

CITY OF PITTSBURG CALIFORNIA



A Community Growing Together



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

CITY OF PITTSBURG, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005



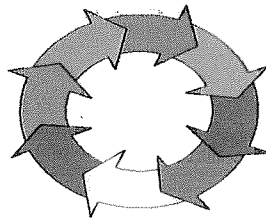
PREPARED BY

THE FINANCE DEPARTMENT

Marie Simons
Director of Finance

Deborah M. Yamamoto
Finance Division Manager-Accounting

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2005



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City of Pittsburg
Basic Financial Statements
For the year ended June 30, 2005
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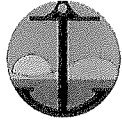
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City of Pittsburg
65 Civic Avenue
Pittsburg, California 94565-3814

March 30, 2006

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, 2005. 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, 2005 (FY2004-05). 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 accounting principles generally accepted in the United States of America (GAAP).

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 it is the third 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 on 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.

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, planning, 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 the Pittsburg Power is blended with the City's financial information.

Economic Conditions and Outlook

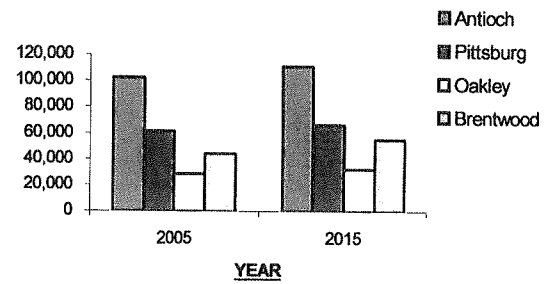
Located along the Sacramento-San Joaquin River Delta, Pittsburg is situated on the north side of the beautiful Mount Diablo Recreation Area. Pittsburg resides in the Eastern part of Contra Costa County and is a part of the Oakland Metropolitan Statistical Area. Most statistics for Pittsburg also include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

POPULATION GROWTH

ABAG - PROJECTIONS 2005

	2005	2015	CHANGE
Pittsburg	61,300	66,800	5,500
Antioch	102,300	111,600	9,300
Brentwood	44,300	55,600	11,300
Oakley	28,300	32,400	4,100
East County:	236,200	266,400	30,200
Contra Costa County:	1,016,300	1,102,300	86,000

East County Population Growth



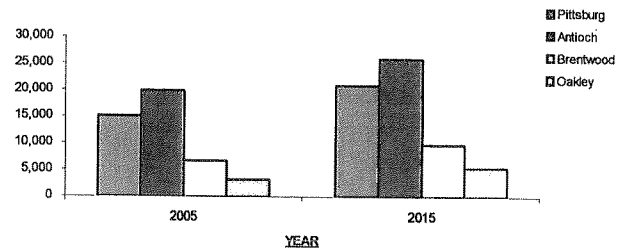
From New York of the Pacific to Black Diamond and finally known as Pittsburg, this is a city that values achievement and innovation. Pittsburg's 2005 estimated population from the Association of Bay Area Governments (ABAG) Projections 2005 was at 61,300 and at 66,800 by the year 2015. Pittsburg is one of just 39 cities in the State with an Enterprise Zone, offering businesses tax and other incentives to relocate here.

TOTAL JOBS

ABAG - PROJECTIONS 2005

	2005	2015	CHANGE
Pittsburg	15,070	20,910	5,840
Antioch	19,830	25,950	6,120
Brentwood	6,750	9,730	2,980
Oakley	3,190	5,410	2,220
East County:	44,840	62,000	17,160
Contra Costa County:	373,000	439,020	66,020

TOTAL JOBS GROWTH



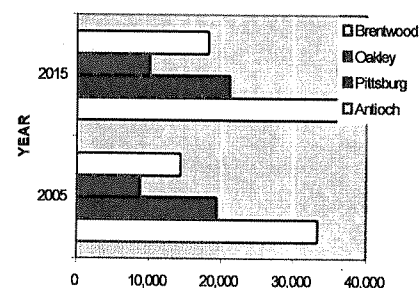
The City offers a number of programs and incentives to attract new businesses, help existing businesses, as well as help residents find employment. The East County One-Stop Career Center provides businesses and residents with employment, training and business services.

HOUSEHOLDS

ABAG - PROJECTIONS 2005

	2005	2015	CHANGE
Pittsburg	19,330	21,180	1,850
Antioch	33,330	36,540	3,210
Brentwood	14,360	18,100	3,740
Oakley	8,700	10,010	1,310
East County:	75,720	85,830	10,110
Contra Costa County:	368,770	401,670	32,900

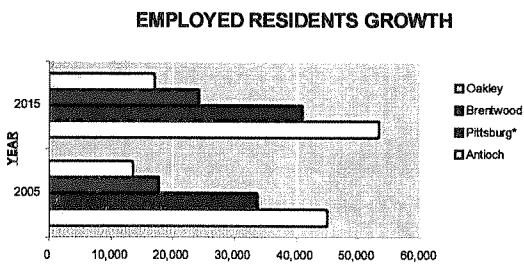
HOUSEHOLDS GROWTH



According to ABAG Projections 2005, had the forecast for Contra Costa County been extended to 2030, Contra Costa would have been forecasted to gain an additional 112,991 households, a 33% increase between 2000 and 2030. The furthest eastern in the county, Brentwood, Antioch, Pittsburg, Oakley and Rural East Contra Costa, as ABAG projected, account for 47% of the county's absolute growth in households from 2000 through 2015. Pittsburg and Bay Point, an unincorporated community within Pittsburg's Sphere of Influence, are expected to have considerable household growth as well as Oakley, Hercules, and Antioch. The Pittsburg/Bay Point BART station is fueling the City's growth. This Subregional Areas' share of the household growth falls to 31%, however, from 2015 through 2030.

EMPLOYED RESIDENTS			
<i>ABAG - PROJECTIONS 2005</i>			
	2005	2015	CHANGE
Pittsburg*	33,760	40,840	7,080
Antioch	44,960	53,300	8,340
Brentwood	17,680	24,210	6,530
Oakley	13,410	16,950	3,540
East County:	109,810	135,300	25,490
Contra Costa County:	459,600	541,800	82,200

**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 2005, real GDP (gross domestic product) increased 3.5% compared to real GDP increase of 4.2% in 2004. Inflation increased in 2005, but excluding food and energy, the inflationary rate remained level as in 2004.

For the City of Pittsburg, sales tax revenue in the fiscal year 2004-05 continued to increase because of new and expanded businesses. The State of California has made two "backfill" payments for the additional sales tax with-holding, proving that the State's budgetary crisis has not affected the City's revenue. Comparing Contra Costa County's unemployment rate of 2.7% 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 reach an all time high with all of the new retail and restaurant businesses opening in the spring and summer of 2006. Auto Mall sales are forecasted to top \$195M in 2006, and new car sales will represent approximately 25% of total sales tax for the City.

The following are new anticipated sales tax generating businesses coming into Pittsburg:

- Auto Mall expansion: The Mazzei Cadillac Dealership will expand its existing site by 3.5 acres and open a new Hyundai Auto Dealership on adjoining 4 acres.
- A 96 room Hampton Inn Suites Hotel has broken ground and is anticipating a fall 2006 opening.
- Outback Steak House and Chili's Restaurants will open in the Delta Gateway Center in late spring 2006.
- Win Co Foods is expected to open in summer 2006.
- AnsaldoBreda, an Italian Rail manufacturer will expand operations to begin a \$185M contract to build light rail cars for the City of Los Angeles.

Major construction projects will begin in Old Town and the Marina in the beginning of 2006. Once these projects are started, 40% of the City's Old Town will be under construction. 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 will be located there. The Black Diamond Project will be a mixed-use project with 190 residential units and 3 blocks of new commercial space and will be 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 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 2004-05 include the following:

- ❖ The "Homebuyer Program" (a First Time Homebuyer Program) was amended to increase the provisions for down payment assistance to individuals and families of very low and moderate incomes. Eligible homebuyers can now receive up to \$50,000 in assistance from the Agency. \$750,000 was allocated to the Homebuyer Program
- ❖ \$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:

Fountain Plaza (224 Units) = \$4,880,000 (loan)
Marina Heights (200 Units) = \$1,400,000 (loan)
Mercy Housing (60 Units) = \$1,928,820 (land subsidy)

For The Future:

The Agency's tax increment has increased approximately by 1.51% or \$.5 million from \$34.73 million (Fiscal Year 2003-2004) to \$35.25 million (Fiscal Year 2004-2005). 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 2005-2006:

- ❖ \$1.735 million has been allocated towards the installation of traffic signals and project-wide and city-wide pavement reconstruction. These projects will provide calming solutions in highly traveled areas, increase safety, and improve traffic circulation for both vehicles and pedestrians.
- ❖ \$2.125 million has been allocated towards developing a high quality public park system that will provide varied recreational opportunities accessible to all project area residents.
- ❖ The Agency has entered into another contract with the Contra Costa County Employment and Human Service Department on behalf of the Workforce Development Board to provide business-counseling services to the Pittsburg community. \$10,000 has been allocated for this program.
- ❖ Public Improvements of approximately \$22.9 Million for years 2005-2009:
 - 10th & Railroad Avenue; Mixed Use Construction
 - 306-318 Railroad Avenue; Rehabilitation of a commercial building
 - City Park; sports complex construction
 - Enean Theater; rehabilitation
 - Marina Bed & Breakfast; construction
 - Marina Elementary School; construction
- ❖ \$100,000 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.
- ❖ Unencumbered funds of almost \$500,000 from the Commercial Rehabilitation Loan Program have been rolled over from fiscal year 2004-2005 and increased to \$750,000 for 2005-2006.
- ❖ \$150,000 has been allocated to Old Town Code Enforcement to help alleviate the blighting conditions in Pittsburg's downtown area.
- ❖ \$150,000 has been allocated to Downtown Marketing to attract reinvestment in the downtown area as well as community interest.

- ❖ Approximately \$700,000 has been allocated to Economic Development Loans to provide incentives to businesses wishing to locate in the project area.
- ❖ \$1.3 Million 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 for a total of \$8.03 million:

- ❖ For landscaping and public improvements:
 - 2003, 2035, 2059, and 2075 Railroad Avenue
- ❖ For development of new offices, market rate and affordable units, specialty stores, and restaurant; and for redevelopment of the Old Town area:
 - 916 Cumberland Street
 - 985 Railroad Avenue
- ❖ To address blight and enhance quality of residential life:
 - 1068 Cumberland Street
- ❖ The following are various acquisitions 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:
 - 306-308 Railroad Avenue
 - 101 School Street
 - 295 E 10th Street
 - 325-333 E. 10th Street
 - 337 E. 10th Street
 - 1201 California Avenue
 - 2555 E. Leland Road

The Finance Department has continued the process of converting the current accounting system to the new Eden financial system. The new system with its flexibility and user-friendly feature is expected to produce more useful financial information for analyzing, reporting, and management decision and to cope with the changes in the new financial reporting module. The new system implementation is scheduled to complete by the end of 2006.

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, 2005 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 1978-79 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 2003-04 and 2004-05 amounted to \$65,266,060 and \$68,161,743 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, 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, 2005 was 2.85 %, an increase of 1.41% compared to the same period of last fiscal year (June 30, 2004) 1.44%. Total LAIF interest earnings were \$2,814,267.83 for the fiscal year 2004-05, an increase \$1.5M from the fiscal year 2003-04. At June 30, 2005, 56.78% 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 Contra Costa County Municipal Risk Management Insurance Authority (CCCMRMIA). The City is not insured for liability occurrences over \$15 million per occurrence. The City also maintains statutory excess workers' compensation insurance through CCCMRMIA.

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.

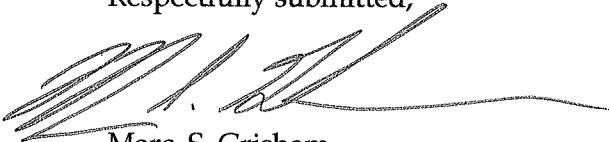
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pittsburg for its Comprehensive Annual Financial Reports (CAFR) for the five fiscal years ended June 30, 2000, 2001, 2002, 2003, and 2004. 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, 2005 continues to meet the Certificate Achievement Program's requirements, in spite of the difficult obstacles that were overcome this past year (ie, turn-over of experienced staff and the financial system conversion). It is the top priority of staff to submit the next CAFR for June 30, 2006 and thereafter in a more timely manner to gain recognition again.


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,



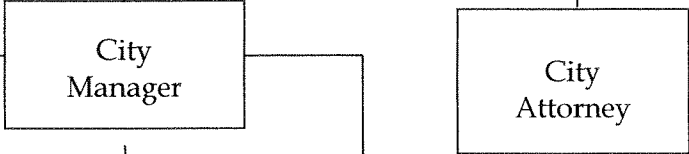
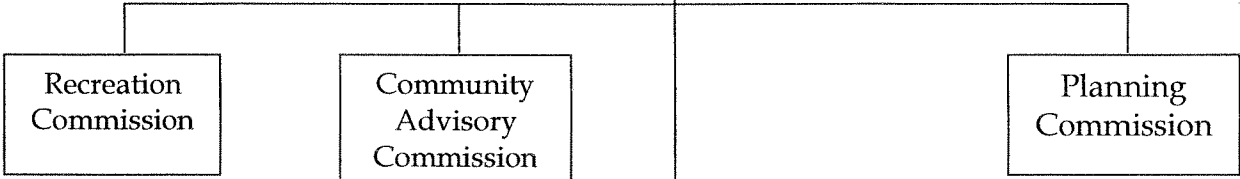
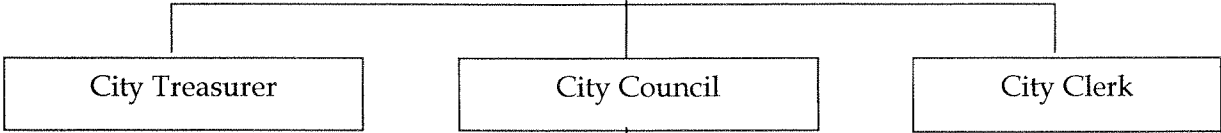
Marc S. Grisham
City Manager



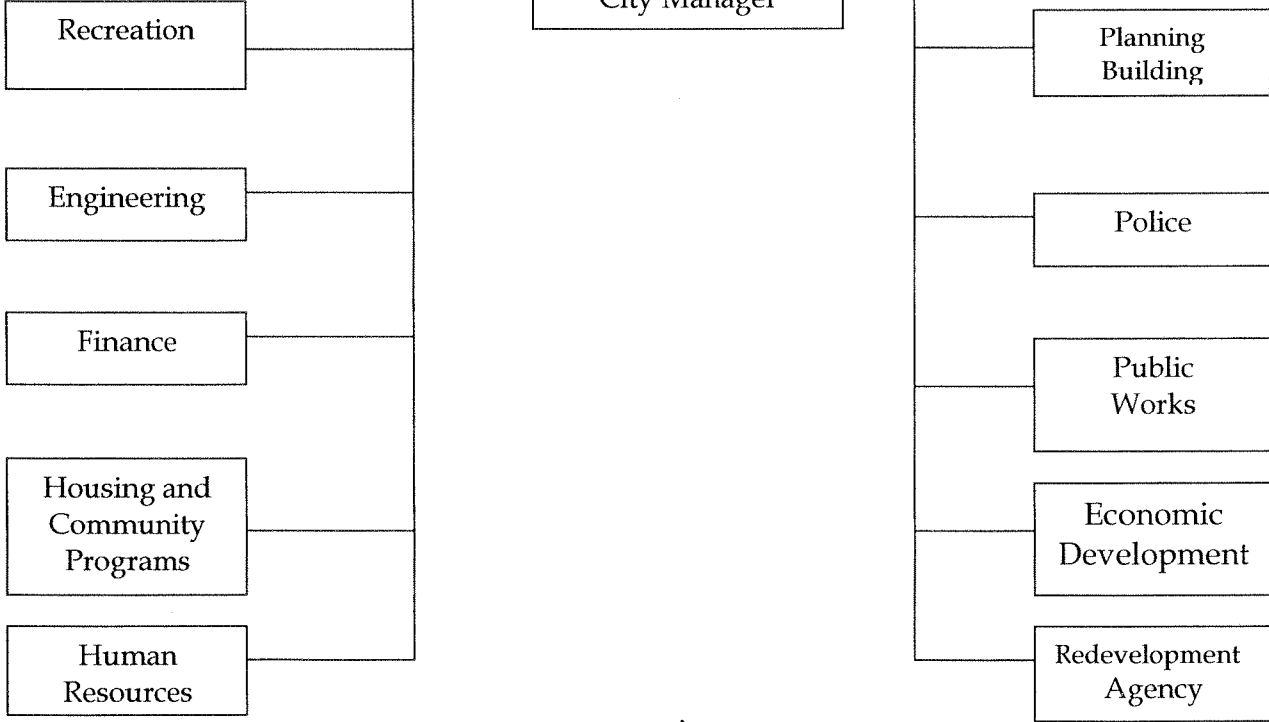
Marie Simons
Director of Finance

CITY OF PITTSBURG
CITY GOVERNMENT

VOTERS



Assistant City Manager



OFFICIALS OF THE CITY OF PITTSBURG, CALIFORNIA
AND
THE REDEVELOPMENT AGENCY OF THE CITY OF PITTSBURG

FISCAL YEAR 2004 - 2005

CITY OF PITTSBURG

CITY COUNCIL

Nancy Parent, Mayor
Michael Kee, Vice Mayor
William Casey
William G. Glynn
Ben Johnson

Administration and department heads

City Manager	Marc S. Grisham
Assistant City Manager	Matt Rodriguez
City Clerk	Lillian J. Pride
City Attorney	Ruthann Ziegler
Human Resources Director	Marc Fox
Finance Director	Marie Simons
Planning/ Building Director	Melissa Ayres
Engineering Director	Joseph Sbranti
Economic Development Director.....	Brad Nail
Recreational Services Director	Paul Flores
Public Works Director	John Fuller
Public Safety Director	Aaron Baker
Treasurer	James F. Holmes

**REDEVELOPMENT AGENCY OF THE
CITY OF PITTSBURG**

BOARD OF DIRECTORS

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

ADMINISTRATION

Marc S. Grisham, Executive Director
Marie Simons, Finance Director
Garrett D. Evans, Redevelopment Agency Director
Lillian J. Pride, Secretary

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, 2004

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.



Nancy L. Zielle

President

Jeffrey R. Emmer

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

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City of Pittsburg,
California

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Financial Report
for the Fiscal Year Ended
June 30, 2003

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Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director

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, 2005, 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.

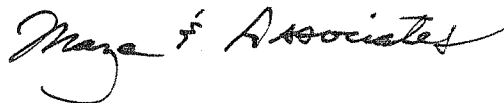
In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pittsburg at June 30, 2005 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 15, 2005 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 15, 2005

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March 30, 2006

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, 2005. 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 with 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 2004-05 by \$172M (*net assets*).
- The City's total net assets of \$172M increased by \$6M from fiscal year 2003-04 of \$166M, representing a \$5M decrease in governmental and an \$11M increase in business-type total net assets. The decrease in the governmental net assets can be attributed mainly to a \$13.6M increase in governmental expenditures, as the total governmental revenues increased by only \$5.5M. Also noted is an increase to current assets and long-term liabilities for new tax allocation bonds totaling \$146.6M and the retirement of the 1996 tax allocation issue of \$21.2M. The \$11M increase in business-type net assets is attributed to the retirement of the Pittsburg Marina Construction loans totaling \$9M, and an increase of over \$1M in charges for services from the prior fiscal year for the business-type entities.
- As of June 30, 2005, the City's governmental funds reported combined ending fund balances of \$205.7M, an increase of \$97.7M in comparison with the prior fiscal year of \$108.0M. Approximately \$41.4M or 20% of this amount is available for spending at the government's discretion on operating activities.
- As of June 30, 2005, the fund balance for the General Fund was \$9.2M, of which \$276,428 was for miscellaneous inventory reserves, encumbrances, prepaid expenses, and special activities. The encumbrance reserve of \$99,426 was re-appropriated in next year's budget, leaving an appropriable fund balance of \$9.0M for fiscal year 2005-2006.
- Compared to the prior fiscal year, the City's total non-current liabilities increased \$122M, which was the result of the issuance of the 2004 Series A Housing Set Aside Tax Allocation Bonds, the 2004 Series A Subordinate Tax Allocation Refunding Bonds, the 2004 Series B Subordinate Tax Allocations Bonds and the retirement of the 1996 Subordinated Refunding 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.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., 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. *Governmental 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 twenty-seven 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 eight (8) funds that are considered to be major funds. These eight 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, and Redevelopment Capital Projects. Data from the other eighteen (18) 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* 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 \$172M at the close of the fiscal year ended June 30, 2005. This is an increase of \$6M or 3% from previous fiscal year.

Thirty-four percent (34%) or \$57.8M of the net assets reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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, 2005 with the comparative data for the fiscal year ended June 30, 2004.

City of Pittsburg				
Summary of Net Assets				
As of June 30, 2005				
	Governmental	Business-Type	June 30, 2005	June 30, 2004
	Activities	Activities	Total	Total
Current Assets	\$239,082,316	\$17,028,233	\$256,110,549	\$148,531,998
Non-current assets	2,183,758		2,183,758	2,329,342
Capital assets	235,899,738	82,949,356	318,849,094	307,586,115
Total Assets:	<u>477,165,812</u>	<u>99,977,589</u>	<u>577,143,401</u>	<u>458,447,455</u>
Current liabilities	22,253,531	2,679,652	24,933,183	24,179,396
Non-current liabilities	356,250,522	24,253,025	380,503,547	268,463,926
Total Liabilities:	<u>378,504,053</u>	<u>26,932,677</u>	<u>405,436,730</u>	<u>292,643,322</u>
Investments in Capital Assets				
Net of related debt		57,789,865	57,789,865	56,818,181
Restricted	207,720,167	3,602,121	211,322,288	71,816,330
Unrestricted	-109,058,438	11,652,926	-97,405,512	37,470,883
Total Net Assets:	<u>\$98,661,729</u>	<u>\$73,044,912</u>	<u>\$171,706,641</u>	<u>\$166,105,394</u>

At the end of the fiscal year 2004-05, the total assets exceeded total liabilities by \$171.7 M.

Changes in Net Assets

In the fiscal year 2004-05, the City's expenses for the governmental activities exceeded program revenues by \$66.3M 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 \$83.9M in fiscal year 2004-05. The largest expenses were incurred for Community Services (\$19.9), Interest on Long-term Debt (\$18.6M), Public Safety (\$14.9M), and Public Works (\$11.9M). 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.

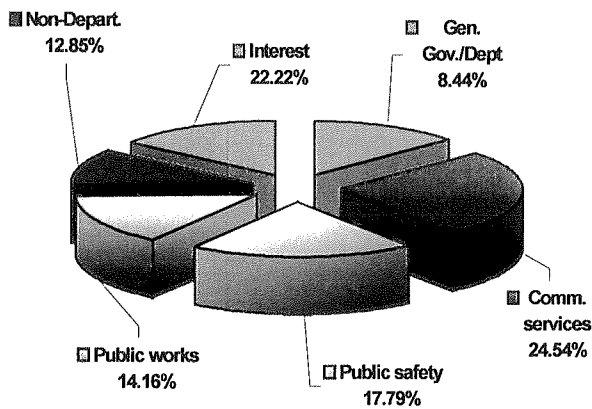
	Governmental Activities	Business -Type Activities	June 30, 2005 Total	June 30, 2004 Total
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$8,221,804	\$20,709,621	\$28,931,425	\$25,464,233
Operating grants and contributions	5,166,636		5,166,636	10,101,536
Capital grants and contributions	4,233,864	4,734,916	8,968,780	2,691,559
<i>General Revenues:</i>				
Property taxes	38,110,361		38,110,361	38,100,202
Sales and other taxes	11,301,580		11,301,580	9,550,374
Intergovernmental	11,122,645		11,122,645	10,748,653
Investment earnings - unrestricted	4,375,176	381,267	4,756,443	2,367,816
Miscellaneous	3,805,439		3,805,439	2,708,700
Total Revenues:	86,337,505	25,825,804	112,163,309	101,733,073
Expenses:				
General government	3,601,277		3,601,277	2,553,095
City council	89,463		89,463	76,514
City manager and city clerk	807,970		807,970	734,857
City attorney	468,017		468,017	371,957
Human resources	844,352		844,352	829,192
Finance and services	2,011,792		2,011,792	2,211,382
Community services	19,852,694		19,852,694	19,186,689
Public safety	14,929,141		14,929,141	14,875,512
Public works	11,881,766		11,881,766	10,773,507
General non-departmental	10,776,780		10,776,780	7,795,668
Interest on long-term debt	18,645,181		18,645,181	10,863,858
Enterprise operations		20,320,550	20,320,550	20,349,343
Total Expenses:	83,908,433	20,320,550	104,228,983	90,621,574
Increase (decrease) in Net assets before other revenues and transfers	2,429,072	5,505,254	7,934,326	11,111,499
Gain (loss) on disposal of assets	1,041,927		1,041,927	(532)
Transfers	(8,915,331)	8,915,331		
Change in Net assets	(5,444,332)	14,420,585	8,976,253	11,110,967
Net assets - Beginning of Year	104,106,061	61,999,333	166,105,394	154,994,427
GASB 34 Implementation adjustment		(3,375,006)	(3,375,006)	
Net assets - end of year	\$98,661,729	\$73,044,912	\$171,706,641	\$166,105,394

Governmental Activities

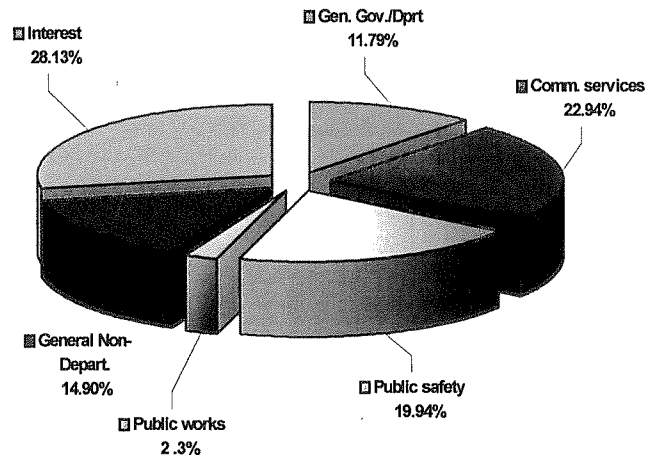
Governmental activities shows a decrease of \$5.4M in net assets for the fiscal year 2004-05. A comparison of the cost of services by function for the City's governmental activities is shown on the next page, along with the revenues used to cover the net expenses of the governmental activities, and with the comparative data from fiscal year 2003-04.

	<u>June 30, 2005</u> <u>Governmental</u> <u>Activities</u>	<u>June 30, 2004</u> <u>Governmental</u> <u>Activities</u>
Expenses Net of Program Revenues:		
General government/departments	(\$7,815,772)	(\$6,776,997)
Community services	(15,208,347)	(15,878,226)
Public safety	(13,215,726)	(12,016,805)
Public works	(1,522,341)	(5,247,405)
General non-departmental	(9,878,761)	(857,912)
Interest on long-term debt	(18,645,181)	(10,863,858)
Total Governmental Activities	(66,286,128)	(51,641,203)
General Revenues and Transfers:		
Property taxes	38,110,361	38,100,202
Sales and other taxes	11,301,580	9,550,374
Intergovernmental	11,122,645	10,748,653
Investment earnings - unrestricted	4,375,176	2,055,800
Miscellaneous	3,805,439	2,708,700
Gain (loss) on disposal of assets	1,041,926	
Transfers	(8,915,331)	65,572
Total General Revenues	60,841,796	63,229,301
Change in Net Assets	(\$5,444,332)	\$11,588,098

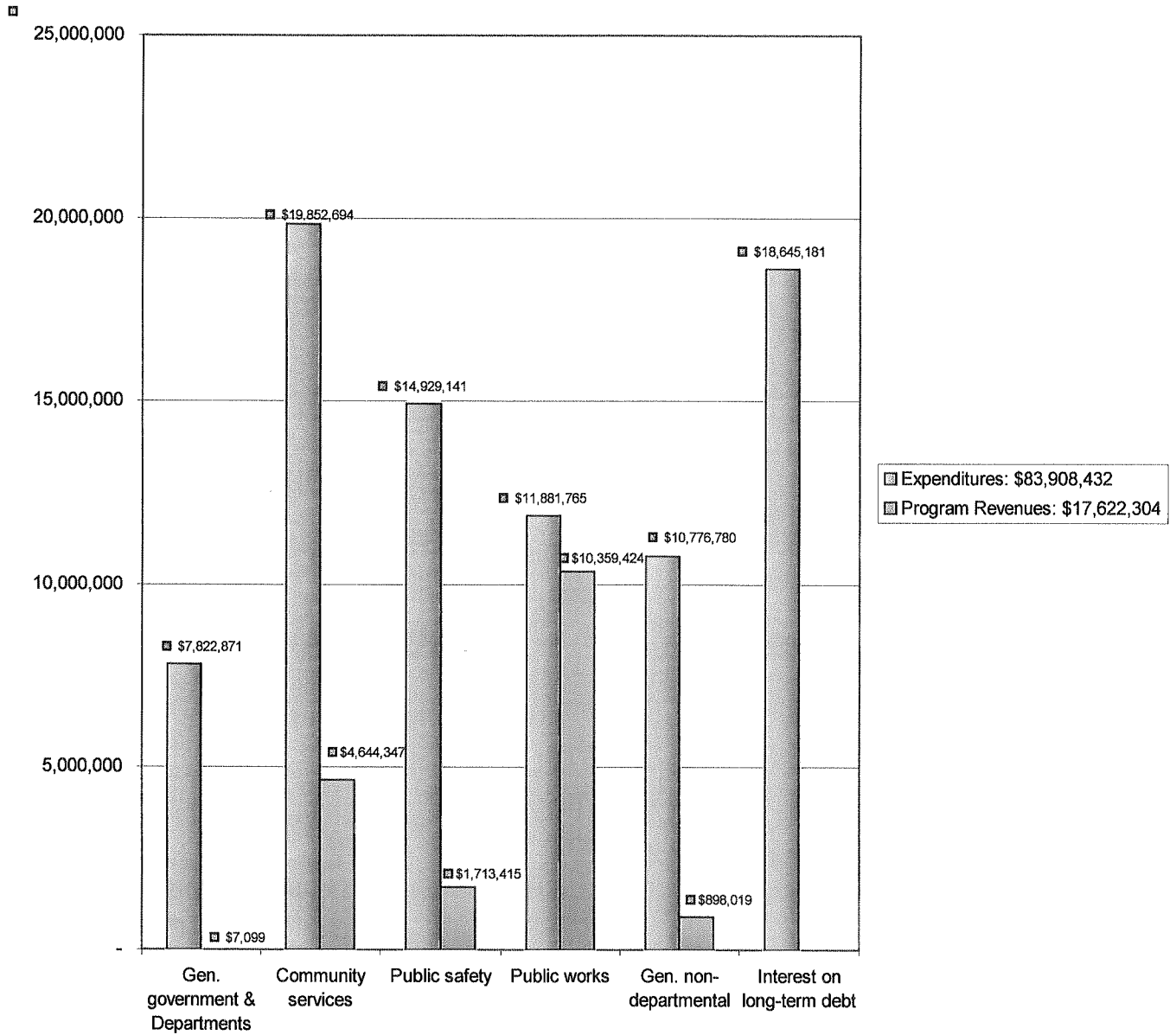
Governmental Expenses by Activities



**Net Cost of Governmental Activities
(Net of Program Revenues)**



Expenses and Program Revenues - Governmental Activities

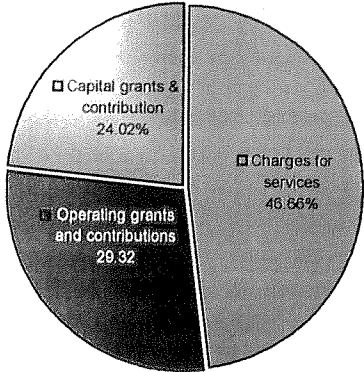
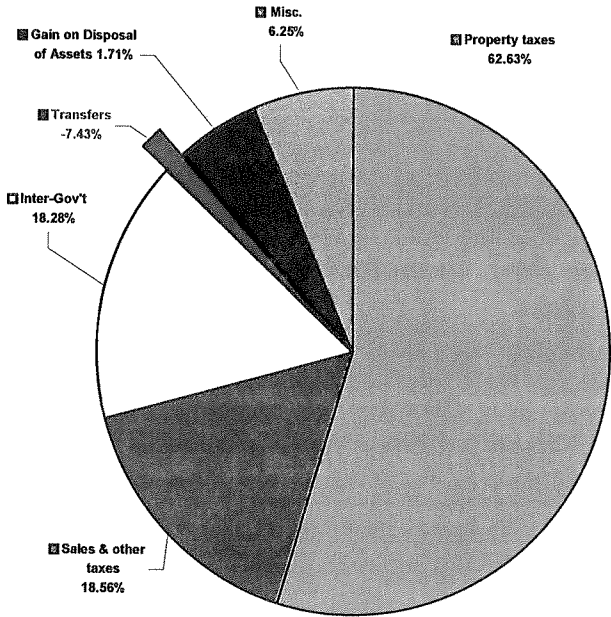


Total program revenues from governmental activities were \$17.6M in fiscal year 2004-05. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart on the next page, 47% of the governmental program revenues came from Charges for Services, which includes licenses and permits, plan checking fees, developer fees and several other revenues. Program revenues under the Operating Grants and Contributions category including restricted revenues such as Gas Tax, Measure C Tax, Asset Seizure fund and Federal/State Grants, which account for 29% of the total program revenues, and 24% came from Capital Grants and Contributions.

