

The City of **Pittsburg, Kansas**
**Comprehensive Annual
Financial Report**
For The Year Ended December 31, 2015



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF PITTSBURG, KANSAS

**For the Fiscal Year Ended
December 31, 2015**

Prepared by:

DEPARTMENT OF FINANCE

City of Pittsburg, Kansas

CITY OF PITTSBURG, KANSAS

Comprehensive Annual Financial Report
Year ended December 31, 2015

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INTRODUCTORY SECTION



April 21, 2016

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, 2015. 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 Mize Houser and Company was selected by the City Commission to audit the records of the City for the year ended December 31, 2015. 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 2015 population is 20,398. 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 13.1 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 88 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 7,500 students.

Comparing tax receipts to the prior fiscal year, retail sales tax receipts remained relatively flat increasing by 0.56%, property tax receipts increased 8.40% due to a mill levy increase and franchise tax receipts decreased by 6.75% due to milder than normal weather and declining costs of natural gas. The 2014 property valuation assessments to support the 2015 budget increased by .51% due to new construction.

The Pittsburg micro-area (Crawford County) unemployment rate decreased from 4.5 percent in December 2014 to 4.3 percent in December 2015. 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 utilizes a five year financial forecast and plan. Three prior year actuals, the current year estimated and four future years are projected in the forecast. This allows for better budget planning and decision making.

The City also 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, the City's public safety sales tax and federal and state grant awards.

Major initiatives for the year. The City's street sales tax was originally voted in for five years with an expiration date of March 31, 2016. The City held a special election in the fall of 2015 to keep the street sales tax in place for another five years and the citizens of Pittsburg overwhelmingly approved the continuation of the tax.

Street sales tax funds and a KDOT grant were utilized to mill and resurface West 4th Street (K126) from Pine Street to the west City limits. The intersection of Centennial and Rouse was realigned and signalized with City funds and private funds. This improvement was needed due to the new Wal-Mart Market being constructed in 2015. The East Quincy road improvements project from Broadway to Joplin was completed in 2015 and included the realignment and signalization of the Joplin and Quincy intersection. The Pitsco/Sunflower Trail was completed in 2015. This trail was financed with private donations and grant funds.

Completed major water line projects for the year were the replacement of an eight inch line on west Jefferson from Catalpa to Georgia and on Elmwood from Jefferson to Quincy. Also completed was a new eight inch water line replacement on Fairview from 5th Street to 9th Street, on 6th Street from Fairview to Water Street and on Highland from 6th Street to 7th Street.

Major initiatives for the future. The South Rouse Hike and Bike Trail is projected to be bid in 2016 with an estimated cost of \$937,289. This trail will be situated on the west side of Rouse Avenue and run from the south City limits to Centennial Drive. Funding sources are a KDOT grant and private donations.

Design engineering is scheduled for 2016 to reconstruct South Rouse from Centennial to the south City limits. The construction improvements scheduled for 2017 will change the current two lane road into a three lane road with a center turn lane. The funding source will be general obligation bonds.

Resurfacing of East 4th Street (K-126) from the 4th Street overpass to the east City limits is projected for the spring of 2017. Funding sources are a KDOT grant and City street sales tax funds.

Well #10 at the City's water treatment plant is scheduled to be refurbished in 2016 at an estimated cost of \$100,000. The design and build of the Wastewater Treatment Plants trickling filter is scheduled for 2016 with an estimated cost of \$250,000. Funding source for both projects is the Public Utility operating budget.

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, 2014. This was the nineteenth 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,



Daron Hall
City Manager

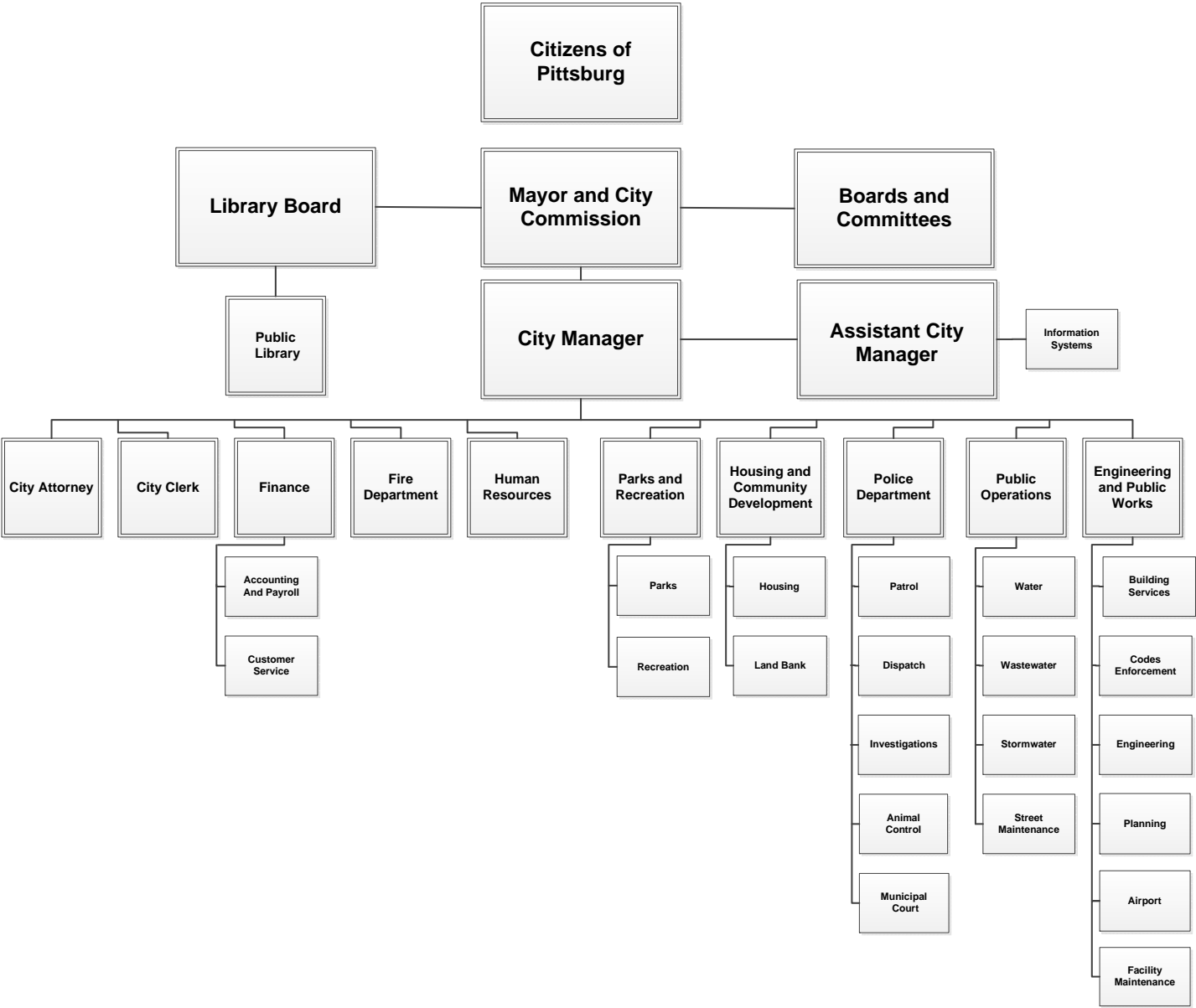


Jamie Clarkson
Director of Finance

CITY OF PITTSBURG, KANSAS
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2015

<u>TITLE</u>	<u>NAME</u>
ELECTED:	
Mayor	Chuck Munsell
President of the Board	John Ketterman
Commissioner	Michael Gray
Commissioner	Jeremy Johnson
Commissioner	Monica Murnan
APPOINTED:	
City Manager	Daron Hall
Assistant City Manager	Jay Byers
City Attorney	Henry Menghini
City Clerk	Tammy Nagel
Director of Finance	Jamie Clarkson
Director of Parks & Recreation	Kim Vogel
Director of Housing & Community Development	Becky Gray
Director of Public Utilities	Matt Bacon
Director of Public Works	Cameron Alden
Fire Chief	Mike Simons
Police Chief	Mendy Hulvey

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, 2014

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Mayor 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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 the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pittsburg, Kansas, as of December 31, 2015, and the respective changes in financial position and cash flows, where applicable, 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

Change in Accounting Principle

As described in Note 3.B. to the financial statements, the City implemented GASB 68 during the current year. As a result of the implementation, a restatement was made to the net position for the proportionate share of the City's net pension liability at December 31, 2014. Our opinion is not modified with respect to this matter.

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Prior Period Restatement

As discussed in Note 3.B. to the financial statements, certain errors resulting in amounts previously reported as capital assets as of December 31, 2014, were discovered by management of the City during the current year. Accordingly, these amounts have been restated in the December 31, 2015, financial statements now presented, and adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters

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 3 through 14, the schedule of funding progress on page 57, the schedule of the City's proportionate share of the net pension liability on page 58, and the schedule of City contributions on page 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, budgetary comparison schedules and 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account 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 information is fairly stated in all material respects in relation to the 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 April 21, 2016, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the 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.

Mjx Houser: Company PA

Certified Public Accountants
Lawrence, Kansas
April 21, 2016

Management's Discussion and Analysis

As management of the City of Pittsburg (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, 2015. 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-iv of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- City's bond rating improved from A+ to AA- in 2015.
- Pittsburg voters renewed the Street Sales Tax which was set to expire on March 31, 2016. The tax will now expire on March 31, 2021.
- The assets of the City exceeded its liabilities at the close of 2015 by \$71,007,182. Of this amount, \$1,107,761 may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of 2015, the City's general fund reports an ending fund balance of \$4,266,640 which is a decrease of \$884,065 compared to the prior fiscal year.
- The City's total debt decreased by \$7,798,037 or 20.36% during 2015.
- Under mandate the City implemented the Governmental Accounting Standards Board (GASB) statement 68 regarding accounting and financial reporting for pensions.

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 objective 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 15-16 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 thirteen 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 nine 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 17-23 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 24-27 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 28-56 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 Pittsburgh'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 60-66 of this report.

Government-wide Financial Analysis

Net Position

City of Pittsburgh's Net Position

	2014	2015	2014	2015	2014	2015
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Current and other assets	\$ 21,808,781	\$ 20,076,089	\$ 4,217,828	\$ 3,843,310	\$ 26,026,609	\$ 23,919,399
Capital Assets	48,174,910	50,072,802	46,719,108	46,122,475	94,894,018	96,195,277
Deferred outflows of resources	-	982,036	-	56,315	-	1,038,351
Total assets and deferred outflows of resources	69,983,691	71,130,927	50,936,936	50,022,100	120,920,627	121,153,027
Long-term liabilities outstanding	19,670,754	24,964,080	16,055,726	13,086,614	35,726,480	38,050,694
Other liabilities	4,210,434	4,433,224	1,557,818	1,845,139	5,768,252	6,278,363
Deferred inflows of resources	-	5,752,697	-	64,091	-	5,816,788
Total liabilities and deferred inflows of resources	23,881,188	35,150,001	17,613,544	14,995,844	41,494,732	50,145,845
Net position:						
Net investment in capital assets	28,739,436	34,093,008	30,210,876	32,890,346	58,950,312	66,983,354
Restricted	2,804,765	2,916,067	-	-	2,804,765	2,916,067
Unrestricted	9,511,978	(1,028,149)	3,112,516	2,135,910	12,624,494	1,107,761
Total Net Position	\$ 41,056,179	\$ 35,980,926	\$ 33,323,392	\$ 35,026,256	\$ 74,379,571	\$ 71,007,182

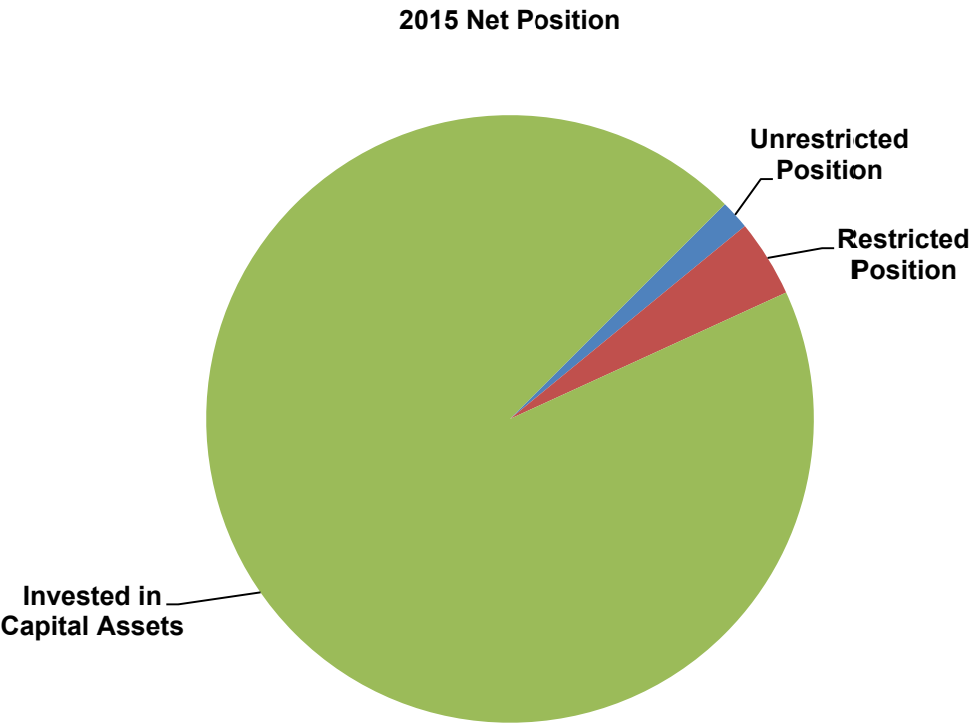
The City implemented GASB 68, Accounting and Financial Reporting for Pensions, as of December 31, 2015. The standard's implementation is driving the increase in deferred outflows of resources, deferred inflows of resources and the noncurrent liability. The increase in the noncurrent liability includes the net pension liability of \$10,153,392 as of December 31, 2015. The GASB 68 also impacts the unrestricted net position as can be seen in the change from 2014 to 2015. For more information on GASB 68 see page 49 in the Notes to the Basic Financial Statements.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$71,007,182 at the close of the 2015 fiscal year. By far the largest portion of the City's net position (94.33%) 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 (4.11%) 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

	2014	2015	2014	2015	2014	2015
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,521,749	\$ 2,504,456	\$ 8,441,060	\$ 8,466,236	\$10,962,809	\$ 10,970,692
Operating grants and contributions	1,406,645	1,341,055	-	-	1,406,645	1,341,055
Capital grants and contributions	3,855,619	4,268,203	445,697	2,649,087	4,301,316	6,917,290
General revenues						
Taxes	16,637,842	17,107,161	-	-	16,637,842	17,107,161
Other	212,313	597,453	828	907	213,141	598,360
Total revenues	<u>24,634,168</u>	<u>25,818,328</u>	<u>8,887,585</u>	<u>11,116,230</u>	<u>33,521,753</u>	<u>36,934,558</u>
Expenses						
General Government	3,671,547	3,642,682	-	-	3,671,547	3,642,682
Public Safety	7,689,357	8,386,332	-	-	7,689,357	8,386,332
Public Works	4,185,439	4,336,369	-	-	4,185,439	4,336,369
Sanitation and Health	160,574	157,904	-	-	160,574	157,904
Culture and Recreation	2,304,505	2,142,337	-	-	2,304,505	2,142,337
Industrial Promotion	1,526,378	1,667,559	-	-	1,526,378	1,667,559
Economic Development	70,061	87,670	-	-	70,061	87,670
Social Welfare	1,482,944	1,760,555	-	-	1,482,944	1,760,555
Interest on Long Term Debt	809,605	697,179	-	-	809,605	697,179
Water/ Wastewater Utility	-	-	6,310,606	6,275,894	6,310,606	6,275,894
Stormwater Utility	-	-	622,936	621,388	622,936	621,388
Total expenses	<u>21,900,410</u>	<u>22,878,587</u>	<u>6,933,542</u>	<u>6,897,282</u>	<u>28,833,952</u>	<u>29,775,869</u>
Increase in net position before transfers	2,733,758	2,939,741	1,954,043	4,218,948	4,687,801	7,158,689
Transfers	<u>1,408,389</u>	<u>1,682,976</u>	<u>[1,408,389]</u>	<u>[1,682,976]</u>	-	-
Increase in net position	4,142,147	4,622,717	545,654	2,535,972	4,687,801	7,158,689
Net position, beginning	36,752,202	41,056,179	32,940,833	33,323,392	69,693,035	74,379,571
Prior period adjustment	<u>161,830</u>	<u>[9,697,970]</u>	<u>[163,095]</u>	<u>[833,108]</u>	<u>[1,265]</u>	<u>[10,531,078]</u>
Net position, ending	<u>\$ 41,056,179</u>	<u>\$ 35,980,926</u>	<u>\$ 33,323,392</u>	<u>\$ 35,026,256</u>	<u>\$74,379,571</u>	<u>\$ 71,007,182</u>

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

Governmental activities comprised 69.90% of the total revenues generated by the City and 76.84% of the City's expenses. Comparing 2015 to 2014, governmental activities charges for services remained relatively flat.

Capital grants and contributions increased by \$412,584 in 2015 compared to 2014. The governmental activity capital projects had several funding sources including a KDOT grant for the East Quincy street improvements project, the KLINK grant for the West 4th street resurfacing project, FAA grants for the airport tree clearing and runway 16/34 projects, and grants and private donations for the various City trail projects.

Tax revenues increased by \$469,319 (2.82%) compared to 2014. This change is due to a mill rate increase in 2015 for the general and debt service funds and increased collections for delinquent and motor vehicle taxes.

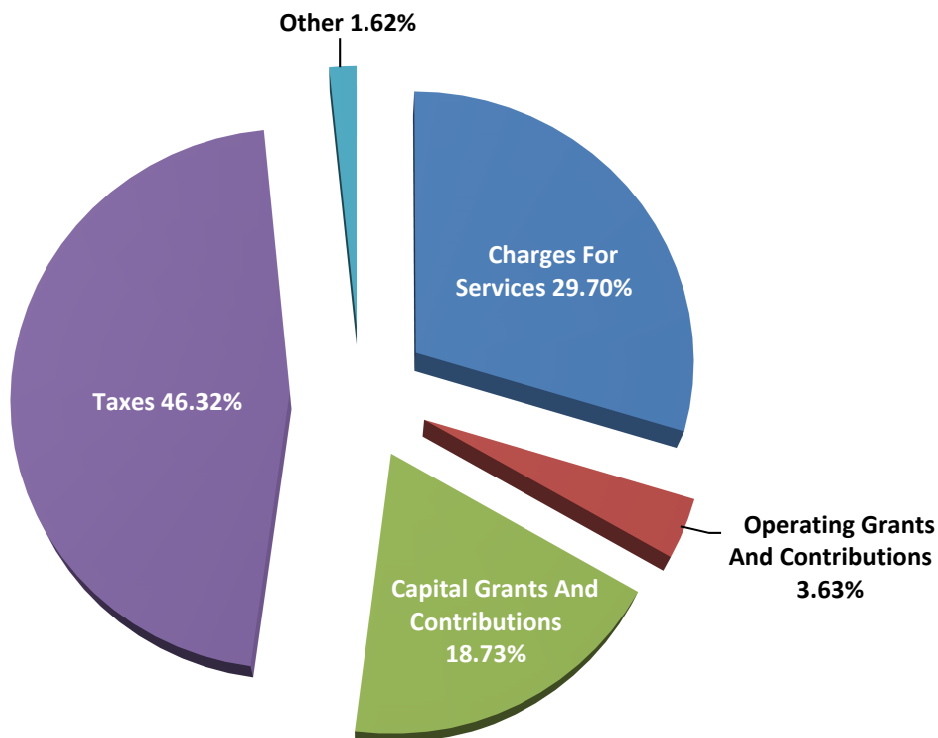
Comparing the 2015 to 2014 governmental activities expenses, public safety expense increased due to increased personnel, equipment and technology expenditures. Social welfare expense increased due to increased participation in the City's housing programs.

