

The City of **Pittsburg, Kansas**
**Comprehensive Annual
Financial Report**
For The Year Ended December 31, 2019



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF PITTSBURG, KANSAS

For the Fiscal Year Ended
December 31, 2019

Prepared by
DEPARTMENT OF FINANCE
City of Pittsburg, Kansas

CITY OF PITTSBURG, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2019

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May 1, 2020

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, 2019. 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 BT&Co., P.A. was selected by the City Commission to audit the records of the City for the year ended December 31, 2019. 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 most recent census estimate has the population at 20,178. 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 125 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 2019 tax receipts to the prior fiscal year, retail sales tax receipts increased by 4.15%, property tax receipts were up increasing by 5.15% due to valuation growth and franchise tax receipts decreased 1.01%. The 2018 property valuation assessments to support the 2019 budget increased by 1.58%.

The Pittsburg micro-area (Crawford County) unemployment rate remained relatively flat from 3.5 percent in December 2018 to 3.4 percent in December 2019.

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 consists of a new three lane road with center turn lane, new signals, and curb and gutters from the Centennial and Rouse intersection south to the City limits was completed in 2019. In conjunction with the south Rouse street project, a new ten-foot wide hike and bike trail on the west side of south Rouse was also completed in 2019. Construction of the new Silverback Way street of East Centennial Street was completed in 2019. This new street will provide access for the new Silverback Landing housing development project.

Completed major utility projects for the year were the complete rebuild of water pump #11 at the water treatment plant and the complete rebuild of the primary clarifier #1 at the wastewater plant.

Completed airport projects are improvements to runway 4-22 and the new 16-34 runway parallel taxiway.

Completed major street improvement projects that were funded with the street sales tax included the milling and paving of north Broadway from 20th Street to Atkinson Avenue and south Broadway from Ford to Centennial, the milling and paving of west Martin from Georgia to Walnut and the milling and paving of west 5th street and west 6th street from Georgia to Walnut.

Other infrastructure improvements completed in 2019 are the new section of north Walnut Street from 28th Street to 30th Street, the two new restroom and concession buildings in the Gutteridge Sports Complex, and the signalization of the Quincy Street and Rouse Avenue intersection.

Major initiatives for the future. A study was completed in 2019 to assess the need for a new regional wastewater plant and the City will explore various plant design options in 2020. Engineering design for phase II of East Quincy will begin in 2020. This project will consist of reconstructing the road from Joplin Street to Rouse Street with a new three road with curbs, storm drains and sidewalks.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The Kansas Governor's COVID-19 response executive orders have resulted in reduced Pittsburg retail sales and the temporary reduction of operating hours for our stores and temporary closures for certain businesses deemed as non-essential services. At the current time, we are unable to quantify the potential effects of this pandemic on our future financial statements.

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, 2018. This was the twenty third consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements. We believe our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Daron Hall
City Manager



Jamie Clarkson
Director of Finance

CITY OF PITTSBURG, KANSAS
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2019

TITLE

NAME

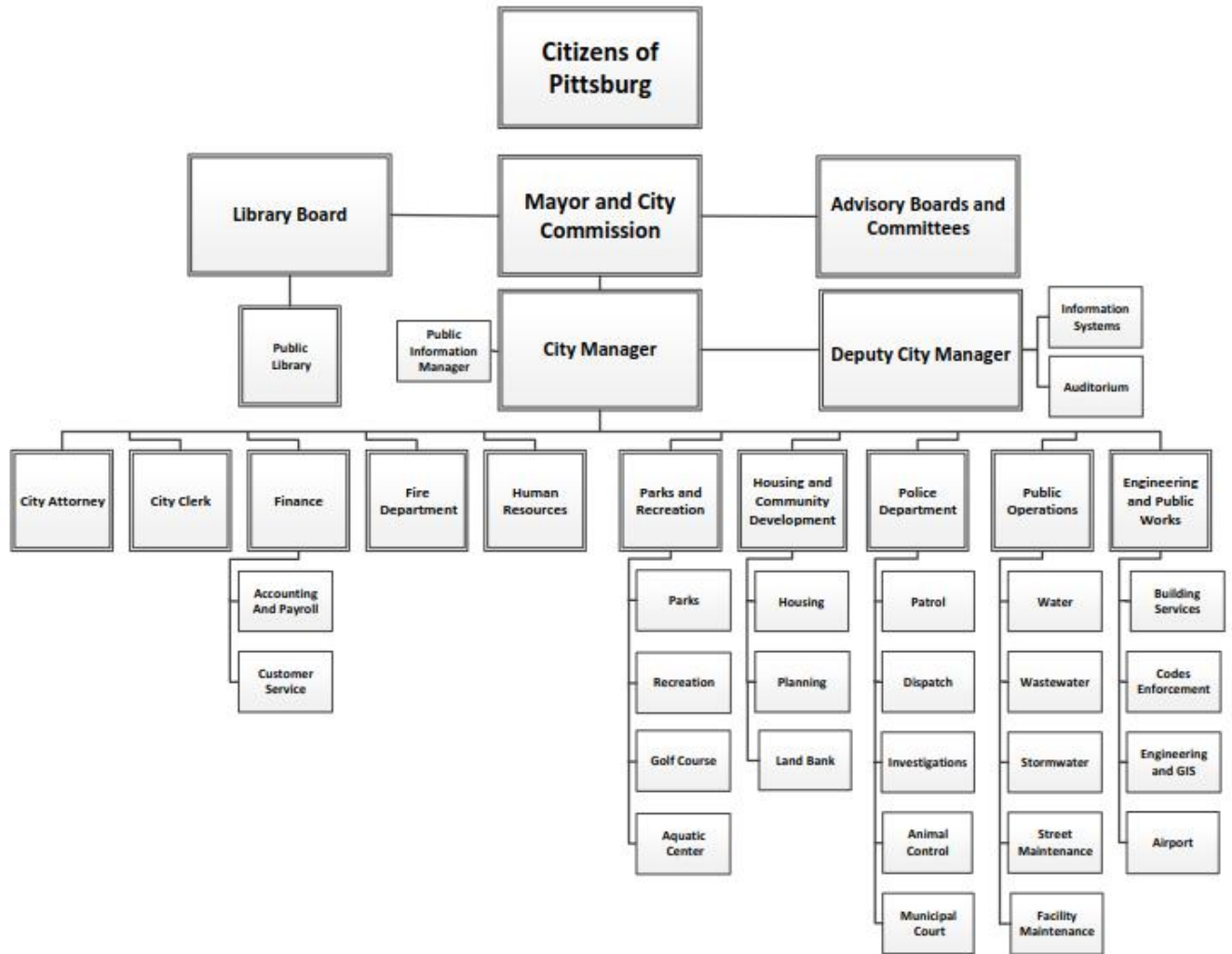
ELECTED:

Mayor	Patrick O'Bryan
President of the Board	Dawn McNay
Commissioner	Sarah Chenoweth
Commissioner	Dan McNally
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	Michelle Ducre
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

**CITY OF PITTSBURG
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, 2018

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

The Honorable 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, 2019, 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.

Auditors' Responsibility

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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 as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons 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.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's 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.

BT+ Co., P.A.

May 1, 2020
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pittsburg (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. 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 \$354,829 from the Kansas Crossing Casino gaming revenues for fiscal year 2019, an increase of 3.44% over the prior fiscal year.
- The City's total debt decreased by \$531,678 (-1.86%) during 2019.
- The assets of the City exceeded its liabilities at the close of 2019 by \$91,512,275. Of this amount, \$4,113,165 is unrestricted in use.
- At the close of 2019, the City's general fund reports an ending fund balance of \$7,189,682 which is an increase of \$902,646 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 to ensure consistency in financial reporting.

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

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

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

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

The government-wide financial statements not only include the City itself (known as the primary government), but also a legally separate Library for which the City is financially accountable. Financial information presented for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 17-19 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 ten 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 20-29 of this report.

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

The proprietary fund financial statements provide information for the water and wastewater operation and the stormwater operation which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 30-34 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 35-93 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 pension and post-employment benefits to its employees. This required supplementary information can be found on pages 94-97.

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 98-103 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

	2018	2019	2018	2019	2018	2019
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Current and other assets	\$ 24,277,549	\$ 32,712,523	\$ 5,354,307	\$ 6,248,745	\$ 29,631,856	\$ 38,961,268
Capital Assets	50,583,145	52,037,149	50,798,521	50,557,158	101,381,666	102,594,307
Deferred outflows of resources	<u>2,176,401</u>	<u>1,928,633</u>	<u>101,375</u>	<u>85,885</u>	<u>2,277,776</u>	<u>2,014,518</u>
Total assets and deferred outflows of resources	<u>77,037,095</u>	<u>86,678,305</u>	<u>56,254,203</u>	<u>56,891,788</u>	<u>133,291,298</u>	<u>143,570,093</u>
Long-term liabilities outstanding	30,397,434	32,723,585	9,912,959	10,453,927	40,310,393	43,177,512
Other liabilities	3,590,144	1,201,844	1,555,368	459,872	5,145,512	1,661,716
Deferred inflows of resources	<u>6,520,580</u>	<u>7,127,975</u>	<u>39,736</u>	<u>90,615</u>	<u>6,560,316</u>	<u>7,218,590</u>
Total liabilities and deferred inflows of resources	<u>40,508,158</u>	<u>41,053,404</u>	<u>11,508,063</u>	<u>11,004,414</u>	<u>52,016,221</u>	<u>52,057,818</u>
Net position:						
Net investment in capital assets	33,767,698	32,858,544	41,007,984	41,212,874	74,775,682	74,071,418
Restricted	4,609,440	13,327,692	-	-	4,609,440	13,327,692
Unrestricted	<u>(1,848,201)</u>	<u>(561,335)</u>	<u>3,738,156</u>	<u>4,674,500</u>	<u>1,889,955</u>	<u>4,113,165</u>
Total Net Position	<u>\$ 36,528,937</u>	<u>\$ 45,624,901</u>	<u>\$ 44,746,140</u>	<u>\$ 45,887,374</u>	<u>\$ 81,275,077</u>	<u>\$ 91,512,275</u>

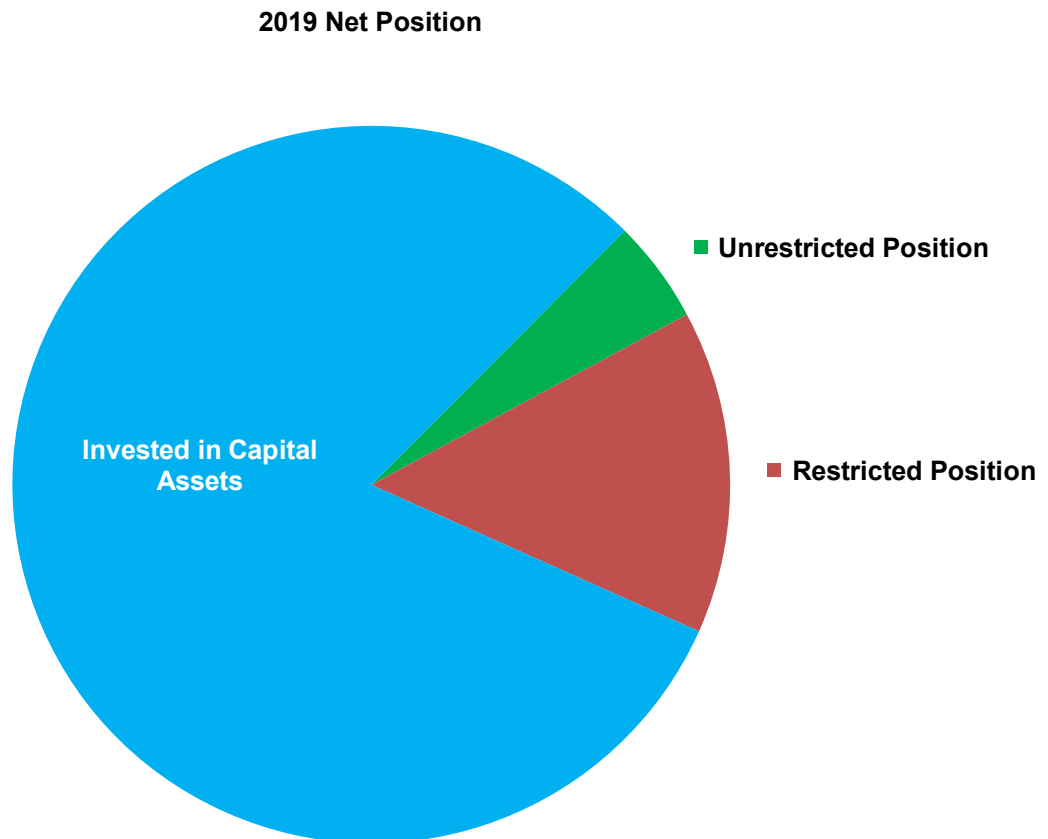
The accounting and financial reporting for pensions has an impact on deferred outflows of resources, deferred inflows of resources and the noncurrent liability. The City's net pension liability is \$12,206,312 as of December 31, 2019. This represents an increase of \$138,713 over the prior year. This liability impacts the unrestricted net position of the City. For more information on the City's pensions and other post-employment benefits see pages 70-89 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 \$91,512,275 at the close of the 2019 fiscal year. By far the largest portion of the City's net position (80.94%) 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 (14.56%) 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 \$4,113,165 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.



Government Activities

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

City of Pittsburgh's Changes in Net Position

	2018	2019	2018	2019	2018	2019
	Governmental	Governmental	Business-Type	Business-Type	Total Primary	Total Primary
	Activities	Activities	Activities	Activities	Government	Government
Revenues						
Program revenues:						
Charges for services	\$ 2,484,799	\$ 3,085,921	\$ 9,038,436	\$ 9,406,385	\$ 11,523,235	\$ 12,492,306
Operating grants and contributions	2,725,904	2,594,572	-	-	2,725,904	2,594,572
Capital grants and contributions	2,290,790	1,118,350	4,536	28,754	2,295,326	1,147,104
General revenues						
Taxes	17,360,115	18,045,455	-	-	17,360,115	18,045,455
Other	937,913	590,202	66,149	77,620	1,004,062	667,822
Total revenues	25,799,521	25,434,500	9,109,121	9,512,759	34,908,642	34,947,259
Expenses						
General Government	4,451,763	5,142,761	-	-	4,451,763	5,142,761
Public Safety	8,908,637	9,260,971	-	-	8,908,637	9,260,971
Public Works	4,858,335	4,683,519	-	-	4,858,335	4,683,519
Sanitation and Health	203,076	209,768	-	-	203,076	209,768
Culture and Recreation	2,336,420	2,463,901	-	-	2,336,420	2,463,901
Industrial Promotion	2,050,712	755,760	-	-	2,050,712	755,760
Economic Development	148,081	260,836	-	-	148,081	260,836
Social Welfare	1,772,291	1,775,831	-	-	1,772,291	1,775,831
Interest on Long Term Debt	572,765	663,463	-	-	572,765	663,463
Water/ Wastewater Utility	-	-	6,034,171	6,260,080	6,034,171	6,260,080
Stormwater Utility	-	-	588,843	643,446	588,843	643,446
Total expenses	25,302,080	25,216,810	6,623,014	6,903,526	31,925,094	32,120,336
Increase in net position before transfers	497,441	217,690	2,486,107	2,609,233	2,983,548	2,826,923
Transfers	1,420,296	1,467,999	(1,420,296)	(1,467,999)	-	-
Increase in net position	1,917,737	1,685,689	1,065,811	1,141,234	2,983,548	2,826,923
Net position, beginning	34,760,896	36,528,937	43,698,458	44,746,140	78,459,354	81,275,077
Prior period adjustment	(149,696)	7,410,275	(18,129)	-	(167,825)	7,410,275
Net position, ending	\$ 36,528,937	\$ 45,624,901	\$ 44,746,140	\$ 45,887,374	\$ 81,275,077	\$ 91,512,275

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 adjustment is due to re-classification of special assessments.

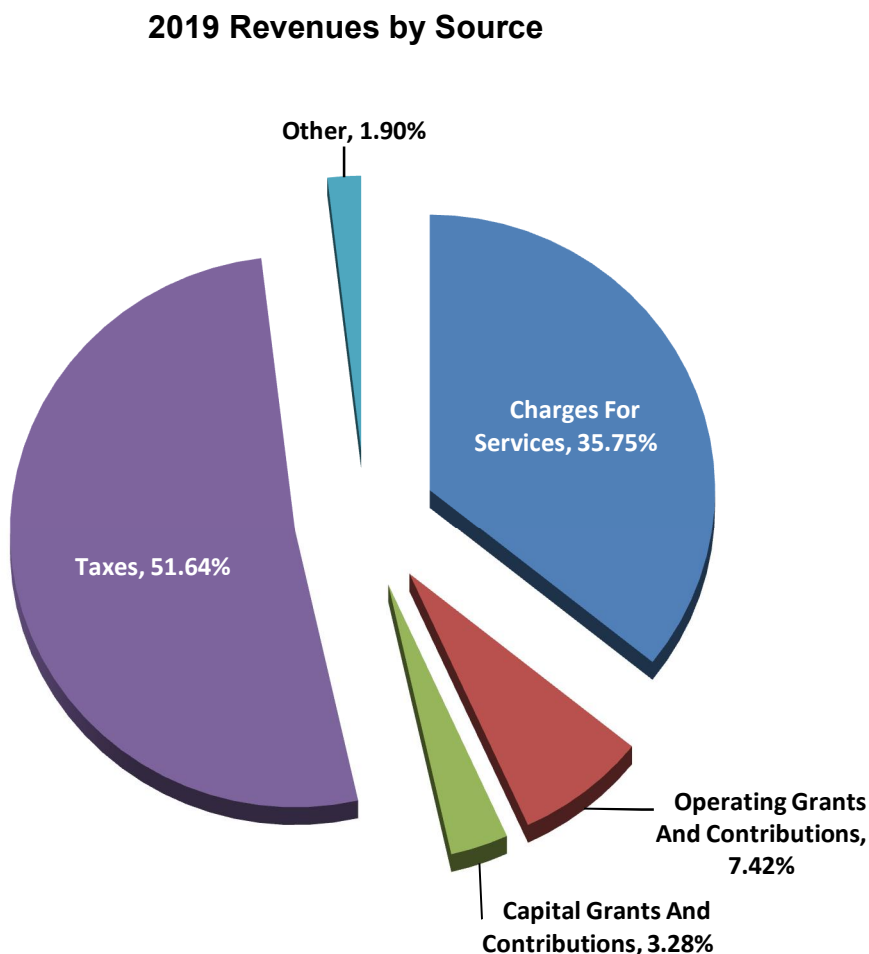
Governmental activities comprised 72.78% of the total revenues generated by the City and 78.51% of the City's expenses. Comparing 2019 to 2018, tax revenues increased by 3.95%; this is due to an increase in sales tax collections, property tax revenue is up due to an increase in valuation and franchise tax revenue showed a slight decrease.

