

**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

**CITY OF PITTSBURG, KANSAS**

**For the Fiscal Year Ended**  
**December 31, 2013**

**Prepared by:**  
**DEPARTMENT OF FINANCE**  
**City of Pittsburg, Kansas**

**CITY OF PITTSBURG, KANSAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended December 31, 2013**

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## **INTRODUCTORY SECTION**



## FINANCE AND ADMINISTRATION

(620) 231-4100

201 West 4<sup>th</sup> Street · Pittsburg KS  
66762

[www.pittks.org](http://www.pittks.org)

May 12, 2014

To the Honorable Mayor, Members of the City Commission and the Citizens of Pittsburg:

This document is the Comprehensive Annual Financial Report (CAFR) of the City of Pittsburg (the City) for the fiscal year ended December 31, 2013. The report was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the management of the City. We believe the report, as presented, is accurate in all material respects. We also believe it is presented in a manner designed to set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. Finally, we believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Management of the City is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the City is also responsible for establishing and maintaining an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluations by management and the independent auditor.

Kansas Statute Annotated 75-1122 requires an annual audit of the books of account, financial records and transactions of all departments of the City by independent certified public accountants. The accounting firm of Berberich Trahan & Co., P.A., was selected by the City Commission to audit the records of the City for the year ended December 31, 2013. The independent auditor's report is included in the financial section of this report. The independent auditor's reports that relate specifically to the single audit requirements are included in the single audit section.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### **Profile of the City of Pittsburg**

The City of Pittsburg was incorporated in 1880 and is the largest city in southeast Kansas. The official population per the 2010 census is 20,233. The estimated 2013 population is 20,360. The City is located approximately 5 miles west of the Missouri border and 40 miles north of the Oklahoma border. The City of Pittsburg is empowered to levy a property tax on both real and personal property located within its boundaries. The City's current incorporated area is 12.91 square miles.

The City of Pittsburg has operated under the commission-manager form of government since 1949. Policy-making and legislative authority are vested in a governing commission consisting of the mayor and 4 commission members, all elected at large and on a non-partisan basis. The commission appoints the government's manager, which in turn appoints the heads of the various departments. The mayor is selected each year by the commissioners themselves and serves a one year term.

The City provides its citizens with a full range of services which include police and fire protection, construction and maintenance of its streets and highways, community development and planning, water, wastewater and stormwater utility services, municipal airport, municipal auditorium and parks and recreational activities.

The annual budget provides a foundation for the City's financial planning and control. Per Kansas statute the following year's adopted annual budget must be submitted to the State of Kansas by the end of August of the current year. The City Commission is also required by Kansas statute to hold a public hearing to discuss the budget prior to adoption. The budget is prepared by fund, function (e.g., public safety) and department (e.g., police). Budget to actual comparisons are provided in this report.

The activities of the Pittsburg Public Library are presented as a component unit of the City. The City Commission has appointive authority of the Library Board and its annual operating budget is also subject to the approval of the City Commission.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is best understood when it is considered from the specific environment within which the City operates.

**Local economy.** The local economy is varied and diverse with the City's principal employers comprised of education, medical, manufacturing and retail. For a list of major employers, refer to page 100 in the statistical section. The area is also served by several financial institutions and insurance companies. Pittsburg State University is the area's major economic presence with a current enrollment of approximately 7,400 students.

Comparing tax receipts to the prior fiscal year, retail sales tax receipts increased by 2.43%, property tax receipts increased by 1.72% and franchise tax receipts increased by 12.26%. The 2012 property valuation assessments to support the 2013 budget decreased by .17% due to property tax exemptions.

The Pittsburg micro-area (Crawford County) unemployment rate decreased from 5.5 percent in December 2012 to 4.8 percent in December 2013. Unemployment is expected to remain fairly stable due to the stabilizing effect that Pittsburg State University has on the community.

**Long-term financial planning.** The City uses a five year Capital Improvements Program (CIP) to plan for future capital expenditures. The CIP outlines by fiscal year the details of the City's capital projects and equipment needs. It also specifies the projected funding sources for these future periods.

The City utilizes the following funding sources to meet the CIP needs: bond anticipation notes, general obligation bonds, capital leases, low interest loans provided by the Kansas Department of Health and Environment (KDHE), utility operating funds, one fourth of the City's one half percent general sales tax revenue, and federal and state grant awards.

**Major initiatives for the year.** The citizens of Pittsburg approved a one half percent public safety operations sales tax in September of 2013. This new sales tax will fund additional staffing in the police department and fund equipment and training for both the police and fire departments.

Street sales tax funds were utilized to mill and resurface North Joplin from 11<sup>th</sup> Street to 20<sup>th</sup> Street, mill and resurface South Walnut from 3<sup>rd</sup> Street to Quincy, resurface several areas along East 7<sup>th</sup> Street, resurface Water Street from 1<sup>st</sup> Street to 11<sup>th</sup> Street, resurface East Quincy from Joplin to Rouse, and resurface the entire Grand Oaks edition. Several sidewalk improvements were also included with the Joplin and Walnut projects. South Broadway from 2<sup>nd</sup> Street to Madison was milled and resurfaced; funding was from bond anticipation notes. Permanent funding will be from a KDOT grant and general obligation bonds.

Completed major water line projects for the year were the new South Broadway water line from 2<sup>nd</sup> Street to Madison and the new East Madison water line from Broadway to Joplin; funding was from bond anticipation notes. Permanent funding will be from general obligation bonds. A new water line on South Elm from Cleveland to Quincy was funded from utility operating funds. Completed major sanitary sewer projects for the year were the Manhole Rehab 2013 project and the Taylor Branch project; both were funded by a KDHE loan. The Lincoln Square sanitary sewer relocation project was funded by a Kansas Housing Resources Corporation grant.

### **Major initiatives for the future.**

For future budgets, City staff is going to utilize a five year financial forecast and plan. This will allow for better budget planning and decision making.

The bid date for the upcoming 20<sup>th</sup> Street and Broadway intersection improvements project is March 2014. The estimated cost of this project is approximately \$2 million. Expected funding sources are a KDOT grant and general obligation bonds.

The bid date for the upcoming Centennial and Broadway intersection improvements project is January 2014. The estimated cost of this project is approximately \$1.1 million. Expected funding sources are a KDOT grant, economic development revolving loan funds and general obligation bonds.

The East Quincy improvements project is expected to be bid in January 2015. The estimated cost of this project is approximately \$2 million. Expected funding sources are a KDOT grant and general obligation bonds.

Resurfacing of North Broadway from 11<sup>th</sup> to 19<sup>th</sup> streets is projected for the summer of 2014. Expected funding sources are a KDOT grant and City street sales tax funds.

### **Awards and acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2012. This was the seventeenth consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements.

We believe our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR was truly a team effort and was made possible by the dedicated efforts of the entire staff of the Department of Finance. In closing, credit must also be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Pittsburg's finances. We look forward to the challenges and opportunities of the future.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daron Hall". The signature is fluid and cursive, with the first name "Daron" and last name "Hall" clearly distinguishable.

Daron Hall  
City Manager

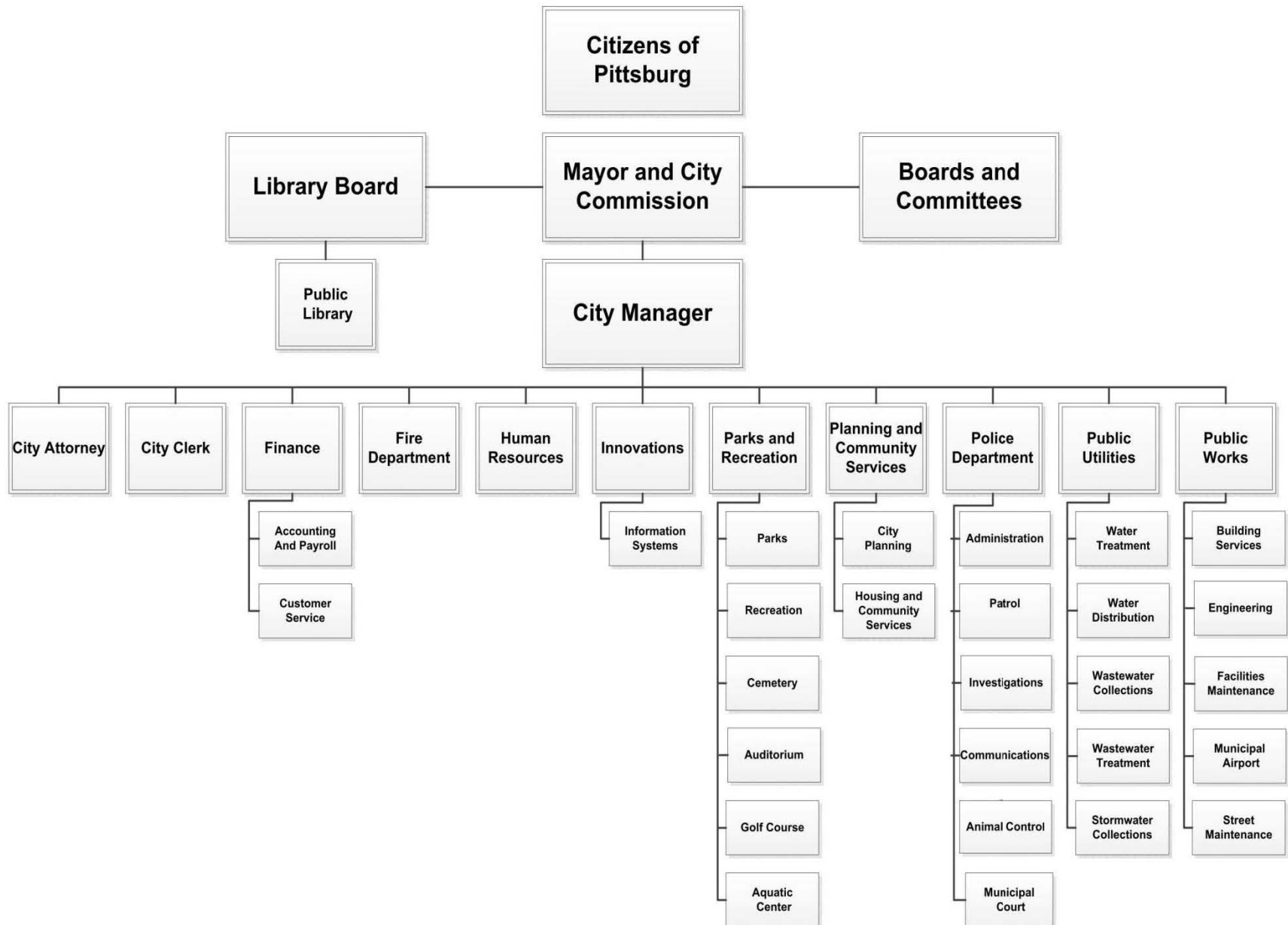
A handwritten signature in black ink, appearing to read "Jamie Clarkson". The signature is fluid and cursive, with the first name "Jamie" and last name "Clarkson" clearly distinguishable.

Jamie Clarkson  
Director of Finance

**CITY OF PITTSBURG, KANSAS**  
**LIST OF PRINCIPAL OFFICIALS**  
**DECEMBER 31, 2013**

<b><u>TITLE</u></b>	<b><u>NAME</u></b>
<b>ELECTED:</b>	
<b>Mayor</b>	<b>Michael Gray</b>
<b>President of the Board</b>	<b>Monica Murnan</b>
<b>Commissioner</b>	<b>John Ketterman</b>
<b>Commissioner</b>	<b>Chuck Munsell</b>
<b>Commissioner</b>	<b>Patrick O'Bryan</b>
<b>APPOINTED:</b>	
<b>City Manager</b>	<b>Daron Hall</b>
<b>City Attorney</b>	<b>Henry Menghini</b>
<b>City Clerk</b>	<b>Tammy Nagel</b>
<b>Director of Finance</b>	<b>Jamie Clarkson</b>
<b>Director of Human Resources</b>	<b>Megan Fry</b>
<b>Director of Innovations</b>	<b>Jay Byers</b>
<b>Director of Parks &amp; Recreation</b>	<b>Kim Vogel</b>
<b>Director of Planning &amp; Community Services</b>	<b>Troy Graham</b>
<b>Director of Public Utilities</b>	<b>John Bailey</b>
<b>Director of Public Works</b>	<b>Bill Beasley</b>
<b>Fire Chief</b>	<b>Mike Simons</b>
<b>Police Chief</b>	<b>Mendy Hulvey</b>

## ORGANIZATIONAL CHART







Government Finance Officers Association


**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Pittsburg  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**



Executive Director/CEO

## **FINANCIAL SECTION**



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor, City Manager  
and City Commissioners  
City of Pittsburg, Kansas:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pittsburg, Kansas (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, on January 1, 2013, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion on the financial statements is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 - 16 and the Schedule of Funding Progress on page 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and schedules, and single audit compliance schedules, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Berberich Trahan & Co., P.A.*

May 12, 2014  
Topeka, Kansas

## **Management's Discussion and Analysis**

As management of the City of Pittsburgh (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages I-V of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of 2013 by \$69,693,035. Of this amount, \$12,791,132 may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$298,536 compared to the prior fiscal year due to a change in accounting principle regarding deferred bond issuance costs.
- At the close of 2013, the City's general fund reports an ending fund balance of \$4,458,802 which is a decrease of \$16,904 compared with the prior fiscal year.
- The City's total debt decreased by \$3,865,515 (9.95%) during 2013.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. The City implemented Governmental Accounting Standards Board (GASB) statement numbers 61 and 65 for fiscal year ending December 31, 2013. GASB 61 had no effect on the City in 2013 while GASB 65 did (see second bullet point above under financial highlights). The objective of GASB 65 is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include general government, public safety, public works, sanitation and health, culture and recreation, industrial promotion and social welfare. The business-type activities of the City include water, wastewater and stormwater utilities.

The government-wide financial statements not only include the City itself (known as the primary government), but also a legally separate Library for which the City is financially accountable. Financial information presented for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 17-18 of this report.

### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Major fund information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, revolving loan fund, capital projects and the debt service fund. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19-29 of this report.

The City maintains two proprietary funds. These funds are presented as business-type activities in the government-wide financial statements. The City's proprietary funds are used to account for its Water/Wastewater operations and the Stormwater operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide information for the water and wastewater operation and the stormwater operation which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 30-33 of this report.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-74 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Pittsburg's progress in funding its obligation to provide post-employment benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to basic financial statements. These combining and individual funds statements can be found on pages 76-82 of this report.

## **Government-wide Financial Analysis**

### Net Position

#### **City of Pittsburg's Net Position**

	2012	2013	2012	2013	2012	2013
	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary
	Activities	Activities	Activities	Activities	Government	Government
Current and other assets	\$ 22,660,964	\$ 20,865,721	\$ 4,835,601	\$ 4,025,382	\$ 27,496,565	\$ 24,891,103
Capital assets	<u>45,296,100</u>	<u>44,889,051</u>	<u>45,771,941</u>	<u>46,028,640</u>	<u>91,068,041</u>	<u>90,917,691</u>
Total assets	<u>67,957,064</u>	<u>65,754,772</u>	<u>50,607,542</u>	<u>50,054,022</u>	<u>118,564,606</u>	<u>115,808,794</u>
Long-term liabilities outstanding	25,025,280	22,587,758	16,747,879	15,675,252	41,773,159	38,263,010
Other liabilities	<u>5,868,494</u>	<u>1,730,720</u>	<u>931,382</u>	<u>1,437,937</u>	<u>6,799,876</u>	<u>3,168,657</u>
Total liabilities	<u>30,893,774</u>	<u>24,318,478</u>	<u>17,679,261</u>	<u>17,113,189</u>	<u>48,573,035</u>	<u>41,431,667</u>
Total deferred inflow of resources:	<u>-</u>	<u>4,684,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,684,092</u>
Net position:						
Net investment in capital assets	21,432,517	23,765,245	29,302,925	29,959,386	50,735,442	53,724,631
Restricted	2,741,204	3,177,272	-	-	2,741,204	3,177,272
Unrestricted	<u>12,889,569</u>	<u>9,809,685</u>	<u>3,625,356</u>	<u>2,981,447</u>	<u>16,514,925</u>	<u>12,791,132</u>
Total net position	<u>\$ 37,063,290</u>	<u>\$ 36,752,202</u>	<u>\$ 32,928,281</u>	<u>\$ 32,940,833</u>	<u>\$ 69,991,571</u>	<u>\$ 69,693,035</u>

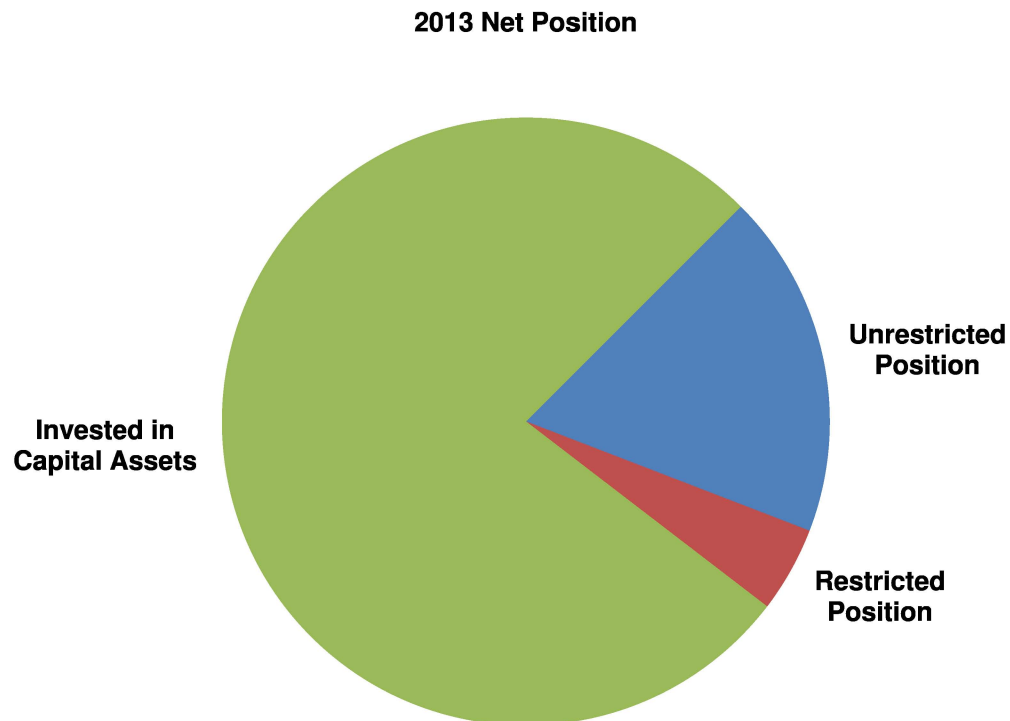


As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities and deferred inflows of resources by \$69,693,035 at the close of the 2013 fiscal year. By far the largest portion of the City's net position (77.09%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding.

The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion (4.56%) of the City's net position represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

The pie chart below reflects the composition of the primary government's net position.



## Governmental Activities

The table below shows the condensed revenues, expenses and the changes in net position.

City of Pittsburgh's Changes in Net Position						
	2012	2013	2012	2013	2012	2013
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Revenues:						
Program revenues						
Charges for services	\$ 3,275,878	\$ 3,106,469	\$ 8,472,049	\$ 8,296,033	\$ 11,747,927	\$ 11,402,502
Operating grants and contributions	2,543,607	2,456,994	-	-	2,543,607	2,456,994
Capital grants and contributions	152,815	656,148	-	72,927	152,815	729,075
General revenues:						
Taxes	13,876,293	14,341,720	-	-	13,876,293	14,341,720
Other	15,791	10,476	1,990	1,157	17,781	11,633
Total revenues	<u>19,864,384</u>	<u>20,571,807</u>	<u>8,474,039</u>	<u>8,370,117</u>	<u>28,338,423</u>	<u>28,941,924</u>
Expenses:						
General government	3,491,546	3,667,028	-	-	3,491,546	3,667,028
Public safety	6,667,942	6,871,779	-	-	6,667,942	6,871,779
Public works	3,655,973	3,649,089	-	-	3,655,973	3,649,089
Sanitation and health	170,180	161,315	-	-	170,180	161,315
Culture and recreation	2,084,676	2,189,608	-	-	2,084,676	2,189,608
Industrial promotion	615,680	2,496,209	-	-	615,680	2,496,209
Economic development	36,187	137,119	-	-	36,187	137,119
Social welfare	1,506,020	1,620,300	-	-	1,506,020	1,620,300
Interest on long term debt	1,245,026	984,191	-	-	1,245,026	984,191
Water/wastewater utility	-	-	6,288,781	6,336,671	6,288,781	6,336,671
Stormwater utility	-	-	678,899	710,254	678,899	710,254
Total expenses	<u>19,473,230</u>	<u>21,776,638</u>	<u>6,967,680</u>	<u>7,046,925</u>	<u>26,440,910</u>	<u>28,823,563</u>
Increase (decrease) in net position before transfers	391,154	(1,204,831)	1,506,359	1,323,192	1,897,513	118,361
Transfers	<u>1,015,622</u>	<u>1,288,988</u>	<u>(1,015,622)</u>	<u>(1,288,988)</u>	-	-
Increase(decrease) in net position	1,406,776	84,157	490,737	34,204	1,897,513	118,361
Net position, beginning	35,656,514	37,063,290	32,437,544	32,928,281	68,094,058	69,991,571
Change in accounting principle	-	(395,245)	-	(21,652)	-	(416,897)
Net position, ending	<u>\$ 37,063,290</u>	<u>\$ 36,752,202</u>	<u>\$ 32,928,281</u>	<u>\$ 32,940,833</u>	<u>\$ 69,991,571</u>	<u>\$ 69,693,035</u>

The next section will provide a brief discussion and analysis of the City's revenue sources and costs for services.