The business-type activities, while comprising the smaller percentages of revenues and expenses of the City, showed an increase of \$4,218,948 in net position, before transfers. Overall the business-type net position recorded an increase of \$2,535,972 in 2015. This gain can mainly be attributed to principal loan forgiveness in the amount of \$2,357,400 on a Kansas Department of Health and Environment loan.

Although business type activities contained a 1.00% rate increase in 2015, charges for service revenues increased by only 0.30% due to lower water consumption because of a wetter than normal year.

The following pie chart shows the composition of the 2015 primary government revenues.

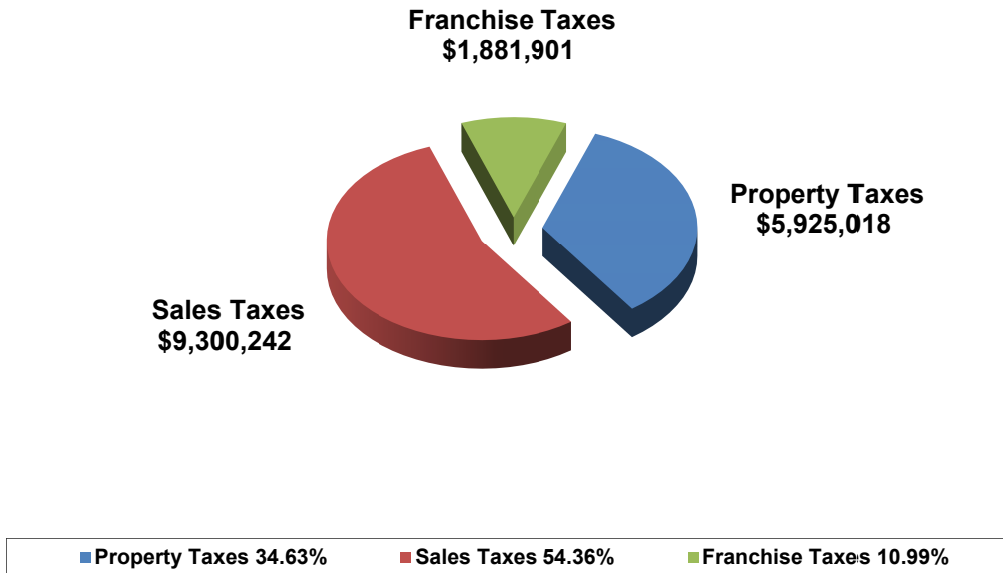
2015 Revenues by Source



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 2015. As mentioned in the transmittal letter, compared to 2014, sales tax revenue was up slightly, franchise tax revenue decreased and property tax revenue increased. Property valuations remained relatively flat compared to 2014. Sales tax continues to be the City's largest revenue source in 2015. This is due to the 2014 public safety sales tax that went into effect January 1, 2014.

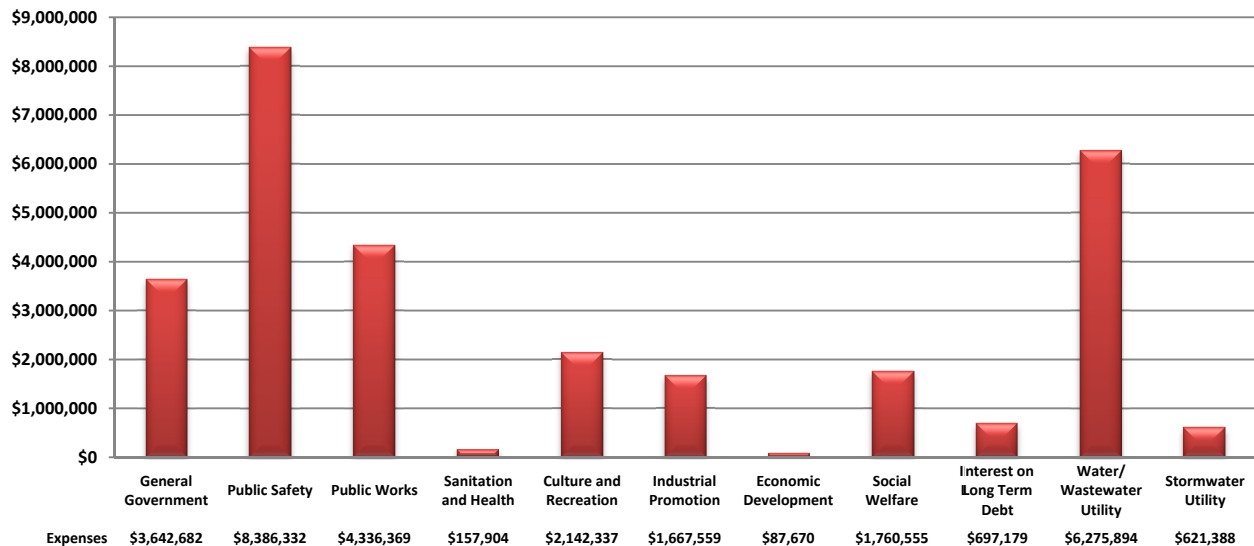
The pie chart below depicts the City's tax revenues by source.

2015 Taxes by Type



The following bar graph shows the composition of the 2015 primary government expenses.

2015 Cost of City Services



The City's general government, public safety, public works and water/wastewater utility activities are the dominant expense categories. These four activities account for 78.13% of the total cost of City services for 2015. The total cost of services of the City's primary government for 2015 was \$29,775,869. This represents an increase of \$941,917 (3.27%) compared to 2014. The portion of these City services paid by the City's taxpayers was \$17,107,161 (57.45%).

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

	2013 Levy to support <u>2014 Budget</u>	2014 Levy To support <u>2015 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
General Fund	\$ 31.880	\$ 33.851	\$ 1.971	6.183 %
Debt Service Fund	7.987	8.880	0.893	11.181 %
Component Unit	<u>5.665</u>	<u>5.760</u>	<u>0.095</u>	1.677 %
Total Mill Levy	<u>\$ 45.532</u>	<u>\$ 48.491</u>	<u>\$ 2.959</u>	6.499 %

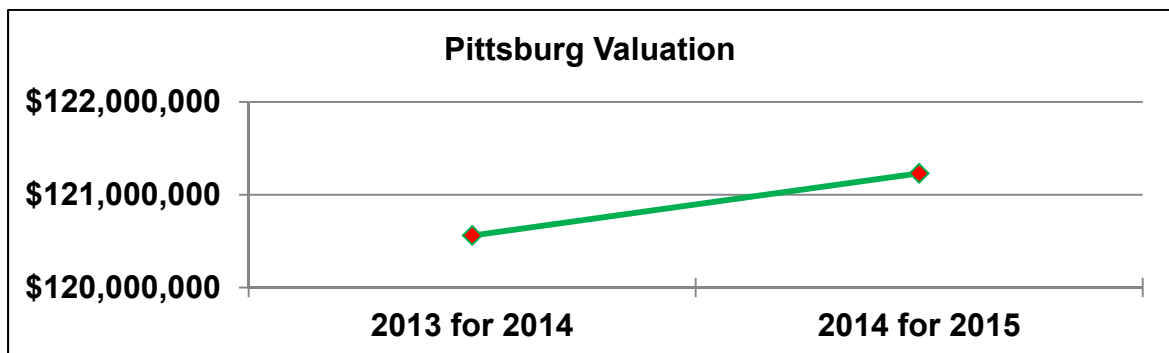
The City's mill rate changed very little due to City's management desire to keep the overall mill levy rate approximately the same as the prior fiscal year.

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

City of Pittsburg's Assessed Valuation

	2013 Valuation To support <u>2014 Budget</u>	2014 Valuation To support <u>2015 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
Real Property	\$108,802,857	\$110,656,658	\$ 1,853,801	1.70 %
Personal Property	5,921,366	4,939,558	(981,808)	(16.58) %
State Assessed	<u>5,836,420</u>	<u>5,634,698</u>	<u>(201,722)</u>	(3.46) %
Total	<u>\$120,560,643</u>	<u>\$121,230,914</u>	<u>\$ 670,271</u>	0.556 %

The change in assessed valuation reflects a slight increase in property values; however the increases were mainly in the City's Tax Increment Financing district and had no effect on the City at large.



Analysis of the Fund Financial Statements

Governmental Funds

The City's governmental funds ending fund balances decreased by a total of \$1,823,929 from the prior year, with the general fund decreasing by \$884,065.

Compared to 2014 the total governmental fund revenues before transfers increased \$1,342,205 while the total governmental fund expenditures before transfers increased \$1,836,814. The increase in revenue can mainly be attributed to property taxes, intergovernmental revenues and miscellaneous revenues. The large increase in miscellaneous revenues is mainly due to private donations for various City projects. The increase in expenditures is largely due to the City having twenty-seven payrolls in 2015 compared to twenty-six in 2014 and increased public safety expenditures. Before transfers, general fund revenues were up 2.45% while general fund expenditures were up 10.54%.

The revolving loans recorded a decrease of \$347,306 which was mainly due to infrastructure improvements in the Southeast Industrial Park. The capital projects fund balance recorded a decrease of \$702,970 which is due to using prior year bond proceeds for project costs.

Proprietary Funds

The water and wastewater utility fund had a decrease of \$118,506 in cash and cash equivalents for 2015. There was a decrease of \$398,984 in current assets and an increase in current liabilities of \$293,023 compared to 2014. These changes can be attributed to a decrease in receivables and an increase in current debt payable.

The stormwater utility fund had an increase of \$26,089 in cash and cash equivalents for 2015. This can be attributed to a 1.00% rate increase in 2015.

The combined utility operating income decreased by \$77,598 in 2015 which reflects a percentage decrease of 3.79%. For 2015 operating revenue increased by \$25,176 while operating expense increased by \$102,774 which was mainly due to depreciation expense.

Major utility projects completed during 2015 are the new water lines on West Jefferson and North Fairview, the rebuild of the water treatment plant well number nine, and Phase II of the wastewater treatment plant controls upgrade.

General Fund Budgetary Highlights

The legally adopted budget for the Debt Service Fund, the Special Parks and Recreation Fund and the Section 8 Housing Fund were amended by the City Commission during 2015. The following general fund revenue and expenditure categories experienced significant differences between the budgeted amount and the actual amount. A brief explanation of the differences is included.

CATEGORY	EXPLANATION
Charges for Services	Charges for services were less than budget mainly due to lower than expected group hospitalization contributions because of staff vacancies and airport fuel sales because of lower fuel prices.
Miscellaneous Revenues	Miscellaneous revenues are over budget due to increased nuisance assessment collections and reimbursement from Crawford County for its share of the new police jail software.
General government	The general government department is under budget due to lower than expected group hospitalization health claims expense and sales tax capital outlay operating reserves that weren't expensed.
Public safety	While the police division was over budget due to capital outlay expense the overall public safety department is under budget due the budgeted reserves in the public safety debt sales tax.
Culture & recreation	The culture and recreation department is under budget due to the Jaycee Ballpark and Memorial Auditorium operating reserves not incurring any expenditure.
Operating Reserve	The general fund reserve is under budget due to no expense being incurred.
Transfers out	Transfers out are over budget due to the advance principal payment of 2007A public safety sales tax bonded debt.

Capital Asset and Debt Administration

Capital Assets

The total net investment in capital assets for the primary government at December 31, 2015 was \$96,195,277, net of accumulated depreciation. The net capital assets increased by 1.42% from the 2014 total. The increase in the governmental type activities can mainly be attributed to the East Quincy street improvements. The majority of the decrease in the business type activities can be attributed to building depreciation.

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

City of Pittsburg's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities	
	2014	2015	2014	2015
Land	\$ 3,566,486	\$ 3,566,486	\$ 582,812	\$ 582,812
Buildings and improvements	21,688,773	20,791,485	19,952,547	19,305,589
Machinery and equipment	4,915,506	5,052,073	2,320,401	2,290,045
Infrastructure	17,706,163	20,491,228	23,774,570	23,850,105
Construction in progress	<u>297,979</u>	<u>171,528</u>	<u>88,778</u>	<u>93,924</u>
Total	<u>\$ 48,174,907</u>	<u>\$ 50,072,800</u>	<u>\$ 46,719,108</u>	<u>\$ 46,122,475</u>

For additional information on capital assets, please refer to note 8 in the notes to the basic financial statements on pages 41-42.

Debt Administration

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

City of Pittsburg's Outstanding Debt

	Governmental Activities		Business-Type Activities	
	2014	2015	2014	2015
General Obligation Bonds	\$14,405,592	\$10,651,202	\$ 2,824,408	\$ 8,743,798
K.D.H.E. Construction Loans	-	-	13,683,824	4,126,327
Tax Increment Bonds (TIF)	4,390,000	4,070,000	-	-
Transportation Development District Bonds (TDD)	1,150,000	1,100,000	-	-
Capital Leases	1,881,075	1,845,535	-	-
Total	<u>\$21,826,667</u>	<u>\$17,666,737</u>	<u>\$ 16,508,232</u>	<u>\$12,870,125</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 2015 general obligation bonds are rated AA- by Standard and Poor's Ratings Services. 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 \$40,750,814 which is significantly higher than the general obligation bond outstanding debt.

The City's outstanding general obligation bonds at December 31, 2015, totaled \$19,395,000; of this \$10,651,202 is considered direct tax supported debt. This direct tax supported outstanding general obligation bond balance represents a 26.06% decrease from the 2014 balance. The majority of this decrease is due to the City pre-paying \$1.2 million of 2018 principal on its 2007B bond issue. No new direct tax supported general obligation bond debt was issued in 2015 while \$3,754,390 was retired in 2015. Capital leases were incurred in 2015 for the purchase of a street backhoe, a street dump truck and a parks backhoe.

Business-type activity bonded debt increased in 2015 due to the City issuing 2015A bonds to pay off two Kansas Department of Health and Environment (KDHE) loans to save on interest costs. New business-type activity bonded debt of \$6,370,000 was issued in 2015 while \$450,610 was retired in 2015. The remaining KDHE loans are for improvements at the wastewater plant, water treatment plant and collection systems. During 2015 the City incurred \$125,127 in new loan proceeds, repaid \$7,325,184 in loan principal and received \$2,357,440 in loan forgiveness.

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 pages 43-48.

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. 4th Street, Pittsburg, KS 66762.

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION
December 31, 2015

	Primary Government			Component Unit
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Public Library
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 10,292,735	\$ 2,520,903	\$ 12,813,638	\$ 616,637
Restricted cash	-	205,080	205,080	-
Receivables (net of allowance for uncollectibles)				
Taxes	6,929,776	-	6,929,776	700,724
Accounts	305,568	881,572	1,187,140	-
Intergovernmental	165,815	-	165,815	-
Other	-	6,020	6,020	-
Restricted investments	462,055	-	462,055	-
Loans receivable	1,431,061	-	1,431,061	-
Leases receivable	397,834	-	397,834	-
Inventory	41,339	207,510	248,849	-
Prepaid expenses	49,906	22,225	72,131	4,221
Total current assets	<u>20,076,089</u>	<u>3,843,310</u>	<u>23,919,399</u>	<u>1,321,582</u>
Noncurrent assets:				
Capital assets, nondepreciable				
Land	3,566,486	582,812	4,149,298	215,415
Construction in progress	171,528	93,924	265,452	-
Capital assets, depreciable	86,554,625	73,913,364	160,467,989	3,733,359
Less: Accumulated depreciation	<u>40,219,837</u>	<u>28,467,625</u>	<u>68,687,462</u>	<u>1,426,638</u>
Total noncurrent assets	<u>50,072,802</u>	<u>46,122,475</u>	<u>96,195,277</u>	<u>2,522,136</u>
Total assets	<u>70,148,891</u>	<u>49,965,785</u>	<u>120,114,676</u>	<u>3,843,718</u>
Deferred outflows of resources				
Pension - contributions subsequent to the measurement date	683,179	50,600	733,779	20,675
Pension - difference between expected and actual experience	52,932	-	52,932	-
Pension - changes in proportion	<u>245,925</u>	<u>5,715</u>	<u>251,640</u>	<u>2,335</u>
Total deferred outflows of resources	<u>982,036</u>	<u>56,315</u>	<u>1,038,351</u>	<u>23,010</u>
Total assets and deferred outflows of resources	<u>\$ 71,130,927</u>	<u>\$ 50,022,100</u>	<u>\$ 121,153,027</u>	<u>\$ 3,866,728</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Current liabilities:				
Accounts payable and other current liabilities	\$ 634,942	\$ 208,433	\$ 843,375	\$ 8,956
Accrued interest payable	118,215	151,822	270,037	-
Liabilities payable from restricted cash	-	205,080	205,080	-
Current portion of compensated absences	281,330	58,056	339,386	12,843
Current portion of capital lease payable	331,842	-	331,842	-
Current portion of general obligation bonds payable	2,666,895	938,105	3,605,000	-
Current portion of revenue bonds payable	400,000	-	400,000	-
Current portion of construction loan payable	-	283,643	283,643	-
Total current liabilities	<u>4,433,224</u>	<u>1,845,139</u>	<u>6,278,363</u>	<u>21,799</u>
Noncurrent liabilities:				
Compensated absences	454,486	96,198	550,684	1,418
Net OPEB obligation	877,534	200,926	1,078,460	35,681
Net pension liability	9,374,283	779,109	10,153,392	318,345
Capital lease payable	1,513,693	-	1,513,693	-
General obligation bonds payable	7,974,084	8,167,697	16,141,781	-
Revenue bonds payable	4,770,000	-	4,770,000	-
Construction loan payable	-	3,842,684	3,842,684	-
Total noncurrent liabilities	<u>24,964,080</u>	<u>13,086,614</u>	<u>38,050,694</u>	<u>355,444</u>
Total liabilities	<u>29,397,304</u>	<u>14,931,753</u>	<u>44,329,057</u>	<u>377,243</u>
Deferred inflows of resources:				
Deferred revenue - property taxes	5,019,614	-	5,019,614	700,724
Pension - difference between expected and actual experience	198,261	22,055	220,316	9,012
Pension - net difference between projected and actual earnings on pension plan investments	323,322	30,328	353,650	12,392
Pension - changes of assumptions	107,952	10,889	118,841	4,449
Pension - change in proportion	<u>103,548</u>	<u>819</u>	<u>104,367</u>	<u>334</u>
Total deferred inflows of resources	<u>5,752,697</u>	<u>64,091</u>	<u>5,816,788</u>	<u>726,911</u>
Total liabilities and deferred inflows of resources	<u>\$ 35,150,001</u>	<u>\$ 14,995,844</u>	<u>\$ 50,145,845</u>	<u>\$ 1,104,154</u>
Net Position:				
Net investment in capital assets	\$ 34,093,008	\$ 32,890,346	\$ 66,983,354	\$ 2,522,136
Restricted for:				
Debt service	1,293,348	-	1,293,348	-
Housing	690,667	-	690,667	-
Street and highway	769,097	-	769,097	-
Other purposes	162,955	-	162,955	4,221
Unrestricted	<u>[1,028,149]</u>	<u>2,135,910</u>	<u>1,107,761</u>	<u>236,217</u>
Total net position	<u>\$ 35,980,926</u>	<u>\$ 35,026,256</u>	<u>\$ 71,007,182</u>	<u>\$ 2,762,574</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

