

*The City of* **Pittsburg, Kansas**  
**Comprehensive Annual  
Financial Report**  
*For The Year Ended December 31, 2017*



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF PITTSBURG, KANSAS**

**For the Fiscal Year Ended  
December 31, 2017**

**Prepared by:**

**DEPARTMENT OF FINANCE**

**City of Pittsburg, Kansas**

CITY OF PITTSBURG, KANSAS

Comprehensive Annual Financial Report  
Year ended December 31, 2017

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## INTRODUCTORY SECTION

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April 12, 2018

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, 2017. 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, 2017. 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 2017 population is 20,366. 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 90 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 7,000 students.



The 2017 fiscal year showed strong local economic growth. Comparing tax receipts to the prior fiscal year, retail sales tax receipts increased by 4.42%, property tax receipts were up increasing by 9.33% and franchise tax receipts were flat with virtually no change. The 2016 property valuation assessments to support the 2017 budget increased by 1.66%.

The Pittsburg micro-area (Crawford County) unemployment rate decreased from 4.4 percent in December 2016 to 3.5 percent in December 2017. Unemployment is expected to remain 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 data based 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.** **Construction** began on the Block 22 project. This a partnership between the City of Pittsburg, Pittsburg State University and a private development group to renovate four historic buildings in the heart of downtown Pittsburg. This project will combine student housing with dedicated innovation space for students and entrepreneurs. It will also include offices for the University Center for Business and Innovation Development. The properties will be managed and operated by the university.

Construction of the new 600 foot extension to the City's main airport runway 16/34 was completed.

Completed major street improvement projects that were funded with the street sales tax included the milling and paving of east 4<sup>th</sup> Street from the railroad overpass to Kings Highway, the repaving of Kings Highway from 20<sup>th</sup> Street to Atkinson, the milling and paving of east Centennial from Rouse to the east City limits, and the milling and repaving of south Rouse from Ford to Centennial.

Completed major water line projects for the year were a new eight inch water line on west Park from Broadway to College, the renewing of an eight inch water line on Kansas from Broadway to Walnut, the replacement of the water main on Monroe from Broadway to Walnut, a new eight inch water main on east 7<sup>th</sup> from Fairview to Rouse and a new eight inch water main on east 8<sup>th</sup> from Fairview to Rouse.

**Major initiatives for the future.** The south Rouse street improvements project which will consist of a new three lane road with center turn lane with curb and gutters from the Centennial and Rouse intersection south to the City limits with an anticipated cost of \$2.5 million. The funding source is general obligation bonds.

The south Rouse Hike and Bike Trail is to be constructed at the same time as the south Rouse street project with an anticipated cost of \$1.1 million. 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, a PHAP grant, a Pritchett Trust grant and several private donations.

Construction of several new streets will take place in 2018. Silverback Way will be a new avenue off of East Centennial Street to provide access for the new Silverback Landing housing development project, the estimated cost is \$1.5 million with the funding source being a bond anticipation note. There will be another new street built off of East 31<sup>st</sup> Street to provide access for the new Pittsburg Highlands housing development, funding for this street will be provided by the developer.

The sandblasting and painting of the City's south water tower and northeast industrial park water tower is scheduled for the summer of 2018 with an estimated cost of \$720,000. The funding source for these water tower improvements 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, 2016. This was the twentieth 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, 2017**

**TITLE**

**NAME**

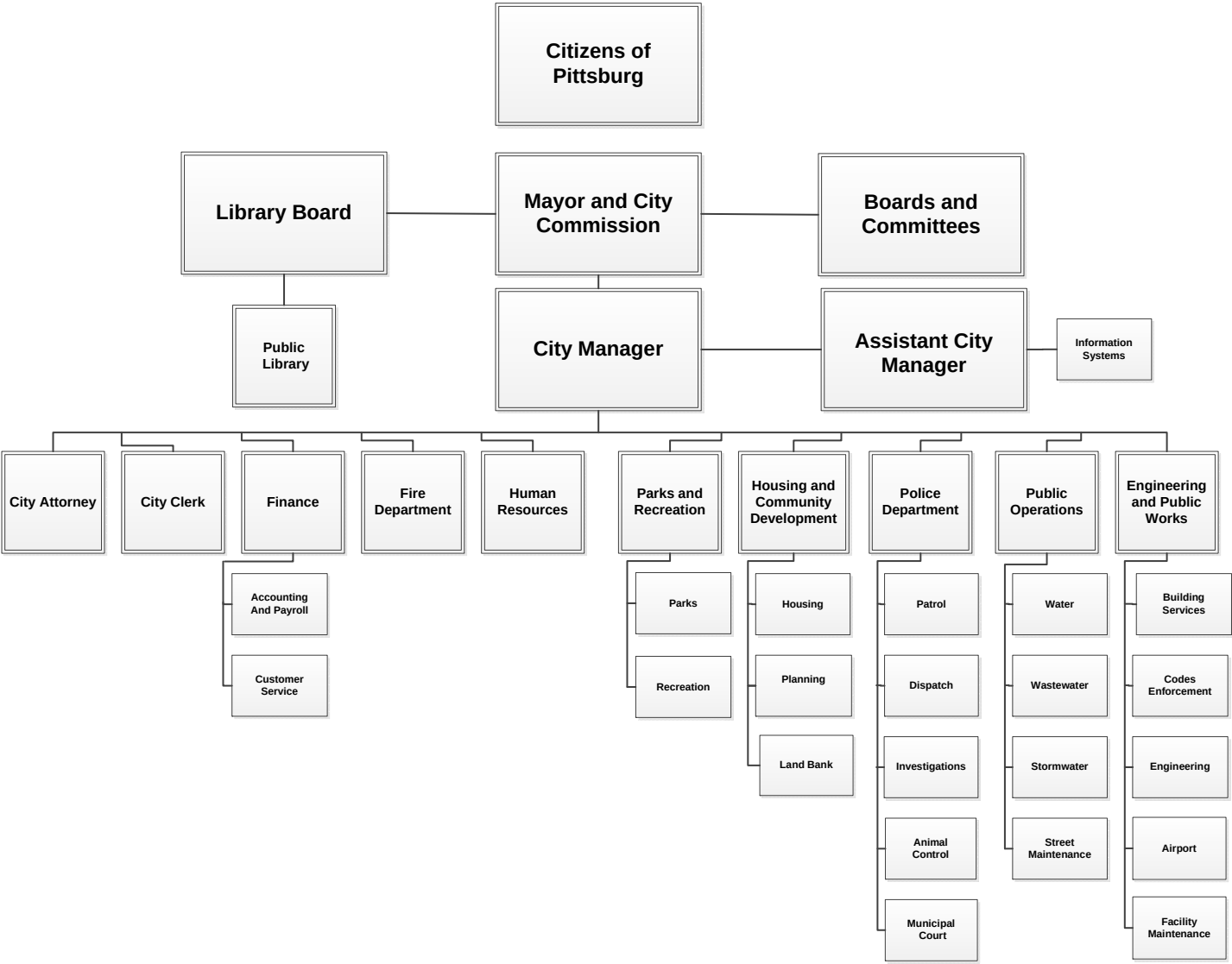
**ELECTED:**

|                               |                        |
|-------------------------------|------------------------|
| <b>Mayor</b>                  | <b>Michael Gray</b>    |
| <b>President of the Board</b> | <b>Jeremy Johnson</b>  |
| <b>Commissioner</b>           | <b>John Ketterman</b>  |
| <b>Commissioner</b>           | <b>Chuck Munsell</b>   |
| <b>Commissioner</b>           | <b>Patrick O'Bryan</b> |

**APPOINTED:**

|                                                        |                       |
|--------------------------------------------------------|-----------------------|
| <b>City Manager</b>                                    | <b>Daron Hall</b>     |
| <b>Assistant City Manager</b>                          | <b>Jay Byers</b>      |
| <b>City Attorney</b>                                   | <b>Henry Menghini</b> |
| <b>City Clerk</b>                                      | <b>Tammy Nagel</b>    |
| <b>Director of Finance</b>                             | <b>Jamie Clarkson</b> |
| <b>Director of Housing &amp; Community Development</b> | <b>Becky Gray</b>     |
| <b>Director of Human Resources</b>                     | <b>Tiffany Jarman</b> |
| <b>Director of Parks and Recreation</b>                | <b>Kim Vogel</b>      |
| <b>Director of Public Utilities</b>                    | <b>Matt Bacon</b>     |
| <b>Director of Public Works / City Engineer</b>        | <b>Cameron Alden</b>  |
| <b>Fire Chief</b>                                      | <b>Michael Simons</b> |
| <b>Police Chief</b>                                    | <b>Mendy Hulvey</b>   |

# ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Pittsburg  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

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## FINANCIAL SECTION

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## **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, 2017, 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, 2017, 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 17 to the financial statements, the City implemented GASB 75 during the current year. As a result of the implementation, a restatement was made to the net position at December 31, 2016. Our opinion is not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the other post employment benefit schedule on page 59, the schedule of the City's proportionate share of the net pension liability on page 60, and the schedule of City contributions on page 60 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* 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 12, 2018, 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.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas  
April 12, 2018



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

As management of the City of Pittsburgh (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. 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**

- The Kansas Crossing Casino opened in April of 2017 and the City earned \$228,050 from the gaming revenues for fiscal year 2017.
- The City's total debt decreased by \$5,221,596 or -14.07% during 2017.
- The assets of the City exceeded its liabilities at the close of 2017 by \$78,459,354. Of this amount, \$1,978,405 is unrestricted in use.
- At the close of 2017, the City's general fund reports an ending fund balance of \$5,508,979 which is an increase of \$784,842 compared to the prior fiscal year.

### **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 fourteen 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 28-58 of this report.

### Other Information

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

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to basic financial statements. These combining and individual funds statements can be found on pages 62-68 of this report.

### **Requests for Information**

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

## Government-wide Financial Analysis

### Net Position

#### City of Pittsburgh's Net Position

|                                   | 2016                       | 2017                       | 2016                        | 2017                        | 2016                        | 2017                        |
|-----------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                   | Governmental<br>Activities | Governmental<br>Activities | Business-Type<br>Activities | Business-Type<br>Activities | Total Primary<br>Government | Total Primary<br>Government |
| Current and other assets          | \$ 32,515,038              | \$ 26,392,353              | \$ 4,596,498                | \$ 5,148,456                | \$ 37,111,536               | \$ 31,540,809               |
| Capital Assets                    | <u>49,533,979</u>          | <u>48,352,012</u>          | <u>45,219,149</u>           | <u>51,105,482</u>           | <u>94,753,128</u>           | <u>99,457,494</u>           |
| Total assets                      | <u>\$ 82,049,017</u>       | <u>\$ 74,744,365</u>       | <u>\$ 49,815,647</u>        | <u>\$ 56,253,938</u>        | <u>\$ 131,864,664</u>       | <u>\$ 130,998,303</u>       |
| Deferred outflows of resources    | <u>\$ 2,919,357</u>        | <u>\$ 2,457,290</u>        | <u>\$ 164,306</u>           | <u>\$ 122,136</u>           | <u>\$ 3,083,663</u>         | <u>\$ 2,579,426</u>         |
| Long-term liabilities outstanding | \$ 34,919,299              | \$ 32,763,776              | \$ 11,970,980               | \$ 10,971,342               | \$ 46,890,279               | \$ 43,735,118               |
| Other liabilities                 | <u>5,167,157</u>           | <u>3,477,630</u>           | <u>1,853,254</u>            | <u>1,666,074</u>            | <u>7,020,411</u>            | <u>5,143,704</u>            |
| Total liabilities                 | <u>\$ 40,086,456</u>       | <u>\$ 36,241,406</u>       | <u>\$ 13,824,234</u>        | <u>\$ 12,637,416</u>        | <u>\$ 53,910,690</u>        | <u>\$ 48,878,822</u>        |
| Deferred inflows of resources     | <u>\$ 5,812,520</u>        | <u>\$ 6,199,353</u>        | <u>\$ 36,297</u>            | <u>\$ 40,200</u>            | <u>\$ 5,848,817</u>         | <u>\$ 6,239,553</u>         |
| Net position:                     |                            |                            |                             |                             |                             |                             |
| Net investment in capital assets  | \$ 36,171,156              | \$ 32,140,844              | \$ 33,201,935               | \$ 40,291,436               | \$ 69,373,091               | \$ 72,432,280               |
| Restricted                        | 3,485,786                  | 4,048,669                  | -                           | -                           | 3,485,786                   | 4,048,669                   |
| Unrestricted                      | <u>(587,544)</u>           | <u>(1,428,617)</u>         | <u>2,917,487</u>            | <u>3,407,022</u>            | <u>2,329,943</u>            | <u>1,978,405</u>            |
| Total Net Position                | <u>\$ 39,069,398</u>       | <u>\$ 34,760,896</u>       | <u>\$ 36,119,422</u>        | <u>\$ 43,698,458</u>        | <u>\$ 75,188,820</u>        | <u>\$ 78,459,354</u>        |

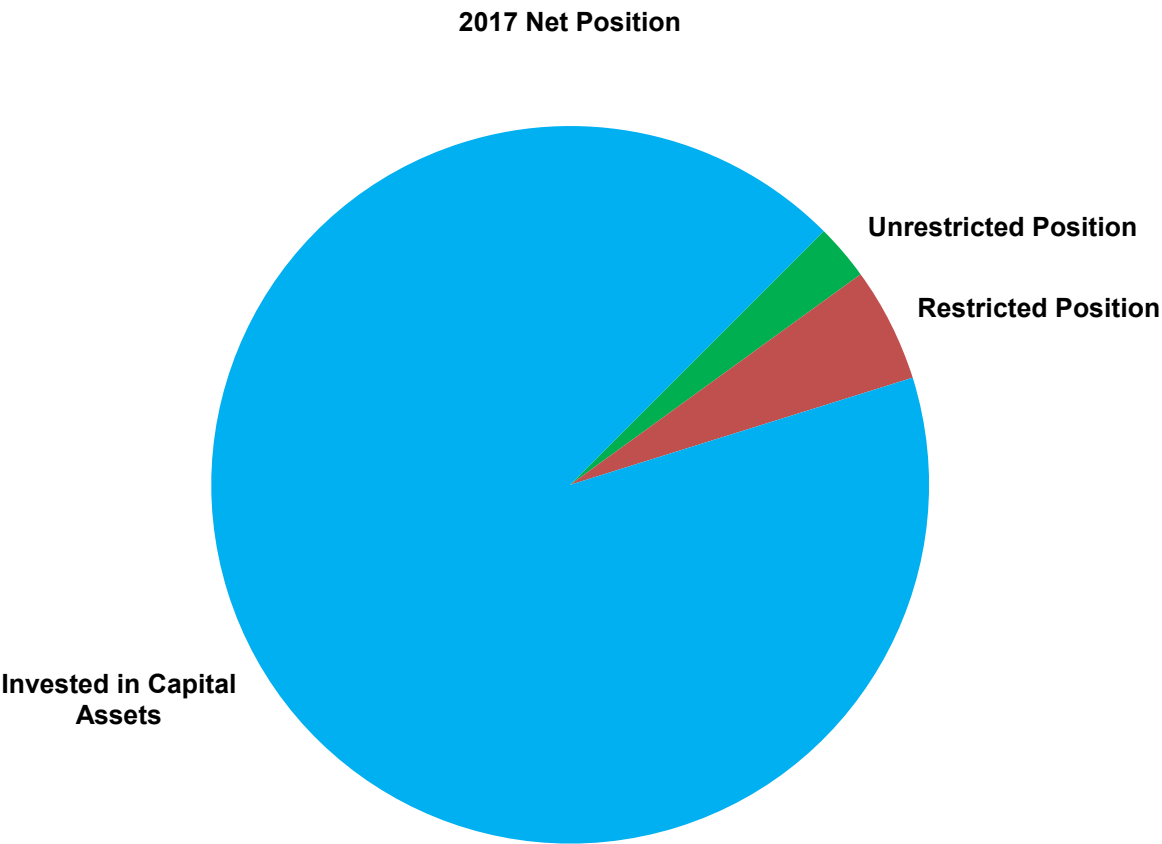
The GASB 68 (Accounting and Financial Reporting for Pensions) has an impact on deferred outflows of resources, deferred inflows of resources and the noncurrent liability. The City's net pension liability is \$12,507,071 as of December 31, 2017. This represents a decrease of \$172,342 over the prior year. The GASB 68 impacts the unrestricted net position of the City. 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 \$78,459,354 at the close of the 2017 fiscal year. By far the largest portion of the City's net position (92.32%) 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 (5.16%) of the City’s net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position balance of \$1,978,405 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**

|                                      | 2016                 | 2017                 | 2016                 | 2017                 | 2016                 | 2017                 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | Governmental         | Governmental         | Business-Type        | Business-Type        | Total Primary        | Total Primary        |
|                                      | Activites            | Activites            | Activities           | Activities           | Government           | Government           |
| <b>Revenues</b>                      |                      |                      |                      |                      |                      |                      |
| <b>Program revenues:</b>             |                      |                      |                      |                      |                      |                      |
| Charges for services                 | \$ 2,479,615         | \$ 2,344,219         | \$ 8,846,314         | \$ 8,780,684         | \$ 11,325,929        | \$ 11,124,903        |
| Operating grants and contributior    | 1,278,576            | 865,936              | -                    | -                    | 1,278,576            | 865,936              |
| Capital grants and contributions     | 3,334,419            | 3,955,343            | 41,080               | 6,354,177            | 3,375,499            | 10,309,520           |
| <b>General revenues</b>              |                      |                      |                      |                      |                      |                      |
| Taxes                                | 17,314,791           | 17,915,176           | -                    | -                    | 17,314,791           | 17,915,176           |
| Other                                | 514,427              | 906,375              | 4,941                | 41,504               | 519,368              | 947,879              |
| <b>Total revenues</b>                | <b>24,921,828</b>    | <b>25,987,049</b>    | <b>8,892,335</b>     | <b>15,176,365</b>    | <b>33,814,163</b>    | <b>41,163,414</b>    |
| <b>Expenses</b>                      |                      |                      |                      |                      |                      |                      |
| General Government                   | 3,898,821            | 4,374,506            | -                    | -                    | 3,898,821            | 4,374,506            |
| Public Safety                        | 8,669,238            | 8,945,264            | -                    | -                    | 8,669,238            | 8,945,264            |
| Public Works                         | 4,185,851            | 4,819,435            | -                    | -                    | 4,185,851            | 4,819,435            |
| Sanitation and Health                | 165,314              | 170,443              | -                    | -                    | 165,314              | 170,443              |
| Culture and Recreation               | 2,441,061            | 2,351,318            | -                    | -                    | 2,441,061            | 2,351,318            |
| Industrial Promotion                 | 981,068              | 1,813,667            | -                    | -                    | 981,068              | 1,813,667            |
| Economic Development                 | 35,878               | 6,306,088            | -                    | -                    | 35,878               | 6,306,088            |
| Social Welfare                       | 1,803,091            | 1,715,860            | -                    | -                    | 1,803,091            | 1,715,860            |
| Interest on Long Term Debt           | 824,065              | 643,577              | -                    | -                    | 824,065              | 643,577              |
| Water/ Wastewater Utility            | -                    | -                    | 6,039,288            | 5,803,266            | 6,039,288            | 5,803,266            |
| Stormwater Utility                   | -                    | -                    | 588,850              | 560,282              | 588,850              | 560,282              |
| <b>Total expenses</b>                | <b>23,004,387</b>    | <b>31,140,158</b>    | <b>6,628,138</b>     | <b>6,363,548</b>     | <b>29,632,525</b>    | <b>37,503,706</b>    |
| Increase in net position before trar | 1,917,441            | (5,153,109)          | 2,264,197            | 8,812,817            | 4,181,638            | 3,659,708            |
| Transfers                            | 1,171,031            | 1,167,821            | (1,171,031)          | (1,167,821)          | -                    | -                    |
| Increase in net position             | 3,088,472            | (3,985,288)          | 1,093,166            | 7,644,996            | 4,181,638            | 3,659,708            |
| Net position, beginning              | 35,980,926           | 39,069,398           | 35,026,256           | 36,119,422           | 71,007,182           | 75,188,820           |
| Prior period adjustment              | -                    | (323,214)            | -                    | (65,960)             | -                    | (389,174)            |
| <b>Net position, ending</b>          | <b>\$ 39,069,398</b> | <b>\$ 34,760,896</b> | <b>\$ 36,119,422</b> | <b>\$ 43,698,458</b> | <b>\$ 75,188,820</b> | <b>\$ 78,459,354</b> |

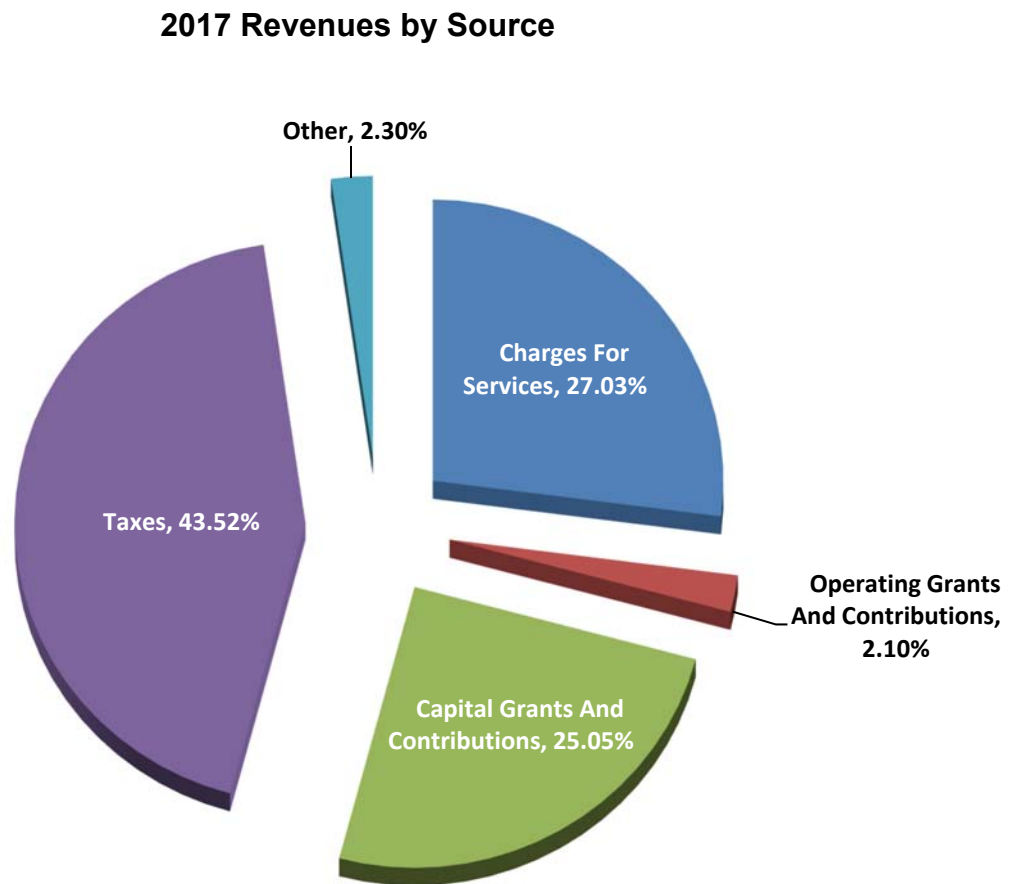
The next section will provide a brief discussion and analysis of the major changes in the City's revenue sources and costs for services. The prior period adjustments are due to implementation of GASB 75, see Note 17 on page 57 in the notes to the basic financial statements.

Governmental activities comprised 63.13% of the total revenues generated by the City and 83.03% of the City's expenses. Comparing 2017 to 2016, governmental activities charges for services decreased by 5.46% mainly due to the airport runway extension project. Governmental capital grants and contributions increased by \$620,924 in 2017 compared to 2016. This increase can be attributed to the airport runway extension project. Tax revenues increased by \$600,385 (3.47%) compared to 2016. This change is due to an increase in the City's mill levy and increased sales tax collections in 2017.

Comparing the 2017 to 2016 governmental activities expenses, general government expense increased due to capital outlay expenditures and one new position, public works expense increased due to the airport runway extension project, industrial promotion increased due to Block 22 commitment and economic development increased due to the Kansas Crossing Casino.

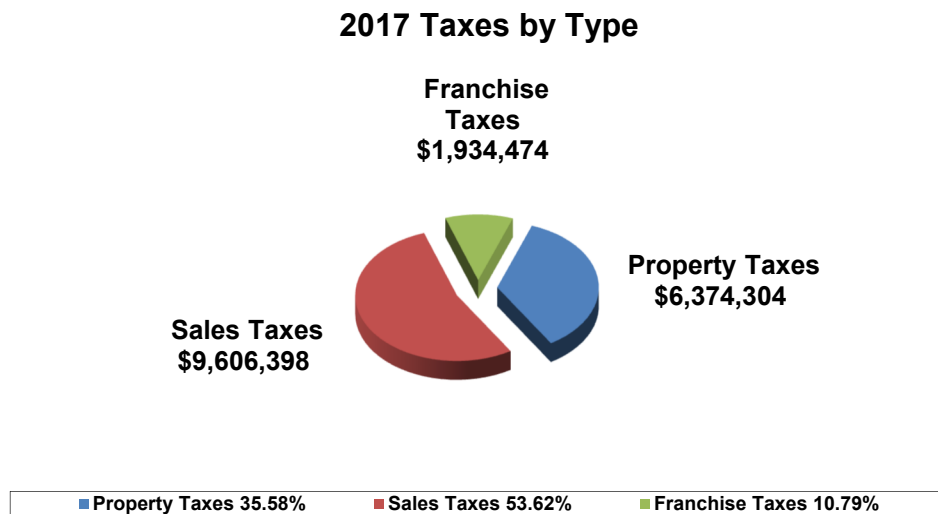
The business-type activities, while comprising the smaller percentages of revenues and expenses of the City, showed an increase of \$8,812,817 in net position, before transfers. Overall the business-type net position recorded an increase of \$7,644,996 in 2017. The bulk of this gain can mainly be attributed to capital contributions for the Kansas Crossing Casino utility infrastructure.

The following pie chart shows the composition of the 2017 primary government revenues.

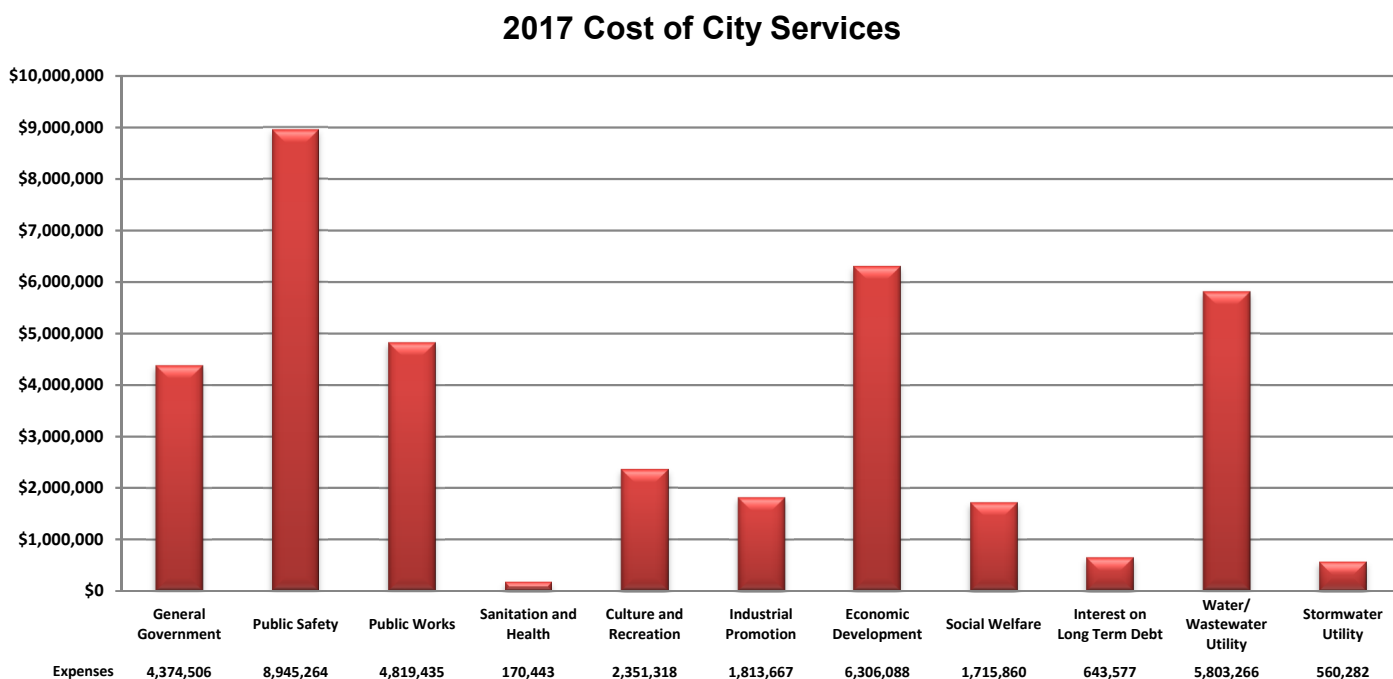


The components of the City's taxes are sales tax, property tax and franchise tax. Compared to 2016, sales tax revenue was up, property tax revenue increased due to a mill levy rate increase and franchise tax revenue was flat. Sales tax continues to be the City's largest revenue source in 2017. This is due to the public safety sales tax that went into effect January 1, 2014.

The pie chart below depicts the City's tax revenues by source with sales taxes comprising the largest portion of tax revenues for 2017.



The following bar graph shows the composition of the 2017 primary government expenses.



