

CITY OF BRENTWOOD



COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2006



708 Third Street
Brentwood, CA 94513

Cover: The small photo is a picture of Heron Park. The main picture shows the artist, Scott Runion's, rendering of the approved public art element for Heron Park. The City of Brentwood instituted a Public Art requirement in 2003. Capital Improvement Projects (CIP), which meet the requirements of the Public Art Fee program, contribute 1% of construction costs for public art.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2006



PREPARED BY:
FINANCE DEPARTMENT
CITY OF BRENTWOOD
708 THIRD STREET
BRENTWOOD, CALIFORNIA 94513

City of Brentwood
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2006

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November, 2006

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

Dear Mayor, 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, within six months of the close of each fiscal year. Therefore, we are pleased to submit the Comprehensive Annual Financial Report for the City of Brentwood, California for the fiscal year ended June 30, 2006. This is the sixth year the City's Finance Department has prepared this report and the fifth year using the reporting requirements as prescribed by the Governmental Accounting Standards Board 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: 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 administration believes the existing

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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 seventh consecutive "Unqualified" Audit issued in 2006.

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 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 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Pursuant to the generally accepted accounting principle requirements, the City has provided a narrative introduction, overview and analysis titled "Management's Discussion and Analysis". The Management's Discussion and Analysis, 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 Management's Discussion and Analysis 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 Management's Discussion and Analysis and should be read in conjunction with the Management's Discussion and Analysis. Components of the Comprehensive Annual Financial Report are described below:

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 Management's Discussion and Analysis. 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, 2006 the City had a population of approximately 46,000 and encompassed approximately 14.83 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.

Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Proprietary 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, Special Revenue Funds, certain 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, 2002 Series A&B, Capital Improvement 2001 and the General Obligation Bond. See Note #2-A, beginning on page 44, for additional information.

ECONOMIC OUTLOOK

According to the 2005 California Retail Survey, the City of Brentwood has been ranked as one of California's fastest growing retail markets. Using the average annual retail sales growth rate for the five year period 1998 – 2003, the City of Brentwood was ranked 37th overall. During these five years, Brentwood saw its retail market grow by a compound annual rate of 12.2%. By comparison, the statewide average for retail growth during this same period was 6.9%.



The Lone Tree Way / Highway 4 Bypass corridor, which is now considered the regional retail draw for a trade area of more than 240,000 residents, intersects three of these growing communities – Antioch, Brentwood and Oakley. Two power centers – Slatten Ranch in Antioch and Lone Tree Plaza in Brentwood – already exist along this corridor. Lone Tree Plaza recently added a Trader Joe's and a Babies R Us is slated to open in December. Future Brentwood projects in this area include the development of a high-end lifestyle center and an automotive mall.

Key Brentwood Demographics

Population:	45,892
Trade Area Population:	240,000
Average Household Income:	\$96,888
Per Capita Income:	\$30,856
Median Age:	32.7
Persons per Household:	3.14

City of Brentwood

Letter of Transmittal

The City is currently in a phase of slowing down residential development and pacing build-out over the next 10-15 years. This slowdown was driven by both City Council policy and a downturn in the housing market which has slowed residential development across much of the state. Listed below are major projects, both current and planned, which support this commitment:

John Muir Medical Center

- Meridian Development is building a new office complex and condos near John Muir
- Additional office space, as well as a skilled nursing facility, will be coming soon
- Vic Stewart's a popular West Contra Costa restaurant, will be opening a restaurant near John Muir
- A new retail center, planned for just west of John Muir, will include a Ribeye's Market

Harvest Business Park

- Located on the corner of Brentwood Blvd and Guthrie across from the Police Station
- Light industrial - flex tech use with bays that will have rollup doors divisible to 1,000 sq. ft. units with a total 56,000 sq. ft.
- Proposed uses include: office space, light industrial businesses, contractors, deli/restaurant



Sand Creek Business Center

- Forty acres, located near Brentwood Boulevard and Sand Creek Road, of multiple developments under construction
- Current/proposed uses include: self storage business (open since 2005), light industrial – flex tech, motel/inn, restaurant, residential units

FINANCIAL OUTLOOK

Long-Range Financial Planning – Key to planning for the City's build-out is the development of a fiscal model that ensures the City continues to budget conservatively, with revenues exceeding expenditures, and with adequate reserves to cover future liabilities and unexpected emergencies. The City's fiscal model, expected to be adopted by the City Council in 2006/07, will combine a 10-year financial forecast of expenditures, revenues and fund balance, with recommendations on how any possible gaps between City revenues and expenditures might be closed. The fiscal

City of Brentwood

Letter of Transmittal

model will be a valuable tool during the next decade as the City continues to transition from a reliance on developer revenue to a reliance on property and sales taxes from a newly expanded economic and commercial base.

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, 2006, are classified in the category of lowest credit risk as defined by Governmental Accounting Standards Board.

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 66-67.



Development Fees – 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. 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.

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)." Capital Improvement

Financing Programs 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 collateral. There is minimal 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.

MAJOR INITIATIVES

Public Safety

The City Council has designated Public Safety as one of its top priorities and is committed to making and keeping Brentwood one of the safest cities in California. Safe streets and low crime rates attract quality residential and commercial growth. The new 43,984 sq. ft., state of the art police facility opened in August of 2005. The facility houses not only the Brentwood Police department, but also members of the California Highway Patrol. Additional components of the Public Safety initiative include: expanding traffic enforcement; ongoing audits of the City's Disaster Preparedness Plan; contracting with the County for a community-based prosecutor; a proactive Code Enforcement Program and continued funding for School Resource Officers.

Regional / Local Transportation

Brentwood has been working diligently with Caltrans and the State Route 4 Bypass Authority on the State Route 4 Bypass project. State Route 4 is a major highway which is heavily traveled by commuters from Brentwood, Antioch and Oakley. A portion of State Route 4, Brentwood Boulevard, runs through downtown Brentwood.

The State Route 4 Bypass project, which consists of three phases, will ease traffic congestion in Brentwood and Oakley and provide access to the growing areas of southeast Antioch and western Brentwood. Phase II, which runs south from Lone Tree Way to Balfour Road, was completed in 2002. Phases I and III are currently scheduled to be completed by 2007 and will extend the Bypass north from Lone Tree Way to the existing Highway 4 and south from Balfour Road to Vasco Road.



The success of the Bypass Authority, a locally funded, locally controlled entity responsible for the State Route 4 improvements in the Brentwood area, has helped bring a regional focus to the need for improvements to Vasco Road. Vasco Road is a major thoroughfare which links Brentwood to the Bay Area. The City of Brentwood, in conjunction with regional stakeholders, is in the process of developing a Vasco Road Strategic Plan. One option currently gaining momentum has the Bypass Authority taking a lead role in facilitating the Vasco Road Corridor and pursuing funding from the Bypass Fee and Financing Authority.

Infrastructure / Public Facilities

In January 2006, the Citizen's Advisory Committee on Community Facilities presented their recommendations to the City Council. Their recommendations included the concept of a downtown civic core which included City Hall, a library, a community center, a senior center and a cultural arts center. The City incorporated these recommendations in Downtown Brentwood 2010, the plan for the downtown civic core. The first phase of Downtown Brentwood 2010 will include: the construction of a new, 60,000 square foot City Hall and a new, 5,000 square foot Council Chamber; a parking structure adjacent to City Hall; the opening of Third Street and the creation of a plaza in front of City Hall. Financing of these facilities will be tied to the City's build out as identified in the City's General Plan. As part of Downtown Brentwood 2010, staff and the City Council will develop a phased financing and development plan for these future projects.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association and California Society of Municipal Finance Officers 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 the Government Finance Officers Association and the California Society of Municipal Finance Officers 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, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report which satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our 2005/06 CAFR continues to meet the Certificate of Achievement Program's requirements and therefore we are submitting this year's Comprehensive Annual Financial Report to the Government Finance Officers Association 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 Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report. Special recognition is given to the Finance Department and specifically the Administrative Services, Business Services and Financial Services staff. 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.

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 Comprehensive Annual Financial Report 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,

Donna Landeros

Donna Landeros
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, 2005

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.



Carla E. Perry

President

Jeffrey R. Egan

Executive Director

California Society of Municipal Finance Officers

Certificate of Award

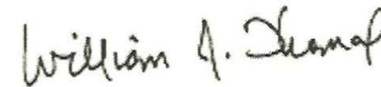
Outstanding Financial Reporting 2004-05

Presented to the

City of Brentwood

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2006



Bill Thomas, Chair
Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



LIST OF PRINCIPAL OFFICIALS

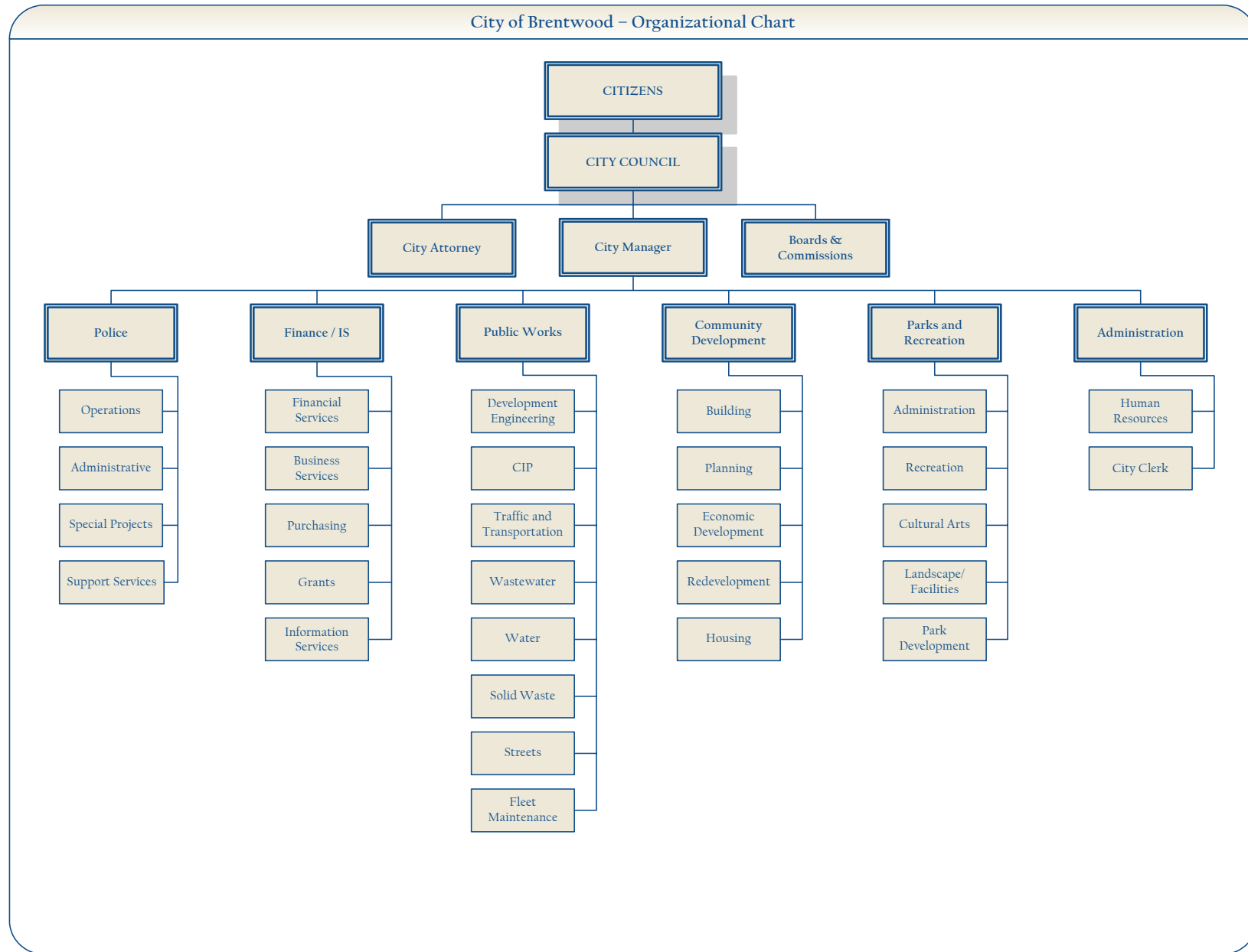
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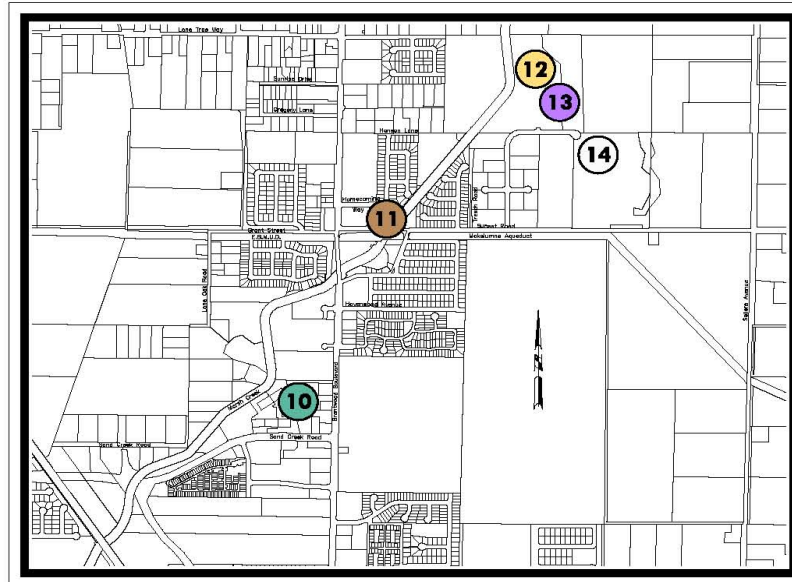
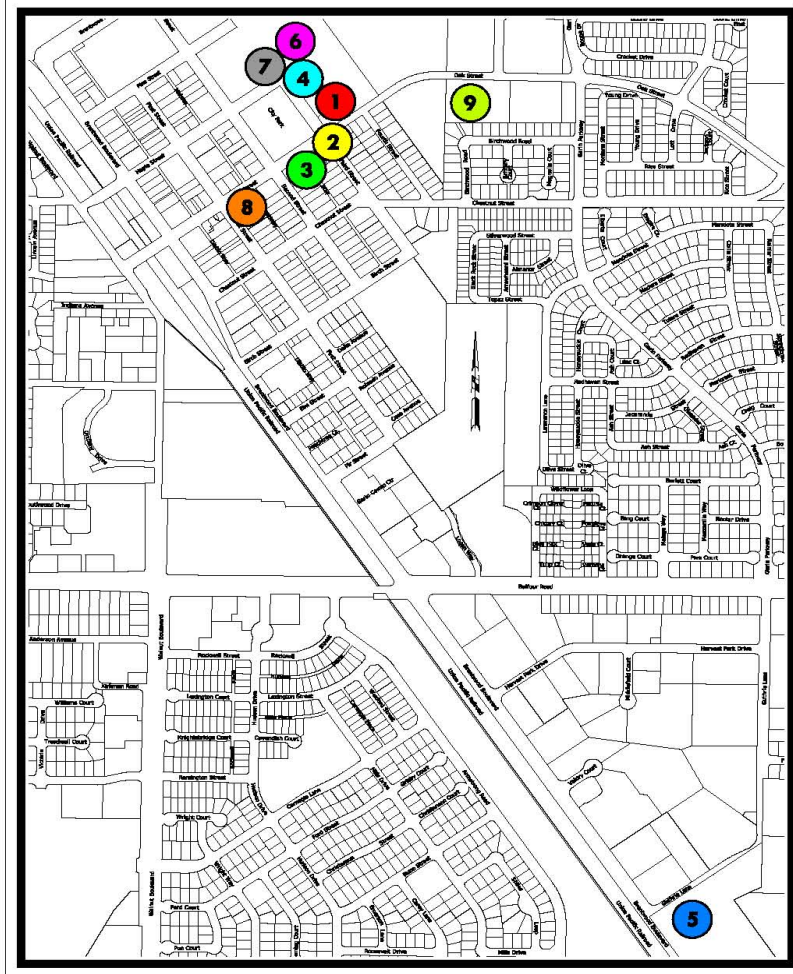
City Officials

Brian Swisher Mayor
Ana Gutierrez Vice-Mayor
Annette Beckstrand Council Member
Robert Brockman Council Member
Robert Taylor Council Member

Executive Team

Donna Landeros City Manager
Damien Brower City Attorney
Craig Bronzan Director of Parks & Recreation
Karen Chew Assistant City Manager
Mike Davies Police Chief
Pamela Ehler City Treasurer / Director of Finance & Information Systems
Bailey Grewal Director of Public Works / City Engineer
Howard Sword Director of Community Development





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	9100 Brentwood Blvd.
6	Delta Community Center	730 Third Street
7	Library	751 Third Street
8	Chamber of Commerce	240 Oak Street
9	Post Office	18 Oak Street
10	Technology Center / Economic Dev.	101 Sand Creek Road
11	Water Treatment Plant	2000 Homecoming Way
12	Public Works / Corp. Yard	2201 Elkins Way
13	Wastewater Treatment Plant	2251 Elkins Way
14	Solid Waste Transfer Facility	2300 Elkins Way

Mission Statement

Bringing Brentwood's vision to reality

Vision and Culture

We are an organization of dedicated professionals working together to make Brentwood the very best, preserving its rich heritage and keeping Brentwood in the hearts of the people.

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*



VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood, as of and for the year ended June 30, 2006, which collectively comprise the City of Brentwood's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Brentwood Government's management. Our responsibility is to express opinions on these 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 General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brentwood's as of June 30, 2006, 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.

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FRESNO • LAGUNA HILLS • PLEASANTON • RANCHO CUCAMONGA • PALO ALTO

In accordance with *Government Auditing Standards*, we have also issued a report dated November 28, 2006, on our consideration of the City of Brentwood internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Required Supplemental Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally on inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic statements of the City of Brentwood. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Varrinek, Trine, Day & Co., LLP.

Pleasanton, California
November 28, 2006

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, 2006. 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 \$580.8 million. Of this amount, \$68.1 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased \$89.9 million due primarily to development impact fees, contributed assets and the funding of Capital Improvement Financing Program (CIFP) 2005-1.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$119.5 million, an increase of \$47.4 million in comparison to the prior year. This increase is due primarily to the reclassification of funds and the funding of CIFP 2005-1.
- The City's total long-term debt decreased by \$4.0 million.
- Internal Service (Replacement) Funds have net assets of \$21.1 million at year end, which is an increase of \$4.4 million from the prior year.

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, Community Services and Parks and Recreation. 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, 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 Solid Waste. 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 Replacement Fund and the Fleet Maintenance Services 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 a 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 – 70 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 71 – 74 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 75 – 122 of this report: Non-Major Governmental Funds, Internal Service Funds, Fiduciary 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 18.3% from \$490.9 million at June 30, 2005 to \$580.8 million at June 30, 2006. This increase of \$89.9 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 \$40.0 million during the year. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources since the capital assets themselves can't be used to liquidate these liabilities.

An additional portion of the City's net assets represent resources which are subject to external restrictions on how they may be used. This restricted amount is \$111.6 million as of June 30, 2006. The remaining balance of unrestricted net assets, \$68.1 million as of June 30, 2006, may be used to meet the City's ongoing obligations to citizens and creditors.

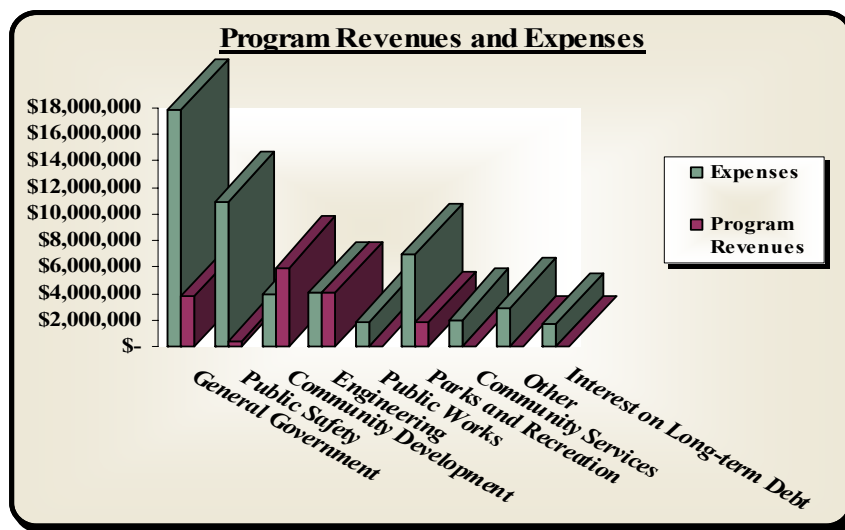
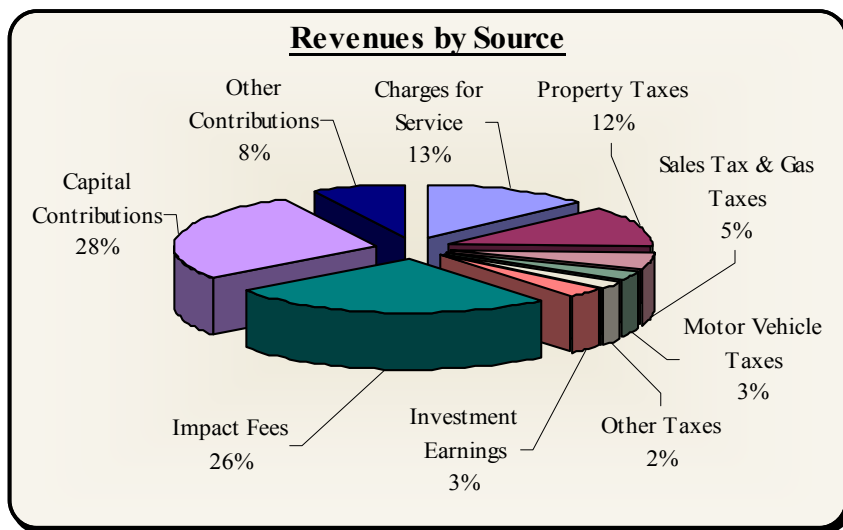
	Governmental Activities		Business-Type Activities		Totals	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 147,961,234	\$ 97,923,591	\$ 48,422,953	\$ 50,363,740	\$ 196,384,187	\$ 148,287,331
Capital Assets	334,832,614	259,350,331	159,194,816	199,857,686	494,027,430	459,208,017
Total Assets	<u>482,793,848</u>	<u>357,273,922</u>	<u>207,617,769</u>	<u>250,221,426</u>	<u>690,411,617</u>	<u>607,495,348</u>
Current Liabilities	\$ 15,008,427	\$ 16,494,892	\$ 6,808,029	\$ 10,504,784	\$ 21,816,456	\$ 26,999,676
Long-Term Liabilities Outstanding	37,499,176	36,603,311	50,339,477	52,997,077	87,838,653	89,600,388
Total Liabilities	<u>52,507,603</u>	<u>53,098,203</u>	<u>57,147,506</u>	<u>63,501,861</u>	<u>109,655,109</u>	<u>116,600,064</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 294,913,055	\$ 215,720,615	\$ 106,147,590	\$ 145,324,480	\$ 401,060,645	\$ 361,045,095
Restricted	81,395,898	35,666,618	30,182,173	27,021,249	111,578,071	62,687,867
Unrestricted	53,977,292	52,788,486	14,140,500	14,373,836	68,117,792	67,162,322
Total Net Assets - Restated	<u>\$ 430,286,245</u>	<u>\$ 304,175,719</u>	<u>\$ 150,470,263</u>	<u>\$ 186,719,565</u>	<u>\$ 580,756,508</u>	<u>\$ 490,895,284</u>

Governmental Activities – The City's net assets from governmental activities increased 41.5% from \$304.2 million to \$430.3 million. This increase represents 140.3% of the City's total growth in net assets. Key elements of this increase include an increase in Governmental net assets due to the reclassification of Parks and Recreation from a Business-Type activity to a Governmental activity. Refer to Note #1 D - xii, found on page 43 of this report, for further information on the reclassification.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	\$ 16,189,709	\$ 17,530,001	\$ 27,067,781	\$ 23,241,030	\$ 43,257,490	\$ 40,771,031
Operating Grants and Revenues	200,915	114,791	-	-	200,915	114,791
Capital Grants and Contributions	212,611	166,951	-	-	212,611	166,951
General Revenues:						
Taxes:						
Property Taxes	14,887,469	9,932,342	-	1,073,421	14,887,469	11,005,763
Sales Tax and Gas Taxes	5,411,724	4,442,764	-	-	5,411,724	4,442,764
Franchise Fees, Rentals	1,021,258	851,237	-	-	1,021,258	851,237
Public Service Taxes	1,000,573	914,426	-	-	1,000,573	914,426
Measure C, TOT	532,035	480,838	-	-	532,035	480,838
Motor Vehicle Taxes	3,502,237	2,198,750	-	-	3,502,237	2,198,750
Other Taxes	188,636	-	-	-	188,636	-
Grants and Contributions Not Restricted to Specific Programs	-	-	-	177,600	-	177,600
Investment Earnings	3,639,789	3,185,671	1,199,763	534,586	4,839,552	3,720,257
Impact Fees	31,600,393	29,584,350	11,381,912	17,844,231	42,982,305	47,428,581
Capital Contributions	33,424,231	3,592,176	6,287,482	21,325,932	39,711,713	24,918,108
Capital Assets Contributed to/from Other Funds	-	126,356	-	(126,356)	-	-
Intergovernmental	1,151,837	862,624	-	-	1,151,837	862,624
Interfund Services	4,627,478	3,570,121	-	-	4,627,478	3,570,121
Miscellaneous	3,328,605	4,098,758	-	-	3,328,605	4,098,758
Total Revenues	120,919,500	81,652,156	45,936,938	64,070,444	166,856,438	145,722,600
Expenses:						
General Government	17,818,033	22,019,514	-	-	17,818,033	22,019,514
Public Safety	10,952,967	9,563,065	-	-	10,952,967	9,563,065
Community Development	3,960,793	5,103,462	-	-	3,960,793	5,103,462
Engineering	4,063,792	3,821,479	-	-	4,063,792	3,821,479
Public Works	1,815,288	1,796,006	-	-	1,815,288	1,796,006
Parks and Recreation	6,965,572	2,442,686	-	-	6,965,572	2,442,686
Community Services	2,059,834	237,458	-	-	2,059,834	237,458
Other	2,918,908	1,008,158	-	-	2,918,908	1,008,158
Interest on Long-Term Debt	1,766,038	1,949,670	-	-	1,766,038	1,949,670
Wastewater	-	-	5,995,237	5,713,763	5,995,237	5,713,763
Solid Waste	-	-	6,018,649	4,266,665	6,018,649	4,266,665
Water	-	-	10,715,951	7,784,109	10,715,951	7,784,109
Parks and Recreation	-	-	-	3,854,606	-	3,854,606
City Rentals	-	-	728,604	434,243	728,604	434,243
Housing	-	-	1,215,548	1,022,306	1,215,548	1,022,306
Total Expenses	52,321,225	47,941,498	24,673,989	23,075,692	76,995,214	71,017,190
Increase in Net Assets Before Transfers	68,598,275	33,710,658	21,262,949	40,994,752	89,861,224	74,705,410
Transfers	57,512,251	(1,847,651)	(57,512,251)	1,847,651	-	-
Increase in Net Assets	126,110,526	31,863,007	(36,249,302)	42,842,403	89,861,224	74,705,410
Net Assets 7/1 - Restated	304,175,719	272,312,712	186,719,565	143,877,162	490,895,284	416,189,874
Net Assets 6/30	\$ 430,286,245	\$ 304,175,719	\$ 150,470,263	\$ 186,719,565	\$ 580,756,508	\$ 490,895,284

Governmental Activities – The cost of all Governmental activities this year was \$52.3 million. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$35.7 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 (\$0.2 million), or capital grants and contributions (\$0.2 million). Community Development and Engineering show net revenues of \$2.0 million and \$25,000 respectively, which is the result of growth. Overall, the City’s governmental program revenues were \$16.6 million. The City paid for the remaining “public benefit” portion of Governmental activities with \$26.5 million in taxes, some of which could only be used for certain programs, and with other revenues such as interest and general entitlements.