					Net [Expenses] Revenue and Changes in Net Position			
	Program Revenues				Primary Government			Component Unit
	Charges for	Operating	Capital		Total	Total	Total	
	Services	Grants and	Grants and		Governmental	Business-type	Primary	Public
Expenses		Contributions	Contributions		Activities	Activities	Government	Library
Governmental activities:								
General government	\$ 3,642,682	\$ 998,382	\$ 185,389	\$ -	\$ [2,458,911]	\$ -	\$ [2,458,911]	\$ -
Public safety - police	4,817,413	-	26,477	-	[4,790,936]	-	[4,790,936]	-
Public safety - fire	2,923,367	-	-	-	[2,923,367]	-	[2,923,367]	-
Public safety - other	645,552	2,365	-	-	[643,187]	-	[643,187]	-
Public works	4,336,369	743,700	818,937	2,606,984	[166,748]	-	[166,748]	-
Sanitation and health	157,904	-	88,223	-	[69,681]	-	[69,681]	-
Culture and recreation	2,142,337	541,076	88,223	16,082	[1,496,956]	-	[1,496,956]	-
Industrial promotion	1,667,559	218,933	-	-	[1,448,626]	-	[1,448,626]	-
Economic development	87,670	-	60,000	-	[27,670]	-	[27,670]	-
Social welfare	1,760,555	-	73,806	1,645,137	[41,612]	-	[41,612]	-
Interest on long-term debt	697,179	-	-	-	[697,179]	-	[697,179]	-
Total governmental activities	22,878,587	2,504,456	1,341,055	4,268,203	[14,764,873]	-	[14,764,873]	-
Business-type activities:								
Water/wastewater	6,275,894	7,664,369	-	2,649,087	-	4,037,562	4,037,562	-
Stormwater	621,388	801,867	-	-	-	180,479	180,479	-
Total business-type activities	6,897,282	8,466,236	-	2,649,087	-	4,218,041	4,218,041	-
Total primary government	\$ 29,775,869	\$ 10,970,692	\$ 1,341,055	\$ 6,917,290	[14,764,873]	4,218,041	[10,546,832]	-
Component units:								
Public library	\$ 1,754,295	\$ 17,019	\$ 1,112,414	\$ -	-	-	-	[624,862]
Total component units	\$ 1,754,295	\$ 17,019	\$ 1,112,414	\$ -	\$ -	\$ -	\$ -	\$ [624,862]
General Revenues:								
Property taxes					5,925,018	-	5,925,018	769,018
Sales taxes					9,300,242	-	9,300,242	-
Franchise taxes					1,881,901	-	1,881,901	-
Unrestricted investment revenues					10,921	907	11,828	2,274
Miscellaneous					586,532	-	586,532	-
Transfers, net					1,682,976	[1,682,976]	-	-
Subtotal general revenues					19,387,590	[1,682,069]	17,705,521	771,292
Change in net position					4,622,717	2,535,972	7,158,689	146,430
Net position - beginning					41,056,179	33,323,392	74,379,571	2,956,554
Prior period adjustment					[9,697,970]	[833,108]	[10,531,078]	[340,410]
Net position - beginning, restated					31,358,209	32,490,284	63,848,493	2,616,144
Net position - ending					\$ 35,980,926	\$ 35,026,256	\$ 71,007,182	\$ 2,762,574

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	<u>General</u>	<u>Revolving Loans</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 3,201,564	\$ 3,598,188	\$ 1,658,799	\$ 807,700	\$ 1,026,484	\$ 10,292,735
Receivables (net of allowance for uncollectibles):						
Taxes	5,566,033	159,704	-	1,033,703	170,336	6,929,776
Accounts	71,589	46,143	41,984	-	145,852	305,568
Intergovernmental	-	-	9,715	-	156,100	165,815
Restricted investments	-	-	-	462,055	-	462,055
Leases receivable	-	397,834	-	-	-	397,834
Loans receivable	-	1,231,491	-	-	199,570	1,431,061
Inventory	41,339	-	-	-	-	41,339
Prepaid items	42,408	1,332	-	-	6,166	49,906
Total assets	\$ 8,922,933	\$ 5,434,692	\$ 1,710,498	\$ 2,303,458	\$ 1,704,508	\$ 20,076,089
Liabilities and deferred inflows of resources:						
Liabilities:						
Accounts payable	\$ 126,618	\$ 2,354	\$ 33,778	\$ -	\$ 72,182	\$ 234,932
Accrued payroll	158,171	-	-	-	9,915	168,086
Accrued self-insurance claims	145,000	-	-	-	-	145,000
Other	86,924	-	-	-	-	86,924
Total liabilities	516,713	2,354	33,778	-	82,097	634,942
Deferred inflows of resources:						
Unavailable revenue - property taxes	4,139,580	-	-	880,034	-	5,019,614
Unavailable revenue - special assessments	-	-	-	96,346	-	96,346
Unavailable revenue - other	-	269,086	-	-	-	269,086
Total deferred inflows of resources	4,139,580	269,086	-	976,380	-	5,385,046
Fund balance:						
Nonspendable	83,747	1,332	-	-	6,166	91,245
Restricted:						
Debt service	-	-	-	1,327,078	-	1,327,078
Capital projects	-	-	1,676,720	-	762,623	2,439,343
Housing	-	-	-	-	690,667	690,667
Other	-	-	-	-	162,955	162,955
Assigned						
Other	52,635	-	-	-	-	52,635
Industrial promotion	-	5,161,920	-	-	-	5,161,920
Unassigned	4,130,258	-	-	-	-	4,130,258
Total fund balances	4,266,640	5,163,252	1,676,720	1,327,078	1,622,411	14,056,101
Total liabilities, deferred inflows of resources and fund balances	\$ 8,922,933	\$ 5,434,692	\$ 1,710,498	\$ 2,303,458	\$ 1,704,508	\$ 20,076,089

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE TO THE
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2015

Total Governmental Fund Balances		\$ 14,056,101
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		
The cost of capital assets is	\$ 90,292,639	
Accumulated depreciation is	<u>40,219,837</u>	50,072,802
Pension contributions are reported an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.		982,036
Pension fundings are reported an a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position.		[733,083]
Other long-term assets are not available to pay for current-period and, therefore, are reported as unavailable revenue in the funds		365,432
A long-term liability is recorded for he 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.		[877,534]
The following liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:		
Compensated absences	735,816	
Net pension liability	9,374,283	
General obligation bond payable	10,640,979	
Capital lease payable	1,845,535	
Revenue bond payable	5,170,000	
Accrued interest on the bonds	<u>118,215</u>	<u>[27,884,828]</u>
Net Position of Governmental Activities		<u>\$ 35,980,926</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	<u>General</u>	<u>Revolving Loans</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes:						
Property	\$ 4,488,292	\$ -	\$ -	\$ 1,436,726	\$ -	\$ 5,925,018
Sales taxes	7,009,079	910,340	-	396,336	984,487	9,300,242
Franchise taxes	1,881,901	-	-	-	-	1,881,901
Licenses and permits	218,933	-	-	-	-	218,933
Intergovernmental	211,866	-	362,089	-	2,774,326	3,348,281
Charges for services	1,845,086	-	-	-	-	1,845,086
Fines and fees	440,437	-	-	-	-	440,437
Special assessments	44,210	-	-	42,027	-	86,237
Investment earnings	2,207	4,339	823	-	3,552	10,921
Lease income	-	435,687	-	-	-	435,687
Miscellaneous	228,463	12,624	531,058	5,739	53,063	830,947
Total revenues	<u>16,370,474</u>	<u>1,362,990</u>	<u>893,970</u>	<u>1,880,828</u>	<u>3,815,428</u>	<u>24,323,690</u>
Expenditures:						
Current:						
General government	3,394,359	-	-	-	-	3,394,359
Public safety - police	4,301,193	-	-	-	-	4,301,193
Public safety - fire	2,618,929	-	-	-	-	2,618,929
Public safety - other	669,342	-	-	-	-	669,342
Public works	892,203	-	70	-	1,479,775	2,372,048
Sanitation and health	79,888	-	-	-	77,286	157,174
Economic development	-	-	-	-	87,670	87,670
Culture and recreation	1,780,057	-	-	-	-	1,780,057
Industrial promotion	-	1,677,501	-	-	-	1,677,501
Social welfare	-	-	-	-	1,765,442	1,765,442
Debt service:						
Principal	-	-	-	4,124,389	-	4,124,389
Interest	-	-	-	713,974	-	713,974
Debt issuance costs	-	-	-	12,894	-	12,894
Capital outlay	1,797,106	-	1,947,179	-	655,753	4,400,038
Total expenditures	<u>15,533,077</u>	<u>1,677,501</u>	<u>1,947,249</u>	<u>4,851,257</u>	<u>4,065,926</u>	<u>28,075,010</u>
Excess [deficiency] of revenues over [under] expenditures	<u>837,397</u>	<u>[314,511]</u>	<u>[1,053,279]</u>	<u>[2,970,429]</u>	<u>[250,498]</u>	<u>[3,751,320]</u>
Other financing sources [uses]:						
Capital lease	244,415	-	-	-	-	244,415
Transfers in	1,456,018	-	586,206	2,973,192	450,000	5,465,416
Transfers [out]	[3,421,895]	[32,795]	[235,897]	-	[91,853]	[3,782,440]
Total other financing sources [uses]	<u>[1,721,462]</u>	<u>[32,795]</u>	<u>350,309</u>	<u>2,973,192</u>	<u>358,147</u>	<u>1,927,391</u>
Net change in fund balance	<u>[884,065]</u>	<u>[347,306]</u>	<u>[702,970]</u>	<u>2,763</u>	<u>107,649</u>	<u>[1,823,929]</u>
Fund balance - Beginning of year	<u>5,150,705</u>	<u>5,510,558</u>	<u>2,379,690</u>	<u>1,324,315</u>	<u>1,514,762</u>	<u>15,880,030</u>
Fund balance - End of year	<u>\$ 4,266,640</u>	<u>\$ 5,163,252</u>	<u>\$ 1,676,720</u>	<u>\$ 1,327,078</u>	<u>\$ 1,622,411</u>	<u>\$ 14,056,101</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Total Net Change In Fund Balances - Governmental Funds \$ [1,823,929]

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

Capital outlays to purchase or build assets are reported in governmental funds
as expenditures. However, for governmental activities those costs are shown
in the statement of net position and allocated over their estimated useful lives
as annual depreciation expenses in the statement of activities. This is the
amount by which capital outlays exceeds depreciation in the period.

Capital outlays	4,599,743	
Depreciation expense	<u>[2,701,850]</u>	1,897,893

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. [147,787]

Interest on long-term debt in the statement of activities differs from the amount
reported in the governmental funds because interest is recorded as an
expenditure in the funds when it is due, and thus requires the use of current
financial resources. In the statement of activities, however, interest expense
is recognized as the interest accrues, regardless of when it is due. This is
the amount by which interest decreased. 30,967

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.

Compensated absences	27,217	
Net other post employment benefits	<u>[92,934]</u>	[65,717]

Pension payments are reported as expenditures in the governmental funds and
do not affect the statement of net activities. 513,751

The issuance of long-term debt 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 has any effect on net position. 4,217,539

Changes In Net Position of Governmental Activities \$ 4,622,717

CITY OF PITTSBURG, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND
For the Year Ended December 31, 2015

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues:				
Taxes	\$ 15,738,583	\$ 15,827,814	\$ 15,827,814	\$ [89,231]
Special assessments	44,210	-	-	44,210
Intergovernmental	232,700	201,617	201,617	31,083
Licenses and permits	218,933	173,000	173,000	45,933
Charges for services	3,403,137	3,823,864	3,823,864	[420,727]
Fines and fees	440,437	428,300	428,300	12,137
Investment income	2,207	2,500	2,500	[293]
Miscellaneous	228,463	88,066	88,066	140,397
Total revenues	<u>20,308,670</u>	<u>20,545,161</u>	<u>20,545,161</u>	<u>[236,491]</u>
Expenditures:				
General Government:				
General administration:				
Personnel services	778,521	754,032	754,032	[24,489]
Contractual services	155,379	154,934	154,934	[445]
Commodities	15,027	18,125	18,125	3,098
Total general administration	<u>948,927</u>	<u>927,091</u>	<u>927,091</u>	<u>[21,836]</u>
Group hospitalization:				
Claims paid	<u>1,859,779</u>	<u>2,145,558</u>	<u>2,145,558</u>	<u>285,779</u>
Human resources:				
Personnel services	150,197	154,765	154,765	4,568
Contractual services	81,736	65,864	65,864	[15,872]
Commodities	4,509	8,500	8,500	3,991
Total human resources	<u>236,442</u>	<u>229,129</u>	<u>229,129</u>	<u>[7,313]</u>
Information systems:				
Personnel services	260,057	253,758	253,758	[6,299]
Contractual services	151,924	168,842	168,842	16,918
Commodities	53,028	71,000	71,000	17,972
Capital outlay	53,886	60,000	60,000	6,114
Total information systems	<u>518,895</u>	<u>553,600</u>	<u>553,600</u>	<u>34,705</u>
Facility maintenance:				
Personnel services	156,615	150,367	150,367	[6,248]
Contractual services	2,391	2,395	2,395	4
Commodities	70,164	83,260	83,260	13,096
Total facility maintenance	<u>229,170</u>	<u>236,022</u>	<u>236,022</u>	<u>6,852</u>
Municipal court:				
Personnel services	285,549	299,679	299,679	14,130
Contractual services	29,859	26,293	26,293	[3,566]
Commodities	5,490	4,950	4,950	[540]
Total municipal court	<u>320,898</u>	<u>330,922</u>	<u>330,922</u>	<u>10,024</u>
Sales tax capital outlay:				
Capital outlay	265,105	339,000	339,000	73,895
Reserve	7,843	125,994	125,994	118,151
Total sales tax capital outlay	<u>272,948</u>	<u>464,994</u>	<u>464,994</u>	<u>192,046</u>
Total general government	<u>4,387,059</u>	<u>4,887,316</u>	<u>4,887,316</u>	<u>500,257</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND (Continued)
For the Year Ended December 31, 2015

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Public safety:				
Police department:				
Personnel services	\$ 4,094,694	\$ 4,208,916	\$ 4,208,916	\$ 114,222
Contractual services	448,141	449,818	449,818	1,677
Commodities	275,649	265,150	265,150	[10,499]
Capital outlay	742,043	244,500	244,500	[497,543]
Total police department	<u>5,560,527</u>	<u>5,168,384</u>	<u>5,168,384</u>	<u>[392,143]</u>
Fire department:				
Personnel services	2,570,700	2,518,231	2,518,231	[52,469]
Contractual services	123,552	145,294	145,294	21,742
Commodities	87,570	78,500	78,500	[9,070]
Capital outlay	154,745	176,670	176,670	21,925
Total fire department	<u>2,936,567</u>	<u>2,918,695</u>	<u>2,918,695</u>	<u>[17,872]</u>
Public safety - other:				
Building services:				
Personnel services	343,998	348,712	348,712	4,714
Contractual services	19,912	24,040	24,040	4,128
Commodities	8,239	7,400	7,400	[839]
Total building services	<u>372,149</u>	<u>380,152</u>	<u>380,152</u>	<u>8,003</u>
Public safety - other:				
Codes enforcement:				
Personnel services	255,385	294,132	294,132	38,747
Contractual services	15,746	21,479	21,479	5,733
Commodities	4,974	7,400	7,400	2,426
Total codes enforcement	<u>276,105</u>	<u>323,011</u>	<u>323,011</u>	<u>46,906</u>
Public safety - other:				
Animal control:				
Personnel services	80,434	80,417	80,417	[17]
Contractual services	16,826	17,262	17,262	436
Commodities	9,315	10,425	10,425	1,110
Total animal control	<u>106,575</u>	<u>108,104</u>	<u>108,104</u>	<u>1,529</u>
Public safety sales tax:				
Reserve	-	2,401,065	2,401,065	2,401,065
Total public safety - other	<u>754,829</u>	<u>3,212,332</u>	<u>3,212,332</u>	<u>2,457,503</u>
Total public safety	<u>9,251,923</u>	<u>11,299,411</u>	<u>11,299,411</u>	<u>2,047,488</u>
Public works:				
Engineering department:				
Personnel services	154,770	149,591	149,591	[5,179]
Contractual services	35,592	6,474	6,474	[29,118]
Commodities	3,992	6,450	6,450	2,458
Total engineering department	<u>194,354</u>	<u>162,515</u>	<u>162,515</u>	<u>[31,839]</u>
Atkinson Airport:				
Personnel services	159,830	145,416	145,416	[14,414]
Contractual services	59,433	73,002	73,002	13,569
Commodities	514,527	671,250	671,250	156,723
Capital outlay	29,922	-	-	[29,922]
Reserve	-	44,569	44,569	44,569
Total Atkinson Airport	<u>763,712</u>	<u>934,237</u>	<u>934,237</u>	<u>170,525</u>
Total public works	<u>958,066</u>	<u>1,096,752</u>	<u>1,096,752</u>	<u>138,686</u>
Sanitation and health:				
Mt. Olive Cemetery:				
Personnel services	68,301	70,391	70,391	2,090
Contractual services	13,545	16,850	16,850	3,305
Commodities	7,883	10,260	10,260	2,377
Total sanitation and health	<u>89,729</u>	<u>97,501</u>	<u>97,501</u>	<u>7,772</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND (Continued)
For the Year Ended December 31, 2015

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Culture and recreation:				
Parks and recreation:				
Personnel services	\$ 674,270	\$ 672,118	\$ 672,118	\$ [2,152]
Contractual services	142,043	145,635	145,635	3,592
Commodities	104,956	115,575	115,575	10,619
Capital outlay	2,240	-	-	[2,240]
Total parks and recreation	923,509	933,328	933,328	9,819
Aquatic center:				
Personnel services	76,063	99,880	99,880	23,817
Contractual services	28,289	29,984	29,984	1,695
Commodities	36,012	44,600	44,600	8,588
Total aquatic center	140,364	174,464	174,464	34,100
JC ballpark turf reserve:				
Capital outlay	308	2,500	2,500	2,192
Reserve	-	99,625	99,625	99,625
Total JC ballpark turf reserve	308	102,125	102,125	101,817
Four Oaks Complex:				
Personnel services	216,046	216,311	216,311	265
Contractual services	68,929	71,085	71,085	2,156
Commodities	53,381	64,276	64,276	10,895
Total Four Oaks Complex	338,356	351,672	351,672	13,316
Memorial Auditorium and Convention Center:				
Personnel services	378,072	371,316	371,316	[6,756]
Contractual services	126,034	135,925	135,925	9,891
Commodities	33,101	30,650	30,650	[2,451]
Operating reserve	-	70,784	70,784	70,784
Capital outlay	4,081	-	-	[4,081]
Total Memorial Auditorium and Convention Center	541,288	608,675	608,675	67,387
Total culture and recreation	1,943,825	2,170,264	2,170,264	226,439
Operating reserve	-	822,348	822,348	822,348
Total expenditures	16,630,602	20,373,592	20,373,592	3,742,990
Excess [deficiency] of revenues over [under] expenditures	3,678,068	171,569	171,569	3,506,499
Other financing sources [uses]				
Transfer in	1,456,018	1,251,000	1,251,000	205,018
Transfer [out]	[5,682,297]	[4,556,515]	[4,556,515]	[1,125,782]
Total other financing sources [uses]	[4,226,279]	[3,305,515]	[3,305,515]	[920,764]
Net change in fund balances	[548,211]	[3,133,946]	[3,133,946]	2,585,735
Fund balance, January 1	3,540,688	3,133,946	3,133,946	406,742
Unreserved fund balance, December 31	\$ 2,992,477	\$ -	\$ -	\$ 2,992,477

