



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2004

PREPARED BY FINANCE DEPARTMENT

CITY OF BRENTWOOD

708 THIRD STREET

BRENTWOOD, CALIFORNIA 94513



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City of Brentwood
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2004

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October 15, 2004

The Honorable Mayor, Members of the City Council and Citizens of the City of Brentwood
City of Brentwood
Brentwood, California 94513

Dear Mayor Swisher, Members of the City Council and Citizens of the City of Brentwood:

State law requires all general-purpose local governments to publish a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP), within six months of the close of each fiscal year. Therefore, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Brentwood, California for the fiscal year ended June 30, 2004. This is the fourth year the City's Finance Department has prepared this report and the third year using the reporting requirements as prescribed by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Responsibility for both the accuracy of the data and the completeness and fairness of the information, including all disclosures, rests with the City. To the best of the City staff's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the operations of the various entities of the City of Brentwood. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

INTERNAL CONTROLS

Accounting for all of the City's activities is centralized under the Finance Department. The department has been delegated the responsibility for maintaining the integrity of the City's recorded financial data. The Finance Department, in conjunction with the City's management, is also responsible for establishing and maintaining an internal control structure designed to ensure that the City's assets are protected from loss, theft or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met, while recognizing that this assurance is not absolute. 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.

City Hall – 708 Third Street, Brentwood, California 94513 Phone: (925) 516-5400 Fax: (925) 516-5401
Public Works – 2201 Elkins Way, Brentwood, California 94513 Phone: (925) 516-6000 Fax: (925) 516-5497
Community Development – 104 Oak Street, Brentwood, California 94513 Phone: (925) 516-5405 Fax: (925) 516-5407
Engineering Department – 120 Oak Street, Brentwood, California 94513 Phone: (925) 516-5420 Fax: (925) 516-5421
Police Department – 100 Chestnut Street, Brentwood, California 94513 Phone: (925) 634-6911 Fax: (925) 516-5247
Parks and Recreation – 740 Third Street, Brentwood, California 94513 Phone: (925) 516-5444 Fax: (925) 516-5445

City administration believes the existing internal control systems are adequate to provide reasonable assurance that the City's assets are safeguarded against loss and that the financial records are reliable for preparing financial statements and maintaining accountability for assets. This belief is supported by the City's fifth consecutive "Unqualified" Audit issued in 2004.

INDEPENDENT AUDIT

The City Council is responsible for: 1) assuring the City administration fulfills its responsibilities in the preparation of the financial statements and 2) engaging certified public accountants with whom the City Council reviews the scope of the audits and the accounting principles to be applied in financial reporting.

The Government Code of the State of California requires general law cities, such as the City of Brentwood, to have its financial statements audited by an independent certified public accountant. Accordingly, this year's audit was completed by the accounting firm of Vavrinek, Trine, Day and Co., LLP. The firm was engaged by the City Council to render an opinion on the City's financial statements in accordance with auditing standards generally accepted in the United States of America. To ensure complete independence, Vavrinek, Trine, Day and Co., LLP has full and free access to meet with the City Council to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of financial reporting. The auditor's report on the general purpose financial statements is the first item in the accompanying Financial Section.

In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and related Office of Management and Budget (OMB) Circular A-133. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements. This report is available in the City's separately issued Single Audit Report.

COMPONENTS OF THE CAFR

Pursuant to GAAP requirements, the City has provided a narrative introduction, overview and analysis titled "Management's Discussion and Analysis" (MD&A). The MD&A, found in the Financial Section, provides financial highlights and interprets the financial reports by analyzing trends and explaining changes, fluctuations and variances in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. The Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. Components of the CAFR are:

1. **INTRODUCTORY SECTION** – This section is the Letter of Transmittal which focuses on the City and its financial condition. Included in the Letter of Transmittal are a list of the City's principal officials, an organization chart and additional City information.
2. **FINANCIAL SECTION** – The results of each fund's performance for the year are presented in the Financial Section which begins with the Auditor's Report and the MD&A. These are followed by the Basic Financial Statements, the Fund Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information and the Combining and Individual Fund Statements and Schedules.

3. **STATISTICAL SECTION** – This section consists of selected financial and demographic information which is generally presented on a multi-year basis.

PROFILE OF BRENTWOOD

The City of Brentwood was incorporated in 1948 as a general law city under the laws of the State of California. Brentwood is located halfway between the cities of San Francisco and Sacramento at the eastern portion of Contra Costa County. The City is governed by a five member City Council, under the Council–Manager form of government. As of June 30, 2004, the City had a population of approximately 40,000 and encompassed approximately 14.829 square miles.



The City provides a full range of services including: Police, Public Works, Economic Development, Planning, Building, Engineering and Inspection, Parks and Recreation, Housing and General Administrative services. The City also operates public water and wastewater utilities, as well as providing refuse collection and disposal, and a recycling program. All of these services are accounted for in the City’s financial statements.

In addition, the City is financially accountable for two component units, the Brentwood Redevelopment Agency and the Brentwood Joint Powers Financing Authority. Although legally separate entities, these blended component units are, in substance, part of the government’s operations. Financial data for these units is combined with the data of the primary government. Each of the blended components has a June 30 year-end date for accounting purposes. See Note #1–A, found on page 31, for a more detailed discussion of these two component units.

The City’s annual budget serves as the foundation for planning and controlling the City’s finances. As such, the City maintains extensive 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 Council. The level of budgetary control is established at the fund level. Budgets are prepared and expenditures recorded at the object of expenditure level. The accounting records are maintained using either the accrual basis or modified accrual basis of accounting, as appropriate. The City also maintains an encumbrance accounting system as one technique for accomplishing budgetary control.

The two-year budget process begins as a team effort in January of the first year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year’s objectives. The City Manager’s Office and the Finance Department review all budget proposals and revenue assumptions, as well as all current financial obligations, before preparing the document that is proposed to the City Council. The City Council reviews the proposed budget and the final adoption of the two-year budget is scheduled for a City Council meeting in June. Before the beginning of the second year of the two-year budget cycle, the City Council reviews the progress during the first year and approves appropriations for the second year.

City of Brentwood

Letter of Transmittal

Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Enterprises and Capital Project Funds are included in the annual appropriated budget. Budget-to-actual comparisons are included in the Financial Section for the General Fund, certain Special Revenue Funds, the Debt Service Funds and certain Capital Project Funds. The following funds are not legally required to adopt budgets as their appropriations are established by the related bond documentation and/or other legal agreements: Capital Improvement Financing Programs (CIFPs), Capital Improvement 2001, Street Improvement Projects, Capital Projects and Bypass Authority funds. See Note #2–A, found on page 41, for additional information.

BRENTWOOD TODAY

The City of Brentwood continues to thrive and all economic indicators point to the City's continued growth and stability as shown by the following statistics from fiscal year 2003/04:

- The City's population increased by 11.08%
- Residential construction valuation increased by 9.87%
- The median price for new homes increased by 16%
- The median price for existing homes increased by 19.7%
- Commercial construction valuation increased by 146.47%

The Office / Research and Development / Flex-Tech Industrial sector increased significantly with the construction of four new projects totaling 135,000 square feet. The Sunset Industrial Complex, a 28-acre medium industrial project, was completed in fiscal year 2003/04. The complex, which consists of 19 lots already sold to multiple end-users, will be open for business in fiscal year 2004/05.

Los Medanos College, which provides a full AA degree curriculum, is in its third year of operation. Current enrollment stands at six hundred full-time equivalent students. The City also has a 17,000 square foot Business and Technology Center adjacent to the Los Medanos College campus. The Center, which is fully leased, provides an affordable workplace for our resident entrepreneurs.

New commercial centers include: Lone Tree Plaza, a 475,000 square foot commercial center, which is being constructed in two phases. Phase One was completed at the end of fiscal year 2003/04 and Phase Two will be completed by the end of fiscal year 2004/05. Lone Tree Center, a 180,000 square foot commercial center and three neighborhood centers totaling 220,000 square feet are in various stages of construction and will be completed by the first quarter of 2005. These new commercial centers will increase both job opportunities and sales tax revenues.



Brentwood continues to cultivate a vital, thriving and charming historical Downtown consisting of restaurants, unique retail businesses and personal service businesses. These are businesses which typically anchor classic downtown settings and cannot be found in typical suburban shopping centers. Downtown provides a pleasant backdrop to community events and street festivals and enjoys a 0% vacancy rate.



Professional services are also increasing the quality of life for Brentwood residents. Phase I of the John Muir Medical Center, a fully entitled medical office project, consists of a three-story, 110,000 square foot medical facility and helicopter pad. The Center is expected to open in the second quarter of 2005. Additional smaller office complexes are under construction at Garin Landing, Balfour Offices, LaFuente Plaza, Sand Creek Business Center and Walnut Center.

FUTURE OUTLOOK

The City of Brentwood is dedicated to “...elevating confidence in government by creating a vision and culture that furthers the goal of Brentwood representing the highest civic standard.” To achieve this goal requires the City to manage its continuing growth with the need to: 1) provide infrastructure and services in a timely fashion, 2) increase the quality of life for its citizens, 3) preserve the City’s agricultural base and 4) maintain fiscal responsibility.

Managing Growth

The Regional Growth Management Plan (RGMP) is the City’s main tool for managing growth. The intent of the RGMP is to maintain a consistent sustainable rate of growth over the next 15 to 20 years and to better synchronize growth with public infrastructure and facilities. The 2001 General Plan reduced the build out population to approximately 75,000. The 2004 revision to the RGMP enhances this system by introducing controls missing in the first edition. Key elements of the 2004 RGMP revisions include:

- Establishment of an annual review of the numeric goals of the RGMP by the City Council
- Establishment of a five-member RGMP Evaluation Committee
- Removal of subjectivity from RGMP scoring system
- RGMP now controls the release of both Tentative Map allocations and building permits
- Elevates the quality of the City’s residential developments

Infrastructure

The City of Brentwood established a Development Fee Program in 1989. The program sets forth the relationship between contemplated future development, facilities needed to serve future development and the estimated costs of those improvements based on the current General Plan and Capital Improvement Program (CIP). The purpose of the fees, referred to as AB 1600 fees, is to finance municipal public facilities to mitigate the impacts caused by future development. These capital improvement facility fees are adopted pursuant to Government Code §66000, et seq.

City of Brentwood

Letter of Transmittal

The Development Fee Program implements policies of the City's General Plan including the policy that "...new development shall contribute its fair share of the cost of on-site and off-site public infrastructure and services. This shall include installation of public facilities, payment of impact fees and participation in a Capital Improvement Financing Program (CIFP)."

CIFPs provide a mechanism through which the City and the development community cooperate to fund and construct major Master Planned and Sub-Master Planned infrastructure (roads, water and wastewater lines, regional drainage facilities, etc.).

Bonds are sold using the participating Developer's property as the collateral. There is no risk involved for the City as a 3 to 1 value to lien ratio is used to determine the amount of bonds to be sold. Additionally, the City is able to obtain very low interest rates through its outstanding financial reputation. As the properties develop, the bonds are repaid by the new property owner over a 30-year period.

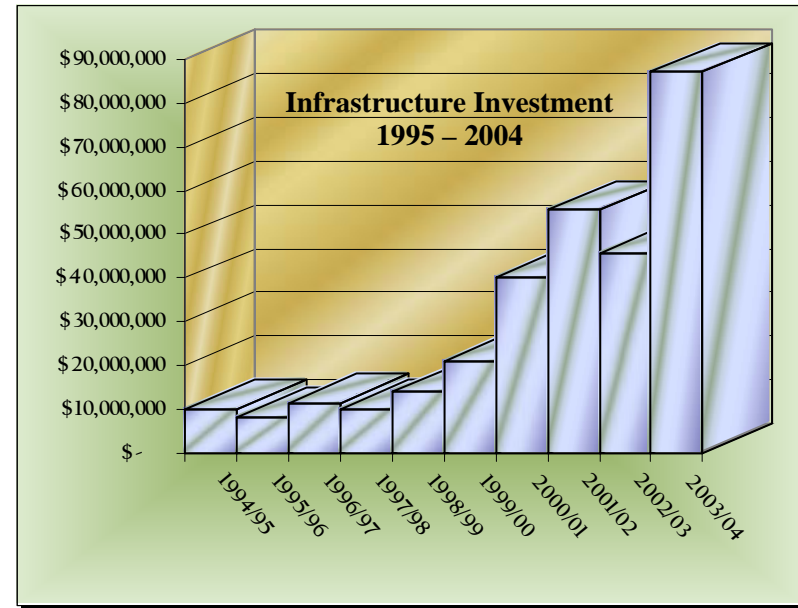
Services

The City of Brentwood utilizes several different types of revenue sources to pay for City services including Community Facility Districts (CFDs), Landscape and Lighting Districts (LLDs) and User Fees.

CFDs – The State of California passed the Community Facilities Act in 1982 which allows cities to establish CFDs to finance one or more of the following types of services: police protection services, fire protection and suppression services, recreation program services, library services, maintenance services for elementary and secondary schools and structures, maintenance and operation of museums and cultural facilities, maintenance of parks, parkways and open spaces, flood and storm protection services, services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment.

The City of Brentwood has established three CFDs which finance fire suppression and emergency medical services, police protection and public safety services, open space services, flood and storm drainage services and joint use school site services.

LLDs – In 1972 the City Council approved the Landscaping and Lighting Act which authorizes the formation of assessment districts to ensure the proper flow of funds for the ongoing operation, maintenance and servicing of specific improvements within the City of Brentwood. Specific improvements include, but are not limited to: landscaping, street lighting, parks, open space facilities, trails and Contra Costa County Flood Control channel landscaping. Currently there are 44 LLDs in the City of Brentwood.



City of Brentwood

Letter of Transmittal

User Fees – The City of Brentwood utilizes a User Fee Model to compute city-wide and departmental overhead factors, full hourly rate costs by City Classification and/or full costs associated with the provision of selected services. The City reviews and updates the fees on an annual basis based on changes in the Consumer Price Index (CPI). Examples of City fees covered in the Cost Allocation and Schedule of City fees include: Building, Inspection, Planning, Engineering, Park and Recreation, Water Service, Wastewater Service and Solid Waste Service fees.

Quality of Life

In September 2003 the City Council passed a “Percent-For-Art” public art program which applies to both public projects and residential development. This program stipulates that any new public project, valued over \$100,000, contribute 1% of construction costs towards a public art project. The following projects are already in the works:

- A Farmer Sculpture to honor the agricultural heritage of Brentwood
- An entry feature for the new Community Center at the Aquatics Complex
- An entry feature at the Brighton Station development

As a result of the joint-use agreements between the City of Brentwood, Brentwood Union School District and Liberty Union School District, the City has either funded, or is in the process of funding, two middle school community gymnasiums, two high school community gymnasiums, a 50-meter swimming pool, the Police Activities League and three Resource Officers. Total City funding to date is \$6,010,632.



The Affordable Housing Program, adopted September 9, 2003, provides the following benefits:

- Creates affordable housing by constructing 10% of all new dwelling units as affordable housing for very-low and low income households
- Provides affordable housing options for workforce while reducing congestion on regional roadways by eliminating commutes
- Units must remain affordable for 45 years for ownership units, 55 years for rentals
- Units must be integrated into each neighborhood and must be built with the same quality, fit and finish as market rate units

Alternatives to construction of affordable units include dedication of vacant land, conversion of market rate units to affordable units, dedication of affordable units to the City and in-lieu fees (fees sufficient to build the required units).

Agriculture

For decades Brentwood has been known for its bountiful cropland and “U-pick” fruit stands. However, the rapid population growth in the late ‘90s resulted in the loss of farmland. In 2001, the City adopted the Agriculture Preservation Program in order to mitigate and offset the loss of valuable farmland resources. In October 2002, the Brentwood Agricultural Land Trust (BALT), a non-profit corporation, was formed to preserve agricultural land, promote local agriculture and implement the City’s Agricultural Enterprise Program.

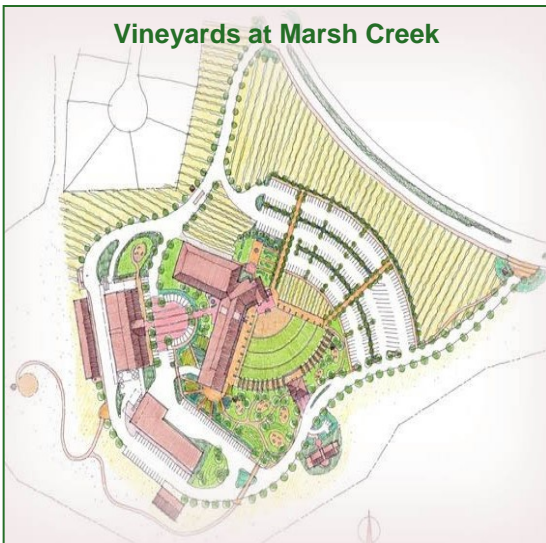
Fiscal Responsibility

Long-Range Financial Planning – The City of Brentwood is currently working on a 10-year fiscal model which will be used to forecast and analyze the General Fund’s revenues and expenditures. For revenues, the model was developed using approximately 98% of the General Fund’s revenue sources including: property taxes, sales taxes, franchise fees, investment income and CFD revenue. For expenditures, the model used department expenses and projections of retiree medical costs. This fiscal model will enable the City to forecast annual General Fund revenues, expenditures and any net surplus or deficit for the next 10 years.

Cash Management – The City invests temporarily idle cash in accordance with California Government Code Section 53601 and a formal investment policy approved by the City Council. This policy limits investments to certain types of instruments and requires that investments must meet established criteria for safety, liquidity and yield.

In accordance with the policy, deposits are either collateralized or insured by federal depository insurance, with all collateral held either by the City, its agent or a financial institution’s trust department in the City’s name. All investments held by the government during the year end at June 30, 2004, are classified in the category of lowest credit risk as defined by GASB.

This year the City implemented GASB Statement No. 40 which is designed to inform financial statement users about deposit and investment risks which could affect a government’s ability to provide services and meet its obligations as they become due. For more information refer to Note #3 found on pages 45 – 50.



Risk Management – The City has initiated a limited risk management program for workers’ compensation and general liability. As part of this comprehensive plan resources are being accumulated in a fund balance reserve to meet potential losses. In addition, various risk control techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. For more information refer to Note #9 found on pages 65 – 66.

MAJOR INITIATIVES

The capital budget for fiscal year 2004/05 includes 101 projects totaling approximately \$82.9 million dollars. Major projects include:

- Vineyards at Marsh Creek – In July of 2004, the Contra Costa Local Agency Formation Commission (LAFCO) approved the City’s request to annex 593 acres south of the City limits. This project includes a winery, a 2,500 seat amphitheater, executive home sites, a recreation center, a Community College and the establishment of the John Marsh House Park site.

- Community Facilities – There are currently four new community facilities either in the planning stage, the design stage or under construction. These four projects are: a new Police Station, a new City Hall, a Recreation Center and Concession Stand to be located at the Brentwood Family Aquatic Center and a Civic Center and Library to be located in the downtown area.
- Surface Water Treatment Facility – The City Council recently approved an agreement with the Contra Costa Water District (CCWD) which consists of 1) the City purchasing 3,200 acre-feet per year of existing treatment capacity at the Randall-Bold Water Treatment Plant (RBWTP) and 2) constructing a scaled down water treatment facility adjacent to the RBWTP to treat water purchased under a 1999 agreement between Brentwood and the CCWD. This agreement allows the City to construct a smaller facility than originally anticipated, at a net capital savings of \$7 million, while ensuring the City has adequate, long-term supplies of treated water.
- Vasco Road Safety Improvements – In September of this year the City Council authorized the Mayor to sign a Joint Exercise of Powers Agreement with Contra Costa County in an amount not to exceed \$1.5 million. The agreement covers safety improvements for Vasco Road, a county road, and improvements to roads within the boundaries of the City of Brentwood. Vasco Road is a major thoroughfare which is used by Brentwood residents who work in the Tri-Valley and the Bay Area. Ensuring the safety of travelers on Vasco Road is vital to the uninterrupted flow of commerce for both Brentwood and Contra Costa County. The Vasco Road improvement project, which is not included in the current CIP budget, consists of re-stripping and inserting median and shoulder rumble strips on Vasco Road from Walnut Boulevard to the Alameda/Contra Costa County line.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO) both offer a recognition program for public entities to determine whether the City conforms to the highest level of governmental accounting and financial reporting standards. Its attainment represents a significant accomplishment by a government and its management. Both GFOA and CSMFO awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Brentwood for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003, the City's third CAFR. We believe our 2003/04 CAFR continues to meet the Certificate of Achievement Program's requirements and therefore we are submitting this year's CAFR to the GFOA to determine its eligibility for this year's Certificate of Achievement for Excellence in Financial Reporting.

ACKNOWLEDGEMENTS

We wish to thank the City Council for providing the clear policy direction and goals that have been used to prepare this CAFR. A great deal of effort and attention to detail, representing many hours of work by staff members throughout the organization, is required to produce a report of this quality. We would like to express our appreciation to all City of Brentwood staff members who have taken the time to participate in the development of this year's CAFR. Special recognition is given to the entire Finance Department staff and specifically Patti Bowden, Kerry Breen, Denise Davies, Brian Kelleher, Gail Leech, Pat Meyer and Liz Ybarra. Appreciation is also expressed to the Mayor and the City Council for their interest and support in planning and conducting the financial activities of the City in a responsible and responsive manner.

City of Brentwood

Letter of Transmittal

The City of Brentwood has a bright future due to its committed elected leadership and the talents and ingenuity of its City employees. One of the key components in securing this future is through a well-planned, long-term fiscal strategy based upon economic development that will generate high paying, long-term employment opportunities, new and stable sales tax revenue sources and improved inter-governmental relations. City Council and staff have taken steps to plan and implement this long-term strategy. Though the challenges are great, the City is firmly committed to meeting each and every challenge that comes our way. This CAFR is the next step towards meeting those challenges. By continuing to follow the financial policy set forth by the City Council, the City of Brentwood will deliver the highest level of service permitted by the available resources.

Respectfully submitted,

John Stevenson

John Stevenson
City Manager

Pamela Ehler

Pamela Ehler
City Treasurer
Director of Finance and Information Systems

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Brentwood,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

Executive Director



LIST OF PRINCIPAL OFFICIALS

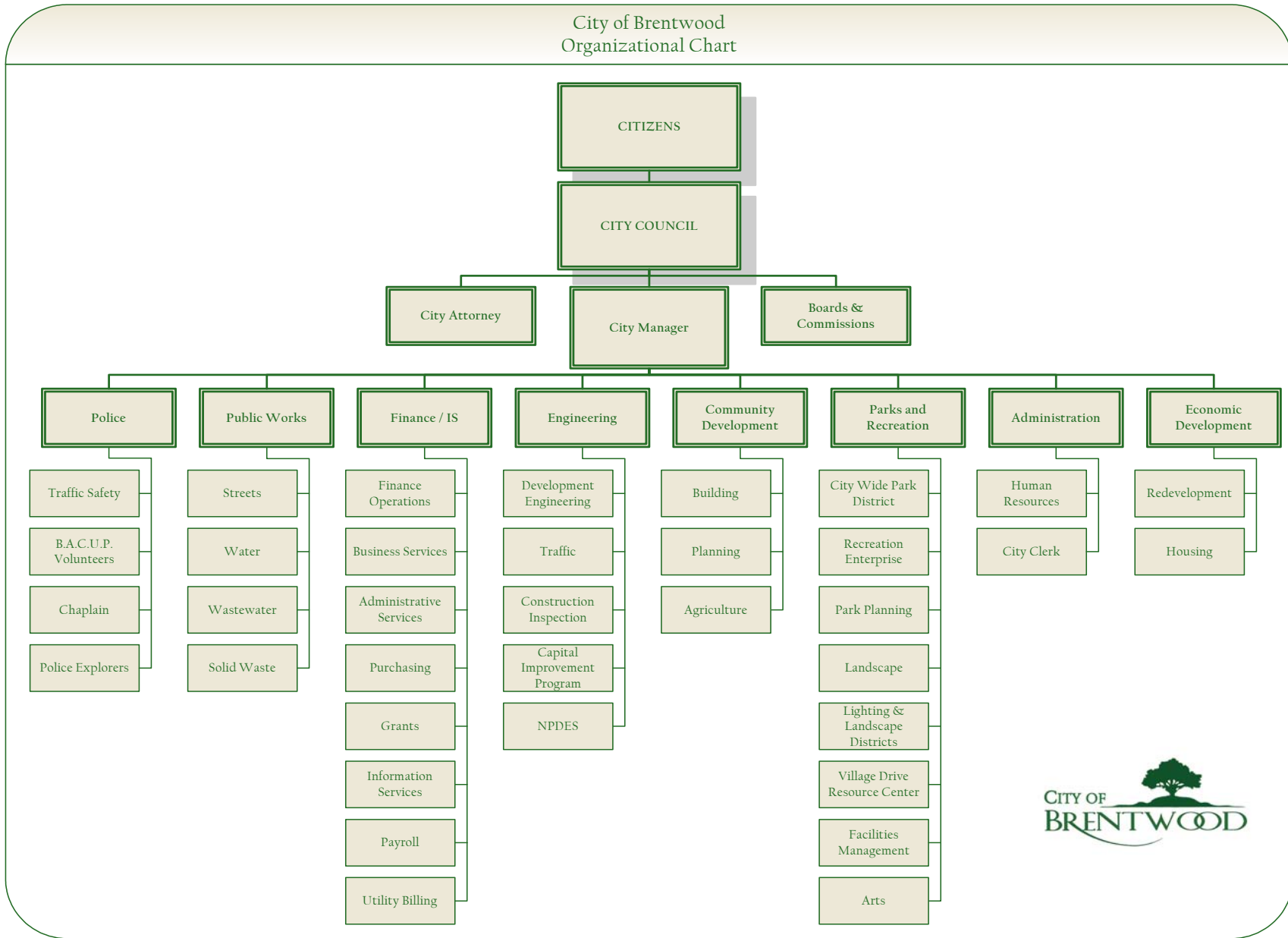
CITY OFFICIALS

Brian Swisher.....	Mayor
Annette Beckstrand.....	Vice-Mayor
Ana Gutierrez.....	Council Member
Bill Hill	Council Member
Pete Petrovich	Council Member

EXECUTIVE TEAM

John Stevenson.....	City Manager
Dennis Beougher.....	City Attorney
Craig Bronzan	Director of Parks & Recreation
Karen Chew	Assistant City Manager
Mike Davies.....	Chief of Police
Karen Diaz	City Clerk / Director of Administrative Services
Pamela Ehler	Director of Finance & Information Systems
Bailey Grewal	City Engineer
Mitch Oshinsky.....	Director of Community Development
Howard Sword	Director of Economic Development
Paul Zolfarelli	Director of Public Works

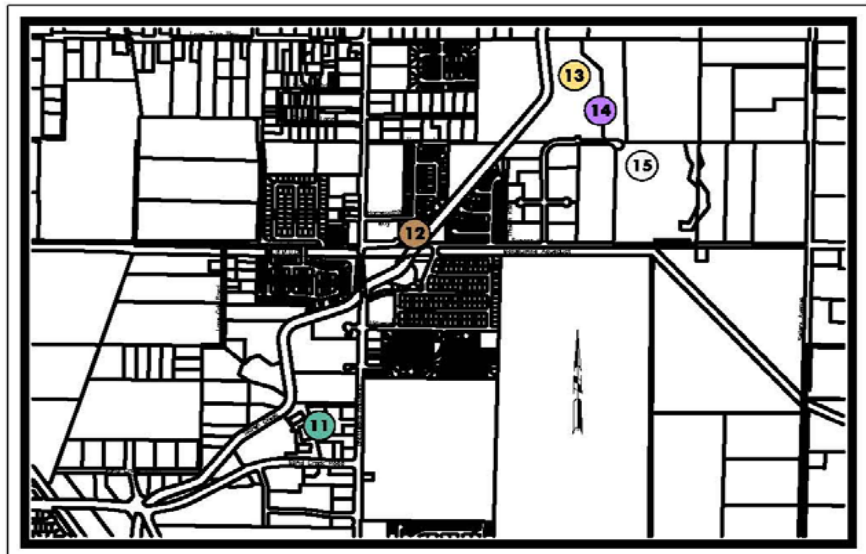
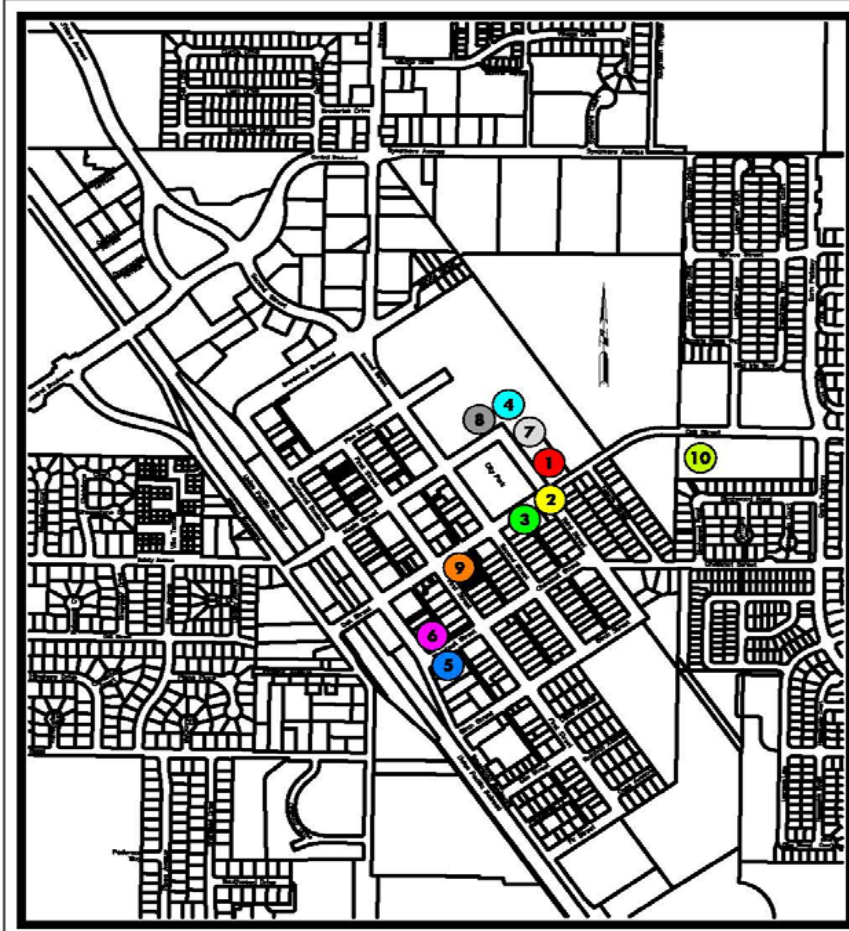
City of Brentwood
Letter of Transmittal





COMMUNITY SERVICES

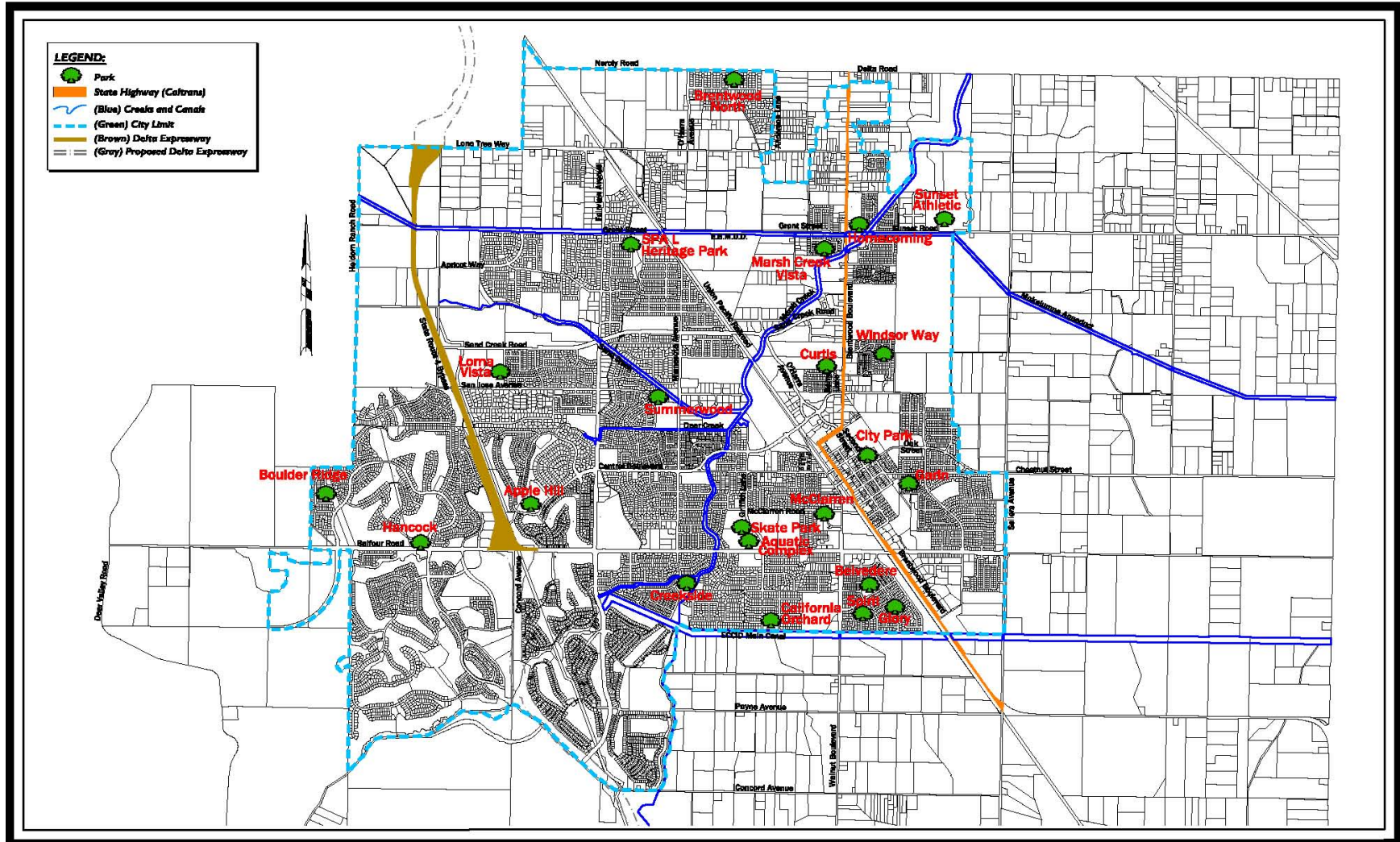
Location Map



NO.	FACILITY/SITE ADDRESS	
1	Administration / Finance	708 Third Street
2	Community Development	104 Oak Street
3	Engineering	120 Oak Street
4	Council Chambers	734 Third Street
5	Police Department	100 Chestnut Street
6	Police Department - Annexation	8440 Brentwood Blvd.
7	Delta Community Center	730 Third Street
8	Library	751 Third Street
9	Chamber of Commerce	240 Oak Street
10	Post Office	18 Oak Street
11	Technology Center / Economic Dev.	101 Sand Creek Road
12	Water Treatment Plant	2000 Homecoming Way
13	Public Works / Corp. Yard	2201 Elkins Way
14	Wastewater Treatment Plant	2251 Elkins Way
15	Solid Waste Transfer Facility	2300 Elkins Way

CITY OF BRENTWOOD PARKS

Various Locations City Wide



Mission Statement *Elevating Confidence in Government*

Adopted by City Council 9/14/04

Vision and Culture

We create and institutionalize a vision and culture that furthers the goal of Brentwood representing the highest civic standard. We form the organization around the values of integrity, passion, accountability, respect and quality to create the “Brentwood Way” of doing business.



