

City of Pittsburg, California



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009

City of Pittsburg California

Comprehensive Annual Financial Report Fiscal Year 2008-2009

Prepared by the Finance Department

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City of Pittsburg
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For the year ended June 30, 2009
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CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



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

December 18, 2009

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, 2009. 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, 2009. City management is responsible for the accuracy of the data, the fairness and completeness of the presentation, and the inclusion of all disclosures that are necessary to enable the reader to understand the City's operations. This Comprehensive Annual Financial Report (CAFR) has been prepared in accordance with "generally accepted accounting principles" (GAAP) in the United States of America.

Major Changes in Reporting

This is the seventh fiscal year the City of Pittsburg complies with the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government* requirements. The major changes that resulted from GASB 34 include:

- Government-wide financial statements that are designed to provide readers with a broad overview of the City in a manner similar to a private-sector business. The statements cover all of the City's activities (except fiduciary activities) and include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets reports what the City owns (assets), what it owes (liabilities) and what is left over after assets have been used to satisfy liabilities (net assets). The Statement of Activities reports the City's expenses and revenues, as well as other changes in its net assets during the year.
- Fund financial statements report the finances of fund groups within the City's reporting entity – its governmental, proprietary and fiduciary funds. Reconciliation that describes the adjustments necessary to reconcile the governmental funds financial statements with the governmental activities column of the government-wide financial statements are included because the two types of statements measure the City's finances differently.
- Infrastructure assets are included in the government-wide statement of net assets. Governmental fund infrastructure assets are roads, curbs, gutters, medians, sidewalks, streetlights, and traffic signals. Financial information relative to infrastructure assets had not previously been required for governmental funds, but was required for proprietary funds (water, sewer and storm underground pipes, reservoirs, etc.).
- GASB Statement No. 34 establishes criteria to identify and report certain governmental funds and proprietary funds as major funds for presentation in the fund financial statements.

- The general fixed assets and the general long-term debt account groups no longer exist. The assets and liabilities previously reported in those account groups are reported in the government-wide statements.
- Funds reported in the past as expendable and nonexpendable trust funds have been reclassified as special revenue funds or agency funds.
- Management’s discussion and analysis (MD&A) is required supplementary information and provides information and analysis that users need to interpret the basic financial statements. This transmittal letter is designed to complement MD&A, and therefore, should be read with it. The City’s MD&A can be found immediately following the Independent Auditors’ Report.

For 2006, the Governmental Accounting Standards Board (GASB) issued statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

This statement requires that the City makes specific note of receivables or resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues, or even if the City does not receive resources, but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues, and the City identifies all intra-entity transfers of assets and future revenues. For future revenues that are pledged, notes to this financial statement should contain information about specific revenues pledged, including:

1. Identification of the specific revenue pledged and the approximate amount of the pledge
2. Identification of and the general purpose for the debt secured by the pledged revenue
3. The term of the pledge
4. The relationship of the pledged amount to the total for the specific revenue and the proportion of the specific revenue stream that is pledged
5. A comparison of the pledged revenues recognized to the principal and interest requirements for the debt collateralized by those revenues.

For fiscal year 2008-09, the City as a Phase 2 Employer (annual revenues \$10 – 100M) was required to adopt Statement of Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pension Plans (OPEB)*. This statement requires the City to recognize OPEB expenses in Government-Wide, Proprietary and Fiduciary Fund Financial Statements. There is no statutory requirement for the City to pre-fund its OPEB obligation. A full explanation of the valuation methodology can be found in the Disclosure Note 13- Other Post-Employment Benefits, on page 95 of this report.

The Reporting Entity and Its Services

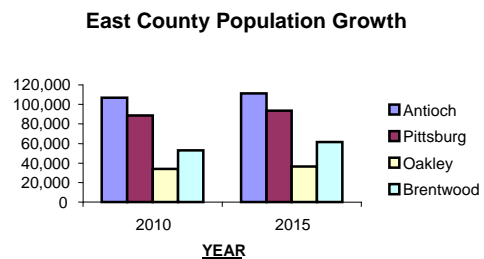
The City was incorporated on June 25, 1903 and Pittsburg is a full service general law city providing a full range of municipal services, including police, water and sewer, streets, cultural and recreational facilities, golf course, public works and parks, redevelopment, economic development, planning, 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), Community Access of the City of Pittsburg (formerly known as the Housing and Community Services), 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 Community Access (Housing Authority), the Agency, and Pittsburg Power is blended with the City's financial information.

Economic Conditions and Outlook

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

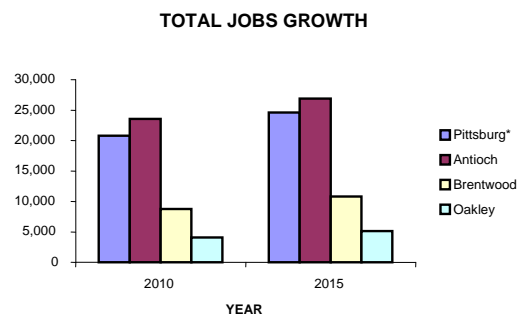
| POPULATION GROWTH | | | |
|------------------------------|---------------|---------------|--------------|
| <i>ABAG Projections 2009</i> | | | |
| | 2010 | 2015 | CHANGE |
| Pittsburg | 67,200 | 70,100 | 2,900 |
| Antioch | 107,700 | 110,200 | 2,500 |
| Brentwood | 59,700 | 64,200 | 4,500 |
| Oakley | 35,250 | 37,250 | 2,000 |
| East County: | 269,850 | 281,750 | 11,900 |
| Contra Costa County: | 1,090,300 | 1,130,700 | 40,400 |



The Association of Bay Area Governments (ABAG) is the Bay Area regional agency responsible for producing population, household, jobs, labor force, and income projections for the entire San Francisco Bay Area. ABAG - Projections 2009 is forecasting that the East County of which Pittsburg is a part of, is expected to experience significant growth in the future, but not at the pace seen in recent years due to the slowed economy. ABAG is projecting Pittsburg's population to increase by 44 percent by the year 2035. This forecast is due in part due to the anticipated new eBART line.

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 estimated total number of jobs from the Association of Bay Area Governments (ABAG) Projections 2009 was at 15,370 by the year 2010 and at 19,390 by the year 2015. Out of the three neighboring cities in East County, Pittsburg's job growth outlook is the second to its neighboring city, Antioch.

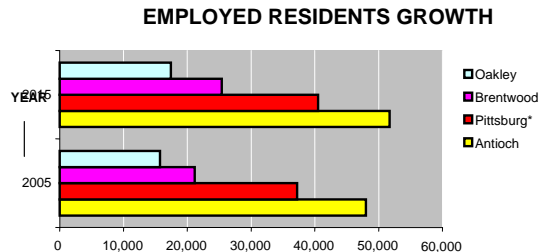
| TOTAL JOBS | | | |
|--------------------------------|---------------|---------------|--------------|
| <i>ABAG - PROJECTIONS 2009</i> | | | |
| | 2010 | 2015 | CHANGE |
| Pittsburg | 15,370 | 19,390 | 4,020 |
| Antioch | 20,160 | 24,390 | 4,230 |
| Brentwood | 6,520 | 7,700 | 1,180 |
| Oakley | 2,980 | 3,770 | 790 |
| East County: | 45,030 | 55,250 | 10,220 |
| Contra Costa County: | 376,820 | 409,650 | 32,830 |



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. Pittsburg is one of just 39 cities in the State with an Enterprise Zone, offering businesses tax and other incentives to relocate here.

ABAG 2009 did not have a projection for Employed Residents by City. The information below is data from the ABAG Projections 2007.

| EMPLOYED RESIDENTS | | | |
|--------------------------------|---------------|---------------|--------------|
| <i>ABAG - PROJECTIONS 2007</i> | | | |
| | 2010 | 2015 | CHANGE |
| Pittsburg | 37,240 | 40,530 | 3,290 |
| Antioch | 48,050 | 51,730 | 3,680 |
| Brentwood | 21,190 | 25,430 | 4,240 |
| Oakley | 15,740 | 17,450 | 1,710 |
| East County: | 122,220 | 135,140 | 12,920 |
| Contra Costa County: | 495,300 | 533,300 | 38,000 |



While the state’s budget crisis will cause the county’s economy to remain stalled, some employment growth is still projected in the years from 2010 to 2015. The cities of Antioch, Pittsburg, and Hercules are expected to see moderate job growth as a result of ABAG Smart Growth Policy assumptions. Manufacturing and wholesale jobs will be most likely to develop along the shore line in Pittsburg. The United Spiral Pipe Facility is expected to become operational in Fall 2009 in the City. Retail jobs will also see growth in Pittsburg as the City’s revitalization of Old Town Pittsburg continues with such future openings like the E.J Phair Brewery.

In 2009, real GDP (gross domestic product) was adjusted in the second quarter to a decrease of 1.0% compared to the adjusted GDP increase of 2.8% in 2008. The third quarter 2009 advance is already estimated at an annual increase of 3.5%. This is one positive indicator that the economy will recover within the next fiscal year.

For the City of Pittsburg, sales tax revenue in the Fiscal Year 2008-2009 fell short of its forecasted estimate by only \$66,964 which signifies that budget staff was extremely prudent in revenue projections due to the economic down turn. Total Sales Taxes and backfill was \$7.1M which is still a major revenue source. Clearly due to the housing market slump, the Permits, licenses, and fees revenue projection fell short by \$1.1M. Total Permits, licenses, and fees were \$525K for the fiscal year ending June 30, 2009.

Major Initiatives

For The Fiscal Year 2008 – 2009: The Redevelopment Agency of the City of Pittsburg (the Agency) and the Economic Development Department continued to work on the development projects in residential, commercial and industrial areas. The State of California requires a separate accounting report for the redevelopment area of the City, thus a separate Component Unit Financial Report is prepared and audited by the independent outside audit firm of Caporicci and Larson, Certified Public Accountants. It is not the intent to copy verbatim all the information from that separate Component Unit Financial Report, but to highlight a few of the Agency’s accomplishments for the Fiscal Year 2008-2009.

The Redevelopment Agency General Funds supported the following projects and programs during the Fiscal Year 2008-2009:

- First Time Homebuyers Assistance: The Redevelopment Agency of the City of Pittsburg provided down payment assistance loans to seven First Time Homebuyers totaling the amount of \$381,840 for Fiscal Year 08-09.
- Mercy Housing: The project was dedicated on October 21, 2009. This past summer, residents began moving in and the child care center was opened. A nice surprise was that the project did not cost as much as expected, and as a result, Mercy Housing expects to return approximately \$570,000 to repay a portion of the Agency loan.
- Civic Center Improvements: **Civic Center Improvement Project - Phase 1:** Davi Avenue has been widened (Construction Contract 2007-01), allowing Power Avenue to be closed between Railroad Avenue and Davi Avenue. This was necessary for the proposed civic center office building because the portion of Power Avenue that was permanently closed ran right through the surface parking lot for the proposed office building. **Civic Center Improvement Project - Phase 2:** Utilities were relocated (Construction Contract 2008-05) for both the office and courthouse projects; the city hall parking lot was reconfigured on the east side of city hall, and parking spaces were added; and "A Street," the driveway from Civic Avenue, was widened to allow curbside parking. **Civic Center Improvement Project - Phase 3:** Utilities in the closed portion of Power Avenue were relocated to the new Center Drive alignment and placed underground, and the base for the civic center anchor art object, the "hook," was constructed (Construction Contract 2008-11). **Civic Center Improvement Project - Phase 4:** On October 5, 2009, the Council awarded the last contract for civic center infrastructure work, to install new Center Drive street, landscaping and lighting improvements, as well as landscaping around the base of the "hook."
- EJ Phair: Seismic and structural improvements continued in 2008-09. This contract work was completed in July 2009. This pretty much completes structural improvements to the building. Bids to install a new roof were opened on October 23, 2009. In addition, the Council/Agency will consider dedicating approximately \$1.4 million more toward the project in order to pay for tenant improvements that will get the brewery up and running, as well as install a "tasting room" that will be open to the public. This phase of work is expected to be complete by late spring 2010. The square footage of the building after installation of the brewery and tenant improvements will be 11,200 square feet. However, due to the cost of installation of restaurant improvements, they will not be installed as part of the current project. Instead, there will be a "tasting room" that will serve beer and no food will be prepared on the premises, though the operator has leased the Liberty Hotel across the street and food prepared at that facility can be delivered to the tasting room. Over the 10-year term of the lease, the operator is required to invest at least \$800,000 of his own funds to install restaurant improvements, but that is likely to be years away.
- New Courthouse in Civic Center: Construction of the new courthouse is moving right along. The building shell is set for completion by February 2010, with project completion (installation of tenant improvements) and the old courthouse moving to the new scheduled for the fall of 2010.

- Civic Center Office Building: A Disposition and Development Agreement (DDA) has been negotiated with the Developer (Garaventa Enterprises, Inc.) for a three-story Class A office building, across Center Drive from the new courthouse, with the DDA going before the Council and Agency for approval on November 2. At one time, this project was envisioned as a 6-story mid-rise office building with the PUSD administrative offices and the library moving into the first two floors. However, the recession caused a reallocation of redevelopment funds, and the \$12.5 million planned to pay for a long term lease of the first two floors is no longer available. So the project was downsized to a three-story building that will just contain professional office space. In addition, again due to the recession, the DDA allows the developer to wait to start construction of the building for up to five years, in the hopes that the economy will improve during the interim and enhance leasing opportunities for the building. A stand-alone, full-service restaurant at the southwest corner of Center Drive and Railroad Avenue will be built as part of the project.
- Vidrio Project: The Agency is working with the general contractor and the bank holding the construction loan for a deal to complete the project. On October 19 a work-out was approved by the Agency Board. Block A of the former project, between Fifth and Sixth Streets, is being redesigned to pull the building back from the street (Railroad Avenue) about 90 feet to allow construction of a public plaza where the farmer's market and other events can continue to be conducted as they have been during this last summer.

Acquisition is an important activity that the Agency exercises in order to assist in the redevelopment of a particular site or to assemble various parcels to redevelop a larger site. In Fiscal Year 2008-2009 the Agency spent \$3.3 million in land acquisitions for development of new midrise business offices, of the development of affordable units, and for redevelopment of the older downtown area. The following various acquisitions are for redevelopment purposes (by improving or replacing significantly blighted properties) providing the community with improvements that will encourage business development through the retention of existing businesses and attraction of new businesses, thereby providing additional employment opportunities:

- Portion of 2120 Crestview Drive
- 2010 & 2020 Railroad Avenue
- Portion of 65 Civic Avenue (from the City)
- 1062 Beacon Street
- 1037 Cumberland Street
- 1044 Cumberland Street
- 45 West Boulevard
- 70 West Boulevard
- 78 West Boulevard
- 118 West Boulevard
- 390 East Ninth Street
- 430 East Ninth Street
- 441 East Ninth Street
- 454 East Ninth Street
- 446-448 East Ninth Street
- 438 East Santa Fe Avenue
- South of Power Avenue Between Caltrans property & Right-of-Way
- Caltrans Property Right-of-Way Excess Land
- South West Corner of Los Medanos & Tenth Street
- Pittsburg Unified School District Property

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 is 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, 2009 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 2007-08 and 2008-09 amounted to \$101,524,254 and \$107,467,839 respectively. The Redevelopment Agency and Housing Authority appropriations are not subject to the above limitations.

Cash Management

Cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF) administered by the Treasurer of the State of California and obligations of the United States Treasury, Federal Agency Coupons and Discount Notes, Medium Term Notes, and Certificates of Deposit. These investments are allowed under an investment policy adopted by the City Council, which defines eligible investments and maturities of the City's investment portfolio, and requires securities to be held by the City or by a qualified custodial institution and registered in the name of the City. The quarterly return on LAIF pooled investments at June 30, 2009 was 1.51 %, a decrease of 1.59% compared to the same period of last fiscal year (June 30, 2008) 3.11%. Total LAIF interest earnings were \$1,498,938 for the fiscal year 2008-09, a decrease \$1,779,045 from the fiscal year 2007-08. At June 30, 2009, 26.55% 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 the Management Pooling Authority (MPA). The City is not insured for liability occurrences over \$15 million per occurrence. The City also maintains statutory excess workers' compensation insurance through the Municipal Pooling Authority (MPA).

Independent Audit

Caporicci and Larson, Certified Public Accountants, 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 eight fiscal years ended June 30, 2000, 2001, 2002, 2003, 2004, 2005, 2007 and 2008. 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, 2009 continues to meet the Certificate Achievement Program's requirements.


Acknowledgements

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

Respectfully submitted,

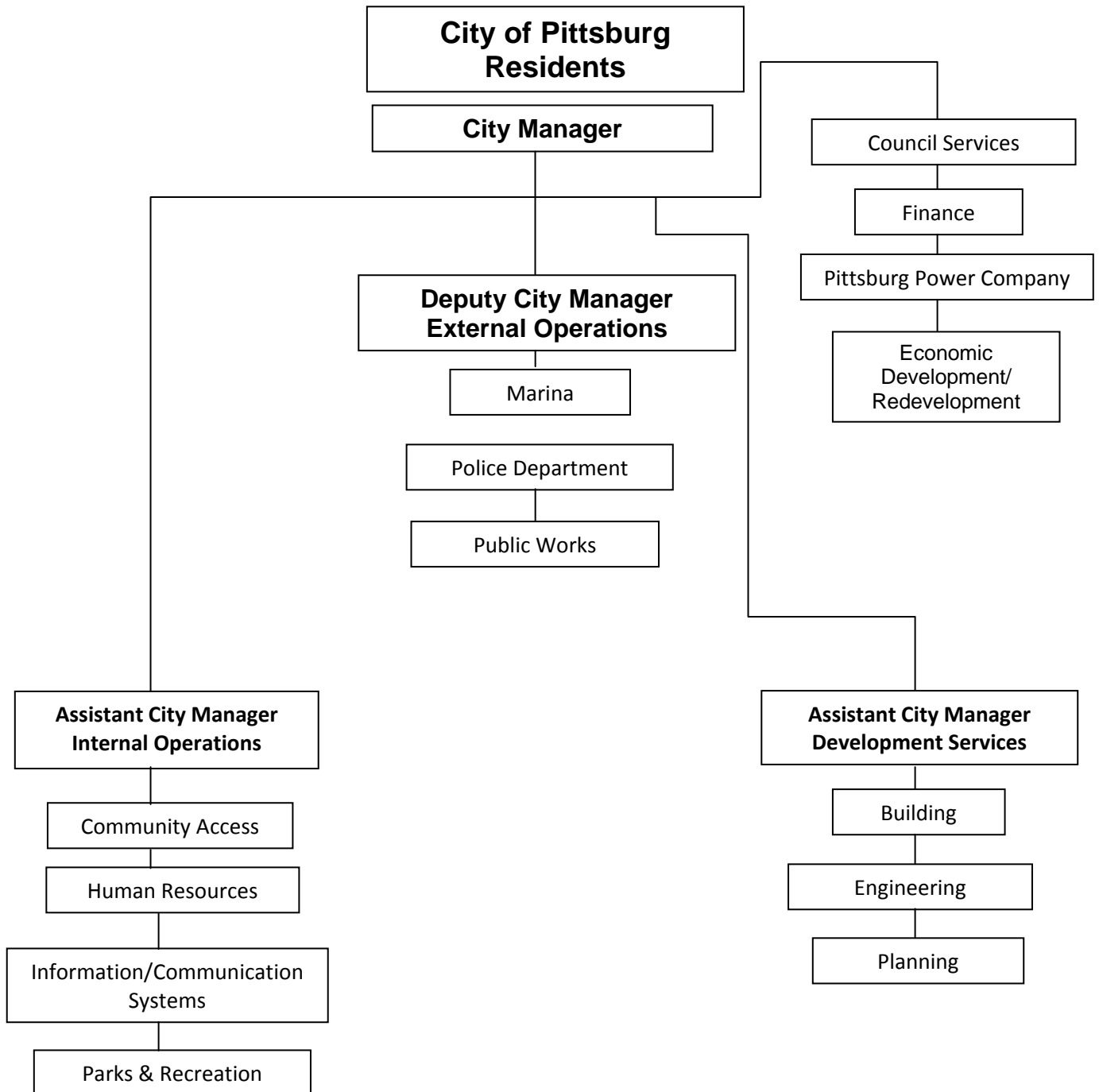


Marc. S. Grisham
City Manager



Sandra R. Sato
Interim Director of Finance

City of Pittsburg City Government



City of Pittsburgh
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009

◆ ◆ ◆ **City Council**

Nancy Parent, Mayor
Salvatore N. Evola, Vice Mayor
Ben Johnson, Council Member
Michael B. Kee, Council Member
Will Casey, Council Member

◆ ◆ ◆ **Other Elected Officials**

James F. Holmes, City Treasurer
Alice E. Evenson, City Clerk

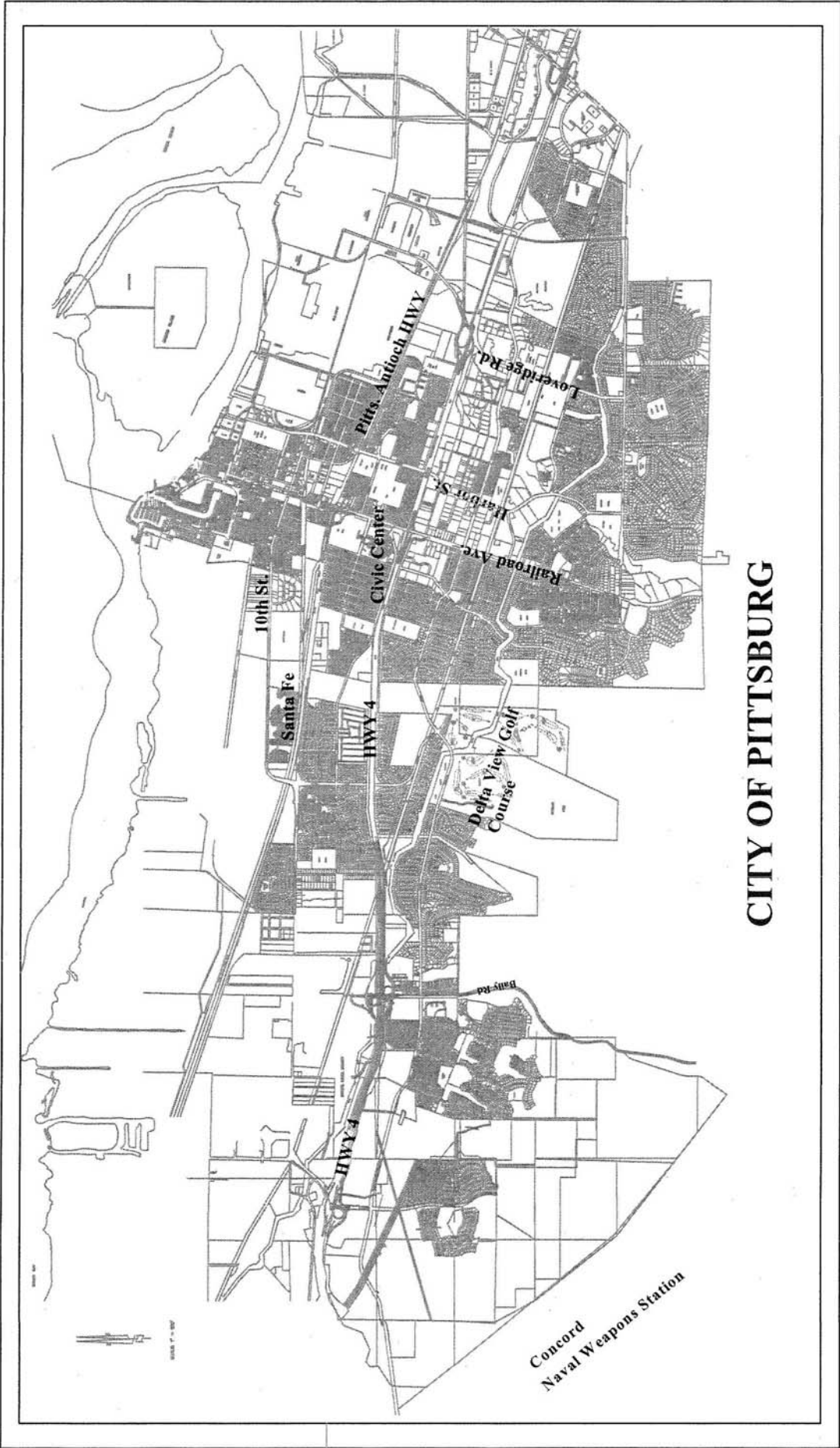
◆ ◆ ◆ **City Attorney**

Ruthann G. Ziegler, Esquire, City Attorney

◆ ◆ ◆ **Management Staff**

Marc S. Grisham, City Manager
R. Matt Rodriguez, Deputy City Manager – External Operations
Marc Fox, Assistant City Manager – Internal Operations
Joe Sbranti, Assistant City Manager – Development Services

Aaron Baker, Chief of Police
Garrett Evans, Director of Power
Annette Landry, Director of Community Access
Marie Simons, Director of Finance
Alice E. Evenson, Director of Records and Council Services
Randy Starbuck - Director of Redevelopment Agency



CITY OF PITTSBURG

Concord
Naval Weapons Station

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pittsburg, California (City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Subsequent to the financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed, deferred paying certain revenues and proposed taking other funds from local governments including cities, counties, districts and agencies. These actions by the State include:

- Borrowing of 8% of Property Taxes—to be repaid in 3 years
- Redevelopment Agency funds—prepared to be taken for fiscal year 2010

These above amounts are significant to the City and may affect its ongoing operations. Certain lawsuits are in process to stop such State actions. For more detailed information, see Note 16 in the Notes to Basic Financial Statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

Oakland

180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County

9 Corporate Park, Suite 100
Irvine, California 92606

Sacramento

777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego

4858 Mercury, Suite 106
San Diego, California 92111

To the Honorable Mayor and Members of City Council
of the City of Pittsburg
Pittsburg, California
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note 1 to the basic financial statements, the City adopted Statement of Governmental Accounting Standards Board No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension Plans*, No 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*, No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statement on Auditing Standards*.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information, is not a required part of the basic financial statements but is supplementary information required by the Governmental 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Supplementary Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the 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 and Statistical Sections 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.

Capricci & Carlson

Oakland, California
December 18, 2009



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

November 25, 2009

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, 2009. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). We encourage readers to consider the information presented here in conjunction with additional information which can be found in the introductory section of this report and within the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the Fiscal Year 2008-2009 by \$179M (*net assets*).
- The City's total net assets of \$179M remained basically unchanged from the prior fiscal year 2007-2008 with a minor decrease of \$182,345. The only notable change is the shift in infrastructure valuation which caused a decrease of \$23.4 in governmental and an increase of \$23.3M in business-type total net assets. This change between the governmental and business-type net assets can be attributed to the completion and transfer of the Southwest Hills Water Improvements and Old Town Water Infrastructure Projects, and sewer replacement projects.
- As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$193.8M, a decrease of \$54.3M in comparison with the prior fiscal year of \$248.1M. Most of the decrease in the governmental fund balances can be attributed to the decrease in major City revenues and new bond issuance costs for the issuance of a new debt to reduce higher interest costs associated with the Redevelopment Agency 1993 and 2006 Tax Allocation Bonds that were impacted by the financial market upheaval. The change in the fund balances was the result of the completion of major infrastructure projects which resulted in the capitalization of the completed projects to the proprietary funds (mainly the water fund). Approximately \$6.4M or 3% of the General Fund Balance amount is unreserved and undesignated which means this amount is available for spending at the government's discretion.

- Last year, there were eight major funds in the Governmental Funds section of the Comprehensive Annual Financial Report. For the Fiscal Year Ended June 30, 2009, one additional fund, the Debt Service Stabilization Fund for the Redevelopment Agency was established and categorized as a major fund. The General Fund Balance experienced a decrease of \$4.4M, but the Non-Major Governmental Funds balance experienced an increase of 5.6M. The General Fund is prudently being used to focus on continuing to support the community by supporting community development projects. The other major fund with a decrease in fund balance was the Redevelopment Debt Service Fund and this was due to the refunding of the Los Medanos Community Development Project Subordinate Tax Allocation 2006A Series Bond Issue
- As of June 30, 2009, the fund balance for the General Fund was \$6.6M, of which \$202,586 is reserved for miscellaneous inventory reserves, including the loan of \$150,000 due from the Park Maintenance 2007-1 CFD fund, and prepaid expenses, this leaves an appropriable outstanding fund balance of \$6.4M for Fiscal Year 2009-2010.
- Compared to the prior fiscal year, the City's total liabilities decreased \$27M for a total of \$565.9M, which most can be attributed to the reduction of long term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements - The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements consist of:

- The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The Statement of Activities presents information reflecting any change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs (regardless of the timing of related cash flows). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and compensated time leaves).

Both of the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative and legal, general government, public safety, public works, community development and recreation. The business-type activities of the City include Water, Sewer, Marina, Golf Course, Island Energy and Pittsburg Power Company operations.

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

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

- *Governmental Funds:* These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the Government-Wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements. Reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.

The City maintains 36 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for 9 funds that are considered to be major funds. These 9 funds consist of General, Low/Moderate Income Housing I, Low/Moderate Income Housing II, Redevelopment Special Revenue, Budget Stabilization for the Redevelopment Agency, Debt Service Stabilization for the Redevelopment Agency, Housing Authority (Section 8), Redevelopment Debt Service, and Redevelopment Capital Projects. Data from the other 27 governmental funds, which are combined into a single, aggregated presentation, are considered non-major funds.

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

Proprietary Funds: The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as “business-type activities” in the Government-Wide Financial Statements. Two new Enterprise Funds were established in Fiscal Year 2008-2009, the Water Front Operations Funds was set up for the collection of rents and other trust revenues from the tidelands granted by the Contra Costa County Local Agency Formation Commission within the City of Pittsburg’s boundaries, and the Not-for-Profit Pittsburg Arts and Community Foundation Fund which was established to increase, support, and encourage art, literacy, education, economic development, affordable housing, and other community resources and programs to benefit the City of Pittsburg and its residents. The other 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. In June 2009, the City has hired a professional golf management team to maintain operations of the Delta View Golf Course. The City still maintains ownership of the Golf Course, so the Golf Course is still a reportable proprietary fund. The City uses Internal Service Funds to account for its fleet of vehicles maintenance, building maintenance, information and communication systems 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 five 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 \$179M at the close of the Fiscal Year ended June 30, 2009.

The City uses these capital assets to provide services and operations for the benefit of the community, consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Government-Wide Financial Statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole. The following table reflects the Summary of Net Assets for the Fiscal Year ended June 30, 2009 with the comparative data for the Fiscal Year ended June 30, 2008.

City of Pittsburgh
Summary of Net Assets
As of June 30, 2009

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2008 | 2009 | June 30, 2008 | June 30, 2009 |
| Current Assets | \$ 318,628,757 | \$ 267,435,776 | \$ 39,843,385 | \$ 35,425,585 | \$ 358,472,142 | \$ 302,861,361 |
| Non-Current Assets | 5,562,357 | 5,795,000 | - | - | 5,562,357 | 5,795,000 |
| Capital Assets | 315,709,834 | 316,238,994 | 92,840,703 | 120,524,658 | 408,550,537 | 436,763,652 |
| Total Assets: | <u>639,900,948</u> | <u>589,469,770</u> | <u>132,684,088</u> | <u>155,950,243</u> | <u>772,585,036</u> | <u>745,420,013</u> |
| Current Liabilities | 41,011,682 | 38,298,035 | 4,066,609 | 4,406,722 | 45,078,291 | 42,704,757 |
| Non-Current Liabilities | 501,195,569 | 476,997,446 | 46,715,024 | 46,304,003 | 547,910,593 | 523,301,449 |
| Total Liabilities: | <u>542,207,251</u> | <u>515,295,481</u> | <u>50,781,633</u> | <u>50,710,725</u> | <u>592,988,884</u> | <u>566,006,206</u> |
| Investments in Capital Assets | | | | | | |
| Net of Related Debt | 18,733,410 | 32,357,570 | 44,780,703 | 73,704,658 | 45,891,331 | 106,062,228 |
| Restricted | 28,890,295 | 46,826,571 | 24,190,306 | 20,588,565 | 53,080,601 | 67,415,136 |
| Unrestricted | 50,069,992 | (4,986,639) | 12,931,446 | 10,946,295 | 63,001,438 | 5,959,656 |
| Total Net Assets: | <u>\$ 97,693,697</u> | <u>\$ 74,197,502</u> | <u>\$ 81,902,455</u> | <u>\$ 105,239,518</u> | <u>\$ 179,596,152</u> | <u>\$ 179,437,020</u> |

At the end of the Fiscal Year 2008-2009 the total assets exceeded total liabilities by \$179.4M.

Changes in Net Assets - In the Fiscal Year 2008-2009, the City's expenses for governmental activities of \$138.6M exceeded program revenues of \$30M by \$108.2M resulting in the use of general revenues. The City's expenses cover a range of services. Of the Governmental Activities, the largest expenses were in the Community Development and Services category (\$38.8M), Public Safety (\$37M), Interest on Long-term Debt (35.9M), and Public Works (\$15M). 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. For additional information on the Capital Assets, please refer to Note 7 - Capital Assets, page 68.

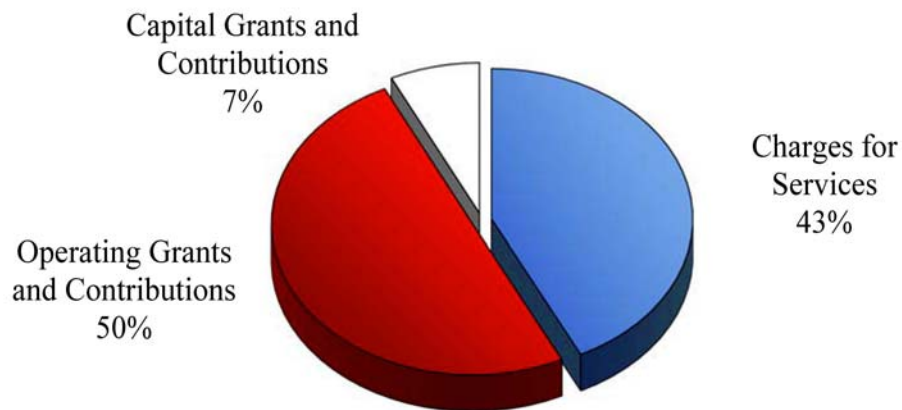
Governmental Activities - Governmental Activities reflects a decrease of \$25.6M in net assets and Business Activities reflects an increase of \$15.6M in net assets for the Fiscal Year 2008-2009. A comparison of the cost of services by function for the City's Governmental Activities is shown below, along with the revenues used to cover the net expenses of the Governmental Activities, and with the comparative data from Fiscal Year 2007-2008.

Statement of Changes in Net Assets
Fiscal Year Ended June 30, 2009
With comparative data for fiscal year ended June 30, 2009

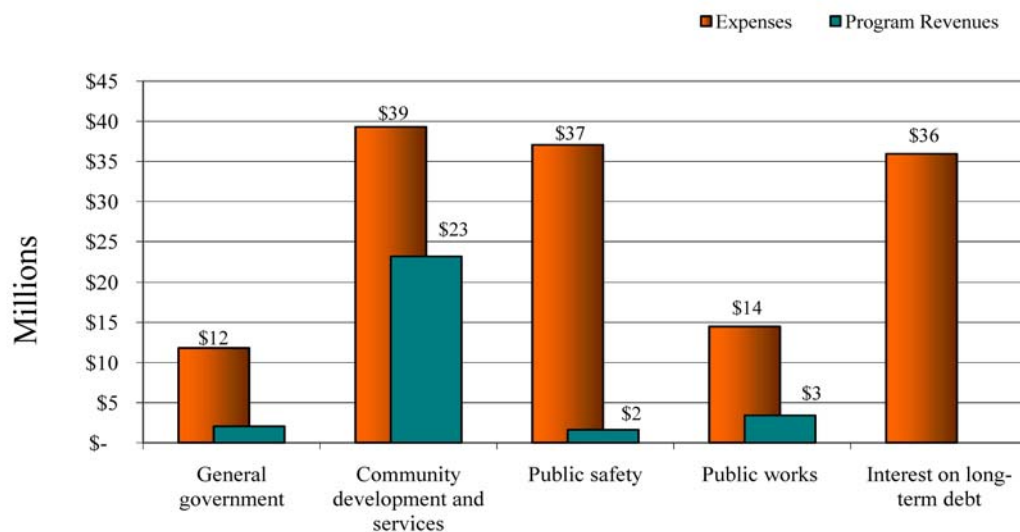
| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2008 | 2009 | June 30, 2008 | June 30, 2009 |
| Revenues: | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| Charges for Services | \$ 8,708,438 | \$ 12,997,673 | \$ 28,187,872 | \$ 28,761,942 | \$ 36,896,310 | \$ 41,759,615 |
| Operating Grants and Contributions | 17,999,919 | 15,252,456 | - | - | 17,999,919 | 15,252,456 |
| Capital Grants and Contributions | 5,243,189 | 2,193,823 | 2,401,341 | 18,110,472 | 7,644,530 | 20,304,295 |
| <i>General Revenues:</i> | | | | | | |
| Property Taxes | 51,782,902 | 49,448,715 | - | - | 51,782,902 | 49,448,715 |
| Sales Taxes | 7,295,549 | 7,167,394 | - | - | 7,295,549 | 7,167,394 |
| Franchise Fees | 2,340,661 | 2,183,097 | - | - | 2,340,661 | 2,183,097 |
| Motor Vehicle in lieu fees | 4,871,681 | 4,714,411 | - | - | 4,871,681 | 4,714,411 |
| Gas Taxes | 1,127,603 | 1,027,991 | - | - | 1,127,603 | 1,027,991 |
| Other Taxes | 1,204,000 | 1,166,245 | - | - | 1,204,000 | 1,166,245 |
| Investment Earnings - Unrestricted | 11,718,198 | 10,602,828 | 1,961,224 | 1,093,600 | 13,679,422 | 11,696,428 |
| Total Revenues: | 112,292,140 | 106,754,633 | 32,550,437 | 47,966,014 | 144,842,577 | 154,720,647 |
| Expenses: | | | | | | |
| General Government | 16,568,475 | 7,362,822 | - | - | 16,568,475 | 7,362,822 |
| City Council | 82,048 | 70,238 | - | - | 82,048 | 70,238 |
| City Manager and City Clerk | 771,446 | 628,931 | - | - | 771,446 | 628,931 |
| City Attorney | 750,263 | 437,245 | - | - | 750,263 | 437,245 |
| Human Resources | 917,462 | 874,231 | - | - | 917,462 | 874,231 |
| Finance and Services | 2,405,917 | 2,468,675 | - | - | 2,405,917 | 2,468,675 |
| Community Development & Services | 33,381,962 | 38,773,592 | - | - | 33,381,962 | 38,773,592 |
| Public Safety | 18,961,917 | 37,075,329 | - | - | 18,961,917 | 37,075,329 |
| Public Works | 16,356,492 | 15,020,101 | - | - | 16,356,492 | 15,020,101 |
| Interest on Long-Term Debt | 23,435,995 | 35,950,401 | - | - | 23,435,995 | 35,950,401 |
| Water Utility | - | - | 14,316,223 | 14,013,116 | 14,316,223 | 14,013,116 |
| Sewer Utility | - | - | 1,972,310 | 2,218,519 | 1,972,310 | 2,218,519 |
| Marina | - | - | 2,112,615 | 2,320,709 | 2,112,615 | 2,320,709 |
| Golf Course | - | - | 1,615,524 | 1,611,661 | 1,615,524 | 1,611,661 |
| Island Energy | - | - | 4,469,643 | 4,370,349 | 4,469,643 | 4,370,349 |
| Pittsburg Power | - | - | 1,345,135 | 1,619,356 | 1,345,135 | 1,619,356 |
| Water Front Operations | - | - | - | - | - | - |
| Arts & Community Foundation | - | - | - | 5,789 | - | 5,789 |
| Total Expenses: | 113,631,977 | 138,661,565 | 25,831,450 | 26,159,499 | 139,463,427 | 164,821,064 |
| Operating Gain/ (Loss) | (1,339,837) | (31,906,932) | 6,718,987 | 21,806,515 | 5,379,150 | (10,100,417) |
| Transfers | 10,758,553 | 6,242,560 | (10,758,553) | (6,242,560) | - | - |
| Change in Net Assets | 9,418,716 | (25,664,372) | (4,039,566) | 15,563,955 | 5,379,150 | (10,100,417) |
| Net assets - Beginning of Year | 88,274,981 | 99,838,661 | 85,942,021 | 89,675,563 | 174,217,002 | 189,514,224 |
| Net Assets - End of Year | \$ 97,693,697 | \$ 74,174,289 | \$ 81,902,455 | \$ 105,239,518 | \$ 179,596,152 | \$ 179,413,807 |

Total Program Revenues from Governmental Activities were \$30.4M in Fiscal Year 2008-2009. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. Program Revenues reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart below, 43% of the Governmental Program Revenues came from Charges for Services (which includes licenses and permits, plan checking fees, developer fees and several other revenues), 50% from the Operating Grants and Contributions category (including restricted revenues such as Gas Tax, Measure C Tax, Asset Seizure fund and Federal/State Grants), and 7% are from Capital Grants and Contributions.

