

The City of **Pittsburg, Kansas**
Comprehensive Annual
Financial Report
For The Year Ended December 31, 2009

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

CITY OF PITTSBURG, KANSAS

For the Fiscal Year Ended

December 31, 2009

Prepared by:

DEPARTMENT OF FINANCE AND ADMINISTRATION

City of Pittsburg, Kansas

CITY OF PITTSBURG, KANSAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 Year Ended December 31, 2009

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INTRODUCTORY SECTION



DEPARTMENT OF FINANCE AND ADMINISTRATION

201 West 4th Street • P.O. Box 688 • Pittsburg, Kansas 66762-0688
Tel: 620-231-4100 • Fax: 620-231-7327
Internet Address: www.pittks.org

May 10, 2010

Honorable Mayor, Members of the City Commission and 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, 2009. The report was prepared by the City's Department of Finance and Administration. 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 Berberich Trahan & Co., P.A., was selected by the City Commission to audit the records of the City for the year ended December 31, 2009. 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, incorporated in 1880, is the largest city in southeast Kansas, with a population of 19,536. 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 12.91 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 various municipal services commonly associated with municipalities. These include police and fire protection, municipal court, water, wastewater and stormwater utility services, construction and maintenance of streets and highways, municipal airport, municipal auditorium and parks and recreational activities.

The annual budget serves as the foundation for the City's financial planning and control. The City Commission is required to hold a public hearing to discuss the budget prior to adoption. The adopted annual budget must be submitted to the State of Kansas by the end of August. 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 for each individual fund for which an annual budget has been adopted.

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.

Local economy

The local economy is varied and diverse with the City's principal employers comprised of education, manufacturing, medical, retail and government. The area is also served by several financial institutions and insurance companies. Pittsburg State University is a significant economic presence with a current enrollment of over 7,200 students.

Compared to the prior fiscal year, retail sales tax receipts decreased, property tax revenues increased slightly and franchise tax receipts decreased. The 2009 property valuation assessments to support the 2010 budget decreased by 5.17 percent due to various property tax exemptions.

The Pittsburg micro-area (Crawford County) unemployment rate saw an increase from 6.1 percent in December 2008 to 6.8 percent in December 2009.

2009 highlights

- National Pizza Corporation (NPC) located an inbound call center that will bring 200 jobs to Pittsburg.
- Holiday Inn Express opened its new 73 room, 22 suites and meeting room complex. Construction cost was approximately \$5.5 million.
- Oxbow Development Corporation completed construction of an additional 36 unit apartment complex near Pittsburg State University. Construction costs were approximately \$2 million.
- Kendall Packaging expanded its Pittsburg facility with an investment in a new 10-color flexographic printing press.
- Jock's Nitch purchased a 10,000 square foot building to expand their operations to include a screen print shop.
- Phase II of the downtown façade grant improvement program continued with 6 completed façade improvements totaling approximately \$36,000.

For the future

- Garrison Development Corporation will begin renovation of the historic Besse Hotel in downtown Pittsburg with an estimated cost of \$9.4 million. The renovation will turn the hotel into 46 units of low-to-moderate income housing.
- Quincy Avenue from Broadway to Stilwell Street improvements project is scheduled with an estimated cost of \$6 million.
- Continuation of Phase II of the downtown façade grant improvement program.

Major initiatives for the year

- With the economic downturn, the City's management took pro-active measures early in 2009 to deal with forecasted future revenue declines.
- The City's management secured American Recovery and Reinvestment Act (ARRA) funds for upcoming projects that consist of the water treatment plant improvements, the southeast sanitary sewer pump station, the new public utilities maintenance building and various public utilities equipment. ARRA funding will result in future loan forgiveness of approximately \$3.6 million.

Capital projects

Completed major projects for the year are the Streetscape Phase II improvements on North Broadway from 9th to 11th streets, North Broadway Paving from 9th to 11th streets, 23rd Street widening from North Broadway to Michigan Street, the Pittsburg State University sanitary sewer improvements, and the sanitary sewer manhole rehabilitation. The new Public Safety Center at 201 N. Pine Street and the new Fire Station #1 at 915 W. 4th Street both became fully operational in the spring of 2009.

Major projects that are ongoing or scheduled for the near future are the water treatment plant improvements, Atkinson Road bridge improvements, sanitary sewer along the US 69 bypass, Meadowbrook Mall sanitary sewer lift station, southeast quadrant sanitary sewer pump station, public utilities maintenance building and various stormwater improvements.

Long-term financial planning

The City generally uses a 5-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 funding sources for these periods. The City utilizes the following funding sources to meet the CIP needs: bond anticipation notes, general obligation bonds, capital leases, one fourth of the City's one half percent general sales tax revenue, grant awards, and the annual budget for capital outlay. The City Commission has a self imposed ten mill limit on the debt service fund annual budgeted mill levy.

Cash management

The City maintains a Treasurer's account for its pooled cash and marketable securities. This mechanism allows the City to invest greater amounts of money at more favorable interest rates. The City generally invests in certificates of deposits with local financial institutions. All investments are made using a bid process.

Risk management

The risk management plan of the City involves an annual review of the City's insurance coverage and exposures with an outside third party contracted by the City to provide such risk management services. The City annually conducts a Health and Wellness Fair to promote good health for the employees and their families.

The City's health insurance program is a self-insured plan. The City has contracted with Blue Cross and Blue Shield of Kansas to provide claims administration services. The City also purchases stop loss coverage to limit the City's maximum exposure.

The City is a member of the Kansas Eastern Region Insurance Trust (KERIT). KERIT is a group of cities and counties joined together to provide worker's compensation coverage in a cost effective manner. Emphasis is placed on safety and the reduction of cost through the creation of a safety culture among employees, aggressive claims management, and training.

Awards and acknowledgments

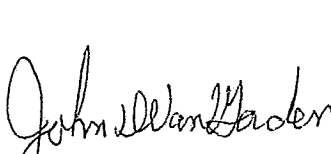
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2008. This was the twelfth consecutive year that the City has received this prestigious award.


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 and Administration. Each member of the staff has our sincere appreciation for the contributions they have made in the preparation of this report and to the City as a whole. In closing, credit must also be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Pittsburg's finances. We look forward to the challenges and opportunities of the future.

Respectfully submitted,


John D. VanGorden
Interim City Manager


Jon B. Garrison
Director of Finance & Administration


James C. Clarkson
Assistant Finance Director

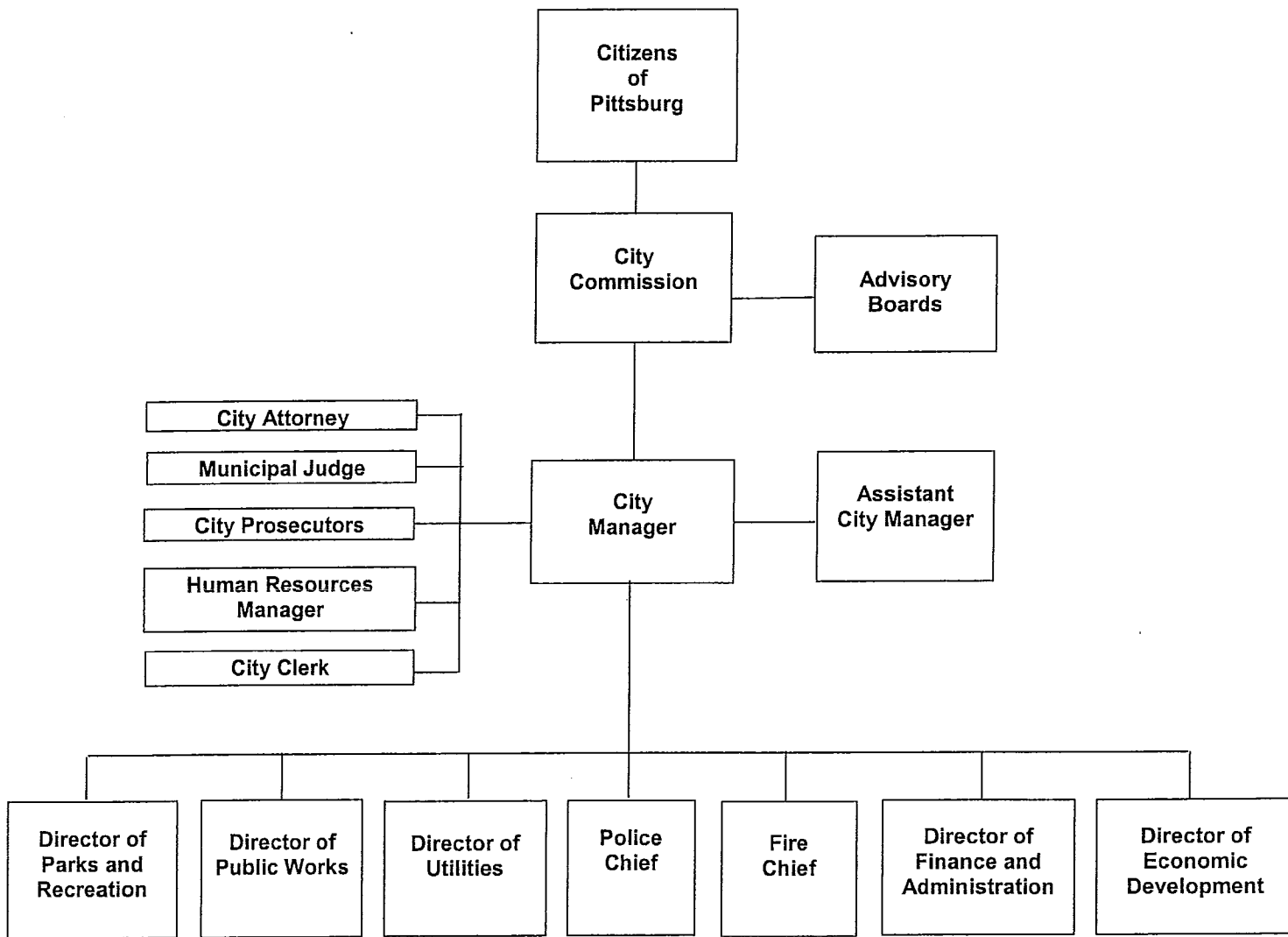
CITY OF PITTSBURG, KANSAS

LIST OF PRINCIPAL OFFICIALS

DECEMBER 31, 2009

<u>TITLE</u>	<u>NAME</u>
ELECTED:	
Mayor	Rudy Draper
President of the Board	Patrick O'Bryan
Commissioner	Marty Beezley
Commissioner	Pamela Henderson
Commissioner	William H. Rushton
APPOINTED:	
Interim City Manager	John D. VanGorden
Director of Finance and Administration	Jon B. Garrison
Director of Public Works	William A. Beasley
Director of Economic Development	Mark D. Turnbull
Interim Director of Parks & Recreation	Jeff L. Wilbert
Director of Utilities	John H. Bailey / James Tush
Chief of Police	Melinda D. Hulvey
Interim Fire Chief	Steven S. Crain
City Attorney	Henry C. Menghini
City Clerk	Tammy Nagel

CITY ORGANIZATION CHART



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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor, City Manager
and City Commissioners
City of Pittsburg, Kansas:

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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 and 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 Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pittsburg, Kansas, as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BERBERICH TRAHAN & CO., P.A.

3630 SW Burlingame Rd., Topeka, KS 66611-2030

t 785-234-3427 toll-free 800-530-5526 f 785-233-1768

brandtccpa.com

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2010, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 and the Schedule of Funding Progress on page 71 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements and schedules, statistical tables, and single audit compliance schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and schedules and single audit compliance schedules, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Berberich Trahan & Co., P.A.

May 10, 2010

Management's Discussion and Analysis

As management of the City of Pittsburg (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2009. 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-V of this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- Property tax revenues remained stable with a slight increase compared to 2008
- Sales tax revenues were down 2.57% compared to 2008
- The general fund ending fund balance grew by 11.90% compared to 2008
- Proprietary funds unrestricted net assets decreased by 5.95% compared to 2008

The Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 15-16 of this report.

Fund Financial Statements

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

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

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

The City maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, revolving loan fund, capital projects fund and the debt service fund, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 17-27 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 28-31 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 32-70 of this report.

Other Information

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

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to basic financial statements. Combining and individual funds statements can be found on pages 72-80 of this report.

Financial Analysis of Government-wide Statements

Net Assets

	City of Pittsburg's Net Assets					
	2008	2009	2008	2009	2008	2009
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total Primary Government	Total Primary Government
Current and other assets	\$ 27,325,863	\$ 23,185,712	\$ 5,271,819	\$ 4,579,330	\$ 32,597,682	\$ 27,765,042
Capital assets	<u>46,600,104</u>	<u>47,484,120</u>	<u>34,410,529</u>	<u>34,172,007</u>	<u>81,010,633</u>	<u>81,656,127</u>
Total assets	<u>73,925,967</u>	<u>70,669,832</u>	<u>39,682,348</u>	<u>38,751,337</u>	<u>113,608,315</u>	<u>109,421,169</u>
Long-term liabilities outstanding	32,372,118	31,139,515	8,597,366	8,782,519	40,969,484	39,922,034
Other liabilities	<u>10,420,375</u>	<u>6,187,547</u>	<u>1,377,902</u>	<u>510,205</u>	<u>11,798,277</u>	<u>6,697,752</u>
Total liabilities	<u>42,792,493</u>	<u>37,327,062</u>	<u>9,975,268</u>	<u>9,292,724</u>	<u>52,767,761</u>	<u>46,619,786</u>
Net assets:						
Invested in capital assets, net of related debt	19,859,962	18,912,152	25,608,635	25,604,200	45,468,597	44,516,352
Restricted	11,967,446	11,140,376	-	-	11,967,446	11,140,376
Unrestricted	<u>(693,934)</u>	<u>3,290,242</u>	<u>4,098,445</u>	<u>3,854,413</u>	<u>3,404,511</u>	<u>7,144,655</u>
Total net assets	<u>\$ 31,133,474</u>	<u>\$ 33,342,770</u>	<u>\$ 29,707,080</u>	<u>\$ 29,458,613</u>	<u>\$ 60,840,554</u>	<u>\$ 62,801,383</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$62,801,383 at the close of the 2009 fiscal year. By far the largest portion of the City's net assets (70.88%) 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 (17.74%) of the City's net assets represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

Statement of Activities

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

City of Pittsburgh's Changes in Net Assets

	Governmental Activities 2008	Governmental Activities 2009	Business-Type Activities 2008	Business-Type Activities 2009	Total Primary Government 2008	Total Primary Government 2009
Revenues						
Program revenues:						
Charges for services	\$ 3,255,890	\$ 2,911,630	\$ 6,463,758	\$ 6,918,904	\$ 9,719,648	\$ 9,830,534
Operating grants and contributions	3,167,635	2,521,993	-	-	3,167,635	2,521,993
Capital grants and contributions	3,944,646	389,608	4,282	-	3,948,928	389,608
General revenues						
Taxes	13,362,225	13,194,061	-	-	13,362,225	13,194,061
Other	925,499	157,971	149,828	32,553	1,075,327	190,524
Total revenues	<u>24,655,895</u>	<u>19,175,263</u>	<u>6,617,868</u>	<u>6,951,457</u>	<u>31,273,763</u>	<u>26,126,720</u>
Expenses						
General government	4,947,762	3,008,246	-	-	4,947,762	3,008,246
Public safety	6,303,613	6,171,275	-	-	6,303,613	6,171,275
Public works	3,580,553	3,174,612	-	-	3,580,553	3,174,612
Sanitation and health	257,332	160,796	-	-	257,332	160,796
Culture and recreation	2,293,785	2,103,992	-	-	2,293,785	2,103,992
Industrial promotion	748,216	744,554	-	-	748,216	744,554
Economic development	3,577	6,993	-	-	3,577	6,993
Social welfare	1,546,056	1,581,580	-	-	1,546,056	1,581,580
Interest on long term debt	1,460,126	1,390,747	-	-	1,460,126	1,390,747
Water/wastewater utility	-	-	5,234,505	5,159,259	5,234,505	5,159,259
Stormwater utility	-	-	506,866	663,837	506,866	663,837
Total expenses	<u>21,141,020</u>	<u>18,342,795</u>	<u>5,741,371</u>	<u>5,823,096</u>	<u>26,882,391</u>	<u>24,165,891</u>
Change in net assets before transfers	3,514,875	832,468	876,497	1,128,361	4,391,372	1,960,829
Transfers	387,157	1,376,828	(387,157)	(1,376,828)	-	-
Change in net assets	3,902,032	2,209,296	489,340	(248,467)	4,391,372	1,960,829
Net assets, beginning	<u>27,231,442</u>	<u>31,133,474</u>	<u>29,217,740</u>	<u>29,707,080</u>	<u>56,449,182</u>	<u>60,840,554</u>
Net assets, ending	<u>\$ 31,133,474</u>	<u>\$ 33,342,770</u>	<u>\$ 29,707,080</u>	<u>\$ 29,458,613</u>	<u>\$ 60,840,554</u>	<u>\$ 62,801,383</u>

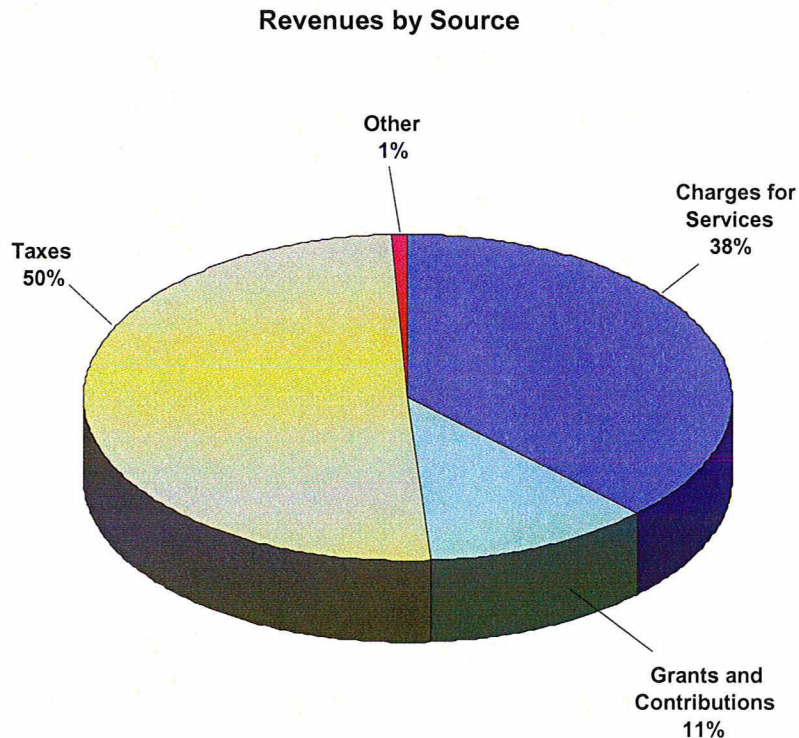
The next section will provide a brief discussion and analysis of the City's revenue sources and costs for services.