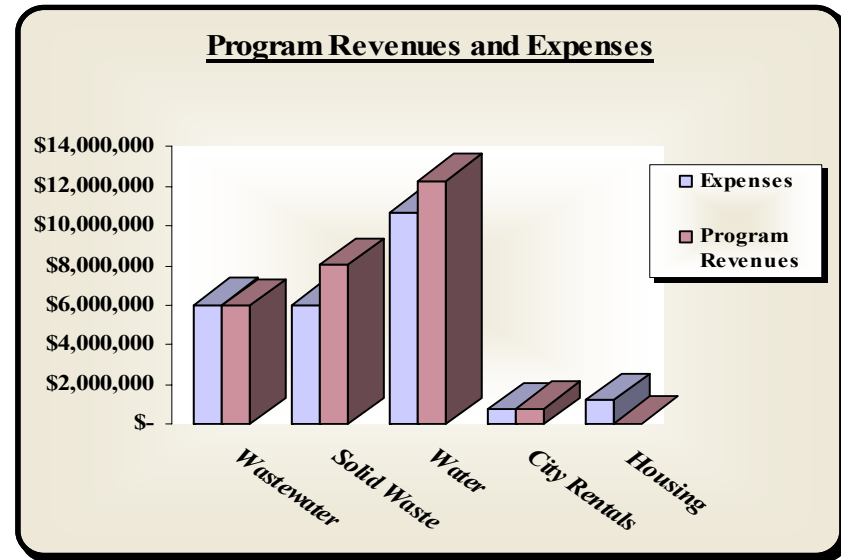
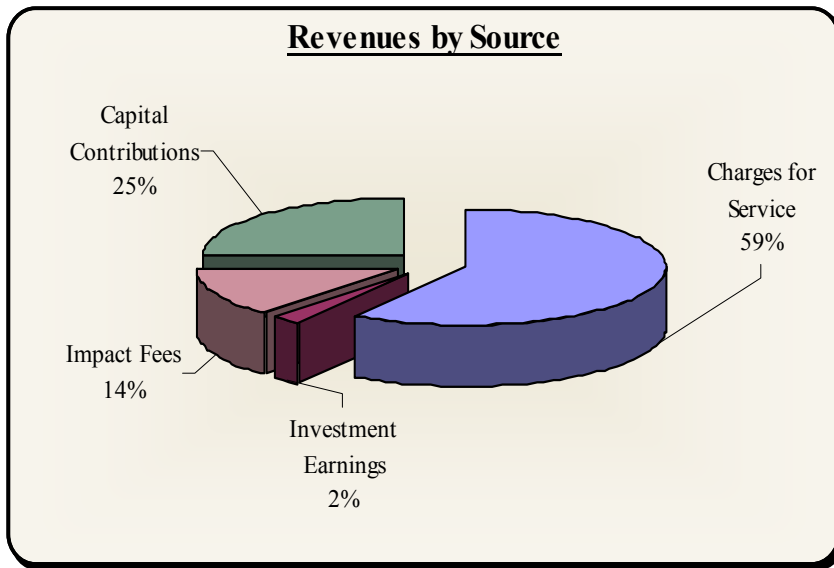
Total resources available during the year to finance governmental operations were \$482.6 million consisting of net assets at July 1, 2005 of \$304.2 million, program revenues of \$16.6 million and general revenues and transfers of \$161.8 million. Total Governmental activities during the year were \$52.3 million, thus net assets were increased by \$126.1 million to \$430.3 million.



Business-Type Activities – The City's net assets from Business-Type activities decreased 19.4% from \$186.7 million to \$150.5 million. Investment in capital assets, net of related debt, decreased \$38.4 million due to the reclassification of the Parks and Recreation Enterprise fund. Overall, the unrestricted net assets decreased by \$0.2 million.

The cost of all Business-Type activities this year was \$24.7 million. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were \$27.1 million. Investment earnings were \$1.2 million and impact fees and credits totaled \$11.4 million.

Total resources available during the year to finance Business-Type activities were \$175.2 million consisting of net assets at July 1, 2005 of \$186.7 million, program revenues of \$27.1 million, capital contributions of \$6.3 million and general revenues and net transfers of (\$44.9) million. Total Business-Type activities during the year were \$24.7 million, thus net assets decreased by \$36.2 million to \$150.5 million.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

At year-end the City's General Fund had a fund balance of \$22,514,337. This is an increase of \$3,013,774 compared to last year. The increase is attributable to budgeted positions which remained unfilled during the year.

Thoroughfares, which is reported as a Special Revenue fund, had a decrease in fund balance of \$4,313,515 due primarily to a transfer of funds to the Street Improvement Projects fund.

Agriculture Land, which is reported as a Special Revenue fund, had an increase in fund balance of \$2,160,814 due to developer agriculture mitigation fees which will be used for the future preservation of agricultural land.

Capital Improvement Financing Program (CIFP) 2005-1, which is reported as a Capital Projects fund and is a new fund this year, had a June 30, 2006 fund balance of \$27,376,737. This represents the funding of CIFP 2005-1 which will be used to reimburse developers for the construction of certain capital assets and infrastructure.

Street Improvement Projects, which is reported as a Capital Projects fund, had an increase in fund balance of \$7,370,398. This was due primarily to a transfer of funds from Thoroughfares which will be used for Street projects.

Equipment Replacement, which is reported as an Internal Service fund, had an increase in net assets of \$2,026,625. This was due primarily to the fact the City did not have to replace as much equipment as expected in 2005/06.

Insurance, which is reported as an Internal Service fund, had an increase in net assets of \$1,993,438. A significant portion of this increase was due to the City transferring savings achieved through prepaying our Public Employees Retirement System (PERS) employer contributions at a discounted rate. This fund, which is used to pay for retiree medical benefits, workers compensation and property insurance costs, will provide a significant funding source for the City when Governmental Accounting Standards Board (GASB) Statement Number 45 is implemented.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 20005/06 original budget (or adopted) General Fund expenditures and transfers out in the amount of \$40,893,114, to the final budget amount of \$41,577,188, shows a net increase of \$684,074.

<u>Beginning Balance</u>	+	<u>Supplemental Changes</u>	=	<u>Final Budget</u>
\$ 40,893,114		\$684,074		\$41,577,188

During the fiscal year, the total revenues and transfers in for the General Fund were \$40,133,050. This was \$797,726 less than budgeted. The shortfall was due to a slowdown in development. The City finished the year approximately 18% under building permit projections. The total expenses and transfers out for the General Fund were \$37,119,276. This was \$4,457,912 less than budgeted. There were two main factors which contributed to the savings:

- Salary and benefit savings of \$2,125,000, plus \$200,000 in supplies, training and related expenses, due to budgeted positions remaining unfilled during the fiscal year.
- Expenses related to development activities were lower due to the slowdown in development.

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, 2006, capital assets net of accumulated depreciation of the Governmental activities totaled \$333,165,229, excluding intangible assets. Capital assets net of accumulated depreciation of the Business-Type activities totaled \$149,153,204, excluding intangible assets. Depreciation on capital assets is recognized in the Government-Wide financial statements. Refer to Note #4, found on pages 53 – 54 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	\$ 27,288,471	\$ -	\$ 27,288,471
Land Improvements	1,085,213	497,216	587,997
Buildings	12,324,480	2,259,510	10,064,970
Infrastructure	231,100,703	36,029,532	195,071,171
Machinery and Equipment	3,299,956	1,633,876	1,666,080
Vehicles	6,725,656	3,353,992	3,371,664
Work in Progress – CIP & Infrastructure	95,114,876	-	95,114,876
Total Capital Assets – Governmental	<u>\$ 376,939,355</u>	<u>\$ 43,774,126</u>	<u>\$ 333,165,229</u>
Capital Assets – Business-Type:			
Land	\$ 1,114,092	\$ -	\$ 1,114,092
Land Improvements	1,230,303	621,600	608,703
Buildings	9,600,472	2,122,409	7,478,063
Infrastructure	129,807,256	12,961,630	116,845,626
Machinery and Equipment	1,120,327	563,431	556,896
Work in Progress – CIP & Infrastructure	22,549,824	-	22,549,824
Total Capital Assets – Business-Type	<u>\$ 165,422,274</u>	<u>\$ 16,269,070</u>	<u>\$ 149,153,204</u>

Management’s Discussion and Analysis

Debt Administration – Debt, considered a liability of Governmental Activities, decreased in fiscal year 2005/06 by \$1,107,707. Per capita debt outstanding decreased from \$941 to \$853 per capita compared to the prior fiscal year. Detailed information regarding long-term debt activity can be found in Note #5 on pages 55 – 63 in this report.

Debt of the Business-Type activities decreased by \$2,929,328 in fiscal year 2005/06 due primarily to regularly scheduled principal payments.

	Balance June 30, 2005	Incurred or Issued	Satisfied or Matured	Balance June 30, 2006
Governmental Activities				
Capital Leases	\$ 175,561	\$ -	\$ 157,807	\$ 17,754
Notes Payable	2,355,868	-	488,660	1,867,208
Bonds Payable	36,801,571	92,731	770,000	36,124,302
Accumulated Compensated Absences	913,611	1,436,306	1,220,277	1,129,640
Total Governmental Activities	<u>\$ 40,246,611</u>	<u>\$ 1,529,037</u>	<u>\$ 2,636,744</u>	<u>\$ 39,138,904</u>
Business-Type Activities				
Capital Leases	\$ 423,676	\$ -	\$ 232,721	\$ 190,955
Notes Payable	45,065,116	845,104	3,178,952	42,731,268
Bonds Payable	10,525,000	-	285,000	10,240,000
Accumulated Compensated Absences	308,984	241,734	319,493	231,225
Total Business-Type Activities	<u>\$ 56,322,776</u>	<u>\$ 1,086,838</u>	<u>\$ 4,016,166</u>	<u>\$ 53,393,448</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2006/07 were:

1. Sales Tax revenues are expected to increase by 20% due to growth in new commercial and retail centers.
2. The 15% increase in Franchise Fees is due to forecasted growth in the population and new businesses.
3. Investment income will increase an estimated \$335,000 due to the recent rise in interest rates from their previous historic lows.
4. Approximately 1,000 new housing units will be constructed.
5. Business License revenues are estimated to increase to \$631,250 for fiscal year 2006/07, which is an increase of \$165,000 compared to 2005/06. 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.
6. The continuing effects 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 2006/07 budget reflects these reductions in State sales tax distributions and revenue projections will remain conservative even though the State doesn't appear to have plans for further cuts in funding for local governments.

The City of Brentwood has begun to experience a financial impact from the slowing housing market and slowdown in general building activity. The City's population, which has increased at an annual average rate of 13.4% over the past decade, is expected to increase by less than 7% per year over the next two years. Key budgetary impacts addressed in the 2006/07 budget year were:

- Building, planning and engineering revenues, when taken as a whole, will remain level when compared to the 2005/06 fiscal year. This represents a decline of 17% from our peak revenues achieved during the 2004/05 fiscal year.
- Property taxes, which have consistently grown at 25% per year for the past several years, are projected to grow at 18% for the 2006/07 fiscal year.
- In 2005/06, the City implemented a 10-year plan to minimize its dependence on development impact fees. As part of this plan, Parks and Recreation moved all of their staff in FY 2005/06, and the Finance Department moved a percentage of their staff in FY 2005/06, from allocations funded by development impact fees to allocations funded by the General Fund. In 2006/07, Economic Development and Engineering will begin reallocating staff funded by development impact fees.

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) 516-5460 or e-mail dept-finance@ci.brentwood.ca.us.



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City of Brentwood

Statement of Net Assets

June 30, 2006

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 104,452,348	\$ 39,013,095	\$ 143,465,443
Restricted Cash and Investments	41,059,712	1,337,006	42,396,718
Receivables	2,799,510	4,479,195	7,278,705
Prepays	271,562	60,508	332,070
Land Held for Resale	1,088,957	-	1,088,957
Notes Receivable	-	354,513	354,513
Total Current Assets	149,672,089	45,244,317	194,916,406
Non-Current Assets:			
Deferred Charges	-	488,097	488,097
Long-Term Notes Receivable	-	979,684	979,684
Internal Balances	(1,710,855)	1,710,855	-
Capital Assets, Net of Accumulated Depreciation & Amortization:			
Intangible Assets	1,667,385	10,041,612	11,708,997
Land	27,288,471	1,114,092	28,402,563
Land Improvements	587,997	608,703	1,196,700
Buildings	10,064,970	7,478,063	17,543,033
Infrastructure	195,071,171	116,845,626	311,916,797
Machinery and Equipment	1,666,080	556,896	2,222,976
Vehicles	3,371,664	-	3,371,664
Work in Progress	95,114,876	22,549,824	117,664,700
Total Non-Current Assets	333,121,759	162,373,452	495,495,211
Total Assets	482,793,848	207,617,769	690,411,617
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	4,068,319	1,909,101	5,977,420
Other Liabilities	519,508	460,776	980,284
Unearned Revenue	111,630	1,040,824	1,152,454
Deposits Held	8,669,242	343,357	9,012,599
Long-Term Debt Due Within One Year	1,639,728	3,053,971	4,693,699
Total Current Liabilities	15,008,427	6,808,029	21,816,456
Non-Current Liabilities Due in More Than One Year:			
Bonds Payable	35,309,302	9,945,000	45,254,302
Notes Payable	1,738,860	40,304,761	42,043,621
Compensated Absences Payable	451,014	89,716	540,730
Total Non-Current Liabilities	37,499,176	50,339,477	87,838,653
Total Liabilities	52,507,603	57,147,506	109,655,109
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	294,913,055	106,147,590	401,060,645
Restricted for:			
Debt Service	5,485,348	-	5,485,348
Specific Projects and Programs	75,910,550	30,182,173	106,092,723
Unrestricted	53,977,292	14,140,500	68,117,792
Total Net Assets	\$ 430,286,245	\$ 150,470,263	\$ 580,756,508

City of Brentwood

Statement of Activities and Changes in Net Assets
For Year Ended June 30, 2006

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	\$ 17,818,033	\$ 3,803,913	\$ 77,110	\$ 26,794	\$ 3,907,818	\$ (13,910,215)	\$ -	\$ (13,910,215)
Public Safety	10,952,967	463,693	113,805	185,817	763,315	(10,189,652)	-	(10,189,652)
Community Development	3,960,793	5,992,652	-	-	5,992,652	2,031,859	-	2,031,859
Engineering	4,063,792	4,088,577	-	-	4,088,577	24,785	-	24,785
Public Works	1,815,288	36,618	-	-	36,618	(1,778,670)	-	(1,778,670)
Parks and Recreation	6,965,572	1,804,256	10,000	-	1,814,256	(5,151,316)	-	(5,151,316)
Community Services	2,059,834	-	-	-	-	(2,059,834)	-	(2,059,834)
Other	2,918,908	-	-	-	-	(2,918,908)	-	(2,918,908)
Interest on Long-Term Debt	1,766,038	-	-	-	-	(1,766,038)	-	(1,766,038)
Total Governmental Activities	52,321,225	16,189,709	200,915	212,611	16,603,235	(35,717,990)	-	(35,717,990)
Business-Type Activities								
Wastewater	5,995,237	5,979,653	-	2,254,224	8,233,877	-	2,238,640	2,238,640
Solid Waste	6,018,649	8,025,919	-	-	8,025,919	-	2,007,270	2,007,270
Water	10,715,951	12,264,649	-	2,640,839	14,905,488	-	4,189,537	4,189,537
City Rentals	728,604	767,270	-	-	767,270	-	38,666	38,666
Housing	1,215,548	30,290	-	1,392,419	1,422,709	-	207,161	207,161
Total Business-Type Activities	24,673,989	27,067,781	-	6,287,482	33,355,263	-	8,681,274	8,681,274
Total Primary Government	\$ 76,995,214	\$ 43,257,490	\$ 200,915	\$ 6,500,093	\$ 49,958,498	\$ (35,717,990)	\$ 8,681,274	\$ (27,036,716)
General Revenues:								
Taxes:								
Property Taxes						14,887,469	-	14,887,469
Sales Tax and Gas Taxes						5,411,724	-	5,411,724
Franchise Fees						1,021,258	-	1,021,258
Public Service Taxes						1,000,573	-	1,000,573
Measure C, TOT						532,035	-	532,035
Motor Vehicle Taxes						3,502,237	-	3,502,237
Other Taxes						188,636	-	188,636
Investment Earnings						3,639,789	1,199,763	4,839,552
Contributions - Impact Fees and Credits						31,600,393	11,381,912	42,982,305
Capital Contributions						33,424,231	-	33,424,231
Intergovernmental						1,151,837	-	1,151,837
Interfund Services						4,627,478	-	4,627,478
Miscellaneous						3,328,605	-	3,328,605
Transfers						57,512,251	(57,512,251)	-
Total General Revenues and Transfers						161,828,516	(44,930,576)	116,897,940
Change in Net Assets						126,110,526	(36,249,302)	89,861,224
Net Assets - Beginning of Year - Restated						304,175,719	186,719,565	490,895,284
Net Assets - End of Year						\$ 430,286,245	\$ 150,470,263	\$ 580,756,508

City of Brentwood

**Balance Sheet
Governmental Funds
June 30, 2006**

	Special Revenue		Capital Projects			Total Governmental Funds
	General Fund	Thoroughfares	Capital Improvement Financing Program 2005-1	Street Improvement Projects	Other Governmental Funds	
ASSETS						
Current Assets:						
Cash and Investments	\$ 31,250,163	\$ -	\$ -	\$ 12,358,440	\$ 44,413,152	\$ 88,021,755
Restricted Cash and Investments	-	-	27,376,737	375,305	13,307,670	41,059,712
Receivables	1,487,369	1,017,015	-	31,445	701,873	3,237,702
Prepays	204,076	-	-	-	20,073	224,149
Due from Other Funds	-	97,069	-	-	2,090,336	2,187,405
Land Held for Resale	-	-	-	-	1,088,957	1,088,957
Non-Current Assets:						
Deferred Charges	-	-	-	-	-	-
Total Assets	\$ 32,941,608	\$ 1,114,084	\$ 27,376,737	\$ 12,765,190	\$ 61,622,061	\$ 135,819,680
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 1,646,731	\$ 1,394	\$ -	\$ 97,762	\$ 2,079,142	\$ 3,825,029
Due to Other Funds	-	1,975,068	-	-	12,897	1,987,965
Other Liabilities	-	-	-	375,305	144,203	519,508
Unearned Revenue	111,298	1,114,083	-	-	102,371	1,327,752
Deposits Held	8,669,242	-	-	-	-	8,669,242
Total Liabilities	10,427,271	3,090,545	-	473,067	2,338,613	16,329,496
Fund Balances:						
Reserved for:						
Prepays	204,076	-	-	-	20,073	224,149
Land Held for Resale	-	-	-	-	1,088,957	1,088,957
Debt Service	-	-	-	-	5,485,348	5,485,348
Specific Projects and Programs	-	-	27,376,737	12,292,123	47,055,138	86,723,998
Unreserved, Reported in:						
General Fund	22,310,261	-	-	-	-	22,310,261
Special Revenue	-	(1,976,461)	-	-	5,633,932	3,657,471
Total Fund Balances	22,514,337	(1,976,461)	27,376,737	12,292,123	59,283,448	119,490,184
Total Liabilities and Fund Balances	\$ 32,941,608	\$ 1,114,084	\$ 27,376,737	\$ 12,765,190	\$ 61,622,061	\$ 135,819,680

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

June 30, 2006

Total Fund Balances - Total Governmental Funds	\$	119,490,184
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.		330,220,147
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.		21,087,020
The long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		467,884
Long-term liabilities are not due and payable in the current period; therefore, they are not reported in the Governmental Funds Balance Sheet.		<u>(40,978,990)</u>
Net Assets of Governmental Activities	\$	<u><u>430,286,245</u></u>

City of Brentwood

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2006

	Special Revenue		Capital Projects			Total Governmental Funds
	General Fund	Thoroughfares	Capital Improvement Financing Program 2005-1	Street Improvement Projects	Other Governmental Funds	
REVENUES						
Taxes	\$ 13,553,708	\$ -	\$ -	\$ -	\$ 8,053,238	\$ 21,606,946
Licenses	471,668	-	-	-	-	471,668
Permits and Fines	9,647,761	-	-	-	-	9,647,761
Uses of Money and Property	1,146,693	405	766,238	74,604	1,393,128	3,381,068
Intergovernmental	3,776,564	-	-	874,578	886,567	5,537,709
Franchises	808,389	-	-	-	-	808,389
Charges for Other Services	1,546,497	-	-	-	33,701	1,580,198
Charges to Other Funds	5,506,136	-	-	-	-	5,506,136
Fees and Other Revenues	111,620	5,978,314	26,629,254	7,314	19,555,138	52,281,640
Total Revenues	36,569,036	5,978,719	27,395,492	956,496	29,921,772	100,821,515
EXPENDITURES						
Current:						
General Government	4,410,573	380,001	-	1,206,283	6,557,243	12,554,100
Public Safety	12,690,401	-	-	-	83,696	12,774,097
Community Development	4,393,135	-	-	-	22,138	4,415,273
Engineering	2,476,437	-	-	-	-	2,476,437
Public Works	2,292,826	-	-	-	-	2,292,826
Parks	5,597,661	-	-	-	2,037,047	7,634,708
Community Services	203,941	-	-	-	1,869,839	2,073,780
Other	1,345,380	-	-	-	1,525,415	2,870,795
Capital Outlay	9,088	-	-	3,953,328	5,204,422	9,166,838
Debt Service:						
Principal	-	-	-	-	1,817,780	1,817,780
Interest and Fiscal Charges	-	-	-	-	1,671,308	1,671,308
Total Expenditures	33,419,442	380,001	-	5,159,611	20,788,888	59,747,942
REVENUES OVER (UNDER) EXPENDITURES	3,149,594	5,598,718	27,395,492	(4,203,115)	9,132,884	41,073,573
OTHER FINANCING SOURCES (USES)						
Transfers In	3,564,014	21,840	-	11,573,513	15,187,440	30,346,807
Transfers Out	(3,699,834)	(9,934,073)	(18,755)	-	(10,343,772)	(23,996,434)
Total Other Financing Sources (Uses)	(135,820)	(9,912,233)	(18,755)	11,573,513	4,843,668	6,350,373
NET CHANGE IN FUND BALANCES	3,013,774	(4,313,515)	27,376,737	7,370,398	13,976,552	47,423,946
Fund Balance, Beginning of Year	19,500,563	2,337,054	-	4,921,725	45,306,896	72,066,238
Fund Balance, End of Year	\$ 22,514,337	\$ (1,976,461)	\$ 27,376,737	\$ 12,292,123	\$ 59,283,448	\$ 119,490,184

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, 2006

Net Changes in Fund Balances - Total Governmental Funds	\$	47,423,946
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.		9,166,838
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.		(3,494,460)
The net effect of various miscellaneous transactions involving Capital Assets (e.g. sales, trade-ins and contributions) is to increase net assets.		16,054,711
To record the net change in compensated absences in the Statement of Activities.		(201,519)
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.		1,380,968
This amount represents accretion interest.		(92,731)
This amount represents Interfund loan repayments.		636,765
Revenues in the Governmental Funds that have been previously recognized in the Statement of Activities.		(107,026)
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.		4,415,150
To record the effects of reclassifying Parks and Recreation from a Proprietary Fund to a Governmental Fund.		
This amount represents capital assets.		52,636,517
This amount represents long-term debt.		(1,708,633)
Changes in Net Assets of Governmental Activities	\$	126,110,526

City of Brentwood

Statement of Net Assets
Proprietary Funds
June 30, 2006

	Wastewater	Solid Waste	Water	Parks and Recreation	City Rentals	Housing	Totals	Governmental Activities - Internal Service Funds
ASSETS								
Current Assets:								
Cash and Investments	\$ 22,473,392	\$ 2,021,023	\$ 8,367,029	\$ -	\$ 66,725	\$ 6,084,926	\$ 39,013,095	\$ 16,430,593
Restricted Cash and Investments	176,893	-	1,148,884	-	-	11,229	1,337,006	-
Receivables	887,913	1,238,596	2,168,926	-	166,409	17,351	4,479,195	310,378
Prepays	15,454	19,642	20,469	-	1,482	3,461	60,508	47,413
Notes Receivable	3,513	-	351,000	-	-	-	354,513	-
Total Current Assets	<u>23,557,165</u>	<u>3,279,261</u>	<u>12,056,308</u>	<u>-</u>	<u>234,616</u>	<u>6,116,967</u>	<u>45,244,317</u>	<u>16,788,384</u>
Non-Current Assets:								
Deferred Charges	101,052	-	387,045	-	-	-	488,097	-
Due from Other Funds	35,331	-	45,516	-	-	-	80,847	-
Long-Term Notes Receivable	515,261	-	394,201	-	-	70,222	979,684	-
Internal Balances	-	-	1,910,295	-	-	-	1,910,295	-
Capital Assets:								
Intangible Assets	-	-	10,597,532	-	-	-	10,597,532	-
Land	97,376	254,420	62,556	-	-	699,740	1,114,092	-
Buildings	2,895,398	14,000	5,780,724	-	-	910,350	9,600,472	-
Infrastructure	74,484,310	696,851	54,626,095	-	-	-	129,807,256	-
Machinery and Equipment	570,248	86,263	463,816	-	-	-	1,120,327	2,394,582
Vehicles	-	-	-	-	-	-	-	6,725,655
Land Improvements	58,494	1,000,000	171,809	-	-	-	1,230,303	-
Work in Progress	2,253,445	526,882	19,706,881	-	-	62,616	22,549,824	-
Less Accumulated Depreciation and Amortization	(6,230,711)	(518,171)	(10,076,108)	-	-	-	(16,824,990)	(4,507,770)
Total Capital Assets, Net of Accumulated Depreciation	<u>74,128,560</u>	<u>2,060,245</u>	<u>81,333,305</u>	<u>-</u>	<u>-</u>	<u>1,672,706</u>	<u>159,194,816</u>	<u>4,612,467</u>
Total Non-Current Assets	<u>74,780,204</u>	<u>2,060,245</u>	<u>84,070,362</u>	<u>-</u>	<u>-</u>	<u>1,742,928</u>	<u>162,653,739</u>	<u>4,612,467</u>
Total Assets	<u>98,337,369</u>	<u>5,339,506</u>	<u>96,126,670</u>	<u>-</u>	<u>234,616</u>	<u>7,859,895</u>	<u>207,898,056</u>	<u>21,400,851</u>
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	436,501	265,632	1,177,147	-	22,318	7,503	1,909,101	243,289
Due to Other Funds	-	-	-	-	-	280,287	280,287	-
Other Liabilities	-	-	460,776	-	-	-	460,776	-
Unearned Revenue	290,261	-	721,225	-	29,338	-	1,040,824	332
Deposits Held	-	53,399	229,250	-	49,479	11,229	343,357	-
Long-Term Debt Due Within One Year	1,733,028	190,955	988,479	-	-	-	2,912,462	-
Compensated Absences Payable	37,991	42,048	49,389	-	1,982	10,099	141,509	2,104
Total Current Liabilities	<u>2,497,781</u>	<u>552,034</u>	<u>3,626,266</u>	<u>-</u>	<u>103,117</u>	<u>309,118</u>	<u>7,088,316</u>	<u>245,725</u>
Non-Current Liabilities Due in More Than One Year:								
Bonds Payable	2,033,753	-	7,911,247	-	-	-	9,945,000	-
Notes Payable	31,259,089	-	9,045,672	-	-	-	40,304,761	-
Compensated Absences Payable	24,086	26,658	31,312	-	1,257	6,403	89,716	68,106
Total Non-Current Liabilities	<u>33,316,928</u>	<u>26,658</u>	<u>16,988,231</u>	<u>-</u>	<u>1,257</u>	<u>6,403</u>	<u>50,339,477</u>	<u>68,106</u>
Total Liabilities	<u>35,814,709</u>	<u>578,692</u>	<u>20,614,497</u>	<u>-</u>	<u>104,374</u>	<u>315,521</u>	<u>57,427,793</u>	<u>313,831</u>
Net Assets:								
Invested in Capital Assets, Net of Related Debt	39,110,928	1,869,291	63,774,952	-	-	1,392,419	106,147,590	4,612,467
Restricted for:								
Special Projects and Programs	18,492,874	1,405,011	4,608,483	-	49,479	5,626,326	30,182,173	-
Unrestricted	4,918,858	1,486,512	7,128,738	-	80,763	525,629	14,140,500	16,474,553
Total Net Assets	<u>\$ 62,522,660</u>	<u>\$ 4,760,814</u>	<u>\$ 75,512,173</u>	<u>\$ -</u>	<u>\$ 130,242</u>	<u>\$ 7,544,374</u>	<u>\$ 150,470,263</u>	<u>\$ 21,087,020</u>

City of Brentwood

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For Year Ended June 30, 2006

