

The City of **Pittsburg, Kansas**
**Comprehensive Annual
Financial Report**
For The Year Ended December 31, 2020



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF PITTSBURG, KANSAS

For the Fiscal Year Ended
December 31, 2020

Prepared by
DEPARTMENT OF FINANCE
City of Pittsburg, Kansas

CITY OF PITTSBURG, KANSAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Year Ended December 31, 2020

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April 30, 2021

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, 2020. 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, 2020. 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 most recent census estimate has the population at 20,171. 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 107 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 6,400 students.

Comparing 2020 tax receipts to the prior fiscal year, retail sales tax receipts increased by 4.82%, property tax receipts were up increasing by 0.48% and franchise tax receipts decreased 7.29%. The 2019 property valuation assessments to support the 2020 budget increased by 3.58%.

The Pittsburg micro-area (Crawford County) unemployment rate remained relatively flat from 3.4 percent in December 2019 to 4.1 percent in December 2020.

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. Completed bridge replacement on East 14th Street. This project consisted of the removal of the existing single-span bridge and constructing a new concrete slab beam bridge, new asphalt surface, concrete sidewalk, guardrail, storm sewer, grading and erosion control. Upgraded our automatic weather observation system at our airport.

Completed major utility projects for the year were blasting and recoating the water treatment plant contact unit, and fiber to connect well #10 and #11 at the water treatment plant.

Completed major street improvement projects that were funded with the street sales tax included the milling and paving of Locust Street from Jefferson to 4th Street, repaving of North Joplin from 10th to 20th Street, repaving of Atkinson from Broadway to Joplin Street, and repaving numerous streets in several established housing additions.

Other infrastructure improvements completed in 2020 are the new shelter house at Schlanger Park and a new air unit at Wastewater Treatment Plant.

Major initiatives for the future. The City continues to explore various wastewater plant design options in 2021. Engineering design for phase II of East Quincy has begun in 2021. 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. Construction will start in 2021 on a community splash pad at Schlanger Park.

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, 2019. This was the twenty-fourth consecutive year that the City has received this prestigious award.

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "Daron Hall". The signature is written in a cursive, flowing style.

Daron Hall
City Manager

A handwritten signature in blue ink that reads "Larissa Bowman". The signature is written in a cursive, flowing style.

Larissa Bowman
Director of Finance

CITY OF PITTSBURG, KANSAS

LIST OF PRINCIPAL OFFICIALS

DECEMBER 31, 2020

TITLE

NAME

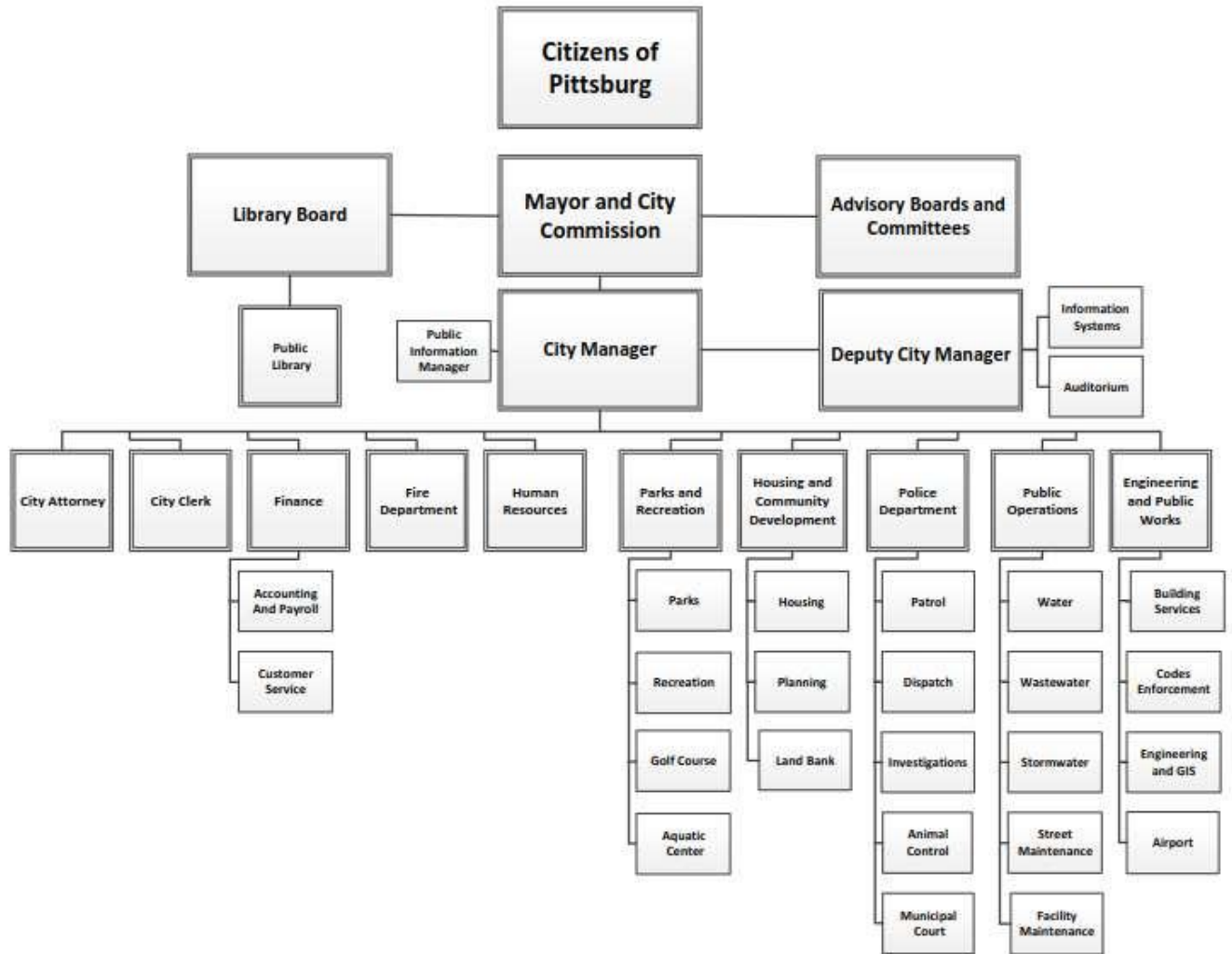
ELECTED:

Mayor	Dawn McNay
President of the Board	Chuck Munsell
Commissioner	Cheryl Brooks
Commissioner	Larry Fields
Commissioner	Patrick O'Bryan

APPOINTED:

City Manager	Daron Hall
Deputy City Manager	Jay Byers
City Attorney	Henry Menghini
City Clerk	Tammy Nagel
Director of Finance	Larissa Bowman
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
Fire Chief	Dennis Reilly
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, 2019

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, 2020, 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.

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

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.

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, 2020, 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 April 30, 2021, 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.

April 30, 2021
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pittsburgh (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. 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 \$9,591,694 from the sales tax for fiscal year 2020, an increase of 4.82% over the prior fiscal year.
- The City's total debt decreased by \$1,803,925 (-6.44%) during 2020.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of 2020 by \$94,804,261. Of this amount, \$5,368,860 is unrestricted in use.
- At the close of 2020, the City's general fund reports an ending fund balance of \$8,929,523 which is an increase of \$1,739,841 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 required supplementary information and 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, economic development and social welfare. The business-type activities of the City include water, wastewater and stormwater utilities.

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

Fund Financial Statements

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

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

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

The City maintains sixteen 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 eleven governmental funds are combined into a single, aggregated presentation. Individual fund data

for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 19-28 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 29-33 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-75 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 76-79.

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 80-85 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 Deputy Director of Finance, 201 W. 4th Street, Pittsburg, KS 66762.

Government-wide Financial Analysis

Net Position

	2019	2020	2019	2020	2019	2020
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Current and other assets	\$ 32,712,523	\$ 35,267,735	\$ 6,248,745	\$ 6,425,422	\$ 38,961,268	\$ 41,693,157
Capital Assets	<u>52,037,149</u>	<u>51,859,044</u>	<u>50,557,158</u>	<u>50,640,386</u>	<u>102,594,307</u>	<u>102,499,430</u>
Total assets	<u>84,749,672</u>	<u>87,126,779</u>	<u>56,805,903</u>	<u>57,065,808</u>	<u>141,555,575</u>	<u>141,192,587</u>
Deferred outflows of resources	<u>1,928,633</u>	<u>3,370,878</u>	<u>85,885</u>	<u>326,828</u>	<u>2,014,518</u>	<u>3,697,706</u>
Long-term liabilities outstanding	32,723,585	33,862,297	10,453,927	9,877,769	43,177,512	43,740,066
Other liabilities	<u>1,201,844</u>	<u>1,529,080</u>	<u>459,872</u>	<u>568,093</u>	<u>1,661,716</u>	<u>2,097,173</u>
Total liabilities	<u>33,925,429</u>	<u>35,391,377</u>	<u>10,913,799</u>	<u>10,445,862</u>	<u>44,839,228</u>	<u>45,837,239</u>
Deferred inflows of resources	<u>7,127,975</u>	<u>7,127,861</u>	<u>90,615</u>	<u>120,932</u>	<u>7,218,590</u>	<u>7,248,793</u>
Net position:						
Net investment in capital assets	32,858,544	33,645,157	41,212,874	42,181,760	74,071,418	75,826,917
Restricted	13,327,692	13,608,484	-	-	13,327,692	13,608,484
Unrestricted	<u>(561,335)</u>	<u>724,778</u>	<u>4,674,500</u>	<u>4,644,082</u>	<u>4,113,165</u>	<u>5,368,860</u>
Total Net Position	<u>\$ 45,624,901</u>	<u>\$ 47,978,419</u>	<u>\$ 45,887,374</u>	<u>\$ 46,825,842</u>	<u>\$ 91,512,275</u>	<u>\$ 94,804,261</u>

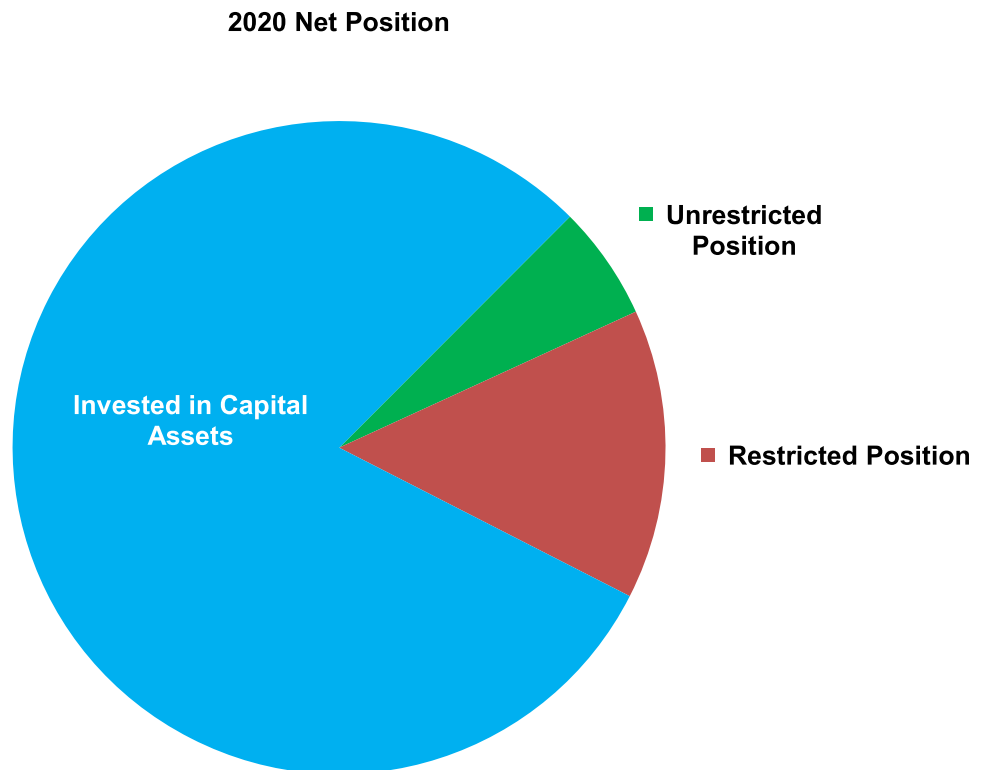
The accounting and financial reporting for pensions has an impact on deferred outflows of resources, deferred inflows of resources and the noncurrent liability. The City's net pension liability is \$14,768,842 as of December 31, 2020. This represents an increase of \$2,562,530 over the prior year. This liability impacts the unrestricted net position of the City. For more information on the City's pensions and other post-employment benefits see pages 59-72 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 \$94,804,261 at the close of the 2020 fiscal year. By far the largest portion of the City's net position (79.98%) 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 (14.35%) 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 \$5,368,860 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.



Primary Government Activities

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

	City of Pittsburgh's Changes in Net Position					
	2019	2020	2019	2020	2019	2020
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 3,085,921	\$ 2,508,308	\$ 9,406,385	\$ 9,541,201	\$ 12,492,306	\$ 12,049,509
Operating grants and contributions	2,594,572	2,936,163	-	-	2,594,572	2,936,163
Capital grants and contributions	1,118,350	860,725	28,754	-	1,147,104	860,725
General revenues						
Taxes	18,045,455	18,378,686	-	-	18,045,455	18,378,686
Other	590,202	290,168	77,620	19,247	667,822	309,415
Total revenues	25,434,500	24,974,050	9,512,759	9,560,448	34,947,259	34,534,498
Expenses						
General Government	5,142,761	5,490,317	-	-	5,142,761	5,490,317
Public Safety	9,260,971	8,771,582	-	-	9,260,971	8,771,582
Public Works	4,683,519	4,043,650	-	-	4,683,519	4,043,650
Sanitation and Health	209,768	154,301	-	-	209,768	154,301
Culture and Recreation	2,463,901	2,077,902	-	-	2,463,901	2,077,902
Industrial Promotion	755,760	883,682	-	-	755,760	883,682
Economic Development	260,836	59,862	-	-	260,836	59,862
Social Welfare	1,775,831	2,114,027	-	-	1,775,831	2,114,027
Interest on Long Term Debt	663,463	575,209	-	-	663,463	575,209
Water/ Wastewater Utility	-	-	6,260,080	6,273,694	6,260,080	6,273,694
Stormwater Utility	-	-	643,446	798,286	643,446	798,286
Total expenses	25,216,810	24,170,532	6,903,526	7,071,980	32,120,336	31,242,512
Increase in net position before transfers	217,690	803,518	2,609,233	2,488,468	2,826,923	3,291,986
Transfers	1,467,999	1,550,000	(1,467,999)	(1,550,000)	-	-
Increase in net position	1,685,689	2,353,518	1,141,234	938,468	2,826,923	3,291,986
Net position, beginning	36,528,937	45,624,901	44,746,140	45,887,374	81,275,077	91,512,275
Prior period adjustment	7,410,275	-	-	-	7,410,275	-
Net position, ending	\$ 45,624,901	\$ 47,978,419	\$ 45,887,374	\$ 46,825,842	\$ 91,512,275	\$ 94,804,261

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

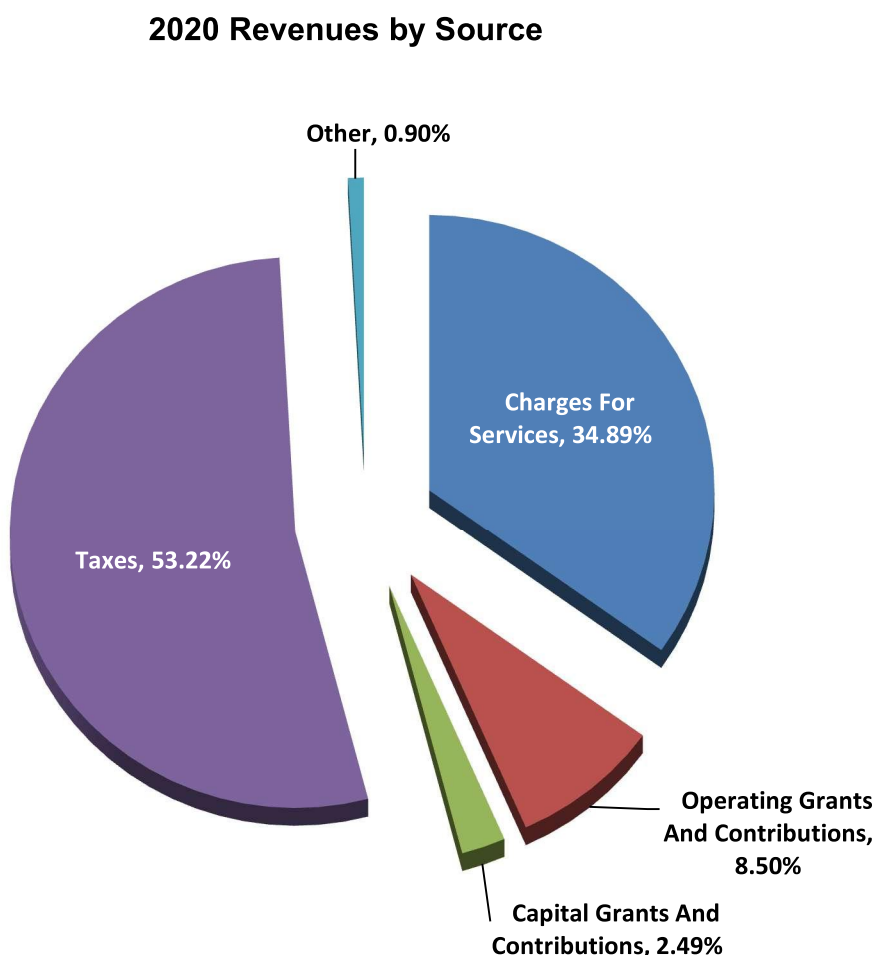
Governmental activities comprised 72.32% of the total revenues generated by the City and 77.36% of the City's expenses. Comparing 2020 to 2019, tax revenues increased by 1.85%; this is due to an increase in sales tax collections, property tax revenue is up due to an increase in valuation and franchise tax revenue showed a slight decrease.

