Single family home construction represents the majority of building activity in Andover. Single family construction was slightly more in 2015 than in 2014. There were 91 residential dwelling permits issued in 2015, up from 77 in 2014. Of the 91 permits, 22 were for town homes and 1 for a duplex with the remaining being single family homes. Commercial construction was notably more active than in 2014. Permits were approved for 5 new commercial buildings, including the YMCA Sports Complex, Farha Sports Center and the Casey's General Store, all of which broke ground in 2015, The remaining 17 commercial projects were all remodeling and/or tenant finishes of existing commercial structures.

### ***Communications***

In 2015, Communications and Information Technology paired with Municipal Court to combine 2 part time positions into a full time position that splits their role as a Communication Officer and Municipal Court Clerk. This position flexes its hours to allow coverage when needed for both departments, averaging 20 hours per week in each department. The E-911 Communications center continued its dedicated service to the community, handling over 23,079 calls for service, an 18.5% decrease from 2014. Staff also participated in many community events such as; Police & Fire Festival, National Night Out, Greater Andover Days, Safe Halloween and Hometown Christmas. Additionally, the E911 Center purchased and installed Emergency Cell Phone Towers along the Red Bud Trail (Rails to Trails hike/bike path) to provide direct contact to the 911 communication center. The towers were operational in early 2015.

### ***Information Technology***

2015 started a refresh to the computing environment. Projects were approved and started that extended City network to all sites, consolidated software licensing strategies, and updated all user computers. A new Information Technology director was hired and the part-time technician was upgraded to full time status, providing two positions of IT support.

## **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 Comprehensive Development Plan that the Governing Body adopted in 1990 which established the agenda for civic improvements was completed. 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 policy is to be reviewed annually between January 1 and March 31.

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

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

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

During all regular City Council meetings the Governing Body approves appropriation ordinances listing all expenditures. The budget is reviewed continually in all activities for significant deviations from budget authorizations. The Kansas Cash Basis and Budget Laws require cash be on hand before an expenditure is authorized, that all expenditures be budgeted (unless specifically exempted), and that the budget cannot exceed anticipated revenues including carry forward cash balances. The Governing Body, management, and department heads receive a monthly financial report on status of budgetary conditions of all funds.

As demonstrated by the statements and schedules included in the Financial Section of this report, the government continues meeting its responsibility for sound financial management.

## **OTHER INFORMATION**

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

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Andover, Kansas, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate Program requirements, and are submitting it to GFOA to determine its eligibility for another certificate. The City of Andover has received the Certificate of Achievement for the last 36 years.

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

Respectfully submitted,

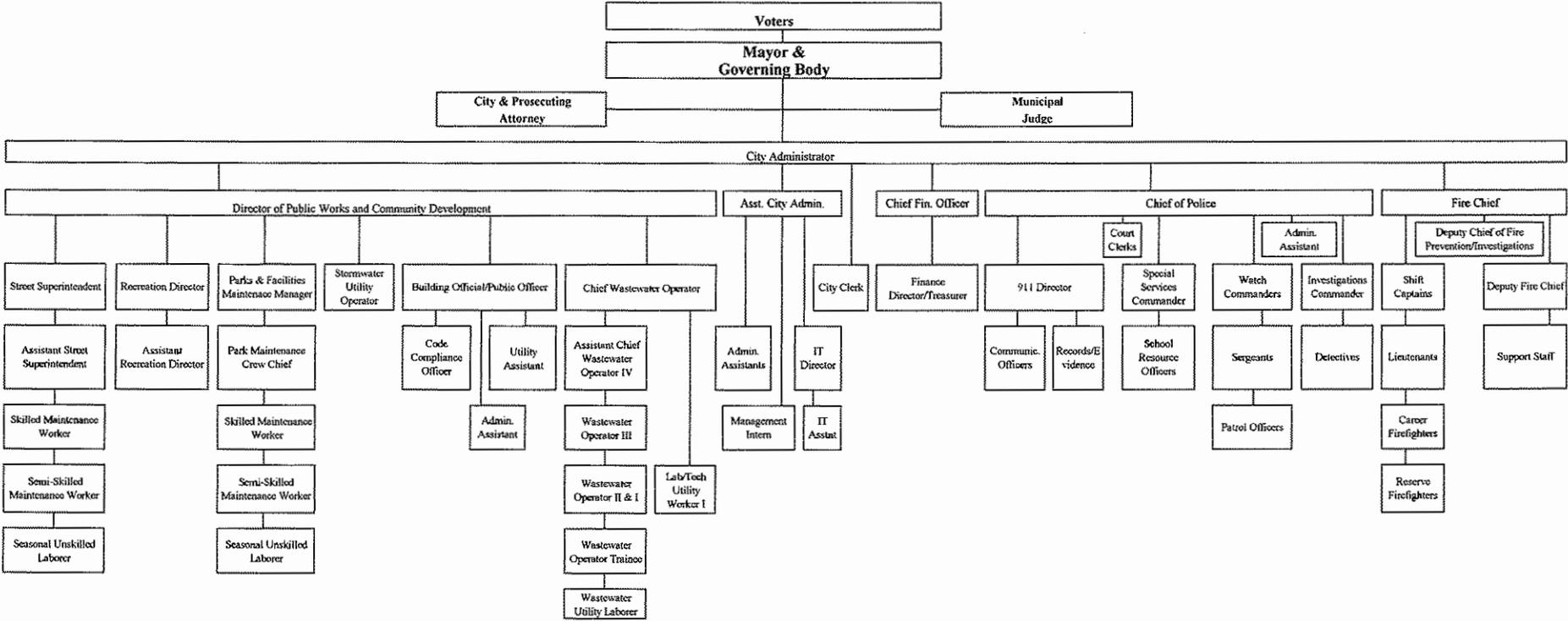


Donna K. Davis  
Chief Financial Officer

**CITY OF ANDOVER, KANSAS**  
**LIST OF PRINCIPAL OFFICIALS**  
**December 31, 2015**

<u>Title</u>	<u>Name</u>
Mayor	Ben Lawrence
Council Member	Quentin Coon
Council Member	Kris Estes
Council Member	Sheri Geisler
Council Member	Caroline Hale
Council Member	Clark Nelson
Council Member	Troy Tabor
City Administrator	Mark Detter
City Superintendent	Leslie Mangus
City Clerk	Susan Renner
Chief Financial Officer	Donna K. Davis
Financial Director/Treasurer	Julie Spyres
Chief of Police	Michael Keller
Chief of Fire	Chad Russell
Wastewater Superintendent	Brian Walls
Street Superintendent	William Braitsch
Parks & Facilities Director	Robert Mayer
Recreation Director	Seth Carey
City Engineer	Steve Anderson
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



6



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Andover  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# **FINANCIAL SECTION**

# George, Bowerman & Noel, P.A.

*Certified Public Accountants  
Management Consultants  
Tax Advisors*

Paul R. Bowerman  
Gary L. George

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

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## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and  
City Council  
Andover, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Andover, Kansas (City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly,

we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Andover, Kansas, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Street Improvement Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Notes 1 and 15 to the financial statements, the City has adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of January 1, 2015. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedule of the City's proportionate share of the net pension liability and the schedule of the City's contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Handwritten signature in cursive script: George Bowerman & Noel, P.A.

Wichita, Kansas  
June 21, 2016

**CITY OF ANDOVER, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2015**

As management of the City of Andover, Kansas, we offer readers of the City's Comprehensive Annual Financial report (CAFR) this narrative overview and analysis of the financial activities of the City of Andover for year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, and the CAFR transmittal letter in the preceding Introductory Section.

**FINANCIAL HIGHLIGHTS**

- The total assets and deferred outflows of resources of the City of Andover exceeded its liabilities and deferred inflows of resources at the close of 2015 by \$92,829,623. Of this amount, \$36,997,378 represents net position invested in capital assets, net of related debt. Also included is \$59,276,448 restricted for future debt service, various other functions and wastewater facility expansion.
- The City's total net position increased \$16,264,060 during the fiscal year.
- At the end of the current fiscal year, the City's governmental funds reported total ending fund balance of \$18,029,407. For 2014, there was a fund balance of \$6,638,189.
- At the end of 2015, the General Fund fund balance was \$2,148,279, an increase of 13.9% from 2014. This was the result of an increase (14.73%) in revenue primarily from increases in property and sales tax collections in the amount of \$488,211. There was also a decrease of \$50,625 in transfers out, and an increase in transfers in of \$154,113.
- The City of Andover's total bonded debt increased \$7,311,000 during 2015. The key factor was issuance of new general obligation bonds for infrastructure (\$4,040,000) and the burial of electric power lines (\$3,780,000). In addition, \$3,320,000 of Andover Public Building Commission revenue bonds were issued for a new maintenance shop facility and park restrooms. \$6,329,000 of bonds were retired during 2015.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City of Andover's Comprehensive Annual Financial Report, which includes the basic financial statements. The City's basic financial statements are comprised of three components,

government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to statements of a private-sector business.

The *statement of net position* presents information on all of the City of Andover's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Andover is improving or deteriorating.

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

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

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

### **Reporting the City's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide detailed information about the most significant funds – not about the City of Andover as a whole. Some funds are required to be established by State law or by bond covenants. In addition, the City Council establishes other funds to help control and manage money for particular purposes, or to demonstrate that the City is complying with legal

requirements for using certain taxes, grants or other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Fund Financial Statements**

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

The City of Andover maintains nineteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Street Improvement Fund, Debt Service Fund, and Capital Projects Fund all of which are considered to be major funds. Data from the other sixteen 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 fiduciary funds financial statements can be found on page 43 of this report.

**Notes to the basic financial statements.** The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 44 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 \$92,829,623 at the close of 2015.

As shown on Table 1, the largest portion of the City’s net position, \$36,997,378, 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 66,342,774	\$ 46,791,080	\$ 7,808,253	\$ 6,119,107	\$ 74,151,027	\$ 52,910,187
Capital assets	50,024,045	49,295,358	23,832,006	22,984,734	73,856,051	72,280,092
Total assets	<u>116,366,819</u>	<u>96,086,438</u>	<u>31,640,259</u>	<u>29,103,841</u>	<u>148,007,078</u>	<u>125,190,279</u>
Deferred outflows of resources	444,204	244,821 *	-0-	-0-	444,204	244,821
Current and other liabilities	4,235,431	2,882,194	78,438	54,731	4,313,869	2,936,925
Long-term liabilities	46,225,070	40,737,718 *	47,691	44,424	46,272,761	40,782,142
Total liabilities	<u>50,460,501</u>	<u>43,619,912</u>	<u>126,129</u>	<u>99,155</u>	<u>50,586,630</u>	<u>43,719,067</u>
Deferred inflows of resources	5,035,029	4,604,745	-0-	-0-	5,035,029	4,604,745
Net position						
Net Investment in capital assets,	13,165,372	11,794,001	23,832,006	22,984,734	36,997,378	34,778,735
Restricted	54,135,658	36,211,840	5,140,790	3,703,266	59,276,448	39,915,106
Unrestricted	(5,985,537)	(444,964) *	2,541,334	2,316,686	(3,444,203)	1,871,722
Total net position	<u>\$ 61,315,493</u>	<u>\$ 47,560,877</u>	<u>\$ 31,514,130</u>	<u>\$ 29,004,686</u>	<u>\$ 92,829,623</u>	<u>\$ 76,565,563</u>

\* Amount adjusted for restatement to record the Kansas Police & Firemen's Retirement Plan net pension liability

The city's net position increased \$16,264,060 during 2015

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Table 2  
City of Andover  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 1,510,099	\$ 1,343,582	\$ 3,443,425	\$ 3,208,546	\$ 4,953,524	\$ 4,552,128
Operating grants and contributions	409,569	446,607	26,100	-0-	435,669	446,607
Capital grants and contributions	14,945,134	2,083,544	-0-	-0-	14,945,134	2,083,544
General revenues:						
Sales tax	2,400,178	1,988,869	-0-	-0-	2,400,178	1,988,869
Property tax	5,704,724	5,171,284	-0-	-0-	5,704,724	5,171,284
Other taxes	923,805	853,237	-0-	-0-	923,805	853,237
Other general revenues	32,810	32,538	10,946	22,348	43,756	54,886
<b>Total Revenues</b>	<u>25,926,319</u>	<u>11,919,661</u>	<u>3,480,471</u>	<u>3,230,894</u>	<u>29,406,790</u>	<u>15,150,555</u>
<b>Expenses</b>						
General government	1,148,674	986,656	-0-	-0-	1,148,674	986,656
Public safety	4,481,867	4,070,067	-0-	-0-	4,481,867	4,070,067
Highways and street	2,498,517	3,312,108	-0-	-0-	2,498,517	3,312,108
Health and sanitation	137,997	130,326	-0-	-0-	137,997	130,326
Culture and recreation	1,657,370	2,007,531	-0-	-0-	1,657,370	2,007,531
Economic development	135,006	130,072	-0-	-0-	135,006	130,072
Environment protection	8,089	5,225	-0-	-0-	8,089	5,225
Interest on long-term debt	978,136	1,114,864	-0-	-0-	978,136	1,114,864
Water	-0-	-0-	232,378	222,484	232,378	222,484
Sewer	-0-	-0-	1,342,371	1,260,875	1,342,371	1,260,875
Recycling/Trash	-0-	-0-	522,325	540,964	522,325	540,964
<b>Total Expenses</b>	<u>11,045,656</u>	<u>11,756,849</u>	<u>2,097,074</u>	<u>2,024,323</u>	<u>13,142,730</u>	<u>13,781,172</u>
Excess (deficiency) of revenues over						
expenses before transfers	14,880,663	162,812	1,383,397	1,206,571	16,264,060	1,369,383
Transfers in (out)	(1,126,047)	(153,477)	1,126,047	153,477	-0-	-0-
<b>Change in net position</b>	<u>\$ 13,754,616</u>	<u>\$ 9,335</u>	<u>\$ 2,509,444</u>	<u>\$ 1,360,048</u>	<u>\$ 16,264,060</u>	<u>\$ 1,369,383</u>

*[The remainder of this page intentionally left blank]*

**Governmental Activities.** Governmental activities increased the City's net position by \$13,754,616 in 2015. The increase is the result of special assessment taxes being assessed for new projects totaling \$13,713,815 for 2015.

Total governmental activity revenues increased by \$14,006,658 for 2015. Special assessment taxes account for \$13,713,815 of the tax increase. Sales tax revenues increased \$411,309, due in part due to the passage of a dedicated ¾% sales tax which began in October, 2015. In addition, there was an increase in administrative fees charged to projects during 2015 of \$154,113. Property tax revenues increased \$533,440.

Total governmental activity expenses increased by \$711,193 for 2015. General government expenses increased \$162,018 due to refunding bond issuance costs incurred in 2015 of \$45,626, increased accrued compensated absence liabilities of \$40,835 and a shift of capital outlays to operating expenditures of about \$69,328. Public Safety expenses increased \$411,800 for 2015, which is primarily related to increased wage and benefit costs for police and fire operations of \$395,584. Highways and street expenses decreased \$813,591 in 2015 as a result of reduced street maintenance rehabilitation and planned conservation of assets for future expensive planned street projects. Culture and recreation expenses decreased by \$350,161 due to park operating expenses returning to normal operating levels from increased one-time costs incurred during 2014. Salaries and benefits continue to be a significant portion of the operating expenses for many functional areas and comprise approximately 51% of total operating costs, excluding debt service, for governmental activities. Total salaries and wages actually increased by \$414,663 for 2015 with the significant portion of that increase in the public safety function of the City. Benefit costs continued to rise with the KP&F retirement rates increasing by 1.44%. The City did incur a slight decrease in health insurance cost for 2015 totaling \$12,805, or approximately 2%.

**Business-type Activities.** Business-type activities increased the City's net position by \$2,509,444 in 2015. Operating revenues increased by \$234,879 and operating expenses increased \$95,713 over the 2014 levels. The result was an increase in income from operations of \$139,166. Total income before contributions and transfers was \$1,346,351. Contributions from the municipality in the form of water and sewer lines were received during 2015 of \$1,232,850, which contributed significantly to the net position increase for the business-type activities.

## **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 2014, the City's governmental funds reported total fund balance of \$18,029,407 compared to fund balance of \$6,638,189 for the prior year, an increase of \$11,391,218.

### **General Fund**

The General Fund is the primary operating fund of the City. At the end of 2015, \$855,533 of the fund balance was committed and \$1,292,746 was unassigned, for a total fund balance of \$2,148,279, which was \$261,654 or 13.9% more than the prior year's General Fund total fund balance. The reason for the increased fund balance was an increase in revenues primarily from property and sales tax in the amount of \$488,211. The increase in revenue was partially offset by an increase in public safety expenses of \$387,872. This was the result of vehicle purchases by both police and fire. Included in the fund balance increase was the reduction of transfers out of \$50,625 and an increase in the transfers in of \$154,113.

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, 60.2% is unassigned. The committed amount is for current resources which were included in the subsequent year's budget to be used to finance operations for the ensuing year.

### **Street Improvement Fund**

The Street Improvement Fund had an increase in the fund balance of \$1,641,522 or 57.6%. The decrease of \$2,068,732 in expenses was from lower expenses on street construction due to fewer improvements to arterial roads.

### **Debt Service Fund**

In the Debt Service Fund, the fund balance increased \$587,629 or 35.3%. The increase can be attributed to prepayment of special assessments totaling \$510,927.

### **Capital Project Fund**

The Capital Project Fund had an increase of \$8,990,235 in the fund balance. This is due to projects that were substantially completed in 2014, with the bonds being issued in 2015. Also, two capital projects that were initiated in 2015 had temporary notes issued, but the majority construction expenses will not be incurred until 2016.

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

The total net position of the enterprise funds increased \$2,509,444. This was due primarily to operating revenue outpacing operating expenses by \$1,346,351, and the contribution of water and sewer capital assets from developers and the municipality totaling \$1,232,850. Sewer utility rates increased approximately 4.7% effective January 1, 2015. Trash and storm water rates had no increases in 2015.

### **Water Utility Fund**

The total net position of the Water Utility Fund increased by \$258,331, due to the increase in new infrastructure built and contributed in 2015 of \$367,053.

### **Sewer Utility Fund**

The total net position of the Sewer Utility Fund increased by \$2,182,974, due to the utility user fees collections more than offsetting expenses by \$1,387,371. The net cost of infrastructure built and contributed in 2015 accounted for \$865,797 of the increase.

### **Recycling/Trash Utility Fund**

For the sixth year the Recycling/Trash Utility Fund, revenues exceeded expenses, resulting in an increase in the net position of \$68,139.

### **General Fund Budgetary Highlights**

Actual General Fund revenues were higher than the final budget by \$871,222, of which \$308,859 can be attributed to a higher than projected collection of taxes. Revenue from administrative fees charged to capital projects exceeded budget by \$154,113. The remainder was primarily due to a higher than anticipated volume of construction permits, \$260,781, and fines and forfeitures of, \$52,959. The expenditures from the General Fund at year-end were \$361,559 less than the final budget. The savings in personnel expenditures was \$214,324 and the savings in contractual expenses was \$156,310.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets as of December 31, 2015, amounted to \$73,856,051 (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 \$1,575,959, or 2.2%, for 2015.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,572,628	\$ 1,439,558	\$ 123,946	\$ 123,946	\$ 1,696,574	\$ 1,563,504
Building and improvements	9,060,817	8,780,662	3,301,921	3,410,002	12,362,738	12,190,664
Impr. other than buildings	319,859	296,988	20,078,206	19,383,833	20,398,065	19,680,821
Machinery and equipment	1,099,159	1,360,578	327,933	66,953	1,427,092	1,427,531
Infrastructure	35,541,340	33,395,117	-0-	-0-	35,541,340	33,395,117
Construction in progress	2,430,242	4,022,455	-0-	-0-	2,430,242	4,022,455
Capital assets, net	<u>\$ 50,024,045</u>	<u>\$ 49,295,358</u>	<u>\$ 23,832,006</u>	<u>\$ 22,984,734</u>	<u>\$ 73,856,051</u>	<u>\$ 72,280,092</u>

Some of the City's major capital asset events in 2015 were:

- \* The decrease in construction in progress of \$1,592,213, was the net result of completion of of new water and sewer lines, and streets and drainage systems in 1 new commercial and 3 new residential developments and the start of new construction in another commercial development. These completions are reflected in the increase in infrastructure.
- \* The primary purchases in machinery and equipment were vehicles for police, parks and wastewater departments.