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015

	Water/ Wastewater	Stormwater	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,264,058	\$ 256,845	\$ 2,520,903
Restricted cash - customer deposits	205,080	-	205,080
Accounts receivable (net of allowance for uncollectibles)	853,880	27,692	881,572
Other receivable	6,020	-	6,020
Inventory	207,510	-	207,510
Prepaid expenses	20,960	1,265	22,225
Total current assets	3,557,508	285,802	3,843,310
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	474,742	108,070	582,812
Construction in progress	93,924	-	93,924
Capital assets, depreciable	68,143,229	5,770,135	73,913,364
Less: Accumulated depreciation	27,352,798	1,114,827	28,467,625
Total noncurrent assets	41,359,097	4,763,378	46,122,475
Total assets	44,916,605	5,049,180	49,965,785
Deferred outflows of resources			
Pension - contributions subsequent to the measurement date	42,874	7,726	50,600
Pension - changes in proportion	4,842	873	5,715
Total deferred outflows of resources	47,716	8,599	56,315
Total assets and deferred outflows of resources	\$ 44,964,321	\$ 5,057,779	\$ 50,022,100
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	\$ 169,254	\$ 881	\$ 170,135
Retainage payable	6,020	-	6,020
Accrued payroll	27,367	4,911	32,278
Accrued interest payable	144,360	7,462	151,822
Customer deposits payable	205,080	-	205,080
Current portion of compensated absences	49,482	8,574	58,056
Current portion of general obligation bonds payable	650,972	287,133	938,105
Current portion of construction loan payable	283,643	-	283,643
Total current liabilities	1,536,178	308,961	1,845,139
Noncurrent liabilities:			
Compensated absences	84,725	11,473	96,198
Net OPEB obligation	172,219	28,707	200,926
Net pension liability	660,148	118,961	779,109
General obligation bonds payable	7,894,609	273,088	8,167,697
Construction loan payable	3,842,684	-	3,842,684
Total noncurrent liabilities	12,654,385	432,229	13,086,614
Total liabilities	14,190,563	741,190	14,931,753
Deferred Inflows of Resources			
Pension - difference between expected and actual experience	18,687	3,368	22,055
Pension - net difference between projected and actual earnings on pension plan investments	25,697	4,631	30,328
Pension - changes of assumptions	9,226	1,663	10,889
Pension - change in proportion	695	124	819
Total deferred inflows of resources	54,305	9,786	64,091
Total liabilities and deferred inflows of resources	\$ 14,244,868	\$ 750,976	\$ 14,995,844
Net Position:			
Net investment in capital assets	\$ 28,687,189	\$ 4,203,157	\$ 32,890,346
Unrestricted	2,032,264	103,646	2,135,910
Total net position	\$ 30,719,453	\$ 4,306,803	\$ 35,026,256

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Operating revenues			
Charges for sales and services			
Water charges	\$ 3,859,672	\$ -	\$ 3,859,672
Wastewater charges	3,514,077	-	3,514,077
Stormwater charges	-	789,298	789,298
Other charges	290,620	12,569	303,189
Total operating revenues	<u>7,664,369</u>	<u>801,867</u>	<u>8,466,236</u>
Operating expenses			
Cost of sales and services	2,243,869	101,634	2,345,503
Administration	2,094,064	346,225	2,440,289
Depreciation	1,568,441	143,178	1,711,619
Total operating expenses	<u>5,906,374</u>	<u>591,037</u>	<u>6,497,411</u>
Operating income [loss]	<u>1,757,995</u>	<u>210,830</u>	<u>1,968,825</u>
Nonoperating revenues [expenses]			
Interest revenue	800	107	907
Interest expense	[369,520]	[30,351]	[399,871]
Total nonoperating revenues [expenses]	<u>[368,720]</u>	<u>[30,244]</u>	<u>[398,964]</u>
Income [loss] before transfers	<u>1,389,275</u>	<u>180,586</u>	<u>1,569,861</u>
Capital contributions	2,649,087	-	2,649,087
Transfers in	73,830	-	73,830
Transfers [out]	[1,753,177]	[3,629]	[1,756,806]
Total transfers and capital contributions	<u>969,740</u>	<u>[3,629]</u>	<u>966,111</u>
Change in net position	<u>2,359,015</u>	<u>176,957</u>	<u>2,535,972</u>
Net position, January 1	29,066,340	4,257,052	33,323,392
Restatement	<u>[705,902]</u>	<u>[127,206]</u>	<u>[833,108]</u>
Net position, January 1, restated	<u>28,360,438</u>	<u>4,129,846</u>	<u>32,490,284</u>
Net position, December 31	<u>\$ 30,719,453</u>	<u>\$ 4,306,803</u>	<u>\$ 35,026,256</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Water and Sewer	Stormwater	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	\$ 7,888,779	\$ 803,583	\$ 8,692,362
Cash paid to suppliers	[2,277,559]	[101,724]	[2,379,283]
Cash paid to employees	[2,180,564]	[362,204]	[2,542,768]
Net cash provided by [used in] operating activities	<u>3,430,656</u>	<u>339,655</u>	<u>3,770,311</u>
Cash flows from capital and related financing activities			
Proceeds from capitalization grant/construction loan payable	312,900	-	312,900
Payments on capitalization grant/construction loan payable	[7,477,371]	-	[7,477,371]
Proceeds from general obligation bonds	6,732,005	-	6,732,005
Contributed capital	291,647	-	291,647
Acquisition and construction of capital assets	[1,150,573]	-	[1,150,573]
Principal paid on capital debt	[173,993]	[276,617]	[450,610]
Interest paid on capital debt	[412,920]	[33,427]	[446,347]
Net cash provided by [used in] capital and related financing activities	<u>[1,878,305]</u>	<u>[310,044]</u>	<u>[2,188,349]</u>
Cash flows from investing activities			
Interest received	<u>800</u>	<u>107</u>	<u>907</u>
Cash flows from noncapital financing activities			
Transfers in	73,830	-	73,830
Transfers [out]	[1,753,177]	[3,629]	[1,756,806]
Net cash provided by [used in] noncapital financing activities	<u>[1,679,347]</u>	<u>[3,629]</u>	<u>[1,682,976]</u>
Net increase [decrease] in cash and cash equivalents	[126,196]	26,089	[100,107]
Cash and cash equivalents and restricted cash, January 1	<u>2,595,334</u>	<u>230,756</u>	<u>2,826,090</u>
Cash and cash equivalents and restricted cash, December 31	<u>\$ 2,469,138</u>	<u>\$ 256,845</u>	<u>\$ 2,725,983</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 For the Year Ended December 31, 2015

	Water and Sewer	Stormwater	Total Enterprise Funds
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities			
Operating income [loss]	\$ 1,757,995	\$ 210,830	\$ 1,968,825
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities			
Depreciation expense	1,568,441	143,178	1,711,619
Changes in assets and liabilities:			
[Increase] decrease in accounts receivable	232,100	1,716	233,816
[Increase] decrease in inventory	41,288	-	41,288
Increase [decrease] in prepaid items	[600]	[93]	[693]
[Increase] decrease in deferred outflows	[4,993]	[900]	[5,893]
Increase [decrease] in accounts payable	[23,802]	3	[23,799]
Increase [decrease] in retainage payable	[50,576]	-	[50,576]
Increase [decrease] in accrued payroll	[48,641]	[7,635]	[56,276]
Increase [decrease] in accrued compensated absences	[10,731]	[2,619]	[13,350]
Increase [decrease] in deferred inflows	[74,819]	[13,483]	[88,302]
Increase [decrease] in net pension liability	40,647	7,325	47,972
Increase [decrease] in net OBEB obligation	12,037	1,333	13,370
Increase [decrease] in customer deposits	[7,690]	-	[7,690]
Net cash provided by [used in] operating activities	<u>\$ 3,430,656</u>	<u>\$ 339,655</u>	<u>\$ 3,770,311</u>
Cash consists of:			
Cash and cash equivalents	\$ 2,264,058	\$ 256,845	\$ 2,520,903
Restricted cash	<u>205,080</u>	<u>-</u>	<u>205,080</u>
	<u>\$ 2,469,138</u>	<u>\$ 256,845</u>	<u>\$ 2,725,983</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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.

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.

C. Measurement Focus, Basis of Accounting and Basis of 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.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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.

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 THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of 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.

D. 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, 2015, interest earnings allocated to the various funds were \$11,828.

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

E. 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, 2015, cash equivalents consisted of certificates of deposit included in pooled cash described above.

F. 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."

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables (Continued)

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.

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	\$ 4,139,580
Revolving loans fund long-term portion of capital leases receivable	269,086
Debt service fund property taxes receivable	880,034
Debt serve fund special assessments receivable	<u>96,346</u>
	<u>\$ 5,385,046</u>

G. 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 2015 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 2015 tax levy per \$1,000 of assessed valuation was as follows:

General Fund	\$ 33.851
Debt Service Fund	8.880
Component Unit:	
Public Library	<u>5.760</u>
	<u>\$ 48.491</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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. Prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. 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.

J. 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.

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

K. 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. The City reports changes in the pension liability proportion and differences between expected and actual experience are reported as deferred outflows of resources in the government activities.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

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. Differences between expected and actual experience, differences between projected and actual investment earnings, changes in assumptions, and changes in the pension liability proportion are reported as deferred inflows for governmental activities. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. 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.

M. 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.

N. 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. The government-wide statement of net position reports \$2,916,067 of restricted net position.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position (Continued)

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.

O. Fund Balance

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, 2015, 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).

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. The authority for management to assign fund balance is provided by the City's purchasing policy.

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.

P. 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.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. Pending Governmental Accounting Standards Board Statements

At December 31, 2015, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statement that might impact the City is as follows:

GASB Statement No. 77, *Tax Abatement Disclosures*, was issued in August 2015. The objective of this statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. Users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The provisions of this statement are effective for periods beginning after December 15, 2015.

Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. 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 "Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds." The details of this \$27,884,828 difference are as follows:

General obligation bonds payable	\$ [10,651,202]
Less: Issuance discount	58,702
Plus: issuance premium	[48,479]
Capital lease payable	[1,845,535]
Revenue bonds payable	[5,170,000]
Accrued interest payable	[118,215]
Net pension liability	[9,374,283]
Compensated absences	<u>[735,816]</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ [27,884,828]</u></u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2015

Note 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. 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 "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." The details of this \$4,217,539 difference are as follows:

Debt issued or incurred:	
Issuance of capital lease	\$ [244,415]
Principal repayments:	
General obligation bonds	3,753,111
Capital lease	338,843
Revenue bonds	<u>370,000</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 4,217,539</u>

Note 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *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 CDBG TBRA Grants fund, the Land Bank 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.

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

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

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2015

Note 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. *Budgetary Information (Continued)*. 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 2015. Debt service fund budgeted expenditures increased from \$6,291,867 to \$14,003,221, special parks and recreation fund budgeted expenditures increased from \$81,217 to \$89,000, and the section 8 fund budgeted expenditures increased from \$1,338,051 to \$1,632,484.

B. *Restatement of Beginning Equity*. On January 1, 2015, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. In addition, it was determined that one capital lease was not properly recorded as a payable in the prior year in the governmental activities. The effects of which are as follows:

	Governmental Activities	Business Type Activities	Public Library
Net position - beginning	\$ 41,056,179	\$ 33,323,392	\$ 2,956,554
Pension liability	[9,639,082]	[833,108]	[340,410]
Capital lease payable	[58,888]	-	-
Net position - beginning, restated	<u>\$ 31,358,209</u>	<u>\$ 32,490,284</u>	<u>\$ 2,616,144</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 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	\$ 1,081,812
Add:	
Sales tax transfers	2,300,610
Change in inventories	9,368
Change in health care payable	20,000
Change in grants receivable	20,834
Change in encumbrances	439,090
Change in taxes receivable	58,701
Deduct:	
Change in prepaid items	[2,362]
Change in salaries payable	[209,777]
FCIP energy transfers	<u>[40,208]</u>
Excess of revenue over expenditures, budgetary basis	<u>\$ 3,678,068</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.

Note 5. DEPOSITS AND INVESTMENTS

A. 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, 2015, 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.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Money market mutual funds	<u>\$ 462,055</u>	<u>\$ 462,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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.

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, 2015.

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 anyone 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, 2015, the City's investments were not exposed to custodial credit risk.

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

	<u>Carrying Amount</u>		
	<u>City</u>	<u>Component Unit - Public Library</u>	<u>Total</u>
Cash and cash equivalents	\$ 12,813,638	\$ 616,637	\$ 13,430,275
Restricted cash and cash equivalents	205,080	-	205,080
Restricted investments	<u>462,055</u>	<u>-</u>	<u>462,055</u>
	<u>\$ 13,480,773</u>	<u>\$ 616,637</u>	<u>\$ 14,097,410</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 6. LOANS RECEIVABLE

Loans receivable, aggregating \$1,431,061 at December 31, 2015, 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.

Note 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, 2015 the lease receivable balance was \$397,834.

Future minimum lease payments to be received are as follows:

2016	\$ 128,748
2017	61,200
2018	61,200
2019	61,200
2020	61,200
2021-2023	<u>56,100</u>
Total minimum lease payments	429,648
Less: amounts representing interest	<u>[31,814]</u>
Present value of minimum lease payments	<u>\$ 397,834</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, 2015 rental income related to these leases was \$264,986. Future minimum lease income is as follows:

2016	\$ 128,420
2017	128,420
2018	75,194
2019	57,452
2020	57,452
2021-2025	<u>272,895</u>
	<u>\$ 719,833</u>

The asset cost of the buildings the City leases is \$2,999,865, with accumulated depreciation of \$1,301,889 resulting in net carrying value of \$1,697,976 at December 31, 2015.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

Primary Government	Balance at 12/31/14	Increase	Decreases	Transfers	Balance at 12/31/15
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,566,486	\$ -	\$ -	\$ -	\$ 3,566,486
Construction in progress	297,980	3,322,432	3,448,884	-	171,528
Total capital assets not being depreciated	<u>3,864,466</u>	<u>3,322,432</u>	<u>3,448,884</u>	<u>-</u>	<u>3,738,014</u>
Capital assets, being depreciated:					
Building and improvements	38,299,350	133,739	-	-	38,433,089
Machinery and equipment	11,596,723	848,245	507,117	50,019	11,987,870
Infrastructure	32,424,951	3,708,715	-	-	36,133,666
Total capital assets being depreciated	<u>82,321,024</u>	<u>4,690,699</u>	<u>507,117</u>	<u>50,019</u>	<u>86,554,625</u>
Less accumulated depreciation for:					
Building and improvements	16,612,137	1,031,027	-	-	17,643,164
Machinery and equipment	6,679,658	747,174	507,117	14,524	6,934,239
Infrastructure	14,718,785	923,649	-	-	15,642,434
Total accumulated depreciation	<u>38,010,580</u>	<u>2,701,850</u>	<u>507,117</u>	<u>14,524</u>	<u>40,219,837</u>
Total capital assets being depreciated, net	<u>44,310,444</u>	<u>1,988,849</u>	<u>-</u>	<u>35,495</u>	<u>46,334,788</u>
Governmental activities capital assets, net	<u>\$ 48,174,910</u>	<u>\$ 5,311,281</u>	<u>\$ 3,448,884</u>	<u>\$ 35,495</u>	<u>\$ 50,072,802</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 582,812	\$ -	\$ -	\$ -	\$ 582,812
Construction in progress	88,778	405,959	400,813	-	93,924
Total capital assets not being depreciated	<u>671,590</u>	<u>405,959</u>	<u>400,813</u>	<u>-</u>	<u>676,736</u>
Capital assets, being depreciated:					
Building and improvements	30,240,531	15,632	-	-	30,256,163
Machinery and equipment	5,189,152	265,373	252,865	[50,020]	5,151,640
Infrastructure	37,641,138	864,423	-	-	38,505,561
Total capital assets being depreciated	<u>73,070,821</u>	<u>1,145,428</u>	<u>252,865</u>	<u>[50,020]</u>	<u>73,913,364</u>
Less accumulated depreciation for:					
Building and improvements	10,295,453	662,590	-	-	10,958,043
Machinery and equipment	2,861,282	260,595	252,865	[14,522]	2,854,490
Infrastructure	13,866,568	788,524	-	-	14,655,092
Total accumulated depreciation	<u>27,023,303</u>	<u>1,711,709</u>	<u>252,865</u>	<u>[14,522]</u>	<u>28,467,625</u>
Total capital assets being depreciated, net	<u>46,047,518</u>	<u>[566,281]</u>	<u>-</u>	<u>[35,498]</u>	<u>45,445,739</u>
Business-type activities capital assets, net	<u>\$ 46,719,108</u>	<u>\$ [160,322]</u>	<u>\$ 400,813</u>	<u>\$ [35,498]</u>	<u>\$ 46,122,475</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 8. CAPITAL ASSETS (Continued)

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

Governmental activities:	
General government	\$ 161,981
Public safety - police	428,250
Public safety - fire	287,474
Public safety - other	19,009
Public works	1,379,206
Sanitation and health	1,044
Industrial promotion	36,187
Culture and recreation	<u>388,699</u>
Total depreciation expense - governmental activities	<u><u>\$2,701,850</u></u>
Business-type activities:	
Water/wastewater	\$1,568,531
Stormwater	<u>143,178</u>
Total depreciation expense - business-type activities	<u><u>\$1,711,709</u></u>

Capital asset activity for the Public Library component unit for the year ended December 31, 2015 was as follows:

	Balance at <u>12/31/14</u>	<u>Increase</u>	<u>Decreases</u>	Balance at <u>12/31/15</u>
Capital assets, not being depreciated:				
Land	\$ 215,415	\$ -	\$ -	\$ 215,415
Total capital assets not being depreciated	<u>215,415</u>	<u>-</u>	<u>-</u>	<u>215,415</u>
Capital assets, being depreciated:				
Building and improvements	3,580,808	-	-	3,580,808
Machinery and equipment	156,835	49,067	53,351	152,551
Total capital assets being depreciated	<u>3,737,643</u>	<u>49,067</u>	<u>53,351</u>	<u>3,733,359</u>
Less accumulated depreciation for:				
Building and improvements	1,247,135	84,640	-	1,331,775
Machinery and equipment	108,677	39,537	53,351	94,863
Total accumulated depreciation	<u>1,355,812</u>	<u>124,177</u>	<u>53,351</u>	<u>1,426,638</u>
Total capital assets being depreciated, net	<u>2,381,831</u>	<u>[75,110]</u>	<u>-</u>	<u>2,306,721</u>
Business-type activities capital assets, net	<u><u>\$ 2,597,246</u></u>	<u><u>\$ [75,110]</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,522,136</u></u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 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. Following is a summary of costs to December 31, 2015 for capital projects compared to the amount authorized:

	<u>Costs to Date</u>	<u>Amount Authorized</u>
General government:		
Aquatic center project	\$ 90,891	\$ 100,000
Airport projects	151,833	201,752
Security improvements	28,917	150,000
Auditorium improvements	-	250,000
Road and bridge projects	<u>2,092,654</u>	<u>6,562,058</u>
	<u>\$ 2,364,295</u>	<u>\$ 7,263,810</u>
Business-type:		
Water/wastewater	<u>\$ 13,245,769</u>	<u>\$ 14,415,580</u>

Note 10. LONG-TERM DEBT

A. 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.

General obligation bonds payable at December 31, 2015 are comprised of the following issues:

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity Date</u>	<u>Principal Payments During 2015</u>	<u>Outstanding December 31, 2015</u>
General Obligation Bonds:					
Governmental activities:					
Series 2005-A	3.55% to 3.60%	\$ 1,460,000	2015	\$ 153,699	\$ -
Series 2006-A	3.65% to 3.75%	545,000	2016	65,000	65,000
Series 2006-B	3.85% to 3.90%	1,140,000	2016	95,112	98,770
Series 2007-A	4.00%	1,285,000	2017	132,399	279,882
Series 2007-B	4.00%	13,000,000	2018	2,485,000	3,670,000
Series 2008-A	3.20% to 3.60%	2,950,380	2018	310,100	996,750
Series 2009-A	2.10% to 3.25%	1,265,000	2019	126,909	548,575
Series 2012-A	1.00% to 2.00%	855,000	2022	85,000	615,000
Series 2013-A	0.70% to 2.15%	1,420,000	2023	145,000	1,135,000
Series 2014-A	1.50% to 2.65%	3,398,395	2025	156,170	3,242,225
				<u>3,754,389</u>	<u>10,651,202</u>
Business-type activities:					
Series 2005-A	3.55% to 3.60%	100,000	2015	11,301	-
Series 2006-B	3.85% to 3.90%	305,942	2016	34,888	36,230
Series 2007-A	4.00%	2,310,000	2017	262,601	555,118
Series 2008-A	3.20% to 3.60%	379,620	2018	39,900	128,250
Series 2009-A	2.10% to 3.25%	280,000	2019	28,091	121,425
Series 2014-A	1.50% to 2.65%	1,606,605	2025	73,830	1,532,775
Series 2015-A	3.00%	6,370,000	2030	-	6,370,000
				<u>450,611</u>	<u>8,743,798</u>
				<u>\$ 4,205,000</u>	<u>\$ 19,395,000</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 10. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

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

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

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

		Installment Range	
		Low	High
General Obligation Bonds:			
Governmental activities:			
Series 2006-A	\$ 60,000	\$ 65,000	
Series 2006-B	125,000	135,000	
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	
Series 2014-A	156,170	373,450	
Business-type activities:			
Series 2007-A	244,188	273,039	
Series 2008-A	38,190	44,460	
Series 2009-A	27,185	31,716	
Series 2014-A	73,830	176,550	
Series 2015-A	320,000	550,000	

The future annual requirements for general obligation bonds outstanding as of December 31, 2015 are as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 2,666,895	\$ 354,138	\$ 938,105	\$ 292,653
2017	2,862,327	266,387	967,673	224,869
2018	1,645,650	121,971	699,350	195,132
2019	710,995	72,162	679,005	175,036
2020	582,895	57,088	662,105	156,520
2021 - 2025	2,182,440	115,815	3,002,560	503,888
2026 - 2030	-	-	1,795,000	164,850
	<u>\$ 10,651,202</u>	<u>\$ 987,561</u>	<u>\$ 8,743,798</u>	<u>\$ 1,712,948</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 10. LONG-TERM DEBT (Continued)

B. Construction Loan Payable

During 2010, 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 \$2,508,311 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.58%. The outstanding balance of \$1,097,134 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, 2015 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 57,284	\$ 27,939
2017	58,917	26,451
2018	60,596	24,920
2019	62,323	23,346
2020	64,099	21,726
2021-2025	348,958	82,680
2026-2030	401,604	34,687
2031	43,353	559
	<u>\$ 1,097,134</u>	<u>\$ 242,308</u>

During 2006, 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 \$4,500,000 to finance improvements to the wastewater system. The loan will be repaid over twenty years at an interest rate of 2.67%. As of December 31, 2015, the City has drawn \$4,160,066 on this loan, 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.