The governmental capital grants and contributions decreased by 23.04% in 2020 compared to 2019 mainly due to Kansas Crossing Casino being closed for 2 months in 2020 due to COVID-19.

Comparing the 2020 to 2019 governmental activities expenses, general government expenses decreased due to uncertainties in 2020 revenues due to COVID-19. As an organization, we cancelled many events and put projects on hold as impacts on the economy due to business closures were unknown.

The business-type activities, while comprising the smaller percentages of revenues and expenses of the City, showed a decrease of \$120,765 (-4.63%) in net position, before transfers. Overall the business-type net position recorded an increase of \$938,468 (2.05%) in 2020.

The following pie chart shows the composition of the 2020 primary government revenues.



The components of the City's taxes are property tax, sales tax and franchise tax. Total tax revenues total \$18,378,686 in 2020 with sales tax being the City's largest tax revenue source.

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

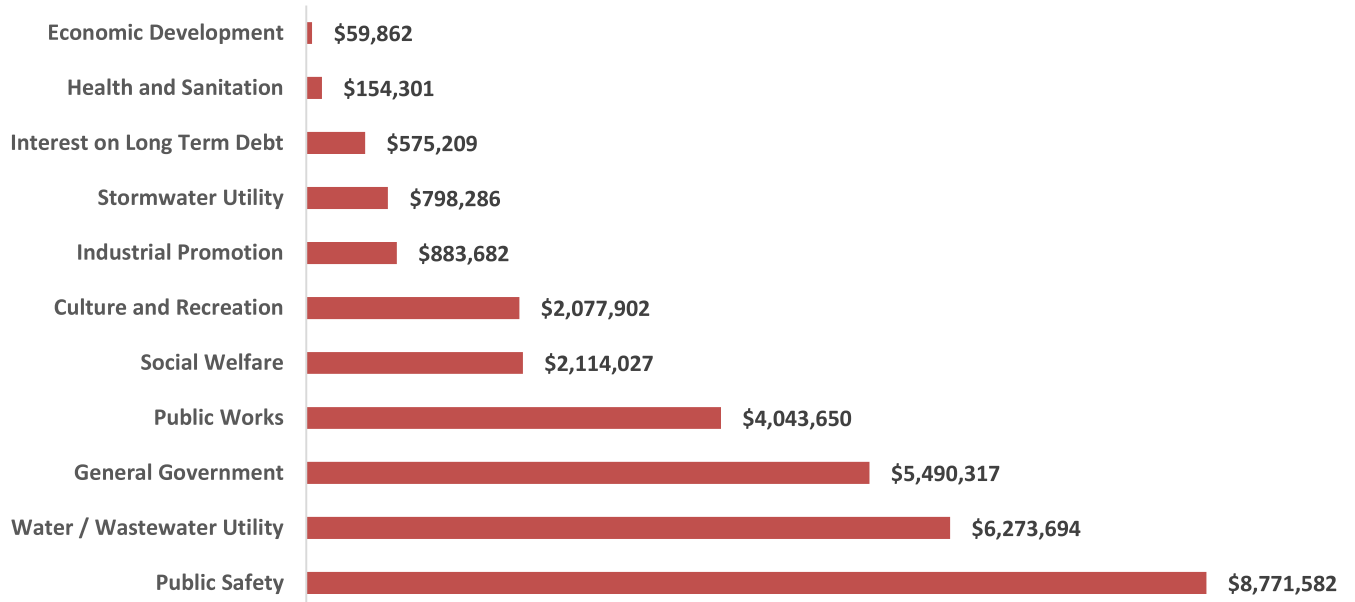
2020 Taxes by Type



■ Property Taxes 38.03%	■ Sales Taxes 52.19%	■ Franchise Taxes 9.78%
-------------------------	----------------------	-------------------------

The following bar graph shows the composition of the 2020 primary government expenses.

2020 Cost of City Services



The City's public safety and water/wastewater utility activities are the dominant expense categories. These two activities account for 48.16% of the total cost of City services for 2020. The total cost of services of the City's primary government for 2020 is \$31,242,512. This represents a decrease of \$877,824 (-2.73%) compared to 2019. The portion of these services paid by the City's taxpayers is \$18,378,686(58.83%).

The City's mill levy rate remained relatively flat due to the City Commission's desire to not raise the mill levy rate in 2020. 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

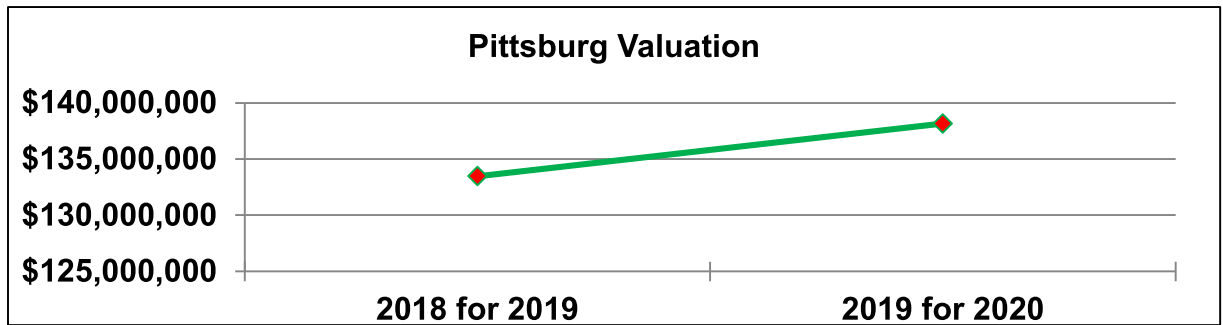
	2018 Levy to support <u>2019 Budget</u>	2019 Levy To support <u>2020 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
General Fund	\$ 36.984	\$ 36.967	\$ (0.017)	(0.05) %
Debt Service Fund	8.505	8.501	(0.004)	(0.05) %
Component Unit	<u>6.004</u>	<u>6.001</u>	<u>(0.003)</u>	(0.05) %
 Total Mill Levy	 <u>\$ 51.493</u>	 <u>\$ 51.469</u>	 <u>\$ (0.024)</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

	2018 Valuation To support <u>2019 Budget</u>	2019 Valuation To support <u>2020 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
Real Property	\$122,439,161	\$127,208,896	\$4,769,735	3.90 %
Personal Property	3,716,100	3,206,099	(510,001)	(13.72) %
State Assessed	<u>7,323,343</u>	<u>7,736,728</u>	<u>413,385</u>	5.65 %
Total	<u>\$133,478,604</u>	<u>\$138,151,723</u>	<u>\$ 4,673,119</u>	3.50 %

The change in assessed valuation reflects an increase in real property values. This increase is mainly due to new construction of homes and businesses.



Analysis of the Fund Financial Statements

Governmental Funds

The City's governmental funds ending fund balances increased by a total of \$2,838,703 from the prior year. The general fund increased its fund balance by \$1,739,841 which went to operating reserves. The Street and Highway fund balance increased by \$725,443 in 2020. The Revolving Loan fund balance increased by \$347,282 in 2020 due to increased receivables in 2020.

Compared to 2019 the total governmental fund revenues before transfers decreased by \$457,047 while the total governmental fund expenditures before transfers decreased by \$2,910,505. The 2020 decrease in expenditures is largely due to lower capital projects expense and lower public safety expense.

Before transfers, general fund revenues were down 4.03% and general fund expenditures were down 0.64% compared to 2019. The general fund revenues decreased due to lower franchise tax collections and decreased charges for services. The general fund expenditures decreased due to lower general government expense, lower public safety expense, and lower investment earnings.

Proprietary Funds

The water and wastewater utility fund had an increase of \$381,844 in cash and cash equivalents for 2020. There was an increase of \$428,995 in current assets and an increase in current liabilities of \$446,078 compared to 2019. These changes contributed to an increase in unrestricted net position.

The stormwater utility fund had a decrease of \$254,632 in cash and cash equivalents for 2020. This can be attributed to major stormwater infrastructure improvements.

The combined utility operating income was virtually flat in 2020 with a decrease of 0.51%. For 2020 operating revenue increased by \$134,816 while operating expense increased by \$148,566.

Utility infrastructure projects completed during 2020 are new water meters to update several sections within the City, a new eight-inch water main on East Rose, a new twelve-inch main on East Centennial, various sanitary sewer line improvements throughout the City.

General Fund Budgetary Highlights

The legally adopted budget for the Section 8 Housing Fund was amended by the City Commission during 2020 to account for greater than estimated expenses incurred due to 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 cancelling several events and closing the pool due to COVID-19.
Operating Reserve	The general fund reserve is under budget due to minimal expense being incurred against the operating reserves.
Public Safety	Public Safety expenditures are under budget due to police patrol personnel not being fully staffed during the year and minimal expense against the public safety facility reserves.

Capital Asset and Debt Administration

Capital Assets

The total investment in capital assets for the primary government at December 31, 2020 was \$102,499,430, net of accumulated depreciation. The net capital assets decreased by 0.09% from the 2019 total.

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	
	2019	2020	2019	2020
Land	\$ 3,566,486	\$ 3,566,486	\$ 582,812	\$ 582,812
Buildings and improvements	18,052,010	17,088,933	16,869,507	16,337,971
Machinery and equipment	3,975,142	4,695,285	2,762,679	3,001,822
Infrastructure	26,443,511	26,143,242	30,214,110	30,311,211
Construction in progress	-	365,098	128,050	406,570
Total	<u>\$ 52,037,149</u>	<u>\$ 51,859,044</u>	<u>\$ 50,557,158</u>	<u>\$ 50,640,386</u>

For additional information on capital assets, please refer in the notes to the basic financial statements on pages 48-50.

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	
	2019	2020	2019	2020
General Obligation Bonds	\$ 8,965,335	\$ 7,917,440	\$ 5,459,665	\$ 4,797,560
Special Assessment Bonds	5,975,000	5,705,000	-	-
K.D.H.E. Construction Loans	-	-	3,190,598	2,748,386
Tax Increment Bonds (TIF)	2,235,000	1,775,000	-	-
Transportation Development District Bonds (TDD)	805,000	705,000	-	-
Capital Leases	<u>946,539</u>	<u>1,882,033</u>	<u>428,551</u>	<u>671,344</u>
Total	<u>\$18,926,874</u>	<u>\$17,984,473</u>	<u>\$ 9,078,814</u>	<u>\$ 8,217,290</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 \$46,177,396 which is significantly higher than the general obligation bond outstanding debt.

The City's outstanding general obligation bonds at December 31, 2020, totaled \$18,420,000; of this \$7,917,440 is considered direct tax supported debt. The 2020 direct tax supported debt represents a 11.69% decrease from the 2019 balance. This decrease is due to no new direct tax supported debt being issued in 2020 and \$1,047,895 of direct tax supported debt being retired in 2020.

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 \$270,000 in 2020. 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 2020 while \$662,105 was retired in 2020. The remaining KDHE loans are for improvements at the wastewater plant, water treatment plant and collection systems. During 2020 the City incurred \$3,876 in new loan proceeds and repaid \$291,072 in loan principal. KDHE also forgave \$155,016 of loan principal in 2020.

The City's capital leases are repaid from dedicated sales tax revenues and business-type activities. The outstanding capital leases balance increased by \$1,178,287 in 2020. New capital leases started in 2020 were for a fire rescue truck, upgraded I.T. equipment, and several new pieces of equipment for the utility department.

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 51-59.

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURG, KANSAS
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government			Component
	Governmental	Business-Type		Unit
	Activities	Activities	Total	Library
Assets:				
Cash and cash equivalents	\$ 17,071,866	\$ 4,770,272	\$ 21,842,138	\$ 749,692
Restricted cash and investments	461,070	243,506	704,576	-
Receivables, net of allowance for uncollectibles:				
Taxes	8,010,601	-	8,010,601	811,528
Special assessments	6,978,857	-	6,978,857	-
Accounts	141,103	1,127,800	1,268,903	-
Intergovernmental	196,627	-	196,627	-
Interest	903	903	1,806	-
Loans receivable	2,288,580	-	2,288,580	-
Inventory	43,082	257,746	300,828	-
Prepaid expenses	75,046	25,195	100,241	5,663
Capital assets, nondepreciable:				
Land	3,566,486	582,812	4,149,298	215,415
Construction in progress	365,098	406,570	771,668	-
Capital assets, depreciable:				
Building and improvements	17,088,933	16,337,971	33,426,904	1,900,005
Machinery and equipment	4,695,285	3,001,822	7,697,107	36,139
Infrastructure	26,143,242	30,311,211	56,454,453	-
Total assets	87,126,779	57,065,808	144,192,587	3,718,442
Deferred outflows of resources:				
Deferred outflows - pension	3,298,653	311,113	3,609,766	101,096
Deferred outflows - OPEB	72,225	15,715	87,940	5,370
Total deferred outflows of resources	3,370,878	326,828	3,697,706	106,466
Liabilities:				
Accounts payable and other current liabilities	565,314	251,910	817,224	17,976
Accrued interest payable	144,766	72,677	217,443	-
Liabilities payable from restricted cash	-	243,506	243,506	-
Bond anticipation notes payable	819,000	-	819,000	-
Noncurrent liabilities:				
Due within one year	3,166,561	1,319,090	4,485,651	15,942
Due in more than one year	30,695,736	8,558,679	39,254,415	490,709
Total liabilities	35,391,377	10,445,862	45,837,239	524,627
Deferred inflows of resources:				
Deferred inflows - pension	505,803	3,604	509,407	7,673
Deferred inflows - OPEB	554,042	117,328	671,370	36,540
Deferred receivable - property taxes	6,068,016	-	6,068,016	811,528
Total deferred inflows of resources	7,127,861	120,932	7,248,793	855,741
Net position:				
Net investment in capital assets	33,645,157	42,181,760	75,826,917	884,150
Restricted for:				
Debt service	8,459,988	-	8,459,988	-
Housing	700,459	-	700,459	-
Street and highway	2,434,101	-	2,434,101	-
Capital projects	1,802,296	-	1,802,296	-
Other purposes	211,640	-	211,640	-
Unrestricted	724,778	4,644,082	5,368,860	1,560,390
Total net position	\$ 47,978,419	\$ 46,825,842	\$ 94,804,261	\$ 2,444,540

