



Comprehensive Annual Financial Report



For Year Ended June 30, 2004
Chula Vista, California



Comprehensive Annual Financial Report

*For The Fiscal Year Ended
June 30, 2004*

Mayor
Stephen Padilla

City Council

**Mary Salas
Patty Davis
Jerry Rindone
John McCann**

City Manager
David Rowlands, Jr

Compiled under the direction of
Maria Kachadoorian
Director of Finance/Treasurer

City of Chula Vista
Comprehensive Annual Financial Report
For the year ended June 30, 2004

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Note: Certain statistical schedules concerning General Obligation Bonded Debt and Tax Levies were not included since the City does not have General Obligation Bonded Debt.



October 1, 2004

**To the Honorable Mayor, Members of the City Council
And Citizens of the City of Chula Vista, California**

The Annual Financial Report (the Report) of the City of Chula Vista for the fiscal year ended June 30, 2004 is hereby submitted in accordance with City Charter section 1017 and section 25253 of the Government Code of the State of California. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, are the responsibility of the City. The Report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). It is believed that the data reported is accurate in all material respects, that it is presented in a manner designed to fairly represent the financial position and results of operations of the City as measured by the financial activity in its various Funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

The Report is organized into three major sections as follows:

- | | |
|-----------------------|---|
| Introductory Section: | This section includes a table of contents, this transmittal letter, and a City organizational chart. |
| Financial Section: | This section includes the independent auditors' report, the management discussion & analysis report, the basic financial statements and notes to these statements, followed by supplementary information. |
| Statistical Section: | This section contains both financial and non-financial trend data about the City and its operations. |

The City has implemented Governmental Accounting Standards Board (GASB) 34 which significantly changed the format and the required information presented in the Comprehensive Annual Financial Report (CAFR). Per GAAP, all State and Local governments required to comply with GASB 34 must prepare a Management Discussion and Analysis (MD&A) report which provides an overview and an analysis to accompany the financial statements. This transmittal letter is designed to complement the MD&A, which is located immediately following the independent auditor's report.

GOVERNMENT

Chula Vista was incorporated in 1911, and functions under a City Charter with a Council/Manager form of government. The City is governed by a four member Council and a Mayor, who serve four year overlapping terms, and are elected on a citywide basis. Municipal services provided include police, fire, parks, recreation, libraries, planning, street and drainage construction & maintenance, sewer services, etc.

THE REPORTING ENTITY
(Activities included in the Report)

The Report includes all activities carried out by the City as a legal entity, and also includes the activities of certain other entities for which the City Council is financially accountable as determined under the guidelines of the Governmental Accounting Standards Board. Although legally separate entities, these so called “component units” are under the City’s umbrella of accountability, and therefore, their financial position and results of operations are reflected in the Report.

The component units included in the Report are:

The Redevelopment Agency of the City of Chula Vista
The Chula Vista Industrial Development Authority
The Chula Vista Public Financing Authority

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

The basic financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in 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.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

In administering the City’s accounting systems, primary consideration is given to the adequacy of internal accounting controls, which include an array of administrative procedures. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the reliability of financial records for accurate and fair presentation of financial reports. The concept of reasonable assurance recognizes that the cost of specific controls should not exceed the benefits likely to be derived from exercising the controls, and that this evaluation necessarily involves estimates and judgments by management. It is believed that the City’s internal accounting controls adequately safeguard City assets and provide reasonable assurance of proper recording of financial transactions.

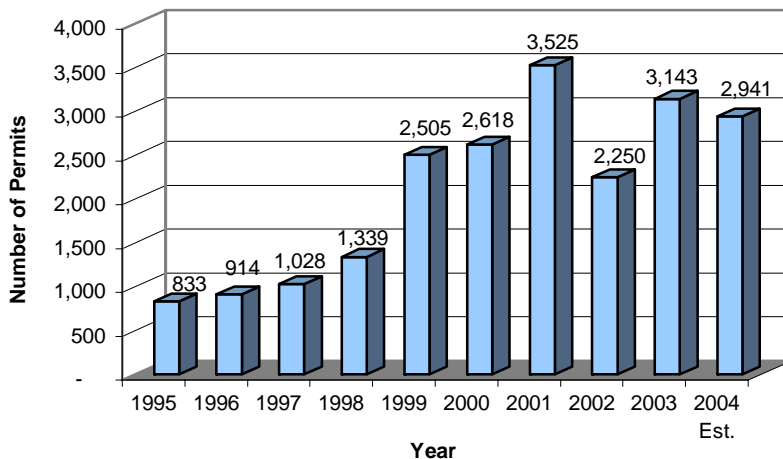
The City Charter charges the Director of Finance with the responsibility to supervise and be responsible for the disbursement of all monies and have control over all expenditures to ensure that budget appropriations are not exceeded. The level of budgetary control, that is, the level at which expenditures are not to exceed Council approved appropriations, is established at the department level. An encumbrance (commitment) accounting system is utilized as a technique to enhance budgetary control during the year. Appropriations encumbered (committed) at year end automatically carry forward and are available to be used for those commitments during the subsequent year while unspent, unencumbered appropriations lapse at year end and become generally available for re-appropriation the following year.

LOCAL ECONOMY AND PROSPECTS FOR THE FUTURE

The City of Chula Vista is a city of great diversity, both geographically and demographically. It is a community of many choices and opportunities. The City of Chula Vista is located eight miles south of the City of San Diego and seven miles north of the Mexico border. Chula Vista’s city limits cover approximately 50 square miles, which spans from the beautiful shoreline of San Diego Bay to the breathtaking mountain views in the eastern section of the city. Chula Vista residents enjoy all the benefits of a major city along with small town friendliness, affordable housing and near perfect weather. The most recent data available indicates that the median family income in Chula Vista is \$57,763.

The City of Chula Vista, with a population of more than 209,000 is the second largest community in San Diego County. San Diego Area Government (SANDAG) forecasts projects that the City of Chula Vista will reach a population of approximately 280,000 by the year 2030. In 2003, based on population estimates released by the Census Bureau, Chula Vista was identified as the 7th fastest growing city in the United States. The San Diego Association of Governments' (SANDAG) Preliminary 2030 Growth Forecast indicates that the South County subregion will continue to host a substantial amount of the region's projected growth over the next 26 years, primarily through new development in the eastern portion. The number of residential building permits issued in the City has more than doubled since 1998. There were 3,143 building permits for residential units issued in calendar year 2003 with an estimated slight decrease in 2004. The following graph shows the actual number of housing units completed during the last 10 calendar years with an estimate of 2004 permits.

**Residential Building Permits Issued
1995-2004**



This level of growth is generating increased demand for all City services, while also generating increased amounts of development related fees, taxes, and other revenues, which should tend to mitigate increased service costs. Elected officials and City management remain vigilant in attempting to protect the quality of life that the citizens of Chula Vista have grown accustomed to through active enforcement of the City's growth management thresholds.

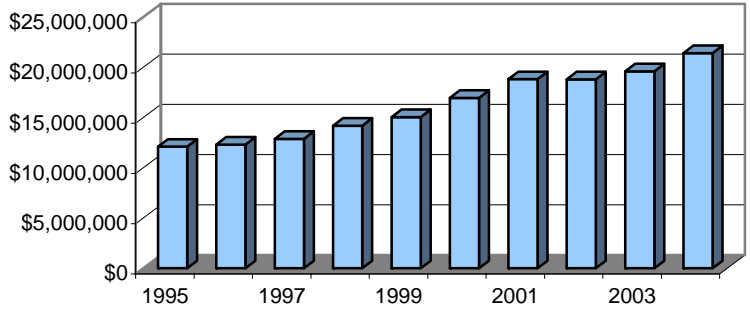
Recent economic data seem to indicate that the national economy is in an early growth period, which will only get stronger. The local San Diego economy continues to show healthy growth primarily due to continued housing developments resulting in increased sales tax and property tax revenues.

Sales Taxes:

The City receives 1% in sales and use tax revenue from all taxable retail sales occurring within City limits. These funds are collected by the State along with their 6.5% component of the sales and use tax and 0.25% designated for transportation for a total sales tax rate within San Diego County of 7.75%. Sales and use tax revenue is the City's single largest general fund revenue source. In fiscal year 2004, sales taxes represented 17.4% of total general fund revenues.

The growth in retail operators has made significant contributions to Chula Vista's sales tax base. Over a ten-year period between 1994-2004, Chula Vista's sales tax revenues have grown approximately 80%, with most of that growth occurring after fiscal year 1997. During fiscal year 2004, Chula Vista's sales tax revenue experienced very healthy growth over the previous fiscal year at a rate of 9.2%. Again this was primarily due to the continued growth in the eastern sections of the City, which have lead to the opening of various new commercial developments in the past year, which have included large retail stores such as Home Depot, Wal-Mart, Target, Kohl's and Lowes. We anticipate sales tax revenues to continue growing at healthy rates over the next few years due to the openings of additional commercial centers in the east and the continued expansion of the Chula Vista Auto Park, which will add several new dealerships such as Toyota, Dodge, Chrysler and Jeep.

**Sales Tax Revenues
Ten-Year Chart**

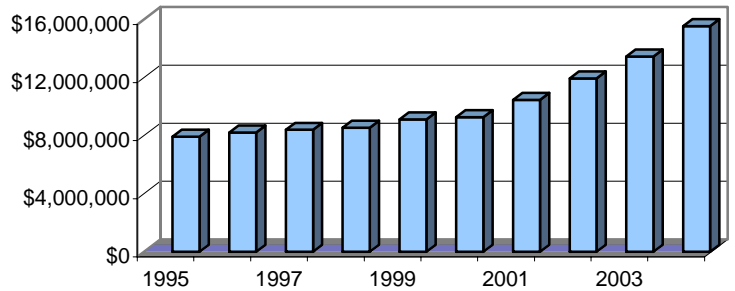


Property Taxes:

Under State law since 1979, property taxes for general government purposes are limited to 1% of the market value of the property assessed. In October 2004, the median price of a single family detached home in Chula Vista was \$570,000, which continues to be slightly below the County median price. As stated in the San Diego Regional Chamber of Commerce Economic Bulletin 2004 Forecast, “The relative strength of the local economy, low interest rates, and continued undersupply of housing versus household growth, continued to fuel San Diego’s housing price appreciation.”

Due to the continued strong housing market in Southern California and the growth occurring in the eastern section of the City, property tax revenues have grown at historically high rates over the past few years. In fiscal year 2004, property tax revenues grew by 15.7% from the previous fiscal year.

**Property Taxes
Ten-Year Chart**



The City is in a good financial position benefiting from a vibrant and growing San Diego area economy. The City considers it essential to fund its financial reserves at a level that can endure a limited economic recession without impacting service levels and capital maintenance programs. It is the City’s goal to maintain the highest level of municipal services to its residents and business constituents.

MAJOR INITIATIVES

The City embarked on and completed some major capital projects during fiscal year 2004. These projects reflect Council’s continued commitment to the renewal of existing facilities and infrastructure and to provide the improvements necessary to respond to growth being experienced by the City. Established neighborhoods and business areas continue to benefit from Chula Vista’s commitment to maintain its infrastructure. The primary focus again this year was construction of new streets, sewers and parks, as well as significant renovation of existing roadways and park facilities.

Construction of a new Police Headquarters Facility was completed. All of the Police Department’s functions were relocated in this four-story, 140,000 square foot facility along with a public plaza, community meeting room and a parking structure. Total cost of the Police Facility site acquisition and improvements, relocation of current tenants, design and engineering, construction, parking structure, furniture and fixtures was approximately \$67 million. The former Police Facility was designed in the late 1960’s, when the population of the city was approximately 65,000 and expected to peak around 80,000. The current population is approximately 209,000 and expected to reach 280,000 by 2030.

In preparation for the demolition and reconstruction of the City's new Civic Center, all departments located in City Hall were relocated in to the former police headquarters. The new Civic Center will include the reconstruction and expansion of City Hall, renovation of the Public Services Building and former Police Facility and the demolition of the Community Development Building and Legislative Building. Construction will be undertaken in three phases starting with City Hall. It will be more than twice the size of the original building, which opened in 1951 when Chula Vista's population was 16,000. One end of the new City Hall building will house a circular state-of-the-art council chambers.

The construction of Fire Station No. 7 was completed in fiscal year 2004. The 14,000 square foot station, with four bays to accommodate trucks and equipment, will serve as the center of all fire operations in the eastern portion of the City. The City held a grand opening of Fire Station No. 7 on September 11, 2003 in honor of the New York firefighters who lost their lives in the terrorist attacks on the World Trade Center two years ago. The names of all 343 fallen firefighters are etched in a concrete walk that spans the front of the new station.

The construction of Fire Station No. 6 began in fiscal year 2004 and is estimated to be completed by early 2005 at a cost of \$2.8 million. The 4,800 square foot station will provide fire services to the Rolling Hills Ranch and Eastlake communities in the eastern section of the City.

The City has embarked on an unprecedented park development and construction program. Several parks were either under construction and or in the final design stages during fiscal year 2004. Construction of the City's Veterans Park began in fiscal year 2004. The 12-acre park will be located near Chula Vista's Veterans Home and will include a recreation center and a "Walk of Honor" walkway paved with bricks inscribed with the names of veterans. Design contracts were approved for Monteville Park in Rolling Hills Ranch and Salt Creek Park in Eastlake Trails during fiscal year 2004. Both parks will also include recreation centers and are anticipated to open in 2005.

Another major project completed during fiscal year 2004 was the Salt Creek Trunk Sewer. This major sewer interceptor serves an area stretching from the upper Otay reservoir to the Main Street sewer basin and will connect to the City of San Diego's metro trunk sewer west of I-5. The project, which was under construction for several years, was completed in fiscal year 2004 at a total cost of approximately \$32 million.

Construction of a \$1.3 million skateboard park opened during fiscal year 2004. The park is located on a two-acre site adjacent to the Boys & Girls Club and was designed for "street" as well as competitive skaters. The park offers skaters a variety of architectural challenges to help them sharpen their skills without breaking the law and compromising the safety of others.

The City continues to plan for its future. "Chula Vista Vision 2020" will update the city's General Plan, which sets the course for all growth, development and community planning during the next 20 years. Various workshops and community outreach programs have been initiated in an attempt to gather input from the community as a whole.

CASH MANAGEMENT POLICIES

In order to maximize investment leverage, it is the City's practice to "pool" available cash from all Funds for investment purposes. In accordance with the adopted investment policy, available cash is invested with the goal of safety, meaning protection of principal, as the first priority, ensuring adequate liquidity as the second priority, and maximizing yield as the third priority. The average yield on the pooled investment portfolio during the fiscal year ending June 30, 2004 was 3.23%, a drop from the prior year yield of 3.38% due to a generally declining interest rate environment.

RISK MANAGEMENT

The City is self-insured for general liability and worker's compensation up to \$250,000 per claim. As a member of the San Diego Pooled Insurance Program Authority (SANDPIPA), the City is insured for general liability claims between \$250,000 and \$2 million. In addition, for general liability claims between \$2 million and \$42 million, the City is covered by excess insurance coverage obtained through SANDPIPA. For worker's compensation claims, the City has purchased excess insurance for claims exceeding \$250,000.

The probable amounts of loss as estimated by the City's Risk Manager and Attorney, including an estimate of incurred-but-not reported losses, have been recorded as liabilities in the basic financial statements. There were no reductions in insurance coverage from the prior year and there were no insurance settlements, which exceeded coverage in each of the past three years. Additional information on the City's risk management activity can be found on page 80 of the notes to the financial statements.

INDEPENDENT AUDIT

An independent audit of the City's records is required by section 1017 of the City Charter and was performed for the year ended June 30, 2004 by the certified public accounting firm of Caporicci & Larson, LLP. The auditors report on the basic financial statements and schedules is included in the Financial Section of the Report. In general, the auditors concluded that the financial statements and schedules referred to above present fairly, in all material respects, the financial position of the City of Chula Vista as of June 30, 2004, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. The professionalism and knowledge exhibited by Caporicci & Larson, LLP during their audit work is greatly appreciated.

AWARD

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chula Vista for its comprehensive annual financial report for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Similarly, the California Society of Municipal Finance Officer (CSMFO) presented the City of Chula Vista with a Certificate of Award for Outstanding Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Award is a prestigious state recognition for conformance with certain high standards for preparation of local government financial reports. The CSMFO Certificate of Award is also valid for a period of one year only. We believe that our current report conforms to the Certificate of Award program requirements, and we are submitting it to CSMFO.

ACKNOWLEDGMENTS

Preparation of the Report and more importantly, maintaining the City's accounting records in a manner sufficient to earn the aforementioned auditors opinion is only accomplished with the continuous concerted effort of each and every staff member in the Finance Department. As such, I express my sincere appreciation for their dedicated service.

Respectfully,



MARIA KACHADOORIAN
Director of Finance/Treasurer

**City of Chula Vista
List of City Officials
June 30, 2004**

City Council

Stephen C. Padilla	Mayor
Mary Salas	Deputy Mayor
Patty Davis	Councilmember
Jerry Rindone	Councilmember
John McCann	Councilmember

Administration

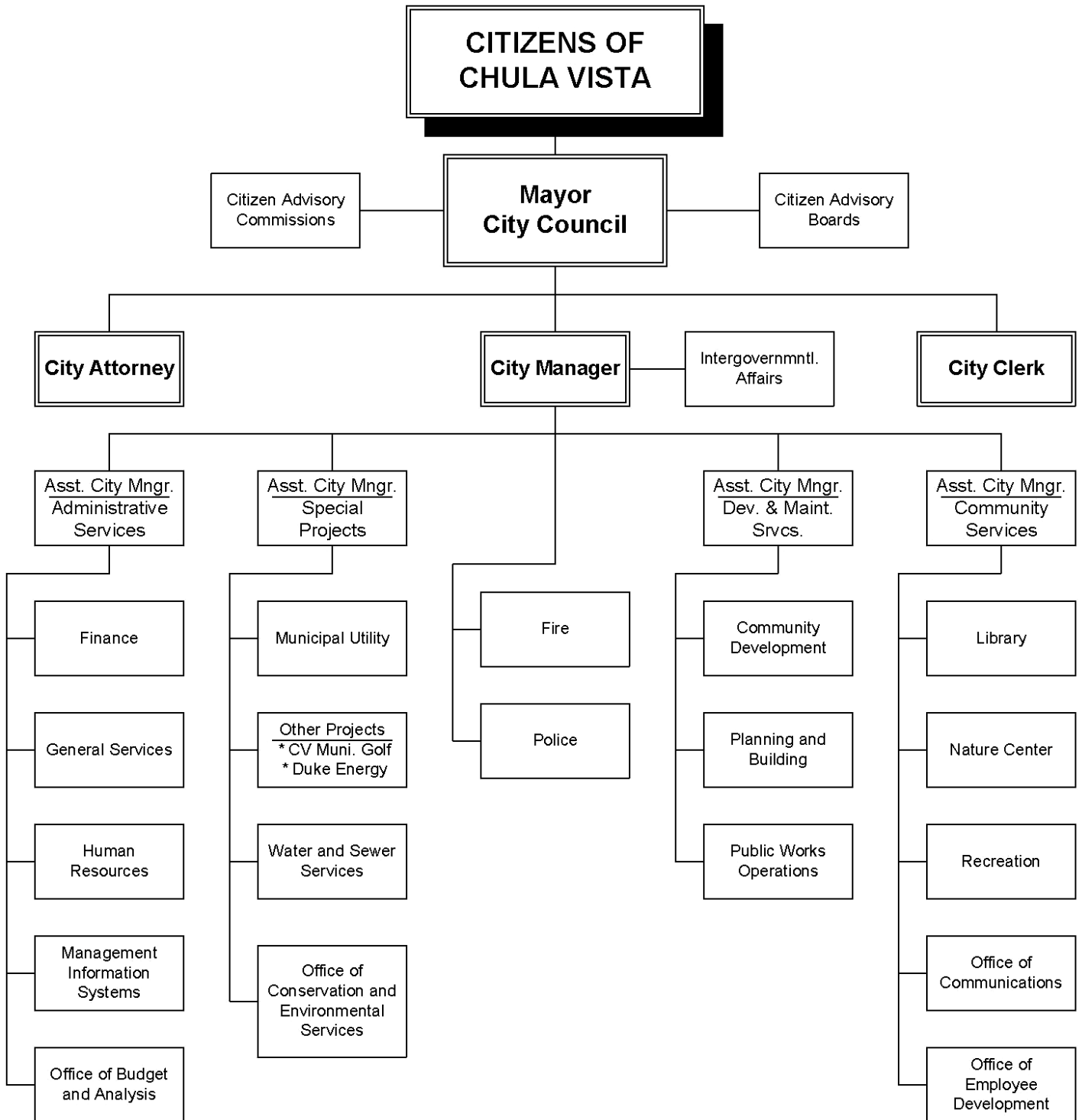
David D. Rowlands, Jr.	City Manager
Cheryl Fruchter	Assistant City Manager
George Kreml	Assistant City Manager
Sid W. Morris	Assistant City Manager
David Palmer	Assistant City Manager
Ann Moore	City Attorney
Susan Bigelow	City Clerk

Department Heads

Cheryl Fruchter	Director of Budget & Analysis
Laurie Madigan	Director of Community Development
Maria Kachadoorian	Director of Finance
Douglas Perry	Fire Chief
Jack Griffin	Director of General Services
Marcia Raskin	Director of Human Resources
David Palmer	Director of Library
Louie Vignapiano	Director of Mgmt. & Information Services
Daniel D. Beintema	Director of Nature Center
Jim Sandoval	Director of Planning & Building
Richard Emerson	Chief of Police
Dave Byers	Director of Public Works
Buck Martin	Director of Recreation



ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chula Vista,
California

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

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



President

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2002-2003

Presented to the

City of Chula Vista

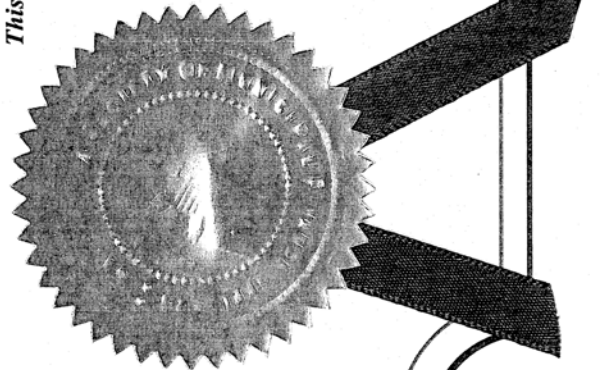
*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

March 1, 2004

Bret M. Humlee

Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Chula Vista
Chula Vista, 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 Chula Vista, California (City), as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2004, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries 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.

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Costa Mesa, California 92626

Sacramento

777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego

600 "B" Street, Suite 1900
San Diego, California 92101

To the Honorable Mayor and Members of the City Council
of the City of Chula Vista
Chula Vista, California

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables 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.