The “Brentwood Way”

- *“Good enough” is never good enough and we find a way to do it better.*
- *Striving to be the best. The best is never defined or constrained; it is never reached and we advance the standard every day.*
- *Taking the best of both business and government for the benefit of the community.*

We hold as our Core Values

Adopted by City Council 9/14/04

Quality
the highest degree of excellence

Accountability
answerable for our actions

Respect
*to feel and show esteem and consideration
for others*

Passion
boundless enthusiasm for what we do

Integrity
*uncompromising adherence to moral
and ethical principles*





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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, California, (City) as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. 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 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 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, California, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2004 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 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 considering in assessing the results of our audit.

The Required Supplementary Information, including Management's Discussion and Analysis and budgetary comparison information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This Required Supplementary Information is the responsibility of the management of the City. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and accordingly, we do not express an opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements of the City. These financial statements and schedules are also the responsibility of the management of the City. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The scope of our audit did not include the introductory section and statistical schedules listed in the table of contents and we do not express an opinion on them.

Varrinet, Trine, Day & Co., LLP.

Pleasanton, California
October 14, 2004

This discussion and analysis of the City of Brentwood's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Letter of Transmittal, the Basic Financial Statements and the accompanying Notes to the Basic Financial Statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$414.1 million. Of this amount, \$21.7 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$50.2 million due primarily to the completion of projects and the acquisition of assets.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$68.4 million, a decrease of \$2.0 million in comparison to the prior year.
- The City's total long-term debt increased by \$12.3 million. The increase is primarily the result of an increase in the note payable to CCWD.
- Internal Service (Replacement) Funds have net assets of \$13.3 million at year end, which is an increase of \$2.6 million from the prior year.
- The City established a Housing Enterprise in fiscal year 2003/04, which includes an Affordable Housing Program.
- The Affordable Housing Program allows developers to pay an "in-lieu" fee which generated \$1.9 million in revenue.
- The Brentwood Agricultural Land Trust (BALT) receives City funding through agricultural mitigation fees collected from developers. During fiscal year 2003/04 developer fees accounted for \$1.9 million of the \$4.8 million in the Agricultural Land fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Brentwood ("the City") and its component units using the blended approach as prescribed by government accounting standards. The City's basic financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

The **Government-Wide Financial Statements** present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the City, including infrastructure, as well as all liabilities, including long-term debt. Additionally, certain eliminations have occurred, as prescribed by GASB 34, in regards to interfund activity, payables and receivables.

Governmental Activities – Most of the City's basic services are reported in this category including the General Government, Public Safety, Community Development, Engineering, Public Works, Parks and Community Services. Property and sales taxes, user fees, interest income, franchise fees and state and federal grants finance these activities.

Business-Type Activities – The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Wastewater, Solid Waste, Water, Parks and Recreation, City Rental and Housing activities are reported in this category.

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. In addition, these two statements report the City's net assets and changes in them. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads. The Government-Wide Financial Statements can be found on pages 17 – 18 of this report.

The **Fund Financial Statements** provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it's meeting legal responsibilities for using certain taxes, grants and other money.

The City's Fund Financial Statements are divided into three categories – Governmental Funds, Proprietary Funds and Fiduciary Funds. The Governmental Fund financials are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The Proprietary Fund financials are prepared using the economic resources measurement focus and the accrual basis of accounting. The Fiduciary Funds are agency funds which only report a balance sheet and do not have a measurement focus. The Fund Financial Statements can be found on pages 19 – 27 of this report.

Governmental Funds – Most of the City's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The Governmental Fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund Financial Statements to those in the Government-Wide Financial Statements are explained in a reconciliation following each Governmental Fund Financial Statement. The Governmental Fund Financial Statements can be found on pages 19 – 22 of this report.

Proprietary Funds – When the City charges customers for services it provides, whether to outside customers or other units of the City, these monies are generally reported in 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. Examples of Enterprise Funds include Water and Parks and Recreation. Internal Service Funds are used to report activities which provide supplies and services for the City's other programs and activities. Two examples are the City's Information Systems Fund and the Fleet Maintenance Fund. Internal Service Funds are reported with governmental activities in the Government-Wide Financial Statements, found on pages 17 – 18 of this report.

Proprietary Funds provide a more detailed version of the information provided in the Government-Wide Financial Statements. Cash flows for the Proprietary Funds and the Internal Service Funds are provided, as well as combining statements for the individual Internal Service Funds. The Proprietary Fund Financial Statements can be found on pages 23 – 25 of this report.

Fiduciary Funds – The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners and others. The City's fiduciary activities are reported in separate Statement of Fiduciary Net Assets. We exclude these activities from the Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Fiduciary Fund Financial Statement can be found on page 27 of this report.

Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Basic Financial Statements can be found on pages 29 – 72 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning 1) budgetary comparison schedules for the general fund and each major special revenue fund and 2) the City's progress in funding its obligation to provide pension benefits to its employees. Required Supplementary Information can be found on pages 73 – 76 of this report.

Combining and Individual Fund Statements and Schedules

Combining and Individual Fund Statements and Schedules for the following funds can be found on pages 77 – 113 of this report: Non-Major Governmental Funds, Internal Service Funds, General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net assets for the City as a whole increased 13.8% from \$363.9 million at June 30, 2003 to \$414.1 million at June 30, 2004. This increase of \$50.2 million comes from the change in net assets as recorded in the Statement of Activities and which flows through the Statement of Net Assets. Invested in Capital Assets, Net of Related Debt increased \$89.4 million due to the completion of projects. Restricted Net Assets decreased \$17.3 million overall as a result of the reclassification of assets, for specific projects and programs, from restricted to unrestricted.

	Governmental Activities		Business-Type Activities		Totals	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$ 93,174,803	\$ 97,403,557	\$ 48,726,605	\$ 43,375,591	\$ 141,901,408	\$ 140,779,148
Capital Assets	234,572,483	184,849,115	160,796,611	148,205,105	395,369,094	333,054,220
Total Assets	<u>327,747,286</u>	<u>282,252,672</u>	<u>209,523,216</u>	<u>191,580,696</u>	<u>537,270,502</u>	<u>473,833,368</u>
Long-Term Liabilities Outstanding	38,486,487	39,191,552	64,218,155	51,242,460	102,704,642	90,434,012
Current Liabilities	16,948,087	17,668,025	3,475,438	1,825,524	20,423,525	19,493,549
Total Liabilities	<u>55,434,574</u>	<u>56,859,577</u>	<u>67,693,593</u>	<u>53,067,984</u>	<u>123,128,167</u>	<u>109,927,561</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	197,015,674	144,428,668	134,896,047	98,061,398	331,911,721	242,490,066
Restricted	48,177,025	43,163,510	12,359,754	34,664,252	60,536,779	77,827,762
Unrestricted	27,120,013	37,800,917	(5,426,178)	5,787,062	21,693,835	43,587,979
Total Net Assets	<u>\$ 272,312,712</u>	<u>\$ 225,393,095</u>	<u>\$ 141,829,623</u>	<u>\$ 138,512,712</u>	<u>\$ 414,142,335</u>	<u>\$ 363,905,807</u>

Management's Discussion and Analysis

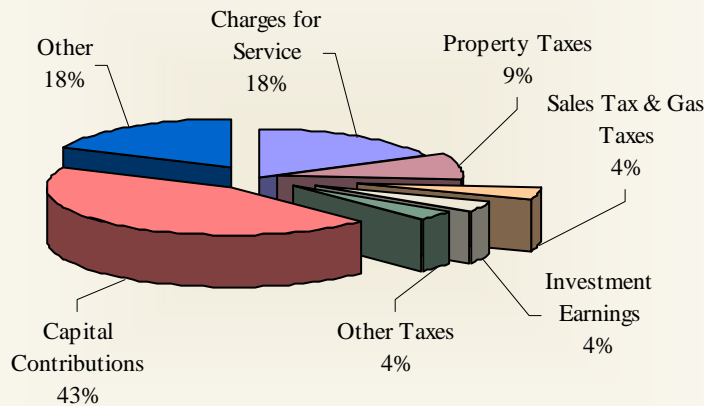
The City's net assets from governmental activities increased 20.8% from \$225.4 million to \$272.3 million. This is primarily due to growth. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses before contributions to fund principal, special and extraordinary items and total assets are presented in the Statement of Activities and Changes in Net Assets.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,218,168	\$ 13,862,506	\$ 20,240,036	\$ 15,719,566	\$ 36,458,204	\$ 29,582,072
Operating Grants and Revenues	165,107	226,570	-	-	165,107	226,570
Capital Grants and Contributions	128,384	132,575	-	-	128,384	132,575
General Revenues:						
Taxes:						
Property Taxes	7,990,595	6,933,900	868,369	680,375	8,858,964	7,614,275
Sales Tax and Gas Taxes	3,644,368	2,998,922	-	-	3,644,368	2,998,922
Franchise Fees, Rentals	738,525	668,657	-	5,375	738,525	674,032
Public Service Taxes	743,890	589,266	-	-	743,890	589,266
Measure C, TOT	457,883	448,498	-	-	457,883	448,498
Motor Vehicle Taxes	1,508,664	1,702,280	-	-	1,508,664	1,702,280
Investment Earnings	3,312,556	2,777,909	1,284,161	1,710,954	4,596,717	4,488,863
Impact Fees	28,218,482	21,965,625	20,104,810	20,286,877	48,323,292	42,252,502
Capital Contributions	(931,403)	9,572,626	12,436,208	20,733,980	11,504,805	30,306,606
Capital Assets Contributed to/from Other Funds	12,868,344	2,885,000	(12,868,344)	(2,885,000)	-	-
Miscellaneous	12,817,467	6,470,739	150,000	-	12,967,467	6,470,739
Connection Fees Paid	-	-	(11,305,768)	-	(11,305,768)	-
Total Revenues	87,881,030	71,235,073	30,909,472	56,252,127	118,790,502	127,487,200
Expenses:						
General Government	19,799,793	18,329,899	-	-	19,799,793	18,329,899
Public Safety	9,970,436	6,750,947	-	-	9,970,436	6,750,947
Community Development	4,804,009	2,886,102	-	-	4,804,009	2,886,102
Engineering	2,469,775	1,618,876	-	-	2,469,775	1,618,876
Public Works	3,491,159	2,942,088	-	-	3,491,159	2,942,088
Parks	1,613,411	806,336	-	-	1,613,411	806,336
Community Services	226,732	314,293	-	-	226,732	314,293
Other	512,952	1,158,986	-	-	512,952	1,158,986
Interest on Long-Term Debt	1,883,951	2,018,870	-	-	1,883,951	2,018,870
Wastewater	-	-	8,461,336	3,405,073	8,461,336	3,405,073
Solid Waste	-	-	3,833,171	3,060,101	3,833,171	3,060,101
Water	-	-	7,395,878	6,779,073	7,395,878	6,779,073
Parks and Recreation	-	-	3,647,580	2,891,809	3,647,580	2,891,809
City Rentals	-	-	7,504	429,833	7,504	429,833
Housing	-	-	436,287	-	436,287	-
Total Expenses	44,772,218	36,826,397	23,781,756	16,565,889	68,553,974	53,392,286
Increase in Net Assets Before Transfers	43,108,812	34,408,676	7,127,716	39,686,238	50,236,528	74,094,914
Transfers	3,810,805	7,349,207	(3,810,805)	(7,349,207)	-	-
Increase in Net Assets	46,919,617	41,757,883	3,316,911	32,337,031	50,236,528	74,094,914
Net Assets 7/1	225,393,095	183,635,212	138,512,712	106,175,681	363,905,807	289,810,893
Net Assets 6/30	\$ 272,312,712	\$ 225,393,095	\$ 141,829,623	\$ 138,512,712	\$ 414,142,335	\$ 363,905,807

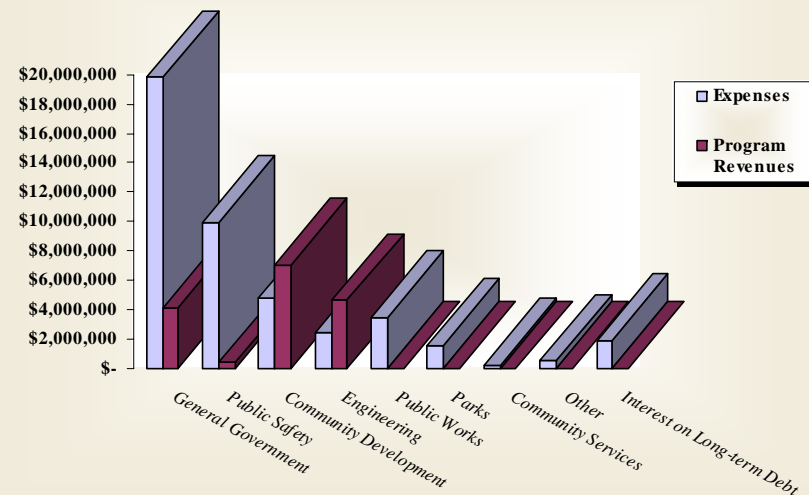
Governmental Activities – The cost of all Governmental activities this year was \$44.8 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$28.3 million. A portion of the cost for these activities was paid either by those who directly benefited from the programs (\$16.2 million), by other governments and organizations that subsidized certain programs with operating grants and contributions (\$.2 million), or capital grants and contributions (\$.1 million). Community Development and Engineering show net revenues of \$2.2 and \$2.17 million respectively, which is the result of growth. Overall, the City's governmental program revenues were \$16.5 million. The City paid for the remaining "public benefit" portion of Governmental activities with \$15.1 million in taxes, some of which could only be used for certain programs, and with other revenues such as interest and general entitlements.

Total resources available during the year to finance governmental operations were \$317.1 million consisting of net assets at July 1, 2003 of \$225.4 million, program revenues of \$16.5 million and general revenues and transfers of \$75.2 million. Total Governmental activities during the year were \$44.8 million, thus net assets were increased by \$46.9 million to \$272.3 million.

Revenues by Source



Program Revenues and Expenses

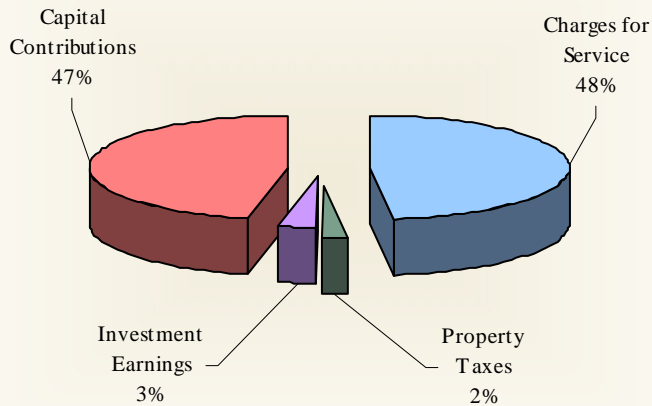


Business-Type Activities – The City's net assets from Business-Type activities increased 2.4% from \$138.5 million to \$141.8 million. Invested in capital assets, net of related debt increased \$36.8 million due primarily to the completion of projects. Overall, the unrestricted net assets decreased by \$11.2 million as a result of the reclassification of assets as reserved for specific projects and programs. The unrestricted net assets within the Wastewater and Water enterprises have a deficit as a result of the notes and bonds payable used to finance the infrastructure needs of the community.

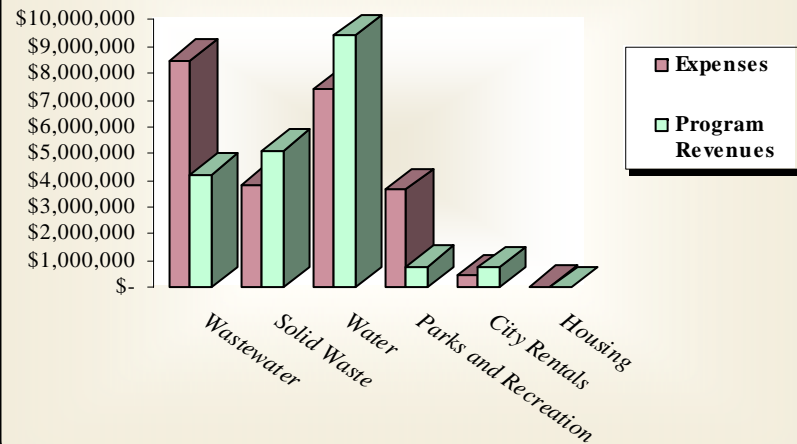
The cost of all Business-Type activities this year was \$23.8 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were \$20.2 million. Investment earnings were \$1.3 million and impact fees and credits totaled \$20.1 million.

Total resources available during the year to finance Business-Type activities were \$165.6 million consisting of Net Assets at July 1, 2003 of \$138.5 million, program revenues of \$20.2 million and general revenues and transfers of \$6.9 million. Total Business-Type activities during the year were \$23.8 million, thus net assets were increased by \$3.3 million to \$141.8 million.

Revenues by Source



Program Revenues and Expenses



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year-end the City's General Fund had a fund balance of \$22,830,391. This is an increase of \$3,527,899 over last year, due primarily to development growth.

The Special Revenue Funds decreased by \$5,978,798 from the prior year due to the continued development of infrastructure. Thoroughfares ended the year with a (\$5,408,273) fund balance. This shortage will be addressed with proceeds from the CIFP 2004-1 Infrastructure Revenue Bonds.

The Capital Project Funds increased by \$318,209 from the prior year, this is attributable to the building program the City has adopted.

Internal Service Funds show an increase in net assets of \$2,609,111. The City has been able to continue to fully fund all the replacement funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2003/04 original budget (or adopted) General Fund expenditures of \$26,910,077 to the final budget amount of \$28,507,103 shows a net increase of \$1,597,026.

<u>Beginning Balance</u>	+	<u>Supplemental Changes</u>	=	<u>Final Budget</u>
\$26,910,077		\$1,597,026		\$28,507,103

Supplemental General Fund budget changes include the following:

- \$786,857 transferred to Street Projects
- \$160,000 increase in Legal Services
- \$650,169 in various budget adjustments approved by Council at the mid-year budget review

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The capital assets of the City are those assets which are used in the performance of the City’s functions. At June 30, 2004, capital assets net of accumulated depreciation of the Governmental activities totaled \$234,572,483. Capital assets net of accumulated depreciation of the Business-Type activities totaled \$150,236,614, excluding intangible assets. Depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note #4, found on pages 51 – 52 of this report, for detailed information regarding capital assets. The City has elected to use the depreciation method as allowed by GASB Statement No. 34 for infrastructure reporting.

	Original Cost	Accumulated Depreciation	Book Value
Capital Assets – Governmental:			
Land	\$ 28,246,794	\$ -	\$ 28,246,794
Land Improvements	749,552	235,554	513,998
Buildings	7,485,856	1,442,311	6,043,545
Infrastructure	159,758,962	29,653,174	130,105,788
Equipment	2,540,666	1,465,552	1,075,114
Vehicles	4,818,822	2,812,499	2,006,323
Work in Progress – CIP & Infrastructure	66,580,921	-	66,580,921
Total Capital Assets – Governmental	\$ 270,181,573	\$ 35,609,090	\$ 234,572,483
Capital Assets – Business-Type:			
Land	\$ 414,352	\$ -	\$ 414,352
Land Improvements	1,565,965	662,764	903,201
Buildings	13,533,484	2,104,470	11,429,014
Infrastructure	135,164,874	9,801,559	125,363,315
Equipment	1,451,455	793,770	657,685
Vehicles	-	-	-
Work in Progress – CIP & Infrastructure	11,469,047	-	11,469,047
Total Capital Assets – Business-Type	\$ 163,599,177	\$ 13,362,563	\$ 150,236,614

Management's Discussion and Analysis

Debt Administration – Debt, considered a liability of Governmental Activities, decreased in fiscal year 2003/04 by \$705,065. Per capita debt outstanding decreased from \$1,077 to \$1,038 per capita compared to the prior fiscal year. Detailed information regarding long-term debt activity can be found in Note #5 on pages 53 – 62 in this report.

Debt of the Business-Type activities increased by \$12,975,695 in fiscal year 2003/04 primarily due to 1) the purchase of water treatment capacity rights of up to 6 million gallons daily of water from CCWD and 2) the CCWD Water Connection Fee. The connection fee is based on the benefits the City receives for each connection within the CCWD's Los Vaqueros Service Area.

	Balance June 30, 2003	Incurred or Issued	Satisfied or Matured	Balance June 30, 2004
Governmental Activities				
Certificates of Participation	\$ 305,000	\$ -	\$ 305,000	\$ -
2002 General Obligation Payable	6,198,082	162,689	105,000	6,255,771
CIP 2001 Revenue Bonds	31,635,000	-	610,000	31,025,000
Capital Leases	372,478	-	96,440	276,038
Accumulated Compensated Absences	680,992	1,113,712	865,026	929,678
Total Governmental Activities	\$ 39,191,552	\$ 1,276,401	\$ 1,981,466	\$ 38,486,487
Business-Type Activities				
Capital Leases	\$ 151,055	\$ -	\$ 47,392	\$ 103,663
Notes Payable	869,532	-	215,831	653,701
Note Payable - State Water Resources	37,713,566	60,300	1,585,025	36,188,841
CCWD Water Entitlement	286,116	-	89,872	196,244
CCWD Treated Water Service	-	10,000,000	5,000,000	5,000,000
CCWD Water Connection Fee	-	11,020,768	-	11,020,768
Water and Wastewater Revenue Bonds	12,020,000	-	1,225,000	10,795,000
Accumulated Compensated Absences	202,191	282,141	224,394	259,938
Total Business-Type Activities	\$ 51,242,460	\$ 21,363,209	\$ 8,387,514	\$ 64,218,155

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2004/05 were:

1. The Property Tax revenue estimate of \$4,739,180 for fiscal year 2004/05 is 23% above the 2003/04 budgeted amount.
2. Sales Tax revenues are expected to increase by 20%. This increase is forecasted due to 1.1 million square feet of new commercial centers and an anticipated rise in local economic activity.
3. The 17% increase in Franchise Fees is due to population growth and commercial development.
4. Investment income will increase an estimated \$200,000 due to Brentwood's exponential growth consisting of new home construction and the addition of several large chain outlets.
5. Approximately 1,400 new housing units will be constructed.
6. Business License revenues are estimated to increase for fiscal year 2004/05 to \$500,000, which is 40% above the 2003/04 budgeted amount. This projected increase is due to new businesses that are expected to come to Brentwood and continued code enforcement. This revenue is significant because it is not considered discretionary and therefore is not subject to being taken away by the State.
7. The passing of Proposition 57, the \$15 billion bond measure intended to help solve the State budget crisis. One element of the bond measure is what has been referred to as the "triple flip". The "triple flip" suspends one-quarter of the Bradley-Burns sales tax, replaces the lost revenues on a dollar-for-dollar basis with funds from the county-wide Educational Revenue Augmentation Fund (ERAF) property tax funds and increases the State's sales and use tax by one-quarter percent. The proceeds from the increase in the State's sales and use tax are dedicated to the repayment of the bond measure. Starting in September 2004, monthly distributions of quarterly sales tax estimates began at the reduced level. The City's 2004/05 budget reflects these reductions in State sales tax distributions and revenue projections will remain conservative in anticipation of further State cuts in funding for local governments.

New items specifically addressed in the 2004/05 budget were:

Public Safety – The City Council has put Public Safety as one of its priorities and is committed to make Brentwood one of the safest cities in California. Safe streets and low crime rates attract growth in both residential and business development. Fiscal year 2004/05 includes the hiring of seven sworn positions. This will bring staffing levels in the Police Department to 63. Additionally, \$542,000 was budgeted for Fire Department/EMT service.

Recreational and Cultural – As the population of Brentwood continues to grow, the City is committed to expanding both the park and recreational programs and facilities. Key budget items include:

- Funding for several joint use facilities with the Brentwood Union School District including a performing arts center and a community gymnasium and exercise room.

Management's Discussion and Analysis

- The new Public Art Program approved by the City Council in September 2003. Three projects are currently being funded by this program which applies to both public projects and residential developments.
- An additional 80+ acres of parks scheduled for completion in fiscal year 2004/05.

Internal Services Replacement Programs – All Internal Service Funds have been funded 100% which ensures scheduled replacement needs can be met. Included in the fiscal year 2004/05 budget are funds for a fuel station at the Corporation Yard.

Public Works – In order to serve the needs of our rapidly growing City more efficiently, funds are budgeted for improvements to the Transfer Station. The current facility is 10 years old and to this point has kept pace with the increasing number of households without rate increases.

Retail Expansion – Sand Creek Crossing, a 260,000 square foot community center, is complete and offers the far-east county population shopping opportunities that have not been present in the region. Lone Tree Plaza, a 454,000 square foot commercial center, Lone Tree Center, an 180,000 square foot commercial center and three neighborhood centers totaling 220,000 are scheduled for completion in fiscal year 2004/05. These projects, totaling 1,114,000 square feet, will increase both job opportunities and sales tax revenues.

Economic Development/Redevelopment – The budget focuses on the following items:

- Providing and funding public infrastructure and improvement within the Redevelopment Project Areas
- Development, management and implementation of the City's Affordable Housing Program
- Adoption and implementation of the following specific plans: Downtown, Brentwood Boulevard Corridor and Empire Triangle
- Implementation of the Manufacturing Attraction Program
- Creation, preservation and improvement of housing opportunities within Redevelopment Project Areas

Facility Development – The current City Hall and Police facilities are overcrowded. The short-term City Hall solutions, the expansion and renovation of the facility at 120 Oak Street to accommodate the Engineering department and the renovation of the existing City Hall to accommodate the remaining City functions, were completed in fiscal year 2003/04. A new Police Station, located at the U.S. Print site, is scheduled for completion in fiscal year 2004/05. A new City Hall, which will accommodate all appropriate City functions in an effective and productive environment, is currently in the planning and design phases.

Emergency Preparedness Fund – Fiscal year 2004/05 represents the third year the City will have the Emergency Preparedness fund totaling \$5,383,271. Having this fund underscores City Council's continued commitment to be prepared for a critical incident or catastrophic event in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Finance Department, located at 708 Third Street, Brentwood, California 94513, either by phone (925) 516-5415 or e-mail dept-finance@ci.brentwood.ca.us.



