

The City of **Pittsburg, Kansas**
**Comprehensive Annual
Financial Report**
For The Year Ended December 31, 2018



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF PITTSBURG, KANSAS

**For the Fiscal Year Ended
December 31, 2018**

Prepared by:

DEPARTMENT OF FINANCE

City of Pittsburg, Kansas

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CITY OF PITTSBURG, KANSAS

Comprehensive Annual Financial Report
Year ended December 31, 2018

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INTRODUCTORY SECTION

April 30, 2019

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, 2018. 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, 2018. 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 2018 population is 20,216. 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 96 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 6,700 students.

Comparing 2018 tax receipts to the prior fiscal year, after factoring in the one quarter percent reduction in the City sales tax rate that was effective October 1, 2017, retail sales tax receipts declined by 0.51%, property tax receipts were up increasing by 3.79% due to valuation growth and franchise tax receipts grew by 1.25%. The 2017 property valuation assessments to support the 2018 budget increased by 6.50%.

The Pittsburg micro-area (Crawford County) unemployment rate remained flat from 3.5 percent in December 2017 to 3.5 percent in December 2018. 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 special street improvement sales tax, the City's public safety sales tax and federal and state grant awards.

Major initiatives for the year. 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 began construction in 2018. In conjunction with the south Rouse street project, construction began on a new ten foot wide hike and bike trail on the west side of south Rouse. Construction also began on Silverback Way which will be a new avenue off of East Centennial Street to provide access for the new Silverback Landing housing development project

Completed major street improvement projects that were funded with the street sales tax included the milling and paving of west Quincy from Georgia to Broadway, the milling and repaving of the streets in the Countryside addition, the repaving of south Olive from Kansas to the U.S. 69 bypass, and concrete panel repairs on Rouse from Quincy to 23rd Street.

Completed major water project for the year was the sandblasting and repainting of the south water tower and the northeast industrial park water tower.

Other infrastructure improvements completed in 2018 include the downtown fiber and security camera systems and new field turf was installed at the Jaycee baseball field.

Major initiatives for the future. New restrooms and concession stands will be constructed at the Gutteridge Sports Complex in 2019, funding sources are general obligation bonds, grant funds and sales tax capital outlay. The signalization of the Quincy and Rouse intersection will begin in 2019 with funding from general obligation bonds. A study will be completed in 2019 to assess the need for a new regional wastewater plant and the City will explore the feasibility of becoming a municipal power utility in 2019.

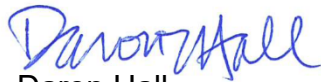
Awards and acknowledgments

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, 2017. This was the twenty first 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 Pittsburgh'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, 2018

TITLE

NAME

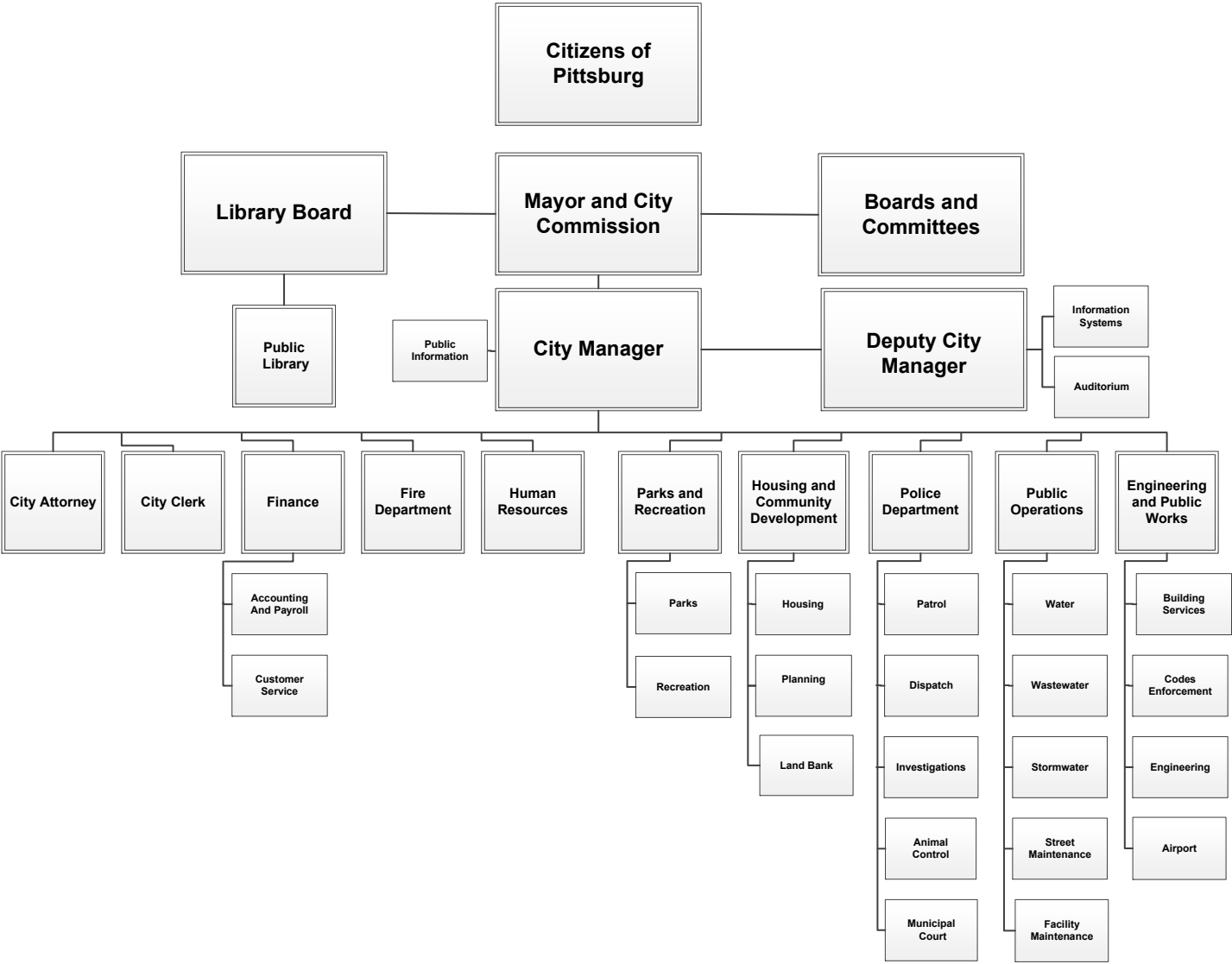
ELECTED:

Mayor	Jeremy Johnson
President of the Board	Patrick O'Bryan
Commissioner	Sarah Chenoweth
Commissioner	Dawn McNay
Commissioner	Chuck Munsell

APPOINTED:

City Manager	Daron Hall
Deputy City Manager	Jay Byers
City Attorney	Henry Menghini
City Clerk	Tammy Nagel
Director of Finance	Jamie Clarkson
Director of Housing & Community Development	Quentin Holmes
Director of Human Resources	Tiffany Jarman
Director of Parks and Recreation	Kim Vogel
Director of Public Utilities	Matt Bacon
Director of Public Works / City Engineer	Cameron Alden
Fire Chief	Michael Simons
Police Chief	Brent Narges

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, 2017

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Pittsburg, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2018, 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 opinions 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 opinions.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pittsburg, Kansas, as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the street and highway 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 18 to the financial statements, the City implemented GASB 75 for the KPERS other postemployment benefits during the current year. As a result of the implementation, a restatement was made to the net position at December 31, 2017. Our opinion is not modified with respect to this matter.

Prior Period Restatement

As discussed in Note 18 to the financial statements, certain errors in amounts previously reported as of December 31, 2017, were discovered by management of the City during the current year. Accordingly, these amounts have been restated in the December 31, 2018, financial statements now presented, and adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14, the other postemployment benefit schedules on page 64 and 65, the schedule of the City's proportionate share of the net pension liability on page 66, and the schedule of City contributions on page 67 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

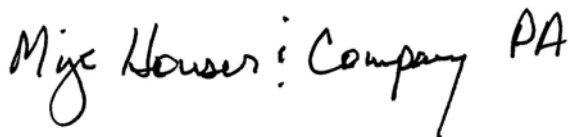
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are 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 30, 2019, 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.

The image shows a handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive, flowing style.

Certified Public Accountants
Lawrence, Kansas
April 30, 2019

Management's Discussion and Analysis (Unaudited)

As management of the City of Pittsburg (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. 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 City earned \$343,017 from the Kansas Crossing Casino gaming revenues for fiscal year 2018.
- The state of Kansas granted a sales tax exemption for certain 2017 purchases and reclaimed the sales tax paid to the City in 2017 from the City's 2018 sales tax collections. The amount withheld from the City's 2018 sales collections was \$124,323.
- The City's total debt decreased by \$3,386,518 or -10.61% during 2018.
- The assets of the City exceeded its liabilities at the close of 2018 by \$81,275,077. Of this amount, \$1,889,955 is unrestricted in use.
- At the close of 2018, the City's general fund reports an ending fund balance of \$6,287,036 which is an increase of \$778,057 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, street and highway 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 17-24 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 25-28 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 29-63 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. This required supplementary information can be found on pages 64-67.

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 68-76 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. 4th Street, Pittsburg, KS 66762.

Government-wide Financial Analysis

Net Position

	2017	2018	2017	2018	2017	2018
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Current and other assets	\$ 26,392,353	\$ 24,277,549	\$ 5,148,456	\$ 5,354,307	\$ 31,540,809	\$ 29,631,856
Capital Assets	<u>48,352,012</u>	<u>50,583,145</u>	<u>51,105,482</u>	<u>50,798,521</u>	<u>99,457,494</u>	<u>101,381,666</u>
Total assets	<u>\$ 74,744,365</u>	<u>\$ 74,860,694</u>	<u>\$ 56,253,938</u>	<u>\$ 56,152,828</u>	<u>\$ 130,998,303</u>	<u>\$ 131,013,522</u>
Deferred outflows of resources	<u>\$ 2,457,290</u>	<u>\$ 2,176,401</u>	<u>\$ 122,136</u>	<u>\$ 101,375</u>	<u>\$ 2,579,426</u>	<u>\$ 2,277,776</u>
Long-term liabilities outstanding	\$ 32,763,776	\$ 30,397,434	\$ 10,971,342	\$ 9,912,959	\$ 43,735,118	\$ 40,310,393
Other liabilities	<u>3,477,630</u>	<u>3,590,144</u>	<u>1,666,074</u>	<u>1,555,368</u>	<u>5,143,704</u>	<u>5,145,512</u>
Total liabilities	<u>\$ 36,241,406</u>	<u>\$ 33,987,578</u>	<u>\$ 12,637,416</u>	<u>\$ 11,468,327</u>	<u>\$ 48,878,822</u>	<u>\$ 45,455,905</u>
Deferred inflows of resources	<u>\$ 6,199,353</u>	<u>\$ 6,520,580</u>	<u>\$ 40,200</u>	<u>\$ 39,736</u>	<u>\$ 6,239,553</u>	<u>\$ 6,560,316</u>
Net position:						
Net investment in capital assets	\$ 32,140,844	\$ 33,767,698	\$ 40,291,436	\$ 41,007,984	\$ 72,432,280	\$ 74,775,682
Restricted	4,048,669	4,609,440	-	-	4,048,669	4,609,440
Unrestricted	<u>(1,428,617)</u>	<u>(1,848,201)</u>	<u>3,407,022</u>	<u>3,738,156</u>	<u>1,978,405</u>	<u>1,889,955</u>
Total Net Position	<u>\$ 34,760,896</u>	<u>\$ 36,528,937</u>	<u>\$ 43,698,458</u>	<u>\$ 44,746,140</u>	<u>\$ 78,459,354</u>	<u>\$ 81,275,077</u>

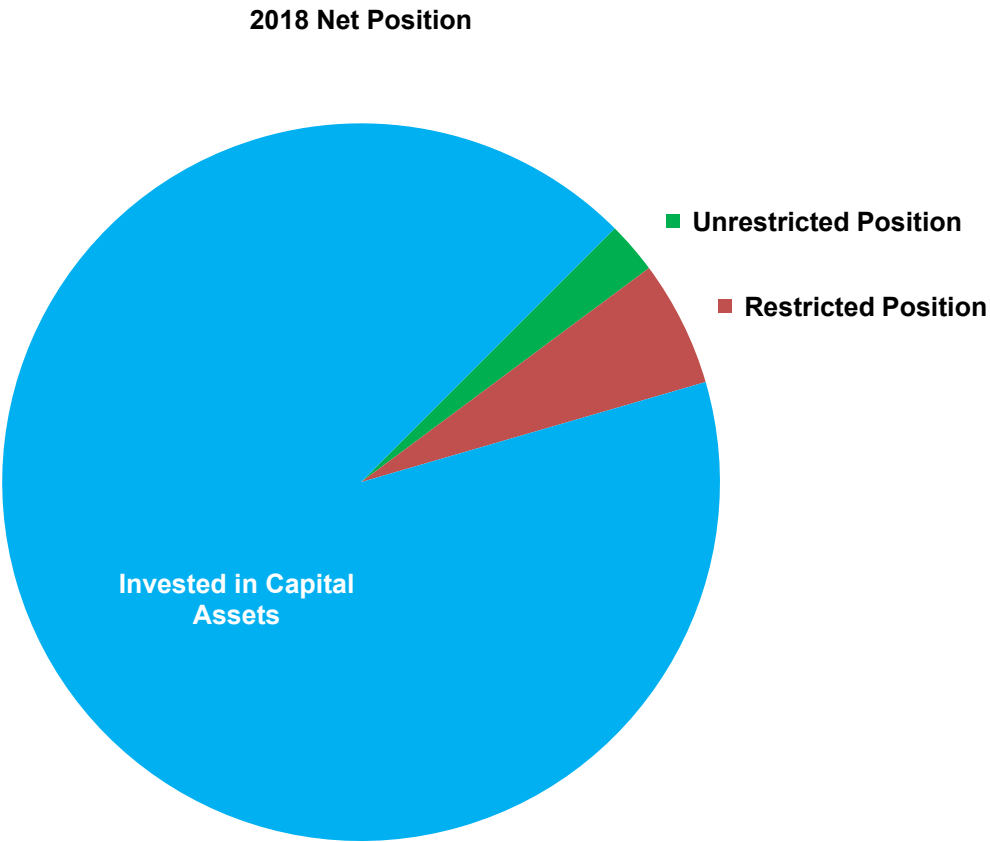
The accounting and financial reporting for pensions has an impact on deferred outflows of resources, deferred inflows of resources and the noncurrent liability. The City's net pension liability is \$12,067,599 as of December 31, 2018. This represents a decrease of \$439,472 over the prior year. This liability impacts the unrestricted net position of the City. For more information on the City's pensions and other postemployment benefits see pages 50-60 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 \$81,275,077 at the close of the 2018 fiscal year. By far the largest portion of the City's net position (92.00%) 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 (5.67%) 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 \$1,889,955 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 Pittsburg's Changes in Net Position

	2017	2018	2017	2018	2017	2018
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 2,344,219	\$ 2,484,799	\$ 8,780,684	\$ 9,038,436	\$ 11,124,903	\$ 11,523,235
Operating grants and contributions	865,936	965,543	-	-	865,936	965,543
Capital grants and contributions	3,955,343	4,051,151	6,354,177	4,536	10,309,520	4,055,687
General revenues						
Taxes	17,915,176	17,360,115	-	-	17,915,176	17,360,115
Other	906,375	937,913	41,504	66,149	947,879	1,004,062
Total revenues	25,987,049	25,799,521	15,176,365	9,109,121	41,163,414	34,908,642
Expenses						
General Government	4,374,506	4,451,763	-	-	4,374,506	4,451,763
Public Safety	8,945,264	8,908,637	-	-	8,945,264	8,908,637
Public Works	4,819,435	4,858,335	-	-	4,819,435	4,858,335
Sanitation and Health	170,443	203,076	-	-	170,443	203,076
Culture and Recreation	2,351,318	2,336,420	-	-	2,351,318	2,336,420
Industrial Promotion	1,813,667	2,050,712	-	-	1,813,667	2,050,712
Economic Development	6,306,088	148,081	-	-	6,306,088	148,081
Social Welfare	1,715,860	1,772,291	-	-	1,715,860	1,772,291
Interest on Long Term Debt	643,577	572,765	-	-	643,577	572,765
Water/ Wastewater Utility	-	-	5,803,266	6,034,171	5,803,266	6,034,171
Stormwater Utility	-	-	560,282	588,843	560,282	588,843
Total expenses	31,140,158	25,302,080	6,363,548	6,623,014	37,503,706	31,925,094
Increase in net position before transfers	(5,153,109)	497,441	8,812,817	2,486,107	3,659,708	2,983,548
Transfers	1,167,821	1,420,296	(1,167,821)	(1,420,296)	-	-
Increase in net position	(3,985,288)	1,917,737	7,644,996	1,065,811	3,659,708	2,983,548
Net position, beginning	39,069,398	34,760,896	36,119,422	43,698,458	75,188,820	78,459,354
Prior period adjustment	(323,214)	(149,696)	(65,960)	(18,129)	(389,174)	(167,825)
Net position, ending	\$ 34,760,896	\$ 36,528,937	\$ 43,698,458	\$ 44,746,140	\$ 78,459,354	\$ 81,275,077

This 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.

