

CITY OF PITTSBURG
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021

This Page Left Intentionally Blank

CITY OF PITTSBURG
SINGLE AUDIT REPORT
For The Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Findings and Questioned Costs.....	1
Section I – Summary of Auditor’s Results	1
Section II – Financial Statement Findings	2
Section III – Federal Award Findings and Questioned Costs.....	2
Schedule of Expenditures of Federal Awards.....	3
Notes to Schedule of Expenditures of Federal Awards	5
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 <i>Government Auditing Standards</i>	7
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	9

This Page Left Intentionally Blank

CITY OF PITTSBURG

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021**

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? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

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 program(s):

Assistance Listing #(s)	Name of Federal Program or Cluster
<u>14.871</u>	<u>Section 8 Housing Choice Voucher Program</u>
<u>20.205</u>	<u>Highway Planning and Construction (Federal-Aid Highway Program)</u>
<u>21.019</u>	<u>COVID-19 – Coronavirus Relief Fund</u>

Dollar threshold used to distinguish between type A and type B programs: \$801,409

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit disclosed a significant deficiency, but no material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated December 22, 2021, 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, 2021

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
US Dept of Housing & Urban Development Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218			
Entitlement Program				\$437,478
Subgrants			\$141,999	141,999
COVID-19 - CDBG-CV				388,514
Subtotal Community Development Block Grants/Entitlement Grants			141,999	967,991
Section 8 Housing Choice Voucher Program				
Housing Choice Voucher Program	14.871			22,721,747
COVID-19 - Housing Choice Voucher Program (CARES Act)	14.871			220,142
Subtotal Section 8 Housing Choice Voucher Program				22,941,889
Total Department of Housing and Urban Development			141,999	23,909,880
Department of Justice Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738			593
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034			51,284
Total Department of Justice				51,877
Department of Labor Employment and Training Administration Pass-Through Program From:				
Contra Costa County Employment and Human Services				
WIOA Adult Program				
Pre-Apprenticeship Construction Program	17.258	18-426-2	251,819	251,819
Department of Transportation Pass-Through Programs From:				
California Department of Transportation				
Highway Planning and Construction Program (Federal-Aid Highway Program)				
ST-42 West Leland High Friction Surface	20.205	HSIPL-04-020		763,396
Stoneman Avenue Interaction Improvements	20.205	HSIPL-5127(034)		317,764
Metropolitan Transportation Commission				
2018-03 BART Pedestrian & Bicycle Connectivity	20.205	CML-5127(036)		134,533
2019-01 Traffic Signal Improvements	20.205	HSIPL-5127(037)		106,288
Subtotal Highway Planning and Construction Program				1,321,981
State of California-Office of Traffic Safety				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Selective Traffic Enforcement Program	20.608	PT20104		28,406
Selective Traffic Enforcement Program	20.608	PT21099		13,136
Subtotal Minimum Penalties for Repeat Offenders for Driving While Intoxicated				41,542
Highway Safety Cluster				
National Priority Safety Program				
Traffic Records Improvement Program	20.616	TR21034		34,800
State and Community Highway Safety Program				
Selective Traffic Enforcement Program	20.600	PT20104		23,515
Selective Traffic Enforcement Program	20.600	PT21099		6,645
Subtotal State and Community Highway Safety Program				30,160
Subtotal Highway Safety Cluster				64,960
Total Department of Transportation				1,428,483
Department of the Treasury Pass-through Program From:				
State of California - Department of Finance				
COVID-19 - Coronavirus Relief Fund	21.019	Not available		917,651
US Environmental Protection Agency Direct Program:				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			153,911
Subtotal Brownfields Assessment and Cleanup Cooperative Agreements				153,911
Total Expenditures of Federal Awards			\$393,818	\$26,713,621

See Accompanying Notes to Schedule of Expenditures of Federal Awards

This Page Left Intentionally Blank

CITY OF PITTSBURG

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2021

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 fiduciary 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 programs balances and transactions relating to these programs are included in 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, 2021 consists of the following:

Assistance Listing Number	Program Name	Outstanding Balance at June 30, 2021
14.218	Community Development Block Grant/Entitlement Grant	\$253,844

NOTE 5 – CORONAVIRUS RELIEF PROGRAM (AL# 21.019)

The Schedule for the year ended June 30, 2021 includes expenditures for the Coronavirus Relief Program (AL# 21.019) for the period of March 1, 2020 to December 31, 2020. The period of performance for the grant was March 1, 2020 to December 31, 2020, but to receive the funding, the City was required to file a certification with the State Department of Finance by July 10, 2020 that the City will use the funds consistent with federal requirements, adhere to health orders and directives, return unspent funds, and repay any disallowed costs, among other compliance certifications. The City’s certification was filed on July 1, 2020.

**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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2021. Our report included an emphasis of matters paragraph disclosing the implementation of new accounting principles and prior period adjustments due to the reporting of an investment.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control that we consider to be a significant deficiency as described as item 2021-01 in the accompanying Schedule of Significant Deficiency included as part of our separately issued Memorandum on Internal Control dated December 22, 2021, which is an integral part of our audits and should be read in conjunction with this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in our separately issued Memorandum on Internal Control dated December 22, 2021, which is an integral part of audit and should be read in conjunction with this report. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Pleasant Hill, California
December 22, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND 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, 2021. 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 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, 2021.

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. 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 basic 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 financial statements as a whole.

Maze & Associates

Pleasant Hill, California
April 14, 2022

This Page Left Intentionally Blank