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City of Brentwood

Statement of Net Assets

June 30, 2004

	PRIMARY GOVERNMENT		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current Assets:			
Cash and Investments	\$ 69,725,527	\$ 40,648,141	\$ 110,373,668
Restricted Cash and Investments	22,416,731	918,893	23,335,624
Receivables, Net	3,206,757	2,322,525	5,529,282
Prepays	696,058	12,254	708,312
Land Held for Resale	475,811	-	475,811
Notes Receivable	-	359,822	359,822
Non-Current Assets:			
Deferred Charges	-	590,359	590,359
Long-Term Loans Receivable	50,000	478,530	528,530
Internal Balances	(3,396,081)	3,396,081	-
Capital Assets, Net of Accumulated Depreciation & Amortization			
Intangible Assets	-	10,559,997	10,559,997
Land	28,246,794	414,352	28,661,146
Land Improvements	513,998	903,201	1,417,199
Buildings	6,043,545	11,429,014	17,472,559
Infrastructure	130,105,788	125,363,315	255,469,103
Machinery and Equipment	1,075,114	657,685	1,732,799
Vehicles	2,006,323	-	2,006,323
Work in Progress	66,580,921	11,469,047	78,049,968
Total Assets	327,747,286	209,523,216	537,270,502
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts Payable	7,702,814	2,563,012	10,265,826
Other Liabilities	-	27,217	27,217
Deferred Revenue	72,427	700,157	772,584
Deposits Held	9,172,846	185,052	9,357,898
Long-Term Debt Due Within One Year	1,345,987	8,777,647	10,123,634
Non-Current Liabilities Due in More Than One Year:			
Bonds Payable	36,540,771	10,525,000	47,065,771
Notes Payable	-	44,746,988	44,746,988
Capital Leases Payable	175,561	53,251	228,812
Compensated Absences Payable	424,168	115,269	539,437
Total Liabilities	55,434,574	67,693,593	123,128,167
Net Assets:			
Investment in Capital Assets, Net of Related Debt	197,015,674	134,896,047	331,911,721
Restricted for:			
Debt Service	3,542,069	-	3,542,069
Specific Projects and Programs	44,634,956	12,359,754	56,994,710
Unrestricted	27,120,013	(5,426,178)	21,693,835
Total Net Assets	\$ 272,312,712	\$ 141,829,623	\$ 414,142,335

City of Brentwood

Statement of Activities and Changes in Net Assets

For Year Ended June 30, 2004

Functions/Programs	Program Revenues					Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government		
						Governmental Activities	Business-Type Activities	Total
Primary Government:								
Government Activities								
General Government	\$ 19,799,793	\$ 4,120,088	\$ -	\$ 1,987	\$ 4,122,075	\$ (15,677,718)	\$ -	\$ (15,677,718)
Public Safety	9,970,436	391,286	137,459	126,397	655,142	(9,315,294)	-	(9,315,294)
Community Development	4,804,009	7,048,216	-	-	7,048,216	2,244,207	-	2,244,207
Engineering	2,469,775	4,642,625	-	-	4,642,625	2,172,850	-	2,172,850
Public Works	3,491,159	15,953	-	-	15,953	(3,475,206)	-	(3,475,206)
Parks	1,613,411	-	27,648	-	27,648	(1,585,763)	-	(1,585,763)
Community Services	226,732	-	-	-	-	(226,732)	-	(226,732)
Other	512,952	-	-	-	-	(512,952)	-	(512,952)
Interest on Long-Term Debt	1,883,951	-	-	-	-	(1,883,951)	-	(1,883,951)
Total Governmental Activities	44,772,218	16,218,168	165,107	128,384	16,511,659	(28,260,559)	-	(28,260,559)
Business-Type Activities								
Wastewater	8,461,336	4,214,471	-	-	4,214,471	-	(4,246,865)	(4,246,865)
Solid Waste	3,833,171	5,102,561	-	-	5,102,561	-	1,269,390	1,269,390
Water	7,395,878	9,406,429	-	-	9,406,429	-	2,010,551	2,010,551
Parks and Recreation	3,647,580	776,465	-	-	776,465	-	(2,871,115)	(2,871,115)
City Rentals	436,287	740,110	-	-	740,110	-	303,823	303,823
Housing	7,504	-	-	-	-	-	(7,504)	(7,504)
Total Business-Type Activities	23,781,756	20,240,036	-	-	20,240,036	-	(3,541,720)	(3,541,720)
Total Primary Government	\$ 68,553,974	\$ 36,458,204	\$ 165,107	\$ 128,384	\$ 36,751,695	(28,260,559)	(3,541,720)	(31,802,279)
General Revenues:								
Taxes:								
Property Taxes						7,990,595	868,369	8,858,964
Sales Tax and Gas Taxes						3,644,368	-	3,644,368
Franchise Fees, Rentals						738,525	-	738,525
Public Service Taxes						743,890	-	743,890
Measure C, TOT						457,883	-	457,883
Motor Vehicle Taxes						1,508,664	-	1,508,664
Connection Fees Paid						-	(11,305,768)	(11,305,768)
Investment Earnings						3,312,556	1,284,161	4,596,717
Contributions - Impact Fees and Credits						28,218,482	20,104,810	48,323,292
Capital Asset Contributions Received (Made)						(931,403)	12,436,208	11,504,805
Capital Assets Contributed To/From Other Funds						12,868,344	(12,868,344)	-
Miscellaneous						12,817,467	150,000	12,967,467
Transfers						3,810,805	(3,810,805)	-
Total General Revenues and Transfers						75,180,176	6,858,631	82,038,807
Change in Net Assets						46,919,617	3,316,911	50,236,528
Net Assets - Beginning of Year						225,393,095	138,512,712	363,905,807
Net Assets - End of Year						\$ 272,312,712	\$ 141,829,623	\$ 414,142,335

City of Brentwood

Balance Sheet
Governmental Funds
June 30, 2004

	General Fund	Thoroughfares	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Current Assets:					
Cash and Investments	\$ 31,484,903	\$ -	\$ 5,833,788	\$ 21,640,135	\$ 58,958,826
Restricted Cash and Investments	-	-	-	22,416,731	22,416,731
Receivables	910,945	1,214,449	1,673,861	163,988	3,963,243
Prepays	678,885	-	3,678	10,748	693,311
Due from Other Funds	-	-	5,782,112	-	5,782,112
Land Held for Resale	-	-	-	475,811	475,811
Non-Current Assets:					
Long-Term Loans Receivable	50,000	-	-	-	50,000
Total Assets	\$ 33,124,733	\$ 1,214,449	\$ 13,293,439	\$ 44,707,413	\$ 92,340,034
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 1,070,144	\$ 786	\$ 1,452,543	\$ 5,059,632	\$ 7,583,105
Due to Other Funds	-	5,407,487	-	374,625	5,782,112
Deferred Revenue	72,352	1,214,449	-	111,441	1,398,242
Deposits Held	9,151,846	-	-	21,000	9,172,846
Total Liabilities	10,294,342	6,622,722	1,452,543	5,566,698	23,936,305
Fund Balances:					
Reserved for:					
Prepays	678,885	-	3,678	10,748	693,311
Land Held for Resale	-	-	-	475,811	475,811
Debt Service	-	-	-	3,542,069	3,542,069
Long-Term Receivables	50,000	-	-	-	50,000
Specific Projects and Programs	-	-	11,837,218	31,575,869	43,413,087
Unreserved, Reported in:					
General Fund	22,101,506	-	-	-	22,101,506
Special Revenue	-	(5,408,273)	-	3,536,218	(1,872,055)
Total Fund Balances	22,830,391	(5,408,273)	11,840,896	39,140,715	68,403,729
Total Liabilities and Fund Balances	\$ 33,124,733	\$ 1,214,449	\$ 13,293,439	\$ 44,707,413	\$ 92,340,034

***Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets***

June 30, 2004

Total Fund Balances - Total Governmental Funds	\$	68,403,729
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		231,818,183
Internal Service Funds are used by management to charge costs of certain activities, such as data processing and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Assets.		13,327,313
The long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		521,047
Long-term liabilities are not due and payable in the current period therefore they are not reported in the Governmental Funds Balance Sheet.		(41,757,560)
Net Assets of Government Activities	\$	272,312,712

City of Brentwood

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2004

	General Fund	Thoroughfares	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 7,954,481	\$ -	\$ -	\$ 4,534,674	\$ 12,489,155
Licenses	325,143	-	-	-	325,143
Permits and Fines	10,184,552	-	-	-	10,184,552
Uses of Money and Property	1,456,099	-	-	1,565,994	3,022,093
Intergovernmental	1,664,063	-	2,173,800	501,624	4,339,487
Franchises	584,868	-	-	-	584,868
Charges for Other Services	570,455	-	-	-	570,455
Charges to Other Funds	5,073,565	-	-	-	5,073,565
Fees and Other Revenues	245,370	9,105,903	3,453,323	14,002,710	26,807,306
Total Revenues	28,058,596	9,105,903	5,627,123	20,605,002	63,396,624
EXPENDITURES					
Current:					
General Government	3,885,870	139,567	3,657,670	8,723,906	16,407,013
Public Safety	9,430,126	-	-	1,351,380	10,781,506
Community Development	3,620,044	-	-	1,454,895	5,074,939
Engineering	2,396,230	-	-	260,263	2,656,493
Public Works	1,643,904	-	-	177,914	1,821,818
Parks	1,573,009	-	-	85,391	1,658,400
Community Services	178,562	-	-	48,170	226,732
Other	507,369	-	-	5,583	512,952
Capital Outlay	73,574	-	29,749,331	-	29,822,905
Debt Service:					
Principal	-	-	-	1,933,865	1,933,865
Interest and Fiscal Charges	-	-	11,489	1,703,869	1,715,358
Total Expenditures	23,308,688	139,567	33,418,490	15,745,236	72,611,981
REVENUES OVER (UNDER) EXPENDITURES	4,749,908	8,966,336	(27,791,367)	4,859,766	(9,215,357)
OTHER FINANCING SOURCES (USES)					
Loan Proceeds	-	-	-	4,245,101	4,245,101
Transfers In	846,044	-	26,540,872	4,150,684	31,537,600
Transfers Out	(2,068,053)	(12,235,756)	(18,186)	(14,282,978)	(28,604,973)
Total Other Financing Sources (Uses)	(1,222,009)	(12,235,756)	26,522,686	(5,887,193)	7,177,728
NET CHANGE IN FUND BALANCES	3,527,899	(3,269,420)	(1,268,681)	(1,027,427)	(2,037,629)
Fund Balance, Beginning of Year	19,302,492	(2,138,853)	13,109,577	40,168,142	70,441,358
Fund Balance, End of Year	\$ 22,830,391	\$ (5,408,273)	\$ 11,840,896	\$ 39,140,715	\$ 68,403,729

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For Year Ended June 30, 2004

Net Changes in Fund Balances - Total Governmental Funds	\$	(2,037,629)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount shown represents the capital assets recorded in the current period.		29,822,905
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.		(2,461,952)
The net effect of various miscellaneous transactions involving Capital Assets (e.g. sales, trade-ins and contributions) is to increase net assets.		21,618,705
To record the net change in compensated absences in the Statement of Activities.		(246,831)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.		
This amount represents long-term debt repayments.		1,084,845
This amount represents accretion interest.		(162,689)
Loan proceeds provide current financial resources to Governmental Funds, but debt increases long-term liability in the Government-Wide Statement of Net Assets.		(4,245,101)
This amount represents Interfund loan repayments.		849,020
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		89,233
Internal Service Funds are used by management to charge the costs of certain activities, such as data processing and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities.		2,609,111
Changes in Net Assets of Government Activities	\$	<u>46,919,617</u>

City of Brentwood

**Statement of Net Assets
Proprietary Funds
June 30, 2004**

	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Parks and Recreation</u>	<u>City Rentals</u>	<u>Housing</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS								
Current Assets:								
Cash and Investments	\$ 16,328,773	\$ 981,035	\$ 16,223,459	\$ 6,576,738	\$ -	\$ 538,136	\$ 40,648,141	\$ 10,766,701
Restricted Cash and Investments	183,022	-	735,871	-	-	-	918,893	-
Receivables	318,365	493,011	1,292,516	17,126	201,258	249	2,322,525	48,357
Prepays	2,703	3,507	3,130	2,667	247	-	12,254	2,747
Notes Receivable	359,822	-	-	-	-	-	359,822	-
Non-Current Assets:								
Deferred Charges	113,254	-	477,105	-	-	-	590,359	-
Due from Other Funds	-	-	31,753	-	-	-	31,753	-
Long-Term Loans Receivable	-	-	478,530	-	-	-	478,530	-
Internal Balances	-	-	3,396,081	-	-	-	3,396,081	-
Capital Assets:								
Intangible Assets	-	-	10,597,532	-	-	-	10,597,532	-
Land	97,376	254,420	62,556	-	-	-	414,352	-
Buildings	1,032,498	14,000	7,825,845	4,661,141	-	-	13,533,484	-
Infrastructure	69,373,356	696,851	48,036,936	17,057,731	-	-	135,164,874	-
Machinery and Equipment	556,408	72,270	466,754	340,108	15,915	-	1,451,455	1,787,500
Vehicles	-	-	-	-	-	-	-	4,818,822
Land Improvements	58,494	1,000,000	176,010	331,461	-	-	1,565,965	-
Work in Progress	1,051,469	163,641	1,191,692	9,062,245	-	-	11,469,047	-
Less Accumulated Depreciation and Amortization	(3,854,470)	(457,219)	(7,883,768)	(1,188,726)	(15,915)	-	(13,400,098)	(3,852,022)
Total Assets	85,621,070	3,221,516	83,112,002	36,860,491	201,505	538,385	209,554,969	13,572,105
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts Payable	166,605	186,334	806,254	1,384,342	15,599	3,878	2,563,012	119,709
Due to Other Funds	-	-	-	-	31,753	-	31,753	-
Other Liabilities	-	-	-	27,217	-	-	27,217	-
Deferred Revenue	294,199	-	360,403	18,831	26,724	-	700,157	75
Deposits Held	-	7,822	110,000	9,818	57,412	-	185,052	-
Long-Term Debt Due Within One Year	1,700,966	308,260	6,726,818	39,283	2,320	-	8,777,647	35,285
Non-Current Liabilities Due in More Than One Year:								
Bonds Payable	2,152,363	-	8,372,637	-	-	-	10,525,000	-
Notes Payable	34,575,111	427,725	9,744,152	-	-	-	44,746,988	-
Capital Leases Payable	-	53,251	-	-	-	-	53,251	35,500
Compensated Absences Payable	23,246	37,655	24,836	28,002	1,530	-	115,269	54,223
Total Liabilities	38,912,490	1,021,047	26,145,100	1,507,493	135,338	3,878	67,725,346	244,792
Net Assets:								
Invested in Capital Assets, Net of Related Debt	51,208,899	1,101,199	52,321,989	30,263,960	-	-	134,896,047	-
Restricted for:								
Special Projects and Programs	1,711,666	642,084	4,859,400	4,554,685	57,412	534,507	12,359,754	-
Unrestricted	(6,211,985)	457,186	(214,487)	534,353	8,755	-	(5,426,178)	13,327,313
Total Net Assets	\$ 46,708,580	\$ 2,200,469	\$ 56,966,902	\$ 35,352,998	\$ 66,167	\$ 534,507	\$ 141,829,623	\$ 13,327,313

City of Brentwood

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For Year Ended June 30, 2004

	Wastewater	Solid Waste	Water	Parks and Recreation	City Rentals	Housing	Totals	Governmental Activities - Internal Service Funds
Operating Revenues:								
Charges for Services	\$ 4,166,357	\$ 4,928,871	\$ 9,270,794	\$ 619,417	\$ 732,745	\$ -	\$ 19,718,184	\$ 4,184,457
Other Income	48,114	173,690	135,635	157,048	7,365	-	521,852	82,748
Total Operating Revenues	4,214,471	5,102,561	9,406,429	776,465	740,110	-	20,240,036	4,267,205
Operating Expenses:								
Personnel Services	1,218,546	1,492,012	1,542,144	1,513,345	103,269	-	5,869,316	1,194,577
Repairs and Maintenance	45,209	190,095	576,979	185,634	101,367	-	1,099,284	97,902
Materials, Supplies and Services	2,092,673	2,824,265	4,088,072	1,545,245	247,764	7,504	10,805,523	874,975
Depreciation and Amortization	1,074,902	66,481	896,619	374,906	-	-	2,412,908	734,289
Total Operating Expenses	4,431,330	4,572,853	7,103,814	3,619,130	452,400	7,504	20,187,031	2,901,743
Operating Income (Loss)	(216,859)	529,708	2,302,615	(2,842,665)	287,710	(7,504)	53,005	1,365,462
Non-Operating Revenues (Expenses):								
Interest Income	472,800	17,128	622,897	166,471	1,311	3,554	1,284,161	416,440
Property Tax	-	-	-	868,369	-	-	868,369	-
Interest Expense	(804,307)	(52,377)	(566,592)	-	-	-	(1,423,276)	(5,904)
Connection Fees Paid	-	-	(11,305,768)	-	-	-	(11,305,768)	-
Bond Premium	-	-	(8,325)	-	-	-	(8,325)	-
Loss on Sales of Capital Assets	(13,594)	-	-	-	-	-	(13,594)	(39,069)
Loss on Disposal of Capital Assets	(3,567,956)	-	(288)	(206,719)	-	-	(3,774,963)	(5,996)
Other Revenue	-	-	-	150,000	-	-	150,000	-
Total Non-Operating Revenues (Expenses)	(3,913,057)	(35,249)	(11,258,076)	978,121	1,311	3,554	(14,223,396)	365,471
Income (Loss) before Contributions and Operating Transfers	(4,129,916)	494,459	(8,955,461)	(1,864,544)	289,021	(3,950)	(14,170,391)	1,730,933
Contributions - Impact Fees and Credits	4,733,527	-	7,384,499	9,073,760	-	538,457	21,730,243	-
Capital Asset Contributions	7,256,343	8,321	4,264,171	907,373	-	-	12,436,208	-
Capital Assets Contributed to Governmental Funds	(12,841,042)	(20,190)	-	(7,112)	-	-	(12,868,344)	-
Transfers In	2,130,063	-	1,396,847	475,300	-	-	4,002,210	1,079,823
Transfers Out	(847,246)	(249,477)	(4,708,377)	(1,677,779)	(330,136)	-	(7,813,015)	(201,645)
Change in Net Assets	(3,698,271)	233,113	(618,321)	6,906,998	(41,115)	534,507	3,316,911	2,609,111
Net Assets, Beginning of Year	50,406,851	1,967,356	57,585,223	28,446,000	107,282	-	138,512,712	10,718,202
Net Assets, End of Year	\$ 46,708,580	\$ 2,200,469	\$ 56,966,902	\$ 35,352,998	\$ 66,167	\$ 534,507	\$ 141,829,623	\$ 13,327,313

City of Brentwood

**Statement of Cash Flows
Proprietary Funds
For Year Ended June 30, 2004**

	Wastewater	Solid Waste	Water	Parks and Recreation	City Rentals	Housing	Totals	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities								
Cash Received from Customers/Other Funds	\$ 4,194,604	\$ 4,948,199	\$ 9,259,390	\$ 641,003	\$ 687,627	\$ (249)	\$ 19,730,574	\$ 167,672
Cash Received from Interfund Services	-	-	-	-	-	-	-	4,123,243
Cash Payments to Suppliers of Goods and Services	(1,629,493)	(2,132,961)	(4,494,892)	(385,848)	(231,050)	(3,626)	(8,877,870)	(689,470)
Cash Payments to Employees for Services	(1,218,546)	(1,492,012)	(1,542,144)	(1,513,345)	(103,269)	-	(5,869,316)	(1,194,577)
Cash Payments for Interfund Services	(355,851)	(792,059)	(283,141)	(178,269)	(116,113)	-	(1,725,433)	(196,690)
Other Recipients/Payments	(227,369)	5,033	(3,291,289)	165,743	59,733	-	(3,288,149)	(3,608)
Net Cash Provided By (Used for) Operating Activities	763,345	536,200	(352,076)	(1,270,716)	296,928	(3,875)	(30,194)	2,206,570
Cash Flows from Non-Capital Financing Activities								
Property Tax	-	-	-	868,369	-	-	868,369	-
Transfers Received	2,130,063	-	1,396,847	475,300	-	-	4,002,210	1,079,823
Transfers Paid	(847,246)	(249,477)	(4,708,377)	(1,677,779)	(330,136)	-	(7,813,015)	(201,645)
Due to Other Funds	-	-	-	-	31,753	-	31,753	-
Due from Other Funds	-	-	(31,753)	-	-	-	(31,753)	-
Connection Fees Paid	-	-	(11,305,768)	-	-	-	(11,305,768)	-
Other Revenue	-	-	-	150,000	-	-	150,000	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	1,282,817	(249,477)	(14,649,051)	(184,110)	(298,383)	-	(14,098,204)	878,178
Cash Flows from Capital and Related Financing Activities								
Proceeds from Capital Debt	60,300	-	21,020,768	-	-	-	21,081,068	-
Contributions - Impact Fees and Credits	4,733,527	-	7,384,499	9,073,760	-	538,457	21,730,243	-
Interest Paid on Debt	(804,307)	(52,377)	(566,592)	-	-	-	(1,423,276)	(5,904)
Principal Paid on Debt	(1,638,194)	(263,223)	(6,261,703)	-	-	-	(8,163,120)	(31,595)
Bond Premium	-	-	(8,325)	-	-	-	(8,325)	-
Acquisition and Construction of Assets	(2,729,520)	(147,490)	(8,561,194)	(7,631,638)	-	-	(19,069,842)	(1,523,063)
Net Cash Provided By (Used for) Capital and Related Financing Activities	(378,194)	(463,090)	13,007,453	1,442,122	-	538,457	14,146,748	(1,560,562)
Cash Flows from Investing Activities								
Interest on Investments	472,800	17,128	622,897	166,471	1,311	3,554	1,284,161	416,440
Net Cash Provided By Investing Activities	472,800	17,128	622,897	166,471	1,311	3,554	1,284,161	416,440
Net Increase (Decrease) in Cash and Cash Equivalents	2,140,768	(159,239)	(1,370,777)	153,767	(144)	538,136	1,302,511	1,940,626
Cash and Cash Equivalents - Beginning of Year	14,188,005	1,140,274	17,594,236	6,422,971	144	-	39,345,630	8,826,075
Cash and Cash Equivalents - End of Year	\$ 16,328,773	\$ 981,035	\$ 16,223,459	\$ 6,576,738	\$ -	\$ 538,136	\$ 40,648,141	\$ 10,766,701
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities								
Operating Income (Loss)	\$ (216,859)	\$ 529,708	\$ 2,302,615	\$ (2,842,665)	\$ 287,710	\$ (7,504)	\$ 53,005	\$ 1,365,462
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities								
Depreciation and Amortization	1,074,902	66,481	896,619	374,906	-	-	2,412,908	734,289
Changes in Assets and Liabilities:								
Receivables, Net	(1,462)	(139,732)	(3,443,479)	30,562	7,210	-	(3,546,901)	20,102
Inventories	(552)	(872)	640	(220)	40	-	(964)	-
Accounts Payable and Other Payables	(95,893)	88,665	(120,904)	1,195,630	(28,864)	3,878	1,042,512	86,344
Accrued Expenses	3,209	(8,725)	4,683	(33,098)	9,095	(249)	(25,085)	373
Deposits	-	675	7,750	4,169	21,737	-	34,331	-
Net Cash Provided By (Used for) Operating Activities	\$ 763,345	\$ 536,200	\$ (352,076)	\$ (1,270,716)	\$ 296,928	\$ (3,875)	\$ (30,194)	\$ 2,206,570
Noncash Capital Activities:								
Assets Contributed to/from Other Funds	118,284	241,646	(1,532,743)	192,987	-	-	(979,826)	(1,079,823)



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Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 7,827,899
Restricted Cash and Investments	5,945,858
Accrued Interest Receivable	23,318
Prepaid	951
Accounts Receivable	<u>2,275</u>
Total Assets	<u><u>\$ 13,800,301</u></u>
 LIABILITIES	
Accounts Payable	\$ 363,535
Due to Bondholders	<u>13,436,766</u>
Total Liabilities	<u><u>\$ 13,800,301</u></u>



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NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. DESCRIPTION OF THE REPORTING ENTITY**

The City of Brentwood is governed by a five member City Council under the Council-Manager form of government. The accompanying financial statements present the City of Brentwood (the primary government) and its component units, entities for which the government is considered financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if the organization is fiscally dependent (i.e. unable to adopt a budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

In addition to reporting directly for the City operations, two component units, the Brentwood Redevelopment Agency and Brentwood Joint Powers Financing Authority, have been included in the primary reporting entity and are treated as blended component units.

- Brentwood Redevelopment Agency

The Brentwood Redevelopment Agency (the "Agency") was established pursuant to the State of California Health and Safety Code, Section 33000, entitled "Community Redevelopment Law". On August 20, 1981 the City Council became the governing board of the Brentwood Redevelopment Agency. The Agency was formed for the purpose of preparing and carrying out plans for improvement, rehabilitation and redevelopment of blighted areas within the territorial limits of the City of Brentwood. The funds of the Agency have been included in the governmental activities in the financial statements. Separate financial statements for the Redevelopment Agency (RDA) may be obtained from the City of Brentwood Finance Department.

- Brentwood Joint Powers Financing Authority

The Brentwood Joint Powers Financing Authority (the "Authority"), formed on March 14, 1995, is a joint powers authority organized under Section 6500 *et seq.* of the California Government Code between the City and the Agency for the purpose of acting as a vehicle for various financing activities of the City and the Agency. The Board of Directors is the Brentwood City Council. The primary purpose of the Authority is to render financial assistance to the City and the Agency by issuing debt and financing the construction of public facilities. Separate financial statements are not required for the Authority, and therefore, are not issued.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. The Statement of Activities and Changes in Net Assets demonstrates the degree to which direct and indirect expenses, for a given function or segment, are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Indirect expenses are expenses which are allocated based on the City's annual Cost Allocation Plan and Schedule of City Fees. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, 2) operating grants and contributions, including special assessments and 3) capital grants and contributions. Taxes and other items not properly included among program revenue are reported as general revenues.

Summaries of governmental activities, which are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges. Fiduciary activities of the City are not included in these statements.

Separate financial statements are provided for Governmental Funds, Proprietary Funds and Fiduciary Funds even though the latter are excluded from the Government-Wide Financial Statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the Fund Financial Statements.

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. These are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, Internal Service Fund transactions have been eliminated. However, the transactions between governmental and business-type activities, which are presented as transfers, have not been eliminated from the Statement of Activities.

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

The Government-Wide Financial Statements and the Proprietary Fund Financial Statements are reported using an economic resources focus and the accrual basis of accounting. 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, regardless of the timing of the related cash flows.

The Governmental Fund Financial Statements are reported using 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. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except for revenues subject to accrual

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(generally 60 days after year – end) which are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, including property and sales taxes, and inter-governmental revenue associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of the special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

For Proprietary Funds, all assets and liabilities, whether current or non-current, are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the Proprietary Funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses. Proprietary Fund types include Enterprise Funds and Internal Service Funds.

Fiduciary Fund Financial Statements include a Statement of Net Assets. The City's Fiduciary Funds represent agency funds, which are custodial in nature (assets equal liabilities). Agency funds do not involve measurement of results of operations.

Financial reporting is based upon all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB Pronouncements issued after November 30, 1989, are not followed in preparation of the accompanying financial statements. Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Fund Types

A *Major Fund* is a fund whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all Governmental or Enterprise funds and at least five percent of the aggregate amount for all Governmental and Enterprise funds for the same item. The General Fund is always considered a major fund. Any other Government or Enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government reports the following major Governmental Funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds account for specific revenues that are legally restricted to expenditures for particular purposes. Thoroughfares is the only major Special Revenue Fund included as a major Governmental Fund. Below are specific descriptions of the Special Revenue Funds:

- *Thoroughfares* – This fund accounts for developer fees collected for the design and construction of roadways within the City of Brentwood.
- *Gas Tax* – This fund accounts for monies received from the State of California under Street and Highways Code Sections 2105, 2106, 2107 and 2107.5.
- *Police Grants* – This fund accounts for all Police, Federal, State and County grants requiring segregated fund accounting.
- *Other Grants* – This fund accounts for miscellaneous Federal, State and County grants requiring segregated fund accounting.
- *Community Facilities* – This fund accounts for developer fees collected for the design and construction of public facilities within the City of Brentwood.
- *Vehicle Abatement* – This fund accounts for monies which can only be used for the abatement, removal and disposal as public nuisances of any abandoned, wrecked, dismantled or inoperative vehicles or parts thereof from private or public property.
- *Economic Development* – This fund accounts for fees collected from the development of property in the Harvest Business Park which are used to enhance economic development.
- *Youth Diversion* – This fund accounts for monies from the State Realignment-Juvenile Justice Subvention Program which assists families in resolving the legal conflicts in their juvenile's life.
- *Storm Drainage* – This fund accounts for developer fees collected for the design and construction of storm drainage systems within the City of Brentwood. *This fee is no longer collected.*
- *RDA Low Income Housing* – This fund accounts for the RDA's 20% tax increment set-aside. The monies are to be used to increase and improve the community's supply of low and moderate income housing in the Redevelopment Project areas.
- *Bypass Authority* – This fund accounts for developer fees collected for the design and construction of the Bypass within the City of Brentwood. These funds are collected and distributed to the Bypass Authority.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Asset Forfeiture – This fund accounts for property or funds seized by the Police Department. After a case has been tried and a guilty verdict is returned, the funds are considered forfeited. This fund must be used specifically for drug prevention programs.
- Open Space – This fund accounts for developer fees collected for the preservation of open space within the City of Brentwood.
- Measure C – This fund accounts for the local jurisdiction portions of the Local Street Maintenance Fund allocation. These funds can only be spent on local streets and roads, transit operations, growth management planning and compliance, bicycle and pedestrian trails and parking facilities.
- Facility Fee Administration – This fund accounts for developer fees collected for the administration of the Developer Facility Fee Program.
- Agriculture Administration – This fund accounts for 20% of the Agriculture Preservation fees collected from developers. Monies to be used for administrative purposes associated with establishing, monitoring and managing farmland conservation easements.
- Fire Fees – This fund accounts for the Fire Facilities Impact Fee. The monies are used to provide funding for the fire facilities required to serve new development in the City of Brentwood through the year 2020 (build out of the General Plan).
- Agriculture Land – This fund accounts for 80% of the Agriculture Preservation fees collected from developers. The monies are used for farmland mitigation purposes.
- Affordable Housing In Lieu – This fund accounts for developer fees collected for affordable housing. The monies are used to ensure 10% of all new dwellings are affordable for very low and low income households.

Debt Service Funds account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. Specific descriptions of these funds are as follows:

- Downtown Redevelopment Debt – This fund accounts for tax allocation bonds and 66% of the COP bond debt.
- North Brentwood Redevelopment Debt – This fund accounts for 34% of the COP bonded debt.
- Capital Improvement Program 2001 – This fund accounts for debt service transactions including revenue collections and payments of principal and interest on long-term obligations. These bonds re-financed the Roadway Bonds and financed the Technology Center.
- 2002 General Obligation Bond – This fund accounts for tax levies from which general obligation principal and interest payments are made as they mature for the 2002 General Obligation Bonds.
- ABAG XXVI COP'S – This fund accounts for certificates of deposit used to finance utility construction projects.
- Capital Lease Program – This fund accounts for principal and interest payments on purchased equipment.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds account for the acquisition and construction of major capital facilities not financed by Proprietary Funds. The Capital Projects Fund is the only major Capital Project Fund included in the major Governmental Funds. Below are specific descriptions of the Capital Project Funds:

- *Capital Improvement Financing Program 2003-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructures.
- *Capital Improvement Financing Program 94-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Capital Improvement Financing Program 99-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Capital Improvement Financing Program 2000-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Capital Improvement Financing Program 2002-1* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Capital Improvement 2001* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Street Improvement Projects* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain street improvements.
- *Capital Projects* – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct certain capital facilities and infrastructure.
- *Downtown Redevelopment Projects* – This fund accounts for transactions related to proceeds from bonds and other resources and their use to perform Downtown Redevelopment activities within the project area.
- *North Brentwood Redevelopment Projects* – This fund accounts for transactions related to proceeds from bonds and other resources and their use to perform North Brentwood Redevelopment activities within the project area.

The government reports the following major Proprietary Funds:

- *Wastewater Enterprise* – This enterprise accounts for the operation, maintenance and capital improvement projects of the wastewater system which is funded by user charges and other fees.
- *Solid Waste Enterprise* – This enterprise accounts for the operation, maintenance and capital improvement projects of the solid waste system within City limits. These activities are funded by user charges and impact fees.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Water Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the water system within City limits. These activities are funded by user charges and impact fees.
- Parks and Recreation Enterprise – This enterprise accounts for the maintenance, operation and capital improvement projects associated with City-owned park and recreation facilities and programs which are funded by user charges and impact fees.
- City Rentals – This enterprise accounts for all the City facilities rented and maintained through this fund.
- Housing Enterprise – This enterprise accounts for the administrative and operational expenses for the Housing Division and Housing rental stock.

Additionally, the government reports for the following fund types:

Internal Service Funds account for the financing of either goods or services provided by one department to other departments of the City on a cost reimbursement basis. Specific descriptions of these funds are as follows:

- Emergency Preparedness – To provide a source of funding for a disaster recovery plan.
- Information Services – To provide a source of funding for the development and coordination of the City's Information Systems' needs.
- Vehicle Replacement – To provide a source of funding for vehicle and equipment replacement.
- Information Systems Replacement – To provide a source of funding for the on-going replacement of information systems such as computers and the phone system.
- Building Replacement – To provide a source of funding for maintenance and repairs to City facilities.
- Tuition Program – To provide a source of funding for associated expenditures relating to continuing education.
- Fleet Maintenance – To provide a source of funding for the on-going maintenance of all City vehicles, except Police.
- Park Assessment Replacement – This fund accounts for the accumulation of funds and associated expenditures related to park assessment reserves.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**i. 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.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**ii. Cash and Investments**

The City pools idle cash from all funds for the purpose of increasing income through investment activities. In compliance with GASB Statement No. 40, the City's investments are stated at amortized cost. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The City generally holds all investments until maturity or until market values equal or exceed cost. Therefore, the reported value of securities in the investment pool does not reflect realized gains or losses but rather the fair value of those investments as of June 30, 2004.

iii. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considered all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. All cash and investments of the Proprietary Fund types are pooled with the City's pooled cash and investments.

iv. Unbilled Services Receivable

Utility Revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

v. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

vi. Inventories, Prepaid Items and Land Held for Resale

Inventory is valued at cost using the first in, first out method. Inventory in the Proprietary Funds consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Land held for resale is valued at the lower of cost or estimated net realizable value and is recorded in the Capital Project funds.