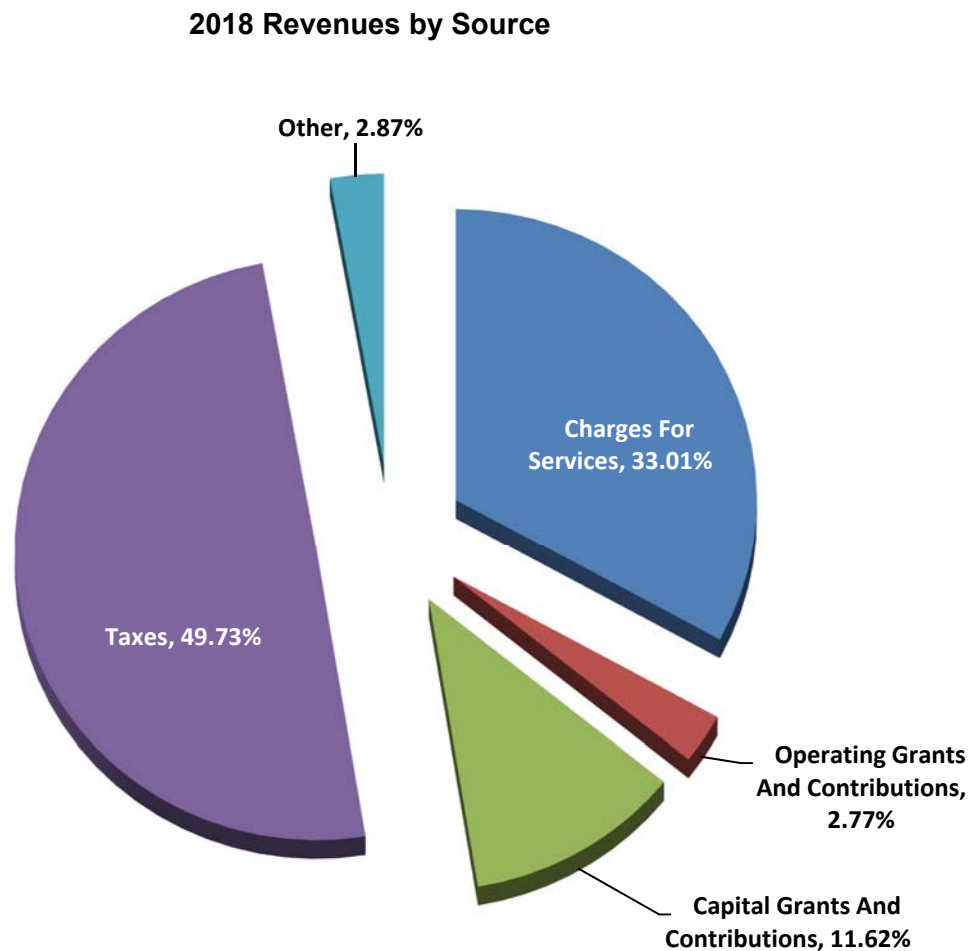
Governmental activities comprised 73.91% of the total revenues generated by the City and 79.25% of the City's expenses. Comparing 2018 to 2017, tax revenues declined by 3.10% mainly due to the lowering of the City's sales tax rate effective October 1, 2017 and the sales tax exemption adjustment made by the state of Kansas mentioned previously, property tax revenue was up due to an increase in valuation and franchise tax revenue showed a slight increase.

Governmental operating grants and contributions increased by 11.50% in 2018 compared to 2017 which is mainly due to 2018 being the first full year of Kansas Crossing Casino gaming revenue collections.

Comparing the 2018 to 2017 governmental activities expenses, general government expense decreased due to lower capital outlay expenditures in 2018, economic development expense decreased due to the Kansas Crossing Casino being completed in 2017 and public works expense increased due to the airport runway projects.

The business-type activities, while comprising the smaller percentages of revenues and expenses of the City, showed a decrease of \$6,326,710 in net position, before transfers. This can be contributed to lower capital contributions in 2018 due to the Kansas Crossing Casino utility infrastructure being completed in 2017. Overall the business-type net position recorded an increase of \$1,047,682 in 2018.

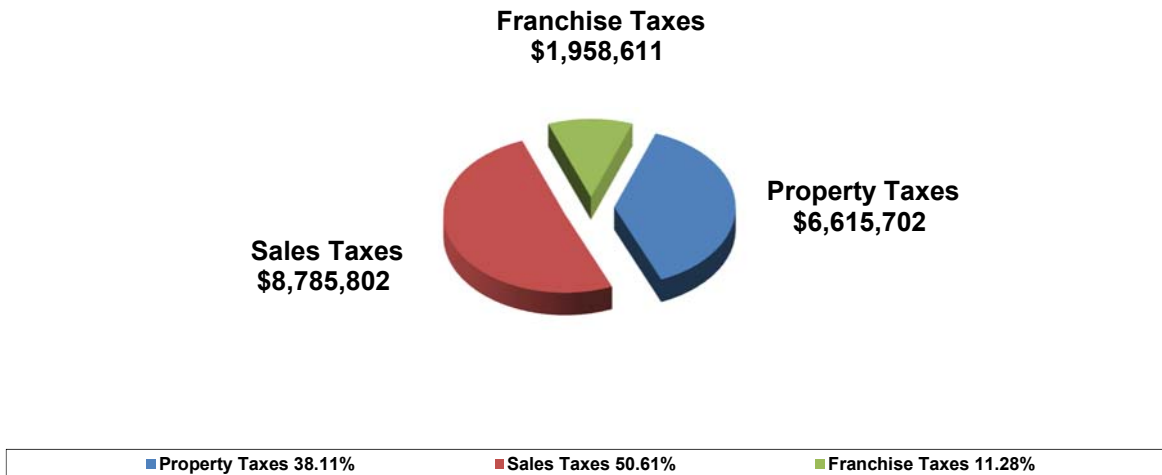
The following pie chart shows the composition of the 2018 primary government revenues.



The components of the City's taxes are sales tax, property tax and franchise tax. Total tax revenues are \$17,360,115 in 2018 with sales still being the City's largest revenue source in 2018.

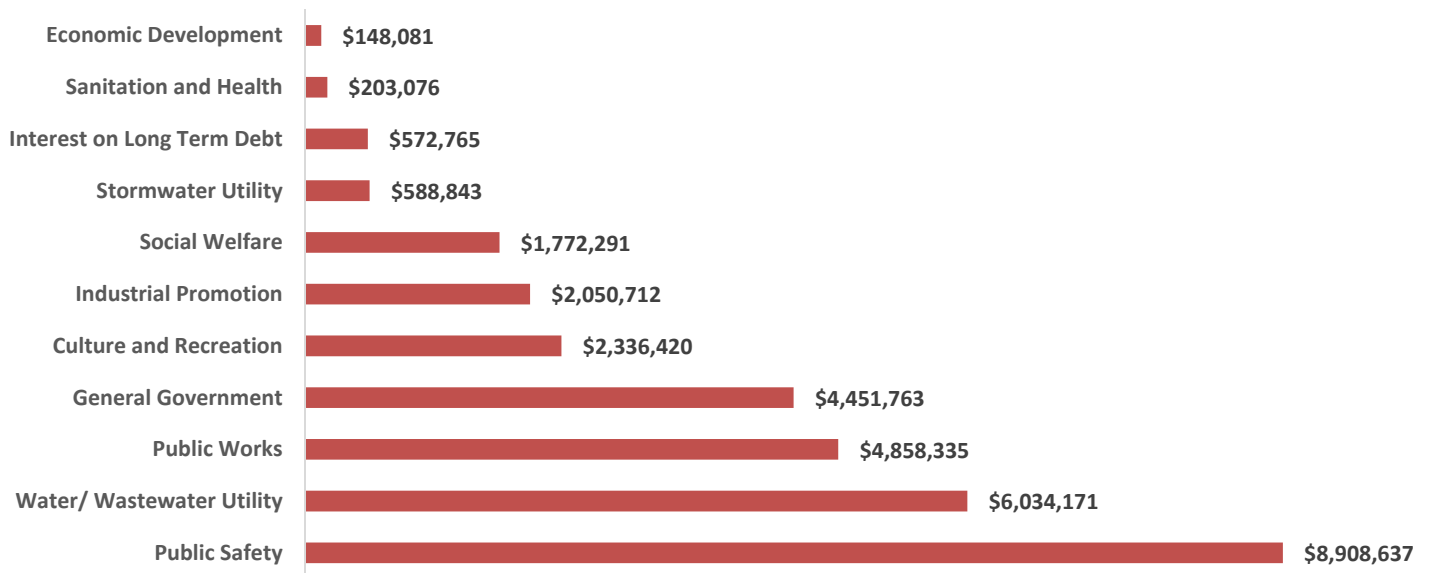
The pie chart below depicts the City's tax revenues by source.

2018 Taxes by Type



The following bar graph shows the composition of the 2018 primary government expenses.

2018 Cost of City Services



The City's public safety and water/wastewater utility activities are the dominant expense categories. These two activities account for 46.81% of the total cost of City services for 2018. The total cost of services of the City's primary government for 2018 is \$31,925,094. This represents a decrease of \$5,578,612 (-14.87%) compared to 2017 which is mostly due to the Kansas Crossing Casino infrastructure expense in 2017. The portion of these City services paid by the City's taxpayers was \$17,360,115 (54.38%).

The City's mill levy rate remained relatively flat due to the City Commission's desire to not raise the mill levy rate in 2018. 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

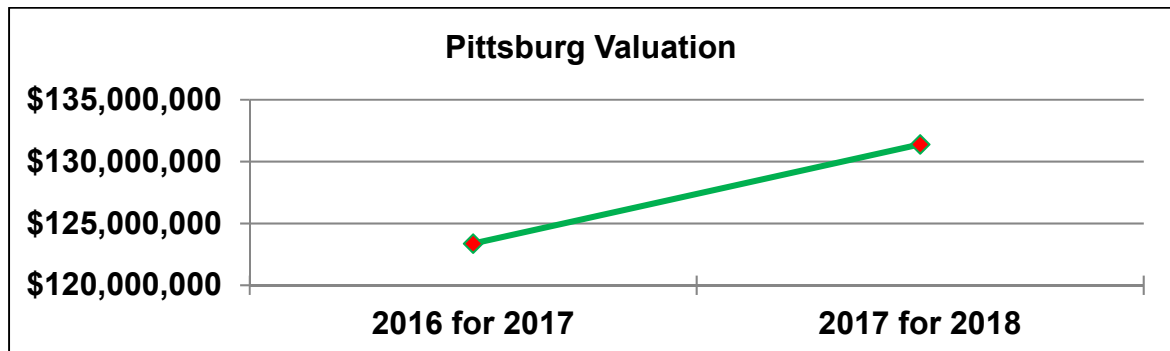
	2016 Levy to support <u>2017 Budget</u>	2017 Levy To support <u>2018 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
General Fund	\$ 36.946	\$ 36.961	\$ 0.015	0.04 %
Debt Service Fund	8.427	8.504	0.077	0.01 %
Component Unit	<u>6.166</u>	<u>6.002</u>	<u>(0.614)</u>	(2.65) %
Total Mill Levy	<u>\$ 51.539</u>	<u>\$ 51.467</u>	<u>\$ (0.072)</u>	(0.14) %

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

City of Pittsburg's Assessed Valuation

	2016 Valuation To support <u>2017 Budget</u>	2017 Valuation To support <u>2018 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
Real Property	\$112,506,744	\$120,364,222	\$7,857,478	6.98 %
Personal Property	4,412,991	4,062,653	(350,338)	(7.94) %
State Assessed	<u>6,457,778</u>	<u>6,969,842</u>	<u>512,064</u>	7.93 %
Total	<u>\$123,377,513</u>	<u>\$131,396,717</u>	<u>\$8,019,204</u>	6.50 %

The change in assessed valuation reflects an increase in personal property values. This increase is mainly due to the Kansas Crossing Casino and Hampton Inn Hotel.



Analysis of the Fund Financial Statements

Governmental Funds

The City's governmental funds ending fund balances decreased by a total of \$2,471,806 from the prior year. The general fund increased its fund balance by \$778,057 which went to operating reserves. Capital projects decreased by \$3,006,701 due to prior year bond proceeds being used to pay for the construction of the south Rouse Street and trail projects in 2018.

Compared to 2017 the total governmental fund revenues before transfers increased slightly by \$165,105 while the total governmental fund expenditures before transfers decreased \$3,788,610. The 2018 decrease in expenditures is largely due to lower capital projects expense and lower debt expense.

Before transfers, general fund revenues were down 6.04% while general fund expenditures were up 5.78% compared to 2017. The general fund revenues decreased because of the lowering of the City sales tax rate by a quarter percent on October 1, 2017, a sales tax exemption adjustment by the state of Kansas mentioned previously and higher than expected property tax delinquency. The general fund expenditures increased due to higher general government expense, higher public safety expense, higher public works expense and higher capital outlay expense.

Proprietary Funds

The water and wastewater utility fund had a decrease of \$141,229 in cash and cash equivalents for 2018. There was a decrease of \$119,246 in current assets and a decrease in current liabilities of \$116,744 compared to 2017. These changes can be attributed to investment into the water and wastewater utility infrastructure.

The stormwater utility fund had an increase of \$329,018 in cash and cash equivalents for 2018. This can be attributed to building up of reserves with the intent to pay for major stormwater infrastructure improvements in 2019.

The combined utility operating income was virtually flat in 2018 with an increase of 0.11%. For 2018 operating revenue increased by \$257,752 while operating expense increased by \$254,776.

Utility infrastructure projects completed during 2018 are a new eight inch water line on Homer and Deill including the Fieldcrest addition, a new twelve inch water line on west Quincy including the Walnut intersection, new eight inch and two inch water lines from Water Street to Fairview and on East 7th from Fairview to Highland.

General Fund Budgetary Highlights

The legally adopted budget for the Special Parks and Recreation Fund was amended by the City Commission during 2018 to account for greater than estimated expense incurred due to more liquor tax revenues being collected than originally budgeted.

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 under budget due to the state sales tax exemption adjustment mentioned previously and higher than expected property tax delinquency.
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 and minimal expense against the public safety facility reserves.
Operating Reserve	The general fund reserve is under budget due to minimal expense being incurred against the operating reserves.

Capital Asset and Debt Administration

Capital Assets

The total investment in capital assets for the primary government at December 31, 2018 was \$101,381,666, net of accumulated depreciation. The net capital assets increased by 1.93% from the 2017 total. The increase can be attributed to construction in progress.

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

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

	Governmental Activities		Business-Type Activities	
	2017	2018	2017	2018
Land	\$ 3,566,486	\$ 3,566,486	\$ 582,812	\$ 582,812
Buildings and improvements	18,786,199	17,795,113	19,678,340	19,035,723
Machinery and equipment	4,584,998	4,144,450	2,027,852	2,254,430
Infrastructure	21,062,144	20,831,528	28,543,481	28,925,556
Construction in progress	<u>304,790</u>	<u>4,245,568</u>	<u>272,997</u>	<u>-</u>
Total	<u>\$ 48,304,617</u>	<u>\$ 50,583,145</u>	<u>\$ 51,105,482</u>	<u>\$ 50,798,521</u>

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

Debt Administration

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

City of Pittsburg's Outstanding Debt

	Governmental Activities		Business-Type Activities	
	2017	2018	2017	2018
General Obligation Bonds	\$ 9,221,981	\$ 7,876,330	\$ 6,838,019	\$6,138,670
Special Assessment Bonds	6,500,000	6,240,000	-	-
K.D.H.E. Construction Loans	-	-	3,662,290	3,362,263
Tax Increment Bonds (TIF)	3,305,000	2,805,000	-	-
Transportation Development District Bonds (TDD)	970,000	890,000	-	-
Capital Leases	<u>1,426,593</u>	<u>1,225,102</u>	<u>-</u>	<u>-</u>
Total	<u>\$21,423,574</u>	<u>\$19,036,432</u>	<u>\$10,500,309</u>	<u>\$9,500,933</u>

The City finances capital projects in a variety of ways: bond anticipation notes, general obligation bonds, special revenue bonds, intergovernmental grants and Kansas Department of Health and Environment (KDHE) 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 \$44,686,812 which is significantly higher than the general obligation bond outstanding debt.

The City's outstanding general obligation bonds at December 31, 2018, totaled \$20,255,000; of this \$7,876,330 is considered direct tax supported debt. The 2018 direct tax supported debt represents a 14.59% decrease from the 2017 balance. This decrease is due to no new direct tax supported debt being issued in 2018 and \$1,345,651 of direct tax supported debt being retired in 2018.

The special assessment bonds were issued to pay for the utility infrastructure of the Kansas Crossing Casino. The special assessment bond balance was reduced by \$260,000 in 2018. This debt is being repaid solely by the Casino through a special assessment placed upon the property.

No new business-type activity bonded debt was issued in 2018 while \$699,349 was retired in 2018. The remaining KDHE loans are for improvements at the wastewater plant, water treatment plant and collection systems. During 2018 the City incurred \$6,126 in new loan proceeds and repaid \$306,153 in loan principal.

The City's capital leases are repaid from dedicated sales tax revenues. The outstanding capital leases balance declined by \$201,491 in 2018. A new capital lease was incurred in 2018 for the purchase of mowing equipment for the Parks Division and the City owned golf course.

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 collected 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 44-49.