Governmental activities comprised 73.39% of the total revenues generated by the City and 75.90% of the City's expenses. Compared to 2008, total charges for services increased \$110,886 with business-type activities gaining \$455,146 and governmental activities declining \$344,260. Operating grants and contributions decreased by \$645,642 compared to 2008. This change was due to a decrease in public works for various 2008 storm damage when the City received \$536,711 in FEMA funds and the completion of the Miners Memorial in 2008. Capital grants and contributions decreased by \$3,559,320 compared to 2008. The majority of this decrease can be attributed to the following public works projects being fully or mostly completed in 2008: streetscape phase 1, paving Broadway 2nd Street to 8th Street, hiking-hiking path, and the Atkinson Airport wildlife fence.

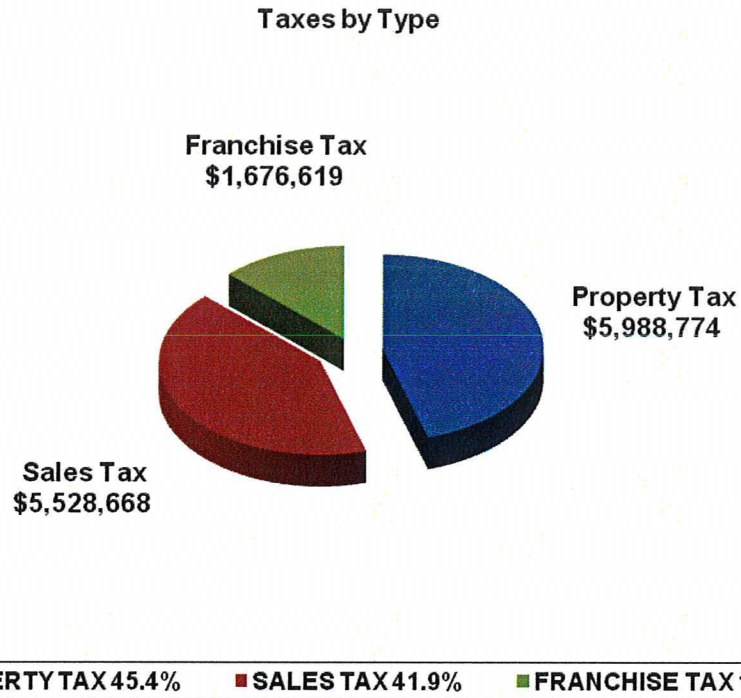
Comparing 2009 to 2008, general government expense decreased due to the FCIP energy conservation project being completed in 2008, culture and recreation expenditures decreased due to the completion of the Miners Memorial in 2008, and the decrease in public works expense was due to the various 2008 storm damage expenditures being isolated events in 2008.

The business-type activities, while comprising the smaller percentages of revenues and expenses of the City, showed a gain of \$1,128,361 in net assets, before transfers. Overall the business-type net assets recorded a decrease of \$248,467 in 2009. This decline can mainly be attributed to increased transfers out in 2009.

The following pie chart shows the composition of the 2009 primary government revenues.



The components of the City's taxes are property tax, sales tax and franchise tax. As can be seen by the chart below, property taxes comprised the largest portion of tax revenues for 2009. Property tax revenue increased 1.61% compared to 2008 due to small increase in assessed valuation and a very slight increase in the mill levy.



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

City of Pittsburg's Mill Levy Rates

	2007 Levy to support <u>2008 Budget</u>	2008 Levy To support <u>2009 Budget</u>	Increase/ (Decrease) <u>over prior year</u>	% <u>Change</u>
General Fund	\$ 29.958	\$ 31.916	\$ 1.958	6.54 %
Debt Service Fund	9.967	7.998	(1.969)	(19.76) %
Component Unit	<u>5.555</u>	<u>5.553</u>	<u>(0.002)</u>	(0.04) %
Total Mill Levy	<u>\$ 45.480</u>	<u>\$ 45.467</u>	<u>\$ (0.013)</u>	(0.03) %

The City's general fund mill rate increased due to the City's desire to strengthen the unreserved fund balance. The debt service fund mill rate decreased due to adequate fund balance reserves to pay down future debt obligations.

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

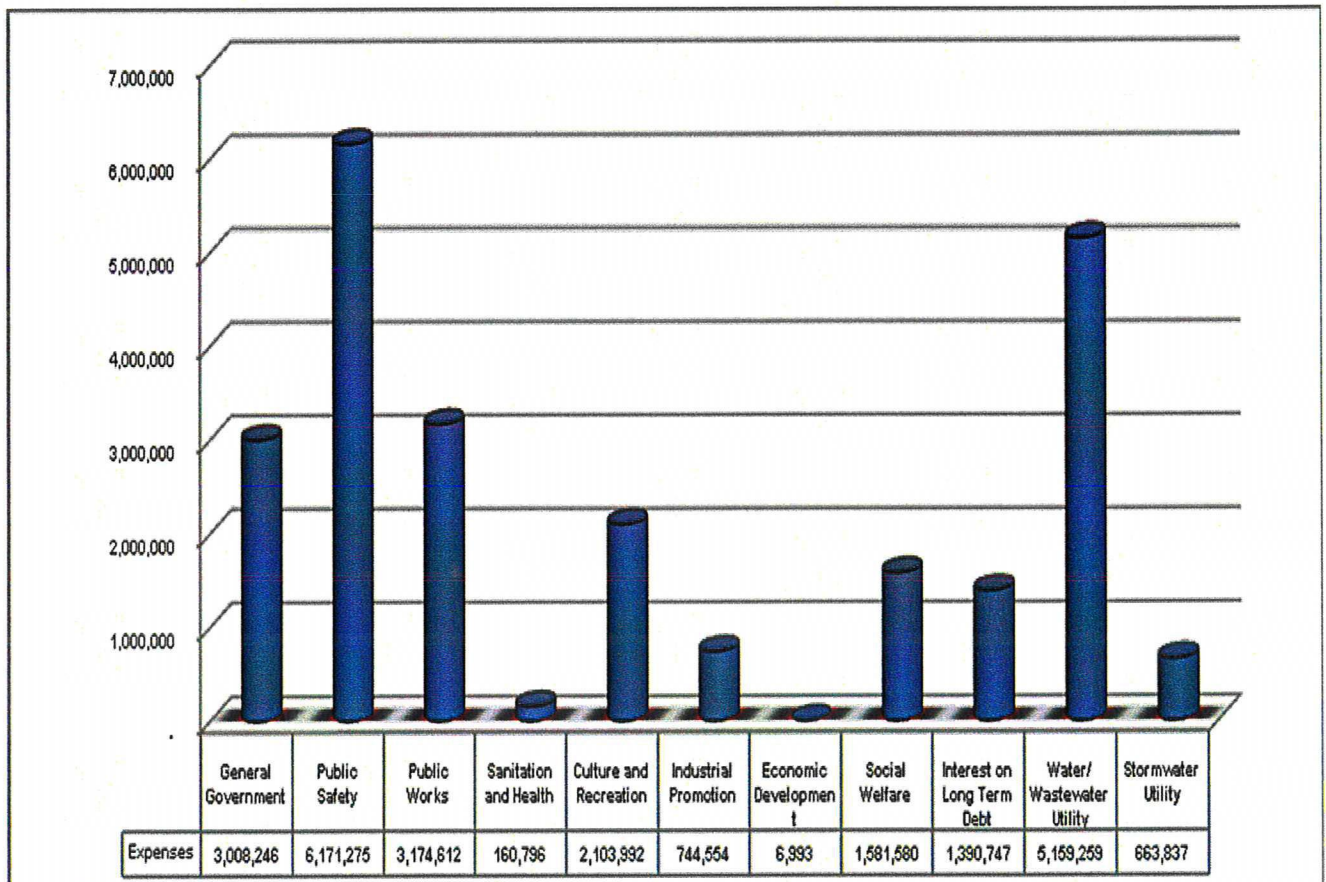
City of Pittsburg's Assessed Valuation

	2007 Valuation To support 2008 Budget	2008 Valuation To support 2009 Budget	Increase/ (Decrease) over prior year	% Change
Real Property	\$107,627,147	\$112,073,796	\$ 4,446,649	4.13 %
Personal Property	16,127,607	13,641,480	(2,486,127)	(15.42)%
State Assessed	<u>6,231,113</u>	<u>6,075,593</u>	<u>(155,520)</u>	(2.50) %
Total	<u>\$129,985,867</u>	<u>\$131,790,869</u>	<u>\$ 1,805,002</u>	1.39 %

The change in assessed valuation reflects continued strong growth and has helped the City maintain a fairly stable mill rate.

The following bar graph shows the composition of the 2009 primary government expenses.

Cost of City Services



The City's general government, public safety, public works and water/wastewater utility activities are the dominant expense categories. These four activities account for 72.47% of the total cost of City services for 2009. The total cost of services of the City's primary government for 2009 was \$24,165,891. This represents a decrease of \$2,716,500 compared to 2008. The portion of these services covered by the City's taxpayers was \$13,194,061. For 2009 all cost of service categories had decreased expenses except for economic development, social welfare, and the stormwater utility.

Analysis of the Fund Financial Statements

Governmental Funds

Overall the City's governmental ending fund balances increased by a total of \$311,384 from the prior year; the general fund had a gain of \$474,389 compared to 2008. The general fund increase is due to the special one half percent sales tax for public safety debt retirement being reserved until needed for debt payments and as mentioned previously, the City's desire to strengthen the unreserved general fund balance.

Total governmental fund revenues declined \$5,316,138 compared to 2008. This decline can mainly be attributed to lower capital project and general fund revenues. The general fund revenues are down 5.29% and general fund expenditures are down 22.58%.

Compared to 2008 the revolving loan fund showed an increase of \$648,520 which is due to lower industrial promotion expense in 2009; in 2008 the City expended \$612,466 on a corporate airport hangar. Capital projects decreased \$1,010,793 mainly due to the new public safety center and fire station projects being completed. The debt service fund increased \$301,624 due to excess completed project funds being transferred in.

Proprietary Funds

The water/wastewater utility fund and stormwater utility fund had a combined decrease of \$1,149,262 in cash and cash equivalents for 2009. This represents a decrease of 29.87% from fiscal year 2008; however this decrease can be attributed to expenditures associated with the water treatment plant improvements project, the Pittsburg State University area sanitary sewer project, the 7th and Joplin Street area storm water project and various other small storm water projects.

The combined utility operating income increased by \$351,800 in 2009 which reflects a percentage increase of 33.70%. This is mainly the result of an increase in utility rates and special assessments collected on the Pittsburg State University sanitary sewer project.

General Fund Budgetary Highlights

The legally adopted budget for the General Fund was not amended by the City Commission during 2009. The following revenue and expenditure categories experienced significant differences between the budgeted amount and the actual amount. The explanation of the difference is also included.

CATEGORY	EXPLANATION
Taxes	Tax revenues are under budget due to lower than expected property tax and franchise tax collections.
Charges for services	Charges for services revenue revenues are over budget due to facility maintenance department fees.
Public safety	The Police department is under budget due to lower personnel costs and lower capital outlay expenditures. Codes enforcement is under budget due to lower personnel costs.
Public works	Atkinson Airport is under budget due to the fact that the airport had decreased aviation fuel sales and decreased aviation fuel for resale costs.
Culture & recreation	The parks and recreation department is under budget due to lower personnel costs. The auditorium department is under budget due to lower personnel costs and no expense was incurred against the auditorium reserve.
Transfers out	Transfers out is over budget due to transferring sales tax capital outlay funds to the public safety project for the new City phone system.

Capital Asset and Debt Administration

Capital Assets

The total amount invested in capital assets for the primary government at December 31, 2009 was \$81,656,127, net of accumulated depreciation. The capital assets increased by 0.80% from the 2008 total. The majority of the governmental activities increase can be attributed to equipping the new public safety center and new fire station #1. The decrease in the business type activities can mainly be attributed to depreciation expense.

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	
	2008	2009	2008	2009
Land	\$ 3,473,903	\$ 3,531,506	\$ 436,690	\$ 436,690
Buildings and improvements	25,706,232	25,678,225	12,678,994	12,237,773
Machinery and equipment	2,398,280	3,370,852	1,114,020	936,476
Infrastructure	14,078,533	14,811,356	19,674,169	19,888,273
Construction in progress	<u>943,156</u>	<u>92,181</u>	<u>506,656</u>	<u>672,795</u>
Total	<u>\$ 46,600,104</u>	<u>\$ 47,484,120</u>	<u>\$ 34,410,529</u>	<u>\$ 34,172,007</u>

For additional information on capital assets, please refer to the note 8 to the basic financial statements.

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
General Obligation Bonds and Other Debt**

	Governmental Activities		Business-Type Activities	
	2008	2009	2008	2009
General Obligation Bonds	\$22,580,297	\$21,578,483	\$ 3,864,703	\$ 3,671,517
K.D.H.E. Construction Loans	-	-	4,552,401	4,896,290
Custom Energy Note Payable	1,786,708	1,694,340	-	-
Tax Increment Bonds (TIF)	5,975,000	5,715,000	-	-
Transportation Development District Bonds (TDD)	<u>1,370,000</u>	<u>1,340,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$31,712,005</u>	<u>\$30,327,823</u>	<u>\$ 8,417,104</u>	<u>\$ 8,567,807</u>

The City finances capital projects in a variety of ways: bond anticipation notes, general obligation bonds, special revenue bonds, intergovernmental grants and loans. For 2009 the City re-affirmed a Moody's rating of "A3" on general obligation bond issues.

The City's outstanding general obligation bonds at December 31, 2009, totaled \$25,250,000; of this \$21,578,483 is considered direct tax supported debt. This direct tax supported outstanding general obligation balance represents a 4.44% decrease from the 2008 balance. New direct tax supported general obligation debt of \$1,265,000 was issued and \$2,266,814 was retired in 2009.

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 \$41,876,403, significantly higher than the general obligation bond outstanding debt.

Business-type activity bonded debt decreased by 5.00% from 2008. New business-type activity debt of \$280,000 was issued and \$473,186 was retired in 2009. The City's wastewater utility also has low interest loans through the Kansas Department of Health and Environment (KDHE) which are repaid 100% with utility revenues. The KDHE loans are for improvements at the wastewater plant and collection systems. During 2009 the City incurred \$731,107 in new loan proceeds and retired \$387,218 in loan principal.

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

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 and Administration or the Assistant Director of Finance, 201 W. 4th Street, Pittsburg, KS 66762.

BASIC
FINANCIAL STATEMENTS

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET ASSETS

December 31, 2009

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Public Library
Assets:				
Cash and cash equivalents	\$ 13,181,146	\$ 2,697,838	\$ 15,878,984	\$ 619,912
Restricted cash	-	192,692	192,692	-
Receivables, net of allowance for uncollectibles:				
Taxes	6,134,940	-	6,134,940	675,851
Accounts	71,232	705,826	777,058	-
Intergovernmental	170,515	-	170,515	-
Other	-	659,690	659,690	-
Restricted investments	360,619	-	360,619	-
Leases receivable	1,272,829	-	1,272,829	-
Loans receivable	1,295,893	-	1,295,893	-
Deferred charges	575,023	50,519	625,542	-
Inventories	93,267	268,098	361,365	-
Prepaid items	30,248	4,667	34,915	977
Capital assets, net of accumulated depreciation:				
Land	3,531,506	436,690	3,968,196	215,415
Construction in progress	92,181	672,795	764,976	24,699
Buildings and improvements	25,678,225	12,237,773	37,915,998	2,588,714
Machinery and equipment	3,370,852	936,476	4,307,328	5,396
Infrastructure	14,811,356	19,888,273	34,699,629	-
Total assets	70,669,832	38,751,337	109,421,169	4,130,964
Liabilities:				
Accounts payable and other current liabilities	860,409	224,769	1,085,178	22,203
Accrued interest payable	352,039	92,744	444,783	-
Unearned revenue	4,975,099	-	4,975,099	675,851
Liabilities payable from restricted cash	-	192,692	192,692	-
Noncurrent liabilities:				
Due within one year	3,278,546	782,164	4,060,710	14,260
Due in more than one year	27,860,969	8,000,355	35,861,324	17,522
Total liabilities	37,327,062	9,292,724	46,619,786	729,836
Net assets:				
Invested in capital assets, net of related debt	18,912,152	25,604,200	44,516,352	2,834,224
Restricted for:				
Debt service	1,917,618	-	1,917,618	-
Revolving loans	7,717,615	-	7,717,615	-
Housing	990,860	-	990,860	-
Street and highway	135,686	-	135,686	-
Public safety center	147,165	-	147,165	-
Other purposes	231,432	-	231,432	-
Unrestricted	3,290,242	3,854,413	7,144,655	566,904
Total net assets	\$ 33,342,770	\$ 29,458,613	\$ 62,801,383	\$ 3,401,128

