



2016 Annual Operating Budget



1685 Crosstown Blvd NW, Andover, MN 55304
Phone: (763) 755-5100 * Fax: (763) 755-8923
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January 1, 2015

Executive Director

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2016 Annual Operating Budget

Table of Contents
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Introduction

Public Official Listing	1
Organizational Chart.....	2
Budget Message.....	3
City Council Resolution Adopting Budget	29
Values and Goals	32
Budget Development Process	33
2016 Budget Development Calendar	34
Accounting, Auditing and Financial Reporting Policy	36
Operating Budget Policy.....	37
Revenue Policy	39
Capital Improvement Policy	39
Debt Administration	40
Revenue Projections	42
2016 Budget Summary by Fund Type	47
2016 Budget Summary – Revenues and Expenditures Fund Summary.....	48
2016 Budget Summary – Revenues and Expenditures All Funds	49
2016 Budget Summary – Revenues and Expenditures by Fund Type.....	50
Revenue Comparison – General Fund	51
Expenditure Comparison – General Fund.....	52
Expenditure Budget Summary – By Department – General Fund.....	53
2016 FTE Summary.....	54
2016 Capital Improvement Budget.....	55

General Fund

Definition.....	57
Statement of Revenues, Expenditures and Changes in Fund Balance	59
Mayor & Council.....	60
Administration	61
Newsletter	62
Human Resources	63
Attorney	64
City Clerk	65
Elections	66
Financial Administration	67
Assessing	68
Information Systems.....	69
Planning and Zoning.....	70
Engineering.....	71

General Fund (Continued)

Facilities Management.....	72
Police Protection.....	73
Fire Protection	74
Protective Inspection	75
Emergency Management	76
Animal Control	77
Streets & Highways	78
Snow & Ice	79
Street Signs	80
Traffic Signals	81
Street Lighting	82
Street Lights Billed	83
Parks & Recreation	84
Natural Resource Preservation.....	85
Recycling	86
Unallocated.....	87

Special Revenue Funds

Definition.....	89
Statement of Revenues, Expenditures and Changes in Fund Balance – All Special Revenue Funds.....	91
Economic Development Authority Fund Statement of Revenues, Expenditures and Changes in Fund Balance	92
Fund Overview	93
Community Development Block Grant Fund Statement of Revenues, Expenditures and Changes in Fund Balance	94
Fund Overview	95
Community Center Fund Statement of Revenues, Expenditures and Changes in Fund Balance	96
Fund Overview	97
Drainage and Mapping Fund Statement of Revenues, Expenditures and Changes in Fund Balance	98
Fund Overview	99
Lower Rum River Watershed Fund Statement of Revenues, Expenditures and Changes in Fund Balance	100
Fund Overview	101
Forestry Fund Statement of Revenues, Expenditures and Changes in Fund Balance	102
Fund Overview	103

CITY OF ANDOVER
2016 Annual Operating Budget

Table of Contents
(click on description for direct link)

Special Revenue Funds (Continued)

Right of Way Management / Utility Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	104
Fund Overview	105
Charitable Gambling Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	106
Fund Overview	107
Construction Seal Coating Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	108
Fund Overview	109

Debt Service Funds

Definition	111
Statement of Revenues, Expenditures and Changes in Fund Balance – All Debt Service Funds.....	113
Certificates / Capital Notes – 2011A G.O. Equipment Certificate	
Statement of Revenues, Expenditures and Changes in Fund Balance	114
Fund Overview	115
Certificates / Capital Notes – 2012A G.O. Equipment Certificate	
Statement of Revenues, Expenditures and Changes in Fund Balance	116
Fund Overview	117
Certificates / Capital Notes – 2014A G.O. Equipment Certificate	
Statement of Revenues, Expenditures and Changes in Fund Balance	118
Fund Overview	119
General Obligation Bonds – 2012B G.O. Capital Improv Refunding Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	120
Fund Overview	121
Lease Revenue Bonds – 2004 EDA Public Facility Lease Revenue Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	122
Fund Overview	123
Lease Revenue Bonds – 2006 EDA Public Fac Lease Rev Refunding Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	124
Fund Overview	125
Lease Revenue Bonds – 2007 EDA Public Fac Lease Rev Refunding Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	126
Fund Overview	127
General Obligation Bonds – 2012C G.O. Abatement Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	128
Fund Overview	129

Debt Service Funds (Continued)

Permanent Improvement Revolving Bonds – 2010A G.O. PIR Refunding Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	130
Fund Overview	131
State Aid Bonds – 2009A G.O. State Aid Refunding Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	132
Fund Overview	133
General Obligation Bonds – 2010A G.O. Open Space Referendum Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	134
Fund Overview	135

Capital Projects Funds

Definition	137
Statement of Revenues, Expenditures and Changes in Fund Balance – All Capital Projects Funds	139
Water Trunk Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	140
Fund Overview	141
Sewer Trunk Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	142
Fund Overview	143
Storm Sewer Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	144
Fund Overview	145
Road and Bridge Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	146
Fund Overview	147
Park Dedication Projects	
Statement of Revenues, Expenditures and Changes in Fund Balance	148
Fund Overview	149
Building Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	150
Fund Overview	151
Trail & Transportation	
Statement of Revenues, Expenditures and Changes in Fund Balance	152
Fund Overview	153
Capital Equipment Reserve	
Statement of Revenues, Expenditures and Changes in Fund Balance	154
Fund Overview	155

CITY OF ANDOVER
2016 Annual Operating Budget

Table of Contents
(click on description for direct link)

Capital Projects Funds (Continued)

2012A G.O. Equipment Certificates	
Statement of Revenues, Expenditures and Changes in Fund Balance	156
Fund Overview	157
2014 G.O Equipment Certificates	
Statement of Revenues, Expenditures and Changes in Fund Balance	158
Fund Overview	159
2016 G.O Equipment Certificates	
Statement of Revenues, Expenditures and Changes in Fund Balance	160
Fund Overview	161
Tax Increment Projects	
Statement of Revenues, Expenditures and Changes in Fund Balance	162
Fund Overview	163
Permanent Improvement Revolving	
Statement of Revenues, Expenditures and Changes in Fund Balance	164
Fund Overview	165
2010A G.O. Open Space Referendum Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	166
Fund Overview	167

Enterprise Funds

Definition	169
Statement of Revenues, Expenditures and Changes in Retained Earnings –	
All Enterprise Funds	171
Water Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	172
Fund Overview	173
Sanitary Sewer Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	174
Fund Overview	175
Storm Sewer Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	176
Fund Overview	177

Internal Service Fund

Definition	179
Statement of Revenues, Expenditures and Changes in Fund Balance – All	
Internal Service Funds	181
Central Equipment Maintenance Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	182
Fund Overview	183

Internal Service Fund (Continued)

Risk Management	
Statement of Revenues, Expenditures and Changes in Fund Balance	184
Fund Overview	185

Appendix

Budget Year 2016 – Operating Transfers	187
2016 – 2020 Capital Improvement Plan Development Calendar	188
Capital Improvements Plan 2016-2020	189
Summary of Outstanding Bond Issues	199
Future Debt Service Requirements	200
Computation of Legal Debt Margin	201
Property Tax Levies and Collections	202
Special Assessment Levies and Collections	202
Principal Taxpayers	203
Building Permits, Property Values and Households	203
Demographics	204
Miscellaneous Statistical Data	205
Glossary of Terms	206

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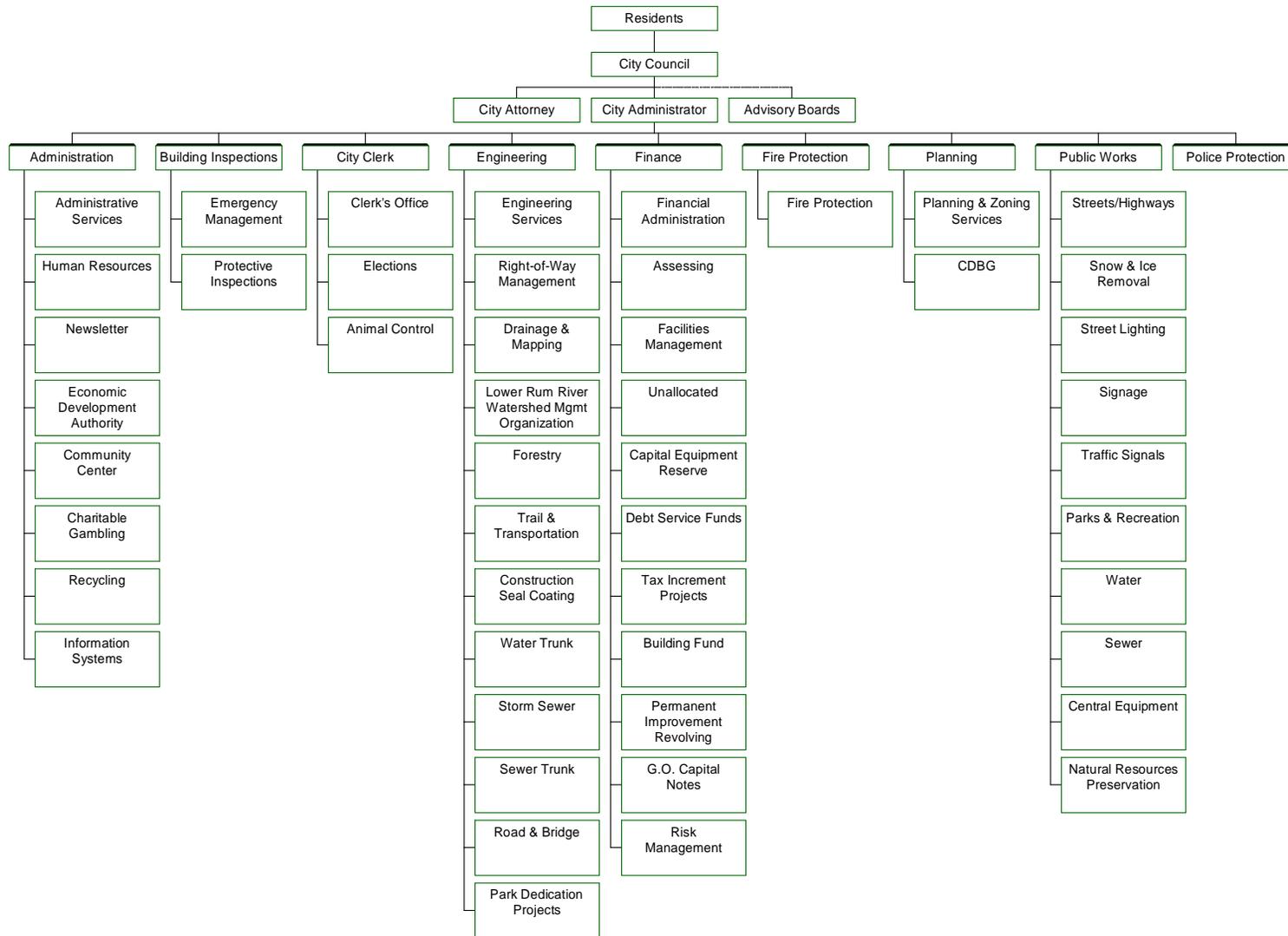
CITY OF ANDOVER

Adopted 2016 City Budget

Julie Trude	Mayor
Sheri Bukkila	Councilmember
Jim Goodrich	Councilmember
Valerie Holthus	Councilmember
Michael Knight	Councilmember

James Dickinson	City Administrator / City Clerk
David Carlberg	Community Development Director
David Berkowitz	Director of Public Works / City Engineer
Fred Patch	Building Official
Jerry Streich	Fire Chief

CITY OF ANDOVER 2016 Organizational Chart





1685 CROSSTOWN BOULEVARD N.W. • ANDOVER, MINNESOTA 55304 • (763) 755-5100
FAX (763) 755-8923 • WWW.CI.ANDOVER.MN.US

TO: Mayor, City Council Members and Residents of Andover

FROM: Jim Dickinson, City Administrator / Finance Director

SUBJECT: Adopted 2016 City Budget

DATE: December 1, 2015

INTRODUCTION

City Code 1-6-2 C. Major Areas of Accountability requires the City Administrator to submit an annual budget to Council, which accurately reflects the financial needs of the City organization. Additionally, state law requires that Council approve a preliminary budget and certify a proposed levy to the Anoka County Property Records and Taxation Division by September 30, 2015. In response to these requirements, a proposed budget was presented to Council on September 1, 2015 in advance of this deadline. Council held budget-planning sessions on March 24, April 28, May 26, June 23, July 21, and August 25 to discuss budget priorities and adopted the preliminary 2016 City Levy on September 1, 2015. Additional budget discussion was held with the Council on September 22, October 20, and November 24 before the public hearing that was held on December 1, 2015. The Council's final action on adopting the 2016 City Budget and 2016 Levy occurred on December 1, 2015. The official adoption of the 2016 Budget and City Levy will be submitted to Anoka County and the Minnesota Department of Revenue on or before December 28, 2015.

This budget document should be viewed as more than just a collection of financial data, but as the financial plan in which the organization will implement and accomplish Council policies, as well as meet the articulated needs of the community and residents. In addition to the financial data contained within, this document includes information on the City organization, describes programs and services, and provides statistical values measuring activity performance and workloads. Most importantly, this budget is a reflection of the City's plans, policies, procedures and objectives regarding services to be provided in 2016.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

As part of the budget development process, City staff, including department supervisors, performed a comprehensive review of their specific service needs, prioritized spending requests to achieve the most effective operational delivery of services, and then balanced the allocation of the City's human and financial resources against those needs. It has been our goal to accomplish this in a fair, impartial and balanced manner that meets with the approval of Council and the residents we serve.

GENERAL INFORMATION

The city we know today as Andover was first organized in 1857 under the name "Round Lake Township." However, in 1860 the name was changed to "Grow Township" in honor of Senator Galusha A. Grow of Pennsylvania. Senator Grow spoke at a political campaign in Anoka that year, and the town name was changed to reflect Senator Grow because of his strong advocacy of the Union cause. At that time, the population was 330 and included the geographical area we know today as Ham Lake. In fact, the area of Ham Lake was considered a part of Grow Township until 1871.

In 1972, the Grow Township Board of Supervisors recognized that the town was growing at a very rapid rate. They felt a village form of government would provide better services to the community. Board supervisors then voted in favor of proceeding with the incorporation process. The board voted to submit a new name for the village. "Andover Village" was chosen because the name Andover had historical interest. The historical interest, we believe, came from the Andover train station.

You may have heard the popular "train myth" about how Andover received its name. The myth states that a train tipped over in a swamp, and an eyewitness, relaying the incident, said it "went over and over," thereby naming the city "Andover." However, research reveals that the name Andover first appeared in an article dated March 14, 1899 in the *Anoka County Union Newspaper* - before train tracks were ever built in the city.

The article stated that the Eastern Minnesota line of the Great Northern Railway was in the process of constructing railroad tracks from the Coon Creek Cut-off to the North. The railway announced that new railroad stations with mathematical precision were to be located five miles apart from each other. The new stations (from Coon Creek to the North, along the new railroad line) were to be named Andover, Cedar, Bethel, Isanti, Cambridge, Stanchfield, Braham, Grasston, Cornell, and Brook Park. On July 4, 1899, the first train passed through the Andover station. Where the railway came up with the name Andover still remains unknown.

Andover Village was established in 1972 and then became the City of Andover, a city of the fourth class, in 1974. Today the City of Andover's population exceeds 20,000, classifying it as a second class city.

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2016 Adopted City Budget

BUDGET GUIDELINES

The following are City Council's 2016 Budget Development guidelines established by the City Council on April 7, 2015, used by City Staff while preparing their proposed operating budgets, and presented with a brief description of the outcome of each guideline as part of the budget process:

- 1) A commitment to a City Tax Capacity Rate to meet the needs of the organization and positioning the City for long-term competitiveness through the use of sustainable revenue sources and operational efficiencies.

Note: The Anoka County Assessor taxable market value figures for the City of Andover are reflecting a 4.35% increase in total taxable market value.

- 2) A fiscal goal that works toward establishing the General Fund balance for working capital at no less than 45% of planned 2016 General Fund expenditures and the preservation of emergency fund balances (snow emergency, public safety, facility management and information technology) through targeting revenue enhancements or expenditure limitations in the 2015 adopted General Fund budget.

Note: With property tax revenues making up 80% of the total General Fund revenues, cash flow designations approaching 50% would be appropriate and are recommended by the City's auditor. The City also has in place Emergency Fund Balances to stabilize specific situations, but is not intended to provide for a complete solution.

- 3) A commitment to limit the 2016 debt levy to no more than 25% of the gross tax levy and a commitment to a detailed city debt analysis to take advantage of alternative financing consistent with the City's adopted Debt Policy.

Note: The 2016 Debt Levy is currently at 18.12%. 25% will provide a reasonable margin to accommodate an equipment note and /or an improvement bond if it is determined that an additional debt issuance is needed.

- 4) A comprehensive review of the condition of capital equipment to ensure that the most cost-effective replacement schedule is followed. Equipment will be replaced on the basis of a cost benefit analysis rather than a year-based replacement schedule.

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Note: The City Vehicle Purchasing Committee performed this analysis and has made recommendations to the City Council as part of the 2016 – 2020 Capital Improvement Plan (CIP) that was adopted at the October 20, 2015 City Council meeting.

- 5) The use of long-term financial models that identify anticipated trends in community growth and financial resources that will help designate appropriate capital resources for future City needs. The financial models will be used in the budget planning process to ensure that key short-term fiscal targets are in line with long-term fiscal projections.

Note: The City continually maintains various financial models to determine the long-term impacts of present day expenditures and financing decisions. Fiscal assumptions are based upon various financial indicators including growth factors, tax capacity valuations, per capita spending and debt ratios. These models were utilized in the development of the 2016 Budget.

- 6) A team approach that encourages strategic planning to meet immediate and long-term operational, staffing, infrastructure and facility needs.

Note: A strategic planning session was held with the City Council. The final Council Community Vision and Organization Goals and Values document was approved at the July 7, 2015 City Council meeting. Direction provided in that document is being integrated into various department work plans and budgets.

- 7) A management philosophy that actively supports the funding and implementation of Council policies and goals, and a commitment to being responsive to changing community conditions, concerns and demands, and to do so in a cost-effective manner.

Note: The City Council formally adopted a Council Community Vision and Organizational Goals and Values document. Management, through these goals and values, pays special attention to fiscal trends, commercial & residential development or redevelopment, collaboration opportunities, service delivery and livability/image of the community.

SIGNIFICANT EVENTS OF THE CURRENT YEAR

Andover was one of the fastest growing cities in terms of population growth in the Twin Cities metropolitan area since the 2000 census through 2006. Since 2006, the pace of residential development has slowed and is attributable to regional and national economic factors. The

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2016 Adopted City Budget

City has taken a revised outlook on where growth is most likely to occur in contrast to previously determined urban services staging areas. This has required the City to identify alternate locations for sewer supported growth. In 2015, the City issued 74 new single-family building permits with a total valuation of \$19,631,775 compared to 52 new single-family building permits with a total valuation of \$14,296,964 the prior year. More detailed information is available on City growth later on in this budget message.

Some additional noteworthy events/activities that occurred in 2015 include:

- 1) Ongoing implementation of a single-family rental housing license program to provide property owners/landlords with educational materials and checklists on how to inspect and maintain the exterior of the property, a list of potential ordinance violations that may occur with a rental property, and an exterior inspection of the building and grounds with city staff. This program was authorized by the Andover City Council in 2009 and is reviewed annually, there were close to 310 single family rental licenses issued throughout the City in 2015.
- 2) In 2015 the City again saw a resurgence in new residential development including the development of 99 lots known as Country Oaks North Second Addition, an 18 lot subdivision know as Winslow Woods Second Addition, an 18 lot residential planned unit development known as Carson Ridge, 12 residential units known as B & D Estates, 6 residential unit subdivision known as Shadow Ponds, 16 units known as White Pine Wilderness Second Addition, 10 lot residential subdivision know as Hickory Meadows Second Addition and a 27 lot residential development known as Catchers Creek Second Addition.
- 3) In 2015 the City of Andover, in cooperation with the Anoka County Highway Department, worked through the planning of the Bunker Lake Boulevard expansion and reconstruction. Construction is set to start in 2016 and will be financed primarily by a federal grant. A trail underpass from the City trails system to Bunker Hills Regional Park is planned as part of the project.
- 4) In 2015 the City welcomed the construction of a new Acapulco restaurant on an Andover Station North commercial parcel. The construction of the restaurant on a site adjacent to the new Wal-Mart and other Andover Station North businesses will complete the Bunker Lake Boulevard frontage on the Andover Station North development. The restaurant is anticipating a July 2016 opening.
- 5) The City continues to work with Dynamic Sealing Technologies Inc. (DSTI), a global leader in the design and manufacturing of rotary unions and swivel joint products. In 2012, the City welcomed a 49,000 sq. ft. facility expansion expected to generate 50 new jobs for the community. DSTI also acquired an adjacent parcel that will allow for another facility expansion of 50,000 sq. ft. in the

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2016 Adopted City Budget

future, anticipated to start in 2016-2017. Additionally, the City EDA sold another parcel to DSTI, where it is envisioned that a separate 100,000 sq ft manufacturing facility will be built on the approximately 7.25 acre parcel; this facility would focus on large product manufacturing, allowing DSTI to expand into additional markets within the next five years.

- 6) In 2013 the City EDA negotiated the sale of an Andover Station North commercial/industrial parcel to Measurement Specialties Incorporated, as global designer and manufacturer of sensors and sensor based systems. A December 2013 sale closing was completed on the lot and the construction of a 52,000 sq. ft. manufacturing facility took place in 2014. A ribbon cutting was held in December 2014 by TE Connectivity Incorporated; during the construction of the facility, Measurement Specialties Incorporated was purchased by TE Connectivity and upon opening approximately 150 jobs located to the City of Andover. Through 2015, the employment has exceeded over 200 employees. Talks of a future expansion of the facility with TE Connectivity have already started to accommodate the growth of the company.
- 7) The City Economic Development Authority (EDA) acquired the Parkside at Andover Station residential development in late 2011. This development was sold to a developer originally in 2003 and when residential building stalled in 2009, it became a casualty of the poor townhome market. The EDA in 2012, after a brief marketing period, sold the model home in less than 30 days and secured a purchased agreement with Capstone Homes to build 36 single family homes on a significant portion of the site. Capstone Homes completed the construction of the last home in this development in late 2013. The EDA sold other portions of this development to separate developers to construct an advanced/assisted living facility and an eight-unit townhome structure. A final fragment of the original development was sold to a developer in 2014 to be platted into four single family lots.
- 8) In 2015 the City EDA sold a two acre parcel in the Andover Station North development area to Foundation Hill Montessori. This parcel was immediately adjacent to Foundation Hill's current facility. The sale followed with a 6,000 sq ft expansion of the Foundation Hill Montessori School and the platting of an additional lot that Foundation Hill will market to a compatible business.
- 9) In 2013 the City EDA sold an eight-unit townhome lot in the Parkside at Andover Station development to Capstone Homes for the construction of an eight-unit townhome structure. Building plans were approved in 2015 and construction of the project is expected to occur in 2016.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- 10) In 2014 the City EDA sold the final fragment of the original Parkside at Andover Station development to Povlitski Properties LLC so the residual parcel could be added to a single family residential subdivision. In 2015 we saw the development of B & D Estates of which the residual EDA parcel helped add four single family residential lots to the B & D Estates development.
- 11) The City of Andover EDA went through the public hearing process in 2011 to modify the City Development Plan to create redevelopment areas of the community and to facilitate the opportunity to acquire dilapidated and substandard multi-family homes within specified target areas. The EDA was successful in acquiring one 4-plex property in November of 2011 to start the redevelopment process. The EDA was also successful in acquiring a very dated convenience store/gas station in December of 2012 to continue to add to the critical land mass necessary to start marketing for a redevelopment project. Demolition of the convenience store/gas station was started during in the summer of 2013, with the completion of environmental cleaning in 2014. In 2015, the old convenience store/gas station parcel was sold to Inventure Properties Inc, for the construction of a 12,000 sq. ft. office building along with a residual parcel that Inventure Properties can sell for a compatible use.
- 12) The City purchased a 40 acre parcel from Legacy Christian Academy in 2012. The purpose of the purchase was to develop a park facility that will provide needed ball fields and community park amenities. This new facility started Phase 1 of development in 2013 with the installation of three full size athletic (soccer/football) fields with irrigation, lighting and accompanying parking. The facility was open for limited activities in late summer of 2014 and was in full operation starting the spring of 2015.
- 13) The City started working with a development group in 2015 to transform the Bunker Lake Boulevard/ Hanson Boulevard intersection from a vacant convenience store/gas station to a new strip-mall project to include restaurants and service businesses. Construction of the new facility is anticipated to take place spring 2016.
- 14) In 2015, City Staff continues to work with the State of Minnesota Board of Soil and Water Resources on a wetland restoration of the old Woodland Creek Golf Course parcel. The City acquired the old 74 acre golf course in late 2013, subsequently a 6 acre parcel was sold to a developer and a 6 unit subdivision called Shadow Ponds was the outcome. The remaining acreage will be a restored wetland with passive nature trails. Construction is anticipated to take place in 2016 through 2018.
- 15) The City started the master planning of the City Campus site in 2015 to prepare for the facility needs for the ultimate build out of the City. The planning will assess Public Works, Public Safety, General Government and Recreational needs of the community.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- 16) Andover residents continue to have one of the highest recycling rates per person for all recyclable materials in Anoka County. In 2014 the City completed the construction of a new Recycling Center and that facility was put into full operation in 2015. This construction was financed by Anoka County grants in an effort to expand the current recycling opportunities for Anoka County residents.
- 17) A strategic planning session was held with the City Council, a final Council Community Vision and Organization Goals and Values document was approved at the July 7, 2015 City Council meeting. Direction provided in that document is being integrated into various department work plans and budgets. This event was facilitated by the City Administration Department.
- 18) The City Open Space Commission, appointed to assist in managing the successful \$2,000,000 open space referendum ballot in 2006, continues to review and make recommendations to the City Council on land that should be purchased as permanent open space in the community. The first purchase took place in December 2009 (Martins Meadows), a second purchase in October 2010 (Northwoods Preserve), a third purchase in January 2014 (Aasness) and a fourth purchase in November 2014 (Selmer/Blanchette). The last parcel was purchased in 2015; Dalske Woodlands is a 40 acre parcel of pristine woodland. Throughout 2015, the City Parks Department focused on creating nature trails, appropriate signage and accessibility to all of the open space parcels.
- 19) The City's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2014 was awarded the Government Finance Officers Association's "Excellence in Financial Reporting Award." The City completes this document internally and recognized significant cost savings in the form of reduced financial consulting fees. This is the thirteenth consecutive year receiving the award and it is anticipated that the City's CAFR for the year ended December 31, 2015 will also achieve this award.
- 20) For the fourteenth year in a row, the City of Andover was awarded the Government Finance Officers Association Distinguished Budget Presentation Award for the City's 2015 Annual Budget. This award recognizes excellence in the preparation of the City's budget document as a policy document, an operations guide, as a financial plan and as a communications device.
- 21) The City continues to make significant progress on the process of digitally imaging documents retained by the City. The imaging project has helped the City reduce staffing through data storage retrieval efficiencies, eliminated the need for office expansion and has expedited City research projects.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- 22) The City continues to utilize updates to our financial management software to improve reporting and operating efficiencies. These updates continue to yield reduced personnel costs and more timely reports. In 2015 the City saw increased growth in the number of online and counter credit card payments for various City permits and services.

OVERVIEW

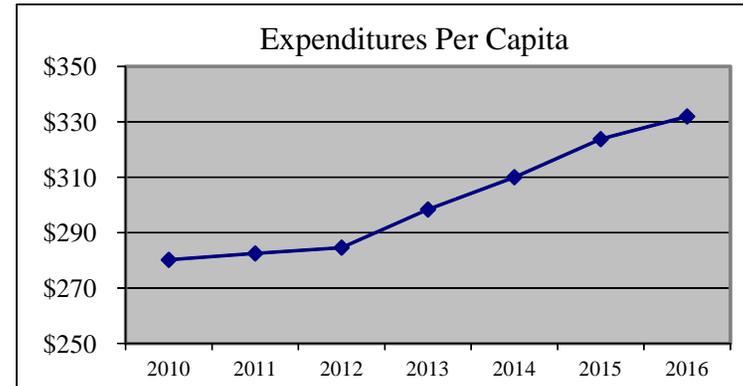
The Adopted 2016 Budget anticipates General Fund revenues in the amount of \$10,390,411 to meet anticipated budgeted expenditures in the amount of \$10,697,788, thus a decrease in (use of) fund balance is planned. As a result, total General Fund balance reserves are projected to decrease to 66.4% in 2015 as compared to 72.9% in 2014 in conjunction with corresponding expenditures for those years. The Adopted 2016 General Fund Budget represents an increase in expenditures of \$359,058 over last year. Designated capital operating levies increased \$79,016 in 2016 bringing the balance to \$1,415,984. The 2016 Debt Service Levy includes two equipment notes, capital improvement bonds, abatement bonds and the open space referendum bonds; and decreases the City debt ratio to gross City levy to 18.12% from 19.17% for the prior year.

The increase in General Fund expenditures is primarily related to the increase in Fire State Aid that's passed thru to the Fire Relief Association and the replacement of park playground structures/equipment and fire turnout gear, which are now funded through operations. In the past several year's budgets, since 2003, the City has dealt with significant state aid cuts in Market Value Homestead Credit (MVHC) and Local Government Aid (LGA), tight levy limits enacted by the State Legislature that have prevented Andover from capturing any additional tax revenue from the City's previously expanding tax base. The availability of additional tax levy in 2013 was significantly limited by the new market value exclusion program and decreasing taxable market values, but the decertification of a tax increment financing district negated those decreases to a net overall increase of .41%. In 2014, LGA was reinstated for the City and that funding (\$73,490) was used to help offset the growing needs of the Road and Bridge Capital Projects Fund for street improvements/replacements. In 2015, the City received zero LGA funding; in 2016, the City will be receiving \$2,698 as notified by the State.

General Fund expenditure trends since 2010 are as follows:

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2016 Adopted City Budget

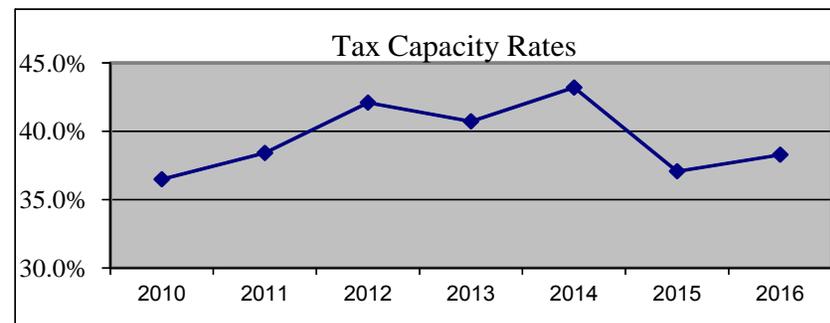
	<u>Expenditures</u> <u>Before Transfers</u>		<u>Population</u>	<u>Expenditures</u> <u>Per Capita</u>
		% Change		
2010 Actual	\$ 8,573,058	n/a	30,598	\$ 280.18
2011 Actual	\$ 8,713,796	1.64%	30,847	\$ 282.48
2012 Actual	\$ 8,857,701	1.65%	31,125	\$ 284.58
2013 Actual	\$ 9,455,074	6.74%	31,692	\$ 298.34
2014 Actual	\$ 9,881,410	4.51%	31,874	\$ 310.01
2015 Estimate	\$ 10,375,695	5.00%	32,050	\$ 323.73
2016 Adopted	\$ 10,697,788	3.10%	32,230	\$ 331.92



Note: The population figures were estimates by Met Council for each year the corresponding budget was adopted except for 2010, which is from the 2010 census data.

The 2016 Adopted Budget provides for an adopted tax capacity rate of 38.279%, which compares to 37.069% for 2015 (this rate comparison excludes the open space and watershed levies). The 2016 increasing tax capacity rate is reflective of the decrease in the fiscal disparities distribution and the increase in the gross levy to capture the new growth.

	<u>Tax Capacity Values</u>		<u>Tax Capacity Rates</u>	
		% Change		% Change
2010	\$ 28,726,619	n/a	36.484%	n/a
2011	\$ 26,174,350	-8.88%	38.407%	5.27%
2012	\$ 23,449,581	-10.41%	42.090%	9.59%
2013	\$ 22,569,018	-3.76%	40.721%	-3.25%
2014	\$ 21,978,322	-2.62%	43.197%	6.08%
2015	\$ 25,705,350	16.96%	37.069%	-14.19%
2016	\$ 26,870,365	4.53%	38.279%	3.26%



Note: The tax capacity rates do not include the open space and watershed levies.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

Some highlights of the Adopted 2016 Budget are as follows:

Capital Projects Levy – The 2016 Budget specifically designates \$1,415,984 of the general tax levy to capital projects and equipment needs relating to Capital Outlay (\$250,000), Road and Bridge (\$1,089,146), Pedestrian Trail Maintenance (\$61,838) and Park Projects (\$15,000). Specific designation of the tax levy to anticipated City needs and priorities for transportation and trail maintenance, park projects and equipment outlays allows the City to strategically allocate its resources and raise the public’s awareness of City spending priorities. The Road and Bridge levy is calculated according to Council Policy based on annual growth increases/decreases; with Capital Outlay, Pedestrian Trail Maintenance and Park Levies changed according to the City Council budget guidelines.

- Road and Bridge – Under the Capital Projects Levy, a total of \$1,150,984 is for transportation programming related to maintaining City streets, roadways and pedestrian trails. This will be the thirteenth year that a portion of the Road & Bridge Fund (\$61,838) will be dedicated to pedestrian trail maintenance representing approximately 5.37% of that levy. \$331,300 is designated to the City’s seal coating and crack sealing programs, with the remaining \$757,846 dedicated to street overlays pursuant to previous Council direction of designating a one percent tax levy and capturing two percent of new tax capacity growth to transportation infrastructure needs. This commitment was initiated by the City Council in 1997 and increased from one percent to two percent of new tax capacity growth during 2006. As a percentage, this funding commitment represents approximately 9.93% of the Gross Tax Levy and increased \$125,516 a compared to the 2015 levy.
- Park Improvements – Under the Capital Projects Levy, \$15,000 is designated for miscellaneous park related capital projects that come up throughout the year. This is a decrease of \$46,500 in funding as the emphasis on maintaining/preserving parks the City currently has was re-assigned to the General Fund to focus on parks maintenance/replacement items.
- Capital Equipment/Projects – Under the Capital Projects Levy, \$250,000 is designated to underwrite a wide range of capital improvement/equipment project expenditures. Through this designation, the City, over time, will be able to build a fund reserve to avoid cash flow “spikes” and address a wide-range of capital improvement needs, such as facility maintenance projects, under a more controlled spending environment. This designated levy is to address a wide-range of facility maintenance and equipment needs. The 2016 levy remains the same as the 2015 levy.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

Sheriff's Police Contract Services – The Anoka County Sheriff's contract reflects a 0.62% general increase (\$18,159). The 2016 Budget maintains the existing 80 hours per day of patrol service, six hours per day of service provided by a Community Service Officer, two Patrol Investigators, School Liaison Officers in the middle and high school, and 50% of a Crime Watch Coordinator's position.

Attorney - The City Attorney budget a 3.10% increase (\$5,640) over the 2015 budget. City Attorney criminal prosecutions have increased over 15% since 2005.

Council Memberships and Contributions – The following are included as part of the 2016 General Fund budget:

▪ North Metro Mayors Association	\$13,709	- membership
▪ Association of Metropolitan Cities (AMM)	\$ 9,427	- membership
▪ Mediation Services	\$ 3,366	- program contribution
▪ YMCA – Water Safety Program	\$ 8,500	- program contribution (youth services)
▪ Alexandra House	\$15,328	- program contribution (domestic abuse programs)
▪ Youth First (Program Funding)	\$12,000	- program contribution (youth services)
▪ Northwest Anoka County Community Consortium	\$10,000	- program contribution (youth services)
▪ Teen Center Funding (YMCA)	\$ 8,100	- program contribution (youth services)
▪ Lee Carlson Central Center for Family Resources	\$ 1,500	- program contribution (mental health services)

The following memberships/contributions are included as part of the 2016 budget in other funds:

▪ Youth First – City Partner Fee	\$ 2,000	Charitable Gambling Fund	- program contribution (youth services)
▪ Teen Center Funding (YMCA)	\$16,400	Charitable Gambling Fund	- program contribution (youth services)
▪ Alexandra House	\$ 3,000	Charitable Gambling Fund	- program contribution (domestic abuse programs)
▪ Senior High Parties	\$ 1,000	Charitable Gambling Fund	- donation (youth programs)
▪ Family of Promise	\$ 3,000	Charitable Gambling Fund	- program contribution (homelessness programs)
▪ Stepping Stone	\$ 600	Charitable Gambling Fund	- program contribution (homelessness programs)

Mayor, Councilmembers, Residents
2016 Adopted City Budget

ORGANIZATIONAL MANAGEMENT

Staffing and Staffing Cost Reallocation – The 2016 Budget does not include any additional full time staffing.

Cost-of-Living Adjustments – The total compensation package for 2016 includes step changes for eligible employees and a 2.5 % cost of living adjustment. Administration and Human Resources continually review position-based salaries in detail to confirm competitiveness with other government entities. For a few positions to remain competitive with other governmental entities, budget has been included for salary adjustments.

Health Insurance Costs – Premiums for health insurance will increase by 5.0% due to market conditions and group experience factors. Employer health care contributions are to be maintained at an employer ratio of 76% of the low-end family coverage and 100% of the single coverage. This will be the ninth year the City will be offering a high deductible insurance plan with a health savings account (HSA).

CITY GROWTH

New institutional/commercial/industrial construction did occur in 2015. The Foundation Hill Montessori School located at 1750 – 139th Lane NW completed the construction of a 5,700 square foot addition. Renovation of the vacant bank building at 1777 Bunker Lake Blvd NW was completed with new tenants: Premier Bank and Essentials of Life Chiropractic.

New residential development included the development of a 99 lot subdivision known as Country Oaks North 2nd Addition, which consists of 85 urban lots with city water and sewer and 14 rural lots between one and two acres with septic and well; a 18 lot urban development know as Winslow Woods 2nd Addition; a 10 lot urban residential development known as Hickory Meadows 2nd Addition; and a 27 lot urban development known as Catcher’s Creek 2nd Addition. The City currently has a supply of 197 single family urban lots and 13 single family rural lots.

In 2015, the City issued 74 new single-family building permits with a total valuation of \$19,631,775 compared to 52 new single-family building permits with a total valuation of \$14,296,964 for the same point in time in the preceding year. The City has not issued any new multi-family dwelling permits in last five years. It is anticipated that residential development will continue to rebound and drive the City’s customer base. The 2010 census shows the population at 30,598.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

The growth within the last several years continues to produce a profound increase in demand for City services and has significantly added to the City's infrastructure and staffing needs. Consequently, this change will result in significant future operational and maintenance costs. The chart below illustrates the significant growth that has occurred since 1995.

Growth Factors	1995	2015 Estimate	% Change
Population	20,497	32,050	56
Housing Units	6,300	10,273	63
Streets (miles)	150	200	33
Cul-de-sacs	155	345	123
Storm Sewer (miles)	18	76	322
Water Main (miles)	35	116	231
Sanitary Sewer (miles)	53	96	81
Parks (Number)	54	68	26
Developed Park Acreage	512	595	16
Trails (miles)	0	37	100
Developed Residential (acres)	7,750	9,572	24
Undeveloped Residential (acres)	14,616	12,924	(12)
Fire/Medical Runs	625	598	(4)

Growth Factors	2000	2015 Estimate	% Change
Calls for Service – Police	9,588	10,400	8
Incident Reports	8,385	9,505	13

Note: Reference Year is 2000 due to database reporting changes.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

CAPITAL OUTLAY/IMPROVEMENTS

Requests for capital outlay/improvements in the Adopted 2016 Budget are funded through a variety of sources including the General Fund and capital equipment/project levies, Special Revenue and Enterprise Funds, assessments and through the issuance of notes and bonds. Capital equipment and improvements in the Adopted 2016 Budget amounts to \$6,021,000. Of that total amount, \$94,000 will be funded by the General Fund levy, \$360,000 will be funded by the capital equipment/project levy and reserves and the remaining through other funding sources. The City's 2016 - 2020 Capital Improvement Plan (CIP) process was instrumental in producing the outcomes outlined in the 2016 Budget and should be referred to for a detailed analysis of significant capital outlays/improvements. For additional information on all the capital outlay / improvements in the City's 2016 – 2020 CIP, please see the appendix for a brief description of each item and/or go to the City's website at www.andovermn.gov and view the complete document located in the Finance Department section. It should be noted that as equipment and/or park structures are replaced, there isn't necessarily a huge cost savings. For example, replacing a 20 year old play structure with a new one can save money both in time and repairs; but that leaves forty other play structures that become another year older, needing additional time for maintenance. The same scenario is true for replacement equipment, unless there are major innovations to change the way the equipment is used and/or maintained, the savings on reallocated.

Notable adopted capital outlay/improvement expenditures include:

Parks Department - \$50,000 is programmed for improvements to City parks that include updating and repairing play structures, and accessibility improvements to various parks and playgrounds. This will allow the City to replace two play structures that have become maintenance issues and/or no longer meet ADA requirements. With numerous play structures within the City, replacing the older ones will save both time and money during the weekly inspections and repairs (if necessary). \$25,000 is budgeted for a major repair or replacement in a park including shelters, parking lots, fencing, etc. Funding for these projects is through the General Fund Levy. \$225,000 is budgeted for the replacement of three mowers of varying sizes. Two will be sold and/or traded in and one will be kept as a backup. Funding for these items is contemplated through the issuance of equipment notes.

Facility Management - \$50,000 is budgeted for parking lot maintenance. Parking lots will be evaluated in the spring to determine the appropriate type of maintenance to extend their useful life. Funding for this maintenance project is through the Community Center Special Revenue Fund and Capital Equipment Reserve Capital Projects Fund. \$25,000 is planned for the preparation of a master plan for future public works and community center expansion. Funding for this project is through the Capital Equipment Reserve Capital Projects Fund.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

Park Improvement Projects - \$200,000 is budgeted for the Timber Trails Park renovation. This project will include renovating/upgrading the existing ballfield, adding a well and irrigation and regrading the existing soccer field. \$35,000 is budgeted for irrigating Terrace Park and \$23,000 is budgeted for the wiring of scoreboards moved to Sunshine Park. Funding for these projects is through the Park Dedication Capital Projects Fund.

Fire Services - \$19,000 is budgeted for replacing worn turnout gear, this is an annual allotment for the replacement of 8 – 10 sets per year; funded by the General Fund. \$250,000 is budgeted for the replacement of 35 self contained breathing air (S.C.B.A) packs and 70 breathing air bottles that are close to their expiration date; funded by the Capital Equipment Reserve Capital Projects Fund. \$35,000 is budgeted for replacing 70 handheld and mobile radios that are no longer available, this is an annual allotment to replace 8 – 10 radios per year; funded by the Capital Equipment Reserve Capital Projects Fund. \$40,000 is budgeted for the replacement of the Fire Marshall's vehicle and \$80,000 is budgeted for the replacement of the breathing air compressor at Station #1. Both items are continually breaking down and are crucial to the operations of the Fire Department in responding to emergencies and performing daily functions. Funding for these two items is contemplated through the issuance of equipment notes.

FUND BALANCE

The City adopts fund balance goals to meet short and long-term needs. Fund balance goals are established to provide for cash flow needs, capital purchases, emergency contingencies and other specific needs.