Governmental Activities by Program Revenues

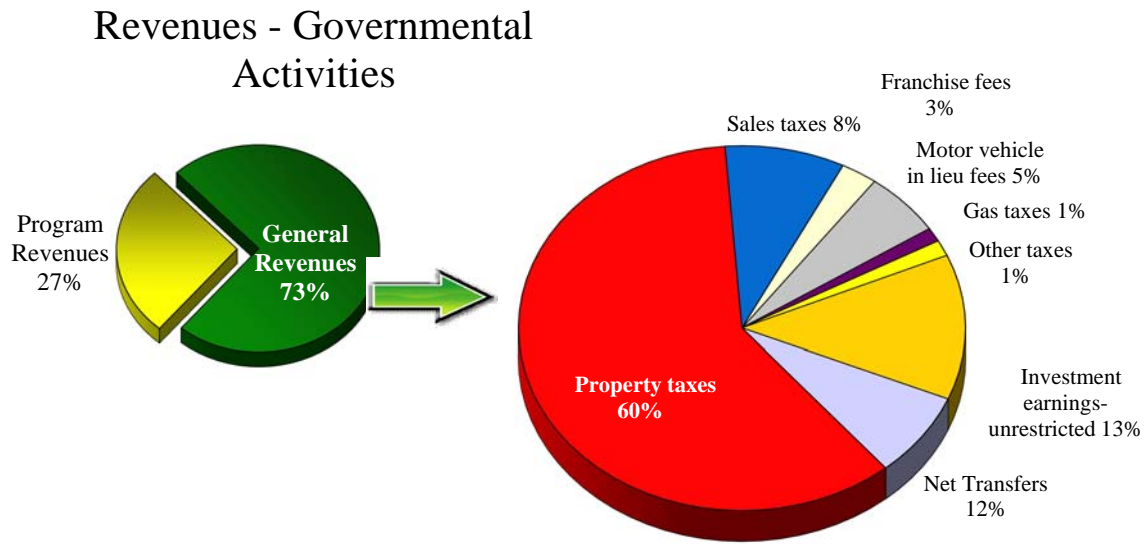


Expenses & Program Revenues for Governmental Activities

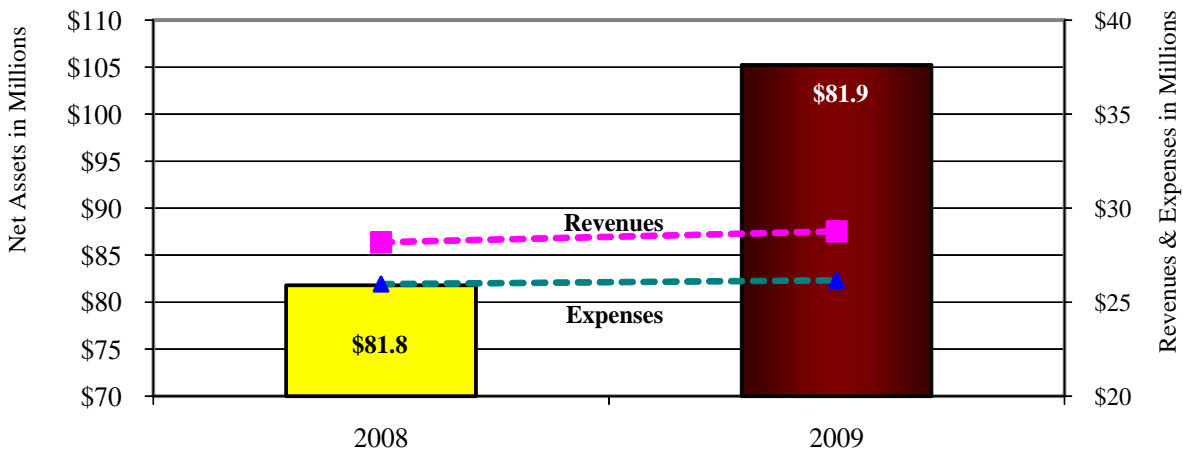


As graphically depicted, General Government services are funded by General Revenues. General Revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, intergovernmental and investment earnings. All interest on long-term debt is paid through general revenues, 96% of Public Safety services are supported through general revenues, as is 76% of Public Works services are supported through general revenues.

Total General Revenues from Governmental Activities were \$82.5M in Fiscal Year 2008-2009. The largest percentage of General Revenues, 59% or \$49M, received during the fiscal year was Property Taxes.



Business-Type Activities



Business-Type Activities - Net assets for Business-Type Activities were \$105.2M, a net increase of \$23.3M from prior fiscal year. Again this is due primarily to the completion of major water infrastructure projects. Total program revenues (excluding capital grants and contributions) for Business-Type Activities were \$28.7M (from Charges for Services). Total expenses for the Business-Type Activities were \$26.1M for the Fiscal Year 2008-2009.

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

The focus of the City’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’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's Governmental Funds reported combined ending fund balances of \$193.8M, a decrease of \$54.3M, in comparison with the prior year. Approximately 3% percent of this total amount or \$6.4M constitutes unreserved, *un*-designated general fund balance which is available for spending at the government's discretion. Another 45.1M is unreserved, designated which means that funds are not reserved but designated for specific purposes. 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 requirements for the following fiscal years (\$102M), or 2) continue work on the special activities and capital improvement projects (\$40M).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$6.6M with \$34,718 reserved and designated for miscellaneous supplies reserves, the loan of \$150,000 to the Park Maintenance 2007-1 CFD Fund, and prepaid expenses of \$17,868. The unreserved and undesignated amount of \$6.4 M is available to be used at the City Council's discretion.

General Fund Budgetary Highlights – The final amended budget totaled \$40.7M, including \$205,916 for prior fiscal year project carry forward totals and new appropriation amendments to the originally adopted budget, these amendments are briefly summarized below.

Per Resolutions 08-11043, 08-11088, 08-11096, 08-11117, 08-11123, 09-11152, 09-11156, 09-11199, 09-11205, and 09-11241 the City Council adopted the approval of the follow additional appropriations and project carry-forwards:

Budget Carry Forwards

| | | |
|-----------|----------------|--|
| \$ | 239 | Document Scanning Services (Engineering) |
| | 1,895 | Bay Point Annexation |
| | 2,597 | Port Development (Global Trade Center) |
| | 2,673 | Document Scanning Services (Building Division) |
| | 4,000 | Cost Plan User Fee Update |
| | 4,248 | Utility Billing Online Payment System |
| | 8,345 | Hillside Development Guidelines |
| | 10,000 | Temporary Housing Relocation Program |
| | 24,193 | Various Engineering Contractual Services |
| | 24,635 | Public Works Succession Planning |
| | 31,807 | Building Plan Check Services |
| | 38,584 | Eden Financial System |
| | 52,700 | Building Contractual and Professional Services |
| \$ | 205,916 | Sub-Total Budget Carry Over |

Approved Appropriations

| | | |
|-----------|------------------|--|
| \$ | (552,100) | General Fund Operating Cost Reductions |
| | (178,769) | City Staff Reductions |
| | 500 | CAC Grant Expense |
| | 1,780 | Keller Canyon Senior Grant |
| | 5,000 | First Five Recreation Grant |
| | 17,238 | Keller Canyon Recreation Grants |
| | 34,364 | Transfers-Out to Housing Element Update Project |
| | 45,000 | GIS Update |
| | 45,000 | UB Telephone Payment System |
| | 100,000 | Increase to Street Lighting Program |
| | 300,000 | Transfers-Out to Fringe Benefits Fund |
| | 5,551,854 | Transfers from General Fund Reserves |
| \$ | 5,369,867 | Sub-Total Approved Appropriations |
| \$ | 5,575,783 | Total Budget Carry Forwards and Approved Appropriations |

The amendment to the General Fund estimated revenues in total was a decrease of (\$276,071) over the adopted budget estimates. This is comprised of a sum of mid-year reduction adjustments of (\$1,379,918), a decrease of (\$2,500,000) to the estimated RDA project reimbursements, recognition of \$2,660,000 City land (3-parcels) sales to RDA, *net* transfer of \$768,000 from the Budget Stabilization Fund, recognition of various estimated budget changes of \$156,829 reimbursements to the general fund for such projects as the GIS Mapping System, the Eden Financial System Enhancements for the utility billing telephone project and other CIP projects, and finally recognition of a Keller Canyon grants of \$19,018.

Out of the five largest revenue sources, Property Taxes exceeded the estimated budget by \$328,207. Sales Tax exceeded its estimated projection by \$66,964, Franchise Taxes exceeded the budget by \$56,097, Motor Vehicle In-Lieu and Backfill taxes fell short of their budgeted projections by \$140,589, and Transient Lodging Taxes fell short of projections by \$14,880.

There is a total deferral of revenue of \$746,705 to be set aside for future Engineering related construction activity. The Fiscal Year 2006-2007 engineering fees received from Bailey Estates and Vista Del Mar subdivisions will continue to be deferred in the total amount of \$619,000 due to the delay of construction activity. The other inspections fees and plan check fee deferrals of \$127,705 are expected to be utilized as the Mercy Housing project is completed. Another notable revenue deferral is that of the Public Safety Fees for new community developments which totaled \$181,398.

At the end of the fiscal year, the total actual expenses in the General Fund were \$1,886,963 under the total amended budget. This is the result of all General Fund operating departments and projects, prudently operating under budget. The two largest under budget divisions were Public Safety under budget by \$684,485 and Community Development and Services under budget by \$532,366.

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

Total net assets of the Proprietary Funds at the end of the year were \$105.2M; an increase of \$23.3M from the prior fiscal year, in which \$73.7M was invested in capital assets net of related debt. As stated previously, this is due to the large water infrastructure projects in the Pittsburg Old Town area and the SouthWest Hills Project area being completed and assigned to the Water Proprietary Fund for maintenance. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's Business-Type Activities.

Capital Asset and Debt Administration – The City's investment in capital assets for its Governmental and Business Type activities as of June 30, 2009, amounts to \$436.7M (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 \$28M or 7.0%. Most of the increase can be attributed to the work-in-progress of Pittsburg's Old Town Area, and completion of water and sewer infrastructure projects.

**City of Pittsburg
Capital Assets
(Net of Depreciation)
June 30, 2009**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 54,008,636 | \$ 55,123,946 | \$ 325,000 | \$ 325,000 | \$ 54,333,636 | \$ 55,448,946 |
| Construction in progress | 93,753,073 | 82,922,490 | 7,267,201 | 18,194,660 | 101,020,274 | 101,117,150 |
| Total non-depreciable assets | <u>147,761,709</u> | <u>138,046,436</u> | <u>7,592,201</u> | <u>18,519,660</u> | <u>155,353,910</u> | <u>156,566,096</u> |
| Depreciable assets (net of depreciation): | | | | | | |
| Building and improvements | 37,432,899 | 40,626,923 | 14,005,864 | 15,992,159 | 51,438,763 | 56,619,082 |
| Machinery and equipment | 4,405,279 | 4,631,533 | 786,204 | 1,019,552 | 5,191,483 | 5,651,085 |
| Infrastructure | 126,109,947 | 132,934,102 | 70,456,434 | 84,993,287 | 196,566,381 | 217,927,389 |
| Total depreciable assets (net) | <u>167,948,125</u> | <u>178,192,558</u> | <u>85,248,502</u> | <u>102,004,998</u> | <u>253,196,627</u> | <u>280,197,556</u> |
| Total capital assets | <u>\$ 315,709,834</u> | <u>\$ 316,238,994</u> | <u>\$ 92,840,703</u> | <u>\$ 120,524,658</u> | <u>\$ 408,550,537</u> | <u>\$ 436,763,652</u> |

Debt Service Administration – A complete detail of all outstanding debt is contained in Note 8 beginning on page 71 in the Notes to the Basic Financial Statements section. At the end of the fiscal year, the City had total long-term debt outstanding of \$480.7M, of this amount, \$438.1M in Governmental Activities represent the Redevelopment Agency Tax Allocation Bonds (secured solely by the Agency’s tax increments), \$39.2M in 2006 Pension Obligation Bonds and the Contra Costa County Employees’ Retirement Association (CCCERA) Pension note. \$46.4M in Business-Type Activities represents two revenue bonds in the Water and Sewer Funds.

**City of Pittsburg
Long-Term Debt
June 30, 2009**

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | FY 2007-08 | FY 2008-09 | FY 2007-08 | FY 2008-09 | FY 2007-08 | FY 2008-09 |
| Tax Allocation Bonds | \$ 465,191,357 | \$ 438,152,213 | \$ - | \$ - | \$ 465,191,357 | \$ 438,152,213 |
| - Unamortized Premium | 5,305,079 | 4,862,989 | - | - | 5,305,079 | 4,862,989 |
| -Deferred Gain 2006C Refund | - | - | - | - | - | - |
| Pension Obligation Bonds | 39,441,056 | 39,266,056 | - | - | 39,441,056 | 39,266,056 |
| Deferred Refunding 2006C | (4,034,469) | (3,885,044) | - | - | (4,034,469) | (3,885,044) |
| 2006 CCCERA Pension Note | 2,411,713 | 2,310,683 | 47,685,000 | 46,445,000 | 50,096,713 | 48,755,683 |
| Total Long-Term Debt | <u>\$ 508,314,736</u> | <u>\$ 480,706,897</u> | <u>\$ 47,685,000</u> | <u>\$ 46,445,000</u> | <u>\$ 555,999,736</u> | <u>\$ 527,151,897</u> |

Economic Factors and Next Year’s Budget – With the economic down-turn, the State of California’s budget crisis and housing market crash, the City Council was proactive by holding a series of budget workshops in order to provide the City staff with policy direction and priorities. Such direction has lead to expenditure cuts, which included staff cuts and hiring freezes, proposed land sale of City Property to the Redevelopment Agency and the use of budget stabilization funds.

A primary on-going goal of the City Council and Management Staff is to maintain priority of public safety and maintain responsive, high quality public services to the Pittsburg community.

On November 6, 2008, the Redevelopment 2006A Subordinate Tax Allocation Bonds were successfully refunded by the 2008A Subordinate Tax Allocation Bonds at a fixed rate of 6.77%.

In October 2009, the Redevelopment Agency negotiated a letter of credit on the 2004A Tax Allocation Bonds. This letter of credit is a warrant to safeguard the interest rate charged against the bonds and guaranteed repayment of bonds.

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

BASIC FINANCIAL STATEMENTS

CITY OF PITTSBURG
Comprehensive Annual Financial Report
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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PITTSBURG
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City of Pittsburg
Statement of Net Assets
June 30, 2009

| | Primary Government | | Total |
|---|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments (Note 2) | \$ 99,404,091 | \$ 24,870,978 | \$ 124,275,069 |
| Restricted cash and investments (Note 2) | 113,433,835 | 7,073,098 | 120,506,933 |
| Receivables: | | | |
| Accounts | 3,489,587 | 3,131,766 | 6,621,353 |
| Interest | 861,132 | 91,831 | 952,963 |
| Loans/notes (Note 3) | 48,040,529 | 125,000 | 48,165,529 |
| Supplies | 44,673 | - | 44,673 |
| Inventory | - | 125,912 | 125,912 |
| Prepaid items and other assets | 2,161,929 | 7,000 | 2,168,929 |
| Total current assets | 267,435,776 | 35,425,585 | 302,861,361 |
| Non-current assets: | | | |
| Deferred charges (Note 6) | 5,795,000 | - | 5,795,000 |
| Capital assets (Note 7): | | | |
| Land and nondepreciable assets | 138,046,436 | 18,519,660 | 156,566,096 |
| Depreciable assets, net | 178,192,558 | 102,004,998 | 280,197,556 |
| Total capital assets | 316,238,994 | 120,524,658 | 436,763,652 |
| Total non-current assets | 322,033,994 | 120,524,658 | 442,558,652 |
| Total assets | 589,469,770 | 155,950,243 | 745,420,013 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 13,607,679 | 1,628,244 | 15,235,923 |
| Salaries payable | 1,366,233 | 35,936 | 1,402,169 |
| Interest payable | 10,672,090 | - | 10,672,090 |
| Refundable deposits | 688,041 | 224,441 | 912,482 |
| Taxes payable | - | 173,044 | 173,044 |
| Loans payable | 186,836 | - | 186,836 |
| Due to other agencies | 1,296,167 | - | 1,296,167 |
| Unearned revenue | 933,785 | 509,679 | 1,443,464 |
| Compensated absences - due within one year (Note 8) | 591,694 | 92,250 | 683,944 |
| Capital leases - due within one year (Note 8) | 193,045 | - | 193,045 |
| Claims and judgment payable - due within one year | 208,770 | 338,128 | 546,898 |
| Long-term debt - due within one year (Note 8) | 8,553,695 | 1,405,000 | 9,958,695 |
| Total current liabilities | 38,298,035 | 4,406,722 | 42,704,757 |
| Non-current liabilities: | | | |
| Compensated absences - due in more than one year (Note 8) | 1,411,222 | 242,003 | 1,653,225 |
| OPEB liability | 3,066,000 | 1,022,000 | 4,088,000 |
| Capital leases - due in more than one year (Note 8) | 367,022 | - | 367,022 |
| Long-term debt - due in more than one year (Note 8) | 472,153,202 | 45,040,000 | 517,193,202 |
| Total non-current liabilities | 476,997,446 | 46,304,003 | 523,301,449 |
| Total liabilities | 515,295,481 | 50,710,725 | 566,006,206 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 32,357,570 | 73,704,658 | 106,062,228 |
| Restricted for: | | | |
| Capital projects | 12,477,350 | - | 12,477,350 |
| Debt service | 27,207,717 | 3,095,152 | 30,302,869 |
| Facility fee reserve | - | 4,926,682 | 4,926,682 |
| Specific projects and programs | 7,098,994 | 12,172,910 | 19,271,904 |
| Total restricted assets | 46,784,061 | 20,194,744 | 66,978,805 |
| Unrestricted net assets | (4,967,342) | 11,340,116 | 6,372,774 |
| Total net assets | \$ 74,174,289 | \$ 105,239,518 | \$ 179,413,807 |

See accompanying Notes to Basic Financial Statements

City of Pittsburgh
Statement of Activities
For the year ended June 30, 2009

| Programs/Functions | Expenses | Program Revenues | | | Total |
|---------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 7,362,822 | \$ 2,050,900 | \$ - | \$ - | \$ 2,050,900 |
| City Council | 70,238 | - | - | - | - |
| City Manager and City Clerk | 628,931 | 3,293 | - | - | 3,293 |
| City Attorney | 437,245 | - | - | - | - |
| Human resources | 874,231 | - | - | - | - |
| Finance and services | 2,468,675 | 111,802 | - | - | 111,802 |
| Community development and services | 38,773,592 | 8,593,695 | 12,453,327 | 2,193,823 | 23,240,845 |
| Public safety | 19,742,591 | 1,054,367 | 571,241 | - | 1,625,608 |
| Public works | 32,355,554 | 1,186,331 | 2,227,888 | - | 3,414,219 |
| Interest on long-term debt | 35,950,401 | - | - | - | - |
| Total governmental activities | 138,664,280 | 13,000,388 | 15,252,456 | 2,193,823 | 30,446,667 |
| Business-Type Activities: | | | | | |
| Water Utility | 14,013,116 | 15,121,036 | - | 9,575,653 | 24,696,689 |
| Sewer Utility | 2,218,519 | 3,846,151 | - | 6,596,857 | 10,443,008 |
| Marina | 2,320,709 | 1,829,397 | - | 1,937,962 | 3,767,359 |
| Golf Course | 1,611,661 | 1,197,540 | - | - | 1,197,540 |
| Island Energy | 4,370,349 | 4,014,258 | - | - | 4,014,258 |
| Pittsburg Power | 1,619,356 | 2,744,329 | - | - | 2,744,329 |
| Water Front Operations | - | 1,071 | - | - | 1,071 |
| Arts & Community Foundation | 5,789 | 8,160 | - | - | 8,160 |
| Total business-type activities | 26,159,499 | 28,761,942 | - | 18,110,472 | 46,872,414 |
| Total primary government | \$ 164,823,779 | \$ 41,762,330 | \$ 15,252,456 | \$ 20,304,295 | \$ 77,319,081 |

General Revenues and Transfers:

Taxes:

- Property taxes
- Sales taxes
- Franchise taxes
- Motor vehicle (unrestricted)
- Gas taxes
- Other taxes

Total taxes

Investment earnings - unrestricted

Transfers (Note 5C)

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated (Note 15)

Net assets - end of year

Net (Expense) Revenue
and Changes in Net Assets

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------|
| \$ (5,311,922) | \$ - | \$ (5,311,922) |
| (70,238) | - | (70,238) |
| (625,638) | - | (625,638) |
| (437,245) | - | (437,245) |
| (874,231) | - | (874,231) |
| (2,356,873) | - | (2,356,873) |
| (15,532,747) | - | (15,532,747) |
| (18,116,983) | - | (18,116,983) |
| (28,941,335) | - | (28,941,335) |
| (35,950,401) | - | (35,950,401) |
| (108,217,613) | - | (108,217,613) |
| - | 10,683,573 | 10,683,573 |
| - | 8,224,489 | 8,224,489 |
| - | 1,446,650 | 1,446,650 |
| - | (414,121) | (414,121) |
| - | (356,091) | (356,091) |
| - | 1,124,973 | 1,124,973 |
| - | 1,071 | 1,071 |
| - | 2,371 | 2,371 |
| - | 20,712,915 | 20,712,915 |
| (108,217,613) | 20,712,915 | (87,504,698) |
| 49,448,715 | - | 49,448,715 |
| 7,167,394 | - | 7,167,394 |
| 2,183,097 | - | 2,183,097 |
| 4,714,411 | - | 4,714,411 |
| 1,027,991 | - | 1,027,991 |
| 1,166,245 | - | 1,166,245 |
| 65,707,853 | - | 65,707,853 |
| 10,602,828 | 1,093,600 | 11,696,428 |
| 6,242,560 | (6,242,560) | - |
| 82,553,241 | (5,148,960) | 77,404,281 |
| (25,664,372) | 15,563,955 | (10,100,417) |
| 99,838,661 | 89,675,563 | 189,514,224 |
| \$ 74,174,289 | \$ 105,239,518 | \$ 179,413,807 |

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

CITY OF PITTSBURG
Comprehensive Annual Financial Report
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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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.

Redevelopment Agency Budget Stabilization Special Revenue Fund accounts for the resources that have been set aside for any unforeseen future expenditure and or revenue decline impacts by the Redevelopment Agency Special Revenue Fund.

Redevelopment Agency Debt Stabilization Debt Service Fund accounts for the 2006B Taxable Allocation bonds that have been set aside to cover any additional "State of California Budget Stabilization Take-Aways" and other unfavorable economic down turns that might require reserves to cover debt service requirements.

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.

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 Pittsburg
Balance Sheet
Governmental Funds
June 30, 2009

| | Major Funds | | | | |
|--|----------------------|--|---|-------------------------|--|
| | General Fund | Special Revenue | | | Budget Stabilization Redevelopment Agency |
| | | Low and Moderate Income Housing I | Low and Moderate Income Housing II | Redevelopment Agency | |
| ASSETS | | | | | |
| Cash and investments (Note 2) | \$ 7,831,481 | \$ - | \$ 1,133,647 | \$ 42,330,978 | \$ 10,000,000 |
| Restricted cash and investments (Note 2) | - | - | 854,855 | 377,364 | - |
| Receivables: | | | | | |
| Accounts | 2,289,165 | - | - | - | - |
| Interest | 2,120 | - | 7,195 | 45,508 | - |
| Loans/Notes (Note 3) | - | - | 21,974,982 | 23,980,330 | - |
| Due from other funds (Note 5A) | 150,000 | - | - | - | - |
| Advances to other funds (Note 5B) | - | - | 80,000 | 8,100,000 | - |
| Supplies | 34,718 | - | - | - | - |
| Prepaid items and other assets | 17,868 | - | - | 16,667 | - |
| Total assets | \$ 10,325,352 | \$ - | \$ 24,050,679 | \$ 74,850,847 | \$ 10,000,000 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 969,407 | \$ - | \$ 25,143 | \$ 6,796,865 | \$ - |
| Salaries payable | 1,321,606 | - | 306 | 17,341 | - |
| Interest payable | 15,000 | - | - | - | - |
| Refundable deposits | 418,777 | - | - | 41,390 | - |
| Loans payable | - | - | - | - | - |
| Due to other agencies | - | - | - | 581,004 | - |
| Due to other funds (Note 5A) | - | - | - | - | - |
| Advances from other funds (Note 5B) | - | 8,100,000 | - | - | - |
| Deferred revenue (Note 4) | 969,126 | - | 22,054,982 | 23,547,081 | - |
| Total liabilities | 3,693,916 | 8,100,000 | 22,080,431 | 30,983,681 | - |
| Fund Balances (Note 10): | | | | | |
| Reserved | 202,586 | - | 1,970,248 | 8,549,916 | - |
| Unreserved, designated | - | (8,100,000) | - | 35,317,250 | 10,000,000 |
| Unreserved, undesignated reported in: | | | | | |
| General fund | 6,428,850 | - | - | - | - |
| Special revenue | - | - | - | - | - |
| Total fund balances | 6,631,436 | (8,100,000) | 1,970,248 | 43,867,166 | 10,000,000 |
| Total liabilities and fund balances | \$ 10,325,352 | \$ - | \$ 24,050,679 | \$ 74,850,847 | \$ 10,000,000 |

See accompanying Notes to Basic Financial Statements

| Major Funds | | | | | |
|-------------------------------|-----------------------|---|----------------------|------------------------------|--------------------------|
| Special Revenue | Debt Service | | Capital Projects | | |
| Housing Authority (Section 8) | Redevelopment Agency | Debt Stabilization Redevelopment Agency | Redevelopment Agency | Non-Major Governmental Funds | Total Governmental Funds |
| \$ 2,356,466 | \$ 1,227,603 | \$ - | \$ 804,012 | \$ 27,760,753 | \$ 93,444,940 |
| - | 101,522,724 | 8,000,000 | 1,664,817 | 1,014,075 | 113,433,835 |
| - | - | - | 243,070 | 898,081 | 3,430,316 |
| 7,828 | 740,680 | - | - | 57,801 | 861,132 |
| - | - | - | - | 2,043,942 | 47,999,254 |
| - | - | - | - | - | 150,000 |
| - | - | - | - | - | 8,180,000 |
| - | - | - | - | - | 34,718 |
| - | - | - | 1,940,917 | 3,277 | 1,978,729 |
| <u>\$ 2,364,294</u> | <u>\$ 103,491,007</u> | <u>\$ 8,000,000</u> | <u>\$ 4,652,816</u> | <u>\$ 31,777,929</u> | <u>\$ 269,512,924</u> |
| \$ 18,069 | \$ 25,951 | \$ - | \$ 4,552,816 | \$ 981,608 | \$ 13,369,859 |
| 3,589 | - | - | - | 17,786 | 1,360,628 |
| - | 323,648 | - | - | 978,643 | 1,317,291 |
| 1,235 | - | - | 100,000 | 126,639 | 688,041 |
| - | - | - | - | 186,836 | 186,836 |
| - | 692,882 | - | - | 22,281 | 1,296,167 |
| - | - | - | - | 150,000 | 150,000 |
| - | - | - | - | 80,000 | 8,180,000 |
| - | 117,785 | - | - | 2,462,302 | 49,151,276 |
| <u>22,893</u> | <u>1,160,266</u> | <u>-</u> | <u>4,652,816</u> | <u>5,006,095</u> | <u>75,700,098</u> |
| 2,341,401 | 102,330,741 | - | - | 26,771,834 | 142,166,726 |
| - | - | 8,000,000 | - | - | 45,217,250 |
| - | - | - | - | - | 6,428,850 |
| - | - | - | - | - | - |
| <u>2,341,401</u> | <u>102,330,741</u> | <u>8,000,000</u> | <u>-</u> | <u>26,771,834</u> | <u>193,812,826</u> |
| <u>\$ 2,364,294</u> | <u>\$ 103,491,007</u> | <u>\$ 8,000,000</u> | <u>\$ 4,652,816</u> | <u>\$ 31,777,929</u> | <u>\$ 269,512,924</u> |

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



City of Pittsburg
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2009

Total Fund Balances - Total Governmental Funds \$ 193,812,826

Amounts reported for Governmental Activities in the Statement of Net Assets were different because:

Capital assets used in governmental activities are not current financial resources. Therefore, they were not reported in the governmental funds balance sheet. Except for the Internal Service Funds amounts of \$3,246,963 which are reported below, the capital assets were adjusted as follows:

| | |
|----------------------|-------------|
| Non-depreciable | 138,046,436 |
| Depreciable, net | 174,945,595 |
| | <hr/> |
| Total capital assets | 312,992,031 |
| | <hr/> |

| | |
|--|-----------|
| Bond issuance cost are expenses in the governmental funds financial statements but are capitalized and amortized in the government-wide statement of net assets. | 5,795,000 |
|--|-----------|

| | |
|--|-------------|
| Interest payable on long-term debt for which resources had not already been transferred to trust agents did not require current financial resources. Therefore, a portion of interest payable was not reported as a liability in the governmental funds. | (9,354,799) |
|--|-------------|

| | |
|---|------------|
| Revenues on Loans receivable have been deferred in the governmental funds since they do not meet the revenue recognition criteria based on the modified accrual basis of accounting. However, this revenue is recognized in the Government-Wide Financial Statements which is based on the accrual basis of accounting. | 48,217,491 |
|---|------------|

| | |
|---|-----------|
| Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets. | 8,441,622 |
|---|-----------|

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the governmental funds balance sheet. The long-term liabilities were as follows:

| | |
|---|---------------|
| Compensated absences - due within one year | (583,571) |
| Long-term liabilities - due within one year | (8,553,695) |
| Compensated absences - due in more than one year | (1,373,414) |
| OPEB liability | (3,066,000) |
| Long-term liabilities - due in more than one year | (472,153,202) |
| | <hr/> |
| Total long-term liabilities | (485,729,882) |
| | <hr/> |

Net Assets of Governmental Activities \$ 74,174,289

City of Pittsburgh
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2009

| | Major Funds | | | | |
|--|--------------------|-----------------------------------|------------------------------------|----------------------|---|
| | General Fund | Special Revenue | | | |
| | | Low and Moderate Income Housing I | Low and Moderate Income Housing II | Redevelopment Agency | Budget Stabilization Redevelopment Agency |
| REVENUES: | | | | | |
| Property taxes | \$ 3,535,207 | \$ - | \$ 3,171,122 | \$ 42,742,386 | \$ - |
| Sales taxes | 7,167,394 | - | - | - | - |
| Franchise taxes | 2,183,097 | - | - | - | - |
| Other taxes | 1,225,586 | - | - | 27,090 | - |
| Intergovernmental revenues | 5,443,740 | - | - | - | - |
| Permits, licenses and fees | 525,132 | - | - | - | - |
| Fines and forfeitures | 1,025,087 | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Service fees | 3,149,375 | - | 7,500 | 5,000 | - |
| Use of money and property | 273,265 | - | 144,458 | 841,594 | - |
| Other revenues | 312,402 | - | 11,035 | 1,508,949 | - |
| Total revenues | 24,840,285 | - | 3,334,115 | 45,125,019 | - |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government | 2,218,434 | - | 43,606 | 11,560,868 | - |
| City Council | 70,156 | - | - | - | - |
| City Manager and City Clerk | 490,062 | - | - | - | - |
| City Attorney | 433,737 | - | - | - | - |
| Human resources | 711,380 | - | - | - | - |
| Finance and services | 1,950,994 | - | - | - | - |
| Community development and services | 4,965,619 | - | 7,228,211 | 8,052,401 | - |
| Public safety | 18,391,934 | - | - | - | - |
| Public works - administration | 113,214 | - | - | - | - |
| Public works - streets | 1,757,035 | - | - | - | - |
| Public works - parks | 84,857 | - | - | - | - |
| General non-departmental | - | - | - | - | - |
| Capital outlay and improvements | - | - | - | 1,210,056 | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 31,187,422 | - | 7,271,817 | 20,823,325 | - |
| REVENUES OVER (UNDER) EXPENDITURES | (6,347,137) | - | (3,937,702) | 24,301,694 | - |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Issuance of debt | - | - | - | - | - |
| Proceeds from sale of capital assets | 2,662,443 | - | 16,990 | 500 | - |
| Payment to escrow account | - | - | - | - | - |
| Transfers in (Note 5C) | 6,945,674 | - | 5,909,586 | 5,890,111 | - |
| Transfers out (Note 5C) | (7,631,323) | - | (1,828,300) | (27,013,509) | - |
| Total other financing sources (uses) | 1,976,794 | - | 4,098,276 | (21,122,898) | - |
| REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES | (4,370,343) | - | 160,574 | 3,178,796 | - |
| FUND BALANCES: | | | | | |
| Beginning of year | 11,001,779 | (8,100,000) | 1,809,674 | 40,688,370 | 10,000,000 |
| End of year | \$ 6,631,436 | \$ (8,100,000) | \$ 1,970,248 | \$ 43,867,166 | \$ 10,000,000 |

See accompanying Notes to Basic Financial Statements

| Major Funds | | | | | |
|-------------------------------|----------------------|---|----------------------|------------------------------|--------------------------|
| Special Revenue | Debt Service | | Capital Projects | Non-Major Governmental Funds | Total Governmental Funds |
| Housing Authority (Section 8) | Redevelopment Agency | Debt Stabilization Redevelopment Agency | Redevelopment Agency | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 49,448,715 |
| - | - | - | - | - | 7,167,394 |
| - | - | - | - | - | 2,183,097 |
| - | - | - | - | - | 1,252,676 |
| 10,674,039 | - | - | 1,681,189 | 5,626,863 | 23,425,831 |
| - | - | - | - | 77,037 | 602,169 |
| - | - | - | - | - | 1,025,087 |
| - | - | - | - | 2,925,743 | 2,925,743 |
| - | - | - | - | 2,542,741 | 5,704,616 |
| 63,926 | 8,638,067 | - | - | 393,486 | 10,354,796 |
| 8,156 | - | - | 272,212 | 528,339 | 2,641,093 |
| 10,746,121 | 8,638,067 | - | 1,953,401 | 12,094,209 | 106,731,217 |
| 936,740 | - | - | - | 56,867 | 14,816,515 |
| - | - | - | - | - | 70,156 |
| - | - | - | - | - | 490,062 |
| - | - | - | - | - | 433,737 |
| - | - | - | - | - | 711,380 |
| - | - | - | - | - | 1,950,994 |
| 10,048,287 | - | - | 2,963,634 | 1,948,093 | 35,206,245 |
| - | - | - | - | 426,667 | 18,818,601 |
| - | - | - | - | - | 113,214 |
| - | - | - | - | 6,072,039 | 7,829,074 |
| - | - | - | - | - | 84,857 |
| - | - | - | - | 270,942 | 270,942 |
| - | - | - | 28,035,469 | - | 29,245,525 |
| - | 9,035,000 | - | - | 276,030 | 9,311,030 |
| - | 585,446 | - | - | - | 585,446 |
| - | 29,697,984 | - | - | 1,805,908 | 31,503,892 |
| 10,985,027 | 39,318,430 | - | 30,999,103 | 10,856,546 | 151,441,670 |
| (238,906) | (30,680,363) | - | (29,045,702) | 1,237,663 | (44,710,453) |
| - | 61,660,856 | - | - | - | 61,660,856 |
| - | - | - | - | - | 2,679,933 |
| - | (79,665,000) | - | - | - | (79,665,000) |
| - | 25,380,903 | 8,000,000 | 29,045,702 | 6,738,942 | 87,910,918 |
| - | (43,314,977) | - | - | (2,404,897) | (82,193,006) |
| - | (35,938,218) | 8,000,000 | 29,045,702 | 4,334,045 | (9,606,299) |
| (238,906) | (66,618,581) | 8,000,000 | - | 5,571,708 | (54,316,752) |
| 2,580,307 | 168,949,322 | - | - | 21,200,126 | 248,129,578 |
| \$ 2,341,401 | \$ 102,330,741 | \$ 8,000,000 | \$ - | \$ 26,771,834 | \$ 193,812,826 |

City of Pittsburg

Reconciliation of the Governmental Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2009

| | |
|---|------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (54,316,752) |
|---|------------------------|

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

Governmental funds reported acquisition of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. 9,857,189

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. (7,507,428)

Bond issuance costs are expensed in the governmental funds. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the bond issuance costs are allocated over the life of the bonds. 232,643

Bond premiums are recognized as revenue in the governmental funds. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the bond premiums are amortized over the life of the bonds. This amount represents the amount amortized. 292,665

Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. Accrued interest payable increased by this amount. (4,386,371)

Loss on the sale or disposal of capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets while the total proceeds of the sale is reported in the governmental funds. This is the net amount of capital assets disposed and the proceed received during the year. (3,381,983)

Issuance of bonds provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets. (61,660,856)

Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets. 9,311,030

Payment to escrow agents is an expenditure in the governmental funds, but the payment to escrow agents reduces long-term liabilities in the Statement of Net Assets.
Repayment of debt principal 79,665,000

Compensated absences was an expenditure in governmental funds, but the accrued liabilities increased in the Government-Wide Statement of Net Assets. 331,672

Revenues from new loans that are funded in this fiscal year that will not be collected for several months after the City's fiscal year ends are not considered "available" revenue and are classified as deferred revenue in the governmental funds. 8,736,764

OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (3,066,000)

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities. 228,055

| | |
|--|------------------------|
| Change in Net Assets of Governmental Activities | \$ (25,664,372) |
|--|------------------------|

PROPRIETARY FUND FINANCIAL STATEMENTS

The enterprise 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 and 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 Pittsburg
Statement of Net Assets
Proprietary Funds
June 30, 2009

| | Major Enterprise Funds | | |
|--|------------------------|----------------------|----------------------|
| | Water | Sewer | Marina |
| | Utility | Utility | Marina |
| ASSETS | | | |
| Current assets | | | |
| Cash and investments (Note 2) | \$ 14,245,990 | \$ 4,173,513 | \$ 567,936 |
| Restricted cash and investments (Note 2) | 6,048,410 | 924,688 | - |
| Receivables: | | | |
| Accounts | 1,755,752 | 369,092 | 19,449 |
| Interest | 50,362 | 15,748 | 2,151 |
| Loans/Notes (Note 3) | - | - | - |
| Inventory | 92,187 | 23,725 | - |
| Prepaid items and other assets | - | 5,000 | - |
| Total current assets | 22,192,701 | 5,511,766 | 589,536 |
| Noncurrent assets: | | | |
| Advances to other funds | - | - | - |
| Capital assets (Note 7): | | | |
| Non-depreciable assets | 18,345,296 | 174,364 | - |
| Depreciable assets, net | 54,963,917 | 25,436,112 | 14,843,147 |
| Total noncurrent assets | 73,309,213 | 25,610,476 | 14,843,147 |
| Total assets | 95,501,914 | 31,122,242 | 15,432,683 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 1,058,328 | 151,969 | 88,642 |
| Salaries payable | 17,910 | 4,647 | 3,368 |
| Taxes payable | - | - | 94,972 |
| Refundable deposits | 31,460 | 5,000 | 74,285 |
| Unearned revenue | - | - | - |
| Claims and judgments payable - due within one year | 338,128 | - | - |
| Compensated absences payable - due within one year | 50,656 | 15,676 | 16,970 |
| Capital lease - due within one year | - | - | - |
| Long-term debt - due within one year (Note 8) | 835,000 | 570,000 | - |
| Total current liabilities | 2,331,482 | 747,292 | 278,237 |
| Noncurrent liabilities: | | | |
| Advances from other funds | - | - | - |
| Compensated absences payable - due in more than one year | 118,190 | 21,648 | 36,544 |
| OPEB liability | 490,560 | 122,640 | 122,640 |
| Capital lease - due in more than one year | - | - | - |
| Long-term debt - due in more than one year (Note 8) | 36,425,000 | 8,615,000 | - |
| Total noncurrent liabilities | 37,033,750 | 8,759,288 | 159,184 |
| Total liabilities | 39,365,232 | 9,506,580 | 437,421 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 36,049,213 | 16,425,476 | 14,843,147 |
| Restricted for: | | | |
| Debt service | 2,181,949 | 913,203 | - |
| Special purpose | 6,140,597 | 953,413 | 218,900 |
| Facility fees | 4,274,243 | 652,439 | - |
| Unrestricted | 7,490,680 | 2,671,131 | (66,785) |
| Total net assets | \$ 56,136,682 | \$ 21,615,662 | \$ 14,995,262 |

See accompanying Notes to Basic Financial Statements

| Non-Major Enterprise Funds | Total Enterprise Funds | Governmental Activities Internal Service Funds |
|----------------------------------|------------------------------|---|
| \$ 5,883,539 | \$ 24,870,978 | \$ 5,959,151 |
| 100,000 | 7,073,098 | - |
| 987,473 | 3,131,766 | 59,271 |
| 23,570 | 91,831 | - |
| 125,000 | 125,000 | 41,275 |
| 10,000 | 125,912 | 9,955 |
| 2,000 | 7,000 | 183,200 |
| <u>7,131,582</u> | <u>35,425,585</u> | <u>6,252,852</u> |
| 1,926,157 | 1,926,157 | - |
| - | 18,519,660 | - |
| 6,761,822 | 102,004,998 | 3,246,963 |
| <u>8,687,979</u> | <u>122,450,815</u> | <u>3,246,963</u> |
| <u>15,819,561</u> | <u>157,876,400</u> | <u>9,499,815</u> |
| 329,305 | 1,628,244 | 237,820 |
| 10,011 | 35,936 | 5,605 |
| 78,072 | 173,044 | - |
| 113,696 | 224,441 | - |
| 509,679 | 509,679 | - |
| - | 338,128 | 208,770 |
| 8,948 | 92,250 | 8,123 |
| - | - | 193,045 |
| - | 1,405,000 | - |
| <u>1,049,711</u> | <u>4,406,722</u> | <u>653,363</u> |
| 1,926,157 | 1,926,157 | - |
| 65,621 | 242,003 | 37,808 |
| 286,160 | 1,022,000 | - |
| - | - | 367,022 |
| - | 45,040,000 | - |
| <u>2,277,938</u> | <u>48,230,160</u> | <u>404,830</u> |
| <u>3,327,649</u> | <u>52,636,882</u> | <u>1,058,193</u> |
| 6,386,822 | 73,704,658 | 2,686,896 |
| - | 3,095,152 | - |
| 4,860,000 | 12,172,910 | 234,430 |
| - | 4,926,682 | - |
| 1,245,090 | 11,340,116 | 5,520,296 |
| <u>\$ 12,491,912</u> | <u>\$ 105,239,518</u> | <u>\$ 8,441,622</u> |