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Program	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Government activities:							
General government	\$ 5,490,317	\$ 1,230,736	\$ 359,858	\$ 117,285	\$ (3,782,438)	\$ -	\$ (3,782,438)
Public safety	8,771,582	281,588	152,718	-	(8,337,276)	-	(8,337,276)
Public works	4,043,650	518,988	145,460	582,249	(2,796,953)	-	(2,796,953)
Health and sanitation	154,301	-	258,135	-	103,834	-	103,834
Culture and recreation	2,077,902	268,839	98,950	161,191	(1,548,922)	-	(1,548,922)
Industrial promotion	883,682	205,336	-	-	(678,346)	-	(678,346)
Economic development	59,862	-	-	-	(59,862)	-	(59,862)
Social welfare	2,114,027	2,821	1,921,042	-	(190,164)	-	(190,164)
Interest on long-term debt	575,209	-	-	-	(575,209)	-	(575,209)
Total governmental activities	24,170,532	2,508,308	2,936,163	860,725	(17,865,336)	-	(17,865,336)
Business-type activities:							
Water/wastewater	6,273,694	8,685,550	-	-	-	2,411,856	2,411,856
Stormwater	798,286	855,651	-	-	-	57,365	57,365
Total business-type activities	7,071,980	9,541,201	-	-	-	2,469,221	2,469,221
Total primary government	\$ 31,242,512	\$ 12,049,509	\$ 2,936,163	\$ 860,725	(17,865,336)	2,469,221	(15,396,115)
Component unit:							
Public library	\$ 1,099,870	\$ 1,796	\$ 215,866	\$ -	-	-	(882,208)
General revenues:							
Property taxes					6,989,489	-	6,989,489
Sales taxes					9,591,694	-	9,591,694
Franchise taxes					1,797,503	-	1,797,503
Unrestricted investment earnings					98,485	19,247	117,732
Miscellaneous					191,683	-	191,683
Transfers					1,550,000	(1,550,000)	-
Total general revenues and transfers					20,218,854	(1,530,753)	18,688,101
Change in net position					2,353,518	938,468	3,291,986
Net position, beginning of year					45,624,901	45,887,374	91,512,275
Net position, end of year					\$ 47,978,419	\$ 46,825,842	\$ 94,804,261
							\$ 2,444,540

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2020

	General	Street and Highway	Revolving Loans	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:							
Cash and cash equivalents	\$ 7,930,578	\$ 1,872,084	\$ 2,704,661	\$ 2,673,779	\$ 1,087,511	\$ 803,253	\$ 17,071,866
Receivables (net of allowance for uncollectibles):							
Taxes	6,247,959	407,628	189,423	-	1,146,523	19,068	8,010,601
Special assessments	-	-	-	-	6,978,857	-	6,978,857
Accounts	93,273	-	-	-	-	47,830	141,103
Intergovernmental	-	168,281	-	8,000	-	20,346	196,627
Interest	903	-	-	-	-	-	903
Restricted investments	-	-	-	-	461,070	-	461,070
Loans receivable	-	-	2,237,536	-	-	51,044	2,288,580
Due from other funds	2,679	-	-	-	-	-	2,679
Inventory	43,082	-	-	-	-	-	43,082
Prepaid items	67,632	6,402	1,012	-	-	-	75,046
Total assets	\$ 14,386,106	\$ 2,454,395	\$ 5,132,632	\$ 2,681,779	\$ 9,673,961	\$ 941,541	\$ 35,270,414
Liabilities, deferred inflows of resources and fund balances:							
Liabilities:							
Accounts payable	\$ 73,388	\$ 9,621	\$ -	\$ 60,483	\$ -	\$ 2,316	\$ 145,808
Accrued payroll	278,694	10,673	-	-	-	5,379	294,746
Accrued self-insurance claims	5,889	-	-	-	-	-	5,889
Bond anticipation notes payable	-	-	-	819,000	-	-	819,000
Due to other funds	-	-	-	-	-	2,679	2,679
Other	99,803	-	-	-	-	19,068	118,871
Total liabilities	457,774	20,294	-	879,483	-	29,442	1,386,993
Deferred inflows of resources:							
Unavailable revenue - property taxes	4,998,809	-	-	-	1,069,207	-	6,068,016
Unavailable revenue - special assessments	-	-	-	-	6,978,857	-	6,978,857
Total deferred inflows of resources	4,998,809	-	-	-	8,048,064	-	13,046,873
Fund balances:							
Nonspendable	110,714	6,402	1,012	-	-	-	118,128
Restricted:							
Debt service	-	-	-	-	1,625,897	-	1,625,897
Capital projects	-	2,427,699	-	1,802,296	-	-	4,229,995
Housing	-	-	-	-	-	700,459	700,459
Other	-	-	-	-	-	211,640	211,640
Assigned:							
Industrial promotion	93,742	-	5,131,620	-	-	-	5,225,362
Unassigned	8,725,067	-	-	-	-	-	8,725,067
Total fund balances	8,929,523	2,434,101	5,132,632	1,802,296	1,625,897	912,099	20,836,548
Total liabilities, deferred inflows of resources and fund balances	\$ 14,386,106	\$ 2,454,395	\$ 5,132,632	\$ 2,681,779	\$ 9,673,961	\$ 941,541	\$ 35,270,414

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, 2020

Total fund balance in Governmental Funds Balance Sheet		\$ 20,836,548
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	105,688,439	
Accumulated depreciation is	<u>(53,829,395)</u>	51,859,044
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.		
		3,370,878
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.		
		(1,059,845)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
		6,978,857
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	(683,388)	
Total OPEB liability	(1,201,391)	
Net pension liability	(13,763,631)	
General obligation bonds payable	(8,115,480)	
Special assessment bonds payable	(5,736,374)	
Capital leases payable	(1,882,033)	
Revenue bonds payable	(2,480,000)	
Accrued interest on the bonds	<u>(144,766)</u>	<u>(34,007,063)</u>
Net position of governmental activities		<u><u>\$ 47,978,419</u></u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	General	Street and Highway	Revolving Loans	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes:							
Property	\$ 5,444,564	\$ -	\$ -	\$ -	\$ 1,544,925	\$ -	\$ 6,989,489
Sales	5,805,441	2,252,673	1,032,821	-	500,759	-	9,591,694
Franchise	1,797,503	-	-	-	-	-	1,797,503
Licenses and permits	192,078	-	-	-	-	-	192,078
Intergovernmental	420,886	727,709	-	231,620	-	2,367,817	3,748,032
Charges for services	1,782,945	-	-	-	-	-	1,782,945
Fines and forfeitures	266,712	-	-	-	-	-	266,712
Special assessments	19,288	-	-	-	432,692	-	451,980
Investment earnings	44,807	11,392	20,462	8,984	9,573	3,267	98,485
Lease income	-	-	205,336	-	-	-	205,336
Miscellaneous	190,126	32,172	2,619	42,243	-	22,693	289,853
Total revenues	15,964,350	3,023,946	1,261,238	282,847	2,487,949	2,393,777	25,414,107
Expenditures:							
Current:							
General government	4,434,791	-	-	-	-	-	4,434,791
Public safety	7,737,398	-	-	-	-	-	7,737,398
Public works	725,863	1,709,678	-	-	-	-	2,435,541
Sanitation and health	67,462	-	-	-	-	86,084	153,546
Economic development	-	-	-	-	-	19,240	19,240
Culture and recreation	1,543,301	-	-	-	-	-	1,543,301
Industrial promotion	-	-	888,956	86	-	-	889,042
Social welfare	-	-	-	-	-	2,114,535	2,114,535
Debt service:							
Principal	591,412	-	-	-	1,877,895	-	2,469,307
Interest	29,348	-	-	-	509,005	-	538,353
Debt issuance costs	-	-	-	18,840	5,800	-	24,640
Capital outlay	1,852,942	838,825	-	588,905	-	11,944	3,292,616
Total expenditures	16,982,517	2,548,503	888,956	607,831	2,392,700	2,231,803	25,652,310
Excess/deficiency of revenues over/(under) expenditures	(1,018,167)	475,443	372,282	(324,984)	95,249	161,974	(238,203)
Other financing sources (uses):							
Capital lease	1,526,906	-	-	-	-	-	1,526,906
Transfers in	1,594,320	250,000	-	136,218	212,623	50,000	2,243,161
Transfers out	(363,218)	-	(25,000)	(185,623)	-	(119,320)	(693,161)
Total other financing sources (uses)	2,758,008	250,000	(25,000)	(49,405)	212,623	(69,320)	3,076,906
Net change in fund balances	1,739,841	725,443	347,282	(374,389)	307,872	92,654	2,838,703
Fund balances, beginning of year	7,189,682	1,708,658	4,785,350	2,176,685	1,318,025	819,445	17,997,845
Fund balances, end of year	\$ 8,929,523	\$ 2,434,101	\$ 5,132,632	\$ 1,802,296	\$ 1,625,897	\$ 912,099	\$ 20,836,548

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, 2020

Net change in fund balances - total governmental funds		\$ 2,838,703
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 depreciation exceeds capital outlay in the period.		
Capital outlay	3,301,042	
Depreciation expense	<u>(3,479,146)</u>	(178,104)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(436,254)
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.		(34,533)
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	47,333	
Other postemployment benefits	(73,589)	
Pension	(774,756)	
Amortization of premiums	29,656	
Amortization of discounts	<u>(7,339)</u>	(778,695)
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>942,401</u>
Change in net position of governmental activities		<u><u>\$ 2,353,518</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 16,924,361	\$ 16,924,361	\$ 16,695,492	\$ (228,869)
Intergovernmental	499,250	499,250	423,384	(75,866)
Licenses and permits	225,000	225,000	192,078	(32,922)
Charges for services	3,651,511	3,651,511	2,965,051	(686,460)
Fines and forfeitures	326,200	326,200	266,712	(59,488)
Interest	120,000	120,000	61,428	(58,572)
Miscellaneous	175,562	175,562	209,413	33,851
Total revenues	<u>21,921,884</u>	<u>21,921,884</u>	<u>20,813,558</u>	<u>(1,108,326)</u>
Expenditures:				
General government:				
General administration:				
Personnel services	1,059,274	1,059,274	1,061,304	(2,030)
Contractual services	171,138	171,138	142,433	28,705
Commodities	16,018	16,018	15,145	873
Total general administration	<u>1,246,430</u>	<u>1,246,430</u>	<u>1,218,882</u>	<u>27,548</u>
Group hospitalization:				
Claims paid	2,215,015	2,215,015	1,851,474	363,541
Human resources:				
Personnel services	186,828	186,828	161,159	25,669
Contractual services	119,485	119,485	115,857	3,628
Commodities	5,500	5,500	1,318	4,182
Total human resources	<u>311,813</u>	<u>311,813</u>	<u>278,334</u>	<u>33,479</u>
Information systems:				
Personnel services	319,411	319,411	327,113	(7,702)
Contractual services	246,526	246,526	248,317	(1,791)
Commodities	72,800	72,800	83,520	(10,720)
Capital outlay	50,000	50,000	33,467	16,533
Total information systems	<u>688,737</u>	<u>688,737</u>	<u>692,417</u>	<u>(3,680)</u>
Facility maintenance:				
Personnel services	242,361	242,361	241,354	1,007
Contractual services	4,959	4,959	8,220	(3,261)
Commodities	92,499	92,499	59,913	32,586
Total facility maintenance	<u>\$ 339,819</u>	<u>\$ 339,819</u>	<u>\$ 309,487</u>	<u>\$ 30,332</u>

(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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
General government (continued):				
Municipal court:				
Personnel services	\$ 308,543	\$ 308,543	\$ 287,019	\$ 21,524
Contractual services	48,541	48,541	46,499	2,042
Commodities	8,350	8,350	6,046	2,304
Total municipal court	365,434	365,434	339,564	25,870
Sales tax capital outlay:				
Capital outlay	420,685	420,685	370,664	50,021
Reserve	65,723	65,723	-	65,723
Total sales tax capital outlay	486,408	486,408	370,664	115,744
Total general government	5,653,656	5,653,656	5,060,822	592,834
Public safety:				
Police department:				
Personnel services	4,536,817	4,536,817	4,095,744	441,073
Contractual services	689,478	689,478	568,527	120,951
Commodities	246,130	246,130	217,994	28,136
Capital outlay	347,000	347,000	361,185	(14,185)
Total police department	5,819,425	5,819,425	5,243,450	575,975
Fire department:				
Personnel services	2,647,698	2,647,698	2,513,526	134,172
Contractual services	151,170	151,170	151,199	(29)
Commodities	121,614	121,614	131,537	(9,923)
Capital outlay	155,366	155,366	157,782	(2,416)
Total fire department	3,075,848	3,075,848	2,954,044	121,804
Public safety - other:				
Building services:				
Personnel services	286,295	286,295	253,509	32,786
Contractual services	8,860	8,860	12,786	(3,926)
Commodities	13,409	13,409	8,459	4,950
Total building services	308,564	308,564	274,754	33,810
Codes enforcement:				
Personnel services	117,124	117,124	119,761	(2,637)
Contractual services	13,830	13,830	19,382	(5,552)
Commodities	10,790	10,790	4,305	6,485
Total codes enforcement	\$ 141,744	\$ 141,744	\$ 143,448	\$ (1,704)

(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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Public safety - other (continued):				
Animal control:				
Personnel services	\$ 94,962	\$ 94,962	\$ 94,815	\$ 147
Contractual services	20,882	20,882	20,177	705
Commodities	8,864	8,864	7,052	1,812
Total animal control	124,708	124,708	122,044	2,664
Planning and housing:				
Personnel services	271,881	271,881	276,218	(4,337)
Contractual services	32,061	32,061	40,319	(8,258)
Commodities	2,000	2,000	308	1,692
Total planning and housing	305,942	305,942	316,845	(10,903)
Total public safety - other	880,958	880,958	857,091	23,867
Total public safety	9,776,231	9,776,231	9,054,585	721,646
Public works:				
Engineering department:				
Personnel services	285,593	285,593	269,518	16,075
Contractual services	19,645	19,645	11,366	8,279
Commodities	9,797	9,797	4,251	5,546
Total engineering department	315,035	315,035	285,135	29,900
Atkinson Airport:				
Personnel services	149,467	149,467	127,099	22,368
Contractual services	60,083	60,083	60,072	11
Commodities	595,640	595,640	305,005	290,635
Capital outlay	25,000	25,000	1,777	23,223
Reserve	54,553	54,553	-	54,553
Total Atkinson Airport	884,743	884,743	493,953	390,790
Total public works	\$ 1,199,778	\$ 1,199,778	\$ 779,088	\$ 420,690

(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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Sanitation and health:				
Mt. Olive Cemetery:				
Personnel services	\$ 57,625	\$ 57,625	\$ 55,434	\$ 2,191
Contractual services	12,207	12,207	11,119	1,088
Commodities	7,016	7,016	6,337	679
Total sanitation and health	76,848	76,848	72,890	3,958
Culture and recreation:				
Parks and recreation:				
Personnel services	789,133	789,133	713,441	75,692
Contractual services	136,592	136,592	125,949	10,643
Commodities	117,628	117,628	101,729	15,899
Total parks and recreation	1,043,353	1,043,353	941,119	102,234
Aquatic center:				
Personnel services	87,730	87,730	-	87,730
Contractual services	33,588	33,588	14,543	19,045
Commodities	37,050	37,050	2,920	34,130
Total aquatic center	158,368	158,368	17,463	140,905
JC ballpark turf reserve:				
Capital outlay	5,000	5,000	-	5,000
Reserve	79,032	79,032	-	79,032
Total JC ballpark turf reserve	84,032	84,032	-	84,032
Four Oaks Complex:				
Personnel services	231,380	231,380	214,121	17,259
Contractual services	50,903	50,903	50,982	(79)
Commodities	54,205	54,205	47,397	6,808
Total Four Oaks Complex	336,488	336,488	312,500	23,988
Memorial Auditorium and Convention Center:				
Personnel services	395,146	395,146	234,076	161,070
Contractual services	139,586	139,586	93,593	45,993
Commodities	52,599	52,599	20,792	31,807
Operating reserve	34,149	34,149	-	34,149
Capital outlay	20,000	20,000	4,166	15,834
Total Memorial Auditorium and Convention Center	\$ 641,480	\$ 641,480	\$ 352,627	\$ 288,853