Governmental activities comprised 71.08% of the total revenues generated by the City and 75.55% of the City's expenses. Compared to 2012, governmental activities charges for services decreased \$169,409 (-5.17%) and business-type activities charges for services decreased \$176,016 (-2.08%).

The 2013 decrease in governmental activity charges for services can be attributed to decreased municipal court fines and fees, decreased aquatic center attendance due to a cooler and damper summer and decreased golf course usage due to wintery fall weather. The decrease in business type activity charges for services can be attributed to a cooler and damper summer that resulted in less water consumption in 2013.

Capital grants and contributions increased by \$576,260 in 2013 compared to 2012. This increase was due to a Kansas Department of Transportation KLINK grant for the South Broadway resurfacing project, a Federal Aviation Administration grant for the airport runway lighting project, and Kansas Housing Resources Corporation grants for housing projects.

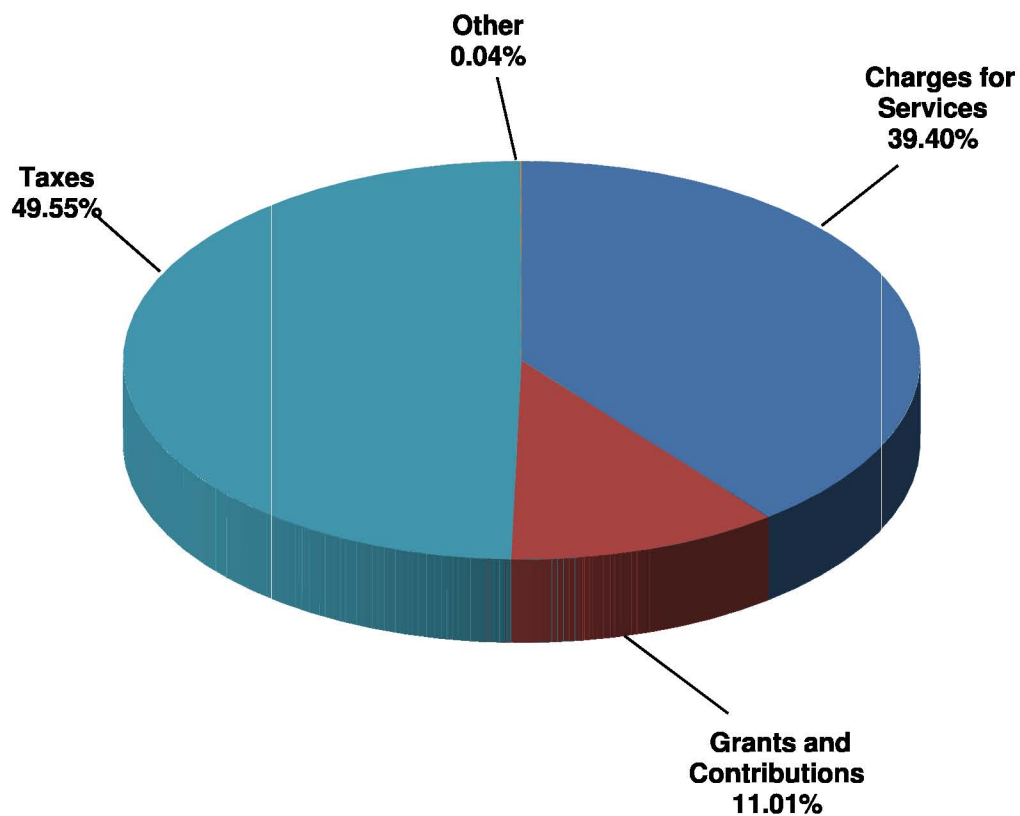
Comparing 2013 to 2012, governmental expense increased mainly due to industrial promotion with the City investing \$1.5 million in the new Pittsburg State University (PSU) Event Center and loan forgiveness to several local companies.

The business-type activities, while comprising the smaller percentages of revenues and expenses of the City, showed a decrease of \$183,167 in net position, before transfers. Overall the business-type net position recorded an increase of \$12,552 in 2013. This marginal gain can mainly be attributed to decreased water consumption in 2013.

There was a change in accounting principle in 2013 due to GASB statement number 65 which changed the City's deferred bond issuance costs to actual expense. This change amounted to a \$416,897 decrease to the 2013 primary government net position.

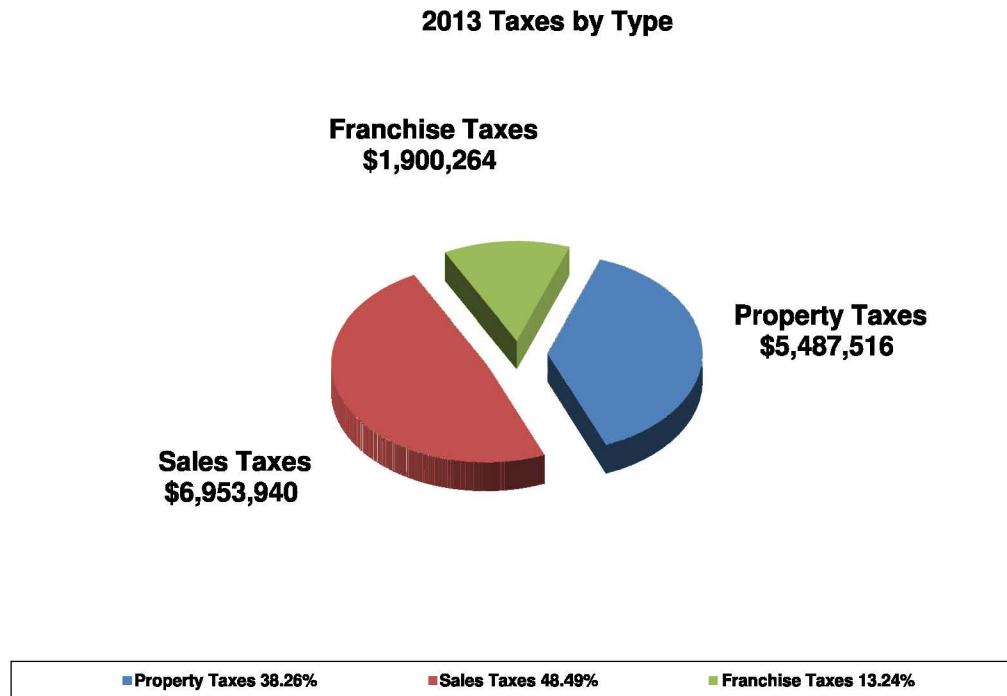
The following pie chart shows the composition of the 2013 primary government revenues.

### 2013 Revenues By Source

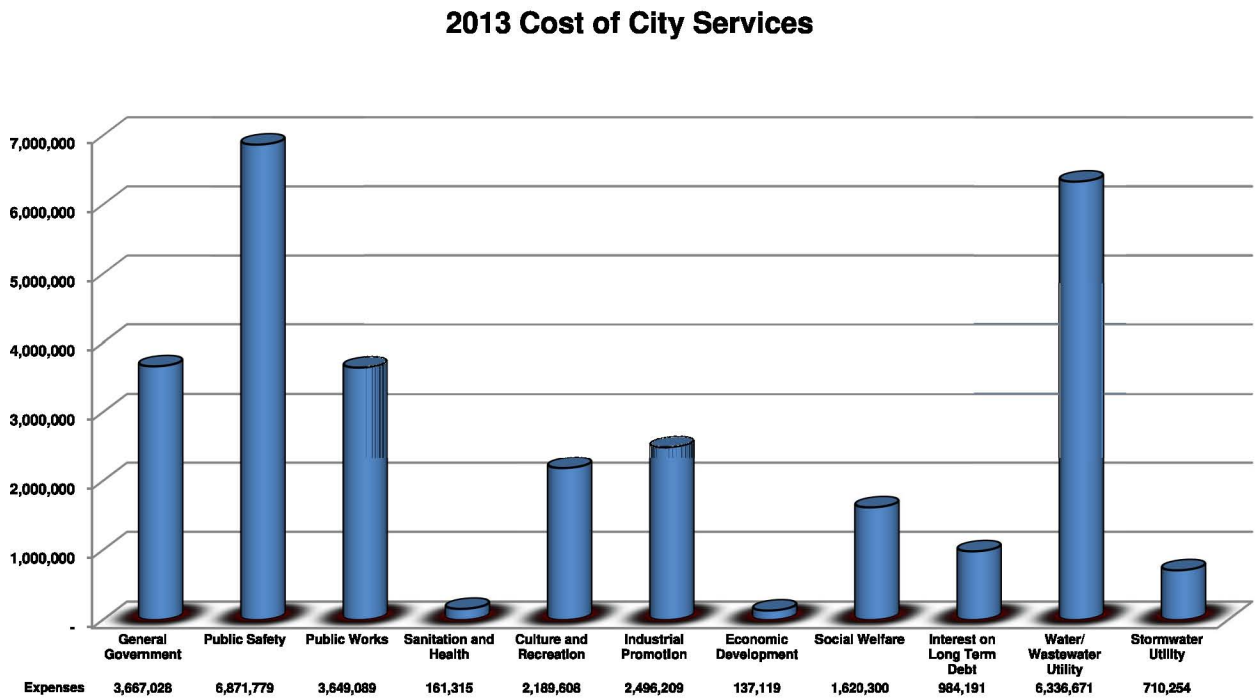


The components of the City's taxes are sales tax, property tax and franchise tax. As can be seen by the following chart, sales taxes comprised the largest portion of tax revenues for 2013. As mentioned in the transmittal letter, sales tax revenue, property tax revenue and franchise tax revenue all showed increases compared to 2012. Property valuations remained relatively flat with a slight decline compared to 2012.

The pie chart below depicts the City's tax revenues by source.



The following bar graph shows the composition of the 2013 primary government expenses.



The City's general government, public safety, public works and water/wastewater utility activities are the dominant expense categories. These four activities account for 71.21% of the total cost of City services for 2013. The total cost of services of the City's primary government for 2013 was \$28,823,563. This represents an increase of \$2,382,653 compared to 2012. The portion of these City services paid by the City's taxpayers was \$14,341,720. As mentioned previously the bulk of the 2013 increase in City services is attributed to industrial promotion.

The table below reflects the changes in the City's mill levy for the past two fiscal periods.

**City of Pittsburg's Mill Levy Rates**

	2011 Levy to support <u>2012 Budget</u>	2012 Levy To support <u>2013 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
General Fund	\$ 30.956	\$ 31.933	\$ 0.977	3.156 %
Debt Service Fund	9.015	7.991	(1.024)	(11.359)%
Component Unit	<u>5.645</u>	<u>5.654</u>	<u>0.009</u>	0.159 %
Total Mill Levy	<u>\$ 45.616</u>	<u>\$ 45.578</u>	<u>\$ (0.038)</u>	(0.083)%

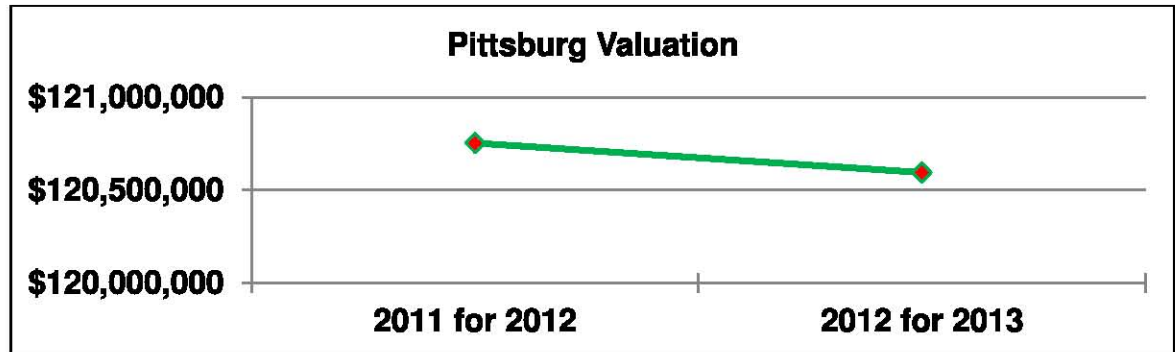
The City's mill rate changed very little due to City's management desire to keep the overall mill levy rate approximately the same as the prior fiscal year.

The table below reflects the changes in the City's assessed valuation for the past two fiscal periods.

**City of Pittsburg's Assessed Valuation**

	2011 Valuation To support <u>2012 Budget</u>	2012 Valuation To support <u>2013 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
Real Property	\$108,571,425	\$109,001,659	\$ 430,234	.40 %
Personal Property	6,400,824	5,865,032	(535,792)	(8.37) %
State Assessed	<u>5,781,437</u>	<u>5,728,538</u>	<u>(52,899)</u>	(.91) %
Total	<u>\$120,753,686</u>	<u>\$120,595,229</u>	<u>\$ (158,457)</u>	(.13) %

The change in assessed valuation reflects no overall increase in property values and various tax exemptions granted by the state and changes in state law regarding machinery and equipment.



## Analysis of the Fund Financial Statements

### Governmental Funds

The City's governmental funds ending fund balances decreased by a total of \$1,799,221 from the prior year, with the general fund decreasing by \$16,904.

Compared to 2012 the total governmental fund revenues before transfers increased \$712,321 while the total governmental fund expenditures before transfers increased \$3,752,689. The increase in revenue can mainly be attributed to taxes and intergovernmental revenues. The increase in expenditures is largely due to increased industrial promotion and the FCIP energy note being paid off in 2013. Before transfers, general fund revenues were up .94% and general fund expenditures were up 2.82% compared to 2012.

The capital projects fund balance recorded a decrease of \$381,022 which is due to 2013 project completions. The revolving loans recorded a decrease of \$1,176,187 again due to the PSU event center funding and loan forgiveness.

### Proprietary Funds

The water and wastewater utility fund had a decrease of \$679,268 in cash and cash equivalents for 2013. There was a decrease of \$821,822 in current assets and an increase in current liabilities of \$599,963 compared to 2012. These changes can be attributed to investment in capital assets, lower water consumption and an operating transfer to the stormwater utility fund in 2013.

The stormwater utility fund had an increase of \$32,415 in cash and cash equivalents for 2013. This represents an increase of 6.09% from fiscal year 2012; however the stormwater fund did receive an operating transfer of \$100,000 from the water and wastewater utility fund in 2013.

The combined utility operating income decreased by \$274,797 in 2013 which reflects a percentage decrease of 13.43%. For 2013 operating revenue decreased by \$176,016 while operating expense increased by \$98,781.

Major utility projects completed during 2013 are the new 12" water line on south Broadway from 2<sup>nd</sup> to Madison, the new 12" water line on Madison from Broadway to Joplin, the new 12" water line on south Elm from Cleveland to Quincy, the Lincoln Square sanitary sewer relocation, sanitary sewer manhole rehabilitation and the new Taylor branch sanitary sewer.

## General Fund Budgetary Highlights

The legally adopted budget for the Special Alcohol Fund, the Special Parks and Recreation Fund and the Debt Service Fund was amended by the City Commission during 2013. The following revenue and expenditure categories experienced significant differences between the budgeted amount and the actual amount. The explanation of the difference is also included.

CATEGORY	EXPLANATION
Fines and Fees	Municipal Court fines and fees were lower than expected due to police patrol staffing.
General government	The general government department is under budget due to lower than expected health claims expense and marginal expense to sales tax capital outlay reserve.
Public safety	Police and fire personnel costs are under budget due to not being at full staffing levels. The public safety sales tax reserve is under budget due to expense being incurred against the public safety sales tax reserve.
Culture & recreation	The JC ballpark reserve is under budget due to marginal expense being incurred. The golf course department is under budget due to lower than expected expense being incurred due to 2013 weather conditions.
Operating Reserve	The general fund reserve is under budget due to marginal expense being incurred.
Transfers in	Transfers in are over budget due to transferring additional funds from the water/wastewater utility fund to the general fund.
Transfers out	Transfers out are over budget due to transferring funds from the sales tax capital outlay fund into the airport runway lighting project to cover the City's local match towards the Federal Aviation Administration grant.

## Capital Asset and Debt Administration

### Capital Assets

The total investment in capital assets for the primary government at December 31, 2013 was \$90,917,691, net of accumulated depreciation. The capital assets decreased slightly by 0.17% from the 2012 total. The decrease in the governmental type activities can mainly be attributed to depreciation expense. The majority of the increase in the business type activities can be attributed to the new south Broadway and east Madison water lines, the Lincoln Square sanitary sewer relocation, the new Taylor Branch sanitary sewer and the manhole rehabilitation project.



The following table categorizes the City's capital asset balances by type of asset.

**City of Pittsburgh's Capital Assets  
(net of depreciation)**

	Governmental Activities		Business-Type Activities	
	2012	2013	2012	2013
Land	\$ 3,566,486	\$ 3,566,486	\$ 582,812	\$ 582,812
Buildings and improvements	23,703,121	22,733,764	20,563,806	20,131,375
Machinery and equipment	3,507,100	3,327,744	1,337,132	1,426,884
Infrastructure	14,109,689	14,584,995	22,853,801	23,710,222
Construction in progress	<u>409,704</u>	<u>676,062</u>	<u>434,390</u>	<u>177,347</u>
Total	<u>\$ 45,296,100</u>	<u>\$ 44,889,051</u>	<u>\$ 45,771,941</u>	<u>\$ 46,028,640</u>

For additional information on capital assets, please refer to note 8 in the notes to the basic financial statements on page 55.

**Debt Administration**

The following table reflects the City's outstanding long-term debt for the past two fiscal periods.

**City of Pittsburgh's Outstanding Debt  
(general obligation bonds and other debt)**

	Governmental Activities		Business-Type Activities	
	2012	2013	2012	2013
General Obligation Bonds	\$15,164,578	\$14,122,440	\$ 2,015,422	\$ 1,417,560
K.D.H.E. Construction Loans	-	-	14,048,337	13,531,466
Custom Energy Note Payable	1,393,644	-	-	-
Bond anticipation note payable	1,144,743	1,144,743	405,257	405,257
Tax Increment Bonds (TIF)	5,010,000	4,735,000	-	-
Transportation Development District Bonds (TDD)	<u>1,235,000</u>	<u>1,195,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$23,947,965</u>	<u>\$21,107,183</u>	<u>\$ 16,469,016</u>	<u>\$15,354,283</u>

The City finances capital projects in a variety of ways: bond anticipation notes, general obligation bonds, special revenue bonds, intergovernmental grants and loans. The City's general obligation bonds are rated A1 by Moody's Investors Service.

The City's outstanding general obligation bonds at December 31, 2013, totaled \$15,540,000; of this \$14,122,440 is considered direct tax supported debt. This direct tax supported outstanding general obligation bond balance represents a 6.87% decrease from the 2012 balance. New direct tax supported general obligation bond debt of \$1,420,000 was issued in 2013 while \$2,462,138 was retired in 2013. The Custom Energy Note Payable was paid off in 2013 with proceeds from the 2013 general obligation bond.

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30% of its equalized tangible valuation. The current limitation for the City is \$40,699,087 which is significantly higher than the general obligation bond outstanding debt.

Business-type activity bonded debt decreased by 29.66% from 2012. No new business-type activity bonded debt was issued in 2013 while \$597,862 was retired in 2013. The City's water/wastewater utility also has low interest loans through the Kansas Department of Health and Environment (KDHE) which are repaid 100% with utility revenues. The KDHE loans are for improvements at the wastewater plant, water treatment plant and collection systems. During 2013 the City incurred \$134,976 in new loan proceeds and repaid \$651,847 in loan principal.

The tax increment finance (TIF) bonds are for improvements to the northeast redevelopment district. These bonds are to be repaid with sales tax and property tax within the TIF district only. The transportation development district (TDD) bonds are for infrastructure improvements in the TIF district of the City. The TDD bonds are to be repaid with a special 3/10 percent sales tax in the TIF district only.

For additional information on outstanding debt, please refer to note 10 in the notes to basic financial statements on page 59.

### **Requests for Information**

This financial report is intended to give the reader a general overview of the City's finances. Questions about information contained in this report or requests for additional information should be directed to the Director of Finance or the Assistant Director of Finance, 201 W. 4<sup>th</sup> Street, Pittsburg, KS 66762.