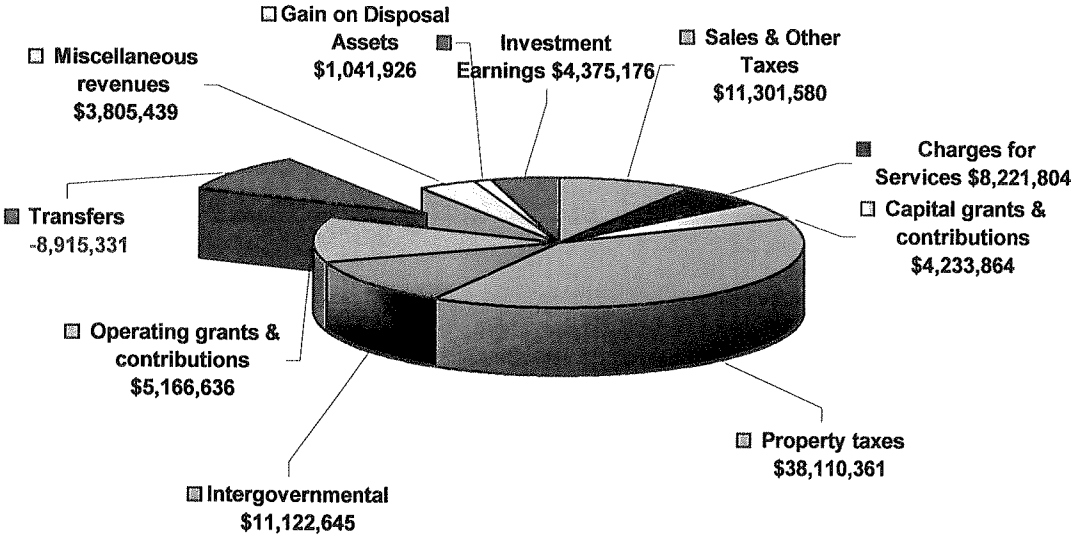
General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, intergovernmental, and investment earnings. Total general revenues from governmental activities were \$61M in fiscal year 2004-05. The largest percentage of general revenues, 63% or \$38.1M, received during the fiscal year was Property Taxes.

Governmental Activities - Program Revenues

General Activities - General Revenues



Revenues by Source - Governmental Activities



Business-type activities

Net assets for business-type activities were \$73M, a net increase of \$11M from prior fiscal year. Total program revenues for business-type activities were \$20.7M that came from Charges for Services. Total expenses for the business-type activities were \$20.3M for the fiscal year 2004-05.

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.

Governmental funds. 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 \$205.7M, an increase of \$97.7M, in comparison with the prior year. Approximately 20% percent of this total amount or \$41.3M constitutes *unreserved, undesignated fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it 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 reserve requirements (\$18.1M), or 2) continue work on the special activities and capital improvement projects (\$146.3M).

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$9,197,998 with \$276,428 reserved and designated for miscellaneous inventory reserves, encumbrances, prepaid expenses, and special activities. The unreserved amount of \$8,921,570, including encumbrances of \$99,426 for a total of \$9,020,996 is available to be used at the government's discretion.

General Fund Budgetary Highlights

The final amended budget totaled \$33.5M, including \$2,126,205 in amendments to the originally adopted budget. The amendments can be briefly summarized as follows:

- Appropriations of \$493,056 were approved for:
 - Finance department of \$459,056 for the carry over of the Eden Financial System and for the \$34,000 Professional Services for Investment Management Services.
- Appropriations of \$72,500 were approved to carry over the uncompleted Global Trade Center project from fiscal year 2003-04 .
- Appropriations of \$59,000 were approved for:
 - Police department to secure a \$54,000 professional contract with the Matrix Consulting Group to conduct the Pittsburg Police Department operational review.
 - Acceptance of the Contra Costa County Keller Canyon Grant of \$5,000 to aid the Code Enforcement Division with the "Pittsburg Neighborhood Improvement Days" project.

- Appropriations of \$20,000 were approved for:
 - Planning department for filing fees and professional consulting services related to the preparation of a plot map and legal description for the Mirant annexation.

- Appropriations of \$1,481,649 were approved for:
 - Transfer out from the General Fund to the Building Occupation Fund of \$70,000 to fund the repair of the Civic Center HVAC system
 - Additional Transfer out from the General Fund to the Landscape Fund of \$50,000 to fund consulting services
 - Additional Transfer out from the General Fund to the Golf Course of \$200,000 to fund operating expenses
 - Transfer out from the General Fund to the Economic Development Fund of \$357,000 to replenish reserves
 - Transfer out from the General Fund to the Budget Stabilization Fund of \$804,649 to cover future un-funded expenses

The amendment of general fund estimated revenues in total was \$536,556 over the adopted budget estimates. It resulted from the carry forward of \$531,556 for incomplete CIP projects which was approved in transfers-in from other funds, and \$5,000 for the Keller Canyon Mitigation Grant to the Police Support Services.

The purpose of this \$531,556 budget increase in transfers-in was to carry-over the remaining fund of the uncompleted projects from fiscal year 2003-04 and the cost reimbursement of \$5,000 as follows:

Funds carried-over as previously approved by Council and Power Authority:

- \$459,056 for the Eden Financial System
 1. \$347,000 funded by RDA
 2. \$56,028 funded by the Water Fund
 3. \$56,028 funded by the Sewer Fund
- \$72,500 for the Global Trade Center
 1. Funded by the Pittsburg Power Company

Cost reimbursement \$5,000:

- \$5,000 Keller Canyon Mitigation Grant to Police Support Services

At the end of the fiscal year, the total actual expenses in general fund were \$2.07M under the total amended budget. This is the result of unfinished projects of \$531,556 (\$459,056, new financial systems in the Finance Department), and of \$72,500 in community services (Global Center). The two largest under budget divisions were Community Services under budget by \$654,154 and Public Safety under budget by \$751,865. On the revenue side, the actual revenues were \$1.43M (includes proceeds from sale of capital assets) over the amended revenue estimates.

Out of the five largest revenue sources, Property Taxes exceeded the budget by \$246,760, Sales Tax exceeded its budget by \$665,033, Property Transfer Taxes (classified under "Other Taxes) exceeded its budget by \$254,658, Intergovernmental Revenues were over by \$202,396, while the other revenues such as Fines and Forfeitures, Service Fees and Other Revenues were under budget by a net of (\$101,376).

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Water Fund, Sewer Fund, and Marina Funds are the major funds according to GASB 34 criteria.

Total net assets of these three funds at the end of the year were \$61.2M, an increase of \$15M from the prior fiscal year, in which \$50.2M 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

Capital assets. The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2005, amounts to \$319M (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 \$11M or 3.7% (a 5.2% increase for governmental activities and a 1.5% decrease for business-type activities).

- Most of the major capital asset increase during the fiscal year was for street improvements. During the fiscal year, the City acquired \$43,899 in machinery and equipment (with the retirement of \$148,770 for trades-in, sales, interdepartmental transfers, and disposition of useless equipment), spent \$15,280,047 for improvement projects, and demolition expenditures of \$283,502. The net increase in governmental activities after depreciation was \$11.8M and \$0.5M decrease in business-type activities (net increase \$11.3M).

City of Pittsburgh's Capital Assets				
(Net of depreciation)				
As of June 30, 2005				
	Governmental	Business-Type	June 30, 2005	June 30, 2004
	Activities	Activities	Total	Total
Non-depreciable assets:				
Land	\$38,528,579	\$ -	\$38,528,579	\$31,544,743
Construction in progress	33,685,026	4,973,688	38,658,715	21,698,130
Total non-depreciable assets	<u>72,213,605</u>	<u>4,973,688</u>	<u>\$77,187,293</u>	<u>53,242,873</u>
Depreciable assets (net of depreciation):				
Buildings & Improvements	36,469,572	8,663,121	45,132,693	47,573,774
Machinery and equipment	2,408,714	467,892	2,876,606	2,859,139
Infrastructure	124,807,847	68,844,652	193,652,499	203,910,329
Total depreciable assets (net)	<u>163,686,133</u>	<u>77,975,665</u>	<u>241,661,798</u>	<u>254,343,242</u>
Total capital Assets	<u>\$235,899,738</u>	<u>\$82,949,353</u>	<u>\$318,849,091</u>	<u>\$307,586,115</u>

Further detail of capital asset activity, can be found in Note 6.

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 \$384.4M. Of this amount, \$359.2M in the governmental activities represent the Redevelopment Agency Tax Allocation Bonds secured solely by the Agency's tax increments. \$25.2M in the business-type activities represent two revenue bonds in Water and Sewer funds, one capital start-up costs loan in the Island Energy fund (\$124,770), and the three capital leases in the Golf Course fund (\$299,001). Three State Department of Boating and Waterways loans in the Marina fund for a total of \$9.1M were fully repaid as of June 30, 2005. All of the long-term debt in the business-type activities are secured solely by specified revenue sources.

The Standard & Poor rating for the Redevelopment Agency is AAA and Fitch's rating is AAA, which is based on the fact that the Agency obtained bond insurance for its respective bond transactions during fiscal year 2004-05.

City of Pittsburg's Long-term Debt					
<i>June 30, 2005</i>					
	Governmental Activities		Business-Type Activities		Total
	FY 2004-05	FY 2003-04	FY 2004-05	FY 2003-04	FY 2004-05
Tax Allocation Bonds	\$ 352,556,357	\$ 230,051,357			\$ 352,556,357
-Unamortized Premium	6,631,349	7,073,439			6,631,349
Marina Construction Loans			\$ -	\$ 9,067,042	-
Island Energy Start-up Costs Loan			124,770	224,770	124,770
Capital Leases			299,001	429,839	299,001
Revenue Bonds			24,765,000	25,605,000	24,765,000
Total Long-Term Debt	\$ 359,187,706	\$ 237,124,796	\$ 25,188,771	\$ 35,326,651	\$ 384,376,477

Economic Factors and Next Year's Budget

The economy at both the national and state level continues to slowly recover, despite rising energy and fuel costs and natural disasters such as Hurricane Katrina and Bay Area flooding.

The sales tax revenue has increased by \$1.05M, due to new business growth within the community, as well as the expanded sales tax base generated from the auto mall. The 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. The City's property taxes increased by 9% and the Redevelopment Agency's tax increments by 1.5% compared to the prior fiscal year. The City of Pittsburg, a portion of the East Bay Area, continues to attract a large percentage of home-buyers due in large part to the marketable median prices for existing homes.

We have adopted a balanced budget for fiscal year 2005-06, taking all the known factors into account. Compared to the fiscal year 2004-05 Amended Budget, the fiscal year 2005-06 Adopted General Fund Budget relies on a number of "One-Time" revenues such as land sales, grant funding, and the use of budget stabilization reserves to balance the budget. However, 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 City of Pittsburg's finances for all those with an interest in the government's finances. 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.

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**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*; the term General Purpose Financial Statements is no longer used.

City of Pittsburgh
Statement of Net Assets
June 30, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$75,655,991	\$10,176,258	\$85,832,249
Restricted cash and investments (Note 2)	136,321,343	2,892,637	139,213,980
Receivables:			
Accounts	4,881,834	3,732,275	8,614,109
Interest	1,610,948	15,091	1,626,039
Loans/ notes (Note 3)	20,252,747		20,252,747
Internal balances	23,435	(23,435)	
Supplies	222,473		222,473
Inventory		217,007	217,007
Prepaid items and other assets	113,545	18,400	131,945
Total current assets	<u>239,082,316</u>	<u>17,028,233</u>	<u>256,110,549</u>
Noncurrent assets:			
Deferred charges	2,183,758		2,183,758
Capital assets (Note 6)			
Land and nondepreciable assets	72,213,605	4,973,688	77,187,293
Depreciable capital assets, net of accumulated depreciation	163,686,133	77,975,668	241,661,801
Total capital assets	<u>235,899,738</u>	<u>82,949,356</u>	<u>318,849,094</u>
Total noncurrent assets	<u>238,083,496</u>	<u>82,949,356</u>	<u>321,032,852</u>
Total Assets	<u>477,165,812</u>	<u>99,977,589</u>	<u>577,143,401</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,219,936	1,145,276	10,365,212
Salaries payable	762,605	121,918	884,523
Interest payable	4,720,894		4,720,894
Refundable deposits	845,500	123,941	969,441
Taxes payable		23,095	23,095
Loans payable (current)	60,120		60,120
Due to other agencies	523,878		523,878
Claims and judgment payable-due within one year (Note 10C)	234,038		234,038
Unearned revenue (Note 4)	1,096,560	48,216	1,144,776
Long-term debt - due within one year (Note 7)	4,790,000	1,217,206	6,007,206
Total current liabilities	<u>22,253,531</u>	<u>2,679,652</u>	<u>24,933,183</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year (Note 11)	1,852,846	281,460	2,134,306
Long-term debt - due in more than one year (Note 7)	354,397,706	23,971,565	378,369,271
Total noncurrent liabilities	<u>356,250,552</u>	<u>24,253,025</u>	<u>380,503,577</u>
Total Liabilities	<u>378,504,083</u>	<u>26,932,677</u>	<u>405,436,760</u>
NET ASSETS (Note 1K)			
Invested in capital assets, net of related debt		57,789,865	57,789,865
Restricted for:			
Capital projects	181,405,265		181,405,265
Debt service	16,157,477	1,984,125	18,141,602
Facility fee reserve		1,617,996	1,617,996
Specific projects and programs	10,157,425		10,157,425
Total restricted net assets	<u>207,720,167</u>	<u>3,602,121</u>	<u>211,322,288</u>
Unrestricted	<u>(109,058,438)</u>	<u>11,652,926</u>	<u>(97,405,512)</u>
Total Net Assets	<u>\$98,661,729</u>	<u>\$73,044,912</u>	<u>\$171,706,641</u>

See accompanying notes to financial statements

CITY OF PITTSBURG
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

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	\$3,601,277				(\$3,601,277)		(\$3,601,277)
City Council	89,463				(89,463)		(89,463)
City Manager and City Clerk	807,970	\$7,084			(800,886)		(800,886)
City Attorney	468,017				(468,017)		(468,017)
Human Resources	844,352	15			(844,337)		(844,337)
Finance and services	2,011,792				(2,011,792)		(2,011,792)
Community services	19,852,694	2,564,930		\$2,079,417	(15,208,347)		(15,208,347)
Public safety	14,929,141	271,996	\$1,441,419		(13,215,726)		(13,215,726)
Public works	11,881,765	4,479,760	3,725,217	2,154,447	(1,522,341)		(1,522,341)
General nondepartmental	10,776,780	898,019			(9,878,761)		(9,878,761)
Interest and long-term debt	18,645,181				(18,645,181)		(18,645,181)
Total Governmental Activities	83,908,432	8,221,804	5,166,636	4,233,864	(66,286,128)		(66,286,128)
Business-type Activities:							
Water Utility	11,135,859	11,720,046		40,633		\$624,820	624,820
Sewer Utility	1,671,204	2,602,071				930,867	930,867
Marina	1,769,750	1,299,827		4,541,093		4,071,170	4,071,170
Golf Course	1,764,825	1,298,200		153,190		(313,435)	(313,435)
Island Energy	3,371,267	3,082,417				(288,850)	(288,850)
Pittsburg Power	607,645	707,060				99,415	99,415
Total Business-type Activities	20,320,550	20,709,621		4,734,916		5,123,987	5,123,987
Total	\$104,228,982	\$28,931,425	\$5,166,636	\$8,968,780	(66,286,128)	5,123,987	(61,162,141)
General revenues:							
Taxes:							
Property taxes					38,110,361		38,110,361
Sales and other taxes					11,301,580		11,301,580
Intergovernmental-unrestricted					11,122,645		11,122,645
Investments earnings-unrestricted					4,375,176	381,267	4,756,443
Miscellaneous					3,805,439		3,805,439
Gain on disposal of assets					1,041,926		1,041,926
Transfers (Note 5C)					(8,915,331)	8,915,331	
Total general revenues and transfers					60,841,796	9,296,598	70,138,394
Change in Net Assets					(5,444,332)	14,420,585	8,976,253
Net Assets-Beginning of year					104,106,061	61,999,333	166,105,394
GASB Statement No. 34 Implementation Adjustment (Note 6)						(3,375,006)	(3,375,006)
Net Assets-End of year					\$98,661,729	\$73,044,912	\$171,706,641

See accompanying notes to financial statements

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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 2005. 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.

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, 2005

	General Fund	Low/Moderate Income Housing I Special Revenue	Low/Moderate Income Housing II Special Revenue	Redevelopment Agency Special Revenue	Housing Authority (Section 8) Special Revenue
ASSETS					
Cash and investments (Note 2)	\$9,120,856			\$28,635,399	\$666,934
Restricted cash and investments (Note 2)			\$8,208,833	202,708	
Receivables:					
Accounts	1,795,377			1,226,803	64,706
Interest	263,672			252,731	2,698
Loans/Notes (Note 3)			6,280,000	11,692,283	
Due from other funds (Note 5A)	250,912			13,927,422	
Advances to other funds (Note 5B)				8,100,000	
Supplies	118,251				
Prepaid items and other assets	32,471			21,220	2,600
Total assets	\$11,581,539		\$14,488,833	\$64,058,566	\$736,938
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$985,690		\$7,487	\$5,899,274	\$9,719
Salaries payable	559,196			58,835	20,159
Refundable deposits	678,759		10,000	78,209	
Loans payable (current)					
Due to other agency				511,597	
Due to other funds (Note 5A)			3,990,592		
Advances from other funds (Note 5B)		\$8,100,000			
Deferred revenue (Note 4)	159,896		6,280,000	10,047,629	37,565
Total liabilities	2,383,541	8,100,000	10,288,079	16,595,544	67,443
Fund Balances (Deficit) (Notes 1K and 9):					
Reserved	245,280			14,188,750	2,600
Unreserved, designated	31,148				666,895
Unreserved (deficit) - major funds	8,921,570	(8,100,000)	4,200,754	33,274,272	
Unreserved (deficit), reported in nonmajor funds:					
Special revenue					
Capital projects					
Total fund balances (deficits)	9,197,998	(8,100,000)	4,200,754	47,463,022	669,495
Total liabilities and fund balances	\$11,581,539		\$14,488,833	\$64,058,566	\$736,938

See accompanying Notes to Basic Financial Statements

Redevelopment Agency Debt Service	Capital Improvement Capital Projects	Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
\$20,281,758			\$14,578,158	\$73,283,105
112,255,652	\$2,399,535	\$12,125,650	1,128,965	136,321,343
	556,027	628	1,234,792	4,878,333
1,091,847			2,246,300	1,610,948
				20,218,583
				14,178,334
				8,100,000
				118,251
	5,000	4,274	265	65,830
<u>\$133,629,257</u>	<u>\$2,960,562</u>	<u>\$12,130,552</u>	<u>\$19,188,480</u>	<u>\$258,774,727</u>
\$419,585	\$50,192	\$1,044,103	\$589,870	\$9,005,920
			79,634	717,824
		59,454	19,078	845,500
			60,120	60,120
			12,281	523,878
	2,108,419	7,828,411	227,477	14,154,899
				8,100,000
			3,122,844	19,647,934
<u>419,585</u>	<u>2,158,611</u>	<u>8,931,968</u>	<u>4,111,304</u>	<u>53,056,075</u>
133,209,672	97,373	3,198,584	35,032	150,977,291
	704,578		11,948,764	13,351,385
				38,296,596
			2,162,348	2,162,348
			931,032	931,032
<u>133,209,672</u>	<u>801,951</u>	<u>3,198,584</u>	<u>15,077,176</u>	<u>205,718,652</u>
<u>\$133,629,257</u>	<u>\$2,960,562</u>	<u>\$12,130,552</u>	<u>\$19,188,480</u>	<u>\$258,774,727</u>

City of Pittsburg
 Reconciliation of the
 Governmental Funds Balance Sheet
 with the Statement of Net Assets
 June 30, 2005

Total fund balances reported on the governmental funds balance sheet	\$205,718,652
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:	
CAPITAL ASSETS	
Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	232,771,397
LONG TERM ASSETS AND LIABILITIES	
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:	
Long-term debt	(359,187,706)
Interest payable	(4,720,894)
Bond issuance costs	2,183,758
Non-current portion of compensated absences	(1,819,502)
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):	
Deferred revenue	18,551,374
ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY	
ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS	
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.	
Cash and investments	2,372,886
Accounts receivable	3,501
Loans receivable	34,164
Inventory	104,222
Prepaid/other assets	47,715
Capital assets	3,128,341
Accounts payable	(214,016)
Salaries payable	(44,781)
Claims and judgments payable	(234,038)
Compensated absences	(33,344)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$98,661,729</u>

See accompanying notes to financial statements

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City of Pittsburgh
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2005

	General Fund	Low/Moderate Income Housing I Special Revenue	Low/Moderate Income Housing II Special Revenue	Redevelopment Agency Special Revenue	Housing Authority (Section 8) Special Revenue
REVENUES:					
Property taxes	\$2,855,260		\$2,215,219	\$33,039,882	
Sales tax	7,665,033				
Franchise tax	2,053,747				
Other taxes	1,174,055				
Intergovernmental revenues	5,155,126				\$11,847,125
Permits, licenses, and fees	984,137				
Fines and forfeitures	295,152				
Special assessments					
Service fees	2,610,278			82,778	20,235
Use of money and property	343,068		48,225	917,396	7,156
Other revenues	153,914			1,294,244	
Total revenues	23,289,770		2,263,444	35,334,300	11,874,516
EXPENDITURES:					
Current:					
General Government				2,484,511	826,340
City Council	89,164				
City Manager and City Clerk	777,378				
City Attorney	468,017				
Human resources	823,326				
Finance and services	2,021,839				
Community services	4,822,785		6,334,375	3,192,730	11,036,482
Public safety	14,345,546				
Public works - administration	173,288				
Public works - streets	1,594,148				
Public works - swimming center	139,695				
Public works - others	158,946				
General non-departmental	2,650,675		24,744	8,962,525	
Capital outlay and improvements			1,927,820		
Debt service:					
Principal retirement					
Interest and fiscal charges					
Total expenditures	28,064,807		8,286,939	14,639,766	11,862,822
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,775,037)		(6,023,495)	20,694,534	11,694
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of bonds					
Bond issuance costs					
Payment to refunded bond escrow agent					
Proceeds from sale of capital assets	1,763,823			500,000	
Transfers in (Note 5C)	7,583,805		8,208,833	270,556	
Transfers out (Note 5C)	(3,332,371)		(4,025)	(14,370,546)	
Total other financing sources (uses)	6,015,257		8,204,808	(13,599,990)	
NET CHANGE IN FUND BALANCES	1,240,220		2,181,313	7,094,544	11,694
FUND BALANCES (DEFICITS) (Note 1K and 9):					
Beginning of year	7,957,778	(\$8,100,000)	2,019,441	40,368,478	657,801
End of year	\$9,197,998	(\$8,100,000)	\$4,200,754	\$47,463,022	\$669,495

See accompanying Notes to Basic Financial Statements

Redevelopment Agency Debt Service	Capital Improvement Capital Projects	Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
				\$38,110,361
				7,665,033
				2,053,747
				1,174,055
	\$596,184	\$153,143	\$2,771,567	20,523,145
			3,647,637	4,631,774
				295,152
			2,943,013	2,943,013
		9,876		2,723,167
\$3,119,680		7,800	290,011	4,733,336
84	2,694	925	391,021	1,842,882
<u>\$3,119,764</u>	<u>598,878</u>	<u>171,744</u>	<u>10,043,249</u>	<u>86,695,665</u>
			301,158	3,612,009
				89,164
				777,378
				468,017
				823,326
				2,021,839
		1,143,074	1,040,368	27,569,814
			173,371	14,518,917
				173,288
	1,458,270		5,032,097	8,084,515
			24,900	164,595
	1,948,141			2,107,087
			816,941	12,454,885
		10,509,561	1,312,819	13,750,200
4,100,000				4,100,000
13,576,709				13,576,709
<u>17,676,709</u>	<u>3,406,411</u>	<u>11,652,635</u>	<u>8,701,654</u>	<u>104,291,743</u>
(14,556,945)	(2,807,533)	(11,480,891)	1,341,595	(17,596,078)
146,605,000				146,605,000
(3,935,541)				(3,935,541)
(21,166,118)				(21,166,118)
				2,263,823
9,699,571	2,424,371	12,125,650	3,420,436	43,733,222
(32,826,794)			(1,714,117)	(52,247,853)
<u>98,376,118</u>	<u>2,424,371</u>	<u>12,125,650</u>	<u>1,706,319</u>	<u>115,252,533</u>
83,819,173	(383,162)	644,759	3,047,914	97,656,455
49,390,499	1,185,113	2,553,825	12,029,262	108,062,197
<u>\$133,209,672</u>	<u>\$801,951</u>	<u>\$3,198,584</u>	<u>\$15,077,176</u>	<u>\$205,718,652</u>

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, 2005

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 \$97,656,455

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:

General government	10,732
Community services	1,578,354
Public works	4,397,373
Capital outlay	13,750,200

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.)	(6,884,274)
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Retirements of capital assets are deducted from the fund balance	(1,016,738)
Sale of capital asset from City to Agency	(1,215,000)

LONG TERM DEBT AND PAYMENTS

Proceeds from the issuance of debt are deducted from fund balance	(146,605,000)
Repayment of debt principal is added back to fund balance	24,100,000
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	620,861
Deferred revenue	9,807,156
Compensated absences	(232,652)

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	(824,125)
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	(\$5,444,332)
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City of Pittsburgh
 General Fund
 Statement of Revenues and Expenditures
 and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$2,608,500	\$2,608,500	\$2,855,260	\$246,760
Sales tax	7,000,000	7,000,000	7,665,033	665,033
Franchise tax	1,932,280	1,932,280	2,053,747	121,467
Other taxes	1,008,540	1,008,540	1,174,055	165,515
Intergovernmental revenues	4,947,730	4,952,730	5,155,126	202,396
Permits, licenses, and fees	975,460	975,460	984,137	8,677
Fines and forfeitures	302,320	302,320	295,152	(7,168)
Service fees	2,643,980	2,643,980	2,610,278	(33,702)
Use of money and property	327,300	327,300	343,068	15,768
Other revenues	204,420	214,420	153,914	(60,506)
Total revenues	21,950,530	21,965,530	23,289,770	1,324,240
EXPENDITURES:				
Current:				
City Council	111,257	111,257	89,164	22,093
City Manager and City Clerk	771,413	771,413	777,378	(5,965)
City Attorney	375,000	375,000	468,017	(93,017)
Human resources	838,300	838,300	823,326	14,974
Finance and services	2,000,856	2,493,912	2,021,839	472,073
Community services	5,384,439	5,476,939	4,822,785	654,154
Public safety	15,038,411	15,097,411	14,345,546	751,865
Public works - administration	178,610	178,610	173,288	5,322
Public works - streets	1,672,568	1,672,568	1,594,148	78,420
Public works - swimming center	187,729	187,729	139,695	48,034
Public works - others	208,706	208,706	158,946	49,760
General non-departmental	2,722,341	2,722,341	2,650,675	71,666
Total expenditures	29,489,630	30,134,186	28,064,807	2,069,379
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,660,000	1,660,000	1,763,823	103,823
Transfers in	7,736,460	8,258,016	7,583,805	(674,211)
Transfers (out)	(1,850,722)	(3,332,371)	(3,332,371)	
Total other financing sources (uses)	7,545,738	6,585,645	6,015,257	(570,388)
NET CHANGE IN FUND BALANCE	\$6,638	(\$1,583,011)	1,240,220	\$2,823,231
FUND BALANCE:				
Beginning of year			7,957,778	
End of year			\$9,197,998	

City of Pittsburg

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

Low/Moderate Income Housing II - Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$1,910,000	\$1,910,000	\$2,215,219	\$305,219
Use of money and property			48,225	48,225
Total revenues	<u>1,910,000</u>	<u>1,910,000</u>	<u>2,263,444</u>	<u>353,444</u>
EXPENDITURES:				
Current:				
Community services	50,000	8,614,385	6,334,375	2,280,010
General non-departmental			24,744	(24,744)
Capital outlay and improvements		2,125,000	1,927,820	197,180
Total expenditures	<u>50,000</u>	<u>10,739,385</u>	<u>8,286,939</u>	<u>2,452,446</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,860,000</u>	<u>(8,829,385)</u>	<u>(6,023,495)</u>	<u>2,805,890</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		9,946,000	8,208,833	(1,737,167)
Transfers out			(4,025)	(4,025)
Total other financing sources (uses)		<u>9,946,000</u>	<u>8,204,808</u>	<u>(1,741,192)</u>
NET CHANGE IN FUND BALANCE	<u>\$1,860,000</u>	<u>\$1,116,615</u>	<u>2,181,313</u>	<u>\$1,064,698</u>
FUND BALANCE:				
Beginning of year			<u>2,019,441</u>	
End of year			<u>\$4,200,754</u>	

City of Pittsburg

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

Redevelopment Agency Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Incremental property taxes	\$31,473,000	\$31,473,000	\$33,039,882	\$1,566,882
Service fees			82,778	82,778
Use of money and property	465,400	465,400	917,396	451,996
Other revenues	2,000	2,000	1,294,244	1,292,244
Total revenues	31,940,400	31,940,400	\$35,334,300	3,393,900
EXPENDITURES:				
Current:				
General government	1,148,347	3,037,001	2,484,511	552,490
Community services	1,202,138	8,741,688	3,192,730	5,548,958
General non-departmental	8,210,765	8,194,054	8,962,525	(768,471)
Total expenditures	10,561,250	19,972,743	14,639,766	5,332,977
REVENUES OVER (UNDER) EXPENDITURES	21,379,150	11,967,657	20,694,534	8,726,877
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets			500,000	500,000
Transfers in		1,202,352	270,556	(931,796)
Transfers out	(18,695,500)	(15,034,988)	(14,370,546)	664,442
Total other financing sources (uses)	(18,695,500)	(13,832,636)	(13,599,990)	232,646
NET CHANGE IN FUND BALANCE	\$2,683,650	(\$1,864,979)	7,094,544	\$8,959,523
FUND BALANCE:				
Beginning of year			40,368,478	
End of year			\$47,463,022	

City of Pittsburg

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

Housing Authority (Section 8) Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$11,987,855	\$11,987,855	\$11,847,125	(\$140,730)
Service fees	54,215	54,215	20,235	(33,980)
Use of money and property	3,000	3,000	7,156	4,156
Total revenues	<u>12,045,070</u>	<u>12,045,070</u>	<u>\$11,874,516</u>	<u>(170,554)</u>
EXPENDITURES:				
Current:				
General government	90,266	910,698	826,340	84,358
Community services	11,956,695	11,136,263	11,036,482	99,781
Total expenditures	<u>12,046,961</u>	<u>12,046,961</u>	<u>11,862,822</u>	<u>184,139</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,891)</u>	<u>(1,891)</u>	<u>11,694</u>	<u>13,585</u>
NET CHANGE IN FUND BALANCE	<u>(\$1,891)</u>	<u>(\$1,891)</u>	<u>11,694</u>	<u>\$13,585</u>
FUND BALANCE:				
Beginning of year			<u>657,801</u>	
End of year			<u>\$669,495</u>	

MAJOR PROPRIETARY 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.

