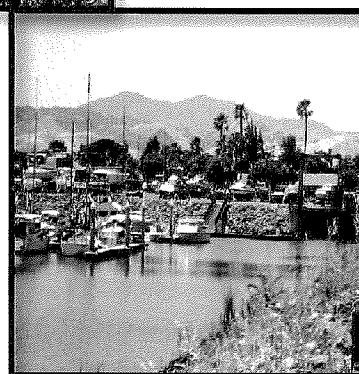
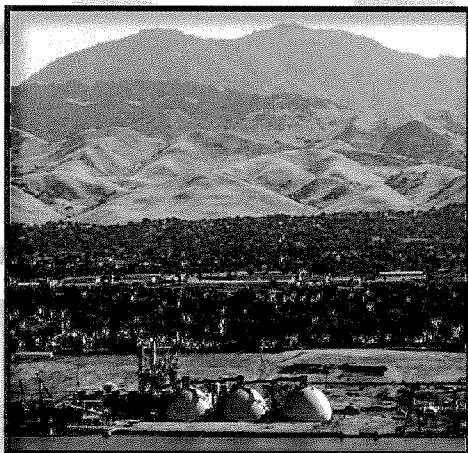


CITY OF

PITTSBURG



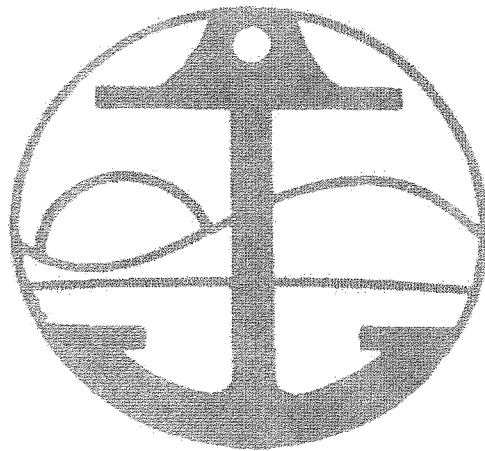
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2006

[

CITY OF PITTSBURG, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2006



PREPARED BY

THE FINANCE DEPARTMENT

Marie Simons
Director of Finance

Deborah M. Yamamoto
Finance Division Manager-Accounting

Janielyn Bayona
Accountant-Redevelopment

This Page Left Intentionally Blank

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006
Table of Contents

INTRODUCTORY SECTION:

City Manager and Finance Director’s Letter of Transmittal i
 Organization Chart..... xi
 Officials of the City of Pittsburg, California and the
 Redevelopment Agency of the City of Pittsburgxii
 GFOA Certificate of Achievement for Excellence in Financial Reportingxiii

FINANCIAL SECTION:

Independent Auditor’s Report on Basic Financial Statements..... 1
Management’s Discussion and Analysis..... 3
Basic Financial Statements:

 Government-Wide Financial Statements:
 Statement of Net Assets 18
 Statement of Activities 19

 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet..... 22
 Reconciliation of Governmental Funds Balance Sheet
 with the Statement of Net Assets 24
 Statement of Revenues, Expenditures, and Changes in Fund Balances..... 26
 Reconciliation of the Net Change in Fund Balances - Total Governmental
 Funds with the Statement of Activities..... 28
 Statements of Revenues, Expenditures and Changes in Fund Balance
 - Budget and Actual:
 General Fund 29
 Low/Moderate Income Housing II Special Revenue Fund..... 30
 Redevelopment Agency Special Revenue Fund..... 31
 Housing Authority (Section 8) Special Revenue Fund..... 32

 Proprietary Funds:
 Statement of Net Assets..... 34
 Statement of Revenues, Expenses and Changes in Net Assets 36
 Statement of Cash Flows 38

 Fiduciary Funds:
 Statement of Fiduciary Net Assets..... 42

Notes to Financial Statements..... 43

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006
Table of Contents

FINANCIAL SECTION (Continued):

Supplemental Information:

Major Governmental Funds Other Than the General Fund and Special Revenue Funds:
Schedules of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual:
 Capital Improvement Capital Projects Fund..... 90
 Redevelopment Agency Capital Projects Fund 91

Non-Major Governmental Funds:
Combining Balance Sheet 96
Combining Statements of Revenues, Expenditures, and Changes
 in Fund Balances 100
Schedule of Revenues, Expenditures, and Changes
 in Fund Balances – Budget and Actual:
 Economic Development Special Revenue Fund 103
 Budget Stabilization Special Revenue Fund 104
 Small Cities Grants Special Revenue Fund 105
 Gas Tax Special Revenue Fund..... 106
 Measure C Tax Fund Special Revenue Fund 107
 Lighting and Landscape Special Revenue Fund 108
 Lighting and Landscape Oak Hill Special Assessment District
 Special Revenue Fund..... 109
 San Marco CFD 2004-01 Special Revenue Fund..... 110
 Public Safety Services CFD 2005-1 Special Revenue Fund 111
 Asset Seizure Special Revenue Fund 112
 Local Law Enforcement Block Grant Special Revenue Fund 113
 Southwest Pittsburg GHAD II Special Revenue Fund 114
 Storm Water Utility (NPDES) Special Revenue Fund 115
 HUD Community Development Block Grant Special Revenue Fund 116
 Miscellaneous Grants – Special Revenue Fund..... 117
 Traffic Mitigation Capital Projects Fund..... 118
 Park Dedication Capital Projects Fund 119

Non-Major Enterprise Funds:
Combining Statement of Net Assets 122
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets..... 123
Non-Major Enterprise Funds 124

Internal Service Funds:
Combining Statement of Net Assets 126
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets..... 127
Combining Statement of Cash Flows..... 128

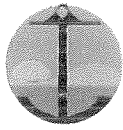
Fiduciary Funds:
Combining Statement of Changes in Assets and Liabilities – Agency Funds 130

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006
Table of Contents

STATISTICAL SECTION:

Net Assets by Component - Last Five Fiscal Years.....	132
Changes in Net Assets - Last Five Fiscal Years.....	133
Fund Balances of Governmental Funds -Last Ten Fiscal Years.....	135
Assessed and Estimated Actual Values of Taxable Property - Last Ten Fiscal Years.....	138
Property Tax Rates All Overlapping Governments - Last Ten Fiscal Years.....	139
Principal Property Tax Payers Current and Nine Years Ago.....	140
Property Tax Levy and Collection - Last Ten Fiscal Years.....	141
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years.....	142
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years.....	143
Computation of Direct and Overlapping Debt as of June 30, 2006.....	144
Computation of Legal Bonded Debt Margin as of June 30, 2006.....	145
Revenue Bond Coverage 2004 Wastewater Revenue Bonds - Last Ten Fiscal Years.....	146
Revenue Bond Coverage 1997 (Refunded) and 2005 Water Revenue Bonds - Last Ten Fiscal Years.....	147
Bonded Debt Pledged Revenue Coverage Tax Allocation Bonds - Last Ten Fiscal Years....	148
Demographic and Economic Statistics - Last Ten Fiscal.....	149
Principal Employers Current Year and Nine Years Ago.....	150
Full-Time Equivalent City Government Employees by Function.....	151
Operating Indicators by Funtion/Program - Last Ten Fiscal Years.....	152
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years.....	154

This Page Left Intentionally Blank



City of Pittsburg
65 Civic Avenue
Pittsburg, California 94565-3814

January 25, 2007

Honorable Mayor
Members of the City Council
And Citizens of Pittsburg

Comprehensive Annual Financial Report

Presented herein is the Comprehensive Annual Financial Report for the City of Pittsburg (the City) for the Fiscal Year ended June 30, 2006. This report presents fairly, in all material respects, the financial position and changes in financial position of the City as of and for the Fiscal Year ended June 30, 2006. City management is responsible for the accuracy of the data, the fairness and completeness of the presentation, and the inclusion of all disclosures that are necessary to enable the reader to understand the City's operations. This Comprehensive Annual Financial Report (CAFR) has been prepared in accordance with "generally accepted accounting principles" (GAAP) in the United States of America.

Major Changes in Reporting

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, which revised the City's financial reporting requirements. Governments comparable in size to the City of Pittsburg were required to implement GASB Statement No. 34 for the Fiscal Year ended June 30, 2003 and this is the fourth fiscal year the City of Pittsburg complies with the GASB requirements. The major changes that resulted from GASB 34 include:

- Government-wide financial statements that are designed to provide readers with a broad overview of the City in a manner similar to a private-sector business. The statements cover all of the City's activities (except fiduciary activities) and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets reports what the City owns (assets), what it owes (liabilities) and what is left over after assets have been used to satisfy liabilities (net assets). The Statement of Activities reports the City's expenses and revenues, as well as other changes in its net assets during the year.
- Fund financial statements report the finances of fund groups within the City's reporting entity - its governmental, proprietary and fiduciary funds. Reconciliation that describes the adjustments necessary to reconcile the governmental funds financial statements with the governmental activities column of the government-wide financial statements are included because the two types of statements measure the City's finances differently.

- Infrastructure assets are included in the government-wide statement of net assets. Governmental fund infrastructure assets are roads, curbs, gutters, medians, sidewalks, streetlights, and traffic signals. Financial information relative to infrastructure assets had not previously been required for governmental funds, but was required for proprietary funds (water, sewer and storm underground pipes, reservoirs, etc.).
- GASB Statement No. 34 establishes criteria to identify and report certain governmental funds and proprietary funds as major funds for presentation in the fund financial statements.
- The general fixed assets and the general long-term debt account groups no longer exist. The assets and liabilities previously reported in those account groups are reported in the government-wide statements.
- Funds reported in the past as expendable and nonexpendable trust funds have been reclassified as special revenue funds or agency funds.
- Management's discussion and analysis (MD&A) is required supplementary information and provides information and analysis that users need to interpret the basic financial statements. This transmittal letter is designed to complement MD&A, and therefore, should be read with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

In 2004, the Governmental Accounting Standards Board (GASB) issued statement No. 44, *Economic Financial Trends Information Condition Reporting: The Statistical Section* which updated the reporting requirements of the statistical section of the CAFR. This update of the statistical section improves comparability and adds new entity-wide data. The data is organized into five categories:

1. Revenue Capacity Information
2. Debt Capacity Information
3. Demographic and Economic Information
4. Operating Information
5. Financial Trend Information

The Reporting Entity and Its Services

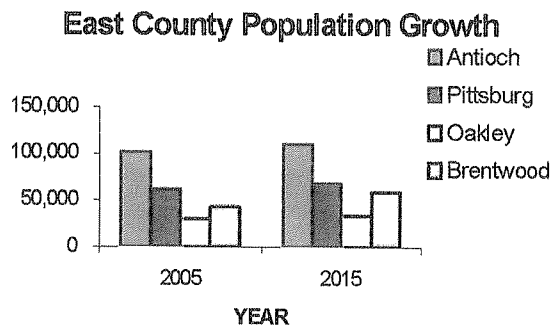
The City was incorporated on June 25, 1903 and Pittsburg is a full service general law city providing a full range of municipal services, including police, water and sewer, streets, cultural and recreational facilities, golf course, public works and parks, redevelopment, economic development, planning, zoning, building inspection, code enforcement, housing assistance, marina operations, energy distribution, engineering and general administration. Fire services are provided by Contra Costa County.

The financial statements included in this CAFR present the City (the primary government) with all the City funds, the City of Pittsburg Redevelopment Agency (the Agency), the Housing Authority of the City of Pittsburg (the Housing Authority), and the Pittsburg Power Company (Pittsburg Power) as component units. These three component units are separate legal entities; however, the members of the City Council also serve as members of the Housing Authority Board, the Agency Board, and the Pittsburg Power Board; therefore, financial information for the Housing Authority, the Agency, and Pittsburg Power is blended with the City's financial information.

Economic Conditions and Outlook

Located along the Sacramento-San Joaquin River Delta, Pittsburg is situated on the north side of the beautiful Mount Diablo Recreation Area. Pittsburg resides in the Eastern part of Contra Costa County and is a part of the Oakland Metropolitan Statistical Area. Most statistics for Pittsburg also include the unincorporated area of Bay Point.

POPULATION GROWTH			
<i>ABAG - PROJECTIONS 2007</i>			
	2005	2015	CHANGE
<i>Pittsburg</i>	<i>62,400</i>	<i>67,900</i>	<i>5,500</i>
Antioch	101,500	110,400	8,900
Brentwood	43,200	59,600	16,400
Oakley	29,850	34,050	4,200
East County:	236,950	271,950	35,000
Contra Costa County:	1,023,400	1,107,300	83,900

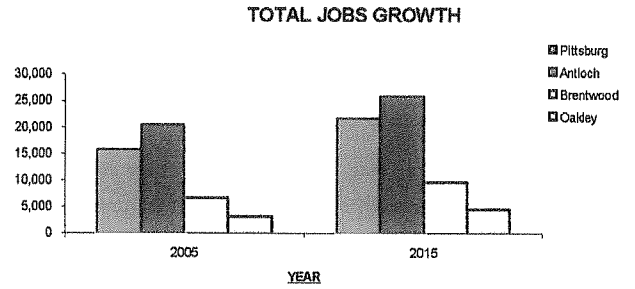


U.S Census Bureau data correlates with the above local estimates at:

July 2005 62,547; July 2004 62,270; July 2003 60,706; July 2002 60,179; July 2001 59,067

From New York of the Pacific to Black Diamond and finally known as Pittsburg, this is a city that values achievement and innovation. Pittsburg's 2005 estimated population from the Association of Bay Area Governments (ABAG) Projections 2007 was at 62,400 and at 67,900 by the year 2015. Pittsburg is one of just 39 cities in the State with an Enterprise Zone, offering businesses tax and other incentives to relocate here.

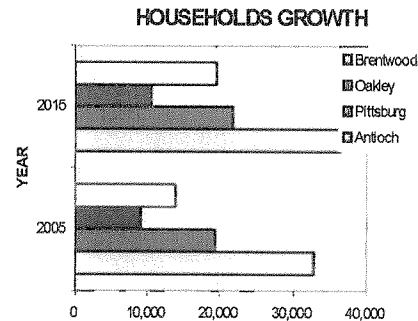
TOTAL JOBS			
<i>ABAG - PROJECTIONS 2007</i>			
	2005	2015	CHANGE
Pittsburg	15,770	21,700	5,930
Antioch	20,510	25,930	5,420
Brentwood	6,750	9,670	2,920
Oakley	3,220	4,570	1,350
East County:	46,250	61,870	15,620
Contra Costa County:	379,030	436,970	57,940



The Contra Costa Economic Partnership is forecasting that over the next 25 years, Contra Costa County will add more than 134,000 new jobs. Most of the jobs that will be created are expected to be in the service sector area. Most of the redevelopment projects of the City of Pittsburg will add new jobs to the county.

The City offers a number of programs and incentives to attract new businesses, help existing businesses, as well as help residents find employment. The East County One-Stop Career Center provides businesses and residents with employment, training and business services.

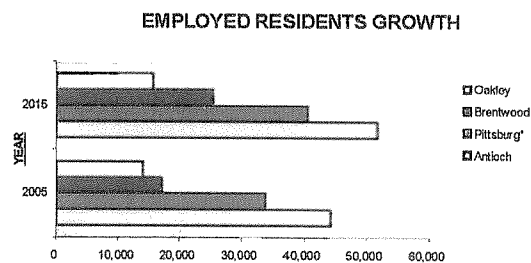
HOUSEHOLDS			
<i>ABAG - PROJECTIONS 2007</i>			
	2005	2015	CHANGE
Pittsburg	19,440	21,690	2,250
Antioch	32,760	36,360	3,600
Brentwood	13,860	19,550	5,690
Oakley	9,140	10,610	1,470
East County:	75,200	88,210	13,010
Contra Costa County:	368,310	405,420	37,110



According to ABAG Projections 2007, Retail jobs will see the highest growth in Concord, Pittsburg and Antioch. The Pittsburg/Bay Point BART station is fueling the City's growth.

EMPLOYED RESIDENTS			
<i>ABAG - PROJECTIONS 2007</i>			
	2005	2015	CHANGE
Pittsburg*	33,950	40,530	6,580
Antioch	44,250	51,730	7,480
Brentwood	17,110	25,430	8,320
Oakley	14,060	15,740	1,680
East County:	109,370	133,430	24,060
Contra Costa County:	459,600	533,300	73,700

**Includes City and Sphere of Influence*



While the national economic picture will cause the county's economy to slow, some employment growth is expected in the first fifteen years from 2000 to 2015. The cities of Antioch, Pittsburg, and Hercules are expected to see more job growth as a result of ABAG Smart Growth Policy assumptions.

As ABAG projections report, between the years 2000 and 2015, the largest growth will be in the Health, Educational, and Recreational sector which will add 35,040 jobs in Contra Costa County, an increase of 30% over the year of 2000 total. Based on a forecast by the Contra Costa Economic Partnership, Contra Costa County will be the fourth fastest growing Bay Area County (projected at 32.7% for the period of 2005 through 2030) in terms of new job creation.

In 2006, real GDP (gross domestic product) increased 2.0% compared to the real GDP increase of 3.5% in 2005. Inflation increased in 2005-06 to approximately 4.09%.

For the City of Pittsburg, sales tax revenue in the Fiscal Year 2005-2006 continued to increase because of new and expanded businesses. Comparing Contra Costa County's unemployment rate of 2.2% to the State of California's unemployment rate of 5.1%, signifies that the local economy's future out-look should remain tentatively optimistic.

It is anticipated that sales tax revenue for the City of Pittsburg will continue to increase consequent to the opening of several new retail and restaurant businesses. The Mazzei Auto Dealership expansion is projected to increase sales tax revenue by approximately \$150,000 and the new Suzuki Dealership is projected to generate \$30,000 of sales tax revenue for its first year.

The following are new anticipated revenue generating businesses coming into Pittsburg:

- A 96 room Hampton Inn Suites Hotel has broken ground and is anticipated to generate \$160,000 in transient occupancy taxes.
- Outback Steak House and Chili's restaurants opened in the Delta Gateway Center in late spring 2006 and is anticipated to generate \$80,000 in increased sales tax revenue.
- Win Co Foods is expected to generate \$125,000 in sales tax once in full operation.

Major construction projects have begun in Old Town and at the Marina during the past several months of 2006. The mixed-use projects such as the one located in the block between 3rd and 4th Streets will add 42 new residential units and commercial space along the ground floor. The New Mecca Restaurant is planned to relocate to this development. The Vidrio Project will be a mixed-use project with 190 residential units and three blocks of new commercial space located along Railroad Avenue between 5th and 8th Streets. The Gateway Project at 10th and Railroad Avenue will add a 32,000-square foot building for commercial use on the ground floor and two stories of residential units above.

Major Initiatives

For The Fiscal Year: The Redevelopment Agency of the City of Pittsburg (the Agency) and the Economic Development Department continued rapid development in residential, commercial, and industrial areas.

A few of the Agency highlights for the Fiscal Year 2005-2006 include the following:

- ❖ \$50,000 was allocated to Pacific Community Services Inc. (PCSI), which provides housing services to Pittsburg residents. The counseling services range from tenant training to home ownership training, low interest mortgage, down payment, and rent payment assistance.
- ❖ An ordinance establishing an Inclusionary Housing Policy for the Los Medanos Community Development Project Area was adopted. The ordinance is necessary to ensure that a portion of all new rental and ownership housing remain affordable and are reserved for appropriately-sized households in order to increase the affordable housing stock, reduce the percentage of overcrowded households and reduce the families who overpay for housing.
- ❖ To increase the affordable housing stock, the Agency provided/allocated financial assistance, in the form of a loan or land purchase subsidy:
 - Mariner Walk (20 Units) = \$1,000,000 (direct housing subsidy)
 - Vidrio (30 Units) = \$4,000,000 (direct housing subsidy)
 - Vista Del Mar (12 Units) = \$600,000 (direct housing subsidy)
 - Gateway (29 apartment units) = \$6,000,000 (construction loan/subsidy)
- ❖ The Agency also increased its participation in two previously approved developments:
 - Mercy Housing (64 units) = \$1,071,000 as loan in addition to a previous amount of \$1,928,820 for land subsidy
 - Presidio Village (104 units)=\$541,000 as loan in addition to a previous \$800,000 loan amount

The Redevelopment Agency general funds supported the following projects and programs in 2005-2006:

- The Agency allocated \$17 million in the development of Vidrio, a \$100 million mixed used development. Construction on Phase 1 began in August, 2006. When completed, Vidrio will consist of 200 owner occupied residences and 40,000 square feet of ground floor commercial space. Of the 200 residential units, 30 will be restricted for sale to persons at affordable income levels. The project covers three adjacent city blocks in Old Town Pittsburg. The developer for this project is AF Evans.
- The Agency provided a \$625,000 loan to assist in the development of a 96-room Hampton Inn & Suites hotel in Pittsburg. BMS Investments, the project developer, began construction on the project in May 2006.
- The Agency allocated an \$800,000 grant for the installation of public infrastructure improvements to support the new Empire Business Park, a 430,000 square feet industrial center, and the construction of intersection and traffic light improvements at the center's entrance. The developer for this project is Davis & Associates.

For The Future:

The Agency's tax increment has increased approximately by 15.8% or 5.5 million from \$35.3 million (Fiscal Year 2004-2005) to \$40.8 million (Fiscal Year 2005-2006). The Agency's funding capacity has enabled traditional redevelopment programs and projects to be established as well as provide assistance with public improvements in the Project Area through the Capital Improvement Project (CIP) Program; the following programs and projects have been identified for Fiscal Year 2006-2007:

- ❖ \$1.0 million has been allocated towards project-wide pavement reconstruction. These projects will provide increased safety and improve traffic circulation for both vehicles and pedestrians.
- ❖ \$18.46 million has been allocated for replacement of infrastructure in Old Town Pittsburg neighborhoods including new water, sewer and other utilities along with full street replacement.
- ❖ \$3.2 million has been allocated towards continuing to develop a high quality public park system that will provide varied recreational opportunities accessible to all project area residents. This includes nearly \$400,000 to complete the development of public access improvements to the Pittsburg Marina.
- ❖ The Agency has entered into another contract with the Contra Costa County Employment and Human Services Department on behalf of the Workforce Development Board to provide business counseling services to the Pittsburg community. \$10,000 has been allocated to this program.
- ❖ The Adopted Implementation Plan for the Los Medanos Project Area 2005-2009 provides for the acquisition and public improvements of the following publicly owned buildings:
 - 10th & Railroad Avenue; Mixed Use Construction (underway)
 - City Park; sports complex construction
 - Enean Theater; rehabilitation
 - Marina Elementary School; construction
 - Relocation of PUSD Administrative offices
 - Relocation of Pittsburg Public Library
- ❖ \$192,000 has been allocated for the Enterprise Zone fee waivers. This program is to attract businesses, encourage commercial rehabilitation of existing structures, and create employment opportunities to Pittsburg residents.
- ❖ \$133,900 has been allocated to Old Town Code Enforcement to help alleviate the blighting conditions in Pittsburg's downtown area.
- ❖ \$333,000 has been allocated to promote and market the City of Pittsburg including to attract reinvestment in the Old Town area and to provide staff support to over 100 events throughout the calendar year in Old Town Pittsburg.
- ❖ Approximately \$230,000 has been allocated to Economic Development Loans to provide incentives to businesses wishing to locate in the Project Area.

- ❖ \$120,000 has been allocated over a two year time frame to Lease Commercial Property Rehab to enable the Agency to rehabilitate vacant or underutilized commercial building and sublease out to viable businesses.

Acquisition is also an important activity that the Agency exercises in order to assist in redeveloping of a particular site or assembling various parcels to develop a larger site. The Agency acquired the following properties during the Fiscal Year 2005-2006 for a total of \$10.8 million:

- ❖ For development of new offices, market rate and affordable units, specialty stores, and a restaurant; and for redevelopment of the older downtown area:
 - 2-4 Fifth Street
- ❖ For purposes of assisting the Pittsburg Unified School District in the construction of a new public elementary school:
 - 820 Railroad Avenue
 - APN 085-193-008 and 009 (two vacant parcels on the 800 block of Railroad Avenue)
- ❖ To address blight and enhance quality of residential life:
 - 500 School Street
- ❖ The following is an acquisition for redevelopment purposes by improving or replacing significantly blighted properties and by providing the community with improvements that will encourage business development through retention of existing businesses and attraction of new businesses, and thereby providing additional employment opportunities:
 - 1085 Cumberland

The Finance Department has completed converting most of its financial and accounting systems to the new Eden financial system. The new system with its flexibility and user-friendly features are producing more useful financial information for analyzing, reporting, and management decision-making. Only the utility billing module remains to be converted and this conversion will be completed by Spring 2007.

OTHER INFORMATION

The City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government 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. 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.

Single Audit and Compliance

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the Finance staff of the City. In management's opinion, the City's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions. Also, the results of the City's single audit for the Fiscal Year ended June 30, 2006 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund, special revenue funds and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City also applies and maintains encumbrance accounting system as a technique of accomplishing budgetary control. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Appropriations Limit

Proposition 4, the "Gann" initiative, was passed by California voters in 1978 and is intended to limit governmental appropriations. The appropriations limit is calculated each year based upon Fiscal Year 1978-1979 appropriations, which are modified by the composite consumer price index, and population changes which have occurred in subsequent years. The City's appropriation limit and estimated appropriations subject to limit for Fiscal Year 2004-2005 and 2005-2006 amounted to \$68,161,743 and \$76,381,995 respectively. The Redevelopment Agency and Housing Authority appropriations are not subject to the above limitations.

Cash Management

Cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF) administered by the Treasurer of the State of California and obligations of the United States Treasury, Federal Agency Coupons and Discount Notes, Medium Term Notes, and Certificates of Deposit. These investments are allowed under an investment policy adopted by the City Council, which defines eligible investments and maturities of the City's investment portfolio, and requires securities to be held by the City or by a qualified custodial institution and registered in the name of the City. The quarterly return on LAIF pooled investments at June 30, 2006 was 4.53 %, an increase of 1.68% compared to the same period of last fiscal year (June 30, 2005) 2.85%. Total LAIF interest earnings were \$3,306,166 for the Fiscal Year 2005-2006, an increase \$491,898 from the Fiscal Year 2004-2005. At June 30, 2006, 37.91% of the City's pooled cash and investments were in LAIF.

Risk Management

The City is self-insured for the first \$25,000 of each loss and maintains excess liability insurance through Municipal Pooling Authority (MPA). The City is not insured for liability occurrences over \$15 million per occurrence. The City also maintains statutory excess workers' compensation insurance through MPA.

Independent Audit

Maze & Associates, CPAs, an independent public accounting firm, has examined the financial statements of the City and its affiliated agencies. Their opinion on the City's financial statements and supplemental information is included within this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pittsburg for its Comprehensive Annual Financial Reports (CAFR) for the six fiscal years ended June 30, 2000, 2001, 2002, 2003, 2004, and 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current (CAFR) for June 30, 2006 continues to meet the Certificate Achievement Program's requirements.

Acknowledgements

The preparation of this report could not have been accomplished without the concerted effort and dedication of all the employees of the Pittsburg Finance Department. We would also like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

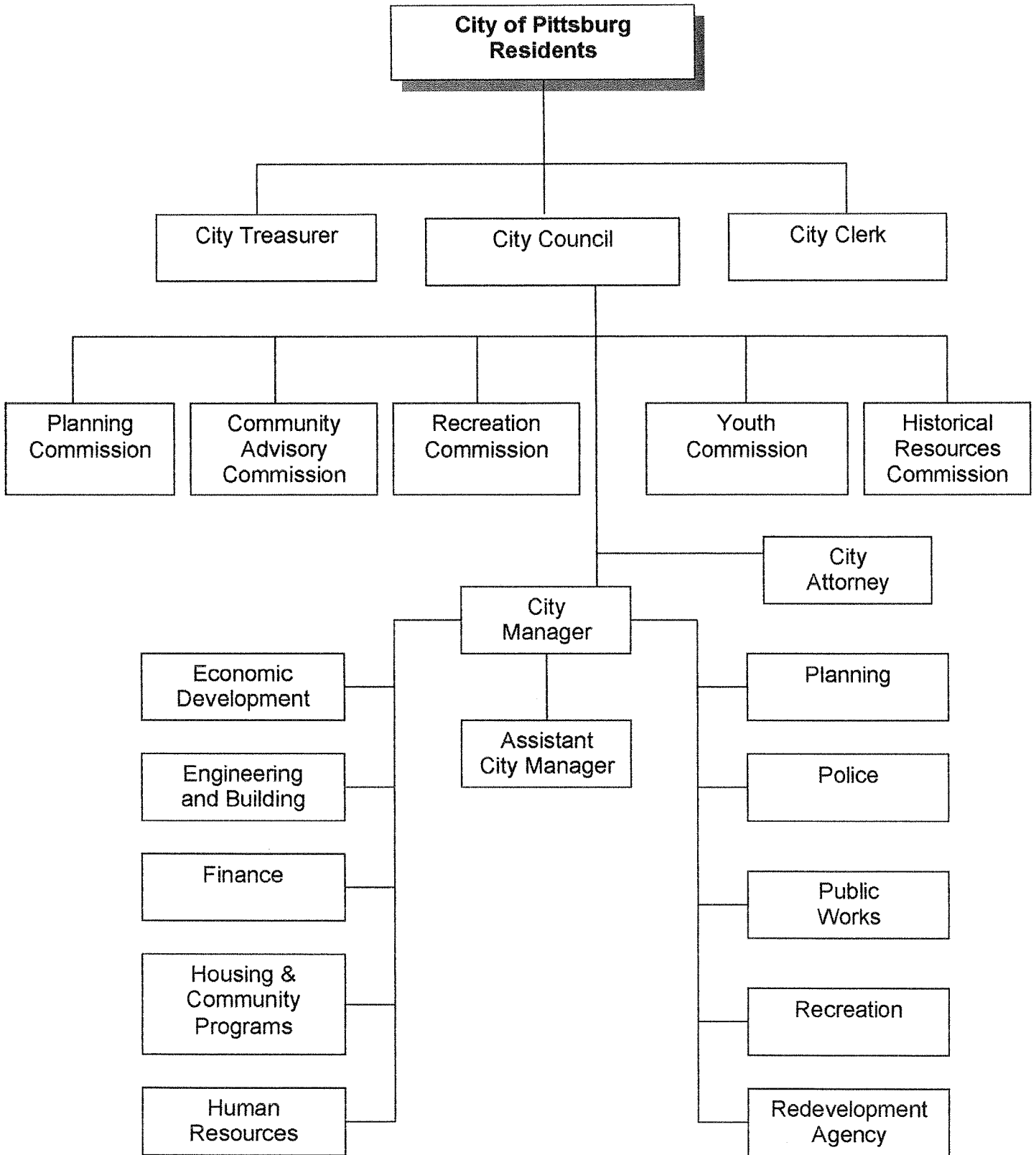


Marc S. Grisham
City Manager



Marie Simons
Director of Finance

◆ ◆ ◆ CITY OF PITTSBURG
CITY GOVERNMENT



City of Pittsburg
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006

◆ ◆ ◆ **City Council**

Michael Kee, Chairperson
William G. Glynn, Vice Chair
Will Casey, Council Member
Ben Johnson, Council Member
Nancy Parent, Council Member

◆ ◆ ◆ **Other Elected Officials**

James F. Holmes, City Treasurer
Lillian J. Pride, City Clerk

◆ ◆ ◆ **City Attorney**

Ruthann G. Ziegler, Esquire, City Attorney

◆ ◆ ◆ **Management Staff**

Marc S. Grisham, City Manager
R. Matt Rodriguez, Assistant City Manager

Melissa Ayres, Director of Planning
Aaron Baker, Chief of Police
Garrett Evans, Director of Redevelopment
Paul Flores, Director of Recreation
Marc Fox, Director of Human Resources
John Fuller, Director of Public Works
Annette Landry, Director of Housing and Community Programs
Brad Nail, Director of Economic Development
Joseph Sbranti, Director of Engineering
Marie Simons, Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pittsburg
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



President

Executive Director

This Page Left Intentionally Blank

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

**INDEPENDENT AUDITOR'S REPORT ON
BASIC FINANCIAL STATEMENTS**

The Honorable Mayor and Members of the City Council
City of Pittsburg, California

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pittsburg as of and for the year ended June 30, 2006, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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 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 opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pittsburg at June 30, 2006 and the respective changes in the financial position and cash flows where applicable thereof and the respective budgetary comparisons for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued reports dated December 1, 2006 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. 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 this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Pittsburg. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section 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.