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

vii. Capital Assets

The City’s assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for capital assets at \$10,000 or more. Gifts or contributions of capital assets are recorded at fair market value when received. In accordance with GASB Statement No. 34, the City has included the value of all infrastructures in the Basic Financial Statements. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Land improvements	20 years
Building and structures	50 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 8 years
Infrastructure	65 years

The City defines infrastructure as long lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These assets include the street system, water purification and distribution system, sewer collection and treatment system, park and recreation lands and improvement system, storm water conveyance system and buildings, combined with the 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 Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

viii. Compensation Absences Payable

The following totals may be accumulated by employees each year:

- A total of 11 to 28 vacation days
- Up to either 60 or 80 hours of compensatory time off, depending on employee’s classification, or 120 hours of administrative leave
- 12 days of sick leave

NOTE # 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave is not paid at termination but is used for additional service credits towards retirement. Half of an employee's accrued sick leave (up to \$8,000) may be cashed in when the employee retires from the City of Brentwood. Under certain restrictive circumstances, limited amounts of sick leave can be converted to vacation time. Vacation time is only allowed to accumulate up to one and one-half year's worth of earnings.

All employees may elect to receive a lump sum payment of up to 40 hours of accumulated vacation each March. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours in March. Additionally, each October employees with three years of service may elect to receive a lump sum payment of up to 40 hours of accumulated vacation time. Mid-Managers, Department Directors and the City Manager are eligible to elect payment of up to 80 hours. Liabilities for compensated absences are included as a liability in the Government-Wide Financial Statements.

ix. Property Tax

Property tax valuation, lien and levy for secured and unsecured property is March 1 of each year. Fifty percent of secured taxes are due on November 1 and February 1 of each fiscal year and are delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and delinquent on August 31. Contra Costa County bills and collects the City's property taxes and the remittance of them to the City is accounted for in the City's General Fund. City property tax revenues are recognized when levied, to the extent that they result in current receivables. The City receives their full assessment of property tax and the County retains all delinquent charges.

x. Deferred Compensation Plan

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the plan, participants are not taxed on the deferred portion of their compensation until it is distributed to them. Distribution may be made only at termination of employment, retirement, death or in an emergency as defined by the Plan. In accordance with GASB 32, the City revised the plan to no longer make the funds available to the City's general creditors and accordingly the City does not report any assets or liabilities associated with this plan in the accompanying financial statements.

xi. GASB 40

In March 2003, GASB issued Statement No. 40 to improve disclosures of common deposit and investments risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The statement requires disclosures of deposit and investment policies related to the risks identified and certain disclosures of investments which have fair values that are highly sensitive to changes in interest rates. GASB 40 is effective for financial statements for periods beginning after June 15, 2004, with earlier application encouraged. The City of Brentwood has elected to implement GASB 40 effective with this CAFR.

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

- General Budget Policies

Prior to July 1, the budget is legally enacted through passage of a resolution. The City Council periodically reviews the budgets and adopts supplemental appropriations (amendments) at the fund level when required. The level of budgetary control is established at the fund level and expenditures may not exceed budgeted appropriations at the fund level without City Council approval. In the financial statements, budgeted amounts are as originally adopted while the final budget amounts include amendments to the original budget. Individual amendments were not material in relation to original appropriations.

- Budget Basis of Accounting

Budgetary comparisons are presented for the General, certain Special Revenue, Debt Service and certain Capital Project funds. The funds listed below are not legally required to adopt budgets as their appropriations are established by the related bond documentation and/or other legal agreements.

Capital Projects Funds

Capital Improvement Financing Program 94-1	Capital Improvement Financing Program 2002-1
Capital Improvement Financing Program 99-1	Capital Improvement Financing Program 2003-1
Capital Improvement Financing Program 2000-1	Capital Improvement 2001
Street Improvement Projects	Capital Projects

Special Revenue Funds

Bypass Authority

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the “Due To / From Other Funds” balance, as of June 30, 2004, is shown below. The balances are due to timing issues and are expected to be paid during the next fiscal year.

Due To / From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Throughfares	\$ 5,407,487
Capital Projects	Community Facilities - Non-Major Funds	374,625
Water	City Rentals	31,753
	Total	<u><u>\$ 5,813,865</u></u>

The following interfund loan, for costs associated with the Public Employee Retirement System (PERS), is to be repaid over four years.

Interfund Loan

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water	Administration - Non-Major Funds	\$ 3,396,081
	Total	<u><u>\$ 3,396,081</u></u>

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The interfund transfers are in balance.

Fund Description	Interfund Transfers										Total Transfers Out
	General Fund	Capital Project Funds	Internal Service Funds	Non-Major Governmental Funds	Thoroughfares Fund	City Rentals Enterprise	Parks and Recreation Enterprise	Solid Waste Enterprise	Wastewater Enterprise	Water Enterprise	
General Fund	\$ -	\$ 1,505,906	\$ 34,295	\$ 74,552	\$ -	\$ -	\$ 475,300	\$ -	\$ -	\$ (22,000)	\$ 2,068,053
Capital Project Funds	-	-	18,186	-	-	-	-	-	-	-	18,186
Internal Service Funds	-	156,150	45,495	-	-	-	-	-	-	-	201,645
Non-Major Governmental Funds	846,044	9,814,928	224,730	3,397,276	-	-	-	-	-	-	14,282,978
Thoroughfares Fund	-	11,846,536	-	389,220	-	-	-	-	-	-	12,235,756
City Rentals Enterprise	-	40,500	-	289,636	-	-	-	-	-	-	330,136
Parks and Recreation Enterprise	-	1,524,707	153,072	-	-	-	-	-	-	-	1,677,779
Solid Waste Enterprise	-	-	249,477	-	-	-	-	-	-	-	249,477
Wastewater Enterprise	-	553,878	293,368	-	-	-	-	-	-	-	847,246
Water Enterprise	-	1,098,267	61,200	-	-	-	-	-	2,130,063	1,418,847	4,708,377
Total Transfers In	\$ 846,044	\$ 26,540,872	\$ 1,079,823	\$ 4,150,684	\$ -	\$ -	\$ 475,300	\$ -	\$ 2,130,063	\$ 1,396,847	\$ 36,619,633

NOTE # 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Transfers are indicative of funding for either capital projects, lease payments or debt service, subsidies of various City operations or reallocations of special revenues. The following schedule briefly summarizes the City’s significant, unusual or non-consistent fund type transfer activity:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects	\$ 530,722	Provide subsidy to cover a portion of the costs for the Maintenance Service Center Project.
General Fund	Capital Projects	256,134	Provide subsidy to cover a portion of the costs for the Information Services Project.
General Fund	Parks Enterprise	475,300	Provide subsidy to cover a portion of the costs for the Parks Enterprise.
Non-Major Governmental Fund	General Fund	671,044	Gas Tax Revenue to subsidize the Street Maintenance Division.
Non-Major Governmental Fund	Capital Projects	6,688,000	Provide subsidy to cover a portion of the costs for the Police Station Project.
Non-Major Governmental Fund	Capital Projects	500,000	Provide a subsidy to cover a portion of the costs for the New City Hall Project.
Non-Major Governmental Fund	Capital Projects	2,567,647	Provide a subsidy to cover a portion of the costs for the Lone Tree Way Widening Project.
Thoroughfares	Capital Projects	4,430,005	Provide a subsidy to cover a portion of the costs for the Lone Tree Way Widening Project.
Thoroughfares	Capital Projects	1,750,000	Provide subsidy to cover a portion of the Sunset Road Project.
Thoroughfares	Capital Projects	3,512,478	Provide subsidy to cover a portion of the Sand Creek Road Project.
Thoroughfares	Capital Projects	750,000	Provide a subsidy to cover a portion of the Shady Willow Lane Project.
Thoroughfares	Capital Projects	600,000	Provide a subsidy to cover a portion of the cost of the Grant Street Road Project.

C. DEFICIT FUND EQUITY

As of June 30, 2004, the following funds contain a deficit fund or accumulated deficit balance due to a timing issue at year-end. Coverage of these funds was addressed in the fiscal year 2004/05 Operating Budget:

Special Revenue:	
Thoroughfares	\$ 5,408,273
Community Facilities	375,411

NOTE # 3 – CASH AND INVESTMENTS

The City of Brentwood maintains a cash investment pool that is available for all funds. Each fund type balance in the pool is reflected on the combined balance sheet as cash and investments. The carrying amounts of the City’s cash deposits were (\$1,644,138) at June 30, 2004.

Pooled Deposits:	
Demand Deposits	\$ (1,644,138)
Petty Cash	4,330
Pooled Investments	149,122,857
Total Cash and Investments	<u>\$ 147,483,049</u>

Cash and investments appear on the financial statements as follows:

Cash and Investments	
Governmental Activities	\$ 69,725,527
Business-Type Activities	40,648,141
Fiduciary Funds	7,827,899
	<u>118,201,567</u>
Restricted Cash and Investments	
Governmental Activities	22,416,731
Business-Type Activities	918,893
Fiduciary Funds	5,945,858
	<u>29,281,482</u>
Total Cash and Investments	<u>\$ 147,483,049</u>

The City apportions interest earnings to all funds based on their monthly cash balance in accordance with California Government Code Section 53647. The City has an adopted investment policy pursuant to Government Code Section 53647 which authorizes the City to invest in Securities of the US Government or its agencies, Certificates of Deposit, the State of California Local Agency Investment Fund (LAIF), Bankers Acceptances, Commercial Paper, Negotiable Certificates of Deposit, Repurchase Agreements and Corporate Medium Term Notes. The City selects its investments based on safety, liquidity and yield.

Notes to the Basic Financial Statements

NOTE # 3 – CASH AND INVESTMENTS (Continued)

On June 30, 2004, the bank balance was \$3,421,914 of which \$3,321,914 was uninsured and uncollateralized and held by a pledging financial institution in the City’s name. The cash and cash equivalents presented below are categorized separately to give an indication of the level of custodial credit risk associated with each deposit.

	Bank Balance Category *			Total	Carrying Amount
	1	2	3		
Categorized					
Demand Deposits	\$ 100,000	\$ -	\$ 3,321,914	\$ 3,421,914	\$ (1,644,138)
Uncategorized					
Petty Cash					4,330
Total Cash and Cash Equivalents					\$ (1,639,808)

* In accordance with GASB Statement No.40, deposits are categorized in the following manner:

- Category 1: Insured or collateralized with securities held by the City or by it’s agent in the City’s name.
- Category 2: Collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name.
- Category 3: Uncollateralized. This includes any bank balance which is either uncollateralized or uninsured, or any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City’s name.

A. POOLED CASH AND NON-NEGOTIABLE CERTIFICATES OF DEPOSIT

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by outside fiscal agents, under the provisions of bond indentures.

Notes to the Basic Financial Statements

NOTE # 3 – CASH AND INVESTMENTS (Continued)

B. INVESTMENTS

The City’s portfolio is comprised of the highest quality government and corporate securities. Consistent with City policy, over 90% of the portfolio consists of investments with Standard and Poor’s highest ratings. This percentage does not include LAIF, Money Market Mutual Funds (MMMF) and Guaranteed Investment Contracts (GICs) which are unrated. Investments at June 30, 2004, held on behalf of the City of Brentwood are presented below, categorized separately to give an indication of the level of risk associated with each investment:

	Category			Reported Value	Fair Value	Credit Ratings
	1	2	3			
U.S. Treasury Notes / Bonds	\$ 44,707,906	\$ -	\$ -	\$ 44,707,906	\$ 45,507,675	AAA
Commercial Paper	914,267	-	-	914,267	914,967	A-1+
Corporate Notes	4,521,446	-	-	4,521,446	4,351,590	AAA
Corporate Notes	4,051,103	-	-	4,051,103	4,146,852	A+
Corporate Notes	1,110,850	-	-	1,110,850	1,089,132	AA-
Federal Agency Bonds / Notes	66,380,811	-	-	66,380,811	65,751,078	AAA
	<u>\$ 121,686,383</u>	<u>\$ -</u>	<u>\$ -</u>	121,686,383	121,761,294	
Uncategorized:						
Local Agency Investment Fund				26,424,243	26,381,546	Unrated
Money Market Mutual Funds				23,201	23,201	Unrated
Guaranteed Investment Contracts				989,030	989,030	Unrated
				<u>\$ 149,122,857</u>	<u>\$ 149,155,071</u>	

In accordance with GASB Statement No.40, investments are categorized in the following manner:

- Category 1: Insured or registered, or securities held by the City or its agent in the City’s name.
- Category 2: Uninsured and unregistered, with securities held by the counter party’s trust department or agent in the City’s name.
- Category 3: Uninsured and unregistered, with securities held by the counter party or by its trust department or agent but not in the City’s name.

NOTE # 3 – CASH AND INVESTMENTS (Continued)

At June 30, 2004, the City had no investments in repurchase agreements or foreign currency investments. At no time during the fiscal year did the City borrow funds through use of a reverse-repurchase agreement even though such transactions are authorized by the City’s investment policy. Investments are stated at amortized cost.

Interest Rate Risk – The City’s investment policy limits the investment portfolio to maturities of less than five years as a means of limiting its exposure to fair value losses arising from interest rates. Currently, 62% of the investment portfolio is concentrated in the 1 to 3 year maturity range.

Investment Maturities

	Fair Value *	Reported Value	0-6 mos	6-12 mos.	1-2 years	2-3 years	3-4 years	% of Portfolio
U.S. Treasury Notes/Bonds	45,507,675	44,707,906	18,182,891		17,416,968	9,108,047		29.98
Commercial Paper	914,967	914,267	914,267					0.61
Medium-Term Corporate Notes	9,587,574	9,683,399		2,007,431	4,724,568	2,951,400		6.50
Federal Agency Bonds/Notes	65,751,078	66,380,811		7,783,063	36,025,058	21,573,002	999,688	44.51
Local Agency Investment Funds	26,381,546	26,424,243	26,424,243					17.72
Money Market Mutual Funds	23,201	23,201	23,201					0.02
Guaranteed Investments Contracts	989,030	989,030	989,030					0.66
Totals	\$ 149,155,071	\$ 149,122,857	\$ 46,533,632	\$ 9,790,494	\$ 58,166,594	\$ 33,632,449	\$ 999,688	
% of Portfolio			31.21	6.57	39.00	22.55	0.67	100.00

*Fair Value includes accrued interest

NOTE # 3 – CASH AND INVESTMENTS (Continued)

The City has chosen to manage its investment time horizons by averaging investment maturities and to present its exposure to interest changes using the weighted average maturity method.

	Reported Value	Weighted Average Maturity in Years
U.S. Treasury Notes/Bonds	\$ 44,707,906	1.59
Commercial Paper	914,267	0.49
Medium-Term Corporate Notes	9,683,399	2.10
Federal Agency Bonds/Notes	66,380,811	2.24
Local Agency Investment Funds	26,424,243	0.49
Money Market Mutual Funds	23,201	0.49
Guaranteed Investments Contracts	989,030	0.49
TOTAL REPORTED VALUE	\$ 149,122,857	
PORTFOLIO WEIGHTED AVERAGE MATURITY		1.70

Concentration of Credit Risk – The City’s investment policy places no limits on the amount the City may invest in any one issuer. However, the investment policy is based on state law which states “...in the absence of direct statutory limitations, the *prudent person rule* shall be utilized by the investment staff”. Issuers, representing 5% or more of the City’s portfolio as of June 30, 2004, are shown below. U.S. Treasury investments are not included as they are explicitly guaranteed by the U.S. government.

Issuers	Reported Value	% of Portfolio
Federal Home Loan Bank	\$ 19,568,027	16.08
Federal Home Loan Mortgage Corp.	24,096,339	19.80
Federal National Mortgage Association	22,716,445	18.67

* Excludes LAIF and MMMF

NOTE # 3 – CASH AND INVESTMENTS (Continued)**C. INVESTMENT IN STATE TREASURER'S POOL**

LAIF is an external investment pool sponsored by the State of California authorized under Section 16429.1,2,3 of the California Government code. The fund is a voluntary program, created by statute, as an investment alternative for California local governments and special districts. The fund is administered by the California State Treasurer. The City is a voluntary participant in the investment pool. The management of LAIF has indicated to the City that as of June 30, 2004, the amortized cost of the pool was \$57,630,116,554. The fair value was \$57,637,500,816. The City deposits excess cash, which is not required to be categorized, in LAIF. The fair value for these deposits was provided by the pool sponsor.

D. CASH AND INVESTMENTS WITH FISCAL AGENT

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds, certificates of participation and lease obligations. These monies appear on the financial statements as Restricted Cash and Investments. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates or leases, may be invested by trustees or fiscal agents in accordance with the ordinances, resolutions or indentures specifying the types of investments allowed.

E. FAIR VALUE OF INVESTMENTS

Methods and assumptions used to estimate fair value:

- The City maintains investment accounting records on amortized cost and adjusts those records to “fair value” on a monthly basis when material.
- The Fund investment custodians provide market values on each investment instrument on a monthly basis.
- The investments held by the Fund are widely traded in the financial markets and trading values are readily available from numerous published sources.
- The Fund has elected to report its money market investments (those investments with maturities of less than one year) at amortized cost adjusted to fair value on a monthly basis. Unrealized gains and losses are recorded on a monthly basis and the carrying value of its investments is considered “fair value”.

The City holds an investment in LAIF that is subject to being adjusted to “fair value”. The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City’s fair value position of its holding in LAIF. The City had a contractual withdrawal value of \$26,424,243 whose pro-rata share of fair value was estimated by the State Treasurer to be \$26,381,546. The fair value change in this investment for the year came to an amount that was not material for presentation in the financial statements.

NOTE # 4 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets, including infrastructure, in the Government-Wide Statement of Net Assets. Capital assets of the primary government as of June 30, 2004 are as follows:

	Balance July 1, 2003	Increases	Decreases	Transfers	Balance June 30, 2004
Governmental Activities :					
Capital Assets, Not Being Depreciated:					
Land	\$ 28,454,974	\$ -	\$ (208,180)	\$ -	\$ 28,246,794
Work in Progress - CIP	38,708,478	30,063,084	-	(2,190,641)	66,580,921
Total Capital Assets, Not Being Depreciated	<u>67,163,452</u>	<u>30,063,084</u>	<u>(208,180)</u>	<u>(2,190,641)</u>	<u>94,827,715</u>
Capital Assets, Being Depreciated:					
Land Improvements	749,552	-	-	-	749,552
Buildings	7,485,856	-	-	-	7,485,856
Infrastructure	135,696,862	9,040,342	(179,881)	15,201,639	159,758,962
Equipment	1,635,106	495,813	-	409,747	2,540,666
Vehicles	4,348,408	800,650	(330,236)	-	4,818,822
Total Capital Assets Being Depreciated	<u>149,915,784</u>	<u>10,336,805</u>	<u>(510,117)</u>	<u>15,611,386</u>	<u>175,353,858</u>
Less Accumulated Depreciation for :					
Land Improvements	201,533	34,021	-	-	235,554
Buildings	1,292,594	149,717	-	-	1,442,311
Infrastructure	27,240,791	2,233,332	-	179,051	29,653,174
Equipment	916,129	260,575	-	288,848	1,465,552
Vehicles	2,579,074	518,596	(285,171)	-	2,812,499
Total Accumulated Depreciation	<u>32,230,121</u>	<u>3,196,241</u>	<u>(285,171)</u>	<u>467,899</u>	<u>35,609,090</u>
Total Capital Assets, Being Depreciated, Net	<u>117,685,663</u>	<u>7,140,564</u>	<u>(224,946)</u>	<u>15,143,487</u>	<u>139,744,768</u>
Governmental Activities Capital Assets, Net	<u>\$ 184,849,115</u>	<u>\$ 37,203,648</u>	<u>\$ (433,126)</u>	<u>\$ 12,952,846</u>	<u>\$ 234,572,483</u>
Business-Type Activities : ⁽¹⁾					
Capital Assets, Not Being Depreciated:					
Land	\$ 414,352	\$ -	\$ -	\$ -	\$ 414,352
Work in Progress - CIP	2,007,505	19,568,865	(54,703)	(10,052,620)	11,469,047
Total Capital Assets, Not Being Depreciated	<u>2,421,857</u>	<u>19,568,865</u>	<u>(54,703)</u>	<u>(10,052,620)</u>	<u>11,883,399</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,766,059	-	(200,094)	-	1,565,965
Buildings	17,314,400	-	(3,780,916)	-	13,533,484
Infrastructure	136,611,929	13,779,870	(2,268,547)	(12,958,378)	135,164,874
Equipment	3,329,366	16,734	(1,484,898)	(409,747)	1,451,455
Total Capital Assets Being Depreciated	<u>159,021,754</u>	<u>13,796,604</u>	<u>(7,734,455)</u>	<u>(13,368,125)</u>	<u>151,715,778</u>
Less Accumulated Depreciation for :					
Land Improvements	681,151	76,738	(95,125)	-	662,764
Buildings	3,002,859	269,824	(1,168,213)	-	2,104,470
Infrastructure	8,202,791	1,942,947	(165,128)	(179,051)	9,801,559
Equipment	1,920,892	83,699	(921,973)	(288,848)	793,770
Total Accumulated Depreciation	<u>13,807,693</u>	<u>2,373,208</u>	<u>(2,350,439)</u>	<u>(467,899)</u>	<u>13,362,563</u>
Total Capital Assets, Being Depreciated, Net	<u>145,214,061</u>	<u>11,423,396</u>	<u>(5,384,016)</u>	<u>(12,900,226)</u>	<u>138,353,215</u>
Business-Type Activities Capital Assets, Net	<u>\$ 147,635,918</u>	<u>\$ 30,992,261</u>	<u>\$ (5,438,719)</u>	<u>\$ (22,952,846)</u>	<u>\$ 150,236,614</u>

⁽¹⁾ Intangible Assets (Amortized) are not included within the Note for the Business-Type Capital Assets

NOTE # 4 – CAPITAL ASSETS (Continued)

For the year ended June 30, 2004, depreciation expense on capital assets was charged to the governmental function as follows:

Governmental Activities:	
General Government	\$ 438,279
Public Safety	28,642
Community Development	5,006
Public Works	1,990,025
Internal Service	734,289
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,196,241</u></u>
Business-Type Activities:	
Water	\$ 863,020
Wastewater	1,068,801
Parks and Recreation	374,906
Solid Waste	66,481
City Rentals	-
Housing	-
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 2,373,208</u></u>

The purchase of assets through capital lease transactions have been included in the preceding categories.

NOTE # 5 – LONG-TERM OBLIGATIONS

The following summarizes changes in long-term debt obligations during the year:

A. GOVERNMENTAL ACTIVITIES

	<u>Balance June 30, 2003</u>	<u>Additions</u>	<u>Payments Adjustments</u>	<u>Balance June 30, 2004</u>	<u>Amounts Due Within One Year</u>
Bonds					
Certificates of Participation	\$ 305,000	\$ -	\$ (305,000)	\$ -	\$ -
2002 General Obligation Bonds	6,198,082	162,689 ⁽¹⁾	(105,000)	6,255,771	105,000
CIP 2001 Revenue Bonds	31,635,000	-	(610,000)	31,025,000	635,000
Total Bonds	<u>38,138,082</u>	<u>162,689</u>	<u>(1,020,000)</u>	<u>37,280,771</u>	<u>740,000</u>
Capital Leases (Governmental)					
Various Equipment	271,775	-	(64,845)	206,930	66,869
Other					
Accumulated Compensated Absences	680,992	1,113,712	(865,026)	929,678	505,510
Sub-Total General Long-Term Debt	<u>39,090,849</u>	<u>1,276,401</u>	<u>(1,949,871)</u>	<u>38,417,379</u>	<u>1,312,379</u>
Capital Leases (Internal Service)					
Various Equipment	100,703	-	(31,595)	69,108	33,608
Total General Long-Term Debt	<u>\$ 39,191,552</u>	<u>\$ 1,276,401</u>	<u>\$ (1,981,466)</u>	<u>\$ 38,486,487</u>	<u>\$ 1,345,987</u>

(1) Accreted Interest

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

i. Bonds

• **2002 General Obligation Bonds**

On February 22, 2002, the City issued \$5,999,976 in General Obligation Bonds, Series 2002 to finance the construction, acquisition and improvement of a new police station. Total annual debt service payments, including interest at 3.625 percent to 5.68 percent, range from \$261,656 to \$925,000. The 2002 General Obligation Bond shall increase in value by the accumulation of earned interest from its initial denominational (principal) amount with such interest compounded semiannually on January 1st and July 1st.

Year Ending June 30	Principal	Interest	Total
2005	\$ 105,000	\$ 156,656	\$ 261,656
2006	120,000	152,456	272,456
2007	140,000	148,256	288,256
2008	160,000	141,956	301,956
2009	180,000	135,756	315,756
2010-2014	1,310,000	529,056	1,839,056
2015-2019	1,618,800	722,189	2,340,989
2020-2024	974,687	2,010,313	2,985,000
2025-2029	926,850	2,888,150	3,815,000
2030-2031	359,639	1,445,361	1,805,000
Sub-total	5,894,976	\$ 8,330,149	\$ 14,225,125
Accretion to date	360,795		
	<u>\$ 6,255,771</u>		

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

- **CIP 2001 Revenue Bonds**

On September 27, 2001, the Brentwood Infrastructure Financing Authority issued \$32,080,000 in Brentwood Capital Improvement Revenue Bonds, Series 2001 to 1) finance the refund of the CIP Bonds under a Facilities Lease, 2) refund a series of tax allocation bonds issued by the Redevelopment Agency of the City of Brentwood and 3) finance Redevelopment projects. The economic gain from the CIP Bonds was \$514,989. The economic gain from the tax allocation bonds was \$365,602. Total annual debt service payments, including interest at 3.0 percent to 5.375 percent, range from \$1,684,500 to \$2,105,294.

Year Ending June 30	Principal	Interest	Total
2005	\$ 635,000	\$ 1,457,606	\$ 2,092,606
2006	650,000	1,435,913	2,085,913
2007	675,000	1,412,725	2,087,725
2008	695,000	1,387,881	2,082,881
2009	725,000	1,361,256	2,086,256
2010-2014	4,080,000	6,335,178	10,415,178
2015-2019	5,055,000	5,323,425	10,378,425
2020-2024	6,480,000	3,859,603	10,339,603
2025-2029	7,440,000	2,053,750	9,493,750
2030-2032	4,590,000	351,750	4,941,750
Total	<u>\$ 31,025,000</u>	<u>\$ 24,979,087</u>	<u>\$ 56,004,087</u>

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

ii. Capital Leases

Governmental

On May 12, 2003, the City entered into an agreement with Koch Financial Corporation for the acquisition of equipment. The lease amount was \$345,100 and the interest rate was 3.12 percent. The final payment shall be made on or before May 12, 2007.

Year Ending June 30	Payments
2005	\$ 73,325
2006	73,325
2007	73,325
Subtotal	219,975
Less amount representing interest	(13,045)
Total	<u>\$ 206,930</u>

Internal Service

On October 22, 1999, the City entered into an agreement with Municipal Finance Corporation for the acquisition of equipment. The lease amount was \$224,000 and the interest rate was 5.38 percent. The final payment shall be made on or before October 22, 2005.

Year Ending June 30	Payments
2005	\$ 37,499
2006	37,499
Subtotal	74,998
Less amount representing interest	(5,890)
Total	<u>\$ 69,108</u>

Notes to the Basic Financial Statements

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

iii. Compensated Absences

The long-term compensated absences balance at June 30, 2004, is:

Governmental	\$424,168
Business-Type	\$115,269

B. BUSINESS-TYPE ACTIVITIES

	Balance June 30, 2003	Additions	Payments Adjustments	Balance June 30, 2004	Amounts Due Within One Year
Capital Leases					
Solid Waste - Equipment	\$ 151,055	\$ -	\$ (47,392)	\$ 103,663	\$ 50,412
Total Capital Leases	151,055	-	(47,392)	103,663	50,412
Notes Payable					
Solid Waste Note Payable	697,632	-	(158,531)	539,101	168,676
Solid Waste Note Payable to BDS Settlement	171,900	-	(57,300)	114,600	57,300
CCWD Water Entitlement	286,116	-	(89,872)	196,244	95,264
CCWD Treated Water Service	-	10,000,000	(5,000,000)	5,000,000	5,000,000
CCWD Water Connection Fee	-	11,020,768	-	11,020,768	1,377,596
State Water Resources Loan (Wastewater)	37,713,566	60,300	(1,585,025)	36,188,841	1,613,730
Total Notes Payable	38,869,214	21,081,068	(6,890,728)	53,059,554	8,312,566
Wastewater Revenue Bonds	2,260,747	-	(53,169)	2,207,578	55,215
Water Revenue Bonds	9,759,253	-	(1,171,831)	8,587,422	214,785
Other					
Accumulated Compensated Absences	202,191	282,141	(224,394)	259,938	144,669
Total All Business-Type Funds	\$ 51,242,460	\$ 21,363,209	\$ (8,387,514)	\$ 64,218,155	\$ 8,777,647

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

i. Capital Leases

• **Solid Waste Capital Lease**

On October 22, 1999, the City entered into an agreement with Municipal Finance Corporation for the acquisition of equipment. The lease amount was \$336,000 and the interest rate was 3.12 percent. The final payment shall be made on or before November 5, 2005. The Solid Waste Capital Lease has future payments as follows:

Year Ending June 30	Payments
2005	\$ 56,248
2006	56,248
Subtotal	112,496
Less amount representing interest	(8,833)
Total	\$ 103,663

ii. Notes Payable

• **Solid Waste Note Payable**

The note payable to Koch Financial Corporation relates to the construction of the Solid Waste Transfer Station. Payments of \$100,012 are to be made semi-annually with interest at 6.3 percent. The estimated payment schedule is as follows:

Year Ending June 30	Principal	Interest	Total
2005	\$ 168,676	\$ 31,348	\$ 200,024
2006	179,470	20,554	200,024
2007	190,955	9,069	200,024
Total	\$ 539,101	\$ 60,971	\$ 600,072

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

- **Solid Waste Note Payable - BDS Settlement**

The note payable to BDS is for the remainder of a settlement agreement. The agreement called for one half of the judgment to be payable during the 1995/96 fiscal year with the remainder to be financed over a ten year period. The remaining amount has a variable interest rate adjusted annually to coincide with the interest rate equal to that of a one year United States Treasury bill. The interest rate is estimated at approximately 6 percent for presentation purposes. The estimated payment schedule is as follows:

Year Ending June 30	Principal	Interest	Total
2005	\$ 57,300	\$ 1,169	\$ 58,469
2006	57,300	584	57,884
Total	<u>\$ 114,600</u>	<u>\$ 1,753</u>	<u>\$ 116,353</u>

- **Contra Costa Water District**

On February 29, 2000, the City entered into an agreement with CCWD to equitably share the cost of CCWD’s past payments required to maintain its entitlement to the East Contra Costa Irrigation District’s (ECCID) water. These past entitlement payments represent a buy-down cost per acre-foot of water as stated in the ECCID-Brentwood Agreement dated December 14, 1999. The total amount Brentwood was obligated to reimburse was \$597,532. The final payment shall be made on or before December 31, 2006 however, the City has scheduled the final payment for release on June 30, 2006. The rate of interest paid to CCWD shall be 6 percent.

Year Ending June 30	Principal	Interest	Total
2005	\$ 95,264	\$ 11,775	\$ 107,039
2006	100,980	6,059	107,039
Total	<u>\$ 196,244</u>	<u>\$ 17,834</u>	<u>\$ 214,078</u>

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

- **Contra Costa Water District**

On October 15, 2003, the City entered into an agreement with CCWD to provide long-term treated water services at the CCWD’s Randall-Bold Water Treatment Plant. This agreement consists of the City purchasing 6 mgd (3,200 acre-feet/year) of existing treatment capacity.

Year Ending June 30	Principal	Total
2005	\$ 5,000,000	\$ 5,000,000
Total	\$ 5,000,000	\$ 5,000,000

- **Contra Costa Water District**

On February 29, 2000, the City entered into an agreement with CCWD to pay all water connection fees for Brentwood’s customers residing within CCWD’s Los Vaqueros Service Area. Brentwood shall pay annually for its actual and anticipated future connections for a period of 20 years. The minimum amount required per year is 239 connections, for a total of 4,780 connections over 20 years. The established rate was \$2,882 per connection.

