

CITY OF PITTSBURG CALIFORNIA



A Community Growing Together



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

CITY OF PITTSBURG, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2005



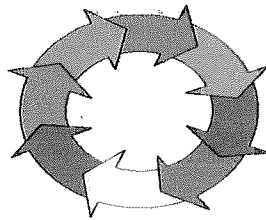
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CITY OF PITTSBURG
Comprehensive Annual Financial Report
June 30, 2005



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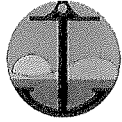
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City of Pittsburg
65 Civic Avenue
Pittsburg, California 94565-3814

March 30, 2006

Honorable Mayor
Members of the City Council
And Citizens of Pittsburg

Comprehensive Annual Financial Report

Presented herein is the Comprehensive Annual Financial Report for the City of Pittsburg (the City) for the fiscal year ended June 30, 2005. This report presents fairly, in all material respects, the financial position and changes in financial position of the City as of and for the fiscal year ended June 30, 2005 (FY2004-05). City management is responsible for the accuracy of the data, the fairness and completeness of the presentation, and the inclusion of all disclosures that are necessary to enable the reader to understand the City's operations. This Comprehensive Annual Financial Report (CAFR) has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Major Changes in Reporting

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

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

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

The Reporting Entity and Its Services

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

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

Economic Conditions and Outlook

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