December 1, 2006

This Page Left Intentionally Blank



City of Pittsburg
65 Civic Avenue
Pittsburg, California 94565-3814

January 25, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Pittsburg (the City), we offer readers this discussion and analysis of the City's financial performance for the Fiscal Year ended June 30, 2006. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). We encourage readers to consider the information presented here in conjunction with additional information which can be found in the introductory section of this report and within the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the Fiscal Year 2005-2006 by \$152M (*net assets*).
- The City's total net assets of \$152M decreased by \$19M (from \$171M in Fiscal Year 2004-2005) representing a \$27M decrease in governmental and an \$8M increase in business-type total net assets. The decrease in the governmental net assets can be attributed mainly to the issuance of Taxable Pension Bonds that included a \$26M payment for the unfunded liability owed to the Public Employee Retirement System (PERS) for both the Miscellaneous and Safety retirement plans, and a \$12.7 unfunded liability payment to the Contra Costa County Employees' Retirement Association (CCCERA). The \$8M increase in business-type net assets can be attributed mainly to \$6.5M for Marina Dock improvements.
- As of June 30, 2006, the City's governmental funds reported combined ending fund balances of \$195.9M, a decrease of \$9.8M in comparison with the prior fiscal year of \$205.7M. Approximately \$38M or 19% of this amount is available for spending at the government's discretion for operating activities.
- Out of the nine major funds, four of the funds (Low/Moderate Housing, Redevelopment Special Revenue, Housing Authority and the Pension Obligation Fund) had positive net changes to fund balances.
- As of June 30, 2006, the fund balance for the General Fund was \$8.6M, of which \$411,321 was for miscellaneous inventory reserves, encumbrances, prepaid expenses, and special activities. The encumbrance reserve of \$238,068 was re-appropriated in next year's budget, leaving an appropriable fund balance of \$8.3M for Fiscal Year 2006-2007.

- Compared to the prior fiscal year, the City's total non-current liabilities increased \$57.9M, which was the result of the issuance of the 2006 Taxable Pension Funding Bonds, the 2005 Water Revenue Bonds and the retirement of the 1997 Water Revenue Bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of 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 a private-sector business. These statements consist of:

- 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 reflecting any change in the government's net assets 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., earned but unused vacation and compensated time leaves).

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 legislative and legal, general government, public safety, public works, community development and recreation. The business-type activities of the City include Water, Sewer, Marina, Golf Course, Island Energy and Pittsburg Power Company operations.

The Government-Wide Financial Statements include not only the City itself but also the Redevelopment Agency, Housing Authority and the Pittsburg Power Company. Financial information for these component units are blended with the financial statements of the primary government itself.

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 of Pittsburg, 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 three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

- *Governmental Funds:* These funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. 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 financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.

The City maintains 28 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 9 funds that are considered to be major funds. These 9 funds consist of General, Low/Moderate Income Housing I, Low/Moderate Income Housing II, Redevelopment Special Revenue, Housing Authority (Section 8), Redevelopment Debt Service, Capital Improvement, Pension Obligation Bonds, and Redevelopment Capital Projects. Data from the other 19 governmental funds which are combined into a single, aggregated presentation are considered non-major funds.

A budgetary comparison statement has been provided for the funds that have an adopted budget to demonstrate compliance with this budget.

- *Proprietary Funds:* The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as "business-type activities" in the Government-Wide Financial Statements. Enterprise Funds are used to account for the Water, Sewer, Marina, Golf Course, Island Energy and Pittsburg Power Company operations. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses Internal Service Funds to account for its fleet of vehicles maintenance, building maintenance, information system management, risk management/insurance and employee fringe benefits activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within "governmental activities" in the Government-Wide Financial Statements.

Proprietary Funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the Water Fund, the Sewer Fund, and the Marina Fund; all of which are considered to be major funds. Data from the other three Enterprise Funds are combined into a single, aggregated presentation. Conversely Internal Service Funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements.

- *Fiduciary Funds:* Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-Wide Financial Statement because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds. The Assessment District Bonds Fund, the Environmental Impact Fee Fund and the Other Impact Fees Fund are held as Fiduciary Funds by the City.

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.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets - 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, combined net assets (government and business-type activities) totaled \$152M at the close of the Fiscal Year ended June 30, 2006.

The City uses these capital assets to provide services and operations for the benefit of the community, 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.

The Government-Wide Financial Statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole. The following table reflects the Summary of Net Assets for the Fiscal Year ended June 30, 2006 with the comparative data for the Fiscal Year ended June 30, 2005.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of Pittsburg
Summary of Net Assets
As of June 30, 2006

	Governmental Activities	Business-Type Activities	June 30, 2006 Total	June 30, 2005 Total
Current Assets	\$234,391,894	\$47,725,420	\$282,117,314	\$256,110,549
Non-Current Assets	2,038,174		2,038,174	2,183,758
Capital Assets	248,135,252	85,623,399	333,758,651	318,849,094
Total Assets:	<u>484,565,320</u>	<u>133,348,819</u>	<u>617,914,139</u>	<u>577,143,401</u>
Current Liabilities	23,693,613	3,325,762	27,019,375	24,933,183
Non-Current Liabilities	389,948,606	48,513,168	438,461,774	380,503,547
Total Liabilities:	<u>413,642,219</u>	<u>51,838,930</u>	<u>465,481,149</u>	<u>405,436,730</u>
Investments in Capital Assets Net of Related Debt	-153,333,826	36,191,114	-117,142,712	57,789,865
Restricted	139,253,405	6,879,258	146,132,663	211,322,288
Unrestricted	85,003,522	38,439,517	123,443,039	-97,405,512
Total Net Assets:	<u>\$70,923,101</u>	<u>\$81,509,889</u>	<u>\$152,432,990</u>	<u>\$171,706,641</u>

At the end of the Fiscal Year 2005-2006 the total assets exceeded total liabilities by \$152.4 M.

Changes in Net Assets - In the Fiscal Year 2005-2006, the City's expenses for governmental activities exceeded program revenues by \$109.7M resulting in the use of that amount in general revenues. The City's expenses cover a range of services. Total governmental expenses by activities were \$126.6M in Fiscal Year 2005-2006. The largest expenses were in the General Government category (\$24.8M) which included the unfunded liability payment to the Contra Costa County Employee Retirement Association and payment of the unfunded liability to the Public Employees Retirement System (for both the Miscellaneous and Safety employees), Community Development and Services (\$23.2), Public Works (\$28.9M), Public Safety (\$27.2M) and Interest on Long-term Debt (\$15.1M). These expenses do not include capital outlays, which are now reflected in the City's capital assets. Further analysis is provided within the governmental and business-type sections on the following pages.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of Pittsburg's Changes in Net Assets
Fiscal Year Ended June 30, 2006
With comparative data for fiscal year ended June 30, 2005

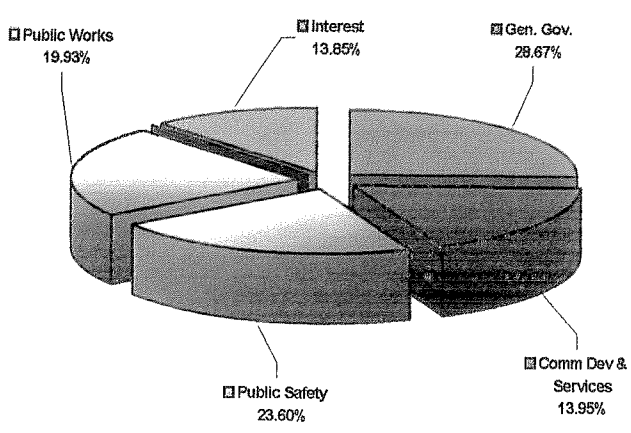
	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>June 30, 2006 Total</u>	<u>June 30, 2005 Total</u>
Revenues:				
<i>Program Revenues:</i>				
Charges for Services	\$10,155,509	\$26,302,767	\$36,458,276	\$28,931,425
Operating Grants and Contributions	3,923,284		3,923,284	5,166,636
Capital Grants and Contributions	3,307,936	3,619,190	6,927,126	8,968,780
<i>General Revenues:</i>				
Property Taxes	43,852,448		43,852,448	38,110,361
Sales and Other Taxes	11,951,519		11,951,519	11,301,580
Intergovernmental	18,063,262		18,063,262	11,122,645
Investment Earnings - Unrestricted	6,960,587	1,047,319	8,007,906	4,756,443
Miscellaneous	19,528		19,528	3,805,439
Total Revenues:	98,234,073	30,969,276	129,203,349	112,163,309
Expenses:				
General Government	24,855,542		24,855,542	14,378,057
City Council	80,430		80,430	89,463
City Manager and City Clerk	1,353,922		1,353,922	807,970
City Attorney	490,984		490,984	468,017
Human Resources	1,298,743		1,298,743	844,352
Finance and Services	4,025,101		4,025,101	2,011,792
Community Development & Services	23,244,549		23,244,549	19,852,694
Public Safety	27,183,843		27,183,843	14,929,141
Public Works	28,921,759		28,921,759	11,881,766
Interest on Long-Term Debt	15,117,640		15,117,640	18,645,181
Enterprise Operations		23,063,037	23,063,037	20,320,550
Total Expenses:	126,572,513	23,063,037	149,635,550	104,228,983
Increase (Decrease) in Net Assets				
Before Other Revenues and Transfers	(28,338,440)	7,906,239	(20,432,201)	7,934,326
Gain (Loss) on Disposal of Assets	1,158,550		1,158,550	1,041,927
Transfers	(558,738)	558,738		
Change in Net Assets	(27,738,628)	8,464,977	(19,273,651)	8,976,253
Net assets - Beginning of Year	98,661,729	73,044,912	171,706,641	166,105,394
GASB 34 Implementation				(3,375,006)
Net Assets - End of Year	\$70,923,101	\$81,509,889	\$152,432,990	\$171,706,641

Governmental Activities - Governmental Activities reflects a decrease of \$27.7M in net assets for the Fiscal Year 2005-2006. A comparison of the cost of services by function for the City's Governmental Activities is shown below, along with the revenues used to cover the net expenses of the Governmental Activities, and with the comparative data from Fiscal Year 2004-2005.

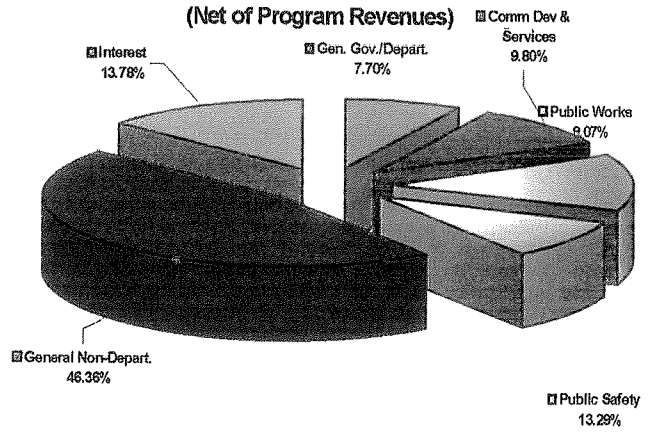
	<u>June 30, 2006</u> <u>Governmental</u> <u>Activities</u>	<u>June 30, 2005</u> <u>Governmental</u> <u>Activities</u>
Expenses Net of Program Revenues:		
General Government/Departments	(\$31,311,332)	(\$7,815,772)
Community Development & Services	(15,232,616)	(15,208,347)
Public Safety	(25,766,266)	(13,215,726)
Public Works	(21,757,930)	(1,522,341)
General Non-Departmental *	-	(9,878,761)
Interest on Long-Term Debt	<u>(15,117,640)</u>	<u>(18,645,181)</u>
Total Governmental Activities	<u>(109,185,784)</u>	<u>(66,286,128)</u>
General Revenues and Transfers:		
Property Taxes	43,852,448	38,110,361
Sales and Other Taxes	11,951,519	11,301,580
Intergovernmental	18,063,262	11,122,645
Investment Earnings - Unrestricted	6,960,587	4,375,176
Miscellaneous	19,528	3,805,439
Gain (Loss) on Disposal of Assets	1,158,550	1,041,926
Transfers	<u>(558,738)</u>	<u>(8,915,331)</u>
Total General Revenues	<u>81,447,156</u>	<u>60,841,796</u>
Change in Net Assets	<u>(\$27,738,628)</u>	<u>(\$5,444,332)</u>

* Per GFOA (Government Finance Officers Association) comments, General Non-Departmental should not be used as an expenditure category. All Non-Departmental is reported on the General Governmental line.

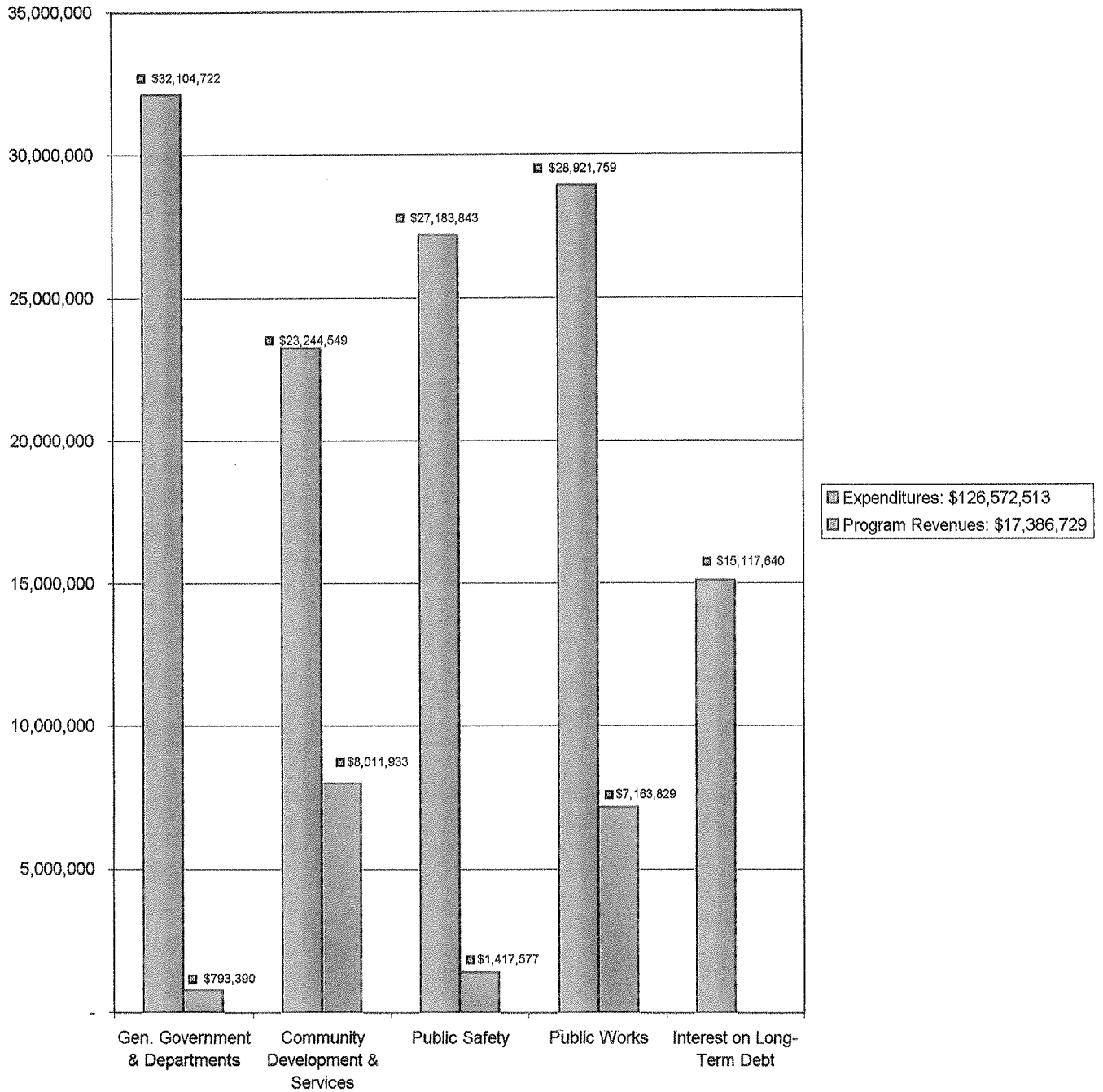
Governmental Expenses by Activities



Net Cost of Governmental Activities (Net of Program Revenues)

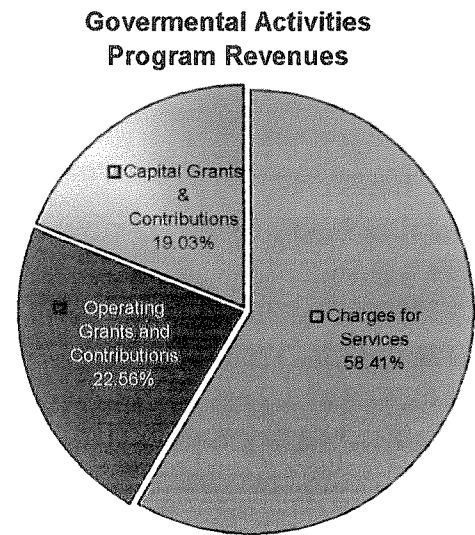
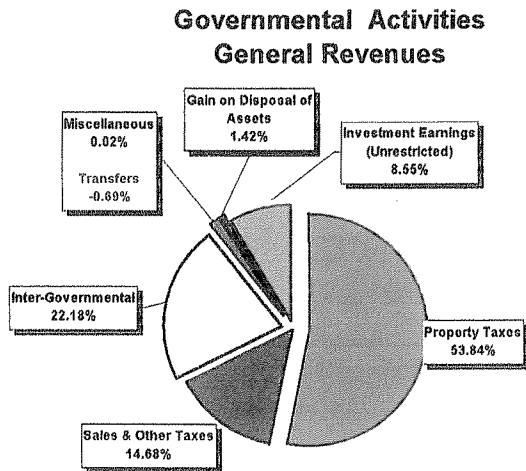


Expenses and Program Revenues (Governmental Activities)

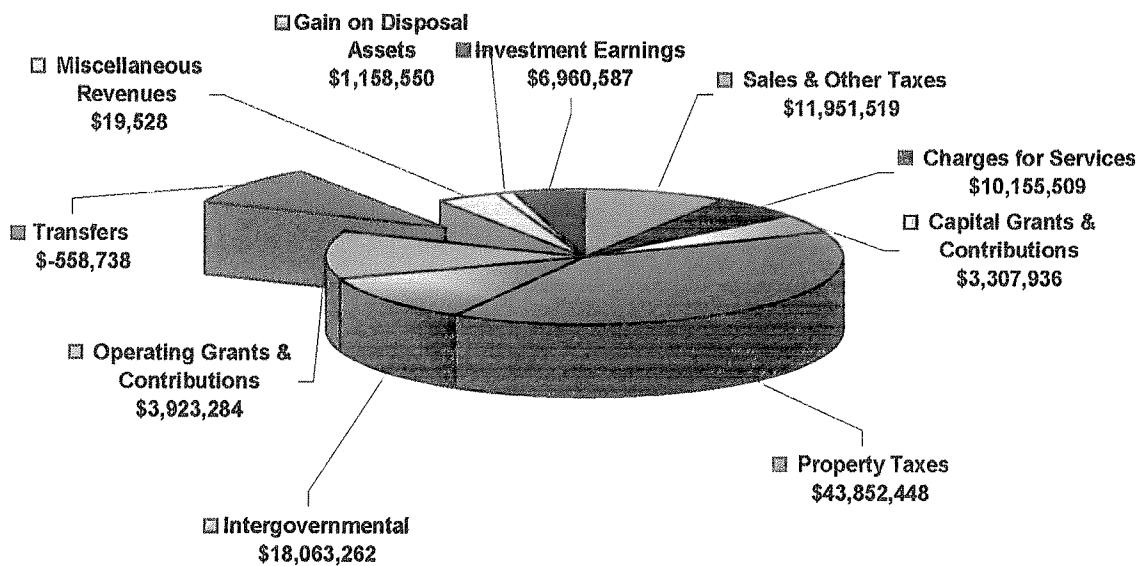


Total Program Revenues from Governmental Activities were \$17.4M in Fiscal Year 2005-2006. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. Program Revenues reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart on the next page, 58% of the Governmental Program Revenues came from Charges for Services (which includes licenses and permits, plan checking fees, developer fees and several other revenues), 23% from the Operating Grants and Contributions category (including restricted revenues such as Gas Tax, Measure C Tax, the Asset Seizure Fund and Federal/State Grants) and 19% came from Capital Grants and Contributions.

General Revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, intergovernmental and investment earnings. Total General Revenues from Governmental Activities were \$81.4M in Fiscal Year 2005-2006. The largest percentage of General Revenues (53 % or \$43.9M) received during the fiscal year was for Property Taxes.



Revenues by Source - Governmental Activities



Business-Type Activities - Net assets for Business-Type Activities were \$81.5M, a net increase of \$8.5M from prior fiscal year. Total program revenues (excluding capital grants and contributions) for Business-Type Activities were \$26.3M (from charges for services). Total expenses for the Business-Type Activities were \$23.1M for the Fiscal Year 2005-2006.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Pittsburg uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City of Pittsburg's Governmental Funds is to provide information on near-term inflows, outflows and balances of spending resources. Such information is useful in assessing the City of Pittsburg's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Pittsburg's Governmental Funds reported combined ending fund balances of \$195.9M, a decrease of \$9.8M, in comparison with the prior year. Approximately 24% percent of this total amount or \$47M constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved and is not available for new spending because it has either been committed to 1) liquidate contracts, purchase orders of the prior period and debt service requirements for the following fiscal years (\$21.5M), or 2) continue work on the special activities and capital improvement projects (\$141M).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$8,555,993 with \$411,321 reserved and designated for miscellaneous inventory reserves, encumbrances, prepaid expenses, and special activities. The unreserved amount of \$8,144,672, including encumbrances of \$238,068 for a total of \$8,382,740 is available to be used at the government's discretion.

General Fund Budgetary Highlights - The final amended budget totaled \$38.8M, including \$5,358,052 in amendments to the originally adopted budget. These amendments are briefly summarized below:

- Per Resolution 05-10414, the City Council adopted reserve polices and levels that authorized specific transfers out from the General Fund to Other and Internal Service Funds as follows:

\$ 400,000	To the Budget Stabilization Reserve.
400,000	To the Economic Development Reserve.
320,000	To the Power Authority Reserve.
332,278	To the Building Maintenance Reserve.
300,000	To the Fleet Maintenance Reserve.
1,278,721	To the Fringe Benefit Reserve.
279,275	To the General Liability Insurance Reserve.
<u>46,389</u>	To the Information Systems Reserve.
\$3,356,663	Transfers-Out from the General Fund

- The early payback of State of California Vehicle-in-Lieu fees of \$1,035,000 were approved by City Council to be transferred to the Budget Stabilization Fund.

- Appropriations of \$150,000 were approved to increase the City Manager Contingency Account.
- Appropriations of \$80,000 were approved for Public Works Street Striping Equipment.
- Appropriations of \$65,000 were approved for the Planning Department Hillside Development Guidelines.
- Appropriations of \$60,000 were approved for the Residential Rental Inspection Program.
- Appropriations of \$40,000 were approved for an operational review of the Building, Planning and Engineering Departments.
- Other Appropriations included:

\$28,000	To RDA for Web-Based GIS funding.
20,000	For the City Clerk's Agenda Management System.
20,000	For the Recodification of the Municipal Code.
12,000	Council Chamber AMX System Upgrade.
7,536	Police Operational Review by Matrix.
5,000	Mirant Annexation Carryover.
377,842	Eden Financial System Conversion Carryover.
57,500	Port Development Project Carryover.
38,000	Eden Cashiering System Project Carryover.
3,511	Transfer to Water Fund for the Historical Society subsidy.
<u>2,000</u>	Safety Committee Reward appropriation.
\$571,389	Total (Other Appropriations)

The amendments to the General Fund estimated revenues in total were \$1,645,956 over the adopted budget estimates. This is the result of the early State of California Vehicle-In-Lieu payback of \$1,035,531, the Safety Committee Loss Control Appropriation of \$2,000, the Fiscal Year Carryover for 2004/2005 Eden Funding in the amount of \$377,842, the Carryover of the Port Development Project of \$57,500, the CDBG Police Code Enforcement Grant of \$131,700, the CDBG Recreation Grant of \$3,383 and the Eden Cashiering System Funding of \$38,000.

Engineering Plan Check Fees for Bailey Estates of \$500,000 and Building Permit Fees for the Vidrio Project of \$60,000 (for a total of \$560,000) have been deferred into the Fiscal Year 2006-2007 to fund contract plan check and inspection costs associated with subdivision development activity. Also, there is a one-time adjustment of County (Keller Canyon Landfill) Tipping Fees in the amount of \$525,079 earned from January 2005 through June 2005 that were not received until January 2006 (this amount would have been recorded in Fiscal Year 2004-2005 had the monies been received in a timely manner).

At the end of the fiscal year, the total actual expenses in the General Fund were \$1.3M under the total amended budget. This is the result of all General Fund operating departments (with the exception of the City Attorney) and projects, operating within budget and due to unfinished administrative projects, such as the Eden conversion project costs which were to be carried forward to the 2006-2007 Fiscal Year. The two largest under budget divisions were Community Development & Services under budget by \$611,046 and Finance and

Services under budget by \$322,299. On the revenue side, the actual revenues were \$1.7M over the amended revenue estimates. Revenues were higher than the estimates due to higher sales taxes received by the City, the sale of the City gym property and the one-time receipt/adjustment of County (Keller Canyon Landfill) Tipping Fees.

Out of the five largest revenue sources, Property Taxes exceeded the budget by \$606,816, Sales Taxes exceeded budget by \$477,493, Franchise Taxes exceeded the budget by \$115,696, Property Transfer Taxes (classified under "Other Taxes") exceeded the budget by \$71,747 and Intergovernmental Revenues were over by \$358,334.

The City's Proprietary Funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. According to GASB 34 criteria the Water Fund and Sewer Fund are the major funds. The Marina Fund is no longer considered a major fund according to GASB 34, but the City has elected to continue to report the Marina Fund to maintain continuity with the prior year reporting format.

Total net assets of the Water, Sewer and Marina Fund at the end of the year were \$68.4M; an increase of \$7.3M from the prior fiscal year, in which \$28.8M was invested in capital assets net of related debt. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's Business-Type Activities.

Capital Asset and Debt Administration - The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2006, amounts to \$333M (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways, bridges, water lines, sewer and storm systems, and the golf course. The total increase in the City's investment in capital assets net of depreciation for the current fiscal year was \$14.9M or 5.0%.

Most of the major capital asset increase during the Fiscal Year 2005-2006 was for land acquisitions made by the Redevelopment Agency and an increase in construction-in-progress within the City redevelopment area. The major capital asset increase in the Business-Type Activities was due to the Marina Dock Replacement and Improvement Project. The net increase in Governmental Activities after depreciation was \$12.2M with a \$2.7M increase in Business-Type Activities (for a net increase of \$14.9M).

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

City of Pittsburg's Capital Assets

(Net of depreciation)

As of June 30, 2006

	Governmental Activities	Business-Type Activities	June 30, 2006 Total	June 30, 2005 Total
Non-Depreciable Assets:				
Land	\$45,413,481	\$ -	\$45,413,481	\$38,528,579
Construction-in-Progress	37,995,791	2,506,926	40,502,718	38,658,714
Total Non-Depreciable Assets	83,409,272	2,506,926	\$85,916,198	77,187,293
Depreciable Assets (Net of Depreciation):				
Buildings & Improvements	36,449,558	14,907,648	51,357,206	45,132,693
Machinery and Equipment	3,008,864	909,511	3,918,375	2,876,606
Infrastructure	125,267,558	67,299,314	192,566,872	193,652,502
Total Depreciable Assets (Net)	164,725,980	83,116,473	247,842,453	241,661,801
Total Capital Assets	\$248,135,252	\$85,623,399	\$333,758,651	\$318,849,094

Debt Service Administration - A complete detail of all outstanding debt is contained in Note 7 accompanying the Financial Statements. At the end of the fiscal year, the City had total long-term debt outstanding of \$436.8M, of this amount, \$347.8M in Governmental Activities represent the Redevelopment Agency Tax Allocation Bonds (secured solely by the Agency's tax increments) and \$39.6M in 2006 Pension Obligation Bonds. \$49.3M in Business-Type Activities represent two revenue bonds in the Water and Sewer Funds, and two capital leases in the Golf Course Fund (\$71,565).

City of Pittsburg's Long-term Debt

June 30, 2006

	Governmental Activities		Business-Type Activities		Total FY 2005-06
	FY 2005-06	FY 2004-05	FY 2005-06	FY 2004-05	
Tax Allocation Bonds	\$ 347,766,357	\$ 352,556,357			\$ 347,766,357
- Unamortized Premium	6,189,259	6,631,349			6,189,259
Pension Obligation Bonds	39,566,056				39,566,056
Marina Construction Loans			\$ -	\$ -	-
Island Energy Start-Up Costs Loan			-	124,770	-
Capital Leases			71,565	299,001	71,565
Revenue Bonds			49,290,000	24,765,000	49,290,000
Total Long-Term Debt	\$ 393,521,672	\$ 359,187,706	\$ 49,361,565	\$ 25,188,771	\$ 442,883,237

Economic Factors and Next Year's Budget - The Contra Costa Economic Partnership has noted that the East Bay, which includes the City of Pittsburg, has the highest population growth due to affordable housing units and continued growth in job opportunities. Social indicators reflect rising personal incomes even though Contra Costa County's ranking within the State of California has dropped from first to fourth position.

Sales tax revenue has increased by \$825,000 over the past year due to new business growth within the community, as well as the expanded sales tax base generated from the auto mall. Retail expansion and industrial growth continue to look favorable for the future. The City of Pittsburg will continue to be challenged by the rising costs of workers compensation, health benefits, and retirement. Compared to the prior fiscal year the City's property taxes increased by 6% and the Redevelopment Agency's tax increment revenue by 15.8%. The City of Pittsburg continues to attract a large percentage of home-buyers due in large part to the marketable median prices for existing homes.

Taking into account all known factors the City of Pittsburg has adopted a balanced budget for Fiscal Year 2006-2007. A primary goal of the City Council and Management Staff is to develop a "Budget Stabilization Plan" with the objective of reducing the City's dependence on one-time revenues.

Requests for Information - This financial report is designed to provide a general overview of the finances for the City of Pittsburg. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Pittsburg, Finance Department, 65 Civic Avenue, Pittsburg, California 94565.

This Page Left Intentionally Blank

FINANCIAL SECTION

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities are required by Government Accounting Standards Board Statement 34. Their purpose is to summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities differs considerably from those used in the past. It presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Pittsburgh, the Housing Authority of the City of Pittsburgh, and the Pittsburgh Public Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for activities.

These new financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

City of Pittsburgh
Statement of Net Assets
June 30, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$87,721,847	\$15,920,015	\$103,641,862
Restricted cash and investments (Note 2)	118,770,146	25,923,748	144,693,894
Receivables:			
Accounts	3,725,414	5,555,109	9,280,523
Interest	1,774,869	104,064	1,878,933
Loans/ notes (Note 3)	21,399,210		21,399,210
Supplies	222,473		222,473
Inventory		217,007	217,007
Prepaid items and other assets	777,935	5,477	783,412
Total current assets	<u>234,391,894</u>	<u>47,725,420</u>	<u>282,117,314</u>
Noncurrent assets:			
Deferred charges	2,038,174		2,038,174
Capital assets (Note 6)			
Land and nondepreciable assets	83,409,272	2,506,926	85,916,198
Depreciable capital assets, net of accumulated depreciation	164,725,980	83,116,473	247,842,453
Total capital assets	<u>248,135,252</u>	<u>85,623,399</u>	<u>333,758,651</u>
Total noncurrent assets	<u>250,173,426</u>	<u>85,623,399</u>	<u>335,796,825</u>
Total Assets	<u>484,565,320</u>	<u>133,348,819</u>	<u>617,914,139</u>
LIABILITIES			
Current liabilities:			
Accounts payable	10,052,482	1,834,988	11,887,470
Salaries payable	1,103,731	115,593	1,219,324
Interest payable	4,362,189		4,362,189
Refundable deposits	1,085,664	144,025	1,229,689
Taxes payable		16,707	16,707
Loans payable (current)	60,120		60,120
Due to other agencies	541,154		541,154
Claims and judgment payable-due within one year (Note 10C)	192,843		192,843
Unearned revenue (Note 4)	1,220,873	155,846	1,376,719
Compensated absences - due within one year (Note 11)	114,557	21,727	136,284
Long-term debt - due within one year (Note 7)	4,960,000	1,036,876	5,996,876
Total current liabilities	<u>23,693,613</u>	<u>3,325,762</u>	<u>27,019,375</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year (Note 11)	1,386,934	188,479	1,575,413
Long-term debt - due in more than one year (Note 7)	388,561,672	48,324,689	436,886,361
Total noncurrent liabilities	<u>389,948,606</u>	<u>48,513,168</u>	<u>438,461,774</u>
Total Liabilities	<u>413,642,219</u>	<u>51,838,930</u>	<u>465,481,149</u>
NET ASSETS (Note 1K)			
Invested in capital assets, net of related debt	(153,333,826)	36,191,114	(117,142,712)
Restricted for:			
Capital projects	139,253,405		139,253,405
Debt service		2,749,449	2,749,449
Facility fee reserve		4,129,809	4,129,809
Total restricted net assets	<u>139,253,405</u>	<u>6,879,258</u>	<u>146,132,663</u>
Unrestricted	85,003,522	38,439,517	123,443,039
Total Net Assets	<u>\$70,923,101</u>	<u>\$81,509,889</u>	<u>\$152,432,990</u>

CITY OF PITTSBURG
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 2006

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$24,853,542	\$777,063	\$6,879		(\$24,069,600)		(\$24,069,600)
City Council	80,430				(80,430)		(80,430)
City Manager and City Clerk	1,353,922	8,694			(1,345,228)		(1,345,228)
City Attorney	490,984				(490,984)		(490,984)
Human Resources	1,298,743	30			(1,298,713)		(1,298,713)
Finance and services	4,025,101	724			(4,024,377)		(4,024,377)
Community development and services	23,244,369	4,615,786	2,697,068	\$699,079	(15,232,436)		(15,232,436)
Public safety	27,184,023	198,240	1,219,337		(25,766,446)		(25,766,446)
Public works	28,921,759	4,554,972		2,608,857	(21,757,930)		(21,757,930)
Interest and long-term debt	15,119,640				(15,119,640)		(15,119,640)
Total Governmental Activities	126,572,513	10,155,509	3,923,284	3,307,936	(109,185,784)		(109,185,784)
Business-type Activities:							
Water Utility	13,136,590	15,614,242		338,967		\$2,816,619	2,816,619
Sewer Utility	1,830,382	3,668,052				1,837,670	1,837,670
Marina	1,629,567	1,318,081		3,280,223		2,968,737	2,968,737
Golf Course	1,702,748	1,342,390				(360,358)	(360,358)
Island Energy	3,190,601	3,259,958				69,357	69,357
Pittsburg Power	1,573,149	1,100,044				(473,105)	(473,105)
Total Business-type Activities	23,063,037	26,302,767		3,619,190		6,858,920	6,858,920
Total	\$149,635,550	\$36,458,276	\$3,923,284	\$6,927,126	(109,185,784)	6,858,920	(102,326,864)
General revenues:							
Taxes:							
Property taxes					43,852,448		43,852,448
Sales and other taxes					11,951,519		11,951,519
Intergovernmental-unrestricted					18,063,262		18,063,262
Investments earnings-unrestricted					6,960,587	1,047,319	8,007,906
Miscellaneous					19,528		19,528
Gain on disposal of assets					1,158,550		1,158,550
Transfers (Note 5C)					(558,738)	558,738	
Total general revenues and transfers					81,447,156	1,606,057	83,053,213
Change in Net Assets					(27,738,628)	8,464,977	(19,273,651)
Net Assets-Beginning of year					98,661,729	73,044,912	171,706,641
Net Assets-End of year					\$70,923,101	\$81,509,889	\$152,432,990

See accompanying notes to financial statements

This Page Left Intentionally Blank

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

FUND FINANCIAL STATEMENTS

GASB 34 revises the format of the Fund Financial Statements so that only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Account groups.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2006. Individual non-major funds may be found in the Supplemental section.