Year Ending June 30	Principal
2005	\$ 1,377,596
2006	688,798
2007	688,798
2008	688,798
2009	688,798
2010-2014	3,443,990
2015-2019	3,443,990
Total	\$ 11,020,768

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

- **State Water Resources Loan**

In December 2000, the City entered into a loan contract with the State of California’s State Water Resources Control Board for the purpose of financing the Wastewater System Improvement Project. During fiscal year 2003/04, the construction loan increased \$60,300 as a result of the completion of the project. The loan amount totals \$37,773,866 with an interest rate of zero percent per annum. Principal payments are due annually beginning in fiscal year 2003/04.

Year Ending June 30	Principal
2005	\$ 1,613,730
2006	1,642,989
2007	1,672,624
2008	1,702,793
2009	1,733,506
2010-2014	9,147,971
2015-2019	10,003,283
2020-2023	8,671,945
Total	<u><u>\$ 36,188,841</u></u>

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

iii. Bonds

- **Water/Wastewater Revenue Bonds**

On December 11, 1996, the City issued \$12,195,000 in Water/Wastewater Revenue Bonds, with interest rates ranging from 4.0 to 5.5 percent, due July 1, 2026. The balance at June 30, 2004, is \$10,795,000. Future payments for these bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2005	\$ 270,000	\$ 591,446	\$ 861,446
2006	285,000	578,621	863,621
2007	295,000	564,656	859,656
2008	310,000	549,906	859,906
2009	330,000	534,096	864,096
2010-2014	1,925,000	2,390,055	4,315,055
2015-2019	2,505,000	1,803,580	4,308,580
2020-2024	3,285,000	1,020,760	4,305,760
2025-2026	1,590,000	135,283	1,725,283
Total	\$ 10,795,000	\$ 8,168,403	\$ 18,963,403
Water Fund Portion	\$ 8,587,422	\$ 6,497,965	\$ 15,085,387
Wastewater Fund Portion	2,207,578	1,670,438	3,878,016
	\$ 10,795,000	\$ 8,168,403	\$ 18,963,403

NOTE # 6 – SPECIAL ASSESSMENT DISTRICTS (No City Liability)

The following issues of Special Assessment District Bonds, issued pursuant to the Municipal Improvement Act of 1915, are not reflected in the Long-term Debt Account Group. These are special obligations payable from, and secured by, specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for the payment of these bonds. Debt Service for the special assessment district bonds is reported in the agency funds.

NOTE # 6 – SPECIAL ASSESSMENT DISTRICTS (Continued)

Special Assessment District Bonds	Assessment District Debt
Brentwood Infrastructure Financing Authority - 1996 Reassessment Bonds, Series A and B <ul style="list-style-type: none"> • Dated December 20, 1996 • Annual debt service payments, including interest at 4.05 percent to 6.8 percent, range from \$707,720 to \$763,230 • Final payment due September 2017 	\$ 13,920,000
Brentwood Refunding Reassessment District, Series 1993 <ul style="list-style-type: none"> • Special Assessment debt dated July, 1993 • Annual debt service payments, including interest at 4.5 percent to 7.0 percent, range from \$577,020 to \$767,445 • Final payment due September 2007 	1,745,000
Brentwood Infrastructure Financing Authority - CIFP 2000-1 Infrastructure Revenue Bonds, Series 2000 <ul style="list-style-type: none"> • Dated September 2, 2000 • Annual debt service payments, including interest at 4.60 percent to 6.375 percent, range from \$962,300 to \$967,200 • Final payment due September 2030 	12,345,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2002 A & B (Refinancing of CIFP's 98-2 and 99-1) <ul style="list-style-type: none"> • Dated June 20, 2002 • Annual debt service payments, including interest at 4.75 percent to 6.0 percent, range from \$636,000 to \$1,332,718 • Final payment due September 2029 	18,812,000
Brentwood Infrastructure Financing Authority - CIFP 2002-1 Infrastructure Revenue Bonds, Series 2002 <ul style="list-style-type: none"> • Dated September 1, 2002 • Annual debt service payments, including interest at 2.35 percent to 6.125 percent, range from \$1,160,035 to \$1,194,766 • Final payment due September 2032 	16,335,000
Brentwood Infrastructure Financing Authority - CIFP 2003-1 Infrastructure Revenue Bonds, Series 2003 <ul style="list-style-type: none"> • Dated August 1, 2003 • Annual debt service payments, including interest at 2.25 percent to 6.375 percent, range from \$1,285,269 to \$1,289,813 • Final payment due September 2033 	17,335,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2004 A & B (Refinancing of CIFP 94-1) <ul style="list-style-type: none"> • Dated February 12, 2004 • Annual debt service payments, including interest at 2.0 percent to 5.2 percent, range from \$826,735 to \$2,407,520 • Final payment due September 2029 	35,047,000
Total Assessment District Debt	<u>\$ 115,539,000</u>

NOTE # 7 – CLASSIFICATION OF NET ASSETS

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

- Investment In Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- Restricted Net Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed.
- Unrestricted Net Assets – This category represents the net assets of the City, which are not restricted for any project or other purpose.

NOTE # 8 – DEFINED BENEFIT PENSION PLAN**A. PLAN DESCRIPTION**

The City of Brentwood's defined benefit pension plans (Miscellaneous and Safety Plans), provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, is established by the State statutes within the Public Employee's Retirement Law. The City of Brentwood selects optional benefit provisions from the benefits menu by contract with CalPERS and adopts those benefits through local ordinance or resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS's annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, California 95814.

B. FUND POLICY

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. Based on CalPERS requirements, active plan members in the Miscellaneous Plan are required to contribute eight percent of their annual covered salary, while active plan members in the Safety plan are required to contribute nine percent of their annual covered salary. An employer is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for fiscal year 2003/04 was 11.985 percent for miscellaneous employees and 21.768 percent for safety employees. The contribution requirements of the plan members are established by State Statute and the employer contribution rate is established and may be amended by CalPERS. For fiscal year 2003/04, the City of Brentwood paid both the member contribution amounts and the employer contribution amounts for all active plan members.

NOTE # 8 – DEFINED BENEFIT PENSION PLAN (Continued)

C. ANNUAL PENSION COST

For fiscal year 2003/04, the City of Brentwood’s annual pension cost was \$3,595,638. This amount equals the City’s required and actual contributions. The required contribution for fiscal year 2003/04 was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method, with the contributions determined as a percent of pay. The actuarial assumptions included a) 8.25 percent investment rate of return (net of administrative expenses), b) projected salary increases that vary by duration of service ranging from 3.75 percent to 14.20 percent for miscellaneous members and c) zero percent cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5 percent. The actuarial value of the Plan’s assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period. The Plan’s unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period ends June 30, 2022, for current service and June 30, 2015, for prior service.

D. THREE-YEAR TREND INFORMATION FOR THE PLANS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2002	\$ 1,259,684	100%	\$ -
6/30/2003	\$ 2,234,268	100%	\$ -
6/30/2004	\$ 3,595,638	100%	\$ -

NOTE # 9 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; natural disaster; errors and omissions; injuries to employees and unemployment claims. The City, along with other Contra Costa County cities, belongs to Contra Costa County Municipal Risk Management Insurance Authority (CCCMRMIA). CCCMRMIA, also referred to as the “Authority”, is a public entity risk pool currently operating as a common risk management and insurance program for the members. The City pays an annual premium to the Authority for its Liability (\$15 million coverage, \$10,000 deductible), Fire and Property (\$500 million coverage, \$5,000 deductible), Auto (\$250,000 coverage, Police \$3,000 deductible, all others \$2,000) and Workers Compensation (SIR \$500,000, Workers’ Comp \$49.5 million and Employer’s Liability \$9.5 million). The Agreement provides that the Authority will be self-sustaining through member premiums and assessments. The Authority purchases commercial insurance in excess of those amounts covered by the Authority’s self-insurance pool.

NOTE # 9 – RISK MANAGEMENT (Continued)

The Authority was formed in June of 1977, under a “joint exercise of power agreement”, to provide general liability, workers' compensation, property and employee benefits insurance coverage. The Authority is governed by a Board of Directors composed of one appointed official from each City. Members at June 30, 2004, were the cities of Antioch, Brentwood, Clayton, El Cerrito, Hercules, Lafayette, Manteca, Martinez, Oakley, Orinda, Pinole, Pittsburg, Pleasant Hill, San Pablo, Richmond, San Ramon and Walnut Creek and the towns of Danville and Moraga. Audited financial information can be obtained from the Authority located at 1911 San Miguel Drive, Walnut Creek, CA 94596. A summary of the latest annual financial information as of, and for the year ended, June 30, 2004 is as follows:

	<u>CCCMRMIA</u>
Total Assets	\$ 39,202,828
Total Liabilities	<u>26,043,220</u>
Total Equity	<u>13,159,608</u>
Total Revenues	<u>16,775,447</u>
Total Expenditures/Expenses	<u>15,587,667</u>
Net Increase (Decrease) in Retained Earnings	<u>\$ 1,187,780</u>

There have been no significant reductions in any of the City’s areas of insurance and settled claims have not exceeded coverage for these risks in any of the last three fiscal years. There were no outstanding claims payable at year end and the Incurred But Not Reported (IBNR) amount was calculated to be immaterial for presentation purposes.

NOTE #10 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains Enterprise funds which provide Wastewater, Solid Waste, Water, Parks and Recreation, City Rental and Housing Services. Segment information for the year ended June 30, 2004, is as follows:

Condensed Statement of Net Assets

	Wastewater	Solid Waste	Water	Parks and Recreation	City Rentals	Housing	Total
Assets							
Current Assets	\$ 17,192,685	\$ 1,477,553	\$ 18,254,976	\$ 6,596,531	\$ 201,505	\$ 538,385	\$ 44,261,635
Non-Current Assets	113,254	-	508,858	-	-	-	622,112
Restricted Assets	-	-	3,874,611	-	-	-	3,874,611
Capital Assets, Net	68,315,131	1,743,963	60,473,557	30,263,960	-	-	160,796,611
Total Assets	85,621,070	3,221,516	83,112,002	36,860,491	201,505	538,385	209,554,969
Liabilities							
Current Liabilities	2,161,770	502,416	8,003,475	1,479,491	135,338	3,878	12,286,368
Non-Current Liabilities	36,750,720	518,631	18,141,625	28,002	-	-	55,438,978
Total Liabilities	38,912,490	1,021,047	26,145,100	1,507,493	135,338	3,878	67,725,346
Net Asset							
Invested in Capital Assets, Net of Related Debt	51,208,899	1,101,199	52,321,989	30,263,960	-	-	134,896,047
Restricted Assets	1,711,666	642,084	4,859,400	4,554,685	57,412	534,507	12,359,754
Unrestricted	(6,211,985)	457,186	(214,487)	534,353	8,755	-	(5,426,178)
Total Net Assets	\$ 46,708,580	\$ 2,200,469	\$ 56,966,902	\$ 35,352,998	\$ 66,167	\$ 534,507	\$ 141,829,623

NOTE #10 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Parks and Recreation</u>	<u>City Rentals</u>	<u>Housing</u>	<u>Total</u>
Operating Revenue	\$ 4,214,471	\$ 5,102,561	\$ 9,406,429	\$ 776,465	\$ 740,110	\$ -	\$ 20,240,036
Depreciation and Amortization Expense	(1,074,902)	(66,481)	(896,619)	(374,906)	-	-	(2,412,908)
Other Operating Expenses	(3,356,428)	(4,506,372)	(6,207,195)	(3,244,224)	(452,400)	(7,504)	(17,774,123)
Operating Income (Loss)	(216,859)	529,708	2,302,615	(2,842,665)	287,710	(7,504)	53,005
Nonoperating Revenues (Expenses):							
Interest Earnings	472,800	17,128	622,897	166,471	1,311	3,554	1,284,161
Property Tax	-	-	-	868,369	-	-	868,369
Interest Expense	(804,307)	(52,377)	(566,592)	-	-	-	(1,423,276)
Connection Fee	-	-	(11,305,768)	-	-	-	(11,305,768)
Bond Premium	-	-	(8,325)	-	-	-	(8,325)
Loss on Sales of Fixed Assets	(13,594)	-	-	-	-	-	(13,594)
Loss on Disposal of Fixed Assets	(3,567,956)	-	(288)	(206,719)	-	-	(3,774,963)
Other Revenue	-	-	-	150,000	-	-	150,000
Contributions - Impact Fees and Credits	4,733,527	-	7,384,499	9,073,760	-	538,457	21,730,243
Capital Assets Contributions	7,256,343	8,321	4,264,171	907,373	-	-	12,436,208
Capital Assets Contributed to Governmental Funds	(12,841,042)	(20,190)	-	(7,112)	-	-	(12,868,344)
Transfer In (Out)	1,282,817	(249,477)	(3,311,530)	(1,202,479)	(330,136)	-	(3,810,805)
Change in Net Assets	(3,698,271)	233,113	(618,321)	6,906,998	(41,115)	534,507	3,316,911
Beginning Net Assets	50,406,851	1,967,356	57,585,223	28,446,000	107,282	-	138,512,712
Ending Net Assets	\$ 46,708,580	\$ 2,200,469	\$ 56,966,902	\$ 35,352,998	\$ 66,167	\$ 534,507	\$ 141,829,623

NOTE #10 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

Condensed Statement of Cash Flows

	Wastewater	Solid Waste	Water	Parks and Recreation	City Rentals	Housing	Total
Net Cash Provided (Used) By:							
Operating Activities	\$ 763,345	\$ 536,200	\$ (352,076)	\$ (1,270,716)	\$ 296,928	\$ (3,875)	\$ (30,194)
Noncapital Financing Activities	1,282,817	(249,477)	(14,649,051)	(184,110)	(298,383)	-	(14,098,204)
Capital and Related Financing Activities	(378,194)	(463,090)	13,007,453	1,442,122	-	538,457	14,146,748
Investing Activities	472,800	17,128	622,897	166,471	1,311	3,554	1,284,161
Net Increase (Decrease)	2,140,768	(159,239)	(1,370,777)	153,767	(144)	538,136	1,302,511
Beginning Cash and Cash Equivalents	14,188,005	1,140,274	17,594,236	6,422,971	144	-	39,345,630
Ending Cash and Cash Equivalents	\$ 16,328,773	\$ 981,035	\$ 16,223,459	\$ 6,576,738	\$ -	\$ 538,136	\$ 40,648,141

NOTE # 11 – POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note #8, the City provides post-retirement health care benefits to miscellaneous employees who retire from the City on or after attaining age 50 with at least five years of service. Coverage is also included for one employee dependent. Currently, 29 retirees are receiving these benefits. The City pays up to \$671.48 per month of the amount of health insurance for miscellaneous retirees and \$695.71 for safety retirees. Expenditures for post-retirement health care benefits are recognized on a pay as you go method. During fiscal year 2003/04, expenditures of \$186,283 were recognized for post-retirement health care.

NOTE # 12 – BRENTWOOD REDEVELOPMENT AGENCY TAX SHARING AGREEMENTS

The Brentwood Redevelopment Agency entered into tax sharing agreements with the East Diablo Fire District, the Brentwood Union School District, the Liberty Union High School District, the Oakley School District, the Knightsen School District, the Byron Elementary School District, the Contra Costa Mosquito Abatement District and the Contra Costa County Office of Education. The agreements call for a pass-through of their proportionate share of the tax increment revenue. The pass-through amounts from these agreements are not currently subordinated to other Agency debt. All payments due to date have been paid annually.

NOTE # 12 – BRENTWOOD REDEVELOPMENT AGENCY TAX SHARING AGREEMENTS (Continued)

The Brentwood Redevelopment Agency entered into tax-sharing agreements with the Contra Costa Community College District, the East Bay Regional Park District and the Byron/Brentwood/Knightsen Union Cemetery District. The agreements call for a pass-through of their share of the tax increment revenue. The pass-through amounts from these agreements are currently subordinated to other Agency debt. All payments due to date have been paid annually.

The Brentwood Redevelopment Agency entered into tax sharing agreements with the Contra Costa County and the Contra Costa Flood Control District. The agreements call for a pass-through of a portion of the general tax levy. Under these agreements, a portion of the pass-through amounts owed is deferred for payment until fiscal year 2004/05. The deferred amounts accumulate interest at an annually adjusted interest rate. The non-deferred portion of the pass-through amounts has been paid annually.

The Brentwood Redevelopment Agency has entered into a tax-sharing agreement with the East Bay Regional Park District. The agreement calls for a pass through of the Park District's proportionate share of tax increment revenue, and the voter approved Measure AA tax levy. The Agency accurately and timely passes through both amounts each year based on increment allocation factors and annual Measure AA tax rate as provided by the Contra Costa County Auditor's office.

Brentwood Redevelopment Agency Statutory Pass-Through Payments

Assembly Bill 1290 (AB1290), passed in 1994, provided for statutory pass-through payments to taxing agencies when redevelopment agencies amend their plans. In 2000, the Brentwood Redevelopment Agency amended the Brentwood and North Brentwood Redevelopment Plans to financially merge the two project areas. Consequently, the 2000 Merger Amendment triggered statutory pass-through payments to taxing entities from the Brentwood ("Downtown") Project Area in 2002/03. All payments due to date have been paid to the appropriate taxing entities and payments will continue in accordance with the provisions of AB1290.

NOTE # 13 – CONTINGENT LIABILITIES

A. LITIGATION

The City is involved as a defendant in five legal actions and one eminent domain proceeding. While it is not feasible to predict or determine the outcome in these cases, it is the opinion of the City that the outcome will have no material adverse effect on the financial position of the City.

One of these actions is a potential fine from the Central Valley Regional Water Quality Control Board related to allegations of dissolved oxygen limits. The violations allegedly occurred between July 15, 2000 and September 5, 2000. An unfavorable outcome could result in a loss ranging from \$0 to \$243,000 for the City. The City intends to vigorously defend this matter.

NOTE # 13 – CONTINGENT LIABILITIES (Continued)

B. FEDERAL GRANTS

The City has received State and Federal Funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

C. DEVELOPER FEE CREDITS

The City entered into several agreements with various developers and merchant builders who are developing numerous residential and commercial projects throughout the City. The City agreed to grant the developer’s impact fee credits since the developers constructed certain improvements beyond what was needed to serve their specific projects. The value of credits does not increase for inflation nor do they accrue interest. Any unused credits may be used by the developers on other projects located elsewhere in the City. The value of the credits as of June 30, 2004 was \$20,666,267 after a total of \$14,396,087 was used as credits through fiscal year 2003/04. The accounting for the amounts due are not recorded as indebtedness since the payments (use of the credits) are contingent upon the collection of development fees from building growth that has not yet occurred.

D. CONSTRUCTION COMMITMENTS

As of June 30, 2004, the City had the following commitments with respect to unfinished capital projects:

<u>Project Name</u>	<u>Outstanding Commitment</u>
Lone Tree Way Widening - Segments 1 & 2	\$ 5,003,275
New Police Station	1,192,941
Sand Creek Road East A & B	3,808,368
Sunset Industrial Complex	1,330,869
	<u>\$ 11,335,453</u>

NOTE # 14 – SUBSEQUENT EVENTS

In July, 2004 the Contra Costa Local Agency Formation Commission (LAFCO) approved the City's request to annex 593 acres south of the existing City limits. This project, known as the "Vineyards at March Creek", will ultimately consist of a winery, a 2,500 seat amphitheater, a Village Center, active adult homes, executive home sites and a Community College campus. Additionally, the project provides for restoration of the historic John Marsh House, permanent preservation of approximately 100 acres of vineyards and conservation easements for land used for olive groves. The City expects this project to generate significant property tax, sales tax and transient occupancy tax revenue.

On August 5, 2004 the City, through the Brentwood Infrastructure Financing Authority, issued \$21,915,000 of Infrastructure Revenue Bonds. The CIFP 2004-1 Infrastructure Revenue Bonds, Series 2004, encompasses 1,251 dwelling units. Net proceeds of the sale of the bonds will be used to finance a portion of the costs of the acquisition, construction and the installation of certain capital improvements.

On October 10, 2004 the City, through the Brentwood Infrastructure Financing Authority, participated in the California Statewide Communities Development Authority, Statewide Community Infrastructure Program (SCIP) Series 2004. The City has two developers participating in the program which will generate a total of \$458,938. Net proceeds from the sale of the bonds will be used to finance a portion of the costs of the acquisition, construction and the installation of certain capital improvements.

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets for governmental funds are prepared in accordance with GAAP in the United States of America. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The annual budget, which covers the period from July 1 to June 30, establishes the foundation for effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City's budget is prepared and based on three expenditure categories: personnel, supplies and services and capital outlay. These are considered operational in nature and reflect recurring costs. Capital improvement projects include asset acquisitions, facilities, systems and infrastructure improvements typically over \$10,000, and/or those items "outside" of the normal operational budget. These reflect one-time costs.

The City collects and records revenue and expenditures for Governmental Activities and Business-Type Activities. The City's budget reflects an organization whose top priorities continue to be:

- Provide and build public facilities
- Provide and maintain an adequate public infrastructure
- Plan and manage growth to maintain and enhance our small town character
- Enhance and promote Brentwood's economic vitality
- Provide friendly customer service

*Budgetary Comparison Schedule, General Fund
For Year Ended June 30, 2004*

	Budget Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 7,611,673	\$ 7,761,673	\$ 7,954,481	\$ 192,808
Licenses	300,000	300,000	325,143	25,143
Permits and Fines	9,137,901	9,287,901	10,184,552	896,651
Uses of Money and Property	1,918,125	1,918,125	1,456,099	(462,026)
Intergovernmental	1,620,253	1,620,253	1,664,063	43,810
Franchises	496,939	496,939	584,868	87,929
Charges for Other Services	533,465	533,465	570,455	36,990
Charges to Other Funds	4,682,011	4,682,011	5,073,565	391,554
Fees and Other Revenues	136,000	136,000	245,370	109,370
Total Revenues	26,436,367	26,736,367	28,058,596	1,322,229
EXPENDITURES				
Current:				
General Government	4,051,651	4,354,534	3,885,870	468,664
Public Safety	10,520,876	10,543,087	9,430,126	1,112,961
Community Development	3,806,580	3,934,870	3,620,044	314,826
Engineering	2,599,628	2,693,453	2,396,230	297,223
Public Works	2,288,932	1,938,932	1,643,904	295,028
Parks	1,190,273	1,664,573	1,573,009	91,564
Community Services	181,667	203,667	178,562	25,105
Other	938,037	948,037	507,369	440,668
Capital Outlay	109,500	149,500	73,574	75,926
Total Expenditures	25,687,144	26,430,653	23,308,688	3,121,965
REVENUES OVER (UNDER) EXPENDITURES	749,223	305,714	4,749,908	4,444,194
OTHER FINANCING SOURCES (USES)				
Transfers In	942,700	942,700	846,044	(96,656)
Transfers Out	(1,222,933)	(2,076,450)	(2,068,053)	8,397
Total Other Financing Sources (Uses)	(280,233)	(1,133,750)	(1,222,009)	(88,259)
NET CHANGE IN FUND BALANCES	\$ 468,990	\$ (828,036)	3,527,899	\$ 4,355,935
Fund Balance, Beginning of Year			19,302,492	
Fund Balance, End of Year			\$ 22,830,391	

*Budgetary Comparison Schedule, Thoroughfares
For Year Ended June 30, 2004*

	Budget Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Fees and Other Revenues	\$ 11,240,000	\$ 11,240,000	\$ 9,105,903	\$ (2,134,097)
Total Revenues	<u>11,240,000</u>	<u>11,240,000</u>	<u>9,105,903</u>	<u>(2,134,097)</u>
EXPENDITURES				
Current:				
General Government	296,002	296,002	139,567	156,435
Total Expenditures	<u>296,002</u>	<u>296,002</u>	<u>139,567</u>	<u>156,435</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>10,943,998</u>	<u>10,943,998</u>	<u>8,966,336</u>	<u>(2,290,532)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(13,880,462)	(12,486,747)	(12,235,756)	250,991
Total other Financing Sources (Uses)	<u>(13,880,462)</u>	<u>(12,486,747)</u>	<u>(12,235,756)</u>	<u>250,991</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,936,464)</u>	<u>\$ (1,542,749)</u>	<u>(3,269,420)</u>	<u>\$ (1,726,671)</u>
Fund Balance, Beginning of Year			<u>(2,138,853)</u>	
Fund Balance, End of Year			<u>\$ (5,408,273)</u>	

Required Supplementary Information

DEFINED BENEFIT PENSION PLAN

Funded Status of Plans

Miscellaneous:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Unfunded Actuarial Accrued Liability As a % of Payroll
6/30/2001	\$ 10,689,860	\$ 11,147,793	\$ (457,933)	104.3%	\$ 7,827,795	(5.9%)
6/30/2002	\$ 16,464,664	\$ 11,490,703	\$ 4,973,961	69.8%	\$ 9,320,568	53.4%
6/30/2003	\$ 19,995,273	\$ 13,036,220	\$ 6,959,053	65.2%	\$ 10,845,313	64.2%

Safety:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Fund Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability As a % of Payroll
6/30/2001	\$ 7,997,071	\$ 7,743,850	\$ 253,221	96.8%	\$ 2,384,791	10.6%
6/30/2002	\$ 11,379,582	\$ 7,573,953	\$ 3,805,629	66.6%	\$ 2,688,280	141.6%
6/30/2003	\$ 12,976,062	\$ 8,292,966	\$ 4,683,096	63.9%	\$ 3,179,899	147.3%

City of Brentwood

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2004**

Special Revenue Funds

	Gas Tax	Police Grants	Other Grants	Community Facilities	Vehicle Abatement	Economic Development	Youth Diversion	Storm Drainage	RDA Low Income Housing	Bypass Authority
ASSETS										
Current Assets:										
Cash and Investments	\$ -	\$ 306,696	\$ 7,175	\$ -	\$ 12,566	\$ 22,050	\$ -	\$ 225,985	\$ 1,683,376	\$ 3,722,714
Restricted Cash and Investments	-	-	-	-	-	-	-	-	-	-
Receivables	-	194	4	70,296	3,395	13	-	140	1,113	-
Prepays	-	-	-	-	-	-	-	-	10,376	-
Land Held for Resale	-	-	-	-	-	-	-	-	248,113	-
Total Assets	\$ -	\$ 306,890	\$ 7,179	\$ 70,296	\$ 15,961	\$ 22,063	\$ -	\$ 226,125	\$ 1,942,978	\$ 3,722,714
LIABILITIES AND FUND BALANCES										
Current Liabilities:										
Accounts Payable	\$ -	\$ 192,679	\$ -	\$ 786	\$ -	\$ -	\$ -	\$ -	\$ 5,953	\$ 3,707,593
Due to Other Funds	-	-	-	374,625	-	-	-	-	-	-
Deferred Revenue	-	-	-	70,296	-	-	-	-	-	-
Deposits Held	-	-	-	-	-	-	-	-	21,000	-
Total Liabilities	-	192,679	-	445,707	-	-	-	-	26,953	3,707,593
Fund Balances:										
Reserved for:										
Prepays	-	-	-	-	-	-	-	-	10,376	-
Land Held for Resale	-	-	-	-	-	-	-	-	248,113	-
Debt Service	-	-	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	114,211	7,179	-	15,961	22,063	-	-	1,657,536	15,121
Unreserved, Reported in:										
Special Revenue	-	-	-	(375,411)	-	-	-	226,125	-	-
Total Fund Balances	-	114,211	7,179	(375,411)	15,961	22,063	-	226,125	1,916,025	15,121
Total Liabilities and Fund Balances	\$ -	\$ 306,890	\$ 7,179	\$ 70,296	\$ 15,961	\$ 22,063	\$ -	\$ 226,125	\$ 1,942,978	\$ 3,722,714

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
June 30, 2004

Special Revenue Funds (Continued)

	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Agriculture Administration	Fire Fees	Agriculture Land	Affordable Housing In Lieu
ASSETS								
Current Assets:								
Cash and Investments	\$ 15,151	\$ 170,949	\$ 92,975	\$ 2,418,330	\$ 1,073,294	\$ 192,452	\$ 4,758,654	\$ 1,951,934
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	9	105	-	42,715	571	73	2,569	874
Prepays	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ 15,160	\$ 171,054	\$ 92,975	\$ 2,461,045	\$ 1,073,865	\$ 192,525	\$ 4,761,223	\$ 1,952,808
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 786	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	41,145	-	-	-	-
Deposits Held	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	41,931	-	-	-	-
Fund Balances:								
Reserved for:								
Prepays	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Specific Projects and Programs	15,160	171,054	92,975	-	-	-	4,761,223	1,952,808
Unreserved, Reported in:								
Special Revenue	-	-	-	2,419,114	1,073,865	192,525	-	-
Total Fund Balances	15,160	171,054	92,975	2,419,114	1,073,865	192,525	4,761,223	1,952,808
Total Liabilities and Fund Balances	\$ 15,160	\$ 171,054	\$ 92,975	\$ 2,461,045	\$ 1,073,865	\$ 192,525	\$ 4,761,223	\$ 1,952,808

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2004

	Debt Service Funds					Capital Project Funds		
	Downtown Redevelopment Debt	North Brentwood Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	ABAG XXVI COP'S	Capital Lease Program	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 94-1
ASSETS								
Current Assets:								
Cash and Investments	\$ 1,967,843	\$ -	\$ 142,836	\$ 102,255	\$ -	\$ -	\$ -	\$ -
Restricted Cash and Investments	-	-	2,109,726	-	-	-	3,801,494	2,018,021
Receivables	1,154	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ 1,968,997	\$ -	\$ 2,252,562	\$ 102,255	\$ -	\$ -	\$ 3,801,494	\$ 2,018,021
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable	\$ 540,316	\$ -	\$ 241,429	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
Deposits Held	-	-	-	-	-	-	-	-
Total Liabilities	540,316	-	241,429	-	-	-	-	-
Fund Balances:								
Reserved for:								
Prepays	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Debt Service	1,428,681	-	2,011,133	102,255	-	-	-	-
Specific Projects and Programs	-	-	-	-	-	3,801,494	2,018,021	-
Unreserved, Reported in:								
Special Revenue	-	-	-	-	-	-	-	-
Total Fund Balances	1,428,681	-	2,011,133	102,255	-	-	3,801,494	2,018,021
Total Liabilities and Fund Balances	\$ 1,968,997	\$ -	\$ 2,252,562	\$ 102,255	\$ -	\$ -	\$ 3,801,494	\$ 2,018,021

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2004

Capital Project Funds (Continued)

	Capital Improvement Financing Program 99-1	Capital Improvement Financing Program 2000-1	Capital Improvement Financing Program 2002-1	Capital Improvement 2001	Street Improvement Projects	Downtown Redevelopment Projects	North Brentwood Redevelopment Projects	Total Non-Major Governmental Funds
ASSETS								
Current Assets:								
Cash and Investments	\$ -	\$ 543	\$ 801	\$ 13,018	\$ 2,697,535	\$ 61,003	\$ -	\$ 21,640,135
Restricted Cash and Investments	348,567	859,247	1,846,163	36,664	-	11,396,849	-	22,416,731
Receivables	-	-	-	-	-	40,763	-	163,988
Prepays	-	-	-	-	-	372	-	10,748
Land Held for Resale	-	-	-	-	-	227,698	-	475,811
Total Assets	\$ 348,567	\$ 859,790	\$ 1,846,964	\$ 49,682	\$ 2,697,535	\$ 11,726,685	\$ -	\$ 44,707,413
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 786	\$ 369,304	\$ -	\$ 5,059,632
Due to Other Funds	-	-	-	-	-	-	-	374,625
Other Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	111,441
Fund Balances:								
Reserved for:								
Prepays	-	-	-	-	-	372	-	10,748
Land Held for Resale	-	-	-	-	-	227,698	-	475,811
Debt Service	-	-	-	-	-	-	-	3,542,069
Specific Projects and Programs	348,567	859,790	1,846,964	49,682	2,696,749	11,129,311	-	31,575,869
Unreserved, Reported in:								
Special Revenue	-	-	-	-	-	-	-	3,536,218
Total Fund Balances	348,567	859,790	1,846,964	49,682	2,696,749	11,357,381	-	39,140,715
Total Liabilities and Fund Balances	\$ 348,567	\$ 859,790	\$ 1,846,964	\$ 49,682	\$ 2,697,535	\$ 11,726,685	\$ -	\$ 44,707,413