The governmental capital grants and contributions decreased by 51.18% in 2019 compared to 2018 mainly due to 2018 having several large airport grant funded projects.

The governmental activities total expenses were relatively flat when comparing 2018 to 2019.

The business-type activities, while comprising the smaller percentages of revenues and expenses of the City, showed an increase of \$123,126 (4.95%) in net position, before transfers. This can mainly be contributed to an increase in wastewater fees collected in 2019. Overall the business-type net position recorded an increase of \$1,141,234 (2.55%) in 2019.

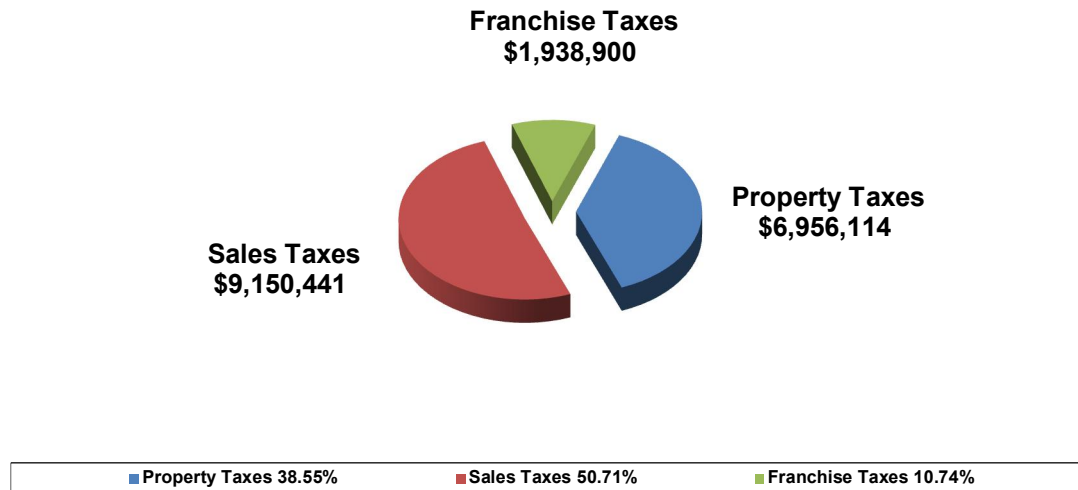
The following pie chart shows the composition of the 2019 primary government revenues.



The components of the City's taxes are property tax, sales tax and franchise tax. Total tax revenues total \$18,045,455 in 2019 with sales tax being the City's largest tax revenue source.

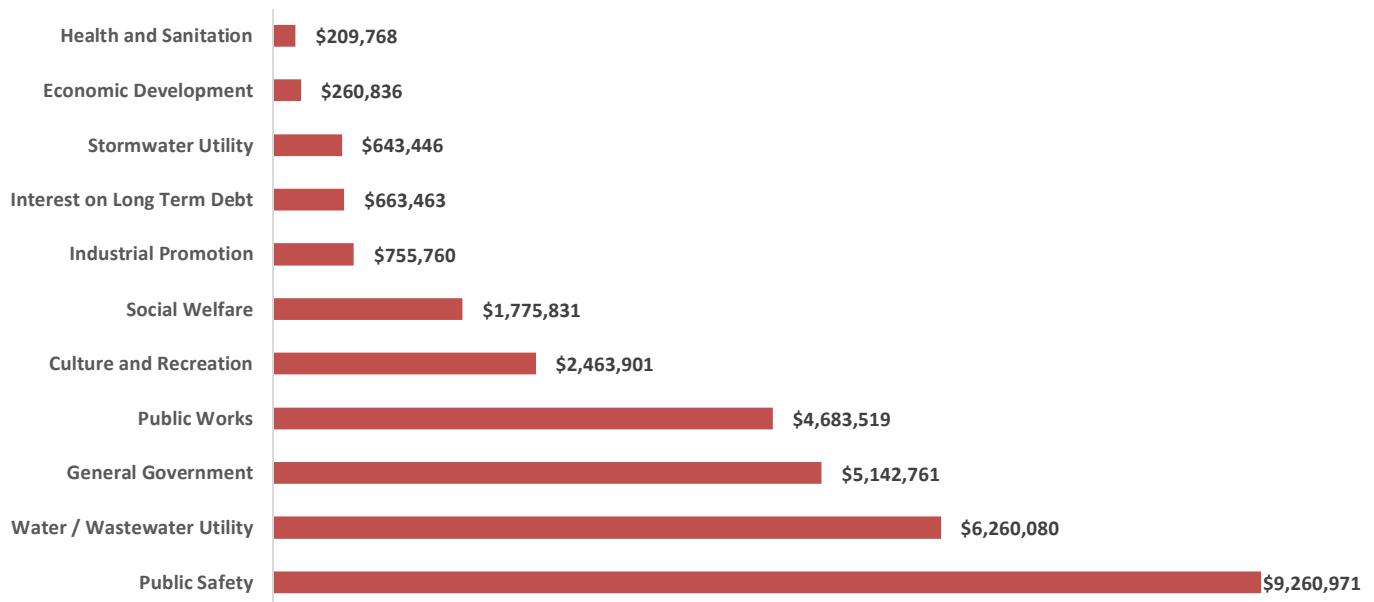
The pie chart below depicts the City's tax revenues by source.

2019 Taxes by Type



The following bar graph shows the composition of the 2019 primary government expenses.

2019 Cost of City Services



The City's public safety and water/wastewater utility activities are the dominant expense categories. These two activities account for 48.32% of the total cost of City services for 2019. The total cost of services of the City's primary government for 2019 is \$32,120,336. This represents an increase of \$195,242 (0.61%) compared to 2018. The portion of these services paid by the City's taxpayers is \$18,045,455 (56.18%).

The City's mill levy rate remained relatively flat due to the City Commission's desire to not raise the mill levy rate in 2019. The table below reflects the changes in the City's mill levy for the past two fiscal periods.

City of Pittsburgh's Mill Levy Rates

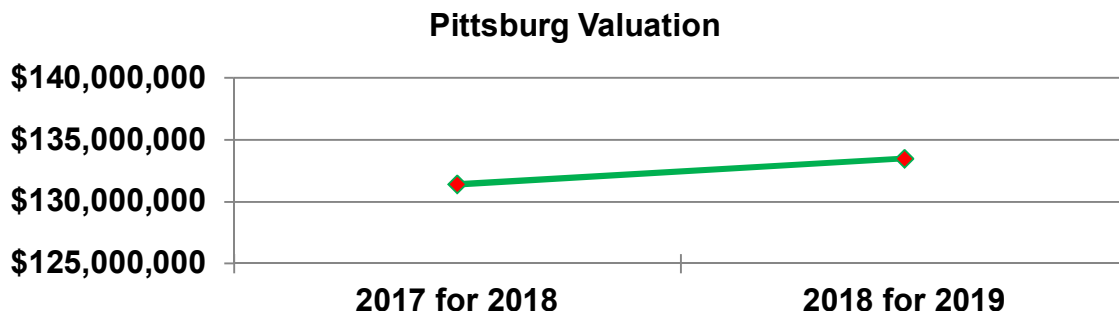
	2017 Levy to support <u>2018 Budget</u>	2018 Levy To support <u>2019 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
General Fund	\$ 36.961	\$ 36.984	\$ 0.023	0.06 %
Debt Service Fund	8.504	8.505	0.001	0.01 %
Component Unit	<u>6.002</u>	<u>6.004</u>	<u>0.002</u>	0.03 %
Total Mill Levy	<u>\$ 51.467</u>	<u>\$ 51.493</u>	<u>\$ 0.026</u>	0.05 %

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

City of Pittsburgh's Assessed Valuation

	2017 Valuation To support <u>2018 Budget</u>	2018 Valuation To support <u>2019 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
Real Property	\$120,364,222	\$122,439,161	\$2,074,939	1.72 %
Personal Property	4,062,653	3,716,100	(346,553)	(8.53) %
State Assessed	<u>6,969,842</u>	<u>7,323,343</u>	<u>353,501</u>	5.07 %
Total	<u>\$131,396,717</u>	<u>\$133,478,604</u>	<u>\$ 2,081,887</u>	1.58 %

The change in assessed valuation reflects an increase in real property values. This increase is mainly due to new housing and the new LaQuinta Hotel.



Analysis of the Fund Financial Statements

Governmental Funds

The City's governmental funds ending fund balances increased by a total of \$1,176,181 from the prior year. The general fund increased its fund balance by \$902,646 which went to operating reserves. The Street and Highway fund balance decreased by \$376,746 due to road improvements in 2019. The Revolving Loan fund balance increased by \$576,200 in 2019 due to increased receivables in 2019.

Compared to 2018 the total governmental fund revenues before transfers increased by \$97,958 while the total governmental fund expenditures before transfers decreased by \$1,321,671. The 2019 decrease in expenditures is largely due to lower capital projects expense and lower industrial promotion expense.

Before transfers, general fund revenues were up 4.77% while general fund expenditures were up 4.25% compared to 2018. The general fund revenues increased due to higher sales tax collections and increased property valuation. The general fund expenditures increased due to higher general government expense and higher public safety expense.

Proprietary Funds

The water and wastewater utility fund had a increase of \$404,804 in cash and cash equivalents for 2019. There was an increase of \$637,812 in current assets and a decrease in current liabilities of \$148,846 compared to 2018. These changes contributed an increase in unrestricted net position.

The stormwater utility fund had an increase of \$257,746 in cash and cash equivalents for 2019. This can be attributed to building up of reserves with the intent to pay for major stormwater infrastructure improvements planned in 2020.

The combined utility operating income was virtually flat in 2019 with an increase of 0.21%. For 2019 operating revenue increased by \$367,949 while operating expense increased by \$362,139.

Utility infrastructure projects completed during 2019 are new water meters to update several sections within the City, a new eight-inch water main on North Joplin, a new six-inch main on North Walnut, a new twelve-inch main on East 4th Street and various sanitary sewer line improvements throughout the City.

General Fund Budgetary Highlights

The legally adopted budget for the Special Parks and Recreation Fund and the Section 8 Housing Fund were amended by the City Commission during 2019 to account for greater than estimated expense incurred due to more liquor tax revenues being collected than originally budgeted and an increase in housing vouchers.

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
General government	The general government expenditures are under budget due to lower than expected group hospitalization health claims expense.
Culture and Recreation	Culture and Recreation expenditures are under budget due to the Parks expenditures being less than anticipated and no expenses being incurred against the JayCee Turf reserves or the Memorial Auditorium 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, 2019 was \$102,594,307, net of accumulated depreciation. The net capital assets increased by 1.19% from the 2018 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 Pittsburg's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities	
	2018	2019	2018	2019
Land	\$ 3,566,486	\$ 3,566,486	\$ 582,812	\$ 582,812
Buildings and improvements	17,795,113	18,052,010	19,035,723	16,869,507
Machinery and equipment	4,144,450	3,975,142	2,254,430	2,762,679
Infrastructure	20,831,528	26,443,511	28,925,556	30,214,110
Construction in progress	<u>4,245,568</u>	<u>-</u>	<u>-</u>	<u>128,050</u>
Total	<u>\$ 50,583,145</u>	<u>\$ 52,037,149</u>	<u>\$ 50,798,521</u>	<u>\$ 50,557,158</u>

For additional information on capital assets, please refer to note 8 in the notes to the basic financial statements on pages 56-59.

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	
	2018	2019	2018	2019
General Obligation Bonds	\$ 7,876,330	\$ 8,965,335	\$ 6,138,670	\$ 5,459,665
Special Assessment Bonds	6,240,000	5,975,000	-	-
K.D.H.E. Construction Loans	-	-	3,362,263	3,190,598
Tax Increment Bonds (TIF)	2,805,000	2,235,000	-	-
Transportation Development District Bonds (TDD)	890,000	805,000	-	-
Capital Leases	<u>1,225,102</u>	<u>946,539</u>	<u>-</u>	<u>428,551</u>
Total	<u>\$19,036,432</u>	<u>\$18,926,874</u>	<u>\$ 9,500,933</u>	<u>\$ 9,078,814</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 \$44,714,579 which is significantly higher than the general obligation bond outstanding debt.

The City's outstanding general obligation bonds at December 31, 2019, totaled \$20,400,000; of this \$8,965,335 is considered direct tax supported debt. The 2019 direct tax supported debt represents a 13.83% increase from the 2018 balance. This increase is due to \$2,100,000 in new direct tax supported debt being issued in 2019 and \$1,010,995 of direct tax supported debt being retired in 2019.

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 \$265,000 in 2019. 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 2019 while \$679,005 was retired in 2019. The remaining KDHE loans are for improvements at the wastewater plant, water treatment plant and collection systems. During 2019 the City incurred \$141,528 in new loan proceeds and repaid \$313,193 in loan principal.

The City's capital leases are repaid from dedicated sales tax revenues and business-type activities. The outstanding capital leases balance increased by \$149,988 in 2019. A new capital lease was incurred in 2019 for the purchase of a utility flusher truck, camera van and associated equipment for the Wastewater Collections Division.

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 60-69.

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION

December 31, 2019

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Library
Assets:				
Current assets:				
Cash and cash equivalents	\$ 14,362,564	\$ 4,643,060	\$ 19,005,624	\$ 620,311
Restricted cash and investments	-	231,310	231,310	-
Receivables, net of allowance for uncollectibles:				
Taxes	7,951,697	-	7,951,697	811,514
Special assessments	7,415,111	-	7,415,111	-
Accounts	140,587	1,080,216	1,220,803	-
Intergovernmental	264,286	-	264,286	-
Interest	17,524	17,524	35,048	-
Restricted investments	355,440	-	355,440	-
Loans receivable	2,093,982	-	2,093,982	-
Inventory	47,693	253,727	301,420	-
Prepaid expenses	63,639	22,908	86,547	4,769
Total assets	32,712,523	6,248,745	38,961,268	1,436,594
Noncurrent assets:				
Capital assets, nondepreciable:				
Land	3,566,486	582,812	4,149,298	215,415
Construction in progress	-	128,050	128,050	-
Capital assets, depreciable				
Building and improvements	18,052,010	16,869,507	34,921,517	1,975,545
Machinery and equipment	3,975,142	2,762,679	6,737,821	45,737
Infrastructure	26,443,511	30,214,110	56,657,621	-
Total noncurrent assets	52,037,149	50,557,158	102,594,307	2,236,697
Total assets	84,749,672	56,805,903	141,555,575	3,673,291
Deferred outflows of resources:				
Deferred outflows - pension	1,897,812	79,863	1,977,675	39,791
Deferred outflows - OPEB	30,821	6,022	36,843	2,636
Total deferred outflows of resources	1,928,633	85,885	2,014,518	42,427
Total assets and deferred outflows of resources	\$ 86,678,305	\$ 56,891,788	\$ 143,570,093	\$ 3,715,718

(Continued)

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION
(Continued)

December 31, 2019

	Primary Government			Component
	Governmental	Business-Type		Unit
	Activities	Activities	Total	Library
Current liabilities:				
Accounts payable and other current liabilities	\$ 1,091,612	\$ 147,662	\$ 1,239,274	\$ 16,783
Accrued interest payable	110,232	80,900	191,132	-
Liabilities payable from restricted cash	-	231,310	231,310	-
Total current liabilities	1,201,844	459,872	1,661,716	16,783
Noncurrent liabilities:				
Due within one year	2,658,364	970,076	3,628,440	12,084
Due in more than one year	30,065,221	9,483,851	39,549,072	403,113
Total noncurrent liabilities	32,723,585	10,453,927	43,177,512	415,197
Total liabilities	33,925,429	10,913,799	44,839,228	431,980
Deferred inflows of resources:				
Deferred inflows - pension	582,632	20,968	603,600	12,276
Deferred inflows - OPEB	337,388	69,647	407,035	22,967
Deferred receivable - property taxes	6,207,955	-	6,207,955	811,514
Total deferred inflows of resources	7,127,975	90,615	7,218,590	846,757
Total liabilities and deferred inflows of resources	41,053,404	11,004,414	52,057,818	1,278,737
Net position:				
Net investment in capital assets	32,858,544	41,212,874	74,071,418	2,236,697
Restricted for:				
Debt service	8,622,904	-	8,622,904	-
Housing	667,414	-	667,414	-
Street and highway	1,708,658	-	1,708,658	-
Capital projects	2,176,685	-	2,176,685	-
Other purposes	152,031	-	152,031	-
Unrestricted	(561,335)	4,674,500	4,113,165	200,284
Total net position	\$ 45,624,901	\$ 45,887,374	\$ 91,512,275	\$ 2,436,981