The City's public safety, public works, economic development and water/wastewater utility activities are the dominant expense categories. These four activities account for 68.99% of the total cost of City services for 2017. The total cost of services of the City's primary government for 2017 was \$37,503,706. This represents an increase of \$7,871,181 (26.56%) compared to 2016 and mostly due to the Kansas Crossing Casino utility infrastructure. The portion of these City services paid by the City's taxpayers was \$17,915,176 (47.77%).



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

|                   | 2015 Levy<br>to support<br><u>2016 Budget</u> | 2016 Levy<br>To support<br><u>2017 Budget</u> | Increase/<br>(Decrease)<br><u>over prior year</u> | %<br><u>Change</u> |
|-------------------|-----------------------------------------------|-----------------------------------------------|---------------------------------------------------|--------------------|
| General Fund      | \$ 35.076                                     | \$ 36.946                                     | \$ 1.870                                          | 5.33 %             |
| Debt Service Fund | 7.457                                         | 8.427                                         | 0.970                                             | 13.01 %            |
| Component Unit    | <u>5.938</u>                                  | <u>6.166</u>                                  | <u>0.228</u>                                      | 3.84 %             |
| Total Mill Levy   | <u>\$ 48.471</u>                              | <u>\$ 51.539</u>                              | <u>\$ 3.068</u>                                   | 6.33 %             |

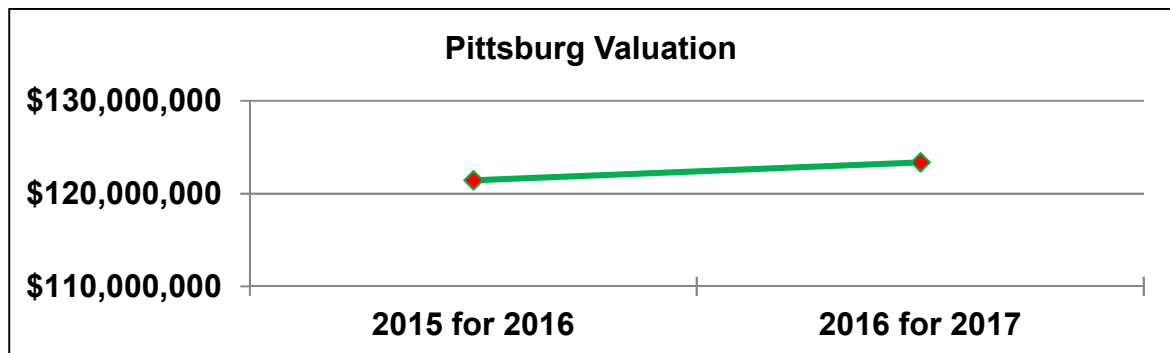
The City's mill levy rate increased due to the City Commission's desire to build reserves in anticipation of the Kansas property tax lid that goes into effect January 1, 2018.

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

### City of Pittsburg's Assessed Valuation

|                   | 2015 Valuation<br>To support<br><u>2016 Budget</u> | 2016 Valuation<br>To support<br><u>2017 Budget</u> | Increase/<br>(Decrease)<br><u>over prior year</u> | %<br><u>Change</u> |
|-------------------|----------------------------------------------------|----------------------------------------------------|---------------------------------------------------|--------------------|
| Real Property     | \$110,571,937                                      | \$112,506,744                                      | \$1,934,807                                       | 1.75 %             |
| Personal Property | 4,598,915                                          | 4,412,991                                          | (185,924)                                         | (4.04) %           |
| State Assessed    | <u>6,262,025</u>                                   | <u>6,457,778</u>                                   | <u>195,753</u>                                    | 3.13 %             |
| Total             | <u>\$121,432,877</u>                               | <u>\$123,377,513</u>                               | <u>\$1,944,636</u>                                | 1.60 %             |

The change in assessed valuation reflects a minor increase in property values.



## **Analysis of the Fund Financial Statements**

### **Governmental Funds**

The City's governmental funds ending fund balances decreased by a total of \$6,744,242 from the prior year. The general fund increased by \$784,842. Capital projects decreased by \$7,139,208 due to prior year bond proceeds being used to pay for the airport runway improvements and the Kansas Crossing Casino utility infrastructure.

Compared to 2016 the total governmental fund revenues before transfers increased \$603,528 while the total governmental fund expenditures before transfers increased \$7,639,184. The increase in revenue can mainly be attributed to property and sales tax collections. The increase in expenditures is largely due to the capital projects expense, higher debt expense and the Block 22 funding commitment. Before transfers, general fund revenues were up 0.72% while general fund expenditures were up 0.91%.

### **Proprietary Funds**

The water and wastewater utility fund had an increase of \$381,477 in cash and cash equivalents for 2017. There was an increase of \$440,482 in current assets and a small increase in current liabilities of \$91,789 compared to 2016. These changes can be attributed to the City's desire to retain cash reserves for future capital projects.

The stormwater utility fund had an increase of \$113,873 in cash and cash equivalents for 2017. This can be attributed to decreased capital expenditures in 2017.

The combined utility operating income increased by \$89,656 in 2017 which reflects a percentage increase of 15.00%. For 2017 operating revenue decreased by \$65,630 while operating expense decreased by \$152,286 which was due to decreased miscellaneous charges and lower cost of sales and administration expense.

Major utility projects completed during 2017 are the new water lines on West Park, West Kansas, and West Monroe and on Fairview. The Kansas Crossing utility infrastructure consisted of over \$6.25 million invested in new water lines, sewer lines and a sewer pre-treatment facility.

## General Fund Budgetary Highlights

The legally adopted budget for the Special Parks and Recreation Fund and the Special Highway Fund were amended by the City Commission during 2017. 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                                                                                                                                                                                             |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Taxes              | Tax revenues are over budget due to the Public Safety debt sales tax being collected through September 30, 2017 and the new additional Street Improvements sales tax going into effect October 1, 2017. |
| General government | The general government expenditures are under budget due to lower than expected group hospitalization health claims expense.                                                                            |
| Public Safety      | Public Safety expenditures are under budget due to police patrol personnel not being fully staffed during the year.                                                                                     |
| Operating Reserve  | The general fund reserve is under budget due to minimal expense being incurred against reserves.                                                                                                        |

## Capital Asset and Debt Administration

### Capital Assets

The total investment in capital assets for the primary government at December 31, 2017 was \$99,457,494, net of accumulated depreciation. The net capital assets increased by 4.96% from the 2016 total. The increase can mainly be attributed to utility infrastructure for the Kansas Crossing Casino.

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

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

|                            | Governmental<br>Activities |                      | Business-Type<br>Activities |                      |
|----------------------------|----------------------------|----------------------|-----------------------------|----------------------|
|                            | 2016                       | 2017                 | 2016                        | 2017                 |
| Land                       | \$ 3,566,486               | \$ 3,566,486         | \$ 582,812                  | \$ 582,812           |
| Buildings and improvements | 19,796,158                 | 18,791,212           | 18,641,957                  | 19,678,340           |
| Machinery and equipment    | 5,068,024                  | 4,627,382            | 2,114,618                   | 2,027,852            |
| Infrastructure             | 20,712,504                 | 21,062,142           | 23,879,762                  | 28,543,481           |
| Construction in progress   | <u>390,807</u>             | <u>304,790</u>       | <u>0</u>                    | <u>272,997</u>       |
| Total                      | <u>\$ 49,533,979</u>       | <u>\$ 48,352,012</u> | <u>\$ 45,219,149</u>        | <u>\$ 51,105,482</u> |

For additional information on capital assets, please refer to note 8 in the notes to the basic financial statements on pages 40-41.

## 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<br>Activities |                     | Business-Type<br>Activities |                     |
|-------------------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|
|                                                 | 2016                       | 2017                | 2016                        | 2017                |
| General Obligation Bonds                        | \$18,884,307               | \$15,721,981        | \$ 7,805,693                | \$ 6,838,019        |
| K.D.H.E. Construction Loans                     | -                          | -                   | 3,873,650                   | 3,662,290           |
| Tax Increment Bonds (TIF)                       | 3,875,000                  | 3,305,000           | -                           | -                   |
| Transportation Development District Bonds (TDD) | 1,045,000                  | 970,000             | -                           | -                   |
| Capital Leases                                  | <u>1,639,850</u>           | <u>1,426,593</u>    | <u>-</u>                    | <u>-</u>            |
| Total                                           | <u>\$25,444,157</u>        | <u>\$21,423,574</u> | <u>\$ 11,679,343</u>        | <u>\$10,500,309</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 most recent 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 \$44,002,299 which is significantly higher than the general obligation bond outstanding debt.

The City's outstanding general obligation bonds at December 31, 2017, totaled \$22,560,000; of this \$9,221,981 is considered direct tax supported debt. This direct tax supported outstanding general obligation bond balance represents a 25.53% decrease from the 2016 balance. This decrease is due to no new general obligation debt being issued in 2017 and \$3,162,326 of general obligation debt being retired in 2017. A capital lease was incurred in 2017 for the purchase of new field turf at the JayCee Ballfield.

No new business-type activity bonded debt was issued in 2017 while \$211,360 was retired in 2017. The remaining KDHE loans are for improvements at the wastewater plant, water treatment plant and collection systems. During 2017 the City incurred \$88,827 in new loan proceeds and repaid \$300,187 in loan principal.

The tax increment finance (TIF) bonds are for improvements to the northeast redevelopment district. These bonds are to be repaid with sales tax and property tax within the TIF district only. The transportation development district (TDD) bonds are for infrastructure improvements in the TIF district of the City. The TDD bonds are to be repaid with a special 3/10 percent sales tax in the TIF district only. For additional information on outstanding debt, please refer to note 10 in the notes to basic financial statements on pages 43-48.

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## **BASIC FINANCIAL STATEMENTS**

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## CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION  
December 31, 2017

|                                                                                            | Primary Government            |                                |                          | Component Unit      |
|--------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|--------------------------|---------------------|
|                                                                                            | Total Governmental Activities | Total Business-type Activities | Total Primary Government | Public Library      |
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>                                          |                               |                                |                          |                     |
| <b>Assets:</b>                                                                             |                               |                                |                          |                     |
| <b>Current assets:</b>                                                                     |                               |                                |                          |                     |
| Cash and cash equivalents                                                                  | \$ 15,720,250                 | \$ 3,792,721                   | \$ 19,512,971            | \$ 528,835          |
| Restricted cash                                                                            | -                             | 205,445                        | 205,445                  | -                   |
| Receivables (net of allowance for uncollectibles)                                          |                               |                                |                          |                     |
| Taxes                                                                                      | 8,033,121                     | -                              | 8,033,121                | 769,411             |
| Accounts                                                                                   | 549,307                       | 927,565                        | 1,476,872                | -                   |
| Intergovernmental                                                                          | 229,205                       | -                              | 229,205                  | -                   |
| Interest                                                                                   | 15,490                        | 15,490                         | 30,980                   | -                   |
| Other                                                                                      | -                             | 2,790                          | 2,790                    | -                   |
| Restricted investments                                                                     | 513,225                       | -                              | 513,225                  | -                   |
| Loans receivable                                                                           | 1,014,503                     | -                              | 1,014,503                | -                   |
| Leases receivable                                                                          | 226,038                       | -                              | 226,038                  | -                   |
| Inventory                                                                                  | 38,847                        | 184,410                        | 223,257                  | -                   |
| Prepaid expenses                                                                           | 52,367                        | 20,035                         | 72,402                   | 4,158               |
| Total current assets                                                                       | <u>26,392,353</u>             | <u>5,148,456</u>               | <u>31,540,809</u>        | <u>1,302,404</u>    |
| <b>Noncurrent assets:</b>                                                                  |                               |                                |                          |                     |
| Capital assets, nondepreciable                                                             |                               |                                |                          |                     |
| Land                                                                                       | 3,566,486                     | 582,812                        | 4,149,298                | 215,415             |
| Construction in progress                                                                   | 304,790                       | 272,997                        | 577,787                  | -                   |
| Capital assets, depreciable                                                                | 90,251,047                    | 82,275,920                     | 172,526,967              | 3,807,366           |
| Less: Accumulated depreciation                                                             | <u>45,770,311</u>             | <u>32,026,247</u>              | <u>77,796,558</u>        | <u>1,614,880</u>    |
| Total noncurrent assets                                                                    | <u>48,352,012</u>             | <u>51,105,482</u>              | <u>99,457,494</u>        | <u>2,407,901</u>    |
| Total assets                                                                               | <u>74,744,365</u>             | <u>56,253,938</u>              | <u>130,998,303</u>       | <u>3,710,305</u>    |
| <b>Deferred outflows of resources</b>                                                      |                               |                                |                          |                     |
| Pension - contributions subsequent to the measurement date                                 | 584,917                       | 39,130                         | 624,047                  | 17,576              |
| Pension - difference between expected and actual experience                                | 390,845                       | 3,686                          | 394,531                  | 1,656               |
| Pension - net difference between projected and actual earnings on pension plan investments | 412,009                       | 23,908                         | 435,917                  | 10,739              |
| Pension - changes in assumption                                                            | 755,166                       | 41,045                         | 796,211                  | 18,436              |
| Pension - changes in proportion                                                            | <u>314,353</u>                | <u>14,367</u>                  | <u>328,720</u>           | <u>6,453</u>        |
| Total deferred outflows of resources                                                       | <u>2,457,290</u>              | <u>122,136</u>                 | <u>2,579,426</u>         | <u>54,860</u>       |
| Total assets and deferred outflows of resources                                            | <u>\$ 77,201,655</u>          | <u>\$ 56,376,074</u>           | <u>\$ 133,577,729</u>    | <u>\$ 3,765,165</u> |
| <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>                                      |                               |                                |                          |                     |
| <b>Current liabilities:</b>                                                                |                               |                                |                          |                     |
| Accounts payable and other current liabilities                                             | \$ 609,452                    | \$ 292,351                     | \$ 901,803               | \$ 11,482           |
| Accrued interest payable                                                                   | 119,625                       | 118,530                        | 238,155                  | -                   |
| Liabilities payable from restricted cash                                                   | -                             | 205,445                        | 205,445                  | -                   |
| Current portion of compensated absences                                                    | 302,700                       | 51,194                         | 353,894                  | 7,513               |
| Current portion of capital lease payable                                                   | 375,202                       | -                              | 375,202                  | -                   |
| Current portion of general obligation bonds payable                                        | 1,345,651                     | 699,349                        | 2,045,000                | -                   |
| Current portion of special assessment bonds payable                                        | 260,000                       | -                              | 260,000                  | -                   |
| Current portion of revenue bonds payable                                                   | 465,000                       | -                              | 465,000                  | -                   |
| Current portion of construction loan payable                                               | -                             | 299,205                        | 299,205                  | -                   |
| Total current liabilities                                                                  | <u>3,477,630</u>              | <u>1,666,074</u>               | <u>5,143,704</u>         | <u>18,995</u>       |
| <b>Noncurrent liabilities:</b>                                                             |                               |                                |                          |                     |
| Compensated absences                                                                       | 467,917                       | 80,517                         | 548,434                  | 11,613              |
| Net OPEB obligation                                                                        | 1,409,272                     | 313,172                        | 1,722,444                | 61,806              |
| Net pension liability                                                                      | 11,744,910                    | 762,161                        | 12,507,071               | 342,342             |
| Capital lease payable                                                                      | 1,051,391                     | -                              | 1,051,391                | -                   |
| General obligation bonds payable                                                           | 8,003,029                     | 6,452,407                      | 14,455,436               | -                   |
| Special assessment bonds payable                                                           | 6,277,257                     | -                              | 6,277,257                | -                   |
| Revenue bonds payable                                                                      | 3,810,000                     | -                              | 3,810,000                | -                   |
| Construction loan payable                                                                  | -                             | 3,363,085                      | 3,363,085                | -                   |
| Total noncurrent liabilities                                                               | <u>32,763,776</u>             | <u>10,971,342</u>              | <u>43,735,118</u>        | <u>415,761</u>      |
| Total liabilities                                                                          | <u>36,241,406</u>             | <u>12,637,416</u>              | <u>48,878,822</u>        | <u>434,756</u>      |
| <b>Deferred inflows of resources:</b>                                                      |                               |                                |                          |                     |
| Deferred revenue - property taxes                                                          | 5,827,777                     | -                              | 5,827,777                | 769,411             |
| Pension - difference between expected and actual experience                                | 198,054                       | 26,354                         | 224,408                  | 11,839              |
| Pension - changes of assumptions                                                           | 64,050                        | 5,573                          | 69,623                   | 2,503               |
| Pension - change in proportion                                                             | <u>109,472</u>                | <u>8,273</u>                   | <u>117,745</u>           | <u>3,715</u>        |
| Total deferred inflows of resources                                                        | <u>6,199,353</u>              | <u>40,200</u>                  | <u>6,239,553</u>         | <u>787,468</u>      |
| Total liabilities and deferred inflows of resources                                        | <u>\$ 42,440,759</u>          | <u>\$ 12,677,616</u>           | <u>\$ 55,118,375</u>     | <u>\$ 1,222,224</u> |
| <b>Net Position:</b>                                                                       |                               |                                |                          |                     |
| Net investment in capital assets                                                           | \$ 32,140,844                 | \$ 40,291,436                  | \$ 72,432,280            | \$ 2,407,901        |
| Restricted for:                                                                            |                               |                                |                          |                     |
| Debt service                                                                               | 1,939,565                     | -                              | 1,939,565                | -                   |
| Housing                                                                                    | 726,109                       | -                              | 726,109                  | -                   |
| Street and highway                                                                         | 1,102,639                     | -                              | 1,102,639                | -                   |
| Other purposes                                                                             | 280,356                       | -                              | 280,356                  | 4,158               |
| Unrestricted                                                                               | <u>[1,428,617]</u>            | <u>3,407,022</u>               | <u>1,978,405</u>         | <u>130,882</u>      |
| Total net position                                                                         | <u>\$ 34,760,896</u>          | <u>\$ 43,698,458</u>           | <u>\$ 78,459,354</u>     | <u>\$ 2,542,941</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, 2017

|                                    |                  | Net [Expenses] Revenue and<br>Changes in Net Position |               |               |                    |               |                |                |
|------------------------------------|------------------|-------------------------------------------------------|---------------|---------------|--------------------|---------------|----------------|----------------|
|                                    | Program Revenues |                                                       |               |               | Primary Government |               |                | Component Unit |
|                                    |                  | Operating                                             | Capital       |               | Total              | Total         | Total          |                |
|                                    | Charges for      | Grants and                                            | Grants and    |               | Governmental       | Business-type | Primary        | Public         |
|                                    | Expenses         | Services                                              | Contributions | Contributions | Activities         | Activities    | Government     | Library        |
| Governmental activities:           |                  |                                                       |               |               |                    |               |                |                |
| General government                 | \$ 4,374,506     | \$ 961,705                                            | \$ 93,108     | \$ -          | \$ [3,319,693]     | \$ -          | \$ [3,319,693] | \$ -           |
| Public safety - police             | 4,916,413        | 2,069                                                 | 64,808        | -             | [4,849,536]        | -             | [4,849,536]    | -              |
| Public safety - fire               | 2,777,782        | -                                                     | -             | -             | [2,777,782]        | -             | [2,777,782]    | -              |
| Public safety - other              | 1,251,069        | -                                                     | -             | -             | [1,251,069]        | -             | [1,251,069]    | -              |
| Public works                       | 4,819,435        | 690,791                                               | 476,348       | 2,229,575     | [1,422,721]        | -             | [1,422,721]    | -              |
| Sanitation and health              | 170,443          | -                                                     | 93,108        | -             | [77,335]           | -             | [77,335]       | -              |
| Culture and recreation             | 2,351,318        | 536,648                                               | 99,733        | 23,423        | [1,691,514]        | -             | [1,691,514]    | -              |
| Industrial promotion               | 1,813,667        | 153,006                                               | -             | -             | [1,660,661]        | -             | [1,660,661]    | -              |
| Economic development               | 6,306,088        | -                                                     | 38,831        | -             | [6,267,257]        | -             | [6,267,257]    | -              |
| Social welfare                     | 1,715,860        | -                                                     | -             | 1,702,345     | [13,515]           | -             | [13,515]       | -              |
| Interest on long-term debt         | 643,577          | -                                                     | -             | -             | [643,577]          | -             | [643,577]      | -              |
| Total governmental activities      | 31,140,158       | 2,344,219                                             | 865,936       | 3,955,343     | [23,974,660]       | -             | [23,974,660]   | -              |
| Business-type activities:          |                  |                                                       |               |               |                    |               |                |                |
| Water/wastewater                   | 5,803,266        | 7,965,780                                             | -             | 6,354,177     | -                  | 8,516,691     | 8,516,691      | -              |
| Stormwater                         | 560,282          | 814,904                                               | -             | -             | -                  | 254,622       | 254,622        | -              |
| Total business-type activities     | 6,363,548        | 8,780,684                                             | -             | 6,354,177     | -                  | 8,771,313     | 8,771,313      | -              |
| Total primary government           | \$ 37,503,706    | \$ 11,124,903                                         | \$ 865,936    | \$ 10,309,520 | [23,974,660]       | 8,771,313     | [15,203,347]   | -              |
| Component units:                   |                  |                                                       |               |               |                    |               |                |                |
| Public library                     | \$ 1,008,105     | \$ 17,008                                             | \$ 120,962    | \$ -          | -                  | -             | -              | [870,135]      |
| Total component units              | \$ 1,008,105     | \$ 17,008                                             | \$ 120,962    | \$ -          | \$ -               | \$ -          | \$ -           | \$ [870,135]   |
| General Revenues:                  |                  |                                                       |               |               |                    |               |                |                |
| Property taxes                     |                  |                                                       |               |               | 6,374,304          | -             | 6,374,304      | 829,916        |
| Sales taxes                        |                  |                                                       |               |               | 9,606,398          | -             | 9,606,398      | -              |
| Franchise taxes                    |                  |                                                       |               |               | 1,934,474          | -             | 1,934,474      | -              |
| Unrestricted investment revenues   |                  |                                                       |               |               | 102,715            | 33,460        | 136,175        | 3,853          |
| Miscellaneous                      |                  |                                                       |               |               | 803,660            | 8,044         | 811,704        | -              |
| Transfers, net                     |                  |                                                       |               |               | 1,167,821          | [1,167,821]   | -              | -              |
| Subtotal general revenues          |                  |                                                       |               |               | 19,989,372         | [1,126,317]   | 18,863,055     | 833,769        |
| Change in net position             |                  |                                                       |               |               | [3,985,288]        | 7,644,996     | 3,659,708      | [36,366]       |
| Net position - beginning           |                  |                                                       |               |               | 39,069,398         | 36,119,422    | 75,188,820     | 2,595,235      |
| Prior period adjustment            |                  |                                                       |               |               | [323,214]          | [65,960]      | [389,174]      | [15,928]       |
| Net position - beginning, restated |                  |                                                       |               |               | 38,746,184         | 36,053,462    | 74,799,646     | 2,579,307      |
| Net position - ending              |                  |                                                       |               |               | \$ 34,760,896      | \$ 43,698,458 | \$ 78,459,354  | \$ 2,542,941   |

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

## CITY OF PITTSBURG, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017

|                                                                               | <u>General</u>       | <u>Revolving<br/>Loans</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-------------------------------------------------------------------------------|----------------------|----------------------------|-----------------------------|-------------------------|-----------------------------------------|-----------------------------------------|
| <b>Assets:</b>                                                                |                      |                            |                             |                         |                                         |                                         |
| Cash and cash equivalents                                                     | \$ 4,551,184         | \$ 3,493,111               | \$ 5,103,261                | \$ 964,529              | \$ 1,608,165                            | \$ 15,720,250                           |
| Receivables (net of allowance for uncollectibles):                            |                      |                            |                             |                         |                                         |                                         |
| Taxes                                                                         | 5,898,583            | 165,760                    | -                           | 1,616,041               | 352,737                                 | 8,033,121                               |
| Accounts                                                                      | 66,626               | 424,058                    | 1,321                       | -                       | 57,302                                  | 549,307                                 |
| Intergovernmental                                                             | -                    | -                          | 38,797                      | -                       | 190,408                                 | 229,205                                 |
| Interest                                                                      | 15,490               | -                          | -                           | -                       | -                                       | 15,490                                  |
| Restricted investments                                                        | -                    | -                          | -                           | 513,225                 | -                                       | 513,225                                 |
| Leases receivable                                                             | -                    | 226,038                    | -                           | -                       | -                                       | 226,038                                 |
| Loans receivable                                                              | -                    | 871,132                    | -                           | -                       | 143,371                                 | 1,014,503                               |
| Due from other funds                                                          | 29,489               | -                          | -                           | -                       | -                                       | 29,489                                  |
| Inventory                                                                     | 38,847               | -                          | -                           | -                       | -                                       | 38,847                                  |
| Prepaid items                                                                 | 45,521               | 1,176                      | -                           | -                       | 5,670                                   | 52,367                                  |
| <b>Total assets</b>                                                           | <b>\$ 10,645,740</b> | <b>\$ 5,181,275</b>        | <b>\$ 5,143,379</b>         | <b>\$ 3,093,795</b>     | <b>\$ 2,357,653</b>                     | <b>\$ 26,421,842</b>                    |
| <b>Liabilities and deferred inflows of resources:</b>                         |                      |                            |                             |                         |                                         |                                         |
| <b>Liabilities:</b>                                                           |                      |                            |                             |                         |                                         |                                         |
| Accounts payable                                                              | \$ 66,570            | \$ 1,905                   | \$ 27,017                   | \$ -                    | \$ 199,829                              | \$ 295,321                              |
| Accrued payroll                                                               | 176,470              | -                          | -                           | -                       | 9,264                                   | 185,734                                 |
| Accrued self-insurance claims                                                 | 51,584               | -                          | -                           | -                       | -                                       | 51,584                                  |
| Due to other funds                                                            | -                    | -                          | -                           | -                       | 29,489                                  | 29,489                                  |
| Other                                                                         | 76,813               | -                          | -                           | -                       | -                                       | 76,813                                  |
| <b>Total liabilities</b>                                                      | <b>371,437</b>       | <b>1,905</b>               | <b>27,017</b>               | <b>-</b>                | <b>238,582</b>                          | <b>638,941</b>                          |
| <b>Deferred inflows of resources:</b>                                         |                      |                            |                             |                         |                                         |                                         |
| Unavailable revenue - property taxes                                          | 4,737,778            | -                          | -                           | 1,089,999               | -                                       | 5,827,777                               |
| Unavailable revenue - special assessments                                     | -                    | -                          | -                           | 469,270                 | -                                       | 469,270                                 |
| Unavailable revenue - other                                                   | 27,546               | 164,838                    | -                           | -                       | -                                       | 192,384                                 |
| <b>Total deferred inflows of resources</b>                                    | <b>4,765,324</b>     | <b>164,838</b>             | <b>-</b>                    | <b>1,559,269</b>        | <b>-</b>                                | <b>6,489,431</b>                        |
| <b>Fund balance:</b>                                                          |                      |                            |                             |                         |                                         |                                         |
| Nonspendable                                                                  | 84,368               | 1,176                      | -                           | -                       | 5,670                                   | 91,214                                  |
| Restricted:                                                                   |                      |                            |                             |                         |                                         |                                         |
| Debt service                                                                  | -                    | -                          | -                           | 1,534,526               | -                                       | 1,534,526                               |
| Capital projects                                                              | -                    | -                          | 5,116,362                   | -                       | 1,106,936                               | 6,223,298                               |
| Housing                                                                       | -                    | -                          | -                           | -                       | 726,109                                 | 726,109                                 |
| Other                                                                         | -                    | -                          | -                           | -                       | 280,356                                 | 280,356                                 |
| Assigned                                                                      |                      |                            |                             |                         |                                         |                                         |
| Other                                                                         | 24,778               | -                          | -                           | -                       | -                                       | 24,778                                  |
| Industrial promotion                                                          | -                    | 5,013,356                  | -                           | -                       | -                                       | 5,013,356                               |
| Unassigned                                                                    | 5,399,833            | -                          | -                           | -                       | -                                       | 5,399,833                               |
| <b>Total fund balances</b>                                                    | <b>5,508,979</b>     | <b>5,014,532</b>           | <b>5,116,362</b>            | <b>1,534,526</b>        | <b>2,119,071</b>                        | <b>19,293,470</b>                       |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <b>\$ 10,645,740</b> | <b>\$ 5,181,275</b>        | <b>\$ 5,143,379</b>         | <b>\$ 3,093,795</b>     | <b>\$ 2,357,653</b>                     | <b>\$ 26,421,842</b>                    |