**BASIC  
FINANCIAL STATEMENTS**

# CITY OF PITTSBURG, KANSAS

## STATEMENT OF NET POSITION

December 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Public Library
<b>Assets:</b>				
Cash and cash equivalents	\$ 10,209,673	\$ 2,633,133	\$ 12,842,806	\$ 384,663
Restricted cash	-	211,870	211,870	-
Receivables, net of allowance for uncollectibles:				
Taxes	6,257,794	-	6,257,794	665,670
Accounts	241,392	875,793	1,117,185	-
Intergovernmental	198,559	-	198,559	-
Other	-	19,523	19,523	-
Restricted investments	410,435	-	410,435	-
Leases receivable	663,485	-	663,485	-
Loans receivable	2,772,157	-	2,772,157	-
Inventories	53,794	257,319	311,113	-
Prepaid items	58,432	27,744	86,176	5,103
Capital assets, net of accumulated depreciation:				
Land	3,566,486	582,812	4,149,298	215,415
Construction in progress	676,062	177,347	853,409	-
Buildings and improvements	22,733,764	20,131,375	42,865,139	2,419,003
Machinery and equipment	3,327,744	1,426,884	4,754,628	61,053
Infrastructure	14,584,995	23,710,222	38,295,217	-
Total assets	<u>65,754,772</u>	<u>50,054,022</u>	<u>115,808,794</u>	<u>3,750,907</u>
<b>Liabilities:</b>				
Accounts payable and other current liabilities	844,853	343,444	1,188,297	23,779
Accrued interest payable	235,838	167,652	403,490	-
Bond anticipation note	650,029	714,971	1,365,000	-
Liabilities payable from restricted cash	-	211,870	211,870	-
Noncurrent liabilities:				
Due within one year	4,483,630	1,005,714	5,489,344	15,325
Due in more than one year	18,104,128	14,669,538	32,773,666	30,261
Total liabilities	<u>24,318,478</u>	<u>17,113,189</u>	<u>41,431,667</u>	<u>69,365</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>4,684,092</u>	<u>-</u>	<u>4,684,092</u>	<u>665,670</u>
<b>Net position:</b>				
Net investment in capital assets	23,765,245	29,959,386	53,724,631	2,695,471
Restricted for:				
Debt service	1,300,472	-	1,300,472	-
Housing	938,659	-	938,659	-
Street and highway	715,439	-	715,439	-
Other purposes	222,702	-	222,702	5,103
Unrestricted	9,809,685	2,981,447	12,791,132	315,298
Total net position	<u>\$ 36,752,202</u>	<u>\$ 32,940,833</u>	<u>\$ 69,693,035</u>	<u>\$ 3,015,872</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2013

					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Program Revenues			Primary Government			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Unit  Public Library
Primary government:								
Governmental activities:								
General government	\$ 3,667,028	\$ 1,178,192	\$ 82,853	\$ -	\$ (2,405,983)	\$ -	\$ (2,405,983)	\$ -
Public safety - police	3,708,121	-	122,388	-	(3,585,733)	-	(3,585,733)	-
Public safety - fire	2,559,665	-	-	-	(2,559,665)	-	(2,559,665)	-
Public safety - other	603,993	3,556	-	-	(600,437)	-	(600,437)	-
Public works	3,649,089	966,929	671,014	655,148	(1,355,998)	-	(1,355,998)	-
Sanitation and health	161,315	27,400	80,661	1,000	(52,254)	-	(52,254)	-
Culture and recreation	2,189,608	536,456	82,027	-	(1,571,125)	-	(1,571,125)	-
Industrial promotion	2,496,209	390,500	-	-	(2,105,709)	-	(2,105,709)	-
Economic development	137,119	-	-	-	(137,119)	-	(137,119)	-
Social welfare	1,620,300	3,436	1,418,051	-	(198,813)	-	(198,813)	-
Interest on long-term debt	984,191	-	-	-	(984,191)	-	(984,191)	-
Total governmental activities	21,776,638	3,106,469	2,456,994	656,148	(15,557,027)	-	(15,557,027)	-
Business-type activities:								
Water/wastewater	6,336,671	7,513,502	-	69,579	-	1,246,410	1,246,410	-
Stormwater	710,254	782,531	-	3,348	-	75,625	75,625	-
Total business-type activities	7,046,925	8,296,033	-	72,927	-	1,322,035	1,322,035	-
Total primary government	\$ 28,823,563	\$ 11,402,502	\$ 2,456,994	\$ 729,075	(15,557,027)	1,322,035	(14,234,992)	-
Component unit:								
Public library	\$ 942,541	\$ 13,247	\$ 100,932	\$ -	-	-	-	(828,362)
General revenues:								
Property taxes					5,487,516	-	5,487,516	737,275
Sales taxes					6,953,940	-	6,953,940	-
Franchise taxes					1,900,264	-	1,900,264	-
Unrestricted investment earnings					10,476	1,157	11,633	199
Transfers					1,288,988	(1,288,988)	-	-
Total general revenues and transfers					15,641,184	(1,287,831)	14,353,353	737,474
Change in net position					84,157	34,204	118,361	(90,888)
Net position, beginning, as previously stated					37,063,290	32,928,281	69,991,571	3,106,760
Change in accounting principle					(395,245)	(21,652)	(416,897)	-
Net position, beginning, as restated					36,668,045	32,906,629	69,574,674	3,106,760
Net position, ending					\$ 36,752,202	\$ 32,940,833	\$ 69,693,035	\$ 3,015,872

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2013

	General	Revolving Loans
<b>Assets:</b>		
Cash and cash equivalents	\$ 3,819,126	\$ 2,825,365
Receivables (net of allowance for uncollectibles):		
Taxes	4,787,486	151,621
Accounts	80,990	11,333
Intergovernmental	10,603	-
Restricted investments	-	-
Leases receivable	-	663,485
Loans receivable	-	2,525,301
Inventories	53,794	-
Prepaid items	50,384	1,951
<b>Total assets</b>	<b>\$ 8,802,383</b>	<b>\$ 6,179,056</b>
<b>Liabilities:</b>		
Accounts payable	\$ 49,121	\$ 15,122
Accrued payroll	325,010	-
Accrued self-insurance claims	125,000	-
Bond anticipation note payable	-	-
Other	98,748	-
<b>Total liabilities</b>	<b>597,879</b>	<b>15,122</b>
<b>Deferred inflows of resources:</b>		
Unavailable revenue - property taxes	3,745,702	-
Unavailable revenue - special assessments	-	-
Unavailable revenue - other	-	497,942
<b>Total deferred inflows of resources</b>	<b>3,745,702</b>	<b>497,942</b>
<b>Fund balances:</b>		
Nonspendable:		
Not in spendable form	104,178	1,951
Restricted:		
Debt service	-	-
Capital projects	-	-
Housing	-	-
Other	-	-
Assigned	31,050	5,664,041
Unassigned	4,323,574	-
<b>Total fund balances</b>	<b>4,458,802</b>	<b>5,665,992</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,802,383</b>	<b>\$ 6,179,056</b>

See accompanying notes to basic financial statements.

Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,369,169	\$ 908,052	\$ 1,287,961	\$ 10,209,673
-	1,156,209	162,478	6,257,794
121,942	-	27,127	241,392
34,720	-	153,236	198,559
-	410,435	-	410,435
-	-	-	663,485
-	-	246,856	2,772,157
-	-	-	53,794
-	-	6,097	58,432
<u>\$ 1,525,831</u>	<u>\$ 2,474,696</u>	<u>\$ 1,883,755</u>	<u>\$ 20,865,721</u>
\$ 89,819	\$ -	\$ 118,204	\$ 272,266
-	-	23,829	348,839
-	-	-	125,000
650,029	-	-	650,029
-	-	-	98,748
<u>739,848</u>	<u>-</u>	<u>142,033</u>	<u>1,494,882</u>
-	938,390	-	4,684,092
-	162,595	-	162,595
-	-	-	497,942
<u>-</u>	<u>1,100,985</u>	<u>-</u>	<u>5,344,629</u>
-	-	6,097	112,226
-	1,373,711	-	1,373,711
780,983	-	740,553	1,521,536
-	-	938,659	938,659
-	-	56,413	56,413
5,000	-	-	5,700,091
-	-	-	4,323,574
<u>785,983</u>	<u>1,373,711</u>	<u>1,741,722</u>	<u>14,026,210</u>
<u>\$ 1,525,831</u>	<u>\$ 2,474,696</u>	<u>\$ 1,883,755</u>	<u>\$ 20,865,721</u>

**CITY OF PITTSBURG, KANSAS**

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION**

December 31, 2013

Total fund balance in Governmental Fund Balance Sheet	\$ 14,026,210
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,889,051
Other long-term assets are not available to pay for current-period and, therefore, are reported as unavailable revenue in the funds.	660,537
A long-term liability is recorded for the unfunded portion of post employment benefits other than pensions, while in the governmental funds liabilities that do not require satisfaction with current resources are not recorded.	(766,267)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(22,057,329)</u>
Net position of governmental activities	<u><u>\$ 36,752,202</u></u>

See accompanying notes to basic financial statements.



CITY OF PITTSBURG, KANSAS

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

Year Ended December 31, 2013

	General	Revolving Loans
Revenues:		
Taxes:		
Property	\$ 4,148,941	\$ -
Sales	4,746,051	865,853
Franchise	1,900,264	-
Licenses and permits	177,002	-
Intergovernmental	209,213	-
Charges for services	1,975,714	-
Fines and fees	395,412	-
Special assessments	-	-
Investment earnings	2,596	6,619
Lease income	-	477,201
Miscellaneous	98,100	11,024
Total revenues	<u>13,653,293</u>	<u>1,360,697</u>
Expenditures:		
Current:		
General government	3,232,327	-
Public safety - police	3,314,609	-
Public safety - fire	2,276,617	-
Public safety - other	582,626	-
Public works	1,034,058	-
Sanitation and health	89,092	-
Economic development	-	-
Culture and recreation	1,748,883	-
Industrial promotion	-	2,273,568
Social welfare	-	4,583
Debt service:		
Principal	-	-
Interest	-	-
Debt issuance costs	-	-
Capital outlay	483,413	222,642
Total expenditures	<u>12,761,625</u>	<u>2,500,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>891,668</u>	<u>(1,140,096)</u>
Other financing sources (uses):		
General obligation bonds issued	-	-
Transfers in	1,348,077	-
Transfers out	(2,256,649)	(36,091)
Total other financing sources (uses)	<u>(908,572)</u>	<u>(36,091)</u>
Net change in fund balances	<u>(16,904)</u>	<u>(1,176,187)</u>
Fund balances, beginning	<u>4,475,706</u>	<u>6,842,179</u>
Fund balances, ending	<u>\$ 4,458,802</u>	<u>\$ 5,665,992</u>

See accompanying notes to basic financial statements.

Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,338,575	\$ -	\$ 5,487,516
-	397,874	944,162	6,953,940
-	-	-	1,900,264
-	-	-	177,002
345,061	-	2,398,522	2,952,796
-	-	-	1,975,714
-	-	-	395,412
-	79,853	-	79,853
605	(4,003)	4,659	10,476
-	-	-	477,201
206,064	3,226	15,546	333,960
551,730	1,815,525	3,362,889	20,744,134
-	-	-	3,232,327
-	-	-	3,314,609
-	-	-	2,276,617
-	-	-	582,626
95	-	1,168,818	2,202,971
-	-	68,534	157,626
-	-	100,932	100,932
-	-	-	1,748,883
-	-	-	2,273,568
-	-	1,442,733	1,447,316
-	4,170,782	-	4,170,782
6,975	922,912	-	929,887
23,502	45,031	-	68,533
952,533	-	1,092,756	2,751,344
983,105	5,138,725	3,873,773	25,258,021
(431,375)	(3,323,200)	(510,884)	(4,513,887)
-	1,420,000	-	1,420,000
50,353	1,828,702	525,000	3,752,132
-	-	(164,726)	(2,457,466)
50,353	3,248,702	360,274	2,714,666
(381,022)	(74,498)	(150,610)	(1,799,221)
1,167,005	1,448,209	1,892,332	15,825,431
\$ 785,983	\$ 1,373,711	\$ 1,741,722	\$ 14,026,210

CITY OF PITTSBURG, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

Amounts reported for governmental activities in the statement of activities  
are different because:

Net change in fund balances - total governmental funds	\$ (1,799,221)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(407,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(172,327)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,750,782
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(288,024)</u>
Change in net position of governmental activities	<u>\$ 84,157</u>

See accompanying notes to basic financial statements.

**CITY OF PITTSBURG, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL**

**Year Ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 12,992,719	\$ 12,992,719	\$ 12,972,125	\$ (20,594)
Intergovernmental	235,849	235,849	219,188	(16,661)
Licenses and permits	164,000	164,000	177,002	13,002
Charges for services	4,164,337	4,164,337	4,128,789	(35,548)
Fines and fees	552,000	552,000	395,412	(156,588)
Investment income	5,000	5,000	2,596	(2,404)
Miscellaneous	121,906	121,906	97,755	(24,151)
<b>Total revenues</b>	<b>18,235,811</b>	<b>18,235,811</b>	<b>17,992,867</b>	<b>(242,944)</b>
<b>Expenditures:</b>				
<b>General government:</b>				
<b>General administration:</b>				
Personnel services	675,344	675,344	648,438	26,906
Contractual services	183,258	183,258	154,194	29,064
Commodities	23,000	23,000	30,067	(7,067)
<b>Total general administration expenditures</b>	<b>881,602</b>	<b>881,602</b>	<b>832,699</b>	<b>48,903</b>
<b>Group hospitalization:</b>				
Claims paid	2,293,532	2,293,532	2,135,696	157,836
<b>Human resources:</b>				
Personnel services	144,051	144,051	147,380	(3,329)
Contractual services	30,604	30,604	66,724	(36,120)
Commodities	14,000	14,000	12,599	1,401
<b>Total human resources expenditures</b>	<b>188,655</b>	<b>188,655</b>	<b>226,703</b>	<b>(38,048)</b>
<b>Information systems:</b>				
Personnel services	244,010	244,010	241,865	2,145
Contractual services	153,000	153,000	157,910	(4,910)
Commodities services	77,000	77,000	106,676	(29,676)
Capital outlay	35,990	35,990	22,929	13,061
<b>Total information systems expenditures</b>	<b>\$ 510,000</b>	<b>\$ 510,000</b>	<b>\$ 529,380</b>	<b>\$ (19,380)</b>

(Continued)

**CITY OF PITTSBURG, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
(Continued)**

**Year Ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Facility maintenance:				
Personnel services	\$ 144,300	\$ 144,300	\$ 144,085	\$ 215
Contractual services	2,498	2,498	2,332	166
Commodities	80,202	80,202	82,220	(2,018)
	<hr/>	<hr/>	<hr/>	<hr/>
Total facility maintenance expenditures	227,000	227,000	228,637	(1,637)
	<hr/>	<hr/>	<hr/>	<hr/>
Municipal court:				
Personnel services	232,837	232,837	279,150	(46,313)
Contractual services	46,003	46,003	41,591	4,412
Commodities	12,200	12,200	10,695	1,505
	<hr/>	<hr/>	<hr/>	<hr/>
Total municipal court expenditures	291,040	291,040	331,436	(40,396)
	<hr/>	<hr/>	<hr/>	<hr/>
Sales tax capital outlay:				
Capital outlay	428,300	428,300	358,936	69,364
Reserve	205,605	205,605	3,772	201,833
	<hr/>	<hr/>	<hr/>	<hr/>
Total sales tax capital outlay expenditures	633,905	633,905	362,708	271,197
	<hr/>	<hr/>	<hr/>	<hr/>
Total general government expenditures	5,025,734	5,025,734	4,647,259	378,475
	<hr/>	<hr/>	<hr/>	<hr/>
Public safety:				
Police department:				
Personnel services	3,295,029	3,295,029	3,151,142	143,887
Contractual services	417,081	417,081	422,003	(4,922)
Commodities	198,500	198,500	220,413	(21,913)
	<hr/>	<hr/>	<hr/>	<hr/>
Total police department expenditures	3,910,610	3,910,610	3,793,558	117,052
	<hr/>	<hr/>	<hr/>	<hr/>
Fire department:				
Personnel services	2,376,035	2,376,035	2,295,037	80,998
Contractual services	214,169	214,169	167,536	46,633
Commodities	82,500	82,500	104,385	(21,885)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fire department expenditures	\$ 2,672,704	\$ 2,672,704	\$ 2,566,958	\$ 105,746
	<hr/>	<hr/>	<hr/>	<hr/>

(Continued)

**CITY OF PITTSBURG, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
(Continued)**

**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Public safety - other:				
Building services:				
Personnel services	\$ 480,778	\$ 480,778	\$ 486,237	\$ (5,459)
Contractual services	69,569	69,569	64,075	5,494
Commodities	20,000	20,000	17,338	2,662
Total building services expenditures	<u>570,347</u>	<u>570,347</u>	<u>567,650</u>	<u>2,697</u>
Animal control:				
Personnel services	86,796	86,796	72,554	14,242
Contractual services	23,126	23,126	18,728	4,398
Commodities	15,623	15,623	18,353	(2,730)
Total animal control expenditures	<u>125,545</u>	<u>125,545</u>	<u>109,635</u>	<u>15,910</u>
Public safety sales tax:				
Reserve	1,987,660	1,987,660	-	1,987,660
Total public safety - other	<u>2,683,552</u>	<u>2,683,552</u>	<u>677,285</u>	<u>2,006,267</u>
Total public safety expenditures	<u>9,266,866</u>	<u>9,266,866</u>	<u>7,037,801</u>	<u>2,229,065</u>
Public works:				
Engineering department:				
Personnel services	141,219	141,219	141,142	77
Contractual services	28,851	28,851	24,965	3,886
Commodities	16,000	16,000	12,275	3,725
Total engineering department expenditures	<u>186,070</u>	<u>186,070</u>	<u>178,382</u>	<u>7,688</u>
Atkinson Airport:				
Personnel services	163,616	163,616	149,237	14,379
Contractual services	63,316	63,316	61,742	1,574
Commodities	709,229	709,229	714,789	(5,560)
Total Atkinson Airport expenditures	<u>936,161</u>	<u>936,161</u>	<u>925,768</u>	<u>10,393</u>
Total public works expenditures	<u>\$ 1,122,231</u>	<u>\$ 1,122,231</u>	<u>\$ 1,104,150</u>	<u>\$ 18,081</u>

(Continued)

**CITY OF PITTSBURG, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL**

(Continued)

Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Sanitation and health:				
Mt. Olive Cemetery:				
Personnel services	\$ 69,447	\$ 69,447	\$ 68,406	\$ 1,041
Contractual services	17,342	17,342	17,722	(380)
Commodities	16,700	16,700	16,447	253
	<hr/>	<hr/>	<hr/>	<hr/>
Total sanitation and health expenditures	103,489	103,489	102,575	914
	<hr/>	<hr/>	<hr/>	<hr/>
Culture and recreation:				
Parks and recreation department:				
Personnel services	657,044	657,044	635,345	21,699
Contractual services	136,948	136,948	131,817	5,131
Commodities	135,571	135,571	130,037	5,534
Capital outlay	-	-	10,000	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total parks and recreation department expenditures	929,563	929,563	907,199	22,364
	<hr/>	<hr/>	<hr/>	<hr/>
Aquatic center:				
Personnel services	90,682	90,682	82,763	7,919
Contractual services	33,183	33,183	32,774	409
Commodities	60,623	60,623	47,211	13,412
	<hr/>	<hr/>	<hr/>	<hr/>
Total aquatic center expenditures	184,488	184,488	162,748	21,740
	<hr/>	<hr/>	<hr/>	<hr/>
JC ballpark turf reserve:				
Capital outlay	80,613	80,613	575	80,038
	<hr/>	<hr/>	<hr/>	<hr/>
Total JC ballpark turf reserve expenditures	80,613	80,613	575	80,038
	<hr/>	<hr/>	<hr/>	<hr/>
Four Oaks Complex:				
Personnel services	217,559	217,559	198,140	19,419
Contractual services	81,293	81,293	79,266	2,027
Commodities	81,133	81,133	69,820	11,313
	<hr/>	<hr/>	<hr/>	<hr/>
Total Four Oaks Complex expenditures	\$ 379,985	\$ 379,985	\$ 347,226	\$ 32,759
	<hr/>	<hr/>	<hr/>	<hr/>

(Continued)

**CITY OF PITTSBURG, KANSAS**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
(Continued)**

**Year Ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Memorial Auditorium and Convention Center:</b>				
Personnel services	\$ 320,945	\$ 320,945	\$ 337,242	\$ (16,297)
Contractual services	144,273	144,273	138,860	5,413
Commodities	54,250	54,250	48,991	5,259
Operating reserve	13,702	13,702	-	13,702
Capital outlay	-	-	2,700	(2,700)
<b>Total Memorial Auditorium and Convention Center</b>	<b>533,170</b>	<b>533,170</b>	<b>527,793</b>	<b>5,377</b>
<b>Total culture and recreation expenditures</b>	<b>2,107,819</b>	<b>2,107,819</b>	<b>1,945,541</b>	<b>162,278</b>
<b>Operating reserve</b>	<b>618,964</b>	<b>618,964</b>	<b>6,694</b>	<b>612,270</b>
<b>Total expenditures</b>	<b>18,245,103</b>	<b>18,245,103</b>	<b>14,844,020</b>	<b>3,401,083</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(9,292)</b>	<b>(9,292)</b>	<b>3,148,847</b>	<b>3,158,139</b>
<b>Other financing sources (uses):</b>				
Transfers in	1,000,625	1,000,625	1,348,077	347,452
Transfers out	(4,374,881)	(4,374,881)	(4,446,921)	(72,040)
<b>Total other financing sources (uses)</b>	<b>(3,374,256)</b>	<b>(3,374,256)</b>	<b>(3,098,844)</b>	<b>275,412</b>
<b>Net change in fund balances</b>	<b>(3,383,548)</b>	<b>(3,383,548)</b>	<b>50,003</b>	<b>3,433,551</b>
<b>Fund balance, beginning</b>	<b>3,383,548</b>	<b>3,383,548</b>	<b>3,663,074</b>	<b>279,526</b>
<b>Fund balance, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,713,077</b>	<b>\$ 3,713,077</b>

See accompanying notes to basic financial statements.



CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2013

	Water/Wastewater	Stormwater	Total
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 2,068,168	\$ 564,965	\$ 2,633,133
Restricted cash - customer deposits	211,870	-	211,870
Accounts receivable (net of allowance for uncollectibles)	849,127	26,666	875,793
Other receivable	19,523	-	19,523
Inventories	257,319	-	257,319
Prepaid items	25,419	2,325	27,744
Total current assets	<u>3,431,426</u>	<u>593,956</u>	<u>4,025,382</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land	474,742	108,070	582,812
Buildings and improvements	29,318,667	463,149	29,781,816
Machinery and equipment	3,783,779	368,576	4,152,355
Construction in progress	177,347	-	177,347
Infrastructure	32,290,595	4,521,000	36,811,595
Less accumulated depreciation	(24,456,408)	(1,020,877)	(25,477,285)
Total noncurrent assets	<u>41,588,722</u>	<u>4,439,918</u>	<u>46,028,640</u>
Total assets	<u>45,020,148</u>	<u>5,033,874</u>	<u>50,054,022</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	144,835	1,282	146,117
Retainage payable	113,979	-	113,979
Accrued payroll	71,189	12,159	83,348
Accrued interest payable	153,858	13,794	167,652
Accrued compensated absences - current	90,044	11,742	101,786
Customer deposits payable	211,870	-	211,870
Bond anticipation note payable	1,120,228	-	1,120,228
General obligation bonds - current	65,390	244,172	309,562
Construction loan payable - current	189,109	-	189,109
Total current liabilities	<u>2,160,502</u>	<u>283,149</u>	<u>2,443,651</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences	72,416	8,635	81,051
General obligation bonds payable (net of unamortized discounts)	317,650	790,348	1,107,998
Construction loan payable	13,342,357	-	13,342,357
Other postemployment benefit obligation	117,748	20,384	138,132
Total noncurrent liabilities	<u>13,850,171</u>	<u>819,367</u>	<u>14,669,538</u>
Total liabilities	<u>16,010,673</u>	<u>1,102,516</u>	<u>17,113,189</u>
<b>Net position:</b>			
Net investment in capital assets	26,553,988	3,405,398	29,959,386
Unrestricted	2,455,487	525,960	2,981,447
Total net position	<u>\$ 29,009,475</u>	<u>\$ 3,931,358</u>	<u>\$ 32,940,833</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended December 31, 2013

	<u>Water/Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:			
Charges for sales and services:			
Water charges	\$ 3,820,851	\$ -	\$ 3,820,851
Wastewater charges	3,392,571	-	3,392,571
Stormwater charges	-	772,839	772,839
Other charges	300,080	9,692	309,772
Total operating revenues	<u>7,513,502</u>	<u>782,531</u>	<u>8,296,033</u>
Operating expenses:			
Costs of sales and services	2,241,957	161,439	2,403,396
Administration	2,127,551	367,353	2,494,904
Depreciation	1,492,292	133,827	1,626,119
Total operating expenses	<u>5,861,800</u>	<u>662,619</u>	<u>6,524,419</u>
Operating income	<u>1,651,702</u>	<u>119,912</u>	<u>1,771,614</u>
Nonoperating revenues (expenses):			
Capital contributions	75,257	3,348	78,605
Interest revenue	1,045	112	1,157
Interest expense	(474,871)	(47,635)	(522,506)
Total nonoperating revenues (expenses)	<u>(398,569)</u>	<u>(44,175)</u>	<u>(442,744)</u>
Income before transfers	1,253,133	75,737	1,328,870
Transfers in	-	100,000	100,000
Transfers out	<u>(1,368,342)</u>	<u>(26,324)</u>	<u>(1,394,666)</u>
Change in net position	<u>(115,209)</u>	<u>149,413</u>	<u>34,204</u>
Total net position, beginning, as previously stated	29,130,869	3,797,412	32,928,281
Change in accounting principle	<u>(6,185)</u>	<u>(15,467)</u>	<u>(21,652)</u>
Total net position, beginning, as restated	<u>29,124,684</u>	<u>3,781,945</u>	<u>32,906,629</u>
Total net position, ending	<u>\$ 29,009,475</u>	<u>\$ 3,931,358</u>	<u>\$ 32,940,833</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended December 31, 2013

	<u>Water/Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 7,692,975	\$ 782,932	\$ 8,475,907
Payments to suppliers	(2,471,707)	(166,784)	(2,638,491)
Payments to employees	(2,092,919)	(359,879)	(2,452,798)
Net cash provided by operating activities	<u>3,128,349</u>	<u>256,269</u>	<u>3,384,618</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	100,000	100,000
Transfers to other funds	(1,368,342)	(26,324)	(1,394,666)
Net cash provided by (used in) noncapital financing activities	<u>(1,368,342)</u>	<u>73,676</u>	<u>(1,294,666)</u>
Cash flows from capital and related financing activities:			
Proceeds from capitalization grant/construction loan payable	134,976	-	134,976
Payments on capitalization grant/construction loan payable	(651,847)	-	(651,847)
Proceeds from bond anticipation note payable	714,971	-	714,971
Acquisition and construction of capital assets	(1,791,866)	(12,347)	(1,804,213)
Principal paid on capital debt	(363,329)	(234,533)	(597,862)
Interest paid on capital debt	(480,720)	(50,762)	(531,482)
Net cash used in capital and related financing activities	<u>(2,437,815)</u>	<u>(297,642)</u>	<u>(2,735,457)</u>
Cash flows from investing activities:			
Interest received	<u>1,045</u>	<u>112</u>	<u>1,157</u>
Net increase (decrease) in cash and cash equivalents	(676,763)	32,415	(644,348)
Cash and cash equivalents and restricted cash, beginning of year	<u>2,956,801</u>	<u>532,550</u>	<u>3,489,351</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 2,280,038</u>	<u>\$ 564,965</u>	<u>\$ 2,845,003</u>

(Continued)

**CITY OF PITTSBURG, KANSAS**

**STATEMENT OF CASH FLOWS**  
(Continued)

**PROPRIETARY FUNDS**

**Year Ended December 31, 2013**

	<u>Water/Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,651,702	\$ 119,912	\$ 1,771,614
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,492,292	133,827	1,626,119
Changes in assets and liabilities:			
Receivables, net	176,968	401	177,369
Inventories	(17,602)	-	(17,602)
Prepaid items	(14,307)	(1,241)	(15,548)
Accounts payable	(197,841)	(4,104)	(201,945)
Accrued compensated absences	2,210	1,920	4,130
Other postemployment benefits	32,422	5,554	37,976
Customer deposits	2,505	-	2,505
Net cash provided by operating activities	<u>\$ 3,128,349</u>	<u>\$ 256,269</u>	<u>\$ 3,384,618</u>
Cash consists of:			
Cash and cash equivalents	\$ 2,068,168	\$ 564,965	\$ 2,633,133
Restricted cash	211,870	-	211,870
	<u>\$ 2,280,038</u>	<u>\$ 564,965</u>	<u>\$ 2,845,003</u>
Schedule of non-cash capital and related financing activities:			
Contributions of capital assets	<u>\$ 72,928</u>	<u>\$ -</u>	<u>\$ 72,928</u>
Contributions of capital assets from other governmental funds, net	<u>\$ 2,329</u>	<u>\$ 3,348</u>	<u>\$ 5,677</u>

See accompanying notes to basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

## CITY OF PITTSBURG, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2013

#### 1 - Summary of Significant Accounting Policies

##### Reporting Entity

The City of Pittsburg, Kansas (the City) is a municipal corporation governed by an elected five-member commission. The accompanying basic financial statements present the City (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

*Discretely Presented Component Unit.* The Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's operating budget is subject to the approval of the City Commission. The City must approve acquisition or disposition of real property by the Library, but the Library owns the capital assets. Bond issuances must also be approved by the City. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

##### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## CITY OF PITTSBURG, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes for which a 60-day availability period is used. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, cemetery, parks, recreation, and administration.

The revolving loans fund accounts for revolving loan proceeds involving various revenue sources including local sales tax proceeds utilized for industrial development purposes, revolving funds from rental rehabilitation grants, and revolving funds received from industrial development grants.

The capital projects fund accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

The water/wastewater fund accounts for the operation and maintenance activities of the City's water and wastewater collection and treatment systems.

The stormwater fund accounts for the operation and maintenance activities of the City's stormwater utility.



## CITY OF PITTSBURG, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1 - Summary of Significant Accounting Policies (Continued)

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/wastewater fund and the stormwater fund are charges to customers for sales and services. Operating expenses for the water/wastewater fund and the stormwater fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

##### Cash and Investments

In accordance with the City's formal investment policy adopted by the governing body, the City may form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled investments consist of operating accounts and nonnegotiable certificates of deposit that are recorded at cost because they are not affected by market rate changes. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2013, interest earnings allocated to the various funds were \$ 11,633.

CITY OF PITTSBURG, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

The investments consist of money market mutual funds, which are recorded at fair value.

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2013, cash equivalents consisted of certificates of deposit included in pooled cash described above.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records an allowance equal to 5% of the trade accounts receivable.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

General fund property taxes receivable	\$ 3,745,702
Revolving loans fund long-term portion of capital leases receivable	497,942
Debt service fund property taxes receivable	938,390
Debt service fund special assessments receivable	162,595
	<hr/>
	\$ 5,344,629
	<hr/>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Crawford County. The assessed value upon which the 2013 levy was based was approximately \$ 121,000,000.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2013 tax levy per \$ 1,000 of assessed valuation was as follows:

General Fund	\$ 31.933
Debt Service Fund	7.991
Component unit:	
Public Library	5.654
	<hr/>
	\$ 45.578
	<hr/>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

The State of Kansas requires the City to maintain customer utility deposits separate from City assets. Interest earned is credited back to customers as required by State statutes. Restricted investments are set aside for debt service payments and for required debt reserves.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight-line method over the following estimated useful lives.

Buildings and improvements	20 - 50 years
Office equipment	3 - 10 years
Machinery and equipment	3 - 10 years
Water and sewer treatment plants	50 years
Water and sewer mains	50 years
Infrastructure	15 - 100 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. Governmental activities report unavailable revenues only from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF PITTSBURG, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The City's net position is classified as follows:

Net investment in capital assets – This represents the City's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted net position – This includes resources that are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

The government-wide statement of net position reports \$ 3,177,272 of restricted net position, of which \$ 175,736 is restricted by enabling legislation. This enabling legislation authorized the collection of a sales tax from which the collection of these sales taxes is to be used for the explicit purpose of repaying the general obligation bonds for the construction of the City's public safety center.

Unrestricted net position – This includes resources derived from charges for services, property taxes, state appropriations and interest. The resources are used for transactions relating to the general operations of the City and may be used to meet current expenses in accordance with approved budgets.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2013, fund balances for governmental funds are made up of the following:

*Nonspendable fund balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to remain intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted fund balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed fund balance* – includes amounts that can only be used for specific purposes determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Commission. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (resolution).

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

*Assigned fund balance* – comprised of amounts intended to be used by the City for specific purposes that are neither restricted or committed. Intent is expressed by (1) the City Commission or (2) the City Manager to which the City Commission has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned fund balance* – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

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

Concentrations of Credit Risk

Loans are extended, on a fully secured basis, to local industries under the revolving economic development loan program. Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water and sewer fees and charges for services.

Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

Change in Accounting Principle

In previous years, debt issuance costs were classified as assets in the government-wide financial statements, the water/wastewater and the stormwater funds and amortized over the lives of the underlying debt issuances. With the implementation of GASB Statement No. 65 in 2013, debt issuance costs are to be recognized as an expense in the period incurred. The provisions of this statement are to be applied retroactively to the earliest period presented in the financial statements. The beginning net position of governmental activities, water/wastewater and stormwater funds have been restated by \$ 395,245, \$ 6,185 and \$ 15,467, respectively, to retroactively apply the provisions of this statement. There was no effect on current year revenues or expenses as a result of this adjustment.



CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2013, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, was issued in June 2012. The objective of this statement is to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and to enhance its value for assessing accountability and interperiod measure of pension expense. This statement enhances decision-usefulness and accountability through new note disclosures and required supplementary information. This statement also improves the consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions. Additionally, this statement improves the comparability of reported pension information through changes related to the attribution methods used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions. The provisions of this statement are effective for periods beginning after June 15, 2014.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ 22,057,329 difference are as follows:

Bonds payable	\$ (20,052,440)
Less: Issuance discount	73,377
Bond anticipation note payable	(1,144,743)
Accrued interest payable	(235,838)
Compensated absences	(697,685)
	<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (22,057,329)</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 407,053 difference are as follows:

Capital outlay	\$ 1,967,528
Depreciation expense	<u>(2,374,581)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (407,053)</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ 2,750,782 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (1,420,000)
Principal repayments:	
Bonds	2,777,138
Custom energy lease	<u>1,393,644</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,750,782</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this \$ 288,024 difference are as follows:

Compensated absences	\$ (91,590)
Other post employment benefits	(210,665)
Accrued interest	25,236
Amortization of bond discounts	<u>(11,005)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (288,024)</u>

3 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. The City has legally adopted annual budgets for the general fund, the debt service fund, the street and highway fund, the special alcohol and drug fund, the special parks and recreation fund, and the Section 8 fund. Budgets were not prepared for the Community Development Block Grant fund, the capital projects fund, the Home Grant fund, the KHRC Moderate Income Housing fund, the PHA/Presbyterian Church Housing fund and the revolving loans fund. All budgets are prepared utilizing the cash basis further modified by the encumbrance method of accounting - that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

The statutes provide for the following sequence and timetable in adoption of budgets:

- a. Preparation of proposed budget for the succeeding calendar year on or before August 1 of each year.
- b. Publication of proposed budget on or before August 5 of each year.
- c. A minimum of ten days' notice of public hearing, published in a local newspaper, on or before August 15 of each year.
- d. Public hearing on or before August 15 of each year.
- e. Adoption of final budget on or before August 25 of each year.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. City policy further limits the level of budgetary changes not requiring City Commission approval to the department level within an individual fund. Any change in level of appropriation beyond the departmental level in an individual fund requires action by the City Commission. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time. There were three budget amendments during 2013. Special alcohol fund budgeted expenditures increased from \$ 76,225 to \$ 124,947, special parks and recreation fund budgeted expenditures increased from \$ 75,625 to \$ 109,836, and debt service fund budgeted expenditures increased from \$ 6,329,535 to \$ 7,782,587.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

4 - Budgetary Basis of Accounting

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual is presented in accordance with the budget basis to provide a meaningful comparison of actual results with the budget. The following reconciliation is presented to provide a correlation between the different bases of accounting for reporting in accordance with GAAP and for reporting on the budget basis.

	<u>General Fund</u>
Excess of revenue over expenditures, GAAP basis	\$ 891,668
Add:	
Sales tax transfers	2,210,376
Change in inventories	17,880
Change in salaries payable	36,817
Change in grants receivable	6,166
Change in encumbrances	64,879
Deduct:	
Change in payable	(16,763)
Change in prepaid items	(23,669)
Change in taxes receivable	(33,507)
Health claims payable	<u>(5,000)</u>
Excess of revenue over expenditures, budgetary basis	<u><u>\$ 3,148,847</u></u>

A Budget and Actual Statement was not prepared for the revolving loans fund because that fund is not required to have a legally adopted budget.

CITY OF PITTSBURG, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Deposits and Investments

Deposits

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is included in cash and cash equivalents on the balance sheet. At December 31, 2013, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

The carrying amount of deposits for the Library, a discretely presented component unit, was not exposed to custodial credit risk.

Investments

As of December 31, 2013, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	\$ 410,435	\$ 410,435	\$ -	\$ -	\$ -

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to fair value losses arising from increasing interest rates, the City has a formally adopted investment policy that limits investment maturities. The policy states that the City must attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not invest in securities maturing more than two years from the date of purchase.

CITY OF PITTSBURG, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Deposits and Investments (Continued)

Investments (Continued)

*Credit Risk*

Kansas statutes authorize the City and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. The City's investment policy authorizes the purchases of U.S. Treasury securities, certificates of deposit, and temporary notes. The Library held no investments at December 31, 2013.

The City's investments in money market mutual funds are rated Aaa by Moody's and AAA by Standard & Poor's.

*Concentrations of Credit Risk*

The City places no limit on the amount it may invest in any one issuer.

*Custodial Credit Risk-Investments*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2013, the City's investments were not exposed to custodial credit risk.



CITY OF PITTSBURG, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

5 - Deposits and Investments (Continued)

Investments (Continued)

At year end, the City's deposit and investments balances, including debt restricted accounts held by City agents, were as follows:

	Carrying Amount		
	City	Component Unit - Public Library	Total
Cash and cash equivalents	\$ 12,842,806	\$ 384,663	\$ 13,227,469
Restricted cash and cash equivalents	211,870	-	211,870
Restricted investments	410,435	-	410,435
	<u>\$ 13,465,111</u>	<u>\$ 384,663</u>	<u>\$ 13,849,774</u>

6 - Loans Receivable

Loans receivable, aggregating approximately \$ 2,772,000 at December 31, 2013, consist of economic development and rental rehabilitation low interest loans funded through the U.S. Department of Housing and Urban Development's Community Development Block Grant and Rental Rehabilitation Programs, the Presbyterian Church Fund Program and the City's Revolving Loans Fund.

7 - Leases

The City has lease agreements as lessor on City property for economic development purposes. These lease agreements qualify as capital leases and have therefore been recorded at the present value of their future minimum lease payments as of the inception date. At December 31, 2013 the lease receivable balance was \$ 663,485.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

7 - Leases (Continued)

Future minimum lease payments to be received are as follows:

2014	\$ 165,543
2015	134,881
2016	128,748
2017	61,200
2018	61,200
2019 - 2023	<u>178,500</u>
Total minimum lease payments	730,072
Less: amounts representing interest	<u>(66,587)</u>
Present value of minimum lease payments	<u><u>\$ 663,485</u></u>

Noncancellable operating revenue leases for City land and buildings expire in 2015, 2018 and 2027. The leases contain renewal options for periods ranging from five to ten years and require the lessees to pay all executory costs (property taxes, maintenance and insurance). For the year ended December 31, 2013 rental income related to these leases was \$ 191,248. Future minimum lease income is as follows:

2014	\$ 306,701
2015	264,986
2016	128,420
2017	128,420
2018	75,194
2019 - 2023	287,258
2024 - 2028	<u>100,540</u>
	<u><u>\$ 1,291,519</u></u>

The asset cost of the buildings the City leases is \$ 2,999,865, with accumulated depreciation of \$ 973,907 resulting in net carrying value of \$ 2,025,958 at December 31, 2013.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities:</b>					
Capital assets not being depreciated:					
Land	\$ 3,566,486	\$ -	\$ -	\$ -	\$ 3,566,486
Construction in progress	409,704	900,353	(633,995)	-	676,062
Total capital assets not being depreciated	3,976,190	900,353	(633,995)	-	4,242,548
Capital assets being depreciated:					
Buildings and improvements	38,214,166	84,012	-	-	38,298,178
Machinery and equipment	9,723,805	404,172	(359,437)	(6,659)	9,761,881
Infrastructure	27,264,956	1,243,050	-	-	28,508,006
Total capital assets being depreciated	75,202,927	1,731,234	(359,437)	(6,659)	76,568,065
Less accumulated depreciation for:					
Buildings and improvements	(14,511,045)	(1,053,369)	-	-	(15,564,414)
Machinery and equipment	(6,216,705)	(553,468)	335,054	982	(6,434,137)
Infrastructure	(13,155,267)	(767,744)	-	-	(13,923,011)
Total accumulated depreciation	(33,883,017)	(2,374,581)	335,054	982	(35,921,562)
Total capital assets being depreciated, net	41,319,910	(643,347)	(24,383)	(5,677)	40,646,503
Governmental activities capital assets, net	\$ 45,296,100	\$ 257,006	\$ (658,378)	\$ (5,677)	\$ 44,889,051

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets not being depreciated:					
Land	\$ 582,812	\$ -	\$ -	\$ -	\$ 582,812
Construction in progress	434,390	1,094,812	(1,351,855)	-	177,347
Total capital assets not being depreciated	1,017,202	1,094,812	(1,351,855)	-	760,159
Capital assets being depreciated:					
Buildings and improvements	29,572,229	209,587	-	-	29,781,816
Machinery and equipment	3,858,366	287,330	-	6,659	4,152,355
Infrastructure	35,174,328	1,637,267	-	-	36,811,595
Total capital assets being depreciated	68,604,923	2,134,184	-	6,659	70,745,766
Less accumulated depreciation for:					
Buildings and improvements	(9,008,423)	(642,018)	-	-	(9,650,441)
Machinery and equipment	(2,521,234)	(203,255)	-	(982)	(2,725,471)
Infrastructure	(12,320,527)	(780,846)	-	-	(13,101,373)
Total accumulated depreciation	(23,850,184)	(1,626,119)	-	(982)	(25,477,285)
Total capital assets being depreciated, net	44,754,739	508,065	-	5,677	45,268,481
Business-type activities capital assets, net	\$ 45,771,941	\$ 1,602,877	\$ (1,351,855)	\$ 5,677	\$ 46,028,640

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

8 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 168,248
Public safety - police	317,955
Public safety - fire	238,260
Public safety - other	15,304
Public works	1,224,882
Sanitation and health	1,062
Economic development	36,187
Culture and recreation	372,683

Total depreciation expense - governmental activities	<u>\$ 2,374,581</u>
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Business-type activities:

Water/wastewater	\$ 1,492,292
Stormwater	133,827

Total depreciation expense - business-type activities	<u>\$ 1,626,119</u>
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**CITY OF PITTSBURG, KANSAS**

**NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)**

**8 - Capital Assets (Continued)**

Capital asset activity for the Public Library component unit for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 215,415	\$ -	\$ -	\$ 215,415
Total capital assets not being depreciated	215,415	-	-	215,415
Capital assets being depreciated:				
Buildings and improvements	3,580,808	-	-	3,580,808
Machinery and equipment	162,045	4,731	-	166,776
Total capital assets being depreciated	3,742,853	4,731	-	3,747,584
Less accumulated depreciation for:				
Buildings and improvements	(1,076,475)	(85,330)	-	(1,161,805)
Machinery and equipment	(100,596)	(5,127)	-	(105,723)
Total accumulated depreciation	(1,177,071)	(90,457)	-	(1,267,528)
Total capital assets being depreciated, net	2,565,782	(85,726)	-	2,480,056
Public Library capital assets, net	<u>\$ 2,781,197</u>	<u>\$ (85,726)</u>	<u>\$ -</u>	<u>\$ 2,695,471</u>

**9 - Capital Projects**

The City is currently working on paving projects and performing various improvements. These projects are being funded primarily with federal grant monies and by the issuance of bonds.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

9 - Capital Projects (Continued)

Following is a summary of costs to December 31, 2013 for capital projects compared to the amount authorized:

	Costs to Date	Amount Authorized
General government:		
Sewer project	\$ 18,341	\$ 250,000
Airport runway lights	20,940	115,950
Road and bridge projects	732,722	7,943,174
	<u>\$ 772,003</u>	<u>\$ 8,309,124</u>
Business-type:		
Water/wastewater	<u>\$ 16,022,426</u>	<u>\$ 16,425,992</u>

10 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2013 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2013	Outstanding December 31, 2013
<b>General Obligation Bonds:</b>					
<b>Governmental activities:</b>					
Series 2003-A	3.30%	\$ 3,025,000	2013	\$ 170,000	\$ -
Series 2005-A	3.55 - 3.60%	1,460,000	2015	160,000	330,000
Series 2006-A	3.65 - 3.75%	545,000	2016	60,000	190,000
Series 2006-B	3.85 - 3.90%	1,140,000	2016	120,000	390,000
Series 2006-C	3.70 - 3.80%	2,000,000	2016	210,000	675,000
Series 2007-A	4.00%	1,285,000	2017	130,466	575,480
Series 2007-B	4.00%	13,000,000	2018	1,130,000	7,360,000
Series 2008-A	3.20 - 3.60%	2,950,380	2018	287,950	1,603,660
Series 2009-A	2.10 - 3.25%	1,265,000	2019	118,722	798,300
Series 2012-A	1.00 - 2.00%	855,000	2022	75,000	780,000
Series 2013-A	0.70 - 2.15%	1,420,000	2023	-	1,420,000
				<u>2,462,138</u>	<u>14,122,440</u>
<b>Business-type activities:</b>					
Series 2001-A	5.50%	4,715,000	2013	300,000	-
Series 2007-A	4.00%	2,310,000	2017	234,534	1,034,520
Series 2008-A	3.20 - 3.60%	379,620	2018	37,050	206,340
Series 2009-A	2.10 - 3.25%	280,000	2019	26,278	176,700
				<u>597,862</u>	<u>1,417,560</u>
				<u>\$ 3,060,000</u>	<u>\$ 15,540,000</u>

Call provisions at the option of the City included in the above bonds are as follows:

Series 2005-A: Callable September 1, 2013 at par plus accrued interest  
Series 2006-A: Callable September 1, 2014 at par plus accrued interest  
Series 2006-B: Callable September 1, 2014 at par plus accrued interest  
Series 2006-C: Callable September 1, 2014 at par plus accrued interest  
Series 2007-A: Callable September 1, 2015 at par plus accrued interest  
Series 2007-B: Callable September 1, 2015 at par plus accrued interest  
Series 2008-A: Callable September 1, 2016 at par plus accrued interest  
Series 2009-A: Callable September 1, 2017 at par plus accrued interest  
Series 2013-A: Callable April 1, 2021 at par plus accrued interest



CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
<b>General Obligation Bonds:</b>		
<b>Governmental activities:</b>		
Series 2005-A	\$ 165,000	\$ 165,000
Series 2006-A	60,000	65,000
Series 2006-B	125,000	135,000
Series 2006-C	215,000	235,000
Series 2007-A	135,812	151,961
Series 2007-B	1,205,000	1,800,000
Series 2008-A	296,810	345,540
Series 2009-A	122,816	143,284
Series 2012-A	80,000	95,000
Series 2013-A	140,000	160,000
<b>Business-type activities:</b>		
Series 2007-A	244,188	273,039
Series 2008-A	38,190	44,460
Series 2009-A	27,185	31,716

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2013 are as follows:

	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2014	\$ 2,545,438	\$ 485,970	\$ 309,562	\$ 53,280
2015	2,678,182	393,540	321,818	41,720
2016	2,631,497	299,497	333,503	29,576
2017	2,549,308	205,775	345,692	16,859
2018	2,519,731	113,819	75,269	3,586
2019 - 2023	1,198,284	52,554	31,716	1,031
	<u>\$ 14,122,440</u>	<u>\$ 1,551,155</u>	<u>\$ 1,417,560</u>	<u>\$ 146,052</u>

Construction Loan Payable

During 2001, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 3,800,000 to finance improvements to the wastewater system. The loan is being repaid over twenty years at an interest rate of 3.16%. The outstanding balance of \$ 2,186,477 is shown as a liability in the water/wastewater fund. The future annual debt service requirements for the construction loan payable as of December 31, 2013 are as follows:

	Principal	Interest and Service Fee	Total
2014	\$ 189,109	\$ 67,610	\$ 256,719
2015	195,132	61,587	256,719
2016	201,347	55,373	256,720
2017	207,759	48,960	256,719
2018	214,376	42,343	256,719
2019-2023	1,178,754	104,841	1,283,595
	<u>\$ 2,186,477</u>	<u>\$ 380,714</u>	<u>\$ 2,567,191</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Construction Loan Payable (Continued)

During 2006, the City entered into a second loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 4,000,000 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.67%. During 2010, the City entered into a third loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 2,594,500 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.83%. During 2010, the City entered into a fourth loan agreement with the Kansas Department of Health and Environment's Kansas Public Water Supply Loan Fund. The agreement enabled the City to borrow \$ 8,737,424 to finance improvements to the water treatment plant. The loan will be repaid over twenty years at an interest rate of 3.72%. As of December 31, 2013, the City has drawn \$ 11,344,989 on these loans, which is shown as a liability in the water/wastewater fund. The debt service requirements to the maturity date will not be determinable until the final draws have been made.

Custom Energy Note Payable

During 2007, the City entered into an agreement for a custom energy note payable to perform energy conservation and usage reduction improvements to the City's facilities. The note was in the amount of \$ 1,826,934. The loan is being repaid over sixteen years at an interest rate of 4.099%. During the year, the City paid off the remaining balance.

Transportation Development District Sales Tax Revenue Bonds

In 2006, the City issued Transportation Development District Sales Tax Revenue bonds in the amount of \$ 1,395,000. The proceeds were used to finance the North Broadway – Pittsburg Town Center Project. A sales tax has been imposed on purchases made within the transportation development district. The sales tax collected will be used to retire the bonds. The bonds are considered a special, limited obligation of the City secured by a pledge of the sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Transportation Development District Sales Tax Revenue Bonds (Continued)

The future annual requirements for Transportation Development District Sales Tax Revenue bonds outstanding as of December 31, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 45,000	\$ 56,280	\$ 101,280
2015	50,000	54,000	104,000
2016	55,000	51,480	106,480
2017	60,000	48,720	108,720
2018	65,000	45,720	110,720
2019 - 2023	405,000	175,080	580,080
2024 - 2027	515,000	56,040	571,040
	<u>\$ 1,195,000</u>	<u>\$ 487,320</u>	<u>\$ 1,682,320</u>

The bonds are subject to optional redemption provisions starting on April 1, 2016, and on any interest payment date thereafter, at par plus accrued interest. The term bonds maturing on April 1, 2027 are subject to mandatory redemption and payment prior to maturity pursuant to the requirements of a mandatory redemption schedule, at par plus accrued interest.

Special Obligation Tax Increment Revenue Bonds

In 2006, the City issued Special Obligation Tax Increment (TIF) Revenue bonds in the amount of \$ 6,310,000. The proceeds were used to finance certain redevelopment costs in connection with the North Broadway Redevelopment - Pittsburg Town Center Project. An incremental increase in ad valorem tax revenues and certain sales tax revenues from the redevelopment district will be used to retire the bonds. The bonds are considered a special, limited obligation of the City, secured by a pledge of and lien on the incremental increase in ad valorem tax and certain sales tax revenues. The bonds are not a general obligation of the City nor do they go against the City's debt limit.

CITY OF PITTSBURG, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Special Obligation Tax Increment Revenue Bonds (Continued)

The future annual requirements for TIF Revenue bonds outstanding as of December 31, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 295,000	\$ 225,242	\$ 520,242
2015	320,000	211,405	531,405
2016	345,000	199,367	544,367
2017	370,000	185,465	555,465
2018	400,000	166,600	566,600
2019 - 2023	2,480,000	496,860	2,976,860
2024 - 2028	525,000	17,640	542,640
	<u>\$ 4,735,000</u>	<u>\$ 1,502,579</u>	<u>\$ 6,237,579</u>

The bonds are subject to optional redemption provisions starting on April 1, 2016 and on any interest payment date thereafter, at par plus accrued interest. The term bonds maturing on April 1, 2016 and April 1, 2024 are subject to mandatory redemption and payment prior to maturity pursuant to the requirements of a mandatory redemption schedule, at par plus accrued interest.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 15,164,578	\$ 1,420,000	\$ (2,462,138)	\$ 14,122,440	\$ 2,545,438
Transportation Development District					
Sales Tax Revenue Bonds	1,235,000	-	(40,000)	1,195,000	45,000
Special Obligation Tax Increment					
Revenue Bonds	5,010,000	-	(275,000)	4,735,000	295,000
Less deferred amounts:					
For issuance discounts	(84,382)	-	11,005	(73,377)	-
Custom energy note payable	1,393,644	-	(1,393,644)	-	-
Bond anticipation note payable	1,144,743	-	-	1,144,743	1,144,743
Other postemployment benefits	555,602	224,449	(13,784)	766,267	-
Compensated absences	606,095	408,569	(316,979)	697,685	453,449
Governmental activity long-term liabilities	<u>\$ 25,025,280</u>	<u>\$ 2,053,018</u>	<u>\$ (4,490,540)</u>	<u>\$ 22,587,758</u>	<u>\$ 4,483,630</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds	\$ 2,015,422	\$ -	\$ (597,862)	\$ 1,417,560	\$ 309,562
Construction loan payable	14,048,337	134,976	(651,847)	13,531,466	189,109
Bond anticipation note payable	405,257	-	-	405,257	405,257
Other postemployment benefits	100,156	40,461	(2,485)	138,132	-
Compensated absences	178,707	70,913	(66,783)	182,837	101,786
Business-type activity long-term liabilities	<u>\$ 16,747,879</u>	<u>\$ 246,350</u>	<u>\$ (1,318,977)</u>	<u>\$ 15,675,252</u>	<u>\$ 1,005,714</u>
<b>Component unit activities:</b>					
Other postemployment benefits	\$ 21,942	\$ 8,863	\$ (544)	\$ 30,261	\$ -
Compensated absences	8,445	10,729	(3,849)	15,325	15,325
Component unit activity long-term liabilities	<u>\$ 30,387</u>	<u>\$ 19,592</u>	<u>\$ (4,393)</u>	<u>\$ 45,586</u>	<u>\$ 15,325</u>

For the governmental activities, compensated absences and net OPEB obligation are generally liquidated by the general fund.

**CITY OF PITTSBURG, KANSAS**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**10 - Long-Term Debt (Continued)**

**Conduit Debt Obligations**

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2013, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 4,397,000.

**11 - Bond Anticipation Notes Payable**

During the year, the City issued bond anticipation notes to fund various City improvements.

Bond anticipation note activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond anticipation notes:				
Governmental activities	<u>\$ 1,144,743</u>	<u>\$ 650,029</u>	<u>\$ -</u>	<u>\$ 1,794,772</u>
Business-type activities	<u>\$ 405,257</u>	<u>\$ 714,971</u>	<u>\$ -</u>	<u>\$ 1,120,228</u>
<u>Issue</u>		<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
2013A		\$ 1,365,000	0.35%	7/1/2014
2012A		\$ 1,550,000	0.45%	7/1/2014

The Series 2012A bond anticipation note issued by the City in both governmental and business-type activities funds has an initial maturity of at least one year beyond the balance sheet date of the period issued. Therefore, the note is considered long-term debt and has been included in long-term liabilities on the statement of net position.

## CITY OF PITTSBURG, KANSAS

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 12 - Defined Benefit Pension Plan

##### Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

##### Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for all employees hired prior to July 1, 2009. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% of covered salary for all employees hired after July 1, 2009. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute from January through December 2013 was 8.94%. Included in this rate is the contribution for Group Death and Disability Insurance of 1.0%. There was a moratorium on the collection of Group Death and Disability insurance premium from April 1, 2013 through June 30, 2013. The City employer contributions to KPERS for the years ending December 31, 2013, 2012, and 2011 were \$ 455,153, \$ 411,903 and \$ 426,966, respectively, equal to the statutory required contributions for each year. The City's KP&F uniform participating employer rate established for fiscal years beginning in 2013 is 20.13%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The contributions to KP&F for the years ending December 31, 2013, 2012, and 2011 were \$ 687,789, \$ 672,804, and \$ 575,839, respectively, equal to the statutory required contributions for each year.



CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

13 - Other Postemployment Healthcare Benefits

**Description.** The City offers postemployment health and life insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at 65. The City also provides life insurance benefits to retirees. The life insurance benefits continue for lifetime. The plan does not issue a stand-alone financial report.

**Funding Policy.** The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute approximately 80 percent of the blended premium cost of active employees up to age 65 (including the employer and employee share). Retirees contribute 100 percent of their life insurance premiums.

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2013, the City contributed \$ 16,813 to the plan. Plan members receiving benefits contributed \$ 88,654.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

13 - Other Postemployment Healthcare Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 287,012
Interest on net OPEB obligation	20,330
Adjustment to annual required contribution	<u>(33,569)</u>
Annual OPEB cost (expense)	273,773
Contributions made	<u>(16,813)</u>
Increase in net OPEB obligation	256,960
Net OPEB obligation, January 1, 2013	<u>677,700</u>
Net OPEB obligation, December 31, 2013	<u><u>\$ 934,660</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the three preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 273,773	6.14%	\$ 934,660
2012	\$ 277,385	33.34%	\$ 677,700
2011	\$ 280,963	34.82%	\$ 492,794

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

13 - Other Postemployment Healthcare Benefits (Continued)

**Funded Status and Funding Progress.** As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 2,926,543. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 2,926,543. The covered payroll (annual payroll of active employees covered by the plan) was \$ 8,167,820 and the ratio of the UAAL to the covered payroll was 35.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the projected unit credit method was applied. The actuarial assumptions included a 3 percent discount rate, which reflects rate of return earned on the City's general fund. The valuation assumed annual healthcare cost trend rates of six to eight percent in the first five years and an ultimate rate of five percent after six years. The remaining amortization period at December 31, 2013 was 28 years. The UAAL is being amortized using the level dollar method on an open basis.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

14 - Risk Management

The City is exposed to various risks of loss related to torts; that is, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in claims from prior years.

Group Hospitalization

The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$ 50,000 per plan year. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The transactions of the health insurance plan are accounted for in the Group Hospitalization department in the General Fund and are subsequently allocated to various departments and/or funds. The rates are based on past historical costs for individual and family coverage and expected future claims. The claims liability of \$ 125,000 reported at December 31, 2013 is based on the requirements of Governmental Accounting Standard Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated.

The changes in health care claims payable for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Claims payable, beginning of year	\$ 130,000	\$ 105,000
Incurred claims and change in estimate	1,717,627	1,698,361
Claim payments	<u>(1,722,627)</u>	<u>(1,673,361)</u>
Claims payable, end of year	<u>\$ 125,000</u>	<u>\$ 130,000</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

15 - Interfund Transactions

Interfund transfers for the year ended December 31, 2013, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major governmental funds:		
General Fund	\$ 1,348,077	\$ 2,256,649
Revolving Loans Fund	-	36,091
Capital Projects Fund	50,353	-
Debt Service Fund	1,828,702	-
Nonmajor governmental funds	525,000	164,726
Major proprietary funds:		
Water/Wastewater	-	1,368,342
Stormwater	100,000	26,324
	<hr/>	<hr/>
Total transfers	\$ 3,852,132	\$ 3,852,132
	<hr/>	<hr/>

Transfers are used to (1) move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

16 - Commitments and Contingencies – Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2013, the City's recorded encumbrances in governmental funds were as follows:

General	\$ 31,050
Revolving loans	143,972
Other nonmajor governmental funds	<u>37,007</u>
	<u>\$ 212,029</u>

17 - Contingencies

The City is involved in various lawsuits incurred through normal operations. It is the opinion of the City's management that the outcome of this litigation will not result in a material loss to the City in excess of applicable insurance coverage.

## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF PITTSBURG, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 2,115,027	\$ 2,115,027	0.0 %	\$ 9,238,253	22.9 %
1/1/2011	-	2,926,543	2,926,543	0.0	8,167,820	35.8



## **OTHER SUPPLEMENTARY INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

**Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**SPECIAL PARKS AND RECREATION** - to account for park and recreation programs and activities. Financing is through the State of Kansas's 10% tax on the sale of liquor. One-third of the liquor tax proceeds is returned to the cities in which the tax is collected to be used to finance park and recreation programs and activities.

**SPECIAL ALCOHOL AND DRUG** - to account for alcohol and drug rehabilitation programs. Financing is through the State of Kansas's 10% tax on the sale of liquor. One-third of the liquor tax proceeds is returned to the cities in which the tax is collected to be used to finance alcohol and drug rehabilitation programs.

**STREET AND HIGHWAY** - to account for the construction, reconstruction, alteration, repair and maintenance of the streets and highways of the City and for payment of bonds and interest associated with street and highway projects. Financing is through motor vehicle tax receipts distributed to cities from the State of Kansas and from operating transfers from the City's General Fund.

**PHA/PRESBYTERIAN CHURCH HOUSING** - to account for funds which must be used to promote the expansion of the supply of low and moderate income housing in the City and in Crawford County, Kansas.

**SECTION 8** - to account for federal grants under the Department of Housing and Urban Development (HUD) Program.

**COMMUNITY DEVELOPMENT BLOCK GRANTS** - to account for federal grants under the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program.

**KHRC MODERATE INCOME HOUSING GRANT** - grant funded through the State of Kansas Housing Resource Corporation to address the need for higher income workforce housing in Pittsburg; grant award funds serve to provide infrastructure, and the development of ten (10) new homes in the newly constructed, Lincoln Square Development.

**HOME GRANT** - grant funded through the State of Kansas Housing Resource Corporation for the purpose of rehabilitating owner occupied homes in the community.