Caprice & Carlson

Costa Mesa, California
October 1, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the City of Chula Vista (the "City") provides this Management Discussion and Analysis of the City's Comprehensive Annual Financial Report (CAFR) for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements, which follow.

Financial Highlights - Primary Government

Government-Wide Highlights:

Net Assets - The assets of the City exceeded its liabilities at fiscal year ending June 30, 2004 by \$710.4 million. Of this amount, \$111.2 million was reported as "unrestricted net assets" and may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Assets - The City's total net assets increased by \$85.0 million in fiscal year 2004. Net assets of governmental activities increased by \$85.9 million, while net assets of the business type activities decreased by \$(0.9) million.

Fund Highlights:

Governmental Funds - Fund Balances- As of the close of fiscal year 2004, the City's governmental funds reported a combined ending fund balance of \$226.9 million, a decrease of \$(13.7) million from the prior year. Of this amount, \$108.7 million represents "unreserved fund balances" available for appropriation.

General Fund - The unreserved fund balance of the general fund on June 30, 2004 was \$25.2 million, a decrease of \$(3.5) million from the prior year. Included in these figures is \$1.8 million unreserved fund balance accounted for in funds, such as the Public Liability Reserve Fund, which are considered general fund type funds for financial reporting purposes.

Long-Term Debt:

The City's total debt obligations decreased by \$(12.9) million or (8.3)% during fiscal year 2004. For the 2004 fiscal year the City issued no new debt. The decrease is attributable to a combination of the payment of bond principal (\$17.0 million) an increase in compensated absences (\$3.9 million) and an increase in accreted interest for the pension obligation bonds (\$0.2 million).

City Highlights

The City embarked on and completed some major capital projects during fiscal year 2004. These projects reflect Council's continued commitment to the renewal of existing facilities and infrastructure and to provide the improvements necessary to respond to growth being experienced by the City. Established neighborhoods and business areas continue to benefit from Chula Vista's commitment to maintain its infrastructure. The primary focus again this year was construction of new streets, sewers and parks, as well as significant renovation of existing roadways and park facilities.

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The construction of Fire Station No. 6 began in fiscal year 2004 and is estimated to be completed by early 2005 at a cost of \$2.8 million. The 4,800 square foot station will provide fire services to the Rolling Hills Ranch and Eastlake communities in the eastern section of the City.

The City has embarked on an unprecedented park development and construction program. Several parks were either under construction and or in the final design stages during fiscal year 2004. Construction of the City's Veterans Park began in fiscal year 2004. The 12-acre park will be located near the Chula Vista's Veterans Home and will include a recreation center and a "Walk of Honor" walkway paved with bricks inscribed with the names of veterans. Design contracts were approved for Monteville Park in Rolling Hills Ranch and Salt Creek Park in Eastlake Trails during fiscal year 2004. Both parks will also include recreation centers and are anticipated to open in 2005.

Another major project completed during fiscal year 2004 was the Salt Creek Trunk Sewer. This major sewer interceptor serves an area stretching from the upper Otay reservoir to the Main Street sewer basin and will connect to the City of San Diego's metro trunk sewer west of I-5. The project, which was under construction for several years, was completed in fiscal year 2004 at a total cost of approximately \$32 million.

Construction of a \$1.3 million skateboard park opened during fiscal year 2004. The park is located on a two-acre site adjacent to the Boys & Girls Club and was designed for "street" as well as competitive skaters. The park offers skaters a variety of architectural challenges to help them sharpen their skills without breaking the law and compromising the safety of others.

The City continues to plan for its future. "Chula Vista Vision 2020" will update the city's General Plan, which sets the course for all growth, development and community planning during the next 20 years. Various workshops and community outreach programs have been initiated in an attempt to gather input from the community as a whole.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. 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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They are comprised of the *Statement of Net Assets and Statement of Activities and Changes in Net Assets*.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This statement, for the first time, combines and consolidates governmental fund's current financial resources with capital assets and long-term obligations.

The *Statement of Activities and Changes in Net Assets* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the above financial statements have separate sections for three different types of programs or activities. These three types of activities are:

Governmental Activities - The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the City include General Government, Public Safety, Public Works, Parks and Recreation and Library.

Business-Type Activities - These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the City include only Transit Operations.

Discretely Presented Component Units - The City of Chula Vista has no discretely presented component units to report upon.

The government-wide financial statements can be found on pages 19 through 21 of this report.

Fund Financial Statements and Major Component Unit Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented in a single column. Further detail on the Non-major funds is presented on pages 94 through 108 of this report.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capacity.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has thirty-one governmental funds, of which five are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's five major funds are - the General Fund, Sewer Fund, Development Impact Fee Fund, Redevelopment Agency Debt Service Fund and the City Debt Service Fund. Data from the other twenty-six governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 27 through 34 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 94 through 108 of this report.

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. The City uses an enterprise fund to account for its Transit fund. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, stores inventory and its information systems and equipment replacement program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 37 through 40 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs.

Notes to the Financial Statements

The notes 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 financial statements can be found on pages 45 through 84 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information providing a budgetary comparison statement for the general fund and sewer fund. Required supplementary information can be found on pages 85 and 89 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Chula Vista, combined net assets (government and business type activities) totaled \$710.4 million at the close of the fiscal year ending June 30, 2004. This is an increase of \$85.0 million or 13.6% from the previous fiscal year.

By far the largest portion of the City’s net assets (76.5%) reflects its investment in capital assets (e.g. land, streets, sewers, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Chula Vista’s Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003 (as restated)	2004	2003 (as restated)	2004	2003 (as restated)
Current Assets	250,708,914	236,454,961	1,616,220	1,660,680	252,325,134	238,115,641
Non-Current Assets	11,113,531	39,450,535			11,113,531	39,450,535
Capital Assets	633,233,831	547,949,713	6,217,348	7,156,534	639,451,179	555,106,247
Total Assets	895,056,276	823,855,209	7,833,568	8,817,214	902,889,844	832,672,423
Current Liabilities	39,113,089	43,551,630	1,234,523	1,298,673	40,347,612	44,850,303
Long-term Liabilities	152,117,859	162,371,663			152,117,859	162,371,663
Total Liabilities	191,230,948	205,923,293	1,234,523	1,298,673	192,465,471	207,221,966
Investments in Capital						
Net of Related Debt	537,716,998	458,884,069	6,217,348	7,156,534	543,934,346	466,040,603
Restricted	55,283,141	55,203,919			55,283,141	55,203,919
Unrestricted	110,825,189	103,843,928	381,697	362,007	111,206,886	104,205,935
Total Net Assets	\$ 703,825,328	\$ 617,931,916	\$ 6,599,045	\$ 7,518,541	\$ 710,424,373	\$ 625,450,457

An additional portion of the City's net assets (7.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$111.2 million, may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in Net Assets

The City's net assets have increased by \$85.0 million or 13.6%, from the prior fiscal year. In fiscal year 2004, City expenses, which include both governmental and business-type activities, exceeded program revenues by \$62.8 million resulting in the use of that amount of general revenues. The City's expenses cover a range of services. The largest expense categories were Public Works, Public Safety and General Government. Further analysis is provided within the governmental and business-type activity sections below.

City of Chula Vista's Changes in Net Assets Fiscal Year Ending June 30, 2004

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program Revenues:			
Charges for Services	110,543,200	2,525,349	113,068,549
Operating Grants and Contributions	17,426,744	3,805,056	21,231,800
Capital Grants and Contributions	1,783,068		1,783,068
General Revenues:			
Property Taxes	26,674,527		26,674,527
Sales Taxes	21,421,090		21,421,090
Special Assessments	5,505,866		5,505,866
Other Taxes	20,320,962		20,320,962
Developer Contributions-Easements/ROW	53,009,578		53,009,578
Grants and Contributions (not restricted)	9,735,593		9,735,593
Investment Earnings	5,651,048	20,715	5,671,763
Miscellaneous	5,004,043	115,549	5,119,591
Gain on Sale of Fixed Assets	300,933		300,933
Total Revenues	<u>277,376,652</u>	<u>6,466,669</u>	<u>283,843,320</u>
Expenses:			
General Government	37,542,162		37,542,162
Public Safety	54,974,182		54,974,182
Public Works	71,482,668		71,482,668
Parks and Recreation	5,854,495		5,854,495
Library	8,845,277		8,845,277
Interest on long-term debt	12,827,332		12,827,332
Transit Operations		7,343,289	7,343,289
Total Expenses	<u>191,526,116</u>	<u>7,343,289</u>	<u>198,869,405</u>
Increase (Decrease) in Net Assets Before Transfers	85,850,536	(876,620)	84,973,915
Transfers	42,876	(42,876)	-
Change in Net Assets	85,893,412	(919,496)	84,973,915
Net Assets, Beginning of Year (as restated)	617,931,916	7,518,541	625,450,458
Net Assets, End of Year	<u>703,825,328</u>	<u>6,599,045</u>	<u>710,424,373</u>

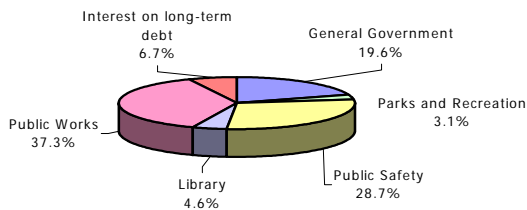
Governmental Activities

Governmental activities increased the City's net assets by \$85.9 million accounting for all of the City's total growth in net assets of \$85.0 million. A comparison of the cost of services by function for the City's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities.

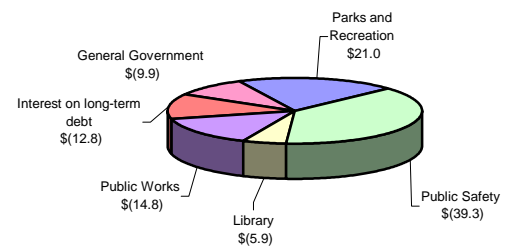
	<u>Governmental Activities</u>
Expenses Net of Program Revenues:	
General Government	(9,916,309)
Public Safety	(39,319,113)
Public Works	(14,822,109)
Parks and Recreation	21,019,587
Library	(5,907,828)
Interest on long-term debt	(12,827,332)
Total Governmental Activities	<u>(61,773,104)</u>
General Revenues:	
Taxes	73,922,445
Grants and Contributions (not restricted)	9,735,593
Developer Contributions - Easements/ROW	53,009,578
Investment Earnings	5,651,048
Miscellaneous	5,004,043
Gain on Sale of Fixed Assets	300,933
Total General Revenues	<u>147,623,640</u>
Increase in Governmental Activities Net Assets	<u>\$ 85,850,536</u>

Total governmental activity type expenses were \$191.5 million in fiscal year 2004. The largest expenses were incurred for Public Works, Public Safety and General Government. These three activities combined account for 85.6% of all general activity expenses. These expenses do not include capital outlays, which are now reflected in the City's capital assets.

Governmental Expenses by Activity

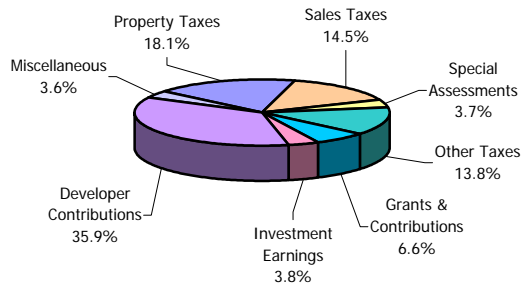


Net Cost of Governmental Activities

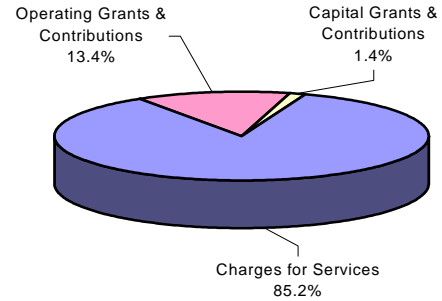


Total program revenues from governmental activities were \$129.8 million in fiscal year 2004. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart 85.2% of the governmental program revenues came from Charges for Services, which includes licenses and permits, plan checking fees, developer fees and several other revenues. Program revenues under the Operating Grants and Contributions category include restricted revenues such as Gas Tax, Transportation Sales Tax, Asset Seizure Funds and Federal/State Grants.

**Governmental Activities
General Revenues**



**Governmental Activities
Program Revenues**



General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes, investment earnings and contributed capital. Total general revenues from governmental activities were \$147.6 million in fiscal year 2004 of which \$53.0 million or 36.0% is related to roadways funded by developers and turned over to the City after completion. The next largest percentage of general revenues received during fiscal year 2004 for governmental activities were Taxes of \$73.9 million, which included Property Taxes of \$26.7 million and Sales Taxes of \$21.4 million.

Business Type Activities

Net assets for business-type activities were \$6.6 million, a decrease of \$(0.9) million from the prior fiscal year. Total program revenues for business-type activities were \$6.3 million. The largest program revenues were in Operating Grants and Contributions of \$3.8 million, related to Transportation Development Act grants. Other program revenues included Charges for Services, which include bus fare fees of \$2.5 million. Total expenses for the business-type activities were \$7.3 million during fiscal year 2004, which were related to Transit Operations.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financial capacity. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$226.9 million. Approximately, \$108.7 million of this amount constitutes unreserved and undesignated fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been legally committed.

General Fund - Included as part of the general fund for financial reporting purposes is the General Fund, which is the primary operating fund of the city, the Workers Compensation Fund, Flexible Spending Account Fund and the Public Liability Reserve Fund, which are considered general fund type funds for financial reporting purposes.

At the end of the current fiscal year, unreserved fund balance of the general fund was \$25.2 million, while total fund balance reached \$45.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19.3% of total general fund expenditures including transfers out, while total fund balance represents 34.6% of that same amount.

During the current year, unreserved fund balance of the general fund, excluding the other general fund type funds, decreased to \$22.9 million. It should be noted that \$2.8 million in designations for capital improvement projects are included in the total unreserved fund balance of \$22.9 million, bringing the net total available fund balance to \$20.1 million. The available fund balance represents 14.6% of the general fund operating budget for fiscal year 2004. This is greater than the City Council's targeted minimum reserve level of 8% of the operating budget for the general fund.

The available fund balance of the City's general fund decreased by \$5.0 million during the current fiscal year. The decrease is related to several mid-year appropriations approved by the City Council, as discussed under the General Fund Budgetary Highlights section of this report.

There is no discussion of any significant budgetary variations between original and final budget amounts and between final budget amounts and actual results because there were no significant variances. Management considers a variance of 5% or greater as significant.

Sewer Fund- The Sewer Fund is used to account for a variety of sewer service related revenues and expenditures. A major capital project completed in 2004 was the Salt Creek Trunk Sewer. This major sewer interceptor serves an area stretching from the upper Otay reservoir to the Main Street sewer basin and will connect to the City of San Diego's metro trunk sewer west of I-5. The project has been under construction for several years and was completed at an approximate cost of \$32 million.

At the end of fiscal year 2004, the unreserved fund balance for the sewer fund was \$20.9 million, which is an increase of \$1.8 million from the prior fiscal year. This increase is a result of more revenues being partially offset by a net increase in transfers-out. A 9% increase in sewer service fees resulted in additional revenue of \$2.8 million over prior year amounts. While there was a slight decrease in expenditures, other financing uses increased by approximately \$1.0 million over the prior year amount. This increase is attributable to an advance to the Salt Creek Sewer DIF Fund.

Development Impact Fee Funds - This fund was established as a depository for various development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of public facilities as a result of City growth. At the end of fiscal year 2004, the unreserved fund balance was \$35.9 million, which is a decrease of \$(0.1) million from the previous fiscal year and related to the continued growth of the City. Since these funds are collected for construction or improvements of public facilities, they have been fully designated for specific projects.

Redevelopment Agency Debt Service Fund - This fund was established to account for tax levies, rentals, other revenues and payments of principal and interest on Redevelopment Agency loans and outstanding bonds. There was no new issuance of debt for this fund.

City Debt Service Fund – This fund was established to account for the principal and interest payments on the City’s long-term debt. There was no new issuance of debt for this fund.

Proprietary Funds

The City’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As discussed previously in Business-Type Activities, the City’s net assets decreased by \$(0.9) million as a result of operations in the proprietary funds. This decrease in net assets is a \$1.0 million less than the prior year decrease of \$(1.9) million. This decrease can be explained by a \$0.5 million decrease in expenses and revenue increases of \$0.2 in Charges for Services and \$0.2 million in Operating Grants and Contributions. In addition, the fund had Investment Earnings of \$0.1 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended general fund budget, for all general fund types, totaled \$143.9 million, including \$9.8 million in budget amendments to the originally adopted budget and encumbrances of \$5.4 million, which will fund contractual obligations and outstanding purchase orders. The budget amendments are briefly summarized as follows:

- Appropriations of \$3.3 million for the new Fire Dispatch Center and related staffing, outfitting of two Combination Pumpers and the staffing of a second ladder truck.
- Appropriations of \$1.0 million related to unanticipated litigation costs.
- Appropriations of \$0.9 million related to the study of the Municipal Energy Utility study.
- The Police Department received additional Grant funding for Police Technology and various equipment requiring additional appropriations of \$0.9 million.
- Additional appropriations of \$0.8 million related to increase workers compensation costs.
- Appropriations of \$0.6 million for fuel tank clean up costs at the former Public Works Center.
- Additional staffing and salary adjustments for an additional appropriation of \$0.5 million in the Police and City Attorney Departments.
- Appropriations of \$0.5 million for debt service payment related to the new public works yard.
- Appropriations of \$0.4 million related to a Transportation Demand Management Grant.
- Appropriations of \$0.3 million for improvements to the Bonita Library.
- Appropriations of \$0.3 million for consulting services for the University study.
- Appropriations of \$0.2 million for the reorganization of the Community Development Department.

Of the \$9.8 million in mid-year appropriations, \$2.7 million were covered by specific funding sources leaving \$7.1 million to be funded out of available fund balance. As discussed previously, the available fund balance of the general fund, excluding the other general fund type funds, decreased to \$20.1 million or by \$5.2 million from the prior year. The decrease is attributed to the various mid-year appropriations discussed above net of offsetting revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City’s investment in capital assets for its governmental and business type activities as of June 30, 2004, amounts to \$639.5 million, net of accumulated depreciation of \$221.9 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only

to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total additions to the City's investment in capital assets for the current fiscal year was \$85.3 million, net of accumulated depreciation.

Major capital asset additions during the current fiscal included the following:

- Construction was completed on the new Police Headquarters with a total cost of approximately \$67 million, with \$21.4 million incurred during fiscal year 2004.
- Construction of the new Civic Center with \$2.3 million incurred during fiscal year 2004.
- Improvements to various fire facilities totaling \$4.8 million in fiscal year 2004.
- Improvements to various park facilities totaling \$5.2 million in fiscal year 2004.
- Donation of 12.5 acres of park land valued at \$6.2 million

Additional information on the City's capital assets can be found in note 5.A of this report.

Debt Administration

Long Term Debt - At the end of the 2004 fiscal year, the City had \$156.3 million in debt outstanding compared to the \$169.2 million last year, a (7.6)% net decrease. During the 2004 fiscal year, the 1993 Refunding Certificates of Participation (\$7.2 million) and the 1993 Certificates of Participation (\$2.1 million) were paid off by the prior year issuance of the 2003 Certificates of Participation. There was no new debt issued for the 2004 fiscal year.

The City has no outstanding general obligation debt. The City maintains an "A" rating from Standard & Poors for Certificates of Participation. The Redevelopment Agency maintains an "A-" rating for Tax Allocation Bonds from Standard & Poors. Additional information on the City's long-term debt obligations can be found in Note 6 of the notes to the financial statements.

ECONOMIC CLIMATE

Chula Vista, the second largest City in San Diego County, is a town in transition. Once known as a bedroom community with a strong collection of small businesses, Chula Vista is now attracting multi-national corporations. High tech companies like Hitachi, DNP America and Leviton have either opened or in the process of building new facilities in Chula Vista. These companies find the area a good location from which to manage their manufacturing and distribution operations both in the United States and in Mexico.

The San Diego regional economy has undergone a remarkable transformation over the past decade. The severe recession in the first half of the 1990s was the longest and deepest of the past 60 years. The downturn, subsequent recovery and expansion were not mere business or cyclical adjustments, but an extensive overhauling and restructuring of the region's basic economic drivers.

From an economy largely dominated by defense and military expenditures, San Diego industries transformed into a diversified mix of high-technology commercial endeavors. Some of these sectors were by-products of defense-based efforts, as well as capitalization of highly educated and skilled workers. Emerging growth areas include telecommunications, electronics, computers, software, and biotechnology.

International trade also contributed to the local economic recovery and dynamic performance in recent years. Cross border trade and interactions with Mexico provide tremendous economic advantages and opportunities, becoming an increasingly important facet of the local region's economic fortunes.

Mexico and Canada, U.S. partners under the North American Free Trade Agreement (NAFTA), dominate San Diego's export markets by far accounting for more than one-half (55 percent) of all export production. San Diego clearly benefits from NAFTA, not only because the agreement further opened up the markets of our two largest customers, but also because Tijuana and Baja California, our border and economic partner, was greatly benefited and stimulated by heightened trade and dollars flowing to the region.

As discussed in the transmittal letter, Chula Vista's property tax base remains very healthy and growing, with assessed values increasing an average of 8.1% annually from \$6.6 billion in 1998 to \$13.5 billion in fiscal year 2004. This portion of the region continues to attract a historically large percentage of homebuyers due in large part to the median prices for existing homes in Chula Vista being slightly less than the regional average. During the 2004 fiscal year, generally regarded as a slow growth period, Chula Vista's sales tax revenue experienced steady growth over the previous fiscal year at a rate of 9.2%. This is very positive and reflects the continued growth of the City. Sales tax growth remains positive as compared to the smaller increases realized in many regions of the State, especially in the San Francisco Bay Area.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all of its citizens, taxpayers, customers, investors and creditors. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Chula Vista, Finance Department, 276 Fourth Avenue, Chula Vista, CA 91910.