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, 2017

|                                                                                                                                                                                                                                  |                   |                      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------|
| Total Governmental Fund Balances                                                                                                                                                                                                 |                   | \$ 19,293,470        |
| 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                                                                                                                                                                                                    | \$ 94,122,323     |                      |
| Accumulated depreciation is                                                                                                                                                                                                      | <u>45,770,311</u> | 48,352,012           |
| 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.                                                               |                   | 2,457,290            |
| 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.                                                                   |                   | [371,576]            |
| Other long-term assets are not available to pay for current-period and, therefore, are reported as unavailable revenue in the funds                                                                                              |                   | 661,654              |
| 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. |                   | [1,409,272]          |
| 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                                                                                                                                                                                                             | 770,617           |                      |
| Net pension liability                                                                                                                                                                                                            | 11,744,910        |                      |
| General obligation bond payable                                                                                                                                                                                                  | 9,348,680         |                      |
| Special assessment bond payable                                                                                                                                                                                                  | 6,537,257         |                      |
| Capital lease payable                                                                                                                                                                                                            | 1,426,593         |                      |
| Revenue bond payable                                                                                                                                                                                                             | 4,275,000         |                      |
| Accrued interest on the bonds                                                                                                                                                                                                    | <u>119,625</u>    | <u>[34,222,682]</u>  |
| Net Position of Governmental Activities                                                                                                                                                                                          |                   | <u>\$ 34,760,896</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, 2017

|                                                              | <u>General</u>      | <u>Revolving<br/>Loans</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------------------------------|---------------------|----------------------------|-----------------------------|-------------------------|-----------------------------------------|-----------------------------------------|
| Revenues:                                                    |                     |                            |                             |                         |                                         |                                         |
| Taxes:                                                       |                     |                            |                             |                         |                                         |                                         |
| Property                                                     | \$ 4,961,434        | \$ -                       | \$ -                        | \$ 1,412,870            | \$ -                                    | \$ 6,374,304                            |
| Sales taxes                                                  | 6,969,059           | 959,152                    | -                           | 389,832                 | 1,288,355                               | 9,606,398                               |
| Franchise taxes                                              | 1,934,474           | -                          | -                           | -                       | -                                       | 1,934,474                               |
| Licenses and permits                                         | 153,006             | -                          | -                           | -                       | -                                       | 153,006                                 |
| Intergovernmental                                            | 392,590             | -                          | 1,086,313                   | -                       | 2,631,697                               | 4,110,600                               |
| Charges for services                                         | 1,821,897           | -                          | -                           | -                       | -                                       | 1,821,897                               |
| Fines and fees                                               | 369,316             | -                          | -                           | -                       | -                                       | 369,316                                 |
| Special assessments                                          | 24,827              | -                          | -                           | 32,514                  | -                                       | 57,341                                  |
| Investment earnings                                          | 45,396              | 16,684                     | 25,885                      | 5,791                   | 8,959                                   | 102,715                                 |
| Lease income                                                 | -                   | 301,926                    | -                           | -                       | -                                       | 301,926                                 |
| Miscellaneous                                                | 226,186             | 56,286                     | 168,963                     | -                       | 324,679                                 | 776,114                                 |
| Total revenues                                               | <u>16,898,185</u>   | <u>1,334,048</u>           | <u>1,281,161</u>            | <u>1,841,007</u>        | <u>4,253,690</u>                        | <u>25,608,091</u>                       |
| Expenditures:                                                |                     |                            |                             |                         |                                         |                                         |
| Current:                                                     |                     |                            |                             |                         |                                         |                                         |
| General government                                           | 3,858,674           | -                          | -                           | -                       | -                                       | 3,858,674                               |
| Public safety - police                                       | 4,363,691           | -                          | -                           | -                       | -                                       | 4,363,691                               |
| Public safety - fire                                         | 2,423,570           | -                          | -                           | -                       | -                                       | 2,423,570                               |
| Public safety - other                                        | 650,964             | -                          | -                           | -                       | -                                       | 650,964                                 |
| Public works                                                 | 839,379             | -                          | -                           | -                       | 1,383,378                               | 2,222,757                               |
| Sanitation and health                                        | 80,688              | -                          | -                           | -                       | 88,499                                  | 169,187                                 |
| Economic development                                         | -                   | -                          | -                           | -                       | 58,368                                  | 58,368                                  |
| Culture and recreation                                       | 1,893,042           | -                          | -                           | -                       | -                                       | 1,893,042                               |
| Industrial promotion                                         | -                   | 1,771,053                  | -                           | -                       | -                                       | 1,771,053                               |
| Social welfare                                               | -                   | -                          | -                           | -                       | 1,714,382                               | 1,714,382                               |
| Debt service:                                                |                     |                            |                             |                         |                                         |                                         |
| Principal                                                    | -                   | -                          | -                           | 3,807,327               | -                                       | 3,807,327                               |
| Interest                                                     | -                   | -                          | -                           | 653,748                 | -                                       | 653,748                                 |
| Debt issuance costs                                          | -                   | -                          | -                           | 10,050                  | -                                       | 10,050                                  |
| Capital outlay                                               | 1,389,375           | -                          | 7,591,372                   | -                       | 1,095,536                               | 10,076,283                              |
| Total expenditures                                           | <u>15,499,383</u>   | <u>1,771,053</u>           | <u>7,591,372</u>            | <u>4,471,125</u>        | <u>4,340,163</u>                        | <u>33,673,096</u>                       |
| Excess [deficiency] of revenues<br>over [under] expenditures | <u>1,398,802</u>    | <u>[437,005]</u>           | <u>[6,310,211]</u>          | <u>[2,630,118]</u>      | <u>[86,473]</u>                         | <u>[8,065,005]</u>                      |
| Other financing sources [uses]:                              |                     |                            |                             |                         |                                         |                                         |
| Capital lease proceeds                                       | 152,942             | -                          | -                           | -                       | -                                       | 152,942                                 |
| Transfers in                                                 | 1,393,108           | -                          | 6,163                       | 2,586,828               | 385,000                                 | 4,371,099                               |
| Transfers [out]                                              | <u>[2,160,010]</u>  | <u>[65,000]</u>            | <u>[835,160]</u>            | <u>-</u>                | <u>[143,108]</u>                        | <u>[3,203,278]</u>                      |
| Total other financing sources [uses]                         | <u>[613,960]</u>    | <u>[65,000]</u>            | <u>[828,997]</u>            | <u>2,586,828</u>        | <u>241,892</u>                          | <u>1,320,763</u>                        |
| Net change in fund balance                                   | 784,842             | [502,005]                  | [7,139,208]                 | [43,290]                | 155,419                                 | [6,744,242]                             |
| Fund balance - Beginning of year                             | <u>4,724,137</u>    | <u>5,516,537</u>           | <u>12,255,570</u>           | <u>1,577,816</u>        | <u>1,963,652</u>                        | <u>26,037,712</u>                       |
| Fund balance - End of year                                   | <u>\$ 5,508,979</u> | <u>\$ 5,014,532</u>        | <u>\$ 5,116,362</u>         | <u>\$ 1,534,526</u>     | <u>\$ 2,119,071</u>                     | <u>\$ 19,293,470</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, 2017

Total Net Change In Fund Balances - Governmental Funds \$ [6,744,242]

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      | 1,914,973          |             |
| Depreciation expense | <u>[3,096,939]</u> | [1,181,966] |

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds. 378,957

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 increased. 9,940

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               | [14,007]        |          |
| Net other post employment benefits | <u>[43,557]</u> | [57,564] |

Pension payments are reported as expenditures in the governmental funds and  
do not affect the statement of net activities. [421,277]

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. 4,030,864

Changes In Net Position of Governmental Activities \$ [3,985,288]

## 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, 2017

|                                | Actual        | Budgeted Amounts |               | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--------------------------------|---------------|------------------|---------------|---------------------------------------------------------|
|                                |               | Original         | Final         |                                                         |
| Revenues:                      |               |                  |               |                                                         |
| Taxes                          | \$ 16,677,134 | \$ 15,512,433    | \$ 15,512,433 | \$ 1,164,701                                            |
| Special assessments            | 24,827        | -                | -             | 24,827                                                  |
| Intergovernmental              | 365,665       | 362,613          | 362,613       | 3,052                                                   |
| Licenses and permits           | 153,006       | 225,000          | 225,000       | [71,994]                                                |
| Charges for services           | 3,432,327     | 3,425,195        | 3,425,195     | 7,132                                                   |
| Fines and fees                 | 369,316       | 462,400          | 462,400       | [93,084]                                                |
| Investment income              | 29,906        | 3,750            | 3,750         | 26,156                                                  |
| Miscellaneous                  | 226,186       | 217,792          | 217,792       | 8,394                                                   |
| Total revenues                 | 21,278,367    | 20,209,183       | 20,209,183    | 1,069,184                                               |
| Expenditures:                  |               |                  |               |                                                         |
| General Government:            |               |                  |               |                                                         |
| General administration:        |               |                  |               |                                                         |
| Personnel services             | 806,347       | 766,173          | 766,173       | [40,174]                                                |
| Contractual services           | 152,573       | 175,475          | 175,475       | 22,902                                                  |
| Commodities                    | 12,850        | 15,485           | 15,485        | 2,635                                                   |
| Total general administration   | 971,770       | 957,133          | 957,133       | [14,637]                                                |
| Group hospitalization:         |               |                  |               |                                                         |
| Claims paid                    | 2,114,360     | 2,829,848        | 2,829,848     | 715,488                                                 |
| Human resources:               |               |                  |               |                                                         |
| Personnel services             | 151,157       | 104,377          | 104,377       | [46,780]                                                |
| Contractual services           | 132,125       | 92,398           | 92,398        | [39,727]                                                |
| Commodities                    | 5,970         | 4,600            | 4,600         | [1,370]                                                 |
| Total human resources          | 289,252       | 201,375          | 201,375       | [87,877]                                                |
| Information systems:           |               |                  |               |                                                         |
| Personnel services             | 319,213       | 324,754          | 324,754       | 5,541                                                   |
| Contractual services           | 232,474       | 153,773          | 153,773       | [78,701]                                                |
| Commodities                    | 67,793        | 68,300           | 68,300        | 507                                                     |
| Capital outlay                 | 40,214        | 50,000           | 50,000        | 9,786                                                   |
| Total information systems      | 659,694       | 596,827          | 596,827       | [62,867]                                                |
| Facility maintenance:          |               |                  |               |                                                         |
| Personnel services             | 150,108       | 153,550          | 153,550       | 3,442                                                   |
| Contractual services           | 2,779         | 2,689            | 2,689         | [90]                                                    |
| Commodities                    | 92,119        | 79,900           | 79,900        | [12,219]                                                |
| Total facility maintenance     | 245,006       | 236,139          | 236,139       | [8,867]                                                 |
| Municipal court:               |               |                  |               |                                                         |
| Personnel services             | 291,540       | 293,783          | 293,783       | 2,243                                                   |
| Contractual services           | 46,655        | 39,927           | 39,927        | [6,728]                                                 |
| Commodities                    | 8,006         | 7,350            | 7,350         | [656]                                                   |
| Total municipal court          | 346,201       | 341,060          | 341,060       | [5,141]                                                 |
| Sales tax capital outlay:      |               |                  |               |                                                         |
| Capital outlay                 | 268,294       | 385,728          | 385,728       | 117,434                                                 |
| Reserve                        | -             | 61,582           | 61,582        | 61,582                                                  |
| Total sales tax capital outlay | 268,294       | 447,310          | 447,310       | 179,016                                                 |
| Total general government       | 4,894,577     | 5,609,692        | 5,609,692     | 715,115                                                 |

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, 2017

|                              |              | Budgeted Amounts |              | Variance with                          |
|------------------------------|--------------|------------------|--------------|----------------------------------------|
|                              | Actual       | Original         | Final        | Final Budget<br>Positive<br>[Negative] |
| Public safety:               |              |                  |              |                                        |
| Police department:           |              |                  |              |                                        |
| Personnel services           | \$ 3,938,167 | \$ 4,188,047     | \$ 4,188,047 | \$ 249,880                             |
| Contractual services         | 636,765      | 625,493          | 625,493      | [11,272]                               |
| Commodities                  | 219,075      | 286,394          | 286,394      | 67,319                                 |
| Capital outlay               | 558,211      | 417,427          | 417,427      | [140,784]                              |
| Total police department      | 5,352,218    | 5,517,361        | 5,517,361    | 165,143                                |
| Fire department:             |              |                  |              |                                        |
| Personnel services           | 2,471,713    | 2,475,458        | 2,475,458    | 3,745                                  |
| Contractual services         | 129,331      | 142,024          | 142,024      | 12,693                                 |
| Commodities                  | 108,037      | 91,250           | 91,250       | [16,787]                               |
| Capital outlay               | 147,722      | 149,169          | 149,169      | 1,447                                  |
| Total fire department        | 2,856,803    | 2,857,901        | 2,857,901    | 1,098                                  |
| Public safety - other:       |              |                  |              |                                        |
| Building services:           |              |                  |              |                                        |
| Personnel services           | 263,071      | 245,476          | 245,476      | [17,595]                               |
| Contractual services         | 9,272        | 20,453           | 20,453       | 11,181                                 |
| Commodities                  | 6,970        | 8,725            | 8,725        | 1,755                                  |
| Total building services      | 279,313      | 274,654          | 274,654      | [4,659]                                |
| Public safety - other:       |              |                  |              |                                        |
| Codes enforcement:           |              |                  |              |                                        |
| Personnel services           | 107,072      | 275,348          | 275,348      | 168,276                                |
| Contractual services         | 15,522       | 15,977           | 15,977       | 455                                    |
| Commodities                  | 3,393        | 5,525            | 5,525        | 2,132                                  |
| Total codes enforcement      | 125,987      | 296,850          | 296,850      | 170,863                                |
| Public safety - other:       |              |                  |              |                                        |
| Animal control:              |              |                  |              |                                        |
| Personnel services           | 84,043       | 78,602           | 78,602       | [5,441]                                |
| Contractual services         | 20,637       | 17,546           | 17,546       | [3,091]                                |
| Commodities                  | 7,032        | 9,892            | 9,892        | 2,860                                  |
| Total animal control         | 111,712      | 106,040          | 106,040      | [5,672]                                |
| Public safety - other:       |              |                  |              |                                        |
| Planning and Housing:        |              |                  |              |                                        |
| Personnel services           | 205,992      | -                | -            | [205,992]                              |
| Contractual services         | 12,889       | -                | -            | [12,889]                               |
| Commodities                  | 650          | -                | -            | [650]                                  |
| Total planning and housing   | 219,531      | -                | -            | [219,531]                              |
| Public safety sales tax:     |              |                  |              |                                        |
| Reserve                      | 5,052        | 68,663           | 68,663       | 63,611                                 |
| Total public safety - other  | 741,595      | 746,207          | 746,207      | 4,612                                  |
| Total public safety          | 8,950,616    | 9,121,469        | 9,121,469    | 170,853                                |
| Public works:                |              |                  |              |                                        |
| Engineering department:      |              |                  |              |                                        |
| Personnel services           | 206,642      | 297,528          | 297,528      | 90,886                                 |
| Contractual services         | 19,827       | 15,211           | 15,211       | [4,616]                                |
| Commodities                  | 3,184        | 4,225            | 4,225        | 1,041                                  |
| Total engineering department | 229,653      | 316,964          | 316,964      | 87,311                                 |
| Atkinson Airport:            |              |                  |              |                                        |
| Personnel services           | 140,994      | 136,265          | 136,265      | [4,729]                                |
| Contractual services         | 59,860       | 61,475           | 61,475       | 1,615                                  |
| Commodities                  | 466,847      | 370,700          | 370,700      | [96,147]                               |
| Capital outlay               | 6,008        | 10,000           | 10,000       | 3,992                                  |
| Reserve                      | -            | 35,574           | 35,574       | 35,574                                 |
| Total Atkinson Airport       | 673,709      | 614,014          | 614,014      | [59,695]                               |
| Total public works           | 903,362      | 930,978          | 930,978      | 27,616                                 |
| Sanitation and health:       |              |                  |              |                                        |
| Mt. Olive Cemetery:          |              |                  |              |                                        |
| Personnel services           | 70,087       | 68,927           | 68,927       | [1,160]                                |
| Contractual services         | 11,818       | 14,182           | 14,182       | 2,364                                  |
| Commodities                  | 7,011        | 8,659            | 8,659        | 1,648                                  |
| Total sanitation and health  | 88,916       | 91,768           | 91,768       | 2,852                                  |

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, 2017

|                                                              | Actual       | Budgeted Amounts |             | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--------------------------------------------------------------|--------------|------------------|-------------|---------------------------------------------------------|
|                                                              |              | Original         | Final       |                                                         |
| Culture and recreation:                                      |              |                  |             |                                                         |
| Parks and recreation:                                        |              |                  |             |                                                         |
| Personnel services                                           | \$ 730,000   | \$ 682,063       | \$ 682,063  | \$ [47,937]                                             |
| Contractual services                                         | 152,086      | 159,964          | 159,964     | 7,878                                                   |
| Commodities                                                  | 97,858       | 106,810          | 106,810     | 8,952                                                   |
| Total parks and recreation                                   | 979,944      | 948,837          | 948,837     | [31,107]                                                |
| Aquatic center:                                              |              |                  |             |                                                         |
| Personnel services                                           | 78,950       | 82,649           | 82,649      | 3,699                                                   |
| Contractual services                                         | 31,300       | 29,910           | 29,910      | [1,390]                                                 |
| Commodities                                                  | 44,914       | 36,700           | 36,700      | [8,214]                                                 |
| Total aquatic center                                         | 155,164      | 149,259          | 149,259     | [5,905]                                                 |
| JC ballpark turf reserve:                                    |              |                  |             |                                                         |
| Capital outlay                                               | 11,104       | 15,000           | 15,000      | 3,896                                                   |
| Reserve                                                      | -            | 114,626          | 114,626     | 114,626                                                 |
| Total JC ballpark turf reserve                               | 11,104       | 129,626          | 129,626     | 118,522                                                 |
| Four Oaks Complex:                                           |              |                  |             |                                                         |
| Personnel services                                           | 202,907      | 212,536          | 212,536     | 9,629                                                   |
| Contractual services                                         | 67,562       | 69,979           | 69,979      | 2,417                                                   |
| Commodities                                                  | 52,505       | 55,950           | 55,950      | 3,445                                                   |
| Total Four Oaks Complex                                      | 322,974      | 338,465          | 338,465     | 15,491                                                  |
| Memorial Auditorium and Convention Center:                   |              |                  |             |                                                         |
| Personnel services                                           | 352,150      | 365,753          | 365,753     | 13,603                                                  |
| Contractual services                                         | 128,014      | 154,103          | 154,103     | 26,089                                                  |
| Commodities                                                  | 76,277       | 33,300           | 33,300      | [42,977]                                                |
| Operating reserve                                            | -            | 56,506           | 56,506      | 56,506                                                  |
| Capital outlay                                               | 9,808        | 5,000            | 5,000       | [4,808]                                                 |
| Total Memorial Auditorium and Convention Center              | 566,249      | 614,662          | 614,662     | 48,413                                                  |
| Farmers Market:                                              |              |                  |             |                                                         |
| Personnel services                                           | 3,174        | -                | -           | [3,174]                                                 |
| Contractual services                                         | 9,018        | -                | -           | [9,018]                                                 |
| Commodities                                                  | 577          | -                | -           | [577]                                                   |
| Total Farmers Market                                         | 12,769       | -                | -           | [12,769]                                                |
| Total culture and recreation                                 | 2,048,204    | 2,066,223        | 2,066,223   | 18,019                                                  |
| Operating reserve                                            | 76,690       | 1,932,497        | 1,932,497   | 1,855,807                                               |
| Total expenditures                                           | 16,962,365   | 19,752,627       | 19,752,627  | 2,790,262                                               |
| Excess [deficiency] of revenues<br>over [under] expenditures | 4,316,002    | 456,556          | 456,556     | 3,859,446                                               |
| Other financing sources [uses]                               |              |                  |             |                                                         |
| Transfer in                                                  | 1,393,108    | 1,300,000        | 1,300,000   | 93,108                                                  |
| Transfer [out]                                               | [4,587,919]  | [4,642,885]      | [4,642,885] | 54,966                                                  |
| Total other financing sources [uses]                         | [3,194,811]  | [3,342,885]      | [3,342,885] | 148,074                                                 |
| Net change in fund balances                                  | 1,121,191    | [2,886,329]      | [2,886,329] | 4,007,520                                               |
| Fund balance, January 1                                      | 3,323,062    | 2,886,329        | 2,886,329   | 436,733                                                 |
| Unreserved fund balance, December 31                         | \$ 4,444,253 | \$ -             | \$ -        | \$ 4,444,253                                            |

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, 2017

|                                                                                            | Water/<br>Wastewater | Stormwater          | Total<br>Enterprise<br>Funds |
|--------------------------------------------------------------------------------------------|----------------------|---------------------|------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>                                          |                      |                     |                              |
| <b>Assets:</b>                                                                             |                      |                     |                              |
| <b>Current assets:</b>                                                                     |                      |                     |                              |
| Cash and cash equivalents                                                                  | \$ 3,363,717         | \$ 429,004          | \$ 3,792,721                 |
| Restricted cash - customer deposits                                                        | 205,445              | -                   | 205,445                      |
| Accounts receivable (net of allowance for uncollectibles)                                  | 898,852              | 28,713              | 927,565                      |
| Other receivable                                                                           | 2,790                | -                   | 2,790                        |
| Interest receivable                                                                        | 15,490               | -                   | 15,490                       |
| Inventory                                                                                  | 184,410              | -                   | 184,410                      |
| Prepaid expenses                                                                           | 18,816               | 1,219               | 20,035                       |
| <b>Total current assets</b>                                                                | <b>4,689,520</b>     | <b>458,936</b>      | <b>5,148,456</b>             |
| <b>Noncurrent assets:</b>                                                                  |                      |                     |                              |
| <b>Capital assets, nondepreciable:</b>                                                     |                      |                     |                              |
| Land                                                                                       | 474,742              | 108,070             | 582,812                      |
| Construction in progress                                                                   | 272,997              | -                   | 272,997                      |
| <b>Capital assets, depreciable</b>                                                         |                      |                     |                              |
|                                                                                            | 76,418,895           | 5,857,025           | 82,275,920                   |
| Less: Accumulated depreciation                                                             | 30,568,401           | 1,457,846           | 32,026,247                   |
| <b>Total noncurrent assets</b>                                                             | <b>46,598,233</b>    | <b>4,507,249</b>    | <b>51,105,482</b>            |
| <b>Total assets</b>                                                                        | <b>51,287,753</b>    | <b>4,966,185</b>    | <b>56,253,938</b>            |
| <b>Deferred outflows of resources</b>                                                      |                      |                     |                              |
| Pension - contributions subsequent to the measurement date                                 | 33,117               | 6,013               | 39,130                       |
| Pension - differences between expected and actual experience                               | 3,120                | 566                 | 3,686                        |
| Pension - net difference between projected and actual earnings on pension plan investments | 20,234               | 3,674               | 23,908                       |
| Pension - changes of assumptions                                                           | 34,738               | 6,307               | 41,045                       |
| Pension - changes in proportion                                                            | 12,159               | 2,208               | 14,367                       |
| <b>Total deferred outflows of resources</b>                                                | <b>103,368</b>       | <b>18,768</b>       | <b>122,136</b>               |
| <b>Total assets and deferred outflows of resources</b>                                     | <b>\$ 51,391,121</b> | <b>\$ 4,984,953</b> | <b>\$ 56,376,074</b>         |
| <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>                                      |                      |                     |                              |
| <b>Current liabilities:</b>                                                                |                      |                     |                              |
| Accounts payable                                                                           | \$ 242,486           | \$ 202              | \$ 242,688                   |
| Retainage payable                                                                          | 10,682               | -                   | 10,682                       |
| Accrued payroll                                                                            | 33,412               | 5,569               | 38,981                       |
| Accrued interest payable                                                                   | 118,530              | -                   | 118,530                      |
| Customer deposits payable                                                                  | 205,445              | -                   | 205,445                      |
| Current portion of compensated absences                                                    | 44,272               | 6,922               | 51,194                       |
| Current portion of general obligation bonds payable                                        | 699,349              | -                   | 699,349                      |
| Current portion of construction loan payable                                               | 299,205              | -                   | 299,205                      |
| <b>Total current liabilities</b>                                                           | <b>1,653,381</b>     | <b>12,693</b>       | <b>1,666,074</b>             |
| <b>Noncurrent liabilities:</b>                                                             |                      |                     |                              |
| Compensated absences                                                                       | 68,436               | 12,081              | 80,517                       |
| Net OPEB obligation                                                                        | 268,833              | 44,339              | 313,172                      |
| Net pension liability                                                                      | 645,044              | 117,117             | 762,161                      |
| General obligation bonds payable                                                           | 6,452,407            | -                   | 6,452,407                    |
| Construction loan payable                                                                  | 3,363,085            | -                   | 3,363,085                    |
| <b>Total noncurrent liabilities</b>                                                        | <b>10,797,805</b>    | <b>173,537</b>      | <b>10,971,342</b>            |
| <b>Total liabilities</b>                                                                   | <b>12,451,186</b>    | <b>186,230</b>      | <b>12,637,416</b>            |
| <b>Deferred Inflows of Resources</b>                                                       |                      |                     |                              |
| Pension - difference between expected and actual experience                                | 22,304               | 4,050               | 26,354                       |
| Pension - changes of assumptions                                                           | 4,717                | 856                 | 5,573                        |
| Pension - change in proportion                                                             | 7,002                | 1,271               | 8,273                        |
| <b>Total deferred inflows of resources</b>                                                 | <b>34,023</b>        | <b>6,177</b>        | <b>40,200</b>                |
| <b>Total liabilities and deferred inflows of resources</b>                                 | <b>\$ 12,485,209</b> | <b>\$ 192,407</b>   | <b>\$ 12,677,616</b>         |
| <b>Net Position:</b>                                                                       |                      |                     |                              |
| Net investment in capital assets                                                           | \$ 35,784,187        | \$ 4,507,249        | \$ 40,291,436                |
| Unrestricted                                                                               | 3,121,725            | 285,297             | 3,407,022                    |
| <b>Total net position</b>                                                                  | <b>\$ 38,905,912</b> | <b>\$ 4,792,546</b> | <b>\$ 43,698,458</b>         |

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, 2017

|                                           | Water/<br>Wastewater | Stormwater          | Total<br>Enterprise<br>Funds |
|-------------------------------------------|----------------------|---------------------|------------------------------|
| Operating revenues                        |                      |                     |                              |
| Charges for sales and services            |                      |                     |                              |
| Water charges                             | \$ 4,040,728         | \$ -                | \$ 4,040,728                 |
| Wastewater charges                        | 3,625,102            | -                   | 3,625,102                    |
| Stormwater charges                        | -                    | 804,838             | 804,838                      |
| Other charges                             | 299,950              | 10,066              | 310,016                      |
| Total operating revenues                  | <u>7,965,780</u>     | <u>814,904</u>      | <u>8,780,684</u>             |
| Operating expenses                        |                      |                     |                              |
| Cost of sales and services                | 1,847,193            | 69,351              | 1,916,544                    |
| Administration                            | 1,962,797            | 336,534             | 2,299,331                    |
| Depreciation                              | <u>1,710,174</u>     | <u>147,115</u>      | <u>1,857,289</u>             |
| Total operating expenses                  | <u>5,520,164</u>     | <u>553,000</u>      | <u>6,073,164</u>             |
| Operating income [loss]                   | <u>2,445,616</u>     | <u>261,904</u>      | <u>2,707,520</u>             |
| Nonoperating revenues [expenses]          |                      |                     |                              |
| Intergovernmental revenue                 | 8,044                | -                   | 8,044                        |
| Interest revenue                          | 31,575               | 1,885               | 33,460                       |
| Interest expense                          | <u>[283,102]</u>     | <u>[7,282]</u>      | <u>[290,384]</u>             |
| Total nonoperating revenues [expenses]    | <u>[243,483]</u>     | <u>[5,397]</u>      | <u>[248,880]</u>             |
| Income [loss] before transfers            | <u>2,202,133</u>     | <u>256,507</u>      | <u>2,458,640</u>             |
| Capital contributions                     | 6,354,177            | -                   | 6,354,177                    |
| Transfers in                              | 152,475              | -                   | 152,475                      |
| Transfers [out]                           | <u>[1,316,667]</u>   | <u>[3,629]</u>      | <u>[1,320,296]</u>           |
| Total transfers and capital contributions | <u>5,189,985</u>     | <u>[3,629]</u>      | <u>5,186,356</u>             |
| Change in net position                    | <u>7,392,118</u>     | <u>252,878</u>      | <u>7,644,996</u>             |
| Net position, January 1                   | 31,569,693           | 4,549,729           | 36,119,422                   |
| Prior period adjustment                   | <u>[55,899]</u>      | <u>[10,061]</u>     | <u>[65,960]</u>              |
| Net position, January 1, restated         | <u>31,513,794</u>    | <u>4,539,668</u>    | <u>36,053,462</u>            |
| Net position, December 31                 | <u>\$ 38,905,912</u> | <u>\$ 4,792,546</u> | <u>\$ 43,698,458</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, 2017

| Sewer                                                                   | Water and           | Stormwater        | Total<br>Enterprise<br>Funds |
|-------------------------------------------------------------------------|---------------------|-------------------|------------------------------|
|                                                                         |                     |                   |                              |
| Cash flows from operating activities                                    |                     |                   |                              |
| Cash received from customers                                            | \$ 7,934,901        | \$ 817,206        | \$ 8,752,107                 |
| Cash paid to suppliers                                                  | [1,766,593]         | [69,705]          | [1,836,298]                  |
| Cash paid to employees                                                  | [2,040,610]         | [347,873]         | [2,388,483]                  |
| Net cash provided by [used in] operating activities                     | <u>4,127,698</u>    | <u>399,628</u>    | <u>4,527,326</u>             |
| Cash flows from capital and related financing activities                |                     |                   |                              |
| Proceeds from capitalization grant/construction loan payable            | 88,827              | -                 | 88,827                       |
| Payments on capitalization grant/construction loan payable              | [300,187]           | -                 | [300,187]                    |
| Acquisition and construction of capital assets                          | [1,389,445]         | -                 | [1,389,445]                  |
| Principal paid on capital debt                                          | [718,720]           | [273,088]         | [991,808]                    |
| Interest paid on capital debt                                           | [293,378]           | [10,923]          | [304,301]                    |
| Net cash provided by [used in] capital and related financing activities | <u>[2,612,903]</u>  | <u>[284,011]</u>  | <u>[2,896,914]</u>           |
| Cash flows from investing activities                                    |                     |                   |                              |
| Interest received                                                       | <u>16,085</u>       | <u>1,885</u>      | <u>17,970</u>                |
| Cash flows from noncapital financing activities                         |                     |                   |                              |
| Operating grants                                                        | 8,044               | -                 | 8,044                        |
| Transfers in                                                            | 152,475             | -                 | 152,475                      |
| Transfers [out]                                                         | [1,316,667]         | [3,629]           | [1,320,296]                  |
| Net cash provided by [used in] noncapital financing activities          | <u>[1,156,148]</u>  | <u>[3,629]</u>    | <u>[1,159,777]</u>           |
| Net increase [decrease] in cash and cash equivalents                    | 374,732             | 113,873           | 488,605                      |
| Cash and cash equivalents and restricted cash, January 1                | <u>3,194,430</u>    | <u>315,131</u>    | <u>3,509,561</u>             |
| Cash and cash equivalents and restricted cash, December 31              | <u>\$ 3,569,162</u> | <u>\$ 429,004</u> | <u>\$ 3,998,166</u>          |
| Noncash portion of the capital contributions                            | <u>\$ 6,354,177</u> | <u>\$ -</u>       | <u>\$ 6,354,177</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, 2017

|                                                                                                            | Water and<br>Sewer  | Stormwater        | Total<br>Enterprise<br>Funds |
|------------------------------------------------------------------------------------------------------------|---------------------|-------------------|------------------------------|
| Reconciliation of operating [loss] income to net cash<br>provided by [used in] operating activities        |                     |                   |                              |
| Operating income [loss]                                                                                    | \$ 2,445,616        | \$ 261,904        | \$ 2,707,520                 |
| Adjustments to reconcile operating income [loss] to<br>net cash provided by [used in] operating activities |                     |                   |                              |
| Depreciation expense                                                                                       | 1,710,174           | 147,115           | 1,857,289                    |
| Changes in assets and liabilities:                                                                         |                     |                   |                              |
| [Increase] decrease in accounts receivable                                                                 | [24,134]            | 2,302             | [21,832]                     |
| [Increase] decrease in inventory                                                                           | [25,707]            | -                 | [25,707]                     |
| Increase [decrease] in prepaid items                                                                       | [419]               | 95                | [324]                        |
| [Increase] decrease in deferred outflows                                                                   | 35,849              | 6,321             | 42,170                       |
| Increase [decrease] in accounts payable                                                                    | 96,044              | [449]             | 95,595                       |
| Increase [decrease] in retainage payable                                                                   | 10,682              | -                 | 10,682                       |
| Increase [decrease] in accrued payroll                                                                     | 3,640               | 712               | 4,352                        |
| Increase [decrease] in accrued compensated absences                                                        | [18,986]            | [1,453]           | [20,439]                     |
| Increase [decrease] in deferred inflows                                                                    | 3,268               | 635               | 3,903                        |
| Increase [decrease] in net pension liability                                                               | [109,893]           | [18,925]          | [128,818]                    |
| Increase [decrease] in net OBEB obligation                                                                 | 8,309               | 1,371             | 9,680                        |
| Increase [decrease] in customer deposits                                                                   | [6,745]             | -                 | [6,745]                      |
| Net cash provided by [used in] operating activities                                                        | <u>\$ 4,127,698</u> | <u>\$ 399,628</u> | <u>\$ 4,527,326</u>          |
| Cash consists of:                                                                                          |                     |                   |                              |
| Cash and cash equivalents                                                                                  | \$ 3,363,717        | \$ 429,004        | \$ 3,792,721                 |
| Restricted cash                                                                                            | <u>205,445</u>      | <u>-</u>          | <u>205,445</u>               |
|                                                                                                            | <u>\$ 3,569,162</u> | <u>\$ 429,004</u> | <u>\$ 3,998,166</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, 2017

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, 2017

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, 2017

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, 2017, interest earnings allocated to the various funds were \$136,175.

