



For the year ended **June 30, 2005**



Comprehensive Annual Financial Report

Chula Vista, California



Comprehensive Annual Financial Report

*For The Fiscal Year Ended
June 30, 2005*

Mayor
Stephen Padilla

City Council

Patty Davis
Jerry Rindone
John McCann
Steve Castaneda

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, 2005

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September 30, 2005

**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, 2005 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.

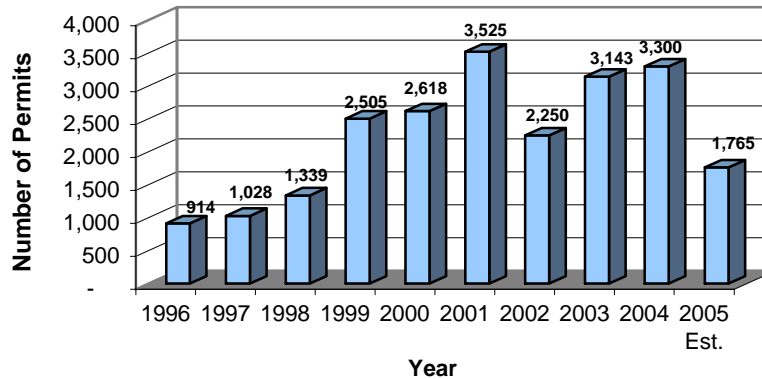
The City Charter charges the Director of Finance with the responsibility to supervise and be responsible for the disbursement of all monies and have control over all expenditures to ensure that budget appropriations are not exceeded. The level of budgetary control, that is, the level at which expenditures 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 \$64,140.

The City of Chula Vista, with a population of more than 217,000 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. More recent estimates released by the Census Bureau identify Chula Vista as the 20th fastest growing city with a population of 100,000 or more for the period of July 1, 2003 to July 1, 2004. 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 25 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 3,330 building permits for residential units issued in calendar year 2004 with an estimated decrease in 2005. The following graph shows the actual number of housing units completed during the last 10 calendar years with an estimate of calendar year 2005 permits.

**Residential Building Permits Issued
1996-2005**



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.

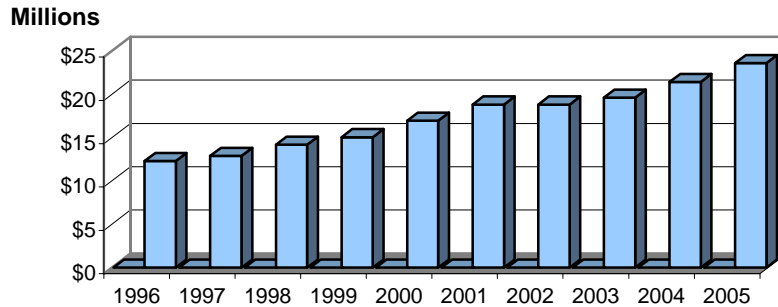
Recent economic data seem to indicate that the national economy is in an early growth period, which will only get stronger. The local San Diego economy continues to show healthy growth primarily due to continued housing developments resulting in increased sales tax and property tax revenues.

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 2005, sales taxes represented 17.1% 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 1996-2005, Chula Vista's sales tax revenues have grown approximately 93%, with most of that growth occurring after fiscal year 1997. During fiscal year 2005, Chula Vista's sales tax revenue experienced very healthy growth over the previous fiscal year at a rate of 10.2%. Again this was primarily due to the continued growth in the eastern sections of the City, which have led to the opening of various new commercial developments in the past year, which have included large retail stores such as 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**

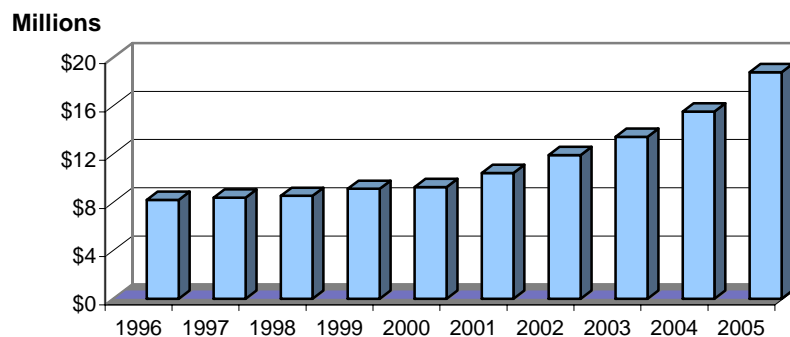


Property Taxes:

Under State law since 1979, property taxes for general government purposes are limited to 1% of the market value of the property assessed. In September 2005, the median price of a single family detached home was \$535,000 in western Chula Vista and \$664,167 in eastern Chula Vista, which were increases over the median prices in 2004 of \$475,000 and \$595,000 respectively. As stated in the San Diego Regional Chamber of Commerce Economic Bulletin 2005 Forecast, "The Economic Research Bureau anticipates a more moderate picture of San Diego's economy in 2005 and 2006 with housing price growth returning to historic norms, between 4% and 6%."

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 2005, property tax revenues grew by an all-time high of 21% from the previous fiscal year.

**Property Taxes
Ten-Year Chart**



Note: The 2005 figure was adjusted by \$1.8 million to assume receipt of the State "take away".

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 2005. 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.

During fiscal year 2005, the first phase of a \$50.4 million renovation of the Civic Center Complex was underway. The first phase of the Civic Center, which included the City Hall building was recently completed. This \$23 million facility includes an improved and enlarged Council Chambers, and offices for the City Council, City Administration, City Attorney, City Clerk, Office of Budget and Analysis, Office of Communications and the Finance Department.

In addition to building construction, the City is in the midst of an unprecedented park development and construction program. In 2005, major neighborhood parks Santa Venetia Park (\$2.2 million) in Otay Ranch and Sunset View Park in Eastlake Greens (\$4 million) were completed. Several other neighborhood parks are currently under construction are anticipated to be completed in fiscal year 2006 including Mountain Hawk Park in Eastlake Vistas, and Horizon Park and Winding Walk Park in Otay Ranch.

Also during fiscal year 2005, Council approved design/build agreements and guaranteed maximum prices on three major community parks; Veterans Park in Sunbow (\$8.9 million), Monteville Park in Rolling Hills Ranch (\$14.7 million) and Salt Creek Park in Eastlake Trails (\$15.5 million). These parks all contain recreational buildings. All three of these parks and recreation facilities are anticipated to be completed in fiscal year 2006. In addition to these facilities, the first new park in western Chula Vista to be built since 1979, Harborside Park, (\$4.1 million) is currently under construction and is anticipated to be completed in fiscal year 2006.

In fiscal year 2005, there were a number of infrastructure projects that will result in significant improvements for the residents and businesses of the City. The largest of these is improvements to the highway interchange on I-805 at Orange Avenue/Olympic Parkway. This \$21 million interchange will improve accessibility and traffic flow on both Orange Avenue and Olympic Parkway and relieve congestion on I-805, particularly the on and off ramps during peak hours. Construction is anticipated to be completed in early 2006. Two other major projects, East H Street / I-805 Interchange (\$3.3 million) and Telegraph Canyon Road / I-805 Connection (\$3.0), are also designed to ease traffic congestion: both of these projects are also nearing completion.

The City recently completed the General Plan Update (GPU), a comprehensive update to this important document. The General Plan Update (GPU) seeks to preserve the character and natural resources of the City while providing opportunity for development of new and affordable options in housing, providing additional jobs for the residents, creating more recreational and cultural centers, and improving the connection between the unique regions of the City. The General Plan takes a long-range view (typically 15 to 20 years) and articulates the community's economic, environmental and social goals, and sets forth policies relative to distribution of future land uses, both public and private, in furtherance of those goals. To date \$2.1 million has been appropriated for this project.

In fiscal year 2005, grading began for construction of Fire Station 8 known, as the "Woods Fire Station" will provide coverage to new development in the Woods, Eastlake Greens, Trails and Vistas. The relocation of Fire Station 6, coupled with continued rapid growth, created the need to accelerate construction of Fire Station 8. In order to maintain service levels, Station 8 began operating on in interim basis at the former Station 6 location in January 2005.

For the past two years, the City has been engaged in a comprehensive study to examine and understand the benefits and requirements of creating a 501c3 nonprofit public benefit Chula Vista Redevelopment Corporation ("CVRC"). Two workshops were held on the concept and formation of a CVRC that included participants from the public and the City. The culmination of these workshops and discussions led to the preparation of a comprehensive report by Community Development that was publicly distributed and presented to the Council on July 20, 2004

On November 23, 2004, the Council authorized the formation of the CVRC and directed staff to prepare the necessary legal documents to formally and operationally incorporate and establish the CVRC. The CVRC is considered a "support entity" to the City and Redevelopment Agency for planning and redevelopment activities within designated geographic areas. As a "support entity," the Corporation is authorized to conduct certain delegable functions and responsibilities of the City and Redevelopment Agency that do not involve the non-delegable fiduciary and legislative policy-making responsibilities and authorities that are solely held by the City Council and Redevelopment Agency Board

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, 2005 was 3.17%, a drop from the prior year yield of 3.23% 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 78 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, 2005 by the certified public accounting firm of Caporicci & Larson, CPA. 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, 2005, 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, CPA 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, 2004. 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, 2005. 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

City of Chula Vista
List of City Officials
June 30, 2005

City Council

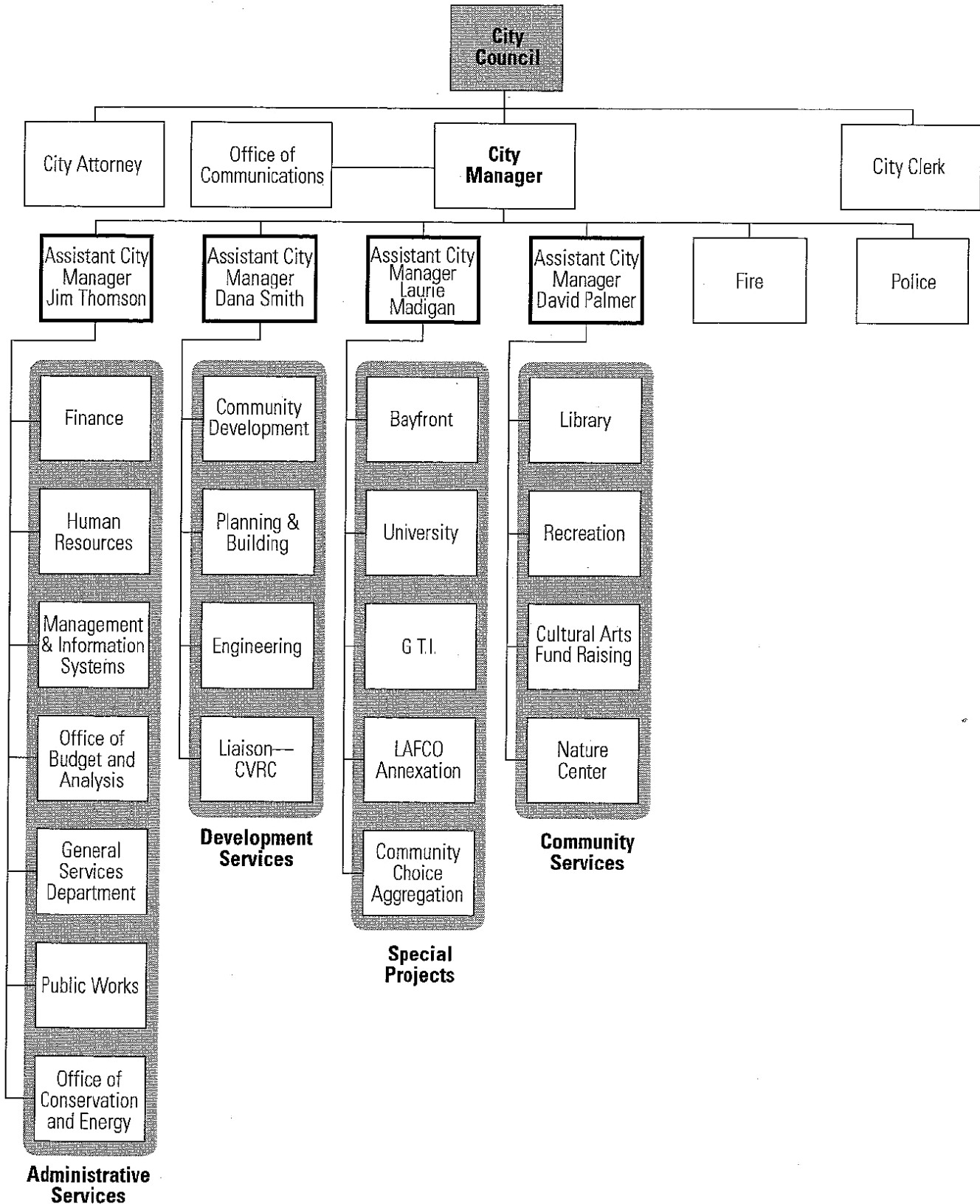
Stephen C. Padilla	Mayor
Patty Davis	Deputy Mayor
Steve Castaneda	Councilmember
John McCann	Councilmember
Jerry Rindone	Councilmember

Administration

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

Department Heads

Edward Vaneenoo	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



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, 2004

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.



Nancy L. Zjelke

President

Jeffrey R. Enos

Executive Director

*California Society of
Municipal Finance Officers*

Certificate of Award

Outstanding Financial Reporting 2003-04

Presented to the

City of Chula Vista

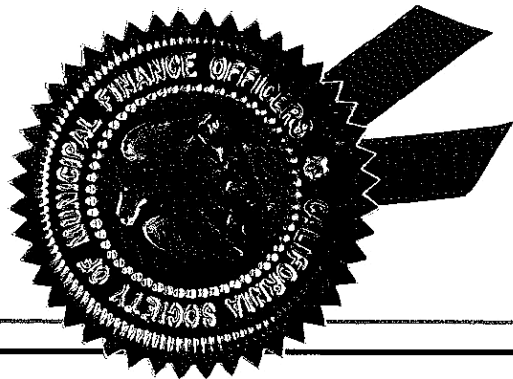
*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2005

William A. Stumpf

Bill Thomas, 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, 2005, 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, 2005, 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.

As described in Note 1 to the basic financial statements, the City adopted statement of the Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2005, 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.

Oakland

180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County

3184-D Airway Avenue
Costa Mesa, California 92626

Sacramento

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

San Diego

4858 Mercury, Suite 106
San Diego, California 92111

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.

Capricci & Carson

Costa Mesa, California
September 30, 2005

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, 2005. 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, 2005 by \$792.2 million. Of this amount, \$112.0 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 \$83.7 million in fiscal year 2005. Net assets of governmental activities increased by \$82.2 million, while net assets of the business type activities increased by \$1.4 million.

Fund Highlights:

Governmental Funds - Fund Balances- As of the close of fiscal year 2005, the City's governmental funds reported a combined ending fund balance of \$242.4 million, a increase of \$15.5 million from the prior year. Of this amount, \$121.9 million represents "unreserved fund balances" available for appropriation.

General Fund - The unreserved fund balance of the general fund on June 30, 2005 was \$19.3 million, a decrease of \$(5.9) million from the prior year. Included in these figures is \$2.4 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 increased by \$33.7 million or 21.6% during fiscal year 2005. For the 2005 fiscal year the City issued Certificates of Participation totaling \$37.2 million and borrowed \$765,000 to pay it's ERAF obligation. The increase of \$33.7 million is attributable to a combination of the new debt issuances, the payment of bond principal (\$8.6 million), and change in compensated absences (\$4.1 million) and accreted interest for the pension obligation bonds (\$0.1 million).

City Highlights

The City embarked on and completed some major capital projects during fiscal year 2005. 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.

During fiscal year 2005, the first phase of a \$50.4 million renovation of the Civic Center Complex was underway. The first phase of the Civic Center, which included the City Hall building was recently completed. This \$23 million facility includes an improved and enlarged Council Chambers, and offices for the City Council, City Administration, City Attorney, City Clerk, Office of Budget and Analysis, Office of Communications and the Finance Department.

In addition to building construction, the City is in the midst of an unprecedented park development and construction program. In 2005, major neighborhood parks Santa Venetia Park (\$2.2 million) in Otay Ranch and Sunset View Park in Eastlake Greens (\$4 million) were completed. Several other neighborhood parks are currently under construction are anticipated to be completed in fiscal year 2006 including Mountain Hawk Park in Eastlake Vistas, and Horizon Park and Winding Walk Park in Otay Ranch.

Also during fiscal year 2005, Council approved design/build agreements and guaranteed maximum prices on three major community parks; Veterans Park in Sunbow (\$8.9 million), Monteville Park in Rolling Hills Ranch (\$14.7 million) and Salt Creek Park in Eastlake Trails (\$15.5 million). These parks all contain recreational buildings. All three of these parks and recreation facilities are anticipated to be completed in fiscal year 2006. In addition to these facilities, the first new park in western Chula Vista to be built since 1979, Harborside Park, (\$4.1 million) is currently under construction and is anticipated to be completed in fiscal year 2006.

