



2026 Annual Operating Budget



1685 Crosstown Blvd NW, Andover, MN 55304
Phone: (763) 755-5100 * Fax: (763) 755-8923
www.andovermn.gov

CITY OF ANDOVER
2026 Annual Operating Budget

Table of Contents

Introduction

Public Official Listing	1
Organizational Chart.....	2
Budget Message.....	3
City Council Resolution Adopting Budget	22
Values and Goals	25
Budget Development Process	26
2026 Budget Development Calendar	27
Accounting, Auditing and Financial Reporting Policy	28
Operating Budget Policy.....	29
Revenue Policy.....	31
Capital Improvement Policy	31
Debt Administration	32
Investment Policy	33
Revenue Projections	36
2026 Budget Summary by Fund Type	41
2026 Budget Summary – Revenues and Expenditures Fund Summary.....	42
2026 Budget Summary – Revenues and Expenditures All Funds	43
2026 Budget Summary – Revenues and Expenditures by Fund Type.....	44
Governmental Funds – Major Funds Breakdown	45
Revenue Comparison – General Fund	46
Expenditure Comparison – General Fund.....	47
Expenditure Budget Summary – By Department – General Fund.....	48
Five Year Financial Projections – General Fund	49
2026 FTE Summary.....	50
2026 Capital Improvement Budget.....	51

General Fund

Definition.....	53
Statement of Revenues, Expenditures and Changes in Fund Balance	55
Mayor & Council	56
Administration	57
Newsletter	58
Human Resources	59
Attorney	60
City Clerk	61
Elections	62
Financial Administration	63
Assessing	64
Information Systems	65

General Fund (Continued)

Planning and Zoning.....	66
Engineering.....	67
Facilities Management.....	68
Police Protection.....	69
Fire Protection	70
Protective Inspection	71
Emergency Management	72
Animal Control.....	73
Streets & Highways	74
Snow & Ice	75
Street Signs	76
Traffic Signals	77
Street Lighting	78
Street Lights Billed	79
Parks & Recreation	80
Natural Resource Preservation.....	81
Recycling	82
Unallocated.....	83

Special Revenue Funds

Definition.....	85
Statement of Revenues, Expenditures and Changes in Fund Balance – All Special Revenue Funds.....	87
Economic Development Authority Fund Statement of Revenues, Expenditures and Changes in Fund Balance	88
Fund Overview	89
Local Affordable Housing Aid Fund Statement of Revenues, Expenditures and Changes in Fund Balance	90
Fund Overview	91
Community Center Fund Statement of Revenues, Expenditures and Changes in Fund Balance	92
Fund Overview	93
Drainage and Mapping Fund Statement of Revenues, Expenditures and Changes in Fund Balance	94
Fund Overview	95
Lower Rum River Watershed Fund Statement of Revenues, Expenditures and Changes in Fund Balance	96
Fund Overview	97

CITY OF ANDOVER

2026 Annual Operating Budget

Table of Contents

Special Revenue Funds (Continued)

Forestry Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	98
Fund Overview	99
Right of Way Management / Utility Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	100
Fund Overview	101
Charitable Gambling Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	102
Fund Overview	103
Crack Seal & Pavement Seal Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	104
Fund Overview	105
CARES Act / ARPA Funding	
Statement of Revenues, Expenditures and Changes in Fund Balance	106
Fund Overview	107

Debt Service Funds

Definition	109
Statement of Revenues, Expenditures and Changes in Fund Balance – All	
Debt Service Funds	111
Certificates / Capital Notes – 2020A G.O. Equipment Certificate	
Statement of Revenues, Expenditures and Changes in Fund Balance	112
Fund Overview	113
Certificates / Capital Notes – 2021A G.O. Equipment Certificate	
Statement of Revenues, Expenditures and Changes in Fund Balance	114
Fund Overview	115
Certificates / Capital Notes – 2024A G.O. Equipment Certificate	
Statement of Revenues, Expenditures and Changes in Fund Balance	116
Fund Overview	117
General Obligation Bonds – 2018A G.O. Capital Improvement Plan Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	118
Fund Overview	119
General Obligation Bonds – 2012C G.O. Abatement Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	120
Fund Overview	121
General Obligation Bonds – 2019A G.O. Taxable Abatement Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	122
Fund Overview	123

Debt Service Funds (Continued)

General Obligation Bonds – 2021A G.O. Street Reconstruction Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	124
Fund Overview	125
General Obligation Bonds – 2024A G.O. Street Reconstruction Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	126
Fund Overview	127

Capital Projects Funds

Definition	129
Statement of Revenues, Expenditures and Changes in Fund Balance – All	
Capital Projects Funds	131
Water Trunk Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	132
Fund Overview	133
Sewer Trunk Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	134
Fund Overview	135
Road and Bridge Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	136
Fund Overview	137
Park Dedication Projects	
Statement of Revenues, Expenditures and Changes in Fund Balance	138
Fund Overview	139
Building Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	140
Fund Overview	141
Trail & Transportation	
Statement of Revenues, Expenditures and Changes in Fund Balance	142
Fund Overview	143
Capital Equipment Reserve	
Statement of Revenues, Expenditures and Changes in Fund Balance	144
Fund Overview	145
2024A G.O. Capital Improvement Plan Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	146
Fund Overview	147
Tax Increment Projects	
Statement of Revenues, Expenditures and Changes in Fund Balance	148
Fund Overview	149

CITY OF ANDOVER

2026 Annual Operating Budget

Table of Contents

Capital Projects Funds (Continued)	
Permanent Improvement Revolving	
Statement of Revenues, Expenditures and Changes in Fund Balance	150
Fund Overview	151
2024A G.O Street Reconstruction Bonds	
Statement of Revenues, Expenditures and Changes in Fund Balance	152
Fund Overview	153
Enterprise Funds	
Definition.....	155
Statement of Revenues, Expenditures and Changes in Retained Earnings –	
All Enterprise Funds	157
Water Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	158
Fund Overview	159
Sanitary Sewer Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	160
Fund Overview	161
Storm Sewer Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	162
Fund Overview	163
Internal Service Funds	
Definition.....	165
Statement of Revenues, Expenditures and Changes in Fund Balance – All	
Internal Service Funds	167
Central Equipment Maintenance Fund	
Statement of Revenues, Expenditures and Changes in Fund Balance	168
Fund Overview	169
Risk Management	
Statement of Revenues, Expenditures and Changes in Fund Balance	170
Fund Overview	171
Appendix	
Budget Year 2026 – Operating Transfers	173
2026 – 2030 Capital Improvement Plan Development Calendar.....	174
Capital Improvements Plan 2026-2030	175
Summary of Outstanding Bond Issues.....	194
Future Debt Service Requirements	195
Computation of Legal Debt Margin.....	196
Property Tax Levies and Collections.....	197
Special Assessment Levies and Collections	197

Principal Taxpayers	198
Building Permits, Property Values and Households	198
Demographics	199
Miscellaneous Statistical Data	200
Glossary of Terms.....	201

CITY OF ANDOVER

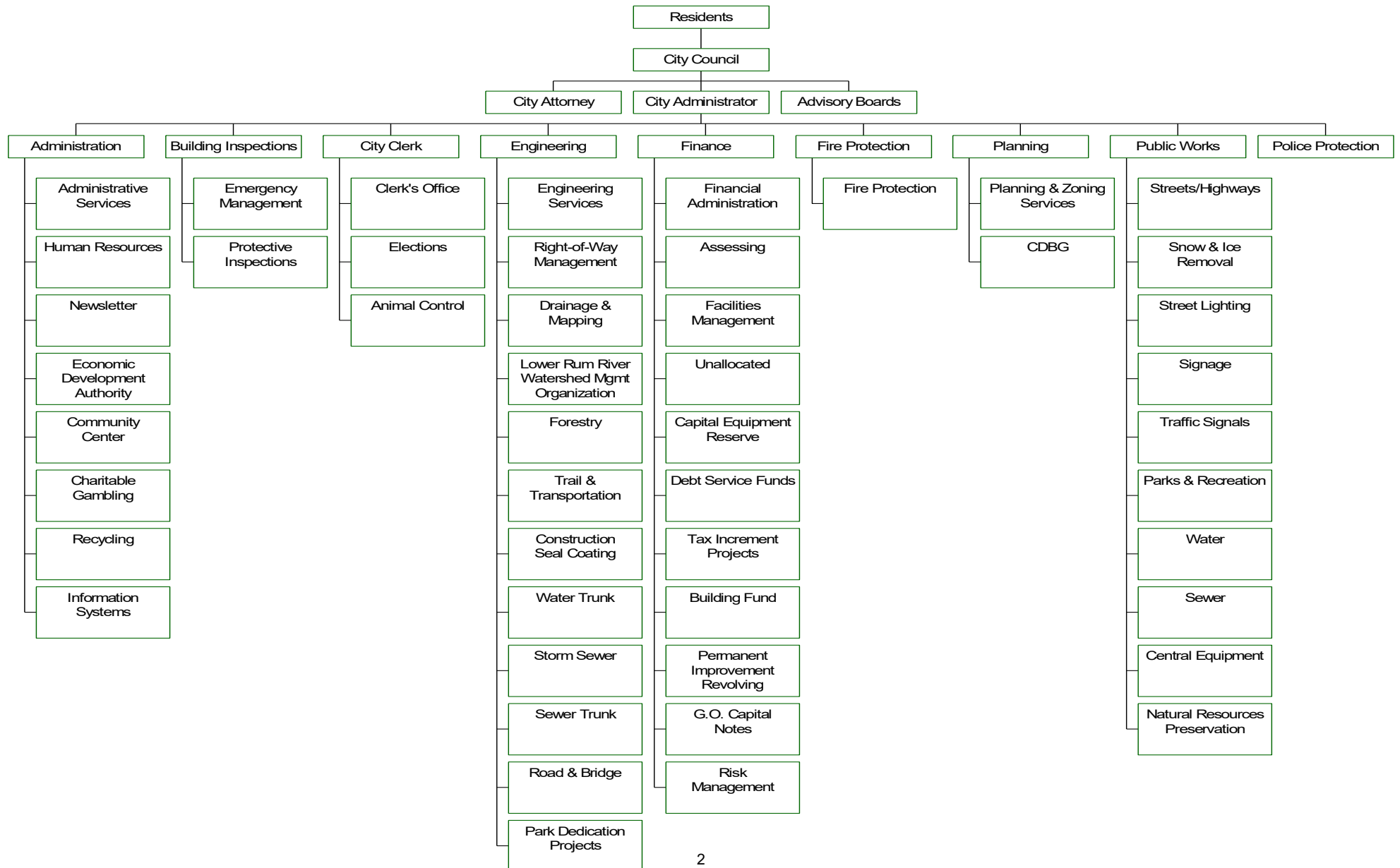
Adopted 2026 City Budget

Jamie Barthel	Mayor
Rick Engelhardt	Councilmember
Karen Godfrey	Councilmember
Scott Schue	Councilmember
Jonathan Shafto	Councilmember

Sarah Cotton	City Administrator
Lee Brezinka	Finance Manager
Joe Janish	Community Development Director
David Berkowitz	Director of Public Works / City Engineer
Joe Heidelberger	Building Official
Dennis Jones	Fire Chief

CITY OF ANDOVER

2026 Organizational Chart





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

TO: Mayor, City Council Members and Residents of Andover

FROM: Sarah Cotton, City Administrator

SUBJECT: Adopted 2026 City Budget

DATE: December 2, 2025

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 the Council approve a preliminary budget and certify a proposed levy to the Anoka County Property Records and Taxation Division by September 30, 2025. In response to these requirements, a proposed budget was presented to the Council on September 2, 2025. The council held budget-planning sessions from March through August to discuss priorities and adopted the preliminary 2026 City Levy on September 2, 2025. Additional budget discussions were held with the Council in September, October, and November before the public hearing and final adoption on December 2, 2025. The official adoption of the 2026 Budget and City Levy will be submitted to Anoka County and the Minnesota Department of Revenue on or before December 29, 2025.

This budget document should be viewed as more than just a collection of financial data; it is a financial plan through which the organization will implement the Council policies and meet the articulated needs of the community. In addition to the financial data, this document describes programs and services and provides statistical values measuring activity performance and workloads. Most importantly, this budget reflects the City's plans, policies, procedures and objectives regarding services to be provided in 2026.

As part of the budget development process, City staff and department supervisors performed a comprehensive review of their specific service needs, prioritized spending requests to achieve the most effective operational delivery of services and 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 as “Round Lake Township.” In 1860, the name was changed to “Grow Township” in honor of Congressman Galusha A. Grow of Pennsylvania, a strong advocate for the Union cause who spoke in Anoka that year. At that time, the population was 330 and included the geographical area we know today as Ham Lake, which remained part of Grow Township until 1871.

In 1972, recognizing the area's rapid growth, the Board of Supervisors determined that a village form of government would better serve the community and voted to proceed with incorporation. The board chose the name “Andover Village” for its historical connection to the Andover train station. While a popular “train myth” suggests the name came from an eyewitness describing a train tipping “over and over” in a swamp, research reveals the name first appeared in the Anoka County Union newspaper on March 14, 1899—before railroad tracks were even 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, though the specific origin of the name remains unknown. Andover Village was officially established in 1972 and became a city of the fourth class in 1974. Today, Andover’s population exceeds 30,000, classifying it as a second-class city.

BUDGET GUIDELINES

The following 2026 Budget Development guidelines were established by the City Council on March 25, 2025. These principles guided City Staff in preparing the proposed operating budget and are presented with a brief description of the outcome of each guideline:

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

Note: Anoka County Assessor estimated taxable market value figures for the City of Andover are based on numbers provided reflecting a 5.90 % increase in total taxable market value for 2026. The 2025 increase was 0.08%.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

- 2) A fiscal goal that works toward establishing the General Fund working capital fund balance at no less than 45% of planned 2026 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 2026 adopted General Fund budget.

Note: With property tax revenues making up close to 80% of the total General Fund revenues, cash flow designations approaching 50% are appropriate and recommended by the City's auditor. The 2025 budget development exceeded this guideline for cash flow, also Emergency Fund Balances (approximately 3% of planned General Fund expenditures per finance policy) are in place to stabilize a situation, not to be a complete solution. At the October 7th meeting, the City Council approved a \$1,000,000 transfer from the General Fund to address several priorities: \$250,000 to the EDA Special Revenue Fund to cover a funding shortfall, and \$750,000 to the Capital Equipment Reserve Fund. This latter portion provides \$250,000 for the Kelsey Round Lake Trail matching grant, \$350,000 for an additional plow truck replacement, and \$150,000 to increase the natural disaster reserve.

- 3) A commitment to limit the 2026 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: By actively managing long-term debt, the 2026 debt levy was kept within the 25% guideline at 23.08%—a slight reduction from the 2025 rate of 23.92%

- 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 based on a cost-benefit analysis rather than a year-based replacement schedule.

Note: The City Vehicle Purchasing Committee has been meeting and is performing this analysis and will make recommendations on equipment needs to the City Council as part of the 2026-2030 Capital Improvement Plan (CIP) development process. The 2026-2030 CIP was adopted after a public hearing at the September 16th 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 a set of financial data, including growth factors, tax capacity valuations, per capita spending, fund balance reserves, and debt ratios.

- 6) Continued commitment to strategic planning targeted toward meeting immediate and long-term operational, staffing, infrastructure and facility needs.

Note: A core priority for the 2026 budget, in alignment with the City's strategic plan, is to prioritize our people and maintain organizational flexibility and adaptability. The strategic plan outlines the following top short-term goals: 1) Develop and implement succession plans, identifying appropriate depth within each department and mentoring employees to gain organizational capacity. 2) Implement actions related to staff retention and attraction to keep the City market competitive (compensation, benefits, etc.). Administration continues to integrate this direction into 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: Special attention is given to fiscal values, commercial & residential development or redevelopment, collaboration opportunities, service delivery, and community livability.

SIGNIFICANT EVENTS OF THE CURRENT YEAR

Andover was one of the fastest-growing cities in the Twin Cities metropolitan area between 2000 and 2006. While the pace of residential development has since slowed due to regional and national economic factors, the City has successfully adapted by identifying alternate locations for sewer-supported growth. In 2025, the City issued 102 new single-family building permits (total valuation of \$33.5M) and 5 new commercial permits (total valuation of \$50.4M). This represents a significant increase in commercial investment compared to the \$2.4M in commercial valuations the prior year. More detailed information is available on City growth later in this budget message.

Some additional noteworthy activities that occurred in 2025 include:

- 1) The City secured \$8 million in State funding to extend municipal water into the Red Oaks neighborhood (Phase II), a neighborhood where private wells were discovered to be contaminated while conducting water sampling near the Waste Disposal Engineering (WDE) Closed Landfill in Andover. Construction is scheduled for 2026, with 84 homes potentially connecting to the municipal water supply.
- 2) Over 12 miles of roads were either reconstructed or overlaid during the road construction season. Additionally, two new roundabouts were completed at the intersections of Nightengale Street with Crosstown Blvd and Veterans Memorial Blvd.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

- 3) New residential plats included Fields of Winslow Cove 4th Addition (85 urban lots), Lakeview at Sloth Farms (5 urban lots), Boulder Prairie Estates (27 urban lots), and Hartmans Meadows (12 rural lots). The City currently maintains a supply of 152 urban and 13 rural lots.
- 4) Several new businesses moved to Andover, including Starbucks, Chipotle, 304 Bakery, Resemble Barbers, Chase Bank, and a Holiday/Circle K. While some utilized existing spaces, most established new standalone structures.
- 5) Transform Church began a 23,000-square-foot expansion, and Legacy Christian Academy purchased the former Meadow Creek Church facility. Meadow Creek Church is now building a new 8,400-square-foot facility on the adjacent property.
- 6) Crosstown Landings is currently under construction and will provide 217 units of senior housing, and include a warm water pool, indoor pickleball court, indoor golf simulator, wellness/fitness rooms, and other amenities for its residents.
- 7) The Bank of Elk River received a Conditional Use Permit for a building with a drive-thru and is expected to start construction of a 2,700 square foot facility in 2026.
- 8) An Alternative Urban Areawide Review (AUAR) began for approximately 800 acres of the Rural Reserve. This study evaluates the potential for up to 1,545 residential units and 30 acres of commercial property.
- 9) Recruitment initiatives resulted in 11 new paid-on-call hires for the Andover Fire Department.
- 10) Andover residents continue to maintain one of the highest recycling rates per person in Anoka County. The City hosted successful monthly recycling events throughout 2025, focusing on items like electronics and paper shredding.
- 11) For the 23rd consecutive year, the City received the GFOA "Excellence in Financial Reporting Award." Completing this report internally continues to save the City significant consulting fees.
- 12) The City continues to implement its single-family rental housing license program, which provides landlords with educational materials and checklists for property maintenance. The program includes a list of potential ordinance violations and an exterior inspection conducted by City staff. Authorized by the City Council in 2009 and reviewed annually, the program saw nearly 275 single-family rental licenses issued throughout the City in 2025.

- 13) The City is making significant progress in digitally imaging retained records, ranging from standard legal documents to large-scale construction plans. This imaging project has improved data retrieval efficiencies, reduced the need for physical office expansion, and expedited City research projects—all of which contribute to long-term staffing and operational savings.
- 14) The City continues to utilize financial management software updates to enhance reporting and operating efficiencies, resulting in more timely reports and reduced personnel costs. In 2025, the City saw continued growth in both online and in-person credit card payments for permits and services. Currently, approximately 65% of Building Department permits are processed online, saving customers significant time and travel expenses.

OVERVIEW

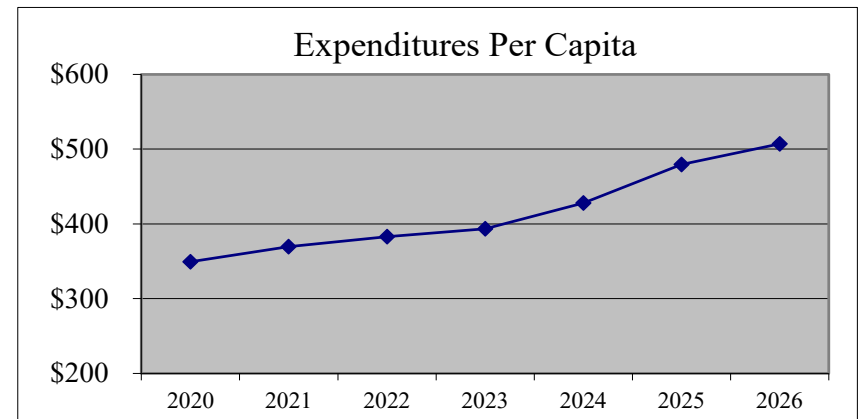
The Adopted 2026 Budget anticipates General Fund revenues of \$16,182,461 to meet budgeted expenditures of \$16,724,671. This results in a planned use of fund balance; consequently, total General Fund reserves are projected to decrease from 72.08% in 2025 to 68.82% in 2026. Overall, the 2026 General Fund Budget represents a \$1,006,516 increase in expenditures over the previous year. Designated capital operating levies increased by \$227,297, bringing the 2026 balance to \$3,452,165. The 2026 Debt Service Levy of \$4,905,158—which includes equipment notes, abatement bonds, capital improvement bonds, and street reconstruction bonds—decreases the City’s debt-to-gross-levy ratio to 23.08%, down from 23.92% the prior year.

The increase in General Fund expenditures is primarily driven by Public Safety and Public Works. Public Safety costs (Police and Fire) increased by \$556,541. This includes a 6.76% (\$266,287) increase in the law enforcement contract and a \$290,254 increase for the Fire Department, both largely due to additional staffing and competitive salary/benefit adjustments. Public Works expenditures increased by \$221,040 over the 2025 budget, also primarily due to salary and benefit adjustments.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

General Fund expenditure trends starting from 2020 are as follows:

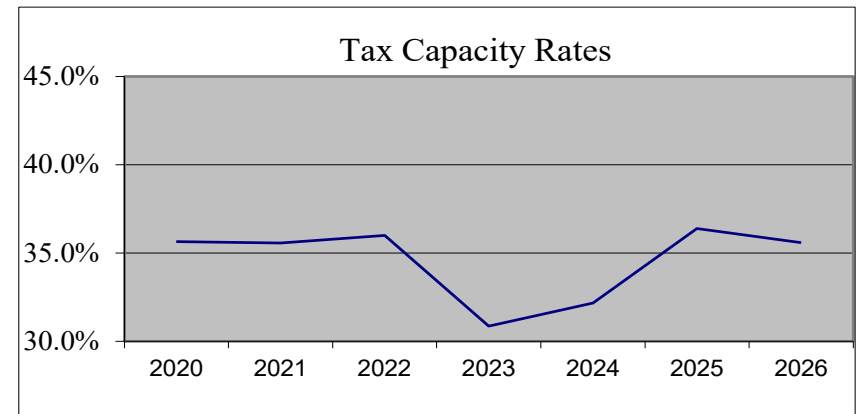
	<u>Expenditures</u> <u>Before Transfers</u>		<u>Population</u>	<u>Expenditures</u> <u>Per Capita</u>
	% Change			
2020 Actual	\$ 11,395,878	n/a	32,601	\$ 349.56
2021 Actual	\$ 12,091,500	6.10%	32,708	\$ 369.68
2022 Actual	\$ 12,569,831	3.96%	32,822	\$ 382.97
2023 Actual	\$ 13,019,879	3.58%	33,089	\$ 393.48
2024 Actual	\$ 13,953,540	7.17%	32,596	\$ 428.08
2025 Estimate	\$ 15,719,322	12.65%	32,796	\$ 479.31
2026 Adopted	\$ 16,724,671	6.40%	32,996	\$ 506.87



Note: The population figures are estimates by the Met Council.

The 2026 Adopted Budget provides for a tax capacity rate of 35.288%, compared to 36.389% for 2025 (excluding open space and watershed levies). This decrease in the tax capacity rate is primarily due to the growth in local tax capacity values and fiscal disparities, which offset the slight increase in the overall tax levy.

	<u>Tax Capacity Values</u>		<u>Tax Capacity Rates</u>	
	% Change		% Change	
2020	\$ 36,099,539	n/a	35.656%	n/a
2021	\$ 37,366,775	3.51%	35.574%	-0.23%
2022	\$ 40,210,548	7.61%	35.994%	1.18%
2023	\$ 50,267,978	25.01%	30.873%	-14.23%
2024	\$ 52,292,926	4.03%	32.181%	4.24%
2025	\$ 52,531,509	0.46%	36.389%	13.08%
2026	\$ 55,594,902	5.83%	35.588%	-2.20%



Note: The tax capacity rates exclude open space and watershed levies.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

Some highlights of the Adopted 2026 Budget are as follows:

Capital Projects Levy – The 2026 Budget specifically designates \$3,412,165 of the general tax levy to capital projects and equipment. Strategically allocating these resources allows the City to meet transportation and infrastructure needs while raising public awareness of spending priorities. The breakdown includes:

- Road and Bridge (\$2,400,000): Based on a detailed analysis of city street conditions and the needs of the roadway system.
- Capital Outlay (\$525,000): This reflects a \$225,000 increase achieved by reallocating funds from the debt service levy. This "pay-as-you-go" shift bypasses the bonding process, resulting in an estimated savings of \$50,000 per issuance.
- Facility Maintenance Reserve (\$355,000): Designated to fund repairs identified in the recent facility condition assessment.
- Pedestrian Trail Maintenance (\$117,165): Dedicated to the upkeep and safety of the City's trail system.
- Park Projects (\$15,000): Designated for miscellaneous park-related capital projects.

Sheriff's Police Contract Services – The Anoka County Sheriff's contract reflects a 6.76% increase (\$266,287). The budget maintains 72 hours of daily patrol service, a Community Service Officer, two Patrol Investigators, and two Community Oriented Policing Officers. The Crime Watch Coordinator position will now be under the Sheriff's service umbrella.

Attorney – The budget includes a 3.89% general increase (\$8,873) to manage legal services for the City.

City Memberships and Contributions – The City supports several regional organizations and local programs that provide essential services to our residents. General fund supported memberships, and contributions are as follows:

▪ North Metro Mayors Association	\$14,261	- membership
▪ Metro Cities	\$10,027	- membership
▪ Mediation Services	\$ 6,628	- program contribution
▪ Alexandra House	\$15,000	- program contribution (domestic abuse programs)
▪ Teen Center Funding (YMCA)	\$ 5,600	- program contribution (youth services)

The following memberships/contributions are included as part of the 2026 budget in the Charitable Gambling Special Revenue Fund:

▪ Teen Center Funding (YMCA)	\$24,400	- program contribution (youth services)
▪ YMCA – Water Safety Program	\$10,000	- program contribution (youth services)
▪ Alexandra House	\$ 9,500	- program contribution (domestic abuse programs)

Mayor, Councilmembers, Residents
2026 Adopted City Budget

▪ Senior High Parties	\$ 2,000	- donation (youth programs)
▪ Family of Promise	\$ 4,000	- program contribution (homelessness programs)
▪ Stepping Stone	\$ 2,000	- program contribution (homelessness programs)
▪ Lee Carlson Central Center for Family Resources	\$ 2,500	- program contribution (mental health services)
▪ Hope for Youth	\$ 2,000	- program contribution (homelessness programs)
▪ Andover Senior Club	\$ 1,000	- program contribution (senior services)

ORGANIZATIONAL MANAGEMENT

Staffing and Strategic Realignment – Consistent with the strategic plan, the City is prioritizing a stable, high-performance culture to ensure excellence in service delivery. The following staffing changes are the result of recent restructuring to meet community demand:

Engineering Department – Starting January 1, 2026, the Engineering Secretary position will transition to half-time and intern funding will be eliminated. These resources will be reallocated to add a full-time Engineer on July 1. This shift moves resources from administrative support to professional roles where workload demand for infrastructure projects is highest.

Building Department – To address the surge in housing and commercial development, a half-time Inspector and full-time Secretary will be realigned into a full-time Building Inspector and a half-time Secretary. This adjustment is expected to be fully supported by the permit revenue generated by increased development.

Fire Department – Following an independent evaluation, the City is moving to a new duty-crew model. By adjusting hours based on call-volume data and implementing two dedicated full-time weekday personnel, the City will ensure consistent daytime response. The first position is funded entirely by savings from the new model; the second will be added mid-year to manage costs.

With several retirements and vacancies anticipated through 2026, Administration and Human Resources will continue to focus on succession planning, cross-training, and the strategic realignment of resources to maintain service levels without interruption.

Cost-of-Living Adjustments – To remain competitive with other government entities, the 2026 budget includes a 4.00% COLA and eligible step increases. These adjustments are verified against detailed market rate reviews. The current Public Works Union contract expires December 31, 2027, and provides for a 4.00% COLA for 2026 and 2027.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

Health Insurance Costs – Premiums increased by 15.0% for 2026. The City maintains an employer contribution ratio of 100% for single coverage and 76% for family coverage. To manage these costs, the City continues to utilize a high-deductible plan paired with a Health Reimbursement Arrangement (HRA) to "buy down" premium costs.

Minnesota Paid Leave Program – Beginning January 1, 2026, a new state-mandated program will provide job-protected family and medical leave. Funded by a 0.88% premium on wages, the City will cover 50% of the cost as required by law.

Workers' Compensation Insurance – The City's insurance costs are determined by an "Experience Modification Factor" (Mod Factor). A score of 1.0 represents the industry average. In 2025, the City enjoyed a 0.96 factor, resulting in a premium discount (cost: \$235,840). In 2026, the factor is increasing to 1.85 due to recent claims experience, resulting in a premium surcharge (estimated cost: \$335,352). The City remains committed to safety initiatives to help lower this factor and reduce future premiums.

CITY GROWTH

The City saw robust development in 2025, welcoming new businesses such as Starbucks, Chipotle, 304 Bakery, Resemble Barbers, Chase Bank, and a Holiday/Circle K. Significant institutional growth is also underway, with Meadow Creek Church constructing a new facility and Transform Church expanding its campus. Additionally, the Crosstown Landings senior housing project is under construction; once complete, it will provide 217 units and premium amenities, including a warm water pool, indoor pickleball, a golf simulator, and fitness rooms.

Residential growth remains steady with the addition of several new plats, including Fields of Winslow Cove 4th Addition (85 urban lots), Lakeview at Sloth Farm (5 urban lots), Boulder Prairie Estates (27 urban lots), and Hartmans Meadows (12 rural lots). Currently, the City maintains a supply of 152 urban and 13 rural lots.

In 2025, the City issued 102 new single-family building permits with a total valuation of \$33,553,396. Notably, commercial investment saw a significant increase, with 5 new commercial permits valued at \$50,478,662—up from just \$2,400,000 the previous year. According to the 2020 Census, Andover's population stands at 32,601.

Growth Factors	1995	2025 Estimate	% Change
Population	20,497	32,596	59
Housing Units	6,300	11,091	76
Streets (miles)	150	207	38

Mayor, Councilmembers, Residents
2026 Adopted City Budget

Growth Factors	1995	2025 Estimate	% Change
Cul-de-sacs	155	368	137
Storm Sewer (miles)	18	87	384
Water Main (miles)	35	130	271
Sanitary Sewer (miles)	53	106	100
Parks (Number)	54	68	26
Developed Park Acreage	512	631	23
Trails (miles)	0	41	100
Developed Residential (acres)	7,750	9,639	24
Undeveloped Residential (acres)	14,616	12,653	(13)
Fire/Medical Runs	625	1,917	207

Growth Factors	2000	2025 Estimate	% Change
Calls for Service – Police	9,588	12,824	34
Incident Reports	8,385	9,706	16

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

CAPITAL OUTLAY/IMPROVEMENTS

The Adopted 2026 Budget includes \$27,709,000 for capital equipment and improvements. These projects are funded through a strategic mix of sources, including the General Fund, dedicated capital levies, Enterprise Funds, special assessments, state grants, and the issuance of notes and bonds. Key funding allocations for 2026 include: \$8,000,000 from the Minnesota Pollution Control Agency (MPCA) for the Red Oaks water extension, \$10,318,000 for road improvements via bonds, tax levy, state aid, and special assessments, and \$1,580,000 from capital, facility, and general fund levies and reserves. The City's 2026–2030 Capital Improvement Plan (CIP) was instrumental in shaping these outcomes. For a detailed analysis of every item, residents are encouraged to view the complete CIP document in the Finance Department section of the City's website at www.andovermn.gov.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

Notable 2026 Capital Projects include:

Parks Department – \$600,000 is programmed for park improvements, including \$250,000 for the skate park, \$150,000 for paving the Hawkridge Park parking lot, and \$200,000 for updating play structures to meet modern safety and ADA requirements.

Facility Management – \$175,000 is allocated for the third phase of the City Hall office and cubicle remodel, funded by the Facility Maintenance Reserve.

Fire – \$350,000 is budgeted for the replacement of a Fire Department rescue vehicle, funded through the Capital Equipment Reserve.

Engineering – \$2.2 million is budgeted for trail expansions, including sections along Coon Creek (\$850,000), Crosstown Blvd (\$850,000), and the reconstruction of the Kelsey Round Lake Park trail (\$500,000). Funding is provided by Trail and Capital Equipment funds along with a DNR matching grant.

Water – The Minnesota Pollution Control Agency (MPCA) is providing \$8 million to extend municipal water service to 84 homes currently affected by contaminated private wells in the Red Oaks area.

Sanitary Sewer – \$3.85 million is designated to extend the trunk sanitary sewer from Bunker Lake Boulevard to the Rural Reserve. This will be initially financed by the Sewer Trunk Fund and fully reimbursed through future connection fees.

FUND BALANCE

General Fund and Reserves – The City establishes fund balance goals to ensure sufficient cash flow for capital purchases, emergency contingencies, and long-term stability. For 2026, the General Fund is projected to use \$542,210 of its fund balance to support operations. Despite this planned use, the City continues to meet Council guidelines by maintaining a working capital balance of approximately \$8,362,336, representing 50% of planned expenditures. Additionally, the budget preserves \$850,000 in emergency reserves to protect core services:

- Snow Emergency (\$100K): For salt, sand, and labor during abnormal snowfall seasons.
- Public Safety (\$100K): For unexpected police, fire, or civil defense costs.
- Facility Management (\$100K): For emergency roofing, HVAC, or facility repairs.
- Information Technology (\$100K): For phone system or network server emergencies.
- Economic Development (\$150K): For TIF Management Fee Migration.
- Fiscal Disparities (\$300K): To buffer against fluctuations in state-calculated tax sharing.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

Special Revenue and Debt Service Funds – The Economic Development Authority (EDA) fund will decrease by \$91,286, reflecting lower administrative fee revenue and a continued commitment to the Home Improvement Program. The Andover Community Center budget will decrease by \$61,832 as the City completes essential infrastructure projects, including a \$75,000 fieldhouse lighting replacement. Debt Service funds are projected to increase by \$168,973, primarily due to a temporary timing variance between property tax receipts and scheduled debt payments.

Capital Project Funds – The 2026 budget includes several strategic shifts in capital reserves to fund infrastructure. The Water Trunk Fund will increase by \$400,235 to build reserves for future replacements, while the Road and Bridge Fund will increase by \$1,263,429 for proactive street reconstruction. The Sewer Trunk Fund will decrease by \$2,359,295 to finance the sanitary sewer extension to the Rural Reserve. These costs are expected to be fully recovered through future developer connection fees. The Park Dedication and Trail & Transportation funds will decrease by \$283,600 and \$1,423,100, respectively, to fund upgrades at the skate park and Hawkridge Park, as well as trail extensions along Coon Creek and Crosstown Boulevard. The Capital Equipment Reserve will decrease by \$567,381 as the City utilizes Public Safety Aid for fire equipment. Additionally, the remaining \$4.5 million in 2024A Street Reconstruction Bonds is scheduled for expenditure.

COMMUNITY VISION & GOALS

While the annual budget addresses immediate tasks, it is guided by the City of Andover’s slogan, vision statement, long-term values, and short-term organizational goals. In 2023, the City Council and Leadership Team collaborated to update the Strategic Plan, which has since been integrated into every department’s work plan and budget.

The City’s adopted slogan is “A Safe, Vibrant Community,” and the vision statement is “Andover is a safe, healthy community that strives for excellence in quality of life for its citizens and businesses through recreational opportunity, quiet neighborhoods, civic involvement, strategic partnerships, fiscal responsibility, and environmental stewardship.”

Long-Term Organizational Values

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

Mayor, Councilmembers, Residents
2026 Adopted City Budget

- 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.
- Treating our citizens and businesses as our customers - The City of Andover believes that its citizens and businesses are its customers and, as such, should be treated with courtesy, respect, and integrity.
- 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.
- Prioritizing people - The City of Andover believes that talented and well-supported officials and employees operating in a strong organizational culture provides stability, creativity, and excellence in delivery of service.
- Maintaining organizational flexibility and adaptability - The City of Andover believes that organizational flexibility and adaptability are key to meeting the changing and evolving needs of the community.

Long-Term External Values

- Establish and maintain a common community identity.
- Provide city services that are accessible and lead to a healthy community.
- Be a desirable place to live.
- Enhance communication with the public and support processes that involve citizen engagement.
- Develop and update the City's capital improvement program.
- Broaden and preserve the City's tax base.
- Balance and prioritize the provision of city services with available resources.
- Respect the environment.

Top Priority Short-Term Goals

- Develop and implement succession plans, identifying and establishing appropriate depth within each department and mentoring employees to gain organizational capacity.
- Implement actions related to staff retention and attraction to keep the City market competitive (compensation, benefits, etc.).
- Evaluate staffing and level of service for Fire, EMS, and Sheriff's Office to provide effective fire and rescue response.
- Review and update the street capital improvement plan, including funding and implementation.
- Prioritize the timely replacement of equipment and commitment to the necessary maintenance of equipment and municipal facilities.
- Explore, identify gaps, and strengthen critical infrastructure.
- Develop and implement additional youth activity programming at the Andover Community Center.
- Continue to enter into collaborative agreements and partnerships when mutually beneficial.