**CITY OF PITTSBURG, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2013

	Special Revenue								Total Nonmajor Governmental Funds
	Special Parks and Recreation	Special Alcohol and Drug	Street and Highway	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grants	KHRC Moderate Income Housing	Home Grant	
<b>Assets:</b>									
Cash and cash equivalents	\$ -	\$ 56,413	\$ 557,929	\$ 528,768	\$ 75,820	\$ -	\$ 35,102	\$ 33,929	\$ 1,287,961
Receivables (net of allowance for uncollectibles):									
Accounts	-	-	3,980	13,147	-	-	10,000	-	27,127
Intergovernmental	-	-	153,236	-	-	-	-	-	153,236
Taxes	-	-	162,478	-	-	-	-	-	162,478
Loans receivable	-	-	-	246,856	-	-	-	-	246,856
Prepaid items	-	-	6,097	-	-	-	-	-	6,097
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 56,413</b>	<b>\$ 883,720</b>	<b>\$ 788,771</b>	<b>\$ 75,820</b>	<b>\$ -</b>	<b>\$ 45,102</b>	<b>\$ 33,929</b>	<b>\$ 1,883,755</b>
<b>Liabilities:</b>									
Accounts payable	\$ -	\$ -	\$ 118,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,204
Accrued payroll	-	-	18,866	-	4,963	-	-	-	23,829
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>137,070</b>	<b>-</b>	<b>4,963</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>142,033</b>
<b>Fund balances:</b>									
Nonspendable:									
Not in spendable form	-	-	6,097	-	-	-	-	-	6,097
Restricted:									
Housing	-	-	-	788,771	70,857	-	45,102	33,929	938,659
Capital projects	-	-	740,553	-	-	-	-	-	740,553
Other	-	56,413	-	-	-	-	-	-	56,413
<b>Total fund balances</b>	<b>-</b>	<b>56,413</b>	<b>746,650</b>	<b>788,771</b>	<b>70,857</b>	<b>-</b>	<b>45,102</b>	<b>33,929</b>	<b>1,741,722</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 56,413</b>	<b>\$ 883,720</b>	<b>\$ 788,771</b>	<b>\$ 75,820</b>	<b>\$ -</b>	<b>\$ 45,102</b>	<b>\$ 33,929</b>	<b>\$ 1,883,755</b>

**CITY OF PITTSBURG, KANSAS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES**

**NONMAJOR GOVERNMENTAL FUNDS**

**Year Ended December 31, 2013**

	Special Revenue								Total Nonmajor Governmental Funds
	Special Parks and Recreation	Special Alcohol and Drug	Street and Highway	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grants	KHRC Moderate Income Housing	Home Grant	
<b>Revenues:</b>									
Intergovernmental	\$ 80,661	\$ 80,661	\$ 671,014	\$ -	\$1,281,826	\$ 65,191	\$ 71,034	\$ 148,135	\$ 2,398,522
Sales taxes	-	-	944,162	-	-	-	-	-	944,162
Investment earnings	-	-	233	4,254	172	-	-	-	4,659
Miscellaneous	-	-	10,542	202	3,436	1,366	-	-	15,546
<b>Total revenues</b>	<b>80,661</b>	<b>80,661</b>	<b>1,625,951</b>	<b>4,456</b>	<b>1,285,434</b>	<b>66,557</b>	<b>71,034</b>	<b>148,135</b>	<b>3,362,889</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Public works	-	-	1,168,818	-	-	-	-	-	1,168,818
Sanitation and health	-	68,534	-	-	-	-	-	-	68,534
Economic development	-	-	-	-	-	-	100,932	-	100,932
Social welfare	-	-	-	43,959	1,333,583	65,191	-	-	1,442,733
Capital outlay	21,925	-	900,259	-	-	1,366	-	169,206	1,092,756
<b>Total expenditures</b>	<b>21,925</b>	<b>68,534</b>	<b>2,069,077</b>	<b>43,959</b>	<b>1,333,583</b>	<b>66,557</b>	<b>100,932</b>	<b>169,206</b>	<b>3,873,773</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>58,736</b>	<b>12,127</b>	<b>(443,126)</b>	<b>(39,503)</b>	<b>(48,149)</b>	<b>-</b>	<b>(29,898)</b>	<b>(21,071)</b>	<b>(510,884)</b>
<b>Other financing sources (uses):</b>									
Transfers in	-	-	450,000	-	-	-	75,000	-	525,000
Transfers out	(87,911)	-	(1,815)	(75,000)	-	-	-	-	(164,726)
<b>Total other financing sources (uses)</b>	<b>(87,911)</b>	<b>-</b>	<b>448,185</b>	<b>(75,000)</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>-</b>	<b>360,274</b>
<b>Net change in fund balances</b>	<b>(29,175)</b>	<b>12,127</b>	<b>5,059</b>	<b>(114,503)</b>	<b>(48,149)</b>	<b>-</b>	<b>45,102</b>	<b>(21,071)</b>	<b>(150,610)</b>
<b>Fund balances, beginning</b>	<b>29,175</b>	<b>44,286</b>	<b>741,591</b>	<b>903,274</b>	<b>119,006</b>	<b>-</b>	<b>-</b>	<b>55,000</b>	<b>1,892,332</b>
<b>Fund balances, ending</b>	<b>\$ -</b>	<b>\$ 56,413</b>	<b>\$ 746,650</b>	<b>\$ 788,771</b>	<b>\$ 70,857</b>	<b>\$ -</b>	<b>\$ 45,102</b>	<b>\$ 33,929</b>	<b>\$ 1,741,722</b>

CITY OF PITTSBURG, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 75,625	\$ 80,661	\$ 80,661	\$ -
Expenditures:				
Capital outlay	-	21,925	21,925	-
Excess of revenues over expenditures	75,625	58,736	58,736	-
Other financing uses:				
Transfers out	(75,625)	(87,911)	(87,911)	-
Net change in fund balances	-	(29,175)	(29,175)	-
Fund balances, beginning	-	29,175	29,175	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF PITTSBURG, KANSAS

SPECIAL ALCOHOL AND DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	\$ 75,725	\$ 80,661	\$ 80,661	\$ -
Miscellaneous	500	-	-	-
Total revenues	76,225	80,661	80,661	-
Expenditures:				
Personnel services	-	-	5,555	(5,555)
Contractual services	51,517	51,517	56,148	(4,631)
Commodities	24,708	73,430	6,831	66,599
Total expenditures	76,225	124,947	68,534	56,413
Net change in fund balances	-	(44,286)	12,127	56,413
Fund balances, beginning	-	44,286	44,286	-
Fund balances, ending	\$ -	\$ -	\$ 56,413	\$ 56,413

(Continued)

CITY OF PITTSBURG, KANSAS

STREET AND HIGHWAY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended December 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 678,656	\$ 666,236	\$ (12,420)
Investment earnings	200	233	33
Miscellaneous	-	10,542	10,542
Total revenues	678,856	677,011	(1,845)
Expenditures:			
Personnel services	640,340	621,606	18,734
Contractual services	395,525	389,320	6,205
Commodities	1,337,051	674,310	662,741
Debt service	18,500	-	18,500
Capital outlay	-	406,647	(406,647)
Total expenditures	2,391,416	2,091,883	299,533
Excess of revenues over (under) expenditures	(1,712,560)	(1,414,872)	297,688
Other financing sources:			
Transfers in	1,448,316	1,393,574	(54,742)
Net change in fund balances	(264,244)	(21,298)	242,946
Fund balances, beginning	264,244	427,995	163,751
Fund balances, ending	\$ -	\$ 406,697	\$ 406,697

(Continued)

CITY OF PITTSBURG, KANSAS

SECTION 8 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(BUDGETARY BASIS) - BUDGET AND ACTUAL

Year Ended December 31, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,517,000	\$ 1,329,710	\$ (187,290)
Investment earnings	100	35	(65)
Miscellaneous	3,256	3,436	180
Total revenues	1,520,356	1,333,181	(187,175)
Expenditures:			
Personnel services	133,732	98,489	35,243
Contractual services	1,371,108	1,221,351	149,757
Commodities	15,516	13,407	2,109
Total expenditures	1,520,356	1,333,247	187,109
Net change in fund balances	-	(66)	(66)
Fund balances, beginning	-	70	70
Fund balances, ending	\$ -	\$ 4	\$ 4

(Continued)



**CITY OF PITTSBURG, KANSAS**

**DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
(BUDGETARY BASIS) - BUDGET AND ACTUAL**

**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 1,079,653	\$ 1,062,651	\$ 1,062,651	\$ -
Special assessments	-	79,852	79,853	1
Investment earnings	600	690	747	57
Miscellaneous	<u>72,435</u>	<u>36,216</u>	<u>36,217</u>	<u>1</u>
Total revenues	<u>1,152,688</u>	<u>1,179,409</u>	<u>1,179,468</u>	<u>59</u>
<b>Expenditures:</b>				
Principal	4,133,837	5,420,492	5,420,492	-
Interest	1,360,162	1,446,852	1,446,852	-
Reserves	<u>835,536</u>	<u>915,243</u>	<u>7,250</u>	<u>907,993</u>
Total expenditures	<u>6,329,535</u>	<u>7,782,587</u>	<u>6,874,594</u>	<u>907,993</u>
Excess of revenues over (under) expenditures	(5,176,847)	(6,603,178)	(5,695,126)	908,052
<b>Other financing sources:</b>				
Transfers in	<u>4,173,954</u>	<u>5,536,178</u>	<u>5,536,177</u>	<u>(1)</u>
Net change in fund balances	(1,002,893)	(1,067,000)	(158,949)	908,051
Fund balances, beginning	<u>1,002,893</u>	<u>1,067,000</u>	<u>1,067,000</u>	<u>-</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 908,051</u></u>	<u><u>\$ 908,051</u></u>

CITY OF PITTSBURG, KANSAS  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT

December 31, 2013

Assets:	
Cash and cash equivalents	\$ 384,663
Taxes receivable	665,670
Prepaid items	<u>5,103</u>
Total assets	<u><u>\$ 1,055,436</u></u>
Liabilities:	
Accounts payable	\$ 2,596
Accrued payroll	<u>21,183</u>
Total liabilities	<u>23,779</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>665,670</u>
Fund balances:	
Nonspendable:	
Not in spendable form	5,103
Unassigned	<u>360,884</u>
Total fund balances	<u>365,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,055,436</u></u>

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNIT

Year Ended December 31, 2013

Revenues:	
Taxes	\$ 737,275
Fines and fees	13,247
Investment earnings	199
Miscellaneous	<u>100,932</u>
Total revenues	<u>851,653</u>
Expenditures:	
Current:	
Education	834,271
Improvements	<u>7,345</u>
Total expenditures	<u>841,616</u>
Net change in fund balance	10,037
Fund balance, beginning	<u>355,950</u>
Fund balance, ending	<u><u>\$ 365,987</u></u>

## **STATISTICAL SECTION**

## Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>85 - 88</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, water and wastewater revenues.	<b>89 - 93</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>94 - 98</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	<b>99 - 100</b>
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	<b>101 - 103</b>

City of Pittsburg, Kansas  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 16,756,655	\$ 11,635,596	\$ 11,057,847	\$ 15,301,187	\$ 19,859,962	\$ 18,912,152	\$ 19,014,339	\$ 20,114,287	\$ 21,432,517	\$ 23,765,245
Restricted	7,675,955	8,969,208	9,327,570	11,219,783	11,967,446	11,140,376	11,062,338	3,094,841	2,741,204	3,177,272
Unrestricted	(3,148,102)	2,807,699	3,671,353	710,472	(693,934)	3,290,242	4,171,957	12,447,386	12,889,569	9,809,685
Total governmental activities net position	\$ 21,284,508	\$ 23,412,503	\$ 24,056,770	\$ 27,231,442	\$ 31,133,474	\$ 33,342,770	\$ 34,248,634	\$ 35,656,514	\$ 37,063,290	\$ 36,752,202
Business-type activities										
Net investment in capital assets	\$ 24,239,750	\$ 24,548,293	\$ 25,149,875	\$ 25,437,788	\$ 25,608,635	\$ 25,604,200	\$ 26,033,232	\$ 28,121,473	\$ 29,302,925	\$ 29,959,386
Unrestricted	2,916,297	3,380,284	3,603,895	3,779,952	4,098,445	3,854,413	4,084,270	4,316,071	3,625,356	2,981,447
Total business-type activities net position	\$ 27,156,047	\$ 27,928,577	\$ 28,753,770	\$ 29,217,740	\$ 29,707,080	\$ 29,458,613	\$ 30,117,502	\$ 32,437,544	\$ 32,928,281	\$ 32,940,833
Primary government										
Net investment in capital assets	\$ 40,996,405	\$ 36,183,889	\$ 36,207,722	\$ 40,738,975	\$ 45,468,597	\$ 44,516,352	\$ 45,047,571	\$ 48,235,760	\$ 50,735,442	\$ 53,724,631
Restricted	7,675,955	8,969,208	9,327,570	11,219,783	11,967,446	11,140,376	11,062,338	3,094,841	2,741,204	3,177,272
Unrestricted	(231,805)	6,187,983	7,275,248	4,490,424	3,404,511	7,144,655	8,256,227	16,763,457	16,514,925	12,791,132
Total primary government net position	\$ 48,440,555	\$ 51,341,080	\$ 52,810,540	\$ 56,449,182	\$ 60,840,554	\$ 62,801,383	\$ 64,366,136	\$ 68,094,058	\$ 69,991,571	\$ 69,693,035

City of Pittsburg, Kansas  
Changes in Net Position  
Last Ten Fiscal Years  
(amount in thousands of dollars)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government:										
Public safety - police	1,179,919	1,657,462	\$ 1,719,514	\$ 2,018,611	\$ 4,947,792	\$ 3,008,246	\$ 2,959,488	\$ 3,032,941	\$ 3,491,546	\$ 3,367,028
Public safety - fire	2,742,941	2,723,640	3,249,047	3,418,799	3,168,354	3,208,579	3,324,641	3,325,659	3,591,609	3,705,121
Public safety - other	2,196,552	2,301,123	2,393,005	2,393,366	2,232,967	2,236,471	2,232,712	2,426,825	2,506,893	2,559,665
Public works	539,657	841,165	938,345	1,025,606	902,272	704,225	725,611	547,062	587,440	603,963
Public works	2,640,595	2,729,684	2,972,843	3,325,265	3,580,553	3,174,612	3,488,750	3,744,665	3,655,973	3,649,069
Sanitation and health	138,640	140,372	164,949	185,134	287,332	160,796	147,198	169,171	170,180	161,316
Culture and recreation	2,025,622	2,127,719	2,287,638	2,325,059	2,293,785	2,103,992	2,166,482	2,197,892	2,394,678	2,186,608
Industrial promotion	459,424	585,270	1,180,463	1,135,420	745,218	744,554	855,168	678,027	615,680	2,496,209
Economic development	5,724,575	81,992	898,362	4,889	3,577	6,993	855,168	36,187	1,306,070	137,119
Social welfare	2,027,255	3,021,861	2,294,391	1,464,683	1,546,065	1,591,590	1,485,203	1,661,078	1,506,020	1,620,300
Interest on long-term debt	355,216	353,523	659,775	1,213,573	1,480,126	1,390,747	1,250,375	1,172,414	1,245,026	954,191
Total governmental expenses	19,891,425	16,593,511	19,633,942	19,508,397	21,141,020	18,342,795	18,646,417	18,978,621	19,773,230	21,776,638
<b>Business-type activities:</b>										
Water/wastewater	4,912,302	4,568,704	4,871,241	4,744,357	5,234,505	5,156,259	5,379,825	5,853,122	6,288,701	6,336,871
Stormwater	124,315	214,915	244,675	315,659	505,600	653,837	710,592	817,326	678,659	710,254
Total business-type activities expenses	5,036,617	4,783,620	5,116,116	5,060,016	5,741,371	5,820,095	6,090,417	6,670,448	6,967,360	7,046,925
<b>Total primary government expenses</b>	<b>24,928,042</b>	<b>21,377,131</b>	<b>24,750,058</b>	<b>24,568,413</b>	<b>26,882,391</b>	<b>24,162,891</b>	<b>24,737,834</b>	<b>25,649,069</b>	<b>26,740,590</b>	<b>28,823,563</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government:										
Public safety	979,982	1,005,600	\$ 1,019,776	\$ 1,262,267	\$ 1,397,898	\$ 1,287,878	\$ 1,430,651	\$ 1,257,293	\$ 1,310,417	\$ 1,178,182
Public works	464,049	828,343	638,654	711,533	955,763	693,540	707,959	914,790	989,594	986,929
Industrial promotion	373,723	215,038	249,229	875,857	382,427	354,752	355,717	326,758	390,974	390,500
Other activities	484,435	560,429	538,747	540,658	538,902	586,090	584,784	557,954	584,993	570,848
Operating grants and contributions	2,980,926	5,003,168	3,246,913	2,800,229	3,157,635	2,551,926	2,588,263	2,543,007	2,594,607	2,666,684
Capital grants and contributions	22,130	757,210	1,941,305	611,965	3,944,846	399,806	423,241	797,414	152,815	658,148
Total governmental activities program revenues	5,305,245	8,209,818	7,633,654	6,892,540	10,368,171	6,823,231	6,049,218	6,445,202	5,972,300	6,219,611
<b>Business-type activities:</b>										
Charges for services:										
Water/wastewater	5,253,009	6,377,606	6,693,687	5,694,715	6,773,171	6,205,333	6,532,118	7,442,028	7,697,439	7,813,502
Stormwater	613,118	620,740	643,211	669,390	690,687	713,671	728,467	746,273	774,810	782,631
Operating grants and contributions	-	13,600	33,179	4,442	4,282	-	380,350	1,217,250	-	72,927
Total business-type activities program revenues	5,866,127	6,011,846	6,370,077	6,368,517	8,468,040	6,918,904	7,620,976	9,460,454	8,472,049	8,368,960
<b>Total primary government program revenues</b>	<b>11,211,372</b>	<b>14,221,664</b>	<b>14,003,731</b>	<b>13,161,057</b>	<b>18,836,211</b>	<b>12,742,135</b>	<b>13,670,193</b>	<b>15,905,656</b>	<b>14,444,349</b>	<b>14,588,571</b>
<b>Net (Expense)/Revenue</b>	<b>(14,596,190)</b>	<b>(8,383,693)</b>	<b>(10,666,688)</b>	<b>(11,703,857)</b>	<b>(10,772,949)</b>	<b>(12,619,584)</b>	<b>(12,597,159)</b>	<b>(12,533,419)</b>	<b>(13,500,930)</b>	<b>(15,557,027)</b>
<b>Governmental activities</b>	<b>899,510</b>	<b>1,228,229</b>	<b>1,253,951</b>	<b>1,298,531</b>	<b>726,069</b>	<b>1,055,903</b>	<b>1,630,166</b>	<b>2,780,006</b>	<b>1,504,359</b>	<b>1,322,035</b>
<b>Business-type activities</b>	<b>(13,726,680)</b>	<b>(7,155,470)</b>	<b>(9,715,727)</b>	<b>(10,405,326)</b>	<b>(10,046,180)</b>	<b>(11,423,758)</b>	<b>(11,087,031)</b>	<b>(6,753,413)</b>	<b>(11,995,561)</b>	<b>(14,234,992)</b>
<b>Total primary government net expense</b>										
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes:</b>										
Property taxes	4,514,287	4,647,531	\$ 4,524,011	\$ 5,340,410	\$ 5,894,084	\$ 5,988,774	\$ 6,482,690	\$ 6,390,869	\$ 6,394,788	\$ 5,487,516
Sales taxes	3,405,928	3,553,507	3,686,000	5,522,057	5,674,509	5,528,688	6,359,593	6,307,818	6,788,791	8,553,940
Franchise taxes	1,194,363	1,387,418	1,688,118	1,897,643	1,793,652	1,676,619	1,727,869	1,748,741	1,692,716	1,900,264
Investment earnings	161,759	420,002	793,520	1,229,571	925,469	157,971	52,103	21,488	15,791	10,476
Transfers	(1,201,734)	551,930	642,305	999,349	387,157	1,376,628	880,805	463,363	1,015,622	1,288,985
Total governmental activities	8,054,687	10,511,688	11,613,958	14,759,039	14,674,881	14,728,950	15,533,053	15,941,299	14,907,708	15,641,164
<b>Business-type activities:</b>										
Investment earnings	20,072	66,237	113,539	164,788	149,628	32,653	9,529	3,399	1,980	1,167
Transfers	1,201,734	(621,530)	(542,300)	(999,349)	(387,157)	(1,376,628)	(880,805)	(463,363)	(1,015,622)	(1,288,985)
Total business-type activities	1,221,806	(455,693)	(428,769)	(834,561)	(237,529)	(1,344,275)	(871,275)	(459,964)	(1,013,632)	(1,287,818)
<b>Total primary government</b>	<b>9,296,473</b>	<b>10,055,995</b>	<b>11,185,187</b>	<b>13,924,469</b>	<b>14,437,352</b>	<b>13,384,675</b>	<b>14,661,778</b>	<b>15,481,335</b>	<b>13,894,076</b>	<b>14,353,353</b>
<b>Change in Net Position</b>	<b>(5,531,523)</b>	<b>2,127,865</b>	<b>644,287</b>	<b>3,085,173</b>	<b>3,992,032</b>	<b>2,209,256</b>	<b>905,884</b>	<b>1,407,880</b>	<b>1,406,778</b>	<b>\$ 84,157</b>
<b>Governmental activities</b>	<b>2,094,316</b>	<b>772,530</b>	<b>825,153</b>	<b>463,970</b>	<b>489,340</b>	<b>(248,487)</b>	<b>659,889</b>	<b>2,320,042</b>	<b>490,737</b>	<b>34,204</b>
<b>Business-type activities</b>	<b>(4,440,207)</b>	<b>2,900,625</b>	<b>1,469,460</b>	<b>3,549,143</b>	<b>4,391,372</b>	<b>1,980,829</b>	<b>1,664,753</b>	<b>3,727,922</b>	<b>1,897,513</b>	<b>118,361</b>
<b>Total primary government</b>										

City of Pittsburg, Kansas  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	\$ 1,012,561	\$ 1,078,301	\$ 1,010,457	\$ 878,015	\$ 106,177	\$ 420,642	\$ 497,610	\$ -	\$ -	\$ -
Unreserved	1,603,994	2,202,370	1,762,970	1,471,471	3,880,335	4,040,259	3,812,240	-	-	-
Nonspendable (1)	-	-	-	-	-	-	-	97,793	98,389	104,178
Restricted (1)	-	-	-	-	-	-	-	-	-	-
Assigned (1)	-	-	-	-	-	-	-	62,068	95,929	31,050
Unassigned (1)	-	-	-	-	-	-	-	4,370,905	4,281,388	4,323,574
Total general fund	<u>\$ 2,616,555</u>	<u>\$ 3,280,671</u>	<u>\$ 2,773,427</u>	<u>\$ 2,349,486</u>	<u>\$ 3,986,512</u>	<u>\$ 4,460,901</u>	<u>\$ 4,309,850</u>	<u>\$ 4,530,766</u>	<u>\$ 4,475,706</u>	<u>\$ 4,458,802</u>
All Other Governmental Funds										
Reserved	\$ 7,002,149	\$ 6,344,650	\$ 6,531,515	\$ 5,963,688	\$ 6,056,599	\$ 6,743,667	\$ 6,870,856	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	96,085	1,353,807	1,235,257	1,495,481	1,496,186	1,355,282	1,546,905	-	-	-
Capital projects funds	(6,216,400)	(116,608)	1,420,714	11,912,183	1,939,470	928,677	314,568	-	-	-
Debt service funds	-	969,826	1,369,189	2,945,291	1,826,040	2,127,664	1,763,194	-	-	-
Nonspendable (1)	-	-	-	-	-	-	-	4,396	4,505	8,048
Restricted (1)	-	-	-	-	-	-	-	3,070,343	3,841,545	3,890,319
Assigned (1)	-	-	-	-	-	-	-	7,031,364	7,503,675	5,669,041
Unassigned (1)	-	-	-	-	-	-	-	(353,284)	-	-
Total all other governmental funds	<u>\$ 881,834</u>	<u>\$ 8,551,675</u>	<u>\$ 10,556,675</u>	<u>\$ 22,316,643</u>	<u>\$ 11,318,295</u>	<u>\$ 11,155,290</u>	<u>\$ 10,495,523</u>	<u>\$ 9,752,819</u>	<u>\$11,349,725</u>	<u>\$ 9,567,408</u>

(1) New categories associated with implementation of GASB 54 for year ending December 31, 2011.