In fiscal year 2005, there were a number of infrastructure projects that will result in significant improvements for the residents and businesses of the City. The largest of these is improvements to the highway interchange on I-805 at Orange Avenue/Olympic Parkway. This \$21 million interchange will improve accessibility and traffic flow on both Orange Avenue and Olympic Parkway and relieve congestion on I-805, particularly the on and off ramps during peak hours. Construction is anticipated to be completed in early 2006. Two other major projects, East H Street / I-805 Interchange (\$3.3 million) and Telegraph Canyon Road / I-805 Connection (\$3.0), are also designed to ease traffic congestion: both of these projects are also nearing completion.

The City recently completed the General Plan Update (GPU), a comprehensive update to this important document. The General Plan Update (GPU) seeks to preserve the character and natural resources of the City while providing opportunity for development of new and affordable options in housing, providing additional jobs for the residents, creating more recreational and cultural centers, and improving the connection between the unique regions of the City. The General Plan takes a long-range view (typically 15 to 20 years) and articulates the community's economic, environmental and social goals, and sets forth policies relative to distribution of future land uses, both public and private, in furtherance of those goals. To date \$2.1 million has been appropriated for this project.

In fiscal year 2005, grading began for construction of Fire Station 8 known, as the "Woods Fire Station" will provide coverage to new development in the Woods, Eastlake Greens, Trails and Vistas. The relocation of Fire Station 6, coupled with continued rapid growth, created the need to accelerate construction of Fire Station 8. In order to maintain service levels, Station 8 began operating on an interim basis at the former Station 6 location in January 2005

For the past two years, the City has been engaged in a comprehensive study to examine and understand the benefits and requirements of creating a 501c3 nonprofit public benefit Chula Vista Redevelopment Corporation ("CVRC"). Two workshops were held on the concept and formation of a CVRC that included participants from the public and the City. The culmination of these workshops and discussions led to the preparation of a comprehensive report by Community Development that was publicly distributed and presented to the Council on July 20, 2004

On November 23, 2004, the Council authorized the formation of the CVRC and directed staff to prepare the necessary legal documents to formally and operationally incorporate and establish the CVRC. The CVRC is considered a "support entity" to the City and Redevelopment Agency for planning and redevelopment activities within designated geographic areas. As a "support entity," the Corporation is authorized to conduct certain delegable functions and responsibilities of the City and Redevelopment Agency that do not involve the non-delegable fiduciary and legislative policy-making responsibilities and authorities that are solely held by the City Council and Redevelopment Agency Board

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 17 through 22 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 93 through 104 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-five 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 are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 25 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 93 through 104 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 35 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 80 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 81 and 86 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 \$792.2 million at the close of the fiscal year ending June 30, 2005. This is an increase of \$83.7 million or 11.8% from the previous fiscal year.

By far the largest portion of the City's net assets (76.7%) 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.

An additional portion of the City's net assets (9.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$112.0 million, may be used to meet the government's ongoing obligations to citizens and creditors.

City of Chula Vista Net Assets
Fiscal Year Ending June 30

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current Assets	\$ 240,910,434	\$ 250,708,914	\$ 2,031,848	\$ 1,616,220	\$ 242,942,282	\$ 252,325,134
Non-Current Assets	36,180,634	11,113,531	-	-	36,180,634	11,113,531
Capital Assets	730,178,897	633,233,831	7,423,479	6,217,348	737,602,376	639,451,179
Total Assets	1,007,269,965	895,056,276	9,455,327	7,833,568	1,016,725,292	902,889,844
Current Liabilities	37,718,080	39,113,089	1,451,113	1,234,523	39,169,193	40,347,612
Long-Term Liabilities	185,316,913	152,117,859	-	-	185,316,913	152,117,859
Total Liabilities	223,034,993	191,230,948	1,451,113	1,234,523	224,486,106	192,465,471
Investments in Capital						
Net of Related Debt	600,317,974	537,716,998	7,423,479	6,217,348	607,741,453	543,934,346
Restricted	72,468,247	55,283,141	-	-	72,468,247	55,283,141
Unrestricted	111,448,751	110,825,189	580,735	381,697	112,029,486	111,206,886
Prior Period Adj (Note 12)	-	(1,860,168)	-	-	-	(1,860,168)
Total Net Assets	\$ 784,234,972	\$ 701,965,160	\$ 8,004,214	\$ 6,599,045	\$ 792,239,186	\$ 708,564,205

Changes in Net Assets

The City's net assets have increased by \$83.7 million or 11.8%, from the prior fiscal year. In fiscal year 2005, City expenses, which include both governmental and business-type activities, exceeded program revenues by \$21.3 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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	\$ 91,022,303	\$ 116,049,066	\$ 2,425,531	\$ 2,525,349	\$ 93,447,834	\$ 118,574,415
Operating Grants & Contributions	22,226,690	17,426,744	4,231,445	3,805,056	26,458,135	21,231,800
Capital Grants & Contributions	79,419,189	54,792,646	1,971,311	-	81,390,500	54,792,646
General Revenues:						
Property Taxes	27,074,211	26,674,527	-	-	27,074,211	26,674,527
Sales Taxes	23,600,000	21,421,090	-	-	23,600,000	21,421,090
Franchise Taxes	9,837,800	7,820,569	-	-	9,837,800	-
Utility User Taxes	6,579,578	5,622,545	-	-	6,579,578	-
Business License Taxes	1,185,187	1,063,847	-	-	1,185,187	-
Transient Occupancy Taxes	2,268,944	2,159,478	-	-	2,268,944	-
Property Transfer Taxes	2,439,190	1,989,898	-	-	2,439,190	-
Construction Taxes	1,063,050	1,664,625	-	-	1,063,050	-
Grants & Contributions	14,191,810	9,735,593	-	-	14,191,810	9,735,593
Investment Earnings	11,678,930	5,651,048	56,485	20,715	11,735,415	5,671,763
Miscellaneous	4,635,885	5,004,042	329,381	115,549	4,965,266	5,119,591
Premium on Bond Issued	998	-	-	-	998	-
Gain on Sale of Fixed Assets	-	300,933	-	-	-	300,933
Total Revenues	297,223,765	277,376,651	9,014,153	6,466,669	306,237,918	283,843,320
Expenses						
General Government	42,591,851	37,542,162	-	-	42,591,851	37,542,162
Public Safety	63,368,815	54,974,182	-	-	63,368,815	54,974,182
Public Works	79,723,824	71,482,668	-	-	79,723,824	71,482,668
Parks and Recreation	7,757,251	5,854,495	-	-	7,757,251	5,854,495
Library	8,890,126	8,845,277	-	-	8,890,126	8,845,277
Interest on Long-Term Debt	12,656,986	12,827,332	-	-	12,656,986	12,827,332
Transit Operations	-	-	7,574,084	7,343,289	7,574,084	7,343,289
Total Expenses	214,988,853	191,526,116	7,574,084	7,343,289	222,562,937	198,869,405
Increase/(Decrease) in Net Assets Before Transfers	82,234,912	85,850,535	1,440,069	(876,620)	83,674,981	84,973,915
Transfers	34,900	42,876	(34,900)	(42,876)	-	-
Change in Assets	82,269,812	85,893,411	1,405,169	(919,496)	83,674,981	84,973,915
Net Assets, Beginning of Year	701,965,160	617,931,917	6,599,045	7,518,541	708,564,205	625,450,458
Prior Period Adjustment (Note 12)		(1,860,168)				
Net Assets, End of Year	\$ 784,234,972	\$ 701,965,160	\$ 8,004,214	\$ 6,599,045	\$ 792,239,186	\$ 708,564,205

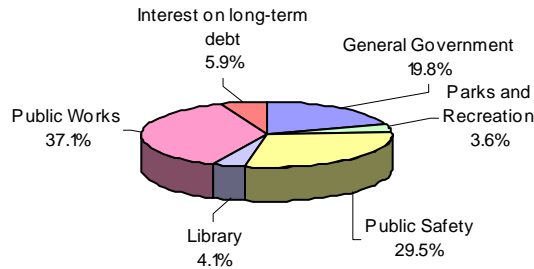
Governmental Activities

Governmental activities increased the City's net assets by \$82.3 million accounting for most of the City's total growth in net assets of \$83.7 million. A comparison of the cost of services by function for the City's governmental activities is shown on the next page, along with the revenues used to cover the net expenses of the governmental activities.

**Governmental Activities
Fiscal Year Ending June 30**

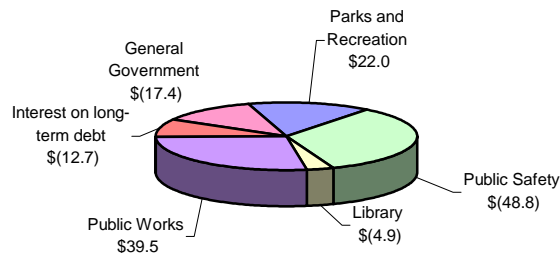
	2005	2004	Increase/ (Decrease) From 2004
Expenses Net of Program Revenue			
General Government	\$ (17,351,313)	\$ (9,916,309)	\$ (7,435,004)
Public Safety	(48,807,524)	(39,319,113)	(9,488,411)
Public Works	39,460,932	29,519,933	9,940,999
Parks and Recreation	21,983,035	35,192,989	(13,209,954)
Library	(4,948,815)	(5,907,828)	959,013
Interest on Long-Term Debt	(12,656,986)	(12,827,332)	170,346
Total Governmental Activities	(22,320,671)	(3,257,660)	(19,063,011)
General Revenues			
Property Taxes	27,074,211	26,674,527	399,684
Sales Taxes	23,600,000	21,421,090	2,178,910
Franchise Taxes	9,837,800	7,820,569	2,017,231
Utility User Taxes	6,579,578	5,622,545	957,033
Business License Taxes	1,185,187	1,063,847	121,340
Transient Occupancy Taxes	2,268,944	2,159,478	109,466
Property Transfer Taxes	2,439,190	1,989,898	449,292
Construction Taxes	1,063,050	1,664,625	(601,575)
Grants & Contributions (not restricted)	14,191,810	9,735,593	4,456,217
Investment Earnings	11,678,930	5,651,048	6,027,882
Miscellaneous	4,635,885	5,004,042	(368,157)
Premium on Bond Issued	998		998
Gain on Sale of Fixed Assets		300,933	(300,933)
Total General Revenues	104,555,583	89,108,195	15,447,388
Increase in Governmental Activities Net Assets	\$ 82,234,912	\$ 85,850,535	\$ (3,615,623)

Governmental Expenses by Activity



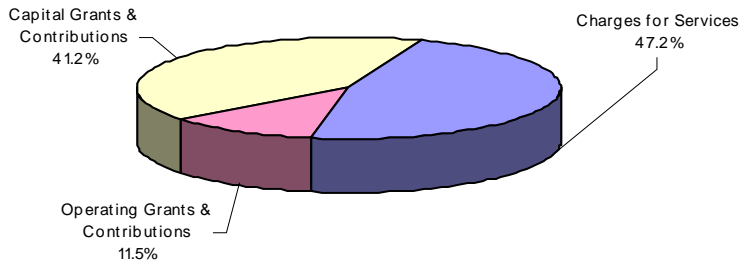
Total governmental activity type expenses were \$215.0 million in fiscal year 2005. The largest expenses were incurred for Public Works, Public Safety and General Government. These three activities combined account for 86.4% of all general activity expenses. These expenses do not include capital outlays, which are now reflected in the City's capital assets.

Net Cost of Governmental Activities



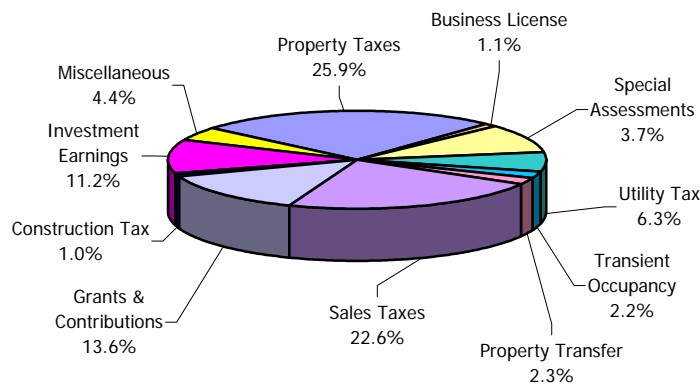
Total program revenues from governmental activities were \$192.7 million in fiscal year 2005. Per GASB 34, program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart 47.2% of the governmental program revenues came from Charges for Services, which includes licenses and permits, plan checking fees, developer fees, special assessments and several other revenues. Program revenues under the Operating Grants and Contributions category totaled \$22.2 million and include restricted revenues such as Gas Tax, Transportation Sales Tax, Asset Seizure Funds and Federal/State Grants. Capital Grants and Contributions are primarily derived from contributed capital from developers for infrastructure. Capital Grants and Contributions totaled \$79.4 million of which \$65.4 million or 82.4% is related to roadways funded by developers and turned over to the City after completion.

**Governmental Activities
Program Revenues**



General revenues are all other revenues not categorized as program revenues such as property taxes, sales taxes and investment earnings. Total general revenues from governmental activities were \$104.6 million in fiscal year 2005. The largest percentage of general revenues received during fiscal year 2005 for governmental activities were taxes of \$74.0 million, which included Property Taxes of \$27.1 million and Sales Taxes of \$23.6 million. A breakdown of all general revenues is shown in the table above.

**Governmental Activities
General Revenues**



Business Type Activities

Net assets for business-type activities were \$8.0 million, an increase of \$1.4 million from the prior fiscal year. Total program revenues for business-type activities were \$8.6 million. The largest program revenues were in Operating Grants and Contributions of \$4.2 million, related to Transportation Development Act grants. Other program revenues included Charges for Services, which include bus fare fees of \$2.4 million. Total expenses for the business-type activities were \$7.6 million during fiscal year 2005, 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 \$242.4 million. Approximately, \$21.1 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 category 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 \$19.3 million, while total fund balance reached \$41.5 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 13.3% of total general fund expenditures including transfers out, while total fund balance represents 28.6% of that same amount.

During the current year, unreserved fund balance of the general fund, excluding the other general fund type funds, decreased to \$16.9 million. It should be noted that \$1.7 million in designations for capital improvement projects are included in the total unreserved fund balance of \$16.9 million, bringing the net total available fund balance to \$15.2 million. The available fund balance represents 9.8% of the general fund operating budget for fiscal year 2005. This is within 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 \$4.9 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 that were not already discussed in this document. Management considers a variance of 10% or greater as significant.

Sewer Fund- The Sewer Fund is used to account for a variety of sewer service related revenues and expenditures. The Sewer Fund revenues decreased by an overall \$(2.4) million. Sewer Service Fees increase by \$1.5 million from the previous year and Sewer Connection Fees decreased by \$(4.2) million. Building permits issued declined significantly from the prior year, which directly affected the Sewer Connection Fees. Expenditures decreased \$(4.6) million from the prior year due primarily to reduced capital project expenditures in the fiscal year. At the end of fiscal year 2005, the unreserved fund balance for the sewer fund was \$21.0 million, which is an increase of \$0.1 million from the prior fiscal year. This increase is a result of more revenues being partially offset by a net increase in transfers-out.

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 2005, the unreserved fund balance was \$50.2 million, which is a increase of \$14.3 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. In May 2005, the Redevelopment Agency participated in a \$765,000 Loan agreement with the California Statewide Communities Development Authority to finance their 2005 share of ERAF payments to the County Auditor.

City Debt Service Fund - This fund was established to account for the principal and interest payments on the City 's long-term debt. In September 2004, the 2004 Certificates of Participation, Civic Center Phase 1 were issued totaling \$37.2 million for the reconstruction, renovation and equipping of the City's new Civic Center Complex.

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 increased by \$1.4 million as a result of operations in the proprietary funds. This increase in net assets is \$2.3 million more than the prior year decrease of \$(0.9) million. This increase can be explained by a \$0.2 million increase in expenses and an overall revenue increase of \$2.5 million. The revenue increase is due to a combination of a \$0.1 million decrease in Charges for Services and \$0.4 million increase in Operating Grants and Contributions plus \$0.2 million in miscellaneous revenues. In addition, Operating Grants and Contributions increased by \$2.0 million because the Metropolitan Transit System purchased six new buses and a tractor trailer for the City's transit system.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended general fund budget, for all general fund types, totaled \$160.1 million, including \$10.4 million in budget amendments to the originally adopted budget and encumbrances of \$3.9 million, which will fund contractual obligations and outstanding purchase orders. The budget amendments are briefly summarized as follows:

- Appropriations of \$1.5 million for overtime costs in Public Safety.
- Appropriations of \$1.2 million for reorganizations in the Office of Communications, Human Resources, Library, Animal Shelter, Code Enforcement and the Fire department.

- Appropriations of \$1.1 million for consultant costs to study the University Park and Research project, Cultural Arts Master Plan, Ambulance Life Support Study, Chula Vista Redevelopment Corporation formation and a Transient Occupancy Tax audit.
- Appropriations of \$0.6 million for reimbursement to the Port of San Diego for costs associated with 980 Lagoon Drive.
- Appropriations of \$0.5 million for unanticipated public liability claims.
- Appropriations of \$0.5 million for repairs to the Civic Center library.
- Appropriations of \$0.2 million for amendments to the Public Safety health care benefits package.
- Appropriations of \$0.1 million for upgrades to the City's Emergency Operations Center.