BASIC FINANCIAL STATEMENTS



CITY OF
CHULA VISTA

GOVERNMENT-WIDE FINANCIAL STATEMENTS



CITY OF
CHULA VISTA

City of Chula Vista
Statement of Net Assets
June 30, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 186,630,388	\$ 1,431,269	\$ 188,061,657
Restricted cash and investments:			
Held by City (Note 2)	4,095,920	-	4,095,920
Held by fiscal agents (Note 2)	12,735,298	-	12,735,298
Receivables:			
Accounts	3,645,911	173,272	3,819,183
Taxes	8,070,811	-	8,070,811
Interest	3,444,490	11,679	3,456,169
Loans	14,387,378	-	14,387,378
Other	581,563	-	581,563
Due from other governments	8,435,173	-	8,435,173
Inventories and prepaid items	735,887	-	735,887
Land held for resale	7,946,095	-	7,946,095
Total current assets	<u>250,708,914</u>	<u>1,616,220</u>	<u>252,325,134</u>
Noncurrent assets:			
Restricted cash and investments:			
Held by fiscal agents (Note 2)	11,113,531	-	11,113,531
Capital assets:			
Nondepreciable assets	119,640,286	-	119,640,286
Depreciable assets, net	513,593,545	6,217,348	519,810,893
Total capital assets	<u>633,233,831</u>	<u>6,217,348</u>	<u>639,451,179</u>
Total noncurrent assets	<u>644,347,362</u>	<u>6,217,348</u>	<u>650,564,710</u>
Total assets	<u>895,056,276</u>	<u>7,833,568</u>	<u>902,889,844</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10,038,822	417,164	10,455,986
Interest Payable	2,873,137	-	2,873,137
Refundable deposits	400	-	400
Due to other governments	22,090	-	22,090
Deferred revenue	13,785,104	817,359	14,602,463
Claims payable	3,900,000	-	3,900,000
Long-term debt - due within one year	8,493,536	-	8,493,536
Total current liabilities	<u>39,113,089</u>	<u>1,234,523</u>	<u>40,347,612</u>
Long-term liabilities:			
Long-term debt - due within one year	8,493,536	-	8,493,536
Long-term debt - due in more than a year	147,853,305	-	147,853,305
Total long-term debt	<u>156,346,841</u>	<u>-</u>	<u>156,346,841</u>
Less long-term debt - due within one year	<u>(8,493,536)</u>	<u>-</u>	<u>(8,493,536)</u>
Total long-term debt	<u>147,853,305</u>	<u>-</u>	<u>147,853,305</u>
Claims payable-non current	4,264,554	-	4,264,554
Total long-term liabilities	<u>152,117,859</u>	<u>-</u>	<u>152,117,859</u>
Total liabilities	<u>191,230,948</u>	<u>1,234,523</u>	<u>192,465,471</u>
NET ASSETS			
Investments in capital assets, net of related debt	537,716,998	6,217,348	543,934,346
Restricted for:			
Capital projects	27,141,714	-	27,141,714
Debt service	8,979,615	-	8,979,615
Community development	19,161,812	-	19,161,812
Total restricted	<u>55,283,141</u>	<u>-</u>	<u>55,283,141</u>
Unrestricted	<u>110,825,189</u>	<u>381,697</u>	<u>111,206,886</u>
Total net assets	<u>\$ 703,825,328</u>	<u>\$ 6,599,045</u>	<u>\$ 710,424,373</u>

See accompanying Notes to Basic Financial Statements.

City of Chula Vista
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2004

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues
Primary government:					
Governmental activities:					
General government	\$ 37,542,162	\$ 25,937,307	\$ 1,688,546	\$ -	\$ 27,625,853
Public safety	54,974,182	9,991,565	4,821,762	841,742	15,655,069
Public works	71,482,668	46,862,521	9,798,038	-	56,660,559
Parks and recreation	5,854,495	25,000,748	932,008	941,326	26,874,082
Library	8,845,277	2,751,059	186,390	-	2,937,449
Interest on long-term debt	12,827,332	-	-	-	-
Total governmental activities	191,526,116	110,543,200	17,426,744	1,783,068	129,753,012
Business-type activities:					
Transit	7,257,722	2,525,349	3,724,229	-	6,249,578
Bayfront Trolley Station	85,567	-	80,827	-	80,827
Total business-type activities	7,343,289	2,525,349	3,805,056	-	6,330,405
Total primary government	\$ 198,869,405	\$ 113,068,549	\$ 21,231,800	\$ 1,783,068	\$ 136,083,417

General revenues:

Taxes:

Property taxes

Sale taxes

Special assessments

Other

Total taxes

Developers contributions - Easements/right of ways

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Gain on sale of fixed assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning of year, as restated (Note 12)

Net assets - end of year

Net (Expense) Revenue
and Changes in Net Assets
Primary Government

Governmental Activities	Business-type Activities	Total
\$ (9,916,309)	\$ -	\$ (9,916,309)
(39,319,113)	-	(39,319,113)
(14,822,109)	-	(14,822,109)
21,019,587	-	21,019,587
(5,907,828)	-	(5,907,828)
(12,827,332)	-	(12,827,332)
(61,773,104)	-	(61,773,104)
-	(1,008,144)	(1,008,144)
-	(4,740)	(4,740)
-	(1,012,884)	(1,012,884)
(61,773,104)	(1,012,884)	(62,785,988)
26,674,527	-	26,674,527
21,421,090	-	21,421,090
5,505,866	-	5,505,866
20,320,962	-	20,320,962
73,922,445	-	73,922,445
53,009,578	-	53,009,578
9,735,593	-	9,735,593
5,651,048	20,715	5,671,763
5,004,043	115,549	5,119,592
300,933	-	300,933
42,876	(42,876)	-
147,666,516	93,388	147,759,904
85,893,412	(919,496)	84,973,916
617,931,916	7,518,541	625,450,457
\$ 703,825,328	\$ 6,599,045	\$ 710,424,373



CITY OF
CHULA VISTA

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements



CITY OF
CHULA VISTA

GOVERNMENTAL FUND FINANCIAL STATEMENTS



CITY OF
CHULA VISTA

GOVERNMENTAL FUNDS

The **General Fund** is used to account for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund includes all financial resources of the City, which are not accounted for in other funds.

Sewer Fund - This fund consists of the following: Sewer Income Fund, Special Sewer Fund, Trunk Sewer Capital Reserve, Sewer Service Revenue Fund and Storm Drain Reserve Fund.

The Sewer Income Fund is a depository for all monies collected to cover the cost of connecting properties to the City's public sewer system. All monies received may be used only for the acquisition, construction, reconstruction, maintenance and operation of sanitation or sewerage facilities.

The Special Sewer Fund is used to account for the sale of the city's excess Metropolitan Sewerage System capacity. Use of monies in this fund is determined by the City Council.

The Trunk Sewer Capital Reserve Fund is used to account for sewerage facility participation fee received from owner or person making application for a permit to develop or modify use of any residential, commercial, industrial or other property, which increases the volume of flow into the City sewer system. All monies received shall be used for the enlargement of sewer facilities of the City so as to enhance efficiency of utilization and/or adequacy of capacity and for planning and/or evaluating any future proposals for area wide sewage treatment and/or water reclamation systems or facilities.

The Sewer Service Revenue Fund is a depository for all monies collected from the monthly sewer service charge. Monies in this fund may be used for construction, maintenance, or operation of sewer.

Storm Drain Revenue Fund is a depository for all monies collected from the monthly storm drain service charge. Monies in this fund may be used for storm drain purposes.

Development Impact Fund - This fund was established as a depository for various development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of public facilities as a result of City growth.

Redevelopment Agency Debt Service Fund - This fund was established to account for tax levies, rentals, other revenues and payments of principal and interest on Redevelopment loans and outstanding bonds.

City Debt Service Fund - This fund was established to account for the principal and interest payment on the city's long-term loans.

City of Chula Vista
Balance Sheet
Governmental Funds
June 30, 2004

	Major Funds				
	General	Sewer	Development	RDA	City
	Fund	Fund	Impact Funds	Debt Service Funds	Debt Service Funds
ASSETS					
Cash and investments	\$ 19,125,509	\$ 20,481,331	\$ 65,479,000	\$ 2,144,581	\$ -
Receivables:					
Accounts	1,000,307	2,534,463	-	-	-
Taxes	7,356,217	17,869	-	-	-
Interest	146,936	172,924	479,270	10,940	-
Loans	181,250	-	-	-	-
Other	-	-	581,563	-	-
Due from other funds	3,035,728	-	11,206,470	-	-
Due from other governments	3,492,030	-	-	-	-
Advances to other funds	23,871,280	15,104,248	11,884,017	-	-
Inventories and prepaid items	17,126	-	-	-	-
Restricted cash and investments:					
Held by City	-	-	-	-	-
Held by fiscal agent	-	-	-	2,817,444	-
Land held for resale	-	-	-	-	-
Total assets	\$ 58,226,383	\$ 38,310,835	\$ 89,630,320	\$ 4,972,965	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 6,740,614	\$ 136,193	\$ 1,467,300	\$ 924	\$ -
Due to other funds	-	-	10,292,099	-	-
Due to other governments	-	-	-	-	-
Refundable deposits	-	-	-	-	-
Advances from other funds	-	-	14,392,875	31,250,574	13,399,608
Deferred revenue	6,198,198	2,035,721	5,421,556	-	-
Total liabilities	12,938,812	2,171,914	31,573,830	31,251,498	13,399,608
Fund Balances:					
Reserved:					
Encumbrances	2,224,781	2,178,840	10,848,751	-	-
Long-term receivables and advances	17,854,331	13,068,527	11,342,127	-	-
Low and moderate income housing	-	-	-	-	-
Prepaid items	17,126	-	-	-	-
Land held for resale	-	-	-	-	-
Debt service	-	-	-	-	-
Total reserved	20,096,238	15,247,367	22,190,878	-	-
Unreserved:					
General Fund:					
Designated for contingencies	2,982,950	-	-	-	-
Designated for capital projects	2,843,983	-	-	-	-
Undesignated	19,364,400	-	-	-	-
Special revenue:					
Designated for contingencies	-	346,022	-	-	-
Designated for capital projects	-	-	35,865,612	-	-
Undesignated	-	20,545,532	-	-	-
Debt service:					
Undesignated	-	-	-	(26,278,533)	(13,399,608)
Capital projects:					
Designated for capital projects	-	-	-	-	-
Undesignated	-	-	-	-	-
Total unreserved	25,191,333	20,891,554	35,865,612	(26,278,533)	(13,399,608)
Total fund balances	45,287,571	36,138,921	58,056,490	(26,278,533)	(13,399,608)
Total liabilities, fund balances	\$ 58,226,383	\$ 38,310,835	\$ 89,630,320	\$ 4,972,965	\$ -

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 73,805,020	\$ 181,035,441
111,141	3,645,911
696,725	8,070,811
2,596,324	3,406,394
14,206,128	14,387,378
-	581,563
346,615	14,588,813
4,933,777	8,425,807
8,183,512	59,043,057
-	17,126
4,095,920	4,095,920
21,031,385	23,848,829
7,946,095	7,946,095
<u>\$ 137,952,642</u>	<u>\$ 329,093,145</u>

\$ 1,453,423	\$ 9,798,454
4,296,714	14,588,813
22,090	22,090
400	400
-	59,043,057
5,073,851	18,729,326
<u>10,846,478</u>	<u>102,182,140</u>

19,729,863	34,982,235
17,751,248	60,016,233
6,300,196	6,300,196
-	17,126
7,946,095	7,946,095
8,979,615	8,979,615
<u>60,707,017</u>	<u>118,241,500</u>

-	2,982,950
-	2,843,983
-	19,364,400

166,394	512,416
657,016	36,522,628
19,680,648	40,226,180

- (39,678,141)

48,870,278	48,870,278
(2,975,189)	(2,975,189)
<u>66,399,147</u>	<u>108,669,505</u>
<u>127,106,164</u>	<u>226,911,005</u>
<u>\$ 137,952,642</u>	<u>\$ 329,093,145</u>



CITY OF
CHULA VISTA

City of Chula Vista
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2004

Total Fund Balances - Total Governmental Funds	\$ 226,911,005
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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. Therefore, were not reported in the Governmental Funds Balance Sheet except for the Internal Service Funds amounts of \$3,657,429 which are reported below, the capital assets were adjusted as follows:

Nondepreciable	119,640,286
Depreciable	509,936,116
Total capital assets	629,576,402

Revenues which are deferred on the Funds Balance Sheet because they are not available currently are taken into revenue in the Statement of Activities and accordingly increases the net assets on the Statement of Net Assets.

4,944,222

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.

(2,873,137)

Internal Service Funds are used by management to charge the costs of certain activities 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.

9,720,942

Long-term liabilities are not due and payable in the current period. Therefore, were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Long-term liabilities - due within one year	
Tax allocation bonds	(885,000)
Pension obligation bonds	(1,095,000)
Certificates of participation	(2,595,000)
Notes payable	(114,926)
Capital leases	(246,321)
Compensated absences	(3,557,289)
Total long-term debt due in one year	(8,493,536)
Claims payable	(3,900,000)
Total long-term liabilities-due within one year	(12,393,536)
Long-term liabilities - due in more than one year	
Tax allocation bonds	(41,240,000)
Pension obligation bonds	(12,890,870)
Certificates of participation	(90,325,000)
Notes payable	(291,459)
Capital leases	(2,042,487)
Compensated absences, net of internal service funds balances of \$57,289 reported above	(1,006,200)
Total long-term debt-due in more than one year	(147,796,016)
Claims payable	(4,264,554)
Total long-term liabilities-due in more than one year	(152,060,570)
Total liabilities	(164,454,106)

Net Assets of Governmental Activities	\$ 703,825,328
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See accompanying Notes to Basic Financial Statements.

City of Chula Vista
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2004

	Major Funds				
	General	Sewer	Development	RDA	City
	Fund	Funds	Impact Funds	Debt Service Funds	Debt Service Funds
REVENUES:					
Taxes	\$ 56,434,380	\$ -	\$ -	\$ 3,653,939	\$ -
Intergovernmental	15,603,934	-	-	-	-
Licenses and permits	5,067,768	432,960	-	-	-
Developer fees	-	-	24,044,766	-	-
Charges for services	14,395,804	28,464,311	11,125	-	-
Fines and forfeitures	968,513	9,900	-	-	-
Use of money and property	837,064	-	502,107	184,185	-
Other	19,070,433	299,064	885	-	-
Total revenues	112,377,896	29,206,235	24,558,883	3,838,124	-
EXPENDITURES:					
Current:					
General government	30,764,992	-	781,467	18,396	-
Public safety	51,459,649	-	134,260	-	-
Public works	29,968,968	17,070,635	2,880,428	-	-
Parks and recreation	4,759,282	-	35,607	-	-
Library	7,513,643	-	24,849	-	-
Capital outlay	3,474,411	6,440,278	12,432,093	-	-
Debt service:					
Principal	-	-	-	10,101,184	-
Interest and fiscal charges	-	12,160	226,216	4,736,088	707,383
Total expenditures	127,940,945	23,523,073	16,514,920	14,855,668	707,383
REVENUES OVER (UNDER) EXPENDITURES	(15,563,049)	5,683,162	8,043,963	(11,017,544)	(707,383)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of fixed assets	-	-	-	-	-
Operating transfers in	13,732,582	6,600,000	-	750,300	103,518
Operating transfers out	(2,935,188)	(14,748,034)	(2,395,258)	(483,618)	-
Total other financing sources (uses)	10,797,394	(8,148,034)	(2,395,258)	266,682	103,518
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,765,655)	(2,464,872)	5,648,705	(10,750,862)	(603,865)
FUND BALANCE:					
Beginning of year	50,053,226	38,603,793	52,407,785	(15,527,671)	(12,795,743)
End of year	\$ 45,287,571	\$ 36,138,921	\$ 58,056,490	\$ (26,278,533)	\$ (13,399,608)

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 12,754,260	\$ 72,842,579
8,996,607	24,600,541
33,015	5,533,743
19,987,536	44,032,302
2,068,877	44,940,117
590,172	1,568,585
3,590,015	5,113,371
5,948,497	25,318,879
<u>53,968,979</u>	<u>223,950,117</u>
6,674,231	38,239,086
897,501	52,491,410
4,510,819	54,430,850
29,825	4,824,714
44,841	7,583,333
33,692,455	56,039,237
3,260,889	13,362,073
5,228,911	10,910,758
<u>54,339,472</u>	<u>237,881,461</u>
<u>(370,493)</u>	<u>(13,931,344)</u>
162,551	162,551
5,707,872	26,894,272
<u>(6,227,284)</u>	<u>(26,789,382)</u>
<u>(356,861)</u>	<u>267,441</u>
(727,354)	(13,663,903)
<u>127,833,518</u>	<u>240,574,908</u>
<u>\$ 127,106,164</u>	<u>\$ 226,911,005</u>

City of Chula Vista

Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets June 30, 2004

Net Change in Fund Balances - Total Governmental Funds \$ (13,663,903)

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. This is the amount of capital assets recorded in the current period. This amount does not include Internal Service Fund additions in the current year of \$1,503,834.	50,420,968
Deferred revenues do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	2,538,195
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 the Governmental Funds. This amount does not include depreciation expense for Internal Service Funds in the amount of \$1,620,083.	(18,025,714)
Infrastructure assets donated by developers are recognized as revenue on the government-wide statement of activities. However those assets do not provide for current financial resources and therefore are not recognized as revenue on the governmental funds statement.	53,009,578
Long-term claims payable are 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, long-term claims payable are not reported as expenditures in Governmental Funds.	(703,396)
Proceed from sale of property provide current financial resources to governmental funds, but sale of property decrease capital assets on the government-wide statements.	(163,578)
Gain on the disposal of 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, it is not reported as revenues in Governmental Funds, net of Internal Service Fund revenue of \$138,382.	162,551
Long-term compensated absences are 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, long-term compensated absences are not reported as expenditures in Governmental Funds.	(284,778)
Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets. This amount represents long-term debt repayments.	13,362,073
Interest expense on long-term debt 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, interest expense is not reported as expenditures in Governmental Funds. The following amount represents the change in accrued interest from prior year.	(1,739,729)
Accretion on Pension Obligation Bonds 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, the accretion is not reported as expenditures in Governmental Funds.	(176,845)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with Governmental Activities.	1,157,990
Change in Net Assets of Governmental Activities	\$ 85,893,412

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS



CITY OF
CHULA VISTA

PROPRIETARY FUNDS

Transit Fund - This fund is used to account for the operations, maintenance and development of the transit system and transit related projects.

Bayfront Trolley Station - This fund is used to account for the maintenance and development of the Bayfront Trolley Station.

Internal Service Funds are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

City of Chula Vista
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Major Funds			Governmental
	Transit Fund	Bayfront Trolley Stn.	Total	Activities Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,341,760	\$ 89,509	\$ 1,431,269	\$ 5,594,947
Receivables:				
Accounts	173,272	-	173,272	-
Interest	10,652	1,027	11,679	38,096
Other	-	-	-	9,366
Inventories and prepaid items	-	-	-	718,761
Total current assets	1,525,684	90,536	1,616,220	6,361,170
Property, plant and equipment	10,741,803	-	10,741,803	11,420,056
Less accumulated depreciation	(4,524,455)	-	(4,524,455)	(7,762,627)
Net property, plant and equipment	6,217,348	-	6,217,348	3,657,429
Total assets	7,743,032	90,536	7,833,568	10,018,599
LIABILITIES				
Current:				
Accounts payable and accrued liabilities	416,075	1,089	417,164	240,368
Deferred revenue	729,979	87,380	817,359	-
Compensated absences	-	-	-	57,289
Total liabilities	1,146,054	88,469	1,234,523	297,657
NET ASSETS				
Invested in capital assets, net of related debt	6,217,348	-	6,217,348	3,657,429
Unrestricted	379,630	2,067	381,697	6,063,513
Total net assets	\$ 6,596,978	\$ 2,067	\$ 6,599,045	\$ 9,720,942

See accompanying Notes to Basic Financial Statements.

City of Chula Vista
Combining Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2004

	Major Funds			Governmental
	Transit Fund	Bayfront Trolley Str.	Total	Activities Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 2,525,349	\$ -	\$ 2,525,349	\$ 6,167,962
Total operating revenues	<u>2,525,349</u>	<u>-</u>	<u>2,525,349</u>	<u>6,167,962</u>
OPERATING EXPENSES:				
Operations and administration	6,301,454	85,567	6,387,021	3,633,680
Capital outlay	17,082	-	17,082	-
Depreciation	939,186	-	939,186	1,620,083
Total operating expenses	<u>7,257,722</u>	<u>85,567</u>	<u>7,343,289</u>	<u>5,253,763</u>
Operating income (loss)	<u>(4,732,373)</u>	<u>(85,567)</u>	<u>(4,817,940)</u>	<u>914,199</u>
NONOPERATING REVENUES (EXPENSES):				
Miscellaneous revenues	115,549	-	115,549	17,474
Gain on sale of fixed assets	-	-	-	138,382
Intergovernmental	3,724,229	80,827	3,805,056	-
Interest revenue	15,975	4,740	20,715	149,949
Total nonoperating revenues	<u>3,855,753</u>	<u>85,567</u>	<u>3,941,320</u>	<u>305,805</u>
Income (loss) before operating transfers	<u>(876,620)</u>	<u>-</u>	<u>(876,620)</u>	<u>1,220,004</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(42,876)	-	(42,876)	(62,014)
Total other financing sources (uses)	<u>(42,876)</u>	<u>-</u>	<u>(42,876)</u>	<u>(62,014)</u>
Net income (loss)	<u>(919,496)</u>	<u>-</u>	<u>(919,496)</u>	<u>1,157,990</u>
Net increase (decrease) in net assets	<u>(919,496)</u>	<u>-</u>	<u>(919,496)</u>	<u>1,157,990</u>
NET ASSETS:				
Beginning of year	7,516,474	2,067	7,518,541	8,562,952
End of year	<u>\$ 6,596,978</u>	<u>\$ 2,067</u>	<u>\$ 6,599,045</u>	<u>\$ 9,720,942</u>

See accompanying Notes to Basic Financial Statements.

City of Chula Vista
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2004

	Major Funds			Governmental
	Transit Fund	Bayfront Trolley Stn.	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/ other funds	\$ 2,535,435	\$ -	\$ 2,535,435	\$ 5,492,124
Cash payments to suppliers for goods and services	(17,082)	-	(17,082)	-
Cash payments to employees for services	(6,284,166)	(167,005)	(6,451,171)	(3,621,922)
Miscellaneous	115,549	-	115,549	17,474
Net cash provided (used) by operating activities	(3,650,264)	(167,005)	(3,817,269)	1,887,676
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	3,724,229	80,827	3,805,056	-
Capital (expenditures)	-	-	-	(1,500,397)
Operating transfers (out)	(42,876)	-	(42,876)	(62,014)
Net cash provided (used) by noncapital financing activities	3,681,353	80,827	3,762,180	(1,562,411)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the sale of fixed assets	-	-	-	138,382
Net cash provided (used) by capital and related financing activities	-	-	-	138,382
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest revenue	50,843	3,776	54,619	127,517
Net cash provided (used) by investing activities	50,843	3,776	54,619	127,517
Net increase (decrease) in cash and cash equivalents	81,932	(82,402)	(470)	591,164
CASH AND CASH EQUIVALENTS:				
Beginning of year	1,259,828	171,911	1,431,739	5,003,783
End of year	<u>\$ 1,341,760</u>	<u>\$ 89,509</u>	<u>\$ 1,431,269</u>	<u>\$ 5,594,947</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating gain (loss)	\$ (4,732,373)	\$ (85,567)	\$ (4,817,940)	914,199
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	939,186	-	939,186	1,620,083
Miscellaneous	115,549	-	115,549	17,474
Changes in operating assets and liabilities:				
Accounts receivable	1,729	-	1,729	-
Other receivable	8,357	-	8,357	13,395
Inventories	-	-	-	(5,751)
Prepaid items	-	-	-	(683,482)
Accounts payable	(24,180)	(611)	(24,791)	-
Accrued liabilities	-	-	-	(9,821)
Deferred revenue	41,468	(80,827)	(39,359)	10,818
Advances from primary government	-	-	-	10,761
Total adjustments	1,082,109	(81,438)	1,000,671	973,477
Net cash provided (used) by operating activities	\$ (3,650,264)	\$ (167,005)	\$ (3,817,269)	\$ 1,887,676

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS



CITY OF
CHULA VISTA

FIDUCIARY FUND

Agency Funds account for assets held by a governmental unit in the capacity of agent for individuals, governmental entities and non-public organizations.