General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources which are not accounted for in another fund.

Low/Moderate Income Housing I Special Revenue Fund - accounts for the allocation of the costs of low/moderate income housing programs qualified for the Housing Set Aside efforts owed to the Agency.

Low/Moderate Income Housing II Special Revenue Fund - accounts for the receipts of the mandated 20% set-aside of tax increment revenue in the Los Medanos II and III Areas and expenses related to the low/moderate income housing programs.

Redevelopment Agency Special Revenue Fund - accounts for the tax increment revenue received and expenditures to carry out general operation within project areas.

Housing Authority (Section 8) Special Revenue Fund - was established to administer grants from Housing and Urban Development Department (HUD) to subsidize the rental costs of low-income families.

Redevelopment Agency Debt Service Fund - accounts for the accumulation of resources for payment of principal, interest and related costs of the Agency's long-term debt.

Pension Obligation Bonds Debt Service Fund - accounts for the accumulation of resources for payment of principal, interest and related costs of the Pension Obligation Bonds long-term debt.

Capital Improvement Capital Projects Fund - accounts for all capital improvement projects in the City. Revenues received from various sources are used for related operations.

Redevelopment Agency Capital Projects Fund - accounts for the funds used to carry out all the operations for capital improvement projects within the Redevelopment Areas, using the tax increments to pay for the project costs.

City of Pittsburgh
Balance Sheet
Governmental Funds
June 30, 2006

	General Fund	Low/Moderate Income Housing I Special Revenue	Low/Moderate Income Housing II Special Revenue	Redevelopment Agency Special Revenue
ASSETS				
Cash and investments (Note 2)	\$9,552,890		\$3,741,431	\$45,986,833
Restricted cash and investments (Note 2)	111,361		1,405,121	93,247
Receivables:				
Accounts	1,532,136		596	5,432
Interest	451,691			459,385
Loans/Notes (Note 3)			6,744,837	12,491,987
Due from other funds (Note 5A)	356,247			
Advances to other funds (Note 5B)				8,100,000
Supplies	118,251			
Prepaid items and other assets	20,735			61,012
Total assets	\$12,143,311		\$11,891,985	\$67,197,896
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$1,148,628		\$11,814	\$5,203,434
Salaries payable	933,554			59,763
Refundable deposits	927,739			78,209
Loans payable (current)				
Due to other agency				528,873
Due to other funds (Note 5A)				
Compensated absences - due within one year				
Advances from other funds (Note 5B)		\$8,100,000		
Deferred revenue (Note 4)	577,397		6,744,837	11,084,750
Total liabilities	3,587,318	8,100,000	6,756,651	16,955,029
Fund Balances (Deficit) (Notes 1K and 9):				
Reserved	372,186			20,652,999
Unreserved, designated - major funds	39,135			
Unreserved, designated - nonmajor funds				
Special revenue				
Unreserved (deficit) - major funds	8,144,672	(8,100,000)	5,135,334	29,589,868
Unreserved (deficit), reported in nonmajor funds:				
Special revenue				
Capital projects				
Total fund balances (deficits)	8,555,993	(8,100,000)	5,135,334	50,242,867
Total liabilities and fund balances	\$12,143,311		\$11,891,985	\$67,197,896

Housing Authority (Section 8) Special Revenue	Redevelopment Agency Debt Service	Pension Obligation Bonds Debt Service	Capital Improvement Capital Projects	Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
\$2,128,689	\$1,738,395		\$838,523	\$408,593	\$18,716,506	\$83,111,860
	115,202,441	\$109,169		1,821,321	27,486	118,770,146
34,200			118,457	22,205	1,983,026	3,696,052
	863,738	55				1,774,869
					2,137,328	21,374,152
						356,247
						8,100,000
						118,251
			5,000	638,671	3,350	728,768
<u>\$2,162,889</u>	<u>\$117,804,574</u>	<u>\$109,224</u>	<u>\$961,980</u>	<u>\$2,890,790</u>	<u>\$22,867,696</u>	<u>\$238,030,345</u>
\$9,669	\$381,062	\$5	\$168,305	\$2,155,158	\$650,385	\$9,728,460
17,323					71,857	1,082,497
				45,570	34,146	1,085,664
					60,120	60,120
					12,281	541,154
					356,247	356,247
31,757						31,757
						8,100,000
22,580					2,720,684	21,150,248
<u>81,329</u>	<u>381,062</u>	<u>5</u>	<u>168,305</u>	<u>2,200,728</u>	<u>3,905,720</u>	<u>42,136,147</u>
	117,423,512	109,219		690,062	5,427	139,253,405
						39,135
2,081,560			793,675		(45,079)	(45,079)
						37,645,109
					8,993,694	8,993,694
					10,007,934	10,007,934
<u>2,081,560</u>	<u>117,423,512</u>	<u>109,219</u>	<u>793,675</u>	<u>690,062</u>	<u>18,961,976</u>	<u>195,894,198</u>
<u>\$2,162,889</u>	<u>\$117,804,574</u>	<u>\$109,224</u>	<u>\$961,980</u>	<u>\$2,890,790</u>	<u>\$22,867,696</u>	<u>\$238,030,345</u>

City of Pittsburg
Reconciliation of the
Governmental Funds Balance Sheet
with the Statement of Net Assets
June 30, 2006

Total fund balances reported on the governmental funds balance sheet	\$195,894,198
<p>Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:</p>	
<p>CAPITAL ASSETS</p>	
<p>Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.</p>	244,550,035
<p>LONG TERM ASSETS AND LIABILITIES</p>	
<p>The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:</p>	
Long-term debt	(393,521,672)
Interest payable	(4,362,189)
Bond issuance costs	2,038,174
Non-current portion of compensated absences	(1,438,810)
<p>ACCRUAL OF NON-CURRENT ITEMS</p>	
<p>The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):</p>	
Deferred revenue	19,929,375
<p>ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY</p>	
<p>ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS</p>	
<p>Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.</p>	
Cash and investments	4,609,987
Accounts receivable	29,362
Loans receivable	25,058
Inventory	104,222
Prepaid/other assets	49,167
Capital assets	3,585,217
Accounts payable	(324,022)
Salaries payable	(21,234)
Claims and judgments payable	(192,843)
Compensated absences	(30,924)
	<hr/>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$70,923,101

See accompanying notes to financial statements

This Page Left Intentionally Blank

City of Pittsburgh
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2006

	General Fund	Low/Moderate Income Housing I Special Revenue	Low/Moderate Income Housing II Special Revenue	Redevelopment Agency Special Revenue
REVENUES:				
Property taxes	\$3,029,330		\$2,777,086	\$38,046,032
Sales tax	8,490,042			
Franchise tax	2,181,141			
Other taxes	1,280,336			
Intergovernmental revenues	6,624,853			
Keller Canyon fees (Note 10)	525,079			
Permits, licenses, and fees	1,037,889			
Fines and forfeitures	170,756			
Special assessments				
Service fees	3,581,025			100,419
Use of money and property	588,288		179,401	1,494,413
Other revenues	187,860			1,146,733
Total revenues	27,696,599		2,956,487	40,787,597
EXPENDITURES:				
Current:				
General Government			231	2,919,503
City Council	80,143			
City Manager and City Clerk	799,088			
City Attorney	490,984			
Human resources	809,196			
Finance and services	2,134,777			
Community development and services	5,438,249		952,828	2,963,267
Public safety	15,544,446			
Public works - administration	170,879			
Public works - streets	1,782,824			
Public works - swimming center	195,456			
Public works - others	167,815			
General non-departmental	2,747,135		24,693	9,737,202
Capital outlay and improvements	75,942		1,069,881	2,100,161
Debt service:				
Principal retirement				
Interest and fiscal charges				
Total expenditures	30,436,934		2,047,633	17,720,133
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,740,335)		908,854	23,067,464
OTHER FINANCING SOURCES (USES):				
Issuance of debt				
Bond issuance costs				
Capital contributions				
Proceeds from sale of capital assets	2,774,299			419,050
Transfers in (Note 5C)	6,302,205		1,405,121	2,517,025
Transfers out (Note 5C)	(6,978,174)		(1,379,395)	(23,223,694)
Total other financing sources (uses)	2,098,330		25,726	(20,287,619)
NET CHANGE IN FUND BALANCES	(642,005)		934,580	2,779,845
FUND BALANCES (DEFICITS) (Note 1K and 9):				
Beginning of year	9,197,998	(\$8,100,000)	4,200,754	47,463,022
End of year	\$8,555,993	(\$8,100,000)	\$5,135,334	\$50,242,867

See accompanying Notes to Basic Financial Statements

Housing Authority (Section 8) Special Revenue	Redevelopment Agency Debt Service	Pension Obligation Bonds Debt Service	Capital Improvement Capital Projects	Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
						\$43,852,448
						8,490,042
						2,181,141
						1,280,336
\$11,237,823			\$153,382	\$22,205	\$3,332,935	21,371,198
						525,079
					978,016	2,015,905
					3,107,607	170,756
10,722						3,107,607
49,590	\$4,762,190	\$55				3,692,166
5,780			43,326	13,600	520,718	7,594,655
11,303,915	\$4,762,190	55	196,708	35,805	484,974	1,882,273
						8,424,250
						96,163,606
915,123					306,821	4,141,678
						80,143
						799,088
						490,984
						809,196
						2,134,777
8,976,727	2,000			961,499	1,202,215	20,496,785
					355,485	15,899,931
						170,879
			428,892		4,426,320	6,638,036
					94,109	289,565
			205,471			373,286
		38,677,758			644,929	51,831,717
				20,243,468	159,940	23,649,392
	4,790,000					4,790,000
	14,995,717	531,249				15,526,966
9,891,850	19,787,717	39,209,007	634,363	21,204,967	7,189,819	148,122,423
1,412,065	(15,025,527)	(39,208,952)	(437,655)	(21,169,162)	1,234,431	(51,958,817)
		39,566,056				39,566,056
		(247,885)				(247,885)
					3,208,244	3,208,244
						3,193,349
	15,155,833		429,379	18,660,640	3,249,360	47,719,563
	(15,916,466)				(3,807,235)	(51,304,964)
	(760,633)	39,318,171	429,379	18,660,640	2,650,369	42,134,363
1,412,065	(15,786,160)	109,219	(8,276)	(2,508,522)	3,884,800	(9,824,454)
669,495	133,209,672		801,951	3,198,584	15,077,176	205,718,652
\$2,081,560	\$117,423,512	\$109,219	\$793,675	\$690,062	\$18,961,976	\$195,894,198

City of Pittsburgh
Reconciliation of the
Net Change in Fund Balances-Total Governmental Funds
with the Statement of Activities
For the Year Ended June 30, 2006

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$9,824,454)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital additions from the following departments are therefore added back to fund balance:

Capital outlay	17,724,083
Depreciation expense is deducted from the fund balance (Depreciation expense is net of Internal Service Fund depreciation \$581,508 which has already been allocated to serviced funds.)	(3,898,093)
Retirements of capital assets are deducted from the fund balance	(39,995)
Sale of capital asset from City to Agency	(2,100,000)
Gain on sale of capital asset	92,643

LONG TERM DEBT AND PAYMENTS

Issuance of debt is deducted from fund balance	(39,566,056)
Repayment of debt principal is added back to fund balance	4,790,000
Amortization of bond premium	(442,090)
Amortization of bond issuance costs	(145,584)

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Interest payable	1,242,885
Deferred revenue	1,378,001
Compensated absences	380,692

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds	2,669,340
---	-----------

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	(\$27,738,628)
---	----------------

City of Pittsburgh
General Fund
Statement of Revenues and Expenditures
and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$2,422,514	\$2,422,514	\$3,029,330	\$606,816
Sales tax	8,012,549	8,012,549	8,490,042	477,493
Franchise tax	2,065,445	2,065,445	2,181,141	115,696
Other taxes	1,207,589	1,208,589	1,280,336	71,747
Intergovernmental revenues	5,236,988	6,266,519	6,624,853	358,334
Keller Canyon fees			525,079	525,079
Permits, licenses, and fees	1,190,600	1,191,300	1,037,889	(153,411)
Fines and forfeitures	275,390	275,390	170,756	(104,634)
Service fees	3,368,300	3,312,490	3,581,025	268,535
Use of money and property	371,466	371,466	588,288	216,822
Other revenues	305,649	377,759	187,860	(189,899)
Total revenues	24,456,490	25,504,021	27,696,599	2,192,578
EXPENDITURES:				
Current:				
City Council	117,620	117,620	80,143	37,477
City Manager and City Clerk	817,804	879,504	799,088	80,416
City Attorney	418,500	436,500	490,984	(54,484)
Human resources	861,500	861,600	809,196	52,404
Finance and services	2,001,234	2,457,076	2,134,777	322,299
Community development and services	5,823,395	6,049,295	5,438,249	611,046
Public safety	15,567,495	15,575,031	15,544,446	30,585
Public works - administration	177,011	177,011	170,879	6,132
Public works - streets	1,781,985	1,781,985	1,782,824	(839)
Public works - swimming center	195,004	195,004	195,456	(452)
Public works - others	208,842	208,842	167,815	41,027
General non-departmental	2,864,658	2,897,658	2,747,135	150,523
Capital outlay and improvements		132,800	75,942	56,858
Total expenditures	30,835,048	31,769,926	30,436,934	1,332,992
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	2,130,000	2,130,000	2,774,299	644,299
Transfers in	6,908,308	7,506,733	6,302,205	(1,204,528)
Transfers (out)	(2,598,000)	(7,021,174)	(6,978,174)	43,000
Total other financing sources (uses)	6,440,308	2,615,559	2,098,330	(517,229)
NET CHANGE IN FUND BALANCE	\$61,750	(\$3,650,346)	(642,005)	\$3,008,341
FUND BALANCE:				
Beginning of year			9,197,998	
End of year			<u>\$8,555,993</u>	

City of Pittsburgh
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
ASSETS			
Current assets			
Cash and investments (Note 2)	\$4,278,284	\$5,608,044	\$887,107
Restricted cash and investments (Note 2)	24,878,056	945,926	
Receivables:			
Accounts	3,834,703	930,619	12,203
Interest	98,183	5,881	
Loans/ notes (Note 3)			
Inventory	102,605		13,820
Prepaid items and other assets			
Total current assets	<u>33,191,831</u>	<u>7,490,470</u>	<u>913,130</u>
Noncurrent assets:			
Advance to other funds (Note 5B)		304,280	
Capital assets (Note 6):			
Land & nondepreciable assets	1,003,735	741,592	761,599
Depreciable assets, net	48,225,598	12,894,919	14,176,326
Total noncurrent assets	<u>49,229,333</u>	<u>13,940,791</u>	<u>14,937,925</u>
Total assets	<u>82,421,164</u>	<u>21,431,261</u>	<u>15,851,055</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,065,582	84,376	180,477
Salaries payable	58,369	14,014	13,578
Refundable deposits	36,600	5,000	61,564
Taxes payable			89
Deferred revenue (Note 4)			
Compensated absences payable - due within one year (Note 11)	9,994	2,390	4,563
Claims and judgments payable - due within one year (Note 10C)			
Long-term debt - due within one year (Note 7)	450,000	530,000	
Total current liabilities	<u>1,620,545</u>	<u>635,780</u>	<u>260,271</u>
Noncurrent liabilities:			
Advance from other funds (Note 5B)	304,280		
Compensated absences payable - due in more than one year (Note 11)	87,243	21,352	39,749
Long-term debt - due in more than one year (Note 7)	38,025,000	10,285,000	
Total noncurrent liabilities	<u>38,416,523</u>	<u>10,306,352</u>	<u>39,749</u>
Total liabilities	<u>40,037,068</u>	<u>10,942,132</u>	<u>300,020</u>
NET ASSETS (Note 1K)			
Invested in capital assets, net of related debt	10,754,333	3,125,791	14,937,925
Restricted for debt service purposes	1,840,871	908,578	
Restricted for special purposes			
Restricted for facility reserves	3,276,577	853,232	
Unrestricted	26,512,315	5,601,528	613,110
Total net assets	<u>\$42,384,096</u>	<u>\$10,489,129</u>	<u>\$15,551,035</u>

See accompanying Notes to Basic Financial Statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$5,146,580	\$15,920,015	\$4,609,987
99,766	25,923,748	
777,584	5,555,109	29,362
	104,064	
		25,058
100,582	217,007	104,222
5,477	5,477	49,167
<u>6,129,989</u>	<u>47,725,420</u>	<u>4,817,796</u>
1,625,000	1,929,280	
	2,506,926	
7,819,630	83,116,473	3,585,217
<u>9,444,630</u>	<u>87,552,679</u>	<u>3,585,217</u>
<u>15,574,619</u>	<u>135,278,099</u>	<u>8,403,013</u>
504,553	1,834,988	324,022
29,632	115,593	21,234
40,861	144,025	
16,618	16,707	
155,846	155,846	
4,780	21,727	
		192,843
56,876	1,036,876	
<u>809,166</u>	<u>3,325,762</u>	<u>538,099</u>
1,625,000	1,929,280	
40,135	188,479	30,924
14,689	48,324,689	
<u>1,679,824</u>	<u>50,442,448</u>	<u>30,924</u>
<u>2,488,990</u>	<u>53,768,210</u>	<u>569,023</u>
7,373,065	36,191,114	
	2,749,449	
		3,763,664
	4,129,809	
5,712,564	38,439,517	4,070,326
<u>\$13,085,629</u>	<u>\$81,509,889</u>	<u>\$7,833,990</u>

City of Pittsburg
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2006

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
OPERATING REVENUES:			
Charges for services	\$14,380,781	\$3,527,298	\$1,006,930
Meter fees	(29,196)		
Other fees	357,721	127,934	
Rent and concessions			44,443
Gas and oil sales			264,125
Other operating revenues	904,936	12,820	2,583
Total operating revenues	15,614,242	3,668,052	1,318,081
OPERATING EXPENSES:			
Salaries and wages	1,576,057	374,787	331,347
Department supplies	5,444,790	74,734	392,293
Rentals			64
Utilities	775,303	1,230	107,397
Maintenance and operations	357,369	277,221	173,565
Depreciation and amortization	902,188	410,766	403,972
Insurance premiums			
Insurance deductible			
Fringe benefits	791,741	199,148	206,623
Other operating expenses	1,606,042	101,461	14,306
Total operating expenses	11,453,490	1,439,347	1,629,567
OPERATING INCOME (LOSS)	4,160,752	2,228,705	(311,486)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	629,263	261,488	23,203
Interest and fiscal charges	(1,683,100)	(391,035)	
Gain on disposal of assets			
Total nonoperating revenues (expenses)	(1,053,837)	(129,547)	23,203
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	3,106,915	2,099,158	(288,283)
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	338,967		3,280,223
Transfers in (Note 5C)	63,511		
Transfers out (Note 5C)	(710,387)	(540,388)	(81,507)
Total contributions and transfers	(307,909)	(540,388)	3,198,716
Change in net assets	2,799,006	1,558,770	2,910,433
NET ASSETS (Note 1K):			
Beginning of year	39,585,090	8,930,359	12,640,602
End of year	\$42,384,096	\$10,489,129	\$15,551,035

See accompanying Notes to Basic Financial Statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$4,753,440	\$23,668,449	\$4,719,591
	(29,196)	
	485,655	
394,774	439,217	
71,528	335,653	
482,650	1,402,989	1,900,070
<u>5,702,392</u>	<u>26,302,767</u>	<u>6,619,661</u>
731,318	3,013,509	721,846
1,440,310	7,352,127	1,170,615
1,636	1,700	23,486
51,853	935,783	364,418
3,294,630	4,102,785	715,398
561,587	2,278,513	642,764
		635,022
		252,573
385,164	1,582,676	2,685,795
	1,721,809	16,543
<u>6,466,498</u>	<u>20,988,902</u>	<u>7,228,460</u>
<u>(764,106)</u>	<u>5,313,865</u>	<u>(608,799)</u>
133,365	1,047,319	229,118
	(2,074,135)	
		22,358
<u>133,365</u>	<u>(1,026,816)</u>	<u>251,476</u>
<u>(630,741)</u>	<u>4,287,049</u>	<u>(357,323)</u>
	3,619,190	
2,012,541	2,076,052	3,151,663
(185,032)	(1,517,314)	(125,000)
<u>1,827,509</u>	<u>4,177,928</u>	<u>3,026,663</u>
1,196,768	8,464,977	2,669,340
<u>11,888,861</u>	<u>73,044,912</u>	<u>5,164,650</u>
<u>\$13,085,629</u>	<u>\$81,509,889</u>	<u>\$7,833,990</u>

City of Pittsburgh
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2006

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$12,887,190	\$3,400,547	\$1,325,147
Cash payments to suppliers of goods and services	(7,870,168)	(389,860)	(558,176)
Cash payments to employees for services	(2,390,140)	(580,915)	(537,570)
Other operating revenues	904,936	12820	2,583
Net cash provided (used) by operating activities	3,531,818	2,442,592	231,984
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund receipts		100,000	
Interfund payments	(100,000)		
Transfers in	63,511		
Transfers out	(710,387)	(540,388)	(81,507)
Net cash provided (used) by noncapital financing activities	(746,876)	(440,388)	(81,507)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term debt	(13,805,000)	(520,000)	
Proceeds from issuance of long-term debt	38,850,000		
Interest paid on long-term debt	(1,683,100)	(391,035)	
Capital asset acquisitions	(940,160)	(599,643)	(3,197,297)
Retirements of capital assets	338,967	948	3,067,469
Net cash provided (used) by capital and related financing activities	22,760,707	(1,509,730)	(129,828)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	629,263	261,488	23,203
Net cash provided (used) by investing activities	629,263	261,488	23,203
Net increase (decrease) in cash and cash equivalents	26,174,912	753,962	43,852
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,981,428	5,800,008	843,255
End of year	<u>\$29,156,340</u>	<u>\$6,553,970</u>	<u>\$887,107</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$4,160,752	\$2,228,705	(\$311,486)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	902,188	410,766	403,972
Changes in operating assets and liabilities:			
Accounts receivable	(1,744,093)	(257,441)	9,649
Loans receivable			
Interest receivable	(91,464)	2,491	
Inventory			
Prepaid items	13,441	265	
Accounts payable	302,736	64,786	123,476
Salaries and wages payable	(4,217)	(1,727)	197
Refundable deposits	10,600		5,884
Taxes payable			89
Deferred revenue			
Compensated absences	(18,125)	(5,253)	203
Insurance claims payable			
Total adjustments	<u>(628,934)</u>	<u>213,887</u>	<u>543,470</u>
Net cash provided (used) by operating activities	\$3,531,818	\$2,442,592	\$231,984

See accompanying Notes to Basic Financial Statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$5,495,640	\$23,108,524	\$4,697,934
(4,592,592)	(13,410,796)	(3,433,608)
(1,169,050)	(4,677,675)	(3,109,244)
482,650	1,402,989	1,900,070
216,648	6,423,042	55,152
	100,000	
	(100,000)	
2,012,541	2,076,052	3,151,663
(185,032)	(1,517,314)	(125,000)
1,827,509	558,738	3,026,663
(352,206)	(14,677,206)	
	38,850,000	
	(2,074,135)	
	(4,737,100)	
(23,174)	3,384,210	(1,073,832)
(375,380)	20,745,769	(1,073,832)
133,365	1,047,319	229,118
133,365	1,047,319	229,118
1,802,142	28,774,868	2,237,101
3,444,204	13,068,895	2,372,886
\$5,246,346	\$41,843,763	\$4,609,987
(\$764,106)	\$5,313,865	(\$608,799)
561,587	2,278,513	642,764
169,051	(1,822,834)	(25,861)
	(88,973)	9,106
(783)	12,923	(4,902)
198,714	689,712	110,006
(578)	(6,325)	(23,547)
3,600	20,084	
(6,477)	(6,388)	
107,630	107,630	
(51,990)	(75,165)	(2,420)
		(41,195)
980,754	1,109,177	663,951
\$216,648	\$6,423,042	\$55,152

This Page Left Intentionally Blank

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

FIDUCIARY FUNDS

The Fiduciary funds account for resources received and held by the City in a fiduciary capacity. Disbursements are made in accordance with the trust agreement or applicable legislative enactment for each fund.

Agency Funds - These funds were created to account for all the Assessment District Bonds, Environmental and Other Impact Fees. Special assessments received are used to meet the debt service requirements and to pay for the administrative costs. The environmental impact fees are collected, and utilized for environmental improvement projects and the other impact fees are collected on behalf of other agencies and remitted to them for their improvement projects. Other agencies include Contra Costa Fire Protection District (CCFPD), Contra Costa Water District (CCWD) and the East Contra Costa Regional Fee and Finance Authority (ECCRFF).

City of Pittsburgh
Statement of Fiduciary Net Assets
Agency Funds
June 30, 2006

ASSETS

Cash and investments (Note 2)	\$3,741,212
Cash and investments held by fiscal agent (Note 2)	11,759,505
Assessment receivable	23,610,133
Interest receivable	58,705
Total assets	<u><u>\$39,169,555</u></u>

LIABILITIES

Accounts payable	\$4,269,423
Deferred assessments	2,273,856
Due to other parties	5,627,138
Due to bondholders	26,999,138
Total liabilities	<u><u>\$39,169,555</u></u>

See accompanying notes to financial statements

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Pittsburg, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. *Reporting Entity*

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 City 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 is a brief review of the component units included in the accompanying basic financial statements of the City:

Redevelopment Agency of the City of Pittsburg

The Redevelopment Agency (Agency) was established in November 1981 pursuant to the State of California Health and Safety Codes, Section 33000, entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for the improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City.

Housing Authority

The Housing Authority (Authority) was established to account for Federal funds for low income housing under both certificate and voucher programs. The Authority is reported in the special revenue fund of the City. No separate financial report is issued by the Authority.

Public Infrastructure Financing Authority

The Public Infrastructure Financing Authority (PIFA) was established by a Joint Exercise of Powers Agreement dated December 5, 1994, by and among the City and the Agency, and is qualified to issue bonds under the Mello-Roos Local Bond Pooling Act of 1985. The PIFA was formed to finance the acquisition of certain public improvements and refinance prior outstanding special assessment district debt with City commitment. The Authority is currently inactive, therefore, no separate financial report is issued.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pittsburg Power Company

The Pittsburg Power Company was established by a Joint Exercise of Powers Agreement dated September 23, 2006, by and among the City and the Agency. The Company was formed to establish a municipal utility for natural gas and electric service. The Company is reported in the Island Energy enterprise fund of the City. No separate financial report is issued by the Company.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The City is the primary governmental unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The Agency and Authorities have been accounted for as "blended" component units of the City. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, the balances and transactions of these component units are reported within the funds of the City. Balances for the Agency and Authorities are reported as separate funds in the special revenue, debt service, and capital projects funds. The following specific criteria are used in determining that the Agency and Authorities are blended component units:

- The members of the City Council also act as the governing bodies of the Agency and Authorities.
- The Agency and Authorities are managed by employees of the City. A portion of the City's salary and overhead expenses are billed to the Agency and Authorities each year.
- The City, the Agency, and Authorities are financially interdependent. The City makes loans to the Agency to use for redevelopment purposes and the Authorities for operational purposes. Property tax and other revenues of the Agency and Authorities are used to repay the loans to the City.

Detailed financial statements are available for the Agency from the City's Finance Department.

B. *Basis of Accounting and Measurement Focus*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables including the corresponding deferred revenues. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide financial statements. The City has presented all major funds that met the qualifications for major fund reporting.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, charges for services, Federal and State grants, sales taxes and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting*, the City applies all GASB pronouncements currently in effect as well as Financial Accounting Standard Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City's fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on the accrual basis of accounting as are the Proprietary funds explained above.

C. *Use of Restricted/Unrestricted Net Assets*

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

D. *Cash and Investments*

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB No. 31, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investment is allocated to all funds on the basis of monthly cash and investment balances.

The City participates in an investment pool managed by the State of California, titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying basic financial statements.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. *Property Taxes*

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are receivable from the county within sixty days after year-end.

Lien Date	January 1
Levy Date	July 1
Due Date	Secured: November 1 and February 1 Unsecured: July 1
Collection Date	Secured: December 10 and April 10 Unsecured: August 31

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the City and Contra Costa County. The Teeter Plan authorizes the Auditor/Controller of Contra Costa County to allocate 100% of the secured property taxes billed, but not yet paid.

F. *Interfund Balances/Internal Balances*

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by deferred revenue in the applicable governmental funds to indicate that they are not expendable available financial resources.

Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as deferred revenue.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

G. *Capital Assets*

Capital assets, which include land, buildings, improvements other than buildings, machinery and equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

City policy has set the capitalization thresholds for reporting capital assets as follows:

- General Capital Assets \$5,000
- Infrastructure Capital Assets \$25,000

Depreciation is recorded on a straight-line method over the useful lives of the assets as follows:

- Building and Improvements 30-45 years
- Machinery and Equipment 5 - 20 years
- Infrastructure 30-75 years

The Governmental Accounting Standards Board (GASB) Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure assets in its Government-Wide Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Street system
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business.

Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Government-Wide Financial Statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City has elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City conducted a valuation of its infrastructure assets as of July 1, 2002. This valuation determined the original cost using one of the following methods:

- 1) Use of historical records where available.
- 2) Standard unit costs appropriate for the construction/acquisition date of the asset.
- 3) Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date was computed on a straight-line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest accrued during capital assets construction, if any, is capitalized for the business-type activities and proprietary funds as part of the asset cost.

H. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

Governmental funds 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 financial sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

I. Compensated Absences

City employees have vested interests in varying levels of vacation compensation. If vacation is not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's then prevalent rate at the time of retirement or termination and compensated at 100% of accumulated hours. The City's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually.

Governmental funds include only amounts expected to be paid after the end of the fiscal year, while the long-term liabilities are recorded in the Statement of Net Assets.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences at June 30, 2006 are presented as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$1,852,846	\$281,460	\$2,134,306
Additions	295,769	18,255	314,024
Payments	(647,124)	(89,509)	(736,633)
Ending Balance	<u>\$1,501,491</u>	<u>\$210,206</u>	<u>\$1,711,697</u>
Due within one year	<u>\$114,557</u>	<u>\$21,727</u>	<u>\$136,284</u>

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund when it becomes current.

J. *Deferred Revenue*

Government-Wide Financial Statements

Deferred revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are unearned grants and prepaid charges for services.

Fund Financial Statements

Deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, interest on interfund advances receivable, and long-term loans receivable.

K. *Net Assets and Fund Equity*

Government-Wide Financial Statements

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Financial Statements

Fund Equity - Reservations and designations of fund balances of governmental funds and unrestricted net assets of proprietary funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

Reservations and designations used by the City are as follows:

Reserved for Encumbrances represents commitments for materials and services on purchase orders and contracts which are unperformed.