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 3,008,246	\$ 1,287,878	\$ 82,181	\$ -	\$ (1,638,187)	\$ -	\$ (1,638,187)	
Public safety - police	3,208,579	-	62,497	-	(3,146,082)	-	(3,146,082)	
Public safety - fire	2,258,471	-	69	-	(2,258,402)	-	(2,258,402)	
Public safety - other	704,225	1,735	-	-	(702,490)	-	(702,490)	
Public works	3,174,612	683,940	688,407	370,945	(1,431,320)	-	(1,431,320)	
Sanitation and health	160,796	15,500	80,837	18,663	(45,796)	-	(45,796)	
Culture and recreation	2,103,992	563,824	80,396	-	(1,459,772)	-	(1,459,772)	
Industrial promotion	744,554	354,752	-	-	(389,802)	-	(389,802)	
Economic development	6,993	-	-	-	(6,993)	-	(6,993)	
Social welfare	1,581,580	4,001	1,527,606	-	(49,973)	-	(49,973)	
Interest on long-term debt	1,390,747	-	-	-	(1,390,747)	-	(1,390,747)	
Total governmental activities	<u>18,342,795</u>	<u>2,911,630</u>	<u>2,521,993</u>	<u>389,608</u>	<u>(12,519,564)</u>	<u>-</u>	<u>(12,519,564)</u>	<u>-</u>
Business-type activities:								
Water/wastewater	5,159,259	6,205,333	-	-	-	1,046,074	1,046,074	-
Stormwater	663,837	713,571	-	-	-	49,734	49,734	-
Total business-type activities	<u>5,823,096</u>	<u>6,918,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,095,808</u>	<u>1,095,808</u>	<u>-</u>
Total primary government	<u>\$ 24,165,891</u>	<u>\$ 9,830,534</u>	<u>\$ 2,521,993</u>	<u>\$ 389,608</u>	<u>(12,519,564)</u>	<u>1,095,808</u>	<u>(11,423,756)</u>	<u>-</u>
Component unit:								
Public library	<u>\$ 980,266</u>	<u>\$ 13,534</u>	<u>\$ 509,504</u>	<u>\$ 10,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(446,832)</u>
General revenues:								
Property taxes					5,988,774	-	5,988,774	787,685
Sales taxes					5,528,668	-	5,528,668	-
Franchise taxes					1,676,619	-	1,676,619	-
Unrestricted investment earnings					157,971	32,553	190,524	3,728
Transfers					1,376,828	(1,376,828)	-	-
Total general revenues and transfers					<u>14,728,860</u>	<u>(1,344,275)</u>	<u>13,384,585</u>	<u>791,413</u>
Change in net assets					<u>2,209,296</u>	<u>(248,467)</u>	<u>1,960,829</u>	<u>344,581</u>
Net assets, beginning					<u>31,133,474</u>	<u>29,707,080</u>	<u>60,840,554</u>	<u>3,056,547</u>
Net assets, ending					<u>\$ 33,342,770</u>	<u>\$ 29,458,613</u>	<u>\$ 62,801,383</u>	<u>\$ 3,401,128</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2009

	General	Revolving Loans
Assets:		
Cash and cash equivalents	\$ 3,828,285	\$ 4,956,658
Receivables (net of allowance for uncollectibles):		
Taxes	4,722,245	141,601
Accounts	60,314	8,705
Intergovernmental	6,408	-
Restricted investments	-	-
Leases receivable	-	1,272,829
Loans receivable	-	1,272,830
Advances to other funds	-	60,746
Inventories	73,735	-
Prepaid items	20,124	8,243
Total assets	\$ 8,711,111	\$ 7,721,612
Liabilities and fund balances:		
Liabilities:		
Accounts payable	\$ 114,405	\$ 1,434
Retainage payable	-	-
Accrued payroll	209,289	2,563
Accrued self-insurance claims	90,000	-
Other	75,571	-
Deferred revenue	3,760,945	1,016,997
Advances from other funds	-	-
Total liabilities	4,250,210	1,020,994
Fund balances:		
Reserved for:		
Encumbrances	47,783	-
Inventories	73,735	-
Prepaid items	20,124	8,243
Advances	-	60,746
Revolving loan program	-	6,631,629
Insurance claims	279,000	-
Unreserved, designated, reported in:		
General fund	10,000	-
Unreserved, undesignated, reported in:		
General fund	4,030,259	-
Special revenue funds	-	-
Capital projects fund	-	-
Debt service fund	-	-
Total fund balances	4,460,901	6,700,618
Total liabilities and fund balances	\$ 8,711,111	\$ 7,721,612

See accompanying notes to basic financial statements.

Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 1,235,691	\$ 1,732,912	\$ 1,427,600	\$ 13,181,146
-	1,271,094	-	6,134,940
-	-	2,213	71,232
7,237	-	156,870	170,515
-	360,619	-	360,619
-	-	-	1,272,829
-	-	23,063	1,295,893
-	-	-	60,746
-	-	19,532	93,267
-	-	1,881	30,248
<u>\$ 1,242,928</u>	<u>\$ 3,364,625</u>	<u>\$ 1,631,159</u>	<u>\$ 22,671,435</u>
\$ 70,690	\$ -	\$ 35,618	\$ 222,147
243,561	-	-	243,561
-	-	17,278	229,130
-	-	-	90,000
-	-	-	75,571
-	1,236,961	119,186	6,134,089
-	-	60,746	60,746
<u>314,251</u>	<u>1,236,961</u>	<u>232,828</u>	<u>7,055,244</u>
-	-	21,636	69,419
-	-	19,532	93,267
-	-	1,881	30,248
-	-	-	60,746
-	-	-	6,631,629
-	-	-	279,000
-	-	-	10,000
-	-	-	4,030,259
-	-	1,355,282	1,355,282
928,677	-	-	928,677
-	2,127,664	-	2,127,664
<u>928,677</u>	<u>2,127,664</u>	<u>1,398,331</u>	<u>15,616,191</u>
<u>\$ 1,242,928</u>	<u>\$ 3,364,625</u>	<u>\$ 1,631,159</u>	<u>\$ 22,671,435</u>

CITY OF PITTSBURG, KANSAS

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

December 31, 2009

Total fund balance in Governmental Fund Balance Sheet	\$ 15,616,191
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	47,484,120
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	1,158,990
A long term liability is recorded for the unfunded portion of post employment benefits other than pensions, while in the governmental funds liabilities that do not require satisfaction with current resources are not recorded.	(243,417)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(30,673,114)</u>
Net assets of governmental activities	<u>\$ 33,342,770</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, 2009

	<u>General</u>
Revenues:	
Taxes:	
Property	\$ 4,486,212
Sales	4,443,421
Franchise	1,676,619
Licenses and permits	166,013
Intergovernmental	181,285
Charges for services	1,709,552
Fines and fees	366,367
Special assessments	-
Investment earnings	47,685
Lease income	-
Miscellaneous	250,699
Total revenues	<u>13,327,853</u>
Expenditures:	
Current:	
General government	2,695,357
Public safety - police	2,958,470
Public safety - fire	2,009,788
Public safety - other	679,447
Public works	708,921
Sanitation and health	69,863
Culture and recreation	1,693,206
Industrial promotion	-
Economic development	-
Social welfare	-
Debt service:	
Principal	-
Interest	-
Bond issuance costs	-
Capital outlay	173,892
Total expenditures	<u>10,988,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,338,909</u>
Other financing sources (uses):	
Transfers in	918,915
Transfers out	(2,783,435)
General obligation bonds issued	-
Total other financing sources (uses)	<u>(1,864,520)</u>
Net change in fund balances	474,389
Fund balances, beginning	<u>3,986,512</u>
Fund balances, ending	<u>\$ 4,460,901</u>

See accompanying notes to basic financial statements.

Revolving Loans	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,502,562	\$ -	\$ 5,988,774
819,296	-	265,951	-	5,528,668
-	-	-	-	1,676,619
-	-	-	-	166,013
-	331,213	-	2,342,127	2,854,625
-	-	-	-	1,709,552
-	-	-	-	366,367
-	-	49,263	-	49,263
53,562	27,391	17,214	12,119	157,971
537,694	-	-	-	537,694
9,380	63,995	6,454	17,702	348,230
<u>1,419,932</u>	<u>422,599</u>	<u>1,841,444</u>	<u>2,371,948</u>	<u>19,383,776</u>
-	-	-	-	2,695,357
-	-	-	-	2,958,470
-	-	-	-	2,009,788
-	-	-	-	679,447
-	-	-	1,224,219	1,933,140
-	18,265	-	68,539	156,667
-	-	-	-	1,693,206
711,829	-	-	-	711,829
-	6,993	-	-	6,993
-	-	-	1,579,956	1,579,956
-	-	2,649,183	-	2,649,183
-	43,542	1,290,666	-	1,334,208
-	33,570	-	-	33,570
-	3,091,390	-	7,124	3,272,406
<u>711,829</u>	<u>3,193,760</u>	<u>3,939,849</u>	<u>2,879,838</u>	<u>21,714,220</u>
<u>708,103</u>	<u>(2,771,161)</u>	<u>(2,098,405)</u>	<u>(507,890)</u>	<u>(2,330,444)</u>
-	951,298	2,400,029	500,000	4,770,242
(59,583)	(455,930)	-	(94,466)	(3,393,414)
-	1,265,000	-	-	1,265,000
<u>(59,583)</u>	<u>1,760,368</u>	<u>2,400,029</u>	<u>405,534</u>	<u>2,641,828</u>
648,520	(1,010,793)	301,624	(102,356)	311,384
6,052,098	1,939,470	1,826,040	1,500,687	15,304,807
<u>\$ 6,700,618</u>	<u>\$ 928,677</u>	<u>\$ 2,127,664</u>	<u>\$ 1,398,331</u>	<u>\$ 15,616,191</u>

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, 2009

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

Net change in fund balances - total governmental funds	\$ 311,384
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	894,413
Capital asset transfers are not recorded in the governmental funds because there has been no flow of current financial resources.	(10,396)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(208,513)
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,384,182
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.	<u>(161,774)</u>
Change in net assets of governmental activities	<u><u>\$ 2,209,296</u></u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

GENERAL FUND

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

Year Ended December 31, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 11,765,435	\$ 11,657,890	\$ (107,545)
Intergovernmental	137,196	196,976	59,780
Licenses and permits	220,000	166,013	(53,987)
Charges for services	3,358,389	3,655,550	297,161
Fines and fees	402,500	366,367	(36,133)
Investment income	115,000	50,395	(64,605)
Miscellaneous	166,693	250,699	84,006
Total revenues	16,165,213	16,343,890	178,677
Expenditures:			
General government:			
General administration:			
Personnel services	603,144	594,712	8,432
Contractual services	164,503	181,387	(16,884)
Commodities	16,750	26,270	(9,520)
Total general administration expenditures	784,397	802,369	(17,972)
Group hospitalization:			
Claims paid	1,767,608	1,513,764	253,844
Human resources:			
Personnel services	138,007	132,162	5,845
Contractual services	21,663	29,231	(7,568)
Commodities	4,000	15,274	(11,274)
Total human resources expenditures	163,670	176,667	(12,997)
Information systems:			
Personnel services	295,726	286,054	9,672
Contractual services	106,101	168,156	(62,055)
Commodities services	50,000	47,933	2,067
Capital outlay	50,000	61,615	(11,615)
Total information systems expenditures	\$ 501,827	\$ 563,758	\$ (61,931)

(Continued)

CITY OF PITTSBURG, KANSAS

GENERAL FUND

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

Year Ended December 31, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Facility maintenance:			
Personnel services	\$ -	\$ 121,676	\$ (121,676)
Contractual services	-	860	(860)
Commodities	-	116,209	(116,209)
Total facility maintenance expenditures	<u>-</u>	<u>238,745</u>	<u>(238,745)</u>
Municipal court:			
Personnel services	283,814	283,467	347
Contractual services	35,155	45,103	(9,948)
Commodities	3,000	13,481	(10,481)
Total municipal court expenditures	<u>321,969</u>	<u>342,051</u>	<u>(20,082)</u>
Safety department:			
Personnel services	79,688	62,735	16,953
Contractual service	19,058	18,305	753
Commodities	37,000	25,958	11,042
Total safety department expenditures	<u>135,746</u>	<u>106,998</u>	<u>28,748</u>
Total general government expenditures	<u>3,675,217</u>	<u>3,744,352</u>	<u>(69,135)</u>
Public safety:			
Police department:			
Personnel services	3,011,333	2,840,127	171,206
Contractual services	386,860	357,996	28,864
Commodities	201,000	166,670	34,330
Capital outlay	133,800	53,608	80,192
Total police department expenditures	<u>3,732,993</u>	<u>3,418,401</u>	<u>314,592</u>
Fire department:			
Personnel services	2,040,016	2,071,610	(31,594)
Contractual services	159,603	129,847	29,756
Commodities	80,500	67,181	13,319
Capital outlay	12,000	11,295	705
Total fire department expenditures	<u>\$ 2,292,119</u>	<u>\$ 2,279,933</u>	<u>\$ 12,186</u>

(Continued)

CITY OF PITTSBURG, KANSAS

GENERAL FUND

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

Year Ended December 31, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public safety - other:			
Codes enforcement:			
Personnel services	\$ 619,386	\$ 500,195	\$ 119,191
Contractual services	76,540	51,804	24,736
Commodities	15,650	21,244	(5,594)
Total codes enforcement expenditures	<u>711,576</u>	<u>573,243</u>	<u>138,333</u>
Animal control:			
Personnel services	44,191	47,622	(3,431)
Contractual services	20,024	19,447	577
Commodities	7,000	14,801	(7,801)
Total animal control expenditures	<u>71,215</u>	<u>81,870</u>	<u>(10,655)</u>
Total public safety - other	<u>782,791</u>	<u>655,113</u>	<u>127,678</u>
Total public safety expenditures	<u>6,807,903</u>	<u>6,353,447</u>	<u>454,456</u>
Public works:			
Engineering department:			
Personnel services	152,078	88,675	63,403
Contractual services	24,319	26,371	(2,052)
Commodities	16,190	16,223	(33)
Total engineering department expenditures	<u>192,587</u>	<u>131,269</u>	<u>61,318</u>
Atkinson Airport:			
Personnel services	193,997	159,267	34,730
Contractual services	61,195	60,808	387
Commodities	626,500	464,163	162,337
Capital outlay	-	27,393	(27,393)
Total Atkinson Airport expenditures	<u>881,692</u>	<u>711,631</u>	<u>170,061</u>
Total public works expenditures	<u>\$ 1,074,279</u>	<u>\$ 842,900</u>	<u>\$ 231,379</u>

(Continued)

CITY OF PITTSBURG, KANSAS

GENERAL FUND

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

Year Ended December 31, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Sanitation and health:			
Mt. Olive Cemetery:			
Personnel services	\$ 66,223	\$ 45,779	\$ 20,444
Contractual services	13,008	18,624	(5,616)
Commodities	8,500	15,391	(6,891)
Total sanitation and health expenditures	<u>87,731</u>	<u>79,794</u>	<u>7,937</u>
Culture and recreation:			
Parks and recreation department:			
Personnel services	685,628	556,851	128,777
Contractual services	131,928	125,359	6,569
Commodities	164,500	147,180	17,320
Total parks and recreation department expenditures	<u>982,056</u>	<u>829,390</u>	<u>152,666</u>
Aquatic center:			
Personnel services	113,788	97,410	16,378
Contractual services	33,530	30,433	3,097
Commodities	50,500	67,798	(17,298)
Capital outlay	-	23,243	(23,243)
Total aquatic center expenditures	<u>197,818</u>	<u>218,884</u>	<u>(21,066)</u>
JC ballpark turf reserve:			
Capital outlay	-	7,788	(7,788)
Total JC ballpark turf reserve expenditures	<u>-</u>	<u>7,788</u>	<u>(7,788)</u>
Four Oaks Complex:			
Personnel services	283,289	262,861	20,428
Contractual services	62,968	77,797	(14,829)
Commodities	96,500	77,992	18,508
Total Four Oaks Complex expenditures	<u>\$ 442,757</u>	<u>\$ 418,650</u>	<u>\$ 24,107</u>

(Continued)

CITY OF PITTSBURG, KANSAS

GENERAL FUND

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

Year Ended December 31, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Memorial Auditorium and Convention Center:			
Personnel services	\$ 268,861	\$ 220,021	\$ 48,840
Contractual services	147,421	185,971	(38,550)
Commodities	87,000	48,436	38,564
Capital outlay	-	6,450	(6,450)
Operating reserve	86,039	-	86,039
Total Memorial Auditorium and Convention Center	<u>589,321</u>	<u>460,878</u>	<u>128,443</u>
Total culture and recreation expenditures	<u>2,211,952</u>	<u>1,935,590</u>	<u>276,362</u>
Operating reserve	<u>751,604</u>	<u>3,333</u>	<u>748,271</u>
Total expenditures	<u>14,608,686</u>	<u>12,959,416</u>	<u>1,649,270</u>
Excess of revenues over expenditures	<u>1,556,527</u>	<u>3,384,474</u>	<u>1,827,947</u>
Other financing sources (uses):			
Transfers in	832,740	918,915	86,175
Transfers out	(3,133,739)	(3,478,621)	(344,882)
Total other financing sources (uses)	<u>(2,300,999)</u>	<u>(2,559,706)</u>	<u>(258,707)</u>
Net change in fund balances	(744,472)	824,768	1,569,240
Fund balance, beginning	744,472	2,824,358	2,079,886
Fund balance, ending	<u>\$ -</u>	<u>\$ 3,649,126</u>	<u>\$ 3,649,126</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