The General Fund projected to use \$307,377 of fund balance to cover operations in 2016. The work done by staff relative to the 2015 revenue and expenditure estimates has achieved the Council 2016 budget guideline that works toward establishing the General Fund fund balance for working capital at no less than 45% of planned 2016 General Fund expenditures available from the 2015 budget (the targeted fund balance is approximately \$4,814,005). The estimates are also necessary to preserve the following emergency reserve fund balances for core services:

- Snow Emergency (\$80K) - salt and sand needed for an abnormal snowfall season
- Public Safety (\$80K) - police, fire and civil defense unexpected costs
- Facility Management (\$80K) - roofing, HVAC and emergency facility repairs
- Information Technology (\$80K) - phone system and network server emergencies
- Economic Development (\$300K) – TIF Management Fee Migration

Mayor, Councilmembers, Residents
2016 Adopted City Budget

In the Special Revenue Funds, the Economic Development Authority (EDA) Fund is projected to decrease \$110,160 largely due to the decertification of the tax increment finance district in 2012 and 2014 which is charged an administrative fee by the EDA (\$110,000). Staffing and expenditures will be migrated over to the General Fund over time. The Community Center Fund decreased \$48,126 due to two CIP projects: rubber flooring in the rink (\$36,000) and parking lot maintenance (\$20,000). The Charitable Gambling Fund is projected to decrease (\$10,700) due to the spend-down of monies collected in 2015 on qualifying public service expenditures.

The Debt Service Funds are projected to increase by \$163,002 in 2016. The fund balance of the 2012 G.O. Equipment Certificate is projected to increase (\$83,185) due to the timing of when levies are collected and when debt service payments are made. The fund balance of the 2012B G.O. Capital Improvement Refunding Bonds is projected to decrease (\$80,838) due to the final debt service payment being made in February 2016. The fund balance of the 2012C G.O. Abatement Bonds Fund is projected to increase (\$131,924) due to the timing of when levies are collected and when the debt service payments are made.

In the Capital Projects Funds, the Water Trunk Fund is increasing (\$22,660) since there are no scheduled improvements planned for 2016. The Sewer Trunk Fund continues to increase (\$372,415) with the establishment of the replacement reserve monies. The Road and Bridge Fund is decreasing (\$1,128,473) in 2016 due to the advancement of a state aid project. The Park Dedication Projects Fund is decreasing (\$113,050) due to the reallocation of general tax levy (\$46,500) and a major renovation of an existing park. The Building Fund is decreasing (\$86,596) due to the scheduled contract for deed payments relating to the purchase of the site adjacent to the Public Works facility for future expansion. The Trail and Transportation Fund is decreasing (\$319,300) due to the construction of three trail segments. Since the approval of the 2016 Operating Budget, the City Council has approved an operating transfer of \$200,000 in 2015 from the General Fund to the Trail and Transportation Fund. The Capital Equipment Reserve Fund is decreasing (\$104,000) primarily due to the planned purchase of SCBA's for \$250,000. The Tax Increment Projects Fund is decreasing (\$730,000) as new redevelopment/economic strategies take place. The Permanent Improvement Revolving Fund is increasing (\$53,000) as the debt has been paid off and the assessment revenues continue to be collected. The 2010A G.O. Open Space Referendum Bonds is projected to decrease to zero as the last of the bond proceeds is transferred to the debt service fund related to these bonds.

COMMUNITY VISION & GOALS

While each budget year appears to only be dealing with the task at hand, the City of Andover, in addition to adopting each year's budget development guidelines, does keep in mind throughout the process the community's slogan, vision statement and short and long term

Mayor, Councilmembers, Residents
2016 Adopted City Budget

organizational goals that are meant to say who and what the City of Andover is. The city's adopted slogan is "Welcome Home" and the vision statement is "Andover, a safe, growing community in which to live and work which enhances the quality of its citizens' lives through recreational opportunity, quiet neighborhoods, civic involvement, and fiscal and environmental stewardship."

The long term organizational goals are:

1. EXCELLENCE AND QUALITY IN THE DELIVERY OF SERVICES - the City of Andover exists to provide quality services to the public in a professional and cost-effective manner.
2. FISCAL RESPONSIBILITY - the City of Andover believes that fiscal responsibility and prudent stewardship of public funds is essential if citizens are to have confidence in government.
3. ETHICS AND INTEGRITY- the City of Andover believes that ethics and integrity are the foundation blocks of public trust and confidence and that all relationships are built on these values.
4. TREATING THE CITIZEN AS OUR CUSTOMER - the City of Andover believes that the citizen is our customer and, as such, should be treated with courtesy, respect, and integrity.
5. OPEN AND HONEST COMMUNICATION - the City of Andover believes that open and honest communication with each other and the public we serve is the key to having an effective organization and informed citizens.

The short term (one to five years) organizational goals are:

1. FISCAL GOALS - the City recognizes the following fiscal values as the basis for delivering current and future services to the residents of Andover.
 - A. Assure city financial stability through cost effective services.
 - B. Focus spending on community needs; wants need to be supported by new or redirected sustainable revenues.
 - C. Explore new revenue streams and capture new growth for community needs.
 - D. City investments need to focus on long term sustainability.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- E. While still providing excellent services to all Andover residents, look for and identify opportunities to reduce tax burdens whenever possible.
 - F. Maintain property values and keep property taxes affordable through good fiscal management.
 - G. Prioritize projects to best serve community priorities when resources are inadequate to address/meet all community demands.
 - H. Plan ahead for large projects (master planning) to maintain consistent revenues and expenses to avoid property tax spikes.
2. COMMERCIAL/RESIDENTIAL DEVELOPMENT/REDEVELOPMENT GOALS - the City wants to be supportive of those invested in or wanting to invest in our community.
- A. Facilitate upgrades or redevelopment of blighted or underdeveloped parcels.
 - B. Work with business owners and property owners to assist them in being successful in our community.
 - C. Continually analyze existing commercial areas to determine if expansion is feasible and seek out new areas to better serve the community.
 - D. Continually evaluate how to meet sewer/water and street needs of any proposed development and redevelopment projects.
 - E. Review City development processes to help reduce unnecessary steps, time delays and development costs.
 - F. Review development requirements to minimize impacts from overly burdensome requirements.
 - G. Be aware of negative environmental impacts to our community including proposed developments and the attempt to mitigate where economically feasible and practical.
 - H. Evaluate housing programs to determine useful programs that we could adopt that have a positive impact on community market value and preserve neighborhoods.
 - I. Evaluate whether we are adequately providing locations, through zoning, for expanded commercial areas and “starter homes”.
 - J. Begin discussion for the 2018 Comprehensive Plan update, soliciting input from large property owners on land set aside for future development.
 - K. Respond to regional and state initiatives that impact our City or residents through our organizational memberships.
3. COLLABORATION GOALS - the City is supportive of collaboration efforts that are cost-effective and improve efficiency in delivering services.
- A. Cautiously renew any new mandate to determine whether we need to act.
 - B. Foster positive relationships with: school districts, Anoka County, and nearby cities.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- C. Advocate for safe, efficient commuting routes for our residents and business owners.
- D. Support an effective and comprehensive transportation system.
- E. Support the upgrade of transportation routes to the Twin Cities Metro for our commuters.
- F. Work with waste/garbage haulers to determine if a more efficient garbage collection process for the community can be achieved without restricting the citizen's freedom to choose from all available companies.
- G. Evaluate how volunteers can help our community become a safer, more welcoming and attractive place to live.
- H. Continue to work with the railroad company that manages the tracks through Andover to reduce the interference trains have on traffic blockages and public safety.

4. SERVICE DELIVERY GOALS - the City is committed to providing efficient and cost-effective city services.

- A. Evaluate parks maintenance to ensure the City is preserving park assets and not committing to unsustainable service delivery.
- B. Continue fostering positive relationships with athletic, youth, and other service organizations to obtain their input and seek their contributions with time and funds towards community improvements.
- C. Alter packet format to improve viewing function on tablets and reduce redundancy found in the format.
- D. Keep current with advances in technology where appropriate.
- E. Analyze the "administrative fine" process to reduce use of courts, increase local revenues, and improve code compliance.
- F. Commit to providing the public with effective Public Safety through Fire and Law Enforcement services.
- G. Pursue local programming for the community youth.
- H. Continually review our processes to reduce unnecessary or unwanted service deliveries.
- I. Encourage quality building standards.
- J. Begin comprehensive evaluation of future Public Works needs on the city campus, hire an architect, begin the construction of new maintenance facility and related projects along with parkway road to come from Nightingale Street that equally benefits all citizens of Andover.
- K. Begin space needs study for Community Center expansion and financial pro forma, continue conversations with partners about their needs and finances. Create public process for public input.
- L. Continually evaluate whether we are following our Park Dedication Study when spending park dedication funds.
- M. Continue to maintain Kelsey Round Lake Park as a signature nature park.
- N. Preserve current trails and complete trails where we have missing connections or need to improve pedestrian safety.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- O. Develop an effective Emergency Preparedness Plan to come to the aid of those in Andover when effected by community disasters.
5. LIVABILITY/IMAGE GOALS - the City recognizes that providing quality basic & desired services enhances the quality of life of our residents.
- A. Continue to support preservation of natural resources (land, water and air quality).
 - B. Pursue management plan for Open Space properties that minimizes staff involvement and emphasizes users to create their own experience and support volunteer efforts to provide additional programming and activities.
 - C. Improve community aesthetics by enhancing the corridor to the city campus with sustainable landscape plantings, seeking volunteer assistance.
 - D. Look at ways to improve and coordinate a cohesive, attractive appearance along county corridors when the County upgrades roads.
 - E. Explore new methods of collecting public feedback.
 - F. Continually review newsletter content.
 - G. Plan and provide quality city services to residents and adapting to changing demographics.
 - H. Look at ways information from resident survey can be incorporated into goals, plans and policies.
 - I. Find ways to utilize volunteers and engaged residents.
 - J. Evaluate whether current policies and codes inhibit families from improving and upgrading their homes and remove unnecessary barriers to allow increased market value and updating of private property in ways that enhance neighborhoods.
 - K. Support improvements to the website that provide residents with information that is user-friendly so they can be informed about recreation opportunities.

LONG-TERM FISCAL OBJECTIVES

The City Council and staff are committed to expending public resources in the most cost-effective and economical manner possible to ensure the stability of the City's basic services. In light of past state aid reductions and previous years levy limits imposed by the state legislature and the current sporadic onset of levy limits, fiscal strategies will need to be constantly monitored to ensure a balanced approach in providing sufficient revenues to fund City services as follows:

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- ◆ Employing a strategy aimed at reducing the City's reliance on the property tax levy to fund basic City services through “sustainable” revenue sources such as special revenues, user fees and fee-for-service transactions.
 - ✓ *The City tax rate will increase in 2016 reflective of the decrease in the fiscal disparities distribution and the increase in the gross levy to capture new growth. City services will continue to be evaluated in terms of identifying all relevant funding sources to underwrite specific service expenditures, promoting alternatives to traditional funding methodologies, operational efficiencies, and encouraging public-private partnerships in service delivery systems.*
- ◆ The use of an appropriate cost accounting structure that will lead to the creation of individual cost centers for all City department activities to accurately reflect the true cost of providing specific services.
 - ✓ *The City employs a cost accounting system that is department specific which attempts to accurately reflect service delivery costs at the department and division levels. By including all supplemental services as they relate to personnel, charges and services, supplies and capital outlay will further distinguish the total costs of the service provided. The City has the ability to analyze these costs at the sub-category detail levels in support of overall policy goals.*
- ◆ The development of work performance goals for each department to ascertain and measure how each operating division contributes to the City's overall public service mission.
 - ✓ *Each department is responsible for identifying relevant performance data to allow for an independent analysis of specific service outcomes. Data is reviewed to provide the Council and general public with a better understanding of the operational demands, resource inputs and performance outcomes associated with a specific service delivery system.*
- ◆ The development of long-term financial models that identify anticipated trends in community growth and financial resources, designate appropriate capital resources to future City needs, tracks per capita spending growth, and establishes a link between fiscal targets and budgetary expenditure goals.
 - ✓ *The City continually maintains various financial models to determine the long-term impacts of present day expenditure and financing decisions. Fiscal assumptions are based upon a complex set of financial data including growth factors, tax capacity valuations, per*

Mayor, Councilmembers, Residents
2016 Adopted City Budget

capita spending and debt ratios. The financial models are used as part of the budget planning process to ensure that key short-term fiscal targets are in line with long-term fiscal projections.

- ◆ The aggressive and appropriate investment of idle City funds to maximize the generation of interest income, while ensuring adequate cash flow requirements.
 - ✓ *Investment of City funds is controlled by state statute and managed by the Finance Department. Idle funds are invested in a variety of financial instruments such as certificates of deposit, municipal bonds, federal agencies and corporate paper and are designed to maximize municipal investment income. Long-term investing is designed to achieve the best yield in the current market, following a strategy that secures income streams at a higher rate of return for a longer period of time.*
- ◆ Greater reliance on technology to enhance employee productivity in all areas of City operations and improve customer communications.
 - ✓ *The City has taken steps to invest additional time and energy on labor saving technology, such as new software, enhanced programming and optical imaging paper files. Staff implemented an optical imaging solution that enabled the City to reduce storage areas previously dedicated to paper files and provide a more economical and efficient data retrieval system. In addition, the City implemented financial management software to improve reporting and operating efficiencies. Both implementations have allowed the City to reduce staffing due to the increased efficiencies with each new system.*
- ◆ The adoption of a financial philosophy that seeks to spread the cost of significant capital outlay expenditures over an extended period of time to ensure that current and future taxpayers share equally in underwriting the cost of significant public expenditures.
 - ✓ *The City continues to capitalize the cost of significant capital expenditures over several years to ensure that both existing and future taxpayers share equally in the cost. In addition, the City has established a separate capital projects levy to underwrite the cost of selected capital projects and equipment and avoid a fiscal environment based on reactive tax and spend policies. The five year Capital Improvement planning process is critical in achieving these results.*
- ◆ Involving all employees in the process of re-engineering the work environment by encouraging cross-training opportunities, reducing and eliminating bureaucratic barriers, streamlining public process requirements, and adopting private sector business values in City operations.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

- ✓ *City staff is encouraged to identify work practice issues that are inefficient or overly bureaucratic. The management team is committed to involving their employees and fostering an environment that challenges the status quo of City operations.*
- ◆ Continuously reviewing opportunities to form partnerships with neighboring communities to share services and equipment, jointly purchase equipment and develop strategies to deal with local issues using a regional approach.
- ✓ *The City has established several equipment and service delivery sharing arrangements with neighboring communities and has several joint powers agreements in place on a variety of local and regional issues in the area of public safety, telecommunications, public access television and wastewater service initiatives.*

EXECUTIVE SUMMARY

The budget, as presented, reflects Council’s direction and staff commitment to achieve a cost-effective, efficient and high-quality service delivery model. Essentially, the 2016 Adopted Budget is a reflection of the City’s commitment to live within its means, and ensure that tax dollars are wisely managed and expended in as prudent a manner possible to achieve high-quality service outcomes.

It is interesting to note that the City of Andover continues to maintain one of the lower tax rates in Anoka County, as well as within the entire metropolitan area. City spending per capita continues to rank in the bottom half when compared to similar cities.

Budgetary Process

Guiding the City budget process were Council policy guidelines that were described earlier in this message. The budget process was approached by employing strategies associated with extending the useful life of existing equipment; the utilization of cost center accounting that allows for a better understanding of specific service expenditures; actively seeking equipment sharing opportunities with both private and public entities; spreading the cost of significant capital expenditures over several years; and purchasing new equipment and introducing new technologies that allow staff to work more efficiently and effectively. In addition, the prudent management of existing capital, financial and human resources by City staff, along with organizational practices that promote employee involvement, innovation and interdepartmental communications will generate substantial efficiencies in City operations.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

The budget process included the opportunity for all department heads and supervisors to actively participate in a team process. Decisions concerning the operational and maintenance needs of the organization were made by the management team after a thorough review and prioritization of budgetary requests. The integrity of the budget process relies upon all departments to work within the same framework in developing a budget that accurately identifies operational needs, promotes informed team review of budgetary requirements, and meets the core service needs of the requesting department.

In order to meet these growing challenges, the City must continually evaluate new ways and methods of conducting business in a more economical, competitive and cost-effective manner, while still keeping the quality of City services high and meeting the reasonable service expectations of the community.

The budget process incorporates a management vision supported through:

- increased utilization, understanding and promotion of technology in the delivery of public services;
- emphasis on long-term strategic planning to appropriately identify, allocate and effectively utilize resources to meet future service needs;
- greater participation, accountability and flexibility in the work force that will allow for the development of innovative responses to the increased demand for cost-effective services;
- the need to focus on developing an alternate framework of special revenues and user fees as alternate funding mechanisms to gradually reduce the City's reliance on tax levies by recovering service costs from the appropriate users of the service;
- the recognition that the City should work to assist the community in meeting challenges as a partner and not as the sole provider; and
- a strong voice in the legislature to ensure that City issues are clearly understood and fairly addressed. Cities must take a unified approach in dealing with legislative initiatives that may negatively affect local governance to minimize misunderstandings and encourage communication to facilitate common ground issues that build confidence in local government services and inspires a partnership of collaboration and innovation across all levels of government.

Mayor, Councilmembers, Residents
2016 Adopted City Budget

The 2016 Adopted Budget is the product of the collective efforts of the management team and their respective staffs. They have worked diligently to ensure that the residents of Andover receive the highest level of service for their tax dollars. Special recognition is appropriate with respect to the involvement of Lee Brezinka, Finance Manager and Finance staff in generating reliable financial data in which a sound and valid budget document was produced.

The entire management team should be recognized for their diligent efforts in preparing a budget that meets the needs of this growing community, yet recognizes the limited nature of financial resources.

The City Council should be recognized for their frugal use of municipal resources and continual efforts to provide needed services to the residents they represent and serve. I am appreciative of the commitment, good judgment and expertise that each member of the Council has contributed to the budget process.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Dickinson", with a long horizontal flourish extending to the right.

Jim Dickinson
City Administrator / Finance Director

CITY OF ANDOVER
COUNTY OF ANOKA
STATE OF MINNESOTA

RES. NO. R076-15

A RESOLUTION ADOPTING THE CITY OF ANDOVER 2016 BUDGET AND 2016 PROPERTY TAX LEVY TO BE CERTIFIED TO THE COUNTY AUDITOR.

WHEREAS, the preparation and adoption of budgets is recognized as sound financial practice; and

WHEREAS, the City of Andover receives significant financial support from its residents through the payment of property taxes; and

WHEREAS, the City of Andover has the responsibility to appropriately and efficiently manage the public's funds; and

WHEREAS, Minnesota State Law requires the City to certify to the County Auditor an adopted tax levy and budget prior to December 28, 2015; and

WHEREAS, Minnesota State Law requires the City to certify to the State of Minnesota Department of Revenue an adopted tax levy by December 28, 2015.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Andover hereby adopts the 2016 City of Andover Budget and the 2016 property tax levy totaling \$11,593,925 as listed on Attachment A.

BE IT FURTHER RESOLVED that the City Council of the City of Andover hereby establishes the 2016 City of Andover Budget by fund type as follows:

REVENUES		EXPENDITURES	
General Fund	\$ 10,390,411	General Fund	\$ 10,697,788
Special Revenue Funds	1,562,200	Special Revenue Funds	1,740,686
Debt Service Funds	2,479,273	Debt Service Funds	2,316,271
Capital Projects Funds	4,896,471	Capital Projects Funds	6,935,077
Enterprise Funds	5,153,096	Enterprise Funds	4,912,499
Internal Service Funds	1,113,344	Internal Service Funds	1,167,967
Total	\$ 25,594,795	Total	\$ 27,770,288

Adopted by the City of Andover this 1st day of December 2015.

CITY OF ANDOVER



Julie Trude - Mayor

ATTEST:



Michelle Hartner – Deputy City Clerk

CITY OF ANDOVER, MINNESOTA
2016 Property Tax Levy

	2016 Levy
General Fund Levy	
General Operations	\$ 7,947,528
Park Repair/Replacement Items	90,000
	<hr/>
Total General Fund	8,037,528
	<hr/>
Debt Service Funds Levy	
2010A G.O. Open Space Referendum Bonds	186,291
2012A G.O. Equipment Certificate	142,885
2012B G.O. Capital Improvement Refunding Bonds	498,435
2012C Taxable G.O. Abatement Bonds	977,332
2014 G.O. Equipment Certificate	295,470
	<hr/>
Total Debt Service	2,100,413
	<hr/>
<u>Other Levies</u>	
Capital Projects Levy	
Capital Equipment/Project	250,000
Parks Projects	15,000
Road & Bridge	1,089,146
Pedestrian Trail Maintenance	61,838
	<hr/>
Lower Rum River Watershed	40,000
	<hr/>
Total Other	1,455,984
	<hr/>
Gross City Levy	\$ 11,593,925
	<hr/> <hr/>

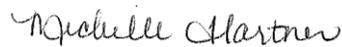
STATE OF MINNESOTA)

COUNTY OF ANOKA)

CITY OF ANDOVER)

I, the undersigned, being the duly qualified and acting City Clerk of the City of Andover, Minnesota, do hereby certify that I have carefully compared the attached Resolution No. R076-15 adopting the City of Andover 2016 Budget and 2016 Property Tax Levy with the original record thereof preserved in my office, and have found the same to be true and correct transcript of the whole thereof.

IN TESTIMONY WHEREOF, I have hereunto subscribed my hand this 1st day of December 2015.



Michelle Hartner – Deputy City Clerk

Values and Goals

1. EXCELLENCE AND QUALITY IN THE DELIVERY OF SERVICES

The City of Andover exists to provide quality services to the public in a professional and cost-effective manner.

2. FISCAL RESPONSIBILITY

The City of Andover believes that fiscal responsibility and prudent stewardship of public funds is essential if citizens are to have confidence in government.

3. ETHICS AND INTEGRITY

The City of Andover believes that ethics and integrity are the foundation blocks of public trust and confidence and that all relationships are built on these values.

4. TREATING THE CITIZEN AS OUR CUSTOMER

The City of Andover believes that the citizen is our customer and, as such, should be treated with courtesy, respect, and integrity.

5. OPEN AND HONEST COMMUNICATION

The City of Andover believes that open and honest communication with each other and the public we serve is the key to having an effective organization and informed citizens.

City of Andover's Highest Priority External Goals include:

- Goal #1 To ensure city services keep pace with the city's growing and changing population.
- Goal #2 To enhance communication with the public.
- Goal #3 To support processes that involve citizen engagement.
- Goal #4 To develop and update the city's capital improvement program.
- Goal #5 To broaden and preserve the city's tax base.
- Goal #6 To balance and prioritize provision of city services with available resources.
- Goal #7 To respect the environment.

Budget Development Process

The Budget Process

Andover City ordinance 216, Section 2., Major Areas of Accountability requires the City Administrator to submit an annual budget to the City Council, which accurately reflects the financial needs of the City organization. Additionally, state law requires that the City Council approve a preliminary budget and certify a proposed levy to the Anoka County Property Records and Taxation Division by September 15th.

Beginning in levy year 2002, the State of Minnesota is allowing certain governmental units exemption from the public hearing and publication requirement if its total proposed property tax levy does not exceed its previous year final property tax levy by more than the percentage increase in the implicit price deflator. The City of Andover did not fall under this exemption and held a meeting pertaining to the 2016 Proposed Operating Budget and Proposed Tax Levy on Tuesday, September 1, 2015 at 7:00 p.m. in the City Council Chambers. The date was advertised in the September City Newsletter, on public TV, and in the local paper. Final City Council action adopting the City Budget and Property Tax Levy occurred on December 1, 2015. The adopted 2016 City Levy was also submitted to Anoka County and the Minnesota Department of Revenue by December 28, 2015.

The budget is prepared on an annual basis, and follows the calendar year, January 1st to December 31st.

Policies are set by the City Council in one of two ways:

- 1) Policies are initiated by actions of the City Council at its regular council meetings through adoption of ordinances, resolutions, or motions.
- 2) Policies are also initiated, studied, and reviewed at special work sessions called for that purpose.

The City Administrator and City staff address the Council's concerns in the preparation of the budget and evaluate the financial costs of the implementation of these policies and include them in the budget where economically feasible.

In summary, policy issues are identified by the City Council, evaluated, and costed out by the Administrator and management team, and returned to Council for appropriations if necessary. If no appropriation is necessary, the new policy is implemented as soon as practical by the Administrator.

Each activity manager is given a monthly financial report of expenditures compared to the adopted budget. Expenditures related to City activities may not exceed appropriations without approval of the City Council.

Below is the 2016 Budget Development Calendar used to facilitate the necessary discussions and timelines between staff and City Council.

CITY OF ANDOVER
2016 Budget Development Calendar

Date	Activity	Responsibility
February 24, 2015	Council Workshop to discuss budget guidelines.	City Council / Staff
March 3, 2015	Council adopts 2016 Budget Development Guidelines.	City Council / Staff
March 24, 2015	Council review of 2016 budget guidelines.	City Council / Staff
April 6, 2015	2016 Budget Calendar.	Admin / Finance
April 6 – May 1, 2015	Prepare base budgets and line item budget pages.	Admin / Finance
April 21, 2015	Council budget progress report distributed.	Council / Staff
May 1, 2015	Distribution of base budgets, personnel services, capital budget forms and line item budget pages to all Department Heads.	Department Heads
May 1, 2015	Begin preparation of performance measures.	Department Heads
June 1, 2015*	Department of Revenue notifies of required dates.	State
June 2, 2015	Prepare preliminary 2016 revenue estimates.	Finance / Department Heads
June 23, 2015	Council budget discussion.	City Council / Staff
July 1, 2015**	Requests for additional full-time staff to City Administrator.	Department Heads
July 1, 2015**	2016 Budget forms and prioritization of adjustments to base, capital outlay requests due to Finance.	Department Heads
July 1, 2015**	Staff preparation of 2015 budget expenditure estimates.	Finance / Department Heads
July 2 – 6, 2015	Compile and prepare documents for Management Team.	Finance
July 6, 2015	General Fund levy calculations.	Finance
July 8 - 9 & 13 – 14, 2015	2016 Budget Decision packages prioritized and finalized.	Admin / Mgmt Team
July 13, 2015	Deadline for updated performance measures to City Administrator.	Admin / Department Heads
July 13 – 17, 2015	Preparation of final draft of 2016 Proposed Budget for Council Workshop.	Finance
*preliminary ** no exceptions		
Continued		

CITY OF ANDOVER
2016 Budget Development Calendar

Date	Activity	Responsibility
July 28, 2015	Council discussion of budget development progress. Receives 2016 Proposed Budget.	City Council / Staff
July 28, 2015	Council budget discussion.	City Council / Staff
August 7, 2015*	County notifies City of school district & county public hearing dates.	County
August 25, 2015	City Council follow-up workshop for review of 2016 Proposed Budget.	City Council / Staff
August 25, 2015	City Council preview of Proposed 2016 Tax Levy Presentation.	City Council / Staff
September 1, 2015	State Department of Revenue (DOR) to certify levy limits for 2016	DOR
September 1, 2015 (Req.)	City to adopt proposed levy and select public hearing dates.	City Council
September 15, 2015 (Req.)	Proposed tax levy must be certified to County.	Finance
September 22, 2015	City Council Budget discussion – focus on SRF, DSF, CPF, EF & ISF.	City Council / Staff
September 30, 2015 (Req.)	City to file proposed 2016 special levies with DOR	Finance / DOR
October 27, 2015	City Council Budget discussion – focus on DSF & CPF.	City Council / Staff
November 6 – 18, 2015*	County Auditor to mail parcel specific notices.	County
November 24, 2015	City Council preview of Public Hearing.	City Council / Staff
December 1 - 14, 2015* (Req.)	City conducts public hearing during this time frame.	City Council
December 1, 2015	City of Andover Public hearing on 2016 Tax Levy and Budget.	City Council
December 1, 2015	City Council adopts 2016 Levy and Operating Budget.	City Council
December 28, 2015* (Req.)	Deadline for staff to certify tax levy to State and County.	Finance
January 19, 2016*	Finalize 2016 Actual Performance measures. Adopted budget printed and distributed.	Finance
January 22, 2016	Publication of adopted budget information in newspaper.	Finance
January 22, 2016	Department of Revenue budget form completed and submitted.	Finance
March 15, 2016	Submit budget award application to GFOA. (Due 90 days after budget adoption.)	Finance

*preliminary ** no exceptions

Budgeting for City Operations

The City is required to account for revenues and expenditures in accordance with generally accepted accounting principles. Because fund accounting is required for financial reporting, the appropriation budgets are organized and presented in like manner. The summary information section presents a summary of revenues and expenditures of each fund. A brief description of each fund type can be found at the beginning of each section.

Basis of Accounting

The financial reporting and budgeting systems of the City are organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts. All funds in the budget were prepared using the following basis of accounting, which is consistent with the accounting methods used for financial reporting.

Government Funds All governmental funds are budgeted and maintained on a modified accrual basis for accounting and budgeting. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The City of Andover adopted a budget for every governmental fund for the first time in 2002, and continues to do so.

Proprietary Funds Proprietary funds are budgeted and maintained on an accrual basis for accounting and budgeting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which the liability is incurred. Proprietary funds include Enterprise Funds and Internal Service Funds. The City of Andover currently has three enterprise funds and two internal service funds.

The City of Andover has adopted the following accounting, auditing and financial reporting policy:

Accounting, Auditing and Financial Reporting Policy

1. The City of Andover will establish and maintain a high standard of accounting practices. Accounting standards will conform to Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).
2. At the end of each fiscal year, a Certified Public Accounting firm that will include issuing a financial opinion will conduct an audit of the City records and a management and compliance report on internal controls.
3. The City of Andover will maintain a strong internal audit function.
4. The City will maintain a fixed asset system to identify and protect all City assets.
5. The Finance Department will prepare monthly financial reports for internal management purposes.
6. The City Council delegates the authority to assign fund balance, as required for prudent fiscal management, to the City Administrator and Finance Director. When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use

unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, 3) unassigned.

7. Annually, the Finance Department will prepare a comprehensive annual financial report. This report shall be made available to the elected officials, city management, bond-rating agencies, and the general public.
8. The City will annually submit its comprehensive annual financial report to the Government Finance Officers Association (GFOA) to determine its eligibility to receive the GFOA's Certificate of Achievement for Excellence in Financial Reporting.

Budget Monitoring and Amendments

The Andover Financial Policies identifies an Operating Budget Policy which includes the process for monitoring and amending the budget, fund balance considerations and the capital improvement budget coordination, that policy is as follows:

Operating Budget Policy

1. The formal budgeting process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided, given the anticipated level of available resources.
 - A. The City will attempt to maintain its present service level for priority and essential services subject to available revenues. New services will be considered for funding within available resources.
 - B. The City of Andover will utilize a "bottom-up" resource allocation approach. Each department will have an opportunity to request personnel, goods, capital items and services needed to carry out its responsibilities in a timely manner.
 - C. The resources to fund the budget will include all revenues reasonably anticipated from all sources and the unrestricted unassigned fund balance estimate to be carried forward at the beginning of the fiscal year.
 - D. The City enterprise operations are to be self-supporting, including capital improvements and depreciation. Enterprise operations are to be reviewed annually for self-sufficiency.
 - E. The City will utilize procedures that allow departments to integrate priorities and objectives into the budget requests.
2. The operating budget, authorizing expenditure of City monies, will be adopted annually by the City Council at the department level. Expenditures may not exceed the total for any department, within a fund, without the City Council's approval. The authority to make changes to the adopted City Budget during the operating year is as follows:
 - A. City Council approval is required for all budget adjustments or transfers that will increase the department's adopted expenditure budget, or adjustments that are made to facilitate a department restructuring.
 - B. City Council approval is required for any budget adjustment that exceeds either \$10,000 or 5% of a department's expenditure budget, except that adjustments under \$10,000 may be approved as provided in C. & D. below.

- C. City Administrator's, or their designee when unavailable, approval is required for all budget adjustments or transfers made to **personal services** or **capital outlay** under \$10,000 on a one-time basis.
 - D. Budget adjustments and transfers among expenditure accounts may be authorized during the fiscal year by the City Administrator and the Finance Director if there is no effect on the department's gross expenditure budget and the adjustment is not to employee compensation.
 - E. Under no circumstances should budget adjustments be split to avoid approval limits.
3. The City will budget to maintain fund balances at adequate levels to ensure that sufficient resources are available for current and future expenditures, whether planned or unforeseen.
 - A. The City will budget to maintain an unassigned fund balance for each operating fund, to support operations until current tax revenues are received. Based upon the semi-annual collection of local taxes, each operating fund, relying on property tax related revenues, should maintain an unassigned fund balance at year-end necessary for approximately 6 months of the subsequent year's operation.
 - B. The City will budget to maintain an unassigned fund balance available for contingencies of between 1 percent and 3 percent of budgeted expenditures for each operating fund in order to finance unforeseen items and events that occur during the course of the year. It is not necessary for each fund to hold its own contingency. The General Fund may hold contingencies for other funds when appropriate.
 - C. All unencumbered appropriations and encumbered purchases less than \$1,000 lapse at year-end. However, the appropriation authority for all major capital projects and capital assets carries forward automatically to the subsequent year. Appropriations for encumbered purchases in excess of \$1,000, which are not budgeted in the ensuing year, may be transferred to the subsequent year with the approval of the City Administrator and Finance Director. The current year appropriation is reduced and the subsequent year appropriation is increased.
 4. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare regular reports, which compare actual revenues, and expenditures to budgeted amounts.
 5. The City will coordinate development of the Capital Improvement Budget with the development of the annual operating budget. Each capital improvement project is reviewed for its impact on the operating budget in terms of revenue generation, additional personnel required and additional operating expenses.
 6. The capitalization threshold for assets of the City of Andover, as defined in the Fixed Asset Policy, applies to all budgets and purchases associated with the Capital Expenditure series of accounts.
 7. Annually, the Finance Department will prepare an Annual Operating Budget report. This report will be made available to elected officials, City management, bond-rating agencies, and general public.
 8. The City will annually submit its annual operating budget document to the GFOA to determine its eligibility to receive the GFOA's Distinguished Budget Presentation Award.

Determination of Revenue Estimates

The Finance Department is responsible for compiling all revenue estimates contained in the budget. Estimates are arrived by studying relevant revenue history along with economic trends and indices when available. Discussion regarding specific revenue sources can be found in the summary information section of the budget. The Andover Financial Policies identifies a Revenue Policy that outlines the City's revenue philosophy and that policy is as follows:

Revenue Policy

1. The City will attempt to maintain a diversified and stable revenue system to shelter it from short-run fluctuations in any single revenue source. The revenue mix should combine elastic and inelastic revenue sources to minimize the effect of economic downturns.
2. The City will follow an aggressive policy of collecting revenues.
3. The City will periodically review fees and charges in order to keep pace with the cost of providing the service or that percentage of the total cost deemed appropriate by the City, and will conduct a public hearing or adopt an ordinance, as required by law, prior to setting fees or charges.
4. The City will consider market rates and charges levied by other public and private organizations for similar services in establishing tax fees and charges.
5. The City will allocate Citywide revenues to funds, which provide services to the entire City.
6. All revenues, reasonably expected to be unexpended and unencumbered at the end of the year, will be anticipated as "available fund balance" in the budget of the following year.
7. The City will attempt to invest all cash holdings in accordance with the cash and investment policy and maximize those holdings with an effective payment policy.

Capital Improvement Program

Andover's Capital Improvement Program is intended to provide the City Council and staff with a process for identifying and prioritizing capital projects in order to coordinate the financing and timing of improvements, which maximizes the return to the public. The process will enable the City to evaluate long-term cost and benefits of projects being adopted for the coming year (2016) against those projects planned between 2017 and 2020. The Capital Improvement Program follows the following policy:

Capital Improvement Policy

1. A Capital Improvements Plan (CIP) will be developed for a period of five years. As resources are available, the most current year of the CIP will be incorporated into the current year operating budget as the Capital Improvements Budget (CIB). The CIP will be reviewed and updated annually. Years two through five are for planning purposes only.
2. The City will maintain its physical assets in a manner, adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The City will provide for maintenance and replacement from current revenues where possible.

3. To be considered in the Capital Improvements Program, a project must have an estimated cost of at least \$5,000 in one of the calendar years of the project. Projects may not be combined to meet the minimum standard unless they are dependent upon each other. Items that are operating expense (such as maintenance agreements, personal computer software upgrades, etc.) will not be considered within the CIP.
4. Capital projects, which duplicate other public and/or private service, will not be considered.
5. The City will identify the estimated costs and potential funding sources for each capital project prior to inclusion in the CIP. The operating costs to maintain capital projects shall be considered prior to the decision to undertake the capital projects.
6. Capital projects and/or capital asset purchases will receive a higher priority if they meet a majority of the following criteria:
 - A. Mandatory project
 - B. Maintenance project (approved replacement schedules)
 - C. Improve efficiency
 - D. Provide a new service
 - E. Policy area project
 - F. Broad extent of usage
 - G. Length of expected useful life
 - H. Positive effect on operation and maintenance costs
 - I. Availability of county/state/federal grants
 - J. Elimination of hazards (improves public safety)
 - K. Prior commitments
 - L. Replacement due to disaster or loss
7. The CIP is to be presented by the City Administrator and Management Team annually to the City Council for approval. Any substantive change to the CIP after approval must be approved by the City Council.

Debt Administration

The City of Andover has adopted the following Debt Policy:

1. The following Debt Policy should be used to provide guidelines for debt decisions. There are no absolute rules or formulas in determining the level of City debt. Each situation requires a thorough review of the City's debt position, financial health and economic forecast. The limitations of this policy refer to City of Andover debt only (excludes EDA and HRA).
2. The City will maintain good communications with bond rating agencies and will try to improve or maintain its current AA+ bond rating so that the City's borrowing costs are minimized and access to credit is preserved.
3. The City will not use short-term borrowing to finance operating needs except in the case of an extreme financial emergency beyond the City's control or reasonable ability to forecast.
4. The City may use long-term debt financing when all of the following conditions exist:
 - A. When non-recurring capital improvements are desired, and

- B. When it can be determined that present and future citizens will receive a benefit from the improvement, and
 - C. When the cost benefit of the improvement, including interest cost, is positive.
5. The issuance of long-term debt is limited to capital improvements or projects that cannot be financed from current revenues or resources. For purposes of this policy, current resources are defined as that portion of fund balance in excess of appropriate required reserves and designations. The City of Andover will not pledge indebtedness to outside agency financing, unless the benefit is for City of Andover residents.
 6. The City of Andover will limit the amount of total net general obligation debt to no more than 3% of the estimated market value. (Minnesota Statutes limit on debt is 3% of the estimated market value).
 7. The payback period of the bonds or notes will not exceed the estimated useful life of the capital asset constructed or purchased.
 8. The City will conservatively project the revenue sources utilized to repay the debt (i.e., taxes for G.O. debt are levied at 105% of the required debt service).
 9. Capital notes and leases may be used to finance equipment purchases anytime the total cost of the purchase exceeds \$10,000, the useful life of the equipment is greater than five years, the financing rate is less than or equal to the current and projected investment rates, or the purchase is of a non-recurring nature (copy machines and information technology equipment).
 10. The City will follow a policy of full disclosure on every Comprehensive Annual Financial Report and official statement.

Distribution of Budget Information

Copies of the proposed budget are typically available to the general public beginning the second week in August in the offices of the City Administrator and Finance Director. Notices of the public hearings are published in the City's official newspaper, the Anoka County Union, along with notices posted on public bulletin boards. Citizens are invited to provide written or oral comments at the public hearings.

The County Property Records and Taxation Division is required to notify each property owner of the impact of the proposed tax levy upon each individual parcel of property along with the final budget hearing dates.

Awards

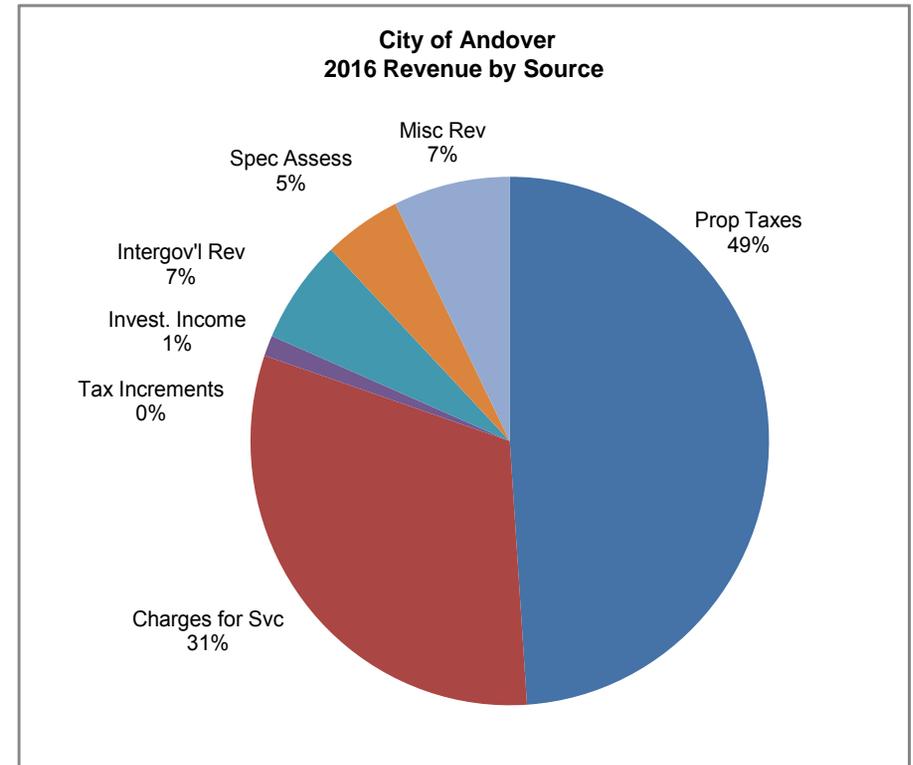
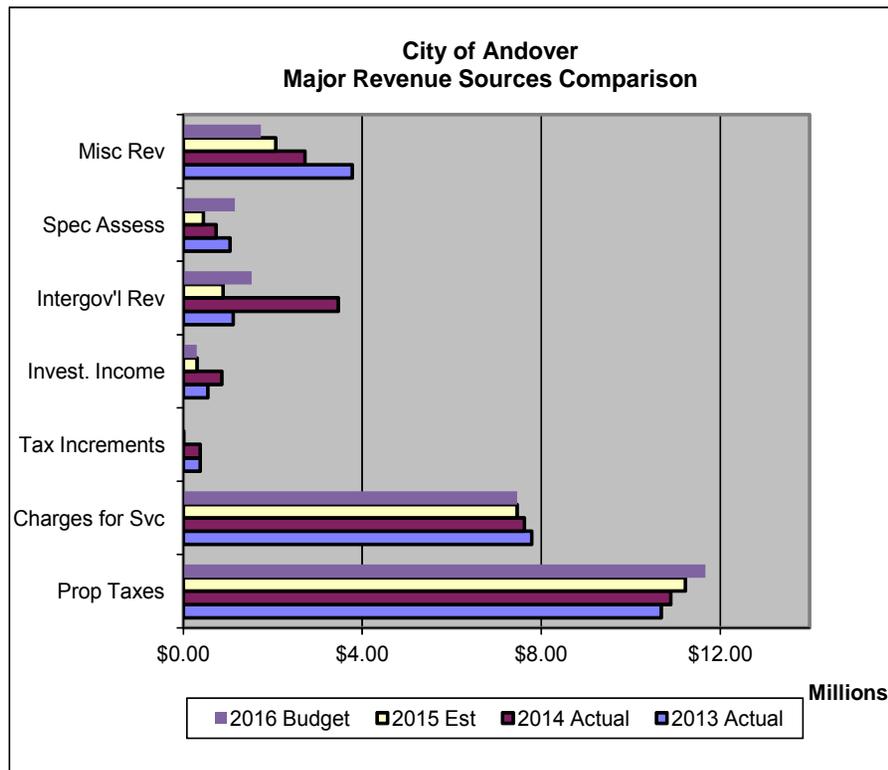
The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Andover for its annual budget for the fiscal year beginning January 1, 2015. This is the fourteenth consecutive time the City of Andover has received this award.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

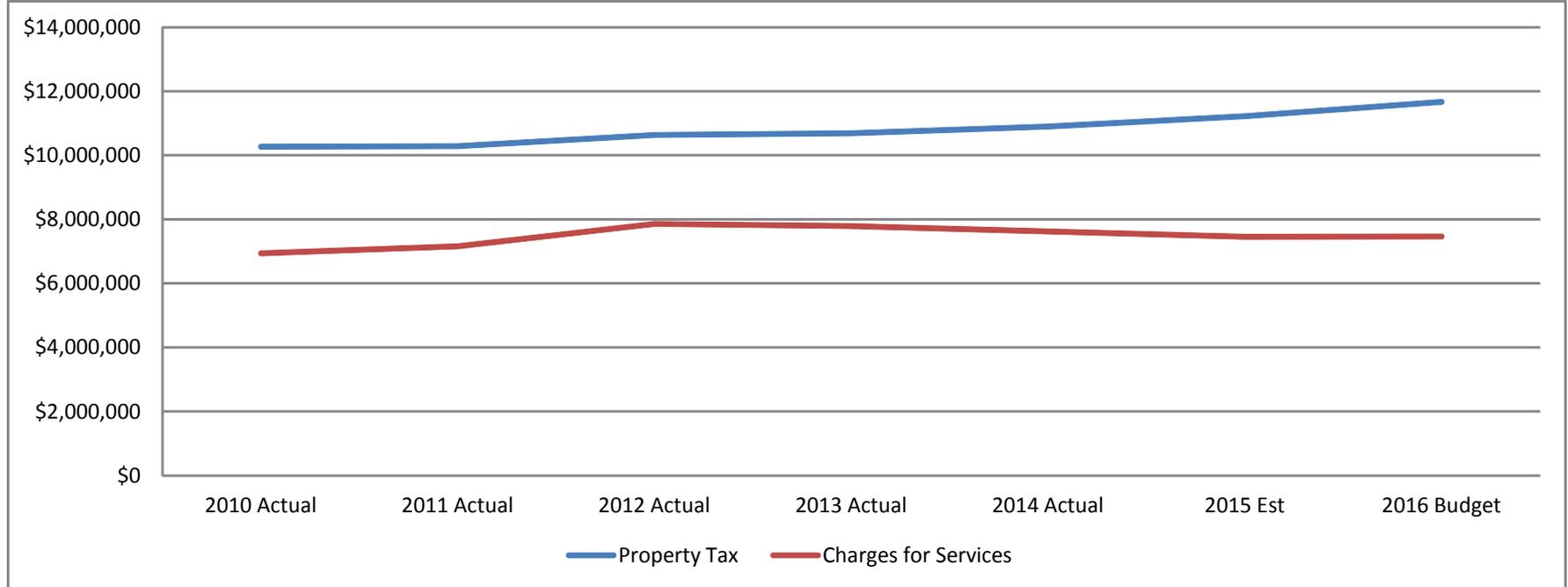
Revenue Projections

As mentioned earlier, the Finance Department is responsible for compiling all revenue estimates contained in the budget. Estimates are arrived by studying relevant revenue history along with economic trends and indices when available.