Water Utility Fund - This fund accounts for the revenues and expenditures associated with management, operation, and maintenance of water treatment and distribution system to water customers of the City of Pittsburg. It also accounts for the maintenance of water plant, distribution reservoirs, and water lines.

Sewer Utility Fund - This fund accounts for the revenues and expenditures associated with the maintenance and repair of 126 miles of sewer mains, sewer lift stations, sewer laterals within the City's right-of-way.

Marina Fund - This fund accounts for the revenues received from Marina berth rentals, from sales of gasoline, and expenditures from operation and maintenance.

City of Pittsburgh
Statement of Net Assets
Proprietary Funds
June 30, 2005

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
ASSETS			
Current assets			
Cash and investments (Note 2)	\$1,886,144	\$4,845,910	
Restricted cash and investments (Note 2)	1,095,284	954,098	\$843,255
Receivables:			
Accounts	2,090,610	673,178	21,852
Interest	6,719	8,372	
Loans/notes (Note 3)			
Inventory	102,605		13,820
Prepaid items and other assets	13,441	265	
Total current assets	<u>5,194,803</u>	<u>6,481,823</u>	<u>878,927</u>
Noncurrent assets:			
Advance to other funds (Note 5B)		404,280	
Capital assets (Note 6):			
Land & nondepreciable assets	264,129	141,947	4,541,092
Depreciable assets, net	48,927,232	13,306,635	7,414,189
Total noncurrent assets	<u>49,191,361</u>	<u>13,852,862</u>	<u>11,955,281</u>
Total assets	<u>54,386,164</u>	<u>20,334,685</u>	<u>12,834,208</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$762,846	\$19,590	\$57,001
Salaries payable	62,586	15,741	13,381
Interest payable			
Refundable deposits	26,000	5,000	55,680
Due to other funds (Note 5A)			23,435
Taxes payable			
Deferred revenue			
Claims and judgments payable - due within one year (Note 10C)			
Long-term debt - due within one year (Note 7)	345,000	520,000	
Total current liabilities	<u>1,196,432</u>	<u>560,331</u>	<u>149,497</u>
Noncurrent liabilities:			
Advance from other funds (Note 5B)	404,280		
Compensated absences payable - due in more than one year (Note 11)	115,362	28,995	44,109
Long-term debt - due in more than one year (Note 7)	13,085,000	10,815,000	
Total noncurrent liabilities	<u>13,604,642</u>	<u>10,843,995</u>	<u>44,109</u>
Total liabilities	<u>14,801,074</u>	<u>11,404,326</u>	<u>193,606</u>
NET ASSETS (Note 1K)			
Invested in capital assets, net of related debt	35,761,361	2,517,862	11,955,281
Restricted for debt service purposes	1,060,950	923,175	
Restricted for special purposes			
Restricted for facility reserves	874,051	743,945	
Unrestricted	1,888,728	4,745,377	685,321
Total net assets	<u>\$39,585,090</u>	<u>\$8,930,359</u>	<u>\$12,640,602</u>

See accompanying Notes to Basic Financial Statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$3,444,204	\$10,176,258 2,892,637	\$2,372,886
946,635	3,732,275 15,091	3,501
100,582	217,007	34,164 104,222
4,694	18,400	47,715
<u>4,496,115</u>	<u>17,051,668</u>	<u>2,562,488</u>
1,525,000	1,929,280	
26,520	4,973,688	
8,327,612	77,975,668	3,128,341
<u>9,879,132</u>	<u>84,878,636</u>	<u>3,128,341</u>
<u>14,375,247</u>	<u>101,930,304</u>	<u>5,690,829</u>
305,839	1,145,276	214,016
30,210	121,918	44,781
37,261	123,941 23,435	
23,095	23,095	
48,216	48,216	
352,206	1,217,206	234,038
<u>796,827</u>	<u>2,703,087</u>	<u>492,835</u>
1,525,000	1,929,280	
92,994	281,460	33,344
71,565	23,971,565	
<u>1,689,559</u>	<u>26,182,305</u>	<u>33,344</u>
<u>2,486,386</u>	<u>28,885,392</u>	<u>526,179</u>
7,555,361	57,789,865 1,984,125	3,305,282
4,333,500	1,617,996 11,652,926	1,859,368
<u>\$11,888,861</u>	<u>\$73,044,912</u>	<u>\$5,164,650</u>

City of Pittsburgh
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2005

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
OPERATING REVENUES:			
Charges for services	\$11,245,697	\$2,403,877	\$973,851
Meter fees	27,937		
Other fees	424,156	198,194	
Rent and concessions			36,363
Gas and oil sales			283,599
Other operating revenues	22,256		6,014
Total operating revenues	11,720,046	2,602,071	1,299,827
OPERATING EXPENSES:			
Salaries and wages	1,571,498	379,011	314,263
Department supplies	5,162,129	72,079	305,331
Rentals			266
Utilities	738,935	1,203	113,835
Maintenance and operations	567,247	109,134	227,700
Depreciation and amortization	884,056	400,847	320,410
Insurance premiums			
Insurance deductible			
Fringe benefits	759,120	199,488	185,863
Other operating expenses	699,439	92,885	
Total operating expenses	10,382,424	1,254,647	1,467,668
OPERATING INCOME (LOSS)	1,337,622	1,347,424	(167,841)
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	121,715	165,899	11,810
Interest and fiscal charges	(753,435)	(416,557)	(302,082)
Gain on disposal of assets			
Total nonoperating revenues (expenses)	(631,720)	(250,658)	(290,272)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	705,902	1,096,766	(458,113)
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	40,633		4,541,093
Transfers in (Note 5C)	55,000		9,776,255
Transfers out (Note 5C)	(369,107)	(369,107)	(46,010)
Total contributions and transfers	(273,474)	(369,107)	14,271,338
Change in net assets	432,428	727,659	13,813,225
NET ASSETS (Note 1K):			
Beginning of year	39,152,662	8,202,700	(1,172,623)
GASB Statement No. 34 Implementation Adjustment (Note 6)			
End of year	\$39,585,090	\$8,930,359	\$12,640,602

See accompanying Notes to Basic Financial Statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$4,556,485	\$19,179,910	\$4,301,128
	27,937	
	622,350	
382,906	419,269	
70,804	354,403	
77,482	105,752	1,710,466
<u>5,087,677</u>	<u>20,709,621</u>	<u>\$6,011,594</u>
743,306	3,008,078	658,193
1,632,809	7,172,348	1,063,009
2,412	2,678	20,289
37,698	891,671	367,784
2,298,743	3,202,824	807,265
633,885	2,239,198	581,508
		196,323
		166,703
394,884	1,539,355	2,568,377
	792,324	27,434
<u>5,743,737</u>	<u>18,848,476</u>	<u>6,456,885</u>
(656,060)	1,861,145	(445,291)
81,843	381,267	14,969
	(1,472,074)	
		6,897
<u>81,843</u>	<u>(1,090,807)</u>	<u>21,866</u>
(574,217)	770,338	(423,425)
153,190	4,734,916	
400,000	10,231,255	599,300
(531,700)	(1,315,924)	(1,000,000)
<u>21,490</u>	<u>13,650,247</u>	<u>(400,700)</u>
(552,727)	14,420,585	(824,125)
15,816,594	61,999,333	5,988,775
(3,375,006)	(3,375,006)	
<u>\$11,888,861</u>	<u>\$73,044,912</u>	<u>\$5,164,650</u>

City of Pittsburgh
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2005

	Major Enterprise Funds		
	Water Utility	Sewer Utility	Marina
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$11,618,464	\$2,600,344	\$1,319,775
Cash payments to suppliers of goods and services	(7,155,136)	(282,121)	(1,027,761)
Cash payments to employees for services	(2,325,963)	(578,077)	(495,311)
Other operating revenues	22,256		6,014
Net cash provided (used) by operating activities	<u>2,159,621</u>	<u>1,740,146</u>	<u>(197,283)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund receipts		120,720	23,435
Interfund payments	(120,720)		
Transfers in	55,000		9,776,255
Transfers out	(369,107)	(369,107)	(46,010)
Net cash provided (used) by noncapital financing activities	<u>(434,827)</u>	<u>(248,387)</u>	<u>9,753,680</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term debt	(330,000)	(510,000)	(9,067,042)
Interest paid on long-term debt	(753,435)	(416,557)	(302,083)
Net changes in capital assets	(271,532)	(59,515)	
Net cash provided (used) by capital and related financing activities	<u>(1,354,967)</u>	<u>(986,072)</u>	<u>(9,369,125)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	121,715	165,899	11,810
Net cash provided (used) by investing activities	<u>121,715</u>	<u>165,899</u>	<u>11,810</u>
Net increase (decrease) in cash and cash equivalents	491,542	671,586	199,082
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,489,886	5,128,422	644,173
End of year	<u>\$2,981,428</u>	<u>\$5,800,008</u>	<u>\$843,255</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$1,337,622	\$1,347,424	(\$167,841)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	884,056	400,847	320,410
Changes in operating assets and liabilities:			
Accounts receivable	4,992	(1,347)	(3,137)
Loans receivable			
Interest receivable	(66)	(380)	
Inventory	(85,205)		29,668
Prepaid items	953		
Accounts payable	1,614	(11,820)	20,159
Salaries and wages payable	(2,461)	(1,027)	(134)
Interest payable			(408,017)
Refundable deposits	11,000	5,000	7,229
Taxes payable			
Deferred revenue			(569)
Compensated absences	7,116	1,449	4,949
Insurance claims payable			
Total adjustments	<u>821,999</u>	<u>392,722</u>	<u>(29,442)</u>
Net cash provided (used) by operating activities	<u>\$2,159,621</u>	<u>\$1,740,146</u>	<u>(\$197,283)</u>

See accompanying Notes to Basic Financial Statements

Non-Major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$4,966,686	\$20,505,269	\$4,276,329
(4,153,340)	(12,618,358)	(3,251,794)
(1,141,157)	(4,540,508)	(2,642,051)
77,482	105,752	1,710,466
<u>(250,329)</u>	<u>3,452,155</u>	<u>92,950</u>
	144,155	
	(120,720)	
400,000	10,231,255	599,300
(531,700)	(1,315,924)	(1,000,000)
<u>(131,700)</u>	<u>8,938,766</u>	<u>(400,700)</u>
(230,838)	(10,137,880)	
	(1,472,075)	
(44,805)	(375,852)	(505,377)
<u>(275,643)</u>	<u>(11,985,807)</u>	<u>(505,377)</u>
81,843	381,267	14,969
<u>81,843</u>	<u>381,267</u>	<u>14,969</u>
(575,829)	786,381	(798,158)
4,020,033	12,282,514	3,171,044
<u>\$3,444,204</u>	<u>\$13,068,895</u>	<u>\$2,372,886</u>
(\$656,060)	\$1,861,145	(\$445,291)
633,885	2,239,198	581,508
(135,111)	(134,603)	13,740
		1,695
	(446)	
13,967	(41,570)	(5,457)
29,419	30,372	(34,777)
66,506	76,459	(11,709)
(4,244)	(7,866)	(21,418)
	(408,017)	
(242,069)	(218,840)	
(6,115)	(6,115)	
48,216	47,647	
1,277	14,791	(3,806)
		18,465
<u>405,731</u>	<u>1,591,010</u>	<u>538,241</u>
<u>(\$250,329)</u>	<u>\$3,452,155</u>	<u>\$92,950</u>

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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, 2005

ASSETS

Cash and investments (Note 2)	\$2,475,336
Cash and investments held by fiscal agent (Note 2)	2,709,553
Assessment receivable	24,439,603
Interest receivable	23,800
Total assets	<u><u>\$29,648,292</u></u>

LIABILITIES

Accounts payable	\$431,358
Deferred assessments	2,273,856
Due to other parties	148,078
Due to bondholders	26,795,000
Total liabilities	<u><u>\$29,648,292</u></u>

See accompanying notes to financial statements

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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
Notes to Basic Financial Statements
For the year ended June 30, 2005

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 Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

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
Notes to Basic Financial Statements
For the year ended June 30, 2005

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
Notes to Basic Financial Statements
For the year ended June 30, 2005

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 30-40 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.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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.

For all governmental funds, amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences at June 30, 2005 are presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Compensated Absences:			
Due in more than one year	<u>\$1,852,846</u>	<u>\$281,460</u>	<u>\$2,134,306</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.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

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 to the Leisure Services Department 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
Notes to Basic Financial Statements
For the year ended June 30, 2005

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 locations throughout 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, 2005, 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
Notes to Basic Financial Statements
For the year ended June 30, 2005

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 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 two new funds during this fiscal year: (i) Vista Del Mar CFD 2005-2 Special Revenue Fund and (ii) Public Safety Service CFD 2005-1.

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.

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.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 2 - CASH AND INVESTMENTS (Continued)

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	\$85,832,249
Restricted cash and investments	139,213,980
Fiduciary Funds	
Cash and investments	2,475,336
Cash and investments held by fiscal agent	2,709,553
Total cash and investments	\$230,231,118

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
Notes to Basic Financial Statements
For the year ended June 30, 2005

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
Notes to Basic Financial Statements
For the year ended June 30, 2005

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	\$122,687,348			\$122,687,348
Money Market Funds	6,941,438			6,941,438
Guaranteed Investment Agreements		\$23,905,975	\$74,496,531	98,402,506
Total Investments	\$129,628,786	\$23,905,975	\$74,496,531	228,031,292
Cash in banks and on hand				2,199,826
Total Cash and Investments				\$230,231,118

Local Agency Investment Fund

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, 2005, these investments matured in an average of 151 days.

Money Market Funds are available for withdrawal on demand and at June 30, 2005 matured in an average of 38 days.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

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, 2005 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	\$6,941,438
<i>Not rated:</i>		
California Local Agency Investment Fund		122,687,348
Guaranteed Investment Agreements		98,402,506
Total Investments		228,031,292
<i>Exempt from credit rate disclosure:</i>		
Cash in banks and on hand		2,199,826
Total Cash and Investments		\$230,231,118

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 required to be disclosed. At June 30, 2005, the Redevelopment Agency Debt Service Fund had a Guaranteed Investment Agreement with Transamerica Occidental Life in the amount of \$66,075,223.

NOTE 3-NOTES AND LOANS RECEIVABLE

As of June 30, 2005, loans and notes receivable consisted of the following:

Special Revenue Funds:	
Small Cities Grant	\$1,904,831
HUD Community Development	
Block Grant	341,469
Redevelopment Agency	11,692,283
Low/Moderate Income	
Housing II	6,280,000
Total Special Revenue Funds	20,218,583
Internal Service Fund:	
Information System	34,164
Total loans and notes receivable	\$20,252,747

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 3-NOTES AND LOANS RECEIVABLE (Continued)

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 \$1,904,831 as of June 30, 2005.

B. *HUD Community Development Block Grant Loans*

The HUD CDBG Special Revenue fund had a loans receivable balance as of June 30, 2005 which was made up of \$341,469 in CDBG entitlement loans.

C. *Redevelopment Agency Loans*

The loans receivable at June 30, 2005 consisted of various rehabilitation and construction loans in the amount of \$5,545,074. 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.

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.

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 also agreed 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 and provides for the Agency to receive 20% of the projects residual receipts annually.

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, 2005 was \$34,164.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

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, 2005, deferred revenues in the Government-Wide Financial Statements include unearned grant revenues of \$1,096,560 in Governmental Activities and \$48,216 in Business-Type Activities.

B. Fund Financial Statements

At June 30, 2005, 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	Low/Moderate Income Housing II	Redevelopment Agency Special Revenue	Housing Authority (Section 8)	Non-Major Funds	Total
Unearned grant revenues	\$159,896				\$317,499	\$477,395
Housing loans receivable			\$703,019	\$37,565	2,805,345	3,545,929
Construction loan receivable		\$6,280,000	9,344,610			15,624,610
Total	<u>\$159,896</u>	<u>\$6,280,000</u>	<u>\$10,047,629</u>	<u>\$37,565</u>	<u>\$3,122,844</u>	<u>\$19,647,934</u>

Business-Type Funds

Unearned revenues	<u>Golf Course</u>	<u>Island Energy</u>	<u>Total</u>
	<u>\$18,958</u>	<u>\$29,258</u>	<u>\$48,216</u>

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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.

Current interfund balances are as follows:

DUE FROM FUND:	DUE TO FUND:	AMOUNT
Capital Improvement Capital Projects	Redevelopment Agency Special Revenue Fund	\$2,108,419
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Special Revenue Fund	7,828,411
Marina Enterprise Fund	General Fund	23,435
HUD Community Development Block Grant Special Revenue Fund	General Fund	23,021
Storm Water Utility (NPDES) Special Revenue Fund	General Fund	7,725
San Marco CFD 2004-01 Special Revenue Fund	General Fund	101,111
Vista Del Mar CFD 2005-2 Special Revenue Fund	General Fund	620
Public Safety Service CFD 2005-1 Special Revenue Fund	General Fund	95,000
Low/Moderate Income Housing II Special Revenue Fund	Redevelopment Agency Special Revenue Fund	3,990,592
		<u>\$14,178,334</u>

B. Interfund Advances

At June 30, 2005, 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.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 5-INTERFUND TRANSACTIONS (Continued)

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, 2005, the balance of the advance was \$404,280.

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.

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, 2005, 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.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 5-INTERFUND TRANSACTIONS (Continued)

C. Interfund Transfers

At June 30, 2005, the City had the following interfund transfers:

<u>FROM FUND:</u>	<u>TO FUND:</u>	<u>AMOUNT</u>
General Fund	Water Utility Enterprise Fund	\$55,000 (A)
	Economic Development Special Revenue Fund	357,000 (A)
	Budget Stabilization Fund	804,649 (E)
	Lighting and Landscape Special Revenue Fund	1,116,422 (A)
	Golf Course Enterprise Fund	400,000 (A)
	Building Maintenance Internal Service Fund	70,000 (G)
	Fringe Benefits Internal Service Fund	529,300 (A)
Special Revenue Funds:		
Measure C Tax	General Fund	170,000 (A)
	Capital Improvement Project Fund	24,836 (C)
Gas Tax	General Fund	1,300,000 (A)
Storm Water Utility (NPDES)	General Fund	80,940 (A)
Southwest Pittsburg GHAD II	General Fund	15,510 (A)
HUD Community Development Block Grant	General Fund	11,617 (A)
Redevelopment Agency	General Fund	3,592,000 (A)
	Marina Enterprise Fund	1,083,000 (B)
	Redevelopment Agency Debt Service	9,695,546 (B)
Low/Moderate Income Housing II	Redevelopment Agency Debt Service	4,025 (B)
Capital Projects:		
Park Dedication	General Fund	75,000 (A)
Traffic Mitigation	General Fund	36,214 (A)
Debt Service Funds:		
Redevelopment Agency	Redevelopment Agency Special Revenue Fund	270,556 (D)
	Low/Moderate Income Housing II Special Revenue Fund	8,208,833 (F)
	Capital Improvement Projects Fund	2,399,535 (D)
	Redevelopment Agency Capital Projects Fund	12,125,650 (D)
	Marina Enterprise Fund	8,693,255 (B)
	Measure C Tax Fund Capital Projects Fund	1,113,000 (D)
	Traffic Mitigation Capital Projects Fund	15,965 (D)
Internal Service Funds:		
Fleet Maintenance	General Fund	300,000 (A)
Insurance	General Fund	500,000 (A)
Fringe Benefits	General Fund	200,000 (A)
Enterprise Funds:		
Water Utility Enterprise Fund	General Fund	369,107 (A)
Sewer Utility Enterprise Fund	General Fund	369,107 (A)
Marina Enterprise Fund	General Fund	46,010 (A)
Island Energy Enterprise Fund	General Fund	86,630 (A)
Pittsburg Power Enterprise Fund	General Fund	431,670 (A)
Golf Course Enterprise Fund	Measure C Tax Fund Capital Projects Fund	13,400 (C)
		<u>\$54,563,777</u>

The reasons for these transfers are set forth below:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> (A) To fund general operations/recurring transfers. (B) To fund debt service payments. (C) To fund capital improvement projects. (D) To transfer bond proceeds to fund capital improvement projects. | <ul style="list-style-type: none"> (E) To establish a reserve for future General Fund contingencies and/or shortfall. (F) To fund various affordable housing projects. (G) To fund Civic Center HVAC repair project. |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 6-CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2005, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$38,528,579		\$38,528,579
Construction in process	33,685,026	\$4,973,688	38,658,714
Total non-depreciable assets, net	<u>72,213,605</u>	<u>4,973,688</u>	<u>77,187,293</u>
Depreciable assets:			
Buildings and improvements	46,369,793	15,817,547	62,187,340
Machinery and equipment	6,206,003	1,896,912	8,102,915
Infrastructure	201,123,846	92,219,467	293,343,313
Totals depreciable assets	<u>253,699,642</u>	<u>109,933,926</u>	<u>363,633,568</u>
Less accumulated depreciation:			
Buildings and improvements	(9,900,221)	(7,154,426)	(17,054,647)
Machinery and equipment	(3,797,289)	(1,429,020)	(5,226,309)
Infrastructure	(76,315,999)	(23,374,812)	(99,690,811)
Total accumulated depreciation	<u>(90,013,509)</u>	<u>(31,958,258)</u>	<u>(121,971,767)</u>
Total depreciable assets, net	<u>163,686,133</u>	<u>77,975,668</u>	<u>241,661,801</u>
Total capital assets	<u><u>\$235,899,738</u></u>	<u><u>\$82,949,356</u></u>	<u><u>\$318,849,094</u></u>

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 6-CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2004	Additions	Retirements and Transfers	Balance at June 30, 2005
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$31,544,743	\$7,851,120	(\$867,284)	\$38,528,579
Construction in progress	21,671,610	11,245,698	767,718	33,685,026
Total capital assets not being depreciated	<u>53,216,353</u>	<u>19,096,818</u>	<u>(99,566)</u>	<u>72,213,605</u>
Capital assets being depreciated:				
Buildings and improvements	47,361,420	66,291	(1,057,918)	46,369,793
Machinery and Equipment	5,954,018	718,961	(466,976)	6,206,003
Infrastructure	200,818,852	387,418	(82,424)	201,123,846
Total capital assets being depreciated	<u>254,134,290</u>	<u>1,172,670</u>	<u>(1,607,318)</u>	<u>253,699,642</u>
Less accumulated depreciation for:				
Buildings and improvements	(8,720,258)	(1,266,431)	86,468	(9,900,221)
Machinery and Equipment	(3,635,184)	(574,276)	412,171	(3,797,289)
Infrastructure	(70,861,876)	(5,625,076)	170,953	(76,315,999)
Total accumulated depreciation	<u>(83,217,318)</u>	<u>(7,465,783)</u>	<u>669,592</u>	<u>(90,013,509)</u>
Net capital assets being depreciated	<u>170,916,972</u>	<u>(6,293,113)</u>	<u>(937,726)</u>	<u>163,686,133</u>
Governmental activity capital assets, net	<u>\$224,133,325</u>	<u>\$12,803,705</u>	<u>(\$1,037,292)</u>	<u>\$235,899,738</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2005 are as follows:

City Manager and City Clerk	\$8,504
Human Resources	7,114
Finance and services	2,954
Community services	2,797
Public safety	142,085
Public works	5,934,820
General nondepartmental	786,001
Internal service funds	581,508
	<u>\$7,465,783</u>

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 6-CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2004	Additions	Retirements and Transfers	Balance at June 30, 2005
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Construction in progress	\$26,520	\$4,315,027	\$632,141	\$4,973,688
Total capital assets not being depreciated	26,520	4,315,027	632,141	4,973,688
Capital assets being depreciated:				
Improvements other than buildings	15,640,789		176,758	15,817,547
Machinery and Equipment	1,842,085	92,841	(38,014)	1,896,912
Infrastructure	96,092,537		(3,873,070)	92,219,467
Total capital assets being depreciated	113,575,411	92,841	(3,734,326)	109,933,926
Less accumulated depreciation for:				
Improvements other than buildings	(6,708,177)	(422,682)	(23,567)	(7,154,426)
Machinery and Equipment	(1,301,780)	(157,543)	30,303	(1,429,020)
Infrastructure	(22,139,184)	(1,658,973)	423,345	(23,374,812)
Total accumulated depreciation	(30,149,141)	(2,239,198)	430,081	(31,958,258)
Net capital assets being depreciated	83,426,270	(2,146,357)	(3,304,245)	77,975,668
Business-type activities capital assets, net	\$83,452,790	\$2,168,670	(\$2,672,104)	\$82,949,356

During the fiscal year ended June 30, 2005 the City completed a capital asset valuation of the Island Energy substations to comply with the requirements of GASB 34. The valuation resulted in a reduction of the infrastructure balance of \$3,375,006.

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2005 are as follows:

Water	\$884,056
Sewer	400,847
Marina	320,410
Golf Course	220,386
Island Energy	413,499
Total depreciation expense	<u>\$2,239,198</u>

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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, 2005:

Description	Original Issue Amount	Beginning Balance July 1, 2004	Additions	Retirements	Ending Balance June 30, 2005	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
1996 RDA Subordinated Refunding Bonds	20,000,000	20,000,000		(\$20,000,000)			
1999 RDA Bonds	30,106,357	29,961,357		(55,000)	29,906,357	\$55,000	29,851,357
2002A RDA Refunding Bonds	59,970,000	51,830,000		(4,040,000)	47,790,000	4,185,000	43,605,000
2003A RDA Bonds	88,375,000	88,375,000		(5,000)	88,370,000	285,000	88,085,000
2004A RDA Housing Set Aside Bonds	18,270,000		\$18,270,000		18,270,000	265,000	18,005,000
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
		230,051,357	146,605,000	(24,100,000)	352,556,357	4,790,000	347,766,357
Unamortized Premium		7,073,439		(442,090)	6,631,349		6,631,349
Total governmental activities		\$237,124,796	\$146,605,000	(\$24,542,090)	\$359,187,706	\$4,790,000	\$354,397,706

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

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, 2005, 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.

The annual debt service requirements to mature the 1993B RDA Bonds outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006		\$2,298,030	\$2,298,030
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
2011-2015		11,490,150	11,490,150
2016-2020		11,490,150	11,490,150
2021-2025		11,490,150	11,490,150
2026-2030		11,490,150	11,490,150
2031-2035	\$39,885,000	7,082,190	46,967,190
Total	\$39,885,000	\$64,532,940	\$104,417,940

1996 Redevelopment Agency Subordinated Tax Allocation Refunding Bonds

In fiscal year 2005, the 1996 Redevelopment Agency Subordinated Tax Allocation Refunding Bonds (1996 RDA Bonds) were fully repaid using proceeds from the issuance of the 2004A Series A Subordinate Tax Allocation Bonds and the 2004B Redevelopment Agency Subordinate Tax Allocation Refunding Bonds. Proceeds from the 1996 RDA Bonds were used to refund the Agency's California Avenue Community Facilities District No. 1990-1 Subordinate Tax Allocation Revenue Bonds and substitute funds in escrow for Series 1993B RDA Bonds for the purposes of commencing the construction of a new City Hall.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

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, 2005 amounted to \$47,790,000. 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, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$4,185,000	\$2,165,538	\$6,350,538
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
2011-2015	21,435,000	4,212,856	25,647,856
2016-2020	4,980,000	130,725	5,110,725
Total	\$47,790,000	\$13,470,225	\$61,260,225

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

1999 Redevelopment Agency Tax Allocation Bonds

1999 Redevelopment Agency Tax Allocation Bonds (1999 RDA Bonds) outstanding at June 30, 2005 amounted to \$29,906,357. 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, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Totals
2006	\$55,000	\$529,150	\$584,150
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
2011-2015	3,325,000	2,028,069	5,353,069
2016-2020	6,946,003	6,105,446	13,051,449
2021-2025	9,121,752	29,071,678	38,193,430
2026-2030	8,295,942	37,048,861	45,344,803
2031-2035	1,402,660	3,871,170	5,273,830
Totals	<u>\$29,906,357</u>	<u>\$80,729,695</u>	<u>\$110,636,052</u>

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

2003 Series A Redevelopment Agency Tax Allocation Bonds

2003 Series A Redevelopment Agency Tax Allocation Bonds (2003A RDA Bonds) outstanding at June 30, 2005 amounted to \$88,370,000. 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.

The annual debt service requirements to mature the 2003A RDA Bonds outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$285,000	\$4,238,181	\$4,523,181
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
2011-2015	13,920,000	18,569,750	32,489,750
2016-2020	34,220,000	12,786,500	47,006,500
2021-2025	20,580,000	5,107,993	25,687,993
2026-2030	13,315,000	1,584,719	14,899,719
Total	\$88,370,000	\$58,989,006	\$147,359,006

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

2004 Series A Housing Set Aside Redevelopment Agency Tax Allocation Bonds

In December 2004, the Redevelopment Agency of the City of Pittsburgh issued \$18,270,000 of Housing Set Aside Tax Allocation Bonds Series 2004A. 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, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$265,000	\$1,045,276	\$1,310,276
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
2011-2015	1,810,000	4,350,117	6,160,117
2016-2020	2,310,000	3,836,953	6,146,953
2021-2025	2,995,000	3,130,478	6,125,478
2026-2030	3,910,000	2,190,859	6,100,859
2031-2035	5,125,000	935,590	6,060,590
2036-2037	655,000	18,406	673,406
Total	\$18,270,000	\$19,246,690	\$37,516,690

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

2004 Series B Redevelopment Agency Subordinate Tax Allocation Refunding Bonds

In December 2004, the Redevelopment Agency of the City of Pittsburgh issued \$10,720,000 of Subordinate Tax Allocation Refunding Bonds Series 2004B. 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, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006		\$448,810	\$448,810
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
2011-2012	6,665,000	295,211	6,960,211
Total	\$10,720,000	\$2,383,408	\$13,103,408

2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds

In December 2004, the Redevelopment Agency of the City of Pittsburgh issued \$117,615,000 of 2004 Series A Subordinate Tax Allocation Bonds. 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. As a result of the refunding, aggregate debt service was increased \$5,522,176, and an economic gain of \$2,740,361 was realized during fiscal year 2004/2005.

The 2004A 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 2004A Bonds, the Agency 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 Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

Terms. The terms, including the counterparty credit ratings of the outstanding swap, as of June 30, 2005, are included below. The Agency's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds.

Redevelopment Agency of the City of Pittsburgh Swap Portfolio								
Related Bonds	Counterparty	Credit Ratings by		Issuer Pays	Issuer Receives	Amount (millions)	Option to Cancel	Maturity Date
		Moody's/Fitch/S&P						
Series A 2004	Piper Jaffray with a Guarantee from Morgan Stanley Capital Services (MSCS)	Aa3/A+/AA-		3.549%	63% of 1-month LIBOR plus 0.35%	\$117,615,000	N/A	9/1/2035

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.