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For Year Ended June 30, 2004

	Special Revenue Funds									
	Gas Tax	Police Grants	Other Grants	Community Facilities	Vehicle Abatement	Economic Development	Youth Diversion	Storm Drainage	RDA Low Income Housing	Bypass Authority
REVENUES										
Taxes	\$ 625,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 728,153	\$ -
Uses of Money and Property	2	12,200	962	57,599	454	675	-	15,616	64,250	-
Intergovernmental	-	126,397	27,648	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	3,727,804	13,722	20,480	-	-	-	-
Total Revenues	625,677	138,597	28,610	3,785,403	14,176	21,155	-	15,616	792,403	-
EXPENDITURES										
Current:										
General Government	-	-	-	-	-	80,000	-	-	578,601	-
Public Safety	-	52,115	-	-	800	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-	-
Community Services	-	-	23,356	4,375	-	-	-	8,439	-	-
Other	-	-	-	-	-	-	-	3,000	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	52,115	23,356	4,375	800	80,000	-	11,439	578,601	-
REVENUES OVER (UNDER) EXPENDITURES	625,677	86,482	5,254	3,781,028	13,376	(58,845)	-	4,177	213,802	-
OTHER FINANCING SOURCES (USES)										
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Transfers In	-	1,227	-	-	-	-	-	-	-	-
Transfers Out	(626,016)	(224,730)	-	(6,457,279)	(7,000)	-	(37,954)	(190,000)	-	(2,567,647)
Total Other Financing Sources (Uses)	(626,016)	(223,503)	-	(6,457,279)	(7,000)	-	(37,954)	(190,000)	-	(2,567,647)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(339)	(137,021)	5,254	(2,676,251)	6,376	(58,845)	(37,954)	(185,823)	213,802	(2,567,647)
Fund Balance, Beginning of Year	339	251,232	1,925	2,300,840	9,585	80,908	37,954	411,948	1,702,223	2,582,768
Fund Balance, End of Year	\$ -	\$ 114,211	\$ 7,179	\$ (375,411)	\$ 15,961	\$ 22,063	\$ -	\$ 226,125	\$ 1,916,025	\$ 15,121

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2004

Special Revenue Funds (Continued)

	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Agriculture Administration	Fire Fees	Agriculture Land	Affordable Housing In Lieu
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	593	7,033	-	130,404	37,144	829	140,284	22,975
Intergovernmental	-	-	347,579	-	-	-	-	-
Fees and Other Revenues	2,121	-	-	1,103,678	473,194	191,696	1,892,776	1,929,833
Total Revenues	2,714	7,033	347,579	1,234,082	510,338	192,525	2,033,060	1,952,808
EXPENDITURES								
Current:								
General Government	-	-	-	4,244,227	87,810	-	-	-
Public Safety	1,250	-	2,383	1,294,832	-	-	-	-
Community Development	-	-	-	452,799	-	-	-	-
Engineering	-	-	-	260,263	-	-	-	-
Public Works	-	-	-	177,914	-	-	-	-
Parks	-	-	-	85,391	-	-	-	-
Community Services	-	12,000	-	-	-	-	-	-
Other	-	-	-	2,583	-	-	-	-
Debt Service:								
Principal	-	-	-	849,020	-	-	-	-
Interest and Fiscal Charges	-	-	-	50,698	-	-	-	-
Total Expenditures	1,250	12,000	2,383	7,417,727	87,810	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	1,464	(4,967)	345,196	(6,183,645)	422,528	192,525	2,033,060	1,952,808
OTHER FINANCING SOURCES (USES)								
Loan Proceeds	-	-	-	4,245,101	-	-	-	-
Transfers In	-	-	-	-	-	-	2,728,163	-
Transfers Out	-	-	(275,000)	-	(2,728,163)	-	-	-
Total Other Financing Sources (Uses)	-	-	(275,000)	4,245,101	(2,728,163)	-	2,728,163	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,464	(4,967)	70,196	(1,938,544)	(2,305,635)	192,525	4,761,223	1,952,808
Fund Balance, Beginning of Year	13,696	176,021	22,779	4,357,658	3,379,500	-	-	-
Fund Balance, End of Year	\$ 15,160	\$ 171,054	\$ 92,975	\$ 2,419,114	\$ 1,073,865	\$ 192,525	\$ 4,761,223	\$ 1,952,808

Continued

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2004

	Debt Service Funds					Capital Project Funds		
	Downtown Redevelopment Debt	North Brentwood Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	ABAG XXVI COP'S	Capital Lease Program	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 94-1
REVENUES								
Taxes	\$ 2,912,610	\$ -	\$ -	\$ 268,236	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	117,326	-	37,938	7	471	-	13,438	12,326
Intergovernmental	-	-	-	-	-	-	-	-
Fees and Other Revenues	238,247	-	-	-	-	-	3,788,056	222,103
Total Revenues	<u>3,268,183</u>	<u>-</u>	<u>37,938</u>	<u>268,243</u>	<u>471</u>	<u>-</u>	<u>3,801,494</u>	<u>234,429</u>
EXPENDITURES								
Current:								
General Government	-	-	-	-	-	-	-	1,511,066
Public Safety	-	-	-	-	-	-	-	-
Community Development	746,534	-	14,131	7,083	234,348	-	-	-
Engineering	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Debt Service:								
Principal	685,000	-	230,000	105,000	-	64,845	-	-
Interest and Fiscal Charges	999,629	-	484,206	160,856	-	8,480	-	-
Total Expenditures	<u>2,431,163</u>	<u>-</u>	<u>728,337</u>	<u>272,939</u>	<u>234,348</u>	<u>73,325</u>	<u>-</u>	<u>1,511,066</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>837,020</u>	<u>-</u>	<u>(690,399)</u>	<u>(4,696)</u>	<u>(233,877)</u>	<u>(73,325)</u>	<u>3,801,494</u>	<u>(1,276,637)</u>
OTHER FINANCING SOURCES (USES)								
Loan Proceeds	-	-	-	-	-	-	-	-
Transfers In	173,463	3,663	678,856	-	-	73,325	-	-
Transfers Out	(491,768)	(177,126)	-	-	(75)	-	-	-
Total Other Financing Sources (Uses)	<u>(318,305)</u>	<u>(173,463)</u>	<u>678,856</u>	<u>-</u>	<u>(75)</u>	<u>73,325</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	518,715	(173,463)	(11,543)	(4,696)	(233,952)	-	3,801,494	(1,276,637)
Fund Balance, Beginning of Year	<u>909,966</u>	<u>173,463</u>	<u>2,022,676</u>	<u>106,951</u>	<u>233,952</u>	<u>-</u>	<u>-</u>	<u>3,294,658</u>
Fund Balance, End of Year	<u>\$ 1,428,681</u>	<u>\$ -</u>	<u>\$ 2,011,133</u>	<u>\$ 102,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,801,494</u>	<u>\$ 2,018,021</u>

Continued

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (Continued)

For Year Ended June 30, 2004

Capital Project Funds (Continued)

	Capital Improvement Financing Program 99-1	Capital Improvement Financing Program 2000-1	Capital Improvement Financing Program 2002-1	Capital Improvement 2001	Street Improvement Projects	Downtown Redevelopment Projects	North Brentwood Redevelopment Projects	Total Non-Major Governmental Funds
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,534,674
Uses of Money and Property	1,585	3,916	10,096	167	86,635	791,069	-	1,565,994
Intergovernmental	-	-	-	-	-	-	-	501,624
Fees and Other Revenues	-	-	-	-	-	399,000	-	14,002,710
Total Revenues	1,585	3,916	10,096	167	86,635	1,190,069	-	20,605,002
EXPENDITURES								
Current:								
General Government	-	-	373,692	-	4,481	1,844,029	-	8,723,906
Public Safety	-	-	-	-	-	-	-	1,351,380
Community Development	-	-	-	-	-	-	-	1,454,895
Engineering	-	-	-	-	-	-	-	260,263
Public Works	-	-	-	-	-	-	-	177,914
Parks	-	-	-	-	-	-	-	85,391
Community Services	-	-	-	-	-	-	-	48,170
Other	-	-	-	-	-	-	-	5,583
Debt Service:								
Principal	-	-	-	-	-	-	-	1,933,865
Interest and Fiscal Charges	-	-	-	-	-	-	-	1,703,869
Total Expenditures	-	-	373,692	-	4,481	1,844,029	-	15,745,236
REVENUES OVER (UNDER) EXPENDITURES	1,585	3,916	(363,596)	167	82,154	(653,960)	-	4,859,766
OTHER FINANCING SOURCES (USES)								
Loan Proceeds	-	-	-	-	-	-	-	4,245,101
Transfers In	-	-	-	-	-	488,105	3,882	4,150,684
Transfers Out	-	-	-	-	(500,000)	(220)	-	(14,282,978)
Total Other Financing Sources (Uses)	-	-	-	-	(500,000)	487,885	3,882	(5,887,193)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES								
	1,585	3,916	(363,596)	167	(417,846)	(166,075)	3,882	(1,027,427)
Fund Balance, Beginning of Year	346,982	855,874	2,210,560	49,515	3,114,595	11,523,456	(3,882)	40,168,142
Fund Balance, End of Year	\$ 348,567	\$ 859,790	\$ 1,846,964	\$ 49,682	\$ 2,696,749	\$ 11,357,381	\$ -	\$ 39,140,715

City of Brentwood

***Combining Statement of Net Assets
All Internal Service Funds
June 30, 2004***

	Emergency Preparedness	Information Services	Vehicle Replacement	Information Systems Replacement	Building Replacement	Tuition Program	Fleet Maintenance	Park Assessment Replacement	TOTALS
ASSETS									
Current Assets:									
Cash and Investments	\$ 5,379,980	\$ 49,974	\$ 3,591,830	\$ 530,461	\$ 756,491	\$ 56,329	\$ 225,318	\$ 176,318	\$ 10,766,701
Receivables	3,291	28	2,135	41,779	528	34	158	404	48,357
Prepays	-	1,389	-	-	586	-	772	-	2,747
Capital Assets:									
Machinery and Equipment	-	-	1,086,533	700,967	-	-	-	-	1,787,500
Vehicles	-	-	4,818,822	-	-	-	-	-	4,818,822
Less Accumulated Depreciation	-	-	(3,394,248)	(457,774)	-	-	-	-	(3,852,022)
Total Assets	5,383,271	51,391	6,105,072	815,433	757,605	56,363	226,248	176,722	13,572,105
LIABILITIES AND NET ASSETS									
Current Liabilities:									
Accounts Payable	-	5,525	58,748	21,147	14,180	2,661	17,448	-	119,709
Deferred Revenue	-	-	-	-	75	-	-	-	75
Long-Term Debt Due Within One Year	-	960	33,608	-	283	-	434	-	35,285
Non-Current Liabilities Due in More Than One Year:									
Capital Leases Payable	-	-	35,500	-	-	-	-	-	35,500
Compensated Absences Payable	-	31,040	-	-	9,155	-	14,028	-	54,223
Total Liabilities	-	37,525	127,856	21,147	23,693	2,661	31,910	-	244,792
Net Assets:									
Unrestricted	5,383,271	13,866	5,977,216	794,286	733,912	53,702	194,338	176,722	13,327,313
Total Net Assets	\$ 5,383,271	\$ 13,866	\$ 5,977,216	\$ 794,286	\$ 733,912	\$ 53,702	\$ 194,338	\$ 176,722	\$ 13,327,313

City of Brentwood

Combining Statement of Activities and Changes in Net Assets
All Internal Service Funds
For Year Ended June 30, 2004

	Emergency Preparedness	Information Services	Vehicle Replacement	Information Systems Replacement	Building Replacement	Tuition Program	Fleet Maintenance	Park Assessment Replacement	TOTALS
Operating Revenues:									
Charges for Services	\$ -	\$ 904,595	\$ 1,531,551	\$ 312,835	\$ 501,929	\$ 9,995	\$ 765,625	\$ 157,927	\$ 4,184,457
Other Income	-	-	81,128	-	-	-	1,620	-	82,748
Total Operating Revenues	-	904,595	1,612,679	312,835	501,929	9,995	767,245	157,927	4,267,205
Operating Expenses:									
Personnel Services	-	699,323	-	-	222,488	-	272,766	-	1,194,577
Repairs and Maintenance	-	2,075	-	102	67,425	-	28,300	-	97,902
Materials, Supplies and Services	265	186,069	11,269	176,902	54,690	5,342	440,438	-	874,975
Depreciation and Amortization	-	-	613,271	121,018	-	-	-	-	734,289
Total Operating Expenses	265	887,467	624,540	298,022	344,603	5,342	741,504	-	2,901,743
Operating Income (Loss)	(265)	17,128	988,139	14,813	157,326	4,653	25,741	157,927	1,365,462
Non-Operating Revenue (Expenses):									
Interest Income	214,170	1,400	120,137	21,506	28,275	2,096	10,061	18,795	416,440
Interest Expense	-	-	(5,904)	-	-	-	-	-	(5,904)
Loss on Sales of Capital Assets	-	-	(39,069)	-	-	-	-	-	(39,069)
Loss on Disposal of Capital Assets	-	-	(5,996)	-	-	-	-	-	(5,996)
Total Non-Operating Revenues (Expenses)	214,170	1,400	69,168	21,506	28,275	2,096	10,061	18,795	365,471
Income (Loss) before Contributions and Operating Transfers									
Transfers In	-	-	876,601	203,222	-	-	-	-	1,079,823
Transfers Out	-	-	-	(100,000)	(101,645)	-	-	-	(201,645)
Change in Net Assets	213,905	18,528	1,933,908	139,541	83,956	6,749	35,802	176,722	2,609,111
Net Assets, Beginning of Year	5,169,366	(4,662)	4,043,308	654,745	649,956	46,953	158,536	-	10,718,202
Net Assets, End of Year	\$ 5,383,271	\$ 13,866	\$ 5,977,216	\$ 794,286	\$ 733,912	\$ 53,702	\$ 194,338	\$ 176,722	\$ 13,327,313

City of Brentwood

Combining Statement of Cash Flows
All Internal Service Funds
For Year Ended June 30, 2004

	Emergency Preparedness	Information Services	Vehicle Replacement	Information Systems Replacement	Building Replacement	Tuition Program	Fleet Maintenance	Park Assessment Replacement	TOTALS
Cash Flows from Operating Activities									
Cash Received from Customers/Other Funds	\$ 6,449	\$ -	\$ 97,286	\$ -	\$ 62,260	\$ 56	\$ 1,621	\$ -	\$ 167,672
Cash Received from Interfund Services	-	904,595	1,531,551	312,835	440,716	9,995	765,624	157,927	4,123,243
Cash Payments to Suppliers of Goods and Services	(265)	(52,741)	37,432	(160,637)	(75,929)	(5,649)	(431,681)	-	(689,470)
Cash Payments to Employees for Services	-	(699,323)	-	-	(222,488)	-	(272,766)	-	(1,194,577)
Cash Payments for Interfund Services	-	(121,906)	-	-	(30,715)	-	(44,069)	-	(196,690)
Other Recipients/Payments	-	(14)	-	(3,150)	-	-	(40)	(404)	(3,608)
Net Cash Provided By (Used for) Operating Activities	<u>6,184</u>	<u>30,611</u>	<u>1,666,269</u>	<u>149,048</u>	<u>173,844</u>	<u>4,402</u>	<u>18,689</u>	<u>157,523</u>	<u>2,206,570</u>
Cash Flows from Non-Capital Financing Activities									
Transfers Received	-	-	876,601	203,222	-	-	-	-	1,079,823
Transfers Paid	-	-	-	(100,000)	(101,645)	-	-	-	(201,645)
Net Cash Provided By (Used for) Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>876,601</u>	<u>103,222</u>	<u>(101,645)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,178</u>
Cash Flows from Capital and Related Financing Activities									
Interest Paid on Debt	-	-	(5,904)	-	-	-	-	-	(5,904)
Principal Paid on Debt	-	-	(31,595)	-	-	-	-	-	(31,595)
Acquisition and Construction of Assets	-	-	(1,319,841)	(203,222)	-	-	-	-	(1,523,063)
Net Cash Provided By (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(1,357,340)</u>	<u>(203,222)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,560,562)</u>
Cash Flows from Investing Activities									
Interest on Investments	214,170	1,400	120,137	21,506	28,275	2,096	10,061	18,795	416,440
Net Cash Provided By Investing Activities	<u>214,170</u>	<u>1,400</u>	<u>120,137</u>	<u>21,506</u>	<u>28,275</u>	<u>2,096</u>	<u>10,061</u>	<u>18,795</u>	<u>416,440</u>
Net Increase (Decrease) in Cash and Cash Equivalents	220,354	32,011	1,305,667	70,554	100,474	6,498	28,750	176,318	1,940,626
Cash and Cash Equivalents - Beginning of Year	5,159,626	17,963	2,286,163	459,907	656,017	49,831	196,568	-	8,826,075
Cash and Cash Equivalents - End of Year	<u>\$ 5,379,980</u>	<u>\$ 49,974</u>	<u>\$ 3,591,830</u>	<u>\$ 530,461</u>	<u>\$ 756,491</u>	<u>\$ 56,329</u>	<u>\$ 225,318</u>	<u>\$ 176,318</u>	<u>\$ 10,766,701</u>
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:									
Operating Income (Loss)	\$ (265)	\$ 17,128	\$ 988,139	\$ 14,813	\$ 157,326	\$ 4,653	\$ 25,741	\$ 157,927	\$ 1,365,462
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities									
Depreciation and Amortization	-	-	613,271	121,018	-	-	-	-	734,289
Change in Assets and Liabilities:									
Receivables, Net	6,449	(14)	16,158	(3,150)	1,047	56	(40)	(404)	20,102
Accounts Payable and Other Payables	-	13,543	48,701	16,367	15,033	(307)	(6,993)	-	86,344
Accrued Expenses	-	(46)	-	-	438	-	(19)	-	373
Net Cash Provided By (Used for) Operating Activities	<u>\$ 6,184</u>	<u>\$ 30,611</u>	<u>\$ 1,666,269</u>	<u>\$ 149,048</u>	<u>\$ 173,844</u>	<u>\$ 4,402</u>	<u>\$ 18,689</u>	<u>\$ 157,523</u>	<u>\$ 2,206,570</u>
Noncash Capital Activities:									
Assets Contributed from Other Funds	-	-	(876,601)	(203,222)	-	-	-	-	(1,079,823)



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Balance Sheet

General Fund

June 30, 2004

		General Fund
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ASSETS		
Current Assets:		
Cash and Investments	\$	31,484,903
Receivables		910,945
Prepays		678,885
Non-Current Assets:		
Long-Term Loans Receivable		50,000
Total Assets	\$	33,124,733
<hr/>		
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$	1,070,144
Deferred Revenue		72,352
Deposits Held		9,151,846
Total Liabilities		10,294,342
<hr/>		
Fund Balances:		
Reserved for:		
Prepays		678,885
Long-Term Receivables		50,000
Unreserved, Reported in:		
General Fund		22,101,506
Total Fund Balances		22,830,391
Total Liabilities and Fund Balances	\$	33,124,733
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City of Brentwood

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 7,761,673	\$ 7,954,481	\$ 192,808
Licenses	300,000	325,143	25,143
Permits and Fines	9,287,901	10,184,552	896,651
Uses of Money and Property	1,918,125	1,456,099	(462,026)
Intergovernmental	1,620,253	1,664,063	43,810
Franchises	496,939	584,868	87,929
Charges for Other Services	533,465	570,455	36,990
Charges to Other Funds	4,682,011	5,073,565	391,554
Fees and Other Revenues	136,000	245,370	109,370
Total Revenues	<u>26,736,367</u>	<u>28,058,596</u>	<u>1,322,229</u>
EXPENDITURES			
Current:			
General Government	4,354,534	3,885,870	468,664
Public Safety	10,543,087	9,430,126	1,112,961
Community Development	3,934,870	3,620,044	314,826
Engineering	2,693,453	2,396,230	297,223
Public Works	1,938,932	1,643,904	295,028
Parks	1,664,573	1,573,009	91,564
Community Services	203,667	178,562	25,105
Other	948,037	507,369	440,668
Capital Outlay	149,500	73,574	75,926
Total Expenditures	<u>26,430,653</u>	<u>23,308,688</u>	<u>3,121,965</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>305,714</u>	<u>4,749,908</u>	<u>4,444,194</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	942,700	846,044	(96,656)
Transfers Out	(2,076,450)	(2,068,053)	8,397
Total Other Financing Sources (Uses)	<u>(1,133,750)</u>	<u>(1,222,009)</u>	<u>(88,259)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (828,036)</u>	<u>3,527,899</u>	<u>\$ 4,355,935</u>
Fund Balance, Beginning of Year		<u>19,302,492</u>	
Fund Balance, End of Year		<u>\$ 22,830,391</u>	

City of Brentwood

Combining Balance Sheet

All Special Revenue Funds

June 30, 2004

	<u>Thoroughfares</u>	<u>Gas Tax</u>	<u>Police Grants</u>	<u>Other Grants</u>	<u>Community Facilities</u>	<u>Vehicle Abatement</u>	<u>Economic Development</u>	<u>Youth Diversion</u>	<u>Storm Drainage</u>	<u>RDA Low Income Housing</u>
ASSETS										
Current Assets:										
Cash and Investments	\$ -	\$ -	\$ 306,696	\$ 7,175	\$ -	\$ 12,566	\$ 22,050	\$ -	\$ 225,985	\$ 1,683,376
Receivables	1,214,449	-	194	4	70,296	3,395	13	-	140	1,113
Prepays	-	-	-	-	-	-	-	-	-	10,376
Land Held for Resale	-	-	-	-	-	-	-	-	-	248,113
Total Assets	\$ 1,214,449	\$ -	\$ 306,890	\$ 7,179	\$ 70,296	\$ 15,961	\$ 22,063	\$ -	\$ 226,125	\$ 1,942,978
LIABILITIES AND FUND BALANCES										
Current Liabilities:										
Accounts Payable and Accrued Liabilities	\$ 786	\$ -	\$ 192,679	\$ -	\$ 786	\$ -	\$ -	\$ -	\$ -	\$ 5,953
Due to Other Funds	5,407,487	-	-	-	374,625	-	-	-	-	-
Deferred Revenue	1,214,449	-	-	-	70,296	-	-	-	-	-
Deposits Held	-	-	-	-	-	-	-	-	-	21,000
Total Liabilities	6,622,722	-	192,679	-	445,707	-	-	-	-	26,953
Fund Balances:										
Reserved for:										
Prepays	-	-	-	-	-	-	-	-	-	10,376
Land Held for Resale	-	-	-	-	-	-	-	-	-	248,113
Specific Projects and Programs	-	-	114,211	7,179	-	15,961	22,063	-	-	1,657,536
Unreserved, Reported in:										
Special Revenue	(5,408,273)	-	-	-	(375,411)	-	-	-	226,125	-
Total Fund Balances	(5,408,273)	-	114,211	7,179	(375,411)	15,961	22,063	-	226,125	1,916,025
Total Liabilities and Fund Balances	\$ 1,214,449	\$ -	\$ 306,890	\$ 7,179	\$ 70,296	\$ 15,961	\$ 22,063	\$ -	\$ 226,125	\$ 1,942,978

Continued

City of Brentwood

Combining Balance Sheet
All Special Revenue Funds (Continued)
 June 30, 2004

	Bypass Authority	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Agriculture Administration	Fire Fees	Agriculture Land	Affordable Housing In Lieu	Totals
ASSETS										
Current Assets:										
Cash and Investments	\$ 3,722,714	\$ 15,151	\$ 170,949	\$ 92,975	\$ 2,418,330	\$ 1,073,294	\$ 192,452	\$ 4,758,654	\$ 1,951,934	\$ 16,654,301
Receivables	-	9	105	-	42,715	571	73	2,569	874	1,336,520
Prepays	-	-	-	-	-	-	-	-	-	10,376
Land Held for Resale	-	-	-	-	-	-	-	-	-	248,113
Total Assets	\$ 3,722,714	\$ 15,160	\$ 171,054	\$ 92,975	\$ 2,461,045	\$ 1,073,865	\$ 192,525	\$ 4,761,223	\$ 1,952,808	\$ 18,249,310
LIABILITIES AND FUND BALANCES										
Current Liabilities:										
Accounts Payable and Accrued Liabilities	\$ 3,707,593	\$ -	\$ -	\$ -	\$ 786	\$ -	\$ -	\$ -	\$ -	\$ 3,908,583
Due to Other Funds	-	-	-	-	-	-	-	-	-	5,782,112
Deferred Revenue	-	-	-	-	41,145	-	-	-	-	1,325,890
Deposits Held	-	-	-	-	-	-	-	-	-	21,000
Total Liabilities	3,707,593	-	-	-	41,931	-	-	-	-	11,037,585
Fund Balances:										
Reserved for:										
Prepays	-	-	-	-	-	-	-	-	-	10,376
Land Held for Resale	-	-	-	-	-	-	-	-	-	248,113
Specific Projects and Programs	15,121	15,160	171,054	92,975	-	-	-	4,761,223	1,952,808	8,825,291
Unreserved, Reported in:										
Special Revenue	-	-	-	-	2,419,114	1,073,865	192,525	-	-	(1,872,055)
Total Fund Balances	15,121	15,160	171,054	92,975	2,419,114	1,073,865	192,525	4,761,223	1,952,808	7,211,725
Total Liabilities and Fund Balances	\$ 3,722,714	\$ 15,160	\$ 171,054	\$ 92,975	\$ 2,461,045	\$ 1,073,865	\$ 192,525	\$ 4,761,223	\$ 1,952,808	\$ 18,249,310

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

All Special Revenue Funds

For Year Ended June 30, 2004

	<u>Thoroughfares</u>	<u>Gas Tax</u>	<u>Police Grants</u>	<u>Other Grants</u>	<u>Community Facilities</u>	<u>Vehicle Abatement</u>	<u>Economic Development</u>	<u>Youth Diversion</u>	<u>Storm Drainage</u>	<u>RDA Low Income Housing</u>
REVENUES										
Taxes	\$ -	\$ 625,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 728,153
Uses of Money and Property	-	2	12,200	962	57,599	454	675	-	15,616	64,250
Intergovernmental	-	-	126,397	27,648	-	-	-	-	-	-
Fees and Other Revenues	9,105,903	-	-	-	3,727,804	13,722	20,480	-	-	-
Total Revenues	<u>9,105,903</u>	<u>625,677</u>	<u>138,597</u>	<u>28,610</u>	<u>3,785,403</u>	<u>14,176</u>	<u>21,155</u>	<u>-</u>	<u>15,616</u>	<u>792,403</u>
EXPENDITURES										
Current:										
General Government	139,567	-	-	-	-	-	80,000	-	-	578,601
Public Safety	-	-	52,115	-	-	800	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	23,356	4,375	-	-	-	8,439	-
Other	-	-	-	-	-	-	-	-	3,000	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>139,567</u>	<u>-</u>	<u>52,115</u>	<u>23,356</u>	<u>4,375</u>	<u>800</u>	<u>80,000</u>	<u>-</u>	<u>11,439</u>	<u>578,601</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>8,966,336</u>	<u>625,677</u>	<u>86,482</u>	<u>5,254</u>	<u>3,781,028</u>	<u>13,376</u>	<u>(58,845)</u>	<u>-</u>	<u>4,177</u>	<u>213,802</u>
OTHER FINANCING SOURCES (USES)										
Loan Proceeds	-	-	-	-	-	-	-	-	-	-
Transfers In	-	-	1,227	-	-	-	-	-	-	-
Transfers Out	(12,235,756)	(626,016)	(224,730)	-	(6,457,279)	(7,000)	-	(37,954)	(190,000)	-
Total Other Financing Sources (Uses)	<u>(12,235,756)</u>	<u>(626,016)</u>	<u>(223,503)</u>	<u>-</u>	<u>(6,457,279)</u>	<u>(7,000)</u>	<u>-</u>	<u>(37,954)</u>	<u>(190,000)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>(3,269,420)</u>	<u>(339)</u>	<u>(137,021)</u>	<u>5,254</u>	<u>(2,676,251)</u>	<u>6,376</u>	<u>(58,845)</u>	<u>(37,954)</u>	<u>(185,823)</u>	<u>213,802</u>
Fund Balance, Beginning of Year	<u>(2,138,853)</u>	<u>339</u>	<u>251,232</u>	<u>1,925</u>	<u>2,300,840</u>	<u>9,585</u>	<u>80,908</u>	<u>37,954</u>	<u>411,948</u>	<u>1,702,223</u>
Fund Balance, End of Year	<u>\$ (5,408,273)</u>	<u>\$ -</u>	<u>\$ 114,211</u>	<u>\$ 7,179</u>	<u>\$ (375,411)</u>	<u>\$ 15,961</u>	<u>\$ 22,063</u>	<u>\$ -</u>	<u>\$ 226,125</u>	<u>\$ 1,916,025</u>

Continued

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Special Revenue Funds (Continued)
For Year Ended June 30, 2004

	Bypass Authority	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Agriculture Administration	Fire Fees	Agriculture Land	Affordable Housing In Lieu	Totals
REVENUES										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,353,828
Uses of Money and Property	-	593	7,033	-	130,404	37,144	829	140,284	22,975	491,020
Intergovernmental	-	-	-	347,579	-	-	-	-	-	501,624
Fees and Other Revenues	-	2,121	-	-	1,103,678	473,194	191,696	1,892,776	1,929,833	18,461,207
Total Revenues	-	2,714	7,033	347,579	1,234,082	510,338	192,525	2,033,060	1,952,808	20,807,679
EXPENDITURES										
Current:										
General Government	-	-	-	-	4,244,227	87,810	-	-	-	5,130,205
Public Safety	-	1,250	-	2,383	1,294,832	-	-	-	-	1,351,380
Community Development	-	-	-	-	452,799	-	-	-	-	452,799
Engineering	-	-	-	-	260,263	-	-	-	-	260,263
Public Works	-	-	-	-	177,914	-	-	-	-	177,914
Parks	-	-	-	-	85,391	-	-	-	-	85,391
Community Services	-	-	12,000	-	-	-	-	-	-	48,170
Other	-	-	-	-	2,583	-	-	-	-	5,583
Debt Service:										
Principal	-	-	-	-	849,020	-	-	-	-	849,020
Interest and Fiscal Charges	-	-	-	-	50,698	-	-	-	-	50,698
Total Expenditures	-	1,250	12,000	2,383	7,417,727	87,810	-	-	-	8,411,423
REVENUES OVER (UNDER) EXPENDITURES	-	1,464	(4,967)	345,196	(6,183,645)	422,528	192,525	2,033,060	1,952,808	12,396,256
OTHER FINANCING SOURCES (USES)										
Loan Proceeds	-	-	-	-	4,245,101	-	-	-	-	4,245,101
Transfers In	-	-	-	-	-	-	-	2,728,163	-	2,729,390
Transfers Out	(2,567,647)	-	-	(275,000)	-	(2,728,163)	-	-	-	(25,349,545)
Total Other Financing Sources (Uses)	(2,567,647)	-	-	(275,000)	4,245,101	(2,728,163)	-	2,728,163	-	(18,375,054)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES										
	(2,567,647)	1,464	(4,967)	70,196	(1,938,544)	(2,305,635)	192,525	4,761,223	1,952,808	(5,978,798)
Fund Balance, Beginning of Year	2,582,768	13,696	176,021	22,779	4,357,658	3,379,500	-	-	-	13,190,523
Fund Balance, End of Year	\$ 15,121	\$ 15,160	\$ 171,054	\$ 92,975	\$ 2,419,114	\$ 1,073,865	\$ 192,525	\$ 4,761,223	\$ 1,952,808	\$ 7,211,725

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Certain Special Revenue Funds
For Year Ended June 30, 2004**