Following are individual graphs of the major revenue sources over the last seven years. Included are brief descriptions of each source and explanations of any variances over the same time period.

Revenue Projections – Property Tax & Charges for Services

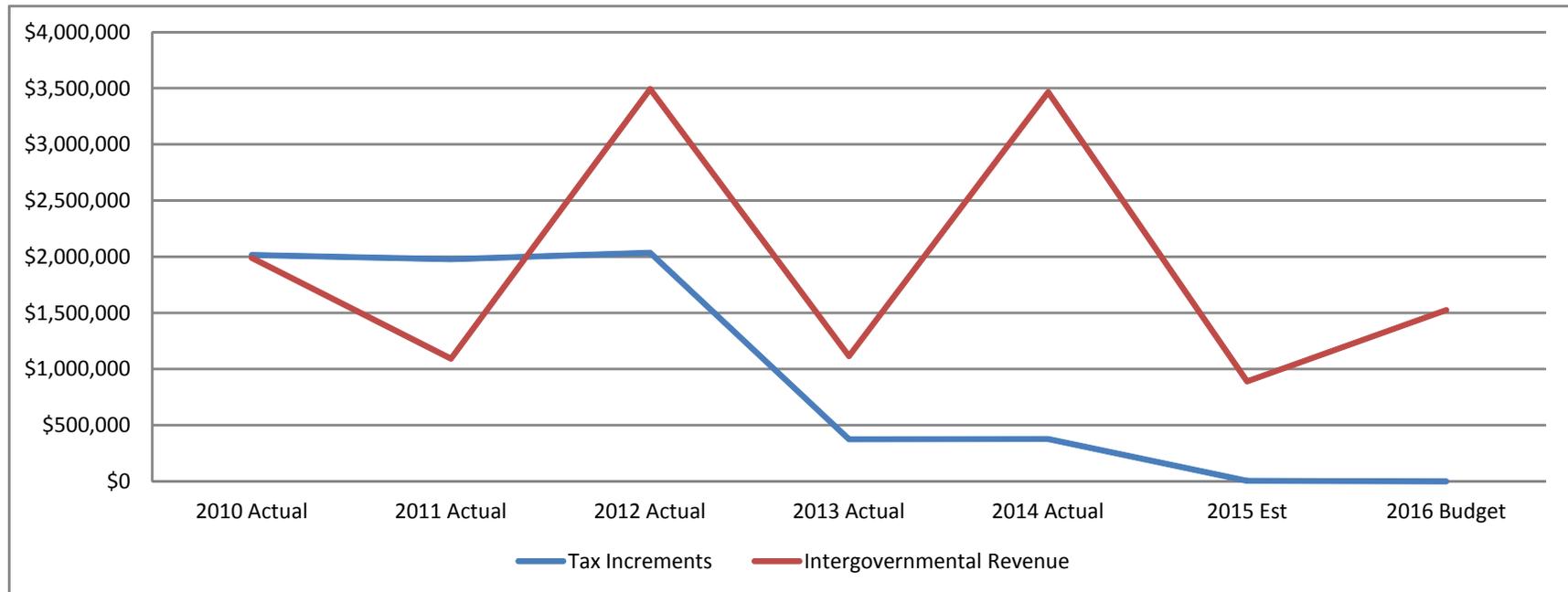
General Property Taxes

Property taxes are a revenue source in the General, Special Revenue, Debt Service and Capital Projects Funds. This revenue source is primarily used in the General Fund and is determined on the basis of the availability of other revenue sources and the expenditure level necessary to conduct City business in accordance with Council policy and directives. The original goal for the 2016 budget for property taxes was commitment to maintain the City Tax Rate Capacity in a manner consistent with the needs of the organization to ensure the long-term competitiveness, efficiency, staffing and capital requirements. The Council, by recognizing the impact of increasing market values and acknowledging community economic concerns, were able to establish an appropriate baseline of city services and a manageable debt service expense level. The general property tax revenue does increase 4.01% as compared to 2015. This revenue source takes into account the elimination of the market value homestead credit program and the insertion of the market value homestead exclusion program (both products of the State of Minnesota Legislature in 2012).

Charges for Services

Charges for services comes from a variety of sources in the General and Special Revenue Funds; such as project engineering and inspection services to residential and commercial developers, drainage and mapping services, ice and field house rentals, plat reviews and other miscellaneous charges for dedicated use of city staff. Over the past few years, the City has continued to grow and this is expected to continue in 2016 and beyond. In the Enterprise Funds, charges for services come from water and sewer usage charges and a storm water utility charge. The water charges are determined by a water rate study, the sewer charges by a sewer rate study and the storm water utility charge are based on the amount of funding needed to comply with federal storm water requirements, each are reviewed annually to cover all expenses. In the Internal Services Fund, the charges for services represent department charges for the maintenance of city equipment and cost of liability insurance coverage. The largest increases are in the Enterprise Funds where the number of users continues to grow and the rates increase to offset operations and provide for future infrastructure replacements.

Revenue Projections – Tax Increments and Intergovernmental Revenue

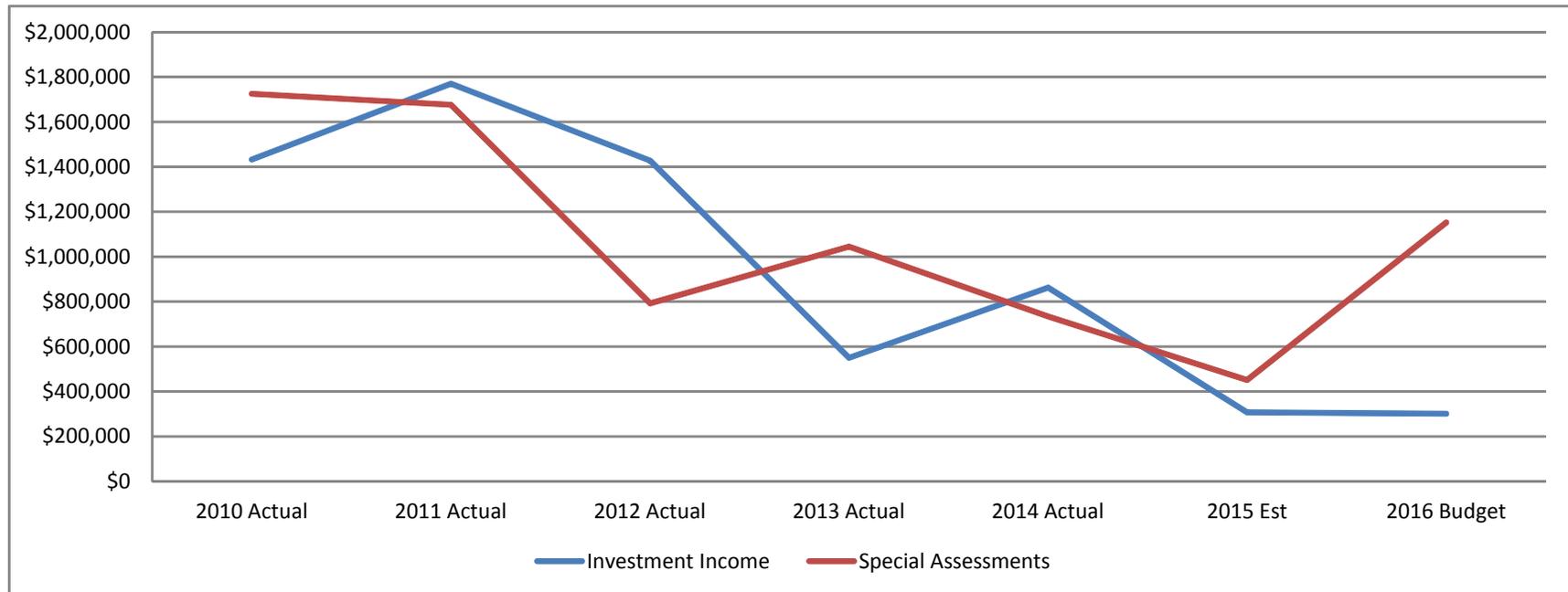
Tax Increments

Tax Increments are a revenue source in the Capital Projects Funds. In 2012 and 2014, two significant tax increment finance districts were decertified at the end of the year resulting in a decrease of tax increment revenue for 2013 (\$1,470,700) and 2015 (\$205,000). Tax increment is used to pay for debt service on tax increment bond issues and expenses related to economic development and redevelopment within tax increment development districts. Annually, an extensive analysis is done reviewing the debt service requirements and the redevelopment projects contemplated in the capital improvement plan. Current tax increment districts have pay-as-you-go notes associated with them and the net result is zero revenue. Looking forward, the City will create tax increment districts only when a significant project meeting a required “but/for” test is deemed to achieve City goals.

Intergovernmental

This revenue source is present in the General, Special Revenue, Debt Service and Capital Projects Funds. In 2008, 2009, 2010 and 2011, the Governor unallotted \$196,150, \$350,938, \$490,186 and 490,186 of the Market Value Homestead Credit (MVHC) to help offset the state budget deficits. In 2012, the MVHC program was eliminated and a market value homestead exclusion program was put in its place. The new program reduced the taxable market values for certain homestead properties. The intergovernmental represents the remaining state aid distributions of State Highway aid and state police and fire aid. This revenue source also represents grants applied for and awarded from other government agencies (federal, state, school, or county) such as Community Development Block Grants and DNR grants. In 2010, 2012 and 2014, the City was able to get an advance on Municipal State Aid (MSA) construction allotment funds for projects already in progress. Any unused MSA allotment is carried over and drawn upon as eligible projects are constructed in 2015 and 2016. In 2014, LGA was reinstated for the City (\$74,655) and was used to fund the growing infrastructure needs of the Road and Bridge Capital Projects Fund. In 2015, LGA was again eliminated for the City and then reinstated again in 2016 (\$2,698) as notified by the State based on the new state formula.

Revenue Projections – Investment Income and Special Assessments

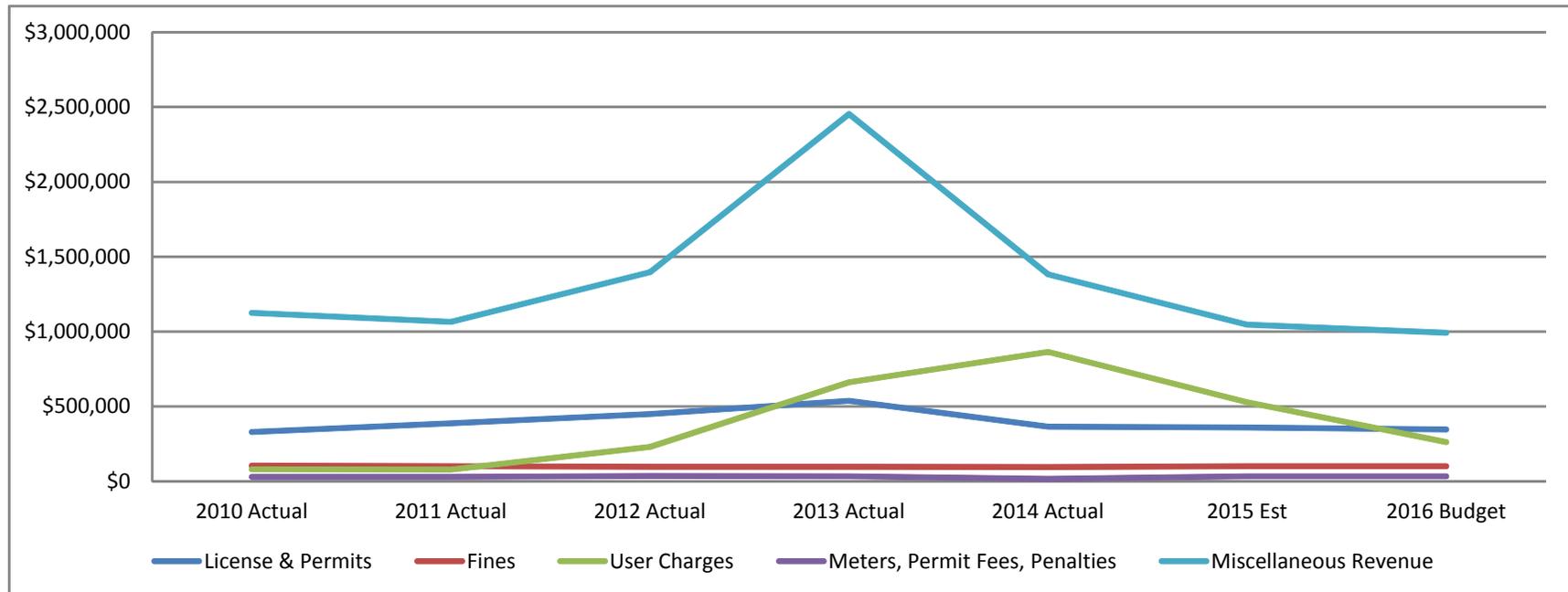
Investment Income

This revenue source is in all funds. Investment income is interest earned on investments and is allocated to funds based on average cash balances within each fund. Revenues from this source are dependent on interest rates and cash balances available for investment. The 2013 actual, as compared to 2012, decreased due to cash escrows of refunding bonds sold in prior years being used to pay-off additional debt (\$17,177,570) and the fact that yields in the market are so low on the investments the City is allowed by Statute to invest in.

Special Assessments

Special assessments are a revenue source in the Debt Service and Capital Projects Funds. Special Assessments are used for the payment of bonds for related capital projects and for reimbursing the City's Capital Projects Funds for projects financed internally. The 2016 budget is based on special assessment payment schedules and a review of residential development within the City of Andover. Special Assessment revenue fluctuates based on the type and cost of street reconstruction projects being assessable to benefiting properties and the timing of when those assessments are paid. It also depends on whether residential development is done as a developer-installed project (developer is paying all the expenses) or as a city-installed project (the city is funding the project through bonds or the PIR fund and assessing costs back to the property).

Revenue Projections – Miscellaneous Revenue

Miscellaneous Revenues

Licenses and Permits – This revenue source is found only in the General Fund. These revenues are based on City determined license rates; State regulated rates and the Uniform Building Code. The 2016 budgeted amount is based on 50 new single-family residential homes using a building valuation of \$200,000 each.

Fines – Fines are a revenue source in the General Fund only. Fines are collected through the State Court System and are remitted to the City monthly. Fine revenue remains fairly consistent from year to year.

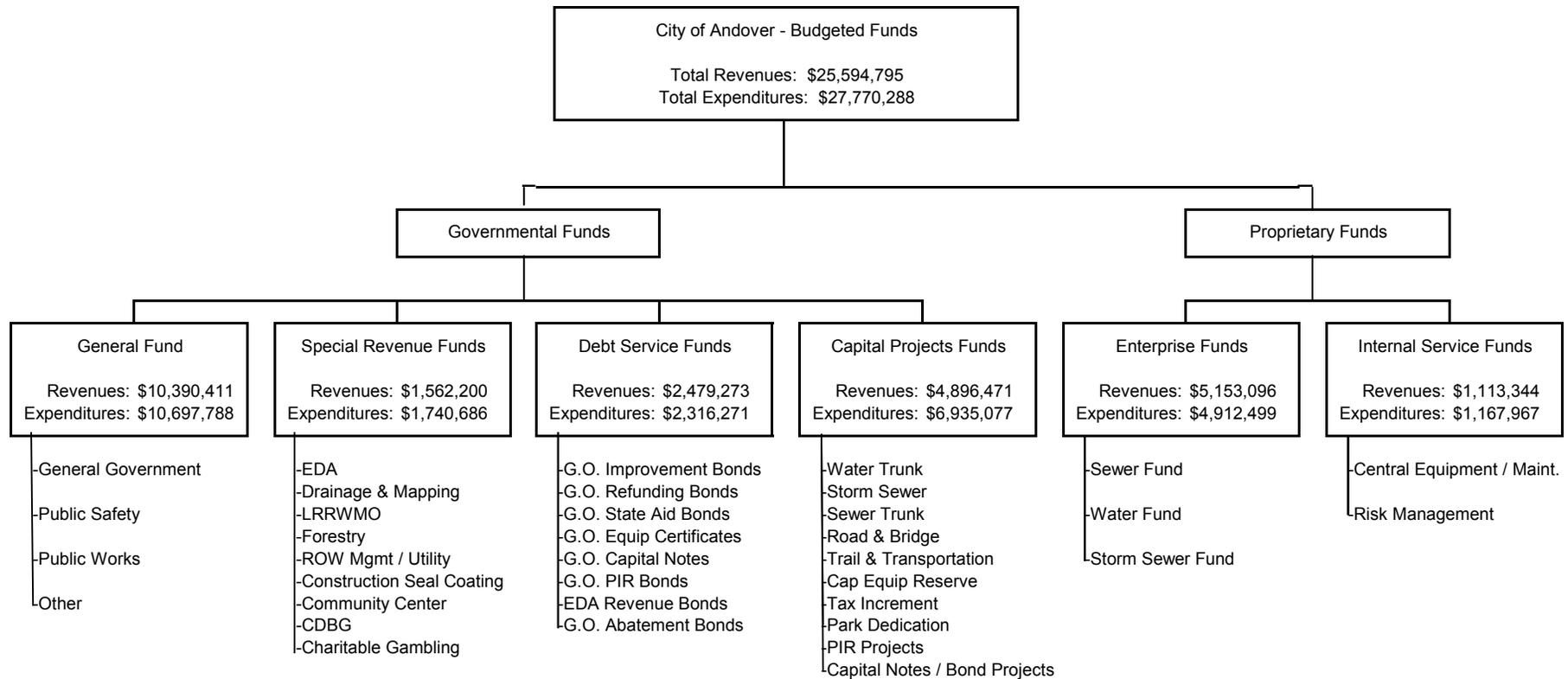
User Charges – This revenue source is found in the Capital Projects Funds. These charges are fees paid under development agreements when new construction for residential and commercial projects are initiated. They include park dedication fees, trail fees, water system trunk and sewer system trunk charges. In 2016, these fees are calculated on the assumption that there will be 20 new platted units and existing residential lot inventories will be drawn down.

Meters – Meters is a revenue source for the Water Enterprise Fund. When a house is brought on to city water services, a meter is sold to each new customer to facilitate accurate billing of service.

Penalties – Penalties is a revenue source for the Enterprise Funds. A penalty is a charge to past due billings.

Miscellaneous – Miscellaneous revenues are revenues that do not fit in any other revenue type. Included in this are payments from the YMCA for lease payments (\$635,000 – based on a 30 year lease agreement) and reimbursements for actual common space charges and natural gas. This also includes rental fees for wireless antennas. The increase in 2012 and 2013 is due to land sales in the Tax Increment Projects Capital Project Fund.

**CITY OF ANDOVER
2016 Budget Summary By Fund Type**



Fund Definitions

General Fund - accounts for the revenues and expenditures necessary to carry out basic governmental activities of the City such as general government, public safety, public works, and other.

Special Revenue Funds - accounts for revenue sources that finance particular functions and projects.

Debt Service Funds - accounts for the accumulation of resources for, and the payment of general long-term debt.

Capital Projects Funds - accounts for the acquisition or construction of major capital facilities financed mainly with governmental fund sources, general obligation debt, special assessments, and other.

Enterprise Funds - accounts for activities that consist of rendering services or providing goods to the public for which a fee or charge is collected.

Internal Service Funds - accounts for goods and services that are provided to other City departments, or to other governments, on a cost reimbursement basis.

CITY OF ANDOVER
2016 Budget Summary
Revenues and Expenditures Fund Summary

	<u>Actual 2014</u>	<u>Adopted 2015</u>	<u>Estimate 2015</u>	<u>Budget 2016</u>
Fund Balance/Net Assets, January 1	\$ 48,943,861	\$ 36,034,488	\$ 36,034,488	\$ 35,972,807
Revenues & Other Sources				
General	10,123,308	9,876,575	10,058,706	10,390,411
Special Revenue	1,680,359	1,523,700	1,554,200	1,562,200
Debt Service	2,819,054	2,507,663	2,509,663	2,479,273
Capital Projects	9,561,080	3,859,038	4,377,986	4,896,471
Enterprise	5,032,111	5,169,454	5,109,454	5,153,096
Internal Service	1,214,368	1,113,344	1,113,344	1,113,344
Total Revenues & Other Sources:	30,430,280	24,049,774	24,723,353	25,594,795
Total Available:	79,374,141	60,084,262	60,757,841	61,567,602
Expenditures & Other Uses				
General	9,881,410	10,338,730	10,375,695	10,697,788
Special Revenue	1,480,542	1,710,874	1,703,689	1,740,686
Debt Service	19,513,350	2,285,820	2,286,865	2,316,271
Capital Projects	6,524,098	4,393,745	4,479,080	6,935,077
Enterprise	4,662,377	4,832,158	4,772,748	4,912,499
Internal Service	1,277,876	1,138,752	1,166,957	1,167,967
Total Expenditures & Other Uses:	43,339,653	24,700,079	24,785,034	27,770,288
Fund Balance/Net Assets, December 31	\$ 36,034,488	\$ 35,384,183	\$ 35,972,807	\$ 33,797,314

CITY OF ANDOVER
2016 Budget Summary
Revenues and Expenditures - All Funds

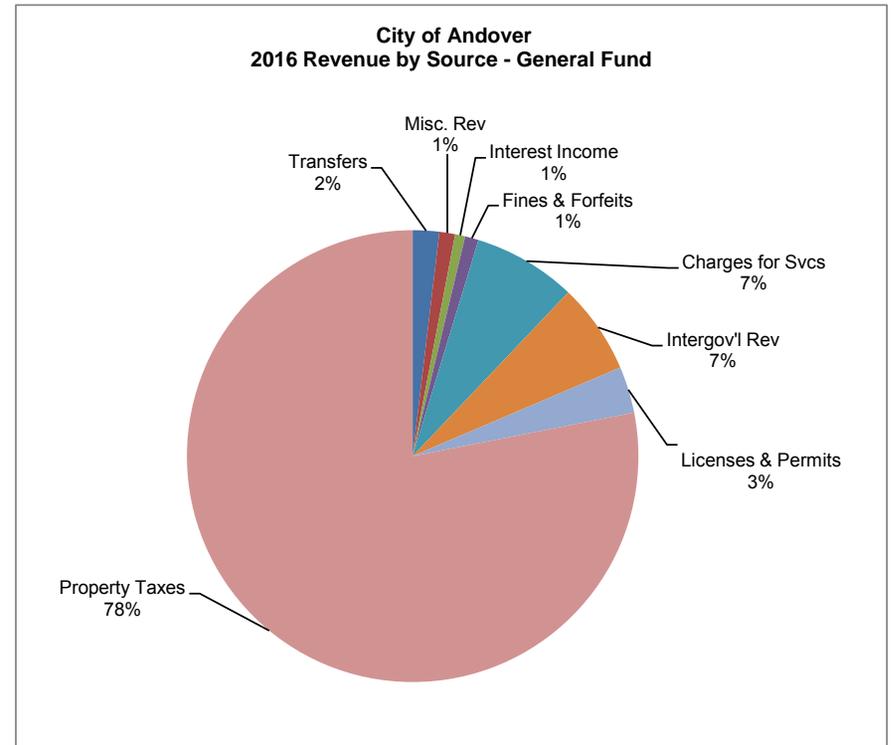
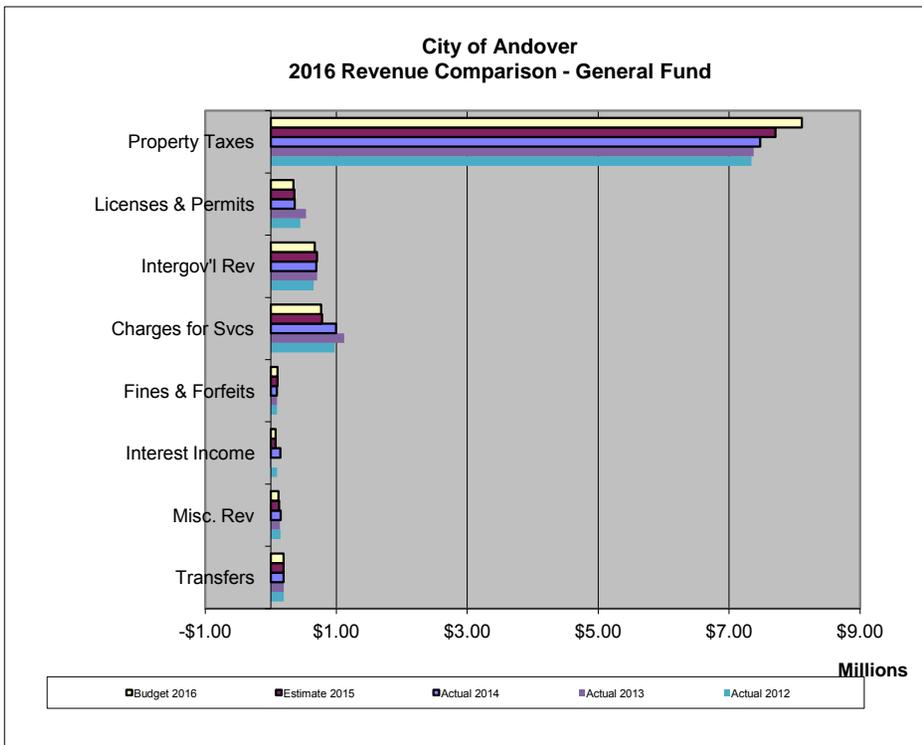
	Actual 2014	Budget 2015	Estimate 2015	Budget 2016
Fund Balance/Net Assets, January 1	\$ 48,943,861	\$ 36,034,488	\$ 36,034,488	\$ 35,972,807
Revenues				
General Property Taxes	10,894,301	11,219,925	11,219,925	11,669,925
Tax Increments	377,733	20,000	3,000	-
Special Assessments	733,425	412,000	450,573	1,153,000
Licenses and Permits	364,430	316,588	359,643	346,205
Intergovernmental	3,464,985	1,930,088	888,551	1,524,491
Charges for Services	7,623,294	7,432,899	7,458,339	7,463,994
Fines	94,375	100,750	100,750	100,750
Investment Income	863,046	268,500	307,200	300,400
User Charges	863,817	255,365	527,725	262,421
Meters	12,592	13,000	13,000	13,000
Permit Fees	3,425	3,500	3,500	3,500
Penalties	560	16,000	16,000	16,000
Miscellaneous	1,382,172	986,750	1,046,780	991,300
Total Revenues:	26,678,155	22,975,365	22,394,986	23,844,986
Other Financing Sources				
Operating Transfers In	1,255,572	1,074,409	1,075,679	1,169,809
Bond Proceeds	1,555,000	-	-	580,000
Bond Premium	44,278	-	-	-
Proceeds from Sale of Property	897,275	-	1,252,688	-
Total Other Financing Sources:	3,752,125	1,074,409	2,328,367	1,749,809
Total Revenues and Other Sources:	30,430,280	24,049,774	24,723,353	25,594,795
Total Available:	79,374,141	60,084,262	60,757,841	61,567,602
Expenditures				
Personal Services	6,068,234	6,287,300	6,288,643	6,527,733
Supplies and Materials	1,350,213	1,390,816	1,383,686	1,454,812
Purchased Services	4,016,684	4,229,296	4,292,724	4,486,980
Other Services and Charges	7,303,650	7,167,587	7,112,449	8,657,986
Capital Outlay	2,816,375	1,480,996	1,365,684	2,231,000
Debt Service	4,073,925	3,069,675	3,266,169	3,241,968
Total Operating Expenditures:	25,629,081	23,625,670	23,709,355	26,600,479
Other Uses				
Operating Transfers Out	1,255,572	1,074,409	1,075,679	1,169,809
Bond Discount	-	-	-	-
Redemption of Refunded Bonds	16,455,000	-	-	-
Total Other Uses:	17,710,572	1,074,409	1,075,679	1,169,809
Total Expenditures and Other Uses:	43,339,653	24,700,079	24,785,034	27,770,288
Fund Balance/Net Assets, December 31	\$ 36,034,488	\$ 35,384,183	\$ 35,972,807	\$ 33,797,314

CITY OF ANDOVER
2016 Budget Summary
Revenues and Expenditures by Fund Type

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Fund Balance/Net Assets, January 1	\$ 6,885,145	\$ 457,915	\$ 1,296,333	\$ 19,829,703	\$ 6,943,640	\$ 560,071	\$ 35,972,807
Revenues							
General Property Taxes	8,113,528	40,000	2,100,413	1,415,984	-	-	11,669,925
Tax Increments	-	-	-	-	-	-	-
Special Assessments	-	-	-	1,153,000	-	-	1,153,000
Licenses and Permits	346,205	-	-	-	-	-	346,205
Intergovernmental	673,248	37,500	-	813,743	-	-	1,524,491
Charges for Services	767,950	671,700	-	-	4,912,500	1,111,844	7,463,994
Fines	100,750	-	-	-	-	-	100,750
Investment Income	75,000	7,500	2,000	158,400	56,000	1,500	300,400
User Charges	-	-	-	262,421	-	-	262,421
Meters	-	-	-	-	13,000	-	13,000
Permit Fees	-	-	-	-	3,500	-	3,500
Penalties	-	-	-	-	16,000	-	16,000
Miscellaneous	116,800	805,500	-	2,000	67,000	-	991,300
Total Revenues:	10,193,481	1,562,200	2,102,413	3,805,548	5,068,000	1,113,344	23,844,986
Other Financing Sources							
Operating Transfers In	196,930	-	376,860	510,923	85,096	-	1,169,809
Bond Proceeds	-	-	-	580,000	-	-	580,000
Proceeds from Sale of Property	-	-	-	-	-	-	-
Total Other Financing Sources:	196,930	-	376,860	1,090,923	85,096	-	1,749,809
Total Revenues and Other Sources:	10,390,411	1,562,200	2,479,273	4,896,471	5,153,096	1,113,344	25,594,795
Total Available:	17,275,556	2,020,115	3,775,606	24,726,174	12,096,736	1,673,415	61,567,602
Expenditures							
Personal Services	4,623,992	483,086	-	-	1,000,820	419,835	6,527,733
Supplies and Materials	692,032	85,570	-	-	289,200	388,010	1,454,812
Purchased Services	3,860,945	256,035	-	370,000	-	-	4,486,980
Other Services and Charges	1,430,819	481,597	-	4,193,000	2,192,448	360,122	8,657,986
Capital Outlay	90,000	56,000	-	2,085,000	-	-	2,231,000
Debt Service	-	-	2,212,148	196,719	833,101	-	3,241,968
Total Operating Expenditures:	10,697,788	1,362,288	2,212,148	6,844,719	4,315,569	1,167,967	26,600,479
Other Uses							
Operating Transfers Out	-	378,398	104,123	90,358	596,930	-	1,169,809
Bond Discount	-	-	-	-	-	-	-
Redemption of Refunded Bonds	-	-	-	-	-	-	-
Total Other Uses:	-	378,398	104,123	90,358	596,930	-	1,169,809
Total Expenditures and Other Uses:	10,697,788	1,740,686	2,316,271	6,935,077	4,912,499	1,167,967	27,770,288
Fund Balance/Net Assets, December 31	\$ 6,577,768	\$ 279,429	\$ 1,459,335	\$ 17,791,097	\$ 7,184,237	\$ 505,448	\$ 33,797,314

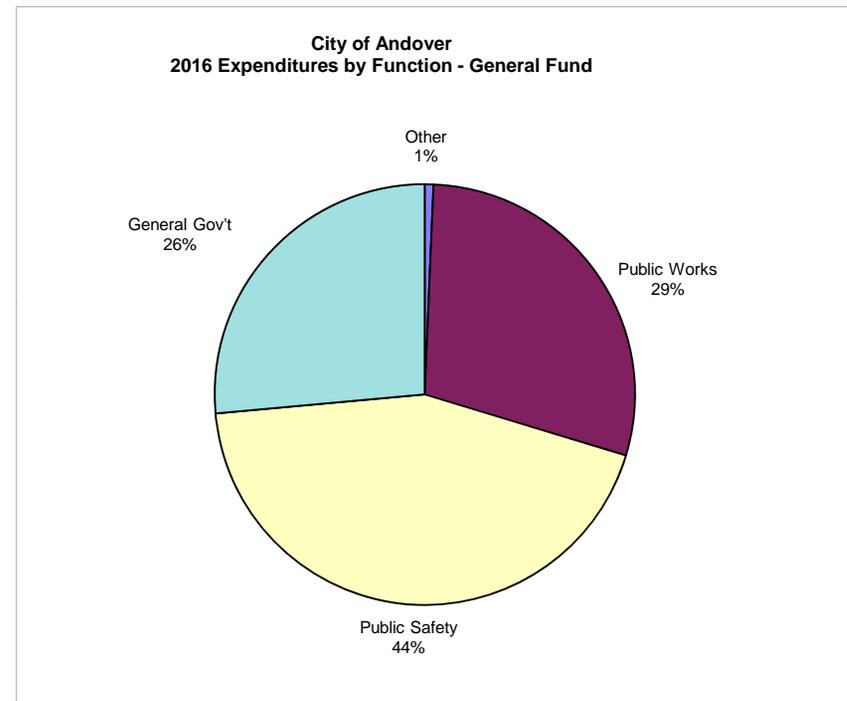
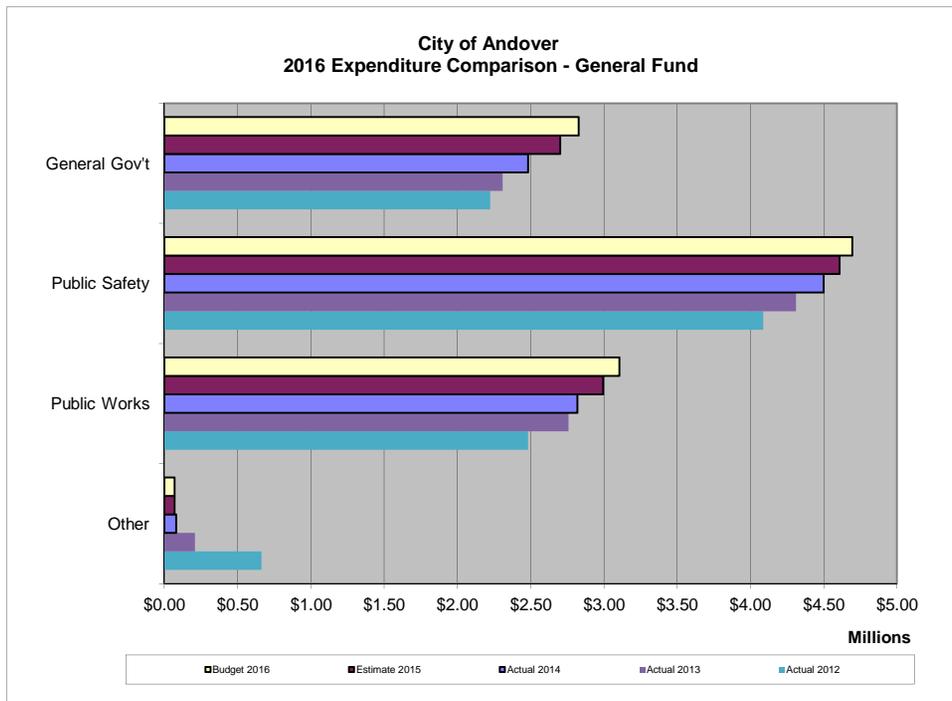
**CITY OF ANDOVER
Revenue Comparison - General Fund**

<u>REVENUES</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Actual 2014</u>	<u>Budget 2015</u>	<u>Estimate 2015</u>	<u>Budget 2016</u>
Property Taxes	\$ 7,340,532	\$ 7,376,284	\$ 7,476,295	\$ 7,706,892	\$ 7,706,892	\$ 8,113,528
License and Permits	449,826	536,707	364,430	316,588	359,643	346,205
Intergovernmental Revenues	653,720	710,071	697,491	633,015	704,781	673,248
Charges for Services	973,604	1,122,460	998,150	748,550	785,090	767,950
Fines and Forfeits	97,571	96,130	94,375	100,750	100,750	100,750
Interest Income	95,365	(17,096)	144,876	75,000	75,000	75,000
Miscellaneous Revenue	149,857	140,983	150,759	98,850	129,620	116,800
Transfers	196,930	196,930	196,930	196,930	196,930	196,930
TOTAL REVENUES	\$ 9,957,405	\$ 10,162,469	\$ 10,123,306	\$ 9,876,575	\$ 10,058,706	\$ 10,390,411



**CITY OF ANDOVER
Expenditure Comparison - General Fund**

<u>EXPENDITURES</u>	<u>Actual 2012</u>	<u>Actual 2013</u>	<u>Actual 2014</u>	<u>Budget 2015</u>	<u>Estimate 2015</u>	<u>Budget 2016</u>
General Government	\$ 2,223,773 24%	\$ 2,308,882 24%	\$ 2,481,927 25%	\$ 2,734,639 26%	\$ 2,701,604 26%	\$ 2,828,272 26%
Public Safety	4,087,065 43%	4,311,340 45%	4,498,920 46%	4,572,938 44%	4,607,938 44%	4,694,001 44%
Public Works	2,482,490 26%	2,759,342 29%	2,819,372 29%	2,960,825 29%	2,995,825 29%	3,105,187 29%
Other	663,372 7%	210,510 2%	81,185 1%	70,328 1%	70,328 1%	70,328 1%
TOTAL EXPENDITURES	<u>\$ 9,456,700</u>	<u>\$ 9,590,074</u>	<u>\$ 9,881,404</u>	<u>\$ 10,338,730</u>	<u>\$ 10,375,695</u>	<u>\$ 10,697,788</u>



CITY OF ANDOVER
General Fund - Expenditure Budget Summary Totals - By Department
Budget Year 2016

	Actual	Actual	Actual	Actual	Actual	Budget*	Estimate	Requested*	Change (*)	
	2010	2011	2012	2013	2014	2015	2015	2016	\$	%
GENERAL GOVERNMENT										
Mayor and Council	\$ 100,711	\$ 101,373	\$ 83,622	\$ 83,595	\$ 84,650	\$ 87,154	\$ 87,154	\$ 88,780	1,626	1.87%
Administration	131,217	135,523	140,048	147,503	169,218	180,888	180,888	192,778	11,890	6.57%
Newsletter	17,094	22,897	22,336	17,677	20,974	26,000	26,000	26,000	0	0.00%
Human Resources	54,970	31,855	12,485	17,907	18,038	40,156	40,156	35,260	(4,896)	-12.19%
Attorney	172,775	171,062	170,930	173,244	177,427	182,000	182,000	187,640	5,640	3.10%
City Clerk	95,165	100,697	101,377	108,312	128,861	135,359	135,359	157,075	21,716	16.04%
Elections	37,926	6,399	39,614	11,352	41,508	57,492	17,492	57,919	427	0.74%
Finance	194,863	207,032	207,337	215,215	230,639	239,981	238,731	261,016	21,035	8.77%
Assessing	144,760	143,693	143,338	144,561	145,051	150,000	147,000	150,000	0	0.00%
Information Services	136,931	142,964	136,025	135,982	146,984	172,239	172,239	173,483	1,244	0.72%
Planning & Zoning	327,567	324,303	318,523	349,489	387,308	412,937	412,937	435,606	22,669	5.49%
Engineering	389,038	413,818	427,339	452,788	460,872	470,631	468,831	509,514	38,883	8.26%
Facility Management	421,855	469,478	420,799	451,257	470,397	579,802	592,817	553,201	(26,601)	-4.59%
Total General Gov	2,224,872	2,271,094	2,223,773	2,308,882	2,481,927	2,734,639	2,701,604	2,828,272	93,633	3.42%
PUBLIC SAFETY										
Police Protection	2,599,246	2,615,407	2,693,896	2,740,899	2,818,132	2,918,308	2,918,308	2,936,467	18,159	0.62%
Fire Protection	967,715	974,988	1,015,825	1,126,979	1,264,018	1,192,330	1,227,330	1,284,795	92,465	7.75%
Protective Inspection	330,707	342,437	354,753	423,495	390,908	423,161	423,161	441,807	18,646	4.41%
Emergency Management	15,451	16,301	14,088	13,930	21,836	29,189	29,189	22,982	(6,207)	-21.26%
Animal Control	6,952	11,088	8,503	6,037	4,026	9,950	9,950	7,950	(2,000)	-20.10%
Total Public Safety	3,920,071	3,960,221	4,087,065	4,311,340	4,498,920	4,572,938	4,607,938	4,694,001	121,063	2.65%
PUBLIC WORKS										
Streets and Highways	518,990	594,294	570,630	572,753	600,313	625,664	625,664	650,237	24,573	3.93%
Snow and Ice Removal	537,947	434,603	420,175	630,799	637,154	539,770	539,770	563,587	23,817	4.41%
Street Signs	166,244	175,833	170,200	162,861	187,935	203,533	203,533	204,193	660	0.32%
Traffic Signals	25,830	26,569	27,457	26,241	34,901	35,000	35,000	35,000	0	0.00%
Street Lighting	30,885	32,317	33,439	31,702	32,646	36,400	36,400	36,400	0	0.00%
Street Lights - Billed	186,320	189,144	195,197	210,331	203,148	216,000	216,000	217,500	1,500	0.69%
Park & Recreation	827,911	889,180	912,750	946,545	1,009,373	1,169,338	1,169,338	1,257,247	87,909	7.52%
Natural Resource Preservation	-	-	-	-	-	-	-	10,096	10,096	#DIV/0!
Recycling	109,035	109,910	152,642	178,110	113,902	135,120	170,120	130,927	(4,193)	-3.10%
Total Public Works	2,403,162	2,451,850	2,482,490	2,759,342	2,819,372	2,960,825	2,995,825	3,105,187	144,362	4.88%
OTHER										
	24,953	30,631	663,372	210,510	81,185	70,328	70,328	70,328	0	0.00%
Total Other	24,953	30,631	663,372	210,510	81,185	70,328	70,328	70,328	0	0.00%
GRAND TOTAL	\$ 8,573,058	\$ 8,713,796	\$ 9,456,700	\$ 9,590,074	\$ 9,881,404	\$ 10,338,730	\$ 10,375,695	\$ 10,697,788	359,058	3.47%

**CITY OF ANDOVER
2016 FTE Summary**

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Current</u>	<u>2016 Budget</u>		<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Current</u>	<u>2016 Budget</u>
General Fund					Special Revenue Funds				
General Government					LRRWMO	0.20	0.15	0.15	0.07
Administration	1.15	1.05	1.05	1.10	EDA General	0.85	0.35	0.35	0.10
Human Resources	0.02	0.03	0.03	0.03	Community Center	3.10	3.10	3.10	3.16
City Clerk	1.34	1.84	1.84	1.89	ROW Mgmt / Utility	0.20	0.20	0.20	0.08
Elections	0.10	0.10	0.10	0.10		<u>4.35</u>	<u>3.80</u>	<u>3.80</u>	<u>3.41</u>
Financial Administration	1.85	1.91	1.91	1.96	Enterprise Funds				
Information Systems	0.91	0.91	0.91	0.91	Water	4.56	4.52	4.63	4.63
Planning & Zoning	3.70	3.90	3.90	4.00	Sewer	3.49	3.06	3.38	3.38
Engineering	4.33	4.20	4.20	4.40	Storm Sewers	2.23	2.25	2.45	2.45
Facility Management	0.22	0.22	0.22	0.16		<u>10.28</u>	<u>9.83</u>	<u>10.46</u>	<u>10.46</u>
Total General Government	<u>13.62</u>	<u>14.16</u>	<u>14.16</u>	<u>14.55</u>	Internal Service Funds				
Public Safety					Central Equipment	2.91	2.81	2.90	3.05
Fire Protection	3.10	3.10	3.10	3.10	Risk Mgmt	0.10	0.10	0.10	0.10
Protective Inspection	3.93	3.93	3.93	3.93		<u>3.01</u>	<u>2.91</u>	<u>3.00</u>	<u>3.15</u>
Emergency Management	0.05	0.05	0.05	0.05	Grand Total	<u><u>56.00</u></u>	<u><u>56.00</u></u>	<u><u>57.50</u></u>	<u><u>57.50</u></u>
Total Public Safety	<u>7.08</u>	<u>7.08</u>	<u>7.08</u>	<u>7.08</u>					
Public Works									
Streets & Highways	4.97	4.88	5.20	5.05					
Snow & Ice	3.44	3.95	2.65	2.65					
Street Signs	1.34	1.30	1.41	1.41					
Parks & Recreation	7.14	7.33	8.51	8.48					
Natural Resource Preservation	-	-	-	0.03					
Recycling	0.77	0.76	1.23	1.23					
Total Public Works	<u>17.66</u>	<u>18.22</u>	<u>19.00</u>	<u>18.85</u>					
Total General Fund	<u>38.36</u>	<u>39.46</u>	<u>40.24</u>	<u>40.48</u>					

Note: A majority of employees provide services to various cost centers and are allocated accordingly. 2013 & 2014 are based on actual hours charged to various departments.