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

Program Revenues					Net (Expense) Revenue and Changes in Net Position			
Functions/Program	Expenses	Charges for Services	Operating	Capital	Primary Government			Component
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Unit Library
Government activities:								
General government	\$ 5,142,761	\$ 1,245,824	\$ 462,741	\$ 102,000	\$ (3,332,196)	\$ -	\$ (3,332,196)	\$ -
Public safety	9,260,971	432,481	159,610	-	(8,668,880)	-	(8,668,880)	-
Public works	4,683,519	727,097	131,113	719,941	(3,105,368)	-	(3,105,368)	-
Health and sanitation	209,768	-	-	-	(209,768)	-	(209,768)	-
Culture and recreation	2,463,901	493,099	121,251	296,409	(1,553,142)	-	(1,553,142)	-
Industrial promotion	755,760	183,541	-	-	(572,219)	-	(572,219)	-
Economic development	260,836	-	-	-	(260,836)	-	(260,836)	-
Social welfare	1,775,831	3,879	1,719,857	-	(52,095)	-	(52,095)	-
Interest on long-term debt	663,463	-	-	-	(663,463)	-	(663,463)	-
Total governmental activities	25,216,810	3,085,921	2,594,572	1,118,350	(18,417,967)	-	(18,417,967)	-
Business-type activities:								
Water/wastewater	6,260,080	8,552,391	-	28,754	-	2,321,065	2,321,065	-
Stormwater	643,446	853,994	-	-	-	210,548	210,548	-
Total business-type activities	6,903,526	9,406,385	-	28,754	-	2,531,613	2,531,613	-
Total primary government	\$ 32,120,336	\$ 12,492,306	\$ 2,594,572	\$ 1,147,104	(18,417,967)	2,531,613	(15,886,354)	-
Component unit:								
Public library	\$ 1,142,025	\$ 5,488	\$ 236,504	\$ -	-	-	-	(900,033)
General revenues:								
Property taxes					6,956,114	-	6,956,114	879,862
Sales taxes					9,150,441	-	9,150,441	-
Franchise taxes					1,938,900	-	1,938,900	-
Unrestricted investment earnings					321,325	77,620	398,945	12,598
Miscellaneous					268,877	-	268,877	-
Transfers					1,467,999	(1,467,999)	-	-
Total general revenues and transfers					20,103,656	(1,390,379)	18,713,277	892,460
Change in net position					1,685,689	1,141,234	2,826,923	(7,573)
Net position, beginning of year as previously stated					36,528,937	44,746,140	81,275,077	2,444,554
Prior period adjustment					7,410,275	-	7,410,275	-
Net position, beginning of year as restated					43,939,212	44,746,140	88,685,352	2,444,554
Net position, end of year					\$ 45,624,901	\$ 45,887,374	\$ 91,512,275	\$ 2,436,981

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

	General	Street and Highway	Revolving Loans	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$ 6,307,443	\$ 1,542,783	\$ 2,577,536	\$ 2,263,333	\$ 907,742	\$ 763,727	\$ 14,362,564
Receivables (net of allowance for uncollectibles):							
Taxes	6,178,651	372,090	174,806	-	1,210,598	15,552	7,951,697
Special assessments	-	-	-	-	7,415,111	-	7,415,111
Accounts	98,448	-	-	-	-	42,139	140,587
Intergovernmental	-	178,303	-	42,400	-	43,583	264,286
Interest	17,524	-	-	-	-	-	17,524
Restricted investments	-	-	-	-	355,440	-	355,440
Loans receivable	-	-	2,032,018	-	-	61,964	2,093,982
Due from other funds	25,550	-	-	-	-	-	25,550
Inventory	47,693	-	-	-	-	-	47,693
Prepaid items	57,030	5,619	990	-	-	-	63,639
Total assets	\$ 12,732,339	\$ 2,098,795	\$ 4,785,350	\$ 2,305,733	\$ 9,888,891	\$ 926,965	\$ 32,738,073
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ 100,074	\$ 380,570	\$ -	\$ 99,110	\$ 6,200	\$ 46,633	\$ 632,587
Accrued payroll	237,218	9,567	-	-	-	4,008	250,793
Accrued self-insurance claims	18,937	-	-	-	-	-	18,937
Due to other funds	-	-	-	-	-	25,550	25,550
Other	128,028	-	-	29,938	-	31,329	189,295
Total liabilities	484,257	390,137	-	129,048	6,200	107,520	1,117,162
Deferred inflows of resources:							
Unavailable revenue - property taxes	5,058,400	-	-	-	1,149,555	-	6,207,955
Unavailable revenue - special assessments	-	-	-	-	7,415,111	-	7,415,111
Total deferred inflows of resources	5,058,400	-	-	-	8,564,666	-	13,623,066
Fund balances:							
Nonspendable	104,723	5,619	990	-	-	-	111,332
Restricted:							
Debt service	-	-	-	-	1,318,025	-	1,318,025
Capital projects	-	1,703,039	-	2,176,685	-	-	3,879,724
Housing	-	-	-	-	-	667,414	667,414
Other	-	-	-	-	-	152,031	152,031
Assigned:							
Other	23,873	-	-	-	-	-	23,873
Industrial promotion	-	-	4,784,360	-	-	-	4,784,360
Unassigned	7,061,086	-	-	-	-	-	7,061,086
Total fund balances	7,189,682	1,708,658	4,785,350	2,176,685	1,318,025	819,445	17,997,845
Total liabilities, deferred inflows of resources and fund balances	\$ 12,732,339	\$ 2,098,795	\$ 4,785,350	\$ 2,305,733	\$ 9,888,891	\$ 926,965	\$ 32,738,073

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

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

December 31, 2019

Total fund balance in Governmental Funds Balance Sheet		\$ 17,997,845
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	102,835,873	
Accumulated depreciation is	<u>(50,798,724)</u>	52,037,149
Pension and OPEB contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.		1,928,633
Pension and OPEB fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position.		(920,020)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		7,415,111
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	(730,721)	
Total OPEB liability	(1,303,053)	
Net pension liability	(11,511,206)	
General obligation bonds payable	(9,183,731)	
Special assessment bonds payable	(6,008,335)	
Capital leases payable	(946,539)	
Revenue bonds payable	(3,040,000)	
Accrued interest on the bonds	<u>(110,232)</u>	<u>(32,833,817)</u>
Net position of governmental activities		<u>\$ 45,624,901</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

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

Year Ended December 31, 2019

	General	Street and Highway	Revolving Loans	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Property	\$ 5,412,423	\$ -	\$ -	\$ -	\$ 1,543,691	\$ -	\$ 6,956,114
Sales	5,571,460	2,162,011	1,004,908	-	412,062	-	9,150,441
Franchise	1,938,900	-	-	-	-	-	1,938,900
Licenses and permits	150,150	-	-	-	-	-	150,150
Intergovernmental	521,205	761,299	-	318,149	-	1,998,518	3,599,171
Charges for services	2,252,758	-	-	-	-	-	2,252,758
Fines and forfeitures	367,358	-	-	-	-	15,000	382,358
Special assessments	18,988	-	-	-	463,423	-	482,411
Investment earnings	136,144	29,702	52,324	56,438	30,782	15,935	321,325
Lease income	-	-	183,541	-	-	-	183,541
Miscellaneous	264,929	-	-	100,319	65,704	23,033	453,985
Total revenues	16,634,315	2,953,012	1,240,773	474,906	2,515,662	2,052,486	25,871,154
Expenditures:							
Current:							
General government	4,519,952	-	-	-	-	-	4,519,952
Public safety	8,301,051	-	-	-	-	-	8,301,051
Public works	948,317	1,696,191	-	356	-	-	2,644,864
Sanitation and health	68,061	-	-	-	-	140,880	208,941
Economic development	-	-	-	-	-	105,016	105,016
Culture and recreation	1,954,134	-	-	-	-	-	1,954,134
Industrial promotion	-	-	591,870	163,886	-	-	755,756
Social welfare	-	-	-	-	-	1,775,912	1,775,912
Debt service:							
Principal	458,030	-	-	-	1,930,995	-	2,389,025
Interest	28,257	-	-	-	533,886	-	562,143
Debt issuance costs	-	-	-	111,249	9,500	-	120,749
Capital outlay	814,483	1,888,567	-	2,454,332	-	67,890	5,225,272
Total expenditures	17,092,285	3,584,758	591,870	2,729,823	2,474,381	2,089,698	28,562,815
Excess/deficiency of revenues over/(under) expenditures	(457,970)	(631,746)	648,903	(2,254,917)	41,281	(37,212)	(2,691,661)
Other financing sources (uses):							
Capital lease	179,467	-	-	-	-	-	179,467
Bonds issued	-	-	-	2,100,000	-	-	2,100,000
Premium on bonds issued	-	-	-	120,376	-	-	120,376
Transfers in	1,507,152	255,000	-	147,210	85,141	50,000	2,044,503
Transfers out	(326,003)	-	(72,703)	(45,645)	-	(132,153)	(576,504)
Total other financing sources (uses)	1,360,616	255,000	(72,703)	2,321,941	85,141	(82,153)	3,867,842
Net change in fund balances	902,646	(376,746)	576,200	67,024	126,422	(119,365)	1,176,181
Fund balances, beginning of year	6,287,036	2,085,404	4,209,150	2,109,661	1,191,603	938,810	16,821,664
Fund balances, end of year	\$ 7,189,682	\$ 1,708,658	\$ 4,785,350	\$ 2,176,685	\$ 1,318,025	\$ 819,445	\$ 17,997,845

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

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

Year Ended December 31, 2019

Net change in fund balances - total governmental funds		\$ 1,176,181
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 outlay exceeds depreciation in the period.		
Capital outlay	4,496,134	
Depreciation expense	<u>(3,042,130)</u>	1,454,004
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(547,864)
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.		(2,895)
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	5,448	
Other postemployment benefits	(10,083)	
Pension	(400,605)	
Amortization of premiums	29,656	
Amortization of discounts	<u>(7,335)</u>	(382,919)
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.		<u>(10,818)</u>
Change in net position of governmental activities		<u><u>\$ 1,685,689</u></u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - NON-GAAP BASIS

GENERAL FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 16,687,527	\$ 16,687,527	\$ 16,453,961	\$ (233,566)
Intergovernmental	492,000	492,000	520,881	28,881
Licenses and permits	163,800	163,800	150,150	(13,650)
Charges for services	3,483,033	3,483,033	3,499,893	16,860
Fines and forfeitures	367,100	367,100	367,358	258
Interest	40,000	40,000	142,489	102,489
Miscellaneous	219,684	219,684	283,917	64,233
Total revenues	21,453,144	21,453,144	21,418,649	(34,495)
Expenditures:				
General government:				
General administration:				
Personnel services	997,988	997,988	1,018,725	(20,737)
Contractual services	182,138	182,138	193,686	(11,548)
Commodities	14,499	14,499	17,751	(3,252)
Total general administration	1,194,625	1,194,625	1,230,162	(35,537)
Group hospitalization:				
Claims paid	2,185,000	2,185,000	1,865,585	319,415
Human resources:				
Personnel services	172,450	172,450	167,952	4,498
Contractual services	136,139	136,139	118,132	18,007
Commodities	5,950	5,950	4,731	1,219
Total human resources	314,539	314,539	290,815	23,724
Information systems:				
Personnel services	302,140	302,140	314,874	(12,734)
Contractual services	220,689	220,689	251,187	(30,498)
Commodities	76,950	76,950	82,586	(5,636)
Capital outlay	50,000	50,000	41,961	8,039
Total information systems	649,779	649,779	690,608	(40,829)
Facility maintenance:				
Personnel services	236,629	236,629	234,380	2,249
Contractual services	3,222	3,222	6,143	(2,921)
Commodities	91,099	91,099	87,732	3,367
Total facility maintenance	\$ 330,950	\$ 330,950	\$ 328,255	\$ 2,695

(Continued)

CITY OF PITTSBURG, KANSAS

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

GENERAL FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Bedget
	Original	Final		
General government (continued):				
Municipal court:				
Personnel services	\$ 306,230	\$ 306,230	\$ 299,736	\$ 6,494
Contractual services	48,081	48,081	50,335	(2,254)
Commodities	8,100	8,100	6,054	2,046
Total municipal court	362,411	362,411	356,125	6,286
Sales tax capital outlay:				
Capital outlay	410,592	410,592	370,624	39,968
Reserve	127,175	127,175	-	127,175
Total sales tax capital outlay	537,767	537,767	370,624	167,143
Total general government	5,575,071	5,575,071	5,132,174	442,897
Public safety:				
Police department:				
Personnel services	4,442,989	4,442,989	4,241,248	201,741
Contractual services	697,734	697,734	645,281	52,453
Commodities	234,485	234,485	288,338	(53,853)
Capital outlay	521,476	521,476	496,938	24,538
Total police department	5,896,684	5,896,684	5,671,805	224,879
Fire department:				
Personnel services	2,625,920	2,625,920	2,644,872	(18,952)
Contractual services	150,368	150,368	157,135	(6,767)
Commodities	124,454	124,454	224,111	(99,657)
Capital outlay	150,440	150,440	181,432	(30,992)
Total fire department	3,051,182	3,051,182	3,207,550	(156,368)
Public safety - other:				
Building services:				
Personnel services	299,024	299,024	278,113	20,911
Contractual services	10,339	10,339	9,514	825
Commodities	8,093	8,093	9,814	(1,721)
Total building services	317,456	317,456	297,441	20,015
Codes enforcement:				
Personnel services	118,805	118,805	116,929	1,876
Contractual services	15,973	15,973	12,840	3,133
Commodities	4,992	4,992	4,339	653
Total codes enforcement	\$ 139,770	\$ 139,770	\$ 134,108	\$ 5,662

(Continued)

CITY OF PITTSBURG, KANSAS

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

GENERAL FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Public safety - other (continued):				
Animal control:				
Personnel services	\$ 90,038	\$ 90,038	\$ 94,128	\$ (4,090)
Contractual services	21,183	21,183	23,857	(2,674)
Commodities	9,058	9,058	7,429	1,629
Total animal control	120,279	120,279	125,414	(5,135)
Planning and housing:				
Personnel services	255,145	255,145	261,946	(6,801)
Contractual services	43,231	43,231	40,998	2,233
Commodities	800	800	1,209	(409)
Total planning and housing	299,176	299,176	304,153	(4,977)
Public safety sales tax:				
Reserve	-	-	-	-
Total public safety - other	876,681	876,681	861,116	15,565
Total public safety	9,824,547	9,824,547	9,740,471	84,076
Public works:				
Engineering department:				
Personnel services	271,622	271,622	281,481	(9,859)
Contractual services	21,030	21,030	16,016	5,014
Commodities	4,573	4,573	5,703	(1,130)
Total engineering department	297,225	297,225	303,200	(5,975)
Atkinson Airport:				
Personnel services	147,845	147,845	142,058	5,787
Contractual services	64,049	64,049	58,733	5,316
Commodities	518,986	518,986	502,289	16,697
Capital outlay	30,000	30,000	3,177	26,823
Reserve	37,450	37,450	-	37,450
Total Atkinson Airport	798,330	798,330	706,257	92,073
Total public works	\$ 1,095,555	\$ 1,095,555	\$ 1,009,457	\$ 86,098

(Continued)

CITY OF PITTSBURG, KANSAS

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

GENERAL FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Sanitation and health:				
Mt. Olive Cemetery:				
Personnel services	\$ 59,605	\$ 59,605	\$ 52,338	\$ 7,267
Contractual services	12,763	12,763	12,723	40
Commodities	7,704	7,704	8,507	(803)
Total sanitation and health	80,072	80,072	73,568	6,504
Culture and recreation:				
Parks and recreation:				
Personnel services	778,473	778,473	747,750	30,723
Contractual services	156,371	156,371	130,094	26,277
Commodities	101,098	101,098	112,199	(11,101)
Total parks and recreation	1,035,942	1,035,942	990,043	45,899
Aquatic center:				
Personnel services	79,226	79,226	85,680	(6,454)
Contractual services	34,275	34,275	30,702	3,573
Commodities	45,550	45,550	29,562	15,988
Total aquatic center	159,051	159,051	145,944	13,107
JC ballpark turf reserve:				
Capital outlay	10,000	10,000	475	9,525
Reserve	56,410	56,410	-	56,410
Total JC ballpark turf reserve	66,410	66,410	475	65,935
Four Oaks Complex:				
Personnel services	218,428	218,428	237,768	(19,340)
Contractual services	45,630	45,630	48,508	(2,878)
Commodities	53,044	53,044	54,234	(1,190)
Total Four Oaks Complex	317,102	317,102	340,510	(23,408)
Memorial Auditorium and Convention Center:				
Personnel services	376,872	376,872	407,070	(30,198)
Contractual services	136,582	136,582	130,154	6,428
Commodities	43,448	43,448	34,474	8,974
Operating reserve	123,550	123,550	-	123,550
Capital outlay	15,000	15,000	7,136	7,864
Total Memorial Auditorium and Convention Center	\$ 695,452	\$ 695,452	\$ 578,834	\$ 116,618

(Continued)

CITY OF PITTSBURG, KANSAS

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

GENERAL FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Culture and recreation (continued):				
Farmers market:				
Personnel services	\$ 4,339	\$ 4,339	\$ 4,102	\$ 237
Contractual services	9,626	9,626	9,019	607
Commodities	600	600	904	(304)
Operating reserve	8,681	8,681	-	8,681
Total farmers market	23,246	23,246	14,025	9,221
Total culture and recreation	2,297,203	2,297,203	2,069,831	227,372
Operating reserve	4,993,449	4,993,449	12,588	4,980,861
Total expenditures	23,865,897	23,865,897	18,038,089	5,827,808
Excess of revenues over (under) expenditures	(2,412,753)	(2,412,753)	3,380,560	5,793,313
Other financing sources (uses):				
Transfers in	2,767,917	2,767,917	2,725,288	(42,629)
Transfers out	(5,065,347)	(5,065,347)	(5,116,014)	(50,667)
Total other financing sources (uses)	(2,297,430)	(2,297,430)	(2,390,726)	(93,296)
Net change in fund balances	(4,710,183)	(4,710,183)	989,834	5,700,017
Fund balance, beginning of year	4,710,183	4,710,183	5,124,829	414,646
Fund balance, end of year	\$ -	\$ -	\$ 6,114,663	\$ 6,114,663

