

**CITY OF PITTSBURG, CALIFORNIA**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**CITY OF PITTSBURG**  
**SINGLE AUDIT REPORT**  
**For The Year Ended June 30, 2017**

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**CITY OF PITTSBURG**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2017**

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

**Federal Awards**

Unmodified

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None Reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.871</u>	<u>Housing Choice Vouchers – Section 8 Voucher Program/VASH</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated November 28, 2017 which is an integral part of our audits and should be read in conjunction with this report.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any findings or questioned costs required to be reported in accordance with Uniform Guidance.

CITY OF PITTSBURG

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
<b>US Dept of Housing &amp; Urban Development Direct Programs:</b>				
Community Development Block Grants/Entitlement Grants Program Expenditures Subgrants	14.218		\$129,578	\$551,114 129,578
Subtotal Community Development Block Grants/Entitlement Grants				680,692
Housing Choice Vouchers - Section 8 Voucher Program/VASH	14.871			15,682,259
Subtotal Housing Choice Vouchers - Section 8 Voucher Program/VASH				15,682,259
Total Department of Housing and Urban Development			129,578	16,362,951
<b>Department of Justice Pass-Through Programs From:</b>				
Office of Contra Costa County Office of the Sheriff Edward Byrne Memorial Formula Grant Program	16.738	2016DJBX0764		13,659
COPS Hiring Recovery Program (CHRP)	16.710	2015UMWX0009		129,626
Total Department of Justice				143,285
<b>Department of Transportation Pass-Through Programs From:</b>				
California Department of Transportation Highway Planning and Construction (Federal-Aid Highway Program)				
Highway Bridge Program	20.205	STPLZ-5127(024)		10,228
One Bay Area Grants (OBAG) Program	20.205	CML-5127(030)		15,505
West Leland High Friction Surface	20.205	HSIPL-5127(031)		304
West Leland Pavements Marker/Speed Sign	20.205	HSIPL-5127(031)		3,792
West Leland Delineation/HiVis Crosswalk	20.205	HSIPL-5127(031)		3,325
Subtotal California Department of Transportation Pass-Through Programs				33,154
State of California-Office of Traffic Safety Selective Traffic Enforcement Program	20.600	PT1676		48,719
Selective Traffic Enforcement Program	20.600	PT1676		51,906
Subtotal Selective Traffic Enforcement Program				100,625
State of California-Office of Traffic Safety Alcohol Beverage Control Enforcement Program	20.608	AL1521		17,403
Subtotal State of California- Office of Traffic Safety Pass-Through Programs				118,028
Total Department of Transportation				151,182
<b>Department of Labor Employment and Training Administration Pass-Through Program From:</b>				
Contra Costa County Employment and Human Services Workforce Investment Act of 1998 (WIA) Adult Program	17.258	18-380-1; 18-380-2		198,000
Subtotal Contra Costa County Pass-Through Programs				198,000
<b>US Environmental Protection Agency Direct Program:</b>				
Environmental Workforce Development and Job Training	66.815			36,640
Subtotal for Environmental Workforce Development and Job Training Program				36,640
Total Expenditures of Federal Awards			\$129,578	\$16,892,058

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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## CITY OF PITTSBURG

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2017

#### NOTE 1 – REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Pittsburg, California (City), and its component units as disclosed in the notes to the Basic Financial Statements.

The City was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such “General Law” cities. The City uses the Council/Manager form of government. The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government’s exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The following component units are included in the basic financial statements of the City:

- Housing Authority
- Public Infrastructure Financing Authority
- Pittsburg Power Company
- Pittsburg Arts & Community Foundation

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

#### NOTE 3 – INDIRECT COST ELECTION

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – LOAN AND/OR LOAN GUARANTEE PROGRAM**

The following loan program balance and transactions relating to these programs are included in the City's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2017 consists of the following:

CFDA Number	Program Name	Outstanding Balance at June 30, 2017
14.218	Community Development Block Grants/Entitlement Grants	\$263,844

**INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council  
City of Pittsburg, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pittsburg, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 28, 2017. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

*Maze & Associates*

Pleasant Hill, California

November 28, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the City Council  
City of Pittsburg, California

***Report on Compliance for Each Major Federal Program***

We have audited City of Pittsburg's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### ***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 28, 2017 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Maze & Associates*

Pleasant Hill, California  
December 19, 2017

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