CITY OF ANDOVER
2016 Capital Improvement Plan
Projects By Department - Use of Funds

Building			Park & Recreation - Operations	
Replacement - Small Extended Cab Pick Up #9	<u>\$ 30,000</u>		Replace/Repair Play Structures - Various Parks	50,000
Community Center			Replace/Repair Major Park Projects - Various Parks	25,000
Replacement - Rink Flooring	<u>36,000</u>		Replacement - Toro Groundmaster #559	45,000
Engineering			Replacement - Toro Groundmaster #585	110,000
New Development Projects	150,000		Replacement - Toro Groundmaster 4000D #583	70,000
Pedestrian Trail Maintenance	45,000			<u>\$ 300,000</u>
New Pedestrian Trail and Sidewalk Segments	230,000		Park & Recreation - Projects	
Pedestrian Trail Reconstruction	<u>50,000</u>		Annual Miscellaneous Projects	\$ 15,000
	<u>475,000</u>		Timber Trails Park - Renovation	200,000
Facility Management			Terrace Park Irrigation and Water Service	35,000
Annual Parking Lot Maintenance	50,000		Sunshine Park Scoreboard Wiring and Design	23,000
PW / Comm Ctr Master Planning	<u>25,000</u>			<u>273,000</u>
	<u>75,000</u>		Storm Sewer	
Fire			Storm Sewer Improvements	<u>50,000</u>
Replacement - Turnout Gear	19,000		Streets / Highways	
Replacement - SCBA's	250,000		Annual Street Seal Coat Project	460,000
Replacement - Fire Marshal Vehicle	40,000		Annual Street Crack Seal Project	230,000
Replacement - 800 MHz radios	35,000		Annual Pavement Markings	40,000
Replacement - Breathing Air Compressor	<u>80,000</u>		Annual Curb Replacement	50,000
	<u>424,000</u>		Municipal State Aid Routes / New & Reconstruct	2,600,000
Information Technology			Annual Street Reconstruction	693,000
New Server addition / replacement	<u>20,000</u>		Gravel Road Improvement	15,000
			Replacement - Dump Truck w/ Snow Removal #196	200,000
				<u>4,288,000</u>
			Water	
			Rehabilitation of Wells	<u>50,000</u>
			Grand Total	<u><u>\$ 6,021,000</u></u>

CITY OF ANDOVER
2016 Capital Improvement Plan
Sources of Funds

Assessments	\$ 1,053,000
Capital Equipment Reserve	360,000
Community Center Operations	56,000
Construction Seal Coating Fund	5,000
Equipment Bond	575,000
General Fund	94,000
Municipal State Aid Fund	1,750,000
Park Improvement Fund	273,000
Road & Bridge Fund	1,375,000
Sewer Trunk Fund	110,000
Storm Sewer Fund	50,000
Trail Fund	230,000
Water Fund	50,000
Water Trunk Fund	<u>40,000</u>
Total	<u><u>\$ 6,021,000</u></u>

CITY OF ANDOVER, MINNESOTA

2016 ANNUAL BUDGET

GENERAL FUND

DEFINITION:

The General Fund is established to account for the revenues and expenditures necessary to carry out basic governmental activities of the City such as general government, public safety, public works, and park and recreation. Revenue is recorded by source: i.e., general property taxes, licenses and permits, fines, charges for services, etc. General Fund expenditures are made primarily for current day-to-day operations and operating equipment and are recorded by major functional classifications and by operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

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City of Andover
2016 Budget - General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 6,960,236	\$ 7,202,134	\$ 7,202,134	\$ 6,885,145
Revenues				
General Property Taxes	7,476,294	7,706,892	7,706,892	8,113,528
Licenses and Permits	364,430	316,588	359,643	346,205
Intergovernmental	697,492	633,015	704,781	673,248
Charges for Services	998,510	748,550	785,090	767,950
Fines	94,375	100,750	100,750	100,750
Investment Income	144,876	75,000	75,000	75,000
Miscellaneous Revenue	150,401	98,850	129,620	116,800
Total Revenues:	9,926,378	9,679,645	9,861,776	10,193,481
Other Sources				
Transfers In	196,930	196,930	196,930	196,930
Total Revenues and Other Sources:	10,123,308	9,876,575	10,058,706	10,390,411
Total Available:	17,083,544	17,078,709	17,260,840	17,275,556
Expenditures				
Personal Services	4,285,309	4,416,919	4,397,979	4,623,992
Supplies and Materials	656,818	651,296	638,101	692,032
Purchased Services	3,688,262	3,817,821	3,852,621	3,860,945
Other Services and Charges	1,243,707	1,452,694	1,451,994	1,430,819
Capital Outlay	7,314	-	35,000	90,000
Total Expenditures:	9,881,410	10,338,730	10,375,695	10,697,788
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	9,881,410	10,338,730	10,375,695	10,697,788
Fund Balance, December 31	\$ 7,202,134	\$ 6,739,979	\$ 6,885,145	\$ 6,577,768
Change in Fund Balance	\$ 241,898 3%	\$ (462,155) -6%	\$ (316,989) -4%	\$ (307,377) -4%

Fund: 0101 - General
Cost Center: 41100

Department: Mayor & Council
Director/Manager: City Council

Activity Description

The City Council exercises the legislative power of the City by which all matters of policy are determined, as provided by the form of government. Council exercises budgetary control through the adoption of the annual budget, and approval of claims against the City treasury. The Council also approves capital improvement projects through the adoption of a five year capital improvement plan identifying the City's infrastructure needs. Council appoints various citizen committees to render advice on legislative and city issues. Council members respond to constituent concerns and questions by working with City administration to address community service issues.

Process Used

As provided by statutory authority, Council performs a legislative, regulatory and quasi-judicial function. The Council meets regularly to consider ordinances, resolutions, and other such actions as may be required by law and circumstance. Various concerns that are brought before Council for consideration are reviewed and forwarded to staff for an appropriate response. The City Administrator and staff attend meetings to provide information and other forms of support for Council deliberations.

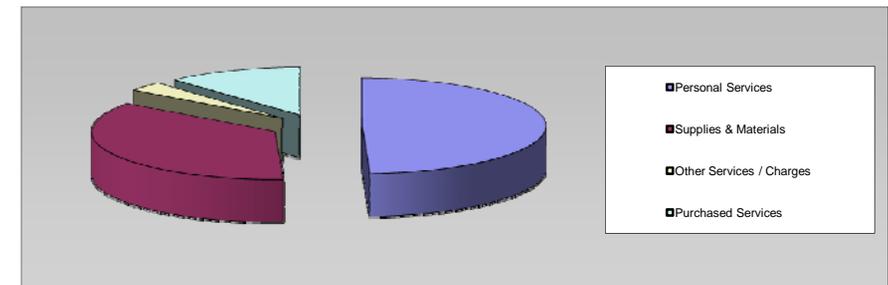
Service Expenditure Highlights

No major changes between Current 2015 and Budget 2016.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Council Meetings	23	24	24
Special Workshops	11	19	15
Agenda Items	334	479	450

<u>Staffing Levels</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
One Mayor and Four Council Members			
<u>Service Expenditures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 43,979	\$ 43,799	\$ 43,799
Supplies & Materials	30,162	30,076	31,702
Other Services / Charges	2,494	2,779	2,779
Purchased Services	8,015	10,500	10,500
TOTAL	\$ 84,650	\$ 87,154	\$ 88,780

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.22	\$ 0.23	\$ 0.23
Annual	\$ 2.66	\$ 2.72	\$ 2.75

Fund: 0101 - General
Cost Center: 41200

Department: Administration
Director/Manager: City Administrator

Activity Description

The City Administrator oversees all city operations and activities as directed by the City Council. Primary responsibilities include directing the administration of City affairs; enforcing laws, City ordinances and resolutions as adopted by the governing body. Ensures that services are delivered in a cost-effective, efficient and high quality manner. Oversees the preparation of Annual City Budget and Capital Improvement Plan for Council adoption; Responsible for keeping Council fully advised as to the financial condition and needs of the organization.

Process Used

Policy goals and direction are translated in to management objectives to be administered and delegated to appropriate City departments for implementation and achievement. Through reporting relationships established by City ordinance, department directors are responsible to the administrator for properly managing and overseeing the operations of their department. A management team consisting of key department directors works with the administrator to resolve issues, review projects and address changing community service dynamics.

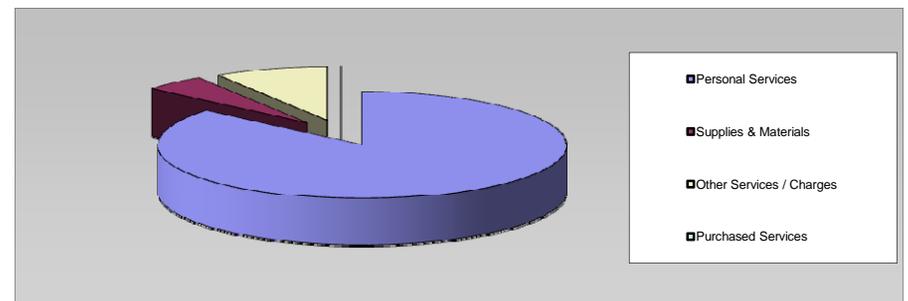
Service Expenditure Highlights

Budget 2016 reflects changes salary and benefits and fte allocations.

	Actual 2014	Current 2015	Budgeted 2016
<u>Performance Measures</u>			
Regular Council Agenda Items	334	479	450
Council Workshops Attended	11	19	15
Council Meetings Attended	23	23	24
Staff Meetings Held	52	52	52

	Actual 2014	Current 2015	Budgeted 2016
<u>Staffing Levels</u>			
FTE Equivalents	1.05	1.05	1.10
<u>Service Expenditures</u>			
Personal Services	\$ 145,893	\$ 154,170	\$ 166,110
Supplies & Materials	6,905	8,500	9,450
Other Services / Charges	16,345	17,218	17,218
Purchased Services	75	1,000	-
TOTAL	\$ 169,218	\$ 180,888	\$ 192,778

Service Expenditures By Category



	Actual 2014	Current 2015	Budgeted 2016
<u>Expenditures Per Capita</u>			
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.44	\$ 0.47	\$ 0.50
Annual	\$ 5.31	\$ 5.64	\$ 5.98

Fund: 0101 - General
Cost Center: 41210

Department: Newsletter
Director/Manager: Newsletter Coordinator

Activity Description

The City publishes a newsletter containing articles regarding important municipal service news. Funding for publication is provided through general tax levies and is distributed to every household and business located within Andover's corporate boundaries.

Process Used

The City has an active newsletter committee comprised of Council members, and staff who meet to determine newsletter articles, format and coordinate the development of the newsletter publication. Each issue is reviewed by City departments to ensure accuracy and appropriate content. The newsletter is published by a contract vendor and distributed to all households and businesses. Articles selected for publication are intended to provide the public with timely, newsworthy and customer service oriented information. Each Council member and the City administrator prepare news articles focusing on significant issues affecting City government.

Service Expenditure Highlights

Newsletter setup, printing and postage costs are increasing slightly. The current budget continues to be sufficient to cover these changes.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Number of Meetings Held	6	6	6
Newsletters Published	6	6	6
Public Circulation	12,720	12,750	12,820
Staff Preparation Hours	90	90	90

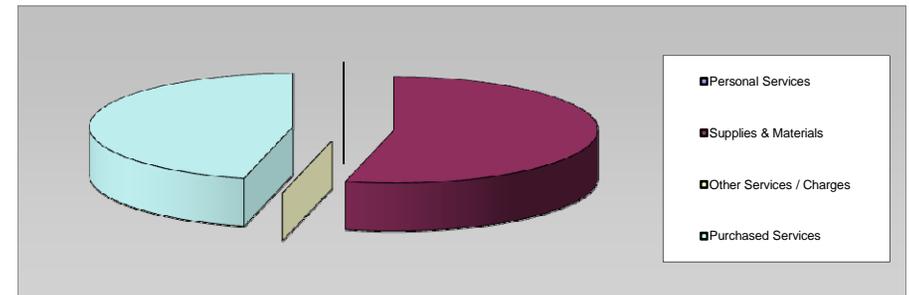
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	10,120	14,000	14,000
Other Services / Charges	-	-	-
Purchased Services	10,854	12,000	12,000
TOTAL	\$ 20,974	\$ 26,000	\$ 26,000

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.05	\$ 0.07	\$ 0.07
Annual	\$ 0.66	\$ 0.81	\$ 0.81

ADOPTED 2016 BUDGET
 CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 41230

Department: Human Resources
Director/Manager: Human Resources Manager

Activity Description

Personnel activities support the City's human resource needs in the areas of recruitment, selection, development, training and assessment of organizational needs. Employee benefits, compensation administration, enforcement of personnel policies, and compliance with state and federal employment laws are essential functions of the activity. Labor relations activities such as negotiations, contract administration, grievance processing and costing of benefits provide the City with the ability to interpret and manage labor components of providing City services. Conducting and facilitating employee training in the areas of customer service, safety training and programs designed to enhance the productivity and performance of the organization. New ACA requirements will also increase benefits administration.

Process Used

Staff needs are continually reviewed by City departments, and annually appropriated for in the budget process through review and justification factors. Human resources will facilitate this through advertisements, testing and interviews, and processing of new employees. Personnel functions include training, interviewing, record processing and management, benefits, job description development and analysis, pay equity compliance, labor negotiations, drug testing, and ensuring compliance with state and federal laws.

Service Expenditure Highlights

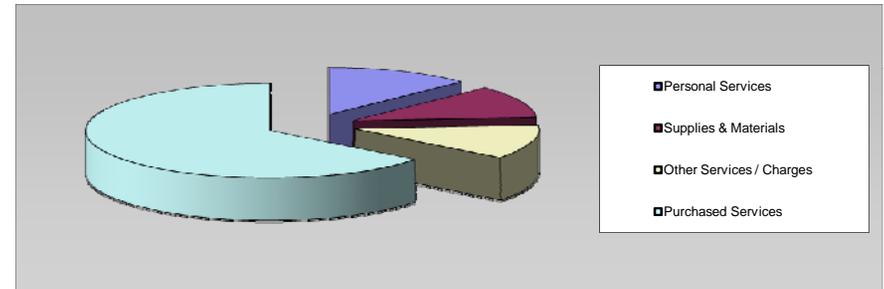
The Human Resources Manager is allocated out to various departments based on FTE's. Budget 2016 includes funding for any market rate adjustments that are approved by the City Council. As more employees become eligible for retirement, an increase in recruitment is expected.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Number of applications reviewed	200	216	400
Number of training hours	50	50	50
Hours spent on labor relations	20	100	20
Hours spent on benefit administration	30	50	100
Employees hired (Seasonal/FT/PT)	50	50	50

<u>Staffing Levels</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	0.03	0.03	0.03

<u>Service Expenditures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 5,528	\$ 4,406	\$ 4,510
Supplies & Materials	3,820	3,900	3,900
Other Services / Charges	3,924	4,100	4,100
Purchased Services	4,766	27,750	22,750
TOTAL	\$ 18,038	\$ 40,156	\$ 35,260

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.05	\$ 0.10	\$ 0.09
Annual	\$ 0.57	\$ 1.25	\$ 1.09

Fund: 0101 - General
Cost Center: 41240

Department: Attorney
Director/Manager: City Administrator

Activity Description

The City Attorney provides City Council and staff with research and support on issues of a legal matter. The City Attorney also serves as the chief prosecuting attorney for the City on offenses committed within the City of Andover. The City Attorney attends Council and staff meetings and serves in an advisory capacity to all City departments on matters coming before the City Council.

Process Used

Attorney services are provided to the City through an annual contract with the Hawkins & Baumgartner, P.A. legal firm.

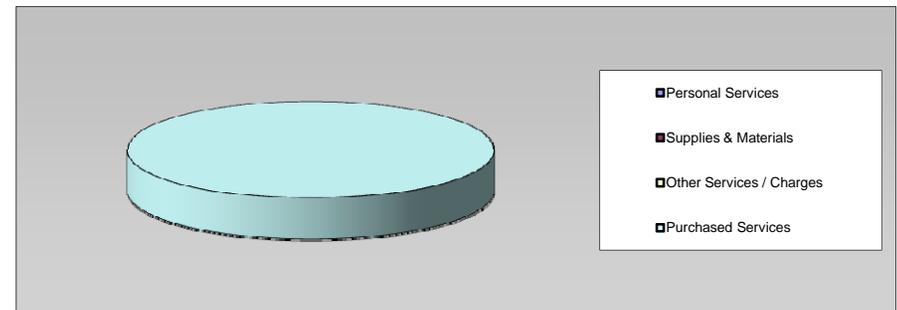
Service Expenditure Highlights

Slight increase (3%) planned for Budget 2016.

<u>Staffing Levels</u>	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	N/A	N/A	N/A

<u>Service Expenditures</u>	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	-	-	-
Purchased Services	177,427	182,000	187,640
TOTAL	\$ 177,427	\$ 182,000	\$ 187,640

Service Expenditures By Category



<u>Expenditures Per Capita</u>	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.46	\$ 0.47	\$ 0.49
Annual	\$ 5.57	\$ 5.68	\$ 5.82

Fund: 0101 - General
Cost Center: 41300

Department: City Clerk
Director/Manager: City Clerk

Activity Description

The City Clerk's office prepares the agenda and materials for council meetings; is responsible for special assessments, elections, homestead filing; licensing of alcohol and tobacco, garbage haulers, dogs, peddlers, tree trimmers; signs all official papers; is the keeper of the official city records including resolutions, minutes, ordinances, etc.

Assists residents by telephone, e-mail and in person.

Process Used

Activities are conducted pursuant to city ordinances, policies and state law.

Service Expenditure Highlights

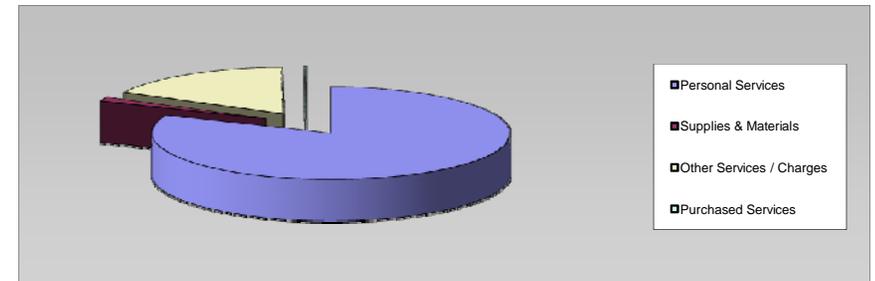
In Budget 2016, the increase is due to a COLA and an increase in the cost of health benefits.

<u>Performance Measures</u>	Actual 2014	Current 2015	Budgeted 2016
Council packets assembled & distributed	350	384	260
Licenses Issued	70	71	70

<u>Staffing Levels</u>	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	1.84	1.84	1.89

<u>Service Expenditures</u>	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ 101,318	\$ 105,972	\$ 127,688
Supplies & Materials	1,734	2,110	2,110
Other Services / Charges	25,768	27,077	27,077
Purchased Services	41	200	200
TOTAL	\$ 128,861	\$ 135,359	\$ 157,075

Service Expenditures By Category



<u>Expenditures Per Capita</u>	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.34	\$ 0.35	\$ 0.41
Annual	\$ 4.04	\$ 4.22	\$ 4.87

ADOPTED 2016 BUDGET
 CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 41310

Department: Elections
Director/Manager: City Clerk

Activity Description

Conduct State and General Elections in accordance with State Law.

Process Used

Notify voters of their precincts; administer filings for local offices; proof ballots; post and publish notices; hire sufficient number of judges; arrange for judges' training; notify polling places of elections; conduct public accuracy tests to ensure machine accuracy.

Service Expenditure Highlights

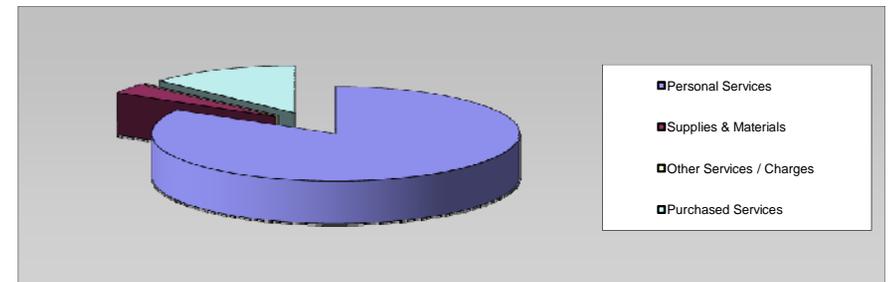
Budget 2016 is an election years and includes all the fees associated with operating 10 precincts.

<u>Performance Measures</u>	Actual 2014	Current 2015	Budgeted 2016
Total number of voters	12,052	Non election	12,000
Number of Precincts	10	year	10
Registered voters	19,772		19,000

<u>Staffing Levels</u>	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	0.10	0.10	0.10

<u>Service Expenditures</u>	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ 35,735	\$ 7,942	\$ 48,319
Supplies & Materials	137	2,000	2,000
Other Services / Charges	-	-	-
Purchased Services	5,636	7,550	7,600
TOTAL	\$ 41,508	\$ 17,492	\$ 57,919

Service Expenditures By Category



<u>Expenditures Per Capita</u>	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.11	\$ 0.05	\$ 0.15
Annual	\$ 1.30	\$ 0.55	\$ 1.80

Fund: 0101 - General
Cost Center: 41400

Department: Financial Administration
Director/Manager: Finance Director

Activity Description

This department is responsible for administration of the City's financial affairs. This includes maintaining accounting records for all operations, custody and investment of funds, supervision of revenue collection and disbursements of city monies, administration of debt, payroll function, audit and budget preparation.

Process Used

The financial affairs are conducted in compliance with federal law, state law, generally accepted accounting principles, and various city policies.

Service Expenditure Highlights

No major changes for Budget 2016 except for Personal Services. A 2% cost of living adjustment and an increase in health insurance are the main factors for the increase.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Vendor checks issued	3,314	2,933	3,000
Payroll checks issued	398	147	200
Payroll checks - direct deposit	2,559	2,125	2,200
Number of delinquent accounts	570	630	650
Utility accounts - Storm Water	10,344	10,418	10,488
Utility accounts - Water	6,412	6,481	6,596
Utility accounts - Sewer	7,288	7,353	7,418
Utility accounts - Street Lights	6,975	7,157	7,186

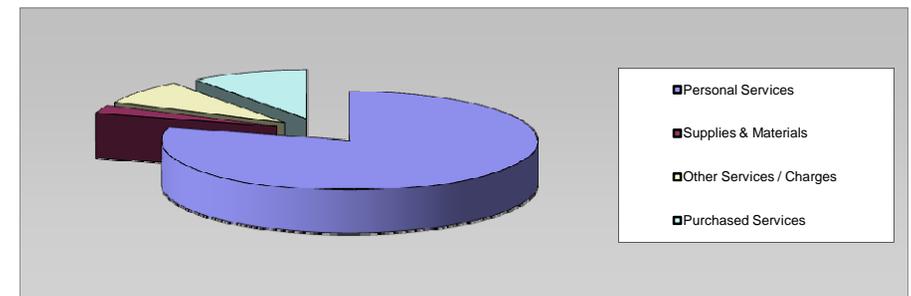
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	1.91	1.91	1.96

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 182,820	\$ 187,935	\$ 206,970
Supplies & Materials	6,177	6,150	6,900
Other Services / Charges	18,542	19,446	20,896
Purchased Services	23,100	25,200	26,250
TOTAL	\$ 230,639	\$ 238,731	\$ 261,016

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.60	\$ 0.62	\$ 0.67
Annual	\$ 7.24	\$ 7.45	\$ 8.10

ADOPTED 2016 BUDGET
 CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 41410

Department: Assessing
Director/Manager: Finance Director

Activity Description

This department is responsible for assessment for all real and personal property for valuation purposes. The City contracts with Anoka County for this service.

Process Used

The assessed valuation is determined by inspections of real and personal property within the city. The Assessor follows state statutes and market trends to determine taxable market values.

Service Expenditure Highlights

Budget 2016 includes a slight increase in the contract with Anoka County for assessing services.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Residential Parcels Assessed	10,193	10,241	10,300
Commercial Parcels Assessed	130	132	135
Apartments Assessed	21	21	21
Unimproved Parcels Assessed	604	694	700

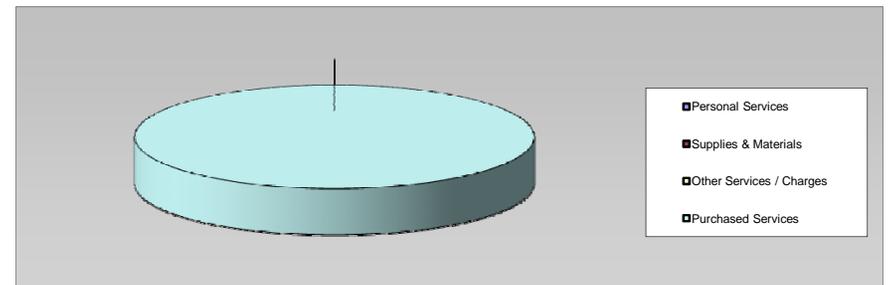
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	-	-	-
Purchased Services	145,051	147,000	150,000
TOTAL	<u>\$ 145,051</u>	<u>\$ 147,000</u>	<u>\$ 150,000</u>

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.38	\$ 0.38	\$ 0.39
Annual	\$ 4.55	\$ 4.59	\$ 4.65

Fund: 0101 - General
Cost Center: 41420

Department: Information Systems
Director/Manager: City Administrator

Activity Description

This department is responsible for the continued operations of the city's information technology equipment. The department also provides assistance to computer users to provide timely, accurate and meaningful data for program monitoring and decision-making.

Process Used

- City website updated and monitored daily
- Train employees as needed on new and existing software
- Network data backup monitored daily
- Maintain phone systems including voice mail and assist in future upgrades
- Maintain all City servers and remote users
- Research new technology for current and future growth
- Purchase new equipment as needed
- Maintain SPAM firewall for unauthorized emails
- Maintain network security for prevention of unauthorized access

Service Expenditure Highlights

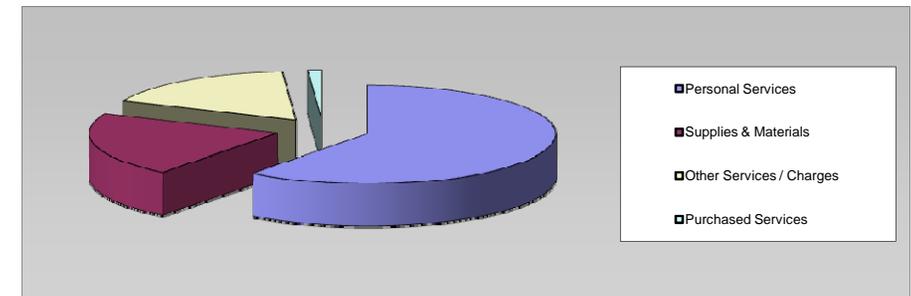
Minimal changes planned in Budget 2016.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Number of PC's / Servers	74	74	75
Number of Printers	28	28	28
Number of Phones Maintained	73	75	75

<u>Staffing Levels</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	0.91	0.91	0.91

<u>Service Expenditures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 94,399	\$ 99,254	\$ 104,798
Supplies & Materials	32,854	41,535	36,535
Other Services / Charges	17,856	29,450	30,150
Purchased Services	1,875	2,000	2,000
TOTAL	\$ 146,984	\$ 172,239	\$ 173,483

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.38	\$ 0.45	\$ 0.45
Annual	\$ 4.61	\$ 5.37	\$ 5.38

Fund: 0101 - General
Cost Center: 41500

Department: Planning and Zoning
Director/Manager: Community Development Director

Activity Description

Review residential and commercial developments for conformance with City's Comprehensive Plan, Ordinances, and Development Policies. Prepare ordinances for Council adoption with the implementation and enforcement of ordinances as directed. Review planning and zoning requests and make recommendations in accordance with adopted regulations

Process Used

The Planning Department processes development proposals, reviews plats, reviews commercial site plans and responds to citizens' requests for rezonings, special use permits, comprehensive plan amendments and variances. The Zoning Ordinance is the primary source of information. However, the Andover Review Committee and the City Attorney are also utilized before applications are processed before the Planning and Zoning Commission and City Council.

Service Expenditure Highlights

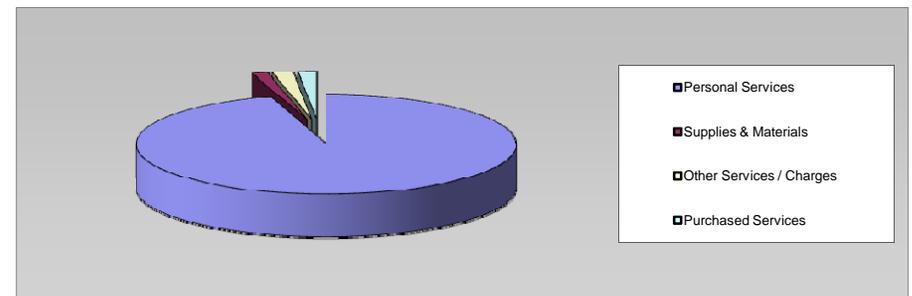
Budget 2016 Personal Services change is largely due to a COLA, an increase in health benefits, a step increase for a newly hired employee and staff reallocations.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Subdivisions Processed	7	6	2
Commercial Site Plans Processed	1	4	2
Conditional Use Permits	4	6	3
Code Amendments	2	2	2
Comp Plan Amendments	0	3	1
Rezonings	4	3	1
Variances	1	1	1
Lot Splits	0	1	1
P&Z Agendas	9	13	12
Vac of Easements	7	8	5
IUP - Interim Use Permit	3	5	2
RLS - Registered Land Survey	2	0	1

<u>Staffing Levels</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	3.90	3.90	4.00

<u>Service Expenditures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 367,566	\$ 393,176	\$ 415,095
Supplies & Materials	5,950	5,700	5,900
Other Services / Charges	7,371	7,711	7,711
Purchased Services	6,421	6,350	6,900
TOTAL	\$ 387,308	\$ 412,937	\$ 435,606

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 1.01	\$ 1.07	\$ 1.13
Annual	\$ 12.15	\$ 12.88	\$ 13.52

ADOPTED 2016 BUDGET
 CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 41600

Department: Engineering
Director/Manager: City Engineer

Activity Description

The Engineering Division provides review, design and construction related support for the development and maintenance of the City Infrastructure. The Department maintains and distributes information relative to "as-constructed" drawings for the City Infrastructure. Engineering support is provided for other City activities as needed. The department also provides project management and inspection related services for the City.

Process Used

Engineering support is provided for the development and long-term maintenance of the City Infrastructure (i.e. water, sanitary sewer, storm sewer, water main, streets, trails, parks, facilities, etc.). Engineering reviews plans for all commercial and residential development to ensure compliance with City standards.

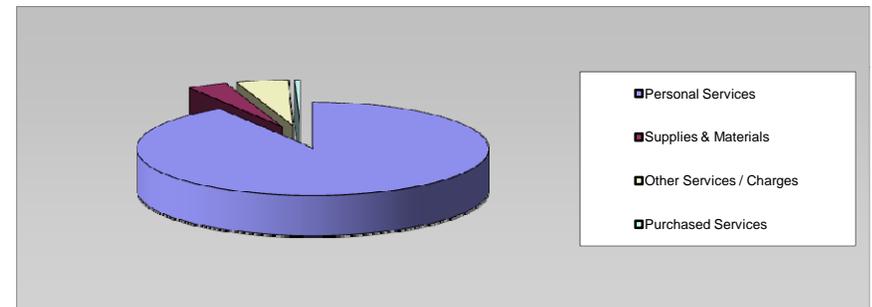
Service Expenditure Highlights

Budget 2016 Personal Services change is largely due to a COLA, a cost increase in health benefits and reallocation of staffing.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
1. Number of Projects Constructed	16	11	12
2. Number of Projects Reviewed:			
<i>Preliminary Plats</i>	8	5	2
<i>Commercial Site Plans</i>	1	3	2
3. Number of Utility permits issued	63	67	60

<u>Staffing Levels</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	4.20	4.20	4.40
<u>Service Expenditures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 424,973	\$ 425,248	\$ 464,556
Supplies & Materials	13,966	17,600	18,500
Other Services / Charges	21,795	23,683	24,158
Purchased Services	138	2,300	2,300
TOTAL	\$ 460,872	\$ 468,831	\$ 509,514

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 1.20	\$ 1.22	\$ 1.32
Annual	\$ 14.46	\$ 14.63	\$ 15.81

Fund: 0101 - General
Cost Center: 41900

Department: Facilities Management
Director/Manager: Finance Director

Activity Description

Responsible for the custodial, mechanical, structural and ground maintenance of the City Hall and Public Works campus, park buildings and fire stations.

Process Used

The facilities are to be maintained in a healthy, safe and sanitary condition and to work toward facility designs that will maximize operational efficiency while projecting a positive public image and work environment.

Service Expenditure Highlights

Utility rates are expected to rise and as buildings continue to age, maintenance costs increase as well. Current 2015 included major hvac balancing and repairs at the public works building. Budget 2016 eliminates the operation of one of the concession area ran during the summer months.

<u>Performance Measures</u>	Actual 2014	Current 2015	Budgeted 2016
Buildings	17	18	18
Parking Lots	14	14	14

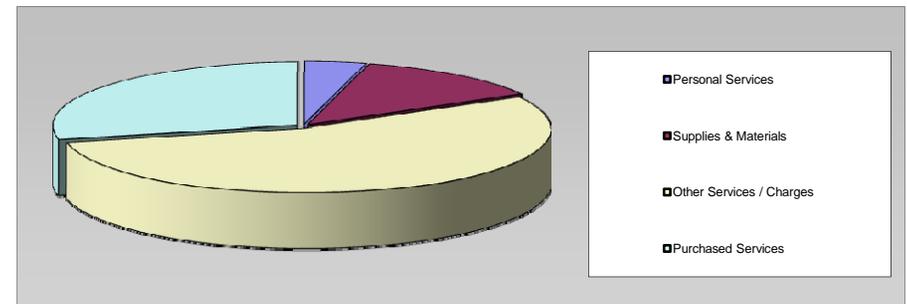
Staffing Levels

	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	0.22	0.22	0.16

Service Expenditures

	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ 24,888	\$ 19,750	\$ 22,364
Supplies & Materials	54,511	68,555	71,000
Other Services / Charges	227,664	318,377	302,477
Purchased Services	163,334	186,135	157,360
TOTAL	\$ 470,397	\$ 592,817	\$ 553,201

Service Expenditures By Category



Expenditures Per Capita

	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 1.23	\$ 1.54	\$ 1.43
Annual	\$ 14.76	\$ 18.50	\$ 17.16

Fund: 0101 - General
Cost Center: 42100

Department: Police Protection
Director/Manager: City Administrator

Activity Description

Enforce state laws and city ordinances as directed to provide the public with law enforcement services in the area of patrol, investigation, school liaison, crime prevention and traffic control. The Anoka County Sheriff's office is responsible for recognizing public safety issues and appropriately reacting to these issues through appropriate law enforcement channels and means.

Process Used

The City of Andover contracts with the Anoka County Sheriff's Office to provide a wide range of public safety and law enforcement services. The Sheriff's Office serves as a member of the City's management team, and works with the City to address a wide range of public safety concerns and issues. Responses to citizen service requests are handled by deputies in accordance with established procedures and public safety circumstances. The Sheriff's Office also provides school liaison officers in community schools, prepares news articles and performs a variety of community safety programming.

Service Expenditure Highlights

Budget 2016 includes minimal contract increase with no change in service.

	Actual 2014	Current 2015	Budgeted 2016
<u>Performance Measures</u>			
Number of Part I & II Offenses	1,601	1,374	1,400
Number of Calls for Services	10,319	10,400	10,500
Number of Traffic Citations	2,536	2,016	2,100
Number of Patrol Hours	29,200	29,200	29,200
Staff Meetings Attended	50	50	50
Number of School Liaison Hours	4,160	4,160	4,160

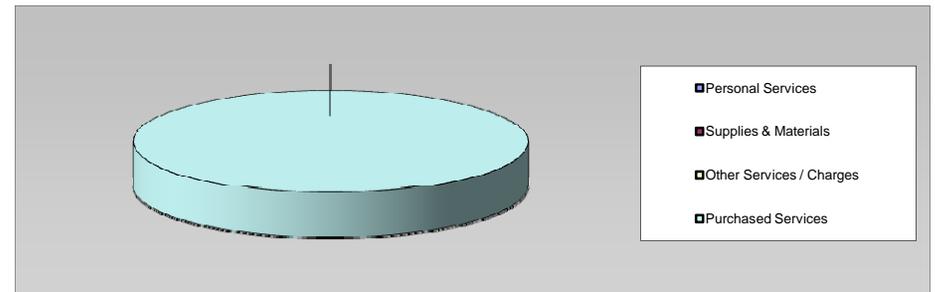
Staffing Levels

	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	-	-	-
Purchased Services	2,818,132	2,918,308	2,936,467
TOTAL	<u>\$ 2,818,132</u>	<u>\$ 2,918,308</u>	<u>\$ 2,936,467</u>

Service Expenditures By Category



	Actual 2014	Current 2015	Budgeted 2016
<u>Expenditures Per Capita</u>			
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 7.37	\$ 7.59	\$ 7.59
Annual	\$ 88.41	\$ 91.05	\$ 91.11

Fund: 0101 - General
Cost Center: 42200

Department: Fire Protection
Director/Manager: Fire Chief

Activity Description

The fire department responds to all fire and emergency medical incidents in the City of Andover. Paid on-call firefighters are alerted to an incident via a pager dispatched through the Anoka County Central Communications System. The fire department is responsible for performing new building plan reviews and existing building inspections to ensure compliance with State and Federal Fire Codes and Standards. The fire department also provides public education and fire safety information to residents. In addition, the Fire Chief is the City Emergency Manager, overseeing all City disaster and contingency plans.

Process Used

Paid on-call firefighters are professionally trained, each averaging over 125 hours a year to help maintain proficiency in skills used for responding to fire and medical emergencies. The Fire Chief and Fire Marshall are well versed in all appropriate State Laws, Fire Codes, and National Fire Standards used for plan reviews, inspections, and fire investigations.

Service Expenditure Highlights

Actual 2014 Personal Services includes the payout of accrued time to an employee who retired mid-year. Budget 2016 includes the purchase of turnout gear (\$19k) and an increase in State Fire Aid that is passed thru to the Relief Association (\$35k).