Reserved for Supplies represents assets set aside as inventory and not available to be used to meet expenditures in the current period.

Reserved for Capital Projects represents funds reserved for capital and improvement projects.

Reserved for Debt Service represents amounts accumulated in accordance with a bond indenture or similar covenant.

Reserved for Prepaid Items represent funds that have already been expended and are not available as a resource to meet expenditures of the current year.

Reserved for Advances represents funds that are to be received from other funds on a long-term basis.

Reserved for Loans Receivable represents funds reserved for the receipt of loans.

Designated for Recreation Services and Others represents funds donated or contributed to the Recreation, Engineering, and Police Departments for specified uses.

Designated for Grants represents funds received from various State and Federal award programs which have been set aside to fulfill the requirements of the award.

Designated for Roads represents various street funds set aside for the improvement and maintenance of roadways.

Designated for Redevelopment Projects represents funds set aside for various projects in the Redevelopment Project area.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires City management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

M. Budgetary Principles

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Public hearings are conducted at the City to obtain public comments. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds and capital projects funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions. The debt service, and agency funds are not budgeted.
4. Budgets for the General, special revenue and capital projects funds are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2006, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.
9. Budgets are adopted for all funds except for the Low/Moderate Income Housing I Special Revenue Fund, the Pension Obligation Bonds Debt Service Fund, the Kirker Creek Drainage Fees Capital Projects Fund and the Vista Del Mar CFD 2005-2 Special Revenue Fund.

Under encumbrance accounting, purchase orders, contracts, and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as reservations of fund balances.

N. *New Funds*

The City opened the Pension Obligation Bonds Debt Service Fund and the Vista del Mar CFD Bond 2005 Agency Fund during fiscal year 2005-2006.

O. *Receipt of Prior Years' Keller Canyon Fees*

The City recorded a one-time adjustment of Contra Costa County tipping fees related to Keller Canyon Landfill in the amount of \$525,079 earned from January through June 2005 that were not received by the City from the County until January of 2006. This amount would have been recorded during Fiscal Year 2004-2005 if the monies had been received in a timely manner. For the 12-month period from July 2005 through June 2006, the City received \$1,068,778 in tipping fees which was received from the County timely and has been accounted for correctly during fiscal year 2005-2006.

NOTE 2-CASH AND INVESTMENTS

The City pools cash from all sources and all funds except Cash and Investments held by Trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. *Policies*

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 2 - CASH AND INVESTMENTS (Continued)

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form. Individual Investments are generally made by the City's fiscal agent as required under its debt issues; the City normally invests in only in the California Local Agency Investment Fund pool administered by the State.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Statement of Net Assets	
Cash and investments	\$103,641,862
Restricted cash and investments	144,693,894
Fiduciary Funds	
Cash and investments	3,741,212
Cash and investments held by fiscal agent	11,759,505
Total cash and investments	\$263,836,473

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Maximum Credit Quality	Maximum in Portfolio	Maximum Per Issuer
U.S. Treasury Obligations	5 Years	None	None	None
Federal Agency Obligations	5 Years	None	50%	15%
Bankers Acceptances	180 Days	A1	40%	15%
Commercial Paper	270 Days	A1	25%	10%
Negotiable Certificates of Deposit	5 Years	Aa/AA	30%	15%
Certificates of Deposit	1 Year	"A"	30%	15%
Repurchase Agreements	90 Days	"A"	15%	15%
Medium-Term Notes	5 Years	A	30%	15%
Money Market Funds	N/A	3 highest ratings	20%	None
Local Agency Investment Fund	N/A	None	\$40 Million	None

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	N/A	None
U.S. Agencies	N/A	AAA
Bankers Acceptances	360 days	A-1/A-1+
Commercial Paper	270 days	A-1+
Money Market Fund	N/A	AAAm
State of California Obligations	N/A	A
Municipal Obligations	N/A	AAA
Per-refunded Municipal Obligations	N/A	AAA
Certificates of Deposits	N/A	None
Guaranteed Investment Agreements	N/A	None
Repurchase Agreements	30 days	A
Local Agency Investment Fund (LAIF)	N/A	None
California Asset Management Program (CAMP)	N/A	None

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type	12 Months or less	25 to 60 Months	More than 60 Months	Total
California Local Agency Investment Fund	\$89,969,050			\$89,969,050
Money Market Funds	16,109,537			16,109,537
Certificate of Deposit	20,000,000			20,000,000
Guaranteed Investment Agreements	66,012,469	\$22,417,236	\$22,845,023	111,274,728
Total Investments	\$192,091,056	\$22,417,236	\$22,845,023	237,353,315
Cash in banks and on hand				26,483,158
Total Cash and Investments				\$263,836,473

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2006, these investments matured in an average of 152 days.

Money Market Funds are available for withdrawal on demand and at June 30, 2006 matured in an average of 14 days.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 2 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2006 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	Ratings at Year End	Total
Money Market Funds	AAA	\$16,109,537
<i>Not rated:</i>		
Certificates of Deposits		20,000,000
California Local Agency Investment Fund		89,969,050
Guaranteed Investment Agreements		111,274,728
Total Investments		<u>237,353,315</u>
<i>Exempt from credit rate disclosure:</i>		
Cash in banks and on hand		26,483,158
Total Cash and Investments		<u><u>\$263,836,473</u></u>

G. Concentration of Credit Risk

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds and external investment pools are set forth below:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide:			
	Transamerica Occidental Life Investment	Guaranteed Investment Contract	\$63,761,466
	FSA Investment	Guaranteed Investment Contract	22,417,236
	Mechanics Bank	Certificate of Deposit	20,000,000
Major Funds:			
	Water		
	FNMA	Guaranteed Investment Contract	2,251,003
	FSA Investment	Guaranteed Investment Contract	22,417,235
	RDA Debt Service		
	Transamerica Occidental Life Investment	Guaranteed Investment Contract	63,761,466
	MBIA Collateralized Flexible Investment	Guaranteed Investment Contract	7,908,608
	Mechanics Bank	Certificate of Deposit	20,000,000

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 3-NOTES AND LOANS RECEIVABLE
--

As of June 30, 2006, loans and notes receivable consisted of the following:

Special Revenue Funds:	
Small Cities Grant	\$1,854,639
HUD Community Development	
Block Grant	282,689
Redevelopment Agency	12,491,987
Low/Moderate Income	
Housing II	<u>6,744,837</u>
Total Special Revenue Funds	<u>21,374,152</u>
Internal Service Fund:	
Information System	<u>25,058</u>
Total loans and notes receivable	<u><u>\$21,399,210</u></u>

A. *Small Cities Grant Loans*

The HUD Small Cities Grant Fund is made up loans for housing and rental rehabilitation loans funded by state and federal funding sources. The total of the loans outstanding in the Small Cities Grant Fund totaled \$1,854,639 as of June 30, 2006.

B. *HUD Community Development Block Grant Loans*

The HUD CDBG Special Revenue fund had a loans receivable balance as of June 30, 2006 which was made up of \$282,689 in CDBG entitlement loans.

C. *Redevelopment Agency Loans*

The loans receivable at June 30, 2006 consisted of various rehabilitation and construction loans in the amount of \$6,366,438. These loans have been made to individual homeowners, businesses and developers within the Redevelopment Area. The terms of these loans are specific to the borrower, and interest rates, as well as usage and repayment requirements, vary according to the loan type.

Included is a loan disbursement of \$769,885 which resulted from a Development and Disposition agreement that the Agency entered into during fiscal year 2005-2006 with Domus Development LLC (Developer). The Agency agreed to loan the Developer \$8,000,000 for the development of a 28-unit residential rental dwelling and an 8,000 square feet ground floor commercial space at the northeast corner of Railroad Avenue and 10th Street. \$6,500,000 will be funded through 2004 Housing Bonds and \$1,500,000 will be funded from tax increment. The Developer will repay the loan by making monthly payments of \$10,168, plus a Public Safety Annual Fee of \$376.19 per dwelling unit, with an increase of 5% every year commencing on the earlier of the City's issuance of the Certificate of Occupancy or November 15, 2007.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 3-NOTES AND LOANS RECEIVABLE (Continued)

Also included is a loan agreement with Mt. Diablo Unified School District in the amount of \$6,147,209 for capital improvements for the Mt. Diablo Unified School District. The funding was provided with 2003A Bond Proceeds that typically would be passed through to the School District. The District will repay the loan from school impact fees collected, commencing January 2005, until the Agency is fully reimbursed or 35 years, whichever occurs first. The balance outstanding as of June 30, 2006 was \$6,125,549.

D. *Low/Moderate Income Housing II*

During fiscal year 2004-2005, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$1,400,000 to the Steadfast Companies for the purchase and renovation of 200 affordable residential units located within the Redevelopment Project Area. The loan bears interest of 7% per year and provides for the Agency to receive 30% of the projects residual receipts annually.

During fiscal year 2004-2005, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund to loan funds of \$4,880,000 to the Fairfield Belmont, L.P. for the purchase and renovation of 224 affordable residential units located within the Redevelopment Project Area. The loan bears interest of 1% per year and provides for the Agency to receive 20% of the projects residual receipts annually.

During fiscal year 2005-2006, the Redevelopment Agency/Low Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$1,052,854 to Mercy Housing California for the development of a 64-unit dwelling and child care center located within the Redevelopment Project Area. The loan bears interest of 1% per year and provides for the Agency to receive 50% of the project's residual receipts annually. The Agency disbursed \$278,117 as of June 30, 2006.

During fiscal year 2005-2006, the Redevelopment Agency/ Low Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$186,720 to low income families to purchase homes. The loans bear no interest and are deferred until the property changes title or is refinanced for cash.

E. *Information Systems Loans*

The loans receivable in the Information Systems Internal Service Fund are for the City's employee home computer purchase loans; the outstanding receivable balance as of June 30, 2006 was \$25,058.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 4-DEFERRED REVENUE

A. Government-Wide Financial Statements

Deferred revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2006, deferred revenues in the Government-Wide Financial Statements include unearned grant revenues of \$1,220,873 in Governmental Activities and \$156,280 in Business-Type Activities.

B. Fund Financial Statements

At June 30, 2006, the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

Governmental Funds

	General Fund	Redevelopment Agency Special Revenue	Low/Moderate Income Housing II	Housing Authority (Section 8)	Non-Major Funds	Total
Unearned grant revenues	\$577,397				\$245,775	\$823,172
Housing loans receivable		\$689,049		\$22,580	2,474,909	3,186,538
Construction loan receivable		10,395,701	\$6,744,837			17,140,538
Total	<u>\$577,397</u>	<u>\$11,084,750</u>	<u>\$6,744,837</u>	<u>\$22,580</u>	<u>\$2,720,684</u>	<u>\$21,150,248</u>

Business-Type Funds

	Golf Course	Island Energy	Total
Unearned revenues	<u>\$23,307</u>	<u>\$132,539</u>	<u>\$155,846</u>

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 5-INTERFUND TRANSACTIONS

A. Current Interfund Balances

In the normal course of business, transactions occur between funds which give rise to interfund balances. These balances are normally repaid as they arise. The purpose for each of these interfund balances is to eliminate negative cash balances.

Current interfund balances are as follows:

<u>DUE FROM FUND:</u>	<u>DUE TO FUND:</u>	<u>AMOUNT</u>
San Marco CFD 2004-01 Special Revenue Fund	General Fund	\$99,215
Public Safety Service CFD 2005-1 Special Revenue Fund	General Fund	95,000
Vista Del Mar CFD 2005-2 Special Revenue Fund	General Fund	803
HUD Community Development Block Grant	General Fund	<u>161,229</u>
		<u><u>\$356,247</u></u>

B. Interfund Advances

At June 30, 2006, the following funds had advances that were not expected to be repaid within the next year:

During fiscal year 2002/2003 the Pittsburg Power Enterprise Fund advanced \$375,000 to the Golf Course Enterprise Fund for the replacement and improvements of golf carts. The advance is to be repaid within ten years provided the money is available in the Golf Fund.

During fiscal year 2003/2004 the Sewer Utility Enterprise Fund advanced \$525,000 to the Water Utility Enterprise Fund for repairs and capital improvements to the Hillview Reservoir Storm Drain. The advance is to be repaid over five years with interest at the Local Agency Investment Fund (LAIF) rate. At June 30, 2006, the balance of the advance was \$304,280.

During fiscal year 2003/2004 the Pittsburg Power Enterprise Fund advanced \$300,000 to the Island Energy Enterprise Fund to establish a reserve fund for the operating activities on Mare Island. The advance is to be repaid in future years when the net assets in the Island Energy have reached a level to replace the amount transferred from the Pittsburg Power Fund.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 5-INTERFUND TRANSACTIONS (Continued)

During fiscal year 2004/2005 the Pittsburg Power Enterprise Fund advanced \$650,000 to the Island Energy Enterprise Fund to meet the capital requirements for the new gas and electric meters for new residential units on Mare Island. The advance is to be repaid in future years when the net assets in the Island Energy have reached a level to replace the amount transferred from the Pittsburg Power Fund.

During fiscal year 2004/2005 the Pittsburg Power Enterprise Fund advanced \$200,000 to the Island Energy Enterprise Fund to meet the capital requirements for the Development Refund Account for the new residential units on Mare Island. The advance is to be repaid when the development is completed.

At June 30, 2006, the Low/Moderate Income Housing I Special Revenue Fund had an advance outstanding of \$8,100,000 from the Redevelopment Agency Special Revenue Fund for the allocation of costs of low/moderate income housing program qualified for the Housing Set Aside efforts owed to the Agency. As required, the Agency has adopted a plan to eliminate the deferred amount.

During fiscal year 2005/2006 the Pittsburg Power Enterprise Fund advanced \$100,000 to the Island Energy Enterprise Fund to enable the delivery of high quality and responsive services to all its customers and to maintain sound operations. The advance is to be repaid in future years when the net assets in the Island Energy Fund have reached a level to replace the amount transferred from the Pittsburg Power Fund.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 5-INTERFUND TRANSACTIONS (Continued)

C. Interfund Transfers

At June 30, 2006, the City had the following interfund transfers:

FROM FUND:	TO FUND:	AMOUNT
General Fund	Lighting and Landscape Special Revenue Fund	\$1,270,000 (J)
	Economic Development Special Revenue Fund	400,000 (E)
	Budget Stabilization Special Revenue Fund	1,435,000 (E)
	Redevelopment Agency Special Revenue Fund	28,000 (G)
	Water Utility Enterprise Fund	63,511 (A)
	Golf Course Enterprise Fund	310,000 (A)
	Pittsburg Power Enterprise Fund	320,000 (I)
	Building Maintenance Internal Service Fund	332,278 (E)
	Fringe Benefits Internal Service Fund	2,193,721 (K)
	Fleet Maintenance Internal Service Fund	300,000 (I)
	Insurance Internal Service Fund	279,275 (E)
	Information Systems Internal Service Fund	46,389 (E)
Special Revenue Funds:		
Measure C Tax	General Fund	250,000 (A)
	Capital Improvement Project Fund	222,873 (C)
Gas Tax	Redevelopment Agency Capital Projects Fund	291,688 (C)
	General Fund	1,300,000 (A)
Storm Water Utility (NPDES)	General Fund	82,198 (A)
Southwest Pittsburgh GHAD II	General Fund	25,000 (A)
HUD Community Development Block Grant	General Fund	269,859 (A)
	Small Cities Grant Fund	100,000 (A)
Low/Moderate Income Housing II	Redevelopment Agency Capital Projects Fund	1,379,395 (C)
	General Fund	3,000,000 (A)
Redevelopment Agency Special Revenue	Redevelopment Agency Capital Projects Fund	3,725,953 (C)
	Redevelopment Agency Debt Service Fund	15,115,200 (B), (I)
	Pittsburg Power Enterprise Fund	1,382,541 (H)
Capital Projects:		
Park Dedication	General Fund	75,000 (A)
	Redevelopment Agency Capital Projects Fund	1,039,955 (C)
Traffic Mitigation	General Fund	50,000 (A)
	Capital Improvement Project Fund	100,662 (A)
Debt Service Funds:		
Redevelopment Agency	General Fund	197,833 (D)
	Low/Moderate Income Housing II Special Revenue Fund	1,405,121 (F)
	Capital Improvement Projects Fund	105,844 (B)
	Redevelopment Agency Capital Projects Fund	11,646,283 (D)
	Redevelopment Agency Special Revenue Fund	2,517,025 (I), (D)
Traffic Mitigation Capital Projects Fund	44,360 (D)	
Internal Service Funds:		
Insurance	General Fund	100,000 (A)
Fringe Benefits	General Fund	25,000 (A)
Enterprise Funds:		
Water Utility Enterprise Fund	General Fund	330,388 (A)
	Redevelopment Agency Capital Projects Fund	339,366 (C)
	Redevelopment Agency Debt Service Fund	40,633 (I)
Sewer Utility Enterprise Fund	General Fund	330,388 (A)
	Redevelopment Agency Capital Projects Fund	210,000 (C)
Marina Enterprise Fund	General Fund	81,507 (A)
Island Energy Enterprise Fund	General Fund	88,362 (A)
Pittsburg Power Enterprise Fund	General Fund	96,670 (A)
		<u>\$52,947,278</u>

The reasons for these transfers are set forth below:

- | | |
|---|---|
| <ul style="list-style-type: none"> (A) To fund general operations & administrative services (B) To fund debt service payments (C) To fund capital improvement projects (D) To transfer bond proceeds to fund capital projects (E) To establish reserve for future contingencies (F) To fund various affordable housing projects | <ul style="list-style-type: none"> (G) To fund web based geographic information systems (H) To fund Kirker Improvement Project (I) To reimburse for prior year expenses (J) To fund for Citywide Street Lighting (K) To fund for City Employee Fringe Benefits |
|---|---|

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 6-CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2006, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$45,413,481		\$45,413,481
Construction in process	37,995,791	\$2,506,926	40,502,717
Total non-depreciable assets, net	<u>83,409,272</u>	<u>2,506,926</u>	<u>85,916,198</u>
Depreciable assets:			
Buildings and improvements	47,845,231	22,564,823	70,410,054
Machinery and equipment	7,209,662	2,233,776	9,443,438
Infrastructure	203,902,765	92,987,505	296,890,270
Totals depreciable assets	<u>258,957,658</u>	<u>117,786,104</u>	<u>376,743,762</u>
Less accumulated depreciation:			
Buildings and improvements	(11,395,673)	(7,657,175)	(19,052,848)
Machinery and equipment	(4,200,798)	(1,324,265)	(5,525,063)
Infrastructure	(78,635,207)	(25,688,191)	(104,323,398)
Total accumulated depreciation	<u>(94,231,678)</u>	<u>(34,669,631)</u>	<u>(128,901,309)</u>
Total depreciable assets, net	<u>164,725,980</u>	<u>83,116,473</u>	<u>247,842,453</u>
Total capital assets	<u><u>\$248,135,252</u></u>	<u><u>\$85,623,399</u></u>	<u><u>\$333,758,651</u></u>

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 6-CAPITAL ASSETS (Continued)

The following is a summary of capital assets for governmental activities:

	Balance at June 30, 2005	Additions	Retirements and Transfers	Balance at June 30, 2006
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$38,528,579	\$8,743,408	(\$1,858,506)	\$45,413,481
Construction in progress	33,685,026	12,050,846	(7,740,081)	37,995,791
Total capital assets not being depreciated	<u>72,213,605</u>	<u>20,794,254</u>	<u>(9,598,587)</u>	<u>83,409,272</u>
Capital assets being depreciated:				
Buildings and improvements	46,369,793		1,475,438	47,845,231
Machinery and Equipment	6,206,003	1,124,716	(121,057)	7,209,662
Infrastructure	201,123,846	2,030,767	748,152	203,902,765
Total capital assets being depreciated	<u>253,699,642</u>	<u>3,155,483</u>	<u>2,102,533</u>	<u>258,957,658</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,900,221)	(1,190,124)	(305,328)	(11,395,673)
Machinery and Equipment	(3,797,289)	(648,494)	244,985	(4,200,798)
Infrastructure	(76,315,999)	(5,651,590)	3,332,382	(78,635,207)
Total accumulated depreciation	<u>(90,013,509)</u>	<u>(7,490,208)</u>	<u>3,272,039</u>	<u>(94,231,678)</u>
Net capital assets being depreciated	<u>163,686,133</u>	<u>(4,334,725)</u>	<u>5,374,572</u>	<u>164,725,980</u>
Governmental activity capital assets, net	<u>\$235,899,738</u>	<u>\$16,459,529</u>	<u>(\$4,224,015)</u>	<u>\$248,135,252</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2006 are as follows:

City Manager and City Clerk	\$8,503
Human Resources	7,114
Finance and services	1,297
Community services	3,556
Public safety	127,975
Public works	5,907,044
General nondepartmental	788,633
Internal service funds	646,086
	<u>\$7,490,208</u>

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 6-CAPITAL ASSETS (Continued)

The following is a summary of capital assets for business-type activities:

	Balance at June 30, 2005	Additions	Retirements and Transfers	Balance at June 30, 2006
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Construction in progress	\$4,973,688	\$2,089,531	(\$4,556,293)	\$2,506,926
Total capital assets not being depreciated	4,973,688	2,089,531	(4,556,293)	2,506,926
Capital assets being depreciated:				
Improvements other than buildings	15,817,547	1,961,617	4,785,659	22,564,823
Machinery and Equipment	1,896,912	705,186	(368,322)	2,233,776
Infrastructure	92,219,467		768,038	92,987,505
Total capital assets being depreciated	109,933,926	2,666,803	5,185,375	117,786,104
Less accumulated depreciation for:				
Improvements other than buildings	(7,154,426)	(482,490)	(20,259)	(7,657,175)
Machinery and Equipment	(1,429,020)	(177,415)	282,170	(1,324,265)
Infrastructure	(23,374,812)	(1,618,608)	(694,771)	(25,688,191)
Total accumulated depreciation	(31,958,258)	(2,278,513)	(432,860)	(34,669,631)
Net capital assets being depreciated	77,975,668	388,290	4,752,515	83,116,473
Business-type activities capital assets, net	\$82,949,356	\$2,477,821	\$196,222	\$85,623,399

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2006 are as follows:

Business-Type Activities

Water	\$902,188
Sewer	410,766
Marina	403,972
Golf Course	212,692
Island Energy	348,895
Total depreciation expense	<u>\$2,278,513</u>

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 6-CAPITAL ASSETS (Continued)

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present General Government Capital Assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

The capital assets of the enterprise funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds' capital assets are combined with governmental activities.

NOTE 7-LONG TERM DEBT

The following is a summary of long-term debt transactions of the governmental activities for the year ended June 30, 2006:

Description	Original Issue Amount	Beginning Balance July 1, 2005	Additions	Retirements	Ending Balance June 30, 2006	Amounts Due Within One Year	Amounts Due in More Than One Year
Governmental Activities:							
Tax Allocation Bonds:							
1993B RDA Refunding Bonds	\$40,000,000	\$39,885,000			\$39,885,000		\$39,885,000
1999 RDA Bonds	30,106,357	29,906,357		(\$55,000)	29,851,357	\$55,000	29,796,357
2002A RDA Refunding Bonds	59,970,000	47,790,000		(4,185,000)	43,605,000	4,330,000	39,275,000
2003A RDA Bonds	88,375,000	88,370,000		(285,000)	88,085,000	290,000	87,795,000
2004A RDA Housing Set Aside Bonds	18,270,000	18,270,000		(265,000)	18,005,000	285,000	17,720,000
2004B RDA Subordinated Refunding Bonds	10,720,000	10,720,000			10,720,000		10,720,000
2004A RDA Subordinated Bonds	117,615,000	117,615,000			117,615,000		117,615,000
2006 Pension Obligation Bonds	39,566,056		\$39,566,056		39,566,056		39,566,056
		352,556,357	39,566,056	(4,790,000)	387,332,413	4,960,000	382,372,413
Unamortized Premium		6,631,349		(442,090)	6,189,259		6,189,259
Total governmental activities		\$359,187,706	\$39,566,056	(\$5,232,090)	\$393,521,672	\$4,960,000	\$388,561,672

1993 Series B Redevelopment Agency Tax Allocation Refunding Bonds

1993 Series B Redevelopment Agency Tax Allocation Refunding Bonds (1993B RDA Bonds) outstanding at June 30, 2006, amounted to \$39,885,000. The 1993B RDA Bonds bear interest at rates between 5.70% and 5.80% with interest payments made semi-annually on February 1 and August 1. The 1993B RDA Bonds mature on August 1 of 2032 and 2034 in the amounts of \$15,185,000 and \$24,700,000 respectively. Proceeds from the 1993B RDA Bonds were used to fund certain capital improvements located within the Los Medanos Project Area.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

The annual debt service requirements to mature the 1993B RDA Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007		\$2,298,030	\$2,298,030
2008		2,298,030	2,298,030
2009		2,298,030	2,298,030
2010		2,298,030	2,298,030
2011		2,298,030	2,298,030
2012-2016		11,490,150	11,490,150
2017-2021		11,490,150	11,490,150
2022-2026		11,490,150	11,490,150
2027-2031		11,490,150	11,490,150
2032-2036	\$39,885,000	4,784,160	44,669,160
Total	\$39,885,000	\$62,234,910	\$102,119,910

1999 Redevelopment Agency Tax Allocation Bonds

1999 Redevelopment Agency Tax Allocation Bonds (1999 RDA Bonds) outstanding at June 30, 2006 amounted to \$29,851,357. The bonds bear interest rates between 4.1% and 6.2% with interest payments made semi-annually on February 1 and August 1. The bonds mature on August 1 of each year. Interest is payable semi-annually on February 1 and August 1 of each year. The bonds are to be paid from Redevelopment Agency tax revenues. The proceeds of the bonds were used to provide money for certain public capital improvements located within the Redevelopment Agency's Project Area, to fund a reserve account, and to pay cost of issuance incurred in connection with the issuance.

The annual debt service requirements to mature the 1999 RDA Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Totals
2007	\$55,000	\$526,537	\$581,537
2008	60,000	523,748	583,748
2009	65,000	520,653	585,653
2010	580,000	504,383	1,084,383
2011	600,000	474,438	1,074,438
2012-2016	3,515,000	1,841,874	5,356,874
2017-2021	7,640,130	9,533,675	17,173,805
2022-2026	9,459,893	32,339,904	41,799,797
2027-2031	7,876,334	33,935,333	41,811,667
Totals	\$29,851,357	\$80,200,545	\$110,051,902

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

2002 Series A Redevelopment Agency Tax Allocation Refunding Bonds

2002 Series A Redevelopment Agency Tax Allocation Refunding Bonds (2002 RDA Bonds) outstanding at June 30, 2006 amounted to \$43,605,000. The 2002 Series A RDA Bonds bear interest at rates between 2.00% and 5.25% with interest payments made semi-annually on February 1 and August 1. The 2002 RDA Bonds mature annually from 2002 to 2015 on August 1 in amounts ranging from \$3,930,000 to \$4,980,000. Proceeds from the 2002 RDA Bonds were used to refund \$58,460,000 of the Agency's 1992 Los Medanos Community Development Project, Tax Allocation Refunding Bonds and to pay costs of issuance incurred in connection with the issuance, sales and delivery of Series 2002A.

The annual debt service requirements to mature the 2002 RDA Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$4,330,000	\$2,011,113	\$6,341,113
2008	4,495,000	1,840,025	6,335,025
2009	4,675,000	1,650,780	6,325,780
2010	3,690,000	1,459,188	5,149,188
2011	3,875,000	1,270,063	5,145,063
2012-2016	22,540,000	3,074,150	25,614,150
Total	\$43,605,000	\$11,305,319	\$54,910,319

2003 Series A Redevelopment Agency Tax Allocation Bonds

2003 Series A Redevelopment Agency Tax Allocation Bonds (2003A RDA Bonds) outstanding at June 30, 2006 amounted to \$88,085,000. The 2003A RDA Bonds bear interest at rates between 2.00% and 5.00% with interest payments made semi-annually on February 1 and August 1. The 2003A RDA Bonds mature annually from 2004 to 2021 on August 1 in amounts ranging from \$5,000 to \$8,815,000. Proceeds from the 2003A RDA Bonds were used to fund redevelopment activities of benefit to the Agency's Los Medanos Redevelopment Project, to refund all of the Agency's outstanding Series 1993A Tax Allocation Refunding Bonds (\$36,760,000), to fund a reserve account, to fund capitalized interest on a portion of the Series 2003A Bonds, and to pay costs of issuance incurred in connection with the issuance, sale and delivery of Series 2003A Bonds. The Bonds were issued at a premium of \$7,515,529 which is to be amortized over the life of the bond using straight-line method with an annual amortization of \$442,090. The bonds are to be repaid from certain tax revenues and other funds as provided in certain resolutions of the Agency.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

The annual debt service requirements to mature the 2003A RDA Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$290,000	\$4,231,713	\$4,521,713
2008	1,655,000	4,207,762	5,862,762
2009	1,695,000	4,165,888	5,860,888
2010	2,410,000	4,096,500	6,506,500
2011	2,515,000	3,985,425	6,500,425
2012-2016	14,605,000	17,856,625	32,461,625
2017-2021	37,125,000	11,002,875	48,127,875
2022-2026	17,120,000	4,188,963	21,308,963
2027-2031	10,670,000	1,015,075	11,685,075
Total	\$88,085,000	\$54,750,826	\$142,835,826

2004 Series A Housing Set Aside Redevelopment Agency Tax Allocation Bonds

2004 Series A Housing Set Aside Tax Allocation Bonds Series (2004 A RDA bonds) outstanding at June 30, 2006 amounted to \$18,005,000. The Bonds bear interest rates from 3.750%-5.620% with interest payments made semi-annually on February 1 and August 1 each year commencing August 1, 2005 through August 1, 2035. The Bonds were issued to fund the low and moderate income housing within the Agency's Los Medanos Community Development Project Area, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2004A bonds. The bonds are to be repaid from certain tax revenues and other funds as provided in certain resolutions of the Agency.

The annual debt service requirements to mature the 2004A RDA Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$285,000	\$951,696	\$1,236,696
2008	295,000	940,821	1,235,821
2009	305,000	929,571	1,234,571
2010	315,000	916,923	1,231,923
2011	330,000	902,733	1,232,733
2011-2015	1,895,000	4,261,602	6,156,602
2016-2020	2,435,000	3,711,860	6,146,860
2021-2025	3,155,000	2,963,570	6,118,570
2026-2030	4,125,000	1,967,766	6,092,766
2031-2035	4,865,000	654,870	5,519,870
Total	\$18,005,000	\$18,201,412	\$36,206,412

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

2004 Series B Redevelopment Agency Subordinate Tax Allocation Refunding Bonds

2004 Series B Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (2004B RDA Bonds) outstanding at June 30, 2006 amounted to \$10,720,000. The Bonds bear interest rates from 3.810%-4.430% with interest payments made semiannually on March 1 and September 1 each year commencing March 1, 2005 through September 1 2011. The bonds are to be paid from Redevelopment Agency tax revenues. Proceeds from the 2004B RDA bonds were used to refund, on an advance basis, a portion of the Agency's outstanding Series 1996 Subordinate Tax Allocation bonds (\$20,000,000), to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2004B bonds.

The annual debt service requirements to mature the 2004B STARB Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007		\$448,810	\$448,810
2008		448,810	448,810
2009	\$1,990,000	410,901	2,400,901
2010	2,065,000	330,866	2,395,866
2011	3,260,000	219,791	3,479,791
2,012	3,405,000	75,420	3,480,420
Total	\$10,720,000	\$1,934,598	\$12,654,598

2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds

2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds outstanding at June 30, 2006 amounted to \$117,615,000. The bonds are repayable from Redevelopment Agency tax revenues. Principal payments are due annually on September 1, commencing in 2012. Proceeds from the 2004A Bonds were to be used to fund redevelopment activities of benefit to the Agency's Los Medanos Redevelopment Project, to refund, on an advance basis, a portion of the Agency's outstanding Series 1996 Subordinate Tax Allocation bonds (\$20,000,000), to fund capitalized interest on a portion of the 2004 A Bonds through September 2007, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the 2004A Bonds. A portion of the proceeds from the 2004A Bonds was placed in an irrevocable trust to provide for all future debt service payments on the defeased 1996 Bonds.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

The annual debt service requirements to mature the 2004A STAB Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007		\$4,465,007	\$4,465,007
2008		4,465,809	4,465,809
2009		4,465,007	4,465,007
2010		4,465,007	4,465,007
2011		4,465,007	4,465,007
2012-2016	\$16,420,000	20,962,023	37,382,023
2017-2021	24,175,000	16,764,562	40,939,562
2022-2026	26,520,000	11,847,840	38,367,840
2027-2031	30,960,000	6,669,501	37,629,501
2032-2036	19,540,000	1,580,380	21,120,380
Total	\$117,615,000	\$80,150,143	\$197,765,143

Series 2006 Pension Obligation Bonds

On June 15, 2006, the City issued \$39,566,056 of Series 2006 Taxable Pension Obligations Bonds bearing interest at 5.78-5.91% to prepay the City's unfunded accrued actuarial liability of the Miscellaneous and Safety plans through the California Public Employees' Retirement System. The City also prepaid the unfunded liability owed to Contra Costa County Employees Retirement Association (CCCERA) which amounted to \$12,700,000 as of June 30, 2006. The Bonds are issued as current interest bonds and capital interest bonds where the current interest is payable annually on July 1, and the capital appreciation bonds will accrete interest from the date of issuance and will be payable only upon maturity or redemption.