Of the \$10.4 million in mid-year appropriations, \$4.6 million were covered by specific funding sources leaving \$5.8 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 \$15.2 million or by \$4.9 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, 2005, amounts to \$737.6 million, net of accumulated depreciation of \$241.3 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 \$100.1 million, net of accumulated depreciation.

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

- Construction of the new Civic Center with \$14.0 million incurred during fiscal year 2005.
- Construction and improvement of additional fire facilities totaling \$8.0 million in fiscal year 2005.
- Improvements to various park facilities totaling \$20.7 million in fiscal year 2005.
- Donation of 17.0 acres of park land valued at \$8.1 million

Additional information on the City's capital assets can be found in note 5.A of the notes to the financial statements.

Debt Administration

Long Term Debt - At the end of the 2005 fiscal year, the City had \$190.0 million in debt outstanding compared to the \$156.3 million last year, a 21.6% net increase. During the 2005 fiscal year the City issued one new bond and the Redevelopment Agency participated in a Statewide Loan program. In September 2004, the 2004 Certificates of Participation, Civic Center Phase 1 were issued totaling \$37.2 million for the reconstruction, renovation and equipping of the City's new Civic Center Complex. In May 2005, the Redevelopment Agency participated in a \$765,000 Loan agreement with the California Statewide Communities Development Authority to finance their 2005 share of ERAF payments to the County Auditor.

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 opened new facilities in Chula Vista during the past few years. 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 from \$6.6 billion in 1998 to \$18.9 billion in fiscal year 2005. This portion of the region continues to attract a historically large percentage of home-buyers due in large part to the median prices for existing homes in Chula Vista being slightly less than the regional average. During the 2005 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 10.2%. 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, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 180,996,201	\$ 1,840,544	\$ 182,836,745
Restricted cash and investments:			
Held by City (Note 2)	4,312,777	-	4,312,777
Held by fiscal agents (Note 2)	22,226,889	-	22,226,889
Receivables:			
Accounts	2,975,791	174,826	3,150,617
Taxes	10,815,068	-	10,815,068
Interest	4,123,897	16,478	4,140,375
Other	4,835,267	-	4,835,267
Due from other governments	10,553,878	-	10,553,878
Inventories and prepaid items	70,666	-	70,666
Total current assets	240,910,434	2,031,848	242,942,282
Noncurrent assets:			
Restricted cash and investments:			
Held by fiscal agents (Note 2)	13,505,000	-	13,505,000
Land held for resale	7,743,162	-	7,743,162
Loans receivable	14,932,472	-	14,932,472
Capital assets:			
Nondepreciable assets	151,777,577	-	151,777,577
Depreciable assets, net	578,401,320	7,423,479	585,824,799
Total capital assets	730,178,897	7,423,479	737,602,376
Total noncurrent assets	766,359,531	7,423,479	773,783,010
Total assets	1,007,269,965	9,455,327	1,016,725,292
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	12,335,217	480,378	12,815,595
Interest Payable	3,369,820	-	3,369,820
Due to other governments	50,041	-	50,041
Unearned revenue	8,307,203	970,735	9,277,938
Claims payable	4,000,000	-	4,000,000
Long-term debt - due within one year	9,655,799	-	9,655,799
Total current liabilities	37,718,080	1,451,113	39,169,193
Long-term liabilities:			
Long-term debt - due within one year	9,655,799	-	9,655,799
Long-term debt - due in more than a year	180,368,899	-	180,368,899
Total long-term debt	190,024,698	-	190,024,698
Less long-term debt - due within one year	(9,655,799)	-	(9,655,799)
Total long-term debt	180,368,899	-	180,368,899
Claims payable-non current	4,948,014	-	4,948,014
Total long-term liabilities	185,316,913	-	185,316,913
Total liabilities	223,034,993	1,451,113	224,486,106
NET ASSETS			
Investments in capital assets, net of related debt	600,317,974	7,423,479	607,741,453
Restricted for:			
Capital projects	38,244,818	-	38,244,818
Debt service	11,784,845	-	11,784,845
Community development	22,438,584	-	22,438,584
Unrestricted	111,448,751	580,735	112,029,486
Total net assets	\$ 784,234,972	\$ 8,004,214	\$ 792,239,186

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, 2005

Functions/Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 42,591,851	\$ 23,523,277	\$ 1,717,261	\$ -	\$ 25,240,538
Public safety	63,368,815	9,555,756	5,005,535	-	14,561,291
Public works	79,723,824	40,020,387	13,778,466	65,385,903	119,184,756
Parks and recreation	7,757,251	15,702,515	4,485	14,033,286	29,740,286
Library	8,890,126	2,220,368	1,720,943	-	3,941,311
Interest on long-term debt	12,656,986	-	-	-	-
Total governmental activities	214,988,853	91,022,303	22,226,690	79,419,189	192,668,182
Business-type activities:					
Transit	7,475,184	2,425,531	4,133,966	1,971,311	8,530,808
Bayfront Trolley Station	98,900	-	97,479	-	97,479
Total business-type activities	7,574,084	2,425,531	4,231,445	1,971,311	8,628,287
Total primary government	\$ 222,562,937	\$ 93,447,834	\$ 26,458,135	\$ 81,390,500	\$ 201,296,469

General revenues:

Taxes:

- Property taxes
- Sale taxes
- Franchise taxes
- Utility user taxes
- Business license taxes
- Transient occupancy taxes
- Property transfer taxes
- Construction taxes
- Total taxes

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Premium on bond issued

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
\$ (17,351,313)	\$ -	\$ (17,351,313)
(48,807,524)	-	(48,807,524)
39,460,932	-	39,460,932
21,983,035	-	21,983,035
(4,948,815)	-	(4,948,815)
(12,656,986)	-	(12,656,986)
<u>(22,320,671)</u>	<u>-</u>	<u>(22,320,671)</u>
-	1,055,624	1,055,624
-	(1,421)	(1,421)
<u>-</u>	<u>1,054,203</u>	<u>1,054,203</u>
<u>(22,320,671)</u>	<u>1,054,203</u>	<u>(21,266,468)</u>
27,074,211	-	27,074,211
23,600,000	-	23,600,000
9,837,800	-	9,837,800
6,579,578	-	6,579,578
1,185,187	-	1,185,187
2,268,944	-	2,268,944
2,439,190	-	2,439,190
1,063,050	-	1,063,050
<u>74,047,960</u>	<u>-</u>	<u>74,047,960</u>
14,191,810	-	14,191,810
11,678,930	56,485	11,735,415
4,635,885	329,381	4,965,266
998	-	998
34,900	(34,900)	-
<u>104,590,483</u>	<u>350,966</u>	<u>104,941,449</u>
82,269,812	1,405,169	83,674,981
701,965,160	6,599,045	708,564,205
<u>\$ 784,234,972</u>	<u>\$ 8,004,214</u>	<u>\$ 792,239,186</u>



CITY OF
CHULA VISTA

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 another fund.

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, 2005

	Major Funds				
	General Fund	Sewer Fund	Development Impact Funds	RDA Debt Service Fund	City Debt Service Fund
ASSETS					
Cash and investments	\$ 11,357,783	\$ 18,974,610	\$ 61,123,235	\$ 2,264,898	\$ -
Receivables:					
Accounts	200,620	2,697,896	-	-	-
Taxes	10,161,465	17,098	-	-	-
Interest	107,022	178,201	677,829	13,248	-
Loans	168,750	-	-	-	-
Other	-	-	4,825,642	-	-
Due from other funds	1,736,486	-	19,640,565	-	-
Due from other governments	3,072,073	-	-	-	-
Advances to other funds	26,070,864	15,723,032	1,001,720	-	-
Inventories and prepaid items	32,642	-	-	-	-
Restricted cash and investments:					
Held by City	-	-	-	-	-
Held by fiscal agent	-	-	-	2,809,391	-
Land held for resale	-	-	-	-	-
Total assets	\$ 52,907,705	\$ 37,590,837	\$ 87,268,991	\$ 5,087,537	\$ -
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,900,211	\$ 13,543	\$ 3,720,186	\$ -	\$ -
Due to other funds	-	-	13,884,253	-	-
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	3,613,912	32,002,383	13,902,192
Unearned revenue	6,505,316	2,654,505	2,733,915	-	-
Total liabilities	11,405,527	2,668,048	23,952,266	32,002,383	13,902,192
Fund Balances:					
Reserved:					
Encumbrances	2,448,025	806,379	12,066,014	-	-
Long-term receivables and advances	19,734,298	13,068,527	1,001,720	-	-
Prepaid items	32,642	-	-	-	-
Land held for resale	-	-	-	-	-
Debt service	-	-	-	-	-
Total reserved	22,214,965	13,874,906	13,067,734	-	-
Unreserved:					
Designated for:					
Contingency	2,982,950	346,022	-	-	-
Capital projects	1,696,295	-	50,248,991	-	-
Undesignated:					
General fund	14,607,968	-	-	-	-
Special revenue	-	20,701,861	-	-	-
Debt service	-	-	-	(26,914,846)	(13,902,192)
Capital projects	-	-	-	-	-
Total unreserved	19,287,213	21,047,883	50,248,991	(26,914,846)	(13,902,192)
Total fund balances	41,502,178	34,922,789	63,316,725	(26,914,846)	(13,902,192)
Total liabilities, fund balances	\$ 52,907,705	\$ 37,590,837	\$ 87,268,991	\$ 5,087,537	\$ -

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 80,173,602	\$ 173,894,128
77,275	2,975,791
636,505	10,815,068
3,096,309	4,072,609
14,763,722	14,932,472
-	4,825,642
802,324	22,179,375
7,470,966	10,543,039
6,722,871	49,518,487
-	32,642
4,312,777	4,312,777
32,922,498	35,731,889
7,743,162	7,743,162
<u>\$ 158,722,011</u>	<u>\$ 341,577,081</u>

\$ 3,137,353	\$ 11,771,293
8,295,122	22,179,375
50,041	50,041
-	49,518,487
<u>3,792,625</u>	<u>15,686,361</u>
<u>15,275,141</u>	<u>99,205,557</u>

27,181,617	42,502,035
24,573,960	58,378,505
-	32,642
7,743,162	7,743,162
11,784,845	11,784,845
<u>71,283,584</u>	<u>120,441,189</u>

166,394	3,495,366
45,385,773	97,331,059
-	14,607,968
27,115,965	47,817,826
-	(40,817,038)
(504,846)	(504,846)
<u>72,163,286</u>	<u>121,930,335</u>
<u>143,446,870</u>	<u>242,371,524</u>
<u>\$ 158,722,011</u>	<u>\$ 341,577,081</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, 2005

Total Fund Balances - Total Governmental Funds	\$ 242,371,524
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Amounts reported for governmental activities in the Statement of Net Assets are differently 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 \$4,121,120 which are reported below, the capital as

Nondepreciable	151,777,577
Depreciable	574,280,200
Total capital assets	726,057,777

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.

	7,379,158
--	-----------

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.

	(3,369,820)
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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.

	10,707,725
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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	(945,000)
Pension obligation bonds	(1,205,000)
Certificates of participation	(3,650,000)
Notes payable	(19,285)
Capital leases	(180,333)
CRA ERAF loan	(55,000)
Unamortized premium on bond issued	(1,181)
Compensated absences	(3,600,000)
Total long-term debt due in one year	(9,655,799)
Claims payable	(4,000,000)
Total long-term liabilities-due within one year	(13,655,799)

Long-term liabilities - due in more than one year	
Tax allocation bonds	(40,295,000)
Pension obligation bonds	(11,786,962)
Certificates of participation	(123,915,000)
Notes payable	(272,175)
Capital leases	(1,862,154)
CRA ERAF loan	(710,000)
Unamortized premium on bond issued	(33,074)
Compensated absences, net of internal service funds balances of \$61,320 reported above	(1,433,214)
Total long-term debt due in one year	(180,307,579)
Claims payable	(4,948,014)
Total long-term liabilities-due in more than one year	(185,255,593)
Total long-term liabilities	(198,911,392)

Net Assets of Governmental Activities	\$ 784,234,972
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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, 2005

	Major Funds				
	General Fund	Sewer Funds	Development Impact Funds	RDA Debt Service Fund	City Debt Service Fund
REVENUES:					
Taxes	\$ 64,045,568	\$ -	\$ -	\$ 3,670,210	\$ -
Intergovernmental	19,560,288	-	-	-	-
Licenses and permits	3,649,710	261,027	-	-	-
Developer fees	-	-	16,351,920	-	-
Charges for services	14,482,914	25,595,791	-	-	-
Fines and forfeitures	824,901	14,300	-	-	-
Use of money and property	2,055,387	-	2,817,908	206,019	-
Other	21,440,097	902,535	394,278	-	-
Total revenues	126,058,865	26,773,653	19,564,106	3,876,229	-
EXPENDITURES:					
Current:					
General government	34,048,658	-	915,959	16,089	-
Public safety	60,470,397	-	213,581	-	-
Public works	31,864,754	16,836,130	1,816,499	-	-
Parks and recreation	5,303,741	-	-	-	-
Library	8,929,751	-	-	-	-
Capital outlay	1,249,582	2,098,964	13,326,533	-	-
Debt service:					
Principal	-	-	-	983,361	-
Interest and fiscal charges	-	-	314,707	4,214,386	657,108
Total expenditures	141,866,883	18,935,094	16,587,279	5,213,836	657,108
REVENUES OVER (UNDER) EXPENDITURES	(15,808,018)	7,838,559	2,976,827	(1,337,607)	(657,108)
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt	-	-	-	-	-
Proceeds from bond sale	-	-	-	-	-
Bond Premium	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	15,706,199	5,912,115	19,291,020	2,594,685	154,524
Transfers out	(3,683,574)	(14,966,806)	(17,007,612)	(1,893,391)	-
Total other financing sources	12,022,625	(9,054,691)	2,283,408	701,294	154,524
NET CHANGE IN FUND BALANCES	(3,785,393)	(1,216,132)	5,260,235	(636,313)	(502,584)
FUND BALANCE:					
Beginning of year	45,287,571	36,138,921	58,056,490	(26,278,533)	(13,399,608)
End of year	\$ 41,502,178	\$ 34,922,789	\$ 63,316,725	\$ (26,914,846)	\$ (13,902,192)

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 13,475,193	\$ 81,190,971
24,087,172	43,647,460
35,996	3,946,733
6,273,411	22,625,331
1,771,587	41,850,292
558,945	1,398,146
5,120,588	10,199,902
5,495,802	28,232,712
<u>56,818,694</u>	<u>233,091,547</u>
11,074,275	46,054,981
989,471	61,673,449
5,703,484	56,220,867
65,451	5,369,192
27,823	8,957,574
44,459,078	61,134,157
3,952,886	4,936,247
6,873,010	12,059,211
<u>73,145,478</u>	<u>256,405,678</u>
<u>(16,326,784)</u>	<u>(23,314,131)</u>
765,000	765,000
37,240,000	37,240,000
35,254	35,254
639,050	639,050
41,115,404	84,773,947
(47,127,218)	(84,678,601)
<u>32,667,490</u>	<u>38,774,650</u>
16,340,706	15,460,519
<u>127,106,164</u>	<u>226,911,005</u>
<u>\$ 143,446,870</u>	<u>\$ 242,371,524</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, 2005

Net Change in Fund Balances - Total Governmental Funds	\$ 15,460,519
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 does not include Internal Service Fund additions of \$1,832,485.	54,182,012
Unearned revenues do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	2,434,936
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 the depreciation expense for Internal Service Funds in the amount of \$1,368,794.	(19,196,939)
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.	64,704,360
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.	(783,460)
Loss 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 expenditures in Governmental Funds, net of Internal Service Fund revenue of \$13,894.	(694,946)
Proceed from sale of property provide current financial resources to governmental funds, but sale of property decrease capital assets on government-wide statements.	(639,050)
Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Assets.	
This amount represents bond proceeds.	(37,240,000)
This amount represents proceeds of long-term debt.	(765,000)
This amount represents premium on bond issued.	(34,256)
This amount represents long-term debt repayments.	4,936,247
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.	(469,725)
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.	(496,683)
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.	(101,092)
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.	972,889
Change in Net Assets of Governmental Activities	\$ 82,269,812

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, 2005

	Major Funds			Governmental
	Transit Fund	Bayfront Trolley Station	Total	Activities Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 1,733,895	\$ 106,649	\$ 1,840,544	\$ 7,102,073
Receivables:				
Accounts	174,826	-	174,826	-
Interest	15,898	580	16,478	51,288
Other	-	-	-	9,625
Due from other governments	-	-	-	10,839
Inventories and prepaid items	-	-	-	38,024
Total current assets	1,924,619	107,229	2,031,848	7,211,849
Property, plant and equipment	12,694,099	-	12,694,099	13,153,336
Less accumulated depreciation	(5,270,620)	-	(5,270,620)	(9,032,216)
Net property, plant and equipment	7,423,479	-	7,423,479	4,121,120
Total assets	\$ 9,348,098	\$ 107,229	\$ 9,455,327	\$ 11,332,969
LIABILITIES AND NET ASSETS				
Liabilities:				
Current:				
Accounts payable and accrued liabilities	\$ 477,468	\$ 2,910	\$ 480,378	\$ 563,924
Unearned revenue	868,483	102,252	970,735	-
Compensated absences	-	-	-	61,320
Total liabilities	1,345,951	105,162	1,451,113	625,244
Net Assets:				
Invested in capital assets	7,423,479	-	7,423,479	4,159,144
Unrestricted	578,668	2,067	580,735	6,548,581
Total net assets	\$ 8,002,147	\$ 2,067	\$ 8,004,214	\$ 10,707,725

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, 2005

	Major Funds			Governmental
	Transit Fund	Bayfront Trolley Station	Total	Activities Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 2,425,531	\$ -	\$ 2,425,531	\$ 6,592,384
Total operating revenues	2,425,531	-	2,425,531	6,592,384
OPERATING EXPENSES:				
Operations and administration	6,710,004	98,900	6,808,904	4,349,551
Depreciation	765,180	-	765,180	1,368,794
Total operating expenses	7,475,184	98,900	7,574,084	5,718,345
OPERATING LOSS	(5,049,653)	(98,900)	(5,148,553)	874,039
NONOPERATING REVENUES (EXPENSES):				
Miscellaneous revenues	329,381	-	329,381	34,860
Gain on sale of capital assets	-	-	-	13,894
Intergovernmental	6,105,277	97,479	6,202,756	-
Interest revenue	55,064	1,421	56,485	124,436
Total nonoperating revenues	6,489,722	98,900	6,588,622	173,190
INCOME (LOSS) BEFORE TRANSFERS	1,440,069	-	1,440,069	1,047,229
Transfers out	(34,900)	-	(34,900)	(60,446)
CHANGE IN NET ASSETS	1,405,169	-	1,405,169	986,783
NET ASSETS:				
Beginning of year	6,596,978	2,067	6,599,045	9,720,942
End of year	\$ 8,002,147	\$ 2,067	\$ 8,004,214	\$ 10,707,725

See accompanying Notes to Basic Financial Statements.