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, 2017, 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, 2017

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                              | \$4,737,778        |
| General fund miscellaneous receivable                               | 27,546             |
| Revolving loans fund long-term portion of capital leases receivable | 164,838            |
| Debt service fund property taxes receivable                         | 1,089,999          |
| Debt serve fund special assessments receivable                      | <u>469,270</u>     |
|                                                                     | <u>\$6,489,431</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 2017 levy was based was approximately \$120,000,000.

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 2017 tax levy per \$1,000 of assessed valuation was as follows:

|                   |                  |
|-------------------|------------------|
| General Fund      | \$ 37.076        |
| Debt Service Fund | 8.457            |
| Component Unit:   |                  |
| Public Library    | <u>6.188</u>     |
|                   | <u>\$ 51.721</u> |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

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, donated works of art and similar items, and capital assets received in service concession arrangements are recorded at acquisition value.

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, changes in assumptions, net difference between projected and actual earnings on pension plan investments 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, 2017

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, 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 \$4,048,669 of restricted net position.



CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

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, 2017, 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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, 2017

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.

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 \$34,222,682 difference are as follows:

|                                                                                                                      |                        |
|----------------------------------------------------------------------------------------------------------------------|------------------------|
| General obligation and special assessment bonds payable                                                              | \$ [15,721,981]        |
| Less: Issuance discount                                                                                              | 44,026                 |
| Plus: issuance premium                                                                                               | [207,982]              |
| Capital lease payable                                                                                                | [1,426,593]            |
| Revenue bonds payable                                                                                                | [4,275,000]            |
| Accrued interest payable                                                                                             | [119,625]              |
| Net pension liability                                                                                                | [11,744,910]           |
| Compensated absences                                                                                                 | <u>[770,617]</u>       |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ [34,222,682]</u> |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2017

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 \$4,030,864 difference are as follows:

|                                                                                                                                                  |                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Debt issued or incurred:                                                                                                                         |                     |
| Issuance of capital lease                                                                                                                        | \$ [152,942]        |
| Principal repayments:                                                                                                                            |                     |
| General obligation bonds                                                                                                                         | 3,172,607           |
| Capital lease                                                                                                                                    | 366,199             |
| Revenue bonds                                                                                                                                    | <u>645,000</u>      |
| Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u>\$ 4,030,864</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 Demoliation 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, 2017

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 two budget amendments during 2017. Special parks and recreation fund budgeted expenditures increased from \$92,013 to \$93,108, and the street and highway fund budgeted expenditures increased from \$2,356,324 to \$2,928,820.

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> |
|----------------------------------------------|---------------------|
| Net change in fund balances, GAAP basis      | \$ 784,842          |
| Add:                                         |                     |
| Change in prepaid items                      | 273                 |
| Change in salaries payable                   | 20,740              |
| Change in encumbrances                       | 114,609             |
| Change in taxes receivable                   | 347,010             |
| Deduct:                                      |                     |
| Change in inventories                        | [5,452]             |
| Change in health care payable                | [98,416]            |
| Change in grants receivable                  | [26,925]            |
| Change in interest receivable                | <u>[15,490]</u>     |
| Net change in fund balances, budgetary basis | <u>\$ 1,121,191</u> |

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

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

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, 2017, 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.

B. Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2017, the City had the following investments:

| <u>Investments Measure by the Net Asset Value (NAV)</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> |
| Goldman Sachs Financial Square Government Fund          | <u>\$ 513,225</u> | <u>\$ 513,225</u>                       | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ -</u>         |

The above investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments. The money market investments are composed of U.S. Government securities that are fully collateralized. The City's investments are rated Aaa by Moody's and AAA by Standard & Poor's.

*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, 2017.

*Concentrations of Credit Risk.* The City places no limit on the amount it may invest in anyone issuer.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

*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, 2017, 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:

|                                      | Carrying Amount      |                   |                      |
|--------------------------------------|----------------------|-------------------|----------------------|
|                                      |                      | Component         |                      |
|                                      | City                 | Unit - Public     |                      |
|                                      |                      | Library           | Total                |
| Cash and cash equivalents            | \$ 19,512,971        | \$ 528,835        | \$ 20,041,806        |
| Restricted cash and cash equivalents | 205,445              | -                 | 205,445              |
| Restricted investments               | 513,225              | -                 | 513,225              |
|                                      | <u>\$ 20,231,641</u> | <u>\$ 528,835</u> | <u>\$ 20,760,476</u> |

Note 6. LOANS RECEIVABLE

Loans receivable, aggregating \$1,014,503 at December 31, 2017, 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, 2017 the lease receivable balance was \$226,038.

Future minimum lease payments to be received are as follows:

Future minimum lease payments to be received are as follows:

|                                         |                   |
|-----------------------------------------|-------------------|
| 2018                                    | \$ 61,200         |
| 2019                                    | 61,200            |
| 2020                                    | 61,200            |
| 2021                                    | <u>56,100</u>     |
| Total Minimum lease payments            | 239,700           |
| Less: amounts representing interest     | <u>[13,662]</u>   |
| Present Value of minimum lease payments | <u>\$ 226,038</u> |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 7. LEASES (Continued)

Noncancellable operating revenue leases for City land and buildings expire in 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, 2017 rental income related to these leases was \$128,420. Future minimum lease income is as follows:

|             |                   |
|-------------|-------------------|
| 2018        | \$ 75,194         |
| 2019        | 57,452            |
| 2020        | 57,452            |
| 2021        | 57,452            |
| 2022        | 57,452            |
| 2023 - 2025 | <u>157,992</u>    |
|             | <u>\$ 462,992</u> |

The asset cost of the buildings the City leases is \$2,999,865, with accumulated depreciation of \$1,629,871 resulting in net carrying value of \$1,369,994 at December 31, 2017.

Note 8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

| Primary Government                          | Restated<br>Balance at<br>12/31/16 | Increase           | Decreases           | Transfers     | Balance at<br>12/31/17 |
|---------------------------------------------|------------------------------------|--------------------|---------------------|---------------|------------------------|
| Governmental activities:                    |                                    |                    |                     |               |                        |
| Capital assets, not being depreciated:      |                                    |                    |                     |               |                        |
| Land                                        | \$ 3,566,486                       | \$ -               | \$ -                | \$ -          | \$ 3,566,486           |
| Construction in progress                    | <u>390,807</u>                     | <u>1,176,396</u>   | <u>1,262,413</u>    | <u>-</u>      | <u>304,790</u>         |
| Total capital assets not being depreciated  | <u>3,957,293</u>                   | <u>1,176,396</u>   | <u>1,262,413</u>    | <u>-</u>      | <u>3,871,276</u>       |
| Capital assets, being depreciated:          |                                    |                    |                     |               |                        |
| Building and improvements                   | 38,466,975                         | -                  | -                   | -             | 38,466,975             |
| Machinery and equipment                     | 12,535,678                         | 506,240            | 207,710             | 14,295        | 12,848,503             |
| Infrastructure                              | <u>37,440,820</u>                  | <u>1,494,749</u>   | <u>-</u>            | <u>-</u>      | <u>38,935,569</u>      |
| Total capital assets being depreciated      | <u>88,443,473</u>                  | <u>2,000,989</u>   | <u>207,710</u>      | <u>14,295</u> | <u>90,251,047</u>      |
| Less accumulated depreciation for:          |                                    |                    |                     |               |                        |
| Building and improvements                   | 18,672,378                         | 1,004,945          | -                   | -             | 19,677,323             |
| Machinery and equipment                     | 7,466,096                          | 946,882            | 207,710             | 14,295        | 8,219,563              |
| Infrastructure                              | <u>16,728,313</u>                  | <u>1,145,112</u>   | <u>-</u>            | <u>-</u>      | <u>17,873,425</u>      |
| Total accumulated depreciation              | <u>42,866,787</u>                  | <u>3,096,939</u>   | <u>207,710</u>      | <u>14,295</u> | <u>45,770,311</u>      |
| Total capital assets being depreciated, net | <u>45,576,686</u>                  | <u>[1,095,950]</u> | <u>-</u>            | <u>-</u>      | <u>44,480,736</u>      |
| Governmental activities capital assets, net | <u>\$49,533,979</u>                | <u>\$ 80,446</u>   | <u>\$ 1,262,413</u> | <u>\$ -</u>   | <u>\$48,352,012</u>    |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 8. CAPITAL ASSETS (Continued)

|                                              | Restated<br>Balance at<br><u>12/31/16</u> | <u>Increase</u>     | <u>Decreases</u>  | <u>Transfers</u> | Balance at<br><u>12/31/17</u> |
|----------------------------------------------|-------------------------------------------|---------------------|-------------------|------------------|-------------------------------|
| Business-type activities:                    |                                           |                     |                   |                  |                               |
| Capital assets, not being depreciated:       |                                           |                     |                   |                  |                               |
| Land                                         | \$ 582,812                                | \$ -                | \$ -              | \$ -             | \$ 582,812                    |
| Construction in progress                     | -                                         | 386,574             | 113,577           | -                | 272,997                       |
| Total capital assets not being depreciated   | <u>582,812</u>                            | <u>386,574</u>      | <u>113,577</u>    | <u>-</u>         | <u>855,809</u>                |
| Capital assets, being depreciated:           |                                           |                     |                   |                  |                               |
| Building and improvements                    | 30,263,631                                | 1,679,000           | -                 | -                | 31,942,631                    |
| Machinery and equipment                      | 5,218,727                                 | 175,509             | 17,100            | [14,295]         | 5,362,841                     |
| Infrastructure                               | 39,357,040                                | 5,613,408           | -                 | -                | 44,970,448                    |
| Total capital assets being depreciated       | <u>74,839,398</u>                         | <u>7,467,917</u>    | <u>17,100</u>     | <u>[14,295]</u>  | <u>82,275,920</u>             |
| Less accumulated depreciation for:           |                                           |                     |                   |                  |                               |
| Building and improvements                    | 11,621,675                                | 642,617             | -                 | -                | 12,264,292                    |
| Machinery and equipment                      | 3,104,472                                 | 262,273             | 17,100            | [14,295]         | 3,335,350                     |
| Infrastructure                               | 15,476,914                                | 949,691             | -                 | -                | 16,426,605                    |
| Total accumulated depreciation               | <u>30,203,061</u>                         | <u>1,854,581</u>    | <u>17,100</u>     | <u>[14,295]</u>  | <u>32,026,247</u>             |
| Total capital assets being depreciated, net  | <u>44,636,337</u>                         | <u>5,613,336</u>    | <u>-</u>          | <u>-</u>         | <u>50,249,673</u>             |
| Business-type activities capital assets, net | <u>\$45,219,149</u>                       | <u>\$ 5,999,910</u> | <u>\$ 113,577</u> | <u>\$ -</u>      | <u>\$51,105,482</u>           |

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

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Governmental activities:                              |                     |
| General government                                    | \$ 171,737          |
| Public safety - police                                | 534,959             |
| Public safety - fire                                  | 345,183             |
| Public safety - other                                 | 5,542               |
| Public works                                          | 1,542,017           |
| Sanitation and health                                 | 837                 |
| Industrial promotion                                  | 42,614              |
| Culture and recreation                                | <u>454,050</u>      |
| Total depreciation expense - governmental activities  | <u>\$3,096,939</u>  |
| Business-type activities:                             |                     |
| Water/wastewater                                      | \$ 1,710,174        |
| Stormwater                                            | <u>144,407</u>      |
| Total depreciation expense - business-type activities | <u>\$ 1,854,581</u> |



## CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

## Note 8. CAPITAL ASSETS (Continued)

Capital asset activity for the Public Library component unit for the year ended December 31, 2017 was as follows:

|                                              | Balance at<br><u>12/31/16</u> | <u>Increase</u>    | <u>Decreases</u> | Balance at<br><u>12/31/17</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                    | 3,639,808                     | 4,000              | -                | 3,643,808                     |
| Machinery and equipment                      | <u>155,050</u>                | <u>39,169</u>      | <u>30,661</u>    | <u>163,558</u>                |
| Total capital assets being depreciated       | <u>3,794,858</u>              | <u>43,169</u>      | <u>30,661</u>    | <u>3,807,366</u>              |
| Less accumulated depreciation for:           |                               |                    |                  |                               |
| Building and improvements                    | 1,419,031                     | 86,683             | -                | 1,505,714                     |
| Machinery and equipment                      | <u>96,422</u>                 | <u>43,405</u>      | <u>30,661</u>    | <u>109,166</u>                |
| Total accumulated depreciation               | <u>1,515,453</u>              | <u>130,088</u>     | <u>30,661</u>    | <u>1,614,880</u>              |
| Total capital assets being depreciated, net  | <u>2,279,405</u>              | <u>[86,919]</u>    | <u>-</u>         | <u>2,192,486</u>              |
| Business-type activities capital assets, net | <u>\$ 2,494,820</u>           | <u>\$ [86,919]</u> | <u>\$ -</u>      | <u>\$ 2,407,901</u>           |

## 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, 2017 for capital projects compared to the amount authorized:

|                          | <u>Costs<br/>to Date</u> | <u>Amount<br/>Authorized</u> |
|--------------------------|--------------------------|------------------------------|
| General government:      |                          |                              |
| Airport projects         | \$ 2,270,682             | \$ 3,150,000                 |
| Security improvements    | 94,697                   | 150,000                      |
| Road and bridge projects | <u>448,576</u>           | <u>6,512,573</u>             |
|                          | <u>\$ 2,813,955</u>      | <u>\$ 9,812,573</u>          |
| Business-type:           |                          |                              |
| Water/wastewater         | <u>\$ 10,552,919</u>     | <u>\$ 11,100,000</u>         |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

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, 2017 are comprised of the following issues:

|                           | Interest<br>Rates | Original<br>Issue | Final<br>Maturity<br>Date | Principal<br>Payments<br>During 2017 | Outstanding<br>December 31,<br>2017 |
|---------------------------|-------------------|-------------------|---------------------------|--------------------------------------|-------------------------------------|
| General Obligation Bonds: |                   |                   |                           |                                      |                                     |
| Governmental activities:  |                   |                   |                           |                                      |                                     |
| Series 2007-A             | 4.00%             | 1,285,000         | 2017                      | \$ 142,455                           | \$ -                                |
| Series 2007-B             | 4.00%             | 13,000,000        | 2018                      | 1,700,000                            | -                                   |
| Series 2008-A             | 3.20% to 3.60%    | 2,950,380         | 2018                      | 332,250                              | 345,540                             |
| Series 2009-A             | 2.10% to 3.25%    | 1,265,000         | 2019                      | 135,097                              | 282,476                             |
| Series 2012-A             | 1.00% to 2.00%    | 855,000           | 2022                      | 85,000                               | 445,000                             |
| Series 2013-A             | 0.70% to 2.15%    | 1,420,000         | 2023                      | 145,000                              | 845,000                             |
| Series 2014-A             | 1.50% to 2.65%    | 3,398,395         | 2025                      | 322,525                              | 2,603,965                           |
| Series 2016-A             | 2.00%             | 5,000,000         | 2031                      | 300,000                              | 4,700,000                           |
|                           |                   |                   |                           | <u>3,162,327</u>                     | <u>9,221,981</u>                    |
| Business-type activities: |                   |                   |                           |                                      |                                     |
| Series 2007-A             | 4.00%             | 2,310,000         | 2017                      | 282,545                              | -                                   |
| Series 2008-A             | 3.20% to 3.60%    | 379,620           | 2018                      | 42,750                               | 44,460                              |
| Series 2009-A             | 2.10% to 3.25%    | 280,000           | 2019                      | 29,903                               | 62,524                              |
| Series 2014-A             | 1.50% to 2.65%    | 1,606,605         | 2025                      | 152,475                              | 1,231,035                           |
| Series 2015-A             | 3.00%             | 6,370,000         | 2030                      | 460,000                              | 5,500,000                           |
|                           |                   |                   |                           | <u>967,673</u>                       | <u>6,838,019</u>                    |
|                           |                   |                   |                           | <u>\$ 4,130,000</u>                  | <u>\$ 16,060,000</u>                |
| Special Assessment Bonds: |                   |                   |                           |                                      |                                     |
| Governmental activities:  |                   |                   |                           |                                      |                                     |
| Series 2016-B             | 2.00% to 3.25%    | \$ 6,500,000      | 2037                      | \$ -                                 | \$ 6,500,000                        |

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

Series 2008-A: Callable September 1, 2016 at par plus accrued interest  
Series 2009-A: Callable September 1, 2017 at par plus accrued interest  
Series 2013-A: Callable April 1, 2021 at par plus accrued interest

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 10. LONG-TERM DEBT (Continued)

A. General Obligation Bonds (Continued)

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

|                           | Installment Range |            |
|---------------------------|-------------------|------------|
|                           | Low               | High       |
| General Obligation Bonds: |                   |            |
| Governmental activities:  |                   |            |
| 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    |
| Series 2016-A             | 300,000           | 755,000    |
| Business-type activities: |                   |            |
| 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    |
| Special Assessment Bonds: |                   |            |
| Governmental activities:  |                   |            |
| Series 2016-B             | 260,000           | 1,225,000  |

The future annual requirements for general obligation bonds outstanding as of December 31, 2017 are as follows:

| Year        | General Obligation Bonds |                     |                          |                     | Special Assessment Bonds |                     |
|-------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
|             | Governmental Activities  |                     | Business-type Activities |                     | Governmental Activities  |                     |
|             | Principal                | Interest            | Principal                | Interest            | Principal                | Interest            |
| 2018        | \$ 1,345,651             | \$ 191,971          | \$ 699,349               | \$ 195,132          | \$ 260,000               | \$ 166,043          |
| 2019        | 1,010,995                | 160,162             | 679,005                  | 175,036             | 265,000                  | 160,843             |
| 2020        | 882,895                  | 139,088             | 662,105                  | 156,520             | 270,000                  | 155,543             |
| 2021        | 902,895                  | 122,197             | 677,105                  | 138,276             | 275,000                  | 150,143             |
| 2022        | 928,080                  | 104,304             | 696,920                  | 119,584             | 280,000                  | 144,643             |
| 2023 - 2027 | 2,671,465                | 291,714             | 2,313,535                | 343,679             | 1,485,000                | 635,913             |
| 2028 - 2032 | 1,480,000                | 74,800              | 1,110,000                | 67,200              | 1,690,000                | 452,683             |
| 2033 - 2037 | -                        | -                   | -                        | -                   | 1,975,000                | 193,398             |
|             | <u>\$ 9,221,981</u>      | <u>\$ 1,084,236</u> | <u>\$ 6,838,019</u>      | <u>\$ 1,195,427</u> | <u>\$ 6,500,000</u>      | <u>\$ 2,059,209</u> |

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 \$980,934 is shown as a liability in the water/wastewater fund.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 10. LONG-TERM DEBT (Continued)

B. Construction Loan Payable (Continued)

The future annual debt service requirements for the construction loan payable as of December 31, 2017 are as follows:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u>   |
|-------------|-------------------|-------------------|
| 2018        | \$ 60,596         | \$ 24,920         |
| 2019        | 62,323            | 23,346            |
| 2020        | 64,099            | 21,726            |
| 2021        | 65,926            | 20,062            |
| 2022        | 67,805            | 18,348            |
| 2023-2027   | 369,135           | 64,288            |
| 2028-2031   | 291,051           | 15,229            |
|             | <u>\$ 980,934</u> | <u>\$ 187,919</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, 2017, the City has drawn \$4,293,203 on this loan. The outstanding balance of \$2,182,164 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 \$499,192 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, 2017 are as follows:

| <u>Year</u> | <u>Principal</u>  | <u>Interest</u>   |
|-------------|-------------------|-------------------|
| 2018        | \$ 23,077         | \$ 10,560         |
| 2019        | 23,656            | 10,063            |
| 2020        | 24,248            | 9,554             |
| 2021        | 24,856            | 9,032             |
| 2022        | 25,479            | 8,496             |
| 2023-2027   | 137,295           | 33,972            |
| 2028-2032   | 155,378           | 18,430            |
| 2033-2035   | 85,203            | 2,758             |
|             | <u>\$ 499,192</u> | <u>\$ 102,865</u> |

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 has been pledged, in the amount of \$2,359,794, to retire the bonds through the maturity date of April 1, 2027. The percent of the sales tax pledged is 100%.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 10. LONG-TERM DEBT (Continued)

C. Transportation Development District Sales Tax Revenue Bonds (Continued)

The 2017 principal and interest for the revenue bonds was \$123,720 and the pledged revenues recognized for 2017 was \$97,891. 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, 2017 are as follows:

|             | <u>Principal</u>  | <u>Interest</u>   | <u>Total</u>        |
|-------------|-------------------|-------------------|---------------------|
| 2018        | \$ 65,000         | \$ 45,720         | \$ 110,720          |
| 2019        | 70,000            | 42,480            | 112,480             |
| 2020        | 75,000            | 39,000            | 114,000             |
| 2021        | 80,000            | 35,280            | 115,280             |
| 2022        | 85,000            | 31,320            | 116,320             |
| 2023 - 2027 | <u>595,000</u>    | <u>83,040</u>     | <u>678,040</u>      |
|             | <u>\$ 970,000</u> | <u>\$ 276,840</u> | <u>\$ 1,246,840</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 property and sales tax collected has been pledged, in the amount of \$9,970,784, to retire the bonds through the maturity date of April 1, 2024. The percent of the sales tax pledged is 100%. The 2017 principal and interest for the revenue bonds was \$750,810 and the pledged revenues recognized for 2017 was \$575,833. 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, 2017 are as follows:

|             | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-------------|---------------------|-------------------|---------------------|
| 2018        | \$ 400,000          | \$ 163,415        | \$ 563,415          |
| 2019        | 430,000             | 143,080           | 573,080             |
| 2020        | 460,000             | 121,275           | 581,275             |
| 2021        | 495,000             | 97,878            | 592,878             |
| 2022        | 530,000             | 72,765            | 602,765             |
| 2023 - 2024 | <u>990,000</u>      | <u>61,985</u>     | <u>1,051,985</u>    |
|             | <u>\$ 3,305,000</u> | <u>\$ 660,398</u> | <u>\$ 3,965,398</u> |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

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, 2017 was as follows:

|                                               | Restated<br>Beginning<br>Balance | Additions         | Deletions           | Ending<br>Balance   | Amounts<br>Due Within<br>One Year |
|-----------------------------------------------|----------------------------------|-------------------|---------------------|---------------------|-----------------------------------|
| Governmental activities:                      |                                  |                   |                     |                     |                                   |
| Bonds payable:                                |                                  |                   |                     |                     |                                   |
| General obligation bonds                      | \$12,384,307                     | \$ -              | \$ 3,162,326        | \$ 9,221,981        | \$ 1,345,651                      |
| Less bond discount                            | [51,364]                         | -                 | [7,338]             | [44,026]            | -                                 |
| Plus bond premium                             | 186,382                          | -                 | 15,657              | 170,725             | -                                 |
| Net general obligation bonds                  | 12,519,325                       | -                 | 3,170,645           | 9,348,680           | 1,345,651                         |
| Special assessment bonds                      | 6,500,000                        | -                 | -                   | 6,500,000           | 260,000                           |
| Plus bond premium                             | 39,218                           | -                 | 1,961               | 37,257              | -                                 |
| Net special assessment bonds                  | 6,539,218                        | -                 | 1,961               | 6,537,257           | 260,000                           |
| Transportation Development District           |                                  |                   |                     |                     |                                   |
| Sales Tax Revenue Bonds                       | 1,045,000                        | -                 | 75,000              | 970,000             | 65,000                            |
| Special Obligation Tax Increment              |                                  |                   |                     |                     |                                   |
| Revenue Bonds                                 | 3,875,000                        | -                 | 570,000             | 3,305,000           | 400,000                           |
| Capital lease payable                         | 1,639,850                        | 152,942           | 366,199             | 1,426,593           | 375,202                           |
| Other postemployment benefits                 | 1,365,715                        | 129,041           | 85,484              | 1,409,272           | -                                 |
| Compensated absences                          | 756,612                          | 311,203           | 297,198             | 770,617             | 302,700                           |
| Governmental activity long-term liabilities   | <u>\$27,740,720</u>              | <u>\$ 593,186</u> | <u>\$ 4,566,487</u> | <u>\$23,767,419</u> | <u>\$ 2,748,553</u>               |
| Business-type activities:                     |                                  |                   |                     |                     |                                   |
| Bonds payable:                                |                                  |                   |                     |                     |                                   |
| General obligation bonds                      | \$ 7,805,693                     | \$ -              | \$ 967,674          | \$ 6,838,019        | \$ 699,349                        |
| Plus bond premium                             | 337,871                          | -                 | 24,134              | 313,737             | -                                 |
| Net general obligation bonds                  | 8,143,564                        | -                 | 991,808             | 7,151,756           | 699,349                           |
| Construction loan payable                     | 3,873,650                        | 88,827            | 300,187             | 3,662,290           | 299,205                           |
| Other postemployment benefits                 | 303,492                          | 28,676            | 18,996              | 313,172             | -                                 |
| Compensated absences                          | 152,150                          | 38,742            | 59,181              | 131,711             | 51,194                            |
| Business-type activity long-term liabilities  | <u>\$12,472,856</u>              | <u>\$ 156,245</u> | <u>\$ 1,370,172</u> | <u>\$11,258,929</u> | <u>\$ 1,049,748</u>               |
| Component unit activities:                    |                                  |                   |                     |                     |                                   |
| Other postemployment benefits                 | \$ 59,897                        | \$ 5,659          | \$ 3,750            | \$ 61,806           | \$ -                              |
| Compensated absences                          | 14,596                           | 7,513             | 2,983               | 19,126              | 7,513                             |
| Component unit activity long-term liabilities | <u>\$ 74,493</u>                 | <u>\$ 13,172</u>  | <u>\$ 6,733</u>     | <u>\$ 80,932</u>    | <u>\$ 7,513</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, 2017

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, 2017, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$24,301,789.