	<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>
Operating Revenues:								
Charges for Services	\$ 5,694,411	\$ 8,025,490	\$ 11,896,327	\$ -	\$ 761,284	\$ 30,290	\$ 26,407,802	\$ 8,639,304
Other Income	285,242	429	368,322	-	5,986	-	659,979	176,342
Total Operating Revenues	<u>5,979,653</u>	<u>8,025,919</u>	<u>12,264,649</u>	<u>-</u>	<u>767,270</u>	<u>30,290</u>	<u>27,067,781</u>	<u>8,815,646</u>
Operating Expenses:								
Personnel Services	1,473,903	1,936,690	1,926,578	-	103,540	422,488	5,863,199	1,604,156
Repairs and Maintenance	33,401	259,474	355,811	-	103,765	2,589	755,040	620,961
Materials, Supplies and Services	2,550,044	3,729,002	6,720,108	-	521,299	790,471	14,310,924	2,151,222
Depreciation and Amortization	1,210,697	68,453	1,246,157	-	-	-	2,525,307	790,717
Total Operating Expenses	<u>5,268,045</u>	<u>5,993,619</u>	<u>10,248,654</u>	<u>-</u>	<u>728,604</u>	<u>1,215,548</u>	<u>23,454,470</u>	<u>5,167,056</u>
Operating Income (Loss)	<u>711,608</u>	<u>2,032,300</u>	<u>2,015,995</u>	<u>-</u>	<u>38,666</u>	<u>(1,185,258)</u>	<u>3,613,311</u>	<u>3,648,590</u>
Non-Operating Revenues (Expenses):								
Interest Income	621,492	30,333	358,427	-	2,383	187,128	1,199,763	448,354
Interest Expense	(727,192)	(25,030)	(467,297)	-	-	-	(1,219,519)	(1,999)
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	(6,230)
Total Non-Operating Revenues (Expenses)	<u>(105,700)</u>	<u>5,303</u>	<u>(108,870)</u>	<u>-</u>	<u>2,383</u>	<u>187,128</u>	<u>(19,756)</u>	<u>440,125</u>
Income (Loss) before Contributions and Transfers	<u>605,908</u>	<u>2,037,603</u>	<u>1,907,125</u>	<u>-</u>	<u>41,049</u>	<u>(998,130)</u>	<u>3,593,555</u>	<u>4,088,715</u>
Contributions - Impact Fees and Credits	4,649,773	-	5,629,901	-	-	1,102,238	11,381,912	-
Capital Asset Contributions	2,254,224	-	2,640,839	-	-	1,392,419	6,287,482	-
Transfers In	-	-	-	2,586,289	258,132	-	2,844,421	1,576,358
Transfers Out	(539,861)	(551,252)	(971,248)	(58,005,118)	(289,193)	-	(60,356,672)	(1,249,923)
Change in Net Assets	<u>6,970,044</u>	<u>1,486,351</u>	<u>9,206,617</u>	<u>(55,418,829)</u>	<u>9,988</u>	<u>1,496,527</u>	<u>(36,249,302)</u>	<u>4,415,150</u>
Net Assets, Beginning of Year - Restated	<u>55,552,616</u>	<u>3,274,463</u>	<u>66,305,556</u>	<u>55,418,829</u>	<u>120,254</u>	<u>6,047,847</u>	<u>186,719,565</u>	<u>16,671,870</u>
Net Assets, End of Year	<u>\$ 62,522,660</u>	<u>\$ 4,760,814</u>	<u>\$ 75,512,173</u>	<u>\$ -</u>	<u>\$ 130,242</u>	<u>\$ 7,544,374</u>	<u>\$ 150,470,263</u>	<u>\$ 21,087,020</u>

City of Brentwood

**Statement of Cash Flows
Proprietary Funds
For Year Ended June 30, 2006**

	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	\$ 5,416,494	\$ 7,657,379	\$ 13,374,711	\$ -	\$ 745,900	\$ 30,290	\$ 27,224,774	\$ 381,631
Cash Received from Interfund Services	-	-	-	-	-	-	-	8,183,143
Cash Payments to Suppliers of Goods and Services	(2,039,644)	(2,922,353)	(9,181,316)	-	(315,930)	(1,102,353)	(15,561,596)	(2,601,520)
Cash Payments to Employees for Services	(1,473,903)	(1,936,690)	(1,926,578)	-	(103,540)	(422,488)	(5,863,199)	(1,604,156)
Cash Payments for Interfund Services	(562,538)	(1,014,011)	(513,206)	-	(299,956)	(33,666)	(2,423,377)	-
Other Recipients/Payments	500,735	429	1,538,171	(367,837)	50,086	(134,474)	1,587,110	-
Net Cash Provided By (Used for) Operating Activities	1,841,144	1,784,754	3,291,782	(367,837)	76,560	(1,662,691)	4,963,712	4,359,098
Cash Flows from Non-Capital Financing Activities								
Transfers Received	-	-	-	877,655	258,132	-	1,135,787	622,945
Transfers Paid	(539,861)	(551,252)	(971,248)	(5,368,601)	(289,193)	-	(7,720,155)	(1,249,923)
Due to Other Funds	-	-	79,600	-	-	-	79,600	-
Net Cash Provided By (Used for) Non-Capital Financing Activities	(539,861)	(551,252)	(891,648)	(4,490,946)	(31,061)	-	(6,504,768)	(626,978)
Cash Flows from Capital and Related Financing Activities								
Contributions - Impact Fees and Credits	4,649,773	-	5,629,901	-	-	1,102,238	11,381,912	-
Interest Paid on Debt	(727,192)	(25,030)	(467,297)	-	-	-	(1,219,519)	(1,999)
Principal Paid on Debt	(1,701,358)	(290,020)	(860,190)	-	-	-	(2,851,568)	(35,500)
Acquisition and Construction of Assets	(217,722)	(217,881)	(7,729,474)	-	-	-	(8,165,077)	(962,213)
Net Cash Provided By (Used for) Capital and Related Financing Activities	2,003,501	(532,931)	(3,427,060)	-	-	1,102,238	(854,252)	(999,712)
Cash Flows from Investing Activities								
Interest on Investments	621,492	30,333	358,427	-	2,383	187,128	1,199,763	448,354
Net Cash Provided By Investing Activities	621,492	30,333	358,427	-	2,383	187,128	1,199,763	448,354
Net Increase (Decrease) in Cash and Cash Equivalents	3,926,276	730,904	(668,499)	(4,858,783)	47,882	(373,325)	(1,195,545)	3,180,762
Cash and Cash Equivalents - Beginning of Year	18,724,009	1,290,119	10,184,412	4,858,783	18,843	6,469,480	41,545,646	13,249,831
Cash and Cash Equivalents - End of Year	\$ 22,650,285	\$ 2,021,023	\$ 9,515,913	\$ -	\$ 66,725	\$ 6,096,155	\$ 40,350,101	\$ 16,430,593
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities								
Operating Income (Loss)	\$ 711,608	\$ 2,032,300	\$ 2,015,995	\$ -	\$ 38,666	\$ (1,185,258)	\$ 3,613,311	\$ 3,648,590
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities								
Depreciation and Amortization	1,210,697	68,453	1,246,157	-	-	-	2,525,307	790,717
Changes in Assets and Liabilities:								
Receivables, Net	(29,096)	(352,338)	2,214,021	50,079	30,096	(80,413)	1,832,349	(252,761)
Inventories	(9,278)	(12,426)	(13,463)	23,978	(1,235)	(65,290)	(77,714)	-
Accounts Payable and Other Payables	(32,017)	35,720	(2,196,852)	(429,369)	1,669	(342,959)	(2,963,808)	172,552
Accrued Expenses	(7,422)	-	(32,478)	-	(144)	-	(40,044)	-
Deposits	(3,348)	13,045	58,402	(12,525)	7,508	11,229	74,311	-
Net Cash Provided By (Used for) Operating Activities	\$ 1,841,144	\$ 1,784,754	\$ 3,291,782	\$ (367,837)	\$ 76,560	\$ (1,662,691)	\$ 4,963,712	\$ 4,359,098
Noncash Capital Activities:								
Assets Contributed to/from Other Funds	-	-	-	-	-	-	-	953,413
Contributions from Governmental Fund	-	-	-	54,345,151	-	-	-	-



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Statement of Fiduciary Net Assets
Agency Funds
June 30, 2006

ASSETS

Cash and Investments	\$	15,459,765
Restricted Cash and Investments		8,356,023
Interest Receivable		39,496
		<hr/>
Total Assets	\$	<u>23,855,284</u>

LIABILITIES

Accounts Payable and Accrued Liabilities	\$	6,030,633
Due to Others		63,649
Due to Bondholders		17,761,002
		<hr/>
Total Liabilities	\$	<u>23,855,284</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 current financial resources measurement focus called 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 (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 incur-

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

red. 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 Governmental 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: General Fund, Thoroughfares, Capital Improvement Financing Program 2005-1 and Street Improvement Projects. Descriptions of the City's funds are presented below.

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 Special Revenue Fund included as a major Governmental Fund. Below are specific descriptions of the Special Revenue Funds:

- *Thoroughfares* – This fund accounts for development 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.
- *Citywide Parks Districts* – This fund accounts for special benefit assessments levied on property owners for citywide park maintenance.
- *Community Facilities Districts* – This fund accounts for special benefit assessments levied on property owners for police services, fire services, joint use school facilities, open space preservation and flood and storm drain construction, acquisition and maintenance.
- *Community Facilities* – This fund accounts for development 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.
- *Storm Drainage* – This fund accounts for development 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 within the redevelopment project area.

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

- PEG Media – This fund accounts for Public Access, Educational and Governmental (PEG) television channels provided for the citizens of Brentwood.
- 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 development 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. The monies 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 development fees collected for the administration of the Developer Facility Fee Program.
- Parks and Trails – This fund accounts for development fees collected for the design and construction of parks and trails.
- Agriculture Administration – This fund accounts for 20% of the Agriculture Preservation fees collected from developers. Monies are to be used for administrative purposes associated with establishing, monitoring and managing farmland conservation easements.
- Public Art Administration – This fund accounts for fees collected for the administration of the Public Art Program.
- Public Art Acquisition – This fund accounts for development fees collected for the acquisition and construction of Public Art.
- Arts Commission – This fund accounts for monies which are used for Arts Commission programs.
- 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.
- Parking In Lieu – This fund accounts for development fees collected for off street parking facilities located within the Downtown area.
- Lighting and Landscape Districts – This fund accounts for special benefit assessments levied on property owners for street lighting and landscape maintenance.

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:

- Redevelopment Debt – This fund accounts for transactions related to proceeds from tax allocation bonds.

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

- Capital Improvement Program 2001 – This fund accounts for debt service transactions, including revenue collections and payments of principal and interest, on long-term obligations. This bond refinanced the Roadway Bonds and the Tax Allocation Bond, 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 the 2002 General Obligation Bond matures. This bond was used to finance the new Police Station.
- Capital Lease Program – This fund accounts for principal and interest payments on purchased equipment.

Capital Project Funds account for the acquisition and construction of major capital facilities and infrastructure not financed by Proprietary Funds. The Capital Improvement Financing Program 2005-1 and Street Improvement Projects funds are the only major Capital Project Funds included in the major Governmental Funds. Below are specific descriptions of the Capital Project Funds:

- Capital Improvement Financing Program 94-1 (2004 A&B Refi) – 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. CIFP 2004 A&B refinanced CIFP 94-1.
- Capital Improvement Financing Program 2000-1 (2004 C Refi) – 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. CIFP 2004 C refinanced CIFP 2000-1.
- Capital Improvement Financing Program 2002-1 (2005 A&B Refi) – 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. CIFP 2005 A&B CIFP refinanced 2002-1.
- 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 2004-1 – 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 2005-1 – 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.
- 2002 Series A&B – 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 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.

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

- City Capital Improvement Financing Program – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to acquire and construct public capital improvements.
- Capital Projects – This fund accounts for administrative costs associated with all capital improvement projects, plus costs associated with community facility projects.
- Park Improvement Projects – This fund accounts for various park improvement projects associated with either the construction or improvement of the City's parks.
- Drainage Improvement Projects – This fund accounts for various drainage improvement projects associated with either the upgrade or replacement of the City's storm drain collection system.
- 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.
- Vineyards Projects – This fund accounts for transactions related to proceeds from assessment bonds and other resources and their use to finance infrastructure improvements within the Vineyards assessment district.
- Redevelopment Projects – This fund accounts for transactions related to proceeds from bonds and other resources and their use to perform redevelopment activities within the redevelopment project area.

Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City Council is that the costs of providing goods or services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The government reports the following major Proprietary Funds:

- Wastewater Enterprise – This fund 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 fund accounts for the operation, maintenance and capital improvement projects of the solid waste system. These activities are funded by user charges and impact fees.
- Water Enterprise – This fund accounts for the operation, maintenance and capital improvement projects of the water system. These activities are funded by user charges and impact fees.
- Parks and Recreation Enterprise – This fund accounts for the operation, maintenance and capital improvement projects associated with City-owned park and recreation facilities and programs which are funded by user charges and impact fees. This is now reported in the General Fund.

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

- City Rentals Enterprise – This fund accounts for all the City facilities rented and maintained through this fund.
- Housing Enterprise – This fund accounts for the administrative and operational expenses for the Housing Division and Housing rental stock. This now includes Affordable Housing In Lieu.

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 the City to be financially prepared for either a critical or catastrophic event.
- Information Services – To provide a source of funding for the development and coordination of the City’s information systems’ needs.
- Equipment 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.
- Facilities Replacement – To provide a source of funding for repairs to City facilities.
- Tuition Program – To provide a source of funding for expenditures relating to continuing education.
- Fleet Maintenance – To provide a source of funding for the on-going maintenance of all City vehicles, except Police.
- Facilities Maintenance Services – To provide a source of funding for the custodial, janitorial and maintenance needs of the City’s facilities and buildings.
- Parks and LLD Replacement – To provide a source of funding for the replacement of landscaping, equipment and facilities in the Citywide Parks and Lighting and Landscape Districts (LLD).
- Insurance – To provide a source of funding for the City’s property insurance costs and retiree medical benefit costs.

Fiduciary Funds account for Agency funds which consist of:

- Assessments – Special obligations payable from, and secured by, specific revenue sources.
- Pass-Through Funds – Special funds used for the collection and distribution of development fees collected on behalf of other agencies.

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

- Asset Seizure – Special funds to be used exclusively to support law enforcement and prosecutorial efforts of the agency.

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.

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 fair value. Market value is used as fair value 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, 2006.

iii. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers 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. 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.

v. 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

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

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.

vi. 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.

vii. Compensated 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.

viii. Property Tax

Property tax valuation, lien and levy for secured and unsecured property is March 1st 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.

ix. 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.

x. New GASB Pronouncements

In November 2003, GASB issued GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes guidance for accounting and reporting of both impairment of capital assets and

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

insurance recoveries, whether associated with an impaired capital asset or not. This Statement is effective for: 1) periods beginning after December 15, 2004 or 2) during the 2005/06 fiscal year. The City implemented Statement No. 42 this fiscal year with no significant impact to the financial statements.

In May 2004, GASB issued GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. This Statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, which guide the preparation of the Statistical section.

Statement No. 44 establishes the objectives of the Statistical section and the five categories of information it contains – financial trend information; revenue capacity information; debt capacity information; demographic and economic information and operating information. This Statement adds new information which users have identified as important and also eliminates certain previous requirements. The City implemented Statement No. 44 this fiscal year with no significant impact to the financial statements.

In July 2004, GASB issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement will require local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the Government-Wide financial statements. This Statement establishes standards for the measurement, recognition and display of OPEB expense / expenditures and related liabilities (assets), note disclosures and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

Current financial reporting practices for OPEB generally are based on pay-as-you-go financing approaches. They fail to measure or recognize the cost of OPEB during the periods when employees render the services or to provide relevant information about OPEB obligations and the extent to which progress is being made in funding those obligations. This Statement generally provides for prospective implementation – meaning employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The City will be required to implement the provisions of this Statement for the fiscal year ended June 30, 2009. The City is in the process of determining the impact implementation of this Statement will have on the Government-Wide financial statements.

In December 2004, GASB issued GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This Statement clarifies the definition of a legally enforceable enabling legislation restriction to be one that a party external to a government - such as citizens, public interest groups or the judiciary - can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. Although the determination that a particular restriction is not legally enforceable may cause a government to review the enforceability of other restrictions, it should not necessarily lead a government to the same conclusion for all enabling legislation restrictions. This Statement also specifies the

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

accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation. The City implemented Statement No. 46 this fiscal year with no significant impact to the financial statements.

In June 2005, GASB issued GASB Statement No. 47, *Accounting for Termination Benefits*. The Statement provides accounting and reporting guidance for state and local governments which offer termination benefits, such as early retirement incentives or severance, to employees who are involuntarily terminated. Statement No. 47 stipulates that benefits provided for involuntary terminations are to be accounted for in the period in which a government becomes obligated to provide benefits to involuntary terminated employees, while the cost of all benefits provided to employees who voluntarily terminate employment are recognized when the voluntary termination offer is accepted.

The requirements of Statement No. 47 are effective for financial statements for periods beginning after June 15, 2005. However, for termination benefits which affect defined benefit postemployment benefits, other than pensions, governments should implement Statement No. 47 simultaneously with Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The City implemented Statement No. 47 this fiscal year with no significant impact to the financial statements.

xi. Motor Vehicle Taxes

Motor vehicle taxes are collected by the State and remitted to the City. They are not restricted.

xii. Fund Reclassification

On July 1, 2005 the City reclassified the following funds: Parks and Recreation; Citywide Parks Districts; Community Facilities Districts and Lighting and Landscape Districts. The City determined these funds would be more appropriately classified in the new fund types shown below.

<u>Fund</u>	<u>Old Fund Type</u>	<u>New Fund Type</u>
Parks and Recreation Enterprise	Proprietary	Now reported in the General Fund
Citywide Parks Districts	Fiduciary	Special Revenue
Community Facilities Districts	Fiduciary	Special Revenue
Lighting and Landscape Districts	Fiduciary	Special Revenue

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

The net effect of reclassifying Parks and Recreation was: 1) an increase of \$910,085 in the General Fund balance, 2) a decrease of \$670,417 in the Special Revenue fund balance and 3) an increase of \$4,343,717 in the Capital Project fund balance. Net assets, in the amount of \$58,005,118, were moved from the Proprietary funds to the Governmental funds.

The net effect of reclassifying the remaining funds – Citywide Parks Districts, Community Facilities and Lighting and Landscape Districts – was an increase of \$1,972,941 in the Special Revenue fund balance.

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, 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, Special Revenue, certain 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 Project Funds

Capital Improvement Financing Program 94-1 (2004 A&B Refi)	Capital Improvement Financing Program 2004-1
Capital Improvement Financing Program 2000-1 (2004 C Refi)	Capital Improvement Financing Program 2005-1
Capital Improvement Financing Program 2002-1 (2005 A&B Refi)	2002 Series A&B
Capital Improvement Financing Program 2003-1	Capital Improvement 2001

Debt Service Funds

2002 General Obligation Bond

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

B. DEFICIT FUND EQUITY

The following fund has either a deficit fund or accumulated deficit balance as of June 30, 2006, which was due to a timing issue at year-end. Coverage of this fund was addressed in the fiscal year 2005/06 Operating Budget.

Special Revenue:

Thoroughfares	\$1,976,461
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C. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of the “Due To / From Other Funds” balance, as of June 30, 2006, is shown below. The due from amounts for Thoroughfares and Other Grants are due to timing issues and are expected to be paid during the next fiscal year. The due from Housing Enterprise amounts are development fees related to the construction of housing units which, when completed, will become rental units for the City’s Housing Program. The development fees will be paid over the next several years from the Housing rental stream.

Due To / From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Thoroughfares	\$ 1,975,068
Other Grants	Police Grants	12,897
Thoroughfares	Housing Enterprise	97,069
Community Facilities	Housing Enterprise	31,149
Facility Fee Administration	Housing Enterprise	4,726
Parks and Trails	Housing Enterprise	66,496
Wastewater Enterprise	Housing Enterprise	35,331
Water Enterprise	Housing Enterprise	45,516
	Total	\$ 2,268,252

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

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

Interfund Loan

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Enterprise	Administration - Non-Major Funds	\$ 1,910,295
	Total	<u><u>\$ 1,910,295</u></u>

The Parks and Recreation Enterprise Fund was closed in fiscal year 2005/06 and is now reported in the General Fund. Transfers Out, in the amount of \$53,421,732, and Transfers In, in the amount of \$2,586,289, were made from the Parks and Recreation Enterprise Fund in accordance with this reclassification. Due to their unique nature, these transfers aren't included in the internal transfers shown below.

Interfund Transfers

Fund Description			Street			Non-Major		
	General Fund	Thoroughfares	Improvement Projects	Internal Service Funds	Governmental Funds	City Rentals Enterprise	Total Transfers Out	
General Fund	\$ -	\$ -	\$ 1,649,170	\$ 493,595	\$ 1,298,937	\$ 258,132	\$ 3,699,834	
Thoroughfares Fund	-	-	8,372,341	-	1,561,732	-	9,934,073	
Capital Improvement Financing Program 2005-1	-	-	18,755	-	-	-	18,755	
Internal Service Funds	-	-	397,387	-	852,536	-	1,249,923	
Non-Major Governmental Funds	2,653,929	21,840	1,135,860	756,053	5,776,090	-	10,343,772	
City Rentals Enterprise	-	-	-	-	289,193	-	289,193	
Parks and Recreation Enterprise	910,085	-	-	-	3,673,301	-	4,583,386	
Solid Waste Enterprise	-	-	-	218,752	332,500	-	551,252	
Wastewater Enterprise	-	-	-	12,346	527,515	-	539,861	
Water Enterprise	-	-	-	95,612	875,636	-	971,248	
Total Transfers In	<u>\$ 3,564,014</u>	<u>\$ 21,840</u>	<u>\$ 11,573,513</u>	<u>\$ 1,576,358</u>	<u>\$ 15,187,440</u>	<u>\$ 258,132</u>	<u>\$ 32,181,297</u>	

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 To	Amount	Purpose
Capital Projects	\$ 713,612	Provide a subsidy to cover a portion of the costs for the Specific Plan Project project.
City Rentals Enterprise	258,132	Provide a subsidy to cover a portion of the costs for the City Rentals Enterprise.
Capital Projects	1,341,684	Provide a subsidy to cover a portion of the costs for the Pavement Management Program.
Capital Projects	258,000	Provide a subsidy to cover a portion of the costs for the Second and Pine Street Traffic Signal project.
General Fund	752,698	Gas Tax revenue to subsidize the Street Maintenance Division.
Capital Projects	360,558	Provide a subsidy to cover a portion of the costs for the Sunset Industrial Complex project.
Capital Projects	1,000,000	Provide a subsidy to cover a portion of the costs for the Bus Barn Relocation project.
Capital Projects	295,000	Provide a subsidy to cover a portion of the costs for the Communication Tower project.
Capital Projects	791,600	Provide a subsidy to cover a portion of the costs for the Fiber Optics project.
Capital Projects	703,000	Provide a subsidy to cover a portion of the costs for the Walnut Boulevard Widening project.
Capital Projects	1,500,000	Provide a subsidy to cover a portion of the costs for the Lone Tree Way - Union Pacific Undercrossing project.
Capital Projects	735,000	Provide a subsidy to cover a portion of the costs for the Empire Avenue Extension North - Phase I project.
Capital Projects	300,000	Provide a subsidy to cover a portion of the costs for the Shady Willow Lane - Phase I project.
Capital Projects	1,065,887	Provide a subsidy to cover a portion of the costs for the Sand Creek Road East B Widening / Landscaping project.
Capital Projects	558,000	Provide a subsidy to cover a portion of the costs for the Brentwood Boulevard Widening project.
Capital Projects	350,000	Provide a subsidy to cover a portion of the costs for the Jeffrey Way Realignment / Widening project.
Capital Projects	933,000	Provide a subsidy to cover a portion of the costs for the John Muir Parkway Extension / Foothill Drive - Phase I project.
Capital Projects	1,200,000	Provide a subsidy to cover a portion of the costs for the Solid Waste Transfer Station project.
Capital Projects	915,500	Provide a subsidy to cover a portion of the costs for the Chloramination of Wells project.
Capital Projects	10,630,603	Provide a subsidy to cover a portion of the costs for the Surface Water Treatment Facility Phases I & II project.
Capital Projects	430,000	Provide a subsidy to cover a portion of the costs for the Wastewater Treatment Plant Expansion - Phase II project.
Capital Projects	416,400	Provide a subsidy to cover a portion of the costs for the Sellers Avenue Sewer Lift Station Expansion and Upgrade project.
Capital Projects	304,000	Provide a subsidy to cover a portion of the costs for the Non-Potable Water Distribution System - Phase II project.

NOTE # 3 – CASH AND INVESTMENTS

A. CASH AND DEPOSITS

The City of Brentwood maintains a cash investment pool that is available for all funds. 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. 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 (\$464,404) at June 30, 2006. The bank balance, before reconciling items, was \$1,534,055. The bank balance is collateralized for up to 110%, insured for up to \$100,000 and is held by a pledging financial institution in the City’s name. The market value of the pledged securities must equal 110% as stated by California Government Code Section 53651, but the City may waive collateral requirements for cash deposits that are insured by the Federal Deposit Insurance Corporation (FDIC). The City’s cash and investment balances are as follows:

Pooled Deposits:	
Demand Deposits	\$ (464,404)
Petty Cash	4,616
Pooled Investments	210,137,737
Total Cash and Investments	<u>\$ 209,677,949</u>

Cash and investments appear on the financial statements as follows:

Cash and Investments	
Governmental Activities	\$ 104,452,348
Business-Type Activities	39,013,095
Fiduciary Funds	15,459,765
	<u>158,925,208</u>
Restricted Cash and Investments	
Governmental Activities	41,059,712
Business-Type Activities	1,337,006
Fiduciary Funds	8,356,023
	<u>50,752,741</u>
Total Cash and Investments	<u>\$ 209,677,949</u>

NOTE # 3 – CASH AND INVESTMENTS (Continued)**B. INVESTMENTS**

The City apportions interest earnings to all funds based on their monthly cash balance in accordance with California Government Code Section 53635. The table below identifies the investment types authorized for the City by the City's investment policy, which is more restrictive than California Government Code 53635. The table also identifies certain provisions of the City's investment policy which address interest rate risk, credit risk and concentration of risk. This table does not address investments of debt proceeds, held by bond trustee, which are governed by the provisions of debt agreements of the City rather than the general provisions of the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	15%	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Time Deposits	5 years	25%	None

* Excluding amounts held by bond trustee not subject to California Government code restrictions.

Credit Risk – The City's portfolio is comprised of the highest quality government and corporate securities. Consistent with City policy, over 71% of the portfolio consists of investments with Standard and Poor's highest ratings. This percentage does not include U.S. Treasury Bonds / Notes, LAIF, Money Market Mutual Funds (MMMF) or Guaranteed Investment Contracts (GICs) which are all unrated. Investments at June 30, 2006, 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.

NOTE # 3 – CASH AND INVESTMENTS (Continued)

At June 30, 2006, 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 reported at fair value.

	Fair Value	Credit Rating	% of Rated Portfolio
Corporate Notes	\$ 5,613,277	A+	5%
Corporate Notes	4,731,513	AA-	5%
Corporate Notes	5,288,986	AAA	5%
Discount Notes	13,818,527	A-1+	14%
Federal Agency Bonds / Notes	<u>71,120,943</u>	AAA	71%
Total Rated Investments	100,573,246		
U.S. Treasury Bonds / Notes	67,806,858	Not Rated	
Local Agency Investment Fund	39,051,141	Not Rated	
Money Market Mutual Funds	1,318,525	Not Rated	
Guaranteed Investment Contracts	<u>1,387,967</u>	Not Rated	
Total Unrated Investments	<u>109,564,491</u>		
Total Investments	<u><u>\$ 210,137,737</u></u>		

Concentration of Credit Risk – The City’s investment policy contains no limitations on the amount the City may invest in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U.S. Treasury securities, mutual funds or external investment pools, which represent 5% or more of the City’s total investments are shown below:

Concentration of Credit Risk*

Issuers	Fair Value	% of Portfolio
Federal Home Loan Mortgage Corp.	\$ 29,405,518	13.99
Federal Home Loan Bank	28,796,069	13.70
Federal National Mortgage Association	24,219,949	11.53

* Excludes LAIF and MMMF

NOTE # 3 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk – The City’s investment policy limits the investment portfolio to maturities of less than five years as a means of limiting exposure to fair value losses arising from interest rates. Currently, 86% of the investment portfolio is concentrated in the 0 to 2 year maturity range.