(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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Culture and recreation (continued):				
Farmers market:				
Personnel services	\$ 3,935	\$ 3,935	\$ 871	\$ 3,064
Contractual services	8,188	8,188	9,181	(993)
Commodities	475	475	1,510	(1,035)
Operating reserve	23,949	23,949	-	23,949
Total farmers market	36,547	36,547	11,562	24,985
Total culture and recreation	2,300,268	2,300,268	1,635,271	664,997
Operating reserve	5,444,880	5,444,880	73,901	5,370,979
Total expenditures	24,451,661	24,451,661	16,676,557	7,775,104
Excess of revenues over (under) expenditures	(2,529,777)	(2,529,777)	4,137,001	6,666,778
Other financing sources (uses):				
Transfers in	2,804,656	2,804,656	2,800,447	(4,209)
Transfers out	(5,229,765)	(5,229,765)	(5,289,170)	(59,405)
Total other financing sources (uses)	(2,425,109)	(2,425,109)	(2,488,723)	(63,614)
Net change in fund balances	(4,954,886)	(4,954,886)	1,648,278	6,603,164
Fund balance, beginning of year	4,954,886	4,954,886	6,114,663	1,159,777
Fund balance, end of year	\$ -	\$ -	\$ 7,762,941	\$ 7,762,941

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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Sales tax	\$ 2,154,910	\$ 2,154,910	\$ 2,217,135	\$ 62,225
Intergovernmental	713,750	713,750	737,731	23,981
Interest	21,000	21,000	11,392	(9,608)
Miscellaneous	250	250	32,171	31,921
Total revenues	2,889,910	2,889,910	2,998,429	108,519
Expenditures:				
Personnel services	505,571	505,571	464,078	41,493
Contractual services	453,528	453,528	410,774	42,754
Commodities	585,432	585,432	834,502	(249,070)
Capital outlay	2,050,000	2,050,000	1,089,055	960,945
Operating reserves	207,255	207,255	-	207,255
Total expenditures	3,801,786	3,801,786	2,798,409	1,003,377
Excess (deficiency) of revenues over (under) expenditures	(911,876)	(911,876)	200,020	1,111,896
Other financing sources (uses):				
Transfer in	315,000	315,000	250,000	(65,000)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(596,876)	(596,876)	450,020	1,046,896
Fund balance, beginning of year	596,876	596,876	1,142,229	545,353
Fund balance, end of year	\$ -	\$ -	\$ 1,592,249	\$ 1,592,249

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2020

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,009,136	\$ 761,136	\$ 4,770,272
Restricted cash - customer deposits	243,506	-	243,506
Accounts receivable, net of allowance for uncollectibles	1,102,993	24,807	1,127,800
Interest receivable	903	-	903
Inventory	257,746	-	257,746
Prepaid expenses	22,797	2,398	25,195
	<hr/>	<hr/>	<hr/>
Total current assets	5,637,081	788,341	6,425,422
	<hr/>	<hr/>	<hr/>
Noncurrent assets:			
Capital assets, nondepreciable:			
Land	474,742	108,070	582,812
Construction in progress	406,570	-	406,570
Capital assets, depreciable	80,973,751	6,596,894	87,570,645
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	81,855,063	6,704,964	88,560,027
	<hr/>	<hr/>	<hr/>
Less accumulated depreciation	(36,030,161)	(1,889,480)	(37,919,641)
	<hr/>	<hr/>	<hr/>
Noncurrent assets, net	45,824,902	4,815,484	50,640,386
	<hr/>	<hr/>	<hr/>
Total assets	51,461,983	5,603,825	57,065,808
	<hr/>	<hr/>	<hr/>
Deferred outflows of resources:			
Deferred outflows - pension	269,329	41,784	311,113
Deferred outflows - OPEB	13,552	2,163	15,715
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	282,881	43,947	326,828
	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources	\$ 51,744,864	\$ 5,647,772	\$ 57,392,636
	<hr/>	<hr/>	<hr/>

(Continued)

CITY OF PITTSBURG, KANSAS
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
(Continued)
December 31, 2020

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Liabilities:			
Current liabilities:			
Accounts payable	\$ 184,244	\$ 8,006	\$ 192,250
Accrued payroll	50,184	9,476	59,660
Accrued interest payable	72,677	-	72,677
Customer deposits payable	243,506	-	243,506
Current portion of compensated absences	138,543	13,396	151,939
Current portion of capital leases payable	168,306	22,436	190,742
Current portion of general obligation bonds payable	677,105	-	677,105
Current portion of construction loan payable	299,304	-	299,304
	<u>1,833,869</u>	<u>53,314</u>	<u>1,887,183</u>
Total current liabilities			
Noncurrent liabilities:			
Total OPEB liability	232,812	29,181	261,993
Net pension liability	856,650	148,561	1,005,211
Capital leases payable	412,580	68,022	480,602
General obligation bonds payable	4,361,791	-	4,361,791
Construction loan payable	2,449,082	-	2,449,082
	<u>8,312,915</u>	<u>245,764</u>	<u>8,558,679</u>
Total noncurrent liabilities			
Total liabilities	<u>10,146,784</u>	<u>299,078</u>	<u>10,445,862</u>
Deferred inflows of resources:			
Deferred inflows - pension	2,058	1,546	3,604
Deferred inflows - OPEB	100,730	16,598	117,328
	<u>102,788</u>	<u>18,144</u>	<u>120,932</u>
Total deferred inflows of resources			
Total liabilities and deferred inflows of resources	<u>10,249,572</u>	<u>317,222</u>	<u>10,566,794</u>
Net position:			
Net investment in capital assets	37,456,734	4,725,026	42,181,760
Unrestricted	4,038,558	605,524	4,644,082
	<u>\$ 41,495,292</u>	<u>\$ 5,330,550</u>	<u>\$ 46,825,842</u>
Total net position			

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, 2020

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Operating revenues:			
Charges for sales and services:			
Water charges	\$ 4,344,234	\$ -	\$ 4,344,234
Wastewater charges	3,843,437	-	3,843,437
Stormwater charges	-	848,200	848,200
Other charges	497,879	7,451	505,330
	<hr/>	<hr/>	<hr/>
Total operating revenues	8,685,550	855,651	9,541,201
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Cost of sales and services	1,879,716	191,135	2,070,851
Administration	2,115,749	454,884	2,570,633
Depreciation	2,044,894	152,267	2,197,161
	<hr/>	<hr/>	<hr/>
Total operating expenses	6,040,359	798,286	6,838,645
	<hr/>	<hr/>	<hr/>
Operating income	2,645,191	57,365	2,702,556
	<hr/>	<hr/>	<hr/>
Nonoperating revenues (expenses):			
Interest revenue	11,803	7,444	19,247
Interest expense	(233,335)	-	(233,335)
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	(221,532)	7,444	(214,088)
	<hr/>	<hr/>	<hr/>
Income before transfers	2,423,659	64,809	2,488,468
	<hr/>	<hr/>	<hr/>
Transfers out	(1,550,000)	-	(1,550,000)
	<hr/>	<hr/>	<hr/>
Change in net position	873,659	64,809	938,468
	<hr/>	<hr/>	<hr/>
Net position, beginning of year	40,621,633	5,265,741	45,887,374
	<hr/>	<hr/>	<hr/>
Net position, end of year	\$ 41,495,292	\$ 5,330,550	\$ 46,825,842
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended December 31, 2020

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 8,651,808	\$ 854,005	\$ 9,505,813
Payments to suppliers	(1,770,641)	(213,408)	(1,984,049)
Payments to employees	(2,025,108)	(435,511)	(2,460,619)
	<u>4,856,059</u>	<u>205,086</u>	<u>5,061,145</u>
Cash flows from capital and related financing activities:			
Proceeds from capitalization grant/construction loan payable	3,876	-	3,876
Payments of capitalization grant/construction loan payable	(446,088)	-	(446,088)
Acquisition and construction of capital assets	(1,722,769)	(557,620)	(2,280,389)
Proceeds from capital leases	321,062	113,376	434,438
Principal paid on capital leases	(168,727)	(22,918)	(191,645)
Principal paid on G.O. bonds	(662,105)	-	(662,105)
Interest paid on capital debt	(265,692)	-	(265,692)
	<u>(2,940,443)</u>	<u>(467,162)</u>	<u>(3,407,605)</u>
Cash flows from noncapital financing activities:			
Interest received	28,424	7,444	35,868
	<u>28,424</u>	<u>7,444</u>	<u>35,868</u>
Cash flows from noncapital financing activities:			
Transfers out	(1,550,000)	-	(1,550,000)
	<u>(1,550,000)</u>	<u>-</u>	<u>(1,550,000)</u>
Net increase (decrease) in cash and cash equivalents	394,040	(254,632)	139,408
Cash and investments, beginning of year	3,858,602	1,015,768	4,874,370
Cash and investments, end of year	<u>\$ 4,252,642</u>	<u>\$ 761,136</u>	<u>\$ 5,013,778</u>

(Continued)

CITY OF PITTSBURG, KANSAS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2020

	Water/ Wastewater	Stormwater	Total Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,645,191	\$ 57,365	\$ 2,702,556
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	2,044,894	152,267	2,197,161
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(45,938)	(1,646)	(47,584)
Decrease (increase) in inventory	(4,019)	-	(4,019)
Decrease (increase) in prepaid expenses	(1,619)	(668)	(2,287)
Decrease (increase) in deferred outflows - pension	(202,538)	(28,712)	(231,250)
Decrease (increase) in deferred outflows - OPEB	(8,360)	(1,333)	(9,693)
Increase (decrease) in accounts payable	114,713	(21,605)	93,108
Increase (decrease) in accrued payroll	6,443	4,698	11,141
Increase (decrease) in customer deposits	12,196	-	12,196
Increase (decrease) in compensated absences payable	14,472	4,551	19,023
Increase (decrease) in deferred inflows - pension	(15,208)	(2,156)	(17,364)
Increase (decrease) in deferred inflows - OPEB	41,025	6,656	47,681
Increase (decrease) in net pension liability	271,602	38,503	310,105
Increase (decrease) in net OPEB liability	(16,795)	(2,834)	(19,629)
Net cash provided by operating activities	<u>\$ 4,856,059</u>	<u>\$ 205,086</u>	<u>\$ 5,061,145</u>
Cash consists of:			
Cash and cash equivalents	\$ 4,009,136	\$ 761,136	\$ 4,770,272
Restricted cash	<u>243,506</u>	<u>-</u>	<u>243,506</u>
	<u>\$ 4,252,642</u>	<u>\$ 761,136</u>	<u>\$ 5,013,778</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2020

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.

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.

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

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.

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.

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

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.

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.

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, 2020, interest earnings allocated to the various funds were \$ 117,732.

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

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

Cash Flows Statement

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

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.

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	\$ 4,998,809
Debt service fund property taxes receivable	1,069,207
Debt service fund special assessments receivable	<u>6,978,857</u>
	<u>\$ 13,046,873</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 2020 levy was based was \$ 138,151,723.

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 2020 tax levy per \$ 1,000 of assessed valuation was as follows:

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

General Fund	\$ 36.967
Debt Service Fund	8.501
Component unit:	
Library	6.001
	<hr/>
	\$ 51.469
	<hr/>

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.

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 are the asset are not capitalized.

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

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 12 and Note 13 for more information on the deferred outflows for the pension and OPEB plans, respectively.

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 12 and Note 13 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.

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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, 2020, 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.

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

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

to which the City Commission has delegated the authority to assign amounts to be used for specific purposes. The authority for management to assign fund balance is provided by the City's purchasing policy.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In circumstances when an expenditure is made for a purpose 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.

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.

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

Pending Governmental Accounting Standards Board Statements

At December 31, 2020, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 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 June 15, 2021.

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, 2020.

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 clarifying 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, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, requires that for purposes of determining whether a primary government is financially accountable for a potential component unit,

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

except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Finally, the Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements for this statement are effective immediately except for the requirements that are related to the accounting and financial reporting for Section 457 plans, which are effective for fiscal years beginning after June 15, 2021.

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 \$ 942,401 are as follows:

Debt issued or incurred:	
Capital lease	\$ (1,526,906)
Principal repayments:	
General obligation bonds	1,317,895
Capital leases	591,412
Revenue bonds	<u>560,000</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u><u>\$ 942,401</u></u>

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,

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

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 PHA/Presbyterian Church Housing fund, the Northgate CID fund, the revolving loans fund, the CDBG Coronavirus Response fund, and the COVID Spark Funds 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.

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 2020, the City amended the budget for 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.

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:

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

	General Fund	Street and Highway Fund
Net change in fund balances, GAAP basis	\$ 1,739,841	\$ 725,443
Change in:		
Taxes receivable	(60,752)	(35,538)
Grants receivable	-	10,022
Interest receivable	16,621	-
Inventories	4,611	-
Prepaid items	(10,602)	(783)
Encumbrances	(69,869)	(250,230)
Salaries payable	41,476	1,106
Health care payable	(13,048)	-
Net change in fund balances, non-GAAP basis	<u>\$ 1,648,278</u>	<u>\$ 450,020</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.

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, 2020, 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.

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

As of December 31, 2020, 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	\$ 461,070	\$ 461,070	\$ -	\$ -	\$ -

The money market investments are composed of U.S. Government securities that are fully collateralized. The City's investments are rated Aaa by Moody's and AAA by Standard & Poor's.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to fair value losses arising from increasing interest rates, the City has a formally adopted investment policy that limits investment maturities. The policy states that the City must attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not invest in securities maturing more than two 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, 2020.

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, 2020, the City's investments were not exposed to custodial credit risk.

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

At December 31, 2020, the City's deposit and investment balances were as follows:

	Carrying Amount		
	City	Component Unit - Public Library	Total
Cash and cash equivalents	\$ 21,842,138	\$ 749,692	\$ 22,591,830
Restricted cash and cash equivalents	704,576	-	704,576
	<u>\$ 22,546,714</u>	<u>\$ 749,692</u>	<u>\$ 23,296,406</u>

6 - Loans Receivable

Loans receivable, aggregating \$ 2,288,580 at December 31, 2020, consist of economic development and rental rehabilitation low interest loans funded through the U.S. Department of Housing and Urban Development's Community Development Block Grant and Rental Rehabilitation Programs, the Presbyterian Church Fund Program and the City's Revolving Loans Fund.

7 - Leases

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, 2020, rental income related to these leases was \$ 46,992. Future minimum lease income is as follows:

2021	\$ 57,452
2022	57,452
2023	57,452
2024	57,452
2025	57,452
2026 - 2027	<u>67,027</u>
	<u>\$ 354,287</u>

The asset cost of the buildings the City leases is \$ 693,275, with accumulated depreciation of \$ 369,746 resulting in net carrying value of \$ 323,529 at December 31, 2020.