City of Pittsburg
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2009

| | Major Enterprise Funds | | |
|---|------------------------|----------------------|----------------------|
| | Water Utility | Sewer Utility | Marina |
| OPERATING REVENUES: | | | |
| Charges for services | \$ 14,279,564 | \$ 3,701,307 | \$ 1,130,387 |
| Meter fees | 6,422 | - | - |
| Other Fees | 551,502 | - | - |
| Rent and concessions | - | - | 58,746 |
| Gas and oil sales | - | - | 607,155 |
| Other operating revenues | 281,377 | 144,844 | 33,109 |
| Total operating revenues | 15,118,865 | 3,846,151 | 1,829,397 |
| OPERATING EXPENSES: | | | |
| Salaries and wages | 2,041,845 | 487,021 | 417,855 |
| Department supplies | 5,540,363 | 29,581 | 556,194 |
| Rentals | 14,605 | 5,131 | 1,500 |
| Utilities | 878,808 | 3,068 | 130,833 |
| Maintenance and operations | 610,286 | 334,443 | 327,641 |
| Depreciation and amortization | 935,716 | 462,186 | 489,342 |
| Insurance premiums | - | - | - |
| Insurance deductible | - | - | - |
| Fringe benefits | 1,591,235 | 430,232 | 394,609 |
| Other operating expenses | 745,883 | 101,056 | 2,735 |
| Total operating expenses | 12,358,741 | 1,852,718 | 2,320,709 |
| OPERATING INCOME (LOSS) | 2,760,124 | 1,993,433 | (491,312) |
| Investment earnings | 798,450 | 120,210 | 14,586 |
| Interest and fiscal charges | (1,654,375) | (365,801) | - |
| Gain (loss) on disposal of assets | 2,171 | - | - |
| Total nonoperating revenues (expenses) | (853,754) | (245,591) | 14,586 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 1,906,370 | 1,747,842 | (476,726) |
| Capital Contributions | 9,575,653 | 6,596,857 | 1,937,962 |
| Transfers in (Note 5C) | 1,438,912 | - | - |
| Transfers out (Note 5C) | (5,871,979) | (511,967) | (113,500) |
| Change in net assets | 7,048,956 | 7,832,732 | 1,347,736 |
| NET ASSETS: | | | |
| Beginning of year, as restated | 49,087,726 | 13,782,930 | 13,647,526 |
| End of year | \$ 56,136,682 | \$ 21,615,662 | \$ 14,995,262 |

See accompanying Notes to Basic Financial Statements

| Non-Major Enterprise Funds | Total Enterprise Funds | Governmental Activities Internal Service Funds |
|----------------------------------|------------------------------|---|
| \$ 7,271,587 | \$ 26,382,845 | \$ 7,842,473 |
| - | 6,422 | - |
| 74,204 | 625,706 | - |
| 397,693 | 456,439 | - |
| 76,583 | 683,738 | - |
| 145,291 | 604,621 | 150,683 |
| <u>7,965,358</u> | <u>28,759,771</u> | <u>7,993,156</u> |
| 1,594,203 | 4,540,924 | 538,513 |
| 2,368,338 | 8,494,476 | 699,613 |
| 51,533 | 72,769 | 25,555 |
| 64,876 | 1,077,585 | 254,240 |
| 1,768,933 | 3,041,303 | 1,184,511 |
| 452,908 | 2,340,152 | 749,485 |
| - | - | 1,052,326 |
| - | - | 157,350 |
| 1,162,296 | 3,578,372 | 3,539,996 |
| 144,068 | 993,742 | 114,291 |
| <u>7,607,155</u> | <u>24,139,323</u> | <u>8,315,880</u> |
| <u>358,203</u> | <u>4,620,448</u> | <u>(322,724)</u> |
| 160,354 | 1,093,600 | 69,173 |
| - | (2,020,176) | - |
| - | 2,171 | (43,042) |
| <u>160,354</u> | <u>(924,405)</u> | <u>26,131</u> |
| <u>518,557</u> | <u>3,696,043</u> | <u>(296,593)</u> |
| - | 18,110,472 | - |
| 245,000 | 1,683,912 | 1,104,648 |
| (1,429,026) | (7,926,472) | (580,000) |
| (665,469) | 15,563,955 | 228,055 |
| <u>13,157,381</u> | <u>89,675,563</u> | <u>8,213,567</u> |
| <u>\$ 12,491,912</u> | <u>\$ 105,239,518</u> | <u>\$ 8,441,622</u> |

City of Pittsburg
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

| | Major Enterprise Funds | | |
|---|------------------------|---------------------|---------------------|
| | Water Utility | Sewer Utility | Marina |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 14,575,960 | \$ 3,647,959 | \$ 1,814,946 |
| Cash payments to suppliers of goods and services | (7,100,724) | (419,239) | (1,077,766) |
| Cash payments to employees for services | (3,104,601) | (795,285) | (692,748) |
| Other operating revenues | (464,506) | 43,788 | 30,374 |
| Net cash provided (used) by operating activities | 3,906,129 | 2,477,223 | 74,806 |
| CASH FLOWS FROM NONCAPITAL FINANCING | | | |
| Transfers in | 1,438,912 | - | - |
| Transfers out | (5,871,979) | (511,967) | (113,500) |
| Interfund payments | - | - | - |
| Net cash provided (used) by noncapital financing activities | (4,433,067) | (511,967) | (113,500) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Principal paid on long-term debt | (1,285,000) | (545,000) | - |
| Interest and fiscal charges paid on long-term debt | (1,654,375) | (1,216,759) | - |
| Proceeds from sale of capital assets | 2,171 | - | - |
| Acquisition of capital assets | - | (857,219) | - |
| Net cash provided (used) by capital and related financing activities | (2,937,204) | (2,618,978) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on investments | - | 120,210 | 14,586 |
| Net cash provided (used) by investing activities | - | 120,210 | 14,586 |
| Net increase (decrease) in cash and cash equivalents | (3,464,142) | (533,512) | (24,108) |
| CASH AND CASH EQUIVALENTS: | | | |
| Beginning of year | 23,758,542 | 5,631,713 | 592,044 |
| End of year | <u>\$ 20,294,400</u> | <u>\$ 5,098,201</u> | <u>\$ 567,936</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET | | | |
| CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ 2,760,124 | \$ 1,993,433 | \$ (491,312) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 935,716 | 462,186 | 489,342 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (234,624) | 50,588 | (15,152) |
| Loans receivable | - | (104,280) | - |
| Inventory | (22,602) | (15,850) | - |
| Prepaid items | - | 344 | 750 |
| Accounts payable | (34,060) | (31,166) | (30,027) |
| Salaries payable | 17,908 | (2,165) | 4,236 |
| Taxes payable | - | - | (31,571) |
| Refundable deposits | (26,904) | - | 33,060 |
| Due to other agencies | - | - | - |
| Compensated absences | 20,011 | 1,493 | (7,160) |
| OPEB liability | 490,560 | 122,640 | 122,640 |
| Insurance claims payable | - | - | - |
| Total adjustments | 1,146,005 | 483,790 | 566,118 |
| Net cash provided (used) by operating | \$ 3,906,129 | \$ 2,477,223 | \$ 74,806 |
| NON-CASH TRANSACTIONS | \$ 9,575,653 | \$ 6,596,857 | \$ 1,937,962 |

See accompanying Notes to Basic Financial Statements

| Non-Major Enterprise Funds | Total Enterprise Funds | Governmental Activities Internal Service Funds |
|----------------------------------|------------------------------|---|
| \$ 7,766,105 | \$ 27,804,970 | \$ 7,802,511 |
| (4,223,248) | (12,820,977) | (4,128,307) |
| (2,508,520) | (7,101,154) | (3,606,561) |
| (8,008) | (398,352) | 148,096 |
| <u>1,026,329</u> | <u>7,484,487</u> | <u>215,739</u> |
| 245,000 | 1,683,912 | 1,104,648 |
| (1,429,026) | (7,926,472) | (580,000) |
| (301,157) | (301,157) | - |
| <u>(1,485,183)</u> | <u>(6,543,717)</u> | <u>524,648</u> |
| - | (1,830,000) | - |
| - | (2,871,134) | - |
| - | 2,171 | 25,616 |
| (49,531) | (906,750) | (411,287) |
| <u>(49,531)</u> | <u>(5,605,713)</u> | <u>(385,671)</u> |
| 160,344 | 295,140 | 69,173 |
| <u>160,344</u> | <u>295,140</u> | <u>69,173</u> |
| (348,041) | (4,369,803) | 423,889 |
| 6,331,580 | 36,313,879 | 5,535,262 |
| <u>\$ 5,983,539</u> | <u>\$ 31,944,076</u> | <u>\$ 5,959,151</u> |
| <u>\$ 358,203</u> | <u>\$ 4,620,448</u> | <u>\$ (322,724)</u> |
| 452,908 | 2,340,152 | 749,485 |
| (252,712) | (451,900) | (39,962) |
| - | (104,280) | (11,444) |
| 2,622 | (35,830) | - |
| (2,000) | (906) | 15,638 |
| 22,923 | (72,330) | (124,476) |
| 5,111 | 25,090 | 2,250 |
| 6,887 | (24,684) | - |
| 83,094 | 89,250 | - |
| 106,425 | 106,425 | - |
| (43,292) | (28,948) | (6,084) |
| 286,160 | 1,022,000 | - |
| - | - | (46,944) |
| <u>668,126</u> | <u>2,864,039</u> | <u>538,463</u> |
| <u>\$ 1,026,329</u> | <u>\$ 7,484,487</u> | <u>\$ 215,739</u> |
| <u>\$ -</u> | <u>\$ 18,110,472</u> | <u>\$ -</u> |

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



FIDUCIARY FUND FINANCIAL STATEMENTS

The fiduciary funds account for resources received and held by the City in a fiduciary capacity. Disbursement 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 of 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 environment 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 Pittsburg
Statement of Net Assets
Fiduciary Funds
June 30, 2008

| | <u>Agency Funds</u> |
|---|-----------------------------|
| ASSETS | |
| Cash and investments | \$ 3,088,652 |
| Cash and investments held by fiscal agent | 6,821,771 |
| Assessment receivable | 2,274,341 |
| Interest receivable | <u>32,162</u> |
| Total assets | <u>\$ 12,216,926</u> |
| LIABILITIES | |
| Accounts payable | \$ 306,943 |
| Deferred assessments | 2,274,341 |
| Due to other parties | 3,497,588 |
| Due to bondholders | <u>6,138,054</u> |
| Total liabilities | <u>\$ 12,216,926</u> |

City of Pittsburg
Notes to Basic Financial Statements
For the year ended June 30, 2009

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.

Community Access

Community Access (Formerly known as the Housing & Community Programs) was established to account for Federal funds for low income housing under both certificate and voucher programs. Community Access is reported in the special revenue fund of the City. No separate financial report is issued by Community Access.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity, Continued

Public Infrastructure Financing Authority

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

Pittsburg Power Company

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

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

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

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

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

These 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.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. 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 fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances from/to other funds
- Transfers in/out

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.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus, Continued

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. The following are description of the major funds.

General Fund - This 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 - This 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 - This 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 - This fund accounts for the tax increment revenue received and expenditures to carry out general operation within project areas.

Redevelopment Agency Budget Stabilization Special Revenue Fund - This fund provides resources for any unforeseen future revenue impacts by Redevelopment Agency Special Revenue Fund.

Redevelopment Agency Debt Stabilization Debt Service Fund - This fund was established to cover any additional "State of California Budget Stabilization Take-Aways" and other unfavorable economic downturns that might require reserves to cover debt service requirements.

Housing Authority (Section 8) Special Revenue Fund - This 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 - This fund accounts for the accumulation of resources for payment of principal, interest and related costs of the Agency's long-term debt.

Redevelopment Agency Capital Projects Fund - This 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, 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.

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

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Fund 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 separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental and business-type activities in the government-wide financial statements as appropriate.

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 noncurrent) are included on the Statement of Fund 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.

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

City of Pittsburg
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, Continued

The following are descriptions of the major enterprise funds.

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 and 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.

Internal service fund balances and activities have been combined with governmental activities in the government-wide financial statements, and are comprised of the following funds:

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/Communication Services 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.

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.

City of Pittsburg
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements, Continued

Agency Funds - These funds were created to account for all of 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 environment 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).

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 its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid 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.

The City participates in an investment pool managed by the State of California, entitled 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.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

City of Pittsburg
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

F. 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.

G. 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.”

H. 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, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets, Continued

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

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

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

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

The GASB Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB 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.

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

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Interest Payable

In the government-wide financial statements, interest payable of long-term debt is recognized as the liability incurred for governmental fund types and proprietary fund types.

In the fund financial statements, propriety fund types recognize the interest payable when the liability is incurred.

J. 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 are 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.

K. 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.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Revenue, Continued

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.

L. Compensated Absences

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

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

M. Net Assets and Fund Equity

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net assets are classified in the following categories:

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.

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

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.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Net Assets and Fund Equity, Continued

Fund Financial Statements, Continued

Reservations and designations used by the City are as follows:

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 Special Projects represents funds received from various State and Federal award programs which have been set aside to fulfill the requirements of the award and special 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 Non-Current Loan represents loans that are not expected to be paid within the next fiscal year.

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

Designated for Loans - CFD represents funds designated for loans from the General Fund to the Community Facilities District until Special CFD tax receipts of the CFD are adequate to cover the increasing demands for park maintenance services within this community Facilities District (CFD).

Designated for Capital Projects represents funds designated for capital, improvement projects and various projects in the Redevelopment Project area.

N. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. New Pronouncements

In 2009, the City/District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pension Plans* - This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.
- GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*- This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups
- GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* - The Statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* - This Statement incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments.

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.

City of Pittsburg
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

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.

| | Government-Wide Statement of Net Assets | | | Fiduciary Funds | Total |
|--|---|-----------------------------|----------------|--------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total | | |
| Cash and investments | \$ 99,404,091 | \$ 24,870,978 | \$ 124,275,069 | \$ 8,594,828 | \$ 132,869,897 |
| Restricted cash and investments | \$ 113,433,835 | \$ 7,073,098 | \$ 120,506,933 | \$ 1,315,595 | \$ 121,822,528 |
| Total cash and investments | \$ 212,837,926 | \$ 31,944,076 | \$ 244,782,002 | \$ 9,910,423 | \$ 254,692,425 |

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 investments, 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.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

| Authorized Investment Type | Maximum Maturity | Minimum 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 Deposits | 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 (LAIF) | N/A | None | \$40 Million | None |

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools*, investments were stated at fair value using the aggregate method. The City reported a gain of \$88,837.

The City's investments with Local Agency Investment Fund (LAIF), a State of California external investment pool, at June 30, 2009, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or state maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2009, the City had \$62,416,768 invested in LAIF, which had invested 14.71% of the pool investment funds in Structured Notes and Medium-term Asset-Backed Securities. The LAIF fair value factor of 1.001364207 was used to calculate the fair value of the investments in LAIF. The fair value of the City's position in the pool is materially equivalent to the value of the pool share.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

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 |
| Pre-refunded Municipal Obligations | N/A | AAA |
| Certificates of Deposit | 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 |

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates and 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 | Fair Value | Investment Maturities (in years) | | |
|----------------------------------|-----------------------|----------------------------------|----------------------|----------------------|
| | | 1 year or less | 1-5 years | Over 5 years |
| Cash in banks and on hand | \$ 5,492,084 | \$ 5,492,084 | \$ - | \$ - |
| Securities of U.S. Government | 6,637,485 | 6,637,485 | - | - |
| Money Market (CAMP) | 95,550,234 | 95,550,234 | - | - |
| Local Agency Investments Funds | 62,417,678 | 62,417,678 | - | - |
| Guaranteed Investment Agreements | 62,494,944 | 49,358,695 | - | 13,136,249 |
| Certificate of Deposit | 22,100,000 | 12,100,000 | 10,000,000 | - |
| Total | \$ 254,692,425 | \$ 231,556,176 | \$ 10,000,000 | \$ 13,136,249 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk, Continued

At June 30, 2009, these investments matured in an average of 470 days.

Money Market Funds are available for withdrawal on demand and at June 30, 2009 matured in an average of 57 days.

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, 2009 for each investment type as provided by Standard and Poor's investment rating system.

| | <u>Credit Quality Ratings</u> | |
|--|-------------------------------|-----------------------|
| | <u>At Year End</u> | <u>Fair Value</u> |
| Cash in banks and on hand | | \$ 5,492,084 |
| Certificate of Deposit | Not Rated | 22,100,000 |
| Securities of U.S. Government Agencies | AAA | 6,637,485 |
| Local Agency Investment Funds | Not Rated | 62,417,678 |
| Guaranteed Investment Contracts | Not Rated | 62,494,944 |
| Money Market Funds | AAA | 95,550,234 |
| | | <u>\$ 254,692,425</u> |

G. Concentration of Credit Risk

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

| <u>Issuer</u> | <u>Investment Type</u> | <u>Amount</u> |
|-------------------------------|----------------------------------|----------------------|
| FSA Capital Mgmt Svcs | Guaranteed Investment Agreements | \$ 10,291,661 |
| AIG-American Investment Group | Guaranteed Investment Agreements | 5,536,723 |
| Deutsche Bank | Guaranteed Investment Agreements | 1,016,526 |
| Royal Bank of Canada | Guaranteed Investment Agreements | 45,650,034 |
| | Total Major Funds | <u>\$ 62,494,944</u> |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 3-NOTES AND LOANS RECEIVABLE

As of June 30, 2009, loans and notes receivable consisted of the following:

| Description | Balance June 30, 2009 |
|--|-----------------------------|
| Governmental Funds: | |
| HUD Community Development Block Grant | \$ 171,836 |
| Rehabilitation and construction loan | 25,852,436 |
| Steadfast Marina Heights L.P. | 1,400,000 |
| Fairfield Belmont, L.P Loan | 4,867,488 |
| Mercy Housing California Loan | 5,027,829 |
| Low income families Loan | 959,440 |
| Pacific Community Loan | 602,775 |
| Palm Plaza Group, LLC and Palm Plaza Development | 1,674,696 |
| Resources for Community Dev. Loan | 6,516,544 |
| Domus Development LLC Loan | 257,162 |
| Domus Development Siena Court Senior Housing | 88,159 |
| Eden Housing Inc. Loan | 25,889 |
| Mariner Walk Loan | 255,000 |
| Vista Del Mar Loans | 300,000 |
| Total governmental funds | <u>47,999,254</u> |
| Enterprise Fund: | |
| Pittsburg Power | 125,000 |
| Internal Service Funds | |
| Information Systems loans | 41,275 |
| Total loans receivable | <u><u>\$ 48,165,529</u></u> |

A. HUD Community Development Block Grant Loans

The HUD CDBG Special Revenue fund had a loans receivable balance as of June 30, 2009 which was made up of \$171,836 in CDBG entitlement loans.

B. Rehabilitation and Construction Loans

Housing and rehabilitation loans are provided to homeowners who meet low and moderate income requirements as defined by HUD. These residential loans are available from \$5,000 to \$25,000 per property at a loan term of 3% simple interest for 10 years. The property will be rehabilitated to be free from health and safety violations upon completion of the rehabilitation program. The outstanding balance was \$1,887,106 as of June 30, 2009.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 3-NOTES AND LOANS RECEIVABLE (Continued)

B. Rehabilitation and Construction Loans, Continued

The various rehabilitation and construction loans of \$23,965,330 include deferred and accrued interest of \$191,452 as of June 30, 2009. 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. The following are descriptions of the various loans:

- In 2005, a loan agreement was entered into with the Mt. Diablo Unified School District (District) in the amount of \$6,147,209 for capital improvements. The funding was provided with the 2003A Bond proceeds that typically would be passed through to the District. The District will repay the loan from school impact fees collected until the Agency is fully reimbursed or 35 years, whichever occurs first. The balance outstanding as of June 30, 2009 was \$5,636,147.
- In Fiscal Year 2005-2006, a Development and Disposition Agreement was entered into with Domus Development LLC (Developer) of up to \$8,000,000 for the development of a 28-unit residential rental dwelling and an 8,000 square feet ground floor commercial space at the northeast corner of Railroad Avenue and 10th Street. Funding will be provided by the Housing Set Aside funds in the amount of \$6,000,000 and \$2,000,000 by future tax increments. During the fiscal year 2007-2008, an amendment was filed to increase the loan up to an additional \$800,000 and \$4,845,755 of the loan was disbursed to the Developer. The balance outstanding as of June 30, 2009 was \$8,800,000.
- The remaining loans receivable of \$9,529,183 as of June 30, 2009 represent a number of small business and property owner rehabilitation and construction loans to eliminate blight by assisting improvements and rehabilitation of properties that are currently vacant or underutilized.

C. Other Loans

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 Marina Heights L.P. for the purchase and renovation of 200 affordable residential units located within the Redevelopment Project Area. The loan bears the lesser interest of 7% per year or the amount of Agency Receipts and provides for the Agency to receive 30% of the projects residual receipts annually. The outstanding balance as of June 30, 2009 was \$1,400,000.

During fiscal year 2004-2005, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund 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 the lesser interest of 1% per year or the amount of Agency Receipts and provides for the Agency to receive 20% of the projects residual receipts annually. The outstanding balance as of June 30, 2009 was \$4,876,488.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 3-NOTES AND LOANS RECEIVABLE (Continued)

C. Other Loans, Continued

During fiscal year 2005-2006, the Redevelopment Agency/Low Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$1,052,854 to Mercy Housing California for the development of a 64-unit dwelling and child care center located within the Redevelopment Project Area. During the fiscal year 2007-2008, an amendment was filed to increase the loan up to an additional \$3,900,000 and \$4,081,290 of the loan was disbursed to the Developer. The loan bears interest of 1% per year and provides for the Agency to receive 50% of the project's residual receipts annually. The outstanding balance and accrued interest as of June 30, 2009 was \$4,952,827 and \$75,002, respectively, totaling \$5,027,829.

During fiscal year 2006-2007 and 2007-2008, the Redevelopment Agency/ Low Moderate Income Housing II Special Revenue Fund agreed to loan funds to low income families to purchase homes. The loans bear no interest and are deferred until the property changes title or are refinanced for cash. The outstanding balance as of June 30, 2009 was \$959,440.

During fiscal year 2006-2007, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$467,919 to Pacific Community Services for prior construction of 104 units called the Presidio Village Senior Housing. The loan bears interest of 3% per year and provides for the Agency to receive 50% of the projects residual receipts annually. The outstanding balance and accrued interest as of June 30, 2009 was \$566,150 and \$36,625 respectively, totaling \$602,775.

During fiscal year 2006-2007, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund provided \$728,000 and \$940,000 to Palm Plaza Group, LLC and Palm Plaza Development, respectively, for purchase and renovation of residential units located within the Redevelopment Project Area. The outstanding balance and accrued interest as of June 30, 2009 was \$728,000 and \$1,213 for Palm Plaza Group, LLC and \$940,000 and \$5,483 for Palm Plaza Development, respectively, totaling \$1,674,696.

During fiscal year 2006-2007, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$6,105,848 to Resources for Community Development for the development of 71 rental dwellings and a community center. During the fiscal year 2008-2009, an amendment was filed to increase the loan up to an additional \$350,000 and \$5,710,730 of the loan was disbursed to the Developer. The loan bears interest of 1% per year and provides for the Agency to receive 50% of the projects residual receipts annually. The outstanding balance and accrued interest as of June 30, 2009 was \$6,455,848 and \$60,696 respectively, totaling \$6,516,544.

During fiscal year 2008-09, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$250,000 to Domus Development LLC for the feasibility study of a 111-unit affordable senior housing development. The loan bears interest of 3% per year. The outstanding balance and accrued interest as of June 30, 2009 was \$87,606 and \$553 respectively, totaling \$88,159.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 3-NOTES AND LOANS RECEIVABLE (Continued)

C. Other Loans, Continued

During fiscal year 2007-2008, the Redevelopment Agency Low/Moderate Income Housing II Special Revenue Fund agreed to loan funds of \$250,000 to Domus Development LLC for the feasibility study of a senior affordable housing development and \$200,000 to Eden Housing, Inc. for the feasibility study of a 54 unit multi-family affordable housing development. Both loans bear interest of 3% per year. The outstanding balance and accrued interest as of June 30, 2009 was \$250,000 and \$7,162 for Domus Development LLC, respectively, totaling \$257,162 and \$24,971 and \$918 for Eden Housing, Inc., respectively, totaling \$25,889.

In fiscal year 2005-2006, a Development and Disposition Agreement was entered into with Olson Urban Housing LLC (Developer) of up to \$1,000,000 and with Lyon Vista Del Mar 533, LLC (Developer) of up to \$800,000, to provide mortgage assistance for qualified moderate income households purchasing the affordable units. The balance outstanding as of June 30, 2009 was \$255,000 and \$300,000 for the property owners.

D. Delta Discover Cruises Loan

In fiscal year 2007-08 the Pittsburgh Power Company issued a \$125,000 loan to Delta Discover Cruises LLC to help establish a dinner cruise business operating from the Pittsburgh Marina as a destination business to attract people to old town and provide an amenity for Pittsburgh residents. Terms of the loan are 4% for five years with the first 18-months accruing interest only. The first monthly installment will begin September 20, 2009 and continue until March 20, 2013.

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, 2009 was \$41,275.

NOTE 4-DEFERRED REVENUE

A. Government-Wide Financial Statements

Unearned revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2009, unearned revenues in the Government-Wide Financial Statements consisted of unearned developer, donation, and grant revenues of \$933,785 in Governmental Activities and \$509,679 in Business-Type Activities, and unearned service revenues of \$340,206 in Governmental Activities.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 4-DEFERRED REVENUE (Continued)

B. Fund Financial Statements

At June 30, 2009, 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 | | | | | Enterprise | Total |
|-------------------------------------|--------------------|----------------------|----------------------|-------------------|---------------------|-------------------|----------------------|
| | Low/Moderate | | RDA | RDA | Non-Major | Non-Major | |
| | Income | RDA | Debt | Non-Major | Enterprise | | |
| | General Fund | Housing II | Revenue | Service | Funds | Funds | |
| Unearned developer/donation revenue | \$ 746,705 | \$ - | \$ - | \$ - | \$ 187,080 | \$ 509,679 | \$ 1,443,464 |
| Housing loans receivable | - | 9,624,784 | 433,249 | - | 2,275,222 | - | 12,333,255 |
| Construction loan receivable | - | 12,430,198 | 21,621,733 | - | - | - | 34,051,931 |
| Unearned service revenue | 222,421 | - | - | 117,785 | - | - | 340,206 |
| Total | \$ 969,126 | \$ 22,054,982 | \$ 22,054,982 | \$ 117,785 | \$ 2,462,302 | \$ 509,679 | \$ 48,168,856 |

NOTE 5-INTERFUND TRANSACTIONS

A. Current Interfund Balances

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

Current interfund balances are as follows:

| | DUE FROM FUND: | DUE TO FUND | AMOUNT |
|-------------------------------|----------------|--------------|------------|
| Non-Major Governmental Funds: | | | |
| Special revenue funds: | | | |
| Park maintenance CFD 2007-1 | | | \$ 150,000 |
| | | General Fund | \$ 150,000 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 5-INTERFUND TRANSACTIONS (Continued)

B. Interfund Advances

At June 30, 2009, the following funds had advances that were not expected to be repaid within the next year:

| <u>FROM FUND:</u> | <u>TO FUND:</u> | <u>AMOUNT</u> |
|--|---|-----------------------------|
| GOVERNMENTAL FUNDS | | |
| Redevelopment Agency Special Revenue Fund | Low and Moderate Income Housing I Special Revenue Fund | \$ 8,100,000 |
| Low and Moderate Income Housing II Special Revenue Fund | Non-Major Governmental Funds | 80,000 |
| TOTAL GOVERNMENTAL FUNDS | | <u>8,180,000</u> |
| PROPRIETARY FUNDS | | |
| Non-Major Enterprise Funds: | To Non-Major Enterprise Funds: | |
| Pittsburg Power | Golf Course | 375,000 |
| Pittsburg Power | Island Energy | 1,551,157 |
| TOTAL PROPRIETARY FUNDS | | <u>1,926,157</u> |
| | TOTAL ADVANCES | <u><u>\$ 10,106,157</u></u> |

At June 30, 2009, the Low/Moderate Income Housing I Special Revenue Fund had an advance outstanding of \$8,100,000 from the Redevelopment Agency Special Revenue Fund for the allocation of costs of low/moderate income housing program qualified for the Housing Set Aside efforts owed to the Agency. As required, the Agency has adopted a plan to eliminate the deferred amount.

During fiscal year 2008-2009 the Low/Moderate Income Housing II Special Revenue Fund had advanced \$80,000 to the CDBG Housing Rehabilitation Loans Fund to cover an operating deficit.

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

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

City of Pittsburg
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 5-INTERFUND TRANSACTIONS (Continued)

B. Interfund Advances, Continued

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

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

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

During fiscal year 2008/2009 the Pittsburg Power Enterprise Fund advanced \$301,157 to the Island Energy Enterprise Fund to fund the refurbishment of a main Substation H.

C. Interfund Transfers

At June 30, 2009, the City had the following interfund transfers:

- A. Transfers to the General Fund were to fund general operations and administrative services.
- B. Transfers to the Low/Moderate Housing II Special Revenue Fund were to fund various affordable housing projects.
- C. Transfers to the Redevelopment Agency Special Revenue Fund were to fund capital improvement projects.
- D. Transfers to the Redevelopment Agency Debt Service fund were to fund debt service payments.
- E. Transfers to the Redevelopment Agency Capital Projects fund were to fund redevelopment capital improvement projects
- F. Transfers to the Water Utility Enterprise Fund were to support general operations and administrative services.
- G. Transfers to the Non-Major Enterprise Funds were to support general operations and administrative services.
- H. Transfers to Internal Service Funds from the General Fund to cover operating costs such as information systems, employee benefits, and fleet maintenance costs.
- I. Transfers to Redevelopment Debt Stabilization Fund to cover uncertain debt service coverage expenditures by Redevelopment Debt Service Funds.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 5-INTERFUND TRANSACTIONS (Continued)

C. Interfund Transfers, Continued

| FROM FUND: | TO FUND: | AMOUNT | |
|--|--|----------------------|---|
| GOVERNMENTAL FUNDS: | | | |
| Redevelopment Special Revenue Fund | | \$ 3,000,000 | |
| Non-Major Governmental Funds | | 1,997,700 | |
| Water Utility | | 440,889 | |
| Sewer Utility | | 454,488 | |
| Marina | | 55,500 | |
| Non-Major Enterprise Funds | | 417,097 | |
| Internal Service Funds | | 580,000 | |
| | To General Fund | 6,945,674 | A |
| Redevelopment Debt Service Fund | | | |
| | To Low/Moderate Housing II Special Revenue Fund | 5,909,586 | B |
| General Fund | | 13,720 | |
| Redevelopment Debt Service Fund | | 5,876,391 | |
| | To Redevelopment Special Revenue Fund | 5,890,111 | C |
| Redevelopment Special Revenue Fund | | | |
| Low/Moderate Housing II Special Revenue Fund | | 1,828,300 | |
| Redevelopment Special Revenue Fund | | 23,552,603 | |
| | To Redevelopment Debt Service Fund | 25,380,903 | D |
| Redevelopment Special Revenue Fund | | 460,906 | |
| Redevelopment Debt Service Fund | | 23,461,940 | |
| Water Utility | | 4,052,927 | |
| Marina | | 58,000 | |
| Non-Major Enterprise Funds | | 1,011,929 | |
| | To Redevelopment Capital Projects Fund | 29,045,702 | E |
| Redevelopment Debt Service Fund | | | |
| | To Redevelopment Debt Stabilization Fund | 8,000,000 | I |
| General Fund | | 6,252,206 | |
| Redevelopment Debt Service Fund | | 67,060 | |
| Sewer Utility | | 57,479 | |
| Non-major Special Revenue | | 362,197 | |
| | To Non-Major Governmental Fund | 6,738,942 | J |
| TOTAL GOVERNMENTAL FUNDS | | 87,910,918 | |
| PROPRIETARY FUNDS | | | |
| General Fund | | 60,749 | |
| 2008 Water Bond Fund | | 1,378,163 | |
| | To Water Utility | 1,438,912 | F |
| General Fund | | 200,000 | |
| Economic Development | | 45,000 | |
| | To Non-Major Enterprise Funds | 245,000 | G |
| General Fund | | | |
| | To Internal Service Funds | 1,104,648 | H |
| TOTAL PROPRIETARY FUNDS | | 1,683,912 | |
| | TOTAL TRANSFERS | \$ 90,699,478 | |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 6-DEFERRED CHARGES

As of June 30, 2009, deferred charges for the Government-Wide Financial Statements consisted of the following:

| | Balance July 1, 2008 | Additions | Deletions | Balance June 30, 2009 |
|---------------------------------|-------------------------|------------|--------------|--------------------------|
| Governmental Activities: | | | | |
| Bond issuance costs | \$ 5,562,357 | \$ 585,446 | \$ (352,803) | \$ 5,795,000 |

The amortization expense was \$352,803 for the year ended June 30, 2009.

NOTE 7-CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2009, the City's capital assets consisted of the following:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|-----------------------|
| Non-depreciable assets: | | | |
| Land | \$ 55,123,946 | \$ 325,000 | \$ 55,448,946 |
| Construction in progress | 82,922,490 | 18,194,660 | 101,117,150 |
| Total non-depreciable assets | 138,046,436 | 18,519,660 | 156,566,096 |
| Depreciable assets: | | | |
| Buildings and improvements | 55,630,843 | 22,759,531 | 78,390,374 |
| Machinery and equipment | 9,848,402 | 2,506,957 | 12,355,359 |
| Infrastructure | 224,865,851 | 115,532,004 | 340,397,855 |
| | 290,345,096 | 140,798,492 | 431,143,588 |
| Less accumulated depreciation: | | | |
| Buildings and improvements | 15,003,920 | 6,767,372 | 21,771,292 |
| Machinery and equipment | 5,216,869 | 1,487,405 | 6,704,274 |
| Infrastructure | 91,931,749 | 30,538,717 | 122,470,466 |
| Total accumulated depreciation | 112,152,538 | 38,793,494 | 150,946,032 |
| Total depreciable assets | 178,192,558 | 102,004,998 | 280,197,556 |
| Total capital assets | \$ 316,238,994 | \$ 120,524,658 | \$ 436,763,652 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 7-CAPITAL ASSETS (Continued)

A. Government-Wide Financial Statements, Continued

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

| | Balance July 1, 2008 | Additions | Deletions | Reclassifications | Transfers to/from Business-Type | Prior Period Adjustments | Balance June 30, 2009 |
|--------------------------------|-------------------------|----------------------|-----------------------|-------------------|---------------------------------------|-----------------------------|--------------------------|
| Non-depreciable assets: | | | | | | | |
| Land | \$ 54,008,636 | \$ 3,346,981 | \$ (2,158,475) | \$ - | \$ (269,181) | \$ 195,985 | \$ 55,123,946 |
| Construction in progress | 93,753,073 | 23,609,648 | (1,246,950) | (20,029,090) | (15,505,518) | 2,341,327 | 82,922,490 |
| Total non-depreciable assets | 147,761,709 | 26,956,629 | (3,405,425) | (20,029,090) | (15,774,699) | 2,537,312 | 138,046,436 |
| Depreciable assets: | | | | | | | |
| Building and improvements | 51,680,756 | 66,231 | (725,137) | 6,554,604 | (1,945,633) | 22 | 55,630,843 |
| Machinery and equipment | 9,383,403 | 420,519 | (430,142) | 420,012 | 110,742 | (56,132) | 9,848,402 |
| Infrastructure | 214,291,750 | - | (1,947,992) | 13,054,474 | - | (532,381) | 224,865,851 |
| Total depreciable assets | 275,355,909 | 486,750 | (3,103,271) | 20,029,090 | (1,834,891) | (588,491) | 290,345,096 |
| Less accumulated depreciation: | | | | | | | |
| Building and improvements | (14,247,857) | (1,383,228) | 550,401 | - | 276,852 | (200,088) | (15,003,920) |
| Machinery and equipment | (4,978,124) | (1,027,456) | 553,736 | - | - | 234,975 | (5,216,869) |
| Infrastructure | (88,181,803) | (5,846,229) | 1,935,029 | - | - | 161,254 | (91,931,749) |
| Total accumulated depreciation | (107,407,784) | (8,256,913) | 3,039,166 | - | 276,852 | 196,141 | (112,152,538) |
| Total depreciable assets, net | 167,948,125 | (7,770,163) | (64,105) | 20,029,090 | (1,558,039) | (392,350) | 178,192,558 |
| Total capital assets | \$ 315,709,834 | \$ 19,186,466 | \$ (3,469,530) | \$ - | \$ (17,332,738) | \$ 2,144,962 | \$ 316,238,994 |

Governmental activities depreciation expense for capital assets for the year ended June 30, 2009 is as follows:

| | |
|------------------------------------|---------------------|
| General government | \$ 990,830 |
| City Manager and City Clerk | 33,999 |
| Human Resources | 3,508 |
| Finance and services | 70,756 |
| Community development and services | 83,115 |
| Public Safety | 185,590 |
| Public Works | 6,889,115 |
| Total depreciation expense | \$ 8,256,913 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 7-CAPITAL ASSETS (Continued)

A. Government-Wide Financial Statements, Continued

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

| | Balance July 1, 2008 | Additions | Deletions | Reclassification | Transfers to/from Governmental | Prior Period Adjustments | Balance June 30, 2009 |
|---------------------------------------|-------------------------|---------------------|-------------------|------------------|--------------------------------------|-----------------------------|--------------------------|
| Non-depreciable assets: | | | | | | | |
| Land | \$ 325,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 325,000 |
| Construction in progress | 7,267,203 | 4,496,495 | - | (5,383,766) | 4,041,620 | 7,773,108 | 18,194,660 |
| Total non-depreciable assets | 7,592,203 | 4,496,495 | - | (5,383,766) | 4,041,620 | 7,773,108 | 18,519,660 |
| Depreciable assets: | | | | | | | |
| Building and improvements | 19,931,625 | - | - | 581,231 | 2,246,675 | - | 22,759,531 |
| Machinery and equipment | 2,177,898 | 344,762 | (15,703) | - | - | - | 2,506,957 |
| Infrastructure | 99,438,493 | - | (30,319) | 4,802,535 | 11,321,295 | - | 115,532,004 |
| Total depreciable assets | 121,548,016 | 344,762 | (46,022) | 5,383,766 | 13,567,970 | - | 140,798,492 |
| Less accumulated depreciation: | | | | | | | |
| Building and improvements | (5,925,761) | (564,759) | - | - | (276,852) | - | (6,767,372) |
| Machinery and equipment | (1,391,694) | (111,414) | 15,703 | - | - | - | (1,487,405) |
| Infrastructure | (28,982,059) | (1,581,435) | 24,777 | - | - | - | (30,538,717) |
| Total accumulated depreciation | (36,299,514) | (2,257,608) | 40,480 | - | (276,852) | - | (38,793,494) |
| Total depreciable assets, net | 85,248,502 | (1,912,846) | (5,542) | 5,383,766 | 13,291,118 | - | 102,004,998 |
| Total capital assets | \$ 92,840,705 | \$ 2,583,649 | \$ (5,542) | \$ - | \$ 17,332,738 | \$ 7,773,108 | \$ 120,524,658 |

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2009 are as follows:

| | |
|-----------------------------------|---------------------|
| Water Utility | \$ 853,172 |
| Sewer Utility | 462,186 |
| Marina | 489,342 |
| Golf Course | 127,867 |
| Island Energy | 324,466 |
| Pittsburg Power | 575 |
| Total depreciation expense | \$ 2,257,608 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 7-CAPITAL ASSETS (Continued)

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present General Government Capital Assets. Consequently, capital assets are shown as a reconciling item 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 8-LONG TERM DEBT

The following is a summary of long-term debt transactions of the governmental activities for the year ended June 30, 2009:

| Description | Original Issue Amount | Beginning Balance July 1, 2008 | Additions | Retirements | Ending Balance June 30, 2009 | Amounts Due Within One Year |
|---|--------------------------|--------------------------------------|----------------------|------------------------|---------------------------------|-----------------------------------|
| Tax Allocation Bonds | | | | | | |
| 1999 RDA Bonds | \$ 30,106,357 | \$ 29,736,357 | \$ - | \$ (65,000) | \$ 29,671,357 | \$ 580,000 |
| 2002A RDA Refunding Bonds | 59,970,000 | 34,780,000 | - | (4,675,000) | 30,105,000 | 3,690,000 |
| 2003A RDA Bonds | 88,375,000 | 86,140,000 | - | (6,060,000) | 80,080,000 | 1,020,000 |
| 2004A RDA Housing Set Aside Bonds | 18,270,000 | 17,425,000 | - | (305,000) | 17,120,000 | 315,000 |
| 2004B RDA Subordinated Refunding Bonds | 10,720,000 | 10,720,000 | - | (1,990,000) | 8,730,000 | 2,065,000 |
| 2004A RDA Subordinated Bonds | 117,615,000 | 117,615,000 | - | - | 117,615,000 | - |
| 2006A RDA Housing Set Aside Bonds | 11,020,000 | 10,660,000 | - | (165,000) | 10,495,000 | 170,000 |
| 2006A RDA Subordinated Bonds | 75,300,000 | 75,300,000 | - | (75,300,000) | - | - |
| 2006B RDA Subordinated Bonds | 36,840,000 | 36,840,000 | - | - | 36,840,000 | - |
| 2006C RDA Subordinated Refunding Bonds | 46,660,000 | 45,975,000 | - | (140,000) | 45,835,000 | 145,000 |
| 2008A RDA Subordinated Refunding Bonds | 61,660,856 | | 61,660,856 | | 61,660,856 | - |
| Total Tax Allocation Bonds | | 465,191,357 | 61,660,856 | (88,700,000) | 438,152,213 | 7,985,000 |
| 2006 Pension Obligation Bonds | 39,566,056 | 39,441,056 | - | (175,000) | 39,266,056 | 175,000 |
| 2006 CCCERA Pension Obligation Note | 2,505,433 | 2,411,713 | - | (101,030) | 2,310,683 | 101,030 |
| Unamortized Premium | | 5,305,079 | - | (442,090) | 4,862,989 | 442,090 |
| Deferred amount on refunding on 2006C RDA | | (4,034,469) | - | 149,425 | (3,885,044) | (149,425) |
| Total Governmental Activities | | \$ 508,314,736 | \$ 61,660,856 | \$ (89,268,695) | \$ 480,706,897 | \$ 8,553,695 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

1999 Redevelopment Agency Tax Allocation Bonds

1999 Redevelopment Agency Tax Allocation Bonds (1999 RDA Bonds) outstanding at June 30, 2009 amounted to \$29,671,357. The bonds bear interest at 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. The proceeds of the bonds were used to provide money for certain public capital improvements located within the Agency's Project Area, to fund a reserve account, and to pay cost of issuance incurred in connection with the issuance. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 20% from these revenues. The total principal and interest remaining to be paid on the bonds is \$108,300,961. For the current year, principal and interest paid and RDA property tax increment revenues were \$585,653 and \$42,742,386 respectively.