- G. The City entered into various capital lease agreements for the acquisition of certain equipment in the amount of \$2,073,659. The annual debt service requirements to service the outstanding capital lease payable at December 31, 2017 are as follows:

| <u>Year</u> | <u>Principal</u>    | <u>Interest</u>  |
|-------------|---------------------|------------------|
| 2018        | \$ 375,202          | \$ 26,961        |
| 2019        | 378,152             | 22,659           |
| 2020        | 154,050             | 16,280           |
| 2021        | 125,187             | 12,734           |
| 2022        | 128,269             | 9,652            |
| 2023 - 2024 | 265,734             | 9,754            |
|             | <u>\$ 1,426,593</u> | <u>\$ 98,040</u> |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

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](http://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, 2017

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 1.2% of total payroll for the fiscal year ended June 30, 2017.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

|                            | Actuarial<br><u>Employer Rate</u> | Statutory Employer<br><u>Capped Rate</u> |
|----------------------------|-----------------------------------|------------------------------------------|
| Local government employees | 8.46%                             | 8.46%                                    |
| Police and Firemen         | 19.03%                            | 19.03%                                   |

Member contribution rates as a percentage of eligible compensation for the KPERS fiscal year June 30, 2017 are 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, 2017, 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, 2017.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the City's proportion for the Local employees group was 0.357%, which was an increase of .008% from its proportion measured at June 30, 2016. At June 30, 2017, the City's proportion for the Police and Firemen group was 0.819%, which was a decrease of .003% from its proportion measured at June 30, 2016.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

*Net Pension Liability.* At December 31, 2017 and 2016, the City and Library reported a liability of \$12,849,413 and \$13,043,469, 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, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions:

| <u>Assumption</u>                                                                  | <u>Rate</u>                         |
|------------------------------------------------------------------------------------|-------------------------------------|
| Price inflation                                                                    | 2.75%                               |
| Wage inflation                                                                     | 3.50%                               |
| Salary increases, including wage increases                                         | 3.50 to 12.00%, including inflation |
| Long-term rate of return, net of investment expense, and including price inflation | 7.75%                               |

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the period of January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

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, 2017 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%                             | 6.80%                                         |
| Fixed income           | 13.00%                             | 1.25%                                         |
| Yield driven           | 8.00%                              | 6.55%                                         |
| Real return            | 11.00%                             | 1.71%                                         |
| Real estate            | 11.00%                             | 5.05%                                         |
| Alternatives           | 8.00%                              | 9.85%                                         |
| Short-term investments | <u>2.00%</u>                       | -0.25%                                        |
| Total                  | <u>100.00%</u>                     |                                               |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

**Discount Rate.** The discount rate used to measure the total pension liability was 7.75%. 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 7.75%, 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate:

|                    | 1% Decrease (6.75%)  | Discount rate (7.75%) | 1% Increase 8.75%)  |
|--------------------|----------------------|-----------------------|---------------------|
| Local              | \$ 7,447,601         | \$ 5,171,160          | \$ 3,252,210        |
| Police and Firemen | 10,892,707           | 7,678,253             | 4,987,294           |
| Total              | <u>\$ 18,340,308</u> | <u>\$ 12,849,413</u>  | <u>\$ 8,239,504</u> |

**Pension Expense.** For the year ended December 31, 2017, the City recognized Local pension expense of \$503,902 and Police and Firemen pension expense of \$1,099,928, 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. The Library's portion of the Local pension expense was \$33,359.

**Deferred Outflows of Resources and Deferred Inflows of Resources.** At December 31, 2017, 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:

|                                                                      | City                              |                                  | Library                           |                                  |
|----------------------------------------------------------------------|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|                                                                      | Deferred outflows<br>of resources | Deferred inflows<br>of resources | Deferred outflows<br>of resources | Deferred inflows<br>of resources |
| Differences between actual and expected experience                   | \$ 394,531                        | \$ 224,408                       | \$ 1,656                          | \$ 11,839                        |
| Net differences between projected and actual earnings on investments | 435,917                           | -                                | 10,739                            | -                                |
| Changes of assumptions                                               | 796,211                           | 69,623                           | 18,436                            | 2,503                            |
| Changes in proportion                                                | 328,720                           | 117,745                          | 6,453                             | 3,715                            |
| Total                                                                | <u>\$ 1,955,379</u>               | <u>\$ 411,776</u>                | <u>\$ 37,284</u>                  | <u>\$ 18,057</u>                 |

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

\$624,047 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, 2018. 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<br>June 30, | City          |          |                          |           |              |
|------------------------|---------------|----------|--------------------------|-----------|--------------|
|                        | Local Group   |          | Police and Firemen Group |           |              |
|                        | Deferred      |          | Deferred                 |           |              |
|                        | [Inflows]     | Outflows | [Inflows]                | Outflows  |              |
|                        | <u>Amount</u> |          | <u>Amount</u>            |           | <u>Total</u> |
| 2018                   | \$            | [701]    | \$                       | 247,768   | \$ 247,067   |
| 2019                   |               | 186,003  |                          | 541,795   | 727,798      |
| 2020                   |               | 109,139  |                          | 376,391   | 485,530      |
| 2021                   |               | [45,195] |                          | 51,158    | 5,963        |
| 2022                   |               | 21,961   |                          | 55,284    | 77,245       |
| Total                  | \$            | 271,207  | \$                       | 1,272,396 | \$ 1,543,603 |

\$17,576 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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<br>June 30, | Library     |          |
|------------------------|-------------|----------|
|                        | Local Group |          |
|                        | Deferred    |          |
|                        | [Inflows]   | Outflows |
|                        | Amount      |          |
| 2018                   | \$          | [50]     |
| 2019                   |             | 13,187   |
| 2020                   |             | 7,737    |
| 2021                   |             | [3,204]  |
| 2022                   |             | 1,557    |
| Total                  | \$          | 19,227   |

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

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.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute approximately 80 percent of the blended premium cost of active employees up to age 65 (including the employer and employee share). Retirees contribute 100 percent of their life insurance premiums. The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2017, the City did not contribute to the plan.

At December 31, 2017, the following employees were covered by the benefit terms:

|                              |                   |
|------------------------------|-------------------|
| Active employees             | 216               |
| Retirees and covered spouses | <u>20</u>         |
| Total                        | <u><u>236</u></u> |

The City's total OPEB liability of \$1,784,250 was measured as of January 1, 2017, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

|                                             |                                                                                                                                            |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation date                              | January 1, 2017                                                                                                                            |
| Actuarial cost method                       | Entry age normal as a level percentage of payroll                                                                                          |
| Inflation                                   | 2.50%                                                                                                                                      |
| Salary increases                            | 3.00%                                                                                                                                      |
| Discount rate                               | 3.70%                                                                                                                                      |
| Healthcare cost trend rates                 | Medical & Pharmacy: 9.00% for 2017,<br>decreasing 0.50% per year to an ultimate rate of<br>4.50% for 2026 and later years<br>Dental: 4.50% |
| Retiree's share of benefit<br>related costs | 85% of COBRA rates                                                                                                                         |

The discount rate was based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

CITY OF PITTSBURG, KANSAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Changes in the total OPEB liability are as follows:

|                    | Total OPEB<br>Liability |
|--------------------|-------------------------|
| Balance 1/1/2017   | \$ 1,729,103            |
| Service cost       | 101,402                 |
| Interest           | 61,974                  |
| Benefit paid       | <u>[108,229]</u>        |
| Balance 12/31/2017 | <u>\$ 1,784,250</u>     |

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70%) or one percentage point higher (4.70%) than the current discount rate:

|                         | 1% Decrease<br>(2.70%) | Discount Rate<br>(3.70%) | 1% increase<br>(4.70%) |
|-------------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability \$ | 1,953,250              | \$ 1,784,250             | \$ 1,633,250           |

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (8% decreasing to 3.5%) or one percentage point higher (10% decreasing to 5.5%) than the current healthcare cost trend rate:

|                         | 1% Decrease<br>(8% decreasing to 3.5%) | Healthcare Cost<br>Trend Rates<br>(9% decreasing to 4.5%) | 1% increase<br>(10% decreasing to 5.5%) |
|-------------------------|----------------------------------------|-----------------------------------------------------------|-----------------------------------------|
| Total OPEB Liability \$ | 1,591,250                              | \$ 1,784,250                                              | \$ 2,016,250                            |

For the year ended December 31, 2017, the City recognized OPEB expense of \$163,376. At December 31, 2017, the City did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

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

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 13. RISK MANAGEMENT (Continued)

for individual and family coverage and expected future claims. The claims liability of \$51,584 reported at December 31, 2017 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, 2017 and 2016 are as follows:

|                                   | <u>2017</u>        | <u>2016</u>        |
|-----------------------------------|--------------------|--------------------|
| Unpaid claims, January 1          | \$ 150,000         | \$ 145,000         |
| Incurred claims (including IBNRs) | 1,303,156          | 1,384,060          |
| Claim payments                    | <u>[1,401,572]</u> | <u>[1,379,060]</u> |
| Unpaid claims, December 31        | <u>\$ 51,584</u>   | <u>\$ 150,000</u>  |

Note 14. INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2017, consisted of the following:

| <u>Fund</u>                 | <u>Transfers in</u> | <u>Transfers out</u> |
|-----------------------------|---------------------|----------------------|
| Major governmental funds:   |                     |                      |
| General Fund                | \$ 1,393,108        | \$ 2,160,010         |
| Revolving Loans Fund        | -                   | 65,000               |
| Capital Projects Fund       | 6,163               | 835,160              |
| Debt Service Fund           | 2,586,828           | -                    |
| Nonmajor governmental funds | 385,000             | 143,108              |
| Major proprietary funds:    |                     |                      |
| Water/Wastewater Fund       | 152,475             | 1,316,667            |
| Stormwater Fund             | <u>-</u>            | <u>3,629</u>         |
|                             | <u>\$ 4,523,574</u> | <u>\$ 4,523,574</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, 2017, the City's recorded encumbrances in the General Fund of \$24,778.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

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.

Note 17. RESTATEMENT

The City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended December 31, 2017. The implementation of which caused a restatement of net position as follows:

|                                    | Governmental<br>Activities | Business<br>Type<br>Activities | Public<br>Library   |
|------------------------------------|----------------------------|--------------------------------|---------------------|
| Net position - beginning           | \$ 39,069,398              | \$ 36,119,422                  | \$ 2,595,235        |
| Net OPEB obligation                | [323,214]                  | [65,960]                       | [15,928]            |
| Net position - beginning, restated | <u>\$ 38,746,184</u>       | <u>\$ 36,053,462</u>           | <u>\$ 2,579,307</u> |

Note 18. TAX ABATEMENTS

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with four entities as of December 31, 2017:

| Entity                         | Amount of Taxes<br>Abated During the<br>Fiscal Year |
|--------------------------------|-----------------------------------------------------|
| Millers, Inc.                  | \$ 130,335                                          |
| Rallison, LP                   | 4,532                                               |
| Pinamonti Physical Therapy, PA | 35,468                                              |
| Total                          | <u>\$ 170,335</u>                                   |

The Millers, Inc and Rallison, LP agreements have been negotiated under Section 13 of Article 11 of the Kansas Constitution, which specifies that the property for which the exemption is granted will be used for manufacturing articles of commerce, conducting research and development or storing goods or commodities which are sold or traded in interstate commerce. The exemption may be granted for a maximum of ten years. The City's Tax Exemption and Incentives for Economic Development Policy governs the issuance of tax exemptions within the City and dictates the following procedures: 1. The applicant shall apply for a tax exemption by filing a written application, 2. The City shall then determine whether the requested tax exemption may be lawfully granted and should be granted, 3. If it is determined that some tax exemption should be granted, a 100% exemption of the property of the business legally eligible for the exemption shall be provided, 4. The amount of the tax incentive, which will be an amount less than the taxes otherwise payable if the property were not exempt, will then be determined in accordance with the policy, and 5. Upon the failure of the business to fully and timely pay the in lieu tax payments, as may be required as a condition of granting of an exemption, or to provide reports or other information requested by the City and reasonably necessary for the implementation of the policy, the City may either deny, revoke, or not renew the authorization of such an exemption. All requests for a tax exemption for economic development purposes shall be considered and acted upon in accordance with the City's Tax Exemption and Incentives for Economic Development Policy.



CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2017

Note 18. TAX ABATEMENTS (Continued)

The Pinamonti Physical Therapy, PA agreements have been negotiated under K.S.A. 12-1740 et seq, which authorizes the City to issue industrial revenue bonds to pay for the costs of facilities used for commercial, industrial and manufacturing purposes. The City must prepare an analysis of the costs and benefits of each exemption and conduct a public hearing on the granting of such exemption. The notice of public hearing must be published at least seven days prior to the hearing in the official City newspaper.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually.

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## REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF PITTSBURG, KANSAS  
REQUIRED SUPPLEMENTARY INFORMATION

POSTEMPLOYMENT BENEFITS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

|                                                                  |                            |
|------------------------------------------------------------------|----------------------------|
| Total OPEB liability                                             | <u>2017</u>                |
| Service cost                                                     | \$ 101,402                 |
| Interest                                                         | 61,974                     |
| Benefit paid                                                     | <u>[108,229]</u>           |
| Net change in total OPEB liability                               | 55,147                     |
| Total OPEB liability - beginning                                 | <u>1,729,103</u>           |
| Total OPEB liability - ending                                    | <u><u>\$ 1,784,250</u></u> |
| Covered-employee payroll                                         | <u><u>\$ 8,812,378</u></u> |
| Total OPEB liability as a percentage of covered-employee payroll | 20.25%                     |
| Actuarially determined contribution                              | <u><u>\$ 108,229</u></u>   |
| Actual contribution                                              | <u><u>\$ 108,229</u></u>   |
| Contributions as a percentage of covered payroll                 | 1.23%                      |

\* - Data became available with the inception of GASB 75 during fiscal year 2017, therefore 10 years of data is unavailable.

CITY OF PITTSBURG, KANSAS

KPERS PENSION PLAN  
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
December 31, 2017

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

|                                                                                                            | Local<br><u>12/31/17</u> | Police and<br>Firemen<br><u>12/31/17</u> | Local<br><u>12/31/16</u> | Police and<br>Firemen<br><u>12/31/16</u> | Local<br><u>12/31/15</u> | Police and<br>Firemen<br><u>12/31/15</u> |
|------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------|--------------------------|------------------------------------------|--------------------------|------------------------------------------|
| City's proportion of the net pension liability                                                             | 0.357%                   | 0.819%                                   | 0.349%                   | 0.822%                                   | 0.355%                   | 0.799%                                   |
| City's proportionate share of the net pension liability                                                    | \$ 5,171,160             | \$ 7,678,253                             | \$ 5,412,933             | \$ 7,630,536                             | \$ 4,671,299             | \$ 5,800,438                             |
| City's covered employee payroll                                                                            | \$ 6,015,299             | \$ 3,939,134                             | \$ 6,159,850             | \$ 3,973,180                             | \$ 5,866,661             | \$ 3,471,338                             |
| City's proportionate share of the net pension liability<br>as a percentage of its covered employee payroll | 85.97%                   | 194.92%                                  | 87.87%                   | 192.05%                                  | 79.62%                   | 167.10%                                  |
| Plan fiduciary net position as a percentage of the total pension liability                                 | 72.15%                   | 70.99%                                   | 68.55%                   | 69.30%                                   | 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<br><u>12/31/17</u> | Police and<br>Firemen<br><u>12/31/17</u> | Local<br><u>12/31/16</u> | Police and<br>Firemen<br><u>12/31/16</u> | Local<br><u>12/31/15</u> | Police and<br>Firemen<br><u>12/31/15</u> |
|-------------------------------------------------------------------------|--------------------------|------------------------------------------|--------------------------|------------------------------------------|--------------------------|------------------------------------------|
| Contractually required contribution                                     | \$ 525,818               | \$ 744,524                               | \$ 552,205               | \$ 893,395                               | \$ 583,953               | \$ 959,523                               |
| Contributions in relation to the contractually<br>required contribution | <u>525,818</u>           | <u>744,524</u>                           | <u>552,205</u>           | <u>893,395</u>                           | <u>583,953</u>           | <u>959,523</u>                           |
| Contribution deficiency [excess]                                        | <u>\$ -</u>              | <u>\$ -</u>                              | <u>\$ -</u>              | <u>\$ -</u>                              | <u>\$ -</u>              | <u>\$ -</u>                              |
| City's covered-employee payroll                                         | \$ 6,215,351             | \$ 3,912,376                             | \$ 6,015,299             | \$ 3,939,134                             | \$ 6,159,850             | \$ 3,973,180                             |
| Contributions as a percentage of covered<br>employee payroll            | 8.46%                    | 19.03%                                   | 9.18%                    | 22.68%                                   | 9.48%                    | 24.15%                                   |

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

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## 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.

Demolition Fund – to account for funds set aside to assist with the demolition of dilapidated or unsafe structures within the City.

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, 2017

|                                                    | 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 | Demolition | Land Bank |                                   |
| Assets:                                            |                              |                          |                    |                                  |           |                                   |                              |                  |            |           |                                   |
| Cash and cash equivalents                          | \$ -                         | \$ 81,980                | \$ 761,446         | \$ 544,680                       | \$ 21,842 | \$ -                              | \$ -                         | \$ -             | \$ 139,822 | \$ 58,395 | \$ 1,608,165                      |
| Receivables (net of allowance for uncollectibles): |                              |                          |                    |                                  |           |                                   |                              |                  |            |           |                                   |
| Accounts                                           | -                            | -                        | 21,404             | 33,773                           | -         | -                                 | -                            | -                | 2,125      | -         | 57,302                            |
| Intergovernmental                                  | -                            | -                        | 160,919            | -                                | -         | 29,216                            | -                            | 273              | -          | -         | 190,408                           |
| Taxes                                              | -                            | -                        | 352,737            | -                                | -         | -                                 | -                            | -                | -          | -         | 352,737                           |
| Loans receivable                                   | -                            | -                        | -                  | 143,371                          | -         | -                                 | -                            | -                | -          | -         | 143,371                           |
| Prepaid items                                      | -                            | -                        | 5,670              | -                                | -         | -                                 | -                            | -                | -          | -         | 5,670                             |
| Total assets                                       | \$ -                         | \$ 81,980                | \$ 1,302,176       | \$ 721,824                       | \$ 21,842 | \$ 29,216                         | \$ -                         | \$ 273           | \$ 141,947 | \$ 58,395 | \$ 2,357,653                      |
| Liabilities:                                       |                              |                          |                    |                                  |           |                                   |                              |                  |            |           |                                   |
| Accounts payable                                   | \$ -                         | \$ 10                    | \$ 181,997         | \$ -                             | \$ 15,866 | \$ -                              | \$ -                         | \$ -             | \$ 156     | \$ 1,800  | \$ 199,829                        |
| Accrued payroll                                    | -                            | -                        | 7,573              | -                                | 1,691     | -                                 | -                            | -                | -          | -         | 9,264                             |
| Due to other funds                                 | -                            | -                        | -                  | -                                | -         | 29,216                            | -                            | 273              | -          | -         | 29,489                            |
| Other                                              | -                            | -                        | -                  | -                                | -         | -                                 | -                            | -                | -          | -         | -                                 |
| Total liabilities                                  | -                            | 10                       | 189,570            | -                                | 17,557    | 29,216                            | -                            | 273              | 156        | 1,800     | 238,582                           |
| Fund balance:                                      |                              |                          |                    |                                  |           |                                   |                              |                  |            |           |                                   |
| Nonspendable:                                      |                              |                          |                    |                                  |           |                                   |                              |                  |            |           |                                   |
| Not in spendable form                              | -                            | -                        | 5,670              | -                                | -         | -                                 | -                            | -                | -          | -         | 5,670                             |
| Restricted:                                        |                              |                          |                    |                                  |           |                                   |                              |                  |            |           |                                   |
| Capital projects                                   | -                            | -                        | 1,106,936          | -                                | -         | -                                 | -                            | -                | -          | -         | 1,106,936                         |
| Housing                                            | -                            | -                        | -                  | 721,824                          | 4,285     | -                                 | -                            | -                | -          | -         | 726,109                           |
| Other                                              | -                            | 81,970                   | -                  | -                                | -         | -                                 | -                            | -                | 141,791    | 56,595    | 280,356                           |
| Unassigned                                         | -                            | -                        | -                  | -                                | -         | -                                 | -                            | -                | -          | -         | -                                 |
| Total fund balance [deficit]                       | -                            | 81,970                   | 1,112,606          | 721,824                          | 4,285     | -                                 | -                            | -                | 141,791    | 56,595    | 2,119,071                         |
| Total liabilities and fund balances                | \$ -                         | \$ 81,980                | \$ 1,302,176       | \$ 721,824                       | \$ 21,842 | \$ 29,216                         | \$ -                         | \$ 273           | \$ 141,947 | \$ 58,395 | \$ 2,357,653                      |

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, 2017

|                                                           | 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 | Demolition | Land Bank |                                   |
| Revenues:                                                 |                              |                          |                    |                                  |              |                                   |                              |                  |            |           |                                   |
| Intergovernmental                                         | \$ 93,108                    | \$ 93,108                | \$ 704,305         | \$ -                             | \$ 1,487,208 | \$ 164,939                        | \$ 38,831                    | \$ 50,198        | \$ -       | \$ -      | \$ 2,631,697                      |
| Sales taxes                                               | -                            | -                        | 1,288,355          | -                                | -            | -                                 | -                            | -                | -          | -         | 1,288,355                         |
| Investment earnings                                       | -                            | -                        | 4,086              | 3,712                            | 72           | -                                 | -                            | -                | 766        | 323       | 8,959                             |
| Miscellaneous                                             | -                            | -                        | 47,914             | -                                | 3,938        | -                                 | -                            | 10               | 272,167    | 650       | 324,679                           |
| Total Revenues                                            | 93,108                       | 93,108                   | 2,044,660          | 3,712                            | 1,491,218    | 164,939                           | 38,831                       | 50,208           | 272,933    | 973       | 4,253,690                         |
| Expenditures:                                             |                              |                          |                    |                                  |              |                                   |                              |                  |            |           |                                   |
| Current:                                                  |                              |                          |                    |                                  |              |                                   |                              |                  |            |           |                                   |
| Public works                                              | -                            | -                        | 1,383,378          | -                                | -            | -                                 | -                            | -                | -          | -         | 1,383,378                         |
| Sanitation and health                                     | -                            | 88,499                   | -                  | -                                | -            | -                                 | -                            | -                | -          | -         | 88,499                            |
| Economic development                                      | -                            | -                        | -                  | -                                | -            | -                                 | 38,831                       | -                | 3,504      | 16,033    | 58,368                            |
| Social welfare                                            | -                            | -                        | -                  | 11,434                           | 1,487,660    | 158,958                           | -                            | 56,330           | -          | -         | 1,714,382                         |
| Capital outlay                                            | -                            | -                        | 1,017,897          | -                                | -            | -                                 | -                            | -                | 77,638     | 1         | 1,095,536                         |
| Total Expenditures                                        | -                            | 88,499                   | 2,401,275          | 11,434                           | 1,487,660    | 158,958                           | 38,831                       | 56,330           | 81,142     | 16,034    | 4,340,163                         |
| Excess (deficiency) of revenues over [under] expenditures | 93,108                       | 4,609                    | [356,615]          | [7,722]                          | 3,558        | 5,981                             | -                            | [6,122]          | 191,791    | [15,061]  | [86,473]                          |
| Other financing sources [uses]:                           |                              |                          |                    |                                  |              |                                   |                              |                  |            |           |                                   |
| Transfers in                                              | -                            | -                        | 335,000            | 50,000                           | -            | -                                 | -                            | -                | -          | -         | 385,000                           |
| Transfers [out]                                           | [93,108]                     | -                        | -                  | -                                | -            | -                                 | -                            | -                | [50,000]   | -         | [143,108]                         |
| Total other financing sources [uses]                      | [93,108]                     | -                        | 335,000            | 50,000                           | -            | -                                 | -                            | -                | [50,000]   | -         | 241,892                           |
| Net change in fund balance                                | -                            | 4,609                    | [21,615]           | 42,278                           | 3,558        | 5,981                             | -                            | [6,122]          | 141,791    | [15,061]  | 155,419                           |
| Fund balance, beginning of year                           | -                            | 77,361                   | 1,134,221          | 679,546                          | 727          | [5,981]                           | -                            | 6,122            | -          | 71,656    | 1,963,652                         |
| Fund balance, end of year                                 | \$ -                         | \$ 81,970                | \$ 1,112,606       | \$ 721,824                       | \$ 4,285     | \$ -                              | \$ -                         | \$ -             | \$ 141,791 | \$ 56,595 | \$ 2,119,071                      |

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, 2017

|                                                                                                    | <u>Actual</u> | <u>Budgeted Amounts</u> |              | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|----------------------------------------------------------------------------------------------------|---------------|-------------------------|--------------|---------------------------------------------------------|
|                                                                                                    |               | <u>Original</u>         | <u>Final</u> |                                                         |
| Revenues:                                                                                          |               |                         |              |                                                         |
| Intergovernmental                                                                                  | \$ 93,108     | \$ 92,013               | \$ 93,108    | \$ -                                                    |
| Total revenues                                                                                     | 93,108        | 92,013                  | 93,108       | -                                                       |
| Expenditures:                                                                                      |               |                         |              |                                                         |
| Capital outlay                                                                                     | -             | -                       | -            | -                                                       |
| Total expenditures                                                                                 | -             | -                       | -            | -                                                       |
| Excess [deficiency] of revenues<br>over [under] expenditures                                       | 93,108        | 92,013                  | 93,108       | -                                                       |
| Other financing sources [uses]:                                                                    |               |                         |              |                                                         |
| Transfer [out]                                                                                     | [93,108]      | [92,013]                | [93,108]     | -                                                       |
| Total other financing sources [uses]                                                               | [93,108]      | [92,013]                | [93,108]     | -                                                       |
| Excess [deficiency] of revenues<br>and other sources over [under]<br>expenditures and other [uses] | -             | -                       | -            | -                                                       |
| Fund balance, January 1                                                                            | -             | -                       | -            | -                                                       |
| Fund balance, December 31                                                                          | \$ -          | \$ -                    | \$ -         | \$ -                                                    |