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, 2015 the City's total long-term debt obligations outstanding are \$46,272,761. This amount is comprised of \$36,195,000 of general obligation bonds and \$411,457 of unamortized bond premium on those bonds and are secured by future tax revenues from governmental activities. The City has \$5,773,000 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 has \$136,550 of outstanding capital lease obligations which will be funded by resources from governmental activities. During 2015, the City retired \$2,595,000 of temporary notes, which were permanently financed with general obligation bonds. There were also \$2,170,000 of temporary notes issued in 2015. Of these, \$1,170,000 will be permanently financed in the future with general obligation bonds. The remaining \$1,000,000 will be retired in the future with proceeds from a dedicated ¾% sales tax. The remaining long-term debt obligations totaling \$789,779 pertain 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 \$8,000,566, or about 20.9% during the current year. General obligation bonds totaling \$10,320,000 were issued during 2015. The City retired \$2,595,000 and issued \$2,170,000 of temporary notes during 2015 for financing of certain improvement projects.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The unemployment rate for Butler County, in which Andover is located, is currently 3.7% which is a decrease from the rate of 4.5% a year ago. This compares to the state's average unemployment rate of 4% and the national average of 5%. Inflationary trends in the region compare favorably to national indices. Assessed valuation increased 3.3% between the 2015 and 2016 budgets. These and other factors were considered in preparing the City of Andover's budget for the 2016 fiscal year.

During 2015, the budgetary fund balance in the General Fund increased to \$1,869,466. The City anticipated a carry forward fund balance of \$855,533 when it adopted its 2016 operating budget.

The rates for the sewer utility increased 4.7% in 2015, and there is no increase planned for January 2016. The annual rate increases are considered in preparation for future major sewer plant expansion and improvements.

## **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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b><u>ASSETS</u></b>				
Cash and investments	\$ 20,643,617	\$ 2,335,916	\$ 22,979,533	\$ 401,372
Receivables:				
Property taxes	4,861,474	-	4,861,474	-
Special assessment taxes	39,463,666	-	39,463,666	-
Sales taxes	286,123	-	286,123	-
Franchise fees	109,785	-	109,785	-
Trade accounts, net	50,558	331,547	382,105	-
Prepaid items	927,551	-	927,551	-
Restricted assets	-	5,140,790	5,140,790	-
Capital assets:				
Land	1,572,628	123,946	1,696,574	-
Buildings	11,654,909	5,613,756	17,268,665	-
Improvements other than buildings	749,636	28,531,958	29,281,594	-
Infrastructure	61,656,520	-	61,656,520	-
Machinery and equipment	7,426,237	972,853	8,399,090	352,630
Less accumulated depreciation	(35,466,127)	(11,410,507)	(46,876,634)	(218,760)
Construction work in progress	2,430,242	-	2,430,242	-
	<u>116,366,819</u>	<u>31,640,259</u>	<u>148,007,078</u>	<u>535,242</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred outflows related to pension liabilities	435,232	-	435,232	-
Deferred outflows for deferred refunding bond costs	8,972	-	8,972	-
	<u>444,204</u>	<u>-</u>	<u>444,204</u>	<u>-</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	1,684,414	66,745	1,751,159	231
Accrued wages payable	96,871	11,693	108,564	-
Accrued interest payable	284,146	-	284,146	-
Temporary notes payable	2,170,000	-	2,170,000	-
Noncurrent liabilities:				
Due within one year	4,852,396	21,609	4,874,005	-
Due in more than one year	41,372,674	26,082	41,398,756	-
	<u>50,460,501</u>	<u>126,129</u>	<u>50,586,630</u>	<u>231</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflows of resources:				
Property taxes receivable	4,861,474	-	4,861,474	-
Pension liabilities	173,555	-	173,555	-
	<u>5,035,029</u>	<u>-</u>	<u>5,035,029</u>	<u>-</u>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	13,165,372	23,832,006	36,997,378	133,870
Restricted for:				
Debt service	41,741,497	-	41,741,497	-
Street improvements	8,205,075	-	8,205,075	-
General government	581,815	-	581,815	-
Recreation	2,397,471	-	2,397,471	-
Economic development	221,850	-	221,850	-
Public safety	987,950	-	987,950	-
Wastewater expansion and equipment	-	5,140,790	5,140,790	-
Unrestricted	(5,985,537)	2,541,334	(3,444,203)	401,141
	<u>\$ 61,315,493</u>	<u>\$ 31,514,130</u>	<u>\$ 92,829,623</u>	<u>\$ 535,011</u>

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

CITY OF ANDOVER, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>								
General government	\$ 1,148,674	\$ 248,586	\$ -	\$ -	\$ (900,088)	\$ -	\$ (900,088)	\$ -
Public safety	4,481,867	567,177	9,436	677,073	(3,228,181)	-	(3,228,181)	-
Highways and streets	2,498,517	186,033	400,133	554,246	(1,358,105)	-	(1,358,105)	-
Health and sanitation	137,997	-	-	-	(137,997)	-	(137,997)	-
Culture and recreation	1,657,370	479,150	-	-	(1,178,220)	-	(1,178,220)	-
Economic development	135,006	29,153	-	-	(105,853)	-	(105,853)	-
Environmental protection	8,089	-	-	-	(8,089)	-	(8,089)	-
Interest on long-term debt	978,136	-	-	13,713,815	12,735,679	-	12,735,679	-
Total Governmental Activities	<u>\$11,045,656</u>	<u>\$ 1,510,099</u>	<u>\$ 409,569</u>	<u>\$14,945,134</u>	<u>5,819,146</u>	<u>-</u>	<u>5,819,146</u>	<u>-</u>
<b>Business-Type Activities:</b>								
Water Utility	\$ 232,378	\$ 123,165	\$ -	\$ -	-	(109,213)	(109,213)	-
Sewer Utility	1,342,371	2,729,919	-	26,100	-	1,413,648	1,413,648	-
Recycling/Trash Utility	<u>522,325</u>	<u>590,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,016</u>	<u>68,016</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 2,097,074</u>	<u>\$ 3,443,425</u>	<u>\$ -</u>	<u>\$ 26,100</u>	<u>-</u>	<u>1,372,451</u>	<u>1,372,451</u>	<u>-</u>
<b>Component Unit:</b>								
Andover Public Library	<u>\$ 523,711</u>	<u>\$ 83,365</u>	<u>\$ 88,270</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(352,076)</u>
<b>General Revenues and Transfers:</b>								
Property taxes levied for:								
General purposes					5,340,907	-	5,340,907	-
Debt service					363,817	-	363,817	-
Sales taxes					2,400,178	-	2,400,178	-
Franchise taxes					778,129	-	778,129	-
Tourism taxes					145,676	-	145,676	-
Payment from City of Andover					-	-	-	421,200
Investment earnings					32,810	10,946	43,756	2,025
Transfers in (out)					<u>(1,126,047)</u>	<u>1,126,047</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>7,935,470</u>	<u>1,136,993</u>	<u>9,072,463</u>	<u>423,225</u>
Change in net position					<u>13,754,616</u>	<u>2,509,444</u>	<u>16,264,060</u>	<u>71,149</u>
Net position at beginning of year:								
As previously reported					50,371,728	29,004,686	79,376,414	463,862
Adjustment to record net pension liability					<u>(2,810,851)</u>	<u>-</u>	<u>(2,810,851)</u>	<u>-</u>
As restated					<u>47,560,877</u>	<u>29,004,686</u>	<u>76,565,563</u>	<u>463,862</u>
Net position at end of year					<u>\$ 61,315,493</u>	<u>\$ 31,514,130</u>	<u>\$ 92,829,623</u>	<u>\$ 535,011</u>

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

## **FUND FINANCIAL STATEMENTS**

**CITY OF ANDOVER, KANSAS**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**

**December 31, 2015**

	General	Street Improvement	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$2,184,668	\$ 4,350,506	\$ 2,249,803	\$ 8,350,209	\$ 3,508,431	\$ 20,643,617
Prepaid equipment deposit	-	-	-	897,989	-	897,989
Property taxes receivable	3,010,386	-	3,393	-	1,847,695	4,861,474
Special assessment taxes receivable	-	-	39,463,666	-	-	39,463,666
Franchise fees receivable	109,785	-	-	-	-	109,785
Sales taxes receivable	122,624	163,499	-	-	-	286,123
Accounts receivable	-	-	-	-	50,558	50,558
 Total assets	<u>\$5,427,463</u>	<u>\$ 4,514,005</u>	<u>\$ 41,716,862</u>	<u>\$ 9,248,198</u>	<u>\$ 5,406,684</u>	<u>\$ 66,313,212</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 174,205	\$ 24,024	\$ -	\$ 1,424,041	\$ 62,144	\$ 1,684,414
Accrued wages payable	94,593	-	-	-	2,278	96,871
Accrued interest payable	-	-	-	7,380	-	7,380
Temporary notes payable	-	-	-	2,170,000	-	2,170,000
 Total liabilities	<u>268,798</u>	<u>24,024</u>	<u>-</u>	<u>3,601,421</u>	<u>64,422</u>	<u>3,958,665</u>
Deferred inflows of resources:						
Property taxes receivable	3,010,386	-	3,393	-	1,847,695	4,861,474
Special assessment taxes receivable	-	-	39,463,666	-	-	39,463,666
	<u>3,010,386</u>	<u>-</u>	<u>39,467,059</u>	<u>-</u>	<u>1,847,695</u>	<u>44,325,140</u>
Fund balances (deficit):						
Restricted:						
General government	-	-	-	-	581,815	581,815
Debt service	-	-	2,249,803	-	28,028	2,277,831
Street improvements	-	4,489,981	-	3,715,094	-	8,205,075
Recreation	-	-	-	2,226,966	170,505	2,397,471
Economic development	-	-	-	-	221,850	221,850
Public safety	-	-	-	897,989	89,961	987,950
Committed:						
General government	855,533	-	-	-	-	855,533
Street improvements	-	-	-	-	1,083,373	1,083,373
Parks and recreation	-	-	-	-	67,360	67,360
Assigned:						
Recreation	-	-	-	-	56,555	56,555
Capital outlay	-	-	-	-	1,195,120	1,195,120
Unassigned	1,292,746	-	-	(1,193,272)	-	99,474
 Total fund balances	<u>2,148,279</u>	<u>4,489,981</u>	<u>2,249,803</u>	<u>5,646,777</u>	<u>3,494,567</u>	<u>18,029,407</u>
 Total liabilities, deferred inflows and fund balances	<u>\$5,427,463</u>	<u>\$ 4,514,005</u>	<u>\$ 41,716,862</u>	<u>\$ 9,248,198</u>	<u>\$ 5,406,684</u>	<u>\$ 66,313,212</u>

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

CITY OF ANDOVER, KANSAS

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

December 31, 2015

Total Governmental Fund Balances		\$ 18,029,407
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	\$ 85,490,172	
Accumulated depreciation	<u>(35,466,127)</u>	50,024,045
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		39,463,666
Prepaid expenses		29,562
Deferred refunding bond costs resulting from issuance of refunding bonds are recognized as deferred outflows of resources in the government-wide financial statements		
		8,972
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	244,167	
Accrued interest payable on Andover Public Building Commission revenue bonds	32,599	
Compensated absences payable	742,088	
General obligation bonds payable Andover Public Building Commission Revenue bonds payable	36,195,000	
Capital lease obligations payable	5,773,000	
Unamortized premium on general obligation bonds payable	136,550	
Unamortized premium on Andover Public Building Commission revenue bonds payable	365,033	
Net pension liability for Kansas Police & Fire retirement plan including deferred outflows and deferred inflows related to pensions	46,424	
	<u>2,705,298</u>	<u>(46,240,159)</u>
Net Position of Governmental Activities		<u>\$ 61,315,493</u>

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, 2015

	General	Street Improvement	Debt Service	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property and sales taxes	\$ 3,624,488	\$ 2,150,058	\$ 15,111	\$ -	\$ 2,439,184	\$ 8,228,841
Special assessment taxes	-	-	4,792,957	92,740	-	4,885,697
Intergovernmental	52,747	461,506	-	-	397,369	911,622
Licenses and permits	1,008,533	-	-	-	190,965	1,199,498
Charges for services	50,076	-	-	-	106,525	156,601
Fines and forfeitures	282,595	-	-	-	-	282,595
Use of money and property	5,480	6,556	4,822	3,108	454,754	474,720
Miscellaneous	30,182	-	-	-	91,378	121,560
<b>Total revenues</b>	<b>5,054,101</b>	<b>2,618,120</b>	<b>4,812,890</b>	<b>95,848</b>	<b>3,680,175</b>	<b>16,261,134</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	779,159	-	45,626	-	166,653	991,438
Public safety	3,164,896	-	-	-	1,217,582	4,382,478
Highways and streets	271,481	824,750	-	-	663,098	1,759,329
Health and sanitation	-	-	-	-	136,581	136,581
Culture and recreation	568,609	-	-	-	963,607	1,532,216
Environmental protection	238	-	-	-	7,851	8,089
Economic development	-	-	-	-	135,006	135,006
Capital improvements	-	-	-	2,245,920	201,473	2,447,393
Debt Service	49,202	-	4,475,046	29,093	391,121	4,944,462
<b>Total expenditures</b>	<b>4,833,585</b>	<b>824,750</b>	<b>4,520,672</b>	<b>2,275,013</b>	<b>3,882,972</b>	<b>16,336,992</b>
<b>Revenues over (under) expenditures</b>	<b>220,516</b>	<b>1,793,370</b>	<b>292,218</b>	<b>(2,179,165)</b>	<b>(202,797)</b>	<b>(75,858)</b>
<b>Other financing sources (uses):</b>						
Issuance of general obligation refunding bonds	-	-	2,500,000	-	-	2,500,000
Net premium on sale of general obligation refunding bonds	-	-	137,171	-	-	137,171
Issuance of general obligation bonds	-	-	-	7,820,000	-	7,820,000
Premium on sale of general obligation bonds	-	-	-	118,653	-	118,653
Issuance of Andover Public Building Commission revenue bonds	-	-	-	3,320,000	-	3,320,000
Premium on sale of Andover Public Building Commission revenue bonds	-	-	-	64,860	-	64,860
Payment to refunding bond escrow agent	-	-	(2,600,411)	-	-	(2,600,411)
Transfers in	154,113	-	258,651	-	282,068	694,832
Transfers out	(112,975)	(151,848)	-	(154,113)	(169,093)	(588,029)
<b>Total other financing sources (uses)</b>	<b>41,138</b>	<b>(151,848)</b>	<b>295,411</b>	<b>11,169,400</b>	<b>112,975</b>	<b>11,467,076</b>
<b>Net change in fund balances</b>	<b>261,654</b>	<b>1,641,522</b>	<b>587,629</b>	<b>8,990,235</b>	<b>(89,822)</b>	<b>11,391,218</b>
<b>Fund balances (deficit), beginning of year</b>	<b>1,886,625</b>	<b>2,848,459</b>	<b>1,662,174</b>	<b>(3,343,458)</b>	<b>3,584,389</b>	<b>6,638,189</b>
<b>Fund balances, end of year</b>	<b>\$ 2,148,279</b>	<b>\$ 4,489,981</b>	<b>\$ 2,249,803</b>	<b>\$ 5,646,777</b>	<b>\$ 3,494,567</b>	<b>\$ 18,029,407</b>

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, 2015

Net Change in Fund Balances – Total Governmental Funds		\$ 11,391,218
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	\$ 3,595,502	
Depreciation	<u>(3,491,141)</u>	
Excess of capital outlays over depreciation expense		104,361
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	10,320,000	
Andover Public Building Commission revenue bonds	<u>3,320,000</u>	
Total bond issues		(13,640,000)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		
		106,209
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	6,045,000	
Andover Public Building Commission revenue bond payment	284,000	
Capital lease obligations	<u>41,299</u>	
Total payments on long-term liabilities		6,370,299
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		
		(239,427)
In the statement of activities the deferred refunding costs increases deferred outflows of resources but does not provide current resources to the governmental funds. Amortization of the deferred refunding costs is reflected in the statement of activities but is not reported as expenditures in the governmental funds:		
Deferred refunding costs	10,411	
Amortization of deferred refunding costs	<u>(1,439)</u>	
		8,972
In the statement of activities the noncash contribution of assets are reported as a revenue item however, they are not reported in the governmental funds		
		646,713
In the statement of activities the loss on the disposition of assets is included as an expense in the functional area of the asset however, in the governmental funds statement only cash proceeds received are reported in the statement		
		(22,387)
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.		
		105,553
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		
		9,040,859
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	(1,558)	
Compensated absences payable	<u>(116,196)</u>	
Total		<u>(117,754)</u>
Change in Net Position of Governmental Activities		<u>\$ 13,754,616</u>

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, 2015**

**(continued on next page)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues and other sources:</b>				
Taxes	\$ 3,193,004	\$ 3,193,004	\$ 3,501,863	\$ 308,859
Intergovernmental	–	–	52,747	52,747
Licenses, fees and permits	724,500	724,500	985,281	260,781
Charges for services	55,890	55,890	50,076	(5,814)
Fines and forfeitures	230,000	230,000	282,595	52,595
Use of money and property	28,500	28,500	5,480	(23,020)
Miscellaneous	1,001	1,001	30,182	29,181
Transfers in	–	–	154,113	154,113
Cancellation of prior year encumbrances	–	–	41,780	41,780
<b>Total revenues and other sources</b>	<u>4,232,895</u>	<u>4,232,895</u>	<u>5,104,117</u>	<u>871,222</u>
<b>Expenditures, encumbrances and other uses:</b>				
<b>General government:</b>				
<b>General department:</b>				
Personal services	493,261	493,261	465,291	27,970
Contractual services	320,650	320,650	295,100	25,550
Commodities	20,300	20,300	19,165	1,135
Contingencies	12,000	12,000	–	12,000
Contingencies	52,108	52,108	–	52,108
<b>Total general government</b>	<u>898,319</u>	<u>898,319</u>	<u>779,556</u>	<u>118,763</u>

**CITY OF ANDOVER, KANSAS**

**GENERAL FUND**

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

**Year ended December 31, 2015  
(continued from previous page)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public safety:				
Police department:				
Personal services	\$ 1,353,567	\$ 1,353,567	\$ 1,323,824	\$ 29,743
Contractual services	195,820	195,820	161,194	34,626
Commodities	136,725	136,725	135,592	1,133
Capital outlay	91,000	91,000	110,737	(19,737)
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>35,000</u>	<u>(30,000)</u>
Total police department	<u>1,782,112</u>	<u>1,782,112</u>	<u>1,766,347</u>	<u>15,765</u>
Fire department:				
Personal services	721,746	721,746	687,832	33,914
Contractual services	72,901	72,901	60,426	12,475
Commodities	88,808	88,808	81,816	6,992
Capital outlay	42,034	42,034	–	42,034
Debt service	–	–	49,202	(49,202)
Transfers out	<u>20,975</u>	<u>20,975</u>	<u>20,975</u>	<u>–</u>
Total fire department	<u>946,464</u>	<u>946,464</u>	<u>900,251</u>	<u>46,213</u>
Municipal Court department:				
Personal services	57,283	57,283	48,592	8,691
Contractual services	48,900	48,900	42,496	6,404
Commodities	2,100	2,100	4,667	(2,567)
Transfers out	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>–</u>
Total Municipal Court department	<u>110,283</u>	<u>110,283</u>	<u>97,755</u>	<u>12,528</u>
Total public safety	<u>2,838,859</u>	<u>2,838,859</u>	<u>2,764,353</u>	<u>74,506</u>

**CITY OF ANDOVER, KANSAS**

**GENERAL FUND**

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

**Year ended December 31, 2015  
(continued from previous page)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Highways and streets:				
Street department:				
Personal services	\$ 270,211	\$ 270,211	\$ 253,673	\$ 16,538
Contractual services	20,900	20,900	14,536	6,364
Commodities	12,050	12,050	3,272	8,778
Transfers out	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>—</u>
Total highways and streets	<u>318,161</u>	<u>318,161</u>	<u>286,481</u>	<u>31,680</u>
Recreation:				
Park department:				
Personal services	353,313	353,313	300,922	52,391
Contractual services	126,605	126,605	92,948	33,657
Commodities	111,600	111,600	123,535	(11,935)
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>—</u>	<u>20,000</u>
Total park department	<u>611,518</u>	<u>611,518</u>	<u>517,405</u>	<u>94,113</u>
Recreation Programs:				
Contractual services	25,671	25,671	16,728	8,943
Commodities	<u>31,433</u>	<u>31,433</u>	<u>22,620</u>	<u>8,813</u>
Total recreation programs	<u>57,104</u>	<u>57,104</u>	<u>39,348</u>	<u>17,756</u>
Total recreation	<u>668,622</u>	<u>668,622</u>	<u>556,753</u>	<u>111,869</u>