The annual debt service requirements to mature the 1999 RDA Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|-----------------------|
| 2010 | \$ 580,000 | \$ 504,383 | \$ 1,084,383 |
| 2011 | 600,000 | 474,438 | 1,074,438 |
| 2012 | 630,000 | 442,600 | 1,072,600 |
| 2013 | 660,000 | 408,243 | 1,068,243 |
| 2014-2018 | 5,190,000 | 1,354,060 | 6,544,060 |
| 2019-2023 | 8,270,883 | 20,930,584 | 29,201,467 |
| 2024-2028 | 9,262,073 | 35,338,781 | 44,600,854 |
| 2029-2031 | 4,478,401 | 19,176,516 | 23,654,917 |
| Total | <u>\$ 29,671,357</u> | <u>\$ 78,629,604</u> | <u>\$ 108,300,961</u> |

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, 2009 amounted to \$30,105,000. The 2002A 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 2002A RDA Bonds mature annually from 2002 to 2015 on August 1 in amounts ranging from \$3,690,000 to \$4,980,000. Proceeds from the 2002A 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. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 14% from these revenues. The total principal and interest remaining to be paid on the bonds is \$35,907,769. For the current year, principal and interest paid and RDA property tax increment revenues were \$6,325,781 and \$42,742,386, respectively.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2002 Series A Redevelopment Agency Tax Allocation Refunding Bonds, Continued

The annual debt service requirements to mature the 2002 RDA Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2010 | \$ 3,690,000 | \$ 1,459,188 | \$ 5,149,188 |
| 2011 | 3,875,000 | 1,270,063 | 5,145,063 |
| 2012 | 4,065,000 | 1,071,563 | 5,136,563 |
| 2013 | 4,270,000 | 857,850 | 5,127,850 |
| 2014-2016 | 14,205,000 | 1,144,106 | 15,349,106 |
| Total | <u>\$ 30,105,000</u> | <u>\$ 5,802,769</u> | <u>\$ 35,907,769</u> |

2003 Series A Redevelopment Agency Tax Allocation Bonds

2003 Series A Redevelopment Agency Tax Allocation Bonds (2003A RDA Bonds) outstanding at June 30, 2009 amounted to \$80,080,000. 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 the 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. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 24% from these revenues. The total principal and interest remaining to be paid on the bonds is \$122,225,462. For the current year, principal and interest paid and RDA property tax increment revenues were \$5,860,888 and \$42,742,386, respectively. The issuance of Redevelopment Agency 2008A Subordinate Tax Allocation Refunding Bonds paid a partial early payment of \$4,365,000 to principal.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2003 Series A Redevelopment Agency Tax Allocation Bonds, Continued

The annual debt service requirements to mature the 2003A RDA Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|-----------------------|
| 2010 | \$ 1,020,000 | \$ 4,096,500 | \$ 5,116,500 |
| 2011 | 1,065,000 | 3,985,425 | 5,050,425 |
| 2012 | 1,120,000 | 3,856,425 | 4,976,425 |
| 2013 | 2,780,000 | 3,720,800 | 6,500,800 |
| 2014-2018 | 25,570,000 | 15,854,500 | 41,424,500 |
| 2019-2023 | 30,270,000 | 7,544,906 | 37,814,906 |
| 2024-2028 | 12,870,000 | 2,828,150 | 15,698,150 |
| 2029-2030 | 5,385,000 | 258,756 | 5,643,756 |
| Total | <u>\$ 80,080,000</u> | <u>\$ 42,145,462</u> | <u>\$ 122,225,462</u> |

2004 Series A Housing Set Aside Redevelopment Agency Tax Allocation Bonds

2004 Series A Housing Set Aside Tax Allocation Bonds Series (2004 A RDA bonds) outstanding at June 30, 2009 amounted to \$17,120,000. The Bonds bear interest rates from 3.750%-5.620% with interest payments made semi-annually on February 1 and August 1 each year commencing August 1, 2005 through August 1, 2035. The Bonds were issued to fund the low and moderate income housing within the Agency's Los Medanos Community Development Project Area, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2004A bonds. Annual principal and interest payments secured by the mandated 20% set-aside of RDA property tax increment revenues in the Los Medanos II and III Areas are expected to require less than 37% from these revenues. The total principal and interest remaining to be paid on the bonds is \$32,499,329. For the current year, principal and interest paid and RDA set-aside property tax increment revenues were \$1,234,571 and \$3,171,122, respectively.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2004 Series A Housing Set Aside Redevelopment Agency Tax Allocation Bonds, Continued

The annual debt service requirements to mature the 2004A RDA Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2010 | \$ 315,000 | \$ 916,923 | \$ 1,231,923 |
| 2011 | 330,000 | 902,733 | 1,232,733 |
| 2012 | 345,000 | 887,883 | 1,232,883 |
| 2013 | 360,000 | 871,509 | 1,231,509 |
| 2014-2018 | 2,090,000 | 4,063,442 | 6,153,442 |
| 2019-2023 | 2,695,000 | 3,437,770 | 6,132,770 |
| 2024-2028 | 3,515,000 | 2,599,428 | 6,114,428 |
| 2029-2033 | 4,595,000 | 1,481,163 | 6,076,163 |
| 2034-2036 | 2,875,000 | 218,478 | 3,093,478 |
| Total | <u>\$ 17,120,000</u> | <u>\$ 15,379,329</u> | <u>\$ 32,499,329</u> |

2004 Series B Redevelopment Agency Subordinate Tax Allocation Refunding Bonds

2004 Series B Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (2004B RDA Bonds) outstanding at June 30, 2009 amounted to \$8,730,000. The Bonds bear interest rates from 3.810%-4.430% with interest payments made semiannually on March 1 and September 1 each year commencing March 1, 2005 through September 1 2011. The bonds are to be paid from Redevelopment Agency tax revenues. Proceeds from the 2004B RDA bonds were used to refund, on an advance basis, a portion of the Agency's outstanding Series 1996 Subordinate Tax Allocation bonds (\$20,000,000), to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2004B bonds. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 8% from these revenues. The total principal and interest remaining to be paid on the bonds is \$9,356,077. For the current year, principal and interest paid and RDA property tax increment revenues were \$2,400,901 and \$42,742,386, respectively.

The annual debt service requirements to mature the 2004B STARB Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2010 | \$ 2,065,000 | \$ 330,866 | \$ 2,395,866 |
| 2011 | 3,260,000 | 219,791 | 3,479,791 |
| 2012 | 3,405,000 | 75,421 | 3,480,421 |
| Total | <u>\$ 8,730,000</u> | <u>\$ 626,077</u> | <u>\$ 9,356,077</u> |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds

2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds outstanding at June 30, 2009 amounted to \$117,615,000. The bonds are repayable from Redevelopment Agency tax revenues. Principal payments are due annually on September 1, commencing in 2012. Proceeds from the 2004A Bonds were to be used to fund redevelopment activities of benefit to the Agency's Los Medanos Redevelopment Project, to refund, on an advance basis, a portion of the Agency's outstanding Series 1996 Subordinate Tax Allocation bonds (\$20,000,000), to fund capitalized interest on a portion of the 2004 A Bonds through September 2007, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the 2004A Bonds. A portion of the proceeds from the 2004A Bonds was placed in an irrevocable trust to provide for all future debt service payments on the defeased 1996 Bonds. As of June 30, 2008, \$20,000,000 of principal remained outstanding on the defeased 1996 bonds. Annual principal and interest payments secured by the RDA property tax increment revenues are expected to require less than 19% from these revenues. The total principal and interest remaining to be paid on the bonds is \$179,950,656. For the current year, total interest paid and RDA property tax increment revenues were \$4,174,156 and \$42,742,386, respectively.

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 City entered into a pay-fixed, receivable-variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed in Interest Rate Swap Agreements section.

The annual debt service requirements to mature the 2004A STAB Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-----------------------|----------------------|-----------------------|
| 2010 | \$ - | \$ 4,174,156 | \$ 4,174,156 |
| 2011 | - | 4,174,156 | 4,174,156 |
| 2012 | - | 4,174,156 | 4,174,156 |
| 2013 | 3,890,000 | 4,070,614 | 7,960,614 |
| 2014-2018 | 21,685,000 | 18,120,351 | 39,805,351 |
| 2019-2023 | 25,360,000 | 13,889,899 | 39,249,899 |
| 2024-2028 | 26,805,000 | 9,164,982 | 35,969,982 |
| 2029-2033 | 28,515,000 | 4,126,910 | 32,641,910 |
| 2034-2036 | 11,360,000 | 440,431 | 11,800,431 |
| Total | <u>\$ 117,615,000</u> | <u>\$ 62,335,656</u> | <u>\$ 179,950,656</u> |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2006 Series A Housing Set Aside Redevelopment Agency Tax Allocation Bonds

2006 Series A Housing Set Aside Tax Allocation Bonds (2006A HSA RDA Bonds) outstanding at June 30, 2009 amounted to \$10,495,000. On November 30, 2006, the Agency issued \$11,020,000 of Series 2006A Bonds bearing interest at 5.12-5.31% to fund low and moderate income housing of benefit to the Agency's Los Medanos Redevelopment Project, to fund a reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2006A bonds. The bonds with interest payments made semi-annually on February 1 and August 1 each year commencing August 1, 2007 through August 1, 2036. Annual principal and interest payments on the bonds are expected to require less than 22% from these revenues. The total principal and interest remaining to be paid on the bonds is \$20,211,030. For the current year, principal and interest paid and RDA set-aside property tax increment revenues were \$722,354 and \$3,171,122, respectively.

The annual debt service requirements to mature the Series 2006A Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|---------------------|----------------------|
| 2010 | \$ 170,000 | \$ 548,786 | \$ 718,786 |
| 2011 | 180,000 | 539,835 | 719,835 |
| 2012 | 190,000 | 530,372 | 720,372 |
| 2013 | 200,000 | 520,398 | 720,398 |
| 2014-2018 | 1,150,000 | 2,435,368 | 3,585,368 |
| 2019-2023 | 1,480,000 | 2,095,810 | 3,575,810 |
| 2024-2028 | 1,910,000 | 1,649,066 | 3,559,066 |
| 2029-2033 | 2,485,000 | 1,068,175 | 3,553,175 |
| 2034-2037 | 2,730,000 | 328,220 | 3,058,220 |
| Total | <u>\$ 10,495,000</u> | <u>\$ 9,716,030</u> | <u>\$ 20,211,030</u> |

2006 Series A Redevelopment Agency Subordinate Tax Allocation Bonds

2006 Series A Redevelopment Agency Subordinate Tax Allocation Bonds (2006A STAB Bonds) was refunded by the issuance of the 2008 Series A Redevelopment Agency Subordinate Tax Allocation Bonds in fiscal year 2008-09. On December 7, 2006, the Agency issued \$75,300,000 of Series 2006A Bonds bearing auction rate bond interest rate to finance certain public capital improvements within the Los Medanos Community Development Project, to fund capitalized interest on the 2006A Bonds through September 1, 2009, to make a deposit to a debt service reserve account, and to pay costs of issuance incurred in connection with the issuance, sale and delivery of the 2006A Bonds. The bonds with interest payments made semi-annually on March 1 and September 1 each year commencing September 1, 2007 through September 1, 2036, are to be repaid from certain tax revenues and other funds as provided in certain resolutions of the Agency.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2006 Series A Redevelopment Agency Subordinate Tax Allocation Bonds, Continued

The 2006A Bonds were issued as auction 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 2006A 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 in the Interest Rate Swap Agreements section.

2006 Series B Redevelopment Agency Subordinate Tax Allocation Bonds

2006 Series B Redevelopment Agency Subordinate Tax Allocation Bonds (2006B STAB Bonds) outstanding at June 30, 2009 amounted to \$36,840,000. On November 29, 2006, the Agency issued \$36,840,000 of Series 2006B Bonds bearing interest at 5.12-5.22% to finance certain public capital improvements within the Los Medanos Community Development Project, to fund capitalized interest on the 2006B Bonds through September 1, 2009, to make a deposit to a debt service reserve account, and to pay costs of issuance incurred in connection with the issuance, sale and delivery of the 2006B Bonds. The bonds with interest payments made semi-annually on March 1 and September 1 each year commencing March 1, 2007 through September 1, 2020, are secured by the RDA property tax increment revenues. Annual principal and interest payments are expected to require less than 11% from these revenues. The total principal and interest remaining to be paid on the bonds is \$51,713,523. For the current year, total interest paid and RDA property tax increment revenues were \$1,902,796 and \$42,742,386 respectively.

The annual debt service requirements to mature the Series 2006B Bonds outstanding at June 30, 2009 were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2010 | \$ - | \$ 1,902,796 | \$ 1,902,796 |
| 2011 | - | 1,902,796 | 1,902,796 |
| 2012 | 1,280,000 | 1,870,060 | 3,150,060 |
| 2013 | 2,130,000 | 1,782,849 | 3,912,849 |
| 2014-2018 | 19,250,000 | 6,278,152 | 25,528,152 |
| 2019-2021 | 14,180,000 | 1,136,870 | 15,316,870 |
| Total | <u>\$ 36,840,000</u> | <u>\$ 14,873,523</u> | <u>\$ 51,713,523</u> |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2006 Series C Redevelopment Agency Subordinate Tax Allocation Refunding Bonds

2006 Series C Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (2006C STAB Bonds) outstanding at June 30, 2009 amounted to \$45,835,000. On November 29, 2006, the Agency issued \$46,660,000 of Series 2006C Bonds bearing interest at 3.50-4.50% to refund, on an advance basis, the Agency's outstanding Los Medanos Community Development Project Tax Allocation Bonds, Series 1993B, to make a deposit to a debt service reserve account, and to pay costs of issuance incurred in connection with issuance, sale and delivery of the Series 2006C bonds. The bonds with interest payments made semi-annually on March 1 and September 1 each year commencing March 1, 2007 through September 1, 2034, are secured by the RDA property tax increment revenues. Annual principal and interest payments are expected to require less than 25% from these revenues. The total principal and interest remaining to be paid on the bonds is \$91,341,966. For the current year, total interest paid and RDA property tax increment revenues were \$2,121,658 and \$42,742,386, respectively.

Net proceeds of \$44,179,521 from the 2006C bonds were deposited in an irrevocable escrow fund to be held by an escrow agent to provide for all future debt service payments on the defeased 1993B Bonds. The refunding of the 1993B Bonds resulted in a \$4,383,362 decrease of future aggregate debt service and an economic gain of \$3,675,212. The 1993B bonds are considered to be defeased and the liabilities for those bonds have been removed. As of June 30, 2009 \$39,885,000 of principal remained outstanding on the defeased 1993B bonds.

The annual debt service requirements to mature the Series 2006C Bonds outstanding at June 30, 2009 were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---------------------------------|-----------------------|----------------------|----------------------|
| 2010 | \$ 145,000 | \$ 1,975,958 | \$ 2,120,958 |
| 2011 | - | 1,973,058 | 1,973,058 |
| 2012 | 150,000 | 1,969,683 | 2,119,683 |
| 2013 | 155,000 | 1,963,208 | 2,118,208 |
| 2014-2018 | 875,000 | 9,715,631 | 10,590,631 |
| 2019-2023 | 1,060,000 | 9,524,786 | 10,584,786 |
| 2024-2028 | 1,300,000 | 9,285,179 | 10,585,179 |
| 2029-2033 | 20,660,000 | 8,157,188 | 28,817,188 |
| 2034-2035 | 21,490,000 | 942,275 | 22,432,275 |
| Total | <u>\$ 45,835,000</u> | <u>\$ 45,506,966</u> | <u>\$ 91,341,966</u> |
| Deferred amount on refunding | <u>\$ (3,885,044)</u> | | |
| Total | <u>\$ 41,949,956</u> | | |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2008 Series A Redevelopment Agency Subordinate Tax Allocation Refunding Bonds

2008 Series A Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (2008A STAB Bonds) outstanding at June 30, 2009 amounted to \$61,660,856. On November 2008, the Agency issued \$61,660,856 of Series 2008A Refunding Bonds bearing interest at 4.375-6.125% to refund, on an advance basis, the Agency's outstanding Los Medanos Community Development Project Subordinated Tax Allocation Bonds, Series 2006A, to make a deposit to a debt service reserve account for the early principal retirement of \$4,365,000 of the Los Medanos Community Development Project Tax Allocation Bonds, Series 2003A. The bonds with interest payments made semi-annually on March 1 and September 1 each year commencing March 1, 2009 through September 1, 2029 are secured by the RDA property tax increment revenues. Annual principal and interest payments are expected to require less than 10% from these revenues. The 2008A Bonds are also subject to optional redemption and to mandatory sinking account redemption prior to maturity. The total principal and interest remaining to be paid on the bonds is \$125,929,728. For the current year, total interest paid and RDA property tax increment revenues were \$1,123,018 and \$42,742,386, respectively.

The annual debt service requirements to mature the Series 2008A Bonds outstanding at June 30, 2009 were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|-----------------------|
| 2010 | \$ - | \$ 3,963,594 | \$ 3,963,594 |
| 2011 | - | 3,963,594 | 3,963,594 |
| 2012 | - | 3,963,594 | 3,963,594 |
| 2013 | 1,150,000 | 3,938,438 | 5,088,438 |
| 2014-2018 | 210,000 | 19,551,319 | 19,761,319 |
| 2019-2023 | 12,400,000 | 18,656,566 | 31,056,566 |
| 2024-2028 | 40,660,000 | 9,159,800 | 49,819,800 |
| 2029-2030 | 7,240,856 | 1,071,969 | 8,312,825 |
| Total | <u>\$ 61,660,856</u> | <u>\$ 64,268,872</u> | <u>\$ 125,929,728</u> |

The purpose of this reissuance was to restructure the City's Series 2006A Auction Rate Securities due to the failure of the market for auction rate securities. It is therefore not possible to quantify the gain or loss associated with this reissuance.

Series 2006 Pension Obligation Bonds

On June 15, 2006, the City issued \$39,566,056 of Series 2006 Taxable Pension Obligations Bonds bearing interest at 5.784-6.115% to prepay the City's unfunded accrued actuarial liability of the Miscellaneous and Safety plans through the California Public Employees' Retirement System. The City also prepaid the unfunded liability owed to Contra Costa County Employees Retirement Association (CCCERA) which amounted to \$12,700,000 as of June 30, 2006. The Bonds are issued as current interest bonds and capital interest bonds where the current interest is payable annually on July 1, and the capital appreciation bonds will accrete interest from the date of issuance and will be payable only upon maturity or redemption. The bonds are payable from any form of taxation. Annual principal and interest payments on the bonds are expected to require less than 3% percent of city-wide revenues. The total principal and interest remaining to be paid on the bonds is \$91,508,008. For the current year, principal and interest paid were \$1,782,287 and city-wide revenues were \$106,728,502.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

Series 2006 Pension Obligation Bonds, Continued

The annual debt service requirements to mature the Series 2006 Pension Obligation Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2010 | \$ 240,000 | \$ 1,597,165 | \$ 1,837,165 |
| 2011 | 300,000 | 1,583,283 | 1,883,283 |
| 2012 | 375,000 | 1,565,931 | 1,940,931 |
| 2013 | 450,000 | 1,544,241 | 1,994,241 |
| 2014-2018 | 5,623,496 | 10,490,050 | 16,113,546 |
| 2019-2023 | 6,625,618 | 12,278,938 | 18,904,556 |
| 2024-2028 | 6,514,513 | 13,116,603 | 19,631,116 |
| 2029-2033 | 11,177,429 | 9,351,638 | 20,529,067 |
| 2034-2035 | 7,960,000 | 714,103 | 8,674,103 |
| Total | \$ 39,266,056 | \$ 52,241,952 | \$ 91,508,008 |

2006 CCCERA Pension Obligation Note

An additional unfunded accrued pension liability with Contra Costa County Employees' Retirement Association (CCCERA) as of December 31, 2008 was \$2,310,683. The City has selected to amortize its payment over 15 years with an interest rate of 7.8% per annum, resulting in 15 annual payment of \$289,144. The next triennial experience update is scheduled for December 31, 2009. The note is payable from any form of revenues. Annual principal and interest payments on the note are expected to require less than 1% percent of city-wide revenues. The total principal and interest remaining to be paid on the note is \$3,758,870. For the current year, principal and interest paid were \$289,144 and net revenues were \$106,728,502.

The annual debt service requirements to mature the 2006 CCCERA Pension Obligation note outstanding at June 30, 2009 were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|---------------------|---------------------|
| 2010 | \$ 108,911 | \$ 180,233 | \$ 289,144 |
| 2011 | 117,406 | 171,738 | 289,144 |
| 2012 | 126,563 | 162,581 | 289,144 |
| 2013 | 136,435 | 152,709 | 289,144 |
| 2014-2018 | 859,409 | 586,311 | 1,445,720 |
| 2019-2022 | 961,959 | 194,615 | 1,156,574 |
| Total | \$ 2,310,683 | \$ 1,448,187 | \$ 3,758,870 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

Interest Rate Swap Agreements

The 2004 Series A Redevelopment Agency Subordinate Tax Allocation Bonds, the 2005 City of Pittsburgh Water Revenue Bonds and the 2006 Series A Redevelopment Agency Subordinate Tax Allocation Bonds were issued as variable rate bonds, with interest calculated daily. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds, the Agency and the City entered into a pay-fixed, receive-variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed below.

Terms. The terms, including the counterparty credit ratings of the outstanding swap, as of June 30, 2009 are included below. The Agency's and City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to follow scheduled reductions in the associated bonds.

| Associated Bonds | 2004A RDA Tax Allocation Bonds | 2008 Water Revenue Bonds |
|--|--|--|
| City Pays | 3.5490% | 3.6150% |
| City Receives | 63% of 1-month USD-LIBOR +0.35% | 63% of 1-month USD-LIBOR +0.30% |
| Maturity Date | 9/1/2035 | 5/25/2035 |
| Initial Notional | \$117,615,000 | \$38,850,000 |
| Bank Counterparty | Piper Jaffray Financial Products Inc. with a Guarantee from Morgan Stanley Capital Services | Piper Jaffray Financial Products Inc. with a Guarantee from Morgan Stanley Capital Services |
| Credit Ratings by Moody's/Fitch/S&P | A2/A/A | A2/A/A |
| Total Value | (\$10,157,118.02) | (\$3,151,451.19) |

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

On December 15, 2005, the City elected to enter into a 63% of 1-month LIBOR plus 30 basis points (0.30%) floating-to-fixed interest rate swap to hedge the issuance of \$38,850,000 of variable-rate Series 2005 Water Bonds. The combination of variable rate bonds and a floating-to-fixed swap creates synthetic fixed-rate debt for the City. The transaction allowed the City to create a synthetic fixed rate on the Bonds, protecting the City against increases in short-term interest rates.

On November 10, 2006, the Agency elected to enter into a 63% of 1-month LIBOR plus 30 basis points (0.30%) floating-to-fixed interest rate swap to hedge the issuance of \$73,300,000 of variable-rate Series A 2006 Variable Rate 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.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

Interest Rate Swap Agreements, Continued

Fair value. The Agency's swap had a negative fair value as of June 30, 2009 of \$10,157,118 for 2004A, while the City's swap had a negative fair value of \$3,151,451 for 2008 Water Revenue Bonds. 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, 2008, the Agency and City were not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, if interest rates rise and the fair value of the swap were to become positive, the Agency and City would be exposed to credit risk in the amount of the fair value on the swap. 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 A2/A/A by Moody's, Standard & Poor's and Fitch, respectively. The Agency and City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated at a time when the swap has a positive fair value.

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

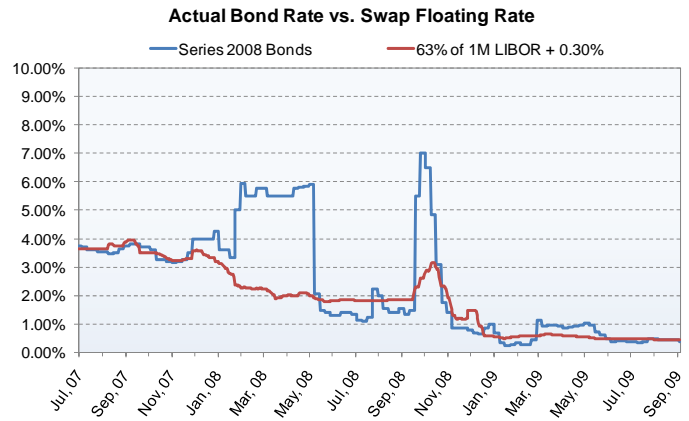
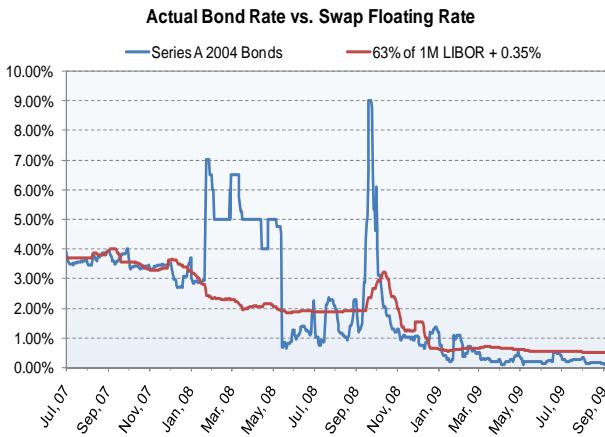
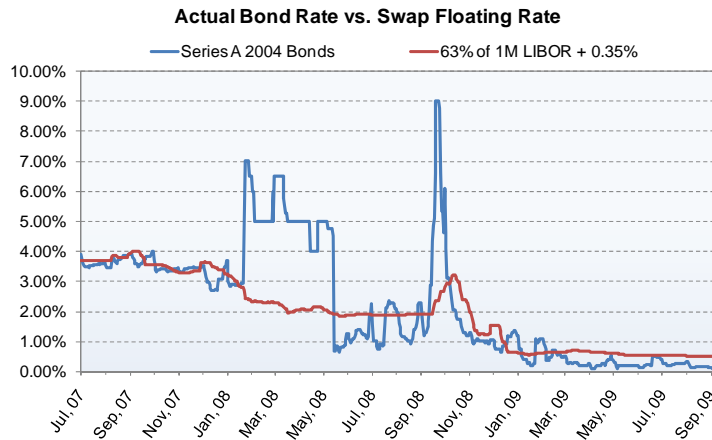
Basis risk. Basis risk is the risk that the interest rate paid by the Agency and City on underlying variable rate bonds to bondholders temporarily differs from the variable swap rate received from the applicable counterparty. The Agency and City bear basis risk on its swap. The Swap has basis risk since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

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

Interest Rate Swap Agreements, Continued

The financial credit crisis triggered by the sub-prime mortgage crisis, which began in 2007, resulted in a lack of liquidity for the Agency's Series A 2004 and City's 2008 Water Revenue Bonds leading to rate dislocation and unanticipated increase in interest rate expense. The graph is a comparison of the actual variable bond rates and the daily percentage of LIBOR rates. Prior to December of 2007, the basis difference is relatively small; the basis difference increased drastically since December of 2007.



City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

Interest Rate Swap Agreements, Continued

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

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

Capital Lease for Governmental Activities

On February 14, 2007, the City entered into a five year tax-exempt lease agreement for a total principal cost of \$956,492 with Key Government Finance, Inc. for acquisition of a telephone voice over internet protocol (VOIP) system from CISCO Systems, Inc. and a maintenance agreement with AMS.NET to replace an aging and outdated City telephone system. The Citywide VOIP system and the maintenance service were valued at \$666,292 and \$290,201, respectively upon agreement execution.

Interest on the outstanding principal is 4.425%; monthly payments of principal and interest are made every month commencing March 30, 2007 through March 30, 2012. The outstanding balance at June 30, 2009 was \$560,067.

The annual debt service requirements to mature the Capital Lease outstanding at June 30, 2009 were as follows:

| Year Ending June 30, | Principal | Maintenance Fee | Total | Interest |
|-------------------------|-------------------|--------------------|-------------------|------------------|
| 2010 | \$ 135,005 | \$ 58,040 | \$ 193,045 | \$ 20,544 |
| 2011 | 143,723 | 58,040 | 201,763 | 11,827 |
| 2012 | 113,750 | 51,509 | 165,259 | 2,914 |
| Total | \$ 392,478 | \$ 167,589 | \$ 560,067 | \$ 35,285 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

Capital Lease for Governmental Activities, Continued

The following is a summary of long-term debt transactions of the business-type activities for the year ended June 30, 2009:

| Description | Original Issue Amount | Beginning Balance July 1, 2008 | Additions | Retirements | Ending Balance June 30, 2009 | Amounts Due Within One Year |
|---------------------------------------|-----------------------|--------------------------------|-------------|-----------------------|------------------------------|-----------------------------|
| Revenue Bonds | | | | | | |
| 2004 Waste Water Revenue Bonds | \$ 11,950,000 | \$ 9,740,000 | \$ - | \$ (555,000) | \$ 9,185,000 | \$ 570,000 |
| 2008 Water Revenue Refunding Bonds | 38,395,000 | 37,945,000 | - | (685,000) | 37,260,000 | 835,000 |
| Total Revenue Bonds | | 47,685,000 | - | (1,240,000) | 46,445,000 | 1,405,000 |
| Total Business-Type Activities | | \$ 47,685,000 | \$ - | \$ (1,240,000) | \$ 46,445,000 | \$ 1,405,000 |

2004 Wastewater Revenue Bonds

2004 Wastewater Revenue Bonds (2004 Wastewater) outstanding at June 30, 2009 amounted to \$9,185,000. In March 2004 the City of Pittsburgh Financing Authority (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 are payable solely from Net Wastewater Revenues. Annual principal and interest payments on the bonds are expected to require less than 24% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$11,931,347. For the current year, principal and interest paid were \$912,078 and wastewater net revenues were \$3,846,151. 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, 2009, were as follows:

| June 30, | Principal | Interest | Total |
|--------------|---------------------|---------------------|----------------------|
| 2010 | \$ 570,000 | \$ 343,203 | \$ 913,203 |
| 2011 | 590,000 | 328,953 | 918,953 |
| 2012 | 605,000 | 311,253 | 916,253 |
| 2013 | 620,000 | 291,590 | 911,590 |
| 2014-2018 | 3,480,000 | 1,113,140 | 4,593,140 |
| 2019-2022 | 3,320,000 | 358,208 | 3,678,208 |
| Total | \$ 9,185,000 | \$ 2,746,347 | \$ 11,931,347 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

2008 Water Revenue Refunding Bonds

On May 8, 2008, the City issued \$38,395,000 of Series 2008 Water Revenue Refunding Bonds with multi-model interest modes, to refund, on a current basis, 2005 Water Revenue Bonds, to fund a debt service reserve account with respect to the 2008 Bonds and to pay certain costs of issuance of the 2008 Bonds. The bonds are authorized to be issued in a Weekly Interest Rate Period, a Daily Interest Rate Period, a Long-Term Interest Rate Period, an Index Interest Period or an Auction Rate Bond Interest Rate Period. A portion of the proceeds from the 2008 Bonds was placed in an irrevocable trust to provide for all future debt service payments on the defeased 2005 Bonds. As of June 30, 2009, \$37,260,000 of principal remained outstanding on the 2008 Bonds. The Bonds are payable solely from Water System revenues. Annual principal and interest payments on the bonds are expected to require less than 13% percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$58,214,709. For the current year, principal and interest paid were \$2,056,712 and Water System revenues were \$15,118,865.

In connection with the issuance of the 2005 Water Revenue Bonds, the City entered into a pay-fixed, receive-variable interest rate swap agreement for the purpose of protecting against the potential of rising interest rates associated with the 2005 Water Revenue Bonds. The 2005 Swap agreement remained with 2008 Water Revenue Refunding Bonds and the terms, fair value and credit risk are disclosed in the Interest Rate Swap Agreements section.

The annual debt service requirements to mature the 2008 Bonds outstanding at June 30, 2009, were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|----------------------|----------------------|----------------------|
| 2010 | \$ 835,000 | \$ 1,346,949 | \$ 2,181,949 |
| 2011 | 910,000 | 1,316,764 | 2,226,764 |
| 2012 | 935,000 | 1,283,867 | 2,218,867 |
| 2013 | 960,000 | 1,250,067 | 2,210,067 |
| 2014-2018 | 5,440,000 | 5,698,505 | 11,138,505 |
| 2019-2023 | 6,575,000 | 4,636,238 | 11,211,238 |
| 2024-2028 | 7,850,000 | 3,357,431 | 11,207,431 |
| 2029-2033 | 9,450,000 | 1,830,094 | 11,280,094 |
| 2034-2036 | 4,305,000 | 234,794 | 4,539,794 |
| Total | \$ 37,260,000 | \$ 20,954,709 | \$ 58,214,709 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 8-LONG-TERM DEBT (Continued)

Compensated Absences

Compensated absences at June 30, 2009 are presented as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------|----------------------------|-----------------------------|---------------------|
| Beginning Balance | \$ 2,340,671 | \$ 367,902 | \$ 2,708,573 |
| Additions | 603,414 | 174,569 | 777,983 |
| Payments | (941,169) | (208,218) | (1,149,387) |
| Ending Balance | <u>\$ 2,002,916</u> | <u>\$ 334,253</u> | <u>\$ 2,337,169</u> |
| Due within One Year | <u>\$ 591,694</u> | <u>\$ 92,250</u> | <u>\$ 683,944</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.

NOTE 9-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, 2009, was as follows:

| Description | Beginning Balance July 1, 2008 | Additions | Retirements | Ending Balance June 30, 2009 |
|------------------------------------|--------------------------------------|-------------|---------------------|---------------------------------|
| 1998 Marina Walk A.D. Bonds | \$ 1,530,000 | \$ - | \$ (40,000) | \$ 1,490,000 |
| 1998 Pittsburgh IFA Bonds | 9,725,000 | - | (435,000) | 9,290,000 |
| 2001-01 San Marco A.D. Bonds | 6,890,000 | - | (135,000) | 6,755,000 |
| 2001-02 Oak Hills South A.D. Bonds | 2,525,000 | - | (50,000) | 2,475,000 |
| 2001-03 Century Plaza Bonds | 4,100,000 | - | (85,000) | 4,015,000 |
| 2005 Vista Del Mar CFD Bonds | 11,885,000 | - | (235,000) | 11,650,000 |
| Total | <u>\$ 36,655,000</u> | <u>\$ -</u> | <u>\$ (980,000)</u> | <u>\$ 35,675,000</u> |

1998 Marina Walk Assessment District Bonds - 1998 Marina Walk Assessment District Bonds (Marina Walk Bonds) outstanding at June 30, 2009, amounted to \$1,490,000. 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.

City of Pittsburg
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 9-SPECIAL ASSESSMENT DISTRICT DEBT WITHOUT CITY COMMITMENT
(Continued)

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, 2009, amounting in total to \$9,290,000. 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, 2009, amounted to \$6,755,000. 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 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, 2009, amounted to \$2,475,000. 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 to be paid from annual assessment installments. Proceeds from the Oak Hills South Bonds were used to finance the construction and acquisition of certain public improvements within the City's assessment district No. 2001-02.

2001-03 Century Plaza Assessment District Bonds - 2001-03 Limited Obligation Improvement Assessment District Bonds (Century Plaza Bonds) outstanding at June 30, 2009, amounted to \$4,015,000. 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 to be paid from annual assessment installments. Proceeds from the Century Plaza Bonds were used to finance the construction and acquisition of certain public improvements within the City's assessment district No. 2001-03.

2005 Vista Del Mar Assessment District Bonds - In October 2005, the City of Pittsburg sponsored \$12,115,000 of 2005 Community Facilities District Bonds (Vista Del Mar). The Vista Del Mar Bonds bear interest rates between 3.00% and 5.00% with interest payments made annual on September 1. The Vista Del Mar Bonds are to be paid from special taxes which are levied by the City on taxable real property within the boundaries of the District. Proceeds from the Vista Del Mar Bonds will be used to finance certain public infrastructure improvements within the City's Community Facilities District No. 2005-2. The outstanding balance at June 30, 2009 amounted to \$11,650,000.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 10-FUND EQUITY

A. Fund Reserves and Designations

In the Governmental Funds, fund balances at June 30, 2009, have been reserved or designated for the following purposes:

| | General Fund | Special Revenue | | | | | Debt Service | | Non-Major Governmental Funds |
|--|---------------------|-----------------------------------|------------------------------------|----------------------|--------------------------|------------------------|-------------------------------|----------------------|------------------------------|
| | | Low and Moderate Income Housing I | Low and Moderate Income Housing II | Redevelopment Agency | RDA Budget Stabilization | RDA Debt Stabilization | Housing Authority (Section 8) | Redevelopment Agency | |
| Fund Balances: | | | | | | | | | |
| Reserved: | | | | | | | | | |
| Supplies | \$ 20,069 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital projects | - | - | - | - | - | - | - | 62,114,655 | 14,726,648 |
| Special projects | - | - | - | - | - | - | 2,341,401 | - | 2,040,810 |
| Debt service | - | - | - | - | - | - | - | 40,216,086 | 240,000 |
| Prepaid items | 13,000 | - | - | 16,667 | - | - | - | - | 3,277 |
| Non-Current Loans | - | - | - | 433,249 | - | - | - | - | - |
| Advances | 4,868 | - | - | 8,100,000 | - | - | - | - | - |
| Unreserved, designated: | | | | | | | | | |
| Loans - CFD | 150,000 | - | - | - | - | - | - | - | - |
| Unreserved, undesignated, reported in: | | | | | | | | | |
| General fund | 6,443,499 | - | - | - | - | - | - | - | - |
| Special Revenue funds | - | (8,100,000) | 1,970,248 | 35,317,250 | 10,000,000 | 8,000,000 | - | - | 9,761,099 |
| Total fund balances | \$ 6,631,436 | (8,100,000) | 1,970,248 | 43,867,166 | 10,000,000 | 8,000,000 | 2,341,401 | 102,330,741 | \$ 26,771,834 |

B. Deficit Fund Balance/Net Assets

At June 30, 2009, 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, 2009, the Small Cities Grant has a deficit fund balance of \$82,291. The deficit will be reduced with an inter-fund loan from the Low/Moderate Housing Fund.

At June 30, 2009, the Park Maintenance CFD 2007-1 Special Revenue Fund had a deficit fund balance of \$92,208. The deficit will be reduced with future years' assessment revenues.

NOTE 11-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.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 11-RISK MANAGEMENT (Continued)

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 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:

| For the Years Ended June 30, | Claims Payable July 1 | Fiscal Year Claims and Changes in Estimates | Claims Payments | Claims Payable June 30 |
|---------------------------------|-----------------------------|--|--------------------|------------------------------|
| 2007 | \$ 192,843 | \$ 82,390 | \$ (106,890) | \$ 168,343 |
| 2008 | 168,343 | 95,645 | (8,275) | 255,713 |
| 2009 | 255,713 | 41,742 | (88,685) | 208,770 |

D. Purchased Insurance

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

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

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

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

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

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

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 11-RISK MANAGEMENT (Continued)

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 have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

NOTE 12-DEFINED BENEFIT PENSION PLAN

A. CALPERS Safety and Miscellaneous Plans

All qualified permanent and probationary employees are eligible to participate in pension plans offered by the California Public Employees' Retirement System (CALPERS).

Plan Description - The miscellaneous employees of the City are part of an agent multiple-employer defined benefit pension plan. The safety employees are part of a cost-sharing multiple-employer defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Funding Policy - The Plan's provisions and benefits in effect at June 30, 2009, are summarized as follows:

| | Miscellaneous | Safety |
|---|--------------------|--------------------|
| Benefit Vesting Schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50 | 50 |
| Monthly benefits, as % of annual salary | 1.426-2.418% | 3.00% |
| Required employee contribution rate | 7% | 9% |
| Required employer contribution rate | 9.708% | 20.444% |

The Plans are funded by contributions from both the City and its employees. However, certain labor contracts require the City to also pay employee contributions. See the Required Supplementary Information for the Schedule of Funding Progress.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 12-DEFINED BENEFIT PENSION PLAN (Continued)

A. CALPERS Safety and Miscellaneous Plans, Continued

Annual Pension Cost – For 2008-2009, the City’s annual pension cost of \$4,805,166 for CALPERS was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2004, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.25% to 14.45% for miscellaneous employees and from 3.25% to 13.15% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2004, was 30 years for miscellaneous and safety employees for prior and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

| Fiscal Year | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------|---------------------------------|-------------------------------------|---------------------------|
| 6/30/2007 | \$ 4,567,333 | 100% | \$ - |
| 6/30/2008 | 4,660,140 | 100% | - |
| 6/30/2009 | 4,805,166 | 100% | - |

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

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

City of Pittsburg
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 12-DEFINED BENEFIT PENSION PLAN (Continued)

B. Funding Status as of the Most Recent Actuarial Date

The City contributes to the California Public Employees' Retirement System (CalPERS), as an agent multiple - employer public employee defined benefit pension plan. The amounts reflected herein represent the City's portion as reported by CalPERS.

Miscellaneous Plan

| Actuarial Valuation Date* | Actuarial Asset Value | Entry Age Actuarial Accrued Liability | Unfunded (Overfunded) Actuarial Accrued Liability (B-A) | Funded Ratio (A/B) | Covered Payroll | Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E) |
|---------------------------|-----------------------|---------------------------------------|---|--------------------|-----------------|--|
| 6/30/2007 | \$ 37,534,336 | \$ 36,869,328 | \$ (665,008) | 101.8% | \$ 13,588,991 | (4.9)% |

*Latest information available.

Safety Plan

The City retirement plan for safety employees is a part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's safety employees is no longer available.

C. Contra Costa County Employees' Retirement Association

Prior to June 30, 2001, the City's retirement plan was with Contra Costa County Employees' Retirement Association (CCCERA).

Between July 1, 1973 and June 30, 2001 the City provided retirement benefits to its employee groups by contracting with the Contra Costa County Employees' Retirement Association (CCCERA). The City of Pittsburg converted to the CalPERS retirement system effective July 1, 2001 and entered into a Termination Withdrawal Agreement with CCCERA that resulted in the following consequences:

CCCERA retained the obligation to provide future benefits to the City's past retirees and vested members that had left the City's employment prior to July 1, 2001.