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

8 - Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

Primary Government	Balance at 12/31/2019	Increase	Decrease	Reclassifications	Balance at 12/31/2020
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,566,486	\$ -	\$ -	\$ -	\$ 3,566,486
Construction in progress	-	401,275	36,177	-	365,098
Total capital assets not being depreciated	3,566,486	401,275	36,177	-	3,931,584
Capital assets, being depreciated:					
Building and improvements	39,474,271	58,480	-	-	39,532,751
Machinery and equipment	13,111,524	1,599,044	404,372	(44,103)	14,262,093
Infrastructure	46,683,592	1,278,419	-	-	47,962,011
Total capital assets being depreciated	99,269,387	2,935,943	404,372	(44,103)	101,756,855
Less accumulated depreciation for:					
Building and improvements	21,422,261	1,021,557	-	-	22,443,818
Machinery and equipment	9,136,382	878,901	404,372	(44,103)	9,566,808
Infrastructure	20,240,081	1,578,688	-	-	21,818,769
Total accumulated depreciation	50,798,724	3,479,146	404,372	(44,103)	53,829,395
Total capital assets being depreciated, net	48,470,663	(543,203)	-	-	47,927,460
Governmental activities capital assets, net	\$ 52,037,149	\$ (141,928)	\$ 36,177	\$ -	\$ 51,859,044

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

Primary Government	Balance at 12/31/2019	Increase	Decrease	Reclassifications	Balance at 12/31/2020
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 582,812	\$ -	\$ -	\$ -	\$ 582,812
Construction in progress	128,050	799,666	521,146	-	406,570
Total capital assets not being depreciated	710,862	799,666	521,146	-	989,382
Capital assets, being depreciated:					
Building and improvements	30,395,988	100,170	-	-	30,496,158
Machinery and equipment	6,653,845	695,641	267,242	44,103	7,126,347
Infrastructure	48,742,082	1,206,058	-	-	49,948,140
Total capital assets being depreciated	85,791,915	2,001,869	267,242	44,103	87,570,645
Less accumulated depreciation for:					
Building and improvements	13,526,481	631,706	-	-	14,158,187
Machinery and equipment	3,891,166	456,498	267,242	44,103	4,124,525
Infrastructure	18,527,972	1,108,957	-	-	19,636,929
Total accumulated depreciation	35,945,619	2,197,161	267,242	44,103	37,919,641
Total capital assets being depreciated, net	49,846,296	(195,292)	-	-	49,651,004
Business-type activities capital assets, net	<u>\$ 50,557,158</u>	<u>\$ 604,374</u>	<u>\$ 521,146</u>	<u>\$ -</u>	<u>\$ 50,640,386</u>

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

Governmental activities:	
General government	\$ 71,487
Public safety	923,051
Public works	1,967,519
Sanitation and health	837
Industrial promotion	44,425
Culture and recreation	471,649
Social welfare	178
Total depreciation expense - governmental activities	<u>\$ 3,479,146</u>

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

Business-type activities:	
Water/wastewater	\$ 2,044,894
Stormwater	<u>152,267</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,197,161</u></u>

Capital asset activity for the Public Library component unit for the year ended December 31, 2020 was as follows:

	Balance at 12/31/2019	Increase	Decrease	Balance at 12/31/2020
Capital assets, not being depreciated				
Land	\$ 215,415	\$ -	\$ -	\$ 215,415
Total capital assets not being depreciated	<u>215,415</u>	<u>-</u>	<u>-</u>	<u>215,415</u>
Capital assets, being depreciated:				
Building and improvements	3,643,808	-	-	3,643,808
Machinery and equipment	153,517	25,357	(39,168)	218,042
Total capital assets being depreciated	<u>3,797,325</u>	<u>25,357</u>	<u>(39,168)</u>	<u>3,861,850</u>
Less accumulated depreciation for:				
Building and improvements	1,668,263	75,540	-	1,743,803
Machinery and equipment	107,780	34,955	(39,168)	181,903
Total accumulated depreciation	<u>1,776,043</u>	<u>110,495</u>	<u>(39,168)</u>	<u>1,925,706</u>
Total capital assets being depreciated, net	<u>2,021,282</u>	<u>(85,138)</u>	<u>-</u>	<u>1,936,144</u>
Business-type activities capital assets, net	<u><u>\$ 2,236,697</u></u>	<u><u>\$ (85,138)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,151,559</u></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.

Following is a summary of costs to December 31, 2020 for capital projects compared to the amount authorized:

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

	Costs to Date	Amount Authorized
General government:		
General	\$ 114,273	\$ 1,100,000
Airport projects	724,041	799,604
Parks and recreation projects	1,022,827	1,984,791
Road and bridge projects	5,482,554	7,639,000
Wastewater	406,571	2,429,593
	\$ 7,750,266	\$ 13,952,988

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.

General obligation bonds payable at December 31, 2020 are comprised of the following issues:

General Obligation Bonds	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2020	Outstanding December 31, 2020
Governmental activities:					
Series 2012-A	1.00% to 2.00%	\$ 855,000	2022	\$ 90,000	\$ 185,000
Series 2013-A	0.70% to 2.15%	1,420,000	2023	150,000	395,000
Series 2014-A	1.50% to 2.65%	3,398,395	2025	342,895	1,602,440
Series 2016-A	2.00%	5,000,000	2031	300,000	3,800,000
Series 2019-A	2.30% to 5.00%	2,100,000	2029	165,000	1,935,000
				1,047,895	7,917,440
Business-type activities:					
Series 2014-A	1.50% to 2.65%	1,606,605	2025	162,105	757,560
Series 2015-A	3.00%	6,370,000	2030	500,000	4,040,000
				662,105	4,797,560
				\$ 1,710,000	\$ 12,715,000
Special assessment bonds:					
Governmental activities:					
Series 2016-B	2.00% to 3.25%	6,500,000	2037	\$ 270,000	\$ 5,705,000

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

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

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	80,000	160,000
Series 2014-A	176,540	373,450
Series 2016-A	315,000	385,000
Series 2019-A	180,000	250,000
Business-type activities:		
Series 2014-A	83,460	176,550
Series 2015-A	320,000	550,000
Special assessment bonds:		
Governmental activities:		
Series 2016-B	275,000	420,000

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

The future annual requirements for general obligation bonds outstanding as of December 31, 2020 are as follows:

Year	General Obligation Bonds				Special Assessment Bonds	
	Governmental Activities		Business-type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,082,895	\$ 193,236	\$ 677,105	\$ 138,276	\$ 275,000	\$ 150,142
2022	1,118,080	166,343	696,920	119,584	280,000	144,642
2023	961,475	138,548	718,525	100,179	285,000	139,042
2024	913,450	113,168	496,550	79,887	290,000	133,342
2025	726,540	86,918	413,460	65,962	295,000	127,542
2026 - 2030	2,730,000	208,490	1,795,000	164,850	1,600,000	534,240
2031 - 2035	385,000	7,700	-	-	1,850,000	307,202
2036 - 2039	-	-	-	-	830,000	40,625
	<u>\$ 7,917,440</u>	<u>\$ 914,403</u>	<u>\$ 4,797,560</u>	<u>\$ 668,738</u>	<u>\$ 5,705,000</u>	<u>\$ 1,576,777</u>

CITY OF PITTSBURG, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(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 \$ 793,916 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, 2020 are as follows:

Year	Principal	Interest
2021	\$ 65,926	\$ 20,061
2022	67,805	18,348
2023	69,737	16,586
2024	71,725	14,774
2025	73,769	12,911
2026 - 2030	401,603	34,687
2031 - 2035	43,351	559
	\$ 793,916	\$ 117,926

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, 2020, the City has drawn \$ 4,447,522 on this loan. During the fiscal year, the City was granted a principal forgiveness on this loan by the Kansas Department of Health and Environment in the amount of \$155,016. The outstanding balance of \$ 1,526,260 is shown as a liability in the water/wastewater fund. The debt service requirements to the maturity date will not be determinable until the final draws have been made.

The City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas 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 \$ 428,210 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, 2020 are as follows:

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

Year	Principal	Interest
2021	\$ 24,856	\$ 9,032
2022	25,479	8,496
2023	26,117	7,948
2024	26,771	7,385
2025	27,442	6,809
2026 - 2030	147,875	24,878
2031 - 2035	149,670	8,139
	\$ 428,210	\$ 72,687

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 2020 principal and interest for the revenue bonds was \$ 136,840 and the pledged revenues recognized for 2020 was \$ 122,643. The bonds are considered a special, limited obligation of the City secured by a pledge of the sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit.

The future annual requirements for Transportation Development District Sales Tax Revenue bonds outstanding as of December 31, 2020 are as follows:

	Principal	Interest	Total
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	110,000	15,120	125,120
2026 - 2030	235,000	13,200	248,200
	\$ 705,000	\$ 135,600	\$ 840,600

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.

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

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 2020 principal and interest for the revenue bonds was \$ 558,245 and the pledged revenues recognized for 2020 was \$ 670,818. The bonds are considered a special, limited obligation of the City, secured by a pledge of and lien on the incremental increase in ad valorem tax and certain sales tax revenues. The bonds are not a general obligation of the City nor do they go against the City's debt limit.

The future annual requirements for TIF Revenue bonds outstanding as of December 31, 2020 are as follows:

	Principal	Interest	Total
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>\$ 1,775,000</u>	<u>\$ 152,022</u>	<u>\$ 1,927,022</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)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 8,965,335	\$ -	\$ 1,047,895	7,917,440	\$ 1,082,895
Less bond discount	(29,353)	-	(7,339)	(22,014)	-
Plus bond premium	247,749	-	27,695	220,054	-
Net general obligation bonds	9,183,731	-	1,068,251	8,115,480	1,082,895
Special assessment bonds	5,975,000	-	270,000	5,705,000	275,000
Plus bond premium	33,335	-	1,961	31,374	-
Net special assessment bonds	6,008,335	-	271,961	5,736,374	275,000
Transportation development district sales tax revenue bonds - direct borrowing	805,000	-	100,000	705,000	80,000
Special obligation tax increment revenue bonds - direct borrowing	2,235,000	-	460,000	1,775,000	495,000
Capital leases payable - direct borrowing	946,539	1,526,906	591,412	1,882,033	550,278
Total OPEB liability	1,197,235	-	110,161	1,087,074	-
Total OPEB liability - KPERS	105,818	8,499	-	114,317	-
Net pension liability	11,511,206	2,252,425	-	13,763,631	-
Compensated absences	730,721	705,773	753,106	683,388	683,388
	17,531,519	4,493,603	2,014,679	20,010,443	1,808,666
Governmental activities long-term liabilities	\$ 32,723,585	\$ 4,493,603	\$ 3,354,891	\$ 33,862,297	\$ 3,166,561

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

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 5,459,665	\$ -	\$ 662,105	\$ 4,797,560	\$ 677,105
Plus bond premium	265,470	-	24,134	241,336	-
Net general obligation bonds	5,725,135	-	686,239	5,038,896	677,105
Construction loans payable - direct borrowing	3,190,598	3,876	446,088	2,748,386	299,304
Capital leases payable - direct borrowing	428,551	434,438	191,645	671,344	190,742
Total OPEB liability	262,230	-	23,020	239,210	-
Total OPEB liability - KPERS	19,391	3,392	-	22,783	-
Net pension liability	695,106	310,105	-	1,005,211	-
Compensated absences	132,916	158,811	139,788	151,939	151,939
Business-type activity long- term liabilities	<u>\$ 10,453,927</u>	<u>\$ 910,622</u>	<u>\$ 1,486,780</u>	<u>\$ 9,877,769</u>	<u>\$ 1,319,090</u>
Component unit activities:					
Total OPEB liability	\$ 56,368	\$ -	\$ 6,606	\$ 49,762	\$ -
Total OPEB liability - KPERS	9,454	899	-	10,353	-
Net pension liability	321,158	82,209	-	403,367	-
Compensated absences	28,217	30,181	15,229	43,169	15,942
Component unit activity long-term liabilities	<u>\$ 415,197</u>	<u>\$ 113,289</u>	<u>\$ 21,835</u>	<u>\$ 506,651</u>	<u>\$ 15,942</u>

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

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, 2020, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of \$ 18,643,331.

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

Capital Lease Agreements

The City entered into various capital lease agreements for the acquisition of certain equipment in the amount of \$ 4,111,819. The annual debt service requirements to service the outstanding capital leases payable at December 31, 2020 are as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 550,278	\$ 37,544	\$ 190,742	\$ 13,005
2022	561,291	26,532	194,485	9,261
2023	526,117	15,282	198,317	5,430
2024	244,347	5,158	87,800	1,509
	<u>\$ 1,882,033</u>	<u>\$ 84,516</u>	<u>\$ 671,344</u>	<u>\$ 29,205</u>

11 - Bond Anticipation Notes Payable

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

Bond anticipation note activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond anticipation notes:				
Governmental activities	<u>\$ -</u>	<u>\$ 819,000</u>	<u>\$ -</u>	<u>\$ 819,000</u>
<u>Issue</u>		<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Series 2020-1		\$ 819,000	1.3%	6/1/2021

12 - 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:

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

- 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).

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 was created for new hires starting January 1, 2015. 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.

CITY OF PITTSBURG, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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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.

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, 2020.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for KPERS and 21.93% for KP&F for the year ended December 31, 2020. Contributions to the Pension Plan from the City were \$ 552,871 for KPERS and \$ 861,851 for KP&F for the year ended December 31, 2020.

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

At December 31, 2020, the City reported a liability of \$ 14,768,842 and the Library reported a liability of \$ 403,367 for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

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

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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, 2020. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020 the City's proportion for KPERS was .351%, which was an decrease of .002% from its proportion measured as of June 30, 2019. At June 30, 2020, the City's proportion for KP&F was .737%, which was a decrease of .013% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$ 755,766 for KPERS and \$ 1,485,177 for KP&F. The Library's portion of the KPERS pension expense was \$ 35,789. At December 31, 2020, 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	\$ 360,247	\$ 73,772
Net difference between projected and actual earnings on pension plan investments	1,544,685	-
Changes in assumptions	970,549	-
Changes in proportionate share	46,287	435,635
Contributions subsequent to measurement date	687,998	-
Total	<u>\$ 3,609,766</u>	<u>\$ 509,407</u>
	Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,925	\$ 4,502
Net difference between projected and actual earnings on pension plan investments	48,390	-
Changes in assumptions	24,982	-
Changes in proportionate share	2,128	3,171
Contributions subsequent to measurement date	18,671	-
Total	<u>\$ 101,096</u>	<u>\$ 7,673</u>

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The \$ 687,998 for the City and the \$ 18,671 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, 2021. 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
2021	\$ 571,722	\$ 15,238
2022	639,738	20,148
2023	624,026	20,399
2024	556,115	18,244
2025	20,760	723
Total	<u>\$ 2,412,361</u>	<u>\$ 74,752</u>

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2019 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	3.25 to 11.75 percent
Long-term rate of return net of investment expense, and including price inflation	7.50 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.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study which covered the three-year period of January 1, 2016 through December 31, 2018. The experience study is date January 7, 2020.

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 January 7, 2020 are summarized in the following table:

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Asset Class	Long-Term Target Allocation	Long-Term Expected Rate of Return
U.S. Equities	23.5%	5.20%
Non-U.S. Equities	23.5%	6.40%
Private Equity	8%	9.50%
Private Real Estate	11%	4.45%
Yield Driven	8%	4.70%
Real Return	11%	3.25%
Fixed Income	11%	1.55%
Short-term investments	4%	0.25%
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.50%. 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.

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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

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

	City		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
KPERS	\$ 8,001,071	\$ 5,685,000	\$ 3,737,789
KP&F	12,432,984	9,083,842	6,286,829
Total	<u>\$ 20,434,055</u>	<u>\$ 14,768,842</u>	<u>\$ 10,024,618</u>

	Library		
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
KPERS	<u>\$ 567,699</u>	<u>\$ 403,367</u>	<u>\$ 265,207</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.

13 - 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 2020, the City did not contribute to the Plan.