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Fire Responses	257	262	260
Emergency Medical Responses	838	336	350
Fire Inspections	132	34	35
Fire Investigations	9	14	14
Public Fire Education (hours)	567	369	370
Customer Contacts	3,800	3,000	3,000
Total Firefighter Training Hours	3,760	4,283	4,300

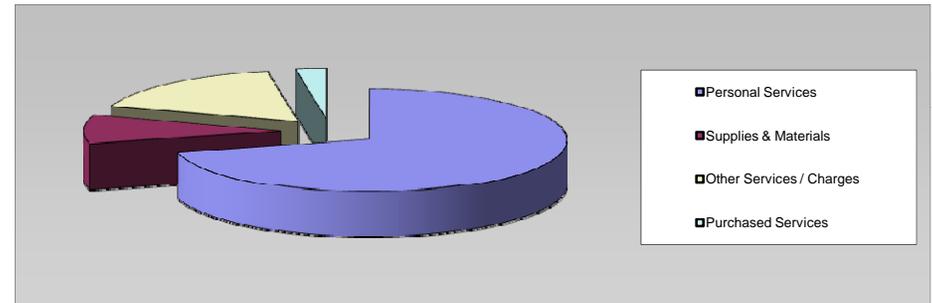
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	3.10	3.10	3.10

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 909,222	\$ 886,840	\$ 913,555
Supplies & Materials	132,014	93,250	114,850
Other Services / Charges	207,634	219,640	224,140
Purchased Services	15,148	27,600	32,250
TOTAL	\$ 1,264,018	\$ 1,227,330	\$ 1,284,795

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 3.30	\$ 3.19	\$ 3.32
Annual	\$ 39.66	\$ 38.29	\$ 39.86

Fund: 0101 - General
Cost Center: 42300

Department: Protective Inspection
Director/Manager: Building Official

Activity Description

Review and process building permit applications, perform on-site inspections of residential and commercial construction and ensure that all construction activity is in compliance with state and city building and fire codes.

Process Used

Building permit applications are reviewed, plan checks completed, and construction fees collected. Upon issuance of a permit, the person doing the work calls in for inspections at various stages of construction. When construction is completed in accordance with approved standards, a Certificate of Occupancy is issued.

Service Expenditure Highlights

Online permits have been a notable success in 2015 with more than 12% of all permits being process online and saving both the City and permit applicants time and money. Note also that the fluctuation in Purchased Services is for the electrical inspector whose fees are based on the electrical permits pulled and inspected.

<u>Performance Measures</u>	Actual 2014	Current 2015	Budgeted 2016
Townhomes	0	0	8
Single Family	52	74	75
Miscellaneous Building Permits	431	498	500
Other Permits	1,898	2,744	2,700
Inspections	2,840	3,100	3,200
Contractor Licenses	114	112	115
Online Permits	0	391	425

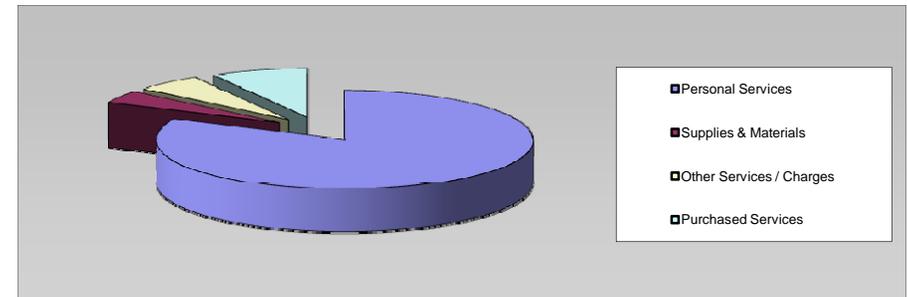
Staffing Levels

	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	3.93	3.93	3.93

Service Expenditures

	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ 324,029	\$ 350,338	\$ 361,434
Supplies & Materials	9,186	16,300	18,250
Other Services / Charges	22,738	24,723	25,323
Purchased Services	34,955	31,800	36,800
TOTAL	\$ 390,908	\$ 423,161	\$ 441,807

Service Expenditures By Category



Expenditures Per Capita

	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 1.02	\$ 1.10	\$ 1.14
Annual	\$ 12.26	\$ 13.20	\$ 13.71

ADOPTED 2016 BUDGET
 CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 42400

Department: Emergency Management
Director/Manager: Building Official

Activity Description

Maintain City's emergency warning system. Repair, replace and maintain twelve (12) warning sirens throughout the city to ensure proper activation during storm, civil and emergency conditions. All sirens are visually checked every April to confirm sirens are operating properly.

Process Used

If a siren is found to be dysfunctional, a service call is placed, a repair-person comes out, necessary repairs are completed. The City replaced all sirens in 2002 and 2003 into battery back-up units. Siren warning tests are performed monthly to verify activation and educate citizens regarding the City's Emergency Warning System.

Service Expenditure Highlights

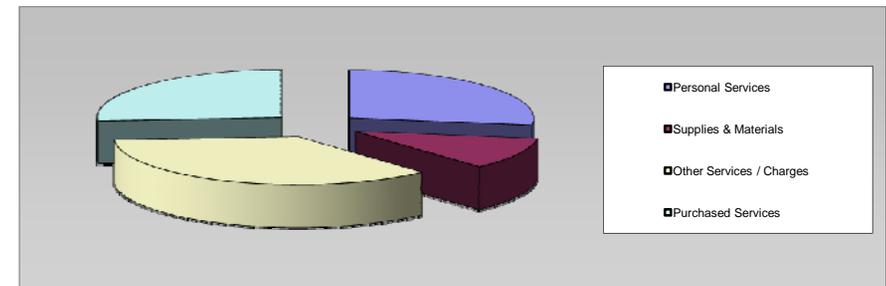
Current 2015 included replacement of decoder boards at all 12 sirens. The 2nd generation decoder boards have flexibility to detect and monitor both electrical current flow and sound during operation. The main DC batteries operating the sirens are on a four year replacement rotation with three sirens receiving new batteries every year.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Siren tests throughout the severe weather season	4	4	4
State-wide siren tests	14	14	14
Number of sirens	12	12	12

<u>Staffing Levels</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	0.05	0.05	0.05

<u>Service Expenditures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 5,555	\$ 6,005	\$ 6,298
Supplies & Materials	434	-	2,500
Other Services / Charges	7,607	8,184	8,184
Purchased Services	8,240	15,000	6,000
TOTAL	\$ 21,836	\$ 29,189	\$ 22,982

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.06	\$ 0.08	\$ 0.06
Annual	\$ 0.69	\$ 0.91	\$ 0.71

Fund: 0101 - General
Cost Center: 42500

Department: Animal Control
Director/Manager: City Clerk

Activity Description

The enforcement of City Code Title 5 relating to dogs and cats.

Process Used

Letters are sent to dog and cat owners who allow their animals to run at large warning them that they are in violation of the City's ordinance. If the behavior continues, a ticket is issued by the Sheriff's office to the owner citing them for a misdemeanor.

The City contracts with an independent contractor to provide animal control services. The City, in conjunction with a veterinarian, holds a rabies vaccination clinic every spring. City staff also issue licenses for dogs in the city.

Service Expenditure Highlights

Budget 2016 includes a reduction in animal control services based on the type of services provided.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Number of dogs licensed	221	271	250
Number of animals confined	30	55	50

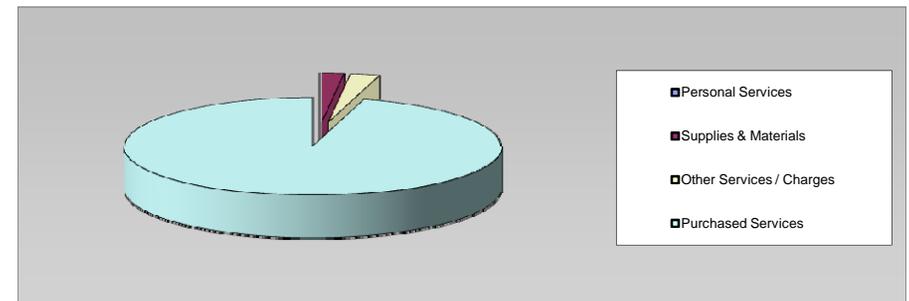
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	102	150	150
Other Services / Charges	150	200	200
Purchased Services	3,774	9,600	7,600
TOTAL	\$ 4,026	\$ 9,950	\$ 7,950

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimate	31,874	32,050	32,230
Monthly	\$ 0.01	\$ 0.03	\$ 0.02
Annual	\$ 0.13	\$ 0.31	\$ 0.25

Fund: 0101 - General
Cost Center: 43100

Department: Streets & Highways
Director/Manager: Street Supervisor

Activity Description

The Streets and Highways Department maintains all City streets to minimize deterioration. Maintenance includes seal coating, crack sealing, pothole patching, sweeping, gravel road maintenance and wash and seal bridges. Along with road maintenance, this department is responsible for mowing ditches and trimming boulevard trees.

Process Used

Staff is assigned detailed work, followed by inspections. Equipment and personnel are managed to accomplish maintenance activities.

Service Expenditure Highlights

Minimal changes to Budget 2016 as compared to Current 2015. The increase is largely due to operating supplies for road maintenance and the second application of calcium chloride for dust control.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Asphalt Streets Maintained (miles)	195	200	200
Gravel Roads Maintained (miles)	6.5	5.5	5.5
Cul-de-sacs & Deadends Maintained	332	345	345
Road Markings/Striping (intersections)	160	160	160
Street Sweeping (miles)	387	396	396
Gravel Usage (tons)	300	1,085	1,200
Asphalt Usage (tons)	300	300	300
Spray Patcher - Rock (tons)	200	100	150
Spray Patcher - Oil (gallons)	3,000	1,100	2,000

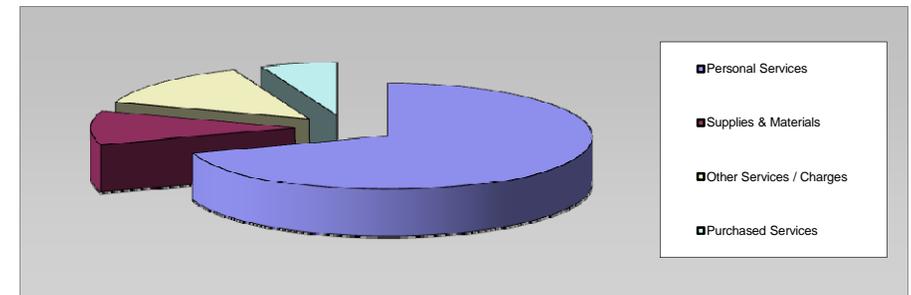
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	4.88	5.20	5.05

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 427,721	\$ 453,235	\$ 455,308
Supplies & Materials	65,971	53,550	66,050
Other Services / Charges	82,535	87,279	89,779
Purchased Services	24,086	31,600	39,100
TOTAL	\$ 600,313	\$ 625,664	\$ 650,237

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 1.57	\$ 1.63	\$ 1.68
Annual	\$ 18.83	\$ 19.52	\$ 20.17

ADOPTED 2016 BUDGET
 CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 43200

Department: Snow & Ice
Director/Manager: Street Supervisor

Activity Description

All Public Works Departments provide snow removal services for 198 miles of city streets and 330 cul-de-sacs. The goal is to provide convenient, reasonably safe travel and to prevent deterioration of the streets due to winter conditions.

Process Used

Snowplows, equipped with underbody plows, and salt brine sanders are used to clear city streets. The streets are cleared on a systematic basis as soon as practical after a snowstorm per city policy.

Service Expenditure Highlights

Personal Services are allocated based on time spent removing snow and ice from roads, trails, and/or parking lots. The increase in Budget 2016 is due to the increase in salt purchases.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Miles of streets plowed	198	200	200
Cul-de-sacs	332	345	345
Sand/Salt Usage (tons)	1,900	1,325	1,600
Brine Usage (gal)	6,000	5,000	5,000

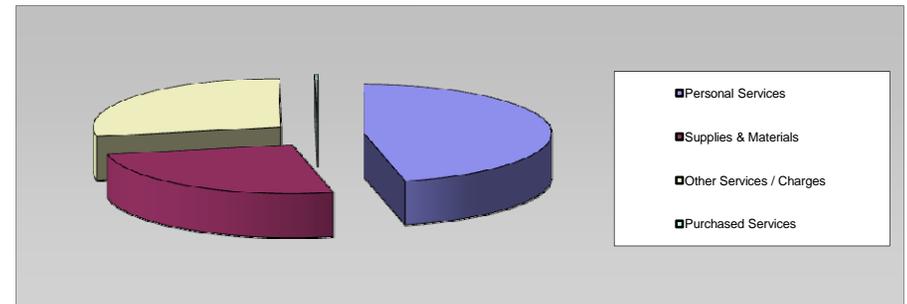
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	3.95	2.65	2.65

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 327,190	\$ 253,433	\$ 261,950
Supplies & Materials	155,485	127,800	143,100
Other Services / Charges	152,949	157,537	157,537
Purchased Services	1,530	1,000	1,000
TOTAL	\$ 637,154	\$ 539,770	\$ 563,587

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 1.67	\$ 1.40	\$ 1.46
Annual	\$ 19.99	\$ 16.84	\$ 17.49

Fund: 0101 - General
Cost Center: 43300

Department: Street Signs
Director/Manager: Street Supervisor

Activity Description

Installs new signage and replaces/repairs existing signs. All signage for streets and highways are in compliance with Federal, State, County and City guidelines. The ultimate goal is the safety of pedestrians and to provide traffic directional information for safe travel through the city. Signage for city parks, trails, special events, ordinances, seasonal road restrictions, traffic counts and barricades are also provided by the Sign Department. Sign data such as location, type and quality of signs is being collected and data entry completed on a sign database for sign inventory.

Process Used

City staff / Engineers provide data regarding signage for new developments, update existing signage and any other related sign changes. City staff, engineers, residents, local sheriff, Public Works and the general public also provide notification for necessary repairs for damaged signs.

Service Expenditure Highlights

Minimal changes to Budget 2016 as compared to Current 2015.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Sign Compliant Upgrades (# of zones)	0.75	1	1
Damaged/Repair/Replace (# of signs)	150	100	100
Upgrade Street Signs (6" to 9" signs)	75	75	125
All Parks and Trail Signs	60	125	50
Traffic Counts (locations)	52	52	52
Sign Inventory / ID'ed (# of zones)	1	1	1
Speed Limit Signs (35mph)	25	25	25

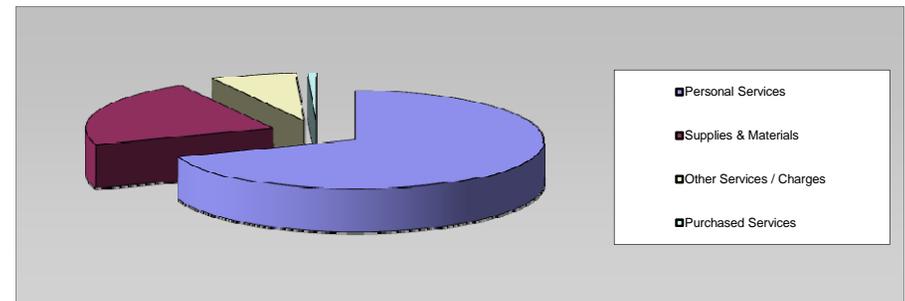
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	1.30	1.41	1.41

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 126,908	\$ 138,707	\$ 142,157
Supplies & Materials	47,380	48,150	45,360
Other Services / Charges	13,647	15,176	15,176
Purchased Services	-	1,500	1,500
TOTAL	<u>\$ 187,935</u>	<u>\$ 203,533</u>	<u>\$ 204,193</u>

Service Expenditure By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.49	\$ 0.53	\$ 0.53
Annual	\$ 5.90	\$ 6.35	\$ 6.34

Fund: 0101 - General
Cost Center: 43400

Department: Traffic Signals
Director/Manager: City Engineer

Activity Description

Under the Anoka County Cost Share Policy, the City of Andover is responsible for 1) the electrical cost of the overhead street lights at intersections and 2) the power of the traffic signal and maintenance costs.

The City has wayside horns at the railroad tracks at Andover Blvd NW and Crosstown Blvd NW.

Process Used

Intersections are signalized at various locations within the community based on the Anoka County cost share policy and the need of the community.

Wayside horns have been installed to reduce the train horn noise at the following locations: Andover Blvd NW and Crosstown Blvd NW.

Service Expenditure Highlights

The City has hired the Anoka County Highway Department to maintain all the traffic signals and EVP systems throughout Andover and expenses continue to rise both in actual costs and increased number of signals and EVP systems. Connexus Energy maintains the overhead street lights and 5 - 10 go out every year. Wayside horns require a monthly inspection/service visit and a bi-annual complete overview of the system.

<u>Performance Measures</u>	Actual 2014	Current 2015	Budgeted 2016
Traffic Signals:			
Within the Community	17	18	19
Shared (Anoka & Coon Rapids)	7	7	7
Wayside Horns	2	2	2

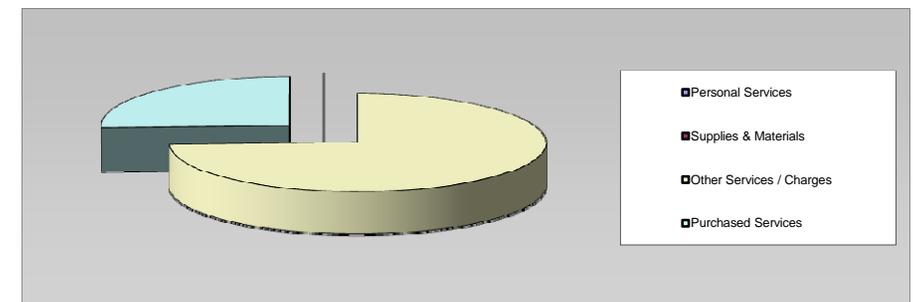
Staffing Levels

	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	20,299	26,000	26,000
Purchased Services	14,602	9,000	9,000
TOTAL	\$ 34,901	\$ 35,000	\$ 35,000

Service Expenditures By Category



Expenditures Per Capita

	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.09	\$ 0.09	\$ 0.09
Annual	\$ 1.09	\$ 1.09	\$ 1.09

ADOPTED 2016 BUDGET
 CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 43500

Department: Street Lighting
Director/Manager: City Engineer

Activity Description

Street lighting and safety lighting provides a safety measure for both pedestrians and the motoring public.

Process Used

Street lights are installed at critical intersections of county roads and city streets, in addition to, other safety lighting needs.

Service Expenditure Highlights

As the City continues to develop, new street lights are added with new and existing neighborhoods and at critical intersections within the City. Due to annual adjustments, maintenance, replacement, and/or repair of lights by Connexus Energy, the expenditures to service these lights have generally shown an upward trend in costs.

Performance Measures

Number of Lights installed and maintained by private utility.

	Actual 2014	Current 2015	Budgeted 2016
Number of Lights installed and maintained by private utility.	220	250	305

Staffing Levels

FTE Equivalentents

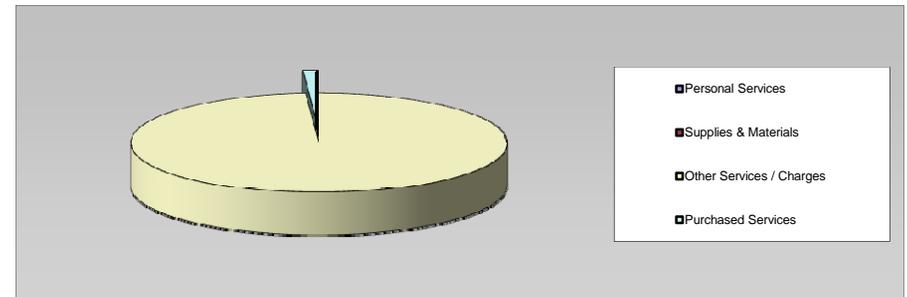
	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalentents	N/A	N/A	N/A

Service Expenditures

Personal Services
 Supplies & Materials
 Other Services / Charges
 Purchased Services
TOTAL

	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	32,646	36,000	36,000
Purchased Services	-	400	400
TOTAL	\$ 32,646	\$ 36,400	\$ 36,400

Service Expenditures By Category



Expenditures Per Capita

Population - Estimates
 Monthly
 Annual

	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.09	\$ 0.09	\$ 0.09
Annual	\$ 1.02	\$ 1.14	\$ 1.13

Fund: 0101 - General
Cost Center: 43600

Department: Street Lights Billed
Director/Manager: City Engineer

Activity Description

The street lights that are internal to a residential development are funded by that development or neighborhood. Both the operation and maintenance costs of the lights are billed to the neighborhood property owners.

Process Used

Connexus Energy operates, maintains and bills the residents for their street lights. Streets lights are only billed to neighborhoods that have the lights

Service Expenditure Highlights

Due to annual adjustments, maintenance, replacement and/or repair of lights by Connexus Energy, the expenditures to service these lights have generally shown an upward trend in costs. The billing services contract continues to increase as well.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Number of Street Lights Billed	1,240	1,248	1,263

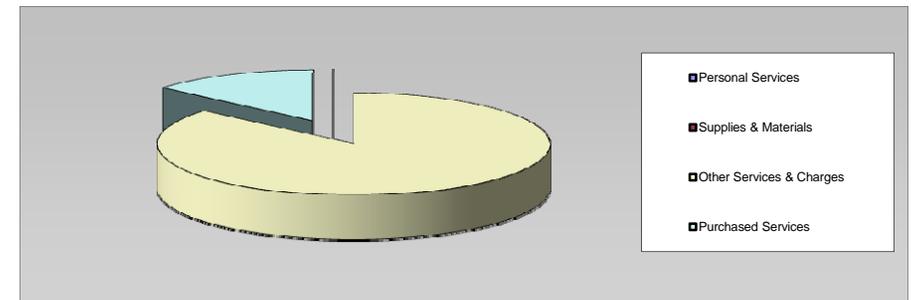
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services & Charges	177,455	190,000	187,500
Purchased Services	25,693	26,000	30,000
TOTAL	<u>\$ 203,148</u>	<u>\$ 216,000</u>	<u>\$ 217,500</u>

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.53	\$ 0.56	\$ 0.56
Annual	\$ 6.37	\$ 6.74	\$ 6.75

Fund: 0101 - General
Cost Center: 45000

Department: Parks & Recreation
Director/Manager: Parks Maintenance Supervisor

Activity Description

The Parks Department maintains the entire City park and trail system. Most of the upgrades and additional developments of the parks are also done by the parks staff. Maintenance tasks include playground and play structures, ball infields, ice rinks, buildings and shelters, landscaping, trees and plantings, irrigation systems, painting, blacktop repair, trash and litter control, various construction projects, wood and metal fabrication, lighting and electrical, trail sign installs, and all turf and seed upkeep.

Process Used

The top priority for the Parks Department is to provide a safe product or facility for all the public to use. Provide diverse activities for all groups and associations through the use of city parks and/or trail systems.

Service Expenditure Highlights

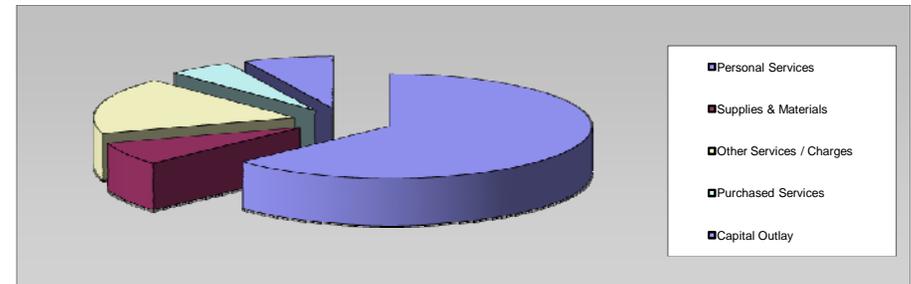
Budget 2016 includes an increase in the cost of health insurance, a COLA adjustment and any step changes for newer employees. Current 2015 included increases to all areas due to the addition of a newly constructed 40 acre sports complex - three full size lighted fields for soccer, la cross and football.

Performance Measures	Actual 2014	Current 2015	Budgeted 2016
Number of City Parks maintained	51	52	53
Total acreage mowed	332	332	332
Ballfields maintained	28	29	29
Number of playgrounds	38	38	39
Total soccer fields maintained	16	16	16
Miles of trail maintained	33	33	33
Ice Rinks / Warming Houses	12 / 4	12 / 4	12 / 4

Staffing Levels	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	7.33	8.51	8.48

Service Expenditures	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ 680,046	\$ 779,205	\$ 792,114
Supplies & Materials	74,004	91,400	89,900
Other Services / Charges	181,050	234,733	220,733
Purchased Services	74,273	64,000	64,500
Capital Outlay	-	-	90,000
TOTAL	\$ 1,009,373	\$ 1,169,338	\$ 1,257,247

Service Expenditures By Category



Expenditures Per Capita	Actual 2014	Current 2015	Budgeted 2016
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 2.64	\$ 3.04	\$ 3.25
Annual	\$ 31.67	\$ 36.48	\$ 39.01

Fund: 0101 - General
Cost Center: 45500

Department: Natural Resource Preservation
Director/Manager: Parks Maintenance Supervisor

Activity Description

The City has several open spaces that could benefit from various forms of vegetation management. Activities included but not limited to prescribed burns, mowing, spot spraying invasive weeds, harvesting invasive woody species and planting native trees, shrubs, grasses and wild flowers. The City will do some activities in-house and contract some out. This will improve wildlife habitat, storm water quality aesthetics and long-term sustainability.

Process Used

Staff will review all the properties and rank them every year to determine which ones could benefit the most from applicable management at that time.

Service Expenditure Highlights

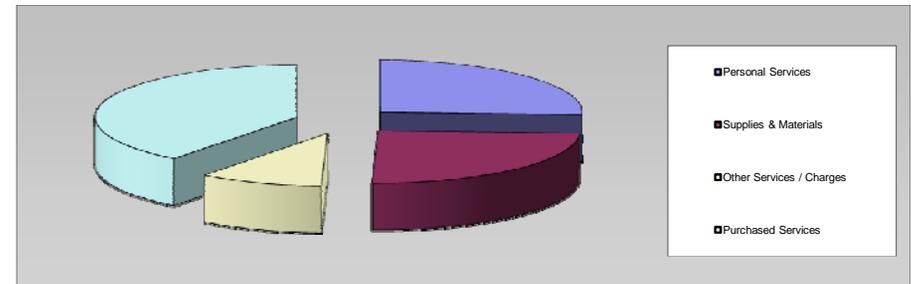
Land management services provided by staff and contractors.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Number of City Open Space parcels	3	4	4
Total acreage managed	116	170	170

<u>Staffing Levels</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	0.00	0.00	0.03

<u>Service Expenditures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ -	\$ -	\$ 2,596
Supplies & Materials	-	-	2,500
Other Services / Charges	-	-	1,000
Purchased Services	-	-	4,000
TOTAL	\$ -	\$ -	\$ 10,096

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ -	\$ -	\$ 0.03
Annual	\$ -	\$ -	\$ 0.31

Fund: 0101 - General
Cost Center: 46000

Department: Recycling
Director/Manager: Recycling Coordinator

Activity Description

The Recycling Department provides recycling opportunities to all city residents. The goal is to provide this service in a cost effective manner.

Process Used

Refuse and recycling services are provided curbside by licensed haulers in an open hauling system. A drop off recycling site is provided by the City. Recycling bins are also available through the City. New recycling materials are offered as soon as they become feasible. Provides special educational programs for Andover schools and senior apartment complexes to promote waste reduction and recycling.

Service Expenditure Highlights

Current 2015 included the paving of the entrance road leading to the recycling center. All other operations remain approximately the same.

<u>Performance Measures</u>	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Schools with recycling bins	6	6	6
Recycling Days	12	12	12
Recycling collection tonnage	1,719	1,511	2,000

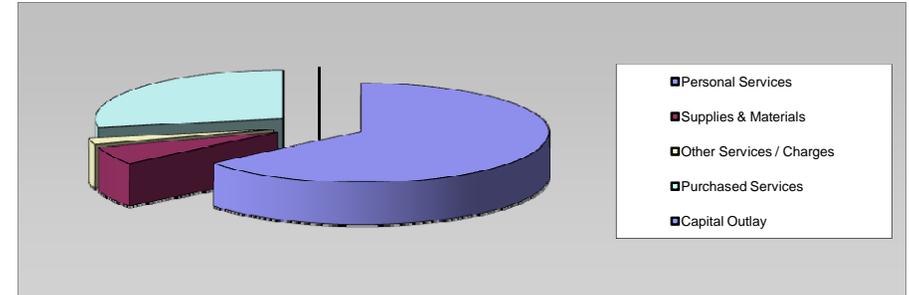
Staffing Levels

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
FTE Equivalents	0.76	1.23	1.23

Service Expenditures

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Personal Services	\$ 57,539	\$ 88,564	\$ 84,371
Supplies & Materials	5,906	7,375	7,375
Other Services / Charges	3,238	2,681	2,681
Purchased Services	47,219	36,500	36,500
Capital Outlay	-	35,000	-
TOTAL	\$ 113,902	\$ 170,120	\$ 130,927

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2014</u>	<u>Current 2015</u>	<u>Budgeted 2016</u>
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.30	\$ 0.44	\$ 0.34
Annual	\$ 3.57	\$ 5.31	\$ 4.06

Fund: 0101 - General
Cost Center: 49100

Department: Unallocated
Director/Manager: Finance Director

Activity Description

Unallocated contains funding for the unexpected and miscellaneous items not directly chargeable to a specific activity.

Process Used

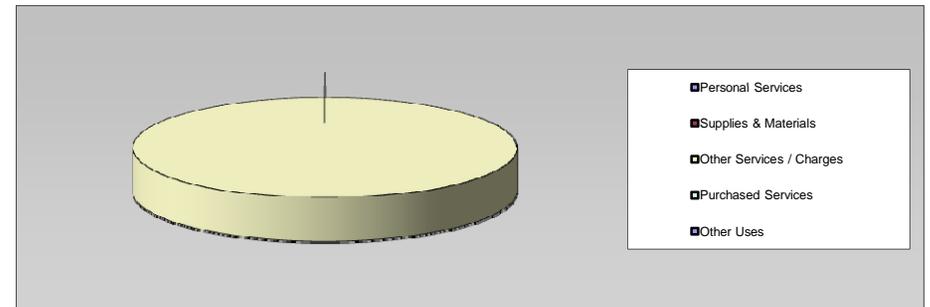
Annually the City reviews the miscellaneous activities funding levels and based on past experiences does budget a contingency amount for unexpected expenditures.

Service Expenditure Highlights

No changes to Budget 2016.

	Actual 2014	Current 2015	Budgeted 2016
<u>Staffing Levels</u>			
FTE Equivalents	N/A	N/A	N/A
<u>Service Expenditures</u>			
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	81,185	70,328	70,328
Purchased Services	-	-	-
Other Uses	-	-	-
TOTAL	\$ 81,185	\$ 70,328	\$ 70,328

Service Expenditures By Category



	Actual 2014	Current 2015	Budgeted 2016
<u>Expenditures Per Capita</u>			
Population - Estimates	31,874	32,050	32,230
Monthly	\$ 0.21	\$ 0.18	\$ 0.18
Annual	\$ 2.55	\$ 2.19	\$ 2.18

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CITY OF ANDOVER, MINNESOTA

2016 ANNUAL BUDGET

SPECIAL REVENUE FUNDS

DEFINITION:

Special revenue funds are established to justify revenue sources to finance particular functions or projects.

Revenue for these funds can come from a variety of sources, such as taxes, fees, gifts and grants or contributions from other governmental entities. Expenditures from these funds are normally restricted by statute, local ordinance, or grant agreements. The funds may be used for either operations or capital outlay as legal restrictions mandate.

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City of Andover
Special Revenue Funds
2016 Budget Summary - All Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 407,587	\$ 607,404	\$ 607,404	\$ 457,915
Revenues				
General Property Taxes	40,066	40,000	40,000	40,000
Intergovernmental	4,909	37,500	-	37,500
Charges for Services	722,462	617,800	666,700	671,700
Investment Income	12,592	7,500	5,500	7,500
Miscellaneous	900,330	820,900	842,000	805,500
Total Revenues:	1,680,359	1,523,700	1,554,200	1,562,200
Other Sources				
Proceeds from Sale of Property	-	-	-	-
Total Revenues and Other Sources:	1,680,359	1,523,700	1,554,200	1,562,200
Total Available:	2,087,946	2,131,104	2,161,604	2,020,115
Expenditures				
Personal Services	490,752	506,034	519,034	483,086
Supplies and Materials	97,916	78,870	104,285	85,570
Purchased Services	166,699	248,975	260,675	256,035
Other Services and Charges	448,408	491,397	448,097	481,597
Capital Outlay	29,774	14,000	-	56,000
Total Expenditures:	1,233,549	1,339,276	1,332,091	1,362,288
Other Uses				
Transfers Out	246,993	371,598	371,598	378,398
Total Expenditures and Other Uses:	1,480,542	1,710,874	1,703,689	1,740,686
Fund Balance, December 31	\$ 607,404	\$ 420,230	\$ 457,915	\$ 279,429
Change in Fund Balance	\$ 199,817 49%	\$ (187,174) -31%	\$ (149,489) -25%	\$ (178,486) -39%

City of Andover
Special Revenue Funds
Economic Development Authority Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 405,838	\$ 380,792	\$ 380,792	\$ 240,843
Revenues				
Charges for Services	36,622	15,600	20,000	20,000
Investment Income	10,677	5,000	5,000	5,000
Miscellaneous	5,868	-	-	-
Total Revenues:	53,167	20,600	25,000	25,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	53,167	20,600	25,000	25,000
Total Available:	459,005	401,392	405,792	265,843
Expenditures				
Personal Services	48,502	53,149	53,149	22,610
Supplies and Materials	11,235	18,200	18,200	18,900
Purchased Services	8,477	78,750	78,750	78,800
Other Services and Charges	9,999	14,850	14,850	14,850
Total Expenditures:	78,213	164,949	164,949	135,160
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	78,213	164,949	164,949	135,160
Fund Balance, December 31	\$ 380,792	\$ 236,443	\$ 240,843	\$ 130,683
Change in Fund Balance	\$ (25,046) -6%	\$ (144,349) -38%	\$ (139,949) -37%	\$ (110,160) -46%

Fund: Economic Development Authority
Activity Type/Code: Special Revenue

Department Head: City Administrator

Expenditure Highlights

2014, 2015 & 2016 includes funding for monument entrance signs.

EDA Budget provides for ongoing maintenance around the Andover Station Development area.

In 2015, charges for services revenue is reduced due to the decertification of TIF District 1-2, of which this fund would receive TIF administration fees.

General Activity Description

To provide for the quality development of commercial and industrial properties to ensure a strong, viable and diversified tax base.

Process Used

Promotion and expansion of the commercial and industrial tax base through the development and redevelopment of land.

The EDA is the primary authority involved in managing the City's four Tax Increment Financing (TIF) Districts. The EDA monitors and initiates the activities within the TIF Districts to reach the goals of the TIF plans.

City of Andover
Special Revenue Funds
Community Development Block Grant Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues				
Intergovernmental	-	25,000	-	25,000
Other Sources				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources:	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Available:	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Expenditures				
Other Services and Charges	-	25,000	-	25,000
Other Uses				
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses:	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Change in Fund Balance	\$ - n/a	\$ - n/a	\$ - n/a	\$ - n/a

Fund: Community Development Block Grant
Activity Type/Code: Special Revenue

Department Head: Community Development Dir.

Expenditure Highlights

This was a new fund created in 2004 to track the Community Development Block Grant (CDBG) Rental Rehab program. In 2016, additional grant monies will be applied for to study areas that have access to city water but are not currently hooked up.

General Activity Description

The Rental Rehab program provides low-interest loans for the rehabilitation of rental housing units. This fund accounts for the loans disbursed, as well as the payments received. In 2008, a housing rehab program was started. Due to the lack of interest, the rental rehab program was terminated in 2012.

Process Used

Rehab Grants are received from CDBG and disbursed to qualified applicants. As payments come in, these funds create a revolving loan program and new loans are given out to qualified applicants.

City of Andover
Special Revenue Funds
Community Center Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ (210,573)	\$ (48,364)	\$ (48,364)	\$ (31,432)
Revenues				
Charges for Services	616,835	577,200	616,700	618,700
Investment Income	(6,582)	-	(2,000)	-
Miscellaneous	851,916	804,400	820,000	784,000
Total Revenues:	1,462,169	1,381,600	1,434,700	1,402,700
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	1,462,169	1,381,600	1,434,700	1,402,700
Total Available:	1,251,596	1,333,236	1,386,336	1,371,268
Expenditures				
Personal Services	405,797	414,558	427,558	441,231
Supplies and Materials	75,741	50,850	82,765	56,850
Purchased Services	117,220	91,000	115,200	96,000
Other Services and Charges	429,935	438,947	420,647	429,147
Capital Outlay	29,774	14,000	-	56,000
Total Expenditures:	1,058,467	1,009,355	1,046,170	1,079,228
Other Uses				
Transfers Out	241,493	371,598	371,598	371,598
Total Expenditures and Other Uses:	1,299,960	1,380,953	1,417,768	1,450,826
Fund Balance, December 31	\$ (48,364)	\$ (47,717)	\$ (31,432)	\$ (79,558)
Change in Fund Balance	\$ 162,209 -77%	\$ 647 -1%	\$ 16,932 -35%	\$ (48,126) 153%

Fund: Community Center
Activity Type/Code: Special Revenue

Department Head: Recreation Facility Manager

Expenditure Highlights

2009 was the first year the YMCA made a full lease payment of \$635,000. The transfer out is the difference between the tax levied for the Community Center debt service and the total annual debt service for the Community Center.

The capital outlay expenditure for 2016 is for replacement of the rink rubber flooring (\$36,000) in the hallways and locker rooms; and to crack seal the parking lot (\$20,000).

General Activity Description

This fund accounts for the operations of the Andover/YMCA Community Center, particularly the ice arena, field house and concessions. The aquatic's portion of the Community Center is under the operations of the YMCA.

Process Used

The Community Center construction started in 2004 and was completed in the summer of 2005. The facility will be managed by the Recreational Facility Manager with oversight by a Community Center Advisory Board and the City Council. The YMCA is a long-term tenant and started making lease payments in 2008.

City of Andover
Special Revenue Funds
Drainage and Mapping Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 132,453	\$ 154,838	\$ 154,838	\$ 147,738
Revenues				
Charges for Services	28,097	8,000	8,000	8,000
Investment Income	4,157	1,200	1,200	1,200
Total Revenues:	32,254	9,200	9,200	9,200
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	32,254	9,200	9,200	9,200
Total Available:	164,707	164,038	164,038	156,938
Expenditures				
Supplies and Materials	602	2,300	2,300	2,300
Purchased Services	3,877	7,000	7,000	9,500
Other Services and Charges	5,390	7,000	7,000	7,000
Total Expenditures:	9,869	16,300	16,300	18,800
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	9,869	16,300	16,300	18,800
Fund Balance, December 31	\$ 154,838	\$ 147,738	\$ 147,738	\$ 138,138
Change in Fund Balance	\$ 22,385 17%	\$ (7,100) -5%	\$ (7,100) -5%	\$ (9,600) -6%

Fund: Drainage and Mapping
Activity Type/Code: Special Revenue

Department Head: Dir of PW / City Engineer

Expenditure Highlights

Minimal changes are planned for this fund as monies are set aside for future mapping needs.

General Activity Description

The drainage and mapping activity provides the resource to maintain existing and develop new maps and mapping systems for the City. The City GIS is a key component in this mapping and data inventory task.

Process Used

Existing mapping systems and data are maintained manually in a reproducible format. The existing information is being converted to a digital format as is all new data which is developed for the City. All data will be accessible either manually or through a computerized application.

City of Andover
Special Revenue Funds
Lower Rum River Watershed Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 4,089	\$ 2,295	\$ 2,295	\$ 1,312
Revenues				
General Property Taxes	40,066	40,000	40,000	40,000
Investment Income	(281)	100	100	100
Total Revenues:	39,785	40,100	40,100	40,100
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	39,785	40,100	40,100	40,100
Total Available:	43,874	42,395	42,395	41,412
Expenditures				
Personal Services	15,733	16,738	16,738	9,425
Supplies and Materials	-	520	520	520
Purchased Services	25,680	23,625	23,625	22,035
Other Services and Charges	166	200	200	200
Total Expenditures:	41,579	41,083	41,083	32,180
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	41,579	41,083	41,083	32,180
Fund Balance, December 31	\$ 2,295	\$ 1,312	\$ 1,312	\$ 9,232
Change in Fund Balance	\$ (1,794) -44%	\$ (983) -43%	\$ (983) -43%	\$ 7,920 604%

Fund: Lower Rum River Watershed Management Organization
Activity Type/Code: Special Revenue

Department Head: Assistant City Engineer

Expenditure Highlights

2016 includes a slight decrease in funding to the LRRWMO.

General Activity Description

The function of the Lower Rum River Watershed Management Organization (LRRWMO) is to provide for: conservation of water and natural resources; prevention and alleviation of flood damage; and regulation of creeks, lakes, water courses and storm water conveyance systems for domestic, recreational and public use across municipal boundaries.

To achieve this purpose, state law gives watershed management organizations several powers, among which are:

1. Responsibility for preserving natural retention areas.
2. Preparation of plans for water management.
3. Review of municipal water management plans and of projects directly affecting the water resources of the watershed.
4. Review of local land use in the absence of an approved municipal surface water management plan.
5. Collection of data.
6. Conducting of studies and investigations.
7. Construction of improvements, either in response to petition or on the initiative of the LRRWMO.
8. Levying of taxes and assessments for the financing of the previously mentioned activities and for general administration of the organization.

**City of Andover
Special Revenue Funds
Forestry Fund**

Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 3,559	\$ 7,243	\$ 7,243	\$ 7,343
Revenues				
Intergovernmental	4,909	12,500	-	12,500
Investment Income	146	100	100	100
Miscellaneous	8,967	6,500	-	6,500
Total Revenues:	14,022	19,100	100	19,100
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	14,022	19,100	100	19,100
Total Available:	17,581	26,343	7,343	26,443
Expenditures				
Supplies and Materials	10,338	6,500	-	6,500
Purchased Services	-	12,500	-	12,500
Total Expenditures:	10,338	19,000	-	19,000
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	10,338	19,000	-	19,000
Fund Balance, December 31	\$ 7,243	\$ 7,343	\$ 7,343	\$ 7,443
Change in Fund Balance	\$ 3,684 104%	\$ 100 1%	\$ 100 1%	\$ 100 1%

Fund: Forestry
Activity Type/Code: Special Revenue

Department Head: Dir of PW / City Engineer

Expenditure Highlights

This fund tracks forestry-related grants with state agencies like the Minnesota Department of Natural Resources (DNR) and administers the bare root tree sale.

In 2015, the City did not have a tree sale.

General Activity Description

Forestry shall preserve Andover's forest resources and develop control plans to ensure preservation and/or restoration of these resources.

Process Used

The City utilizes the Natural Resources Technician to administer the annual bare root tree sale, coordinate various tree plantings with local organizations like the Eagle Scouts, and monitor preservation and disease tree management grants.

City of Andover
Special Revenue Funds
Right of Way Management / Utility Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 45,008	\$ 49,998	\$ 49,998	\$ 34,909
Revenues				
Charges for Services	38,320	12,000	17,000	20,000
Investment Income	975	500	500	500
Total Revenues:	39,295	12,500	17,500	20,500
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	39,295	12,500	17,500	20,500
Total Available:	84,303	62,498	67,498	55,409
Expenditures				
Personal Services	20,720	21,589	21,589	9,820
Supplies and Materials	-	500	500	500
Purchased Services	7,755	10,100	10,100	11,200
Other Services and Charges	330	400	400	400
Total Expenditures:	28,805	32,589	32,589	21,920
Other Uses				
Transfers Out	5,500	-	-	6,800
Total Expenditures and Other Uses:	34,305	32,589	32,589	28,720
Fund Balance, December 31	\$ 49,998	\$ 29,909	\$ 34,909	\$ 26,689
Change in Fund Balance	\$ 4,990 11%	\$ (20,089) -40%	\$ (15,089) -30%	\$ (8,220) -24%

Fund: Right of Way Management/Utility
Activity Type/Code: Special Revenue

Department Head: Dir of PW / City Engineer

Expenditure Highlights

The 2014 transfer to the Road & Bridge Capital Projects is for the degradation of roadways associated with right-of-way permits.