The City would provide CalPERS retirement benefits for its then current and future employees.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 12-DEFINED BENEFIT PENSION PLAN (Continued)

C. Contra Costa County Employees' Retirement Association, Continued

The Termination Withdrawal Agreement stated that as of June 30, 2001 the City accrued liability and allocated assets was determined at \$31,483,218. The Termination Withdrawal Agreement also stated that due to market fluctuation and the uncertainty with other actuarial assumptions the unfunded accrued liability will be recomputed every three years as CCCERA's triennial experience studies are completed. In addition CCCERA is required to annually submit to the City a cash accounting update of the City of Pittsburgh Bookkeeping Asset Account. If the ratio of the balance of the City's Bookkeeping Asset Account to its triennial updated termination unfunded liability is below 95% or exceeds 105%, the resulting obligation (if not paid in full) or surplus, will be amortized as a level amount over 15 years.

In January 2006 the City received correspondence dated January 3, 2006 from CCCERA indicating that the City had an updated unfunded liability of \$11,902,898 that had been re-determined as of December 31, 2003. In June, 2006 the City issued Pension Obligation bonds for a total amount of \$39,566,055.85; upon completion of this transaction the City utilized these bond proceeds to prepay the unfunded liability owed to CCCERA which amounted to \$12,700,000 as of June 30, 2006. The balance of bond funds in the amount of \$25,977,758 was used to prepay the City's unfunded accrued liability for both the miscellaneous and safety plans to the Public Employees Retirement System (PERS).

Almost a year later the City received a letter from CCCERA dated August 23, 2007 providing the December 31, 2006 withdrawal liability update. In summary, the update reported the funding ratio of the present value of benefits (\$47.9 million) to allocated market assets (\$45.4 million) as 94.8%.

The August 23, 2007 letter stated that since this ratio is below 95% this triggers a lump sum payment as of December 31, 2006 for \$2,505,433 plus interest at the rate of 7.8% to date of payment or an annual payment of \$289,144 to be amortized over 15 years starting with the first payment due on December 31, 2007. The next triennial experience update is scheduled for December 31, 2009.

NOTE 13-OTHER POST-EMPLOYMENT BENEFITS

The City is a phase 2 employer and is required to adopt GASB 45 beginning with the 2008/09 fiscal year.

Plan Description. The City of Pittsburgh Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the City. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing City employees.

The City allows eligible retirees to continue in the City medical plans, currently Kaiser and Health Net. The City contributes up to a percentage of the single or dual Kaiser Retiree premium based on years of City service. No dental, vision, or life insurance benefits are provided.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 13-OTHER POST-EMPLOYMENT BENEFITS, Continued

Funding Policy. There is no statutory requirement for the City to prefund its OPEB obligation. The City has currently chosen to pay plan benefits on a pay-as-you-go basis. There are no employee contributions.

For fiscal year 2008/09, the City paid approximately \$806,000 for retiree healthcare plan benefits, including \$688,000 in premium payments for retirees and \$118,000 for implied subsidies.

The City allows retirees to participate in the same City medical plans (Kaiser and Health Net) as active employees. For the Kaiser medical plan, retiree premium rates are the same as the active premiums. Because this premium rate is a “blended” rate, retiree premiums payments are lower than what they would pay if the retirees were in a stand alone medical plan, resulting in an implied subsidy for retirees under GASB Statement 45.

The Annual Required Contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC is equal to the normal cost plus a 30-year amortization of the unfunded actuarial liability.

Annual OPEB Cost and Net OPEB Obligation. The following table, based on the City’s actuarial valuation as of January 1, 2007, shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s Net OPEB obligation:

| | |
|--|----------------------------|
| Annual required contribution | \$ 4,894,000 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>4,894,000</u> |
| Contributions (benefit payments) | <u>(806,000)</u> |
| Increase in net OPEB obligation | 4,088,000 |
| Net OPEB obligation - beginning of year | - |
| Net OPEB obligation - end of year | <u><u>\$ 4,088,000</u></u> |

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008/09 are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--|------------------------|
| June 30, 2009 | \$ 4,894,000 | 16.5% | \$ 4,088,000 |

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 13-OTHER POST-EMPLOYMENT BENEFITS, Continued

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2007, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$42,890,000 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 42,890,000</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Projected covered payroll (active Plan members) | \$19,391,000 |
| UAAL as a percentage of covered payroll | 221.2% |

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are consistent with the long-term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return, which is the expected long-term investment return on City investments, a 3% general inflation assumption, an annual aggregate payroll increase rate of 3.25%, and an annual pre-Medicare medical cost trend of 9.7% (Kaiser) and 10.6% (Health Net) for 2009 decreasing to 4.5% after 8 years (the post-Medicare medical cost trend starts 0.4% higher for 2009). The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis, starting June 30, 2008.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 13-OTHER POST-EMPLOYMENT BENEFITS, Continued

Schedule of Funding Progress
Postemployment Healthcare Plan
(Dollar amounts in thousands)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---------------------------------|--|--------------------|---------------------|---|
| 1/1/07 | \$ 0 | \$ 42,890,000 | \$ 42,890,000 | 0% | \$19,391,000 | 221.2% |

Schedule of Employer Contributions
Postemployment Healthcare Plan

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|--------------------|------------------------------|------------------------|
| 2009 | \$ 4,894,000 | 16.5% |

NOTE 14-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, 2009, 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 Agency has agreements with the County of Contra Costa, College District, Education Office, Fire District, Flood Control District, County Library District, East Bay Regional Parks District, Mosquito Abatement District, Antioch Unified School District and Pittsburgh Unified School District which requires it to pass through a portion of its property tax increment to these agencies. The Community Redevelopment Law Reform Act of 1993, also known as AB 1290, requires the Agency to also pass through tax increments to other taxing agencies not engaged in agreements with the Agency. The tax increment passed through to all agencies amounted to \$8,050,000 for fiscal year 2008-2009.

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 15-PRIOR PERIOD ADJUSTMENTS

A. Government-Wide Financial Statements:

During the fiscal year 2009 the City recorded prior period adjustments to correct accounting errors.

| | Net Assets, as Previously Reported | Prior Period Adjustments Capital Assets | Net Assets, as Restated |
|-------------------------|--|---|----------------------------|
| Governmental Activities | \$ 97,693,699 | \$ 2,144,962 | \$ 99,838,661 |
| Business Activities | \$ 81,902,455 | \$ 7,773,108 | \$ 89,675,563 |

Governmental and business activities were adjusted because of correction of errors in the recording of capital assets.

B. Fund Financial Statements:

| | Net Assets, as Previously Reported | Prior Period Adjustment Capital Assets | Net Assets, as Restated |
|------------------------|--|--|----------------------------|
| Enterprise Fund | | | |
| Water | \$ 41,314,618 | \$ 7,773,108 | \$ 49,087,726 |

The Water Fund was adjusted because of a correction of errors in the recording of capital assets.

NOTE 16-SUBSEQUENT EVENT

Subsequent to June 30, 2009, the State of California (State) has decided to borrow, to defer certain revenue payments and to take certain funds from local governments including the City. These amounts are significant to the City and are as follows:

- 8% of Property Taxes \$741,669
- Redevelopment Agency \$17,350, 811 in FY2009-2010
\$3,470,162 in FY2010-11

City of Pittsburgh
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2009

NOTE 16-SUBSEQUENT EVENT (Continued)

Property Taxes borrowed by the State for fiscal year 2009-2010 were nearly \$2 billion statewide to help the State's budget shortfall. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property taxes and to pay the full cost of the sale, or securitization. Passage of Senate Bill 67 (SB 67) was accomplished on October 14, 2009. A future bond sale is necessary to complete the funding or securitization. The City has planned to use these funds in the 2009-2010 budget. The City has elected to participate in the bond sale. Any delay in funding may mean that the City will have to use the Budget Stabilization Reserve or to adopt mid-year service reductions, layoffs and other measures to manage significant cash-flow shortfalls that will occur.

Redevelopment Agency funds have been estimated for a two year takeaway by the State. This decision is to be litigated by the California Redevelopment Association and other parties with hope that this will be considered unconstitutional as was last year's State proposed takeaway.

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Pittsburg
Required Supplementary Information
For the year ended June 30, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Public hearings are conducted at the City to obtain public comments. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds and capital projects funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through bond indenture provisions. The debt service and agency funds are not budgeted.
4. Budgets for the General, Special Revenue (except for the Low/Moderate Income Housing I Special Revenue Fund, Budget Stabilization Special Revenue Fund, and the Vista Del Mar CFD 2005-2 Special Revenue Fund) 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, 2009, 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 re-appropriated 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 re-budgeted for the coming year.
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. No budget was adopted for the Low/Moderate Income Housing I Special Revenue Fund and RDA Budget Stabilization Special Revenue Fund because the Agency had no plans to use these funds for the fiscal year 2008-2009.

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.

City of Pittsburgh
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

A. Budgetary Comparison Schedules

The following are the budget comparison schedules for all major Governmental Funds.

Budgetary Comparison Schedule, General Fund

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 3,507,000 | \$ 3,207,000 | \$ 3,535,207 | \$ 328,207 |
| Sales taxes | 7,730,430 | 7,100,430 | 7,167,394 | 66,964 |
| Franchise taxes | 2,338,000 | 2,127,000 | 2,183,097 | 56,097 |
| Other taxes | 1,225,000 | 1,225,000 | 1,225,586 | 586 |
| Intergovernmental revenues | 6,072,000 | 5,872,000 | 5,443,740 | (428,260) |
| Permits, licenses and fees | 1,378,460 | 1,646,162 | 525,132 | (1,121,030) |
| Fines and forfeitures | 720,700 | 720,700 | 1,025,087 | 304,387 |
| Service fees | 853,710 | 877,728 | 3,149,375 | 2,271,647 |
| Use of money and property | 580,000 | 300,000 | 273,265 | (26,735) |
| Other revenues | 3,421,620 | 3,600,500 | 312,402 | (3,288,098) |
| Total revenues | 27,826,920 | 26,676,520 | 24,840,285 | (1,836,235) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 2,483,590 | 2,332,985 | 2,218,434 | 114,551 |
| City Council | 84,700 | 79,700 | 70,156 | 9,544 |
| City Manager and City Clerk | 592,090 | 541,841 | 490,062 | 51,779 |
| City Attorney | 466,800 | 466,800 | 433,737 | 33,063 |
| Human resources | 850,130 | 808,555 | 711,380 | 97,175 |
| Finance and services | 2,075,700 | 2,108,532 | 1,950,994 | 157,538 |
| Community development and services | 5,532,590 | 5,497,985 | 4,965,619 | 532,366 |
| Public safety | 19,255,600 | 19,076,419 | 18,391,934 | 684,485 |
| Public works - administration | 101,610 | 118,182 | 113,214 | 4,968 |
| Public works - streets | 1,928,190 | 1,929,566 | 1,757,035 | 172,531 |
| Public works - swim center | 113,820 | 113,820 | 84,857 | 28,963 |
| Total expenditures | 33,484,820 | 33,074,385 | 31,187,422 | 1,886,963 |
| REVENUES OVER (UNDER) EXPENDITURES | (5,657,900) | (6,397,865) | (6,347,137) | 50,728 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 2,662,443 | 2,662,443 |
| Transfers in | 7,327,900 | 8,202,229 | 6,945,674 | (1,256,555) |
| Transfers out | (1,670,000) | (7,656,218) | (7,631,323) | 24,895 |
| Total other financing sources (uses) | 5,657,900 | 546,011 | 1,976,794 | 1,430,783 |
| Net change in fund balance | \$ - | \$ (5,851,854) | (4,370,343) | \$ 1,481,511 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 11,001,779 | |
| End of year | | | \$ 6,631,436 | |

City of Pittsburgh
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

A. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Low and Moderate Income Housing II Special Revenue Fund

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|-----------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 3,150,000 | \$ 3,150,000 | \$ 3,171,122 | \$ 21,122 |
| Use of money and property | 60,000 | 60,000 | 144,458 | 84,458 |
| Service Fees | - | - | 7,500 | 7,500 |
| Other revenues | 12,000 | 12,000 | 11,035 | (965) |
| Total revenues | 3,222,000 | 3,222,000 | 3,334,115 | 112,115 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 25,000 | 25,000 | 43,606 | (18,606) |
| Community development and services | - | 14,047,635 | 7,228,211 | 6,819,424 |
| Total expenditures | 25,000 | 14,072,635 | 7,271,817 | 6,800,818 |
| REVENUES OVER (UNDER) EXPENDITURES | 3,197,000 | (10,850,635) | (3,937,702) | 6,912,933 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 16,990 | 16,990 |
| Transfers in | - | 10,958,219 | 5,909,586 | (5,048,633) |
| Transfers out | (1,976,925) | (1,936,925) | (1,828,300) | 108,625 |
| Total other financing sources (uses) | (1,976,925) | 9,021,294 | 4,098,276 | (4,940,008) |
| Net change in fund balance | \$ 1,220,075 | \$ (1,829,341) | 160,574 | \$ 1,989,915 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,809,674 | |
| End of year | | | \$ 1,970,248 | |

City of Pittsburg
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

A. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Redevelopment Agency Special Revenue Fund

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------------|-----------------------|----------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 43,575,000 | \$ 42,137,025 | \$ 42,742,386 | \$ 605,361 |
| Other taxes | - | - | 27,090 | 27,090 |
| Service fees | 75,000 | 75,000 | 5,000 | (70,000) |
| Use of money and property | 500,000 | 500,000 | 841,594 | 341,594 |
| Other revenues | - | 903,222 | 1,508,949 | 605,727 |
| Total revenues | 44,150,000 | 43,615,247 | 45,125,019 | 1,509,772 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 14,099,070 | 15,751,786 | 11,560,868 | 4,190,918 |
| Community development and services | 4,399,890 | 13,065,555 | 8,052,401 | 5,013,154 |
| Capital outlay and improvements | 4,523,390 | 2,116,917 | 1,210,056 | 906,861 |
| Total expenditures | 23,022,350 | 30,934,258 | 20,823,325 | 10,110,933 |
| REVENUES OVER (UNDER) EXPENDITURES | 21,127,650 | 12,680,989 | 24,301,694 | 11,620,705 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | - | - | 500 | 500 |
| Transfers in | - | 8,458,070 | 5,890,111 | (2,567,959) |
| Transfers out | (33,884,000) | (30,529,500) | (27,013,509) | 3,515,991 |
| Total other financing sources (uses) | (33,884,000) | (22,071,430) | (21,122,898) | 948,532 |
| Net change in fund balance | \$ (12,756,350) | \$ (9,390,441) | 3,178,796 | \$ 12,569,237 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 40,688,370 | |
| End of year | | | <u>\$ 43,867,166</u> | |

City of Pittsburgh
Required Supplementary Information, Continued
For the year ended June 30, 2009

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

A. Budgetary Comparison Schedules, Continued

Budgetary Comparison Schedule, Housing Authority (Section 8) Special Revenue Fund

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 10,832,500 | \$ 10,832,500 | \$ 10,674,039 | \$ (158,461) |
| Use of money and property | 50,000 | 50,000 | 63,926 | 13,926 |
| Other revenues | 30,000 | 30,000 | 8,156 | (21,844) |
| Total revenues | 10,912,500 | 10,912,500 | 10,746,121 | (166,379) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,031,850 | 1,055,796 | 936,740 | 119,056 |
| Community development and services | 10,005,500 | 10,005,500 | 10,048,287 | (42,787) |
| Total expenditures | 11,037,350 | 11,061,296 | 10,985,027 | 76,269 |
| REVENUES OVER (UNDER) EXPENDITURES | (124,850) | (148,796) | (238,906) | (90,110) |
| Net change in fund balance | \$ (124,850) | \$ (148,796) | (238,906) | \$ (90,110) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 2,580,307 | |
| End of year | | | \$ 2,341,401 | |

City of Pittsburgh
Required Supplementary Information, Continued
For the year ended June 30, 2009

2. DEFINED PENSION PLAN

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

| | (A) | (B) | (C) | (D) | (E) | (F) |
|---------------------|---------------|---------------|--------------------------|--------|---------------|--------------------------|
| Miscellaneous Plan: | | | Unfunded (Overfunded) | | | Unfunded (Overfunded) |
| | | Entry Age | Actuarial | | | Actuarial |
| Actuarial | Actuarial | Actuarial | Accrued | Funded | | Liability as |
| Valuation | Asset | Accrued | Liability | Ratio | Covered | Percentage of |
| Date* | Value | Liability | (B-A) | (A/B) | Payroll | Covered |
| | | | | | | Payroll |
| | | | | | | (C/E) |
| 6/30/2005 | \$ 13,819,588 | \$ 30,202,944 | \$ 16,383,356 | 45.8% | \$ 12,070,970 | 135.7% |
| 6/30/2006 | 33,291,126 | 33,318,378 | 27,252 | 99.9% | 12,338,518 | 0.2% |
| 6/30/2007 | 37,534,336 | 36,869,328 | (665,008) | 101.8% | 13,588,991 | (4.9)% |

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

| | (A) | (B) | (C) | (D) | (E) | (F) |
|-------------|------------------|------------------|--------------------------|--------|----------------|--------------------------|
| Safety Plan | | | Unfunded (Overfunded) | | | Unfunded (Overfunded) |
| | | Entry Age | Actuarial | | | Actuarial |
| Actuarial | Actuarial | Actuarial | Accrued | Funded | | Liability as |
| Valuation | Asset | Accrued | Liability | Ratio | Covered | Percentage of |
| Date* | Value | Liability | (B-A) | (A/B) | Payroll | Covered |
| | | | | | | Payroll |
| | | | | | | (C/E) |
| 6/30/2005 | \$ 5,295,150,375 | \$ 6,367,049,264 | \$ 1,071,898,889 | 83.2% | \$ 664,147,796 | 161.4% |
| 6/30/2006 | 6,102,615,567 | 7,278,049,834 | 1,175,434,267 | 83.8% | 754,730,438 | 155.7% |
| 6/30/2007 | 6,826,599,459 | 7,986,055,176 | 1,159,455,717 | 85.5% | 831,607,658 | 139.4% |

*Latest information available.



CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009

SUPPLEMENTARY INFORMATION

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Capital Project Fund - Major Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ - | \$ 2,679,422 | \$ 1,681,189 | \$ (998,233) |
| Other revenues | - | 153,115 | 272,212 | 119,097 |
| Total revenues | - | 2,832,537 | 1,953,401 | (879,136) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development and services | - | 3,125,143 | 2,963,634 | 161,509 |
| Capital outlay and improvements | - | 70,356,212 | 28,035,469 | 42,320,743 |
| Total expenditures | - | 73,481,355 | 30,999,103 | 42,482,252 |
| REVENUES OVER (UNDER) EXPENDITURES | - | (70,648,818) | (29,045,702) | 41,603,116 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 68,818,007 | 29,045,702 | (39,772,305) |
| Total other financing sources (uses) | - | 68,818,007 | 29,045,702 | (39,772,305) |
| Net change in fund balance | \$ - | \$ (1,830,811) | - | \$ 1,830,811 |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | \$ - | |

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Budget Stabilization Fund - This fund was established for the purpose of financing future contingencies and/or General Fund shortfall.

Economic Development Fund - This fund was established to account for the six million dollars of proceeds from the sale of a power plant to CalPine that was set-aside to be used for economic development activities in the City of Pittsburg.

Small Cities Grants Fund - This fund was 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 the 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 is 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.

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

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

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

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

Storm Water Utility (NPDES) Fund - This fund accounts for property assessments collected by the County of Contra Costa on 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.

NON-MAJOR

GOVERNMENTAL FUNDS, Continued

SPECIAL REVENUE FUNDS, CONTINUED:

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.

Veterans Affairs Supportive Housing Fund - HUD - Veterans Affairs Supportive housing (VASH) program offers vouchers to homeless veterans for rental assistance and other clinical services on a case-by-case basis.

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.

Solid Waste Fund - This fund has been established to finance City activities associated with AB 939 compliance such as the annual reporting of recycling programs, hazardous waste collection and the coordination of public education programs. In addition this fund finances the City's solid waste facility Local Enforcement Program (LEA) for permitting, inspection and enforcement of State regulations governing operational, closed and illegal landfills and refuse processing facilities. These revenues will also provide for litter abatement and other similar services to mitigate the impact on the City of Pittsburg associated with hosting the Material Recovery and Transfer Station (MRTS) which services the entire region. The Solid Waste Fund revenues are generated by a \$1.50 surcharge on each ton of solid waste received at the Material Recovery and Transfer Station.

Vista Del Mar CFD 2005-2 Fund - The receipts of the fund provided 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.

Park Maintenance CFD 2007-1 Fund - The receipts of this fund provide funding for financing increasing demands for park maintenance services within this Community Facilities District.

DEBT SERVICE FUNDS:

Pension Obligations Fund accounts for the accumulation of resources for payment of principal, interest and related costs of the Pension Obligation Bonds long-term debt and for payments to the Contra Costa County Employees' Retirement Association for unfunded accrued pension obligations.

NON-MAJOR GOVERNMENTAL FUNDS, Continued

CAPITAL PROJECTS FUNDS:

Inclusionary Housing Fund - This fund was established to account for fees paid by developers in the form of "in-lieu" fees that would be used for the construction of affordable housing.

Traffic Impact Fair Share Fund - This fund was established to account for developer fees as a condition of development to mitigate future traffic impacts.

Prop 1B Local Street & Road Improvement Fund - This fund was established to account for the State support to improve local transportation projects, to relieve congestion, improve air quality, and enhance the safety and security of the transportation system.

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

Capital Improvement Fund accounts for most capital improvement projects in the City that have various funding sources. Revenues received from various sources are used for related project costs.

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, construction of new park projects and the rehabilitation of existing parks.

City of Pittsburg
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

| | Special Revenue | | | | | |
|--|----------------------|----------------------|---------------------|-------------------|---------------------|----------------------|
| | Budget Stabilization | Economic Development | Small Cities Grant | Gas Tax | Measure C Tax Fund | Lighting & Landscape |
| ASSETS | | | | | | |
| Cash and investments | \$ 7,411,855 | \$ 2,108,181 | \$ 8,840 | \$ 331,756 | \$ 1,440,529 | \$ 561,368 |
| Restricted cash and investments | - | - | - | - | - | - |
| Receivables: | | | | | | |
| Accounts | - | - | - | 213,332 | - | 12 |
| Interest | - | - | - | 1,990 | 6,560 | - |
| Loans/notes | - | - | 1,872,106 | - | - | - |
| Prepaid items/Inventory | - | - | - | - | - | 3,277 |
| Total assets | \$ 7,411,855 | \$ 2,108,181 | \$ 1,880,946 | \$ 547,078 | \$ 1,447,089 | \$ 564,657 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ 251,000 | \$ 9,881 | \$ 5,499 | \$ - | \$ 41,561 |
| Interest payable | - | - | - | - | - | - |
| Salaries payable | - | - | 1,250 | - | - | 11,104 |
| Refundable deposits | - | - | - | - | - | - |
| Loans payable - current | - | - | 15,000 | - | - | - |
| Due to other agencies | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| Advances to other funds | - | - | 80,000 | - | - | - |
| Deferred revenue | - | - | 1,857,106 | - | - | - |
| Total liabilities | - | 251,000 | 1,963,237 | 5,499 | - | 52,665 |
| Fund Balances: | | | | | | |
| Reserved | 7,411,855 | 1,857,181 | (82,291) | 541,579 | 1,447,089 | 511,992 |
| Unreserved, undesignated, reported in: | | | | | | |
| Special revenue funds | - | - | - | - | - | - |
| Total unreserved, undesignated | - | - | - | - | - | - |
| Total fund balances (deficit) | 7,411,855 | 1,857,181 | (82,291) | 541,579 | 1,447,089 | 511,992 |
| Total liabilities and fund balances | \$ 7,411,855 | \$ 2,108,181 | \$ 1,880,946 | \$ 547,078 | \$ 1,447,089 | \$ 564,657 |

Special Revenue

| Lighting & Landscaping Oak Hill | Miscellaneous Grants | Assets Seizure | Local Law Enforcement Block Grant | Southwest Pittsburg GHAD II | Storm Water Utility (NPDES) | HUD Community Development Block Grant | Veterans Affairs Supportive HSG |
|---------------------------------------|-------------------------|-------------------|---|-----------------------------------|-----------------------------------|--|---------------------------------------|
| \$ 115,106 | \$ 106,106 | \$ 102,067 | \$ 77,033 | \$ 1,393,845 | \$ 229,716 | \$ (88,041) | \$ 370,205 |
| - | - | - | - | - | - | - | - |
| - | 36,634 | - | 4,863 | - | 11,622 | 456,940 | - |
| 391 | 187 | 357 | 284 | 4,606 | - | - | 1,181 |
| - | - | - | - | - | - | 171,836 | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 115,497</u> | <u>\$ 142,927</u> | <u>\$ 102,424</u> | <u>\$ 82,180</u> | <u>\$ 1,398,451</u> | <u>\$ 241,338</u> | <u>\$ 540,735</u> | <u>\$ 371,386</u> |
| \$ 3,184 | \$ 2,354 | \$ 11,698 | \$ 12,692 | \$ 13,735 | \$ 34,033 | \$ 49,633 | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 507 | 2,460 | 768 | - |
| - | 700 | 74,906 | - | 2,824 | - | - | - |
| - | - | - | - | - | - | 171,836 | - |
| - | 22,281 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 117,592 | - | 69,488 | - | - | 298,724 | - |
| <u>3,184</u> | <u>142,927</u> | <u>86,604</u> | <u>82,180</u> | <u>17,066</u> | <u>36,493</u> | <u>520,961</u> | <u>-</u> |
| 112,313 | - | 15,820 | - | 1,381,385 | 204,845 | 19,774 | 371,386 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>112,313</u> | <u>-</u> | <u>15,820</u> | <u>-</u> | <u>1,381,385</u> | <u>204,845</u> | <u>19,774</u> | <u>371,386</u> |
| <u>\$ 115,497</u> | <u>\$ 142,927</u> | <u>\$ 102,424</u> | <u>\$ 82,180</u> | <u>\$ 1,398,451</u> | <u>\$ 241,338</u> | <u>\$ 540,735</u> | <u>\$ 371,386</u> |

(Continued)

City of Pittsburg
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2009

| | Special Revenue | | | | | Debt |
|--|------------------|-------------------|------------------|------------------|---------------------------|------------------------|
| | San Marco | Solid | Vista Del Mar | Public Safety | Park | Service |
| | CFD 2004-01 | Waste | CFD 2005-2 | CFD 2005-1 | Maintenance CFD 2007-1 | Pension Obligations |
| ASSETS | | | | | | |
| Cash and investments | \$ 22,800 | \$ 361,436 | \$ 14,801 | \$ 28,313 | \$ 29,447 | \$ 17,731 |
| Restricted cash and investments | - | - | - | - | - | 1,010,415 |
| Receivables: | | | | | | |
| Accounts | - | 146,378 | - | - | 28,300 | - |
| Interest | 124 | 1,339 | 74 | 167 | 129 | 473 |
| Loans/ notes | - | - | - | - | - | - |
| Prepaid items | - | - | - | - | - | - |
| Total assets | \$ 22,924 | \$ 509,153 | \$ 14,875 | \$ 28,480 | \$ 57,876 | \$ 1,028,619 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 543 | \$ 25,248 | \$ 581 | \$ 659 | \$ - | \$ 3,000 |
| Interest payable | - | - | - | - | - | 978,643 |
| Salaries payable | 400 | 414 | 193 | 606 | 84 | - |
| Refundable deposits | - | - | - | - | - | - |
| Loans payable - current | - | - | - | - | - | - |
| Due to other agencies | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | 150,000 | - |
| Advances to other funds | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - |
| Total liabilities | 943 | 25,662 | 774 | 1,265 | 150,084 | 981,643 |
| Fund Balances: | | | | | | |
| Reserved | 21,981 | 483,491 | 14,101 | 27,215 | (92,208) | 46,976 |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | - | - | - | - | - | - |
| Total unreserved, designated | - | - | - | - | - | - |
| Total fund balances (deficit) | 21,981 | 483,491 | 14,101 | 27,215 | (92,208) | 46,976 |
| Total liabilities and fund balances | \$ 22,924 | \$ 509,153 | \$ 14,875 | \$ 28,480 | \$ 57,876 | \$ 1,028,619 |

Capital Projects

| Inclusionary Housing | Traffic Impact Fair Share | Proposition 1B Local ST Road Impr | Kirker Creek Drainage Fees | Capital Improvement | Traffic Mitigation | Park Dedication | Total Non-Major Governmental Funds |
|-------------------------|------------------------------|---|----------------------------------|------------------------|-----------------------|---------------------|---|
| \$ 481,494 | \$ 886,115 | 1,900,388 | \$ 1,399,578 | \$ 704,831 | \$ 4,113,227 | \$ 3,632,026 | \$ 27,760,753 |
| - | - | - | - | 3,660 | - | - | 1,014,075 |
| - | - | - | - | - | - | - | 898,081 |
| 1,573 | 2,963 | 4,323 | 4,705 | - | 13,747 | 12,628 | 57,801 |
| - | - | - | - | - | - | - | 2,043,942 |
| - | - | - | - | - | - | - | 3,277 |
| <u>\$ 483,067</u> | <u>\$ 889,078</u> | <u>\$ 1,904,711</u> | <u>\$ 1,404,283</u> | <u>\$ 708,491</u> | <u>\$ 4,126,974</u> | <u>\$ 3,644,654</u> | <u>\$ 31,777,929</u> |
| \$ - | \$ - | \$ 16,018 | \$ 18,937 | \$ - | \$ 416,068 | \$ 65,284 | \$ 981,608 |
| - | - | - | - | - | - | - | 978,643 |
| - | - | - | - | - | - | - | 17,786 |
| - | - | - | - | 48,209 | - | - | 126,639 |
| - | - | - | - | - | - | - | 186,836 |
| - | - | - | - | - | - | - | 22,281 |
| - | - | - | - | - | - | - | 150,000 |
| - | - | - | - | - | - | - | 80,000 |
| 119,392 | - | - | - | - | - | - | 2,462,302 |
| <u>119,392</u> | <u>-</u> | <u>16,018</u> | <u>18,937</u> | <u>48,209</u> | <u>416,068</u> | <u>65,284</u> | <u>5,006,095</u> |
| 363,675 | 889,078 | 1,888,693 | 1,385,346 | 660,282 | 3,710,906 | 3,579,370 | 26,771,834 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>363,675</u> | <u>889,078</u> | <u>1,888,693</u> | <u>1,385,346</u> | <u>660,282</u> | <u>3,710,906</u> | <u>3,579,370</u> | <u>26,771,834</u> |
| <u>\$ 483,067</u> | <u>\$ 889,078</u> | <u>\$ 1,904,711</u> | <u>\$ 1,404,283</u> | <u>\$ 708,491</u> | <u>\$ 4,126,974</u> | <u>\$ 3,644,654</u> | <u>\$ 31,777,929</u> |

(Concluded)

City of Pittsburg
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2009

| | Special Revenue | | | | | |
|---|----------------------|----------------------|--------------------|--------------------|--------------------|----------------------|
| | Budget Stabilization | Economic Development | Small Cities Grant | Gas Tax | Measure C Tax Fund | Lighting & Landscape |
| REVENUES: | | | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ - | \$ 1,566,804 | \$ 721,520 | \$ - |
| Licenses, permits and fees | - | - | - | - | - | - |
| Special assessments | - | - | - | - | - | 2,672,043 |
| Service fees | - | - | - | - | - | - |
| Use of money and property | - | - | 16,706 | 6,291 | 36,993 | - |
| Other revenues | - | - | 47,419 | - | - | 21,904 |
| Total revenues | - | - | 64,125 | 1,573,095 | 758,513 | 2,693,947 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | 37,087 |
| Community development and services | - | 658,090 | 553,790 | - | 17,474 | - |
| Public safety | - | - | - | - | - | - |
| Public works - CIPs | - | - | - | 15,496 | - | 4,011,090 |
| General non-departmental | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | - | 658,090 | 553,790 | 15,496 | 17,474 | 4,048,177 |
| REVENUES OVER (UNDER) | | | | | | |
| EXPENDITURES | - | (658,090) | (489,665) | 1,557,599 | 741,039 | (1,354,230) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 4,747,206 | - | - | - | - | 1,752,251 |
| Transfers out | - | (45,000) | - | (1,100,000) | (787,251) | - |
| Total other financing sources (uses) | 4,747,206 | (45,000) | - | (1,100,000) | (787,251) | 1,752,251 |
| Net change in fund balances | 4,747,206 | (703,090) | (489,665) | 457,599 | (46,212) | 398,021 |
| FUND BALANCES: | | | | | | |
| Beginning of year, as restated | 2,664,649 | 2,560,271 | 407,374 | 83,980 | 1,493,301 | 113,971 |
| End of year | \$ 7,411,855 | \$ 1,857,181 | \$ (82,291) | \$ 541,579 | \$ 1,447,089 | \$ 511,992 |

Special Revenue

| Lighting & Landscape Oak Hill | Miscellaneous Grants | Assets Seizure | Local Law Enforcement Block Grant | Southwest Pittsburg GHAD II | Storm Water Utility (NPDES) | HUD Community Development Block Grant | HUD Veterans Affairs Supportive HSG |
|-------------------------------------|-------------------------|-------------------|---|-----------------------------------|-----------------------------------|--|--|
| \$ - | \$ 77,961 | \$ - | \$ 37,304 | \$ 486,433 | \$ 810,130 | \$ 495,420 | \$ 378,561 |
| - | - | - | - | - | - | - | - |
| 33,959 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 2,480 | 1,017 | 3,850 | 4,080 | 25,706 | 779 | - | 5,265 |
| - | - | 18,692 | - | 20,000 | 192 | - | - |
| 36,439 | 78,978 | 22,542 | 41,384 | 532,139 | 811,101 | 495,420 | 383,826 |
| - | - | - | - | 3,766 | - | - | - |
| - | 1,261 | - | 26,421 | 97,668 | - | 370,257 | 75,302 |
| - | 77,717 | 91,591 | 14,963 | - | 22,515 | - | - |
| 36,560 | - | - | - | - | 526,803 | - | - |
| - | - | - | - | - | 270,942 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 36,560 | 78,978 | 91,591 | 41,384 | 101,434 | 820,260 | 370,257 | 75,302 |
| (121) | - | (69,049) | - | 430,705 | (9,159) | 125,163 | 308,524 |
| - | - | - | - | - | 100,000 | - | - |
| - | - | - | - | (34,000) | (90,000) | (125,000) | - |
| - | - | - | - | (34,000) | 10,000 | (125,000) | - |
| (121) | - | (69,049) | - | 396,705 | 841 | 163 | 308,524 |
| 112,434 | - | 84,869 | - | 984,680 | 204,004 | 19,611 | 62,862 |
| \$ 112,313 | \$ - | \$ 15,820 | \$ - | \$ 1,381,385 | \$ 204,845 | \$ 19,774 | \$ 371,386 |

(Continued)

City of Pittsburg
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2009

| | Special Revenue (Continued) | | | | | Debt |
|---|-----------------------------|------------------|---------------|----------------|---------------------------|------------------------|
| | San Marco | Solid | Vista Del Mar | Public Safety | Park | Service |
| | CFD 2004-01 | Waste | CFD 2005-2 | CFD 2005-1 | Maintenance CFD 2007-1 | Pension Obligations |
| REVENUES: | | | | | | |
| Intergovernmental revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, permits and fees | - | - | - | - | - | - |
| Special assessments | 71,107 | - | 39,899 | 103,105 | 5,630 | - |
| Service fees | - | 491,841 | - | - | - | 2,050,900 |
| Use of money and property | 403 | 8,214 | 242 | 629 | 1,193 | 6,988 |
| Other revenues | - | - | - | - | 28,300 | - |
| Total revenues | 71,510 | 500,055 | 40,141 | 103,734 | 35,123 | 2,057,888 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | - | - | 3,242 | 12,772 | - | - |
| Community development and services | - | 147,830 | - | - | - | - |
| Public safety | 60,743 | 43,378 | 29,398 | 86,362 | - | - |
| Public works - CIPs | - | - | - | - | 49,806 | - |
| General non-departmental | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | - | - | 276,030 |
| Interest and fiscal charges | - | - | - | - | 4,774 | 1,801,134 |
| Total expenditures | 60,743 | 191,208 | 32,640 | 99,134 | 54,580 | 2,077,164 |
| REVENUES OVER (UNDER) | | | | | | |
| EXPENDITURES | 10,767 | 308,847 | 7,501 | 4,600 | (19,457) | (19,276) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | (108,700) | - | - | - | - |
| Total other financing sources (uses) | - | (108,700) | - | - | - | - |
| Net change in fund balances | 10,767 | 200,147 | 7,501 | 4,600 | (19,457) | (19,276) |
| FUND BALANCES: | | | | | | |
| Beginning of year | 11,214 | 283,344 | 6,600 | 22,615 | (72,751) | 66,252 |
| End of year | \$ 21,981 | \$ 483,491 | \$ 14,101 | \$ 27,215 | \$ (92,208) | \$ 46,976 |

Capital Projects

| Inclusionary Housing | Traffic Impact Fair Share | Proposition 1B Local ST Road Impr | Kirker Creek Drainage Fees | Capital Improvement | Traffic Mitigation | Park Dedication | Total Non-Major Governmental Funds |
|-------------------------|------------------------------|---|----------------------------------|------------------------|-----------------------|--------------------|---|
| \$ - | \$ - | \$ 936,639 | \$ - | \$ 13,819 | \$ 102,272 | \$ - | \$ 5,626,863 |
| 55,991 | 2,715 | - | 1,526 | - | 7,490 | 9,315 | 77,037 |
| - | - | - | - | - | - | - | 2,925,743 |
| - | - | - | - | - | - | - | 2,542,741 |
| 10,320 | 20,418 | 24,352 | 32,623 | - | 89,142 | 95,795 | 393,486 |
| - | - | - | - | - | 376,132 | 15,700 | 528,339 |
| 66,311 | 23,133 | 960,991 | 34,149 | 13,819 | 575,036 | 120,810 | 12,094,209 |
| - | - | - | - | - | - | - | 56,867 |
| - | - | - | - | - | - | - | 1,948,093 |
| - | - | - | - | - | - | - | 426,667 |
| - | 4,000 | 89,664 | 34,604 | 32,425 | 566,241 | 705,350 | 6,072,039 |
| - | - | - | - | - | - | - | 270,942 |
| - | - | - | - | - | - | - | 276,030 |
| - | - | - | - | - | - | - | 1,805,908 |
| - | 4,000 | 89,664 | 34,604 | 32,425 | 566,241 | 705,350 | 10,856,546 |
| 66,311 | 19,133 | 871,327 | (455) | (18,606) | 8,795 | (584,540) | 1,237,663 |
| - | - | - | - | 18,606 | 120,879 | - | 6,738,942 |
| - | - | - | - | - | (64,946) | (50,000) | (2,404,897) |
| - | - | - | - | 18,606 | 55,933 | (50,000) | 4,334,045 |
| 66,311 | 19,133 | 871,327 | (455) | - | 64,728 | (634,540) | 5,571,708 |
| 297,364 | 869,945 | 1,017,366 | 1,385,801 | 660,282 | 3,646,178 | 4,213,910 | 21,200,126 |
| \$ 363,675 | \$ 889,078 | \$ 1,888,693 | \$ 1,385,346 | \$ 660,282 | \$ 3,710,906 | \$ 3,579,370 | \$ 26,771,834 |

(Concluded)

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-------------------------|-------------------------|----------------------------|---|
| | Original | Final | | |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers-In from General Fund | \$ - | \$ 4,747,206 | \$ 4,747,206 | \$ - |
| Transfers-Out to General Fund | (365,000) | (1,133,900) | - | 1,133,900 |
| Total other financing sources (uses) | (365,000) | 3,613,306 | - | 1,133,900 |
| Net change in fund balance | <u>(365,000)</u> | <u>3,613,306</u> | 4,747,206 | <u>1,133,900</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>2,664,649</u> | |
| End of year | | | <u><u>\$ 7,411,855</u></u> | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Economic Development Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|--|---------------------|-----------------------|------------------|---|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community Development and Services | \$ 780,000 | \$ 1,130,000 | \$ 658,090 | \$ 471,910 |
| Total expenditures | 780,000 | 1,130,000 | 658,090 | 471,910 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (45,000) | (45,000) | - |
| Net change in fund balance | \$ (780,000) | \$ (1,175,000) | (703,090) | \$ 471,910 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 2,560,271 | |
| End of year | | | \$ 1,857,181 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 105,000 | \$ 105,000 | \$ 16,706 | \$ (88,294) |
| Other revenues | 500,000 | 500,000 | 47,419 | (452,581) |
| Total revenues | 605,000 | 605,000 | 64,125 | (540,875) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development and services | 772,130 | 796,487 | 553,790 | 242,697 |
| Total expenditures | 772,130 | 796,487 | 553,790 | 242,697 |
| REVENUES OVER (UNDER) EXPENDITURES | (167,130) | (191,487) | (489,665) | (298,178) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 32,000 | 84,029 | - | (84,029) |
| Total other financing sources (uses) | 32,000 | 84,029 | - | (84,029) |
| Net change in fund balance | \$ (135,130) | \$ (107,458) | (489,665) | \$ (382,207) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 407,374 | |
| End of year | | | \$ (82,291) | |