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - NON-GAAP BASIS

STREET AND HIGHWAY FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Sales tax	\$ 2,151,993	\$ 2,151,993	\$ 2,157,310	\$ 5,317
Intergovernmental	708,600	708,600	742,792	34,192
Interest	7,000	7,000	29,702	22,702
Miscellaneous	250	250	-	(250)
Total revenues	2,867,843	2,867,843	2,929,804	61,961
Expenditures:				
Personnel services	508,791	508,791	474,749	34,042
Contractual services	486,433	486,433	448,729	37,704
Commodities	546,758	546,758	769,344	(222,586)
Capital outlay	1,800,000	1,800,000	1,722,356	77,644
Reserve	382,804	382,804	-	382,804
Total expenditures	3,724,786	3,724,786	3,415,178	309,608
Excess (deficiency) of revenues over (under) expenditures	(856,943)	(856,943)	(485,374)	371,569
Other financing sources (uses):				
Transfer in	325,000	325,000	255,000	(70,000)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(531,943)	(531,943)	(230,374)	301,569
Fund balance, beginning of year	531,943	531,943	1,372,603	840,660
Fund balance, end of year	\$ -	\$ -	\$ 1,142,229	\$ 1,142,229

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2019

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,627,292	\$ 1,015,768	\$ 4,643,060
Restricted cash - customer deposits	231,310	-	231,310
Accounts receivable, net of allowance for uncollectibles	1,057,055	23,161	1,080,216
Interest receivable	17,524	-	17,524
Inventory	253,727	-	253,727
Prepaid expenses	21,178	1,730	22,908
Total current assets	5,208,086	1,040,659	6,248,745
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	474,742	108,070	582,812
Construction in process	-	128,050	128,050
Capital assets, depreciable	79,857,258	5,934,657	85,791,915
Total noncurrent assets	80,332,000	6,170,777	86,502,777
Less accumulated depreciation	(34,184,974)	(1,760,645)	(35,945,619)
Noncurrent assets, net	46,147,026	4,410,132	50,557,158
Total assets	51,355,112	5,450,791	56,805,903
Deferred outflows of resources:			
Deferred outflows - pension	66,791	13,072	79,863
Deferred outflows - OPEB	5,192	830	6,022
Total deferred outflows of resources	71,983	13,902	85,885
Total assets and deferred outflows of resources	\$ 51,427,095	\$ 5,464,693	\$ 56,891,788

(Continued)

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
(Continued)

December 31, 2019

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Liabilities:			
Current liabilities:			
Accounts payable	\$ 69,531	\$ 29,611	\$ 99,142
Accrued payroll	43,741	4,779	48,520
Accrued interest payable	80,900	-	80,900
Customer deposits payable	231,310	-	231,310
Current portion of compensated absences	108,947	7,767	116,714
Current portion of capital leases payable	102,910	-	102,910
Current portion of general obligation bonds payable	662,105	-	662,105
Current portion of construction loan payable	88,347	-	88,347
Total current liabilities	1,387,791	42,157	1,429,948
Noncurrent liabilities:			
Compensated absences	15,124	1,078	16,202
Total OPEB liability	249,606	32,015	281,621
Net pension liability	585,048	110,058	695,106
Capital leases payable	325,641	-	325,641
General obligation bonds payable	5,063,030	-	5,063,030
Construction loan payable	3,102,251	-	3,102,251
Total noncurrent liabilities	9,340,700	143,151	9,483,851
Total liabilities	10,728,491	185,308	10,913,799
Deferred inflows of resources:			
Deferred inflows - pension	17,266	3,702	20,968
Deferred inflows - OPEB	59,705	9,942	69,647
Total deferred inflows of resources	76,971	13,644	90,615
Total liabilities and deferred inflows of resources	10,805,462	198,952	11,004,414
Net position:			
Net investment in capital assets	36,802,742	4,410,132	41,212,874
Unrestricted	3,818,891	855,609	4,674,500
Total net position	\$ 40,621,633	\$ 5,265,741	\$ 45,887,374

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS

Year Ended December 31, 2019

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Operating revenues:			
Charges for sales and services:			
Water charges	\$ 4,227,713	\$ -	\$ 4,227,713
Wastewater charges	3,930,068	-	3,930,068
Stormwater charges	-	843,199	843,199
Other charges	394,610	10,795	405,405
Total operating revenues	8,552,391	853,994	9,406,385
Operating expenses:			
Cost of sales and services	2,021,766	124,862	2,146,628
Administration	2,085,206	372,778	2,457,984
Depreciation	1,939,661	145,806	2,085,467
Total operating expenses	6,046,633	643,446	6,690,079
Operating income	2,505,758	210,548	2,716,306
Nonoperating revenues (expenses):			
Interest revenue	59,417	18,203	77,620
Interest expense	(213,447)	-	(213,447)
Total nonoperating revenues (expenses)	(154,030)	18,203	(135,827)
Income before transfers	2,351,728	228,751	2,580,479
Capital contributions	28,754	-	28,754
Transfers out	(1,464,370)	(3,629)	(1,467,999)
Total transfers and capital contributions	(1,435,616)	(3,629)	(1,439,245)
Change in net position	916,112	225,122	1,141,234
Net position, beginning of year	39,705,521	5,040,619	44,746,140
Net position, end of year	\$ 40,621,633	\$ 5,265,741	\$ 45,887,374

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

Year Ended December 31, 2019

	Water and Wastewater	Stormwater	Total Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 8,464,992	\$ 855,400	\$ 9,320,392
Payments to suppliers	(2,167,468)	(96,919)	(2,264,387)
Payments to employees	(2,063,336)	(384,813)	(2,448,149)
Net cash provided by operating activities	4,234,188	373,668	4,607,856
Cash flows from capital and related financing activities:			
Proceeds from capitalization grant/construction loan payable	141,528	-	141,528
Payments of capitalization grant/construction loan payable	(313,193)	-	(313,193)
Acquisition and construction of capital assets	(1,684,854)	(130,496)	(1,815,350)
Proceeds from capital leases	542,989	-	542,989
Principal paid on capital leases	(114,438)	-	(114,438)
Principal paid on G.O. bonds	(679,005)	-	(679,005)
Interest paid on capital debt	(293,573)	-	(293,573)
Net cash used in capital and related financing activities	(2,400,546)	(130,496)	(2,531,042)
Cash flows from noncapital financing activities:			
Interest received	65,762	18,203	83,965
Cash flows from noncapital financing activities:			
Transfers out	(1,464,370)	(3,629)	(1,467,999)
Net increase in cash and cash equivalents	435,034	257,746	692,780
Cash and investments, beginning of year	3,423,568	758,022	4,181,590
Cash and investments, end of year	\$ 3,858,602	\$ 1,015,768	\$ 4,874,370
Noncash portion of the capital contributions	\$ 28,754	\$ -	\$ 28,754

(Continued)

CITY OF PITTSBURG, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

(Continued)

Year Ended December 31, 2019

	Water and Wastewater	Stormwater	Total Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,505,758	\$ 210,548	\$ 2,716,306
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,939,661	145,806	2,085,467
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(117,629)	1,406	(116,223)
Decrease (increase) in inventory	(90,134)	-	(90,134)
Decrease (increase) in prepaid expenses	(1,360)	(286)	(1,646)
Decrease (increase) in deferred outflows - pension	13,996	2,149	16,145
Decreases (increase) in deferred outflows - OPEB	(570)	(85)	(655)
Increase (decrease) in accounts payable	(54,208)	28,229	(25,979)
Increase (decrease) in accrued payroll	4,855	(1,664)	3,191
Increase (decrease) in customer deposits	30,230	-	30,230
Increase (decrease) in compensated absences payable	6,855	(11,920)	(5,065)
Increase (decrease) in deferred inflows - pension	(12,880)	(1,978)	(14,858)
Increase (decrease) in deferred inflows - OPEB	56,354	9,383	65,737
Increase (decrease) in net pension liability	4,851	745	5,596
Increase (decrease) in net OPEB liability	(51,591)	(8,665)	(60,256)
Net cash provided by operating activities	<u>\$ 4,234,188</u>	<u>\$ 373,668</u>	<u>\$ 4,607,856</u>
Cash consists of:			
Cash and cash equivalents	\$ 3,627,292	\$ 1,015,768	\$ 4,643,060
Restricted cash	231,310	-	231,310
	<u>\$ 3,858,602</u>	<u>\$ 1,015,768</u>	<u>\$ 4,874,370</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2019

1 - Summary of Significant Accounting Policies

Reporting Entity

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

Discretely Presented Component Unit

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

Government-Wide Financial Statements

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

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major governmental funds:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Street and Highway Fund – The street and highway fund is used to account for the construction, reconstruction, alteration, repair and maintenance of the streets and highways of the City and for payment of bonds and interest associated with street and highway projects. Financing is through motor vehicle tax receipts distributed to cities from the State of Kansas and from operating transfers from the City's General Fund.

Revolving Loans Fund – The revolving loans fund is used to account 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.

Capital Projects Fund – The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Debt Service Fund – The debt service fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

The City reports the following major proprietary funds:

Water/wastewater Fund – The water/wastewater fund is used to account for the operation and maintenance activities of the City’s water and wastewater collection and treatment systems.

Stormwater Fund – The stormwater fund is used to account for the operation and maintenance activities of the City’s stormwater utility.

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.

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.

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

1 - Summary of Significant Accounting Policies (Continued)

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, 2019, interest earnings allocated to the various funds were \$ 398,945.

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

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

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

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

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

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

General fund property taxes receivable	\$ 5,058,400
Debt service fund property taxes receivable	1,149,555
Debt service fund special assessments receivable	<u>7,415,111</u>
	<u>\$ 13,623,066</u>

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 2019 levy was based was \$ 130,633,323.

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 2019 tax levy per \$ 1,000 of assessed valuation was as follows:

General Fund	\$ 36.984
Debt Service Fund	8.505
Component unit:	
Library	<u>6.004</u>
	<u>\$ 51.493</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Special Assessments Receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's debt service fund. Special assessment taxes are levied over a ten or twenty-year period and the annual installments are due and payable with annual ad valorem property taxes. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund and accrued as revenues in the statement of activities. Since they are not considered available spendable resources for the governmental funds, the special assessment receivables are reported as unavailable revenue in the fund financial statements.

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.

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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, 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 by the City 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

Deferred Outflow/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 deferred outflows for pension and OPEB in the government-wide and proprietary funds statements of net position. See Note 11 and Note 12 for more information on the deferred outflows for the pension and OPEB plans, respectively.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflow/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 several items that qualify for reporting in this category. One 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. The final two items, *deferred inflows for pension* and *deferred inflows for OPEB*, are reported in the government-wide and proprietary funds statements of net position. See Note 11 and Note 12 for more information on the deferred inflows for the pension and OPEB plans, respectively.

Compensated Absences

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

Long-Term Obligations

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2019, 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 be maintained 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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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 Commission taking the same formal action, that imposed the constraint originally (resolution).

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor 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 provide 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 for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position

The City’s net position is classified as follows:

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

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

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

1 - Summary of Significant Accounting Policies (Continued)

Net Position (Continued)

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.

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, sewer and refuse fees and charges for services.

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

Use of Estimates

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

Pending Governmental Accounting Standards Board Statements

At December 31, 2019, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for periods beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by classifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The requirements for this statement are effective for periods beginning after December 15, 2020.

Prior Period Adjustment

Beginning net position on the statement of activities was restated to account for special assessment receivables that should have been recorded in the prior fiscal year. The effect of this restatement on the City's beginning net position was an increase of \$ 7,410,275. There was no effect on current year revenues or expenditures as a result of this adjustment.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements

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 \$ (10,818) are as follows:

Debt issued or incurred:

Capital lease	\$ (179,467)
General obligation bonds	(2,100,000)
Premiums	(120,376)

Principal repayments:

General obligation bonds	1,275,995
Capital leases	458,030
Revenue bonds	<u>655,000</u>

Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities

\$ (10,818)

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3 - Stewardship, Compliance and Accountability

Budgetary Information

The City is required by State statute to legally adopt annual operating budgets 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, the Northgate CID fund and the revolving loans fund.

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

1. Preparation of the proposed budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to revise departmental budgets within a fund; however, the City Commission must approve changes to the appropriations at the fund level.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

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. All unencumbered appropriations (legal budget expenditure authority) lapse at the end of the year. Encumbered appropriations are not re-appropriated in the ensuing year's budget but are carried forward until liquidated or canceled. During 2019, the City amended the budgets for the Special Parks and Recreation fund and the Section 8 Housing fund.

Controls over spending in funds which are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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:

	General Fund	Street and Highway Fund
Net change in fund balances, GAAP basis	\$ 902,646	\$ (376,746)
Change in:		
Taxes receivable	(41,021)	(4,700)
Grants receivable	-	(18,507)
Interest receivable	6,345	-
Inventories	(1,250)	-
Prepaid items	(1,628)	1,500
Encumbrances	87,555	166,211
Salaries payable	32,839	1,868
Health care payable	4,348	-
Net change in fund balances, non-GAAP basis	<u>\$ 989,834</u>	<u>\$ (230,374)</u>

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair 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 investments on the balance sheet. At December 31, 2019, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

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

Investments

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 assets. 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, 2019, the City had the following investments:

Level 1 Investment	Fair Value	Investment Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Goldman Sachs Financial Square Government Fund	\$ 355,440	\$ 355,440	\$ -	\$ -	\$ -

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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Deposits and Investments

Investments (Continued)

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 year from the date of purchase. The City is not exposed to significant interest rate risk.

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, 2019.

Concentrations of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

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, 2019, the City's investments were not exposed to custodial credit risk.

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

5 - Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2019, the City's deposit and investment balances were as follows:

	Carrying Amount		
		Component	
	City	Unit - Public	Total
		Library	
Cash and cash equivalents	\$ 19,005,624	\$ 620,311	\$ 19,625,935
Restricted cash and cash equivalents	231,310	-	231,310
Restricted investments	355,440	-	355,440
	<u>\$ 19,592,374</u>	<u>\$ 620,311</u>	<u>\$ 20,212,685</u>

6 - Loans Receivable

Loans receivable, aggregating \$ 2,093,982 at December 31, 2019, 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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Leases

Noncancellable operating revenue leases for City land and buildings expire in 2027. The leases contain renewal options for periods ranging from five to ten years and require the lessees to pay all executory costs (property tax, maintenance and insurance). For the year ended December 31, 2019, rental income related to these leases was \$ 49,344. Future minimum lease income is as follows:

2020	\$ 57,452
2021	57,452
2022	57,452
2023	57,452
2024	57,452
2025 - 2027	<u>124,479</u>
	<u><u>\$ 411,739</u></u>

The asset cost of the buildings the City leases is \$ 693,273, with accumulated depreciation of \$ 323,528 resulting in net carrying value of \$ 369,747 at December 31, 2019.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Primary Government	Balance at 12/31/2018	Increase	Decrease	Reclassifications	Balance at 12/31/2019
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,566,486	\$ -	\$ -	\$ -	\$ 3,566,486
Construction in progress	4,245,568	2,390,959	6,636,527	-	-
Total capital assets not being depreciated	7,812,054	2,390,959	6,636,527	-	3,566,486
Capital assets, being depreciated:					
Building and improvements	38,259,485	9,971	-	1,204,815	39,474,271
Machinery and equipment	12,794,838	578,610	464,773	202,849	13,111,524
Infrastructure	39,938,135	8,153,121	-	(1,407,664)	46,683,592
Total capital assets being depreciated	90,992,458	8,741,702	464,773	-	99,269,387
Less accumulated depreciation for:					
Building and improvements	20,464,372	954,882	-	3,007	21,422,261
Machinery and equipment	8,650,388	861,384	464,773	89,383	9,136,382
Infrastructure	19,106,607	1,225,864	-	(92,390)	20,240,081
Total accumulated depreciation	48,221,367	3,042,130	464,773	-	50,798,724
Total capital assets being depreciated, net	42,771,091	5,699,572	-	-	48,470,663
Governmental activities capital assets, net	\$ 50,583,145	\$ 8,090,531	\$ 6,636,527	\$ -	\$ 52,037,149

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Capital Assets (Continued)

Primary Government	Restated Balance at 12/31/2018	Increase	Decrease	Reclassifications	Balance at 12/31/2019
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 582,812	\$ -	\$ -	\$ -	\$ 582,812
Construction in progress	-	128,050	-	-	128,050
Total capital assets not being depreciated	582,812	128,050	-	-	710,862
Capital assets, being depreciated:					
Building and improvements	30,263,631	-	-	132,357	30,395,988
Machinery and equipment	6,042,115	814,607	131,317	(71,560)	6,653,845
Infrastructure	47,901,432	901,447	-	(60,797)	48,742,082
Total capital assets being depreciated	84,207,178	1,716,054	131,317	-	85,791,915
Less accumulated depreciation for:					
Building and improvements	12,906,908	619,573	-	-	13,526,481
Machinery and equipment	3,636,172	388,126	131,317	(1,815)	3,891,166
Infrastructure	17,448,389	1,077,768	-	1,815	18,527,972
Total accumulated depreciation	33,991,469	2,085,467	131,317	-	35,945,619
Total capital assets being depreciated, net	50,215,709	(369,413)	-	-	49,846,296
Business-type activities capital assets, net	\$ 50,798,521	\$ (241,363)	\$ -	\$ -	\$ 50,557,158

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 104,389
Public safety	864,088
Public works	1,588,990
Sanitation and health	837
Industrial promotion	44,613
Culture and recreation	439,213
	<hr/>

Total depreciation expense - governmental activities	<hr/> <hr/> \$ 3,042,130
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Business-type activities:

Water/wastewater	\$ 1,939,661
Stormwater	145,806
	<hr/>

Total depreciation expense - business-type activities	<hr/> <hr/> \$ 2,085,467
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CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8 - Capital Assets (Continued)

Capital asset activity for the Public Library component unit for the year ended December 31, 2019 was as follows:

	Restated Balance at 12/31/2018	Increase	Decrease	Balance at 12/31/2019
Capital assets, not being depreciated				
Land	\$ 215,415	\$ -	\$ -	\$ 215,415
Total capital assets not being depreciated	215,415	-	-	215,415
Capital assets, being depreciated:				
Building and improvements	3,643,808	-	-	3,643,808
Machinery and equipment	156,143	38,884	41,510	153,517
Total capital assets being depreciated	3,799,951	38,884	41,510	3,797,325
Less accumulated depreciation for:				
Building and improvements	1,592,553	75,710	-	1,668,263
Machinery and equipment	109,613	39,677	41,510	107,780
Total accumulated depreciation	1,702,166	115,387	41,510	1,776,043
Total capital assets being depreciated, net	2,097,785	(76,503)	-	2,021,282
Business-type activities capital assets, net	<u>\$ 2,313,200</u>	<u>\$ (76,503)</u>	<u>\$ -</u>	<u>\$ 2,236,697</u>

9 - Capital Projects

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Capital Projects (Continued)

Following is a summary of costs to December 31, 2019 for capital projects compared to the amount authorized:

	Costs to Date	Amount Authorized
General government:		
Airport projects	\$ 724,041	\$ 799,604
Parks and recreation projects	847,826	1,389,878
Road and bridge projects	5,219,980	6,745,000
	<u>\$ 6,791,847</u>	<u>\$ 8,934,482</u>

10 - Long-Term Debt

General Obligation Bonds

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

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

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2019 are comprised of the following issues:

General Obligation Bonds	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2019	Outstanding December 31, 2019
Governmental activities:					
Series 2009-A	2.10% to 3.25%	\$ 1,265,000	2019	\$ 143,285	\$ -
Series 2012-A	1.00% to 2.00%	855,000	2022	85,000	275,000
Series 2013-A	0.70% to 2.15%	1,420,000	2023	150,000	545,000
Series 2014-A	1.50% to 2.65%	3,398,395	2025	332,710	1,945,335
Series 2016-A	2.00%	5,000,000	2031	300,000	4,100,000
Series 2019-A	2.30% to 5.00%	2,100,000	2029	-	2,100,000
				<u>1,010,995</u>	<u>8,965,335</u>
Business-type activities:					
Series 2009-A	2.10% to 3.25%	280,000	2019	31,715	-
Series 2014-A	1.50% to 2.65%	1,606,605	2025	157,290	919,665
Series 2015-A	3.00%	6,370,000	2030	490,000	4,540,000
				<u>679,005</u>	<u>5,459,665</u>
				<u>\$ 1,690,000</u>	<u>\$ 14,425,000</u>
Special assessment bonds:					
Governmental activities:					
Series 2016-B	2.00% to 3.25%	6,500,000	2037	<u>\$ 265,000</u>	<u>\$ 5,975,000</u>

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

Series 2013-A: Callable April 1, 2021 at par plus accrued interest

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

General Obligation Bonds	Installment Range	
	Low	High
Governmental activities:		
Series 2012-A	\$ 90,000	\$ 95,000
Series 2013-A	150,000	240,000
Series 2014-A	176,540	373,450
Series 2016-A	300,000	755,000
Series 2019-A	165,000	250,000
Business-type activities:		
Series 2014-A	83,460	176,550
Series 2015-A	320,000	750,000
Special assessment bonds:		
Governmental activities:		
Series 2016-B	270,000	1,225,000

The future annual requirements for general obligation bonds outstanding as of December 31, 2019 are as follows:

Year	General Obligation Bonds				Special Assessment Bonds	
	Governmental Activities		Business-type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,047,895	\$ 218,379	\$ 662,105	\$ 156,518	\$ 270,000	\$ 155,542
2021	1,082,895	193,236	677,105	138,276	275,000	150,142
2022	958,080	166,343	696,920	119,584	280,000	144,642
2023	1,121,475	138,548	718,525	100,179	285,000	139,042
2024	913,450	113,168	496,550	79,887	290,000	133,342
2025 - 2029	3,086,540	280,308	1,458,460	219,412	1,230,000	570,864
2030 - 2034	755,000	22,800	750,000	11,400	2,120,000	358,308
2035 - 2038	-	-	-	-	1,225,000	80,437
	<u>\$ 8,965,335</u>	<u>\$ 1,132,782</u>	<u>\$ 5,459,665</u>	<u>\$ 825,256</u>	<u>\$ 5,975,000</u>	<u>\$ 1,732,319</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Construction Loans 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 the improvements to the City's wastewater system. The loan will be repaid over twenty years at an interest rate of 2.83%. The outstanding balance of \$ 858,015 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, 2019 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 64,099	\$ 21,726
2021	65,926	20,061
2022	67,805	18,348
2023	69,737	16,586
2024	71,725	14,774
2025 - 2029	390,475	44,833
2030 - 2031	128,248	3,324
	<u>\$ 858,015</u>	<u>\$ 139,652</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, 2019, the City has drawn \$ 4,443,647 on this loan. The outstanding balance of \$ 1,880,125 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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Construction Loans Payable (Continued)

The City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Public Water Supply Loan 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 \$ 452,458 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, 2019 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 24,248	\$ 9,554
2021	24,856	9,032
2022	25,479	8,496
2023	26,117	7,948
2024	26,771	7,385
2025 - 2029	144,260	27,985
2030 - 2034	163,262	11,654
2035	17,465	187
	<u>\$ 452,458</u>	<u>\$ 82,241</u>

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%.

The 2019 principal and interest for the revenue bonds was \$ 126,040 and the pledged revenues recognized for 2019 was \$ 103,783. The bonds are considered a special, limited obligation of the City secured by a pledge of the sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Transportation Development District Sales Tax Revenue Bonds (Continued)

The future annual requirements for Transportation Development District Sales Tax Revenue bonds outstanding as of December 31, 2019 are as follows:

	Principal	Interest	Total
2020	\$ 75,000	\$ 36,840	\$ 111,840
2021	80,000	33,120	113,120
2022	85,000	29,160	114,160
2023	95,000	24,840	119,840
2024	100,000	20,160	120,160
2025-2027	370,000	28,320	398,320
	<u>\$ 805,000</u>	<u>\$ 172,440</u>	<u>\$ 977,440</u>

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

Special Obligation Tax Increment Revenue Bonds

In 2016, 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 2019 principal and interest for the revenue bonds was \$ 696,910 and the pledged revenues recognized for 2019 was \$ 607,156. The bonds are considered a special, limited obligation of the City, secured by a pledge of and lien on the incremental increase in ad valorem tax and certain sales tax revenues. The bonds are not a general obligation of the City nor do they go against the City's debt limit.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Special Obligation Tax Increment Revenue Bonds (Continued)

The future annual requirements for TIF Revenue bonds outstanding as of December 31, 2019 are as follows:

	Principal	Interest	Total
2020	\$ 460,000	\$ 98,245	\$ 558,245
2021	495,000	74,848	569,848
2022	530,000	49,735	579,735
2023	565,000	22,907	587,907
2024	185,000	4,532	189,532
	<u>\$ 2,235,000</u>	<u>\$ 250,267</u>	<u>\$ 2,485,267</u>

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 7,876,330	\$ 2,100,000	\$ 1,010,995	8,965,335	\$ 1,047,895
Less bond discount	(36,688)	-	(7,335)	(29,353)	-
Plus bond premium	155,068	120,376	27,695	247,749	-
Net general obligation bonds	7,994,710	2,220,376	1,031,355	9,183,731	1,047,895
Special assessment bonds	6,240,000	-	265,000	5,975,000	270,000
Plus bond premium	35,296	-	1,961	33,335	-
Net special assessment bonds	6,275,296	-	266,961	6,008,335	270,000
Transportation development district sales tax revenue bonds - direct borrowing	890,000	-	85,000	805,000	75,000
Special obligation tax increment revenue bonds - direct borrowing	2,805,000	-	570,000	2,235,000	460,000
Capital leases payable - direct borrowing	1,225,102	179,467	458,030	946,539	230,674
Total OPEB liability	1,504,016	-	306,781	1,197,235	-
Total OPEB liability - KPERS	102,858	2,960	-	105,818	-
Net pension liability	11,378,089	133,117	-	11,511,206	-
Compensated absences	736,168	841,442	846,889	730,721	574,795
	18,641,233	1,156,986	2,266,700	17,531,519	1,340,469
Governmental activities long-term liabilities	\$ 32,911,239	\$ 3,377,362	\$ 3,565,016	\$ 32,723,585	\$ 2,658,364

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 6,138,670	\$ -	\$ 679,005	5,459,665	\$ 662,105
Plus bond premium	289,604	-	24,134	265,470	-
Net general obligation bonds	6,428,274	-	703,139	5,725,135	662,105
Construction loans payable - direct borrowing	3,362,263	141,528	313,193	3,190,598	88,347
Capital leases payable - direct borrowing	-	542,989	114,438	428,551	102,910
Total OPEB liability	323,649	-	61,419	262,230	-
Total OPEB liability - KPERS	18,228	1,163	-	19,391	-
Net pension liability	689,510	5,596	-	695,106	-
Compensated absences	137,981	170,561	175,626	132,916	116,714
Business-type activity long- term liabilities	<u>\$ 10,959,905</u>	<u>\$ 861,837</u>	<u>\$ 1,367,815</u>	<u>\$ 10,453,927</u>	<u>\$ 970,076</u>
Component unit activities:					
Total OPEB liability	\$ 76,153	\$ -	\$ 19,785	\$ 56,368	\$ -
Total OPEB liability - KPERS	9,115	339	-	9,454	-
Net pension liability	319,529	1,629	-	321,158	-
Compensated absences	21,662	23,209	16,654	28,217	12,084
Component unit activity long-term liabilities	<u>\$ 426,459</u>	<u>\$ 25,177</u>	<u>\$ 36,439</u>	<u>\$ 415,197</u>	<u>\$ 12,084</u>

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Conduit Debt Obligations

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

Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2019, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 18,967,863.

Capital Lease Agreements

The City entered into various capital lease agreements for the acquisition of certain equipment in the amount of \$ 2,252,613. The annual debt service requirements to service the outstanding capital leases payable at December 31, 2019 are as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 230,674	\$ 23,779	\$ 102,910	\$ 11,528
2021	203,927	18,119	105,679	8,760
2022	209,182	12,865	108,521	5,917
2023	168,149	7,475	111,441	2,998
2024	134,607	3,314	-	-
	<u>\$ 946,539</u>	<u>\$ 65,552</u>	<u>\$ 428,551</u>	<u>\$ 29,203</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City participates in a cost-sharing multiple-employer defined benefit 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 pension benefits 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 Provided. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (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 an employee's combined age and years of credited service equal 85 points (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).

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees 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.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee'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.

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. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

General Information About the Pension Plan (Continued)

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. 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 groups are funded on an actuarial reserve basis.

For KPERS 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 KPERS fiscal year ended June 30, 2019.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for KPERS and 22.13% for KP&F for the year ended December 31, 2019. Contributions to the Pension Plan from the City were \$ 586,773 for KPERS and \$ 911,891 for KP&F for the year ended December 31, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the City reported a liability of \$ 12,206,312 and the Library reported a liability of \$ 321,158 for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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 City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019 the City's proportion for KPERS was .353%, which was an increase of .001% from its proportion measured as of June 30, 2018. At June 30, 2019, the City's proportion for KP&F was .750%, which was a decrease of .027% from its proportion measured as of June 30, 2018.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2019, the City recognized pension expense of \$ 568,406 for KPERS and \$ 1,294,938 for KP&F. The Library's portion of the KPERS pension expense was \$ 46,685. At December 31, 2019, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 439,194	\$ 130,594
Net difference between projected and actual earnings on pension plan investments	261,488	-
Changes in assumptions	410,156	17,788
Changes in proportionate share	130,305	455,218
City contributions subsequent to measurement date	736,532	-
Total	<u>\$ 1,977,675</u>	<u>\$ 603,600</u>
	Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 691	\$ 7,695
Net difference between projected and actual earnings on pension plan investments	7,425	-
Changes in assumptions	9,646	619
Changes in proportionate share	3,280	3,962
City contributions subsequent to measurement date	18,749	-
Total	<u>\$ 39,791</u>	<u>\$ 12,276</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$ 736,532 for the City and the \$ 18,749 for the Library reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City	Library
2020	\$ 470,541	\$ 7,978
2021	16,089	(2,977)
2022	84,937	1,790
2023	67,927	2,034
2024	(1,951)	(59)
Total	<u>\$ 637,543</u>	<u>\$ 8,766</u>

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return net of investment expense, and including price inflation	7.75 percent

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. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the three-year period ending December 31, 2015.

The long-term expected rate of return on 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 allocations as of the most recent experience study, dated November 18, 2016 are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	-0.25%
Total	100%	

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. The discount rate used by KPERS 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 Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993, and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group 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 the future. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in the future. Employers contribute the full actuarial determined rate for KP&F. 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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the proportionate share of the collective 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%)
KPERS	\$ 6,886,570	\$ 4,610,965	\$ 2,707,460
KP&F	10,778,349	7,595,347	4,930,565
Total	<u>\$ 17,664,919</u>	<u>\$ 12,206,312</u>	<u>\$ 7,638,025</u>
	Library		
	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
KPERS	<u>\$ 479,659</u>	<u>\$ 321,158</u>	<u>\$ 188,578</u>

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits

Health Insurance

The City offers postemployment health and life insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan (the 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Plan does not issue a stand-alone financial report.

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 85 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 2019, the City did not contribute to the Plan.

At December 31, 2019, Plan membership consisted of the following:

Active employees	189
Retirees and covered spouses	17
	<hr/>
	206
	<hr/> <hr/>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

The total OPEB liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019. Changes in the total OPEB liability are as follows:

	City	Library	Total
Balance at 1/1/2019	\$ 1,827,665	\$ 76,153	\$ 1,903,818
Service cost	84,772	4,555	89,327
Interest	52,261	2,808	55,069
Benefit payments	(98,943)	(5,317)	(104,260)
Changes in assumptions	(95,072)	(5,109)	(100,181)
Differences between expected and actual experience	(311,218)	(16,722)	(327,940)
Balance at 12/31/2019	<u>\$ 1,459,465</u>	<u>\$ 56,368</u>	<u>\$ 1,515,833</u>

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	January 1, 2019
Actuarial cost method	Entry age normal as a level percentage of payroll
Inflation rate	2.50%
Salary increases	3.00%
Discount rate	3.64%
Healthcare cost trend rates	8% for 2019, decreasing 0.50% per year to an ultimate rate of 4.50% for 2026 and later years
Current rate	8.00%
Ultimate rate	4.50%
Year ultimate rate is reached	2026

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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

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.

Changes and items of impact relative from the beginning to the end of year measurement were as follows:

1. Premium equivalent rates were updated to reflect current rates.

The following presents the total OPEB liability of the City and the Library, as well as what their total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current discount rate:

	City		
	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total OPEB liability - City	\$ 1,625,004	\$ 1,459,465	\$ 1,312,567
Total OPEB liability - Library	62,762	56,368	50,695

The following represents the total OPEB liability of the City and the Library as well as what their total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare		
	1% Decrease	Cost Trend Rates	1% Increase
Total OPEB liability - City	\$ 1,274,819	\$ 1,459,465	\$ 1,682,506
Total OPEB liability - Library	49,237	56,368	64,982

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City recognized OPEB expense of \$ 98,589. At December 31, 2019, the City and the Library reported deferred outflows and inflows of resources related to OPEB from the following sources:

	City		Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 4,425	\$ 84,760	\$ 177	\$ 4,555
Differences between expected and actual experience	-	277,463	-	14,909
	<u>\$ 4,425</u>	<u>\$ 362,223</u>	<u>\$ 177</u>	<u>\$ 19,464</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	City	Library
2020	\$ (43,464)	\$ (2,343)
2021	(43,464)	(2,343)
2022	(43,464)	(2,343)
2023	(43,464)	(2,343)
2024	(43,464)	(2,343)
Thereafter	(140,478)	(7,572)
Total	<u>\$ (357,798)</u>	<u>\$ (19,287)</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance

The City and the Library participate 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.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2019 totaled \$ 0.

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, 66⅔ 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 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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

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.

As of the valuation date of December 31, 2018, the following employees were covered by the benefit terms.

Active employees	157
Disabled members	-
	<u>157</u>

The total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation performed as of December 31, 2018.