December 31, 2009

	Water/Wastewater	Stormwater	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,332,115	\$ 1,365,723	\$ 2,697,838
Restricted cash - customer deposits	192,692	-	192,692
Accounts receivable (net of allowance for uncollectibles)	680,735	25,091	705,826
Other receivable	659,690	-	659,690
Inventories	268,098	-	268,098
Prepaid items	4,262	405	4,667
Total current assets	<u>3,137,592</u>	<u>1,391,219</u>	<u>4,528,811</u>
Noncurrent assets:			
Deferred charges	<u>24,741</u>	<u>25,778</u>	<u>50,519</u>
Capital assets:			
Land	436,690	-	436,690
Buildings and improvements	19,853,491	-	19,853,491
Machinery and equipment	3,030,424	298,078	3,328,502
Construction in progress	599,519	73,276	672,795
Infrastructure	25,887,112	4,228,369	30,115,481
Less accumulated depreciation	(19,788,960)	(445,992)	(20,234,952)
Total capital assets, net of accumulated depreciation	<u>30,018,276</u>	<u>4,153,731</u>	<u>34,172,007</u>
Total noncurrent assets	<u>30,043,017</u>	<u>4,179,509</u>	<u>34,222,526</u>
Total assets	<u>33,180,609</u>	<u>5,570,728</u>	<u>38,751,337</u>
Liabilities:			
Current liabilities:			
Accounts payable	152,720	8,209	160,929
Retainage payable	12,983	-	12,983
Accrued payroll	43,876	6,981	50,857
Accrued interest payable	67,042	25,702	92,744
Accrued compensated absences - current	76,532	12,555	89,087
Customer deposits payable	192,692	-	192,692
General obligation bonds - current	314,200	212,058	526,258
Construction loan payable - current	166,819	-	166,819
Total current liabilities	<u>1,026,864</u>	<u>265,505</u>	<u>1,292,369</u>
Noncurrent liabilities:			
Accrued compensated absences	54,326	8,911	63,237
General obligation bonds payable (net of unamortized discounts)	1,429,640	1,715,619	3,145,259
Construction loan payable	4,729,471	-	4,729,471
Other postemployment benefit obligation	52,908	9,480	62,388
Total noncurrent liabilities	<u>6,266,345</u>	<u>1,734,010</u>	<u>8,000,355</u>
Total liabilities	<u>7,293,209</u>	<u>1,999,515</u>	<u>9,292,724</u>
Net assets:			
Invested in capital assets, net of related debt	23,378,146	2,226,054	25,604,200
Unrestricted	2,509,254	1,345,159	3,854,413
Total net assets	<u>\$ 25,887,400</u>	<u>\$ 3,571,213</u>	<u>\$ 29,458,613</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended December 31, 2009

	<u>Water/Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
Operating revenues:			
Charges for sales and services:			
Water charges	\$ 3,088,030	\$ -	\$ 3,088,030
Wastewater charges	2,664,736	-	2,664,736
Stormwater charges	-	703,129	703,129
Special assessments	144,958	-	144,958
Other charges	307,609	10,442	318,051
Total operating revenues	<u>6,205,333</u>	<u>713,571</u>	<u>6,918,904</u>
Operating expenses:			
Costs of sales and services	2,185,747	184,230	2,369,977
Administration	1,617,899	279,354	1,897,253
Depreciation	1,138,360	117,748	1,256,108
Total operating expenses	<u>4,942,006</u>	<u>581,332</u>	<u>5,523,338</u>
Operating income	<u>1,263,327</u>	<u>132,239</u>	<u>1,395,566</u>
Nonoperating revenues (expenses):			
Interest revenue	18,354	14,199	32,553
Interest expense	(217,253)	(82,505)	(299,758)
Total nonoperating revenues (expenses)	<u>(198,899)</u>	<u>(68,306)</u>	<u>(267,205)</u>
Income before transfers	1,064,428	63,933	1,128,361
Transfers out	<u>(1,352,054)</u>	<u>(24,774)</u>	<u>(1,376,828)</u>
Change in net assets	(287,626)	39,159	(248,467)
Total net assets, beginning	<u>26,175,026</u>	<u>3,532,054</u>	<u>29,707,080</u>
Total net assets, ending	<u>\$ 25,887,400</u>	<u>\$ 3,571,213</u>	<u>\$ 29,458,613</u>

See accompanying notes to basic financial statements.

CITY OF PITTSBURG, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended December 31, 2009

	<u>Water/Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 5,735,604	\$ 711,006	\$ 6,446,610
Payments to suppliers	(2,369,983)	(455,389)	(2,825,372)
Payments to employees	(1,592,060)	(270,743)	(1,862,803)
Net cash provided by (used in) operating activities	<u>1,773,561</u>	<u>(15,126)</u>	<u>1,758,435</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(1,352,054)	(24,774)	(1,376,828)
Interest paid on deposits	(1,428)	-	(1,428)
Net cash used in noncapital financing activities	<u>(1,353,482)</u>	<u>(24,774)</u>	<u>(1,378,256)</u>
Cash flows from capital and related financing activities:			
Proceeds from capitalization grant/construction loan payable	731,107	-	731,107
Payments on capitalization grant/construction loan payable	(387,218)	-	(387,218)
Proceeds from general obligation bonds	280,000	-	280,000
Payments on bond anticipation notes	(384,790)	-	(384,790)
Acquisition and construction of capital assets	(1,094,167)	(5,616)	(1,099,783)
Purchases of capital assets	(2,970)	-	(2,970)
Disposal of capital assets	-	85,167	85,167
Principal paid on capital debt	(270,780)	(202,406)	(473,186)
Interest paid on capital debt	(221,170)	(85,204)	(306,374)
Net cash used in capital and related financing activities	<u>(1,349,988)</u>	<u>(208,059)</u>	<u>(1,558,047)</u>
Cash flows from investing activities:			
Interest received	18,354	14,199	32,553
Net decrease in cash and cash equivalents	(911,555)	(233,760)	(1,145,315)
Cash and cash equivalents and restricted cash, beginning of year	<u>2,436,362</u>	<u>1,599,483</u>	<u>4,035,845</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 1,524,807</u>	<u>\$ 1,365,723</u>	<u>\$ 2,890,530</u>

(Continued)

CITY OF PITTSBURG, KANSAS

STATEMENT OF CASH FLOWS
(Continued)

PROPRIETARY FUNDS

Year Ended December 31, 2009

	<u>Water/Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,263,327	\$ 132,239	\$ 1,395,566
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	1,138,360	117,748	1,256,108
Amortization of deferred charges	6,185	3,437	9,622
Changes in assets and liabilities:			
Receivables, net	(473,676)	(2,565)	(476,241)
Inventories	13,778	-	13,778
Prepaid items	242	(227)	15
Accounts payable	(204,441)	(274,369)	(478,810)
Accrued compensated absences	3,728	2,976	6,704
Other postemployment benefits	22,111	5,635	27,746
Customer deposits	3,947	-	3,947
Net cash provided by (used in) operating activities	<u>\$ 1,773,561</u>	<u>\$ (15,126)</u>	<u>\$ 1,758,435</u>
Cash consists of:			
Cash and cash equivalents	\$ 1,332,115	\$ 1,365,723	\$ 2,697,838
Restricted cash	192,692	-	192,692
	<u>\$ 1,524,807</u>	<u>\$ 1,365,723</u>	<u>\$ 2,890,530</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

1 - Summary of Significant Accounting Policies

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, cemetery, parks, recreation, and administration.

The revolving loans fund accounts for revolving loan proceeds involving various revenue sources including local sales tax proceeds utilized for industrial development purposes, revolving funds from rental rehabilitation grants, and revolving funds received from industrial development grants.

The capital projects fund accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

The water/wastewater fund accounts for the operation and maintenance activities of the City's water and wastewater collection and treatment systems.

The stormwater fund accounts for the operation and maintenance activities of the City's stormwater utility.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/wastewater fund and the stormwater fund are charges to customers for sales and services. Operating expenses for the water/wastewater fund and the stormwater fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

In accordance with the City's formal investment policy adopted by the governing body, the City may form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled investments consist of operating accounts and nonnegotiable certificates of deposit that are recorded at cost because they are not affected by market rate changes. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2009, interest earnings allocated to the various funds were \$ 192,908.

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. At December 31, 2009, cash equivalents consisted of certificates of deposit included in pooled cash described above.

Receivables and Payables

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

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

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

Governmental funds report deferred 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 had no unearned revenue. Deferred revenue is reported as follows:

General fund property taxes receivable	\$ 3,760,945
Revolving loans fund long-term portion of capital leases receivable	1,016,997
Debt service fund property taxes receivable	1,236,961
Other governmental fund grant receivable	<u>119,186</u>
	<u>\$ 6,134,089</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 2009 levy was based was approximately \$ 131,790,869.

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 2009 tax levy per \$ 1,000 of assessed valuation was as follows:

General Fund	\$ 31.916
Debt Service Fund	7.998
Component unit:	
Public Library	<u>5.553</u>
	<u>\$ 45.467</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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.

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, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined as assets with an initial individual cost of more than \$ 1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and 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.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

In the general fund, \$ 10,000 of the unreserved fund equity has been designated by the City Commission and management to be used for repairs and maintenance of the field turf on the City's ball fields.

Restricted Net Assets

The government-wide statement of net assets reports \$ 11,140,376 of restricted net assets, of which \$ 147,165 is restricted by enabling legislation. This enabling legislation authorized the collection of a sales tax from which the collection of these sales taxes is to be used for the explicit purpose of repaying the general obligation bonds for the construction of the City's public safety center.

Concentrations of Credit Risk

Loans are extended, on a fully secured basis, to local industries under the revolving economic development loan program. Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water and sewer fees and charges for services.

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

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)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements

At December 31, 2009, 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. 51, *Accounting and Financial Reporting for Intangible Assets* was issued in June 2007. This statement establishes standards for when and whether intangible assets should be considered capital assets for financial reporting purposes. It requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The provisions of this statement are effective for periods beginning after June 15, 2009.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* was issued in February 2009. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for periods beginning after June 15, 2010.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ 30,673,114 difference are as follows:

Bonds payable	\$ (28,633,483)
Less: Deferred charge for issuance costs	575,023
Less: Issuance discount	120,249
Custom energy note payable	(1,694,340)
Accrued interest payable	(352,039)
Compensated absences	<u>(688,524)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (30,673,114)</u></u>

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 assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 894,413 difference are as follows:

Capital outlay	\$ 3,162,711
Depreciation expense	<u>(2,268,298)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u><u>\$ 894,413</u></u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ 1,384,182 difference are as follows:

Debt issued or incurred:	
Issuance of bonds	\$ (1,265,000)
Principal repayments:	
Bonds	2,556,814
Custom energy lease	<u>92,368</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ 1,384,182</u>

Another element of that reconciliation states that “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.” The details of this \$ 161,774 difference are as follows:

Compensated absences	\$ (30,555)
Other post employment benefits	(108,250)
Accrued interest	49,732
Amortization of issuance costs	(59,926)
Amortization of bond discounts	<u>(12,775)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities	<u>\$ (161,774)</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. The City has legally adopted annual budgets for the general fund, the debt service fund, the street and highway fund, the special alcohol and drug fund, the special parks and recreation fund, and the Section 8 fund. Budgets were not prepared for the Community Development Block Grant fund, the capital projects fund, the PHA/Presbyterian Church Housing fund and the revolving loans fund. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting - that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

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

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

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. City policy further limits the level of budgetary changes not requiring City Commission approval to the department level within an individual fund. Any change in level of appropriation beyond the departmental level in an individual fund requires action by the City Commission. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the budget. Ten days after publication, a public hearing is held and the governing body may amend the budget at that time. There were three budget amendments during 2009. Special Alcohol and Drug fund budgeted expenditures increased from \$ 72,111 to \$ 100,500, Special Parks and Recreation fund budgeted expenditures increased from \$ 71,611 to \$ 100,000 and Section 8 fund budgeted expenditures increased from \$ 1,379,595 to \$ 1,429,285.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Budgetary Basis of Accounting

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual is presented in accordance with the budget basis to provide a meaningful comparison of actual results with the budget. The following reconciliation is presented to provide a correlation between the different bases of accounting for reporting in accordance with GAAP and for reporting on the budget basis.

	<u>General Fund</u>
Excess of revenue over expenditures, GAAP basis	\$ 2,338,909
Add:	
Sales tax transfers	1,086,100
Health claims	90,000
Change in grants receivable	18,444
Change in salaries payable	7,066
Change in interest receivable	2,710
Deduct:	
Change in encumbrances	(20,745)
Change in inventories	(14,662)
Change in prepaid items	(1,058)
Change in taxes receivable	(34,462)
Change in payable	<u>(87,828)</u>
Excess of revenue over expenditures, budgetary basis	<u><u>\$ 3,384,474</u></u>

Budget and Actual Statements were not prepared for the revolving loans fund or the capital projects fund because those funds are not required to have legally adopted budgets.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is included in cash and cash equivalents on the balance sheet. At December 31, 2009, 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

As of December 31, 2009, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money market mutual funds	\$ 360,619	\$ 360,619	\$ -	\$ -	\$ -

Interest Rate Risk

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5 - Deposits and Investments (Continued)

Investments (Continued)

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, 2009.

The City's investments in money market mutual funds are rated Aaa by Moody's and AAA by Standard & Poor's.

Concentrations of Credit Risk

The City places no limit on the amount it may invest in any one issuer.

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2009, the City's investments were not exposed to custodial credit risk.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Deposits and Investments (Continued)

Investments (Continued)

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

	<u>Carrying Amount</u>		<u>Total</u>
	<u>City</u>	<u>Component Unit - Public Library</u>	
Cash and cash equivalents	\$ 15,878,984	\$ 619,912	\$ 16,498,896
Restricted cash and cash equivalents	192,692	-	192,692
Restricted investments	360,619	-	360,619
	<u>\$ 16,432,295</u>	<u>\$ 619,912</u>	<u>\$ 17,052,207</u>

6 - Loans Receivable

Loans receivable, aggregating approximately \$ 1,296,000 at December 31, 2009, 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

The City has lease agreements as lessor on City property for economic development purposes. These lease agreements qualify as capital leases and have therefore been recorded at the present value of their future minimum lease payments as of the inception date. At December 31, 2009 the lease receivable balance was \$ 1,272,829.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Leases (Continued)

Future minimum lease payments to be received are as follows:

2010	\$ 255,832
2011	165,543
2012	165,543
2013	165,543
2014	165,543
2015 - 2019	447,229
2020 - 2024	<u>117,300</u>
Total minimum lease payments	1,482,533
Less: amounts representing interest	<u>(209,704)</u>
Present value of minimum lease payments	<u><u>\$ 1,272,829</u></u>

Noncancellable operating revenue leases for City land and buildings expire in 2012, 2015, 2016 and 2018. The leases contain renewal options for periods ranging from five to ten years and require the lessees to pay all executory costs (property taxes, maintenance and insurance). For the year ended December 31, 2009 rental income related to these leases was \$ 237,534. Future minimum lease income is as follows:

2010	\$ 279,773
2011	266,747
2012	183,710
2013	151,310
2014	151,310
2015 - 2019	<u>312,259</u>
	<u><u>\$ 1,345,109</u></u>

The asset cost of the buildings the City leases is \$ 2,556,590, with accumulated depreciation of \$ 656,597 resulting in net carrying value of \$ 1,899,993 at December 31, 2009.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Capital Assets

Capital asset activity for the year ended December 31, 2009 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,473,903	\$ 57,603	\$ -	\$ -	\$ 3,531,506
Construction in progress	943,156	2,855,369	(3,706,344)	-	92,181
Total capital assets not being depreciated	4,417,059	2,912,972	(3,706,344)	-	3,623,687
Capital assets being depreciated:					
Buildings and improvements	36,623,139	997,091	(488,810)	-	37,131,420
Machinery and equipment	7,730,488	1,500,623	(552,426)	25,037	8,703,722
Infrastructure	24,363,975	1,450,017	-	-	25,813,992
Total capital assets being depreciated	68,717,602	3,947,731	(1,041,236)	25,037	71,649,134
Less accumulated depreciation for:					
Buildings and improvements	(10,916,907)	(1,022,698)	486,410	-	(11,453,195)
Machinery and equipment	(5,332,208)	(528,406)	552,781	(25,037)	(5,332,870)
Infrastructure	(10,285,442)	(717,194)	-	-	(11,002,636)
Total accumulated depreciation	(26,534,557)	(2,268,298)	1,039,191	(25,037)	(27,788,701)
Total capital assets being depreciated, net	42,183,045	1,679,433	(2,045)	-	43,860,433
Governmental activities capital assets, net	\$ 46,600,104	\$ 4,592,405	\$ (3,708,389)	\$ -	\$ 47,484,120

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 436,690	\$ -	\$ -	\$ -	\$ 436,690
Construction in progress	506,656	846,806	(680,667)	-	672,795
Total capital assets not being depreciated	943,346	846,806	(680,667)	-	1,109,485
Capital assets being depreciated:					
Buildings and improvements	19,853,491	-	-	-	19,853,491
Machinery and equipment	3,370,720	2,970	(20,151)	(25,037)	3,328,502
Infrastructure	29,266,832	848,649	-	-	30,115,481
Total capital assets being depreciated	52,491,043	851,619	(20,151)	(25,037)	53,297,474
Less accumulated depreciation for:					
Buildings and improvements	(7,174,497)	(441,221)	-	-	(7,615,718)
Machinery and equipment	(2,256,700)	(180,342)	20,151	24,865	(2,392,026)
Infrastructure	(9,592,663)	(634,545)	-	-	(10,227,208)
Total accumulated depreciation	(19,023,860)	(1,256,108)	20,151	24,865	(20,234,952)
Total capital assets being depreciated, net	33,467,183	(404,489)	-	(172)	33,062,522
Business-type activities capital assets, net	\$ 34,410,529	\$ 442,317	\$ (680,667)	\$ (172)	\$ 34,172,007

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 142,137
Public safety - police	253,595
Public safety - fire	241,608
Public safety - other	25,960
Public works	1,167,249
Sanitation and health	3,005
Industrial promotion	36,000
Culture and recreation	398,744
	<hr/>
Total depreciation expense - governmental activities	<u>\$ 2,268,298</u>
Business-type activities:	
Water and sewer	\$ 1,138,360
Stormwater	117,748
	<hr/>
Total depreciation expense - business-type activities	<u>\$ 1,256,108</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Capital Assets (Continued)

Capital asset activity for the Public Library component unit for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 215,415	\$ -	\$ -	\$ 215,415
Construction in progress	5,051	30,044	(10,396)	24,699
Total capital assets not being depreciated	220,466	30,044	(10,396)	240,114
Capital assets being depreciated:				
Buildings and improvements	3,407,620	10,396	-	3,418,016
Machinery and equipment	9,996	5,834	-	15,830
Total capital assets being depreciated	3,417,616	16,230	-	3,433,846
Less accumulated depreciation for:				
Buildings and improvements	(751,860)	(77,442)	-	(829,302)
Machinery and equipment	(7,512)	(2,922)	-	(10,434)
Total accumulated depreciation	(759,372)	(80,364)	-	(839,736)
Total capital assets being depreciated, net	2,658,244	(64,134)	-	2,594,110
Public Library capital assets, net	\$ 2,878,710	\$ (34,090)	\$ (10,396)	\$ 2,834,224