**CITY OF ANDOVER, KANSAS**

**GENERAL FUND**

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

**Year ended December 31, 2015  
(continued from previous page)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Environmental Protection:				
Composting Program:				
Personal services	\$ 3,840	\$ 3,840	\$ 32	\$ 3,808
Commodities	<u>450</u>	<u>450</u>	<u>206</u>	<u>244</u>
Total composting program	<u>4,290</u>	<u>4,290</u>	<u>238</u>	<u>4,052</u>
Information Technology Department:				
Personal services	104,400	104,400	72,677	31,723
Contractual services	173,195	173,195	148,718	24,477
Commodities	18,500	18,500	61,182	(42,682)
Capital outlay	80,600	80,600	58,579	22,021
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>35,000</u>	<u>(30,000)</u>
Total Information Technology Department	<u>381,695</u>	<u>381,695</u>	<u>376,156</u>	<u>5,539</u>
Building Inspection Department:				
Personal services	153,900	153,900	144,354	9,546
Contractual services	22,860	22,860	19,046	3,814
Commodities	8,000	8,000	6,210	1,790
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>—</u>
Total Building Inspection Department	<u>189,760</u>	<u>189,760</u>	<u>174,610</u>	<u>15,150</u>
Total expenditures, encumbrances and other uses	<u>5,299,706</u>	<u>5,299,706</u>	<u>4,938,147</u>	<u>361,559</u>

**CITY OF ANDOVER, KANSAS**

**GENERAL FUND**

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

**Year ended December 31, 2015  
(continued from previous page)**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources over (under) expenditures, encumbrances and other uses	\$ (1,066,811)	\$ (1,066,811)	\$ 165,970	\$ 1,232,781
Fund balance, beginning of year	<u>1,241,811</u>	<u>1,241,811</u>	<u>1,703,496</u>	<u>461,685</u>
Fund balance, end of year	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 1,869,466</u>	<u>\$ 1,694,466</u>

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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales tax	\$2,000,000	\$2,000,000	\$2,145,828	\$ 145,828
Intergovernmental	–	–	461,506	461,506
Use of money and property	3,500	3,500	6,556	3,056
Cancellation of prior year encumbrances	<u>–</u>	<u>–</u>	<u>297,243</u>	<u>297,243</u>
Total revenues	<u>2,003,500</u>	<u>2,003,500</u>	<u>2,911,133</u>	<u>907,633</u>
Expenditures:				
Contractual services	–	–	4,882	(4,882)
Capital outlay	1,302,032	2,186,032	705,154	1,480,878
Transfers out	<u>151,848</u>	<u>151,848</u>	<u>151,848</u>	<u>–</u>
Total expenditures	<u>1,453,880</u>	<u>2,337,880</u>	<u>861,884</u>	<u>1,475,996</u>
Revenues over (under) expenditures	549,620	(334,380)	2,049,249	2,383,629
Fund balance, beginning of year	<u>3,377,965</u>	<u>3,377,965</u>	<u>2,277,233</u>	<u>(1,100,732)</u>
Fund balance, end of year	<u>\$ 3,927,585</u>	<u>\$ 3,043,585</u>	<u>\$4,326,482</u>	<u>\$1,282,897</u>

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

**CITY OF ANDOVER, KANSAS**

**STATEMENT OF NET POSITION – ALL ENTERPRISE FUNDS**

**December 31, 2015**

	Business-type Activities Enterprise Funds			Total Enterprise Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Recycling/ Trash Utility</u>	
<b>ASSETS</b>				
Current assets:				
Cash including investments	\$ 337,752	\$ 1,871,088	\$ 127,076	\$ 2,335,916
Trade accounts receivable	<u>10,746</u>	<u>259,326</u>	<u>61,475</u>	<u>331,547</u>
Total current assets	<u>348,498</u>	<u>2,130,414</u>	<u>188,551</u>	<u>2,667,463</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments restricted for:				
Sewage equipment	–	228,648	–	228,648
Sewage treatment expansion	<u>–</u>	<u>4,912,142</u>	<u>–</u>	<u>4,912,142</u>
Total restricted assets	<u>–</u>	<u>5,140,790</u>	<u>–</u>	<u>5,140,790</u>
Capital assets:				
Land	–	123,946	–	123,946
Water mains and distribution lines	10,177,848	–	–	10,177,848
Sewage mains and distribution lines	–	18,354,110	–	18,354,110
Sewage disposal plant	–	5,613,756	–	5,613,756
Machinery and equipment	<u>13,515</u>	<u>958,041</u>	<u>1,297</u>	<u>972,853</u>
	10,191,363	25,049,853	1,297	35,242,513
Less accumulated depreciation	<u>(3,118,038)</u>	<u>(8,291,172)</u>	<u>(1,297)</u>	<u>(11,410,507)</u>
Capital assets, net	<u>7,073,325</u>	<u>16,758,681</u>	<u>–</u>	<u>23,832,006</u>
Total assets	<u>7,421,823</u>	<u>24,029,885</u>	<u>188,551</u>	<u>31,640,259</u>

	Business-type Activities Enterprise Funds			Total Enterprise Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Recycling/ Trash Utility</u>	
<b><u>LIABILITIES</u></b>				
Current liabilities:				
Accounts payable	\$ 430	\$ 19,626	\$ 46,689	\$ 66,745
Accrued wages payable	-	10,914	779	11,693
Current portion of accrued compensated absences payable	<u>-</u>	<u>21,609</u>	<u>-</u>	<u>21,609</u>
Total current liabilities	430	52,149	47,468	100,047
Noncurrent liabilities:				
Long-term portion of accrued compensated absences payable	<u>-</u>	<u>26,082</u>	<u>-</u>	<u>26,082</u>
Total liabilities	<u>430</u>	<u>78,231</u>	<u>47,468</u>	<u>126,129</u>
<b><u>NET POSITION</u></b>				
Net position:				
Net investment in capital assets	7,073,325	16,758,681	-	23,832,006
Restricted for:				
Sewage equipment	-	228,648	-	228,648
Sewage treatment expansion	-	4,912,142	-	4,912,142
Unrestricted	<u>348,068</u>	<u>2,052,183</u>	<u>141,083</u>	<u>2,541,334</u>
	<u>\$ 7,421,393</u>	<u>\$ 23,951,654</u>	<u>\$ 141,083</u>	<u>\$ 31,514,130</u>

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, 2015**

	Business-type Activities –Enterprise Funds			Total Enterprise Funds
	Water Utility	Sewer Utility	Recycling/ Trash Utility	
Operating revenues:				
Sales of services	\$ 123,165	\$ 2,723,234	\$ 590,341	\$ 3,436,740
Other	–	6,685	–	6,685
Total operating revenues	<u>123,165</u>	<u>2,729,919</u>	<u>590,341</u>	<u>3,443,425</u>
Operating expenses:				
Personal services	22,922	409,462	28,051	460,435
Contractual services	4,758	274,102	491,846	770,706
Commodities	28	90,212	2,428	92,668
Depreciation	204,670	568,595	–	773,265
Total operating expenses	<u>232,378</u>	<u>1,342,371</u>	<u>522,325</u>	<u>2,097,074</u>
Operating income (loss)	<u>(109,213)</u>	<u>1,387,548</u>	<u>68,016</u>	<u>1,346,351</u>
Nonoperating revenues and expenses:				
Interest income	491	10,332	123	10,946
Gain on disposal of assets	–	26,100	–	26,100
Net nonoperating revenues (expenses)	<u>491</u>	<u>36,432</u>	<u>123</u>	<u>37,046</u>
Income (loss) before contributions and transfers	(108,722)	1,423,980	68,139	1,383,397
Contribution from municipality	367,053	865,797	–	1,232,850
Transfers out	–	(106,803)	–	(106,803)
Change in net position	258,331	2,182,974	68,139	2,509,444
Net position, beginning of year	<u>7,163,062</u>	<u>21,768,680</u>	<u>72,944</u>	<u>29,004,686</u>
Net position, end of year	<u>\$7,421,393</u>	<u>\$ 23,951,654</u>	<u>\$ 141,083</u>	<u>\$31,514,130</u>

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

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

**Year ended December 31, 2015**

(continued on next page)

	Business-type Activities Enterprise Funds			Total Enterprise Funds
	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Recycling/ Trash Utility</u>	
Cash flows from operating activities:				
Cash received from customers	\$ 121,125	\$ 2,738,625	\$ 586,404	\$ 3,446,154
Cash payments to vendors for materials and supplies	(4,356)	(344,688)	(502,316)	(851,360)
Cash paid to employees	(22,922)	(395,282)	(27,272)	(445,476)
Other cash receipts	<u>—</u>	<u>6,685</u>	<u>—</u>	<u>6,685</u>
Net cash provided by operating activities	<u>93,847</u>	<u>2,005,340</u>	<u>56,816</u>	<u>2,156,003</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(30,476)	(357,211)	—	(387,687)
Proceeds from sale of capital assets	<u>—</u>	<u>26,100</u>	<u>—</u>	<u>26,100</u>
Net cash used by financing activities	<u>(30,476)</u>	<u>(331,111)</u>	<u>—</u>	<u>(361,587)</u>
Cash flows from noncapital financing activities:				
Transfers out	<u>—</u>	<u>(106,803)</u>	<u>—</u>	<u>(106,803)</u>
Cash flows from investing Activities - interest received	<u>491</u>	<u>10,332</u>	<u>123</u>	<u>10,946</u>
Net increase (decrease) in cash and cash equivalents	63,862	1,577,758	56,939	1,698,559
Cash and cash equivalents at beginning of year	<u>273,890</u>	<u>5,434,120</u>	<u>70,137</u>	<u>5,778,147</u>
Cash and cash equivalents at end of year	<u>\$ 337,752</u>	<u>\$ 7,011,878</u>	<u>\$ 127,076</u>	<u>\$ 7,476,706</u>
Cash and cash equivalents	\$ 337,752	\$ 1,871,088	\$ 127,076	\$ 2,335,916
Restricted cash and cash equivalents included in restricted cash and investments	<u>—</u>	<u>5,140,790</u>	<u>—</u>	<u>5,140,790</u>
Cash and cash equivalents, end of year	<u>\$ 337,752</u>	<u>\$ 7,011,878</u>	<u>\$ 127,076</u>	<u>\$ 7,476,706</u>

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

**Year ended December 31, 2015**

**(continued from previous page)**

	Business-type Activities --Enterprise Funds			Total Enterprise Funds
	Water Utility	Sewer Utility	Recycling/ Trash Utility	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Cash flows from operating activities:				
Operating income (loss)	\$ (109,213)	\$ 1,387,548	\$ 68,016	\$1,346,351
Adjustments to reconcile net cash provided by operating income (loss) to net cash provided by operating activities:				
Depreciation	204,670	568,595	–	773,265
Decrease (increase) in accounts receivable	(2,040)	15,390	(3,937)	9,413
Increase (decrease) in accounts payable	430	19,626	(8,042)	12,014
Increase (decrease) in accrued wages payable	–	10,914	779	11,693
Decrease in compensated absences payable	–	3,267	–	3,267
	<u>\$ 93,847</u>	<u>\$ 2,005,340</u>	<u>\$ 56,816</u>	<u>\$ 2,156,003</u>
Net cash provided by operating activities	<u>\$ 93,847</u>	<u>\$ 2,005,340</u>	<u>\$ 56,816</u>	<u>\$ 2,156,003</u>

**Noncash capital and related financing activities:**

During 2015, the Water Utility and Sewer Utility funds received assets contributed from the municipality and developers in the amount of \$367,053 and \$865,797, respectively.

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

**CITY OF ANDOVER, KANSAS**  
**STATEMENT OF FIDUCIARY NET POSITION –**  
**FIDUCIARY FUNDS**

**December 31, 2015**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash including investments	\$ <u>23,984</u>
<b>Liabilities:</b>	
Accrued liabilities payable	17,756
Appearance bonds payable	<u>6,228</u>
Total liabilities	<u>23,984</u>
<b>Net position</b>	<u>\$ <u>—</u></u>

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

**CITY OF ANDOVER, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2015**

**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.

**Implementation of GASB Statement No. 68 and GASB Statement No. 71**

As of January 1, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report costs and obligations associated with pensions in their financial statements. Employers are required to recognize pension amounts for all benefits provided through the Kansas Police and Firemen's Retirement System of the State of Kansas (KP&F), which includes the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 15 and the additional disclosures required by these standards are included in Note 8.

**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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

### **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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

### **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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The City reports the following major governmental funds:

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

**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).

The City reports the following major proprietary funds:

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

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

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

The City also reports the following fund types:

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

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

### **Cash and investments**

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Property taxes receivable

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

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

### Sales taxes receivable

The City imposes a 1.75% local sales tax that is collected by the State and remitted to the City on a monthly basis. 1% of the sales tax is committed to street rehabilitation within the City and the additional .75% was approved by the citizenry on April 2015 for Central Park restrooms, a new fire ladder truck and a new street shop building. The .75% tax was imposed beginning October 1, 2015 and sunsets on or before October 1, 2020. 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Other taxes and revenues

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

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

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

### Utility accounts receivable

The City records water revenues billed to its customers when meters are read on a bimonthly basis. Charges for sewage treatment and solid waste services are billed quarterly. Unbilled service accounts receivable have been estimated at December 31, 2015, and are appropriately recorded as revenues.

### 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 estimated fair 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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

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

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

Amortization of capital leases is included in depreciation expense.

### Compensated absences

The City's policy regarding vacation pay permits all regular employees with one year of service to earn 40 hours vacation pay, two to five years of service to earn 80 hours vacation pay, six to ten years of service to earn 96 hours vacation pay, eleven to fifteen years of service to earn 120 hours vacation pay, sixteen to twenty years of service to earn 160 hours vacation pay, twenty-one to twenty-five years of service to earn 176 hours vacation pay and twenty-six or more years of service to earn 200 hours vacation pay. Employees may accumulate a maximum of 40 to 300 hours of vacation pay depending on the employee's years of service with the City. 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, 2015. 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. 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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

### **Retirement plans**

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

### **Concentration of credit risk**

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

### **Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

### **Deferred Inflows of Resources/Deferred Outflows of Resources**

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The City has identified changes in the

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

### Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed – The committed portion of fund balance can only be used for the specific purpose imposed by an ordinance authorized by a majority vote of the City Council. Any changes or removal of specific purposes requires a majority vote by a quorum of the governing body.
- Assigned – The assigned portion of fund balance is that which the City of Andover intends to use for a specific purpose as directed by the City Council. The portion of fund balance that is appropriated by the City Council for next year's budget that is not already restricted or committed is considered assigned. Encumbrances, which can be approved by designated senior staff, are included in assigned fund balance.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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

### 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.

### 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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2015:

<u>Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Hotel and Tourism	\$ 95,000	\$ 149,000
Park Improvement	234,073	334,073
Emergency 911	41,258	68,258
Street Impact Fee	74,235	155,000
Park Impact Fee	38,500	480,000
Water Utility	26,545	47,045
Recycling/Trash Utility	545,826	585,826

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

**2. DEPOSITS AND INVESTMENTS (continued)**

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, 2015 the City had the following investments:

<u>Investment Type</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Standard &amp; Poor’s Rating</u>
Municipal Investment Pool – Overnight	\$ 277	\$ 277	.03	AAAf/S1+

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

**Concentration of credit risk**

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City’s allocation of investments as of December 31, 2015, is as follows:

Kansas Municipal Investment Pool	100%
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**Custodial credit risk – deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City’s policy follows applicable State Statutes and

## 2. DEPOSITS AND INVESTMENTS (continued)

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, 2015 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 \$28,141,265 with the bank balances of such accounts being \$28,512,715. Of the bank balances, \$256,478 was covered by federal depository insurance and the remaining balance of \$28,256,237 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 \$28,385,375 at December 31, 2015.

The City's discretely presented component unit's cash and investments at December 31, 2015 consisted of checking and savings accounts. At year-end, the carrying amount of the City's component unit's deposits was \$401,372 and the bank balances were \$410,707. Of the bank balances, \$394,728 was covered by federal depository insurance and the remaining balance of \$15,979 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 \$22,522 at December 31, 2015.

A reconciliation of cash and investments as reported in the financial statements at December 31, 2015 is as follows:

Cash on hand	\$ 2,765
Carrying amount of deposits – City	28,141,265
Carrying amount of deposits – component unit	401,372
Carrying amount of investments	<u>277</u>
Total	<u>\$ 28,545,679</u>
Amounts per statement of net position:	
Cash including investments	\$ 22,979,533
Component unit cash and investments	401,372
Cash held in fiduciary funds	23,984
Restricted cash and investments	<u>5,140,790</u>
Total	<u>\$ 28,545,679</u>

## 3. CAPITAL ASSETS

A summary of changes in capital assets of the City for the year ended December 31, 2015 is as follows:

### 3. CAPITAL ASSETS (continued)

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 1,439,558	\$ 133,070	\$ —	\$ 1,572,628
Construction Work in Progress	<u>4,022,455</u>	<u>3,719,897</u>	<u>5,312,110</u>	<u>2,430,242</u>
	<u>5,462,013</u>	<u>3,852,967</u>	<u>5,312,110</u>	<u>4,002,870</u>
Capital assets being depreciated:				
Buildings	11,095,124	559,785	—	11,654,909
Improvements other than buildings	682,142	67,494	—	749,636
Infrastructure	56,780,558	4,875,962	—	61,656,520
Machinery and equipment	<u>7,261,700</u>	<u>198,117</u>	<u>33,580</u>	<u>7,426,237</u>
Total capital assets being depreciated	<u>75,819,524</u>	<u>5,701,358</u>	<u>33,580</u>	<u>81,487,302</u>
Less accumulated depreciation for:				
Buildings	2,314,462	279,630	—	2,594,092
Improvements other than buildings	385,154	44,623	—	429,777
Infrastructure	23,385,441	2,729,739	—	26,115,180
Machinery and equipment	<u>5,901,122</u>	<u>437,149</u>	<u>11,193</u>	<u>6,327,078</u>
Total accumu- lated depreciation	<u>31,986,179</u>	<u>3,491,141</u>	<u>11,193</u>	<u>35,466,127</u>
Total capital assets being deprec- iated, net	<u>43,833,345</u>	<u>2,210,217</u>	<u>22,387</u>	<u>46,021,175</u>

### 3. CAPITAL ASSETS (continued)

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2015</u>
Governmental activities capital assets, net	<u>\$ 49,295,358</u>	<u>\$ 6,063,184</u>	<u>\$ 5,334,497</u>	<u>\$ 50,024,045</u>
<b><u>Business-Type Activities:</u></b>				
Capital assets, not being depreciated				
Land	<u>\$ 123,946</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 123,946</u>
Capital assets being depreciated:				
Buildings	5,613,756	—	—	5,613,756
Improvements other than buildings	27,268,633	1,263,326	—	28,531,959
Machinery and equipment	<u>689,878</u>	<u>357,211</u>	<u>74,237</u>	<u>972,852</u>
Total capital assets being depreciated	<u>33,572,267</u>	<u>1,620,537</u>	<u>74,237</u>	<u>35,118,567</u>
Less accumulated depreciation for:				
Buildings	2,203,754	108,081	—	2,311,835
Improvements other than buildings	7,884,800	568,953	—	8,453,753
Machinery and equipment	<u>622,925</u>	<u>96,231</u>	<u>74,237</u>	<u>644,919</u>
Total accumu- lated depreciation	<u>10,711,479</u>	<u>773,265</u>	<u>74,237</u>	<u>11,410,507</u>
Total capital assets being depreciated, net	<u>22,860,788</u>	<u>847,272</u>	<u>—</u>	<u>23,708,060</u>
Business-type activities capital assets, net	<u>\$ 22,984,734</u>	<u>\$ 847,272</u>	<u>\$ —</u>	<u>\$ 23,832,006</u>

### 3. CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 173,154
Public safety	280,363
Highways and streets (including depreciation of infrastructure assets)	2,797,750
Culture and recreation	<u>239,874</u>
Total depreciation expense – governmental activities	<u>\$ 3,491,141</u>
Business-type activities:	
Water utility	\$ 204,670
Sewer utility	<u>568,595</u>
Tot depreciation expense – business-type activities	<u>\$ 773,265</u>

### 4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2015:

	Outstanding January 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>Governmental activities</u></b>					
General obligation bonds	\$31,920,000	\$10,320,000	\$ 6,045,000	\$ 36,195,000	\$ 3,395,000
Andover Public Building Commission revenue bonds	2,737,000	3,320,000	284,000	5,773,000	1,119,000
Capital lease obligations	177,849	–	41,299	136,550	43,340
Compensated absences	625,892	299,100	182,904	742,088	221,596
Net pension liability *	2,810,851	466,316	310,192	2,966,975	–
Net premium on bonds	<u>172,030</u>	<u>320,684</u>	<u>81,257</u>	<u>411,457</u>	<u>73,460</u>
Total long-term liabilities – Governmental activities	<u>\$38,443,622</u>	<u>\$14,726,100</u>	<u>\$ 6,944,652</u>	<u>\$ 46,225,070</u>	<u>\$ 4,852,396</u>
<b><u>Business-type activities</u></b>					
Compensated absences	<u>\$ 44,424</u>	<u>\$ 23,394</u>	<u>\$ 20,127</u>	<u>\$ 47,691</u>	<u>\$ 21,609</u>

\* – balance at January 1, 2015 is as restated.