The City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Supply Revolving Fund. The agreement enabled the City to borrow \$554,592 to finance improvements to the water system. The loan will be repaid over twenty years at an interest rate of 2.49%. The outstanding balance of \$543,668 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, 2015 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 21,963	\$ 11,518
2017	22,513	11,045
2018	23,077	10,560
2019	23,656	10,063
2020	24,248	9,554
2021-2025	130,665	39,670
2026-2030	147,875	24,879
2031-2035	149,670	8,139
	<u>\$ 543,668</u>	<u>\$ 125,427</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 10. LONG-TERM DEBT (Continued)

C. 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.

The future annual requirements for Transportation Development District Sales Tax Revenue bonds outstanding as of December 31, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 55,000	\$ 51,480	\$ 106,480
2017	60,000	48,720	108,720
2018	65,000	45,720	110,720
2019	70,000	42,480	112,480
2020	75,000	39,000	114,000
2021 - 2025	470,000	133,200	603,200
2026 - 2027	305,000	16,440	321,440
	<u>\$ 1,100,000</u>	<u>\$ 377,040</u>	<u>\$ 1,477,040</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.

D. 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.

The future annual requirements for TIF Revenue bonds outstanding as of December 31, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 345,000	\$ 196,183	\$ 541,183
2017	370,000	182,280	552,280
2018	400,000	163,415	563,415
2019	430,000	143,080	573,080
2020	460,000	121,275	581,275
2021 - 2024	2,065,000	232,627	2,297,627
	<u>\$ 4,070,000</u>	<u>\$ 1,038,860</u>	<u>\$ 5,108,860</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 10. LONG-TERM DEBT (Continued)

D. Special Obligation Tax Increment Revenue Bonds (Continued)

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.

E. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$14,405,592	\$ -	\$ 3,754,390	\$10,651,202	\$ 2,666,895
Transportation Development District					
Sales Tax Revenue Bonds	1,150,000	-	50,000	1,100,000	55,000
Special Obligation Tax Increment					
Revenue Bonds	4,390,000	-	320,000	4,070,000	345,000
Less bond discount	[66,039]	-	[7,337]	[58,702]	[7,338]
Plus bond premium	54,538	-	6,059	48,479	6,059
Capital lease payable	1,939,963	244,415	338,843	1,845,535	331,842
Other postemployment benefits	784,601	153,829	60,896	877,534	-
Compensated absences	763,032	470,704	497,920	735,816	281,330
Governmental activity long-term liabilities	<u>\$23,421,687</u>	<u>\$ 868,948</u>	<u>\$ 5,020,771</u>	<u>\$19,269,864</u>	<u>\$ 3,678,788</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 2,824,408	\$ 6,370,000	\$ 450,610	\$ 8,743,798	\$ 938,105
Plus bond premium	-	362,004	-	362,004	-
Construction loan payable	13,683,824	125,127	9,682,624	4,126,327	283,643
Other postemployment benefits	187,556	35,222	21,852	200,926	-
Compensated absences	167,604	95,313	108,663	154,254	58,056
Business-type activity long-term liabilities	<u>\$16,863,392</u>	<u>\$ 6,987,666</u>	<u>\$10,263,749</u>	<u>\$13,587,309</u>	<u>\$ 1,279,804</u>
Component unit activities:					
Other postemployment benefits	\$ 33,388	\$ 6,255	\$ 3,962	\$ 35,681	\$ -
Compensated absences	19,759	7,345	12,843	14,261	12,843
Component unit activity long-term liabilities	<u>\$ 53,147</u>	<u>\$ 13,600</u>	<u>\$ 16,805</u>	<u>\$ 49,942</u>	<u>\$ 12,843</u>

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

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2015

Note 10. LONG-TERM DEBT (Continued)

F. 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, 2015, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$8,917,818.

- G. The City entered into various capital lease agreements for the acquisition of certain equipment in the amount of \$2,184,378. The annual debt service requirements to service the outstanding capital lease payable at December 31, 2015 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 331,842	\$ 34,573
2017	337,273	29,137
2018	322,402	23,598
2019	323,185	18,356
2020	101,155	13,014
2021 - 2024	429,678	26,551
	<u>\$ 1,845,535</u>	<u>\$ 145,229</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 11. DEFINED BENEFIT PENSION PLAN

Description of Pension Plan. The City participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
- State/School employees
- Local employees
- Police and Firemen
- Judges

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

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

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rates (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	Actuarial <u>Employer Rate</u>	Statutory Employer <u>Capped Rate</u>
Local government employees	9.48%	9.48%
Police and Firemen	21.36%	21.36%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2015 are 5.00% or 6.00% for Local employees and 7.15% for Police and Firemen.

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

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

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

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

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the City's proportion for the Local employees group was 0.355%, which was a decrease of .001% from its proportion measured at June 30, 2014. At June 30, 2015, the City's proportion for the Police and Firemen group was 0.798%, which was an increase of .033% from its proportion measured at June 30, 2014.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability. At December 31, 2015 and 2014, the City and Library reported a liability of \$10,471,737 and \$9,401,786, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00 to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, KP&F and Judges).

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47.00%	6.30%
Fixed income	13.00%	0.80%
Yield driven	8.00%	4.20%
Real return	11.00%	1.70%
Real estate	11.00%	5.40%
Alternatives	8.00%	9.40%
Short-term investr	<u>2.00%</u>	[0.50]%
	<u>100.00%</u>	

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2015

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Discount rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Local	\$ 6,631,157	\$ 4,671,299	\$ 3,009,725
Police and Firemen	8,423,250	5,800,438	3,585,058
Total	<u>\$ 15,054,407</u>	<u>\$ 10,471,737</u>	<u>\$ 6,594,783</u>

Pension Expense. For the year ended December 31, 2015, the City recognized Local pension expense of \$316,120 and Police and Firemen pension expense of \$546,706, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 52,932	\$ 229,328
Net differences between projected and actual earnings on investments	-	366,042
Changes of assumptions	-	123,290
Changes in proportion	253,975	104,701
Total	<u>\$ 306,907</u>	<u>\$ 823,361</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2015

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

\$754,454 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Local Group Deferred		Police and Firemen Group Deferred		Total
	[Inflows]	Outflows	[Inflows]	Outflows	
	Amount		Amount		
2016	\$	[133,286]	\$	[115,850]	\$[249,136]
2017		[133,286]		[115,850]	[249,136]
2018		[133,286]		[115,850]	[249,136]
2019		65,949		171,134	237,083
2020		[16,102]		9,973	[6,129]
Total	\$	<u>[350,011]</u>	\$	<u>[166,443]</u>	<u>\$[516,454]</u>

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

A. Plan 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.

B. 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.

C. Funding Policy

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 2015, the City contributed \$86,709 to the plan.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

D. 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	\$ 216,442
Interest on Net OPEB Obligation	30,166
Adjustment to Annual Required Contribution	<u>[51,302]</u>
Annual OPEB cost (expense)	195,306
Contributions made	<u>[86,709]</u>
Change in net OPEB obligation	108,597
Net OPEB obligation - beginning of year	<u>1,005,544</u>
Net OPEB obligation - end of year	<u><u>\$ 1,114,141</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the three preceding years are as follows:

<u>Fiscal</u> <u>Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
December 31, 2013	\$ 273,773	6.14%	\$ 934,660
December 31, 2014	196,796	63.98%	1,005,544
December 31, 2015	195,306	44.40%	1,114,141

E. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,252,043. 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 \$2,252,043. The covered payroll (annual payroll of active employees covered by the plan) was \$8,023,937 and the ratio of the UAAL to the covered payroll was 28.07 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.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2015

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

F. 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, 2014 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 inflationary impact assumption is 2.5%. The remaining amortization period at December 31, 2015 was 30 years. The UAAL is being amortized using the level dollar method on an open basis.

Note 13. 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 \$145,000 reported at December 31, 2015 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, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims, January 1	\$ 125,000	\$ 125,000
Incurred claims (including IBNRs)	1,859,779	1,979,507
Claim payments	<u>[1,839,779]</u>	<u>[1,979,507]</u>
Unpaid claims, December 31	<u>\$ 145,000</u>	<u>\$ 125,000</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

Note 14. INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major governmental funds:		
General Fund	\$ 1,456,018	\$ 3,421,895
Revolving Loans Fund	-	32,795
Capital Projects Fund	586,206	235,897
Debt Service Fund	2,973,192	-
Nonmajor governmental funds	450,000	91,853
Major proprietary funds:		
Water/Wastewater Fund	73,830	1,753,177
Stormwater Fund	-	3,629
	<u>\$ 5,539,246</u>	<u>\$ 5,539,246</u>

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.

Note 15. 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 yearend are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2015, the City's recorded encumbrances in governmental funds were as follows:

General	<u>\$ 52,635</u>
	<u>\$ 52,635</u>

Note 16. 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 (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll (b-a)/(c)
1/1/2008	\$ -	\$ 2,115,027	\$ 2,115,027	0.0%	\$ 9,238,253	22.89%
1/1/2011	-	2,926,543	2,926,543	0.0%	8,167,820	35.83%
1/1/2014	-	2,252,043	2,252,043	0.0%	8,023,937	28.07%

CITY OF PITTSBURG, KANSAS
 KPERS PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 December 31, 2015

Schedule of the City's Proportionate Share of the Net Pension Liability
 Last Ten Fiscal Years*

	Local <u>12/31/15</u>	Police and Firemen <u>12/31/15</u>
City's proportion of the net pension liability	0.355%	0.799%
City's proportionate share of the net pension liability	\$ 4,671,299	\$ 5,800,438
City's covered employee payroll	\$ 5,866,661	\$ 3,471,338
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	79.62%	167.10%
Plan fiduciary net position as a percentage of the total pension liability	71.98%	74.60%

* - The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

Schedule of the City's Contributions
 Last Ten Fiscal Years*

	Local <u>12/31/15</u>	Police and Firemen <u>12/31/15</u>
Contractually required contribution	\$ 583,953	\$ 959,523
Contributions in relation to the contractually required contribution	<u>583,953</u>	<u>959,523</u>
Contribution deficiency [excess]	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,159,850	\$ 3,973,180
Contributions as a percentage of covered employee payroll	9.48%	24.15%

* - Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF PITTSBURG, KANSAS

NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Special Parks and Recreation Fund - 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 Fund - 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 Fund - 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 Fund - 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 Fund - to account for federal grants under the Department of Housing and Urban Development (HUD) Program.

Community Development Block Grant Fund - to account for federal grants under the Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program.

KHRC Moderate Income Housing Fund - to account for a 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.

CDBG TBRA Grants Fund - to account for a grant funded through the State of Kansas Housing Resource Corporation for the purpose of providing supportive assistance to the homeless and/or at risk of becoming homeless in the Pittsburg community.

Land Bank Fund - to account for the sale of vacant property owned by the City while eliminating the liabilities imposed on the City by vacant, dilapidated, or abandoned parcels.

CITY OF PITTSBURG, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015

	Special Revenue									
	Special Parks and Recreation	Special Alcohol and Drug	Street and Highway	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grant	KHRC Moderate Income Housing	CDBG TBRA Grants	Land Bank	Total Nonmajor Governmental Funds
Assets:										
Cash and cash equivalents	\$ -	\$ 71,765	\$ 389,907	\$ 460,423	\$ 8,754	\$ 1,533	\$ 2,912	\$ -	\$ 91,190	\$ 1,026,484
Receivables (net of allowance for uncollectibles):										
Accounts	-	-	122,723	23,129	-	-	-	-	-	145,852
Intergovernmental	-	-	156,100	-	-	-	-	-	-	156,100
Taxes	-	-	170,336	-	-	-	-	-	-	170,336
Loans receivable	-	-	-	199,570	-	-	-	-	-	199,570
Prepaid items	-	-	6,166	-	-	-	-	-	-	6,166
Total assets	<u>\$ -</u>	<u>\$ 71,765</u>	<u>\$ 845,232</u>	<u>\$ 683,122</u>	<u>\$ 8,754</u>	<u>\$ 1,533</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ 91,190</u>	<u>\$ 1,704,508</u>
Liabilities:										
Accounts payable	\$ -	\$ -	\$ 69,732	\$ -	\$ 917	\$ 1,533	\$ -	\$ -	\$ -	\$ 72,182
Accrued payroll	-	-	6,711	-	3,204	-	-	-	-	9,915
Total liabilities	<u>-</u>	<u>-</u>	<u>76,443</u>	<u>-</u>	<u>4,121</u>	<u>1,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,097</u>
Fund balance:										
Nonspendable:										
Not in spendable form	-	-	6,166	-	-	-	-	-	-	6,166
Restricted:										
Capital projects	-	-	762,623	-	-	-	-	-	-	762,623
Housing	-	-	-	683,122	4,633	-	2,912	-	-	690,667
Other	-	71,765	-	-	-	-	-	-	91,190	162,955
Total fund balance [deficit]	<u>-</u>	<u>71,765</u>	<u>768,789</u>	<u>683,122</u>	<u>4,633</u>	<u>-</u>	<u>2,912</u>	<u>-</u>	<u>91,190</u>	<u>1,622,411</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 71,765</u>	<u>\$ 845,232</u>	<u>\$ 683,122</u>	<u>\$ 8,754</u>	<u>\$ 1,533</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ 91,190</u>	<u>\$ 1,704,508</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	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 Grant	KHRC Moderate Income Housing	CDBG TBRA Grants	Land Bank	
Revenues:										
Intergovernmental	\$ 88,223	\$88,223	\$ 818,937	\$ -	\$ 1,540,241	\$ 104,896	\$ 60,000	\$ 73,806	\$ -	\$ 2,774,326
Sales taxes	-	-	984,487	-	-	-	-	-	-	984,487
Investment earnings	-	-	216	3,468	[132]	-	-	-	-	3,552
Miscellaneous	-	-	1,840	4,101	5,932	-	-	-	41,190	53,063
Total Revenues	<u>88,223</u>	<u>88,223</u>	<u>1,805,480</u>	<u>7,569</u>	<u>1,546,041</u>	<u>104,896</u>	<u>60,000</u>	<u>73,806</u>	<u>41,190</u>	<u>3,815,428</u>
Expenditures:										
Current:										
Public works	-	-	1,479,775	-	-	-	-	-	-	1,479,775
Sanitation and health	-	77,286	-	-	-	-	-	-	-	77,286
Economic development	-	-	-	-	-	-	87,670	-	-	87,670
Social welfare	-	-	-	41,886	1,544,854	104,896	-	73,806	-	1,765,442
Capital outlay	-	-	655,753	-	-	-	-	-	-	655,753
Total Expenditures	<u>-</u>	<u>77,286</u>	<u>2,135,528</u>	<u>41,886</u>	<u>1,544,854</u>	<u>104,896</u>	<u>87,670</u>	<u>73,806</u>	<u>-</u>	<u>4,065,926</u>
Excess [deficiency] of revenues over [under] expenditures	<u>88,223</u>	<u>10,937</u>	<u>[330,048]</u>	<u>[34,317]</u>	<u>1,187</u>	<u>-</u>	<u>[27,670]</u>	<u>-</u>	<u>41,190</u>	<u>[250,498]</u>
Other financing sources [uses]:										
Transfers in	-	-	450,000	[50,000]	-	-	-	-	50,000	450,000
Transfers [out]	<u>[88,223]</u>	<u>-</u>	<u>[3,630]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[91,853]</u>
Total other financing sources [uses]	<u>[88,223]</u>	<u>-</u>	<u>446,370</u>	<u>[50,000]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>358,147</u>
Net change in fund balance	-	10,937	116,322	[84,317]	1,187	-	[27,670]	-	91,190	107,649
Fund balance, beginning of year	-	60,828	652,467	767,439	3,446	-	30,582	-	-	1,514,762
Fund balance, end of year	<u>\$ -</u>	<u>\$71,765</u>	<u>\$ 768,789</u>	<u>\$ 683,122</u>	<u>\$ 4,633</u>	<u>\$ -</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ 91,190</u>	<u>\$ 1,622,411</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL PARKS AND RECREATION FUND
For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues:				
Intergovernmental	\$ 88,223	\$ 81,217	\$ 89,000	\$ [777]
Total revenues	<u>88,223</u>	<u>81,217</u>	<u>89,000</u>	<u>[777]</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>81,217</u>	<u>89,000</u>	<u>89,000</u>
Total expenditures	<u>-</u>	<u>81,217</u>	<u>89,000</u>	<u>89,000</u>
Excess [deficiency] of revenues over [under] expenditures	<u>88,223</u>	<u>-</u>	<u>-</u>	<u>88,223</u>
Other financing sources [uses]:				
Transfer [out]	<u>[88,223]</u>	<u>-</u>	<u>-</u>	<u>[88,223]</u>
Total other financing sources [uses]	<u>[88,223]</u>	<u>-</u>	<u>-</u>	<u>[88,223]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL ALCOHOL AND DRUG FUND
For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues:				
Intergovernmental	\$ 88,223	\$ 81,217	\$ 81,217	\$ 7,006
Total revenues	<u>88,223</u>	<u>81,217</u>	<u>81,217</u>	<u>7,006</u>
Expenditures:				
Personnel services	4,752	11,500	11,500	6,748
Contractual services	63,000	54,393	54,393	[8,607]
Commodities	<u>9,534</u>	<u>60,933</u>	<u>60,933</u>	<u>51,399</u>
Total expenditures	<u>77,286</u>	<u>126,826</u>	<u>126,826</u>	<u>49,540</u>
Excess [deficiency] of revenues over [under] expenditures	10,937	[45,609]	[45,609]	56,546
Fund balance, January 1	<u>60,828</u>	<u>45,609</u>	<u>45,609</u>	<u>15,219</u>
Fund balance, December 31	<u>\$ 71,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,765</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
STREET AND HIGHWAY FUND
For the Year Ended December 31, 2015