City of Chula Vista
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 22,995,093
Restricted cash and investments:	
Held by fiscal agents	<u>99,997,376</u>
Total assets	<u><u>\$ 122,992,469</u></u>
LIABILITIES	
Due to bondholders	\$ 109,005,178
Refundable deposits	<u>13,987,291</u>
Total liabilities	<u><u>\$ 122,992,469</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

City of Chula Vista
Notes to Basic Financial Statements
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Chula Vista, California have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Chula Vista, California (City), incorporated in 1911, was recognized as a city in the State of California by election in 1949. The City operates under an elected Council and appointed City Manager form of government and provides the following services as authorized by its charter: public safety, community services, engineering services, planning services, public works, general administrative services and capital improvements.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Each blended component unit has a June 30 year-end. The following entities are reported component units:

Blended Component Units

Redevelopment Agency of the City of Chula Vista (Agency)

The Agency was created by the City of Chula Vista City Council (City Council) in October 1972. The Agency has been included in the accompanying basic financial statements since the City Council acts as the Agency's governing board and exerts significant influence over its operations. The Agency's operations are governmental in nature and, as such, have been included in the special revenue, capital projects, debt service funds.

The Chula Vista Industrial Development Authority (Development Authority)

The Development Authority was formed in 1982 for the purpose of promoting and developing commercial, industrial and manufacturing enterprises and encouraging employment. The Development Authority's financial data and transactions are included within the capital projects fund type.

Chula Vista Public Facilities Financing Authority (Authority)

The Authority was established by ordinance, pursuant to the City Charter and Constitution of the State of California, as a public body, acting to facilitate serving the public purposes of the City. The ordinance was adopted on April 4, 1995. The governing body of the Authority is comprised of the consenting members of the City Council. The Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to the City and/or to refinance outstanding obligations of the City.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

Blended Component Units, Continued

Complete financial statements for each of the individual component units may be obtained from the City of Chula Vista, 276 Fourth Avenue, Chula Vista, CA 91910.

B. Basis of Presentation, Measurement Focus and Basis of Accounting

The accounting policies of the City conform to generally accepted accounting principles. The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in 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.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

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, which 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,

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued

Government-Wide Financial Statements, Continued

those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Advances to, Advances from other funds
- Transfers in, Transfers out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation, Measurement Focus and Basis of Accounting, Continued

Governmental Fund Financial Statements, Continued

the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

Column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Change 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 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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets. The City’s fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are accounted for on the accrual basis of accounting as are the Proprietary funds explained above.

Fiduciary fund types are accounted for according to the nature of the fund. The City has only agency funds, which are purely custodial in nature (assets equal liabilities), and thus do not involve measurement of results of operations.

C. Recognition of Interest Liability

Interest expenditures on long-term debt are recognized when payment is due. Proprietary fund interest expense is recognized as the liability is incurred.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Use of Restricted and 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.

E. Encumbrances

Formal budgetary integration is employed as a management control device. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year.

F. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents including cash with fiscal agents.

G. Inventories

Inventories are valued on an average-cost basis which are adjusted to annual physical counts or estimates under the consumption method of accounting and are recorded in the internal service fund.

H. Restricted Assets

Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificate of participation or tax allocation bonds and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Land Held for Resale

Land held for resale is recorded at the lower of cost or market, but not greater than the net realizable value. An amount equal to the carrying value of land is reserved in fund balance because such assets are not available to finance the City's current operations.

J. Compensated Absences

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as expenses and liabilities as incurred.

Fund Financial Statements

For governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

K. Property Taxes

Property taxes are levied based on a fiscal year (July 1 - June 30). Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Diego bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with GASB Code Section P70.

L. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are reported as deferred charges.

Fund Financial Statements

The fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates and assumptions.

N. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	25 years
Improvements other than buildings	15 years
Machinery and equipment	5-20 years
Infrastructure	15-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructures into the 2003-04 Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. 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, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2001. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Public Facilities Financing

Interest costs incurred from the date of borrowing to the completion of the improvement project(s) are capitalized, net of interest earnings, on all proprietary fund assets acquired with tax-exempt debt.

P. Net Assets

Government-Wide Financial Statements

Invested in Capital Assets, Net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Financial Statements

Reservations of fund balances of governmental funds and retained earnings of proprietary funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the City Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to the funds based on average daily cash and investment balances in these funds.

A. Cash Deposits

The carrying amount of the City's cash deposits were \$3,298,802 at June 30, 2004. Bank balances before reconciling items were \$4,141,663 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

A. Cash Deposits, Continued

of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

Under the provisions of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City is authorized to invest or deposit in the following:

- Bankers' acceptances
- Commercial paper
- Mutual funds and guaranteed contracts
- Local Agency Investment Fund
- Medium-term corporate notes
- Negotiable certificates of deposit
- Passbook savings account demand deposits
- Repurchase agreements
- Securities of the Federal government, or its agencies
- State and local agency bond issues
- Time certificates of deposit in California banks only

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, investments should be stated at fair value. The City reported its investments at fair value and the unrealized losses on investments amounted to \$5,076,446 for the fiscal year ended June 30, 2004.

C. Credit Risk

Governmental Accounting Standards Board Statement No. 3 requires that deposits and investments be classified by credit risk.

Classification of deposits and investments by credit risk:

Deposits

Category 1 - Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uncollateralized.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

C. Credit Risk, Continued

Investments

Category 1 - Insured and registered or securities held by the City or by its agent in the City's name.

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

Investments Not Subject to Categorization - Investments in the California Local Agency Investment Fund (LAIF) are not categorized, as GASB Statement No. 3 does not require categorization of investment pools managed by another government. Certain fiscal agent investments are not categorized because the underlying assets are open-ended mutual funds. Guaranteed investment contracts are not categorized because they are direct contractual investments and are not securities. All such investments are not required to be categorized under interpretive guidelines issued by the GASB.

D. Summary of Cash and Investments

The following is a summary of pooled cash and investments, including restricted cash and investments at June 30, 2004:

	Government-Wide Statement of Net Assets				
	Governmental	Business	Total	Fiduciary Funds	Total
	Activities	Type Activities		Statement of Net Assets	
Cash and Investments	<u>\$ 186,630,388</u>	<u>\$ 1,431,269</u>	<u>\$ 188,061,657</u>	<u>\$ 22,995,093</u>	<u>\$ 211,056,750</u>
Restricted Cash and Investments:					
Held by City	\$ 4,095,920	\$ -	\$ 4,095,920	\$ -	\$ 4,095,920
Held by fiscal agents	<u>23,848,829</u>	<u>-</u>	<u>23,848,829</u>	<u>99,997,376</u>	<u>123,846,205</u>
Total restricted cash and investments	<u>\$ 27,944,749</u>	<u>\$ -</u>	<u>\$ 27,944,749</u>	<u>\$ 99,997,376</u>	<u>\$ 127,942,125</u>
			Total cash and investments		<u>\$ 338,998,875</u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

D. Summary of Cash and Investments, Continued

Deposits and investments held by the City at June 30, 2004 are summarized below:

	Category 1	Category 2	Uncategorized	Carrying Amount
City Treasury:				
Cash Deposits:				
Demand deposits	\$ 3,298,802	\$ -	\$ -	\$ 3,298,802
Time deposits	310,000	-	-	310,000
Petty cash	-	-	4,420	4,420
Total cash deposits	3,608,802	-	4,420	3,613,222
Investments:				
Securities of U.S. government agencies	-	144,922,515	-	144,922,515
Corporate bonds	-	35,518,896	-	35,518,896
Local agency investment funds	-	-	27,002,117	27,002,117
Total investments	-	180,441,411	27,002,117	207,443,528
Total City Treasury	3,608,802	180,441,411	27,006,537	211,056,750
Restricted Cash and Investments:				
Held by City:				
Housing rehab account	-	3,781,826	-	3,781,826
Orange tree mobile home park account	-	314,094	-	314,094
Total held by City	-	4,095,920	-	4,095,920
Held by fiscal agents	-	-	123,846,205	123,846,205
Total restricted cash and investments	-	4,095,920	123,846,205	127,942,125
Total cash and investments	\$ 3,608,802	\$ 184,537,331	\$ 150,852,742	\$ 338,998,875

The City had no Category 3 cash and investments.

E. Investments in Local Agency Investment Fund

The City invests in the Local Agency Investment Fund (LAIF), a State of California investment pool. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

E. Investments in Local Agency Investment Fund, Continued

The City valued its investments in LAIF as of June 30, 2004, at amortized cost which approximate the fair value. The fair value is calculated by multiplying the account balance with LAIF times a fair value factor of 0.998384177 which is determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value.

The City's investments with Local Agency Investment Funds (LAIF) at June 30, 2004, included a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

- Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO) or credit card receivables.

As of June 30, 2004, the City had \$27,002,117 invested in LAIF, which had invested 1.603% of the pool investment funds in Structured Notes and Asset-Backed Securities.

F. Summary of Investments to Maturity

Investments held in the City Treasury grouped by maturity date at June 30, 2004, are shown below:

<u>Maturity</u>	
Current to one year	\$ 33,128,188
One to two years	29,606,165
Two to three years	120,681,075
Three to four years	<u>24,028,100</u>
Total	<u><u>\$ 207,443,528</u></u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

3. RECEIVABLES

A. Accounts Receivable

At June 30, 2004, the City had the following accounts and other receivable:

Developer reimbursement	\$	356,778
Staff time reimbursement		195,802
Port district fees		289,103
Recreation programs		25,507
2003 fire reimbursement		150,000
Sewer fees		2,580,699
Transit		203,581
Miscellaneous		17,713
Total	\$	3,819,183

B. Taxes Receivable

At June 30, 2004, the City had the following taxes receivable:

Sales taxes	\$	5,503,882
Highway Users Tax		357,239
Property Tax		943,336
Utility Users Tax		685,488
Transient Occupancy Tax		433,671
Franchise Fee Tax		147,195
Total	\$	8,070,811

C. Interest Receivable

At June 30, 2004, the City had the following interest receivable:

Investment pool	\$	1,363,681
South Bay Community Villas L.P.		337,710
CHIP accounts		228,703
Alpha III Development		17,918
SBCS		1,061,530
Chelsea Investment		94,620
Gillespie		17,265
St. Regis		334,742
Total	\$	3,456,169

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

3. RECEIVABLES, Continued

D. Loans Receivable

At June 30, 2004, the City had the following loans receivable:

South Bay Community Services	\$ 3,510,085
South Bay Community Villas L.P.	4,400,000
Girls and Boys Club Construction Loan	181,250
Rancho Vista Housing	500,000
St. Regis Park	1,387,152
Chula Vista Rehabilitation CHIP Loans	3,203,634
Civic Center Barrio Housing Corporation Loan	258,153
Mobile Home Assistance Programs	77,452
Chelsea Investment Corporation/Sunbow Services Co., LLC	275,000
Alpha III Development Inc (Main Plaza, LP)	500,000
Other loans receivable	94,652
Total	\$ 14,387,378

South Bay Community Services

The Agency entered into several loan agreements with South Bay Community Services, a California non-profit public benefit corporation. Prior years' loan was made to South Bay Community Services for the purpose of purchasing a 14-unit apartment building. In fiscal year 1998, a loan to fund the Trolley Terrace 13-unit project and the Cordova Village 40-unit project were made. These projects are to provide housing to very low-income families. The funds were made available to the City through a drawdown from the U.S. Department of Housing and Urban Development. Included in the current year balance is the \$887,995 loaned by the Agency. Deed of trusts and assignment of rents secure the notes. Principal and interest are payable annually out of any and all residual receipts derived from the property and/or operation of the property. Fund balance has been reserved in the Sundry Grants Special Revenue Fund and in the Agency's Low & Moderate Housing Fund. Interest accrues annually on the unpaid balance at 6% and 3% respectively. Interest of \$1,061,530 has been deferred at June 30, 2004, (See Note 7). The outstanding balance is \$3,510,085.

South Bay Community Villas, L.P.

The Agency entered into a loan agreement with South Bay Community Villas, L.P. for the development of the Heritage Town Center multi-family rental housing project. Agency assistance is in the form of residual receipt loan secured by a promissory note and deed of trust. The outstanding principal and interest on the loan will be repaid over fifty five years and shall accrue interest at 3% per annum. Payment of principal and interest on the Agency loan shall be made on an annual basis, out of a fund equal to fifty percent of the net cash flow of the project (residual receipts) after debt service on bonds, payment of deferred developers

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

3. RECEIVABLES, Continued

D. Loans Receivable, Continued

fee, and reasonable operating expense have been paid. Fund balance has been reserved in the Low and Moderate Income Housing Fund. The outstanding balance of the loan as of June 30, 2004 is \$4,400,000. Interest of \$337,710 has been deferred at June 30, 2004.

Girls and Boys Club Construction Loan

The City has made a loan of \$250,000 for construction of a new facility for the Boys and Girls Club. The loan is interest free and will be repaid with equal annual payments over 20 years, starting in February 1999. Fund balance has been reserved in the General Fund. The outstanding balance is \$181,250.

Rancho Vista Housing

The City has loaned \$500,000 to CIC Eastlake, L.P. for the development and operation of Rancho Vista Housing project, a multifamily affordable housing project. The loan will be secured by promissory notes and deeds of trust. The outstanding principal and interest amount of the loan shall be repaid over fifty-five (55) years and shall accrue at the simple interest rate of three (3%) percent per annum. Payment of principal and interest, or portions thereof, on the loan shall be made on an annual basis, out of a fund equal to fifty (50%) percent of the net cash flow of the project. The outstanding balance of the loan at June 30, 2004 is \$500,000.

St. Regis Park

The Agency entered into a loan agreement with Chelsea Investment Corporation for the acquisition and rehabilitation of the 119-unit Pear Tree Apartments at 1025 Broadway. All units will be affordable to low-income households. The loan is secured by a Deed of Trust and will accrue 6% interest for 52 years. Payment of principal and interest shall be made on an annual basis out of a fund equal to 90% of the residual receipts. Interest of \$334,741 has been deferred at June 30, 2004, (See Note 7). The outstanding balance is \$1,387,152.

Chula Vista Rehabilitation CHIP Loans

The Chula Vista Rehabilitation Community Housing Improvement Program (CHIP) is under the direct control of the Agency. CHIP offers deferred and low interest rate home improvement loans to qualified borrowers residing within a target area. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. The program was originally funded entirely with Community Development Block Grant Federal funds. In recent years, the Agency began supplementing the program due to decreased availability of Federal grants. The outstanding principal balances of the CHIP loans in the City's Housing Program Fund and Redevelopment Agency Fund are \$331,158 and \$2,872,476, respectively, at June 30, 2004. Fund balance has been reserved in the Redevelopment Agency Special Revenue Fund. Interest of \$228,703 has been deferred at June 30, 2004, (See Note 7). The balance is \$3,203,634.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

3. RECEIVABLES, Continued

D. Loans Receivable, Continued

Civic Center Barrio Housing Corporation Loan

In 1991, the Agency entered into a loan agreement with the Civic Center Barrio Housing Corporation, a California non-profit public benefit corporation. The loan was made for the purchase of land and the development of a 28-unit low-income housing project. During 1992, the loan was assigned to Park Village Apartments Ltd.; a California limited partnership in which Civic Center Barrio Housing Corporation is the managing general partner. The loan is secured by a deed of trust on the property and assignment of rents. Principal and interest are payable monthly. Interest accrues annually at 5% of the unpaid principal balance of the note. Fund balance has been reserved in the Redevelopment Agency Special Revenue Fund. The outstanding amount is \$258,153.

Mobile Home Assistance Programs

The Agency entered into agreements with eligible residents of the Orange Tree Mobile home Park, whereby the Agency loaned \$250,030 as permanent financing assistance to residents for the purpose of purchasing certain mobile home property. The loans are secured by deeds of trust on the property and mature in 2017 or when the property is sold. Contingent interest will be charged based on calculations specified in the agreement. Fund balance has been reserved in the Redevelopment Agency Special Revenue Fund. The outstanding amount is \$77,452.

Chelsea Investment Corporation/Sunbow Services Company, LLC

The Agency entered into a residual receipts loan agreement with Chelsea Investment Corporation/Sunbow Services Company, LLC for the development of the proposed 132 unit Villa Serena senior affordable housing project. The loan amount of \$275,000 was funded by the Agency's Low & Moderate Income Housing Fund. Terms of the loan will be for 52 years at 6% per annum. Principal and interest payments will be made on an annual basis out of a fund equal to 90% of the "Residual Receipts." Interest of \$84,058 has been deferred at June 30, 2004, (See Note 7). The outstanding balance is \$275,000.

Alpha III Development Inc (Main Plaza, LP)

The Agency entered into a loan agreement with Main Plaza, LP (Borrower) to assist the borrower in acquiring and improving certain real property for occupation by low and moderate income households. The total loan amount is \$1,500,000 to be disbursed in three equal installments of \$500,000. As of June 30, 2004 the Agency has disbursed only one installment of \$500,000. The loan bears interest rate of 3% per annum. Interest of \$17,918 has been deferred at June 30, 2004, (See Note 7). The loan shall be due and payable on the date that is 55 years from the date of the Agency's issuance of the Certificate of Completion.

Other Loans Receivable

Other loans receivable amount to \$94,652 and are loans to Evelyn Gillespie, Sandra Torres, and Antigua for the First Time Home Buyers Program.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

3. RECEIVABLES, Continued

D. Loans Receivable, Continued

USA Softball Team

The City made a loan of \$500,000 for the construction of a softball field and related athletic facilities. The loan was interest free and was repaid with equal annual payments over three years, starting in January 2001. Fund balance has been reserved in the General Fund. The loan was paid in full during the fiscal year ended June 30, 2004.

4. INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Transfers

At June 30, 2004, the City had the following operating transfers:

		Transfers Out	
		Governmental Activities	Total
Transfers In	Business-type Activities	\$ 42,876	\$ 42,876
	Total	\$ 42,876	\$ 42,876

B. Fund Financial Statements

Due To, Due From

As of June 30, 2004, balances were as follows:

		Due To Other Funds			
		General	Development Impact Capital Projects	Non-major Governmental Funds	Total
Due From Other Funds	Development Impact Capital Projects	\$ -	\$ 10,292,099	\$ -	\$ 10,292,099
	Non-major Governmental Funds	3,035,728	914,371	346,615	4,296,714
	Total	\$ 3,035,728	\$ 11,206,470	\$ 346,615	\$ 14,588,813

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

4. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

The amounts of due to and due from for all funds represent one day loans which were made to cover negative cash situations that resulted from reimbursements not being received as of June 30, 2004.

Long-Term Advances

As of June 30, 2004, balances were as follows:

		Advances to				Total
		General Fund	Sewer Special Revenue	Development Impact Capital Projects	Non-major Governmental Funds	
Advances from	Development Impact Capital Projects	\$ -	\$ 2,508,858	\$ 11,884,017	\$ -	\$ 14,392,875
	RDA Debt Service Fund	23,871,280	-	-	7,379,294	31,250,574
	City Debt Service Fund	-	12,595,390	-	804,218	13,399,608
	Total	\$ 23,871,280	\$ 15,104,248	\$ 11,884,017	\$ 8,183,512	\$ 59,043,057

The Agency has entered into reimbursement agreements with the City to reimburse the City for certain lease payments made by the City under various lease agreements. The balance as of June 30, 2004, is \$20,088,682.

The City Council authorized various loans to the Agency for operating purposes. The terms of the loans are indefinite. The balance as of June 30, 2004, is \$3,782,598.

The Bayfront Town Centre I Capital Projects Fund advanced \$15,828,397 to other capital projects funds for operating purposes. The terms of the advances are indefinite. The balance was \$7,379,294 at June 30, 2004.

The City Council authorized loans with indefinite terms to Storm Drain Fund for \$1,573,885; Special Assessment District Improvement Funds for \$114,019; Salt Creek for \$14,220,563; Transportation Development Impact Fee Fund for \$10,841,890 and General Fund for \$1,042,126. The Assessment District loans are due and payable in 10 years, with the first payment due upon completion of the project.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

4. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Operating Transfers

Operating transfers for the year ended June 30, 2004, were as follows:

		Transfers Out							
		Development		RDA	Non-major	Internal	Transit	Total	
		Sewer	Impact	Debt	Gov't	Service	Fund		
		Special	Capital	Service	Funds	Fund	Fund		
		General	Projects						
		Revenue							
Transfers In	General	\$ -	\$ 8,076,713	\$ 567,588	\$ -	\$ 5,045,781	\$ 42,500	\$ -	\$ 13,732,582
	Sewer Special Revenue	-	6,600,000	-	-	-	-	-	6,600,000
	RDA Debt Service	-	-	-	-	750,300	-	-	750,300
	City Debt Service	-	-	-	-	103,518	-	-	103,518
	Non-major								
	Governmental Funds	2,935,188	71,321	1,827,670	483,618	327,685	19,514	42,876	5,707,872
	Total	\$ 2,935,188	\$ 14,748,034	\$ 2,395,258	\$ 483,618	\$ 6,227,284	\$ 62,014	\$ 42,876	\$ 26,894,272

General Fund - Operating support to reimburse the general fund for City staff services and equipment and reimbursement from the Chula Vista Public Financing Authority for paying off the balance on the Calcase agreement. Total amount of reimbursement was \$13,732,582.

Sewer Special Revenue Fund - Operating support from Trunk Sewer Capital Project Fund for sewer operation in the amount of \$6,600,000.

RDA Debt Service - Funding the Redevelopment Agency Housing Rehabilitation Program, total funding amounted to \$750,300.

City Debt Service - Funding debt service funds for repayment of various long-term obligations, amounted to \$103,518.

