

**MAZE &  
ASSOCIATES**

---

ACCOUNTANCY CORPORATION

**CITY OF PITTSBURG**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**CITY OF PITTSBURG**  
**SINGLE AUDIT REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2006**

**TABLE OF CONTENTS**

	<u>Page</u>
Schedule of Current Year Findings and Questioned Costs .....	1
Section I - Summary of Auditor's Results .....	1
Section II – Financial Statement Findings .....	3
Section III – Federal Award Findings and Questioned Costs.....	3
Section IV - Status of Prior Year Findings and Questioned Costs .....	3
Schedule of Expenditures of Federal Awards.....	4
Notes to Schedule of Expenditures of Federal Awards.....	5
Report On Internal Control over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	6
Report On Compliance with Requirements Applicable To Each Major Program and On Internal Control Over Compliance In Accordance With OMB Circular A-133 .....	8

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

We are required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*, to present an overview of the Single Audit which is presented below.

We have audited the basic financial statements of the City of Pittsburg, California, for the year ended June 30, 2006 and have issued our unqualified report thereon dated December 1, 2006. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States and the Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non profit Organizations*. We performed a Single Audit as requested by the City to comply with the provisions of the Single Audit Act as amended in 1996 and OMB A-133.

### Section I—Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued:	_____ Unqualified _____		
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ yes	_____ X _____	no
• Reportable conditions(s) identified that are not considered to be material weaknesses?	_____ yes	_____ X _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ X _____	no



**Section II – Financial Statement Findings**

Our audit did not disclose any reportable conditions, or material weaknesses or instances of noncompliance material to the basic financial statements. However, we did communicate other matters to City Council in our separate Memorandum on Internal Controls dated December 1, 2006.

**Section III – Federal Award Findings and Questioned Costs**

**Current Year Findings and Questioned Costs**

Our audit did not disclose any findings or questioned costs required to be reported in accordance with OMB Circular A-133.

**Section IV - Status of Prior Year Findings and Questioned Costs**

There were no prior year findings.

CITY OF PITTSBURG  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2006

<u>Grantor Agency and Award Title</u>	<u>Identifying Pass-Through Entity Grant Number</u>	<u>Federal Catalog Number</u>	<u>Program Expenditures</u>
<b>U.S. Department of Housing &amp; Urban Development</b>			
Low Income Housing Assistance Program-Section 8 Voucher Program	CA060VO	14.871	<u>\$9,854,316</u>
Community Development Block Grant/Entitlement Program	B04MCO6054	14.218	<u>713,753</u>
<b>TOTAL U.S. Department of Housing &amp; Urban Development</b>			<u><b>10,568,069</b></u>
<b>U.S. Department of Justice</b>			
Local Law Enforcement Block Grants Edward J Byrne Memorial Justice Assistance Grant	2005LBBX2867 2005DJBX1269	16.592 16.738	49,214 <u>23,095</u>
<b>TOTAL U.S. Department of Justice</b>			<u><b>72,309</b></u>
<b>U.S. Department of Transportation</b>			
<i>Passed through California Department of Transportation</i> Surface Transportation Program Congestion Management	STPCML-5127 (009)	20.205	<u>87,103</u>
<b>TOTAL U.S. Department of Transportation</b>			<u><b>87,103</b></u>
<b>U.S. Department of Agriculture</b>			
<i>Passed through California Department of Education &amp; Nutrition</i> Summer Food Service Program	7-80700V	10.559	<u>26,373</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<u><b>\$10,753,854</b></u>

See accompanying notes to Schedule of Expenditures of Federal Awards

**CITY OF PITTSBURG**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

***Note 1-Reporting Entity***

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City and its component units as disclosed in the notes to the Basic Financial Statements.

***Note 2-Basis of Accounting***

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

***Note 3-Direct and Indirect (Pass-Through) Federal Awards***

Federal awards may be granted directly to the City by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the City. The Schedule includes both of these types Federal award programs when they occur.



**ACCOUNTANCY CORPORATION**

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

**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***

Honorable Mayor and City Council  
City of Pittsburg, California

We have audited the basic financial statements of the City of Pittsburg as of and for the year ended June 30, 2006, and have issued our report thereon dated December 1, 2006. 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.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However we did communicate other matters to City Council in our separate Memorandum on Internal Controls dated December 1, 2006.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City'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 statement amounts. 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 results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standard*.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maze and Associates*

December 29, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council  
City of Pittsburg, California

### *Compliance*

We have audited the compliance of the City of Pittsburg with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to each of its major federal programs for the year ended June 30, 2006. The City's major federal programs are identified in Section I - Summary of Auditor's Results included on the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Manteca's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### *Internal Control over Compliance*

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2006, and have issued our report thereon dated December 1, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such 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.

This report is intended solely for the information and use of the City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

*Maze and Associates*

December 29, 2006