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Unit
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Public Library
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 13,195,759	\$ 3,980,510	\$ 17,176,269	\$ 539,908
Restricted cash	-	201,080	201,080	-
Receivables (net of allowance for uncollectibles)				
Taxes	8,115,298	-	8,115,298	783,800
Accounts	496,326	959,457	1,455,783	-
Intergovernmental	389,150	-	389,150	-
Interest	23,869	23,869	47,738	-
Other	-	4,536	4,536	-
Restricted investments	446,883	-	446,883	-
Loans receivable	1,329,342	-	1,329,342	-
Leases receivable	170,797	-	170,797	-
Inventory	46,442	163,593	210,035	-
Prepaid expenses	63,683	21,262	84,945	4,601
Total current assets	<u>24,277,549</u>	<u>5,354,307</u>	<u>29,631,856</u>	<u>1,328,309</u>
Noncurrent assets:				
Capital assets, nondepreciable				
Land	3,566,486	582,812	4,149,298	215,415
Construction in progress	4,245,568	-	4,245,568	-
Capital assets, depreciable	90,992,458	84,207,178	175,199,636	3,799,951
Less: Accumulated depreciation	<u>48,221,367</u>	<u>33,991,469</u>	<u>82,212,836</u>	<u>1,702,166</u>
Total noncurrent assets	<u>50,583,145</u>	<u>50,798,521</u>	<u>101,381,666</u>	<u>2,313,200</u>
Total assets	<u>74,860,694</u>	<u>56,152,828</u>	<u>131,013,522</u>	<u>3,641,509</u>
Deferred outflows of resources				
Deferred pension amounts	2,147,002	96,008	2,243,010	44,491
Deferred KPERS OPEB amounts	25,268	4,478	29,746	2,239
Deferred OPEB amounts	<u>4,131</u>	<u>889</u>	<u>5,020</u>	<u>209</u>
Total deferred outflows of resources	<u>2,176,401</u>	<u>101,375</u>	<u>2,277,776</u>	<u>46,939</u>
Total assets and deferred outflows of resources	<u>\$ 77,037,095</u>	<u>\$ 56,254,203</u>	<u>\$ 133,291,298</u>	<u>\$ 3,688,448</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Current liabilities:				
Accounts payable and other current liabilities	\$ 969,000	\$ 170,450	\$ 1,139,450	\$ 15,078
Accrued interest payable	107,339	136,892	244,231	-
Liabilities payable from restricted cash	-	201,080	201,080	-
Current portion of compensated absences	312,337	60,638	372,975	11,377
Current portion of capital lease payable	425,473	-	425,473	-
Current portion of general obligation bonds payable	1,010,995	679,005	1,690,000	-
Current portion of special assessment bonds payable	265,000	-	265,000	-
Current portion of revenue bonds payable	500,000	-	500,000	-
Current portion of construction loan payable	-	307,303	307,303	-
Total current liabilities	<u>3,590,144</u>	<u>1,555,368</u>	<u>5,145,512</u>	<u>26,455</u>
Noncurrent liabilities:				
Compensated absences	423,831	77,343	501,174	10,285
Net OPEB liability	1,504,016	323,649	1,827,665	76,153
Net KPERS OPEB liability	102,858	18,228	121,086	9,115
Net pension liability	11,378,089	689,510	12,067,599	319,529
Capital lease payable	799,629	-	799,629	-
General obligation bonds payable	6,983,715	5,749,269	12,732,984	-
Special assessment bonds payable	6,010,296	-	6,010,296	-
Revenue bonds payable	3,195,000	-	3,195,000	-
Construction loan payable	-	3,054,960	3,054,960	-
Total noncurrent liabilities	<u>30,397,434</u>	<u>9,912,959</u>	<u>40,310,393</u>	<u>415,082</u>
Total liabilities	<u>33,987,578</u>	<u>11,468,327</u>	<u>45,455,905</u>	<u>441,537</u>
Deferred inflows of resources:				
KPERS pension deferred inflows of resources	564,334	35,826	600,160	16,602
KPERS OPEB deferred inflows of resources	22,061	3,910	25,971	1,955
Property taxes levied for a subsequent period	5,934,185	-	5,934,185	783,800
Total deferred inflows of resources	<u>6,520,580</u>	<u>39,736</u>	<u>6,560,316</u>	<u>802,357</u>
Total liabilities and deferred inflows of resources	<u>\$ 40,508,158</u>	<u>\$ 11,508,063</u>	<u>\$ 52,016,221</u>	<u>\$ 1,243,894</u>
Net Position:				
Net investment in capital assets	\$ 33,767,698	\$ 41,007,984	\$ 74,775,682	\$ 2,313,200
Restricted for:				
Debt service	1,596,642	-	1,596,642	-
Housing	730,892	-	730,892	-
Street and highway	2,073,988	-	2,073,988	-
Other purposes	207,918	-	207,918	4,601
Unrestricted	<u>[1,848,201]</u>	<u>3,738,156</u>	<u>1,889,955</u>	<u>126,753</u>
Total net position	<u>\$ 36,528,937</u>	<u>\$ 44,746,140</u>	<u>\$ 81,275,077</u>	<u>\$ 2,444,554</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, 2018

	Net [Expenses] Revenue and Changes in Net Position							
	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Public Library
Governmental activities:								
General government	\$ 4,451,763	\$ 895,885	\$ 442,683	\$ -	\$ [3,113,195]	\$ -	\$ [3,113,195]	\$ -
Public safety - police	5,009,849	-	54,233	-	[4,955,616]	-	[4,955,616]	-
Public safety - fire	2,913,320	-	-	-	[2,913,320]	-	[2,913,320]	-
Public safety - other	985,468	1,205	-	-	[984,263]	-	[984,263]	-
Public works	4,858,335	823,390	-	2,234,770	[1,800,175]	-	[1,800,175]	-
Sanitation and health	203,076	-	99,666	-	[103,410]	-	[103,410]	-
Culture and recreation	2,336,420	544,624	114,711	56,020	[1,621,065]	-	[1,621,065]	-
Industrial promotion	2,050,712	219,695	-	-	[1,831,017]	-	[1,831,017]	-
Economic development	148,081	-	254,250	-	106,169	-	106,169	-
Social welfare	1,772,291	-	-	1,760,361	[11,930]	-	[11,930]	-
Interest on long-term debt	572,765	-	-	-	[572,765]	-	[572,765]	-
Total governmental activities	25,302,080	2,484,799	965,543	4,051,151	[17,800,587]	-	[17,800,587]	-
Business-type activities:								
Water/wastewater	6,034,171	8,204,765	-	4,536	-	2,175,130	2,175,130	-
Stormwater	588,843	833,671	-	-	-	244,828	244,828	-
Total business-type activities	6,623,014	9,038,436	-	4,536	-	2,419,958	2,419,958	-
Total primary government	\$ 31,925,094	\$ 11,523,235	\$ 965,543	\$ 4,055,687	[17,800,587]	2,419,958	[15,380,629]	-
Component units:								
Public library	\$ 1,086,542	\$ 17,121	\$ 130,921	\$ -	-	-	-	[938,500]
Total component units	\$ 1,086,542	\$ 17,121	\$ 130,921	\$ -	\$ -	\$ -	\$ -	\$ [938,500]
General Revenues:								
Property taxes					6,615,702	-	6,615,702	839,571
Sales taxes					8,785,802	-	8,785,802	-
Franchise taxes					1,958,611	-	1,958,611	-
Unrestricted investment revenues					233,093	66,149	299,242	9,607
Miscellaneous					704,820	-	704,820	-
Transfers, net					1,420,296	[1,420,296]	-	-
Subtotal general revenues					19,718,324	[1,354,147]	18,364,177	849,178
Change in net position					1,917,737	1,065,811	2,983,548	[89,322]
Net position - beginning					34,760,896	43,698,458	78,459,354	2,542,941
Prior period adjustment					[149,696]	[18,129]	[167,825]	[9,065]
Net position - beginning, restated					34,611,200	43,680,329	78,291,529	2,533,876
Net position - ending					\$ 36,528,937	\$ 44,746,140	\$ 81,275,077	\$ 2,444,554

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

CITY OF PITTSBURG, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	<u>General</u>	<u>Street and Highway</u>	<u>Revolving Loans</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:							
Cash and cash equivalents	\$ 5,291,319	\$ 1,749,181	\$ 2,449,151	\$ 2,244,025	\$ 683,818	\$ 778,265	\$ 13,195,759
Receivables (net of allowance for uncollectibles):							
Taxes	5,967,128	367,390	172,541	-	1,608,239	-	8,115,298
Accounts	101,844	-	354,122	-	-	40,360	496,326
Intergovernmental	-	159,796	-	197,007	-	32,347	389,150
Interest	23,869	-	-	-	-	-	23,869
Restricted investments	-	-	-	-	446,883	-	446,883
Leases receivable	-	-	170,797	-	-	-	170,797
Loans receivable	-	-	1,200,217	-	-	129,125	1,329,342
Due from other funds	32,347	-	-	-	-	-	32,347
Inventory	46,442	-	-	-	-	-	46,442
Prepaid items	55,402	7,119	1,162	-	-	-	63,683
Total assets	\$ 11,518,351	\$ 2,283,486	\$ 4,347,990	\$ 2,441,032	\$ 2,738,940	\$ 980,097	\$ 24,309,896
Liabilities and deferred inflows of resources:							
Liabilities:							
Accounts payable	\$ 82,410	\$ 190,383	\$ 27,630	\$ 331,371	\$ -	\$ 6,432	\$ 638,226
Accrued payroll	204,379	7,699	-	-	-	2,508	214,586
Accrued self-insurance claims	14,589	-	-	-	-	-	14,589
Due to other funds	-	-	-	-	-	32,347	32,347
Other	101,599	-	-	-	-	-	101,599
Total liabilities	402,977	198,082	27,630	331,371	-	41,287	1,001,347
Deferred inflows of resources:							
Property taxes levied for a subsequent period	4,828,338	-	-	-	1,105,847	-	5,934,185
Unavailable revenue - special assessments	-	-	-	-	441,490	-	441,490
Unavailable revenue - other	-	-	111,210	-	-	-	111,210
Total deferred inflows of resources	4,828,338	-	111,210	-	1,547,337	-	6,486,885
Fund balance:							
Nonspendable	101,844	7,119	1,162	-	-	-	110,125
Restricted:							
Debt service	-	-	-	-	1,191,603	-	1,191,603
Capital projects	-	2,078,285	-	2,109,661	-	-	4,187,946
Housing	-	-	-	-	-	730,892	730,892
Other	-	-	-	-	-	207,918	207,918
Assigned							
Other	110,956	-	-	-	-	-	110,956
Industrial promotion	-	-	4,207,988	-	-	-	4,207,988
Unassigned	6,074,236	-	-	-	-	-	6,074,236
Total fund balances	6,287,036	2,085,404	4,209,150	2,109,661	1,191,603	938,810	16,821,664
Total liabilities, deferred inflows of resources and fund balances	\$ 11,518,351	\$ 2,283,486	\$ 4,347,990	\$ 2,441,032	\$ 2,738,940	\$ 980,097	\$ 24,309,896

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, 2018

Total Governmental Fund Balances		\$ 16,821,664
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	\$ 98,804,512	
Accumulated depreciation is	<u>48,221,367</u>	50,583,145
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.		
		2,176,401
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.		
		[586,395]
Other long-term assets are not available to pay for current-period and, therefore, are reported as unavailable revenue in the funds		
		552,700
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	736,168	
Other postemployment benefits	1,606,874	
Net pension liability	11,378,089	
General obligation bond payable	7,994,710	
Special assessment bond payable	6,275,296	
Capital lease payable	1,225,102	
Revenue bond payable	3,695,000	
Accrued interest on the bonds	<u>107,339</u>	<u>[33,018,578]</u>
Net Position of Governmental Activities		<u>\$ 36,528,937</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, 2018

	<u>General</u>	<u>Street and Highway</u>	<u>Revolving Loans</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes:							
Property	\$ 5,150,335	\$ -	\$ -	\$ -	\$ 1,465,367	\$ -	\$ 6,615,702
Sales taxes	5,391,688	2,044,448	948,071	-	401,595	-	8,785,802
Franchise taxes	1,958,611	-	-	-	-	-	1,958,611
Licenses and permits	219,695	-	-	-	-	-	219,695
Intergovernmental	511,961	881,036	-	796,432	-	2,028,100	4,217,529
Charges for services	1,943,478	-	-	-	-	-	1,943,478
Fines and fees	321,625	-	-	-	-	-	321,625
Special assessments	26,931	-	-	-	463,968	-	490,899
Investment earnings	106,448	20,601	42,032	32,142	19,136	12,734	233,093
Lease income	-	-	239,471	-	-	-	239,471
Miscellaneous	246,250	10,172	1,387	461,862	-	27,620	747,291
Total revenues	<u>15,877,022</u>	<u>2,956,257</u>	<u>1,230,961</u>	<u>1,290,436</u>	<u>2,350,066</u>	<u>2,068,454</u>	<u>25,773,196</u>
Expenditures:							
Current:							
General government	4,082,761	-	-	-	-	-	4,082,761
Public safety - police	4,433,437	-	-	-	-	-	4,433,437
Public safety - fire	2,517,107	-	-	-	-	-	2,517,107
Public safety - other	798,528	-	-	-	-	-	798,528
Public works	1,021,452	1,446,760	-	-	-	-	2,468,212
Sanitation and health	81,646	-	-	-	-	117,155	198,801
Economic development	-	-	-	-	-	100,840	100,840
Culture and recreation	1,912,498	-	-	-	-	-	1,912,498
Industrial promotion	-	-	2,036,343	-	-	-	2,036,343
Social welfare	-	-	-	-	-	1,771,207	1,771,207
Debt service:							
Principal	-	-	-	-	2,185,651	-	2,185,651
Interest	-	-	-	-	555,158	-	555,158
Debt issuance costs	-	-	-	746	39,428	-	40,174
Capital outlay	1,548,438	766,699	-	4,421,391	-	47,241	6,783,769
Total expenditures	<u>16,395,867</u>	<u>2,213,459</u>	<u>2,036,343</u>	<u>4,422,137</u>	<u>2,780,237</u>	<u>2,036,443</u>	<u>29,884,486</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[518,845]</u>	<u>742,798</u>	<u>[805,382]</u>	<u>[3,131,701]</u>	<u>[430,171]</u>	<u>32,011</u>	<u>[4,111,290]</u>
Other financing sources [uses]:							
Capital lease proceeds	219,188	-	-	-	-	-	219,188
Transfers in	1,499,666	230,000	-	125,000	87,248	-	1,941,914
Transfers [out]	[421,952]	-	-	-	-	[99,666]	[521,618]
Total other financing sources [uses]	<u>1,296,902</u>	<u>230,000</u>	<u>-</u>	<u>125,000</u>	<u>87,248</u>	<u>[99,666]</u>	<u>1,639,484</u>
Net change in fund balance	778,057	972,798	[805,382]	[3,006,701]	[342,923]	[67,655]	[2,471,806]
Fund balance - Beginning of year	<u>5,508,979</u>	<u>1,112,606</u>	<u>5,014,532</u>	<u>5,116,362</u>	<u>1,534,526</u>	<u>1,006,465</u>	<u>19,293,470</u>
Fund balance - End of year	<u>\$ 6,287,036</u>	<u>\$ 2,085,404</u>	<u>\$ 4,209,150</u>	<u>\$ 2,109,661</u>	<u>\$ 1,191,603</u>	<u>\$ 938,810</u>	<u>\$ 16,821,664</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, 2018

Total Net Change In Fund Balances - Governmental Funds \$ [2,471,806]

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	5,396,748	
Loss on sale of asset	[14,925]	
Depreciation expense	<u>[3,103,295]</u>	2,278,528

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. [108,954]

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.

12,286

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	34,450	
Net other post employment benefits	<u>[87,964]</u>	[53,514]

Pension payments are reported as expenditures in the governmental funds and
do not affect the statement of net activities. [136,225]

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.

2,397,422

Changes In Net Position of Governmental Activities \$ 1,917,737

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Revenues:				
Taxes	\$ 15,893,217	\$ 16,184,917	\$ 16,184,917	\$ [291,700]
Special assessments	26,931	-	-	26,931
Intergovernmental	509,943	524,000	524,000	[14,057]
Licenses and permits	219,695	220,000	220,000	[305]
Charges for services	3,523,121	3,445,203	3,445,203	77,918
Fines and fees	321,625	402,600	402,600	[80,975]
Investment income	98,069	15,000	15,000	83,069
Miscellaneous	246,250	229,514	229,514	16,736
Total revenues	20,838,851	21,021,234	21,021,234	[182,383]
Expenditures:				
General Government:				
General administration:				
Personnel services	934,031	856,666	856,666	[77,365]
Contractual services	166,597	156,134	156,134	[10,463]
Commodities	24,084	14,540	14,540	[9,544]
Total general administration	1,124,712	1,027,340	1,027,340	[97,372]
Group hospitalization:				
Claims paid	2,067,558	2,645,799	2,645,799	578,241
Human resources:				
Personnel services	169,555	145,848	145,848	[23,707]
Contractual services	115,614	125,676	125,676	10,062
Commodities	5,440	4,250	4,250	[1,190]
Total human resources	290,609	275,774	275,774	[14,835]
Information systems:				
Personnel services	282,464	307,942	307,942	25,478
Contractual services	247,081	185,149	185,149	[61,932]
Commodities	69,904	83,350	83,350	13,446
Capital outlay	184,573	50,000	50,000	[134,573]
Total information systems	784,022	626,441	626,441	[157,581]
Facility maintenance:				
Personnel services	231,624	152,584	152,584	[79,040]
Contractual services	3,993	2,786	2,786	[1,207]
Commodities	76,895	81,565	81,565	4,670
Total facility maintenance	312,512	236,935	236,935	[75,577]
Municipal court:				
Personnel services	292,308	302,194	302,194	9,886
Contractual services	47,377	60,533	60,533	13,156
Commodities	8,340	8,200	8,200	[140]
Total municipal court	348,025	370,927	370,927	22,902
Sales tax capital outlay:				
Capital outlay	321,753	362,316	362,316	40,563
Reserve	-	93,700	93,700	93,700
Total sales tax capital outlay	321,753	456,016	456,016	134,263
Total general government	5,249,191	5,639,232	5,639,232	390,041