Investment Maturities

	Fair Value *	Amortized Cost	0-6 mos	6-12 mos.	1-2 years	2-3 years	% of Portfolio
U.S. Treasury Notes/Bonds	67,806,858	68,071,997	46,453,165	-	15,839,909	5,513,784	32.30
Medium-Term Corporate Notes	29,452,303	29,436,251	5,547,746	15,638,832	6,721,836	1,543,889	14.00
Federal Agency Bonds/Notes	71,120,943	71,503,923	3,767,644	19,078,405	27,221,478	21,053,416	33.80
Local Agency Investment Funds	39,051,141	39,051,141	39,051,141	-	-	-	18.60
Money Market Mutual Funds	1,318,525	1,318,525	1,318,525	-	-	-	0.60
Guaranteed Investments Contracts	1,387,967	1,387,967	1,387,967	-	-	-	0.70
Totals	\$ 210,137,737	\$ 210,769,804	\$ 97,526,188	\$ 34,717,237	\$ 49,783,223	\$ 28,111,089	
% of Portfolio			46.41	16.52	23.69	13.38	100.00

*Fair Value includes accrued interest

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities which are in possession of another party. The California Government Code does not contain legal or policy requirements limiting the exposure to custodial credit risk. The City’s investment policy requires the assets of the City be secured through the third party custody and safekeeping procedures. Bearer instruments shall be held only through third party institutions. Collateralized securities, such as repurchase agreements, shall be purchased using the delivery vs. payment procedure.

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, 2006, the amortized cost of the pool was \$63,481,426,759. The fair value was \$63,616,592,927. The City deposits excess cash in LAIF, which is not required to be categorized. 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 and lease obligations, plus monies held by a third-party administrator of the City's Housing Rental Program. The City has also set up escrow bank accounts to hold retention payments due to certain contractors. 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 a cost basis and adjusts those records to "fair value" on an annual basis.
- The Fund investment custodians provide fair 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 market value on a yearly basis.

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 market 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 \$33,286,588 whose pro-rata share of fair value was estimated by the State Treasurer to be \$33,226,200. 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, 2006 are as follows:

	Balance July 1, 2005	Increases	Decreases	Transfers	Balance June 30, 2006
Governmental Activities : ⁽¹⁾					
Capital Assets, Not Being Depreciated:					
Land	\$ 27,288,471	\$ -	\$ -	\$ -	\$ 27,288,471
Work in Progress - CIP	81,823,103	9,146,228	-	4,145,545	95,114,876
Total Capital Assets, Not Being Depreciated	<u>109,111,574</u>	<u>9,146,228</u>	<u>-</u>	<u>4,145,545</u>	<u>122,403,347</u>
Capital Assets, Being Depreciated:					
Land Improvements	753,752	-	-	331,461	1,085,213
Buildings	7,663,339	-	-	4,661,141	12,324,480
Infrastructure	172,056,074	16,054,709	(1,745,000)	44,734,920	231,100,703
Machinery and Equipment	2,429,543	615,547	(24,919)	279,785	3,299,956
Vehicles	5,632,087	1,320,692	(227,123)	-	6,725,656
Total Capital Assets Being Depreciated	<u>188,534,795</u>	<u>17,990,948</u>	<u>(1,997,042)</u>	<u>50,007,307</u>	<u>254,536,008</u>
Less Accumulated Depreciation for:					
Land Improvements	273,777	50,595	-	172,844	497,216
Buildings	1,643,325	245,644	-	370,541	2,259,510
Infrastructure	32,111,003	3,113,697	(50,769)	855,601	36,029,532
Machinery and Equipment	1,232,699	302,517	(18,689)	117,349	1,633,876
Vehicles	3,035,237	545,878	(227,123)	-	3,353,992
Total Accumulated Depreciation	<u>38,296,041</u>	<u>4,258,331</u>	<u>(296,581)</u>	<u>1,516,335</u>	<u>43,774,126</u>
Total Capital Assets, Being Depreciated, Net	<u>150,238,754</u>	<u>13,732,617</u>	<u>(1,700,461)</u>	<u>48,490,972</u>	<u>210,761,882</u>
Governmental Activities Capital Assets, Net	<u>\$ 259,350,328</u>	<u>\$ 22,878,845</u>	<u>\$ (1,700,461)</u>	<u>\$ 52,636,517</u>	<u>\$ 333,165,229</u>
Business-Type Activities : ⁽²⁾					
Capital Assets, Not Being Depreciated:					
Land	\$ 414,352	\$ 482,069	\$ -	\$ 217,671	\$ 1,114,092
Work in Progress - CIP	31,651,207	8,189,039	-	(17,290,422)	22,549,824
Total Capital Assets, Not Being Depreciated	<u>32,065,559</u>	<u>8,671,108</u>	<u>-</u>	<u>(17,072,751)</u>	<u>23,663,916</u>
Capital Assets, Being Depreciated:					
Land Improvements	1,561,764	-	-	(331,461)	1,230,303
Buildings	13,351,263	910,350	-	(4,661,141)	9,600,472
Infrastructure	156,719,907	4,895,063	-	(31,807,714)	129,807,256
Machinery and Equipment	1,361,455	38,657	-	(279,785)	1,120,327
Total Capital Assets Being Depreciated	<u>172,994,389</u>	<u>5,844,070</u>	<u>-</u>	<u>(37,080,101)</u>	<u>141,758,358</u>
Less Accumulated Depreciation for:					
Land Improvements	734,790	59,654	-	(172,844)	621,600
Buildings	2,320,217	172,733	-	(370,541)	2,122,409
Infrastructure	11,890,350	1,926,881	-	(855,601)	12,961,630
Machinery and Equipment	604,440	76,340	-	(117,349)	563,431
Total Accumulated Depreciation	<u>15,549,797</u>	<u>2,235,608</u>	<u>-</u>	<u>(1,516,335)</u>	<u>16,269,070</u>
Total Capital Assets, Being Depreciated, Net	<u>157,444,592</u>	<u>3,608,462</u>	<u>-</u>	<u>(35,563,766)</u>	<u>125,489,288</u>
Business-Type Activities Capital Assets, Net	<u>\$ 189,510,151</u>	<u>\$ 12,279,570</u>	<u>\$ -</u>	<u>\$ (52,636,517)</u>	<u>\$ 149,153,204</u>

⁽¹⁾ Intangible Assets (Amortized), equaling \$1,667,385, are not included within the Note for the Governmental Capital Assets

⁽²⁾ Intangible Assets (Amortized), equaling \$10,041,612, are not included within the Note for the Business-Type Capital Assets

NOTE # 4 – CAPITAL ASSETS (Continued)

For the year ended June 30, 2006, depreciation expense on capital assets was charged to the governmental function as follows:

Governmental Activities:	
General Government	\$ 1,574,612
Public Safety	2,367
Community Development	6,099
Public Works	1,884,536
Internal Service	790,717
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,258,331</u></u>
Business-Type Activities:	
Water	\$ 962,559
Wastewater	1,204,596
Solid Waste	68,453
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 2,235,608</u></u>

* Intangible and amortized assets are not included within the Note for either Governmental or Business-Type capital assets.

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

	Balance June 30, 2005	Additions	Payments Adjustments	Balance June 30, 2006	Amounts Due Within One Year
Bonds					
2002 General Obligation Bonds	\$ 6,411,571	\$ 92,731 ⁽¹⁾	\$ (120,000)	\$ 6,384,302	\$ 140,000
CIP 2001 Revenue Bonds	30,390,000	-	(650,000)	29,740,000	675,000
Total Bonds	<u>36,801,571</u>	<u>92,731</u>	<u>(770,000)</u>	<u>36,124,302</u>	<u>815,000</u>
Capital Leases (Governmental)					
Various Equipment	140,061	-	(122,307)	17,754	17,754
Notes Payable					
Village Community Resource Center	647,234	-	(146,600)	500,634	128,348
Heritage High Joint Use Pool	1,708,634	-	(342,060)	1,366,574	-
Total Notes Payable	<u>2,355,868</u>	<u>-</u>	<u>(488,660)</u>	<u>1,867,208</u>	<u>128,348</u>
Other					
Accumulated Compensated Absences	913,611	1,436,306	(1,220,277)	1,129,640	678,626
Sub-Total General Long-Term Debt	<u>40,211,111</u>	<u>1,529,037</u>	<u>(2,601,244)</u>	<u>39,138,904</u>	<u>1,639,728</u>
Capital Leases (Internal Service)					
Various Equipment	35,500	-	(35,500)	-	-
Total General Long-Term Debt	<u>\$ 40,246,611</u>	<u>\$ 1,529,037</u>	<u>\$ (2,636,744)</u>	<u>\$ 39,138,904</u>	<u>\$ 1,639,728</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
2007	\$ 140,000	\$ 148,256	\$ 288,256
2008	160,000	141,956	301,956
2009	180,000	135,756	315,756
2010	205,000	126,756	331,756
2011	230,000	119,325	349,325
2012-2016	1,635,000	390,600	2,025,600
2017-2021	1,258,873	1,324,490	2,583,363
2022-2026	949,822	2,340,178	3,290,000
2027-2031	911,281	3,293,718	4,204,999
Sub-total	5,669,976	\$ 8,021,035	\$ 13,691,011
Accretion to date	714,326		
	<u>\$ 6,384,302</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
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	755,000	1,332,563	2,087,563
2011	780,000	1,301,863	2,081,863
2012-2016	4,440,000	5,970,328	10,410,328
2017-2021	5,555,000	4,795,828	10,350,828
2022-2026	7,160,000	3,168,750	10,328,750
2027-2031	7,350,000	1,314,250	8,664,250
2032	1,605,000	40,125	1,645,125
Total	\$ 29,740,000	\$ 22,085,569	\$ 51,825,569

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

ii. Capital Leases

- 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
2007	\$ 19,472
Subtotal	19,472
Less amount representing interest	(1,718)
Total	<u>\$ 17,754</u>

iii. Notes Payable

- On September 21, 2004 the City entered into an agreement with Village Community Resource Center (VCRC) whereby the City committed to a seven year funding program totaling \$801,134, with an interest rate of zero percent per annum, enabling the VCRC to: 1) develop a social center and 2) help the VCRC become a self-sufficient agency. The final payment shall be made on or before March 1, 2011.

Year Ending June 30	Payments
2007	\$ 128,348
2008	112,369
2009	98,379
2010	86,131
2011	75,407
Total	<u>\$ 500,634</u>

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

- **Heritage High Joint Use Pool**

On August 27, 2002 the City entered into a long-term agreement with the Liberty Union High School District for two joint use projects at Heritage High School. The projects consist of a 50-meter pool and a gymnasium with office space. The City will pay \$2,500,000 to the school district for these joint use facilities, no later than July 31, 2009, using “good year” revenue. Good year revenue is defined as actual Park and Trail development fees received in excess of the projected Park and Trail development fee revenue published in the City’s annual Capital Improvement Program.

<u>Year Ending June 30</u>	<u>Estimated Principal</u>
2007	\$ -
2008	455,525
2009	455,525
2010	455,524
Total	<u>\$ 1,366,574</u>

iv. Accumulated Compensated Absences

- The long-term compensated absences balance at June 30, 2006, is:

Governmental	\$451,014
Business-Type	\$ 89,716

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)**B. BUSINESS-TYPE ACTIVITIES**

	Balance		Payments	Balance	Amounts Due
	June 30, 2005	Additions	Adjustments	June 30, 2006	Within
					One Year
Capital Leases					
Solid Waste - Equipment	\$ 53,251	\$ -	\$ (53,251)	\$ -	\$ -
Solid Waste - Transfer Station	370,425	-	(179,470)	190,955	190,955
Total Capital Leases	<u>423,676</u>	<u>-</u>	<u>(232,721)</u>	<u>190,955</u>	<u>190,955</u>
Notes Payable					
Solid Waste Note Payable - BDS Settelement	57,300	-	(57,300)	-	-
CCWD Water Entitlement	100,980	-	(100,980)	-	-
CCWD Water Connection Fee	10,331,970	845,104	(1,377,596)	9,799,478	753,806
State Water Resources Loan (Wastewater)	34,574,866	-	(1,643,076)	32,931,790	1,672,701
Total Notes Payable	<u>45,065,116</u>	<u>845,104</u>	<u>(3,178,952)</u>	<u>42,731,268</u>	<u>2,426,507</u>
Wastewater Revenue Bonds	<u>2,152,363</u>	<u>-</u>	<u>(58,283)</u>	<u>2,094,080</u>	<u>60,327</u>
Water Revenue Bonds	<u>8,372,637</u>	<u>-</u>	<u>(226,717)</u>	<u>8,145,920</u>	<u>234,673</u>
Other					
Accumulated Compensated Absences	308,984	241,734	(319,493)	231,225	141,509
Total All Business-Type Funds	<u>\$ 56,322,776</u>	<u>\$ 1,086,838</u>	<u>\$ (4,016,166)</u>	<u>\$ 53,393,448</u>	<u>\$ 3,053,971</u>

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

i. Capital Leases

• **Solid Waste – Transfer Station**

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
2007	\$ 190,955	\$ 9,069	\$ 200,024
Total	\$ 190,955	\$ 9,069	\$ 200,024

ii. Notes Payable

• **CCWD – Water Connection Fee**

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 \$3,154 per connection, with an interest rate of zero percent per annum.

Year Ending June 30	Principal
2007	\$ 753,806
2008	753,806
2009	753,806
2010	753,806
2011	753,806
2012-2016	3,769,030
2017-2019	2,261,418
Total	\$ 9,799,478

NOTE # 5 – LONG-TERM OBLIGATIONS (Continued)

- **State Water Resources Loan (Wastewater)**

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. 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
2007	\$ 1,672,701
2008	1,702,860
2009	1,733,563
2010	1,764,819
2011	1,796,639
2012-2016	9,480,943
2017-2021	10,367,042
2022-2023	4,413,223
Total	<u>\$ 32,931,790</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, 2006, is \$10,240,000. Future payments for these bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 295,000	\$ 564,656	\$ 859,656
2008	310,000	549,906	859,906
2009	330,000	534,096	864,096
2010	345,000	516,936	861,936
2011	365,000	498,651	863,651
2012-2016	2,140,000	2,176,261	4,316,261
2017-2021	2,790,000	1,516,581	4,306,581
2022-2026	3,665,000	641,250	4,306,250
Total	<u>\$ 10,240,000</u>	<u>\$ 6,998,337</u>	<u>\$ 17,238,337</u>
Water Fund Portion	\$ 8,145,920	\$ 5,567,177	\$ 13,713,097
Wastewater Fund Portion	2,094,080	1,431,160	3,525,240
	<u>\$ 10,240,000</u>	<u>\$ 6,998,337</u>	<u>\$ 17,238,337</u>

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 reported in long-term debt. 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 • 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	\$ 12,520,000
Brentwood Refunding Reassessment District, Series 1993 • 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	930,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2002 A & B (Refinancing of CIPF's 98-2 and 99-1) • 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	17,920,000
Brentwood Infrastructure Financing Authority - CIPF 2003-1 Infrastructure Revenue Bonds, Series 2003 • 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	16,285,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2004 A & B (Refinancing of CIPF 94-1) • 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	33,937,000
Brentwood Infrastructure Financing Authority - CIPF 2004-1 Infrastructure Revenue Bonds, Series 2004 • Dated August 5, 2004 • Annual debt service payments, including interest at 2.65 percent to 5.625 percent, range from \$1,537,821 to \$1,542,965 • Final payment due September 2034	21,620,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2004 C (Refinancing of CIPF 2000-1) • Dated November 19, 2004 • Annual debt service payments, including interest at 2.0 percent to 4.375 percent, range from \$796,706 to \$818,338 • Final payment due September 2030	11,995,000
Brentwood Infrastructure Financing Authority - Infrastructure Revenue Refunding Bonds, Series 2005 A & B (Refinancing of CIPF 2002-1) • Dated June 16, 2005 • Annual debt service payments, including interest at 2.5 percent to 5.0 percent, range from \$1,046,784 to \$1,057,496 • Final payment due September 2032	16,565,000
Brentwood Infrastructure Financing Authority - CIPF 2005-1 Infrastructure Revenue Bonds, Series 2005 • Dated August 3, 2005 • Annual debt service payments, including interest at 3.0 percent to 4.625 percent, range from \$2,616,165 to \$2,621,171 • Final payment due September 2035	40,145,000
Total Assessment District Debt	\$ 171,917,000

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 2005/06 was 14.003 percent for miscellaneous employees and 30.650 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 2005/06, the City of Brentwood paid both the member contribution amounts and the employer contribution amounts for all full-time, benefited, active plan members.

NOTE # 8 – DEFINED BENEFIT PENSION PLAN (Continued)

C. ANNUAL PENSION COST

For fiscal year 2005/06, the City of Brentwood’s annual pension cost was \$5,221,470. This amount equals the City’s required and actual contributions. The required contribution for fiscal year 2005/06 was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method, with the contributions determined as a percent of pay. The actuarial assumptions included: a) 7.75 percent investment rate of return (net of administrative expenses), b) projected salary increases that vary by duration of service ranging from 3.25 percent to 14.45 percent for miscellaneous members and c) zero percent cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0 percent. The actuarial values 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, 2025, for current service and June 30, 2016, 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
6/30/2004	\$ 3,595,638	100%	\$ -
6/30/2005	\$ 4,667,092	100%	\$ -
6/30/2006	\$ 5,221,470	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 the Municipal Pooling Authority of Northern California (MPANC). MPANC, 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 the following: Liability (\$20 million coverage, \$5,000 to \$250,000 deductible); Employer’s Resource Management Association (ERMA) (\$1 million, \$50,000 deductible on employment claims); Fire and Property (\$1 billion coverage, \$5,000 deductible); Flood (\$20 million, \$100,000 to \$250,000 minimum deductible per occurrence); Earthquake, in selected locations (\$40 million, deductible of 5% of reported value with \$100,000 minimum deductible per occurrence); Auto (\$250,000 coverage, Police \$3,000 deductible, all others \$2,000) and Workers Compensation (SIR \$500,000, Workers’ Comp \$200 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, 2006, were the cities of Antioch, Brentwood, Clayton, El Cerrito, Hercules, Lafayette, Manteca, Martinez, Oakley, Orinda, Pacifica, Pinole, Pittsburg, Pleasant Hill, Richmond, San Pablo, 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, 2006 is as follows:

	<u>MPANC</u>
Total Assets	\$ 52,048,407
Total Liabilities	<u>33,315,508</u>
Total Equity	<u>18,732,899</u>
Total Revenues	<u>16,192,010</u>
Total Expenditures/Expenses	<u>11,713,095</u>
Net Increase (Decrease) in Retained Earnings	<u>\$ 4,478,915</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 – POST-RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note #8, the City provides certain post-retirement health care benefits to employees who retire from the City and who meet the following criteria: 1) they retire on or after reaching age 50 and 2) they have at least five years of cumulative service credits with organizations participating in a CalPERS Defined Benefit Pension Plan. Employees hired after August 1, 2004 are subject to a 20-year vesting schedule and are eligible for benefits after: 1) five years of service with the City and 2) 10 years of cumulative service credits with organizations participating in a CalPERS Defined Benefit Pension Plan.

Coverage is also included for one employee dependent. Currently, 43 retirees are receiving these benefits. The City pays up to \$827.61 per month for health insurance for miscellaneous retirees and up to \$851.36 per month for safety retirees. Expenditures for post-retirement health care benefits are recognized on a pay as you go method. During fiscal year 2005/06, expenditures of \$301,617 were recognized for post-retirement health care.

NOTE # 11 – 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.

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 Contra Costa County, Contra Costa Library 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 part of the pass-through amount owed by the Redevelopment Agency was deferred. The deferred amount accrues simple interest at the average annual rate for the State of California Local Agency Investment Fund (LAIF). For the fiscal year ended June 30, 2006, that rate is 3.85%. Both the non-deferred share of the pass-through, plus a portion of the deferred share, are paid annually. The entire deferred portion of the pass-throughs are scheduled to be repaid by fiscal year 2008/09.

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.

In 2001, the Brentwood Redevelopment Agency amended The Merged Redevelopment Plan by adding territory in the North Brentwood Redevelopment Area. This amendment triggered statutory pass-through payments to taxing entities from the added territory starting in 2005/06, the first year tax increment will be generated from the added area. Payments will be made in accordance with the provisions of AB1290.



NOTE # 12 – CONTINGENT LIABILITIES

A. LITIGATION

The City is involved as a defendant in four legal actions and in one complaint, currently in arbitration, arising from a construction dispute. An unfavorable outcome in the complaint could result in a loss ranging from \$0 to \$1.6 million. The City intends to vigorously defend the matter and anticipates resolving the complaint well below the maximum loss amount. While it is not feasible to either predict or determine the outcome in these cases, it is the opinion of the City that the outcomes will have no material adverse effect on the financial position of the City.

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, 2006 was \$15,048,885, after a total of \$11,315,564 were used as credits through fiscal year 2005/06. 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, 2006, the City had the following commitments with respect to unfinished capital projects:

<u>Project Name</u>	<u>Outstanding Commitment</u>
BUSD Joint Use Community Gymnasium	\$ 1,500,000
BUSD Joint Use Community Theater	3,000,000
Chloramination of Wells	951,078
Surface Water Treatment Facility Phases I & II	1,068,635
Walnut Boulevard Widening	2,286,559
	<u>\$ 8,806,272</u>

NOTE # 13 – SUBSEQUENT EVENTS

On July 26, 2006 the City, through the Brentwood Infrastructure Financing Authority, issued \$17,195,000 of Infrastructure Revenue Bonds. The CIFP 2006-1 Infrastructure Revenue Bonds, Series 2006, encompasses 805 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.

NOTE # 14 – FUND BALANCE RESTATEMENTS

The City has determined a debt payment was recorded incorrectly in the prior year. Consequently, the beginning fund balance in the Water fund was restated to correctly reflect this payment. The effect of the restatement on the beginning balance was an increase of \$810,210.

Budgetary Comparison Schedule, General Fund
For Year Ended June 30, 2006

	Budget Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 13,099,523	\$ 13,424,523	\$ 13,553,708	\$ 129,185
Licenses	585,000	450,000	471,668	21,668
Permits and Fines	10,298,028	10,393,028	9,647,761	(745,267)
Uses of Money and Property	1,423,735	1,173,735	1,146,693	(27,042)
Intergovernmental	2,744,009	3,353,956	3,776,564	422,608
Franchises	800,776	800,776	808,389	7,613
Charges for Other Services	2,991,744	2,502,541	1,546,497	(956,044)
Charges to Other Funds	5,530,493	5,425,493	5,506,136	80,643
Fees and Other Revenues	137,443	132,443	111,620	(20,823)
Total Revenues	37,610,751	37,656,495	36,569,036	(1,087,459)
EXPENDITURES				
Current:				
General Government	5,343,491	5,368,491	4,410,573	957,918
Public Safety	14,125,113	14,125,113	12,690,401	1,434,712
Community Development	4,932,941	5,053,853	4,393,135	660,718
Engineering	2,800,328	2,800,328	2,476,437	323,891
Public Works	2,945,723	3,035,723	2,292,826	742,897
Parks	5,993,378	6,142,452	5,597,661	544,791
Community Services	246,121	246,121	203,941	42,180
Other	1,559,280	1,559,280	1,345,380	213,900
Capital Outlay	-	9,088	9,088	-
Total Expenditures	37,946,375	38,340,449	33,419,442	4,921,007
REVENUES OVER (UNDER) EXPENDITURES	(335,624)	(683,954)	3,149,594	3,833,548
OTHER FINANCING SOURCES (USES)				
Transfers In	3,058,331	3,274,281	3,564,014	289,733
Transfers Out	(2,946,739)	(3,236,739)	(3,699,834)	(463,095)
Total Other Financing Sources (Uses)	111,592	37,542	(135,820)	(173,362)
NET CHANGE IN FUND BALANCES	\$ (224,032)	\$ (646,412)	3,013,774	\$ 3,660,186
Fund Balance, Beginning of Year			19,500,563	
Fund Balance, End of Year			\$ 22,514,337	

Budgetary Comparison Schedule, Thoroughfares
For Year Ended June 30, 2006

	Budget Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Uses of Money and Property	\$ 20,000	\$ 20,000	\$ 405	\$ (19,595)
Fees and Other Revenues	7,006,000	7,006,000	5,978,314	(1,027,686)
Total Revenues	<u>7,026,000</u>	<u>7,026,000</u>	<u>5,978,719</u>	<u>(1,047,281)</u>
EXPENDITURES				
Current:				
General Government	357,148	357,148	380,001	(22,853)
Total Expenditures	<u>357,148</u>	<u>357,148</u>	<u>380,001</u>	<u>(22,853)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>6,668,852</u>	<u>6,668,852</u>	<u>5,598,718</u>	<u>(1,070,134)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	21,840	21,840
Transfers Out	(9,830,488)	(9,830,488)	(9,934,073)	(103,585)
Total other Financing Sources (Uses)	<u>(9,830,488)</u>	<u>(9,830,488)</u>	<u>(9,912,233)</u>	<u>(81,745)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (3,161,636)</u>	<u>\$ (3,161,636)</u>	<u>(4,313,515)</u>	<u>\$ (1,151,879)</u>
Fund Balance, Beginning of Year			<u>2,337,054</u>	
Fund Balance, End of Year			<u>\$ (1,976,461)</u>	

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgets for governmental funds are prepared in accordance with GAAP for 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

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
6/30/2003	\$ 19,995,273	\$ 13,036,220	\$ 6,959,053	65.2%	\$ 10,845,313	64.2%
6/30/2004	\$ 24,884,866	\$ 20,675,251	\$ 4,209,615	83.1%	\$ 13,533,385	31.1%
6/30/2005	\$ 30,745,530	\$ 25,232,747	\$ 5,512,783	82.1%	\$ 14,033,438	39.3%

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
6/30/2003	\$ 12,976,062	\$ 8,292,966	\$ 4,683,096	63.9%	\$ 3,179,899	147.3%
CalPERS Risk Pool Information <i>(See comment below)</i>						
6/30/2004	\$ 5,383,921,942	\$ 4,424,586,846	\$ 959,335,096	82.2%	\$ 575,296,434	166.8%
6/30/2005	\$ 6,367,049,264	\$ 5,295,150,375	\$ 1,071,898,889	83.2%	\$ 664,147,796	161.4%

CalPERS Risk Pool Information

Since the City has less than 100 active members in Fire and Police plans in at least one valuation since June 30, 2004, the City is required to participate in a risk pool. Therefore, standalone information of the schedule of the funding progress for the City was not disclosed. An actuarial valuation was performed with other participants within the same risk pool and those results are reported for fiscal years 2004 and 2005.