City of Pittsburg, Kansas  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 9,114,608	\$ 9,568,856	\$ 10,308,129	\$ 12,560,110	\$ 13,362,225	\$ 13,194,061	\$ 12,570,152	\$ 13,456,448	\$ 13,876,293	\$ 14,341,720
Licenses and permits	113,690	144,040	104,417	216,596	170,404	166,013	141,234	162,257	193,797	177,002
Intergovernmental	2,804,501	4,491,076	4,012,530	2,767,243	6,169,100	2,854,625	2,849,094	3,332,993	2,640,461	2,952,796
Charges for services	1,369,142	1,591,104	1,609,459	1,703,422	1,965,141	1,709,552	1,697,246	1,954,380	2,064,698	1,975,714
Fines and fees	345,862	323,046	312,958	399,816	349,695	366,367	427,215	431,301	477,897	395,412
Special assessments	70,509	59,074	57,645	26,572	34,875	49,263	75,820	59,375	65,723	79,853
Investment earnings	151,793	420,902	763,520	1,229,571	925,499	157,971	52,103	21,488	15,791	10,476
Lease income	314,676	277,915	340,478	576,732	542,847	537,694	458,610	445,966	473,120	477,201
Miscellaneous	326,428	1,466,474	1,307,924	825,925	1,180,128	348,230	396,479	221,145	224,033	333,960
Total revenues	14,611,209	18,342,487	18,817,060	20,305,987	24,699,914	19,383,776	18,667,953	20,085,353	20,031,813	20,744,134
Expenditures										
General government	1,057,511	1,561,875	1,535,479	1,906,313	4,712,494	2,695,357	2,824,648	2,630,219	3,252,217	3,232,327
Public safety-police	2,505,294	2,629,829	3,101,059	3,289,331	3,051,104	2,958,470	2,938,621	2,986,364	3,187,410	3,314,609
Public safety-fire	1,922,396	2,153,437	2,190,419	2,254,080	2,107,722	2,009,788	2,016,858	2,196,533	2,287,487	2,276,617
Public safety-other	510,274	814,626	904,123	985,134	867,333	679,447	690,160	539,551	556,296	582,626
Public works	1,804,893	1,811,334	1,947,035	2,306,195	2,604,829	1,933,140	2,119,057	2,486,441	2,494,645	2,202,971
Sanitation and health	115,052	135,128	159,202	178,870	253,084	156,667	144,721	157,824	160,295	157,626
Culture and recreation	1,650,630	1,806,666	1,915,072	1,962,361	1,846,578	1,693,206	1,735,955	1,766,694	1,682,095	1,748,883
Industrial promotion	434,191	547,032	1,121,960	1,409,273	1,432,577	711,829	818,995	676,439	628,199	2,273,568
Economic development	-	81,992	898,362	4,869	3,577	6,993	-	-	-	100,932
Social welfare	1,884,603	3,020,775	2,279,705	1,469,391	1,550,188	1,579,956	1,485,494	1,659,555	1,464,910	1,447,316
Capital outlay	6,789,928	2,810,671	4,816,592	5,696,108	16,704,405	3,272,406	1,521,018	1,982,135	1,921,839	2,751,344
Debt service principal	1,049,491	940,000	7,365,000	1,500,000	2,455,309	2,649,183	2,854,576	2,855,994	2,669,028	4,170,782
Debt service interest & fees	222,695	261,574	660,233	751,531	1,545,238	1,334,208	1,197,533	1,111,344	1,154,822	929,887
Debt issuance costs	-	-	407,706	266,163	91,268	33,570	11,943	21,411	46,089	68,533
Total expenditures	19,946,958	18,574,939	29,301,947	23,979,619	39,225,706	21,714,220	20,359,579	21,070,504	21,505,332	25,258,021
Excess of revenues over (under) expenditures	(5,335,749)	(232,452)	(10,484,887)	(3,673,632)	(14,525,792)	(2,330,444)	(1,691,626)	(985,151)	(1,473,519)	(4,513,887)
Other Financing Sources (Uses)										
Bonds issued	-	1,460,000	11,390,000	14,285,000	2,950,380	1,265,000	-	-	855,000	1,420,000
Discount on bonds	-	-	(166,389)	-	-	-	-	-	-	-
Bond anticipation notes issued	-	6,285,000	-	-	-	-	-	-	1,144,743	-
Custom energy note payable issued	-	-	-	-	1,826,933	-	-	-	-	-
Transfers in	1,055,097	1,920,602	8,230,625	2,297,727	2,313,905	4,770,242	880,808	3,436,406	3,284,962	3,752,132
Transfers out	(875,269)	(1,099,193)	(7,471,593)	(986,817)	(1,926,748)	(3,393,414)	-	(2,973,043)	(2,269,340)	(2,457,466)
Total other financing sources (uses)	179,828	8,566,409	11,982,643	15,595,910	5,164,470	2,641,828	880,808	463,363	3,015,365	2,714,666
Net change in fund balances	\$ (5,155,921)	\$ 8,333,957	\$ 1,497,756	\$ 11,922,278	\$ (9,361,322)	\$ 311,384	\$ (810,818)	\$ (521,788)	\$ 1,541,846	\$ (1,799,221)
Debt service as a percentage of noncapital expenditures	9.7%	7.6%	34.4%	13.8%	18.2%	21.8%	21.6%	20.9%	19.3%	21.9%

**City of Pittsburg, Kansas**  
**Water Produced and Consumed and Wastewater Treated**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gallons of Water Produced</u>	<u>Gallons of Water Consumed</u>	<u>Gallons of Water Unbilled</u>	<u>Average Percent Unbilled</u>	<u>Gallons of Wastewater Treated</u>	<u>Total Direct Rate</u>			
						<u>Water</u>		<u>Sewer</u>	
						<u>Base Rate (1)</u>	<u>Usage Rate (2)</u>	<u>Base Rate (1)</u>	<u>Usage Rate (2)</u>
2004	907	870	37	4.04%	1,474	\$ 6.72	Variable	\$ 11.74	Variable
2005	917	833	84	9.11%	1,338	\$ 6.93	Variable	\$ 12.10	Variable
2006	936	860	76	8.17%	875	\$ 7.14	Variable	\$ 12.47	Variable
2007	910	852	58	6.37%	1,633	\$ 7.36	Variable	\$ 12.85	Variable
2008	926	814	112	12.10%	1,348	\$ 7.78	Variable	\$ 13.58	Variable
2009	848	718	130	15.33%	1,227	\$ 8.50	Variable	\$ 14.84	Variable
2010	881	745	136	15.44%	1,087	\$ 9.38	Variable	\$ 16.36	Variable
2011	942	739	203	21.55%	975	\$ 10.34	Variable	\$ 18.03	Variable
2012	888	703	185	20.83%	952	\$ 11.01	Variable	\$ 19.20	Variable
2013	846	669	177	20.92%	1,252	\$ 11.01	Variable	\$ 19.20	Variable

Note: Gallons are presented in millions.

1) Fiscal years 2008, 2009, 2010 and 2011 water and sewer base rates are blended amounts.

2) See rate schedule on page 92.

City of Pittsburg, Kansas  
Annual Tap Sales  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Water Meter Taps <u>Sold</u></b>	<b>Sewer Taps <u>Sold</u></b>	<b><u>Total Taps</u></b>
2004	63	24	87
2005	72	23	95
2006	60	32	92
2007	56	32	88
2008	40	34	74
2009	38	31	69
2010	27	21	48
2011	26	9	35
2012	18	14	32
2013	17	24	41

City of Pittsburg, Kansas  
Number of Water and Sewer Customers by Type  
Last Ten Fiscal Years

Fiscal Year	WATER				SEWER (1)				TOTAL (2)	
	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>OTHER</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>OTHER</u>	<u>WATER</u>	<u>SEWER</u>
2004	7,677	586	50	229	na	na	na	na	8,542	na
2005	7,684	581	49	209	na	na	na	na	8,523	na
2006	7,702	585	52	212	7,115	534	42	130	8,551	7,821
2007	7,733	556	50	205	7,156	529	44	130	8,544	7,859
2008	7,632	551	53	214	7,109	513	42	133	8,450	7,797
2009	7,744	539	51	222	7,061	506	43	129	8,556	7,739
2010	7,701	537	51	219	7,070	497	43	133	8,508	7,743
2011	7,713	528	51	222	7,032	494	40	147	8,514	7,713
2012	7,711	529	51	224	7,076	493	44	121	8,515	7,734
2013	7,730	523	52	236	7,020	497	41	153	8,541	7,711

(1) Sewer customers by type not available for years 2004-2005.

Note: na means data unavailable.

City of Pittsburg, Kansas  
Water, Sewer and Stormwater Rates  
Last Ten Fiscal Years

					Effective Jan 1st	Effective Jul 1st	Effective Jan 1st	Effective Jul 1st	Effective Jan 1st	Effective Jul 1st	Effective Jan 1st	Effective Jul 1st	Effective Jan 1st	Effective Jul 1st
	2004	2005	2006	2007	2008	2008	2009	2009	2010	2010	2011	2011	2012	2013
<b><u>WATER RATES PER MONTH, INSIDE CITY LIMITS</u></b>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 6.72	\$ 6.93	\$ 7.14	\$ 7.36	\$ 7.59	\$ 7.97	\$ 8.21	\$ 8.79	\$ 9.06	\$ 9.70	\$ 9.99	\$ 10.69	\$ 11.01	\$ 11.01
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	2.77	2.86	2.95	3.04	3.14	3.30	3.40	3.64	3.75	4.02	4.14	4.43	4.56	4.56
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	2.60	2.68	2.77	2.86	2.95	3.10	3.20	3.43	3.54	3.79	3.90	4.17	4.30	4.30
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.48	2.56	2.64	2.72	2.81	2.96	3.05	3.27	3.37	3.61	3.72	3.98	4.10	4.10
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.30	2.37	2.45	2.53	2.61	2.75	2.84	3.04	3.14	3.36	3.46	3.70	3.81	3.81
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.18	2.25	2.32	2.39	2.47	2.60	2.68	2.87	2.96	3.17	3.27	3.50	3.61	3.61
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	2.02	2.09	2.16	2.23	2.30	2.42	2.50	2.68	2.76	2.96	3.05	3.26	3.36	3.36
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.83	1.89	1.95	2.01	2.08	2.19	2.26	2.42	2.50	2.68	2.76	2.95	3.04	3.04
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.68	1.74	1.80	1.86	1.92	2.02	2.09	2.24	2.31	2.48	2.55	2.73	2.81	2.81
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.56	1.61	1.66	1.71	1.77	1.86	1.92	2.06	2.13	2.28	2.35	2.51	2.59	2.59
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.42	1.47	1.52	1.57	1.62	1.71	1.77	1.90	1.96	2.10	2.16	2.31	2.38	2.38
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.32	1.36	1.41	1.46	1.51	1.59	1.64	1.76	1.82	1.95	2.01	2.15	2.21	2.21
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.22	1.26	1.30	1.34	1.39	1.46	1.51	1.62	1.67	1.79	1.84	1.97	2.03	2.03
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.12	1.16	1.20	1.24	1.28	1.35	1.39	1.49	1.54	1.65	1.70	1.82	1.87	1.87
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.02	1.06	1.10	1.14	1.18	1.24	1.28	1.37	1.42	1.52	1.57	1.68	1.73	1.73
<b><u>WATER RATES PER MONTH, OUTSIDE CITY LIMITS</u></b>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 13.46	\$ 13.87	\$ 14.29	\$ 14.72	\$ 15.17	\$ 15.93	\$ 16.41	\$ 17.56	\$ 18.09	\$ 19.36	\$ 19.94	\$ 21.34	\$ 21.98	\$ 21.98
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	4.93	5.08	5.24	5.40	5.57	5.85	6.03	6.46	6.66	7.13	7.34	7.85	8.09	8.09
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	3.84	3.96	4.08	4.21	4.34	4.56	4.70	5.03	5.18	5.55	5.72	6.12	6.30	6.30
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.77	2.86	2.95	3.04	3.14	3.30	3.40	3.64	3.75	4.02	4.14	4.43	4.56	4.56
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.60	2.68	2.77	2.86	2.95	3.10	3.20	3.43	3.54	3.79	3.90	4.17	4.30	4.30
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.48	2.56	2.64	2.72	2.81	2.96	3.05	3.27	3.37	3.61	3.72	3.98	4.10	4.10
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	2.30	2.37	2.45	2.53	2.61	2.75	2.84	3.04	3.14	3.36	3.46	3.70	3.81	3.81
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.18	2.25	2.32	2.39	2.47	2.60	2.68	2.87	2.96	3.17	3.27	3.50	3.61	3.61
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.94	2.00	2.06	2.13	2.20	2.31	2.38	2.55	2.63	2.82	2.90	3.10	3.19	3.19
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.79	1.85	1.91	1.97	2.03	2.14	2.21	2.37	2.45	2.63	2.71	2.90	2.99	2.99
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.63	1.68	1.74	1.80	1.86	1.96	2.02	2.17	2.24	2.40	2.47	2.64	2.72	2.72
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.51	1.56	1.61	1.66	1.71	1.80	1.86	2.00	2.06	2.21	2.28	2.44	2.51	2.51
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.39	1.44	1.49	1.54	1.59	1.67	1.72	1.85	1.91	2.05	2.11	2.26	2.33	2.33
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.27	1.31	1.35	1.40	1.45	1.53	1.58	1.70	1.76	1.89	1.95	2.09	2.15	2.15
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.19	1.23	1.27	1.31	1.35	1.42	1.47	1.58	1.63	1.75	1.80	1.93	1.99	1.99
<b><u>SANITARY SEWER RATES PER MONTH, INSIDE CITY LIMITS</u></b>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 11.74	\$ 12.10	\$ 12.47	\$ 12.85	\$ 13.24	\$ 13.91	\$ 14.33	\$ 15.34	\$ 15.80	\$ 16.91	\$ 17.42	\$ 18.64	\$ 19.20	\$ 19.20
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	1.66	1.71	1.77	1.83	1.89	1.99	2.05	2.20	2.27	2.43	2.50	2.68	2.76	2.76
<b><u>SANITARY SEWER RATES PER MONTH, OUTSIDE CITY LIMITS</u></b>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 23.44	\$ 24.15	\$ 24.88	\$ 25.63	\$ 26.40	\$ 27.72	\$ 28.56	\$ 30.56	\$ 31.48	\$ 33.69	\$ 34.70	\$ 37.13	\$ 38.24	\$ 38.24
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	3.30	3.40	3.51	3.62	3.73	3.92	4.04	4.33	4.46	4.78	4.92	5.26	5.42	5.42
<b><u>STORMWATER RATES PER MONTH, INSIDE CITY LIMITS ONLY (1)</u></b>														
1. PER ERU (2)	\$ 2.97	\$ 2.97	\$ 3.06	\$ 3.16	\$ 3.26	\$ 3.26	\$ 3.36	\$ 3.36	\$ 3.46	\$ 3.46	\$ 3.56	\$ 3.56	\$ 3.67	\$ 3.67

(1) Stormwater utility became effective January 1, 2004.

(2) One ERU (equivalent residential unit) = 3,106 square feet of impervious area.

Note: na means data unavailable.

**City of Pittsburg, Kansas  
Ten Largest Utility Customers  
Current Year and Nine Years Ago**

<u>Customer</u>	<b>Fiscal Year 2013</b>			
	<b>Water Revenue</b>		<b>Sewer Revenue</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sugar Creek Packing Company	\$ 208,795	5.46%	\$ 323,650	9.54%
Pittsburg State University	170,911	4.47%	63,470	1.87%
Via Christi Hospital	46,147	1.21%	36,264	1.07%
Crimson Villas	52,212	1.37%	27,649	0.81%
USD 250 Public Schools	28,045	0.73%	19,402	0.57%
Parkview Community	28,987	0.76%	16,910	0.50%
Sycamore Village Residences	22,932	0.60%	21,868	0.64%
University Commons	25,238	0.66%	12,844	0.38%
Corner Stone Village	22,959	0.60%	14,193	0.42%
Summerscape LLC	21,966	0.57%	10,913	0.32%
Subtotal (10 largest)	628,192	16.43%	547,163	16.12%
Balance from other customers	3,192,659	83.57%	2,845,408	83.88%
Grand totals	<u>\$ 3,820,851</u>	<u>100.00%</u>	<u>\$ 3,392,571</u>	<u>100.00%</u>

<u>Customer</u>	<b>Fiscal Year 2004</b>			
	<b>Water Revenue</b>		<b>Sewer Revenue</b>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Superior Industries	\$ 183,388	6.57%	\$ 151,740	6.59%
Pittsburg State University	99,394	3.56%	47,289	2.05%
Sugar Creek Packing Company	67,630	2.42%	70,836	3.08%
Miller's Professional Imaging	36,061	1.29%	33,777	1.47%
Via Christi Hospital	40,414	1.45%	27,816	1.21%
Parkview Community	29,281	1.05%	24,297	1.06%
Sycamore Village	22,960	0.82%	14,763	0.64%
New Horizons of Pittsburg	15,619	0.56%	15,556	0.68%
Medicalodge	17,216	0.62%	13,677	0.59%
USD 250 Public Schools	17,428	0.62%	12,318	0.54%
Subtotal (10 largest)	529,391	18.96%	412,069	17.91%
Balance from other customers	2,260,011	81.02%	1,890,325	82.09%
Grand totals	<u>\$ 2,789,402</u>	<u>99.98%</u>	<u>\$ 2,302,394</u>	<u>100.00%</u>

Note: Dollar values reflected include base rate charges, as well as multiple meters on various accounts.

City of Pittsburg, Kansas  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	FCIP Capital Lease	Sales Tax Transportation District Bonds (1)	Tax Increment Financing Bonds (2)	General Obligation Bonds (3)	Bond Anticipation Notes	K.D.H.E. Loans			
2004	5,775,000	-	-	-	-	2,640,000	-	3,628,144	12,043,144	2.6%	626
2005	6,295,000	-	-	-	-	2,165,000	-	3,505,528	11,965,528	2.5%	622
2006	8,900,000	-	-	1,395,000	6,310,000	1,810,000	-	3,951,901	22,366,901	4.6%	1,162
2007	21,830,000	-	-	1,390,000	6,170,000	3,895,000	-	4,372,902	37,657,902	7.7%	1,957
2008	22,580,297	-	1,786,707	1,370,000	5,975,000	3,864,703	-	4,552,400	40,129,107	8.1%	2,054
2009	21,578,483	-	1,694,340	1,340,000	5,715,000	3,671,517	-	4,896,290	38,895,630	7.0%	1,981
2010	19,065,099	-	1,598,146	1,310,000	5,500,000	3,144,901	-	10,180,288	40,798,434	7.1%	2,016
2011	16,579,281	-	1,497,969	1,275,000	5,265,000	2,595,719	-	12,774,063	39,987,032	6.6%	1,976
2012	15,164,578	1,144,743	1,393,644	1,235,000	5,010,000	2,015,422	405,257	14,048,337	40,416,981	6.7%	1,976
2013	14,122,440	1,794,772	-	1,195,000	4,735,000	1,417,560	1,120,228	13,531,466	37,916,466	5.8%	1,862

(1) Sales tax transportation development district bonds to be retired with special .3% sales tax within transportation development district.

-94- (2) Tax increment financing bonds to be retired with property tax and sales tax generated within increment district.

(3) Business-type activity general obligation bonds are paid with business-type revenues.

**City of Pittsburg, Kansas**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>General Bonded Debt Outstanding</u>						
<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less Amount Available in Debt Service Fund</u>	<u>Total</u>	<u>Actual Taxable Value of Property (2)</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2004	\$ 8,415,000	\$ 605,728	\$ 7,809,272	\$ 649,124,481	1.20%	\$ 406
2005	8,460,000	935,554	7,524,446	724,715,132	1.04%	391
2006	10,710,000	940,220	9,769,780	742,714,633	1.32%	508
2007	25,725,000	2,188,158	23,536,842	786,786,859	2.99%	1,223
2008	26,445,000	1,389,729	25,055,271	858,685,005	2.92%	1,283
2009	25,250,000	1,732,912	23,517,088	853,339,722	2.76%	1,197
2010	22,210,000	1,387,623	20,822,377	839,013,748	2.48%	1,029
2011	19,175,000	1,058,470	18,116,530	854,706,247	2.12%	895
2012	17,180,000	1,067,000	16,113,000	1,059,236,154	1.52%	796
2013	14,122,440	1,338,575	12,783,865	1,059,226,066	1.21%	628

(1) Excludes general obligation bonds being repaid with business-type activity funds.