Secondary, Opportunity Short-Term Goals

- Develop community activities to help strengthen a common community identity.
- Accomplish the development of a Master Campus Plan.
- Support activities to encourage business growth.
- Encourage local resident entrepreneurship.
- Evaluate the process of extending water within the MUSA.

LONG-TERM FISCAL OBJECTIVES

The City Council and staff are committed to expending public resources in the most cost-effective and economical manner possible. Given the unpredictable nature of state aid and levy limits, the City employs the following long-term fiscal strategies to ensure a balanced and stable financial future:

- ◆ 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 decrease in 2026 when applied to the City’s growing taxable market values. 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 can 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 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, track per capita spending growth, and establish a link between fiscal targets and budgetary expenditure goals.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

- ✓ *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 set of financial data, including growth factors, tax capacity valuations, per 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.*
- ◆ 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 in labor-saving technology, such as new software, enhanced programming, and optical imaging of 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 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 separate capital projects levies to underwrite the cost of selected capital projects and equipment, and to 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
2026 Adopted City Budget

- ✓ *City staff are encouraged to identify work practice issues that are inefficient or overly bureaucratic. The management team is committed to involving its 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 public safety, assessment services, telecommunications, public access television, and wastewater service initiatives.*

EXECUTIVE SUMMARY

The 2026 Adopted Budget reflects the City Council's direction and staff's commitment to a cost-effective, efficient, and high-quality service model. It demonstrates the City's pledge to live within its means, ensuring tax dollars are managed prudently to achieve the best possible outcomes for residents. Notably, Andover continues to maintain one of the lowest tax rates in Anoka County and the Twin Cities metropolitan area, with per-capita spending consistently ranking in the bottom half of peer cities.

Budgetary Process

The budgetary process was guided by the Council policy guidelines described earlier in this message. We approached this process by employing several key strategies: extending the useful life of existing equipment, utilizing cost-center accounting to better understand specific service expenditures, and actively seeking equipment-sharing opportunities with both public and private entities. We also focused on spreading the cost of significant capital expenditures over several years and introducing new technologies that allow staff to work more efficiently and effectively. Furthermore, the prudent management of existing capital, financial, and human resources—combined with organizational practices that promote employee involvement and interdepartmental communication—will generate substantial efficiencies in City operations.

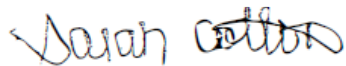
This process included active participation from all department heads and supervisors. Decisions concerning the operational and maintenance needs of the organization were made by the management team after a thorough review and prioritization of all budgetary requests. The integrity of this process relies upon every department working within the same framework to accurately identify operational needs, promote informed team reviews, and meet the core service requirements of each department. To meet growing challenges, the City must continually evaluate new methods of conducting business in a more economical and competitive manner while maintaining high service standards that meet the reasonable expectations of the community.

Mayor, Councilmembers, Residents
2026 Adopted City Budget

The budget process incorporates a management vision supported by the increased utilization and promotion of technology in public service delivery and an emphasis on long-term strategic planning to effectively allocate resources for future needs. We continue to foster a workforce characterized by greater participation, accountability, and flexibility, allowing for innovative responses to the demand for cost-effective services. Additionally, we are focused on developing an alternate framework of special revenues and user fees to gradually reduce the City's reliance on tax levies by recovering costs from appropriate users. We recognize that the City should work as a partner with the community to meet challenges rather than as the sole provider, while maintaining a strong voice in the legislature to ensure that Andover's issues are clearly understood and fairly addressed.

The 2026 Adopted Budget is the product of the collective efforts of the management team and their respective staff, who have worked diligently to ensure that the residents of Andover receive the highest level of service for their tax dollars. Special recognition is appropriate for Finance Director Lee Brezinka and the Finance staff for generating the reliable financial data upon which this sound and valid budget document was produced. The entire management team should be recognized for their efforts in preparing a budget that meets the needs of this growing community while recognizing the limited nature of financial resources. Finally, the City Council should be recognized for its frugal use of municipal resources and its continual efforts to provide essential services to the residents it represents. 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 blue ink that reads "Sarah Cotton". The signature is stylized with a large, flowing "S" and a cursive "Cotton".

Sarah Cotton
City Administrator

CITY OF ANDOVER
COUNTY OF ANOKA
STATE OF MINNESOTA

RES. NO. R145-25

A RESOLUTION ADOPTING THE CITY OF ANDOVER 2026 BUDGET AND 2026 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 29, 2025; and

WHEREAS, Minnesota State Law requires the City to certify to the State of Minnesota Department of Revenue an adopted tax levy by December 29, 2025.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Andover hereby adopts the 2026 City of Andover Budget and the 2026 property tax levy totaling \$21,250,914 as listed on Attachment A.

BE IT FURTHER RESOLVED that the City Council of the City of Andover hereby establishes the 2026 City of Andover Budget by fund type as follows:

REVENUES		EXPENDITURES	
General Fund	\$ 16,182,461	General Fund	\$ 16,724,671
Special Revenue Funds	2,772,068	Special Revenue Funds	2,948,490
Debt Service Funds	5,573,458	Debt Service Funds	5,404,485
Capital Projects Funds	19,431,872	Capital Projects Funds	27,050,927
Enterprise Funds	7,507,635	Enterprise Funds	7,216,095
Internal Service Funds	2,076,528	Internal Service Funds	2,069,810
Total	\$ 53,544,022	Total	\$ 61,414,478

Adopted by the City of Andover this 2nd day of December 2025.

ATTEST:


Michelle Hartner – City Clerk


CITY OF ANDOVER
Jamie Barthel - Mayor

CITY OF ANDOVER, MINNESOTA
2026 Property Tax Levy

Attachment A

	2026 Levy
General Fund Levy	
General Operations	\$ 12,503,591
Community Center Operations	155,000
Park Repair/Replacement Items	235,000
Total General Fund	12,893,591
Debt Service Funds Levy	
2012C Taxable G.O. Abatement Bonds	968,689
2018A G.O. Capital Improvement Plan Bonds	615,419
2019A Taxable G.O. Abatement Bonds	1,179,308
2021A G.O. Street Reconstruction Bonds	701,553
2024A G.O. Equipment Certificate	444,834
2024A G.O. Street Reconstruction Bonds	995,355
Total Debt Service	4,905,158
<u>Other Levies</u>	
Capital Projects Levy	
Capital Equipment/Project	525,000
Facility Maintenance Reserve	355,000
Parks Projects	15,000
Road & Bridge	2,400,000
Pedestrian Trail Maintenance	117,165
Lower Rum River Watershed	40,000
Total Other	3,452,165
Gross City Levy	\$ 21,250,914

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. R145-25 adopting the City of Andover 2026 Budget and 2026 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 2nd day of December 2025.

A handwritten signature in cursive script, reading "Michelle Hartner".

Michelle Hartner – City Clerk

Long-Term Organizational Values

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 and businesses 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 CITIZENS AND BUSINESSES AS OUR CUSTOMER

The City of Andover believes that the citizens and businesses are its customers 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.

6. PRIORITIZING PEOPLE

The City of Andover believes that talented and well-supported officials and employees operating in a strong organizational culture provides stability, creativity, and excellence in delivery of service.

7. MAINTAINING ORGANIZATIONAL FLEXIBILITY AND ADAPTABILITY

The City of Andover believes that organizational flexibility and adaptability are key to meeting the changing needs of the community.

Highest Priority External Values

Goal #1 Establish and maintain a common community identity.

Goal #2 Provide city services that are accessible and lead to a healthy community.

Goal #3 Be a desirable place to live.

- Goal #4 Enhance communication with the public and support processes that involve citizen engagement.
- Goal #5 Develop and update the City's capital improvement program.
- Goal #6 Broaden and preserve the City's tax base.
- Goal #7 Balance and prioritize provision of city services with available resources.
- Goal #8 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 30th.

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 2026 Proposed Operating Budget and Proposed Tax Levy on Tuesday, September 2, 2025 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 2, 2025. The adopted 2026 City Levy was also submitted to Anoka County and the Minnesota Department of Revenue by December 29, 2025.

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 2026 Budget Development Calendar used to facilitate the necessary discussions and timelines between staff and City Council.

CITY OF ANDOVER
2026 Budget Development Calendar

Date	Activity	Responsibility
March 25, 2025	Council Workshop to discuss budget guidelines.	City Council / Staff
May 27, 2025	Council budget progress report distributed and Council budget discussion.	Council / Staff
July 10 – 11, 2025	2026 Budget Decision packages prioritized and finalized.	Admin / Mgmt Team
July 22, 2025	Council budget progress distributed. Receives 2026 Proposed Budget.	City Council / Staff
August 26, 2025	City Council follow-up workshop for review of 2026 Proposed Budget.	City Council / Staff
August 26, 2025	City Council preview of Proposed 2026 Tax Levy Presentation.	City Council / Staff
September 1, 2025	State Department of Revenue (DOR) to certify levy limits for 2026.	DOR
September 2, 2025 (Req.)	City to adopt proposed 2026 tax levy and select public hearing dates.	City Council
September 23, 2025	City Council Budget discussion – focus on Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds & Internal Service Funds.	City Council / Staff
September 30, 2025 (Req.)	Proposed 2026 tax levy must be certified to County.	Finance
September 30, 2025 (Req.)	City to file proposed 2026 special levies with DOR	Finance / DOR
October 28, 2025	City Council Budget discussion – focus on DSF & CPF.	City Council / Staff
November 1 – 11, 2025*	County Auditor to mail parcel specific notices.	County
November 25, 2025	City Council preview of Public Hearing.	City Council / Staff
December 1 - 13, 2025* (Req.)	City conducts Public Hearing during this time frame.	City Council
December 2, 2025	City of Andover Public hearing on 2026 Tax Levy and Operating Budget.	City Council
December 2, 2025	City Council adopts 2026 Tax Levy and Operating Budget.	City Council
December 29, 2025* (Req.)	Deadline for staff to certify 2026 tax levy to State and County.	Finance

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 and Budgeting

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 maintained on a modified accrual basis with revenues 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, except for principal and interest payments on long-term debt and capital expenditures which are recognized as expenditures when due. Governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The City of Andover adopts a budget for every governmental fund.

Proprietary Funds: Proprietary funds are maintained on an accrual basis. 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. For accounting purposes, the payment of principal on long-term debt and the purchase of capital assets is reflected on the balance sheet as it is reflecting bonds payable and capital assets with an outflow of cash. Interest on long-term debt in these funds is reflected in the expenses for the period that the payments are covering. Capital items are depreciated over their useful life with the depreciation amounts included in the expenses. For budgeting purposes, the payment of principal and interest on long-term debt and the purchase of capital assets in the proprietary funds is reflected in the budgeted expenses as an outflow of resources to assist in the analysis of these funds when analyzing rate structures. 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 an annual comprehensive 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 annual comprehensive 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.

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 (2026) against those projects planned between 2027 and 2030. 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.

Investment Policy

The City of Andover has adopted the following Investment Policy:

- 1. Scope – this policy applies to the investments of all financial assets of the City of Andover except investments of employees' investment retirement funds.
- 2. General Objectives – the primary objectives, in priority order, of investment activities shall be safety, liquidity and yield:
 - A. Safety. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - B. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
 - C. Yield. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity.
- 3. Standard of Care
 - A. Prudence. The standard of prudence, meaning not for speculation and with consideration of the probable safety of the capital as well as the probable investment returns, shall be used by investment officials.
 - B. Ethics and Conflicts of Interest. Employees involved in the investment process shall have no personal business activity that could conflict with the proper execution and management of the investment program or could impair their ability to make impartial decisions.

- C. Delegation of Authority. Authority to manage the investment program is granted to the Finance Director who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy and applicable state statutes.

4. Safekeeping and Custody

- A. Authorized Financial Dealers and Institutions. A list will be maintained of financial institutions authorized to provide investment services.
- B. Internal Controls. The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse.
- C. Delivery vs. Payment. All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

5. Suitable and Authorized Investments

- A. Investment Types. The following investments will be permitted by this policy and are those defined by state and local where applicable:
 - U.S. government obligations, U.S. government agency obligations and U.S. government instrumentality obligations which have a liquid market with a readily determinable market value;
 - Certificates of deposit and other evidences of deposit at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier (e.g., A-1, P-1, or F-1, or higher) by a nationally recognized rating agency;
 - Investment-grade obligations of state, local governments and public authorities;
 - Repurchase agreements whose underlying purchased securities consist of the investment types listed above.
 - Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of dollar-denominated securities; and
 - Local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation.
- B. Collateralization. Full collateralization will be required on non-negotiable certificates of deposit.
- C. Repurchase Agreements. Repurchase agreements shall be consistent with GFOA Recommended Practices on Repurchase agreements.

6. Investment Parameters

- A. Diversification. Investments shall be diversified by security type and institution.
- B. Maximum Maturities. To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing, or having average lives, of more than five years from the date of purchase.

7. Reporting

- A. Methods. The Finance Director shall prepare an investment report, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made quarterly.
- B. Performance Standards. The investment portfolio will be managed in accordance with the parameters specified within this policy.
- C. Marking to Market. The market value of the portfolio shall be calculated at least quarterly.

8. Policy Considerations

- A. Exemption. Any investment currently held that does not meet the guidelines of this policy (originally adopted April 6, 1999) shall be exempted from the requirements of the policy.
- B. Amendments. This policy shall be reviewed as needed or requested by City Council.

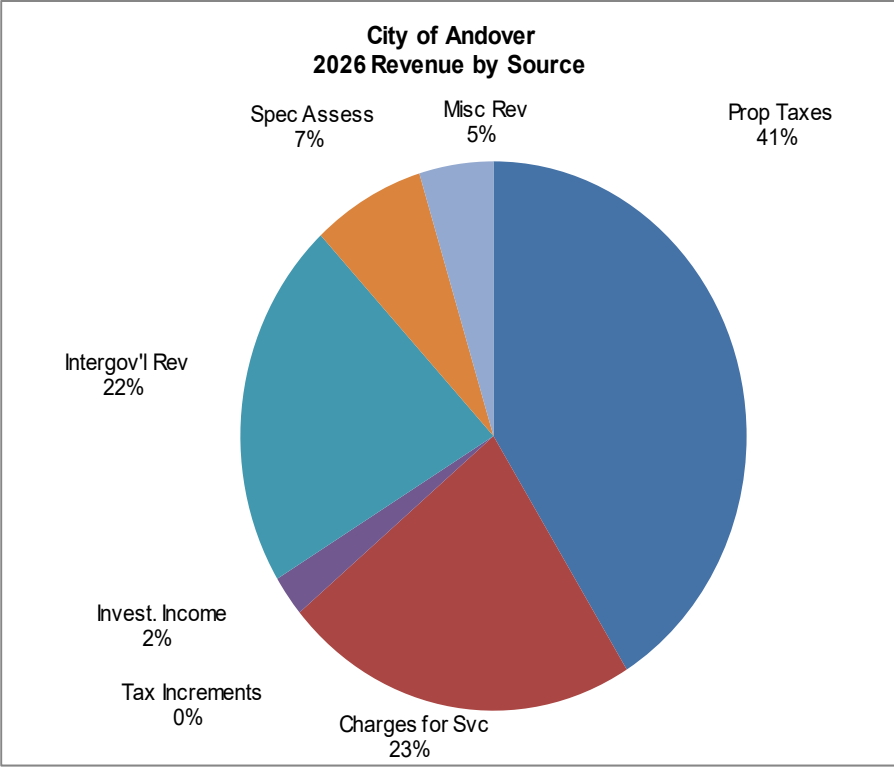
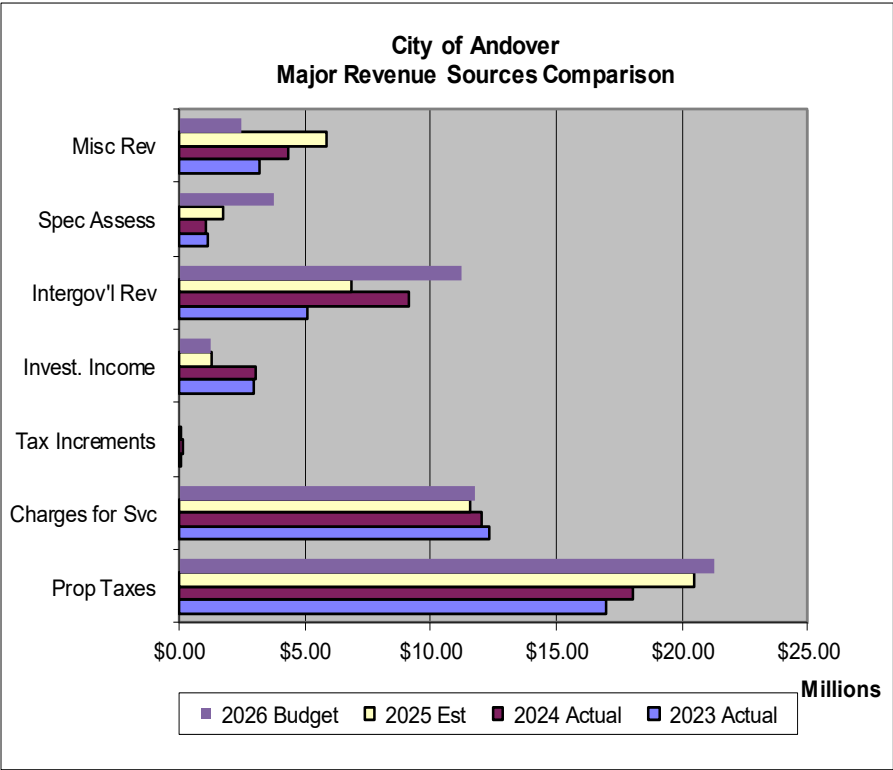
Distribution of Budget Information

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.

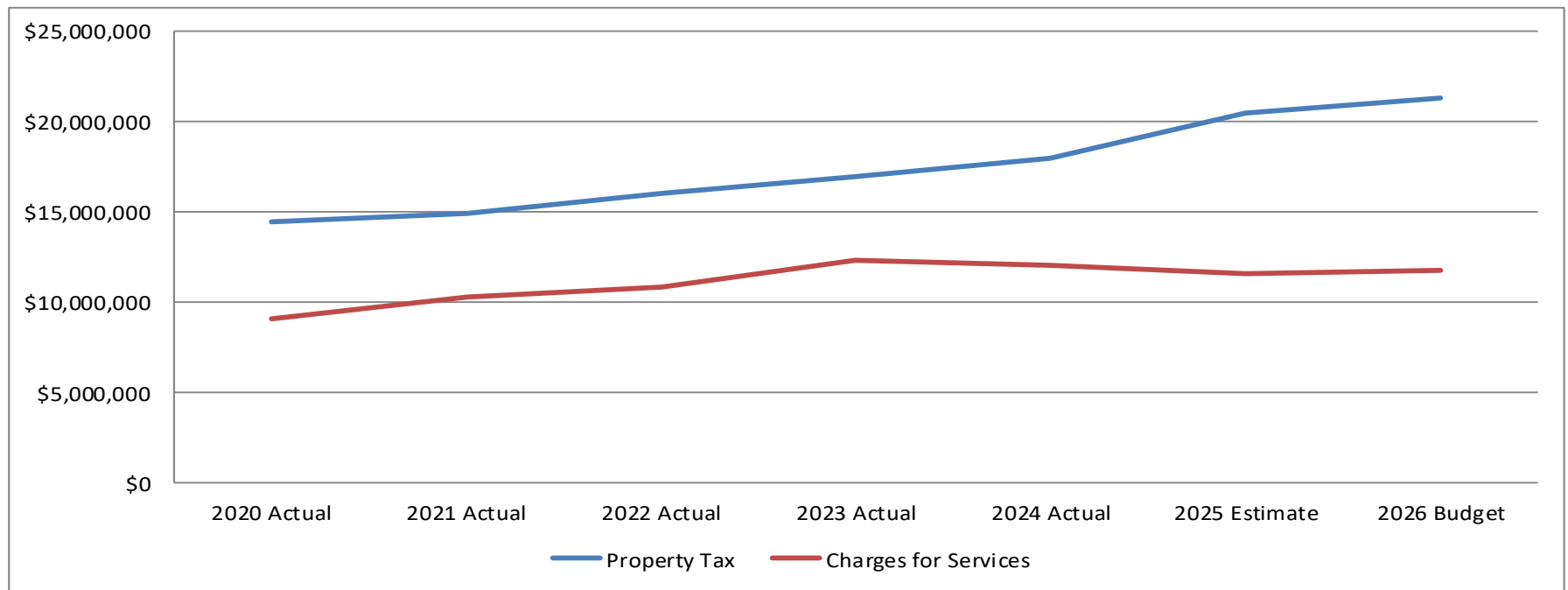
Revenue Projections

As mentioned earlier, the Finance Department is responsible for compiling all revenue estimates contained in the budget. Estimates are determined 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 few 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



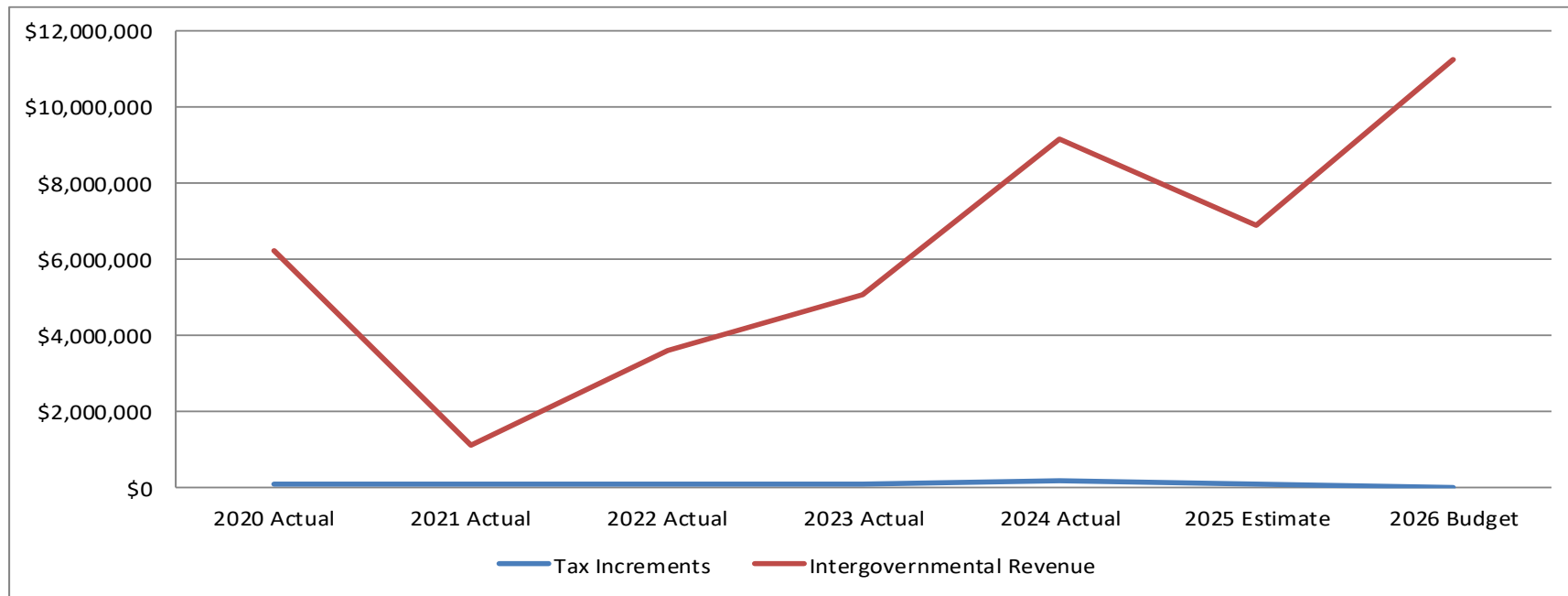
General Property Taxes

Property taxes serve as a foundational revenue source for the General, Special Revenue, Debt Service, and Capital Projects Funds. Primarily utilized within the General Fund, the levy is adjusted based on expenditure requirements and Council directives. For the 2026 budget, the City remains committed to a tax rate that balances long-term competitiveness and staffing needs with infrastructure requirements. In response to rising market values and economic concerns, the Council has established a 4.15% levy increase over 2025. This adjustment targets four key areas: inflationary pressures, capital replacement, street improvement funding, and staff retention. As the City approaches full build-out, steady development and a growing tax base are expected to help offset future operational costs.

Charges for Services

The City generates service charges across multiple funds to support growth and maintain infrastructure. In the General and Special Revenue Funds, fees are primarily tied to development services and recreational facility rentals. Internal Service Funds manage the costs of equipment maintenance and insurance. The most significant growth is seen in the Enterprise Funds, where water, sewer, and storm water rates are adjusted annually based on professional rate studies and federal mandates. These adjustments are necessary to keep pace with the rising costs of utility delivery as the City continues its expansion through 2026.

Revenue Projections – Tax Increments and Intergovernmental Revenue



Tax Increments

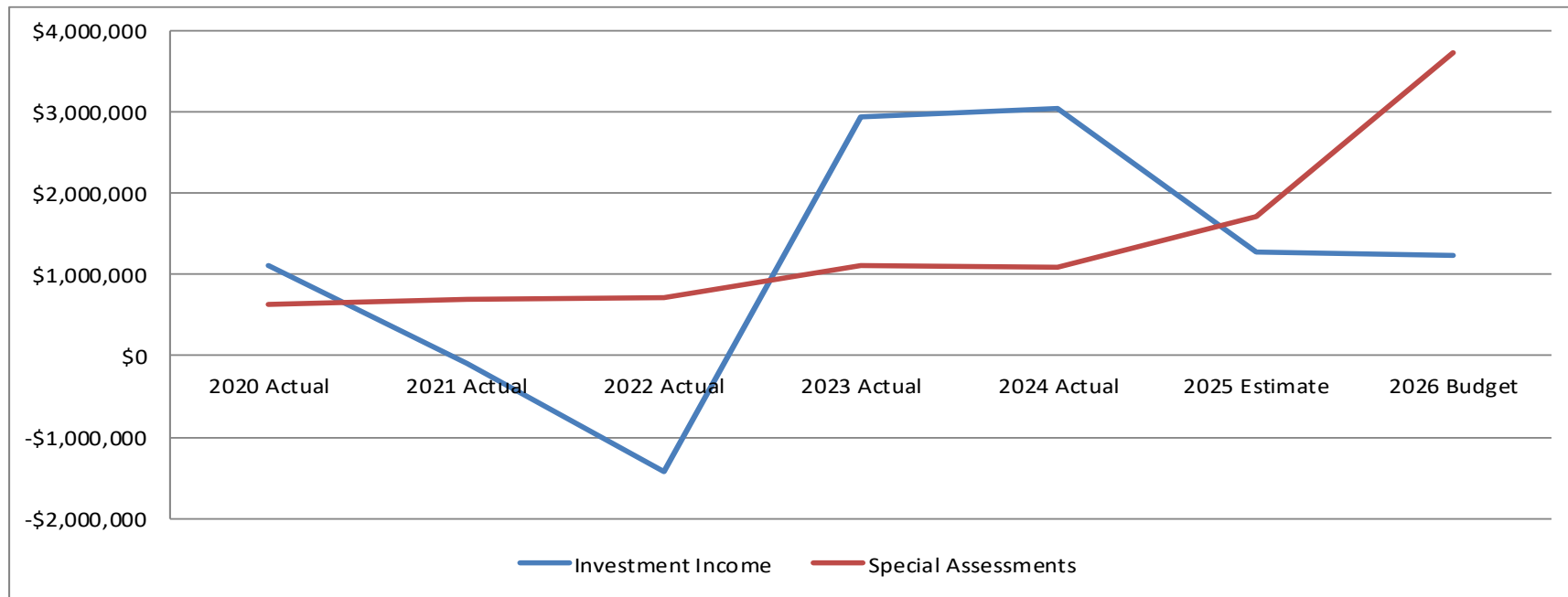
The City utilizes Tax Increment Financing (TIF) to fund redevelopment and service debt on related bonds. These funds are managed through the Capital Projects Funds and are reviewed annually against the City's long-term capital goals. With the final existing district scheduled for decertification in early 2026, the City is entering a new phase of development. Future TIF districts will be created sparingly, reserved for projects that satisfy the "but/for" requirement—demonstrating that the development would not occur without City assistance—and clearly advance municipal objectives.

Intergovernmental

Intergovernmental revenues are distributed across the General, Special Revenue, Debt Service, and Capital Projects Funds. These funds consist of recurring state aid—such as State Highway, Police, and Fire aid—as well as competitive grants from federal, state, and local agencies (e.g., CDBG and DNR grants). The City continues to leverage state partnerships for critical utility work. Following a \$6.1 million water main project in 2024, the 2026 Budget includes \$8 million from the MPCA and the State of Minnesota. This funding is dedicated to connecting properties in the Red Oaks Monitoring area to municipal water to address private well contamination. The City previously utilized Municipal State Aid (MSA) advances for construction, with remaining allotments carried forward for eligible projects. Notable past allocations include \$2.46 million from the CARES Act (2020) and \$3.5 million from the American Rescue Plan Act (2022–2024).

Because intergovernmental revenue often relies on one-time state or federal allocations, it remains a variable funding source rather than a consistent year-over-year revenue stream.

Revenue Projections – Investment Income and Special Assessments



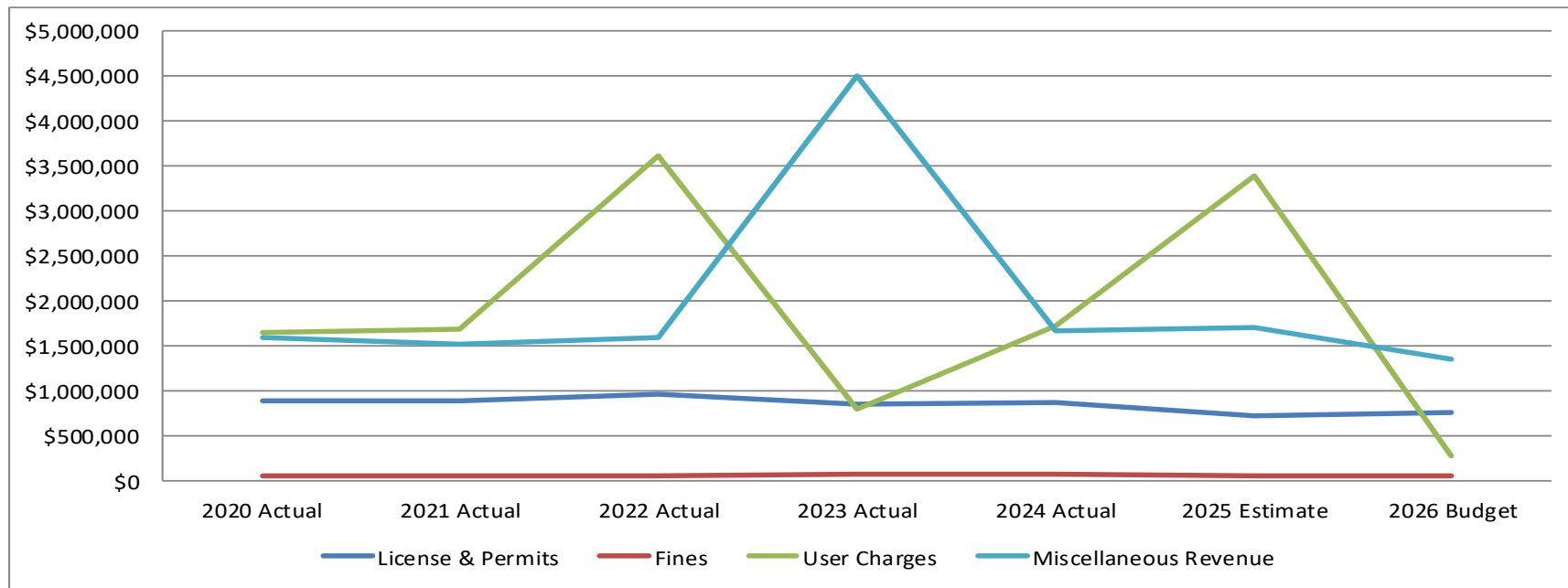
Investment Income

Investment income, generated from interest earned on City holdings, is distributed across all funds based on their respective average cash balances. This revenue stream is primarily driven by two factors: prevailing interest rates and the total cash available for investment. While the City experienced market-value losses in 2021 and 2022 (\$89,313 and \$1,425,523, respectively) due to low interest rates and year-end market adjustments, a rebound occurred in 2023 as rates stabilized at higher levels. Such fluctuations are standard in municipal accounting; unrealized gains and losses often become more pronounced during periods of rapid interest rate volatility, but they typically stabilize over the long term.

Special Assessments

Special assessments serve as a critical revenue stream for the Debt Service and Capital Projects Funds. These funds are dedicated to retiring bonds for capital improvements and reimbursing the City's Capital Projects Funds for projects financed internally. The 2026 budget projections are derived from established assessment payment schedules and an analysis of current residential development within the City of Andover. Revenue from this source is naturally variable; as it is influenced by the scope and cost of street reconstructions determine the total amount assessable to benefiting properties and fluctuates based on when property owners fulfill their assessment obligations. The City continues to manage long-term infrastructure debt through strategic bonding. Following the late 2021 bond issuance for 2022–2023 projects, the City issued a second round of street reconstruction bonds in late 2024. These funds support projects through 2026, with a portion of the costs being recovered via assessments on benefiting properties.

Revenue Projections – Miscellaneous Revenue



Miscellaneous Revenues

Licenses and Permits: Exclusive to the General Fund, these revenues are dictated by City-determined license rates, state-regulated fees, and the Uniform Building Code. The 2026 projections are based on an estimate of 60 new single-family residential homes, each calculated at a building valuation of \$300,000.

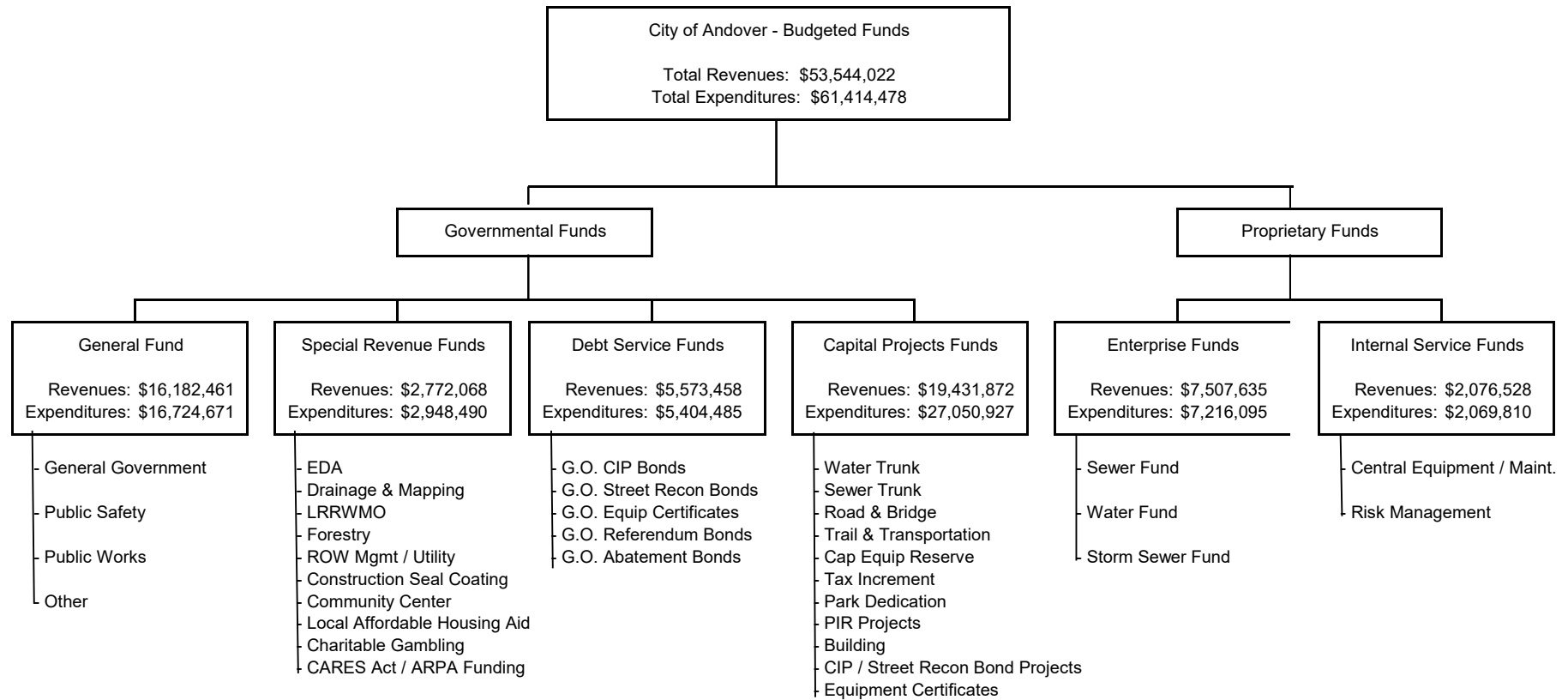
Fines: Fines are a General Fund revenue source collected via the State Court System. These funds are remitted to the City on a monthly basis and typically remain stable with minimal year-over-year fluctuation.