Fair value. The swap had a negative fair value as of June 30, 2005 of (\$4,246,386.26). 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.

Credit risk. As of June 30, 2005, the Agency was not exposed to credit risk on its outstanding swap because the swap had a negative fair value of (\$4,246,386.26). The Agency is 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 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 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.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7 - LONG TERM DEBT (Continued)

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 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 pays on its bonds. The Agency is exposed to basis risk should the floating rate that it receives on a swap be less than the actual variable rate the Agency pays 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 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 is receiving 63% of 1-month LIBOR (a taxable index) plus 35 basis points 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 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.

The annual debt service requirements to mature the 2004A STAB Bonds outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006		\$4,174,156	\$4,174,156
2007		4,174,156	4,174,156
2008		4,174,156	4,174,156
2009		4,174,156	4,174,156
2010		4,174,156	4,174,156
2011-2015	\$12,090,000	20,129,840	32,219,840
2016-2020	23,345,000	16,508,395	39,853,395
2021-2025	26,660,000	12,002,541	38,662,541
2026-2030	27,065,000	7,280,819	34,345,819
2031-2035	25,915,000	2,217,371	28,132,371
2036-2037	2,540,000	22,536	2,562,536
Total	\$117,615,000	\$79,032,282	\$196,647,282

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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, 2005:

	Original Issue Amount	Balance July 1, 2004	Retirements	Balance June 30, 2005	Balance Due Within One Year	Balance Due in More than One Year
Loans:						
Marina Construction Loans:						
1978 Pittsburg Marina Construction Loan	\$1,700,000	\$710,966	(\$710,966)			
1979 Pittsburg Marina Construction Loan	1,100,000	521,390	(521,390)			
1986 Pittsburg Marina Construction Loan	7,300,000	7,834,686	(7,834,686)			
Total Marina construction loans	10,100,000	9,067,042	(9,067,042)			
Capital start-up costs loan - Island Energy	400,000	224,770	(100,000)	\$124,770	\$124,770	
Total loans	10,500,000	9,291,812	(9,167,042)	124,770	124,770	
Revenue Bonds:						
1997 Water Revenue Bonds	14,655,000	13,760,000	(330,000)	13,430,000	345,000	\$13,085,000
2004 Waste Water Revenue Bonds	11,950,000	11,845,000	(510,000)	11,335,000	520,000	10,815,000
Total revenue bonds	26,605,000	25,605,000	(840,000)	24,765,000	865,000	23,900,000
Capital Leases		429,839	(130,838)	299,001	227,436	71,564
Total	\$37,105,000	\$35,326,651	(\$10,137,880)	\$25,188,771	\$1,217,206	\$23,971,564

Pittsburg Marina Construction Loans

The Marina Enterprise Fund has three long-term Pittsburg Marina Construction Loans from the California Department of Boating and Waterways. All three loans bear interest rates of 4.5%. Interest and principal payments are made annually on August 1 for all of the loans. The loans are fully repaid as of June 30, 2005.

Capital Start-up Costs - Island Energy

The City received a loan in the amount of \$424,770 to cover the start-up costs related to the Island Energy Project. The payment of this loan has been scheduled for \$100,000 each fiscal year and ends in fiscal year 2005-06 with the annual payment amount of \$124,770 including interest. At June 30, 2005, the outstanding balance was \$124,770.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

1997 Water Revenue Bonds

1997 Water Revenue Bonds (1997 Bonds) outstanding at June 30, 2005, amounted to \$13,430,000. The 1997 Bonds consist of a serial and a term portion. The serial portion of the 1997 Bonds bear interest rates from 4.25% to 5.00% with interest payments made semi-annually on June 1 and December 1 and principal maturing annually from 2002 to 2013 in amounts ranging from \$285,000 to \$480,000. Term principal payments of \$2,185,000 and \$7,980,000 are due on June 1, 2017 and 2027, respectively. The term bonds bear interest rates of 5.25% for the principal amount maturing in 2017 and 5.50% for the principal amount maturing in 2027. The 1997 Bonds were issued to finance the improvement of the water system within the City.

The annual debt service requirements to mature the 1997 Bonds outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$345,000	\$715,623	\$1,060,623
2007	360,000	699,580	1,059,580
2008	375,000	682,480	1,057,480
2009	395,000	661,855	1,056,855
2010	415,000	642,698	1,057,698
2011-2015	2,410,000	2,881,302	5,291,302
2016-2020	3,115,000	2,181,625	5,296,625
2021-2025	4,060,000	1,231,450	5,291,450
2026-2027	1,955,000	162,800	2,117,800
Total	\$13,430,000	\$9,859,413	\$23,289,413

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

2004 Wastewater Revenue Bonds

2004 Wastewater Revenue Bonds (2004 Wastewater) outstanding at June 30, 2005 amounted to \$11,335,000. 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.

The annual debt service requirements to mature the 2004 Bonds outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$520,000	\$388,978	\$908,978
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
2011-2015	3,125,000	1,452,272	4,577,272
2016-2020	3,760,000	839,730	4,599,730
2021-2022	1,730,000	111,138	1,841,138
Total	\$11,335,000	\$4,238,955	\$15,573,955

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 7-LONG-TERM DEBT (Continued)

Capital Lease

In 2003 the City entered into three Golf Course equipment lease purchase agreements with John Deer Credit, Textron Finance Corporation and Bank of the West.

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, 2005 was \$299,001.

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

Year Ending June 30,	Principal	Interest	Total
2006	\$227,436	\$10,592	\$238,028
2007	56,876	2,396	59,272
2008	14,689	129	14,818
Total	\$299,001	\$13,117	\$312,118

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, 2005, was as follows:

	Balance July 1, 2004	Retirements	Balance June 30, 2005
1998 Marina Walk A.D. Bonds	\$1,675,000	(\$35,000)	\$1,640,000
1998 Pittsburg IFA Bonds	11,250,000	(355,000)	10,895,000
2001-01 San Marco A.D. Bonds	7,380,000	(115,000)	7,265,000
2001-02 Oak Hills South A.D. Bonds	2,705,000	(40,000)	2,665,000
2001-03 Century Plaza Bonds	4,405,000	(75,000)	4,330,000
Total	\$27,415,000	(\$620,000)	\$26,795,000

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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

1998 Marina Walk Assessment District Bonds - 1998 Marina Walk Assessment District Bonds (Marina Walk Bonds) outstanding at June 30, 2005, amounted to \$1,640,000. 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, 2005, amounting in total to \$10,895,000. 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, 2005, amounted to \$7,265,000. 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.

2001-02 Oak Hills South Assessment District Bonds - 2001-02 Limited Obligation Improvement Assessment District Bonds (Oak Hills South Bonds) outstanding at June 30, 2005, amounted to \$2,665,000. 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.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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

2001-03 Century Plaza Assessment District Bonds - 2001-03 Limited Obligation Improvement Assessment District Bonds (Century Plaza Bonds) outstanding at June 30, 2005, amounted to \$4,330,000. 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.

NOTE 9- FUND EQUITY

A. Fund Reserves and Designations

In the Governmental Funds, fund balances at June 30, 2005, 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	Capital Improvement Capital Projects	RDA Capital Projects	Non-Major Funds	Total
Reserved for:										
Encumbrances	\$99,426						\$92,373	\$11,266	\$34,767	\$237,832
Supplies	118,251									118,251
Capital Projects				\$4,422,876		\$117,052,195		3,187,318		124,662,389
Debt service						16,157,477				16,157,477
Prepaid items	27,603			21,220	\$2,600				265	51,688
Advances				8,100,000			5,000			8,105,000
Loans receivable				1,644,654						1,644,654
Total reserved	245,280			14,188,750	2,600	133,209,672	97,373	3,198,584	35,032	150,977,291
Designated for:										
Recreation services and others	31,148									31,148
Grants					666,895			665,618		1,332,513
Roads							704,578	6,160,072		6,864,650
Redevelopment projects									5,123,074	5,123,074
Total designated	31,148				666,895		704,578	11,948,764		13,351,385
Unreserved, undesignated	8,921,570	(\$8,100,000)	\$4,200,754	33,274,272					3,093,380	41,389,976
Total	\$9,197,998	(\$8,100,000)	\$4,200,754	\$47,463,022	\$669,495	\$133,209,672	\$801,951	\$3,198,584	\$15,077,176	\$205,718,652

B. Deficit Fund Balance/Net Assets

At June 30, 2005, 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, 2005, the San Marco CFD 2004-01 Special Revenue Fund had a deficit fund balance of \$91,092. The deficit will be reduced with future years assessment revenues.

At June 30, 2005, the Public Safety Service CFD 2005-1 Special Revenue Fund had a deficit fund balance of \$10,507. The deficit will be reduced with future years assessment revenues.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

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
2002-2003	\$207,543	\$154,936	(\$139,585)	\$222,894
2003-2004	222,894	136,726	(144,047)	215,573
2004-2005	215,573	26,751	(8,286)	234,038

D. Purchase 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	95,000,000
Liability	25,000	15,000,000

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

NOTE 10- RISK MANAGEMENT (Continued)

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. Plan Description

The City's defined benefit pension plans, City of Pittsburg Miscellaneous Plan and the City of Pittsburg Safety Plan, provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City of Pittsburg Miscellaneous Plan and the City of Pittsburg Safety Plan are part of the Public Agency portion of CalPERS, an agent multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

All permanent City employees, classified as full-time, as well as part-time permanent, and temporary City employees who work 1,000 or more hours per year, are required to participate in the California Public Employees Retirement System (CalPERS). Benefits vest after five years of service. City employees who retire at or after age 55 (50 for safety employees) are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to at least 2% for miscellaneous employees, and 3% for safety employees for each year of service (up to 40 years) of their highest annual salary. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance.

City of Pittsburgh
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 11-DEFINED BENEFIT PENSION PLAN (Continued)

B. *Funding Policy*

Active members in the City of Pittsburgh Miscellaneous Plan are required to contribute 7% of reportable earnings in excess of \$133.33. Active members in the City of Pittsburgh Safety Plan are required to contribute 9% of reportable earnings in excess of \$133.33. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required contribution rates for the City for fiscal year 2004-05, was 18.112% of reportable earnings for miscellaneous members and 31.573% of reportable earnings for safety members. Safety members covered by the 1959 Survivor Benefits contribute \$2.00 per month. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is actuarially established and may be amended by CalPERS.

C. *Annual Pension Cost*

For 2004-05, the City's annual pension cost was \$5,454,618 including \$1,353,756 paid for the employees and \$1,533-required to contribute to the Fourth level 1959 Survivor pre-retirement death benefit for the City of Pittsburgh Safety Police Plan. It was the initial cost to fund the benefit equal to 5 years (to June 30, 2006) of Normal Cost for 55 eligible active members.

The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for both miscellaneous and safety members, and (c) 3% per year cost-of-living adjustment. Both (a) and (b) include an inflation component of 3%. The actuarial value of the Miscellaneous and Safety Police Plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five-year period. The City's Miscellaneous and Safety Police Plans' unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2004 was 14 years for the Safety Police Plan and 30 years for the Miscellaneous Plan.

As required by new State law, effective July 1, 2005, the City's Safety Plan was terminated, and the employees in that plan were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

NOTE 11-DEFINED BENEFIT PENSION PLAN (Continued)

The City satisfied its Safety Plan's liability of \$11,142,684 by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 13 years.

THREE-YEAR TREND INFORMATION FOR CalPERS

<u>Plan Year</u>	<u>Pension Cost (APC)</u>	<u>APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2003	\$5,158,262	100%	-
6/30/2004	5,299,322	100%	-
6/30/2005	5,454,618	100%	-

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

Safety Plan:

Actuarial						
<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
2002	\$19,731,269	\$11,039,443	\$8,691,826	55.9%	\$5,190,896	167.4%
2003	25,181,481	14,038,797	11,142,684	55.8%	6,017,076	185.2%
2004	N/A	N/A	N/A	N/A	N/A	N/A

Miscellaneous Plan:

Actuarial						
<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
2002	\$14,153,513	\$3,872,669	\$10,280,844	27.4%	\$9,935,460	103.5%
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%

NOTE 12- OTHER POST-EMPLOYMENT BENEFITS

The City provided health care benefits for 91 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 2005 amounted to \$344,543 including \$93,022 for 24 retirees not on a pay-as-you-go basis.

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2005

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, 2005, 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.

C. *Pass-Through Agreements*

The tax increment shifts to the Contra Costa County, College District, Education Office, Fire District, Flood Control District, Library, East Bay Regional Parks District, Mosquito Abatement District, Antioch Unified School District and Pittsburg Unified School District were estimated for 20 fiscal years, beginning from fiscal year 2000-01, to be \$54,898,340. The tax increment to be passed through to these agencies amounted to \$5,920,393 for fiscal year 2004-2005.

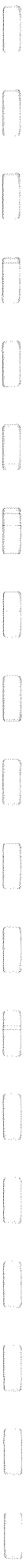
D. *Educational Revenue Augmentation Fund (ERAF)*

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, 2005, the Agency paid \$2,379,091 as a result of the State directive.

E. *Transaction Between Related Parties*

During fiscal 2004-2005, the City and Redevelopment Agency of Pittsburg entered into an agreement whereby the Agency purchased a 1.75-acre parcel of land from the City for \$420,000 which closed escrow on July 8, 2005. The Agency intends to convey this property to a developer to address the goals and objectives of the Redevelopment Plan.

SUPPLEMENTAL INFORMATION



City of Pittsburg

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

Capital Improvement Capital Projects Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$1,208,585	\$1,229,373	\$596,184	(\$633,189)
Other revenues			2,694	2,694
Total revenues	1,208,585	1,229,373	598,878	(630,495)
EXPENDITURES:				
Current:				
Public works-streets	2,374,421	2,813,421	1,458,270	1,355,151
Public works-others	2,922,733	3,057,733	1,948,141	1,109,592
Total expenditures	5,297,154	5,871,154	3,406,411	2,464,743
OTHER FINANCING SOURCES (USES):				
Transfers in	4,398,705	4,377,917	2,424,371	(1,953,546)
Total other financing sources (uses)	4,398,705	4,377,917	2,424,371	(1,953,546)
NET CHANGE IN FUND BALANCE	\$310,136	(\$263,864)	(383,162)	(\$119,298)
FUND BALANCE:				
Beginning of year			1,185,113	
End of year			\$801,951	

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property			\$7,800	\$7,800
Intergovernmental		\$1,182,433	153,143	(1,029,290)
Service fees			9,876	9,876
Other revenues			925	925
Total revenues		1,182,433	171,744	(1,010,689)
EXPENDITURES:				
Current:				
Community services	\$3,684,987	14,784,527	1,143,074	13,641,453
Capital outlay	37,543,857	48,707,292	10,509,561	38,197,731
Total expenditures	41,228,844	63,491,819	11,652,635	51,839,184
OTHER FINANCING SOURCES (USES):				
Transfers in	41,228,844	43,590,639	12,125,650	(31,464,989)
Total other financing sources (uses)	41,228,844	43,590,639	12,125,650	(31,464,989)
NET CHANGE IN FUND BALANCE		(\$18,718,747)	644,759	19,363,506
FUND BALANCE:				
Beginning of year			2,553,825	
End of year			\$3,198,584	

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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 Pittsburgh.

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 Pittsburgh (GHAD II) Fund - Southwest Pittsburgh 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.

City of Pittsburg
Supplemental Information
For the year ended June 30, 2005

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.

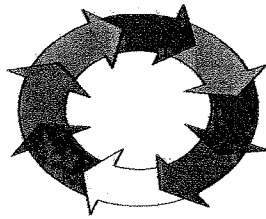
Miscellaneous Grants Fund - This fund receives various small grants to administer the police, recreation, and public services.

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.

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2005



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City of Pittsburgh
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2005

	Special Revenue						Lighting & Landscape Oak Hill
	Economic Development	Budget Stabilization	Small Cities Grants	Gas Tax	Measure C Tax Fund	Lighting & Landscape	
ASSETS							
Cash and investments	\$3,605,328	\$1,229,649	\$691,685	\$89,648	\$336,063	\$162,053	\$125,385
Restricted cash and investments					1,113,000		
Receivables:							
Accounts				99,850	77,500	100	
Loans/notes			1,904,831				
Prepaid items							
Total assets	\$3,605,328	\$1,229,649	\$2,596,516	\$189,498	\$1,526,563	\$162,153	\$125,385
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$316,433		\$20,580		\$27,480	\$65,496	\$1,001
Salaries payable			5,487			53,472	
Refundable deposits							
Loans payable - current			60,120				
Due to other agencies							
Due to other funds							
Deferred revenue			1,844,711				
Total liabilities	316,433		1,930,898		27,480	118,968	1,001
Fund Balances:							
Reserved						974	
Unreserved, designated	3,288,895		665,618	\$189,498	1,499,083		
Unreserved, reported in non-major funds:							
Special revenue funds		\$1,229,649				42,211	124,384
Capital projects							
Total unreserved, designated		1,229,649				42,211	124,384
Total fund balances (deficit)	3,288,895	1,229,649	665,618	189,498	1,499,083	43,185	124,384
Total liabilities and fund balances	\$3,605,328	\$1,229,649	\$2,596,516	\$189,498	\$1,526,563	\$162,153	\$125,385

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
\$10,524		\$86,113	\$156,708	\$126,877	\$455,554			\$277,724
				2,151		\$303,497	\$744,315 341,469	7,379
						265		
\$10,524		\$86,113	\$156,708	\$129,028	\$455,554	\$303,762	\$1,085,784	\$285,103
\$505	(\$620)	\$1,620		\$22,493	\$2,274	\$16,457 14,291	\$76,455 6,384	\$35,586
			\$7,028					12,050
								12,281
101,111	620	95,000				7,725	23,021	
				95,391			960,634	222,108
101,616		96,620	7,028	117,884	2,274	38,473	1,066,494	282,025
					369	1,015		32,674
(91,092)		(10,507)	149,680	11,144	452,911	264,274	19,290	(29,596)
(91,092)		(10,507)	149,680	11,144	452,911	264,274	19,290	(29,596)
(91,092)		(10,507)	149,680	11,144	453,280	265,289	19,290	3,078
\$10,524		\$86,113	\$156,708	\$129,028	\$455,554	\$303,762	\$1,085,784	\$285,103

(Continued)

City of Pittsburgh
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2005

	Capital Projects			Non-Major Governmental Funds
	Kirker Creek Drainage Fees	Traffic Mitigation	Park Dedication	
ASSETS				
Cash and investments	\$931,032	\$4,459,636	\$1,834,179	\$14,578,158
Restricted cash and investments		15,965		1,128,965
Receivables:				
Accounts				1,234,792
Loans/notes				2,246,300
Prepaid items				265
Total assets	\$931,032	\$4,475,601	\$1,834,179	\$19,188,480
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable		\$4,110		\$589,870
Salaries payable				79,634
Refundable deposits				19,078
Loans payable - current				60,120
Due to other agencies				12,281
Due to other funds				227,477
Deferred revenue				3,122,844
Total liabilities		4,110		4,111,304
Fund Balances:				
Reserved				35,032
Unreserved, designated		4,471,491	\$1,834,179	11,948,764
Unreserved, reported in non-major funds:				
Special revenue funds				2,162,348
Capital projects	\$931,032			931,032
Total unreserved, designated	931,032			3,093,380
Total fund balances (deficit)	931,032	4,471,491	1,834,179	15,077,176
Total liabilities and fund balances	\$931,032	\$4,475,601	\$1,834,179	\$19,188,480

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City of Pittsburgh

Combining Statements of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2005

	Special Revenue						
	Economic Development	Budget Stabilization	Small Cities Grants	Gas Tax	Measure C Tax Fund	Lighting & Landscape	Lighting & Landscape Oak Hill
REVENUES:							
Property taxes							
Sales and other taxes							
Intergovernmental revenues				\$1,152,650	\$898,574		
Licenses, permits, and fees							
Special assessments						\$2,024,532	\$33,959
Use of money and property			\$119,662	9,979	13,538		2,557
Other revenues			365,392		1,410		
Total revenues			485,054	1,162,629	913,522	2,024,532	36,516
EXPENDITURES:							
Current:							
General government					17,155	23,251	206
Community services			574,663				
Public safety							
Public works - parks							
Public works - streets					1,381,357	3,074,468	30,453
General non-departmental	\$642,669						
Capital outlay and improvements							
Total expenditures	642,669		574,663		1,398,512	3,097,719	30,659
REVENUES OVER (UNDER) EXPENDITURES	(642,669)		(89,609)	1,162,629	(484,990)	(1,073,187)	5,857
OTHER FINANCING SOURCES (USES):							
Transfers in	357,000	\$804,649			1,126,400	1,116,422	
Transfers out				(1,300,000)	(194,836)		
Total other financing sources (uses)	357,000	804,649		(1,300,000)	931,564	1,116,422	
Net change in fund balances	(285,669)	804,649	(89,609)	(137,371)	446,574	43,235	5,857
FUND BALANCES (DEFICITS):							
Beginning of year	3,574,564	425,000	755,227	326,869	1,052,509	(50)	118,527
End of year	\$3,288,895	\$1,229,649	\$665,618	\$189,498	\$1,499,083	\$43,185	\$124,384

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
				\$63,191			\$527,893	\$129,259
			\$3,721 24,104	3,055	\$220,125 8,273	\$664,397 2,733		5,794
			27,825	66,246	228,398	667,130	527,893	135,053
			42,836		1,190		216,520	
\$5,877		\$10,507		43,519 29,562	90,085	27,903	299,755	32,346 99,522
			1,117			507,014 174,272		
5,877		10,507	43,953	73,081	91,275	709,189	516,275	131,868
(5,877)		(10,507)	(16,128)	(6,835)	137,123	(42,059)	11,618	3,185
					(15,510)	(80,940)	(11,617)	
					(15,510)	(80,940)	(11,617)	
(5,877)		(10,507)	(16,128)	(6,835)	121,613	(122,999)	1	3,185
(85,215)			165,808	17,979	331,667	388,288	19,289	(107)
(\$91,092)		(\$10,507)	\$149,680	\$11,144	\$453,280	\$265,289	\$19,290	\$3,078

(Continued)

City of Pittsburgh
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2005

	Capital Projects			Total Non-Major Governmental Funds
	Kirker Creek Drainage Fees	Traffic Mitigation	Park Dedication	
REVENUES:				
Property taxes				
Sales and other taxes				
Intergovernmental revenues				\$2,771,567
Licenses, permits, and fees	\$452,616	\$1,558,263	\$1,636,758	3,647,637
Special assessments				2,943,013
Use of money and property	13,752	80,012	26,935	290,011
Other revenues			115	391,021
Total revenues	466,368	1,638,275	1,663,808	10,043,249
EXPENDITURES:				
Current:				
General government				301,158
Community services				1,040,368
Public safety				173,371
Public works - parks			24,900	24,900
Public works - streets		37,688		5,032,097
General non-departmental				816,941
Capital outlay and improvements		77,228	1,235,591	1,312,819
Total expenditures		114,916	1,260,491	8,701,654
REVENUES OVER (UNDER) EXPENDITURES	466,368	1,523,359	403,317	1,341,595
OTHER FINANCING SOURCES (USES):				
Transfers in		15,965		3,420,436
Transfers out		(36,214)	(75,000)	(1,714,117)
Total other financing sources (uses)		(20,249)	(75,000)	1,706,319
Net change in fund balances	466,368	1,503,110	328,317	3,047,914
FUND BALANCES (DEFICITS):				
Beginning of year	464,664	2,968,381	1,505,862	12,029,262
End of year	\$931,032	\$4,471,491	\$1,834,179	\$15,077,176

(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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
General non-departmental	\$520,000	\$683,161	\$642,669	\$40,492
Total expenditures	520,000	683,161	642,669	40,492
REVENUES OVER (UNDER) EXPENDITURES	(520,000)	(683,161)	(642,669)	40,492
OTHER FINANCING SOURCES:				
Transfers in		357,000	357,000	
Total other financing sources (uses)		357,000	357,000	
NET CHANGE IN FUND BALANCE	<u>(\$520,000)</u>	<u>(\$326,161)</u>	<u>(285,669)</u>	<u>\$40,492</u>
FUND BALANCE:				
Beginning of year			3,574,564	
End of year			<u>\$3,288,895</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES:				
Transfers in	\$804,649	\$804,649	\$804,649	
Total other financing sources (uses)	804,649	804,649	804,649	
Net change in fund balances	\$804,649	\$804,649	804,649	
FUND BALANCES:				
Beginning of year			425,000	
End of year			\$1,229,649	

City of Pittsburg

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

Small Cities Grants - Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$85,000	\$85,000	\$119,662	\$34,662
Other revenues	408,000	408,000	365,392	(42,608)
Total revenues	<u>493,000</u>	<u>493,000</u>	<u>485,054</u>	<u>(7,946)</u>
EXPENDITURES:				
Current:				
Community services	827,032	827,032	574,663	252,369
Total expenditures	<u>827,032</u>	<u>827,032</u>	<u>574,663</u>	<u>252,369</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(334,032)</u>	<u>(334,032)</u>	<u>(89,609)</u>	<u>244,423</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$334,032)</u></u>	<u><u>(\$334,032)</u></u>	<u>(89,609)</u>	<u><u>\$244,423</u></u>
FUND BALANCE:				
Beginning of year			<u>755,227</u>	
End of year			<u><u>\$665,618</u></u>	

City of Pittsburg

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$1,140,131	\$1,140,131	\$1,152,650	\$12,519
Use of money and property	12,469	12,469	9,979	(2,490)
Total revenues	<u>1,152,600</u>	<u>1,152,600</u>	<u>1,162,629</u>	<u>10,029</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,152,600</u>	<u>1,152,600</u>	<u>1,162,629</u>	<u>10,029</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>(\$147,400)</u>	<u>(\$147,400)</u>	<u>(137,371)</u>	<u>\$10,029</u>
FUND BALANCE:				
Beginning of year			<u>326,869</u>	
End of year			<u>\$189,498</u>	

City of Pittsburg

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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$9,600	\$9,600	\$13,538	\$3,938
Intergovernmental	630,400	895,100	898,574	3,474
Other revenues			1,410	1,410
Total revenues	640,000	904,700	913,522	8,822
EXPENDITURES:				
Current:				
General government	20,000	25,000	17,155	7,845
Public works		1,938,462	1,381,357	557,105
Total expenditures	20,000	1,963,462	1,398,512	564,950
REVENUES OVER (UNDER) EXPENDITURES	620,000	(1,058,762)	(484,990)	573,772
OTHER FINANCING SOURCES (USES):				
Transfers in		1,126,400	1,126,400	
Transfers out	(170,000)	(837,153)	(194,836)	642,317
Total other financing sources (uses)	(170,000)	(837,153)	931,564	642,317
NET CHANGE IN FUND BALANCE	\$450,000	(\$1,895,915)	446,574	\$2,342,489
FUND BALANCE:				
Beginning of year			1,052,509	
End of year			\$1,499,083	

City of Pittsburgh

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

Lighting & Landscape - Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$2,027,652	\$2,027,652	\$2,024,532	(\$3,120)
Total revenues	<u>2,027,652</u>	<u>2,027,652</u>	<u>2,024,532</u>	<u>(3,120)</u>
EXPENDITURES:				
Current:				
General government	29,600	29,600	23,251	6,349
Public works	3,026,172	3,076,172	3,074,468	1,704
Total expenditures	<u>3,055,772</u>	<u>3,105,772</u>	<u>3,097,719</u>	<u>8,053</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,028,120)</u>	<u>(1,078,120)</u>	<u>(1,073,187)</u>	<u>4,933</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,066,420	1,116,420	1,116,422	2
Total other financing sources (uses)	<u>1,066,420</u>	<u>1,116,420</u>	<u>1,116,422</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>\$38,300</u>	<u>\$38,300</u>	<u>43,235</u>	<u>\$4,935</u>
FUND BALANCE:				
Beginning of year			(50)	
End of year			<u>\$43,185</u>	

City of Pittsburgh

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, 2005

	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			2,557	2,557
Total revenues	<u>33,960</u>	<u>33,960</u>	<u>36,516</u>	<u>2,556</u>
EXPENDITURES:				
Current:				
General government	935	935	206	729
Public works	35,692	35,692	30,453	5,239
Total expenditures	<u>36,627</u>	<u>36,627</u>	<u>30,659</u>	<u>5,968</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,667)</u>	<u>(2,667)</u>	<u>5,857</u>	<u>8,524</u>
NET CHANGE IN FUND BALANCE	<u>(\$2,667)</u>	<u>(\$2,667)</u>	<u>5,857</u>	<u>\$8,524</u>
FUND BALANCE:				
Beginning of year			<u>118,527</u>	
End of year			<u>\$124,384</u>	

City of Pittsburg

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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Public safety	\$14,000	\$14,000	\$5,877	\$8,123
Total expenditures	14,000	14,000	5,877	8,123
REVENUES OVER (UNDER) EXPENDITURES	(14,000)	(14,000)	(5,877)	8,123
NET CHANGE IN FUND BALANCE	(\$14,000)	(\$14,000)	(5,877)	\$8,123
FUND BALANCE:				
Beginning of year			(85,215)	
End of year			(\$91,092)	

City of Pittsburg

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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Public safety		\$95,000	\$10,507	\$84,493
Total expenditures		95,000	10,507	84,493
REVENUES OVER (UNDER) EXPENDITURES		(95,000)	(10,507)	84,493
NET CHANGE IN FUND BALANCE		<u>(\$95,000)</u>	<u>(10,507)</u>	<u>\$84,493</u>
FUND BALANCE:				
Beginning of year				
End of year			<u>(\$10,507)</u>	

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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$3,721	\$3,721
Other revenues			24,104	24,104
Total revenues			<u>27,825</u>	<u>27,825</u>
EXPENDITURES:				
Current:				
General government	\$166,186	\$166,186	42,836	123,350
Public works			1,117	(1,117)
Total expenditures	<u>166,186</u>	<u>166,186</u>	<u>43,953</u>	<u>122,233</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(166,186)</u>	<u>(166,186)</u>	<u>(16,128)</u>	<u>150,058</u>
NET CHANGE IN FUND BALANCE	<u>(\$166,186)</u>	<u>(\$166,186)</u>	<u>(16,128)</u>	<u>\$150,058</u>
FUND BALANCE:				
Beginning of year			165,808	
End of year			<u>\$149,680</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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$3,055	\$3,055
Intergovernmental	\$164,025	\$164,025	63,191	(100,834)
Total revenues	<u>164,025</u>	<u>164,025</u>	<u>66,246</u>	<u>(97,779)</u>
EXPENDITURES:				
Current:				
Community services	79,960	79,960	43,519	36,441
Public Safety	<u>77,982</u>	<u>77,982</u>	<u>29,562</u>	<u>48,420</u>
Total expenditures	<u>157,942</u>	<u>157,942</u>	<u>73,081</u>	<u>84,861</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,083</u>	<u>6,083</u>	<u>(6,835)</u>	<u>(12,918)</u>
NET CHANGE IN FUND BALANCE	<u>\$6,083</u>	<u>6,083</u>	<u>(6,835)</u>	<u>(\$12,918)</u>
FUND BALANCE:				
Beginning of year			<u>17,979</u>	
End of year			<u>\$11,144</u>	

City of Pittsburg
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Southwest Pittsburg GHAD II - Special Revenue Fund
 For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessment	\$151,380	\$151,380	\$220,125	\$68,745
Use of money and property			8,273	8,273
Total revenues	<u>151,380</u>	<u>151,380</u>	<u>228,398</u>	<u>77,018</u>
EXPENDITURES:				
Current:				
General government			1,190	(1,190)
Community services	123,839	123,839	90,085	33,754
Total expenditures	<u>123,839</u>	<u>123,839</u>	<u>91,275</u>	<u>32,564</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>27,541</u>	<u>27,541</u>	<u>137,123</u>	<u>109,582</u>
OTHER FINANCING (USES):				
Transfers (out)	(15,510)	(15,510)	(15,510)	
Total other financing (uses)	<u>(15,510)</u>	<u>(15,510)</u>	<u>(15,510)</u>	
NET CHANGE IN FUND BALANCE	<u>\$12,031</u>	<u>\$12,031</u>	<u>121,613</u>	<u>\$109,582</u>
FUND BALANCE:				
Beginning of year			331,667	
End of year			<u>\$453,280</u>	