#### 4. LONG-TERM DEBT (continued)

##### General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2036. At December 31, 2015 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Bonds, Series A 2007	4.00 – 5.00%	\$ 3,100,000
General Obligation Bonds, Series A 2010	2.50 – 3.75%	245,000
General Obligation Bonds, Series B 2010	2.00 – 4.25%	2,290,000
General Obligation Bonds, Series A 2011	2.50 – 4.15%	5,090,000
General Obligation Refunding Bonds, Series B 2011	.60 – 2.25%	710,000
General Obligation Refunding Bonds, Series A 2012	2.00 – 3.00%	4,670,000
General Obligation Bonds, Series B 2012	2.00 – 2.60%	2,300,000
General Obligation Refunding Bonds, Series A 2013	2.00 – 2.00%	4,205,000
General Obligation Bonds, Series B 2013	2.50 – 4.20%	3,265,000
General Obligation Refunding and Improvement Bonds, Series A 2015	2.00 – 3.00%	6,540,000
Taxable General Obligation Bonds, Series B 2015	.65 – 3.90%	<u>3,780,000</u>
		<u>\$ 36,195,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,395,000	\$ 829,705	\$ 4,224,705
2017	3,060,000	1,122,418	4,182,418
2018	3,020,000	884,383	3,904,383
2019	2,865,000	807,405	3,672,405
2020	2,940,000	732,128	3,672,128
2021	2,780,000	653,737	3,433,737
2022	2,850,000	575,555	3,425,555
2023	2,660,000	493,578	3,153,578
2024	1,805,000	411,950	2,216,950
2025	1,665,000	363,790	2,028,790
2026	1,400,000	314,815	1,714,815
2027	1,180,000	269,258	1,449,258

**4. LONG-TERM DEBT (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2028	\$ 1,220,000	\$ 230,520	\$ 1,450,520
2029	1,250,000	189,397	1,439,397
2030	1,300,000	144,915	1,444,915
2031	1,035,000	97,707	1,132,707
2032	520,000	60,620	580,620
2033	530,000	43,695	573,695
2034	385,000	25,915	410,915
2035	170,000	11,725	181,725
2036	<u>165,000</u>	<u>5,775</u>	<u>170,775</u>
	<u>\$ 36,195,000</u>	<u>\$ 8,268,991</u>	<u>\$ 44,463,991</u>

**Capital lease obligation**

During 2007 the City Council entered into a lease agreement for the purchase of a new fire truck. The lease agreement provides for annual payments, including interest, in the amount of \$50,086 through October 2018.

This lease qualifies as a capital lease for accounting purposes and, accordingly, has been recorded at the present value of the net minimum lease payments at the date of the lease inception. The annual requirements to amortize the capital lease obligation outstanding at December 31, 2015, including interest payments, is as follows:

<u>Year ending December 31,</u>	<u>Governmental Funds Fire Truck</u>
2016	\$ 50,086
2017	50,086
2018	<u>50,086</u>
Total minimum lease payments	150,258
Less amounts representing interest	<u>(13,708)</u>
Present value of net minimum lease payments	<u>\$ 136,550</u>

The lease payments are being financed from the City's General Fund. The cost and accumulated amortization of the leased fire truck at December 31, 2015 is \$383,272 and \$313,005, respectively.

#### 4. LONG-TERM DEBT (continued)

##### Andover Public Building Commission revenue bonds

Andover Public Building Commission revenue bonds payable are serial bonds to be retired through calendar year 2024. At December 31, 2015 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
Park Facilities Revenue Bonds, Series B 2004	4.00 – 6.50%	\$ 70,000
Public Safety Facility Revenue Bonds, Series C 2004	4.32%	1,890,000
Park Facilities Revenue Bonds, Series A, 2006	4.25 – 4.50%	28,000
Park Facilities Refunding Revenue Bonds, Series B 2011	.90 – 2.75%	465,000
Andover Public Building Commission Revenue Bonds, Series A 2015 (Shop Maintenance Facility and Central Park Restrooms)	2.00 – 2.00%	<u>3,320,000</u>
		<u>\$ 5,773,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,119,000	\$ 155,189	\$ 1,274,189
2017	1,144,000	138,192	1,282,192
2018	1,115,000	110,567	1,225,567
2019	1,145,000	82,872	1,227,872
2020	210,000	54,018	264,018
2021	230,000	44,937	274,937
2022	245,000	34,992	279,992
2023	270,000	24,408	294,408
2024	<u>295,000</u>	<u>12,744</u>	<u>307,744</u>
	<u>\$ 5,773,000</u>	<u>\$ 657,919</u>	<u>\$ 6,430,919</u>

##### 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

**4. LONG-TERM DEBT (continued)**

behalf they were issued. The total amount of these limited obligation bonds outstanding at December 31, 2015 was \$28,700,004. During 2015, there were no new bonds issued and \$700,012 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.

**Compensated Absences**

The governmental funds portion of outstanding compensated absence liabilities is principally liquidated from resources of the 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 2015, the City issued \$2,170,000 and retired \$2,595,000 of temporary notes. At December 31, 2015 the City had the following outstanding temporary notes:

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Project Fund:			
Temporary Improvement Notes, Series A, 2015 – Fire Ladder Truck	1.75%	\$ 1,000,000	8-4-19
Temporary Improvement Notes, Series B, 2015 – Cornerstone 6th Addition	.90%	<u>1,170,000</u>	12-23-17
		<u>\$ 2,170,000</u>	

During 2015, the temporary note activity for the various capital improvement projects were as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 2,595,000	\$ 2,170,000	\$ 2,595,000	\$ 2,170,000

## 6. SEWAGE TREATMENT RESERVES

### Sewage treatment expansion reserve

The City Council has, by ordinance, established a new 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, 2015, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2015</u>
Cornerstone 4 <sup>th</sup> Addition Project	\$ 975,000	790,831
Cornerstone Office Project	483,000	413,903
Cornerstone 6 <sup>th</sup> Addition Project	1,401,000	1,193,053
Terradyne Project	616,000	476,694
Shadow Rock Addition Project	2,244,000	2,040,702
Prairie Creek Street Improvement Project	839,000	1,640
Westar Power Line Burial Project	3,767,466	50,497
Marketplace Commercial 3 <sup>rd</sup> Addition	515,000	509,430
Fire Ladder Truck Acquisition Project	1,000,000	953,217
Fire Station Remodel Project	84,597	83,940
Street Shop Facility Project	2,884,859	160,944
Central Park Restroom Facility Project	500,000	8,669

## 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

## 8. PENSION PLANS (continued)

retirement plan. The payroll for employees covered by the Plan was \$2,357,859 and the City's total payroll was \$3,969,389 for the year ended December 31, 2015. 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 2015 was based upon 6% of gross compensation and was \$141,472. 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 2015, the employees elective contributions made through payroll deductions were \$38,745. 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 2015.

### **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](http://www.kpers.org).

## **8. PENSION PLANS (continued)**

### **Benefits Provided**

KP&F provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. Members with twenty or more years of credited service may retire as early as age 50, with an actuarially reduced monthly benefit. Normal retirement is at age 60 with fifteen years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

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

### **Contributions**

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employees. 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% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rates and the statutory contribution rates for KP&F employees (not including the .85% contribution rate for the Death and Disability Program) are 21.36%. Member contribution rates as a percentage of eligible compensation for the fiscal year 2015 are 7.15% for KP&F employees.

## 8. PENSION PLANS (continued)

### Employer Allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2015 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2015.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the City's proportion was 0.408608%, which was a decrease of 0.025902% from its proportion measured at June 30, 2014.

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

At December 31, 2015, the City reported a liability of \$2,966,975 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the City recognized pension expense of \$310,192. At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 219,249	\$ —
Differences between expected and actual experience	27,075	49,664

## 8. PENSION PLANS (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 94,222
Changes in assumptions	—	29,669
Changes in proportion	<u>188,908</u>	<u>—</u>
Total	<u>\$ 435,232</u>	<u>\$ 173,555</u>

The City reported \$219,249 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ (28,711)
2017	(28,711)
2018	(28,711)
2019	114,735
2020	13,827
Thereafter	—

### Actuarial assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	– 3.0 percent
Wage inflation	– 4.0 percent
Salary increases	– 4.00 percent to 16.00 percent, including inflation
Investment rate of return	– 8.00 percent, net of investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2012.

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

## 8. PENSION PLANS (continued)

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 included in the pension plan's target asset allocations as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>June 30, 2015</u>	
	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.30%
Fixed Income	13.00	0.80
Yield Driven	8.00	4.20
Real Return	11.00	1.70
Real Estate	11.00	5.40
Alternatives	8.00	9.40
Short-Term Investments	<u>2.00</u>	(0.50)
Total	<u>100.00%</u>	

### Discount rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the net pension liability of the Pension Plan as of June 30, 2015 calculated using the discount rate of 8.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-

**8. PENSION PLANS (continued)**

point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>June 30, 2015</u>		
	1.00% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1.00% Increase <u>(9.00%)</u>
Amount due within one year	\$4,308,566	\$2,966,975	\$1,833,789

**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:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 154,113	\$ 112,975
Street Improvement	-	151,848
Debt Service	258,651	-
Capital Project	-	154,113
Sewer Utility	-	<u>106,803</u>
	<u>412,764</u>	<u>525,739</u>
Nonmajor Funds:		
Park Improvement	-	164,093
Special Building	164,093	-
Storm Water Utility	-	5,000
Street Machinery and Bridge Building	15,000	-
Capital Equipment Reserve	<u>102,975</u>	<u>-</u>
	<u>282,068</u>	<u>169,093</u>
Total transfers	<u>\$ 694,832</u>	<u>\$ 694,832</u>

**9. INTERFUND TRANSFERS (continued)**

Transfers from the General Fund to the Street Machinery and Bridge Building Fund and Capital Equipment Reserve Fund in the amounts of \$97,975 and \$15,000, respectively, are related to improvement and equipment replacement reserves. In addition, the Storm Water Utility Fund transferred \$5,000 to the Capital Equipment Reserve Fund to establish an equipment related reserve.

The Special Building Fund received \$164,093 routine transfers from the Park Improvement Fund to assist in the lease payments from the City to the Public Building Commission.

The General Fund received \$154,113 from the Capital Project Fund for administrative expenses incurred on behalf of the various improvement projects.

The Debt Service Fund received non-routine transfers from the Street Improvement Fund and Sewer Utility Fund in the amounts of \$151,848 and \$106,803, respectively, to forestall the need for a property tax increase in the Debt Service Fund.

**10. BUDGETARY DATA**

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

	General Fund	Street Improve- ment Fund	Debt Service Fund	Other Nonmajor Governmental Funds
GAAP Fund Balances at December 31, 2015	\$ 2,148,279	\$ 4,489,981	\$ 2,249,803	\$ 3,494,567
Adjustments:				
Reserved for encumbrances (budgeted funds only)	(46,404)	-	-	(25,100)
Accrued sales tax revenues	(122,624)	(163,499)	-	-
Accrued franchise fee revenues	(109,785)	-	-	-
Accrued accounts receivable	-	-	-	(50,558)
Fund balances of funds not subject to Kansas budget law	-	-	-	(1,502,363)
Budgetary Fund Balances at December 31, 2015	<u>\$ 1,869,466</u>	<u>\$ 4,326,482</u>	<u>\$ 2,249,803</u>	<u>\$ 1,916,546</u>

**11. COMPLIANCE WITH KANSAS LAW**

Kansas statutes prohibit expenditures in excess of the adopted budget of individual funds. During 2015, the Water Utility Fund exceeded its adopted budget in the amount of \$11,138. The City's portion of certain water improvement projects funded from this fund's operations exceeded the originally anticipated amounts included in the 2015 budget.

## **12. ADVANCE REFUNDING**

On November 11, 2015, the City entered into an advance refunding transaction whereby it issued \$6,540,000 of General Obligation Refunding and Improvement Bonds, Series A 2015 with interest rates from 2.00% to 3.00% to advance refund \$2,590,000 of outstanding General Obligation Bonds Series A, 2010 with interest rates from 2.60% to 3.75%. Proceeds from the Series A 2015 Refunding Bonds in the amount of \$2,600,411 were placed in an irrevocable escrow fund to provide for all debt service payments on the refunded Series A 2010 Bonds to the redemption date. The Series A 2010 Bonds were called for redemption on November 15, 2015.

The City advance refunded the Series A 2010 Bonds to reduce its total debt service payments over the next 10 years by \$232,479 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$210,294.

## **13. 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.

## **14. COMMITMENTS AND CONTINGENCIES**

The City has certain projects for the construction of streets, water lines, sewer lines and storm drainage improvements related to new housing developments and other improvement projects. These improvement projects are included within the Capital Project fund types in the City's financial statements. At December 31, 2015, the City had outstanding construction and engineering commitments related to these projects in the amount of \$559,940. 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. In addition, the City had outstanding commitments related to a new Shop Maintenance Facility of \$2,157,200.

## 15. RESTATEMENT

On January 1, 2015, the City changed its method of accounting to adopt Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the costs and obligation associated with pensions in their financial statements, including additional note disclosures and requirement supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	<u>Governmental Activities</u>
Net position at December 31, 2015, as previously reported	\$ 50,371,728
Prior period adjustment for:	
Net pension liability at June 30, 2014 related to the Kanas Police and Firemen's Retirement Pension System	(2,998,467)
Deferred outflows of resources related to contributions made subsequent to the to the measurement date (June 30, 2014)	<u>187,616</u>
Net position, December 31, 2015, as restated	<u>\$ 47,560,877</u>

## 16. SUBSEQUENT EVENTS

On March 6, 2016 the City issued General Obligation Refunding and Equipment Bonds, Series A 2016 in the principal amount of \$9,640,000 with interest rates from 2.00% to 2.50%. The bonds were issued to provide permanent financing for the purchase of fire-fighting equipment of \$670,000 and to advance refund \$2,425,000 of General Obligation Bonds Series A 2007, \$1,925,000 of General Obligation Bonds Series B 2010 and \$4,395,000 of General Obligation Refunding Bonds Series A 2011.

Management has evaluated subsequent events through June 21, 2016, the date on which the financial statements were available to be issued.

**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 Three Years \***

	<u>2015</u>	<u>2014</u>	<u>2013</u>
City's proportionate percentage of the net pension liability	.408608%	.382706%	.378962%
City's proportionate share of the net pension liability	\$2,966,975	\$2,509,947	\$3,080,828
City's covered employee payroll	\$1,860,078	\$1,704,024	\$1,670,018
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	62.69%	67.89%	54.21%
Plan fiduciary net position as a percentage of the total pension liability	74.60%	76.28%	69.21%

**Schedule of City's Contributions  
Last Three Years \***

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 402,811	\$ 352,976	\$ 292,058
Contributions in relation to the contractually required contribution	<u>(402,811)</u>	<u>(352,976)</u>	<u>(292,058)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered employee payroll	\$1,885,819	\$1,771,968	\$1,692,109
Contributions as a percentage of covered employee payroll	21.36%	19.92%	17.26%

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

**COMBINING FINANCIAL STATEMENTS  
AND  
INDIVIDUAL FUND SCHEDULES**

## GOVERNMENTAL FUNDS

### NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which 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.

**Employee Benefits** - to account for the City's portion of social security, retirement, workmen's compensation and unemployment insurance contributions applicable to governmental funds' payrolls. Financing is provided by taxes.

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

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

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

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

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

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

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

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

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

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

## **NONMAJOR CAPITAL PROJECT FUNDS**

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

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

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

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

**CITY OF ANDOVER, KANSAS**

**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**

**December 31, 2015**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash including short-term investments	\$ 1,996,976	\$ 1,511,455	\$ 3,508,431
Property taxes receivable	1,847,695	–	1,847,695
Accounts receivable	<u>50,558</u>	<u>–</u>	<u>50,558</u>
 Total	 <u>\$ 3,895,229</u>	 <u>\$ 1,511,455</u>	 <u>\$ 5,406,684</u>
<b><u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 53,052	\$ 9,092	\$ 62,144
Accrued wages payable	<u>2,278</u>	<u>–</u>	<u>2,278</u>
 Total liabilities	 <u>55,330</u>	 <u>9,092</u>	 <u>64,422</u>
Deferred inflows of resources:			
Property taxes receivable	<u>1,847,695</u>	<u>–</u>	<u>1,847,695</u>
Fund Balances:			
Restricted:			
General government	581,815	–	581,815
Debt service	28,028	–	28,028
Recreation	170,505	–	170,505
Economic development	221,850	–	221,850
Public safety	89,961	–	89,961
Committed:			
Street improvements	776,130	307,243	1,083,373
Parks and recreation	67,360	–	67,360
Assigned:			
Recreation	56,555	–	56,555
Capital outlay	<u>–</u>	<u>1,195,120</u>	<u>1,195,120</u>
 Total fund balances	 <u>1,992,204</u>	 <u>1,502,363</u>	 <u>3,494,567</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 3,895,229</u>	 <u>\$ 1,511,455</u>	 <u>\$ 5,406,684</u>

**CITY OF ANDOVER, KANSAS**

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

**Year ended December 31, 2015**

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes	\$ 2,439,184	\$ -	\$ 2,439,184
Intergovernmental	397,369	-	397,369
Licenses, fees and permits	190,965	-	190,965
Charges for services	106,525	-	106,525
Use of money and property	452,281	2,473	454,754
Miscellaneous	<u>69,686</u>	<u>21,692</u>	<u>91,378</u>
 Total revenues	 <u>3,656,010</u>	 <u>24,165</u>	 <u>3,680,175</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	166,653	-	166,653
Public Safety	1,217,582	-	1,217,582
Highways and streets	663,098	-	663,098
Health and sanitation	136,581	-	136,581
Culture and recreation	963,607	-	963,607
Environmental protection	7,851	-	7,851
Economic development	135,006	-	135,006
Capital improvements	-	201,473	201,473
<b>Debt service:</b>			
Principal	284,000	-	284,000
Interest and fiscal charges	<u>107,121</u>	<u>-</u>	<u>107,121</u>
 Total expenditures	 <u>3,681,499</u>	 <u>201,473</u>	 <u>3,882,972</u>
 Revenues over (under) expenditures	 <u>(25,489)</u>	 <u>(177,308)</u>	 <u>(202,797)</u>
<b>Other financing sources (uses):</b>			
Transfers in	164,093	117,975	282,068
Transfers out	<u>(169,093)</u>	<u>-</u>	<u>(169,093)</u>
 Total other financing sources (uses)	 <u>(5,000)</u>	 <u>117,975</u>	 <u>112,975</u>
 Net change in fund balances	 (30,489)	 (59,333)	 (89,822)
Fund balances, beginning of year	<u>2,022,693</u>	<u>1,561,696</u>	<u>3,584,389</u>
 Fund balances, end of year	 <u>\$ 1,992,204</u>	 <u>\$ 1,502,363</u>	 <u>\$ 3,494,567</u>

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS  
(continued on next page)

December 31, 2015

	Special Highway	Employee Benefits	Library	Hotel and Tourism	Park Improve- ment	Emergency 911	Street Impact Fee	Special Building
<b>ASSETS</b>								
Cash and short-term investments	\$ 290,933	\$ 604,899	\$ 33,962	\$ 193,636	\$ 138,097	\$ 80,824	\$ 358,689	\$ 28,028
Accounts receivable	-	-	-	29,457	-	9,137	-	-
Property taxes receivable	-	1,286,512	378,660	-	-	-	-	182,523
Total assets	\$ 290,933	\$ 1,891,411	\$ 412,622	\$ 223,093	\$ 138,097	\$ 89,961	\$ 358,689	\$ 210,551
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 25,019	\$ 23,084	\$ -	\$ 1,243	\$ 1,554	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-	-	-	-	-
Total liabilities	25,019	23,084	-	1,243	1,554	-	-	-
Deferred inflows of resources:								
Property taxes receivable	-	1,286,512	378,660	-	-	-	-	182,523
Fund balances:								
Restricted:								
General government	-	581,815	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	28,028
Recreation	-	-	33,962	-	136,543	-	-	-
Economic development	-	-	-	221,850	-	-	-	-
Public safety	-	-	-	-	-	89,961	-	-
Committed:								
Street improvements	265,914	-	-	-	-	-	358,689	-
Parks and recreation	-	-	-	-	-	-	-	-
Assigned:								
Recreation	-	-	-	-	-	-	-	-
Total fund balances	265,914	581,815	33,962	221,850	136,543	89,961	358,689	28,028
Total liabilities, deferred inflows and fund balances	\$ 290,933	\$ 1,891,411	\$ 412,622	\$ 223,093	\$ 138,097	\$ 89,961	\$ 358,689	\$ 210,551