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds
 June 30, 2006

	Special Revenue Funds							
	Gas Tax	Police Grants	Other Grants	Citywide Parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	Economic Development
ASSETS								
Current Assets:								
Cash and Investments	\$ -	\$ 162,302	\$ -	\$ 456,391	\$ 41,216	\$ 2,315,834	\$ 38,993	\$ 4,782
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	-	19,175	52,976	2,028	3,094	6,595	104	14
Prepays	-	-	-	3,522	-	-	-	-
Due from Other Funds	-	12,897	-	-	-	31,149	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ -	\$ 194,374	\$ 52,976	\$ 461,941	\$ 44,310	\$ 2,353,578	\$ 39,097	\$ 4,796
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ 22,361	\$ 40,079	\$ 162,348	\$ 4,182	\$ 1,394	\$ -	\$ -
Due to Other Funds	-	-	12,897	-	-	-	-	-
Other Liabilities	-	-	-	95	-	-	-	-
Unearned Revenue	-	-	-	-	-	31,149	-	-
Total Liabilities	-	22,361	52,976	162,443	4,182	32,543	-	-
Fund Balances:								
Reserved for:								
Prepays	-	-	-	3,522	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	172,013	-	-	-	-	-	-
Unreserved, Reported in:								
Special Revenue	-	-	-	295,976	40,128	2,321,035	39,097	4,796
Total Fund Balances	-	172,013	-	299,498	40,128	2,321,035	39,097	4,796
Total Liabilities and Fund Balances	\$ -	\$ 194,374	\$ 52,976	\$ 461,941	\$ 44,310	\$ 2,353,578	\$ 39,097	\$ 4,796

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2006

Special Revenue Funds (Continued)

	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails
ASSETS								
Current Assets:								
Cash and Investments	\$ 3,326	\$ 2,464,924	\$ 414,073	\$ 39,824	\$ 163,295	\$ 139,382	\$ 1,095,094	\$ 242,432
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	10	7,049	451,218	117	481	-	3,335	-
Prepays	-	699	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	4,726	66,496
Land Held for Resale	-	389,849	-	-	-	-	-	-
Total Assets	<u>\$ 3,336</u>	<u>\$ 2,862,521</u>	<u>\$ 865,291</u>	<u>\$ 39,941</u>	<u>\$ 163,776</u>	<u>\$ 139,382</u>	<u>\$ 1,103,155</u>	<u>\$ 308,928</u>
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ 9,471	\$ -	\$ -	\$ -	\$ -	\$ 1,394	\$ 1,394
Due to Other Funds	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	4,726	66,496
Total Liabilities	<u>-</u>	<u>9,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,120</u>	<u>67,890</u>
Fund Balances:								
Reserved for:								
Prepays	-	699	-	-	-	-	-	-
Land Held for Resale	-	389,849	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	2,462,502	865,291	39,941	163,776	139,382	-	241,038
Unreserved, Reported in:								
Special Revenue	3,336	-	-	-	-	-	1,097,035	-
Total Fund Balances	<u>3,336</u>	<u>2,853,050</u>	<u>865,291</u>	<u>39,941</u>	<u>163,776</u>	<u>139,382</u>	<u>1,097,035</u>	<u>241,038</u>
Total Liabilities and Fund Balances	<u>\$ 3,336</u>	<u>\$ 2,862,521</u>	<u>\$ 865,291</u>	<u>\$ 39,941</u>	<u>\$ 163,776</u>	<u>\$ 139,382</u>	<u>\$ 1,103,155</u>	<u>\$ 308,928</u>

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2006

Special Revenue Funds (Continued)

	Agriculture Administration	Public Art Administration	Public Art Acquisition	Arts Commission	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts
ASSETS								
Current Assets:								
Cash and Investments	\$ 1,169,324	\$ 27,547	\$ 300,874	\$ 86,744	\$ 841,195	\$ 8,878,807	\$ 21,725	\$ 2,052,738
Restricted Cash and Investments	-	-	-	-	-	-	-	-
Receivables	3,086	4,166	17,101	267	2,388	24,073	64	6,546
Prepays	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	\$ 1,172,410	\$ 31,713	\$ 317,975	\$ 87,011	\$ 843,583	\$ 8,902,880	\$ 21,789	\$ 2,059,284
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	\$ 2,099	\$ -	\$ -	\$ 4,999	\$ -	\$ -	\$ -	\$ 226,755
Due to Other Funds	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total Liabilities	2,099	-	-	4,999	-	-	-	226,755
Fund Balances:								
Reserved for:								
Prepays	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Specific Projects and Programs	1,170,311	31,713	317,975	82,012	843,583	8,902,880	21,789	-
Unreserved, Reported in:								
Special Revenue	-	-	-	-	-	-	-	1,832,529
Total Fund Balances	1,170,311	31,713	317,975	82,012	843,583	8,902,880	21,789	1,832,529
Total Liabilities and Fund Balances	\$ 1,172,410	\$ 31,713	\$ 317,975	\$ 87,011	\$ 843,583	\$ 8,902,880	\$ 21,789	\$ 2,059,284

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
 June 30, 2006

	Debt Service Funds				Capital Project Funds				
	Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	Capital Lease Program	Capital Improvement Financing Program 94-1 (2004 A&B Refi)	Capital Improvement Financing Program 2000-1 (2004 C Refi)	Capital Improvement Financing Program 2002-1 (2005 A&B Refi)	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 2004-1
ASSETS									
Current Assets:									
Cash and Investments	\$ 4,516,716	\$ 118,402	\$ 72,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash and Investments	-	2,112,097	-	-	1,115,365	611,291	1,157,505	1,958,632	81,936
Receivables	21,027	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	\$ 4,537,743	\$ 2,230,499	\$ 72,718	\$ -	\$ 1,115,365	\$ 611,291	\$ 1,157,505	\$ 1,958,632	\$ 81,936
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	\$ 1,122,081	\$ 233,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Total Liabilities	1,122,081	233,531	-	-	-	-	-	-	-
Fund Balances:									
Reserved for:									
Prepays	-	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Debt Service	3,415,662	1,996,968	72,718	-	-	-	-	-	-
Specific Projects and Programs	-	-	-	-	1,115,365	611,291	1,157,505	1,958,632	81,936
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	-	-	-
Total Fund Balances	3,415,662	1,996,968	72,718	-	1,115,365	611,291	1,157,505	1,958,632	81,936
Total Liabilities and Fund Balances	\$ 4,537,743	\$ 2,230,499	\$ 72,718	\$ -	\$ 1,115,365	\$ 611,291	\$ 1,157,505	\$ 1,958,632	\$ 81,936

Continued

City of Brentwood

Combining Balance Sheet
Non-Major Governmental Funds (Continued)
June 30, 2006

Capital Project Funds (Continued)

	2002 Series A & B	Capital Improvement 2001	City Capital Improvement Financing Program	Capital Projects	Park Improvement Projects	Drainage Improvement Projects	Vineyards Projects	Redevelopment Projects	Total Non-Major Governmental Funds
ASSETS									
Current Assets:									
Cash and Investments	\$ -	\$ 13,018	\$ 712,855	\$ 8,990,217	\$ 3,847,101	\$ 150,802	\$ 1,637,790	\$ 3,392,711	\$ 44,413,152
Restricted Cash and Investments	365,450	-	-	140,839	-	-	-	5,764,555	13,307,670
Receivables	-	-	-	65	-	-	4,833	72,061	701,873
Prepays	-	-	-	14,532	-	-	-	1,320	20,073
Due from Other Funds	-	-	-	1,975,068	-	-	-	-	2,090,336
Land Held for Resale	-	-	-	-	-	-	-	699,108	1,088,957
Total Assets	\$ 365,450	\$ 13,018	\$ 712,855	\$ 11,120,721	\$ 3,847,101	\$ 150,802	\$ 1,642,623	\$ 9,929,755	\$ 61,622,061
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ 148,633	\$ 58,802	\$ -	\$ 31,398	\$ 8,221	\$ 2,079,142
Due to Other Funds	-	-	-	-	-	-	-	-	12,897
Other Liabilities	-	-	-	144,108	-	-	-	-	144,203
Unearned Revenue	-	-	-	-	-	-	-	-	102,371
Total Liabilities	-	-	-	292,741	58,802	-	31,398	8,221	2,338,613
Fund Balances:									
Reserved for:									
Prepays	-	-	-	14,532	-	-	-	1,320	20,073
Land Held for Resale	-	-	-	-	-	-	-	699,108	1,088,957
Debt Service	-	-	-	-	-	-	-	-	5,485,348
Specific Projects and Programs	365,450	13,018	712,855	10,813,448	3,788,299	150,802	1,611,225	9,221,106	47,055,138
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	-	-	5,633,932
Total Fund Balances	365,450	13,018	712,855	10,827,980	3,788,299	150,802	1,611,225	9,921,534	59,283,448
Total Liabilities and Fund Balances	\$ 365,450	\$ 13,018	\$ 712,855	\$ 11,120,721	\$ 3,847,101	\$ 150,802	\$ 1,642,623	\$ 9,929,755	\$ 61,622,061



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City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For Year Ended June 30, 2006**

	Special Revenue Funds							
	Gas Tax	Police Grants	Other Grants	Citywide parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	
REVENUES								
Taxes	\$ 752,699	\$ -	\$ -	\$ 1,412,160	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	-	7,289	123	13,794	15,306	54,624	889	86
Intergovernmental	-	132,841	52,976	-	-	-	-	-
Charges for Other Services	-	-	-	33,701	-	-	-	-
Fees and Other Revenues	-	-	-	341,188	1,107,805	3,678,845	35,580	4,710
Total Revenues	752,699	140,130	53,099	1,800,843	1,123,111	3,733,469	36,469	4,796
EXPENDITURES								
Current:								
General Government	-	-	58,363	-	37,589	52,666	-	-
Public Safety	-	83,696	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Parks	-	-	-	1,783,345	-	-	-	-
Community Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	-	83,696	58,363	1,783,345	37,589	52,666	-	-
REVENUES OVER (UNDER) EXPENDITURES	752,699	56,434	(5,264)	17,498	1,085,522	3,680,803	36,469	4,796
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	512,000	-	-	-	-
Transfers Out	(752,699)	(133,609)	(2,004)	(230,000)	(1,045,394)	(3,091,458)	(20,000)	-
Total Other Financing Sources (Uses)	(752,699)	(133,609)	(2,004)	282,000	(1,045,394)	(3,091,458)	(20,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	(77,175)	(7,268)	299,498	40,128	589,345	16,469	4,796
Fund Balance, Beginning of Year	-	249,188	7,268	-	-	1,731,690	22,628	-
Fund Balance, End of Year	\$ -	\$ 172,013	\$ -	\$ 299,498	\$ 40,128	\$ 2,321,035	\$ 39,097	\$ 4,796

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
 For Year Ended June 30, 2006

Special Revenue Funds (Continued)

	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails
REVENUES								
Taxes	\$ -	\$ 1,128,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	459	56,348	13,118	934	5,209	-	37,398	3,248
Intergovernmental	-	-	-	-	-	413,491	-	-
Charges for Other Services	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	450,000	17,907	-	-	995,657	2,399,360
Total Revenues	459	1,184,522	463,118	18,841	5,209	413,491	1,033,055	2,402,608
EXPENDITURES								
Current:								
General Government	-	384,680	-	1,291	2,500	2,413	680,831	-
Public Safety	-	-	-	-	-	-	-	-
Community Development	6,033	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	253,702
Community Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	636,765	342,060
Interest and Fiscal Charges	-	-	-	-	-	-	81,756	-
Total Expenditures	6,033	384,680	-	1,291	2,500	2,413	1,399,352	595,762
REVENUES OVER (UNDER) EXPENDITURES	(5,574)	799,842	463,118	17,550	2,709	411,078	(366,297)	1,806,846
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(100,000)	-	-	-	-	(350,000)	-	(1,565,808)
Total Other Financing Sources (Uses)	(100,000)	-	-	-	-	(350,000)	-	(1,565,808)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(105,574)	799,842	463,118	17,550	2,709	61,078	(366,297)	241,038
Fund Balance, Beginning of Year	108,910	2,053,208	402,173	22,391	161,067	78,304	1,463,332	-
Fund Balance, End of Year	\$ 3,336	\$ 2,853,050	\$ 865,291	\$ 39,941	\$ 163,776	\$ 139,382	\$ 1,097,035	\$ 241,038

Continued

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For Year Ended June 30, 2006

Special Revenue Funds (Continued)

	Agriculture Administration	Public Art Administration	Public Art Acquisition	Arts Commission	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	32,471	1,358	7,191	2,998	21,153	241,992	688	55,548
Intergovernmental	-	-	-	10,000	-	-	-	-
Charges for Other Services	-	-	-	-	-	-	-	-
Fees and Other Revenues	479,706	132,150	381,784	48,486	483,683	1,918,822	-	4,029,265
Total Revenues	512,177	133,508	388,975	61,484	504,836	2,160,814	688	4,084,813
EXPENDITURES								
Current:								
General Government	271,570	-	-	85,461	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	1,869,839
Other	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-
Total Expenditures	271,570	-	-	85,461	-	-	-	1,869,839
REVENUES OVER (UNDER) EXPENDITURES	240,607	133,508	388,975	(23,977)	504,836	2,160,814	688	2,214,974
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	207,238	-	-	-	-
Transfers Out	-	(125,492)	(71,000)	(101,249)	-	-	-	(382,445)
Total Other Financing Sources (Uses)	-	(125,492)	(71,000)	105,989	-	-	-	(382,445)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES								
	240,607	8,016	317,975	82,012	504,836	2,160,814	688	1,832,529
Fund Balance, Beginning of Year	929,704	23,697	-	-	338,747	6,742,066	21,101	-
Fund Balance, End of Year	\$ 1,170,311	\$ 31,713	\$ 317,975	\$ 82,012	\$ 843,583	\$ 8,902,880	\$ 21,789	\$ 1,832,529

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
 For Year Ended June 30, 2006

	Debt Service Funds				Capital Project Funds				
	Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	Capital Lease Program	Capital Improvement Financing Program 94-1 (2004 A&B Refi)	Capital Improvement Financing Program 2000-1 (2004 C Refi)	Capital Improvement Financing Program 2002-1 (2005 A&B Refi)	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 2004-1
REVENUES									
Taxes	\$ 4,512,698	\$ -	\$ 247,507	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	275,943	39,555	-	-	54,885	35,291	38,566	65,223	2,723
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	-	-	-	-	-
Fees and Oher Revenues	-	-	-	-	-	-	-	-	-
Total Revenues	4,788,641	39,555	247,507	-	54,885	35,291	38,566	65,223	2,723
EXPENDITURES									
Current:									
General Government	-	-	-	-	915,726	-	-	10,992	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	11,300	4,805	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	1,525,415	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	405,000	245,000	120,000	68,955	-	-	-	-	-
Interest and Fiscal Charges	964,244	467,939	152,456	4,370	-	543	-	-	-
Total Expenditures	2,894,659	724,239	277,261	73,325	915,726	543	-	10,992	-
REVENUES OVER (UNDER) EXPENDITURES	1,893,982	(684,684)	(29,754)	(73,325)	(860,841)	34,748	38,566	54,231	2,723
OTHER FINANCING SOURCES (USES)									
Transfers In	-	679,067	-	73,325	-	-	-	-	-
Transfers Out	(661,825)	-	-	-	(422,010)	(461,863)	(801)	-	-
Total Other Financing Sources (Uses)	(661,825)	679,067	-	73,325	(422,010)	(461,863)	(801)	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,232,157	(5,617)	(29,754)	-	(1,282,851)	(427,115)	37,765	54,231	2,723
Fund Balance, Beginning of Year	2,183,505	2,002,585	102,472	-	2,398,216	1,038,406	1,119,740	1,904,401	79,213
Fund Balance, End of Year	\$ 3,415,662	\$ 1,996,968	\$ 72,718	\$ -	\$ 1,115,365	\$ 611,291	\$ 1,157,505	\$ 1,958,632	\$ 81,936

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
 For Year Ended June 30, 2006

Capital Project Funds (Continued)

	2002 Series A & B	Capital Improvement 2001	City Capital Improvement Financing Program	Capital Projects	Park Improvement Projects	Drainage Improvement Projects	Vineyards Projects	Redevelopment Projects	Total Non-Major Governmental Funds
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,053,238
Uses of Money and Property	12,148	1,009	-	-	-	-	48,122	247,439	1,393,128
Intergovernmental	-	-	-	-	277,259	-	-	-	886,567
Charges for Other Services	-	-	-	-	-	-	-	-	33,701
Fees and Other Revenues	-	-	141,052	119,920	1,169,218	-	1,620,000	-	19,555,138
Total Revenues	12,148	1,009	141,052	119,920	1,446,477	-	1,668,122	247,439	29,921,772
EXPENDITURES									
Current:									
General Government	-	-	-	3,359,429	-	-	56,897	636,835	6,557,243
Public Safety	-	-	-	-	-	-	-	-	83,696
Community Development	-	-	-	-	-	-	-	-	22,138
Parks	-	-	-	-	-	-	-	-	2,037,047
Community Services	-	-	-	-	-	-	-	-	1,869,839
Other	-	-	-	-	-	-	-	-	1,525,415
Capital Outlay	-	-	-	2,969,572	2,183,915	50,935	-	-	5,204,422
Debt Service:									
Principal	-	-	-	-	-	-	-	-	1,817,780
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	1,671,308
Total Expenditures	-	-	-	6,329,001	2,183,915	50,935	56,897	636,835	20,788,888
REVENUES OVER (UNDER) EXPENDITURES	12,148	1,009	141,052	(6,209,081)	(737,438)	(50,935)	1,611,225	(389,396)	9,132,884
OTHER FINANCING SOURCES (USES)									
Transfers In	-	-	571,803	7,856,445	4,525,737	100,000	-	661,825	15,187,440
Transfers Out	-	(38,177)	-	(10,000)	-	-	-	(777,938)	(10,343,772)
Total Other Financing Sources (Uses)	-	(38,177)	571,803	7,846,445	4,525,737	100,000	-	(116,113)	4,843,668
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	12,148	(37,168)	712,855	1,637,364	3,788,299	49,065	1,611,225	(505,509)	13,976,552
Fund Balance, Beginning of Year	353,302	50,186	-	9,190,616	-	101,737	-	10,427,043	45,306,896
Fund Balance, End of Year	\$ 365,450	\$ 13,018	\$ 712,855	\$ 10,827,980	\$ 3,788,299	\$ 150,802	\$ 1,611,225	\$ 9,921,534	\$ 59,283,448



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Combining Statement of Net Assets
All Internal Service Funds
June 30, 2006

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition Program	Fleet Maintenance	Facilities Maintenance Services	Parks and LLD Replacement	Insurance	TOTALS
ASSETS											
Current Assets:											
Cash and Investments	\$ 5,437,053	\$ 154,564	\$ 5,269,283	\$ 103,296	\$ 600,403	\$ 58,843	\$ 313,632	\$ 115,918	\$ 935,049	\$ 3,442,552	\$ 16,430,593
Receivables	21,598	479	15,436	30,061	233,081	171	872	403	2,249	6,028	310,378
Prepays	-	7,738	-	-	-	-	4,807	2,181	-	32,687	47,413
Total Current Assets	5,458,651	162,781	5,284,719	133,357	833,484	59,014	319,311	118,502	937,298	3,481,267	16,788,384
Non-Current Assets:											
Capital Assets:											
Machinery and Equipment	-	-	1,964,372	430,210	-	-	-	-	-	-	2,394,582
Vehicles	-	-	6,725,655	-	-	-	-	-	-	-	6,725,655
Less Accumulated Depreciation	-	-	(4,228,912)	(278,858)	-	-	-	-	-	-	(4,507,770)
Total Capital Assets, Net of Accumulated Depreciation	-	-	4,461,115	151,352	-	-	-	-	-	-	4,612,467
Total Non-Current Assets	-	-	4,461,115	151,352	-	-	-	-	-	-	4,612,467
Total Assets	5,458,651	162,781	9,745,834	284,709	833,484	59,014	319,311	118,502	937,298	3,481,267	21,400,851
LIABILITIES AND NET ASSETS											
Current Liabilities:											
Accounts Payable and Accrued Liabilities	13,376	9,130	152,943	9,506	39	-	16,722	36,515	5,058	-	243,289
Unearned Revenue	-	-	-	-	332	-	-	-	-	-	332
Compensated Absences Payable	-	1,284	-	-	-	-	650	170	-	-	2,104
Total Current Liabilities	13,376	10,414	152,943	9,506	371	-	17,372	36,685	5,058	-	245,725
Non-Current Liabilities Due in More Than One Year:											
Compensated Absences Payable	-	41,530	-	-	-	-	21,068	5,508	-	-	68,106
Total Non-Current Liabilities	-	41,530	-	-	-	-	21,068	5,508	-	-	68,106
Total Liabilities	13,376	51,944	152,943	9,506	371	-	38,440	42,193	5,058	-	313,831
Net Assets:											
Invested in Capital Assets, Net of Related Debt	-	-	4,461,115	151,352	-	-	-	-	-	-	4,612,467
Unrestricted	5,445,275	110,837	5,131,776	123,851	833,113	59,014	280,871	76,309	932,240	3,481,267	16,474,553
Total Net Assets	\$ 5,445,275	\$ 110,837	\$ 9,592,891	\$ 275,203	\$ 833,113	\$ 59,014	\$ 280,871	\$ 76,309	\$ 932,240	\$ 3,481,267	\$ 21,087,020

City of Brentwood

Combining Statement of Activities and Changes in Net Assets
All Internal Service Funds
For Year Ended June 30, 2006

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition Program	Fleet Maintenance	Facilities Maintenance Services	Parks and LLD Replacement	Insurance	TOTALS
Operating Revenues:											
Charges for Services	\$ -	\$ 1,285,001	\$ 1,628,895	\$ 808,180	\$ 468,852	\$ 9,994	\$ 891,363	\$ 790,739	\$ -	\$ 2,756,280	\$ 8,639,304
Other Income	19,853	251	73,421	-	20,446	-	60,048	2,323	-	-	176,342
Total Operating Revenues	19,853	1,285,252	1,702,316	808,180	489,298	9,994	951,411	793,062	-	2,756,280	8,815,646
Operating Expenses:											
Personnel Services	-	928,192	-	-	-	-	453,476	222,488	-	-	1,604,156
Repairs and Maintenance	193,642	144	-	-	25,123	-	6,134	395,918	-	-	620,961
Materials, Supplies and Services	4,826	289,866	24,490	363,508	11,170	11,473	491,195	101,760	41,738	811,196	2,151,222
Depreciation and Amortization	-	-	737,297	53,420	-	-	-	-	-	-	790,717
Total Operating Expenses	198,468	1,218,202	761,787	416,928	36,293	11,473	950,805	720,166	41,738	811,196	5,167,056
Operating Income (Loss)	(178,615)	67,050	940,529	391,252	453,005	(1,479)	606	72,896	(41,738)	1,945,084	3,648,590
Non-Operating Revenue (Expenses):											
Interest Income	175,847	4,089	150,912	10,852	24,801	1,881	9,663	3,413	18,542	48,354	448,354
Interest Expense	-	-	(1,999)	-	-	-	-	-	-	-	(1,999)
Loss on Disposal of Capital Assets	-	-	(6,230)	-	-	-	-	-	-	-	(6,230)
Total Non-Operating Revenues (Expenses)	175,847	4,089	142,683	10,852	24,801	1,881	9,663	3,413	18,542	48,354	440,125
Income (Loss) before Contributions and Transfers	(2,768)	71,139	1,083,212	402,104	477,806	402	10,269	76,309	(23,196)	1,993,438	4,088,715
Transfers In	-	10,500	943,413	10,000	-	-	-	-	612,445	-	1,576,358
Transfers Out	-	-	-	(750,000)	(499,923)	-	-	-	-	-	(1,249,923)
Change in Net Assets	(2,768)	81,639	2,026,625	(337,896)	(22,117)	402	10,269	76,309	589,249	1,993,438	4,415,150
Net Assets, Beginning of Year	5,448,043	29,198	7,566,266	613,099	855,230	58,612	270,602	-	342,991	1,487,829	16,671,870
Net Assets, End of Year	\$ 5,445,275	\$ 110,837	\$ 9,592,891	\$ 275,203	\$ 833,113	\$ 59,014	\$ 280,871	\$ 76,309	\$ 932,240	\$ 3,481,267	\$ 21,087,020

Combining Statement of Cash Flows
All Internal Service Funds
For Year Ended June 30, 2006

	Emergency Preparedness	Information Services	Equipment Replacement	Information Systems Replacement	Facilities Replacement	Tuition Program	Fleet Maintenance	Facilities Maintenance Services	Parks and LLD Replacement	Insurance	TOTALS
Cash Flows from Operating Activities											
Cash Received from Customers/Other Funds	\$ 4,255	\$ -	\$ 73,420	\$ -	\$ 241,803	\$ -	\$ 60,048	\$ 2,105	\$ -	\$ -	\$ 381,631
Cash Received from Interfund Services	-	1,278,475	1,618,174	806,599	15,861	9,887	947,543	788,373	-	2,718,231	8,183,143
Cash Payments to Suppliers of Goods and Services	(185,092)	(270,018)	100,754	(362,590)	(58,537)	(11,473)	(509,314)	(455,485)	(38,569)	(811,196)	(2,601,520)
Cash Payments to Employees for Services	-	(928,192)	-	-	-	-	(453,476)	(222,488)	-	-	(1,604,156)
Net Cash Provided By (Used for) Operating Activities	(180,837)	80,265	1,792,348	444,009	199,127	(1,586)	44,801	112,505	(38,569)	1,907,035	4,359,098
Cash Flows from Non-Capital Financing Activities											
Transfers Received	-	10,500	-	-	-	-	-	-	612,445	-	622,945
Transfers Paid	-	-	-	(750,000)	(499,923)	-	-	-	-	-	(1,249,923)
Net Cash Provided By (Used for) Non-Capital Financing Activities	-	10,500	-	(750,000)	(499,923)	-	-	-	612,445	-	(626,978)
Cash Flows from Capital and Related Financing Activities											
Interest Paid on Debt	-	-	(1,999)	-	-	-	-	-	-	-	(1,999)
Principal Paid on Debt	-	-	(35,500)	-	-	-	-	-	-	-	(35,500)
Acquisition and Construction of Assets	-	-	(958,163)	(4,050)	-	-	-	-	-	-	(962,213)
Net Cash Provided By (Used for) Capital and Related Financing Activities	-	-	(995,662)	(4,050)	-	-	-	-	-	-	(999,712)
Cash Flows from Investing Activities											
Interest on Investments	175,847	4,089	150,912	10,852	24,801	1,881	9,663	3,413	18,542	48,354	448,354
Net Cash Provided By Investing Activities	175,847	4,089	150,912	10,852	24,801	1,881	9,663	3,413	18,542	48,354	448,354
Net Increase (Decrease) in Cash and Cash Equivalents	(4,990)	94,854	947,598	(299,189)	(275,995)	295	54,464	115,918	592,418	1,955,389	3,180,762
Cash and Cash Equivalents - Beginning of Year	5,442,043	59,710	4,321,685	402,485	876,398	58,548	259,168	-	342,631	1,487,163	13,249,831
Cash and Cash Equivalents - End of Year	\$ 5,437,053	\$ 154,564	\$ 5,269,283	\$ 103,296	\$ 600,403	\$ 58,843	\$ 313,632	\$ 115,918	\$ 935,049	\$ 3,442,552	\$ 16,430,593
Reconciliation of Operating Income to Net Cash Provided By (Used for) Operating Activities:											
Operating Income (Loss)	\$ (178,615)	\$ 67,050	\$ 940,529	\$ 391,252	\$ 453,005	\$ (1,479)	\$ 606	\$ 72,896	\$ (41,738)	\$ 1,945,084	\$ 3,648,590
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used for) Operating Activities											
Depreciation	-	-	737,297	53,420	-	-	-	-	-	-	790,717
Change in Assets and Liabilities:											
Receivables, Net	(15,598)	(6,778)	(10,722)	(1,581)	(231,633)	(107)	56,180	(2,584)	(1,889)	(38,049)	(252,761)
Accounts Payable and Other Payables	13,376	19,993	125,244	918	(22,245)	-	(11,985)	42,193	5,058	-	172,552
Net Cash Provided By (Used for) Operating Activities	\$ (180,837)	\$ 80,265	\$ 1,792,348	\$ 444,009	\$ 199,127	\$ (1,586)	\$ 44,801	\$ 112,505	\$ (38,569)	\$ 1,907,035	\$ 4,359,098
Noncash Capital Activities:											
Assets Contributed from Other Funds	-	-	943,413	10,000	-	-	-	-	-	-	953,413



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Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006

	Assessments	Pass-Through	Asset Seizure	Total
ASSETS				
Cash and Investments	\$ 9,395,959	\$ 6,035,594	\$ 28,212	\$ 15,459,765
Restricted Cash and Investments	8,356,023	-	-	8,356,023
Interest Receivable	20,821	18,592	83	39,496
Total Assets	\$ 17,772,803	\$ 6,054,186	\$ 28,295	\$ 23,855,284
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 11,801	\$ 6,018,832	\$ -	\$ 6,030,633
Due to Others	-	35,354	28,295	63,649
Due to Bondholders	17,761,002	-	-	17,761,002
Total Liabilities	\$ 17,772,803	\$ 6,054,186	\$ 28,295	\$ 23,855,284

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

June 30, 2006

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Assessments				
ASSETS				
Cash and Investments	\$ 10,752,991	\$ 24,776,872	\$ 26,133,904	\$ 9,395,959
Restricted Cash and Investments	5,328,349	96,444,182	93,416,508	8,356,023
Interest Receivable	23,209	54,616	57,004	20,821
Accounts Receivable	834	-	834	-
Total Assets	<u>\$ 16,105,383</u>	<u>\$ 121,275,670</u>	<u>\$ 119,608,250</u>	<u>\$ 17,772,803</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 369,075	\$ 13,262,336	\$ 13,619,610	\$ 11,801
Due to Others	1,972,941	-	1,972,941	-
Due to Bondholders	13,763,367	4,722,635	725,000	17,761,002
Total Liabilities	<u>\$ 16,105,383</u>	<u>\$ 17,984,971</u>	<u>\$ 16,317,551</u>	<u>\$ 17,772,803</u>
Pass-Through				
ASSETS				
Cash and Investments	\$ 5,554,070	\$ 14,892,841	\$ 14,411,317	\$ 6,035,594
Interest Receivable	7,157	18,592	7,157	18,592
Total Assets	<u>\$ 5,561,227</u>	<u>\$ 14,911,433</u>	<u>\$ 14,418,474</u>	<u>\$ 6,054,186</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 5,525,873	\$ 22,836,344	\$ 22,343,385	\$ 6,018,832
Due to Others	35,354	-	-	35,354
Total Liabilities	<u>\$ 5,561,227</u>	<u>\$ 22,836,344</u>	<u>\$ 22,343,385</u>	<u>\$ 6,054,186</u>
Asset Seizure				
ASSETS				
Cash and Investments	\$ 27,371	\$ 841	\$ -	\$ 28,212
Interest Receivable	30	83	30	83
Total Assets	<u>\$ 27,401</u>	<u>\$ 924</u>	<u>\$ 30</u>	<u>\$ 28,295</u>
LIABILITIES				
Due to Others	\$ 27,401	\$ 924	\$ 30	\$ 28,295
Total Liabilities	<u>\$ 27,401</u>	<u>\$ 924</u>	<u>\$ 30</u>	<u>\$ 28,295</u>
Total - All Agency Funds				
ASSETS				
Cash and Investments	\$ 16,334,432	\$ 39,670,554	\$ 40,545,221	\$ 15,459,765
Restricted Cash and Investments	5,328,349	96,444,182	93,416,508	8,356,023
Interest Receivable	30,396	73,291	64,191	39,496
Accounts Receivable	834	-	834	-
Total Assets	<u>\$ 21,694,011</u>	<u>\$ 136,188,027</u>	<u>\$ 134,026,754</u>	<u>\$ 23,855,284</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 5,894,948	\$ 36,098,680	\$ 35,962,995	\$ 6,030,633
Due to Others	2,035,696	924	1,972,971	63,649
Due to Bondholders	13,763,367	4,722,635	725,000	17,761,002
Total Liabilities	<u>\$ 21,694,011</u>	<u>\$ 40,822,239</u>	<u>\$ 38,660,966</u>	<u>\$ 23,855,284</u>