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, 2017

|                                                              | <u>Actual</u>    | <u>Budgeted Amounts</u> |                | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--------------------------------------------------------------|------------------|-------------------------|----------------|---------------------------------------------------------|
|                                                              |                  | <u>Original</u>         | <u>Final</u>   |                                                         |
| Revenues:                                                    |                  |                         |                |                                                         |
| Intergovernmental                                            | \$ 93,108        | \$ 92,013               | \$ 92,013      | \$ 1,095                                                |
| Total revenues                                               | <u>93,108</u>    | <u>92,013</u>           | <u>92,013</u>  | <u>1,095</u>                                            |
| Expenditures:                                                |                  |                         |                |                                                         |
| Personnel services                                           | 8,220            | 3,000                   | 3,000          | [5,220]                                                 |
| Contractual services                                         | 65,743           | 60,000                  | 60,000         | [5,743]                                                 |
| Commodities                                                  | <u>14,536</u>    | <u>107,951</u>          | <u>107,951</u> | <u>93,415</u>                                           |
| Total expenditures                                           | <u>88,499</u>    | <u>170,951</u>          | <u>170,951</u> | <u>82,452</u>                                           |
| Excess [deficiency] of revenues<br>over [under] expenditures | 4,609            | [78,938]                | [78,938]       | 83,547                                                  |
| Fund balance, January 1                                      | <u>77,361</u>    | <u>78,938</u>           | <u>78,938</u>  | <u>[1,577]</u>                                          |
| Fund balance, December 31                                    | <u>\$ 81,970</u> | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 81,970</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, 2017

|                                                                                                    |                    | <u>Budgeted Amounts</u> |                    | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|----------------------------------------------------------------------------------------------------|--------------------|-------------------------|--------------------|---------------------------------------------------------|
|                                                                                                    | <u>Actual</u>      | <u>Original</u>         | <u>Final</u>       |                                                         |
| Revenues:                                                                                          |                    |                         |                    |                                                         |
| Intergovernmental                                                                                  | \$ 703,091         | \$ 682,956              | \$ 701,160         | \$ 1,931                                                |
| Investment earnings                                                                                | 4,086              | 300                     | 2,300              | 1,786                                                   |
| Miscellaneous                                                                                      | <u>47,914</u>      | <u>1,000</u>            | <u>500</u>         | <u>47,414</u>                                           |
| Total revenues                                                                                     | <u>755,091</u>     | <u>684,256</u>          | <u>703,960</u>     | <u>51,131</u>                                           |
| Expenditures:                                                                                      |                    |                         |                    |                                                         |
| Personnel services                                                                                 | 489,083            | 408,042                 | 507,182            | 18,099                                                  |
| Contractual services                                                                               | 457,221            | 373,701                 | 464,495            | 7,274                                                   |
| Commodities                                                                                        | 498,316            | 387,903                 | 482,148            | [16,168]                                                |
| Capital outlay                                                                                     | 1,017,897          | 965,435                 | 1,200,000          | 182,103                                                 |
| Reserves                                                                                           | <u>-</u>           | <u>221,243</u>          | <u>274,995</u>     | <u>274,995</u>                                          |
| Total expenditures                                                                                 | <u>2,462,517</u>   | <u>2,356,324</u>        | <u>2,928,820</u>   | <u>466,303</u>                                          |
| Excess [deficiency] of revenues<br>over [under] expenditures                                       | <u>[1,707,426]</u> | <u>[1,672,068]</u>      | <u>[2,224,860]</u> | <u>517,434</u>                                          |
| Other financing sources [uses]:                                                                    |                    |                         |                    |                                                         |
| Transfer in                                                                                        | <u>1,449,295</u>   | <u>1,388,075</u>        | <u>1,432,276</u>   | <u>17,019</u>                                           |
| Total other financing sources [uses]                                                               | <u>1,449,295</u>   | <u>1,388,075</u>        | <u>1,432,276</u>   | <u>17,019</u>                                           |
| Excess [deficiency] of revenues<br>and other sources over [under]<br>expenditures and other [uses] | <u>[258,131]</u>   | <u>[283,993]</u>        | <u>[792,584]</u>   | <u>534,453</u>                                          |
| Fund balance, January 1                                                                            | <u>792,584</u>     | <u>283,993</u>          | <u>792,584</u>     | <u>-</u>                                                |
| Fund balance, December 31                                                                          | <u>\$ 534,453</u>  | <u>\$ -</u>             | <u>\$ -</u>        | <u>\$ 534,453</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, 2017

|                                                              |                  | <u>Budgeted Amounts</u> |                  | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--------------------------------------------------------------|------------------|-------------------------|------------------|---------------------------------------------------------|
|                                                              | <u>Actual</u>    | <u>Original</u>         | <u>Final</u>     |                                                         |
| Revenues:                                                    |                  |                         |                  |                                                         |
| Intergovernmental                                            | \$ 1,367,478     | \$ 1,565,200            | \$ 1,565,200     | \$ [197,722]                                            |
| Investment earnings                                          | 72               | 25                      | 25               | 47                                                      |
| Miscellaneous                                                | <u>3,938</u>     | <u>6,000</u>            | <u>6,000</u>     | <u>[2,062]</u>                                          |
| Total revenues                                               | <u>1,371,488</u> | <u>1,571,225</u>        | <u>1,571,225</u> | <u>[199,737]</u>                                        |
| Expenditures:                                                |                  |                         |                  |                                                         |
| Personnel services                                           | 118,156          | 140,065                 | 140,065          | 21,909                                                  |
| Contractual services                                         | 1,358,820        | 1,422,398               | 1,422,398        | 63,578                                                  |
| Commodities                                                  | <u>8,993</u>     | <u>8,808</u>            | <u>8,808</u>     | <u>[185]</u>                                            |
| Total expenditures                                           | <u>1,485,969</u> | <u>1,571,271</u>        | <u>1,571,271</u> | <u>85,302</u>                                           |
| Excess [deficiency] of revenues<br>over [under] expenditures | [114,481]        | [46]                    | [46]             | [114,435]                                               |
| Fund balance, January 1                                      | <u>120,457</u>   | <u>46</u>               | <u>46</u>        | <u>120,411</u>                                          |
| Fund balance, December 31                                    | <u>\$ 5,976</u>  | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ 5,976</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, 2017

|                                                                                                    |                    | <u>Budgeted Amounts</u> |                    | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|----------------------------------------------------------------------------------------------------|--------------------|-------------------------|--------------------|---------------------------------------------------------|
|                                                                                                    | <u>Actual</u>      | <u>Original</u>         | <u>Final</u>       | <u>[Negative]</u>                                       |
| Revenues:                                                                                          |                    |                         |                    |                                                         |
| Taxes                                                                                              | \$ 1,128,978       | \$ 1,164,409            | \$ 1,164,409       | \$ [35,431]                                             |
| Special assessments                                                                                | 32,514             | 38,589                  | 38,589             | [6,075]                                                 |
| Investment earnings                                                                                | 9,392              | 1,000                   | 1,000              | 8,392                                                   |
| Miscellaneous                                                                                      | <u>57,543</u>      | <u>57,543</u>           | <u>57,543</u>      | <u>-</u>                                                |
| Total revenues                                                                                     | <u>1,228,427</u>   | <u>1,261,541</u>        | <u>1,261,541</u>   | <u>[33,114]</u>                                         |
| Expenditures                                                                                       |                    |                         |                    |                                                         |
| Principal                                                                                          | 5,075,188          | 4,861,321               | 4,861,321          | [213,867]                                               |
| Interest                                                                                           | 990,908            | 881,093                 | 881,093            | [109,815]                                               |
| Reserves                                                                                           | <u>-</u>           | <u>729,419</u>          | <u>729,419</u>     | <u>729,419</u>                                          |
| Total expenditures                                                                                 | <u>6,066,096</u>   | <u>6,471,833</u>        | <u>6,471,833</u>   | <u>405,737</u>                                          |
| Excess [deficiency] of revenues<br>over [under] expenditures                                       | <u>[4,837,669]</u> | <u>[5,210,292]</u>      | <u>[5,210,292]</u> | <u>372,623</u>                                          |
| Other financing sources [uses]                                                                     |                    |                         |                    |                                                         |
| Transfer in                                                                                        | <u>4,920,185</u>   | <u>4,381,026</u>        | <u>4,381,026</u>   | <u>539,159</u>                                          |
| Total other financing sources [uses]                                                               | <u>4,920,185</u>   | <u>4,381,026</u>        | <u>4,381,026</u>   | <u>539,159</u>                                          |
| Excess [deficiency] of revenues<br>and other sources over [under]<br>expenditures and other [uses] | 82,516             | [829,266]               | [829,266]          | 911,782                                                 |
| Fund balance, January 1                                                                            | <u>882,012</u>     | <u>829,266</u>          | <u>829,266</u>     | <u>52,746</u>                                           |
| Fund balance, December 31                                                                          | <u>\$ 964,528</u>  | <u>\$ -</u>             | <u>\$ -</u>        | <u>\$ 964,528</u>                                       |

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS  
BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT  
December 31, 2017

|                                                                       |                     |
|-----------------------------------------------------------------------|---------------------|
| Assets:                                                               |                     |
| Cash and cash equivalents                                             | \$ 528,835          |
| Taxes receivables                                                     | 769,411             |
| Prepaid items                                                         | <u>4,158</u>        |
| Total assets                                                          | <u>\$ 1,302,404</u> |
|                                                                       |                     |
| Liabilities and deferred inflows of resources:                        |                     |
| Liabilities:                                                          |                     |
| Accounts payable                                                      | \$ 472              |
| Accrued payroll                                                       | <u>11,010</u>       |
| Total liabilities                                                     | <u>11,482</u>       |
|                                                                       |                     |
| Deferred inflows of resources                                         |                     |
| Unavailable revenue - property taxes                                  | <u>769,411</u>      |
| Total deferred inflows of resources                                   | <u>769,411</u>      |
|                                                                       |                     |
| Fund balance:                                                         |                     |
| Nonspendable:                                                         |                     |
| Not in spendable form                                                 | 4,158               |
| Unassigned                                                            | <u>517,353</u>      |
|                                                                       |                     |
| Total fund balances                                                   | <u>521,511</u>      |
|                                                                       |                     |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 1,302,404</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, 2017

|                                 |                          |
|---------------------------------|--------------------------|
| Revenues:                       |                          |
| Taxes                           | \$ 829,916               |
| Fines and fees                  | 17,008                   |
| Investment earnings             | 3,853                    |
| Miscellaneous                   | <u>120,962</u>           |
| Total Revenues                  | <u>971,739</u>           |
| Expenditures:                   |                          |
| Current:                        |                          |
| Education                       | 915,524                  |
| Improvements                    | <u>5,437</u>             |
| Total Expenditures              | <u>920,961</u>           |
| Net change in fund balance      | 50,778                   |
| Fund balance, beginning of year | <u>470,733</u>           |
| Fund balance, end of year       | <u><u>\$ 521,511</u></u> |

See independent auditor's report on the financial statements.

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## STATISTICAL SECTION

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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> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.                                                                                                  | 71 – 74     |
| <b>Revenue Capacity</b><br>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.                                           | 75 - 83     |
| <b>Debt Capacity</b><br>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.                                                         | 84- 88      |
| <b>Demographic and Economical Information</b><br>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. | 89 - 90     |
| <b>Operating Information</b><br>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.                      | 91 – 93     |

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

|                                                 | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
| Governmental activities                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 19,859,962        | \$ 18,912,152        | \$ 19,014,339        | \$ 20,114,287        | \$ 21,432,517        | \$ 23,765,245        | \$ 28,739,435        | \$ 34,093,008        | \$ 36,171,156        | \$ 32,140,844        |
| Restricted                                      | 11,967,446           | 11,140,376           | 11,062,338           | 3,094,841            | 2,741,204            | 3,177,272            | 2,804,765            | 2,916,067            | 3,485,786            | 4,048,669            |
| Unrestricted                                    | <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>   | <u>[587,544]</u>     | <u>[1,428,617]</u>   |
| Total governmental activities net assets        | <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> | <u>\$ 39,069,398</u> | <u>\$ 34,760,896</u> |
| Business-type activities                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 25,608,635        | \$ 25,604,200        | \$ 26,033,232        | \$ 28,121,473        | \$ 29,302,925        | \$ 29,959,386        | \$ 30,210,876        | \$ 32,890,346        | \$ 33,201,935        | \$ 40,291,436        |
| Unrestricted                                    | <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>     | <u>2,917,487</u>     | <u>3,407,022</u>     |
| Total business-type activities net assets       | <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> | <u>\$ 36,119,422</u> | <u>\$ 43,698,458</u> |
| Primary government                              |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 45,468,597        | \$ 44,516,352        | \$ 45,047,571        | \$ 48,235,760        | \$ 50,735,442        | \$ 53,724,631        | \$ 58,950,311        | \$ 66,983,354        | \$ 69,373,091        | \$ 72,432,280        |
| Restricted                                      | 11,967,446           | 11,140,376           | 11,062,338           | 3,094,841            | 2,741,204            | 3,177,272            | 2,804,765            | 2,916,067            | 3,485,786            | 4,048,669            |
| Unrestricted                                    | <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>     | <u>2,329,943</u>     | <u>1,978,405</u>     |
| Total primary government net assets             | <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> | <u>\$ 75,188,820</u> | <u>\$ 78,459,354</u> |

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

|                                                         | Fiscal Year            |                        |                        |                       |                        |                        |                        |                        |                        |                        |
|---------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|                                                         | 2008                   | 2009                   | 2010                   | 2011                  | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   | 2017                   |
| <b>Expenses</b>                                         |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| General government                                      | \$ 4,947,762           | \$ 3,008,246           | \$ 2,969,488           | \$ 3,032,941          | \$ 3,491,546           | \$ 3,667,028           | \$ 3,671,547           | \$ 3,642,682           | \$ 3,898,821           | \$ 4,374,506           |
| Public safety - police                                  | 3,168,354              | 3,208,579              | 3,324,541              | 3,325,559             | 3,591,609              | 3,708,121              | 4,381,848              | 4,817,413              | 4,949,716              | 4,916,413              |
| Public safety - fire                                    | 2,232,987              | 2,258,471              | 2,232,712              | 2,426,825             | 2,508,893              | 2,559,665              | 2,631,610              | 2,923,367              | 3,051,659              | 2,777,782              |
| Public safety - other                                   | 902,272                | 704,225                | 725,511                | 547,062               | 567,440                | 603,993                | 675,899                | 645,552                | 667,863                | 1,251,069              |
| Public works                                            | 3,580,553              | 3,174,612              | 3,486,750              | 3,744,665             | 3,655,973              | 3,649,089              | 4,185,439              | 4,336,369              | 4,185,851              | 4,819,435              |
| Sanitation and health                                   | 257,332                | 160,796                | 147,196                | 159,171               | 170,180                | 161,315                | 160,574                | 157,904                | 165,314                | 170,443                |
| Culture and recreation                                  | 2,293,785              | 2,103,992              | 2,166,482              | 2,197,692             | 2,084,676              | 2,189,608              | 2,304,505              | 2,142,337              | 2,441,061              | 2,351,318              |
| Industrial promotion                                    | 748,216                | 744,554                | 858,158                | 675,027               | 615,680                | 2,496,209              | 1,526,378              | 1,667,559              | 981,068                | 1,813,667              |
| Economic development                                    | 3,577                  | 6,993                  | -                      | 36,187                | 36,187                 | 137,119                | 70,061                 | 87,670                 | 35,878                 | 6,306,088              |
| Social welfare                                          | 1,546,056              | 1,581,580              | 1,485,203              | 1,661,078             | 1,506,020              | 1,620,300              | 1,482,944              | 1,760,555              | 1,803,091              | 1,715,860              |
| Interest on long-term debt                              | 1,460,126              | 1,390,747              | 1,250,376              | 1,172,414             | 1,245,026              | 984,191                | 809,605                | 697,179                | 824,065                | 643,577                |
| <b>Total governmental expenses</b>                      | <b>21,141,020</b>      | <b>18,342,795</b>      | <b>18,646,417</b>      | <b>18,978,621</b>     | <b>19,473,230</b>      | <b>21,776,638</b>      | <b>21,900,410</b>      | <b>22,878,587</b>      | <b>23,004,387</b>      | <b>31,140,158</b>      |
| Business-type activities:                               |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Water/wastewater                                        | 5,234,505              | 5,159,259              | 5,379,825              | 5,863,122             | 6,288,781              | 6,336,671              | 6,310,606              | 6,275,894              | 6,039,288              | 5,803,266              |
| Stormwater                                              | 506,866                | 663,837                | 710,982                | 817,326               | 678,899                | 710,254                | 622,936                | 621,388                | 588,850                | 560,282                |
| <b>Total business-type activities expenses</b>          | <b>5,741,371</b>       | <b>5,823,096</b>       | <b>6,090,807</b>       | <b>6,680,448</b>      | <b>6,967,680</b>       | <b>7,046,925</b>       | <b>6,933,542</b>       | <b>6,897,282</b>       | <b>6,628,138</b>       | <b>6,363,548</b>       |
| <b>Total primary government expenses</b>                | <b>\$ 26,882,391</b>   | <b>\$ 24,165,891</b>   | <b>\$ 24,737,224</b>   | <b>\$ 25,659,069</b>  | <b>\$ 26,440,910</b>   | <b>\$ 28,823,563</b>   | <b>\$ 28,833,952</b>   | <b>\$ 29,775,869</b>   | <b>\$ 29,632,525</b>   | <b>\$ 37,503,706</b>   |
| <b>Program Revenues</b>                                 |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Charges for services:                                   |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| General government                                      | \$ 1,397,898           | \$ 1,287,878           | \$ 1,430,551           | \$ 1,257,293          | \$ 1,310,417           | \$ 1,178,192           | \$ 872,883             | \$ 998,382             | \$ 1,014,900           | \$ 961,705             |
| Public works                                            | 956,763                | 683,940                | 707,999                | 914,790               | 989,594                | 966,929                | 903,934                | 743,700                | 676,310                | 690,791                |
| Industrial promotion                                    | 362,427                | 354,752                | 355,717                | 329,758               | 380,974                | 390,500                | 218,933                | 270,156                | 270,156                | 153,006                |
| Other activities                                        | 538,802                | 585,060                | 564,784                | 557,694               | 594,893                | 570,848                | 524,786                | 543,441                | 518,249                | 538,717                |
| Operating grants and contributions                      | 3,167,635              | 2,521,993              | 2,561,926              | 2,588,253             | 2,543,607              | 2,456,994              | 1,406,645              | 1,341,055              | 1,278,576              | 865,936                |
| Capital grants and contributions                        | 3,944,646              | 389,608                | 428,241                | 797,414               | 152,815                | 656,148                | 3,855,619              | 4,268,203              | 3,334,419              | 3,955,343              |
| <b>Total governmental activities program revenues</b>   | <b>10,368,171</b>      | <b>5,823,231</b>       | <b>6,049,218</b>       | <b>6,445,202</b>      | <b>5,972,300</b>       | <b>6,219,611</b>       | <b>7,784,013</b>       | <b>8,113,714</b>       | <b>7,092,610</b>       | <b>7,165,498</b>       |
| Business-type activities:                               |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Charges for services:                                   |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Water/wastewater                                        | 5,773,171              | 6,205,333              | 6,532,118              | 7,442,028             | 7,697,439              | 7,513,502              | 7,662,110              | 7,664,369              | 8,022,592              | 7,965,780              |
| Stormwater                                              | 690,587                | 713,571                | 728,467                | 746,273               | 774,610                | 782,531                | 778,950                | 801,867                | 823,722                | 814,904                |
| Operating grants and contributions                      | -                      | -                      | -                      | 54,903                | -                      | -                      | -                      | -                      | -                      | -                      |
| Capital grants and contributions                        | 4,282                  | -                      | 360,390                | 1,217,250             | -                      | 72,927                 | 445,697                | 2,649,087              | 41,080                 | 6,354,177              |
| <b>Total business-type activities program revenues</b>  | <b>6,468,040</b>       | <b>6,918,904</b>       | <b>7,620,975</b>       | <b>9,460,454</b>      | <b>8,472,049</b>       | <b>8,368,960</b>       | <b>8,886,757</b>       | <b>11,115,323</b>      | <b>8,887,394</b>       | <b>15,134,861</b>      |
| <b>Total primary government program revenues</b>        | <b>\$ 16,836,211</b>   | <b>\$ 12,742,135</b>   | <b>\$ 13,670,193</b>   | <b>\$ 15,905,656</b>  | <b>\$ 14,444,349</b>   | <b>\$ 14,588,571</b>   | <b>\$ 16,670,770</b>   | <b>\$ 19,229,037</b>   | <b>\$ 15,980,004</b>   | <b>\$ 22,300,359</b>   |
| <b>Net (Expense)/Revenue</b>                            |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities                                 | \$ (10,772,849)        | \$ (12,519,564)        | \$ (12,597,199)        | \$ (12,533,419)       | \$ (13,500,930)        | \$ (15,557,027)        | \$ (14,116,397)        | \$ (14,764,873)        | \$ (15,911,777)        | \$ (23,974,660)        |
| Business-type activities                                | 726,669                | 1,095,808              | 1,530,168              | 2,780,006             | 1,504,369              | 1,322,035              | 1,953,215              | 4,218,041              | 2,259,256              | 8,771,313              |
| <b>Total primary government net expense</b>             | <b>\$ (10,046,180)</b> | <b>\$ (11,423,756)</b> | <b>\$ (11,067,031)</b> | <b>\$ (9,753,413)</b> | <b>\$ (11,996,561)</b> | <b>\$ (14,234,992)</b> | <b>\$ (12,163,182)</b> | <b>\$ (10,546,832)</b> | <b>\$ (13,652,521)</b> | <b>\$ (15,203,347)</b> |
| <b>General Revenues and other Changes in Net Assets</b> |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Taxes                                                   |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Property taxes                                          | \$ 5,894,064           | \$ 5,988,774           | \$ 5,482,690           | \$ 5,399,889          | \$ 5,394,786           | \$ 5,487,516           | \$ 5,371,012           | \$ 5,925,018           | \$ 5,920,213           | \$ 6,374,304           |
| Sales taxes                                             | 5,674,509              | 5,528,668              | 5,359,593              | 6,307,818             | 6,788,791              | 6,953,940              | 9,248,806              | 9,300,242              | 9,460,294              | 9,606,398              |
| Franchise taxes                                         | 1,793,652              | 1,676,619              | 1,727,869              | 1,748,741             | 1,692,716              | 1,900,264              | 2,018,024              | 1,881,901              | 1,934,284              | 1,934,474              |
| Investment earnings                                     | 925,499                | 157,971                | 52,103                 | 21,488                | 15,791                 | 10,476                 | 7,595                  | 10,921                 | 26,016                 | 102,715                |
| Miscellaneous                                           | -                      | -                      | -                      | -                     | -                      | -                      | 204,718                | 586,532                | 488,411                | 803,660                |
| Transfers                                               | 387,157                | 1,376,828              | 880,808                | 463,363               | 1,015,622              | 1,288,988              | 1,408,389              | 1,682,976              | 1,171,031              | 1,167,821              |
| <b>Total governmental activities</b>                    | <b>14,674,881</b>      | <b>14,728,860</b>      | <b>13,503,063</b>      | <b>13,941,299</b>     | <b>14,907,706</b>      | <b>15,641,184</b>      | <b>18,258,544</b>      | <b>19,387,590</b>      | <b>19,000,249</b>      | <b>19,989,372</b>      |
| Business-type activities                                |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Investment earnings                                     | 149,828                | 32,553                 | 9,529                  | 3,399                 | 1,990                  | 1,157                  | 828                    | 907                    | 4,941                  | 41,504                 |
| Transfers                                               | (387,157)              | (1,376,828)            | (880,808)              | (463,363)             | (1,015,622)            | (1,288,988)            | (1,408,389)            | (1,682,976)            | (1,171,031)            | (1,167,821)            |
| <b>Total business-type activities</b>                   | <b>(237,329)</b>       | <b>(1,344,275)</b>     | <b>(871,279)</b>       | <b>(459,964)</b>      | <b>(1,013,632)</b>     | <b>(1,287,831)</b>     | <b>(1,407,561)</b>     | <b>(1,682,069)</b>     | <b>(1,166,090)</b>     | <b>(1,126,317)</b>     |
| <b>Total primary government</b>                         | <b>\$ 14,437,552</b>   | <b>\$ 13,384,585</b>   | <b>\$ 12,631,784</b>   | <b>\$ 13,481,335</b>  | <b>\$ 13,894,074</b>   | <b>\$ 14,353,353</b>   | <b>\$ 16,850,983</b>   | <b>\$ 17,705,521</b>   | <b>\$ 17,834,159</b>   | <b>\$ 18,863,055</b>   |
| <b>Change in Net Assets</b>                             |                        |                        |                        |                       |                        |                        |                        |                        |                        |                        |
| Governmental activities                                 | \$ 3,902,032           | \$ 2,209,296           | \$ 905,864             | \$ 1,407,880          | \$ 1,406,776           | \$ 84,157              | \$ 4,142,147           | \$ 4,622,717           | \$ 3,088,472           | \$ (3,985,288)         |
| Business-type activities                                | 489,340                | (248,467)              | 658,889                | 2,320,042             | 490,737                | 34,204                 | 545,654                | 2,535,972              | 1,093,166              | 7,644,996              |
| <b>Total primary government</b>                         | <b>\$ 4,391,372</b>    | <b>\$ 1,960,829</b>    | <b>\$ 1,564,753</b>    | <b>\$ 3,727,922</b>   | <b>\$ 1,897,513</b>    | <b>\$ 118,361</b>      | <b>\$ 4,687,801</b>    | <b>\$ 7,158,689</b>    | <b>\$ 4,181,638</b>    | <b>\$ 3,659,708</b>    |

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

|                                    | Fiscal Year          |                      |                      |                     |                      |                     |                      |                     |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
|                                    | <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>2016</u>          | <u>2017</u>          |
| General Fund                       |                      |                      |                      |                     |                      |                     |                      |                     |                      |                      |
| Reserved                           | \$ 106,177           | \$ 420,642           | \$ 497,610           | \$ -                | \$ -                 | \$ -                | \$ -                 | \$ -                | \$ -                 | \$ -                 |
| Unreserved                         | 3,880,335            | 4,040,259            | 3,812,240            | -                   | -                    | -                   | -                    | -                   | -                    | -                    |
| Nonspendable (1)                   | -                    | -                    | -                    | 97,793              | 98,389               | 104,178             | 90,753               | 83,747              | 79,189               | 84,368               |
| Restricted (1)                     | -                    | -                    | -                    | -                   | -                    | -                   | -                    | -                   | -                    | -                    |
| Assigned (1)                       | -                    | -                    | -                    | 62,068              | 95,929               | 31,050              | 491,723              | 52,635              | 140,307              | 24,778               |
| Unassigned (1)                     | -                    | -                    | -                    | 4,370,905           | 4,281,388            | 4,323,574           | 4,568,229            | 4,130,258           | 4,504,641            | 5,399,833            |
| Total general fund                 | <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> | <u>\$ 4,724,137</u>  | <u>\$ 5,508,979</u>  |
| All Other Governmental Funds       |                      |                      |                      |                     |                      |                     |                      |                     |                      |                      |
| Reserved                           | \$ 6,056,599         | \$ 6,743,667         | \$ 6,870,856         | \$ -                | \$ -                 | \$ -                | \$ -                 | \$ -                | \$ -                 | \$ -                 |
| Unreserved, reported in:           |                      |                      |                      |                     |                      |                     |                      |                     |                      |                      |
| Special revenue funds              | 1,496,186            | 1,355,282            | 1,546,905            | -                   | -                    | -                   | -                    | -                   | -                    | -                    |
| Capital projects funds             | 1,939,470            | 928,677              | 314,568              | -                   | -                    | -                   | -                    | -                   | -                    | -                    |
| Debt service funds                 | 1,826,040            | 2,127,664            | 1,763,194            | -                   | -                    | -                   | -                    | -                   | -                    | -                    |
| Nonspendable (1)                   | -                    | -                    | -                    | 4,396               | 4,505                | 8,048               | 8,077                | 7,498               | 7,154                | 6,846                |
| Restricted (1)                     | -                    | -                    | -                    | 3,070,343           | 3,841,545            | 3,890,319           | 5,213,206            | 4,620,043           | 15,796,917           | 8,764,289            |
| Assigned (1)                       | -                    | -                    | -                    | 7,031,364           | 7,503,675            | 5,669,041           | 5,508,042            | 5,161,920           | 5,515,485            | 5,013,356            |
| Unassigned (1)                     | -                    | -                    | -                    | (353,284)           | -                    | -                   | -                    | -                   | (5,981)              | -                    |
| Total all other governmental funds | <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> | <u>\$ 21,313,575</u> | <u>\$ 13,784,491</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    |               |               |               |               |                |               |                |               |                |
|---------------------------------------------------------|----------------|---------------|---------------|---------------|---------------|----------------|---------------|----------------|---------------|----------------|
|                                                         | 2008           | 2009          | 2010          | 2011          | 2012          | 2013           | 2014          | 2015           | 2016          | 2017           |
| Revenues                                                |                |               |               |               |               |                |               |                |               |                |
| Taxes                                                   | \$ 13,362,225  | \$ 13,194,061 | \$ 12,570,152 | \$ 13,456,448 | \$ 13,876,293 | \$ 14,341,720  | \$ 16,637,842 | \$ 17,107,161  | \$ 17,314,791 | \$ 17,915,176  |
| Licenses and permits                                    | 170,404        | 166,013       | 141,234       | 162,257       | 193,797       | 177,002        | 220,146       | 218,933        | 270,156       | 153,006        |
| Intergovernmental                                       | 6,169,100      | 2,854,625     | 2,849,094     | 3,332,993     | 2,640,461     | 2,952,796      | 3,093,518     | 3,348,281      | 4,309,329     | 4,110,600      |
| Charges for services                                    | 1,965,141      | 1,709,552     | 1,697,246     | 1,954,380     | 2,064,698     | 1,975,714      | 1,896,616     | 1,845,086      | 1,782,057     | 1,821,897      |
| Fines and fees                                          | 349,695        | 366,367       | 427,215       | 431,301       | 477,897       | 395,412        | 404,985       | 440,437        | 427,402       | 369,316        |
| Special assessments                                     | 34,875         | 49,263        | 75,820        | 59,375        | 65,723        | 79,853         | 60,492        | 86,237         | 60,470        | 57,341         |
| Investment earnings                                     | 925,499        | 157,971       | 52,103        | 21,488        | 15,791        | 10,476         | 7,595         | 10,921         | 26,016        | 102,715        |
| Lease income                                            | 542,847        | 537,694       | 458,610       | 445,966       | 473,120       | 477,201        | 455,573       | 435,687        | 325,931       | 301,926        |
| Miscellaneous                                           | 1,180,128      | 348,230       | 396,479       | 221,145       | 224,033       | 333,960        | 204,718       | 830,947        | 488,411       | 776,114        |
| Total revenues                                          | 24,699,914     | 19,383,776    | 18,667,953    | 20,085,353    | 20,031,813    | 20,744,134     | 22,981,485    | 24,323,690     | 25,004,563    | 25,608,091     |
| Expenditures                                            |                |               |               |               |               |                |               |                |               |                |
| General government                                      | 4,712,494      | 2,695,357     | 2,824,648     | 2,630,219     | 3,252,217     | 3,232,327      | 3,470,159     | 3,394,359      | 3,665,567     | 3,858,674      |
| Public safety-police                                    | 3,051,104      | 2,958,470     | 2,938,621     | 2,986,364     | 3,187,410     | 3,314,609      | 3,764,674     | 4,301,193      | 4,433,000     | 4,363,691      |
| Public safety-fire                                      | 2,107,722      | 2,009,788     | 2,016,858     | 2,196,533     | 2,287,487     | 2,276,617      | 2,396,951     | 2,618,929      | 2,609,637     | 2,423,570      |
| Public safety-other                                     | 867,333        | 679,447       | 690,160       | 539,551       | 556,296       | 582,626        | 675,569       | 669,342        | 511,541       | 650,964        |
| Public works                                            | 2,604,829      | 1,933,140     | 2,119,057     | 2,486,441     | 2,494,645     | 2,202,971      | 2,389,336     | 2,372,048      | 2,188,866     | 2,222,757      |
| Sanitation and health                                   | 253,084        | 156,667       | 144,721       | 157,824       | 160,295       | 157,626        | 159,189       | 157,174        | 158,228       | 169,187        |
| Culture and recreation                                  | 1,846,578      | 1,693,206     | 1,735,955     | 1,766,694     | 1,682,095     | 1,748,883      | 1,802,360     | 1,780,057      | 1,842,473     | 58,368         |
| Industrial promotion                                    | 1,432,577      | 711,829       | 818,995       | 676,439       | 628,199       | 2,273,568      | 1,490,191     | 1,677,501      | 944,718       | 1,893,042      |
| Economic development                                    | 3,577          | 6,993         | -             | -             | -             | 100,932        | 159,481       | 87,670         | 35,878        | 1,771,053      |
| Social welfare                                          | 1,550,188      | 1,579,956     | 1,485,494     | 1,659,555     | 1,464,910     | 1,447,316      | 1,485,190     | 1,765,442      | 1,798,485     | 1,714,382      |
| Capital outlay                                          | 16,704,405     | 3,272,406     | 1,521,018     | 1,982,135     | 1,921,839     | 2,751,344      | 2,818,806     | 4,400,038      | 3,517,187     | 10,076,283     |
| Debt service principal                                  | 2,455,309      | 2,649,183     | 2,854,576     | 2,855,994     | 2,669,028     | 4,170,782      | 4,486,892     | 4,124,389      | 3,516,895     | 3,807,327      |
| Debt service interest & fees                            | 1,545,238      | 1,334,208     | 1,197,533     | 1,111,344     | 1,154,822     | 929,887        | 776,781       | 713,974        | 551,880       | 653,748        |
| Debt issuance costs                                     | 91,268         | 33,570        | 11,943        | 21,411        | 46,089        | 68,533         | 118,202       | 12,894         | 259,557       | 10,050         |
| Total expenditures                                      | 39,225,706     | 21,714,220    | 20,359,579    | 21,070,504    | 21,505,332    | 25,258,021     | 25,993,781    | 28,075,010     | 26,033,912    | 33,673,096     |
| Excess of revenues over (under) expenditures            | (14,525,792)   | (2,330,444)   | (1,691,626)   | (985,151)     | (1,473,519)   | (4,513,887)    | (3,012,296)   | (3,751,320)    | (1,029,349)   | (8,065,005)    |
| Other Financing Sources (Uses)                          |                |               |               |               |               |                |               |                |               |                |
| General Obligation Bonds issued                         | 2,950,380      | 1,265,000     | -             | -             | 855,000       | 1,420,000      | 3,398,395     | -              | 5,000,000     | -              |
| Special Assessment Bonds issued                         | -              | -             | -             | -             | -             | -              | -             | -              | 6,500,000     | -              |
| Bond Premium                                            | -              | -             | -             | -             | -             | -              | 60,597        | -              | 183,181       | -              |
| Discount on bonds                                       | -              | -             | -             | -             | -             | -              | -             | -              | -             | -              |
| Bond anticipation notes issued                          | -              | -             | -             | -             | 1,144,743     | -              | -             | -              | -             | -              |
| Custom energy note payable issued                       | 1,826,933      | -             | -             | -             | -             | -              | -             | -              | -             | -              |
| Capital lease                                           | -              | -             | -             | -             | -             | -              | -             | 244,415        | 156,748       | 152,942        |
| Transfers in                                            | 2,313,905      | 4,770,242     | 880,808       | 3,436,406     | 3,284,962     | 3,752,132      | 4,320,102     | 5,465,416      | 4,410,292     | 4,371,099      |
| Transfers out                                           | (1,926,748)    | (3,393,414)   | -             | (2,973,043)   | (2,269,340)   | (2,457,466)    | (2,911,713)   | (3,782,440)    | (3,239,261)   | (3,203,278)    |
| Total other financing sources (uses)                    | 5,164,470      | 2,641,828     | 880,808       | 463,363       | 3,015,365     | 2,714,666      | 4,867,381     | 1,927,391      | 13,010,960    | 1,320,763      |
| Net change in fund balances                             | \$ (9,361,322) | \$ 311,384    | \$ (810,818)  | \$ (521,788)  | \$ 1,541,846  | \$ (1,799,221) | \$ 1,855,085  | \$ (1,823,929) | \$ 11,981,611 | \$ (6,744,242) |
| Debt service as a percentage of noncapital expenditures | 18.2%          | 21.8%         | 21.6%         | 20.9%         | 19.8%         | 23.0%          | 23.2%         | 20.6%          | 17.2%         | 14.0%          |