	City	Library	Total
Balances at 1/1/2019	\$ 121,085	\$ 9,115	\$ 130,200
Service cost	21,039	1,730	22,769
Interest	5,471	449	5,920
Effect of economic/demographic gains or losses	(24,364)	(2,002)	(26,366)
Changes of assumptions/methodology	1,978	162	2,140
Balances at 12/31/2019	<u>\$ 125,209</u>	<u>\$ 9,454</u>	<u>\$ 134,663</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	December 31, 2018
Actuarial cost method	Entry age normal
Inflation rate	2.75%
Salary increases	3.50% (composed of 2.75% inflation and .75% productivity)
Payroll growth	3.00%
Discount rate	3.50%
Mortality Rates	Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2019

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Index.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

The following presents the total OPEB liability of the City and Library, as well as what the City and Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB liability - City	\$ 130,202	\$ 125,208	\$ 119,657
Total OPEB liability - Library	9,831	9,454	9,035

The following represents the total OPEB liability of the City and Library as well as what the City and Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability - City	\$ 125,208	\$ 125,208	\$ 125,208
Total OPEB liability - Library	9,454	9,454	9,454

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

For the year ended December 31, 2019, the City recognized OPEB expense of \$ 22,932. At December 31, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	City		Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,099	\$ -	\$ 320
Changes in assumptions	1,785	-	135	-
Contributions subsequent to measurement date	30,633	-	2,324	-
Net difference between project and actual earnings on investments	-	40,713	-	3,183
	<u>\$ 32,418</u>	<u>\$ 44,812</u>	<u>\$ 2,459</u>	<u>\$ 3,503</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 30,633 for the City and \$ 2,324 for the Library consist of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	City	Library
2020	\$ (5,338)	\$ (418)
2021	(5,338)	(418)
2022	(5,338)	(418)
2023	(5,338)	(418)
2024	(5,338)	(418)
Thereafter	(16,337)	(1,278)
Total	<u>\$ (43,027)</u>	<u>\$ (3,368)</u>

Aggregate Other Postemployment Healthcare Benefit Information

	Balances at December 31, 2019		
	Health Insurance	Disability Benefits and Life Insurance	Total
City:			
Total OPEB liability	\$ 1,459,465	\$ 125,209	\$ 1,584,674
Total deferred outflows of resources	4,425	32,418	36,843
Total deferred inflows of resources	362,223	44,812	407,035
Library:			
Total OPEB liability	56,368	9,454	65,822
Total deferred outflows of resources	177	2,459	2,636
Total deferred inflows of resources	19,464	3,503	22,967

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

12 - Other Postemployment Benefits (Continued)

Aggregate Other Postemployment Healthcare Benefit Information (Continued)

The aggregate amount of OPEB expenses for the two OPEB plans for the year ended December 31, 2019 was \$ 121,521 for the City.

13 - Risk Management

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

Group Hospitalization. The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$ 75,000 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 \$ 18,937 reported at December 31, 2019 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13 - Risk Management (Continued)

The changes in health care claims payable for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
	<u> </u>	<u> </u>
Unpaid claims, January 1	\$ 14,589	\$ 51,584
Incurred claims (including IBNRs)	1,181,547	1,324,937
Claim payments	<u>(1,177,199)</u>	<u>(1,361,932)</u>
Unpaid claims, December 31	<u><u>\$ 18,937</u></u>	<u><u>\$ 14,589</u></u>

14 - Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. Interfund transfers for the year ended December 31, 2019, consisted of the following:

Fund	Transfers In	Transfers Out
	<u> </u>	<u> </u>
Major governmental funds:		
General	\$ 1,507,152	\$ 326,003
Capital projects	147,210	45,645
Debt service	85,141	-
Street and highway	255,000	-
Revolving loan fund	-	72,703
Nonmajor governmental funds	50,000	132,153
Major proprietary funds:		
Water/wastewater	-	1,464,370
Stormwater	<u>-</u>	<u>3,629</u>
	<u><u>\$ 2,044,503</u></u>	<u><u>\$ 2,044,503</u></u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

14 - Interfund Transfers (Continued)

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, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) eliminate negative cash balances in the payable funds due to project payment timing.

15 - Commitments and Contingencies - Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2019, the City's encumbrances were recorded as follows:

General fund	\$ 23,873
Street and highway fund	19,984
Stormwater fund	<u>21,704</u>
Total encumbrances	<u><u>\$ 65,561</u></u>

16 - Contingencies

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

17 - Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with 5 entities as of December 31, 2019:

<u>Entity</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Millers, Inc.	\$ 131,783
Rallison, LP	4,953
La Quinta Inn & Suites	54,601
Kendall Packaging Corporation	29,352
Pinamonti Physical Therapy, PA	40,878
	<hr/>
Total	\$ 261,567
	<hr/>

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

17 - Tax Abatements (Continued)

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.

18 - Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the City. While management cannot quantify the financial and other impacts to the City, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PITTSBURG, KANSAS

Schedule of the City's Proportionate Share of the Net Pension Liability Kansas Public Employees Retirement System Last Five Fiscal Years¹

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the collective net pension liability:					
KPERS	0.353%	0.352%	0.357%	0.349%	0.355%
KP&F	0.750%	0.777%	0.819%	0.822%	0.799%
City's proportionate share of the collective net pension liability	\$ 12,527,470	\$12,387,128	\$12,849,413	\$13,043,469	\$10,471,737
City's covered payroll	\$ 10,518,770	\$10,127,727	\$ 9,954,433	\$10,133,030	\$ 9,337,999
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	117%	122%	128%	128%	112%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.10%	64.95%

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2015.

CITY OF PITTSBURG, KANSAS

Schedule of the City's Contributions Kansas Public Employees Retirement System Last Five Fiscal Years¹

	2019	2018	2017	2016	2015
KPERS contractually required contribution	\$ 586,773	\$ 533,338	\$ 525,818	\$ 552,205	\$ 583,953
KP&F contractually required contribution	911,891	795,471	744,524	893,395	959,523
Contributions in relation to the contractually required contribution	(1,498,664)	(1,328,809)	(1,270,342)	(1,445,600)	(1,543,476)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 10,720,980	\$ 10,316,358	\$ 10,127,727	\$ 9,954,433	\$ 10,133,030
Contributions as a percentage of covered payroll	13.98%	12.88%	12.54%	14.52%	15.23%

¹ GASB 68 requires presentation of ten years. Required information was not available prior to fiscal year 2015; therefore, ten years of data is unavailable.

CITY OF PITTSBURG, KANSAS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios*

Last Three Fiscal Years

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 89,327	\$ 119,636	\$ 101,402
Interest	55,069	58,337	61,974
Benefit paid	(104,260)	(64,261)	(108,229)
Difference between expected and actual experience	(327,940)	-	-
Changes in assumptions	(100,181)	5,856	-
Net change in total OPEB liability	(387,985)	119,568	55,147
Total OPEB liability--beginning	1,903,818	1,784,250	1,729,103
Total OPEB liability--ending	<u>\$ 1,515,833</u>	<u>\$ 1,903,818</u>	<u>\$ 1,784,250</u>
Covered payroll	\$ 8,468,953	\$ 8,812,378	\$ 8,812,378
City's total OPEB liability as a percentage of covered payroll	17.90%	21.60%	20.25%

* GASB 75 requires presentation of 10 years. Data was not available prior to fiscal year 2017.

CITY OF PITTSBURG, KANSAS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios - KPERS

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 22,769	\$ 22,566
Interest	5,920	5,444
Difference between expected and actual experience	(26,366)	(25,504)
Changes in assumptions	<u>2,140</u>	<u>(1,799)</u>
Net change in total OPEB liability	4,463	707
Total OPEB liability, beginning	<u>130,200</u>	<u>129,493</u>
Total OPEB liability, ending	<u><u>\$ 134,663</u></u>	<u><u>\$ 130,200</u></u>
Covered payroll	\$ 6,228,174	\$ 6,077,814
Total OPEB liability as a percentage of covered-employee payroll	2.16%	2.14%

*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2018. Therefore, 10 years of data is unavailable.

OTHER SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following nonmajor Special Revenue Funds are reported:

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 Program 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 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.

Northgate Community Improvement District (CID) Fund – This fund was created to account for the special CID sales tax of 0.9% on retail sales made at the Northgate Plaza retail area. The CID sales tax is remitted to the City by the State of Kansas and the City then remits these funds to the developer upon receipt of expenditures for improvements specified in the CID project document.

CITY OF PITTSBURG, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2019

	Special Revenue										Total Nonmajor Governmental Funds
	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	Northgate CID	
<u>ASSETS</u>											
Cash and cash equivalents	\$ -	\$ 30,754	\$ 555,461	\$ 35,473	\$ -	\$ -	\$ 1,585	\$ 93,682	\$ 27,192	\$ 19,580	\$ 763,727
Receivables (net of allowance for uncollectibles):											
Taxes	-	-	-	-	-	-	-	-	-	15,552	15,552
Accounts	-	-	42,139	-	-	-	-	-	-	-	42,139
Intergovernmental	-	-	-	-	43,583	-	-	-	-	-	43,583
Loans receivable	-	-	61,964	-	-	-	-	-	-	-	61,964
Total assets	<u>\$ -</u>	<u>\$ 30,754</u>	<u>\$ 659,564</u>	<u>\$ 35,473</u>	<u>\$ 43,583</u>	<u>\$ -</u>	<u>\$ 1,585</u>	<u>\$ 93,682</u>	<u>\$ 27,192</u>	<u>\$ 35,132</u>	<u>\$ 926,965</u>
<u>LIABILITIES AND FUND BALANCES</u>											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ 26,506	\$ 16,727	\$ -	\$ -	\$ 3,400	\$ -	\$ -	\$ 46,633
Accrued payroll	-	-	-	3,213	795	-	-	-	-	-	4,008
Due to other funds	-	-	-	-	25,550	-	-	-	-	-	25,550
Other	-	-	-	-	-	-	-	-	-	31,329	31,329
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,719</u>	<u>43,072</u>	<u>-</u>	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>31,329</u>	<u>107,520</u>
Fund balances:											
Restricted:											
Housing	-	-	659,564	5,754	511	-	1,585	-	-	-	667,414
Other	-	30,754	-	-	-	-	-	90,282	27,192	3,803	152,031
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>30,754</u>	<u>659,564</u>	<u>5,754</u>	<u>511</u>	<u>-</u>	<u>1,585</u>	<u>90,282</u>	<u>27,192</u>	<u>3,803</u>	<u>819,445</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 30,754</u>	<u>\$ 659,564</u>	<u>\$ 35,473</u>	<u>\$ 43,583</u>	<u>\$ -</u>	<u>\$ 1,585</u>	<u>\$ 93,682</u>	<u>\$ 27,192</u>	<u>\$ 35,132</u>	<u>\$ 926,965</u>

CITY OF PITTSBURG, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2019

	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	Northgate CID	Total Nonmajor Governmental Funds
Revenues:											
Intergovernmental	\$ 107,153	\$ 107,153	\$ -	\$ 1,483,228	\$ 147,504	\$ 64,355	\$ 89,125	\$ -	\$ -	\$ -	\$ 1,998,518
Fines and forfeitures	-	-	-	-	-	-	-	-	-	15,000	15,000
Investment earnings	-	-	12,757	939	-	-	-	1,520	719	-	15,935
Miscellaneous	-	-	-	3,879	-	-	5	3,089	16,060	-	23,033
Total revenues	<u>107,153</u>	<u>107,153</u>	<u>12,757</u>	<u>1,488,046</u>	<u>147,504</u>	<u>64,355</u>	<u>89,130</u>	<u>4,609</u>	<u>16,779</u>	<u>15,000</u>	<u>2,052,486</u>
Expenditures:											
Current:											
Sanitation and health	-	140,880	-	-	-	-	-	-	-	-	140,880
Economic development	-	-	-	-	-	64,358	-	64	29,397	11,197	105,016
Social welfare	-	-	54,718	1,486,656	146,993	-	87,545	-	-	-	1,775,912
Capital outlay	-	-	-	-	-	-	-	67,890	-	-	67,890
Total expenditures	<u>-</u>	<u>140,880</u>	<u>54,718</u>	<u>1,486,656</u>	<u>146,993</u>	<u>64,358</u>	<u>87,545</u>	<u>67,954</u>	<u>29,397</u>	<u>11,197</u>	<u>2,089,698</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,153</u>	<u>(33,727)</u>	<u>(41,961)</u>	<u>1,390</u>	<u>511</u>	<u>(3)</u>	<u>1,585</u>	<u>(63,345)</u>	<u>(12,618)</u>	<u>3,803</u>	<u>(37,212)</u>
Other financing sources (uses):											
Transfers in	-	-	-	-	-	-	-	50,000	-	-	50,000
Transfers out	<u>(107,153)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,153)</u>
Total other financing sources (uses)	<u>(107,153)</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(82,153)</u>
Net change in fund balances	-	(33,727)	(66,961)	1,390	511	(3)	1,585	(13,345)	(12,618)	3,803	(119,365)
Fund balances, beginning of year	-	64,481	726,525	4,364	-	3	-	103,627	39,810	-	938,810
Fund balances, end of year	<u>\$ -</u>	<u>\$ 30,754</u>	<u>\$ 659,564</u>	<u>\$ 5,754</u>	<u>\$ 511</u>	<u>\$ -</u>	<u>\$ 1,585</u>	<u>\$ 90,282</u>	<u>\$ 27,192</u>	<u>\$ 3,803</u>	<u>\$ 819,445</u>

CITY OF PITTSBURG, KANSAS

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

SPECIAL PARKS AND RECREATION

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 110,000	\$ 107,153	\$ (2,847)
Total revenues	100,000	110,000	107,153	(2,847)
Expenditures:				
Capital outlay	100,000	110,000	-	110,000
Total expenditures	100,000	110,000	-	110,000
Excess (deficiency) of revenues over (under) expenditures	-	-	107,153	107,153
Other financing sources:				
Transfer out	-	-	(107,153)	(107,153)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF PITTSBURG, KANSAS

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

SPECIAL ALCOHOL AND DRUG FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 107,153	\$ 7,153
	100,000	100,000	107,153	7,153
Expenditures:				
Administration	108,000	108,000	121,500	(13,500)
Police D.A.R.E.	22,000	22,000	19,380	2,620
Operating reserves	29,470	29,470	-	29,470
Total expenditures	159,470	159,470	140,880	18,590
Excess (deficiency) of revenues over (under) expenditures	(59,470)	(59,470)	(33,727)	25,743
Other financing sources:				
Transfers out	-	-	-	-
Net change in fund balance	(59,470)	(59,470)	(33,727)	25,743
Fund balance, beginning of year	59,470	59,470	64,481	5,011
Fund balance, end of year	\$ -	\$ -	\$ 30,754	\$ 30,754

CITY OF PITTSBURG, KANSAS

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

SECTION 8 FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,487,000	\$ 1,554,755	\$ 1,483,228	\$ (71,527)
Investment earnings	150	250	939	689
Miscellaneous	5,000	5,500	3,879	(1,621)
	<u>1,492,150</u>	<u>1,560,505</u>	<u>1,488,046</u>	<u>(72,459)</u>
Expenditures:				
Personal services	141,372	141,372	143,228	(1,856)
Contractual services	1,343,865	1,416,584	1,332,427	84,157
Commodities	6,913	6,913	7,787	(874)
	<u>1,492,150</u>	<u>1,564,869</u>	<u>1,483,442</u>	<u>81,427</u>
Excess (deficiency) of revenues over (under) expenditures	-	(4,364)	4,604	8,968
Other financing sources:				
Transfers out	-	-	-	-
	<u>-</u>	<u>(4,364)</u>	<u>4,604</u>	<u>8,968</u>
Net change in fund balance	-	(4,364)	4,604	8,968
Fund balance, beginning of year	-	4,364	6,872	2,508
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,476</u>	<u>\$ 11,476</u>

CITY OF PITTSBURG, KANSAS

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

DEBT SERVICE FUND

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,266,901	\$ 1,266,901	\$ 1,244,814	\$ (22,087)
Special assessments	470,000	470,000	463,423	(6,577)
Investment earnings	15,000	15,000	29,272	14,272
Miscellaenous	57,543	57,543	86,000	28,457
	<u>1,809,444</u>	<u>1,809,444</u>	<u>1,823,509</u>	<u>14,065</u>
Expenditures:				
Principal	2,762,304	2,762,304	2,918,494	(156,190)
Interest	790,191	790,191	812,356	(22,165)
Reserves	884,875	884,875	-	884,875
	<u>4,437,370</u>	<u>4,437,370</u>	<u>3,730,850</u>	<u>706,520</u>
Excess (deficiency) of revenues over (under) expenditures	(2,627,926)	(2,627,926)	(1,907,341)	720,585
Other financing sources:				
Transfers in	<u>1,930,040</u>	<u>1,930,040</u>	<u>2,125,064</u>	<u>195,024</u>
Net change in fund balance	(697,886)	(697,886)	217,723	915,609
Fund balance, beginning of year	<u>697,886</u>	<u>697,886</u>	<u>683,817</u>	<u>(14,069)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 901,540</u>	<u>\$ 901,540</u>

CITY OF PITTSBURG, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT

December 31, 2019

ASSETS

Cash and cash equivalents	\$ 620,311
Taxes receivable	811,514
Prepaid items	<u>4,769</u>
Total assets	<u><u>\$ 1,436,594</u></u>

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES

Liabilities:	
Accounts payable	\$ 1,343
Accrued payroll	<u>15,440</u>
Total liabilities	<u>16,783</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>811,514</u>
Fund balances:	
Nonspendable:	
Not in spendable form	4,769
Assigned	<u>603,528</u>
Total fund balances	<u>608,297</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,436,594</u></u>

CITY OF PITTSBURG, KANSAS

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

Year Ended December 31, 2019

Revenues:	
Taxes	\$ 879,862
Fines and fees	5,488
Investment earnings	12,598
Miscellaneous	<u>236,504</u>
Total revenues	<u>1,134,452</u>
Expenditures:	
Current:	
Education	1,049,371
Improvements	<u>6,215</u>
Total expenditures	<u>1,055,586</u>
Net change in fund balances	78,866
Fund balances, beginning of year	<u>529,431</u>
Fund balances, end of year	<u><u>\$ 608,297</u></u>

STATISTICAL SECTION

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

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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. 106 - 109

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 sources, the sales tax and water and wastewater revenues. 110 - 118

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. 119 - 123

Demographic and Economic 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. 124 - 125