City of Pittsburg

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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$628,330	\$628,330	\$664,397	\$36,067
Use of money and property			2,733	2,733
Total revenues	<u>628,330</u>	<u>628,330</u>	<u>667,130</u>	<u>38,800</u>
EXPENDITURES:				
Current:				
Public Safety	68,479	32,769	27,903	4,866
Public works	595,543	631,253	507,014	124,239
General non-departmental	182,900	182,900	174,272	8,628
Total expenditures	<u>846,922</u>	<u>846,922</u>	<u>709,189</u>	<u>137,733</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(218,592)</u>	<u>(218,592)</u>	<u>(42,059)</u>	<u>176,533</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(80,940)	(80,940)	(80,940)	
Total other financing sources (uses)	<u>(80,940)</u>	<u>(80,940)</u>	<u>(80,940)</u>	
NET CHANGE IN FUND BALANCE	<u>(\$299,532)</u>	<u>(\$299,532)</u>	<u>(122,999)</u>	<u>\$176,533</u>
FUND BALANCE:				
Beginning of year			388,288	
End of year			<u>\$265,289</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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$885,230	\$944,472	\$527,893	(\$416,579)
Total revenues	885,230	944,472	527,893	(416,579)
EXPENDITURES:				
Current:				
General government	216,522	216,522	216,520	2
Community services	521,933	581,175	299,755	281,420
Total expenditures	738,455	797,697	516,275	281,422
REVENUES OVER (UNDER) EXPENDITURES	146,775	146,775	11,618	(135,157)
OTHER FINANCING (USES):				
Transfers (out)	(146,700)	(146,700)	(11,617)	135,083
Total other financing (uses)	(146,700)	(146,700)	(11,617)	135,083
NET CHANGE IN FUND BALANCE	\$75	\$75	1	(\$74)
FUND BALANCE:				
Beginning of year			19,289	
End of year			\$19,290	

City of Pittsburg

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

Miscellaneous Grants - Special Revenue Fund

For the year ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$5,794	\$5,794
Intergovernmental	\$246,618	\$246,618	129,259	(117,359)
Total revenues	<u>246,618</u>	<u>246,618</u>	<u>135,053</u>	<u>(111,565)</u>
EXPENDITURES:				
Current:				
Community services	46,095	46,095	32,346	13,749
Public Safety	202,957	202,957	99,522	103,435
Total expenditures	<u>249,052</u>	<u>249,052</u>	<u>131,868</u>	<u>117,184</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,434)</u>	<u>(2,434)</u>	<u>3,185</u>	<u>5,619</u>
NET CHANGE IN FUND BALANCE	<u>(\$2,434)</u>	<u>(\$2,434)</u>	<u>3,185</u>	<u>\$5,619</u>
FUND BALANCE:				
Beginning of year			(107)	
End of year			<u>\$3,078</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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$80,012	\$80,012
Licenses, permits, and fees	\$363,540	\$363,540	1,558,263	1,194,723
Total revenues	363,540	363,540	1,638,275	1,274,735
EXPENDITURES:				
Current:				
Public works		223,250	37,688	185,562
Capital outlay		4,376,604	77,228	4,299,376
Total expenditures		4,599,854	114,916	4,484,938
REVENUES OVER (UNDER) EXPENDITURES	363,540	(4,236,314)	1,523,359	5,759,673
OTHER FINANCING SOURCES (USES):				
Transfers in		2,855,314	15,965	(2,839,349)
Transfers out	(90,000)	(90,000)	(36,214)	53,786
Total other financing sources (uses)	(90,000)	2,765,314	(20,249)	(2,785,563)
NET CHANGE IN FUND BALANCE	\$273,540	(\$1,471,000)	1,503,110	\$2,974,110
FUND BALANCE:				
Beginning of year			2,968,381	
End of year			<u>\$4,471,491</u>	

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, 2005

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property			\$26,935	\$26,935
Licenses, permits, and fees	\$233,750	\$233,750	1,636,758	1,403,008
Other revenues			115	115
Total revenues	<u>233,750</u>	<u>233,750</u>	<u>1,663,808</u>	<u>1,430,058</u>
EXPENDITURES:				
Public works		162,314	24,900	137,414
Capital outlay		1,506,909	1,235,591	271,318
Total expenditures		<u>1,669,223</u>	<u>1,260,491</u>	<u>408,732</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>233,750</u>	<u>(1,435,473)</u>	<u>403,317</u>	<u>1,838,790</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(75,000)	(75,000)	(75,000)	
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	
NET CHANGE IN FUND BALANCE	<u>\$158,750</u>	<u>(1,510,473)</u>	<u>328,317</u>	<u>\$1,838,790</u>
FUND BALANCE:				
Beginning of year			<u>1,505,862</u>	
End of year			<u>\$1,834,179</u>	

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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 Pittsburg
Combining Statement of Net Assets
Non-Major Enterprise Funds
June 30, 2005

	Golf Course	Island Energy	Pittsburg Power	Total Non-Major Enterprise Funds
ASSETS				
Current assets:				
Cash and investments	\$161,283	\$1,091,854	\$2,191,067	\$3,444,204
Receivables:				
Accounts	48,504	618,700	279,431	946,635
Inventory	100,582			100,582
Prepaid items and other assets	1,665	3,029		4,694
Total current assets	312,034	1,713,583	2,470,498	4,496,115
Noncurrent assets:				
Advance to other funds			1,525,000	1,525,000
Capital assets:				
Land & nondepreciable assets	26,520			26,520
Depreciable assets, net	1,600,613	6,726,999		8,327,612
Total noncurrent assets	1,627,133	6,726,999	1,525,000	9,879,132
Total assets	1,939,167	8,440,582	3,995,498	14,375,247
LIABILITIES				
Current liabilities:				
Accounts payable	28,798	173,083	103,958	305,839
Salaries payable	24,985	3,709	1,516	30,210
Refundable deposits	43	37,218		37,261
Taxes payable	10,234	12,861		23,095
Deferred revenue	18,958	29,258		48,216
Long-term debt - due within one year	227,436	124,770		352,206
Total current liabilities	310,454	380,899	105,474	796,827
Noncurrent liabilities:				
Advance from other funds	375,000	1,150,000		1,525,000
Compensated absences payable - due in more than one year	81,091	7,924	3,979	92,994
Long-term debt - due in more than one year	71,565			71,565
Total noncurrent liabilities	527,656	1,157,924	3,979	1,689,559
Total liabilities	838,110	1,538,823	109,453	2,486,386
NET ASSETS				
Invested in capital assets, net of related debt	953,132	6,602,229		7,555,361
Unrestricted	147,925	299,530	3,886,045	4,333,500
Total net assets	\$1,101,057	\$6,901,759	\$3,886,045	\$11,888,861

City of Pittsburgh

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Non-Major Enterprise Funds

June 30, 2005

	Golf Course	Island Energy	Pittsburg Power	Total Non-Major Enterprise Funds
OPERATING REVENUES:				
Charges for services	\$841,526	\$3,008,725	\$706,234	\$4,556,485
Rent and concessions	382,906			382,906
Gas, oil sales/Pro-shop sales	70,804			70,804
Other operating revenues	2,964	73,692	826	77,482
Total operating revenues	1,298,200	3,082,417	707,060	5,087,677
OPERATING EXPENSES:				
Salaries and wages	615,716	93,821	33,769	743,306
Department supplies	250,673	1,333,357	48,779	1,632,809
Rentals	887	1,525		2,412
Utilities	32,500	5,198		37,698
Maintenance and operations	311,802	1,478,479	508,462	2,298,743
Depreciation and amortization	220,386	413,499		633,885
Fringe benefits	332,861	45,388	16,635	394,884
Total operating expenses	1,764,825	3,371,267	607,645	5,743,737
OPERATING INCOME (LOSS)	(466,625)	(288,850)	99,415	(656,060)
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	1,421	11,457	68,965	81,843
Total nonoperating revenues (expenses)	1,421	11,457	68,965	81,843
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(465,204)	(277,393)	168,380	(574,217)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	153,190			153,190
Transfers in	400,000			400,000
Transfers (out)	(13,400)	(86,630)	(431,670)	(531,700)
Total contributions and transfers	539,790	(86,630)	(431,670)	21,490
Net income (loss)	74,586	(364,023)	(263,290)	(552,727)
NET ASSETS:				
Beginning of year	1,026,471	10,640,788	4,149,335	15,816,594
GASB Statement No. 34 Implementation Adjustment		(3,375,006)		(3,375,006)
End of year	\$1,101,057	\$6,901,759	\$3,886,045	\$11,888,861

City of Pittsburg
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2005

	Golf Course	Island Energy	Pittsburg Power	Total Non-Major Enterprise Funds
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash received from customers	\$1,282,931	\$2,975,637	\$708,118	\$4,966,686
Cash payments to suppliers of goods and services	(618,503)	(3,042,670)	(492,167)	(4,153,340)
Cash payments to employees for services	(950,800)	(139,859)	(50,498)	(1,141,157)
Other operating revenue	2,964	73,692	826	77,482
Net cash provided (used) by operating activities	(283,408)	(133,200)	166,279	(250,329)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund payments		1,150,000	(1,150,000)	
Transfers in	400,000			400,000
Transfers (out)	(13,400)	(86,630)	(431,670)	(531,700)
Net cash provided (used) by noncapital financing activities	386,600	1,063,370	(1,581,670)	(131,700)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on long-term debt	(130,838)	(100,000)		(230,838)
Net changes in capital assets		(44,805)		(44,805)
Net cash provided (used) by capital and related financing activities	(130,838)	(144,805)		(275,643)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	1,421	11,457	68,965	81,843
Net cash provided (used) by investing activities	1,421	11,457	68,965	81,843
Net increase (decrease) in cash and cash investments	(26,225)	796,822	(1,346,426)	(575,829)
CASH AND INVESTMENTS:				
Beginning of year	187,508	295,032	3,537,493	4,020,033
End of year	\$161,283	\$1,091,854	\$2,191,067	\$3,444,204
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	(\$466,625)	(\$288,850)	\$99,415	(\$656,060)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	220,386	413,499		633,885
Changes in operating assets and liabilities:				
Accounts receivable	(48,504)	(88,491)	1,884	(135,111)
Inventory	13,967			13,967
Prepaid items	3,274	26,145		29,419
Accounts payable	(22,504)	23,936	65,074	66,506
Salaries and wages payable	(3,739)	(385)	(120)	(4,244)
Refundable deposits	(10,371)	(231,698)		(242,069)
Taxes payable	10,234	(16,349)		(6,115)
Deferred revenue	18,958	29,258		48,216
Compensated absences	1,516	(265)	26	1,277
Total adjustments	183,217	155,650	66,864	405,731
Net cash provided (used) by operating activities	(283,408)	(133,200)	\$166,279	(250,329)

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, 2005

	Fleet Maintenance	Building Maintenance	Insurance	Information Systems	Fringe Benefits	Total
ASSETS						
Current assets:						
Cash and investments	\$936,356	\$384,136	\$446,760	\$411,450	\$194,184	\$2,372,886
Receivables:						
Accounts	88				3,413	3,501
Loans/Notes				34,164		34,164
Inventory	41,552	62,670				104,222
Prepaid items	1,590	135	687		45,303	47,715
Total current assets	979,586	446,941	447,447	445,614	242,900	2,562,488
Noncurrent assets:						
Capital assets:						
Depreciable assets, net	1,789,715	1,266,599		72,027		3,128,341
Total noncurrent assets	1,789,715	1,266,599		72,027		3,128,341
Total assets	2,769,301	1,713,540	447,447	517,641	242,900	5,690,829
LIABILITIES						
Current liabilities:						
Accounts payable	50,411	40,139	11,148	83,038	29,280	214,016
Salaries payable	7,672	12,954		3,202	20,953	44,781
Claims payable (current)			234,038			234,038
Total current liabilities	58,083	53,093	245,186	86,240	50,233	492,835
Noncurrent liabilities:						
Compensated absences	10,491	20,031		2,822		33,344
Total noncurrent liabilities	10,491	20,031		2,822		33,344
Total liabilities	68,574	73,124	245,186	89,062	50,233	526,179
NET ASSETS						
Restricted for specific purposes	2,722,733				582,549	3,305,282
Unrestricted	(22,006)	1,640,416	202,261	428,579	(389,882)	1,859,368
Total net assets	\$2,700,727	\$1,640,416	\$202,261	\$428,579	\$192,667	\$5,164,650

City of Pittsburgh

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

Internal Service Funds

For the year ended June 30, 2005

	Fleet Maintenance	Building Maintenance	Insurance	Information Systems	Fringe Benefits	Total
OPERATING REVENUES:						
Charges for services	\$1,528,850	\$1,498,345	\$423,192	\$850,295	\$446	\$4,301,128
Other operating revenues	6,617	2			1,703,847	1,710,466
Total operating revenues	1,535,467	1,498,347	423,192	850,295	1,704,293	6,011,594
OPERATING EXPENSES:						
Salaries and wages	182,372	301,707		49,303	124,811	658,193
Department supplies	437,536	82,650		542,823		1,063,009
Rentals	20,289					20,289
Utilities	7,908	359,876				367,784
Maintenance and operations	145,877	588,210		73,178		807,265
Depreciation and amortization	362,288	192,409		26,811		581,508
Insurance premiums			196,323			196,323
Insurance deductible			166,703			166,703
Fringe benefits	108,100	160,292		27,462	2,272,523	2,568,377
Other operating expenses					27,434	27,434
Total operating expenses	1,264,370	1,685,144	363,026	719,577	2,424,768	6,456,885
OPERATING INCOME (LOSS)	271,097	(186,797)	60,166	130,718	(720,475)	(445,291)
NONOPERATING REVENUES (EXPENSES):						
Gain on sale of assets	6,897					6,897
Investment income			13,676		1,293	14,969
Total nonoperating revenues	6,897		13,676		1,293	21,866
INCOME (LOSS) BEFORE TRANSFERS						
TRANSFERS	277,994	(186,797)	73,842	130,718	(719,182)	(423,425)
Transfers in		70,000			529,300	599,300
Transfers (out)	(300,000)		(500,000)		(200,000)	(1,000,000)
Transfers in (out)	(300,000)	70,000	(500,000)		329,300	(400,700)
Change in net assets	(22,006)	(116,797)	(426,158)	130,718	(389,882)	(824,125)
NET ASSETS:						
Beginning of year	2,722,733	1,757,213	628,419	297,861	582,549	5,988,775
End of year	\$2,700,727	\$1,640,416	\$202,261	\$428,579	\$192,667	\$5,164,650

City of Pittsburgh
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2005

	Fleet Maintenance	Building Maintenance	Insurance	Information Systems	Fringe Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers/other funds	\$1,535,132	\$1,489,633	\$422,505	\$851,990	(\$22,931)	\$4,276,329
Cash payments to suppliers for goods and services	(597,492)	(1,078,192)	(349,171)	(590,634)	(26,562)	(2,642,051)
Cash payments to employees for services	(297,669)	(462,748)		(74,363)	(2,417,014)	(3,251,794)
Other operating revenues	6,617	2			1,703,847	1,710,466
Net cash provided (used) by operating activities	646,588	(51,305)	73,334	186,993	(762,660)	92,950
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in		70,000			529,300	599,300
Transfers (out)	(300,000)		(500,000)		(200,000)	(1,000,000)
Net cash provided (used) by noncapital financing activities	(300,000)	70,000	(500,000)		329,300	(400,700)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Net changes in capital assets	(479,101)			(26,276)		(505,377)
Net cash provided (used) by capital financing activities	(479,101)	-	-	(26,276)	-	(505,377)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest revenue			13,676		1,293	14,969
Net cash provided (used) by investing activities			13,676		1,293	14,969
Net increase (decrease) in cash and cash equivalents	(132,513)	18,695	(412,990)	160,717	(432,067)	(798,158)
CASH AND CASH EQUIVALENTS:						
Beginning of year	1,068,869	365,441	859,750	250,733	626,251	3,171,044
End of year	\$936,356	\$384,136	\$446,760	\$411,450	\$194,184	\$2,372,886
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$271,097	(\$186,797)	\$60,166	\$130,718	(\$720,475)	(\$445,291)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	362,288	192,409		26,811		581,508
Changes in operating assets and liabilities:						
Accounts receivable	3,027				10,713	13,740
Loans receivable				1,695		1,695
Inventory	3,255	(8,712)				(5,457)
Prepaid items			(687)		(34,090)	(34,777)
Accounts payable	14,118	(47,456)	(4,610)	25,367	872	(11,709)
Salaries and wages payable	(783)	(858)		(97)	(19,680)	(21,418)
Compensated absences	(6,414)	109		2,499		(3,806)
Insurance claims payable			18,465			18,465
Total adjustments	375,491	135,492	13,168	56,275	(42,185)	538,241
Net cash provided (used) by operating activities	\$646,588	(\$51,305)	\$73,334	\$186,993	(\$762,660)	\$92,950

Agency Funds

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

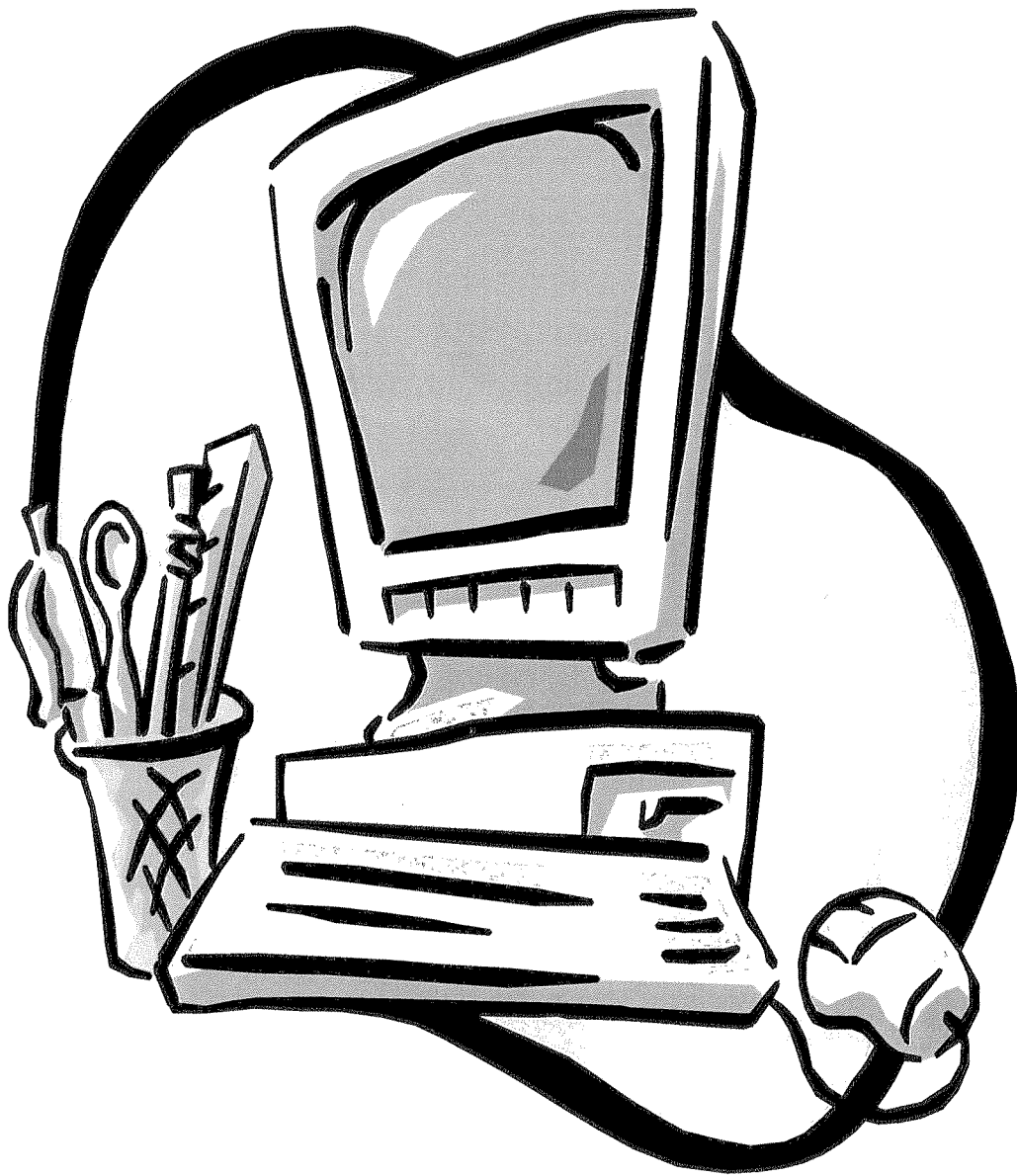
Environmental Impact Agency Fund- accounts for the collection of builders' fees to be used for related environmental improvement projects.

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).

City of Pittsburgh
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2005

	Beginning Balance July 1, 2004	Additions	Deletions	Ending Balance June 30, 2005
<u>Assessment Districts Fund</u>				
Assets:				
Cash and investments	\$1,826,357	\$2,333,490	\$2,263,740	\$1,896,107
Cash and investments held by fiscal agent	6,219,038	2,413,710	5,923,195	2,709,553
Assessment receivable	21,621,720	2,817,883		24,439,603
Interest receivable	22,319	23,798	22,317	23,800
Total assets	\$29,689,434	\$7,588,881	\$8,209,252	\$29,069,063
Liabilities:				
Accounts payable	\$9,438	\$26,476	\$35,707	\$207
Deferred assessment	2,264,996	8,860		2,273,856
Due to bondholders	27,415,000		620,000	26,795,000
Total liabilities	\$29,689,434	\$35,336	\$655,707	\$29,069,063
<u>Environmental Impact Fund</u>				
Assets:				
Cash and investments	\$198,874	\$126,524	\$177,536	\$147,862
Total assets	\$198,874	\$126,524	\$177,536	\$147,862
Liabilities:				
Accounts payable	\$27,580	\$149,956	\$177,536	
Due to other parties	171,294	126,524	149,956	\$147,862
Total liabilities	\$198,874	\$276,480	\$327,492	\$147,862
<u>Other Impact Fees Fund</u>				
Assets:				
Cash and investments	\$156,244	\$5,712,714	\$5,437,591	\$431,367
Total assets	\$156,244	\$5,712,714	\$5,437,591	\$431,367
Liabilities:				
Accounts payable	\$47,197	\$6,734,802	\$6,350,848	\$431,151
Due to other parties	109,047	5,712,722	5,821,553	216
Total liabilities	\$156,244	\$12,447,524	\$12,172,401	\$431,367
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$2,181,475	\$8,172,728	\$7,878,867	\$2,475,336
Cash and investments held by fiscal agent	6,219,038	2,413,710	5,923,195	2,709,553
Assessment receivable	21,621,720	2,817,883		24,439,603
Interest receivable	22,319	23,798	22,317	23,800
Total assets	\$30,044,552	\$13,428,119	\$13,824,379	\$29,648,292
Liabilities:				
Accounts payable	\$84,215	\$6,911,234	\$6,564,091	\$431,358
Deferred assessment	2,264,996	8,860		2,273,856
Due to other parties	280,341	5,839,246	5,971,509	148,078
Due to bondholders	27,415,000		620,000	26,795,000
Total liabilities	\$30,044,552	\$12,759,340	\$13,155,600	\$29,648,292

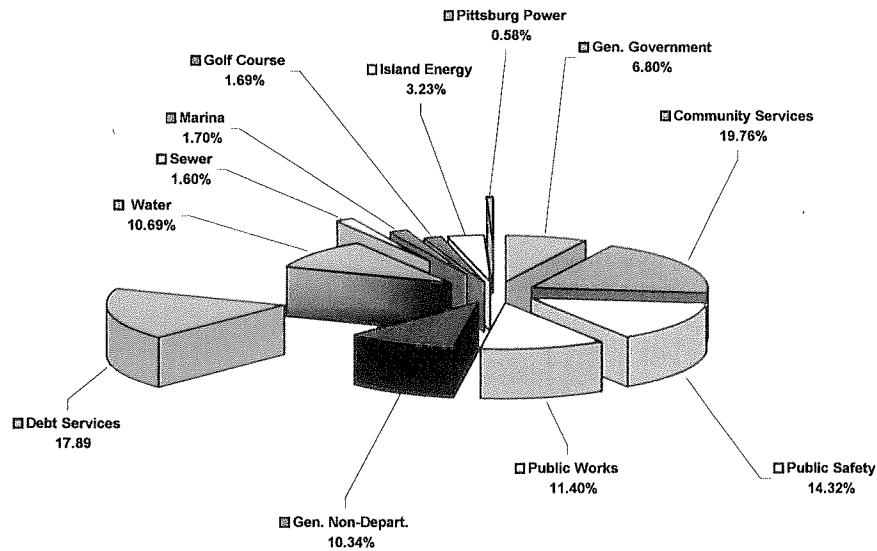
STATISTICAL SECTION



CITY OF PITTSBURG, CALIFORNIA
GENERAL GOVERNMENT-WIDE EXPENDITURES BY FUNCTION
Last Ten Fiscal Years ⁽¹⁾
(in thousands)

FISCAL YEAR	General Government	Community Services	Public Safety	Public Works	General Non-Departmental
1995-96	N/A	N/A	N/A	N/A	N/A
1996-97	-	-	-	-	-
1997-98	-	-	-	-	-
1998-99	-	-	-	-	-
1999-00	-	-	-	-	-
2000-01	-	-	-	-	-
2001-02	-	-	-	-	-
2002-03	\$6,767	\$25,354	\$15,029	\$11,347	\$9,343
2003-04	6,777	19,187	14,875	10,773	7,796
2004-05	7,822	19,853	14,929	11,882	10,777

**GOVERNMENT-WIDE
EXPENDITURES BY FUNCTION
FISCAL YEAR ENDED JUNE 30, 2005**



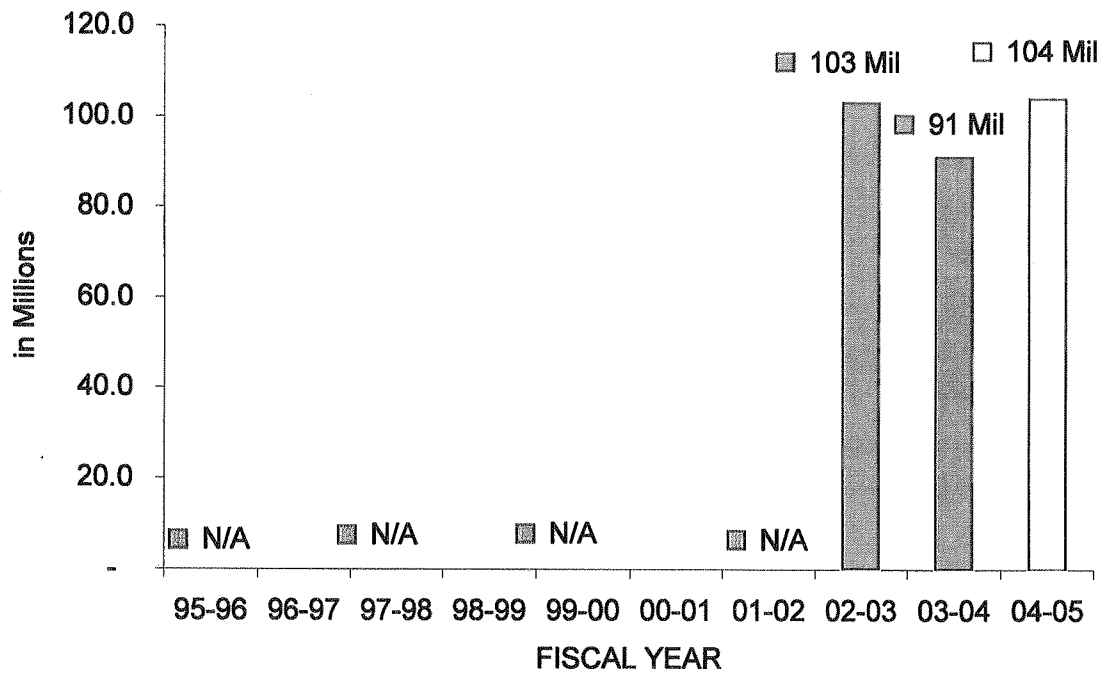
(1)-Fiscal year 2002-03 is the first time with new reporting module.

SOURCE: City of Pittsburg, Finance Department

(Concluded)

Debt Services	Water	Sewer	Marina	Golf Course	Island Energy	Pittsburg Power	TOTAL
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$12,092	\$11,405	\$1,760	\$1,610	\$2,124	\$2,322	\$3,782	\$102,935
10,864	10,877	2,617	1,746	1,982	2,473	654	90,621
18,645	11,136	1,671	1,770	1,765	3,371	608	104,229

TOTAL GENERAL GOVERNMENT-WIDE EXPENDITURES
LAST TEN FISCAL YEARS

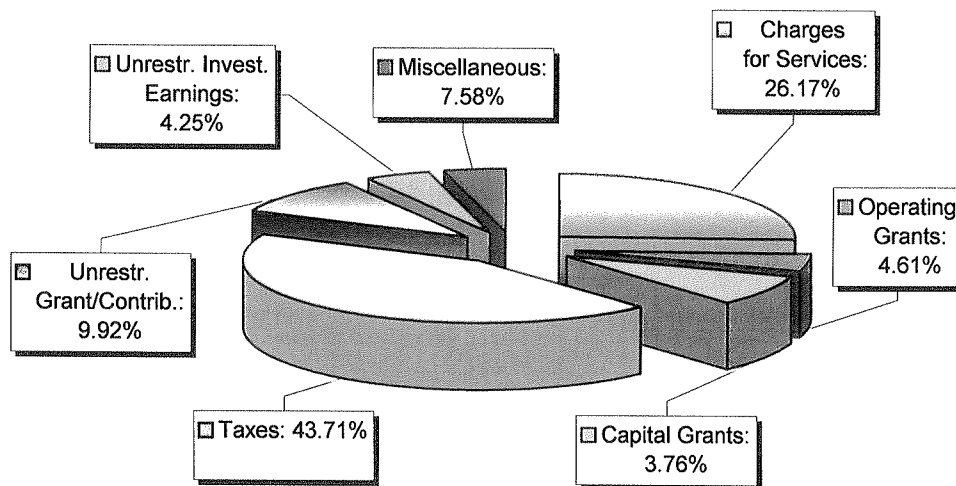


**CITY OF PITTSBURG
GOVERNMENT-WIDE REVENUES**

Last Ten Fiscal Years ⁽¹⁾
(in thousands)

FISCAL YEAR	CHARGES for SERVICES	OPERATING GRANTS and CONTRIBUTIONS	CAPITAL GRANTS and CONTRIBUTIONS	TAXES
1995-96	N/A	N/A	N/A	N/A
1996-97	-	-	-	-
1997-98	-	-	-	-
1998-99	-	-	-	-
1999-00	-	-	-	-
2000-01	-	-	-	-
2001-02	-	-	-	-
2002-03	\$24,141	\$13,092	\$4,483	\$40,246
2003-04	25,464	10,101	2,692	47,651
2004-05	28,931	5,167	8,969	49,412

**GOVERNMENT-WIDE REVENUES
FISCAL YEAR ENDED JUNE 30, 2005**

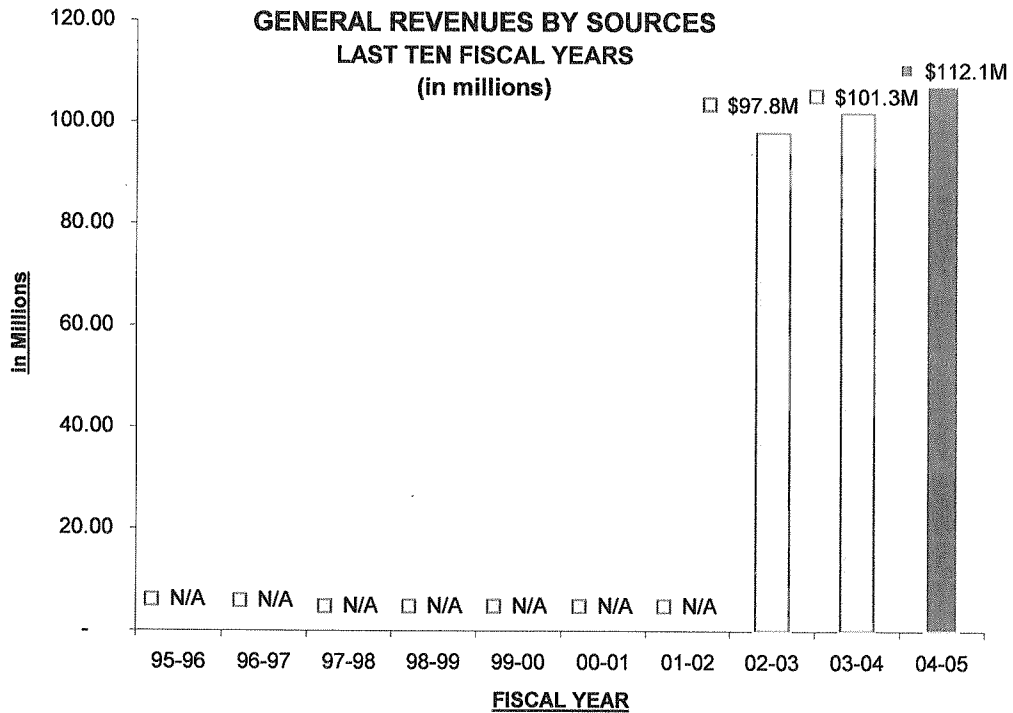


(1)-Fiscal year 2002-03 is the first year under the new reporting module.