User Charges: Located within the Capital Projects Funds, user charges are fees triggered by development agreements during the initiation of new residential or commercial construction. While previous years saw significant spikes from large-scale projects—such as a 150-unit apartment complex in 2022 and a 175-unit senior facility in 2025—the 2026 budget reflects a return to standard levels aligned with projected development activity.

Miscellaneous Revenue: This category captures unique revenue streams that do not fit standard classifications. Key components include:

- **YMCA Lease & Reimbursements:** A \$635,000 annual payment (part of a 30-year agreement), plus reimbursements for natural gas and common space maintenance.
- **Wireless Infrastructure:** Rental fees collected for the placement of wireless antennas on City property.

CITY OF ANDOVER
2026 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
2026 Budget Summary
Revenues and Expenditures Fund Summary

	<u>Actual 2024</u>	<u>Adopted 2025</u>	<u>Estimate 2025</u>	<u>Budget 2026</u>
Fund Balance/Net Assets, January 1	\$ 70,586,319	\$ 81,191,775	\$ 81,191,775	\$ 78,971,509
Revenues & Other Sources				
General	15,713,865	15,218,547	15,554,860	16,182,461
Special Revenue	4,269,128	2,517,718	3,112,629	2,772,068
Debt Service	4,809,024	5,735,441	5,755,941	5,573,458
Capital Projects	25,132,103	12,523,306	16,888,765	19,431,872
Enterprise	8,153,051	7,007,532	7,351,713	7,507,635
Internal Service	1,977,344	1,969,601	1,994,973	2,076,528
Total Revenues & Other Sources:	60,054,515	44,972,145	50,658,881	53,544,022
Total Available:	130,640,834	126,163,920	131,850,656	132,515,531
Expenditures & Other Uses				
General	14,047,240	15,718,155	16,719,322	16,724,671
Special Revenue	3,680,520	3,634,168	3,603,045	2,948,490
Debt Service	4,927,375	4,220,262	4,295,058	5,404,485
Capital Projects	18,395,153	19,266,214	18,011,988	27,050,927
Enterprise	6,758,851	6,835,691	8,327,103	7,216,095
Internal Service	1,639,920	1,919,851	1,922,631	2,069,810
Total Expenditures & Other Uses:	49,449,059	51,594,341	52,879,147	61,414,478
Fund Balance/Net Assets, December 31	\$ 81,191,775	\$ 74,569,579	\$ 78,971,509	\$ 71,101,053
Change in Fund Balance	\$ 10,605,456 15.02%	\$ (6,622,196) -8.16%	\$ (2,220,266) -2.73%	\$ (7,870,456) -9.97%

CITY OF ANDOVER
2026 Budget Summary
Revenues and Expenditures - All Funds

	<u>Actual 2024</u>	<u>Budget 2025</u>	<u>Estimate 2025</u>	<u>Budget 2026</u>
Fund Balance/Net Assets, January 1	\$ 70,586,319	\$ 81,191,775	\$ 81,191,775	\$ 78,971,509
Revenues				
General Property Taxes	18,018,721	20,449,084	20,449,084	21,295,914
Tax Increments	155,822	70,000	101,500	-
Special Assessments	1,087,685	2,187,000	1,717,400	3,737,400
Licenses and Permits	873,585	668,850	721,650	768,300
Intergovernmental	9,144,214	6,717,278	6,879,857	11,244,258
Charges for Services	12,033,539	11,087,369	11,553,576	11,752,268
Fines	81,143	50,500	55,500	60,500
Investment Income	3,056,000	258,250	1,285,329	1,243,500
User Charges	1,720,592	260,685	3,390,280	270,495
Meters	115,911	13,000	13,000	13,000
Miscellaneous	1,559,525	1,409,268	1,687,596	1,336,068
Total Revenues:	<u>47,846,737</u>	<u>43,171,284</u>	<u>47,854,772</u>	<u>51,721,703</u>
Other Financing Sources				
Operating Transfers In	2,873,232	1,800,861	2,800,861	1,822,319
Bond Proceeds	8,595,000	-	-	-
Proceeds from Sale of Property	28,325	-	3,248	-
Total Other Financing Sources:	<u>12,207,778</u>	<u>1,800,861</u>	<u>2,804,109</u>	<u>1,822,319</u>
Total Revenues and Other Sources:	<u>60,054,515</u>	<u>44,972,145</u>	<u>50,658,881</u>	<u>53,544,022</u>
Total Available:	<u>130,640,834</u>	<u>126,163,920</u>	<u>131,850,656</u>	<u>132,515,531</u>
Expenditures				
Personal Services	9,368,102	10,126,202	10,103,382	11,130,606
Supplies and Materials	2,034,798	2,241,681	2,234,751	2,268,306
Purchased Services	5,414,038	5,728,397	5,778,434	6,123,270
Other Services and Charges	16,872,713	21,693,131	21,633,816	18,261,111
Capital Outlay	8,381,754	5,783,807	6,032,845	16,437,000
Debt Service	4,504,422	4,220,262	4,295,058	5,371,866
Total Operating Expenditures:	<u>46,575,827</u>	<u>49,793,480</u>	<u>50,078,286</u>	<u>59,592,159</u>
Other Uses				
Operating Transfers Out	2,873,232	1,800,861	2,800,861	1,822,319
Total Other Uses:	<u>2,873,232</u>	<u>1,800,861</u>	<u>2,800,861</u>	<u>1,822,319</u>
Total Expenditures and Other Uses:	<u>49,449,059</u>	<u>51,594,341</u>	<u>52,879,147</u>	<u>61,414,478</u>
Fund Balance/Net Assets, December 31	<u>\$ 81,191,775</u>	<u>\$ 74,569,579</u>	<u>\$ 78,971,509</u>	<u>\$ 71,101,053</u>
Change in Fund Balance	\$ 10,605,456 15.02%	\$ (6,622,196) -8.16%	\$ (2,220,266) -2.73%	\$ (7,870,456) -9.97%

CITY OF ANDOVER
2026 Budget Summary
Revenues and Expenditures by Fund Type

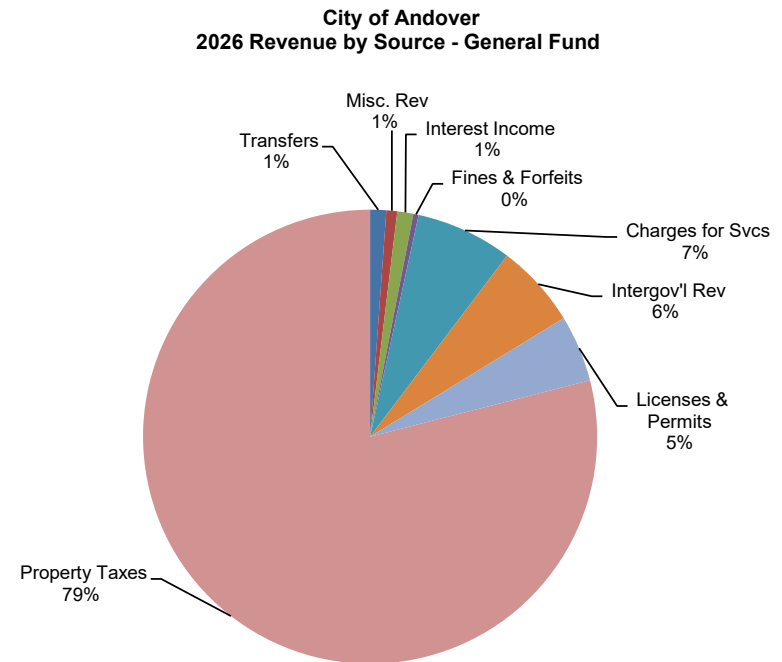
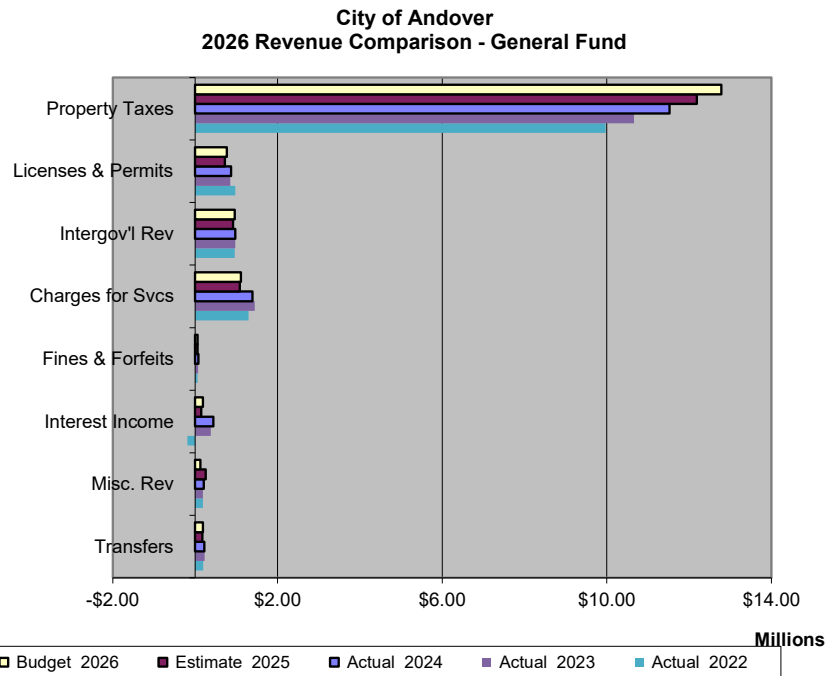
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Total
Fund Balance/Net Assets, January 1	\$ 12,051,613	\$ 2,414,476	\$ 5,161,805	\$ 44,261,057	\$ 13,462,957	\$ 1,619,601	\$ 78,971,509
Revenues							
General Property Taxes	12,783,591	195,000	4,905,158	3,412,165	-	-	21,295,914
Tax Increments	-	-	-	-	-	-	-
Special Assessments	-	-	-	3,737,400	-	-	3,737,400
Licenses and Permits	768,300	-	-	-	-	-	768,300
Intergovernmental	963,675	267,500	-	10,013,083	-	-	11,244,258
Charges for Services	1,111,360	1,395,000	-	-	7,184,380	2,061,528	11,752,268
Fines	60,500	-	-	-	-	-	60,500
Investment Income	185,000	25,500	23,000	880,000	115,000	15,000	1,243,500
User Charges	-	-	-	270,495	-	-	270,495
Meters	-	-	-	-	13,000	-	13,000
Miscellaneous	125,000	889,068	-	278,000	44,000	-	1,336,068
Total Revenues:	15,997,426	2,772,068	4,928,158	18,591,143	7,356,380	2,076,528	51,721,703
Other Financing Sources							
Operating Transfers In	185,035	-	645,300	840,729	151,255	-	1,822,319
Bond Proceeds	-	-	-	-	-	-	-
Total Other Financing Sources:	185,035	-	645,300	840,729	151,255	-	1,822,319
Total Revenues and Other Sources:	16,182,461	2,772,068	5,573,458	19,431,872	7,507,635	2,076,528	53,544,022
Total Available:	28,234,074	5,186,544	10,735,263	63,692,929	20,970,592	3,696,129	132,515,531
Expenditures							
Personal Services	7,667,284	1,064,605	-	-	1,567,536	831,181	11,130,606
Supplies and Materials	958,366	127,620	-	-	657,400	524,920	2,268,306
Purchased Services	5,664,565	458,705	-	-	-	-	6,123,270
Other Services and Charges	2,199,456	989,450	-	10,794,672	3,563,824	713,709	18,261,111
Capital Outlay	235,000	-	-	15,805,000	397,000	-	16,437,000
Debt Service	-	-	5,371,866	-	-	-	5,371,866
Total Operating Expenditures:	16,724,671	2,640,380	5,371,866	26,599,672	6,185,760	2,069,810	59,592,159
Other Uses							
Operating Transfers Out	-	308,110	32,619	451,255	1,030,335	-	1,822,319
Total Other Uses:	-	308,110	32,619	451,255	1,030,335	-	1,822,319
Total Expenditures and Other Uses:	16,724,671	2,948,490	5,404,485	27,050,927	7,216,095	2,069,810	61,414,478
Fund Balance/Net Assets, December 31	\$ 11,509,403	\$ 2,238,054	\$ 5,330,778	\$ 36,642,002	\$ 13,754,497	\$ 1,626,319	\$ 71,101,053
Change in Fund Balance	\$ (542,210) -4.50%	\$ (176,422) -7.31%	\$ 168,973 3.27%	\$ (7,619,055) -17.21%	\$ 291,540 2.17%	\$ 6,718 0.41%	\$ (7,870,456) -9.97%

CITY OF ANDOVER
Governmental Funds - Major Funds Breakdown

	General	Community Center SRF	Water Trunk CPF	Sewer Trunk CPF	Road & Bridge CPF	Tax Increment Projects CPF	2024A G.O. Street Reconstruction Bonds CPF	Other Governmental Funds	Totals Governmental Funds
Revenues:									
General property taxes	\$ 12,783,591	\$ 155,000	\$ -	\$ -	\$ 2,517,165	\$ -	\$ -	\$ 5,840,158	\$ 21,295,914
Tax increment collections	-	-	-	-	-	-	-	-	-
Licenses and permits	768,300	-	-	-	-	-	-	-	768,300
Intergovernmental	963,675	-	8,000,000	-	1,763,083	-	-	517,500	11,244,258
Special assessments	-	-	5,000	1,020,000	2,710,000	-	-	2,400	3,737,400
Charges for services	1,111,360	1,328,000	-	-	-	-	-	67,000	2,506,360
Fines	60,500	-	-	-	-	-	-	-	60,500
Investment income	185,000	10,000	175,000	200,000	225,000	-	100,000	218,500	1,113,500
Miscellaneous:									
Park dedication fees	-	-	-	-	-	-	-	131,400	131,400
Connection charges	-	-	96,490	15,705	-	-	-	-	112,195
Rent	-	638,000	-	-	-	-	-	-	638,000
Other	125,000	201,068	-	-	-	28,000	-	326,900	680,968
Total revenues	15,997,426	2,332,068	8,276,490	1,235,705	7,215,248	28,000	100,000	7,103,858	42,288,795
Expenditures:									
Current:									
General government	4,253,317	-	-	-	-	-	-	318,900	4,572,217
Public safety	7,549,747	-	-	-	-	-	-	-	7,549,747
Public works	2,623,655	-	50,000	-	5,759,929	-	4,618,071	134,294	13,185,949
Parks and recreation	1,707,488	2,093,900	-	-	-	-	-	35,000	3,836,388
Recycling	258,864	-	-	-	-	-	-	-	258,864
Economic development	-	-	-	-	-	66,672	-	358,286	424,958
Unallocated	96,600	-	-	-	-	-	-	-	96,600
Capital outlay:									
General government	-	-	-	-	-	-	-	270,000	270,000
Public safety	-	-	-	-	-	-	-	350,000	350,000
Public works	-	-	8,075,000	3,995,000	-	-	-	2,050,000	14,120,000
Parks and recreation	235,000	-	-	-	-	-	-	1,065,000	1,300,000
Debt service:									
Principal retirement	-	-	-	-	-	-	-	4,005,000	4,005,000
Interest	-	-	-	-	-	-	-	1,358,466	1,358,466
Paying agent fees	-	-	-	-	-	-	-	8,400	8,400
Total expenditures	16,724,671	2,093,900	8,125,000	3,995,000	5,759,929	66,672	4,618,071	9,953,346	51,336,589
Revenues over (under) expenditures	(727,245)	238,168	151,490	(2,759,295)	1,455,319	(38,672)	(4,518,071)	(2,849,488)	(9,047,794)
Other financing sources (uses):									
Transfers in	185,035	-	400,000	400,000	8,110	-	-	677,919	1,671,064
Transfers out	-	(300,000)	(151,255)	-	(200,000)	-	-	(140,729)	(791,984)
Total other financing sources (uses)	185,035	(300,000)	248,745	400,000	(191,890)	-	-	537,190	879,080
Net increase (decrease) in fund balance	(542,210)	(61,832)	400,235	(2,359,295)	1,263,429	(38,672)	(4,518,071)	(2,312,298)	(8,168,714)
Fund balance - January 1	12,051,613	1,038,123	9,150,145	9,261,862	10,567,001	143,374	4,518,071	17,158,762	63,888,951
Fund balance - December 31	\$ 11,509,403	\$ 976,291	\$ 9,550,380	\$ 6,902,567	\$ 11,830,430	\$ 104,702	\$ -	\$ 14,846,464	\$ 55,720,237

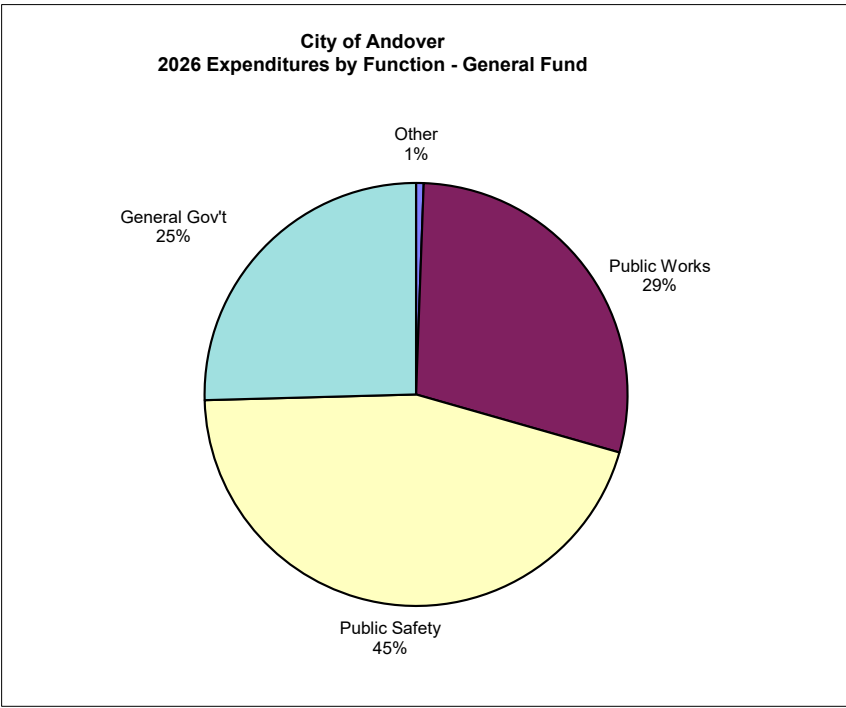
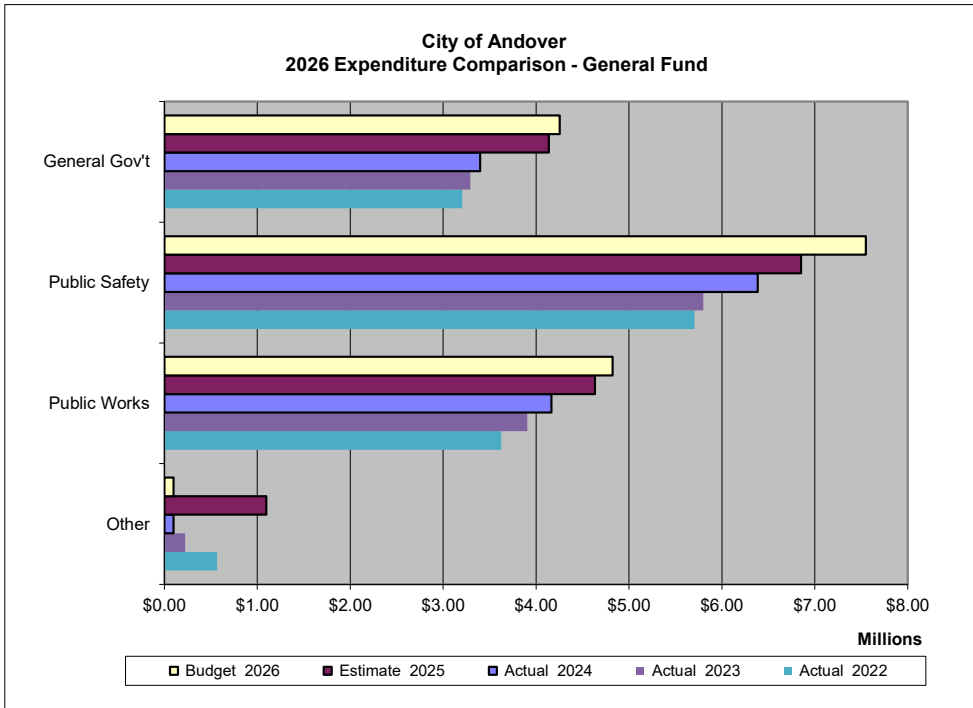
CITY OF ANDOVER
Revenue Comparison - General Fund

	Actual 2022	Actual 2023	Actual 2024	Budget 2025	Estimate 2025	Budget 2026
REVENUES						
Property Taxes	\$ 9,974,141	\$ 10,663,259	\$ 11,526,021	\$ 12,188,182	\$ 12,188,182	\$ 12,783,591
License and Permits	972,878	854,738	873,585	668,850	721,650	768,300
Intergovernmental Revenues	963,290	977,028	974,582	911,625	918,218	963,675
Charges for Services	1,295,429	1,447,507	1,391,734	966,910	1,084,990	1,111,360
Fines and Forfeits	55,983	70,683	81,143	50,500	55,500	60,500
Interest Income	(189,494)	377,355	439,829	100,000	150,000	185,000
Miscellaneous Revenue	188,395	185,646	205,726	155,300	259,140	125,000
Transfers	197,081	228,772	221,246	177,180	177,180	185,035
TOTAL REVENUES	\$ 13,457,703	\$ 14,804,988	\$ 15,713,866	\$ 15,218,547	\$ 15,554,860	\$ 16,182,461



CITY OF ANDOVER
Expenditure Comparison - General Fund

	Actual		Actual		Actual		Budget		Estimate		Budget				
	2022		2023		2024		2025		2025		2026				
EXPENDITURES															
General Government	\$	3,205,213	24%	\$	3,291,004	25%	\$	3,397,231	24%	\$	4,137,268	25%	\$	4,253,317	25%
Public Safety		5,705,358	44%		5,800,627	44%		6,386,663	45%		6,851,042	41%		7,549,747	45%
Public Works		3,624,481	28%		3,904,812	30%		4,165,344	30%		4,634,412	28%		4,825,007	29%
Other		567,396	4%		223,436	2%		98,003	1%		1,096,600	7%		96,600	1%
TOTAL EXPENDITURES	\$	13,102,448		\$	13,219,879		\$	14,047,241		\$	16,719,322		\$	16,724,671	



CITY OF ANDOVER
General Fund - Expenditure Budget Summary Totals - By Department
Budget Year 2026

	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Budget* 2025	Estimate 2025	Requested* 2026	Change (*)	
									\$	%
GENERAL GOVERNMENT										
Mayor and Council	\$ 95,519	\$ 95,658	\$ 95,366	\$ 99,860	\$ 100,675	\$ 111,874	\$ 111,874	\$ 112,049	175	0.16%
Administration	187,758	229,314	245,222	278,092	261,677	319,666	319,666	316,770	(2,896)	-0.91%
Newsletter	22,156	22,945	24,631	27,733	29,515	36,000	36,000	36,000	0	0.00%
Human Resources	16,181	20,836	19,905	21,172	20,257	99,722	102,922	101,144	1,422	1.43%
Attorney	195,721	199,809	206,399	207,922	212,106	227,836	227,836	236,709	8,873	3.89%
City Clerk	166,221	175,177	184,318	193,217	209,789	212,760	212,760	216,425	3,665	1.72%
Elections	91,643	20,260	75,115	28,002	110,108	92,088	92,088	117,634	25,546	27.74%
Finance	294,501	307,009	320,729	335,992	340,890	385,635	385,635	404,253	18,618	4.83%
Assessing	154,482	128,829	131,097	136,705	136,094	161,000	161,000	150,000	(11,000)	-6.83%
Information Services	187,703	185,642	226,588	235,842	242,024	277,824	277,824	255,855	(21,969)	-7.91%
Planning & Zoning	491,395	490,576	473,193	473,193	467,959	583,871	559,259	618,116	34,245	5.87%
Engineering	566,224	594,720	649,664	703,515	727,294	789,877	792,877	870,604	80,727	10.22%
Facility Management	475,083	548,666	552,986	549,759	538,843	812,527	857,527	817,758	5,231	0.64%
Total General Gov	2,944,587	3,019,441	3,205,213	3,291,004	3,397,231	4,110,680	4,137,268	4,253,317	142,637	3.47%
PUBLIC SAFETY										
Police Protection	3,114,623	3,287,046	3,261,423	3,347,315	3,625,598	3,936,982	3,936,982	4,203,269	266,287	6.76%
Fire Protection	1,508,854	1,706,876	1,961,915	1,926,998	2,219,474	2,332,343	2,299,717	2,622,597	290,254	12.44%
Protective Inspection	519,183	519,787	464,560	501,561	512,032	586,874	563,634	671,886	85,012	14.49%
Emergency Management	17,227	15,203	12,296	19,958	21,927	39,759	39,759	40,495	736	1.85%
Animal Control	2,347	3,517	5,164	4,795	7,632	10,950	10,950	11,500	550	5.02%
Total Public Safety	5,162,234	5,532,429	5,705,358	5,800,627	6,386,663	6,906,908	6,851,042	7,549,747	642,839	9.31%
PUBLIC WORKS										
Streets and Highways	686,978	804,392	788,330	899,542	1,007,344	1,056,369	1,066,369	1,184,117	127,748	12.09%
Snow and Ice Removal	496,668	540,226	752,396	771,857	701,631	925,753	925,753	927,172	1,419	0.15%
Street Signs	257,281	196,782	194,276	169,472	215,722	229,960	229,960	240,966	11,006	4.79%
Traffic Signals	23,045	33,362	28,150	29,471	44,366	44,000	44,000	44,000	0	0.00%
Street Lighting	34,211	36,533	36,142	29,975	35,493	45,400	45,400	45,400	0	0.00%
Street Lights - Billed	152,181	156,841	158,028	151,879	151,662	182,000	182,000	182,000	0	0.00%
Park & Recreation	1,426,233	1,505,145	1,482,060	1,665,607	1,806,295	1,853,048	1,875,700	1,927,488	74,440	4.02%
Natural Resource Preservation	9,821	9,738	15,932	10,946	11,843	17,207	15,000	15,000	(2,207)	-12.83%
Recycling	228,124	239,607	169,167	176,063	190,988	250,230	250,230	258,864	8,634	3.45%
Total Public Works	3,314,542	3,522,626	3,624,481	3,904,812	4,165,344	4,603,967	4,634,412	4,825,007	221,040	4.80%
OTHER										
	1,012,778	766,109	567,396	223,436	98,003	96,600	1,096,600	96,600	0	0.00%
Total Other	1,012,778	766,109	567,396	223,436	98,003	96,600	1,096,600	96,600	0	0.00%
GRAND TOTAL	\$ 12,434,141	\$ 12,840,605	\$ 13,102,448	\$ 13,219,879	\$ 14,047,241	\$ 15,718,155	\$ 16,719,322	\$ 16,724,671	1,006,516	6.40%

CITY OF ANDOVER
General Fund
Five Year Financial Projections

	Adopted	Projections					Annual
	2026	2027	2028	2029	2030	2031	Increase
<u>REVENUES</u>							
Property Taxes	\$ 12,783,591	\$ 13,231,017	\$ 13,694,103	\$ 14,173,397	\$ 14,669,466	\$ 15,182,897	3.50%
License and Permits	768,300	791,349	815,089	839,542	864,728	890,670	3.00%
Intergovernmental Revenues	963,675	992,585	1,022,363	1,053,034	1,084,625	1,117,164	3.00%
Charges for Current Services	1,111,360	1,144,701	1,179,042	1,214,413	1,250,845	1,288,370	3.00%
Fines and Forfeits	60,500	62,315	64,184	66,110	68,093	70,136	3.00%
Interest Income	185,000	190,550	196,267	202,155	208,220	214,467	3.00%
Miscellaneous Revenue	125,000	128,750	132,613	136,591	140,689	144,910	3.00%
Transfers	185,035	190,586	196,304	202,193	208,259	214,507	3.00%
TOTAL REVENUES	16,182,461	16,731,853	17,299,965	17,887,435	18,494,925	19,123,121	
<u>EXPENDITURES</u>							
General Government	4,253,317	4,338,383	4,425,151	4,513,654	4,603,927	4,696,006	2.00%
Public Safety	7,549,747	7,776,239	8,009,526	8,249,812	8,497,306	8,752,225	3.00%
Public Works	4,825,007	4,945,632	5,069,273	5,196,005	5,325,905	5,459,053	2.50%
Other	96,600	98,049	99,520	101,013	102,528	104,066	1.50%
TOTAL EXPENDITURES	16,724,671	17,158,303	17,603,470	18,060,484	18,529,666	19,011,350	
CHANGE IN FUND BALANCE	\$ (542,210)	\$ (426,450)	\$ (303,505)	\$ (173,049)	\$ (34,741)	\$ 111,771	

Conclusion:

The above analysis reflects a conservative view of current City revenues sources and the Department Heads estimated costs to carry on current levels of services into the projected years. Staff will monitor and make recommendations as the various years come up for funding. Currently, the General Fund has had reserves to handle any deficits, but efforts are always made to avoid using these reserves.

This five year analysis demonstrates that revenues will ultimately keep up with expenditures for the General Fund. This is done by utilizing the current revenue streams through modest rate increases, by diversifying the current revenues with additional fees or charges for services, and other items including market value growth as development continues to pick up, the final debt service payment for state aid bonds increasing the amount of state aid money available for construction and maintenance of roadways, capturing debt service expense margins for operations, and the continual frugile management of Department Heads budget implementation directives and expectations.

Other issues that impact the City's budget are some rising employee benefit costs and the sheriff's contract. Health insurance premiums were originally projected to go up 35.0% in 2026; but with a rate cap built into the contract, premiums increased by 15%. The sheriff's contract, which represents \$4.2m of the total budget in 2026, is reflecting a 6.76% increase.

**CITY OF ANDOVER
2026 FTE Summary**

	<u>2023 Actual</u>	<u>2024 Current</u>	<u>2025 Current</u>	<u>2026 Budget</u>		<u>2023 Actual</u>	<u>2024 Actual</u>	<u>2025 Current</u>	<u>2026 Budget</u>
General Fund					Special Revenue Funds				
General Government					Community Center	6.21	6.21	6.18	5.82
Administration	1.40	1.29	1.34	1.50	Drainage & Mapping	0.08	0.08	0.08	0.08
Human Resources	0.08	0.08	0.08	0.08	LRRWMO	0.08	0.08	0.08	0.08
City Clerk	1.86	2.13	2.00	1.64	ROW Mgmt / Utility	0.18	0.19	0.19	0.18
Elections	0.20	0.19	0.19	0.25		<u>6.55</u>	<u>6.56</u>	<u>6.53</u>	<u>6.16</u>
Financial Adminstration	2.01	2.00	2.01	2.01					
Information Systems	0.91	0.91	0.91	0.66	Enterprise Funds				
Planning & Zoning	3.28	3.22	3.51	4.00	Water	6.03	5.79	6.06	5.32
Engineering	5.19	5.09	5.24	5.36	Sewer	2.72	3.15	3.40	3.38
Facility Management	0.84	0.85	0.83	0.87	Storm Sewers	2.06	2.10	2.19	2.33
Total General Government	<u>15.77</u>	<u>15.76</u>	<u>16.11</u>	<u>16.37</u>		<u>10.81</u>	<u>11.04</u>	<u>11.65</u>	<u>11.03</u>
Public Safety					Internal Service Funds				
Fire Protection	5.01	5.34	5.36	7.54	Central Equipment	3.50	3.44	3.44	3.39
Protective Inspection	3.74	3.46	3.65	4.28	Risk Mgmt	0.10	0.10	0.10	0.10
Emergency Management	0.05	0.05	0.05	0.05		<u>3.60</u>	<u>3.54</u>	<u>3.54</u>	<u>3.49</u>
Total Public Safety	<u>8.80</u>	<u>8.85</u>	<u>9.06</u>	<u>11.87</u>					
					Grand Total	<u>64.83</u>	<u>64.39</u>	<u>64.93</u>	<u>67.00</u>
Public Works									
Streets & Highways	6.23	6.57	5.46	5.99					
Snow & Ice	3.28	1.41	2.52	2.25					
Street Signs	1.13	1.33	1.26	1.24					
Parks & Recreation	7.80	8.43	7.95	7.68					
Natural Resource Preservation	0.02	-	-	-					
Recycling	0.84	0.90	0.85	0.92					
Total Public Works	<u>19.30</u>	<u>18.64</u>	<u>18.04</u>	<u>18.08</u>					
Total General Fund	<u>43.87</u>	<u>43.25</u>	<u>43.21</u>	<u>46.32</u>					

Note: A majority of employees provide services to various cost centers and are allocated accordingly. 2023 & 2024 are based on actual hours charged to various departments.

CITY OF ANDOVER
2026 Capital Improvement Plan
Projects By Department - Use of Funds

Building			Park & Recreation - Projects	
Replacement - Permit & Scheduling Software	\$	15,000	Annual Miscellaneous Projects	\$ 25,000
			Annual Park Tree Additions	10,000
Community Center			Tom Anderson Trail - Bench Additions	5,000
Replacement - Door Hardware		15,000	Skate Park - Expansion & Improvements	250,000
Replacement - Field House Lighting		75,000	Sunshine Park - West & South Parking Lot Lights	30,000
		<u>90,000</u>	Hawkridge Park - Pave Parking Lot	150,000
			Oakview Park - Improvements	20,000
				<u>490,000</u>
Engineering			Sanitary Sewer	
New Development Projects		220,000	Rural Reserve - Area Analysis & Sanitary Sewer	3,850,000
Pedestrian Trail Maintenance		70,000	Replacement - Locating Equipment	7,000
New Pedestrian Trail & Sidewalk Segments		1,700,000		<u>3,857,000</u>
Pedestrian/Park Trail Reconstruction		500,000		
Replacement - Chevrolet Tahoe #02-16		65,000		
		<u>2,555,000</u>		
			Storm Sewer	
Facility Management			Storm Sewer Improvements	74,000
Annual Parking Lot Maintenance / Replacement		45,000	Replacement - Street Sweeper #06-171	370,000
City Hall Remodel		175,000		<u>444,000</u>
Replacement - Salt Shed Roof		30,000		
Replacement - Emergency Generator FS #3		50,000	Streets - Equipment	
Inspection of Switch Gear		15,000	Replacement - Dump Truck w/ Snow Removal #00-198	350,000
Supplemental Heat - PW Wash Bay		55,000		
		<u>370,000</u>		
			Streets - Roadways	
Fire			Annual Street Seal Coat Project	160,000
Replacement - Rescue 21 #4819		350,000	Annual Pavement Markings	100,000
			Curb, Sidewalk and Ped Ramp Replacement	120,000
			Annual Street Reconstruction	5,065,000
Information Technology			Street Mill & Overlay	85,000
Replacement - Watchfire Sign CH		80,000	Gravel Road Improvement	23,000
Replacement - SCALE DR Solution		20,000	Intersection Upgrades	1,900,000
		<u>100,000</u>	Street Full Depth Reclamation	2,690,000
			Pavement Rejuvenator Application	175,000
				<u>10,318,000</u>
Park & Recreation - Operations				
Replace/Repair Play Structures - Various Parks		200,000	Water	
Replace/Repair Major Park Projects - Various Parks		35,000	Replacement - Residential Meters	100,000
Replacement - One Ton Truck w/ Plow #07-577		110,000	Water Main Gate Valve Rehabilitation	50,000
		<u>\$ 345,000</u>	Security Cameras at Towers and Well Houses	20,000
			Replacement - WTP Valve Actuators	95,000
			WTP Backwash Pump Maintenance	120,000
			New - WTP Effluent Valve Control	40,000
				<u>425,000</u>
			Grand Total	<u>\$ 19,709,000</u>

CITY OF ANDOVER
2026 Capital Improvement Plan
Sources of Funds

Assessments	\$ 3,710,000
Capital Equipment Reserve	975,000
Community Center Operations	90,000
Construction Seal Coating Fund	10,000
Facility Maintenance - Building Fund	370,000
G.O. Bonds	3,798,750
General Fund	500,000
Grant	500,000
Municipal State Aid Funds	1,150,000
Park Dedication Funds	490,000
Road & Bridge Fund	2,719,250
Sanitary Sewer Fund	3,500
Sewer Trunk Fund	2,995,000
Storm Sewer Fund	444,000
Trail Funds	1,450,000
Water Fund	378,500
Water Trunk Fund	<u>125,000</u>
Total	<u><u>\$ 19,709,000</u></u>

CITY OF ANDOVER, MINNESOTA

2026 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.

This page left blank intentionally.