	Thoroughfares			Gas Tax			Police Grants		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 680,700	\$ 625,675	\$ (55,025)	\$ -	\$ -	\$ -
Uses of Money and Property	-	-	-	-	2	2	10,000	12,200	2,200
Intergovernmental	-	-	-	-	-	-	126,397	126,397	-
Fees and Other Revenues	1,709,948	9,105,903	7,395,955	-	-	-	-	-	-
Total Revenues	<u>1,709,948</u>	<u>9,105,903</u>	<u>7,395,955</u>	<u>680,700</u>	<u>625,677</u>	<u>(55,023)</u>	<u>136,397</u>	<u>138,597</u>	<u>2,200</u>
EXPENDITURES									
Current:									
General Government	296,002	139,567	156,435	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	52,115	52,115	-
Community Development	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>296,002</u>	<u>139,567</u>	<u>156,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,115</u>	<u>52,115</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,413,946</u>	<u>8,966,336</u>	<u>7,552,390</u>	<u>680,700</u>	<u>625,677</u>	<u>(55,023)</u>	<u>84,282</u>	<u>86,482</u>	<u>2,200</u>
OTHER FINANCING SOURCES (USES)									
Loan Proceeds	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	1,227	1,227	-
Transfers Out	(12,486,747)	(12,235,756)	250,991	(680,700)	(626,016)	54,684	(224,730)	(224,730)	-
Total Other Financing Sources (Uses)	<u>(12,486,747)</u>	<u>(12,235,756)</u>	<u>250,991</u>	<u>(680,700)</u>	<u>(626,016)</u>	<u>54,684</u>	<u>(223,503)</u>	<u>(223,503)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	<u>\$ (11,072,801)</u>	<u>(3,269,420)</u>	<u>\$ 7,803,381</u>	<u>\$ -</u>	<u>(339)</u>	<u>\$ (339)</u>	<u>\$ (139,221)</u>	<u>(137,021)</u>	<u>\$ 2,200</u>
Fund Balance, Beginning of Year		<u>(2,138,853)</u>			<u>339</u>			<u>251,232</u>	
Fund Balance, End of Year		<u>\$ (5,408,273)</u>			<u>\$ -</u>			<u>\$ 114,211</u>	

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Certain Special Revenue Funds (Continued)
For Year Ended June 30, 2004**

	Other Grants			Community Facilities			Vehicle Abatement		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	100	962	862	50,000	57,599	7,599	250	454	204
Intergovernmental	27,648	27,648	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	2,025,000	3,727,804	1,702,804	10,000	13,722	3,722
Total Revenues	27,748	28,610	862	2,075,000	3,785,403	1,710,403	10,250	14,176	3,926
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	2,000	800	1,200
Community Development	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	23,356	23,356	-	108,000	4,375	103,625	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	23,356	23,356	-	108,000	4,375	103,625	2,000	800	1,200
REVENUES OVER (UNDER) EXPENDITURES	4,392	5,254	862	1,967,000	3,781,028	1,814,028	8,250	13,376	5,126
OTHER FINANCING SOURCES (USES)									
Loan Proceeds	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	(5,548,457)	(6,457,279)	(908,822)	(7,000)	(7,000)	-
Total Other Financing Sources (Uses)	-	-	-	(5,548,457)	(6,457,279)	(908,822)	(7,000)	(7,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	\$ 4,392	5,254	\$ 862	\$ (3,581,457)	(2,676,251)	\$ 905,206	\$ 1,250	6,376	\$ 5,126
Fund Balance, Beginning of Year		1,925			2,300,840			9,585	
Fund Balance, End of Year		\$ 7,179			\$ (375,411)			\$ 15,961	

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Certain Special Revenue Funds (Continued)
For Year Ended June 30, 2004**

	Economic Development			Youth Diversion			Storm Drainage		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	-	675	675	-	-	-	10,000	15,616	5,616
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	80,000	20,480	(59,520)	-	-	-	-	-	-
Total Revenues	80,000	21,155	(58,845)	-	-	-	10,000	15,616	5,616
EXPENDITURES									
Current:									
General Government	80,000	80,000	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	8,500	8,439	61
Other	-	-	-	-	-	-	4,000	3,000	1,000
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	80,000	80,000	-	-	-	-	12,500	11,439	1,061
REVENUES OVER (UNDER) EXPENDITURES	-	(58,845)	(58,845)	-	-	-	(2,500)	4,177	6,677
OTHER FINANCING SOURCES (USES)									
Loan Proceeds	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	(48,000)	(37,954)	10,046	(190,000)	(190,000)	-
Total Other Financing Sources (Uses)	-	-	-	(48,000)	(37,954)	10,046	(190,000)	(190,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	(58,845)	\$ (58,845)	\$ (48,000)	(37,954)	\$ 10,046	\$ (192,500)	(185,823)	\$ 6,677
Fund Balance, Beginning of Year		80,908			37,954			411,948	
Fund Balance, End of Year		\$ 22,063			\$ -			\$ 226,125	

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Certain Special Revenue Funds (Continued)
For Year Ended June 30, 2004**

	RDA Low Income Housing			Asset Forfeiture			Open Space		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ 719,848	\$ 728,153	\$ 8,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	70,000	64,250	(5,750)	20	593	573	7,500	7,033	(467)
Intergovernmental	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	500	2,121	1,621	-	-	-
Total Revenues	789,848	792,403	2,555	520	2,714	2,194	7,500	7,033	(467)
EXPENDITURES									
Current:									
General Government	1,398,425	578,601	819,824	-	-	-	-	-	-
Public Safety	-	-	-	500	1,250	(750)	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	12,000	12,000	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	1,398,425	578,601	819,824	500	1,250	(750)	12,000	12,000	-
REVENUES OVER (UNDER) EXPENDITURES	(608,577)	213,802	822,379	20	1,464	1,444	(4,500)	(4,967)	(467)
OTHER FINANCING SOURCES (USES)									
Loan Proceeds	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	(25,000)	-	25,000
Total Other Financing Sources (Uses)	-	-	-	-	-	-	(25,000)	-	25,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	<u>\$ (608,577)</u>	<u>213,802</u>	<u>\$ 822,379</u>	<u>\$ 20</u>	<u>1,464</u>	<u>\$ 1,444</u>	<u>\$ (29,500)</u>	<u>(4,967)</u>	<u>\$ 24,533</u>
Fund Balance, Beginning of Year		<u>1,702,223</u>			<u>13,696</u>			<u>176,021</u>	
Fund Balance, End of Year		<u>\$ 1,916,025</u>			<u>\$ 15,160</u>			<u>\$ 171,054</u>	

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Certain Special Revenue Funds (Continued)
For Year Ended June 30, 2004**

	Measure C			Facility Fee Administration			Agriculture Administration		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	-	-	-	200,000	130,404	(69,596)	100,000	37,144	(62,856)
Intergovernmental	350,000	347,579	(2,421)	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	700,000	1,103,678	403,678	500,000	473,194	(26,806)
Total Revenues	350,000	347,579	(2,421)	900,000	1,234,082	334,082	600,000	510,338	(89,662)
EXPENDITURES									
Current:									
General Government	-	-	-	4,262,299	4,244,227	18,072	121,431	87,810	33,621
Public Safety	2,500	2,383	117	1,294,832	1,294,832	-	-	-	-
Community Development	-	-	-	452,799	452,799	-	-	-	-
Engineering	-	-	-	260,263	260,263	-	-	-	-
Public Works	-	-	-	177,914	177,914	-	-	-	-
Parks	-	-	-	85,391	85,391	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	2,583	2,583	-	-	-	-
Debt Service:									
Principal	-	-	-	849,020	849,020	-	-	-	-
Interest and Fiscal Charges	-	-	-	50,698	50,698	-	-	-	-
Total Expenditures	2,500	2,383	117	7,435,799	7,417,727	18,072	121,431	87,810	33,621
REVENUES OVER (UNDER) EXPENDITURES	347,500	345,196	(2,304)	(6,535,799)	(6,183,645)	352,154	478,569	422,528	(56,041)
OTHER FINANCING SOURCES (USES)									
Loan Proceeds	-	-	-	4,245,101	4,245,101	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	(345,000)	(275,000)	70,000	-	-	-	(2,728,163)	(2,728,163)	-
Total Other Financing Sources (Uses)	(345,000)	(275,000)	70,000	4,245,101	4,245,101	-	(2,728,163)	(2,728,163)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	\$ 2,500	70,196	\$ 67,696	\$ (2,290,698)	(1,938,544)	\$ 352,154	\$ (2,249,594)	(2,305,635)	\$ (56,041)
Fund Balance, Beginning of Year		22,779			4,357,658			3,379,500	
Fund Balance, End of Year		\$ 92,975			\$ 2,419,114			\$ 1,073,865	

Continued

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

Certain Special Revenue Funds (Continued)

For Year Ended June 30, 2004

	Fire Fees			Agriculture Land		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	-	829	829	-	140,284	140,284
Intergovernmental	-	-	-	-	-	-
Fees and Other Revenues	-	191,696	191,696	-	1,892,776	1,892,776
Total Revenues	-	192,525	192,525	-	2,033,060	2,033,060
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Parks	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	192,525	192,525	-	2,033,060	2,033,060
OTHER FINANCING SOURCES (USES)						
Loan Proceeds	-	-	-	-	-	-
Transfers In	-	-	-	-	2,728,163	2,728,163
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	2,728,163	2,728,163
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	\$ -	192,525	\$ 192,525	\$ -	4,761,223	\$ 4,761,223
Fund Balance, Beginning of Year		-			-	
Fund Balance, End of Year		\$ 192,525			\$ 4,761,223	

Continued

City of Brentwood

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

Certain Special Revenue Funds (Continued)

For Year Ended June 30, 2004

	Affordable Housing In Lieu			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 1,400,548	\$ 1,353,828	\$ (46,720)
Uses of Money and Property	-	22,975	22,975	347,870	491,020	143,150
Intergovernmental	-	-	-	504,045	501,624	(2,421)
Fees and Other Revenues	-	1,929,833	1,929,833	4,525,448	18,461,207	13,935,759
Total Revenues	-	1,952,808	1,952,808	6,777,911	20,807,679	14,029,768
EXPENDITURES						
Current:						
General Government	-	-	-	6,036,726	5,130,205	906,521
Public Safety	-	-	-	1,351,947	1,351,380	567
Community Development	-	-	-	452,799	452,799	-
Engineering	-	-	-	260,263	260,263	-
Public Works	-	-	-	177,914	177,914	-
Parks	-	-	-	85,391	85,391	-
Community Services	-	-	-	151,856	48,170	103,686
Other	-	-	-	6,583	5,583	1,000
Debt Service:						
Principal	-	-	-	849,020	849,020	-
Interest and Fiscal Charges	-	-	-	50,698	50,698	-
Total Expenditures	-	-	-	9,423,197	8,411,423	1,011,774
REVENUES OVER (UNDER) EXPENDITURES	-	1,952,808	1,952,808	(2,645,286)	12,396,256	15,041,542
OTHER FINANCING SOURCES (USES)						
Loan Proceeds	-	-	-	4,245,101	4,245,101	-
Transfers In	-	-	-	1,227	2,729,390	2,728,163
Transfers Out	-	-	-	(19,555,634)	(22,781,898)	(3,226,264)
Total Other Financing Sources (Uses)	-	-	-	(15,309,306)	(15,807,407)	(498,101)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	\$ -	1,952,808	\$ 1,952,808	\$ (17,954,592)	(3,411,151)	\$ 14,543,441
Fund Balance, Beginning of Year		-			10,607,755	
Fund Balance, End of Year		\$ 1,952,808			\$ 7,196,604	



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City of Brentwood

Combining Balance Sheet

All Debt Service Funds

June 30, 2004

	Downtown Redevelopment Debt	North Brentwood Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	ABAG XXVI COP'S	Capital Lease Program	TOTALS
ASSETS							
Current Assets:							
Cash and Investments	\$ 1,967,843	\$ -	\$ 142,836	\$ 102,255	\$ -	\$ -	\$ 2,212,934
Restricted Cash and Investments	-	-	2,109,726	-	-	-	2,109,726
Receivables	1,154	-	-	-	-	-	1,154
Total Assets	\$ 1,968,997	\$ -	\$ 2,252,562	\$ 102,255	\$ -	\$ -	\$ 4,323,814
LIABILITIES AND FUND BALANCES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	\$ 540,316	\$ -	\$ 241,429	\$ -	\$ -	\$ -	\$ 781,745
Total Liabilities	540,316	-	241,429	-	-	-	781,745
Fund Balances:							
Reserved for:							
Debt Service	1,428,681	-	2,011,133	102,255	-	-	3,542,069
Total Fund Balances	1,428,681	-	2,011,133	102,255	-	-	3,542,069
Total Liabilities and Fund Balances	\$ 1,968,997	\$ -	\$ 2,252,562	\$ 102,255	\$ -	\$ -	\$ 4,323,814

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Debt Service Funds
For Year Ended June 30, 2004

	Downtown Redevelopment Debt	North Brentwood Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	ABAG XXVI COP'S	Capital Lease Program	TOTALS
REVENUES							
Taxes	\$ 2,912,610	\$ -	\$ -	\$ 268,236	\$ -	\$ -	\$ 3,180,846
Uses of Money and Property	117,326	-	37,938	7	471	-	155,742
Fees and Other Revenues	238,247	-	-	-	-	-	238,247
Total Revenues	3,268,183	-	37,938	268,243	471	-	3,574,835
EXPENDITURES							
Current:							
Community Development	746,534	-	14,131	7,083	234,348	-	1,002,096
Debt Service:							
Principal	685,000	-	230,000	105,000	-	64,845	1,084,845
Interest and Fiscal Charges	999,629	-	484,206	160,856	-	8,480	1,653,171
Total Expenditures	2,431,163	-	728,337	272,939	234,348	73,325	3,740,112
REVENUES OVER (UNDER) EXPENDITURES	837,020	-	(690,399)	(4,696)	(233,877)	(73,325)	(165,277)
OTHER FINANCING SOURCES (USES)							
Transfers In	173,463	3,663	678,856	-	-	73,325	929,307
Transfers Out	(491,768)	(177,126)	-	-	(75)	-	(668,969)
Total Other Financing Sources (Uses)	(318,305)	(173,463)	678,856	-	(75)	73,325	260,338
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	518,715	(173,463)	(11,543)	(4,696)	(233,952)	-	95,061
Fund Balance, Beginning of Year	909,966	173,463	2,022,676	106,951	233,952	-	3,447,008
Fund Balance, End of Year	\$ 1,428,681	\$ -	\$ 2,011,133	\$ 102,255	\$ -	\$ -	\$ 3,542,069

City of Brentwood

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
All Debt Service Funds
For Year Ended June 30, 2004***

	Downtown Redevelopment Debt			North Brentwood Redevelopment Debt		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ 2,879,393	\$ 2,912,610	\$ 33,217	\$ -	\$ -	\$ -
Uses of Money and Property	20,000	117,326	97,326	-	-	-
Fees and Other Revenues	-	238,247	238,247	-	-	-
Total Revenues	<u>2,899,393</u>	<u>3,268,183</u>	<u>368,790</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES						
Current:						
Community Development	810,845	746,534	64,311	-	-	-
Debt Service:						
Principal	685,000	685,000	-	-	-	-
Interest and Fiscal Charges	999,629	999,629	-	-	-	-
Total Expenditures	<u>2,495,474</u>	<u>2,431,163</u>	<u>64,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>403,919</u>	<u>837,020</u>	<u>433,101</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	173,463	173,463	-	3,663	3,663	-
Transfers Out	(500,000)	(491,768)	8,232	(177,126)	(177,126)	-
Total Other Financing Sources (Uses)	<u>(326,537)</u>	<u>(318,305)</u>	<u>8,232</u>	<u>(173,463)</u>	<u>(173,463)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 77,382</u>	<u>518,715</u>	<u>\$ 441,333</u>	<u>\$ (173,463)</u>	<u>(173,463)</u>	<u>\$ -</u>
Fund Balance, Beginning of Year		<u>909,966</u>			<u>173,463</u>	
Fund Balance, End of Year		<u>\$ 1,428,681</u>			<u>\$ -</u>	

Continued

City of Brentwood

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

All Debt Service Funds (Continued)

For Year Ended June 30, 2004

	Capital Improvement Program 2001			2002 General Obligation Bond		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 265,860	\$ 268,236	\$ 2,376
Uses of Money and Property	100,000	37,938	(62,062)	2,000	7	(1,993)
Fees and Other Revenues	617,131	-	(617,131)	-	-	-
Total Revenues	717,131	37,938	(679,193)	267,860	268,243	383
EXPENDITURES						
Current:						
Community Development	14,131	14,131	-	8,000	7,083	917
Debt Service:						
Principal	230,000	230,000	-	105,000	105,000	-
Interest and Fiscal Charges	484,206	484,206	-	160,860	160,856	4
Total Expenditures	728,337	728,337	-	273,860	272,939	921
REVENUES OVER (UNDER) EXPENDITURES	(11,206)	(690,399)	(679,193)	(6,000)	(4,696)	1,304
OTHER FINANCING SOURCES (USES)						
Transfers In	400,000	678,856	278,856	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	400,000	678,856	278,856	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 388,794	(11,543)	\$ (400,337)	\$ (6,000)	(4,696)	\$ 1,304
Fund Balance, Beginning of Year		2,022,676			106,951	
Fund Balance, End of Year		\$ 2,011,133			\$ 102,255	

Continued

City of Brentwood

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

All Debt Service Funds (Continued)

For Year Ended June 30, 2004

	ABAG XVI COP'S			Capital Lease Program			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,145,253	\$ 3,180,846	\$ 35,593
Uses of Money and Property	2,000	471	(1,529)	-	-	-	124,000	155,742	31,742
Fees and Other Revenues	-	-	-	-	-	-	617,131	238,247	(378,884)
Total Revenues	2,000	471	(1,529)	-	-	-	3,886,384	3,574,835	(311,549)
EXPENDITURES									
Current:									
Community Development	234,348	234,348	-	-	-	-	1,067,324	1,002,096	65,228
Debt Service:									
Principal	-	-	-	64,845	64,845	-	1,084,845	1,084,845	-
Interest and Fiscal Charges	-	-	-	8,480	8,480	-	1,653,175	1,653,171	4
Total Expenditures	234,348	234,348	-	73,325	73,325	-	3,805,344	3,740,112	65,232
REVENUES OVER (UNDER) EXPENDITURES	(232,348)	(233,877)	(1,529)	(73,325)	(73,325)	-	81,040	(165,277)	(246,317)
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	-	73,325	73,325	-	650,451	929,307	278,856
Transfers Out	-	(75)	(75)	-	-	-	(677,126)	(668,969)	8,157
Total Other Financing Sources (Uses)	-	(75)	(75)	73,325	73,325	-	(26,675)	260,338	287,013
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (232,348)	(233,952)	\$ (1,604)	\$ -	-	\$ -	\$ 54,365	95,061	\$ 40,696
Fund Balance, Beginning of Year		233,952			-			3,447,008	
Fund Balance, End of Year		\$ -			\$ -			\$ 3,542,069	



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City of Brentwood

Combining Balance Sheet
All Capital Projects Funds
June 30, 2004

	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 94-1	Capital Improvement Financing Program 99-1	Capital Improvement Financing Program 2000-1	Capital Improvement Financing Program 2002-1
ASSETS					
Current Assets:					
Cash and Investments	\$ -	\$ -	\$ -	\$ 543	\$ 801
Restricted Cash and Investments	3,801,494	2,018,021	348,567	859,247	1,846,163
Receivables	-	-	-	-	-
Prepays	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Total Assets	\$ 3,801,494	\$ 2,018,021	\$ 348,567	\$ 859,790	\$ 1,846,964
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-
Fund Balances:					
Reserved for:					
Prepays	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Specific Projects and Programs	3,801,494	2,018,021	348,567	859,790	1,846,964
Total Fund Balances	3,801,494	2,018,021	348,567	859,790	1,846,964
Total Liabilities and Fund Balances	\$ 3,801,494	\$ 2,018,021	\$ 348,567	\$ 859,790	\$ 1,846,964

Continued

City of Brentwood

Combining Balance Sheet
All Capital Projects Funds (Continued)
June 30, 2004

	Capital Improvement 2001	Street Improvement Projects	Capital Projects	Downtown Redevelopment Projects	North Brentwood Redevelopment Projects	TOTALS
ASSETS						
Current Assets:						
Cash and Investments	\$ 13,018	\$ 2,697,535	\$ 5,833,788	\$ 61,003	\$ -	\$ 8,606,688
Restricted Cash and Investments	36,664	-	-	11,396,849	-	20,307,005
Receivables	-	-	1,673,861	40,763	-	1,714,624
Prepays	-	-	3,678	372	-	4,050
Due from Other Funds	-	-	5,782,112	-	-	5,782,112
Land Held for Resale	-	-	-	227,698	-	227,698
Total Assets	\$ 49,682	\$ 2,697,535	\$ 13,293,439	\$ 11,726,685	\$ -	\$ 36,642,177
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	\$ -	\$ 786	\$ 1,452,543	\$ 369,304	\$ -	\$ 1,822,633
Total Liabilities	-	786	1,452,543	369,304	-	1,822,633
Fund Balances:						
Reserved for:						
Prepays	-	-	3,678	372	-	4,050
Land Held for Resale	-	-	-	227,698	-	227,698
Specific Projects and Programs	49,682	2,696,749	11,837,218	11,129,311	-	34,587,796
Total Fund Balances	49,682	2,696,749	11,840,896	11,357,381	-	34,819,544
Total Liabilities and Fund Balances	\$ 49,682	\$ 2,697,535	\$ 13,293,439	\$ 11,726,685	\$ -	\$ 36,642,177

City of Brentwood

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Projects Funds
For Year Ended June 30, 2004***

	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 94-1	Capital Improvement Financing Program 99-1	Capital Improvement Financing Program 2000-1	Capital Improvement Financing Program 2002-1
REVENUES					
Uses of Money and Property	\$ 13,438	\$ 12,326	\$ 1,585	\$ 3,916	\$ 10,096
Intergovernmental	-	-	-	-	-
Fees and Other Revenues	3,788,056	222,103	-	-	-
Total Revenues	3,801,494	234,429	1,585	3,916	10,096
EXPENDITURES					
Current:					
General Government	-	1,511,066	-	-	373,692
Capital Outlay	-	-	-	-	-
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	-	1,511,066	-	-	373,692
REVENUES OVER (UNDER) EXPENDITURES	3,801,494	(1,276,637)	1,585	3,916	(363,596)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,801,494	(1,276,637)	1,585	3,916	(363,596)
Fund Balance, Beginning of Year	-	3,294,658	346,982	855,874	2,210,560
Fund Balance, End of Year	\$ 3,801,494	\$ 2,018,021	\$ 348,567	\$ 859,790	\$ 1,846,964

Continued

City of Brentwood

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Projects Funds (Continued)
For Year Ended June 30, 2004***

	Capital Improvement 2001	Street Improvement Projects	Capital Projects	Downtown Redevelopment Projects	North Brentwood Redevelopment Projects	TOTALS
REVENUES						
Uses of Money and Property	\$ 167	\$ 86,635	\$ -	\$ 791,069	\$ -	\$ 919,232
Intergovernmental	-	-	2,173,800	-	-	2,173,800
Fees and Other Revenues	-	-	3,453,323	399,000	-	7,862,482
Total Revenues	<u>167</u>	<u>86,635</u>	<u>5,627,123</u>	<u>1,190,069</u>	<u>-</u>	<u>10,955,514</u>
EXPENDITURES						
Current:						
General Government	-	4,481	3,657,670	1,844,029	-	7,390,938
Capital Outlay	-	-	29,749,331	-	-	29,749,331
Debt Service:						
Interest and Fiscal Charges	-	-	11,489	-	-	11,489
Total Expenditures	<u>-</u>	<u>4,481</u>	<u>33,418,490</u>	<u>1,844,029</u>	<u>-</u>	<u>37,151,758</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>167</u>	<u>82,154</u>	<u>(27,791,367)</u>	<u>(653,960)</u>	<u>-</u>	<u>(26,196,244)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	26,540,872	488,105	3,882	27,032,859
Transfers Out	-	(500,000)	(18,186)	(220)	-	(518,406)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(500,000)</u>	<u>26,522,686</u>	<u>487,885</u>	<u>3,882</u>	<u>26,514,453</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>167</u>	<u>(417,846)</u>	<u>(1,268,681)</u>	<u>(166,075)</u>	<u>3,882</u>	<u>318,209</u>
Fund Balance, Beginning of Year	<u>49,515</u>	<u>3,114,595</u>	<u>13,109,577</u>	<u>11,523,456</u>	<u>(3,882)</u>	<u>34,501,335</u>
Fund Balance, End of Year	<u>\$ 49,682</u>	<u>\$ 2,696,749</u>	<u>\$ 11,840,896</u>	<u>\$ 11,357,381</u>	<u>\$ -</u>	<u>\$ 34,819,544</u>

City of Brentwood

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Certain Capital Projects Funds
For Year Ended June 30, 2004***

	Downtown Redevelopment Projects			North Brentwood Redevelopment Projects			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Uses of Money and Property	\$ 800,000	\$ 791,069	\$ (8,931)	\$ -	\$ -	\$ -	\$ 800,000	\$ 791,069	\$ (8,931)
Fees and Other Revenues	-	399,000	399,000	-	-	-	-	399,000	399,000
Total Revenues	800,000	1,190,069	390,069	-	-	-	800,000	1,190,069	390,069
EXPENDITURES									
Current:									
General Government	2,818,204	1,844,029	974,175	-	-	-	2,818,204	1,844,029	974,175
Capital Outlay	1,272,108	-	1,272,108	-	-	-	1,272,108	-	1,272,108
Total Expenditures	4,090,312	1,844,029	2,246,283	-	-	-	4,090,312	1,844,029	2,246,283
REVENUES OVER (UNDER) EXPENDITURES	(3,290,312)	(653,960)	2,636,352	-	-	-	(3,290,312)	(653,960)	2,636,352
OTHER FINANCING SOURCES (USES)									
Transfers In	411,881	488,105	76,224	-	3,882	3,882	411,881	491,987	80,106
Transfers Out	-	(220)	(220)	-	-	-	-	(220)	(220)
Total Other Financing Sources (Uses)	411,881	487,885	76,004	-	3,882	3,882	411,881	491,767	79,886
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (2,878,431)	(166,075)	\$ 2,712,356	\$ -	3,882	\$ 3,882	\$ (2,878,431)	(162,193)	\$ 2,716,238
Fund Balance, Beginning of Year		11,523,456			(3,882)			11,519,574	
Fund Balance, End of Year		\$ 11,357,381			\$ -			\$ 11,357,381	



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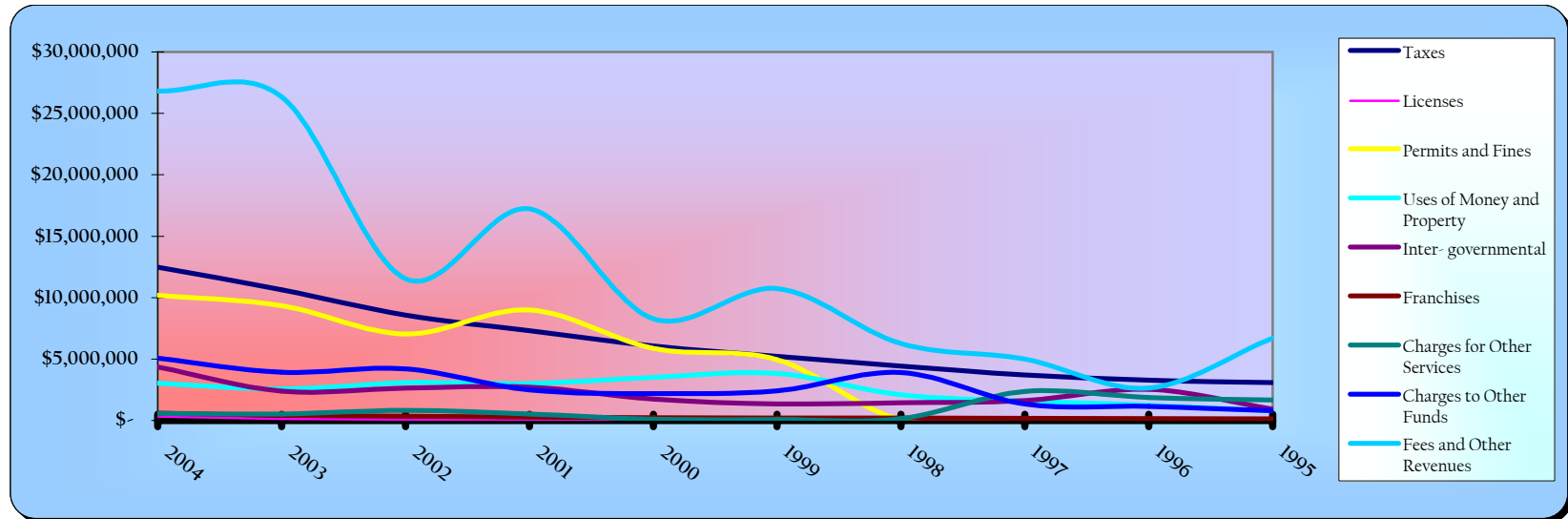
City of Brentwood

GENERAL GOVERNMENTAL REVENUES BY SOURCE ⁽¹⁾
LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Taxes	Licenses	Permits and Fines	Uses of Money and Property	Inter-governmental	Franchises	Charges for Other Services	Charges to Other Funds	Fees and Other Revenues	Total
2004	\$ 12,489,155	\$ 325,143	\$ 10,184,552	\$ 3,022,093	\$ 4,339,487	\$ 584,868	\$ 570,455	\$ 5,073,565	\$ 26,807,306	\$ 63,396,624
2003	10,640,420	124,823	9,354,198	2,561,745	2,396,451	428,731	531,791	3,922,881	26,343,210	56,304,250
2002	8,587,358	66,810	7,041,625	3,091,109	2,629,058	338,692	825,618	4,203,653	11,542,069	38,325,992
2001	7,311,476	61,554	8,987,674	3,011,813	2,710,186	264,651	513,923	2,478,056	17,229,787	42,569,120
2000	6,072,785	52,690	5,876,423	3,509,121	1,738,177	225,795	95,239	2,186,433	8,267,534	28,024,197
1999	5,225,146	44,838	4,947,769	3,835,052	1,343,531	197,030	67,158	2,400,849	10,729,832	28,791,205
1998	4,427,103	39,555	46,286	2,079,074	1,446,225	203,500	138,200	3,890,184	6,256,575	18,526,702
1997	3,692,659	36,629	44,688	1,589,298	1,617,960	161,991	2,357,729	1,332,145	5,001,231	15,834,330
1996	3,284,481	27,457	27,260	1,246,655	2,540,237	140,159	1,873,585	1,152,484	2,641,251	12,933,569
1995	3,073,680	28,697	20,679	797,793	913,885	128,170	1,665,827	792,311	6,700,140	14,121,182

(1) Includes General, Special Revenue, Capital Projects and Debt Service funds.