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, 2018

		Budgeted Amounts		Variance with
	Actual	Original	Final	Final Budget Positive [Negative]
Public safety:				
Police department:				
Personnel services	\$ 3,961,085	\$ 4,348,565	\$ 4,348,565	\$ 387,480
Contractual services	631,684	658,471	658,471	26,787
Commodities	224,079	235,953	235,953	11,874
Capital outlay	580,016	442,427	442,427	[137,589]
Total police department	5,396,864	5,685,416	5,685,416	288,552
Fire department:				
Personnel services	2,539,960	2,545,656	2,545,656	5,696
Contractual services	143,766	141,019	141,019	[2,747]
Commodities	103,221	114,674	114,674	11,453
Capital outlay	152,309	149,169	149,169	[3,140]
Total fire department	2,939,256	2,950,518	2,950,518	11,262
Public safety - other:				
Building services:				
Personnel services	222,438	265,896	265,896	43,458
Contractual services	13,315	12,488	12,488	[827]
Commodities	12,751	7,349	7,349	[5,402]
Total building services	248,504	285,733	285,733	37,229
Codes enforcement:				
Personnel services	111,984	111,575	111,575	[409]
Contractual services	13,598	15,287	15,287	1,689
Commodities	10,225	5,595	5,595	[4,630]
Total codes enforcement	135,807	132,457	132,457	[3,350]
Public safety - other:				
Animal control:				
Personnel services	87,539	79,548	79,548	[7,991]
Contractual services	20,489	18,055	18,055	[2,434]
Commodities	10,009	8,757	8,757	[1,252]
Total animal control	118,037	106,360	106,360	[11,677]
Public safety - other:				
Planning and Housing:				
Personnel services	243,039	206,833	206,833	[36,206]
Contractual services	20,368	10,996	10,996	[9,372]
Commodities	1,912	1,300	1,300	[612]
Total planning and housing	265,319	219,129	219,129	[46,190]
Public safety sales tax:				
Reserve	209,977	589,425	589,425	379,448
Total public safety - other	977,644	1,333,104	1,333,104	355,460
Total public safety	9,313,764	9,969,038	9,969,038	655,274
Public works:				
Engineering department:				
Personnel services	271,006	205,607	205,607	[65,399]
Contractual services	18,631	21,072	21,072	2,441
Commodities	8,098	3,232	3,232	[4,866]
Total engineering department	297,735	229,911	229,911	[67,824]
Atkinson Airport:				
Personnel services	141,058	143,524	143,524	2,466
Contractual services	59,552	63,139	63,139	3,587
Commodities	593,490	455,268	455,268	[138,222]
Capital outlay	4,491	60,000	60,000	55,509
Reserve	-	81,183	81,183	81,183
Total Atkinson Airport	798,591	803,114	803,114	4,523
Total public works	1,096,326	1,033,025	1,033,025	[63,301]
Sanitation and health:				
Mt. Olive Cemetery:				
Personnel services	69,977	70,403	70,403	426
Contractual services	11,880	15,127	15,127	3,247
Commodities	7,642	8,510	8,510	868
Total sanitation and health	89,499	94,040	94,040	4,541

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, 2018

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Culture and recreation:				
Parks and recreation:				
Personnel services	\$ 743,206	\$ 747,190	\$ 747,190	\$ 3,984
Contractual services	141,002	161,636	161,636	20,634
Commodities	114,573	103,352	103,352	[11,221]
Total parks and recreation	998,781	1,012,178	1,012,178	13,397
Aquatic center:				
Personnel services	81,854	77,057	77,057	[4,797]
Contractual services	31,106	32,266	32,266	1,160
Commodities	34,941	41,600	41,600	6,659
Total aquatic center	147,901	150,923	150,923	3,022
JC ballpark turf reserve:				
Capital outlay	62,378	15,000	15,000	[47,378]
Reserve	-	7,513	7,513	7,513
Total JC ballpark turf reserve	62,378	22,513	22,513	(39,865)
Four Oaks Complex:				
Personnel services	220,983	209,086	209,086	[11,897]
Contractual services	47,824	71,979	71,979	24,155
Commodities	53,107	54,359	54,359	1,252
Total Four Oaks Complex	321,914	335,424	335,424	13,510
Memorial Auditorium and Convention Center:				
Personnel services	378,537	347,203	347,203	[31,334]
Contractual services	134,629	132,301	132,301	[2,328]
Commodities	61,125	47,200	47,200	[13,925]
Operating reserve	-	76,516	76,516	76,516
Capital outlay	15,000	10,000	10,000	[5,000]
Total Memorial Auditorium and Convention Center	589,291	613,220	613,220	23,929
Farmers Market:				
Personnel services	3,776	17,874	17,874	14,098
Contractual services	8,016	4,800	4,800	[3,216]
Commodities	455	1,000	1,000	545
Operating reserve	-	4,657	4,657	4,657
Total Farmers Market	12,247	28,331	28,331	16,084
Total culture and recreation	2,132,512	2,162,589	2,162,589	22,564
Operating reserve	16,313	2,591,193	2,591,193	2,574,880
Total expenditures	17,897,605	21,489,117	21,489,117	3,583,999
Excess [deficiency] of revenues over [under] expenditures	2,941,246	[467,883]	[467,883]	3,409,129
Other financing sources [uses]				
Capital lease	-	-	-	-
Transfer in	1,499,666	2,513,978	2,513,978	[1,014,312]
Transfer [out]	[3,753,254]	[4,884,336]	[4,884,336]	1,131,082
Total other financing sources [uses]	[2,253,588]	[2,370,358]	[2,370,358]	116,770
Net change in fund balances	687,658	[2,838,241]	[2,838,241]	3,525,899
Fund balance, January 1	4,444,253	2,838,241	2,838,241	1,606,012
Unreserved fund balance, December 31	\$ 5,131,911	\$ -	\$ -	\$ 5,131,911

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)
STREET AND HIGHWAY FUND
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	Positive [Negative]
Revenues:				
Intergovernmental	\$ 882,159	\$ 998,500	\$ 998,500	\$ [116,341]
Investment earnings	20,601	2,300	2,300	18,301
Miscellaneous	<u>10,172</u>	<u>500</u>	<u>500</u>	<u>9,672</u>
Total revenues	<u>912,932</u>	<u>1,001,300</u>	<u>1,001,300</u>	<u>[88,368]</u>
Expenditures:				
Personnel services	444,870	506,098	506,098	61,228
Contractual services	373,687	407,103	407,103	33,416
Commodities	563,126	483,280	483,280	[79,846]
Capital outlay	952,894	2,050,000	2,050,000	1,097,106
Reserves	<u>-</u>	<u>234,858</u>	<u>234,858</u>	<u>234,858</u>
Total expenditures	<u>2,334,577</u>	<u>3,681,339</u>	<u>3,681,339</u>	<u>1,346,762</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,421,645]</u>	<u>[2,680,039]</u>	<u>[2,680,039]</u>	<u>1,258,394</u>
Other financing sources [uses]:				
Transfer in	<u>2,259,795</u>	<u>2,405,044</u>	<u>2,405,044</u>	<u>[145,249]</u>
Total other financing sources [uses]	<u>2,259,795</u>	<u>2,405,044</u>	<u>2,405,044</u>	<u>[145,249]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	838,150	[274,995]	[274,995]	1,113,145
Fund balance, January 1	<u>534,453</u>	<u>274,995</u>	<u>274,995</u>	<u>259,458</u>
Fund balance, December 31	<u>\$ 1,372,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,372,603</u>

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, 2018

	Water/ Wastewater	Stormwater	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,222,488	\$ 758,022	\$ 3,980,510
Restricted cash - customer deposits	201,080	-	201,080
Accounts receivable (net of allowance for uncollectibles)	934,890	24,567	959,457
Special assessment receivable	4,536	-	4,536
Interest receivable	23,869	-	23,869
Inventory	163,593	-	163,593
Prepaid expenses	19,818	1,444	21,262
Total current assets	<u>4,570,274</u>	<u>784,033</u>	<u>5,354,307</u>
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	474,742	108,070	582,812
Capital assets, depreciable	78,251,133	5,956,045	84,207,178
Less: Accumulated depreciation	<u>32,352,796</u>	<u>1,638,673</u>	<u>33,991,469</u>
Total noncurrent assets	<u>46,373,079</u>	<u>4,425,442</u>	<u>50,798,521</u>
Total assets	<u>50,943,353</u>	<u>5,209,475</u>	<u>56,152,828</u>
Deferred outflows of resources			
Deferred pension amounts	80,787	15,221	96,008
Deferred KPERS OPEB amounts	3,838	640	4,478
Deferred OPEB amounts	<u>784</u>	<u>105</u>	<u>889</u>
Total deferred outflows of resources	<u>85,409</u>	<u>15,966</u>	<u>101,375</u>
Total assets and deferred outflows of resources	<u>\$ 51,028,762</u>	<u>\$ 5,225,441</u>	<u>\$ 56,254,203</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Current liabilities:			
Accounts payable	\$ 123,739	\$ 1,382	\$ 125,121
Accrued payroll	38,886	6,443	45,329
Accrued interest payable	136,892	-	136,892
Customer deposits payable	201,080	-	201,080
Current portion of compensated absences	49,732	10,906	60,638
Current portion of general obligation bonds payable	679,005	-	679,005
Current portion of construction loan payable	<u>307,303</u>	<u>-</u>	<u>307,303</u>
Total current liabilities	<u>1,536,637</u>	<u>18,731</u>	<u>1,555,368</u>
Noncurrent liabilities:			
Compensated absences	67,484	9,859	77,343
Net OPEB liability	285,573	38,076	323,649
Net KPERS OPEB liability	15,624	2,604	18,228
Net pension liability	580,197	109,313	689,510
General obligation bonds payable	5,749,269	-	5,749,269
Construction loan payable	<u>3,054,960</u>	<u>-</u>	<u>3,054,960</u>
Total noncurrent liabilities	<u>9,753,107</u>	<u>159,852</u>	<u>9,912,959</u>
Total liabilities	<u>11,289,744</u>	<u>178,583</u>	<u>11,468,327</u>
Deferred Inflows of Resources			
KPERS pension deferred inflows of resources	30,146	5,680	35,826
KPERS OPEB deferred inflows of resources	<u>3,351</u>	<u>559</u>	<u>3,910</u>
Total deferred inflows of resources	<u>33,497</u>	<u>6,239</u>	<u>39,736</u>
Total liabilities and deferred inflows of resources	<u>\$ 11,323,241</u>	<u>\$ 184,822</u>	<u>\$ 11,508,063</u>
Net Position:			
Net investment in capital assets	\$ 36,582,542	\$ 4,425,442	\$ 41,007,984
Unrestricted	<u>3,122,979</u>	<u>615,177</u>	<u>3,738,156</u>
Total net position	<u>\$ 39,705,521</u>	<u>\$ 5,040,619</u>	<u>\$ 44,746,140</u>

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, 2018

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Operating revenues			
Charges for sales and services			
Water charges	\$ 4,222,060	\$ -	\$ 4,222,060
Wastewater charges	3,662,930	-	3,662,930
Stormwater charges	-	824,282	824,282
Other charges	319,775	9,389	329,164
Total operating revenues	<u>8,204,765</u>	<u>833,671</u>	<u>9,038,436</u>
Operating expenses			
Cost of sales and services	1,919,528	89,427	2,008,955
Administration	2,015,521	354,632	2,370,153
Depreciation	1,804,048	144,784	1,948,832
Total operating expenses	<u>5,739,097</u>	<u>588,843</u>	<u>6,327,940</u>
Operating income [loss]	<u>2,465,668</u>	<u>244,828</u>	<u>2,710,496</u>
Nonoperating revenues [expenses]			
Interest revenue	56,685	9,464	66,149
Interest expense	[295,074]	-	[295,074]
Total nonoperating revenues [expenses]	<u>[238,389]</u>	<u>9,464</u>	<u>[228,925]</u>
Income [loss] before transfers	<u>2,227,279</u>	<u>254,292</u>	<u>2,481,571</u>
Special assessments	4,536	-	4,536
Transfers [out]	[1,416,667]	[3,629]	[1,420,296]
Total transfers and capital contributions	<u>[1,412,131]</u>	<u>[3,629]</u>	<u>[1,415,760]</u>
Change in net position	<u>815,148</u>	<u>250,663</u>	<u>1,065,811</u>
Net position, January 1	38,905,912	4,792,546	43,698,458
Prior period adjustment	[15,539]	[2,590]	[18,129]
Net position, January 1, restated	<u>38,890,373</u>	<u>4,789,956</u>	<u>43,680,329</u>
Net position, December 31	<u>\$ 39,705,521</u>	<u>\$ 5,040,619</u>	<u>\$ 44,746,140</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, 2018

Sewer	Water and Wastewater	Stormwater	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	\$ 8,167,152	\$ 837,817	\$ 9,004,969
Cash paid to suppliers	[2,029,142]	[88,472]	[2,117,614]
Cash paid to employees	[2,036,128]	[363,185]	[2,399,313]
Net cash provided by [used in] operating activities	<u>4,101,882</u>	<u>386,160</u>	<u>4,488,042</u>
Cash flows from capital and related financing activities			
Proceeds from capitalization grant/construction loan payable	8,917	-	8,917
Payments on capitalization grant/construction loan payable	[308,944]	-	[308,944]
Acquisition and construction of capital assets	[1,578,894]	[62,977]	[1,641,871]
Principal paid on capital debt	[723,482]	-	[723,482]
Interest paid on capital debt	[276,712]	-	[276,712]
Net cash provided by [used in] capital and related financing activities	<u>[2,879,115]</u>	<u>[62,977]</u>	<u>[2,942,092]</u>
Cash flows from investing activities			
Interest received	<u>48,306</u>	<u>9,464</u>	<u>57,770</u>
Cash flows from noncapital financing activities			
Transfers [out]	<u>[1,416,667]</u>	<u>[3,629]</u>	<u>[1,420,296]</u>
Net cash provided by [used in] noncapital financing activities	<u>[1,416,667]</u>	<u>[3,629]</u>	<u>[1,420,296]</u>
Net increase [decrease] in cash and cash equivalents	[145,594]	329,018	183,424
Cash and cash equivalents and restricted cash, January 1	<u>3,569,162</u>	<u>429,004</u>	<u>3,998,166</u>
Cash and cash equivalents and restricted cash, December 31	<u>\$ 3,423,568</u>	<u>\$ 758,022</u>	<u>\$ 4,181,590</u>
Noncash portion of the capital contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Water and Sewer	Stormwater	Total Enterprise Funds
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities			
Operating income [loss]	\$ 2,465,668	\$ 244,828	\$ 2,710,496
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities			
Depreciation expense	1,804,048	144,784	1,948,832
Changes in assets and liabilities:			
[Increase] decrease in accounts receivable	[33,248]	4,146	[29,102]
[Increase] decrease in inventory	20,817	-	20,817
Increase [decrease] in prepaid items	[1,002]	[225]	[1,227]
[Increase] decrease in deferred outflows	17,959	2,802	20,761
Increase [decrease] in accounts payable	[118,747]	1,180	[117,567]
Increase [decrease] in retainage payable	[10,682]	-	[10,682]
Increase [decrease] in accrued payroll	5,474	874	6,348
Increase [decrease] in accrued compensated absences	4,508	1,762	6,270
Increase [decrease] in deferred inflows	[526]	62	[464]
Increase [decrease] in net pension liability	[64,847]	[7,804]	[72,651]
Increase [decrease] in net OPEB liability	16,825	[6,249]	10,576
Increase [decrease] in customer deposits	[4,365]	-	[4,365]
Net cash provided by [used in] operating activities	<u>\$ 4,101,882</u>	<u>\$ 386,160</u>	<u>\$ 4,488,042</u>
Cash consists of:			
Cash and cash equivalents	\$ 3,222,488	\$ 758,022	\$ 3,980,510
Restricted cash	<u>201,080</u>	<u>-</u>	<u>201,080</u>
	<u>\$ 3,423,568</u>	<u>\$ 758,022</u>	<u>\$ 4,181,590</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, 2018

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, 2018

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 accounted for and reported in another fund. This fund accounts for the general operating transactions of the City including public safety, cemetery, parks, recreation, and administration.

The street and highway fund accounts 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.

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, 2018

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, 2018, interest earnings allocated to the various funds were \$299,242.

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, 2018, 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, 2018

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	\$ 4,828,338
Revolving loans fund long-term portion of capital leases receivable	111,210
Debt service fund property taxes receivable	1,105,847
Debt serve fund special assessments receivable	<u>441,490</u>
	<u>\$ 6,486,885</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 2018 levy was based was approximately \$128 million.

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 2018 tax levy per \$1,000 of assessed valuation was as follows:

General Fund	\$ 36.961
Debt Service Fund	8.504
Component Unit:	
Public Library	<u>6.002</u>
	<u>\$ 51.467</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

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 and OPEB plan 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, 2018

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 and OPEB plan 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 \$4,609,440 of restricted net position.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

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, 2018, 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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

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 \$2,397,422 difference are as follows:

Debt issued or incurred:	
Issuance of capital lease	\$ [219,188]
Principal repayments:	
General obligation bonds	1,615,931
Capital lease	420,679
Revenue bonds	<u>580,000</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,397,422</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 Demolition 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, 2018

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 was one budget amendment during 2018. Special parks and recreation fund budgeted expenditures increased from \$86,000 to \$110,000.

Note 4. BUDGETARY BASIS OF ACCOUNTING

The General Fund and Street and Highway Fund Statements of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual are 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>	<u>Street and Highway Fund</u>
Net change in fund balances, GAAP basis	\$ 778,057	\$ 972,798
Change in prepaid items	[9,885]	[1,449]
Change in salaries payable	28,615	126
Change in encumbrances	[78,177]	[119,795]
Change in taxes receivable	24,035	[14,653]
Change in inventories	[7,595]	-
Change in health care payable	[36,995]	-
Change in grants receivable	[2,018]	1,123
Change in interest receivable	<u>[8,379]</u>	<u>-</u>
Net change in fund balances, budgetary basis	<u>\$ 687,658</u>	<u>\$ 838,150</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, 2018

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, 2018, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk as \$500,000 was covered by federal depository insurance and the remaining amount was collateralized with securities held by the pledging financial institutions' agents in the City's name.

The carrying amount of deposits for the Library, a discretely presented component unit, was not exposed to custodial credit risk as the amount was covered by federal depository insurance.

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, 2018, the City had the following investments:

	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
<u>Level 1 Investment</u>					
Goldman Sachs Financial Square Government Fund	\$ 446,883	\$ 446,883	\$ -	\$ -	\$ -

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, 2018.

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, 2018

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, 2018, 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 Unit - Public	
	City	Library	Total
Cash and cash equivalents	\$ 17,176,269	\$ 539,908	\$ 17,716,177
Restricted cash and cash equivalents	201,080	-	201,080
Restricted investments	446,883	-	446,883
	<u>\$ 17,824,232</u>	<u>\$ 539,908</u>	<u>\$ 18,364,140</u>

Note 6. LOANS RECEIVABLE

Loans receivable, aggregating \$1,329,342 at December 31, 2018, 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, 2018 the lease receivable balance was \$170,797.