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues:				
Intergovernmental	\$ 817,314	\$ 676,796	\$ 676,796	\$ 140,518
Investment earnings	216	230	230	[14]
Miscellaneous	<u>1,840</u>	<u>7,600</u>	<u>7,600</u>	<u>[5,760]</u>
Total revenues	<u>819,370</u>	<u>684,626</u>	<u>684,626</u>	<u>134,744</u>
Expenditures:				
Personnel services	594,664	594,807	594,807	143
Contractual services	360,494	405,574	405,574	45,080
Commodities	529,979	476,500	476,500	[53,479]
Capital outlay	605,102	700,000	700,000	94,898
Reserves	<u>-</u>	<u>185,222</u>	<u>185,222</u>	<u>185,222</u>
Total expenditures	<u>2,090,239</u>	<u>2,362,103</u>	<u>2,362,103</u>	<u>271,864</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,270,869]</u>	<u>[1,677,477]</u>	<u>[1,677,477]</u>	<u>406,608</u>
Other financing sources [uses]:				
Transfer in	<u>1,439,481</u>	<u>1,436,507</u>	<u>1,436,507</u>	<u>2,974</u>
Total other financing sources [uses]	<u>1,439,481</u>	<u>1,436,507</u>	<u>1,436,507</u>	<u>2,974</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	168,612	[240,970]	[240,970]	409,582
Fund balance, January 1	<u>274,285</u>	<u>240,970</u>	<u>240,970</u>	<u>33,315</u>
Fund balance, December 31	<u>\$ 442,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 442,897</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)

SECTION 8 FUND

For the Year Ended December 31, 2015

		<u>Budgeted Amounts</u>		Variance with
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues:				
Intergovernmental	\$ 1,540,753	\$ 1,332,088	\$ 1,625,000	\$ [84,247]
Investment earnings	5	35	50	[45]
Miscellaneous	<u>5,932</u>	<u>3,500</u>	<u>6,500</u>	<u>[568]</u>
Total revenues	<u>1,546,690</u>	<u>1,335,623</u>	<u>1,631,550</u>	<u>[84,860]</u>
Expenditures:				
Personnel services	148,778	106,087	151,586	2,808
Contractual services	1,389,153	1,225,555	1,472,798	83,645
Commodities	<u>8,865</u>	<u>6,409</u>	<u>8,100</u>	<u>[765]</u>
Total expenditures	<u>1,546,796</u>	<u>1,338,051</u>	<u>1,632,484</u>	<u>85,688</u>
Excess [deficiency] of revenues over [under] expenditures	[106]	[2,428]	[934]	828
Fund balance, January 1	<u>935</u>	<u>2,428</u>	<u>934</u>	<u>1</u>
Fund balance, December 31	<u>\$ 829</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 829</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
DEBT SERVICE FUND

For the Year Ended December 31, 2015

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues:				
Taxes	\$ 1,171,217	\$ 1,204,699	\$ 1,171,217	\$ -
Special assessments	42,027	32,500	42,027	-
Investment earnings	506	700	450	56
Bond Proceeds				
Miscellaneous	<u>75,611</u>	<u>69,872</u>	<u>69,872</u>	<u>5,739</u>
Total revenues	<u>1,289,361</u>	<u>1,307,771</u>	<u>1,283,566</u>	<u>5,795</u>
Expenditures				
Principal	4,124,389	4,368,509	11,900,184	7,775,795
Interest	722,624	1,233,468	1,161,744	439,120
Reserves	<u>-</u>	<u>689,890</u>	<u>773,706</u>	<u>773,706</u>
Total expenditures	<u>4,847,013</u>	<u>6,291,867</u>	<u>13,835,634</u>	<u>8,988,621</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[3,557,652]</u>	<u>[4,984,096]</u>	<u>[12,552,068]</u>	<u>8,994,416</u>
Other financing sources [uses]				
Bond Proceeds	-	-	6,370,000	[6,370,000]
Bond Premium	-	-	362,005	[362,005]
Bond Issuance Costs	-	-	[167,587]	167,587
Transfer in	<u>3,519,245</u>	<u>4,126,453</u>	<u>5,141,543</u>	<u>[1,622,298]</u>
Total other financing sources [uses]	<u>3,519,245</u>	<u>4,126,453</u>	<u>11,705,961</u>	<u>[8,186,716]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[38,407]</u>	<u>[857,643]</u>	<u>[846,107]</u>	<u>807,700</u>
Fund balance, January 1	<u>846,107</u>	<u>857,643</u>	<u>846,107</u>	<u>-</u>
Fund balance, December 31	<u>\$ 807,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 807,700</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
December 31, 2015

Assets:	
Cash and cash equivalents	\$ 616,637
Taxes receivables	700,724
Prepaid items	<u>4,221</u>
Total assets	<u>\$ 1,321,582</u>
Liabilities and deferred inflows of resources:	
Liabilities:	
Accounts payable	\$ 590
Accrued payroll	<u>8,366</u>
Total liabilities	<u>8,956</u>
Deferred inflows of resources	
Unavailable revenue - property taxes	<u>700,724</u>
Total deferred inflows of resources	<u>700,724</u>
Fund balance:	
Nonspendable:	
Not in spendable form	4,221
Unassigned	<u>607,681</u>
Total fund balances	<u>611,902</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,321,582</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
For the Year Ended December 31, 2015

Revenues:	
Taxes	\$ 769,018
Fines and fees	17,019
Investment earnings	2,274
Miscellaneous	<u>1,112,414</u>
Total Revenues	<u>1,900,725</u>
Expenditures:	
Current:	
Education	1,690,214
Improvements	<u>11,064</u>
Total Expenditures	<u>1,701,278</u>
Net change in fund balance	199,447
Fund balance, beginning of year	<u>412,455</u>
Fund balance, end of year	<u>\$ 611,902</u>

See independent auditor's report on the financial statements.

STATISTICAL SECTION

Statistical Section
(Unaudited)

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	69 – 72
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, sales tax and water and wastewater revenues.	73 - 81
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	82- 86
Demographic and Economical Information 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.	87 - 88
Operating Information 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.	89 – 91

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ 11,057,847	\$ 15,301,187	\$ 19,859,962	\$ 18,912,152	\$ 19,014,339	\$ 20,114,287	\$ 21,432,517	\$ 23,765,245	\$ 28,739,435	\$ 34,093,008
Restricted	9,327,570	11,219,783	11,967,446	11,140,376	11,062,338	3,094,841	2,741,204	3,177,272	2,804,765	2,916,067
Unrestricted	<u>3,671,353</u>	<u>710,472</u>	<u>[693,934]</u>	<u>3,290,242</u>	<u>4,171,957</u>	<u>12,447,386</u>	<u>12,889,569</u>	<u>9,809,685</u>	<u>9,511,979</u>	<u>[1,028,149]</u>
Total governmental activities net assets	<u>\$ 24,056,770</u>	<u>\$ 27,231,442</u>	<u>\$ 31,133,474</u>	<u>\$ 33,342,770</u>	<u>\$ 34,248,634</u>	<u>\$ 35,656,514</u>	<u>\$ 37,063,290</u>	<u>\$ 36,752,202</u>	<u>\$ 41,056,179</u>	<u>\$ 35,980,926</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 25,149,875	\$ 25,437,788	\$ 25,608,635	\$ 25,604,200	\$ 26,033,232	\$ 28,121,473	\$ 29,302,925	\$ 29,959,386	\$ 30,210,876	\$ 32,890,346
Unrestricted	<u>3,603,895</u>	<u>3,779,952</u>	<u>4,098,445</u>	<u>3,854,413</u>	<u>4,084,270</u>	<u>4,316,071</u>	<u>3,625,356</u>	<u>2,981,447</u>	<u>3,112,516</u>	<u>2,135,910</u>
Total business-type activities net assets	<u>\$ 28,753,770</u>	<u>\$ 29,217,740</u>	<u>\$ 29,707,080</u>	<u>\$ 29,458,613</u>	<u>\$ 30,117,502</u>	<u>\$ 32,437,544</u>	<u>\$ 32,928,281</u>	<u>\$ 32,940,833</u>	<u>\$ 33,323,392</u>	<u>\$ 35,026,256</u>
Primary government										
Invested in capital assets, net of related debt	\$ 36,207,722	\$ 40,738,975	\$ 45,468,597	\$ 44,516,352	\$ 45,047,571	\$ 48,235,760	\$ 50,735,442	\$ 53,724,631	\$ 58,950,311	\$ 66,983,354
Restricted	9,327,570	11,219,783	11,967,446	11,140,376	11,062,338	3,094,841	2,741,204	3,177,272	2,804,765	2,916,067
Unrestricted	<u>7,275,248</u>	<u>4,490,424</u>	<u>3,404,511</u>	<u>7,144,655</u>	<u>8,256,227</u>	<u>16,763,457</u>	<u>16,514,925</u>	<u>12,791,132</u>	<u>12,624,495</u>	<u>1,107,761</u>
Total primary government net assets	<u>\$ 52,810,540</u>	<u>\$ 56,449,182</u>	<u>\$ 60,840,554</u>	<u>\$ 62,801,383</u>	<u>\$ 64,366,136</u>	<u>\$ 68,094,058</u>	<u>\$ 69,991,571</u>	<u>\$ 69,693,035</u>	<u>\$ 74,379,571</u>	<u>\$ 71,007,182</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 1,719,514	\$ 2,018,611	\$ 4,947,762	\$ 3,008,246	\$ 2,969,488	\$ 3,032,941	\$ 3,491,546	\$ 3,667,028	\$ 3,671,547	\$ 3,642,682
Public safety - police	3,249,047	3,418,799	3,168,354	3,208,579	3,324,541	3,325,559	3,591,609	3,708,121	4,381,848	4,817,413
Public safety - fire	2,389,005	2,389,386	2,232,987	2,258,471	2,232,712	2,426,825	2,508,893	2,559,665	2,631,610	2,923,367
Public safety - other	938,345	1,025,608	902,272	704,225	725,511	547,062	567,440	603,993	675,899	645,552
Public works	2,872,843	3,325,255	3,580,553	3,174,612	3,486,750	3,744,665	3,655,973	3,649,089	4,185,439	4,336,369
Sanitation and health	164,849	185,134	257,332	160,796	147,196	159,171	170,180	161,315	160,574	157,904
Culture and recreation	2,267,838	2,325,059	2,293,785	2,103,992	2,166,482	2,197,692	2,084,676	2,189,608	2,304,505	2,142,337
Industrial promotion	1,160,463	1,135,420	748,216	744,554	858,158	675,027	615,680	2,496,209	1,526,378	1,667,559
Economic development	898,362	4,869	3,577	6,993	-	36,187	36,187	137,119	70,061	87,670
Social welfare	2,284,301	1,464,683	1,546,056	1,581,580	1,485,203	1,661,078	1,506,020	1,620,300	1,482,944	1,760,555
Interest on long-term debt	658,775	1,213,573	1,460,126	1,390,747	1,250,376	1,172,414	1,245,026	984,191	809,605	697,179
Total governmental expenses	18,603,342	18,506,397	21,141,020	18,342,795	18,646,417	18,978,621	19,473,230	21,776,638	21,900,410	22,878,587
Business-type activities:										
Water/wastewater	4,871,241	4,744,357	5,234,505	5,159,259	5,379,825	5,863,122	6,288,781	6,336,671	6,310,606	6,275,894
Stormwater	244,875	315,659	506,866	663,837	710,982	817,326	678,899	710,254	622,936	621,388
Total business-type activities expenses	5,116,116	5,060,016	5,741,371	5,823,096	6,090,807	6,680,448	6,967,680	7,046,925	6,933,542	6,897,282
Total primary government expenses	\$ 23,719,458	\$ 23,566,413	\$ 26,882,391	\$ 24,165,891	\$ 24,737,224	\$ 25,659,069	\$ 26,440,910	\$ 28,823,563	\$ 28,833,952	\$ 29,775,869
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,019,776	\$ 1,262,267	\$ 1,397,898	\$ 1,287,878	\$ 1,430,551	\$ 1,257,293	\$ 1,310,417	\$ 1,178,192	\$ 872,883	\$ 998,382
Public works	638,584	711,533	956,763	683,940	707,999	914,790	989,594	966,929	903,934	743,700
Industrial promotion	249,229	875,887	362,427	354,752	355,717	329,758	380,974	390,500	220,146	218,933
Other activities	538,747	540,658	538,802	585,060	564,784	557,694	594,893	570,848	524,786	543,441
Operating grants and contributions	3,246,013	2,800,229	3,167,635	2,521,993	2,561,926	2,588,253	2,543,607	2,456,994	1,406,645	1,341,055
Capital grants and contributions	1,941,305	611,966	3,944,646	389,608	428,241	797,414	152,815	656,148	3,855,619	4,268,203
Total governmental activities program revenues	7,633,654	6,802,540	10,368,171	5,823,231	6,049,218	6,445,202	5,972,300	6,219,611	7,784,013	8,113,714
Business-type activities:										
Charges for services:										
Water/wastewater	5,693,687	5,684,715	5,773,171	6,205,333	6,532,118	7,442,028	7,697,439	7,513,502	7,662,110	7,664,369
Stormwater	643,211	669,390	690,587	713,571	728,467	746,273	774,610	782,531	778,950	801,867
Operating grants and contributions	-	-	-	-	-	54,903	-	-	-	-
Capital grants and contributions	33,179	4,442	4,282	-	360,390	1,217,250	-	72,927	445,697	2,649,087
Total business-type activities program revenues	6,370,077	6,358,547	6,468,040	6,918,904	7,620,975	9,460,454	8,472,049	8,368,960	8,886,757	11,115,323
Total primary government program revenues	\$ 14,003,731	\$ 13,161,087	\$ 16,836,211	\$ 12,742,135	\$ 13,670,193	\$ 15,905,656	\$ 14,444,349	\$ 14,588,571	\$ 16,670,770	\$ 19,229,037
Net (Expense)/Revenue										
Governmental activities	\$ (10,969,688)	\$ (11,703,857)	\$ (10,772,849)	\$ (12,519,564)	\$ (12,597,199)	\$ (12,533,419)	\$ (13,500,930)	\$ (15,557,027)	\$ (14,116,397)	\$ (14,764,873)
Business-type activities	1,253,961	1,298,531	726,669	1,095,808	1,530,168	2,780,006	1,504,369	1,322,035	1,953,215	4,218,041
Total primary government net expense	\$ (9,715,727)	\$ (10,405,326)	\$ (10,046,180)	\$ (11,423,756)	\$ (11,067,031)	\$ (9,753,413)	\$ (11,996,561)	\$ (14,234,992)	\$ (12,163,182)	\$ (10,546,832)
General Revenues and other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 4,924,011	\$ 5,340,410	\$ 5,894,064	\$ 5,988,774	\$ 5,482,690	\$ 5,399,889	\$ 5,394,786	\$ 5,487,516	\$ 5,371,012	\$ 5,925,018
Sales taxes	3,696,000	5,522,057	5,674,509	5,528,668	5,359,593	6,307,818	6,788,791	6,953,940	9,248,806	9,300,242
Franchise taxes	1,688,118	1,697,643	1,793,652	1,676,619	1,727,869	1,748,741	1,692,716	1,900,264	2,018,024	1,881,901
Investment earnings	763,520	1,229,571	925,499	157,971	52,103	21,488	15,791	10,476	7,595	10,921
Miscellaneous	-	-	-	-	-	-	-	-	204,718	586,532
Transfers	542,306	999,349	387,157	1,376,828	880,808	463,363	1,015,622	1,288,988	1,408,389	1,682,976
Total governmental activities	11,613,955	14,789,030	14,674,881	14,728,860	13,503,063	13,941,299	14,907,706	15,641,184	18,258,544	19,387,590
Business-type activities										
Investment earnings	113,538	164,788	149,828	32,553	9,529	3,399	1,990	1,157	828	907
Transfers	(542,306)	(999,349)	(387,157)	(1,376,828)	(880,808)	(463,363)	(1,015,622)	(1,288,988)	(1,408,389)	(1,682,976)
Total business-type activities	(428,768)	(834,561)	(237,329)	(1,344,275)	(871,279)	(459,964)	(1,013,632)	(1,287,831)	(1,407,561)	(1,682,069)
Total primary government	\$ 11,185,187	\$ 13,954,469	\$ 14,437,552	\$ 13,384,585	\$ 12,631,784	\$ 13,481,335	\$ 13,894,074	\$ 14,353,353	\$ 16,850,983	\$ 17,705,521
Change in Net Assets										
Governmental activities	\$ 644,267	\$ 3,085,173	\$ 3,902,032	\$ 2,209,296	\$ 905,864	\$ 1,407,880	\$ 1,406,776	\$ 84,157	\$ 4,142,147	\$ 4,622,717
Business-type activities	825,193	463,970	489,340	(248,467)	658,889	2,320,042	490,737	34,204	545,654	2,535,972
Total primary government	\$ 1,469,460	\$ 3,549,143	\$ 4,391,372	\$ 1,960,829	\$ 1,564,753	\$ 3,727,922	\$ 1,897,513	\$ 118,361	\$ 4,687,801	\$ 7,158,689