City of Chula Vista
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2005

	Major Funds		Total	Governmental
	Transit Fund	Bayfront Trolley Station		Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 2,423,977	\$ -	\$ 2,423,977	\$ -
Cash received from other funds	-	-	-	7,262,023
Cash payments to employees for services	(6,510,107)	(82,207)	(6,592,314)	(4,021,964)
Other operating revenues	329,381	-	329,381	34,860
Net cash provided (used) by operating activities	(3,756,749)	(82,207)	(3,838,956)	3,274,919
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	6,105,277	97,479	6,202,756	-
Net cash provided by noncapital financing activities	6,105,277	97,479	6,202,756	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital (expenditures)	(1,971,311)	-	(1,971,311)	(1,832,485)
Proceeds from the sale of capital assets	-	-	-	13,894
Transfers (out)	(34,900)	-	(34,900)	(60,446)
Net cash provided (used) by capital and related financing activities	(2,006,211)	-	(2,006,211)	(1,879,037)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest revenue	49,818	1,868	51,686	111,244
Net cash used by investing activities	49,818	1,868	51,686	111,244
Net increase in cash and cash equivalents	392,135	17,140	409,275	1,507,126
CASH AND CASH EQUIVALENTS:				
Beginning of year	1,341,760	89,509	1,431,269	5,594,947
End of year	<u>\$ 1,733,895</u>	<u>\$ 106,649</u>	<u>\$ 1,840,544</u>	<u>\$ 7,102,073</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating gain (loss)	\$ (5,049,653)	\$ (98,900)	\$ (5,148,553)	\$ 874,039
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Miscellaneous	329,381	-	329,381	34,860
Depreciation	765,180	-	765,180	1,368,794
Changes in operating assets and liabilities:				
Accounts receivable	(1,554)	-	(1,554)	-
Other receivable	-	-	-	(259)
Inventories	-	-	-	(2,745)
Prepaid items	-	-	-	683,482
Due from other governments	-	-	-	(10,839)
Accounts payable	61,393	1,821	63,214	337,699
Accrued liabilities	-	-	-	(14,143)
Unearned revenue	138,504	14,872	153,376	-
Compensated absences	-	-	-	4,031
Total adjustments	<u>963,523</u>	<u>16,693</u>	<u>980,216</u>	<u>2,366,020</u>
Net cash provided (used) by operating activities	\$ (3,756,749)	\$ (82,207)	\$ (3,838,956)	\$ 3,274,919

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.

Special Assessment District - These funds account for all money collected to pay for debt service of the various assessment districts for which the City acts as paying agent but has no legal commitment or obligation.

Miscellaneous Deposits - These funds were established to account for various types of deposits typically related to specific development projects.

City of Chula Vista
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2005

	Special Assessment District Fund	Miscellaneous Deposits Fund	Total
ASSETS			
Cash and investments	\$ 9,387,742	\$ 13,647,243	\$ 23,034,985
Restricted cash and investments:			
Held by fiscal agents	84,028,381	-	84,028,381
Total assets	\$ 93,416,123	\$ 13,647,243	\$ 107,063,366
LIABILITIES			
Due to bondholders	\$ 93,416,123	\$ -	\$ 93,416,123
Refundable deposits	-	13,647,243	13,647,243
Total liabilities	\$ 93,416,123	\$ 13,647,243	\$ 107,063,366

NOTES TO BASIC FINANCIAL STATEMENTS

City of Chula Vista
Notes to Basic Financial Statements
For the year ended June 30, 2005

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 February 1982 for the purpose of promoting and developing commercial, industrial and manufacturing enterprises and encouraging employment. The governing body of the Development Authority is comprised of the members of the City Council. 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.

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

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 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

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Government-Wide Financial Statements, Continued

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 (up to 7 months 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.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned 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 the government has a legal claim to the resources, the unearned 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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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.

These funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for various assessment districts for which the City acts as an agent for debt service activities.

Fund Classifications

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. Once a fund has met the criteria for becoming a major fund, it will continue to be considered a major fund by management to provide consistency and comparability between the years. The City reports the following major governmental funds.

General Fund – This is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fund Classifications, Continued

Sewer Fund – This fund consists of several funds that are used to account for sewer activities:

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 of 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 debt 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 principal and interest payments on the City's long-term loans.

The City's fund structure also includes the following fund types:

Internal Service Funds – These funds are used to account for the financing of special activities that provide services within the City. Such activities include fleet management, information systems, computer services, and warehouse operations.

Agency Funds – These funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for various assessment districts for which the City acts as an agent for debt service activities.

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, 2005

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.

Deposit and Investment Risk Disclosures - In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (An amendment of GASB Statement No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Long-Term Debt, Continued

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.

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 2004-05 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, 2005

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.

Q. Implementation of new GASB Pronouncements

The City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statement:

- *Statement No. 40, Deposit and Investment Risk Disclosures* - This Statement addresses selected issues and amends GASB Statements No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. The Statement addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The Statement requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates.

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 \$447,211 at June 30, 2005. Bank balances before reconciling items were \$2,483,524 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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

A. Cash Deposits, Continued

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 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 \$2,312,003 for the fiscal year ended June 30, 2005.

C. Summary of Cash and Investments

The following is a summary of pooled cash and investments, including restricted cash and investments at June 30, 2005:

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business Type Activities	Total	Statement of Net Assets	Total
Cash and Investments	\$ 180,996,201	\$ 1,840,544	\$ 182,836,745	\$ 23,034,985	\$ 205,871,730
Restricted Cash and Investments:					
Held by City	\$ 4,312,777	\$ -	\$ 4,312,777	\$ -	\$ 4,312,777
Held by fiscal agents	35,731,889	-	35,731,889	84,028,381	119,760,270
Total restricted cash and investments	\$ 40,044,666	\$ -	\$ 40,044,666	\$ 84,028,381	\$ 124,073,047
			Total cash and investments		\$ 329,944,777

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

C. Summary of Cash and Investments, Continued

As of June 30, 2005, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)		
		1 year or less	1-2 years	2-3 years
Demand Deposits	\$ 447,211	\$ 447,211	\$ -	\$ -
LAIF	15,818,856	15,818,856	-	-
Time Deposits	310,000	310,000	-	-
Corporate Bonds	26,688,095	12,090,810	7,135,220	7,462,065
Federal Home Loan Bank	77,875,312	9,957,500	54,045,937	13,871,875
Federal National Mortgage Association	37,466,563	2,972,813	27,628,750	6,865,000
Federal Home Loan Mortgage Corporation	27,563,818	3,966,280	17,684,098	5,913,440
Federal Farm Credit Bank	19,701,875	-	15,772,500	3,929,375
Total	\$ 205,871,730	\$ 45,563,470	\$ 122,266,505	\$ 38,041,755

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. No more than 30% of the City's portfolio may be invested in securities with maturities greater than 3 years. Specific maturities of investments depend on liquidity needs. As of June 30, 2005, the City's pooled cash and investments had the following maturities:

Maturity	Percentage of Investment
Less than one year	22%
One to two years	59%
Two to three years	19%

The weighted average maturity of the portfolio was 1.5 years.

Credit Risk. It is the City's policy that all investment securities have a credit rating of A or higher by a nationally recognized rating service, such Standard & Poor's, Moody's Investors Services or Fitch Financial Services. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian (BNY Western Trust). BNY is a registered member of the Federal Reserve Bank. The securities held by BNY are in street name, and a customer number assigned to the City identifies ownership.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

D. 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.

The City valued its investments in LAIF as of June 30, 2005, 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 0.997747553 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, 2005, 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, 2005, the City had \$15,818,856 invested in LAIF, which had invested 2.406% of the pool investment funds in Structured Notes and Asset-Backed Securities.

3. RECEIVABLES

A. Accounts Receivable

At June 30, 2005, the City had the following accounts and other receivable:

Sewer fees	\$ 2,774,746
Recreation programs	28,331
Staff time reimbursement	97,809
Police Services (Security/Traffic)	55,183
Miscellaneous	19,722
Total	<u><u>\$ 2,975,791</u></u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

3. RECEIVABLES, Continued

B. Taxes Receivable

At June 30, 2005, the City had the following taxes receivable:

Sales taxes	\$	3,903,878
Highway Users Tax		357,230
Property Tax		1,023,965
Motor Vehicle License Fees		1,451,826
Utility Users Tax		629,175
Transient Occupancy Tax		318,063
Franchise Fee Tax		3,130,931
Total	\$	10,815,068

C. Interest Receivable

At June 30, 2005, the City had the following interest receivable:

Investment pool	\$	1,675,546
South Bay Community Villas L.P.		469,710
CHIP accounts		205,488
Alpha III Development		32,918
SBCS		1,161,426
Chelsea Investment		100,558
Gillespie		21,990
St. Regis		418,040
Rancho Vista Loan		38,221
Total	\$	4,123,897

D. Loans Receivable

At June 30, 2005, 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		168,750
Rancho Vista Housing (Chelsea Investment Corporation)		1,500,000
St. Regis Park		1,387,152
Chula Vista Rehabilitation CHIP Loans		2,793,362
Civic Center Barrio Housing Corporation Loan		250,689
Mobile Home Assistance Programs		55,952
Chelsea Investment Corporation/Sunbow Services Co., LLC		275,000
Alpha III Development Inc (Main Plaza, LP)		500,000
Other loans receivable		91,482
Total	\$	14,932,472

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

3. RECEIVABLES, Continued

D. Loans Receivable, Continued

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 \$1,161,426 has been deferred at June 30, 2005, (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 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, 2005 is \$4,400,000. Interest of \$469,709 has been deferred at June 30, 2005.

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 \$168,750.

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. Interest of \$38,219 has been deferred at June 30, 2005. The outstanding balance of the loan at June 30, 2005 is \$1,500,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

3. RECEIVABLES, Continued

D. Loans Receivable, Continued

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 \$418,040 has been deferred at June 30, 2005, (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 \$275,906 and \$2,517,456, respectively, at June 30, 2005. Fund balance has been reserved in the Redevelopment Agency Special Revenue Fund. Interest of \$205,488 has been deferred at June 30, 2005, (See Note 7). The balance is \$2,793,362.

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 \$250,689.

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 \$55,952.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

3. RECEIVABLES, Continued

D. Loans Receivable, Continued

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 \$100,558 has been deferred at June 30, 2005, (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, 2005 the Agency has disbursed only one installment of \$500,000. The loan bears interest rate of 3% per annum. Interest of \$32,918 has been deferred at June 30, 2005, (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 \$91,482 and are loans to Evelyn Gillespie, Sandra Torres, and Antigua for the First Time Home Buyers Program.

4. INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Transfers

At June 30, 2005, the City had the following operating transfers:

		Transfers Out	
		Governmental Activities	Total
Transfers In	Business-type Activities	\$ 34,900	\$ 34,900
	Total	\$ 34,900	\$ 34,900

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

4. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements

Due To, Due From

As of June 30, 2005, 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	\$ -	\$ 13,884,253	\$ -	\$ 13,884,253
	Non-major Governmental Funds	1,736,486	5,756,312	802,324	8,295,122
	Total	\$ 1,736,486	\$ 19,640,565	\$ 802,324	\$ 22,179,375

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, 2005.

Long-Term Advances

As of June 30, 2005, 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	\$ -	\$ 3,613,912	\$ -	\$ -	\$ 3,613,912
	RDA Debt Service Fund	26,070,864	-	-	5,931,519	32,002,383
	City Debt Service Fund	-	12,109,120	1,001,720	791,352	13,902,192
	Total	\$ 26,070,864	\$ 15,723,032	\$ 1,001,720	\$ 6,722,871	\$ 49,518,487

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, 2005, is \$21,392,976.

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, 2005, is \$4,677,888.

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 \$5,931,519 at June 30, 2005.

The City Council authorized loans with indefinite terms to Storm Drain Fund for \$1,595,547; Special Assessment District Improvement Funds for \$119,787; Salt Creek for \$14,799,050 and General Fund for \$1,001,720. 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, 2005

4. INTERFUND TRANSACTIONS, Continued

B. Fund Financial Statements, Continued

Transfers

Transfers for the year ended June 30, 2005, were as follows:

		Transfers Out							
		Development		RDA	Non-major	Internal	Transit	Total	
		General	Sewer Special Revenue	Impact Capital Projects	Debt Service	Gov't Funds	Service Fund	Fund	
Transfers In	General	\$ -	\$ 8,957,744	\$ 2,128,419	\$ -	\$ 4,575,474	\$ 44,562	\$ -	\$ 15,706,199
	Sewer Special Revenue	-	5,900,000	-	-	12,115	-	-	5,912,115
	Development Impact								
	Capital Projects	-	-	12,470,570	-	6,820,450	-	-	19,291,020
	RDA Debt Service	-	-	-	102,421	2,492,264	-	-	2,594,685
	City Debt Service	103,518	51,006	-	-	-	-	-	154,524
	Non-major								
	Governmental Funds	3,580,056	58,056	2,408,623	1,790,970	33,226,915	15,884	34,900	41,115,404
Total	\$ 3,683,574	\$ 14,966,806	\$ 17,007,612	\$ 1,893,391	\$ 47,127,218	\$ 60,446	\$ 34,900	\$ 84,773,947	

General Fund - Operating support to reimburse the general fund for City staff services and equipment. Total amount of reimbursement was \$15,706,199.

Sewer Special Revenue Fund - Operating support from Trunk Sewer Capital Project Fund for sewer operation in the amount of \$5,900,000 and \$12,115 from the capital project fund.

Development Impact Capital Projects - Equity transfer from SR125 Development Impact Fund to Transportation Impact Fund amounted to \$12,470,570; funding the infrastructure improvements in the western portion of the City amounted to \$6,820,450.

RDA Debt Service - Funding the debt services fund for repayment of various long-term obligations amounted to \$2,594,685.

City Debt Service - Funding debt service funds for repayment of various long-term obligations amounted to \$154,524.