CITY OF ANDOVER, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS  
(continued from previous page)

December 31, 2015

	<u>Park Impact Fee</u>	<u>Storm Water Utility</u>	<u>Festivals</u>	<u>Andover Public Building Commission</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b><u>ASSETS</u></b>					
Cash and short-term investments	\$ 67,360	\$ 143,405	\$ 57,143	\$ --	\$ 1,996,976
Accounts receivable	-	11,964	-	-	50,558
Property taxes receivable	-	-	-	-	1,847,695
	<u>67,360</u>	<u>155,369</u>	<u>57,143</u>	<u>--</u>	<u>3,895,229</u>
Total assets	<u>\$ 67,360</u>	<u>\$ 155,369</u>	<u>\$ 57,143</u>	<u>\$ --</u>	<u>\$ 3,895,229</u>
<b><u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>					
Liabilities:					
Accounts payable	\$ --	\$ 1,564	\$ 588	\$ --	\$ 53,052
Accrued wages payable	-	2,278	-	-	2,278
	<u>--</u>	<u>3,842</u>	<u>588</u>	<u>--</u>	<u>55,330</u>
Total liabilities	<u>--</u>	<u>3,842</u>	<u>588</u>	<u>--</u>	<u>55,330</u>
Deferred inflows of resources:					
Property taxes receivable	-	-	-	-	1,847,695
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,847,695</u>
Fund balances:					
Restricted:					
General government	-	-	-	-	581,815
Debt service	-	-	-	-	28,028
Recreation	-	-	-	-	170,505
Economic development	-	-	-	-	221,850
Public safety	-	-	-	-	89,961
Committed:					
Street improvements	-	151,527	-	-	776,130
Parks and recreation	67,360	-	-	-	67,360
Assigned:					
Recreation	-	-	56,555	-	56,555
	<u>67,360</u>	<u>151,527</u>	<u>56,555</u>	<u>--</u>	<u>1,992,204</u>
Total fund balances	<u>67,360</u>	<u>151,527</u>	<u>56,555</u>	<u>--</u>	<u>1,992,204</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 67,360</u>	<u>\$ 155,369</u>	<u>\$ 57,143</u>	<u>\$ --</u>	<u>\$ 3,895,229</u>

CITY OF ANDOVER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS  
(continued on next page)

Year ended December 31, 2015

	Special Highway	Employee Benefits	Library	Hotel and Tourism	Park Improve- ment	Emergency 911	Street Impact Fee	Special Building
Revenues:								
Taxes	\$ -	\$1,535,150	\$ 431,389	\$145,676	\$ 47,222	\$ 51,042	\$ -	\$ 228,705
Intergovernmental	388,133	9,236	-	-	-	-	-	-
Licenses and permits	-	-	-	-	52,500	-	77,040	-
Charges for services	-	-	-	-	-	-	-	-
Use of money and property	397	1,446	42	324	57,449	154	715	120
Miscellaneous	2,468	-	-	29,153	-	-	-	-
Total revenues	<u>390,998</u>	<u>1,545,832</u>	<u>431,431</u>	<u>175,153</u>	<u>157,171</u>	<u>51,196</u>	<u>77,755</u>	<u>228,825</u>
Expenditures:								
General government	-	166,653	-	-	-	-	-	-
Public Safety	-	945,699	-	-	-	59,835	-	212,048
Highways and streets	323,981	110,509	-	-	-	-	137,822	-
Health and sanitation	-	136,581	-	-	-	-	-	-
Culture and recreation	-	114,065	421,200	-	147,388	-	-	179,073
Environmental protection	-	7,851	-	-	-	-	-	-
Economic development	-	-	-	135,006	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Total expenditures	<u>323,981</u>	<u>1,481,358</u>	<u>421,200</u>	<u>135,006</u>	<u>147,388</u>	<u>59,835</u>	<u>137,822</u>	<u>391,121</u>
Revenues over (under) expenditures	<u>67,017</u>	<u>64,474</u>	<u>10,231</u>	<u>40,147</u>	<u>9,783</u>	<u>(8,639)</u>	<u>(60,067)</u>	<u>(162,296)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	164,093
Transfers out	-	-	-	-	(164,093)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(164,093)</u>	<u>-</u>	<u>-</u>	<u>164,093</u>
Net change in fund balances	67,017	64,474	10,231	40,147	(154,310)	(8,639)	(60,067)	1,797
Fund balances, beginning of year	198,897	517,341	23,731	181,703	290,853	98,600	418,756	26,231
Fund balances, end of year	<u>\$ 265,914</u>	<u>\$ 581,815</u>	<u>\$ 33,962</u>	<u>\$ 221,850</u>	<u>\$ 136,543</u>	<u>\$ 89,961</u>	<u>\$ 358,689</u>	<u>\$ 28,028</u>

CITY OF ANDOVER, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS – SPECIAL REVENUE FUNDS  
(continued from previous page)

Year ended December 31, 2015

	Park Impact Fee	Storm Water Utility	Festivals	Andover Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$2,439,184
Intergovernmental	-	-	-	-	397,369
Licenses and permits	61,425	-	-	-	190,965
Charges for services	-	106,525	-	-	106,525
Use of money and property	199	226	88	391,121	452,281
Miscellaneous	-	-	38,065	-	69,686
Total revenues	<u>61,624</u>	<u>106,751</u>	<u>38,153</u>	<u>391,121</u>	<u>3,656,010</u>
Expenditures:					
General government	-	-	-	-	166,653
Public safety	-	-	-	-	1,217,582
Highways and streets	-	90,786	-	-	663,098
Health and sanitation	-	-	-	-	136,581
Culture and recreation	68,378	-	33,503	-	963,607
Environmental protection	-	-	-	-	7,851
Economic development	-	-	-	-	135,006
Debt service	-	-	-	391,121	391,121
Total expenditures	<u>68,378</u>	<u>90,786</u>	<u>33,503</u>	<u>391,121</u>	<u>3,681,499</u>
Revenues over (under) expenditures	<u>(6,754)</u>	<u>15,965</u>	<u>4,650</u>	<u>-</u>	<u>(25,489)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	164,093
Transfers out	-	(5,000)	-	-	(169,093)
Total other financing sources (uses)	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balances	(6,754)	10,965	4,650	-	(30,489)
Fund balances, beginning of year	<u>74,114</u>	<u>140,562</u>	<u>51,905</u>	<u>-</u>	<u>2,022,693</u>
Fund balances, end of year	<u>\$ 67,360</u>	<u>\$ 151,527</u>	<u>\$ 56,555</u>	<u>\$ -</u>	<u>\$ 1,992,204</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 366,020	\$ 366,020	\$ 388,133	\$ 22,113
Use of money and property	200	200	397	197
Miscellaneous	<u>—</u>	<u>—</u>	<u>12,025</u>	<u>12,025</u>
Total revenues	<u>366,220</u>	<u>366,220</u>	<u>400,555</u>	<u>34,335</u>
Expenditures and other uses:				
Personal services	50,000	50,000	50,000	—
Contractual services	58,650	58,650	52,529	6,121
Commodities	<u>239,475</u>	<u>239,475</u>	<u>153,846</u>	<u>85,629</u>
Total expenditures	<u>348,125</u>	<u>348,125</u>	<u>256,375</u>	<u>91,750</u>
Revenues over expenditures	18,095	18,095	144,180	126,085
Fund balance, beginning of year	<u>58,956</u>	<u>58,956</u>	<u>121,734</u>	<u>62,778</u>
Fund balance, end of year	<u>\$ 77,051</u>	<u>\$ 77,051</u>	<u>\$ 265,914</u>	<u>\$ 188,863</u>

**CITY OF ANDOVER, KANSAS**

**EMPLOYEE BENEFITS FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,443,016	\$1,443,016	\$ 1,535,150	\$ 92,134
Intergovernmental	6,250	6,250	9,236	2,986
Use of money and property	<u>750</u>	<u>750</u>	<u>1,446</u>	<u>696</u>
Total revenues	1,450,016	1,450,016	1,545,832	95,816
Expenditures:				
Personal services	<u>1,739,499</u>	<u>1,739,499</u>	<u>1,481,358</u>	<u>258,141</u>
Revenues over (under) expenditures	(289,483)	(289,483)	64,474	353,957
Fund balance, beginning of year	<u>304,483</u>	<u>304,483</u>	<u>517,341</u>	<u>212,858</u>
Fund balance, end of year	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 581,815</u>	<u>\$ 566,815</u>

**CITY OF ANDOVER, KANSAS**

**LIBRARY FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 401,738	\$ 401,738	\$ 431,389	\$ 29,651
Use of money and property	<u>        –</u>	<u>        –</u>	<u>        42</u>	<u>        42</u>
Total revenues	401,738	401,738	431,431	29,693
Expenditures and other uses:				
Appropriations to Library Board	<u>427,961</u>	<u>427,961</u>	<u>421,200</u>	<u>        6,761</u>
Revenues over (under) expenditures and other uses	(26,223)	(26,223)	10,231	36,454
Fund balance, beginning of year	<u>26,223</u>	<u>26,223</u>	<u>23,731</u>	<u>(2,492)</u>
Fund balance, end of year	<u>\$        –</u>	<u>\$        –</u>	<u>\$ 33,962</u>	<u>\$ 33,962</u>

**CITY OF ANDOVER, KANSAS**

**HOTEL AND TOURISM FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Motel tax	\$ 95,000	\$ 95,000	\$ 116,219	\$ 21,219
Use of money and property	–	–	324	324
Miscellaneous	<u>–</u>	<u>29,000</u>	<u>29,153</u>	<u>153</u>
Total revenues	95,000	124,000	145,696	21,696
Expenditures:				
Contractual services	<u>95,000</u>	<u>149,000</u>	<u>135,006</u>	<u>13,994</u>
Revenues over (under) expenditures	–	(25,000)	10,690	35,690
Fund balance, beginning of year	<u>192,381</u>	<u>183,302</u>	<u>181,703</u>	<u>(1,599)</u>
Fund balance, end of year	<u>\$ 192,381</u>	<u>\$ 158,302</u>	<u>\$ 192,393</u>	<u>\$ 34,091</u>

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 52,118	\$ 52,118	\$ 47,222	\$ (4,896)
Licenses, permits and fees	37,500	52,500	52,500	–
Use of money and property	55,182	55,182	57,449	2,267
Miscellaneous	–	–	14,973	14,973
Total revenues	<u>144,800</u>	<u>159,800</u>	<u>172,144</u>	<u>12,344</u>
Expenditures:				
Contractual services	–	–	214	(214)
Commodities	–	–	1,543	(1,543)
Capital outlay	55,000	155,000	124,060	30,940
Debt service	179,073	179,073	–	179,073
Transfers out	–	–	164,093	(164,093)
Total expenditures	<u>234,073</u>	<u>334,073</u>	<u>289,910</u>	<u>44,163</u>
Revenues over (under) expenditures	(89,273)	(174,273)	(117,766)	56,507
Fund balance, beginning of year	<u>237,118</u>	<u>254,309</u>	<u>254,309</u>	<u>–</u>
Fund balance, end of year	<u>\$ 147,845</u>	<u>\$ 80,036</u>	<u>\$ 136,543</u>	<u>\$ 56,507</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Telephone tax	\$ 40,000	\$ 40,000	\$ 50,279	\$ 10,279
Use of money and property	<u>100</u>	<u>750</u>	<u>154</u>	<u>(596)</u>
Total revenues	<u>40,100</u>	<u>40,750</u>	<u>50,433</u>	<u>9,683</u>
Expenditures:				
Contractual services	34,458	34,458	34,511	(53)
Capital outlay	<u>6,800</u>	<u>33,800</u>	<u>25,324</u>	<u>8,476</u>
Total expenditures	<u>41,258</u>	<u>68,258</u>	<u>59,835</u>	<u>8,423</u>
Revenues over (under) expenditures	(1,158)	(27,508)	(9,402)	18,106
Fund balance, beginning of year	<u>78,416</u>	<u>78,416</u>	<u>90,226</u>	<u>11,810</u>
Fund balance, end of year	<u>\$ 77,258</u>	<u>\$ 50,908</u>	<u>\$ 80,824</u>	<u>\$ 29,916</u>

**CITY OF ANDOVER, KANSAS**

**STREET IMPACT FEE FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 30,275	\$ 30,275	\$ 77,040	\$ 46,765
Use of money and property	<u>100</u>	<u>100</u>	<u>715</u>	<u>615</u>
Total revenues	30,375	30,375	77,755	47,380
Expenditures:				
Capital outlay	<u>74,235</u>	<u>155,000</u>	<u>137,822</u>	<u>17,178</u>
Revenues over (under)				
expenditures	(43,860)	(124,625)	(60,067)	64,558
Fund balance,				
beginning of year	<u>380,699</u>	<u>380,699</u>	<u>418,756</u>	<u>38,057</u>
Fund balance, end of year	<u>\$ 336,839</u>	<u>\$ 256,074</u>	<u>\$ 358,689</u>	<u>\$ 102,615</u>

**CITY OF ANDOVER, KANSAS**

**SPECIAL BUILDING FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Property taxes	\$ 219,112	\$ 219,112	\$ 228,705	\$ 9,593
Use of money and property	300	300	120	(180)
Transfers in	<u>164,093</u>	<u>164,093</u>	<u>164,093</u>	<u>—</u>
 Total revenues and other sources	 383,505	 383,505	 392,918	 9,413
 Expenditures and other uses:				
Appropriation to Andover Public Building Commission	<u>394,990</u>	<u>394,990</u>	<u>391,121</u>	<u>3,869</u>
 Revenues and other sources over (under) expenditures and other uses	 (11,485)	 (11,485)	 1,797	 13,282
Fund balance, Beginning of year	<u>26,485</u>	<u>26,485</u>	<u>26,231</u>	<u>(254)</u>
 Fund balance, end of year	 <u>\$ 15,000</u>	 <u>\$ 15,000</u>	 <u>\$ 28,028</u>	 <u>\$ 13,028</u>

**CITY OF ANDOVER, KANSAS**

**PARK IMPACT FEE FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 20,250	\$ 50,625	\$ 61,425	\$ 10,800
Use of money and property	<u>250</u>	<u>—</u>	<u>199</u>	<u>199</u>
Total revenues	<u>20,500</u>	<u>50,625</u>	<u>61,624</u>	<u>10,999</u>
Expenditures:				
Contractual services	—	—	192	(192)
Capital outlay	<u>38,500</u>	<u>480,000</u>	<u>85,645</u>	<u>394,355</u>
Total expenditures	<u>38,500</u>	<u>480,000</u>	<u>85,837</u>	<u>394,163</u>
Revenues over (under) expenditures	(18,000)	(429,375)	(24,213)	405,162
Fund balance, beginning of year	<u>81,189</u>	<u>442,091</u>	<u>66,473</u>	<u>(375,618)</u>
Fund balance, end of year	<u>\$ 63,189</u>	<u>\$ 12,716</u>	<u>\$ 42,260</u>	<u>\$ 29,544</u>

**CITY OF ANDOVER, KANSAS**

**STORM WATER UTILITY FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fees	\$ 103,000	\$ 103,000	\$ 106,808	\$ 3,808
Use of money and property	50	50	226	176
Miscellaneous	<u>–</u>	<u>–</u>	<u>2,000</u>	<u>2,000</u>
Total revenues	<u>103,050</u>	<u>103,050</u>	<u>109,034</u>	<u>5,984</u>
Expenditures:				
Personal services	78,975	78,975	75,742	3,233
Contractual services	12,625	12,625	6,086	6,539
Commodities	10,150	10,150	8,958	1,192
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>–</u>
Total expenditures	<u>106,750</u>	<u>106,750</u>	<u>95,786</u>	<u>10,964</u>
Revenues over (under)				
expenditures	(3,700)	(3,700)	13,248	16,948
Fund balance,				
beginning of year	<u>114,046</u>	<u>114,046</u>	<u>126,315</u>	<u>12,269</u>
Fund balance, end of year	<u>\$ 110,346</u>	<u>\$ 110,346</u>	<u>\$ 139,563</u>	<u>\$ 29,217</u>

**CITY OF ANDOVER, KANSAS**

**FESTIVALS FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$       –	\$       –	\$       88	\$       88
Miscellaneous	<u>40,000</u>	<u>40,000</u>	<u>38,065</u>	<u>(1,935)</u>
Total revenues and other sources	<u>40,000</u>	<u>40,000</u>	<u>38,153</u>	<u>(1,847)</u>
Expenditures:				
Personal services	5,000	5,000	5,545	(545)
Contractual services	23,000	23,000	18,228	4,772
Commodities	<u>12,000</u>	<u>12,000</u>	<u>9,730</u>	<u>2,270</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>33,503</u>	<u>6,497</u>
Revenues and other sources over expenditures	–	–	4,650	4,650
Fund balance, beginning of year	<u>48,462</u>	<u>48,462</u>	<u>51,905</u>	<u>3,443</u>
Fund balance, end of year	<u>\$ 48,462</u>	<u>\$ 48,462</u>	<u>\$ 56,555</u>	<u>\$ 8,093</u>

**CITY OF ANDOVER, KANSAS**

**DEBT SERVICE FUND**

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

**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Taxes	\$ 9,690	\$ 9,826	\$ 15,111	\$ 5,285
Special assessments	3,808,097	3,808,098	4,792,957	984,859
Use of money and property	1,500	1,500	4,822	3,322
Proceeds from refunding bonds	–	2,599,701	2,500,000	(99,701)
Premium on refunding bonds	–	–	137,171	137,171
Transfers in	<u>258,651</u>	<u>258,651</u>	<u>258,651</u>	<u>–</u>
 Total revenues and other sources	 <u>4,077,938</u>	 <u>6,677,776</u>	 <u>7,708,712</u>	 <u>1,030,936</u>
Expenditures and other uses:				
Bond Principal	3,455,000	3,445,000	3,455,000	–
Bond interest and commission	109,559	1,012,599	1,020,046	(7,447)
Other debt Service	60	60	–	60
Payment to refunding bond escrow agent	–	2,720,000	2,600,411	119,589
Cost of issuance	–	–	45,626	(45,626)
Cash basis reserve	<u>490,000</u>	<u>490,000</u>	<u>–</u>	<u>490,000</u>
 Total expenditures and other uses	 <u>4,954,619</u>	 <u>7,677,659</u>	 <u>7,121,083</u>	 <u>556,576</u>
Revenues and other sources over (under) expenditures and other uses	(876,681)	(999,883)	587,629	1,587,512
Fund balance, beginning of year	<u>1,051,681</u>	<u>1,051,681</u>	<u>1,662,174</u>	<u>610,493</u>
Fund balance, end of year	<u>\$ 175,000</u>	<u>\$ 51,798</u>	<u>\$2,249,803</u>	<u>\$2,198,005</u>

**CITY OF ANDOVER, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECT FUNDS**

**December 31, 2015**

	<u>Highway Improve- ment</u>	<u>Street Machinery and Bridge Building</u>	<u>Capital Equipment Reserve</u>	<u>Total Nonmajor Capital Project Funds</u>
<b><u>ASSETS</u></b>				
Cash and short-term investments	<u>\$ 84,863</u>	<u>\$ 222,380</u>	<u>\$ 1,204,212</u>	<u>\$ 1,511,455</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,092</u>	<u>\$ 9,092</u>
Fund balances:				
Committed:				
Street improvements	84,863	222,380	—	307,243
Assigned:				
Capital outlay	<u>—</u>	<u>—</u>	<u>1,195,120</u>	<u>1,195,120</u>
Total fund balances	<u>84,863</u>	<u>222,380</u>	<u>1,195,120</u>	<u>1,502,363</u>
Total liabilities and fund balances	<u>\$ 84,863</u>	<u>\$ 222,380</u>	<u>\$ 1,204,212</u>	<u>\$ 1,511,455</u>