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

| <b>Fiscal<br/>Year</b> | <b>State of<br/>Kansas (4)</b> | <b>Crawford<br/>County</b> | <b>City<br/>Memorial<br/>Auditorium</b> | <b>City<br/>Capital<br/>Outlay</b> | <b>City<br/>Economic<br/>Development</b> | <b>City<br/>Public<br/>Safety Debt (1)</b> | <b>City<br/>Street<br/>Improvements (2)</b> | <b>City<br/>Public Safety (3)</b> | <b>Total Excluding<br/>Transportation<br/>Development<br/>District</b> | <b>City<br/>Transportation<br/>Development<br/>District</b> | <b>Total Including<br/>Transportation<br/>Development<br/>District</b> |
|------------------------|--------------------------------|----------------------------|-----------------------------------------|------------------------------------|------------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------------------|
| 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                                                                  |
| 2016                   | 6.500                          | 1.000                      | 0.125                                   | 0.125                              | 0.250                                    | 0.500                                      | 0.250                                       | 0.500                             | 9.250                                                                  | 0.300                                                       | 9.550                                                                  |
| 2017                   | 6.500                          | 1.000                      | 0.125                                   | 0.125                              | 0.250                                    | 0.000                                      | 0.500                                       | 0.500                             | 9.000                                                                  | 0.300                                                       | 9.300                                                                  |

(1) City public safety debt sales tax effective January 1, 2007, expired September 30, 2017.

(2) City street improvements sales tax effective April 1, 2011, renewed April 1, 2016. Additional one quarter percent effective October 1, 2017.

(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**

| <b><u>Fiscal Year</u></b> | <b><u>Retail Trade</u></b> | <b><u>Accommodations and Food Services</u></b> | <b><u>Utilities</u></b> | <b><u>Information</u></b> | <b><u>Wholesale Trade</u></b> | <b><u>Other Services</u></b> | <b><u>Manufacturing</u></b> | <b><u>Construction</u></b> | <b><u>All other</u></b> | <b><u>Total</u></b> |
|---------------------------|----------------------------|------------------------------------------------|-------------------------|---------------------------|-------------------------------|------------------------------|-----------------------------|----------------------------|-------------------------|---------------------|
| 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         |
| 2016                      | 205,499,605                | 33,626,265                                     | 26,504,285              | 14,511,977                | 11,144,854                    | 7,572,471                    | 8,478,408                   | 7,999,663                  | 79,622,992              | 394,960,520         |
| 2017                      | 203,310,581                | 49,345,940                                     | 26,340,646              | 7,960,643                 | 15,748,696                    | 9,292,193                    | 6,453,767                   | 8,606,610                  | 76,964,031              | 404,023,107         |

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

| <b><u>Fiscal Year</u></b> | <b><u>Retail Trade</u></b> | <b><u>Accommodations and Food Service</u></b> | <b><u>Utilities</u></b> | <b><u>Information</u></b> | <b><u>Wholesale Trade</u></b> | <b><u>Other Services</u></b> | <b><u>Manufacturing</u></b> | <b><u>Construction</u></b> | <b><u>All other</u></b> | <b><u>Total</u></b> |
|---------------------------|----------------------------|-----------------------------------------------|-------------------------|---------------------------|-------------------------------|------------------------------|-----------------------------|----------------------------|-------------------------|---------------------|
| 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%             |
| 2016                      | 52.03%                     | 8.51%                                         | 6.71%                   | 3.67%                     | 2.82%                         | 1.92%                        | 2.15%                       | 2.03%                      | 20.16%                  | 100.00%             |
| 2017                      | 50.32%                     | 12.21%                                        | 6.52%                   | 1.97%                     | 3.90%                         | 2.30%                        | 1.60%                       | 2.13%                      | 19.05%                  | 100.00%             |

Source: Kansas Department of Revenue

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

**Fiscal Year 2017**

| <u>Business</u>           | <u>Category</u>   | <u>Taxable Sales</u> | <u>%</u> |
|---------------------------|-------------------|----------------------|----------|
| A                         | Retail Trade      | \$ 69,484,326        | 17.20%   |
| B                         | Retail Trade      | 25,890,548           | 6.41%    |
| C                         | Utility           | 19,821,452           | 4.91%    |
| D                         | Retail Trade      | 14,266,193           | 3.53%    |
| E                         | Retail Trade      | 12,398,044           | 3.07%    |
| F                         | Retail Trade      | 7,353,956            | 1.82%    |
| G                         | Retail Trade      | 6,436,267            | 1.59%    |
| H                         | Utility           | 5,952,830            | 1.47%    |
| I                         | Food and Beverage | 5,052,919            | 1.25%    |
| J                         | Retail Trade      | 4,595,830            | 1.14%    |
| Subtotal (10 largest)     |                   | 171,252,365          | 42.39%   |
| Balance from other payers |                   | 232,770,742          | 57.61%   |
| Grand totals              |                   | \$ 404,023,107       | 100.00%  |

**Fiscal Year 2008**

| <u>Business</u>           | <u>Category</u> | <u>Taxable Sales</u> | <u>%</u> |
|---------------------------|-----------------|----------------------|----------|
| A                         | Retail Trade    | \$ 82,675,769        | 21.43%   |
| B                         | Retail Trade    | 18,594,549           | 4.82%    |
| C                         | Utility         | 14,044,586           | 3.64%    |
| D                         | Retail Trade    | 10,247,965           | 2.66%    |
| E                         | Utility         | 10,231,774           | 2.65%    |
| F                         | Retail Trade    | 8,775,398            | 2.27%    |
| G                         | Retail Trade    | 8,098,205            | 2.10%    |
| H                         | Retail Trade    | 4,816,999            | 1.25%    |
| I                         | Utility         | 3,951,420            | 1.02%    |
| J                         | Retail Trade    | 3,886,784            | 1.01%    |
| Subtotal (10 largest)     |                 | 165,323,449          | 42.85%   |
| Balance from other payers |                 | 220,518,426          | 57.15%   |
| Grand totals              |                 | \$ 385,841,875       | 100.00%  |

Source: Kansas Department of Revenue



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

| <b>Fiscal<br/>Year</b> | <b>Crawford<br/>County (1)</b> | <b>City<br/>Memorial<br/>Auditorium</b> | <b>City<br/>Capital<br/>Outlay</b> | <b>City<br/>Economic<br/>Development</b> | <b>City<br/>Public Safety<br/>Debt (2)</b> | <b>City<br/>Street<br/>Improvements (3)</b> | <b>City<br/>Public Safety (4)</b> | <b>City<br/>Tax Increment<br/>Financing (5)</b> | <b>City<br/>Transportation<br/>Development<br/>District (6)</b> | <b>Total</b> |
|------------------------|--------------------------------|-----------------------------------------|------------------------------------|------------------------------------------|--------------------------------------------|---------------------------------------------|-----------------------------------|-------------------------------------------------|-----------------------------------------------------------------|--------------|
| 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    |
| 2016                   | 2,249,353                      | 461,813                                 | 461,813                            | 924,323                                  | 1,991,158                                  | 995,927                                     | 1,991,158                         | 286,419                                         | 98,330                                                          | 9,460,294    |
| 2017                   | 2,397,115                      | 479,151                                 | 479,151                            | 959,151                                  | 1,550,373                                  | 1,288,354                                   | 2,063,270                         | 291,941                                         | 97,892                                                          | 9,606,398    |

(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, expired September 30, 2017.

(3) City street improvements sales tax became effective April 1, 2011 and is used for City street improvements, renewed April 1, 2016.  
Additional one quarter percent effective October 1, 2017.

(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**

| <b>Fiscal<br/>Year</b> | <b>Gallons of<br/>Water<br/>Produced</b> | <b>Gallons of<br/>Water<br/>Consumed</b> | <b>Gallons of<br/>Water<br/>Unbilled</b> | <b>Average<br/>Percent<br/>Unbilled</b> | <b>Gallons of<br/>Wastewater<br/>Treated</b> | <b>Total Direct Rate</b> |                           |                          |                           |
|------------------------|------------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
|                        |                                          |                                          |                                          |                                         |                                              | <b>Water</b>             |                           | <b>Sewer</b>             |                           |
|                        |                                          |                                          |                                          |                                         |                                              | <b>Base<br/>Rate (1)</b> | <b>Usage<br/>Rate (2)</b> | <b>Base<br/>Rate (1)</b> | <b>Usage<br/>Rate (2)</b> |
| 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                  |
| 2016                   | 819                                      | 696                                      | 123                                      | 15.02%                                  | 1,051                                        | \$ 11.45                 | Variable                  | \$ 19.98                 | Variable                  |
| 2017                   | 784                                      | 691                                      | 93                                       | 11.86%                                  | 757                                          | \$ 11.56                 | Variable                  | \$ 20.18                 | 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**

| <b>Fiscal<br/>Year</b> | <b>Water<br/>Meter Taps<br/><u>Sold</u></b> | <b>Sewer Taps<br/><u>Sold</u></b> | <b><u>Total Taps</u></b> |
|------------------------|---------------------------------------------|-----------------------------------|--------------------------|
| 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                       |
| 2016                   | 14                                          | 7                                 | 21                       |
| 2017                   | 11                                          | 7                                 | 18                       |

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

| <b>Fiscal<br/>Year</b> | <b>WATER</b>       |                   |                   |              | <b>SEWER</b>       |                   |                   |              | <b>TOTAL</b> |              |
|------------------------|--------------------|-------------------|-------------------|--------------|--------------------|-------------------|-------------------|--------------|--------------|--------------|
|                        | <b>RESIDENTIAL</b> | <b>COMMERCIAL</b> | <b>INDUSTRIAL</b> | <b>OTHER</b> | <b>RESIDENTIAL</b> | <b>COMMERCIAL</b> | <b>INDUSTRIAL</b> | <b>OTHER</b> | <b>WATER</b> | <b>SEWER</b> |
| 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        |
| 2016                   | 7,605              | 540               | 46                | 216          | 7,050              | 510               | 42                | 138          | 8,407        | 7,740        |
| 2017                   | 7,673              | 630               | 46                | 142          | 7,559              | 554               | 46                | 219          | 8,491        | 8,378        |

Note: na means data unavailable.

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

|                                                                   | Effective<br>Jan 1st<br>2008 | Effective<br>Jan 1st<br>2008 | Effective<br>Jan 1st<br>2009 | Effective<br>Jan 1st<br>2009 | Effective<br>Jul 1st<br>2010 | Effective<br>Jan 1st<br>2010 | Effective<br>Jul 1st<br>2011 | Effective<br>Jan 1st<br>2011 | Effective<br>Jul 1st<br>2012 | Effective<br>Jan 1st<br>2013 | Effective<br>Jul 1st<br>2014 | Effective<br>Jan 1st<br>2015 | Effective<br>Jan 1st<br>2016 | Effective<br>Jan 1st<br>2017 |
|-------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b><u>WATER RATES PER MONTH, INSIDE CITY LIMITS</u></b>           |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET                | \$ 7.59                      | \$ 7.97                      | \$ 8.21                      | \$ 8.79                      | \$ 9.06                      | \$ 9.70                      | \$ 9.99                      | \$ 10.69                     | \$ 11.01                     | \$ 11.01                     | \$ 11.01                     | \$ 11.34                     | \$ 11.45                     | \$ 11.56                     |
| 2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET                        | 3.14                         | 3.30                         | 3.40                         | 3.64                         | 3.75                         | 4.02                         | 4.14                         | 4.43                         | 4.56                         | 4.56                         | 4.56                         | 4.70                         | 4.75                         | 4.80                         |
| 3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET                      | 2.95                         | 3.10                         | 3.20                         | 3.43                         | 3.54                         | 3.79                         | 3.90                         | 4.17                         | 4.30                         | 4.30                         | 4.30                         | 4.43                         | 4.47                         | 4.51                         |
| 4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET                      | 2.81                         | 2.96                         | 3.05                         | 3.27                         | 3.37                         | 3.61                         | 3.72                         | 3.98                         | 4.10                         | 4.10                         | 4.10                         | 4.22                         | 4.26                         | 4.30                         |
| 5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET                      | 2.61                         | 2.75                         | 2.84                         | 3.04                         | 3.14                         | 3.36                         | 3.46                         | 3.70                         | 3.81                         | 3.81                         | 3.81                         | 3.92                         | 3.96                         | 4.00                         |
| 6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET                      | 2.47                         | 2.60                         | 2.68                         | 2.87                         | 2.96                         | 3.17                         | 3.27                         | 3.50                         | 3.61                         | 3.61                         | 3.61                         | 3.72                         | 3.76                         | 3.80                         |
| 7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET                     | 2.30                         | 2.42                         | 2.50                         | 2.68                         | 2.76                         | 2.96                         | 3.05                         | 3.26                         | 3.36                         | 3.36                         | 3.36                         | 3.46                         | 3.49                         | 3.52                         |
| 8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                    | 2.08                         | 2.19                         | 2.26                         | 2.42                         | 2.50                         | 2.68                         | 2.76                         | 2.95                         | 3.04                         | 3.04                         | 3.04                         | 3.13                         | 3.16                         | 3.19                         |
| 9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                    | 1.92                         | 2.02                         | 2.09                         | 2.24                         | 2.31                         | 2.48                         | 2.55                         | 2.73                         | 2.81                         | 2.81                         | 2.81                         | 2.89                         | 3.16                         | 3.19                         |
| 10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.77                         | 1.86                         | 1.92                         | 2.06                         | 2.13                         | 2.28                         | 2.35                         | 2.51                         | 2.59                         | 2.59                         | 2.59                         | 2.67                         | 3.16                         | 3.19                         |
| 11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.62                         | 1.71                         | 1.77                         | 1.90                         | 1.96                         | 2.10                         | 2.16                         | 2.31                         | 2.38                         | 2.38                         | 2.38                         | 2.45                         | 3.16                         | 3.19                         |
| 12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.51                         | 1.59                         | 1.64                         | 1.76                         | 1.82                         | 1.95                         | 2.01                         | 2.15                         | 2.21                         | 2.21                         | 2.21                         | 2.28                         | 3.16                         | 3.19                         |
| 13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.39                         | 1.46                         | 1.51                         | 1.62                         | 1.67                         | 1.79                         | 1.84                         | 1.97                         | 2.03                         | 2.03                         | 2.03                         | 2.09                         | 3.16                         | 3.19                         |
| 14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.28                         | 1.35                         | 1.39                         | 1.49                         | 1.54                         | 1.65                         | 1.70                         | 1.82                         | 1.87                         | 1.87                         | 1.87                         | 1.93                         | 3.16                         | 3.19                         |
| 15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET     | 1.18                         | 1.24                         | 1.28                         | 1.37                         | 1.42                         | 1.52                         | 1.57                         | 1.68                         | 1.73                         | 1.73                         | 1.73                         | 1.78                         | 3.16                         | 3.19                         |
| <b><u>WATER RATES PER MONTH, OUTSIDE CITY LIMITS</u></b>          |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET                | \$ 15.17                     | \$ 15.93                     | \$ 16.41                     | \$ 17.56                     | \$ 18.09                     | \$ 19.36                     | \$ 19.94                     | \$ 21.34                     | \$ 21.98                     | \$ 21.98                     | \$ 21.98                     | \$ 22.64                     | \$ 22.87                     | \$ 23.10                     |
| 2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET                        | 5.57                         | 5.85                         | 6.03                         | 6.46                         | 6.66                         | 7.13                         | 7.34                         | 7.85                         | 8.09                         | 8.09                         | 8.09                         | 8.33                         | 8.41                         | 8.49                         |
| 3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET                      | 4.34                         | 4.56                         | 4.70                         | 5.03                         | 5.18                         | 5.55                         | 5.72                         | 6.12                         | 6.30                         | 6.30                         | 6.30                         | 6.49                         | 6.55                         | 6.62                         |
| 4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET                      | 3.14                         | 3.30                         | 3.40                         | 3.64                         | 3.75                         | 4.02                         | 4.14                         | 4.43                         | 4.56                         | 4.56                         | 4.56                         | 4.70                         | 4.75                         | 4.80                         |
| 5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET                      | 2.95                         | 3.10                         | 3.20                         | 3.43                         | 3.54                         | 3.79                         | 3.90                         | 4.17                         | 4.30                         | 4.30                         | 4.30                         | 4.43                         | 4.47                         | 4.51                         |
| 6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET                      | 2.81                         | 2.96                         | 3.05                         | 3.27                         | 3.37                         | 3.61                         | 3.72                         | 3.98                         | 4.10                         | 4.10                         | 4.10                         | 4.22                         | 4.26                         | 4.30                         |
| 7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET                     | 2.61                         | 2.75                         | 2.84                         | 3.04                         | 3.14                         | 3.36                         | 3.46                         | 3.70                         | 3.81                         | 3.81                         | 3.81                         | 3.92                         | 3.96                         | 4.00                         |
| 8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                    | 2.47                         | 2.60                         | 2.68                         | 2.87                         | 2.96                         | 3.17                         | 3.27                         | 3.50                         | 3.61                         | 3.61                         | 3.61                         | 3.72                         | 3.76                         | 3.80                         |
| 9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                    | 2.20                         | 2.31                         | 2.38                         | 2.55                         | 2.63                         | 2.82                         | 2.90                         | 3.10                         | 3.19                         | 3.19                         | 3.19                         | 3.29                         | 3.76                         | 3.80                         |
| 10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 2.03                         | 2.14                         | 2.21                         | 2.37                         | 2.45                         | 2.63                         | 2.71                         | 2.90                         | 2.99                         | 2.99                         | 2.99                         | 3.08                         | 3.76                         | 3.80                         |
| 11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.86                         | 1.96                         | 2.02                         | 2.17                         | 2.24                         | 2.40                         | 2.47                         | 2.64                         | 2.72                         | 2.72                         | 2.72                         | 2.80                         | 3.76                         | 3.80                         |
| 12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.71                         | 1.80                         | 1.86                         | 2.00                         | 2.06                         | 2.21                         | 2.28                         | 2.44                         | 2.51                         | 2.51                         | 2.51                         | 2.59                         | 3.76                         | 3.80                         |
| 13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.59                         | 1.67                         | 1.72                         | 1.85                         | 1.91                         | 2.05                         | 2.11                         | 2.26                         | 2.33                         | 2.33                         | 2.33                         | 2.40                         | 3.76                         | 3.80                         |
| 14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET                   | 1.45                         | 1.53                         | 1.58                         | 1.70                         | 1.76                         | 1.89                         | 1.95                         | 2.09                         | 2.15                         | 2.15                         | 2.15                         | 2.21                         | 3.76                         | 3.80                         |
| 15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET     | 1.35                         | 1.42                         | 1.47                         | 1.58                         | 1.63                         | 1.75                         | 1.80                         | 1.93                         | 1.99                         | 1.99                         | 1.99                         | 2.05                         | 3.76                         | 3.80                         |
| <b><u>SANITARY SEWER RATES PER MONTH, INSIDE CITY LIMITS</u></b>  |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET                | \$ 13.24                     | \$ 13.91                     | \$ 14.33                     | \$ 15.34                     | \$ 15.80                     | \$ 16.91                     | \$ 17.42                     | \$ 18.64                     | \$ 19.20                     | \$ 19.20                     | \$ 19.20                     | \$ 19.78                     | \$ 19.98                     | \$ 20.18                     |
| 2. USER CHARGE, PER 100 CUBIC FEET PER MONTH                      | 1.89                         | 1.99                         | 2.05                         | 2.20                         | 2.27                         | 2.43                         | 2.50                         | 2.68                         | 2.76                         | 2.76                         | 2.76                         | 2.84                         | 2.87                         | 2.90                         |
| <b><u>SANITARY SEWER RATES PER MONTH, OUTSIDE CITY LIMITS</u></b> |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET                | \$ 26.40                     | \$ 27.72                     | \$ 28.56                     | \$ 30.56                     | \$ 31.48                     | \$ 33.69                     | \$ 34.70                     | \$ 37.13                     | \$ 38.24                     | \$ 38.24                     | \$ 38.24                     | \$ 39.39                     | \$ 39.78                     | \$ 40.18                     |
| 2. USER CHARGE, PER 100 CUBIC FEET PER MONTH                      | 3.73                         | 3.92                         | 4.04                         | 4.33                         | 4.46                         | 4.78                         | 4.92                         | 5.26                         | 5.42                         | 5.42                         | 5.42                         | 5.58                         | 5.64                         | 5.70                         |
| <b><u>STORMWATER RATES PER MONTH, INSIDE CITY LIMITS ONLY</u></b> |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |                              |
| 1. PER ERU (1)                                                    | \$ 3.26                      | \$ 3.26                      | \$ 3.36                      | \$ 3.36                      | \$ 3.46                      | \$ 3.46                      | \$ 3.56                      | \$ 3.56                      | \$ 3.67                      | \$ 3.67                      | \$ 3.67                      | \$ 3.78                      | \$ 3.82                      | \$ 3.86                      |

(1) 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**

| <b><u>Customer</u></b>       | <b>Fiscal Year 2017</b> |                 |                      |                 |
|------------------------------|-------------------------|-----------------|----------------------|-----------------|
|                              | <b>Water Revenue</b>    |                 | <b>Sewer Revenue</b> |                 |
|                              | <b><u>Amount</u></b>    | <b><u>%</u></b> | <b><u>Amount</u></b> | <b><u>%</u></b> |
| Sugar Creek Packing Company  | \$ 296,770              | 7.30%           | \$ 438,016           | 12.01%          |
| Pittsburg State University   | 175,147                 | 4.31%           | 76,812               | 2.11%           |
| Via Christi Hospital         | 65,604                  | 1.61%           | 34,792               | 0.95%           |
| Crimson Villas               | 49,739                  | 1.22%           | 33,016               | 0.91%           |
| Sycamore Village Residences  | 35,955                  | 0.88%           | 25,721               | 0.71%           |
| USD 250 Public Schools       | 35,010                  | 0.86%           | 24,834               | 0.68%           |
| Summerscape LLC              | 42,955                  | 1.06%           | 15,924               | 0.44%           |
| Pittsburg Care and Rehab     | 30,058                  | 0.74%           | 21,717               | 0.60%           |
| Parkview Community           | 26,345                  | 0.65%           | 13,210               | 0.36%           |
| West 4th Sewer District      | -                       | 0.00%           | 39,044               | 1.07%           |
| Subtotal (10 largest)        | 757,583                 | 18.64%          | 723,086              | 19.83%          |
| Balance from other customers | <u>3,306,908</u>        | <u>81.36%</u>   | <u>2,923,611</u>     | <u>80.17%</u>   |
| Grand totals                 | <u>\$ 4,064,491</u>     | <u>100.00%</u>  | <u>\$ 3,646,697</u>  | <u>100.00%</u>  |

| <b><u>Customer</u></b>        | <b>Fiscal Year 2008</b> |                 |                      |                 |
|-------------------------------|-------------------------|-----------------|----------------------|-----------------|
|                               | <b>Water Revenue</b>    |                 | <b>Sewer Revenue</b> |                 |
|                               | <b><u>Amount</u></b>    | <b><u>%</u></b> | <b><u>Amount</u></b> | <b><u>%</u></b> |
| Superior Industries           | \$ 164,857              | 5.46%           | \$ 100,122           | 3.97%           |
| Sugar Creek Packing Company   | 104,880                 | 3.47%           | 91,438               | 3.62%           |
| Pittsburg State University    | 114,483                 | 3.79%           | 48,336               | 1.92%           |
| Via Christi Hospital          | 45,501                  | 1.51%           | 35,763               | 1.42%           |
| Parkview Community            | 27,045                  | 0.90%           | 20,822               | 0.83%           |
| Pitt Plastics                 | 19,567                  | 0.65%           | 12,072               | 0.48%           |
| Corner Stone Village          | 13,068                  | 0.43%           | 10,265               | 0.41%           |
| Miller's Professional Imaging | 10,106                  | 0.33%           | 9,896                | 0.39%           |
| Vinylplex                     | 12,851                  | 0.43%           | 6,566                | 0.26%           |
| Golden Living Center          | <u>10,106</u>           | <u>0.33%</u>    | <u>8,566</u>         | <u>0.34%</u>    |
| Subtotal (10 largest)         | 522,464                 | 17.31%          | 343,846              | 13.63%          |
| Balance from other customers  | <u>2,495,852</u>        | <u>82.69%</u>   | <u>2,179,600</u>     | <u>86.37%</u>   |
| Grand totals                  | <u>\$ 3,018,316</u>     | <u>100.00%</u>  | <u>\$ 2,523,446</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**

|             | Governmental Activities |            |              |                |              | Business-type Activities |              |               |             |        |  |
|-------------|-------------------------|------------|--------------|----------------|--------------|--------------------------|--------------|---------------|-------------|--------|--|
|             |                         |            |              | Sales Tax      | Tax          |                          |              |               |             |        |  |
| Fiscal Year | General                 | Special    | Capital      | Transportation | Increment    | General                  | K.D.H.E.     | Total         | Percentage  | Per    |  |
|             | Obligation              | Assessment | Leases       | District       | Financing    | Obligation               | Loans        | Primary       | of Personal | Capita |  |
|             | Bonds                   | Bonds      |              | Bonds (1)      | Bonds (2)    | Bonds (3)                |              | Government    | Income      |        |  |
| 2008        | \$ 22,580,297           | \$ -       | \$ 1,786,707 | \$ 1,370,000   | \$ 5,975,000 | \$ 3,864,703             | \$ 4,552,400 | \$ 40,129,107 | 3.3%        | 2,054  |  |
| 2009        | 21,578,483              | -          | 1,694,340    | 1,340,000      | 5,715,000    | 3,671,517                | 4,896,290    | 38,895,630    | 3.2%        | 1,981  |  |
| 2010        | 19,065,099              | -          | 1,598,146    | 1,310,000      | 5,500,000    | 3,144,901                | 10,180,288   | 40,798,434    | 3.3%        | 2,016  |  |
| 2011        | 16,579,281              | -          | 1,497,969    | 1,275,000      | 5,265,000    | 2,595,719                | 12,774,063   | 39,987,032    | 3.1%        | 1,976  |  |
| 2012        | 14,950,198              | -          | 1,393,645    | 1,235,000      | 5,010,000    | 2,229,802                | 13,836,918   | 38,655,563    | 2.9%        | 1,911  |  |
| 2013        | 13,959,346              | -          | -            | 1,195,000      | 4,735,000    | 1,580,654                | 13,531,466   | 35,001,466    | 2.6%        | 1,716  |  |
| 2014        | 14,405,592              | -          | 1,881,075    | 1,150,000      | 4,390,000    | 2,824,408                | 13,686,824   | 38,337,899    | 2.9%        | 1,879  |  |
| 2015        | 10,651,202              | -          | 1,845,535    | 1,100,000      | 4,070,000    | 8,743,798                | 4,126,327    | 30,536,862    | 2.3%        | 1,497  |  |
| 2016        | 12,519,325              | 6,539,218  | 1,639,850    | 1,045,000      | 3,875,000    | 8,143,564                | 3,873,650    | 37,635,607    | 2.8%        | 1,848  |  |
| 2017        | 9,348,680               | 6,537,257  | 1,426,593    | 970,000        | 3,305,000    | 7,151,756                | 3,662,290    | 32,401,576    | 2.2%        | 1,591  |  |

(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</u> | <u>Less Amount Available in Debt Service Fund</u> | <u>Total</u>  | <u>Actual Taxable Value of Property (1)</u> | <u>Percentage of Actual Taxable Value of Property</u> | <u>Per Capita</u> |
| 2008                                   | \$ 26,445,000                   | \$ 1,389,729                                      | \$ 25,055,271 | \$ 858,685,005                              | 2.92%                                                 | \$ 1,283          |
| 2009                                   | 25,250,000                      | 1,732,912                                         | 23,517,088    | 853,339,722                                 | 2.76%                                                 | 1,197             |
| 2010                                   | 22,210,000                      | 1,387,623                                         | 20,822,377    | 839,013,748                                 | 2.48%                                                 | 1,029             |
| 2011                                   | 19,175,000                      | 1,058,470                                         | 18,116,530    | 854,706,247                                 | 2.12%                                                 | 895               |
| 2012                                   | 17,180,000                      | 1,067,000                                         | 16,113,000    | 817,384,174                                 | 1.97%                                                 | 796               |
| 2013                                   | 15,540,000                      | 908,051                                           | 14,631,949    | 816,860,679                                 | 1.79%                                                 | 717               |
| 2014                                   | 17,230,000                      | 850,457                                           | 16,379,543    | 861,828,805                                 | 1.90%                                                 | 803               |
| 2015                                   | 19,395,000                      | 807,700                                           | 18,587,300    | 843,786,180                                 | 2.20%                                                 | 911               |
| 2016                                   | 20,662,889                      | 882,012                                           | 19,780,877    | 857,536,477                                 | 2.31%                                                 | 971               |
| 2017                                   | 16,500,436                      | 964,528                                           | 15,535,908    | 895,052,217                                 | 1.74%                                                 | 763               |

(1) Source: Crawford County Clerk



**City of Pittsburg, Kansas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2017**

| <u><b>Governmental Unit</b></u>   | <u><b>Debt<br/>Outstanding (1)</b></u> | <u><b>Estimated<br/>Percentage<br/>Applicable (1)</b></u> | <u><b>Estimated<br/>Share of<br/>Direct and<br/>Overlapping<br/>Debt</b></u> |
|-----------------------------------|----------------------------------------|-----------------------------------------------------------|------------------------------------------------------------------------------|
| Debt repaid with property taxes   |                                        |                                                           |                                                                              |
| Crawford County                   | \$ 2,586,134                           | 52.25%                                                    | \$ 1,351,255                                                                 |
| Frontenac U.S.D. 249              | 4,615,000                              | 4.91%                                                     | 226,597                                                                      |
| Pittsburg U.S.D. 250              | 45,680,573                             | 84.29%                                                    | <u>38,504,155</u>                                                            |
| Subtotal, overlapping debt        |                                        |                                                           | 40,082,006                                                                   |
| City direct debt (2)              |                                        |                                                           | <u>18,282,530</u>                                                            |
| Total direct and overlapping debt |                                        |                                                           | <u><u>\$ 58,364,536</u></u>                                                  |

(1) Source: Crawford County Clerk

(2) The City's direct debt total excludes business type activities debt and the TIF bonds as the City bears no responsibility on repaying the TIF bonds.