City of Andover
2026 Budget - General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	<u>\$ 11,549,450</u>	<u>\$ 13,216,075</u>	<u>\$ 13,216,075</u>	<u>\$ 12,051,613</u>
Revenues				
General Property Taxes	11,526,021	12,188,182	12,188,182	12,783,591
Licenses and Permits	873,585	668,850	721,650	768,300
Intergovernmental	974,582	911,625	918,218	963,675
Charges for Services	1,391,734	966,910	1,084,990	1,111,360
Fines	81,143	50,500	55,500	60,500
Investment Income	439,829	100,000	150,000	185,000
Miscellaneous Revenue	205,725	155,300	259,140	125,000
Total Revenues:	<u>15,492,619</u>	<u>15,041,367</u>	<u>15,377,680</u>	<u>15,997,426</u>
Other Sources				
Transfers In	<u>221,246</u>	<u>177,180</u>	<u>177,180</u>	<u>185,035</u>
Total Revenues and Other Sources:	<u>15,713,865</u>	<u>15,218,547</u>	<u>15,554,860</u>	<u>16,182,461</u>
Total Available:	<u>27,263,315</u>	<u>28,434,622</u>	<u>28,770,935</u>	<u>28,234,074</u>
Expenditures				
Personal Services	6,416,476	7,019,657	6,922,472	7,667,284
Supplies and Materials	779,240	940,041	954,241	958,366
Purchased Services	4,600,741	5,365,555	5,427,055	5,664,565
Other Services and Charges	1,872,252	2,157,902	2,157,902	2,199,456
Capital Outlay	284,831	235,000	257,652	235,000
Total Expenditures:	<u>13,953,540</u>	<u>15,718,155</u>	<u>15,719,322</u>	<u>16,724,671</u>
Other Uses				
Transfers Out	<u>93,700</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Total Expenditures and Other Uses:	<u>14,047,240</u>	<u>15,718,155</u>	<u>16,719,322</u>	<u>16,724,671</u>
Fund Balance, December 31	<u>\$ 13,216,075</u>	<u>\$ 12,716,467</u>	<u>\$ 12,051,613</u>	<u>\$ 11,509,403</u>
Change in Fund Balance	\$ 1,666,625 14%	\$ (499,608) -4%	\$ (1,164,462) -9%	\$ (542,210) -4%

Department: Mayor & Council
Director/Manager: City Council

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 needs.

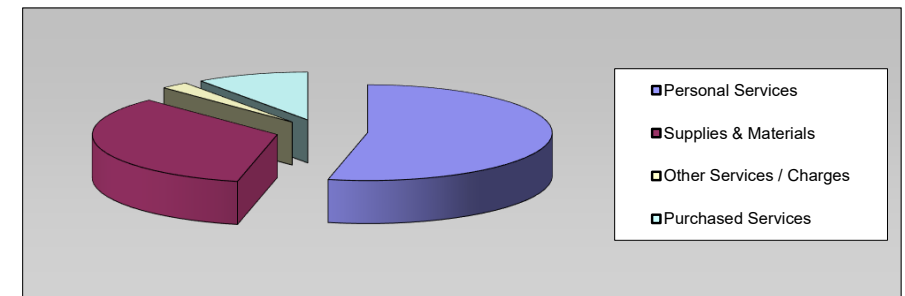
As provided by statutory authority, Council performs a legislative, regulatory and quasi-judicial function. The Council meets regularly to consider ordinances, resolutions, and other such actions as may be required by law and circumstance. Various concerns that are brought before Council for consideration 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.

No major changes planned for Budgeted 2026.

<u>Performance Measures</u>	Actual 2024	Current 2025	Budgeted 2026
Council Meetings (Regular)	24	24	24
Special Workshops	16	15	16
Agenda Items - Special Workshops	60	92	80
EDA Meetings	9	6	8
Agenda Items - EDA	47	31	35

One Mayor and Four Council Members

<u>Service Expenditures</u>	Actual 2024	Current 2025	Budgeted 2026
Personal Services	\$ 55,979	\$ 59,878	\$ 59,878
Supplies & Materials	34,278	38,316	38,471
Other Services / Charges	2,524	2,680	2,700
Purchased Services	7,894	11,000	11,000
TOTAL	\$ 100,675	\$ 111,874	\$ 112,049



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.26	\$ 0.28	\$ 0.28
Annual	\$ 3.09	\$ 3.41	\$ 3.40

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 the 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 departments. 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

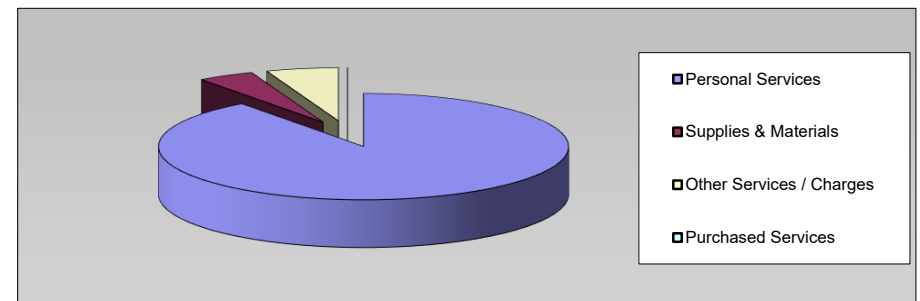
No significant changes planned for Budgeted 2026. COLA and employee benefit increases continue to impact department expenditures.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Regular Council Agenda Items	373	421	400
Council Workshops Attended	13	11	11
Council Meetings Attended	24	24	24
Staff Meetings Held	52	52	52

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	1.29	1.34	1.50

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 237,418	\$ 290,554	\$ 284,720
Supplies & Materials	6,653	10,400	14,050
Other Services / Charges	17,606	18,712	18,000
Purchased Services	-	-	-
TOTAL	\$ 261,677	\$ 319,666	\$ 316,770

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.67	\$ 0.81	\$ 0.80
Annual	\$ 8.03	\$ 9.75	\$ 9.60

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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 with 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. Starting in late 2017, the newsletter is now assembled in-house and contracted out for printing and distribution 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

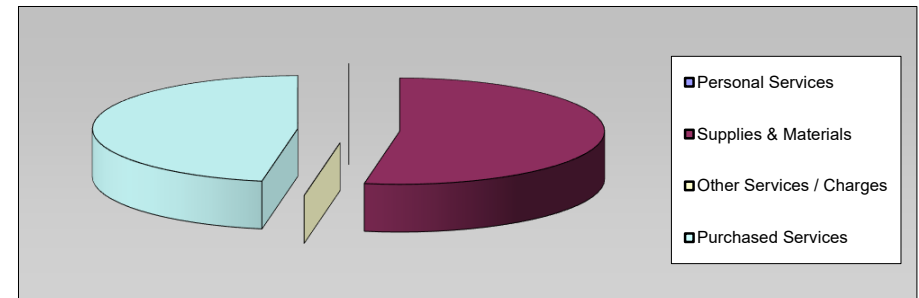
Newsletter setup, printing and postage costs continue to increase.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of Meetings Held	6	6	6
Newsletters Published	6	6	6
Public Circulation	10,890	11,000	11,000
Staff Preparation Hours	120	120	120

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	N/A	N/A	N/A

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	17,515	19,000	19,000
Other Services / Charges	-	-	-
Purchased Services	12,000	17,000	17,000
TOTAL	\$ 29,515	\$ 36,000	\$ 36,000

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.08	\$ 0.09	\$ 0.09
Annual	\$ 0.91	\$ 1.10	\$ 1.09

ADOPTED 2026 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 this department. 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. ACA requirements 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

Purchased Services in Current 2025 includes funding for market rate increases for some employees (\$75,000). Budget 2026 includes the implementation of new MNPFL and a classification and compensation study.

Performance Measures	Actual 2024	Current 2025	Budgeted 2026
Workers Comp Mod Factor	0.8	0.96	1.85
Premium change in health insurance	-4.00%	9.50%	15.00%
Hours spent on labor relations	0	40	10
Hours spent on benefit administration	100	20	40
Employees hired (Seasonal/FT/PT)	15	12	15

Staffing Levels

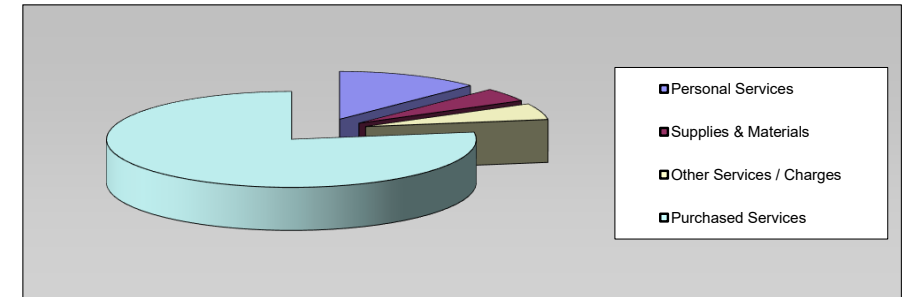
FTE Equivalents

Actual 2024	Current 2025	Budgeted 2026
0.08	0.08	0.08

Service Expenditures

	Actual 2024	Current 2025	Budgeted 2026
Personal Services	\$ 9,857	\$ 11,295	\$ 12,717
Supplies & Materials	2,801	4,665	4,665
Other Services / Charges	5,062	5,500	5,500
Purchased Services	2,537	81,462	78,262
TOTAL	\$ 20,257	\$ 102,922	\$ 101,144

Service Expenditures By Category



Expenditures Per Capita

	Actual 2024	Current 2025	Budgeted 2026
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.05	\$ 0.26	\$ 0.26
Annual	\$ 0.62	\$ 3.14	\$ 3.07

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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.

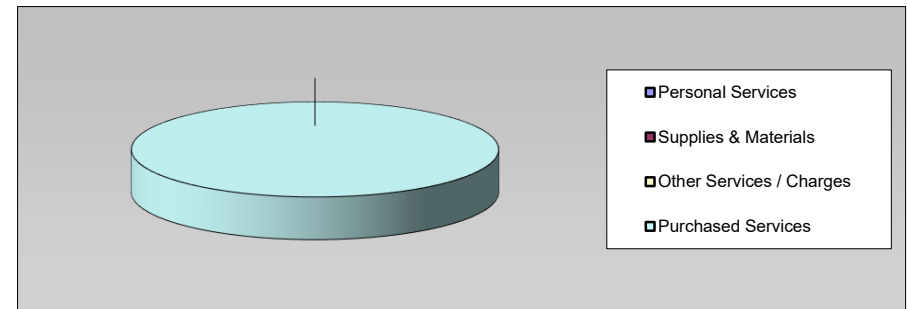
Service Expenditure Highlights

No significant changes planned for Budgeted 2026. A 4% increase in contracted expenditures is included.

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	N/A	N/A	N/A

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	-	-	-
Purchased Services	212,106	227,836	236,709
TOTAL	\$ 212,106	\$ 227,836	\$ 236,709

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.54	\$ 0.58	\$ 0.60
Annual	\$ 6.51	\$ 6.95	\$ 7.17

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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, email and in person.

Process Used

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

Service Expenditure Highlights

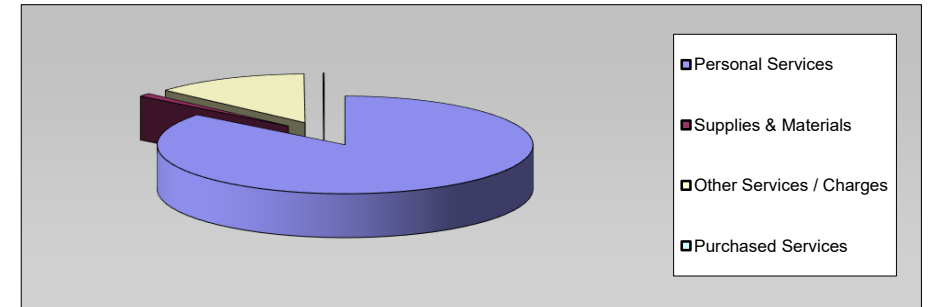
No major changes planned for Budgeted 2026. COLA and employee benefits continue to increase every year.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Council packets (hardcopy)	309	140	80
Council packets (emailed)	1,584	432	0
Licenses Issued	387	335	320
Assessment Searches	370	281	290
False Alarm Letters	0	0	0

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	2.13	2.00	1.64

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 180,042	\$ 181,474	\$ 185,125
Supplies & Materials	1,564	2,250	2,350
Other Services / Charges	28,050	28,836	28,750
Purchased Services	133	200	200
TOTAL	\$ 209,789	\$ 212,760	\$ 216,425

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.54	\$ 0.54	\$ 0.55
Annual	\$ 6.44	\$ 6.49	\$ 6.56

ADOPTED 2026 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 and conduct absentee voting at city hall.

Service Expenditure Highlights

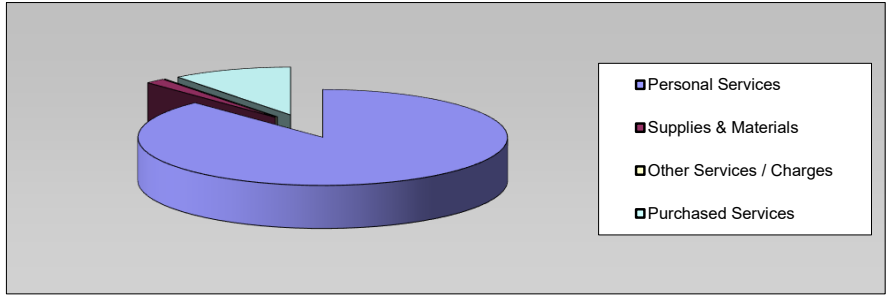
No major changes planned for Budgeted 2026. COLA and employee benefits continue to increase every year.

Performance Measures	Actual 2024	Current 2025	Budgeted 2026
Total number of voters	21,133	Non election	20,000
Number of Precincts	10	year	10
Registered voters	23,160		23,160

Staffing Levels	Actual 2024	Current 2025	Budgeted 2026
FTE Equivalents	0.19	0.19	0.25

Service Expenditures	Actual 2024	Current 2025	Budgeted 2026
Personal Services	\$ 104,063	\$ 78,288	\$ 103,334
Supplies & Materials	833	2,000	2,000
Other Services / Charges	-	-	-
Purchased Services	5,212	11,800	12,300
TOTAL	\$ 110,108	\$ 92,088	\$ 117,634

Service Expenditures By Category



Expenditures Per Capita	Actual 2024	Current 2025	Budgeted 2026
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.28	\$ 0.23	\$ 0.30
Annual	\$ 3.38	\$ 2.81	\$ 3.57

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, and the creation of the following annual documents: Annual Consolidated Financial Report, Annual Operating Budget and the Capital Improvement Plan.

Process Used

The financial affairs are conducted in compliance with Federal and State laws, Generally Accepted Accounting Principles and various City policies.

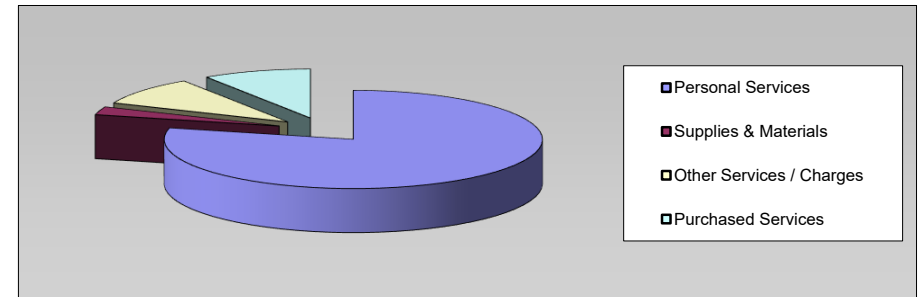
Service Expenditure Highlights

No major changes planned for Budgeted 2026. COLA and employee benefits continue to increase every year. Audit fees increase each year.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Promote use of electronic methods of processing utility payments and payroll:			
Utility payments made electronically	67%	72%	75%
Payroll checks issued	256	0	250
Payroll - direct deposit	2,828	2,901	2,950
Utility accounts - Storm Water	11,248	11,291	11,350
Utility accounts - Water	7,212	7,380	7,500
Utility accounts - Sewer	8,058	8,162	8,250
Utility accounts - Street Lights	7,909	7,909	7,909
Number of delinquent accounts	651	797	700

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	2.00	2.01	2.01
<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 273,088	\$ 301,929	\$ 318,203
Supplies & Materials	8,135	10,750	10,700
Other Services / Charges	32,612	35,956	37,900
Purchased Services	27,055	37,000	37,450
TOTAL	<u>\$ 340,890</u>	<u>\$ 385,635</u>	<u>\$ 404,253</u>

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.87	\$ 0.98	\$ 1.02
Annual	\$ 10.46	\$ 11.76	\$ 12.25

ADOPTED 2026 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 value.

Service Expenditure Highlights

No major changes planned for Budgeted 2026, bringing the budget inline with actual expenditures.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Residential Parcels Assessed	11,122	11,203	11,275
Commercial Parcels Assessed	167	173	175
Apartments Assessed	24	24	24
Unimproved Parcels Assessed	543	575	575
Exempt Parcels	502	503	503

Staffing Levels

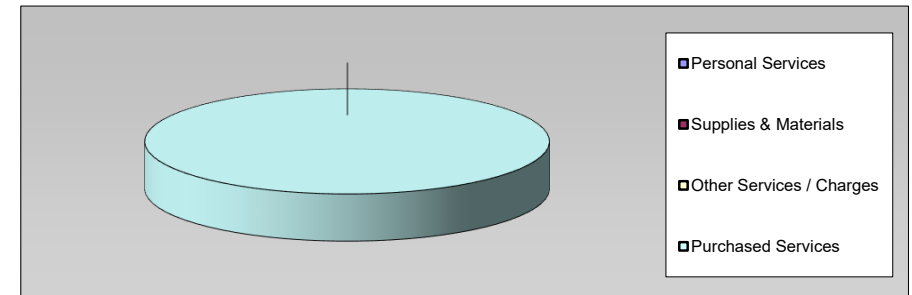
FTE Equivalents

<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
N/A	N/A	N/A

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	-	-	-
Purchased Services	136,094	161,000	150,000
TOTAL	\$ 136,094	\$ 161,000	\$ 150,000

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.35	\$ 0.41	\$ 0.38
Annual	\$ 4.18	\$ 4.91	\$ 4.55

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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

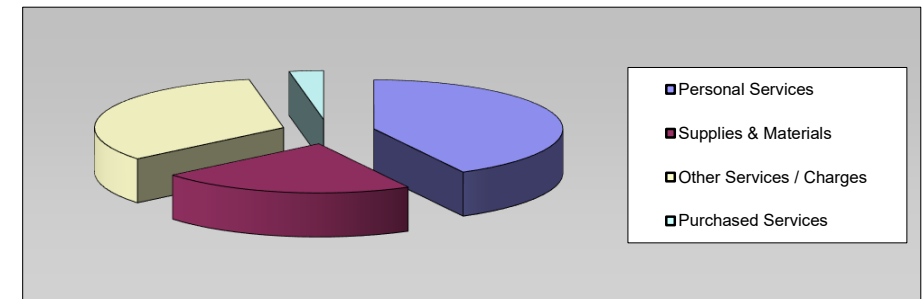
In the 2026 budget, IT salaries will be allocated directly to benefiting departments rather than recorded as an interdepartmental fee revenue.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of PC's / Servers	70	74	74
Number of Printers	20	16	16
Number of Phones Maintained	74	85	85

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	0.91	0.91	0.66

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 135,372	\$ 141,174	\$ 107,955
Supplies & Materials	36,011	51,850	55,850
Other Services / Charges	65,562	77,300	84,550
Purchased Services	5,079	7,500	7,500
TOTAL	\$ 242,024	\$ 277,824	\$ 255,855

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.62	\$ 0.71	\$ 0.65
Annual	\$ 7.42	\$ 8.47	\$ 7.75

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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

No major changes planned for Budgeted 2026.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Subdivisions Processed	1	8	4
Commercial Site Plans Processed	8	6	2
Conditional Use Permits	8	13	3
Code Amendments	6	4	2
Comp Plan Amendments	2	1	1
Rezonings	0	1	3
Variances	0	4	1
Lot Splits	1	1	2
P&Z Agendas	11	12	16
Vac of Easements	6	5	3
IUP - Interim Use Permit	4	1	2
Abatements	9	8	8
Rental Licenses	137	145	140

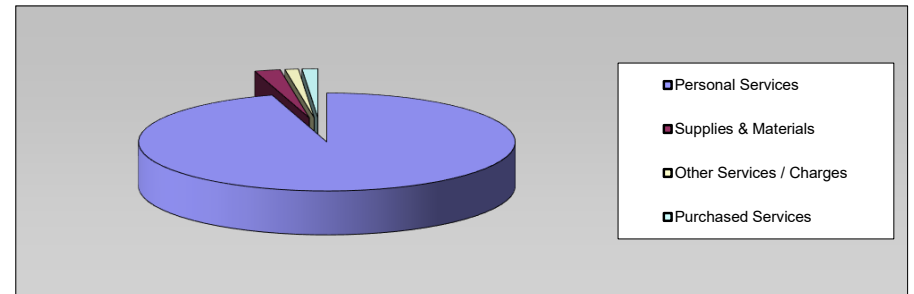
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	3.22	3.51	4.00

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 453,272	\$ 530,011	\$ 589,188
Supplies & Materials	2,714	14,800	13,550
Other Services / Charges	4,530	6,150	7,080
Purchased Services	7,443	8,298	8,298
TOTAL	\$ 467,959	\$ 559,259	\$ 618,116

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 1.20	\$ 1.42	\$ 1.56
Annual	\$ 14.36	\$ 17.05	\$ 18.73

ADOPTED 2026 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, water main, streets, trails, parks, facilities, etc.). Engineering reviews plans for all commercial and residential developments to ensure compliance with City standards.

Service Expenditure Highlights

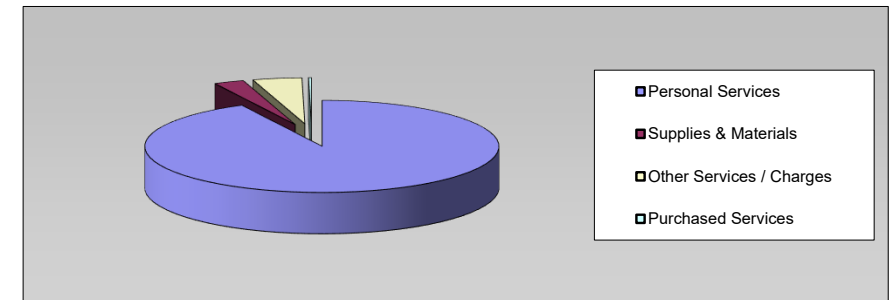
For Budget 2026, the department is reorganizing positions to add another engineer midyear.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
1. Number of Projects Constructed	15	13	13
2. Number of Projects Reviewed:			
<i>Preliminary Plats</i>	3	5	3
<i>Commercial Site Plans</i>	8	7	5
3. Number of Utility permits issued	83	102	95

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	5.09	5.24	5.36

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 680,612	\$ 726,765	\$ 805,424
Supplies & Materials	14,664	26,900	23,900
Other Services / Charges	27,824	36,912	38,980
Purchased Services	4,194	2,300	2,300
TOTAL	\$ 727,294	\$ 792,877	\$ 870,604

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 1.86	\$ 2.01	\$ 2.20
Annual	\$ 22.31	\$ 24.18	\$ 26.39

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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

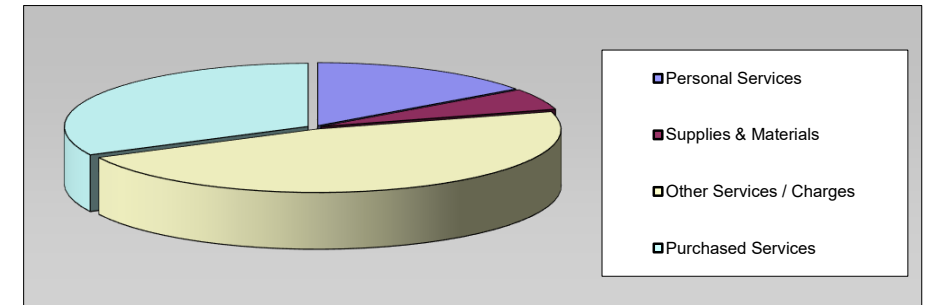
No major changes planned for Budget 2026.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Buildings	22	23	23
Parking Lots	16	16	16

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	0.85	0.83	0.87

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 107,343	\$ 114,207	\$ 123,378
Supplies & Materials	14,700	46,310	44,750
Other Services / Charges	263,542	399,970	384,490
Purchased Services	153,258	297,040	265,140
TOTAL	\$ 538,843	\$ 857,527	\$ 817,758

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 1.38	\$ 2.18	\$ 2.07
Annual	\$ 16.53	\$ 26.15	\$ 24.78

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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 citizens 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

The 2026 Contract provides for 72 hours per day of patrol service, 6 hours per day of community service, 2 full-time deputy sheriffs assigned to community oriented policing, and 2 patrol investigators. The primary driver of the cost increase in 2026 is deputy salary increases to remain competitive in the market.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of Part I & II Offenses (arrests)	564	482	500
Number of Calls for Services	13,270	12,824	13,000
Number of Traffic Arrests	1,179	1,040	1,100
Number of Patrol Hours	26,280	26,280	26,280
Number of School Liaison Hours	1,213	1,213	1,213

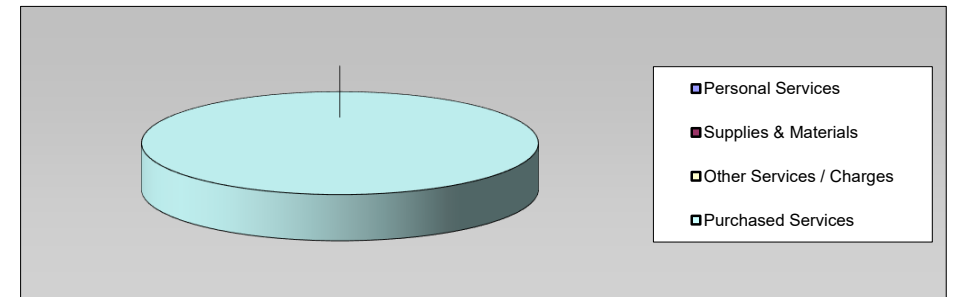
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	-	-	-
Purchased Services	3,625,598	3,936,982	4,203,269
TOTAL	<u>\$ 3,625,598</u>	<u>\$ 3,936,982</u>	<u>\$ 4,203,269</u>

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 9.27	\$ 10.00	\$ 10.62
Annual	\$ 111.23	\$ 120.04	\$ 127.39

Fund: 0101 - General
Cost Center: 42200

Department: Fire Protection
Director/Manager: Fire Chief

Activity Description

The fire department responds to all fire, emergency medical, and other calls for service throughout the City of Andover. Paid-on-call firefighters are alerted to incidents via a pager dispatched through the Anoka County Central Communications System. The fire department is responsible for performing new and existing 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. Additionally, the Fire Chief, who is also the Fire Marshal, serves as the Emergency Management Director, overseeing all City disaster and contingency plans.

Process Used

Paid-on-call firefighters are professionally trained with each averaging over 160 hours annually to maintain proficiency and certification in their skills used for fire, emergency medical response, and other calls for service. The Fire Chief, with the support of the Captain of Fire Inspections and the Deputy Fire Chief are well-versed in appropriate State Laws, Fire Codes, and National Standards used for plan reviews, inspections, and fire investigations. Call for service, public education, and training hours have all increased substantially over the past five years.

Service Expenditure Highlights

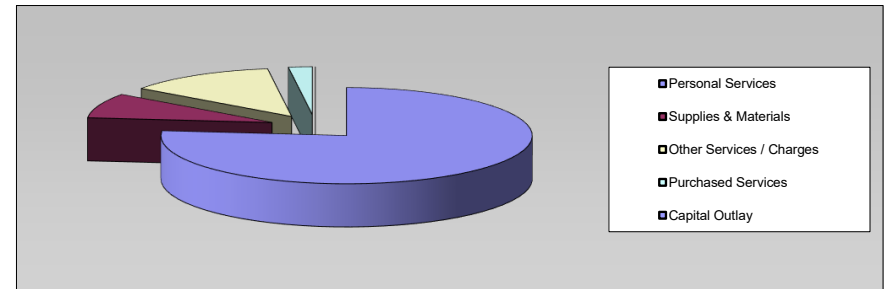
Budgeted 2025 includes an enhancement to the duty crew program. With the addition of 2 full-time employees, week day hours will be covered by full-time firefighters with paid-on-call firefighters covering evenings and weekends.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Fire Responses	585	601	619
Emergency Medical Responses	1,296	1,316	1,355
Fire Inspections / Plan Reviews	305	253	300
Fire Investigations	13	15	23
Public Fire Education (hours)	443	610	700
Customer Contacts	22,081	22,081	22,743
Total Firefighter Training Hours	5,105	6,700	7,100
Average Response Time	8.1 min	8.0 min	8.0 min
Number of Firefighters	44	54	60

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	5.34	5.36	7.54

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 1,623,033	\$ 1,696,320	\$ 2,008,570
Supplies & Materials	214,576	223,920	219,000
Other Services / Charges	298,229	322,740	340,790
Purchased Services	44,321	56,737	54,237
Capital Outlay	39,315	-	-
TOTAL	\$ 2,219,474	\$ 2,299,717	\$ 2,622,597

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 5.67	\$ 5.84	\$ 6.62
Annual	\$ 68.09	\$ 70.12	\$ 79.48

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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 states of construction. When construction is completed in accordance with approved standards, a Certificate of Occupancy is issued.

Service Expenditure Highlights

Budgeted 2026 included staff restructuring, converting a half-time building inspector position into full-time.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Residential			
New Construction	99	102	75
Other Permits	1,193	1,062	1,100
Commercial, Industrial, etc			
New Construction	5	5	3
Other Permits	154	31	20
Trades & Misc Permits	3,290	2,894	3,000
Permits Initiated Online	59%	64%	65%

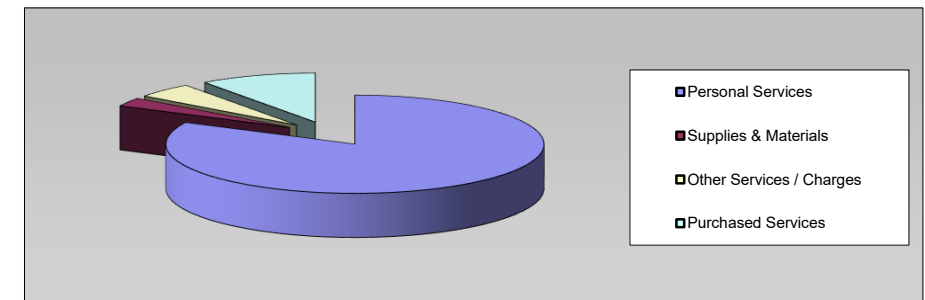
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	3.46	3.65	4.28

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 408,575	\$ 467,074	\$ 552,694
Supplies & Materials	8,787	17,050	19,050
Other Services / Charges	26,374	27,510	33,142
Purchased Services	68,296	52,000	67,000
TOTAL	\$ 512,032	\$ 563,634	\$ 671,886

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 1.31	\$ 1.43	\$ 1.70
Annual	\$ 15.71	\$ 17.19	\$ 20.36

ADOPTED 2026 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 fourteen (14) 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 3 oldest sirens were constructed in 2017, the remaining eleven are newer. Siren warning tests are performed monthly to verify activation and educate citizens regarding the City's Emergency Warning System.

Service Expenditure Highlights

No major changes planned for Budgeted 2026. All sirens are relatively new.

Performance Measures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Siren tests throughout the severe weather season	4	4	4
State-wide siren tests	12	12	12
Number of sirens	14	14	14

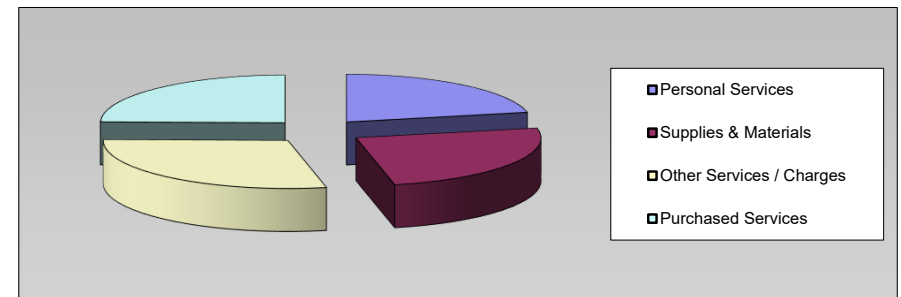
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	0.05	0.05	0.05

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 7,581	\$ 8,115	\$ 8,795
Supplies & Materials	-	10,100	10,100
Other Services / Charges	10,775	11,544	11,600
Purchased Services	2,933	10,000	10,000
TOTAL	\$ 21,289	\$ 39,759	\$ 40,495

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.05	\$ 0.10	\$ 0.10
Annual	\$ 0.65	\$ 1.21	\$ 1.23

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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. City staff also issue licenses for dogs in the city.

Service Expenditure Highlights

No major changes planned for Budget 2026 except changing contractors.

Performance Measures	Actual 2024	Current 2025	Budgeted 2026
Number of dogs licensed	206	179	190
Number of animals confined	34	40	20

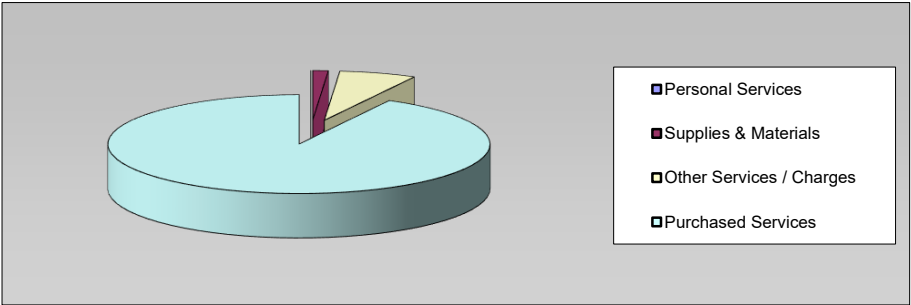
Staffing Levels

	Actual 2024	Current 2025	Budgeted 2026
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	Actual 2024	Current 2025	Budgeted 2026
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	150	150
Other Services / Charges	250	200	750
Purchased Services	7,382	10,600	10,600
TOTAL	\$ 7,632	\$ 10,950	\$ 11,500

Service Expenditures By Category



Expenditures Per Capita

	Actual 2024	Current 2025	Budgeted 2026
Population - Estimate	32,596	32,796	32,996
Monthly	\$ 0.02	\$ 0.03	\$ 0.03
Annual	\$ 0.23	\$ 0.33	\$ 0.35

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

Budget 2026 includes the reallocation of FTE's as the amount of time spent on snow removal as lessened over the years.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Asphalt Streets Maintained (miles)	207	208	209
Gravel Roads Maintained (miles)	6.5	6.5	6.5
Cul-de-sacs & Deadends Maintained	358	362	364
Road Markings/Striping (intersections)	196	202	203
Street Sweeping (miles)	876	2360	2400
Gravel Usage (tons)	1,124	0	1,200
Asphalt Usage (tons)	648	575	550
Pothole Patching (tons per day)	5.30	5.04	5.00
Spray Patcher - Rock (tons)	186	76	100
Spray Patcher - Oil (gallons)	2,648	1,095	1,500

Staffing Levels

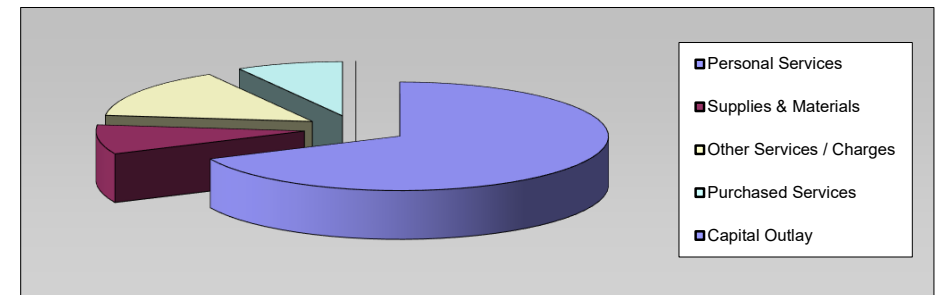
FTE Equivalents

<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
6.57	5.46	5.99

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 717,323	\$ 682,802	\$ 806,550
Supplies & Materials	99,572	101,095	103,095
Other Services / Charges	157,649	174,672	176,672
Purchased Services	32,800	107,800	97,800
Capital Outlay	-	-	-
TOTAL	\$ 1,007,344	\$ 1,066,369	\$ 1,184,117

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 2.58	\$ 2.71	\$ 2.99
Annual	\$ 30.90	\$ 32.52	\$ 35.89

ADOPTED 2026 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 205 miles of city streets and 363 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 decrease in Budgeted 2026 in Personal Services is due to reduced amount of time staff is spending on snow removal. The cost of salt continues to increase.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Miles of streets plowed	207	208	209
Cul-de-sacs	358	362	364
Sand/Salt Usage (tons)	1,050	654	1,700
Brine Usage (gal)	6,400	7,000	10,000
Annual Snowfall (inches)	30	29	60
Plowing a 1-2" Snow event (hrs)	6	6	6
Plowing a 2-4" Snow event (hrs)	7	7	7
Plowing a 4" + Snow event (hrs)	11	11	11

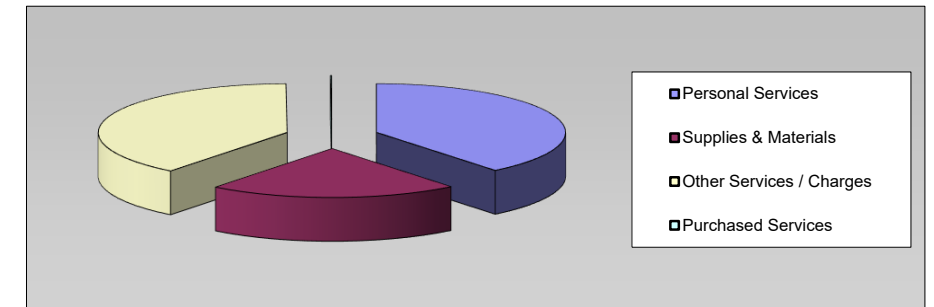
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	1.41	2.52	2.25

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 193,662	\$ 372,259	\$ 363,658
Supplies & Materials	155,520	195,350	197,850
Other Services / Charges	352,449	357,144	364,664
Purchased Services	-	1,000	1,000
TOTAL	\$ 701,631	\$ 925,753	\$ 927,172

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 1.79	\$ 2.35	\$ 2.34
Annual	\$ 21.53	\$ 28.23	\$ 28.10

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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 Budgeted 2026.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Damaged/Repair/Replace (# of signs)	207	130	200
All Parks and Trail Signs	23	10	20
Traffic Counts (locations, every 4 yrs)	25	14	25
Sign Inventory / Verified (# of zones)	1	2	1

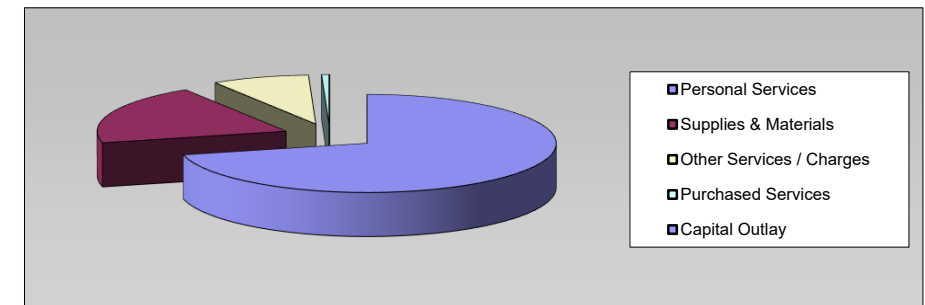
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	1.33	1.26	1.24

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 154,661	\$ 160,752	\$ 171,518
Supplies & Materials	46,301	47,860	47,860
Other Services / Charges	14,760	19,848	20,088
Purchased Services	-	1,500	1,500
Capital Outlay	-	-	-
TOTAL	\$ 215,722	\$ 229,960	\$ 240,966

Service Expenditure By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.55	\$ 0.58	\$ 0.61
Annual	\$ 6.62	\$ 7.01	\$ 7.30

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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 for some aspect of the signal. 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 locations mentioned above.