**CITY OF ANDOVER, KANSAS**

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

**Year ended December 31, 2015**

	<u>Highway Improve- ment</u>	<u>Street Machinery and Bridge Building</u>	<u>Capital Equipment Reserve</u>	<u>Total Nonmajor Capital Project Funds</u>
<b>Revenues:</b>				
Use of money and property	\$ 137	\$ 335	\$ 2,001	\$ 2,473
Miscellaneous	<u>–</u>	<u>–</u>	<u>21,692</u>	<u>21,692</u>
Total revenues	137	335	23,693	24,165
<b>Expenditures:</b>				
Capital outlay	<u>–</u>	<u>–</u>	<u>201,473</u>	<u>201,473</u>
Revenues over (under) expenditures	137	335	(177,780)	(177,308)
<b>Other financing sources (uses):</b>				
Transfers in	<u>–</u>	<u>15,000</u>	<u>102,975</u>	<u>117,975</u>
Net change in fund balances	137	15,335	(74,805)	(59,333)
Fund balances, beginning of year	<u>84,726</u>	<u>207,045</u>	<u>1,269,925</u>	<u>1,561,696</u>
Fund balances, end of year	<u>\$ 84,863</u>	<u>\$ 222,380</u>	<u>\$ 1,195,120</u>	<u>\$ 1,502,363</u>

## ENTERPRISE FUNDS

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

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

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

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

**CITY OF ANDOVER, KANSAS**

**WATER UTILITY FUND**

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

**Year Ended December 31, 2015**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 105,000	\$ 105,000	\$ 121,125	\$ 16,125
Use of money and property	<u>200</u>	<u>200</u>	<u>490</u>	<u>290</u>
 Total revenues	 <u>105,200</u>	 <u>105,200</u>	 <u>121,615</u>	 <u>16,415</u>
 <b>Expenditures, encumbrances and other uses:</b>				
Personal services	24,045	24,045	22,922	1,123
Contractual services	2,500	5,000	3,889	1,111
Commodities	–	–	28	(28)
Capital outlay	<u>–</u>	<u>18,000</u>	<u>31,344</u>	<u>(13,344)</u>
 Total expenditures, encumbrances and other uses	 <u>26,545</u>	 <u>47,045</u>	 <u>58,183</u>	 <u>(11,138)</u>
 Revenues over expenditures, encumbrances and other uses	 78,655	 58,155	 63,432	 5,277
Fund balance, beginning of year	<u>235,601</u>	<u>235,601</u>	<u>273,890</u>	<u>38,289</u>
 Fund balance, end of year	 <u>\$ 314,256</u>	 <u>\$ 293,756</u>	 <u>\$ 337,322</u>	 <u>\$ 43,566</u>

**CITY OF ANDOVER, KANSAS**

**SEWER UTILITY FUND**

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

**Year Ended December 31, 2015**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services	\$ 1,921,625	\$1,921,625	\$2,463,023	\$ 541,398
Use of money and property	13,237	13,237	36,725	23,488
Miscellaneous	<u>—</u>	<u>—</u>	<u>21,634</u>	<u>21,634</u>
 Total revenues	 <u>1,934,862</u>	 <u>1,934,862</u>	 <u>2,521,382</u>	 <u>586,520</u>
 <b>Expenditures, encumbrances and other uses:</b>				
Personal services	443,951	443,951	406,195	37,756
Contractual services	297,255	297,255	273,345	23,910
Commodities	89,950	89,950	90,212	(262)
Capital outlay	395,000	395,000	357,212	37,788
Transfers out	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>—</u>
 Total expenditures, encumbrances and other uses	 <u>2,476,156</u>	 <u>2,476,156</u>	 <u>2,376,964</u>	 <u>99,192</u>
 Revenues over (under) expenditures, encumbrances and other uses	 (541,294)	 (541,294)	144,418	685,712
Fund balance, beginning of year	<u>1,154,931</u>	<u>1,154,931</u>	<u>1,693,730</u>	<u>538,799</u>
 Fund balance, end of year	 <u>\$ 613,637</u>	 <u>\$ 613,637</u>	 <u>\$1,838,148</u>	 <u>\$1,224,511</u>

**CITY OF ANDOVER, KANSAS**

**RECYCLING/TRASH UTILITY FUND**

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

**Year Ended December 31, 2015**

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 550,000	\$ 595,000	\$ 586,404	\$ (8,596)
Use of money and property	<u>—</u>	<u>—</u>	<u>123</u>	<u>123</u>
Total revenues	<u>550,000</u>	<u>595,000</u>	<u>586,527</u>	<u>(8,473)</u>
Expenditures, encumbrances and other uses:				
Personal services	30,126	30,126	28,051	2,075
Contractual services	514,050	554,050	546,543	7,507
Commodities	<u>1,650</u>	<u>1,650</u>	<u>2,428</u>	<u>(778)</u>
Total expenditures, encumbrances and other uses	<u>545,826</u>	<u>585,826</u>	<u>577,022</u>	<u>8,804</u>
Revenues over expenditures, encumbrances and other uses	4,174	9,174	9,505	331
Fund balance, beginning of year	<u>42,174</u>	<u>42,174</u>	<u>70,103</u>	<u>27,929</u>
Fund balance, end of year	<u>\$ 46,348</u>	<u>\$ 51,348</u>	<u>\$ 79,608</u>	<u>\$ 28,260</u>

## **FIDUCIARY FUNDS**

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

### **AGENCY FUNDS:**

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

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

**CITY OF ANDOVER, KANSAS**

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

**Year ended December 31, 2015**

	Balance January 1, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2015</u>
<b><u>PAYROLL AGENCY FUND</u></b>				
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ <u>12,770</u>	\$ <u>1,225,972</u>	\$ <u>1,220,986</u>	\$ <u>17,756</u>
<b><u>LIABILITIES</u></b>				
Accrued liabilities	\$ <u>12,770</u>	\$ <u>1,225,972</u>	\$ <u>1,220,986</u>	\$ <u>17,756</u>
<b><u>MUNICIPAL COURT BOND DEPOSIT FUND</u></b>				
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ <u>3,523</u>	\$ <u>9,695</u>	\$ <u>6,990</u>	\$ <u>6,228</u>
<b><u>LIABILITIES</u></b>				
Appearance bonds payable	\$ <u>3,523</u>	\$ <u>9,695</u>	\$ <u>6,990</u>	\$ <u>6,228</u>
<b><u>TOTALS – ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and short-term investments	\$ <u>16,293</u>	\$ <u>1,235,667</u>	\$ <u>1,227,976</u>	\$ <u>23,984</u>
<b><u>LIABILITIES</u></b>				
Accrued liabilities	\$ <u>12,770</u>	\$ <u>1,225,972</u>	\$ <u>1,220,986</u>	\$ <u>17,756</u>
Appearance bonds payable	<u>3,523</u>	<u>9,695</u>	<u>6,990</u>	<u>6,228</u>
	\$ <u>16,293</u>	\$ <u>1,235,667</u>	\$ <u>1,227,976</u>	\$ <u>23,984</u>

## COMPONENT UNIT

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

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

**CITY OF ANDOVER, KANSAS**

**GENERAL FUND BALANCE SHEET – ANDOVER PUBLIC LIBRARY**

**December 31, 2015**

**ASSETS**

Cash and investments \$ 401,372

**LIABILITIES AND FUND BALANCE**

Liabilities:  
Accounts payable \$ 231

Fund balance:  
Committed:  
Capital improvements 260,582  
Unassigned 140,559

Total fund balance 401,141

Total liabilities and fund balance \$ 401,372

Reconciliation to total net position:  
Total fund balance per above \$ 401,141  
Add long-term capital assets 352,630  
Less accumulated depreciation (218,760)  
on long-term capital assets (218,760)  
Total net position \$ 535,011

**CITY OF ANDOVER, KANSAS**

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

**Year ended December 31, 2015**

Revenues:	
Appropriation from City of Andover	\$ 421,200
South Central Kansas Library System grants	73,923
State aid	4,088
Interest earnings	2,025
Fines and fees	77,288
Memorial donations	10,259
Other charges	<u>6,077</u>
Total revenues	<u>594,860</u>
Expenditures:	
Salaries, wages and payroll taxes	305,248
Purchase of books, periodicals and other media	65,252
Advertising	98,729
Postage, supplies and equipment maintenance	16,778
Capital equipment outlays	35,166
Telephone and utilities	24,223
Building maintenance and supplies	34,672
Special programs	2,695
Miscellaneous	<u>8,723</u>
Total expenditures	<u>591,486</u>
Net change in fund balance	3,374
Fund balance, beginning of year	<u>397,767</u>
Fund balance, end of year	<u>\$ 401,141</u>
Reconciliation of change in net position:	
Net change in fund balance per above	\$ 3,374
Add assets capitalized	98,599
Less current year depreciation on capital assets	(29,320)
Less loss on disposal of capital assets	<u>(1,504)</u>
Change in net position	<u>\$ 71,149</u>

# **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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	102
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source.	109
<b>Debt Capacity</b>	
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.	113
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	118
<b>Operating Information</b>	
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.	123

**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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Net investment in capital assets	\$ (6,921,351)	\$ (2,687,674)	\$ 3,812,742	\$ 3,723,622	\$ 907,527	\$ 3,069,080	\$ 3,742,281	\$ 8,119,579	\$ 11,794,001	\$ 13,165,372
Restricted	22,332,361	25,008,711	30,640,036	28,160,493	29,429,901	39,086,258	39,920,413	39,719,179	36,211,840	54,135,658
Unrestricted	4,610,314	2,675,538	(3,324,809)	114,925	4,233,375	1,476,823	2,394,760	2,523,635	2,365,887	(5,985,537)
<b>Total governmental activities net position</b>	<u>\$20,021,324</u>	<u>\$24,996,575</u>	<u>\$31,127,969</u>	<u>\$31,999,040</u>	<u>\$34,570,803</u>	<u>\$ 43,632,161</u>	<u>\$46,057,454</u>	<u>\$50,362,393</u>	<u>\$50,371,728</u>	<u>\$61,315,493</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 14,002,291	\$ 15,635,034	\$ 18,208,045	\$ 18,150,921	\$ 19,924,848	\$ 21,678,530	\$ 21,753,996	\$ 22,273,648	\$ 22,984,734	\$ 23,832,006
Restricted	2,684,147	3,195,999	3,278,991	3,266,458	3,318,137	2,402,826	2,921,829	4,291,105	3,703,266	5,140,790
Unrestricted	1,150,093	975,141	1,080,787	1,013,248	441,443	726,966	963,898	1,079,885	2,316,686	2,541,334
<b>Total business-type activities net position</b>	<u>\$17,836,531</u>	<u>\$19,806,174</u>	<u>\$22,567,823</u>	<u>\$22,430,627</u>	<u>\$23,684,428</u>	<u>\$ 24,808,322</u>	<u>\$25,639,723</u>	<u>\$27,644,638</u>	<u>\$29,004,686</u>	<u>\$31,514,130</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 7,080,940	\$ 12,947,360	\$ 22,020,787	\$ 21,874,543	\$ 20,832,375	\$ 24,747,610	\$ 25,496,277	\$ 30,393,227	\$ 34,778,735	\$ 36,997,378
Restricted	25,016,508	28,204,710	33,919,027	31,426,951	32,748,038	41,489,084	42,842,242	44,010,284	39,915,106	59,276,448
Unrestricted	5,760,407	3,650,679	(2,244,022)	1,128,173	4,674,818	2,203,789	3,358,658	3,603,520	4,682,573	(3,444,203)
<b>Total primary government net position</b>	<u>\$37,857,855</u>	<u>\$44,802,749</u>	<u>\$53,695,792</u>	<u>\$54,429,667</u>	<u>\$58,255,231</u>	<u>\$ 68,440,483</u>	<u>\$71,697,177</u>	<u>\$78,007,031</u>	<u>\$79,376,414</u>	<u>\$92,829,623</u>

\* 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 887,123	\$ 974,533	\$ 1,050,874	\$ 1,064,690	\$ 809,915	\$ 1,373,335	\$ 2,370,028	\$ 3,828,947	\$ 986,656	\$ 1,148,674
Public Safety	2,148,561	2,580,055	2,885,107	3,349,588	3,623,780	3,843,380	3,980,400	3,898,147	6,880,918 *	4,481,867
Highways and street	1,543,927	1,051,319	2,062,097	2,091,853	3,084,834	3,424,155	3,895,179	4,273,557	3,312,108	2,498,517
Health and sanitation	57,323	219,337	83,213	96,071	107,215	170,363	125,110	119,216	130,326	137,997
Culture and recreation	786,112	899,687	985,226	1,015,734	1,210,123	1,996,474	1,590,511	1,536,769	2,007,531	1,657,370
Economic development	67,903	20,632	69,185	67,333	23,974	44,995	53,280	112,099	130,072	135,006
Environment protection	11,673	13,412	13,077	9,995	10,601	13,729	7,352	12,331	5,225	8,089
Interest on long-term debt	1,541,389	1,599,603	1,859,286	1,590,175	1,602,859	1,751,294	1,849,110	1,353,866	1,114,864	978,136
<b>Total governmental activities expenses</b>	<b>7,044,011</b>	<b>7,358,578</b>	<b>9,008,065</b>	<b>9,285,439</b>	<b>10,473,301</b>	<b>12,617,725</b>	<b>13,875,949</b>	<b>15,129,953</b>	<b>14,567,700</b>	<b>11,045,656</b>
<b>Business type activities:</b>										
Water	253,712	266,156	168,405	191,202	197,173	208,667	213,041	244,919	222,484	232,378
Wastewater	1,052,190	1,100,239	1,151,411	1,243,054	1,260,543	1,136,863	1,237,691	1,333,983	1,260,875	1,342,371
Recycle/Trash Utility	-	-	-	-	234,422	411,880	495,219	514,556	540,964	522,325
<b>Total business-type activities expenses</b>	<b>1,305,902</b>	<b>1,366,395</b>	<b>1,319,816</b>	<b>1,434,256</b>	<b>1,692,138</b>	<b>1,757,410</b>	<b>1,945,951</b>	<b>2,093,458</b>	<b>2,024,323</b>	<b>2,097,074</b>
<b>Total primary government expenses</b>	<b>\$ 8,349,913</b>	<b>\$ 8,724,973</b>	<b>\$ 10,327,881</b>	<b>\$ 10,719,695</b>	<b>\$ 12,165,439</b>	<b>\$ 14,375,135</b>	<b>\$ 15,821,900</b>	<b>\$ 17,223,411</b>	<b>\$ 16,592,023</b>	<b>\$ 13,142,730</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General Government	\$ 210,065	\$ 285,987	\$ 252,497	\$ 163,687	\$ 397,086	\$ 734,966	\$ 1,591,067	\$ 3,248,958	\$ 229,545	\$ 248,586
Public Safety	238,127	220,553	265,563	281,886	236,339	424,870	482,306	476,277	507,507	567,177
Highway and streets	193,922	225,653	189,213	145,137	151,010	179,709	187,229	295,032	172,974	186,033
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Culture and recreation	227,988	314,919	233,101	264,351	286,418	1,019,634	429,033	571,110	426,200	479,150
Economic development	-	-	-	-	-	-	-	-	7,356	29,153
Operating grants and contributions	334,967	391,271	323,982	344,869	330,462	341,771	364,185	360,538	446,607	409,569
Capital grants and contributions	6,267,874	5,476,892	9,705,795	1,999,911	5,721,800	10,502,266	3,735,910	5,435,805	2,083,544	14,945,134
<b>Total governmental activities program revenue</b>	<b>7,472,943</b>	<b>6,915,275</b>	<b>10,970,151</b>	<b>3,199,841</b>	<b>7,123,115</b>	<b>13,203,216</b>	<b>6,789,730</b>	<b>10,387,720</b>	<b>3,873,733</b>	<b>16,864,802</b>
<b>Business-type activities:</b>										
Charges for services:										
Water	124,576	105,404	108,528	112,236	113,690	128,631	127,247	114,995	129,913	123,165
Wastewater	1,215,850	1,274,074	1,275,241	1,215,218	1,205,873	1,452,342	1,920,091	2,686,307	2,510,086	2,729,919
Recycle/Trash Utility	-	-	-	-	254,149	405,133	501,154	540,809	568,547	590,341
Capital grants and contributions	-	-	-	-	-	-	-	-	-	26,100
<b>Total business-type activities program revenues</b>	<b>1,340,426</b>	<b>1,379,478</b>	<b>1,383,769</b>	<b>1,327,454</b>	<b>1,573,712</b>	<b>1,986,106</b>	<b>2,548,492</b>	<b>3,342,111</b>	<b>3,208,546</b>	<b>3,469,525</b>
<b>Total primary government program revenues</b>	<b>\$ 8,813,369</b>	<b>\$ 8,294,753</b>	<b>\$ 12,353,920</b>	<b>\$ 4,527,295</b>	<b>\$ 8,696,827</b>	<b>\$ 15,189,322</b>	<b>\$ 9,338,222</b>	<b>\$ 13,729,831</b>	<b>\$ 7,082,279</b>	<b>\$ 20,334,327</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ 428,932	\$ (443,303)	\$ 1,962,086	\$ (6,085,598)	\$ (3,350,186)	\$ 585,491	\$ (7,086,219)	\$ (4,742,233)	\$ (10,693,967)	\$ 5,819,146
Business-type activities	34,524	13,083	63,953	(106,802)	(118,426)	228,696	602,541	1,248,653	1,184,223	1,372,451
<b>Total primary government net expenses</b>	<b>\$ 463,456</b>	<b>\$ (430,220)</b>	<b>\$ 2,026,039</b>	<b>\$ (6,192,400)</b>	<b>\$ (3,468,612)</b>	<b>\$ 814,187</b>	<b>\$ (6,483,678)</b>	<b>\$ (3,493,580)</b>	<b>\$ (9,509,744)</b>	<b>\$ 7,191,597</b>

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 3,240,873	\$ 3,586,613	\$ 4,131,474	\$ 4,573,036	\$ 4,927,084	\$ 6,653,922	\$ 7,158,713	\$ 6,597,597	\$ 5,171,284	\$ 5,704,724
Sales taxes	1,345,340	2,487,160	1,639,405	1,539,327	1,567,061	1,909,229	1,852,510	2,348,084	1,988,869	2,400,178
Franchise taxes	514,361	583,179	633,556	615,928	683,013	667,299	631,758	693,676	748,782	778,129
Other Taxes	2,903	22,394	92,085	130,221	76,391	97,294	89,554	95,831	104,455	145,676
Investment earnings	381,260	486,754	254,423	31,811	26,563	30,944	78,043	46,363	32,538	32,810
Transfers	(1,812,410)	(1,747,546)	(2,581,635)	66,346	(1,358,163)	(882,821)	(299,066)	(734,379)	(153,477)	(1,126,047)
<b>Total governmental activities</b>	<b>3,672,327</b>	<b>5,418,554</b>	<b>4,169,308</b>	<b>6,956,669</b>	<b>5,921,949</b>	<b>8,475,867</b>	<b>9,511,512</b>	<b>9,047,172</b>	<b>7,892,451</b>	<b>7,935,470</b>
<b>Business-type activities</b>										
Investment earnings	162,215	209,014	116,061	35,952	14,064	12,377	10,462	21,883	22,348	10,946
Transfers	1,812,410	1,747,546	2,581,635	(66,346)	1,358,163	882,821	299,066	734,379	153,477	1,126,047
<b>Total business-type activities</b>	<b>1,974,625</b>	<b>1,956,560</b>	<b>2,697,696</b>	<b>(30,394)</b>	<b>1,372,227</b>	<b>895,198</b>	<b>309,528</b>	<b>756,262</b>	<b>175,825</b>	<b>1,136,993</b>
<b>Total primary government</b>	<b>\$ 5,646,952</b>	<b>\$ 7,375,114</b>	<b>\$ 6,867,004</b>	<b>\$ 6,926,275</b>	<b>\$ 7,294,176</b>	<b>\$ 9,371,065</b>	<b>\$ 9,821,040</b>	<b>\$ 9,803,434</b>	<b>\$ 8,068,276</b>	<b>\$ 9,072,463</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 4,101,259	\$ 4,975,251	\$ 6,131,394	\$ 871,071	\$ 2,571,763	\$ 9,061,358	\$ 2,425,293	\$ 4,304,939	\$ (2,801,516)	\$ 13,754,616
Business-type activities	2,009,149	1,969,643	2,761,649	(137,196)	1,253,801	1,123,894	912,069	2,004,915	1,360,048	2,509,444
<b>Total primary government</b>	<b>\$ 6,110,408</b>	<b>6,944,894</b>	<b>8,893,043</b>	<b>733,875</b>	<b>3,825,564</b>	<b>10,185,252</b>	<b>3,337,362</b>	<b>6,309,854</b>	<b>(1,441,468)</b>	<b>16,264,060</b>