Future minimum lease payments to be received are as follows:

2019	\$ 61,200
2020	61,200
2021	<u>56,100</u>
Total minimum lease payments	178,500
Less: amounts representing interest	<u>[7,703]</u>
Present value of minimum lease payments	<u>\$ 170,797</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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, 2018 rental income related to these leases was \$75,194. Future minimum lease income is as follows:

2019	\$ 57,452
2020	57,452
2021	57,452
2022	57,452
2023	57,452
2024-2025	<u>100,540</u>
	<u>\$ 387,800</u>

The asset cost of the buildings the City leases is \$2,999,865, with accumulated depreciation of \$1,793,862 resulting in net carrying value of \$1,206,003 at December 31, 2018.

Note 8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

Primary Government	Restated Balance at 12/31/17	Increase	Decreases	Transfers	Balance at 12/31/18
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,566,486	\$ -	\$ -	\$ -	\$ 3,566,486
Construction in progress	<u>304,790</u>	<u>4,351,945</u>	<u>411,167</u>	<u>-</u>	<u>4,245,568</u>
Total capital assets not being depreciated	<u>3,871,276</u>	<u>4,351,945</u>	<u>411,167</u>	<u>-</u>	<u>7,812,054</u>
Capital assets, being depreciated:					
Building and improvements	38,466,975	-	207,490	-	38,259,485
Machinery and equipment	12,848,503	453,402	470,456	[36,611]	12,794,838
Infrastructure	<u>38,935,569</u>	<u>1,002,566</u>	<u>-</u>	<u>-</u>	<u>39,938,135</u>
Total capital assets being depreciated	<u>90,251,047</u>	<u>1,455,968</u>	<u>677,946</u>	<u>[36,611]</u>	<u>90,992,458</u>
Less accumulated depreciation for:					
Building and improvements	19,680,776	991,085	207,489	-	20,464,372
Machinery and equipment	8,263,505	879,028	455,534	[36,611]	8,650,388
Infrastructure	<u>17,873,425</u>	<u>1,233,182</u>	<u>-</u>	<u>-</u>	<u>19,106,607</u>
Total accumulated depreciation	<u>45,817,706</u>	<u>3,103,295</u>	<u>663,023</u>	<u>[36,611]</u>	<u>48,221,367</u>
Total capital assets being depreciated, net	<u>44,433,341</u>	<u>[1,647,327]</u>	<u>14,923</u>	<u>-</u>	<u>42,771,091</u>
Governmental activities capital assets, net	<u>\$ 48,304,617</u>	<u>\$ 2,704,618</u>	<u>\$ 426,090</u>	<u>\$ -</u>	<u>\$ 50,583,145</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Note 8. CAPITAL ASSETS (Continued)

	Restated Balance at 12/31/17	Increase	Decreases	Transfers	Balance at 12/31/18
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 582,812	\$ -	\$ -	\$ -	\$ 582,812
Construction in progress	272,997	946,065	1,219,062	-	-
Total capital assets not being depreciated	855,809	946,065	1,219,062	-	582,812
Capital assets, being depreciated:					
Building and improvements	31,942,631	-	-	-	31,942,631
Machinery and equipment	5,362,841	511,371	20,221	36,611	5,890,602
Infrastructure	44,970,448	1,403,497	-	-	46,373,945
Total capital assets being depreciated	82,275,920	1,914,868	20,221	36,611	84,207,178
Less accumulated depreciation for:					
Building and improvements	12,264,292	642,616	-	-	12,906,908
Machinery and equipment	3,335,350	284,432	20,221	36,611	3,636,172
Infrastructure	16,426,605	1,021,784	-	-	17,448,389
Total accumulated depreciation	32,026,247	1,948,832	20,221	36,611	33,991,469
Total capital assets being depreciated, net	50,249,673	[33,964]	-	-	50,215,709
Business-type activities capital assets, net	\$ 51,105,482	\$ 912,101	\$ 1,219,062	\$ -	\$ 50,798,521

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

Governmental activities:	
General government	\$ 174,484
Public safety - police	493,168
Public safety - fire	326,085
Public safety - other	2,476
Public works	1,607,335
Sanitation and health	837
Industrial promotion	44,613
Culture and recreation	454,297
Total depreciation expense - governmental activities	\$ 3,103,295
Business-type activities:	
Water/wastewater	\$ 1,804,048
Stormwater	144,784
Total depreciation expense - business-type activities	\$ 1,948,832

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Note 8. CAPITAL ASSETS (Continued)

Capital asset activity for the Public Library component unit for the year ended December 31, 2018 was as follows:

	Balance at 12/31/17	Increase	Decreases	Balance at 12/31/18
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	3,643,808	-	-	3,643,808
Machinery and equipment	<u>163,558</u>	<u>33,071</u>	<u>40,486</u>	<u>156,143</u>
Total capital assets being depreciated	<u>3,807,366</u>	<u>33,071</u>	<u>40,486</u>	<u>3,799,951</u>
Less accumulated depreciation for:				
Building and improvements	1,505,714	86,839	-	1,592,553
Machinery and equipment	<u>109,166</u>	<u>40,933</u>	<u>40,486</u>	<u>109,613</u>
Total accumulated depreciation	<u>1,614,880</u>	<u>127,772</u>	<u>40,486</u>	<u>1,702,166</u>
Total capital assets being depreciated, net	<u>2,192,486</u>	<u>[94,701]</u>	<u>-</u>	<u>2,097,785</u>
Business-type activities capital assets, net	<u>\$ 2,407,901</u>	<u>\$ [94,701]</u>	<u>\$ -</u>	<u>\$ 2,313,200</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, 2018 for capital projects compared to the amount authorized:

	Costs to Date	Amount Authorized
General government:		
Airport projects	\$ 2,863,015	\$ 3,949,604
Security improvements	150,000	150,000
Road and bridge projects	<u>3,861,414</u>	<u>8,865,162</u>
	<u>\$ 6,874,429</u>	<u>\$ 12,964,766</u>
Business-type:		
Water/wastewater	<u>\$ 4,335,866</u>	<u>\$ 4,600,000</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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, 2018 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2018	Outstanding December 31, 2018
General Obligation Bonds:					
Governmental activities:					
Series 2008-A	3.20% to 3.60%	\$ 2,950,380	2018	\$ 345,540	\$ -
Series 2009-A	2.10% to 3.25%	1,265,000	2019	139,191	143,285
Series 2012-A	1.00% to 2.00%	855,000	2022	85,000	360,000
Series 2013-A	0.70% to 2.15%	1,420,000	2023	150,000	695,000
Series 2014-A	1.50% to 2.65%	3,398,395	2025	325,920	2,278,045
Series 2016-A	2.00%	5,000,000	2031	300,000	4,400,000
				<u>1,345,651</u>	<u>7,876,330</u>
Business-type activities:					
Series 2008-A	3.20% to 3.60%	379,620	2018	44,460	-
Series 2009-A	2.10% to 3.25%	280,000	2019	30,809	31,715
Series 2014-A	1.50% to 2.65%	1,606,605	2025	154,080	1,076,955
Series 2015-A	3.00%	6,370,000	2030	470,000	5,030,000
				<u>699,349</u>	<u>6,138,670</u>
				<u>\$ 2,045,000</u>	<u>\$ 14,015,000</u>
Special Assessment Bonds:					
Governmental activities:					
Series 2016-B	2.00% to 3.25%	\$ 6,500,000	2037	<u>\$ 260,000</u>	<u>\$ 6,240,000</u>

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, 2018

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, 2018 are as follows:

Year	General Obligation Bonds				Special Assessment Bonds	
	Governmental Activities		Business-type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
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	761,475	86,008	718,525	100,180	285,000	139,043
2024 - 2028	2,269,990	235,306	1,955,010	276,799	1,520,000	604,378
2029 - 2033	1,120,000	45,200	750,000	33,900	1,740,000	407,113
2034 - 2037	-	-	-	-	1,605,000	131,460
	<u>\$ 7,876,330</u>	<u>\$ 892,265</u>	<u>\$ 6,138,670</u>	<u>\$ 1,000,293</u>	<u>\$ 6,240,000</u>	<u>\$ 1,893,163</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 \$920,338 is shown as a liability in the water/wastewater fund.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 62,323	\$ 23,346
2020	64,099	21,726
2021	65,926	20,062
2022	67,805	18,348
2023	69,737	16,586
2024-2028	379,655	54,696
2029-2031	210,794	8,234
	<u>\$ 920,338</u>	<u>\$ 162,999</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, 2018, the City has drawn \$4,302,119 on this loan. The outstanding balance of \$1,965,811 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 \$476,114 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, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 23,656	\$ 10,063
2020	24,248	9,554
2021	24,856	9,032
2022	25,479	8,496
2023	26,117	7,948
2024-2028	140,735	31,016
2029-2033	159,271	15,085
2034-2035	51,753	1,112
	<u>\$ 476,114</u>	<u>\$ 92,305</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, 2018

Note 10. LONG-TERM DEBT (Continued)

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

The 2018 principal and interest for the revenue bonds was \$125,000 and the pledged revenues recognized for 2018 was \$101,302. 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, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	95,000	27,000	122,000
2024 - 2027	<u>485,000</u>	<u>56,040</u>	<u>541,040</u>
	<u>\$ 890,000</u>	<u>\$ 231,120</u>	<u>\$1,121,120</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 2018 principal and interest for the revenue bonds was \$652,145 and the pledged revenues recognized for 2018 was \$300,293. 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, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	565,000	45,938	610,938
2024	<u>325,000</u>	<u>16,048</u>	<u>341,048</u>
	<u>\$ 2,805,000</u>	<u>\$ 496,984</u>	<u>\$3,301,984</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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, 2018 was as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 9,221,981	\$ -	\$ 1,345,651	\$ 7,876,330	\$ 1,010,995
Less bond discount	[44,026]	-	[7,338]	[36,688]	-
Plus bond premium	170,725	-	15,657	155,068	-
Net general obligation bonds	9,348,680	-	1,353,970	7,994,710	1,010,995
Special assessment bonds	6,500,000	-	260,000	6,240,000	265,000
Plus bond premium	37,257	-	1,961	35,296	-
Net special assessment bonds	6,537,257	-	261,961	6,275,296	265,000
Transportation Development District Sales Tax Revenue Bonds	970,000	-	80,000	890,000	70,000
Special Obligation Tax Increment Revenue Bonds	3,305,000	-	500,000	2,805,000	430,000
Capital lease payable	1,426,593	219,188	420,679	1,225,102	425,473
Other postemployment benefits	1,409,272	145,225	50,481	1,504,016	-
Other postemployment benefits - KPERS	102,300	22,128	21,570	102,858	-
Compensated absences	770,617	268,251	302,700	736,168	312,337
Governmental activity long-term liabilities	<u>\$23,869,719</u>	<u>\$ 654,792</u>	<u>\$ 2,991,361</u>	<u>\$21,533,150</u>	<u>\$ 2,513,805</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 6,838,019	\$ -	\$ 699,349	\$ 6,138,670	\$ 679,005
Plus bond premium	313,737	-	24,133	289,604	-
Net general obligation bonds	7,151,756	-	723,482	6,428,274	679,005
Construction loan payable	3,662,290	8,917	308,944	3,362,263	307,303
Other postemployment benefits	313,172	31,251	20,774	323,649	-
Other postemployment benefits - KPERS	18,129	3,922	3,823	18,228	-
Compensated absences	131,711	64,069	57,799	137,981	60,638
Business-type activity long-term liabilities	<u>\$11,277,058</u>	<u>\$ 108,159</u>	<u>\$ 1,114,822</u>	<u>\$10,270,395</u>	<u>\$ 1,046,946</u>
Component unit activities:					
Other postemployment benefits	\$ 61,806	\$ 14,347	\$ -	\$ 76,153	\$ -
Other postemployment benefits - KPERS	9,065	1,961	1,911	9,115	-
Compensated absences	19,126	10,049	7,513	21,662	11,377
Component unit activity long-term liabilities	<u>\$ 89,997</u>	<u>\$ 26,357</u>	<u>\$ 9,424</u>	<u>\$ 106,930</u>	<u>\$ 11,377</u>

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

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

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, 2018, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$23,280,143.

- G. The City entered into various capital lease agreements for the acquisition of certain equipment in the amount of \$2,292,848. The annual debt service requirements to service the outstanding capital lease payable at December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 425,473	\$ 22,659
2020	200,473	16,280
2021	171,610	12,734
2022	161,765	22,579
2023	131,427	6,495
2024	134,354	3,259
	<u>\$ 1,225,102</u>	<u>\$ 84,006</u>

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Note 11. DEFINED BENEFIT PENSION PLAN

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

Public employees, which includes:

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

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

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

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

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

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

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

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

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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, 2018.

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 <u>Employer Rate</u>	Statutory Employer <u>Capped Rate</u>
Local government employees	9.62%	12.01%
Police and Firemen	20.09%	20.09%

Member contribution rates as a percentage of eligible compensation for the KPERS fiscal year June 30, 2018 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, 2018, 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, 2018.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the City's proportion for the Local employees group was 0.352%, which was a decrease of .005% from its proportion measured at June 30, 2017. At June 30, 2018, the City's proportion for the Police and Firemen group was 0.777%, which was a decrease of .042% from its proportion measured at June 30, 2017.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability. At December 31, 2018 and 2017, the City and Library reported a liability of \$12,067,599 and \$319,529, 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, 2017, which was rolled forward to June 30, 2018, 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, 2017 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, 2018 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%	6.85%
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, 2018

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:

City			
	1% Decrease (6.75%)	Discount rate (7.75%)	1% Increase 8.75%)
Local	\$ 6,733,558	\$ 4,591,128	\$ 2,780,580
Police and Firemen	10,655,457	7,476,471	4,814,958
Total	<u>\$ 17,389,015</u>	<u>\$ 12,067,599</u>	<u>\$ 7,595,538</u>

Library			
	1% Decrease (6.75%)	Discount rate (7.75%)	1% Increase 8.75%)
Local	<u>\$ 468,636</u>	<u>\$ 319,529</u>	<u>\$ 193,520</u>

Pension Expense. For the year ended December 31, 2018, the City recognized Local pension expense of \$377,121 and Police and Firemen pension expense of \$1,000,494, 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 \$26,246.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2018, 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 of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$ 473,410	\$ 164,633	\$ 1,154	\$ 9,054
Net differences between projected and actual earnings on investments	301,976	-	7,475	-
Changes of assumptions	592,521	42,744	13,837	1,539
Changes in proportion	225,592	392,783	4,563	6,009
Total	<u>\$ 1,593,499</u>	<u>\$ 600,160</u>	<u>\$ 27,029</u>	<u>\$ 16,602</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

Note 11. DEFINED BENEFIT PENSION PLAN (Continued)

\$649,511 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, 2019. 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	City				
	Local Group		Police and Firemen Group		
	Deferred		Deferred		
	[Inflows]	Outflows	[Inflows]	Outflows	
<u>June 30,</u>		<u>Amount</u>		<u>Amount</u>	<u>Total</u>
2019	\$	155,024	\$	483,898	\$ 638,922
2020		78,990		327,379	406,369
2021		[73,410]		16,284	[57,126]
2022		[7,086]		19,441	12,355
2023		[3,690]		[3,491]	[7,181]
Total	\$	149,828	\$	843,511	\$ 993,339

\$17,462 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, 2019. 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 <u>June 30,</u>	Library	
	Local Group	
	Deferred	
	[Inflows]	Outflows
	<u>Amount</u>	
2019	\$	10,789
2020		5,497
2021		[5,109]
2022		[493]
2023		[257]
Total	\$	<u>10,427</u>

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, 2018

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 2018, the City did not contribute to the plan.

At December 31, 2018, the following employees were covered by the benefit terms:

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

The total OPEB liability of \$1,903,818 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	3.16%
Healthcare cost trend rates	Medical & Pharmacy: 9.00% for 2017, decreasing 0.50% per year to an ultimate rate of 4.50% for 2026 and later years Dental: 4.50%
Retiree's share of benefit 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, 2018

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Changes in the total OPEB liability are as follows:

	Total OPEB Liability		
	<u>City</u>	<u>Library</u>	<u>Total</u>
Balance 1/1/2018	\$ 1,722,444	\$ 61,806	\$ 1,784,250
Service cost	105,287	14,349	119,636
Interest	56,316	2,021	58,337
Benefit paid	[62,035]	[2,226]	[64,261]
Changes in assumptions	5,653	203	5,856
Balance 12/31/2018	<u>\$ 1,827,665</u>	<u>\$ 76,153</u>	<u>\$ 1,903,818</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 (2.16%) or one percentage point higher (4.16%) than the current discount rate:

City			
	1% Decrease (2.16%)	Discount Rate (3.16%)	1% increase (4.16%)
Total OPEB Liability \$	2,049,706	\$ 1,827,665	\$ 1,632,165

Library			
	1% Decrease (2.16%)	Discount Rate (3.16%)	1% increase (4.16%)
Total OPEB Liability \$	85,405	\$ 76,153	\$ 68,007

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:

City			
	Healthcare Cost		
	1% Decrease (8% decreasing to 3.5%)	Trend Rates (9% decreasing to 4.5%)	1% increase (10% decreasing to 5.5%)
Total OPEB Liability \$	1,588,443	\$ 1,827,665	\$ 2,117,917

Library			
	Healthcare Cost		
	1% Decrease (8% decreasing to 3.5%)	Trend Rates (9% decreasing to 4.5%)	1% increase (10% decreasing to 5.5%)
Total OPEB Liability \$	66,185	\$ 76,153	\$ 88,247

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Note 12. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

For the year ended December 31, 2018, the City recognized OPEB expense of \$183,829.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2018, the City reported deferred outflows related to other postemployment benefits from the following sources:

	City	Library
	Deferred outflows of resources	Deferred outflows of resources
Changes of assumptions	\$ 5,020	\$ 209
Total	\$ 5,020	\$ 209

Amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

	City		Library		
	Deferred		Deferred		
Year ended	[Inflows]	Outflows	[Inflows]	Outflows	
June 30,	Amount		Amount		Total
2019	\$	602	\$	25	\$ 627
2020		602		25	627
2021		602		25	627
2022		602		25	627
2023		602		25	627
2024+		2,010		84	2,094
Total	\$	5,020	\$	209	\$ 5,229

Note 13. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (KPERS)

Plan Description. The City participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Note 13. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (KPERs) (Continued)

begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees covered by benefit terms. At June 30, 2018, the valuation date, the following employees were covered by the benefit terms:

Active employees	156
Disabled members	<u>-</u>
Total	<u>156</u>

Total OPEB Liability. The District's total KPERs OPEB liability of \$130,201 reported as of December 31, 2018, was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation date	December 31, 2017
Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.00%
Discount rate (based on 20 year municipal bond rate with an average rating of AA/Aa or better, obtained through the Bond Buyer General Obligation 20-Bond Municipal Index)	3.87%

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

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, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2017 KPERs pension valuation.