Balance Sheet

General Fund

June 30, 2006

		General Fund
ASSETS		
Current Assets:		
Cash and Investments	\$	31,250,163
Receivables		1,487,369
Prepays		204,076
Total Assets	\$	32,941,608
LIABILITIES AND FUND BALANCES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$	1,646,731
Unearned Revenue		111,298
Deposits Held		8,669,242
Total Liabilities		10,427,271
Fund Balances:		
Reserved for:		
Prepays		204,076
Unreserved, Reported in:		
General Fund		22,310,261
Total Fund Balances		22,514,337
Total Liabilities and Fund Balances	\$	32,941,608

City of Brentwood

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Taxes	\$ 13,424,523	\$ 13,553,708	\$ 129,185
Licenses	450,000	471,668	21,668
Permits and Fines	10,393,028	9,647,761	(745,267)
Uses of Money and Property	1,173,735	1,146,693	(27,042)
Intergovernmental	3,353,956	3,776,564	422,608
Franchises	800,776	808,389	7,613
Charges for Other Services	2,502,541	1,546,497	(956,044)
Charges to Other Funds	5,425,493	5,506,136	80,643
Fees and Other Revenues	132,443	111,620	(20,823)
Total Revenues	<u>37,656,495</u>	<u>36,569,036</u>	<u>(1,087,459)</u>
EXPENDITURES			
Current:			
General Government	5,368,491	4,410,573	957,918
Public Safety	14,125,113	12,690,401	1,434,712
Community Development	5,053,853	4,393,135	660,718
Engineering	2,800,328	2,476,437	323,891
Public Works	3,035,723	2,292,826	742,897
Parks	6,142,452	5,597,661	544,791
Community Services	246,121	203,941	42,180
Other	1,559,280	1,345,380	213,900
Capital Outlay	9,088	9,088	-
Total Expenditures	<u>38,340,449</u>	<u>33,419,442</u>	<u>4,921,007</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(683,954)</u>	<u>3,149,594</u>	<u>3,833,548</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	3,274,281	3,564,014	289,733
Transfers Out	(3,236,739)	(3,699,834)	(463,095)
Total Other Financing Sources (Uses)	<u>37,542</u>	<u>(135,820)</u>	<u>(173,362)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (646,412)</u>	<u>3,013,774</u>	<u>\$ 3,660,186</u>
Fund Balance, Beginning of Year		<u>19,500,563</u>	
Fund Balance, End of Year		<u>\$ 22,514,337</u>	

City of Brentwood

Combining Balance Sheet
All Special Revenue Funds
June 30, 2006

	Thoroughfares	Gas Tax	Police Grants	Other Grants	Citywide Parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	Economic Development
ASSETS									
Current Assets:									
Cash and Investments	\$ -	\$ -	\$ 162,302	\$ -	\$ 456,391	\$ 41,216	\$ 2,315,834	\$ 38,993	\$ 4,782
Receivables	1,017,015	-	19,175	52,976	2,028	3,094	6,595	104	14
Prepays	-	-	-	-	3,522	-	-	-	-
Due from Other Funds	97,069	-	12,897	-	-	-	31,149	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Total Assets	\$ 1,114,084	\$ -	\$ 194,374	\$ 52,976	\$ 461,941	\$ 44,310	\$ 2,353,578	\$ 39,097	\$ 4,796
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	\$ 1,394	\$ -	\$ 22,361	\$ 40,079	\$ 162,348	\$ 4,182	\$ 1,394	\$ -	\$ -
Due to Other Funds	1,975,068	-	-	12,897	-	-	-	-	-
Other Liabilities	-	-	-	-	95	-	-	-	-
Unearned Revenue	1,114,083	-	-	-	-	-	31,149	-	-
Total Liabilities	3,090,545	-	22,361	52,976	162,443	4,182	32,543	-	-
Fund Balances:									
Reserved for:									
Prepays	-	-	-	-	3,522	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-	-
Specific Projects and Programs	-	-	172,013	-	-	-	-	-	-
Unreserved, Reported in:									
Special Revenue	(1,976,461)	-	-	-	295,976	40,128	2,321,035	39,097	4,796
Total Fund Balances	(1,976,461)	-	172,013	-	299,498	40,128	2,321,035	39,097	4,796
Total Liabilities and Fund Balances	\$ 1,114,084	\$ -	\$ 194,374	\$ 52,976	\$ 461,941	\$ 44,310	\$ 2,353,578	\$ 39,097	\$ 4,796

Continued

City of Brentwood

Combining Balance Sheet
All Special Revenue Funds (Continued)
June 30, 2006

	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails
ASSETS								
Current Assets:								
Cash and Investments	\$ 3,326	\$ 2,464,924	\$ 414,073	\$ 39,824	\$ 163,295	\$ 139,382	\$ 1,095,094	\$ 242,432
Receivables	10	7,049	451,218	117	481	-	3,335	-
Prepays	-	699	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	4,726	66,496
Land Held for Resale	-	389,849	-	-	-	-	-	-
Total Assets	\$ 3,336	\$ 2,862,521	\$ 865,291	\$ 39,941	\$ 163,776	\$ 139,382	\$ 1,103,155	\$ 308,928
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ 9,471	\$ -	\$ -	\$ -	\$ -	\$ 1,394	\$ 1,394
Due to Other Funds	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	4,726	66,496
Total Liabilities	-	9,471	-	-	-	-	6,120	67,890
Fund Balances:								
Reserved for:								
Prepays	-	699	-	-	-	-	-	-
Land Held for Resale	-	389,849	-	-	-	-	-	-
Specific Projects and Programs	-	2,462,502	865,291	39,941	163,776	139,382	-	241,038
Unreserved, Reported in:								
Special Revenue	3,336	-	-	-	-	-	1,097,035	-
Total Fund Balances	3,336	2,853,050	865,291	39,941	163,776	139,382	1,097,035	241,038
Total Liabilities and Fund Balances	\$ 3,336	\$ 2,862,521	\$ 865,291	\$ 39,941	\$ 163,776	\$ 139,382	\$ 1,103,155	\$ 308,928

Continued

City of Brentwood

Combining Balance Sheet
All Special Revenue Funds (Continued)
June 30, 2006

	Agriculture Administration	Public Art Administration	Public Art Acquisition	Arts Commission	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts	Totals
ASSETS									
Current Assets:									
Cash and Investments	\$ 1,169,324	\$ 27,547	\$ 300,874	\$ 86,744	\$ 841,195	\$ 8,878,807	\$ 21,725	\$ 2,052,738	\$ 20,960,822
Receivables	3,086	4,166	17,101	267	2,388	24,073	64	6,546	1,620,902
Prepays	-	-	-	-	-	-	-	-	4,221
Due from Other Funds	-	-	-	-	-	-	-	-	212,337
Land Held for Resale	-	-	-	-	-	-	-	-	389,849
Total Assets	\$ 1,172,410	\$ 31,713	\$ 317,975	\$ 87,011	\$ 843,583	\$ 8,902,880	\$ 21,789	\$ 2,059,284	\$ 23,188,131
LIABILITIES AND FUND BALANCES									
Current Liabilities:									
Accounts Payable and Accrued Liabilities	\$ 2,099	\$ -	\$ -	\$ 4,999	\$ -	\$ -	\$ -	\$ 226,755	\$ 477,870
Due to Other Funds	-	-	-	-	-	-	-	-	1,987,965
Other Liabilities	-	-	-	-	-	-	-	-	95
Unearned Revenue	-	-	-	-	-	-	-	-	1,216,454
Total Liabilities	2,099	-	-	4,999	-	-	-	226,755	3,682,384
Fund Balances:									
Reserved for:									
Prepays	-	-	-	-	-	-	-	-	4,221
Land Held for Resale	-	-	-	-	-	-	-	-	389,849
Specific Projects and Programs	1,170,311	31,713	317,975	82,012	843,583	8,902,880	21,789	-	15,454,206
Unreserved, Reported in:									
Special Revenue	-	-	-	-	-	-	-	1,832,529	3,657,471
Total Fund Balances	1,170,311	31,713	317,975	82,012	843,583	8,902,880	21,789	1,832,529	19,505,747
Total Liabilities and Fund Balances	\$ 1,172,410	\$ 31,713	\$ 317,975	\$ 87,011	\$ 843,583	\$ 8,902,880	\$ 21,789	\$ 2,059,284	\$ 23,188,131



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City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Special Revenue Funds
For Year Ended June 30, 2006

	Thoroughfares	Gas Tax	Police Grants	Other Grants	Citywide Parks Districts	Community Facilities Districts	Community Facilities	Vehicle Abatement	Economic Development
REVENUES									
Taxes	\$ -	\$ 752,699	\$ -	\$ -	\$ 1,412,160	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	405	-	7,289	123	13,794	15,306	54,624	889	86
Intergovernmental	-	-	132,841	52,976	-	-	-	-	-
Charges for Other Services	-	-	-	-	33,701	-	-	-	-
Fees and Other Revenues	5,978,314	-	-	-	341,188	1,107,805	3,678,845	35,580	4,710
Total Revenues	5,978,719	752,699	140,130	53,099	1,800,843	1,123,111	3,733,469	36,469	4,796
EXPENDITURES									
Current:									
General Government	380,001	-	-	58,363	-	37,589	52,666	-	-
Public Safety	-	-	83,696	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	1,783,345	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	380,001	-	83,696	58,363	1,783,345	37,589	52,666	-	-
REVENUES OVER (UNDER) EXPENDITURES	5,598,718	752,699	56,434	(5,264)	17,498	1,085,522	3,680,803	36,469	4,796
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	21,840	-	-	-	512,000	-	-	-	-
Transfers Out	(9,934,073)	(752,699)	(133,609)	(2,004)	(230,000)	(1,045,394)	(3,091,458)	(20,000)	-
Total Other Financing Sources (Uses)	(9,912,233)	(752,699)	(133,609)	(2,004)	282,000	(1,045,394)	(3,091,458)	(20,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	(4,313,515)	-	(77,175)	(7,268)	299,498	40,128	589,345	16,469	4,796
Fund Balance, Beginning of Year	2,337,054	-	249,188	7,268	-	-	1,731,690	22,628	-
Fund Balance, End of Year	\$ (1,976,461)	\$ -	\$ 172,013	\$ -	\$ 299,498	\$ 40,128	\$ 2,321,035	\$ 39,097	\$ 4,796

Continued

City of Brentwood

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	Storm Drainage	RDA Low Income Housing	PEG Media	Asset Forfeiture	Open Space	Measure C	Facility Fee Administration	Parks and Trails
REVENUES								
Taxes	\$ -	\$ 1,128,174	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	459	56,348	13,118	934	5,209	-	37,398	3,248
Intergovernmental	-	-	-	-	-	413,491	-	-
Charges for Other Services	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	450,000	17,907	-	-	995,657	2,399,360
Total Revenues	459	1,184,522	463,118	18,841	5,209	413,491	1,033,055	2,402,608
EXPENDITURES								
Current:								
General Government	-	384,680	-	1,291	2,500	2,413	680,831	-
Public Safety	-	-	-	-	-	-	-	-
Community Development	6,033	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	253,702
Community Services	-	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	636,765	342,060
Interest and Fiscal Charges	-	-	-	-	-	-	81,756	-
Total Expenditures	6,033	384,680	-	1,291	2,500	2,413	1,399,352	595,762
REVENUES OVER (UNDER) EXPENDITURES	(5,574)	799,842	463,118	17,550	2,709	411,078	(366,297)	1,806,846
OTHER FINANCING SOURCES (USES)								
Capital Contributions	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(100,000)	-	-	-	-	(350,000)	-	(1,565,808)
Total Other Financing Sources (Uses)	(100,000)	-	-	-	-	(350,000)	-	(1,565,808)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES								
	(105,574)	799,842	463,118	17,550	2,709	61,078	(366,297)	241,038
Fund Balance, Beginning of Year	108,910	2,053,208	402,173	22,391	161,067	78,304	1,463,332	-
Fund Balance, End of Year	\$ 3,336	\$ 2,853,050	\$ 865,291	\$ 39,941	\$ 163,776	\$ 139,382	\$ 1,097,035	\$ 241,038

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Special Revenue Funds (Continued)
 For Year Ended June 30, 2006

	Agriculture Administration	Public Art Administration	Public Art Acquisition	Arts Commission	Fire Fees	Agriculture Land	Parking In Lieu	Lighting and Landscape Districts	Totals
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,293,033
Uses of Money and Property	32,471	1,358	7,191	2,998	21,153	241,992	688	55,548	572,629
Intergovernmental	-	-	-	10,000	-	-	-	-	609,308
Charges for Other Services	-	-	-	-	-	-	-	-	33,701
Fees and Other Revenues	479,706	132,150	381,784	48,486	483,683	1,918,822	-	4,029,265	22,483,262
Total Revenues	512,177	133,508	388,975	61,484	504,836	2,160,814	688	4,084,813	26,991,933
EXPENDITURES									
Current:									
General Government	271,570	-	-	85,461	-	-	-	-	1,957,365
Public Safety	-	-	-	-	-	-	-	-	83,696
Community Development	-	-	-	-	-	-	-	-	6,033
Parks	-	-	-	-	-	-	-	-	2,037,047
Community Services	-	-	-	-	-	-	-	1,869,839	1,869,839
Debt Service:									
Principal	-	-	-	-	-	-	-	-	978,825
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	81,756
Total Expenditures	271,570	-	-	85,461	-	-	-	1,869,839	7,014,561
REVENUES OVER (UNDER) EXPENDITURES	240,607	133,508	388,975	(23,977)	504,836	2,160,814	688	2,214,974	19,977,372
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	207,238	-	-	-	-	741,078
Transfers Out	-	(125,492)	(71,000)	(101,249)	-	-	-	(382,445)	(17,905,231)
Total Other Financing Sources (Uses)	-	(125,492)	(71,000)	105,989	-	-	-	(382,445)	(17,164,153)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	240,607	8,016	317,975	82,012	504,836	2,160,814	688	1,832,529	2,813,219
Fund Balance, Beginning of Year	929,704	23,697	-	-	338,747	6,742,066	21,101	-	16,692,528
Fund Balance, End of Year	\$ 1,170,311	\$ 31,713	\$ 317,975	\$ 82,012	\$ 843,583	\$ 8,902,880	\$ 21,789	\$ 1,832,529	\$ 19,505,747



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City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds
For Year Ended June 30, 2006**

	Thoroughfares			Gas Tax			Police Grants		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 770,000	\$ 752,699	\$ (17,301)	\$ -	\$ -	\$ -
Uses of Money and Property	20,000	405	(19,595)	-	-	-	500	7,289	6,789
Intergovernmental	-	-	-	-	-	-	132,841	132,841	-
Charges for Other Services	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	7,006,000	5,978,314	(1,027,686)	-	-	-	-	-	-
Total Revenues	7,026,000	5,978,719	(1,047,281)	770,000	752,699	(17,301)	133,341	140,130	6,789
EXPENDITURES									
Current:									
General Government	380,001	380,001	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	83,696	83,696	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	380,001	380,001	-	-	-	-	83,696	83,696	-
REVENUES OVER (UNDER) EXPENDITURES	6,645,999	5,598,718	(1,047,281)	770,000	752,699	(17,301)	49,645	56,434	6,789
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	-	21,840	21,840	-	-	-	-	-	-
Transfers Out	(9,934,073)	(9,934,073)	-	(770,000)	(752,699)	17,301	(133,609)	(133,609)	-
Total Other Financing Sources (Uses)	(9,934,073)	(9,912,233)	21,840	(770,000)	(752,699)	17,301	(133,609)	(133,609)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	<u>\$ (3,288,074)</u>	<u>(4,313,515)</u>	<u>\$ (1,025,441)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (83,964)</u>	<u>(77,175)</u>	<u>\$ 6,789</u>
Fund Balance, Beginning of Year		<u>2,337,054</u>			<u>-</u>			<u>249,188</u>	
Fund Balance, End of Year		<u>\$ (1,976,461)</u>			<u>\$ -</u>			<u>\$ 172,013</u>	

Continued

City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	Other Grants			Citywide Parks Districts			Community Facilities Districts		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ 1,440,762	\$ 1,412,160	\$ (28,602)	\$ -	\$ -	\$ -
Uses of Money and Property	20	123	103	750	13,794	13,044	-	15,306	15,306
Intergovernmental	52,976	52,976	-	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	33,701	33,701	-	-	-
Fees and Other Revenues	-	-	-	1,000	341,188	340,188	1,055,394	1,107,805	52,411
Total Revenues	52,996	53,099	103	1,442,512	1,800,843	358,331	1,055,394	1,123,111	67,717
EXPENDITURES									
Current:									
General Government	58,363	58,363	-	-	-	-	10,000	37,589	(27,589)
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	1,948,141	1,783,345	164,796	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	58,363	58,363	-	1,948,141	1,783,345	164,796	10,000	37,589	(27,589)
REVENUES OVER (UNDER) EXPENDITURES	(5,367)	(5,264)	103	(505,629)	17,498	523,127	1,045,394	1,085,522	40,128
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	512,000	512,000	-	-	-	-
Transfers Out	(2,004)	(2,004)	-	(230,000)	(230,000)	-	(1,045,394)	(1,045,394)	-
Total Other Financing Sources (Uses)	(2,004)	(2,004)	-	282,000	282,000	-	(1,045,394)	(1,045,394)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	<u>\$ (7,371)</u>	<u>(7,268)</u>	<u>\$ 103</u>	<u>\$ (223,629)</u>	<u>299,498</u>	<u>\$ 523,127</u>	<u>\$ -</u>	<u>40,128</u>	<u>\$ 40,128</u>
Fund Balance, Beginning of Year		<u>7,268</u>			<u>-</u>			<u>-</u>	
Fund Balance, End of Year		<u>\$ -</u>			<u>\$ 299,498</u>			<u>\$ 40,128</u>	

Continued

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	Community Facilities			Vehicle Abatement			Economic Development		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	4,000	54,624	50,624	200	889	689	-	86	86
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	4,290,000	3,678,845	(611,155)	10,000	35,580	25,580	-	4,710	4,710
Total Revenues	<u>4,294,000</u>	<u>3,733,469</u>	<u>(560,531)</u>	<u>10,200</u>	<u>36,469</u>	<u>26,269</u>	<u>-</u>	<u>4,796</u>	<u>4,796</u>
EXPENDITURES									
Current:									
General Government	52,666	52,666	-	-	-	-	-	-	-
Public Safety	-	-	-	1,000	-	1,000	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>52,666</u>	<u>52,666</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,241,334</u>	<u>3,680,803</u>	<u>(560,531)</u>	<u>9,200</u>	<u>36,469</u>	<u>27,269</u>	<u>-</u>	<u>4,796</u>	<u>4,796</u>
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	64,880	-	(64,880)	-	-	-	-	-	-
Transfers Out	(4,648,656)	(3,091,458)	1,557,198	(20,000)	(20,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(4,583,776)</u>	<u>(3,091,458)</u>	<u>1,492,318</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	<u>\$ (342,442)</u>	<u>589,345</u>	<u>\$ 931,787</u>	<u>\$ (10,800)</u>	<u>16,469</u>	<u>\$ 27,269</u>	<u>\$ -</u>	<u>4,796</u>	<u>\$ 4,796</u>
Fund Balance, Beginning of Year		<u>1,731,690</u>			<u>22,628</u>			<u>-</u>	
Fund Balance, End of Year		<u>\$ 2,321,035</u>			<u>\$ 39,097</u>			<u>\$ 4,796</u>	

Continued

City of Brentwood

***Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006***

	Storm Drainage			RDA Low Income Housing		
	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 822,000	\$ 1,128,174	\$ 306,174
Uses of Money and Property	1,000	459	(541)	2,500	56,348	53,848
Intergovernmental	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	200,000	-	(200,000)
Total Revenues	1,000	459	(541)	1,024,500	1,184,522	160,022
EXPENDITURES						
Current:						
General Government	2,500	-	2,500	2,301,612	384,680	1,916,932
Public Safety	-	-	-	-	-	-
Community Development	-	6,033	(6,033)	-	-	-
Parks	-	-	-	-	-	-
Community Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	2,500	6,033	(3,533)	2,301,612	384,680	1,916,932
REVENUES OVER (UNDER) EXPENDITURES	(1,500)	(5,574)	(4,074)	(1,277,112)	799,842	2,076,954
OTHER FINANCING SOURCES (USES)						
Capital Contributions	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(100,000)	(100,000)	-	-	-	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	\$ (101,500)	(105,574)	\$ (4,074)	\$ (1,277,112)	799,842	\$ 2,076,954
Fund Balance, Beginning of Year		108,910			2,053,208	
Fund Balance, End of Year		\$ 3,336			\$ 2,853,050	

Continued

City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	PEG Media			Asset Forfeiture			Open Space		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	-	13,118	13,118	200	934	734	2,500	5,209	2,709
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	450,000	450,000	2,500	17,907	15,407	-	-	-
Total Revenues	-	463,118	463,118	2,700	18,841	16,141	2,500	5,209	2,709
EXPENDITURES									
Current:									
General Government	-	-	-	3,000	1,291	1,709	5,000	2,500	2,500
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	3,000	1,291	1,709	5,000	2,500	2,500
REVENUES OVER (UNDER) EXPENDITURES	-	463,118	463,118	(300)	17,550	17,850	(2,500)	2,709	5,209
OTHER FINANCING SOURCES (USES)									
Capital Contributions	(200,000)	-	200,000	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	(50,000)	-	50,000
Total Other Financing Sources (Uses)	(200,000)	-	200,000	-	-	-	(50,000)	-	50,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (200,000)	463,118	\$ 663,118	\$ (300)	17,550	\$ 17,850	\$ (52,500)	2,709	\$ 55,209
Fund Balance, Beginning of Year		402,173			22,391			161,067	
Fund Balance, End of Year		\$ 865,291			\$ 39,941			\$ 163,776	

Continued

City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	Measure C			Facility Fee Administration			Parks and Tails		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	-	-	-	30,000	37,398	7,398	25,000	3,248	(21,752)
Intergovernmental	375,000	413,491	38,491	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	1,220,000	995,657	(224,343)	4,640,000	2,399,360	(2,240,640)
Total Revenues	375,000	413,491	38,491	1,250,000	1,033,055	(216,945)	4,665,000	2,402,608	(2,262,392)
EXPENDITURES									
Current:									
General Government	2,500	2,413	87	680,831	680,831	-	207,763	-	207,763
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	253,702	253,702	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	610,178	-	610,178	-	-	-
Debt Service:									
Principal	-	-	-	636,765	636,765	-	342,060	342,060	-
Interest and Fiscal Charges	-	-	-	81,756	81,756	-	-	-	-
Total Expenditures	2,500	2,413	87	2,009,530	1,399,352	610,178	803,525	595,762	207,763
REVENUES OVER (UNDER) EXPENDITURES	372,500	411,078	38,578	(759,530)	(366,297)	393,233	3,861,475	1,806,846	(2,054,629)
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	46,714	-	(46,714)	-	-	-
Transfers Out	(350,000)	(350,000)	-	-	-	-	(3,006,428)	(1,565,808)	1,440,620
Total Other Financing Sources (Uses)	(350,000)	(350,000)	-	46,714	-	(46,714)	(3,006,428)	(1,565,808)	1,440,620
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES									
	<u>\$ 22,500</u>	<u>61,078</u>	<u>\$ 38,578</u>	<u>\$ (712,816)</u>	<u>(366,297)</u>	<u>\$ 346,519</u>	<u>\$ 855,047</u>	<u>241,038</u>	<u>\$ (614,009)</u>
Fund Balance, Beginning of Year		<u>78,304</u>			<u>1,463,332</u>			<u>-</u>	
Fund Balance, End of Year		<u>\$ 139,382</u>			<u>\$ 1,097,035</u>			<u>\$ 241,038</u>	

Continued

City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	Agriculture Administration			Public Art Administration			Public Art Acquisition		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	20,000	32,471	12,471	-	1,358	1,358	-	7,191	7,191
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	479,706	479,706	134,190	132,150	(2,040)	493,794	381,784	(112,010)
Total Revenues	20,000	512,177	492,177	134,190	133,508	(682)	493,794	388,975	(104,819)
EXPENDITURES									
Current:									
General Government	327,265	271,570	55,695	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	12,000	-	12,000	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	327,265	271,570	55,695	12,000	-	12,000	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	(307,265)	240,607	547,872	122,190	133,508	11,318	493,794	388,975	(104,819)
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	(125,492)	(125,492)	-	(71,000)	(71,000)	-
Total Other Financing Sources (Uses)	-	-	-	(125,492)	(125,492)	-	(71,000)	(71,000)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (307,265)	240,607	\$ 547,872	\$ (3,302)	8,016	\$ 11,318	\$ 422,794	317,975	\$ (104,819)
Fund Balance, Beginning of Year		929,704			23,697			-	
Fund Balance, End of Year		\$ 1,170,311			\$ 31,713			\$ 317,975	

Continued

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	Arts Commission			Fire Fees			Agriculture Land		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Uses of Money and Property	2,998	2,998	-	-	21,153	21,153	100,000	241,992	141,992
Intergovernmental	10,000	10,000	-	-	-	-	-	-	-
Charges for Other Services	-	-	-	-	-	-	-	-	-
Fees and Other Revenues	60,497	48,486	(12,011)	-	483,683	483,683	-	1,918,822	1,918,822
Total Revenues	73,495	61,484	(12,011)	-	504,836	504,836	100,000	2,160,814	2,060,814
EXPENDITURES									
Current:									
General Government	80,555	85,461	(4,906)	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-
Total Expenditures	80,555	85,461	(4,906)	-	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	(7,060)	(23,977)	(16,917)	-	504,836	504,836	100,000	2,160,814	2,060,814
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	-	-	-
Transfers In	-	207,238	207,238	-	-	-	-	-	-
Transfers Out	(101,249)	(101,249)	-	-	-	-	(10,000)	-	10,000
Total Other Financing Sources (Uses)	(101,249)	105,989	207,238	-	-	-	(10,000)	-	10,000
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (108,309)	82,012	\$ 190,321	\$ -	504,836	\$ 504,836	\$ 90,000	2,160,814	\$ 2,070,814
Fund Balance, Beginning of Year		-			338,747			6,742,066	
Fund Balance, End of Year		\$ 82,012			\$ 843,583			\$ 8,902,880	

Continued

City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Revenue Funds (Continued)
For Year Ended June 30, 2006**

	Parling In Lieu			Lighting and Landscape Districts			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,032,762	\$ 3,293,033	\$ (260,271)
Uses of Money and Property	-	688	688	-	55,548	55,548	209,668	572,629	(362,961)
Intergovernmental	-	-	-	-	-	-	570,817	609,308	(38,491)
Charges for Other Services	-	-	-	-	-	-	-	33,701	(33,701)
Fees and Other Revenues	26,100	-	(26,100)	2,383,808	4,029,265	1,645,457	21,523,283	22,483,262	(959,979)
Total Revenues	26,100	688	(25,412)	2,383,808	4,084,813	1,701,005	25,336,530	26,991,933	(1,655,403)
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	4,112,056	1,957,365	2,154,691
Public Safety	-	-	-	-	-	-	84,696	83,696	1,000
Community Development	-	-	-	-	-	-	-	6,033	(6,033)
Parks	-	-	-	-	-	-	2,201,843	2,037,047	164,796
Community Services	-	-	-	2,405,277	1,869,839	535,438	2,417,277	1,869,839	547,438
Other	-	-	-	-	-	-	610,178	-	610,178
Debt Service:									
Principal	-	-	-	-	-	-	978,825	978,825	-
Interest and Fiscal Charges	-	-	-	-	-	-	81,756	81,756	-
Total Expenditures	-	-	-	2,405,277	1,869,839	535,438	10,486,631	7,014,561	3,472,070
REVENUES OVER (UNDER) EXPENDITURES	26,100	688	(25,412)	(21,469)	2,214,974	2,236,443	14,849,899	19,977,372	1,816,667
OTHER FINANCING SOURCES (USES)									
Capital Contributions	-	-	-	-	-	-	(200,000)	-	(200,000)
Transfers In	-	-	-	-	-	-	623,594	741,078	(117,484)
Transfers Out	(5,000)	-	5,000	(382,445)	(382,445)	-	(20,985,350)	(17,905,231)	(3,080,119)
Total Other Financing Sources (Uses)	(5,000)	-	5,000	(382,445)	(382,445)	-	(20,561,756)	(17,164,153)	(3,397,603)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 21,100	688	\$ (20,412)	\$ (403,914)	1,832,529	\$ 2,236,443	\$ (5,711,857)	2,813,219	\$ (1,580,936)
Fund Balance, Beginning of Year		21,101			-			16,692,528	
Fund Balance, End of Year		\$ 21,789			\$ 1,832,529			\$ 19,505,747	