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At December 31, 2020, Plan membership consisted of the following:

Active employees	194
Retirees and covered spouses	8
	<u>202</u>

The total OPEB liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020. Changes in the total OPEB liability are as follows:

	City	Library	Total
Balance at 1/1/2020	\$ 1,459,465	\$ 56,368	\$ 1,515,833
Service cost	89,057	4,418	93,475
Interest	50,058	2,483	52,541
Benefit payments	4,555	226	4,781
Changes in assumptions	(326,233)	(16,182)	(342,415)
Differences between expected and actual experience	49,382	2,449	51,831
	<u>\$ 1,326,284</u>	<u>\$ 49,762</u>	<u>\$ 1,376,046</u>
Balance at 12/31/2020			

The total OPEB liability in the December 31, 2020 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, 2020
Actuarial cost method	Entry age normal as a level percentage of payroll
Inflation rate	2.50%
Salary increases	2.75%
Discount rate	1.93%
Healthcare cost trend rates	8% for 2020, decreasing 0.50% per year to an ultimate rate of 4.50% for 2027 and later years
Current rate	8.00%
Ultimate rate	4.50%
Year ultimate rate is reached	2027

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

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

CITY OF PITTSBURG, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
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Changes and items of impact relative from the beginning to the end of year measurement were as follows:

1. Discount rate was decreased from 3.26% to 1.93%.
2. 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 or 1-percentage-point higher than the current discount rate:

	City		
	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total OPEB liability - City	\$ 1,478,368	\$ 1,326,284	\$ 1,189,724
Total OPEB liability - Library	55,468	49,762	44,638

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	\$ 1,141,475	\$ 1,326,284	\$ 1,550,741
Total OPEB liability - Library	42,828	49,762	58,183

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$ 68,693. At December 31, 2020, 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	\$ 47,853	\$ 74,742	\$ 2,331	\$ 3,707
Differences between expected and actual experience	-	534,092	-	27,990
	<u>\$ 47,853</u>	<u>\$ 608,834</u>	<u>\$ 2,331</u>	<u>\$ 31,697</u>

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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
2021	\$ (73,663)	\$ (3,660)
2022	(73,663)	(3,660)
2023	(73,663)	(3,660)
2024	(73,663)	(3,660)
2025	(73,663)	(3,660)
Thereafter	(192,666)	(11,066)
Total	<u>\$ (560,981)</u>	<u>\$ (29,366)</u>

Disability Benefits and Life Insurance

The City and the Library participate in an agent 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, 2020 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.

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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, 2019, the following employees were covered by the benefit terms.

Active employees	158
Disabled members	-
	<u>158</u>

The total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation performed as of December 31, 2019.

	City	Library	Total
Balances at 1/1/2020	\$ 125,209	\$ 9,454	\$ 134,663
Service cost	22,693	1,716	24,409
Interest	5,176	391	5,567
Effect of economic/demographic gains or losses	(25,898)	(1,959)	(27,857)
Changes of assumptions/methodology	9,920	751	10,671
	<u>\$ 137,100</u>	<u>\$ 10,353</u>	<u>\$ 147,453</u>
Balances at 12/31/2020	<u>\$ 137,100</u>	<u>\$ 10,353</u>	<u>\$ 147,453</u>

The total OPEB liability in the December 31, 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	December 31, 2019
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	2.21%
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-2020

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

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.

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 (2.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability - City	\$ 141,495	\$ 137,100	\$ 131,909
Total OPEB liability - Library	10,685	10,353	9,961

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability - City	\$ 137,100	\$ 137,100	\$ 137,100
Total OPEB liability - Library	10,353	10,353	10,353

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For the year ended December 31, 2020, the City recognized OPEB expense of \$ 22,483. At December 31, 2020, 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	\$ -	\$ 59,023	\$ -	\$ 4,571
Changes in assumptions	10,495	3,513	796	272
Contributions subsequent to measurement date	29,592	-	2,243	-
	<u>\$ 40,087</u>	<u>\$ 62,536</u>	<u>\$ 3,039</u>	<u>\$ 4,843</u>

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 29,592 for the City and \$ 2,243 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, 2021. 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
2021	\$ (6,953)	\$ (541)
2022	(6,953)	(541)
2023	(6,953)	(541)
2024	(6,953)	(541)
2025	(6,953)	(541)
Thereafter	(17,276)	(1,342)
Total	<u>\$ (52,041)</u>	<u>\$ (4,047)</u>

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Aggregate Other Postemployment Healthcare Benefit Information

The aggregate amount of OPEB expenses for the two OPEB plans for the year ended December 31, 2020 was \$ 91,176 for the City.

	Balances at December 31, 2020		
	Health Insurance	Disability Benefits and Life Insurance	Total
City:			
Total OPEB liability	\$ 1,326,284	\$ 137,100	\$ 1,463,384
Total deferred outflows of resources	47,853	40,087	87,940
Total deferred inflows of resources	608,834	62,536	671,370
Library:			
Total OPEB liability	49,762	10,353	60,115
Total deferred outflows of resources	2,331	3,039	5,370
Total deferred inflows of resources	31,697	4,843	36,540

14 - Risk Management

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

Group Hospitalization. The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$ 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 \$ 5,889 reported at December 31, 2020 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.

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The changes in health care claims payable for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Unpaid claims, January 1	\$ 18,937	\$ 14,589
Incurred claims (including IBNRs)	1,235,285	1,181,547
Claim payments	(1,248,333)	(1,177,199)
Unpaid claims, December 31	<u>\$ 5,889</u>	<u>\$ 18,937</u>

15 - 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, 2020, consisted of the following:

Fund	Transfers In	Transfers Out
Major governmental funds:		
General	\$ 1,594,320	\$ 363,218
Capital projects	136,218	185,623
Debt service	212,623	-
Street and highway	250,000	-
Revolving loan fund	-	25,000
Nonmajor governmental funds	50,000	119,320
Major proprietary funds:		
Water/wastewater	-	1,550,000
	<u>\$ 2,243,161</u>	<u>\$ 2,243,161</u>

Transfers are used to (1) move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (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.

16 - Commitments and Contingencies - Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to 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

CITY OF PITTSBURG, KANSAS
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expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2020, the City's encumbrances were recorded as follows:

General fund	\$ 93,742
Street and highway fund	270,214
Water/Wastewater fund	73,811
Stormwater fund	34,788
Public library	40,000
	<hr/>
Total encumbrances	<u>\$ 512,555</u>

17 - Contingencies

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

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.

18 - Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with five entities as of December 31, 2020:

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<u>Entity</u>	<u>Amount of Taxes Abated During the Fiscal Year</u>
Millers, Inc.	\$ 133,854
Rallison, LP	4,977
La Quinta Inn & Suites	54,114
Kendall Packaging Corporation	29,498
Pinamonti Physical Therapy, PA	40,924
Total	<u>\$ 263,367</u>

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

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.

19 - Subsequent Events

The City has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements are available to be issued.

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 Six Fiscal Years¹

	2020	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability:						
KPERS	0.351%	0.353%	0.352%	0.357%	0.349%	0.355%
KP&F	0.737%	0.750%	0.777%	0.819%	0.822%	0.799%
City's proportionate share of the collective net pension liability	\$ 15,172,209	\$ 12,527,470	\$ 12,387,128	\$ 12,849,413	\$ 13,043,469	\$ 10,471,737
City's covered payroll	\$ 10,580,091	\$ 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	143%	119%	122%	129%	129%	112%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	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 Six Fiscal Years¹

	2020	2019	2018	2017	2016	2015
KPERS contractually required contribution	\$ 552,871	\$ 586,773	\$ 533,338	\$ 525,818	\$ 552,205	\$ 583,953
KP&F contractually required contribution	861,851	911,891	795,471	744,524	893,395	959,523
Contributions in relation to the contractually required contribution	(1,414,722)	(1,498,664)	(1,328,809)	(1,270,342)	(1,445,600)	(1,543,476)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 10,351,298	\$ 10,720,980	\$ 10,316,358	\$ 10,127,727	\$ 9,954,433	\$ 10,133,030
Contributions as a percentage of covered payroll	13.67%	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 Four Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability				
Service cost	\$ 93,475	\$ 89,327	\$ 119,636	\$ 101,402
Interest	52,541	55,069	58,337	61,974
Benefit paid	4,781	(104,260)	(64,261)	(108,229)
Difference between expected and actual experience	(342,415)	(327,940)	-	-
Changes in assumptions	<u>51,831</u>	<u>(100,181)</u>	<u>5,856</u>	<u>-</u>
Net change in total OPEB liability	(139,787)	(387,985)	119,568	55,147
Total OPEB liability--beginning	<u>1,515,833</u>	<u>1,903,818</u>	<u>1,784,250</u>	<u>1,729,103</u>
Total OPEB liability--ending	<u><u>\$1,376,046</u></u>	<u><u>\$1,515,833</u></u>	<u><u>\$1,903,818</u></u>	<u><u>\$1,784,250</u></u>
Covered payroll	\$8,493,758	\$8,468,953	\$8,812,378	\$8,812,378
City's total OPEB liability as a percentage of covered payroll	16.20%	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 Three Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 24,409	\$ 22,769	\$ 22,566
Interest	5,567	5,920	5,444
Difference between expected and actual experience	(27,857)	(26,366)	(25,504)
Changes in assumptions	<u>10,671</u>	<u>2,140</u>	<u>(1,799)</u>
Net change in total OPEB liability	12,790	4,463	707
Total OPEB liability, beginning	<u>134,663</u>	<u>130,200</u>	<u>129,493</u>
Total OPEB liability, ending	<u><u>\$ 147,453</u></u>	<u><u>\$ 134,663</u></u>	<u><u>\$ 130,200</u></u>
Covered payroll	\$ 6,437,606	\$ 6,228,174	\$ 6,077,814
Total OPEB liability as a percentage of covered-employee payroll	2.29%	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 and Drug Fund – to account for alcohol and drug rehabilitation programs. Financing is through the State of Kansas’s 10% tax on the sale of liquor. One-third of the liquor tax proceeds is returned to the cities in which the tax is collected to be used to finance alcohol and drug rehabilitation programs.

PHA/Presbyterian Church Housing Fund – to account for funds which must be used to promote the expansion of the supply of low- and moderate-income housing in the City and in Crawford County, Kansas.

Section 8 Fund – to account for federal grants under the Department of Housing and Urban Development (HUD) Program.

Community Development Block Grant Fund – to account for federal grants under the HUD Community Development Block Grant Program (CDBGP).

CDBG Coronavirus Response Fund – to account for supplemental funding made available by the CARES Act through the Community Development Block Grant (CDBG) from the Department of Housing and Urban 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.

COVID Spark Fund – to account for Coronavirus Relief Fund (CRF) monies distributed by the State of Kansas through Crawford County to address medical or public health needs related to the pandemic.

CITY OF PITTSBURG, KANSAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020

	Special Revenue											Total
	Special Parks and Recreation	Special Alcohol and Drug	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grant	CDBG Coronavirus Response	CDBG TBRA Grants	Demolition	Land Bank	Northgate CID	COVID Spark	Nonmajor Governmental Funds
<u>ASSETS</u>												
Cash and cash equivalents	\$ -	\$ 38,990	\$ 538,412	\$ 51,461	\$ -	\$ -	\$ 1,578	\$ 130,976	\$ 35,871	\$ -	\$ 5,965	\$ 803,253
Receivables (net of allowance for uncollectibles):												
Taxes	-	-	-	-	-	-	-	-	-	19,068	-	19,068
Accounts	-	-	47,830	-	-	-	-	-	-	-	-	47,830
Intergovernmental	-	-	-	-	20,346	-	-	-	-	-	-	20,346
Loans receivable	-	-	51,044	-	-	-	-	-	-	-	-	51,044
Total assets	\$ -	\$ 38,990	\$ 637,286	\$ 51,461	\$ 20,346	\$ -	\$ 1,578	\$ 130,976	\$ 35,871	\$ 19,068	\$ 5,965	\$ 941,541
<u>LIABILITIES AND FUND BALANCES</u>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ 654	\$ 1,500	\$ -	\$ -	\$ 162	\$ -	\$ -	\$ -	\$ 2,316
Accrued payroll	-	-	-	3,912	1,467	-	-	-	-	-	-	5,379
Due to other funds	-	-	-	-	2,679	-	-	-	-	-	-	2,679
Other	-	-	-	-	-	-	-	-	-	19,068	-	19,068
Total liabilities	-	-	-	4,566	5,646	-	-	162	-	19,068	-	29,442
Fund balances:												
Restricted:												
Housing	-	-	637,286	46,895	14,700	-	1,578	-	-	-	-	700,459
Other	-	38,990	-	-	-	-	-	130,814	35,871	-	5,965	211,640
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	38,990	637,286	46,895	14,700	-	1,578	130,814	35,871	-	5,965	912,099
Total liabilities and fund balances	\$ -	\$ 38,990	\$ 637,286	\$ 51,461	\$ 20,346	\$ -	\$ 1,578	\$ 130,976	\$ 35,871	\$ 19,068	\$ 5,965	\$ 941,541

CITY OF PITTSBURG, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	Special Parks and Recreation	Special Alcohol and Drug	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grant	CDBG Coronavirus Response	CDBG TBRA Grants	Demolition	Land Bank	Northgate CID	COVID Spark	Total Nonmajor Governmental Funds
Revenues:												
Intergovernmental	\$94,320	\$ 94,320	\$ -	\$ 1,657,581	\$ 188,501	\$ 156,857	\$74,960	\$ -	\$ -	\$ -	\$ 101,278	\$ 2,367,817
Investment earnings	-	-	2,761	172	-	-	-	258	76	-	-	3,267
Miscellaneous	-	-	-	2,821	-	-	14	-	19,858	-	-	22,693
Total revenues	94,320	94,320	2,761	1,660,574	188,501	156,857	74,974	258	19,934	-	101,278	2,393,777
Expenditures:												
Current:												
Sanitation and health	-	86,084	-	-	-	-	-	-	-	-	-	86,084
Economic development	-	-	-	-	-	-	-	4,182	11,255	3,803	-	19,240
Social welfare	-	-	39	1,613,033	174,312	156,857	74,981	-	-	-	95,313	2,114,535
Capital outlay	-	-	-	6,400	-	-	-	5,544	-	-	-	11,944
Total expenditures	-	86,084	39	1,619,433	174,312	156,857	74,981	9,726	11,255	3,803	95,313	2,231,803
Excess (deficiency) of revenues over (under) expenditures	94,320	8,236	2,722	41,141	14,189	-	(7)	(9,468)	8,679	(3,803)	5,965	161,974
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	50,000	-	-	-	50,000
Transfers out	(94,320)	-	(25,000)	-	-	-	-	-	-	-	-	(119,320)
Total other financing sources (uses)	(94,320)	-	(25,000)	-	-	-	-	50,000	-	-	-	(69,320)
Net change in fund balances	-	8,236	(22,278)	41,141	14,189	-	(7)	40,532	8,679	(3,803)	5,965	92,654
Fund balances, beginning of year	-	30,754	659,564	5,754	511	-	1,585	90,282	27,192	3,803	-	819,445
Fund balances, end of year	\$ -	\$ 38,990	\$ 637,286	\$ 46,895	\$ 14,700	\$ -	\$ 1,578	\$ 130,814	\$ 35,871	\$ -	\$ 5,965	\$ 912,099

CITY OF PITTSBURG, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - NON-GAAP BASIS
SPECIAL PARKS AND RECREATION FUND
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 94,320	\$ (15,680)
Total revenues	110,000	110,000	94,320	(15,680)
Other financing sources:				
Transfer out	110,000	110,000	(94,320)	15,680
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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 94,320	\$ (15,680)
	110,000	110,000	94,320	(15,680)
Expenditures:				
Administration	93,000	93,000	83,000	10,000
Police D.A.R.E.	23,000	23,000	3,084	19,916
Operating reserves	24,981	24,981	-	24,981
Total expenditures	140,981	140,981	86,084	54,897
Net change in fund balance	(30,981)	(30,981)	8,236	39,217
Fund balance, beginning of year	30,981	30,981	30,754	(227)
Fund balance, end of year	\$ -	\$ -	\$ 38,990	\$ 38,990

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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,557,585	\$ 1,644,095	\$ 1,657,581	\$ 13,486
Investment earnings	250	175	172	(3)
Miscellaneous	5,500	2,900	2,821	(79)
	<u>1,563,335</u>	<u>1,647,170</u>	<u>1,660,574</u>	<u>13,404</u>
Expenditures:				
Personnel services	142,449	142,449	151,518	(9,069)
Contractual services	1,416,612	1,500,447	1,447,968	52,479
Commodities	6,931	6,931	12,849	(5,918)
Capital outlay	-	-	6,400	(6,400)
Operating reserves	173	173	-	173
	<u>1,566,165</u>	<u>1,650,000</u>	<u>1,618,735</u>	<u>31,265</u>
Total expenditures				
	<u>1,566,165</u>	<u>1,650,000</u>	<u>1,618,735</u>	<u>31,265</u>
Net change in fund balance	(2,830)	(2,830)	41,839	44,669
Fund balance, beginning of year	2,830	2,830	8,968	6,138
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,807</u>	<u>\$ 50,807</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, 2020