Non-major Governmental Funds - Funding debt service funds for repayment of various long-term obligations and funding the Redevelopment Agency Housing Rehabilitation Program amounted to \$9,339,404; funding the construction and equipping of the new City Hall amounted to \$31,776,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2005 the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 61,447,304	\$ -	\$ 61,447,304
Construction in process	90,330,273	-	90,330,273
	<u>151,777,577</u>	<u>-</u>	<u>151,777,577</u>
Depreciable assets:			
Buildings	83,129,237	-	83,129,237
Accumulated depreciation	(19,221,960)	-	(19,221,960)
Improvement other than buildings	72,318,949	-	72,318,949
Accumulated depreciation	(23,610,930)	-	(23,610,930)
Machinery and equipment	34,187,396	12,694,098	46,881,494
Accumulated depreciation	(24,649,192)	(5,270,619)	(29,919,811)
Infrastructure	624,872,839	-	624,872,839
Accumulated depreciation	(168,625,019)	-	(168,625,019)
Total depreciable assets, net	<u>578,401,320</u>	<u>7,423,479</u>	<u>585,824,799</u>
Total capital assets	<u>\$ 730,178,897</u>	<u>\$ 7,423,479</u>	<u>\$ 737,602,376</u>

The following is a summary of capital assets for governmental activities for the year ended June 30, 2005:

	Balance July 1, 2004	Additions	Deletions	CIP Transfers	Prior Period Adjustments (Note 12)	Balance June 30, 2005
Non-depreciable assets:						
Land	\$ 53,732,717	\$ 8,704,581	\$ (989,994)	\$ -	\$ -	\$ 61,447,304
Construction in progress	65,907,569	32,770,866	-	(8,348,162)	-	90,330,273
Total nondepreciable assets	<u>119,640,286</u>	<u>41,475,447</u>	<u>(989,994)</u>	<u>(8,348,162)</u>	<u>-</u>	<u>151,777,577</u>
Depreciable assets:						
Buildings	76,869,091	-	(1,731,752)	7,991,898	-	83,129,237
Accumulated depreciation	(19,014,087)	(1,581,729)	1,373,856	-	-	(19,221,960)
Improvements other than buildings	66,533,305	5,712,500	-	356,264	(283,120)	72,318,949
Accumulated depreciation	(22,520,146)	(1,158,733)	-	-	67,949	(23,610,930)
Machinery and equipment	30,607,121	3,725,230	(144,955)	-	-	34,187,396
Accumulated depreciation	(21,021,603)	(3,772,544)	144,955	-	-	(24,649,192)
Infrastructure	556,911,675	69,805,680	-	-	(1,844,516)	624,872,839
Accumulated depreciation	(154,771,811)	(14,052,727)	-	-	199,519	(168,625,019)
Total depreciable assets, net	<u>513,593,545</u>	<u>58,677,677</u>	<u>(357,896)</u>	<u>8,348,162</u>	<u>(1,860,168)</u>	<u>578,401,320</u>
Total governmental activities	<u>\$ 633,233,831</u>	<u>\$ 100,153,124</u>	<u>\$ (1,347,890)</u>	<u>\$ -</u>	<u>\$ (1,860,168)</u>	<u>\$ 730,178,897</u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

During the fiscal year ended June 30, 2005, 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	\$ 8,065,531
Improvements	5,712,500
Infrastructure	<u>50,926,329</u>
Total	<u><u>\$ 64,704,360</u></u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2005 are as follows:

General government	\$ 485,213
Public safety	1,288,324
Public works	15,961,838
Parks and recreation	1,164,084
Library	297,480
Internal service	<u>1,368,794</u>
Total depreciation expense	<u><u>\$ 20,565,733</u></u>

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

	Balance <u>July 1, 2004</u>	Additions	Deletions	Balance <u>June 30, 2005</u>
Machinery and equipment	\$ 10,741,803	\$ 1,971,311	\$ (19,015)	\$ 12,694,099
Less accumulated depreciation	<u>(4,524,455)</u>	<u>(765,180)</u>	<u>19,015</u>	<u>(5,270,620)</u>
Total business-type activities	<u><u>\$ 6,217,348</u></u>	<u><u>\$ 1,206,131</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,423,479</u></u>

Depreciation expenses for business-type activities for the year ended June 30, 2005 are as follows:

Transit Fund	<u><u>\$ 765,180</u></u>
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City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT

Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2005 was as follows:

	Balance July 1, 2004	Debt Issued	Debt Retired	Balance June 30, 2005	Due in one year	Due in more than one year
Tax allocation bonds	\$ 42,125,000	\$ -	\$ (885,000)	\$ 41,240,000	\$ 945,000	\$ 40,295,000
Pension obligation bonds	13,985,870	101,092	(1,095,000)	12,991,962	1,205,000	11,786,962
Certificate of participation	92,920,000	37,240,000	(2,595,000)	127,565,000	3,650,000	123,915,000
Bond premiums	-	35,254	(999)	34,255	1,181	33,074
ERAF Loan	-	765,000	-	765,000	55,000	710,000
Notes payable	406,385	-	(114,925)	291,460	19,285	272,175
Capital leases	2,288,808	-	(246,321)	2,042,487	180,333	1,862,154
Compensated absences	4,620,778	4,117,639	(3,643,883)	5,094,534	3,600,000	1,494,534
Total	\$ 156,346,841	\$ 42,258,985	\$ (8,581,128)	\$ 190,024,698	\$ 9,655,799	\$ 180,368,899

A. Tax Allocation Bonds

	Balance July 1, 2004	Debt Issued	Debt Retired	Balance June 30, 2005
1994 Senior Tax Allocation Refunding Bonds, Series A	\$ 13,160,000	\$ -	\$ (275,000)	\$ 12,885,000
1994 Senior Tax Allocation Refunding Bonds, Series D	5,145,000	-	(95,000)	5,050,000
1994 Subordinate Tax Allocation Refunding Bonds, Series C	7,180,000	-	(155,000)	7,025,000
2000 Tax Allocation Bonds	16,640,000	-	(360,000)	16,280,000
Total	\$ 42,125,000	\$ -	\$ (885,000)	\$ 41,240,000

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, 2005, was \$12,885,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

A. Tax Allocation Bonds, Continued

1994 Senior Tax Allocation Refunding Bonds, Series A, Continued

The annual debt service requirements for the 1994 Senior Tax Allocation Refunding Bonds, Series A outstanding at June 30, 2005, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	395,000	867,153	1,262,153
2011-2015	2,470,000	3,817,456	6,287,456
2016-2020	3,560,000	2,679,806	6,239,806
2021-2025	5,145,000	1,037,953	6,182,953
Total	\$ 12,885,000	\$ 12,140,714	\$ 25,025,714

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, 2005, was \$5,050,000.

The annual debt service requirements for the 1994 Senior Tax Allocation Refunding Bonds, Series D outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	145,000	389,203	534,203
2011-2015	925,000	1,728,236	2,653,236
2016-2020	1,400,000	1,234,237	2,634,237
2021-2025	2,115,000	485,803	2,600,803
Total	\$ 5,050,000	\$ 5,503,181	\$ 10,553,181

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

A. Tax Allocation Bonds, Continued

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, 2005, was \$7,025,000.

The annual debt service requirements for the 1994 Subordinate Tax Allocation Refunding Bonds, Series C outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	230,000	513,913	743,913
2011-2015	1,450,000	2,262,765	3,712,765
2016-2020	2,145,000	1,567,089	3,712,089
2021-2025	2,445,000	524,289	2,969,289
Total	\$ 7,025,000	\$ 7,080,106	\$ 14,105,106

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, 2005, was \$16,280,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

A. Tax Allocation Bonds, Continued

2000 Tax Allocation Bonds, Continued

The annual debt service requirements for the 2000 Tax Allocation Bonds outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	440,000	750,943	1,190,943
2011-2015	2,530,000	3,424,789	5,954,789
2016-2020	2,870,000	2,758,263	5,628,263
2021-2025	3,705,000	1,897,774	5,602,774
2026-2030	4,425,000	772,253	5,197,253
2031	715,000	19,216	734,216
Total	\$ 16,280,000	\$ 12,806,445	\$ 29,086,445

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, 2005 was \$12,991,962.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

B. Pension Obligation Bonds, Continued

The annual debt service requirements for the Pension Obligation Bonds outstanding at June 30, 2005 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,020,000	486,688	2,506,688
2011-2012	4,980,000	418,031	5,398,031
Total	12,275,036	\$ 4,877,771	\$ 17,152,807
Add: Accreted Value	716,926		
Total	<u>\$ 12,991,962</u>		

C. Certificates of Participation

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
2000 COP, Series A	\$ 22,365,000	\$ -	\$ (1,085,000)	\$ 21,280,000
2002 COP Police Facility	60,145,000	-	-	60,145,000
2003 Refunding COP	10,410,000	-	(1,510,000)	8,900,000
2004 COP Civic Ctr Ph 1	-	37,240,000	-	37,240,000
Total	\$ 92,920,000	\$ 37,240,000	\$ (2,595,000)	\$ 127,565,000

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, 2005 is \$21,280,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

C. Certificates of Participation, Continued

2000 COP, Series A, Continued

The annual debt service requirements for the 2000 Certificates of Participation outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,070,000	793,423	1,863,423
2011-2015	6,115,000	3,177,439	9,292,439
2016-2020	7,735,000	1,504,170	9,239,170
2021	1,790,000	46,988	1,836,988
Total	<u>\$ 21,280,000</u>	<u>\$ 9,180,457</u>	<u>\$ 30,460,457</u>

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, 2005 the outstanding balance is \$60,145,000.

The annual debt service requirements for the 2002 Certificates of Participation outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,290,000	2,620,746	3,910,746
2011-2015	7,305,000	12,266,649	19,571,649
2016-2020	9,110,000	10,508,279	19,618,279
2021-2025	11,640,000	8,031,438	19,671,438
2026-2030	15,030,000	4,716,750	19,746,750
2030-2033	11,045,000	847,125	11,892,125
Total	<u>\$ 60,145,000</u>	<u>\$ 49,909,846</u>	<u>\$ 110,054,846</u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

C. Certificates of Participation, Continued

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, 2005 the outstanding balance is \$8,900,000.

The annual debt service requirements for the 2003 Refunding Certificates of Participation outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
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	940,000	109,905	1,049,905
2011-2014	3,205,000	169,441	3,374,441
Total	\$ 8,900,000	\$ 978,411	\$ 9,878,411

2004 Civic Center Project Phase I COP

In September 2004, the Chula Vista Public Financing Authority (Authority) issued its 2004 Certificates of Participation to provide funding the fist phase of the reconstruction, renovation, and equipping of the City's Civic Center Complex. Proceeds will also be used to 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 March 1 and September 1 of each year commencing March 1, 2006. The certificates mature in 2034 and principal is payable on September 1 each year commencing September 1, 2006. As of June 30, 2005 the outstanding balance is \$37,240,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

C. Certificates of Participation, Continued

2004 Civic Center Project Phase I COP, Continued

The annual debt service requirements for the 2004 Certificates of Participation Civic Center Project Phase I outstanding at June 30, 2005 were as follows:

Year Ending June 30,	Principal	Interest	Total
2006	\$ -	\$ 1,617,655	\$ 1,617,655
2007	775,000	1,617,655	2,392,655
2008	790,000	1,602,155	2,392,155
2009	810,000	1,583,393	2,393,393
2010	830,000	1,561,118	2,391,118
2011-2015	4,590,000	7,368,488	11,958,488
2016-2020	5,555,000	6,415,671	11,970,671
2021-2025	6,840,000	5,124,209	11,964,209
2026-2030	8,565,000	3,400,775	11,965,775
2030-2034	8,485,000	1,086,500	9,571,500
Total	<u>37,240,000</u>	<u>31,377,619</u>	<u>68,617,619</u>

D. Bond Premiums

The 2004 bonds were acquired at a premium amounting to \$35,254, which is amortized on a straight-line method over 30 years.

The following is a summary of the 2004 bonds unamortized premiums at June 30, 2005:

Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
\$ -	\$ 35,254	\$ (999)	\$ 34,255

E. ERAF Loan

In May 2005, the Agency participated in a \$765,000 Loan Agreement with the California Statewide Communities Development Authority to finance their 2005 share of ERAF Payments to the County Auditor. The annual debt services are:

Year Ending June 30,	Principal	Interest	Total
2006	\$ 55,000	\$ 45,776	\$ 100,776
2007	65,000	34,438	99,438
2008	70,000	31,752	101,752
2009	70,000	28,704	98,704
2010	75,000	25,570	100,570
2011-2015	430,000	71,234	501,234
Total	<u>\$ 765,000</u>	<u>\$ 237,474</u>	<u>\$ 1,002,474</u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

F. Notes Payable

	Balance			Balance
	July 1, 2004	Additions	Deletions	June 30, 2005
Parking Structure Note	\$ 308,025	\$ -	\$ (16,565)	\$ 291,460
Cypress Creek Company	98,360	-	(98,360)	-
Total	\$ 406,385	\$ -	\$ (114,925)	\$ 291,460

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. As of June 30, 2005, the note has been paid off in full.

G. Capital Leases

	Balance			Balance
	July 1, 2004	Additions	Deletions	June 30, 2005
1999 Library Computerized Catalog	\$ 75,631	\$ -	\$ (75,631)	\$ -
San Diego County Regional Communication System	2,213,177	-	(170,690)	2,042,487
Total	\$ 2,288,808	\$ -	\$ (246,321)	\$ 2,042,487

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. As of June 30, 2005, the lease has been paid off in full.

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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. LONG-TERM DEBT, Continued

H. 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.

At June 30, 2005, the total special assessment debt outstanding was as follows:

	Original Amount	Outstanding June 30, 2005
99-1 Otay Ranch SPA One 2001 Special Tax Bonds	\$ 19,000,000	\$ 18,560,000
Refunding Revenue Bonds 2001 Residential	20,445,000	17,200,846
Refunding Revenue Bonds 2001 Commercial	9,705,000	7,770,035
1994 Eastlake Greens II	7,464,474	4,150,000
1995 Assessment Bond Refinancing	19,255,000	9,940,000
1997 Otay Ranch	12,430,000	10,960,000
1997 McMillin SPA	11,825,000	10,975,000
1999 Otay Ranch I	23,000,000	20,755,000
2000 Sunbow II	7,385,000	6,975,000
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,	98,900,000	98,900,000
Industrial Development Revenue Bonds, 1997 Series A	25,000,000	25,000,000
CFD 2001-1 San Miguel Ranch	14,425,000	13,980,000
CFD 06-1A Eastlake Woods, Vista, Land Swap	39,000,000	38,420,000
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	\$ 692,730,881

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, 2005, was \$1,139,900.

I. Compensated Absences

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$5,094,534 at June 30, 2005. In business-type funds, the liabilities are reported in the fund as the benefits vest and are earned.

J. Debt Compliance

At June 30, 2005, 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, 2005

7. UNEARNED REVENUE

A. Government-Wide Financial Statements

At June 30, 2005, Unearned Revenue is reported as follows:

	<u>Total</u>
Interest receivable on:	
Advances to other funds	\$ 2,685,941
Loans receivable:	
South Bay Community Services	1,161,426
South Bay Community Villas, L.P.	469,709
St. Regis Park	418,040
CHIP	205,488
Chelsea Investment (Villa Serena)	100,559
Chelsea Investment (Rancho Vista Apartments)	38,219
Alpha III Development (Main Plaza)	32,918
Long-term receivables	107,088
Public Facilities Development Impact fee Prepayment	2,232,541
Other	<u>1,826,009</u>
Total unearned revenue	<u><u>\$ 9,277,938</u></u>

B. Fund Financial Statements

At June 30, 2005, Unearned Revenue is reported as follows:

	<u>Total</u>
Interest receivable on:	
Advances to other funds	\$ 9,094,364
Loans receivable:	
South Bay Community Services	1,161,426
South Bay Community Villas, L.P.	469,709
St. Regis Park	418,040
CHIP	205,488
Chelsea Investment (Villa Serena)	100,559
Chelsea Investment (Rancho Vista Apartments)	38,219
Alpha III Development (Main Plaza)	32,918
Long-term receivables	107,088
Public Facilities Development Impact fee Prepayment	2,232,541
Other	<u>1,826,009</u>
Total unearned revenue	<u><u>\$ 15,686,361</u></u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

8. OTHER REQUIRED FUND DISCLOSURES

A. Deficit Fund Balances

At June 30, 2005, the following funds had deficit fund equity:

Debt Service Funds:	
Redevelopment Agency	\$ (26,914,846)
City Debt Service	<u>\$ (13,902,192)</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

The City is self-insured for the first \$250,000 per occurrence for its general liability losses including personal injury, property damage, errors and omissions, automobile liability and employment practices liability. For those losses between \$250,000 and \$2,000,000 per occurrence the City pools its liabilities through its membership in the San Diego Pooled Insurance Program Authority (SANDPIPA). Insurance for losses in excess of the \$2,000,000 up to \$37,000,000 is purchased on a group basis by the member cities.

SANDPIPA is a joint powers authority comprised of twelve San Diego County cities. The Board of Directors consists of one staff representative (and an alternate) from each of the member cities as designated by the city's governing body. Each member city has equal representation on the Board of Directors. The Board of Directors is liable 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 Executive Committee consists of the Board President, Vice-President, Treasurer and a member at-large nominated by the Board President and approved by a 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.

Annual pool premiums and assessments are approved by the Board of Directors and are adjusted annually based on the member city's incurred losses; the member's share of such losses and other expenses as a proportion of all member's losses; historical contributions to reserves (including reserves for IBNR losses); the cost to purchase excess liability insurance and other coverage and a proportionate share of administrative expenses.

The City is self-insured for the first \$500,000 per occurrence for workers' compensation liabilities. Excess workers' compensation coverage is obtained through participation in the CSAC Excess Insurance Authority's Excess Workers' Compensation Program. As of June 30, 2005, there are 147 member entities participating in the program that offers per occurrence coverage up to \$5,000,000 through pooled resources and from \$5,000,000 to \$150,000,000 via a group purchased excess insurance policy.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

9. SELF-INSURANCE ACCRUED LIABILITIES, Continued

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 from the prior year and there were no insurance settlements that 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,	
	2005	2004
Unpaid claims, beginning of year	\$ 8,164,554	\$ 7,461,158
Incurred claims and changes in estimates	4,682,743	4,684,782
Claim payments	(3,899,283)	(3,981,386)
Unpaid claims, end of year	\$ 8,948,014	\$ 8,164,554
Due within one year	\$ 4,000,000	\$ 3,900,000

The liabilities for claims and judgments typically will be liquidated from the General Fund.