The annual debt service requirements to mature the Series 2006 Pension Obligation Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007		\$1,632,456	\$1,632,456
2008	\$125,000	1,614,517	1,739,517
2009	175,000	1,607,287	1,782,287
2010	240,000	1,597,165	1,837,165
2011	300,000	1,583,283	1,883,283
2012-2016	3,907,670	9,009,058	12,916,728
2017-2021	6,423,840	11,808,927	18,232,767
2022-2026	6,807,261	12,847,712	19,654,973
2027-2031	6,777,285	13,126,159	19,903,444
2032-2036	14,810,000	2,269,646	17,079,646
Total	\$39,566,056	\$57,096,210	\$96,662,266

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

The following is a summary of long-term debt transactions of the business-type activities for the year ended June 30, 2006:

	Original Issue Amount	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006	Balance Due Within One Year	Balance Due in More than One Year
Revenue Bonds:							
<i>1997 Water</i>							
Revenue Bonds	\$14,655,000	\$13,430,000		(\$13,430,000)			
<i>2004 Waste Water</i>							
Revenue Bonds	11,950,000	11,335,000		(520,000)	\$10,815,000	\$530,000	\$10,285,000
<i>2005 Water</i>							
Revenue Bonds	38,850,000		\$38,850,000	(375,000)	38,475,000	450,000	38,025,000
Total revenue bonds	65,455,000	24,765,000	38,850,000	(14,325,000)	49,290,000	980,000	48,310,000
Capital Leases		299,001		(227,436)	71,565	56,876	14,689
Total	\$65,455,000	\$25,064,001	\$38,850,000	(\$14,552,436)	\$49,361,565	\$1,036,876	\$48,324,689

1997 Water Revenue Bonds

In fiscal year 2005-2006, the 1997 Water Revenue Bonds (1997 Bonds) were refunded in the amount of \$13,430,000, on an advance basis using proceeds from the City of Pittsburg Financing Authority Series 2005 Water Revenue Bonds. Direct non-callable United States Treasury obligations were purchased and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Refunded Bonds. As a result, the Refunded Bonds were considered to be defeased and the liability for those obligations was removed along with trust assets from the City's financial statements. Proceeds from the 1997 Bonds were issued to finance the improvement of the water system within the City. The defeased bonds will be called on June 1, 2007.

2004 Wastewater Revenue Bonds

2004 Wastewater Revenue Bonds (2004 Wastewater) outstanding at June 30, 2006 amounted to \$10,815,000. In March 2004 the City of Pittsburg Financing Authority issued \$11,950,000 of Wastewater Revenue Refunding Bonds Series 2004. The Bonds bear interest rates from 2.00%-4.25% with interest payment made semi-annually on June 1 and December 1 commencing June 1, 2004 through June 1, 2022. The Bonds were issued to refund the \$11,545,000 outstanding balance of the 1994 Wastewater Revenue Refunding Bonds. Proceeds from the 2004 Bonds were placed in an irrevocable trust to provide for all future debt service payments on the defeased 1996 Bonds. Accordingly, the trust account assets and liability for the defeased 1994 Bonds are not included in the City's basic financial statements. The defeased 1994 Bonds were called on June 1, 2004.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

The annual debt service requirements to mature the 2004 Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$530,000	\$378,578	\$908,578
2008	545,000	367,978	912,978
2009	555,000	357,078	912,078
2010	570,000	343,203	913,203
2011	590,000	328,952	918,952
2012-2016	3,230,000	1,347,904	4,577,904
2017-2021	3,910,000	688,670	4,598,670
2022-2026	885,000	37,613	922,613
Total	\$10,815,000	\$3,849,976	\$14,664,976

2005 Water Revenue Bonds

On December 21, 2005, the City issued \$38,475,000 of 2005 Water Revenue Bonds. The bonds are repayable from the net revenues of the City's Water System. Principal payments are due annually on June 1, commencing in 2006. Proceeds from the 2005 Bonds were to be used to refund, on an advance basis, the City of Pittsburg Public Financing Authority Series 1997 Water Revenue Bonds (\$13,430,000), to fund certain repairs, renovations, extensions, betterments and improvements to the Water System, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the 2005 Bonds. A portion of the proceeds from the 2005 Bonds was placed in an irrevocable trust to provide for all future debt service payments on the defeased 1997 Bonds. As a result of the refunding, aggregate debt service was increased \$2,550,886 and an economic gain of \$1,377,523 was realized during fiscal year 2005/2006.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

The annual debt service requirements to mature the 2005 Bonds outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$450,000	\$1,390,871	\$1,840,871
2008	450,000	1,374,604	1,824,604
2009	675,000	1,358,336	2,033,336
2010	825,000	1,333,935	2,158,935
2011	900,000	1,304,111	2,204,111
2012-2016	4,975,000	6,011,745	10,986,745
2017-2021	6,025,000	5,039,310	11,064,310
2022-2026	7,250,000	3,863,532	11,113,532
2027-2031	8,675,000	2,456,392	11,131,392
2032-2036	8,250,000	460,913	8,710,913
Total	\$38,475,000	\$24,593,749	\$63,068,749

Capital Lease

At June 30, 2006, the City had two golf course equipment lease purchase agreements outstanding with John Deer Credit and Yamaha Golf-Car Company.

Interest on the outstanding principal varies from 4.000% to 5.238%; monthly payments of principal and interest are made every month. The outstanding balance at June 30, 2006 was \$71,565.

The annual debt service requirements to mature the Capital Lease outstanding at June 30, 2006, were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$56,876	\$2,396	\$59,272
2008	14,689	129	14,818
Total	\$71,565	\$2,525	\$74,090

Interest Rate Swap Agreements

The 2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds and the 2005 City of Pittsburgh Water Revenue Bonds were issued as variable rate bonds, with interest calculated daily. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds, the Agency and the City entered into a pay-fixed, receive-variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed below.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

Terms. The terms, including the counterparty credit ratings of the outstanding swap, as of June 30, 2006, are included below. The Agency's and City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds.

Associated Bonds	Series 2004A Tax Allocation Bonds	Series 2005 Water Revenue Bonds
City Pays	3.5490%	3.6150%
City Receives	63% of 1-month USD-LIBOR +0.35%	63% of USD-LIBOR +0.30%
Maturity Date	12/1/2035	5/25/2035
Initial Notional	\$117,615,000	\$38,850,000
Bank Counterparty	Piper Jaffray Financial Products Inc. with a Guarantee from Morgan Stanley Capital Services	Piper Jaffray Financial Products Inc. with a Guarantee from Morgan Stanley Capital Services
Credit Ratings by Moody's/Fitch/S&P	Aa3/AA-/A+	Aa3/AA-/A+
Total Value	\$4,503,756	\$1,456,836

On December 16, 2004, the Agency elected to enter into a 63% of 1-month LIBOR plus 35 basis points (0.35%) floating-to-fixed interest rate swap to hedge the issuance of \$117,615,000 of variable-rate Series A 2004 Bonds. The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the Agency. The transaction allowed the Agency to create a synthetic fixed rate on the Bonds, protecting the Agency against increases in short-term interest rates.

On December 22, 2005, the City elected to enter into a 63% of 1-month LIBOR plus 30 basis points (0.30%) floating-to-fixed interest rate swap to hedge the issuance of \$38,850,000 of variable-rate Series 2005 Water Bonds. The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transaction allowed the City to create a synthetic fixed rate on the Bonds, protecting the City against increases in short-term interest rates.

Fair value. The Agency's swap had a positive fair value as of June 30, 2006 of \$4,503,754, while the City's swap had a positive fair value of \$1,456,836. This fair value takes into consideration the prevailing interest rate environment, the specific terms and conditions of a given transaction and any upfront payments that may have been received. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 7-LONG-TERM DEBT (Continued)

Credit risk. As of June 30, 2006, the Agency was exposed to credit risk on its outstanding swap because the swap had a positive fair value of \$4,503,754, while the City exposure was in the amount of \$1,486,836. The Agency and the City are exposed to credit risk in the amount of the derivative's fair value. This amount may increase if interest rates increase in the future. However, if interest rates decline and the fair value of the swap were to become negative, the Agency and City would no longer be exposed to credit risk. The swap counterparty is Piper Jaffray Financial Products, Inc. who is guaranteed by Morgan Stanley Capital Services, Inc. (MSCS), the guarantor for the counterparty is rated Aa3/A+/AA- by Moody's, Standard & Poor's and Fitch respectively. The Agency and City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

The swap agreement contains a collateral agreement with MSCS which guarantees Piper Jaffray. The swap requires collateralization of the fair value of the swap should the MSCS credit rating fall below the applicable thresholds.

Basis risk. Basis risk is the risk that the interest rate paid by the Agency on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The Agency and City bears basis risk on its swap. The Swap has basis risk since the Agency receives a percentage of LIBOR to offset the actual variable bond rate the Agency and City pays on its bonds. The Agency and City are exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Agency and City pay on the bonds. Depending on the magnitude and duration of any basis risk shortfall, the expected cost of the basis risk may vary.

Tax risk. Tax risk is a specific type of basis risk. Tax risk is a permanent mismatch between the interest rate paid on the Agency's and City's underlying variable-rate bonds and the rate received on the swap caused by a reduction or elimination in the benefits of the tax exemption for municipal bonds, e.g. a tax cut that results in an increase in the ratio of tax-exempt to taxable yields. The Agency and City is receiving 63% of 1-month LIBOR (a taxable index) plus 35 and 30 basis points respectively on the swap and would experience a shortfall relative to the rate paid on its bonds if marginal income tax rates decrease relative to expected levels, thus increasing the overall cost of its synthetic fixed rate debt.

Termination risk. The Agency, City or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the respective contracts. If any of the swaps are terminated, the associated variable-rate bonds would no longer be hedged to a fixed rate. If at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 8-SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT CITY COMMITMENT

The City has sponsored special assessment debt issues under which it has no legal or moral liability with respect to repayment of the debt and therefore does not include this debt in the City's Governmental Activities. The activity for those issues for the year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006
1998 Marina Walk A.D. Bonds	\$1,640,000		(\$35,000)	\$1,605,000
1998 Pittsburg IFA Bonds	10,895,000		(370,000)	10,525,000
2001-01 San Marco A.D. Bonds	7,265,000		(120,000)	7,145,000
2001-02 Oak Hills South A.D. Bonds	2,665,000		(45,000)	2,620,000
2001-03 Century Plaza Bonds	4,330,000		(75,000)	4,255,000
2005 Vista Del Mar Bonds		\$12,115,000		12,115,000
Total	\$26,795,000	12,115,000	(\$645,000)	\$38,265,000

1998 Marina Walk Assessment District Bonds - 1998 Marina Walk Assessment District Bonds (Marina Walk Bonds) outstanding at June 30, 2006, amounted to \$1,605,000. The Marina Walk Bonds bear interest rates between 4.25% and 5.40% with interest payments made semi-annually on March 2 and September 2. The Marina Walk Bonds mature annually from 2000 to 2028 on September 2 in amounts ranging from \$30,000 to \$120,000. Proceeds from the Marina Walk Bonds were used to finance the construction and acquisition of certain public improvements specifically benefiting properties located within the boundaries of the Marina Walk Assessment District.

1998 Pittsburg Infrastructure Financing Authority Bonds - 1998 Pittsburg Infrastructure Financing Authority Bonds (1998 PIFA Bonds) consist of two series with principal outstanding at June 30, 2006, amounting in total to \$10,525,000. The 1998 PIFA Bonds bear interest rates between 4.00% and 5.85% with interest payments made semi-annually on March 2 and September 2. The 1998 PIFA Bonds mature annually from 1999 to 2024 on September 2 in amounts ranging from \$105,000 to \$435,000. Proceeds from the 1998 PIFA Bonds were used to acquire \$12,000,000 principal amount of the Pittsburg Limited Obligation Refunding Bonds, Reassessment District No. 1998-1 which were issued to refund the New York Landing and Oakhill Water Facilities Assessment District Bonds and the 1995 and 1994 Pittsburg Infrastructure Financing Authority Bonds.

2001-01 San Marco Assessment District Bonds - 2001-01 Limited Obligation Improvement Assessment District Bonds (San Marco Bonds) outstanding at June 30, 2006, amounted to \$7,145,000. The San Marco Bonds bear interest rates between 4.00% and 5.90% with interest payments made semi-annually on March 2 and September 2. The San Marco Bonds are special obligations of the City and are to be paid from annual assessment installments. Proceeds from the San Marco Bonds were used to finance the construction and acquisition of certain public improvements within the assessment district.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 8-SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT CITY COMMITMENT (Continued)

2001-02 Oak Hills South Assessment District Bonds - 2001-02 Limited Obligation Improvement Assessment District Bonds (Oak Hills South Bonds) outstanding at June 30, 2006, amounted to \$2,620,000. The Oak Hills South Bonds bear interest rates between 4.00% and 5.20% with interest payments made semi-annually on March 2 and September 2. The Oak Hills South Bonds are special obligations of the City and are to be paid from annual assessment installments. Proceeds from the Oak Hills South Bonds were used to finance the construction and acquisition of certain public improvements within the City's assessment district No. 2001-02.

2001-03 Century Plaza Assessment District Bonds - 2001-03 Limited Obligation Improvement Assessment District Bonds (Century Plaza Bonds) outstanding at June 30, 2006, amounted to \$4,255,000. The Century Plaza Bonds bear interest rates between 2.40% and 5.88% with interest payments made semi-annually on March 2 and September 2. The Century Plaza Bonds are special obligations of the City and are to be paid from annual assessment installments. Proceeds from the Century Plaza Bonds were used to finance the construction and acquisition of certain public improvements within the City's assessment district No. 2001-03.

2005 Vista Del Mar Assessment District Bonds - In October 2005, the City of Pittsburg issued \$12,115,000 of 2005 Community Facilities District Bonds (Vista Del Mar). The Vista Del Mar Bonds bear interest rates between 3.00% and 5.00% with interest payments made annually on September 1. The Vista Del Mar Bonds are special obligations of the City and are to be paid from special taxes which are levied by the City on taxable real property within the boundaries of the District. Proceeds from the Vista Del Mar Bonds will be used to finance certain public infrastructure improvements within the City's Community Facilities District No. 2005-2.

City of Pittsburgh
Basic Financial Statements
For the year ended June 30, 2006

NOTE 9-FUND EQUITY

A. Fund Reserves and Designations

In the Governmental Funds, fund balances at June 30, 2006, have been reserved or designated for the following purposes:

	General Fund	Low-Moderate Income I Housing Special Revenue	Low-Moderate Income II Housing Special Revenue	RDA Special Revenue	Housing Authority (Section 8) Special Revenue	RDA Debt Service	Pension Obligation Bonds Debt Service	Capital Improvement Capital Projects	RDA Capital Projects	Non-Major Funds	Total
Reserved for:											
Encumbrances	\$238,068							\$17,582		\$2,046,184	\$2,301,834
Supplies	118,251										118,251
Capital Projects						\$98,283,561			\$690,062		98,973,623
Debt service						19,139,951	\$109,219				19,249,170
Prepaid items	15,867			\$61,012				5,000			81,879
Advances				8,100,000							8,100,000
Loans receivable				12,491,987							12,491,987
Total reserved	372,186			20,652,999		117,423,512	109,219	22,582	690,062	2,046,184	141,316,744
Designated for:											
Recreation services and others	39,135										39,135
Grants					2,081,560					(38,484)	2,043,076
Roads								771,093			771,093
Capital projects											
Total designated	39,135				2,081,560			771,093		(38,484)	2,853,304
Unreserved, undesignated	8,144,672	(\$8,100,000)	\$5,135,334	29,589,868						16,954,276	51,724,150
Total	\$8,555,993	(\$8,100,000)	\$5,135,334	\$50,242,867	\$2,081,560	\$117,423,512	\$109,219	\$793,675	\$690,062	\$18,961,976	\$195,894,198

B. Deficit Fund Balance/Net Assets

At June 30, 2006, the Low and Moderate Income Housing I Special Revenue Fund had a deficit fund balance of \$8,100,000. The deficit will be reduced with future years incremental tax revenues.

At June 30, 2006, the San Marco CFD 2004-01 Special Revenue Fund had a deficit fund balance of \$81,350. The deficit will be reduced with future years assessment revenues.

At June 30, 2006, the Public Safety Service CFD 2005-1 Special Revenue Fund had a deficit fund balance of \$71,217. The deficit will be reduced with future years assessment revenues.

At June 30, 2006, the Vista Del Mar CFD 2005-2 Special Revenue Fund had a deficit fund balance of \$1,416. The deficit will be reduced with future years assessment revenues.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 10-RISK MANAGEMENT

A. General Liability Insurance

The City is self-insured for the first \$25,000 of each loss and maintains excess liability insurance through Municipal Pooling Authority (MPA). The City is not insured for liability occurrences over \$15,000,000 per occurrence.

B. Workers' Compensation

The City maintains statutory excess workers' compensation insurance through MPA, and is insured for an individual accident resulting in claims up to statutory limits. The City is not self-insured for any initial portion of a claim but is self-insured for claims exceeding statutory limits.

C. Estimated Reserves for Claims

Municipalities are required to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed below, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured claims, based on claims history, was computed as follows and is recorded in the Insurance Internal Service Fund:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims payments for Current and Prior Years	End of Year Liability
2003-2004	\$222,894	\$136,726	(\$144,047)	\$215,573
2004-2005	215,573	26,751	(8,286)	234,038
2005-2006	234,038	119,161	(160,356)	192,843

D. Purchased Insurance

MPA provides additional coverage for the following risks incurred by the City:

Coverage Type	Deductible	Coverage Limits
All Risk Fire and Property	\$5,000	\$1,000,000,000
Boiler and Machinery	5,000	100,000,000
All Vehicles (Physical Damage)	2,000	250,000
Police Vehicles (Physical Damage)	3,000	250,000
Workers' Compensation	None	145,000,000
Liability	25,000	15,000,000

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 10-RISK MANAGEMENT (Continued)

MPA is governed by a Board consisting of representatives from member municipalities.

The Board controls the operations of MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with MPA are in accordance with formulas established by MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements can be obtained from Municipal Pooling Authority at 1911 San Miguel Drive #200, Walnut Creek, CA 94596-5332.

E. Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There has been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

NOTE 11-DEFINED BENEFIT PENSION PLAN

A. CALPERS Safety and Miscellaneous Plans

All employees meeting PERS membership requirements must participate in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2006, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3%	1.426%-2.418
Required employee contribution rates	9%	7%
Required employer contribution rates	30.283%	21.377%

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 11-DEFINED BENEFIT PENSION PLAN (Continued)

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the years ended June 30, 2006, 2005 and 2004 amounted to \$6,091,721, \$5,454,618 and \$5,299,322 respectively.

On June 15, 2006, the City, issued \$39,566,056 of Series 2006 Taxable Pension Obligation Bonds to prepay the City's unfunded PERS accrued actuarial liability of \$25,977,758 as determined in certified actuarial calculations as of June 2004 .

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

The Miscellaneous Plan's actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2003	\$21,498,661	\$6,931,747	\$14,566,914	32.2%	\$11,669,279	124.8%
2004	25,438,868	10,224,167	15,214,701	40.2%	12,036,230	126.4%
2005	30,020,944	13,819,588	16,201,356	46.0%	12,070,970	134.2%

As required by new State law, effective July 1, 2005, the City's Safety Plan was terminated, and the employees in the plan were required by CALPERS to join a new State-wide pool. One of the conditions of entry was that the City true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Safety Plan's unfunded liability of \$11,341,333 agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next twenty years.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 11-DEFINED BENEFIT PENSION PLAN (Continued)

CALPERS' latest available actuarial value (which differs from market value) and funding progress are set forth below at their actuarial valuation date of June 30, 2005.

Safety Plan:

Valuation Date	Actuarial			Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
	Entry Age Accrued Liability	Value of Assets	Unfunded Liability			
2003	\$4,270,573,982	\$3,577,742,166	\$692,831,816	83.8%	\$476,089,674	145.5%
2004	5,383,921,842	4,424,586,846	959,334,996	82.2%	575,294,434	166.8%
2005	6,367,049,264	5,295,150,375	1,071,898,889	83.2%	664,147,796	161.4%

Audited annual financial statements and ten year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 12-OTHER POST-EMPLOYMENT BENEFITS

The City provided health care benefits for 96 retired employees on a pay-as-you-go basis with the City paying a portion of the costs. All active health care plan participants and their spouses may become eligible upon retirement for these benefits if they reach the normal retirement age while working for the City. The City's post-employment expenditures for the fiscal year 2006 amounted to \$508,630 including \$133,169 for 24 retirees not on a pay-as-you-go basis.

NOTE 13-COMMITMENTS AND CONTINGENCIES

A. Grants from Other Governments

The City participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2006, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

B. Litigation

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2006

NOTE 13-COMMITMENTS AND CONTINGENCIES (Continued)

C. *Pass-Through Agreements*

The Agency has agreements with the County of Contra Costa, College District, Education Office, Fire District, Flood Control District, County Library District, East Bay Regional Parks District, Mosquito Abatement District, Antioch Unified School District and Pittsburg Unified School District which requires it to pass through a portion of its property tax increment to these agencies. The Community Redevelopment Law Reform Act of 1993, also known as AB 1290, require the Agency to also pass through tax increments to other taxing agencies not engaged in agreements with the Agency. The tax increment passed through to all agencies amounted to \$6,275,827 for fiscal year 2005-2006.

D. *Educational Revenue Augmentation Fund (ERAF)*

The State of California has directed that a portion of the incremental property taxes which had been received in prior years by redevelopment agencies be paid instead to local educational agencies. During the fiscal year ended June 30, 2006, the Agency paid \$2,886,953 as a result of the State directive.

E. *Transaction Between Related Parties*

During fiscal 2005-2006, the City and Redevelopment Agency of Pittsburg entered into an agreement whereby the Agency purchased a parcel of land along Power Avenue from the City for \$2,100,000. The Agency intends to develop a five story office building associated with this land.

This Page Left Intentionally Blank

SUPPLEMENTAL INFORMATION

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Capital Improvement Capital Projects Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$103,996	\$288,381	\$153,382	(\$134,999)
Other revenues			43,326	43,326
Total revenues	<u>103,996</u>	<u>288,381</u>	<u>196,708</u>	<u>(91,673)</u>
EXPENDITURES:				
Current:				
Public works-streets		788,949	428,892	360,057
Public works-others		791,527	205,471	586,056
Total expenditures		<u>1,580,476</u>	<u>634,363</u>	<u>946,113</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		1,025,703	429,379	(596,324)
Total other financing sources (uses)		<u>1,025,703</u>	<u>429,379</u>	<u>(596,324)</u>
NET CHANGE IN FUND BALANCE	<u>103,996</u>	<u>(266,392)</u>	<u>(8,276)</u>	<u>\$258,116</u>
FUND BALANCE:				
Beginning of year			801,951	
End of year			<u>\$793,675</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Redevelopment Agency Capital Projects Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental			\$22,205	\$22,205
Other revenues			13,600	13,600
Total revenues			35,805	35,805
EXPENDITURES:				
Current:				
Community development and services	\$6,130,958	14,630,958	961,499	13,669,459
Capital outlay	41,648,195	123,679,302	20,243,468	103,435,834
Total expenditures	47,779,153	138,310,260	21,204,967	117,105,293
OTHER FINANCING SOURCES (USES):				
Transfers in		115,026,198	18,660,640	(96,365,558)
Total other financing sources (uses)		115,026,198	18,660,640	(96,365,558)
NET CHANGE IN FUND BALANCE	(\$47,779,153)	(\$23,284,062)	(2,508,522)	20,775,540
FUND BALANCE:				
Beginning of year			3,198,584	
End of year			\$690,062	

This Page Left Intentionally Blank

City of Pittsburg
Supplemental Information
For the year ended June 30, 2006

Non-Major Governmental Funds

Economic Development Fund - Established to account for the \$6,000,000 of proceeds from the sale of a power plant to Calpine that was set-aside to be used for economic activities in the City of Pittsburg.

Budget Stabilization Fund- Established for the purpose of financing future contingencies and/or General Fund shortfall.

Small Cities Grants Fund - Established to account for direct grants received for housing and rental rehabilitation programs, which are program income and used to supplement housing rehabilitation costs.

Gas Tax Fund - This fund represents the Highway Users Tax apportionments from State of California for street and road purposes under the provisions of Streets and Highways Code Maintenance.

Measure C Tax Fund - This fund receives 18% of the collected half-cent sales tax, which are based on the population and road mileage; to fund regional transportation and transit related projects.

Lighting and Landscape Fund - Receipts of the assessments from residential and commercial properties are used by this fund to provide maintenance of street lighting, street trees, landscape, curbs, gutters and sidewalks within the City.

Lighting and Landscape Oak Hill Fund - Receipts of the special assessments from residential and commercial properties, in the Oak Hill area, are used by this fund to provide maintenance of street lighting, street trees, landscape, curbs, gutters and sidewalks.

San Marco CFD 2004-01 Fund- The receipts of this fund provide funding for the increased demand of police services in the San Marco subdivision of the Community Facilities District.

Vista Del Mar CFD 2005-2 Fund- The receipts of this fund provide funding for financing increasing demands for police services in and for the Vista Del Mar CFD 2005-2.

Public Safety Service CFD 2005-1 Fund- The receipts of this fund provide funding for financing increasing demands for public safety services within this Community Facilities District.

Assets Seizure Fund - This fund was established to administer the seized assets from criminal activities.

Local Law Enforcement Block Grant Fund - This fund accounts for the funds provided by Department of Justice to supplement local crime prevention and public safety efforts.

Southwest Pittsburg (GHAD II) Fund - Southwest Pittsburg Geological Hazard Abatement fund was created to account for the maintenance district of which responsibilities are restricted to mitigation/abatement of geologic landslide and erosion hazards. The fund received revenues from assessments levied on the properties located on the hillside areas for its operation costs.

Non-Major Governmental Funds (Continued)

Storm Water Utility (NPDES) Fund - This fund accounts for property assessments collected by the County of Contra Costa in behalf of the City to provide funding for National Pollutant Discharge Elimination System (NPDES) and general drainage maintenance activities within the Pittsburg Storm Water Utility Area to reduce pollutants.

HUD Community Development Block Grant Fund - Receives annual entitlement from Department of HUD to finance public services, housing activities, economic development projects, public facility projects, program planning and administration.

Miscellaneous Grants Fund - This fund receives various small grants to administer the police, recreation, and public services.

Kirker Creek Drainage Fees Fund - This fund was established to account for the drainage fees collected from developers to finance drainage improvement projects.

Traffic Mitigation Fund - Fees collected from developers are used by this fund to finance the capital improvement projects that mitigate the traffic impact.

Park Dedication Fund - This fund was established to account for the fees collected from developers and used for design, development, and construction of the park projects.

This Page Left Intentionally Blank

City of Pittsburgh
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

	Special Revenue						
	Economic Development	Budget Stabilization	Small Cities Grants	Gas Tax	Measure C Tax Fund	Lighting & Landscape	Lighting & Landscape Oak Hill
ASSETS							
Cash and investments	\$3,498,989	\$2,664,649	\$666,294	\$151,454	\$1,121,558	\$158,507	\$128,955
Restricted cash and investments							
Receivables:							
Accounts				179,715		10	
Loans/ notes			1,854,639				
Prepaid items							
Total assets	<u>\$3,498,989</u>	<u>\$2,664,649</u>	<u>\$2,520,933</u>	<u>\$331,169</u>	<u>\$1,121,558</u>	<u>\$158,517</u>	<u>\$128,955</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$295,614		\$43,532		\$4,100	\$101,385	\$1,257
Salaries payable			4,652			48,570	3,791
Refundable deposits							
Loans payable - current			60,120				
Due to other agencies							
Due to other funds							
Deferred revenue			1,794,519				
Total liabilities	<u>295,614</u>		<u>1,902,823</u>		<u>4,100</u>	<u>149,955</u>	<u>5,048</u>
Fund Balances:							
Reserved							
Unreserved, designated							
Special revenue funds							
Unreserved, reported in non-major funds:							
Special revenue funds	3,203,375	\$2,664,649	618,110	\$331,169	1,117,458	8,562	123,907
Capital projects							
Total unreserved, designated	<u>3,203,375</u>	<u>2,664,649</u>	<u>618,110</u>	<u>331,169</u>	<u>1,117,458</u>	<u>8,562</u>	<u>123,907</u>
Total fund balances (deficit)	<u>3,203,375</u>	<u>2,664,649</u>	<u>618,110</u>	<u>331,169</u>	<u>1,117,458</u>	<u>8,562</u>	<u>123,907</u>
Total liabilities and fund balances	<u>\$3,498,989</u>	<u>\$2,664,649</u>	<u>\$2,520,933</u>	<u>\$331,169</u>	<u>\$1,121,558</u>	<u>\$158,517</u>	<u>\$128,955</u>

San Marco CFD 2004-01	Vista Del Mar CFD 2005-2	Public Safety Service CFD 2005-1	Assets Seizure	Local Law Enforcement Block Grant	Southwest Pittsburg (GHAD II)	Storm Water Utility (NPDES)	HUD Community Development Block Grant	Miscellaneous Grants
\$18,753		\$27,371	\$167,817	\$93,540	\$603,012	\$276,149	\$3,881	\$230,336
						14,931	620,883	
							282,689	
							3,350	
\$18,753		\$27,371	\$167,817	\$93,540	\$603,012	\$291,080	\$910,803	\$230,336
\$888	\$613	\$3,588	\$3,652	\$11,057	\$14,756	\$7,686	\$46,146	\$23,831
			22,746			10,963	3,881	11,400
								12,281
99,215	803	95,000		70,153			161,229	
							680,390	175,622
100,103	1416	98,588	26,398	81,210	14,756	18,649	891,646	223,134
				5,427				
				(11,162)				7,202
(81,350)	(1,416)	(71,217)	141,419	18,065	588,256	272,431	19,157	
(81,350)	(1,416)	(71,217)	141,419	18,065	588,256	272,431	19,157	-
(81,350)	(1,416)	(71,217)	141,419	12,330	588,256	272,431	19,157	7,202
\$18,753		\$27,371	\$167,817	\$93,540	\$603,012	\$291,080	\$910,803	\$230,336

(Continued)

City of Pittsburg
 Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2006

	Capital Projects			Non-Major Governmental Funds
	Kirker Creek Drainage Fees	Traffic Mitigation	Park Dedication	
ASSETS				
Cash and investments	\$980,571	\$5,522,310	\$2,402,360	\$18,716,506
Restricted cash and investments		27,486		27,486
Receivables:				
Accounts			1,167,487	1,983,026
Loans/notes				2,137,328
Prepaid items				3,350
Total assets	<u>\$980,571</u>	<u>\$5,549,796</u>	<u>\$3,569,847</u>	<u>\$22,867,696</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		\$88,280	\$4,000	\$650,385
Salaries payable				71,857
Refundable deposits				34,146
Loans payable - current				60,120
Due to other agencies				12,281
Due to other funds				356,247
Deferred revenue				2,720,684
Total liabilities		<u>88,280</u>	<u>4000</u>	<u>3,905,720</u>
Fund Balances:				
Reserved				5,427
Unreserved, designated				
Special revenue funds				(3,960)
Unreserved, reported in non-major funds:				
Special revenue funds				8,952,575
Capital projects	\$980,571	5,461,516	3,565,847	10,007,934
Total unreserved, designated	<u>980,571</u>	<u>5,461,516</u>	<u>3,565,847</u>	<u>18,960,509</u>
Total fund balances (deficit)	<u>980,571</u>	<u>5,461,516</u>	<u>3,565,847</u>	<u>18,961,976</u>
Total liabilities and fund balances	<u>\$980,571</u>	<u>\$5,549,796</u>	<u>\$3,569,847</u>	<u>\$22,867,696</u>

This Page Left Intentionally Blank

City of Pittsburgh
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2006

	Special Revenue						
	Economic Development	Budget Stabilization	Small Cities Grants	Gas Tax	Measure C Tax Fund	Lighting & Landscape	Lighting & Landscape Oak Hill
REVENUES:							
Intergovernmental revenues				\$1,428,171	\$685,079		
Licenses, permits, and fees							
Special assessments						\$2,040,247	\$33,959
Use of money and property			\$103,253	13,500	38,053	287	4,686
Other revenues			430,641				
Total revenues			533,894	1,441,671	723,132	2,040,534	38,645
EXPENDITURES:							
Current:							
General government					26,248	66,981	
Community services			681,402				
Public safety							
Public works - parks							
Public works - streets					313,948	3,278,176	39,122
General non-departmental	\$485,520						
Capital outlay and improvements							
Total expenditures	485,520		681,402		340,196	3,345,157	39,122
REVENUES OVER (UNDER) EXPENDITURES							
	(485,520)		(147,508)	1,441,671	382,936	(1,304,623)	(477)
OTHER FINANCING SOURCES (USES):							
Capital contributions							
Transfers in	400,000	\$1,435,000	100,000			1,270,000	
Transfers out				(1,300,000)	(764,561)		
Total other financing sources (uses)	400,000	1,435,000	100,000	(1,300,000)	(764,561)	1,270,000	
Net change in fund balances	(85,520)	1,435,000	(47,508)	141,671	(381,625)	(34,623)	(477)
FUND BALANCES (DEFICITS):							
Beginning of year	3,288,895	1,229,649	665,618	189,498	1,499,083	43,185	124,384
End of year	\$3,203,375	\$2,664,649	\$618,110	\$331,169	\$1,117,458	\$8,562	\$123,907