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,309,316	\$ 1,309,316	\$ 1,252,223	\$ (57,093)
Special assessments	460,000	460,000	432,692	(27,308)
Investment earnings	20,000	20,000	13,046	(6,954)
Miscellaneous	20,296	20,296	-	(20,296)
	<u>1,809,612</u>	<u>1,809,612</u>	<u>1,697,961</u>	<u>(111,651)</u>
Expenditures:				
Principal	2,806,411	2,806,411	2,824,173	(17,762)
Interest	768,391	768,391	759,847	8,544
Operating reserves	921,079	921,079	-	921,079
	<u>4,495,881</u>	<u>4,495,881</u>	<u>3,584,020</u>	<u>911,861</u>
Excess (deficiency) of revenues over (under) expenditures	(2,686,269)	(2,686,269)	(1,886,059)	800,210
Other financing sources:				
Transfers in	<u>1,868,986</u>	<u>1,868,986</u>	<u>2,072,028</u>	<u>203,042</u>
Net change in fund balance	(817,283)	(817,283)	185,969	1,003,252
Fund balance, beginning of year	<u>817,283</u>	<u>817,283</u>	<u>901,542</u>	<u>84,259</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,087,511</u>	<u>\$ 1,087,511</u>

CITY OF PITTSBURG, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
December 31, 2020

ASSETS

Cash and cash equivalents	\$ 749,692
Taxes receivable	811,528
Prepaid items	<u>5,663</u>
Total assets	<u><u>\$ 1,566,883</u></u>

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES

Liabilities:	
Accounts payable	\$ 1,453
Accrued payroll	<u>16,523</u>
Total liabilities	<u>17,976</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	<u>811,528</u>
Fund balances:	
Nonspendable:	
Not in spendable form	5,663
Assigned	<u>731,716</u>
Total fund balances	<u>737,379</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,566,883</u></u>

CITY OF PITTSBURG, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
Year Ended December 31, 2020

Revenues:	
Taxes	\$ 884,150
Fines and fees	1,796
Investment earnings	5,617
Miscellaneous	<u>215,866</u>
Total revenues	<u>1,107,429</u>
Expenditures:	
Current:	
Education	<u>978,347</u>
Total expenditures	<u>978,347</u>
Net change in fund balances	129,082
Fund balances, beginning of year	<u>608,297</u>
Fund balances, end of year	<u><u>\$ 737,379</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.

Contents

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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. 88 - 91

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. 92 - 100

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. 101 - 105

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. 106 - 107

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. 108 - 110

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets										
Restricted	\$ 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	\$ 33,645,157
Unrestricted	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	13,608,484
	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)	724,778
Total governmental activities net position	\$ 35,656,514	\$ 37,063,290	\$ 36,752,202	\$ 41,056,179	\$ 35,980,926	\$ 39,069,398	\$ 34,760,896	\$ 36,528,937	\$ 45,624,901	\$ 47,978,419
Business-type activities										
Net investment in capital assets										
Unrestricted	\$ 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	\$ 42,181,760
	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	4,644,082
Total business-type activities net position	\$ 32,437,544	\$ 32,928,281	\$ 32,940,833	\$ 33,323,392	\$ 35,026,256	\$ 36,119,422	\$ 43,698,458	\$ 44,746,140	\$ 45,887,374	\$ 46,825,842
Primary government										
Net investment in capital assets										
Restricted	\$ 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	\$ 75,826,917
Unrestricted	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	13,608,484
	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	5,368,860
Total primary government net position	\$ 68,094,058	\$ 69,991,571	\$ 69,693,035	\$ 74,379,571	\$ 71,007,182	\$ 75,188,820	\$ 78,459,354	\$ 81,275,077	\$ 91,512,275	\$ 94,804,261

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,490,317
Public safety	6,299,446	6,667,942	6,871,779	7,689,357	8,386,332	8,669,238	8,945,264	8,908,637	9,260,971	8,771,582
Public works	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	4,043,650
Sanitation and health	159,171	170,180	161,315	160,574	157,904	165,314	170,443	203,076	209,768	154,301
Culture and recreation	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	2,077,902
Industrial promotion	675,027	615,680	2,496,209	1,526,378	1,667,559	981,068	1,813,667	2,050,712	755,760	883,682
Economic development	36,187	36,187	137,119	70,061	87,670	35,878	6,306,088	148,081	260,836	59,862
Social welfare	1,661,078	1,506,020	1,620,300	1,482,944	1,760,555	1,803,091	1,715,860	1,772,291	1,775,831	2,114,027
Interest on long-term debt	1,172,414	1,245,026	984,191	809,605	697,179	824,065	643,577	572,765	663,463	575,209
Total governmental expenses	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	24,170,532
Business-type activities:										
Water/wastewater	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	6,273,694
Stormwater	817,326	678,899	710,254	622,936	621,388	588,850	560,282	588,843	643,446	798,286
Total business-type activities expenses	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	7,071,980
Total primary government expenses	\$ 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	\$ 31,242,512
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,257,293	\$ 1,310,417	\$ 1,178,192	\$ 872,883	\$ 998,382	\$ 1,014,900	\$ 961,705	\$ 895,885	\$ 1,245,824	\$ 1,230,736
Public safety	-	-	-	-	-	-	2,069	823,390	432,481	281,588
Public works	914,790	989,594	966,929	903,934	743,700	676,310	690,791	219,695	727,097	518,988
Industrial promotion	329,758	380,974	390,500	220,146	218,933	270,156	536,648	545,829	183,541	205,336
Other activities	557,694	594,893	570,848	524,786	543,441	518,249	153,006	965,543	496,978	271,660
Operating grants and contributions	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	2,936,163
Capital grants and contributions	797,414	152,815	656,148	3,855,619	4,268,203	3,334,419	3,955,343	-	1,116,350	860,725
Total governmental activities program revenues	6,445,202	5,972,300	6,219,611	7,784,013	8,113,714	7,092,610	7,165,498	7,501,493	6,798,843	6,305,196
Business-type activities:										
Charges for services:										
Water/wastewater	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	8,685,550
Stormwater	746,273	774,610	782,531	778,950	801,867	823,722	814,904	833,671	853,994	855,651
Operating grants and contributions	54,903	-	-	-	-	-	-	-	28,754	-
Capital grants and contributions	1,217,250	-	72,927	445,697	2,649,087	41,080	6,354,177	4,536	-	-
Total business-type activities program revenues	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	9,541,201
Total primary government program revenues	\$ 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	\$ 15,846,397
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (17,865,336)
Business-type activities	2,780,006	1,504,369	1,322,035	1,953,215	4,218,041	2,259,256	8,771,313	2,419,958	2,531,613	2,469,221
Total primary government net expense	\$ (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)	\$ (15,396,115)
General Revenues and other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 6,989,489
Sales taxes	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	9,591,694
Franchise taxes	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	1,797,503
Investment earnings	21,488	15,791	10,476	7,595	10,921	26,016	102,715	233,093	321,325	98,485
Miscellaneous	-	-	-	204,718	586,532	488,411	803,660	704,820	268,877	191,683
Transfers	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	1,550,000
Total governmental activities	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	20,218,854
Business-type activities										
Investment earnings	3,399	1,990	1,157	828	907	4,941	41,504	66,149	77,620	19,247
Transfers	(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)	(1,550,000)
Total business-type activities	(459,964)	(1,013,632)	(1,287,831)	(1,407,561)	(1,682,069)	(1,166,090)	(1,126,317)	(1,354,147)	(1,390,379)	(1,530,753)
Total primary government	\$ 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	\$ 18,688,101
Change in Net Position										
Governmental activities	\$ 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	\$ 2,353,518
Business-type activities	2,320,042	490,737	34,204	545,654	2,535,972	1,093,166	7,644,996	1,065,811	1,141,234	938,468
Total primary government	\$ 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	\$ 3,291,986

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

	<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>2020</u>
General Fund										
Nonspendable	\$ 97,793	\$ 98,389	\$ 104,178	\$ 90,753	\$ 83,747	\$ 79,189	\$ 84,368	\$ 101,844	\$ 104,723	\$ 110,714
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	62,068	95,929	31,050	491,723	52,635	140,307	24,778	110,956	23,873	93,742
Unassigned	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	8,725,067
Total general fund	\$ 4,530,766	\$ 4,475,706	\$ 4,458,802	\$ 5,150,705	\$ 4,266,640	\$ 4,724,137	\$ 5,508,979	\$ 6,287,036	\$ 7,189,682	\$ 8,929,523
All Other Governmental Funds										
Nonspendable	\$ 4,396	\$ 4,505	\$ 8,048	\$ 8,077	\$ 7,498	\$ 7,154	\$ 6,846	\$ 8,281	\$ 6,609	\$ 7,414
Restricted	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	6,767,991
Assigned	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	5,131,620
Unassigned	(353,284)	-	-	-	-	(5,981)	-	-	-	-
Total all other governmental funds	\$ 9,752,819	\$ 11,349,725	\$ 9,567,408	\$ 10,729,325	\$ 9,789,461	\$ 21,313,575	\$ 13,784,491	\$ 10,534,628	\$ 10,808,163	\$ 11,907,025

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 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	\$ 18,378,686
Licenses and permits	162,257	193,797	177,002	220,146	218,933	270,156	153,006	219,695	150,150	192,078
Intergovernmental	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	3,748,032
Charges for services	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	1,782,945
Fines and forfeitures	431,301	477,897	395,412	404,985	440,437	427,402	369,316	321,625	382,358	266,712
Special assessments	59,375	65,723	79,853	60,492	86,237	60,470	57,341	490,899	482,411	451,980
Investment earnings	21,488	15,791	10,476	7,595	26,016	102,715	102,715	233,093	321,325	98,485
Lease income	445,966	473,120	477,201	455,573	435,687	325,931	301,926	239,471	183,541	205,336
Miscellaneous	221,145	224,033	333,960	204,718	830,947	488,411	776,114	747,291	453,985	289,853
Total revenues	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	25,414,107
Expenditures										
General government	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	4,434,791
Public safety	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	7,737,398
Public works	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	2,435,541
Sanitation and health	157,824	160,295	157,626	159,189	157,174	158,228	169,187	198,801	208,941	153,546
Economic development	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	19,240
Culture and recreation	676,439	628,199	2,273,568	1,490,191	1,677,501	944,718	1,893,042	2,036,343	1,954,134	1,543,301
Industrial promotion	-	-	100,932	159,481	87,670	35,878	1,771,053	100,840	755,756	889,042
Social welfare	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	2,114,535
Capital outlay	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	3,292,616
Debt service principal	2,855,994	2,669,028	4,170,782	4,488,892	4,124,389	3,516,895	3,807,327	2,185,651	2,389,025	2,469,307
Debt service interest	1,111,344	1,154,822	929,887	776,781	713,974	551,880	653,748	555,158	562,143	538,353
Debt issuance costs	21,411	46,089	68,533	118,202	12,894	259,557	10,050	40,174	120,749	24,640
Total expenditures	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	25,652,310
Excess of revenues over (under) expenditures	(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)	(238,203)
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	-
Bond anticipation notes issued	-	1,144,743	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	244,415	156,748	152,942	219,188	179,467	1,526,906
Transfers in	3,436,406	3,284,962	3,752,132	4,320,102	5,465,416	4,410,292	4,371,099	1,941,914	2,019,503	2,243,161
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)	(551,504)	(693,161)
Total other financing sources (uses)	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	3,076,906
Net change in fund balances	\$ (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	\$ 2,838,703
Debt service as a percentage of noncapital expenditures	20.90%	19.76%	22.97%	23.22%	20.49%	19.22%	18.95%	11.82%	13.16%	13.56%

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 I.D.D. (1)</u>	<u>Additional in Northgate Plaza C.I.D. (6)</u>
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
2020	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. Additional one quarter percent effective October 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>
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
2020	244,729,107	50,986,420	23,994,835	10,488,456	11,753,837	22,905,532	4,772,300	4,535,990	36,983	374,203,460

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>
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%	1.71%	14.16%	100.00%
2020	65.40%	13.63%	6.41%	2.80%	3.14%	6.12%	1.28%	1.21%	0.01%	100.00%

Source: Kansas Department of Revenue

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

Fiscal Year 2020

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 89,369,667	23.88%
B	Retail Trade	33,706,000	9.01%
C	Utility	18,203,733	4.86%
D	Retail Trade	14,594,667	3.90%
E	Retail Trade	8,820,600	2.36%
F	Retail Trade	6,240,800	1.67%
G	Retail Trade	5,890,800	1.57%
H	Utility	5,697,867	1.52%
I	Food Services	5,254,400	1.40%
J	Retail Trade	4,455,733	1.19%
Subtotal (10 largest)		192,234,267	51.37%
Balance from other payers		181,969,193	48.63%
Grand totals		\$ 374,203,460	100.00%

Fiscal Year 2011

<u>Business</u>	<u>Category</u>	<u>Taxable Sales</u>	<u>%</u>
A	Retail Trade	\$ 72,756,778	22.86%
B	Retail Trade	19,056,943	5.99%
C	Utility	16,122,600	5.07%
D	Retail Trade	10,087,140	3.17%
E	Retail Trade	9,692,667	3.05%
F	Retail Trade	6,969,577	2.19%
G	Utility	6,189,405	1.94%
H	Retail Trade	4,698,073	1.48%
I	Utility	3,912,132	1.23%
J	Retail Trade	3,481,299	1.09%
Subtotal (10 largest)		152,966,614	48.07%
Balance from other payers		165,261,088	51.93%
Grand totals		\$ 318,227,702	100.00%

Source: Kansas Department of Revenue

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

Fiscal Year	Crawford County (1)	City Memorial Auditorium	City Capital Outlay	City Economic Development	City Public Safety Debt (2)	City Street Improvements (3)	City Public Safety (4)	City Tax Increment Financing (5)	City North Broadway I.D.D. (6)	Total
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
2020	2,521,298	515,735	515,735	1,032,821	-	2,252,673	2,252,673	378,116	122,643	9,591,694

(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
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
2020	825	678	147	17.82%	1,666	\$ 11.80	Variable	\$ 20.58	Variable

Note: Gallons are presented in millions.

1) Fiscal year 2011 water and sewer base rates are blended amounts.