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 8% 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 \$6,412,264 for the year ended June 30, 2005. The City employer is required to contribute at an actuarial determined rate of 15.975% for the period from July 1, 2004 through October 14, 2004 and 16.003% for the period from October 15, 2004 to June 30, 2005 of annual covered payroll for miscellaneous employees and 22.054% of annual covered payroll for safety employees from July 1, 2004 to October 14, 2004 and 22.048% for the period from October 15, 2004 to June 30, 2005.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

10. PENSION PLANS, Continued

A. California Public Employees' Retirement Plan, Continued

Annual Pension Cost – For 2004-2005, the City's annual pension cost of \$13,614,272 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) for both miscellaneous and safety employees are being amortized as a level percentage of projected payrolls over a closed 20-year period 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
6/30/03	\$ 6,947,159	100%	\$ -
6/30/04	8,340,066	100%	-
6/30/05	13,614,272	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 \$3,104,019. The City made employer contributions of \$116,401 (3.75% of current covered payroll), and employees contributed \$116,401 (3.75% of current covered payroll).

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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

11. COMMITMENTS AND CONTINGENCIES, Continued

The City participates in a number of federally assisted grant programs, including those from the US Department of Housing and Urban Development, US Department of Justice, US Department of Treasury, and the US Department of Education. Receipts from these grant programs are subject to audit to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. The City believes no significant liabilities will result.

The General Fund has loaned approximately \$580,149 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

During the fiscal year 2005, the City recorded the following prior period adjustments to record capital assets not captured in prior years.

	Net Assets as Previously Reported	Capital Assets	Net Assets as Restated
	<u> </u>	<u> </u>	<u> </u>
Government-Wide Activities:			
Net assets	\$ 703,825,328	\$ (1,860,168)	\$ 701,965,160
Total government-wide activities	<u><u>\$ 703,825,328</u></u>	<u><u>\$ (1,860,168)</u></u>	<u><u>\$ 701,965,160</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Chula Vista
Required Supplementary Information
For the year ended June 30, 2005

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 and 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, 2005, 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
Fund balances - budgetary basis	\$ 39,054,153	\$ 34,116,410
Outstanding encumbrances	2,448,025	806,379
Fund balances - GAAP basis	\$ 41,502,178	\$ 34,922,789

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2005

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
Fund Balance, July 1	\$ 45,287,571	\$ 45,287,571	\$ 45,287,571	\$ -
Resources (inflows):				
Taxes	61,059,105	61,059,105	64,045,568	2,986,463
Intergovernmental revenue	20,067,796	21,317,991	19,560,288	(1,757,703)
Licenses and permits	4,243,515	4,303,340	3,649,710	(653,630)
Charges for services	19,388,259	19,405,689	14,482,914	(4,922,775)
Fines, forfeitures, and penalties	1,217,790	1,217,790	824,901	(392,889)
Use of money and property	2,905,438	3,544,488	2,055,387	(1,489,101)
Other revenues	17,896,265	20,468,420	21,440,097	971,677
Transfers from other funds	14,938,877	15,782,045	15,706,199	(75,846)
Total resources	141,717,045	147,098,868	141,765,064	(5,333,804)
Amount available for appropriation	187,004,616	192,386,439	187,052,635	(5,333,804)
Charges to appropriations (outflows):				
General government:				
City Council	1,068,388	1,208,218	1,177,897	30,321
Boards and Commissions	10,163	10,163	4,838	5,325
City Clerk	849,384	885,451	883,694	1,757
City Attorney	2,177,976	2,260,284	2,103,103	157,181
Administration	4,476,306	5,448,285	5,257,865	190,420
Management and Information Systems	3,473,042	3,541,661	3,449,209	92,452
Human Resources	3,796,981	11,797,565	7,460,778	4,336,787
Finance	2,630,543	2,631,168	2,596,821	34,347
Community Development	3,517,825	4,095,472	4,035,354	60,118
Planning and Building	10,242,589	10,836,944	9,986,344	850,600
Public safety:				
Police	40,634,840	43,073,023	42,633,961	439,062
Fire	16,648,791	19,142,842	18,133,583	1,009,259
Public works:				
Engineering	13,355,301	13,464,875	13,212,702	252,173
Services	19,019,249	19,322,417	18,974,156	348,261
Parks and recreation	5,625,423	5,684,849	5,318,202	366,647
Library	8,533,508	9,161,377	9,005,069	156,308
Non-departmental:				
Furlough and pension obligation bonds	(2,414,290)	(1,512,484)	(1,661,092)	148,608
Capital outlay	400,000	3,432,829	1,742,424	1,690,405
Debt service:				
Principal	40,407	40,407	-	40,407
Interest	63,111	63,111	-	63,111
Transfers to other funds	4,312,000	5,523,678	3,683,574	1,840,104
Total charges to appropriations	138,461,537	160,112,135	147,998,482	12,113,653
Excess of resources over (under) charges to appropriations	3,255,508	(13,013,267)	(6,233,418)	6,779,849
Fund balance, June 30	\$ 48,543,079	\$ 32,274,304	\$ 39,054,153	\$ 6,779,849

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2005

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>\$ 36,138,921</u>	<u>\$ 36,138,921</u>	<u>\$ 36,138,921</u>	<u>\$ -</u>
Resources (inflows):				
License and permits	138,772	400,000	261,027	(138,973)
Charges for services	26,827,866	28,737,371	25,595,791	(3,141,580)
Fine and forfeitures	-	-	14,300	14,300
Use of money and property	1,379,118	1,379,118	567,975	(811,143)
Other revenues	273,371	284,394	334,560	50,166
Transfers from other funds	<u>8,000,000</u>	<u>5,900,000</u>	<u>5,912,115</u>	<u>12,115</u>
Total resources	<u>36,619,127</u>	<u>36,700,883</u>	<u>32,685,768</u>	<u>(4,015,115)</u>
Amount available for appropriation	<u>72,758,048</u>	<u>72,839,804</u>	<u>68,824,689</u>	<u>(4,015,115)</u>
Charges to appropriations (outflows):				
Public works:				
Services	19,076,819	19,661,030	16,867,063	2,793,967
Non-departmental:				
Capital outlay	1,425,000	6,809,927	2,874,410	3,935,517
Transfers to other funds	<u>16,361,469</u>	<u>14,966,999</u>	<u>14,966,806</u>	<u>193</u>
Total charges to appropriations	<u>36,863,288</u>	<u>41,437,956</u>	<u>34,708,279</u>	<u>6,729,677</u>
Excess of resources over (under) charges to appropriations	<u>(244,161)</u>	<u>(4,737,073)</u>	<u>(2,022,511)</u>	<u>2,714,562</u>
Fund balance, June 30	<u><u>\$ 35,894,760</u></u>	<u><u>\$ 31,401,848</u></u>	<u><u>\$ 34,116,410</u></u>	<u><u>\$ 2,714,562</u></u>

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2005

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
6/30/2002	\$ 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)%
6/30/2004	154,849,579	206,730,274	(51,880,695)	74.90%	47,920,530	(108.26)%

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
6/30/2002	\$ 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)%
6/30/2004	160,902,527	175,892,648	(14,990,121)	91.48%	22,412,640	(66.88)%



CITY OF
CHULA VISTA

SUPPLEMENTARY INFORMATION



CITY OF
CHULA VISTA

MAJOR DEBT SERVICE FUNDS - BUDGET TO ACTUALS

City of Chula Vista

Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Major Debt Service Funds For the year ended June 30, 2005

	Redevelopment Agency Debt Service		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 3,507,080	\$ 3,670,210	\$ 163,130
Use of money and property	277,510	206,019	(71,491)
Total revenues	3,784,590	3,876,229	91,639
EXPENDITURES:			
Current:			
General government	19,700	16,089	3,611
Debt service:			
Principal	994,250	983,361	10,889
Interest and fiscal charges	4,338,905	4,214,386	124,519
Total expenditures	5,352,855	5,213,836	139,019
REVENUES OVER (UNDER) EXPENDITURES	(1,568,265)	(1,337,607)	230,658
OTHER FINANCING SOURCES:			
Transfers in	5,447,343	2,594,685	(2,852,658)
Transfers out	(1,992,829)	(1,893,391)	99,438
Total other financing sources	3,454,514	701,294	(2,753,220)
NET CHANGE IN FUND BALANCES	\$ 1,886,249	\$ (636,313)	\$ (2,522,562)
FUND BALANCES:			
Beginning of year, as restated		(26,278,533)	
End of year		\$ (26,914,846)	

City Debt Service			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 3,507,080	\$ 3,670,210	\$ 163,130
-	-	-	277,510	206,019	(71,491)
-	-	-	3,784,590	3,876,229	91,639
-	-	-	19,700	16,089	3,611
-	-	-	994,250	983,361	10,889
894,251	657,108	237,143	5,233,156	4,871,494	361,662
894,251	657,108	237,143	6,247,106	5,870,944	376,162
(894,251)	(657,108)	237,143	(2,462,516)	(1,994,715)	467,801
-	154,524	154,524	5,447,343	2,749,209	(2,698,134)
-	-	-	(1,992,829)	(1,893,391)	99,438
-	154,524	154,524	3,454,514	855,818	(2,598,696)
\$ (894,251)	(502,584)	\$ 391,667	\$ 991,998	(1,138,897)	\$ (2,130,895)
	(13,399,608)			(39,678,141)	
	(13,902,192)			\$ (40,817,038)	



CITY OF
CHULA VISTA

NON-MAJOR GOVERNMENTAL FUNDS

City of Chula Vista
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2005

	Special Revenue				
	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Open Space Districts
ASSETS					
Cash and investments	\$ 1,776,235	\$ 102,702	\$ 640	\$ 26,005	\$ 9,167,608
Receivables:					
Accounts	-	-	-	-	-
Taxes	357,230	-	-	-	56,987
Interest	15,462	962	980	218	70,652
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and investments:					
Held by City	-	-	-	-	-
Held by fiscal agent	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 2,148,927	\$ 103,664	\$ 1,620	\$ 26,223	\$ 9,295,247
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 56,959	\$ 2,945	\$ -	\$ -	\$ 750,930
Accrued liabilities	-	693	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	56,959	3,638	-	-	750,930
Fund Balances:					
Reserved for:					
Encumbrances	120,623	187	-	-	23,619
Long-term receivables and advances	-	-	-	-	-
Land held for resale	-	-	-	-	-
Debt service	-	-	-	-	-
Total reserved	120,623	187	-	-	23,619
Unreserved:					
Designated for:					
Contingency	31,994	106,029	-	-	-
Capital projects	-	-	-	-	657,016
Undesignated:					
Special revenue	1,939,351	(6,190)	1,620	26,223	7,863,682
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total unreserved	1,971,345	99,839	1,620	26,223	8,520,698
Total fund balances	2,091,968	100,026	1,620	26,223	8,544,317
Total liabilities and fund balances	\$ 2,148,927	\$ 103,664	\$ 1,620	\$ 26,223	\$ 9,295,247

Special Revenue					Debt Service		
Housing Programs	Sundry Grants	Traffic Signals	Redevelopment Agency	Transportation Sales Tax	Public Financing Authority	1994 POB	Notes Payable
\$ -	\$ 1,383,803	\$ 2,996,392	\$ 3,386,091	\$ 13,062,666	\$ 498,251	\$ 114	\$ 1
-	-	-	425	-	-	-	-
-	-	-	43,680	-	-	-	-
-	1,078,965	22,813	1,408,349	97,494	1,924	-	-
275,906	3,213,573	-	11,274,243	-	-	-	-
-	-	2,006	-	-	-	-	-
-	1,680,598	13,096	-	-	-	-	-
-	-	-	-	-	-	-	-
288,476	-	-	4,024,301	-	-	-	-
-	-	-	-	-	11,284,047	352	-
-	-	-	376,508	-	-	-	-
<u>\$ 564,382</u>	<u>\$ 7,356,939</u>	<u>\$ 3,034,307</u>	<u>\$ 20,513,597</u>	<u>\$ 13,160,160</u>	<u>\$ 11,784,222</u>	<u>\$ 466</u>	<u>\$ 1</u>
\$ -	\$ 120,362	\$ 38,498	\$ 180	\$ 270,954	\$ -	\$ -	\$ -
-	830	-	-	-	-	-	-
-	1,736,486	2,006	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,477,809	-	1,382,839	-	-	-	-
-	3,335,487	40,504	1,383,019	270,954	-	-	-
-	215,080	371,913	24,548	2,535,356	-	-	-
564,382	3,213,573	-	14,978,411	-	-	-	-
-	-	-	376,508	-	-	-	-
-	-	-	-	-	11,784,222	466	1
<u>564,382</u>	<u>3,428,653</u>	<u>371,913</u>	<u>15,379,467</u>	<u>2,535,356</u>	<u>11,784,222</u>	<u>466</u>	<u>1</u>
-	28,371	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	564,428	2,621,890	3,751,111	10,353,850	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	592,799	2,621,890	3,751,111	10,353,850	-	-	-
<u>564,382</u>	<u>4,021,452</u>	<u>2,993,803</u>	<u>19,130,578</u>	<u>12,889,206</u>	<u>11,784,222</u>	<u>466</u>	<u>1</u>
<u>\$ 564,382</u>	<u>\$ 7,356,939</u>	<u>\$ 3,034,307</u>	<u>\$ 20,513,597</u>	<u>\$ 13,160,160</u>	<u>\$ 11,784,222</u>	<u>\$ 466</u>	<u>\$ 1</u>

(Continued)

City of Chula Vista
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2005

	Debt Service		Capital Projects		
	SD Regional		Park	Residential	
	Comm System	CaLease	Acquisition	Construction	Bicycle
			Development	Tax	Facility
ASSETS					
Cash and investments	\$ 156	\$ -	\$ 31,557,798	\$ 4,540,078	\$ 485,796
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Interest	-	-	265,477	35,771	4,882
Loans	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted cash and investments:					
Held by City	-	-	-	-	-
Held by fiscal agent	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	\$ 156	\$ -	\$ 31,823,275	\$ 4,575,849	\$ 490,678
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,015,544	\$ 18,110	\$ 40,773
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	26,700
Total liabilities	-	-	1,015,544	18,110	67,473
Fund Balances:					
Reserved for:					
Encumbrances	-	-	16,269,202	205,246	-
Long-term receivables and advances	-	-	-	-	-
Land held for resale	-	-	-	-	-
Debt service	156	-	-	-	-
Total reserved	156	-	16,269,202	205,246	-
Unreserved:					
Designated for:					
Contingency	-	-	-	-	-
Capital projects	-	-	14,538,529	4,352,493	423,205
Undesignated:					
Special revenue	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total unreserved	-	-	14,538,529	4,352,493	423,205
Total fund balances	156	-	30,807,731	4,557,739	423,205
Total liabilities and fund balances	\$ 156	\$ -	\$ 31,823,275	\$ 4,575,849	\$ 490,678

Capital Projects

Industrial Development Authority	Redevelopment Capital Projects	Assessment District Improvement Funds	Sewer Facility Replacement Fund	Capital Improvement Program	Transportation Partnership Fund	Other Transportation Program Fund	Transportation Equity Act
\$ 8,729	\$ 1,947,080	\$ 1,910,847	\$ 5,197,972	\$ 514,152	\$ 344,948	\$ 1,265,538	\$ -
-	-	-	76,850	-	-	-	-
-	177,956	116	536	-	-	-	-
73	26,297	10,001	45,154	4,610	2,849	3,376	-
-	-	-	-	-	-	-	-
-	716,606	-	-	-	-	83,712	-
-	619	-	-	-	-	-	5,776,653
-	5,931,519	-	791,352	-	-	-	-
-	-	-	-	-	-	-	-
-	5,477,313	-	-	16,160,786	-	-	-
-	7,366,654	-	-	-	-	-	-
<u>\$ 8,802</u>	<u>\$ 21,644,044</u>	<u>\$ 1,920,964</u>	<u>\$ 6,111,864</u>	<u>\$ 16,679,548</u>	<u>\$ 347,797</u>	<u>\$ 1,352,626</u>	<u>\$ 5,776,653</u>
\$ -	\$ 547,766	\$ -	\$ -	\$ 97,809	\$ -	\$ 175,000	\$ -
-	-	-	-	-	-	-	-
-	716,606	-	-	-	-	83,712	5,756,312
-	-	-	-	50,041	-	-	-
-	753,925	-	151,352	-	-	-	-
-	2,018,297	-	151,352	147,850	-	258,712	5,756,312
-	508,352	-	215,759	5,092,972	-	1,598,760	-
-	5,177,594	-	640,000	-	-	-	-
-	7,366,654	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	13,052,600	-	855,759	5,092,972	-	1,598,760	-
-	-	-	-	-	-	-	-
8,802	6,573,147	1,920,964	5,104,753	11,438,726	347,797	-	20,341
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(504,846)	-
8,802	6,573,147	1,920,964	5,104,753	11,438,726	347,797	(504,846)	20,341
8,802	19,625,747	1,920,964	5,960,512	16,531,698	347,797	1,093,914	20,341
<u>\$ 8,802</u>	<u>\$ 21,644,044</u>	<u>\$ 1,920,964</u>	<u>\$ 6,111,864</u>	<u>\$ 16,679,548</u>	<u>\$ 347,797</u>	<u>\$ 1,352,626</u>	<u>\$ 5,776,653</u>