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Note 13. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (KPERS) (Continued)

The changes in the total OPEB liability are as follows:

	Total KPERS OPEB Liability		
	City	Library	Total
Balance 1/1/2018	\$ 120,429	\$ 9,065	\$ 129,494
Service cost	20,986	1,580	22,566
Interest	5,063	381	5,444
Difference between expected and actual experience	[23,719]	[1,785]	[25,504]
Changes in assumptions	[1,673]	[126]	[1,799]
Balance 12/31/2018	<u>\$ 121,086</u>	<u>\$ 9,115</u>	<u>\$ 130,201</u>

Sensitivity of the total KPERS OPEB liability to changes in the discount rate. The following presented the total KPERS OPEB liability of the City, as well as what the City's total KPERS OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

City			
	1% Decrease (2.87%)	Discount Rate (3.87%)	1% increase (4.87%)
Total OPEB Liability \$	126,599	\$ 121,086	\$ 115,308

Library			
	1% Decrease (2.87%)	Discount Rate (3.87%)	1% increase (4.87%)
Total OPEB Liability \$	9,529	\$ 9,115	\$ 8,679

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates. The following presented the total KPERS OPEB liability of the City calculated using the current healthcare cost trend rates as well as what the City's total KPERS OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

City			
	1% Decrease	Healthcare Cost Trend Rates	1% increase
Total OPEB Liability \$	121,086	\$ 121,086	\$ 121,086

Library			
	1% Decrease	Healthcare Cost Trend Rates	1% increase
Total OPEB Liability \$	9,115	\$ 9,115	\$ 9,115

CITY OF PITTSBURG, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Note 13. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (KPERs) (Continued)

For the year ended June 30, 2018, the City recognized OPEB expense of \$24,744.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2018, the City reported deferred outflows related to other postemployment benefits from the following sources:

	City Deferred Inflows of Resources	Library Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,271	\$ 1,601
Changes of assumptions	4,700	354
Total	<u>\$ 25,971</u>	<u>\$ 1,955</u>

\$29,746 and \$2,239 were reported as deferred outflows of resources related to OPEB resulting from City and Library contributions respectively, subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended		
<u>June 30,</u>	<u>City</u>	<u>Library</u>
2019	\$ [3,037]	\$ [229]
2020	[3,037]	[229]
2021	[3,037]	[229]
2022	[3,037]	[229]
2023	[3,037]	[229]
Thereafter	[10,786]	[810]
Total	<u>\$[25,971]</u>	<u>\$ [1,955]</u>

Note 14. RISK MANAGEMENT

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

Group Hospitalization. The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$50,000 per plan year. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The transactions of the health insurance plan are accounted for in the Group Hospitalization department in the General Fund and are subsequently allocated to various departments and/or funds. The rates are based on past historical costs for individual and family coverage and expected future claims. The claims liability of \$14,589 reported at December 31, 2018 is based on the requirements of Governmental Accounting Standard Board Statement

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

Note 14. RISK MANAGEMENT (Continued)

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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Unpaid claims, January 1	\$ 51,584	\$ 150,000
Incurring claims (including IBNRs)	1,324,937	1,303,156
Claim payments	<u>[1,361,932]</u>	<u>[1,401,572]</u>
Unpaid claims, December 31	<u>\$ 14,589</u>	<u>\$ 51,584</u>

Note 15. INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2018, consisted of the following:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major governmental funds:		
General Fund	\$ 1,499,666	\$ 421,952
Capital Projects Fund	125,000	-
Debt Service Fund	87,248	-
Street and Highway	230,000	-
Nonmajor governmental funds	-	99,666
Major proprietary funds:		
Water/Wastewater Fund	-	1,416,667
Stormwater Fund	-	<u>3,629</u>
	<u>\$ 1,941,914</u>	<u>\$ 1,941,914</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.

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

Note 16. COMMITMENTS AND CONTINGENCIES- ENCUMBRANCES

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at yearend are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2018, the City's encumbrances were recorded as follows:

General Fund	\$ 110,956
Street and Highway Fund	186,195
Revolving Loans Fund	1,755
Water and Wastewater Fund	167,824
Stormwater Fund	130,720
Total Encumbrances	<u>\$ 597,450</u>

Note 17. CONTINGENCIES

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

Note 18. RESTATEMENT

The City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the KPERS other postemployment benefits for the year ended December 31, 2018. The City also restated capital assets for transactions that occurred in the prior year. The implementation of which caused a restatement of net position as follows:

	Governmental Activities	Business Type Activities	Public Library
Net position - beginning	\$ 34,760,896	\$ 43,698,458	\$ 2,542,941
Capital assts	[47,396]	-	-
Adoption of GASB 75	<u>[102,300]</u>	<u>[18,129]</u>	<u>[9,065]</u>
Net position - beginning, restated	<u>\$ 34,611,200</u>	<u>\$ 43,680,329</u>	<u>\$ 2,533,876</u>

Note 19. TAX ABATEMENTS

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with five entities as of December 31, 2018:

Entity	Amount of Taxes Abated During the Fiscal Year
Millers, Inc.	\$ 130,402
Rallison, LP	4,928
La Quinta Inn & Suites	42,324
Kendall Packaging Corporation	28,548
Pinamonti Physical Therapy, PA	40,878
Total	<u>\$ 247,080</u>

CITY OF PITTSBURG, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

Note 19. TAX ABATEMENTS (Continued)

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.

The Pinamonti Physical Therapy, PA, La Quinta Inn & Suites and Kendall Packaging Corporation 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PITTSBURG, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS

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

Total OPEB liability	<u>2018</u>	<u>2017</u>
Service cost	\$ 119,636	\$ 101,402
Interest	58,337	61,974
Benefit paid	[64,261]	[108,229]
Changes in assumptions	<u>5,856</u>	<u>-</u>
Net change in total OPEB liability	119,568	55,147
Total OPEB liability - beginning	<u>1,784,250</u>	<u>1,729,103</u>
Total OPEB liability - ending	<u>\$ 1,903,818</u>	<u>\$ 1,784,250</u>
 Covered payroll	 <u>\$ 8,812,378</u>	 <u>\$ 8,812,378</u>
 Total OPEB liability as a percentage of covered-employee payroll	 21.60%	 20.25%
 Actuarially determined contribution	 <u>\$ 64,261</u>	 <u>\$ 108,229</u>
 Actual contribution	 <u>\$ 64,261</u>	 <u>\$ 108,229</u>
 Contributions as a percentage of covered payroll	 0.73%	 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
REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS - KPERS

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

Total OPEB liability	<u>2018</u>
Service cost	\$ 22,566
Interest	5,444
Difference between expected and actual experience	[25,504]
Changes in assumptions	<u>[1,799]</u>
Net change in total OPEB liability	707
Total OPEB liability - beginning	129,494
Total OPEB liability - ending	<u>\$ 130,201</u>
 Covered payroll	 <u>\$ 6,077,814</u>
 Total OPEB liability as a percentage of covered-employee payroll	 2.14%
 Actuarially determined contribution	 <u>\$ 48,513</u>
 Actual contribution	 <u>\$ 48,513</u>
 Contributions as a percentage of covered payroll	 0.80%

* - Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

CITY OF PITTSBURG, KANSAS
 KPERS PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 December 31, 2018

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

	<u>Local</u> <u>12/31/18</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/18</u>	<u>Local</u> <u>12/31/17</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/17</u>
City's proportion of the net pension liability	0.352%	0.777%	0.357%	0.819%
City's proportionate share of the net pension liability	\$ 4,910,657	\$ 7,476,471	\$ 5,171,160	\$ 7,678,253
City's covered payroll	\$ 6,215,351	\$ 3,912,376	\$ 6,015,299	\$ 3,939,134
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	79.01%	191.10%	85.97%	194.92%
Plan fiduciary net position as a percentage of the total pension liability	74.22%	71.53%	72.15%	70.99%
	<u>Local</u> <u>12/31/16</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/16</u>	<u>Local</u> <u>12/31/15</u>	<u>Police and</u> <u>Firemen</u> <u>12/31/15</u>
City's proportion of the net pension liability	0.349%	0.822%	0.355%	0.799%
City's proportionate share of the net pension liability	\$ 5,412,933	\$ 7,630,536	\$ 4,671,299	\$ 5,800,438
City's covered payroll	\$ 6,159,850	\$ 3,973,180	\$ 5,866,661	\$ 3,471,338
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	87.87%	192.05%	79.62%	167.10%
Plan fiduciary net position as a percentage of the total pension liability	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.

CITY OF PITTSBURG, KANSAS
 KPERS PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 December 31, 2018

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

	Local 12/31/18	Police and Firemen 12/31/18	Local 12/31/17	Police and Firemen 12/31/17
Contractually required contribution	\$ 533,338	\$ 795,471	\$ 525,818	\$ 744,524
Contributions in relation to the contractually required contribution	<u>533,338</u>	<u>795,471</u>	<u>525,818</u>	<u>744,524</u>
Contribution deficiency [excess]	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,356,820	\$ 3,959,538	\$ 6,215,351	\$ 3,912,376
Contributions as a percentage of covered employee payroll	8.39%	20.09%	8.46%	19.03%

	Local 12/31/16	Police and Firemen 12/31/16	Local 12/31/15	Police and Firemen 12/31/15
Contractually required contribution	\$ 552,205	\$ 893,395	\$ 583,953	\$ 959,523
Contributions in relation to the contractually required contribution	<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>
City's covered payroll	\$ 6,015,299	\$ 3,939,134	\$ 6,159,850	\$ 3,973,180
Contributions as a percentage of covered employee payroll	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.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF PITTSBURG, KANSAS

NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

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

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

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

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, 2018

	Special Revenue										
	Special Parks and Recreation	Special Alcohol and Drug	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grant	KHRC Moderate Income Housing	CDBG TBRA Grants	Demolition	Land Bank	Total Nonmajor Governmental Funds	
Assets:											
Cash and cash equivalents	\$ -	\$ 64,481	\$ 559,165	\$ 9,064	\$ -	\$ 3	\$ -	\$ 105,502	\$ 40,050	\$ 778,265	
Receivables (net of allowance for uncollectibles):											
Accounts	-	-	38,235	-	-	-	-	2,125	-	40,360	
Intergovernmental	-	-	-	-	32,347	-	-	-	-	32,347	
Loans receivable	-	-	129,125	-	-	-	-	-	-	129,125	
Total assets	<u>\$ -</u>	<u>\$ 64,481</u>	<u>\$ 726,525</u>	<u>\$ 9,064</u>	<u>\$ 32,347</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 107,627</u>	<u>\$ 40,050</u>	<u>\$ 980,097</u>	
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ 2,192	\$ -	\$ -	\$ -	\$ 4,000	\$ 240	\$ 6,432	
Accrued payroll	-	-	-	2,508	-	-	-	-	-	2,508	
Due to other funds	-	-	-	-	32,347	-	-	-	-	32,347	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,700</u>	<u>32,347</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>240</u>	<u>41,287</u>	
Fund balance:											
Restricted:											
Housing	-	-	726,525	4,364	-	3	-	-	-	730,892	
Other	-	64,481	-	-	-	-	-	103,627	39,810	207,918	
Unassigned	-	-	-	-	-	-	-	-	-	-	
Total fund balance [deficit]	<u>-</u>	<u>64,481</u>	<u>726,525</u>	<u>4,364</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>103,627</u>	<u>39,810</u>	<u>938,810</u>	
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 64,481</u>	<u>\$ 726,525</u>	<u>\$ 9,064</u>	<u>\$ 32,347</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 107,627</u>	<u>\$ 40,050</u>	<u>\$ 980,097</u>	

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue									Total
	Special Parks and Recreation	Special Alcohol and Drug	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grant	KHRC Moderate Income Housing	CDBG TBRA Grants	Demolition	Land Bank	Nonmajor Governmental Funds
Revenues:										
Intergovernmental	\$ 99,666	\$ 99,666	\$ -	\$ 1,521,367	\$ 170,790	\$ 68,407	\$ 68,204	\$ -	\$ -	\$ 2,028,100
Sales taxes	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	9,947	237	-	-	-	1,820	730	12,734
Miscellaneous	-	-	-	5,442	-	-	-	2,278	19,900	27,620
Total Revenues	<u>99,666</u>	<u>99,666</u>	<u>9,947</u>	<u>1,527,046</u>	<u>170,790</u>	<u>68,407</u>	<u>68,204</u>	<u>4,098</u>	<u>20,630</u>	<u>2,068,454</u>
Expenditures:										
Current:										
Public works	-	-	-	-	-	-	-	-	-	-
Sanitation and health	-	117,155	-	-	-	-	-	-	-	117,155
Economic development	-	-	-	-	-	68,404	-	20	32,416	100,840
Social welfare	-	-	5,246	1,526,967	170,790	-	68,204	-	-	1,771,207
Capital outlay	-	-	-	-	-	-	-	42,242	4,999	47,241
Total Expenditures	<u>-</u>	<u>117,155</u>	<u>5,246</u>	<u>1,526,967</u>	<u>170,790</u>	<u>68,404</u>	<u>68,204</u>	<u>42,262</u>	<u>37,415</u>	<u>2,036,443</u>
Excess [deficiency] of revenues over [under] expenditures	<u>99,666</u>	<u>[17,489]</u>	<u>4,701</u>	<u>79</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>[38,164]</u>	<u>[16,785]</u>	<u>32,011</u>
Other financing sources [uses]:										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers [out]	<u>[99,666]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[99,666]</u>
Total other financing sources [uses]	<u>[99,666]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[99,666]</u>
Net change in fund balance	-	[17,489]	4,701	79	-	3	-	[38,164]	[16,785]	[67,655]
Fund balance, beginning of year	-	81,970	721,824	4,285	-	-	-	141,791	56,595	1,006,465
Fund balance, end of year	<u>\$ -</u>	<u>\$ 64,481</u>	<u>\$ 726,525</u>	<u>\$ 4,364</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 103,627</u>	<u>\$ 39,810</u>	<u>\$ 938,810</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL PARKS AND RECREATION FUND
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues:				
Intergovernmental	\$ 99,666	\$ 86,000	\$ 110,000	\$ [10,334]
Total revenues	<u>99,666</u>	<u>86,000</u>	<u>110,000</u>	<u>[10,334]</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>99,666</u>	<u>86,000</u>	<u>110,000</u>	<u>[10,334]</u>
Other financing sources [uses]:				
Transfer [out]	<u>[99,666]</u>	<u>[86,000]</u>	<u>[110,000]</u>	<u>10,334</u>
Total other financing sources [uses]	<u>[99,666]</u>	<u>[86,000]</u>	<u>[110,000]</u>	<u>10,334</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL ALCOHOL AND DRUG FUND
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues:				
Intergovernmental	\$ 99,666	\$ 86,000	\$ 86,000	\$ 13,666
Total revenues	<u>99,666</u>	<u>86,000</u>	<u>86,000</u>	<u>13,666</u>
Expenditures:				
Personnel services	6,100	6,000	6,000	[100]
Contractual services	104,178	109,500	109,500	5,322
Commodities	<u>6,877</u>	<u>50,861</u>	<u>50,861</u>	<u>43,984</u>
Total expenditures	<u>117,155</u>	<u>166,361</u>	<u>166,361</u>	<u>49,206</u>
Excess [deficiency] of revenues over [under] expenditures	[17,489]	[80,361]	[80,361]	62,872
Fund balance, January 1	<u>81,970</u>	<u>80,361</u>	<u>80,361</u>	<u>1,609</u>
Fund balance, December 31	<u>\$ 64,481</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,481</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, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues:				
Intergovernmental	\$ 1,521,367	\$ 1,555,000	\$ 1,555,000	\$ [33,633]
Investment earnings	237	150	150	87
Miscellaneous	<u>5,442</u>	<u>6,000</u>	<u>6,000</u>	<u>[558]</u>
Total revenues	<u>1,527,046</u>	<u>1,561,150</u>	<u>1,561,150</u>	<u>[34,104]</u>
Expenditures:				
Personnel services	119,366	149,886	149,886	30,520
Contractual services	1,399,905	1,401,753	1,401,753	1,848
Commodities	<u>6,879</u>	<u>10,219</u>	<u>10,219</u>	<u>3,340</u>
Total expenditures	<u>1,526,150</u>	<u>1,561,858</u>	<u>1,561,858</u>	<u>35,708</u>
Excess [deficiency] of revenues over [under] expenditures	896	[708]	[708]	1,604
Fund balance, January 1	<u>5,976</u>	<u>708</u>	<u>708</u>	<u>5,268</u>
Fund balance, December 31	<u>\$ 6,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,872</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, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues:				
Taxes	\$ 1,182,067	\$ 1,258,343	\$ 1,258,343	\$ [76,276]
Special assessments	463,968	470,000	470,000	[6,032]
Investment earnings	18,804	4,200	4,200	14,604
Miscellaneous	<u>57,543</u>	<u>57,543</u>	<u>57,543</u>	<u>-</u>
Total revenues	<u>1,722,382</u>	<u>1,790,086</u>	<u>1,790,086</u>	<u>[67,704]</u>
Expenditures				
Principal	2,185,651	3,069,205	3,069,205	883,554
Interest	594,587	874,033	874,033	279,446
Reserves	<u>-</u>	<u>773,298</u>	<u>773,298</u>	<u>773,298</u>
Total expenditures	<u>2,780,238</u>	<u>4,716,536</u>	<u>4,716,536</u>	<u>1,936,298</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,057,856]</u>	<u>[2,926,450]</u>	<u>[2,926,450]</u>	<u>1,868,594</u>
Other financing sources [uses]				
Transfer in	<u>777,145</u>	<u>1,969,574</u>	<u>1,969,574</u>	<u>[1,192,429]</u>
Total other financing sources [uses]	<u>777,145</u>	<u>1,969,574</u>	<u>1,969,574</u>	<u>[1,192,429]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[280,711]</u>	<u>[956,876]</u>	<u>[956,876]</u>	<u>676,165</u>
Fund balance, January 1	<u>964,528</u>	<u>956,876</u>	<u>956,876</u>	<u>7,652</u>
Fund balance, December 31	<u>\$ 683,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,817</u>

See independent auditor's report on the financial statements.