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. 126 - 128

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$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	\$32,858,544
Restricted	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	13,327,692
Unrestricted	4,171,957	12,447,386	12,889,569	9,809,685	9,511,979	(1,028,149)	(587,544)	(1,428,617)	(1,848,201)	(561,335)
Total governmental activities net position	<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>	<u>\$45,624,901</u>
Business-type activities										
Net investment in capital assets	\$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	\$41,212,874
Unrestricted	4,084,270	4,316,071	3,625,356	2,981,447	3,112,516	2,135,910	2,917,487	3,407,022	3,738,156	4,674,500
Total business-type activities net position	<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>	<u>\$45,887,374</u>
Primary government										
Net investment in capital assets	\$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	\$74,071,418
Restricted	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	13,327,692
Unrestricted	8,256,227	16,763,457	16,514,925	12,791,132	12,624,495	1,107,761	2,329,943	1,978,405	1,889,955	4,113,165
Total primary government net position	<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>	<u>\$91,512,275</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,142,761
Public safety	6,282,764	6,299,446	6,667,942	6,871,779	7,889,357	8,386,332	8,669,238	8,945,264	8,908,637	9,260,971
Public works	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	4,683,519
Sanitation and health	147,196	159,171	170,180	181,315	180,574	157,904	165,314	170,443	203,076	209,768
Culture and recreation	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	2,463,901
Industrial promotion	858,158	675,027	615,680	2,496,209	1,526,378	1,667,559	981,068	1,813,667	2,050,712	755,760
Economic development	-	36,187	36,187	137,119	70,061	87,670	35,878	6,306,088	148,081	260,836
Social welfare	1,485,203	1,681,078	1,506,020	1,620,300	1,482,944	1,760,555	1,803,091	1,715,860	1,772,291	1,775,831
Interest on long-term debt	1,250,376	1,172,414	1,245,026	984,191	809,605	697,179	824,065	643,577	572,765	663,463
Total governmental expenses	18,846,417	18,978,621	19,473,230	21,776,638	21,900,410	22,878,587	23,004,387	31,140,158	25,302,080	25,216,810
Business-type activities:										
Water/wastewater	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	6,260,080
Stormwater	710,982	817,326	678,899	710,254	622,936	621,388	588,850	560,282	588,843	643,446
Total business-type activities expenses	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	6,903,526
Total primary government expenses	\$ 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	\$ 32,120,336
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,430,551	\$ 1,257,293	\$ 1,310,417	\$ 1,178,192	\$ 872,883	\$ 998,382	\$ 1,014,900	\$ 961,705	\$ 895,885	\$ 1,245,824
Public safety	-	-	-	-	-	-	-	2,069	823,390	432,481
Public works	707,999	914,790	989,594	966,929	903,934	743,700	676,310	690,791	219,695	727,097
Industrial promotion	355,717	329,758	380,974	390,500	220,146	218,933	270,156	536,848	545,829	183,541
Other activities	564,784	557,694	594,893	570,848	524,786	543,441	518,249	153,006	965,543	496,878
Operating grants and contributions	2,561,926	2,588,253	2,543,607	2,456,994	1,406,645	1,341,055	1,278,576	865,936	4,051,151	2,594,572
Capital grants and contributions	428,241	797,414	152,815	656,148	3,855,619	4,268,203	3,334,419	3,955,343	-	1,118,350
Total governmental activities program revenues	6,049,218	6,445,202	5,972,300	6,219,811	7,784,013	8,113,714	7,092,610	7,165,498	7,501,493	6,798,843
Business-type activities:										
Charges for services:										
Water/wastewater	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	8,552,391
Stormwater	728,467	746,273	774,610	782,531	776,950	801,867	823,722	814,904	833,671	853,994
Operating grants and contributions	-	54,903	-	-	-	-	-	-	-	28,754
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	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	9,435,139
Total primary government program revenues	\$ 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	\$ 16,233,982
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (18,417,967)
Business-type activities	1,530,168	2,780,006	1,504,369	1,322,035	1,953,215	4,218,041	2,259,256	8,771,313	2,419,858	2,531,613
Total primary government net expense	\$ (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)	\$ (15,886,354)
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 5,482,680	\$ 5,399,889	\$ 5,394,786	\$ 5,487,516	\$ 5,371,012	\$ 5,925,018	\$ 5,920,213	\$ 6,374,304	\$ 6,615,702	\$ 6,956,114
Sales taxes	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	9,150,441
Franchise taxes	1,727,889	1,748,741	1,692,716	1,900,264	2,018,024	1,881,901	1,934,284	1,934,474	1,958,611	1,938,900
Investment earnings	52,103	21,488	15,791	10,476	7,595	10,921	26,016	102,715	233,093	321,325
Miscellaneous	-	-	-	-	204,718	586,532	488,411	803,660	704,820	268,877
Transfers	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	1,467,999
Total governmental activities	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	20,103,656
Business-type activities										
Investment earnings	9,529	3,399	1,990	1,157	828	907	4,941	41,504	66,149	77,820
Transfers	(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)	(1,467,999)
Total business-type activities	(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)	(1,390,179)
Total primary government	\$ 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	\$ 18,713,277
Change in Net Position										
Governmental activities	\$ 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	\$ 1,685,689
Business-type activities	658,889	2,320,042	480,737	34,204	545,654	2,535,972	1,093,166	7,644,996	1,065,811	1,141,234
Total primary government	\$ 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	\$ 2,826,923

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

	Fiscal Year									
	<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>2019</u>
General Fund										
Reserved	\$ 497,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,812,240	-	-	-	-	-	-	-	-	-
Nonspendable (1)	-	97,793	98,389	104,178	90,753	83,747	79,189	84,368	101,844	104,723
Restricted (1)	-	-	-	-	-	-	-	-	-	-
Assigned (1)	-	62,068	95,929	31,050	491,723	52,635	140,307	24,778	110,956	23,873
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	7,061,086
Total general fund	<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>	<u>\$ 7,189,682</u>
All Other Governmental Funds										
Reserved	\$ 6,870,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,546,905	-	-	-	-	-	-	-	-	-
Capital projects funds	314,568	-	-	-	-	-	-	-	-	-
Debt service funds	1,763,194	-	-	-	-	-	-	-	-	-
Nonspendable (1)	-	4,396	4,505	8,048	8,077	7,498	7,154	6,846	8,281	6,609
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	6,017,194
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	4,784,360
Unassigned (1)	-	(353,284)	-	-	-	-	(5,981)	-	-	-
Total all other governmental funds	<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>	<u>\$ 10,808,163</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 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	\$ 18,045,455
Licenses and permits	141,234	162,257	193,797	177,002	220,146	218,933	270,156	153,006	219,695	150,150
Intergovernmental	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	3,599,171
Charges for services	1,697,246	1,954,380	2,064,698	1,975,714	1,896,616	1,845,086	1,782,057	1,821,897	2,362,233	2,252,758
Fines and forfeitures	427,215	431,301	477,897	395,412	404,985	440,437	427,402	369,316	321,625	382,358
Special assessments	75,820	59,375	65,723	79,853	60,492	86,237	60,470	57,341	490,899	482,411
Investment earnings	52,103	21,488	15,791	10,476	7,595	10,921	26,016	102,715	233,093	321,325
Lease income	458,610	445,966	473,120	477,201	455,573	435,687	325,931	301,926	239,471	183,541
Miscellaneous	396,479	221,145	224,033	333,960	204,718	830,947	488,411	776,114	747,291	453,985
Total revenues	18,667,953	20,085,353	20,031,813	20,744,134	22,981,485	24,323,690	25,004,563	25,608,091	26,191,951	25,871,154
Expenditures										
General government	2,824,648	2,630,219	3,252,217	3,232,327	3,470,159	3,394,359	3,665,567	3,858,674	4,501,516	4,519,952
Public safety	5,645,639	5,722,448	6,031,193	6,173,852	6,837,194	7,589,464	7,554,178	7,438,225	7,749,072	8,301,051
Public works	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	2,644,864
Sanitation and health	144,721	157,824	160,295	157,626	159,189	157,174	158,228	169,187	198,801	208,941
Culture and recreation	1,735,955	1,766,694	1,682,095	1,748,883	1,802,360	1,780,057	1,842,473	58,368	1,912,498	105,016
Industrial promotion	818,995	676,439	628,199	2,273,568	1,490,191	1,677,501	944,718	1,893,042	2,036,343	1,954,134
Economic development	-	-	-	100,932	159,481	87,670	35,878	1,771,053	100,840	755,756
Social welfare	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	1,775,912
Capital outlay	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	5,225,272
Debt service principal	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	2,389,025
Debt service interest	1,197,533	1,111,344	1,154,822	929,887	776,781	713,974	551,880	653,748	555,158	562,143
Debt issuance costs	11,943	21,411	46,089	68,533	118,202	12,894	259,557	10,050	40,174	120,749
Total expenditures	20,359,579	21,070,504	21,505,332	25,258,021	25,993,781	28,075,010	26,033,912	33,673,096	30,303,241	28,562,815
Excess of revenues over (under) expenditures	(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)	(2,691,661)
Other Financing Sources (Uses)										
General Obligation Bonds issued	-	-	855,000	1,420,000	3,398,395	-	5,000,000	-	-	2,100,000
Special Assessment Bonds issued	-	-	-	-	-	-	6,500,000	-	-	-
Bond Premium	-	-	-	-	60,597	-	183,181	-	-	120,376
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	179,467
Transfers in	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	2,044,503
Transfers out	-	(2,973,043)	(2,269,340)	(2,457,466)	(2,911,713)	(3,782,440)	(3,239,261)	(3,203,278)	(521,618)	(576,504)
Total other financing sources (uses)	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	3,867,842
Net change in fund balances	\$ (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)	\$ 1,176,181
Debt service as a percentage of noncapital expenditures	21.6%	20.9%	19.8%	23.0%	23.2%	20.5%	19.2%	18.9%	11.2%	12.3%

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

<u>Fiscal Year</u>	<u>State of Kansas (5)</u>	<u>Crawford County</u>	<u>City Memorial Auditorium</u>	<u>City Capital Outlay</u>	<u>City Economic Development</u>	<u>City Public Safety Debt (2)</u>	<u>City Street Improvements (3)</u>	<u>City Public Safety (4)</u>	<u>Total City Wide</u>	<u>Additional in North Broadway T.D.D. (1)</u>	<u>Additional in Northgate Plaza C.I.D. (6)</u>
2010	6.300	1.000	0.125	0.125	0.250	0.500	0.000	0.000	8.300	0.300	0.000
2011	6.300	1.000	0.125	0.125	0.250	0.500	0.250	0.000	8.550	0.300	0.000
2012	6.300	1.000	0.125	0.125	0.250	0.500	0.250	0.000	8.550	0.300	0.000
2013	6.150	1.000	0.125	0.125	0.250	0.500	0.250	0.000	8.400	0.300	0.000
2014	6.150	1.000	0.125	0.125	0.250	0.500	0.250	0.500	8.900	0.300	0.000
2015	6.500	1.000	0.125	0.125	0.250	0.500	0.250	0.500	9.250	0.300	0.000
2016	6.500	1.000	0.125	0.125	0.250	0.500	0.250	0.500	9.250	0.300	0.000
2017	6.500	1.000	0.125	0.125	0.250	0.000	0.500	0.500	9.000	0.300	0.000
2018	6.500	1.000	0.125	0.125	0.250	0.000	0.500	0.500	9.000	0.300	0.000
2019	6.500	1.000	0.125	0.125	0.250	0.000	0.500	0.500	9.000	0.300	0.900

(1) North Broadway Transportation Development District effective January 1, 2005

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

(3) City street improvements sales tax effective April 1, 2011, renewed April 1, 2016. Additonal one quarter percent effective Ocotber 1, 2017.

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

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

(6) Northgate Plaza Community Improvement District effective July 1, 2019

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>Wholesale Trade</u>	<u>Information</u>	<u>Other Services</u>	<u>Manufacturing</u>	<u>Construction</u>	<u>All other</u>	<u>Total</u>
2010	\$ 191,509,317	\$ 30,335,965	\$ 15,457,697	\$ 10,362,056	\$ 12,489,824	\$ 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	12,234,131	11,897,227	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	12,173,908	12,914,235	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	12,247,961	13,315,255	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	12,143,421	13,785,146	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
2019	221,243,413	56,070,307	25,258,799	11,465,405	13,766,233	23,059,379	5,137,580	6,385,164	59,783,153	422,169,433

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>Wholesale Trade</u>	<u>Information</u>	<u>Other Services</u>	<u>Manufacturing</u>	<u>Construction</u>	<u>All other</u>	<u>Total</u>
2010	57.05%	9.04%	4.61%	3.09%	3.72%	2.21%	2.20%	1.84%	16.24%	100.00%
2011	56.68%	8.79%	5.08%	3.53%	3.43%	2.10%	1.27%	1.61%	17.50%	100.00%
2012	54.78%	8.96%	4.93%	3.35%	3.56%	2.38%	1.64%	1.46%	18.94%	100.00%
2013	55.49%	8.97%	4.90%	3.25%	3.53%	2.24%	1.13%	1.15%	19.35%	100.00%
2014	53.00%	8.59%	6.74%	3.15%	3.58%	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%
2019	52.41%	13.28%	5.98%	2.72%	3.26%	5.46%	1.22%	1.51%	14.16%	100.00%

Source: Kansas Department of Revenue

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

Fiscal Year 2019

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 83,138,133	19.69%
B	Retail Trade	27,071,067	6.41%
C	Utility	18,753,267	4.44%
D	Retail Trade	13,072,533	3.10%
E	Retail Trade	7,294,200	1.73%
F	Retail Trade	6,557,333	1.55%
G	Utility	6,373,800	1.51%
H	Food Services	5,071,667	1.20%
I	Retail Trade	4,585,800	1.09%
J	Retail Trade	3,817,400	0.90%
Subtotal (10 largest)		175,735,200	41.63%
Balance from other payers		246,434,233	58.37%
Grand totals		\$ 422,169,433	100.00%

Fiscal Year 2010

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 67,701,800	20.17%
B	Retail Trade	16,780,100	5.00%
C	Utility	13,964,400	4.16%
D	Retail Trade	10,767,600	3.21%
E	Retail Trade	8,401,200	2.50%
F	Retail Trade	8,213,100	2.45%
G	Utility	8,063,600	2.40%
H	Retail Trade	6,895,300	2.05%
I	Retail Trade	4,318,300	1.29%
J	Utility	4,014,600	1.20%
Subtotal (10 largest)		149,120,000	44.43%
Balance from other payers		186,541,557	55.57%
Grand totals		\$ 335,661,557	100.00%

Source: Kansas Department of Revenue

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

<u>Fiscal Year</u>	<u>Crawford County (1)</u>	<u>City Memorial Auditorium</u>	<u>City Capital Outlay</u>	<u>City Economic Development</u>	<u>City Public Safety Debt (2)</u>	<u>City Street Improvements (3)</u>	<u>City Public Safety (4)</u>	<u>City Tax Increment Financing (5)</u>	<u>City North Broadway T.D.D. (6)</u>	<u>Total</u>
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
2019	2,405,837	501,806	501,806	1,004,908	-	2,162,011	2,162,011	308,279	103,783	9,150,441

(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	Base Rate (1)	Usage Rate
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
2019	788	706	83	10.53%	1,911	\$ 11.80	Variable	\$ 20.58	Variable

Note: Gallons are presented in millions.

1) Fiscal years 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 Sold	Sewer Taps Sold	<u>Total Taps</u>
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
2019	19	26	45

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

Fiscal Year	WATER				SEWER				TOTAL	
	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>OTHER</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>OTHER</u>	<u>WATER</u>	<u>SEWER</u>
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
2019	7,651	568	43	229	7,104	534	39	150	8,491	7,827

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

WATER RATES PER MONTH, INSIDE CITY LIMITS

	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	Effective Jan 1st 2019
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 9.06	\$ 9.70	\$ 9.99	\$ 10.69	\$ 11.01	\$ 11.01	\$ 11.01	\$ 11.34	\$ 11.45	\$ 11.56	\$ 11.68	\$ 11.80
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	3.75	4.02	4.14	4.43	4.56	4.56	4.56	4.70	4.75	4.80	4.85	4.90
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	3.54	3.79	3.90	4.17	4.30	4.30	4.30	4.43	4.47	4.51	4.56	4.61
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.37	3.61	3.72	3.98	4.10	4.10	4.10	4.22	4.26	4.30	4.34	4.38
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.14	3.36	3.46	3.70	3.81	3.81	3.81	3.92	3.96	4.00	4.04	4.08
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.96	3.17	3.27	3.50	3.61	3.61	3.61	3.72	3.76	3.80	3.84	3.88
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	2.76	2.96	3.05	3.26	3.36	3.36	3.36	3.46	3.49	3.52	3.56	3.60
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.50	2.68	2.76	2.95	3.04	3.04	3.04	3.13	3.16	3.19	3.22	3.25
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.31	2.48	2.55	2.73	2.81	2.81	2.81	2.89	3.16	3.19	3.22	3.25
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.13	2.28	2.35	2.51	2.59	2.59	2.59	2.67	3.16	3.19	3.22	3.25
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.96	2.10	2.16	2.31	2.38	2.38	2.38	2.45	3.16	3.19	3.22	3.25
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.82	1.95	2.01	2.15	2.21	2.21	2.21	2.28	3.16	3.19	3.22	3.25
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.67	1.79	1.84	1.97	2.03	2.03	2.03	2.09	3.16	3.19	3.22	3.25
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.54	1.65	1.70	1.82	1.87	1.87	1.87	1.93	3.16	3.19	3.22	3.25
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.42	1.52	1.57	1.68	1.73	1.73	1.73	1.78	3.16	3.19	3.22	3.25