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 1,010,457	\$ 878,015	\$ 106,177	\$ 420,642	\$ 497,610	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,762,970	1,471,471	3,880,335	4,040,259	3,812,240	-	-	-	-	-
Nonspendable (1)	-	-	-	-	-	97,793	98,389	104,178	90,753	83,747
Restricted (1)	-	-	-	-	-	-	-	-	-	-
Assigned (1)	-	-	-	-	-	62,068	95,929	31,050	491,723	52,635
Unassigned (1)	-	-	-	-	-	4,370,905	4,281,388	4,323,574	4,568,229	4,130,258
Total general fund	<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>	<u>\$ 5,150,705</u>	<u>\$ 4,266,640</u>
All Other Governmental Funds										
Reserved	\$ 6,531,515	\$ 5,963,688	\$ 6,056,599	\$ 6,743,667	\$ 6,870,856	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,235,257	1,495,481	1,496,186	1,355,282	1,546,905	-	-	-	-	-
Capital projects funds	1,420,714	11,912,183	1,939,470	928,677	314,568	-	-	-	-	-
Debt service funds	1,369,189	2,945,291	1,826,040	2,127,664	1,763,194	-	-	-	-	-
Nonspendable (1)	-	-	-	-	-	4,396	4,505	8,048	8,077	7,498
Restricted (1)	-	-	-	-	-	3,070,343	3,841,545	3,890,319	5,213,206	4,620,043
Assigned (1)	-	-	-	-	-	7,031,364	7,503,675	5,669,041	5,508,042	5,161,920
Unassigned (1)	-	-	-	-	-	(353,284)	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 10,729,325</u>	<u>\$ 9,789,461</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)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 10,308,129	\$ 12,560,110	\$ 13,362,225	\$ 13,194,061	\$ 12,570,152	\$ 13,456,448	\$ 13,876,293	\$ 14,341,720	\$ 16,637,842	\$ 17,107,161
Licenses and permits	104,417	216,596	170,404	166,013	141,234	162,257	193,797	177,002	220,146	218,933
Intergovernmental	4,012,530	2,767,243	6,169,100	2,854,625	2,849,094	3,332,993	2,640,461	2,952,796	3,093,518	3,348,281
Charges for services	1,609,459	1,703,422	1,965,141	1,709,552	1,697,246	1,954,380	2,064,698	1,975,714	1,896,616	1,845,086
Fines and fees	312,958	399,816	349,695	366,367	427,215	431,301	477,897	395,412	404,985	440,437
Special assessments	57,645	26,572	34,875	49,263	75,820	59,375	65,723	79,853	60,492	86,237
Investment earnings	763,520	1,229,571	925,499	157,971	52,103	21,488	15,791	10,476	7,595	10,921
Lease income	340,478	576,732	542,847	537,694	458,610	445,966	473,120	477,201	455,573	435,687
Miscellaneous	1,307,924	825,925	1,180,128	348,230	396,479	221,145	224,033	333,960	204,718	830,947
Total revenues	18,817,060	20,305,987	24,699,914	19,383,776	18,667,953	20,085,353	20,031,813	20,744,134	22,981,485	24,323,690
Expenditures										
General government	1,535,479	1,906,313	4,712,494	2,695,357	2,824,648	2,630,219	3,252,217	3,232,327	3,470,159	3,394,359
Public safety-police	3,101,059	3,289,331	3,051,104	2,958,470	2,938,621	2,986,364	3,187,410	3,314,609	3,764,674	4,301,193
Public safety-fire	2,190,419	2,254,080	2,107,722	2,009,788	2,016,858	2,196,533	2,287,487	2,276,617	2,396,951	2,618,929
Public safety-other	904,123	985,134	867,333	679,447	690,160	539,551	556,296	582,626	675,569	669,342
Public works	1,947,035	2,306,195	2,604,829	1,933,140	2,119,057	2,486,441	2,494,645	2,202,971	2,389,336	2,372,048
Sanitation and health	159,202	178,870	253,084	156,667	144,721	157,824	160,295	157,626	159,189	157,174
Culture and recreation	1,915,072	1,962,361	1,846,578	1,693,206	1,735,955	1,766,694	1,682,095	1,748,883	1,802,360	1,780,057
Industrial promotion	1,121,960	1,409,273	1,432,577	711,829	818,995	676,439	628,199	2,273,568	1,490,191	1,677,501
Economic development	898,362	4,869	3,577	6,993	-	-	-	100,932	159,481	87,670
Social welfare	2,279,705	1,469,391	1,550,188	1,579,956	1,485,494	1,659,555	1,464,910	1,447,316	1,485,190	1,765,442
Capital outlay	4,816,592	5,696,108	16,704,405	3,272,406	1,521,018	1,982,135	1,921,839	2,751,344	2,818,806	4,400,038
Debt service principal	7,365,000	1,500,000	2,455,309	2,649,183	2,854,576	2,855,994	2,669,028	4,170,782	4,486,892	4,124,389
Debt service interest & fees	660,233	751,531	1,545,238	1,334,208	1,197,533	1,111,344	1,154,822	929,887	776,781	713,974
Debt issuance costs	407,706	266,163	91,268	33,570	11,943	21,411	46,089	68,533	118,202	12,894
Total expenditures	29,301,947	23,979,619	39,225,706	21,714,220	20,359,579	21,070,504	21,505,332	25,258,021	25,993,781	28,075,010
Excess of revenues over (under) expenditures	(10,484,887)	(3,673,632)	(14,525,792)	(2,330,444)	(1,691,626)	(985,151)	(1,473,519)	(4,513,887)	(3,012,296)	(3,751,320)
Other Financing Sources (Uses)										
General Obligation Bonds issued	11,390,000	14,285,000	2,950,380	1,265,000	-	-	855,000	1,420,000	3,398,395	-
Bond Premium	-	-	-	-	-	-	-	-	60,597	-
Discount on bonds	(166,389)	-	-	-	-	-	-	-	-	-
Bond anticipation notes issued	-	-	-	-	-	-	1,144,743	-	-	-
Custom energy note payable issued	-	-	1,826,933	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	-	244,415
Transfers in	8,230,625	2,297,727	2,313,905	4,770,242	880,808	3,436,406	3,284,962	3,752,132	4,320,102	5,465,416
Transfers out	(7,471,593)	(986,817)	(1,926,748)	(3,393,414)	-	(2,973,043)	(2,269,340)	(2,457,466)	(2,911,713)	(3,782,440)
Total other financing sources (uses)	11,982,643	15,595,910	5,164,470	2,641,828	880,808	463,363	3,015,365	2,714,666	4,867,381	1,927,391
Net change in fund balances	\$ 1,497,756	\$ 11,922,278	\$ (9,361,322)	\$ 311,384	\$ (810,818)	\$ (521,788)	\$ 1,541,846	\$ (1,799,221)	\$ 1,855,085	\$ (1,823,929)
Debt service as a percentage of noncapital expenditures	34.4%	13.8%	18.2%	21.8%	21.6%	20.9%	19.8%	23.0%	23.2%	20.6%

**City of Pittsburg, Kansas
Sales Tax Rates
Direct and Overlapping Rates
Last Ten Fiscal Years
(in percent)**

<u>Fiscal Year</u>	<u>State of Kansas (4)</u>	<u>Crawford County</u>	<u>City Memorial Auditorium</u>	<u>City Capital Outlay</u>	<u>City Economic Development</u>	<u>City Public Safety Debt (1)</u>	<u>City Street Improvements (2)</u>	<u>City Public Safety (3)</u>	<u>Total Excluding Transportation Development District</u>	<u>City Transportation Development District</u>	<u>Total Including Transportation Development District</u>
2006	5.300	1.000	0.125	0.125	0.250	0.000	0.000	0.000	6.800	0.300	7.100
2007	5.300	1.000	0.125	0.125	0.250	0.500	0.000	0.000	7.300	0.300	7.600
2008	6.150	1.000	0.125	0.125	0.250	0.500	0.000	0.000	8.150	0.300	8.450
2009	6.150	1.000	0.125	0.125	0.250	0.500	0.000	0.000	8.150	0.300	8.450
2010	6.300	1.000	0.125	0.125	0.250	0.500	0.000	0.000	8.300	0.300	8.600
2011	6.300	1.000	0.125	0.125	0.250	0.500	0.250	0.000	8.550	0.300	8.850
2012	6.300	1.000	0.125	0.125	0.250	0.500	0.250	0.000	8.550	0.300	8.850
2013	6.150	1.000	0.125	0.125	0.250	0.500	0.250	0.000	8.400	0.300	8.700
2014	6.150	1.000	0.125	0.125	0.250	0.500	0.250	0.500	8.900	0.300	9.200
2015	6.500	1.000	0.125	0.125	0.250	0.500	0.250	0.500	9.250	0.300	9.550

(1) City public safety debt sales tax effective January 1, 2007.

(2) City street improvements sales tax effective April 1, 2011.

(3) City public safety sales tax effective January 1, 2014.

(4) State of Kansas sales tax effective July 1, 2015

City of Pittsburg, Kansas
Total City Taxable Sales by Category
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Retail Trade</u>	<u>Accommodations and Food Services</u>	<u>Utilities</u>	<u>Information</u>	<u>Wholesale Trade</u>	<u>Other Services</u>	<u>Manufacturing</u>	<u>Construction</u>	<u>All other</u>	<u>Total</u>
2006	\$ 196,964,128	\$ 34,091,396	\$ 14,137,408	\$ 13,773,302	\$ 12,008,898	\$ 7,980,156	\$ 4,452,016	\$ 4,779,622	\$ 40,470,098	\$ 328,657,024
2007	202,863,520	33,803,776	13,540,300	12,781,041	11,695,679	8,559,884	5,648,282	6,754,490	43,281,505	338,928,477
2008	229,519,213	34,718,396	15,691,448	13,601,996	15,681,674	9,298,206	5,188,537	5,409,368	56,733,037	385,841,875
2009	208,458,608	28,283,100	14,364,237	13,081,436	12,019,078	7,827,460	4,257,878	4,824,543	53,260,042	346,376,382
2010	191,509,317	30,335,965	15,457,697	12,489,824	10,362,056	7,419,166	7,386,630	6,184,299	54,516,603	335,661,557
2011	196,391,376	30,473,448	17,594,447	11,897,227	12,234,131	7,284,270	4,395,452	5,577,034	60,645,247	346,492,632
2012	198,782,399	32,526,827	17,882,546	12,914,235	12,173,908	8,619,313	5,966,371	5,297,326	68,722,020	362,884,945
2013	209,429,325	33,857,854	18,492,316	13,315,255	12,247,961	8,451,689	4,257,309	4,345,014	73,033,056	377,429,779
2014	204,290,683	33,121,485	25,994,661	13,785,146	12,143,421	7,765,314	8,634,803	5,894,334	73,829,515	385,459,362
2015	215,806,522	47,758,050	25,353,963	19,121,025	17,563,571	12,806,606	10,054,030	7,478,028	41,183,719	397,125,514

Total City Taxable Sales by Category as Percentage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Retail Trade</u>	<u>Accommodations and Food Service</u>	<u>Utilities</u>	<u>Information</u>	<u>Wholesale Trade</u>	<u>Other Services</u>	<u>Manufacturing</u>	<u>Construction</u>	<u>All other</u>	<u>Total</u>
2006	59.93%	10.37%	4.30%	4.19%	3.65%	2.43%	1.35%	1.45%	12.31%	100.00%
2007	59.85%	9.97%	4.00%	3.77%	3.45%	2.53%	1.67%	1.99%	12.77%	100.00%
2008	59.49%	9.00%	4.07%	3.53%	4.06%	2.41%	1.34%	1.40%	14.70%	100.00%
2009	60.18%	8.17%	4.15%	3.78%	3.47%	2.26%	1.23%	1.39%	15.38%	100.00%
2010	57.05%	9.04%	4.61%	3.72%	3.09%	2.21%	2.20%	1.84%	16.24%	100.00%
2011	56.68%	8.79%	5.08%	3.43%	3.53%	2.10%	1.27%	1.61%	17.50%	100.00%
2012	54.78%	8.96%	4.93%	3.56%	3.35%	2.38%	1.64%	1.46%	18.94%	100.00%
2013	55.49%	8.97%	4.90%	3.53%	3.25%	2.24%	1.13%	1.15%	19.35%	100.00%
2014	53.00%	8.59%	6.74%	3.58%	3.15%	2.01%	2.24%	1.53%	19.15%	100.00%
2015	54.34%	12.03%	6.38%	4.81%	4.42%	3.22%	2.53%	1.88%	10.37%	100.00%

Source: Kansas Department of Revenue

**City of Pittsburg, Kansas
Ten Largest Sales Tax Payers
Current Year and Nine Years Ago**

Fiscal Year 2015

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 71,477,102	18.00%
B	Retail Trade	23,722,657	5.97%
C	Utility	18,398,436	4.63%
D	Retail Trade	12,353,169	3.11%
E	Retail Trade	9,972,237	2.51%
F	Utility	6,653,777	1.68%
G	Retail Trade	5,811,746	1.46%
H	Utility	4,905,007	1.24%
I	Retail Trade	4,644,470	1.17%
J	Retail Trade	4,072,414	1.03%
Subtotal (10 largest)		162,011,015	40.80%
Balance from other payers		235,114,499	59.20%
Grand totals		\$ 397,125,514	100.00%

Fiscal Year 2006

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 73,307,174	22.31%
B	Retail Trade	15,414,130	4.69%
C	Utility	12,879,068	3.92%
D	Retail Trade	9,502,724	2.89%
E	Retail Trade	7,729,652	2.35%
F	Retail Trade	7,504,138	2.28%
G	Utility	7,291,646	2.22%
H	Retail Trade	6,121,356	1.86%
I	Utility	3,652,272	1.11%
J	Retail Trade	3,571,310	1.09%
Subtotal (10 largest)		146,973,470	44.72%
Balance from other payers		181,683,554	55.28%
Grand totals		\$ 328,657,024	100.00%

Source: Kansas Department of Revenue

**City of Pittsburg, Kansas
Sales Tax Collections
Last Ten Fiscal Years**

Fiscal Year	Crawford County (1)	City Memorial Auditorium	City Capital Outlay	City Economic Development	City Public Safety Debt (2)	City Street Improvements (3)	City Public Safety (4)	City Tax Increment Financing (5)	City Transportation Development District (6)	Total
2006	\$ 1,872,985	\$ 392,529	\$ 392,529	\$ 785,058	\$ -	\$ -	\$ -	\$ 178,690	\$ 74,209	\$ 3,696,000
2007	1,928,100	401,313	401,313	802,625	1,706,926	-	-	203,349	78,431	5,522,057
2008	1,984,698	413,602	413,602	827,203	1,755,118	-	-	201,422	78,864	5,674,509
2009	1,889,313	409,648	409,648	819,296	1,734,812	-	-	192,440	73,511	5,528,668
2010	1,809,190	398,201	398,201	796,402	1,692,171	-	-	198,731	66,697	5,359,593
2011	1,884,966	409,041	409,041	818,082	1,770,329	673,368	-	268,328	74,663	6,307,818
2012	1,980,210	422,216	422,216	844,432	1,834,327	917,163	-	290,925	77,302	6,788,791
2013	1,991,874	432,927	432,927	865,853	1,888,324	944,162	-	313,233	84,640	6,953,940
2014	2,086,490	440,826	440,826	882,338	1,961,492	981,089	1,961,492	395,003	99,250	9,248,806
2015	2,162,857	454,826	454,826	910,340	1,968,285	984,487	1,968,285	296,587	99,749	9,300,242

(1) Based upon State of Kansas formula the City receives a portion of the county sales tax for the general fund.

(2) City public safety debt sales tax became effective January 1, 2007 and is used to repay debt on the law enforcement complex and fire station #1.

(3) City street improvements sales tax became effective April 1, 2011 and is used for City street improvements.

(4) City public safety sales tax became effective January 1, 2014 and is used to supplement and enhance public safety in the general fund.

(5) City tax increment financing district receives a portion of the City and County sales tax and is used to repay debt on development improvements within the district.

(6) City transportation development district sales tax is used to repay debt on City infrastructure improvements within the district.

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

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate			
						Water		Sewer	
						Base Rate (1)	Usage Rate (2)	Base Rate (1)	Usage Rate (2)
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
2014	848	673	175	20.64%	929	\$ 11.01	Variable	\$ 19.20	Variable
2015	793	676	118	14.88%	1,466	\$ 11.34	Variable	\$ 19.78	Variable

Note: Gallons are presented in millions.

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

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

Fiscal Year	Water Meter Taps <u>Sold</u>	Sewer Taps <u>Sold</u>	<u>Total Taps</u>
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
2014	19	8	27
2015	10	9	19

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>
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
2014	7,716	537	50	224	7,124	497	44	136	8,527	7,801
2015	7,722	541	49	224	7,029	513	43	137	8,536	7,722

(1) Sewer customers by type not available for year 2005.

Note: na means data unavailable.

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

	Effective Jan 1st 2006	Effective Jan 1st 2007	Effective Jan 1st 2008	Effective Jan 1st 2008	Effective Jul 1st 2009	Effective Jan 1st 2009	Effective Jul 1st 2010	Effective Jan 1st 2010	Effective Jul 1st 2011	Effective Jan 1st 2011	Effective Jul 1st 2012	Effective Jan 1st 2013	Effective Jan 1st 2014	Effective Jan 1st 2015
<u>WATER RATES PER MONTH, INSIDE CITY LIMITS</u>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 7.14	\$ 7.36	\$ 7.59	\$ 7.97	\$ 8.21	\$ 8.79	\$ 9.06	\$ 9.70	\$ 9.99	\$ 10.69	\$ 11.01	\$ 11.01	\$ 11.01	\$ 11.34
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	2.95	3.04	3.14	3.30	3.40	3.64	3.75	4.02	4.14	4.43	4.56	4.56	4.56	4.70
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	2.77	2.86	2.95	3.10	3.20	3.43	3.54	3.79	3.90	4.17	4.30	4.30	4.30	4.43
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.64	2.72	2.81	2.96	3.05	3.27	3.37	3.61	3.72	3.98	4.10	4.10	4.10	4.22
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.45	2.53	2.61	2.75	2.84	3.04	3.14	3.36	3.46	3.70	3.81	3.81	3.81	3.92
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.32	2.39	2.47	2.60	2.68	2.87	2.96	3.17	3.27	3.50	3.61	3.61	3.61	3.72
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	2.16	2.23	2.30	2.42	2.50	2.68	2.76	2.96	3.05	3.26	3.36	3.36	3.36	3.46
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.95	2.01	2.08	2.19	2.26	2.42	2.50	2.68	2.76	2.95	3.04	3.04	3.04	3.13
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.80	1.86	1.92	2.02	2.09	2.24	2.31	2.48	2.55	2.73	2.81	2.81	2.81	2.89
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.66	1.71	1.77	1.86	1.92	2.06	2.13	2.28	2.35	2.51	2.59	2.59	2.59	2.67
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.52	1.57	1.62	1.71	1.77	1.90	1.96	2.10	2.16	2.31	2.38	2.38	2.38	2.45
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.41	1.46	1.51	1.59	1.64	1.76	1.82	1.95	2.01	2.15	2.21	2.21	2.21	2.28
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.30	1.34	1.39	1.46	1.51	1.62	1.67	1.79	1.84	1.97	2.03	2.03	2.03	2.09
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.20	1.24	1.28	1.35	1.39	1.49	1.54	1.65	1.70	1.82	1.87	1.87	1.87	1.93
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.10	1.14	1.18	1.24	1.28	1.37	1.42	1.52	1.57	1.68	1.73	1.73	1.73	1.78

<u>WATER RATES PER MONTH, OUTSIDE CITY LIMITS</u>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 14.29	\$ 14.72	\$ 15.17	\$ 15.93	\$ 16.41	\$ 17.56	\$ 18.09	\$ 19.36	\$ 19.94	\$ 21.34	\$ 21.98	\$ 21.98	\$ 21.98	\$ 22.64
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	5.24	5.40	5.57	5.85	6.03	6.46	6.66	7.13	7.34	7.85	8.09	8.09	8.09	8.33
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	4.08	4.21	4.34	4.56	4.70	5.03	5.18	5.55	5.72	6.12	6.30	6.30	6.30	6.49
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.95	3.04	3.14	3.30	3.40	3.64	3.75	4.02	4.14	4.43	4.56	4.56	4.56	4.70
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.77	2.86	2.95	3.10	3.20	3.43	3.54	3.79	3.90	4.17	4.30	4.30	4.30	4.43
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.64	2.72	2.81	2.96	3.05	3.27	3.37	3.61	3.72	3.98	4.10	4.10	4.10	4.22
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	2.45	2.53	2.61	2.75	2.84	3.04	3.14	3.36	3.46	3.70	3.81	3.81	3.81	3.92
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.32	2.39	2.47	2.60	2.68	2.87	2.96	3.17	3.27	3.50	3.61	3.61	3.61	3.72
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.06	2.13	2.20	2.31	2.38	2.55	2.63	2.82	2.90	3.10	3.19	3.19	3.19	3.29
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.91	1.97	2.03	2.14	2.21	2.37	2.45	2.63	2.71	2.90	2.99	2.99	2.99	3.08
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.74	1.80	1.86	1.96	2.02	2.17	2.24	2.40	2.47	2.64	2.72	2.72	2.72	2.80
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.61	1.66	1.71	1.80	1.86	2.00	2.06	2.21	2.28	2.44	2.51	2.51	2.51	2.59
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.49	1.54	1.59	1.67	1.72	1.85	1.91	2.05	2.11	2.26	2.33	2.33	2.33	2.40
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.35	1.40	1.45	1.53	1.58	1.70	1.76	1.89	1.95	2.09	2.15	2.15	2.15	2.21
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.27	1.31	1.35	1.42	1.47	1.58	1.63	1.75	1.80	1.93	1.99	1.99	1.99	2.05

<u>SANITARY SEWER RATES PER MONTH, INSIDE CITY LIMITS</u>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 12.47	\$ 12.85	\$ 13.24	\$ 13.91	\$ 14.33	\$ 15.34	\$ 15.80	\$ 16.91	\$ 17.42	\$ 18.64	\$ 19.20	\$ 19.20	\$ 19.20	\$ 19.78
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	1.77	1.83	1.89	1.99	2.05	2.20	2.27	2.43	2.50	2.68	2.76	2.76	2.76	2.84