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
General government	\$ 210,065	\$ 365,466	\$ 264,497	\$ 182,883	\$ 400,513	\$ 734,966	\$ 1,591,067	\$ 3,266,898	\$ 280,079	\$ 248,586
Public Safety	633,326	583,581	656,880	604,940	271,508	684,937	511,690	476,277	529,406	1,253,686
Highways and streets	788,364	352,901	896,049	810,966	1,308,709	1,207,207	759,192	670,314	1,081,513	1,140,412
Health and sanitation	259,222	50,739	---	---	---	---	---	---	---	---
Culture and recreation	1,559,321	487,657	738,441	291,976	286,418	1,019,634	429,033	572,610	426,200	479,150
Environmental protection	---	---	---	---	---	---	---	---	---	---
Economic development	---	---	---	---	---	---	---	384,528	341,945	29,153
Interest on long term debt	4,022,645	5,074,931	8,414,284	1,309,076	4,855,967	9,556,472	3,498,748	5,017,093	1,214,590	13,713,815
<b>Subtotal governmental activities</b>	<b>7,472,943</b>	<b>6,915,275</b>	<b>10,970,151</b>	<b>3,199,841</b>	<b>7,123,115</b>	<b>13,203,216</b>	<b>6,789,730</b>	<b>10,387,720</b>	<b>3,873,733</b>	<b>16,864,802</b>
<b>Business-type activities</b>										
Water	124,576	105,404	108,528	112,236	113,690	128,631	127,247	114,995	129,913	123,165
Wastewater	1,215,850	1,274,074	1,275,241	1,215,218	1,205,873	1,452,342	1,920,091	2,686,307	2,510,086	2,756,019
Recycling/Trash Utility	---	---	---	---	254,149	405,133	501,154	540,809	568,547	590,341
<b>Subtotal business-type activities</b>	<b>1,340,426</b>	<b>1,379,478</b>	<b>1,383,769</b>	<b>1,327,454</b>	<b>1,573,712</b>	<b>1,986,106</b>	<b>2,548,492</b>	<b>3,342,111</b>	<b>3,208,546</b>	<b>3,469,525</b>
<b>Total primary government</b>	<b>\$ 8,813,369</b>	<b>\$ 8,294,753</b>	<b>\$ 12,353,920</b>	<b>\$ 4,527,295</b>	<b>\$ 8,696,827</b>	<b>\$ 15,189,322</b>	<b>\$ 9,338,222</b>	<b>\$ 13,729,831</b>	<b>\$ 7,082,279</b>	<b>\$ 20,334,327</b>

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Franchise</u>	<u>Other</u>	<u>Total</u>
2006	\$ 3,240,873	\$ 1,345,340	\$ 514,361	\$ 2,903	\$ 5,103,477
2007	3,586,613	2,487,160	583,179	22,394	6,679,346
2008	4,131,474	1,639,405	633,556	92,085	6,496,520
2009	4,573,036	1,539,327	615,928	130,221	6,858,512
2010	4,927,084	1,567,061	683,013	76,391	7,253,549
2011	6,653,922	1,909,229	667,299	97,294	9,327,744
2012	7,158,716	1,852,510	631,758	89,554	9,732,538
2013	5,308,073	3,637,608	693,676	95,831	9,735,188
2014	5,158,711	1,988,869	748,782	104,455	8,000,817
2015	5,584,723	2,400,178	778,129	145,676	8,908,706
Change 2006-2015	72.3%	78.4%	51.3%	4918.1%	74.6%

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 27,383	\$ 166,847	\$ 167,325	\$ 90,130	\$ 78,039	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,535,623	1,825,409	2,194,699	1,842,643	1,840,011	-	-	-	-	-
Committed	-	-	-	-	-	1,002,945	201,425	146,492	1,241,811	855,533
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	1,167,321	1,703,753	1,914,689	644,814	1,292,746
<b>Total General Fund</b>	<b>\$ 1,563,006</b>	<b>\$ 1,992,256</b>	<b>\$ 2,362,024</b>	<b>\$ 1,932,773</b>	<b>\$ 1,918,050</b>	<b>\$ 2,170,266</b>	<b>\$ 1,905,178</b>	<b>\$ 2,061,181</b>	<b>\$ 1,886,625</b>	<b>\$ 2,148,279</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 1,167,324	\$ 4,465,591	\$ 1,809,311	\$ 5,679,912	\$ 2,459,314	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported In:										
Special revenue funds	2,536,801	3,819,032	3,239,665	4,222,157	4,424,197	-	-	-	-	-
Capital projects funds	(9,009,906)	(12,407,143)	(9,557,490)	(17,376,276)	(10,126,128)	-	-	-	-	-
Debt service funds	855,836	1,026,816	943,582	656,850	1,029,435	-	-	-	-	-
Restricted						4,683,970	6,321,097	6,179,834	5,789,033	14,671,992
Committed	-	-	-	-	-	1,362,590	1,165,931	1,400,263	984,159	1,150,733
Assigned	-	-	-	-	-	473,721	551,394	1,031,833	1,321,830	1,251,675
Unassigned, Reported In:										
Capital projects funds	-	-	-	-	-	(5,182,631)	(2,989,640)	(1,033,476)	(3,343,458)	(1,193,272)
<b>Total all other governmental funds</b>	<b>\$ (4,449,945)</b>	<b>\$ (3,095,704)</b>	<b>\$ (3,564,932)</b>	<b>\$ (6,817,357)</b>	<b>\$ (2,213,182)</b>	<b>\$ 1,337,650</b>	<b>\$ 5,048,782</b>	<b>\$ 7,578,454</b>	<b>\$ 4,751,564</b>	<b>\$ 15,881,128</b>

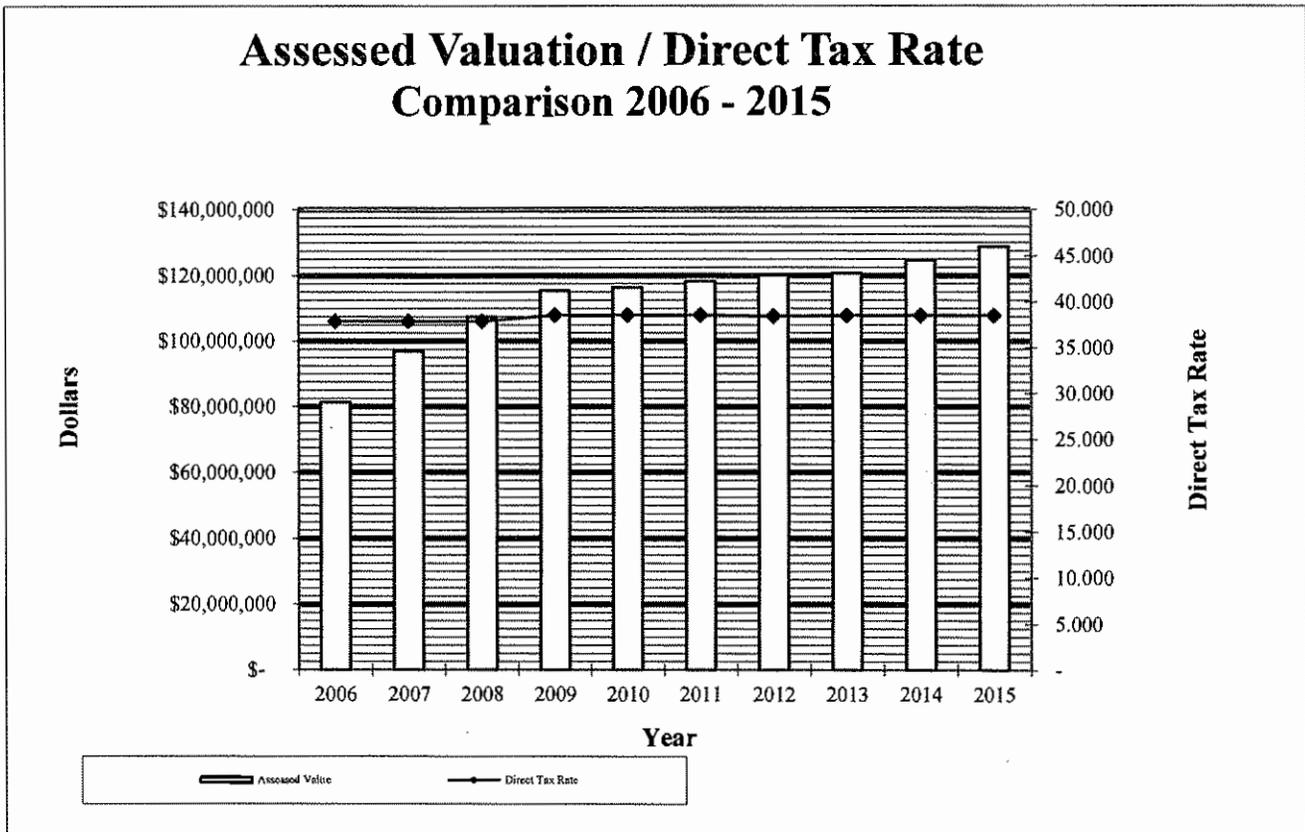
Fund balance classifications starting in 2011 are due to the implementation of Governmental Accounting Standards Board Statement No. 54.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 5,160,771	\$ 6,173,551	\$ 5,914,419	\$ 6,292,335	\$ 6,611,832	\$ 8,561,022	\$ 8,961,924	\$ 9,159,094	\$ 7,352,507	\$ 8,228,841
Licenses and permits	558,202	1,288,837	1,208,174	1,003,377	1,069,365	1,089,780	1,004,942	1,434,731	1,130,436	1,199,498
Fines, forfeiture and other	169,395	174,673	213,502	230,394	195,043	217,806	233,615	257,888	272,990	282,595
Charges for service	82,666	85,376	93,670	96,376	335,330	561,423	164,075	365,319	110,534	156,601
Special assessments	4,079,705	2,702,071	3,406,561	3,556,849	4,468,964	3,864,630	4,585,505	5,077,064	4,406,235	4,885,697
Intergovernmental	1,009,865	587,955	703,639	956,999	708,740	1,165,934	552,772	359,038	918,438	911,622
Investment earnings	381,017	557,092	254,423	50,859	62,497	1,053,699	1,758,877	3,506,378	762,069	474,720
Other revenues	3,545	6,450	212,147	95,786	54,633	45,788	141,570	69,730	82,990	121,560
<b>Total revenues</b>	<b>11,445,166</b>	<b>11,576,005</b>	<b>12,006,535</b>	<b>12,282,975</b>	<b>13,506,404</b>	<b>16,560,082</b>	<b>17,403,280</b>	<b>20,229,242</b>	<b>15,036,199</b>	<b>16,261,134</b>
<b>Expenditures</b>										
General government	885,654	968,001	1,059,531	798,555	786,501	1,170,046	2,180,550	3,665,697	938,715	991,438
Public Safety	2,068,579	2,699,770	2,674,912	3,138,988	3,329,243	3,859,594	3,735,576	3,763,868	3,851,325	4,382,478
Highways and streets	2,303,060	1,227,505	2,460,374	2,229,491	2,053,746	2,252,666	1,698,017	2,311,639	3,699,507	1,759,329
Health and sanitation	65,248	82,805	82,196	96,071	106,043	112,767	125,110	131,979	128,704	136,581
Culture and recreation	697,807	753,049	913,568	1,165,620	1,030,539	1,879,487	1,373,101	1,472,168	1,874,893	1,532,216
Environmental protection	11,673	12,753	13,077	9,995	10,601	13,729	12,331	7,115	5,225	8,089
Economic development	2,903	20,632	69,185	67,333	22,178	63,327	49,205	110,044	130,072	135,006
Capital improvements	4,614,470	5,717,674	8,977,921	3,769,137	8,325,641	3,915,453	571,113	1,609,139	2,526,708	2,447,393
Debt Service										
Interest	1,591,814	1,512,799	1,513,207	1,849,905	3,419,695	1,661,155	1,632,006	1,110,790	1,101,193	1,164,163
Principal	2,200,052	2,238,153	2,415,228	2,437,347	1,557,935	5,421,754	5,188,736	6,830,502	3,892,355	3,780,299
<b>Total expenditures</b>	<b>14,441,260</b>	<b>15,233,141</b>	<b>20,179,199</b>	<b>15,562,442</b>	<b>20,642,122</b>	<b>20,349,978</b>	<b>16,565,745</b>	<b>21,012,941</b>	<b>18,148,697</b>	<b>16,336,992</b>
Excess of revenues over (under) expenditures	(2,996,094)	(3,657,136)	(8,172,664)	(3,279,467)	(7,135,718)	(3,789,896)	837,535	(783,699)	(3,112,498)	(75,858)
<b>Other financing sources (uses)</b>										
Issuance of general obligation bonds	3,132,378	4,824,000	7,583,000	10,842,000	6,876,000	5,958,000	2,444,000	3,295,000	---	7,820,000
Issuance of general obligation refunding bonds	---	---	---	---	---	1,780,000	5,960,000	6,610,000	---	2,500,000
Issuance of Andover Public Building Commission revenue bonds/certificates of participation	57,000	---	---	---	4,350,000	4,936,000	---	---	---	3,320,000
Issuance of certificates of participation	178,000	502,443	---	---	79,000	---	---	---	---	---
Issuance of capital lease obligations	---	---	129,998	62,999	---	---	---	---	---	---
Premium on bonds issued	---	---	---	---	---	---	111,751	163,497	---	320,684
Payment to escrow agent	---	---	---	(11,373,554)	---	(5,156,301)	(5,982,573)	(6,663,247)	---	(2,600,411)
Transfers in	1,417,277	1,326,929	1,435,137	736,842	2,060,490	534,363	580,405	870,941	643,232	694,832
Transfers out	(987,159)	(1,212,745)	(1,174,379)	(670,496)	(1,640,320)	(459,118)	(505,074)	(806,817)	(532,180)	(588,029)
<b>Total other financing sources (uses)</b>	<b>3,797,496</b>	<b>5,440,627</b>	<b>7,973,756</b>	<b>(402,209)</b>	<b>11,725,170</b>	<b>7,592,944</b>	<b>2,608,509</b>	<b>3,469,374</b>	<b>111,052</b>	<b>11,467,076</b>
<b>Net change in fund balances</b>	<b>\$ 801,402</b>	<b>\$ 1,783,491</b>	<b>\$ (198,908)</b>	<b>\$ (3,681,676)</b>	<b>\$ 4,589,452</b>	<b>\$ 3,803,048</b>	<b>\$ 3,446,044</b>	<b>\$ 2,685,675</b>	<b>\$ (3,001,446)</b>	<b>\$ 11,391,218</b>
Debt service as a percentage of non capital expenditures	37.9%	38.5%	42.8%	44.5%	38.6%	45.0%	43.0%	41.4%	39.9%	38.8%

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

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Assessed Value as a Percentage of Actual Value</b>
2006	\$ 73,079,987	\$ 8,254,548	\$ 81,334,535	\$37.907	\$ 662,993,308	12.27%
2007	90,698,192	6,241,506	96,939,698	37.897	809,484,950	11.98%
2008	100,180,581	7,148,767	107,329,348	37.910	894,964,710	11.99%
2009	108,975,904	6,463,119	115,439,023	38.543	969,160,287	11.91%
2010	110,442,796	5,970,589	116,413,385	38.555	980,274,102	11.88%
2011	112,578,054	5,766,758	118,344,812	38.549	998,162,127	11.86%
2012	114,586,801	5,578,196	120,164,997	38.464	1,015,000,952	11.84%
2013	115,452,153	5,231,981	120,684,134	38.519	1,021,371,702	11.82%
2014	119,751,159	4,934,858	124,686,017	38.518	1,057,763,953	11.79%
2015	123,531,493	5,221,466	128,752,959	38.525	1,091,591,782	11.79%



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

Fiscal Year	City Direct Rates						Overlapping Rates			
	Basic Rate	Special Public Building Fund	Bond & Interest	Library	Employee Benefits	Total Direct	Andover School District USD #385	Butler County	Butler Community College	State of Kansas
2006	23.187	1.554	2.238	3.011	7.917	37.907	58.525	35.723	17.363	1.500
2007	23.365	2.794	1.356	3.002	7.380	37.897	59.501	35.440	17.225	1.500
2008	23.125	1.808	1.561	3.001	8.415	37.910	62.325	36.434	18.195	1.500
2009	21.860	1.965	2.511	3.051	9.156	38.543	63.352	36.522	18.194	1.500
2010	22.248	1.806	1.022	3.001	10.478	38.555	67.126	35.822	18.002	1.500
2011	22.399	1.858	0.382	3.005	10.905	38.549	67.837	35.755	18.005	1.500
2012	22.397	1.532	1.083	3.002	10.450	38.464	65.350	35.273	18.005	1.500
2013	23.410	0.956	0.460	3.004	10.689	38.519	65.993	35.164	18.021	1.500
2014	23.120	1.694	0.027	3.000	10.677	38.518	63.918	35.133	18.003	1.500
2015	23.856	1.446	0.027	3.001	10.195	38.525	65.289	35.012	18.063	1.500

Source: Butler County Clerk

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

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Kansas Medical Center LLC	\$ 3,493,988	1	2.71 %	\$ ---		--- %
Dillons Companies Inc.	2,113,463	2	1.64	4,877,905	1	6.00
Kansas Gas & Electric	1,861,110	3	1.44	1,347,696	6	1.66
Flint Hills National Golf Club	1,619,271	4	1.26	896,619	9	1.10
Pauli Properties II Family LP	1,284,170	5	1.00	---		---
Vornado Air LLC	1,270,323	6	0.99	---		---
Kansas Gas Service	880,150	7	0.68	---		---
LE and Sons LLC	877,350	8	0.68	---		---
Andover Senior Care LLC	770,605	9	0.60	---		---
Andover State Bank	534,751	10	0.42	1,020,792	8	1.26
Vanessa Properties	---		---	2,287,115	2	2.81
Sherwin Williams Co	---		---	2,146,105 *	3	2.64
Southwestern Bell Telephone	---		---	1,397,087	4	1.72
Andover Housing Assoc. LP	---		---	1,352,260	5	1.66
Terradyne Country Club LLC	---		---	1,300,750	7	1.60
Smith & Company	---		---	570,927	10	0.70

\* 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**

<b>Fiscal Year Ended Dec. 31,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collections within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years *</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2006	\$ 2,771,313	\$ 2,684,886	96.88%	\$ 80,585	\$ 2,765,471	99.79%
2007	3,083,148	2,981,703	96.71%	94,663	3,076,366	99.78%
2008	3,673,724	3,415,510	92.97%	223,362	3,638,873	99.05%
2009	4,068,856	3,765,373	92.54%	290,003	4,055,375	99.67%
2010	4,449,366	4,094,807	92.03%	274,192	4,368,999	98.19%
2011	4,964,070	4,222,997	85.07%	197,944	4,420,941	89.06%
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	4,802,781	4,318,371	89.91%	293,963	4,612,334	96.03%
2015	4,959,306	4,585,186	92.46%	-	4,585,186	92.46%

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

Source: Butler County Clerk

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

Fiscal Year	Governmental Activities						Business-type Activities					
	General Obligation Bonds	Public Building Commission Revenue Bonds	Public Building Commission Certificate of Participation	City of Andover Certificate of Participation	Temporary Notes	Capital Lease Obligations	Premium on Bonds	Wastewater Revenue Bonds	Capital Lease Obligations	Total Primary Government	Percentage of Personal Income *	Per Capita
2006	\$24,112,378	\$ 4,047,000	\$ 50,000	\$ 120,000	\$ 9,022,000	\$ 166,653	\$ -	\$ 3,295,000	\$ -	\$ 40,813,031	-	\$ 4,478
2007	26,915,878	3,941,000	40,000	60,000	5,609,000	627,443	-	3,090,000	-	40,283,321	-	4,220
2008	32,428,000	3,823,000	30,000	-	-	700,539	-	2,865,000	16,876	39,863,415	-	4,027
2009	30,054,000	3,695,000	15,000	-	6,607,000	575,191	-	2,615,000	6,313	43,567,504	-	4,119
2010	33,884,000	7,902,000	-	79,000	9,513,000	359,496	-	2,025,000	-	53,762,496	13.73%	4,560
2011	36,642,000	7,355,000	-	40,000	3,833,000	290,442	-	1,735,000	-	49,895,442	-	4,175
2012	35,793,000	5,850,000	-	-	2,945,000	254,706	96,157	1,425,000	-	46,363,863	-	3,832
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	-	-	2,595,000	177,849	172,030	-	-	37,601,879	-	3,006
2015	36,195,000	5,773,000	-	-	2,170,000	136,550	411,457	-	-	44,686,007	-	3,506

\* Personal income numbers, only calculated in census years.