General Activity Description

The function of Right-of-Way Management is to provide for: management of the public rights-of-way and to recover the rights-of-way management costs; and to regulate the use of public rights-of-way by providers of telecommunication services, public utility services and the like, in a fair, efficient, competitively neutral and substantial uniform manner.

Process Used

To achieve this purpose, state law gives the City several powers to include requiring the following:

1. Require permits for work within the right-of-way.
2. Collect fees to recover costs associated with the permit including damages to the right-of-way.

**City of Andover
Special Revenue Funds
Charitable Gambling Fund
Statement of Revenues, Expenditures and Changes in Fund Balance**

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 26,085	\$ 57,236	\$ 57,236	\$ 53,536
Revenues				
Investment Income	1,262	300	300	300
Miscellaneous	33,579	10,000	22,000	15,000
Total Revenues:	34,841	10,300	22,300	15,300
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	34,841	10,300	22,300	15,300
Total Available:	60,926	67,536	79,536	68,836
Expenditures				
Purchased Services	3,690	26,000	26,000	26,000
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	3,690	26,000	26,000	26,000
Fund Balance, December 31	\$ 57,236	\$ 41,536	\$ 53,536	\$ 42,836
Change in Fund Balance	\$ 31,151 119%	\$ (15,700) -27%	\$ (3,700) -6%	\$ (10,700) -20%

Fund: Charitable Gambling
Activity Type/Code: Special Revenue

Department Head: Finance Director

Expenditure Highlights

This fund was created to track the donations received from the Andover Hockey Association and Andover Football Association from their gambling activities. 2015 includes funding towards the Alexandra House, Youth First, Family of Promise, teen programing, etc.. Funding for these expenditures is dependent upon donations.

General Activity Description

The licensed organizations are required to donate 10% of their net profits to the City.

Process Used

According to State Statute, all expenditures from this fund must be for police, fire and other emergency or public safety-related services, equipment, and training, excluding pension obligations, or qualifying public service organizations.

City of Andover
Special Revenue Funds
Construction Seal Coating Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 1,128	\$ 3,366	\$ 3,366	\$ 3,666
Revenues				
Charges for Services	2,588	5,000	5,000	5,000
Investment Income	2,238	300	300	300
Total Revenues:	4,826	5,300	5,300	5,300
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	4,826	5,300	5,300	5,300
Total Available:	5,954	8,666	8,666	8,966
Expenditures				
Other Services and Charges	2,588	5,000	5,000	5,000
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	2,588	5,000	5,000	5,000
Fund Balance, December 31	\$ 3,366	\$ 3,666	\$ 3,666	\$ 3,966
Change in Fund Balance	\$ 2,238 198%	\$ 300 9%	\$ 300 9%	\$ 300 8%

Fund: Construction Seal Coating
Activity Type/Code: Special Revenue

Department Head: Dir of PW / City Engineer

Expenditure Highlights

The Construction Seal Coating Special Revenue Fund was established in 1996 and is utilized for the first application of crack seal and seal coat in new developments.

General Activity Description

The Construction Seal Coating Special Revenue Fund accounts for contributions associated with land development to be used for the respective developments first application of crack seal and seal coat.

Process Used

The City has an annual crack seal and seal coat program. Currently the City is divided into nine zones and these developments are done within four years of being constructed. Crack sealing is completed one year prior to seal coating. This allows the crack sealing material to cure and minimize bleed through once seal coated.

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CITY OF ANDOVER, MINNESOTA

2016 ANNUAL BUDGET

DEBT SERVICE FUNDS

DEFINITION:

A debt service fund accounts for the accumulation of resources for, and the payment of general long-term principal and interest. Repayment of the debt through principal and interest payments to bond holders is backed by the full faith and credit of the government unit.

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City of Andover
Debt Service Funds
2016 Budget - All Debt Service Funds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 17,767,831	\$ 1,073,535	\$ 1,073,535	\$ 1,296,333
Revenues				
General Property Taxes	2,074,115	2,136,065	2,136,065	2,100,413
Intergovernmental	61,680	-	-	-
Investment Income	60,805	-	2,000	2,000
Total Revenues:	2,196,600	2,136,065	2,138,065	2,102,413
Other Sources				
Operating Transfers In	622,454	371,598	371,598	376,860
Total Revenues and Other Sources:	2,819,054	2,507,663	2,509,663	2,479,273
Total Available:	20,586,885	3,581,198	3,583,198	3,775,606
Expenditures				
Debt Service				
Principal	2,140,000	1,765,000	1,765,000	1,770,000
Interest	900,504	470,688	470,688	439,698
Other	7,895	2,500	2,275	2,450
Total Expenditures:	3,048,399	2,238,188	2,237,963	2,212,148
Other Uses				
Operating Transfers Out	9,951	47,632	48,902	104,123
Redemption of Refunded Bonds	16,455,000	-	-	-
Total Other Uses:	16,464,951	47,632	48,902	104,123
Total Expenditures and Other Uses:	19,513,350	2,285,820	2,286,865	2,316,271
Fund Balance, December 31	\$ 1,073,535	\$ 1,295,378	\$ 1,296,333	\$ 1,459,335
Change in Fund Balance	\$ (16,694,296)	\$ 221,843	\$ 222,798	\$ 163,002
	-94%	21%	21%	13%

City of Andover
Debt Service Funds
Certificates/Capital Notes - 2011A G.O. Equipment Certificate
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 105,901	\$ -	\$ -	\$ -
Revenues				
Investment Income	-	-	-	-
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	-	-	-	-
Total Available:	105,901	-	-	-
Expenditures				
Debt Service				
Principal	95,000	-	-	-
Interest	950	-	-	-
Other	-	-	-	-
Total Expenditures:	95,950	-	-	-
Other Uses				
Operating Transfers Out	9,951	-	-	-
Total Expenditures and Other Uses:	105,901	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (105,901) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 3210
Cost Center: 2011A G.O. Equipment Certificates
Activity Type/Code: Debt Service

Department Head: Finance Director

This fund was closed in 2014.

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City issued \$265,000 of Capital Notes in 2011 to facilitate the purchase of new equipment.

City of Andover
Debt Service Funds
Certificates/Capital Notes - 2012A G.O. Equipment Certificate
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 236,730	\$ 373,049	\$ 373,049	\$ 502,899
Revenues				
General Property Taxes	140,196	140,000	140,000	142,885
Investment Income	8,273	-	2,000	2,000
Total Revenues:	148,469	140,000	142,000	144,885
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	148,469	140,000	142,000	144,885
Total Available:	385,199	513,049	515,049	647,784
Expenditures				
Debt Service				
Principal	-	-	-	50,000
Interest	11,700	11,700	11,700	11,200
Other	450	500	450	500
Total Expenditures:	12,150	12,200	12,150	61,700
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	12,150	12,200	12,150	61,700
Fund Balance, December 31	\$ 373,049	\$ 500,849	\$ 502,899	\$ 586,084
Change in Fund Balance	\$ 136,319 58%	\$ 127,800 34%	\$ 129,850 35%	\$ 83,185 17%

Fund: 3211
 Cost Center: 2012A G.O. Equipment Certificates
 Activity Type/Code: Debt Service

Department Head: Finance Director

Debt Service is scheduled as listed below:

<u>Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 61,200	\$ 50,000	\$ 11,200
2017	540,350	535,000	5,350
	<u>\$ 601,550</u>	<u>\$ 585,000</u>	<u>\$ 16,550</u>

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City issued \$585,000 of Capital Notes in 2012 to facilitate the purchase of new equipment.

City of Andover
Debt Service Funds
Certificates/Capital Notes - 2014 G.O. Equipment Certificate
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ -	\$ 263,348	\$ 263,348	\$ 301,977
Revenues				
General Property Taxes	260,363	296,055	296,055	295,470
Investment Income	2,985	-	-	-
Total Revenues:	263,348	296,055	296,055	295,470
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	263,348	296,055	296,055	295,470
Total Available:	263,348	559,403	559,403	597,447
Expenditures				
Debt Service				
Principal	-	225,000	225,000	260,000
Interest	-	31,926	31,926	23,350
Other	-	500	500	500
Total Expenditures:	-	257,426	257,426	283,850
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	-	257,426	257,426	283,850
Fund Balance, December 31	\$ 263,348	\$ 301,977	\$ 301,977	\$ 313,597
Change in Fund Balance	\$ 263,348 n/a	\$ 38,629 15%	\$ 38,629 15%	\$ 11,620 4%

Fund: 3212
Cost Center: 2014A G.O. Equipment Certificates
Activity Type/Code: Debt Service

Department Head: Finance Director

Debt Service is scheduled as listed below:

<u>Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 283,350	\$ 260,000	\$ 23,350
2017	278,800	260,000	18,800
2018	278,550	265,000	13,550
2019	278,200	270,000	8,200
2020	277,750	275,000	2,750
	<u>\$ 1,396,650</u>	<u>\$ 1,330,000</u>	<u>\$ 66,650</u>

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City issued \$1,355,000 of Capital Notes in 2014 to facilitate the purchase of equipment.

City of Andover
Debt Service Funds
General Obligation Bonds - 2012B G.O. Capital Improvement Refunding Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 25,790	\$ 55,568	\$ 55,568	\$ 80,838
Revenues				
General Property Taxes	561,799	540,120	540,120	498,435
Investment Income	(7,171)	-	-	-
Total Revenues:	554,628	540,120	540,120	498,435
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	554,628	540,120	540,120	498,435
Total Available:	580,418	595,688	595,688	579,273
Expenditures				
Debt Service				
Principal	500,000	500,000	500,000	470,000
Interest	24,400	14,400	14,400	4,700
Other	450	500	450	450
Total Expenditures:	524,850	514,900	514,850	475,150
Other Uses				
Operating Transfers Out	-	-	-	104,123
Total Expenditures and Other Uses:	524,850	514,900	514,850	579,273
Fund Balance, December 31	\$ 55,568	\$ 80,788	\$ 80,838	\$ -
Change in Fund Balance	\$ 29,778 115%	\$ 25,220 45%	\$ 25,270 45%	\$ (80,838) -100%

Fund: 3303
Cost Center: 2012B G.O. Capital Improvement Refunding Bonds
Activity Type/Code: Debt Service

Department Head: Finance Director

Debt Service is scheduled as listed below:

<u>Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 474,700	\$ 470,000	\$ 4,700

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$3,890,000 of General Obligation Bonds in 2004 to finance the purchase of the Public Works Facility from the Andover Economic Development Authority and the construction of Fire Station #3. This issue will be used to refund the original issue sold in 2004.

City of Andover
Debt Service Funds
Lease Revenue Bonds - 2004 EDA Public Facility Lease Revenue Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 513,645	\$ -	\$ -	\$ -
Revenues				
General Property Taxes	182,964	-	-	-
Investment Income	(1,562)	-	-	-
Total Revenues:	181,402	-	-	-
Other Sources				
Operating Transfers In	212,356	-	-	-
Total Revenues and Other Sources:	393,758	-	-	-
Total Available:	907,403	-	-	-
Expenditures				
Debt Service				
Principal	470,000	-	-	-
Interest	434,373	-	-	-
Other	3,030	-	-	-
Total Expenditures:	907,403	-	-	-
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	907,403	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (513,645) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 3402
Cost Center: 2004 EDA Public Facility Lease Revenue Bonds
Activity Type/Code: Debt Service

Department Head: Finance Director

This fund was closed in 2014.

These bonds were refunded in 2014 by refunding bonds issued on 12/01/06 and 01/01/2007 for \$9,755,000 and \$6,700,000, respectively.

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$19,580,000 of Lease Revenue Bonds in 2004 to finance the construction of a community center. Approximately 50% of the debt will be paid for by a long-term lease arrangement with the YMCA of Minneapolis. The YMCA will run a full service YMCA out of the Community Center building.

City of Andover
Debt Service Funds
Lease Revenue Bonds - 2006 EDA Public Facility Lease Revenue Refunding Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 9,706,648	\$ -	\$ -	\$ -
Revenues				
Investment Income	35,266	-	-	-
Other Sources				
Operating Transfers In	14,826	-	-	-
Total Revenues and Other Sources:	50,092	-	-	-
Total Available:	9,756,740	-	-	-
Expenditures				
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other	1,740	-	-	-
Total Expenditures:	1,740	-	-	-
Other Uses				
Redemption of Refunded Bonds	9,755,000	-	-	-
Total Expenditures and Other Uses:	9,756,740	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (9,706,648) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 3403
Cost Center: 2006A EDA Public Facility Lease Revenue Refunding Bonds
Activity Type/Code: Debt Service

Department Head: Finance Director

This fund was closed in 2014.

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$19,580,000 of Lease Revenue Bonds in 2004 to finance the construction of a community center. Approximately 50% of the debt will be paid for by a long-term lease arrangement with the YMCA of Minneapolis. The YMCA will run a full service YMCA out of the Community Center building. This issue will be used to refund a portion of the original issue sold in 2004.

City of Andover
Debt Service Funds
Lease Revenue Bonds - 2007 EDA Public Facility Lease Revenue Refunding Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 6,662,794	\$ -	\$ -	\$ -
Revenues				
Investment Income	24,245	-	-	-
Other Sources				
Operating Transfers In	14,311	-	-	-
Total Revenues and Other Sources:	38,556	-	-	-
Total Available:	6,701,350	-	-	-
Expenditures				
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Other	1,350	-	-	-
Total Expenditures:	1,350	-	-	-
Other Uses				
Redemption of Refunded Bonds	6,700,000	-	-	-
Total Expenditures and Other Uses:	6,701,350	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (6,662,794) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 3404
Cost Center: 2007 EDA Public Facility Lease Revenue Refunding Bonds
Activity Type/Code: Debt Service

Department Head: Finance Director

This fund was closed in 2014.

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$19,580,000 of Lease Revenue Bonds in 2004 to finance the construction of a community center. Approximately 50% of the debt will be paid for by a long-term lease arrangement with the YMCA of Minneapolis. The YMCA will run a full service YMCA out of the Community Center building. This issue will be used to refund a portion of the original issue sold in 2004.

City of Andover
Debt Service Funds
General Obligation Bonds - 2012C G.O. Abatement Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 35,088	\$ 64,809	\$ 64,809	\$ 196,727
Revenues				
General Property Taxes	741,093	975,652	975,652	977,332
Investment Income	(5,266)	-	-	-
Total Revenues:	735,827	975,652	975,652	977,332
Other Sources				
Operating Transfers In	-	371,598	371,598	371,598
Total Revenues and Other Sources:	735,827	1,347,250	1,347,250	1,348,930
Total Available:	770,915	1,412,059	1,412,059	1,545,657
Expenditures				
Debt Service				
Principal	320,000	835,000	835,000	845,000
Interest	385,681	379,907	379,907	371,506
Other	425	500	425	500
Total Expenditures:	706,106	1,215,407	1,215,332	1,217,006
Other Uses				
Redemption of Refunded Bonds	-	-	-	-
Total Expenditures and Other Uses:	706,106	1,215,407	1,215,332	1,217,006
Fund Balance, December 31	\$ 64,809	\$ 196,652	\$ 196,727	\$ 328,651
Change in Fund Balance	\$ 29,721 85%	\$ 131,843 203%	\$ 131,918 204%	\$ 131,924 67%

Fund: 3405
 Cost Center: 2012C G.O. Abatement Bonds
 Activity Type/Code: Debt Service

Department Head: Finance Director

Debt Service is scheduled as listed below:

<u>Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,216,506	\$ 845,000	\$ 371,506
2017	1,213,732	855,000	358,732
2018	1,211,482	870,000	341,482
2019	1,208,932	885,000	323,932
2020	1,215,982	910,000	305,982
2021	1,212,632	925,000	287,632
2022	1,213,932	945,000	268,932
2023	1,209,282	960,000	249,282
2024	1,213,000	985,000	228,000
2025	1,209,356	1,005,000	204,356
2026	1,208,275	1,030,000	178,275
2027	1,205,250	1,055,000	150,250
2028	1,205,147	1,085,000	120,147
2029	1,212,675	1,125,000	87,675
2030	1,213,400	1,160,000	53,400
2031	1,218,000	1,200,000	18,000
	<u>\$19,387,583</u>	<u>\$15,840,000</u>	<u>\$ 3,547,583</u>

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$19,580,000 of Lease Revenue Bonds in 2004 to finance the construction of a community center. Approximately 50% of the debt will be paid for by a long-term lease arrangement with the YMCA of Minneapolis. The YMCA will run a full service YMCA out of the Community Center building. This issue will be used to advance refund the refunding issues sold in 2006 and 2007 that refunded the 2004 issue.

City of Andover
Debt Service Funds
Permanent Improvement Revolving Bonds - 2010A G.O. PIR Refunding Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 7,889	\$ -	\$ -	\$ -
Revenues				
Investment Income	-	-	-	-
Other Sources				
Operating Transfers In	380,961	-	-	-
Total Revenues and Other Sources:	380,961	-	-	-
Total Available:	388,850	-	-	-
Expenditures				
Debt Service				
Principal	385,000	-	-	-
Interest	3,850	-	-	-
Other	-	-	-	-
Total Expenditures:	388,850	-	-	-
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	388,850	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (7,889) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 3605
Cost Center: 2010A G.O. PIR Refunding Bonds
Activity Type/Code: Debt Service

Department Head: Finance Director

This fund was closed in 2014.

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$2,450,000 of Permanent Improvement Revolving Bonds in 2006 to finance improvement projects in the City. This issue will be used to refund a portion of the original issue sold in 2006.

City of Andover
Debt Service Funds
State Aid Bonds - 2009A G.O. State Aid Road Refunding Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 281,577	\$ 109,742	\$ 109,742	\$ -
Revenues				
Intergovernmental	61,680	-	-	-
Investment Income	1,270	-	-	-
Total Revenues:	62,950	-	-	-
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	62,950	-	-	-
Total Available:	344,527	109,742	109,742	-
Expenditures				
Debt Service				
Principal	230,000	60,000	60,000	-
Interest	4,785	840	840	-
Other	-	-	-	-
Total Expenditures:	234,785	60,840	60,840	-
Other Uses				
Operating Transfers Out	-	47,632	48,902	-
Total Expenditures and Other Uses:	234,785	108,472	109,742	-
Fund Balance, December 31	\$ 109,742	\$ 1,270	\$ -	\$ -
Change in Fund Balance	\$ (171,835) -61%	\$ (108,472) -99%	\$ (109,742) -100%	\$ - n/a

Fund: 3702
Cost Center: 2009A G.O. State Aid Refunding Bonds
Activity Type/Code: Debt Service

Department Head: Finance Director

This fund will be closed in 2015.

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$2,755,000 of G.O. State Aid Bonds in 2001 to finance state aid eligible road improvement projects in the City. This issue will be used to refund a portion of the original issue sold in 2001.

City of Andover
Debt Service Funds
General Obligation Bonds - 2010A G.O. Open Space Referendum Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 191,769	\$ 207,019	\$ 207,019	\$ 213,892
Revenues				
General Property Taxes	187,700	184,238	184,238	186,291
Investment Income	2,765	-	-	-
Total Revenues:	190,465	184,238	184,238	186,291
Other Sources				
Operating Transfers In	-	-	-	5,262
Total Revenues and Other Sources:	190,465	184,238	184,238	191,553
Total Available:	382,234	391,257	391,257	405,445
Expenditures				
Debt Service				
Principal	140,000	145,000	145,000	145,000
Interest	34,765	31,915	31,915	28,942
Other	450	500	450	500
Total Expenditures:	175,215	177,415	177,365	174,442
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	175,215	177,415	177,365	174,442
Fund Balance, December 31	\$ 207,019	\$ 213,842	\$ 213,892	\$ 231,003
Change in Fund Balance	\$ 15,250 8%	\$ 6,823 3%	\$ 6,873 3%	\$ 17,111 8%

Fund: 3901
Cost Center: 2010A G.O. Open Space Referendum Bonds
Activity Type/Code: Debt Service

Department Head: Finance Director

Debt Service is scheduled as listed below:

<u>Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 173,942	\$ 145,000	\$ 28,942
2017	175,657	150,000	25,657
2018	176,841	155,000	21,841
2019	177,507	160,000	17,507
2020	172,827	160,000	12,827
2021	172,870	165,000	7,870
2022	172,656	170,000	2,656
	<u>\$ 1,222,300</u>	<u>\$ 1,105,000</u>	<u>\$ 117,300</u>

General Activity Description

To account for the payment of principal and interest on long-term debt.

Process Used

The City sold \$1,660,000 of Open Space Referendum Bonds in 2010 to finance the purchase of land to remain as open space.

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CITY OF ANDOVER, MINNESOTA

2016 ANNUAL BUDGET

CAPITAL PROJECTS FUNDS

DEFINITION:

Capital Projects Funds can be used to account for acquisition or construction of major capital facilities financed mainly with governmental fund resources, general obligation debt, special assessments, special assessment debt, grants, or other resources that are not part of proprietary funds or trust funds.

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City of Andover
Capital Projects Funds
2016 Budget Summary - All Capital Projects Funds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 16,893,815	\$ 19,930,797	\$ 19,930,797	\$ 19,829,703
Revenues				
General Property Taxes	1,303,826	1,336,968	1,336,968	1,415,984
Tax Increments	377,733	20,000	3,000	-
Special Assessments	733,425	412,000	450,573	1,153,000
Intergovernmental	2,700,904	1,259,573	183,770	813,743
Investment Income	517,052	127,500	166,200	158,400
User Charges	863,817	255,365	527,725	262,421
Miscellaneous	152,319	-	8,160	2,000
Total Revenues:	6,649,076	3,411,406	2,676,396	3,805,548
Other Sources				
Transfers In	415,451	447,632	448,902	510,923
Bond Proceeds	1,555,000	-	-	580,000
Bond Premium	44,278	-	-	-
Proceeds from Sale of Capital Assets	897,275	-	1,252,688	-
Total Other Sources:	2,912,004	447,632	1,701,590	1,090,923
Total Revenues and Other Sources:	9,561,080	3,859,038	4,377,986	4,896,471
Total Available:	26,454,895	23,789,835	24,308,783	24,726,174
Expenditures				
Purchased Services	161,723	156,000	179,428	370,000
Other Services and Charges	2,984,671	2,812,000	2,813,500	4,193,000
Capital Outlay	2,779,287	1,367,496	1,231,184	2,085,000
Debt Service - Principal Retirement	196,719	-	196,719	196,719
Total Expenditures:	6,122,400	4,335,496	4,420,831	6,844,719
Other Uses				
Operating Transfers Out	401,698	58,249	58,249	90,358
Total Expenditures and Other Uses:	6,524,098	4,393,745	4,479,080	6,935,077
Fund Balance, December 31	\$ 19,930,797	\$ 19,396,090	\$ 19,829,703	\$ 17,791,097
Change in Fund Balance	\$ 3,036,982 18%	\$ (534,707) -3%	\$ (101,094) -1%	\$ (2,038,606) -10%

**City of Andover
Capital Projects Funds
Water Trunk Fund**

Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 2,245,932	\$ 2,637,713	\$ 2,637,713	\$ 2,898,551
Revenues				
Special Assessments	37,274	60,000	40,000	30,000
Investment Income	71,236	50,000	50,000	50,000
User Charges	487,928	65,150	261,585	67,756
Total Revenues:	596,438	175,150	351,585	147,756
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	596,438	175,150	351,585	147,756
Total Available:	2,842,370	2,812,863	2,989,298	3,046,307
Expenditures				
Other Services and Charges	183,920	-	-	-
Capital Outlay	-	30,000	32,498	40,000
Total Expenditures:	183,920	30,000	32,498	40,000
Other Uses				
Operating Transfers Out	20,737	58,249	58,249	85,096
Total Expenditures and Other Uses:	204,657	88,249	90,747	125,096
Fund Balance, December 31	\$ 2,637,713	\$ 2,724,614	\$ 2,898,551	\$ 2,921,211
Change in Fund Balance	\$ 391,781 17%	\$ 86,901 3%	\$ 260,838 10%	\$ 22,660 1%

Fund: 4110
Cost Center: Water Trunk
Activity Type/Code: Capital Projects

Department Head: City Engineer

Expenditure Highlights

Projects planned for 2016 include:

New Development Projects	\$ 40,000
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A portion of the connection fee is used to support the Water Treatment Plant and is transferred to the Water Enterprise Fund.

Projects for 2015 included:

Water Trunk Oversizing - Catcher's Creek	\$ 32,498
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General Activity Description

The Water Trunk Capital Projects Fund accounts for water access fees and trunk improvements as part of development.

Process Used

The water system is continually reviewed by the Engineering and Water Departments through studies of service, water quality, and future system expansion or improvements.

**City of Andover
Capital Projects Funds
Sewer Trunk Fund**

Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 4,918,165	\$ 5,541,793	\$ 5,541,793	\$ 6,046,758
Revenues				
Special Assessments	13,219	20,000	27,005	20,000
Investment Income	156,454	50,000	50,000	50,000
User Charges	188,898	12,415	86,472	12,415
Total Revenues:	358,571	82,415	163,477	82,415
Other Sources				
Transfers In	400,000	400,000	400,000	400,000
Total Revenues and Other Sources:	758,571	482,415	563,477	482,415
Total Available:	5,676,736	6,024,208	6,105,270	6,529,173
Expenditures				
Other Services and Charges	134,943	-	-	-
Capital Outlay	-	110,000	58,512	110,000
Total Expenditures:	134,943	110,000	58,512	110,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	134,943	110,000	58,512	110,000
Fund Balance, December 31	\$ 5,541,793	\$ 5,914,208	\$ 6,046,758	\$ 6,419,173
Change in Fund Balance	\$ 623,628 13%	\$ 372,415 7%	\$ 504,965 9%	\$ 372,415 6%

Fund: 4120
Cost Center: Sewer Trunk
Activity Type/Code: Capital Projects

Department Head: City Engineer

Expenditure Highlights

Projects planned for 2016 include:

New Development Projects	\$ 110,000
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Projects for 2015 included:

Sanitary Sewer Oversizing - Catcher's Creek	\$ 58,512
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General Activity Description

The Sewer Trunk Capital Projects Fund accounts for access fees and sanitary sewer improvements. City sewage flows through a pipe and lift station system to a large sewer interceptor, which is then carried to a metro treatment plant.

Process Used

The Sewer and Engineering Departments continually review the system to determine the proper sizing of pipes and lift stations to process sewage.

**City of Andover
Capital Projects Funds
Storm Sewer Fund**

Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ (64,940)	\$ (64,418)	\$ (64,418)	\$ (63,250)
Revenues				
Investment Income	(1,551)	-	(700)	-
User Charges	2,073	-	1,868	-
Total Revenues:	522	-	1,168	-
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	522	-	1,168	-
Total Available:	(64,418)	(64,418)	(63,250)	(63,250)
Expenditures				
Other Services and Charges	-	-	-	-
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	-	-	-	-
Fund Balance, December 31	\$ (64,418)	\$ (64,418)	\$ (63,250)	\$ (63,250)
Change in Fund Balance	\$ 522 -1%	\$ - 0%	\$ 1,168 -2%	\$ - 0%

Fund: 4130
Cost Center: Storm Sewer
Activity Type/Code: Capital Projects

Department Head: City Engineer

Expenditure Highlights

No expenditures planned for 2016.

General Activity Description

The Storm Sewer Capital Projects Fund accounts for storm sewer fees and improvements as part of development and ongoing maintenance.

Process Used

The storm sewer system is continually reviewed by Public Works and Engineering through studies of storm water runoff and drainage patterns.

City of Andover
Capital Projects Funds
Road and Bridge Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 3,114,711	\$ 4,998,161	\$ 4,998,161	\$ 3,805,195
Revenues				
General Property Taxes	1,031,647	1,025,468	1,025,468	1,150,984
Special Assessments	576,993	282,000	302,972	1,053,000
Intergovernmental	2,698,473	1,259,573	171,692	813,743
Investment Income	114,289	-	30,000	25,000
Total Revenues:	4,421,402	2,567,041	1,530,132	3,042,727
Other Sources				
Transfers In	5,500	47,632	48,902	6,800
Total Revenues and Other Sources:	4,426,902	2,614,673	1,579,034	3,049,527
Total Available:	7,541,613	7,612,834	6,577,195	6,854,722
Expenditures				
Other Services and Charges	2,026,438	2,772,000	2,772,000	4,178,000
Capital Outlay	517,014	-	-	-
Total Expenditures:	2,543,452	2,772,000	2,772,000	4,178,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	2,543,452	2,772,000	2,772,000	4,178,000
Fund Balance, December 31	\$ 4,998,161	\$ 4,840,834	\$ 3,805,195	\$ 2,676,722
Change in Fund Balance	\$ 1,883,450 60%	\$ (157,327) -3%	\$ (1,192,966) -24%	\$ (1,128,473) -30%

Fund: 4140
Cost Center: Road and Bridge
Activity Type/Code: Capital Projects

Department Head: City Engineer

Expenditure Highlights

Some of the major 2016 projects are as follows:

Annual street seal coat	\$ 460,000
Annual street crack seal	225,000
New / reconstruct routes	693,000
MSA - New / reconstruct routes	2,600,000
Pedestrian trail maintenance	45,000
Pedestrian trail reconstruction	50,000
Annual pavement markings	40,000
Gravel road improvements	15,000
Curb replacement	50,000
	<u>\$ 4,178,000</u>

Some of the major 2015 projects are as follows:

Annual street seal coat	\$ 480,000
Annual street crack seal	285,000
Annual street mill and overlay	600,000
MSA - New / reconstruct routes	1,259,000
Pedestrian trail maintenance	70,000
Annual pavement markings	33,000
Curb Replacement	45,000
	<u>\$ 2,772,000</u>

General Activity Description

The Road and Bridge Fund accounts for road projects and the Pavement Management Program.

Process Used

Construction projects are identified by the capital improvement process and contained in the five-year Capital Improvement Plan (CIP). The council approves the CIP annually, thereby initiating a process of feasibility study, preparation of plans and specifications, public hearings, ordering of the project, bidding the project and construction.

This fund also accounts for the pavement management program, which includes annual seal coating, crack sealing and overlays for roads.

City of Andover
Capital Projects Funds
Park Dedication Projects
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 343,151	\$ 334,566	\$ 334,566	\$ 327,566
Revenues				
General Property Taxes	61,460	61,500	61,500	15,000
Investment Income	8,846	-	1,000	-
User Charges	156,384	140,500	140,500	144,950
Total Revenues:	226,690	202,000	203,000	159,950
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	226,690	202,000	203,000	159,950
Total Available:	569,841	536,566	537,566	487,516
Expenditures				
Other Services and Charges	44,784	15,000	15,000	15,000
Capital Outlay	190,491	195,000	195,000	258,000
Total Expenditures:	235,275	210,000	210,000	273,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	235,275	210,000	210,000	273,000
Fund Balance, December 31	\$ 334,566	\$ 326,566	\$ 327,566	\$ 214,516
Change in Fund Balance	\$ (8,585) -3%	\$ (8,000) -2%	\$ (7,000) -2%	\$ (113,050) -35%

Fund: 4150
Cost Center: Park Dedication Projects
Activity Type/Code: Capital Projects

Department Head: City Engineer

Expenditure Highlights

2016 Projects include:

Annual Miscellaneous Projects	\$ 15,000
Timber Trails Park Renovation	200,000
Terrace Park - Irrigation & Water Service	35,000
Sunshine Park - Scoreboard Wiring & Design	23,000
	<u>\$ 273,000</u>

2015 Projects included:

Annual Miscellaneous Projects	\$ 15,000
Irrigation Project - Small	20,000
Pine Hills North - Phase II	70,000
Kelsey Round Lake Park Master Plan	50,000
Fencing Upgrades - Ballfield Safety Initiatives	25,000
Crooked Lake School Hockey Rink	10,000
Langseth Park Trail Improvement	20,000
	<u>\$ 210,000</u>

General Activity Description

The Park Dedication Fund accounts for contributions associated with land development to be used for constructing and upgrading the City's park system.

Process Used

The Park and Recreation Commission evaluates the needs of the community with regard to park and recreation facilities. Recommendations are made to the City Council and projects are then placed into the annual City Capital Improvement Plan.

**City of Andover
Capital Projects Funds
Building Fund**

Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 1,092,916	\$ 886,411	\$ 886,411	\$ 830,695
Revenues				
Investment Income	28,495	6,000	6,000	6,000
Miscellaneous	-	-	6,200	-
Total Revenues:	28,495	6,000	12,200	6,000
Other Sources				
Transfers In	9,951	-	-	104,123
Proceeds from Sale of Capital Assets	-	-	128,803	-
Total Other Sources:	9,951	-	128,803	104,123
Total Revenues and Other Sources:	38,446	6,000	141,003	110,123
Total Available:	1,131,362	892,411	1,027,414	940,818
Expenditures				
Other Services and Charges	48,232	-	-	-
Capital Outlay	-	200,000	-	-
Debt Service - Principal Retirement	196,719	-	196,719	196,719
Total Expenditures:	244,951	200,000	196,719	196,719
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	244,951	200,000	196,719	196,719
Fund Balance, December 31	\$ 886,411	\$ 692,411	\$ 830,695	\$ 744,099
Change in Fund Balance	\$ (206,505) -19%	\$ (194,000) -22%	\$ (55,716) -6%	\$ (86,596) -10%

Fund: 4160
Cost Center: Building Fund
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

In 2013, the City has signed a contract for deed to take down some land adjacent to the city hall / public works campus. As part of that agreement, annual payments will be made starting in 2013 with final payment in 2018.

2016	196,719
2017	196,719
2018	196,719
	<u>\$ 590,157</u>

General Activity Description

The Building Fund accounts for miscellaneous building improvement projects for all facilities, including land acquisitions.

Process Used

Facilities are reviewed annually for non-recurring repairs or for future facility needs.

**City of Andover
Capital Projects Funds
Trail & Transportation
Statement of Revenues, Expenditures and Changes in Fund Balance**

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 106,678	\$ 134,963	\$ 134,963	\$ 149,235
Revenues				
Investment Income	3,526	-	400	400
User Charges	28,534	37,300	37,300	37,300
Total Revenues:	32,060	37,300	37,700	37,700
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	32,060	37,300	37,700	37,700
Total Available:	138,738	172,263	172,663	186,935
Expenditures				
Purchased Services	3,775	-	23,428	-
Capital Outlay	-	-	-	357,000
Total Expenditures:	3,775	-	23,428	357,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	3,775	-	23,428	357,000
Fund Balance, December 31	\$ 134,963	\$ 172,263	\$ 149,235	\$ (170,065)
Change in Fund Balance	\$ 28,285 27%	\$ 37,300 28%	\$ 14,272 11%	\$ (319,300) -214%

Fund: 4170
Cost Center: Trail & Transportation
Activity Type/Code: Capital Projects

Department Head: Dir of PW / City Engineer

Expenditure Highlights

Projects planned for 2016 include:

8' Bituminous trail along Crosstown Blvd - Coon Creek bridge to South Coon Creek Drive - \$118,000

5' Concrete sidewalk along Bunker Lake Blvd - Yukon St to Hidden Creek Park North - \$52,000

5' Concrete sidewalk along Bunker Lake Blvd - Crosstown Blvd to Yukon St - \$187,000

No projects planned for 2015.

General Activity Description

The Trail and Transportation Capital Projects Fund accounts for contributions associated with land development to be used for constructing and upgrading the City's Trail System.

Process Used

The Park and Recreation Commission evaluates the needs of the community with regard to trail facilities. Recommendations are made to the City Council and projects are then placed into the annual City Capital Improvement Plan.

City of Andover
Capital Projects Funds
Capital Equipment Reserve
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 687,274	\$ 861,635	\$ 861,635	\$ 976,027
Revenues				
General Property Taxes	210,719	250,000	250,000	250,000
Investment Income	21,935	2,000	4,000	4,000
Miscellaneous	78,037	-	1,960	2,000
Total Revenues:	310,691	252,000	255,960	256,000
Other Sources				
Proceeds from Sale of Capital Assets	-	-	114,432	-
Total Revenues and Other Sources:	310,691	252,000	370,392	256,000
Total Available:	997,965	1,113,635	1,232,027	1,232,027
Expenditures				
Purchased Services	114,482	156,000	156,000	340,000
Capital Outlay	21,848	100,000	100,000	20,000
Total Expenditures:	136,330	256,000	256,000	360,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	136,330	256,000	256,000	360,000
Fund Balance, December 31	\$ 861,635	\$ 857,635	\$ 976,027	\$ 872,027
Change in Fund Balance	\$ 174,361 25%	\$ (4,000) 0%	\$ 114,392 13%	\$ (104,000) -11%

Fund: 4180
Cost Center: Capital Equipment Reserve
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

Projects outlined in the 2016 - 2020 CIP for year 2016 using the Capital Equipment Reserve Capital Projects Fund include:

Using 2015 Capital Projects Reserve / levy:

Annual Parking Lot Maintenance	\$	30,000
Public Works/Community Center Master Planning		25,000
Replacement - SCBA's		250,000
Add / Replace server		20,000
Replacement - 800 MHz Radios		35,000
	<u>\$</u>	<u>360,000</u>

Using 2015 Capital Projects Reserve / levy:

Annual Parking Lot Maintenance	\$	28,000
Repair/Replace Play Structures - Parks		50,000
Repair/Replace Major Park Projects - Parks		25,000
Replacement - Carpet / Tile		10,000
Building A - Seal Floor		20,000
Public Works/Community Center Master Planning		25,000
Replacement - Turnout Gear		18,000
Microsoft DataCenter & CAL's License		15,000
Microsoft Office Upgrade		15,000
Crooked Lake School Hockey Rink		50,000
	<u>\$</u>	<u>256,000</u>

General Activity Description

Resources for this fund come from residual fund transfers, interest earnings, and, in 2015 and 2016, a \$250,000 property tax (capital) levy.

Process Used

During 2015 and 2016 budget processes, it was determined that various capital expenditures were necessary. The Andover Management Team and Andover Vehicle Purchasing Committee reviewed departmental needs and prioritized capital needs.

City of Andover
Capital Projects Funds
2012A G.O. Equipment Certificates
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 50,552	\$ -	\$ -	\$ -
Revenues				
Investment Income	-	-	-	-
Other Sources				
Proceeds from Sale of Capital Assets	-	-	-	-
Total Revenues and Other Sources:	-	-	-	-
Total Available:	50,552	-	-	-
Expenditures				
Purchased Services	-	-	-	-
Capital Outlay	50,552	-	-	-
Total Expenditures:	50,552	-	-	-
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	50,552	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (50,552) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 4211
Cost Center: 2012A G.O. Capital Notes
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

This fund was closed in 2014.

The following is a list of equipment purchased with the 2012 Capital Note.

Vehicle / Equipment Replacements:

Fire Chief's Vehicle	\$ 45,000
Rescue #11	55,000
Hydraulic Rescue Cutters	13,000
10 ft. Wide Trail Mower #583	65,000

New Vehicle / Equipment:

Thermal Imaging Camera	20,000
Front-End Loader	140,000
Cab and Snowblower Attachment	4,500
Trail Plow Attachment	5,600
	<u>\$ 348,100</u>

With interest rates being low, additional items were added to eliminate the need for another issuance in 2013.

Vehicle / Equipment Replacements:

Trailer #T-554	\$ 10,000
One-Ton Truck w/ Plow #599	65,000
Ditch Mowing Tractor w/ Mowers #115	90,000
One-Ton Truck w/ Plow #132	65,000
	<u>\$ 230,000</u>
	<u>\$ 578,100</u>

General Activity Description

This fund accounts for major capital equipment purchases. Resources for the capital equipment come from the issuance of equipment notes. The notes are typically of a 5-year duration and debt service is funded via the annual tax levy.

Process Used

During the 2012 budget process it was determined that various capital equipment was necessary.

City of Andover
Capital Projects Funds
2014 G.O. Equipment Certificates
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ -	\$ 112,513	\$ 112,513	\$ -
Revenues				
Investment Income	6,347	-	1,000	-
Other Sources				
Bond Proceeds	1,555,000	-	-	-
Bond Premium	44,278	-	-	-
Total Other Sources:	1,599,278	-	-	-
Total Revenues and Other Sources:	1,605,625	-	1,000	-
Total Available:	1,605,625	112,513	113,513	-
Expenditures				
Purchased Services	35,040	-	-	-
Capital Outlay	1,458,072	-	113,513	-
Total Expenditures:	1,493,112	-	113,513	-
Other Uses				
Bond Discount	-	-	-	-
Total Expenditures and Other Uses:	1,493,112	-	113,513	-
Fund Balance, December 31	\$ 112,513	\$ 112,513	\$ -	\$ -
Change in Fund Balance	\$ 112,513 n/a	\$ - 0%	\$ (112,513) -100%	\$ - n/a

Fund: 4212
Cost Center: 2014 G.O. Capital Notes
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

The following is a list of equipment purchased with a 2014 Capital Note. Capital Note.

Vehicle / Equipment Replacements:

New - Mobile Vehicle Lifts	\$ 24,000
Survey Equipment	32,000
Replacement - Ladder Truck #11	1,100,000
Replacement - Bobcat #610	36,000
Replacement - Dump Truck w/ Snow Removal Equipment	150,000
Replacement - Fire Utility #4	32,000
Replacement - Fire Utility #5	32,000
Replacement - Toro Groundmaster #559	35,000
Replacement - One Ton Truck w/ Plow #503	65,000
New - Snowblower Attachment - Belos	23,000
Replacement - Snowblower Attachment - Bobcat	7,000
New - Add Rear Wing to Plow Truck	30,000
	<u>30,000</u>
	<u>\$ 1,566,000</u>

This fund will be closed in 2015.

General Activity Description

This fund accounts for major capital equipment purchases. Resources for the capital equipment come from the issuance of equipment notes. The notes are typically of a 5-year duration and debt service is funded via the annual tax levy.

Process Used

During the 2014 budget process it was determined that various capital equipment was necessary.

**City of Andover
Capital Projects Funds
2016 G.O. Equipment Certificates
Statement of Revenues, Expenditures and Changes in Fund Balance**

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues				
Investment Income	-	-	-	-
Other Sources				
Bond Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,000</u>
Total Revenues and Other Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,000</u>
Total Available:	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,000</u>
Expenditures				
Purchased Services	-	-	-	30,000
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
Total Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,000</u>
Other Uses				
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>580,000</u>
Fund Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Change in Fund Balance	\$ - n/a	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 4213
Cost Center: 2016 G.O. Capital Notes
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

The following is a list of equipment purchased with a 2016 Capital Note. Capital Note.

Vehicle / Equipment Replacements:

Replacement - Small Extended Cab Pick Up #9	\$ 30,000
Replacement - Fire Marshall Vehicle	40,000
Replacement - Breathing Air Compressor at St. #1	80,000
Replacement - Toro Groundmaster #559	45,000
Replacement - Toro Groundmaster #585	110,000
Replacement - Toro Groundmaster 4000-D #583	70,000
Replacement - Dump Truck w/ Snow Removal #196	<u>200,000</u>
	<u>\$ 575,000</u>

General Activity Description

This fund accounts for major capital equipment purchases. Resources for the capital equipment come from the issuance of equipment notes. The notes are typically of a 5-year duration and debt service is funded via the annual tax levy.

Process Used

During the 2016 budget process it was determined that various capital equipment was necessary.