(2) Source: Crawford County Clerk



**City of Pittsburg, Kansas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2013**

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Crawford County	\$ 2,904,000	52.25%	\$ 1,517,340
Frontenac U.S.D. 249	6,109,185	4.91%	299,961
Pittsburg U.S.D. 250	22,028,661	84.29%	<u>18,567,958</u>
Subtotal, overlapping debt			20,385,259
City direct debt (2)			<u>21,847,212</u>
Total direct and overlapping debt			<u>\$ 42,232,471</u>

(1) Source: Crawford County Clerk

(2) The City's direct debt total excludes general obligation debt being repaid by business-type activities.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Pittsburg, Kansas  
Legal Debt Margin Information  
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Valuation (1)	\$ 135,663,624
Legal Debt Limit (2)	40,699,087
General Obligation Bonds	15,540,000
Less Amount Available in Debt Service Fund	<u>(1,338,575)</u>
Total net debt applicable to limit	<u>14,201,425</u>
Legal debt margin	<u>\$ 26,497,662</u>

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 37,617,070	\$ 39,889,902	\$ 41,694,028	\$ 43,703,108	\$ 44,244,609	\$ 41,876,403	\$ 40,658,921	\$ 40,479,510	\$ 40,575,801	\$ 40,699,087
Total net debt applicable to limit	<u>7,809,272</u>	<u>7,657,129</u>	<u>9,769,780</u>	<u>23,536,842</u>	<u>25,055,271</u>	<u>23,517,088</u>	<u>20,822,377</u>	<u>18,116,530</u>	<u>16,113,000</u>	<u>14,201,425</u>
Legal debt margin	<u>\$ 29,807,798</u>	<u>\$ 32,232,773</u>	<u>\$ 31,924,248</u>	<u>\$ 20,166,266</u>	<u>\$ 19,189,338</u>	<u>\$ 18,359,315</u>	<u>\$ 19,836,544</u>	<u>\$ 22,362,980</u>	<u>\$ 40,575,801</u>	<u>\$ 26,497,662</u>
Total net debt applicable to the limit as a percentage of debt limit	20.76%	19.20%	23.43%	53.86%	56.63%	56.16%	51.21%	44.75%	39.71%	34.89%

(1) Includes motor vehicle assessed valuation, source Crawford County Clerk.

(2) Debt limit is set at 30% of assessed valuation per state statute.

City of Pittsburg, Kansas  
Pledged-Revenue Coverage  
Last Eight Fiscal Years (1)

Sales Tax Transportation District Bonds (2)								Tax Increment Financing Bonds (3)							
Fiscal Year	Sales Tax Increment	Other Income	Less Expenses	Net Available Revenue	Debt Service		Coverage	Sales Tax Increment	Property Tax Increment	Other Income	Less Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest							Principal	Interest	
2006	\$ 61,121	\$ 7,513	\$ 404	\$ 68,230	\$ -	\$ 35,154	1.94	\$ 150,760	\$ 63,607	\$ 29,119	\$ 1,569	\$ 241,917	\$ -	\$ 157,484	1.54
2007	79,596	4,268	2,854	81,010	5,000	66,840	1.13	199,151	243,348	16,066	6,862	451,703	140,000	299,480	1.03
2008	78,864	1,542	1,974	78,432	20,000	66,240	0.91	201,424	275,761	5,171	3,773	478,583	195,000	289,765	0.99
2009	73,512	68	1,936	71,644	30,000	65,040	0.75	192,439	333,919	261	3,370	523,249	260,000	280,368	0.97
2010	66,697	4	1,754	64,947	30,000	63,600	0.69	198,731	296,698	23	3,023	492,429	215,000	267,957	1.02
2011	74,663	2	11,009	63,656	35,000	62,040	0.66	268,328	278,638	20	3,020	543,966	235,000	257,832	1.10
2012	77,302	2	1,752	75,552	40,000	60,240	0.75	290,926	178,193	17	3,017	466,119	255,000	246,807	0.93
2013	84,640	2	1,752	82,890	40,000	58,320	0.84	313,234	275,924	14	3,014	586,158	275,000	234,883	1.15

(1) Fiscal year 2006 was the first year that the City utilized these types of bonds.

(2) Sales tax transportation development district bonds to be retired with special .3% sales tax within transportation development district.

(3) Tax increment financing bonds to be retired with property tax and sales tax generated within increment district.

Note: this statement presents non-general obligation long-term debt backed by pledged sales and property tax revenues. The purpose of these bonds was for redevelopment of the northeast retail district.

**City of Pittsburg, Kansas  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b><u>Fiscal Year</u></b>	<b><u>Population (1)</u></b>	<b><u>Personal Income</u></b>	<b><u>Per Capita Income (2)</u></b>	<b><u>Public School Enrollment (3)</u></b>	<b><u>Pittsburg State University Enrollment (4)</u></b>	<b><u>Unemployment Rate (5)</u></b>	<b><u>Median Age (1)</u></b>
2004	19,243	463,275,225	24,075	2,655	6,537	4.1%	28.1
2005	19,243	487,425,190	25,330	2,400	6,628	4.3%	28.1
2006	19,243	487,425,190	26,565	2,680	6,859	4.4%	28.1
2007	19,243	487,425,190	27,144	2,702	7,087	4.8%	28.1
2008	19,536	494,846,880	28,246	2,640	7,127	6.1%	28.1
2009	19,639	554,723,194	28,246	2,704	7,277	6.8%	28.1
2010	20,233	571,501,318	28,246	2,656	7,131	7.1%	26.2
2011	20,233	605,270,195	29,915	2,765	7,275	6.8%	26.2
2012	20,233	597,723,286	29,542	2,848	7,289	5.5%	26.2
2013	20,360	652,334,400	32,040	2,897	7,400	4.8%	26.2

(1) Source: U.S. Bureau of the Census (excludes Pittsburg State University population)

(2) Source: U.S. Bureau of Economic Analysis (Crawford County, Kansas)

(3) Source: Unified School District # 250 Board of Education

(4) Source: Pittsburg State University Admissions

(5) Source: Kansas Department of Labor (Crawford County, Kansas)

City of Pittsburg, Kansas  
Principal Employers (1)  
Current Year and Nine Years Ago

<u>Employer</u>	<u>Product</u>	<u>2013</u>			<u>2004</u>		
		<u>Estimated Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment (3)</u>	<u>Estimated Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment (3)</u>
Pittsburg State University	University	1,867	1	9.98%	1,443	1	7.94%
Pittsburg U.S.D. # 250	Public School K-12	684	2	3.66%	435	4	2.39%
Via Christi Health	Regional Hospital	677	3	3.62%	710	3	3.91%
Wal-Mart Supercenter	Retail & Grocery	380	4	2.03%	380	8	2.09%
Pitt Plastics Inc.	Polyethylene Bags	293	5	1.57%	400	6	2.20%
Miller's Inc.	Professional Photo Finishing	287	6	1.53%	397	7	2.18%
NPC International	Corporate Offices	274	7	1.46%	na	na	na
Masonite	Steel Door Manufacturer	225	8	1.20%	435	5	2.39%
Pitsco, Inc.	Educational Systems	222	9	1.19%	211	9	1.16%
City of Pittsburg (2)	City Government	213	10	1.14%	203	10	1.12%
Community Health Center	Health Care	164	11	0.88%	na	na	na
Names and Numbers	Publishing	160	12	0.86%	na	na	na
New Hope Services	Nursing Care	122	13	0.65%	na	na	na
WATCO Companies Inc.	Railroads	120	14	0.64%	na	na	na
Via Christi Village	Nursing Home	120	15	0.64%	na	na	na
Superior Industries	Aluminum Wheel Manufacturer	na	na	na	800	2	4.40%
Total		<u>5,808</u>		<u>31.05%</u>	<u>5,414</u>		<u>29.78%</u>

(1) Source: Pittsburg Chamber of Commerce

(2) Includes Component Unit.

(3) Source: Kansas Department of Labor for the Pittsburg Micro-Area (Crawford County)

Note: na means data unavailable.

City of Pittsburg, Kansas  
Full-time Employees by Department  
Last Ten Fiscal Years

	2004		2005		2006		2007		2008		2009		2010		2011		2012		2013	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total
<b>Governmental-type Activities</b>																				
<u>General Government</u>																				
General Administration Department (4)	2	1.0%	7	3.6%	7	3.4%	8	3.9%	8	3.9%	8	4.2%	8	4.1%	9	4.5%	-	0.0%	-	0.0%
City Manager																	2	1.0%	2	1.0%
City Attorney																	1	0.5%	1	0.5%
City Clerk																	1	0.5%	1	0.5%
Finance Department																	4	2.0%	4	2.0%
Human Resources Department	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%
Information Systems Department	3	1.5%	3	1.5%	4	2.0%	4	2.0%	4	1.9%	4	2.1%	3	1.5%	4	2.0%	3	1.5%	3	1.5%
Total General Government	7	3.6%	12	6.2%	13	6.4%	14	6.8%	14	6.8%	14	7.3%	13	6.7%	15	7.5%	13	6.5%	13	6.3%
<u>Public Safety</u>																				
Police Department	49	25.3%	49	25.1%	50	24.5%	51	24.9%	52	25.1%	48	25.0%	49	25.3%	50	24.9%	52	26.1%	54	26.3%
Fire Department	34	17.5%	34	17.4%	34	16.7%	34	16.6%	34	16.4%	32	16.7%	33	17.0%	35	17.4%	36	18.1%	35	17.1%
Codes Enforcement Department	6	3.1%	11	5.6%	11	5.4%	11	5.4%	11	5.3%	8	4.2%	8	4.1%	8	4.0%	6	3.0%	7	3.4%
Safety Department (3)	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	-	0.0%	-	0.0%	-	0.0%
Animal Control Department	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	2	1.0%	2	1.0%
Municipal Court Department	4	2.1%	5	2.6%	6	2.9%	6	2.9%	6	2.9%	6	3.1%	6	3.1%	6	3.0%	5	2.5%	6	2.9%
Total Public Safety	95	49.0%	101	51.8%	103	50.6%	104	50.8%	105	50.8%	96	50.1%	98	50.6%	100	49.9%	101	50.9%	104	50.8%
<u>Public Works</u>																				
Engineering Department	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%
Facility Maintenance (2)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3	1.6%	3	1.6%	3	1.5%	3	1.5%	3	1.5%
Street & Highway Department	13	6.7%	13	6.7%	13	6.4%	13	6.3%	13	6.3%	12	6.3%	12	6.2%	12	6.0%	12	6.0%	12	5.9%
Atkinson Airport Department	4	2.1%	4	2.1%	4	2.0%	4	2.0%	4	1.9%	3	1.6%	3	1.5%	3	1.5%	3	1.6%	3	1.6%
Total Public Works	19	9.8%	19	9.7%	19	9.3%	19	9.3%	19	9.2%	20	10.4%	20	10.3%	20	10.0%	20	10.1%	20	9.8%
<u>Sanitation and Health</u>																				
Mt. Olive Cemetery Department	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%
<u>Culture and Recreation</u>																				
Parks Department	9	4.6%	9	4.6%	11	5.4%	11	5.4%	11	5.3%	10	5.2%	10	5.2%	10	5.0%	8	4.0%	8	3.9%
Recreation Department																	2	1.0%	2	1.0%
Four Oaks Complex Department	3	1.5%	3	1.5%	4	2.0%	4	2.0%	4	1.9%	4	2.1%	4	2.1%	4	2.0%	3	1.5%	3	1.5%
Memorial Auditorium Department	5	2.6%	5	2.6%	5	2.5%	5	2.4%	5	2.4%	4	2.1%	4	2.1%	5	2.5%	5	2.5%	5	2.4%
Total Culture and Recreation	17	8.8%	17	8.7%	20	9.8%	20	9.8%	20	9.7%	18	9.4%	18	9.3%	18	9.5%	18	9.0%	18	9.8%
<u>Industrial Development</u>																				
Economic Development Department (5)	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	1	0.5%	1	0.5%	2	1.0%	1	0.5%	-	0.0%
<u>Social Welfare</u>																				
Community Development & Housing	5	2.6%	5	2.6%	5	2.5%	4	2.0%	4	1.9%	3	1.6%	3	1.5%	3	1.5%	3	1.5%	3	1.5%
Total for Governmental-type Activities	146	75.3%	157	80.5%	163	79.9%	164	80.0%	165	79.7%	153	79.7%	154	79.4%	160	79.6%	157	78.9%	159	77.6%
<b>Business-type Activities</b>																				
<u>Water-Wastewater Utility</u>																				
Water Treatment Department	8	4.1%	8	4.1%	8	3.9%	8	3.9%	8	3.9%	8	4.2%	8	4.1%	8.6	4.3%	8.6	4.3%	8.6	4.2%
Water Maintenance Department	14	7.2%	9	4.6%	9	4.4%	9	4.4%	9	4.3%	7	3.6%	7	3.6%	7.6	3.8%	8.6	4.3%	11.6	5.7%
Wastewater Treatment Department	7	3.6%	7	3.6%	7	3.4%	7	3.4%	7	3.4%	7	3.6%	7	3.6%	6.6	3.3%	6.6	3.3%	6.6	3.2%
Wastewater Maintenance Department	5	2.6%	5	2.6%	7	3.4%	7	3.4%	7	3.4%	5	2.6%	5	2.6%	5.6	2.8%	5.6	2.8%	5.6	2.7%
Utility Administration Department	11	5.7%	6	3.1%	6	2.9%	6	2.9%	7	3.4%	5	2.6%	6	3.1%	5	2.5%	6	3.0%	6	2.9%
Total Water-Wastewater Utility	45	23.2%	35	17.9%	37	18.1%	37	18.0%	38	18.4%	32	16.7%	33	17.0%	33.4	16.6%	35.4	17.8%	38.4	18.7%
<u>Storm Water Utility</u>																				
Stormwater department (1)	3	1.5%	3	1.5%	4	2.0%	4	2.0%	4	1.9%	7	3.6%	7	3.6%	7.6	3.8%	6.6	3.3%	7.6	3.7%
Total for Business-type Activities	48	24.7%	38	19.5%	41	20.1%	41	20.0%	42	20.3%	39	20.3%	40	20.6%	41	20.4%	42	21.1%	46	22.4%
Total Full-time Employees	194	100.0%	195	100.0%	204	100.0%	205	100.0%	207	100.0%	192	100.0%	194	100.0%	201	100.0%	199	100.0%	205	100.0%

1) Stormwater department began with year 2004.

2) Facility Maintenance department began with year 2009.

3) Safety position was moved to the Fire Department in 2011.

4) General Administration department split out beginning with year 2012.

5) Economic Development was contacted thru Pittsburg Chamber of Commerce beginning with 2013

**City of Pittsburg, Kansas**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Function/Program</u>										
General government										
Building permits issued	385	513	501	673	552	478	507	547	787	527
Building inspections conducted	1,696	750	1,069	1,628	1,370	1,309	1,096	868	791	550
Police										
Physical arrests	1,073	1,149	930	988	1,277	1,491	1,620	1,305	1,414	1,328
Parking violations	1,857	1,146	882	1,416	1,317	1,154	1,458	2,192	1,390	792
Traffic violations	3,529	3,019	2,823	3,416	2,998	2,442	2,039	2,154	2,316	1,916
Fire										
Fire calls	150	156	181	120	131	129	313	313	385	287
Emergency calls/EMS	1,154	1,335	1,231	1,355	1,255	854	571	619	709	720
Other calls	620	753	811	716	604	752	898	1,071	736	887
Other public works										
Street resurfacing (tons of asphalt)	3,973	4,674	5,491	3,289	5,041	1,840	2,533	5,689	6,351	8,834
Airport (gallons sold)	156,658	184,084	181,848	205,904	222,403	180,055	177,407	196,216	194,205	191,721
Parks and recreation										
Aquatic center (attendance)	24,703	28,473	28,420	29,790	29,646	27,974	30,661	31,285	25,710	18,460
Golf course (rounds of golf)	na	12,867	10,516	9,459	10,592	9,653	9,911	7,904	6,159	7,148
Memorial auditorium (events)	359	440	308	288	392	261	247	458	385	437
Water										
Average daily consumption (gallons)	2,477,992	2,512,452	2,564,255	2,494,501	2,460,721	2,247,419	2,349,718	2,517,244	2,374,877	2,282,000
Peak daily consumption (gallons)	3,962,000	4,962,000	4,900,000	4,552,000	4,738,000	3,733,000	5,444,000	4,950,000	4,530,000	6,059,000
Wastewater										
Average daily sewage treatment (gallons)	4,037,808	3,664,657	2,396,986	4,470,895	3,691,753	3,362,808	2,985,439	2,670,137	2,607,397	3,430,959

Note: na means data unavailable.

Sources: Various city departments.

City of Pittsburg, Kansas  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	4	4	4	4	4
Fire Stations	3	3	3	3	3	3	3	3	3	3
Other public works										
Streets (miles)	145	145	141	141.5	141.5	141.5	141.5	141.5	141.5	142.0
Streetlights	2,089	2,102	2,108	2,115	2,096	2,095	2,095	2,097	2,036	2,041
Traffic Signals	39	39	39	38	38	39	39	39	39	39
Parks and recreation										
Public parks	9	9	9	10	10	10	10	10	10	10
Swimming pools	2	2	2	2	2	2	2	2	2	2
Golf courses	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	na	na	165	165.5	165.5	165.5	165.5	168.5	172.0	172.0
Storage capacity (gallons)	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000	3,750,000
Wastewater										
Sanitary sewers (miles)	na	na	126	127	127	127	127	127	127	127
Treatment daily capacity (gallons)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Stormwater										
Storm sewers (miles)	na	na	18	18.5	19.0	19.0	19.0	19.0	19.0	19.0

Note: na means data unavailable.

Sources: Various city departments.



## **SINGLE AUDIT SECTION**

CITY OF PITTSBURG, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:		
Section 8 Housing Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 1,281,962
Passed through Kansas Housing Resources Corporation:		
Emergency Shelter Grant	14.231	65,190
HOME Investment Partnerships Program	14.239	169,206
Total U.S. Department of Housing and Urban Development		1,516,358
U.S. Department of Transportation:		
Airport Improvement Program	20.106	240,866
Passed through Kansas Department of Transportation:		
Highway Safety Cluster:		
State and Community Highway Safety	20.600	1,600
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	5,233
Occupant Protection Incentive Grant	20.602	4,465
Total U.S. Department of Transportation		252,164
U.S. Department of Justice:		
JAG Program Cluster:		
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.738	6,473
ARRA - Public Safety Partnership and Community Policing Grants - 2011	16.710	85,877
Total U.S. Department of Justice		92,350
Total expenditures of federal awards		\$ 1,860,872

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PITTSBURG, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2013

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Pittsburg, Kansas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards passed through other government agencies are included on the schedule.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting which is described in Note 1 to the City's basic financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2013

**Section I – Summary of Independent Auditor’s Results**

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to financial statements:	None

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	2013-001
Findings that are required to be reported in accordance with Section 510(a) of Circular A-133:	2013-001

Identification of major programs:

CFDA Number

Name of Federal Program

14.871

Section 8 Housing Choice Vouchers

CITY OF PITTSBURG, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Dollar threshold used to distinguish between Type A and  
Type B programs: \$ 300,000

Auditee qualified as a low-risk auditee: Yes

**Section II – Financial Statement Findings**

None.

**Section III – Federal Award Findings and Questioned Costs**

Significant Deficiency 2013-001

*Federal Program* – Section 8 Housing Choice Vouchers (CFDA No. 14.871), United States Department of Housing and Urban Development, Grant Award period December 31, 2013

*Compliance Requirement* – Special Tests and Provisions

*Condition* – Of the sixty files tested, six files did not have the most up to date utility allowance calculations.

*Cause* – The City did not realize that the utility rates needed to be updated annually.

*Criteria* –Per 24 CFR 982.517, the City must, at reexamination, use the City’s current utility allowance schedule.

*Effect* – Clients were not paid the appropriate amount.

*Questioned Costs* – Unknown.

*Recommendation* – A process should be put into place to ensure that the latest utility schedules are used for clients.

*Management’s Response (Unaudited)* – The PHA staff has performed Quality Control on all active participant files (300+), to further confirm all utility allowances are in compliance with federal regulations and guidelines; all discrepancies have since been corrected.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Corrective Action Plan (Unaudited)* – The inclusion of performing Quality Control on all tenant files at the time of annual re-examinations, has been put in to the City’s PHA operating procedures. This action is to ensure all utility allowances, TTP (Total Tenant Payment) calculations, and FMR (Fair Market Rent) are applied with the current rate, calculated accurately, and that rates are in compliance with federal regulations and guidelines.

Furthermore, utility allowance rates will be re-evaluated annually at the beginning of the City’s fiscal 4<sup>th</sup> quarter to address possible rate changes for the subsequent fiscal year. Rate modifications are to be implemented by the PHA at the time of initial certification for new participants, and at annual re-examinations for all other active participants.

CITY OF PITTSBURG, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2013

Significant Deficiency – 2012-1

*Criteria* – An organization's internal accounting control structure should provide for the separation of certain accounting duties or functions.

*Condition* – There was a lack of segregation of duties related to the turnover of the Director of Finance. During this time of the transition, the Assistant Director of Finance had the ability to access, create and modify accounting modules and reports which includes having access to the payroll system, creating journal entries with no review or approval and also the signature authority on the City's checks with access to cash.

*Effect* – A lack of segregation of duties within certain transaction cycles leaves the City exposed to the risk of potential misstatement due to either error or fraud.

*Recommendation* – The City should review ways to segregate the functions and operations of the City that are controlled by the Director of Finance and the Assistant Director of Finance.

*Management's Response (Unaudited)* – The City's finance director terminated employment with the City in the fall of 2012. The assistant director of finance assumed both roles as a replacement would not be selected until fiscal year 2013. Due to this temporary lack of staffing, segregation of duties was not possible.

*Corrective Action Plan (Unaudited)* – In February 2013 the City promoted the assistant director to director and hired a new assistant director in March 2013. This action will alleviate the segregation of duties issue.

*Follow-Up* – This finding is considered resolved.



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, City Manager and City Commissioners  
City of Pittsburg, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pittsburg, Kansas (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 12, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berberich Trahan & Co., P.A.*

May 12, 2014



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL  
CONTROL OVER COMPLIANCE**

Honorable Mayor, City Manager and City Commissioners  
City of Pittsburg, Kansas:

**Report on Compliance for Each Major Federal Program**

We have audited the City of Pittsburg, Kansas (the City)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2013. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

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## **Opinion on the Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on the major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Berberich Trahan & Co., P.A.*

May 12, 2014