(Continued)

City of Chula Vista
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2005

	Capital Projects	
	Traffic Congestion Relief Fund	Total Other Governmental Funds
ASSETS		
Cash and investments	\$ -	\$ 80,173,602
Receivables:		
Accounts	-	77,275
Taxes	-	636,505
Interest	-	3,096,309
Loans	-	14,763,722
Due from other funds	-	802,324
Due from other governments	-	7,470,966
Advances to other funds	-	6,722,871
Restricted cash and investments:		
Held by City	-	4,312,777
Held by fiscal agent	-	32,922,498
Land held for resale	-	7,743,162
Total assets	\$ -	\$ 158,722,011
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 3,135,830
Accrued liabilities	-	1,523
Due to other funds	-	8,295,122
Due to other governments	-	50,041
Unearned revenue	-	3,792,625
Total liabilities	-	15,275,141
Fund Balances:		
Reserved for:		
Encumbrances	-	27,181,617
Long-term receivables and advances	-	24,573,960
Land held for resale	-	7,743,162
Debt service	-	11,784,845
Total reserved	-	71,283,584
Unreserved:		
Designated for:		
Contingency	-	166,394
Capital projects	-	45,385,773
Undesignated:		
Special revenue	-	27,115,965
Debt service	-	-
Capital projects	-	(504,846)
Total unreserved	-	72,163,286
Total fund balances	-	143,446,870
Total liabilities and fund balances	\$ -	\$ 158,722,011

(Concluded)



CITY OF
CHULA VISTA

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2005

	Special Revenue				
	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Open Space Districts
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 823
Intergovernmental	3,930,875	-	-	-	-
Licenses and permits	-	35,996	-	-	-
Developer fees	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	46,939	512,006	-	-
Use of money and property	53,520	268,245	1,813	741	236,859
Other	24,302	-	-	-	5,143,103
Total revenues	4,008,697	351,180	513,819	741	5,380,785
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	309,927	-	-	-
Public works	-	-	-	-	5,227,334
Parks and recreation	-	-	-	-	-
Library	-	-	-	-	-
Capital outlay	256,181	-	-	-	90,680
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	256,181	309,927	-	-	5,318,014
REVENUES OVER (UNDER) EXPENDITURES	3,752,516	41,253	513,819	741	62,771
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt					
Proceeds from bond sale	-	-	-	-	-
Bond premium	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(3,096,211)	(3,472)	(633,645)	-	(75,429)
Total other financing sources (uses)	(3,096,211)	(3,472)	(633,645)	-	(75,429)
NET CHANGE IN FUND BALANCES	656,305	37,781	(119,826)	741	(12,658)
FUND BALANCES:					
Beginning of year	1,435,663	62,245	121,446	25,482	8,556,975
End of year	\$ 2,091,968	\$ 100,026	\$ 1,620	\$ 26,223	\$ 8,544,317

Special Revenue					Debt Service		
Housing Programs	Sundry Grants	Traffic Signals	Redevelopment Agency	Transportation Sales Tax	Public Financing Authority	1994 POB	Notes Payable
\$ -	\$ -	\$ -	\$ 1,675,273	\$ 7,142,188	\$ -	\$ -	\$ -
-	5,538,388	79,529	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	1,266,882	-	-	-	-	-
-	-	-	-	-	-	-	-
1,534	37,108	69,259	227,840	336,878	446,983	449	-
68	468	-	102,114	-	-	-	-
1,602	5,575,964	1,415,670	2,005,227	7,479,066	446,983	449	-
-	2,531,870	-	704,373	-	4,120	2,475	-
-	671,969	-	-	-	7,575	-	-
-	236,307	15,509	-	-	-	-	-
-	-	-	-	-	-	-	-
-	27,823	-	-	-	-	-	-
-	2,231,299	1,103,216	-	3,630,144	-	-	-
-	-	-	-	-	2,595,000	1,095,000	16,565
-	-	-	-	-	5,766,822	943,435	24,937
-	5,699,268	1,118,725	704,373	3,630,144	8,373,517	2,040,910	41,502
1,602	(123,304)	296,945	1,300,854	3,848,922	(7,926,534)	(2,040,461)	(41,502)
-	-	-	-	-	37,240,000	-	-
-	-	-	-	-	35,254	-	-
-	-	-	-	-	-	-	-
-	170,000	-	4,259	-	5,288,438	2,038,837	41,503
(174,259)	(674,983)	(13,212)	(4,509)	-	(31,829,910)	-	-
(174,259)	(504,983)	(13,212)	(250)	-	10,733,782	2,038,837	41,503
(172,657)	(628,287)	283,733	1,300,604	3,848,922	2,807,248	(1,624)	1
737,039	4,649,739	2,710,070	17,829,974	9,040,284	8,976,974	2,090	-
\$ 564,382	\$ 4,021,452	\$ 2,993,803	\$ 19,130,578	\$ 12,889,206	\$ 11,784,222	\$ 466	\$ 1

(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, 2005

	Debt Service		Capital Project		
	SD County		Park	Residential	
	Reg Comm Sys	Calease	Acquisition Development	Construction Tax	Bicycle Facility
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ 1,063,050	\$ -
Intergovernmental	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Developer fees	-	-	5,654,988	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	5	-	864,022	118,263	14,937
Other	-	-	-	120,000	-
Total revenues	5	-	6,519,010	1,301,313	14,937
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	65,451	-	-
Library	-	-	-	-	-
Capital outlay	-	-	7,104,064	562,819	175,687
Debt Service:					
Principal	170,690	75,631	-	-	-
Interest and fiscal charges	125,044	2,084	-	-	-
Total expenditures	295,734	77,715	7,169,515	562,819	175,687
REVENUES OVER (UNDER) EXPENDITURES	(295,729)	(77,715)	(650,505)	738,494	(160,750)
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt					
Proceeds from bond sale	-	-	-	-	-
Bond premium	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	295,734	77,315	677,566	-	-
Transfers out	-	-	-	(113,786)	-
Total other financing sources (uses)	295,734	77,315	677,566	(113,786)	-
NET CHANGE IN FUND BALANCES	5	(400)	27,061	624,708	(160,750)
FUND BALANCES:					
Beginning of year	151	400	30,780,670	3,933,031	583,955
End of year	\$ 156	\$ -	\$ 30,807,731	\$ 4,557,739	\$ 423,205

Capital Project							
Industrial Development Authority	Redevelopment Capital Projects	Assessment District Improvement Funds	Sewer Facility Replacement Fund	Capital Improvement Program	Transportation Partnership Fund	Other Transportation Program Fund	Transportation Equity Act
\$ -	\$ 3,593,859	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	9,483,472	5,054,908
-	-	-	-	-	-	-	-
-	-	618,423	-	-	-	-	-
-	-	-	504,705	-	-	-	-
-	-	-	-	-	-	-	-
294	1,930,677	32,393	163,004	387,682	8,498	3,930	(82,736)
-	93,800	11,947	-	-	-	-	-
294	5,618,336	662,763	667,709	387,682	8,498	9,487,402	4,972,172
-	7,831,437	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	224,334	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	648,443	-	640,403	14,478,156	-	8,378,934	5,159,052
-	-	-	-	-	-	-	-
-	10,688	-	-	-	-	-	-
-	8,490,568	-	864,737	14,478,156	-	8,378,934	5,159,052
294	(2,872,232)	662,763	(197,028)	(14,090,474)	8,498	1,108,468	(186,880)
-	765,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	639,050	-	-	-	-	-	-
-	675,000	-	-	31,846,752	-	-	-
-	(2,894,371)	-	(82,990)	(7,510,928)	(2,671)	(14,554)	(2,288)
-	(815,321)	-	(82,990)	24,335,824	(2,671)	(14,554)	(2,288)
294	(3,687,553)	662,763	(280,018)	10,245,350	5,827	1,093,914	(189,168)
8,508	23,313,300	1,258,201	6,240,530	6,286,348	341,970	-	209,509
\$ 8,802	\$ 19,625,747	\$ 1,920,964	\$ 5,960,512	\$ 16,531,698	\$ 347,797	\$ 1,093,914	\$ 20,341

(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, 2005

	<u>Capital Project</u>	
	Traffic Congestion Relief Fund	Total Other Governmental Funds
REVENUES:		
Taxes	\$ -	\$ 13,475,193
Intergovernmental	-	24,087,172
Licenses and permits	-	35,996
Developer fees	-	6,273,411
Charges for services	-	1,771,587
Fines and forfeitures	-	558,945
Use of money and property	(1,610)	5,120,588
Other	-	5,495,802
Total revenues	<u>(1,610)</u>	<u>56,818,694</u>
EXPENDITURES:		
Current:		
General government	-	11,074,275
Public safety	-	989,471
Public works	-	5,703,484
Parks and recreation	-	65,451
Library	-	27,823
Capital outlay	-	44,459,078
Debt Service:		
Principal	-	3,952,886
Interest and fiscal charges	-	6,873,010
Total expenditures	<u>-</u>	<u>73,145,478</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,610)</u>	<u>(16,326,784)</u>
OTHER FINANCING SOURCES (USES):		
Proceeds from long-term debt		765,000
Proceeds from bond sale	-	37,240,000
Bond premium	-	35,254
Proceeds from sale of capital assets	-	639,050
Transfers in	-	41,115,404
Transfers out	-	(47,127,218)
Total other financing sources (uses)	<u>-</u>	<u>32,667,490</u>
NET CHANGE IN FUND BALANCES	(1,610)	16,340,706
FUND BALANCES:		
Beginning of year	1,610	127,106,164
End of year	<u>\$ -</u>	<u>\$ 143,446,870</u>

(Concluded)



CITY OF
CHULA VISTA

City of Chula Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds (Budgetary Basis) For the year ended June 30, 2005

	Special Revenue					
	Transportation Grants			Parking Meter		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,778,507	3,930,875	152,368	-	-	-
Licenses and permits	-	-	-	24,500	35,996	11,496
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	76,171	46,939	(29,232)
Use of money and property	44,735	53,520	8,785	235,005	268,245	33,240
Other	-	24,302	24,302	-	-	-
Total revenues	3,823,242	4,008,697	185,455	335,676	351,180	15,504
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	325,283	310,114	15,169
Public works	-	-	-	-	-	-
Library	-	-	-	-	-	-
Capital outlay	1,033,384	376,804	656,580	-	-	-
Debt service:						
Principal	80,000	-	80,000	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	1,113,384	376,804	736,580	325,283	310,114	15,169
REVENUES OVER (UNDER) EXPENDITURES	2,709,858	3,631,893	922,035	10,393	41,066	30,673
OTHER FINANCING SOURCES (USES):						
Proceeds from bond sale	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(3,096,211)	(3,096,211)	-	(3,472)	(3,472)	-
Total other financing sources (uses)	(3,096,211)	(3,096,211)	-	(3,472)	(3,472)	-
NET CHANGE IN FUND BALANCES	\$ (386,353)	535,682	\$ 922,035	\$ 6,921	37,594	\$ 30,673
FUND BALANCES:						
Beginning of year		1,435,663			62,245	
End of year		<u>\$ 1,971,345</u>			<u>\$ 99,839</u>	

Special Revenue								
Traffic Safety			Town Centre I			Open Space Districts		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 823	\$ 823
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
491,372	512,006	20,634	-	-	-	-	-	-
6,284	1,813	(4,471)	493	741	248	259,012	236,859	(22,153)
-	-	-	-	-	-	6,649,251	5,143,103	(1,506,148)
497,656	513,819	16,163	493	741	248	6,908,263	5,380,785	(1,527,478)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,557,046	5,250,953	3,306,093
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	90,743	90,680	63
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,647,789	5,341,633	3,306,156
497,656	513,819	16,163	493	741	248	(1,739,526)	39,152	1,778,678
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(704,862)	(633,645)	71,217	-	-	-	(75,429)	(75,429)	-
(704,862)	(633,645)	71,217	-	-	-	(75,429)	(75,429)	-
\$ (207,206)	(119,826)	\$ 87,380	\$ 493	741	\$ 248	\$ (1,814,955)	(36,277)	\$ 1,778,678
	121,446			25,482			8,556,975	
	\$ 1,620			\$ 26,223			\$ 8,520,698	

(Continued)

City of Chula Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds (Budgetary Basis) For the year ended June 30, 2005

	Special Revenue					
	Housing Programs			Sundry Grants		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	4,967,591	5,538,388	570,797
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	10,000	1,534	(8,466)	84,992	37,108	(47,884)
Other	-	68	68	500	468	(32)
Total revenues	10,000	1,602	(8,398)	5,053,083	5,575,964	522,881
EXPENDITURES:						
Current:						
General government	-	-	-	5,308,762	2,537,906	2,770,856
Public safety	-	-	-	-	671,969	(671,969)
Public works	-	-	-	753,449	276,704	476,745
Library	-	-	-	28,518	27,823	695
Capital outlay	-	-	-	5,743,630	2,399,946	3,343,684
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	-	-	11,834,359	5,914,348	5,920,011
REVENUES OVER (UNDER) EXPENDITURES	10,000	1,602	(8,398)	(6,781,276)	(338,384)	6,442,892
OTHER FINANCING SOURCES (USES):						
Proceeds from bond sale	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Transfers in	-	-	-	-	170,000	170,000
Transfers out	(174,260)	(174,259)	1	(681,319)	(674,983)	6,336
Total other financing sources (uses)	(174,260)	(174,259)	1	(681,319)	(504,983)	176,336
NET CHANGE IN FUND BALANCES	\$ (164,260)	(172,657)	\$ (8,397)	\$ (7,462,595)	(843,367)	\$ 6,619,228
FUND BALANCES:						
Beginning of year		737,039			4,649,739	
End of year		<u>\$ 564,382</u>			<u>\$ 3,806,372</u>	

Special Revenue								
Traffic Signals			Redevelopment Agency			Transportation Sales Tax		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 1,644,412	\$ 1,675,273	\$ 30,861	\$ 7,094,000	\$ 7,142,188	\$ 48,188
154,000	79,529	(74,471)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
766,989	1,266,882	499,893	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
60,941	69,259	8,318	98,822	227,840	129,018	477,560	336,878	(140,682)
-	-	-	-	102,114	102,114	-	-	-
981,930	1,415,670	433,740	1,743,234	2,005,227	261,993	7,571,560	7,479,066	(92,494)
-	-	-	2,272,818	728,921	1,543,897	-	-	-
-	-	-	-	-	-	-	-	-
15,509	15,509	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,771,427	1,475,129	1,296,298	-	-	-	12,751,459	6,165,500	6,585,959
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,786,936	1,490,638	1,296,298	2,272,818	728,921	1,543,897	12,751,459	6,165,500	6,585,959
(1,805,006)	(74,968)	1,730,038	(529,584)	1,276,306	1,805,890	(5,179,899)	1,313,566	6,493,465
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	11,000	4,259	(6,741)	-	-	-
(13,212)	(13,212)	-	(4,509)	(4,509)	-	-	-	-
(13,212)	(13,212)	-	6,491	(250)	(6,741)	-	-	-
<u>\$ (1,818,218)</u>	<u>(88,180)</u>	<u>\$ 1,730,038</u>	<u>\$ (523,093)</u>	<u>1,276,056</u>	<u>\$ 1,799,149</u>	<u>\$ (5,179,899)</u>	<u>1,313,566</u>	<u>\$ 6,493,465</u>
	2,710,070			17,829,974			9,040,284	
	<u>\$ 2,621,890</u>			<u>\$ 19,106,030</u>			<u>\$ 10,353,850</u>	

(Continued)

City of Chula Vista

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Non-Major Governmental Funds (Budgetary Basis) For the year ended June 30, 2005

	Debt Service					
	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	138,050	446,983	308,933	-	449	449
Other	-	-	-	-	-	-
Total revenues	138,050	446,983	308,933	-	449	449
EXPENDITURES:						
Current:						
General government	4,120	4,120	-	2,500	2,475	25
Public safety	20,000	7,575	12,425	-	-	-
Public works	-	-	-	-	-	-
Library	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	2,595,000	2,595,000	-	1,095,000	1,095,000	-
Interest	4,976,481	5,766,822	(790,341)	943,435	943,435	-
Total expenditures	7,595,601	8,373,517	(777,916)	2,040,935	2,040,910	25
REVENUES OVER (UNDER) EXPENDITURES	(7,457,551)	(7,926,534)	(468,983)	(2,040,935)	(2,040,461)	474
OTHER FINANCING SOURCES (USES):						
Proceeds from bond sale	36,240,000	37,240,000	1,000,000	-	-	-
Bond premium	35,254	35,254	-	-	-	-
Transfers in	5,329,585	5,288,438	(41,147)	2,040,935	2,038,837	(2,098)
Transfers out	(31,829,910)	(31,829,910)	-	-	-	-
Total other financing sources (uses)	9,774,929	10,733,782	958,853	2,040,935	2,038,837	(2,098)
NET CHANGE IN FUND BALANCES	\$ 2,317,378	2,807,248	\$ 489,870	\$ -	(1,624)	\$ (1,624)
FUND BALANCES:						
Beginning of year		8,976,974			2,090	
End of year		<u>\$ 11,784,222</u>			<u>\$ 466</u>	