SOURCE: City of Pittsburgh, Finance Department

(Concluded)

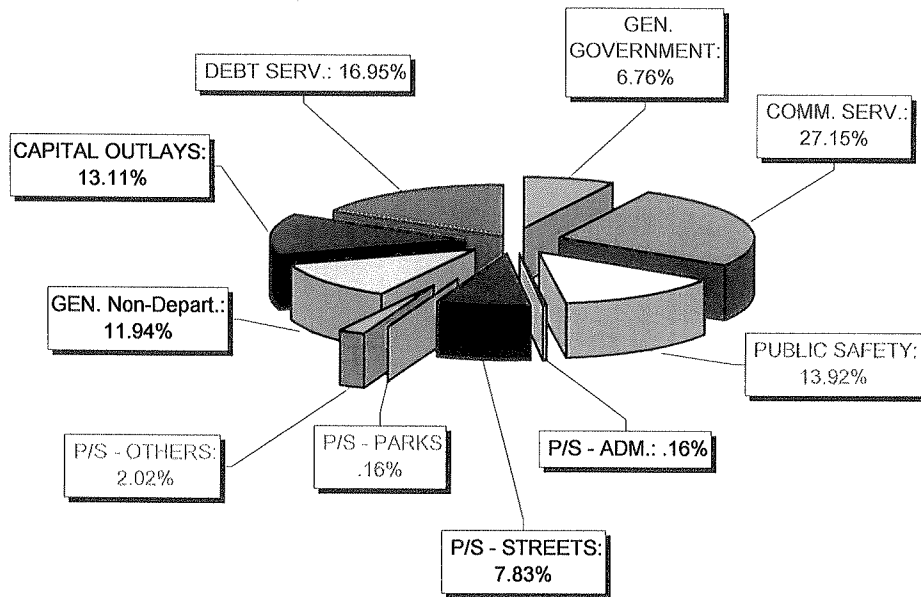
INTER-Governmental Transactions	Unrestricted INVESTMENT EARNINGS	MISCELLANEOUS	TOTAL
N/A	N/A	N/A	N/A
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$13,728	\$2,448	(\$317)	\$97,821
10,749	2,368	2,708	101,733
11,123	4,756	4,847	113,205



CITY OF PITTSBURG
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION ⁽¹⁾
Last Ten Fiscal Years
(in thousands)

FISCAL YEAR	GENERAL GOVERNMENT	COMMUNITY SERVICES	PUBLIC SAFETY	PUBLIC WORKS ADMINISTRATION	PUBLIC WORKS STREETS
1995-96	\$3,194	\$8,752	\$7,794	\$324	\$6,158
1996-97	3,233	10,052	7,293	297	5,225
1997-98	3,750	10,251	7,801	315	4,007
1998-99	3,976	10,580	8,920	328	3,695
1999-00	4,266	10,636	9,535	445	3,541
2000-01	4,707	12,051	10,769	519	4,246
2001-02	5,009	15,345	12,057	497	4,360
2002-03	6,640	25,039	14,672	240	4,916
2003-04	6,654	19,596	14,585	179	5,181
2004-05	7,792	27,570	14,518	173	8,085

EXPENDITURES BY FUNCTION
FISCAL YEAR ENDED JUNE 30, 2005



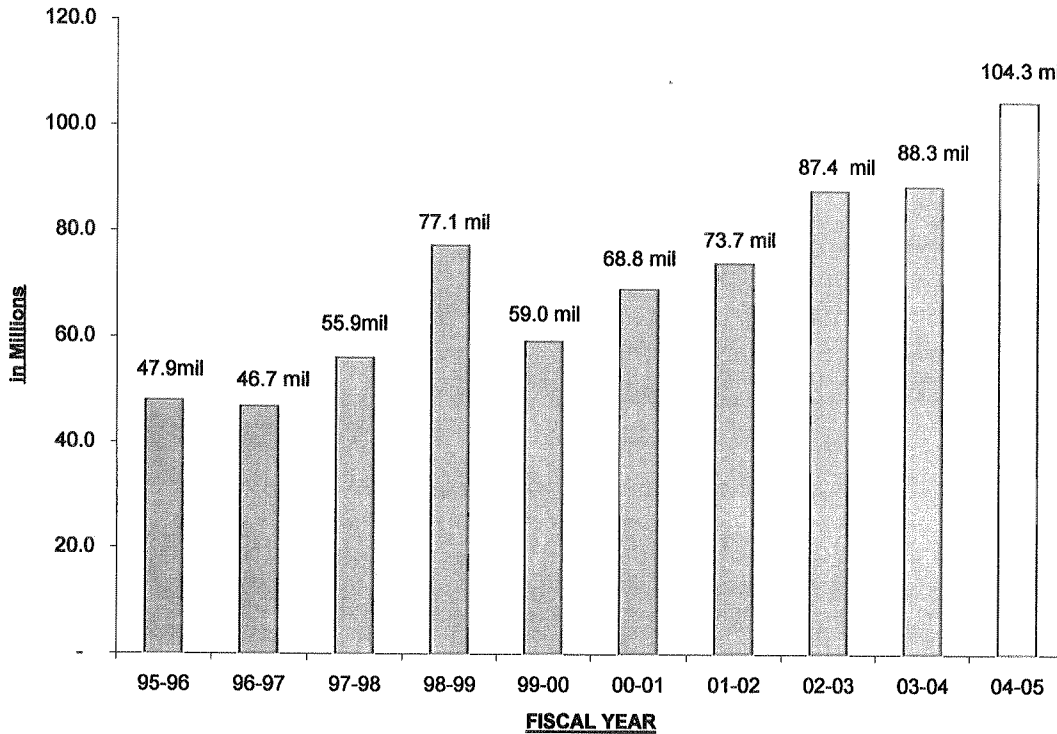
(1) -These figures combine the General, Special Revenues, Capital Projects and Debt Service funds and exclude other financing uses.

SOURCE: City of Pittsburg, Finance Department

(Concluded)

P/W SWIMMING CENTER	PUBLIC WORKS OTHERS	GENERAL NON-DEPARTMENTAL	CAPITAL OUTLAYS	DEBT SERVICES	TOTAL
\$391	\$41	\$2,675	\$5,265	\$13,340	\$47,934
294	133	2,870	3,899	13,409	46,705
326	195	2,866	11,972	14,376	55,859
307	160	6,441	15,690	26,965	77,062
438	169	5,157	9,113	15,743	59,043
346	202	9,530	11,431	14,972	68,773
321	206	6,547	12,738	16,664	73,744
305	221	8,619	10,384	16,316	87,352
138	137	8,228	19,949	13,694	88,341
164	2,107	12,455	13,750	17,677	104,291

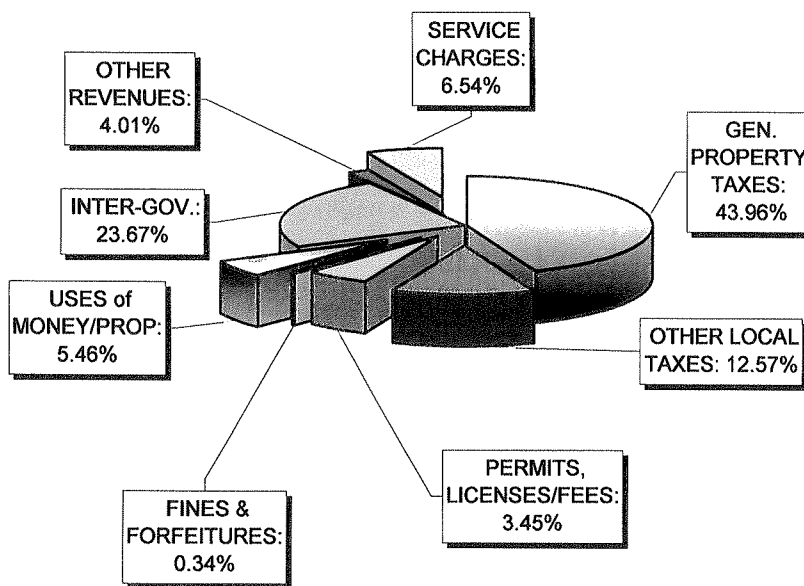
TOTAL GENERAL GOVERNMENT EXPENDITURES
LAST TEN FISCAL YEARS



CITY OF PITTSBURG
GENERAL REVENUES BY SOURCES ⁽¹⁾
Last Ten Fiscal Years
(in thousands)

FISCAL YEAR	GENERAL PROPERTY TAX TAXES	OTHER LOCAL TAXES ⁽²⁾	PERMITS, LICENSES and FEES	FINES and FORFEITURES
1995-96	\$17,426	\$9,990	\$1,183	\$49
1996-97	18,534	8,809	943	65
1997-98	18,927	8,782	1,683	48
1998-99	19,523	9,633	1,400	99
1999-00	20,624	11,645	2,036	194
2000-01	23,447	12,762	3,374	169
2001-02	30,500	14,888	1,361	165
2002-03	31,866	10,374	4,506	395
2003-04	38,100	9,550	2,402	283
2004-05	38,110	10,893	4,632	295

REVENUES BY SOURCES
FISCAL YEAR ENDED JUNE 30, 2005

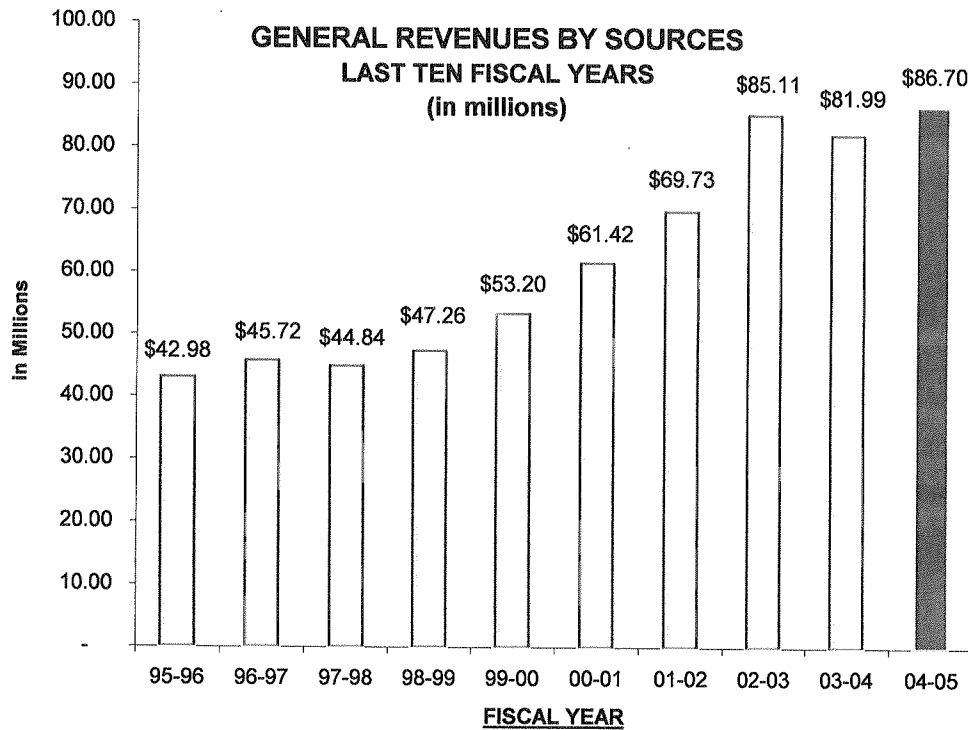


- (1) These figures combine the General, Special Revenues, Capital Projects and Debt Service Funds and exclude other financing sources.
- (2) See "Other Local Taxes - Details".

SOURCE: City of Pittsburgh, Finance Department

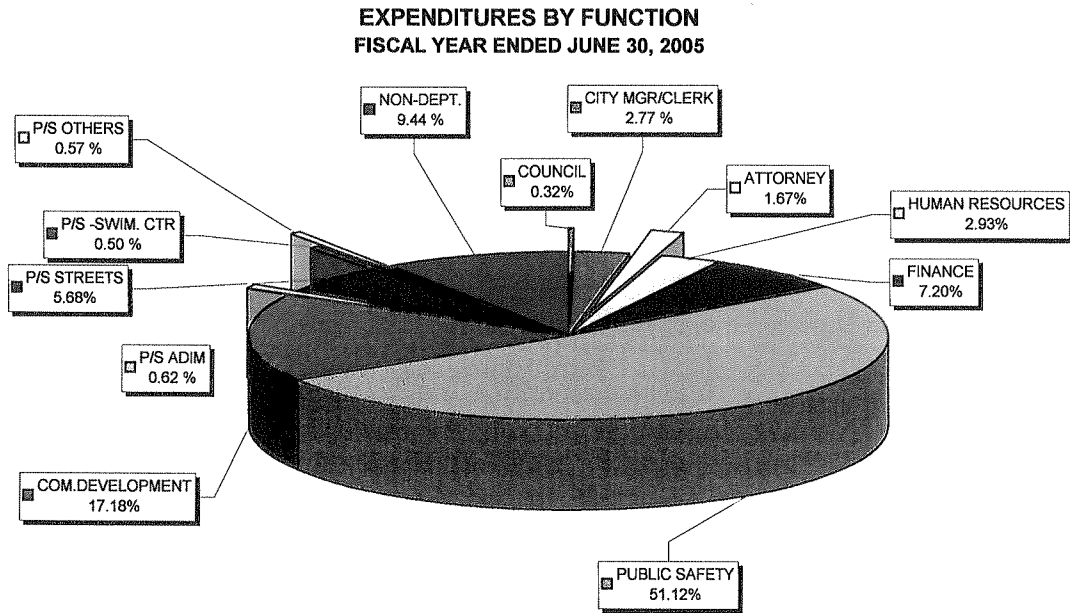
(Concluded)

From USES of MONEY and PROPERTY	INTER- GOVERNMENTAL	OTHER REVENUES	SPECIAL ASSESSMENTS and SERVICE FEES	TOTAL
\$2,340	\$8,358	\$1,044	\$2,589	\$42,979
3,121	9,237	2,929	2,080	45,718
3,119	8,895	964	2,419	44,837
2,406	8,926	2,466	2,805	47,258
3,380	9,605	3,152	2,566	53,202
4,536	11,167	2,876	3,087	61,418
5,458	12,884	1,409	3,062	69,727
9,619	20,570	4,437	3,339	85,106
2,248	23,542	1,540	4,322	81,987
4,733	20,523	1,843	5,666	86,695



CITY OF PITTSBURG
GENERAL FUND EXPENDITURES - DETAILS
Last Ten Fiscal Years ⁽¹⁾

FISCAL YEAR	GENERAL GOVERNMENT					
	CITY COUNCIL	CITY MANAGER/ CLERK	CITY ATTORNEY	HUMAN RESOURCES	FINANCE and SERVICES	COMMUNITY SERVICES
1995-96	\$55,934	\$677,244	\$440,815		\$876,361	\$2,551,175
1996-97	57,989	858,322	451,129		925,357	2,648,807
1997-98	56,962	770,097	459,770	\$303,153	1,011,986	2,912,408
1998-99	62,715	821,595	326,991	353,629	1,237,188	3,004,517
1999-00	65,875	847,622	300,807	466,558	1,358,033	3,535,349
2000-01	73,443	1,034,185	348,627	560,221	1,428,471	4,141,888
2001-02	85,058	856,741	356,450	713,218	1,708,990	4,587,497
2002-03	93,964	937,529	438,711	826,097	1,700,374	4,311,240
2003-04	76,151	705,645	371,957	802,794	2,144,314	5,678,053
2004-05	89,164	777,378	468,017	823,326	2,021,839	4,822,785

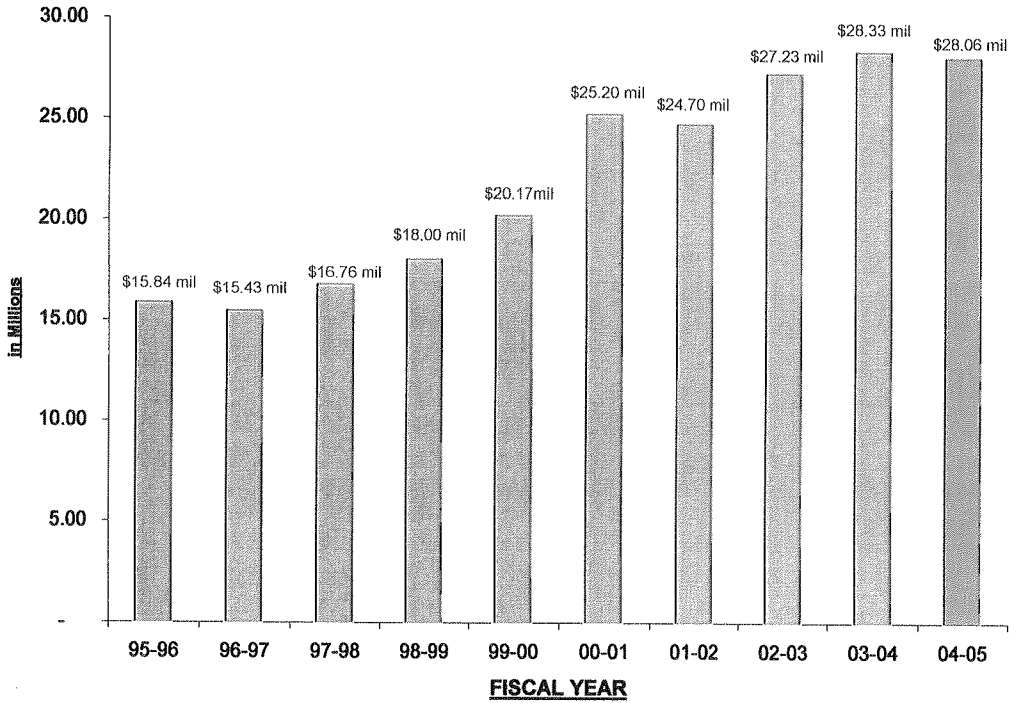


⁽¹⁾ These figures reflect the General expenditures by function and exclude other financing uses.

(Concluded)

PUBLIC SAFETY	PUBLIC WORKS				CAPITAL OUTLAYS	GENERAL NON-DEPARTMENT	TOTAL
	ADMIN.	STREETS	SWIM. CTR	OTHERS			
\$7,793,825	\$323,863	\$1,635,587	\$390,674	\$40,571	\$116,668	\$936,414	\$15,839,131
7,293,214	296,844	1,344,942	294,053	132,581	37,032	1,094,185	15,434,455
7,800,641	314,751	1,318,178	326,342	194,894	81,281	1,209,255	16,759,718
8,919,596	327,718	1,257,591	307,470	160,378	26,783	1,182,833	17,989,004
9,534,603	444,552	1,287,305	374,754	168,675	39,007	1,743,890	20,167,030
10,769,026	518,901	1,723,975	346,088	202,244	1,387	4,052,345	25,200,801
12,057,302	496,869	1,672,321	320,659	205,821	62,562	1,578,084	24,701,572
13,773,219	240,201	1,686,798	296,036	221,365	-	2,705,389	27,230,923
14,376,106	178,726	1,649,311	137,802	136,728	51,690	2,016,902	28,326,179
14,345,546	173,288	1,594,148	139,695	158,946	-	2,650,675	28,064,807

GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS



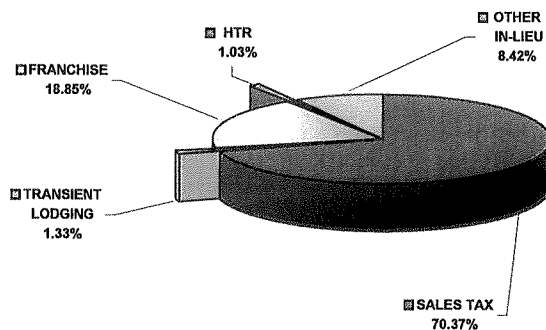
CITY OF PITTSBURG
OTHER LOCAL TAXES - DETAILS ⁽¹⁾
Last Ten Fiscal Years

FISCAL YEAR	SALES and USE TAXES	TRANSIENT LODGING TAXES	FRANCHISE TAXES	HOMEOWNERS TAXES RELIEF	OTHER IN-LIEU TAXES	TOTAL
ACTUAL:						
1995-96	\$6,368,714	\$80,162	\$789,763	\$79,551	\$713,361	\$8,031,551
1996-97	4,659,899	108,307	1,391,296	84,695	507,804	6,752,001
1997-98	4,403,375	135,739	1,453,351	89,744	481,827	6,564,036
1998-99	4,762,029	159,655	1,486,345	86,554	532,169	7,026,752
1999-00	6,101,755	160,210	2,316,570	85,149	484,519	9,148,203
2000-01	6,872,295	132,896	2,210,389	88,386	474,318	9,778,284
2001-02	8,672,325	239,238	1,909,060	104,558	509,496	11,434,677
2002-03	7,389,873	157,655	1,985,779	110,293	831,885	10,475,485
2003-04	6,605,075	125,541	2,064,216	115,834	639,708	9,550,374
2004-05	7,665,033	144,920	2,053,747	111,811	917,324	10,892,835

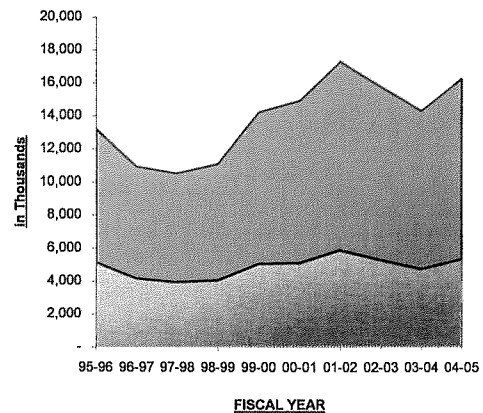
CONSTANT DOLLARS: ⁽²⁾

1995-96	\$4,106,199	\$51,684	\$509,196	\$51,290	\$459,936	\$5,178,305
1996-97	2,905,174	67,523	867,392	52,802	316,586	4,209,477
1997-98	2,660,650	82,018	878,158	54,226	291,134	3,966,185
1998-99	2,760,597	92,554	861,649	50,176	308,504	4,073,479
1999-00	3,386,102	88,907	1,285,555	47,252	268,878	5,076,694
2000-01	3,618,902	69,982	1,163,975	46,543	249,773	5,149,175
2001-02	4,493,433	123,958	989,150	54,175	263,988	5,924,703
2002-03	3,762,664	80,272	1,011,089	56,157	423,567	5,333,750
2003-04	3,322,472	63,149	1,038,338	58,267	321,785	4,804,011
2004-05	3,781,467	71,495	1,013,195	55,161	452,553	5,373,870

OTHER LOCAL TAXES
FISCAL YEAR ENDED JUNE 30, 2005



COMPARISON OF TOTALS: ACTUALS & CONSTANT DOLLARS
LAST TEN FISCAL YEARS



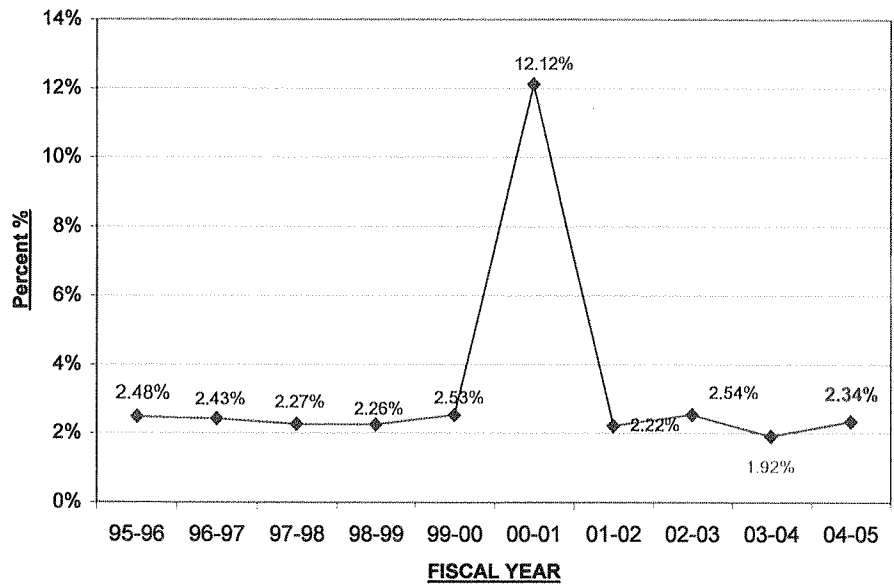
- (1) These figures are represented in the General Fund.
- (2) The information from fiscal year 1995 through 2005 has been adjusted using Consumer Price Index - All West Urban Consumers (US Department of Labor) with a base period 1982-84=100.

SOURCE: City of Pittsburgh, Finance Department

CITY OF PITTSBURG
PROPERTY TAX LEVY AND COLLECTION
Last Ten Fiscal Years

FISCAL YEAR	SECURED TAX CHARGES ⁽¹⁾	AMOUNT DELINQUENT at JUNE 30	% DELINQUENT at JUNE 30
1995-96	\$32,637,647	\$804,106	2.48%
1996-97	33,417,361	813,214	2.43%
1997-98	34,203,594	776,130	2.27%
1998-99	34,597,114	780,554	2.26%
1999-00	35,677,382	902,700	2.53%
2000-01	43,095,927	5,222,511	12.12%
2001-02	41,278,061	914,952	2.22%
2002-03	43,884,508	1,114,002	2.54%
2003-04	51,916,285	997,623	1.92%
2004-05	53,809,800	1,258,084	2.34%

TAX DELINQUENCY
LAST TEN FISCAL YEARS

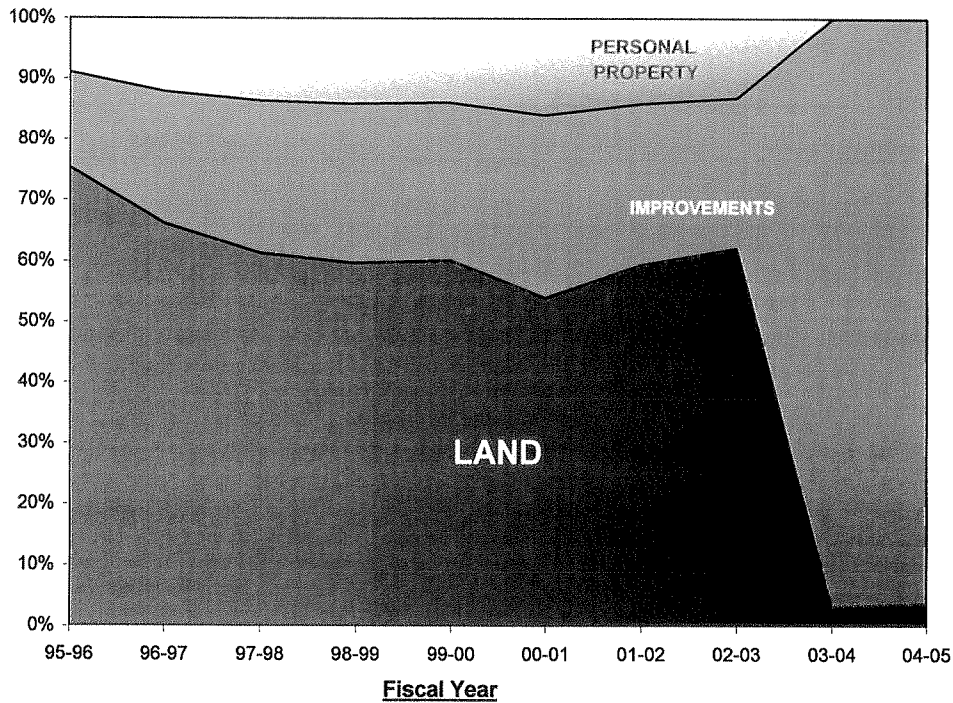


⁽¹⁾ All the taxes are collected by the County of Contra Costa. Under the Teeter Plan, the City of Pittsburg receives 100% of the tax levy, despite any delinquencies, because of the Contra Costa County's method of distributing taxes. Under the California Revenue and Taxation Code, counties may remit the full tax levy to taxing units regardless of delinquencies. This option, called the "Teeter Plan", places the burden for eventual collection of delinquent taxes on the County, not on the taxing units within the County.