Non-major Governmental Funds - Funding debt service funds for repayment of various long-term obligations. Total amount of reimbursement and funding amounted to \$5,707,872.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2004 the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 53,732,717	\$ -	\$ 53,732,717
Construction in process	65,907,569	-	65,907,569
	<u>119,640,286</u>	<u>-</u>	<u>119,640,286</u>
Depreciable assets:			
Buildings	76,869,091	-	76,869,091
Accumulated depreciation	(19,014,087)	-	(19,014,087)
Improvement other than buildings	66,533,305	-	66,533,305
Accumulated depreciation	(22,520,146)	-	(22,520,146)
Machinery and equipment	30,607,120	10,741,803	41,348,923
Accumulated depreciation	(21,021,602)	(4,524,455)	(25,546,057)
Infrastructure	556,911,675	-	556,911,675
Accumulated depreciation	<u>(154,771,811)</u>	<u>-</u>	<u>(154,771,811)</u>
Total depreciable assets, net	<u>513,593,545</u>	<u>6,217,348</u>	<u>519,810,893</u>
Total capital assets	<u><u>\$ 633,233,831</u></u>	<u><u>\$ 6,217,348</u></u>	<u><u>\$ 639,451,179</u></u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of capital assets for governmental activities for the year ended June 30, 2004:

	Balance			CIP	Prior Period	Balance
	July 1, 2003	Additions	Deletions	Transfers	Adjustments (Note 12)	June 30, 2004
Non-depreciable assets:						
Land	\$ 47,104,717	\$ 6,628,000	\$ -	\$ -	\$ -	\$ 53,732,717
Construction in progress	41,371,796	30,021,819	-	(5,457,842)	(28,204)	65,907,569
Total nondepreciable assets	88,476,513	36,649,819	-	(5,457,842)	(28,204)	119,640,286
Depreciable assets:						
Buildings	70,903,747	1,036,072	-	3,658,792	1,270,480	76,869,091
Accumulated depreciation	(17,748,194)	(1,484,028)	-	-	218,135	(19,014,087)
Improvements other than buildings	61,185,260	3,435,822	-	1,799,050	113,173	66,533,305
Accumulated depreciation	(22,262,939)	(1,330,666)	-	-	1,073,459	(22,520,146)
Machinery and equipment	28,070,463	3,461,744	(1,210,561)	-	285,475	30,607,121
Accumulated depreciation	(18,016,854)	(4,065,440)	1,206,097	-	(145,406)	(21,021,603)
Infrastructure	496,560,752	60,350,923	-	-	-	556,911,675
Accumulated depreciation	(142,006,148)	(12,765,663)	-	-	-	(154,771,811)
Total depreciable assets, net	456,686,087	48,638,764	(4,464)	5,457,842	2,815,316	513,593,545
Total governmental activities	\$ 545,162,600	\$ 85,288,583	\$ (4,464)	\$ -	\$ 2,787,112	\$ 633,233,831

During the fiscal year ended June 30, 2004, developers donated some infrastructure assets to the City. The following is a summary of those infrastructure assets donated which were also included in the additions column on the schedule above:

Land	\$ 6,200,000
Improvements	2,467,536
Infrastructure	<u>44,342,042</u>
Total	\$ <u>53,009,578</u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2004 are as follows:

General government	\$ 645,678
Public safety	1,980,893
Public works	15,206,110
Parks and recreation	1,273,958
Library	328,382
CV Transit	210,775
Total depreciation expense	\$ 19,645,797

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Machinery and equipment	\$ 10,741,803	\$ -	\$ -	\$ 10,741,803
Less accumulated depreciation	(3,585,269)	(939,186)	-	(4,524,455)
Total business-type activities	\$ 7,156,534	\$ (939,186)	\$ -	\$ 6,217,348

Depreciation expenses for business-type activities for the year ended June 30, 2004 are as follows:

Transit Fund	\$ 939,186
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City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT

Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Debt Issued	Debt Retired	Balance June 30, 2004	Due in one year	Due in more than one year
Tax allocation bonds	\$ 42,750,000	\$ -	\$ (625,000)	\$ 42,125,000	\$ 885,000	\$ 41,240,000
Pension obligation bonds	14,799,025	176,845	(990,000)	13,985,870	1,095,000	12,890,870
Certificate of participation	104,225,000	-	(11,305,000)	92,920,000	2,595,000	90,325,000
Notes payable	541,664	-	(135,279)	406,385	114,926	291,459
Capital leases	2,595,602	-	(306,794)	2,288,808	246,321	2,042,487
Compensated absences	4,325,239	3,914,828	(3,619,289)	4,620,778	3,557,289	1,063,489
Total	\$ 169,236,530	\$ 4,091,673	\$ (16,981,362)	\$ 156,346,841	\$ 8,493,536	\$ 147,853,305

A. Tax Allocation Bonds

	Balance July 1, 2003	Debt Issued	Debt Retired	Balance June 30, 2004
1994 Senior Tax Allocation Refunding Bonds, Series A	\$ 13,415,000	\$ -	\$ (255,000)	\$ 13,160,000
1994 Senior Tax Allocation Refunding Bonds, Series D	5,235,000	-	(90,000)	5,145,000
1994 Subordinate Tax Allocation Refunding Bonds, Series C	7,325,000	-	(145,000)	7,180,000
2000 Tax Allocation Bonds	16,775,000	-	(135,000)	16,640,000
Total	\$ 42,750,000	\$ -	\$ (625,000)	\$ 42,125,000

1994 Senior Tax Allocation Refunding Bonds, Series A

In November 1994, the Agency issued \$14,810,000 1994 Senior Tax Allocation Refunding Bonds, Series A, to refund the 1986 Tax Allocation Bonds. The bonds consist of \$1,585,000 serial bonds which mature from 1998 to 2004 in amounts ranging from \$185,000 to \$275,000 and \$12,885,000 term bonds which mature in 2024. Interest is payable semi-annually on March 1 and September 1, at interest rates ranging from 5.85% to 7.625%. Bonds maturing on or after September 1, 2006, are subject to optional redemption on any interest payment date on or after September 1, 2005, at various redemption prices. The annual debt service is paid from property tax increment generated in the project area. The balance outstanding as of June 30, 2004, was \$13,160,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

A. Tax Allocation Bonds, Continued

The annual debt service requirements for the 1994 Senior Tax Allocation Refunding Bonds, Series A outstanding at June 30, 2004, were as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 275,000	\$ 991,969	\$ 1,266,969
2006	295,000	971,234	1,266,234
2007	315,000	947,978	1,262,978
2008	340,000	923,006	1,263,006
2009	365,000	896,128	1,261,128
2010-2014	2,295,000	3,999,122	6,294,122
2015-2019	3,310,000	2,941,724	6,251,724
2020-2024	4,780,000	1,416,344	6,196,344
2025	1,185,000	45,178	1,230,178
Total	\$ 13,160,000	\$ 13,132,683	\$ 26,292,683

1994 Senior Tax Allocation Refunding Bonds, Series D

In February 1996, the Agency issued \$5,680,000 1994 Senior Tax Allocation Refunding Bonds, Series D, to refund the Agency's Bayfront/Town Centre Redevelopment Project 1994 Senior Tax Allocation Refunding Bonds, Series B. The 1994 Bonds, Series B, were paid off with the bond proceeds. The bonds are term bonds, which mature in 2024. Interest is payable semi-annually on March 1 and September 1 at 8.625%. The bonds are subject to redemption prior to maturity on any interest payment date, on or after September 1, 2006, at various redemption prices. The bonds are subject to mandatory sinking fund redemption prior to maturity, in part, by lot on September 1, 1997, and on each September 1 thereafter, without premium, from 1988 to 2024 in amounts ranging from \$60,000 to \$495,000. The annual debt service is paid from property tax increment generated in the project area. The balance outstanding at June 30, 2004, was \$5,145,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

A. Tax Allocation Bonds, Continued

The annual debt service requirements for the 1994 Senior Tax Allocation Refunding Bonds, Series D outstanding at June 30, 2004 were as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 95,000	\$ 439,659	\$ 534,659
2006	105,000	431,034	536,034
2007	110,000	421,762	531,762
2008	120,000	411,844	531,844
2009	130,000	401,062	531,062
2010-2014	855,000	1,804,998	2,659,998
2015-2019	1,285,000	1,350,028	2,635,028
2020-2024	1,950,000	661,106	2,611,106
2025	495,000	21,347	516,347
Total	\$ 5,145,000	\$ 5,942,840	\$ 11,087,840

1994 Subordinate Tax Allocation Refunding Bonds, Series C

In November 1994, the Agency issued \$8,195,000 1994 Subordinate Tax Allocation Refunding Bonds, Series C, to refund the 1986 Tax Allocation Bonds. The bonds consist of \$930,000 serial bonds which mature from 1998 to 2004 in amounts ranging from \$100,000 to \$145,000 and term bonds of \$2,255,000 and \$4,925,000 which mature in 2014 and 2024, respectively. Interest is payable semiannually on May 1 and November 1 at interest rates ranging from 5.95% to 8.25%. The bonds are subject to optional redemption on any interest payment date on or after May 1, 2005 at various redemption prices. The annual debt service is paid from property tax increment generated in the project area. The balance outstanding at June 30, 2004, was \$7,180,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

A. Tax Allocation Bonds, Continued

The annual debt service requirements for the 1994 Subordinate Tax Allocation Refunding Bonds, Series C outstanding at June 30, 2004 were as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 155,000	\$ 586,712	\$ 741,712
2006	170,000	574,312	744,312
2007	180,000	560,712	740,712
2008	195,000	546,313	741,313
2009	210,000	530,713	740,713
2010-2014	1,345,000	2,370,365	3,715,365
2015-2019	1,980,000	1,730,439	3,710,439
2020-2024	2,945,000	767,252	3,712,252
Total	\$ 7,180,000	\$ 7,666,818	\$ 14,846,818

2000 Tax Allocation Bonds

In October 2000, the Agency issued \$17,000,000 2000 Tax Allocation Bonds, to provide funds to fund a reserve account, to pay expenses of the agency in connection with the issuance of the bonds and to finance or refinance certain redevelopment activities. The bonds consist of \$9,535,000 serial bonds which mature from 2001 to 2030 in amounts ranging from \$100,000 to \$715,000 and term bonds of \$1,440,000 and \$6,025,000 which mature in 2022 and 2029, respectively. Interest is payable semiannually on March 1 and September 1 at interest rates ranging from 4.30% to 5.375%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2004, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the Agency and other funds held under the indenture. The balance outstanding at June 30, 2004, was \$16,640,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

A. Tax Allocation Bonds, Continued

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2004 were as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 360,000	\$ 836,948	\$ 1,196,948
2006	375,000	821,145	1,196,145
2007	390,000	804,697	1,194,697
2008	405,000	787,605	1,192,605
2009	425,000	769,760	1,194,760
2010-2014	2,415,000	3,540,022	5,955,022
2015-2019	2,790,000	2,903,464	5,693,464
2020-2024	3,520,000	2,089,970	5,609,970
2025-2029	4,565,000	1,013,860	5,578,860
2030-2031	1,395,000	75,922	1,470,922
Total	\$ 16,640,000	\$ 13,643,393	\$ 30,283,393

B. Pension Obligation Bonds

The Pension Obligation Bonds, Series 1994 were issued by the City to pay the obligations from the City to the California Public Employees Retirement System for the City's unfunded pension liability. The total issue is comprised of the following: (1) Current Interest Bonds with original amount due of \$7,415,000. These bonds mature in amounts ranging from \$310,000 in 1996 to \$1,820,000 in 2009. Interest is payable semi-annually on February 1 and August 1, beginning February 1, 1996, at interest rates ranging from 6.05% to 7.875% annually; (2) \$7,000,000 Term Bonds are due August 1, 2011, with a stated annual interest rate of 8.15%; (3) Capital Appreciation Bonds, with original amount due of \$2,371,532.

These bonds mature in the initial principal amounts ranging from \$800,000 in 2002 to \$1,095,000 in 2005 and \$480,036 in 2006. The effective annual yield on these bonds ranges from 7.690% to 8.34%. The bonds are not limited as to payment to any special source of funds of the City. The accredited value of the Pension Obligation Bonds at June 30, 2004 was \$13,985,870.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

B. Pension Obligation Bonds, Continued

The annual debt service requirements for the Pension Obligation Bonds outstanding at June 30, 2004 are as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 480,409	\$ 1,558,026	\$ 2,038,435
2006	480,036	1,668,399	2,148,435
2007	1,380,000	889,960	2,269,960
2008	1,595,000	774,280	2,369,280
2009	1,820,000	640,413	2,460,413
2010-2012	7,000,000	904,719	7,904,719
Total	12,755,445	<u>\$ 6,435,797</u>	<u>\$ 19,191,242</u>
Add: Accreted Value	1,230,425		
Total	<u>\$ 13,985,870</u>		

C. Certificates of Participation

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
1993 Refunding COP	\$ 7,215,000	\$ -	\$ (7,215,000)	\$ -
1993 COP	2,140,000	-	(2,140,000)	-
2000 COP, Series A	23,405,000	-	(1,040,000)	22,365,000
2002 COP	60,145,000	-	-	60,145,000
2003 Refunding COP	11,320,000	-	(910,000)	10,410,000
Total	<u>\$ 104,225,000</u>	<u>\$ -</u>	<u>\$ (11,305,000)</u>	<u>\$ 92,920,000</u>

1993 Refunding Certificates of Participation

In March 1993, the Agency issued \$11,285,000 1993 Refunding Certificates of Participation to advance refund the 1987 Series Certificates of Participation. The certificates mature in amounts ranging from \$425,000 in 1998 to \$925,000 in 2012. Interest is payable semi-annually on March 1 and September 1, at interest rates ranging from 4.80% to 6%. The certificates maturing after September 1, 2003 are subject to redemption at premiums ranging from zero to 2%. The debt service on the Certificates is funded by capital lease payments from the City's General Fund to the Agency to be repaid from future Agency revenues. The Certificates were paid off during the fiscal year ended June 30, 2004.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

C. Certificates of Participation, Continued

1993 Certificates of Participation

In December 1993, the Agency issued \$3,115,000 1993 Certificates of Participation to provide capital improvements in the Town Centre II Redevelopment Project. The net proceeds of \$2,600,000 were paid to Homart Development Co., for construction of a public parking facility. The certificates mature in amounts ranging from \$125,000 in 1998 to \$250,000 in 2013. Interest is payable semi-annually on March 1 and September 1, at interest rates ranging from 4.20% to 5.8%. The certificates maturing after September 1, 2003, are subject to redemption at premiums ranging from zero to 2%. The debt service on the certificates is funded by capital lease payments from the City's General Fund to the Agency to be repaid from future Agency revenues. The Certificates were paid off during the fiscal year ended June 30, 2004.

2000 COP, Series A

In October 2000, the Chula Vista Public Financing Authority (Authority) issued \$25,255,000 in 2000 Certificates of Participation, Series A, to provide funds to improve the City's 800 Megahertz emergency communications system, improve the City's Corporation Yard, finance a reserve account for the certificates, and pay the costs of issuance incurred in connection with the execution and delivery of the certificates. The source of the repayments of the certificates is the lease payments to be made by the City to the Authority. The certificates mature in amounts ranging from \$855,000 in 2001 to \$1,790,000 in 2020. Interest is payable semi-annually on March 1 and September 1, at interest rates ranging from 4.25% to 5.25%. The certificates maturing after September 1, 2010, are subject to redemption at premiums ranging from zero to 2%. The outstanding balance at June 30, 2004 is \$22,365,000.

The annual debt service requirements for the 2000 Certificates of Participation outstanding at June 30, 2004 were as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 1,085,000	\$ 1,039,056	\$ 2,124,056
2006	1,130,000	991,281	2,121,281
2007	1,180,000	940,750	2,120,750
2008	1,235,000	887,922	2,122,922
2009	1,025,000	838,484	1,863,484
2010-2014	5,850,000	3,451,669	9,301,669
2015-2019	7,365,000	1,884,632	9,249,632
2020-2021	3,495,000	185,719	3,680,719
Total	\$ 22,365,000	\$ 10,219,513	\$ 32,584,513

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

C. Certificates of Participation, Continued

2002 COP

In June 2002, the Chula Vista Public Financing Authority issued its 2002 Certificates of Participation to provide funds to construct the City's Police Headquarters, finance the reserve account of the certificates, to capitalize interest during construction and to pay the cost of issuance of the certificates. The source of repayment of the certificates is the lease payments to be made by the City to the Authority. Interest is payable semiannually on February 1 and August 1 of each year commencing February 1, 2003. The certificates mature in 2032 and principal is payable on August 1 each year commencing August 1, 2005. As of June 30, 2004 the outstanding balance is \$60,145,000.

The annual debt service requirements for the 2002 Certificates of Participation outstanding at June 30, 2004 were as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ -	\$ 2,800,696	\$ 2,800,696
2006	1,125,000	2,783,821	3,908,821
2007	1,160,000	2,749,546	3,909,546
2008	1,200,000	2,714,146	3,914,146
2009	1,240,000	2,671,346	3,911,346
2010-2014	7,010,000	12,554,930	19,564,930
2015-2019	8,700,000	10,910,238	19,610,238
2020-2024	11,065,000	8,593,944	19,658,944
2025-2029	14,280,000	5,449,500	19,729,500
2030-2033	14,365,000	1,482,375	15,847,375
Total	\$ 60,145,000	\$ 52,710,542	\$ 112,855,542

2003 Refunding COP

In May 2003, the Chula Vista Public Financing Authority (Authority) issued its 2003 Refunding Certificates of Participation to defease the 1993 Certificates, reimburse the City for amounts it has advanced to prepay the equipment lease, finance a reserve account and pay for the cost of issuance of the Certificates. The Certificates are to be repaid from lease payments made by the City to the Authority for leasing certain property. Interest is payable semiannually on March 1 and September 1 of each year commencing September 1, 2003. The certificates mature in 2013 and principal is payable on September 1 each year commencing September 1, 2003. As of June 30, 2004 the outstanding balance is \$10,410,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

C. Certificates of Participation, Continued

2003 Refunding COP, Continued

The annual debt service requirements for the 2003 Refunding Certificates of Participation outstanding at June 30, 2004 were as follows:

Year Ending June 30,	Principal	Interest	Total
2005	\$ 1,510,000	\$ 270,180	\$ 1,780,180
2006	1,395,000	226,605	1,621,605
2007	1,280,000	186,480	1,466,480
2008	1,140,000	154,455	1,294,455
2009	940,000	131,525	1,071,525
2010-2014	4,145,000	279,346	4,424,346
Total	10,410,000	1,248,591	11,658,591

D. Notes Payable

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Parking Structure Note	\$ 322,120	\$ -	\$ (14,095)	\$ 308,025
Cypress Creek Company	219,544	-	(121,184)	98,360
Total	\$ 541,664	\$ -	\$ (135,279)	\$ 406,385

In January 1994, the City entered into a note payable with a private party in order to purchase certain land and improvements for the ultimate purpose of constructing a three-level parking structure. The note calls for 240 monthly payments of principal and interest, commencing in April 1994 in the initial amount of \$2,548 and increasing 3% percent annually. The annual interest rate is 8.29%.

In June 1995, the Agency entered into a note payable with Cypress Creek Company in order to provide for reimbursement of the Agency's agreed-upon share of the site acquisition costs under the Palomar Trolley Center Disposition and Development Agreement. Installment payments of principal and interest will be payable within 30 days of the Agency receiving "Detailed Reports" from the State Board of Equalization itemizing the sources of the State Board of Equalization reconciliation payment for "Sales Tax Revenues." The Agency will remit an amount equal to 30% of the sales tax revenues generated by the project until the unpaid principal balance, plus any accrued interest is paid in full. Simple interest accrues at 7% annually.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

E. Capital Leases

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
1999 Library Computerized Catalog	\$ 220,864	\$ -	\$ (145,233)	\$ 75,631
San Diego County Regional Communication System	2,374,738	-	(161,561)	2,213,177
Total	\$ 2,595,602	\$ -	\$ (306,794)	\$ 2,288,808

In December 1999, the City entered into a capital lease to finance the replacement of the Chula Vista Library computerized catalog and circulation system. Lease payments of \$77,715 are due semi-annually on December 1 and June 1, starting June 1, 2000, and ending December 1, 2004. The lease payments include interest at 5.51%. The lease payments are funded from State Library Grant revenues.

The City has agreed to participate in the San Diego County Regional Communications System (RCS). The City will finance its share of the RCS network infrastructure over 14 years and its total contribution will be \$2,809,405. The agreement with the County will provide the City with full partnership in the RCS.

F. Special Assessment Debt - Non-City Obligations

Bonds issued to finance public improvements projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

F. Special Assessment Debt - Non-City Obligations, Continued

At June 30, 2004, the total special assessment debt outstanding was as follows:

	Original Amount	Outstanding June 30, 2004
99-1 Otay Ranch SPA One 2001 Special Tax Bonds	\$ 19,000,000	\$ 18,785,000
Refunding Revenue Bonds 2001 Residential	20,445,000	18,723,874
Refunding Revenue Bonds 2001 Commercial	9,705,000	8,192,397
1994 Eastlake Greens II	7,464,474	4,290,000
1995 Assessment Bond Refinancing	19,255,000	11,210,000
1997 Otay Ranch	12,430,000	11,820,000
1997 McMillin SPA	11,825,000	11,170,000
1999 Otay Ranch I	23,000,000	22,070,000
2000 Sunbow II	7,385,000	7,090,000
Industrial Development Revenue Bonds, 1992 Series A, B, C, D, E	250,000,000	150,000,000
Industrial Development Revenue Bonds, 1996 Series A, B, C, D, E	98,900,000	98,900,000
Industrial Development Revenue Bonds, 1997 Series A, B, C, D, E	25,000,000	25,000,000
CFD 2001-1 San Miguel Ranch	14,425,000	14,205,000
CFD 06-1A Eastlake Woods, Vista, Land Swap	39,000,000	39,000,000
CFD 06-1B Eastlake Woods, Vista, Land Swap	7,880,000	7,880,000
Industrial Development Revenue Bonds, 2004 Series A-F	251,265,000	251,265,000
Total	\$ 816,979,474	\$ 699,601,271

On May 29, 1986, the Agency advanced refunded the \$7,150,000 1979 Tax Allocation Bonds by placing in an irrevocable trust amount sufficient to meet all future debt service payments of the refunded debt. As a result the 1979 bonds were considered defeased and the liability was removed from the City's books. The outstanding balance at June 30, 2004, was \$1,644,900.

G. Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation and sick pay) has been accrued and amounts to \$4,620,778 at June 30, 2004. In business-type funds, the liabilities are reported in the fund as the benefits vest and are earned.