9 - Capital Projects

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9 - Capital Projects (Continued)

Following is a summary of costs to December 31, 2009 for capital projects compared to the amount authorized:

	<u>Costs to Date</u>	<u>Amount Authorized</u>
General government:		
Four Oaks improvements	\$ 73,184	\$ 77,036
Hiking/biking path	100,610	111,000
Auditorium projects	14,446	200,000
Streetscape project	1,682,920	2,500,000
Airport runway and wildlife fence projects	212,256	330,000
Roofing projects	97,390	125,000
Paving projects	786,509	1,180,000
Bridge projects	55,411	750,000
Public safety center	14,239,708	15,000,000
	<u>\$ 17,262,434</u>	<u>\$ 20,273,036</u>
Business-type:		
Water/wastewater	\$ 2,165,715	\$ 14,790,812
Stormwater	2,391,040	2,450,000
	<u>\$ 4,556,755</u>	<u>\$ 17,240,812</u>

10 - Long-Term Debt

General Obligation Bonds

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2009 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2009	Outstanding December 31, 2009
General Obligation Bonds:					
Governmental activities:					
Series 2001-B	4.00 - 4.30%	\$ 2,675,000	2011	\$ 295,000	\$ 625,000
Series 2003-A	2.10 - 3.30%	3,025,000	2013	290,000	795,000
Series 2005-A	2.70 - 3.60%	1,460,000	2015	140,000	940,000
Series 2006-A	3.35 - 3.75%	545,000	2016	50,000	410,000
Series 2006-B	3.70 - 3.90%	1,140,000	2016	105,000	845,000
Series 2006-C	3.55 - 3.80%	2,000,000	2016	180,000	1,465,000
Series 2007-A	4.00%	1,285,000	2017	112,594	1,072,323
Series 2007-B	4.00%	13,000,000	2018	855,000	11,450,000
Series 2008-A	2.30 - 3.60%	2,950,380	2018	239,220	2,711,160
Series 2009-A	1.50 - 3.25%	1,265,000	2019	-	1,265,000
				<u>2,266,814</u>	<u>21,578,483</u>
Business-type activities:					
Series 2001-A	4.15 - 4.70%	4,715,000	2013	240,000	1,115,000
Series 2007-A	4.00%	2,310,000	2017	202,406	1,927,677
Series 2008-A	2.30 - 3.60%	379,620	2018	30,780	348,840
Series 2009-A	1.50 - 3.25%	280,000	2019	-	280,000
				<u>473,186</u>	<u>3,671,517</u>
				<u>\$ 2,740,000</u>	<u>\$ 25,250,000</u>

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

Series 2001-A: Callable September 1, 2011 at par plus accrued interest
 Series 2001-B: Callable September 1, 2008 at par plus accrued interest
 Series 2003-A: Callable September 1, 2010 at 101% of par plus accrued interest
 Series 2005-A: Callable September 1, 2013 at par plus accrued interest
 Series 2006-A: Callable September 1, 2014 at par plus accrued interest
 Series 2006-B: Callable September 1, 2014 at par plus accrued interest
 Series 2006-C: Callable September 1, 2014 at par plus accrued interest
 Series 2007-A: Callable September 1, 2015 at par plus accrued interest
 Series 2007-B: Callable September 1, 2015 at par plus accrued interest
 Series 2008-A: Callable September 1, 2016 at par plus accrued interest
 Series 2009-A: Callable September 1, 2017 at par plus accrued interest

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

	Installment Range	
	Low	High
General Obligation Bonds:		
Governmental activities:		
Series 2001-B	\$ 305,000	\$ 320,000
Series 2003-A	160,000	300,000
Series 2005-A	145,000	165,000
Series 2006-A	50,000	65,000
Series 2006-B	110,000	135,000
Series 2006-C	185,000	235,000
Series 2007-A	117,942	151,895
Series 2007-B	920,000	1,800,000
Series 2008-A	265,800	345,540
Series 2009-A	115,000	145,000
Business-type activities:		
Series 2001-A	255,000	300,000
Series 2007-A	212,058	273,105
Series 2008-A	34,200	44,460
Series 2009-A	25,000	30,000

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2009 are as follows:

	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2010	\$ 2,513,742	\$ 797,495	\$ 526,258	\$ 150,211
2011	2,486,176	711,669	548,824	126,978
2012	2,270,967	621,775	579,033	102,042
2013	2,388,401	540,310	596,599	78,415
2014	2,322,622	453,291	312,378	53,334
2015 - 2019	9,596,575	922,766	1,108,425	92,501
	<u>\$ 21,578,483</u>	<u>\$ 4,047,306</u>	<u>\$ 3,671,517</u>	<u>\$ 603,481</u>

Construction Loan Payable

During 2001, 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 \$ 3,800,000 to finance improvements to the wastewater system. The loan is being repaid over twenty years at an interest rate of 3.16%. The outstanding balance of \$ 2,886,315 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, 2009 are as follows:

	Principal	Interest and Service Fee	Total
2010	\$ 166,819	\$ 89,900	\$ 256,719
2011	172,132	84,587	256,719
2012	177,615	79,105	256,720
2013	183,272	73,448	256,720
2014	189,109	67,610	256,719
2015-2019	1,039,818	243,777	1,283,595
2020-2024	957,550	69,326	1,026,876
	<u>\$ 2,886,315</u>	<u>\$ 707,753</u>	<u>\$ 3,594,068</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Construction Loan Payable (Continued)

During 2006, the City entered into a second loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 4,000,000 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, 2009, the City has drawn \$ 2,009,975 on this loan, which is shown as a liability in the waster/wastewater fund. The debt service requirements to the maturity date will not be determinable until the final draw has been made.

Custom Energy Note Payable

During 2007, the City entered into an agreement for a custom energy note payable to perform energy conservation and usage reduction improvements to the City's facilities. The note was in the amount of \$ 1,826,934. The loan is being repaid over sixteen years at an interest rate of 4.099%.

The future annual requirements for the custom energy note payable outstanding as of December 31, 2009 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 96,193	\$ 68,475	\$ 164,668
2011	100,177	64,492	164,669
2012	104,325	60,343	164,668
2013	108,645	56,023	164,668
2014	113,144	51,524	164,668
2015 - 2019	640,002	183,340	823,342
2020 - 2024	531,854	44,486	576,340
	<u>\$ 1,694,340</u>	<u>\$ 528,683</u>	<u>\$ 2,223,023</u>

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Transportation Development District Sales Tax Revenue Bonds

In 2006, the City issued Transportation Development District Sales Tax Revenue bonds in the amount of \$ 1,395,000. The proceeds were used to finance the North Broadway – Pittsburg Town Center Project. A sales tax has been imposed on purchases made within the transportation development district. The sales tax collected will be used to retire the bonds. The bonds are considered a special, limited obligation of the City secured by a pledge of the sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City’s debt limit.

The future annual requirements for Transportation Development District Sales Tax Revenue bonds outstanding as of December 31, 2009 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 30,000	\$ 63,600	\$ 93,600
2011	35,000	62,040	97,040
2012	40,000	60,240	100,240
2013	40,000	58,320	98,320
2014	45,000	56,280	101,280
2015 - 2019	300,000	242,400	542,400
2020 - 2024	435,000	154,920	589,920
2025 - 2029	415,000	33,720	448,720
	<u>\$ 1,340,000</u>	<u>\$ 731,520</u>	<u>\$ 2,071,520</u>

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Special Obligation Tax Increment Revenue Bonds

In 2006, the City issued Special Obligation Tax Increment (TIF) Revenue bonds in the amount of \$ 6,310,000. The proceeds were used to finance certain redevelopment costs in connection with the North Broadway Redevelopment - Pittsburg Town Center Project. An incremental increase in ad valorem tax revenues and certain sales tax revenues from the redevelopment district will be used to retire the bonds. The bonds are considered a special, limited obligation of the City, secured by a pledge of and lien on the incremental increase in ad valorem tax and certain sales tax revenues. The bonds are not a general obligation of the City nor do they go against the City's debt limit.

The future annual requirements for TIF Revenue bonds outstanding as of December 31, 2009 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 215,000	\$ 278,707	\$ 493,707
2011	235,000	268,582	503,582
2012	255,000	257,558	512,558
2013	275,000	245,632	520,632
2014	295,000	232,807	527,807
2015 - 2019	1,865,000	926,453	2,791,453
2020 - 2024	2,575,000	375,953	2,950,953
	<u>\$ 5,715,000</u>	<u>\$ 2,585,692</u>	<u>\$ 8,300,692</u>

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

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 22,580,297	\$ 1,265,000	\$ (2,266,814)	\$ 21,578,483	\$ 2,513,742
Transportation Development District					
Sales Tax Revenue Bonds	1,370,000	-	(30,000)	1,340,000	30,000
Special Obligation Tax Increment					
Revenue Bonds	5,975,000	-	(260,000)	5,715,000	215,000
Less deferred amounts:					
For issuance discounts	(133,024)	-	12,775	(120,249)	-
Custom energy note payable	1,786,708	-	(92,368)	1,694,340	96,193
Other postemployment benefits	135,167	108,250	-	243,417	-
Compensated absences	657,970	442,364	(411,810)	688,524	423,611
Governmental activity long-term liabilities	\$ 32,372,118	\$ 1,815,614	\$ (3,048,217)	\$ 31,139,515	\$ 3,278,546
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 3,864,703	\$ 280,000	\$ (473,186)	\$ 3,671,517	\$ 526,258
Construction loan payable	4,552,401	731,107	(387,218)	4,896,290	166,819
Other postemployment benefits	34,642	27,746	-	62,388	-
Compensated absences	145,620	106,275	(99,571)	152,324	89,087
Business-type activity long-term liabilities	\$ 8,597,366	\$ 1,145,128	\$ (959,975)	\$ 8,782,519	\$ 782,164
Component unit activities:					
Other postemployment benefits	\$ 9,730	\$ 7,792	\$ -	\$ 17,522	\$ -
Compensated absences	9,890	26,024	(21,654)	14,260	14,260
Component unit activity long-term liabilities	\$ 19,620	\$ 33,816	\$ (21,654)	\$ 31,782	\$ 14,260

For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Long-Term Debt (Continued)

Conduit Debt Obligations

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

Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2009, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 6,800,000.

11 - Bond Anticipation Notes Payable

During the year, the City retired bond anticipation notes used to fund various City improvements.

Bond anticipation note activity for the year ended December 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond anticipation notes	<u>\$ 2,410,000</u>	<u>\$ -</u>	<u>\$ 2,410,000</u>	<u>\$ -</u>
<u>Issue</u>		<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
2008A		\$ 2,410,000	2.15%	10/1/2009

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

12 - Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% for employees hired after July 1, 2009. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute from January through December 2009 was 6.54%. The City employer contributions to KPERS for the years ending December 31, 2009, 2008, and 2007 were \$ 302,183, \$ 305,955, and \$ 272,393, respectively, equal to the statutory required contributions for each year. The City's KP&F uniform participating employer rate established for fiscal years beginning in 2009 is 16.30%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The contributions to KP&F for the years ending December 31, 2009, 2008, and 2007 were \$ 533,190, \$ 572,747, and \$ 551,110, respectively, equal to the statutory required contributions for each year.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13 - Other Postemployment Healthcare Benefits

Description. The City offers postemployment health and life insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependants as for active employees and their dependants. The benefit is available for selection at retirement and is extended to retirees and their dependants until the individuals become eligible for Medicare at 65. The City also provides life insurance benefits to retirees. The life insurance benefits continue for lifetime. The plan does not issue a stand-alone financial report.

Funding Policy. The City provides health insurance benefits to retirees and their dependants in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute approximately 80 percent of the blended premium cost of active employees up to age 65 (including the employer and employee share). Retirees contribute 100 percent of their life insurance premiums.

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2009, the City contributed \$ 64,179 to the plan. Plan members receiving benefits contributed \$ 37,192.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13 - Other Postemployment Healthcare Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$ 211,460
Interest on net OPEB obligation	4,986
Adjustment to annual required contribution	<u>(8,479)</u>
Annual OPEB cost (expense)	207,967
Contributions made	<u>(64,179)</u>
Increase in net OPEB obligation	143,788
Net OPEB obligation, January 1, 2009	<u>179,539</u>
Net OPEB obligation, December 31, 2009	<u><u>\$ 323,327</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2008 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 207,967	30.86%	\$ 323,327
2008	\$ 219,398	18.17%	\$ 179,539

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

13 - Other Postemployment Healthcare Benefits (Continued)

Funded Status and Funding Progress. As of January 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$ 2,115,027. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 2,115,027. The covered payroll (annual payroll of active employees covered by the plan) was \$ 9,238,253 and the ratio of the UAAL to the covered payroll was 22.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the projected unit credit method was applied. The actuarial assumptions included a 3.00 percent discount rate, which reflects rate of return earned on the City's general fund. The valuation assumed annual healthcare cost trend rates of six to eight percent in the first five years and an ultimate rate of five percent after six years. The remaining amortization period at December 31, 2009 was 28 years. The UAAL is being amortized using the level dollar method on an open basis.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

14 - Risk Management

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

Group Hospitalization

The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$ 50,000 per plan year. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The transactions of the health insurance plan are accounted for in the Group Hospitalization department in the General Fund and are subsequently allocated to various departments and/or funds. The rates are based on past historical costs for individual and family coverage and expected future claims. The claims liability of \$ 90,000 reported at December 31, 2009 is based on the requirements of Governmental Accounting Standard Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated. There is no liability reported at December 31, 2008 because the City met its stop-loss requirements for the year ended December 31, 2008.

At December 31, 2009, the City had approximately \$ 279,000 reserved in the General Fund for payment of health claims. The changes in health care claims payable for the years ended December 31, 2009 and 2008 are as follows:

	2009	2008
Claims payable, beginning of year	\$ -	\$ 125,000
Incurred claims and change in estimate	1,331,157	1,399,011
Claim payments	(1,241,157)	(1,524,011)
Claims payable, end of year	\$ 90,000	\$ -

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

15 - Interfund Transactions

Interfund transfers for the year ended December 31, 2009, consisted of the following:

Transfers to general fund from:	
Nonmajor governmental funds	\$ 79,950
Capital projects	6,224
Water/wastewater fund	832,741
	<hr/>
Total transfers to general fund	\$ 918,915
	<hr/> <hr/>
Transfers to capital projects fund from:	
General fund	\$ 606,107
Revolving loans fund	59,583
Water/wastewater fund	285,608
	<hr/>
Total transfers to capital projects fund	\$ 951,298
	<hr/> <hr/>
Transfers to debt service fund from:	
General fund	\$ 1,677,328
Capital projects fund	449,706
Nonmajor governmental funds	14,516
Water/wastewater fund	233,705
Stormwater fund	24,774
	<hr/>
Total transfers to debt service fund	\$ 2,400,029
	<hr/> <hr/>
Transfers to nonmajor governmental funds from:	
General fund	\$ 500,000
	<hr/> <hr/>

Transfers are used to (1) move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

15 - Interfund Transactions (Continued)

Advances to and advances from other funds are reported in the financial statements as follows:

Advances from revolving loans fund to:
Nonmajor governmental funds

\$ 60,746

Advances to and from other funds result from a residential incentive program the City implemented in order to promote residential development. The City pays 50% of developer charges from the Street and Highway fund and records a receivable in the Revolving Loans fund. The charges are paid back over a ten year period.

16 - Fund Balance Reserves

The governmental fund financial statements include a number of reserves that are maintained for specific purposes. The nature and purposes of the significant reserves are:

Reserved for Encumbrances

Represents segregated monies that have been appropriated but for which expenditures have not yet been incurred.

Reserved for Inventories

Represents inventory balances that are not available for spending.

Reserved for Prepaid Items

Represents prepaid asset balances that are not available for spending.

Reserved for Advances

Represents the asset – advance to other funds because the balance is not available for spending (see Note 15).

Reserved for Revolving Loan Program

An account to segregate monies that are reserved for current and future economic development revolving loans.

Reserved for Insurance Claims

An account to segregate monies that are reserved for health claims (see Note 14).

CITY OF PITTSBURG, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PITTSBURG, KANSAS

OTHER POST EMPLOYMENT BENEFITS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 2,115,027	\$ 2,115,027	0.0%	\$ 9,238,253	22.9%

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

PHA/PRESBYTERIAN CHURCH HOUSING - 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 - to account for federal grants under the Department of Housing and Urban Development (HUD) Program.