Special Revenue								
San Marco CFD 2004-01	Vista Del Mar CFD 2005-2	Public Safety Service CFD 2005-1	Assets Seizure	Local Law Enforcement Block Grant	Southwest Pittsburg GHAD II	Storm Water Utility (NPDES)	HUD Community Development Block Grant	Miscellaneous Grants
				\$96,643			\$962,702	\$160,340
\$16,039					\$222,539	\$794,823		
565	\$1,685	\$1,335	\$5,393	3,602	19,012	4,368		9,031
			11,487			6,047		36,564
16,604	1,685	1,335	16,880	100,245	241,551	805,238	962,702	205,935
			25,141		1,244		187,207	
				26,750	80,331		405,769	7,963
6,862	3,101	62,045		72,309		31,204		179,964
						525,285		
						159,409		13,884
6,862	3,101	62,045	25,141	99,059	81,575	715,898	592,976	201,811
9,742	(1,416)	(60,710)	(8,261)	1,186	159,976	89,340	369,726	4,124
					(25,000)	(82,198)	(369,859)	
					(25,000)	(82,198)	(369,859)	
9,742	(1,416)	(60,710)	(8,261)	1,186	134,976	7,142	(133)	4,124
(91,092)		(10,507)	149,680	11,144	453,280	265,289	19,290	3,078
(\$81,350)	(\$1,416)	(\$71,217)	\$141,419	\$12,330	\$588,256	\$272,431	\$19,157	\$7,202

(Continued)

City of Pittsburgh

Combining Statements of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2006

	Capital Projects			Total Non-Major Governmental Funds
	Kirker Creek Drainage Fees	Traffic Mitigation	Park Dedication	
REVENUES:				
Intergovernmental revenues				\$3,332,935
Licenses, permits, and fees	\$14,906	\$266,191	\$696,919	978,016
Special assessments				3,107,607
Use of money and property	34,633	183,112	98,203	520,718
Other revenues		235		484,974
Total revenues	49,539	449,538	795,122	8,424,250
EXPENDITURES:				
Current:				
General government				306,821
Community services				1,202,215
Public safety				355,485
Public works - parks			94,109	94,109
Public works - streets		269,789		4,426,320
General non-departmental				644,929
Capital outlay and improvements			146,056	159,940
Total expenditures		269,789	240,165	7,189,819
REVENUES OVER (UNDER) EXPENDITURES	49,539	179,749	554,957	1,234,431
OTHER FINANCING SOURCES (USES):				
Capital contributions		916,578	2,291,666	3,208,244
Transfers in		44,360		3,249,360
Transfers out		(150,662)	(1,114,955)	(3,807,235)
Total other financing sources (uses)		810,276	1,176,711	2,650,369
Net change in fund balances	49,539	990,025	1,731,668	3,884,800
FUND BALANCES (DEFICITS):				
Beginning of year	931,032	4,471,491	1,834,179	15,077,176
End of year	\$980,571	\$5,461,516	\$3,565,847	\$18,961,976

(Concluded)

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Economic Development - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
General non-departmental	\$750,000	\$750,000	\$485,520	\$264,480
Total expenditures	<u>750,000</u>	<u>750,000</u>	<u>485,520</u>	<u>264,480</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(750,000)</u>	<u>(750,000)</u>	<u>(485,520)</u>	<u>264,480</u>
OTHER FINANCING SOURCES:				
Transfers in		400,000	400,000	
Total other financing sources (uses)		<u>400,000</u>	<u>400,000</u>	
NET CHANGE IN FUND BALANCE	<u>(\$750,000)</u>	<u>(\$350,000)</u>	<u>(85,520)</u>	<u>\$264,480</u>
FUND BALANCE:				
Beginning of year			<u>3,288,895</u>	
End of year			<u>\$3,203,375</u>	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Budget Stabilization - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES:				
Transfers in		\$1,435,000	\$1,435,000	
Transfers out	(\$410,295)	(410,295)		410,295
Total other financing sources (uses)	(410,295)	1,024,705	1,435,000	410,295
Net change in fund balances	(\$410,295)	\$1,024,705	1,435,000	\$410,295
FUND BALANCES:				
Beginning of year			1,229,649	
End of year			\$2,664,649	

City of Pittsburgh
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Small Cities Grants - Special Revenue Fund
 For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$111,000	\$111,000	\$103,253	(\$7,747)
Other revenues	500,000	500,000	430,641	(69,359)
Total revenues	<u>611,000</u>	<u>611,000</u>	<u>533,894</u>	<u>(77,106)</u>
EXPENDITURES:				
Current:				
Community services	682,588	807,588	681,402	126,186
Total expenditures	<u>682,588</u>	<u>807,588</u>	<u>681,402</u>	<u>126,186</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(71,588)</u>	<u>(196,588)</u>	<u>(147,508)</u>	<u>49,080</u>
OTHER FINANCING SOURCES:				
Transfers in	100,000	100,000	100,000	
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	
NET CHANGE IN FUND BALANCE	<u>(\$71,588)</u>	<u>(96,588)</u>	<u>(47,508)</u>	<u>\$49,080</u>
FUND BALANCE:				
Beginning of year			665,618	
End of year			<u>\$618,110</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Special Revenue Fund - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$1,145,200	\$1,145,200	\$1,428,171	\$282,971
Use of money and property	4,000	4,000	13,500	9,500
Total revenues	<u>1,149,200</u>	<u>1,149,200</u>	<u>1,441,671</u>	<u>292,471</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,149,200</u>	<u>1,149,200</u>	<u>1,441,671</u>	<u>292,471</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,300,000)	(1,300,000)	(1,300,000)	
Total other financing sources (uses)	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(1,300,000)</u>	
NET CHANGE IN FUND BALANCE	<u>(\$150,800)</u>	<u>(\$150,800)</u>	141,671	<u>\$292,471</u>
FUND BALANCE:				
Beginning of year			189,498	
End of year			<u>\$331,169</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Measure C Tax Fund - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$5,000	\$5,000	\$38,053	\$33,053
Intergovernmental	635,000	635,000	685,079	50,079
Total revenues	<u>640,000</u>	<u>640,000</u>	<u>723,132</u>	<u>83,132</u>
EXPENDITURES:				
Current:				
General government	22,500	22,500	26,248	(3,748)
Public works		317,669	313,948	3,721
Total expenditures	<u>22,500</u>	<u>340,169</u>	<u>340,196</u>	<u>(27)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>617,500</u>	<u>299,831</u>	<u>382,936</u>	<u>83,105</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(250,000)	(1,186,359)	(764,561)	421,798
Total other financing sources (uses)	<u>(250,000)</u>	<u>(1,186,359)</u>	<u>(764,561)</u>	<u>421,798</u>
NET CHANGE IN FUND BALANCE	<u>\$367,500</u>	<u>(\$886,528)</u>	<u>(381,625)</u>	<u>\$504,903</u>
FUND BALANCE:				
Beginning of year			1,499,083	
End of year			<u>\$1,117,458</u>	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Lighting & Landscape - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$2,050,000	\$2,050,000	\$2,040,534	(\$9,466)
Total revenues	<u>2,050,000</u>	<u>2,050,000</u>	<u>2,040,534</u>	<u>(9,466)</u>
EXPENDITURES:				
Current:				
General government	61,200	61,200	66,981	(5,781)
Public works	3,258,859	3,327,605	3,278,176	49,429
Total expenditures	<u>3,320,059</u>	<u>3,388,805</u>	<u>3,345,157</u>	<u>43,648</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,270,059)</u>	<u>(1,338,805)</u>	<u>(1,304,623)</u>	<u>34,182</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,270,000	1,270,000	1,270,000	
Total other financing sources (uses)	<u>1,270,000</u>	<u>1,270,000</u>	<u>1,270,000</u>	
NET CHANGE IN FUND BALANCE	<u>(\$59)</u>	<u>(\$68,805)</u>	<u>(34,623)</u>	<u>\$34,182</u>
FUND BALANCE:				
Beginning of year			43,185	
End of year			<u>\$8,562</u>	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Lighting & Landscape (Oak Hill Assessment District) - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$33,960	\$33,960	\$33,959	(\$1)
Use of money and property	2,000	2,000	4,686	2,686
Total revenues	35,960	35,960	38,645	2,685
EXPENDITURES:				
Current:				
General government				
Public works	41,864	41,864	39,122	2,742
Total expenditures	41,864	41,864	39,122	2,742
REVENUES OVER (UNDER) EXPENDITURES	(5,904)	(5,904)	(477)	5,427
NET CHANGE IN FUND BALANCE	(\$5,904)	(\$5,904)	(477)	\$5,427
FUND BALANCE:				
Beginning of year			124,384	
End of year			\$123,907	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

San Marco CFD 2004-01 - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales and other taxes	\$17,063	\$17,063	\$16,039	(\$1,024)
Use of money and property			565	565
Total revenues	<u>17,063</u>	<u>17,063</u>	<u>16,604</u>	<u>(459)</u>
EXPENDITURES:				
Current:				
Public safety	<u>7,000</u>	<u>15,123</u>	<u>6,862</u>	<u>8,261</u>
Total expenditures	<u>7,000</u>	<u>15,123</u>	<u>6,862</u>	<u>8,261</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>10,063</u>	<u>1,940</u>	<u>9,742</u>	<u>(8,720)</u>
NET CHANGE IN FUND BALANCE	<u>\$10,063</u>	<u>\$1,940</u>	<u>9,742</u>	<u>\$7,802</u>
FUND BALANCE:				
Beginning of year			<u>(91,092)</u>	
End of year			<u>(\$81,350)</u>	

City of Pittsburgh
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Public Safety Services CFD 2005-1-Special Revenue Fund
For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$1,335	\$1,335
Total revenues			1,335	1,335
EXPENDITURES:				
Current:				
Public safety		\$84,493	62,045	22,448
Total expenditures		84,493	62,045	22,448
REVENUES OVER (UNDER) EXPENDITURES		(84,493)	(60,710)	23,783
NET CHANGE IN FUND BALANCE		(\$84,493)	(60,710)	\$23,783
FUND BALANCE:				
Beginning of year			(10,507)	
End of year			(\$71,217)	

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Asset Seizure - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$5,393	\$5,393
Other revenues			11,487	11,487
Total revenues			<u>16,880</u>	<u>16,880</u>
EXPENDITURES:				
Current:				
General government		\$149,681	25,141	124,540
Total expenditures		<u>149,681</u>	<u>25,141</u>	<u>124,540</u>
REVENUES OVER (UNDER) EXPENDITURES		<u>(149,681)</u>	<u>(8,261)</u>	<u>141,420</u>
NET CHANGE IN FUND BALANCE		<u>(\$149,681)</u>	<u>(8,261)</u>	<u>\$141,420</u>
FUND BALANCE:				
Beginning of year			149,680	
End of year			<u>\$141,419</u>	

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Local Law Enforcement Block Grant - Special Revenue Fund
For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$3,602	\$3,602
Intergovernmental		\$173,542	96,643	(76,899)
Total revenues		173,542	100,245	(73,297)
EXPENDITURES:				
Current:				
Community services		102,285	26,750	75,535
Public Safety		83,131	72,309	10,822
Total expenditures		185,416	99,059	86,357
REVENUES OVER (UNDER) EXPENDITURES		(11,874)	1,186	13,060
NET CHANGE IN FUND BALANCE		(11,874)	1,186	\$13,060
FUND BALANCE:				
Beginning of year			11,144	
End of year			<u>\$12,330</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Southwest Pittsburgh GHAD II - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessment	\$220,000	\$220,000	\$222,539	\$2,539
Use of money and property	3,000	3,000	19,012	16,012
Total revenues	<u>223,000</u>	<u>223,000</u>	<u>241,551</u>	<u>18,551</u>
EXPENDITURES:				
Current:				
General government	1,150	1,150	1,244	(94)
Community services	170,800	170,800	80,331	90,469
Total expenditures	<u>171,950</u>	<u>171,950</u>	<u>81,575</u>	<u>90,375</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>51,050</u>	<u>51,050</u>	<u>159,976</u>	<u>108,926</u>
OTHER FINANCING (USES):				
Transfers (out)	(25,000)	(25,000)	(25,000)	
Total other financing (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	
NET CHANGE IN FUND BALANCE	<u>\$26,050</u>	<u>\$26,050</u>	<u>134,976</u>	<u>\$108,926</u>
FUND BALANCE:				
Beginning of year			453,280	
End of year			<u>\$588,256</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Storm Water Utility (NPDES) - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$780,000	\$780,000	\$794,823	\$14,823
Use of money and property			4,368	
Other revenue			6,047	6,047
Total revenues	<u>780,000</u>	<u>780,000</u>	<u>805,238</u>	<u>20,870</u>
EXPENDITURES:				
Current:				
Public Safety	32,982	32,982	31,204	1,778
Public works	681,891	648,909	525,285	123,624
General non-departmental	193,910	193,910	159,409	34,501
Total expenditures	<u>908,783</u>	<u>875,801</u>	<u>715,898</u>	<u>159,903</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(128,783)</u>	<u>(95,801)</u>	<u>89,340</u>	<u>185,141</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(82,198)	(82,198)	(82,198)	
Total other financing sources (uses)	<u>(82,198)</u>	<u>(82,198)</u>	<u>(82,198)</u>	
NET CHANGE IN FUND BALANCE	<u>(210,981)</u>	<u>(\$177,999)</u>	<u>7,142</u>	<u>\$185,141</u>
FUND BALANCE:				
Beginning of year			<u>265,289</u>	
End of year			<u>\$272,431</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

HUD Community Development Block Grant - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$741,240	\$1,110,531	\$962,702	(\$147,829)
Total revenues	741,240	1,110,531	962,702	(147,829)
EXPENDITURES:				
Current:				
General government	187,075	187,075	187,207	(132)
Community services	552,427	552,427	405,769	146,658
Total expenditures	739,502	739,502	592,976	146,526
REVENUES OVER (UNDER) EXPENDITURES	1,738	371,029	369,726	(1,303)
OTHER FINANCING (USES):				
Transfers (out)		(369,859)	(369,859)	
Total other financing (uses)		(369,859)	(369,859)	
NET CHANGE IN FUND BALANCE	\$1,738	\$1,170	(133)	(\$1,303)
FUND BALANCE:				
Beginning of year			19,290	
End of year			<u>\$19,157</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Miscellaneous Grants - Special Revenue Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$9,031	\$9,031
Intergovernmental		\$312,872	160,340	(152,532)
Other revenues		57,107	36,564	(20,543)
Total revenues		<u>369,979</u>	<u>205,935</u>	<u>(164,044)</u>
EXPENDITURES:				
Current:				
Community services		24,274	7,963	16,311
Public Safety		326,460	179,964	146,496
Capital outlay and improvements		25,000	13,884	11,116
Total expenditures		<u>375,734</u>	<u>201,811</u>	<u>173,923</u>
REVENUES OVER (UNDER) EXPENDITURES		<u>(5,755)</u>	<u>4,124</u>	<u>9,879</u>
NET CHANGE IN FUND BALANCE		<u>(\$5,755)</u>	<u>4,124</u>	<u>\$9,879</u>
FUND BALANCE:				
Beginning of year			<u>3,078</u>	
End of year			<u>\$7,202</u>	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Traffic Mitigation - Capital Projects Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$28,000	\$28,000	\$183,112	\$155,112
Licenses, permits, and fees	800,000	800,000	266,191	(533,809)
Other revenues			235	235
Total revenues	828,000	828,000	449,538	(378,462)
EXPENDITURES:				
Current:				
Public works		368,707	269,789	98,918
Capital outlay		4,199,399		4,199,399
Total expenditures		4,568,106	269,789	4,298,317
REVENUES OVER (UNDER) EXPENDITURES	828,000	(3,740,106)	179,749	3,919,855
OTHER FINANCING SOURCES (USES):				
Capital contributions			916,578	916,578
Transfers in		3,305,106	44,360	(3,260,746)
Transfers out	(50,000)	(759,468)	(150,662)	608,806
Total other financing sources (uses)	(50,000)	2,545,638	810,276	(1,735,362)
NET CHANGE IN FUND BALANCE	\$778,000	(\$1,194,468)	990,025	\$2,184,493
FUND BALANCE:				
Beginning of year			4,471,491	
End of year			\$5,461,516	

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Park Dedication - Capital Projects Fund

For the year ended June 30, 2006

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$15,000	\$15,000	\$98,203	\$83,203
Licenses, permits, and fees	1,300,000	1,300,000	696,919	(603,081)
Total revenues	<u>1,315,000</u>	<u>1,315,000</u>	<u>795,122</u>	<u>(519,878)</u>
EXPENDITURES:				
Public works		165,000	94,109	70,891
Capital outlay		184,000	146,056	37,944
Total expenditures		<u>349,000</u>	<u>240,165</u>	<u>108,835</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,315,000</u>	<u>966,000</u>	<u>554,957</u>	<u>(411,043)</u>
OTHER FINANCING SOURCES (USES):				
Capital Contributions			2,291,666	2,291,666
Transfers in				
Transfers out	(75,000)	(5,177,609)	(1,114,955)	4,062,654
Total other financing sources (uses)	<u>(75,000)</u>	<u>(5,177,609)</u>	<u>1,176,711</u>	<u>6,354,320</u>
NET CHANGE IN FUND BALANCE	<u>\$1,240,000</u>	<u>(4,211,609)</u>	<u>1,731,668</u>	<u>\$5,943,277</u>
FUND BALANCE:				
Beginning of year			<u>1,834,179</u>	
End of year			<u>\$3,565,847</u>	

This Page Left Intentionally Blank

City of Pittsburg
Supplemental Information
For the year ended June 30, 2006

Non-Major Enterprise Funds

The proprietary funds account for activities that are financed and operated in a manner similar to private business enterprises. The City Council has determined that the costs of providing the following services to the public be recovered primarily through user charges.

Golf Course Fund - This fund was established to account for revenues and expenditures associated with providing golfing facilities and services to our community.

Island Energy Fund - This fund was established to account for expenditures incurred in maintenance of the facilities, in distributing gas and electricity to the industries, schools, business, and residents of Mare Island, in Vallejo, and to account for revenues collected from services to customers.

Pittsburg Power Fund - This fund was created by the Joint Powers Agreement between the City of Pittsburg and the Redevelopment Agency to develop revenue streams, to manage different activities for power-related projects, capital improvement projects, and bond issuance process.

City of Pittsburgh
Combining Statement of Net Assets
Non-Major Enterprise Funds
June 30, 2006

	Golf Course	Island Energy	Pittsburg Power	Total Non-Major Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$144,817	\$1,739,961	\$3,261,802	\$5,146,580
Restricted cash and investments		99,766		99,766
Receivables:				
Accounts	56,787	277,511	443,286	777,584
Inventory	100,582			100,582
Prepaid items and other assets	5,477			5,477
Total current assets	<u>307,663</u>	<u>2,117,238</u>	<u>3,705,088</u>	<u>6,129,989</u>
Noncurrent assets:				
Advance to other funds			1,625,000	1,625,000
Capital assets:				
Depreciable assets, net	<u>1,327,981</u>	<u>6,491,649</u>		<u>7,819,630</u>
Total noncurrent assets	<u>1,327,981</u>	<u>6,491,649</u>	<u>1,625,000</u>	<u>9,444,630</u>
Total assets	<u><u>1,635,644</u></u>	<u><u>8,608,887</u></u>	<u><u>5,330,088</u></u>	<u><u>15,574,619</u></u>
LIABILITIES				
Current liabilities:				
Accounts payable	39,085	248,559	216,909	504,553
Salaries payable	21,661	3,580	4,391	29,632
Refundable deposits	43	40,818		40,861
Taxes payable	10,511	6,107		16,618
Deferred revenue	23,307	132,539		155,846
Compensated absences payable - due within one year	3,911	435	434	4,780
Long-term debt - due within one year	56,876			56,876
Total current liabilities	<u>155,394</u>	<u>432,038</u>	<u>221,734</u>	<u>809,166</u>
Noncurrent liabilities:				
Advance from other funds	375,000	1,250,000		1,625,000
Compensated absences payable - due in more than one year	34,641	1,978	3,516	40,135
Long-term debt - due in more than one year	14,689			14,689
Total noncurrent liabilities	<u>424,330</u>	<u>1,251,978</u>	<u>3,516</u>	<u>1,679,824</u>
Total liabilities	<u><u>579,724</u></u>	<u><u>1,684,016</u></u>	<u><u>225,250</u></u>	<u><u>2,488,990</u></u>
NET ASSETS				
Invested in capital assets, net of related debt	881,416	6,491,649		7,373,065
Unrestricted	174,504	433,222	5,104,838	5,712,564
Total net assets	<u><u>\$1,055,920</u></u>	<u><u>\$6,924,871</u></u>	<u><u>\$5,104,838</u></u>	<u><u>\$13,085,629</u></u>

City of Pittsburgh
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Non-Major Enterprise Funds
June 30, 2006

	Golf Course	Island Energy	Pittsburg Power	Total Non-Major Enterprise Funds
OPERATING REVENUES:				
Charges for services	\$834,716	\$2,878,712	\$1,040,012	\$4,753,440
Rent and concessions	394,774			394,774
Pro-shop sales	71,528			71,528
Other operating revenues	41,372	381,246	60,032	482,650
Total operating revenues	1,342,390	3,259,958	1,100,044	5,702,392
OPERATING EXPENSES:				
Salaries and wages	563,957	96,937	70,424	731,318
Department supplies	266,725	872,096	301,489	1,440,310
Rentals	1,280	356		1,636
Utilities	44,785	7,068		51,853
Maintenance and operations	318,051	1,817,237	1,159,342	3,294,630
Depreciation and amortization	212,692	348,895		561,587
Fringe benefits	295,258	48,012	41,894	385,164
Total operating expenses	1,702,748	3,190,601	1,573,149	6,466,498
OPERATING INCOME (LOSS)	(360,358)	69,357	(473,105)	(764,106)
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	5,221	42,117	86,027	133,365
Total nonoperating revenues (expenses)	5,221	42,117	86,027	133,365
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(355,137)	111,474	(387,078)	(630,741)
CONTRIBUTIONS AND TRANSFERS:				
Transfers in	310,000		1,702,541	2,012,541
Transfers (out)		(88,362)	(96,670)	(185,032)
Total contributions and transfers	310,000	(88,362)	1,605,871	1,827,509
Net income (loss)	(45,137)	23,112	1,218,793	1,196,768
NET ASSETS:				
Beginning of year	1,101,057	6,901,759	3,886,045	11,888,861
End of year	\$1,055,920	\$6,924,871	\$5,104,838	\$13,085,629

City of Pittsburg
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2006

	Golf Course	Island Energy	Pittsburg Power	Total Non-Major Enterprise Funds
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash received from customers	\$1,293,272	\$3,326,211	\$876,157	\$5,495,640
Cash payments to suppliers of goods and services	(620,277)	(2,624,435)	(1,347,880)	(4,592,592)
Cash payments to employees for services	(908,989)	(150,589)	(109,472)	(1,169,050)
Other operating revenue	41,372	381,246	60,032	482,650
Net cash provided (used) by operating activities	(194,622)	932,433	(521,163)	216,648
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund payments		100,000	(100,000)	
Transfers in	310,000		1,702,541	2,012,541
Transfers (out)		(88,362)	(96,670)	(185,032)
Net cash provided (used) by noncapital financing activities	310,000	11,638	1,505,871	1,827,509
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on long-term debt	(227,436)	(124,770)		(352,206)
Net changes in capital assets	90,371	(113,545)		(23,174)
Net cash provided (used) by capital and related financing activities	(137,065)	(238,315)		(375,380)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	5,221	42,117	86,027	133,365
Net cash provided (used) by investing activities	5,221	42,117	86,027	133,365
Net increase (decrease) in cash and cash investments	(16,466)	747,873	1,070,735	1,802,142
CASH AND INVESTMENTS:				
Beginning of year	161,283	1,091,854	2,191,067	3,444,204
End of year	\$144,817	\$1,839,727	\$3,261,802	\$5,246,346
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(\$360,358)	\$69,357	(\$473,105)	(\$764,106)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	212,692	348,895		561,587
Changes in operating assets and liabilities:				
Accounts receivable	(8,283)	341,189	(163,855)	169,051
Prepaid items	(3,812)	3,029		(783)
Accounts payable	10,287	75,476	112,951	198,714
Salaries and wages payable	(3,324)	(129)	2,875	(578)
Refundable deposits		3,600		3,600
Taxes payable	277	(6,754)		(6,477)
Deferred revenue	4,349	103,281		107,630
Compensated absences	(46,450)	(5,511)	(29)	(51,990)
Total adjustments	165,736	863,076	(48,058)	980,754
Net cash provided (used) by operating activities	(\$194,622)	\$932,433	(\$521,163)	\$216,648

City of Pittsburg
Supplemental Information
For the year ended June 30, 2006

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a reimbursement basis. There are five funds as follows:

Fleet Maintenance Fund - Used to account for the costs of operating, maintaining, and replacing automotive equipment used by other departments. Rental rates charged to the using departments include operating costs and equipment depreciation.

Building Maintenance Fund - Used to account for the cost of maintaining all City governmental buildings.

Insurance Fund - Used to account for revenues from charges to operating departments sufficient to provide adequate reserve for future claims.

Information Systems Fund - Used to account for the cost of operating, maintaining and replacing a data processing system. Rental rates charged to the using departments include operating cost and equipment depreciation.

Fringe Benefits Fund - Used to allocate fringe costs to various departments.

City of Pittsburgh
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

	Fleet Maintenance	Building Maintenance	Insurance	Information Systems	Fringe Benefits	Total
ASSETS						
Current assets:						
Cash and investments	\$1,155,271	\$623,637	\$665,397	\$452,650	\$1,713,032	\$4,609,987
Receivables:						
Accounts	27		24,837		4,498	29,362
Loans/Notes				25,058		25,058
Inventory	41,552	62,670				104,222
Prepaid items			892		48,275	49,167
Total current assets	<u>1,196,850</u>	<u>686,307</u>	<u>691,126</u>	<u>477,708</u>	<u>1,765,805</u>	<u>4,817,796</u>
Noncurrent assets:						
Capital assets:						
Depreciable assets, net	2,158,918	1,364,409		61,890		3,585,217
Total noncurrent assets	<u>2,158,918</u>	<u>1,364,409</u>		<u>61,890</u>		<u>3,585,217</u>
Total assets	<u>3,355,768</u>	<u>2,050,716</u>	<u>691,126</u>	<u>539,598</u>	<u>1,765,805</u>	<u>8,403,013</u>
LIABILITIES						
Current liabilities:						
Accounts payable	171,421	56,167	4,729	33,831	57,874	324,022
Salaries payable	7,933	9,972		3,329		21,234
Claims payable			192,843			192,843
Total current liabilities	<u>179,354</u>	<u>66,139</u>	<u>197,572</u>	<u>37,160</u>	<u>57,874</u>	<u>538,099</u>
Noncurrent liabilities:						
Compensated absences	10,009	13,660		7,255		30,924
Total noncurrent liabilities	<u>10,009</u>	<u>13,660</u>		<u>7,255</u>		<u>30,924</u>
Total liabilities	<u>189,363</u>	<u>79,799</u>	<u>197,572</u>	<u>44,415</u>	<u>57,874</u>	<u>569,023</u>
NET ASSETS						
Restricted for specific purposes	2,200,470	1,427,079	892	86,948	48,275	3,763,664
Unrestricted	965,935	543,838	492,662	408,235	1,659,656	4,070,326
Total net assets	<u>\$3,166,405</u>	<u>\$1,970,917</u>	<u>\$493,554</u>	<u>\$495,183</u>	<u>\$1,707,931</u>	<u>\$7,833,990</u>

City of Pittsburgh
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the year ended June 30, 2006

	Fleet Maintenance	Building Maintenance	Insurance	Information Systems	Fringe Benefits	Total
OPERATING REVENUES:						
Charges for services	\$1,576,827	\$1,383,984	\$958,671	\$799,891	\$218	\$4,719,591
Other operating revenues	595	6,370			1,893,105	1,900,070
Total operating revenues	1,577,422	1,390,354	958,671	799,891	1,893,323	6,619,661
OPERATING EXPENSES:						
Salaries and wages	194,183	259,110		83,211	185,342	721,846
Department supplies	538,359	66,037		566,219		1,170,615
Rentals	23,486					23,486
Utilities	7,924	356,494				364,418
Maintenance and operations	157,551	494,520		63,327		715,398
Depreciation and amortization	408,389	209,685		24,690		642,764
Insurance premiums			635,022			635,022
Insurance deductible			252,573			252,573
Fringe benefits	111,702	149,515		42,229	2,382,349	2,685,795
Other operating expenses					16,543	16,543
Total operating expenses	1,441,594	1,535,361	887,595	779,676	2,584,234	7,228,460
OPERATING INCOME (LOSS)	135,828	(145,007)	71,076	20,215	(690,911)	(608,799)
NONOPERATING REVENUES (EXPENSES):						
Gain (loss) on sale of assets	24,900	(2,542)				22,358
Investment income	4,950	145,772	40,942		37,454	229,118
Total nonoperating revenues	29,850	143,230	40,942		37,454	251,476
INCOME (LOSS) BEFORE TRANSFERS						
TRANSFERS	165,678	(1,777)	112,018	20,215	(653,457)	(357,323)
Transfers in	300,000	332,278	279,275	46,389	2,193,721	3,151,663
Transfers (out)			(100,000)		(25,000)	(125,000)
Transfers in (out)	300,000	332,278	179,275	46,389	2,168,721	3,026,663
Change in net assets	465,678	330,501	291,293	66,604	1,515,264	2,669,340
NET ASSETS:						
Beginning of year	2,700,727	1,640,416	202,261	428,579	192,667	5,164,650
End of year	\$3,166,405	\$1,970,917	\$493,554	\$495,183	\$1,707,931	\$7,833,990

City of Pittsburgh
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2006

	Fleet Maintenance	Building Maintenance	Insurance	Information Systems	Fringe Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers/other funds	\$1,575,298	\$1,383,849	\$933,629	\$808,997	(\$3,839)	\$4,697,934
Cash payments to suppliers for goods and services	(606,310)	(901,023)	(935,209)	(678,753)	12,051	(3,109,244)
Cash payments to employees for services	(306,106)	(417,978)		(120,880)	(2,588,644)	(3,433,608)
Other operating revenues	595	6,370			1,893,105	1,900,070
Net cash provided (used) by operating activities	663,477	71,218	(1,580)	9,364	(687,327)	55,152
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in	300,000	332,278	279,275	46,389	2,193,721	3,151,663
Transfers (out)			(100,000)		(25,000)	(125,000)
Net cash provided (used) by noncapital financing activities	300,000	332,278	179,275	46,389	2,168,721	3,026,663
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Net changes in capital assets	(749,512)	(309,767)		(14,553)		(1,073,832)
Net cash provided (used) by capital financing activities	(749,512)	(309,767)	-	(14,553)	-	(1,073,832)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest revenue	4,950	145,772	40,942		37,454	229,118
Net cash provided (used) by investing activities	4,950	145,772	40,942		37,454	229,118
Net increase (decrease) in cash and cash equivalents	218,915	239,501	218,637	41,200	1,518,848	2,237,101
CASH AND CASH EQUIVALENTS:						
Beginning of year	936,356	384,136	446,760	411,450	194,184	2,372,886
End of year	\$1,155,271	\$623,637	\$665,397	\$452,650	\$1,713,032	\$4,609,987
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$135,828	(\$145,007)	\$71,076	\$20,215	(\$690,911)	(\$608,799)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	408,389	209,685		24,690		642,764
Changes in operating assets and liabilities:						
Accounts receivable	61		(24,837)		(1,085)	(25,861)
Loans receivable				9,106		9,106
Inventory						
Prepaid items	(1,590)	(135)	(205)		(2,972)	(4,902)
Accounts payable	121,010	16,028	(6,419)	(49,207)	28,594	110,006
Salaries and wages payable	261	(2,982)		127	(20,953)	(23,547)
Compensated absences	(482)	(6,371)		4,433		(2,420)
Insurance claims payable			(41,195)			(41,195)
Total adjustments	527,649	216,225	(72,656)	(10,851)	3,584	663,951
Net cash provided (used) by operating activities	\$663,477	\$71,218	(\$1,580)	\$9,364	(\$687,327)	\$55,152

Agency Funds

Assessment Districts Agency Fund- accounts for the collection of property taxes and the payments to bondholders.

Environmental Impact Agency Fund- accounts for the collection of builders' fees to be used for related environmental improvement projects.