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

<u>Fiscal Year</u>	<u>Water Meter Taps Sold</u>	<u>Sewer Taps Sold</u>	<u>Total Taps</u>
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
2020	17	17	34

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

	<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>2020</u>
Revenues										
Taxes	\$ 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	\$ 18,378,686
Licenses and permits	162,257	193,797	177,002	220,146	218,933	270,156	153,006	219,695	150,150	192,078
Intergovernmental	3,332,993	2,940,461	2,952,796	3,093,518	3,348,281	4,309,329	4,110,600	4,217,529	3,599,171	3,748,032
Charges for services	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	1,782,945
Fines and forfeitures	431,301	477,897	395,412	404,985	440,437	427,402	369,316	321,625	382,358	266,712
Special assessments	59,375	65,723	79,853	60,492	86,237	60,470	57,341	490,899	482,411	451,980
Investment earnings	21,488	15,791	10,476	7,595	233,016	26,016	102,715	321,093	321,325	98,485
Lease income	445,966	473,120	477,201	455,573	435,687	325,931	301,926	239,471	183,541	205,336
Miscellaneous	221,145	224,033	333,960	204,718	830,947	488,411	776,114	747,291	453,985	289,853
Total revenues	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	25,414,107
Expenditures										
General government	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	4,434,791
Public safety	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	7,737,398
Public works	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	2,435,541
Sanitation and health	157,824	160,295	157,626	159,189	157,174	158,228	169,187	198,801	208,941	153,546
Economic development	1,766,694	1,682,095	1,748,883	1,802,360	1,780,057	1,842,473	1,912,498	1,912,498	1,954,134	1,543,301
Culture and recreation	676,439	628,199	2,273,568	1,490,191	1,677,501	944,718	1,893,042	2,036,343	1,954,134	1,543,301
Industrial promotion	-	-	100,932	159,481	87,670	35,878	1,771,053	100,840	755,756	889,042
Social welfare	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	2,114,535
Capital outlay	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	3,292,616
Debt service principal	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	2,469,307
Debt service interest	1,111,344	1,154,822	929,887	776,781	713,974	551,880	653,748	555,158	562,143	538,353
Debt issuance costs	21,411	46,089	68,533	118,202	12,894	259,557	10,050	40,174	120,749	24,640
Total expenditures	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	25,652,310
Excess of revenues over (under) expenditures	(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)	(238,203)
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	-
Bond anticipation notes issued	-	1,144,743	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	244,415	156,748	152,942	219,188	179,467	1,526,906
Transfers in	3,436,406	3,284,962	3,752,132	4,320,102	5,465,416	4,410,292	4,371,099	1,941,914	2,019,503	2,243,161
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)	(551,504)	(693,161)
Total other financing sources (uses)	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	3,076,906
Net change in fund balances	\$ (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	\$ 2,838,703
Debt service as a percentage of noncapital expenditures	20.90%	19.76%	22.97%	23.22%	20.49%	19.22%	18.95%	11.82%	13.16%	13.56%

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

<u>Customer</u>	<u>Category</u>	Fiscal Year 2020			
		Water Revenue		Sewer Revenue	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sugar Creek Packing Company	Food Products	\$ 380,153	8.81%	\$ 505,760	0.132556
Pittsburg State University	Education	193,931	4.49%	88,534	2.32%
Via Christi Hospital	Medical	92,726	2.15%	60,202	1.58%
USD 250 Public Schools	Education	43,202	0.84%	29,763	0.78%
Sycamore Village Residences	Housing	36,197	1.00%	29,552	0.77%
Summerscape LLC	Housing	44,101	1.02%	18,177	0.48%
University Commons LLC	Housing	37,488	0.87%	18,254	0.48%
Crimson Villas	Housing	33,370	0.77%	18,364	0.48%
Parkview Community	Housing	30,845	0.71%	19,608	0.51%
Sanderson Pipe	Manufacturing	26,026	0.60%	16,633	0.44%
Subtotal (10 largest)		918,039	21.27%	804,848	21.09%
Balance from other customers		3,398,197.09	78.73%	3,010,592	78.91%
Grand totals		\$ 4,316,236	100.00%	\$ 3,815,440	100.00%

<u>Customer</u>		Fiscal Year 2011			
		Water Revenue		Sewer Revenue	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Sugar Creek Packing Company	Food Products	\$ 167,335	4.38%	\$ 197,290	6.10%
Pittsburg State University	Education	203,764	5.33%	71,286	2.20%
Via Christi Hospital	Medical	40,312	1.05%	31,978	0.99%
USD 250	Education	40,297	1.05%	19,186	0.59%
Parkview Community	Housing	33,394	0.57%	20,277	0.63%
Corner Stone Village	Housing	21,818	0.57%	12,987	0.40%
Broadway Tower Corporation	Housing	15,821	0.41%	9,791	0.30%
Golden Living Center	Housing	13,857	0.36%	8,840	0.27%
Fresenius Medical Care	Medical	12,224	0.36%	9,143	0.28%
Pitt-Plastics	Manufacturing	12,210	0.32%	8,212	0.25%
Subtotal (10 largest)		561,032	14.68%	388,990	12.02%
Balance from other customers		3,261,880	85.32%	2,846,073	87.98%
Grand totals		\$ 3,822,912	100.00%	\$ 3,235,063	100.00%

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

Governmental Activities

(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>
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
2020	13,154,376	1,087,511	12,066,865	934,439,912	1.29%	598

(1) Source: Crawford County Clerk

City of Pittsburg, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

<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	\$ 2,302,000	52.25%	\$ 1,202,795
Frontenac U.S.D. 249	3,960,000	4.91%	194,436
Pittsburg U.S.D. 250	38,525,000	84.29%	<u>32,472,723</u>
Subtotal, overlapping debt			33,869,954
City direct debt (2)			<u>18,213,887</u>
Total direct and overlapping debt			<u>\$ 52,083,841</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 2020

Assessed Valuation (1)	\$ 153,924,653
Legal Debt Limit (2)	46,177,396
General Obligation Bonds	12,715,000
Less Amount Available in Debt Service Fund	<u>1,087,511</u>
Total net debt applicable to limit	<u>11,627,489</u>
Legal debt margin	<u>\$ 34,549,907</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>2020</u>
Debt limit	\$ 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	\$ 46,177,396
Total net debt applicable to limit	<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>11,627,489</u>	<u>11,627,489</u>
Legal debt margin	<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>\$ 33,087,090</u>	<u>\$ 34,549,907</u>
Total net debt applicable to the limit as a percentage of debt limit	44.75%	39.71%	34.89%	40.26%	45.61%	28.07%	34.31%	29.83%	26.00%	25.18%

(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

Fiscal Year	Sales Tax Transportation District Bonds (1)										Tax Increment Financing Bonds (2)						
	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	
2011	\$ 74,663	\$ 11,009	\$ 2	\$ 11,009	\$ 74,665	\$ 35,000	\$ 62,040	0.77		\$ 268,328	\$ 278,638	\$ 17	\$ 3,020	\$ 543,966	\$ 235,000	\$ 257,832	1.10
2012	77,302	28,000	2	1,752	103,552	40,000	60,240	1.03		290,925	178,193	20	3,017	586,157	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	602,057	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		282,370	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
2020	119,043	27,000	403	1,815	144,627	100,000	36,840	1.06		365,442	292,702	1,134	3,190	656,088	460,000	98,245	1.18

(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)
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
2020	20,171	38,968	41,004	3,180	6,398	3.5%	25.9

(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/Crawford County)

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

<u>Employer</u>	<u>Product</u>	<u>2020</u>			<u>2011</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	9.95%	1,867	1	9.79%
Via Christi Health	Regional Hospital	775	2	4.13%	677	2	3.55%
Pittsburg U.S.D. # 250	Public School K-12	684	3	3.65%	684	3	3.59%
Sugar Creek Packing (2)	Food Products	500	4	2.67%	na	na	na
Pitt Plastics Inc.	Polyethylene Bags	304	5	1.62%	380	5	1.99%
Miller's Inc.	Professional Photo Finishing	287	6	1.53%	293	6	1.54%
NPC International	Corporate Offices	269	7	1.43%	na	na	na
Kansas Crossing Casino & Hotel	Entertainment	260	8	1.39%	na	na	na
City of Pittsburg (4)	City Government	241	9	1.28%	201	8	1.05%
Masonite	Steel Door Manufacturer	230	10	1.23%	225	9	1.18%
Community Health Center of SEK	Health Care	206	11	1.10%	na	na	na
Crawford County Mental Health	Health Care	195	12	1.04%	na	na	na
SEK Education Service Center	Education Services	160	13	0.85%	na	na	na
CDL Electric Company	Contractor	154	14	0.82%	na	na	na
Via Christi Village	Assisted Living Facility	152	15	0.81%	na	na	na
Total		<u><u>6,284</u></u>		<u><u>33.49%</u></u>	<u><u>4,327</u></u>		<u><u>22.68%</u></u>

(1) Source: Pittsburg Chamber of Commerce

(2) Outside City Limits

(3) Source: Kansas Department of Labor

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

Note: na means data unavailable.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	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										
Administration										
City Manager	2	1.0%	2	1.0%	2	0.9%	3	1.3%	3	1.3%
City Attorney	1	0.5%	1	0.5%	1	0.4%	1	0.4%	1	0.4%
City Clerk	1	0.5%	1	0.5%	1	0.4%	1	0.4%	1	0.4%
Finance Department	5	2.5%	5	2.5%	5	2.2%	5	2.2%	6	2.6%
Human Resources Division	2	1.0%	2	1.0%	2	0.9%	2	0.9%	2	0.9%
Information Systems Division	4	2.0%	3	1.5%	3	1.3%	4	1.7%	4	1.7%
Total Administration	15	7.5%	14	7.0%	14	6.4%	16	7.0%	17	7.4%
Public Safety										
Police Division	50	24.9%	52	26.0%	54	31.4%	73	32.0%	74	32.0%
Fire Division	35	17.4%	36	18.0%	35	15.9%	35	15.4%	35	15.2%
Building Services Division	-	0.0%	-	0.0%	5	2.3%	4	1.8%	4	1.7%
Codes Enforcement Division	8	4.0%	6	3.0%	4	1.8%	2	0.9%	2	0.9%
Animal Control Division	1	0.5%	2	1.0%	2	0.9%	2	0.9%	2	0.9%
Municipal Court Division	6	3.0%	5	2.5%	6	2.7%	6	2.6%	6	2.6%
Total Public Safety	100	49.9%	101	50.6%	122	55.1%	122	53.9%	123	53.3%
Public Works										
Engineering Division	2	1.0%	2	1.0%	3	1.3%	3	1.3%	4	1.7%
Facility Maintenance Division	3	1.5%	3	1.5%	3	1.3%	3	1.3%	4	1.7%
Street & Highway Division	12	6.0%	12	6.0%	11	4.9%	10	4.4%	10	4.3%
Atkinson Airport Division	3	1.5%	3	1.5%	3	1.3%	3	1.3%	3	1.3%
Total Public Safety	20	10.0%	20	10.0%	20	9.0%	19	8.4%	21	9.1%
Sanitation and Health										
Mt. Olive Cemetery Division	1	0.5%	1	0.5%	1	0.4%	1	0.4%	1	0.4%
Culture and Recreation										
Parks Division	10	5.0%	8	4.0%	8	3.6%	8	3.5%	8	3.5%
Recreation Division	2	1.0%	2	1.0%	2	0.9%	3	1.3%	3	1.3%
Golf Course Division	4	2.0%	3	1.5%	3	1.3%	3	1.3%	3	1.3%
Memorial Auditorium Division	5	2.5%	5	2.5%	5	2.2%	5	2.2%	5	2.2%
Total Culture and Recreation	19	9.5%	18	9.0%	18	8.2%	19	8.3%	19	8.2%
Industrial Development										
Economic Development Division	2	1.0%	1	0.5%	-	0.0%	-	0.0%	-	0.0%
Social Welfare										
Community Development and Housing	3	1.5%	3	1.5%	4	1.8%	6	2.6%	7	3.0%
Total for Governmental-type Activities	160	79.6%	158	79.0%	179	80.0%	183	80.3%	188	81.4%
Business-type Activities										
Water-Wastewater Utility										
Water Treatment Division	8.6	4.3%	8.6	4.3%	8.6	3.9%	11	4.9%	10	4.3%
Water Distribution Division	7.6	3.8%	8.6	4.3%	13.6	6.2%	14	6.1%	13	5.6%
Wastewater Treatment Division	6.6	3.3%	6.6	3.3%	6.6	3.0%	6	2.6%	6	2.6%
Wastewater Collections Division	5.6	2.8%	5.6	2.8%	5.6	2.2%	5	2.2%	5	2.2%
Customer Service Division	5	2.5%	6	3.0%	3	1.3%	3	1.3%	3	1.3%
Total Water-Wastewater Utility	33.4	16.6%	35.4	17.7%	37.4	16.8%	39.0	17.1%	37.0	16.0%
Storm Water Utility										
Stormwater Division	7.6	3.8%	6.6	3.3%	6.6	3.0%	6.0	2.6%	6.0	2.6%
Total for Business-type Activities	41	20.4%	42	21.0%	44	19.7%	45	19.7%	43	18.6%
Total Full-time Employees	201	100.0%	200	100.0%	223	100.0%	228	100.0%	231	100.0%
Component Unit	8		8		8		9		10	

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

<u>Function/Program</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>2020</u>
General government										
Building permits issued	547	787	527	510	1,068	1,264	1,297	1,402	1,295	1,238
Building inspections conducted	868	791	550	672	1,503	1,676	1,625	2,141	2,301	2,200
Memorial auditorium (events)	458	385	437	380	334	325	458	505	501	126
Police (1)										
Physical arrests	1,305	1,414	1,328	1,255	1,613	1,601	1,547	1,452	1,514	794
Parking violations	2,192	1,390	792	-	-	-	-	-	-	-
Traffic violations	2,154	2,316	1,916	1,685	2,249	2,596	2,124	1,735	2,050	2,957
Accident Reports	-	-	-	583	679	374	615	569	518	373
Fire										
Fire calls	313	385	287	109	111	122	150	405	431	543
Emergency calls/EMS	619	709	720	736	1,021	952	996	900	1,023	816
Other calls	1,071	736	887	1,496	1,302	1,355	1,175	848	1,081	416
Other public works										
Street resurfacing (tons of asphalt)	5,689	6,351	8,834	8,230	5,981	5,564	15,963	11,233	19,738	19,242
Airport (gallons sold)	196,216	194,205	191,721	188,070	209,364	215,365	196,381	204,858	190,550	145,468
Parks and recreation (2)										
Aquatic center (attendance)	31,285	25,710	18,460	18,105	28,615	19,330	19,126	22,352	22,346	-
Golf course (rounds of golf)	7,904	6,159	7,148	8,152	8,683	7,924	6,292	7,031	6,864	7,204
Water										
Average daily consumption (gallons)	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	2,253,066
Peak daily consumption (gallons)	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	4,061,000
Wastewater										
Average daily sewage treatment (gallons)	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	4,563,288

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.

(2) The Aquatic Center did not open in 2020 due to COVID-19.

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

<u>Function/Program</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>2020</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	2,097	2,036	2,041	2,039	2,042	2,042	2,047	2,047	2,047	2,047
Traffic Signals	39	39	40	39	42	42	42	42	42	42
Parks and recreation										
Public parks	10	10	10	10	14	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	2
Baseball/softball fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	8	8	8	8	8	8	6	6	6	6
Pickle ball Courts	-	-	-	-	-	-	-	4	4	4
Community centers	3	3	3	3	3	3	2	2	2	2
Water										
Water mains (miles)	169	172	172	172	172	172	175	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	130	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, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures	Amounts Paid to Subrecipients
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	\$ 2,630	\$ -
Total SNAP Cluster		2,630	-
Total U.S. Department of Agriculture		2,630	-
U.S. Department of Housing and Urban Development:			
Section 8 Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871	1,550,547	-
Total Section 8 Housing Voucher Cluster		1,550,547	-
Project Based Cluster:			
COVID-19 - Section 8 Housing Assistance Payments Program	14.195	81,542	-
Total Section 8 Project Based Cluster		81,542	-
Passed through Kansas Housing Resources Corporation:			
Emergency Solutions Grant	14.231	188,501	-
HOME Investment Partnerships Program	14.239	73,382	-
Passed through Kansas Department of Commerce:			
COVID-19 - Community Development Block Grant (State Program)	14.228	156,856	156,856
Total U.S. Department of Housing and Urban Development		2,050,828	156,856
U.S. Department of Transportation:			
Passed through the Federal Aviation Administration:			
COVID-19 - Airport Improvement Program	20.106	69,000	-
Passed through the Kansas Department of Transportation:			
Highway Safety Cluster:			
Alcohol Impaired Driving Countermeasures Incentive Grants	20.600	4,507	-
Total Highway Safety Cluster		4,507	-
Total U.S. Department of Transportation		73,507	-
Total expenditures of federal awards		\$ 2,126,965	\$ 156,856

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, 2020

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, 2020. 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, 2020

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:	Yes
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Section II – Financial Statement Findings	None
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Section III – Federal Award Findings and Questioned Costs	None
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**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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 30, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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.

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 financial statements. 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.

April 30, 2021
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's (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, 2020. 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.

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, 2020.

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.

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.

April 30, 2021
Topeka, Kansas