CITY OF PITTSBURG
ASSESSED VALUATION and ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

FISCAL YEAR	STATE SECURED		
	LAND	IMPROVEMENTS	PERSONAL PROPERTY
1995-96	\$1,874,222	\$391,598	\$219,761
1996-97	1,287,825	422,872	234,173
1997-98	1,333,840	543,912	294,012
1998-99	1,700,212	744,691	401,077
1999-00	1,649,838	711,136	379,614
2000-01	1,227,637	681,755	362,207
2001-02	1,582,572	704,952	374,923
2002-03	1,619,258	643,684	342,690
2003-04 (1)	18,669,077	546,995,572	317,506
2004-05	19,405,461	492,292,381	328,202

**STATE ASSESSED VALUATION
LAST TEN FISCAL YEARS**



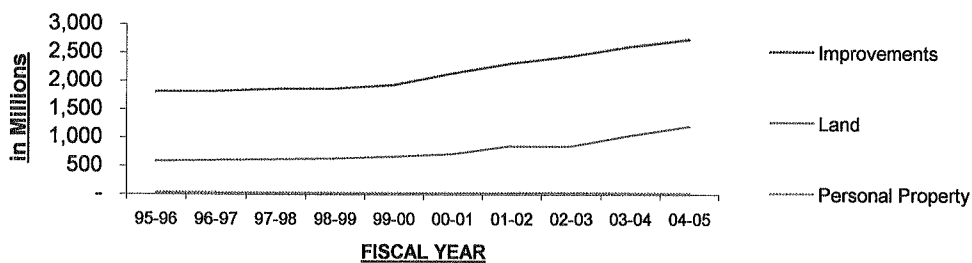
SOURCE: Contra Costa County, Office of County Auditor - Controller

(1) The increase is due to the State Board of Equalization addition of Delta Energy Center in 2003

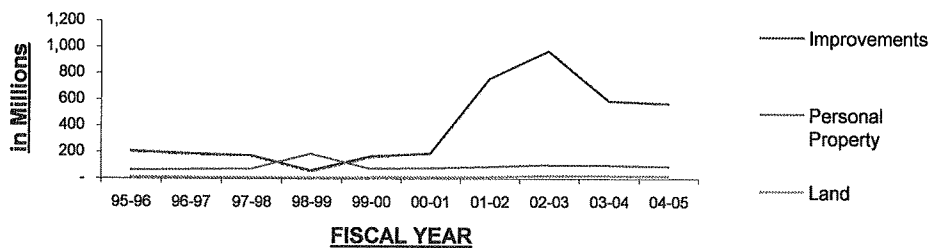
(Continued)

LOCALLY ASSESSED					
SECURED			UNSECURED		
LAND	IMPROVEMENTS	PERSONAL PROPERTY	LAND	IMPROVEMENTS	PERSONAL PROPERTY
\$578,944,229	\$1,803,875,101	\$32,703,987	\$10,417,086	\$208,174,609	\$62,821,998
595,855,486	1,812,407,902	27,593,125	10,641,003	188,396,748	68,295,615
609,099,039	1,851,770,346	23,462,989	7,977,370	173,487,452	71,640,805
623,538,607	1,855,220,906	22,880,094	8,289,014	58,703,143	185,114,326
661,479,132	1,923,520,470	19,341,462	8,267,692	167,426,990	71,120,048
707,424,801	2,128,975,936	18,959,894	10,840,773	186,634,107	76,733,093
751,308,225	2,306,960,466	18,746,522	9,448,032	758,107,111	85,863,788
843,781,960	2,432,636,531	20,766,949	18,541,275	970,765,949	102,128,283
1,027,834,649	2,600,466,655	20,627,567	19,200,011	590,270,982	99,624,044
1,195,469,167	2,734,372,096	17,065,506	17,880,490	567,733,638	90,206,632

LOCALLY ASSESSED - SECURED
LAST TEN FISCAL YEARS



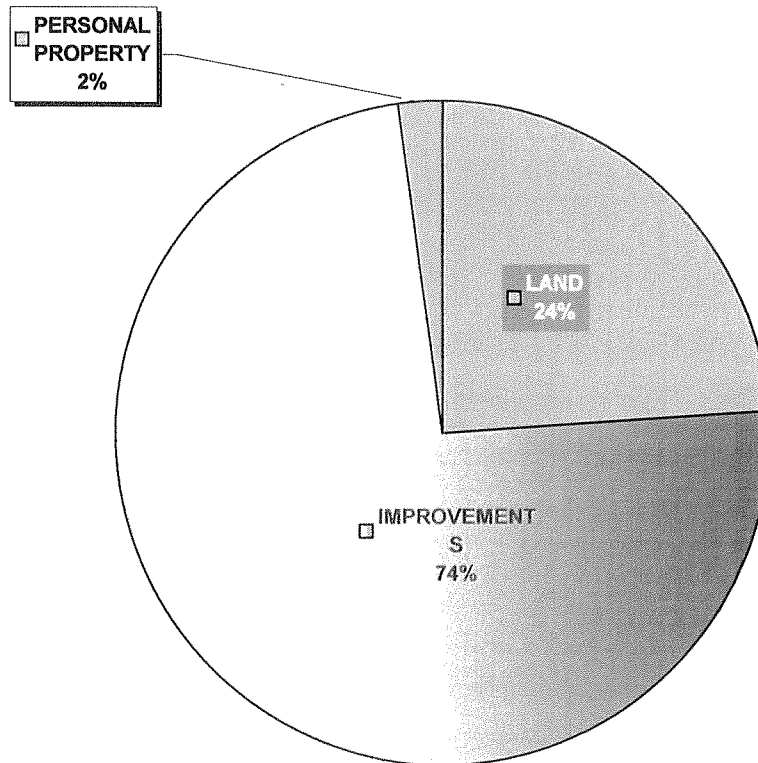
LOCALLY ASSESSED - UNSECURED
LAST TEN FISCAL YEARS



CITY OF PITTSBURG
ASSESSED VALUATION and ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

FISCAL YEAR	TOTAL BEFORE EXEMPTIONS			GRAND TOTAL	HOPTR (1)
	LAND	IMPROVEMENTS	PERSONAL PROPERTY		
1995-96	\$591,235,537	\$2,012,441,308	\$95,745,746	\$2,699,422,591	\$62,076,621
1996-97	607,784,314	2,001,227,522	96,122,913	2,705,134,749	61,910,526
1997-98	618,410,249	2,025,801,710	95,397,806	2,739,609,765	62,296,434
1998-99	633,527,833	1,914,668,740	208,395,497	2,756,592,070	62,689,388
1999-00	671,396,662	2,091,658,596	90,841,124	2,853,896,382	63,422,066
2000-01	719,493,211	2,316,291,798	96,055,194	3,131,840,203	64,914,955
2001-02	762,338,829	3,065,067,577	104,985,233	3,932,391,639	67,034,225
2002-03	863,942,493	3,404,046,164	123,237,922	4,391,226,579	68,588,456
2003-04	1,065,703,737	3,737,733,209	120,569,117	4,924,006,063	69,854,212
2004-05	1,232,755,118	3,794,398,115	107,600,340	5,134,753,573	69,378,527

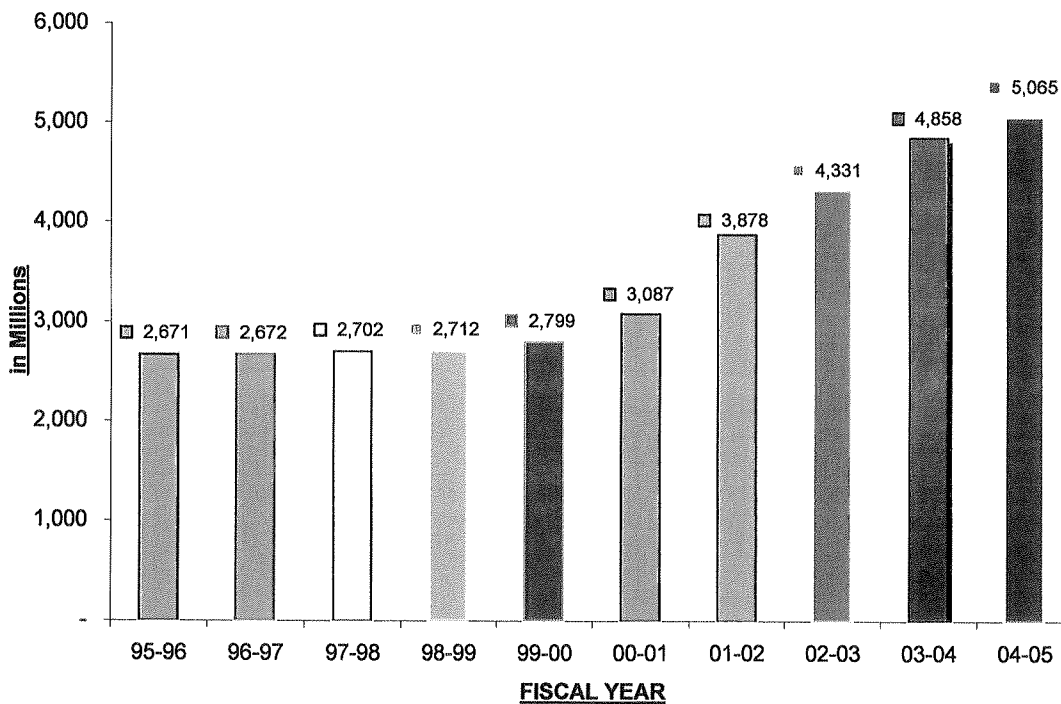
ASSESSED VALUATION BY CATEGORY - BEFORE EXEMPTIONS
FISCAL YEAR ENDED JUNE 30, 2005



(Concluded)

EXEMPTIONS			SUBJECT TO TAX	
REDEVELOPMENT AGENCY (2)	OTHERS	TOTAL	AFTER ALL EXEMPTIONS	AFTER OTHER EXEMPTIONS
\$2,190,189,476	\$28,460,587	\$2,280,726,684	\$418,695,907	\$2,670,962,004
2,191,472,437	33,393,982	2,286,776,945	418,357,804	2,671,740,767
2,211,276,613	37,175,055	2,310,748,102	428,861,663	2,702,434,710
2,217,228,322	44,201,207	2,324,118,917	432,473,153	2,712,390,863
2,272,962,966	54,744,085	2,391,129,117	462,767,265	2,799,152,297
2,515,700,395	45,265,956	2,625,881,306	505,958,897	3,086,574,247
3,229,961,976	54,833,986	3,351,830,187	580,561,452	3,877,557,653
3,626,271,911	59,981,799	3,754,842,166	636,384,413	4,331,244,780
4,089,498,713	66,462,042	4,225,814,967	698,191,096	4,857,544,021
3,665,124,338	69,291,313	3,803,794,178	1,330,959,395	5,065,462,260

**ASSESSED VALUATION - AFTER OTHER EXEMPTIONS
LAST TEN FISCAL YEARS**



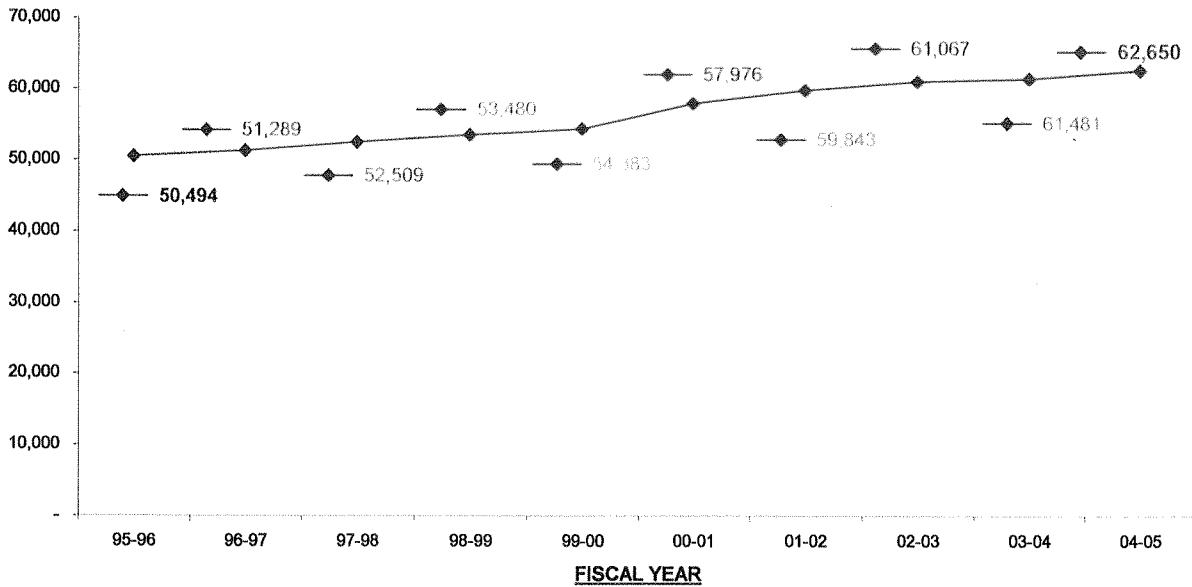
(1) Homeowner's Property Tax Relief (H.O.P.T.R)

(2) Before base year total.

CITY OF PITTSBURG
RATIO OF NET BONDED DEBT TO ASSESSED VALUES
AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years

FISCAL YEAR	POPULATION ⁽¹⁾	ASSESSED VALUES ⁽²⁾	GROSS BONDED DEBT ⁽³⁾	NET BONDED DEBT	RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUES	NET BONDED DEBT PER CAPITA
1995-96	50,494	\$2,670,962,004	\$ -	\$ -	-%	-%
1996-97	51,289	2,671,740,767	-	-	-	-
1997-98	52,509	2,702,434,710	-	-	-	-
1998-99	53,480	2,712,390,863	-	-	-	-
1999-00	54,383	2,799,152,297	-	-	-	-
2000-01	57,976	3,086,574,247	-	-	-	-
2001-02	59,843	3,877,557,653	-	-	-	-
2002-03	61,067	4,331,244,780	-	-	-	-
2003-04	61,481	4,857,544,021	-	-	-	-
2004-05	62,650	5,065,375,046	-	-	-	-

CITY OF PITTSBURG - POPULATION
Last Ten Fiscal Years



SOURCES:

- (1) State of California, Finance Department
- (2) Contra Costa County, Office of Auditor - Controller
- (3) City of Pittsburg, Finance Department

CITY OF PITTSBURG
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005

Assessed valuation:		\$1,687,268,848 ⁽¹⁾
Debt limit - 3.75% of assessed valuation		\$63,272,582
Amount of debt applicable to debt limit:		
Total bonded debt service funds:	\$ -	
Less - Assets in debt service funds	<u>-</u>	
		<u>-</u>
Total Amount of Debt Applicable to Debt Limit:		<u>-</u>
	TOTAL DEBT MARGIN:	<u><u>\$63,272,582</u></u>

⁽¹⁾ After deducting \$3,378,193,412 Redevelopment Agency Assessed Value.

CITY OF PITTSBURG
DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2005

2004-05 Assessed valuation: \$1,687,268,848 (after deducting \$3,378,193,412 Redevelopment Agency Assessed Values.)
 2004-05 Population estimated: 62,605

	% Applicable	Debt June 30, 2005
<u>DIERCT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Contra Costa Community College District	1.626 %	\$1,489,416
Mount Diablo Unified School District	0.750	1,286,250
Mount Diablo Unified School District - Community Facilities Dist # 1	0.750	560,363
Pittsburg Unified School District	85.936	37,575,516
City of Pittsburg	100.000	0
City of Pittsburg - 1915 Act Bonds	100.000	26,795,000
East Bay Regional Park District	0.744	1,082,074
Bay Area Rapid Transit	0.504	504,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		69,292,619

OVERLAPPING GENERAL FUND OBLIGATION DEBT:

Contra Costa County General Fund Obligations	1.624 %	\$5,125,182
Contra Costa County Pension Obligations	1.624	9,008,896
Contra Costa County Board of Education Certificates of Participation	1.624	27,527
Contra Costa County Board Mosquito Abatement District Cert. of Part.	1.624	4,710
Contra Costa County Community College District Certificates of Part.	1.624	20,569
Antioch Unified School District Certificates of Participation	0.775	127,894
Mount Diablo Unified School District Certificates of Participation	0.750	48,825
Pittsburg Unified School District Certificates of Participation	85.936	11,360,739
TOTAL OVERLAPPING GENERAL FUND OBLIGATION DEBT:		25,724,342

COMBINED TOTAL DEBT: ⁽¹⁾ \$95,016,961

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds and non-bonded lease obligations.

RATIOS TO 2004-05 ASSESSED VALUATION		PER CAPITA	
Direct debt	0.00 %	Assessed valuation	26,951
Total debt	1.37 %	Total debt	1,518

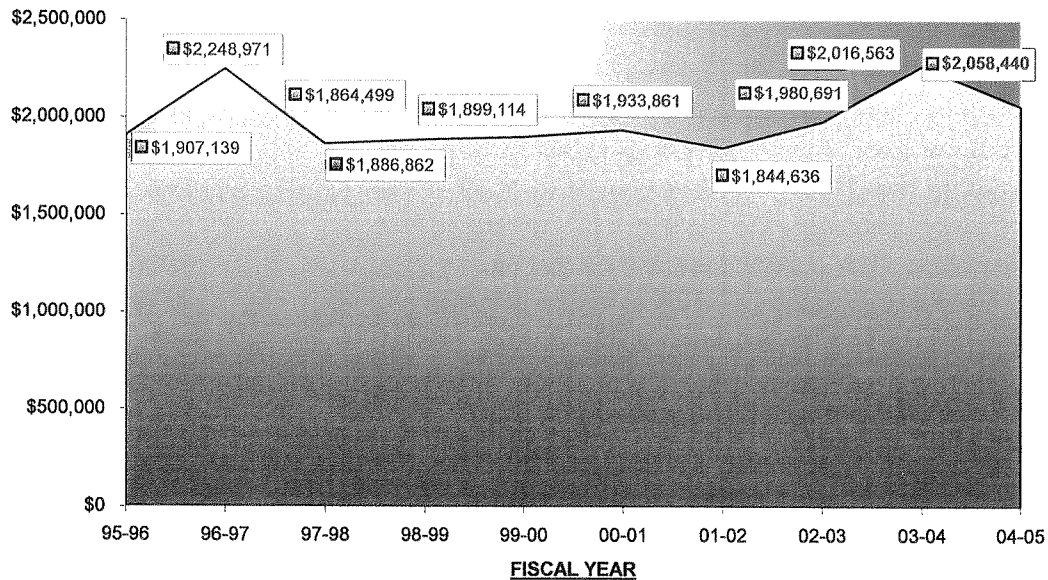
RATIOS TO 2004-05 ASSESSED VALUATION
 Combined Total Debt.....5.63 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/05: \$0

CITY OF PITTSBURG
SPECIAL ASSESSMENT BILLING AND COLLECTIONS ⁽¹⁾
Last Ten Fiscal Years

FISCAL YEAR	CURRENT BILLING	ASSESSMENTS COLLECTED	RATIO OF COLLECTIONS TO CURRENT BILLING	TOTAL OUTSTANDING ASSESSMENTS
1995-96	1,907,139	1,907,139	100.00	\$ -
1996-97	2,248,971	2,248,971	100.00	-
1997-98	1,864,499	1,864,499	100.00	-
1998-99	1,886,862	1,886,862	100.00	-
1999-00	1,899,114	1,899,114	100.00	-
2000-01	1,933,861	1,933,861	100.00	-
2001-02	1,844,636	1,844,636	100.00	-
2002-03	1,980,691	1,980,691	100.00	-
2003-04	2,016,563	2,016,563	100.00	-
2004-05	2,058,491	2,058,491	100.00	-

SPECIAL ASSESSMENTS COLLECTED
Last Ten Fiscal Years

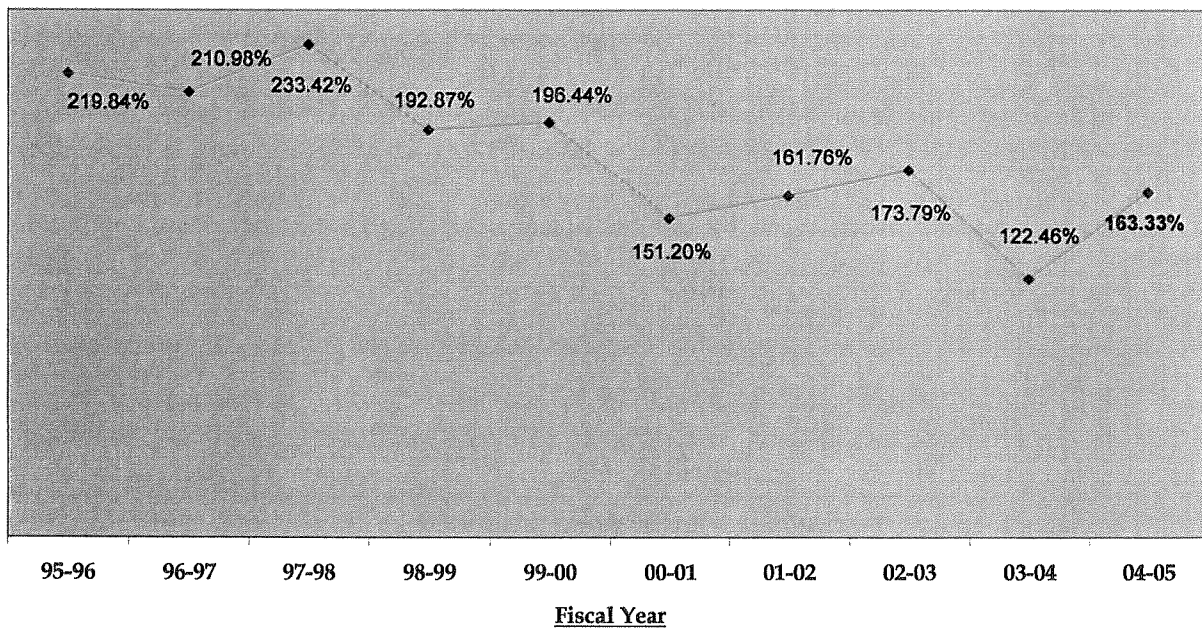


⁽¹⁾ All the taxes are collected by the County of Contra Costa. Under the Teeter Plan, the City of Pittsburg receives 100% of the tax levy, despite any delinquencies, because of the Contra Costa County's method of distributing taxes. Under the California Revenue and Taxation Code, counties may remit the full tax levy to taxing units regardless of delinquencies. This option, called "Teeter Plan", places the burden for eventual collection of delinquent taxes on the County, not on the taxing units within the County.
 -Special Assessments include the Citywide Lighting & Landscaping District, and the Oak Hill

CITY OF PITTSBURG
WASTE WATER AND WATER REVENUE BONDS COVERAGE SINCE INCEPTION
Last Ten Fiscal Years

FISCAL YEAR	SEWER FUND ⁽¹⁾						
	GROSS REVENUES ⁽²⁾	OPERATING EXPENSES ⁽²⁾	NET REVENUES AVAILABLE FOR DEBT	DEBT SERVICE REQUIREMENTS			PERCENT COVERAGE ⁽³⁾
				PRINCIPAL	INTEREST Fiscal charges	TOTAL	
1995-96	\$2,631,668	\$689,454	\$1,942,214	\$160,000	\$723,459	\$883,459	219.84%
1996-97	2,544,049	519,146	2,024,903	250,000	709,749	959,749	210.98%
1997-98	2,624,424	362,985	2,261,439	270,000	698,837	968,837	233.42%
1998-99	2,564,140	701,174	1,862,966	280,000	685,924	965,924	192.87%
1999-00	2,665,739	755,609	1,910,130	300,000	672,352	972,352	196.44%
2000-01	2,208,318	729,230	1,479,088	320,000	658,213	978,213	151.20%
2001-02	2,372,712	800,563	1,572,149	335,000	636,930	971,930	161.76%
2002-03	2,829,931	1,134,392	1,695,539	350,000	625,603	975,603	173.79%
2003-04	2,753,990	1,346,758	1,407,232	475,000	674,157	1,149,157	122.46%
2004-05	2,767,970	1,254,647	1,513,323	510,000	416,557	926,557	163.33%

SEWER FUND
DEBT SERVICE REQUIREMENTS - % COVERAGE
Last Ten Fiscal Years



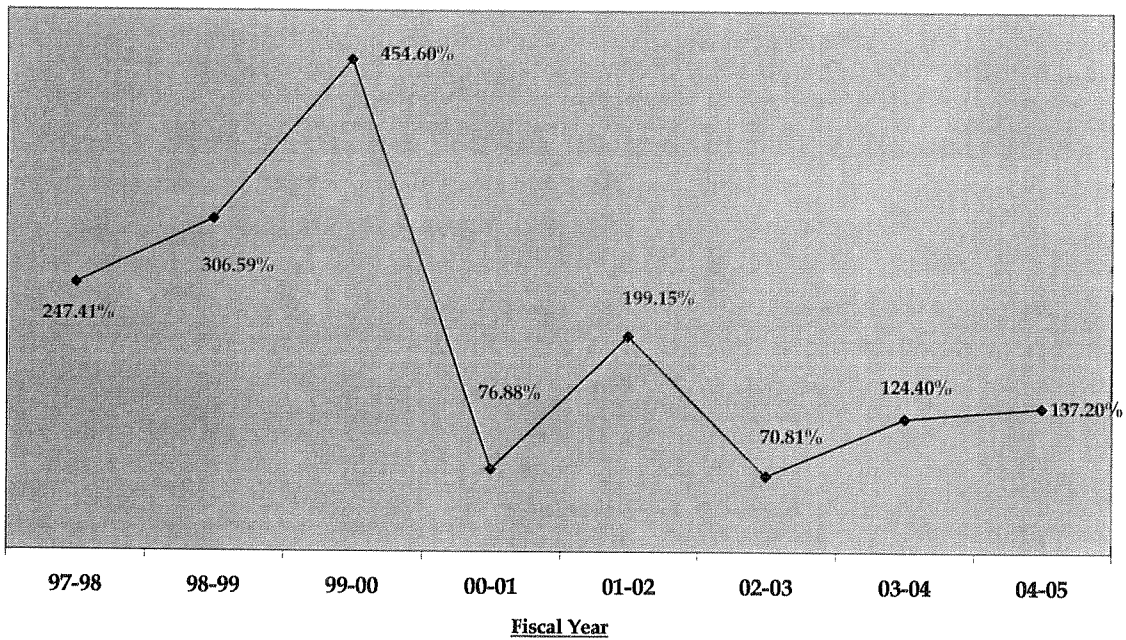
- (1) This represents the City's Waste Water Revenue Bonds issued in 1991, 1994, and Refunding Bonds in 2004
- (2) Excluding Non-operating sources (uses), except investment earnings
- (3) Net revenue available for debt service divided by total debt service requirements.
- (4) In June 1997, \$14,655,000 Water Revenue Bonds were issued.

SOURCE: City of Pittsburg, Finance Department

(Concluded)

WATER FUND ⁽⁴⁾							
GROSS REVENUES ⁽²⁾	OPERATING EXPENSES ⁽²⁾	NET REVENUES AVAILABLE FOR DEBT	DEBT SERVICE REQUIREMENTS			PERCENT COVERAGE ⁽³⁾	
			PRINCIPAL	INTEREST Fiscal charges	TOTAL		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-%	
8,133,354	6,380,594	1,752,760	-	708,446	708,446	247.41%	
9,291,160	6,914,408	2,376,752	-	775,233	775,233	306.59%	
10,933,678	7,420,314	3,513,364	-	772,850	772,850	454.60%	
9,511,873	8,915,565	596,308	-	775,604	775,604	76.88%	
10,413,098	8,864,354	1,548,744	-	777,674	777,674	199.15%	
11,381,346	10,632,175	749,171	285,000	772,961	1,057,961	70.81%	
11,420,970	10,124,266	1,296,704	310,000	732,328	1,042,328	124.40%	
11,841,761	10,382,424	1,459,337	330,000	753,435	1,083,435	134.70%	

WATER FUND
DEBT SERVICE REQUIREMENTS - % COVERAGE
Last Eight Fiscal Years



CITY OF PITTSBURG
PROPERTY TAX RATES ⁽¹⁾ - ALL OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

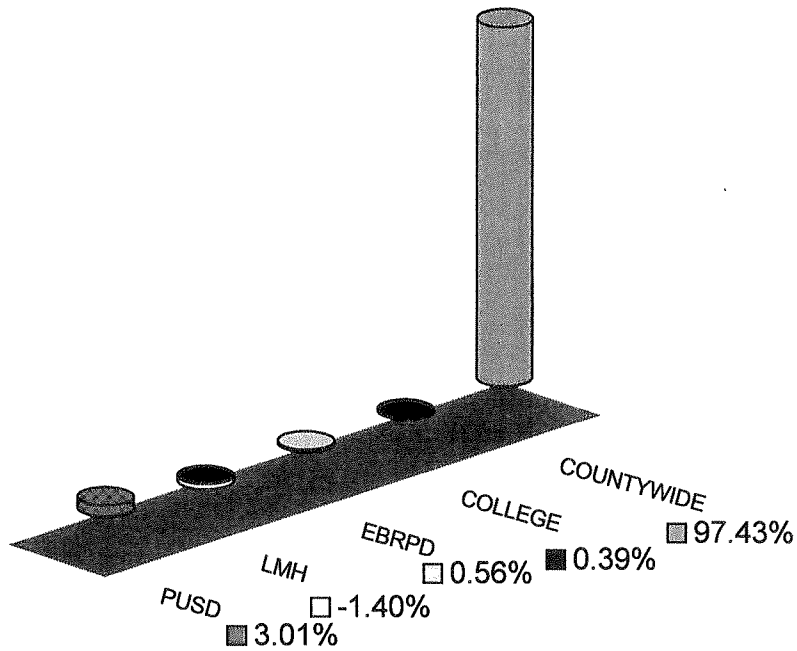
FISCAL YEAR	CONTRA COSTA (COUNTY-WIDE)	COMMUNITY COLLEGE	LOS MEDANOS HOSPITAL	BART
1995-96	1.0000	-	0.0399	0.0230
1996-97	1.0000	-	0.0386	0.0225
1997-98	1.0000	-	0.0398	0.0220
1998-99	1.0000	-	0.0409	0.0167
1999-00	1.0000	-	0.0411	-
2000-01	1.0000	-	0.0331	-
2001-02	1.0000	-	0.0318	-
2002-03	1.0000	0.0040	0.0307	-
2003-04	1.0000	0.0038	0.0091	-
2004-05	1.0000	0.0042	-0.0144	-
			(Refunded)	

⁽¹⁾ Tax Rate Areas: TRA 07-013

(Concluded)

PITTSBURG UNIFIED SCHOOL DISTRICT	EAST BAY REGIONAL PARK DISTRICT	TOTAL (ALL PROPERTY)	TOTAL (LAND ONLY)
-	0.0066	1.0695	0.0110
-	0.0094	1.0705	0.0108
0.0143	0.0080	1.0841	0.0104
0.0238	0.0081	1.0895	0.0103
0.0331	0.0092	1.0834	0.0099
0.0417	0.0088	1.0836	0.0092
0.0542	0.0065	1.0925	0.0086
0.0377	0.0072	1.0796	0.0078
0.0274	0.0057	1.0460	0.0063
0.0309	0.0057	1.0264	0.0057

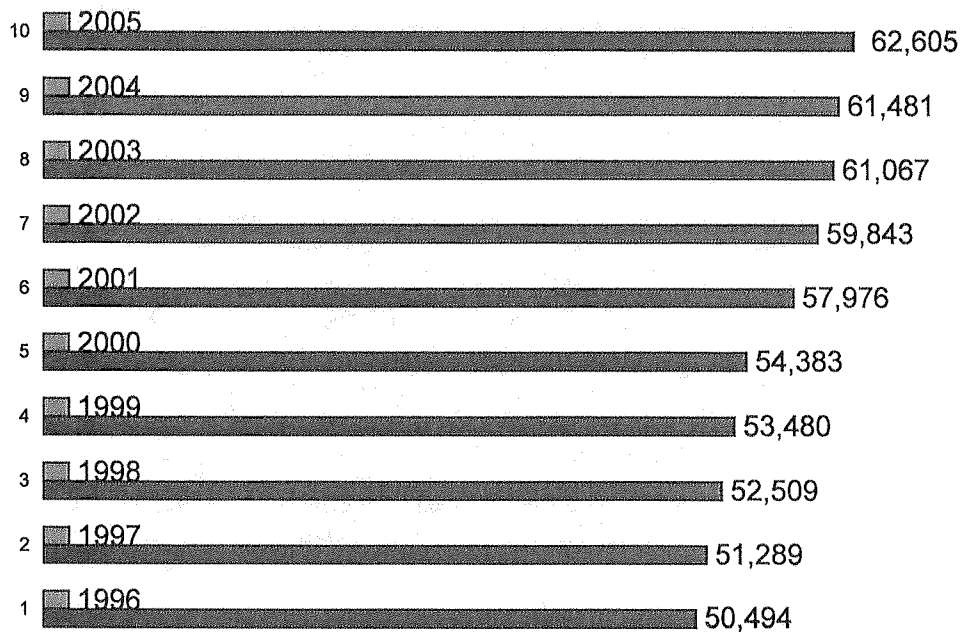
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
TRA: 07-013
FISCAL YEAR 2004 - 2005



CITY OF PITTSBURG
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

FISCAL YEAR	PRINCIPAL	TOTAL BONDED DEBT SERVICE EXPENDITURES (1)	TOTAL GENERAL EXPENDITURES (2)	RATIO OF DEBT SERVICE TO GENERAL EXPENDITURES
1995-96	\$ -	\$ -	\$47,933,897	- %
1996-97	-	-	46,705,140	-
1997-98	-	-	55,859,332	-
1998-99	-	-	76,380,679	-
1999-00	-	-	59,041,761	-
2000-01	-	-	68,771,064	-
2001-02	-	-	73,744,637	-
2002-03	-	-	87,352,930	-
2003-04	-	-	88,340,893	-
2004-05	-	-	104,291,743	-

CITY OF PITTSBURG - POPULATION
Last Ten Years



(1) Only expenditures for general bonded debt.