WATER RATES PER MONTH, OUTSIDE CITY LIMITS

1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 18.09	\$ 19.36	\$ 19.94	\$ 21.34	\$ 21.98	\$ 21.98	\$ 21.98	\$ 22.64	\$ 22.87	\$ 23.10	\$ 23.33	\$ 23.56
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	6.66	7.13	7.34	7.85	8.09	8.09	8.09	8.33	8.41	8.49	8.57	8.66
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	5.18	5.55	5.72	6.12	6.30	6.30	6.30	6.49	6.55	6.62	6.69	6.76
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.75	4.02	4.14	4.43	4.56	4.56	4.56	4.70	4.75	4.80	4.85	4.90
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.54	3.79	3.90	4.17	4.30	4.30	4.30	4.43	4.47	4.51	4.56	4.61
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	3.37	3.61	3.72	3.98	4.10	4.10	4.10	4.22	4.26	4.30	4.34	4.38
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	3.14	3.36	3.46	3.70	3.81	3.81	3.81	3.92	3.96	4.00	4.04	4.08
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.96	3.17	3.27	3.50	3.61	3.61	3.61	3.72	3.76	3.80	3.84	3.88
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.63	2.82	2.90	3.10	3.19	3.19	3.19	3.29	3.76	3.80	3.84	3.88
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.45	2.63	2.71	2.90	2.99	2.99	2.99	3.08	3.76	3.80	3.84	3.88
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.24	2.40	2.47	2.64	2.72	2.72	2.72	2.80	3.76	3.80	3.84	3.88
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	2.06	2.21	2.28	2.44	2.51	2.51	2.51	2.59	3.76	3.80	3.84	3.88
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.91	2.05	2.11	2.26	2.33	2.33	2.33	2.40	3.76	3.80	3.84	3.88
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.76	1.89	1.95	2.09	2.15	2.15	2.15	2.21	3.76	3.80	3.84	3.88
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.63	1.75	1.80	1.93	1.99	1.99	1.99	2.05	3.76	3.80	3.84	3.88

SANITARY SEWER RATES PER MONTH, INSIDE CITY LIMITS

1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 15.80	\$ 16.91	\$ 17.42	\$ 18.64	\$ 19.20	\$ 19.20	\$ 19.20	\$ 19.78	\$ 19.98	\$ 20.18	\$ 20.38	\$ 20.58
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	2.27	2.43	2.50	2.68	2.76	2.76	2.76	2.84	2.87	2.90	2.93	2.96

SANITARY SEWER RATES PER MONTH, OUTSIDE CITY LIMITS

1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 31.48	\$ 33.69	\$ 34.70	\$ 37.13	\$ 38.24	\$ 38.24	\$ 38.24	\$ 39.39	\$ 39.78	\$ 40.18	\$ 40.58	\$ 40.99
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	4.46	4.78	4.92	5.26	5.42	5.42	5.42	5.58	5.64	5.70	5.76	5.82

STORMWATER RATES PER MONTH, INSIDE CITY LIMITS ONLY (1)

1. PER ERU (1)	\$ 3.46	\$ 3.46	\$ 3.56	\$ 3.56	\$ 3.67	\$ 3.67	\$ 3.67	\$ 3.78	\$ 3.82	\$ 3.86	\$ 3.90	\$ 3.94
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(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**

		Fiscal Year 2019			
<u>Customer</u>	<u>Category</u>	<u>Water Revenue</u>		<u>Sewer Revenue</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sugar Creek Packing Company	Food Products	\$ 351,053	8.36%	\$ 576,460	14.77%
Pittsburg State University	Education	222,637	5.30%	106,522	2.73%
Via Christi Hospital	Medical	71,044	1.69%	46,197	1.18%
Sycamore Village Residences	Housing	44,640	1.06%	31,871	0.82%
USD 250 Public Schools	Education	46,655	1.11%	29,509	0.76%
Summerscape LLC	Housing	42,326	1.01%	17,844	0.46%
Parkview Community	Housing	30,672	0.73%	20,566	0.53%
Sanderson Pipe	Manufacturing	31,382	0.75%	19,184	0.49%
Crimson Villas	Housing	27,873	0.66%	20,320	0.52%
Ridley USA	Industrial	20,369	0.48%	18,991	0.49%
Subtotal (10 largest)		888,651	21.15%	887,464	22.74%
Balance from other customers		3,312,190	78.85%	3,015,730	77.26%
Grand totals		\$ 4,200,841	100.00%	\$ 3,903,194	100.00%

		Fiscal Year 2010			
<u>Customer</u>		<u>Water Revenue</u>		<u>Sewer Revenue</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Pittsburg State University	Education	\$ 277,302	8.06%	\$ 259,434	9.16%
Sugar Creek Packing Company	Food Products	216,771	6.30%	89,326	3.15%
Via Christi Hospital	Medical	75,772	2.20%	75,772	2.67%
Parkview Community	Housing	64,717	1.89%	64,717	2.28%
USD 250	Education	64,916	1.89%	52,422	1.85%
Corner Stone Village	Housing	30,772	0.89%	30,772	1.09%
Miller's Professional Imaging	Professional Photo Finishing	24,721	0.72%	24,721	0.87%
Walmart	Retail	24,628	0.72%	24,628	0.87%
Broadway Tower Corporation	Housing	23,443	0.72%	23,443	0.83%
Pitt-Plastics	Manufacturing	21,160	0.61%	21,160	0.75%
Subtotal (10 largest)		824,202	23.95%	666,395	23.52%
Balance from other customers		2,617,115	76.05%	2,167,004	76.48%
Grand totals		\$ 3,441,317	100.00%	\$ 2,833,399	100.00%

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>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Special Assessment</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>Capital Leases</u>	<u>K.D.H.E. Loans</u>		
2010	\$ 19,065,099	\$ -	\$ 1,598,146	\$ 1,310,000	\$ 5,500,000	\$ 3,144,901	\$ -	\$ 10,180,288	\$ 40,798,434	\$ 2,016
2011	16,579,281	-	1,497,969	1,275,000	5,265,000	2,595,719	-	12,774,063	39,987,032	1,976
2012	14,950,198	-	1,393,645	1,235,000	5,010,000	2,229,802	-	13,836,918	38,655,563	1,911
2013	13,959,346	-	-	1,195,000	4,735,000	1,580,654	-	13,531,466	35,001,466	1,716
2014	14,405,592	-	1,881,075	1,150,000	4,390,000	2,824,408	-	13,686,824	38,337,899	1,879
2015	10,651,203	-	1,845,535	1,100,000	4,070,000	8,743,797	-	4,126,327	30,536,862	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	1,848
2017	9,348,679	6,537,257	1,404,114	970,000	3,305,000	7,151,757	-	3,740,442	32,457,249	1,606
2018	7,994,708	6,275,296	1,225,102	890,000	2,805,000	6,428,274	-	3,362,262	28,980,642	1,434
2019	9,183,731	6,008,335	946,539	805,000	2,235,000	5,725,135	428,551	3,190,598	28,522,889	1,414

(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>
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	14,422,982	683,818	13,739,164	902,468,903	1.52%	680
2019	14,908,866	901,542	14,007,324	903,133,619	1.55%	694

(1) Source: Crawford County Clerk

City of Pittsburg, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

<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	\$ 2,363,500	52.25%	\$ 1,234,929
Frontenac U.S.D. 249	4,105,000	4.91%	201,556
Pittsburg U.S.D. 250	40,710,000	84.29%	<u>34,314,459</u>
Subtotal, overlapping debt			35,750,943
City direct debt (2)			<u>19,178,605</u>
Total direct and overlapping debt			<u>\$ 54,929,548</u>

(1) Source: Crawford County Clerk, USD 249 and USD 250.

(2) The City's direct debt total excludes business-type activities debt. The Special Obligation Tax Increment Revenue Bonds (TIF) are included, however the 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 of Pittsburg.

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 2019

Assessed Valuation (1)	\$ 149,048,596
Legal Debt Limit (2)	44,714,579
General Obligation Bonds	14,425,000
Less Amount Available in Debt Service Fund	<u>901,542</u>
Total net debt applicable to limit	<u>13,523,458</u>
Legal debt margin	<u>\$ 31,191,121</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>2019</u>
Debt limit	\$ 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	\$ 44,714,579
Total net debt applicable to limit	<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>	<u>13,523,458</u>
Legal debt margin	<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>	<u>\$ 31,191,121</u>
Total net debt applicable to the limit as a percentage of debt limit	51.21%	44.75%	39.71%	34.89%	40.26%	45.61%	28.07%	34.31%	29.83%	30.24%

(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		
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	543,866	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	99,250	13,250	2	1,752	110,750	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	
2019	103,783	19,200	1,869	1,995	122,857	85,000	41,040	0.97	308,279	298,877	5,324	3,688	608,792	570,000	126,910	0.87	

(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 (1)	Pittsburg Micropolitan Area Median Income (1)	Pittsburg Public School Enrollment (2)	Pittsburg State University Enrollment (3)	Pittsburg Micropolitan Area Unemployment Rate (4)	Pittsburg Median Age (1)
2010	20,233	39,177	\$ 31,127	2,656	7,131	7.1%	26.2
2011	20,233	39,198	32,454	2,765	7,275	6.8%	26.2
2012	20,233	39,369	33,508	2,848	7,289	5.5%	26.2
2013	20,398	39,312	33,927	2,897	7,400	5.0%	26.2
2014	20,398	39,327	33,654	2,861	7,479	4.5%	26.2
2015	20,398	39,231	34,145	2,945	7,244	4.3%	26.2
2016	20,366	39,164	34,508	2,934	7,102	4.4%	26.2
2017	20,216	39,333	36,912	3,006	6,907	3.5%	26.1
2018	20,216	39,281	38,017	2,930	6,625	3.5%	25.8
2019	20,178	39,019	40,174	3,028	6,645	3.4%	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>2019</u>			<u>2010</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%	1,796	1	8.78%
Via Christi Health	Regional Hospital	775	2	4.10%	784	2	3.83%
Pittsburg U.S.D. # 250	Public School K-12	684	3	3.62%	538	3	2.63%
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%	330	5	1.61%
Miller's Inc.	Professional Photo Finishing	287	7	1.52%	238	6	1.16%
Kansas Crossing Casino & Hotel	Entertainment	260	8	1.38%	na	na	na
City of Pittsburg (4)	City Government	242	9	1.28%	204	8	1.00%
Masonite	Steel Door Manufacturer	230	10	1.22%	145	9	0.71%
Community Health Center of SEK	Health Care	206	11	1.09%	na	na	na
J.M. Smucker Company (2)	Animal Food Products	180	12	0.95%	na	na	na
Pitsco, Inc.	Educational Systems	180	13	0.95%	204	7	1.00%
SEK Education Service Center	Education Services	160	14	0.85%	na	na	na
CDL Electric Company	Contractor	154	15	0.82%	na	na	na
Total		6,379		33.77%	4,239		20.70%

(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

	2010		2011		2012		2013		2014		2015		2016		2017		2018		2019	
	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	4.1%	9	4.5%	-	0.0%	-	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%	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%	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%	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%	6	2.6%
Human Resources Division	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%	2	0.9%
Information Systems Division	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%	4	1.7%
Total Administration	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%	17	7.3%
<u>Public Safety</u>																				
Police Division	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	32.3%	75	32.3%
Fire Division	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	15.3%	35	15.1%
Building Services Division									5	2.3%	5	2.2%	5	2.2%	4	1.8%	3	1.3%	4	1.7%
Codes Enforcement Division	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%	2	0.9%
Safety Division	1	0.5%	-	0.0%	-	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%	2	1.0%	2	1.0%	2	0.9%	2	0.9%	2	0.9%	2	0.9%	2	0.9%	2	0.9%
Municipal Court Division	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%	6	2.6%
Total Public Safety	98	50.6%	100	49.9%	101	50.9%	104	50.8%	121	55.1%	122	54.8%	121	53.9%	122	53.6%	122	53.4%	124	53.5%
<u>Public Works</u>																				
Engineering Division	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%	4	1.7%
Facility Maintenance Division	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%	4	1.7%
Street & Highway Division	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	4.4%	10	4.3%
Atkinson Airport Division	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%	3	1.3%
Total Public Works	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	9.2%	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	0.4%	1	0.4%	1	0.4%	1	0.4%	1	0.4%
<u>Culture and Recreation</u>																				
Parks Division	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%	8	3.4%
Recreation Division					2	1.0%	2	1.0%	2	0.9%	2	0.9%	3	1.3%	3	1.3%	3	1.3%	3	1.3%
Golf Course Division	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%	3	1.3%
Memorial Auditorium Division	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%	5	2.2%
Total Culture and Recreation	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%	19	8.2%
<u>Industrial Development</u>																				
Economic Development Division	1	0.5%	2	1.0%	1	0.5%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<u>Social Welfare</u>																				
Community Development and Housing	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%	7	3.0%
Total for Governmental-type Activities	154	79.4%	160	79.6%	157	78.9%	159	77.6%	176	80.0%	179	80.3%	180	80.0%	183	80.3%	186	81.2%	189	81.5%
Business-type Activities																				
<u>Water-Wastewater Utility</u>																				
Water Treatment Division	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	4.4%	10	4.3%
Water Distribution Division	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%	13	5.6%
Wastewater Treatment Division	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%	6	2.6%
Wastewater Collections Division	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%	5	2.2%
Customer Service Division	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%	3	1.3%
Total Water-Wastewater Utility	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	16.2%	37.0	15.9%
<u>Storm Water Utility</u>																				
Stormwater Division	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%	6.0	2.6%
Total for Business-type Activities	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	18.8%	43	18.5%
Total Full-time Employees	194	100.0%	201	100.0%	199	100.0%	205	100.0%	220	100.0%	223	100.0%	225	100.0%	228	100.0%	229	100.0%	232	100.0%
Component Unit	8		8		8		8		8		8		8		9		10		10	

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

	<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>2019</u>
<u>Function/Program</u>										
General government										
Building permits issued	507	547	787	527	510	1,068	1,264	1,297	1,402	1,295
Building inspections conducted	1,096	868	791	550	672	1,503	1,676	1,625	2,141	2,301
Memorial auditorium (events)	247	458	385	437	380	334	325	458	505	501
Police (1)										
Physical arrests	1,620	1,305	1,414	1,328	1,255	1,613	1,601	1,547	1,452	1,514
Parking violations	1,458	2,192	1,390	792	-	-	-	-	-	-
Traffic violations	2,039	2,154	2,316	1,916	1,685	2,249	2,596	2,124	1,735	2,050
Accident Reports	-	-	-	-	583	679	374	615	569	518
Fire										
Fire calls	313	313	385	287	109	111	122	150	405	431
Emergency calls/EMS	571	619	709	720	736	1,021	952	996	900	1,023
Other calls	898	1,071	736	887	1,496	1,302	1,355	1,175	848	1,081
Other public works										
Street resurfacing (tons of asphalt)	2,533	5,689	6,351	8,834	8,230	5,981	5,564	15,963	11,233	19,738
Airport (gallons sold)	177,407	196,216	194,205	191,721	188,070	209,364	215,365	196,381	204,858	190,550
Parks and recreation										
Aquatic center (attendance)	30,661	31,285	25,710	18,460	18,105	28,615	19,330	19,126	22,352	22,346
Golf course (rounds of golf)	9,911	7,904	6,159	7,148	8,152	8,683	7,924	6,292	7,031	6,864
Water										
Average daily consumption (gallons)	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	2,078,767
Peak daily consumption (gallons)	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	3,028,000
Wastewater										
Average daily sewage treatment (gallons)	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	5,235,890

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>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>2019</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	2,097	2,036	2,041	2,039	2,042	2,042	2,047	2,047	2,047
Traffic Signals	39	39	39	40	39	42	42	42	42	42
Parks and recreation										
Public parks	10	10	10	10	10	14	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
Firsbee golf courses	-	-	-	-	-	2	2	2	2	2
Baseball/softball fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	8	8	8	8	8	8	8	6	6	6
Pickle ball Courts	-	-	-	-	-	-	-	-	4	4
Community centers	3	3	3	3	3	3	3	2	2	2
Water										
Water mains (miles)	166	169	172	172	172	172	172	175	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	130	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.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture:		
Passed through the State of Kansas:		
SNAP Cluster:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 4,007
Total SNAP Cluster		4,007
Total Department of Agriculture		4,007
U.S. Department of Housing and Urban Development:		
Section 8 Housing Cluster:		
Section 8 Housing Choice Vouchers	14.871	1,507,628
Total Section 8 Housing Cluster		1,507,628
Passed through Kansas Housing Resources Corporation:		
Emergency Solutions Grant	14.231	211,859
HOME Investment Partnerships Program	14.239	87,545
Total Department of Housing and Urban Development		1,807,032
U.S. Department of the Interior:		
Passed through the State of Kansas:		
National Register of Historic Places	15.914	8,000
Total Department of the Interior		8,000
U.S. Department of Transportation:		
Passed through the Federal Aviation Administration:		
Airport Improvement Program	20.106	25,400
Passed through the Kansas Department of Transportation:		
Highway Safety Cluster:		
Alcohol Impaired Driving Countermeasures Incentive Grants	20.600	3,284
Total Highway Safety Cluster		3,284
Total Department of Transportation		28,684
Total expenditures of federal awards		\$ 1,847,723

See accompanying notes to schedule of
expenditures of federal awards.

CITY OF PITTSBURG, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2019

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Pittsburg, Kansas (the City) under programs of the federal government for the year ended December 31, 2019. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards passed through other government agencies are included on the Schedule. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the net position, changes in net position or cash flows of the City.

2 - Summary of Significant Accounting Policies

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. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

Type of auditors’ report issued on compliance for major program	Unmodified
Internal control over major program:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	None

Identification of major program:

<u>CDFA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
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Auditee qualified as a low-risk auditee:	No
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CITY OF PITTSBURG, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings	None
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Section III – Federal Award Findings and Questioned Costs	None
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Certified Public Accountants

**INDEPENDENT AUDITORS' 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 1, 2020.

Internal Control Over Financial Reporting

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

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

An Independently Owned Member, RSM US Alliance

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

Compliance and Other Matters

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

Purpose of this Report

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

BT & Co., P.A.

May 1, 2020
Topeka, Kansas



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Mayor and City Commissioners
City of Pittsburg, Kansas:

Report on Compliance for Each Major Federal Program

We have audited the City of Pittsburg, Kansas (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2019. The City's major federal program is identified in the summary of auditors' 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 the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

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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 its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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 charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

BT & Co., P.A.

May 1, 2020
Topeka, Kansas