Other Impact Fees Agency Fund- accounts for the collection of developer fees on behalf of the Contra Costa Fire Protection District (CCFPD), Contra Costa Water District (CCWD) and the East Contra Costa Regional Fee and Finance Authority (ECCRFF).

Vista Del Mar CFD Bond 2005-2 - Used to construct and acquire certain public improvements, consisting of roadway, water and other infrastructure improvements necessary for the development of property within the district, as well as park improvements.

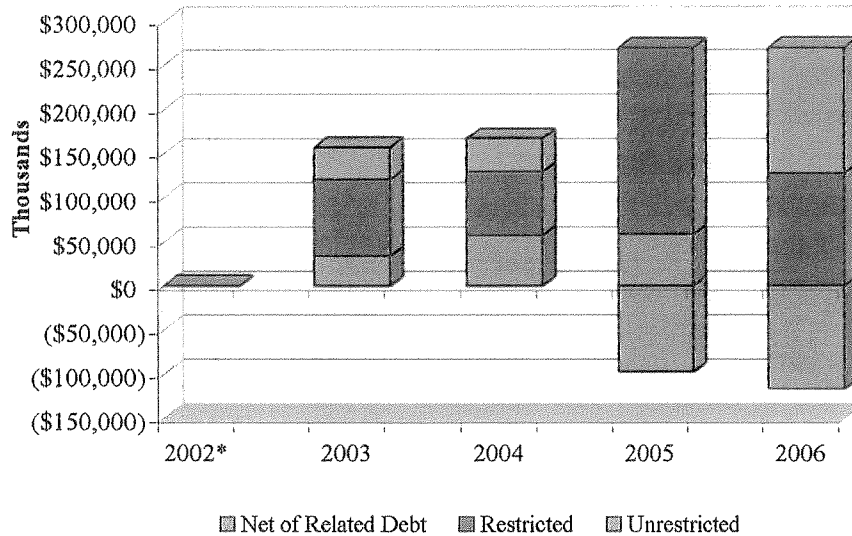
City of Pittsburgh
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the year ended June 30, 2006

	Beginning Balance July 1, 2005	Additions	Deletions	Ending Balance June 30, 2006
Assessment Districts Fund				
Assets:				
Cash and investments	\$1,896,107	\$2,353,462	\$2,034,906	\$2,214,663
Cash and investments held by fiscal agent	2,709,553	2,430,922	2,536,431	2,604,044
Assessment receivable	24,439,603		829,470	23,610,133
Interest receivable	23,800	26,197	23,800	26,197
Total assets	\$29,069,063	\$4,810,581	\$5,424,607	\$28,455,037
Liabilities:				
Accounts payable	\$207	\$63,654	\$61,928	\$1,933
Deferred assessment	2,273,856			2,273,856
Due to bondholders	26,795,000	29,248	645,000	26,179,248
Total liabilities	\$29,069,063	\$92,902	\$706,928	\$28,455,037
Environmental Impact Fund				
Assets:				
Cash and investments	\$147,862	\$145,104	\$139,226	\$153,740
Total assets	\$147,862	\$145,104	\$139,226	\$153,740
Liabilities:				
Accounts payable		\$173,124	\$139,202	\$33,922
Due to other parties	\$147,862	145,104	173,148	\$119,818
Total liabilities	\$147,862	\$318,228	\$312,350	\$153,740
Other Impact Fees Fund				
Assets:				
Cash and investments	\$431,367	\$3,914,679	\$2,973,237	\$1,372,809
Total assets	\$431,367	\$3,914,679	\$2,973,237	\$1,372,809
Liabilities:				
Accounts payable	\$431,151	\$3,899,438	\$2,968,122	\$1,362,467
Due to other parties	216	16,733	6,607	10,342
Total liabilities	\$431,367	\$3,916,171	\$2,974,729	\$1,372,809
Vista Del Mar CFD Bond 2005				
Assets:				
Cash and investments held by fiscal agent		\$9,155,461		\$9,155,461
Interest receivable		32,508		32,508
Total assets		\$9,187,969		\$9,187,969
Liabilities:				
Accounts payable		\$2,871,101		\$2,871,101
Due to other parties		5,496,978		5,496,978
Due to bondholders		819,890		819,890
Total liabilities		\$9,187,969		\$9,187,969
Total Agency Funds				
Assets:				
Cash and investments	\$2,475,336	\$6,413,245	\$5,147,369	\$3,741,212
Cash and investments held by fiscal agent	2,709,553	11,586,383	2,536,431	11,759,505
Assessment receivable	24,439,603		829,470	23,610,133
Interest receivable	23,800	58,705	23,800	58,705
Total assets	\$29,648,292	\$18,058,333	\$8,537,070	\$39,169,555
Liabilities:				
Accounts payable	\$431,358	\$7,007,317	\$3,169,252	\$4,269,423
Deferred assessment	2,273,856			2,273,856
Due to other parties	148,078	5,658,815	179,755	5,627,138
Due to bondholders	26,795,000	849,138	645,000	26,999,138
Total liabilities	\$29,648,292	\$13,515,270	\$3,994,007	\$39,169,555

STATISTICAL SECTION



CITY OF PITTSBURG
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,				
	2002*	2003	2004	2005	2006
Governmental activities					
Invested in Capital Assets,					
Net of related debt		(\$26,238,165)			(\$153,333,826)
Restricted		83,593,162	68,567,367	207,720,167	120,268,977
Unrestricted		36,726,956	35,538,694	(109,058,438)	103,987,950
Total governmental activities net assets	\$151,745,443	\$94,081,953	\$104,106,061	\$98,661,729	\$70,923,101
Business-type activities					
Invested in Capital Assets,					
Net of related debt		\$59,477,425	\$56,818,181	\$57,789,865	\$36,566,114
Restricted		3,200,137	3,248,963	3,602,121	6,870,550
Unrestricted		(201,098)	1,932,189	11,652,926	38,073,225
Total business-type activities net assets	\$46,654,191	\$62,476,464	\$61,999,333	\$73,044,912	\$81,509,889
Primary government					
Invested in capital assets,					
net of related debt		\$33,239,260	\$56,818,181	\$57,789,865	(\$116,767,712)
Restricted		86,793,299	71,816,330	211,322,288	127,139,527
Unrestricted		36,525,858	37,470,883	(97,405,512)	142,061,175
Total primary government net assets	\$198,399,634	\$156,558,417	\$166,105,394	\$171,706,641	\$152,432,990

*Change in Reporting Standards; Totals only

CITY OF PITTSBURG
Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2002*	2003	2004	2005	2006
Expenses					
Governmental Activities:					
General Government		\$16,110,457	\$14,572,665	\$18,599,651	\$32,104,722
Public Safety		15,028,840	14,875,512	14,929,141	27,183,843
Public Works		11,347,272	10,773,507	11,881,765	28,921,759
Community Development & Services			19,186,689	19,852,694	23,244,549
Interest on Long Term Debt		12,092,327	10,863,858	18,645,181	15,117,640
Total Governmental Activities Expenses		<u>54,578,896</u>	<u>70,272,231</u>	<u>83,908,432</u>	<u>126,572,513</u>
Business-Type Activities:					
Water		11,405,136	10,877,126	11,135,859	13,136,590
Wastewater		1,759,995	2,617,064	1,671,204	1,830,382
Marina		1,609,664	1,746,368	1,769,750	1,629,567
Other-Non-Major Enterprise Funds		8,226,911	5,108,785	5,743,737	6,466,498
Total Business-Type Activities Expenses		<u>23,001,706</u>	<u>20,349,343</u>	<u>20,320,550</u>	<u>23,063,037</u>
Total Primary Government Expenses		<u>\$77,580,602</u>	<u>\$90,621,574</u>	<u>\$104,228,982</u>	<u>\$149,635,550</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government				\$905,118	\$786,511
Public Safety		\$16,590	\$2,728,211	271,996	198,240
Public Works		1,575,153	2,016,472	4,479,760	4,554,972
Community Development			554,698	2,149,874	4,106,077
Culture and Recreation			538,552	415,056	509,709
Operating Grants and Contributions			10,101,536	5,166,636	3,923,284
Capital Grants and Contributions			2,691,559	4,233,864	3,307,936
Total Government Activities Program Revenues		<u>1,591,743</u>	<u>18,631,028</u>	<u>17,622,304</u>	<u>17,386,729</u>
Business-Type Activities:					
Charges for Services:					
Water		11,184,523	11,323,819	11,720,046	15,614,242
Wastewater		2,652,079	2,615,766	2,602,071	3,668,052
Marina		1,063,773	1,182,012	1,299,827	1,318,081
Other-Non-Major Enterprise Funds		5,302,669	4,504,703	5,087,677	5,702,392
Operating Grants and Contributions					
Capital Grants and Contributions				4,734,916	3,619,190
Total Business-Type Activities Program Revenue		<u>20,203,044</u>	<u>19,626,300</u>	<u>25,444,537</u>	<u>29,921,957</u>
Total Primary Government Program Revenues		<u>\$21,794,787</u>	<u>\$38,257,328</u>	<u>\$43,066,841</u>	<u>\$47,308,686</u>
Net (Expense)/Revenue					
Governmental Activities		(\$52,987,153)	(\$51,641,203)	(\$66,286,128)	(\$109,185,784)
Business-Type Activities		(2,798,662)	(723,043)	5,123,987	6,858,920
Total Primary Government Net Expense		<u>(\$55,785,815)</u>	<u>(\$52,364,246)</u>	<u>(\$61,162,141)</u>	<u>(\$102,326,864)</u>

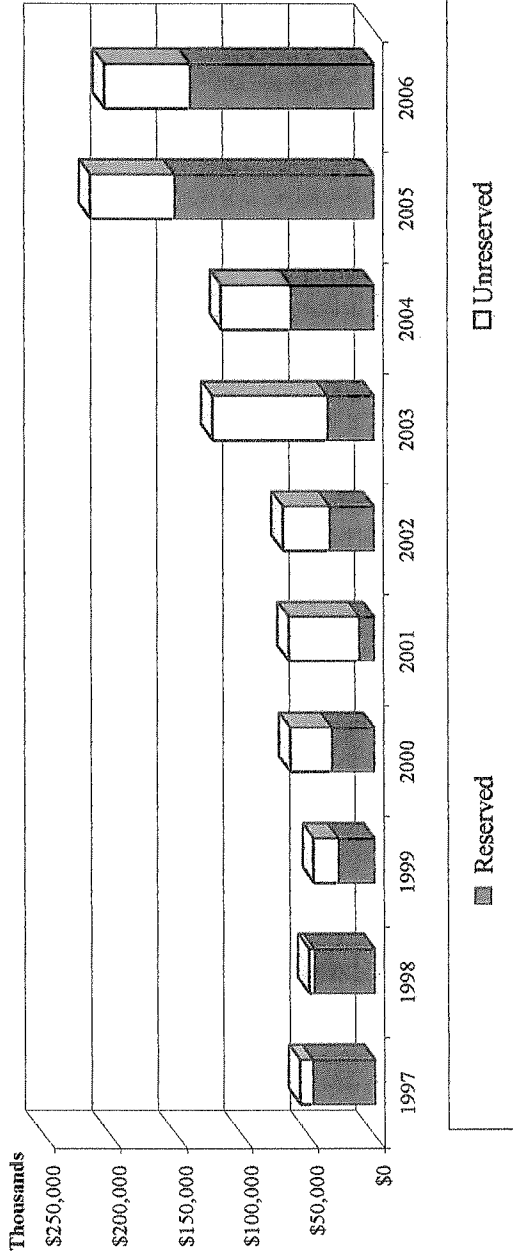
* Change in Reporting Standards

CITY OF PITTSBURG
Changes in Net Assets
(continued)
Last Five Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2002*	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes		\$31,866,248	\$38,100,202	\$38,110,361	\$43,852,448
Sales Taxes		8,379,413	6,605,075	7,665,033	8,490,041
Motor Vehicle In-Lieu			2,707,765	3,955,277	4,376,374
Transient Occupancy Tax			125,541	144,920	152,204
Inter Governmental Revenues		20,570,045	23,541,748	20,523,145	18,063,262
Nonregulatory Franchise and Business		1,994,682	2,064,216	2,053,747	2,181,141
Interest Earnings		9,619,312	2,248,357	4,733,336	7,594,655
Other			4,289,084	12,435,988	11,393,786
Transfers			37,091,967	43,733,222	47,719,563
Total Government Activities		72,429,700	116,773,955	133,355,029	143,823,475
Business-Type Activities:					
Interest Earnings		329,611	312,016	381,267	1,047,319
Transfers		2,000,000	2,321,000	10,231,255	2,076,052
Total Business-Type Activities		2,329,611	2,633,016	10,612,522	3,123,371
Total Primary Government		\$74,759,311	\$119,406,971	\$143,967,551	\$146,946,846
Change in Net Assets					
Governmental Activities		\$19,442,547	\$65,132,752	\$67,068,901	\$34,637,691
Business-Type Activities		(469,051)	1,909,973	15,736,509	9,982,291
Total Primary Government		\$18,973,496	\$67,042,725	\$82,805,410	\$44,619,982

*Change in Reporting Standards

CITY OF PITTSBURG
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
--	------	------	------	------	------	------	------	------	------	------

General Fund	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Reserved	\$554,927	\$338,021	\$720,434	\$1,202,411	\$482,218	\$382,331	\$426,978	\$722,510	\$245,280	\$411,321
Unreserved	2,325,408	3,068,741	4,900,111	12,944,439	14,950,790	16,264,525	7,456,583	7,235,268	8,952,718	8,144,672
Total General Fund	\$2,880,335	\$3,406,762	\$5,620,545	\$14,146,850	\$15,433,008	\$16,646,856	\$7,883,561	\$7,957,778	\$9,197,998	\$8,555,993

All Government Funds										
Reserved	\$46,383,396	\$45,439,333	\$26,650,557	\$31,049,124	\$10,520,023	\$32,932,971	\$34,513,856	\$62,362,398	\$150,732,011	\$138,842,084
Unreserved Major Funds (1)							71,234,987	31,296,026	51,647,981	38,050,486
Unreserved Non-Major Funds as reported:										
Special Revenue Funds	7,995,311	1,525,352	14,502,632	17,560,834	18,290,199	3,476,844	3,524,346	7,287,439	2,162,348	8,993,694
Capital Project Funds	(422,091)	(422,091)	(403,070)	1,284,053	20,774,255	16,314,171	4,964,337	6,393,824	931,032	10,007,934
Total all governmental Funds	\$54,378,707	\$46,542,594	\$40,750,119	\$49,894,011	\$49,584,477	\$52,723,986	\$114,664,504	\$108,062,197	\$205,718,652	\$195,894,198

(1) GASB 34 Reporting Changes
The change in total fund balance for the General Fund only and all governmental funds

CITY OF PITTSBURG
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
 {in thousands}

	Fiscal Year Ended June 30,				
	1997	1998	1999	2000	2001
Revenues					
Taxes	\$27,343	\$27,709	\$29,156	\$32,269	\$36,209
Licenses, permits and fees	943	1,683	1,400	2,036	3,374
Fines and forfeitures	65	48	99	194	169
Use of money and property	3,121	3,119	2,406	3,380	4,536
Intergovernmental revenues	9,237	8,895	8,926	9,605	11,167
Charges for services	2,080	2,419	2,805	2,566	3,087
Other	2,929	964	2,466	3,152	2,876
Total Revenues	45,718	44,837	47,258	53,202	61,418
Expenditures					
Current:					
General government	6,103	6,616	10,417	9,423	14,236
Public safety	7,293	7,801	8,920	9,535	10,769
Public works	5,949	4,843	4,490	4,593	5,313
Community development	9,451	9,592	9,829	9,585	10,737
Culture and recreation	601	659	751	1,051	1,314
Capital outlay	3,899	11,986	15,690	9,113	11,431
Debt service:					
Principal repayment	3,267	3,364	15,530	4,025	4,215
Interest and fiscal charges	10,141	11,013	10,759	10,171	10,758
Total Expenditures	46,704	55,874	76,386	57,496	68,773
Excess (deficiency) of revenues over (under) expenditures	(986)	(11,037)	(29,128)	(4,294)	(7,355)
Other Financing Sources (Uses)					
Transfers in	26,985	22,760	56,389	55,138	38,104
Transfers (out)	(26,013)	(20,762)	(56,025)	(48,802)	(35,185)
Capital contributions					
Refunding tax allocation bonds					(60,913)
Certificates of participation issued					
Tax allocation bonds issued	20,000		14,700	30,106	62,730
Taxable pension obligations bonds					
Bond issuance costs	(8,530)		(676)	(1,547)	
Payments to refunded bond escrow					
Sale of capital assets	9	64	2,012	47	15
Total other financing sources (uses)	12,451	2,062	16,400	34,942	4,751
Net Change in fund balances	\$11,465	(\$8,975)	(\$12,728)	\$30,648	(\$2,604)
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	(a)

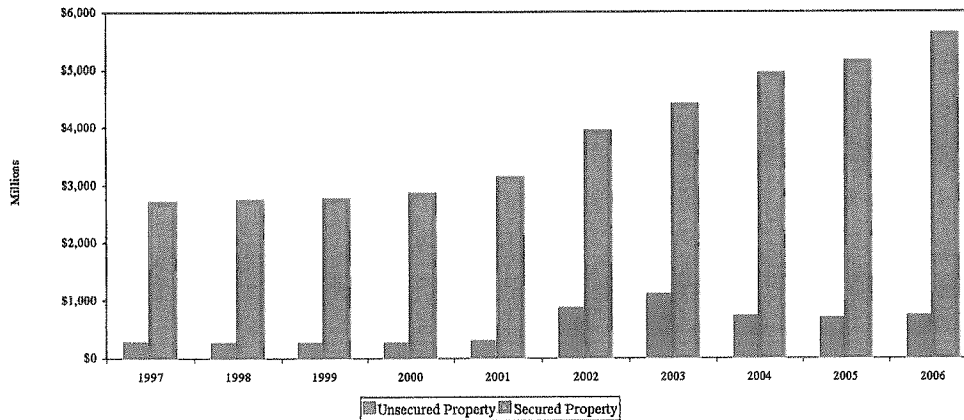
NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,

2002	2003	2004	2005	2006
\$45,388	\$42,240	\$47,650	\$49,003	\$55,803
1,361	4,506	2,402	4,632	2,016
165	395	283	295	170
5,458	9,619	2,248	4,733	7,594
12,884	20,570	23,542	20,523	21,896
3,062	3,339	4,322	5,666	3,692
1,409	4,437	1,540	1,843	4,992
<u>69,727</u>	<u>85,106</u>	<u>81,987</u>	<u>86,695</u>	<u>96,163</u>
11,555	15,259	14,882	20,419	60,290
12,057	14,672	14,585	14,346	15,900
5,384	5,682	5,635	10,530	7,472
13,937	23,858	18,074	25,996	18,724
1,408	1,181	1,522	1,574	1,773
12,738	10,384	19,949	13,750	23,649
4,505	4,510	4,240	4,100	4,790
<u>12,159</u>	<u>11,806</u>	<u>9,454</u>	<u>13,577</u>	<u>15,525</u>
<u>73,743</u>	<u>87,352</u>	<u>88,341</u>	<u>104,292</u>	<u>148,123</u>
<u>(4,016)</u>	<u>(2,246)</u>	<u>(6,354)</u>	<u>(17,597)</u>	<u>(51,960)</u>
32,102	90,901	37,092	43,733	47,720
(31,795)	(93,154)	(38,556)	(52,248)	(51,305)
	(36,495)		(21,166)	3,208
7,500	88,375		146,605	39,566
			(3,936)	(248)
<u>1,274</u>	<u>1,004</u>	<u>1,215</u>	<u>2,264</u>	<u>3,193</u>
<u>9,081</u>	<u>50,631</u>	<u>(249)</u>	<u>115,252</u>	<u>42,134</u>
<u>\$5,065</u>	<u>\$48,385</u>	<u>(\$6,603)</u>	<u>\$97,655</u>	<u>(\$9,824)</u>
(a)	21.2%	20.0%	19.5%	16.3%

**CITY OF PITTSBURG
 ASSESSED AND ESTIMATED ACTUAL
 VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



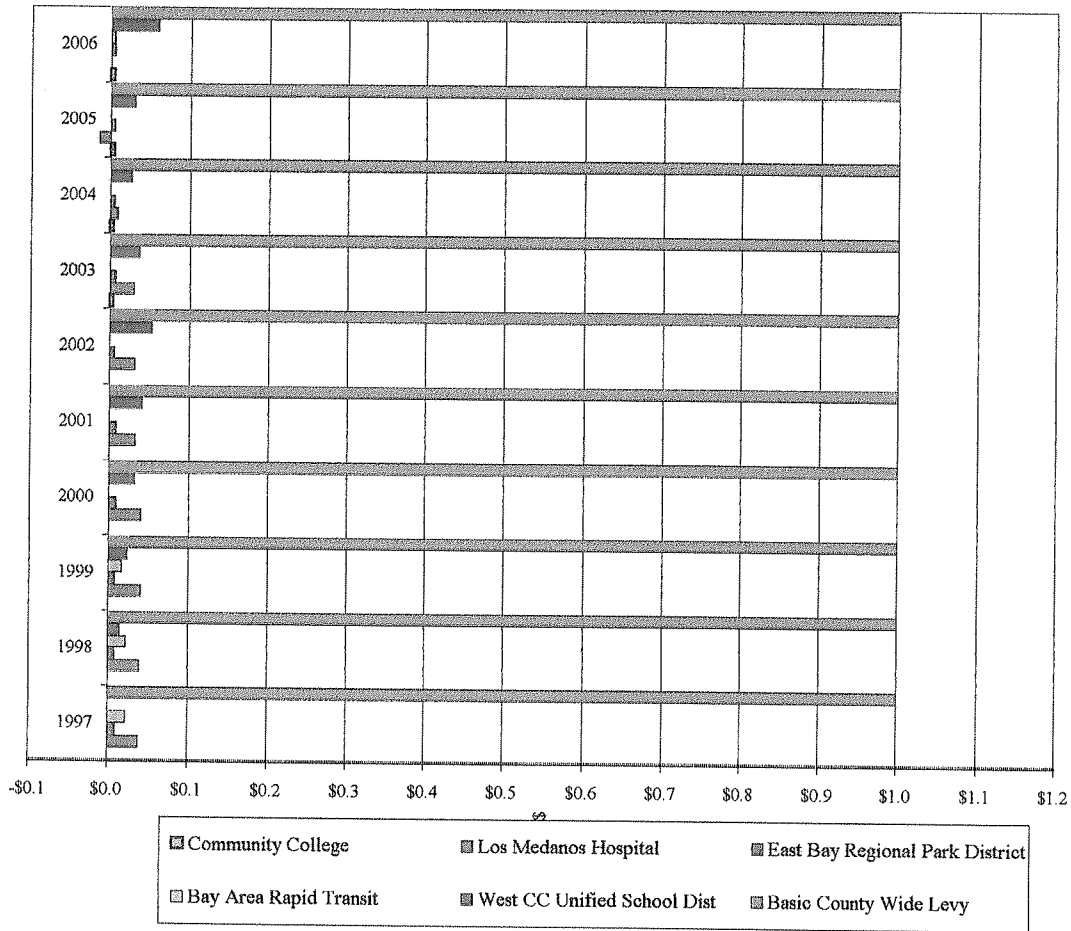
Fiscal Year	Total Before Exemptions				HOPTA (1)	Unsecured Property	Total Assessed (a)	Total Direct Tax Rate (b)
	Land	Improvements	Personal Property	Grand Total				
1997	\$607,784,314	\$2,001,227,522	\$96,122,913	\$2,705,134,749	\$61,910,526	\$262,484,258	\$2,609,830,241	1%
1998	618,410,249	2,025,801,710	95,397,806	2,739,609,765	62,296,434	248,212,044	2,640,138,276	1%
1999	633,527,833	1,914,668,740	208,395,497	2,756,592,070	62,689,388	247,012,088	2,649,701,475	1%
2000	671,396,662	2,091,658,596	90,841,124	2,853,896,382	63,422,066	242,193,779	2,735,730,231	1%
2001	719,493,211	2,316,291,798	96,055,194	3,131,840,203	64,914,955	273,889,366	3,021,659,292	1%
2002	762,338,829	3,065,067,577	104,985,233	3,932,391,639	67,034,225	848,421,348	3,810,523,428	1%
2003	863,942,493	3,404,046,164	123,237,922	4,391,226,579	68,588,456	1,085,723,391	4,262,656,324	1%
2004	1,065,703,737	3,737,733,209	120,569,117	4,924,006,063	69,854,212	703,793,132	4,787,689,809	1%
2005	1,232,755,118	3,794,398,115	107,600,340	5,134,753,573	69,378,527	670,107,833	4,996,083,733	1%
2006	1,435,121,959	4,078,052,994	101,971,604	5,615,146,557	68,931,232	716,256,830	5,480,070,846	1%

Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

(1) Homeowners' Property Tax Relief

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

**CITY OF PITTSBURG
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Basic County Wide Levy</u>	<u>Los Medanos Hospital</u>	<u>Bay Area Rapid Transit</u>	<u>East Bay Regional Park District</u>	<u>West Contra Costa Unified School District</u>	<u>Community College</u>	<u>Total</u>
1997	\$1.0000	0.0386	0.0225	0.0094	-	-	\$1.0705
1998	1.0000	0.0398	0.0220	0.0080	0.0143	-	1.0841
1999	1.0000	0.0409	0.0167	0.0081	0.0238	-	1.0895
2000	1.0000	0.0411	-	0.0092	0.0331	-	1.0834
2001	1.0000	0.0331	-	0.0088	0.0417	-	1.0836
2002	1.0000	0.0318	-	0.0065	0.0542	-	1.0925
2003	1.0000	0.0307	-	0.0072	0.0377	0.0040	1.0796
2004	1.0000	0.0091	-	0.0057	0.0274	0.0038	1.0460
2005	1.0000	-0.0144	-	0.0057	0.0309	0.0042	1.0264
2006	1.0000	0.0000	0.0048	0.0057	0.0606	0.0047	1.0758

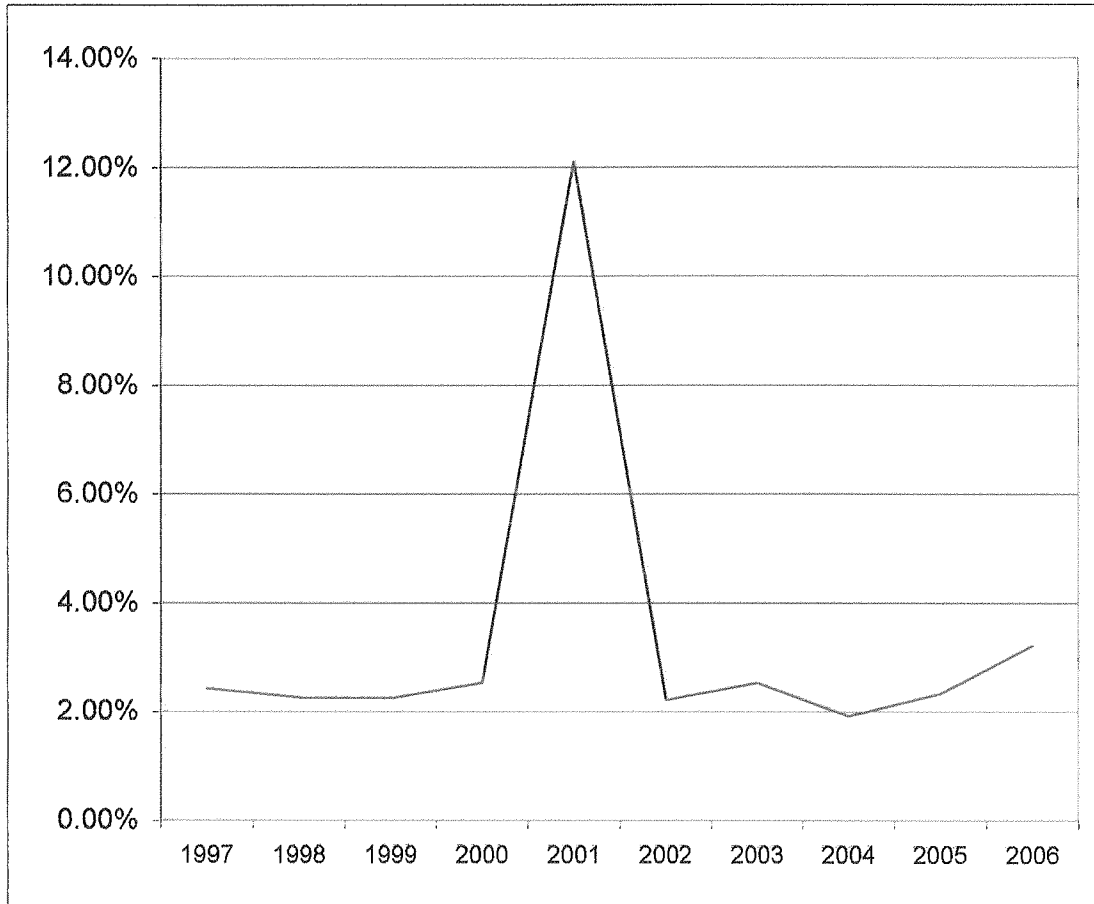
Source: Contra Costa County Assessors Office & California Municipal Statistics

CITY OF PITTSBURG
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2005-06			1996-97		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
USS - Posco Industries	\$248,737,999	2	5.1%	\$416,935,440	1	15.61%
Dow Chemical Company	106,197,550	3	2.2%	143,961,518	2	5.39%
Sierra Pacific Properties	21,797,400	11	0.5%	48,903,032	3	1.83%
Century Plaza Corporation			0.0%	41,825,611	4	1.57%
National Energy Contractors	28,009,605	7	0.6%	36,074,007	5	1.35%
GWF Power Ssystem Limited Partner	26,490,790	8	0.5%	34,147,607	6	1.28%
Meadow Creek Estates			0.0%	34,147,607	7	1.28%
Kirker Creek Limited Partnership	43,273,075	5	0.9%	22,191,500	8	0.83%
Union Carbide Industries Gases, Inc	14,451,832		0.3%	19,356,728	9	0.72%
Albert D Seeno Construction Co.	18,431,083	12	0.4%	15,150,263	10	0.57%
Delta Energy Center	476,200,000	1				0.0%
Sierra Pacific Apartments	67,442,699	4				0.0%
Oakmont Properties II & III LP	29,655,175	6				0.0%
Seecon Financial	26,131,826	9				0.0%
Delaware North Park LLC	21,797,400	10				0.0%
Franklin Medanos Association	17,846,789	13				0.0%
Steadfast Marina Heights	17,200,000	14				0.0%
Ronald P and Maureen Ashley	16,629,494	15				
Signode Corporation	14,908,763	16				
Pittsburg Partners LLC	14,752,327	17				
Subtotal	<u>\$1,209,953,807</u>		<u>25.0%</u>	<u>\$812,693,313</u>		<u>30.4%</u>
Total Net Assessed Valuation:						
Fiscal Year 2005-2006	\$4,832,601,616					
Fiscal Year 1996-1997	\$2,671,740,767					

Source: California Municipal Statistics, Inc

**CITY OF PITTSBURG
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



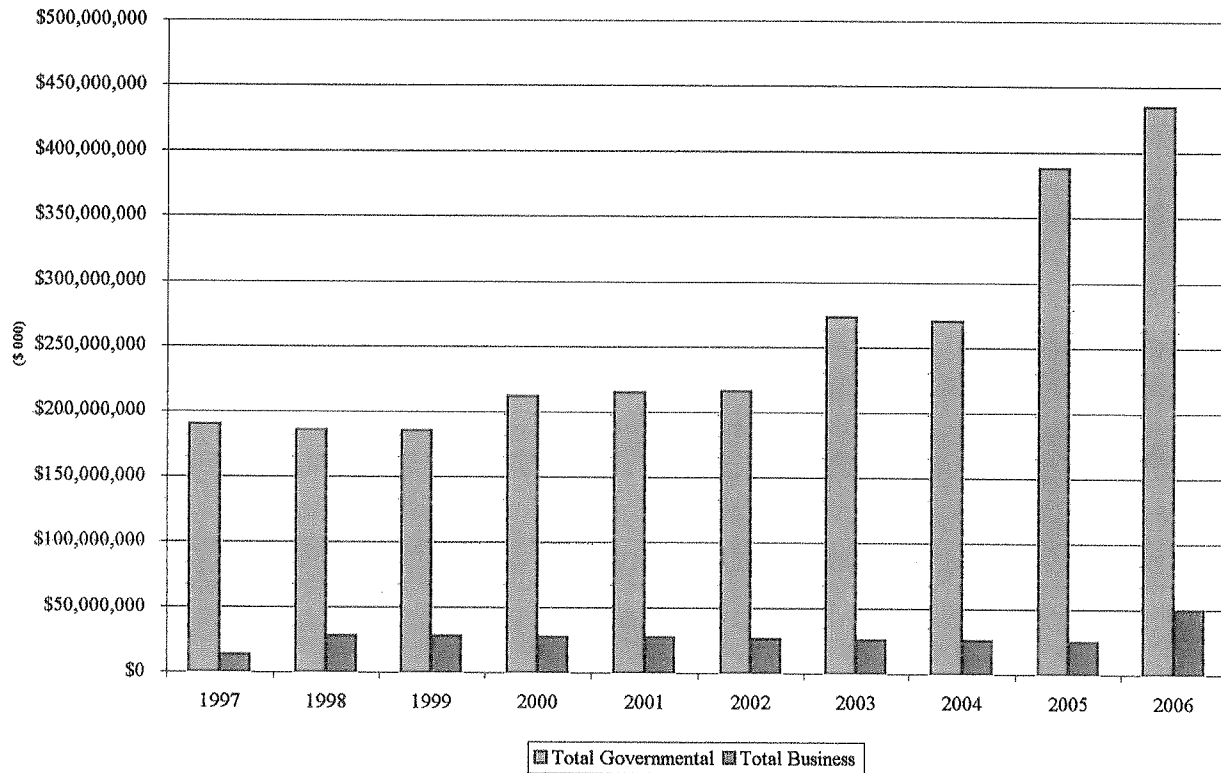
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Delinquent @ June 30 (County)
1997	\$33,417,361	\$32,604,147	97.5665%	\$813,214	\$33,417,361	2.43%
1998	34,203,594	33,427,464	97.7309%	776,130	34,203,594	2.27%
1999	34,597,114	33,816,560	97.7439%	780,554	34,597,114	2.26%
2000	35,677,382	34,774,682	97.4698%	902,700	35,677,382	2.53%
2001	43,095,927	37,873,416	87.8817%	5,222,511	43,095,927	12.12%
2002	41,278,061	40,363,109	97.7834%	914,952	41,278,061	2.22%
2003	43,884,508	42,770,506	97.4615%	1,114,002	43,884,508	2.54%
2004	51,916,285	50,918,662	98.0784%	997,623	51,916,285	1.92%
2005	53,809,800	52,551,716	97.6620%	1,258,084	53,809,800	2.34%
2006	61,984,118	59,988,331	96.7802%	1,995,787	61,984,118	3.22%