(2) Includes general, special revenues, debt service and capital project funds.

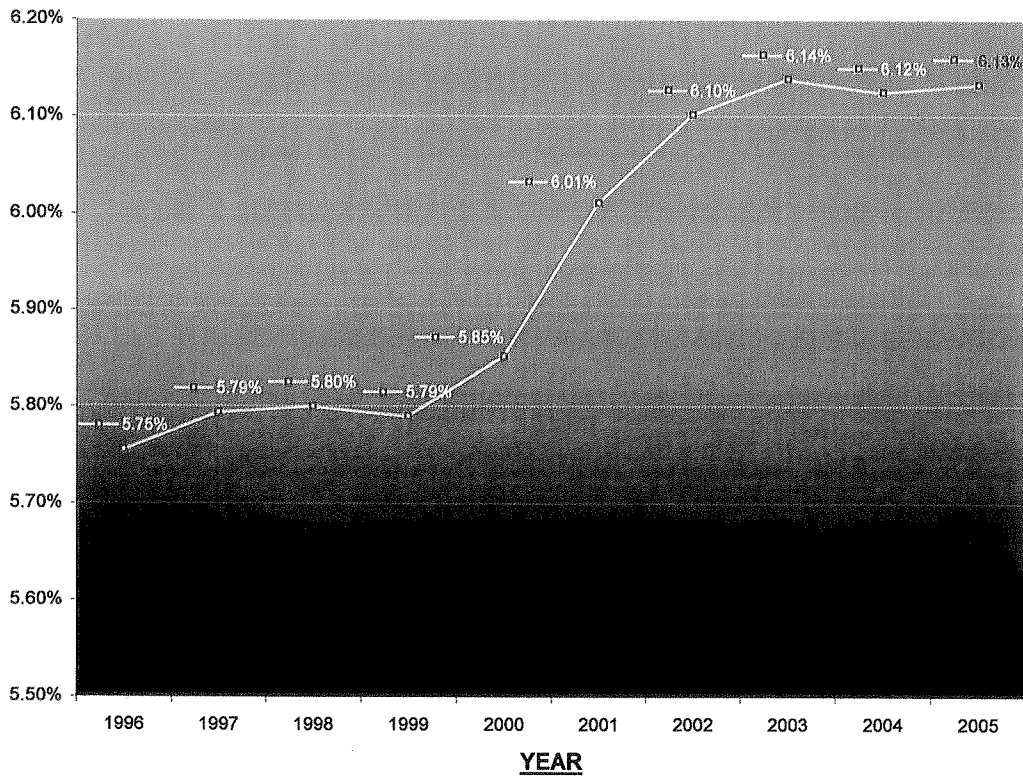
SOURCE: City of Pittsburgh, Finance Department

CITY OF PITTSBURG

**DEMOGRAPHIC STATISTICS
Last Ten Years**

YEAR	SQUARE MILES ⁽¹⁾	POPULATION ⁽²⁾	INCREASE (DECREASE)	POPULATION PERCENT CHANGE	CONTRA COSTA COUNTY POPULATION ⁽²⁾	CITY POPULATION AS PERCENT OF COUNTY	NUMBER OF HOUSING UNITS ⁽³⁾	PER CAPITA INCOME ⁽³⁾
1996	15.79	50,494	103	0.20%	877,498	5.75%	17,404	\$14,133
1997	15.81	51,289	795	1.55%	885,357	5.79%	17,552	15,613
1998	15.81	52,509	1,220	2.32%	905,433	5.80%	17,772	16,479
1999	15.81	53,480	971	1.82%	923,817	5.79%	17,919	19,032
2000	15.81	54,383	903	1.66%	929,445	5.85%	18,337	23,359
2001	15.81	57,976	3,593	6.20%	964,579	6.01%	18,505	18,288
2002	15.81	59,843	1,867	3.12%	980,870	6.10%	19,076	19,082
2003	15.81	61,067	1,224	2.00%	994,908	6.14%	19,447	19,876
2004	15.81	61,481	414	0.67%	1,003,909	6.12%	19,697	20,458
2005	15.81	62,605	1,124	1.80%	1,020,898	6.13%	26,380	20,807

**POPULATION - PERCENT TO COUNTY POPULATION
Last Ten Years**



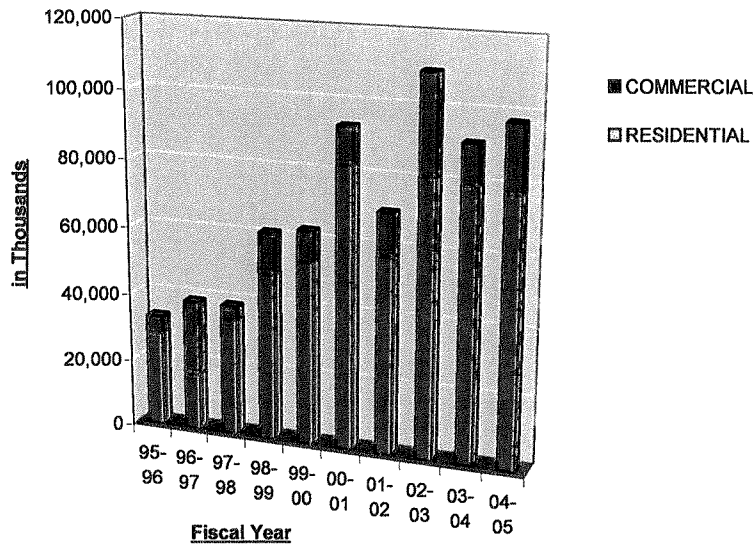
SOURCE:

- ⁽¹⁾ City of Pittsburg, Engineering Department
- ⁽²⁾ State of California, Department of Finance, January 1, 2005
- ⁽³⁾ ESRI Business Information Solutions - Historical Data Research

CITY OF PITTSBURG
PROPERTY VALUES,
CONSTRUCTION, BANK SAVINGS AND LOAN DEPOSITS
Last Ten Fiscal Years

FISCAL YEAR	RESIDENTIAL CONSTRUCTION ⁽¹⁾		COMMERCIAL CONSTRUCTION ⁽¹⁾	
	NUMBER OF PERMITS	VALUES (in Thousands)	NUMBER OF PERMITS	VALUES (in Thousands)
1995-96	822	\$28,202	96	\$5,008
1996-97	656	16,814	105	21,891
1997-98	778	34,623	126	3,911
1998-99	1,162	49,213	202	11,934
1999-00	1,326	53,969	201	8,882
2000-01	1,411	82,371	160	10,903
2001-02	1,534	57,837	130	12,324
2002-03	1,670	81,069	256	28,566
2003-04	1,903	79,609	205	11,502
2004-05	1,546	78,003	203	19,457

ASSESSED VALUES - RESIDENTIAL and COMMERCIAL CONSTRUCTION
Last Ten Fiscal Years



⁽¹⁾ Based on building permits issued by City of Pittsburg, Building Department.

Property values are estimated by construction costs.

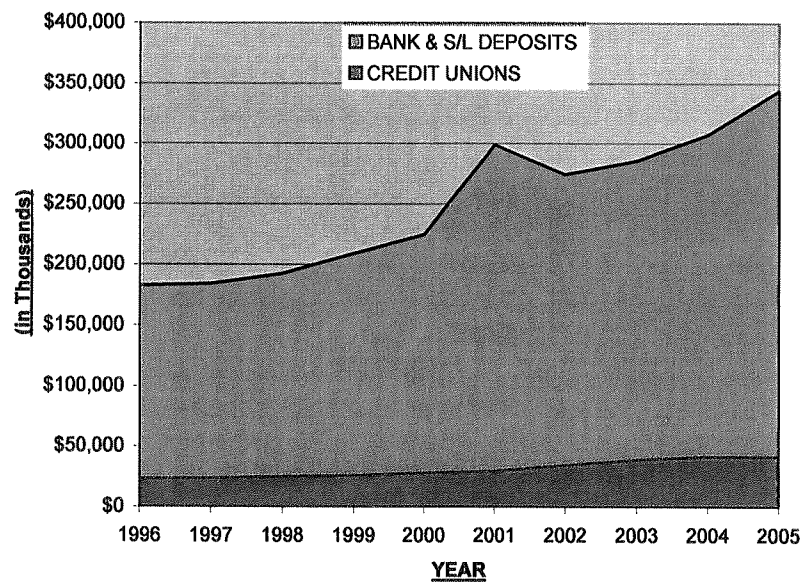
⁽²⁾ Source: The Findley Reports - Anaheim, California

⁽³⁾ Source: County Assessor's Office, Contra Costa County

(Concluded)

BANK & S/L DEPOSITS ⁽²⁾ (in Thousands)	Savings and Loans and CREDIT UNION DEPOSITS ⁽²⁾ (in Thousands)	PROPERTY VALUE	
		TAXABLE (in Thousands)	NON-TAXABLE (in Thousands)
\$182,203	\$22,972	\$2,670,962	\$28,461
183,862	23,526	2,671,741	33,394
192,143	24,826	2,702,434	37,175
208,628	25,953	2,712,391	44,201
224,455	28,020	2,799,152	54,744
299,061	29,851	3,086,574	45,266
274,316	34,508	3,877,558	54,834
285,684	39,198	4,331,245	59,982
307,404	41,702	4,857,544	66,462
343,620	41,802	5,065,633	69,291

PITTSBURG - DEPOSITS, SAVINGS & LOAN



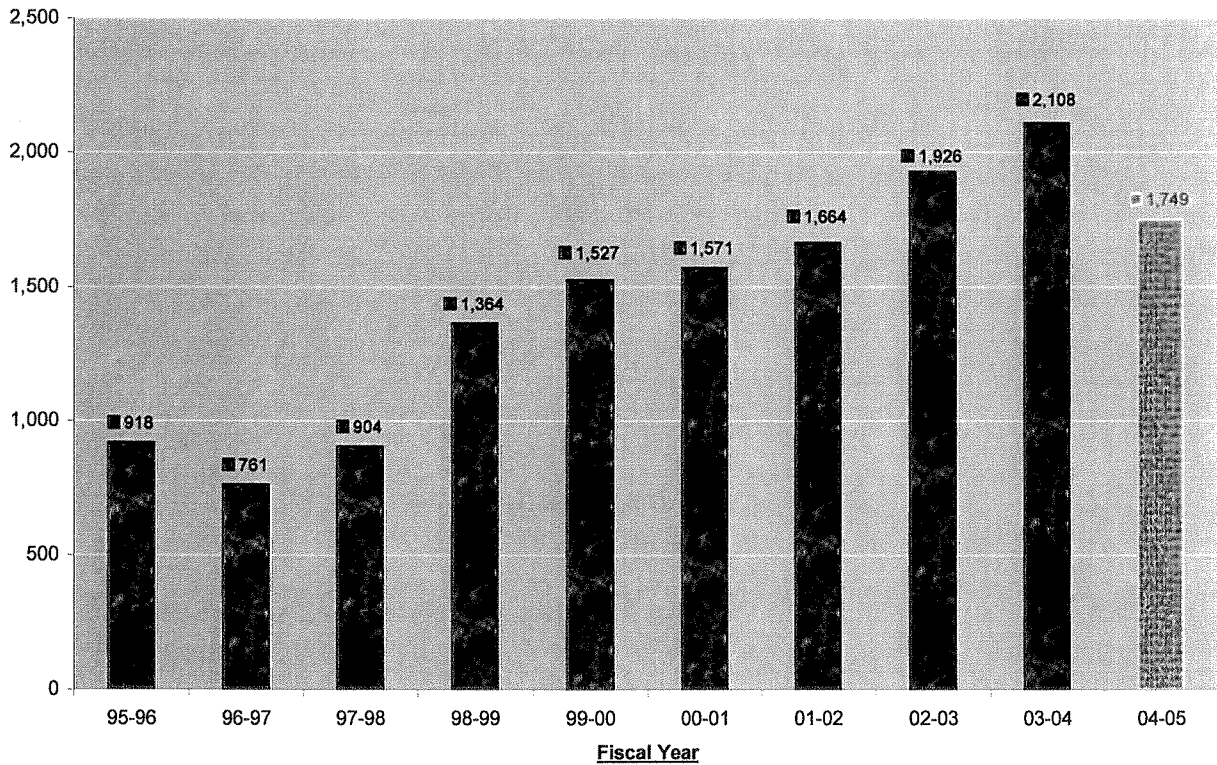
NOTES: FINANCIAL INSTITUTIONS

BANK	SAVINGS & LOAN & CREDIT UNIONS
Bank of America (02/19/1927): 2 branch offices	Washington Mutual Bank, FA (12/27/1988)
Bank of The West (08/16/1976)	Pittsburg Employees FCU (1959)
Wells Fargo Bank (12/10/1923 & 08/23/1997)	Downey S&LA (2001)
	Dow Great Western CU (1997)

CITY OF PITTSBURG
BUILDING PERMIT SUMMARY
 (Assessed Valuation in thousands)
 Last Ten Fiscal Years

FISCAL YEAR	RESIDENTIAL						NEW CONSTRUCTION	
	NEW CONSTRUCTION		IMPROVEMENTS		TOTAL		No. of PERMITS	VALUATION
	No. of PERMITS	VALUATION	No. of PERMITS	VALUATION	No. of PERMITS	VALUATION		
1995-96	270	\$27,902	552	\$3,300	822	\$31,202	25	\$361
1996-97	147	13,914	509	2,900	656	16,814	35	17,260
1997-98	251	31,649	527	2,974	778	34,623	38	378
1998-99	356	45,457	806	3,756	1,162	49,213	35	2,266
1999-00	328	49,127	998	4,842	1,326	53,969	5	3,784
2000-01	445	78,589	966	3,782	1,411	82,371	6	2,571
2001-02	359	51,890	1,175	5,947	1,534	57,837	8	2,593
2002-03	753	75,861	917	5,208	1,670	81,069	137	17,454
2003-04	368	70,692	1,535	8,917	1,903	79,609	197	11,336
2004-05	402	69,629	1,144	8,374	1,546	78,003	119	3,398

BUILDING PERMITS ISSUED
 Last Ten Fiscal Years



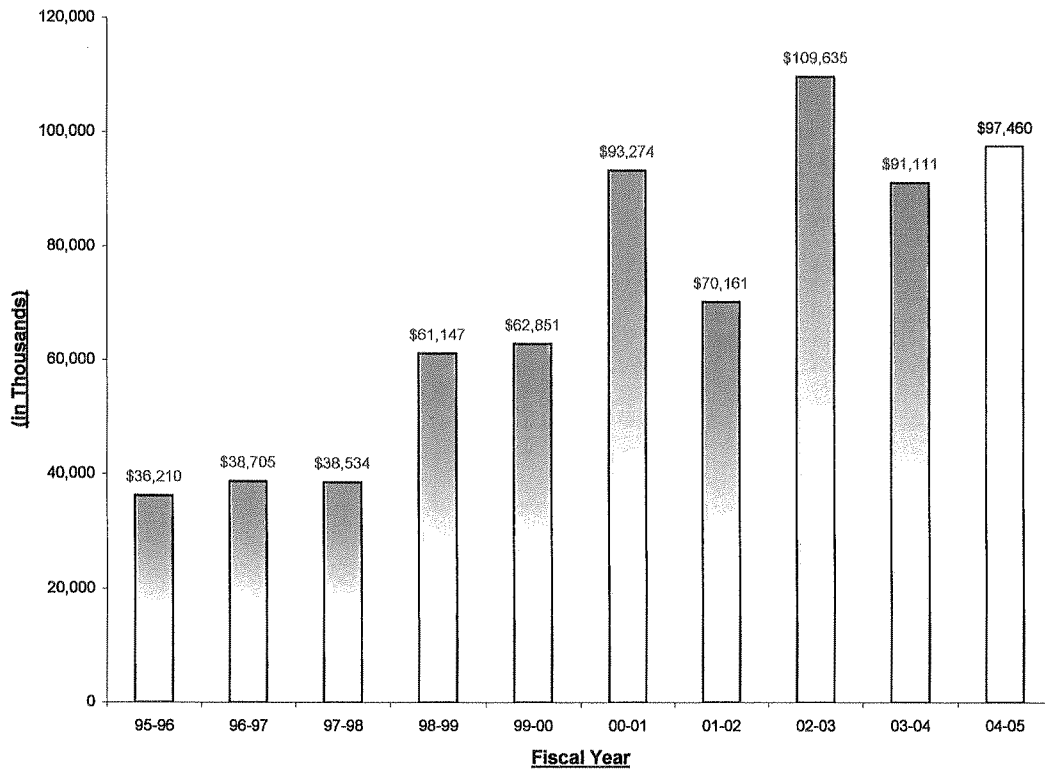
⁽¹⁾ Includes single-family, multi-family, duplex, mobile homes, hotel, motel, and others.

SOURCE: City of Pittsburgh, Building Department

(Concluded)

COMMERCIAL IMPROVEMENTS		TOTAL		TOTALS RESIDENTIAL and COMMERCIAL ⁽¹⁾			
No. of PERMITS	VALUATION	No. of PERMITS	VALUATION	No. of PERMITS	PERCENT CHANGE	VALUATION	PERCENT CHANGE
71	\$4,647	96	\$5,008	918	34.4%	\$36,210	46.4%
70	4,631	105	21,891	761	-17.1%	38,705	6.9%
88	3,533	126	3,911	904	18.8%	38,534	-0.4%
167	9,668	202	11,934	1,364	50.9%	61,147	58.7%
196	5,098	201	8,882	1,527	12.0%	62,851	2.8%
154	8,332	160	10,903	1,571	2.9%	93,274	48.4%
122	9,731	130	12,324	1,664	5.9%	70,161	-24.8%
119	11,112	256	28,566	1,926	15.7%	109,635	56.3%
8	166	205	11,502	2,108	9.4%	91,111	-16.9%
84	16,059	203	19,457	1,749	-17.0%	97,460	7.0%

BUILDING PERMITS - ASSESSED VALUATION
Last Ten Fiscal Years
(in thousands)



CITY OF PITTSBURG
SCHEDULE OF BUILDING PERMITS AND VALUATION ⁽¹⁾
(in thousands)
Last Ten Fiscal Years

	1995-96	1996-97	1997-98	1998-99
<u>BUILDING PERMITS ISSUED:</u>				
<i>NEW CONSTRUCTION:</i>				
Single-family	167	94	150	235
Duplex	-	-	5	1
Multi-family	-	-	10	1
Mobile homes	3	2	3	7
Commercial	5	19	4	7
Demolition	18	9	7	6
Swimming pools	10	13	6	25
Signs	20	16	34	28
Accessory building	-	1	-	-
Other	72	28	70	81
Total New Construction:	295	182	289	391
<i>IMPROVEMENTS:</i>				
Residential	552	509	527	806
Commercial/Industrial	71	70	88	167
Total Improvements:	623	579	615	973
TOTAL PERMITS ISSUED:	918	761	904	1,364
<u>BUILDING PERMITS VALUATION:</u>				
<i>NEW CONSTRUCTION:</i>				
Single-family	\$24,032	\$13,009	\$25,287	\$39,365
Duplex	-	-	659	125
Multi-family	-	-	5,271	5,344
Mobile homes	4	-	2	-
Commercial	320	17,199	274	1,948
Demolition	450	74	31	45
Swimming pools	177	202	112	578
Signs	41	61	104	318
Accessory building	-	5	-	-
Other	239	624	287	-
Total New Construction:	25,263	31,174	32,027	47,723
<i>IMPROVEMENTS:</i>				
Residential	3,300	2,900	2,900	3,756
Commercial/Industrial	4,647	4,631	4,631	9,668
Total Improvements:	7,947	7,531	7,531	13,424
TOTAL PERMITS AND VALUATION:	\$33,210	\$38,705	\$39,558	\$61,147

⁽¹⁾ Excluding Special Permits (Plumbing, Mechanical, Electrical, etc...) as well as Plan Check Permit
SOURCE: City of Pittsburg, Building Department.

(Concluded)

1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
292	367	278	298	363	373
-	-	-	-	-	-
-	1	-	3	1	24
1	12	6	4	4	5
5	6	8	18	3	6
4	2	7	5	1	9
-	21	20	26	1	28
-	26	26	24	37	28
-	-	-	472	105	0
31	16	22	40	50	48
333	451	367	890	565	521
998	966	1,175	917	1,535	1,144
196	154	122	119	8	84
1,194	1,120	1,297	1,036	1,543	1,228
1,527	1,571	1,664	1,926	2,108	1,749
\$49,079	\$65,697	\$51,071	\$55,823	\$69,982	\$68,506
-	-	-	-	-	-
-	12,212	-	15,906	710	1,123
-	-	-	-	-	-
3,784	2,571	2,593	17,454	2,531	1,926
48	23	77	14	10	198
-	539	574	772	44	1,027
-	118	168	448	294	247
-	-	-	2,898	3,940	0
-	-	-	-	4,517	0
52,911	81,160	54,483	93,315	82,028	73,027
4,842	3,782	5,947	5,208	8,917	8,374
5,098	8,332	9,731	11,112	166	16,059
9,940	12,114	15,678	16,320	9,083	24,433
\$62,851	\$93,274	\$70,161	\$109,635	\$91,111	\$97,460

CITY OF PITTSBURG
TEN LARGEST LOCALLY SECURED PROPERTY TAXPAYERS ⁽¹⁾
TAX YEAR 2004-05

OWNER/TAXPAYER	PRIMARY LAND USE	2004-05 ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION
1 Delta Energy Center	Power Plant	\$509,700,000	11.60 %
2 USS Posco Industries	Metal Industry	283,467,110	6.45
3 DOW Chemical Company	Chemical Products/Production	105,994,902	2.41
4 Sierra Pacific Properties Inc.	Apartments	66,120,386	1.50
5 Century Plaza Corporation	Shopping Center	57,450,404	1.31
6 Kirker Creek Limited Partnership	Apartments	42,424,585	0.97
7 Seecon Financial	Residential Development	34,407,158	0.78
8 National Energy Constructors	Industrial	30,043,868	0.68
9 Oakmont Properties II & III LP	Apartments	29,077,592	0.66
10 GWF Power Systems LP	Industrial	<u>28,302,037</u>	<u>0.64</u>
	Subtotal:	<u>1,186,988,042</u>	<u>27.01</u>
	All Others:	<u>3,208,203,858</u>	<u>72.99</u>
	Total Secured Assessed Valuation 2003-04:	<u>\$4,395,191,900</u>	<u>100.00 %</u>

⁽¹⁾ SOURCE: California Municipal Statistics, Inc.

CITY OF PITTSBURG
TOP 25 SALES TAX PRODUCERS ⁽¹⁾
TAX YEAR 2004-05

BUSINESS NAME	CATEGORY
1 American Color Graphics	Business Services
2 Antioch Building Materials	Building Supplies
3 ARCO AM/PM Mini Marts	Retail Gasoline
4 Best Buy	Radio/TV/Electronics Supply Store
5 Burlington Coat Factory	Family Clothing Store
6 Circuit City	Radio/TV/Electronics Supply Store
7 C. Costa Co. Public Auto Auction	Used Car Sales
8 Delta Energy Center	Specialty Stores
9 Devil Mtn Harley Davidson	Motorcycle Retail
10 Diablo Ford	Auto Dealers New/Used
11 Dow Chemical Company	Chemical Products/Production
12 Ferguson Enterprises	Plumbing and Hydronic Heat
13 Home Concepts	Home Furnishings
14 Home Depot	Retail Building Materials/Garden
15 Mazzei Pontiac, Cadillac Buick	Auto Dealers New/Used
16 Piedmont Lumber	Lumber & Wood Products and Production
17 Praxair	Welding Material Supplies
18 Praxair	Welding Material Supplies
19 Safeway Store	Retail Food Store
20 Shell Service Station	Retail Gasoline
21 Target Stores	General Merchandise Retail
22 Toys R US	Craft/Hobby/Toys Store
23 USS Posco Industries	Primary Metal Industry
24 Wal Mart	General Merchandise Retail
25 Winter Chevrolet	Auto Dealers New/Used

*** The Top 25 Accounts occupied 65.81% of the total sales tax collected.
The names are listed in alphabetical order, not sales tax volume.

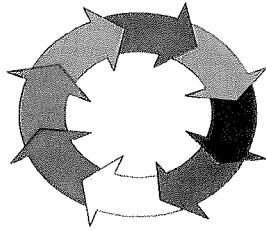
⁽¹⁾ Period: from July 2004 to June 2005.

CITY OF PITTSBURG
TEN LARGEST EMPLOYERS
(NON-GOVERNMENT MANUFACTURING EMPLOYERS)

EMPLOYERS	TYPE OF BUSINESS	NUMBER OF EMPLOYEES
1 USS-POSCO Industries	Primary Metal Industry	1,000
2 DOW Chemical Company	Chemical Product/Production	380
3 Wal Mart	General Merchandise Retail	220
4 Home Depot	Retail Building Materials/Garden	180
5 Target	General Merchandise Retail	170
6 Safeway	Retail Food Store	150
7 American Color Graphics	Commercial Printing	140
9 Ramar International Corporation	Meat Packaging	120
9 Best Buy	Computer/Electronics Retailer	100
10 Redwood Painting	Painting and Paper Hanging	100

SOURCE: Pittsburg Chamber of Commerce

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2005
(Statistical Section)

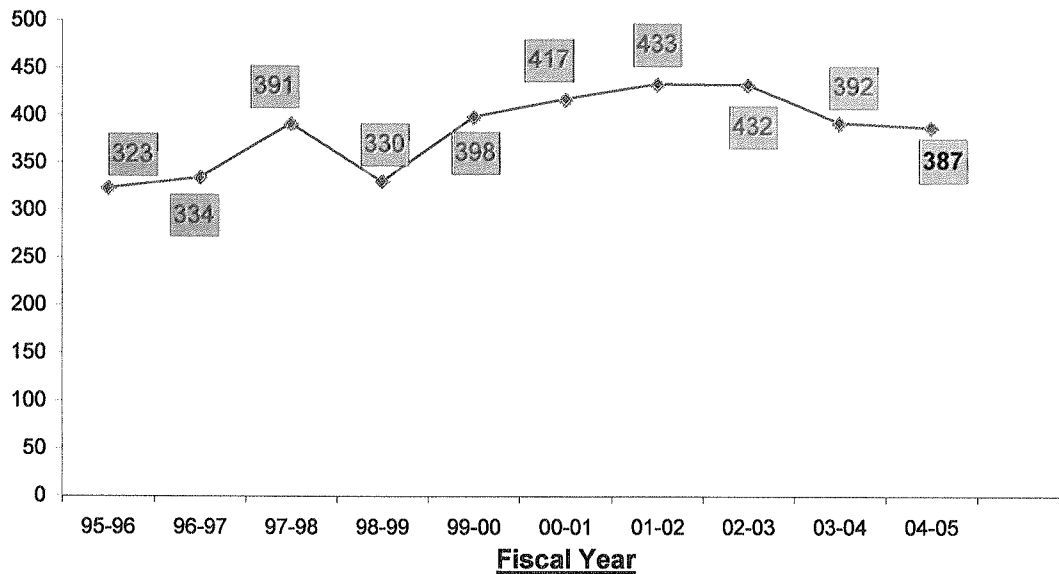


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CITY OF PITTSBURG
GOVERNMENT EMPLOYEES BY DEPARTMENT
Last Ten Fiscal Years

FISCAL YEAR	CITY			
	CITY COUNCIL	MANAGER/CLERK ADMINISTRATION	FINANCE & SERVICES	COMMUNITY SERVICES
1995-96	5	10	13	32
1996-97	5	13	18	45
1997-98	5	19	18	53
1998-99	5	18	16	57
1999-00	5	22	18	52
2000-01	5	22	21	46
2001-02	5	20	18	52
2002-03	5	15	20	61
2003-04	5	14	20	74
2004-05	5	10	19	74

CITY OF PITTSBURG
Number of Employees - Last Ten Fiscal Years

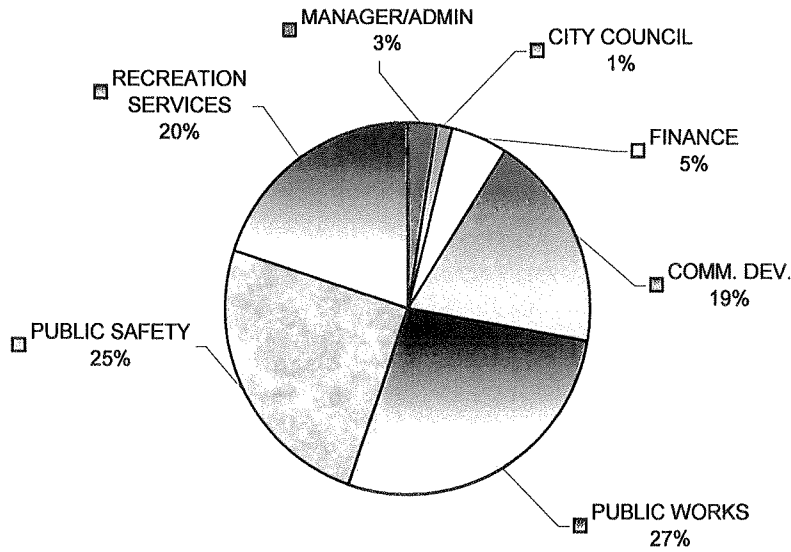


SOURCE: City of Pittsburgh, Finance Department

(Concluded)

PUBLIC WORKS	PUBLIC SAFETY	RECREATION SERVICES	TOTAL	% INCREASE (DECREASE)
129	83	51	323	-19.45
139	87	27	334	3.41
140	90	66	391	17.07
123	91	20	330	-15.60
131	91	79	398	20.61
157	97	69	417	4.77
130	111	97	433	3.84
142	105	84	432	-0.23
106	96	77	392	-9.26
106	96	77	387	-1.28

CITY OF PITTSBURG
Employees by Department
June 30, 2005



CITY OF PITTSBURG
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2005

Date of Incorporation.....	June 25, 1903
Form of Government.....	Council/Manager
Area (in Square Miles).....	15.81
Population (State, Department of Finance).....	62,605
Miles of Streets.....	147.85
Number of Housing Units	26,380

Public Safety:

Number of Police station.....	1
Number of Public Safety Officers (including Supervisor Personnel).....	70

Yacht Harbor and Marina Facilities:

Covered berths.....	274
Uncovered berths.....	278
Marina fuel station.....	1

Water Services:

Raw water supplier.....	Contra Costa Water District
Water treatment plant.....	1
Capacity per day (in million gallons).....	32
Water storage (in million gallons).....	16.9
Number of meters served.....	15,894

Sewer Services:

Miles of sewer line (excluding line operated by Delta Diablo District 7-A).....	173.50
---------------------------------------------------------------------------------	--------

Mare Island Energy Services:

	Residential	Commercial	Government	Total
Electricity	21	176	43	240
Gas	21	52	9	82
	42	228	52	322

CLIMATE:

Period	Temperature (in F. Degrees)			Rain (in inches)	Humidity (%)		
	Minimum	Mean	Maximum		4:00 AM	Noon	4:00 PM
Jan. - March	42	51	59	2.83	86 %	69 %	81 %
April - June	50	62	73	0.10	82	48	74
July - Sept.	56	69	83	0.00	82	42	73
Oct. - Dec.	56	81	81	7.01	68	42	51
Yearly Average	51	66	74	2.49	80	50	70

WIND: Prevailing direction is from the West.

Mean hourly speed at 5.8 mph.

SOURCE: City Of Pittsburg & National Weather Service

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