City of Pittsburgh

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

Gas Tax Special Revenue Fund

For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 14,500 | \$ 14,500 | \$ 6,291 | \$ (8,209) |
| Intergovernmental | 1,106,700 | 1,106,700 | 1,566,804 | 460,104 |
| Total revenues | 1,121,200 | 1,121,200 | 1,573,095 | 451,895 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Works | 50,000 | 82,612 | 15,496 | 67,116 |
| Total expenditures | 50,000 | 82,612 | 15,496 | 67,116 |
| REVENUES OVER (UNDER) EXPENDITURES | 1,071,200 | 1,038,588 | 1,557,599 | 519,011 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 20,750 | - | (20,750) |
| Transfers out | (1,120,000) | (1,120,000) | (1,100,000) | 20,000 |
| Total other financing sources (uses) | (1,120,000) | (1,099,250) | (1,100,000) | (750) |
| Net change in fund balance | \$ (48,800) | \$ (60,662) | 457,599 | \$ 518,261 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 83,980 | |
| End of year | | | <u>\$ 541,579</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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 26,000 | \$ 26,000 | \$ 36,993 | \$ 10,993 |
| Intergovernmental | 695,000 | 695,000 | 721,520 | 26,520 |
| Total revenues | 721,000 | 721,000 | 758,513 | 37,513 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Works-CIPS | 30,000 | 30,000 | 17,474 | 12,526 |
| Total expenditures | 30,000 | 30,000 | 17,474 | 12,526 |
| REVENUES OVER (UNDER) EXPENDITURES | 691,000 | 691,000 | 741,039 | 50,039 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (825,000) | (825,000) | (787,251) | 37,749 |
| Total other financing sources (uses) | (825,000) | (825,000) | (787,251) | 37,749 |
| Net change in fund balance | \$ (134,000) | \$ (134,000) | (46,212) | \$ 87,788 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,493,301 | |
| End of year | | | <u>\$ 1,447,089</u> | |

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Lighting & Landscape Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 2,631,475 | \$ 2,631,475 | \$ 2,672,043 | \$ 40,568 |
| Other revenues | - | - | 21,904 | 21,904 |
| Total revenues | <u>2,631,475</u> | <u>2,631,475</u> | <u>2,693,947</u> | <u>62,472</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 61,200 | 61,200 | 37,087 | 24,113 |
| Public works | 4,256,710 | 4,385,307 | 4,011,090 | 374,217 |
| Total expenditures | <u>4,317,910</u> | <u>4,446,507</u> | <u>4,048,177</u> | <u>398,330</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(1,686,435)</u> | <u>(1,815,032)</u> | <u>(1,354,230)</u> | <u>460,802</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers in | 1,690,000 | 1,790,000 | 1,752,251 | (37,749) |
| Total other financing sources (uses) | <u>1,690,000</u> | <u>1,790,000</u> | <u>1,752,251</u> | <u>(37,749)</u> |
| Net change in fund balance | <u>\$ 3,565</u> | <u>\$ (25,032)</u> | 398,021 | <u>\$ 423,053</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | 113,971 | |
| End of year | | | <u>\$ 511,992</u> | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Lighting & Landscape Oak Hill Special Revenue Fund For the year ended June 30, 2009

| | 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 | 1,700 | 1,700 | 2,480 | 780 |
| Total revenues | 35,660 | 35,660 | 36,439 | 779 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 53,350 | 53,350 | 36,560 | 16,790 |
| Total expenditures | 53,350 | 53,350 | 36,560 | 16,790 |
| REVENUES OVER (UNDER) EXPENDITURES | (17,690) | (17,690) | (121) | 17,569 |
| Net change in fund balance | \$ (17,690) | \$ (17,690) | (121) | \$ 17,569 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 112,434 | |
| End of year | | | \$ 112,313 | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Miscellaneous Grants Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 1,017 | \$ 1,017 |
| Intergovernmental | - | 102,008 | 77,961 | (24,047) |
| Total revenues | - | 102,008 | 78,978 | (23,030) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development and services | - | 5,411 | 1,261 | 4,150 |
| Public Safety | - | 171,187 | 77,717 | 93,470 |
| Total expenditures | - | 176,598 | 78,978 | 97,620 |
| Net change in fund balance | \$ - | \$ (74,590) | - | \$ 74,590 |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | \$ - | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ 4,600 | \$ 4,600 | \$ 3,850 | \$ (750) |
| Other revenues | - | - | 18,692 | 18,692 |
| Total revenues | <u>4,600</u> | <u>4,600</u> | <u>22,542</u> | <u>17,942</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Safety | - | 84,868 | 91,591 | (6,723) |
| Total expenditures | <u>-</u> | <u>84,868</u> | <u>91,591</u> | <u>(6,723)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>4,600</u> | <u>(80,268)</u> | <u>(69,049)</u> | <u>11,219</u> |
| Net change in fund balance | <u>\$ 4,600</u> | <u>\$ (80,268)</u> | <u>(69,049)</u> | <u>\$ 11,219</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>84,869</u> | |
| End of year | | | <u>\$ 15,820</u> | |

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Local Law Enforcement Block, Oil Recycle, and Beverage Grants Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|------------------------------------|------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 4,080 | \$ 4,080 |
| Intergovernmental | - | 101,779 | 37,304 | (64,475) |
| Total revenues | - | 101,779 | 41,384 | (60,395) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development and services | - | 113,442 | 26,421 | 87,021 |
| Public safety | - | 2,396 | 14,963 | (12,567) |
| Total expenditures | - | 115,838 | 41,384 | 74,454 |
| Net change in fund balance | \$ - | \$ (14,059) | - | \$ 14,059 |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | \$ - | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Southwest Pittsburgh GHAD II Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental Revenues | \$ 345,000 | \$ 345,000 | \$ 486,433 | \$ 141,433 |
| Other Revenue | - | - | 20,000 | 20,000 |
| Use of money and property | 17,000 | 17,000 | 25,706 | 8,706 |
| Total revenues | 362,000 | 362,000 | 532,139 | 170,139 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,950 | 1,950 | 3,766 | (1,816) |
| Community development and services | 204,000 | 170,000 | 97,668 | 72,332 |
| Total expenditures | 205,950 | 171,950 | 101,434 | 70,516 |
| REVENUES OVER (UNDER) EXPENDITURES | 156,050 | 190,050 | 430,705 | 240,655 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (34,000) | (34,000) | - |
| Total other financing sources (uses) | - | (34,000) | (34,000) | - |
| Net change in fund balance | \$ 156,050 | \$ 156,050 | 396,705 | \$ 240,655 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 984,680 | |
| End of year | | | <u>\$ 1,381,385</u> | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Water Utility (NPDES) Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental Revenues | \$ 805,000 | \$ 805,000 | \$ 810,130 | \$ 5,130 |
| Use of money and property | 1,200 | 1,200 | 779 | (421) |
| Other revenues | - | - | 192 | 192 |
| Total revenues | 806,200 | 806,200 | 811,101 | 4,901 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 32,250 | 32,250 | 22,515 | 9,735 |
| Public works | 673,900 | 669,699 | 526,803 | 142,896 |
| General non-departmental | 268,500 | 268,500 | 270,942 | (2,442) |
| Total expenditures | 974,650 | 970,449 | 820,260 | 150,189 |
| REVENUES OVER (UNDER) EXPENDITURES | (168,450) | (164,249) | (9,159) | 155,090 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers-in | 100,000 | 100,000 | 100,000 | - |
| Transfers-out | (90,000) | (90,000) | (90,000) | - |
| Total other financing sources (uses) | 10,000 | 10,000 | 10,000 | - |
| Net change in fund balance | \$ (158,450) | \$ (154,249) | 841 | \$ 155,090 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 204,004 | |
| End of year | | | \$ 204,845 | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 641,831 | \$ 877,802 | \$ 495,420 | \$ (382,382) |
| Total revenues | 641,831 | 877,802 | 495,420 | (382,382) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development and services | 484,765 | 651,273 | 370,257 | 281,016 |
| Total expenditures | 484,765 | 651,273 | 370,257 | 281,016 |
| REVENUES OVER (UNDER) EXPENDITURES | 157,066 | 226,529 | 125,163 | (101,366) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (157,000) | (209,029) | (125,000) | 84,029 |
| Total other financing sources (uses) | (157,000) | (209,029) | (125,000) | 84,029 |
| Net change in fund balance | \$ 66 | \$ 17,500 | 163 | \$ (17,337) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 19,611 | |
| End of year | | | \$ 19,774 | |

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual HUD Veterans Affairs Supportive Housing Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 5,265 | \$ 5,265 |
| Intergovernmental | - | 313,219 | 378,561 | 65,342 |
| Total revenues | - | 313,219 | 383,826 | 70,607 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development and services | - | 376,081 | 75,302 | 300,779 |
| Total expenditures | - | 376,081 | 75,302 | 300,779 |
| REVENUES OVER (UNDER) EXPENDITURES | - | (62,862) | 308,524 | 371,386 |
| Net change in fund balance | \$ - | \$ (62,862) | 308,524 | \$ 371,386 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 62,862 | |
| End of year | | | \$ 371,386 | |

City of Pittsburg

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

San Marco CFD 2004-1 Special Revenue Fund

For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 70,400 | \$ 70,400 | \$ 71,107 | \$ 707 |
| Use of money and property | 1,400 | 1,400 | 403 | (997) |
| Total revenues | <u>71,800</u> | <u>71,800</u> | <u>71,510</u> | <u>(290)</u> |
| EXPENDITURES: | | | | |
| Public Safety | 50,900 | 50,900 | 60,743 | (9,843) |
| General Government | 7,000 | 7,000 | - | 7,000 |
| Total expenditures | <u>57,900</u> | <u>57,900</u> | <u>60,743</u> | <u>(2,843)</u> |
| Net change in fund balance | <u>\$ 13,900</u> | <u>\$ 13,900</u> | 10,767 | <u>\$ (3,133)</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>11,214</u> | |
| End of year | | | <u>\$ 21,981</u> | |

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Solid Waste Fund
For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Service Fees | \$ 510,000 | \$ 510,000 | \$ 491,841 | \$ (18,159) |
| Use of money and property | 2,300 | 2,300 | 8,214 | 5,914 |
| Total revenues | <u>512,300</u> | <u>512,300</u> | <u>500,055</u> | <u>(12,245)</u> |
| EXPENDITURES: | | | | |
| Community Development and Services | - | - | 147,830 | (147,830) |
| Public Safety | 226,360 | 225,469 | 43,378 | 182,091 |
| Total expenditures | <u>226,360</u> | <u>225,469</u> | <u>191,208</u> | <u>34,261</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>285,940</u> | <u>286,831</u> | <u>308,847</u> | <u>22,016</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers-out | (108,700) | (108,700) | \$ (108,700) | - |
| Total other financing sources (uses) | <u>(108,700)</u> | <u>(108,700)</u> | <u>(108,700)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ 177,240</u> | <u>\$ 178,131</u> | 200,147 | <u>\$ 22,016</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>283,344</u> | |
| End of year | | | <u>\$ 483,491</u> | |

City of Pittsburg

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

Vista Del Mar CFD 2005-2 Special Revenue Fund

For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 38,000 | \$ 38,000 | \$ 39,899 | \$ 1,899 |
| Use of money and property | - | - | 242 | 242 |
| Total revenues | <u>38,000</u> | <u>38,000</u> | <u>40,141</u> | <u>2,141</u> |
| EXPENDITURES: | | | | |
| General Government | 6,000 | 6,000 | 3,242 | 2,758 |
| Public Works | 26,000 | 26,000 | 29,398 | (3,398) |
| Total expenditures | <u>32,000</u> | <u>32,000</u> | <u>32,640</u> | <u>(640)</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>6,000</u> | <u>6,000</u> | <u>7,501</u> | <u>1,501</u> |
| Net change in fund balance | <u>\$ 6,000</u> | <u>\$ 6,000</u> | <u>7,501</u> | <u>\$ 1,501</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>6,600</u> | |
| End of year | | | <u>\$ 14,101</u> | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Public Safety CFD 2005-1 Special Revenue Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 97,600 | \$ 97,600 | \$ 103,105 | \$ 5,505 |
| Use of money and property | 1,400 | 1,400 | 629 | (771) |
| Total revenues | 99,000 | 99,000 | 103,734 | 4,734 |
| EXPENDITURES: | | | | |
| General Government | 10,500 | 10,500 | 12,772 | (2,272) |
| Public Safety | 76,300 | 76,300 | 86,362 | (10,062) |
| Total expenditures | 86,800 | 86,800 | 99,134 | (10,062) |
| Net change in fund balance | \$ 12,200 | \$ 12,200 | 4,600 | \$ (7,600) |
| FUND BALANCE: | | | | |
| Beginning of year | | | 22,615 | |
| End of year | | | <u>\$ 27,215</u> | |

City of Pittsburg

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

Park Maintenance CFD 2007-1 Special Revenue Fund

For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Special Assessments | \$ 4,800 | \$ 4,800 | \$ 5,630 | \$ 830 |
| Other Revenues | 25,000 | 25,000 | 28,300 | 3,300 |
| Use of money and property | 2,300 | 2,300 | 1,193 | (1,107) |
| Total revenues | 32,100 | 32,100 | 35,123 | 3,023 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works - streets | 44,450 | 44,450 | 49,806 | (5,356) |
| Interest and Fiscal Charges | 4,500 | 4,500 | 4,774 | (274) |
| Total expenditures | 48,950 | 48,950 | 54,580 | (5,630) |
| Net change in fund balance | \$ (16,850) | \$ (16,850) | (19,457) | \$ (2,607) |
| FUND BALANCE: | | | | |
| Beginning of year | | | (72,751) | |
| End of year | | | \$ (92,208) | |

City of Pittsburgh
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Pension Obligations Fund
For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Service fees | \$ 2,050,900 | \$ 2,050,900 | \$ 2,050,900 | \$ - |
| Use of money and property | 8,531 | 8,531 | 6,988 | (1,543) |
| Total revenues | <u>2,059,431</u> | <u>2,059,431</u> | <u>2,057,888</u> | <u>(1,543)</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principal retirement | - | - | 276,030 | (276,030) |
| Interest and fiscal charges | 2,076,431 | 2,076,431 | 1,801,134 | 275,297 |
| General Government | 5,000 | 5,000 | - | 5,000 |
| Total expenditures | <u>2,081,431</u> | <u>2,081,431</u> | <u>2,077,164</u> | <u>4,267</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(22,000)</u> | <u>(22,000)</u> | <u>(19,276)</u> | <u>2,724</u> |
| Net change in fund balance | <u>\$ (22,000)</u> | <u>\$ (22,000)</u> | <u>(19,276)</u> | <u>\$ 2,724</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>66,252</u> | |
| End of year | | | <u>\$ 46,976</u> | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Inclusionary Housing Capital Projects Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses, permit and fees | \$ - | \$ - | \$ 55,991 | \$ 55,991 |
| Use of money and property | 41,000 | 41,000 | 10,320 | (30,680) |
| Total revenues | <u>41,000</u> | <u>41,000</u> | <u>66,311</u> | <u>25,311</u> |
| Net change in fund balance | <u>\$ 41,000</u> | <u>\$ 41,000</u> | 66,311 | <u>\$ 25,311</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>297,364</u> | |
| End of year | | | <u>\$ 363,675</u> | |

City of Pittsburgh

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

Traffic Impact Fair Share Capital Projects Fund

For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses, permits and fees | \$ - | \$ - | \$ 2,715 | \$ 2,715 |
| Use of money and property | 17,500 | 17,500 | 20,418 | 2,918 |
| Total revenues | 17,500 | 17,500 | 23,133 | 5,633 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works - streets | - | - | 4,000 | (4,000) |
| Total expenditures | - | - | 4,000 | (4,000) |
| Net change in fund balance | \$ 17,500 | \$ 17,500 | 19,133 | \$ 1,633 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 869,945 | |
| End of year | | | \$ 889,078 | |

City of Pittsburgh

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Prop 1B Local Street & Road Improvement Projects Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|-----------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ - | \$ 639 | \$ 936,639 | \$ 936,000 |
| Use of money and property | - | - | 24,352 | 24,352 |
| Total revenues | - | 639 | 960,991 | 960,352 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works - Streets | - | 1,857,015 | 89,664 | 1,767,351 |
| Total expenditures | - | 1,857,015 | 89,664 | 1,767,351 |
| Net change in fund balance | \$ - | \$ (1,856,376) | 871,327 | \$ 2,727,703 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 1,017,366 | |
| End of year | | | \$ 1,888,693 | |

City of Pittsburgh

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

Kirker Creek Drainage Fees Capital Projects Fund

For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses, permits and fees | \$ - | \$ - | \$ 1,526 | \$ 1,526 |
| Use of money and property | 28,500 | 28,500 | 32,623 | 4,123 |
| Total revenues | <u>28,500</u> | <u>28,500</u> | <u>34,149</u> | <u>5,649</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | 251,820 | 34,604 | 217,216 |
| Total expenditures | <u>-</u> | <u>251,820</u> | <u>34,604</u> | <u>217,216</u> |
| Net change in fund balance | <u>\$ 28,500</u> | <u>\$ (223,320)</u> | <u>(455)</u> | <u>\$ 222,865</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>1,385,801</u> | |
| End of year | | | <u>\$ 1,385,346</u> | |

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, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 13,819 | \$ 13,819 |
| Total revenues | - | - | 13,819 | 13,819 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| CIP City Streets | - | 505,152 | - | 505,152 |
| Public Works-CIPs | - | 161,376 | 32,425 | 128,951 |
| Total expenditures | - | 666,528 | 32,425 | 634,103 |
| REVENUES OVER (UNDER) EXPENDITURES | - | (666,528) | (18,606) | 647,922 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 364,590 | 18,606 | (345,984) |
| Total other financing sources (uses) | - | 364,590 | 18,606 | (345,984) |
| Net change in fund balance | \$ - | \$ (301,938) | - | \$ 301,938 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 660,282 | |
| End of year | | | <u>\$ 660,282</u> | |

City of Pittsburg

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Traffic Mitigation Capital Projects Fund For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 102,272 | \$ 102,272 |
| Licenses, permits, and fees | - | - | 7,490 | 7,490 |
| Use of money and property | 87,500 | 87,500 | 89,142 | 1,642 |
| Other revenues | - | 357,140 | 376,132 | 18,992 |
| Total revenues | 87,500 | 444,640 | 575,036 | 130,396 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works - Streets | - | 2,812,111 | 566,241 | 2,245,870 |
| Total expenditures | - | 2,812,111 | 566,241 | 2,245,870 |
| REVENUES OVER (UNDER) EXPENDITURES | 87,500 | (2,367,471) | 8,795 | 2,376,266 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 148,400 | 120,879 | (27,521) |
| Transfers out | (50,000) | (395,079) | (64,946) | 330,133 |
| Total other financing sources (uses) | (50,000) | (246,679) | 55,933 | 302,612 |
| Net change in fund balance | \$ 37,500 | \$ (2,614,150) | 64,728 | \$ 2,678,878 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 3,646,178 | |
| End of year | | | <u>\$ 3,710,906</u> | |

City of Pittsburg
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Park Dedication Capital Projects Fund
For the year ended June 30, 2009

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget Positive (Negative) |
|---|-------------------|-----------------------|------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Licenses, permits, and fees | \$ - | \$ - | \$ 9,315 | \$ 9,315 |
| Other Revenues | - | 15,700 | 15,700 | - |
| Use of money and property | 115,000 | 115,000 | 95,795 | (19,205) |
| Total revenues | 115,000 | 130,700 | 120,810 | (9,890) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works - streets | - | 4,293,762 | 705,350 | 3,588,412 |
| Total expenditures | - | 4,293,762 | 705,350 | 3,588,412 |
| REVENUES OVER (UNDER) EXPENDITURES | 115,000 | (4,163,062) | (584,540) | 3,578,522 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (50,000) | (50,000) | (50,000) | - |
| Total other financing sources (uses) | (50,000) | (50,000) | (50,000) | - |
| Net change in fund balance | \$ 165,000 | \$ (4,213,062) | (634,540) | \$ 3,578,522 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 4,213,910 | |
| End of year | | | \$ 3,579,370 | |

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



PROPRIETARY FUND FINANCIAL STATEMENTS

The enterprise 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.

Pittsburg Water Front Lease Fund - This fund was created for the collection of rents and other trust revenues from the tidelands granted by the Contra Costa County Local Agency Formation Commission within Pittsburg's city limits. The City shall submit a plan indicating details of intended development, preservation, or other use of the trust lands. Any use of the trust lands shall be consistent with the plan as approved by the Commission.

Pittsburg Arts & Community Foundation - This fund was created for an independent non-profit corporation set up to increase, support, and encourage art, literacy, education, economic development, affordable housing, and other community resources and programs to benefits the City of Pittsburg and its residents.

City of Pittsburg
Statement of Net Assets
Non-Major Enterprise Funds
June 30, 2009

| | Golf Course | Island Energy | Pittsburg Power |
|--|-------------------|---------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 28,773 | \$ 2,180,490 | \$ 3,671,853 |
| Restricted cash and investments | - | 100,000 | - |
| Receivables: | | | |
| Accounts | 12,910 | 616,330 | 358,233 |
| Interest | - | 6,582 | 16,978 |
| Loans | - | - | 125,000 |
| Advances to other funds | - | - | 1,926,157 |
| Inventory | 10,000 | - | - |
| Prepaid items and other assets | - | - | - |
| Total current assets | 51,683 | 2,903,402 | 6,098,221 |
| Noncurrent assets | | | |
| Capital assets: | | | |
| Depreciable assets, net | 933,045 | 5,794,840 | 33,937 |
| Total noncurrent assets | 933,045 | 5,794,840 | 33,937 |
| Total assets | 984,728 | 8,698,242 | 6,132,158 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 25,108 | 224,067 | 79,189 |
| Salaries payable | - | 5,910 | 4,101 |
| Taxes Payable | 9,669 | 68,403 | - |
| Refundable deposits | - | 113,696 | - |
| Deferred Revenues | 4,283 | 505,396 | - |
| Compensated absences payable - due within one year | - | 4,406 | 4,542 |
| Total current liabilities | 39,060 | 921,878 | 87,832 |
| Noncurrent liabilities: | | | |
| Advances from other funds | 375,000 | 1,551,157 | - |
| Compensated absences payable - due in more than one year | - | 32,311 | 33,310 |
| OPEB liability | - | 204,400 | 81,760 |
| Total noncurrent liabilities | 375,000 | 1,787,868 | 115,070 |
| Total liabilities | 414,060 | 2,709,746 | 202,902 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 558,045 | 5,794,840 | 33,937 |
| Restricted for specific purposes | 10,000 | 100,000 | 4,750,000 |
| Unrestricted | 2,623 | 93,656 | 1,145,319 |
| Total net assets | \$ 570,668 | \$ 5,988,496 | \$ 5,929,256 |

| Water Front Operations | Pittsburg Arts & Community Foundation | Total Non-Major Enterprise Funds |
|---------------------------|---|---|
| \$ 1,086 | \$ 1,337 | \$ 5,883,539 |
| - | - | 100,000 |
| - | - | 987,473 |
| 4 | 6 | 23,570 |
| - | - | 125,000 |
| - | - | 1,926,157 |
| - | - | 10,000 |
| - | 2,000 | 2,000 |
| <u>1,090</u> | <u>3,343</u> | <u>9,057,739</u> |
| - | - | 6,761,822 |
| - | - | 6,761,822 |
| <u>1,090</u> | <u>3,343</u> | <u>15,819,561</u> |
| - | 941 | 329,305 |
| - | - | 10,011 |
| - | - | 78,072 |
| - | - | 113,696 |
| - | - | 509,679 |
| - | - | 8,948 |
| - | 941 | 1,049,711 |
| - | - | 1,926,157 |
| - | - | 65,621 |
| - | - | 286,160 |
| - | - | 2,277,938 |
| - | 941 | 3,327,649 |
| - | - | 6,386,822 |
| - | - | 4,860,000 |
| <u>1,090</u> | <u>2,402</u> | <u>1,245,090</u> |
| <u>\$ 1,090</u> | <u>\$ 2,402</u> | <u>\$ 12,491,912</u> |

City of Pittsburg
Supplementary Statement of Net Assets
Non-Major Facility Reserves
June 30, 2009

| | Water Fac Reserve WTP Expand | Water Fac Water Distribution | Water Fac Zone I/II Reservoir | Water Fac Reserve SE20" Trans | Water Fac Reserve SW Hills CIP |
|---|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 842,457 | \$ 113,800 | \$ 727,766 | \$ 568,552 | \$ 412,514 |
| Restricted cash and investments | - | - | - | - | - |
| Receivables: | | | | | |
| Accounts | - | - | - | - | - |
| Interest | 2,797 | 394 | 2,439 | 1,905 | 1,329 |
| Advances to other funds | - | - | - | - | - |
| Inventory | - | - | - | - | - |
| Prepaid items and other assets | - | - | - | - | - |
| Total current assets | 845,254 | 114,194 | 730,205 | 570,457 | 413,843 |
| Noncurrent assets | | | | | |
| Capital assets: | | | | | |
| Depreciable assets, net | - | - | - | - | - |
| Total noncurrent assets | - | - | - | - | - |
| Total assets | 845,254 | 114,194 | 730,205 | 570,457 | 413,843 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | - | - | - | - | - |
| Salaries payable | - | - | - | - | - |
| Taxes Payable | - | - | - | - | - |
| Refundable deposits | - | - | - | - | - |
| Deferred Revenues | - | - | - | - | - |
| Compensated absences payable - due within one year | - | - | - | - | - |
| Capital leases - due within one year | - | - | - | - | - |
| Total current liabilities | - | - | - | - | - |
| Noncurrent liabilities: | | | | | |
| Advances from other funds | - | - | - | - | - |
| Compensated absences payable - due in more than one year | - | - | - | - | - |
| Total noncurrent liabilities | - | - | - | - | - |
| Total liabilities | - | - | - | - | - |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | - | - | - | - | - |
| Facility Reserves | 845,254 | 114,194 | 730,205 | 570,457 | 413,843 |
| Unrestricted | - | - | - | - | - |
| Total net assets | \$ 845,254 | \$ 114,194 | \$ 730,205 | \$ 570,457 | \$ 413,843 |

City of Pittsburg
Statement of Revenues and Expenditures
Non-Major Enterprise Funds
June 30, 2009

| | Golf Course | Island Energy | Pittsburg Power |
|---|------------------|------------------|--------------------|
| OPERATING REVENUES: | | | |
| Charges for services | \$ 649,060 | \$ 3,993,727 | \$ 2,628,800 |
| Other Fees | 74,204 | - | - |
| Rent and concessions | 397,693 | - | - |
| Pro Shop Sales/Bookstore | 76,583 | - | - |
| Other operating revenues | - | 20,531 | 115,529 |
| Total operating revenues | 1,197,540 | 4,014,258 | 2,744,329 |
| OPERATING EXPENSES: | | | |
| Salaries and wages | 539,444 | 743,551 | 311,208 |
| Department supplies/materials | 184,647 | 2,067,236 | 110,666 |
| Rentals | 2,730 | 22,305 | 26,498 |
| Utilities | 41,942 | 21,057 | 1,877 |
| Maintenance and operations | 376,640 | 540,217 | 852,076 |
| Depreciation and amortization | 127,867 | 324,466 | 575 |
| Fringe benefits | 267,657 | 651,517 | 243,122 |
| Other operating expenses | 70,734 | - | 73,334 |
| Total operating expenses | 1,611,661 | 4,370,349 | 1,619,356 |
| OPERATING INCOME (LOSS) | (414,121) | (356,091) | 1,124,973 |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment earnings | 1,926 | 47,533 | 110,845 |
| Gain (loss) on disposal of assets | - | - | - |
| Total nonoperating revenues (expenses) | 1,926 | 47,533 | 110,845 |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | (412,195) | (308,558) | 1,235,818 |
| OPERATING TRANSFERS: | | | |
| Transfers in | 245,000 | - | - |
| Transfers out | - | (74,200) | (1,354,826) |
| Total operating transfers | 245,000 | (74,200) | (1,354,826) |
| Net income (loss) | (167,195) | (382,758) | (119,008) |
| NET ASSETS: | | | |
| Beginning of year | 737,863 | 6,371,254 | 6,048,264 |
| End of year | \$ 570,668 | \$ 5,988,496 | \$ 5,929,256 |

| Water Front Operations | Pittsburg Arts & Community Foundation | Total Non-Major Enterprise Funds |
|---------------------------|---|---|
| \$ - | \$ - | \$ 7,271,587 |
| - | - | 74,204 |
| - | - | 397,693 |
| - | - | 76,583 |
| 1,071 | 8,160 | 145,291 |
| 1,071 | 8,160 | 7,965,358 |
| - | - | 1,594,203 |
| - | 5,789 | 2,368,338 |
| - | - | 51,533 |
| - | - | 64,876 |
| - | - | 1,768,933 |
| - | - | 452,908 |
| - | - | 1,162,296 |
| - | - | 144,068 |
| - | 5,789 | 7,607,155 |
| 1,071 | 2,371 | 358,203 |
| 19 | 31 | 160,354 |
| - | - | - |
| 19 | 31 | 160,354 |
| 1,090 | 2,402 | 518,557 |
| - | - | 245,000 |
| - | - | (1,429,026) |
| - | - | (1,184,026) |
| 1,090 | 2,402 | (665,469) |
| - | - | 13,157,381 |
| \$ 1,090 | \$ 2,402 | \$ 12,491,912 |

City of Pittsburgh
Supplemental Statement of Revenues and Expenditures
Non-Major Facility Reserve Funds
June 30, 2009

| | Water Fac Reserve WTP Expand | Water Fac Water Distribution | Water Fac Zone I/II Reservoir | Water Fac Reserve SE20" Trans | Water Fac Reserve SW Hills CIP |
|---|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| OPERATING REVENUES: | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Fees | - | - | - | - | - |
| Facility Reserve Fees | 75,433 | 16,697 | 6,158 | 4,720 | 135,265 |
| Other operating revenues | - | - | - | - | - |
| Total operating revenues | 75,433 | 16,697 | 6,158 | 4,720 | 135,265 |
| OPERATING EXPENSES: | | | | | |
| Salaries and wages | - | - | - | - | - |
| Department supplies | - | - | - | - | - |
| Rentals | - | - | - | - | - |
| Utilities | - | - | - | - | - |
| Maintenance and operations | - | - | - | - | - |
| Depreciation and amortization | - | - | - | - | - |
| Fringe benefits | - | - | - | - | - |
| Other operating expenses | 14,248 | - | - | - | 39,827 |
| Total operating expenses | 14,248 | - | - | - | 39,827 |
| OPERATING INCOME (LOSS) | 61,185 | 16,697 | 6,158 | 4,720 | 95,438 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment earnings | 19,112 | 2,555 | 16,774 | 13,106 | 8,947 |
| Gain (loss) on disposal of assets | - | - | - | - | - |
| Total nonoperating revenues (expenses) | 19,112 | 2,555 | 16,774 | 13,106 | 8,947 |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | 80,297 | 19,252 | 22,932 | 17,826 | 104,385 |
| OPERATING TRANSFERS: | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (11,307) | - | - | - | - |
| Total operating transfers | (11,307) | - | - | - | - |
| Net income (loss) | 68,990 | 19,252 | 22,932 | 17,826 | 104,385 |
| NET ASSETS: | | | | | |
| Beginning of year | 776,264 | 94,942 | 707,273 | 552,631 | 309,458 |
| End of year | \$ 845,254 | 114,194 | \$ 730,205 | \$ 570,457 | \$ 413,843 |

| Water Fac Reserve SW Hills III Pipe | Water Fac Reserve SW Hills III Pump | Total Water Facility Reserves | Sewer Fac Reserve Coll Sys Cap | Sewer Fac Reserve Hwy 4 Trunk | Total Sewer Facility | Grand Total Facility Reserve Funds |
|--|--|-------------------------------|-----------------------------------|----------------------------------|----------------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - |
| 17,526 | 14,123 | 269,922 | - | - | - | 269,922 |
| - | - | - | - | - | - | - |
| 17,526 | 14,123 | 269,922 | - | - | - | 269,922 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 36,771 | 309 | 91,155 | 5,047 | - | 5,047 | 96,202 |
| 36,771 | 309 | 91,155 | 5,047 | - | 5,047 | 96,202 |
| (19,245) | 13,814 | 178,767 | (5,047) | - | (5,047) | 173,720 |
| 35,821 | 1,413 | 97,728 | 14,761 | 303 | 15,064 | 112,792 |
| - | - | - | - | - | - | - |
| 35,821 | 1,413 | 97,728 | 14,761 | 303 | 15,064 | 112,792 |
| 16,576 | 15,227 | 276,495 | 9,714 | 303 | 10,017 | 286,512 |
| - | - | - | - | - | - | - |
| - | - | (11,307) | - | - | - | (11,307) |
| - | - | (11,307) | - | - | - | (11,307) |
| 16,576 | 15,227 | 265,188 | 9,714 | 303 | 10,017 | 275,205 |
| 1,516,409 | 52,078 | 4,009,055 | 629,561 | 12,861 | 642,422 | 4,651,477 |
| 1,532,985 | 67,305 | 4,274,243 | \$ 639,275 | \$ 13,164 | \$ 652,439 | \$ 4,926,682 |

City of Pittsburg
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2009

| | Golf Course | Island Energy | Pittsburg Power |
|---|---------------------|---------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 1,239,224 | \$ 4,034,904 | \$ 2,482,746 |
| Cash payments to suppliers of goods and services | (609,896) | (2,632,297) | (974,207) |
| Cash payments to employees for services | (882,313) | (1,164,964) | (461,243) |
| Other operating revenue (expenses) | (70,734) | 20,531 | 42,195 |
| Net cash provided (used) by operating activities | (323,719) | 258,174 | 1,089,491 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Interfund payments | - | - | (301,157) |
| Transfers in | 245,000 | - | - |
| Transfers out | - | (74,200) | (1,354,826) |
| Net cash provided (used) by noncapital financing activities | 245,000 | (74,200) | (1,655,983) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Capital asset acquisition | - | - | (30,369) |
| Payment on capital lease | (19,162) | - | - |
| Net cash provided (used) by capital and related financing activities | (19,162) | - | (30,369) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on investments | 1,926 | 47,533 | 110,845 |
| Net cash provided (used) by investing activities | 1,926 | 47,533 | 110,845 |
| Net increase (decrease) in cash | (95,955) | 231,507 | (486,016) |
| CASH AND INVESTMENTS: | | | |
| Beginning of year | 124,728 | 2,048,983 | 4,157,869 |
| End of year | <u>\$ 28,773</u> | <u>\$ 2,280,490</u> | <u>\$ 3,671,853</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Operating income (loss) | \$ (414,121) | \$ (356,091) | \$ 1,124,973 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation | 127,867 | 324,466 | 575 |
| Changes in operating assets and liabilities: | | | |
| Accounts receivable | (2,176) | (104,482) | (146,054) |
| Inventory | 5,809 | (3,187) | - |
| Prepaid items | - | - | - |
| Accounts payable | (10,718) | 15,790 | 16,910 |
| Salaries and wages payable | (3,184) | 5,059 | 3,236 |
| Taxes payable | 972 | 5,915 | - |
| Refundable deposits | 60,425 | 22,669 | - |
| Deferred Revenue | (16,565) | 122,990 | - |
| Compensated absences | (72,028) | 20,645 | 8,091 |
| OPEB liability | - | 204,400 | 81,760 |
| Total adjustments | <u>90,402</u> | <u>614,265</u> | <u>(35,482)</u> |
| Net cash provided (used) by operating activities | \$ (323,719) | \$ 258,174 | \$ 1,089,491 |

| Water Front Operations | Pittsburg Arts & Comm Foundation | Total Non-Major Enterprise Funds |
|---------------------------|--|---|
| \$ 1,071 | \$ 8,160 | \$ 7,766,105 |
| - | (6,848) | (4,223,248) |
| - | - | (2,508,520) |
| - | - | (8,008) |
| <u>1,071</u> | <u>1,312</u> | <u>1,026,329</u> |
| - | - | (301,157) |
| - | - | 245,000 |
| - | - | (1,429,026) |
| - | - | (1,485,183) |
| - | - | (30,369) |
| - | - | (19,162) |
| - | - | (49,531) |
| 15 | 25 | 160,344 |
| 15 | 25 | 160,344 |
| 1,086 | 1,337 | (348,041) |
| - | - | 6,331,580 |
| <u>\$ 1,086</u> | <u>\$ 1,337</u> | <u>\$ 5,983,539</u> |
| \$ 1,071 | \$ 2,371 | \$ 358,203 |
| - | - | 452,908 |
| - | - | (252,712) |
| - | - | 2,622 |
| - | (2,000) | (2,000) |
| - | 941 | 22,923 |
| - | - | 5,111 |
| - | - | 6,887 |
| - | - | 83,094 |
| - | - | 106,425 |
| - | - | (43,292) |
| - | - | 286,160 |
| - | (1,059) | 668,126 |
| <u>\$ 1,071</u> | <u>\$ 1,312</u> | <u>\$ 1,026,329</u> |

CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2009



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/Communication Services 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
All Internal Service Funds
June 30, 2009

| | Fleet Maintenance | Building Maintenance | Insurance | Information/ Communication Services | Fringe Benefits | Total |
|--|----------------------|-------------------------|---------------------|---|---------------------|---------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 1,118,052 | \$ 723,418 | \$ 1,325,030 | \$ 584,352 | \$ 2,208,299 | \$ 5,959,151 |
| Receivables: | | | | | | |
| Accounts | 34,582 | 12,496 | 4,255 | - | 7,938 | 59,271 |
| Loans/Notes | - | - | - | 41,275 | - | 41,275 |
| Inventory | - | 9,955 | - | - | - | 9,955 |
| Prepaid items and other assets | - | - | 1,189 | 159,611 | 22,400 | 183,200 |
| Total current assets | 1,152,634 | 745,869 | 1,330,474 | 785,238 | 2,238,637 | 6,252,852 |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Depreciable assets, net | 1,950,284 | 733,180 | - | 563,499 | - | 3,246,963 |
| Total noncurrent assets | 1,950,284 | 733,180 | - | 563,499 | - | 3,246,963 |
| Total assets | 3,102,918 | 1,479,049 | 1,330,474 | 1,348,737 | 2,238,637 | 9,499,815 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 101,509 | 42,166 | 32,225 | 10,104 | 51,816 | 237,820 |
| Salaries payable | 1,947 | 1,728 | - | 504 | 1,426 | 5,605 |
| Capital leases - due within one year | - | - | - | 193,045 | - | 193,045 |
| Claims payable | - | - | 208,770 | - | - | 208,770 |
| Compensated absences - due within one year | 2,954 | 3,500 | - | 1,669 | - | 8,123 |
| Total current liabilities | 106,410 | 47,394 | 240,995 | 205,322 | 53,242 | 653,363 |
| Noncurrent liabilities: | | | | | | |
| Capital lease - due in more than one year | - | - | - | 367,022 | - | 367,022 |
| Compensated absences | 16,739 | 21,069 | - | - | - | 37,808 |
| Total noncurrent liabilities | 16,739 | 21,069 | - | 367,022 | - | 404,830 |
| Total liabilities | 123,149 | 68,463 | 240,995 | 572,344 | 53,242 | 1,058,193 |
| NET ASSETS | | | | | | |
| Invested in capital assets, net of related debt | 1,950,284 | 733,180 | - | 3,432 | - | 2,686,896 |
| Restricted for specific purposes | - | 9,955 | 1,189 | 200,886 | 22,400 | 234,430 |
| Unrestricted | 1,029,485 | 667,451 | 1,088,290 | 572,075 | 2,162,995 | 5,520,296 |
| Total net assets | \$ 2,979,769 | \$ 1,410,586 | \$ 1,089,479 | \$ 776,393 | \$ 2,185,395 | \$ 8,441,622 |

City of Pittsburgh
Combining Statement of Revenues, Expenses and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2009

| | Fleet Maintenance | Building Maintenance | Insurance | Information/ Communication Services | Fringe Benefits | Total |
|---|----------------------|-------------------------|------------------|---|--------------------|------------------|
| OPERATING REVENUES: | | | | | | |
| Charges for services | \$ 1,796,380 | \$ 1,254,870 | \$ 1,044,550 | \$ 1,074,580 | \$ 2,672,093 | \$ 7,842,473 |
| Other operating revenues | 14,789 | 20,549 | 56,532 | 16,585 | 42,228 | 150,683 |
| Total operating revenues | 1,811,169 | 1,275,419 | 1,101,082 | 1,091,165 | 2,714,321 | 7,993,156 |
| OPERATING EXPENSES: | | | | | | |
| Salaries and wages | 245,847 | 229,458 | - | 63,208 | - | 538,513 |
| Department supplies | 640,452 | 32,735 | - | 26,426 | - | 699,613 |
| Rentals | 24,731 | 824 | - | - | - | 25,555 |
| Utilities | 6,314 | 247,926 | - | - | - | 254,240 |
| Maintenance and operations | 148,592 | 304,628 | - | 572,390 | 158,901 | 1,184,511 |
| Depreciation | 469,458 | 191,992 | - | 88,035 | - | 749,485 |
| Insurance premiums | 15,838 | 194,378 | 842,110 | - | - | 1,052,326 |
| Insurance deductible | 8,100 | 7,250 | 142,000 | - | - | 157,350 |
| Fringe benefits | 144,199 | 153,849 | - | 30,834 | 3,211,114 | 3,539,996 |
| Other operating expenses | 12,768 | 3,572 | - | 95,364 | 2,587 | 114,291 |
| Total operating expenses | 1,716,299 | 1,366,612 | 984,110 | 876,257 | 3,372,602 | 8,315,880 |
| OPERATING INCOME (LOSS) | 94,870 | (91,193) | 116,972 | 214,908 | (658,281) | (322,724) |
| NONOPERATING REVENUES: | | | | | | |
| Gain (loss) on sale of assets | 25,616 | (68,658) | - | - | - | (43,042) |
| Interest expense | - | - | - | - | - | - |
| Investment income | - | - | 22,266 | - | 46,907 | 69,173 |
| Total nonoperating revenues | 25,616 | (68,658) | 22,266 | - | 46,907 | 26,131 |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | 120,486 | (159,851) | 139,238 | 214,908 | (611,374) | (296,593) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 226,666 | - | - | 177,982 | 700,000 | 1,104,648 |
| Transfers out | (200,000) | (200,000) | (100,000) | - | (80,000) | (580,000) |
| Total other financing sources (uses) | 26,666 | (200,000) | (100,000) | 177,982 | 620,000 | 524,648 |
| Net income (loss) | 147,152 | (359,851) | 39,238 | 392,890 | 8,626 | 228,055 |
| NET ASSETS: | | | | | | |
| Beginning of year | 2,832,617 | 1,770,437 | 1,050,241 | 383,503 | 2,176,769 | 8,213,567 |
| End of year | \$ 2,979,769 | \$ 1,410,586 | \$ 1,089,479 | \$ 776,393 | \$ 2,185,395 | \$ 8,441,622 |