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

CITY OF PITTSBURG, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

December 31, 2009

	Special Revenue						Total Nonmajor Governmental Funds
	Special Parks and Recreation	Special Alcohol and Drug	Street and Highway	PHA/ Presbyterian Church Housing	Section 8	Community Development Block Grants	
Assets:							
Cash and cash equivalents	\$ -	\$ 57,130	\$ 97,465	\$ 967,680	\$ 305,325	\$ -	\$ 1,427,600
Receivables (net of allowance for uncollectibles):							
Accounts	-	-	2,096	117	-	-	2,213
Intergovernmental	-	-	156,870	-	-	-	156,870
Loans receivable	-	-	-	23,063	-	-	23,063
Inventory	-	-	19,532	-	-	-	19,532
Prepaid items	-	-	1,881	-	-	-	1,881
Total assets	\$ -	\$ 57,130	\$ 277,844	\$ 990,860	\$ 305,325	\$ -	\$ 1,631,159
Liabilities:							
Accounts payable	\$ -	\$ 2,532	\$ 32,281	\$ -	\$ 805	\$ -	\$ 35,618
Accrued payroll	-	-	14,220	-	3,058	-	17,278
Deferred revenue	-	-	-	-	119,186	-	119,186
Advances from other funds	-	-	60,746	-	-	-	60,746
Total liabilities	-	2,532	107,247	-	123,049	-	232,828
Fund balances:							
Reserved for encumbrances	-	-	21,636	-	-	-	21,636
Reserved for inventories	-	-	19,532	-	-	-	19,532
Reserved for prepaid items	-	-	1,881	-	-	-	1,881
Unreserved, undesignated	-	54,598	127,548	990,860	182,276	-	1,355,282
Total fund balances	-	54,598	170,597	990,860	182,276	-	1,398,331
Total liabilities and fund balances	\$ -	\$ 57,130	\$ 277,844	\$ 990,860	\$ 305,325	\$ -	\$ 1,631,159

CITY OF PITTSBURG, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2009

	Special Revenue					Total Nonmajor Governmental Funds	
	Special Parks and Recreation	Special Alcohol and Drug	Street and Highway	PHA/ Presbyterian Church Housing	Section 8		Community Development Block Grants
Revenues:							
Intergovernmental	\$ 79,950	\$ 79,950	\$ 654,621	\$ -	\$ 1,370,170	\$ 157,436	\$ 2,342,127
Investment earnings	-	-	-	10,235	1,884	-	12,119
Miscellaneous		1,286	11,794	175	4,001	446	17,702
Total revenues	79,950	81,236	666,415	10,410	1,376,055	157,882	2,371,948
Expenditures:							
Current:							
Public works	-	-	1,224,219	-	-	-	1,224,219
Sanitation and health	-	68,539	-	-	-	-	68,539
Social welfare	-	-	-	19,157	1,403,363	157,436	1,579,956
Capital outlay	-	-	6,678	-	-	446	7,124
Total expenditures	-	68,539	1,230,897	19,157	1,403,363	157,882	2,879,838
Excess (deficiency) of revenues over (under) expenditures	79,950	12,697	(564,482)	(8,747)	(27,308)	-	(507,890)
Other financing sources (uses):							
Transfers in:							
General fund	-	-	500,000	-	-	-	500,000
Transfers out:							
General fund	(79,950)	-	-	-	-	-	(79,950)
Debt service	-	-	(14,516)	-	-	-	(14,516)
Total other financing sources (uses)	(79,950)	-	485,484	-	-	-	405,534
Net change in fund balances	-	12,697	(78,998)	(8,747)	(27,308)	-	(102,356)
Fund balances, beginning	-	41,901	249,595	999,607	209,584	-	1,500,687
Fund balances, ending	\$ -	\$ 54,598	\$ 170,597	\$ 990,860	\$ 182,276	\$ -	\$ 1,398,331

CITY OF PITTSBURG, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 71,611	\$ 100,000	\$ 79,950	\$ (20,050)
Other financing uses:				
Transfers out	(71,611)	(100,000)	(79,950)	20,050
Net change in fund balances	-	-	-	-
Fund balances, beginning	-	-	-	-
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF PITTSBURG, KANSAS

SPECIAL ALCOHOL AND DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 71,611	\$ 100,000	\$ 79,950	\$ (20,050)
Miscellaneous	500	500	1,286	786
Total revenues	<u>72,111</u>	<u>100,500</u>	<u>81,236</u>	<u>(19,264)</u>
Expenditures:				
Personnel services	-	-	3,291	(3,291)
Contractual services	48,740	68,167	54,237	13,930
Commodities	23,371	32,333	11,011	21,322
Total expenditures	<u>72,111</u>	<u>100,500</u>	<u>68,539</u>	<u>31,961</u>
Net change in fund balances	-	-	12,697	12,697
Fund balances, beginning	-	-	41,901	41,901
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,598</u>	<u>\$ 54,598</u>

(Continued)

CITY OF PITTSBURG, KANSAS

STREET AND HIGHWAY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

Year Ended December 31, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 730,125	\$ 647,803	\$ (82,322)
Miscellaneous	15,000	11,794	(3,206)
Total revenues	<u>745,125</u>	<u>659,597</u>	<u>(85,528)</u>
Expenditures:			
Personnel services	579,944	582,371	(2,427)
Contractual services	410,959	372,441	38,518
Commodities	378,035	300,700	77,335
Capital outlay	-	6,678	(6,678)
Debt service	30,000	26,309	3,691
Total expenditures	<u>1,398,938</u>	<u>1,288,499</u>	<u>110,439</u>
Excess of revenues over (under) expenditures	<u>(653,813)</u>	<u>(628,902)</u>	<u>24,911</u>
Other financing sources:			
Transfers in	<u>525,000</u>	<u>500,000</u>	<u>(25,000)</u>
Net change in fund balances	(128,813)	(128,902)	(89)
Fund balances, beginning	<u>128,813</u>	<u>194,076</u>	<u>65,263</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 65,174</u>	<u>\$ 65,174</u>

(Continued)

CITY OF PITTSBURG, KANSAS

SECTION 8 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,375,310	\$ 1,425,000	\$ 1,396,884	\$ (28,116)
Investment earnings	-	-	2,046	2,046
Miscellaneous	4,285	4,285	4,001	(284)
Total revenues	<u>1,379,595</u>	<u>1,429,285</u>	<u>1,402,931</u>	<u>(26,354)</u>
Expenditures:				
Personnel services	147,890	147,890	137,092	10,798
Contractual services	1,223,610	1,273,300	1,252,168	21,132
Commodities	8,095	8,095	15,642	(7,547)
Total expenditures	<u>1,379,595</u>	<u>1,429,285</u>	<u>1,404,902</u>	<u>24,383</u>
Net change in fund balances	-	-	(1,971)	(1,971)
Fund balances, beginning	-	-	51	51
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,920)</u>	<u>\$ (1,920)</u>

(Continued)

CITY OF PITTSBURG, KANSAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL

Year Ended December 31, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 1,218,204	\$ 1,168,643	\$ (49,561)
Special assessments	-	49,263	49,263
Investment earnings	-	23,237	23,237
Miscellaneous	120,056	120,056	-
Total revenues	<u>1,338,260</u>	<u>1,361,199</u>	<u>22,939</u>
Expenditures:			
Principal	3,366,836	3,509,586	(142,750)
Interest	1,649,090	1,588,766	60,324
Reserves	1,588,628	-	1,588,628
Total expenditures	<u>6,604,554</u>	<u>5,098,352</u>	<u>1,506,202</u>
Excess of revenues over (under) expenditures	<u>(5,266,294)</u>	<u>(3,737,153)</u>	<u>1,529,141</u>
Other financing sources:			
Transfers in	<u>3,236,917</u>	<u>4,080,336</u>	<u>843,419</u>
Net change in fund balances	(2,029,377)	343,183	2,372,560
Fund balances, beginning	<u>2,029,377</u>	<u>1,389,730</u>	<u>(639,647)</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 1,732,913</u>	<u>\$ 1,732,913</u>

CITY OF PITTSBURG, KANSAS

BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT

December 31, 2009

Assets:

Cash and cash equivalents	\$ 619,912
Taxes receivable	675,851
Prepaid items	<u>977</u>
Total assets	<u>\$ 1,296,740</u>

Liabilities and fund balances:

Liabilities:

Accounts payable	\$ 6,594
Accrued payroll	15,609
Deferred revenue	<u>675,851</u>

Total liabilities 698,054

Fund balances:

Unreserved	479,657
Reserved for encumbrances	118,052
Reserved for prepaid items	<u>977</u>

Total fund balances 598,686

Total liabilities and fund balances \$ 1,296,740

CITY OF PITTSBURG, KANSAS

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

Year Ended December 31, 2009

Revenues:	
Taxes	\$ 787,685
Fines and fees	13,534
Investment earnings	3,728
Annuity proceeds	405,000
Miscellaneous	<u>104,504</u>
Total revenues	<u>1,314,451</u>
Expenditures:	
Current:	
Education	887,574
Capital outlay	<u>25,648</u>
Total expenditures	<u>913,222</u>
Net change in fund balance	401,229
Fund balance, beginning	<u>197,457</u>
Fund balance, ending	<u><u>\$ 598,686</u></u>

STATISTICAL SECTION

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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	81 - 84
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, water and wastewater revenues, as well as its property tax.	85 - 89
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	90 - 94
Demographic and 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.	95 - 96
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	97 - 99

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

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 18,763,038	\$ 16,756,655	\$ 11,635,596	\$ 11,057,847	\$ 15,301,187	\$ 19,859,962	\$ 18,912,152
Restricted	-	7,675,955	8,969,208	9,327,570	11,219,783	11,967,446	11,140,376
Unrestricted	9,052,993	(3,148,102)	2,807,699	3,671,353	710,472	(693,934)	3,290,242
Total governmental activities net assets	<u>\$ 27,816,031</u>	<u>\$ 21,284,508</u>	<u>\$ 23,412,503</u>	<u>\$ 24,056,770</u>	<u>\$ 27,231,442</u>	<u>\$ 31,133,474</u>	<u>\$ 33,342,770</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 22,521,787	\$ 24,239,750	\$ 24,548,293	\$ 25,149,875	\$ 25,437,788	\$ 25,608,635	\$ 25,604,200
Unrestricted	2,542,944	2,916,297	3,380,284	3,603,895	3,779,952	4,098,445	3,854,413
Total business-type activities net assets	<u>\$ 25,064,731</u>	<u>\$ 27,156,047</u>	<u>\$ 27,928,577</u>	<u>\$ 28,753,770</u>	<u>\$ 29,217,740</u>	<u>\$ 29,707,080</u>	<u>\$ 29,458,613</u>
Primary government							
Invested in capital assets, net of related debt	\$ 41,284,825	\$ 40,996,405	\$ 36,183,889	\$ 36,207,722	\$ 40,738,975	\$ 45,468,597	\$ 44,516,352
Restricted	-	7,675,955	8,969,208	9,327,570	11,219,783	11,967,446	11,140,376
Unrestricted	11,595,937	(231,805)	6,187,983	7,275,248	4,490,424	3,404,511	7,144,655
Total primary government net assets	<u>\$ 52,880,762</u>	<u>\$ 48,440,555</u>	<u>\$ 51,341,080</u>	<u>\$ 52,810,540</u>	<u>\$ 56,449,182</u>	<u>\$ 60,840,554</u>	<u>\$ 62,801,383</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 1,009,561	\$ 1,179,618	\$ 1,657,462	\$ 1,719,514	\$ 2,018,611	\$ 4,947,762	\$ 3,008,246
Public safety - police	2,490,674	2,742,941	2,723,840	3,249,047	3,418,799	3,168,354	3,208,579
Public safety - fire	1,922,917	2,106,562	2,301,123	2,389,005	2,389,386	2,232,987	2,258,471
Public safety - other	605,879	539,657	841,165	938,345	1,025,608	802,272	704,225
Public works	2,438,803	2,640,595	2,729,584	2,872,843	3,325,265	3,580,553	3,174,612
Sanitation and health	124,782	138,940	140,372	164,849	185,134	257,332	160,796
Culture and recreation	1,811,890	2,025,622	2,127,719	2,267,838	2,325,059	2,293,785	2,103,992
Industrial promotion	986,716	469,424	685,270	1,160,463	1,135,420	748,216	744,554
Economic development	-	5,724,575	81,992	898,362	4,869	3,577	6,993
Social welfare	1,483,446	2,027,295	3,021,661	2,284,301	1,464,683	1,546,056	1,581,580
Interest on long-term debt	257,151	306,216	383,323	658,775	1,213,573	1,460,126	1,390,747
Total governmental expenses	13,031,819	19,901,435	16,693,511	18,603,342	18,506,397	21,141,020	18,342,795
Business-type activities:							
Water/wastewater	4,861,635	4,912,302	4,568,704	4,871,241	4,744,357	5,234,505	5,159,259
Stormwater	-	124,315	214,919	244,875	315,659	506,866	663,837
Total business-type activities expenses	4,861,635	5,036,617	4,783,623	5,116,116	5,060,016	5,741,371	5,823,096
Total primary government expenses	\$ 17,893,454	\$ 24,938,052	\$ 21,377,134	\$ 23,719,458	\$ 23,566,413	\$ 26,882,391	\$ 24,165,891
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 983,967	\$ 979,982	\$ 1,005,600	\$ 1,019,776	\$ 1,262,267	\$ 1,397,898	\$ 1,287,878
Public works	380,733	464,049	628,343	638,584	711,533	956,763	683,940
Industrial promotion	282,563	373,723	215,038	249,229	875,887	362,427	354,752
Other activities	555,080	484,435	560,429	538,747	540,658	538,802	585,080
Operating grants and contributions	2,627,149	2,980,926	5,003,198	3,246,013	2,800,229	3,167,635	2,521,693
Capital grants and contributions	138,341	22,130	797,210	1,941,305	611,966	3,944,646	389,608
Total governmental activities program revenues	4,967,833	5,305,245	8,209,818	7,633,654	6,802,540	10,368,171	5,823,231
Business-type activities:							
Charges for services:							
Water/wastewater	5,555,225	5,293,009	5,377,606	5,693,687	5,684,715	5,773,171	6,205,333
Stormwater	-	613,118	620,740	643,211	669,390	690,587	713,571
Capital grants and contributions	-	-	13,500	33,179	4,442	4,282	-
Total business-type activities program revenues	5,555,225	5,906,127	6,011,846	6,370,077	6,358,547	6,468,040	6,918,904
Total primary government program revenues	\$ 10,523,058	\$ 11,211,372	\$ 14,221,664	\$ 14,003,731	\$ 13,161,087	\$ 16,836,211	\$ 12,742,135
Net (Expense)/Revenue							
Governmental activities	\$ (8,063,986)	\$ (14,596,190)	\$ (8,383,693)	\$ (10,969,688)	\$ (11,703,857)	\$ (10,772,849)	\$ (12,519,564)
Business-type activities	693,590	869,510	1,228,223	1,253,961	1,298,531	726,669	1,095,808
Total primary government net expense	\$ (7,370,396)	\$ (13,726,680)	\$ (7,155,470)	\$ (9,715,727)	\$ (10,405,326)	\$ (10,046,180)	\$ (11,423,756)
General Revenues and other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 4,134,743	\$ 4,514,287	\$ 4,647,531	\$ 4,924,011	\$ 5,340,410	\$ 5,894,064	\$ 5,988,774
Sales taxes	3,113,979	3,405,928	3,553,907	3,696,000	5,522,057	5,674,509	5,528,668
Franchise taxes	1,186,843	1,194,393	1,367,418	1,688,118	1,697,643	1,793,652	1,676,619
Investment earnings	220,274	151,793	420,902	763,520	1,229,571	925,499	157,971
Transfers	115,489	(1,201,734)	521,930	542,306	999,349	387,157	1,376,828
Total governmental activities	8,771,328	8,064,667	10,511,688	11,613,955	14,789,030	14,674,881	14,728,860
Business-type activities							
Investment earnings	15,921	20,072	66,237	113,538	164,788	149,828	32,553
Transfers	(115,489)	1,201,734	(521,930)	(542,306)	(999,349)	(387,157)	(1,376,828)
Total business-type activities	(99,568)	1,221,806	(455,693)	(428,768)	(834,561)	(237,329)	(1,344,275)
Total primary government	\$ 8,671,760	\$ 9,286,473	\$ 10,055,995	\$ 11,185,187	\$ 13,954,469	\$ 14,437,552	\$ 13,384,585
Change in Net Assets							
Governmental activities	\$ 707,342	\$ (6,531,523)	\$ 2,127,995	\$ 644,267	\$ 3,085,173	\$ 3,902,032	\$ 2,209,296
Business-type activities	594,022	2,091,316	772,530	825,193	463,970	489,340	(248,467)
Total primary government	\$ 1,301,364	\$ (4,440,207)	\$ 2,900,525	\$ 1,469,460	\$ 3,549,143	\$ 4,391,372	\$ 1,960,829

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved	\$ 11,323	\$ 462,895	\$ 323,375	\$ 871,540	\$ 1,012,561	\$ 1,078,301	\$ 1,010,457	\$ 878,015	\$ 106,177	\$ 420,642
Unreserved	<u>740,195</u>	<u>1,056,408</u>	<u>1,478,468</u>	<u>1,379,522</u>	<u>1,603,994</u>	<u>2,202,370</u>	<u>1,762,970</u>	<u>1,471,471</u>	<u>3,880,335</u>	<u>4,040,259</u>
Total general fund	<u>\$ 751,518</u>	<u>\$ 1,519,303</u>	<u>\$ 1,801,843</u>	<u>\$ 2,251,062</u>	<u>\$ 2,616,555</u>	<u>\$ 3,280,671</u>	<u>\$ 2,773,427</u>	<u>\$ 2,349,486</u>	<u>\$ 3,986,512</u>	<u>\$ 4,460,901</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 6,034,985	\$ 6,878,314	\$ 7,002,149	\$ 6,344,650	\$ 6,531,515	\$ 5,963,688	\$ 6,056,599	\$ 6,743,667
Unreserved, reported in:										
Special revenue funds	4,844,511	6,256,132	259,338	237,312	96,085	1,353,807	1,235,257	1,495,481	1,496,186	1,355,282
Capital projects funds	(364,834)	370,337	(1,085,760)	(53,658)	(6,216,400)	(116,608)	1,420,714	11,912,183	1,939,470	928,677
Debt service funds	<u>183,875</u>	<u>458,189</u>	<u>435,571</u>	<u>-</u>	<u>-</u>	<u>969,826</u>	<u>1,369,189</u>	<u>2,945,291</u>	<u>1,826,040</u>	<u>2,127,664</u>
Total all other governmental funds	<u>\$ 4,663,552</u>	<u>\$ 7,084,658</u>	<u>\$ 5,644,134</u>	<u>\$ 7,061,968</u>	<u>\$ 881,834</u>	<u>\$ 8,551,675</u>	<u>\$ 10,556,675</u>	<u>\$ 22,316,643</u>	<u>\$ 11,318,295</u>	<u>\$ 11,155,290</u>