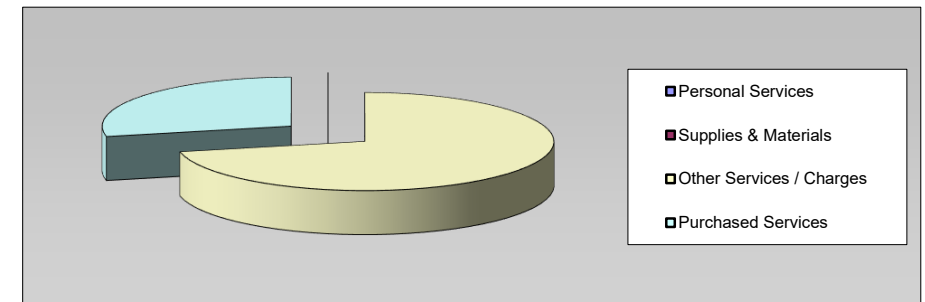
Service Expenditure Highlights

Anoka County Highway Department maintains all the traffic signals and EVP systems on their highway system throughout Andover and expenses continue to rise both in actual cost 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>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Traffic Signals:			
Within the Community	20	20	20
Shared (Anoka or Coon Rapids)	8	8	8
Wayside Horns	2	2	2

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	N/A	N/A	N/A
<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	19,751	31,500	31,500
Purchased Services	24,615	12,500	12,500
TOTAL	\$ 44,366	\$ 44,000	\$ 44,000

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.11	\$ 0.11	\$ 0.11
Annual	\$ 1.36	\$ 1.34	\$ 1.33

ADOPTED 2026 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.

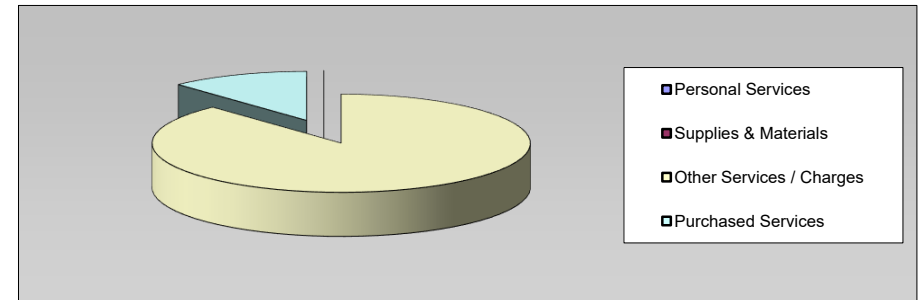
Service Expenditure Highlights

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 cost.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of Lights installed and maintained by private utility.	328	345	350

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	N/A	N/A	N/A
<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	35,493	40,000	40,000
Purchased Services	-	5,400	5,400
TOTAL	<u>\$ 35,493</u>	<u>\$ 45,400</u>	<u>\$ 45,400</u>

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.09	\$ 0.12	\$ 0.11
Annual	\$ 1.09	\$ 1.38	\$ 1.38

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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. Street 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 cost. The billing services contract continues to increase as well.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of Street Lights Billed	1,384	1,414	1,430

Staffing Levels

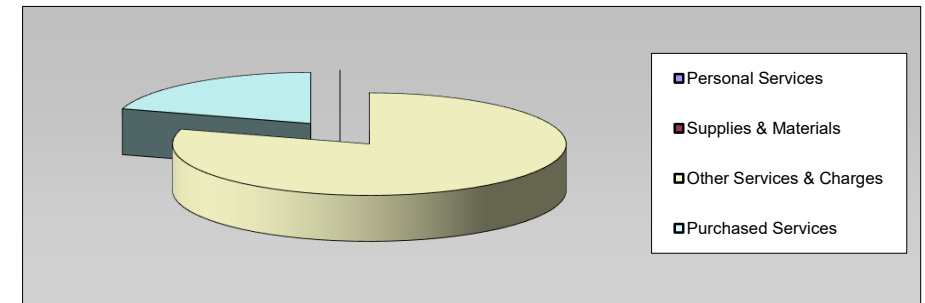
FTE Equivalents

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	N/A	N/A	N/A

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services & Charges	119,430	145,000	145,000
Purchased Services	32,232	37,000	37,000
TOTAL	\$ 151,662	\$ 182,000	\$ 182,000

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.39	\$ 0.46	\$ 0.46
Annual	\$ 4.65	\$ 5.55	\$ 5.52

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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/ trail system.

Service Expenditure Highlights

Budgeted 2026 includes any employee changes in health insurance, a COLA adjustment and any step changes for newer employees. Other Services / Charges changed due to an increased allocation for central services for the operation and maintenance costs associated with parks equipment - mowers, trail machines, trucks and snow removal equipment.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2024</u>	<u>Budgeted 2026</u>
Number of City Parks maintained	53	54	55
Total acreage mowed	340	341	341
Ballfields maintained	27	27	27
Number of playgrounds	43	44	44
Total soccer fields maintained	20	20	20
Miles of trail maintained	41	41.5	43
Ice Rinks / Warming Houses	11 / 4	11 / 4	11 / 4

Staffing Levels

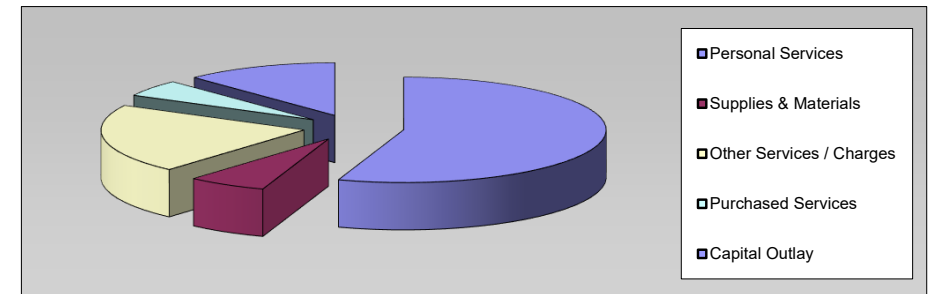
FTE Equivalents

<u>Actual 2024</u>	<u>Current 2024</u>	<u>Budgeted 2026</u>
8.43	7.95	7.68

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2024</u>	<u>Budgeted 2026</u>
Personal Services	\$ 984,482	\$ 1,006,788	\$ 1,064,284
Supplies & Materials	112,039	121,100	121,600
Other Services / Charges	377,653	396,660	408,104
Purchased Services	86,605	93,500	98,500
Capital Outlay	245,516	257,652	235,000
TOTAL	\$ 1,806,295	\$ 1,875,700	\$ 1,927,488

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2024</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 4.62	\$ 4.77	\$ 4.87
Annual	\$ 55.41	\$ 57.19	\$ 58.42

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

Fund: 0101 - General
Cost Center: 45500

Department: Natural Resource Preservation
Director/Manager: City Engineer

Activity Description

The City has several nature preserves and natural parks that benefit from various forms of vegetation management. Activities include 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 and help provide a natural environment for residents to enjoy. Also, the City has an EAB (emerald ash borer) Management Program to chemically treat trees on public and private properties. Finally, the City has committed matching funds for various grants to purchase trees to be planted throughout the City.

Process Used

Staff will review the applicable properties on an annual basis and prioritize them for management based on the needs.

Service Expenditure Highlights

No major changes planned for Budgeted 2026.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of City nature preserves	4	4	4
Number of City Parks undeveloped	6	6	6
Total acreage managed	120	150	150
Ash trees treated	100	20	20

Staffing Levels

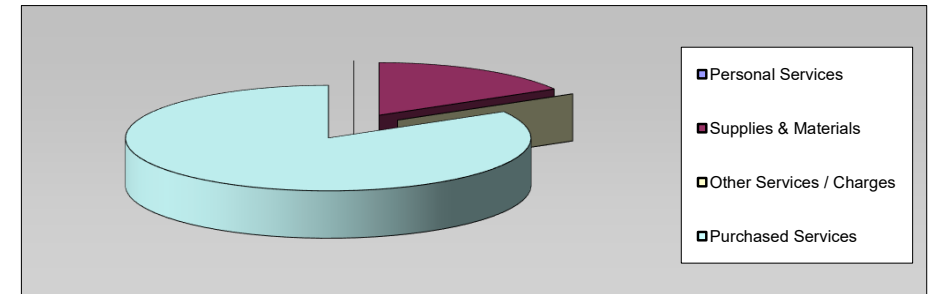
FTE Equivalents

<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
N/A	N/A	N/A

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	525	2,500	2,500
Other Services / Charges	-	-	-
Purchased Services	11,318	12,500	12,500
TOTAL	\$ 11,843	\$ 15,000	\$ 15,000

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.03	\$ 0.04	\$ 0.04
Annual	\$ 0.36	\$ 0.46	\$ 0.45

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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. The program also provides special educational opportunities for Andover schools and senior apartment complexes to promote waste reduction and recycling.

Service Expenditure Highlights

A small increase is planned for Budgeted 2026 as recycling disposal fees continue to increase. Organics recycling was added in 2025 which added additional expenses.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Schools with recycling bins	7	7	7
Recycling Days	12	11	11
Recycling collection tonnage	4,383	3,544	4,000

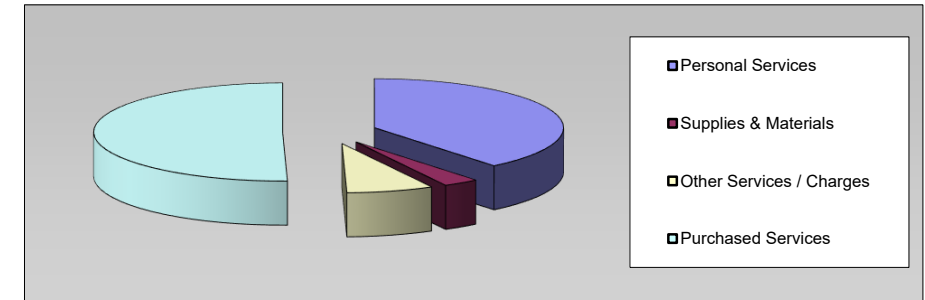
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	0.90	0.85	0.92

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 90,114	\$ 92,787	\$ 101,293
Supplies & Materials	1,414	7,875	7,875
Other Services / Charges	12,127	19,068	19,196
Purchased Services	87,333	130,500	130,500
TOTAL	\$ 190,988	\$ 250,230	\$ 258,864

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.49	\$ 0.64	\$ 0.65
Annual	\$ 5.86	\$ 7.63	\$ 7.85

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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.

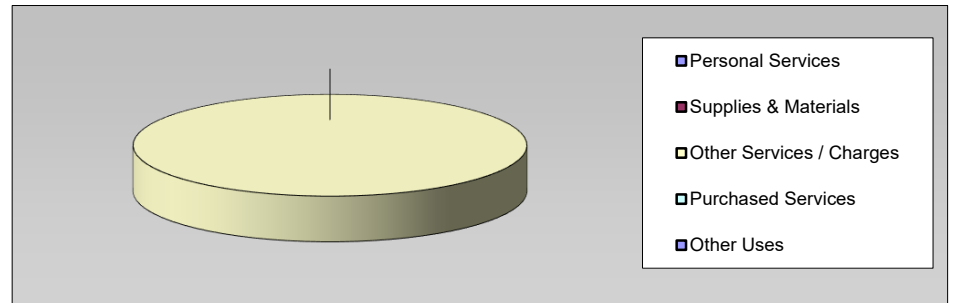
Service Expenditure Highlights

Actual 2024 includes a transfer to Capital Equipment Reserve Capital Projects Fund for storm related expenditures. Current 2025 includes the transfer to the EDA Special Revenue Fund (\$250,000) for a funding a shortfall, and the Capital Equipment Reserve Capital Projects Fund for the Kelsey Round Lake Trail matching grant (\$250,000), the replacement of an additional plow truck (\$350,000) and the increase in the natural disaster reserve (\$150,000).

<u>Staffing Levels</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	N/A	N/A	N/A

<u>Service Expenditures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ -	\$ -	\$ -
Supplies & Materials	-	-	-
Other Services / Charges	4,303	96,600	96,600
Purchased Services	-	-	-
Other Uses	93,700	1,000,000	-
TOTAL	\$ 98,003	\$ 1,096,600	\$ 96,600

Service Expenditures By Category



<u>Expenditures Per Capita</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 0.25	\$ 2.79	\$ 0.24
Annual	\$ 3.01	\$ 33.44	\$ 2.93

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

This page left blank intentionally.

CITY OF ANDOVER, MINNESOTA

2026 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.

This page left blank intentionally.

City of Andover
Special Revenue Funds
2026 Budget Summary - All Special Revenue Funds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 2,316,284	\$ 2,904,892	\$ 2,904,892	\$ 2,414,476
Revenues				
General Property Taxes	193,273	195,000	195,000	195,000
Intergovernmental	1,276,486	112,500	255,000	267,500
Charges for Services	1,584,518	1,326,000	1,435,800	1,395,000
Investment Income	156,929	14,250	57,829	25,500
Miscellaneous	1,057,922	869,968	919,000	889,068
Total Revenues:	4,269,128	2,517,718	2,862,629	2,772,068
Other Sources				
Transfers In	-	-	250,000	-
Total Revenues and Other Sources:	4,269,128	2,517,718	3,112,629	2,772,068
Total Available:	6,585,412	5,422,610	6,017,521	5,186,544
Expenditures				
Personal Services	969,275	992,122	992,122	1,064,605
Supplies and Materials	126,948	124,420	137,510	127,620
Purchased Services	662,631	362,842	351,379	458,705
Other Services and Charges	634,820	836,684	802,684	989,450
Capital Outlay	978,846	1,008,000	1,009,250	-
Total Expenditures:	3,372,520	3,324,068	3,292,945	2,640,380
Other Uses				
Transfers Out	308,000	310,100	310,100	308,110
Total Expenditures and Other Uses:	3,680,520	3,634,168	3,603,045	2,948,490
Fund Balance, December 31	\$ 2,904,892	\$ 1,788,442	\$ 2,414,476	\$ 2,238,054
Change in Fund Balance	\$ 588,608 25%	\$ (1,116,450) -38%	\$ (490,416) -17%	\$ (176,422) -7%

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 168,503	\$ 137,575	\$ 137,575	\$ 300,339
Revenues				
Charges for Services	24,096	15,000	15,000	10,000
Investment Income	6,690	2,000	2,000	2,000
Miscellaneous	695	-	-	-
Total Revenues:	31,481	17,000	17,000	12,000
Other Sources				
Transfers In	-	-	250,000	-
Total Revenues and Other Sources:	31,481	17,000	267,000	12,000
Total Available:	199,984	154,575	404,575	312,339
Expenditures				
Personal Services	2,991	7,536	7,536	7,536
Supplies and Materials	4,304	16,400	8,900	6,700
Purchased Services	47,110	71,730	77,500	79,800
Other Services and Charges	8,004	13,100	10,300	9,250
Total Expenditures:	62,409	108,766	104,236	103,286
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	62,409	108,766	104,236	103,286
Fund Balance, December 31	\$ 137,575	\$ 45,809	\$ 300,339	\$ 209,053
Change in Fund Balance	\$ (30,928) -18%	\$ (91,766) -67%	\$ 162,764 118%	\$ (91,286) -30%

Expenditure Highlights

2026 continues the Home Improvement Program to assist in exterior home improvements within the City (\$25,000).

2025 continues the Home Improvement Program to assist in exterior home improvements within the City (\$25,000).

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

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
Local Affordable Housing Aid
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ -	\$ 99,340	\$ 99,340	\$ 255,740
Revenues				
Intergovernmental	98,152	100,000	255,000	255,000
Investment Income	1,188	-	1,400	-
Total Revenues:	99,340	100,000	256,400	255,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	99,340	100,000	256,400	255,000
Total Available:	99,340	199,340	355,740	510,740
Expenditures				
Other Services and Charges	-	100,000	100,000	255,000
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	-	100,000	100,000	255,000
Fund Balance, December 31	\$ 99,340	\$ 99,340	\$ 255,740	\$ 255,740
Change in Fund Balance	\$ 99,340 n/a	\$ - 0%	\$ 156,400 157%	\$ - 0%

Expenditure Highlights

This is a fund created to track the Local Affordable Housing Aid program. Aid began in 2024 and is funded by a new dedicated sales tax in the seven-county metropolitan area.

General Activity Description

Local Affordable Housing Aid helps local governments develop and preserve affordable housing within their jurisdictions to keep families from losing housing and to help those experiencing homelessness find housing.

Process Used

The Minnesota Department of Revenue will distribute the aid semi annually to the City and the aid will be disbursed to qualified applicants. Qualifying projects include:

- Emergency rental assistance for households earning less than 80 percent of area median income; and
- Financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; and
- Projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have certain incomes.
- Housing developed or rehabilitated with funds under this section must be affordable to the local work force.

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 1,379,580	\$ 1,874,018	\$ 1,874,018	\$ 1,038,123
Revenues				
General Property Taxes	153,742	155,000	155,000	155,000
Charges for Services	1,491,637	1,256,000	1,359,000	1,328,000
Investment Income	83,017	5,000	40,000	10,000
Miscellaneous	928,520	826,068	834,000	839,068
Total Revenues:	2,656,916	2,242,068	2,388,000	2,332,068
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	2,656,916	2,242,068	2,388,000	2,332,068
Total Available:	4,036,496	4,116,086	4,262,018	3,370,191
Expenditures				
Personal Services	921,944	939,461	939,461	1,006,850
Supplies and Materials	119,343	103,600	125,500	116,500
Purchased Services	176,798	189,400	180,400	268,400
Other Services and Charges	609,370	700,734	670,534	702,150
Capital Outlay	35,023	1,008,000	1,008,000	-
Total Expenditures:	1,862,478	2,941,195	2,923,895	2,093,900
Other Uses				
Transfers Out	300,000	300,000	300,000	300,000
Total Expenditures and Other Uses:	2,162,478	3,241,195	3,223,895	2,393,900
Fund Balance, December 31	\$ 1,874,018	\$ 874,891	\$ 1,038,123	\$ 976,291
Change in Fund Balance	\$ 494,438 36%	\$ (999,127) -53%	\$ (835,895) -45%	\$ (61,832) -6%

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.

No major programming changes for 2026. 2025 included the addition of a golf simulator put in one of the under-utilized meeting rooms and the reroofing of the ice arena and field house (\$1,000,000).

General Activity Description

This fund accounts for the operations of the Andover/YMCA Community Center, particularly the sports complex, ice arena, field house and concession. 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.

In 2020, an expansion of the Community Center was completed. It includes a multi-sports complex, an additional court added to the field house, senior/teen space, and additional parking.

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 197,827	\$ 203,734	\$ 203,734	\$ 196,637
Revenues				
Charges for Services	12,848	10,000	16,800	10,000
Investment Income	9,615	1,500	3,500	3,000
Total Revenues:	22,463	11,500	20,300	13,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	22,463	11,500	20,300	13,000
Total Available:	220,290	215,234	224,034	209,637
Expenditures				
Personal Services	8,649	9,097	9,097	10,670
Supplies and Materials	182	3,000	2,660	3,000
Purchased Services	2,707	6,000	6,000	6,000
Other Services and Charges	5,018	9,800	8,800	8,000
Capital Outlay	-	-	840	-
Total Expenditures:	16,556	27,897	27,397	27,670
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	16,556	27,897	27,397	27,670
Fund Balance, December 31	\$ 203,734	\$ 187,337	\$ 196,637	\$ 181,967
Change in Fund Balance	\$ 5,907 3%	\$ (16,397) -8%	\$ (7,097) -3%	\$ (14,670) -7%

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 electronically through the City's GIS mapping system. All data is accessible through that City's mapping system.

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 102,403	\$ 106,392	\$ 106,392	\$ 106,616
Revenues				
General Property Taxes	39,531	40,000	40,000	40,000
Investment Income	4,349	750	2,000	1,500
Total Revenues:	43,880	40,750	42,000	41,500
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	43,880	40,750	42,000	41,500
Total Available:	146,283	147,142	148,392	148,116
Expenditures				
Personal Services	10,628	11,147	11,147	12,051
Supplies and Materials	-	520	100	520
Purchased Services	29,201	30,412	29,979	29,205
Other Services and Charges	62	550	550	550
Total Expenditures:	39,891	42,629	41,776	42,326
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	39,891	42,629	41,776	42,326
Fund Balance, December 31	\$ 106,392	\$ 104,513	\$ 106,616	\$ 105,790
Change in Fund Balance	\$ 3,989 4%	\$ (1,879) -2%	\$ 224 0%	\$ (826) -1%

Expenditure Highlights

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

Fund balance is being set aside for the preparation of the fourth generation water management plan and any additional services that may be needed.

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 permits 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.
9. Educating the public on water resource issues.

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 2,994	\$ 3,672	\$ 3,672	\$ 3,601
Revenues				
Intergovernmental	9,868	12,500	-	12,500
Investment Income	(30)	-	(71)	-
Total Revenues:	9,838	12,500	(71)	12,500
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	9,838	12,500	(71)	12,500
Total Available:	12,832	16,172	3,601	16,101
Expenditures				
Supplies and Materials	3,113	-	-	-
Purchased Services	6,047	12,500	-	12,500
Total Expenditures:	9,160	12,500	-	12,500
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	9,160	12,500	-	12,500
Fund Balance, December 31	\$ 3,672	\$ 3,672	\$ 3,601	\$ 3,601
Change in Fund Balance	\$ 678 23%	\$ - 0%	\$ (71) -2%	\$ - 0%

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).

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 Arbor Day event giveaway, 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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 139,969	\$ 154,570	\$ 154,570	\$ 145,829
Revenues				
Charges for Services	44,067	35,000	35,000	35,000
Investment Income	6,937	1,000	2,000	2,000
Total Revenues:	51,004	36,000	37,000	37,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	51,004	36,000	37,000	37,000
Total Available:	190,973	190,570	191,570	182,829
Expenditures				
Personal Services	25,063	24,881	24,881	27,498
Supplies and Materials	6	900	350	900
Purchased Services	2,838	8,900	7,500	8,900
Other Services and Charges	496	2,500	2,500	2,500
Capital Outlay	-	-	410	-
Total Expenditures:	28,403	37,181	35,641	39,798
Other Uses				
Transfers Out	8,000	10,100	10,100	8,110
Total Expenditures and Other Uses:	36,403	47,281	45,741	47,908
Fund Balance, December 31	\$ 154,570	\$ 143,289	\$ 145,829	\$ 134,921
Change in Fund Balance	\$ 14,601 10%	\$ (11,281) -7%	\$ (8,741) -6%	\$ (10,908) -7%

Expenditure Highlights

The 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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 275,268	\$ 316,909	\$ 316,909	\$ 356,909
Revenues				
Investment Income	14,714	2,500	5,000	5,000
Miscellaneous	128,707	43,900	85,000	50,000
Total Revenues:	143,421	46,400	90,000	55,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	143,421	46,400	90,000	55,000
Total Available:	418,689	363,309	406,909	411,909
Expenditures				
Purchased Services	101,780	43,900	50,000	53,900
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	101,780	43,900	50,000	53,900
Fund Balance, December 31	\$ 316,909	\$ 319,409	\$ 356,909	\$ 358,009
Change in Fund Balance	\$ 41,641 15%	\$ 2,500 1%	\$ 40,000 13%	\$ 1,100 0%

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 charitable gambling activities. Funding is used towards the Alexandra House, Hope 4 Youth, Family of Promise, teen programing, etc.. Funding for these expenditures are 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. It can also include playground equipment within a city park or for construction or maintenance of a veterans memorial within a city park.

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

City of Andover
Special Revenue Funds
Crack Seal & Pavement Seal Fund
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 1,802	\$ 8,682	\$ 8,682	\$ 10,682
Revenues				
Charges for Services	11,870	10,000	10,000	12,000
Investment Income	6,880	1,500	2,000	2,000
Total Revenues:	18,750	11,500	12,000	14,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	18,750	11,500	12,000	14,000
Total Available:	20,552	20,182	20,682	24,682
Expenditures				
Other Services and Charges	11,870	10,000	10,000	12,000
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	11,870	10,000	10,000	12,000
Fund Balance, December 31	\$ 8,682	\$ 10,182	\$ 10,682	\$ 12,682
Change in Fund Balance	\$ 6,880 382%	\$ 1,500 17%	\$ 2,000 23%	\$ 2,000 19%

Fund: Crack Seal & Pavement Seal
Activity Type/Code: Special Revenue

Department Head: Dir of PW / City Engineer

Expenditure Highlights

The Crack Seal and Pavement Seal Special Revenue Fund was established in 1996 and is utilized for the first application of crack seal and pavement seal in new developments.

General Activity Description

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

Process Used

The City has an annual crack seal and pavement seal program. When possible, new developments will be crack sealed and pavement sealed within the first three years of construction.

City of Andover
Special Revenue Funds
CARES Act / ARPA Funding
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 47,938	\$ -	\$ -	\$ -
Revenues				
Intergovernmental	1,168,466	-	-	-
Investment Income	23,569	-	-	-
Total Revenues:	1,192,035	-	-	-
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	1,192,035	-	-	-
Total Available:	1,239,973	-	-	-
Expenditures				
Purchased Services	296,150	-	-	-
Capital Outlay	943,823	-	-	-
Total Expenditures:	1,239,973	-	-	-
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	1,239,973	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (47,938) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Expenditure Highlights

In 2022, the ARPA Funding can be used to:

- 1. Support public health / safety response
- 2. Replace public sector revenue loss
- 3. Water and sewer infrastructure
- 4. Address negative economic impacts
- 5. Premium pay for essential workers
- 6. Broadband infrastructure

The current proposal included:

Support public health / safety response	\$ 200,000
Water infrastructure	2,075,738
Facility maintenance	945,875
New pedestrian trail	<u>400,000</u>
	<u>\$ 3,621,613</u>

General Activity Description

The CARES Act / ARPA Funding Special Revenue Fund accounts for money distributed to local governments to assist with the financial strain caused by COVID-19.

Process Used

Federal guidance indicates that the City can have discretion to determine what the funds can be used for based on compliance to the guidelines provided. The CARES Act provides that payments from the fund may only be used to cover costs that (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019; (2) were not accounted for in the budget most recently approved as of March 27, 2020 for the State or government; and (3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law. ARPA is a \$1.9 trillion package that includes direct relief to states, counties, cities, and towns, as well as public utilities, libraries and transit agencies. The City of Andover received approximately \$3.6 million in two distributions - July 2021 and July 2022.

This page left blank intentionally.

CITY OF ANDOVER, MINNESOTA

2026 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.

This page left blank intentionally.

City of Andover
Debt Service Funds
2026 Budget Summary - All Debt Service Funds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 3,819,273	\$ 3,700,922	\$ 3,700,922	\$ 5,161,805
Revenues				
General Property Taxes	3,874,800	4,881,034	4,881,034	4,905,158
Investment Income	88,924	-	20,500	23,000
Total Revenues:	3,963,724	4,881,034	4,901,534	4,928,158
Other Sources				
Operating Transfers In	845,300	854,407	854,407	645,300
Total Revenues and Other Sources:	4,809,024	5,735,441	5,755,941	5,573,458
Total Available:	8,628,297	9,436,363	9,456,863	10,735,263
Expenditures				
Debt Service				
Principal	3,240,000	2,980,000	2,980,000	4,005,000
Interest	1,162,366	1,231,862	1,306,658	1,358,466
Other	15,250	8,400	8,400	8,400
Total Expenditures:	4,417,616	4,220,262	4,295,058	5,371,866
Other Uses				
Operating Transfers Out	509,759	-	-	32,619
Total Expenditures and Other Uses:	4,927,375	4,220,262	4,295,058	5,404,485
Fund Balance, December 31	\$ 3,700,922	\$ 5,216,101	\$ 5,161,805	\$ 5,330,778
Change in Fund Balance	\$ (118,351) -3%	\$ 1,515,179 41%	\$ 1,460,883 39%	\$ 168,973 3%

City of Andover
Debt Service Funds
Certificates/Capital Notes - 2020A G.O. Equipment Certificate
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 421,659	\$ -	\$ -	\$ -
Revenues				
General Property Taxes	-	-	-	-
Investment Income	-	-	-	-
Total Revenues:	-	-	-	-
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	-	-	-	-
Total Available:	421,659	-	-	-
Expenditures				
Debt Service				
Principal	345,000	-	-	-
Interest	6,900	-	-	-
Other	4,000	-	-	-
Total Expenditures:	355,900	-	-	-
Other Uses				
Operating Transfers Out	65,759	-	-	-
Total Expenditures and Other Uses:	421,659	-	-	-
Fund Balance, December 31	\$ -	\$ -	\$ -	\$ -
Change in Fund Balance	\$ (421,659) -100%	\$ - n/a	\$ - n/a	\$ - n/a

Fund: 3214
Cost Center: 2020A G.O. Equipment Certificates
Activity Type/Code: Debt Service

Department Head: Finance Director

Final payment made in 2024.

General Activity Description

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

Process Used

The City issued \$1,310,000 of Capital Notes in 2020 to facilitate the purchase of equipment.

City of Andover
Debt Service Funds
Certificates/Capital Notes - 2021A G.O. Equipment Certificate
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 174,728	\$ 189,354	\$ 189,354	\$ 200,469
Revenues				
General Property Taxes	174,066	176,715	176,715	-
Investment Income	3,860	-	500	-
Total Revenues:	177,926	176,715	177,215	-
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	177,926	176,715	177,215	-
Total Available:	352,654	366,069	366,569	200,469
Expenditures				
Debt Service				
Principal	155,000	160,000	160,000	165,000
Interest	8,050	4,900	4,900	1,650
Other	250	1,200	1,200	1,200
Total Expenditures:	163,300	166,100	166,100	167,850
Other Uses				
Operating Transfers Out	-	-	-	32,619
Total Expenditures and Other Uses:	163,300	166,100	166,100	200,469
Fund Balance, December 31	\$ 189,354	\$ 199,969	\$ 200,469	\$ -
Change in Fund Balance	\$ 14,626 8%	\$ 10,615 6%	\$ 11,115 6%	\$ (200,469) -100%

Fund: 3215
Cost Center: 2021A 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>
2026	166,650	165,000	1,650

General Activity Description

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

Process Used

The City issued \$630,000 of Capital Notes in 2021 to facilitate the purchase of equipment.

City of Andover
Debt Service Funds
Certificates/Capital Notes - 2024A G.O. Equipment Certificate
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ -	\$ 10,145	\$ 10,145	\$ 425,097
Revenues				
General Property Taxes	448,043	450,000	450,000	444,834
Investment Income	6,102	-	-	-
Total Revenues:	454,145	450,000	450,000	444,834
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	454,145	450,000	450,000	444,834
Total Available:	454,145	460,145	460,145	869,931
Expenditures				
Debt Service				
Principal	-	-	-	365,000
Interest	-	20,748	33,848	48,625
Other	-	1,200	1,200	1,200
Total Expenditures:	-	21,948	35,048	414,825
Other Uses				
Operating Transfers Out	444,000	-	-	-
Total Expenditures and Other Uses:	444,000	21,948	35,048	414,825
Fund Balance, December 31	\$ 10,145	\$ 438,197	\$ 425,097	\$ 455,106
Change in Fund Balance	\$ 10,145 n/a	\$ 428,052 4219%	\$ 414,952 4090%	\$ 30,009 7%

Fund: 3216
Cost Center: 2024A G.O. Equipment Certificates
Activity Type/Code: Debt Service

Department Head: Finance Director

The projected Debt Service schedule is listed below:

<u>Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 413,625	\$ 365,000	\$ 48,625
2027	414,875	385,000	29,875
2028	415,125	405,000	10,125
	<u>\$ 1,243,625</u>	<u>\$ 1,155,000</u>	<u>\$ 88,625</u>

Due to the timing of issuance, the 2024 levy amount of \$444,000 was transferred into the 2024A GO Equipment Certificate Capital Projects Fund and the amount issued was reduced.

General Activity Description

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

Process Used

The City is planning to issue \$1,155,000 of Capital Notes in 2024 to facilitate the purchase of equipment.

City of Andover
Debt Service Funds
General Obligation Bonds - 2018A G.O. Capital Improvement Plan Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 587,067	\$ 636,391	\$ 636,391	\$ 682,867
Revenues				
General Property Taxes	610,131	617,257	617,257	615,419
Investment Income	14,724	-	4,000	5,000
Total Revenues:	624,855	617,257	621,257	620,419
Other Sources				
Operating Transfers In	45,300	45,300	45,300	45,300
Total Revenues and Other Sources:	670,155	662,557	666,557	665,719
Total Available:	1,257,222	1,298,948	1,302,948	1,348,586
Expenditures				
Debt Service				
Principal	300,000	315,000	315,000	335,000
Interest	319,256	303,881	303,881	287,631
Other	1,575	1,200	1,200	1,200
Total Expenditures:	620,831	620,081	620,081	623,831
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	620,831	620,081	620,081	623,831
Fund Balance, December 31	\$ 636,391	\$ 678,867	\$ 682,867	\$ 724,755
Change in Fund Balance	\$ 49,324 8%	\$ 42,476 7%	\$ 46,476 7%	\$ 41,888 6%

Fund: 3304
Cost Center: 2018A G.O. Capital Improvement Plan 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>
2026	\$ 622,631	\$ 335,000	\$ 287,631
2027	620,506	350,000	270,506
2028	626,206	370,000	256,206
2029	624,956	380,000	244,956
2030	623,406	390,000	233,406
2031	621,556	400,000	221,556
2032	624,331	415,000	209,331
2033	621,731	425,000	196,731
2034	623,756	440,000	183,756
2035	620,125	450,000	170,125
2036	620,538	465,000	155,538
2037	620,182	480,000	140,182
2038	619,338	495,000	124,338
2039	622,603	515,000	107,603
2040	619,969	530,000	89,969
2041	621,400	550,000	71,400
2042	621,800	570,000	51,800
2043	616,588	585,000	31,588
2044	620,675	610,000	10,675
	<u>\$ 11,812,297</u>	<u>\$ 8,755,000</u>	<u>\$ 3,057,297</u>

General Activity Description

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

Process Used

The City issued \$10,000,000 of Capital Improvement Plan bonds in 2018 to facilitate the construction of additional public works facilities.

The Water and Sanitary Sewer Enterprise Funds will be paying a portion of the annual debt for the new public works facilities.