City of Pittsburg
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2009

| | Fleet Maintenance | Building Maintenance | Insurance | Information/ Communication Services | Fringe Benefits | Total |
|---|----------------------|-------------------------|------------------|---|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash received from customers/other funds | \$ 1,761,798 | \$ 1,242,374 | \$ 1,057,359 | \$ 1,074,580 | \$ 2,666,400 | \$ 7,802,511 |
| Cash payments to employees for services | (385,794) | (387,666) | - | (100,455) | (3,254,392) | (4,128,307) |
| Cash payments to suppliers for goods and services | (1,006,280) | (804,306) | (1,017,138) | (669,802) | (109,035) | (3,606,561) |
| Other operating revenues (expenses) | 14,789 | 20,549 | 56,532 | 16,585 | 39,641 | 148,096 |
| Net cash provided (used) by operating activities | 384,513 | 70,951 | 96,753 | 320,908 | (657,386) | 215,739 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Transfers in | 226,666 | - | - | 177,982 | 700,000 | 1,104,648 |
| Transfers out | (200,000) | (200,000) | (100,000) | - | (80,000) | (580,000) |
| Net cash provided (used) by noncapital financing activities | 26,666 | (200,000) | (100,000) | 177,982 | 620,000 | 524,648 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Acquisition of capital assets | (232,412) | - | - | (178,875) | - | (411,287) |
| Proceeds from issuance of capital leases | - | - | - | - | - | - |
| Proceeds from sale of assets | 25,616 | - | - | - | - | 25,616 |
| Interest expense | - | - | - | - | - | - |
| Net cash provided (used) by capital financing activities | (206,796) | - | - | (178,875) | - | (385,671) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Interest revenue | - | - | 22,266 | - | 46,907 | 69,173 |
| Net cash provided (used) by investing activities | - | - | 22,266 | - | 46,907 | 69,173 |
| Net increase (decrease) in cash and cash equivalents | 204,383 | (129,049) | 19,019 | 320,015 | 9,521 | 423,889 |
| CASH AND CASH EQUIVALENTS: | | | | | | |
| Beginning of year | 913,669 | 852,467 | 1,306,011 | 264,337 | 2,198,778 | 5,535,262 |
| End of year | \$ 1,118,052 | \$ 723,418 | \$ 1,325,030 | \$ 584,352 | \$ 2,208,299 | \$ 5,959,151 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | |
| Operating income (loss) | \$ 94,870 | \$ (91,193) | \$ 116,972 | \$ 214,908 | \$ (658,281) | \$ (322,724) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | | |
| Depreciation | 469,458 | 191,992 | - | 88,035 | - | 749,485 |
| Changes in operating assets and liabilities: | | | | | | |
| Accounts receivable | (34,582) | (12,496) | 12,809 | - | (5,693) | (39,962) |
| Loans receivable | - | - | - | (11,444) | - | (11,444) |
| Due from other funds | - | - | - | - | - | - |
| Inventory | - | - | - | - | - | - |
| Prepaid items | - | - | 1,894 | 58,040 | (44,296) | 15,638 |
| Accounts payable | (149,485) | (12,993) | 12,022 | (23,886) | 49,866 | (124,476) |
| Salaries and wages payable | 636 | 453 | - | 143 | 1,018 | 2,250 |
| Due to other funds | - | - | - | - | - | - |
| Compensated absences | 3,616 | (4,812) | - | (4,888) | - | (6,084) |
| Insurance claims payable | - | - | (46,944) | - | - | (46,944) |
| Total adjustments | 289,643 | 162,144 | (20,219) | 106,000 | 895 | 538,463 |
| Net cash provided (used) by operating activities | \$ 384,513 | \$ 70,951 | \$ 96,753 | \$ 320,908 | \$ (657,386) | \$ 215,739 |

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds:

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

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

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

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

City of Pittsburgh
Combining Statement of Changes in Fiduciary Net Assets
Agency Funds
For the year ended June 30, 2009

| | Beginning Balance July 1, 2008 | Additions | Deletions | Ending Balance June 30, 2009 |
|---|--------------------------------------|----------------------|------------------------|------------------------------------|
| <u>Assessment Districts Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 2,658,475 | \$ 2,331,026 | \$ (2,188,421) | \$ 2,801,080 |
| Cash and investments held by fiscal agent | 2,537,989 | 2,360,956 | (2,355,275) | 2,543,670 |
| Assessment receivable | 2,280,146 | 2,814 | (8,619) | 2,274,341 |
| Interest receivable | 35,707 | 50,611 | (55,893) | 30,425 |
| Total assets | \$ 7,512,317 | \$ 4,745,407 | \$ (4,608,208) | \$ 7,649,516 |
| Liabilities: | | | | |
| Accounts payable | \$ 28,678 | \$ 32,419 | \$ (28,606) | \$ 32,491 |
| Deferred assessment | 2,280,146 | 2,814 | (8,619) | 2,274,341 |
| Due to bondholders | 5,203,493 | 929,191 | (790,000) | 5,342,684 |
| Total liabilities | \$ 7,512,317 | \$ 964,424 | \$ (827,225) | \$ 7,649,516 |
| <u>Environmental Impact Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 8,576 | \$ 10,387 | \$ (17,086) | \$ 1,877 |
| Total assets | \$ 8,576 | \$ 10,387 | \$ (17,086) | \$ 1,877 |
| Liabilities: | | | | |
| Accounts payable | \$ 8,020 | \$ 8,998 | \$ (17,018) | \$ - |
| Due to other parties | 556 | 10,319 | (8,998) | 1,877 |
| Total liabilities | \$ 8,576 | \$ 19,317 | \$ (26,016) | \$ 1,877 |
| <u>Other Impact Fees Fund</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,019,504 | \$ 2,199,672 | \$ (2,933,481) | \$ 285,695 |
| Total assets | \$ 1,019,504 | \$ 2,199,672 | \$ (2,933,481) | \$ 285,695 |
| Liabilities: | | | | |
| Accounts payable | \$ 518,814 | \$ 2,642,551 | \$ (2,898,968) | \$ 262,397 |
| Due to other parties | 500,690 | 2,064,613 | (2,542,005) | 23,298 |
| Total liabilities | \$ 1,019,504 | \$ 4,707,164 | \$ (5,440,973) | \$ 285,695 |
| <u>Vista Del Mar CFD Bond 2005</u> | | | | |
| Assets: | | | | |
| Cash and investments held by fiscal agent | \$ 5,506,176 | \$ 3,143,042 | \$ (4,371,117) | \$ 4,278,101 |
| Accounts receivable | - | - | - | - |
| Interest receivable | 6,268 | 1,737 | (6,268) | 1,737 |
| Total assets | \$ 5,512,444 | \$ 3,144,779 | \$ (4,377,385) | \$ 4,279,838 |
| Liabilities: | | | | |
| Accounts payable | \$ 591,305 | \$ 709,868 | \$ (1,289,118) | \$ 12,055 |
| Due to other parties | 4,104,071 | 21,697 | (653,355) | 3,472,413 |
| Due to bondholders | 817,068 | 776,691 | (798,389) | 795,370 |
| Total liabilities | \$ 5,512,444 | \$ 1,508,256 | \$ (2,740,862) | \$ 4,279,838 |
| <u>Total Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 3,686,555 | \$ 4,541,085 | \$ (5,138,988) | \$ 3,088,652 |
| Cash and investments held by fiscal agent | 8,044,165 | 5,503,998 | (6,726,392) | 6,821,771 |
| Assessment receivable | 2,280,146 | 2,814 | (8,619) | 2,274,341 |
| Interest receivable | 41,975 | 52,348 | (62,161) | 32,162 |
| Total assets | \$ 14,052,841 | \$ 10,100,245 | \$ (11,936,160) | \$ 12,216,926 |
| Liabilities: | | | | |
| Accounts payable | \$ 1,146,817 | \$ 3,393,836 | \$ (4,233,710) | \$ 306,943 |
| Deferred assessment | 2,280,146 | 2,814 | (8,619) | 2,274,341 |
| Due to other parties | 4,605,317 | 2,096,629 | (3,204,358) | 3,497,588 |
| Due to bondholders | 6,020,561 | 1,705,882 | (1,588,389) | 6,138,054 |
| Total liabilities | \$ 14,052,841 | \$ 7,199,161 | \$ (9,035,076) | \$ 12,216,926 |

STATISTICAL SECTION

This part of the City of Pittsburg's comprehensive annual financial report presents detailed information in a statistical format as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information is conveying about the City of Pittsburg's overall financial status.

The Governmental Accounting Standards Board (GASB) issued Statement Number 44, "Economic Condition Reporting; the Statistics Section" which is an amendment of National Council on Governmental Accounting's (NCGA) Statement One. This statement amends the portions of NCGA Statement One, Governmental Accounting and Financial Reporting Principles, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year statements, and required supplementary information to assess the economic condition of the City. During the Fiscal Year 2005-2006, the City of Pittsburg implemented this statement and added new information and eliminated schedules previously required.

The major points of emphasis are:

Financial Trends

These schedules contain trend information to help the CAFR reader understand how the City of Pittsburg's financial performance and economic status have changed over time.

Revenue Capacity

These schedules contain information to help the CAFR reader evaluate factors affecting the City of Pittsburg's ability to generate its property and sales taxes and other major revenues.

Debt Capacity

These schedules present information to help the CAFR reader assess the affordability of the City of Pittsburg's current levels of outstanding debt and the City's ability to issue additional debt in the future.

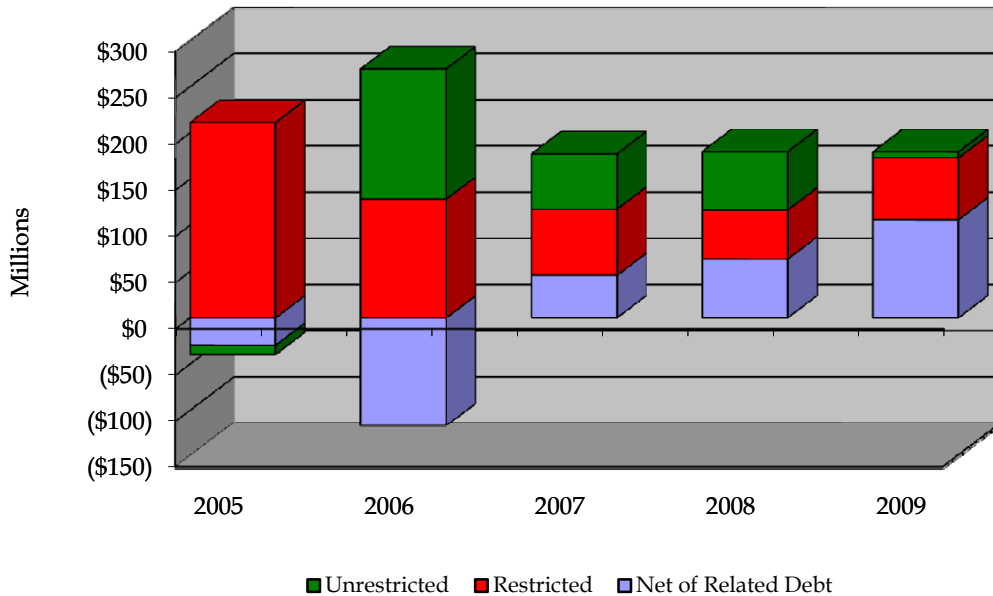
Demographic and Economic Information

These schedules offer demographic and economic indications to help the CAFR reader understand the environment within which the City of Pittsburg's financial activities occur.

Operating Information

These schedules contain information about the City of Pittsburg's operations and resources to help the CAFR reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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



| | Fiscal Year Ended June 30, | | | | |
|--|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| <i>Governmental activities</i> | | | | | |
| Invested in Capital Assets, | | | | | |
| Net of related debt | (\$87,277,519) * | (\$153,333,826) | \$3,247,946 | \$18,733,410 | \$32,357,570 |
| Restricted | 207,720,167 | 124,840,230 | 58,131,686 | 28,890,295 | 46,826,571 |
| Unrestricted | (21,780,919) | 99,416,697 | 28,994,097 | 50,069,992 | (5,009,852) |
| Total governmental activities net assets | \$98,661,729 | \$70,923,101 | \$90,373,729 | \$97,693,697 | \$74,174,289 |
| <i>Business-type activities</i> | | | | | |
| Invested in Capital Assets, | | | | | |
| Net of related debt | \$57,789,865 | \$36,566,114 | \$42,643,385 | \$44,780,703 | \$73,704,658 |
| Restricted | 3,602,121 | 3,602,121 | 13,474,928 | 24,190,306 | 20,189,744 |
| Unrestricted | 11,652,926 | 41,341,654 | 30,681,028 | 12,931,446 | 11,345,116 |
| Total business-type activities net assets | \$73,044,912 | \$81,509,889 | \$86,799,341 | \$81,902,455 | \$105,239,518 |
| <i>Primary government</i> | | | | | |
| Invested in capital assets, | | | | | |
| net of related debt | (\$29,487,654) | (\$116,767,712) | \$45,891,331 | \$63,514,113 | \$106,062,228 |
| Restricted | 211,322,288 | 128,442,351 | 71,606,614 | 53,080,601 | 67,016,315 |
| Unrestricted | (10,127,993) | 140,758,351 | 59,675,125 | 63,001,438 | 6,335,264 |
| Total primary government net assets | \$171,706,641 | \$152,432,990 | \$177,173,070 | \$179,596,152 | \$179,413,807 |

* Calculated NET Debt for Prior Years

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

| | Fiscal Year Ended June 30, | | | | |
|--|----------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General Government | \$18,599,651 | \$60,157,154 | \$14,254,413 | \$21,504,808 | \$11,842,142 |
| Public Safety | 14,929,141 | 15,997,395 | 16,949,031 | 19,147,330 | 37,075,329 |
| Public Works | 11,881,765 | 17,075,898 | 17,949,516 | 16,356,492 | 15,020,101 |
| Community Development | 18,278,033 | 16,451,856 | 25,815,463 | 31,332,797 | 37,032,108 |
| Culture and Recreation | 1,574,661 | 1,772,570 | 1,892,674 | 1,854,555 | 1,741,484 |
| Interest on Long Term Debt | 18,645,181 | 15,117,640 | 20,495,286 | 23,435,995 | 35,950,401 |
| Total Governmental Activities Expenses | <u>83,908,432</u> | <u>126,572,513</u> | <u>97,356,383</u> | <u>113,631,977</u> | <u>138,661,565</u> |
| Business-Type Activities: | | | | | |
| Water | 11,135,859 | 13,136,590 | 13,372,173 | 14,316,223 | 14,013,116 |
| Wastewater | 1,671,204 | 1,830,382 | 1,929,214 | 1,972,310 | 2,218,519 |
| Marina | 1,769,750 | 1,629,567 | 2,378,869 | 2,112,615 | 2,320,709 |
| Other-Non-Major Enterprise Funds | 5,743,737 | 6,466,498 | 6,663,142 | 7,430,302 | 7,607,155 |
| Total Business-Type Activities Expenses | <u>20,320,550</u> | <u>23,063,037</u> | <u>24,343,398</u> | <u>25,831,450</u> | <u>26,159,499</u> |
| Total Primary Government Expenses | <u>\$104,228,982</u> | <u>\$149,635,550</u> | <u>\$121,699,781</u> | <u>\$139,463,427</u> | <u>\$164,821,064</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General Government | \$7,099 | \$786,511 | \$8,362,348 | \$114,718 | \$2,165,995 |
| Public Safety | 271,996 | 198,240 | 633,513 | 750,286 | 1,054,367 |
| Public Works | 4,479,760 | 4,554,972 | 4,077,620 | 2,930,076 | 1,186,331 |
| Community Development | 2,149,874 | 4,106,077 | 90,302 | 4,318,365 | 8,392,107 |
| Culture and Recreation | 415,056 | 509,709 | 533,114 | 419,320 | 198,873 |
| Operating Grants and Contributions | 5,166,636 | 3,923,284 | 19,357,391 | 18,175,592 | 15,252,456 |
| Capital Grants and Contributions | 4,233,864 | 3,307,936 | 948,905 | 5,243,189 | 2,193,823 |
| Total Government Activities Program Revenues | <u>16,724,285</u> | <u>17,386,729</u> | <u>34,003,193</u> | <u>31,951,546</u> | <u>30,443,952</u> |
| Business-Type Activities: | | | | | |
| Charges for Services: | | | | | |
| Water | 11,720,046 | 15,614,242 | 15,974,805 | 15,780,234 | 15,121,036 |
| Wastewater | 2,602,071 | 3,668,052 | 3,864,420 | 3,305,065 | 3,846,151 |
| Marina | 1,299,827 | 1,318,081 | 1,653,350 | 1,732,960 | 1,829,397 |
| Other-Non-Major Enterprise Funds | 5,087,677 | 5,702,392 | 6,242,843 | 7,369,613 | 7,965,358 |
| Operating Grants and Contributions | | | | | |
| Capital Grants and Contributions | 4,734,916 | 3,619,190 | 197,903 | 331,649 | 18,110,472 |
| Total Business-Type Activities Program Revenue | <u>25,444,537</u> | <u>29,921,957</u> | <u>27,933,321</u> | <u>28,519,521</u> | <u>46,872,414</u> |
| Total Primary Government Program Revenues | <u>\$42,168,822</u> | <u>\$47,308,686</u> | <u>\$61,936,514</u> | <u>\$60,471,067</u> | <u>\$77,316,366</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | (\$67,184,147) | (\$109,185,784) | (\$63,353,190) | (\$81,680,431) | (\$108,217,613) |
| Business-Type Activities | 5,123,987 | 6,858,920 | 3,589,923 | 2,688,071 | 20,712,915 |
| Total Primary Government Net Expense | <u>(\$62,060,160)</u> | <u>(\$102,326,864)</u> | <u>(\$59,763,267)</u> | <u>(\$78,992,360)</u> | <u>(\$87,504,698)</u> |

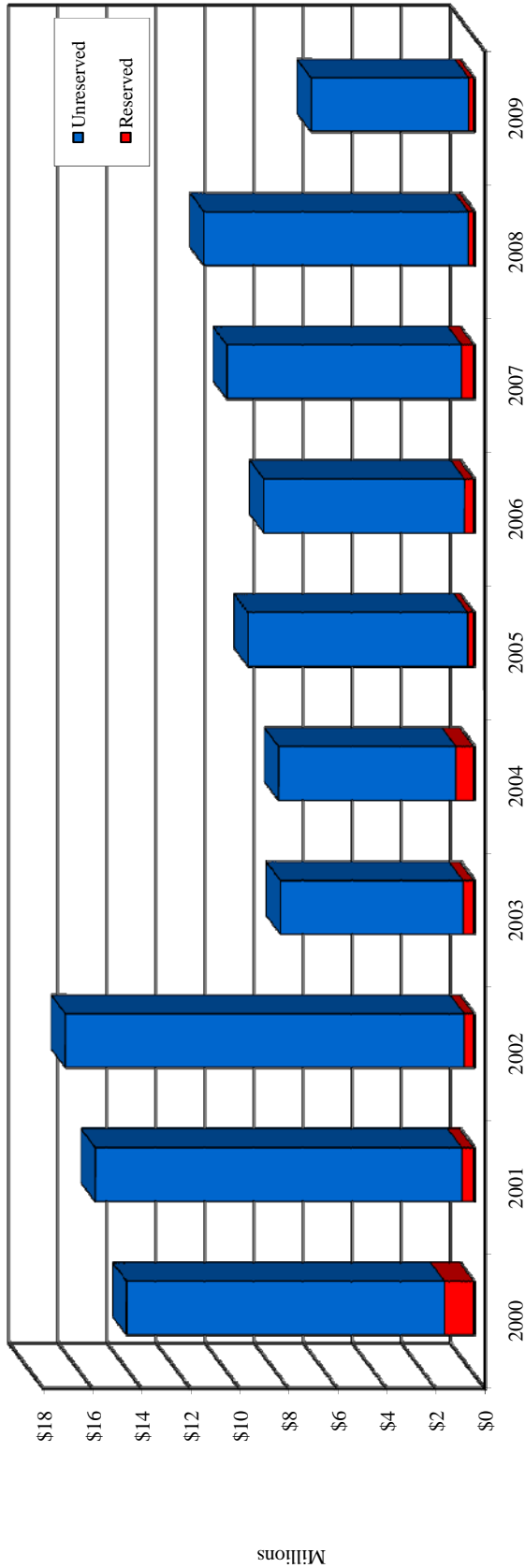
* PRE-GASB 34 Reporting

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

| | Fiscal Year Ended June 30, | | | | |
|---|----------------------------|----------------------|---------------------|---------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental Activities: | | | | | |
| Taxes: | | | | | |
| Property Taxes | \$38,110,361 | \$43,852,448 | \$50,917,360 | \$51,782,902 | \$49,448,715 |
| Sales Taxes | 7,665,033 | 8,490,042 | 7,953,283 | 7,295,549 | 7,167,394 |
| Motor Vehicle In-Lieu | 677,815 | 4,376,374 | 6,042,275 | 4,871,681 | 4,714,411 |
| Transient Occupancy Tax | 144,920 | 152,204 | 149,393 | 172,734 | 185,120 |
| Inter Governmental Revenues | 20,523,145 | 21,371,198 | - | - | - |
| Nonregulatory Franchise and Business | 2,053,747 | 2,181,141 | 2,246,603 | 3,544,661 | 3,025,968 |
| Interest Earnings | 343,068 | 7,594,655 | 11,146,109 | 11,718,198 | 10,602,828 |
| Other | 37,700,721 | 11,393,786 | 2,134,499 | 940,352 | 1,166,245 |
| Transfers | 43,733,222 | 47,719,563 | 563,960 | 10,773,070 | 6,242,560 |
| Total Government Activities | 150,952,032 | 147,131,412 | 81,153,482 | 91,099,147 | 82,553,241 |
| Business-Type Activities: | | | | | |
| Interest Earnings | 381,267 | 1,047,319 | 2,263,490 | 1,961,224 | 1,093,600 |
| Transfers | 10,231,255 | 2,076,052 | (563,960) | (8,688,861) | (6,242,560) |
| Total Business-Type Activities | 10,612,522 | 3,123,371 | 1,699,530 | (6,727,637) | (5,148,960) |
| Total Primary Government | \$161,564,554 | \$150,254,783 | \$82,853,012 | \$84,371,510 | \$77,404,281 |
| Change in Net Assets | | | | | |
| Governmental Activities | \$83,767,885 | \$37,945,628 | \$17,800,292 | \$9,418,716 | (\$25,664,372) |
| Business-Type Activities | 15,736,509 | 9,982,291 | 5,289,453 | (4,039,566) | 15,563,955 |
| Total Primary Government | \$99,504,394 | \$47,927,919 | \$23,089,745 | \$5,379,150 | (\$10,100,417) |

* Reclassified into Program Revenue & Other Taxes

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



| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|----------------------|----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 1,202,411 | \$ 482,218 | \$ 382,331 | \$ 426,978 | \$ 722,510 | \$ 245,280 | \$ 372,186 | \$ 492,681 | \$ 208,767 | \$ 202,586 |
| Unreserved | 12,944,439 | 14,950,790 | 16,264,525 | 7,456,583 | 7,235,268 | 8,952,718 | 8,183,807 | 9,566,686 | 10,793,012 | 6,428,850 |
| Total General Fund | <u>14,146,850</u> | <u>15,433,008</u> | <u>16,646,856</u> | <u>7,883,561</u> | <u>7,957,778</u> | <u>9,197,998</u> | <u>8,555,993</u> | <u>10,059,367</u> | <u>11,001,779</u> | <u>6,631,436</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 30,361,438 | \$ 23,287,001 | \$ 33,890,596 | \$ 34,513,856 | \$ 62,362,398 | \$ 150,732,011 | \$ 138,881,219 | \$ 236,888,018 | \$ 203,272,346 | \$ 142,074,124 |
| Unreserved, designated | - | - | - | 63,778,404 | 24,060,758 | 42,695,263 | 29,455,358 | 41,043,642 | 33,855,453 | 45,107,266 |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Funds | 19,610,738 | 4,999,526 | 3,476,844 | 3,524,346 | 7,287,439 | 2,162,348 | 9,204,969 | 2,526,959 | - | - |
| Capital Project Funds | (1,349,903) | 20,774,255 | 16,314,171 | 4,964,337 | 6,393,824 | 931,032 | 10,007,934 | - | - | - |
| Total all other governmental funds | <u>\$ 48,622,273</u> | <u>\$ 49,060,782</u> | <u>\$ 53,681,611</u> | <u>\$ 106,780,943 *</u> | <u>\$ 100,104,419</u> | <u>\$ 196,520,654</u> | <u>\$ 187,549,480</u> | <u>\$ 280,458,619</u> | <u>\$ 237,127,799</u> | <u>\$ 187,181,390</u> |

* From Fiscal Year Ended June 2003, GASB 34: Fund Balances for ALL Other Governmental (Exclusive of General Fund)

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

| | Fiscal Year Ended June 30, | | | | |
|--|----------------------------|------------------|----------------|-----------------|------------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 |
| Revenues | | | | | |
| Taxes | \$32,269 | \$36,209 | \$45,388 | \$42,240 | \$47,650 |
| Licenses, permits and fees | 2,036 | 3,374 | 1,361 | 4,506 | 2,402 |
| Fines and forfeitures | 194 | 169 | 165 | 395 | 283 |
| Use of money and property | 3,380 | 4,536 | 5,458 | 9,619 | 2,248 |
| Intergovernmental revenues | 9,605 | 11,167 | 12,884 | 20,570 | 23,542 |
| Charges for services | 2,566 | 3,087 | 3,062 | 3,339 | 4,322 |
| Other | 3,152 | 2,876 | 1,409 | 4,437 | 1,540 |
| Total Revenues | 53,202 | 61,418 | 69,727 | 85,106 | 81,987 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 9,423 | 14,236 | 11,555 | 15,259 | 14,882 |
| Public safety | 9,535 | 10,769 | 12,057 | 14,672 | 14,585 |
| Public works | 4,593 | 5,313 | 5,384 | 5,682 | 5,635 |
| Community development | 9,585 | 10,737 | 13,937 | 23,858 | 18,074 |
| Culture and recreation | 1,051 | 1,314 | 1,408 | 1,181 | 1,522 |
| Capital outlay | 9,113 | 11,431 | 12,738 | 10,384 | 19,949 |
| Debt service: | | | | | |
| Principal repayment | 4,025 | 4,215 | 4,505 | 4,510 | 4,240 |
| Interest and fiscal charges | 10,171 | 10,758 | 12,159 | 11,806 | 9,454 |
| Total Expenditures | 57,496 | 68,773 | 73,743 | 87,352 | 88,341 |
| Excess (deficiency) of revenues over (under) expenditures | (4,294) | (7,355) | (4,016) | (2,246) | (6,354) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 55,138 | 38,104 | 32,102 | 90,901 | 37,092 |
| Transfers (out) | (48,802) | (35,185) | (31,795) | (93,154) | (38,556) |
| Capital Contributions | | | | | |
| Refunding tax allocation bonds | | (60,913) | | (36,495) | |
| Payment to escrow Account | | | | | |
| Tax allocation bonds issued | 30,106 | 62,730 | 7,500 | 88,375 | |
| Special assessment bonds issued | | | | | |
| Bond Issuance Costs | (1,547) | | | | |
| Payments to refunded bond escrow | | | | | |
| Sale of capital assets | 47 | 15 | 1,274 | 1,004 | 1,215 |
| Total other financing sources (uses) | 34,942 | 4,751 | 9,081 | 50,631 | (249) |
| Net Change in fund balances | \$30,648 | (\$2,604) | \$5,065 | \$48,385 | (\$6,603) |
| Debt service as a percentage of noncapital expenditures | (a) | (a) | (a) | 21.2% | 20.0% |

NOTE:

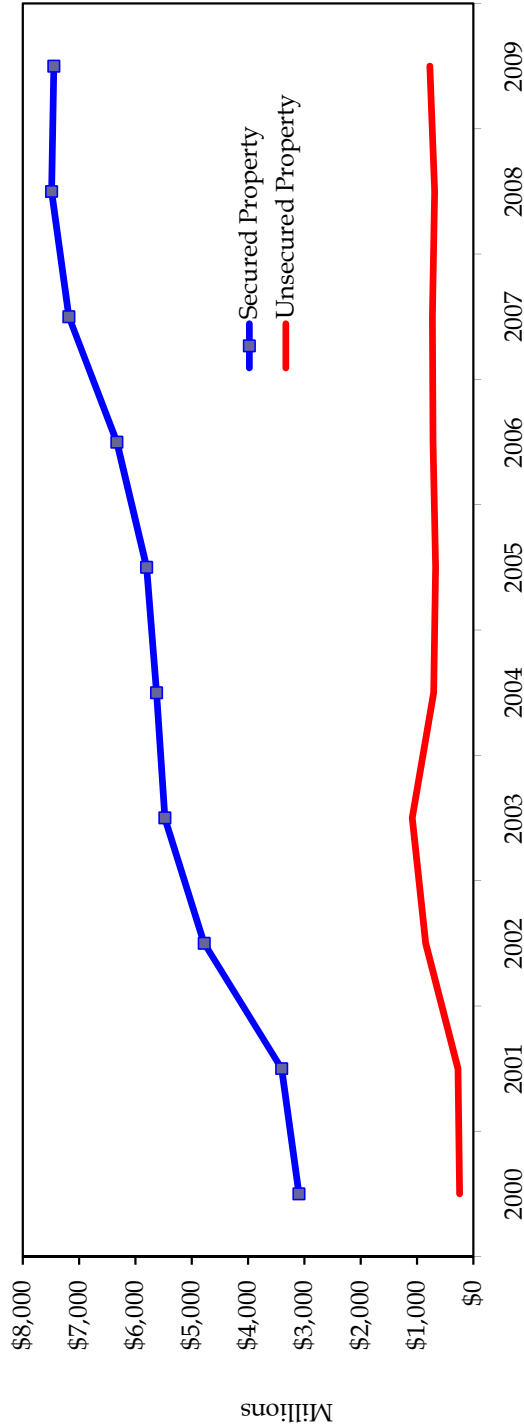
(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,

| 2005 | 2006 | 2007 | 2008 | 2009 |
|-----------------|------------------|-----------------|-------------------|-------------------|
| \$49,003 | \$55,803 | \$65,549 | \$65,453 | \$62,819 |
| 4,632 | 2,016 | 8,620 | 2,091 | 599 |
| 295 | 170 | 249 | 880 | 670 |
| 4,733 | 7,594 | 10,899 | 11,444 | 10,602 |
| 20,523 | 21,896 | 21,277 | 25,119 | 23,692 |
| 5,666 | 3,692 | 5,584 | 4,810 | 5,705 |
| 1,843 | 4,992 | 1,626 | 2,360 | 2,641 |
| <u>86,695</u> | <u>96,163</u> | <u>113,804</u> | <u>112,157</u> | <u>106,728</u> |
| 20,419 | 60,290 | 19,986 | 20,127 | 18,473 |
| 14,346 | 15,900 | 16,572 | 18,141 | 18,819 |
| 10,530 | 7,472 | 10,998 | 8,889 | 8,295 |
| 25,996 | 18,724 | 24,232 | 37,243 | 33,465 |
| 1,574 | 1,773 | 1,893 | 1,855 | 1,741 |
| 13,750 | 23,649 | 47,903 | 49,763 | 29,245 |
| 4,100 | 4,790 | 4,960 | 7,550 | 9,311 |
| <u>13,577</u> | <u>15,525</u> | <u>18,221</u> | <u>25,261</u> | <u>32,089</u> |
| <u>104,292</u> | <u>148,123</u> | <u>144,765</u> | <u>168,829</u> | <u>151,438</u> |
| <u>(17,597)</u> | <u>(51,960)</u> | <u>(30,961)</u> | <u>(56,672)</u> | <u>(44,710)</u> |
| 43,733 | 47,720 | 75,014 | 94,537 | 87,911 |
| (52,248) | (51,305) | (74,999) | (83,373) | (82,193) |
| (21,166) | 3,208 | (180) | (15) | - |
| 146,605 | 39,566 | 169,820 | - | 61,661 |
| (3,936) | (248) | (4,171) | (13) | - |
| <u>2,264</u> | <u>3,193</u> | <u>4,109</u> | <u>2,315</u> | <u>2,680</u> |
| <u>115,252</u> | <u>42,134</u> | <u>125,375</u> | <u>13,451</u> | <u>(9,606)</u> |
| <u>\$97,655</u> | <u>(\$9,826)</u> | <u>\$94,414</u> | <u>(\$43,221)</u> | <u>(\$54,316)</u> |
| 19.5% | 16.3% | 23.9% | 27.6% | 33.9% |

* Intergovernmental Revenues Re-classified to Program Income & Other Taxes

CITY OF PITTSBURG
Assessed and Estimated Actual
Value of Taxable Property
Last Ten Fiscal Years



| Fiscal Year | Total Before Exemptions | | | GRAND Total | | HOPTR (1) | Unsecured Property | Total Assessed (a) | Estimated Full Market (a) | Total Direct Tax Rate (b) |
|-------------|-------------------------|------------------|-----------------|------------------|---------------|----------------|--------------------|--------------------|---------------------------|---------------------------|
| | Land | Improvements | Person Property | Property | Total | | | | | |
| 2000 | \$ 671,396,662 | \$ 2,091,658,596 | \$ 90,841,124 | \$ 2,853,896,382 | \$ 63,422,066 | \$ 242,193,779 | \$ 2,735,730,231 | \$ 2,735,730,231 | 1% | |
| 2001 | 719,493,211 | 2,316,291,798 | 96,055,194 | 3,131,840,203 | 64,914,955 | 273,889,366 | 3,021,659,292 | 3,021,659,292 | 1% | |
| 2002 | 762,338,829 | 3,065,067,577 | 104,985,233 | 3,932,391,639 | 67,034,225 | 848,421,348 | 3,810,523,428 | 3,810,523,428 | 1% | |
| 2003 | 863,942,493 | 3,404,046,164 | 123,237,922 | 4,391,226,579 | 68,588,456 | 1,085,723,391 | 4,262,656,324 | 4,262,656,324 | 1% | |
| 2004 | 1,065,703,737 | 3,737,733,209 | 120,569,117 | 4,924,006,063 | 69,854,212 | 703,793,132 | 4,787,689,809 | 4,787,689,809 | 1% | |
| 2005 | 1,232,755,118 | 3,794,398,115 | 107,600,340 | 5,134,753,573 | 69,378,527 | 670,107,833 | 4,996,083,733 | 4,996,083,733 | 1% | |
| 2006 | 1,435,121,959 | 4,078,052,994 | 101,971,604 | 5,615,146,557 | 68,931,232 | 716,256,830 | 5,480,070,846 | 5,480,070,846 | 1% | |
| 2007 | 1,763,752,092 | 4,571,066,917 | 118,060,203 | 6,452,879,212 | 67,070,432 | 730,045,843 | 6,274,310,595 | 6,274,310,595 | 1% | |
| 2008 | 2,090,812,424 | 4,586,882,253 | 120,147,498 | 6,797,842,175 | 66,662,966 | 690,209,596 | 6,601,742,515 | 6,601,742,515 | 1% | |
| 2009 | 1,900,179,131 | 4,641,377,192 | 134,495,806 | 6,676,052,129 | 66,141,210 | 776,320,539 | 6,471,729,308 | 6,471,729,308 | 1% | |

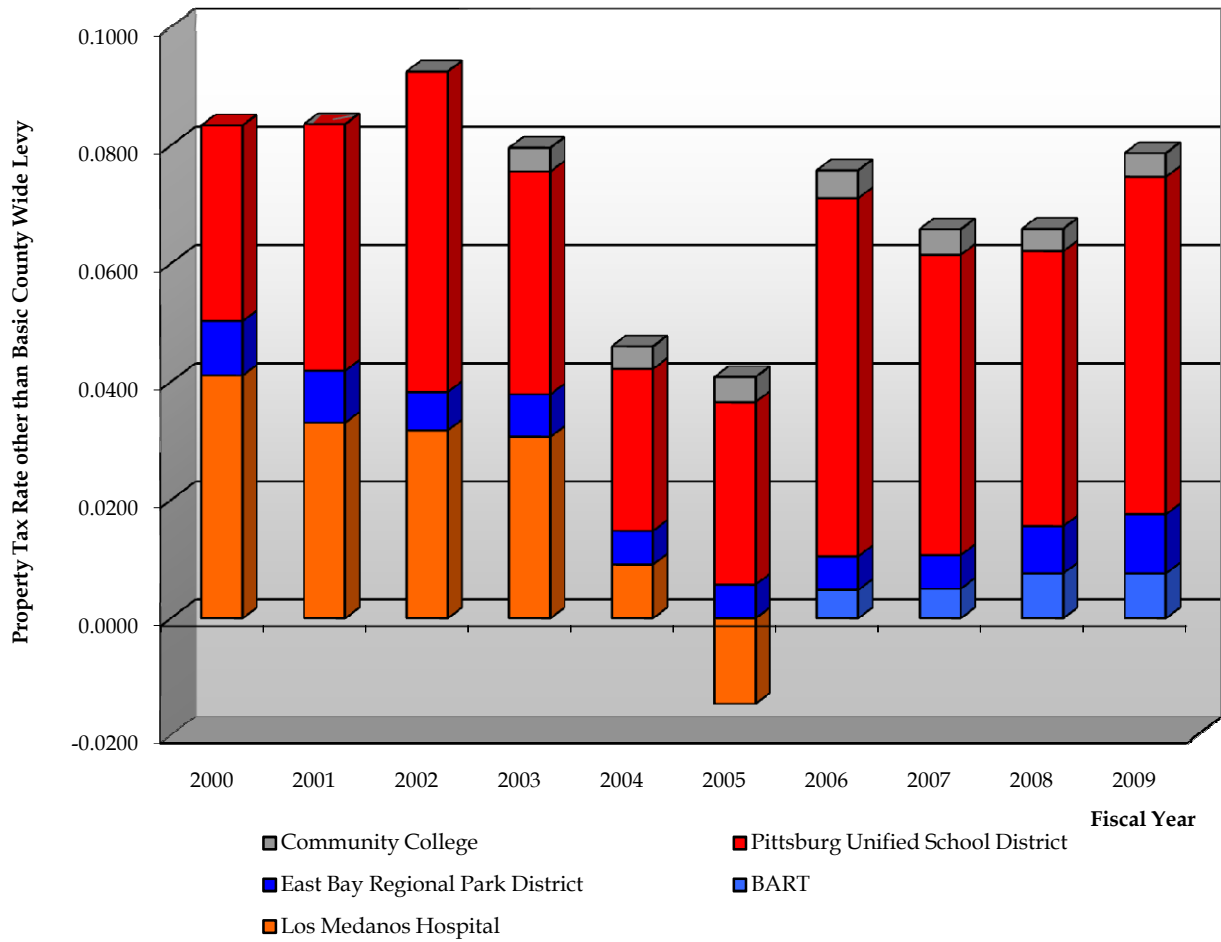
Source: Contra Costa County Auditor Controller Office Certificate of Assessed Valuations

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

(1) Homeowners' Property Tax Relief

CITY OF PITTSBURG
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years



| Fiscal Year | Basic County Wide Levy | Los Medanos Hospital | Bay Area Rapid Transit | East Bay Regional Park District | Pittsburg Unified School District | Community College | Total |
|-------------|------------------------|----------------------|------------------------|---------------------------------|-----------------------------------|-------------------|--------|
| 2000 | 1.0000 | 0.0411 | - | 0.0092 | 0.0331 | - | 1.0834 |
| 2001 | 1.0000 | 0.0331 | - | 0.0088 | 0.0417 | - | 1.0836 |
| 2002 | 1.0000 | 0.0318 | - | 0.0065 | 0.0542 | - | 1.0925 |
| 2003 | 1.0000 | 0.0307 | - | 0.0072 | 0.0377 | 0.0040 | 1.0796 |
| 2004 | 1.0000 | 0.0091 | - | 0.0057 | 0.0274 | 0.0038 | 1.0460 |
| 2005 | 1.0000 | -0.0144 | - | 0.0057 | 0.0309 | 0.0042 | 1.0264 |
| 2006 | 1.0000 | 0.0000 | 0.0048 | 0.0057 | 0.0606 | 0.0047 | 1.0758 |
| 2007 | 1.0000 | 0.0000 | 0.0050 | 0.0057 | 0.0508 | 0.0043 | 1.0658 |
| 2008 | 1.0000 | 0.0000 | 0.0076 | 0.0080 | 0.0465 | 0.0038 | 1.0633 |
| 2009 | 1.0000 | 0.0000 | 0.0090 | 0.0100 | 0.0571 | 0.0040 | 1.0787 |

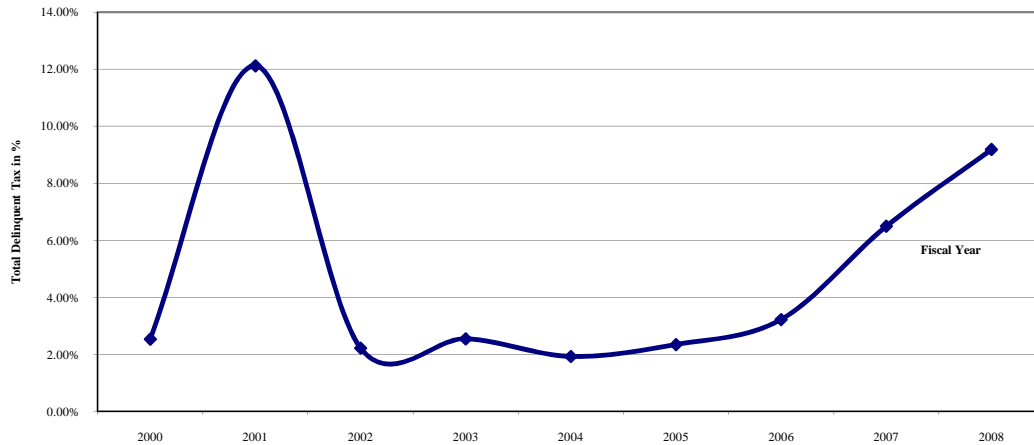
Source: Contra Costa County Assessors Office & California Municipal Statistics