City of Andover
Capital Projects Funds
Tax Increment Projects
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 2,657,590	\$ 3,546,286	\$ 3,546,286	\$ 4,065,817
Revenues				
Tax Increments	377,733	20,000	3,000	-
Special Assessments	3,559	-	-	-
Intergovernmental	2,431	-	12,078	-
Investment Income	77,119	15,000	20,000	20,000
Miscellaneous	74,282	-	-	-
Total Revenues:	535,124	35,000	35,078	20,000
Other Sources				
Proceeds from Sale of Capital Assets	897,275	-	1,009,453	-
Total Revenues and Other Sources:	1,432,399	35,000	1,044,531	20,000
Total Available:	4,089,989	3,581,286	4,590,817	4,085,817
Expenditures				
Other Services and Charges	543,703	25,000	25,000	-
Capital Outlay	-	500,000	500,000	750,000
Total Expenditures:	543,703	525,000	525,000	750,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	543,703	525,000	525,000	750,000
Fund Balance, December 31	\$ 3,546,286	\$ 3,056,286	\$ 4,065,817	\$ 3,335,817
Change in Fund Balance	\$ 888,696 33%	\$ (490,000) -14%	\$ 519,531 15%	\$ (730,000) -18%

Fund: 4501
Cost Center: Tax Increment Projects
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

2016 Budgeted expenditures include:

Redevelopment Site Purchases	\$ 750,000
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2015 Budgeted expenditures include:

Administration	\$ 25,000
Redevelopment Site Purchases	<u>500,000</u>
	<u>\$ 525,000</u>

TIF District 1-1 was decertified in 2012 and TIF District 1-2 was decertified in 2014.

General Activity Description

The Tax Increment Projects Fund accounts for activities in TIF districts 1-1, 1-2, 1-3, 1-4, 1-5 and 1-6 and all TIF land sales and expenditures to reach the goals of the TIF district plans.

Process Used

Promotion and expansion of the commercial / industrial tax base through redevelopment of land.

City of Andover
Capital Projects Funds
Permanent Improvement Revolving
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 968,636	\$ 705,751	\$ 705,751	\$ 787,847
Revenues				
Special Assessments	102,380	50,000	80,596	50,000
Investment Income	18,347	3,000	3,000	3,000
Total Revenues:	120,727	53,000	83,596	53,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	120,727	53,000	83,596	53,000
Total Available:	1,089,363	758,751	789,347	840,847
Expenditures				
Other Services and Charges	2,651	-	1,500	-
Other Uses				
Operating Transfers Out	380,961	-	-	-
Total Expenditures and Other Uses:	383,612	-	1,500	-
Fund Balance, December 31	\$ 705,751	\$ 758,751	\$ 787,847	\$ 840,847
Change in Fund Balance	\$ (262,885) -27%	\$ 53,000 8%	\$ 82,096 12%	\$ 53,000 7%

Fund: 4601
Cost Center: Permanent Improvement Revolving
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

No major expenditures are planned for 2016. The transfer for debt service in 2014 paid off the remaining PIR bonds.

General Activity Description

The Permanent Improvement Revolving (PIR) Fund serves as a long-term funding source for large capital improvement expenditures.

Process Used

The City has issued four bonds totaling \$15.4 million thru 2008 in the PIR Fund for large capital projects. This fund has collected \$18.99 million of special assessments over the past 14 years. The annual cash flow of this fund is intended to eliminate unfunded projects through effective management of debt payments and project expenditures.

City of Andover
Capital Projects Funds
2010A G.O. Open Space Referendum Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Fund Balance, January 1	\$ 773,150	\$ 235,423	\$ 235,423	\$ 5,262
Revenues				
Investment Income	12,009	1,500	1,500	-
Miscellaneous	-	-	-	-
Total Revenues:	12,009	1,500	1,500	-
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	12,009	1,500	1,500	-
Total Available:	785,159	236,923	236,923	5,262
Expenditures				
Purchased Services	8,426	-	-	-
Capital Outlay	541,310	232,496	231,661	-
Total Expenditures:	549,736	232,496	231,661	-
Other Uses				
Operating Transfers Out	-	-	-	5,262
Total Expenditures and Other Uses:	549,736	232,496	231,661	5,262
Fund Balance, December 31	\$ 235,423	\$ 4,427	\$ 5,262	\$ -
Change in Fund Balance	\$ (537,727) -70%	\$ (230,996) -98%	\$ (230,161) -98%	\$ (5,262) -100%

Fund: 4901
Cost Center: 2010A G.O. Open Space Referendum Bonds
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

Over the past four years, four parcels have been purchased for the preservation of open space in the City of Andover. The remaining funds (\$5,262) will be transferred to the Open Space Referendum Bonds Debt Service Fund to assist in the debt payments.

General Activity Description

This fund is used to finance various land acquisitions for open space preservation within the City of Andover through the use of G.O. Open Space Referendum Bonds.

Process Used

An Open Space Advisory Commission has been created to establish both short and long term goals, in addition to, determining the criteria for which to acquire open space.

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CITY OF ANDOVER, MINNESOTA

2016 ANNUAL BUDGET

ENTERPRISE FUNDS

DEFINITION:

Governments establish enterprise funds to account for activities that consist of rendering services or providing goods to the public for which a fee or charge is collected.

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City of Andover
Enterprise Funds
2016 Budget Summary - All Enterprise Funds
Statement of Revenues, Expenditures and Changes in Fund Net Assets

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Unrestricted Net Assets, January 1	\$ 6,237,200	\$ 6,606,934	\$ 6,606,934	\$ 6,943,640
Revenues				
Charges for Services	4,823,394	4,954,705	4,894,705	4,912,500
Interest	115,425	57,000	57,000	56,000
Meters	12,592	13,000	13,000	13,000
Permits	3,425	3,500	3,500	3,500
Penalties	560	16,000	16,000	16,000
Miscellaneous	55,978	67,000	67,000	67,000
Total Revenues:	5,011,374	5,111,205	5,051,205	5,068,000
Other Sources				
Transfers In	20,737	58,249	58,249	85,096
Total Revenues and Other Sources:	5,032,111	5,169,454	5,109,454	5,153,096
Total Available:	11,269,311	11,776,388	11,716,388	12,096,736
Expenditures				
Personal Services	915,923	972,417	972,417	1,000,820
Supplies and Materials	197,815	280,200	254,350	289,200
Other Services and Charges	2,122,902	2,051,624	2,018,064	2,192,448
Capital Outlay	-	99,500	99,500	-
Debt Service	828,807	831,487	831,487	833,101
Total Expenditures:	4,065,447	4,235,228	4,175,818	4,315,569
Other Uses				
Transfers Out	596,930	596,930	596,930	596,930
Total Expenditures and Other Uses:	4,662,377	4,832,158	4,772,748	4,912,499
Unrestricted Net Assets, December 31	\$ 6,606,934	\$ 6,944,230	\$ 6,943,640	\$ 7,184,237
Change in Unrestricted Net Assets	\$ 369,734 6%	\$ 337,296 5%	\$ 336,706 5%	\$ 240,597 3%

**City of Andover
Enterprise Funds
Water
Statement of Revenues, Expenditures and Changes in Fund Net Assets**

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Unrestricted Net Assets, January 1	\$ 2,521,106	\$ 2,795,147	\$ 2,795,147	\$ 3,006,987
Revenues				
Charges for Services	2,286,243	2,397,686	2,337,686	2,345,484
Interest	45,394	15,000	15,000	15,000
Meters	12,592	13,000	13,000	13,000
Permits	3,425	3,500	3,500	3,500
Penalties	171	6,000	6,000	6,000
Miscellaneous	54,838	67,000	67,000	67,000
Total Revenues:	2,402,663	2,502,186	2,442,186	2,449,984
Other Sources				
Transfers In	20,737	58,249	58,249	85,096
Total Revenues and Other Sources:	2,423,400	2,560,435	2,500,435	2,535,080
Total Available:	4,944,506	5,355,582	5,295,582	5,542,067
Expenditures				
Personal Services	418,313	431,808	431,808	446,234
Supplies and Materials	163,797	222,200	200,050	229,700
Other Services and Charges	588,192	677,400	670,500	703,800
Capital Outlay	-	4,500	4,500	-
Debt Service	828,807	831,487	831,487	833,101
Total Expenditures:	1,999,109	2,167,395	2,138,345	2,212,835
Other Uses				
Transfers Out	150,250	150,250	150,250	150,250
Total Expenditures and Other Uses:	2,149,359	2,317,645	2,288,595	2,363,085
Unrestricted Net Assets, December 31	\$ 2,795,147	\$ 3,037,937	\$ 3,006,987	\$ 3,178,982
Change in Unrestricted Net Assets	\$ 274,041 11%	\$ 242,790 9%	\$ 211,840 8%	\$ 171,995 6%

Fund: 5100 - Water
Cost Center: 48100

Department: Water
Director/Manager: Utilities Supervisor

Activity Description

Operate and maintain the City's water system including WTP, wells, towers and water mains. Provide a continuous, potable, bacteria free water supply at proper pressure levels. Maintain customer water meters and respond to other service requests. Maintain water distribution for fire protection system needs. Conform to all State and Federal monitoring rules, provide tours and information to the public.

Process Used

Operate wells and WTP in a manner that ensures a safe, clean and adequate water supply, that will meet peak daily demands and fire protection demands. Maintain wells, treatment facility, and related infrastructure. Operate and maintain chemical feed equipment. Collect, analyze and record water samples daily. Maintain, test and repair water meters. Respond to emergencies 24 hours a day. Work with contractors to locate watermains, locate and operate gate valves, monitor tests during final inspections. Check WTP, 8 wells, 7 days a week, 365 days per year. Flush all watermains in the spring every other year. Maintain all hydrants. Locate, operate and clean gate valves to ensure proper operation.

Service Expense Highlights

Budget 2016 includes the rehabilitation of a well. Every seven years a pump is pulled and inspected for wear and then the well is televised to inspect its condition. Water meter costs are rising and starting to replace older meters.

<u>Performance Measures</u>	Actual	Current	Budgeted
	2014	2015	2016
Number of connections	6,418	6,475	6,545
Number of wells	8	8	8
Number of elevated storage tanks	2	2	2
Water Treatment Facility	1	1	1
Miles of water main	115	116	117
Number of hydrants	1,213	1,219	1,230
Number of valves	2,872	2,884	2,909

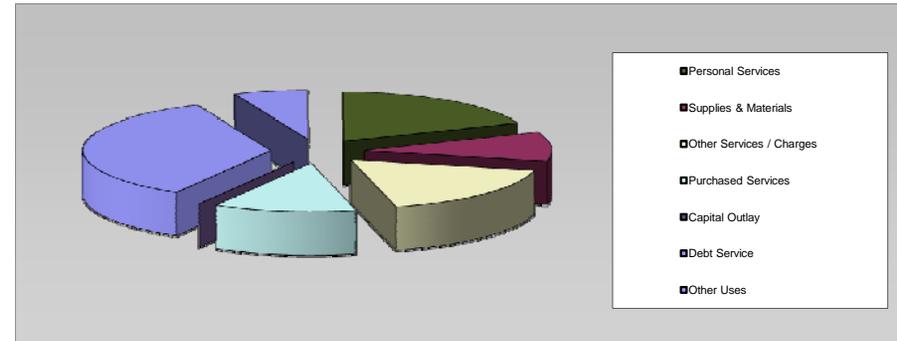
Staffing Levels

	Actual	Current	Budgeted
	2014	2015	2016
FTE Equivalents	4.52	4.63	4.63

Service Expenses

	Actual	Current	Budgeted
	2014	2015	2016
Personal Services	\$ 418,313	\$ 431,808	\$ 446,234
Supplies & Materials	163,798	200,050	229,700
Other Services / Charges	379,780	392,300	414,300
Purchased Services	207,512	278,200	289,500
Capital Outlay	-	4,500	-
Debt Service	800,615	831,487	833,101
Other Uses	150,250	150,250	150,250
TOTAL	\$ 2,120,268	\$ 2,288,595	\$ 2,363,085

Service Expenses By Category



Expenses Per Connection

	Actual	Current	Budgeted
	2014	2015	2016
Connections	6,418	6,475	6,545
Monthly	\$ 27.53	\$ 29.45	\$ 30.09
Annual	\$ 330.36	\$ 353.45	\$ 361.05

**City of Andover
Enterprise Funds
Sanitary Sewer
Statement of Revenues, Expenditures and Changes in Fund Net Assets**

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Unrestricted Net Assets, January 1	\$ 3,358,463	\$ 3,642,961	\$ 3,642,961	\$ 3,754,435
Revenues				
Charges for Services	2,116,453	2,134,919	2,134,919	2,142,281
Interest	68,248	40,000	40,000	40,000
Penalties	389	10,000	10,000	10,000
Miscellaneous	782	-	-	-
Total Revenues:	2,185,872	2,184,919	2,184,919	2,192,281
Other Sources				
Gain on the Sale of Capital Assets	-	-	-	-
Total Revenues and Other Sources:	2,185,872	2,184,919	2,184,919	2,192,281
Total Available:	5,544,335	5,827,880	5,827,880	5,946,716
Expenditures				
Personal Services	301,695	329,036	329,036	337,491
Supplies and Materials	10,446	29,800	28,200	31,300
Other Services and Charges	1,142,553	1,182,439	1,179,029	1,316,313
Capital Outlay	-	90,500	90,500	-
Total Expenditures:	1,454,694	1,631,775	1,626,765	1,685,104
Other Uses				
Transfers Out	446,680	446,680	446,680	446,680
Total Expenditures and Other Uses:	1,901,374	2,078,455	2,073,445	2,131,784
Unrestricted Net Assets, December 31	\$ 3,642,961	\$ 3,749,425	\$ 3,754,435	\$ 3,814,932
Change in Unrestricted Net Assets	\$ 284,498 8%	\$ 106,464 3%	\$ 111,474 3%	\$ 60,497 2%

Fund: 5200 - Sanitary Sewer
Cost Center: 48200

Department: Sanitary Sewer
Director/Manager: Utility Supervisor

Activity Description

City sewage is collected through a pipe and lift station network to large Metro City Sewer interceptor pipes that carry it to the Metro Treatment Plant for processing. The sewer division inspects, cleans, and maintains the City's collection system which includes breaks in pipes, manholes, and lift stations. Sewer backups caused by blockage due to debris or breaks in pipe are cleaned and/or repaired immediately. This department maintains the integrity of the entire sanitary sewer system.

Process Used

Inspect all lift stations five days per week. Clean one-quarter of the City's sewer collection system via jetting and vacuuming each year. City has implemented a televising program of the collection system that analyzes the entire system over a five year period. A spot check program checks flows in problem areas. Start I/I program to monitor inflow and infiltration into sewer system. Clean known problem area once per month. Monitor inspection and testing of all new sewer lines and manholes before accepting from contractor. Respond to and record all requests from customers, respond to emergencies 24 hours a day. Contract out all major system repairs.

Service Expense Highlights

In Budgeted 2016, the Metropolitan Waste Control Commission has increased the waste fee by 13% (\$127,000).

	Actual 2014	Current 2015	Budgeted 2016
<u>Performance Measures</u>			
Number of connections	7,324	7,381	7,440
Number of lift stations	9	9	9
Miles of sewer main	95	96	97
Number of sewer manholes	2,275	2,289	2,300

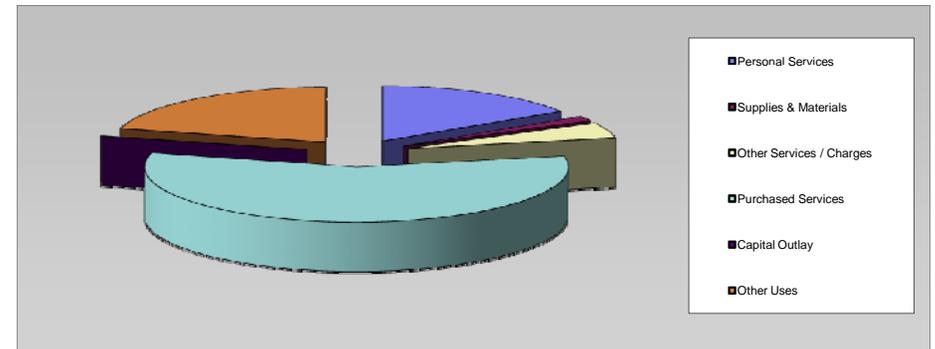
Staffing Levels

	Actual 2014	Current 2015	Budgeted 2016
FTE Equivalents	3.06	3.38	3.38

Service Expenses

	Actual 2014	Current 2015	Budgeted 2016
Personal Services	\$ 301,697	\$ 329,036	\$ 337,491
Supplies & Materials	10,447	28,200	31,300
Other Services / Charges	92,147	96,042	97,652
Purchased Services	1,050,405	1,082,987	1,218,661
Capital Outlay	-	90,500	-
Other Uses	446,680	446,680	446,680
TOTAL	\$ 1,901,376	\$ 2,073,445	\$ 2,131,784

Service Expenses By Category



Expenses Per Connection

	Actual 2014	Current 2015	Budgeted 2016
Connections	7,324	7,381	7,440
Monthly	\$ 21.63	\$ 23.41	\$ 23.88
Annual	\$ 259.61	\$ 280.92	\$ 286.53

**City of Andover
Enterprise Funds
Storm Sewer**

Statement of Revenues, Expenditures and Changes in Fund Net Assets

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Unrestricted Net Assets, January 1	\$ 357,631	\$ 168,826	\$ 168,826	\$ 182,218
Revenues				
Charges for Services	420,698	422,100	422,100	424,735
Interest	1,783	2,000	2,000	1,000
Miscellaneous	358	-	-	-
Total Revenues:	422,839	424,100	424,100	425,735
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	422,839	424,100	424,100	425,735
Total Available:	780,470	592,926	592,926	607,953
Expenditures				
Personal Services	195,915	211,573	211,573	217,095
Supplies and Materials	23,572	28,200	26,100	28,200
Other Services and Charges	392,157	191,785	168,535	172,335
Capital Outlay	-	4,500	4,500	-
Total Expenditures:	611,644	436,058	410,708	417,630
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	611,644	436,058	410,708	417,630
Unrestricted Net Assets, December 31	\$ 168,826	\$ 156,868	\$ 182,218	\$ 190,323
Change in Unrestricted Net Assets	\$ (188,805) -53%	\$ (11,958) -7%	\$ 13,392 8%	\$ 8,105 4%

Fund: 5300 - Storm Sewer
Cost Center: 48300

Department: Storm Sewer
Director/Manager: Utility Supervisor

Activity Description

Maintenance of all storm sewers, catch basins, manholes, pipes, ditches, and sediment ponds.

Process Used

The ditches are cleaned with a backhoe for better drainage and to avoid the ponding of stagnant water. This dirt is hauled away or dumped in low places on ditch banks. When it is dumped on site, it becomes necessary to level and grade the banks to facilitate proper mowing. All catch basins and pipes are cleaned with a vac truck. The material is then hauled away for proper disposal. Occasional use of outside contractors to maintain parts of the system. Televising a portion of the system each year to help comply with new federal regulations.

Service Expense Highlights

Additional funding was budgeted for unexpected emergencies.

<u>Performance Measures</u>	<u>Actual</u> <u>2014</u>	<u>Current</u> <u>2015</u>	<u>Budgeted</u> <u>2016</u>
Number of accounts	10,626	11,511	11,600
Mileage of storm lines maintained	75	76	77
Maint. of catch basins & manholes	3,789	3,819	3,850
Maint. of sedimentation ponds	294	259	200
Maint. of culverts	370	368	368

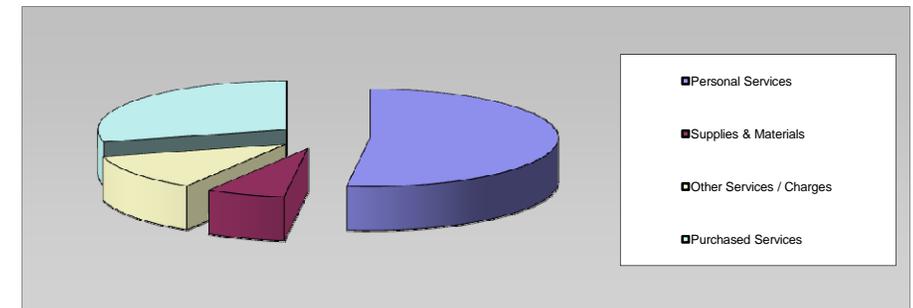
Staffing Levels

	<u>Actual</u> <u>2014</u>	<u>Current</u> <u>2015</u>	<u>Budgeted</u> <u>2016</u>
FTE Equivalentents	2.25	2.45	2.45

Service Expenses

	<u>Actual</u> <u>2014</u>	<u>Current</u> <u>2015</u>	<u>Budgeted</u> <u>2016</u>
Personal Services	\$ 195,915	\$ 211,573	\$ 217,095
Supplies & Materials	23,572	26,100	28,200
Other Services / Charges	60,428	50,535	50,985
Purchased Services	331,728	118,000	121,350
Capital Outlay	-	4,500	-
TOTAL	\$ 611,643	\$ 410,708	\$ 417,630

Service Expenses By Category



Expenses Per Customer

	<u>Actual</u> <u>2014</u>	<u>Current</u> <u>2015</u>	<u>Budgeted</u> <u>2016</u>
Customers	10,626	11,511	11,600
Monthly	\$ 4.80	\$ 2.97	\$ 3.00
Annual	\$ 57.56	\$ 35.68	\$ 36.00

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CITY OF ANDOVER, MINNESOTA

2016 ANNUAL BUDGET

INTERNAL SERVICE FUNDS

DEFINITION:

Internal Service Funds are used to account for goods and services that are provided to other City departments, or to other governments, on a cost reimbursement basis.

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City of Andover
Internal Service Funds
2016 Budget Summary - All Internal Service Funds
Statement of Revenues, Expenditures and Changes in Unrestricted Net Assets

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Unrestricted Net Assets, January 1	\$ 677,192	\$ 613,684	\$ 613,684	\$ 560,071
Revenues				
Charges for Services	1,078,928	1,111,844	1,111,844	1,111,844
Interest Income	12,296	1,500	1,500	1,500
Miscellaneous	123,144	-	-	-
Total Revenues:	1,214,368	1,113,344	1,113,344	1,113,344
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	1,214,368	1,113,344	1,113,344	1,113,344
Total Available:	1,891,560	1,727,028	1,727,028	1,673,415
Expenditures and Other Uses				
Personal Services	376,250	391,930	399,213	419,835
Supplies and Materials	397,664	386,950	386,950	388,010
Other Services and Charges	503,962	359,872	380,794	360,122
Total Expenditures:	1,277,876	1,138,752	1,166,957	1,167,967
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	1,277,876	1,138,752	1,166,957	1,167,967
Unrestricted Net Assets, December 31	\$ 613,684	\$ 588,276	\$ 560,071	\$ 505,448
Change in Unrestricted Net Assets	\$ (63,508) -9%	\$ (25,408) -4%	\$ (53,613) -9%	\$ (54,623) -10%

City of Andover
Internal Service Funds
Central Equipment Maintenance
Statement of Revenues, Expenditures and Changes in Fund Net Assets

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Unrestricted Net Assets, January 1	\$ 359,993	\$ 322,692	\$ 322,692	\$ 322,705
Revenues				
Charges for Services	699,603	720,592	720,592	720,592
Interest Income	7,156	500	500	500
Miscellaneous	5,250	-	-	-
Total Revenues:	712,009	721,092	721,092	721,092
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	712,009	721,092	721,092	721,092
Total Available:	1,072,002	1,043,784	1,043,784	1,043,797
Expenditures and Other Uses				
Personal Services	233,649	239,097	239,097	256,658
Supplies and Materials	367,551	360,960	360,960	360,960
Other Services and Charges	148,110	121,022	121,022	121,272
Total Expenditures:	749,310	721,079	721,079	738,890
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	749,310	721,079	721,079	738,890
Unrestricted Net Assets, December 31	\$ 322,692	\$ 322,705	\$ 322,705	\$ 304,907
Change in Unrestricted Net Assets	\$ (37,301) -10%	\$ 13 0%	\$ 13 0%	\$ (17,798) -6%

Fund: 6100
Cost Center: Central Equipment
Activity Type/Code: Internal Service Fund

Department Head: Vehicle Maintenance Supervisor

Expenditure Highlights

The primary increase in 2016 is the reallocation of staffing from Recycling to Central Equipment.

General Activity Description

Maintains and repairs all City motorized and non-motorized vehicles and equipment to provide safe operation. Evaluates equipment needs, orders equipment/vehicles and writes specifications. The department maintains nearly 500 pieces of equipment, in addition to normal preventative maintenance procedures of tires, brakes, electrical, fabricating and body work. All work; except automatic transmission overhauls, major engine and major body work are done at the Public Works garage. Staff inspects garbage trucks as part of their licensure process, and performs commercial vehicle inspections required on all applicable City vehicles.

Process Used

City equipment is scheduled for normal service by miles driven or hours/days of service. Most work is done based on a first-in-first-out with the exception of that emergency repairs are done in the order of importance. Emergency equipment are fire vehicles and snow plow equipment, streets, utilities, and parks. Non-emergency equipment are the Building and Engineering departments, Planning and Zoning department and all other city equipment.

City of Andover
Internal Service Funds
Risk Management
Statement of Revenues, Expenditures and Changes in Unrestricted Net Assets

Description	Actual 2014	Adopted 2015	Estimate 2015	Adopted 2016
Unrestricted Net Assets, January 1	\$ 317,199	\$ 290,992	\$ 290,992	\$ 237,366
Revenues				
Charges for Services	379,325	391,252	391,252	391,252
Interest Income	5,140	1,000	1,000	1,000
Miscellaneous	117,894	-	-	-
Total Revenues:	502,359	392,252	392,252	392,252
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	502,359	392,252	392,252	392,252
Total Available:	819,558	683,244	683,244	629,618
Expenditures and Other Uses				
Personal Services	142,601	152,833	160,116	163,177
Supplies and Materials	30,113	25,990	25,990	27,050
Other Services and Charges	355,852	238,850	259,772	238,850
Total Expenditures:	528,566	417,673	445,878	429,077
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	528,566	417,673	445,878	429,077
Unrestricted Net Assets, December 31	\$ 290,992	\$ 265,571	\$ 237,366	\$ 200,541
Change in Unrestricted Net Assets	\$ (26,207) -8%	\$ (25,421) -9%	\$ (53,626) -18%	\$ (36,825) -16%

Fund: 6100
Cost Center: Central Equipment
Activity Type/Code: Internal Service Fund

Department Head: Vehicle Maintenance Supervisor

Expenditure Highlights

The primary increase in 2016 is the reallocation of staffing from Recycling to Central Equipment.

General Activity Description

Maintains and repairs all City motorized and non-motorized vehicles and equipment to provide safe operation. Evaluates equipment needs, orders equipment/vehicles and writes specifications. The department maintains nearly 500 pieces of equipment, in addition to normal preventative maintenance procedures of tires, brakes, electrical, fabricating and body work. All work; except automatic transmission overhauls, major engine and major body work are done at the Public Works garage. Staff inspects garbage trucks as part of their licensure process, and performs commercial vehicle inspections required on all applicable City vehicles.

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City equipment is scheduled for normal service by miles driven or hours/days of service. Most work is done based on a first-in-first-out with the exception of that emergency repairs are done in the order of importance. Emergency equipment are fire vehicles and snow plow equipment, streets, utilities, and parks. Non-emergency equipment are the Building and Engineering departments, Planning and Zoning department and all other city equipment.

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**CITY OF ANDOVER
Budget Year 2016
Operating Transfers**

	<u>Transfer In</u>	<u>Transfer Out</u>	
<u>General Fund</u>			
Water EF	\$ 150,250	\$ -	General Fund Admin Allocation
Sewer EF	46,680	-	General Fund Admin Allocation
Total General Fund	<u>196,930</u>	<u>-</u>	
<u>Special Revenue Funds (SRF)</u>			
Community Center SRF			
2012C G.O. Abatement Bonds DSF	-	371,598	Debt Service Allocation
Right of Way Management / Utility SRF			
Road and Bridge CPF	-	6,800	Roadway Degredation
Total Special Revenue Funds	<u>-</u>	<u>378,398</u>	
<u>Debt Service Funds (DSF)</u>			
2012B G.O. Capital Improv Refunding Bonds DSF			
Building CPF	-	104,123	Close Debt Service Fund
2012C G.O. Abatement Bonds DSF			
Community Center SRF	371,598	-	Debt Service Allocation
2010A G.O. Open Space Referendum Bonds DSF			
2010A G.O. Open Space Referendum Bonds CPF	5,262	-	Close Capital Projects Fund
Total Debt Service Funds	<u>376,860</u>	<u>104,123</u>	
<u>Capital Projects Funds (CPF)</u>			
Water Trunk CPF			
Water EF	-	85,096	Debt Service Allocation
Sewer Trunk CPF			
Sewer EF	400,000	-	Replacement Reserve
Road and Bridge CPF			
Right of Way Management / Utility SRF	6,800	-	Roadway Degredation
Building CPF			
2012B G.O. Capital Improv Refunding Bonds DSF	104,123	-	Close Debt Service Fund
2010A G.O. Open Space Referendum Bonds CPF			
2010A G.O. Open Space Referendum Bonds DSF	-	5,262	Close Capital Projects Fund
Total Capital Projects Funds	<u>510,923</u>	<u>90,358</u>	
<u>Enterprise Funds (EF)</u>			
Water EF			
Water Trunk CPF	85,096	-	Debt Service Allocation
General Fund	-	150,250	General Fund Admin Allocation
	<u>85,096</u>	<u>150,250</u>	
Sewer EF			
General Fund	-	46,680	General Fund Admin Allocation
Sewer Trunk CPF	-	400,000	Replacement Reserve
	<u>-</u>	<u>446,680</u>	
Total Enterprise Funds	<u>85,096</u>	<u>596,930</u>	
Total All Funds	<u>\$ 1,169,809</u>	<u>\$ 1,169,809</u>	

CITY OF ANDOVER
2016 - 2020 CIP Development Calendar

<u>Date</u>	<u>Activity</u>	<u>Responsibility</u>
February 24, 2015	2016 - 2020 CIP Council Workshop to determine CIP guidelines.	City Council / Staff
March 3, 2015	Council adopts 2016 Budget Development Guidelines.	City Council / Staff
March 24, 2015	Council discussion of CIP priorities for 2016 – 2020.	City Council / Staff
April 4, 2015	Draft 2016 - 2020 CIP Calendar.	Finance
April 4 - May 1, 2015	Prepare base CIP Sheets.	Finance
April 9, 2015	Vehicle Purchasing Committee review of CIP equipment.	Vehicle Purchasing Committee
April 21, 2015	2016 - 2020 Capital Improvement Plan Discussion	City Council / Staff
May 7, 2015	CIP kick-off meeting with Department Heads to discuss CIP sheet content.	Department Heads
May 8, 2015	Projected cash flow statements prepared.	Finance
May 26, 2015	City Council progress update and Council CIP priority discussion.	City Council / Staff
June 1, 2015	All projects updated in CIP program.	Department Heads
June 11, 2015	Review projects – new and shifts.	Department Heads
June 23, 2015	City Council progress update and Council CIP priority discussion.	City Council / Staff
July - August, 2015	Commission and Committee review.	Admin / Department Heads
July 1, 2015	CIP project sheets completed.	Department Heads
July 6, 2015	CIP project sheets staff initial review.	Admin / Department Heads
July 7, 2015	Vehicle Purchasing Committee review of CIP equipment.	Vehicle Purchasing Committee
July 21, 2015	City Council review of City Utilities projects.	City Council / Staff
August 4, 2015	CIP project sheet staff final review.	Admin / Department Heads
August 10 - 21, 2015	Preparation of final draft of 2016 - 2020 CIP for Council Workshop.	Finance
August 25, 2015	City Council review of draft 2016 - 2020 CIP.	City Council / Staff
September 22, 2015	Council Workshop – progress report; public comment update.	City Council / Staff
October 20, 2015	City Council holds 2016 - 2020 CIP public hearing.	City Council
October 20, 2015	City Council adopts 2016 - 2020 CIP.	City Council

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Building						
16-42300-01	Replacement - Small Extended Cab Pick Up #9	\$ 30,000	\$ -	\$ -	\$ -	\$ -
Replace Unit #9, a 2005 Chevrolet Colorado pick up truck with 117,000 miles.						
19-42300-01	Replacement - Small Extended Cab Pick Up #8	\$ -	\$ -	\$ -	\$ 35,000	\$ -
Replace Unit #8, a 2004 Chevrolet Colorado pick up truck with 89,000 miles.						
Central Equipment						
18-48800-01	Replacement - Service Truck #371	\$ -	\$ -	\$ 40,000	\$ -	\$ -
Replace Unit #371, a 2001 S10 Ext Cab 4x4 truck with 97,790 miles. The replacement truck would be a crew cab with a tailgate lift.						
Community Center						
16-44300-01	Replacement - Rink Flooring	\$ 36,000	\$ -	\$ -	\$ -	\$ -
Replacement of all rubber flooring in the ice arena locker rooms and hallways.						
17-44000-01	ACC/YMCA Expansion	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -
Expansion of the Community Center which may include a youth center, additional meeting rooms, office space, library services space, storage, hockey training and multi-purpose space. The YMCA may look into additional studio space as well as "flex space" and offices.						
17-44000-02	Replacement - Exterior Garbage/Bike Racks/Tables	\$ -	\$ 25,000	\$ -	\$ -	\$ -
Replace exterior garbage cans, bike racks and picnic tables.						
17-44000-03	Replacement - Point of Sale (POS) System	\$ -	\$ 8,000	\$ -	\$ -	\$ -
Upgrading all cash registers to POS software/hardware.						
17-44000-04	Replacement - Carpeting	\$ -	\$ 8,000	\$ 18,000	\$ -	\$ -
Replacement of carpet in the main entrance and field house foyer.						
17-44000-05	Exterior Painting	\$ -	\$ 6,000	\$ -	\$ -	\$ -
Painting all the cables, pipes and supports at the front entrance areas on both the West and East side of the building.						
17-44000-06	New - ACC Truck	\$ -	\$ 30,000	\$ -	\$ -	\$ -
A new vehicle to haul equipment to and from the Community Center and concession items as well.						
17-44200-01	Replacement - Skate Sharpener/Rental Skates	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Replacement of the current skate sharpener and older rental skates.						
17-44300-01	Replacement - Ice Arena Refridgeration System	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
Tied to the building expansion, as the R22 is phased out we will need to look at a new compressor system for the rink floor.						
17-44300-02	Replacement - Heat Exchangers - Munters Unit	\$ -	\$ 15,000	\$ -	\$ -	\$ -
Replacement of the heat exchangers in the Munters unit that heats the ice arena.						
17-44300-03	Replacement - Ice Arena Locker Room Hardware	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Replace shelves, clothes hooks and white boards in the ice arena locker rooms.						

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
17-44400-01 Replacement - Pickelball Inserts/Net System Drill holes in the fieldhouse to use pickle ball post inserts, similar to the volleyball post inserts.	\$ -	\$ 10,000	\$ -	\$ -	\$ -
18-44000-01 Replacement - Kaivac Cleaning System Replacement of the kaivac cleaning system that is used to clean bleachers, player box areas and bathrooms. It includes a power washer and wet vac system.	\$ -	\$ -	\$ 10,000	\$ -	\$ -
18-44300-01 Replacement - Zamboni Battery Pack Replace the battery pack for the electric zamboni.	\$ -	\$ -	\$ 14,000	\$ -	\$ -
18-44300-02 Replacement - Zamboni Room Water Heater Replace the water heater that provides hot water to the zamboni room.	\$ -	\$ -	\$ 25,000	\$ -	\$ -
18-44300-03 Replacement - Ice Rink Dividers Rink dividers are used by the young kids to split the rink up into thirds.	\$ -	\$ -	\$ 8,000	\$ -	\$ -
18-44400-03 New Inflatables Inflatables (jumpers) are used in the field house and are a big part of our tot programs and birthday parties.	\$ -	\$ -	\$ 10,000	\$ -	\$ -
19-44000-01 Replacement - Camera/Security System Upgrade all indoor cameras from coax to digital.	\$ -	\$ -	\$ -	\$ 12,000	\$ -
19-44000-02 Replacement - All Community Center Doors Replace all steel and wooden doors within the facility.	\$ -	\$ -	\$ -	\$ 75,000	\$ -
19-44300-01 Refacing Rink Boards Replace the white poly and yellow kick plates on the rink boards along with new netting above the glass on the ends.	\$ -	\$ -	\$ -	\$ 25,000	\$ -
19-44300-02 Paint Ice Arena Ceiling Repaint the ice arena ceiling.	\$ -	\$ -	\$ -	\$ 25,000	\$ -
19-44400-01 Replacement - Field House Floor Replace the floor in the field house.	\$ -	\$ -	\$ -	\$ 50,000	\$ -
20-44000-01 Replacement - Scissor Lift Replacement of the scissor lift, which is used by a few different departments throughout the City.	\$ -	\$ -	\$ -	\$ -	\$ 15,000
20-44000-02 Replacement - Lobby Furniture Replace lobby furniture including tables, chairs and garbage cans.	\$ -	\$ -	\$ -	\$ -	\$ 15,000
20-44000-03 Replacement - Community Center Roof Replacement Full roof replacement (rubber membrane).	\$ -	\$ -	\$ -	\$ -	\$ 500,000
20-44300-01 Replacement - Electric Edger Replace the electric edger used for ice maintenance.	\$ -	\$ -	\$ -	\$ -	\$ 8,000

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Engineering						
16-41600-01	New Development Projects	\$ 150,000	\$ 160,000	\$ 160,000	\$ 165,000	\$ 175,000
New developments include the construction of sanitary sewer, water main, storm sewers and streets. Since the majority of the improvement projects are being privately installed by the developer, the following expenditures are the city's share for trunk water and sewer improvements.						
16-41600-02	Pedestrian Trail Maintenance	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000	\$ 65,000
This project provides maintenance such as crack filling and fog sealing for the City's pedestrian trail system.						
16-41600-03	New Pedestrian Trail and Sidewalk Segments	\$ 230,000	\$ 144,000	\$ 460,000	\$ 525,000	\$ -
The City of Andover has an extensive trail and sidewalk system for pedestrians and bikers. Future planned trail and sidewalk connections provide key links within the existing system. The following segments are proposed to be constructed as funds become available:						
2016 - 8' bituminous trail along Crosstown Blvd from Coon Creek Bridge to South Coon Creek Drive (\$175,000).						
2016 - 5' concrete sidewalk along Bunker Lake Blvd from Yukon St to Hidden Creek North Park (\$55,000).						
2017 - 8' bituminous trail along Andover Blvd from Bluebird St to Vale St (\$144,000).						
2018 - 8' bituminous trail and boardwalk along Crosstown Blvd from Bunker Lake Blvd to 140th Ave (\$460,000).						
2019 - 8' bituminous trail along Crosstown Blvd from 159th Ave to Prairie Road (\$280,000).						
2020 - 8' bituminous trail from Kensington Estates 7th Addition to Andover Station North (\$245,000 - Grant).						
16-41600-04	Pedestrian Trail Reconstruction	\$ 50,000	\$ 52,500	\$ 55,000	\$ 57,500	\$ 60,000
As the City's trail system ages and deteriorates, reconstruction of segments becomes necessary to maintain the high quality trail system that is so sought after in Andover.						
Facility Management						
16-41900-01	Annual Parking Lot Maintenance	\$ 50,000	\$ 90,000	\$ 30,000	\$ 30,000	\$ 30,000
Yearly maintenance of the City parking lots is necessary to extend their useful lives. Parking lots that need maintaining include those at the City Hall complex, Public Works, Community Center, City parks, and the Fire Stations. Yearly maintenance may include crack sealing, seal coating, and mill and overlays. Maintenance will generally be completed with the street zones, or on an as needed basis. In 2016, the Community Center will be crack sealed and then fog sealed in 2017.						
16-41900-02	Public Works/Community Center Master Planning	\$ 25,000	\$ -	\$ -	\$ -	\$ -
Continue working with a consultant to prepare a Master Plan for future Public Works and Community Center expansion.						
17-41900-01	Roof Replacement - Public Works	\$ -	\$ 400,000	\$ -	\$ -	\$ -
Remove and replace the existing roof membrane on the Public Works building.						
17-41900-02	Carpet / Tile Replacement	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -
The replacement of carpet and tile in appropriate areas of all City buildings where deemed necessary. An annual review of all areas will be done to determine the order of replacement.						
19-41900-01	Building A - Seal Floor	\$ -	\$ -	\$ -	\$ 25,000	\$ -
Apply a sealant to the cement floor in Building A (large garage).						

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
19-41900-02 Addition to Storage Building & Vehicle Maint. Shop	\$ -	\$ -	\$ -	\$ 3,200,000	\$ -
An addition to the north end of Bldg A and be the same in size, 100' x 250' with a 75' x 140' addition to the northwest side of the new vehicle storage garage for the vehicle maintenance shop. This building will be built with cement panels to match the current vehicle garage and would screen Public Works operations from the Community Center/YMCA as proposed in a joint meeting with the Mayor and City Council.					
19-41900-03 Attached Storage Building	\$ -	\$ -	\$ -	\$ 320,000	\$ -
Three sided building approximately 25' x 50'. It would be used to store equipment not sensitive to the changing temperatures and weather conditions but out of direct sunlight. It would also help to screen the facility.					
19-41900-04 Relocate Fuel Station w/ Canopy	\$ -	\$ -	\$ -	\$ 320,000	\$ -
Relocate the fueling station and install two (2) new 10,000 gallon fuel tanks and possibility keep the 2,000 gallon diesel fuel tank for an alternative fuel like E85. Also, install a canopy to cover the fuel pumps and Gasboy fuel monitoring equipment.					
19-41900-05 Pedestrian Tunnel Under Crosstown Blvd.	\$ -	\$ -	\$ -	\$ 450,000	\$ -
This would be a pedestrian underpass walkway under Crosstown to accommodate pedestrian traffic from a possible development of a parking lot or other sports fields on the north side of Crosstown Boulevard that could cross under Crosstown Boulevard to Sunshine Park Facilities or just connect to the city's trail system.					
19-41900-06 Memorial - Veterans Memorial	\$ -	\$ -	\$ -	\$ 10,000	\$ -
A memorial to honor Andover veterans.					
20-41900-01 Surface Seal All Brick Structures	\$ -	\$ -	\$ -	\$ -	\$ 85,000
A surface application would be initiated for all brick and/or block municipal buildings. The buildings include: City Hall, Public Works, Fire Station 1, 2 & 3, Sunshine Park Building, Prairie Knoll Building, Andover Station North Park Building, Community Center and all utility department buildings such as pump houses and treatment facility.					
Fire					
16-42200-01 Replacement - Turnout Gear	\$ 19,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Replace worn turnout gear. The turnout gear consists of a coat and bunker pants with suspenders. Other personal protective gear includes helmets, boots, nomex hood, goggles and appropriate protective gloves.					
16-42200-02 Replacement - SCBA's	\$ 250,000	\$ -	\$ -	\$ -	\$ -
The Fire Department is in need of replacing the self contained breathing air (S.C.B.A.) packs on a regular basis. The scba bottles do have a shelf life and need to be replaced at the end of that period. The Fire Department currently has 70 breathing air bottles and 35 complete breathing air back packs.					
16-42200-03 Replacement - Fire Marshall Vehicle	\$ 40,000	\$ -	\$ -	\$ -	\$ -
Replace Unit #4801, a 1997 S10 Blazer with over 68,846 miles and used by the Fire Marshall.					
16-42200-04 Replacement - 800 MHz Radios	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
The current 800 MHz handheld and mobile radios, used by the Fire Department and Public Works, will no longer be manufactured after 2014. In addition, the service support for maintenance and repair for the same radios will not be available after 2019. The Fire Department currently has 37 hand held radios and has a need to increase to 40. The Fire Department also has 16 mobile radios mounted in vehicles or used as a base station at all three fire stations. The Public Works Department has 6 hand held radios that can be used to contact agencies on the 800 MHz frequency.					