<u>SANITARY SEWER RATES PER MONTH, OUTSIDE CITY LIMITS</u>														
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 24.88	\$ 25.63	\$ 26.40	\$ 27.72	\$ 28.56	\$ 30.56	\$ 31.48	\$ 33.69	\$ 34.70	\$ 37.13	\$ 38.24	\$ 38.24	\$ 38.24	\$ 39.39
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	3.51	3.62	3.73	3.92	4.04	4.33	4.46	4.78	4.92	5.26	5.42	5.42	5.42	5.58

<u>STORMWATER RATES PER MONTH, INSIDE CITY LIMITS ONLY (1)</u>														
1. PER ERU (2)	\$ 3.06	\$ 3.16	\$ 3.26	\$ 3.26	\$ 3.36	\$ 3.36	\$ 3.46	\$ 3.46	\$ 3.56	\$ 3.56	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.78

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

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

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

Customer	Fiscal Year 2015			
	Water Revenue		Sewer Revenue	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sugar Creek Packing Company	\$ 237,378	5.97%	\$ 371,336	10.26%
Pittsburg State University	193,674	4.87%	107,261	2.96%
Crimson Villas	70,994	1.79%	43,178	1.19%
Via Christi Hospital	38,990	0.98%	30,220	0.84%
Sycamore Village Residences	30,331	0.76%	24,149	0.67%
USD 250 Public Schools	27,555	0.69%	19,315	0.53%
University Commons	27,307	0.69%	16,549	0.46%
Parkview Community	26,329	0.66%	15,453	0.43%
Summerscape LLC	21,451	0.54%	11,288	0.31%
Ridley USA	17,412	0.44%	7,034	0.19%
Subtotal (10 largest)	691,421	17.39%	645,783	17.85%
Balance from other customers	<u>3,283,916</u>	<u>82.61%</u>	<u>2,972,358</u>	<u>82.15%</u>
Grand totals	<u>\$ 3,975,337</u>	<u>100.00%</u>	<u>\$ 3,618,141</u>	<u>100.00%</u>

Customer	Fiscal Year 2006			
	Water Revenue		Sewer Revenue	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Superior Industries	\$ 147,164	4.83%	\$ 118,042	4.85%
Pittsburg State University	132,656	4.36%	70,327	2.89%
Sugar Creek Packing Company	92,896	3.05%	103,034	4.23%
Via Christi Hospital	45,214	1.49%	32,448	1.33%
Parkview Community	27,622	0.91%	18,465	0.76%
Miller's Professional Imaging	24,152	0.79%	22,128	0.91%
USD 250 Public Schools	21,859	0.72%	12,313	0.51%
Aspen Square Management, Inc	20,246	0.67%	13,217	0.54%
Corner Stone Village	19,130	0.63%	7,627	0.31%
Health Care Aff #2357	16,995	0.56%	10,744	0.44%
Subtotal (10 largest)	547,934	18.00%	408,345	16.78%
Balance from other customers	<u>2,496,489</u>	<u>82.00%</u>	<u>2,024,762</u>	<u>83.22%</u>
Grand totals	<u>\$ 3,044,423</u>	<u>100.00%</u>	<u>\$ 2,433,107</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	Capital Leases	Sales Tax Transportation District Bonds (1)	Tax Increment Financing Bonds (2)	General Obligation Bonds (3)	K.D.H.E. Loans			
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	14,950,198	1,393,645	1,235,000	5,010,000	2,229,802	13,836,918	38,655,563	6.5%	1,911
2013	13,959,346	-	1,195,000	4,735,000	1,580,654	13,531,466	35,001,466	5.4%	1,716
2014	14,405,592	1,881,075	1,150,000	4,390,000	2,824,408	13,686,824	38,337,899	5.9%	1,879
2015	10,651,202	1,845,535	1,100,000	4,070,000	8,743,798	4,126,327	30,536,862	4.1%	1,497

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

(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>
2006	\$ 8,900,000	\$ 940,220	\$ 7,959,780	\$ 742,714,633	1.07%	\$ 414
2007	21,830,000	2,188,158	19,641,842	786,786,859	2.50%	1,021
2008	22,580,297	1,389,729	21,190,568	858,685,005	2.47%	1,085
2009	21,578,483	1,732,912	19,845,571	853,339,722	2.33%	1,011
2010	19,065,099	1,387,623	17,677,476	839,013,748	2.11%	874
2011	16,579,281	1,058,470	15,520,811	854,706,247	1.82%	767
2012	14,950,198	1,067,000	13,883,198	817,384,174	1.70%	686
2013	13,959,346	908,051	13,051,295	816,860,679	1.60%	640
2014	14,405,592	850,457	13,555,135	861,828,805	1.57%	665
2015	10,651,202	775,113	9,876,089	843,786,180	1.17%	484

(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, 2015

<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	\$ 2,591,500	52.25%	\$ 1,354,059
Frontenac U.S.D. 249	5,070,000	4.91%	248,937
Pittsburg U.S.D. 250	18,643,661	84.29%	<u>15,714,742</u>
Subtotal, overlapping debt			17,317,738
City direct debt (2)			<u>10,651,202</u>
Total direct and overlapping debt			<u>\$ 27,968,940</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 2015

Assessed Valuation (1)	\$ 135,836,048
Legal Debt Limit (2)	40,750,814
General Obligation Bonds	19,395,000
Less Amount Available in Debt Service Fund	<u>(807,700)</u>
Total net debt applicable to limit	<u>18,587,300</u>
Legal debt margin	<u>\$ 22,163,514</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 41,694,028	\$ 43,703,108	\$ 44,244,609	\$ 41,876,403	\$ 40,658,921	\$ 40,479,510	\$ 40,575,801	\$ 40,699,087	\$ 40,750,814	\$ 40,750,814
Total net debt applicable to limit	<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>	<u>18,587,300</u>	<u>18,587,300</u>
Legal debt margin	<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>	<u>\$ 22,163,514</u>	<u>\$ 22,163,514</u>
Total net debt applicable to the limit as a percentage of debt limit	23.43%	53.86%	56.63%	56.16%	51.21%	44.75%	39.71%	34.89%	45.61%	45.61%

(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 Ten Fiscal Years**

Sales Tax Transportation District Bonds (1)								Tax Increment Financing Bonds (2)							
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
2014	99,251	2	1,752	97,501	45,000	56,280	0.96	395,003	178,132	20	3,020	570,135	345,000	222,057	1.01
2015	99,749	2	1,752	97,999	50,000	54,000	0.94	296,587	265,509	19	3,019	559,096	320,000	205,850	1.06

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

(2) 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**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income (2)</u>	<u>Public School Enrollment (3)</u>	<u>Pittsburg State University Enrollment (4)</u>	<u>Unemployment Rate (5)</u>	<u>Median Age (1)</u>
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	20,398	653,551,920	32,040	2,897	7,400	5.0%	26.2
2014	20,398	653,551,920	32,040	2,861	7,479	4.5%	26.2
2015	20,398	738,448,396	36,202	2,945	7,244	4.3%	26.2

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

(2) Source: Bureau of Labor Statistics and Demographics (Pittsburg Micro Area)

(3) Source: Pittsburg USD 250

(4) Source: Pittsburg State University Admissions

(5) Source: Kansas Department of Labor (Pittsburg Micro Area)

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

<u>Employer</u>	<u>Product</u>	<u>2015</u>			<u>2006</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	10.05%	1,700	1	9.35%
Pittsburg U.S.D. # 250	Public School K-12	684	2	3.68%	482	5	2.65%
Via Christi Health	Regional Hospital	677	3	3.64%	920	2	5.06%
Sugar Creek Packing (2)	Food Products	540	4	2.91%	na	na	na
Wal-Mart Supercenter	Retail & Grocery	380	5	2.05%	400	6	2.20%
Pitt Plastics Inc.	Polyethylene Bags	293	6	1.58%	500	4	2.75%
Miller's Inc.	Professional Photo Finishing	287	7	1.54%	310	7	1.71%
NPC International	Corporate Offices	274	8	1.47%	na	na	na
Masonite	Steel Door Manufacturer	225	9	1.21%	173	10	0.95%
Pitsco, Inc.	Educational Systems	222	10	1.19%	200	9	1.10%
City of Pittsburg (4)	City Government	228	11	1.23%	213	8	1.17%
Community Health Center	Health Care	164	12	0.88%	na	na	na
Names and Numbers	Publishing	160	13	0.86%	na	na	na
Triple T Foods (2)	Animal Food Products	160	14	0.86%	na	na	na
WATCO Companies Inc.	Railroads	120	15	0.65%	na	na	na
Superior Industries	Aluminum Wheel Manufacturer	na	na	na	800	3	4.40%
		<u>6,281</u>		<u>33.81%</u>	<u>5,698</u>		<u>31.35%</u>

(1) Source: Pittsburg Chamber of Commerce

(2) Outside City limits

(3) Source: Bureau of Labor Statistics and Demographics

(4) Includes Component Unit (Pittsburg Public Library).

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

	2006		2007		2008		2009		2010		2011		2012		2013		2014		2015	
	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
Governmental-type Activities																				
<u>Administration</u>																				
General Administration	7	3.4%	8	3.9%	8	3.9%	8	4.2%	8	4.1%	9	4.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
City Manager													2	1.0%	2	1.0%	2	0.9%	2	0.9%
City Attorney													1	0.5%	1	0.5%	1	0.5%	1	0.4%
City Clerk													1	0.5%	1	0.5%	1	0.5%	1	0.4%
Finance Department													4	2.0%	4	2.0%	5	2.3%	5	2.2%
Human Resources Division	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	0.9%	2	0.9%
Information Systems Division	4	2.0%	4	2.0%	4	1.9%	4	2.1%	3	1.5%	4	2.0%	3	1.5%	3	1.5%	3	1.4%	3	1.3%
Total Administration	13	6.4%	14	6.8%	14	6.8%	14	7.3%	13	6.7%	15	7.5%	13	6.5%	13	6.3%	14	6.4%	14	6.3%
<u>Public Safety</u>																				
Police Division	50	24.5%	51	24.9%	52	25.1%	48	25.0%	49	25.3%	50	24.9%	52	26.1%	54	26.3%	69	31.4%	70	31.4%
Fire Division	34	16.7%	34	16.6%	34	16.4%	32	16.7%	33	17.0%	35	17.4%	36	18.1%	35	17.1%	35	15.9%	35	15.7%
Building Services Division																	5	2.3%	5	2.2%
Codes Enforcement Division	11	5.4%	11	5.4%	11	5.3%	8	4.2%	8	4.1%	8	4.0%	6	3.0%	7	3.4%	4	1.8%	4	1.8%
Safety Division	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Animal Control Division	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	2	1.0%	2	1.0%	2	0.9%	2	0.9%
Municipal Court Division	6	2.9%	6	2.9%	6	2.9%	6	3.1%	6	3.1%	6	3.0%	5	2.5%	6	2.9%	6	2.7%	6	2.7%
Total Public Safety	103	50.6%	104	50.8%	105	50.8%	96	50.1%	98	50.6%	100	49.9%	101	50.9%	104	50.8%	121	55.1%	122	54.8%
<u>Public Works</u>																				
Engineering Division	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	0.9%	3	1.3%
Facility Maintenance Division	-	0.0%	-	0.0%	-	0.0%	3	1.6%	3	1.5%	3	1.5%	3	1.5%	3	1.5%	3	1.4%	3	1.3%
Street & Highway Division	13	6.4%	13	6.3%	13	6.3%	12	6.3%	12	6.2%	12	6.0%	12	6.0%	12	5.9%	11	5.0%	11	4.9%
Atkinson Airport Division	4	2.0%	4	2.0%	4	1.9%	3	1.6%	3	1.5%	3	1.5%	3	1.5%	3	1.5%	3	1.4%	3	1.3%
Total Public Works	19	9.3%	19	9.3%	19	9.2%	20	10.4%	20	10.3%	20	10.0%	20	10.1%	20	9.8%	19	8.6%	20	9.0%
<u>Sanitation and Health</u>																				
Mt. Olive Cemetery Division	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	0.4%
<u>Culture and Recreation</u>																				
Parks Division	11	5.4%	11	5.4%	11	5.3%	10	5.2%	10	5.2%	10	5.0%	8	4.0%	8	3.9%	8	3.6%	8	3.6%
Recreation Division													2	1.0%	2	1.0%	2	0.9%	2	0.9%
Golf Course Division	4	2.0%	4	2.0%	4	1.9%	4	2.1%	4	2.1%	4	2.0%	3	1.5%	3	1.5%	3	1.4%	3	1.3%
Memorial Auditorium Division	5	2.5%	5	2.4%	5	2.4%	4	2.1%	4	2.1%	5	2.5%	5	2.5%	5	2.4%	5	2.3%	5	2.2%
Total Culture and Recreation	20	9.8%	20	9.8%	20	9.7%	18	9.4%	18	9.3%	19	9.5%	18	9.0%	18	8.8%	18	8.2%	18	8.1%
<u>Industrial Development</u>																				
Economic Development Division	2	1.0%	2	1.0%	2	1.0%	1	0.5%	1	0.5%	2	1.0%	1	0.5%	-	0.0%	-	0.0%	-	0.0%
<u>Social Welfare</u>																				
Section 8 Housing Division	5	2.5%	4	2.0%	4	1.9%	3	1.6%	3	1.5%	3	1.5%	3	1.5%	3	1.5%	3	1.4%	4	1.8%
Total for Governmental-type Activities	163	79.9%	164	80.0%	165	79.7%	153	79.7%	154	79.4%	160	79.6%	157	78.9%	159	77.6%	176	80.0%	179	80.3%
Business-type Activities																				
<u>Water-Wastewater Utility</u>																				
Water Treatment Division	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%	8.6	3.9%	8.6	3.9%
Water Distribution Division	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%	13.6	6.2%	13.6	6.1%
Wastewater Treatment Division	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%	6.6	3.0%	6.6	3.0%
Wastewater Collections Division	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%	5.6	2.5%	5.6	2.5%
Customer Service Division	6	2.9%	6	2.9%	7	3.4%	5	2.6%	6	3.1%	5	2.5%	6	3.0%	6	2.9%	3	1.4%	3	1.3%
Total Water-Wastewater Utility	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%	37.4	17.0%	37.4	16.8%
<u>Storm Water Utility</u>																				
Stormwater Division	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%	6.6	3.0%	6.6	3.0%
Total for Business-type Activities	41	20.1%	41	20.0%	42	20.3%	39	20.3%	40	20.6%	41	20.4%	42	21.1%	46	22.4%	44	20.0%	44	19.7%
Total Full-time Employees	204	100.0%	205	100.0%	207	100.0%	192	100.0%	194	100.0%	201	100.0%	199	100.0%	205	100.0%	220	100.0%	223	100.0%

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
General government										
Building permits issued	501	673	552	478	507	547	787	527	510	1,068
Building inspections conducted	1,069	1,628	1,370	1,309	1,096	868	791	550	672	1,503
Police (1)										
Physical arrests	930	988	1,277	1,491	1,620	1,305	1,414	1,328	1,255	1,613
Parking violations	882	1,416	1,317	1,154	1,458	2,192	1,390	792	-	-
Traffic violations	2,823	3,416	2,998	2,442	2,039	2,154	2,316	1,916	1,685	2,249
Accident Reports									583	679
Fire										
Fire calls	181	120	131	129	313	313	385	287	109	111
Emergency calls/EMS	1,231	1,355	1,255	854	571	619	709	720	736	1,021
Other calls	811	716	604	752	898	1,071	736	887	1,496	1,302
Other public works										
Street resurfacing (tons of asphalt)	5,491	3,289	5,041	1,840	2,533	5,689	6,351	8,834	8,230	5,981
Airport (gallons sold)	181,848	205,904	222,403	180,055	177,407	196,216	194,205	191,721	188,070	209,364
Parks and recreation										
Aquatic center (attendance)	28,420	29,790	29,646	27,974	30,661	31,285	25,710	18,460	18,105	28,615
Golf course (rounds of golf)	10,516	9,459	10,592	9,653	9,911	7,904	6,159	7,148	8,152	8,683
Memorial auditorium (events)	308	288	392	261	247	458	385	437	380	334
Water										
Average daily consumption (gallons)	2,564,255	2,494,501	2,460,721	2,247,419	2,349,718	2,517,244	2,374,877	2,282,000	2,086,733	2,059,320
Peak daily consumption (gallons)	4,900,000	4,552,000	4,738,000	3,733,000	5,444,000	4,950,000	4,530,000	6,059,000	4,111,000	3,964,000
Wastewater										
Average daily sewage treatment (gallons)	2,396,986	4,470,895	3,691,753	3,362,808	2,985,439	2,670,137	2,607,397	3,430,959	2,547,397	4,015,616

Sources: Various city departments.

(1) The parking enforcement officer was eliminated in 2013. Going forward accident reports will be tracked in lieu of parking violations.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<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)	141	141.5	141.5	141.5	141.5	141.5	141.5	142.0	142.0	142.0
Streetlights	2,108	2,115	2,096	2,095	2,095	2,097	2,036	2,041	2,039	2,042
Traffic Signals	39	38	38	39	39	39	39	40	39	42
Parks and recreation										
Public parks	9	10	10	10	10	10	10	10	10	14
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)	165	165.5	165.5	165.5	165.5	168.5	172.0	172.0	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)	126	127	127	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)	18	18.5	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0

Sources: Various city departments.

GOVERNMENTAL AUDIT SECTION

CITY OF PITTSBURG, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
<u>Department of Housing and Urban Development</u>		
Section 8 Housing Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 1,540,241
Passed through Kansas Housing Resources Corporation:		
Emergency Solutions Grant	14.231	104,896
HOME Investment Partnerships Program	14.239	<u>73,806</u>
Total Department of Housing and Urban Development		<u>1,718,943</u>
<u>Department of Justice</u>		
JAG Program Cluster:		
ARRA - Public Safety Partnership and Community Policing Grants - 2011	16.710	<u>36,327</u>
Total Department of Justice		<u>36,327</u>
<u>U.S. Environmental Protection Agency</u>		
Passed through Kansas Department of Health and Environment		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	170,881
Capitalization Grants for Clean Water State Revolving Funds	66.458	<u>142,020</u>
Total U.S. Environmental Protection Agency		<u>312,901</u>
<u>Whitehouse Office of National Drug Control Policy</u>		
Passed Through the Kansas Bureau of Investigation:		
High Intensity Drug Trafficking Areas Program	95.001	<u>97,166</u>
Total Whitehouse Office of National Drug Control Policy		<u>97,166</u>
<u>Centers for Disease Control and Prevention</u>		
Passed Through PHAP		
PPHF 2015: Nutrition, Physical Activity and Obesity Base Activities	93.757	<u>42,608</u>
Total Centers for Disease Control and Prevention		<u>42,608</u>
<u>Department of Transportation</u>		
Airport Improvement Program	20.106	70,889
Passed Through the Kansas Department of Transportation:		
Moving Ahead for Progress in the 21st Century Act	20.205	31,849
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.600	<u>6,391</u>
Total Department of Transportation		<u>109,129</u>
Total Expenditures of Federal Awards		<u>\$ 2,317,074</u>

See independent auditor's report on the financial statements and notes to the schedule of expenditures of federal awards.

CITY OF PITTSBURG, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the City of Pittsburg, Kansas. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental 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
For the Year Ended December 31, 2015

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

CITY OF PITTSBURG, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2015

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted

**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"**

Mayor and City Commissioners
City of Pittsburg, Kansas

We have audited, 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 the Kansas Municipal Audit and Accounting, 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 21, 2016.

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 controls* 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 charge with governance.

Our consideration of internal control over financial reporting 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 of 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 entity'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.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, Kansas
April 21, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and City Commissioners
City of Pittsburg, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Pittsburg, Kansas, (the City) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal financial programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 each major federal program. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2015.

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 each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 charge with governance.

Our consideration of the 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, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mike Houser: Company PA

Certified Public Accountants

Lawrence, Kansas
April 21, 2016