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

| Taxpayer | 2008-09 | | | 1998-99 | | |
|-------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| USS - Posco Industries | \$ 406,816,764 | 1 | 6.29% | \$ 407,326,555 | 1 | 15.02% |
| Dow Chemical Company | 243,978,330 | 2 | 3.77% | 136,603,270 | 2 | 5.04% |
| Sierra Pacific Properties | 57,245,963 | 3 | 0.88% | 47,975,744 | 3 | 1.77% |
| Kirker Creek Limited Partnership | 30,000,000 | 7 | 0.46% | 32,000,000 | 6 | 1.18% |
| Century Plaza Corporation | 40,278,162 | 4 | 0.62% | 37,643,849 | 4 | 1.39% |
| Albert D Seeno Construction Co. | | | | 15,857,821 | 10 | 0.58% |
| Tele-Yue Systems Inc | 23,367,231 | 9 | 0.36% | | | |
| West Coast Home Builders Inc | 30,265,656 | 5 | 0.47% | | | |
| Ora Vineyard 162 LLC | 25,249,000 | | 0.39% | | | |
| National Energy Constructors | 30,234,985 | 6 | 0.47% | 32,456,738 | 5 | 1.20% |
| GWF Power System Limited Partner | 28,970,208 | 8 | 0.45% | 30,702,412 | 7 | 1.13% |
| ACG - Pittsburg Investors LLC | 22,030,113 | 10 | 0.34% | 21,629,328 | 8 | 0.80% |
| Union Carbide Industries Gases, Inc | | | | 16,791,239 | 9 | 0.62% |
| Subtotal | <u>\$938,436,412</u> | | <u>14.50%</u> | <u>\$778,986,956</u> | | <u>28.72%</u> |
| Total Net Assessed Valuation: | | | | | | |
| Fiscal Year 2008-2009 | \$6,471,729,308 | | | | | |
| Fiscal Year 1998-1999 | \$2,712,390,863 | | | | | |

Source: California Municipal Statistics, Inc & HdL Coren & Cone

CITY OF PITTSBURG
Property Tax Levies and Collections
Last Ten Fiscal Years



| Fiscal Year | Total Tax Levy (a) | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percent of Total Delinquent @ June 30 (County) |
|-------------|--------------------|-------------------------|---------------------------|----------------------------|-----------------------|--|
| 2000 | \$ 35,677,382 | \$ 34,774,682 | 97.4698% | \$ 902,700 | \$ 35,677,382 | 2.53% |
| 2001 | 43,095,927 | 37,873,416 | 87.8817% | 5,222,511 | 43,095,927 | 12.12% |
| 2002 | 41,278,061 | 40,363,109 | 97.7834% | 914,952 | 41,278,061 | 2.22% |
| 2003 | 43,884,508 | 42,770,506 | 97.4615% | 1,114,002 | 43,884,508 | 2.54% |
| 2004 | 51,916,285 | 50,918,662 | 98.0784% | 997,623 | 51,916,285 | 1.92% |
| 2005 | 53,809,800 | 52,551,716 | 97.6620% | 1,258,084 | 53,809,800 | 2.34% |
| 2006 | 61,984,118 | 59,988,331 | 96.7802% | 1,995,787 | 61,984,118 | 3.22% |
| 2007 | 71,221,786 | 66,597,664 | 93.5074% | 4,624,122 | 71,221,786 | 6.49% |
| 2008 | 79,667,362 | 72,351,429 | 90.8169% | 7,315,933 | 79,667,362 | 9.18% |
| 2009 | 0 | 0 | 0.0000% | 0 | 0 | 0.00% |

Source: CA Municipal Statistics

*This data is no longer cost effectively obtainable

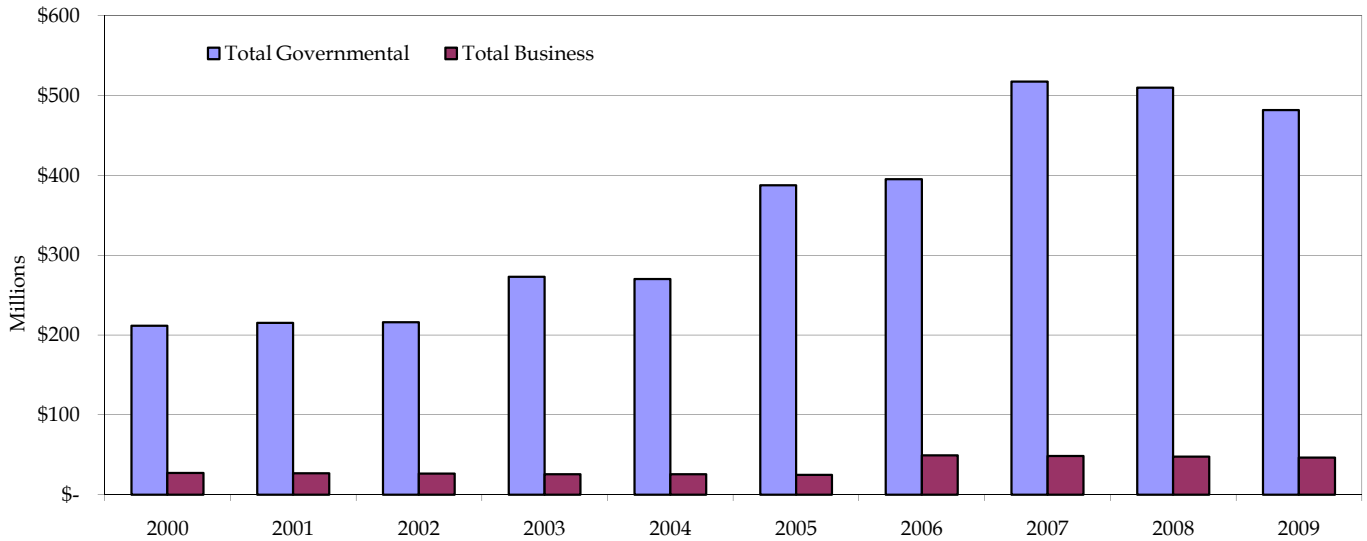
NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

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

City of Pittsburg proposes to present the data as set forth below:

| Fiscal Year | Secured Tax Charges | Amount Delinquent | % Delinquent |
|-------------|---------------------|-------------------|--------------|
| 05-06 | \$8,509,193.76 | 160,291.10 | 1.88% |
| 06-07 | 9,789,806.22 | 332,715.75 | 3.40% |
| 07-08 | 10,360,164.40 | 496,479.94 | 4.79% |
| 08-09 | 10,091,171.24 | 403,141.56 | 3.99% |

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



Governmental Activities

| Fiscal Year | Tax | Pass | Special | Landfill | Total |
|-------------|----------------|-------------|---------------|-------------|----------------|
| | Allocation | Through | Assessment | Containment | |
| | Bonds | Obligations | Debt | | |
| 2000 | \$ 192,151,357 | \$ 997,943 | \$ 18,525,000 | N/A | \$ 211,674,300 |
| 2001 | 188,891,357 | 1,247,280 | 25,070,000 | N/A | 215,208,637 |
| 2002 | 186,921,357 | 2,434,946 | 26,805,000 | N/A | 216,161,303 |
| 2003 | 241,812,819 | 3,199,939 | 27,950,000 | N/A | 272,962,758 |
| 2004 | 237,124,796 | 5,444,924 | 27,415,000 | N/A | 269,984,720 |
| 2005 | 352,556,357 | 8,206,902 | 26,795,000 | N/A | 387,558,259 |
| 2006 | 347,766,357 | 9,162,781 | 38,265,000 | N/A | 395,194,138 |
| 2007 | 472,741,357 | 7,232,732 | 37,595,000 | N/A | 517,569,089 |
| 2008 | 465,191,354 | 8,186,499 | 36,655,000 | N/A | 510,032,853 |
| 2009 | 438,152,213 | 8,050,000 | 35,675,000 | N/A | 481,877,213 |

Business-Type Activities

| Fiscal Year | Water | Sewer | Total | Total Primary Government | Percentage of Personal Income (a) | Per Capita (a) |
|-------------|---------------|---------------|---------------|--------------------------|-----------------------------------|----------------|
| | Revenue Bonds | Revenue Bonds | | | | |
| 2000 | \$ 14,655,000 | \$ 12,550,000 | \$ 27,205,000 | \$ 238,879,300 | 9.09% | 4,393 |
| 2001 | 14,655,000 | 12,230,000 | 26,885,000 | 242,093,637 | 8.75% | 4,176 |
| 2002 | 14,370,000 | 11,895,000 | 26,265,000 | 242,426,303 | 8.74% | 4,051 |
| 2003 | 14,070,000 | 11,545,000 | 25,615,000 | 298,577,758 | 10.48% | 4,889 |
| 2004 | 13,760,000 | 11,845,000 | 25,605,000 | 295,589,720 | 9.76% | 4,808 |
| 2005 | 13,430,000 | 11,335,000 | 24,765,000 | 412,323,259 | 12.09% | 6,586 |
| 2006 | 38,475,000 | 10,815,000 | 49,290,000 | 444,484,138 | 12.72% | 7,106 |
| 2007 | 38,025,000 | 10,285,000 | 48,310,000 | 565,879,089 | 15.36% | 8,982 |
| 2008 | 37,945,000 | 9,740,000 | 47,685,000 | 557,717,853 | 16.62% | 8,762 |
| 2009 | 37,260,000 | 9,185,000 | 46,445,000 | 528,322,213 | 14.71% | 8,178 |

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

Sources: City of Pittsburgh
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule of Demographic and Economic Statistics for personal income and population data.

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

| Fiscal Year | General Bonded Debt Outstanding | | Percentage of Actual Taxable Value of Property | Per Capita |
|------------------------|--|----------------|---|-----------------------|
| | Assessment Bonds | Total | | |
| 2000 | \$ 192,151,357 | \$ 192,151,357 | 7.02% | \$ 3,533.30 |
| 2001 | 188,891,357 | 188,891,357 | 6.25% | 3,258.10 |
| 2002 | 186,921,357 | 186,921,357 | 4.91% | 3,123.53 |
| 2003 | 241,812,819 | 241,812,819 | 5.67% | 3,959.80 |
| 2004 | 237,124,796 | 237,124,796 | 4.95% | 3,856.88 |
| 2005 | 352,556,357 | 352,556,357 | 7.06% | 5,631.44 |
| 2006 | 347,766,357 | 347,766,357 | 6.35% | 5,560.08 |
| 2007 | 472,741,357 | 472,741,357 | 7.53% | 7,503.35 |
| 2008 | 465,191,354 | 465,191,354 | 7.05% | 7,308.35 |
| 2009 | 438,152,213 | 438,152,213 | 6.77% | 6,782.54 |

CITY OF PITTSBURG
Computation of Direct and Overlapping Debt
June 30, 2009

2008-09 Assessed Valuation \$2,120,463,991
(After deducting \$4,417,406,527 Redevelopment Incremental Valuation)

| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | Total Debt Outstanding 6/30/2009 | Percentage Applicable To City of Pittsburg | Amount Applicable To City of Pittsburg |
|--|--|---|---|
| Bay Area Rapid Transit District | \$ 441,360,000 | 0.481% | \$ 2,122,942 |
| Contra Costa Community College District | 176,050,000 | 1.536% | 2,704,128 |
| Mount Diablo Unified School District | 212,965,000 | 1.225% | 2,608,821 |
| Mount Diablo Unified School District Communities Facilities Dist No. 1 | 63,600,000 | 1.225% | 779,100 |
| Pittsburg Unified School District | 109,400,000 | 92.901% | 101,633,694 |
| City of Pittsburg Community Facilities District No. 2005-2 | 11,650,000 | 100% | 11,650,000 |
| City of Pittsburg 1915 Act Bonds | 24,025,000 | 100% | 24,025,000 |
| East Bay Regional Park District | 125,850,000 | 0.709% | 892,277 |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | <u>\$1,164,900,000</u> | | 146,415,962 |

OVERLAPPING GENERAL FUND DEBT:

| | | | |
|---|------------------------------|---------|-----------------------------|
| Contra Costa County General Fund Obligations | \$ 285,315,000 | 1.532% | \$ 4,371,026 |
| Contra Costa County Pension Obligations | 465,455,000 | 1.532% | 7,130,771 |
| Contra Costa Community College District Certificates of Participation | 1,050,000 | 1.536% | 16,128 |
| Antioch Unified School District Certificates of Participation | 22,715,000 | 0.759% | 172,407 |
| Mount Diablo Unified School District Certificates of Participation | 5,670,000 | 1.225% | 69,458 |
| Pittsburg Unified School District Certificates of Participation | 10,800,000 | 92.901% | 10,033,308 |
| City of Pittsburg Pension Obligation Bonds | 39,441,056 | 100% | 39,441,056 |
| Contra Costa Fire Protection District Pension Obligations | 123,465,000 | 3.419% | 4,221,268 |
| TOTAL OVERLAPPING GENERAL FUND DEBT | <u>\$ 953,911,056</u> | | <u>\$ 65,455,421</u> |

GROSS COMBINED TOTAL DEBT (1) \$ 211,871,384

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

RATIOS TO 2006-07 ASSESSED VALUATION:

| | |
|---|-------|
| Total Overlapping and Tax Assessment Debt | 2.24% |
|---|-------|

RATIOS TO ADJUSTED ASSESSED VALUATION:

| | |
|-------------------------------------|--------|
| Combined Direct Debt (\$39,441,056) | 1.86% |
| Combined Total Debt | 10.00% |

Source: California Municipal Statistics, Inc.

CITY OF PITTSBURG
Computation of Legal Bonded Debt Margin
June 30, 2009

ASSESSED VALUATION:

| | |
|---|-----------------------------|
| Secured property assessed value, net of exempt real property | <u>\$ 2,120,463,991</u> (1) |
| (1) Net of \$4,417,406,527 Redevelopment Incremental Valuation | |

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) \$ 79,517,400

AMOUNT OF DEBT SUBJECT TO LIMIT:

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

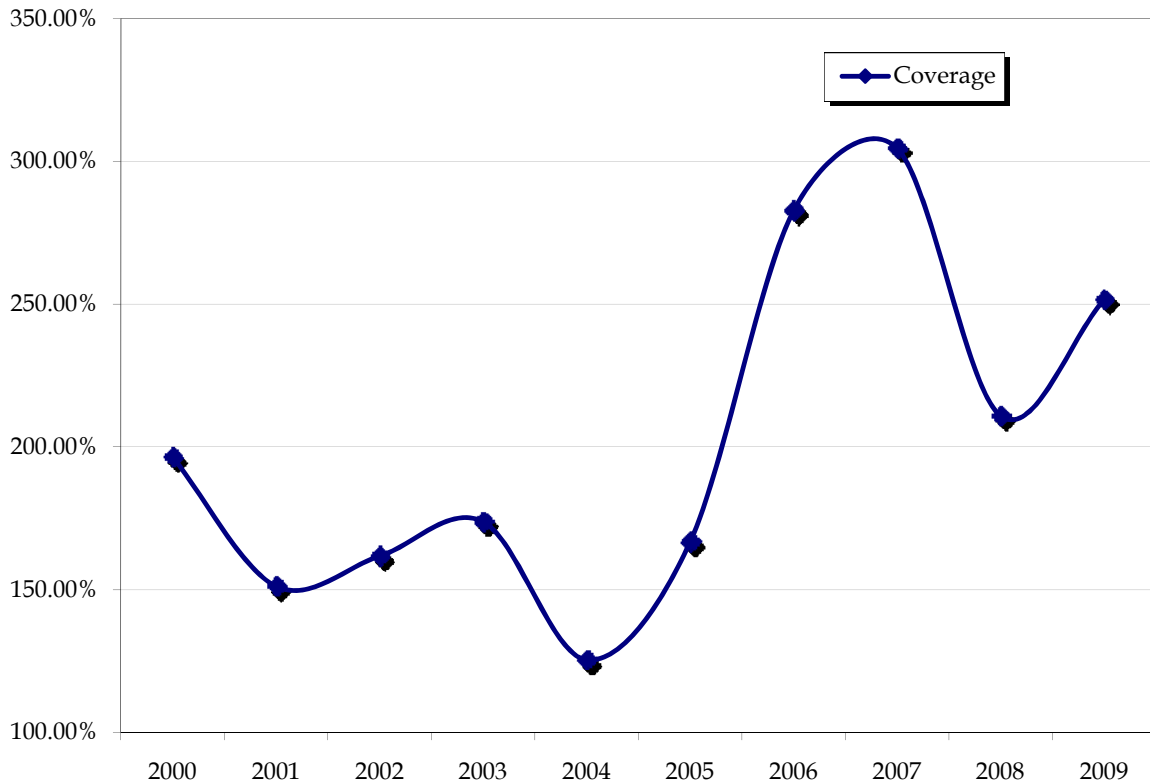
LEGAL BONDED DEBT MARGIN \$ 79,517,400

| Fiscal Year | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total net debt applicable to the limit as a percentage of debt limit |
|----------------|---------------|--|-------------------------|---|
| 2000 | \$ 56,647,684 | 0 | \$ 56,647,684 | 0.00% |
| 2001 | 60,557,599 | 0 | 60,557,599 | 0.00% |
| 2002 | 65,207,274 | 0 | 65,207,274 | 0.00% |
| 2003 | 67,358,919 | 0 | 67,358,919 | 0.00% |
| 2004 | 69,724,135 | 0 | 69,724,135 | 0.00% |
| 2005 | 63,272,582 | 0 | 63,272,582 | 0.00% |
| 2006 | 67,444,896 | 0 | 67,444,896 | 0.00% |
| 2007 | 78,807,669 | 0 | 78,807,669 | 0.00% |
| 2008 | 80,491,813 | 0 | 80,491,813 | 0.00% |
| 2009 | 79,517,400 | 0 | 79,517,400 | 0.00% |

NOTE:

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

CITY OF PITTSBURG
Revenue Bond Coverage
Wastewater Revenue Bonds
Last Ten Fiscal Years



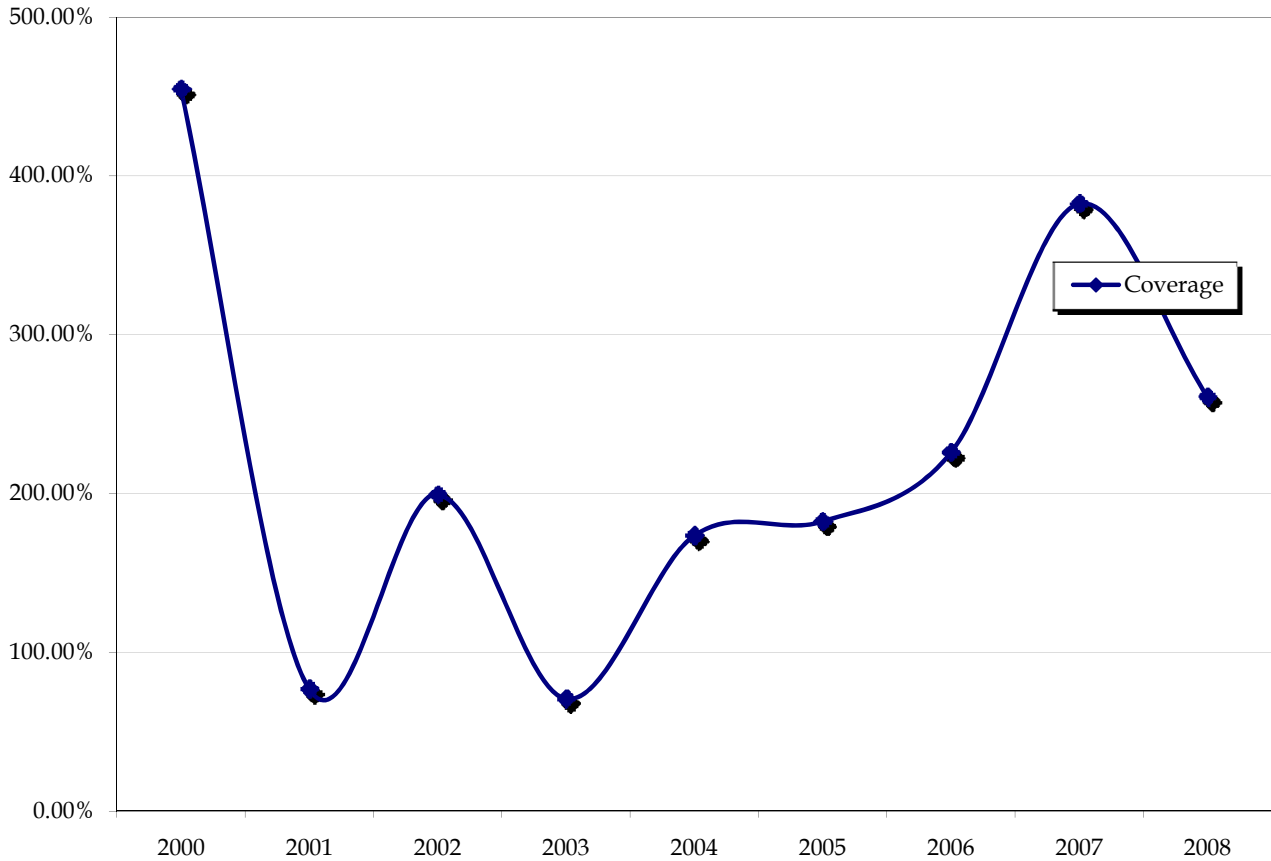
| Fiscal Year | Gross Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|------------------------|--|---------------------------|------------|------------|----------|
| | | | | Principal | Interest | Total | |
| 2000 | \$ 2,665,739 | \$ 755,609 | \$ 1,910,130 | \$ 300,000 | \$ 672,352 | \$ 972,352 | 196.44% |
| 2001 | 2,208,318 | 729,230 | 1,479,088 | 320,000 | 658,213 | 978,213 | 151.20% |
| 2002 | 2,372,712 | 800,563 | 1,572,149 | 335,000 | 636,930 | 971,930 | 161.76% |
| 2003 | 2,829,931 | 1,134,392 | 1,695,539 | 350,000 | 625,603 | 975,603 | 173.79% |
| 2004 | 2,753,990 | 1,313,057 | 1,440,933 | 475,000 | 674,157 | 1,149,157 | 125.39% |
| 2005 | 2,767,970 | 1,222,907 | 1,545,063 | 510,000 | 416,557 | 926,557 | 166.75% |
| 2006 | 3,929,540 | 1,358,969 | 2,570,571 | 520,000 | 388,978 | 908,978 | 282.80% |
| 2007 | 4,203,414 | 1,436,161 | 2,767,253 | 530,000 | 378,578 | 908,578 | 304.57% |
| 2008 | 3,555,333 | 1,630,263 | 1,925,070 | 545,000 | 367,978 | 912,978 | 210.86% |
| 2009 | 3,966,361 | 1,671,827 | 2,294,534 | 555,000 | 357,078 | 912,078 | 251.57% |

Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue

(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Pittsburgh Annual Financial Statements

CITY OF PITTSBURG
Revenue Bond Coverage
2008* (Refunded 1997 & 2005) Water Revenue Bonds
Last Ten Fiscal Years



| Fiscal Year | Gross Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|------------------------|--|---------------------------|------------|------------|----------|
| | | | | Principal | Interest | Total | |
| 2000 | \$ 10,933,678 | \$ 7,420,314 | \$ 3,513,364 | \$ - | \$ 772,850 | \$ 772,850 | 454.60% |
| 2001 | 9,511,873 | 8,915,565 | 596,308 | - | 775,604 | 775,604 | 76.88% |
| 2002 | 10,413,098 | 8,864,354 | 1,548,744 | - | 777,674 | 777,674 | 199.15% |
| 2003 | 11,381,346 | 10,632,175 | 749,171 | 285,000 | 772,961 | 1,057,961 | 70.81% |
| 2004 | 11,420,970 | 9,612,617 | 1,808,353 | 310,000 | 732,328 | 1,042,328 | 173.49% |
| 2005 | 11,841,761 | 9,865,475 | 1,976,286 | 330,000 | 753,435 | 1,083,435 | 182.41% |
| 2006 | 16,307,016 (3) | 10,881,690 | 5,425,326 | 720,000 | 1,683,100 | 2,403,100 | 225.76% |
| 2007 | 17,667,353 (3) | 10,888,978 | 6,778,375 | 450,000 | 1,322,848 | 1,772,848 | 382.34% |
| 2008 | 17,312,494 (3) | 11,591,356 | 5,721,138 | 450,000 | 1,742,848 | 2,192,848 | 260.90% |
| 2009 | 16,211,046 | 11,346,449 | 4,864,597 | 685,000 | 1,432,139 | 2,117,139 | 229.77% |

- Notes: (1) Includes all Water Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Water Operating Expenses less Depreciation and Interest, and includes Transfers-Out to reimburse General Fund for Utility Billing Costs
(3) Includes receipt of unusually high level of Facility Reserve Fees and their Interest Revenues

CITY OF PITTSBURG
Bonded Debt Pledged Revenue Coverage
Tax Allocation Bonds
Last Ten Fiscal Years

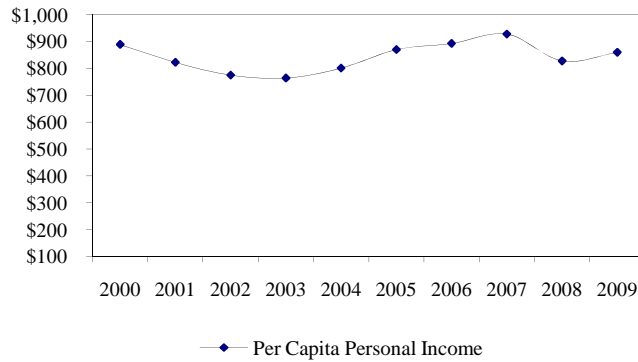
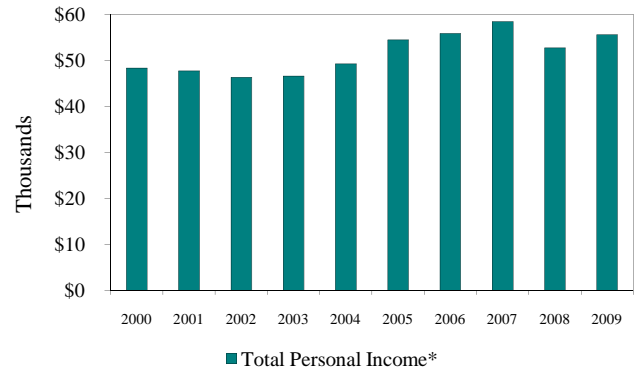
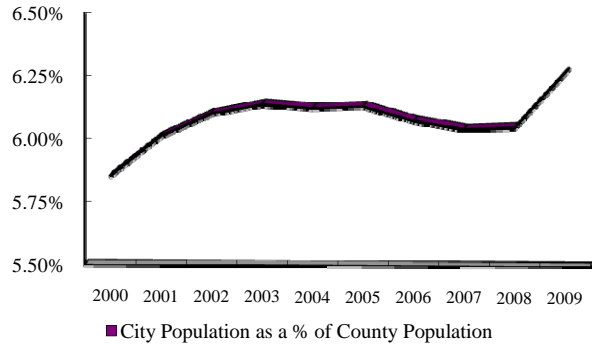


| Fiscal Year | Tax Increment Revenue | Debt Service Requirements | | | Coverage |
|-------------|-----------------------|---------------------------|---------------|---------------|----------|
| | | Principal | Interest | Total | |
| 2000 | \$ 14,619,370 | \$ 4,025,000 | \$ 10,170,846 | \$ 14,195,846 | 1.03 |
| 2001 | 17,187,171 | 4,215,000 | 10,378,601 | 14,593,601 | 1.18 |
| 2002 | 23,744,133 | 4,505,000 | 10,582,784 | 15,087,784 | 1.57 |
| 2003 | 28,663,760 | 4,510,000 | 9,330,885 | 13,840,885 | 2.07 |
| 2004 | 34,730,440 | 4,240,000 | 9,454,394 | 13,694,394 | 2.54 |
| 2005 | 35,255,101 | 4,100,000 | 13,576,709 | 17,676,709 | 1.99 |
| 2006 | 40,823,118 | 4,790,000 | 14,995,717 | 19,785,717 | 2.06 |
| 2007 | 47,087,969 | 44,845,000 ¹ | 14,888,380 | 59,733,381 | 0.79 |
| 2008 | 48,211,302 | 7,550,000 | 19,390,241 | 26,940,241 | 1.79 |
| 2009 | 45,913,508 | 84,335,000 ² | 16,727,258 | 101,062,260 | 0.45 |

1 The 1993 Series B Redevelopment Agency Tax Allocation Refunding Bonds were totally defeased.
2 The 2006 Series BA Redevelopment Agency Tax Allocation Refunding Bonds were totally defeased.

Source: City of Pittsburg Annual Financial Statements

CITY OF PITTSBURG Demographic and Economic Statistics Last Ten Fiscal Years



| Fiscal Year | City Population | Total Personal Income* | Per Capita Personal Income | Unemployment Rate (%) | Contra Costa County Population | Pittsburg Population % of County |
|-------------|-----------------|------------------------|----------------------------|-----------------------|--------------------------------|----------------------------------|
| 2000 | 54,383 | \$48,343 | \$889 | 3.9% | 929,445 | 5.85% |
| 2001 | 57,976 | 47,731 | 823 | 4.0% | 964,579 | 6.01% |
| 2002 | 59,843 | 46,368 | 775 | 5.9% | 980,870 | 6.10% |
| 2003 | 61,067 | 46,652 | 764 | 6.6% | 994,908 | 6.14% |
| 2004 | 61,481 | 49,276 | 801 | 5.7% | 1,003,909 | 6.12% |
| 2005 | 62,605 | 54,472 | 870 | 5.1% | 1,020,898 | 6.13% |
| 2006 | 62,547 | 55,873 | 893 | 4.5% | 1,029,377 | 6.08% |
| 2007 | 63,004 | 58,479 | 928 | 4.5% | 1,042,341 | 6.04% |
| 2008 | 63,652 | 52,730 | 828 | 6.7% | 1,051,674 | 6.05% |
| 2009 | 64,600 | 55,580 | 860 | 7.7% | 1,029,703 | 6.27% |

Source: California State Department of Finance

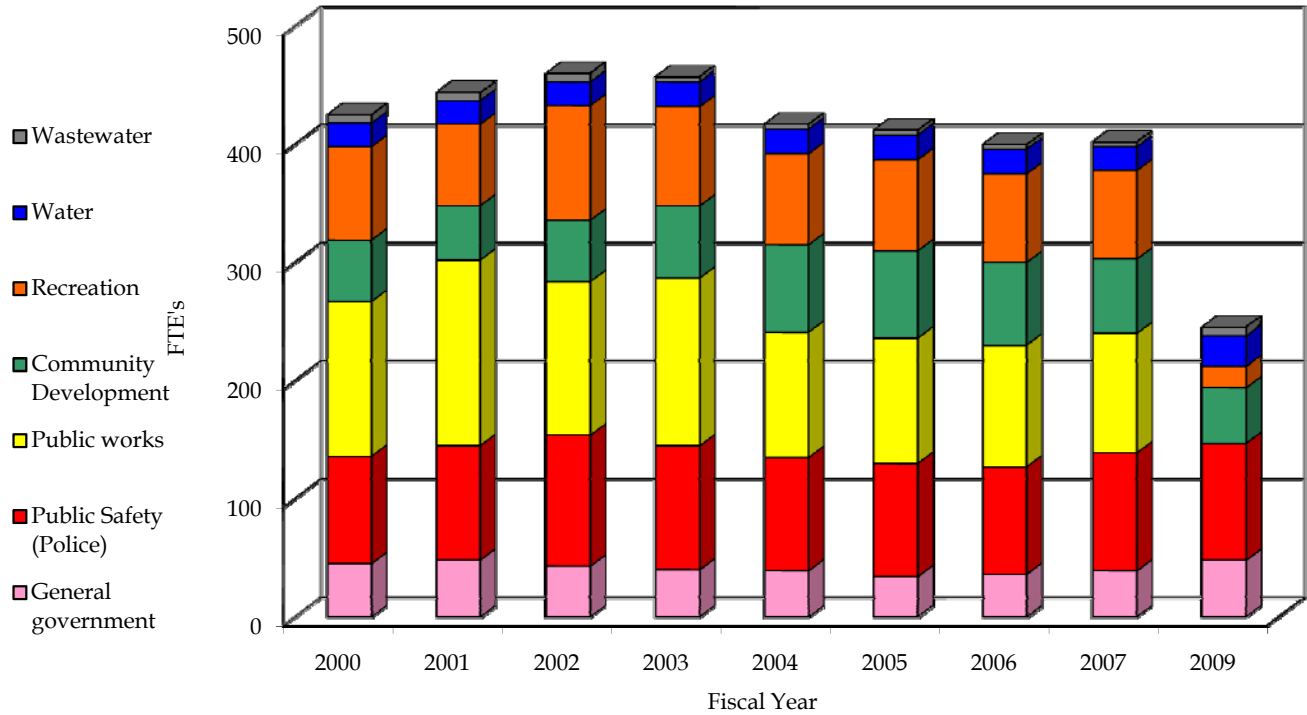
*US Department of Commerce - Bureau of Economic Analysis (Contra Costa County)
Contra Costa County Demographics

CITY OF PITTSBURG
Principal Employers
Current Year and Nine Years Ago

| <u>Employer</u> | <u>2008-09</u> | | | <u>1999-00</u> | | |
|-----------------------------------|----------------------------|-------------|--|----------------------------|-------------|--|
| | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Pittsburg Unified School District | 965 | 1 | 1.5% | | | |
| USS - Posco Industries | 900 | 2 | 1.5% | 1,200 | 1 | 2.3% |
| Los Medanos Community College | 640 | 3 | 1.0% | | | |
| Dow Chemical Company | 400 | 4 | 1.0% | 700 | 3 | 1.3% |
| City of Pittsburg | 268 | 5 | 0.4% | | | |
| Shell Oil Company | | | | 775 | 2 | 1.5% |
| Pacific Gas & Electric | | | | 600 | 4 | 1.1% |
| Tosco Corporation | | | | 600 | 4 | 1.1% |
| E. I Dupont | | | | 200 | 5 | 0.4% |
| Hysol-Dexter | | | | 200 | 5 | 0.4% |
| Mi Pueblo Market | 250 | 6 | 0.4% | | | |
| Angelica Laundry | 220 | 7 | 1.0% | | | |
| Ramar Foods | 220 | 7 | 0.3% | | | |
| Wal-Mart Stores | 220 | 7 | 0.3% | | | |
| WinCo Foods | 200 | 8 | 0.3% | | | |
| Continental Forest Industry | | | | 160 | 6 | 0.3% |
| Cal Color Printing Corporation | | | | 150 | 7 | 0.3% |
| General Chemical Corporation | | | | 120 | 8 | 0.2% |
| Subtotal | <u>4,283</u> | | <u>6.6%</u> | <u>4,705</u> | | <u>8.9%</u> |
| Total City Day Population | <u>64,600</u> | | | <u>53,014</u> | | |

Source: City of Pittsburg Economic Development Department
1999-00 data from CAFR (Chamber of Commerce & State Dept of Finance)

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



Actual for Fiscal Year Ended June 30, 2008

| Function | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General government | 45 | 48 | 43 | 40 | 39 | 34 | 36 | 39 | 41 | 48 |
| Public Safety (Police) | 91 | 97 | 111 | 105 | 96 | 96 | 91 | 100 | 99 | 99 |
| Public works | 131 | 157 | 130 | 142 | 106 | 106 | 103 | 101 | 106 | 23* |
| Community Development | 52 | 46 | 52 | 61 | 74 | 74 | 70 | 63 | 60 | 47 |
| Recreation | 79 | 69 | 97 | 84 | 77 | 77 | 75 | 75 | 24 * | 18 |
| Water | 20 | 20 | 20 | 21 | 21 | 21 | 21 | 20 | 18 | 26 |
| Wastewater | 7 | 7 | 7 | 4 | 4 | 4 | 4 | 4 | 4 | 7 |
| Total | 425 | 444 | 460 | 457 | 417 | 412 | 400 | 402 | 352 | 268 |

* Prior Years (2000-2007) Included Summer Staff

* 2009 was a realignment of staff time and also elimination of many part-time PW staff

Source: City of Pittsburgh

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

| Function/Program | Fiscal Year | | | |
|--|-------------|--------|---------|--------|
| | 2000 | 2001 | 2002 | 2003 |
| Public safety: | | | | |
| Police: | | | | |
| Police calls for Service | 50,390 | 65,043 | 74,438 | 68,050 |
| Law violations: | | | | |
| Part I and Part II crimes | 8,600 | 9,581 | 10,678 | 9,597 |
| Physical arrests (adult and juvenile) | 3,987 | 4,166 | 5,014 | 4,892 |
| Traffic violations (VC14601 & VC12500) | 278 | 262 | 660 | 1,112 |
| (1) Do not include Dec 2006 DOJ Monthly Report Traffic Violations reported to 12/18/06 | | | | |
| (Fire Protection is Contra Costa County) | | | | |
| Public works | | | | |
| Street Re-surfacing (Miles) | | | | |
| Streets Repaired (square feet) | 18,883 | 30,468 | 149,813 | 96,023 |
| Leisure Services: | | | | |
| Community Services: * | | | | |
| Recreation Class Participants | n/a | n/a | 559 | 822 |
| Swim Participants | n/a | 8,535 | 11,697 | 8,345 |
| Softball Participants | n/a | n/a | n/a | 649 |
| Small World Park Gate Attendance | n/a | n/a | n/a | 24,105 |
| Senior Center Nutrition/Exercise Class | n/a | n/a | n/a | 0 |
| (1) Senior Center Opened March 2004 January 2006 Senior Center flooded Closed 7.5 weeks | | | | |
| Water | | | | |
| Number of Meters Served | 13,633 | 14,048 | 15,023 | 15,425 |
| Water Main Breaks | 89 | 108 | n/a | n/a |
| Average Daily Consumption (millions of gallons) | 8.365 | 9.345 | 9.261 | 9.487 |
| Wastewater | | | | |
| Miles of Sewer Line (Excluding line operated by Delta Diablo District 7-A) | 143.53 | 145.52 | 148.02 | 150.22 |
| Average daily treatment (thousands of gallons) | n/a | n/a | n/a | n/a |
| Solid Waste | | | | |
| Refuse Landfilled (tons per year) | 47,152 | 66,812 | 66,936 | 76,595 |
| Recyclables Processed (tons per year) | 33,531 | 31,929 | 27,666 | 27,709 |

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

* Leisure Services Data not Available due
City Reorganization and Early Retirements

| Fiscal Year | | | | | |
|-------------|---------|--------|--------|---------|--------|
| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
| 64,659 | 67,778 | 67,591 | 71,643 | 70,707 | 74,487 |
| 8,076 | 8,244 | 8,308 | 8,923 | 8,117 | 8,545 |
| 3,411 | 3,401 | 3,688 | 4,042 | 3,955 | 4,406 |
| 871 | 568 (1) | 636 | 901 | 1,163 | 1,613 |
| 62,472 | 78,411 | 42,509 | 76,240 | 133,103 | 86,553 |
| 317 | 509 | 517 | 564 | 404 | N/A |
| 8,503 | 8,837 | 8,737 | 9,135 | 9,134 | N/A |
| 210 | 145 | 320 | 429 | 465 | N/A |
| 21,238 | 19,227 | 18,600 | 18,660 | 17,376 | N/A |
| 7,769 | 22,690 | 21,423 | 18,777 | 15,735 | N/A |
| 15,587 | 15,894 | 16,291 | 16,731 | 16,579 | 16,718 |
| n/a | 65 | 61 | 102 | 76 | 65 |
| 9.769 | 9.155 | 9.508 | 10.320 | 10.36 | 8.86 |
| 155.72 | 155.72 | 157.72 | 159.12 | 159.12 | 159.12 |
| n/a | n/a | 27 | 34 | 34 | 34 |
| 70,535 | 85,034 | 90,500 | 68,000 | 85,700 | N/A |
| 31,946 | 33,037 | 35,000 | 42,000 | 43,425 | N/A |

N/A Not Available at time of CAFR

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

| Function/Program | Fiscal Year | | | |
|---|-------------|-------|-------|-------|
| | 2000 | 2001 | 2002 | 2003 |
| Public safety: | | | | |
| Police stations | 1 | 1 | 1 | 1 |
| Police patrol units (Includes Unmarked) | 24 | 27 | 34 | 43 |
| Public works | | | | |
| Miles of streets (Center Line) | 141.8 | 144.6 | 144.8 | 145.8 |
| Street lights (Total) | 3,394 | 3,428 | 3,503 | 3,580 |
| Traffic Signals | 38 | 42 | 46 | 50 |
| Culture and recreation: | | | | |
| Community services: | | | | |
| City Parks | 10 | 11 | 14 | 16 |
| City parks acreage | 106 | 114 | 114 | 122 |
| Roadway landscaping acreage | 11.6 | 11.6 | 12.5 | 12.9 |
| Regional park acreage | 42.4 | 42.5 | 46.1 | 46.4 |
| Regional park facilities: | | | | |
| Golf courses (18 holes) | 1 | 1 | 1 | 1 |
| Marina Fuel Station | 1 | 1 | 1 | 1 |
| Community Civic Center | 1 | 1 | 1 | 1 |
| Senior centers | 1 | 1 | 1 | 1 |
| Swimming pools | 1 | 1 | 1 | 1 |
| Tennis courts | 1 | 1 | 1 | 1 |
| Water | | | | |
| Storage capacity (millions of gallons) | 15.9 | 16.9 | 16.9 | 16.9 |
| Wastewater | | | | |
| Miles of sanitary sewers | 144 | 146 | 148 | 150 |

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

Note: n/a denotes information is not available.

Fiscal Year

| 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|-------|-------|-------|-------|-------|-------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 44 | 51 | 52 | 52 | 52 | 52 |
| 147.7 | 149.6 | 154.0 | 154.8 | 156.8 | 156.8 |
| 3,741 | 3,766 | 3,796 | 3,975 | 4,008 | 4,107 |
| 50 | 51 | 52 | 59 | 60 | 60 |
| 16 | 16 | 17 | 21 | 21 | 21 |
| 122 | 122 | 125 | 145 | 145 | 145 |
| 13.2 | 13.2 | 13.2 | 13.2 | 15 | 17 |
| 47.7 | 53.2 | 54.0 | 56.0 | 56.0 | 56.0 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 16.9 | 16.9 | 16.9 | 16.9 | 16.9 | 16.3 |
| 165 | 156 | 158 | 159 | 159 | 159 |