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
16-42200-05 Replacement - Breathing Air Compressor FS #1	\$ 80,000	\$ -	\$ -	\$ -	\$ -
The breathing air compressor located at fire station #1 is used to fill self-contained breathing air bottles used by fire fighters for all types of fire and EMS incidents. The current breathing air compressor is a permanent unit installed at the station. The system also includes a fill station and cascade system that allows for faster filling time of multiple breathing air bottles. There is a need to fill as many bottles as fast as possible during a large fire event.					
18-42200-01 Replacement - Grass #31	\$ -	\$ -	\$ 45,000	\$ -	\$ -
Replace Unit #4893, a 1991 Ford 4x4 grass vehicle with 22,892 miles. This also has been used as medical response truck for station #3. Now that the fire department has a separate vehicle that will be used to respond to medical calls, the new grass trucks will be designed to function for one primary purpose and will allow for new wildfire technologies to be put on the truck.					
18-42200-02 Replacement - Grass #21	\$ -	\$ -	\$ 45,000	\$ -	\$ -
Replace Unit #4892, a 1991 Ford 4x4 grass vehicle with 21,962 miles. This has also been used as a medical response unit for Station #2. Now that the fire department has a separate vehicle that will be used to respond to medical calls, the new grass trucks will be designed to function for one primary purpose and will allow for new wildfire technologies to be put on the truck.					
19-42200-01 Replacement - Tanker #11	\$ -	\$ -	\$ -	\$ 340,000	\$ -
Replace Unit #4889, a 1991 International tanker with 9,545 miles.					
Information Technology					
16-41420-01 New Server Addition/Replacement	\$ 20,000	\$ -	\$ -	\$ -	\$ -
Add to or replace current VMWare server farm.					
Park & Rec - Operations					
16-45000-01 Replace/Repair Play Structures - Various Parks	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Repair to fall zones and achieve ADA accessibility. Replacement of playground equipment and other major replacements, such as short fences on ball fields, soccer goals, and any area of play that does not meet safety specifications. The proposed rebuilds are as follows:					
2016 - Pine Hills South and Forest Meadows					
2017 - Shadowbrook East					
2018 - Chesterton Commons					
16-45000-02 Replace/Repair Major Park Projects - Various Parks	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Future projects: fence rebuilds at various parks, pedestrian bridge deck replacement, and parking lot reconstruction.					
16-45000-03 Replacement - Toro Groundsmaster #559	\$ 45,000	\$ -	\$ -	\$ -	\$ -
Replace Unit #559, a 1999 Toro Groundsmaster 325 with 2,209 hours.					
16-45000-04 Replacement - Toro Groundsmaster #585	\$ 110,000	\$ -	\$ -	\$ -	\$ -
Replace Unit #585, a 2001 Toro Groundsmaster 580-D with 1,780 hours.					
16-45000-05 Replacement - Toro Groundsmaster 4000-D #583	\$ 70,000	\$ -	\$ -	\$ -	\$ -
Replace Unit #583, a 2001 Toro 4000 with 2,300 hours.					
18-45000-01 Replacement - One Ton Crew Cab Pickup #502	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Replace Unit #502, a 2002 F350 crew cab pickup with 70,505 miles on it.					

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
18-45000-02	Replacement - One Ton Crew Truck w/ Plow #599	\$ -	\$ -	\$ 80,000	\$ -	\$ -
	Replace unit #599, a 2000 Ford F450 one ton truck with a snow plow with 74,000 miles on it.					
18-45000-03	New - Wood Chipper 3-pt Attachment	\$ -	\$ -	\$ 15,000	\$ -	\$ -
	Purchase a 3-point chipper that will be hooked up to one of the smaller utility tractors to be used in the open space areas and along the trail system where the big machine can not access.					
18-45000-04	New - "V" Snow Plow for #09-589	\$ -	\$ -	\$ 15,000	\$ -	\$ -
	A new heavier non-directional "V" plow to put on the front of a trail machine.					
19-45000-01	Replacement - Water Tanker #161	\$ -	\$ -	\$ -	\$ 150,000	\$ -
	Replace unit #161, a 2002 water tanker truck with 50,700 miles. It is used to water turf, shrubs and trees in the parks during the summer, flushing the medians in the spring, and flooding rinks in the winter.					
19-45000-02	Replacement - Trailer #T-555	\$ -	\$ -	\$ -	\$ 16,000	\$ -
	Replace Unit #T-555, a 1993 trailer that has gone under a number of refurbishments. It would be replaced with a new galvanized trailer.					
20-45000-01	New - Trail Machine	\$ -	\$ -	\$ -	\$ -	\$ 150,000
	Add another trail machine to the fleet to assist in the clearing of snow in the winter and keeping them clean throughout the rest of the year.					
20-45000-02	New - Half Ton Truck	\$ -	\$ -	\$ -	\$ -	\$ 25,000
	Add a 1/2 ton truck to the fleet to pull around a smaller trailer with the ballfield groomer and other small equipment that is needed in the Parks.					
Park & Rec - Projects						
16-45001-01	Annual Miscellaneous Park Projects	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
	This is for unforeseen or requested miscellaneous projects that may arise during the year, requested by the public, staff, City Council or the Park and Recreation Commission each year.					
16-45001-02	Irrigation Projects - Small Parks	\$ -	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
	Irrigate a small park which has playground equipment or other amenities.					
16-45001-03	Timber Trails Park - Renovation	\$ 200,000	\$ -	\$ -	\$ -	\$ -
	It is recommended to renovate/upgrade the existing baseball field with new fencing where necessary. A well and irrigation system will be necessary to provide a playable surface. The existing soccer field will need to be regraded and reseeded along with installing new irrigation.					
16-45001-04	Terrace Park Irrigation and Water Service	\$ 35,000	\$ -	\$ -	\$ -	\$ -
	Irrigate the existing ballfield and surrounding amenities.					
16-45001-05	Sunshine Park Scoreboard Wiring and Design	\$ 23,000	\$ -	\$ -	\$ -	\$ -
	Design and wiring of the scoreboards for the south and middle soccer/football fields will need to be done. The scoreboards are planned to be installed in 2015 with the wiring to be done in 2016. An electrical engineer will be necessary in designing of the scoreboards.					
17-45001-01	Pine Hills North - Phase II	\$ -	\$ 100,000	\$ -	\$ -	\$ 400,000
	Phase II of the new sporting complex will include the construction of a storage building (2017) funded by donations from the athletic associations as recommended by the Park and Recreation Commission. 2020 includes the paving of the existing and/or newly created parking lots.					

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
17-45001-02 Fox Meadows Park - Renovation	\$ -	\$ 200,000	\$ -	\$ -	\$ -
Reconstruct the existing park to include one full sized soccer/lacrosse/football field along with the possibility of constructing one smaller practice field adjacent to the full size field. A well and irrigation system will be necessary to provide a playable surface.					
18-45001-01 City Campus Rinks - Pave Hockey Rink & Parking Lot	\$ -	\$ -	\$ 150,000	\$ -	\$ -
To provide a hard surface for both existing hockey rinks which will allow residents to play roller blade hockey during the non-winter months. Also, paving the existing parking lot with concrete curb and gutters. Pickleball in one of the hockey rinks has also been discussed.					
19-45001-01 Langseth Park Trail Improvement	\$ -	\$ -	\$ -	\$ 20,000	\$ -
Construct a binuminus trail from 175th Lane to Langseth Park.					
19-45001-02 Wild Iris Irrigation and Water Service	\$ -	\$ -	\$ -	\$ -	\$ 42,500
Irrigate the existing ballfield and surrounding amenities.					
Planning & Zoning					
18-41500-01 Replacement - Planning Vehicle #7	\$ -	\$ -	\$ 25,000	\$ -	\$ -
Replace Unit #7, a 1999 S10 Blazer with over 98,557 miles.					
Sanitary Sewer					
17-48200-01 Sanitary Sewer Extensions	\$ -	\$ 105,000	\$ 500,000	\$ -	\$ -
Sanitary sewer extensions are necessary in areas within the MUSA boundary for future development. The following projects are proposed:					
2017 - Upgrades to Aztec Estates Lift Station (\$105,000).					
2018 - Extend sanitary sewer trunk along Crosstown Blvd from just west of the railroad tracks east to Prairie Road (\$500,000).					
17-48200-02 Replacement - Jet/Vac Truck #99	\$ -	\$ 460,000	\$ -	\$ -	\$ -
Replace Unit #99, a 1999 Vactor jet/vac truck with 23,176 miles. The new vehicle will be able to carry up to 2000 gallons and 600 feet of jetting hose.					
18-48200-01 Yellow Pine Lift Station	\$ -	\$ -	\$ 650,000	\$ -	\$ -
Install a lift station at Yellow Pine Street to divert flow from the Bluebird Street trunk line to the Pinewood trunk line. The wet well for this lift station was constructed in 2005 as a part of the Crosstown Boulevard Improvements Project.					
18-48200-02 Replacement - One Ton Utility Truck #69	\$ -	\$ -	\$ 90,000	\$ -	\$ -
Replace Unit #69, a 2006 Ford F450 utility truck with a box and crane that has 109,000 miles on it.					
Storm Sewer					
16-48300-01 Storm Sewer Improvements	\$ 50,000	\$ 55,000	\$ 60,000	\$ 60,000	\$ 62,000
Each year, areas of the City are identified where improvements are required to maintain our storm sewer system. Maintenance items include replacement of failing culverts, catch basins, and storm sewer pipes, erosion issues at storm sewer outfalls, and dredging of ponds and ditches.					
18-48300-01 Replacement - Tymco Street Sweeper #172	\$ -	\$ -	\$ 210,000	\$ -	\$ -
Replace Unit #172, a 2003 Tymco sweeper with approximately 24,255 miles.					
19-48300-01 Replacement - Elgin Street Sweeper #169	\$ -	\$ -	\$ -	\$ 200,000	\$ -
Replace Unit #169, a 2000 Elgin sweeper with approximately 4,232 hours.					

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Street Signs						
17-43300-01	Sign Design Software & Plotter	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Replace old sign design software and plotter with updated software and plotter to design and make warning and regulatory signs.						
Streets / Highways						
16-43100-01	Annual Street Seal Coat Project	\$ 460,000	\$ 475,000	\$ 750,000	\$ 585,000	\$ 635,000
This project provides for a seal coat of the streets. Each year one of the 8 full zones in the City is seal coated. This plan has the following areas tentatively planned for sealcoating as follows:						
2016 - Zone 2						
2017 - Zone 3						
2018 - Zone 4						
2019 - Zone 5						
2020 - Zone 6						
16-43100-02	Annual Street Crack Seal Project	\$ 230,000	\$ 250,000	\$ 230,000	\$ 250,000	\$ 420,000
This project provides for a crack sealing of the streets. Each year one of the 8 full zones in the City is seal coated. This plan has the following areas tentatively planned for crack sealing as follows:						
2016 - Zone 3						
2017 - Zone 4						
2018 - Zone 5						
2019 - Zone 6						
2020 - Zone 7						
16-43100-03	Annual Pavement Markings	\$ 40,000	\$ 42,000	\$ 44,000	\$ 47,000	\$ 50,000
The pavement striping for City streets is conducted one time per year. This includes centerline striping and shoulder striping. Striping enhances the safety of the roadway by directing traffic to the correct lane movement. The Federal Highway Administration is currently reviewing reflective standards for pavement markings. In the near future, the City may have to stripe twice per year to meet new standards. If this is approved, it will double the cost of pavement markings per year.						
16-43100-04	Annual Curb Replacement	\$ 50,000	\$ 52,000	\$ 54,000	\$ 56,000	\$ 58,000
Damaged and failing concrete curb and gutter throughout the City needs to be repaired or replaced to help maintain the integrity of the roadway system. Replacing damaged or failing sections of curb and gutter helps with drainage of the roadway and prolongs the life of the street system.						
16-43100-05	Municipal State Aid Routes / New & Reconstruct	\$ 2,600,000	\$ 655,000	\$ 340,000	\$ 1,290,000	\$ 440,000
The following projects are proposed to be constructed and/or rehabilitated to meet State Aid Standards:						
2016 - 173rd Lane (Tulip St to Round Lake Blvd) \$320,000						
2016 - 167th Ave Construction (east of Hanson Blvd) \$1,500,000 (\$750,000 City Cost)						
2016 - Bunker Lake Blvd (Crane St to the eastern border) \$780,000						
2017 - University Ave Overlay (157th to 161st) \$125,000						
2017 - 168th Lane (Crocust to Verdin) \$530,000						
2018 - 143rd Ave Reconstruction (Xenia to Round Lake Blvd) \$345,000						
2019 - University Ave Reconstruction (Andover Blvd to 157th) \$690,000						
2019 - Hanson Blvd (Jay to Crosstown Blvd) \$600,000						
2020 - Crosstown Blvd Overlay (Hanson Blvd to 161st Ave) \$440,000						

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
16-43100-06 Annual Street Reconstruction	\$ 693,000	\$ 1,221,000	\$ 851,000	\$ 1,113,000	\$ 1,061,000
The Street Reconstruction projects will consist of milling the existing street surface and constructing a new asphalt surface. Minor shouldering and restoration work will be included with the project. In developments that have existing bituminous curb or no curb or ditch, concrete curb and gutter will be constructed. 25% of the total project costs are assessed to the benefiting properties in each development. This program helps to maintain the integrity and value of the community's street infrastructure. Areas to be reconstructed are listed below. The timing of reconstruction of developments more than two years out may be revised as street conditions and ratings are reviewed on an annual basis. Additional developments may be added to the schedule or projects moved up if it is advantageous to reconstruct them in conjunction with other nearby projects. The current listing of projects are:					
2016 - Prairie Meadows, Sylvester Addition (Gravel Road - 50% assessed if approved)					
2017 - Lund's Evergreen Estates 2nd - 5th Additions					
2018 - Andover Bdy Commission Plat 1 / Shirley's Estates					
2019 - Area east of Crooked Lake					
2020 - Alladin Acres, Enchanted Drive Area					
16-43100-07 Intersection Upgrades	\$ -	\$ 275,000	\$ 2,085,000	\$ -	\$ -
The following are projects that are tentatively identified for improvements and the exact timing is subject to change:					
2017 - Crosstown Blvd / Crosstown Dr Intersection. Improvements could include separating the southbound right turning movement onto Crosstown Dr to improve safety. (\$275,000)					
2018 - Nightingale St / Crosstown Blvd Intersection. A round-about with two pedestrian underpasses is being submitted for HSIP grant funding. Timing of this project would be dependant upon award of a grant (\$1,800,000). Grants typically require a minimum of 10% City match.					
2018 - Construction of a traffic signal at South Coon Creek Dr and Round Lake Blvd (\$285,000) if warrants are met.					
16-43100-08 Gravel Road Improvements	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Gravel roadways within the City are in need of annual improvements; including grading, adding material and dust control. Over time and with snow plowing operations, the gravel roadway settles and additional material is needed to maintain the traveling surface.					
16-43100-09 Replacement - Dump Truck w/ Snow Removal #196	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Replace unit #196, a 1996 dump truck with snow removal equipment with 54,428 miles on it.					
18-43100-01 Street Overlays	\$ -	\$ -	\$ 600,000	\$ -	\$ -
The City of Andover has implemented a street overlay program to prolong the life of the City's roadway infrastructure. This program will include an overlay of approximately 1.5" of bituminous on roadways that are identified as still structurally sound. The Engineering Department and Public Works will identify roads that meet this					
18-43100-02 Replacement - One Ton Truck w/ Plow #134	\$ -	\$ -	\$ 80,000	\$ -	\$ -
Replace Unit #134, a 2004 Ford F450 dump truck with a 9' snow plow with 77,560 miles on it.					
18-43100-03 New - One Ton Truck w/ Regular Box w/ Lift & Plow	\$ -	\$ -	\$ 40,000	\$ -	\$ -
Add a one ton 4x4 truck with a regular box, tail gait lift and snow plow.					
18-43100-04 New - Bobcat Paver	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Add a bobcat-style paver for patching roads, shoulders and trails.					
19-43100-01 Replacement - Dump Truck w/ Snow Removal #200	\$ -	\$ -	\$ -	\$ 220,000	\$ -
Replace Unit #200, a 2000 dump truck with snow removal equipment with 60,000 miles on it.					

CITY OF ANDOVER
2016 - 2020 CAPITAL IMPROVEMENT PLAN

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
20-43100-01	Replacement - Dump Truck w/ Snow Removal #201	\$ -	\$ -	\$ -	\$ -	\$ 220,000
	Replace Unit #201, a 2000 dump truck with snow removal equipment with 39,263 miles on it.					
20-43100-02	Replacement - Bobcat S185 #120	\$ -	\$ -	\$ -	\$ -	\$ 50,000
	Replace Unit #120, a 2004 Bobcat S185 high-flow hydraulics with 1,134 hours.					
20-43100-03	Replacement - One Ton Truck w/ Plow #133	\$ -	\$ -	\$ -	\$ -	\$ 80,000
	Replace Unit #133, a 2004 Ford F450 dump truck with a 9' snow plow and aluminum box cover with 44,194 miles on it.					
20-43100-04	New - Large Tractor and Snow Blade	\$ -	\$ -	\$ -	\$ -	\$ 75,000
	Add a new large tractor with a pusher blade/bucket to assist in loading wood chips and moving snow.					

Water

16-48100-01	Rehabilitation of Wells	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
	The motor, pump and column pipe are taken out for inspection and worn parts are replaced. The well is televised to determine the depth and condition. If the well is at or close to the original drill depth everything is put back in place. The well may need to be cleaned out to the original depth if there is a substantial decrease in the depth.					
17-48100-01	Replacement - Dodge Dakota #95	\$ -	\$ 30,000	\$ -	\$ -	\$ -
	Replace Unit #95, a 2000 Dodge Dakota pick up with 125,000 miles on it.					
18-48100-01	Water Meter Reading System AMI/AMR	\$ -	\$ -	\$ 900,000	\$ -	\$ -
	A meter reading system that will read all water meters by either a Fixed Base Reading System or a Drive By Radio Read System. The Fixed Base System is a system that is stationary with the means of reading all water meters from one or multiple points throughout the system. The Drive By System is a system where an employee drives through the water service area and gathers all the meter readings by way of a vehicle mounted computer and receiver.					
18-48100-02	Replacement - 3/4 Ton Utility Truck #95	\$ -	\$ -	\$ 60,000	\$ -	\$ -
	Replace Unit #66, a 2006 Ford F250 pickup with utility box that has 114,000 miles.					
18-48100-03	Replacement - Side by Side UTV #70	\$ -	\$ -	\$ 48,000	\$ -	\$ -
	Replace Unit #70, a 2004 IR 5600 Toolcat with 1,155 miles on it. The replacement will need to have more power to do the jobs more efficiently. It shall be able to haul materials into and out of a job with ease. It should be equipped with hydraulics to use different types of attachments such as a plow, snowblower, auger and others.					
18-48100-04	Water Main Improvements	\$ -	\$ -	\$ 640,000	\$ 710,000	\$ -
	Install water main, hydrants, and service lines to provide water service to existing areas in the City that are not currently served with City water. The following projects are proposed to be constructed along with the planned reconstruction of the streets in these areas:					
	2018 - 143rd Ave (Round Lake Blvd to Woodbine) \$140,000					
	2018 - Andover Boundary Commission Plat 1 & Shirley Estates \$500,000					
	2019 - Area east of Crooked Lake \$710,000					

CITY OF ANDOVER
Summary of Outstanding Bond Issues
2015 - 2016

Description	Date of		Rate of Interest	Issued	Outstanding at	2015		Outstanding at	2016		Outstanding at	
	Issue	Maturity			12/31/2014	Retired	Issued	12/31/2015	Retired	Issued	12/31/2016	
Governmental Activities												
General Obligation Abatement Bonds												
2012C G.O. Abatement Bonds	12/27/2012	2/1/2031	1.00-3.00%	17,315,000	16,675,000	(835,000)	-	15,840,000	(845,000)	-	14,995,000	
Certificates of Indebtedness/Capital Notes												
2012A G.O. Equipment Certificates	3/22/2012	2/1/2017	2.00%	585,000	585,000	-	-	585,000	(50,000)	-	535,000	
2014A G.O. Equipment Certificates	5/29/2014	2/1/2020	1.50 - 2.00%	1,555,000	1,555,000	(225,000)	-	1,330,000	(260,000)	-	1,070,000	
Subtotal - Certificates of Indebtedness					2,140,000	(225,000)	-	1,915,000	(310,000)	-	1,605,000	
Capital Improvement Bonds												
2012B G.O. Cap Improvement Ref Bonds	3/22/2012	2/1/2016	2.00%	1,570,000	970,000	(500,000)	-	470,000	(470,000)	-	-	
Subtotal - Capital Improvement Bonds					970,000	(500,000)	-	470,000	(470,000)	-	-	
State Aid Bonds:												
2009A G.O. State Aid Street Refunding Bonds	3/26/2009	2/1/2015	2.25-2.80%	955,000	60,000	(60,000)	-	-	-	-	-	
Referendum Bonds:												
2010A G.O. Open Space Referendum Bonds	2/18/2010	2/1/2022	2.00-3.125%	1,660,000	1,250,000	(145,000)	-	1,105,000	(145,000)	-	960,000	
					TOTALS	\$ 21,095,000	\$ (1,765,000)	\$ -	\$ 19,330,000	\$ (1,770,000)	\$ -	\$ 17,560,000
Business-Type Activities												
General Obligation Revenue Bonds												
2007B G.O. Water Revenue Refunding Bonds	3/13/2007	2/1/2023	4.00-4.25%	6,570,000	5,580,000	(525,000)	-	5,055,000	(550,000)	-	4,505,000	
2009A G.O. Water Revenue Bonds	3/26/2009	2/1/2024	2.00-4.25%	1,025,000	730,000	(65,000)	-	665,000	(65,000)	-	600,000	
Subtotal - General Obligation Bonds												
					TOTALS	\$ 6,310,000	\$ (590,000)	\$ -	\$ 5,720,000	\$ (615,000)	\$ -	\$ 5,105,000
					TOTALS	\$ 27,405,000	\$ (2,355,000)	\$ -	\$ 25,050,000	\$ (2,385,000)	\$ -	\$ 22,665,000

**CITY OF ANDOVER
Debt Service Summary**

	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031	Total Payments	Less Interest	Total
Governmental Activities											
General Obligation Abatement Bonds											
2012C G.O. Abatement Bonds	1,216,506.26	1,213,731.26	1,211,481.26	1,208,931.26	1,215,981.26	6,058,200.05	6,044,746.90	1,218,000.00	19,387,578.25	(3,547,578.25)	15,840,000.00
Certificates of Indebtedness											
2012A G.O. Equipment Certificates	61,200.00	540,350.00	-	-	-	-	-	-	601,550.00	(16,550.00)	585,000.00
2014A G.O. Equipment Certificates	283,350.00	278,800.00	278,550.00	278,200.00	277,750.00	-	-	-	1,396,650.00	(66,650.00)	1,330,000.00
	<u>344,550.00</u>	<u>819,150.00</u>	<u>278,550.00</u>	<u>278,200.00</u>	<u>277,750.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,998,200.00</u>	<u>(83,200.00)</u>	<u>1,915,000.00</u>
Capital Improvement Bonds											
2012B G.O. Cap Improvement Ref Bonds	474,700.00	-	-	-	-	-	-	-	474,700.00	(4,700.00)	470,000.00
Referendum Bonds											
2010A G.O. Open Space Referendum Bonds	173,942.50	175,657.50	176,841.25	177,507.50	172,827.50	345,526.25	-	-	1,222,302.50	(117,302.50)	1,105,000.00
	<u>2,209,698.76</u>	<u>2,208,538.76</u>	<u>1,666,872.51</u>	<u>1,664,638.76</u>	<u>1,666,558.76</u>	<u>6,403,726.30</u>	<u>6,044,746.90</u>	<u>1,218,000.00</u>	<u>23,082,780.75</u>	<u>(3,752,780.75)</u>	<u>19,330,000.00</u>
Business-Type Activities											
General Obligation Revenue Bonds											
2007B G.O. Water Revenue Refunding Bonds	744,546.26	742,146.26	743,846.26	739,646.26	739,546.26	2,218,666.89	-	-	5,928,398.19	(873,398.19)	5,055,000.00
2009A G.O. Water Revenue Bonds	88,555.00	86,605.00	89,492.50	87,130.00	89,498.75	347,143.75	-	-	788,425.00	(123,425.00)	665,000.00
	<u>833,101.26</u>	<u>828,751.26</u>	<u>833,338.76</u>	<u>826,776.26</u>	<u>829,045.01</u>	<u>2,565,810.64</u>	<u>-</u>	<u>-</u>	<u>6,716,823.19</u>	<u>(996,823.19)</u>	<u>5,720,000.00</u>
	<u>3,042,800.02</u>	<u>3,037,290.02</u>	<u>2,500,211.27</u>	<u>2,491,415.02</u>	<u>2,495,603.77</u>	<u>8,969,536.94</u>	<u>6,044,746.90</u>	<u>1,218,000.00</u>	<u>29,799,603.94</u>	<u>(4,749,603.94)</u>	<u>25,050,000.00</u>

CITY OF ANDOVER
Computation of Legal Debt Margin
December 31, 2015
(Unaudited)

Estimated Taxable Market Value (Note A)		<u><u>\$ 2,435,770,612</u></u>
Debt Limit: 3% of Market Value		73,073,118
Total Bonded Debt	\$ 25,050,000	
Less:		
Non-Tax Levy Supported Debt: (Note B)		
G.O. Revenue Bonds	5,720,000	
Total Non-Tax Levy Supported Debt	<u>5,720,000</u>	
Total Debt Applicable	19,330,000	
Less:		
Balance Available in Related Debt Service Funds	<u>1,296,333</u>	
Net Debt Applicable		<u>18,033,667</u>
Legal Debt Margin		<u><u>\$ 55,039,451</u></u>

Note A: Source: Anoka County Property Tax Division

Note B: The computation on legal debt margin only includes debt supported by a tax levy.

CITY OF ANDOVER, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Unaudited)

Year	Total Tax Levy*	Collected Within the Fiscal Year of Levy				Collections In Subsequent Years	Total Collections to Date	
		Tax Levy	Market Value Homestead Credit	Total Collected	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 8,550,919	\$ 7,977,279	\$ 1,700 *	\$ 7,978,979	93.31%	\$ 108,580	\$ 8,087,559	94.58%
2007	9,316,427	8,738,606	410,519	9,149,125	98.20%	150,688	9,299,813	99.82%
2008	10,153,718	9,554,131	198,214 *	9,752,345	96.05%	182,017	9,934,362	97.84%
2009	10,593,520	9,992,240	54,629 *	10,046,869	94.84%	146,265	10,193,134	96.22%
2010	10,856,299	10,125,752	3,905 *	10,129,657	93.31%	164,307	10,293,964	94.82%
2011	10,856,299	10,119,681	853 *	10,120,534	93.22%	118,455	10,238,989	94.31%
2012	10,631,299	10,460,838	2,354	10,463,192	98.42%	98,259	10,561,451	99.34%
2013	10,631,299	10,535,521	1,246	10,536,767	99.11%	66,610	10,603,377	99.74%
2014	10,843,925	10,776,635	-	10,776,635	99.38%	Not Available		

* Included in the total tax levy is approximately \$400,000 of market value homestead credit (MVHC) that the City will not be receiving. Due to State legislative actions to deal with the State budget deficit, the MVHC program was significantly reduced for the City.

CITY OF ANDOVER, MINNESOTA
SPECIAL ASSESSMENT LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Unaudited)

Year	Current Assessments Due (1)	Current Assessments Collected	Percent of Assessments Collected	Delinquent Assessment Collections	Total Assessment Collections	Total Collections as a Percent of Current Assessments Due	Outstanding Delinquent Assessments	Delinquent Taxes as a Percent of Current Assessments Due
2005	\$ 178,434	\$ 175,471	98.34%	\$ 4,002	\$ 179,473	100.58%	\$ 22,217	12.45%
2006	225,365	192,477	85.41%	4,790	197,267	87.53%	51,721	22.95%
2007	163,817	142,750	87.14%	12,460	155,210	94.75%	76,420	46.65%
2008	366,203	330,304	90.20%	1,479	331,783	90.60%	174,810	47.74%
2009	319,448	332,739	104.16%	36,693	369,432	115.65%	202,999	63.55%
2010	325,361	314,097	96.54%	61,247	375,344	115.36%	218,860	67.27%
2011	308,794	304,164	98.50%	5,112	309,276	100.16%	267,016	86.47%
2012	348,129	376,601	108.18%	25,087	401,688	115.38%	237,175	68.13%
2013	338,411	387,584	114.53%	168,941	556,525	164.45%	82,826	24.47%
2014	326,597	387,651	118.69%	3,788	391,439	119.85%	215,970	66.13%

Note: (1) Only includes assessments certified to Anoka County.

CITY OF ANDOVER, MINNESOTA
PRINCIPAL TAXPAYERS
 Current Year and Nine Years Ago
 (Unaudited)

Taxpayers	2013			2004		
	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity
Minnegasco, Inc.	\$ 211,244	1	0.94%	\$ 108,114	5	0.60%
Great River Energy	194,038	2	0.86%	-	-	-
Connexus Energy	193,140	3	0.86%	187,734	1	1.05%
Target Corporation	160,048	4	0.71%	-	-	-
Presbyterian Homes of Andover	140,847	5	0.62%	150,544	2	0.84%
Andover Limited Partnership	117,528	6	0.52%	145,276	3	0.81%
Andover Station LLC	97,182	7	0.43%	-	-	-
DST Properties LLC	81,678	8	0.36%	-	-	-
Fairbanks Properties, LLC	65,926	9	0.29%	-	-	-
Columbia Park Properties	59,878	10	0.27%	52,064	7	0.29%
116 LLC	-	-	-	114,304	4	0.64%
United Power Association	-	-	-	68,054	6	0.38%
Individual - Commercial/Industrial	-	-	-	49,584	8	0.28%
Xcel Energy	-	-	-	29,086	9	0.16%
Health Partners	-	-	-	28,856	10	0.16%
Total	\$ 1,321,509		5.86%	\$ 933,616		5.20%
Net Tax Capacity	\$ 22,569,018			\$ 17,951,904		

Source: Anoka County Property Tax Division

CITY OF ANDOVER, MINNESOTA
ESTIMATED MARKET VALUES AND NEW CONSTRUCTION
 Last Ten Fiscal Years
 (Unaudited)

Year	Estimated Market Values			New Construction			
	Commercial / Industrial (1)	Residential	Total	Commercial / Industrial		Residential	
				Permits	Value	Permits	Value
2005	\$ 168,684,200	\$ 2,174,640,000	\$ 2,343,324,200	20	\$ 6,571,671	226	\$ 34,309,393
2006	191,931,800	2,433,776,200	2,625,708,000	8	1,791,896	153	25,236,120
2007	211,760,900	2,663,389,900	2,875,150,800	9	2,403,831	91	18,347,873
2008	233,801,700	2,813,037,200	3,046,838,900	11	16,878,603	49	11,116,400
2009	248,129,500	2,807,144,500	3,055,274,000	11	767,430	47	9,246,347
2010	229,977,800	2,526,288,900	2,756,266,700	11	1,247,106	71	14,700,800
2011	199,728,200	2,305,897,900	2,505,626,100	24	11,461,453	58	11,803,000
2012	192,112,500	2,206,195,400	2,398,307,900	25	5,042,964	81	15,243,007
2013	174,971,400	2,141,898,900	2,316,870,300	15	9,249,466	98	20,351,892
2014	166,531,500	2,103,536,600	2,270,068,100	14	4,285,281	52	13,926,901

Note: (1) also includes agricultural, public utility, railroad operating property, and personal property

CITY OF ANDOVER, MINNESOTA
DEMOGRAPHICS
(Unaudited)

	U.S. Census		2020 Est (1)	Percent of Change 2000 - 2010
	2000	2010		
Population	26,588	30,598	33,400	15.08%
Households	8,205	10,091	11,000	22.99%
Household Size (Population/Household)	3.24	3.03	3.04	-6.43%

POPULATION DEMOGRAPHICS (2010 U.S. CENSUS)

Populaton by Age (2010 U.S. Census):	Persons	Percent	
4 and under	1,737	9.2%	
5 - 9	2,620	10.6%	
10 - 14	3,032	10.4%	
15 - 19	2,807	7.6%	
20 - 24	1,410	3.7%	
25 - 34	2,887	14.5%	
35 - 44	4,922	22.0%	
45 - 54	5,932	13.1%	
55 - 59	1,803	4.1%	
60 - 64	1,393	2.0%	
65 - 74	1,409	1.7%	
75 - 84	454	0.8%	
85 and over	192	0.3%	
Total population	<u>30,598</u>	<u>100.0%</u>	
Total female population	15,074		
Total male population	15,524		
2010 median age	31.9 yrs		
	<u>City of Andover</u>	<u>Anoka County</u>	<u>State of Minnesota</u>
Income Statistics:			
2011 per capita income	\$ 32,615	\$ 29,894	\$ 30,656
2011 median household income	89,803	69,139	59,126
2011 median family income	94,159	79,587	74,032
2012 median gross rent	1,165	937	802
2012 median value owner occupied housing	242,300	203,700	194,300

(1) Source: Metropolitan Council

CITY OF ANDOVER, MINNESOTA
MISCELLANEOUS STATISTICAL DATA
(Unaudited)

Date incorporated	1974
Form of government	Plan A
Miles of streets	
City	200
County	43
Storm sewer (miles)	76
Water main (miles)	116
Sanitary sewer (miles)	96
Parks:	
Number	68
Developed acreage	595
Trails (miles)	37
Acreage:	
Developed	9,572
Undeveloped	12,924

Largest Employers in the City

<u>Firm</u>	<u>Type of Business / Product</u>	<u>Number of Employees</u>
ISD No 11 Anoka-Hennepin	Elementary and secondary education	760
Fairview Andover Clinic	Healthcare	300
Anoka County Sheriff's Office	County government and services	250
Kottkes' Bus Service	Transportation	225
Walmart	Retail	210
YMCA	Youth organization and fitness center	186
Target	Retail	170
Anoka County Highway Department	County government and services	103
Bunker Hills Regional Park / Activities Center	Regional park and recreation	100
Andover County Market	Grocery store	85

GLOSSARY OF TERMS

ACCOUNTING SYSTEM: The total set of records and procedures that are used to record, classify, and report information on the financial status and operations of an entity.

ACCRUAL BASIS OF ACCOUNTING: The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at that time or not).

ACTIVITY: A cost center for recording charges for services delivered or functions performed. Each activity has an assigned manager who is responsible for planning and conducting the various approved objectives or workloads.

AMORTIZATION: (1) The portion of the cost of a limited-life or tangible asset charged as an expense during a particular period. (2) The reduction of a debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION: An authorization made by the legislative body of a government that permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

ASSESSED VALUATION: A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSESSMENT: (1) The process of making the official valuation of property for taxation. (2) The valuation placed upon property as a result of this process.

ASSETS: Property owned by a government that has a monetary value.

BALANCED BUDGET: When revenues and other financing sources equal expenditures/expenses and other financing uses.

BOND: A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date(s)) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt.

BUDGET: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

BUDGET DOCUMENT: The official written statement prepared by the budget office and supporting staff that presents the proposed budget to the legislative body.

BUDGET MESSAGE: A general discussion of the proposed budget presented in writing as a part of or supplement to the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the chief executive and budget officer.

CAPITAL ASSETS: Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

CAPITAL IMPROVEMENTS BUDGET: A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted as part of the complete annual budget, which includes capital outlays. The capital budget normally is based on a capital improvement plan (CIP).

DELINQUENT TAXES: Taxes that remain unpaid on and after the date on which a penalty for non-payment is attached.

DIVISION: An organizational unit within a department for purposes of administration and cost accounting.

EMS: Emergency Medical Services

ENTERPRISE FUND: (1) A fund established to account for operations financed and operated in a manner similar to private business enterprises. In this case, the governing body intends that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

EXPENDITURES: Where accounts are kept on the accrual or modified basis of accounting, the cost of goods received or services rendered whether cash payments have been made or not. Where accounts are kept on a cash basis, expenditures are recognized only when the cash payments for the above purchases are made.

FINES & FORFEITS: A sum of money imposed or surrendered as a penalty.

FISCAL DISPARITIES: A distribution of 40% of the growth in commercial and industrial properties within the seven-county metropolitan area since 1971.

FISCAL YEAR: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations.

FULL FAITH AND CREDIT: A pledge of the general taxing power of a government to repay debt obligations (typically used in reference to bonds).

FUND: An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

FUND BALANCE: The excess of a fund's assets over its liabilities, generally called a reserve. A negative fund balance is sometimes called a deficit.

GENERAL FUND: The fund used to account for all financial resources, except those required to be accounted for in another fund.

GENERAL OBLIGATION BONDS: When a government pledges its full faith and credit to the repayment of the bonds it issues, those bonds are general obligation (GO) bonds. Sometimes the term is also used to refer to bonds that are to be repaid from taxes and other general revenues.

GENERAL OBLIGATION REVENUE BONDS: Intended to be paid first from the revenues of the enterprise fund. They are backed by the full faith, credit and taxing power of the City.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative body on the application of GAAP to state and local governments is the GAAP.

G.I.S.: Geographic Information System

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB): The authoritative accounting and financial reporting standard-setting body for government entities.

GOVERNMENTAL FUNDS: Funds used to account for the acquisition, use and balance of expendable financial resources and the related current liabilities-except those accounted for in proprietary funds and fiduciary funds. Under current GAAP, there are four governmental fund types: general, special revenue, debt service and capital projects.

GPS: Global Positioning System

GRANT: A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically, these contributions are made to local governments from the state and federal governments. Grants are usually made for specified purposes.

HIGHWAY MAINTENANCE: An intergovernmental revenue from the State to be used for maintenance of the municipal state aid street system. The money comes from the state gasoline tax and fees from motor vehicle registration.

HOMESTEAD AND AGRICULTURAL CREDIT AID (HACA): A property tax relief program that replaced the former homestead credit program and the agricultural credit program. HACA is tied to class rate reductions for certain classes of property.

HRA: Housing and Redevelopment Authority. The HRA may buy, own and sell land for housing and economic development purposes and engage in other housing and redevelopment activities consistent with MN law.

INFRASTRUCTURE: The basic facilities, equipment, services and installations needed for the growth and functioning of a community. Includes roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems.

INTERGOVERNMENTAL REVENUES: Revenues from other governments in the form of grants, entities, shared revenues or payments in lieu of taxes.

INTERNAL SERVICE FUND: A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost reimbursement basis.

LEGAL DEBT LIMIT: The maximum amount of outstanding gross or net debt legally permitted.

LEGAL DEBT MARGIN: The legal debt limit less outstanding debt subject to limitation.

LEGISLATIVE: Having the power to create laws.

LEVY: (1) (Verb) To impose taxes, special assessments or service charges for the support of government activities. (2) (Noun) The total amount of taxes, special assessments or service charges imposed by a government.

LOCAL GOVERNMENT AID (LGA): A state government revenue sharing program for cities and townships that is intended to provide an alternative to the property tax. LGA is distributed through a formula based on tax base, population, population decline, age of housing and the percent of market value classified as commercial or industrial.

LOCAL PERFORMANCE AID (LPA): A state program for cities and counties that is intended to provide an incentive for local governments to develop performance measurement systems.

MARKET VALUE: An assessor's estimate of what property would be worth on the open market if sold. The market value is set on January 2 of the year before taxes are payable.

MARKET VALUE HOMESTEAD CREDIT (MVHC): a property tax relief program devised by the State government to give local property tax payers relief from the burden of local property taxes by providing a credit or reduction on the amount of property taxes.

MARKET VALUE HOMESTEAD EXCLUSION (MVHE): a property tax relief program devised by the State government to give local property tax payers relief from the burden of local property taxes by excluding a portion of property value from taxation.

MODIFIED ACCRUAL BASIS: The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.

MATURITIES: The dates on which the principal or stated value of investments or debt obligations mature and may be reclaimed.

OBJECT OF EXPENDITURE: Expenditure classification based upon the types or categories of goods and services purchased. Typical objects of expenditure include:

- personal services (salaries and wages);
- charges and services (utilities, maintenance contracts, travel);
- supplies and materials; and,
- capital outlay.

OBJECTIVE: Serving as a goal; being the object of a course of action.

OPERATING BUDGET: A plan of financial operation embodying an estimate of proposed expenditures for the calendar year and the proposed means of financing them (revenue estimates).

OPERATING EXPENSES: Proprietary fund expenses related directly to the fund's primary activities.

OPERATING TRANSFER: Routine and/or recurring transfers of assets between funds.

ORDINANCE: A formal legislative enactment by the government body of a municipality. If it is not in conflict with any higher form of law, it has the full force and effect of law within the boundaries of the municipality to which it applies.

OTHER CHARGES: A level of budgetary appropriations, which includes expenses for outside professional services, advertising, insurance, utility costs, repairs maintenance and miscellaneous costs.

PERA: Public Employees Retirement Association

PERFORMANCE MEASURES: A quantitative or qualitative measurement of activity.

PERSONAL SERVICES: A level of budgetary appropriations, which includes expenses for salaries, wages, and related employee benefits such as the City's share of retirement and insurance.

POLICE DEPARTMENT AID: An intergovernmental revenue from the State to be used to maintain the Police Department. A premium tax of two percent is imposed on automobile insurance and apportioned to qualifying cities.

POLICY: A set of guidelines used for making decisions.

PRE-EMPTIVE DEVICES: Radio frequency controlled traffic light on emergency vehicles.

PROGRAM: Group activities, operations or organizational units directed to attaining specific purposes or objectives.

PROPRIETARY FUNDS: Account for government's ongoing organizations and activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination on net income, financial position and changes in financial position. Includes enterprise and internal service funds.

RESERVES: Assets kept back or saved for future use or special purpose.

RESIDUAL EQUITY TRANSFER: Non-recurring or non-routine transfers of assets between funds.

RETAINED EARNINGS: An equity account reflecting the accumulated earnings of the government's proprietary funds (those funds where service charges will recover costs of providing those services).

REVENUE: The term designates an increase to a fund's assets which:

- does not increase a liability (e.g., proceeds from a loan);
- does not represent a repayment of an expenditure already made;
- does not represent a cancellation of certain liabilities; and
- does not represent an increase in contributed capital.

REVENUE ESTIMATE: A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

SPECIAL ASSESSMENT: A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

SPECIAL REVENUE FUND: A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

SUPPLIES: A level of budgetary appropriations, which includes expenses for commodities that are used such as office supplies, operating supplies, repair and maintenance supplies.

TAX CAPACITY: A valuation set upon real estate and certain personal property by the County Assessor as a basis for levying property taxes. The assessor determines the estimated market (resale) value of the property. This value is converted to tax capacity by a formula specified in state law.

TAX CAPACITY RATE: The property tax rate that is based on the taxes levied as a proportion of the property value. A tax rate of 18.751% produces \$18.75 of taxes on each \$100 of tax capacity that a property is valued at.

TAX LEVY: The total amount to be raised by general property taxes for the purposes stated in the resolution certified to the County Auditor.

TAXES: Compulsory charges levied by a government to finance services performed for the common benefit.

TRUTH IN TAXATION: The "taxation and notification law" which requires local governments to set estimated levies, inform taxpayers about the impacts, and hold a separate hearing to take taxpayer input.

VARIANCE: A relaxation of the terms of the zoning ordinance where such variance will not be contrary to the public interest and where, owing to conditions peculiar to the property and not the result of the actions of the applicant, a literal enforcement of the ordinance would result in unnecessary and undue hardship.

WORKING CAPITAL: Current assets minus current liabilities.

WORKLOADS: A measure of the services provided.