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues										
Taxes	\$ 7,557,346	\$ 8,088,897	\$ 8,056,910	\$ 8,435,565	\$ 9,114,608	\$ 9,568,856	\$ 10,308,129	\$ 12,560,110	\$ 13,362,225	\$ 13,194,061
Licenses and permits	96,608	126,784	125,541	119,413	113,690	144,040	104,417	216,596	170,404	166,013
Intergovernmental	2,712,043	2,584,931	2,847,297	2,576,022	2,804,501	4,491,076	4,012,530	2,767,243	6,169,100	2,854,625
Charges for services	249,644	1,066,136	1,147,132	1,401,914	1,369,142	1,591,104	1,609,459	1,703,422	1,965,141	1,709,552
Fines and fees	226,923	256,053	301,663	289,401	345,862	323,046	312,958	399,816	349,695	366,367
Special assessments	93,695	104,925	95,561	68,580	70,509	59,074	57,645	26,572	34,875	49,263
Investment earnings	693,429	545,217	327,822	220,274	151,793	420,902	763,520	1,229,571	925,499	157,971
Lease income	-	16,573	123,587	138,587	314,676	277,915	340,478	576,732	542,847	537,694
Miscellaneous	325,137	325,053	183,636	413,476	326,428	1,466,474	1,307,924	825,925	1,180,128	348,230
Total revenues	11,954,825	13,114,569	13,209,149	13,663,232	14,611,209	18,342,487	18,817,060	20,305,987	24,699,914	19,383,776
Expenditures										
General government	694,427	886,223	1,442,819	933,982	1,057,511	1,561,875	1,535,479	1,906,313	4,712,494	2,695,357
Public safety-police	2,348,705	2,638,304	2,559,537	2,455,770	2,505,294	2,629,829	3,101,059	3,289,331	3,051,104	2,958,470
Public safety-fire	1,618,301	1,719,870	1,799,414	1,779,901	1,922,396	2,153,437	2,190,419	2,254,080	2,107,722	2,009,788
Public safety-other	504,177	687,539	507,361	469,379	510,274	814,626	904,123	985,134	867,333	679,447
Public works	1,465,891	2,213,114	1,792,416	1,762,966	1,804,893	1,811,334	1,947,035	2,306,195	2,604,829	1,933,140
Sanitation and health	107,697	115,684	105,220	118,897	115,052	135,128	159,202	178,870	253,084	156,667
Culture and recreation	835,733	1,751,031	1,605,646	1,544,131	1,650,630	1,806,666	1,915,072	1,962,361	1,846,578	1,693,206
Industrial promotion	264,715	278,997	252,483	943,259	434,191	547,032	1,121,960	1,409,273	1,432,577	711,829
Economic development	-	-	-	-	-	81,992	898,362	4,869	3,577	6,993
Social welfare	1,155,150	1,210,615	1,273,255	1,483,548	1,884,603	3,020,775	2,279,705	1,469,391	1,550,188	1,579,956
Capital outlay	3,709,942	2,163,148	2,712,127	744,521	6,789,928	2,810,671	4,816,592	5,696,108	16,704,405	3,272,406
Debt service principal	778,159	716,482	963,573	876,466	1,049,491	940,000	7,365,000	1,500,000	2,455,309	2,649,183
Debt service interest & fees	290,840	376,919	336,261	260,258	222,695	261,574	660,233	751,531	1,545,238	1,334,208
Bond issuance costs	-	-	-	59,080	-	-	407,706	266,163	91,268	33,570
Total expenditures	13,773,737	14,757,926	15,350,112	13,432,158	19,946,958	18,574,939	29,301,947	23,979,619	39,225,706	21,714,220
Excess of revenues over (under) expenditures	(1,818,912)	(1,643,357)	(2,140,963)	231,074	(5,335,749)	(232,452)	(10,484,887)	(3,673,632)	(14,525,792)	(2,330,444)
Other Financing Sources (Uses)										
Bonds issued	-	2,657,125	-	1,533,240	-	1,460,000	11,390,000	14,285,000	2,950,380	1,265,000
Discount on bonds	-	-	-	-	-	-	(166,389)	-	-	-
Bond anticipation notes issued	-	1,607,586	-	-	-	6,285,000	-	-	-	-
Custom energy note payable issued	-	-	-	-	-	-	-	-	1,826,933	-
Transfers in	2,744,871	1,613,807	1,127,983	1,048,447	1,055,097	1,920,602	8,230,625	2,297,727	2,313,905	4,770,242
Transfers out	(3,265,963)	(1,877,638)	(1,023,386)	(932,958)	(875,269)	(1,099,193)	(7,471,593)	(986,817)	(1,926,748)	(3,393,414)
Total other financing sources (uses)	(521,092)	4,000,880	104,597	1,648,729	179,828	8,566,409	11,982,643	15,595,910	5,164,470	2,641,828
Net change in fund balances	\$ (2,340,004)	\$ 2,357,523	\$ (2,036,366)	\$ 1,879,803	\$ (5,155,921)	\$ 8,333,957	\$ 1,497,756	\$ 11,922,278	\$ (9,361,322)	\$ 311,384
Debt service as a percentage of noncapital expenditures	10.6%	8.7%	10.3%	9.4%	9.7%	7.6%	34.4%	13.8%	18.2%	21.8%

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

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate			
						Water		Sewer	
						Base Rate (1)	Usage Rate (2)	Base Rate (1)	Usage Rate (2)
2000	992	956	36	3.66%	1,985	\$ 5.90	Variable	\$ 10.28	Variable
2001	996	965	31	3.11%	2,123	\$ 6.15	Variable	\$ 10.73	Variable
2002	1,051	971	80	7.63%	2,075	\$ 6.33	Variable	\$ 11.05	Variable
2003	972	948	23	2.40%	2,143	\$ 6.52	Variable	\$ 11.39	Variable
2004	907	870	37	4.04%	1,474	\$ 6.72	Variable	\$ 11.74	Variable
2005	917	833	84	9.11%	1,338	\$ 6.93	Variable	\$ 12.10	Variable
2006	936	860	76	8.17%	875	\$ 7.14	Variable	\$ 12.47	Variable
2007	910	852	58	6.37%	1,633	\$ 7.36	Variable	\$ 12.85	Variable
2008	926	814	112	12.10%	1,348	\$ 7.78	Variable	\$ 13.58	Variable
2009	848	718	130	15.33%	1,227	\$ 8.50	Variable	\$ 14.84	Variable

Note: Gallons are presented in millions.

- 1) Fiscal years 2000, 2008 and 2009 water and sewer base rates are blended amounts.
- 2) See rate schedule.

City of Pittsburg, Kansas
Annual Tap Sales
Last Nine Fiscal Years (1)

<u>Fiscal Year</u>	<u>Water Meter Taps Sold</u>	<u>Sewer Taps Sold</u>	<u>Total Taps</u>
2001	74	24	98
2002	97	9	106
2003	80	9	89
2004	63	24	87
2005	72	23	95
2006	60	32	92
2007	56	32	88
2008	40	34	74
2009	38	31	69

1) Data not available for period 2000.

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

Fiscal Year	WATER				SEWER (1)				TOTAL (2)	
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER	WATER	SEWER
2000	7,603	594	56	251	na	na	na	na	8,504	na
2001	7,571	596	60	260	na	na	na	na	8,487	na
2002	7,697	588	55	262	na	na	na	na	8,602	na
2003	7,663	598	51	228	na	na	na	na	8,540	7,837
2004	7,677	586	50	229	na	na	na	na	8,542	7,802
2005	7,684	581	49	209	na	na	na	na	8,523	7,839
2006	7,702	585	52	212	7,115	534	42	130	8,551	7,821
2007	7,733	556	50	205	7,156	529	44	130	8,544	7,859
2008	7,632	551	53	214	7,109	513	42	133	8,450	7,797
2009	7,744	539	51	222	7,061	506	43	129	8,556	7,739

(1) Sewer customers by type not available for years 2000-2005.

(2) Total sewer customers not available for years 2000-2002.

Note: na means data unavailable.

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

	Effective	Effective	2001	2002	2003	2004	2005	2006	2007	Effective	Effective	Effective	Effective
	Jan 1st	Jul 1st								Jan 1st	Jul 1st	Jan 1st	Jul 1st
	2000	2000								2008	2008	2009	2009
<u>WATER RATES PER MONTH, INSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 5.82	\$ 5.97	\$ 6.15	\$ 6.33	\$ 6.52	\$ 6.72	\$ 6.93	\$ 7.14	\$ 7.36	\$ 7.59	\$ 7.97	\$ 8.21	\$ 8.79
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	2.38	2.44	2.52	2.60	2.68	2.77	2.86	2.95	3.04	3.14	3.30	3.40	3.64
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	2.24	2.30	2.37	2.44	2.52	2.60	2.68	2.77	2.86	2.95	3.10	3.20	3.43
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.13	2.19	2.26	2.33	2.40	2.48	2.56	2.64	2.72	2.81	2.96	3.05	3.27
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	1.98	2.03	2.10	2.16	2.23	2.30	2.37	2.45	2.53	2.61	2.75	2.84	3.04
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	1.87	1.92	1.98	2.04	2.11	2.18	2.25	2.32	2.39	2.47	2.60	2.68	2.87
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	1.73	1.78	1.84	1.90	1.96	2.02	2.09	2.16	2.23	2.30	2.42	2.50	2.68
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.57	1.61	1.66	1.71	1.77	1.83	1.89	1.95	2.01	2.08	2.19	2.26	2.42
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.44	1.48	1.53	1.58	1.63	1.68	1.74	1.80	1.86	1.92	2.02	2.09	2.24
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.33	1.37	1.42	1.46	1.51	1.56	1.61	1.66	1.71	1.77	1.86	1.92	2.06
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.22	1.25	1.29	1.33	1.37	1.42	1.47	1.52	1.57	1.62	1.71	1.77	1.90
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.13	1.16	1.20	1.24	1.28	1.32	1.36	1.41	1.46	1.51	1.59	1.64	1.76
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.04	1.07	1.11	1.14	1.18	1.22	1.26	1.30	1.34	1.39	1.46	1.51	1.62
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	0.95	0.98	1.01	1.04	1.08	1.12	1.16	1.20	1.24	1.28	1.35	1.39	1.49
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	0.87	0.90	0.93	0.96	0.99	1.02	1.06	1.10	1.14	1.18	1.24	1.28	1.37
<u>WATER RATES PER MONTH, OUTSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 11.64	\$ 11.94	\$ 12.30	\$ 12.67	\$ 13.06	\$ 13.46	\$ 13.87	\$ 14.29	\$ 14.72	\$ 15.17	\$ 15.93	\$ 16.41	\$ 17.56
2. NEXT 300 CUBIC FEET, PER 100 CUBIC FEET	4.25	4.36	4.50	4.64	4.78	4.93	5.08	5.24	5.40	5.57	5.85	6.03	6.46
3. NEXT 1,500 CUBIC FEET, PER 100 CUBIC FEET	3.30	3.39	3.50	3.61	3.72	3.84	3.96	4.08	4.21	4.34	4.56	4.70	5.03
4. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.38	2.44	2.52	2.60	2.68	2.77	2.86	2.95	3.04	3.14	3.30	3.40	3.64
5. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.24	2.30	2.37	2.44	2.52	2.60	2.68	2.77	2.86	2.95	3.10	3.20	3.43
6. NEXT 8,000 CUBIC FEET, PER 100 CUBIC FEET	2.13	2.19	2.26	2.33	2.40	2.48	2.56	2.64	2.72	2.81	2.96	3.05	3.27
7. NEXT 74,000 CUBIC FEET, PER 100 CUBIC FEET	1.98	2.03	2.10	2.16	2.23	2.30	2.37	2.45	2.53	2.61	2.75	2.84	3.04
8. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.87	1.92	1.98	2.04	2.11	2.18	2.25	2.32	2.39	2.47	2.60	2.68	2.87
9. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.66	1.71	1.77	1.82	1.88	1.94	2.00	2.06	2.13	2.20	2.31	2.38	2.55
10. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.53	1.57	1.62	1.67	1.73	1.79	1.85	1.91	1.97	2.03	2.14	2.21	2.37
11. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.40	1.44	1.49	1.53	1.58	1.63	1.68	1.74	1.80	1.86	1.96	2.02	2.17
12. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.29	1.33	1.37	1.41	1.46	1.51	1.56	1.61	1.66	1.71	1.80	1.86	2.00
13. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.19	1.22	1.26	1.30	1.34	1.39	1.44	1.49	1.54	1.59	1.67	1.72	1.85
14. NEXT 200,000 CUBIC FEET, PER 100 CUBIC FEET	1.09	1.12	1.16	1.19	1.23	1.27	1.31	1.35	1.40	1.45	1.53	1.58	1.70
15. ALL IN EXCESS OF 1,500,000 CUBIC FEET, PER 100 CUBIC FEET	1.01	1.04	1.08	1.11	1.15	1.19	1.23	1.27	1.31	1.35	1.42	1.47	1.58
<u>SANITARY SEWER RATES PER MONTH, INSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 10.15	\$ 10.41	\$ 10.73	\$ 11.05	\$ 11.39	\$ 11.74	\$ 12.10	\$ 12.47	\$ 12.85	\$ 13.24	\$ 13.91	\$ 14.33	\$ 15.34
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	1.42	1.46	1.51	1.56	1.61	1.66	1.71	1.77	1.83	1.89	1.99	2.05	2.20
<u>SANITARY SEWER RATES PER MONTH, OUTSIDE CITY LIMITS</u>													
1. MINIMUM CHARGE, NOT IN EXCESS OF 200 CUBIC FEET	\$ 20.30	\$ 20.81	\$ 21.44	\$ 22.08	\$ 22.75	\$ 23.44	\$ 24.15	\$ 24.88	\$ 25.63	\$ 26.40	\$ 27.72	\$ 28.56	\$ 30.56
2. USER CHARGE, PER 100 CUBIC FEET PER MONTH	2.84	2.92	3.01	3.10	3.20	3.30	3.40	3.51	3.62	3.73	3.92	4.04	4.33
<u>STORMWATER RATES PER MONTH, INSIDE CITY LIMITS ONLY (1)</u>													
1. PER ERU (2)	na	na	na	na	na	\$ 2.97	\$ 2.97	\$ 3.06	\$ 3.16	\$ 3.26	\$ 3.26	\$ 3.36	\$ 3.36

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

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

Note: na means data unavailable.

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

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

<u>Customer</u>	Fiscal Year 2000			
	<u>Water Revenue</u>		<u>Sewer Revenue</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Pittsburg State University	117,864	3.64%	60,842	2.76%
Superior Industries	61,562	1.90%	107,158	4.86%
Sugar Creek	53,233	1.65%	48,157	2.19%
Premdor Entry Systems	39,674	1.23%	38,692	1.76%
Mt. Carmel Medical Center	28,121	0.87%	18,546	0.84%
Miller's Professional Imaging	24,764	0.77%	21,267	0.97%
Parkview Estates	27,783	0.86%	15,997	0.73%
Mission Clay Products	33,948	1.05%	2,637	0.12%
USD 250	23,656	0.73%	12,427	0.56%
New Horizons of Pittsburg	11,903	0.37%	11,269	0.51%
Stockade Brands Inc	5,878	0.18%	13,279	0.60%
Subtotal (10 largest)	428,386	13.25%	350,271	15.90%
Balance from other customers	2,806,252	86.75%	1,853,186	84.10%
Grand totals	<u>\$ 3,234,638</u>	<u>100.00%</u>	<u>\$ 2,203,457</u>	<u>100.00%</u>

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

**City of Pittsburg, Kansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Kansas Partnership Loan	Capital Lease	Sales Tax Transportation District Bonds (1)	Tax Increment Financing Bonds (2)	Utility Revenue Bonds	General Obligation Bonds (3)	K.D.H.E. Loans			
2000	\$ 4,905,000	\$ 260,336	\$ -	\$ -	\$ -	\$ 3,435,000	\$ 1,755,000	\$ -	\$ 10,355,336	2.5%	\$ 538
2001	6,925,000	199,530	-	-	-	-	4,300,000	-	11,424,530	2.7%	594
2002	6,025,000	135,957	-	-	-	-	3,765,000	1,161,698	11,087,655	2.5%	576
2003	6,755,000	69,491	-	-	-	-	3,210,000	3,592,898	13,627,389	3.0%	708
2004	5,775,000	-	-	-	-	-	2,640,000	3,628,144	12,043,144	2.6%	626
2005	6,295,000	-	-	-	-	-	2,165,000	3,505,528	11,965,528	2.5%	622
2006	8,900,000	-	-	1,395,000	6,310,000	-	1,810,000	3,951,901	22,366,901	4.6%	1,162
2007	21,830,000	-	-	1,390,000	6,170,000	-	3,895,000	4,372,902	37,657,902	7.7%	1,957
2008	22,580,297	-	1,786,707	1,370,000	5,975,000	-	3,864,703	4,552,400	40,129,107	8.1%	2,054
2009	21,578,483	-	1,694,340	1,340,000	5,715,000	-	3,671,517	4,896,290	38,895,630	7.7%	1,991

(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</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2000	\$ 6,660,000	\$ 183,875	\$ 6,476,125	\$ 534,067,748	1.21%	\$ 336.54
2001	11,225,000	458,189	10,766,811	563,632,305	1.91%	559.52
2002	9,790,000	435,571	9,354,429	593,003,564	1.58%	486.12
2003	9,965,000	609,330	9,355,670	626,864,145	1.49%	486.19
2004	8,415,000	605,728	7,809,272	649,124,481	1.20%	405.82
2005	8,460,000	935,554	7,524,446	724,715,132	1.04%	391.02
2006	10,710,000	940,220	9,769,780	742,714,633	1.32%	507.71
2007	25,725,000	2,188,158	23,536,842	786,786,859	2.99%	1,223.14
2008	26,445,000	1,389,729	25,055,271	858,685,005	2.92%	1,282.52
2009	25,250,000	1,732,912	23,517,088	853,339,722	2.76%	1,203.78

City of Pittsburg, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2009

<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	\$ 6,608,000	53.60%	\$ 3,541,888
Frontenac U.S.D. 249	5,660,000	5.20%	294,320
Pittsburg U.S.D. 250	24,620,000	80.00%	<u>19,696,000</u>
Subtotal, overlapping debt			23,532,208
City direct debt			<u>25,250,000</u>
Total direct and overlapping debt			<u>\$ 48,782,208</u>

(1) Source: Crawford County Clerk

**City of Pittsburg, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Valuation (1)	\$ 139,588,011
Legal Debt Limit (2)	41,876,403
General Obligation Bonds	25,250,000
Less Amount Available in Debt Service Fund	<u>(1,732,912)</u>
Total net debt applicable to limit	<u>23,517,088</u>
Legal debt margin	<u>\$ 18,359,315</u>

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 31,123,517	\$ 33,078,030	\$ 34,602,484	\$ 36,272,164	\$ 37,617,070	\$ 39,889,902	\$ 41,694,028	\$ 43,703,108	\$ 44,244,609	\$ 41,876,403
Total net debt applicable to limit	<u>6,736,461</u>	<u>10,966,341</u>	<u>9,354,429</u>	<u>9,425,161</u>	<u>7,809,272</u>	<u>7,657,129</u>	<u>9,769,780</u>	<u>23,536,842</u>	<u>25,055,271</u>	<u>23,517,088</u>
Legal debt margin	<u>\$ 24,387,056</u>	<u>\$ 22,111,689</u>	<u>\$ 25,248,055</u>	<u>\$ 26,847,003</u>	<u>\$ 29,807,798</u>	<u>\$ 32,232,773</u>	<u>\$ 31,924,248</u>	<u>\$ 20,166,266</u>	<u>\$ 19,189,338</u>	<u>\$ 18,359,315</u>
Total net debt applicable to the limit as a percentage of debt limit	21.64%	33.15%	27.03%	25.98%	20.76%	19.20%	23.43%	53.86%	56.63%	56.16%

(1) Includes motor vehicle 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 Four Fiscal Years (1)

Fiscal Year	Sales Tax Transportation District Bonds (2)								Tax Increment Financing Bonds (3)							
	Sales Tax Increment	Other Income	Less Expenses	Net Available Revenue	Debt Service		Coverage	Sales Tax Increment	Property Tax Increment	Other Income	Less Expenses	Net Available Revenue	Debt Service		Coverage	
					Principal	Interest							Principal	Interest		
2006	\$ 61,121	\$ 7,513	\$ 404	\$ 68,230	\$ -	\$ 35,154	1.94	\$ 150,760	\$ 63,607	\$ 29,119	\$ 1,569	\$ 241,917	\$ -	\$ 157,484	1.54	
2007	79,596	4,268	2,854	81,010	5,000	66,840	1.13	199,151	243,348	16,066	6,862	451,703	140,000	299,480	1.03	
2008	78,864	1,542	1,974	78,432	20,000	66,240	0.91	201,424	275,761	5,171	3,773	478,583	195,000	289,765	0.99	
2009	73,512	68	1,936	71,644	30,000	65,040	0.75	192,439	333,919	261	3,370	523,249	260,000	280,368	0.97	

(1) Fiscal year 2006 was the first year that the City utilized these types of bonds.