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City of Brentwood

Combining Balance Sheet
All Debt Service Funds
June 30, 2006

	Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	Capital Lease Program	TOTALS
ASSETS					
Current Assets:					
Cash and Investments	\$ 4,516,716	\$ 118,402	\$ 72,718	\$ -	\$ 4,707,836
Restricted Cash and Investments	-	2,112,097	-	-	2,112,097
Receivables	21,027	-	-	-	21,027
Total Assets	\$ 4,537,743	\$ 2,230,499	\$ 72,718	\$ -	\$ 6,840,960
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 1,122,081	\$ 233,531	\$ -	\$ -	\$ 1,355,612
Total Liabilities	1,122,081	233,531	-	-	1,355,612
Fund Balances:					
Reserved for:					
Debt Service	3,415,662	1,996,968	72,718	-	5,485,348
Total Fund Balances	3,415,662	1,996,968	72,718	-	5,485,348
Total Liabilities and Fund Balances	\$ 4,537,743	\$ 2,230,499	\$ 72,718	\$ -	\$ 6,840,960

City of Brentwood

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Debt Service Funds
For Year Ended June 30, 2006

	Redevelopment Debt	Capital Improvement Program 2001	2002 General Obligation Bond	Capital Lease Program	TOTALS
REVENUES					
Taxes	\$ 4,512,698	\$ -	\$ 247,507	\$ -	\$ 4,760,205
Uses of Money and Property	275,943	39,555	-	-	315,498
Total Revenues	4,788,641	39,555	247,507	-	5,075,703
EXPENDITURES					
Current:					
Community Development	-	11,300	4,805	-	16,105
Other	1,525,415	-	-	-	1,525,415
Debt Service:					
Principal	405,000	245,000	120,000	68,955	838,955
Interest and Fiscal Charges	964,244	467,939	152,456	4,370	1,589,009
Total Expenditures	2,894,659	724,239	277,261	73,325	3,969,484
REVENUES OVER (UNDER) EXPENDITURES	1,893,982	(684,684)	(29,754)	(73,325)	1,106,219
OTHER FINANCING SOURCES (USES)					
Transfers In	-	679,067	-	73,325	752,392
Transfers Out	(661,825)	-	-	-	(661,825)
Total Other Financing Sources (Uses)	(661,825)	679,067	-	73,325	90,567
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES					
	1,232,157	(5,617)	(29,754)	-	1,196,786
Fund Balance, Beginning of Year	2,183,505	2,002,585	102,472	-	4,288,562
Fund Balance, End of Year	\$ 3,415,662	\$ 1,996,968	\$ 72,718	\$ -	\$ 5,485,348

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Certain Debt Service Funds
For Year Ended June 30, 2006**

	Redevelopment Debt			Capital Improvement Program 200			Capital Lease Program			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES												
Taxes	\$ 4,024,000	\$ 4,512,698	\$ 488,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,024,000	\$ 4,512,698	\$ 488,698
Uses of Money and Property	40,000	275,943	235,943	50,000	39,555	(10,445)	-	-	-	90,000	315,498	225,498
Total Revenues	<u>4,064,000</u>	<u>4,788,641</u>	<u>724,641</u>	<u>50,000</u>	<u>39,555</u>	<u>(10,445)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,114,000</u>	<u>4,828,196</u>	<u>714,196</u>
EXPENDITURES												
Current:												
Community Development	-	-	-	13,000	11,300	1,700	-	-	-	13,000	11,300	1,700
Other	1,525,415	1,525,415	-	-	-	-	-	-	-	1,525,415	1,525,415	-
Debt Service:												
Principal	405,000	405,000	-	245,000	245,000	-	68,955	68,955	-	718,955	718,955	-
Interest and Fiscal Charges	964,244	964,244	-	471,670	467,939	3,731	4,370	4,370	-	1,440,284	1,436,553	3,731
Total Expenditures	<u>2,894,659</u>	<u>2,894,659</u>	<u>-</u>	<u>729,670</u>	<u>724,239</u>	<u>5,431</u>	<u>73,325</u>	<u>73,325</u>	<u>-</u>	<u>3,697,654</u>	<u>3,692,223</u>	<u>5,431</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,169,341</u>	<u>1,893,982</u>	<u>724,641</u>	<u>(679,670)</u>	<u>(684,684)</u>	<u>(5,014)</u>	<u>(73,325)</u>	<u>(73,325)</u>	<u>-</u>	<u>416,346</u>	<u>1,135,973</u>	<u>719,627</u>
OTHER FINANCING SOURCES (USES)												
Transfers In	-	-	-	716,600	679,067	(37,533)	73,325	73,325	-	789,925	752,392	(37,533)
Transfers Out	(720,319)	(661,825)	58,494	-	-	-	-	-	-	(720,319)	(661,825)	58,494
Total Other Financing Sources (Uses)	<u>(720,319)</u>	<u>(661,825)</u>	<u>58,494</u>	<u>716,600</u>	<u>679,067</u>	<u>(37,533)</u>	<u>73,325</u>	<u>73,325</u>	<u>-</u>	<u>69,606</u>	<u>90,567</u>	<u>20,961</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 449,022</u>	<u>1,232,157</u>	<u>\$ 783,135</u>	<u>\$ 36,930</u>	<u>(5,617)</u>	<u>\$ (42,547)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 485,952</u>	<u>1,226,540</u>	<u>\$ 740,588</u>
Fund Balance, Beginning of Year		<u>2,183,505</u>			<u>2,002,585</u>						<u>4,186,090</u>	
Fund Balance, End of Year		<u>\$ 3,415,662</u>			<u>\$ 1,996,968</u>						<u>\$ 5,412,630</u>	



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Combining Balance Sheet
All Capital Project Funds
 June 30, 2006

	Capital Improvement Financing Program 94-1 (2004 A&B Refi)	Capital Improvement Financing Program 2000-1 (2004 C Refi)	Capital Improvement Financing Program 2002-1 (2005 A&B Refi)	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 2004-1	Capital Improvement Financing Program 2005-1	2002 Series A & B	Capital Improvement 2001
ASSETS								
Current Assets:								
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,018
Restricted Cash and Investments	1,115,365	611,291	1,157,505	1,958,632	81,936	27,376,737	365,450	-
Receivables	-	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 1,115,365</u>	<u>\$ 611,291</u>	<u>\$ 1,157,505</u>	<u>\$ 1,958,632</u>	<u>\$ 81,936</u>	<u>\$ 27,376,737</u>	<u>\$ 365,450</u>	<u>\$ 13,018</u>
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Liabilities	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Reserved for:								
Prepays	-	-	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-	-	-
Specific Projects and Programs	1,115,365	611,291	1,157,505	1,958,632	81,936	27,376,737	365,450	13,018
Total Fund Balances	<u>1,115,365</u>	<u>611,291</u>	<u>1,157,505</u>	<u>1,958,632</u>	<u>81,936</u>	<u>27,376,737</u>	<u>365,450</u>	<u>13,018</u>
Total Liabilities and Fund Balances	<u>\$ 1,115,365</u>	<u>\$ 611,291</u>	<u>\$ 1,157,505</u>	<u>\$ 1,958,632</u>	<u>\$ 81,936</u>	<u>\$ 27,376,737</u>	<u>\$ 365,450</u>	<u>\$ 13,018</u>

Continued

City of Brentwood

Combining Balance Sheet
All Capital Project Funds (Continued)
June 30, 2006

	City Capital Improvement Financing Program	Capital Projects	Park Improvement Projects	Drainage Improvement Projects	Street Improvement Projects	Vineyards Projects	Redevelopment Projects	TOTALS
ASSETS								
Current Assets:								
Cash and Investments	\$ 712,855	\$ 8,990,217	\$ 3,847,101	\$ 150,802	\$ 12,358,440	\$ 1,637,790	\$ 3,392,711	\$ 31,102,934
Restricted Cash and Investments	-	140,839	-	-	375,305	-	5,764,555	38,947,615
Receivables	-	65	-	-	31,445	4,833	72,061	108,404
Prepays	-	14,532	-	-	-	-	1,320	15,852
Due from Other Funds	-	1,975,068	-	-	-	-	-	1,975,068
Land Held for Resale	-	-	-	-	-	-	699,108	699,108
Total Assets	\$ 712,855	\$ 11,120,721	\$ 3,847,101	\$ 150,802	\$ 12,765,190	\$ 1,642,623	\$ 9,929,755	\$ 72,848,981
LIABILITIES AND FUND BALANCES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	\$ -	\$ 148,633	\$ 58,802	\$ -	\$ 97,762	\$ 31,398	\$ 8,221	\$ 344,816
Other Liabilities	-	144,108	-	-	375,305	-	-	519,413
Total Liabilities	-	292,741	58,802	-	473,067	31,398	8,221	864,229
Fund Balances:								
Reserved for:								
Prepays	-	14,532	-	-	-	-	1,320	15,852
Land Held for Resale	-	-	-	-	-	-	699,108	699,108
Specific Projects and Programs	712,855	10,813,448	3,788,299	150,802	12,292,123	1,611,225	9,221,106	71,269,792
Total Fund Balances	712,855	10,827,980	3,788,299	150,802	12,292,123	1,611,225	9,921,534	71,984,752
Total Liabilities and Fund Balances	\$ 712,855	\$ 11,120,721	\$ 3,847,101	\$ 150,802	\$ 12,765,190	\$ 1,642,623	\$ 9,929,755	\$ 72,848,981

City of Brentwood

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Project Funds
For Year Ended June 30, 2006***

	Capital Improvement Financing Program 94-1 (2004 A&B Refi)	Capital Improvement Financing Program 2000-1 (2004 C Refi)	Capital Improvement Financing Program 2002-1 (2005 A&B Refi)	Capital Improvement Financing Program 2003-1	Capital Improvement Financing Program 2004-1	Capital Improvement Financing Program 2005-1	2002 Series A & B	Capital Improvement 2001
REVENUES								
Uses of Money and Property	\$ 54,885	\$ 35,291	\$ 38,566	\$ 65,223	\$ 2,723	\$ 766,238	\$ 12,148	\$ 1,009
Intergovernmental	-	-	-	-	-	-	-	-
Charges for Other services	-	-	-	-	-	-	-	-
Fees and Other Revenues	-	-	-	-	-	26,629,254	-	-
Total Revenues	54,885	35,291	38,566	65,223	2,723	27,395,492	12,148	1,009
EXPENDITURES								
Current:								
General Government	915,726	-	-	10,992	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service:								
Interest and Fiscal Charges	-	543	-	-	-	-	-	-
Total Expenditures	915,726	543	-	10,992	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	(860,841)	34,748	38,566	54,231	2,723	27,395,492	12,148	1,009
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	(422,010)	(461,863)	(801)	-	-	(18,755)	-	(38,177)
Total Other Financing Sources (Uses)	(422,010)	(461,863)	(801)	-	-	(18,755)	-	(38,177)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,282,851)	(427,115)	37,765	54,231	2,723	27,376,737	12,148	(37,168)
Fund Balance, Beginning of Year	2,398,216	1,038,406	1,119,740	1,904,401	79,213	-	353,302	50,186
Fund Balance, End of Year	\$ 1,115,365	\$ 611,291	\$ 1,157,505	\$ 1,958,632	\$ 81,936	\$ 27,376,737	\$ 365,450	\$ 13,018

Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
All Capital Project Funds (Continued)
 For Year Ended June 30, 2006

	City Capital Improvement Financing Program	Capital Projects	Park Improvement Projects	Drainage Improvement Projects	Street Improvement Projects	Vineyards Projects	Redevelopment Projects	TOTALS
REVENUES								
Uses of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ 74,604	\$ 48,122	\$ 247,439	\$ 1,346,248
Intergovernmental	-	-	277,259	-	874,578	-	-	1,151,837
Fees and Other Revenues	141,052	119,920	1,169,218	-	7,314	1,620,000	-	29,686,758
Total Revenues	<u>141,052</u>	<u>119,920</u>	<u>1,446,477</u>	<u>-</u>	<u>956,496</u>	<u>1,668,122</u>	<u>247,439</u>	<u>32,184,843</u>
EXPENDITURES								
Current:								
General Government	-	3,359,429	-	-	1,206,283	56,897	636,835	6,186,162
Capital Outlay	-	2,969,572	2,183,915	50,935	3,953,328	-	-	9,157,750
Debt Service:								
Interest and Fiscal Charges	-	-	-	-	-	-	-	543
Total Expenditures	<u>-</u>	<u>6,329,001</u>	<u>2,183,915</u>	<u>50,935</u>	<u>5,159,611</u>	<u>56,897</u>	<u>636,835</u>	<u>15,344,455</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>141,052</u>	<u>(6,209,081)</u>	<u>(737,438)</u>	<u>(50,935)</u>	<u>(4,203,115)</u>	<u>1,611,225</u>	<u>(389,396)</u>	<u>16,840,388</u>
OTHER FINANCING SOURCES (USES)								
Transfers In	571,803	7,856,445	4,525,737	100,000	11,573,513	-	661,825	25,289,323
Transfers Out	-	(10,000)	-	-	-	-	(777,938)	(1,729,544)
Total Other Financing Sources (Uses)	<u>571,803</u>	<u>7,846,445</u>	<u>4,525,737</u>	<u>100,000</u>	<u>11,573,513</u>	<u>-</u>	<u>(116,113)</u>	<u>23,559,779</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES								
	712,855	1,637,364	3,788,299	49,065	7,370,398	1,611,225	(505,509)	40,400,167
Fund Balance, Beginning of Year	<u>-</u>	<u>9,190,616</u>	<u>-</u>	<u>101,737</u>	<u>4,921,725</u>	<u>-</u>	<u>10,427,043</u>	<u>31,584,585</u>
Fund Balance, End of Year	<u>\$ 712,855</u>	<u>\$ 10,827,980</u>	<u>\$ 3,788,299</u>	<u>\$ 150,802</u>	<u>\$ 12,292,123</u>	<u>\$ 1,611,225</u>	<u>\$ 9,921,534</u>	<u>\$ 71,984,752</u>

City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Certain Capital Project Funds
For Year Ended June 30, 2006**

	City Capital Improvement Financing Program			Capital Projects			Park Improvement Projects			Drainage Improvement Projects		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES												
Uses of Money and Property	\$ 1,000	\$ -	\$ (1,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	277,259	277,259	-	-	-	-
Fees and Other Revenues	141,052	141,052	-	119,920	119,920	-	1,169,218	1,169,218	-	-	-	-
Total Revenues	<u>142,052</u>	<u>141,052</u>	<u>(1,000)</u>	<u>119,920</u>	<u>119,920</u>	<u>-</u>	<u>1,446,477</u>	<u>1,446,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES												
Current:												
General Government	100,000	-	100,000	3,359,429	3,359,429	-	-	-	-	-	-	-
Capital Outlay	-	-	-	2,969,572	2,969,572	-	2,183,915	2,183,915	-	50,935	50,935	-
Total Expenditures	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>6,329,001</u>	<u>6,329,001</u>	<u>-</u>	<u>2,183,915</u>	<u>2,183,915</u>	<u>-</u>	<u>50,935</u>	<u>50,935</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>42,052</u>	<u>141,052</u>	<u>99,000</u>	<u>(6,209,081)</u>	<u>(6,209,081)</u>	<u>-</u>	<u>(737,438)</u>	<u>(737,438)</u>	<u>-</u>	<u>(50,935)</u>	<u>(50,935)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)												
Transfers In	392,948	571,803	178,855	7,856,445	7,856,445	-	4,525,737	4,525,737	-	100,000	100,000	-
Transfers Out	-	-	-	(10,000)	(10,000)	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>392,948</u>	<u>571,803</u>	<u>178,855</u>	<u>7,846,445</u>	<u>7,846,445</u>	<u>-</u>	<u>4,525,737</u>	<u>4,525,737</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 435,000</u>	<u>712,855</u>	<u>\$ 277,855</u>	<u>\$ 1,637,364</u>	<u>1,637,364</u>	<u>\$ -</u>	<u>\$ 3,788,299</u>	<u>3,788,299</u>	<u>\$ -</u>	<u>\$ 49,065</u>	<u>49,065</u>	<u>\$ -</u>
Fund Balance, Beginning of Year					9,190,616						101,737	
Fund Balance, End of Year		<u>\$ 712,855</u>			<u>\$ 10,827,980</u>			<u>\$ 3,788,299</u>			<u>\$ 150,802</u>	

Continued

City of Brentwood

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Certain Capital Projects Fund (Continued)
For Year Ended June 30, 2006**

	Street Improvement Projects			Vineyards Projects			Redevelopment Projects			Totals		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES												
Uses of Money and Property	\$ 74,604	\$ 74,604	\$ -	\$ 48,122	\$ 48,122	\$ -	\$ 60,000	\$ 247,439	\$ 187,439	\$ 183,726	\$ 370,165	\$ 186,439
Intergovernmental	874,578	874,578	-	-	-	-	-	-	-	1,151,837	1,151,837	-
Fees and Other Revenues	7,314	7,314	-	1,620,000	1,620,000	-	-	-	-	3,057,504	3,057,504	-
Total Revenues	<u>956,496</u>	<u>956,496</u>	<u>-</u>	<u>1,668,122</u>	<u>1,668,122</u>	<u>-</u>	<u>60,000</u>	<u>247,439</u>	<u>187,439</u>	<u>4,393,067</u>	<u>4,579,506</u>	<u>186,439</u>
EXPENDITURES												
Current:												
General Government	1,206,283	1,206,283	-	56,897	56,897	-	1,733,522	636,835	1,096,687	6,456,131	5,259,444	1,196,687
Capital Outlay	3,953,328	3,953,328	-	-	-	-	-	-	-	9,157,750	9,157,750	-
Total Expenditures	<u>5,159,611</u>	<u>5,159,611</u>	<u>-</u>	<u>56,897</u>	<u>56,897</u>	<u>-</u>	<u>1,733,522</u>	<u>636,835</u>	<u>1,096,687</u>	<u>15,613,881</u>	<u>14,417,194</u>	<u>1,196,687</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,203,115)</u>	<u>(4,203,115)</u>	<u>-</u>	<u>1,611,225</u>	<u>1,611,225</u>	<u>-</u>	<u>(1,673,522)</u>	<u>(389,396)</u>	<u>1,284,126</u>	<u>(11,220,814)</u>	<u>(9,837,688)</u>	<u>(1,010,248)</u>
OTHER FINANCING SOURCES (USES)												
Transfers In	11,573,513	11,573,513	-	-	-	-	949,634	661,825	(287,809)	25,398,277	25,289,323	(108,954)
Transfers Out	-	-	-	-	-	-	(3,090,000)	(777,938)	2,312,062	(3,100,000)	(787,938)	2,312,062
Total Other Financing Sources (Uses)	<u>11,573,513</u>	<u>11,573,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,140,366)</u>	<u>(116,113)</u>	<u>2,024,253</u>	<u>22,298,277</u>	<u>24,501,385</u>	<u>2,203,108</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,370,398</u>	<u>7,370,398</u>	<u>\$ -</u>	<u>\$ 1,611,225</u>	<u>1,611,225</u>	<u>\$ -</u>	<u>\$ (3,813,888)</u>	<u>(505,509)</u>	<u>\$ 3,308,379</u>	<u>\$ 11,077,463</u>	<u>\$ 14,663,697</u>	<u>\$ 1,192,860</u>
Fund Balance, Beginning of Year		<u>4,921,725</u>			<u>-</u>			<u>10,427,043</u>			<u>24,641,121</u>	
Fund Balance, End of Year		<u>\$ 12,292,123</u>		<u>\$ 1,611,225</u>				<u>\$ 9,921,534</u>			<u>\$ 39,304,818</u>	

Contents

<i>Financial Trends</i>	<i>Pages</i>
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	S-1 to S-4

<i>Revenue Capacity</i>	<i>Pages</i>
These schedules contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes.	S-5 to S-11

<i>Debt Capacity</i>	<i>Pages</i>
These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	S-12 to S-16

<i>Demographic and Economic Information</i>	<i>Pages</i>
These schedules contain demographic and economic information to help the reader understand the environment within which the City’s financial activities take place.	S-17 to S-18

<i>Operating Information</i>	<i>Pages</i>
These schedules contain operational and resource information to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	S-19 to S-21

Sources: Unless otherwise noted, the information in these schedules is derived from the City’s relevant Comprehensive Annual Financial Reports. Schedules containing government-wide information report data beginning in FY 2001/02, the year the City implemented GASB Statement No. 34.



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City of Brentwood

NET ASSETS BY COMPONENT**LAST FIVE FISCAL YEARS**

(Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 107,356,555	\$ 144,428,668	\$ 197,015,674	\$ 215,720,615	\$ 294,913,055
Restricted	47,295,121	43,163,510	48,177,025	34,678,623	81,395,898
Unrestricted	28,983,536	37,800,917	27,120,013	53,776,481	53,977,292
Total Governmental Activities Net Assets	\$ 183,635,212	\$ 225,393,095	\$ 272,312,712	\$ 304,175,719	\$ 430,286,245
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 68,499,556	\$ 98,061,398	\$ 134,896,047	\$ 144,514,270	\$ 106,147,590
Restricted	27,949,628	34,664,252	12,359,754	27,021,249	30,182,173
Unrestricted	512,510	5,787,062	(5,426,178)	14,373,836	14,140,500
Total Business-Type Activities Net Assets	\$ 96,961,694	\$ 138,512,712	\$ 141,829,623	\$ 185,909,355	\$ 150,470,263
Primary Government					
Invested in Capital Assets, Net of Related Debt	\$ 185,070,098	\$ 242,490,066	\$ 331,911,721	\$ 360,234,885	\$ 401,060,645
Restricted	75,244,749	77,827,762	60,536,779	61,699,872	111,578,071
Unrestricted	29,496,046	43,587,979	21,693,835	68,150,317	68,117,792
Total Primary Government Net Assets	\$ 289,810,893	\$ 363,905,807	\$ 414,142,335	\$ 490,085,074	\$ 580,756,508

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES
LAST FIVE FISCAL YEARS
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Governmental Activities:					
Expenses					
General Government	\$ 5,331,756	\$ 18,329,899	\$ 19,799,793	\$ 22,019,514	\$ 17,818,033
Public Safety	5,681,464	6,750,947	9,970,436	9,563,065	10,952,967
Community Development	2,944,722	2,886,102	4,804,009	5,103,462	3,960,793
Engineering	1,577,558	1,618,876	2,469,775	3,821,479	4,063,792
Public Works	2,783,123	2,942,088	3,491,159	1,796,006	1,815,288
Parks	744,725	806,336	1,613,411	2,442,686	6,965,572
Community Services	581,152	314,293	226,732	237,458	2,059,834
Other	2,805,061	1,158,986	512,952	1,008,158	2,918,908
Interest on Long-Term Debt	2,789,903	2,018,870	1,883,951	1,949,670	1,766,038
Total Expenses	25,239,464	36,826,397	44,772,218	47,941,498	52,321,225
Program Revenues					
Charges for Services	12,131,112	13,862,506	16,218,168	17,530,001	16,189,709
Operating Grants and Revenues	698,207	226,570	165,107	114,791	200,915
Capital Grants and Contributions	163,450	132,575	128,384	166,951	212,611
Total Program Revenues	12,992,769	14,221,651	16,511,659	17,811,743	16,603,235
Total Governmental Activities Net Expense	(12,246,695)	(22,604,746)	(28,260,559)	(30,129,755)	(35,717,990)
General Revenues and Other Changes in Net Assets					
Taxes:					
Property Taxes	5,423,132	6,933,900	7,990,595	9,932,342	14,887,469
Sales Tax and Gas Taxes	2,661,107	2,998,922	3,644,368	4,442,764	5,411,724
Franchise Fees, Rentals	498,202	668,657	738,525	851,237	1,021,258
Public Service Taxes	391,088	589,266	743,890	914,426	1,000,573
Measure C, TOT	449,654	448,498	457,883	480,838	532,035
Motor Vehicle Taxes	1,423,128	1,702,280	1,508,664	2,198,750	3,502,237
Other Taxes	-	-	-	-	188,636
Investment Earnings	3,122,319	2,777,909	3,312,556	3,185,671	3,639,789
Impact Fees	10,729,361	21,965,625	28,218,482	29,584,350	31,600,393
Capital Contributions	20,450,758	9,572,626	(931,403)	3,592,176	33,424,231
Capital Assets Contributed to/from Other Funds	1,971,847	2,885,000	12,868,344	126,356	-
Intergovernmental	-	-	-	862,624	1,151,837
Interfund Services	-	-	-	3,570,121	4,627,478
Miscellaneous	-	6,470,739	12,817,467	4,098,758	3,328,605
Transfers	(870,776)	7,349,207	3,810,805	(1,847,651)	57,512,251
Total General Revenues and Other Changes in Net Assets	46,249,820	64,362,629	75,180,176	61,992,762	161,828,516
Total Governmental Activities Change in Net Assets	\$ 34,003,125	\$ 41,757,883	\$ 46,919,617	\$ 31,863,007	\$ 126,110,526

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
LAST FIVE FISCAL YEARS
 (Accrual Basis of Accounting)
 (Unaudited)

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Business-Type Activities:					
Expenses					
Wastewater	\$ 2,813,091	\$ 3,405,073	\$ 8,461,336	\$ 5,713,763	\$ 5,995,237
Solid Waste	2,703,827	3,060,101	3,833,171	4,266,665	6,018,649
Water	6,394,410	6,779,073	7,395,878	8,594,319	10,715,951
Parks and Recreation	2,749,011	2,891,809	3,647,580	3,854,606	-
City Rentals	396,025	429,833	436,287	434,243	728,604
Housing	-	-	7,504	1,022,306	1,215,548
Total Expenses	15,056,364	16,565,889	23,781,756	23,885,902	24,673,989
Program Revenues					
Charges for Services:					
Wastewater	2,764,158	3,618,959	4,214,471	4,549,961	5,979,653
Solid Waste	3,725,346	4,243,126	5,102,561	6,236,643	8,025,919
Water	5,414,427	6,528,611	9,406,429	10,231,960	12,264,649
Parks and Recreation	626,179	668,503	776,465	1,443,029	-
City Rentals	216,841	660,367	740,110	778,437	767,270
Housing	-	-	-	1,000	30,290
Operating Grants and Revenues	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	6,287,482
Total Program Revenues	12,746,951	15,719,566	20,240,036	23,241,030	33,355,263
Total Business-Type Activities Net Expense	(2,309,413)	(846,323)	(3,541,720)	(644,872)	8,681,274
General Revenues and Other Changes in Net Assets					
Property Taxes	532,571	680,375	868,369	1,073,421	-
Grants and Contributions Not Restricted to Specific Programs	-	-	-	177,600	-
Connection Fees	-	-	(11,305,768)	-	-
Investment Earnings	1,247,935	1,710,954	1,284,161	534,586	1,199,763
Impact Fees	11,453,897	20,286,877	20,104,810	17,844,231	11,381,912
Capital Contributions	8,876,407	17,848,980	(432,136)	21,325,932	-
Capital Assets Contributed to/from Other Funds	-	-	-	(126,356)	-
Miscellaneous	3,788	5,375	150,000	-	-
Transfers	870,776	(7,349,207)	(3,810,805)	1,847,651	(57,512,251)
Total General Revenues and Other Changes in Net Assets	22,985,374	33,183,354	6,858,631	42,677,065	(44,930,576)
Total Business-Type Activities Change in Net Assets	20,675,961	32,337,031	3,316,911	42,032,193	(36,249,302)
Total Primary Government Change in Net Assets	\$ 54,679,086	\$ 74,094,914	\$ 50,236,528	\$ 73,895,200	\$ 89,861,224

Note: The City began to report accrual information in fiscal year 2002 when it implemented GASB Statement 34.