Source: City of Pittsburg Records

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

CITY OF PITTSBURG
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities

Fiscal Year	Tax Allocation Bonds	Pass Through Obligations	Special Assessment Debt	Landfill Containment	Total
1997	\$170,950,787	\$755,584	\$18,060,000	N/A	\$189,766,371
1998	167,975,000	606,497	17,450,000	N/A	186,031,497
1999	165,145,000	803,741	19,450,000	N/A	185,398,741
2000	192,151,357	997,943	18,525,000	N/A	211,674,300
2001	188,891,357	1,247,280	25,070,000	N/A	215,208,637
2002	186,921,357	2,434,946	26,805,000	N/A	216,161,303
2003	241,812,819	3,199,939	27,950,000	N/A	272,962,758
2004	237,124,796	5,444,924	27,415,000	N/A	269,984,720
2005	352,556,357	8,206,902	26,795,000	N/A	387,558,259
2006	387,332,413	9,162,781	38,265,000	N/A	434,760,194

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
1997	\$0	\$13,400,000	\$13,400,000	\$203,166,371	25.37%	\$3,961
1998	0	27,785,000	27,785,000	213,816,497	24.71%	4,072
1999	14,655,000	12,850,000	27,505,000	212,903,741	20.92%	3,981
2000	14,655,000	12,550,000	27,205,000	238,879,300	18.80%	4,393
2001	14,655,000	12,230,000	26,885,000	242,093,637	22.83%	4,176
2002	14,370,000	11,895,000	26,265,000	242,426,303	21.23%	4,051
2003	14,070,000	11,545,000	25,615,000	298,577,758	25.10%	4,889
2004	13,760,000	11,845,000	25,605,000	295,589,720	23.50%	4,808
2005	13,430,000	11,335,000	24,765,000	412,323,259	31.65%	6,586
2006	38,475,000	10,815,000	49,290,000	484,050,194	Not Available	7,739

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

(a) Demographic and Economic Statistics

CITY OF PITTSBURG
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita
	Assessment Bonds	Total		
1997	\$170,950,787	\$170,950,787	6.55%	3,333.09
1998	167,975,000	167,975,000	6.36%	3,198.98
1999	165,145,000	165,145,000	6.23%	3,087.98
2000	192,151,357	192,151,357	7.02%	3,533.30
2001	188,891,357	188,891,357	6.25%	3,258.10
2002	186,921,357	186,921,357	4.91%	3,123.53
2003	241,812,819	241,812,819	5.67%	3,959.80
2004	237,124,796	237,124,796	4.95%	3,856.88
2005	352,556,357	352,556,357	7.06%	5,631.44
2006	387,332,413	387,332,413	7.07%	6,192.66

**CITY OF PITTSBURG
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2006**

2005-06 Assessed Valuation \$1,798,530,565
(After deducting \$3,750,471,513 Redevelopment Incremental Valuation)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	Total Debt Outstanding 6/30/2006	Percentage Applicable To City of Pittsburg	Amount Applicable To City of Pittsburg
Bay Area Rapid Transit District	\$100,000,000	0.497%	\$497,000
Contra Costa Community College District	115,000,000	1.573%	1,808,950
Mount Diablo Unified School District	226,885,000	0.898%	2,037,427
Mount Diablo Unified School District Communities Facilities Dist No. 1	73,115,000	0.898%	656,573
Pittsburg Unified School District	56,610,000	88.087%	49,866,051
City of Pittsburg	(1) 0	100%	0
City of Pittsburg Community Facilities District No. 2005-2	12,115,000	100%	12,115,000
City of Pittsburg 1915 Act Bonds	15,625,000	100%	15,625,000
East Bay Regional Park District	111,170,000	0.727%	808,206
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$610,520,000</u>		83,414,207

OVERLAPPING GENERAL FUND DEBT:

Contra Costa County General Fund Obligations	\$301,770,000	1.570%	\$4,737,789
Contra Costa County Pension Obligations	537,005,000	1.570%	8,430,979
Contra Costa County Board of Education Certificates of Participation	1,310,000	1.570%	20,567
Contra Costa Community College District Certificates of Participation	1,215,000	1.573%	19,112
Antioch Unified School District Certificates of Participation	15,350,812	0.692%	106,228
Mount Diablo Unified School District Certificates of Participation	6,310,000	0.898%	56,664
Pittsburg Unified School District Certificates of Participation	12,655,000	88.087%	11,147,410
City of Pittsburg Pension Obligation Bonds	39,566,056	100%	39,566,056
Contra Costa Fire Protection District Pension Obligations	129,900,000	3.392%	4,406,208
TOTAL OVERLAPPING GENERAL FUND DEBT	<u>\$1,045,081,868</u>		<u>\$68,491,013</u>

GROSS COMBINED TOTAL DEBT (2) \$151,905,220

(1) Excludes general obligation bonds

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2005-06 ASSESSED VALUATION:

Direct Debt	0.00%
Total Gross Direct and Overlapping Tax Assessment Debt	1.50%

RATIOS TO ADJUSTED ASSESSED VALUATION:

Combined Direct Debt (\$39,566,056)	2.20%
Combined Total Debt	8.45%

Source: California Municipal Statistics, Inc.

**CITY OF PITTSBURG
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2006**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$1,798,530,565</u> (1)
(1) Net of \$3,750,471,513 Redevelopment Incremental Valuation	

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>\$67,444,896</u>
---	---------------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$0
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	<u>0</u>
Amount of debt subject to limit	<u>0</u>

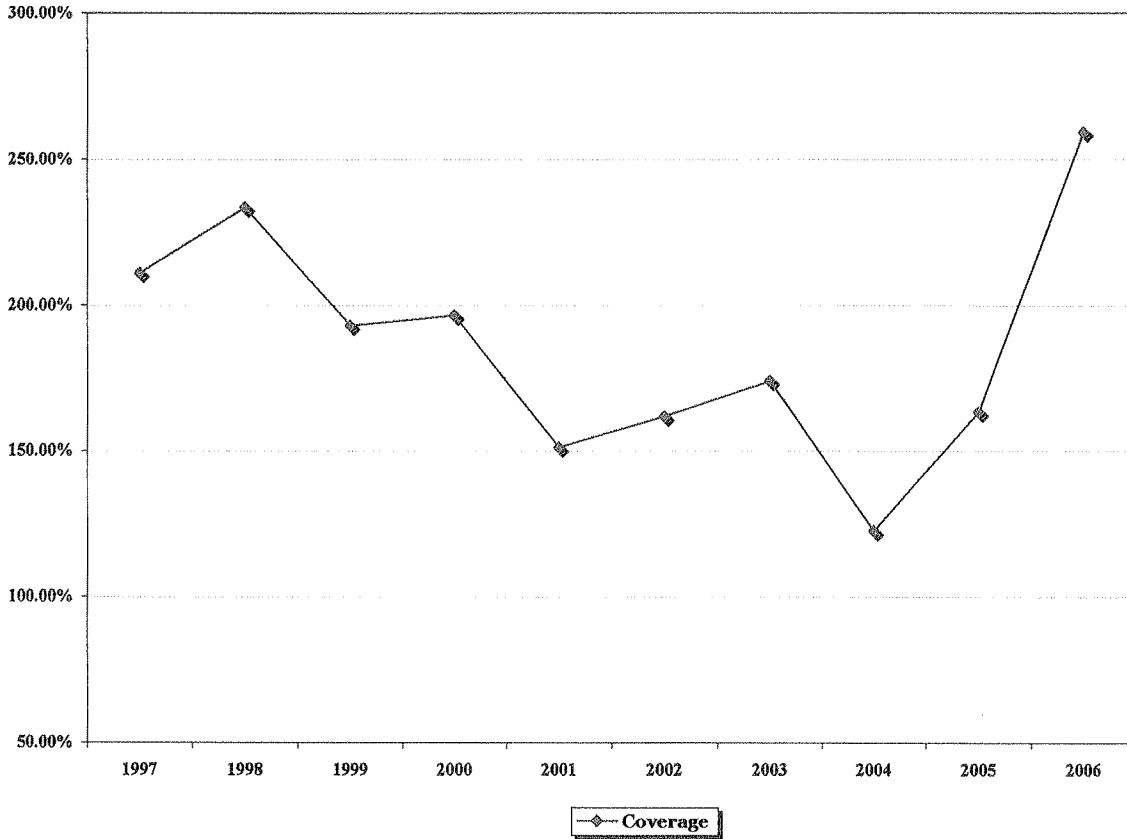
LEGAL BONDED DEBT MARGIN	<u><u>\$67,444,896</u></u>
--------------------------	----------------------------

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
1997	\$57,530,197	\$0	\$57,530,197	0.00%
1998	58,276,041	0	58,276,041	0.00%
1999	56,556,030	0	56,556,030	0.00%
2000	56,647,684	0	56,647,684	0.00%
2001	60,557,599	0	60,557,599	0.00%
2002	65,207,274	0	65,207,274	0.00%
2003	67,358,919	0	67,358,919	0.00%
2004	69,724,135	0	69,724,135	0.00%
2005	63,272,582	0	63,272,582	0.00%
2006	67,444,896	0	67,444,896	0.00%

NOTE:

(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

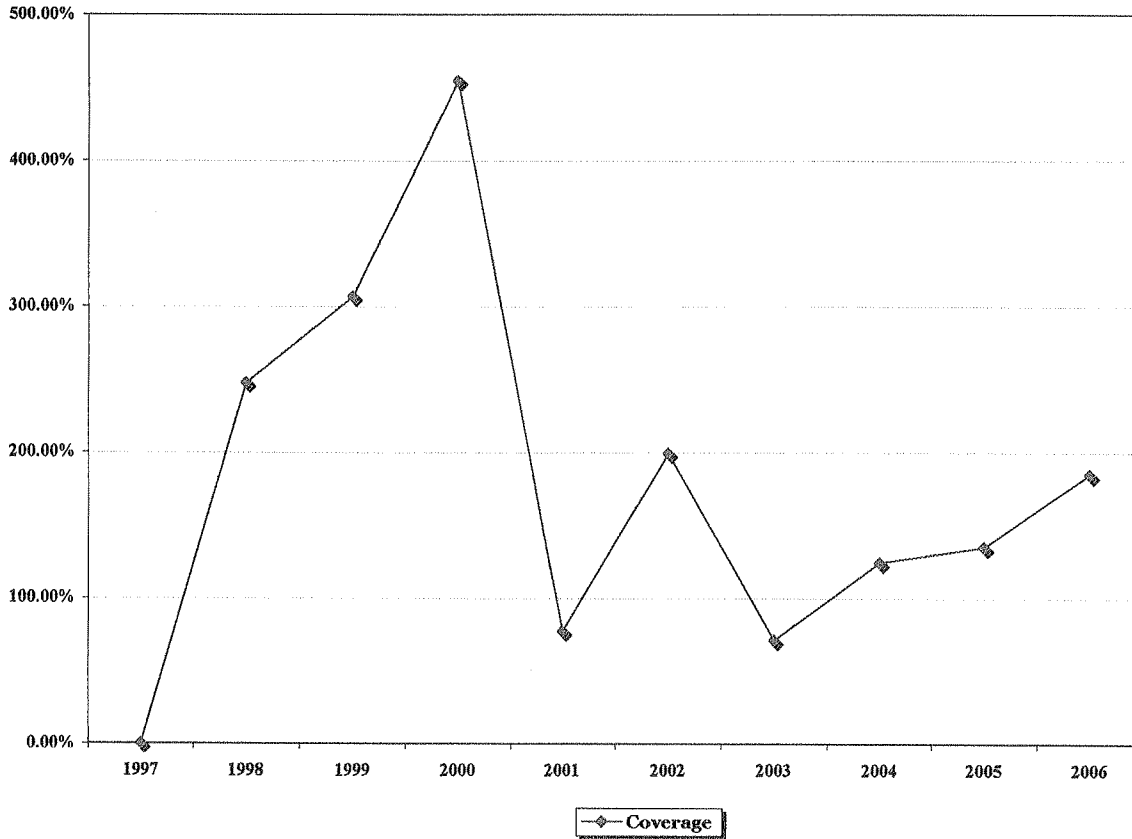
**CITY OF PITTSBURG
REVENUE BOND COVERAGE
2004 WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$2,544,049	\$519,146	\$2,024,903	\$250,000	\$709,749	\$959,749	210.98%
1998	2,624,424	362,985	2,261,439	270,000	698,837	968,837	233.42%
1999	2,564,140	701,174	1,862,966	280,000	685,924	965,924	192.87%
2000	2,665,739	755,609	1,910,130	300,000	672,352	972,352	196.44%
2001	2,208,318	729,230	1,479,088	320,000	658,213	978,213	151.20%
2002	2,372,712	800,563	1,572,149	335,000	636,930	971,930	161.76%
2003	2,829,931	1,134,392	1,695,539	350,000	625,603	975,603	173.79%
2004	2,753,990	1,346,758	1,407,232	475,000	674,157	1,149,157	122.46%
2005	2,767,970	1,254,647	1,513,323	510,000	416,557	926,557	163.33%
2006	3,929,540 (1)	1,568,969 (2)	2,360,571	520,000	391,035	911,035	259.11%

Notes: FY1996-97 through FY2004-05 Source: Prior Years' City of Pittsburgh Annual Financial Statements
 (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Facility Reserve Fees and other Non-operating Revenue
 (2) Includes all Wastewater Operating Expenses, Transfers Out and less Depreciation and Interest

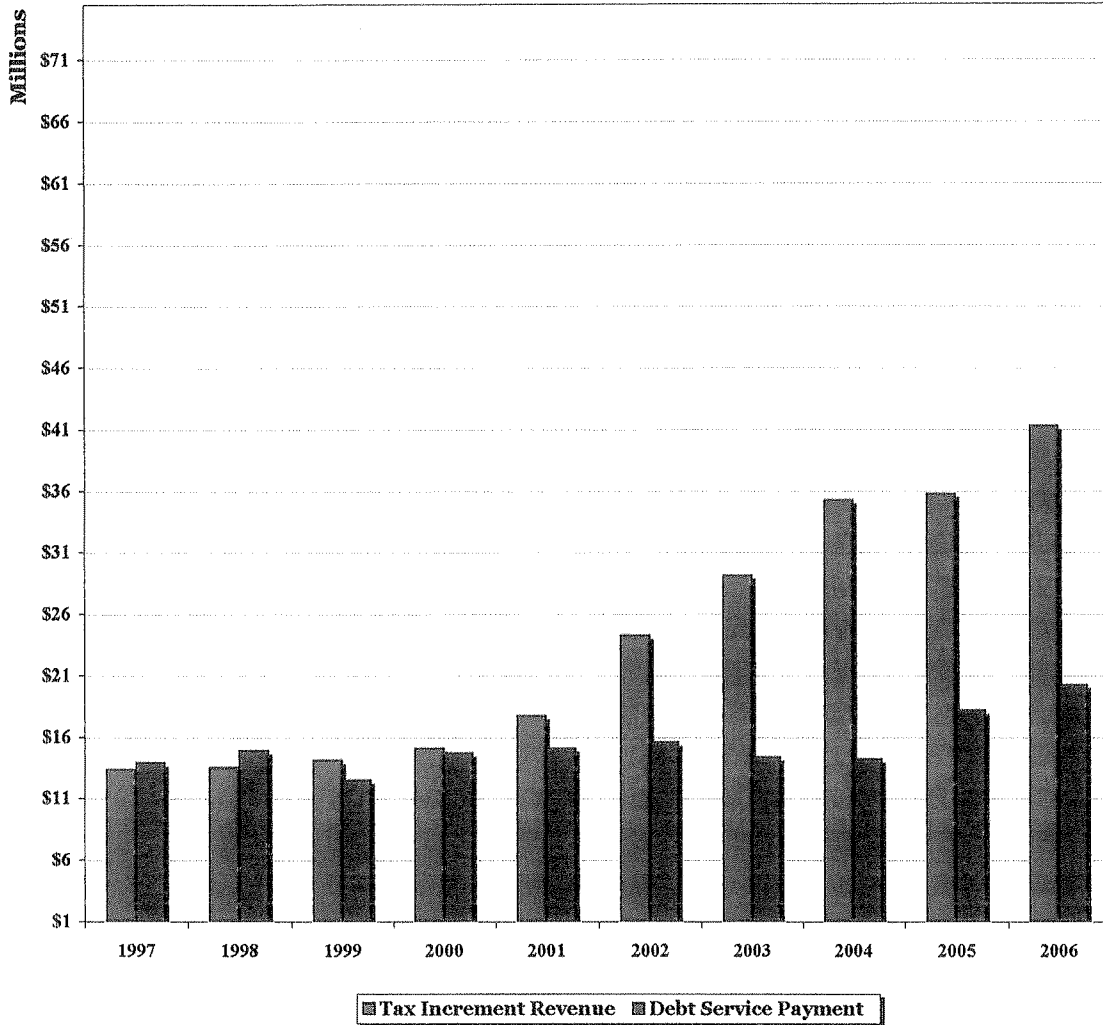
**CITY OF PITTSBURG
REVENUE BOND COVERAGE
1997 (Refunded) & 2005 WATER REVENUE BONDS
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1997	\$n/a	\$n/a	\$n/a	\$n/a	\$n/a	\$n/a	n/a
1998	8,133,354	6,380,594	1,752,760	0	708,446	708,446	247.41%
1999	9,291,160	6,914,408	2,376,752	0	775,233	775,233	306.59%
2000	10,933,678	7,420,314	3,513,364	0	772,850	772,850	454.60%
2001	9,511,873	8,915,565	596,308	0	775,604	775,604	76.88%
2002	10,413,098	8,864,354	1,548,744	0	777,674	777,674	199.15%
2003	11,381,346	10,632,175	749,171	285,000	772,961	1,057,961	70.81%
2004	11,420,970	10,124,266	1,296,704	310,000	732,328	1,042,328	124.40%
2005	11,841,761	10,382,424	1,459,337	330,000	753,435	1,083,435	134.70%
2006	16,307,016 (1)	11,867,168 (2)	4,439,848	720,000	1,683,100	2,403,100	184.76%

Notes: FY1996-97 through FY2004-05 Source: Prior Years' City of Pittsburgh Annual Financial Statements
(1) Includes all Water Operating Revenues, Non-operating Interest Revenue, Facility Reserve Fees and other Non-operating Revenue
(2) Includes all Water Operating Expenses & Transfers Out less Depreciation and Interest

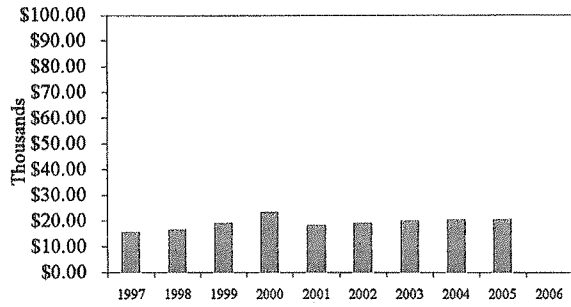
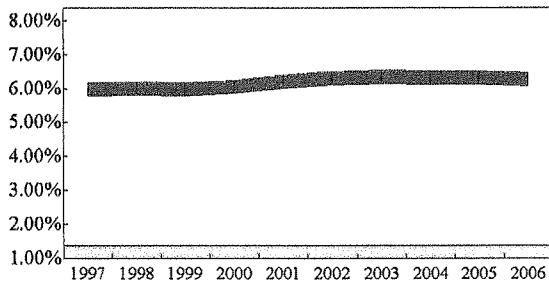
**CITY OF PITTSBURG
 BONDED DEBT PLEDGED REVENUE COVERAGE
 TAX ALLOCATION BONDS
 LAST TEN FISCAL YEARS**



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1997	\$12,893,994	\$3,267,378	\$10,141,254	\$13,408,632	0.96
1998	13,007,360	3,363,787	11,012,575	14,376,362	0.90
1999	13,615,797	2,830,000	9,169,459	11,999,459	1.13
2000	14,619,370	4,025,000	10,170,846	14,195,846	1.03
2001	17,187,171	4,215,000	10,378,601	14,593,601	1.18
2002	23,744,133	4,505,000	10,582,784	15,087,784	1.57
2003	28,663,760	4,510,000	9,330,885	13,840,885	2.07
2004	34,730,440	4,240,000	9,454,394	13,694,394	2.54
2005	35,255,101	4,100,000	13,576,709	17,676,709	1.99
2006	40,823,117	4,790,000	14,995,717	19,785,717	2.06

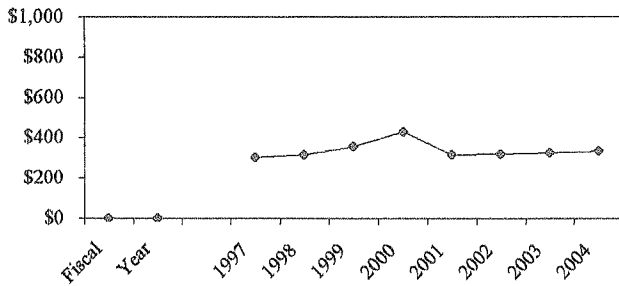
Source: City of Pittsburg Annual Financial Statements

**CITY OF PITTSBURG
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

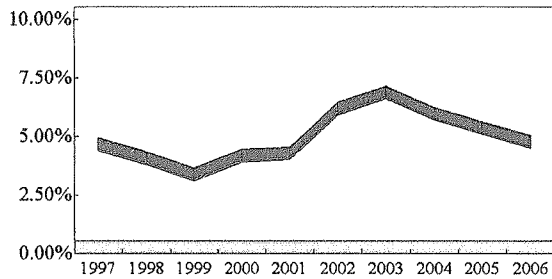


■ City Population as a % of County Population

■ Average Per Capita Income



—○— Per Capita



■ Unemployment Rate (%)

Fiscal Year	City Population	Average Per Capita Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	Pittsburg Population % of County
1997	51,289	\$15,613	\$304	4.4%	885,357	5.79%
1998	52,509	16,479	314	3.8%	905,433	5.80%
1999	53,480	19,032	356	3.1%	923,817	5.79%
2000	54,383	23,359	430	3.9%	929,445	5.85%
2001	57,976	18,288	315	4.0%	964,579	6.01%
2002	59,843	19,082	319	5.9%	980,870	6.10%
2003	61,067	19,876	325	6.6%	994,908	6.14%
2004	61,481	20,458	333	5.7%	1,003,909	6.12%
2005	62,605	20,807	332	5.1%	1,020,898	6.13%
2006	62,547	Unavailable	Unavailable	4.5%	1,029,377	6.08%

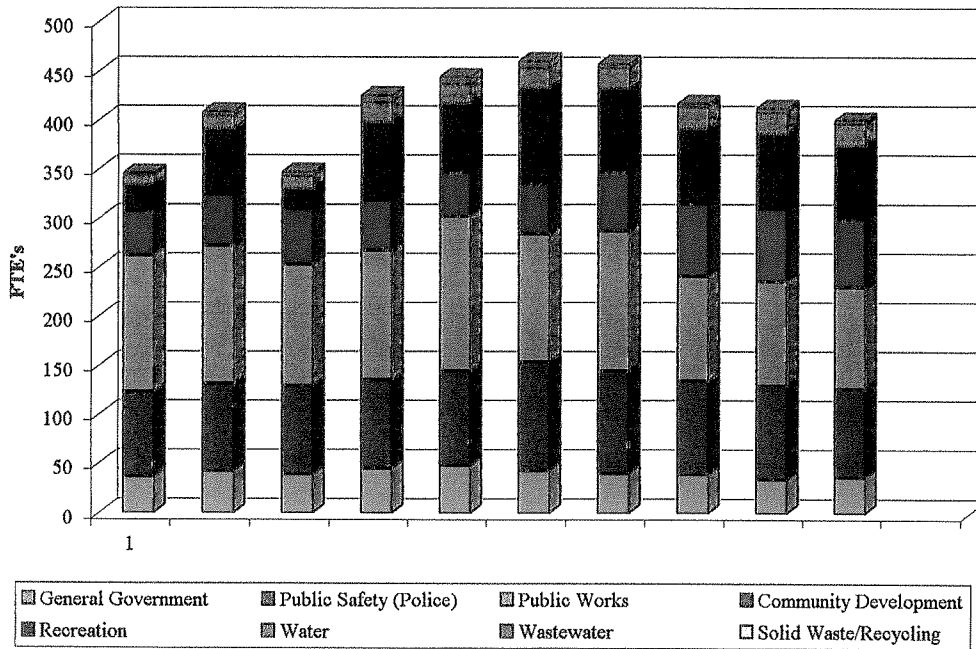
Source: California State Department of Finance
 US Department of Commerce
 ESRI Business Information Solutions - Historical Data Research from Prior Year CAFR's

CITY OF PITTSBURG
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2005-06</u>			<u>1996-97</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
USS - Posco Industries	1,000	2	1.6%	990	1	1.9%
Pittsburg Unified School District	1,400	1	2.2%	962	2	1.9%
Tosco Corporation				800	3	1.6%
Shell Oil Companies				775	4	1.5%
Pacific Gas & Electric				600	5	1.2%
Dow Chemical Company	380	4	0.6%	550	6	1.1%
A. D Seeno Construction				250	7	0.5%
Walmart	220	5	0.4%	250	8	0.5%
Lost Medanos Community College	640	3	1.0%	190	9	0.4%
Dexter Aerospace (Bay Point)				170	10	0.3%
Bio Zone	200	6	0.3%			
Home Depot	180	7	0.3%			
Target	170	8	0.3%			
Loctite Aerospace	160	9	0.3%			
Safeway	150	10	0.2%			
Subtotal	<u>4,500</u>		<u>7.2%</u>	<u>5,537</u>		<u>10.9%</u>
Total City Day Population	<u>62,547</u>			<u>50,832</u>		

Source: City of Pittsburg Economic Development Department
1996-97 data from CAFR (Chamber of Commerce & State Dept of Finance)

CITY OF PITTSBURG
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



Adopted for Fiscal Year Ended June 30,										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Function										
General Government	36	42	39	45	48	43	40	39	34	36
Public Safety (Police)	87	90	91	91	97	111	105	96	96	91
Public Works	139	140	123	131	157	130	142	106	106	103
Community Development	45	53	57	52	46	52	61	74	74	70
Recreation	27	66	20	79	69	97	84	77	77	75
Water	9.5	13	13	20	20	20	21	21	21	21
Wastewater	2.5	4.5	4.5	7	7	7	4	4	4	4
Solid Waste/Recycling										
Total	346	409	348	425	444	460	457	417	412	400

Source: City of Pittsburgh

CITY OF PITTSBURG
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	1997	1998	1999	2000	2001
Public safety:					
Police:					
Police calls for Service	n/a	7,237 (1)	58,590	50,390	65,043
Law violations:					
Part I and Part II crimes	7,322	8,247	8,165	8,600	9,581
Physical arrests (adult and juvenile)	3,518	3,282	3,757	3,987	4,166
Traffic violations (VC14601 & VC12500)	795	281	128	278	262
(1) 1998 Total Calls Period October to December					
(2) Do not include Dec 2006 DOJ Monthly Report					
Traffic Violations reported to 12/18/06					
 (Fire Protection is Contra Costa County)					
Public works					
Number of Street Lights	4,051	4,051	4,051	4,051	3,861
Streets repaired (square miles)	n/a	n/a	n/a	18,883	30,468
Recreation Services:					
Community Services:					
Recreation Class Participants	n/a	n/a	n/a	n/a	n/a
Swim Participants	n/a	n/a	n/a	n/a	8,535
Softball Participants	n/a	n/a	n/a	n/a	n/a
Small World Park Gate Attendance	n/a	n/a	n/a	n/a	n/a
Senior Center Nutrition/Exercise Class (1)	n/a	n/a	n/a	n/a	n/a
(1) Senior Center Opened March 2004					
January 2006 Senior Center flooded Closed 7.5 weeks					
Water					
Number of Meters Served	13,418	13,476	13,505	13,633	14,048
Water Main Breaks	n/a	n/a	n/a	89	108
Average Daily Consumption (millions of gallons)	9.430	8.538	8.834	8.365	9.345
Wastewater					
Miles of Sewer Line (Excluding line operated by Delta Diablo District 7-A)		136.9	136.9	136.9	149.6
Average daily treatment (thousands of gallons)	n/a	n/a	n/a	n/a	n/a
Solid Waste					
Refuse Landfilled (tons per year)	54,456	50,234	44,750	47,152	66,812
Recyclables Processed (tons per year)	10,883	12,230	29,645	33,531	31,929

Source: City of Pittsburg Divisions & Prior Year CAFR's
Note: n/a denotes information not available.

Fiscal Year				
2002	2003	2004	2005	2006
74,438	68,050	64,659	67,778	67,591
10,678	9,597	8,076	8,244	8,308
5,014	4,892	3,411	3,401	3,688
660	1,112	871	568 (2)	636
149,813	96,023	62,472	78,411	42,509
559	822	317	509	517
11,697	8,345	8,503	8,837	8,737
n/a	649	210	145	320
n/a	24,105	21,238	19,227	18,600
n/a	0	7,769	22,690	21,423
15,023	15,425	15,587	15,894	
n/a	n/a	n/a	65	61
9.261	9.487	9.769	9.155	9.508
173.5	173.5	173.5	173.5	
n/a	n/a	n/a	n/a	27
66,936	76,595	70,535	85,034	n/a
27,666	27,709	31,946	33,037	n/a

CITY OF PITTSBURG
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	1997	1998	1999	2000	2001
Public safety:					
Police stations	1	1	1	1	1
Public works					
Miles of streets	140.99	140.99	140.99	140.99	147.85
Street lights	3,282	3,432	3,371	3,394	3,428
Culture and recreation:					
Community services:					
City Parks	8	8	10	10	11
City parks acreage	92	92	106	106	114
Roadway landscaping acreage	10.7	11.3	11.3	11.6	11.6
Regional park acreage	41.4	42.4	42.4	42.4	42.5
Regional park facilities:					
Golf courses (18 holes)	1	1	1	1	1
Marina Fuel Station	1	1	1	1	1
Community Civic Center	1	1	1	1	1
Senior centers	1	1	1	1	1
Swimming pools	1	1	1	1	1
Tennis courts	0	1	1	1	1
Library:					
Contra Costa County Library	1	1	1	1	1
Water					
Storage capacity (millions of gallons)	14.10	14.10	14.10	14.10	14.10
Wastewater					
Miles of sanitary sewers	136.92	136.92	136.92	136.92	149.64
Number of treatment plants	1	1	1	1	1
Treatment capacity (millions of gallons)	32	32	32	32	32

(2) Information now reported from the City's GIS system and is more accurate.

Source: City of Pittsburgh Staff & Prior Year CAFR's

Note: n/a denotes information is not available.

Fiscal Year

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
1	1	1	1	1
147.85 3,503	147.85 3,580	147.85 3,741	147.85 3,766	147.85 3,796
14 114	16 122	16 122	16 122	17 125
12.5 46.1	12.9 46.4	13.2 47.7	13.2 53.2	13.2 54.0
1	1	1	1	1
1	1	1	1	1
1 1	1 1	1 1	1 1	1 1
1 1	1 1	1 1	1 1	1 1
1	1	1	1	1
14.10	14.10	14.10	16.90	16.90
173.50 1 32	173.50 1 32	173.50 1 32	173.50 1 32	173.50 1 32

This Page Left Intentionally Blank