Source: City of Brentwood Finance Department



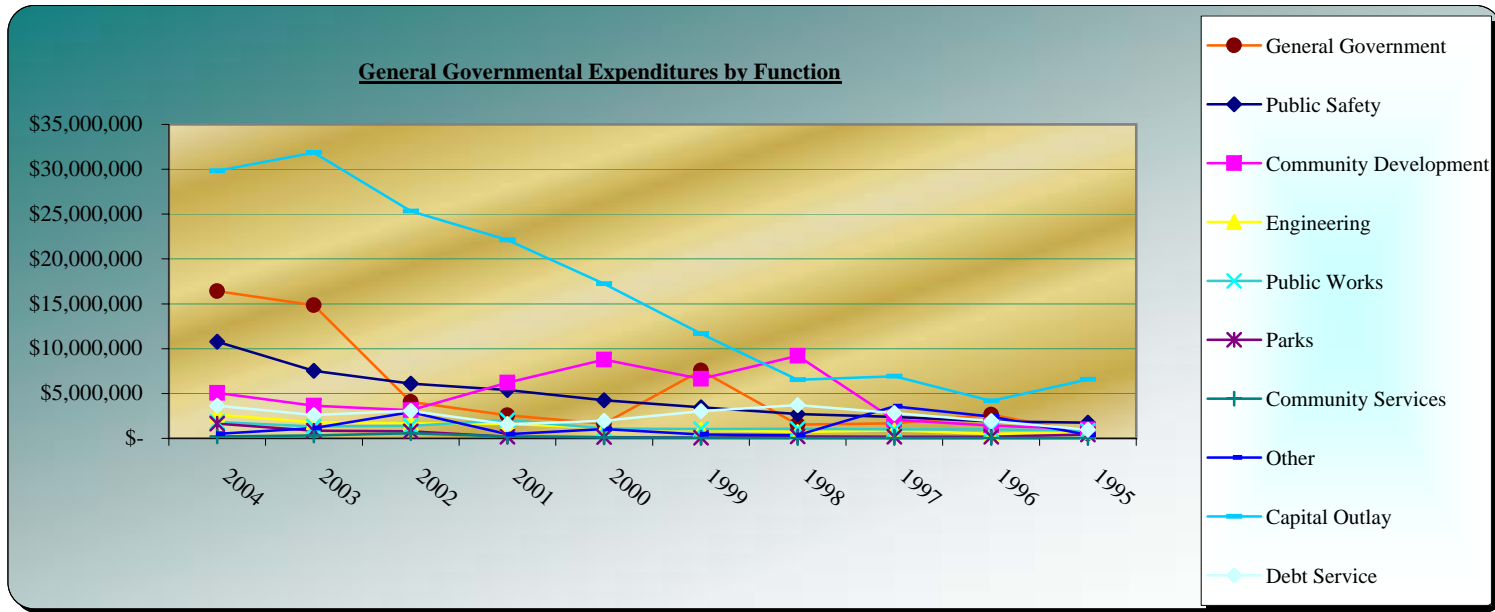
City of Brentwood

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾
LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	General Government	Public Safety	Community Development	Engineering	Public Works	Parks	Community Services	Other	Capital Outlay	Debt Service	Total
2004	\$ 16,407,013	\$ 10,781,506	\$ 5,074,939	\$ 2,656,493	\$ 1,821,818	\$ 1,658,400	\$ 226,732	\$ 512,952	\$ 29,822,905	\$ 3,649,223	\$ 72,611,981
2003	14,826,709	7,536,431	3,644,373	1,767,688	1,305,993	839,368	314,293	1,158,986	31,860,143	2,619,133	65,873,117
2002	4,083,505	6,110,676	3,131,617	1,687,754	1,398,012	773,284	581,152	2,916,275	25,341,961	3,070,993	49,095,229
2001	2,585,410	5,384,223	6,218,530	1,596,330	2,019,618	169,711	224,153	463,613	22,130,025	1,569,785	42,361,398
2000	1,625,934	4,250,440	8,768,571	1,174,471	1,110,390	153,090	89,414	1,019,390	17,238,684	1,957,767	37,388,151
1999	7,575,008	3,455,518	6,647,878	954,177	1,039,850	82,322	76,485	417,905	11,666,787	3,045,906	34,961,836
1998	1,540,523	2,710,923	9,199,496	722,107	1,086,997	210,008	51,644	350,792	6,538,801	3,713,434	26,124,725
1997	1,689,912	2,391,425	2,054,461	876,507	1,013,799	184,576	36,125	3,583,879	6,924,580	2,820,147	21,575,411
1996	2,637,477	1,904,121	1,429,697	485,214	988,637	163,853	27,768	2,434,621	4,187,735	1,932,268	16,191,391
1995	566,493	1,754,298	999,780	721,547	868,578	413,781	24,683	383,091	6,551,445	979,624	13,263,320

(1) Includes General, Special Revenue, Capital Projects and Debt Service funds.

Source: City of Brentwood Finance Department



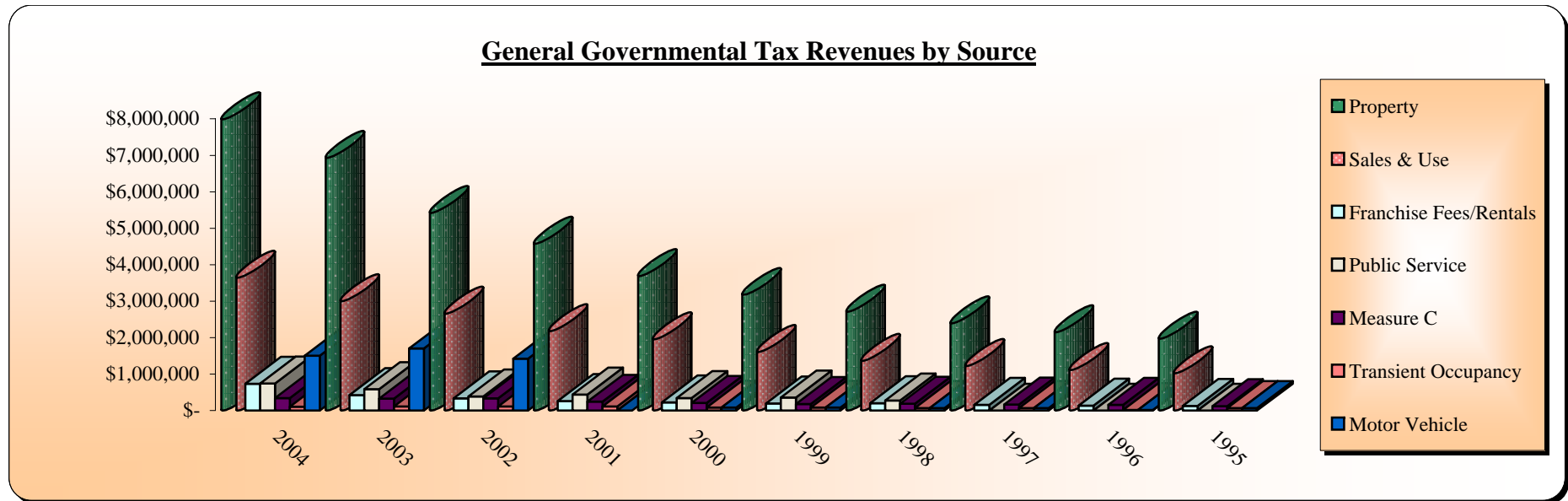
City of Brentwood

**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Property	Sales & Use	Franchise Fees/Rentals	Public Service	Measure C	Transient Occupancy	Motor Vehicle	Total
2004	\$ 7,990,595	\$ 3,644,368	\$ 738,525	\$ 743,890	\$ 347,579	\$ 110,304	\$ 1,508,664	\$ 15,083,925
2003	6,933,900	2,998,922	428,731	589,266	330,165	118,332	1,702,279	13,101,595
2002	5,423,132	2,661,107	338,692	391,088	337,623	112,031	1,423,128	10,686,801
2001	4,576,990	2,178,366	264,651	440,753	244,298	115,367	1,226	7,821,651
2000	3,687,940	1,954,804	225,795	341,894	208,946	88,147	88,147	6,595,673
1999	3,174,930	1,607,208	197,029	361,346	182,492	81,662	81,662	5,686,329
1998	2,715,841	1,363,371	203,500	276,845	187,451	71,046	71,046	4,889,100
1997	2,392,738	1,227,802	161,991	-	165,481	72,119	72,119	4,092,250
1996	2,151,909	1,113,446	140,159	-	161,528	19,126	19,126	3,605,294
1995	1,974,313	1,027,138	128,170	-	124,831	72,229	72,229	3,398,910

Source: City of Brentwood Finance Department



City of Brentwood

GENERAL PROPERTY TAX LEVIES & COLLECTIONS
LAST TEN FISCAL YEARS

(Unaudited)

Fiscal Year	Current Tax Levy (1)	Current Tax Collections (2)
2004	\$ 35,730,374	\$ 35,730,374
2003	28,489,847	28,489,847
2002	21,975,330	21,975,330
2001	16,953,226	16,953,226
2000	13,689,947	13,689,947
1999	10,848,576	10,848,576
1998	9,347,401	9,347,401
1997	8,233,970	8,233,970
1996	7,266,646	7,266,646
1995	6,311,856	6,311,856

(1) General taxes are calculated at 1% of total assessed value less local exemptions.

(2) Special assessments collected are the same as the amount levied, because Contra Costa County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to agencies regardless of whether they are collected in the current year or not. A tax loss reserve fund insures losses resulting when a property is sold for taxes and the proceeds are insufficient to pay the outstanding amounts due.

Source: Contra Costa County Auditor/Controller

City of Brentwood

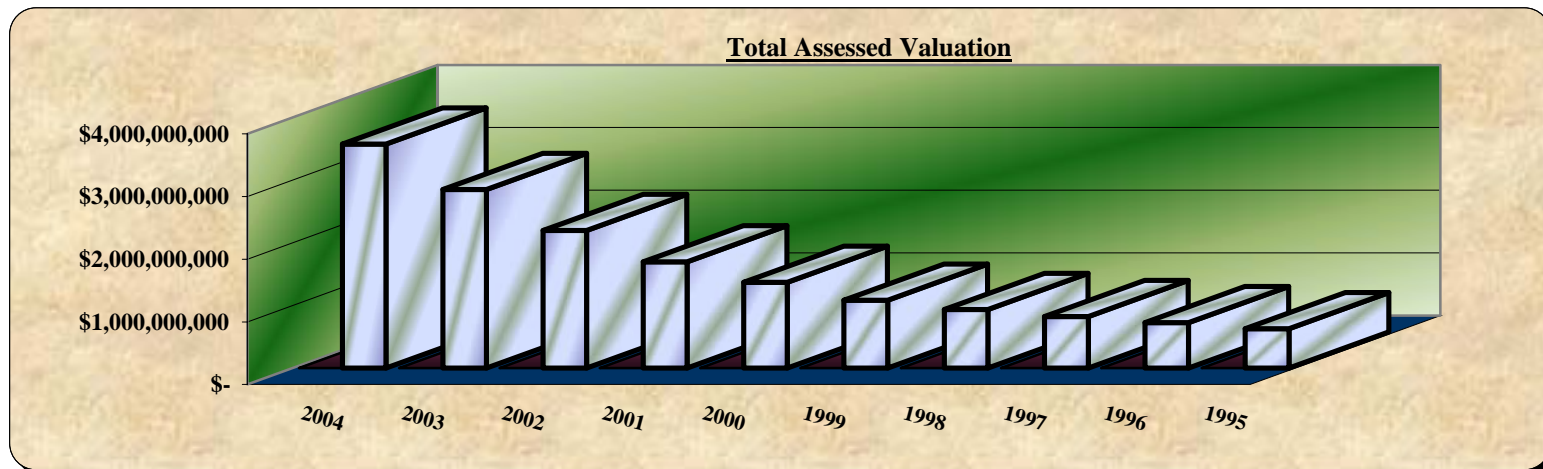
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Secured Property	Secured Utility (1)	Unsecured Property	Total Assessed Valuation	Percentage Increase
2004	\$ 3,520,582,878	\$ 299,250	\$ 52,155,304	\$ 3,573,037,432	25.41%
2003	2,803,844,130	393,418	44,747,115	2,848,984,663	29.64%
2002	2,158,826,555	289,943	38,416,499	2,197,532,997	29.62%
2001	1,661,627,361	27,185	33,668,004	1,695,322,550	23.84%
2000	1,343,423,659	29,407	25,541,617	1,368,994,683	26.19%
1999	1,061,957,024	229,085	22,671,455	1,084,857,564	16.06%
1998	910,287,285	57,618	24,395,197	934,740,100	13.52%
1997	801,247,248	47,486	22,102,286	823,397,020	13.31%
1996	708,447,455	465,557	17,751,558	726,664,570	15.13%
1995	614,528,519	444,008	16,213,092	631,185,619	11.95%

(1) Beginning with Fiscal Year 1989 and pursuant to AB 454, Unitary Utilities are excluded from regular tax rate areas.

Source: Contra Costa County Auditor/Controller



City of Brentwood

**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	General Tax Levy	BART	City of Brentwood	East Bay Regional Park	Liberty High	Brentwood Elementary	Community College	Total
2004	1.0000%	-	0.0063%	0.0057%	0.0405%	0.0405%	0.0038%	1.0968%
2003	1.0000%	-	0.0095%	0.0065%	0.0510%	0.0465%	0.0040%	1.1175%
2002	1.0000%	-	-	0.0072%	0.0478%	0.0577%	-	1.1127%
2001	1.0000%	-	-	0.0065%	0.0575%	0.0522%	-	1.1162%
2000	1.0000%	-	-	0.0088%	0.0621%	0.0415%	-	1.1124%
1999	1.0000%	0.0167%	-	0.0092%	0.0656%	0.0478%	-	1.1393%
1998	1.0000%	0.0220%	-	0.0081%	0.0726%	0.0500%	-	1.1527%
1997	1.0000%	0.0225%	-	0.0080%	0.0719%	0.0560%	-	1.1584%
1996	1.0000%	0.0230%	-	0.0094%	0.0789%	0.0663%	-	1.1776%
1995	1.0000%	0.0235%	-	0.0066%	0.0603%	0.0600%	-	1.1504%

Source: Contra Costa County Auditor/Controller, Tax Rate Area (TRA) 10001

City of Brentwood

**SPECIAL ASSESSMENT TAX REVENUE
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Brentwood Assessment District 93R	Brentwood Lights and Landscaping Districts	Brentwood Assessment District 94-1	Brentwood Assessment District 96R	Brentwood Assessment District 98-2	Brentwood Park Maintenance	Brentwood Assessment 99-1 Bond	Brentwood Assessment 2000-1 Bond	Brentwood Assessment General Bond	Brentwood Assessment CFD #2	Brentwood Assessment 2002-1	Brentwood Assessment 2003-1	Total
2004	\$ 555,756	\$ 1,716,604	\$ 3,091,555	\$ 1,598,318	\$ 729,604	\$ 1,101,540	\$ 682,605	\$ 1,117,595	\$ 268,236	\$ 78,688	\$ 1,260,856	\$ 1,331,799	\$ 13,533,156
2003	575,029	1,189,616	3,236,142	1,609,797	723,829	944,744	656,171	990,624	293,363	1,575	1,174,314	-	11,395,204
2002	606,535	770,918	3,188,384	1,616,182	714,058	719,044	654,344	984,044	-	-	-	-	9,253,509
2001	609,519	773,452	3,233,166	1,623,802	717,139	420,455	660,384	378,111	-	-	-	-	8,416,028
2000	646,685	632,933	2,542,807	1,631,345	713,574	221,791	721,697	-	-	-	-	-	7,110,832
1999	659,063	341,328	2,099,465	1,635,060	778,486	507,340	-	-	-	-	-	-	6,020,742
1998	658,965	254,909	1,658,301	1,633,847	-	-	-	-	-	-	-	-	4,206,022
1997	781,865	206,366	996,565	8,449	-	-	-	-	-	-	-	-	1,993,245
1996	779,828	150,602	-	-	-	-	-	-	-	-	-	-	930,430
1995	783,225	72,240	-	-	-	-	-	-	-	-	-	-	855,465

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Special Assessment Billings (1)	Special Assessment Collections (2)
2004	\$ 13,533,156	\$ 13,533,156
2003	11,395,204	11,395,204
2002	9,253,509	9,253,509
2001	8,416,028	8,416,028
2000	7,110,832	7,110,832
1999	6,020,742	6,020,742
1998	4,206,022	4,206,022
1997	1,993,245	1,993,245
1996	930,430	930,430
1995	855,465	855,465

(1) Special assessments are amounts levied to pay special assessment debt with government commitment.

(2) Special assessments collected are the same as the amount levied, because Contra Costa County follows California's alternate method of apportionment (the Teeter Plan). Under the Teeter Plan, all amounts levied are apportioned to agencies regardless of whether they are collected in the current year or not. A tax loss reserve fund insures losses resulting when a property is sold for taxes and the proceeds are insufficient to pay the outstanding amounts due.

Source: Muni Financial

City of Brentwood

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2004

(Unaudited)

Total assessed value of all real and personal property (1)	\$ 3,573,037,432
Debt limit percentage (2)	<u>3.75%</u>
Total debt limit	133,988,904
Amount of debt applicable to debt limit (3)	<u>6,255,772</u>
Legal debt margin	<u><u>\$ 127,733,132</u></u>

Source: (1) Contra Costa County Auditor/Controller
 (2) State of California Government Code 25 and 43605

City of Brentwood

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Population (1)	Total Assessed Value	Net General Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
2004	37,060	\$ 3,573,037,432	\$ 37,280,771	0.0104	\$ 1,006
2003	33,364	2,848,984,663	38,138,082	0.0134	1,143
2002	29,630	2,197,532,997	38,674,976	0.0176	1,305
2001	25,325	1,695,322,550	9,425,000	0.0056	372
2000	23,090	1,368,994,683	10,065,000	0.0074	436
1999	20,235	1,084,857,564	10,665,000	0.0098	527
1998	17,108	934,740,100	11,235,000	0.0120	657
1997	14,623	823,397,020	11,775,000	0.0143	805
1996	13,218	726,664,570	12,280,000	0.0169	929
1995	11,563	631,185,619	6,905,000	0.0109	597

(1) Population as of January of each year

Source: City of Brentwood Finance Department

City of Brentwood

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

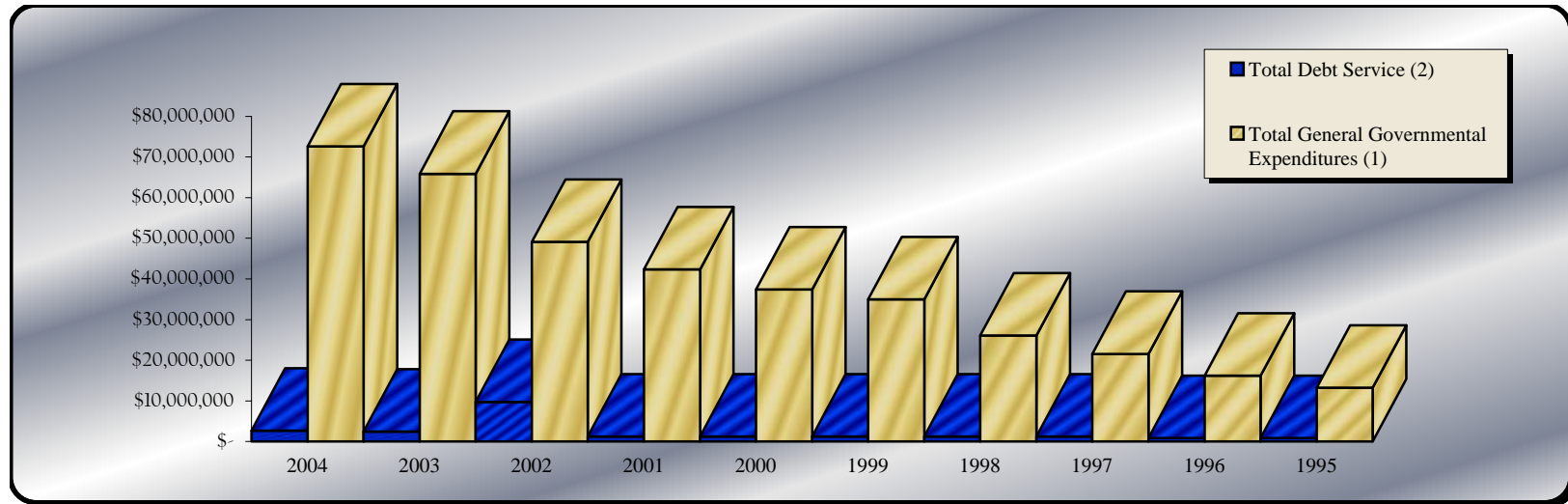
(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service (2)	Total General Governmental Expenditures (1)	Ratio of Debt Service to General Governmental Expenditures (1)
2004	\$ 1,020,000	\$ 1,647,691	\$ 2,667,691	\$ 72,611,981	3.67%
2003	735,000	1,730,221	2,465,221	65,873,117	3.74%
2002	8,830,000	896,985	9,726,985	49,095,229	19.81%
2001	640,000	603,395	1,243,395	42,361,398	2.94%
2000	600,000	643,112	1,243,112	37,388,151	3.32%
1999	570,000	679,800	1,249,800	34,961,836	3.57%
1998	540,000	713,737	1,253,737	26,124,725	4.80%
1997	505,000	730,280	1,235,280	21,575,411	5.73%
1996	405,000	465,521	870,521	16,191,391	5.38%
1995	380,000	487,885	867,885	13,263,320	6.54%

(1) Includes General, Special Revenue, Capital Projects and Debt Service funds.

(2) Does not include any General Obligations for Enterprise funds.

Source: City of Brentwood Finance Department



City of Brentwood

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2004

(Unaudited)

	Percentage Applicable	Net Bonded Debt 6/30/04
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Contra Costa Community College District	3.394%	\$ 1,646,090
Liberty Union High School District	45.884%	31,585,471
Brentwood Union School District	93.996%	37,915,094
Oakley Union School District	0.003%	281
City of Brentwood	100.000%	6,360,772 ⁽¹⁾
City of Brentwood 1915 Act Bonds	100.000%	113,937,730
East Bay Regional Park District	1.527%	2,339,059
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		193,784,497
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Contra Costa County General Fund Obligations	3.391%	11,150,964
Contra Costa County Pension Obligations	3.391%	19,302,250
Contra Costa County Board of Education Certificates of Participation	3.391%	69,855
Contra Costa County Mosquito Abatement District Certificates of Participation	3.391%	18,990
Contra Costa Community College District Certificates of Participation	3.394%	44,461
Liberty Union High School District Certificates of Participation	45.884%	1,293,929
Brentwood Union School District Certificates of Participation	93.996%	6,090,941
City of Brentwood General Fund Obligations	100.000%	10,305,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		48,276,390
COMBINED TOTAL DEBT		\$ 242,060,887 ⁽²⁾

⁽¹⁾ Includes \$360,795 accreted value.

⁽²⁾ Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2003/04 Assessed Valuation:

Direct Debt (\$6,360,772)	0.18%
Total Overlapping Tax and Assessment Debt	5.42%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$16,665,772)	0.51%
Combined Total Debt	7.48%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/04:	\$ 0
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Source: California Municipal Statistics, Inc.

City of Brentwood

**REVENUE BOND COVERAGE
WATER AND WASTEWATER FUND
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service (3)	Revenue Bond Debt Service Requirements			Ratio of Debt Service Requirements to Net Revenue Available
				Principal	Interest	Total	
2004	\$ 25,463,724	\$ 9,563,623	\$ 15,900,101	\$ 1,225,000	\$ 643,808	\$ 1,868,808	12%
2003	26,729,502	8,601,235	18,128,267	310,000	687,981	997,981	6%
2002	18,055,924	8,059,593	9,996,331	295,000	703,786	998,786	10%
2001	16,481,774	7,928,562	8,553,212	290,000	715,306	1,005,306	12%
2000	11,359,259	5,775,804	5,583,455	275,000	727,681	1,002,681	18%
1999	8,024,591	3,449,889	4,574,702	260,000	738,236	998,236	22%
1998	6,315,493	2,736,368	3,579,125	50,000	741,100	791,100	22%
1997	4,621,484	2,431,478	2,190,006	45,000	472,186	517,186	24%
1996	3,316,558	1,969,127	1,347,431	45,000	94,394	139,394	10%
1995	3,187,883	2,907,276	280,607	30,000	128,459	158,459	56%

(1) Total revenues (including interest)

(2) Total operating expenses exclusive of depreciation

(3) Required by Bond Covenances

Source: City of Brentwood Finance Department

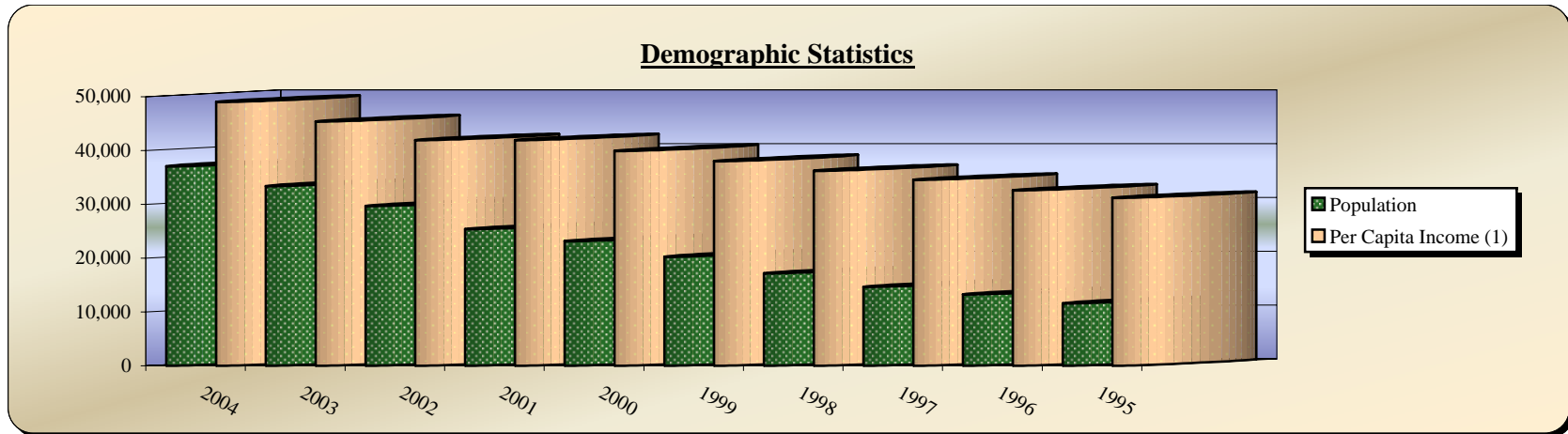
City of Brentwood

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Population January 1st	Per Capita Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2004	37,060	\$ 49,003	37.4	10,645	5.7%
2003	33,364	45,373	37.0	10,510	5.6%
2002	29,630	41,889	36.8	8,984	5.5%
2001	25,325	41,889	36.4	4,390	5.5%
2000	23,090	39,894	36.8	3,886	2.7%
1999	20,235	37,994	36.4	3,549	3.0%
1998	17,108	36,178	36.0	3,211	3.6%
1997	14,623	34,507	35.3	2,954	4.1%
1996	13,218	32,558	35.3	2,745	4.9%
1995	11,563	31,159	35.0	2,442	5.7%

Source: (1) Department of Finance Economic Research Unit
 (2) US Census Bureau
 (3) Brentwood Union School District (1994 - 2001) Liberty Union and Brentwood School Districts (2002 to present)
 (4) Employment Development Department



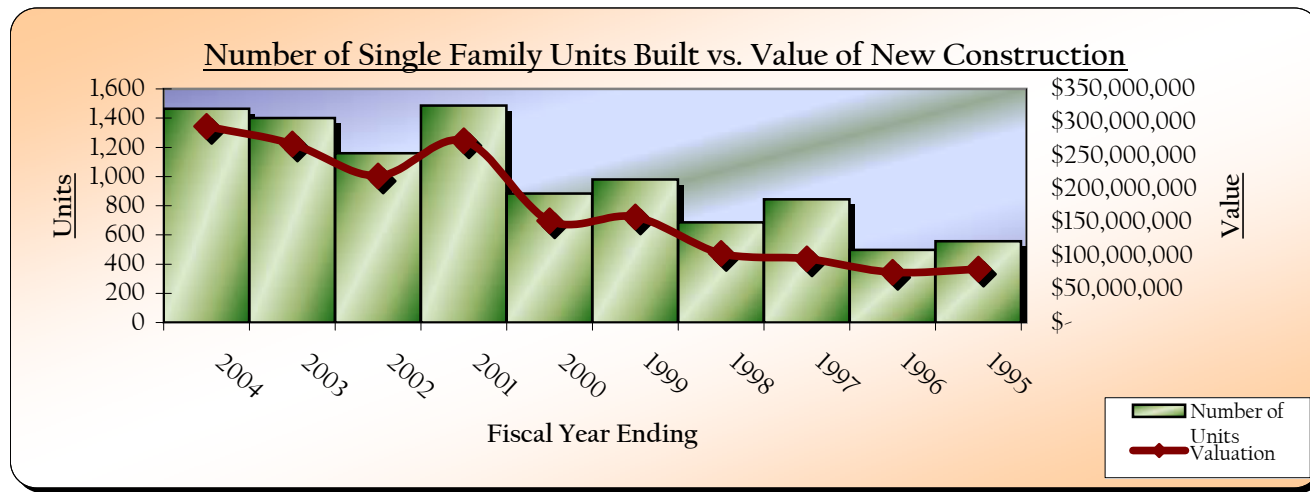
City of Brentwood

**PROPERTY VALUE AND CONSTRUCTION ACTIVITY
LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Commercial Industrial Construction		Residential Construction		Total Construction	
	Number of Units	Valuation	Number of Units	Valuation	Number of Units	Valuation
2004	51	\$ 48,494,264	1,465	\$ 293,718,306	1,516	\$ 342,212,570
2003	22	19,675,286	1,400	267,322,388	1,422	286,997,674
2002	33	17,815,452	1,160	219,497,422	1,193	237,312,874
2001	9	4,394,473	1,485	272,104,867	1,494	276,499,340
2000	6	5,966,094	883	152,583,109	889	158,549,203
1999	8	9,216,760	980	158,089,138	988	167,305,898
1998	11	4,468,999	685	103,799,600	696	108,268,599
1997	21	8,374,236	843	95,625,800	864	104,000,036
1996	4	2,185,237	497	75,231,900	501	77,417,137
1995	6	7,530,189	557	79,898,500	563	87,428,689

Source: City of Brentwood Community Development Department



City of Brentwood

**LARGEST PROPERTY TAXPAYERS
WITHIN THE CITY LIMITS
JUNE 30, 2004
(Unaudited)**

Property Owners Name	Primary Use	Total Secured Assessed Value	Percentage of Secured Assessed Value
Waterford Associates II, LLC	Commercial	\$ 46,000,000	1.2874%
HPH Properties Limited Partnership	Commercial	24,558,499	0.6873%
Safeway Stores	Commercial	7,514,100	0.2103%
US Print Corporation	Commercial	7,182,743	0.2010%
Sunset Crossing Business Center I	Commercial	6,050,732	0.1693%
Sand Creek Business Center I	Commercial	4,816,124	0.1348%
Sciortino Family Limited Partnership	Industrial	4,682,306	0.1310%
WEC 97-34 Investment Trust	Commercial	4,350,948	0.1218%
Paul E. and Lisa A. Taylor	Industrial	4,345,338	0.1216%
HPH Brentwood Towncentre Shops	Commercial	3,417,583	0.0956%
		\$ 112,918,373	3.1601%

Source: HdL, Coren & Cone

City of Brentwood

MISCELLANEOUS STATISTICAL INFORMATION

June 30, 2004

(Unaudited)

Date of Incorporation:	January 19, 1948
Forms of Government:	General Law Council-Manager
Fiscal Year Begins:	July 1
Area of City:	14.83 Sq Miles
Population as of January 2004:	37,060

<u>Number of Full-time Equivalent Positions</u>	<u>Year End</u>
253.00	2004
220.00	2003
198.00	2002
188.45	2001
154.50	2000
130.20	1999
106.85	1998
95.95	1997
87.75	1996
77.88	1995

<u>Public Schools</u>	
Elementary Schools	6
Middle Schools	2
High Schools	2
Alternative High Schools	2

<u>Miles of Streets</u>	
Arterial Miles	19.72
Local Miles	125.42
Miles of Sanitary Sewers	92
Miles of Water Mains	119.74
Number of Street Lights	3,614

<u>Municipal Wastewater System</u>	
Number of lift stations	3
Sanitary	3
Storm	0
Number of connections	12,816
Average daily flow	2.8 MGD

<u>Municipal Water System</u>	
Number of wells	8
Number of reservoirs	4
Storage capacity (millions of gallons)	10.8 MG
Average daily consumption	4.8 MGD
Peak daily consumption	14 MGD
Number of fire hydrants	1,397
Number of connections	12,752

<u>Municipal Solid Waste</u>	
Number of Residential Services	12,303
Number of Commercial Services	624

<u>Parks and Recreation</u>	
Neighborhood Parks	147.66 acres
Aquatic Complex	7.50 acres
Skate Park	.50 acres
Play Areas	22

<u>Parks Facilities</u>	
Multi-Use Trails	13 miles
Multi-Use Ballfields	5
Multi-Use Soccer Fields	8
Tennis Courts	2
Basketball Courts	10
Bocce ball Courts	2
Volleyball Courts	2
Gazebos	2
Picnic Areas	23
Restrooms (Permanent)	5

<u>Police Protection</u>	
Sworn Officers	46
Non-Sworn	14
Reserves	3
Vehicles	34
Motorcycles	7

<u>East Diablo Fire District</u>	
Stations located in Brentwood	2
Firefighters in Brentwood	18