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 539,948	\$ 596,481	\$ 596,481	\$ 655,749
Revenues				
General Property Taxes	969,419	969,824	969,824	968,689
Investment Income	1,689	-	-	-
Total Revenues:	971,108	969,824	969,824	968,689
Other Sources				
Operating Transfers In	300,000	300,000	300,000	300,000
Total Revenues and Other Sources:	1,271,108	1,269,824	1,269,824	1,268,689
Total Available:	1,811,056	1,866,305	1,866,305	1,924,438
Expenditures				
Debt Service				
Principal	985,000	1,005,000	1,005,000	1,030,000
Interest	228,000	204,356	204,356	178,275
Other	1,575	1,200	1,200	1,200
Total Expenditures:	1,214,575	1,210,556	1,210,556	1,209,475
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	1,214,575	1,210,556	1,210,556	1,209,475
Fund Balance, December 31	\$ 596,481	\$ 655,749	\$ 655,749	\$ 714,963
Change in Fund Balance	\$ 56,533 10%	\$ 59,268 10%	\$ 59,268 10%	\$ 59,214 9%

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>
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>\$ 7,262,747</u>	<u>\$ 6,655,000</u>	<u>\$ 607,747</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
General Obligation Bonds - 2019A G.O. Taxable Abatement Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 1,086,781	\$ 1,176,531	\$ 1,176,531	\$ 1,253,638
Revenues				
General Property Taxes	1,024,314	1,018,100	1,018,100	1,179,308
Investment Income	29,661	-	8,000	9,000
Total Revenues:	1,053,975	1,018,100	1,026,100	1,188,308
Other Sources				
Operating Transfers In	150,000	159,107	159,107	-
Total Revenues and Other Sources:	1,203,975	1,177,207	1,185,207	1,188,308
Total Available:	2,290,756	2,353,738	2,361,738	2,441,946
Expenditures				
Debt Service				
Principal	600,000	630,000	630,000	660,000
Interest	507,650	476,900	476,900	444,650
Other	6,575	1,200	1,200	1,200
Total Expenditures:	1,114,225	1,108,100	1,108,100	1,105,850
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	1,114,225	1,108,100	1,108,100	1,105,850
Fund Balance, December 31	\$ 1,176,531	\$ 1,245,638	\$ 1,253,638	\$ 1,336,096
Change in Fund Balance	\$ 89,750 8%	\$ 69,107 6%	\$ 77,107 7%	\$ 82,458 7%

Fund: 3406
Cost Center: 2019A G.O. Taxable 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>
2026	\$ 1,104,650	\$ 660,000	\$ 444,650
2027	1,105,775	695,000	410,775
2028	1,100,275	725,000	375,275
2029	1,106,850	765,000	341,850
2030	1,105,650	795,000	310,650
2031	1,103,250	825,000	278,250
2032	1,108,850	860,000	248,850
2033	1,107,675	885,000	222,675
2034	1,105,750	910,000	195,750
2035	1,108,000	940,000	168,000
2036	1,104,425	965,000	139,425
2037	1,105,025	995,000	110,025
2038	1,104,725	1,025,000	79,725
2039	1,103,525	1,055,000	48,525
2040	1,106,350	1,090,000	16,350
	<u>\$16,580,775</u>	<u>\$13,190,000</u>	<u>\$ 3,390,775</u>

The portion of park dedication fees collected will be used to offset the debt service levy, not to exceed \$1,000,000. Transfers to date are:

<u>Year</u>	<u>Amount</u>
2020	\$ 175,146
2021	202,604
2022	163,143
2023	150,000
	<u>\$ 690,893</u>

General Activity Description

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

Process Used

The City sold \$15,770,000 of Taxable Abatement Bonds in 2019 to finance the expansion of the community center.

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

City of Andover
Debt Service Funds
General Obligation Bonds - 2021A G.O. Street Reconstruction
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 1,009,090	\$ 1,092,020	\$ 1,092,020	\$ 1,152,698
Revenues				
General Property Taxes	648,827	649,138	649,138	701,553
Investment Income	32,888	-	8,000	9,000
Total Revenues:	681,715	649,138	657,138	710,553
Other Sources				
Operating Transfers In	350,000	350,000	350,000	300,000
Total Revenues and Other Sources:	1,031,715	999,138	1,007,138	1,010,553
Total Available:	2,040,805	2,091,158	2,099,158	2,163,251
Expenditures				
Principal	855,000	870,000	870,000	885,000
Interest	92,510	75,260	75,260	57,710
Other	1,275	1,200	1,200	1,200
Total Expenditures:	948,785	946,460	946,460	943,910
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	948,785	946,460	946,460	943,910
Fund Balance, December 31	\$ 1,092,020	\$ 1,144,698	\$ 1,152,698	\$ 1,219,341
Change in Fund Balance	\$ 82,930 8%	\$ 52,678 5%	\$ 60,678 6%	\$ 66,643 6%

Fund: 3703
Cost Center: 2021A G.O. Street Reconstruction
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>
2026	\$ 942,710	\$ 885,000	\$ 57,710
2027	944,810	905,000	39,810
2028	951,135	925,000	26,135
2029	946,395	930,000	16,395
2030	945,640	940,000	5,640
	<u>\$ 4,730,690</u>	<u>\$ 4,585,000</u>	<u>\$ 145,690</u>

General Activity Description

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

Process Used

The City issued \$7,135,000 of Street Reconstruction Bonds in 2021 to facilitate the reconstruction of streets.

City of Andover
Debt Service Funds
General Obligation Bonds - 2024A G.O. Street Reconstruction
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ -	\$ -	\$ -	\$ 791,287
Revenues				
General Property Taxes	-	1,000,000	1,000,000	995,355
Other Sources				
Operating Transfers In	-	-	-	-
Total Revenues and Other Sources:	-	1,000,000	1,000,000	995,355
Total Available:	-	1,000,000	1,000,000	1,786,642
Expenditures				
Debt Service				
Principal	-	-	-	565,000
Interest	-	145,817	207,513	339,925
Other	-	1,200	1,200	1,200
Total Expenditures:	-	147,017	208,713	906,125
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	-	147,017	208,713	906,125
Fund Balance, December 31	\$ -	\$ 852,983	\$ 791,287	\$ 880,517
Change in Fund Balance	\$ - n/a	\$ 852,983 n/a	\$ 791,287 n/a	\$ 89,230 11%

Fund: 3704
Cost Center: 2024A G.O. Street Reconstruction
Activity Type/Code: Debt Service

Department Head: Finance Director

The projected Debt Service schedule is listed below:

<u>Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 904,925	\$ 565,000	\$ 339,925
2027	935,175	625,000	310,175
2028	933,175	655,000	278,175
2029	934,550	690,000	244,550
2030	929,300	720,000	209,300
2031	932,300	760,000	172,300
2032	928,425	795,000	133,425
2033	927,675	835,000	92,675
2034	934,200	880,000	54,200
2035	933,300	915,000	18,300
	<u>\$ 9,293,025</u>	<u>\$ 7,440,000</u>	<u>\$ 1,853,025</u>

General Activity Description

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

Process Used

The City is planning to issue \$7,440,000 of Street Reconstruction Bonds in to facilitate the reconstruction of streets.

This page left blank intentionally.

CITY OF ANDOVER, MINNESOTA

2026 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.

This page left blank intentionally.

City of Andover
Capital Projects Funds
2026 Budget Summary - All Capital Projects Funds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 38,647,330	\$ 45,384,280	\$ 45,384,280	\$ 44,261,057
Revenues				
General Property Taxes	2,424,627	3,184,868	3,184,868	3,412,165
Tax Increments	155,822	70,000	101,500	-
Special Assessments	1,087,685	2,187,000	1,717,400	3,737,400
Intergovernmental	6,893,146	5,693,153	5,706,639	10,013,083
Investment Income	1,804,467	77,500	897,000	880,000
User Charges	1,720,592	260,685	3,390,280	270,495
Miscellaneous	202,025	340,000	430,978	278,000
Total Revenues:	14,288,364	11,813,206	15,428,665	18,591,143
Other Sources				
Transfers In	1,512,459	710,100	1,460,100	840,729
Bond Proceeds	8,595,000	-	-	-
Bond Premium	711,221	-	-	-
Proceeds from Sale of Capital Assets	25,059	-	-	-
Total Other Sources:	10,843,739	710,100	1,460,100	840,729
Total Revenues and Other Sources:	25,132,103	12,523,306	16,888,765	19,431,872
Total Available:	63,779,433	57,907,586	62,273,045	63,692,929
Expenditures				
Purchased Services	150,666	-	-	-
Other Services and Charges	10,639,301	14,521,126	14,458,811	10,794,672
Capital Outlay	6,609,959	4,176,807	2,984,896	15,805,000
Total Expenditures:	17,399,926	18,697,933	17,443,707	26,599,672
Other Uses				
Operating Transfers Out	995,227	568,281	568,281	451,255
Total Expenditures and Other Uses:	18,395,153	19,266,214	18,011,988	27,050,927
Fund Balance, December 31	\$ 45,384,280	\$ 38,641,372	\$ 44,261,057	\$ 36,642,002
Change in Fund Balance	\$ 6,736,950 17%	\$ (6,742,908) -15%	\$ (1,123,223) -2%	\$ (7,619,055) -17%

**City of Andover
Capital Projects Funds
Water Trunk Fund
Statement of Revenues, Expenditures and Changes in Fund Balance**

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 8,464,540	\$ 7,359,808	\$ 7,359,808	\$ 9,150,145
Revenues				
Special Assessments	33,272	25,000	6,000	5,000
Intergovernmental	5,767,505	-	13,486	8,000,000
Investment Income	407,337	25,000	150,000	175,000
User Charges	864,316	92,775	1,530,025	96,490
Total Revenues:	7,072,430	142,775	1,699,511	8,276,490
Other Sources				
Transfers In	300,000	300,000	300,000	400,000
Total Revenues and Other Sources:	7,372,430	442,775	1,999,511	8,676,490
Total Available:	15,836,970	7,802,583	9,359,319	17,826,635
Expenditures				
Other Services and Charges	3,839,947	50,000	50,000	50,000
Capital Outlay	4,342,988	100,000	100,000	8,075,000
Total Expenditures:	8,182,935	150,000	150,000	8,125,000
Other Uses				
Operating Transfers Out	294,227	59,174	59,174	151,255
Total Expenditures and Other Uses:	8,477,162	209,174	209,174	8,276,255
Fund Balance, December 31	\$ 7,359,808	\$ 7,593,409	\$ 9,150,145	\$ 9,550,380
Change in Fund Balance	\$ (1,104,732) -13%	\$ 233,601 3%	\$ 1,790,337 24%	\$ 400,235 4%

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

Department Head: City Engineer

Expenditure Highlights

Projects planned for 2026 include:

New Development Projects	\$ 75,000
Red Oaks Monitoring Area	8,000,000
Water Main Gate Valve Replacement	<u>50,000</u>
	<u>\$ 8,125,000</u>

Projects planned for 2025 include:

New Development Projects	\$ 70,000
Water Main Gate Valve Replacement	50,000
Water Main Improvements	<u>30,000</u>
	<u>\$ 150,000</u>

A portion of the connection fee is used to support the Water Treatment Plant and is transferred to the Water Enterprise Fund.

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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 8,956,614	\$ 8,657,228	\$ 8,657,228	\$ 9,261,862
Revenues				
Special Assessments	-	20,000	-	1,020,000
Investment Income	456,712	50,000	170,000	200,000
User Charges	126,664	14,960	174,634	15,705
Total Revenues:	583,376	84,960	344,634	1,235,705
Other Sources				
Transfers In	400,000	400,000	400,000	400,000
Total Revenues and Other Sources:	983,376	484,960	744,634	1,635,705
Total Available:	9,939,990	9,142,188	9,401,862	10,897,567
Expenditures				
Other Services and Charges	2,196	-	-	-
Capital Outlay	1,280,566	140,000	140,000	3,995,000
Total Expenditures:	1,282,762	140,000	140,000	3,995,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	1,282,762	140,000	140,000	3,995,000
Fund Balance, December 31	\$ 8,657,228	\$ 9,002,188	\$ 9,261,862	\$ 6,902,567
Change in Fund Balance	\$ (299,386) -3%	\$ 344,960 4%	\$ 604,634 7%	\$ (2,359,295) -25%

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

Department Head: City Engineer

Expenditure Highlights

Projects planned for 2025 include:

New Development Projects	\$ 145,000
Rural Reserve - Area Analysis & Sanitary Sewer	<u>3,850,000</u>
	<u>\$ 3,995,000</u>

Projects planned for 2025 include:

New Development Projects	<u>\$ 140,000</u>
--------------------------	-------------------

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.

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 12,495,605	\$ 11,097,367	\$ 11,097,367	\$ 10,567,001
Revenues				
General Property Taxes	1,756,039	2,514,868	2,514,868	2,517,165
Special Assessments	1,050,888	2,139,000	1,709,000	2,710,000
Intergovernmental	1,036,098	5,693,153	5,693,153	1,763,083
Investment Income	529,784	-	200,000	225,000
Miscellaneous	-	-	513	-
Total Revenues:	4,372,809	10,347,021	10,117,534	7,215,248
Other Sources				
Transfers In	8,000	10,100	10,100	8,110
Total Revenues and Other Sources:	4,380,809	10,357,121	10,127,634	7,223,358
Total Available:	16,876,414	21,454,488	21,225,001	17,790,359
Expenditures				
Other Services and Charges	5,368,590	10,288,000	10,168,000	5,759,929
Capital Outlay	210,457	290,000	290,000	-
Total Expenditures:	5,579,047	10,578,000	10,458,000	5,759,929
Other Uses				
Operating Transfers Out	200,000	200,000	200,000	200,000
Total Expenditures and Other Uses:	5,779,047	10,778,000	10,658,000	5,959,929
Fund Balance, December 31	\$ 11,097,367	\$ 10,676,488	\$ 10,567,001	\$ 11,830,430
Change in Fund Balance	\$ (1,398,238) -11%	\$ (420,879) -4%	\$ (530,366) -5%	\$ 1,263,429 12%

Expenditure Highlights

Some of the major 2026 projects are as follows:

Annual Street Crack Seal	\$ 150,000
Pedestrian Trail Maintenance	70,000
Curb, Sidewalk & Ped Ramp Replacement	120,000
Annual Pavement Markings	100,000
Gravel Road Improvements	23,000
Mill & Overlay	85,000
Pavement Rejuvenator Application	175,000
Street Full Depth Reclamation	2,690,000
Annual Street Reconstruction	446,929
MSA - Intersection Upgrades	1,900,000
	<u>\$ 5,759,929</u>

Some of the major 2025 projects are as follows:

Annual Street Crack Seal	\$ 150,000
Pedestrian Trail Maintenance	67,000
Curb, Sidewalk & Ped Ramp Replacement	120,000
Annual Pavement Markings	98,000
Gravel Road Improvements	22,000
Mill & Overlay	985,000
Pavement Rejuvenator Application	175,000
Street Full Depth Reclamation	2,831,000
MSA - Intersection Upgrades	4,000,000
MSA - Signal Improvements	750,000
MSA - New & Reconstruct Routes	540,000
MSA - Trail	290,000
MSA - Mill & Overlay	550,000
	<u>\$ 10,578,000</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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 2,148,951	\$ 2,320,425	\$ 2,320,425	\$ 3,237,524
Revenues				
General Property Taxes	15,514	15,000	15,000	15,000
Investment Income	118,617	-	50,000	60,000
User Charges	605,701	126,975	1,396,177	131,400
Miscellaneous	14,338	-	10,435	-
Total Revenues:	754,170	141,975	1,471,612	206,400
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	754,170	141,975	1,471,612	206,400
Total Available:	2,903,121	2,462,400	3,792,037	3,443,924
Expenditures				
Other Services and Charges	1,710	25,000	25,000	35,000
Capital Outlay	430,986	260,000	370,406	455,000
Total Expenditures:	432,696	285,000	395,406	490,000
Other Uses				
Operating Transfers Out	150,000	159,107	159,107	-
Total Expenditures and Other Uses:	582,696	444,107	554,513	490,000
Fund Balance, December 31	\$ 2,320,425	\$ 2,018,293	\$ 3,237,524	\$ 2,953,924
Change in Fund Balance	\$ 171,474 8%	\$ (302,132) -13%	\$ 917,099 40%	\$ (283,600) -9%

Expenditure Highlights

2026 Projects include:

Annual Miscellaneous Projects	\$ 25,000
Annual Park Tree Additions	10,000
Tom Anderson Trail - Bench Additions	5,000
Skate Park - Expansion & Improvements	250,000
Sunshine Park - Parking Lot Lights West & South	30,000
Hawkridge Park - Pave Parking Lot	150,000
Oakview Park - Improvements	20,000
	<u> </u>
	<u>\$ 490,000</u>

2025 Projects include:

Annual Miscellaneous Projects	\$ 25,000
Fields of Winslow Cove - New Park	170,000
Sunshine Park Basketball Court Improvements	65,000
Anoka County Dog Park Improvements	25,000
	<u> </u>
	<u>\$ 285,000</u>

A portion of park dedication fees collected will be used to offset the debt service levy for the Community Center expansion, not to exceed \$1,000,000.

2020	\$ 175,146
2021	202,604
2022	163,143
2023	150,000
2024	150,000
2025	159,107
	<u> </u>
	<u>\$ 1,000,000</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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 784,850	\$ 755,719	\$ 755,719	\$ 853,219
Revenues				
General Property Taxes	354,030	355,000	355,000	355,000
Intergovernmental	-	-	-	-
Investment Income	32,851	-	14,000	16,000
Total Revenues:	386,881	355,000	369,000	371,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	386,881	355,000	369,000	371,000
Total Available:	1,171,731	1,110,719	1,124,719	1,224,219
Expenditures				
Other Services and Charges	222,914	174,500	186,500	265,000
Capital Outlay	193,098	85,000	85,000	105,000
Total Expenditures:	416,012	259,500	271,500	370,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	416,012	259,500	271,500	370,000
Fund Balance, December 31	\$ 755,719	\$ 851,219	\$ 853,219	\$ 854,219
Change in Fund Balance	\$ (29,131) -4%	\$ 95,500 13%	\$ 97,500 13%	\$ 1,000 0%

Expenditure Highlights

Projects planned for 2026 include:

Annual parking lot maintenance	\$ 45,000
City Hall Remodel	175,000
Replacement - Salt Shed Roof	30,000
Replacement - Emergency Generator FS #3	50,000
Inspection of Switch Gear - CH & PW	15,000
New - Supplemental Heat in PW Washbay	55,000
	<u>55,000</u>
	<u>\$ 370,000</u>

Projects planned for 2025 include:

Annual parking lot maintenance	\$ 45,000
Replacement - Emergency Generator FS #2	35,000
Replacement - Water Heater ASN	5,000
Replacement - Fan Coil Unit ASN	6,500
Replacement - Garage Door Springs FS #2	18,000
Replacement - Sunshine Parking Lot Lights	50,000
City Hall Remodel	100,000
	<u>100,000</u>
	<u>\$ 259,500</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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 1,135,052	\$ 1,266,971	\$ 1,266,971	\$ 1,846,415
Revenues				
Investment Income	54,083	-	-	-
User Charges	123,911	25,975	289,444	26,900
Miscellaneous	-	250,000	290,000	250,000
Total Revenues:	177,994	275,975	579,444	276,900
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	177,994	275,975	579,444	276,900
Total Available:	1,313,046	1,542,946	1,846,415	2,123,315
Expenditures				
Other Services and Charges	46,075	-	-	-
Capital Outlay	-	1,600,000	-	1,700,000
Total Expenditures:	46,075	1,600,000	-	1,700,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	46,075	1,600,000	-	1,700,000
Fund Balance, December 31	\$ 1,266,971	\$ (57,054)	\$ 1,846,415	\$ 423,315
Change in Fund Balance	\$ 131,919 12%	\$ (1,324,025) -105%	\$ 579,444 46%	\$ (1,423,100) -77%

Expenditure Highlights

Projects planned for 2026 include:

8' Bituminous Trail and Bridge along Coon Creek - Prairie Road to Catchers Creek East Addition	\$ 850,000
8' Bituminous Trail along Crosstown Blvd - Xeon St to Prairie Road	<u>850,000</u>
	<u>\$ 1,700,000</u>

Projects planned for 2025 include:

8' Bituminous Trail along Coon Creek - East to existing trail in Shadowbrook	\$ 800,000
8' Bituminous Trail along Crosstown Blvd - Xeon St to Prairie Road	<u>800,000</u> *
	<u>\$ 1,600,000</u>

* this segment will only be constructed if funds are available.

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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 3,062,213	\$ 3,728,040	\$ 3,728,040	\$ 4,335,036
Revenues				
General Property Taxes	299,044	300,000	300,000	525,000
Intergovernmental	89,543	-	-	250,000
Investment Income	155,525	-	75,000	100,000
Miscellaneous	94,716	-	85,030	-
Total Revenues:	638,828	300,000	460,030	875,000
Other Sources				
Transfers In	360,459	-	750,000	32,619
Proceeds from Sale of Capital Assets	25,059	-	-	-
Total Other Sources:	385,518	-	750,000	32,619
Total Revenues and Other Sources:	1,024,346	300,000	1,210,030	907,619
Total Available:	4,086,559	4,028,040	4,938,070	5,242,655
Expenditures				
Other Services and Charges	214,031	56,500	56,500	-
Capital Outlay	144,488	628,000	546,534	1,475,000
Total Expenditures:	358,519	684,500	603,034	1,475,000
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	358,519	684,500	603,034	1,475,000
Fund Balance, December 31	\$ 3,728,040	\$ 3,343,540	\$ 4,335,036	\$ 3,767,655
Change in Fund Balance	\$ 665,827 22%	\$ (384,500) -10%	\$ 606,996 16%	\$ (567,381) -13%

Expenditure Highlights

Projects planned for 2026 include:

Replacement - Rescue 21 #4819	\$ 350,000
Replacement - Tahoe #16	65,000
Replacement - One Ton Truck w/ Plow #577	110,000
Replacement - Watchfire Sign CH	80,000
Replacement - SCALE DR Solution	20,000
Replacement - Dump Truck w/ Plow #00-198	350,000
	<u>350,000</u>
	<u>\$ 975,000</u>

Projects planned for 2025 include:

Replacement - 800 MHz Radios	\$ 50,000
Replacement - One Ton Truck w/ Plow #134	110,000
Replacement - HPE VMWare Server Hosts	20,000
Replacement - GPS Antenna Survey Unit	28,000
Replacement - Sign Truck #08-408	100,000
Replacement - Mini Split QCTV Control Room	6,500
Replacement - Grass & Rescue Vehicle	335,000
Replacement - Thermal Imaging Cameras	35,000
	<u>35,000</u>
	<u>\$ 684,500</u>

The one-time operating transfer consists of increasing the natural disaster reserve to \$500,000 (\$150,000 addition), providing the City's match (\$250,000) for the Kelsey Round Lake trail reconstruction, and to advance the replacement of a plow truck (\$350,000).

General Activity Description

Resources for this fund come from residual fund transfers, interest earnings, and property tax (capital) levy.

Process Used

During the 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
2024A G.O. Equipment Certificate
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	<u>\$ -</u>	<u>\$ 1,422,956</u>	<u>\$ 1,422,956</u>	<u>\$ -</u>
Revenues				
Investment Income	<u>(152)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Other Sources				
Transfers In	444,000	-	-	-
Bond Proceeds	1,155,000	-	-	-
Bond Premium	52,730	-	-	-
Total Other Sources:	<u>1,651,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources:	<u>1,651,578</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total Available:	<u>1,651,578</u>	<u>1,422,956</u>	<u>1,452,956</u>	<u>-</u>
Expenditures				
Purchased Services	20,246	-	-	-
Capital Outlay	7,376	1,073,807	1,452,956	-
Total Expenditures:	<u>27,622</u>	<u>1,073,807</u>	<u>1,452,956</u>	<u>-</u>
Other Uses				
Operating Transfers Out	<u>201,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses:	<u>228,622</u>	<u>1,073,807</u>	<u>1,452,956</u>	<u>-</u>
Fund Balance, December 31	<u><u>\$ 1,422,956</u></u>	<u><u>\$ 349,149</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Change in Fund Balance	\$ 1,422,956 n/a	\$ (1,073,807) -75%	\$ (1,422,956) -100%	\$ - n/a

Expenditure Highlights

The following is a list of equipment planned to be purchased with a 2024A G.O. Equipment Certificate.

Vehicle / Equipment Replacements:

Replacement - Fire Engine 31 #4800	\$ 1,000,000
Replacement - Dump Truck w/ Snow Removal #200	325,000
New - Trail Machine	<u>220,000</u>
	<u>\$ 1,545,000</u>

The new trail machine was purchased in 2023 with a reimbursement resolution in place to reimburse the Capital Equipment Reserve Capital Projects Fund from the bond proceeds to take advantage of cost savings.

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 2024 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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 985,834	\$ 317,185	\$ 317,185	\$ 143,374
Revenues				
Tax Increments	155,822	70,000	101,500	-
Investment Income	26,396	-	2,500	-
Miscellaneous	92,971	90,000	45,000	28,000
Total Revenues:	275,189	160,000	149,000	28,000
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	275,189	160,000	149,000	28,000
Total Available:	1,261,023	477,185	466,185	171,374
Expenditures				
Other Services and Charges	943,838	277,126	322,811	66,672
Capital Outlay	-	-	-	-
Total Expenditures:	943,838	277,126	322,811	66,672
Other Uses				
Operating Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	943,838	277,126	322,811	66,672
Fund Balance, December 31	\$ 317,185	\$ 200,059	\$ 143,374	\$ 104,702
Change in Fund Balance	\$ (668,649) -68%	\$ (117,126) -37%	\$ (173,811) -55%	\$ (38,672) -27%

Expenditure Highlights

2026 Budgeted expenditures include:

Rental Property Expenditures	\$ 25,000
TIF Administration	41,672
	<u>\$ 66,672</u>

2025 Budgeted expenditures include:

Redevelopment Site Purchases	\$ -
Pay-As-You-Go Note	70,000
Rental Property Expenditures	90,000
TIF Administration	117,126
	<u>\$ 277,126</u>

TIF District 1-1 was decertified in 2012 and TIF District 1-2 was decertified in 2014.
TIF District 1-3 and TIF District 1-4 was decertified in 2016. TIF District 1-5 will
be decertified in 2026 and TIF District 1-6 was decertified in 2024.

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 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	\$ 613,671	\$ 490,510	\$ 490,510	\$ 348,410
Revenues				
Special Assessments	3,525	3,000	2,400	2,400
Investment Income	23,314	2,500	5,500	4,000
Total Revenues:	26,839	5,500	7,900	6,400
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	26,839	5,500	7,900	6,400
Total Available:	640,510	496,010	498,410	354,810
Expenditures				
Other Services and Charges	-	-	-	-
Other Uses				
Operating Transfers Out	150,000	150,000	150,000	100,000
Total Expenditures and Other Uses:	150,000	150,000	150,000	100,000
Fund Balance, December 31	\$ 490,510	\$ 346,010	\$ 348,410	\$ 254,810
Change in Fund Balance	\$ (123,161) -20%	\$ (144,500) -29%	\$ (142,100) -29%	\$ (93,600) -27%

Expenditure Highlights

No expenditures are planned for 2026.

City Council approved the use PIR Funds to help offset the debt service payments related to the 2021A GO Street Reconstruction Bonds. The following transfers are:

	<u>Operating Transfers</u>
2022	\$ 400,000
2023	200,000
2024	150,000
2025	150,000
2026	100,000
2027	100,000
2028	50,000
2029	<u>50,000</u>
	<u>\$ 1,200,000</u>

General Activity Description

The Permanent Improvement Revolving (PIR) Fund serves as a long-term funding source for large improvement expenditures. These funds can be used to finance infrastructure improvements for new developments if requested instead of bonding for them.

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 over \$19 million of special assessments over the past 17 years. The annual cash flow of this fund is intended to eliminate unfunded projects through effective management of debt payments and project expenditures.

Use of these funds for a qualifying project require a 4/5th's vote.

City of Andover
Capital Projects Funds
2024A G.O. Street Reconstruction Bonds
Statement of Revenues, Expenditures and Changes in Fund Balance

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Fund Balance, January 1	<u>\$ -</u>	<u>\$ 7,968,071</u>	<u>\$ 7,968,071</u>	<u>\$ 4,518,071</u>
Revenues				
Investment Income	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>100,000</u>
Other Sources				
Bond Proceeds	7,440,000	-	-	-
Bond Premium	658,491	-	-	-
Total Other Sources:	<u>8,098,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources:	<u>8,098,491</u>	<u>-</u>	<u>200,000</u>	<u>100,000</u>
Total Available:	<u>8,098,491</u>	<u>7,968,071</u>	<u>8,168,071</u>	<u>4,618,071</u>
Expenditures				
Purchased Services	130,420	-	-	-
Other Services and Charges	<u>-</u>	<u>3,650,000</u>	<u>3,650,000</u>	<u>4,618,071</u>
Total Expenditures:	<u>130,420</u>	<u>3,650,000</u>	<u>3,650,000</u>	<u>4,618,071</u>
Other Uses				
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses:	<u>130,420</u>	<u>3,650,000</u>	<u>3,650,000</u>	<u>4,618,071</u>
Fund Balance, December 31	<u><u>\$ 7,968,071</u></u>	<u><u>\$ 4,318,071</u></u>	<u><u>\$ 4,518,071</u></u>	<u><u>\$ -</u></u>
Change in Fund Balance	\$ 7,968,071 n/a	\$ (3,650,000) -46%	\$ (3,450,000) -43%	\$ (4,518,071) -100%

Fund: 4704
Cost Center: 2024A G.O. Street Reconstruction Bonds
Activity Type/Code: Capital Projects

Department Head: Finance Director

Expenditure Highlights

The following bond proceeds of \$7,440,000 is to be used to make improvements to various roads in the City of Andover.

Some of the major projects are as follows:

2024	Bond Issuance Fees	\$ 130,420
2025	R & B - Annual Street Reconstruction	3,650,000
2026	R & B - Annual Street Reconstruction	4,618,071
		<u>\$ 8,398,491</u>

General Activity Description

This fund was created to account for the reconstruction of the roadways in the City of Andover. The City is proposing to issue \$7,440,000 G.O. Street Reconstruction Bonds to finance these improvements.

Process Used

Large projects that require more funding than the annual allocation lead themselves to being financed through a long-term issuance of bonds.

Roads are inspected every three years and the road conditions in Andover are deteriorating to the point where an aggressive reconstruction and mill and overlay program is needed to keep the City's roadway infrastructure at a reasonable level.

Large areas will have a mill and overlay done to prolong the life of the existing pavement to add another 10 - 15 years of life and roads that are to the point of complete failure will be fully reconstructed.

This page left blank intentionally.

CITY OF ANDOVER, MINNESOTA

2026 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.

This page left blank intentionally.

City of Andover
Enterprise Funds
2026 Budget Summary - All Enterprise Funds
Statement of Revenues, Expenditures and Changes in Fund Net Assets

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Unrestricted Net Assets, January 1	\$ 13,044,147	\$ 14,438,347	\$ 14,438,347	\$ 13,462,957
Revenues				
Charges for Services	7,166,934	6,828,858	7,067,185	7,184,380
Interest	512,103	62,500	145,000	115,000
Meters	115,911	13,000	13,000	13,000
Miscellaneous	60,610	44,000	64,106	44,000
Total Revenues:	7,855,558	6,948,358	7,289,291	7,356,380
Other Sources				
Transfers In	294,227	59,174	59,174	151,255
Gain on the Sale of Capital Assets	3,266	-	3,248	-
Total Other Sources:	297,493	59,174	62,422	151,255
Total Revenues and Other Sources:	8,153,051	7,007,532	7,351,713	7,507,635
Total Available:	21,197,198	21,445,879	21,790,060	20,970,592
Expenditures				
Personal Services	1,314,104	1,420,585	1,494,950	1,567,536
Supplies and Materials	771,770	654,300	654,300	657,400
Other Services and Charges	3,111,507	3,474,326	3,474,326	3,563,824
Capital Outlay	508,118	364,000	1,781,047	397,000
Debt Service	86,806	-	-	-
Total Expenditures:	5,792,305	5,913,211	7,404,623	6,185,760
Other Uses				
Transfers Out	966,546	922,480	922,480	1,030,335
Total Expenditures and Other Uses:	6,758,851	6,835,691	8,327,103	7,216,095
Unrestricted Net Assets, December 31	\$ 14,438,347	\$ 14,610,188	\$ 13,462,957	\$ 13,754,497
Change in Unrestricted Net Assets	\$ 1,394,200	\$ 171,841	\$ (975,390)	\$ 291,540
	11%	1%	-7%	2%

**City of Andover
Enterprise Funds
Water**

Statement of Revenues, Expenditures and Changes in Fund Net Assets

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Unrestricted Net Assets, January 1	\$ 7,689,798	\$ 8,642,292	\$ 8,642,292	\$ 7,920,489
Revenues				
Charges for Services	3,623,870	3,233,323	3,450,000	3,352,299
Interest	320,251	30,000	100,000	50,000
Meters	115,911	13,000	13,000	13,000
Miscellaneous	60,610	44,000	64,106	44,000
Total Revenues:	4,120,642	3,320,323	3,627,106	3,459,299
Other Sources				
Transfers In	294,227	59,174	59,174	151,255
Gain on the Sale of Capital Assets	3,266	-	3,248	-
Total Other Sources:	297,493	59,174	62,422	151,255
Total Revenues and Other Sources:	4,418,135	3,379,497	3,689,528	3,610,554
Total Available:	12,107,933	12,021,789	12,331,820	11,531,043
Expenditures				
Personal Services	680,555	635,635	710,000	754,452
Supplies and Materials	730,153	579,000	579,000	580,500
Other Services and Charges	1,012,729	1,246,972	1,246,972	1,276,981
Capital Outlay	508,118	264,000	1,471,047	23,500
Debt Service	86,806	-	-	-
Total Expenditures:	3,018,361	2,725,607	4,007,019	2,635,433
Other Uses				
Transfers Out	447,280	404,312	404,312	499,468
Total Expenditures and Other Uses:	3,465,641	3,129,919	4,411,331	3,134,901
Unrestricted Net Assets, December 31	\$ 8,642,292	\$ 8,891,870	\$ 7,920,489	\$ 8,396,142
Change in Unrestricted Net Assets	\$ 952,494 12%	\$ 249,578 3%	\$ (721,803) -8%	\$ 475,653 6%

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 fee 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 water mains, locate and operate gate valves, monitor tests during final inspections. Check WTP, 8 wells 7 days a week, 365 days per year. Flush all water mains in the spring every other year. Maintain all hydrants. Locate, operate and clean gate valves to ensure proper operation.

Service Expense Highlights

Current 2025: Capital Outlay includes \$1,345,500 for radon mitigation and the replacement of the plate settler (\$180,000) at the water treatment plant. 2024 is also the final year of debt service payments.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of connections	7,297	7,433	7,615
Number of wells	8	8	8
Number of elevated storage tanks	2	2	2
Water Treatment Facility	1	1	1
Miles of water main	129.7	130.3	132.3
Number of hydrants	1,387	1,395	1,411
Number of valves	3,231	3,248	3,292

Staffing Levels

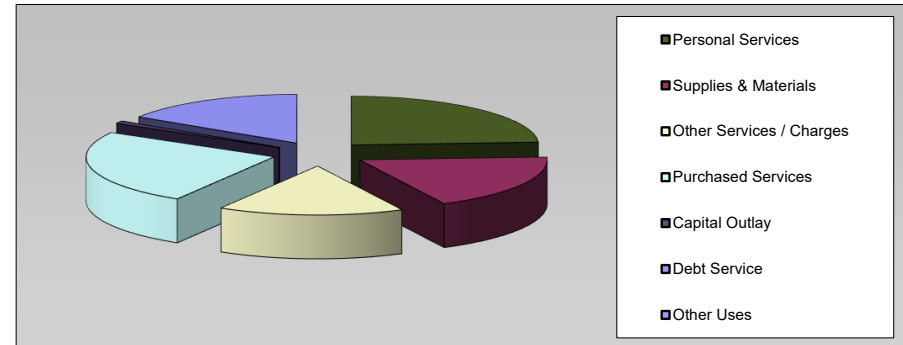
FTE Equivalents

<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
5.79	6.06	5.32

Service Expenses

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 680,556	\$ 710,000	\$ 754,452
Supplies & Materials	730,154	579,000	580,500
Other Services / Charges	400,046	494,437	501,481
Purchased Services	612,682	752,535	775,500
Capital Outlay	-	1,471,047	23,500
Debt Service	735,301	-	-
Other Uses	447,280	404,312	499,468
TOTAL	<u>\$ 3,606,019</u>	<u>\$ 4,411,331</u>	<u>\$ 3,134,901</u>

Service Expenses By Category



Expenses Per Connection

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Connections	7,297	7,433	7,615
Monthly	\$ 41.18	\$ 49.46	\$ 34.31
Annual	\$ 494.18	\$ 593.48	\$ 411.67

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Unrestricted Net Assets, January 1	\$ 3,855,087	\$ 3,937,755	\$ 3,937,755	\$ 3,671,134
Revenues				
Charges for Services	2,827,304	2,901,238	2,901,238	3,078,450
Interest	124,151	30,000	30,000	50,000
Total Revenues:	2,951,455	2,931,238	2,931,238	3,128,450
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	2,951,455	2,931,238	2,931,238	3,128,450
Total Available:	6,806,542	6,868,993	6,868,993	6,799,584
Expenditures				
Personal Services	386,090	473,813	473,813	496,685
Supplies and Materials	24,726	40,300	40,300	40,900
Other Services and Charges	1,958,802	1,978,444	1,978,444	2,026,711
Capital Outlay	-	100,000	205,000	3,500
Total Expenditures:	2,369,618	2,592,557	2,697,557	2,567,796
Other Uses				
Transfers Out	499,169	500,302	500,302	500,381
Total Expenditures and Other Uses:	2,868,787	3,092,859	3,197,859	3,068,177
Unrestricted Net Assets, December 31	\$ 3,937,755	\$ 3,776,134	\$ 3,671,134	\$ 3,731,407
Change in Unrestricted Net Assets	\$ 82,668 2%	\$ (161,621) -4%	\$ (266,621) -7%	\$ 60,273 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 the 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, inspect and test 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

Current 2025 Capital Outlay includes a lift station pump upgrade.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of REC's	10,268	10,375	10,475
Number of lift stations	11	11	12
Miles of sewer main	105.7	106.3	108
Number of sewer manholes	2,511	2,526	2,546

Staffing Levels

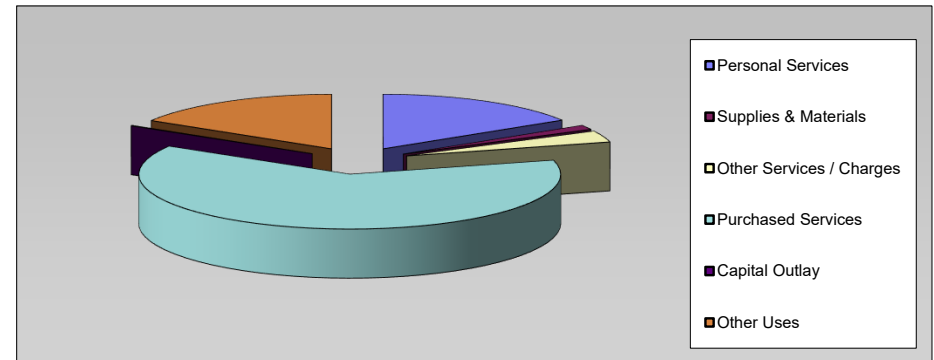
FTE Equivalents

<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
3.15	3.40	3.38

Service Expenses

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 386,090	\$ 473,813	\$ 496,685
Supplies & Materials	24,726	40,300	40,900
Other Services / Charges	110,305	119,444	102,956
Purchased Services	1,848,496	1,859,000	1,923,755
Capital Outlay	-	205,000	3,500
Other Uses	499,169	500,302	500,381
TOTAL	\$ 2,868,786	\$ 3,197,859	\$ 3,068,177

Service Expenses By Category



Expenses Per Connection

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
SAC's	10,268	10,375	10,475
Monthly	\$ 23.28	\$ 25.69	\$ 24.41
Annual	\$ 279.39	\$ 308.23	\$ 292.90

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Unrestricted Net Assets, January 1	\$ 1,499,262	\$ 1,858,300	\$ 1,858,300	\$ 1,871,334
Revenues				
Charges for Services	715,760	694,297	715,947	753,631
Interest	67,701	2,500	15,000	15,000
Total Revenues:	783,461	696,797	730,947	768,631
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	783,461	696,797	730,947	768,631
Total Available:	2,282,723	2,555,097	2,589,247	2,639,965
Expenditures				
Personal Services	247,459	311,137	311,137	316,399
Supplies and Materials	16,891	35,000	35,000	36,000
Other Services and Charges	139,976	248,910	248,910	260,132
Capital Outlay	-	-	105,000	370,000
Total Expenditures:	404,326	595,047	700,047	982,531
Other Uses				
Transfers Out	20,097	17,866	17,866	30,486
Total Expenditures and Other Uses:	424,423	612,913	717,913	1,013,017
Unrestricted Net Assets, December 31	\$ 1,858,300	\$ 1,942,184	\$ 1,871,334	\$ 1,626,948
Change in Unrestricted Net Assets	\$ 359,038 24%	\$ 83,884 5%	\$ 13,034 1%	\$ (244,386) -13%

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 and storm water ponds 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 inspected and 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 the new State and Federal regulations. Streets are swept twice a year and as needed to protect water quality and reduce maintenance to infrastructure.