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 2017**

|                                            |                      |
|--------------------------------------------|----------------------|
| Assessed Valuation (1)                     | \$ 146,674,330       |
| Legal Debt Limit (2)                       | 44,002,299           |
| General Obligation Bonds                   | 16,060,000           |
| Less Amount Available in Debt Service Fund | <u>(964,528)</u>     |
| Total net debt applicable to limit         | <u>15,095,472</u>    |
| Legal debt margin                          | <u>\$ 28,906,827</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>2016</u>          | <u>2017</u>          |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit                                                              | \$ 44,244,609        | \$ 41,876,403        | \$ 40,658,921        | \$ 40,479,510        | \$ 40,575,801        | \$ 40,699,087        | \$ 40,750,814        | \$ 40,750,814        | \$ 40,980,164        | \$ 44,002,299        |
| Total net debt applicable to limit                                      | <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>    | <u>11,502,295</u>    | <u>15,095,472</u>    |
| Legal debt margin                                                       | <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> | <u>\$ 29,477,869</u> | <u>\$ 28,906,827</u> |
| Total net debt applicable to the<br>limit as a percentage of debt limit | 56.63%               | 56.16%               | 51.21%               | 44.75%               | 39.71%               | 34.89%               | 45.61%               | 45.61%               | 28.07%               | 34.31%               |

(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 | City Subsidy | 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   |          |  |
| 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              | 11,009       | 2            | 11,009        | 74,665                | 35,000       | 62,040    | 0.77     | 268,328                           | 278,638                | 20           | 3,020         | 543,966               | 235,000      | 257,832    | 1.10     |  |
| 2012                                        | 77,302              | 28,000       | 2            | 1,752         | 103,552               | 40,000       | 60,240    | 1.03     | 290,926                           | 178,193                | 17           | 3,017         | 466,119               | 255,000      | 246,807    | 0.93     |  |
| 2013                                        | 84,640              | 23,605       | 2            | 1,752         | 106,495               | 40,000       | 58,320    | 1.08     | 313,234                           | 275,924                | 14           | 3,014         | 586,158               | 275,000      | 234,883    | 1.15     |  |
| 2014                                        | 99,251              | 13,250       | 2            | 1,752         | 110,751               | 45,000       | 56,280    | 1.09     | 395,003                           | 178,132                | 20           | 3,020         | 570,135               | 345,000      | 222,057    | 1.01     |  |
| 2015                                        | 99,749              | 13,925       | 2            | 1,752         | 111,924               | 50,000       | 54,000    | 1.08     | 296,587                           | 265,509                | 19           | 3,019         | 559,096               | 320,000      | 205,850    | 1.06     |  |
| 2016                                        | 98,330              | 9,800        | 10           | 1,760         | 106,380               | 55,000       | 51,480    | 1.00     | 286,419                           | 282,370                | 122          | 3,122         | 565,789               | 195,000      | 194,263    | 1.45     |  |
| 2017                                        | 97,891              | 13,600       | 398          | 1,941         | 109,948               | 85,000       | 48,720    | 0.82     | 291,941                           | 283,892                | 2,115        | 4,173         | 573,775               | 570,000      | 180,810    | 0.76     |  |

(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**

| <b>Fiscal Year</b> | <b>Pittsburg Population (1)</b> | <b>Pittsburg Micropolitan Area Population (2)</b> | <b>Pittsburg Micropolitan Area Personal Income (2)</b> | <b>Pittsburg Micropolitan Area Per Capita Income</b> | <b>Public School Enrollment (3)</b> | <b>Pittsburg State University Enrollment (4)</b> | <b>Unemployment Rate (5)</b> | <b>Median Age (1)</b> |
|--------------------|---------------------------------|---------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|-------------------------------------|--------------------------------------------------|------------------------------|-----------------------|
| 2008               | 19,536                          | 38,997                                            | \$ 1,230,898,000                                       | \$ 31,564                                            | 2,640                               | 7,127                                            | 6.1%                         | 28.1                  |
| 2009               | 19,639                          | 38,966                                            | 1,215,569,000                                          | 31,196                                               | 2,704                               | 7,277                                            | 6.8%                         | 28.1                  |
| 2010               | 20,233                          | 39,177                                            | 1,219,481,000                                          | 31,127                                               | 2,656                               | 7,131                                            | 7.1%                         | 26.2                  |
| 2011               | 20,233                          | 39,198                                            | 1,272,119,000                                          | 32,454                                               | 2,765                               | 7,275                                            | 6.8%                         | 26.2                  |
| 2012               | 20,233                          | 39,369                                            | 1,319,174,000                                          | 33,508                                               | 2,848                               | 7,289                                            | 5.5%                         | 26.2                  |
| 2013               | 20,398                          | 39,312                                            | 1,333,722,000                                          | 33,927                                               | 2,897                               | 7,400                                            | 5.0%                         | 26.2                  |
| 2014               | 20,398                          | 39,327                                            | 1,323,528,000                                          | 33,654                                               | 2,861                               | 7,479                                            | 4.5%                         | 26.2                  |
| 2015               | 20,398                          | 39,231                                            | 1,339,548,000                                          | 34,145                                               | 2,945                               | 7,244                                            | 4.3%                         | 26.2                  |
| 2016               | 20,366                          | 39,164                                            | 1,351,487,000                                          | 34,508                                               | 2,934                               | 7,102                                            | 4.4%                         | 26.2                  |
| 2017               | 20,366                          | 39,333                                            | 1,451,859,696                                          | 36,912                                               | 3,006                               | 6,907                                            | 3.5%                         | 26.1                  |

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

(2) Source: U.S. Bureau of Economic Analysis (Pittsburg Micropolitan 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>2017</u>                                  |             |                                                   | <u>2008</u>                                  |             |                                                   |
|----------------------------|------------------------------|----------------------------------------------|-------------|---------------------------------------------------|----------------------------------------------|-------------|---------------------------------------------------|
|                            |                              | <u>Estimated<br/>Number of<br/>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total<br/>Employment (3)</u> | <u>Estimated<br/>Number of<br/>Employees</u> | <u>Rank</u> | <u>Percentage<br/>of Total<br/>Employment (3)</u> |
| Pittsburg State University | University                   | 1,867                                        | 1           | 10.14%                                            | 1,807                                        | 1           | 9.95%                                             |
| Downstream Casino          | Entertainment                | 1,100                                        | 2           | 5.98%                                             | na                                           | na          | na                                                |
| Pittsburg U.S.D. # 250     | Public School K-12           | 684                                          | 3           | 3.72%                                             | 563                                          | 3           | 3.10%                                             |
| Via Christi Health         | Regional Hospital            | 677                                          | 4           | 3.68%                                             | 750                                          | 2           | 4.13%                                             |
| Sugar Creek Packing (2)    | Food Products                | 540                                          | 5           | 2.93%                                             | na                                           | na          | na                                                |
| Wal-Mart Supercenter       | Retail & Grocery             | 380                                          | 6           | 2.06%                                             | 380                                          | 4           | 2.09%                                             |
| Pitt Plastics Inc.         | Polyethylene Bags            | 293                                          | 7           | 1.59%                                             | 357                                          | 5           | 1.97%                                             |
| Miller's Inc.              | Professional Photo Finishing | 287                                          | 8           | 1.56%                                             | 238                                          | 6           | 1.31%                                             |
| NPC International          | Corporate Offices            | 274                                          | 9           | 1.49%                                             | na                                           | na          | na                                                |
| City of Pittsburg (4)      | City Government              | 228                                          | 10          | 1.24%                                             | 216                                          | 7           | 1.19%                                             |
| Masonite                   | Steel Door Manufacturer      | 225                                          | 11          | 1.22%                                             | 215                                          | 8           | 1.18%                                             |
| Pitsco, Inc.               | Educational Systems          | 222                                          | 12          | 1.21%                                             | 202                                          | 9           | 1.11%                                             |
| Community Health Center    | Health Care                  | 164                                          | 13          | 0.89%                                             | na                                           | na          | na                                                |
| Names and Numbers          | Publishing                   | 160                                          | 14          | 0.87%                                             | na                                           | na          | na                                                |
| Triple T Foods (2)         | Animal Food Products         | 160                                          | 15          | 0.87%                                             | na                                           | na          | na                                                |
| Total                      |                              | <u>7,261</u>                                 |             | <u>39.44%</u>                                     | <u>4,728</u>                                 |             | <u>26.02%</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).

Note: na means data unavailable.

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

|                                        | 2008                   |                     | 2009                   |                     | 2010                   |                     | 2011                   |                     | 2012                   |                     | 2013                   |                     | 2014                   |                     | 2015                   |                     | 2016                   |                     | 2017                   |                     |
|----------------------------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|
|                                        | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total | Number of<br>Employees | Percent<br>of Total |
| <b>Governmental-type Activities</b>    |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| <u>Administration</u>                  |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| General Administration                 | 8                      | 3.9%                | 8                      | 4.2%                | 8                      | 4.1%                | 9                      | 4.5%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 0.0%                |
| City Manager                           |                        |                     |                        |                     |                        |                     |                        |                     | 2                      | 1.0%                | 2                      | 1.0%                | 2                      | 0.9%                | 2                      | 0.9%                | 2                      | 0.9%                | 3                      | 1.3%                |
| City Attorney                          |                        |                     |                        |                     |                        |                     |                        |                     | 1                      | 0.5%                | 1                      | 0.5%                | 1                      | 0.5%                | 1                      | 0.4%                | 1                      | 0.4%                | 1                      | 0.4%                |
| City Clerk                             |                        |                     |                        |                     |                        |                     |                        |                     | 1                      | 0.5%                | 1                      | 0.5%                | 1                      | 0.5%                | 1                      | 0.4%                | 1                      | 0.4%                | 1                      | 0.4%                |
| Finance Department                     |                        |                     |                        |                     |                        |                     |                        |                     | 4                      | 2.0%                | 4                      | 2.0%                | 5                      | 2.3%                | 5                      | 2.2%                | 5                      | 2.2%                | 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                      | 0.9%                | 2                      | 0.9%                | 2                      | 0.9%                | 2                      | 0.9%                |
| Information Systems Division           | 4                      | 1.9%                | 4                      | 2.1%                | 3                      | 1.5%                | 4                      | 2.0%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.4%                | 3                      | 1.3%                | 4                      | 1.8%                | 4                      | 1.8%                |
| Total Administration                   | 14                     | 6.8%                | 14                     | 7.3%                | 13                     | 6.7%                | 15                     | 7.5%                | 13                     | 6.5%                | 13                     | 6.3%                | 14                     | 6.4%                | 14                     | 6.3%                | 15                     | 6.7%                | 16                     | 7.0%                |
| <u>Public Safety</u>                   |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| Police Division                        | 52                     | 25.1%               | 48                     | 25.0%               | 49                     | 25.3%               | 50                     | 24.9%               | 52                     | 26.1%               | 54                     | 26.3%               | 69                     | 31.4%               | 70                     | 31.4%               | 71                     | 31.6%               | 73                     | 32.0%               |
| Fire Division                          | 34                     | 16.4%               | 32                     | 16.7%               | 33                     | 17.0%               | 35                     | 17.4%               | 36                     | 18.1%               | 35                     | 17.1%               | 35                     | 15.9%               | 35                     | 15.7%               | 35                     | 15.6%               | 35                     | 15.4%               |
| Building Services Division             |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     | 5                      | 2.3%                | 5                      | 2.2%                | 5                      | 2.2%                | 4                      | 1.8%                |
| Codes Enforcement Division             | 11                     | 5.3%                | 8                      | 4.2%                | 8                      | 4.1%                | 8                      | 4.0%                | 6                      | 3.0%                | 7                      | 3.4%                | 4                      | 1.8%                | 4                      | 1.8%                | 2                      | 0.9%                | 2                      | 0.9%                |
| Safety Division                        | 1                      | 0.5%                | 1                      | 0.5%                | 1                      | 0.5%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 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%                | 2                      | 1.0%                | 2                      | 1.0%                | 2                      | 0.9%                | 2                      | 0.9%                | 2                      | 0.9%                | 2                      | 0.9%                |
| Municipal Court Division               | 6                      | 2.9%                | 6                      | 3.1%                | 6                      | 3.1%                | 6                      | 3.0%                | 5                      | 2.5%                | 6                      | 2.9%                | 6                      | 2.7%                | 6                      | 2.7%                | 6                      | 2.7%                | 6                      | 2.6%                |
| Total Public Safety                    | 105                    | 50.8%               | 96                     | 50.1%               | 98                     | 50.6%               | 100                    | 49.9%               | 101                    | 50.9%               | 104                    | 50.8%               | 121                    | 55.1%               | 122                    | 54.8%               | 121                    | 53.9%               | 122                    | 53.6%               |
| <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                      | 0.9%                | 3                      | 1.3%                | 3                      | 1.3%                | 3                      | 1.3%                |
| Facility Maintenance Division          | -                      | 0.0%                | 3                      | 1.6%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.4%                | 3                      | 1.3%                | 3                      | 1.3%                | 3                      | 1.3%                |
| Street & Highway Division              | 13                     | 6.3%                | 12                     | 6.3%                | 12                     | 6.2%                | 12                     | 6.0%                | 12                     | 6.0%                | 12                     | 5.9%                | 11                     | 5.0%                | 11                     | 4.9%                | 10                     | 4.4%                | 10                     | 4.4%                |
| Atkinson Airport Division              | 4                      | 1.9%                | 3                      | 1.6%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.4%                | 3                      | 1.3%                | 3                      | 1.3%                | 3                      | 1.3%                |
| Total Public Safety                    | 19                     | 9.2%                | 20                     | 10.4%               | 20                     | 10.3%               | 20                     | 10.0%               | 20                     | 10.1%               | 20                     | 9.8%                | 19                     | 8.6%                | 20                     | 9.0%                | 19                     | 8.4%                | 19                     | 8.3%                |
| <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                      | 0.4%                | 1                      | 0.4%                | 1                      | 0.4%                |
| <u>Culture and Recreation</u>          |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| Parks Division                         | 11                     | 5.3%                | 10                     | 5.2%                | 10                     | 5.2%                | 10                     | 5.0%                | 8                      | 4.0%                | 8                      | 3.9%                | 8                      | 3.6%                | 8                      | 3.6%                | 8                      | 3.6%                | 8                      | 3.5%                |
| Recreation Division                    |                        |                     |                        |                     |                        |                     |                        |                     | 2                      | 1.0%                | 2                      | 1.0%                | 2                      | 0.9%                | 2                      | 0.9%                | 3                      | 1.3%                | 3                      | 1.3%                |
| Golf Course Division                   | 4                      | 1.9%                | 4                      | 2.1%                | 4                      | 2.1%                | 4                      | 2.0%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.4%                | 3                      | 1.3%                | 3                      | 1.3%                | 3                      | 1.3%                |
| Memorial Auditorium Division           | 5                      | 2.4%                | 4                      | 2.1%                | 4                      | 2.1%                | 5                      | 2.5%                | 5                      | 2.5%                | 5                      | 2.4%                | 5                      | 2.3%                | 5                      | 2.2%                | 5                      | 2.2%                | 5                      | 2.2%                |
| Total Culture and Recreation           | 20                     | 9.7%                | 18                     | 9.4%                | 18                     | 9.3%                | 19                     | 9.5%                | 18                     | 9.0%                | 18                     | 8.8%                | 18                     | 8.2%                | 18                     | 8.1%                | 19                     | 8.4%                | 19                     | 8.3%                |
| <u>Industrial Development</u>          |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| Economic Development Division          | 2                      | 1.0%                | 1                      | 0.5%                | 1                      | 0.5%                | 2                      | 1.0%                | 1                      | 0.5%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 0.0%                | -                      | 0.0%                |
| <u>Social Welfare</u>                  |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| Section 8 Housing Division             | 4                      | 1.9%                | 3                      | 1.6%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.5%                | 3                      | 1.4%                | 4                      | 1.8%                | 5                      | 2.2%                | 6                      | 2.6%                |
| Total for Governmental-type Activities | 165                    | 79.7%               | 153                    | 79.7%               | 154                    | 79.4%               | 160                    | 79.6%               | 157                    | 78.9%               | 159                    | 77.6%               | 176                    | 80.0%               | 179                    | 80.3%               | 180                    | 80.0%               | 183                    | 80.3%               |
| <b>Business-type Activities</b>        |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| <u>Water-Wastewater Utility</u>        |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| Water Treatment Division               | 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%                | 11                     | 4.9%                | 11                     | 4.8%                |
| Water Distribution Division            | 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%                | 14                     | 6.2%                | 14                     | 6.1%                |
| Wastewater Treatment Division          | 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%                | 6                      | 2.7%                | 6                      | 2.6%                |
| Wastewater Collections Division        | 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%                | 5                      | 2.2%                | 5                      | 2.2%                |
| Customer Service Division              | 7                      | 3.4%                | 5                      | 2.6%                | 6                      | 3.1%                | 5                      | 2.5%                | 6                      | 3.0%                | 6                      | 2.9%                | 3                      | 1.4%                | 3                      | 1.3%                | 3                      | 1.3%                | 3                      | 1.3%                |
| Total Water-Wastewater Utility         | 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%               | 39.0                   | 17.3%               | 39.0                   | 17.1%               |
| <u>Storm Water Utility</u>             |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |                        |                     |
| Stormwater Division                    | 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%                | 6.0                    | 2.7%                | 6.0                    | 2.6%                |
| Total for Business-type Activities     | 42                     | 20.3%               | 39                     | 20.3%               | 40                     | 20.6%               | 41                     | 20.4%               | 42                     | 21.1%               | 46                     | 22.4%               | 44                     | 20.0%               | 44                     | 19.7%               | 45                     | 20.0%               | 45                     | 19.7%               |
| Total Full-time Employees              | 207                    | 100.0%              | 192                    | 100.0%              | 194                    | 100.0%              | 201                    | 100.0%              | 199                    | 100.0%              | 205                    | 100.0%              | 220                    | 100.0%              | 223                    | 100.0%              | 225                    | 100.0%              | 228                    | 100.0%              |

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

|                                          | <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>2016</u> | <u>2017</u> |
|------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Function/Program</u>                  |             |             |             |             |             |             |             |             |             |             |
| General government                       |             |             |             |             |             |             |             |             |             |             |
| Building permits issued                  | 552         | 478         | 507         | 547         | 787         | 527         | 510         | 1,068       | 1,264       | 1,297       |
| Building inspections conducted           | 1,370       | 1,309       | 1,096       | 868         | 791         | 550         | 672         | 1,503       | 1,676       | 1,625       |
| Memorial auditorium (events)             | 392         | 261         | 247         | 458         | 385         | 437         | 380         | 334         | 325         | 458         |
| Police (1)                               |             |             |             |             |             |             |             |             |             |             |
| Physical arrests                         | 1,277       | 1,491       | 1,620       | 1,305       | 1,414       | 1,328       | 1,255       | 1,613       | 1,601       | 1,547       |
| Parking violations                       | 1,317       | 1,154       | 1,458       | 2,192       | 1,390       | 792         | -           | -           | -           | -           |
| Traffic violations                       | 2,998       | 2,442       | 2,039       | 2,154       | 2,316       | 1,916       | 1,685       | 2,249       | 2,596       | 2,124       |
| Accident Reports                         |             |             |             |             |             |             | 583         | 679         | 374         | 615         |
| Fire                                     |             |             |             |             |             |             |             |             |             |             |
| Fire calls                               | 131         | 129         | 313         | 313         | 385         | 287         | 109         | 111         | 122         | 150         |
| Emergency calls/EMS                      | 1,255       | 854         | 571         | 619         | 709         | 720         | 736         | 1,021       | 952         | 996         |
| Other calls                              | 604         | 752         | 898         | 1,071       | 736         | 887         | 1,496       | 1,302       | 1,355       | 1,175       |
| Other public works                       |             |             |             |             |             |             |             |             |             |             |
| Street resurfacing (tons of asphalt)     | 5,041       | 1,840       | 2,533       | 5,689       | 6,351       | 8,834       | 8,230       | 5,981       | 5,564       | 15,963      |
| Airport (gallons sold)                   | 222,403     | 180,055     | 177,407     | 196,216     | 194,205     | 191,721     | 188,070     | 209,364     | 215,365     | 196,381     |
| Parks and recreation                     |             |             |             |             |             |             |             |             |             |             |
| Aquatic center (attendance)              | 29,646      | 27,974      | 30,661      | 31,285      | 25,710      | 18,460      | 18,105      | 28,615      | 19,330      | 19,126      |
| Golf course (rounds of golf)             | 10,592      | 9,653       | 9,911       | 7,904       | 6,159       | 7,148       | 8,152       | 8,683       | 7,924       | 6,292       |
| Water                                    |             |             |             |             |             |             |             |             |             |             |
| Average daily consumption (gallons)      | 2,460,721   | 2,247,419   | 2,349,718   | 2,517,244   | 2,374,877   | 2,282,000   | 2,086,733   | 2,059,320   | 2,236,650   | 2,072,758   |
| Peak daily consumption (gallons)         | 4,738,000   | 3,733,000   | 5,444,000   | 4,950,000   | 4,530,000   | 6,059,000   | 4,111,000   | 3,964,000   | 3,421,000   | 3,123,000   |
| Wastewater                               |             |             |             |             |             |             |             |             |             |             |
| Average daily sewage treatment (gallons) | 3,691,753   | 3,362,808   | 2,985,439   | 2,670,137   | 2,607,397   | 3,430,959   | 2,547,397   | 4,015,616   | 2,878,356   | 3,738,904   |

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>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</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)                    | 141.5       | 141.5       | 141.5       | 141.5       | 141.5       | 142.0       | 142.0       | 142.0       | 142.0       | 142.0       |
| Streetlights                       | 2,096       | 2,095       | 2,095       | 2,097       | 2,036       | 2,041       | 2,039       | 2,042       | 2,042       | 2,047       |
| Traffic Signals                    | 38          | 39          | 39          | 39          | 39          | 40          | 39          | 42          | 42          | 42          |
| Parks and recreation               |             |             |             |             |             |             |             |             |             |             |
| Public parks                       | 10          | 10          | 10          | 10          | 10          | 10          | 10          | 14          | 14          | 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           | 6           |
| Community centers                  | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 2           |
| Water                              |             |             |             |             |             |             |             |             |             |             |
| Water mains (miles)                | 165.5       | 165.5       | 165.5       | 168.5       | 172.0       | 172.0       | 172.0       | 172.0       | 172.0       | 175.0       |
| 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)            | 127         | 127         | 127         | 127         | 127         | 127         | 127         | 127         | 127         | 130         |
| 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)               | 19.0        | 19.0        | 19.0        | 19.0        | 19.0        | 19.0        | 19.0        | 19.0        | 19.0        | 19.0        |

Sources: Various city departments.



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**GOVERNMENTAL AUDIT SECTION**

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## CITY OF PITTSBURG, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2017

| Federal Grantor/Pass-Through<br>Grantor/Program Title                                      | Federal<br>CFDA<br>Number | Expenditures        |
|--------------------------------------------------------------------------------------------|---------------------------|---------------------|
| <u>Department of Housing and Urban Development</u>                                         |                           |                     |
| Section 8 Housing Cluster:                                                                 |                           |                     |
| Section 8 Housing Choice Vouchers                                                          | 14.871                    | \$ 1,487,208        |
| Passed through Kansas Housing Resources Corporation:                                       |                           |                     |
| Emergency Solutions Grant                                                                  | 14.231                    | 158,957             |
| HOME Investment Partnerships Program                                                       | 14.239                    | <u>50,198</u>       |
| Total Department of Housing and Urban Development                                          |                           | <u>1,696,363</u>    |
| <u>Department of the Interior</u>                                                          |                           |                     |
| Passed through Kansas Wildlife and Parks                                                   |                           |                     |
| Outdoor Recreation Acquisition, Development and Planning                                   | 15.916                    | <u>52,330</u>       |
| Total Department of the Interior                                                           |                           | <u>52,330</u>       |
| <u>Department of Justice</u>                                                               |                           |                     |
| Bulletproof Vest Partnership Program                                                       | 16.607                    | 9,853               |
| Public Safety Partnership and Community Policing Grants                                    | 16.710                    | <u>50,164</u>       |
| Total Department of Justice                                                                |                           | <u>60,017</u>       |
| <u>U.S. Environmental Protection Agency</u>                                                |                           |                     |
| Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements | 66.814                    | <u>62,709</u>       |
| Total U.S. Environmental Protection Agency                                                 |                           | <u>62,709</u>       |
| <u>Department of Homeland Security</u>                                                     |                           |                     |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)                    | 97.036                    | 7,097               |
| Hurricane Harvey Response                                                                  | 97.xxx                    | <u>4,450</u>        |
| Total Department of Homeland Security                                                      |                           | <u>11,547</u>       |
| <u>Department of Transportation</u>                                                        |                           |                     |
| Airport Improvement Program                                                                | 20.106                    | 915,433             |
| Passed Through the Kansas Department of Transportation:                                    |                           |                     |
| Alcohol Impaired Driving Countermeasures Incentive Grants I                                | 20.600                    | <u>3,490</u>        |
| Total Department of Transportation                                                         |                           | <u>918,923</u>      |
| Total Expenditures of Federal Awards                                                       |                           | <u>\$ 2,801,889</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, 2017

1. Organization

The City is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards

2. Basis of Presentation

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. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2017.

5. Outstanding Loans

The City had \$0 of outstanding loans under federal grants at December 31, 2017.

CITY OF PITTSBURG, KANSAS  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2017

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 the Uniform Guidance        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, 2017

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, 2017, 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 12, 2018.

**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 12, 2018

**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, 2017. 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, 2017.



## 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. 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 12, 2018