CITY OF PITTSBURG, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
December 31, 2018

Assets:	
Cash and cash equivalents	\$ 539,908
Taxes receivables	783,800
Prepaid items	<u>4,601</u>
Total assets	<u>\$ 1,328,309</u>
Liabilities and deferred inflows of resources:	
Liabilities:	
Accounts payable	\$ 1,826
Accrued payroll	<u>13,252</u>
Total liabilities	<u>15,078</u>
Deferred inflows of resources	
Unavailable revenue - property taxes	<u>783,800</u>
Total deferred inflows of resources	<u>783,800</u>
Fund balance:	
Nonspendable:	
Not in spendable form	4,601
Unassigned	<u>524,830</u>
Total fund balances	<u>529,431</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,328,309</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, 2018

Revenues:	
Taxes	\$ 839,571
Fines and fees	17,121
Investment earnings	9,607
Miscellaneous	<u>130,921</u>
Total Revenues	<u>997,220</u>
Expenditures:	
Current:	
Education	984,304
Improvements	<u>4,996</u>
Total Expenditures	<u>989,300</u>
Net change in fund balance	7,920
Fund balance, beginning of year	<u>521,511</u>
Fund balance, end of year	<u>\$ 529,431</u>

See independent auditor's report on the financial statements.

STATISTICAL SECTION

Statistical Section
(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	77 – 80
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, sales tax and water and wastewater revenues.	81 – 89
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	90 – 94
Demographic and Economical Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	95 – 96
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	97 – 99

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

	Fiscal Year									
	<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>2018</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 33,767,698
Restricted	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	4,609,440
Unrestricted	<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>	<u>[1,848,201]</u>
Total governmental activities net position	<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>	<u>\$ 36,528,937</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 41,007,984
Unrestricted	<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>	<u>3,738,156</u>
Total business-type activities net position	<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>	<u>\$ 44,746,140</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 74,775,682
Restricted	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	4,609,440
Unrestricted	<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>	<u>1,889,955</u>
Total primary government net position	<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>	<u>\$ 81,275,077</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 4,451,763
Public safety - police	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	5,009,849
Public safety - fire	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	2,913,320
Public safety - other	704,225	725,511	547,062	567,440	603,993	675,899	645,552	667,863	1,251,069	985,468
Public works	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	4,858,335
Sanitation and health	160,796	147,196	159,171	170,180	161,315	160,574	157,904	165,314	170,443	203,076
Culture and recreation	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	2,336,420
Industrial promotion	744,554	858,158	675,027	615,680	2,496,209	1,526,378	1,667,559	981,068	1,813,667	2,050,712
Economic development	6,993	-	36,187	36,187	137,119	70,061	87,670	35,878	6,306,088	148,081
Social welfare	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	1,772,291
Interest on long-term debt	1,390,747	1,250,376	1,172,414	1,245,026	984,191	809,605	697,179	824,065	643,577	572,765
Total governmental expenses	18,342,795	18,646,417	18,978,621	19,473,230	21,776,638	21,900,410	22,878,587	23,004,387	31,140,158	25,302,080
Business-type activities:										
Water/wastewater	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	6,034,171
Stormwater	663,837	710,982	817,326	678,899	710,254	622,936	621,388	588,850	560,282	588,843
Total business-type activities expenses	5,823,096	6,090,807	6,680,448	6,967,680	7,046,925	6,933,542	6,897,282	6,628,138	6,363,548	6,623,014
Total primary government expenses	\$ 24,165,891	\$ 24,737,224	\$ 25,659,069	\$ 26,440,910	\$ 28,823,563	\$ 28,833,952	\$ 29,775,869	\$ 29,632,525	\$ 37,503,706	\$ 31,925,094
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,287,878	\$ 1,430,551	\$ 1,257,293	\$ 1,310,417	\$ 1,178,192	\$ 872,883	\$ 998,382	\$ 1,014,900	\$ 961,705	\$ 895,885
Public works	683,940	707,999	914,790	989,594	966,929	903,934	743,700	676,310	690,791	823,390
Industrial promotion	354,752	355,717	329,758	380,974	390,500	220,146	218,933	270,156	153,006	219,695
Other activities	585,060	564,784	557,694	594,893	570,848	524,786	543,441	518,249	538,717	545,829
Operating grants and contributions	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	965,543
Capital grants and contributions	389,608	428,241	797,414	152,815	656,148	3,855,619	4,268,203	3,334,419	3,955,343	4,051,151
Total governmental activities program revenues	5,823,231	6,049,218	6,445,202	5,972,300	6,219,611	7,784,013	8,113,714	7,092,610	7,165,498	7,501,493
Business-type activities:										
Charges for services:										
Water/wastewater	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	8,204,765
Stormwater	713,571	728,467	746,273	774,610	782,531	778,950	801,867	823,722	814,904	833,671
Operating grants and contributions	-	-	54,903	-	-	-	-	-	-	-
Capital grants and contributions	-	360,390	1,217,250	-	72,927	445,697	2,649,087	41,080	6,354,177	4,536
Total business-type activities program revenues	6,918,904	7,620,975	9,460,454	8,472,049	8,368,960	8,886,757	11,115,323	8,887,394	15,134,861	9,042,972
Total primary government program revenues	\$ 12,742,135	\$ 13,670,193	\$ 15,905,656	\$ 14,444,349	\$ 14,588,571	\$ 16,670,770	\$ 19,229,037	\$ 15,980,004	\$ 22,300,359	\$ 16,544,465
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (17,800,587)
Business-type activities	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	2,419,958
Total primary government net expense	\$ (11,423,756)	\$ (11,067,031)	\$ (9,753,413)	\$ (11,996,561)	\$ (14,234,992)	\$ (12,163,182)	\$ (10,546,832)	\$ (13,652,521)	\$ (15,203,347)	\$ (15,380,629)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 6,615,702
Sales taxes	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	8,785,802
Franchise taxes	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	1,958,611
Investment earnings	157,971	52,103	21,488	15,791	10,476	7,595	10,921	26,016	102,715	233,093
Miscellaneous	-	-	-	-	-	204,718	586,532	488,411	803,660	704,820
Transfers	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	1,420,296
Total governmental activities	14,728,860	13,503,063	13,941,299	14,907,706	15,641,184	18,258,544	19,387,590	19,000,249	19,989,372	19,718,324
Business-type activities										
Investment earnings	32,553	9,529	3,399	1,990	1,157	828	907	4,941	41,504	66,149
Transfers	(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)	(1,420,296)
Total business-type activities	(1,344,275)	(871,279)	(459,964)	(1,013,632)	(1,287,831)	(1,407,561)	(1,682,069)	(1,166,090)	(1,126,317)	(1,354,147)
Total primary government	\$ 13,384,585	\$ 12,631,784	\$ 13,481,335	\$ 13,894,074	\$ 14,353,353	\$ 16,850,983	\$ 17,705,521	\$ 17,834,159	\$ 18,863,055	\$ 18,364,177
Change in Net Position										
Governmental activities	\$ 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)	\$ 1,917,737
Business-type activities	(248,467)	658,889	2,320,042	490,737	34,204	545,654	2,535,972	1,093,166	7,644,996	1,065,811
Total primary government	\$ 1,960,829	\$ 1,564,753	\$ 3,727,922	\$ 1,897,513	\$ 118,361	\$ 4,687,801	\$ 7,158,689	\$ 4,181,638	\$ 3,659,708	\$ 2,983,548

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

	Fiscal Year									
	<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>2018</u>
General Fund										
Reserved	\$ 420,642	\$ 497,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,040,259	3,812,240	-	-	-	-	-	-	-	-
Nonspendable (1)	-	-	97,793	98,389	104,178	90,753	83,747	79,189	84,368	101,844
Restricted (1)	-	-	-	-	-	-	-	-	-	-
Assigned (1)	-	-	62,068	95,929	31,050	491,723	52,635	140,307	24,778	110,956
Unassigned (1)	-	-	4,370,905	4,281,388	4,323,574	4,568,229	4,130,258	4,504,641	5,399,833	6,074,236
Total general fund	<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>	<u>\$ 6,287,036</u>
All Other Governmental Funds										
Reserved	\$ 6,743,667	\$ 6,870,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,355,282	1,546,905	-	-	-	-	-	-	-	-
Capital projects funds	928,677	314,568	-	-	-	-	-	-	-	-
Debt service funds	2,127,664	1,763,194	-	-	-	-	-	-	-	-
Nonspendable (1)	-	-	4,396	784,505	8,048	8,077	7,498	7,154	6,846	8,281
Restricted (1)	-	-	3,070,343	3,841,545	3,890,319	5,213,206	4,620,043	15,796,917	8,764,289	6,318,359
Assigned (1)	-	-	7,031,364	7,503,675	5,669,041	5,508,042	5,161,920	5,515,485	5,013,356	4,207,988
Unassigned (1)	-	-	(353,284)	-	-	-	-	(5,981)	-	-
Total all other governmental funds	<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>	<u>\$ 10,534,628</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 17,360,115
Licenses and permits	166,013	141,234	162,257	193,797	177,002	220,146	218,933	270,156	153,006	219,695
Intergovernmental	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	4,217,529
Charges for services	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	1,943,478
Fines and fees	366,367	427,215	431,301	477,897	395,412	404,985	440,437	427,402	369,316	321,625
Special assessments	49,263	75,820	59,375	65,723	79,853	60,492	86,237	60,470	57,341	490,899
Investment earnings	157,971	52,103	21,488	15,791	10,476	7,595	10,921	26,016	102,715	233,093
Lease income	537,694	458,610	445,966	473,120	477,201	455,573	435,687	325,931	301,926	239,471
Miscellaneous	348,230	396,479	221,145	224,033	333,960	204,718	830,947	488,411	776,114	747,291
Total revenues	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	25,773,196
Expenditures										
General government	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	4,082,761
Public safety-police	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	4,433,437
Public safety-fire	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	2,517,107
Public safety-other	679,447	690,160	539,551	556,296	582,626	675,569	669,342	511,541	650,964	798,528
Public works	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	2,468,212
Sanitation and health	156,667	144,721	157,824	160,295	157,626	159,189	157,174	158,228	169,187	198,801
Culture and recreation	1,693,206	1,735,955	1,766,694	1,682,095	1,748,883	1,802,360	1,780,057	1,842,473	1,771,053	1,912,498
Industrial promotion	711,829	818,995	676,439	628,199	2,273,568	1,490,191	1,677,501	944,718	1,893,042	2,036,343
Economic development	6,993	-	-	-	100,932	159,481	87,670	35,878	58,368	100,840
Social welfare	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	1,771,207
Capital outlay	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	6,783,769
Debt service principal	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	2,185,651
Debt service interest & fees	1,334,208	1,197,533	1,111,344	1,154,822	929,887	776,781	713,974	551,880	653,748	555,158
Debt issuance costs	33,570	11,943	21,411	46,089	68,533	118,202	12,894	259,557	10,050	40,174
Total expenditures	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	29,884,486
Excess of revenues over (under) expenditures	(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)	(4,111,290)
Other Financing Sources (Uses)										
General Obligation Bonds issued	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	-	-	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	244,415	156,748	152,942	219,188
Transfers in	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	1,941,914
Transfers out	(3,393,414)	-	(2,973,043)	(2,269,340)	(2,457,466)	(2,911,713)	(3,782,440)	(3,239,261)	(3,203,278)	(521,618)
Total other financing sources (uses)	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	1,639,484
Net change in fund balances	\$ 311,384	\$ (810,818)	\$ (521,788)	\$ 1,541,846	\$ (1,799,221)	\$ 1,855,085	\$ (1,823,929)	\$ 11,981,611	\$ (6,744,242)	\$ (2,471,806)
Debt service as a percentage of noncapital expenditures	21.8%	21.6%	20.9%	19.8%	23.0%	23.2%	20.6%	17.2%	14.0%	11.2%

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

Fiscal Year	State of Kansas (4)	Crawford County	City Memorial Auditorium	City Capital Outlay	City Economic Development	City Public Safety Debt (1)	City Street Improvements (2)	City Public Safety (3)	Total Excluding Transportation Development District	City Transportation Development District	Total Including Transportation Development District
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
2018	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

<u>Fiscal Year</u>	<u>Retail Trade</u>	<u>Accommodations and Food Services</u>	<u>Utilities</u>	<u>Information</u>	<u>Wholesale Trade</u>	<u>Other Services</u>	<u>Manufacturing</u>	<u>Construction</u>	<u>All other</u>	<u>Total</u>
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
2018	199,393,019	54,661,073	25,983,555	10,350,015	15,261,912	7,074,028	5,082,451	9,570,919	71,543,667	398,920,639

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

<u>Fiscal Year</u>	<u>Retail Trade</u>	<u>Accommodations and Food Service</u>	<u>Utilities</u>	<u>Information</u>	<u>Wholesale Trade</u>	<u>Other Services</u>	<u>Manufacturing</u>	<u>Construction</u>	<u>All other</u>	<u>Total</u>
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%
2018	49.98%	13.70%	6.51%	2.59%	3.83%	1.77%	1.27%	2.40%	17.93%	100.00%

Source: Kansas Department of Revenue

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

Fiscal Year 2018

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 66,277,130	16.61%
B	Retail Trade	25,960,533	6.51%
C	Utility	19,269,327	4.83%
D	Retail Trade	12,487,465	3.13%
E	Retail Trade	6,396,106	1.60%
F	Retail Trade	6,230,617	1.56%
G	Utility	5,978,798	1.50%
H	Retail Trade	4,662,309	1.17%
I	Retail Trade	4,090,037	1.03%
J	Information	3,709,940	0.93%
Subtotal (10 largest)		155,062,262	38.87%
Balance from other payers		243,858,377	61.13%
Grand totals		\$ 398,920,639	100.00%

Fiscal Year 2009

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 77,116,916	22.26%
B	Retail Trade	16,562,880	4.78%
C	Utility	13,014,826	3.76%
D	Retail Trade	9,360,622	2.70%
E	Utility	9,333,304	2.69%
F	Retail Trade	8,227,261	2.38%
G	Retail Trade	8,170,471	2.36%
H	Retail Trade	6,291,575	1.82%
I	Utility	4,646,797	1.34%
J	Retail Trade	3,944,817	1.14%
Subtotal (10 largest)		156,669,469	45.23%
Balance from other payers		189,706,913	54.77%
Grand totals		\$ 346,376,382	100.00%

Source: Kansas Department of Revenue

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

Fiscal Year	Crawford County (1)	City Memorial Auditorium	City Capital Outlay	City Economic Development	City Public Safety Debt (2)	City Street Improvements (3)	City Public Safety (4)	City Tax Increment Financing (5)	City Transportation Development District (6)	Total
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	97,891	9,606,397
2018	2,400,397	473,422	473,422	948,070	-	2,044,448	2,044,448	300,293	101,302	8,785,802

(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

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate			
						Water		Sewer	
						Base Rate (1)	Usage Rate (2)	Base Rate (1)	Usage Rate (2)
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
2018	821	711	110	13.40%	1,145	\$ 11.68	Variable	\$ 20.38	Variable

Note: Gallons are presented in millions.