Service Expense Highlights

Purchased Services includes storm water improvements in 2025 and 2026. Capital Outlay for Budget 2026 includes the replacement of a street sweeper.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Number of billable units	11,614	11,672	11,800
Mileage of storm lines maintained	87.2	87.7	88.3
Maint. of catch basins & manholes	4,311	4,342	4,382
Maint. of ponds	562	564	566
Maint. of culverts	366	366	366
Miles swept	876	2360	2500
Storm Lift Stations	1	1	1

Staffing Levels

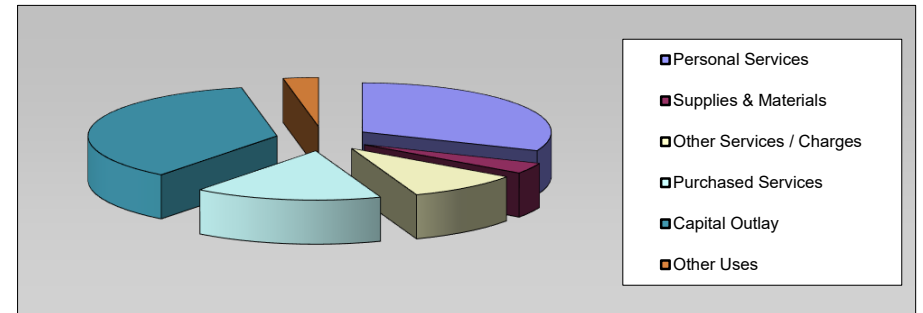
FTE Equivalents

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	2.10	2.19	2.33

Service Expenses

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 247,459	\$ 311,137	\$ 316,399
Supplies & Materials	16,892	35,000	36,000
Other Services / Charges	76,791	89,760	97,832
Purchased Services	63,185	159,150	162,300
Capital Outlay	-	105,000	370,000
Other Uses	20,097	17,866	30,486
TOTAL	\$ 424,424	\$ 717,913	\$ 1,013,017

Service Expenses By Category



Expenses Per Customer

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Billable Units	11,614	11,672	11,800
Monthly	\$ 3.05	\$ 5.13	\$ 7.15
Annual	\$ 36.54	\$ 61.51	\$ 85.85

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

This page left blank intentionally.

CITY OF ANDOVER, MINNESOTA

2026 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.

This page left blank intentionally.

City of Andover
Internal Service Funds
2026 Budget Summary - All Internal Service Funds
Statement of Revenues, Expenditures and Changes in Unrestricted Net Assets

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Unrestricted Net Assets, January 1	\$ 1,209,835	\$ 1,547,259	\$ 1,547,259	\$ 1,619,601
Revenues				
Charges for Services	1,890,353	1,965,601	1,965,601	2,061,528
Interest Income	53,748	4,000	15,000	15,000
Miscellaneous	33,243	-	14,372	-
Total Revenues:	1,977,344	1,969,601	1,994,973	2,076,528
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	1,977,344	1,969,601	1,994,973	2,076,528
Total Available:	3,187,179	3,516,860	3,542,232	3,696,129
Expenditures and Other Uses				
Personal Services	668,247	693,838	693,838	831,181
Supplies and Materials	356,840	522,920	488,700	524,920
Other Services and Charges	614,833	703,093	740,093	713,709
Total Expenditures:	1,639,920	1,919,851	1,922,631	2,069,810
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	1,639,920	1,919,851	1,922,631	2,069,810
Unrestricted Net Assets, December 31	\$ 1,547,259	\$ 1,597,009	\$ 1,619,601	\$ 1,626,319
Change in Unrestricted Net Assets	\$ 337,424 28%	\$ 49,750 3%	\$ 72,342 5%	\$ 6,718 0%

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Unrestricted Net Assets, January 1	\$ 470,498	\$ 698,993	\$ 698,993	\$ 752,108
Revenues				
Charges for Services	1,141,836	1,175,380	1,175,380	1,206,500
Interest Income	27,158	2,000	10,000	10,000
Miscellaneous	3,047	-	-	-
Total Revenues:	1,172,041	1,177,380	1,185,380	1,216,500
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	1,172,041	1,177,380	1,185,380	1,216,500
Total Available:	1,642,539	1,876,373	1,884,373	1,968,608
Expenditures and Other Uses				
Personal Services	405,851	424,622	424,622	461,277
Supplies and Materials	344,740	490,620	456,400	492,620
Other Services and Charges	192,955	259,243	251,243	258,959
Total Expenditures:	943,546	1,174,485	1,132,265	1,212,856
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	943,546	1,174,485	1,132,265	1,212,856
Unrestricted Net Assets, December 31	\$ 698,993	\$ 701,888	\$ 752,108	\$ 755,752
Change in Unrestricted Net Assets	\$ 228,495 49%	\$ 2,895 0%	\$ 53,115 8%	\$ 3,644 0%

Fund: 6100 - Central Equipment
Cost Center: 48800

Department: Vehicle Maintenance
Director/Manager: Vehicle Maintenance Supervisor

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 900 pieces of equipment, in addition to, normal preventative maintenance procedures of tires, brakes, electrical, fabricating and body work. All work, except automatic transmission overhauls and major engine and body work, are done at the Vehicle Maintenance Shop. Staff inspects garbage trucks as part of their license process, and performs commercial vehicle inspections required on all applicable City vehicles including the Fire Department.

Process Used

City equipment is scheduled for normal service by miles driven or hours/days of service. Most work is done based on first-in first-out with the exception of any emergency repairs being done in order of importance. Emergency equipment are fire vehicles and snow removal equipment.

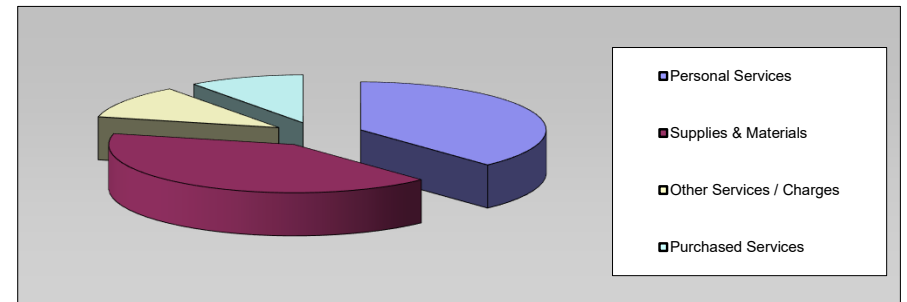
Service Expenditure Highlights

Supplies & Materials continue to climb due to the cost of fuel and replacement parts. Purchases Services - sending items out for repairs has increased substantially.

	Actual 2024	Current 2025	Budgeted 2026
<u>Performance Measures</u>			
Fleet Vehicles - Trailers	88	88	90
Inspections - DOT's & Garbage Haulers	92	96	96
Fuel - Unleaded (gal)	20,000	21,500	23,000
Fuel - Diesel (gal)	28,800	31,000	32,000
Battery-Powered Equipment	25	25	28
Snow Removal Attachments	66	66	66
Building Equipment	17	17	17

	Actual 2024	Current 2025	Budgeted 2026
<u>Staffing Levels</u>			
FTE Equivalents	3.44	3.44	3.39
<u>Service Expenditures</u>			
Personal Services	\$ 405,850	\$ 424,622	\$ 461,277
Supplies & Materials	344,741	456,400	492,620
Other Services / Charges	111,515	135,434	137,150
Purchased Services	81,440	115,809	121,809
TOTAL	\$ 943,546	\$ 1,132,265	\$ 1,212,856

Service Expenditures By Category



	Actual 2024	Current 2025	Budgeted 2026
<u>Expenditures Per Capita</u>			
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 2.41	\$ 2.88	\$ 3.06
Annual	\$ 28.95	\$ 34.52	\$ 36.76

ADOPTED 2026 BUDGET
 CITY OF ANDOVER, MINNESOTA

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

Description	Actual 2024	Adopted 2025	Estimate 2025	Adopted 2026
Unrestricted Net Assets, January 1	\$ 739,337	\$ 848,266	\$ 848,266	\$ 867,493
Revenues				
Charges for Services	748,517	790,221	790,221	855,028
Interest Income	26,590	2,000	5,000	5,000
Miscellaneous	30,196	-	14,372	-
Total Revenues:	805,303	792,221	809,593	860,028
Other Sources				
Transfers In	-	-	-	-
Total Revenues and Other Sources:	805,303	792,221	809,593	860,028
Total Available:	1,544,640	1,640,487	1,657,859	1,727,521
Expenditures and Other Uses				
Personal Services	262,396	269,216	269,216	369,904
Supplies and Materials	12,100	32,300	32,300	32,300
Other Services and Charges	421,878	443,850	488,850	454,750
Total Expenditures:	696,374	745,366	790,366	856,954
Other Uses				
Transfers Out	-	-	-	-
Total Expenditures and Other Uses:	696,374	745,366	790,366	856,954
Unrestricted Net Assets, December 31	\$ 848,266	\$ 895,121	\$ 867,493	\$ 870,567
Change in Unrestricted Net Assets	\$ 108,929 15%	\$ 46,855 6%	\$ 19,227 2%	\$ 3,074 0%

Fund: 6200 - Risk Management
Cost Center: 48900

Department: Risk Management
Director/Manager: Finance Director

Activity Description

The Risk Management Fund was established to provide funding for compensated absences, safety training, loss reduction and insurance premium deductibles. This fund also functions to mitigate significant rate increases or decreases in property, auto, general liability and workers compensation. Departmental rates are managed by analyzing claims history.

Process Used

The City Administrator / Finance Director along with the Human Resources Manager promote various safety and wellness programs with the funding received. One of the most notable products is the wellness fitness room. Safety training is provided both in-house and by contracting for service. The City works through a broker and is provided insurance for general liability, automotive and workers compensation through the League of Minnesota Cities Insurance Trust.

Service Expenditure Highlights

No major changes planned for Budgeted 2026. Workers Comp premium increased significantly due to recent claims history.

<u>Performance Measures</u>	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Workers Comp Mod Factor	0.80	0.96	1.85
Commercial Insurance Change	3.6%	-1.3%	-2.0%

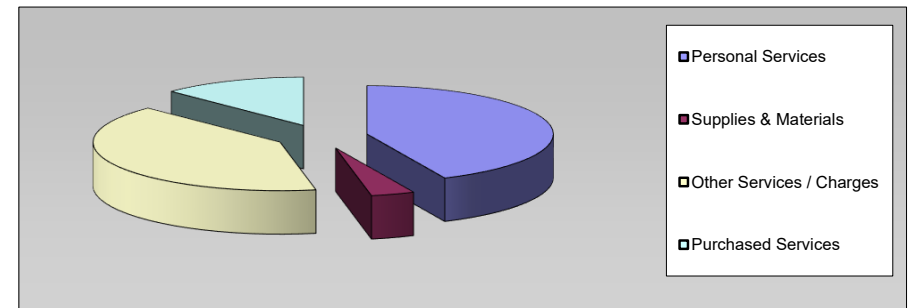
Staffing Levels

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
FTE Equivalents	0.10	0.10	0.10

Service Expenditures

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Personal Services	\$ 262,396	\$ 269,216	\$ 369,904
Supplies & Materials	12,100	32,300	32,300
Other Services / Charges	335,315	351,600	347,500
Purchased Services	86,563	137,250	107,250
TOTAL	\$ 696,374	\$ 790,366	\$ 856,954

Service Expenditures By Category



Expenditures Per Capita

	<u>Actual 2024</u>	<u>Current 2025</u>	<u>Budgeted 2026</u>
Population - Estimates	32,596	32,796	32,996
Monthly	\$ 1.78	\$ 2.01	\$ 2.16
Annual	\$ 21.36	\$ 24.10	\$ 25.97

ADOPTED 2026 BUDGET
CITY OF ANDOVER, MINNESOTA

This page left blank intentionally.

CITY OF ANDOVER
Budget Year 2026
Operating Transfers

Transfer In	Transfer Out	Amount	Purpose
General Fund	Water EF	\$ 76,818	Admin allocation
General Fund	Sewer EF	77,731	Admin allocation
General Fund	Storm Sewer EF	30,486	Admin allocation
2012C GO Abatement Bonds DSF	Community Center SRF	300,000	Debt service allocation
2018A GO Capital Improvement Plan Bonds DSF	Water EF	22,650	Debt service allocation
2018A GO Capital Improvement Plan Bonds DSF	Sewer EF	22,650	Debt service allocation
2021A GO Equipment Certificates DSF	Capital Equipment Reserve CPF	32,619	Close Fund
2021A GO Street Reconstruction Bonds DSF	Road & Bridge CPF	200,000	Debt service allocation
2021A GO Street Reconstruction Bonds DSF	Permanent Improvement Revolving CPF	100,000	Debt service allocation
Water Trunk CPF	Water EF	400,000	Replacement reserve
Sewer Trunk CPF	Sewer EF	400,000	Replacement reserve
Road and Bridge CPF	Right of Way Management/Utility SRF	8,110	Roadway degradation
Water EF	Water Trunk CPF	151,255	Plant Operations
		<u>\$ 1,822,319</u>	

CITY OF ANDOVER

2026 - 2030 CIP Development Calendar

Date	Activity	Responsibility
March 26, 2025	Council adopts 2026 Budget Development Guidelines.	City Council / Staff
March 27, 2025	Vehicle Purchasing Committee Review of CIP Equipment	Vehicle Purchasing Committee
April 14, 2025	Draft 2026 - 2030 CIP Calendar.	Finance
April 14 - May 2, 2025	Prepare base CIP Sheets.	Finance
April 22, 2025	2026 - 2030 Capital Improvement Plan Discussion	City Council / Staff
May 5, 2025	CIP kick-off meeting with Department Heads to discuss CIP sheet content. (if needed)	Department Heads
May 6, 2025	Projected cash flow statements prepared.	Finance
May 27, 2025	City Council progress update and Council CIP priority discussion.	City Council / Staff
June 3, 2025	All projects updated in CIP program.	Department Heads
June 4, 2025	Review projects – new and shifts.	Department Heads
June 24, 2025	City Council progress update and Council CIP priority discussion.	City Council / Staff
July - August, 2025	Commission and Committee review.	Admin / Department Heads
July 2, 2025	CIP project sheets completed.	Department Heads
July 4, 2025	CIP project sheets staff initial review.	Admin / Department Heads
July 8, 2025	Vehicle Purchasing Committee review of CIP equipment. (if needed)	Vehicle Purchasing Committee
July 22, 2025	City Council review of City Utilities projects.	City Council / Staff
August 1, 2025	CIP project sheet staff final review.	Admin / Department Heads
August 1 - 11, 2025	Preparation of final draft of 2026 - 2030 CIP for Council Workshop.	Finance
August 26, 2025	City Council review of draft 2026 - 2030 CIP.	City Council / Staff
September 5, 2025	Publish Public Hearing	Finance
September 16, 2025	City Council holds 2026 - 2030 CIP public hearing.	City Council
September 16, 2025	City Council adopts 2026 - 2030 CIP.	City Council

2026 through 2030
Capital Improvement Plan
Andover, MN

Department	Project #	2026	2027	2028	2029	2030	Total
Building							
Replacement - Permit & Scheduling Software	26-42300-01	15,000	0	0	0	0	15,000
General Fund		15,000					15,000
Replace the current permitting and scheduling software with a version that allows contractors/owners to pay for permits online; but also, access permits/inspections online too.							
Replacement - SUV #19-08	29-42300-01	0	0	0	40,000	0	40,000
Capital Equipment Reserve					40,000		40,000
Replace unit #19-08, a 2019 Chevrolet Equinox AWD w/ 49,103 miles.							
Replacement - SUV #20-04	30-42300-01	0	0	0	0	40,000	40,000
Capital Equipment Reserve						40,000	40,000
Replace unit #20-04, a 2020 Chevrolet Equinox AWD w/ 38,062 miles.							
Building Total		15,000	0	0	40,000	40,000	95,000
Central Equipment							
Replacement - Service Truck #01-371	27-48800-01	0	65,000	0	0	0	65,000
Capital Equipment Reserve			65,000				65,000
Replace unit #371, a 2001 Chevrolet S10 Ext Cab 4x4 truck with 157,221 miles. The replacement truck would be a crew cab with a tailgate lift.							
Central Equipment Total		0	65,000	0	0	0	65,000
Community Center							
Replacement - Door Hardware	26-44000-01	15,000	0	0	0	0	15,000
Comm Ctr Operations		15,000					15,000
Doors #1A & 1B, Door #2 and the Sports Complex double doors from the hallway were part of the expansion project and they continue to fail. Door #13 was redone in 2024. Add keyfob to Door #2							
Replacement - Field House Lighting	26-44400-01	75,000	0	0	0	0	75,000
Comm Ctr Operations		75,000					75,000

Department	Project #	2026	2027	2028	2029	2030	Total
The lighting in the original field house is in need of replacement. An LED bulb upgrade was completed in 2018.							
Replacement - Flooring	27-44000-01	0	15,000	0	0	0	15,000
Comm Ctr Operations			15,000				15,000
Replacement of carpet, rubber matting, and/or concrete flooring within the Andover Community Center.							
Replacement - East Parking Lot Pavement	27-44000-02	0	540,000	0	0	0	540,000
Comm Ctr Operations			140,000				140,000
YMCA			400,000				400,000
Reclaim and pave original parking lot on east side of the Community Center and the north and south drive lanes.							
Replacement - Outdoor Patio & Furniture	27-44000-05	0	20,000	0	0	0	20,000
Comm Ctr Operations			20,000				20,000
The patio area on the SW corner of the facility is in need of a resurfacing. Outdoor seating and garbage cans need to be replaced.							
Replacement - Battery Pack - Zamboni #04-552	27-44300-01	0	13,000	0	0	0	13,000
Central Equipment ISF			13,000				13,000
Replace Zamboni 552 battery pack.							
Repaint Ice Arena ceiling	27-44300-02	0	200,000	0	0	0	200,000
Comm Ctr Operations			200,000				200,000
Repaint the ice arena ceiling.							
Replacement - RTU#3	27-44300-03	0	230,000	0	0	0	230,000
Comm Ctr Operations			230,000				230,000
RTU #3 controls the heating/cooling for the Ice Arena hallway and all the adjacent rooms: Locker rooms, bathrooms, storage, boiler room, etc..							
Replacement - ACC share of YMCA roof	28-44000-01	0	0	100,000	0	0	100,000
Comm Ctr Operations				100,000			100,000
Full roof replacement (rubber membrane). YMCA will have pool, fitness and a share of common space. Reset and paint existing gas piping while roof is under construction							
Replacement - Security/Door Access/Cameras	28-44000-02	0	0	25,000	0	0	25,000
Comm Ctr Operations				25,000			25,000
Add additional security features, key fobs, upgraded cameras, re key original facility doors.							

Department	Project #	2026	2027	2028	2029	2030	Total
Replacement - Battery Pack - Lithium Ion Machine	28-44300-01	0	0	26,000	0	0	26,000
Central Equipment ISF				26,000			26,000
Replace the lithium ion battery pack for the electric Zamboni. Machine #2.							
Replacement - Fieldhouse Gym Equipment	28-44400-01	0	0	60,000	0	0	60,000
Comm Ctr Operations				60,000			60,000
Replacement of the basketball hoop hardware, the divider curtains, and the control panel that raises/lowers equipment. The addition of permanent volleyball nets that raise/lower out of ceiling.							
Replacement - RTU#4	28-44400-02	0	0	125,000	0	0	125,000
Comm Ctr Operations				125,000			125,000
RTU #4,5,6 controls the heating/cooling for a portion of the field house. There are 3 units that control that space.							
Replacement - Generator	29-44000-03	0	0	0	55,000	0	55,000
Comm Ctr Operations					55,000		55,000
Replacement of the generator that provides emergency back up power to some of the vital systems within the facility.							
Replacement - Information Desk	30-44000-01	0	0	0	0	35,000	35,000
Comm Ctr Operations						35,000	35,000
Remodel or potential move the location of the information desk.							
Community Center Total		90,000	1,018,000	336,000	55,000	35,000	1,534,000
Emergency Management							
Replacement - Emergency Sirens	30-42400-01	0	0	0	0	50,000	50,000
Facility Maint. - Building Fund						50,000	50,000
Replace emergency sirens, two per year.							
Emergency Management Total		0	0	0	0	50,000	50,000
Engineering							
New Development Projects	26-41600-01	220,000	230,000	240,000	250,000	260,000	1,200,000
Sewer Trunk Fund		145,000	150,000	155,000	160,000	165,000	775,000
Water Trunk Fund		75,000	80,000	85,000	90,000	95,000	425,000
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.							

Department	Project #	2026	2027	2028	2029	2030	Total
Pedestrian Trail Maintenance	26-41600-02	70,000	73,000	76,000	80,000	84,000	383,000
Road & Bridge Funds		70,000	73,000	76,000	80,000	84,000	383,000
This project provides maintenance such as crack filling and fog sealing for the City's pedestrian trail system.							
New Pedestrian Trail and Sidewalk Segments	26-41600-03	1,700,000	0	0	0	0	1,700,000
Grant		250,000					250,000
Trail Funds		1,450,000					1,450,000
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:							
2026: 8' Bit Trail and Bridge along the north side of Coon Creek from Prarire Road to Catchers Creek East Addition which includes a bridge crossing over Coon Creek (\$850,000). Project was moved from 2025 to 2026.							
2026: 8' Bit Trail on the south side of Crosstown Blvd from Xeon Street to Prairie Road (\$850,000). Project was moved from 2025 to 2026.							
2027-2030: Future Trail segments TBD as funding becomes available.							
Pedestrian/Park Trail Reconstruction	26-41600-06	500,000	0	0	0	0	500,000
General Fund		250,000					250,000
Grant		250,000					250,000
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. 2026- Kelsey Round Lake Park Trail (\$500,000) The City was awarded a matching DNR grant for up to \$300,000 to be used towards this project in 2026.							
Replacement - Chevrolet Tahoe #02-16	26-41600-07	65,000	0	0	0	0	65,000
Capital Equipment Reserve		65,000					65,000
Replace unit #16, a 2002 Chevy Tahoe with 140,030 miles to be replaced with a pickup truck.							
Replacement - Total Station Survey Equipment	28-41600-01	0	0	45,000	0	0	45,000
Capital Equipment Reserve				45,000			45,000
Total Station Survey Equipment is used for site surveys and construction surveying for street and park projects.							
Engineering Total		2,555,000	303,000	361,000	330,000	344,000	3,893,000

Facility Management

Annual Parking Lot Maintenance/Replacement	26-41900-01	45,000	90,000	45,000	45,000	45,000	270,000
Facility Maint. - Building Fund		45,000	90,000	45,000	45,000	45,000	270,000

Department	Project #	2026	2027	2028	2029	2030	Total
Yearly maintenance of the City parking lots is necessary to prolong the life of the pavements. Parking lots that need maintaining include those at the City Hall complex, Public Works, Community Center, at City parks, and at the Fire Stations. Yearly maintenance may include crack sealing, seal coating, mill and overlays or full depth reclamation. Maintenance will generally be completed with the street zones, or on an as needed basis. Parking lots also need to be reconstructed when they have exceeded the design life. Lots that are at that point are as follows:							
2026-2030 Miscellaneous Crack Sealing & Pavement Sealant (\$45,000 per year)							
2027- Fire Station 3 Full Depth Reclamation (\$45,000)							
2026-2030 Parking Lots TBD							
City Hall Remodel	26-41900-02	175,000	0	0	0	0	175,000
Facility Maint. - Building Fund		175,000					175,000
Remodel / update City Hall. Phase 2: Update offices and cubicle areas.							
Replacement - Salt Shed Roof	26-41900-03	30,000	0	0	0	0	30,000
Facility Maint. - Building Fund		30,000					30,000
Replacement of the fabric roof cover of the 60' x 70' salt shed.							
Replacement - Emergency Generator FS #3	26-41900-04	50,000	0	0	0	0	50,000
Facility Maint. - Building Fund		50,000					50,000
Replace the emergency generator at Fire Station #3.							
Inspection of Switch Gear	26-41900-05	15,000	0	0	0	0	15,000
Facility Maint. - Building Fund		15,000					15,000
Due to recent electrical issues at Public Works, it has been recommended by the electrician we use for the City to investigate all electrical connections in the switch gear at Public works and City Hall.							
Supplemental Heat Public Works Wash Bay	26-48800-01	55,000	0	0	0	0	55,000
Facility Maint. - Building Fund		55,000					55,000
Elevated tube heating unit to be added to the Public Works wash bay to assist with heating the facility in the winter months.							
Replacement - Fire Sprinkler System CH	28-41900-01	0	0	50,000	0	0	50,000
Facility Maint. - Building Fund				50,000			50,000
Replace the fire sprinkler system at City Hall.							
Replacement - Fire Sprinkler System FS #1	28-41900-02	0	0	50,000	0	0	50,000
Facility Maint. - Building Fund				50,000			50,000
Replace the sprinkler system at Fire Station #1.							
Replacement - Fire Sprinkler System PW	28-41900-03	0	0	50,000	0	0	50,000
Facility Maint. - Building Fund				50,000			50,000
Replace the fire sprinkler system at Public Works.							
Replacement - Carpet / Tile	29-41900-01	0	0	0	30,000	0	30,000

Department	Project #	2026	2027	2028	2029	2030	Total
Facility Maint. - Building Fund					30,000		30,000
The replacement of carpet and/or 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.							
Surface Seal all Brick Structures	30-41900-02	0	0	0	0	100,000	100,000
Comm Ctr Operations						15,000	15,000
Facility Maint. - Building Fund						56,000	56,000
Water Fund						29,000	29,000
A surface sealing 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 Park Building, Andover Station North Park Building, Community Center and all utility department buildings such as the pump houses and treatment facility.							
Facility Management Total		370,000	90,000	195,000	75,000	145,000	875,000

Fire

Replacement - Rescue 21 #4819	26-42200-01	350,000	0	0	0	0	350,000
Capital Equipment Reserve		350,000					350,000
Replace unit #4819, a 2007 Chevrolet 3500 Crew Cab Truck with 18,571 miles.							
Replacement - 2 Combination Extrication Tools	27-42200-01	0	34,000	0	0	0	34,000
Capital Equipment Reserve			34,000				34,000
Replace 2 older hydraulic tools sets with battery powered combination extrication cutter/spreader tools (2 sets).							
Replacement - Engine 11 #4821	28-42200-01	0	0	1,000,000	0	0	1,000,000
Capital Equipment Reserve				1,000,000			1,000,000
Replace unit #4821, a 2010 Pierce Velocity Pumper with 51,002 miles. This truck carries 750 gallons of water and has a 1,250GPM pump.							
Replacement - Ford Interceptor #4827	28-42200-02	0	0	75,000	0	0	75,000
Capital Equipment Reserve				75,000			75,000
Replace unit #4827, a 2015 Ford Interceptor SUV with 57,837 miles.							
Replacement - GMC Sierra #4826	29-42200-01	0	0	0	70,000	0	70,000
Capital Equipment Reserve					70,000		70,000
Replace unit #4826, a 2015 GMC Sierra Double Cab truck with 32,072 miles.							
Replacement - Tanker 21 #4808	30-42200-02	0	0	0	0	550,000	550,000
Capital Equipment Reserve						550,000	550,000
Replace unit #4808, a 2002 Sterling tanker with 13,744 miles and a 2,500 gallon tank with a 750 GPM pto pump.							
Fire Total		350,000	34,000	1,075,000	70,000	550,000	2,079,000

Department	Project #	2026	2027	2028	2029	2030	Total
Information Technology							
Replacement - Watchfire Sign City Hall	26-41420-01	80,000	0	0	0	0	80,000
Capital Equipment Reserve		80,000					80,000
Replace aging watchfire sign at city hall location with new 10mm sign.							
Replacement - SCALE DR solution	26-41420-03	20,000	0	0	0	0	20,000
Capital Equipment Reserve		20,000					20,000
Adding SCALE HC1300-DR node at remote location for DR solution (possibly replace current DATTO).							
Replacement - Security System Upgrade	27-41420-01	0	100,000	0	0	0	100,000
Comm Ctr Operations			10,000				10,000
Facility Maint. - Building Fund			80,000				80,000
Water Fund			10,000				10,000
Replace existing door access' and cameras with a new system that consistent at all city buildings.							
Replacement - Fiber between City Hall & PW	27-41420-02	0	15,000	0	0	0	15,000
Facility Maint. - Building Fund			15,000				15,000
Remove and replace aging multimode fiber with new singlemode fiber.							
Information Technology Total		100,000	115,000	0	0	0	215,000

Park & Rec - Operations

Replace/Repair Play Structures - Various Parks	26-45000-01	200,000	200,000	200,000	200,000	200,000	1,000,000
General Fund		200,000	200,000	200,000	200,000	200,000	1,000,000

The parks listed are in need of replacing the existing playground equipment and; in some cases, improving the fall zones to meet ADA accessibility requirements. History has shown that the life expectancy of these play structures has been around 15 years then replacement is needed due to the structure condition. The proposed playground equipment improvements/rebuilds are as follows:

2026 - Creekview Crossing Park, and Andover Station North Park.

2027 - Fox Meadows Park, Meadows of Round Lake Park, and Woodland Crossing Park.

2028 - Meadowood North Park, Sophie's South Park, and Oak Bluff Park.

2029 - Nordeen's Park, Hickory Meadows Park, and Timber Trails Park.

2030 - Pleasant Oaks Park, Green Acres Park, and Northwoods East Park.

Replace/Repair Major Park Projects - Various Parks	26-45000-02	35,000	35,000	35,000	35,000	35,000	175,000
General Fund		35,000	35,000	35,000	35,000	35,000	175,000

Department	Project #	2026	2027	2028	2029	2030	Total
Future Projects: Fence rebuilds at various parks, shelter replacements, parking lot and interior park trail reconstruction							
Replacement - One Ton Truck w/ Plow #07-577	26-45000-03	110,000	0	0	0	0	110,000
Capital Equipment Reserve		110,000					110,000
Replace unit #577, a 2007 Ford F450 4x4 w/ plow and 84,043 miles.							
Replacement - Toro Zero-Turn Mower #09-592	27-45000-03	0	17,000	0	0	0	17,000
Capital Equipment Reserve			17,000				17,000
Replace unit #09-592, a 2009 Toro G3 zero-turn mower with 1,711 hours.							
Replacement - Truckster #98-548	27-45000-04	0	15,000	0	0	0	15,000
Capital Equipment Reserve			15,000				15,000
Replace unit #548, a 1998 Truckster with 5,784 hours.							
Replacement - Toro Groundsmaster #07-564	27-45000-05	0	80,000	0	0	0	80,000
Capital Equipment Reserve			80,000				80,000
Replace unit #564, a 2007 Toro Groundsmaster 328-D 4WD with 1,259 hours.							
Replacement - Karcher #17-587	27-45000-06	0	220,000	0	0	0	220,000
Capital Equipment Reserve			220,000				220,000
Replace unit #17-587, a 2017 Karcher MIC 84 trail machine with 1,631 hours..							
Replacement - One Ton Truck w/ Plow #13-501	28-45000-03	0	0	110,000	0	0	110,000
Capital Equipment Reserve				110,000			110,000
Replace unit #13-501, a 2013 Chevrolet 3500 w/ lift gate, 4x4, & plow with 65,582 miles.							
Replacement - Trailer #T-551	28-45000-04	0	0	8,500	0	0	8,500
Capital Equipment Reserve				8,500			8,500
Replace unit #T-551, a 2003 Felling skid steer trailer.							
Replacement - Sunshine Park Parking Lot	28-45000-05	0	0	130,000	0	0	130,000
Facility Maint. - Building Fund				130,000			130,000
Reclaim and pave the south and west lot and replace miscellaneous concrete curb sections at Sunshine Park: 2027 West Parking Lot (\$130,000)							

Department	Project #	2026	2027	2028	2029	2030	Total
Replacement - Toro Workman #04-566	29-45000-03	0	0	0	15,000	0	15,000
Capital Equipment Reserve					15,000		15,000
Replace unit #566, a 2004 Toro Workman with 860 hours.							
Replacement - One Ton Truck w/ Plow #14-510	29-45000-04	0	0	0	115,000	0	115,000
Capital Equipment Reserve					115,000		115,000
Replace unit #14-510, a 2015 GMC 3500 w/ a lift gate & plow equipment with 77,465 miles.							
Replacement - One Ton Truck #17-502	30-45000-03	0	0	0	0	90,000	90,000
Capital Equipment Reserve						90,000	90,000
Replace unit #17-502, a 2017 GMC 3500 Crew Cab 4x4 with 33,432 miles.							
Park & Rec - Operations Total		345,000	567,000	483,500	365,000	325,000	2,085,500

Park & Rec - Projects

Annual Miscellaneous Park Projects	26-45001-01	25,000	25,000	25,000	25,000	25,000	125,000
Park Dedication Funds		25,000	25,000	25,000	25,000	25,000	125,000
This is for unforeseen or requested miscellaneous projects that may arise during the year that is requested by the public, staff, City Council or the Park and Recreation Commission each year.							
Annual Park Tree Additions	26-45001-02	10,000	10,000	10,000	10,000	10,000	50,000
Park Dedication Funds		10,000	10,000	10,000	10,000	10,000	50,000
Add larger, new trees to the park systems.							
Tom Anderson Trail - Bench Additions	26-45001-03	5,000	0	0	0	0	5,000
Park Dedication Funds		5,000					5,000
Addition of more benches in the Tom Anderson Trail Corridor as identified by the Park Dedication Study.							
Skate Park - Expansion & Improvements	26-45001-04	250,000	0	0	0	0	250,000
Park Dedication Funds		250,000					250,000
The skate park is heavily used and is due for an upgrade. The Park Dedication Study has already identified it for expansion. Much of its current equipment is nearing the end of its life and needs to be replaced soon. We plan to not only expand the skate park but also replace the aging wood and steel ramps with more durable, maintenance-free concrete and steel features. These permanent concrete features can be built on the existing pad during the expansion.							
Sunshine Park - Parking Lot Lights West & South	26-45001-05	30,000	0	0	0	0	30,000

Department	Project #	2026	2027	2028	2029	2030	Total
Park Dedication Funds		30,000					30,000
Addition of parking lot lighting to the west and south parking lots at Sunshine Park, as identified in the Park Dedication Study. Project year should be adjusted to correspond with the parking lot paving projects.							
Hawkridge Park - Pave Parking Lot	26-45001-06	150,000	0	0	0	0	150,000
Park Dedication Funds		150,000					150,000
Pave the 70,000 sq ft gravel parking lot at Hawkridge Park.							
Oakview Park - Improvements	26-45001-07	20,000	0	0	0	0	20,000
Park Dedication Funds		20,000					20,000
Addition of irrigation and trees to Oakview Park as identified in the Park Dedication Study.							
Timber Trails Park - Pave Parking Lot	27-45001-04	0	52,000	0	0	0	52,000
Park Dedication Funds			52,000				52,000
Pave the gravel 14,000 sq ft parking lot at Timber Trails Park including the addition of two security lights.							
Kelsey Round Lake Park - Master Plan Additions	27-45001-05	0	230,000	0	0	0	230,000
Park Dedication Funds			230,000				230,000
Kelsey Round Lake Park has several items to be completed from the approved master plan for the park. Items include a building with bathrooms, interpretive signs, wayfinding signs, and multiple other items which will need to be determined. The design costs are included with the cost of the building.							
Pleasant Oaks Park - Add Sidewalk	27-45001-06	0	4,000	0	0	0	4,000
Park Dedication Funds			4,000				4,000
Sidewalk addition from the street to the playground at Pleasant Oaks Park would create ADA accessibility to the playground. The playground is scheduled for replacement or refurbishment in 2027 and this would be installed with that project.							
Meadowood North Park - TBD	27-45001-07	0	50,000	0	0	0	50,000
Park Dedication Funds			50,000				50,000
Improvements TBD to Meadowood North once the neighborhood survey is completed.							
Northwoods West Park - Pave Parking Lot	28-45001-03	0	0	75,000	0	0	75,000
Park Dedication Funds				75,000			75,000
Paving the gravel parking lot at Northwoods West Park tennis and pickleball courts.							
Northwoods West Park - Add Medium Shelter	28-45001-04	0	0	50,000	0	0	50,000
Park Dedication Funds				50,000			50,000
Addition of a medium shelter near the tennis and pickle ball courts.							
Pine Hills North Park - Master Plan Additions	28-45001-05	0	0	150,000	0	0	150,000
Park Dedication Funds				150,000			150,000

Department	Project #	2026	2027	2028	2029	2030	Total
Pine Hills North Park has several improvements identified in the approved Master Plan for the park. Items will need to be discussed and determined in the CIP discussions in 2026 or 2027.							
Zone D Projects TBD	28-45001-06	0	0	100,000	0	0	100,000
Park Dedication Funds				100,000			100,000
Zone D park improvement projects TBD.							
Zone C Improvements TBD	29-45001-03	0	0	0	150,000	0	150,000
Park Dedication Funds					150,000		150,000
Zone C park improvement projects TBD.							
Parking Lot Improvements TBD	29-45001-04	0	0	0	100,000	0	100,000
Park Dedication Funds					100,000		100,000
Paving of the gravel park parking lot. Lots to be evaluated and TBD as we get closer to 2029.							
Zone A Improvements TBD	30-45001-03	0	0	0	0	150,000	150,000
Park Dedication Funds						150,000	150,000
Zone A park improvement projects TBD.							
Park & Rec - Projects Total		490,000	371,000	410,000	285,000	185,000	1,741,000

Sanitary Sewer

Rural Reserve - Area Analysis & Sanitary Sewer	26-48200-01	3,850,000	500,000	0	550,000	0	4,900,000
Assessments		1,000,000					1,000,000
Sewer Trunk Fund		2,850,000	500,000		550,000		3,900,000

In 2026 complete the evaluation of future development in the rural reserve related to development planning, traffic impact, water & sanitary sewer system analysis, and storm water management & surface water (budgeted in 2024). 2026 includes the design and extension of trunk sanitary sewer from Bunker Lake Boulevard approximately parallel to Coon Creek to serve the Rural Reserve area. The sanitary sewer will be constructed through existing neighborhoods and along the west side of Coon Creek then cross South Coon Creek Drive then north into the Rural Reserve first phase of development. It is anticipated that the extension further north will be constructed when further development occurs, or as the market demands. It is anticipated that the sewer area and connection charges will eventually cover the cost of the sewer line w/ city participation in pipe over-sizing and additional depth charges.