City of Brentwood

FUND BALANCES - GOVERNMENTAL FUNDS**LAST FIVE FISCAL YEARS**

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 4,343,805	\$ 454,599	\$ 728,885	\$ 122,935	\$ 204,076
Unreserved	4,616,741	18,847,893	22,101,506	19,377,628	22,310,261
Total General Fund	\$ 8,960,546	\$ 19,302,492	\$ 22,830,391	\$ 19,500,563	\$ 22,514,337
All Other Governmental Funds					
Reserved	\$ 42,951,316	\$ 42,708,911	\$ 47,445,393	\$ 46,924,689	\$ 93,318,376 ⁽¹⁾
Unreserved, Reported In:					
Special Revenue Funds	19,920,393	8,429,955	(1,872,055)	5,640,986	3,657,471
Total All Other Governmental Funds	\$ 62,871,709	\$ 51,138,866	\$ 45,573,338	\$ 52,565,675	\$ 96,975,847

(1) See Note #1 D - xii, on page 43 of this report, for an explanation of the increase in 2006.

City of Brentwood

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**LAST FIVE FISCAL YEARS**

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year				
	2002	2003	2004	2005	2006
REVENUES					
Taxes	\$ 8,587,358	\$ 10,640,420	\$ 12,489,155	\$ 15,405,971	\$ 21,606,946
Licenses	66,810	124,823	325,143	405,246	471,668
Permits and Fines	7,041,625	9,354,198	10,184,552	11,361,424	9,647,761
Uses of Money and Property	3,091,109	2,561,745	3,022,093	4,156,725	3,381,068
Intergovernmental	2,629,058	2,396,451	4,339,487	3,727,774	5,537,709
Franchises	338,692	428,731	584,868	672,172	808,389
Charges for Other Services	825,618	531,791	570,455	546,251	1,580,198
Charges to Other Funds	4,203,653	3,922,881	5,073,565	5,161,708	5,506,136
Fees and Other Revenues	11,542,069	26,343,210	26,807,306	27,280,529	52,281,640
Total Revenues	38,325,992	56,304,250	63,396,624	68,717,800	100,821,515
EXPENDITURES					
Current:					
General Government	4,083,505	14,826,709	16,407,013	18,411,773	12,505,987
Public Safety	6,110,676	7,536,431	10,781,506	10,697,057	12,774,097
Community Development	3,131,617	3,644,373	5,074,939	5,418,378	4,415,273
Engineering	1,687,754	1,767,688	2,656,493	2,166,280	2,476,437
Public Works	1,398,012	1,305,993	1,821,818	2,208,201	2,292,826
Parks	773,284	839,368	1,658,400	1,838,817	7,634,708
Community Services	581,152	314,293	226,732	237,458	2,073,780
Other	2,916,275	1,158,986	512,952	1,008,158	2,918,908
Capital Outlay	25,341,961	31,860,143	29,822,905	17,688,834	9,166,838
Debt Service:					
Principal	294,847	808,325	1,933,865	1,655,889	1,817,780
Interest and Fiscal Charges	2,776,146	1,810,808	1,715,358	1,684,978	1,671,308
Total Expenditures	49,095,229	65,873,117	72,611,981	63,015,823	59,747,942
REVENUES OVER (UNDER) EXPENDITURES	(10,769,237)	(9,568,867)	(9,215,357)	5,701,977	41,073,573
OTHER FINANCING SOURCES (USES)					
Loan and Bond Proceeds	38,079,976		4,245,101	-	-
Refunding Bonds Issued	(8,560,000)		-	-	-
Capital Contributions	2,856,369	4,657,010	-	-	-
Transfers In	54,392,877	56,598,410	31,537,600	22,122,072	30,346,807
Transfers Out	(57,213,652)	(53,077,450)	(28,604,973)	(24,161,540)	(23,996,434)
Total Other Financing Sources (Uses)	29,555,570	8,177,970	7,177,728	(2,039,468)	6,350,373
Net Change in Fund Balances	\$ 18,786,333	\$ (1,390,897)	\$ (2,037,629)	\$ 3,662,509	\$ 47,423,946
Debt Service as a Percentage of Noncapital Expenditures	12.93%	7.70%	8.53%	7.37%	6.90%

City of Brentwood

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX YEARS
(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 4,154,730,562	\$ 349,720,006	\$ 36,479,015	\$ 1,151,608,684	\$ 93,209,265	\$ 5,599,329,002	1.0040%
2005	3,515,069,389	287,458,470	40,651,651	736,390,251	82,710,234	4,496,859,527	1.0051%
2004	3,042,749,265	186,451,612	36,523,807	386,365,328	80,350,496	3,571,739,516	1.0063%
2003	2,287,079,944	165,902,523	44,072,038	412,113,848	62,211,396	2,846,956,957	1.0095%
2002	1,721,900,377	132,608,274	41,585,860	349,876,930	51,909,880	2,194,061,561	1.0000%
2001	1,361,028,726	117,609,349	35,002,177	226,329,345	46,002,573	1,693,967,024	1.0000%
2000	1,072,608,391	113,576,481	31,239,976	191,936,390	41,315,799	1,368,045,439	1.0000%
1999	868,717,126	85,488,688	27,426,398	141,915,028	38,914,584	1,084,632,656	1.0000%
1998	742,148,730	72,720,708	17,628,784	138,861,060	36,790,332	934,568,950	1.0000%
1997	639,237,108	69,193,499	17,857,449	133,938,600	37,119,276	823,107,380	1.0000%

Source: Contra Costa County Auditor / Controller

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

City of Brentwood

DIRECT AND OVERLAPPING PROPERTY TAXES**LAST TEN TAX YEARS**

(Rate Per \$1,000 of Assessed Value)

(Unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates ⁽¹⁾		
	Basic Rate	General Obligation Debt Service	Total Direct Tax Rate	Liberty Union High School District	Brentwood Union School District	Other Districts
2006	1.00%	0.0040%	1.0040%	0.0379%	0.0519%	0.0202%
2005	1.00%	0.0051%	1.0051%	0.0489%	0.0517%	0.0156%
2004	1.00%	0.0063%	1.0063%	0.0405%	0.0000%	0.0563%
2003	1.00%	0.0095%	1.0095%	0.0510%	0.0000%	0.0642%
2002	1.00%	0.0000%	1.0000%	0.0478%	0.0577%	0.0150%
2001	1.00%	0.0000%	1.0000%	0.0575%	0.0522%	0.0151%
2000	1.00%	0.0000%	1.0000%	0.0621%	0.0415%	0.0180%
1999	1.00%	0.0000%	1.0000%	0.0656%	0.0478%	0.0358%
1998	1.00%	0.0000%	1.0000%	0.0726%	0.0500%	0.0404%
1997	1.00%	0.0000%	1.0000%	0.0719%	0.0560%	0.0409%

Source: Contra Costa County Auditor/Controller

Note: General property taxes are calculated at 1% of total assessed value less local exemptions.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Brentwood.

Not all overlapping rates apply to all Brentwood property owners.

City of Brentwood

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

(Unaudited)

Taxpayer	Fiscal Year 2006			Fiscal Year 1997		
	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value(1)	Taxable Assessed Value	Rank	Percent of District's Total Taxable Value (1)
Sand Creek Crossing LLC	\$ 52,975,601	1	0.95%	\$ -		0.00%
Western Pacific Housing Inc.	36,890,339	2	0.66%	-		0.00%
Brentwood Union School District	35,866,880	3	0.64%	17,762,982	2	2.16%
DS Lone Tree Plaza LLC	30,453,772	4	0.54%	-		0.00%
City of Brentwood	27,692,048	5	0.49%	-		0.00%
MW Housing Partners III	27,145,642	6	0.48%	-		0.00%
KBONE Inc.	22,609,600	7	0.40%	-		0.00%
Pulte Home Corporation	19,726,441	8	0.35%	8,458,898	5	1.03%
Kindercare Real Estate LLC	18,274,130	9	0.33%	-		0.00%
Liberty Union High School District	18,139,587	10	0.32%	9,867,924	3	1.20%
Blackhawk-Nunn Active Adult	-		0.00%	22,510,732	1	2.73%
Brentwood Towncenter Partners	-		0.00%	8,910,902	4	1.08%
A. G. Spanos Construction Inc.	-		0.00%	7,252,786	6	0.88%
Kiper Development Inc.	-		0.00%	7,118,753	7	0.86%
Safeway Stores Inc.	-		0.00%	6,914,476	8	0.84%
Signature Properties Inc.	-		0.00%	6,699,239	9	0.81%
Vasco Group Limited Partnership	-		0.00%	6,464,776	10	0.79%
Total	\$ 289,774,040		5.18%	\$ 101,961,468		12.39%

Source: HdL Coren & Cone, Contra Costa County Assessor

City of Brentwood

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN TAX YEARS
(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied For The Fiscal Year ⁽¹⁾	Collected Within the Fiscal Year of the Levy ⁽²⁾	
		Amount	Percentage of Levy
2006	\$ 55,993,290	\$ 55,993,290	100.00%
2005	44,974,778	44,974,778	100.00%
2004	35,730,374	35,730,374	100.00%
2003	28,489,847	28,489,847	100.00%
2002	21,975,330	21,975,330	100.00%
2001	16,953,226	16,953,226	100.00%
2000	13,689,947	13,689,947	100.00%
1999	10,848,576	10,848,576	100.00%
1998	9,347,401	9,347,401	100.00%
1997	8,233,970	8,233,970	100.00%

Source: Contra Costa County Auditor / Controller

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

(2) Tax 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.

City of Brentwood

TAXABLE SALES BY CATEGORY**LAST TEN CALENDAR YEARS**

(In Thousands of Dollars)

(Unaudited)

	Calendar Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Apparel Stores	\$ 376	\$ 495	\$ 657	\$ 898	\$ 1,015	\$ 948	\$ 4,230	\$ 13,172	\$ 21,115	\$ 30,128
General Merchandise	137	175	134	112	87	107	113	136	244	291
Food Stores	11,762	12,837	13,359	15,172	18,697	21,802	23,865	27,619	33,473	36,478
Eating & Drinking Establishments	11,834	12,891	13,637	16,175	18,299	20,509	22,477	25,885	28,886	38,833
Building Materials	7,079	8,513	10,741	15,579	18,331	21,534	19,074	19,551	57,734	72,906
Auto Dealers and Supplies	30,606	34,650	45,411	49,063	56,419	55,192	51,598	47,515	48,336	57,100
Service Stations	16,204	16,571	20,017	25,496	28,653	31,014	33,404	40,404	51,247	62,651
Other Retail Stores	11,658	12,104	13,389	13,971	18,585	20,288	25,706	33,497	54,180	63,209
All Other Outlets	29,384	30,633	34,315	36,932	43,665	52,801	56,592	59,146	76,961	87,743
Total	\$ 119,040	\$ 128,869	\$ 151,660	\$ 173,398	\$ 203,751	\$ 224,195	\$ 237,059	\$ 266,925	\$ 372,176	\$ 449,339
City Direct Sales Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State of California Board of Equalization and The HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

City of Brentwood

DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	City Direct Rate	Contra Costa County	State	Total
2006	1.00%	1.25%	6.00%	8.25%
2005	1.00%	1.25%	6.00%	8.25%
2004	1.00%	1.25%	6.00%	8.25%
2003	1.00%	1.25%	6.00%	8.25%
2002	1.00%	1.25%	6.00%	8.25%
2001	1.00%	1.25%	5.75%	8.00%
2000	1.00%	1.25%	5.75%	8.00%
1999	1.00%	1.25%	5.75%	8.00%
1998	1.00%	1.25%	5.75%	8.00%
1997	1.00%	1.25%	5.75%	8.00%

Source: State Board of Equalization

Note: The City's sales tax rate may be changed only with approval of the State Legislature.

City of Brentwood

TOP 25 SALES TAX PRODUCERS CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

2006		1997	
Tax Remitter ⁽¹⁾	Business Category	Tax Remitter ⁽¹⁾	Business Category
Ace Hardware	Hardware Stores	Ace Hardware	Hardware Stores
Albertsons	Grocery Stores - Liquor	Albertsons	Grocery Stores - Liquor
Arco AM PM Mini Mart	Service Stations	Auto Brokers Unlimited	Used Automotive Dealers
Big B Lumber	Lumber/Building Materials	Bay Area Diablo Petroleum	Petroleum Prod/Equipment
Bill Brandt Ford	New Motor Vehicle Dealers	Big B Lumber	Lumber/Building Materials
Brentwood Dodge Chrysler Jeep	New Motor Vehicle Dealers	Big O Tires	Automotive Supply Stores
Chevron Extra Mile Service	Service Stations	Bill Brandt Ford	New Motor Vehicle Dealers
Dallas Shanks Services	Service Stations	Brentwood Auto Parts	Automotive Supply Stores
Devi Oil	Service Stations	Brentwood Dodge Chrysler Plymouth	New Motor Vehicle Dealers
Home Depot	Lumber/Building Materials	Brooks Ranch Restaurant	Restaurants - No Alcohol
Home Goods	Home Furnishings	Burger King	Restaurants - No Alcohol
Kohls	Family Apparel	Centro Mart	Grocery Stores - Liquor
Les Schwab Tire Center	Automotive Supply Stores	Dallas Shanks Services	Service Stations
Longs	Drug Stores	First Stop	Service Stations
Michaels	Florist Shops	Gas & Liquor Is Cheaper	Service Stations
Precision Cabinets	Contractors	Goulds Pumps Incorporated	Heavy Industrial
Raleys	Grocery Stores - Liquor	McDonalds	Restaurants - No Alcohol
Ross	Family Apparel	Mt. Diablo Supply	Lumber/Building Materials
Safeway	Grocery Stores - Liquor	Pee Wee Muldoons	Restaurants - Liquor
Savers Fuel Mart	Service Stations	Quick Stop Markets	Service Stations
Sportsmart	Sporting Goods/Bike Stores	Rite Aid	Drug Stores
Televents of East County	Specialty Stores	Safeway	Grocery Stores - Liquor
TJ Maxx	Family Apparel	Taco Bell	Restaurants - No Alcohol
Tower Mart	Service Stations	Ultramar	Service Stations
Winco Foods	Grocery Stores - Liquor	Wright Medical Services	Specialty Stores
Percent of Fiscal Year Total Paid by Top 25 Accounts = 61.41%		Percent of Fiscal Year Total Paid by Top 25 Accounts = 73.07%	

Source: HdL Coren & Cone

(1) Firms listed alphabetically because taxable sales figures for individual businesses are confidential and cannot legally be disclosed.

City of Brentwood

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(Unaudited)

Governmental Activities									
Fiscal Year	General Obligation Bonds ⁽¹⁾	2001 CIP Revenue Bonds	Roadway Bonds	COP Bonds	TAB Bonds	Notes Payable	Capital Leases (Internal Service)	Capital Leases (Governmental)	
2006	\$ 6,384,302	\$ 29,740,000	\$ -	\$ -	\$ -	\$ 1,867,208	\$ -	\$ 17,754	
2005	6,411,571	30,390,000	-	-	-	2,355,868	35,500	140,061	
2004	6,255,771	31,025,000	-	-	-	-	69,108	206,930	
2003	6,198,082	31,635,000	-	305,000	-	-	100,703	271,775	
2002	5,999,976	32,080,000	-	595,000	-	-	178,104	-	
2001	-	-	5,320,000	865,000	3,240,000	-	251,447	-	
2000	-	-	5,420,000	1,120,000	3,525,000	-	186,757	-	
1999	-	-	5,515,000	1,360,000	3,790,000	-	224,166	-	
1998	-	-	5,605,000	1,590,000	4,040,000	-	-	-	
1997	-	-	5,695,000	1,805,000	4,275,000	-	-	-	
Business-Type Activities									
Fiscal Year	Water Revenue Bonds	1994 Water Revenue Bonds	Wastewater Revenue Bonds	Capital Leases	State Water Resources Loan (Wastewater)	Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita ⁽²⁾
2006	\$ 8,145,920	\$ -	\$ 2,094,080	\$ 190,955	\$ 32,931,790	\$ 9,799,478	\$ 91,171,487	6.44%	\$ 1,987
2005	8,372,637	-	2,152,363	423,675	34,574,866	10,711,564	95,568,105	7.48%	2,336
2004	8,587,423	-	2,207,578	642,764	36,188,841	16,611,959	101,795,374	5.61%	2,747
2003	8,794,253	965,000	2,260,748	848,688	37,713,566	12,506,962	101,599,777	6.71%	3,045
2002	8,989,150	1,030,000	2,310,850	1,042,984	33,439,743	13,337,845	99,003,652	7.98%	3,341
2001	9,176,093	1,090,000	2,358,908	1,280,543	12,428,954	14,163,928	50,174,873	4.73%	1,981
2000	9,359,058	1,150,000	2,405,943	1,554,735	-	14,985,484	39,706,977	4.31%	1,720
1999	9,534,068	1,205,000	2,450,933	1,899,780	-	369,555	26,348,502	3.43%	1,302
1998	9,701,123	1,255,000	2,493,878	1,867,221	-	467,223	27,019,445	4.37%	1,579
1997	9,701,123	1,305,000	2,493,878	2,171,024	-	526,876	27,972,901	5.54%	1,913

Note: Details regarding the City's outstanding debt can be found in Note #5, found on pages 55 - 63 of this report.

(1) The City issued \$6 million of debt for the Police Station project on February 22, 2002.

(2) See Schedule 17 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Brentwood

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Obligation Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2006	\$ 6,384,302	\$ 6,384,302	0.11%	\$ 139
2005	6,411,571	6,411,571	0.14%	157
2004	6,255,771	6,255,771	0.18%	169
2003	6,198,082	6,198,082	0.22%	186
2002	5,999,976	5,999,976	0.27%	202
2001	-	-	0.00%	-
2000	-	-	0.00%	-
1999	-	-	0.00%	-
1998	-	-	0.00%	-
1997	-	-	0.00%	-

Note: Details regarding the City's outstanding debt can be found in Note #5, found on pages 55 - 63 of this report.

City of Brentwood

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2006

(Unaudited)

	Total Debt 6/30/06	Percentage Applicable	City's Share of Debt 6/30/06
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit	\$ 100,000,000	1.408%	\$ 1,408,000
Contra Costa Community College District	115,000,000	4.456%	5,124,400
Liberty Union High School District	65,902,658	49.881%	32,872,905
Brentwood Union School District	50,175,690	92.518%	46,421,545
Oakley Union School District	25,420,000	0.003%	763
City of Brentwood	6,384,302 ⁽¹⁾	100.000%	6,384,302
City of Brentwood 1915 Act Bonds	168,959,636	100.000%	168,959,636
California Statewide Communities Development Authority Assessment District No. 04-1& 05-1	2,448,574	100.000%	2,448,574
East Bay Regional Park District	111,170,000	2.060%	2,290,102
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 645,460,860		\$ 265,910,226
 DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Contra Costa County General Fund Obligations	\$ 301,770,000	4.448%	\$ 13,422,730
Contra Costa County Pension Obligations	537,005,000	4.448%	23,885,982
Contra Costa County Board of Education Certificates of Participation	1,310,000	4.448%	58,269
Contra Costa Community College District Certificates of Participation	1,215,000	4.456%	54,140
Liberty Union High School District Certificates of Participation	2,485,000	49.881%	1,239,543
Brentwood Union School District Certificates of Participation	5,845,000	92.518%	5,407,677
City of Brentwood General Fund Obligations	9,820,000	100.000%	9,820,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT	859,450,000		53,888,341
 COMBINED TOTAL DEBT	\$ 1,504,910,860 ⁽²⁾		\$ 319,798,567

(1) Includes \$714,326 accreted value.

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

City of Brentwood

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed Value ¹	\$ 5,599,329,002
Debt Limit (3.75% of Assessed Value) ²	209,974,838
Debt Applicable to Limit	
General Obligation Bonds	6,384,302
Less: Amount set aside for repayment of general obligation deb	-
Total Net Debt Applicable to Limit	<u>6,384,302</u>
Legal Debt Margin	<u>\$ 203,590,536</u>

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 30,866,527	\$ 35,046,336	\$ 40,673,725	\$ 51,301,704	\$ 63,523,763	\$ 82,277,309	\$ 106,760,886	\$ 133,940,232	\$ 168,632,232	\$ 209,974,838
Total Net Debt Applicable to Limi	-	-	-	-	-	5,999,976	6,198,082	6,255,771	6,411,571	6,384,302
Legal Debt Margin	<u>\$ 30,866,527</u>	<u>\$ 35,046,336</u>	<u>\$ 40,673,725</u>	<u>\$ 51,301,704</u>	<u>\$ 63,523,763</u>	<u>\$ 76,277,333</u>	<u>\$ 100,562,804</u>	<u>\$ 127,684,461</u>	<u>\$ 162,220,661</u>	<u>\$ 203,590,536</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	7.29%	5.81%	4.67%	3.80%	3.04%

Source: Contra Costa County Assessor

(1) Contra Costa County Auditor / Controller

(2) State of California Government Code 25 and 43605

City of Brentwood

PLEGGED REVENUE COVERAGE**LAST TEN FISCAL YEARS**

(Unaudited)

Fiscal Year	Water & Wastewater Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2006	\$ 28,309,406	\$ 13,059,845	\$ 15,249,561	\$ 285,000	\$ 578,621	5.66%	
2005	23,995,940	11,126,313	12,869,627	270,000	591,446	6.69%	
2004	25,463,724	9,563,623	15,900,101	1,225,000	643,808	11.75%	
2003	26,729,502	8,601,235	18,128,267	310,000	687,981	5.51%	
2002	18,055,924	8,059,593	9,996,331	295,000	703,786	9.99%	
2001	16,481,774	7,928,562	8,553,212	290,000	715,306	11.75%	
2000	11,359,259	5,775,804	5,583,455	275,000	727,681	17.96%	
1999	8,024,591	3,449,889	4,574,702	260,000	738,236	21.82%	
1998	6,315,493	2,736,368	3,579,125	50,000	741,100	22.10%	
1997	4,621,484	2,431,478	2,190,006	45,000	472,186	23.62%	

Source: City of Brentwood Finance Department

Note: Details regarding the City's outstanding debt can be found in Note #5, found on pages 55 - 63 of this report. Operating expenses do not include interest, depreciation or amortization expenses.

City of Brentwood

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)

Calendar Year	Population	Personal Income	Per Capita Personal Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2006	45,892	\$ 1,416,044	\$ 30,856	32.7	14,003	3.8%
2005*	40,912	1,277,273	31,220	31.1	11,949	4.3%
2004	37,060	1,816,051	49,003	37.4	10,645	4.8%
2003	33,364	1,513,825	45,373	37.0	10,510	5.6%
2002	29,630	1,241,171	41,889	36.8	8,984	5.0%
2001	25,325	1,060,839	41,889	36.4	4,390	3.4%
2000	23,090	921,152	39,894	36.8	3,886	3.2%
1999	20,235	768,809	37,994	36.4	3,549	3.0%
1998	17,108	618,933	36,178	36.0	3,211	3.6%
1997	14,623	504,596	34,507	35.3	2,954	4.1%

Sources: (1) Department of Finance Economic Research Unit; 2005 - Claritas, Inc.

(2) US Census Bureau; 2005 - Claritas, Inc.

* Prior to 2005, County figures were used for the Per Capita Income and Median Age categories. Beginning with 2005, the figures reflect City of Brentwood data.

(3) Brentwood Union School District (1994 - 2001); Liberty Union High School and Brentwood Union School Districts (2002) to present

(4) Employment Development Department

City of Brentwood

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Employer	2006			1997		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Brentwood Union School District	600-1,000	1	11.59%	300-400	1	8.33%
Liberty Union High School District	400-500	2	6.52%	200-300	2	5.95%
City of Brentwood	300-400	3	5.07%	100-150	4	2.98%
Precision Cabinets & Trim	200-300	4	3.62%	25-50		0.77%
The Home Depot	100-200	5	2.17%	-		0.00%
Winco Foods, Inc.	100-200	6	2.17%	-		0.00%
Town & County Roofing	100-200	7	2.17%	50-100	6	1.79%
Raleys Super Markets	100-200	8	2.17%	-		0.00%
Safeway Stores, Inc.	100-200	9	2.17%	150-200	3	4.17%
Groundworks Inc.	50-100	10	1.09%	-		0.00%
HPH Homebuilders 2000, L.P.	-		0.00%	100-150	5	2.98%
Brentwood Recreation & Park District	-		0.00%	50-100	7	1.79%
Dainty Center	25-50		0.48%	50-100	8	1.79%
Lucky Stores, Inc.	-		0.00%	25-50	9	0.77%
Brentwood Dodge Chrysler Plymouth	25-50		0.48%	25-50	10	0.77%
Total	2,100-3,400		39.70%	1,075-1,650		32.09%

Source: City of Brentwood Economic Development Division

City of Brentwood

**AUTHORIZED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

(Unaudited)

Function/Program	Full-Time Equivalent Employees as of June 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	11	13	17	21	22	23	27	29	33	34
Public Safety	34	38	41	39	47	48	66	71	78	77
Community Development	13	13	18	18	24	25	30	34	36	38
Engineering	15	17	21	25	30	33	34	37	35	34
Public Works	5	7	7	7	10	12	14	15	19	19
Parks and Recreation	1	2	3	13	20	24	27	26	32	32
Wastewater	6	6	7	8	9	10	14	14	15	16
Solid Waste	7	8	9	12	13	12	14	17	17	20
Water	10	8	10	13	14	15	17	17	21	20
City Rentals	-	-	-	-	-	1	2	2	2	2
Housing	-	-	-	-	-	-	-	-	3	3
	102	112	135	156	189	203	244	263	291	295

Source: City of Brentwood Finance Department

City of Brentwood

OPERATING INDICATORS BY FUNCTION / PROGRAM**LAST FIVE FISCAL YEARS**

(Unaudited)

Function / Program	Fiscal Year				
	2002	2003	2004	2005	2006
General Government					
Building Permits Issued	1,157	1,400	1,421	1,452	978
Accounts Payable Invoices Processed	14,872	15,224	15,855	15,357	15,686
Purchase Orders Issued	476	413	487	581	526
Public Works					
Street Miles Swept	N/A	6,313	18,481	22,488	21,715
Debris Collected (tons)	N/A	608	1,987	2,265	2,215
Streetlights maintenance requests	N/A	235	656	576	438
Police					
Physical Arrests (est.)	1,100	1,086	1,202	1,339	1,314
Calls for Service (est.)	16,386	19,197	21,190	22,491	23,553
Case Files Taken (est.)	4,480	5,032	5,367	5,449	5,571
Parks and Recreation					
Total Programs Offered (est.)	699	972	1,214	1,464	1,975
Total Participants and Spectators at Events	N/A	334,177	539,276	640,137	980,300
Refuse Collection					
Refuse Collected (tons per day)	40	45	52	64	71
Yard Waste (tons per day)	10	12	14	17	18
Recyclables Collected (tons per day)	11	13	15	18	19
Residential Services	9,310	10,807	12,303	13,540	14,489
Commercial Services	425	525	624	541	546
Water					
New Connections	1,421	1,531	1,800	961	900
Average Daily Consumption (acre foot)	5	5	5	8	9
Peak Daily Consumption (millions of gallons)	10	10	14	15	15
Wastewater					
New Connections	1,400	1,500	1,916	886	830
Average Daily Sewage Treatment (millions of gallons)	2	3	3	3	3

Source: Various City departments

City of Brentwood

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**LAST FIVE FISCAL YEARS**

(Unaudited)

Function /Program	Fiscal Year				
	2002	2003	2004	2005	2006
Police					
Stations	1	1	1	1	1
Patrol Vehicles	27	29	33	36	40
Parks and Recreation					
Neighborhood Park Acreage	76	95	148	171	194
Play Areas	20	22	25	32	40
Multi-Use Trails (miles)	N/A	N/A	13	15	15
Multi-Use Ball and Soccer Fields	14	14	17	20	23
Picnic Areas	23	23	23	25	214 ⁽¹⁾
Refuse Collection					
Collection Trucks	8	9	12	12	13
Water					
Water Mains (miles)	100	120	149	164	173
Fire Hydrants	1,323	1,323	1,397	1,521	1,628
Number of Wells	7	8	8	9	10
Number of Reservoirs	4	4	4	5	5
Storage Capacity (millions of gallons)	11	11	11	15	15
Wastewater					
Sanitary Sewers (miles)	67	67	92	101	138
Lift Stations	4	4	3	3	3
Other Public Works					
Streets (miles)	119	119	145	161	173
Street Lights	2,858	2,858	3,614	3,873	3,882

Source: Various City departments

(1) Beginning with FY 2006, the number shown is for picnic tables, not picnic areas.