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

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

Fiscal Year	Water Meter Taps <u>Sold</u>	Sewer Taps <u>Sold</u>	<u>Total Taps</u>
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
2018	16	12	28

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

Fiscal Year	WATER				SEWER				TOTAL	
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	WATER	SEWER
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
2018	7,520	559	41	231	6,998	521	37	146	8,351	7,702

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

	Effective Jan 1st 2009	Effective Jul 1st 2009	Effective Jan 1st 2010	Effective Jul 1st 2010	Effective Jan 1st 2011	Effective Jul 1st 2011	Effective Jan 1st 2012	Effective Jan 1st 2013	Effective Jan 1st 2014	Effective Jan 1st 2015	Effective Jan 1st 2016	Effective Jan 1st 2017	Effective Jan 1st 2018
<u>WATER RATES PER MONTH, INSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 8.21	\$ 8.79	\$ 9.06	\$ 9.70	\$ 9.99	\$ 10.69	\$ 11.01	\$ 11.01	\$ 11.01	\$ 11.34	\$ 11.45	\$ 11.56	\$ 11.68
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	3.40	3.64	3.75	4.02	4.14	4.43	4.56	4.56	4.56	4.70	4.75	4.80	4.85
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	3.20	3.43	3.54	3.79	3.90	4.17	4.30	4.30	4.30	4.43	4.47	4.51	4.56
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.05	3.27	3.37	3.61	3.72	3.98	4.10	4.10	4.10	4.22	4.26	4.30	4.34
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.84	3.04	3.14	3.36	3.46	3.70	3.81	3.81	3.81	3.92	3.96	4.00	4.04
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.68	2.87	2.96	3.17	3.27	3.50	3.61	3.61	3.61	3.72	3.76	3.80	3.84
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	2.50	2.68	2.76	2.96	3.05	3.26	3.36	3.36	3.36	3.46	3.49	3.52	3.56
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.26	2.42	2.50	2.68	2.76	2.95	3.04	3.04	3.04	3.13	3.16	3.19	3.22
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.09	2.24	2.31	2.48	2.55	2.73	2.81	2.81	2.81	2.89	3.16	3.19	3.22
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.92	2.06	2.13	2.28	2.35	2.51	2.59	2.59	2.59	2.67	3.16	3.19	3.22
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.77	1.90	1.96	2.10	2.16	2.31	2.38	2.38	2.38	2.45	3.16	3.19	3.22
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.64	1.76	1.82	1.95	2.01	2.15	2.21	2.21	2.21	2.28	3.16	3.19	3.22
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.51	1.62	1.67	1.79	1.84	1.97	2.03	2.03	2.03	2.09	3.16	3.19	3.22
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.39	1.49	1.54	1.65	1.70	1.82	1.87	1.87	1.87	1.93	3.16	3.19	3.22
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.28	1.37	1.42	1.52	1.57	1.68	1.73	1.73	1.73	1.78	3.16	3.19	3.22
<u>WATER RATES PER MONTH, OUTSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 16.41	\$ 17.56	\$ 18.09	\$ 19.36	\$ 19.94	\$ 21.34	\$ 21.98	\$ 21.98	\$ 21.98	\$ 22.64	\$ 22.87	\$ 23.10	\$ 23.33
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	6.03	6.46	6.66	7.13	7.34	7.85	8.09	8.09	8.09	8.33	8.41	8.49	8.57
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	4.70	5.03	5.18	5.55	5.72	6.12	6.30	6.30	6.30	6.49	6.55	6.62	6.69
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.40	3.64	3.75	4.02	4.14	4.43	4.56	4.56	4.56	4.70	4.75	4.80	4.85
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.20	3.43	3.54	3.79	3.90	4.17	4.30	4.30	4.30	4.43	4.47	4.51	4.56
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.05	3.27	3.37	3.61	3.72	3.98	4.10	4.10	4.10	4.22	4.26	4.30	4.34
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	2.84	3.04	3.14	3.36	3.46	3.70	3.81	3.81	3.81	3.92	3.96	4.00	4.04
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.68	2.87	2.96	3.17	3.27	3.50	3.61	3.61	3.61	3.72	3.76	3.80	3.84
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.38	2.55	2.63	2.82	2.90	3.10	3.19	3.19	3.19	3.29	3.76	3.80	3.84
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.21	2.37	2.45	2.63	2.71	2.90	2.99	2.99	2.99	3.08	3.76	3.80	3.84
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.02	2.17	2.24	2.40	2.47	2.64	2.72	2.72	2.72	2.80	3.76	3.80	3.84
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.86	2.00	2.06	2.21	2.28	2.44	2.51	2.51	2.51	2.59	3.76	3.80	3.84
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.72	1.85	1.91	2.05	2.11	2.26	2.33	2.33	2.33	2.40	3.76	3.80	3.84
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.58	1.70	1.76	1.89	1.95	2.09	2.15	2.15	2.15	2.21	3.76	3.80	3.84
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.47	1.58	1.63	1.75	1.80	1.93	1.99	1.99	1.99	2.05	3.76	3.80	3.84
<u>SANITARY SEWER RATES PER MONTH, INSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 14.33	\$ 15.34	\$ 15.80	\$ 16.91	\$ 17.42	\$ 18.64	\$ 19.20	\$ 19.20	\$ 19.20	\$ 19.78	\$ 19.98	\$ 20.18	\$ 20.38
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	2.05	2.20	2.27	2.43	2.50	2.68	2.76	2.76	2.76	2.84	2.87	2.90	2.93
<u>SANITARY SEWER RATES PER MONTH, OUTSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 28.56	\$ 30.56	\$ 31.48	\$ 33.69	\$ 34.70	\$ 37.13	\$ 38.24	\$ 38.24	\$ 38.24	\$ 39.39	\$ 39.78	\$ 40.18	\$ 40.58
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	4.04	4.33	4.46	4.78	4.92	5.26	5.42	5.42	5.42	5.58	5.64	5.70	5.76
<u>STORMWATER RATES PER MONTH, INSIDE CITY LIMITS ONLY</u>													
1. PER ERU (1)	\$ 3.36	\$ 3.36	\$ 3.46	\$ 3.46	\$ 3.56	\$ 3.56	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.78	\$ 3.82	\$ 3.86	\$ 3.90

(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**

<u>Customer</u>	Fiscal Year 2018			
	Water Revenue		Sewer Revenue	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sugar Creek Packing Company	\$ 305,854	7.28%	\$ 467,174	12.84%
Pittsburg State University	203,940	4.86%	102,597	2.82%
Via Christi Hospital	69,602	1.66%	39,073	1.07%
Crimson Villas	50,968	1.21%	27,352	0.75%
Sycamore Village Residences	39,725	0.95%	26,363	0.72%
USD 250 Public Schools	40,383	0.96%	24,650	0.68%
Summerscape LLC	42,237	1.01%	19,424	0.53%
Parkview Community	32,263	0.77%	19,790	0.54%
Pittsburg Care and Rehab	26,684	0.64%	19,191	0.53%
Ridley USA Inc	23,210	0.55%	16,915	0.46%
Subtotal (10 largest)	834,866	19.89%	762,529	20.95%
Balance from other customers	<u>3,363,595</u>	<u>80.11%</u>	<u>2,876,802</u>	<u>79.05%</u>
Grand totals	<u>\$ 4,198,461</u>	<u>100.00%</u>	<u>\$ 3,639,331</u>	<u>100.00%</u>

<u>Customer</u>	Fiscal Year 2009			
	Water Revenue		Sewer Revenue	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Pittsburg State University	\$ 146,767	4.75%	\$ 84,846	3.18%
Sugar Creek Packing Company	117,658	3.81%	100,058	3.75%
Via Christi Hospital	43,097	1.40%	37,112	1.39%
Parkview Community	27,596	0.89%	21,031	0.79%
Sycamore Village	25,052	0.81%	15,927	0.60%
Pitt Plastics	16,505	0.53%	22,849	0.86%
USD 250	24,654	0.80%	14,014	0.53%
Corner Stone Village	14,811	0.48%	9,727	0.37%
Miller's Professional Imaging	13,196	0.43%	8,892	0.33%
Walmart	11,385	0.37%	9,473	0.36%
Subtotal (10 largest)	440,721	14.27%	323,929	12.16%
Balance from other customers	<u>2,647,309</u>	<u>85.73%</u>	<u>2,340,807</u>	<u>87.84%</u>
Grand totals	<u>\$ 3,088,030</u>	<u>100.00%</u>	<u>\$ 2,664,736</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

<u>Fiscal Year</u>	<u>Governmental Activities</u>					<u>Business-type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Special Assessment Bonds</u>	<u>Capital Leases</u>	<u>Sales Tax Transportation District Bonds (1)</u>	<u>Tax Increment Financing Bonds (2)</u>	<u>General Obligation Bonds (3)</u>	<u>K.D.H.E. Loans</u>			
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%	1,603
2018	7,994,710	6,275,296	1,225,102	890,000	2,805,000	6,428,274	3,362,263	28,980,645	2.0%	1,434

(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>
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%	768
2018	14,422,984	683,818	13,739,166	902,468,903	1.52%	680

(1) Source: Crawford County Clerk

City of Pittsburg, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Crawford County	\$ 2,424,500	52.25%	\$ 1,266,801
Frontenac U.S.D. 249	4,370,000	4.91%	214,567
Pittsburg U.S.D. 250	42,765,000	84.29%	<u>36,046,619</u>
Subtotal, overlapping debt			37,527,987
City direct debt (2)			<u>16,385,108</u>
Total direct and overlapping debt			<u><u>\$ 53,913,095</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. The debt burden for the TIF bonds is not borne by the residents of the City and therefore should not be included in the direct debt.

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 2018

Assessed Valuation (1)	\$ 148,956,040
Legal Debt Limit (2)	44,686,812
General Obligation Bonds	14,015,000
Less Amount Available in Debt Service Fund	<u>(683,818)</u>
Total net debt applicable to limit	<u>13,331,182</u>
Legal debt margin	<u>\$ 31,355,630</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>2018</u>
Debt limit	\$ 41,876,403	\$ 40,658,921	\$ 40,479,510	\$ 40,575,801	\$ 40,699,087	\$ 40,682,291	\$ 40,750,814	\$ 40,980,164	\$ 44,002,299	\$ 44,686,812
Total net debt applicable to limit	<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>16,379,543</u>	<u>18,587,300</u>	<u>11,502,295</u>	<u>15,095,472</u>	<u>13,331,182</u>
Legal debt margin	<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>\$ 24,302,748</u>	<u>\$ 22,163,514</u>	<u>\$ 29,477,869</u>	<u>\$ 28,906,827</u>	<u>\$ 31,355,630</u>
Total net debt applicable to the limit as a percentage of debt limit	56.16%	51.21%	44.75%	39.71%	34.89%	40.26%	45.61%	28.07%	34.31%	29.83%

(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		
2009	\$ 73,512	\$ -	\$ 68	\$ 1,936	\$ 71,644	\$ 30,000	\$ 65,040	0.75	\$ 192,440	\$ 333,919	\$ 261	\$ 3,370	\$ 523,250	\$ 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	290,925	178,193	17	3,017	466,118	255,000	246,807	0.93	
2013	84,640	23,605	2	1,752	106,495	40,000	58,320	1.08	313,233	275,924	14	3,014	586,157	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	
2018	101,302	29,705	1,259	1,860	130,406	80,000	45,000	1.04	300,293	283,300	4,834	3,901	584,526	500,000	152,145	0.90	

(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

Fiscal Year	Pittsburg Population (1)	Pittsburg Micropolitan Area Population (2)	Pittsburg Micropolitan Area Personal Income (2)	Pittsburg Micropolitan Area Per Capita Income	Public School Enrollment (3)	Pittsburg State University Enrollment (4)	Unemployment Rate (5)	Median Age (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	20,216	39,333	1,451,859,696	36,912	3,006	6,907	3.5%	26.1
2018	20,216	39,281	1,477,240,567	37,607	2,930	6,625	3.5%	25.8

(1) Source: CensusReporter (excludes Pittsburg State University population)

(2) Source: Pittsburg USD 250

(3) Source: Pittsburg State University Admissions

(4) 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>2018</u>			<u>2009</u>		
		<u>Estimated Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment (3)</u>	<u>Estimated Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment (3)</u>
Pittsburg State University	University	1,867	1	9.89%	1,907	1	10.50%
Via Christi Health	Regional Hospital	775	2	4.10%	850	2	4.68%
Pittsburg U.S.D. # 250	Public School K-12	684	3	3.62%	600	3	3.30%
Sugar Creek Packing (2)	Food Products	500	4	2.65%	na	na	na
NPC International	Corporate Offices	350	5	1.85%	na	na	na
Pitt Plastics Inc.	Polyethylene Bags	304	6	1.61%	500	4	2.75%
Miller's Inc.	Professional Photo Finishing	287	7	1.52%	330	6	1.82%
Kansas Crossing Casino & Hotel	Entertainment	260	8	1.38%	na	na	na
City of Pittsburg (4)	City Government	240	9	1.27%	201	8	1.11%
Masonite	Steel Door Manufacturer	230	10	1.22%	150	10	0.83%
Community Health Center od SEK	Health Care	206	11	1.09%	na	na	na
SEK Education Service Center	Education Services	195	12	1.03%	na	na	na
J.M. Smucker Company (2)	Animal Food Products	180	13	0.95%	na	na	na
Pitsco, Inc.	Educational Systems	180	14	0.95%	190	9	1.05%
CDL Electric Company	Contractor	154	15	0.82%	na	na	na
Total		<u>6,412</u>		<u>33.96%</u>	<u>4,728</u>		<u>26.03%</u>

(1) Source: Pittsburg Chamber of Commerce

(2) Outside City limits

(3) Source: Kansas Department of Labor

(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

	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Governmental-type Activities																				
<u>Administration</u>																				
General Administration	8	4.2%	8	4.1%	9	4.5%	-	0.0%	-	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%	3	1.3%
City Attorney							1	0.5%	1	0.5%	1	0.5%	1	0.4%	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%	1	0.4%
Finance Department							4	2.0%	4	2.0%	5	2.3%	5	2.2%	5	2.2%	5	2.2%	6	2.6%
Human Resources Division	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%	2	0.9%
Information Systems Division	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%	4	1.7%
Total Administration	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%	17	7.4%
<u>Public Safety</u>																				
Police Division	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%	74	32.2%
Fire Division	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%	35	15.2%
Building Services Division											5	2.3%	5	2.2%	5	2.2%	4	1.8%	4	1.7%
Codes Enforcement Division	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%	2	0.9%
Safety Division	1	0.5%	1	0.5%	-	0.0%	-	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%	2	1.0%	2	1.0%	2	0.9%	2	0.9%	2	0.9%	2	0.9%	2	0.9%
Municipal Court Division	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%	6	2.6%
Total Public Safety	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%	123	53.6%
<u>Public Works</u>																				
Engineering Division	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%	4	1.7%
Facility Maintenance Division	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%	4	1.7%
Street & Highway Division	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%	10	4.3%
Atkinson Airport Division	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%	3	1.3%
Total Public Works	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%	21	9.1%
<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	0.4%	1	0.4%	1	0.4%	1	0.4%
<u>Culture and Recreation</u>																				
Parks Division	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%	8	3.5%
Recreation Division							2	1.0%	2	1.0%	2	0.9%	2	0.9%	3	1.3%	3	1.3%	3	1.3%
Golf Course Division	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%	3	1.3%
Memorial Auditorium Division	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%	5	2.2%
Total Culture and Recreation	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%	19	8.3%
<u>Industrial Development</u>																				
Economic Development Division	1	0.5%	1	0.5%	2	1.0%	1	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<u>Social Welfare</u>																				
Section 8 Housing Division	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%	6	2.6%
Total for Governmental-type Activities	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%	187	81.3%
Business-type Activities																				
<u>Water-Wastewater Utility</u>																				
Water Treatment Division	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%	10	4.3%
Water Distribution Division	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%	13	5.7%
Wastewater Treatment Division	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%	6	2.6%
Wastewater Collections Division	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%	5	2.2%
Customer Service Division	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%	3	1.3%
Total Water-Wastewater Utility	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%	37.0	16.1%
<u>Storm Water Utility</u>																				
Stormwater Division	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%	6.0	2.6%
Total for Business-type Activities	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%	43	18.7%
Total Full-time Employees	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%	230	100.0%

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

	<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>2018</u>
<u>Function/Program</u>										
General government										
Building permits issued	478	507	547	787	527	510	1,068	1,264	1,297	1,402
Building inspections conducted	1,309	1,096	868	791	550	672	1,503	1,676	1,625	2,141
Memorial auditorium (events)	261	247	458	385	437	380	334	325	458	505
Police (1)										
Physical arrests	1,491	1,620	1,305	1,414	1,328	1,255	1,613	1,601	1,547	1,452
Parking violations	1,154	1,458	2,192	1,390	792	-	-	-	-	-
Traffic violations	2,442	2,039	2,154	2,316	1,916	1,685	2,249	2,596	2,124	1,735
Accident Reports						583	679	374	615	569
Fire										
Fire calls	129	313	313	385	287	109	111	122	150	405
Emergency calls/EMS	854	571	619	709	720	736	1,021	952	996	900
Other calls	752	898	1,071	736	887	1,496	1,302	1,355	1,175	848
Other public works										
Street resurfacing (tons of asphalt)	1,840	2,533	5,689	6,351	8,834	8,230	5,981	5,564	15,963	11,233
Airport (gallons sold)	180,055	177,407	196,216	194,205	191,721	188,070	209,364	215,365	196,381	204,858
Parks and recreation										
Aquatic center (attendance)	27,974	30,661	31,285	25,710	18,460	18,105	28,615	19,330	19,126	22,352
Golf course (rounds of golf)	9,653	9,911	7,904	6,159	7,148	8,152	8,683	7,924	6,292	7,031
Water										
Average daily consumption (gallons)	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	2,141,825
Peak daily consumption (gallons)	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	3,687,000
Wastewater										
Average daily sewage treatment (gallons)	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	3,136,164

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>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>2018</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)	142	142	142	142	142	142	142	142	142	142
Streetlights	2,095	2,095	2,097	2,036	2,041	2,039	2,042	2,042	2,047	2,047
Traffic Signals	39	39	39	39	40	39	42	42	42	42
Parks and recreation										
Public parks	10	10	10	10	10	10	14	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	6	6
Pickle Ball Courts	-	-	-	-	-	-	-	-	-	4
Community centers	3	3	3	3	3	3	3	3	2	2
Water										
Water mains (miles)	166	166	169	172	172	172	172	172	175	175
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	130	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	19	19	19	19	19	19	19	19	19

Sources: Various city departments.

GOVERNMENTAL AUDIT SECTION

CITY OF PITTSBURG, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
<u>Department of Housing and Urban Development</u>		
Section 8 Housing Cluster:		
Section 8 Housing Choice Vouchers	14.871	\$ 1,526,967
Total Section 8 Housing Cluster		<u>1,526,967</u>
Passed through Kansas Housing Resources Corporation:		
Emergency Solutions Grant	14.231	239,193
HOME Investment Partnerships Program	14.239	<u>68,204</u>
Total Department of Housing and Urban Development		<u>1,834,364</u>
<u>Department of Justice</u>		
Public Safety Partnership and Community Policing Grants	16.710	<u>49,394</u>
Total Department of Justice		<u>49,394</u>
<u>Department of Transportation</u>		
Airport Improvement Program	20.106	454,325
Passed Through the Kansas Department of Transportation:		
Highway Safety Cluster		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.600	<u>1,636</u>
Total Highway Safety Cluster		<u>1,636</u>
Total Department of Transportation		<u>455,961</u>
Total Expenditures of Federal Awards		<u>\$ 2,339,719</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, 2018

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, 2018.

5. Outstanding Loans

The City had \$0 of outstanding loans under federal grants at December 31, 2018.

6. Pass Through Entity Numbers

Pass through grantors have not assigned passthrough numbers to the passthrough grants noted in the schedule of expenditures of federal awards.

CITY OF PITTSBURG, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

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, 2018

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, 2018, 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 30, 2019.

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 charged 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 30, 2019

**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, 2018. The City's major federal 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, 2018.

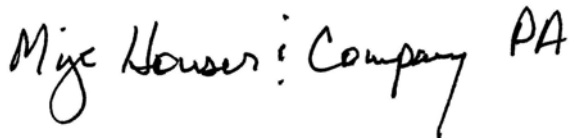
Report on Internal Control Over Compliance

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.

Handwritten signature of Mike Houser in black ink, followed by the text "Company PA".

Certified Public Accountants

Lawrence, Kansas
April 30, 2019