Replacement - Locating Equipment	26-48200-02	7,000	0	0	0	0	7,000
Sanitary Sewer Fund		3,500					3,500
Water Fund		3,500					3,500

The locating equipment used to find and mark underground utilities is no longer serviceable with parts and repairs soon to be unavailable.

Replacement - Televising Trailer Main Cable	27-48002-03	0	8,500	0	0	0	8,500
Sanitary Sewer Fund			8,500				8,500

Replace the main cable for the televising camera.

Department	Project #	2026	2027	2028	2029	2030	Total
Replacement - One Ton Truck w/ Plow #13-094	27-48200-01	0	110,000	0	0	0	110,000
Sanitary Sewer Fund			110,000				110,000
Replace unit #13-094, a 2013 Chevrolet 3500 truck w/ plow and 98,857 miles.							
Replacement - Sanitary Sewer Lift Station Pump	27-48200-02	0	60,000	0	0	0	60,000
Sanitary Sewer Fund			60,000				60,000
Pump replacement at sanitary sewer lift stations.							
Crooked Lake Blvd Sanitary Sewer Lining Project	27-48200-04	0	1,000,000	0	0	0	1,000,000
Sewer Trunk Fund			1,000,000				1,000,000
The sanitary sewer line on Crooked Lake Blvd was televised and found to have pipe deterioration do to H2S. It will need to be lined with a cure-in-place pipe to rehabilitate the pipe to prevent a major pipe failure in the future.							
Crosstown Trunk Line - Clean & Assess	27-48200-05	0	80,000	0	0	0	80,000
Sewer Trunk Fund			80,000				80,000
Clean and televise the Crosstown trunk line from Andover Blvd south to Bunker Lake Blvd along with the assessment of lining in the pipe.							
Replacement - 1/2 Ton Truck #13-091	28-48200-01	0	0	70,000	0	0	70,000
Sanitary Sewer Fund				70,000			70,000
Replace unit #13-091, a 2013 GMC 1/2 ton ext cab pickup with tool boxes and 114,730 miles.							
Sanitary Sewer Total		3,857,000	1,758,500	70,000	550,000	0	6,235,500

Storm Sewer

Storm Sewer Improvements	26-48300-01	74,000	75,000	76,000	77,000	78,000	380,000
Storm Sewer Fund		74,000	75,000	76,000	77,000	78,000	380,000
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.							
Replacement - Street Sweeper #06-171	26-48300-02	370,000	0	0	0	0	370,000
Storm Sewer Fund		370,000					370,000
Replace unit #171, a 2006 Tymco street sweeper with 59,468 miles.							
Replacement - Compact Excavator #97-96	29-48300-01	0	0	0	57,000	0	57,000
Storm Sewer Fund					57,000		57,000
Replace unit #96, a 1997 Takeuchi mini excavator with 1,219 hours.							
Storm Sewer Total		444,000	75,000	76,000	134,000	78,000	807,000

Department	Project #	2026	2027	2028	2029	2030	Total
Streets - Equipment							
Replacement - Dump Truck w/ Snow removal #00-198	26-43100-01	350,000	0	0	0	0	350,000
Capital Equipment Reserve		350,000					350,000
Replace unit #198, a 2000 Sterling dump truck w/ snow removal equipment and 61,774 miles.							
Replacement - 1 Ton Truck w/ Plow #13-102	27-43100-01	0	110,000	0	0	0	110,000
Capital Equipment Reserve			110,000				110,000
Replace unit #13-102, a 2013 Chevrolet 3500 truck w/ plow and 58,183 miles.							
Replacement - Chevrolet Colorado #04-101	27-43100-02	0	60,000	0	0	0	60,000
Capital Equipment Reserve			60,000				60,000
Replace unit #101, a 2004 Chevrolet Colorado with 142,848 miles.							
Replacement - Dump Truck w/ Snow removal #00-201	28-43100-01	0	0	370,000	0	0	370,000
Capital Equipment Reserve				370,000			370,000
Replace unit #201, a 2000 Sterling dump truck w/ snow removal equipment and 64,032 miles.							
Replacement - Dump Truck w/Snow removal #02-202	28-43100-02	0	0	370,000	0	0	370,000
Capital Equipment Reserve				370,000			370,000
Replace unit #202, a 2002 Sterling dump truck w/ snow removal equipment and 63,892 miles.							
Replacement - Front End Loader #11-111	28-43100-03	0	0	250,000	0	0	250,000
Capital Equipment Reserve				250,000			250,000
Replace unit #11-111, a 2012 John Deere 524 front end loader with 4,849 hours.							
Replacement - Aerial bucket truck #00-139	29-43100-01	0	0	0	200,000	0	200,000
Capital Equipment Reserve					200,000		200,000
Replace unit #00-139, a 2001 Ford F550 aerial bucket truck with 29,992 miles.							
Replacement - Toolcat #04-70	29-43100-02	0	0	0	100,000	0	100,000
Capital Equipment Reserve					100,000		100,000

Department	Project #	2026	2027	2028	2029	2030	Total
Replace unit #70, a 2004 Bobcat Toolcat with 2,457 hours.							
Replacement - Dump Truck w/Snow removal #02-203	30-43100-01	0	0	0	0	390,000	390,000
Capital Equipment Reserve						390,000	390,000
Replace unit #203, a 2002 Sterling dump truck w/ snow removal equipment and 71,582 miles.							
Replacement - Dump Truck w/Snow removal #06-204	30-43100-02	0	0	0	0	390,000	390,000
Capital Equipment Reserve						390,000	390,000
Replace unit #204, a 2006 Sterling L8500 dump truck w/ snow removal equipment and 37,481 miles.							
Streets - Equipment Total		350,000	170,000	990,000	300,000	780,000	2,590,000

Streets - Roadways

Annual Street Crack Seal Project	26-49300-01	160,000	160,000	160,000	160,000	160,000	800,000
Construction Seal Coat Fund		10,000	10,000	10,000	10,000	10,000	50,000
Road & Bridge Funds		150,000	150,000	150,000	150,000	150,000	750,000
This project provides for crack sealing of the streets. In general, each year one of the nine full zones in the City is crack sealed. Areas nearing reconstruction, those seal coated recently to hold together, or with severe cracking are excluded from this project as determined by the Engineering and Public Works Departments.							
Annual Pavement Markings	26-49300-02	100,000	102,000	104,000	106,000	108,000	520,000
Road & Bridge Funds		100,000	102,000	104,000	106,000	108,000	520,000
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.							
Curb, Sidewalk and Pedestrian Ramp Replacement	26-49300-03	120,000	120,000	120,000	120,000	120,000	600,000
Road & Bridge Funds		120,000	120,000	120,000	120,000	120,000	600,000
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.							
Annual Street Reconstruction	26-49300-04	5,065,000	8,730,000	4,725,000	4,785,000	4,620,000	27,925,000
Assessments		1,266,250	2,182,500	1,181,250	1,196,250	1,155,000	6,981,250
G.O. Bond		3,798,750	4,000,000	3,000,000			10,798,750
Road & Bridge Funds			2,547,500	543,750	3,588,750	3,465,000	10,145,000

Department	Project #	2026	2027	2028	2029	2030	Total
The Street Reconstruction projects consist of milling the existing street surface and constructing a new asphalt surface. In developments that have existing bituminous curb or no curb or ditch, concrete curb and gutter will be constructed. Storm sewer and drainage improvements will be incorporated as necessary. 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. 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. Areas to be reconstructed are listed below. 2026: East Round Lake Estates, Kadlec Estates (\$1,440,000); Nightingale Preserve, Wittington Ridge (\$1,480,000); Nightingale Estates, 2nd, 3rd (\$1,060,000); Leeman Lake Estates (\$265,000); Creekridge Estates north of S Coon Creek Dr (\$820,000) 2027: 159Ln West of Nightingale, Quinn St, Swallow St, and Uplander St South of 161st Ave, Nightingale Ridge (\$2,530,000) Development South of Bunker Lake Blvd, West of Crooked Lake, Chapmans 1st-6th, Woodland Terrace 1st-5th, Weises 1st, 2nd, Boulder Estates (\$6,200,000); 2028: Smith's Green Acres Area (North and south of plat), Northwoods Add., Northwoods Add. Plat 2, Creekhaven, Donohue Creekside Addition, Cunningham Add. (\$4,725,000); 2029: Red Oaks Manor Add. 2nd, 3rd (\$1,795,000); Kensington Estates, 2nd-7th, Shady Knoll Add. (\$2,425,000); Woodridge Acres, Creekside Estates & 2nd, The Oaks (\$565,000) 2030: Bluebird St from Ward Lk Dr to 181st Ave (\$310,000); Woodland Meadows 2nd (\$1,250,000); Holmberg Add, Deerwood Estates (\$850,000); Prairie Oaks (\$250,000); Nordeen Add. (\$1,165,000); Meadowlark Heights (\$795,000)							
Street Mill & Overlay	<i>26-49300-06</i>	85,000	885,000	1,265,000	1,245,000	1,100,000	4,580,000
Assessments		21,250	221,250	316,250	311,250	275,000	1,145,000
Road & Bridge Funds		63,750	663,750	948,750	933,750	825,000	3,435,000
The City of Andover has a street mill and overlay program to prolong the life of the City's roadway infrastructure. This program includes milling 1" to 1.5" off the existing pavement and overlaying approximately 1.5" of bituminous on roadways that are identified as structurally sound as this process would significantly extend the roadways life cycle. The Engineering and Public Works Departments have identified roads that meet these criteria one year prior to the overlay project being constructed. The timing of mill and overlay of developments more than two years out may be revised as street conditions and ratings are reviewed on an annual basis. Areas for mill and overlay are listed below. 2026: Grow Oak view Estates (\$85,000) 2027: Cedar Creek Estates & 2nd, Valley View Estates & 2nd (\$885,000) 2028: Stacks Woods, Argon, Zuni, Yakima off 165th Ave NW (\$830,000); Silver Meadows West (\$145,000); Kiowa Terrace, Rum River Forest (\$290,000) 2029: Lakeridge, North Lakeridge Estates, Lakeside Estates (\$955,000); Andover Station North, B & D Estates 1st, 2nd, Parkside at Andover Station, 1st, 2nd, 3rd, 4th (\$290,000) 2030: Woodland Meadows and Brook Crossing (\$1,100,000)							
Gravel Road Improvements	<i>26-49300-07</i>	23,000	24,000	25,000	26,000	27,000	125,000
Road & Bridge Funds		23,000	24,000	25,000	26,000	27,000	125,000
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.							
Municipal State Aid Routes / New & Reconstruct	<i>26-49300-08</i>	0	1,220,000	170,000	0	1,550,000	2,940,000
Assessments			305,000	42,500		387,500	735,000
Municipal State Aid Funds			915,000	127,500		1,162,500	2,205,000

Department	Project #	2026	2027	2028	2029	2030	Total
------------	-----------	------	------	------	------	------	-------

The following projects are proposed to be constructed and/or rehabilitated to meet State Aid Standards. The timing of projects more than two years out may be revised as street conditions and ratings are reviewed on an annual basis. Projects identified are listed below.

2027: Crooked Lake Blvd - Bunker Lake Blvd to 133rd Avenue (\$880,000)

2027: 174th Ln - Round Lake Blvd to Bittersweet St (\$340,000)

2028: 177th Ln - East of Verdin St (\$170,000)

2029: Nothing Identified TBD

2030: Ward Lake Drive Crosstown Blvd to Hanson Blvd (minus gravel section) (\$1,550,000)

Intersection Upgrades	<i>26-49300-09</i>	1,900,000	0	0	300,000	2,000,000	4,200,000
Assessments		750,000					750,000
County Reimbursement						200,000	200,000
Federal Funds						1,600,000	1,600,000
Municipal State Aid Funds		1,150,000			300,000	200,000	1,650,000

The following projects identified for improvements and the timing for such project is dependent on funding.

2026 - Roundabout Construction at Crosstown Blvd and Bluebird Street (\$1,500,000). Funding has been received from the developer of the Crosstown Landing Development for a 50/50 cost share with the City up to a maximum of \$750,000.

2026 - Roundabout Construction at Crosstown Blvd and 161st Avenue (\$2,000,000). This is a Anoka County project in which HSIP funding has been received. The City's portion based on the standard cost share agreement is \$200,000.

2026 - Roundabout Construction at 7th Avenue and 165th Avenue (\$2,000,000). This is a also a Anoka County project in which HSIP funding has been received. The City's portion based on the standard cost share agreement is \$200,000.

2029 - Roundabout Design at Crosstown Blvd & Crosstown Drive (\$300,000).

2030 - Roundabout Construction at Crosstown Blvd & Crosstown Drive (\$2,000,000).

Street Full Depth Reclamation	<i>26-49300-10</i>	2,690,000	265,000	2,750,000	4,420,000	565,000	10,690,000
Assessments		672,500	66,250	687,500	1,105,000	140,000	2,671,250
Road & Bridge Funds		2,017,500	198,750	2,062,500	3,315,000	425,000	8,018,750

Department	Project #	2026	2027	2028	2029	2030	Total
------------	-----------	------	------	------	------	------	-------

Full Depth Reclamation is a cost effective alternate to a full reconstruction. The entire thickness of asphalt and a portion of the base material is uniformly pulverized and blended to provide strengthened stabilization of the roadway base prior to repaving. This is done where curb and gutter are still in good condition, but the asphalt is too far deteriorated for a partial depth mill and overlay. The timing of full depth reclamation of developments more than two years out may be revised as street conditions and ratings are reviewed on an annual basis. Projects identified are listed below.

2026: 173rd Ave, Navajo St, 175th Ave loop east of Roanoke St NW (\$490,000): Birchwood Pond (\$180,000): Old Constance Blvd (\$240,000): Northglen 2nd, 4th, 5th, Woodland Pond, 138th West of Round Lakem Round Lake Blvd Frontage Rd (\$1,780,000)

2027: Wobegon Woods, Good Ridge Acres (\$265,000)

2028: Countryview Estates, Hawk Ridge, Hawk Ridge East (\$2,750,000)

2029: Kensington Estates (\$240,000): Hidden Creek, 2nd, 3rd, Bent Creek Shores, Hidden Creek East, 2nd, 3rd, 4th, 5th (\$2,955,000): Emerald Glen, Pleasant Meadows, Sunridge, Echo Woods, Kirby Estates (\$1,225,000)

2030: Forest Meadows area including Xeon St. (\$565,000)

Pavement Rejuvenator Application	<i>26-49300-11</i>	175,000	175,000	175,000	175,000	175,000	875,000
Road & Bridge Funds		175,000	175,000	175,000	175,000	175,000	875,000

Application of a rejuvenating agent to newer pavement. Application is designed to extend the life of pavement by densifying and sealing the pavement from the elements.

Municipal State Aid Routes/Mill & Overlay	<i>27-49300-05</i>	0	267,000	0	140,000	0	407,000
Assessments			66,750		10,000		76,750
Municipal State Aid Funds			200,250		130,000		330,250

The City of Andover has a street mill and overlay program to prolong the life of the City's roadway infrastructure. The improvements include milling and overlaying 1.5"-2" on roadways that are identified as still structurally sound as this process will significantly extend the roadways life cycle. The Engineering Department and Public Works have identified the MSA roads that meet the criteria. The timing of mill and overlay of developments more than two years out may be revised as street conditions and ratings are reviewed on an annual basis. Areas for mill and overlay are listed below.

2027: 157th Avenue - Prairie Road to University Ave (\$267,000)

2029: 133rd St - Crosstown Blvd to Hanson Blvd (\$140,000) Assessments will be calculated at the time of project.

Streets - Roadways Total	10,318,000	11,948,000	9,494,000	11,477,000	10,425,000	53,662,000
---------------------------------	-------------------	-------------------	------------------	-------------------	-------------------	-------------------

Water

Replacement - Residential Meters	<i>26-48100-01</i>	100,000	100,000	100,000	100,000	100,000	500,000
Water Fund		100,000	100,000	100,000	100,000	100,000	500,000

Annual residential meter replacement program to replace the oldest meters on the system. The old technology meters will be replaced with Smart iPerl meters currently being used in the system.

Water Main Gate Valve Rehabilitation	<i>26-48100-02</i>	50,000	50,000	50,000	50,000	50,000	250,000
Water Trunk Fund		50,000	50,000	50,000	50,000	50,000	250,000

The City has found failing nuts and bolts on a certain type of gate valve that were installed before 2004. Not all types of valves have had failures. The City evaluates each development area for the nut and bolt condition prior to a full street reconstruction or mill and overlay.

Security Cameras at Towers and Well Houses	<i>26-48100-03</i>	20,000	0	0	0	0	20,000
Water Fund		20,000					20,000

Department	Project #	2026	2027	2028	2029	2030	Total
Adding security cameras to monitor the building and property at towers and well houses.							
Replacement - WTP Valve Actuators	26-48100-05	95,000	0	0	0	0	95,000
Water Fund		95,000					95,000
Replacement of 6 - 24" Backwash Valve Actuators.							
WTP Backwash Pump Maintenance	26-48100-06	120,000	0	0	0	0	120,000
Water Fund		120,000					120,000
The backwash pump at the Water Treatment Plant is the main component in the water treatment process that cleans the filters when they become dirty.							
Replacement - WTP Effluent Valve Control	26-48100-08	40,000	0	0	0	0	40,000
Water Fund		40,000					40,000
Water treatment plant effluent valve control replacement. Used for back washing treatment plant filters.							
Replacement - WTP Make Up Air Unit	27-48100-01	0	35,000	0	0	0	35,000
Water Fund			35,000				35,000
Replace the make up air unit in the storage and parking garage at the WTP.							
Replacement - WTP HSP Room A/C	27-48100-02	0	80,000	0	0	0	80,000
Water Fund			80,000				80,000
Replace the 20 ton A/C unit that cools and keeps the air dry to protect all of the city's high service pumps that provide water to the system.							
Replacement - Radiant Heaters WTP Garage	27-48100-03	0	20,000	0	0	0	20,000
Water Fund			20,000				20,000
Replace the radiant heaters in water treatment plant garage as they have reached the end of there usefull life.							
Construct Water Treatment Plant #2	28-48100-01	0	0	10,000,000	0	0	10,000,000
Water Revenue Bonds				10,000,000			10,000,000
Construct Water Treatment Plant No. 2 in the Shadowbrook Development.							
Replacement - Air Compressor	28-48100-02	0	0	20,000	0	0	20,000
Water Fund				20,000			20,000
The water treatment plant air compressor is used to operate all of the process valves in the plant.							
Rehabilitation of Wells	28-48100-03	0	0	90,000	100,000	100,000	290,000
Water Fund				90,000	100,000	100,000	290,000
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.							
Replacement - Well #3 Air Handler/Conditioner	28-48100-04	0	0	17,000	0	0	17,000
Water Fund				17,000			17,000
Air handler/conditioning equipment is needed to protect the motor control center and other electrical equipment in the well house.							
Construct Clearwell at WTP	29-48100-01	0	0	0	3,300,000	0	3,300,000
Water Revenue Bonds					3,300,000		3,300,000

Department	Project #	2026	2027	2028	2029	2030	Total
Construct a 2 million gallon clearwell adjacent to the water treatment plant.							
Demolish 500,000 Gallon Water Tower	29-48100-02	0	0	0	350,000	0	350,000
Water Trunk Fund					350,000		350,000
Demolish the existing 500,000 gallon water tower located on the west side of town.							
Construct Well #10	30-48100-01	0	0	0	0	450,000	450,000
Water Trunk Fund						450,000	450,000
Construct well #10 in Shadowbrook 2nd Addition on an existing city-owned lot to provide municipal water due to the increased demand.							
WTP High Service Pump Maintenance	30-48100-02	0	0	0	0	70,000	70,000
Water Fund						70,000	70,000
Service the high service motors and pumps in the WTP.							
Water Total		425,000	285,000	10,277,000	3,900,000	770,000	15,657,000
GRAND TOTAL		19,709,000	16,799,500	23,767,500	17,581,000	13,727,000	91,584,000

CITY OF ANDOVER
Summary of Outstanding Bond Issues
2025 - 2026

Description	Date of		Rate of Interest	Issued	Outstanding at	2025		Outstanding at	2026		Outstanding at
	Issue	Maturity			12/31/2024	Retired	Issued	12/31/2025	Retired	Issued	12/31/2026
Governmental Activities											
General Obligation Abatement Bonds											
2012C G.O. Abatement Bonds	12/27/2012	2/1/2031	1.00-3.00%	17,315,000	7,660,000	(1,005,000)	-	6,655,000	(1,030,000)	-	5,625,000
2019A G.O. Abatement Bonds	8/1/2019	2/1/2040	3.00 - 5.00%	15,770,000	13,820,000	(630,000)	-	13,190,000	(660,000)	-	12,530,000
					21,480,000	(1,635,000)	-	19,845,000	(1,690,000)	-	18,155,000
Certificates of Indebtedness/Capital Notes											
2021A G.O. Equipment Bonds	12/28/2021	2/1/2026	2.00%	630,000	325,000	(160,000)	-	165,000	(165,000)	-	-
2024A G.O. Equipment Bonds	12/30/2024	2/1/2028	5.00%	1,155,000	1,155,000	-	-	1,155,000	(365,000)	-	790,000
Subtotal - Certificates of Indebtedness					1,480,000	(160,000)	-	1,320,000	(530,000)	-	790,000
Capital Improvement Bonds											
2018A G.O. Capital Improvement Plan Bonds	12/27/2018	2/1/2044	3.00-5.00%	10,000,000	9,070,000	(315,000)	-	8,755,000	(335,000)	-	8,420,000
Street Reconstruction Bonds											
2021A G.O. Street Reconstruction Bonds	12/28/2021	2/1/2030	1.00-2.00%	7,135,000	5,455,000	(870,000)	-	4,585,000	(885,000)	-	3,700,000
2024A G.O. Street Reconstruction Bonds	12/30/2024	2/1/2035	4.00-5.00%	7,440,000	7,440,000	-	-	7,440,000	(565,000)	-	6,875,000
					12,895,000	(870,000)	-	12,025,000	(1,450,000)	-	10,575,000
TOTALS					\$ 44,925,000	\$ (2,980,000)	\$ -	\$ 41,945,000	\$ (4,005,000)	\$ -	\$ 37,940,000

CITY OF ANDOVER
Debt Service Summary

	2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2044	Total Payments	Less Interest	Total
Governmental Activities											
General Obligation Abatement Bonds											
2012C G.O. Abatement Bonds	\$ 1,208,275	\$ 1,205,250	\$ 1,205,147	\$ 1,212,675	\$ 1,213,400	\$ 1,218,000			\$ 7,262,747	\$ (607,747)	\$ 6,655,000
2019A G.O. Abatement Bonds	1,104,650	1,105,775	1,100,275	1,106,850	1,105,650	5,533,525	5,524,050	-	16,580,775	(3,390,775)	13,190,000
	<u>2,312,925</u>	<u>2,311,025</u>	<u>2,305,422</u>	<u>2,319,525</u>	<u>2,319,050</u>	<u>6,751,525</u>	<u>5,524,050</u>	<u>-</u>	<u>23,843,522</u>	<u>(3,998,522)</u>	<u>19,845,000</u>
Certificates of Indebtedness											
2021A G.O. Equipment Bonds	166,650								166,650	(1,650)	165,000
20214 G.O. Equipment Bonds	413,625	414,875	415,125						1,243,625	(88,625)	1,155,000
	<u>580,275</u>	<u>414,875</u>	<u>415,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,410,275</u>	<u>(90,275)</u>	<u>1,320,000</u>
Capital Improvement Bonds											
2018A G.O. CIP Bonds	622,631	620,506	626,206	624,956	623,406	3,111,500	3,102,628	2,480,463	11,812,297	(3,057,297)	8,755,000
Street Reconstruction Bonds											
2021A G.O. Street Recon Bonds	942,710	944,810	951,135	946,395	945,640				4,730,690	(145,690)	4,585,000
2024A G.O. Street Recon Bonds	904,925	935,175	933,175	934,550	929,300	4,655,900			9,293,025	(1,853,025)	7,440,000
	<u>1,847,635</u>	<u>1,879,985</u>	<u>1,884,310</u>	<u>1,880,945</u>	<u>1,874,940</u>	<u>4,655,900</u>	<u>-</u>	<u>-</u>	<u>14,023,715</u>	<u>(1,998,715)</u>	<u>12,025,000</u>
	<u>\$ 5,363,466</u>	<u>\$ 5,226,391</u>	<u>\$ 5,231,063</u>	<u>\$ 4,825,426</u>	<u>\$ 4,817,396</u>	<u>\$ 14,518,925</u>	<u>\$ 8,626,678</u>	<u>\$ 2,480,463</u>	<u>\$ 51,089,809</u>	<u>\$ (9,144,809)</u>	<u>\$ 41,945,000</u>

CITY OF ANDOVER
Computation of Legal Debt Margin
December 31, 2025
(Unaudited)

Estimated Taxable Market Value (Note A)		<u><u>\$ 5,221,510,107</u></u>
Debt Limit: 3% of Market Value		156,645,303
Total Bonded Debt	\$ 41,945,000	
Less:		
Non-Tax Levy Supported Debt: (Note B)		
G.O. Revenue Bonds	<u>-</u>	
Total Debt Applicable	41,945,000	
Less:		
Balance Available in Related Debt Service Funds	<u>5,104,137</u>	
Net Debt Applicable		<u>36,840,863</u>
Legal Debt Margin		<u><u>\$ 119,804,440</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
2015	\$ 11,143,925	\$ 11,054,157	\$ -	\$ 11,054,157	99.19%	\$ 69,316	\$ 11,123,473	99.82%
2016	11,593,925	11,525,770	3,461	11,529,231	99.44%	22,980	11,552,211	99.64%
2017	11,938,555	11,858,376	3,545	11,861,921	99.36%	17,470	11,879,391	99.50%
2018	12,416,357	12,342,648	2,824	12,345,472	99.43%	5,867	12,351,339	99.48%
2019	13,103,487	12,974,413	3,960	12,978,373	99.05%	42,672	13,021,045	99.37%
2020	14,479,586	14,391,252	4,128	14,395,380	99.42%	31,162	14,426,542	99.63%
2021	14,913,945	14,853,700	3,578	14,857,278	99.62%	26,260	14,883,538	99.80%
2022	16,107,254	16,029,549	4,417	16,033,966	99.55%	21,798	16,055,764	99.68%
2023	17,073,084	16,980,523	3,682	16,984,205	99.48%	24,443	17,008,648	99.62%
2024	18,097,274	17,988,596	4,662	17,993,258	99.43%	Not Available		

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 Assessments as a Percent of Current Assessments Due
2015	\$ 334,054	\$ 514,868	154.13%	\$ 4,003	\$ 518,871	155.33%	\$ 269,754	80.75%
2016	267,704	510,275	190.61%	2,153	512,429	191.42%	268,716	100.38%
2017	265,163	513,140	193.52%	212	513,352	193.60%	272,101	102.62%
2018	305,249	555,684	182.04%	412	556,096	182.18%	283,528	92.88%
2019	272,670	532,268	195.21%	1,579	533,847	195.79%	295,781	108.48%
2020	272,526	524,787	192.56%	5,684	530,471	194.65%	272,865	100.12%
2021	270,334	504,303	186.55%	8,024	512,327	189.52%	248,237	91.83%
2022	269,026	483,558	179.74%	6,925	490,483	182.32%	278,861	103.66%
2023	324,879	580,154	178.58%	3,856	584,010	179.76%	298,692	91.94%
2024	442,819	712,440	160.89%	7,664	720,104	162.62%	350,971	79.26%

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

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

Taxpayers	2024			2015		
	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Tax Capacity
Minnegasco, Inc.	\$ 348,206	1	0.67%	\$ 237,504	1	0.88%
Presbyterian Homes of Andover	287,403	2	0.55%	160,143	4	0.60%
Target Corporation	245,684	3	0.47%	154,668	6	0.58%
Great River Energy	234,476	4	0.45%	173,276	3	0.65%
Wal-Mart	231,084	5	0.44%			
PC Arbor Oaks LLC	208,188	6	0.40%			
Individual	184,850	7	0.35%			
Andover Station 2016 LLC	173,760	8	0.33%			
DST Properties LLC	155,106	9	0.30%	103,640	8	0.39%
Measurement Specialties	138,428	10	0.26%			
Connexus Energy				193,514	2	0.72%
Walmart Real Estate Business Trust				160,096	5	0.60%
Andover Limited Partnership				124,754	7	0.46%
Andover Station LLC				102,150	9	0.38%
Columbia Park Properties				77,696	10	0.29%
Total	<u>\$ 2,207,185</u>		<u>4.22%</u>	<u>\$ 1,487,441</u>		<u>5.55%</u>
Net Tax Capacity	<u>\$ 52,292,926</u>			<u>\$ 26,847,273</u>		

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
2015	\$ 173,717,700	\$ 2,435,950,500	\$ 2,609,668,200	16	\$ 2,513,609	74	\$ 19,631,775
2016	181,926,900	2,530,046,700	2,711,973,600	7	14,009,200	111	28,893,036
2017	196,837,900	2,610,055,500	2,806,893,400	-	-	94	27,847,717
2018	207,569,200	2,908,606,300	3,116,175,500	2	2,860,000	60	19,703,857
2019	214,417,500	3,057,490,800	3,271,908,300	2	3,901,376	116	37,258,817
2020	228,402,926	3,332,915,773	3,561,318,699	-	-	139	45,464,139
2021	235,287,000	3,450,673,800	3,685,960,800	-	-	141	43,949,250
2022	226,699,000	3,731,908,100	3,958,607,100	3	6,983,400	103	55,992,019
2023	244,378,800	4,635,315,300	4,879,694,100	3	22,344,000	64	21,454,268
2024	300,481,900	4,729,313,300	5,029,795,200	5	2,400,000	101	35,124,454

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

CITY OF ANDOVER, MINNESOTA
DEMOGRAPHICS
(Unaudited)

	U.S. Census			Percent of Change
	2010	2020	2024 Est (1)	2010 - 2020
Population	30,598	32,601	32,596	6.55%
Households	9,811	10,782	11,091	9.90%
Household Size (Population/Household)	3.12	3.02	2.94	-3.05%

POPULATION DEMOGRAPHICS (2020 U.S. CENSUS)

Populaton by Age (2020 U.S. Census):	Persons	Percent
9 and under	4,564.00	14%
10-19	4,890.00	15%
20-29	3,260.00	10%
30-39	3,912.00	12%
40-49	4,564.00	14%
50-59	4,890.00	15%
60-69	3,587.00	11%
70-79	1,956.00	6%
80 and over	978.00	3%
	32,601	100%
Total female population	16,301	
Total male population	16,300	
2022 median age	39.3	

	City of Andover	Anoka County	State of Minnesota	United States
Income Statistics:				
2022 per capita income	\$ 49,978	\$ 43,106	\$ 44,947	\$ 41,261
2022 median household income	123,054	95,782	74,313	75,149
2022 median family income	131,576	110,651	107,072	92,646
2022 median gross rent	1,713	1,356	1,178	1,268
2022 median value owner occupied housing	370,200	302,300	286,800	281,900

(1) Source: Metropolitan Council

CITY OF ANDOVER, MINNESOTA
MISCELLANEOUS STATISTICAL DATA
(Unaudited)

Date incorporated	1974
Form of government	Plan A
Miles of streets	
City	207
County	43
Storm sewer (miles)	87
Water main (miles)	130
Sanitary sewer (miles)	106
Parks:	
Number	68
Developed acreage	631
Trails (miles)	41
Acreage:	
Developed	9,558
Undeveloped	12,734

Largest Employers in the City

<u>Firm</u>	<u>Type of Business / Product</u>	<u>Number of Employees</u>
Anoka - Hennepin ISD No 11	Elementary and secondary education	736
Walmart	Retail	335
Anoka County Sheriff's Office	County government and services	250
Kottkes' Bus Service	Transportation	225
Target	Retail	200
YMCA	Youth organization and fitness center	192
Fairview Andover Clinic	Healthcare	125
Anoka County Highway Department	County government and services	122
Legacy Christian Academy	Elementary and secondary education	100
Bunker Hills Regional Park / Activity Center	County government and services	100

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.

AMERICAN RECOVERY PLAN ACT (ARPA): The American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, is a US \$1.9 trillion economic stimulus bill to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic and recession.

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.

AUDIT: Audits focus on examining the accuracy and fairness of financial statements. These audits assess whether the financial records of a government entity present a true and fair view of its financial position and operations. Auditors evaluate the entity's accounting practices, internal controls, and adherence to generally accepted accounting principles (GAAP).

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 EXPENDITURE: a fixed asset is defined as a specific piece of property which meets the following:

1. It is tangible and does not materially change its form through use.
2. Its expected useful life is greater than three years.
3. It has significant value. In Andover's financial system, significant value has two different thresholds:
 - \$5,000 for tangible assets. A tangible asset is an asset having a physical existence, such as cash, equipment and real estate.
 - \$10,000 for intangible assets. An intangible asset is an asset that possesses all of the following characteristics: lack of physical substance, nonfinancial nature, and initial useful life extending beyond a single reporting period. This includes but is not limited to easements, right-of-ways, software, etc.

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).

CARES: Coronavirus Aid, Relief and Economic Security

COVID-19: The COVID-19 pandemic, also known as the coronavirus pandemic, is an ongoing pandemic of coronavirus disease 2019 (COVID-19) caused by severe acute respiratory syndrome coronavirus 2.

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.

GFOA: Government Finance Officers Association

G.I.S.: Geographic Information System

GOAL: The intention of an activity or a plan.

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: A specific, measurable goal that outlines the desired result or outcome an organization aims to achieve.

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.