H. Debt Compliance

At June 30, 2004, City management believes that the City has complied with all requirements of its various debt agreements.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

7. DEFERRED REVENUE

A. Government-Wide Financial Statements

At June 30, 2004, Deferred Revenue is reported as follows:

	<u>Total</u>
Interest receivable on:	
Advances to other funds	\$ 6,003,385
Loans receivable:	
South Bay Community Services	1,061,530
South Bay Community Villas, L.P.	337,710
St. Regis Park	334,741
CHIP	228,703
Chelsea Investment	84,058
Alpha III Development (Main Plaza)	17,918
Long-term receivables	112,923
Public Facilities Development Impact fee Prepayment	4,389,837
Other	2,031,658
Total deferred revenue	\$ 14,602,463

B. Fund Financial Statements

At June 30, 2004, Deferred Revenue is reported as follows:

	<u>Total</u>
Interest receivable on:	
Advances to other funds	\$ 10,947,607
Loans receivable:	
South Bay Community Services	1,061,530
South Bay Community Villas, L.P.	337,710
St. Regis Park	334,741
CHIP	228,703
Chelsea Investment	84,058
Alpha III Development (Main Plaza)	17,918
Long-term receivables	112,923
Public Facilities Development Impact fee Prepayment	4,389,837
Other	2,031,658
Total deferred revenue	\$ 19,546,685

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

8. OTHER REQUIRED FUND DISCLOSURES

A. Deficit Fund Balances

At June 30, 2004, the following funds had deficit fund equity:

Debt Service Funds:	
Redevelopment Agency	<u>\$ (26,278,533)</u>
City Debt Service	<u>\$ (13,399,608)</u>

The Redevelopment Agency and City Debt Service funds have a deficit fund balance due to the funds booking their long term advances within each respective fund.

9. SELF-INSURANCE ACCRUED LIABILITIES

For comprehensive general liability including personal injury, property damage, errors and omissions, automobile liability and employment practices liability the City is self-insured for the first \$250,000 per occurrence. The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA) insurance pool to insure losses from \$250,000 to \$2,000,000 (\$1,000,000 for employment practices liabilities). Additionally, through SANDPIPA, the City participates in the group purchase of excess liability coverage which provides coverage from \$2,000,000 to \$42,000,000 for general liability and \$41,000,000 excess of the pool for employment practices liability for each city, for each occurrence.

For workers' compensation liabilities the City is self-insured for the first \$250,000 per each accident per employee. For excess workers' compensation insurance, the City participates in a group purchase arrangement with the nine members of SANDPIPA who are self-insured for workers' compensation. The policy covers statutory limits for workers' compensation claims and \$5,000,000 for employer's liability.

SANDPIPA is a joint powers authority comprised of twelve cities located within San Diego County. The Board of Directors consists of one staff representative (and an alternate) from each member city as designated by the city's governing body. Each member city has equal representation on the Board of Directors. The Board of Directors has total liability responsibility for all actions of SANDPIPA.

The SANDPIPA Board of Directors establishes an Executive Committee that is responsible for the administration and operation of the risk management programs of the Authority, subject to the control of the Board. The membership of the Executive Committee consists of the Board President, Vice-President and Treasurer, and a member at-large nominated by the Board President and approved by the vote of the Board. The Executive Committee is responsible for the oversight of all SANDPIPA operations, including preparation and submittal of the pool's annual budget to the Board for its review and approval.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

9. SELF-INSURANCE ACCRUED LIABILITIES, Continued

Annual pool premiums and assessments are approved by the Board of Directors and are adjusted annually based on the City's share of:

- Each member's incurred losses;
- Each member's share of such losses and other expenses as a proportion of all members such losses;
- The contribution to reserves, including reserves for incurred-but-not-reported (IBNR) losses;
- Cost to purchase excess insurance; and
- Cost to purchase any additional coverage

Only the probable amounts of loss as estimated by the City's Risk Manager and Attorney, including an estimate of incurred-but-not reported losses, have been recorded as liabilities in the accompanying basic financial statements. There were no reductions in insurance coverage from the prior year and there were no insurance settlements which exceeded coverage in each of the past three years.

The aggregate change in the balance of claims payable as recorded in the Governmental Activities were as follows:

	June 30,	
	2004	2003
Unpaid claims, beginning of year	\$ 7,461,158	\$ 6,866,386
Incurred claims and changes in estimates	4,684,782	6,516,688
Claim payments	(3,981,386)	(5,921,916)
Unpaid claims, end of year	\$ 8,164,554	\$ 7,461,158

10. PENSION PLANS

A. California Public Employees' Retirement Plan

Plan Description

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required by State statute to contribute 7% for miscellaneous and 9% for safety employees of their annual covered salary. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$5,673,854 for the year ended June 30,

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

10. PENSION PLANS, Continued

A. California Public Employees' Retirement Plan, Continued

2004. The City employer is required to contribute at an actuarial determined rate of 12.02% for the period from July 1, 2003 through June 30, 2004 of annual covered payroll for miscellaneous employees and 13.165% of annual covered payroll for safety employees.

Annual Pension Cost – For 2003-2004, the City's annual pension cost of \$8,340,066 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.75% to 14.2% for miscellaneous employees and 4.27% to 11.59% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2004, was 58 years for miscellaneous employees and 10 years for safety employees for prior and current service unfunded liability.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/02	\$ 4,450,685	100%	\$ -
6/30/03	6,947,159	100%	-
6/30/04	8,340,066	100%	-

B. Defined Contribution Pension Plan

The City provides pension plan benefits for all of its part-time employees through a defined contribution plan (Public Agency Retirement Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered by Phase II Systems. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2004, the City's total payroll and covered payroll was \$2,634,049. The City made employer contributions of \$98,777 (3.75% of current covered payroll), and employees contributed \$98,777 (3.75% of current covered payroll).

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2004

11. COMMITMENTS AND CONTINGENCIES

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

The General Fund has loaned approximately \$442,000 to the Agency for unreimbursed services rendered by City staff. It is anticipated that the Agency will repay this loan from tax increment revenues. Currently, tax increment revenues are used to pay for related debt service expenditures and possible future debt issuance. As a result, the Agency is uncertain if the amount will be repaid to the City's General Fund. Accordingly, this contingent payable has not been reported in accompanying basic financial statements. The Agency will record the contingent payable when payment is assured.

12. PRIOR PERIOD ADJUSTMENT

A. Government-Wide Statements

During the fiscal year 2004, the City recorded the following prior period adjustments to record capital assets not captured in prior years.

	Net Assets as Previously Reported	GASB 34 Adjustments Capital Assets	Net Assets as Restated
Government-Wide Activities:			
Net assets	\$ 615,144,804	\$ 2,787,112	\$ 617,931,916
Total government-wide activities	<u>\$ 615,144,804</u>	<u>\$ 2,787,112</u>	<u>\$ 617,931,916</u>

B. Fund Financial Statements

	Fund Balance as Previously Reported	Prior Period Adjustments	Fund Balance as restated
Capital Improvement Program	\$ 33,228,623	\$ (6,357,848)	\$ 26,870,775
PFA Debt Service Fund	5,052,449	6,357,848	11,410,297
Total governmental activities	<u>\$ 38,281,072</u>	<u>\$ -</u>	<u>\$ 38,281,072</u>

In fiscal year 2003-04, a prior year adjustment was made to transfer the reserve funds of \$6,357,848 for the 2000 COP and 2002 COP from Capital Improvement Program to PFA Debt Service Fund. At the time of the issuance of the COPS, the funds set aside for reserve fund were erroneously booked in the Capital Improvement Fund where the bond proceeds for the construction projects are accounted for. The purpose of the reserve funds maintained by the Trustee is to pay the debt service, principal and interest, due in case of non-payment by the City. It is appropriate that the Reserves be transferred to the PFA Debt Service Fund to avoid the use of funds for construction projects. This is a prior year adjustment since the COPS were issued in previous years (2000 & 2002).



CITY OF
CHULA VISTA

REQUIRED SUPPLEMENTARY INFORMATION

City of Chula Vista
Required Supplementary Information
For the year ended June 30, 2004

1. BUDGETS AND BUDGETARY ACCOUNTING

An annual budget is adopted by the City Council prior to the first day of the fiscal year. The budget process includes submittal of each department's budget request for the next fiscal year, a detailed review of each department's proposed budget by the City Manager, and a final City Manager recommended budget that is transmitted to the City Council for its review before the required date of adoption. Once transmitted to the City Council, the proposed budget is made available for public inspection. A public hearing is held to give the public the opportunity to comment upon the proposed budget. Notice of such public hearing is given in a newspaper of general circulation.

The adoption of the budget is accomplished by the approval of a Budget Resolution. The legal level of budgetary control is at the department level. Any budget modification, which would result in an appropriation increase, requires City Council approval. The City Manager and Finance Director are jointly authorized to transfer appropriations within a departmental budget. Any appropriation transfers between departments require City Council approval.

Reported budget figures are as originally adopted or subsequently amended plus prior year continuing appropriations. Such budget amendments during the year, including those related to supplemental appropriations, did not cause these reported budget amounts to be significantly different than the originally adopted budget amounts. All appropriations which are not obligated, encumbered or expended at the end of the fiscal year lapse become a part of the unreserved fund balance which may be appropriated for the next fiscal year.

An annual budget for the year ended June 30, 2004, was adopted and approved by the City Council for the general, special revenue and debt service funds. These budgets are prepared on the modified accrual basis of accounting except that encumbrances outstanding at year-end are considered as expenditures. The budgets of the capital projects funds are primarily long-term budgets, which emphasize major programs and capital outlay plans extending over a number of years. Because of the long-term nature of these projects, annual budget comparisons are not considered meaningful, and accordingly, no budgetary information for capital projects funds is included in the accompanying basic financial statements.

The following schedule is a reconciliation of the budgetary and GAAP fund balances:

	General Fund	Sewer Special Revenue Fund
	<u> </u>	<u> </u>
Fund balances - budgetary basis	\$ 43,062,790	\$ 33,960,081
Outstanding encumbrances	<u>2,224,781</u>	<u>2,178,840</u>
Fund balances - GAAP basis	<u><u>\$ 45,287,571</u></u>	<u><u>\$ 36,138,921</u></u>

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2004

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable)
	Original	Final		Variance with Final Budget
Fund Balance, July 1	\$ 50,053,226	\$ 50,053,226	\$ 50,053,226	\$ -
Resources (inflows):				
Taxes	52,553,720	52,553,720	56,434,380	3,880,660
Licenses and permits	4,000,767	4,000,767	5,067,768	1,067,001
Fines, forfeitures, and penalties	1,172,017	1,172,017	968,513	(203,504)
Use of money and property	2,705,518	2,707,518	837,064	(1,870,454)
Intergovernmental revenue	18,347,894	20,025,226	15,603,934	(4,421,292)
Charges for services	17,083,692	17,350,692	14,395,804	(2,954,888)
Other revenues	16,018,042	16,971,687	19,070,433	2,098,746
Transfers from other funds	13,235,909	13,329,763	13,732,582	402,819
Total resources	<u>125,117,559</u>	<u>128,111,390</u>	<u>126,110,478</u>	<u>(2,000,912)</u>
Amount available for appropriation	<u>175,170,785</u>	<u>178,164,616</u>	<u>176,163,704</u>	<u>(2,000,912)</u>
Charges to appropriations (outflows):				
General government:				
City Council	923,231	941,017	940,902	115
Boards and Commissions	10,171	10,417	7,101	3,316
City Clerk	760,382	812,181	809,236	2,945
City Attorney	1,898,090	2,191,782	2,153,409	38,373
Administration	4,273,393	5,654,994	5,460,921	194,073
Management and Information Systems	3,180,726	3,198,497	3,159,711	38,786
Human Resources	3,536,111	10,084,477	6,595,504	3,488,973
Finance	2,483,253	2,485,294	2,449,968	35,326
Community Development	2,732,153	3,313,615	3,227,481	86,134
Planning and Building	9,366,832	10,210,124	9,269,925	940,199
Public safety:				
Police	36,437,483	37,942,488	37,270,393	672,095
Fire	12,160,482	14,415,868	14,384,542	31,326
Public works:				
Engineering	10,233,504	10,555,783	10,268,347	287,436
Services	19,940,285	20,218,328	19,839,801	378,527
Parks and recreation	5,236,849	5,304,628	4,777,299	527,329
Library	7,677,403	7,747,833	7,591,948	155,885
Non-departmental:				
Furlough and pension obligation bonds	(2,482,903)	(2,482,903)	(2,273,346)	(209,557)
Capital outlay	779,912	7,076,618	4,232,584	2,844,034
Debt service				
Principal	99,336	99,336	-	99,336
Interest	38,099	38,099	-	38,099
Transfers to other funds	<u>3,505,377</u>	<u>4,043,990</u>	<u>2,935,188</u>	<u>1,108,802</u>
Total charges to appropriations	<u>122,790,169</u>	<u>143,862,466</u>	<u>133,100,914</u>	<u>10,761,552</u>
Excess of resources over (under) charges to appropriations	<u>2,327,390</u>	<u>(15,751,076)</u>	<u>(6,990,436)</u>	<u>8,760,640</u>
Fund balance, June 30	<u>\$ 52,380,616</u>	<u>\$ 34,302,150</u>	<u>\$ 43,062,790</u>	<u>\$ 8,760,640</u>

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2004

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule, Sewer Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
Budgetary fund balance, July 1	<u>\$ 38,603,793</u>	<u>\$ 38,603,793</u>	<u>\$ 38,603,793</u>	<u>\$ -</u>
Resources (inflows):				
Use of money and property	1,379,118	1,379,118	(236,130)	(1,615,248)
Charges for services	26,827,866	26,838,688	28,464,311	1,625,623
License and permits	138,772	138,772	432,960	294,188
Fine and forfeitures	-	-	9,900	9,900
Other revenues	273,371	273,371	535,194	261,823
Transfers from other funds	8,000,000	8,000,000	6,600,000	(1,400,000)
Total resources	<u>36,619,127</u>	<u>36,629,949</u>	<u>35,806,235</u>	<u>(823,714)</u>
Amount available for appropriation	<u>75,222,920</u>	<u>75,233,742</u>	<u>74,410,028</u>	<u>(823,714)</u>
Charges to appropriations (outflows):				
Public works:				
Services	19,076,819	19,151,050	17,193,638	1,957,412
Non-departmental:				
Capital outlay	1,425,000	12,565,569	8,496,115	4,069,454
Interest and fiscal charges	-	12,160	12,160	-
Transfers to other funds	16,361,469	16,388,034	14,748,034	1,640,000
Total charges to appropriations	<u>36,863,288</u>	<u>48,116,813</u>	<u>40,449,947</u>	<u>7,666,866</u>
Excess of resources over (under) charges to appropriations	<u>(244,161)</u>	<u>(11,486,864)</u>	<u>(4,643,712)</u>	<u>6,843,152</u>
Fund balance, June 30	<u><u>\$ 38,359,632</u></u>	<u><u>\$ 27,116,929</u></u>	<u><u>\$ 33,960,081</u></u>	<u><u>\$ 6,843,152</u></u>

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2004

PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)
SCHEDULE OF FUNDING PROGRESS

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Overfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2001	\$ 138,800,687	\$ 132,693,419	\$ 6,107,268	104.60%	\$ 35,246,083	17.33%
6/30/2002	134,139,433	151,085,469	(16,946,036)	88.78%	41,727,572	(40.61)%
6/30/2003	140,186,660	180,869,270	(40,682,610)	77.51%	44,609,980	(91.20)%

Safety Employees

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Overfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2001	\$ 157,972,500	\$ 132,206,831	\$ 25,765,669	119.49%	\$ 17,248,370	149.38%
6/30/2002	150,147,226	153,666,120	(3,518,894)	97.71%	19,607,803	(17.95)%
6/30/2003	151,049,925	163,155,982	(12,106,057)	92.58%	20,689,018	(58.51)%



CITY OF
CHULA VISTA

SUPPLEMENTARY INFORMATION



CITY OF
CHULA VISTA

NON-MAJOR GOVERNMENTAL FUNDS

City of Chula Vista
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2004

	Special Revenue					
	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Open Space Districts	Housing Programs
ASSETS						
Cash and investments	\$ 1,137,171	\$ 65,074	\$ 119,111	\$ 25,334	\$ 8,765,594	\$ -
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	357,239	-	-	-	149,438	-
Interest	10,355	587	2,335	148	55,007	-
Loans	-	-	-	-	-	331,158
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Restricted cash and investments:						
Held by City	-	-	-	-	-	405,881
Held by fiscal agent	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Total assets	\$ 1,504,765	\$ 65,661	\$ 121,446	\$ 25,482	\$ 8,970,039	\$ 737,039
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 69,102	\$ 2,107	\$ -	\$ -	\$ 413,064	\$ -
Accrued liabilities	-	1,309	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Refundable deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	69,102	3,416	-	-	413,064	-
Fund Balances:						
Reserved for:						
Encumbrances	75,309	-	-	-	54,029	-
Long-term receivables and advances	-	-	-	-	-	737,039
Low and moderate income housing	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved:						
Designated for:						
Contingency	31,994	106,029	-	-	-	-
Capital projects	-	-	-	-	657,016	-
Undesignated	1,328,360	(43,784)	121,446	25,482	7,845,930	-
Total fund balances	1,435,663	62,245	121,446	25,482	8,556,975	737,039
Total liabilities and fund balances	\$ 1,504,765	\$ 65,661	\$ 121,446	\$ 25,482	\$ 8,970,039	\$ 737,039

Special Revenue				Debt Service				
Sundry Grants	Traffic Signals	Redevelopment Agency	Transportation Sales Tax	Public Financing Authority	1994 POB	Notes Payable	SD Regional Comm System	CaLease
\$ 1,859,933	\$ 2,424,635	\$ 2,996,364	\$ 9,071,272	\$ 239,313	\$ 2,073	\$ -	\$ 146	\$ 400
-	-	34,595	-	-	-	-	-	-
-	-	35,797	-	-	-	-	-	-
951,214	17,166	1,173,533	66,255	1,610	-	-	5	-
3,216,743	-	10,658,227	-	-	-	-	-	-
-	333,563	-	-	-	-	-	-	-
3,461,137	346,903	345	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	3,690,039	-	-	-	-	-	-
-	-	-	-	8,736,051	17	-	-	-
-	-	406,824	-	-	-	-	-	-
<u>\$ 9,489,027</u>	<u>\$ 3,122,267</u>	<u>\$ 18,995,724</u>	<u>\$ 9,137,527</u>	<u>\$ 8,976,974</u>	<u>\$ 2,090</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 400</u>
\$ 146,903	\$ 78,634	\$ 5,139	\$ 56,156	\$ -	\$ -	\$ -	\$ -	\$ -
1,366	-	-	-	-	-	-	-	-
3,035,728	333,563	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	400	-	-	-	-	-	-
1,655,291	-	1,160,211	41,087	-	-	-	-	-
<u>4,839,288</u>	<u>412,197</u>	<u>1,165,750</u>	<u>97,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
624,215	540,123	1,006,028	3,918,602	-	-	-	-	-
3,216,743	-	7,785,751	-	-	-	-	-	-
-	-	6,300,196	-	-	-	-	-	-
-	-	406,824	-	-	-	-	-	-
-	-	-	-	8,976,974	2,090	-	151	400
28,371	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
780,410	2,169,947	2,331,175	5,121,682	-	-	-	-	-
<u>4,649,739</u>	<u>2,710,070</u>	<u>17,829,974</u>	<u>9,040,284</u>	<u>8,976,974</u>	<u>2,090</u>	<u>-</u>	<u>151</u>	<u>400</u>
<u>\$ 9,489,027</u>	<u>\$ 3,122,267</u>	<u>\$ 18,995,724</u>	<u>\$ 9,137,527</u>	<u>\$ 8,976,974</u>	<u>\$ 2,090</u>	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 400</u>

(Continued)

City of Chula Vista
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2004

	Capital Projects					
	Redevelopment	Park	Residential	Bicycle	Industrial	Assessment
	Agency	Acquisition Development	Construction Tax	Facility	Development Authority	District Improvement Funds
ASSETS						
Cash and investments	\$ 3,449,598	\$ 30,656,921	\$ 4,095,852	\$ 624,853	\$ 8,503	\$ 1,248,727
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	153,433	-	-	-	-	274
Interest	18,992	205,626	30,057	5,400	5	9,200
Loans	-	-	-	-	-	-
Due from other funds	12,184	-	-	-	-	-
Due from other governments	1,512	-	-	-	-	-
Advances to other funds	7,379,294	-	-	-	-	-
Restricted cash and investments:						
Held by City	-	-	-	-	-	-
Held by fiscal agent	7,221,856	-	-	-	-	-
Land held for resale	7,539,271	-	-	-	-	-
Total assets	\$ 25,776,140	\$ 30,862,547	\$ 4,125,909	\$ 630,253	\$ 8,508	\$ 1,258,201
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 403,077	\$ 81,877	\$ 192,878	\$ 833	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to other funds	12,184	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Refundable deposits	-	-	-	-	-	-
Deferred revenue	2,047,579	-	-	45,465	-	-
Total liabilities	2,462,840	81,877	192,878	46,298	-	-
Fund Balances:						
Reserved for:						
Encumbrances	2,366,349	1,174,841	317,877	-	-	6,643
Long-term receivables and advances	5,331,715	-	-	-	-	-
Low and moderate income housing	-	-	-	-	-	-
Land held for resale	7,539,271	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unreserved:						
Designated for:						
Contingency	-	-	-	-	-	-
Capital projects	8,075,965	29,605,829	3,615,154	583,955	8,508	1,251,558
Undesignated	-	-	-	-	-	-
Total fund balances	23,313,300	30,780,670	3,933,031	583,955	8,508	1,258,201
Total liabilities and fund balances	\$ 25,776,140	\$ 30,862,547	\$ 4,125,909	\$ 630,253	\$ 8,508	\$ 1,258,201

(Continued)

Capital Projects					
Sewer Facility Replacement Fund	Capital Improvement Program	Transportation Partnership Fund	Transportation Equity Act	Traffic Congestion Relief Fund	Total Other Governmental Funds
\$ 5,448,420	\$ 1,227,054	\$ 338,672	\$ -	\$ -	\$ 73,805,020
76,546	-	-	-	-	111,141
544	-	-	-	-	696,725
35,020	8,901	2,430	-	2,478	2,596,324
-	-	-	-	-	14,206,128
-	-	868	-	-	346,615
-	-	-	1,123,880	-	4,933,777
804,218	-	-	-	-	8,183,512
-	-	-	-	-	4,095,920
-	5,073,461	-	-	-	21,031,385
-	-	-	-	-	7,946,095
<u>\$ 6,364,748</u>	<u>\$ 6,309,416</u>	<u>\$ 341,970</u>	<u>\$ 1,123,880</u>	<u>\$ 2,478</u>	<u>\$ 137,952,642</u>

\$ -	\$ 978	\$ -	\$ -	\$ -	\$ 1,450,748
-	-	-	-	-	2,675
-	-	-	914,371	868	4,296,714
-	22,090	-	-	-	22,090
-	-	-	-	-	400
124,218	-	-	-	-	5,073,851
<u>124,218</u>	<u>23,068</u>	<u>-</u>	<u>914,371</u>	<u>868</u>	<u>10,846,478</u>

306,669	9,259,021	-	76,031	4,126	19,729,863
680,000	-	-	-	-	17,751,248
-	-	-	-	-	6,300,196
-	-	-	-	-	7,946,095
-	-	-	-	-	8,979,615
-	-	-	-	-	166,394
5,253,861	-	341,970	133,478	-	49,527,294
-	(2,972,673)	-	-	(2,516)	16,705,459
<u>6,240,530</u>	<u>6,286,348</u>	<u>341,970</u>	<u>209,509</u>	<u>1,610</u>	<u>127,106,164</u>
<u>\$ 6,364,748</u>	<u>\$ 6,309,416</u>	<u>\$ 341,970</u>	<u>\$ 1,123,880</u>	<u>\$ 2,478</u>	<u>\$ 137,952,642</u>