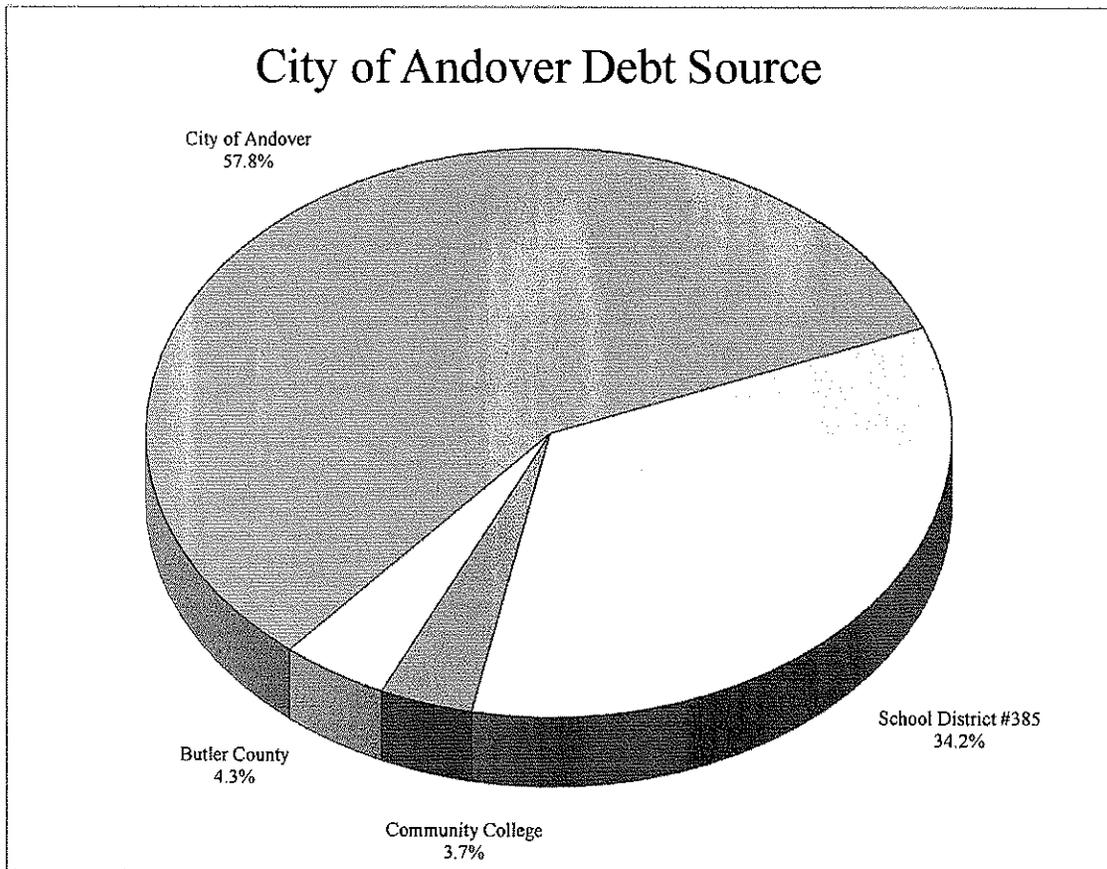
**City of Andover**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding				Less Debt Service Funds	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
	General Obligation Bonds	Temporary Notes	Premium on Bonds	Total				
2006	\$ 24,112,378	\$ 9,022,000	-	\$ 33,134,378	\$ 855,836	\$ 32,278,542	40.74	\$ 3,542
2007	26,915,878	5,609,000	-	32,524,878	1,026,816	31,498,062	24.98	3,300
2008	32,428,000	-	-	32,428,000	943,582	31,484,418	30.21	3,181
2009	30,054,000	6,607,000	-	36,661,000	656,850	36,004,150	31.76	3,404
2010	33,884,000	9,513,000	-	43,397,000	1,029,435	42,367,565	37.28	3,593
2011	36,642,000	3,833,000	-	40,475,000	831,419	39,643,581	34.20	3,317
2012	35,793,000	2,945,000	96,157	38,834,157	753,112	38,081,045	32.32	3,147
2013	35,534,000	-	215,517	35,749,517	1,478,676	34,270,841	29.62	2,794
2014	31,920,000	2,595,000	172,030	34,687,030	1,662,174	33,024,856	27.82	2,640
2015	36,195,000	2,170,000	411,457	38,776,457	2,249,803	36,526,654	30.12	2,866

**CITY OF ANDOVER**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

December 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City of Andover</u>	<u>City of Andover Share of Debt</u>
Local School District #385	\$ 62,340,000	42.385% *	\$ 26,422,809
Butler Community College	14,643,287	19.653% **	2,877,845
Butler County	16,901,000	19.653% **	<u>3,321,554</u>
Subtotal overlapping debt			32,622,208
City direct debt	44,686,007		<u>44,686,007</u>
Total Direct and overlapping debt			<u>\$ 77,308,215</u>



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

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

**City of Andover  
Legal Debt Margin Information  
Last Ten Fiscal Years**

	Fiscal year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 28,261,391	\$ 33,720,227	\$ 36,602,315	\$ 39,130,934	\$ 39,207,765	\$ 39,813,359	\$ 40,375,067	\$ 40,893,561	\$ 42,355,674	\$ 43,831,202
Total net debt applicable to limit	<u>9,446,938</u>	<u>8,903,626</u>	<u>7,975,634</u>	<u>9,956,124</u>	<u>12,306,743</u>	<u>13,501,696</u>	<u>11,241,657</u>	<u>10,508,664</u>	<u>10,397,783</u>	<u>14,841,301</u>
Legal debt margin	\$ 18,814,453	\$ 24,816,601	\$ 28,626,681	\$ 29,174,810	\$ 26,901,022	\$ 26,311,663	\$ 29,133,410	\$ 30,384,897	\$ 31,957,891	\$ 28,989,901
Total net debt applicable to the limit as a percentage of debt limit	33.43%	26.40%	21.79%	25.44%	31.39%	33.91%	27.84%	25.70%	24.55%	33.86%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed Value	\$ 146,104,006 *
Debt limit (30% of assessed value)	43,831,202
Debt applicable to limit:	
General Obligation Bonds	36,195,000
Temporary Notes	2,170,000
Less: Amount exempted by state statute	<u>(23,523,699) **</u>
Total net debt applicable to limit	<u>14,841,301</u>
Legal debt margin	\$ 28,989,901

\* Includes motor vehicles assessed value

\*\* Exempted Debt

K.S.A. 12-624 - Sewer Mains	\$ 825,293
K.S.A. 10-309 - Wastewater & Water	8,346,717
K.S.A. 10-309 - Stormwater	14,296,266
K.S.A. 10-309 - Intersections	<u>55,423</u>
Total 2015 exempted debt	<u>\$ 23,523,699</u>

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

**Debt Service**

<i>Year</i>	<i>Gross Revenue *</i>	<i>Less Operating Expense **</i>	<i>Net Revenue Available Revenue</i>	<i>Principal ***</i>	<i>Interest ***</i>	<i>Total</i>	<i>Coverage (1)</i>
2006	\$ 1,463,530	\$ 593,081	\$ 870,449	\$ 25,000	\$ 108,138	\$ 133,138	6.54
2007	1,473,635	595,476	878,159	205,000	122,445	327,445	2.68
2008	1,385,440	616,094	769,346	225,000	115,988	340,988	2.26
2009	1,250,360	697,942	552,418	250,000	108,563	358,563	1.54
2010	1,219,500	715,280	504,220	250,000	5,544	255,544	1.97
2011	1,464,521	597,329	867,192	290,000	41,015	331,015	2.62
2012	1,930,295	727,795	1,202,500	310,000	37,390	347,390	3.46
2013	2,707,878	819,595	1,888,283	330,000	32,740	362,740	5.21
2014	2,531,994	760,441	1,771,553	350,000	27,130	377,130	4.70
2015	2,766,351	773,776	1,992,575	-	-	-	N/A

\* 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**

<b>Fiscal Year</b>	<b>(1) Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age (Years)</b>	<b>Percent With High School or Higher Education</b>	<b>(2) School Enrollment</b>	<b>(3) Unemployment Rate</b>	<b>Median Home Value</b>
2006	9,114					4,203	4.00%	
2007	9,546					4,255	3.60%	
2008	9,898					4,755	4.80%	
2009	10,351					4,844	6.90%	
2010 *	11,791	\$ 391,603	\$ 33,212	34.80	96.10%	4,776	6.80%	\$162,900
2011	11,951					5,077	6.60%	
2012	12,099					4,960	5.80%	
2013	12,265					4,975	5.00%	
2014	12,509					5,253	4.50%	
2015	12,745					4,947	3.70%	

\* Federal Census

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

Sources:

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

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
USD 385	610	1	486	1
Kansas Medical Center	220	2	171	2
Sherwin-Williams Co.	139	3	166	3
Life Care Center of Andover	131	4	160	4
Butler Community College	122	5		
Victoria Falls	105	6		
Vornado	96	7	43	8
City of Andover	90	8	65	6
Dillons Real Estate Co. Inc	72	9	55	7
International Cold Storage	49	10	85	5
Andover State Bank			25	9
R-Con Corporation			25	9
Total	1,634		1,281	

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, 2015**

<u>Trustee</u>	<u>Bonds</u>	<u>Outstanding</u>
Great Southern Bank Ottawa, Kansas	KMC Equipment, LLC Series A 2011	\$ -
UMB Bank N.A. Wichita, Kansas	Vornado Air, LLC Series B 2011	\$ 648,735
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	\$ 16,103,929
Emprise Bank Wichita, Kansas	Andover Apartments, LLC Series A 2013	\$ 5,500,000
UMB Bank Wichita, Kansas	Vornado Air, LLC Series A 2014	\$ 1,051,682
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series A 2014	\$ 1,913,658
Community Nation Bank Newton, Kansas	KMC MOB, LLC Series B 2014	\$ 490,000
Security Bank of Kansas City Wichita, KS 67212	Founders' Real Estate, LLC Series A 2014	\$ 2,542,000
Security Bank of Kansas City Wichita, KS 67212	Aveda Institute Project Series A 2014	\$ 3,100,000
Security Bank of Kansas City Wichita, KS 67212	Aveda Institute Project Series B 2014	\$ 400,000

**CITY OF ANDOVER**  
**SCHEDULE OF INDUSTRIAL REVENUE BONDS**  
**December 31, 2015**  
(Continued from previous page)

	<i>Date of Issue</i>	<i>Interest Rate</i>	<i>Payment Year</i>	<i>Payment Schedule</i>	<i>Outstanding Issues 01/01/15</i>	<i>Additions</i>	<i>Retirements</i>	<i>Outstanding 12/31/15</i>	
KMC Equipment, LLC	4/19/11	7.00%	2011	233,411	\$ 216,705	\$ -	216,705	\$ -	
			2012	430,584					
			2013	461,711					
			2014	495,088					
			2015	216,705					
Vornado Air, LLC	11/17/11	4.00%	2012	81,373	\$ 742,365	\$ -	93,630	\$ 648,735	
			2013	86,347					
			2014	89,915					
			2015	93,630					
			2016	97,426					
			Variable	2017					101,524
			Variable	2018					105,719
			Variable	2019					110,087
			Variable	2020					114,610
			Variable	2021					119,371
			Andover Apartments, LLC Series A 2013	3/7/13					3.99%
2016	403,598								
2017	421,807								
2018	438,948								
2019	456,786								
2020	473,737								
2021	494,600								
2022	514,699								
2023	535,616								
2024	555,999								
2025	579,977								
2026	603,545								
2027	628,072								
2028	652,482								
2029	680,111								
2030	707,749								
2031	736,511								
2032	765,641								
2033	797,555								
2034	829,966								
2035	863,693								
2036	898,362								
2037	935,299								
2038	973,308								
2039	1,012,861								
2040	143,008								
Andover Apartments, LLC Series B 2013	3/7/13	5.00%	2023	5,500,000	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	
Vornado Air, LLC	12/11/14	3.56%	2015	98,318	\$ 1,150,000	\$ -	\$ 98,318	\$ 1,051,682	
			2016	100,645					
			2017	104,444					
			2018	108,277					
			2019	112,250					
			2020	116,308					
			2021	120,638					
			2022	125,065					
			2023	129,654					
			2024	134,401					

**CITY OF ANDOVER**  
**SCHEDULE OF INDUSTRIAL REVENUE BONDS**  
**December 31, 2015**  
(Continued from previous page)

	<i>Date of Issue</i>	<i>Interest Rate</i>	<i>Payment Year</i>	<i>Payment Schedule</i>	<i>Outstanding Issues 01/01/15</i>	<i>Additions</i>	<i>Retirements</i>	<i>Outstanding 12/31/15</i>
KMC MOB, LLC Series A 2014	12/16/14	4.35%	2015	46,342	\$ 1,960,000	\$ -	46,342	\$ 1,913,658
			2016	64,387				
			2017	67,523				
			2018	70,562				
			2019	73,737				
			2020	76,853				
			2021	80,515				
			2022	84,139				
			2023	87,925				
			2024	91,721				
			2025	1,216,296				
KMC MOB, LLC Series B 2014	12/16/14	3.00%	2025	490,000	\$ 490,000	\$ -	-	\$ 490,000
Founders' Real Estate, LLC	12/22/14	5.00%	2025	2,542,000	\$ 2,542,000	\$ -	-	\$ 2,542,000
Aveda Institute Project Series A	12/23/14	4.75%	2016	94,172	\$ 50,000	\$ 3,050,000	-	\$ 3,100,000
			2017	99,231				
			2018	104,117				
			2019	109,243				
			2020	114,256				
			2021	120,248				
			2022	126,168				
			2023	132,380				
			2024	138,601				
			2025	145,723				
			2026	152,898				
			2027	160,426				
			2028	168,109				
			2029	176,602				
			2030	185,297				
2031	194,421							
2032	203,878							
2033	214,032							
2034	224,570							
2035	235,628							
Aveda Institute Project Series B	12/23/14	3.00%	2025	400,000	\$ 400,000	\$ -	-	\$ 400,000
<b>Total Industrial Revenue Bonds</b>				<u>46,785,817</u>	<u>\$ 29,400,016</u>	<u>\$ 3,050,000</u>	<u>\$ 700,012</u>	<u>\$ 31,750,004</u>

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

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of December 31</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	11	11	11	11	11	12	12	12	12	13
Public safety										
Police	17	17	20	21	21	22	23	23	23	24
Fire	13	13	14	14	14	14	14	14	14	14
Fire Reservist	12	15	13	12	11	12	10	8	11	9
Civilians	5	6	6	7	7	8	8	8	8	8
Streets and highways	7	7	7	7	7	7	7	7	7	7
Culture and recreation	6	6	6	6	7	9	9	9	9	9
Stormwater	1	1	1	1	1	1	1	1	1	1
Wastewater	5	5	5	5	5	5	5	5	5	5
<b>Total</b>	<b>77</b>	<b>81</b>	<b>83</b>	<b>84</b>	<b>84</b>	<b>90</b>	<b>89</b>	<b>87</b>	<b>90</b>	<b>90</b>

Source: City of Andover Human Resources

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Police</b>										
Arrests	217	395	519	421	350	405	374	451	423	349
Accidents	267	269	309	333	354	352	366	380	352	343
Citations (including parking)	2,056	1,713	2,237	2,702	2,737	3,650	3,642	4,599	3,868	7,396
Calls for service	10,858	14,863	15,488	15,021	15,723	18,050	19,329	19,750	19,470	23,079
<b>Fire</b>										
Structure fires	26	21	70	11	22	28	30	30	27	22
Other fires	83	47	43	74	53	80	57	53	61	59
Medical calls	405	775	862	819	801	926	891	893	847	1,065
Other calls	321	282	377	327	366	380	376	358	384	380
Inspections	137	176	250	362	410	430	419	391	252	240
Training hours	3,907	3,428	2,886	3,652	4,098	2,895	2,526	3,536	3,932	4,550
<b>Streets and highways</b>										
Streets sealed (square yards)	104,956	64,588	110,313	122,141	89,074	88,824	81,896	91,764	82,259	84,123
<b>Water</b>										
Public water service connections	3,597	3,731	3,950	4,023	4,051	4,073	4,096	4,143	4,181	4,257
GPD average consumption	842,351	1,066,129	1,046,750	1,053,828	1,062,240	1,069,532	1,070,118	1,123,324	1,133,627	1,137,921
<b>Wastewater</b>										
Service Connections	4,521	4,690	4,829	4,879	4,988	5,110	5,199	5,490	5,683	5,851
Average Daily Flow (thousands of gallons)	816	937	921	882	772	698	724	749	729	755

Source: Various City of Andover departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	15	18	18	17	18	18	18	18	18	20
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Nonstaffed substations	2	2	2	2	2	2	1	1	1	1
Streets and highways										
Miles of paved streets	52	54	55	58	61	61	61	61	63	63
Miles of unpaved streets	12	12	12	14	13	13	13	13	13	13
Traffic Signals	5	5	6	6	7	7	7	7	7	7
Parks & Recreation										
Neighborhood parks	3	3	3	3	3	3	3	3	3	3
56 Acre recreation complex:										
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer fields	2	2	1	1	1	2	3	3	3	3
Playground areas	3	3	2	2	2	2	2	2	2	2
Tennis/basketball courts	3	3	3	3	3	3	3	3	3	3
Picnic Shelters	2	2	2	2	2	2	3	3	4	4
9 hole golf course	1	1	1	1	1	1	1	1	1	1
Community center	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
Picnic Shelters		2	2	2	2	2	2	2	2	2
Handicap accessible paved walking path			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
Lodge	1	1	1	1	1	1	1	1	1	1
Gazebo	1	1	1	1	1	1	1	1	1	1
Community 5 acre park										
Playground areas					1	1	1	1	1	1
Picnic Shelters					1	1	1	1	1	1
Water *										
Fire hydrants	527	543	549	578	587	596	596	596	607	611
Miles of water lines	64	66	67	70	71	73	73	73	74	75
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	82	83	84	88	90	90	111	111	112	113

\* 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, 2015

Direct Expense Items:

Health/Dental Insurance		\$ 745,123
Social Security		289,899
Worker's Compensation		77,010
Unemployment Insurance		30,817
Retirement		559,507
Flex Spending Account Fees		2,405
New Hire Physicals		<u>7,097</u>
		<u>\$ 1,711,858</u>

Indirect Expense Items (time off with pay):

Vacation	6,395	Hours	\$ 139,510
Sick Leave	3,219	Hours	60,413
Holiday	<u>5,238</u>	Hours	<u>105,953</u>
	<u>14,852</u>	Hours	<u>\$ 305,876</u>

Total Payroll	\$ 3,870,217
Total Hours Worked	172,800
Total Hours Paid	189,462
Cost of Direct Expense Items	\$ 1,711,858
Cost of Indirect Expense Items	<u>305,876</u>
Total Cost of Fringe Benefits	<u>\$ 2,017,734</u>
Cost Per Hour Worked	\$ 11.68
Cost as Percent of Payroll	52.13%

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

	<u>Vacation</u>	<u>Sick Leave</u>
Balance 1/1/15	6,903	25,000
Value of Accumulated Days	\$ 158,080	\$ 521,615
Hours Accumulated During Year	7,341	7,762
Hours Used During Year	6,395	3,219
Hours Lost Due to Termination	23	405
Paid Hours Over 480 Hours		655
Lost Hours Over 480 Hours		917
Hours Balance 12/31/15	7,826	27,566
Value of Accumulated Days 12/31/15	\$ 181,223	\$ 608,556

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

- 1.538 hours per pay period for the first year of employment;
- 3.077 hours per pay period for the second thru fifth year of employment;
- 3.692 hours per pay period for the sixth thru tenth year of employment;
- 4.615 hours per pay period for the eleventh thru fifteenth year of employment;
- 6.154 hours per pay period for the sixteenth thru twentieth year of employment;
- 6.769 hours per pay period for the twenty-first thru twenty-fifth year of employment;
- 7.692 hours per pay period for the twenth-sixth of employment and on;

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

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

Sick leave can only be used in the event of illness, except in the case of a death in the employee's immediate family. The employee may take three days off, that will be chargeable to sick leave, in addition to the three days of funeral leave. At termination, any sick leave balance is canceled. Accumulation cannot exceed 12 weeks/480 hours. After the maximum hours of 480 is reached, the employee, based on their hourly salary, will be paid 5/12 of the unused hours over the maximum as of December 31st.

The vacation policy was revised January 1, 2012