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

(3) Tax increment financing bonds to be retired with property tax and sales tax generated within increment district.

Note: this statement presents non-general obligation long-term debt backed by pledged sales and property tax revenues. The purpose of these bonds was for redevelopment of the northeast retail district.

**City of Pittsburg, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Public School Enrollment (3)</u>	<u>Pittsburg State University Enrollment (4)</u>	<u>Unemployment Rate (5)</u>	<u>Median Age (1)</u>
2000	19,243	\$ 406,315,945	\$ 21,115 (2)	2,600	6,418	4.0%	28.1
2001	19,243	424,308,150	22,050 (2)	2,637	6,723	4.4%	28.1
2002	19,243	437,662,792	22,744 (2)	2,562	6,751	3.9%	28.1
2003	19,243	447,303,535	23,245 (2)	2,561	6,731	4.9%	28.1
2004	19,243	463,275,225	24,075 (6)	2,655	6,537	4.1%	28.1
2005	19,243	487,425,190	25,330 (6)	2,400	6,628	4.3%	28.1
2006	19,243	487,425,190	25,330 (6)	2,680	6,859	4.4%	28.1
2007	19,243	487,425,190	25,330 (6)	2,702	7,087	4.8%	28.1
2008	19,536	494,846,880	25,330 (6)	2,640	7,127	6.1%	28.1
2009	19,536	507,877,392	25,997 (2)	2,704	7,277	6.8%	28.1

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

(2) Source: U.S. Bureau of Economic Analysis (Crawford County, Kansas)

(3) Source: Unified School District # 250 Board of Education

(4) Source: Pittsburg State University Admissions

(5) Source: Kansas Department of Labor

(6) Source: fedstats.gov

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

<u>Employer</u>	<u>Product</u>	<u>2009</u>			<u>2000</u>		
		<u>Estimated Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (3)</u>	<u>Estimated Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (3)</u>
Pittsburg State University	University	1,907	1	10.27%	1,500	1	8.22%
Mt. Carmel Medical Center	Hospital	850	2	4.58%	587	4	3.22%
Pittsburg U.S.D. # 250	Public School K-12	600	3	3.23%	750	2	4.11%
Pitt Plastics	Polyethylene Bags	500	4	2.69%	340	8	1.86%
Wal-Mart Supercenter	Retail & Grocery	380	5	2.05%	380	7	2.08%
Miller's Inc.	Professional Photo Finishing	330	6	1.78%	421	5	2.31%
Names & Numbers	Phone Directories	300	7	1.62%	na	na	na
City of Pittsburg (2)	City Government	201	8	1.08%	202	9	1.11%
Pitsco, Inc.	Educational Systems	190	9	1.02%	159	10	0.87%
Masonite	Steel Door Manufacturer	150	10	0.81%	420	6	2.30%
Total		<u>5,408</u>		<u>29.10%</u>	<u>4,759</u>		<u>26.06%</u>

(1) Source: Springsted Incorporated.

(2) Includes component unit.

(3) Source: Kansas Department of Labor for the Pittsburg Micro-Area (Crawford County)

Note: na means data unavailable.

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

	2000		2001		2002		2003		2004		2005		2006		2007		2008		2009	
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total	Number of Employees	Percent of Total
Governmental-type Activities																				
<u>General Government</u>																				
General Administration Department	3	1.5%	3	1.5%	3	1.5%	3	1.5%	2	1.0%	7	3.6%	7	3.4%	8	3.9%	8	3.9%	8	4.2%
Human Resources Department	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%
Information Systems Department	2	1.0%	3	1.5%	3	1.5%	3	1.5%	3	1.5%	3	1.5%	4	2.0%	4	2.0%	4	1.9%	4	2.1%
Total General Government	7	3.6%	8	4.1%	8	4.1%	8	4.1%	7	3.6%	12	6.2%	13	6.4%	14	6.8%	14	6.8%	14	7.3%
<u>Public Safety</u>																				
Police Department	50	25.8%	50	25.6%	50	25.6%	50	25.6%	49	25.3%	49	25.1%	50	24.5%	51	24.9%	52	25.1%	48	25.0%
Fire Department	34	17.5%	34	17.4%	34	17.4%	34	17.4%	34	17.5%	34	17.4%	34	16.7%	34	16.6%	34	16.4%	32	16.7%
Codes Enforcement Department	6	3.1%	7	3.6%	7	3.6%	6	3.1%	6	3.1%	11	5.6%	11	5.4%	11	5.4%	11	5.3%	8	4.2%
Safety Department	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%
Animal Control Department	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%
Municipal Court Department	5	2.6%	5	2.6%	5	2.6%	5	2.6%	4	2.1%	5	2.6%	6	2.9%	6	2.9%	6	2.9%	6	3.1%
Total Public Safety	97	50.0%	98	50.3%	98	50.3%	97	49.7%	95	49.0%	101	51.8%	103	50.6%	104	50.8%	105	50.8%	96	50.1%
<u>Public Works</u>																				
Engineering Department	2	1.0%	3	1.5%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%
Facility Maintenance (2)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3	1.6%
Street & Highway Department	14	7.2%	14	7.2%	14	7.2%	14	7.2%	13	6.7%	13	6.7%	13	6.4%	13	6.3%	13	6.3%	12	6.3%
Atkinson Airport Department	4	2.1%	4	2.1%	4	2.1%	4	2.1%	4	2.1%	4	2.1%	4	2.0%	4	2.0%	4	1.9%	3	1.6%
Total Public Works	20	10.3%	21	10.8%	20	10.3%	20	10.3%	19	9.8%	19	9.7%	19	9.3%	19	9.3%	19	9.2%	20	10.4%
<u>Sanitation and Health</u>																				
Mt. Olive Cemetery Department	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%	1	0.5%
<u>Culture and Recreation</u>																				
Parks & Recreation Department	9	4.6%	9	4.6%	9	4.6%	9	4.6%	9	4.6%	9	4.6%	11	5.4%	11	5.4%	11	5.3%	10	5.2%
Four Oaks Complex Department	3	1.5%	3	1.5%	3	1.5%	3	1.5%	3	1.5%	3	1.5%	4	2.0%	4	2.0%	4	1.9%	4	2.1%
Memorial Auditorium Department	5	2.6%	5	2.6%	5	2.6%	5	2.6%	5	2.6%	5	2.6%	5	2.5%	5	2.4%	5	2.4%	4	2.1%
Total Culture and Recreation	17	8.8%	17	8.7%	17	8.7%	17	8.7%	17	8.8%	17	8.7%	20	9.8%	20	9.8%	20	9.7%	18	9.4%
<u>Industrial Development</u>																				
Economic Development Department	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	2	1.0%	1	0.5%
<u>Social Welfare</u>																				
Community Development & Housing	5	2.6%	3	1.5%	4	2.1%	5	2.6%	5	2.6%	5	2.6%	5	2.5%	4	2.0%	4	1.9%	3	1.6%
Total for Governmental-type Activities	149	76.8%	150	76.9%	150	76.9%	150	76.9%	146	75.3%	157	80.5%	163	79.9%	164	80.0%	165	79.7%	153	79.7%
Business-type Activities																				
<u>Water-Wastewater Utility</u>																				
Water Treatment Department	8	4.1%	8	4.1%	8	4.1%	8	4.1%	8	4.1%	8	4.1%	8	3.9%	8	3.9%	8	3.9%	8	4.2%
Water Maintenance Department	12	6.2%	13	6.7%	13	6.7%	14	7.2%	14	7.2%	9	4.6%	9	4.4%	9	4.4%	9	4.3%	7	3.6%
Wastewater Treatment Department	10	5.2%	10	5.1%	10	5.1%	10	5.1%	7	3.6%	7	3.6%	7	3.4%	7	3.4%	7	3.4%	7	3.6%
Wastewater Maintenance Department	2	1.0%	2	1.0%	2	1.0%	2	1.0%	5	2.6%	5	2.6%	7	3.4%	7	3.4%	7	3.4%	5	2.6%
Utility Administration department	13	6.7%	12	6.2%	12	6.2%	11	5.6%	11	5.7%	6	3.1%	6	2.9%	6	2.9%	7	3.4%	5	2.6%
Total Water-Wastewater Utility	45	23.2%	45	23.1%	45	23.1%	45	23.1%	45	23.2%	35	17.9%	37	18.1%	37	18.0%	38	18.4%	32	16.7%
<u>Storm Water Utility</u>																				
Stormwater department (1)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	3	1.5%	3	1.5%	4	2.0%	4	2.0%	4	1.9%	7	3.6%
Total for Business-type Activities	45	23.2%	45	23.1%	45	23.1%	45	23.1%	48	24.7%	38	19.5%	41	20.1%	41	20.0%	42	20.3%	39	20.3%
Total Full-time Employees	194	100.0%	195	100.0%	195	100.0%	195	100.0%	194	100.0%	195	100.0%	204	100.0%	205	100.0%	207	100.0%	192	100.0%

1) Stormwater department began with year 2004.

2) Facility Maintenance department began with year 2009.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Function/Program</u>										
General government										
Building permits issued	327	339	372	370	385	513	501	673	552	478
Building inspections conducted	1,348	1,809	1,990	1,377	1,696	750	1,069	1,628	1,370	1,309
Police										
Physical arrests	437	798	1,149	982	1,073	1,149	930	988	1,277	1,491
Parking violations	na	1,429	2,053	2,193	1,857	1,146	882	1,416	1,317	1,154
Traffic violations	na	2,388	2,359	2,483	3,529	3,019	2,823	3,416	2,998	2,442
Fire										
Fire calls	na	na	na	236	150	156	181	120	131	129
Emergency calls	na	na	na	132	1,154	1,335	1,231	1,355	1,255	854
Other calls	na	na	na	326	620	753	811	716	604	752
Other public works										
Street resurfacing (tons of asphalt)	16,243	14,132	9,101	6,239	3,973	4,674	5,491	3,289	5,041	1,840
Airport (gallons sold)	151,889	135,265	149,346	149,300	156,658	184,084	181,848	205,904	222,403	180,055
Parks and recreation										
Aquatic center (attendance)	na	na	na	na	24,703	28,473	28,420	29,790	29,646	27,974
Golf course (rounds of golf)	na	na	na	na	na	12,867	10,516	9,459	10,592	9,653
Memorial auditorium (events)	na	na	na	429	359	440	308	288	392	261
Water										
Average daily consumption (gallons)	2,711,115	2,728,967	2,879,748	2,661,753	2,477,992	2,512,452	2,564,255	2,494,501	2,460,721	2,247,419
Peak daily consumption (gallons)	5,156,000	4,998,000	5,599,000	5,348,000	3,962,000	4,962,000	4,900,000	4,552,000	4,738,000	3,733,000
Wastewater										
Average daily sewage treatment (gallons)	5,439,452	5,816,438	5,683,561	5,871,506	4,037,808	3,664,657	2,396,986	4,470,895	3,691,753	3,362,808

Note: na means data unavailable.

Sources: Various city departments.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Function/Program</u>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	4	4	4	4	4	4	4	4	4	4
Fire Stations	3	3	3	3	3	3	3	3	3	3
Other public works										
Streets (miles)	124	124	145	145	145	145	141	141.5	141.5	141.5
Streetlights	1,986	1,986	2,067	2,082	2,089	2,102	2,108	2,115	2,096	2,095
Traffic Signals	38	39	39	39	39	39	39	38	38	39
Parks and recreation										
Public parks	8	9	9	9	9	9	9	10	10	10
Swimming pools	2	2	2	2	2	2	2	2	2	2
Golf courses	1	1	1	1	1	1	1	1	1	1
Baseball/softball fields	9	9	9	9	9	9	9	9	9	9
Tennis courts	8	8	8	8	8	8	8	8	8	8
Community centers	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	na	na	na	na	na	na	165	165.5	165.5	165.5
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)	na	na	na	na	na	na	126	127	127	127
Treatment daily capacity (gallons)	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	23,040,000	23,040,000
Stormwater										
Storm sewers (miles)	na	na	na	na	na	na	18	18.5	19.0	19.0

Note: na means data unavailable.

Sources: Various city departments.

SINGLE AUDIT SECTION

CITY OF PITTSBURG, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
Office of National Drug Control Policy: Passed through Kansas Bureau of Investigation: High Intensity Drug Trafficking Area	7.999	\$ <u>59,761</u>
U.S. Department of Housing and Urban Development: Section 8 Housing Cluster: Section 8 Housing Choice Vouchers	14.871	1,370,170
Passed through Kansas Housing Resources Corporation: Emergency Shelter Grant	14.231	84,828
HOME Investment Partnerships Program	14.239	<u>72,608</u>
Total U.S. Department of Housing and Urban Development		<u>1,527,606</u>
U.S. Department of Transportation: Airport Improvement Program	20.106	231,610
Passed through Kansas Department of Transportation: National Highway Transportation Safety Administration Discretionary Safety Grants	20.614	<u>2,736</u>
Total U.S. Department of Transportation		<u>234,346</u>
U.S. Department of Justice: ARRA - Public Safety Partnership and Community Policing Grants	16.710	<u>1,271</u>
Department of Homeland Security-Federal Emergency Management Agency: Passed through Kansas Highway Patrol: Fire Department Training Grant	97.067	69
Passed through Kansas Department of Emergency Management: Public Assistance Grant	97.036	<u>29,144</u>
Total Department of Homeland Security		<u>29,213</u>
Environmental Protection Agency: Brownfields Assessment and Cleanup Cooperative Agreements	66.818	<u>18,663</u>
Total expenditures of federal awards		<u>\$ 1,870,860</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF PITTSBURG, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2009

1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Pittsburg, Kansas. 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.

2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting which is described in Note 1 to the City's basic financial statements.

CITY OF PITTSBURG, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2009

Section I – Summary of Independent Auditors’ Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with Section 510(a) of Circular A-133:	None

Identification of major programs:

<u>CFDA 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:	\$ 300,000
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CITY OF PITTSBURG, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Auditee qualified as a low-risk auditee: Yes

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

No matters reported.

CITY OF PITTSBURG, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2009

Significant Deficiency – 2008-1

Criteria – An organization's internal accounting control structure should provide for the separation of certain accounting duties or functions.

Condition – There is a lack of segregation of duties with the Director of Finance and Administration and the Assistant Director of Finance currently having the ability to access, create and modify accounting modules and reports which includes the Director of Finance and Administration having access to the payroll system and also the signature authority on the City's checks and the Assistant Director of Finance having access to cash.

Cause – There is a limited number of employees to perform the financial duties of the City.

Effect – A lack of segregation of duties within certain transaction cycles, including payroll, leaves the City exposed to the risk of potential misstatement due to either error or fraud.

Recommendation – The City should review ways to segregate the functions and operations of the City that are controlled by the Director of Finance and Administration and the Assistant Director of Finance.

Management's Response/Corrective Action Plan (Unaudited) – The City will work towards segregating duties within the Department of Finance and Administration.

Follow-Up – The City has improved its segregation of duties within the Department of Finance and Administration. This finding will not be repeated for the fiscal year ending December 31, 2009.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**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**

Honorable Mayor, City Manager and City Commissioners
City of Pittsburg, Kansas:

We have audited 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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 10, 2010. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Berberich Trahan & Co., P.A.

May 10, 2010



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor, City Manager and City Commissioners
City of Pittsburg, Kansas:

Compliance

We have audited the compliance of the City of Pittsburg, Kansas (the City) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2009. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

BERBERICH TRAHAN & CO., P.A. 3630 SW Burlingame Rd., Topeka, KS 66611-2050 t 785.234.3427 toll-free 800.530.5526 f 785.233.1768 btandco@cpa.com

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Berberich Trahan & Co., P.A.

May 10, 2010