(Concluded)

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2004

	Special Revenue					
	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Open Space Districts	Housing Programs
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,745,533	-	-	-	-	-
Licenses and permits	-	33,015	-	-	-	-
Developer fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	65,830	524,342	-	-	-
Use of money and property	(13,618)	251,215	3,642	284	84,420	1,095
Other	-	-	-	-	5,436,198	114
Total revenues	3,731,915	350,060	527,984	284	5,520,618	1,209
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	301,801	-	-	-	-
Public works	-	-	-	-	4,126,413	-
Parks and recreation	-	-	-	-	-	-
Library	-	-	-	-	-	-
Capital outlay	369,450	-	-	-	128	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	369,450	301,801	-	-	4,126,541	-
REVENUES OVER (UNDER) EXPENDITURES	3,362,465	48,259	527,984	284	1,394,077	1,209
OTHER FINANCING SOURCES (USES):						
Gain from sale of fixed assets	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(3,434,166)	(4,257)	(686,015)	-	(71,047)	(6,332)
Total other financing sources (uses)	(3,434,166)	(4,257)	(686,015)	-	(71,047)	(6,332)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(71,701)	44,002	(158,031)	284	1,323,030	(5,123)
FUND BALANCES:						
Beginning of year, as restated (Note 12)	1,507,364	18,243	279,477	25,198	7,233,945	742,162
Prior period adjustment	-	-	-	-	-	-
End of year	<u>\$ 1,435,663</u>	<u>\$ 62,245</u>	<u>\$ 121,446</u>	<u>\$ 25,482</u>	<u>\$ 8,556,975</u>	<u>\$ 737,039</u>

Special Revenue				Debt Service				
Sundry Grants	Traffic Signals	Redevelopment Agency	Transportation Sales Tax	Public Financing Authority	1994 POB	Notes Payable	SD Regional Comm System	Calease
\$ -	\$ -	\$ 1,950,856	\$ 4,426,000	\$ -	\$ -	\$ -	\$ -	\$ -
3,875,055	617,541	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,489,061	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
627,767	30,627	79,149	(23,664)	381,252	37	-	(59)	-
1,359	-	44,083	-	-	-	-	-	-
4,504,181	2,137,229	2,074,088	4,402,336	381,252	37	-	(59)	-
1,193,579	-	1,049,189	-	4,135	2,475	-	-	-
585,525	-	-	-	10,175	-	-	-	-
306,107	78,299	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
44,841	-	-	-	-	-	-	-	-
1,435,958	1,128,297	-	4,371,603	-	-	-	-	-
-	-	-	-	1,950,000	990,000	14,095	161,561	145,233
-	-	217	-	4,109,727	943,435	26,199	134,173	10,196
3,566,010	1,206,596	1,049,406	4,371,603	6,074,037	1,935,910	40,294	295,734	155,429
938,171	930,633	1,024,682	30,733	(5,692,785)	(1,935,873)	(40,294)	(295,793)	(155,429)
-	-	-	-	-	-	-	-	-
-	-	6,331	-	3,259,462	1,933,101	40,294	295,024	155,430
(782,161)	(66,231)	(5,540)	-	-	-	-	-	-
(782,161)	(66,231)	791	-	3,259,462	1,933,101	40,294	295,024	155,430
156,010	864,402	1,025,473	30,733	(2,433,323)	(2,772)	-	(769)	1
4,493,729	1,845,668	16,804,501	9,009,551	5,052,449	4,862	-	920	399
-	-	-	-	6,357,848	-	-	-	-
\$ 4,649,739	\$ 2,710,070	\$ 17,829,974	\$ 9,040,284	\$ 8,976,974	\$ 2,090	\$ -	\$ 151	\$ 400

(Continued)

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2004

	Capital Project					Assessment
	Redevelopment Agency	Park Acquisition Development	Residential Construction Tax	Bicycle Facility	Industrial Development Authority	District Improvement Funds
REVENUES:						
Taxes	\$ 4,712,779	\$ -	\$ 1,664,625	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	112,050	-	-
Licenses and permits	-	-	-	-	-	-
Developer fees	6,874	19,980,662	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	420,526	833,399	22,897	2,797	222	2,625
Other	457,581	-	-	-	-	9,162
Total revenues	5,597,760	20,814,061	1,687,522	114,847	222	11,787
EXPENDITURES:						
Current:						
General government	4,424,853	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	29,825	-	-	-	-
Library	-	-	-	-	-	-
Capital outlay	558,186	1,175,212	1,633,884	179,343	-	135,873
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	4,964	-	-	-	-	-
Total expenditures	4,988,003	1,205,037	1,633,884	179,343	-	135,873
REVENUES OVER (UNDER) EXPENDITURES	609,757	19,609,024	53,638	(64,496)	222	(124,086)
OTHER FINANCING SOURCES (USES):						
Gain from sale of fixed assets	162,551	-	-	-	-	-
Operating transfers in	-	18,230	-	-	-	-
Operating transfers out	(1,022,751)	-	(127,272)	-	-	-
Total other financing sources (uses)	(860,200)	18,230	(127,272)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(250,443)	19,627,254	(73,634)	(64,496)	222	(124,086)
FUND BALANCES:						
Beginning of year, as restated (Note 12)	23,563,743	11,153,416	4,006,665	648,451	8,286	1,382,287
Prior period adjustment	-	-	-	-	-	-
End of year	\$ 23,313,300	\$ 30,780,670	\$ 3,933,031	\$ 583,955	\$ 8,508	\$ 1,258,201

Capital Projects					
Sewer Facility Replacement Fund	Capital Improvement Program	Transportation Partnership Fund	Transportation Equity Act	Traffic Congestion Relief Fund	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,754,260
-	-	-	646,428	-	8,996,607
-	-	-	-	-	33,015
-	-	-	-	-	19,987,536
579,816	-	-	-	-	2,068,877
-	-	-	-	-	590,172
36,848	885,869	(17,204)	-	(20,111)	3,590,015
-	-	-	-	-	5,948,497
<u>616,664</u>	<u>885,869</u>	<u>(17,204)</u>	<u>646,428</u>	<u>(20,111)</u>	<u>53,968,979</u>
-	-	-	-	-	6,674,231
-	-	-	-	-	897,501
-	-	-	-	-	4,510,819
-	-	-	-	-	29,825
-	-	-	-	-	44,841
226,805	21,452,066	-	646,428	379,222	33,692,455
-	-	-	-	-	3,260,889
-	-	-	-	-	5,228,911
<u>226,805</u>	<u>21,452,066</u>	<u>-</u>	<u>646,428</u>	<u>379,222</u>	<u>54,339,472</u>
<u>389,859</u>	<u>(20,566,197)</u>	<u>(17,204)</u>	<u>-</u>	<u>(399,333)</u>	<u>(370,493)</u>
-	-	-	-	-	162,551
-	-	-	-	-	5,707,872
-	(18,230)	(3,282)	-	-	(6,227,284)
-	(18,230)	(3,282)	-	-	(356,861)
389,859	(20,584,427)	(20,486)	-	(399,333)	(727,354)
5,850,671	33,228,623	362,456	209,509	400,943	127,833,518
-	(6,357,848)	-	-	-	-
<u>\$ 6,240,530</u>	<u>\$ 6,286,348</u>	<u>\$ 341,970</u>	<u>\$ 209,509</u>	<u>\$ 1,610</u>	<u>\$ 127,106,164</u>

(Concluded)

City of Chula Vista

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds (Budgetary Basis)

For the year ended June 30, 2004

	Special Revenue Funds					
	Transportation Grants			Parking Meter		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,778,507	3,745,533	(32,974)	-	-	-
Licenses and permits	-	-	-	24,500	33,015	8,515
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	73,241	65,830	(7,411)
Use of money and property	44,735	(13,618)	(58,353)	235,005	251,215	16,210
Other	-	-	-	-	-	-
Total revenues	3,823,242	3,731,915	(91,327)	332,746	350,060	17,314
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	337,580	301,801	35,779
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Library	-	-	-	-	-	-
Capital outlay	693,506	444,759	248,747	-	-	-
Debt service:						
Principal	80,000	-	80,000	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	773,506	444,759	328,747	337,580	301,801	35,779
REVENUES OVER (UNDER) EXPENDITURES	3,049,736	3,287,156	237,420	(4,834)	48,259	53,093
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(3,434,166)	(3,434,166)	-	(4,257)	(4,257)	-
Total other financing sources (uses)	(3,434,166)	(3,434,166)	-	(4,257)	(4,257)	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	\$ (384,430)	(147,010)	\$ 237,420	\$ (9,091)	44,002	\$ 53,093
FUND BALANCES:						
Beginning of year		1,507,364			18,243	
Prior year adjustment		-			-	
End of year		\$ 1,360,354			\$ 62,245	

Special Revenue Funds

Traffic Safety			Town Centre I			Open Space Districts		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
472,473	524,342	51,869	-	-	-	-	-	-
6,284	3,642	(2,642)	493	284	(209)	259,012	84,420	(174,592)
-	-	-	-	-	-	5,525,372	5,436,198	(89,174)
<u>478,757</u>	<u>527,984</u>	<u>49,227</u>	<u>493</u>	<u>284</u>	<u>(209)</u>	<u>5,784,384</u>	<u>5,520,618</u>	<u>(263,766)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,127,858	4,180,442	2,947,416
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	90,871	128	90,743
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,218,729</u>	<u>4,180,570</u>	<u>3,038,159</u>
<u>478,757</u>	<u>527,984</u>	<u>49,227</u>	<u>493</u>	<u>284</u>	<u>(209)</u>	<u>(1,434,345)</u>	<u>1,340,048</u>	<u>2,774,393</u>
-	-	-	-	-	-	-	-	-
(686,015)	(686,015)	-	-	-	-	(71,047)	(71,047)	-
(686,015)	(686,015)	-	-	-	-	(71,047)	(71,047)	-
<u>\$ (207,258)</u>	<u>(158,031)</u>	<u>\$ 49,227</u>	<u>\$ 493</u>	<u>284</u>	<u>\$ (209)</u>	<u>\$ (1,505,392)</u>	<u>1,269,001</u>	<u>\$ 2,774,393</u>
	279,477			25,198			7,233,945	
	-			-			-	
	<u>\$ 121,446</u>			<u>\$ 25,482</u>			<u>\$ 8,502,946</u>	

(Continued)

City of Chula Vista

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds (Budgetary Basis), Continued For the year ended June 30, 2004

	Special Revenue Funds					
	Housing Programs			Sundry Grants		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	5,704,179	3,875,055	(1,829,124)
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	10,000	1,095	(8,905)	192,639	627,767	435,128
Other	-	114	114	500	1,359	859
Total revenues	10,000	1,209	(8,791)	5,897,318	4,504,181	(1,393,137)
EXPENDITURES:						
Current:						
General government	-	-	-	4,845,208	1,212,437	3,632,771
Public safety	-	-	-	-	585,525	(585,525)
Public works	-	-	-	1,078,767	653,090	425,677
Parks and recreation	-	-	-	63	-	63
Library	-	-	-	54,628	44,841	9,787
Capital outlay	-	-	-	3,246,584	1,694,332	1,552,252
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	-	9,225,250	4,190,225	5,035,025
REVENUES OVER (UNDER) EXPENDITURES	10,000	1,209	(8,791)	(3,327,932)	313,956	3,641,888
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(11,000)	(6,332)	4,668	(975,825)	(782,161)	193,664
Total other financing sources (uses)	(11,000)	(6,332)	4,668	(975,825)	(782,161)	193,664
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (1,000)	(5,123)	\$ (4,123)	\$ (4,303,757)	(468,205)	\$ 3,835,552
FUND BALANCES:						
Beginning of year		742,162			4,493,729	
Prior year adjustment		-			-	
End of year		\$ 737,039			\$ 4,025,524	

Special Revenue Funds

Traffic Signals			Redevelopment Agency			Transportation Sales Tax		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,531,191	\$ 1,950,856	\$ 419,665	\$ 3,800,000	\$ 4,426,000	\$ 626,000
154,000	617,541	463,541	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
763,602	1,489,061	725,459	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
60,941	30,627	(30,314)	97,617	79,149	(18,468)	477,560	(23,664)	(501,224)
-	-	-	-	44,083	44,083	-	-	-
978,543	2,137,229	1,158,686	1,628,808	2,074,088	445,280	4,277,560	4,402,336	124,776
-	-	-	2,220,061	2,055,217	164,844	-	-	-
-	-	-	-	-	-	-	-	-
92,690	78,299	14,391	-	-	-	2,136	-	2,136
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,840,249	1,668,420	1,171,829	-	-	-	12,210,969	8,290,205	3,920,764
-	-	-	-	-	-	-	-	-
-	-	-	1,000	217	783	-	-	-
2,932,939	1,746,719	1,186,220	2,221,061	2,055,217	165,627	12,213,105	8,290,205	3,922,900
(1,954,396)	390,510	2,344,906	(592,253)	18,871	610,907	(7,935,545)	(3,887,869)	4,047,676
-	-	-	11,000	6,331	(4,669)	-	-	-
(66,231)	(66,231)	-	(5,540)	(5,540)	-	-	-	-
(66,231)	(66,231)	-	5,460	791	(4,669)	-	-	-
<u>\$ (2,020,627)</u>	324,279	<u>\$ 2,344,906</u>	<u>\$ (586,793)</u>	19,662	<u>\$ 606,238</u>	<u>\$ (7,935,545)</u>	(3,887,869)	<u>\$ 4,047,676</u>
	1,845,668			16,804,501			9,009,551	
	-			-			-	
	<u>\$ 2,169,947</u>			<u>\$ 16,824,163</u>			<u>\$ 5,121,682</u>	

(Continued)

City of Chula Vista

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds (Budgetary Basis), Continued For the year ended June 30, 2004

	Debt Service Funds					
	Public Financing Authority			1994 POB		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	297,087	381,252	84,165	-	37	37
Other	-	-	-	-	-	-
Total revenues	297,087	381,252	84,165	-	37	37
EXPENDITURES:						
Current:						
General government	5,000	4,135	865	2,500	2,475	25
Public safety	14,950	10,175	4,775	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Library	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	1,950,000	1,950,000	-	990,000	990,000	-
Interest	4,109,728	4,109,727	1	943,435	943,435	-
Total expenditures	6,079,678	6,074,037	5,641	1,935,935	1,935,910	25
REVENUES OVER (UNDER) EXPENDITURES	(5,782,591)	(5,692,785)	89,806	(1,935,935)	(1,935,873)	62
OTHER FINANCING SOURCES (USES):						
Operating transfers in	3,256,770	3,259,462	2,692	1,935,935	1,933,101	(2,834)
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	3,256,770	3,259,462	2,692	1,935,935	1,933,101	(2,834)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (2,525,821)	(2,433,323)	\$ 92,498	\$ -	(2,772)	\$ (2,772)
FUND BALANCES:						
Beginning of year		5,052,449			4,862	
Prior year adjustment		6,357,848			-	
End of year		\$ 8,976,974			\$ 2,090	

Debt Service Funds

SD Regional Comm System			CaLease			Notes Payable		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
133	(59)	(192)	10,711	-	(10,711)	-	-	-
-	-	-	-	-	-	-	-	-
<u>133</u>	<u>(59)</u>	<u>(192)</u>	<u>10,711</u>	<u>-</u>	<u>(10,711)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
161,561	161,561	-	145,233	145,233	-	14,095	14,095	-
134,173	134,173	-	10,196	10,196	-	26,199	26,199	-
<u>295,734</u>	<u>295,734</u>	<u>-</u>	<u>155,429</u>	<u>155,429</u>	<u>-</u>	<u>40,294</u>	<u>40,294</u>	<u>-</u>
<u>(295,601)</u>	<u>(295,793)</u>	<u>(192)</u>	<u>(144,718)</u>	<u>(155,429)</u>	<u>(10,711)</u>	<u>(40,294)</u>	<u>(40,294)</u>	<u>-</u>
295,734	295,024	(710)	155,430	155,430	-	40,294	40,294	-
-	-	-	-	-	-	-	-	-
<u>295,734</u>	<u>295,024</u>	<u>(710)</u>	<u>155,430</u>	<u>155,430</u>	<u>-</u>	<u>40,294</u>	<u>40,294</u>	<u>-</u>
<u>\$ 133</u>	<u>(769)</u>	<u>\$ (902)</u>	<u>\$ 10,712</u>	<u>1</u>	<u>\$ (10,711)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	920			399			-	
	-			-			-	
	<u>\$ 151</u>			<u>\$ 400</u>			<u>\$ -</u>	

(Continued)

City of Chula Vista

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds (Budgetary Basis), Continued For the year ended June 30, 2004

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Taxes	\$ 5,331,191	\$ 6,376,856	\$ 1,045,665
Intergovernmental	9,636,686	8,238,129	(1,398,557)
Licenses and permits	24,500	33,015	8,515
Charges for services	763,602	1,489,061	725,459
Fines and forfeitures	545,714	590,172	44,458
Use of money and property	1,692,217	1,422,147	(270,070)
Other	5,525,872	5,481,754	(44,118)
Total revenues	<u>23,519,782</u>	<u>23,631,134</u>	<u>111,352</u>
EXPENDITURES:			
Current:			
General government	7,072,769	3,274,264	3,798,505
Public safety	352,530	897,501	(544,971)
Public works	8,301,451	4,911,831	3,389,620
Parks and recreation	63	-	63
Library	54,628	44,841	9,787
Capital outlay	19,082,179	12,097,844	6,984,335
Debt service:			
Principal	3,340,889	3,260,889	80,000
Interest	5,224,731	5,223,947	784
Total expenditures	<u>43,429,240</u>	<u>29,711,117</u>	<u>13,718,123</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(19,909,458)</u>	<u>(6,079,983)</u>	<u>13,829,475</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	5,695,163	5,689,642	(5,521)
Operating transfers out	(5,254,081)	(5,055,749)	198,332
Total other financing sources (uses)	<u>441,082</u>	<u>633,893</u>	<u>192,811</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (19,468,376)</u>	<u>(5,446,090)</u>	<u>\$ 14,022,286</u>
FUND BALANCES:			
Beginning of year		47,018,468	
Prior year adjustment		6,357,848	
End of year		<u>\$ 47,930,226</u>	

(Concluded)

INTERNAL SERVICE FUNDS



CITY OF
CHULA VISTA

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Fleet Management - This fund was established to account for vehicle and equipment services provided to City departments. Revenue accruing to this fund comes from charges to City departments benefiting from services provided.

Technology Replacement - This fund was established to account for computer and other technology services provided to City departments. Revenue accruing to this fund comes from charges to city departments benefiting from services provided.

Stores Inventory - This fund accounts for the City's Warehouse and Central Stores operation. The source of revenue is a reimbursement of costs for items purchased by other departments.

City of Chula Vista
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2004

	Fleet Management	Technology Replacement	Stores Inventory	Total
ASSETS				
Current assets:				
Cash and investments	\$ 3,895,365	\$ 1,650,082	\$ 49,500	\$ 5,594,947
Interest receivable	26,856	10,804	436	38,096
Other receivable	9,366	-	-	9,366
Inventories	-	-	35,279	35,279
Prepaid expenses	683,482	-	-	683,482
Property, plant and equipment	11,420,056	-	-	11,420,056
Less accumulated depreciation	(7,762,627)	-	-	(7,762,627)
Net property, plant and equipment	3,657,429	-	-	3,657,429
Total assets	8,272,498	1,660,886	85,215	10,018,599
LIABILITIES				
Current liabilities:				
Accounts payable	183,276	918	8,935	193,129
Accrued liabilities	47,239	-	-	47,239
Compensated absences	57,289	-	-	57,289
Total liabilities	287,804	918	8,935	297,657
NET ASSETS				
Invested in capital assets net of related debt	3,657,429	-	-	3,657,429
Unrestricted	4,327,265	1,659,968	76,280	6,063,513
Total net assets	\$ 7,984,694	\$ 1,659,968	\$ 76,280	\$ 9,720,942

City of Chula Vista
Combining Statement of Activities and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2004

	Fleet Management	Technology Replacement	Stores Inventory	Total
OPERATING REVENUES:				
Charges for services	\$ 5,472,794	\$ 539,701	\$ 155,467	\$ 6,167,962
Total operating revenues	5,472,794	539,701	155,467	6,167,962
OPERATING EXPENSES:				
Operation and administration	3,175,274	306,643	151,763	3,633,680
Depreciation	1,620,083	-	-	1,620,083
Total operating expenses	4,795,357	306,643	151,763	5,253,763
Operating income (loss)	677,437	233,058	3,704	914,199
NONOPERATING REVENUES:				
Other miscellaneous	17,474	-	-	17,474
Gain on sale of fixed assets	138,382	-	-	138,382
Interest revenue	106,555	42,082	1,312	149,949
Total nonoperating revenues	262,411	42,082	1,312	305,805
Income (loss) before transfers	939,848	275,140	5,016	1,220,004
OTHER FINANCING SOURCES (USES):				
Transfers out	(47,014)	-	(15,000)	(62,014)
Total other financing sources (uses)	(47,014)	-	(15,000)	(62,014)
Net income (loss)	892,834	275,140	(9,984)	1,157,990
Net increase (decrease) in net assets	892,834	275,140	(9,984)	1,157,990
NET ASSETS:				
Beginning of year	7,091,860	1,384,828	86,264	8,562,952
End of year	<u>\$ 7,984,694</u>	<u>\$ 1,659,968</u>	<u>\$ 76,280</u>	<u>\$ 9,720,942</u>

City of Chula Vista
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2004

	Fleet Management	Technology Replacement	Stores Inventory	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/other funds	\$ 4,802,707	\$ 539,701	\$ 149,716	\$ 5,492,124
Cash payments to suppliers for goods and services	(3,173,351)	(305,725)	(142,846)	(3,621,922)
Miscellaneous	17,474	-	-	17,474
Net cash provided (used) by operating activities	1,646,830	233,976	6,870	1,887,676
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Capital expenditures	(1,500,397)	-	-	(1,500,397)
Operating transfers out	(47,014)	-	(15,000)	(62,014)
Net cash provided (used) by noncapital financing activities	(1,547,411)	-	(15,000)	(1,562,411)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the sale of fixed assets	138,382	-	-	138,382
Net cash provided (used) by capital and related financing activities	138,382	-	-	138,382
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest revenue	106,555	42,082	1,312	149,949
Interest receivable	(16,760)	(5,758)	86	(22,432)
Net cash provided (used) by investing activities	89,795	36,324	1,398	127,517
Net increase (decrease) in cash and cash equivalents	327,596	270,300	(6,732)	591,164
CASH AND CASH EQUIVALENTS:				
Beginning of year	3,567,769	1,379,782	56,232	5,003,783
End of year	\$ 3,895,365	\$ 1,650,082	\$ 49,500	\$ 5,594,947
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 677,437	\$ 233,058	\$ 3,704	\$ 914,199
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,620,083	-	-	1,620,083
Miscellaneous	17,474	-	-	17,474
Changes in operating assets and liabilities:				
Other receivable	13,395	-	-	13,395
Inventories	-	-	(5,751)	(5,751)
Prepaid items	(683,482)	-	-	(683,482)
Accounts payable	(19,656)	918	8,917	(9,821)
Accrued liabilities	10,818	-	-	10,818
Compensated absences	10,761	-	-	10,761
Total adjustments	969,393	918	3,166	973,477
Net cash provided (used) by operating activities	\$ 1,646,830	\$ 233,976	\$ 6,870	\$ 1,887,676

CAPITAL ASSETS USED IN THE OPERATING OF GOVERNMENTAL FUNDS

To account for capital assets not used in proprietary fund operations or accounted for in Agency Funds.

