

City of Pittsburg Transportation Development Act Article III Fund

Pittsburg, California

*Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2010

C&L
Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants

City of Pittsburg
Transportation Development Act Article III Fund
For the year ended June 30, 2010

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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 Statement of Revenues, Expenditures and Changes in Fund Balance of the Transportation Development Act Article III Transportation Fund (TDA Fund) of the City of Pittsburg, California (City), as of and for the year ended June 30, 2010, as listed in the foregoing table of contents. This financial statement is the responsibility of the management of the City. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

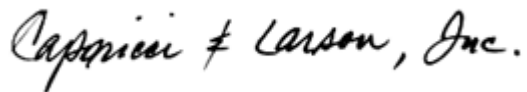
As described in Note 1, the financial statement of the TDA Fund is intended to present changes in financial position of only the TDA Fund. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2010 and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the TDA Fund as of June 30, 2010 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of City Council
of the City of Pittsburg
Pittsburg, California
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In accordance with Government Auditing Standards, we have also issued a report dated April 29, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 read in conjunction with this report and considered in assessing the results of our audits.

The City has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statement.

A handwritten signature in cursive script that reads "Caporicci & Larson, Inc.".

Caporicci & Larson, Inc
A Subsidiary of Marcum LLP
Certified Public Accountants
San Francisco, California
April 29, 2011

City of Pittsburgh
Transportation Development Act Article III Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the year ended June 30, 2010

	Special Revenue Fund
REVENUES:	
Intergovernmental	\$ 71,600
Total revenues	<u>71,600</u>
EXPENDITURES:	
Capital outlay	71,600
Total expenditures	<u>71,600</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>
FUND BALANCE:	
Beginning of year	-
End of year	<u>\$ -</u>

City of Pittsburg
Transportation Development Act Article III Fund
Notes to the Financial Statements
For the year ended June 30, 2010

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity - The City of Pittsburg, California (City) Transportation Development Act Article III Transportation Fund (TDA Fund) includes the financial activities associated with allocation instruction number 09001097 funded by the State of California Transportation Development Act (TDA). The State of California created a local transportation fund for each County funded by a portion of the State sales tax.

The TDA grants are distributed through the Metropolitan Transportation Commission (MTC) which is the agency responsible for allocation of grants to eligible claimants within the greater San Francisco Bay Area.

The City's TDA Fund grant is for the Class II/Class III bicycle facility on Central Avenue.

The TDA Fund is part of the City and is included in the Special Revenue funds of the comprehensive annual financial report of the City.

The TDA Fund is a separate fund of the City. The financial statements are intended to present the financial position and results of operation for the TDA Fund and not those of the City as a whole.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Governmental Fund Types

Special Revenue Funds - Special Revenue funds are utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Basis of Accounting - The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "current financial resources" measurement focus. Accordingly, only current assets and current liabilities generally are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All governmental fund types are accounted for using the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the fund liability is incurred.

City of Pittsburgh
Transportation Development Act Article III Fund
Notes to the Financial Statements, Continued
For the year ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition – Under the terms of the grant agreement, the TDA Fund recognizes revenue when approved expenditures are incurred. Accordingly, the accompanying financial statements present grants receivable and the corresponding intergovernmental revenue.

At June 30, 2010 the TDA Fund had no grants receivable outstanding and had spent all of the grant monies received during the year.

3. TDA ARTICLE III REVENUE/ EXPENDITURES

The following is a summary of the project grant revenues and total expenditures.

<u>Project Name</u>	<u>MTC Allocation #</u>	<u>TDA Grant</u>	<u>Current Year Expenditures</u>
Class II/Class III bicycle facility on Central Ave.	09001097	\$ 71,600	\$ 71,600
Total		<u>\$ 71,600</u>	<u>\$ 71,600</u>



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

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

We have audited the accompanying Statement of Revenues, Expenditures, and Change in Fund Balance of the Transportation Development Act Article III Transportation Fund (TDA Fund) of the City of Pittsburg, California (City) as of and for the year ended June 30, 2010, as listed in the table of contents and have issued our report thereon dated April 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting of the TDA Fund as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting of the TDA Fund. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting of the TDA Fund.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the TDA Fund's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor and Members of City Council
of the City of Pittsburg
Pittsburg, California
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Compliance and Other Matters

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

This report is intended for the information of the Mayor, City Council Members, management, and the Metropolitan Transportation Commission. However, this report is a matter of public record and its distribution is not limited.

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San Francisco, California
April 29, 2011



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INDEPENDENT ACCOUNTANTS' REPORT ON THE TRANSPORTATION DEVELOPMENT ACT ARTICLE III PROGRAM

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

We have examined City of Pittsburg's, California (City) Transportation Development Act Article III Program (TDA Program) compliance with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (the Act) and the allocation instructions and resolutions of the Metropolitan Transportation Commission during the year ended June 30, 2010. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA Program. Our responsibility is to express an opinion on the TDA Program's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about TDA Program's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the TDA Program's compliance with specified requirements.

In our opinion, the TDA Program complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2010.

This report is intended for the information of the Mayor, City Council Members, management, and the Metropolitan Transportation Commission, and is not intended to be, and should not be, used by anyone other than these specified parties.

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April 29, 2011