City of Chula Vista
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source*
June 30, 2004

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 53,732,717
Buildings, structures and improvements other than buildings	143,402,396
Machinery and equipment	19,187,065
Infrastructure	556,911,675
Construction in progress	<u>65,907,569</u>
Total governmental funds capital assets	<u><u>\$ 839,141,422</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General Fund	\$ 827,809,912
Redevelopment Agency	<u>11,331,510</u>
Total governmental funds capital assets	<u><u>\$ 839,141,422</u></u>

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

City of Chula Vista
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity*
June 30, 2004

	Land, Buildings, Improvements	Machinery and Equipment	Construction in Progress	Infrastructure	Total
GOVERNMENTAL FUNDS					
CAPITAL ASSETS:					
General government	\$ 18,778,025	\$ 2,974,483	\$ 2,993,341	\$ -	\$ 24,745,849
Library	10,577,471	1,732,702	254,665	-	12,564,838
Public safety	20,855,586	7,577,251	58,571,620	-	87,004,457
Public works	66,148,821	5,516,772	-	556,911,675	628,577,268
Parks and recreation	80,775,210	1,385,857	4,087,943	-	86,249,010
Total governmental funds capital assets	\$ 197,135,113	\$ 19,187,065	\$ 65,907,569	\$ 556,911,675	\$ 839,141,422

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

City of Chula Vista

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets - By Function and Activity*

For the year ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Inventory Adjustments	Balance June 30, 2004
GOVERNMENTAL FUNDS					
CAPITAL ASSETS:					
General government	\$ 34,764,660	\$ 3,283,350	\$ (1,037,962)	\$ (12,264,199)	\$ 24,745,849
Library	12,453,352	69,811	(56,324)	97,999	12,564,838
Public safety	60,262,411	30,822,900	(3,166,901)	(913,953)	87,004,457
Public works	583,246,790	61,068,167	(29,702)	(15,707,987)	628,577,268
Parks and recreation	43,856,286	13,644,160	(1,680,500)	30,429,064	86,249,010
Total governmental funds capital assets	\$ 734,583,499	\$ 108,888,388	\$ (5,971,389)	\$ 1,640,924	\$ 839,141,422

* This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts.

FIDUCIARY FUNDS

City of Chula Vista
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 35,493,298	\$ 35,775,207	\$ (48,273,412)	\$ 22,995,093
Restricted cash and investments:				
Held by fiscal agents	86,679,315	86,585,239	(73,267,178)	99,997,376
Total assets	\$ 122,172,613	\$ 122,360,446	\$ (121,540,590)	\$ 122,992,469
Liabilities:				
Due to bondholders	\$ 94,219,341	\$ 104,032,566	\$ (89,246,729)	\$ 109,005,178
Refundable deposits	27,953,272	18,327,880	(32,293,861)	13,987,291
Total liabilities	\$ 122,172,613	\$ 122,360,446	\$ (121,540,590)	\$ 122,992,469

City of Chula Vista
COMPARISON OF EXPENDITURES
ALL GOVERNMENTAL FUND TYPES - BY FUNCTION
Fiscal years 1994-95 through 2003-04

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Library	Capital Outlay	Debt Service	Total
1994-95	\$ 20,789,230	\$ 24,863,464	\$ 24,557,307	\$ 4,967,339	\$ 3,611,376	\$ 17,099,576	\$ 15,419,191	\$ 111,307,483
1995-96	22,733,003	24,817,345	21,340,432	5,088,326	3,821,904	15,165,850	15,738,640	108,705,500
1996-97	19,891,018	27,185,002	19,613,270	5,181,446	3,794,923	10,047,183	8,958,177	94,671,019
1997-98	24,642,584	28,671,415	16,522,196	5,189,646	4,012,880	11,931,854	12,066,342	103,036,917
1998-99	30,394,175	30,389,303	17,066,054	5,254,699	4,055,320	14,856,114	10,298,149	112,313,814
1999-00	27,076,455	32,801,593	17,317,738	7,281,437	4,459,714	26,061,862	9,214,014	124,212,813
2000-01	34,654,440	36,708,459	19,042,704	7,178,156	6,466,239	39,501,448	9,375,155	152,926,601
2001-02	34,016,579	40,871,945	42,619,603	4,197,104	6,932,686	54,614,051	20,744,999	203,996,967
2002-03	35,884,084	45,781,808	49,118,238	4,820,255	7,803,208	66,522,243	16,863,279	226,793,115
2003-04	38,239,086	52,491,410	54,430,850	4,824,714	7,583,333	56,039,237	24,272,831	237,881,461

Source: City of Chula Vista Finance Department

City of Chula Vista
COMPARISON OF REVENUES
ALL GOVERNMENTAL FUND TYPES - BY SOURCE
Fiscal years 1994-95 through 2003-04

Fiscal Year	Revenues			Fines and		Developer Fees	Use of Money and Property	Other Revenue	Total
	Taxes	From Other Agencies	Licenses and Permits	Charges For Services	Forfeitures				
1994-95	\$ 39,696,917	\$ 24,196,424	\$ 1,802,407	\$ 16,496,260	\$ 509,027	\$ 3,626,243	\$ 6,192,931	\$ 4,338,738	\$ 96,858,947
1995-96	41,359,618	23,535,828	1,662,946	16,472,487	686,571	4,308,893	6,766,404	3,355,416	98,148,163
1996-97	43,099,392	20,330,946	1,974,193	17,382,887	786,343	4,753,439	6,559,872	2,376,382	97,263,454
1997-98	41,933,708	26,130,326	2,108,363	23,548,022	782,262	3,514,733	8,095,524	3,043,667	109,156,605
1998-99	44,970,538	28,254,661	3,479,408	31,308,860	1,139,629	8,184,120	8,655,111	4,052,957	130,045,284
1999-00	50,705,665	20,467,180	3,578,797	28,807,668	1,353,089	12,318,528	8,815,441	12,404,057	138,450,425
2000-01	61,221,376	25,331,070	4,418,166	35,709,477	1,390,364	18,900,505	14,044,861	13,558,041	174,573,860
2001-02	64,314,781	31,307,984	3,484,799	35,194,542	1,452,879	10,639,125	19,359,038	22,812,525	188,565,673
2002-03	58,729,882	31,868,289	4,596,975	38,994,778	1,507,652	25,613,027	13,874,221	21,862,659	197,047,483
2003-04	72,842,579	24,600,541	5,533,743	44,940,117	1,568,585	44,032,302	5,113,371	25,318,879	223,950,117

Source: City of Chula Vista Finance Department

City of Chula Vista
PROPERTY TAXES LEVIED AND TAX COLLECTIONS
Fiscal years 1994-95 through 2003-04

Fiscal Year	Current Tax Levied	Current Tax Collections	Percent of Collections To Tax Levied	Delinquent Tax Collections	Delinquent Tax Receivables
1995	\$ 8,211,363	\$ 7,903,599	96.25%	\$ 298,118	\$ 469,331
1996	8,484,485	8,202,654	96.68%	234,671	463,396
1997	8,632,793	8,384,985	97.13%	212,969	432,747
1998	8,675,402	8,525,374	98.27%	233,881	338,404
1999	9,257,807	9,108,378	98.39%	243,354	280,041
2000	10,133,358	9,940,830	98.10%	144,306	253,037
2001	11,254,079	11,073,584	98.40%	165,738	223,047
2002	12,806,109	12,602,185	98.41%	160,066	199,500
2003	14,293,880	14,066,050	98.41%	169,521	192,877
2004	16,200,005	15,959,738	98.52%	185,237	188,007

Source: County of San Diego, Auditor and Controller

City of Chula Vista

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA Fiscal years 1994-95 through 2003-04

Fiscal Year	Population	Assessed Value	Gross Bonded Debt (1)	Less: Debt Service Fund (2)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Valuation	Net Bonded Debt Per Capita
1995	149,800	\$ 6,139,361,340	\$ 17,017,964	\$ 3,792	\$ 17,014,172	0.0028	\$ 114
1996	152,700	6,578,804,531	17,231,335	2,269	17,229,066	0.0026	113
1997	156,400	6,472,789,468	17,152,210	3,106	17,149,104	0.0026	110
1998	162,100	6,611,733,375	16,997,033	3,150	16,993,883	0.0026	105
1999	166,900	7,112,344,330	16,757,351	1,736	16,755,615	0.0024	100
2000	174,300	8,088,272,068	16,419,851	1,791	16,418,060	0.0020	94
2001	183,300	8,842,004,135	15,971,353	3,321	15,968,032	0.0018	87
2002	190,900	10,128,896,888	15,456,449	3,721	15,452,728	0.0015	81
2003	199,700	11,545,381,810	14,799,026	4,862	14,794,164	0.0013	74
2004	209,100	13,224,121,249	13,985,870	2,090	13,983,780	0.0011	67

(1) Pension Obligation Bonds

(2) Amount available for repayment of bonded debt (Redevelopment Agency excluded)

Sources: State of California Department of Finance
County of San Diego Auditor and Controller

City of Chula Vista
COMPARISON OF ASSESSED VALUATIONS
SECURED AND UNSECURED
Fiscal years 1994-95 through 2003-04

Fiscal Year	Secured Property	Unsecured Property	Total Assessed Value
1994-95	\$ 5,926,917,796	\$ 212,443,544	\$ 6,139,361,340
1995-96	6,137,907,854	440,896,677	6,578,804,531
1996-97	6,236,887,198	235,902,270	6,472,789,468
1997-98	6,237,098,825	374,634,550	6,611,733,375
1998-99	6,871,646,825	240,697,505	7,112,344,330
1999-00	7,612,123,506	476,148,562	8,088,272,068
2000-01	8,543,855,835	298,148,300	8,842,004,135
2001-02	9,732,749,187	396,147,701	10,128,896,888
2002-03	11,204,758,144	340,623,666	11,545,381,810
2003-04	12,877,493,259	346,627,990	13,224,121,249

Assessed property includes valuations for Community Redevelopment projects

Source: County of San Diego

City of Chula Vista
COMPARISON OF PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Fiscal years 1994-95 through 2003-04

Fiscal Year	Range	
	From (%)	To (%)
1994-1995	1.01025	1.11025
1995-1996	1.01010	1.11010
1996-1997	1.01016	1.11016
1997-1998	1.01007	1.10070
1998-1999	1.00997	1.00997
1999-2000	1.00990	1.13469
2000-2001	1.00971	1.09486
2001-2002	1.04071	1.09320
2002-2003	1.03500	1.08390
2003-2004	1.02683	1.07483

The tax rate is per \$100 assessed valuation

The tax rate is Prop 13 full value tax rate plus voter approved debt service tax rate.

Source: County of San Diego, Auditor & Controller

City of Chula Vista

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES Fiscal years 1994-95 through 2003-04

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Expenditures
1994-95	\$ -	\$ 936,581	\$ 936,581	\$ 111,307,483	0.008
1995-96	-	1,123,898	1,123,898	108,705,500	0.010
1996-97	310,000	1,114,520	1,424,520	94,671,019	0.015
1997-98	405,000	1,091,980	1,496,980	103,036,917	0.015
1998-99	510,000	1,061,223	1,571,223	112,313,814	0.014
1999-00	630,000	1,021,263	1,651,263	124,212,813	0.013
2000-01	765,000	971,166	1,736,166	152,926,600	0.011
2001-02	800,000	943,435	1,743,435	203,996,967	0.009
2002-03	895,000	943,435	1,838,435	226,793,115	0.008
2003-04	990,000	943,435	1,933,435	237,881,461	0.008

Source: City of Chula Vista Finance Department

City of Chula Vista
COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2004

Assessed Valuation:		
Assessed Value		\$ 13,224,121,249
Legal Debt Margin:		
Debt Limitation - 15% of total assessed value (1)	\$	1,983,618,187
Less: Debt Applicable to Limitation		
Pension Obligation Bonds		(13,985,870)
Legal Debt Margin	\$	1,969,632,317

(1) Government Code 43605

Source: San Diego County Auditor and Controller
City of Chula Vista Finance Department

City of Chula Vista

COMPARISON OF CONSTRUCTION AND BUSINESS ACTIVITIES

Fiscal years 1994-95 through 2003-04

Fiscal Year	Building Permits		Percent of Increase (Decrease) Over Previous Year	Total Construction Valuation (In Millions)	Percent Change	Business Licenses		Percent of Increase (Decrease) Over Previous Year
	Number	Amount				Number	Amount	
1994-95	3,490	\$ 1,439,206	4.93%	140	(33.33%)	7,879	\$ 801,331	(19.25%)
1995-96	2,980	1,290,477	(10.33%)	175	25.00%	8,134	809,134	0.97%
1996-97	3,125	1,660,572	28.68%	200	14.29%	8,565	753,434	(6.88%)
1997-98	3,220	1,758,086	5.87%	290	45.00%	8,927	765,085	1.55%
1998-99	4,010	3,088,957	75.70%	480	65.52%	10,311	876,991	14.63%
1999-00	4,874	3,129,790	1.32%	400	(16.67%)	10,197	865,005	(1.37%)
2000-01	5,671	3,986,912	27.39%	574	43.50%	10,400	1,081,811	25.06%
2001-02	5,267	3,032,352	(23.94%)	543	(5.40%)	10,895	1,108,566	2.47%
2002-03	6,557	4,013,076	32.34%	662	21.92%	10,954	1,085,986	(2.04%)
2003-04	6,951	5,049,320	25.82%	826	24.77%	10,184	1,063,847	(2.04%)

Source: City of Chula Vista Finance Department
 City of Chula Vista Department of Planning and Building

City of Chula Vista
COMPARISON OF DEMOGRAPHIC STATISTICS
Calendar years 1995 through 2004

Year	City of Chula Vista Population	City Population Percent Change	County of San Diego Population	County Population Percent Change
1995	149,800	2.25%	2,658,775	0.77%
1996	152,700	1.94%	2,682,100	0.88%
1997	156,400	2.42%	2,729,100	1.75%
1998	162,100	3.64%	2,795,600	2.44%
1999	166,900	2.96%	2,853,475	2.07%
2000	174,400	4.49%	2,835,400	-0.63%
2001	183,300	5.10%	2,883,600	1.70%
2002	190,900	5.40%	2,918,300	2.00%
2003	199,700	4.61%	2,961,600	1.48%
2004	209,100	4.71%	3,017,200	1.88%

Source: State of California, Department of Finance (As of January)

City of Chula Vista
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2004

2003-04 Assessed Valuation:	\$ 13,224,121,249
Redevelopment Incremental Valuation:	633,179,722
Adjusted Assessed Valuation:	<u>\$ 12,590,941,527</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Percentage Applicable	Outstanding Debt as of 6/30/04
Metropolitan Water District	1.030%	\$ 4,608,993
Otay Municipal Water District, I.D. No. 27	99.997%	10,304,691
Southwestern Community College District	52.222%	20,081,970
Sweetwater Union High School District	62.337%	53,126,708
Chula Vista City School District	84.631%	63,904,868
City of Chula Vista Community Facilities Districts	100.000%	165,985,000
Sweetwater Union High School District Community Facilities Districts	42.346-100%	126,391,254
Chula Vista City School District Community Facilities Districts	100.000%	8,170,000
City of Chula Vista 1915 Act Bonds	100.000%	53,210,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 505,783,484</u>

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:

San Diego County General Fund Obligations	5.470%	\$ 23,593,224
San Diego County Pension Obligations	5.465%	69,344,178
San Diego County Superintendent of Schools Obligations	5.465%	113,535
Southwestern Community College District Certificates of Participation	52.222%	1,605,827
Sweetwater Union High School District Certificates of Participation	62.337%	12,722,982
Chula Vista City School District Certificates of Participation	84.631%	75,740,513
City of Chula Vista Certificates of Participation	100.000%	92,920,000 (1)
City of Chula Vista Pension Obligations	100.000%	12,755,445
Otay Municipal Water District Certificates of Participation	58.887%	14,945,521
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 303,741,225</u>
Less: Otay Municipal Water District Certificates of Participation		14,945,521
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 288,795,704</u>

GROSS COMBINED TOTAL DEBT	<u>\$ 809,524,709 (2)</u>
NET COMBINED TOTAL DEBT	<u>\$ 794,579,188</u>

(1) Excludes \$37,240,000 certificates of participation, dated 9/16/04.

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

Ratios to 2003-04 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	3.82%
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Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$105,675,445)	0.84%
Gross Combined Total Debt	6.43%
Net Combined Total Debt	6.31%

Source: Muni Financial

City of Chula Vista
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
Fiscal years 1994-95 through 2003-04

Fiscal Year	Special Assessment Due	Special Assessment Collected	Percent Of Collections to Amount Due	Special Assessment Receivable
1994-1995	\$ 10,527,603	\$ 10,233,762	97.21%	\$ 293,841
1995-1996	9,995,661	9,681,874	96.86%	313,787
1996-1997	10,504,612	10,279,923	97.86%	224,689
1997-1998	10,761,187	10,254,648	95.29%	506,539
1998-1999	10,751,341	10,527,243	97.92%	224,098
1999-2000	13,715,941	13,430,004	97.92%	285,937
2000-2001	16,674,428	16,365,924	98.15%	308,504
2001-2002	16,833,041	16,316,909	96.93%	516,132
2002-2003	19,419,678	19,154,806	98.64%	264,872
2003-2004	23,162,523	22,732,407	98.14%	430,115

Source: County of San Diego, Auditor & Controller

City of Chula Vista
PRINCIPAL TAXPAYERS AND THEIR ASSESSED VALUES
June 30, 2004

Taxpayers	Total Tax	Assessed Valuation	Percentage of Assessed Valuation to total Assessed Valuation
EASTLAKE COMPANY LLC	\$ 2,955,440.22	\$ 101,282,512.00	0.77%
OTAY PROJECT LP	2,509,863.76	131,180,180.00	0.99%
THE CORKY MCMILLIN COMPANIES	2,045,384.54	127,125,453.00	0.96%
ROHR INC	1,941,451.58	182,862,681.00	1.38%
TRIMARK SAN MIGUEL RANCH	1,139,249.08	64,362,704.00	0.49%
BRE PROPERTIES	922,431.10	87,094,112.00	0.66%
SSR REALTY ADVISORS/CALSTRS	858,589.80	67,773,900.00	0.51%
DUKE ENERGY SOUTH BAY LLP	762,938.94	71,909,542.00	0.54%
C V CENTER LLC	671,279.26	63,224,180.00	0.48%
CONTINENTAL RESIDENTIAL INC	602,476.38	40,911,416.00	0.31%
EAGLE LOMAS VERDES	566,596.62	52,715,000.00	0.40%
SHARP CHULA VISTA MEDICAL CENTER	466,684.74	43,901,255.00	0.33%
CAMDEN USA INC	459,601.16	42,760,360.00	0.32%
D W CHULA VISTA LP	453,498.32	21,360,711.00	0.16%
MGI SUNBOW LTD PARTNERSHIP	441,613.18	41,086,795.00	0.31%
GATEWAY CHULA VISTA LLC	413,192.18	54,642,974.00	0.41%
	\$ 17,210,290.86	\$ 1,194,193,775.00	9.03%

Source: San Diego County Auditor and Controller

City of Chula Vista
SCHEDULE OF BOND RETIREMENT
1965 GOLF COURSE
Fiscal years 1994-95 through 2003-04

Fiscal Year	Golf Course		Total Principal & Interest	Unmatured Principal at Year End Golf Course
	Principal	Interest		
1994-1995	\$ 50,000	\$ 2,925	\$ 52,925	\$ 50,000
1995-1996	50,000	975	50,975	-
1996-1997	-	-	-	-
1997-1998	-	-	-	-
1998-1999	-	-	-	-
1999-2000	-	-	-	-
2000-2001	-	-	-	-
2001-2002	-	-	-	-
2002-2003	-	-	-	-
2003-2004	-	-	-	-

Source: City of Chula Vista Finance Department

City of Chula Vista
PRINCIPAL EMPLOYERS
For the year ended June 30, 2004

Company	Product	Employment
B.F Goodrich Aerospace	Aerospace Manufacturing	1,922
Sharp Chula Vista Medical Center	Hospital	1,221
Scripps Memorial Hospital	Hospital	865
United Parcel Service	Parcel Delivery Service	649
Sears Roebuck & Co.	General Merchandise	340
A T C Vancom of California L P	Transit Company	284
Costco Wholesale Corp# 405	General Merchandise	281
Costco Wholesale Corp# 460	General Merchandise	275
Wal-Mart Store #3516	General Merchandise	250
Home Depot#658	Building Supplies/Hardware	245
Bayview Behavioral Health Campus	Hospital	236
Target #203	General Merchandise	230
Federated Western Prop	Department Store	229
Raytheon Systems Company	Communications	200
Target #1815	General Merchandise	194
Target #204	General Merchandise	180
Hitachi Home Electronics (America) Inc.	Home Electronics	163
Knotts Soak City USA	Entertainment - Theme Park	160
Fredericka Manor	Retirement Community	160

Source: City of Chula Vista Finance Department (excluding City of Chula Vista employees)

City of Chula Vista
MISCELLANEOUS STATISTICAL DATA
June 30, 2004

Date of Incorporation:	1911
Form of Government:	Council/Manager
Population:	209,100
Housing Units:	73,744
Median Household Income:	\$51,812
Fire Class Rating:	3
Fire Personnel Ratio:	0.46/1000
Police Personnel Ratio:	1.24/1000
Bond Rating:	A

TOTAL CITY EMPLOYEES AT JUNE 30			
Year	Number of Employees	Percent of Increase (Decrease) Over Previous Year	Number of Employees Per Thousands Population
1995	1029	6.63%	6.87
1996	1058	2.82%	6.93
1997	1028	(2.84%)	6.57
1998	1046	1.75%	6.45
1999	1083	3.54%	6.49
2000	1211	11.82%	6.95
2001	1279	5.62%	6.98
2002	1398	9.30%	7.32
2003	1403	0.36%	7.02
2004	1475	5.13%	7.05