SD County Regional Comm System			Debt Service			Notes Payable		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
133	5	(128)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
133	5	(128)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
170,690	170,690	-	75,631	75,631	-	16,565	16,565	-
125,044	125,044	-	2,084	2,084	-	24,937	24,937	-
295,734	295,734	-	77,715	77,715	-	41,502	41,502	-
(295,601)	(295,729)	(128)	(77,715)	(77,715)	-	(41,502)	(41,502)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
295,734	295,734	-	77,715	77,315	(400)	41,503	41,503	-
-	-	-	-	-	-	-	-	-
295,734	295,734	-	77,715	77,315	(400)	41,503	41,503	-
\$ 133	5	\$ (128)	\$ -	(400)	\$ (400)	\$ 1	1	\$ -
	151			400			-	
	\$ 156			\$ -			\$ 1	

(Continued)

City of Chula Vista

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

For the year ended June 30, 2005

	Total		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Taxes	\$ 8,738,412	\$ 8,818,284	\$ 79,872
Intergovernmental	8,900,098	9,548,792	648,694
Licenses and permits	24,500	35,996	11,496
Charges for services	766,989	1,266,882	499,893
Fines and forfeitures	567,543	558,945	(8,598)
Use of money and property	1,416,027	1,681,234	265,207
Other	6,649,751	5,270,055	(1,379,696)
Total revenues	27,063,320	27,180,188	116,868
EXPENDITURES:			
Current:			
General government	7,588,200	3,273,422	4,314,778
Public safety	345,283	989,658	(644,375)
Public works	9,326,004	5,543,166	3,782,838
Library	28,518	27,823	695
Capital outlay	22,390,643	10,508,059	11,882,584
Debt service:			
Principal	4,032,886	3,952,886	80,000
Interest	6,071,981	6,862,322	(790,341)
Total expenditures	49,783,515	31,157,336	18,626,179
REVENUES OVER (UNDER) EXPENDITURES	(22,720,195)	(3,977,148)	18,743,047
OTHER FINANCING SOURCES (USES):			
Proceeds from bond sale	36,240,000	37,240,000	1,000,000
Bond premium	35,254	35,254	-
Transfers in	7,796,472	7,916,086	119,614
Transfers out	(36,583,184)	(36,505,630)	77,554
Total other financing sources (uses)	7,488,542	8,685,710	1,197,168
NET CHANGE IN FUND BALANCES	\$ (15,231,653)	4,708,562	\$ 19,940,215
FUND BALANCES:			
Beginning of year		54,148,532	
End of year		<u>\$ 58,857,094</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, 2005

	Fleet Management	Technology Replacement	Stores Inventory	Total
ASSETS				
Current assets:				
Cash and investments	\$ 5,280,647	\$ 1,786,016	\$ 35,410	\$ 7,102,073
Interest receivable	36,551	14,374	363	51,288
Other receivable	9,625	-	-	9,625
Due from other governments	10,839	-	-	10,839
Inventories	-	-	38,024	38,024
Property, plant and equipment	13,153,336	-	-	13,153,336
Less accumulated depreciation	(9,032,216)	-	-	(9,032,216)
Net property, plant and equipment	4,121,120	-	-	4,121,120
Total assets	9,458,782	1,800,390	73,797	11,332,969
LIABILITIES				
Current liabilities:				
Accounts payable	333,914	187,282	9,632	530,828
Accrued liabilities	33,096	-	-	33,096
Compensated absences	61,320	-	-	61,320
Total liabilities	428,330	187,282	9,632	625,244
NET ASSETS				
Invested in capital assets net of related debt	4,121,120	-	38,024	4,159,144
Unrestricted	4,909,332	1,613,108	26,141	6,548,581
Total net assets	\$ 9,030,452	\$ 1,613,108	\$ 64,165	\$ 10,707,725

City of Chula Vista
Combining Statement of Activities and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2005

	Fleet Management	Technology Replacement	Stores Inventory	Total
OPERATING REVENUES:				
Charges for services	\$ 5,854,503	\$ 588,961	\$ 148,920	\$ 6,592,384
Total operating revenues	5,854,503	588,961	148,920	6,592,384
OPERATING EXPENSES:				
Operation and administration	3,567,695	635,821	146,035	4,349,551
Depreciation	1,368,794	-	-	1,368,794
Total operating expenses	4,936,489	635,821	146,035	5,718,345
Operating income (loss)	918,014	(46,860)	2,885	874,039
NONOPERATING REVENUES:				
Other miscellaneous	34,860	-	-	34,860
Gain on sale of fixed assets	13,894	-	-	13,894
Interest revenue	124,436	-	-	124,436
Total nonoperating revenues	173,190	-	-	173,190
Income (loss) before transfers	1,091,204	(46,860)	2,885	1,047,229
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(45,446)	-	(15,000)	(60,446)
Total other financing sources (uses)	(45,446)	-	(15,000)	(60,446)
Net income (loss)	1,045,758	(46,860)	(12,115)	986,783
Net increase (decrease) in net assets	1,045,758	(46,860)	(12,115)	986,783
NET ASSETS:				
Beginning of year	7,984,694	1,659,968	76,280	9,720,942
End of year	\$ 9,030,452	\$ 1,613,108	\$ 64,165	\$ 10,707,725

City of Chula Vista
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2005

	Fleet Management	Technology Replacement	Stores Inventory	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ 6,526,887	\$ 588,961	\$ 146,175	\$ 7,262,023
Cash payments to employees for services	(3,427,169)	(449,457)	(145,338)	(4,021,964)
Other operating revenues	34,860	-	-	34,860
Net cash provided (used) by operating activities	3,134,578	139,504	837	3,274,919
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Capital (expenditures)	(1,832,485)	-	-	(1,832,485)
Net cash provided by noncapital financing activities	(1,832,485)	-	-	(1,832,485)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the sale of capital assets	13,894	-	-	13,894
Transfers (out)	(45,446)	-	(15,000)	(60,446)
Net cash provided (used) by capital and related financing activities	(31,552)	-	(15,000)	(46,552)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest revenue	114,741	(3,570)	73	111,244
Net cash used by investing activities	114,741	(3,570)	73	111,244
Net increase in cash and cash equivalents	1,385,282	135,934	(14,090)	1,507,126
CASH AND CASH EQUIVALENTS:				
Beginning of year	3,895,365	1,650,082	49,500	5,594,947
End of year	\$ 5,280,647	\$ 1,786,016	\$ 35,410	\$ 7,102,073
RECONCILIATION OF OPERATING INCOME TO NET				
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating gain (loss)	\$ 918,014	\$ (46,860)	\$ 2,885	\$ 874,039
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Miscellaneous	34,860	-	-	34,860
Depreciation	1,368,794	-	-	1,368,794
Changes in operating assets and liabilities:				
Other receivable	(259)	-	-	(259)
Inventories	-	-	(2,745)	(2,745)
Prepaid items	683,482	-	-	683,482
Due from other governments	(10,839)	-	-	(10,839)
Accounts payable	150,638	186,364	697	337,699
Accrued liabilities	(14,143)	-	-	(14,143)
Compensated absences	4,031	-	-	4,031
Total adjustments	2,181,704	186,364	(2,048)	2,366,020
Net cash provided (used) by operating activities	\$ 3,134,578	\$ 139,504	\$ 837	\$ 3,274,919

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, 2005

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 61,447,304
Buildings, structures and improvements other than buildings	155,448,186
Machinery and equipment	21,034,060
Infrastructure	624,872,839
Construction in progress	<u>90,330,273</u>
Total governmental funds capital assets	<u><u>\$ 953,132,662</u></u>

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE:

General Fund	\$ 942,791,146
Redevelopment Agency	<u>10,341,516</u>
Total governmental funds capital assets	<u><u>\$ 953,132,662</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, 2005

	Land, Buildings, Improvements	Machinery and Equipment	Construction in Progress	Infrastructure	Totals
GOVERNMENTAL FUNDS					
CAPITAL ASSETS:					
General government	\$ 16,695,329	\$ 3,576,325	\$ 13,704,090	\$ -	\$ 33,975,744
Library	10,577,471	1,768,916	581,272	-	12,927,659
Public safety	28,847,484	8,199,474	57,560,764	-	94,607,722
Public works	66,148,821	6,062,406	45,799	624,872,839	697,129,865
Parks and recreation	94,626,385	1,426,939	18,438,348	-	114,491,672
Total governmental funds capital assets	\$ 216,895,490	\$ 21,034,060	\$ 90,330,273	\$ 624,872,839	\$ 953,132,662

* 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, 2005

	Balance July 1, 2004	Additions	Deletions	Inventory Adjustments	Balance June 30, 2005
GOVERNMENTAL FUNDS					
CAPITAL ASSETS:					
General government	\$ 24,745,849	\$ 11,951,641	\$ (2,721,746)	\$ -	\$ 33,975,744
Library	12,564,838	362,821	-	-	12,927,659
Public safety	87,004,457	15,640,913	(8,037,648)	-	94,607,722
Public works	628,577,268	70,397,113	-	(1,844,516)	697,129,865
Parks and recreation	86,249,010	28,882,046	(356,264)	(283,120)	114,491,672
Total governmental funds capital assets	\$ 839,141,422	\$ 127,234,534	\$ (11,115,658)	\$ (2,127,636)	\$ 953,132,662

* 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
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2005

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
<u>Special Assessment District</u>				
Assets:				
Cash and investments	\$ 9,007,802	\$ 20,066,439	\$ (19,686,499)	\$ 9,387,742
Restricted cash and investments:				
Held by fiscal agents	99,997,376	10,638,943	(26,607,938)	84,028,381
Total assets	\$ 109,005,178	\$ 30,705,382	\$ (46,294,437)	\$ 93,416,123
Liabilities:				
Due to bondholders	\$ 109,005,178	\$ 34,455,069	\$ (50,044,124)	\$ 93,416,123
Total liabilities	\$ 109,005,178	\$ 34,455,069	\$ (50,044,124)	\$ 93,416,123
<u>Miscellaneous Deposits</u>				
Assets:				
Cash and investments	\$ 13,987,291	\$ 15,006,066	\$ (15,346,114)	\$ 13,647,243
Total assets	\$ 13,987,291	\$ 15,006,066	\$ (15,346,114)	\$ 13,647,243
Liabilities:				
Refundable deposits	\$ 13,987,291	\$ 15,006,066	\$ (15,346,114)	\$ 13,647,243
Total liabilities	\$ 13,987,291	\$ 15,006,066	\$ (15,346,114)	\$ 13,647,243
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 22,995,093	\$ 35,072,505	\$ (35,032,613)	\$ 23,034,985
Restricted cash and investments:				
Held by fiscal agents	99,997,376	10,638,943	(26,607,938)	84,028,381
Total assets	\$ 122,992,469	\$ 45,711,448	\$ (61,640,551)	\$ 107,063,366
Liabilities:				
Due to bondholders	\$ 109,005,178	\$ 34,455,069	\$ (50,044,124)	\$ 93,416,123
Refundable deposits	13,987,291	15,006,066	(15,346,114)	13,647,243
Total liabilities	\$ 122,992,469	\$ 49,461,135	\$ (65,390,238)	\$ 107,063,366

City of Chula Vista
COMPARISON OF EXPENDITURES
ALL GOVERNMENTAL FUND TYPES - BY FUNCTION
Fiscal Years 1995-96 through 2004-05

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Library	Capital Outlay	Debt Service	Total
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
2004-05	46,054,981	61,673,449	56,220,867	5,369,192	8,957,574	61,134,157	16,995,458	256,405,678

Source: City of Chula Vista Finance Department

City of Chula Vista
COMPARISON OF REVENUES
ALL GOVERNMENTAL FUND TYPES - BY SOURCE
Fiscal Years 1995-96 through 2004-05

Fiscal Year	Revenues			Fines		Developer Fees	Use of Money and Property	Other Revenue	Total
	Taxes	From Other Agencies	Licenses and Permits	Charges For Services	and Forfeitures				
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
2004-05	85,192,455	43,647,460	3,946,733	41,850,292	1,398,146	22,625,331	10,199,902	24,231,228	233,091,547

Source: City of Chula Vista Finance Department

City of Chula Vista
PROPERTY TAXES LEVIED AND TAX COLLECTIONS
Fiscal Years 1995-1996 through 2004-2005

Fiscal Year	Current Tax Levied	Current Tax Collections	Percent of Collections To Tax Levied	Delinquent Tax Collections	Delinquent Tax Receivables
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
2005	18,652,193	18,324,641	98.24%	187,292	188,985

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 1995-96 through 2004-05

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
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
2005	217,543	15,366,255,050	12,991,692	465	12,991,227	0.0008	60

(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 1995-96 through 2004-05

Fiscal Year	Secured Property	Unsecured Property	Total Assessed Value
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
2004-05	15,010,238,271	356,016,779	15,366,255,050

Assessed property includes valuations within the Redevelopment project areas.

Source: County of San Diego

City of Chula Vista
COMPARISON OF PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Fiscal years 1995-96 through 2004-05

Fiscal Year	Range	
	From (%)	To (%)
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
2004-2005	1.03119	1.07710

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 1995-96 through 2004-05

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service To Total General Expenditures
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
2004-05	1,095,000	943,435	2,038,435	141,866,883	0.014

Source: City of Chula Vista Finance Department

City of Chula Vista

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2005

Assessed Valuation:	
Assessed Value	<u>\$ 15,366,255,050</u>
Legal Debt Margin:	
Debt Limitation - 15% of total assessed value (1)	2,304,938,258
Less: Debt Applicable to Limitation	
Pension Obligation Bonds	<u>(12,991,692)</u>
Legal Debt Margin	<u>\$ 2,291,946,566</u>

(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 1995-96 through 2004-05

Fiscal Year	<u>Building Permits</u>		Percent Of Increase (Decrease) Over Previous Year	Total Construction Valuation (In Millions)	Percent Change	<u>Business Licenses</u>		Percent Of Increase (Decrease) Over Previous Year
	Number	Amount				Number	Amount	
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	78.02%	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%)
2004-05	5,770	3,374,004	(33.18%)	552	(33.17%)	10,097	1,185,187	11.41%

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 1996 through 2005

YEAR	CITY OF CHULA VISTA POPULATION	CITY POPULATION PERCENT CHANGE	COUNTY OF SAN DIEGO POPULATION	COUNTY POPULATION PERCENT CHANGE
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%
2005	217,543	4.04%	3,051,280	1.13%

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

City of Chula Vista
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2005

2004-05 Assessed Valuation:		\$ 15,366,255,050
Redevelopment Incremental Valuation:		699,939,207
Adjusted Assessed Valuation:		<u>\$ 14,666,315,843</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Percentage</u>	<u>Outstanding Debt</u>
	<u>Applicable</u>	<u>as of 6/30/05</u>
Metropolitan Water District	1.104%	\$ 4,616,818
Otay Municipal Water District, I.D. No. 27	99.997%	9,954,701
Southwestern Community College District	53.831%	48,409,666
Sweetwater Union High School District	63.722%	53,551,969
Chula Vista City School District	85.353%	76,711,009
City of Chula Vista Community Facilities Districts	100.000%	178,410,000
Sweetwater Union High School District Community Facilities Districts	3.978-100%	121,571,181
Chula Vista City School District Community Facilities Districts	100.000%	7,945,000
City of Chula Vista 1915 Act Bonds	100.000%	49,455,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 550,625,344</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>		
San Diego County General Fund Obligations	5.808%	\$ 26,941,954
San Diego County Pension Obligations	5.808%	72,730,269
San Diego County Superintendent of Schools Obligations	5.808%	744,731
Southwestern Community College District Certificates of Participation	53.831%	1,442,671
Sweetwater Union High School District Certificates of Participation	63.722%	11,642,009
Chula Vista City School District Certificates of Participation	85.353%	95,608,163
City of Chula Vista Certificates of Participation	100.000%	127,565,000
City of Chula Vista Pension Obligations	100.000%	12,275,036
Otay Municipal Water District Certificates of Participation	61.279%	15,730,319
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 364,680,152</u>
Less: Otay Municipal Water District Certificates of Participation		15,730,319
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 348,949,833</u>
GROSS COMBINED TOTAL DEBT		<u>\$ 915,305,496</u> (1)
NET COMBINED TOTAL DEBT		<u>\$ 899,575,177</u>

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

Ratios to 2004-05 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 3.58%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$105,675,445) 95.00%

Gross Combined Total Debt 6.24%

Net Combined Total Debt 6.13%

City of Chula Vista

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

Fiscal years 1995-96 through 2004-05

Fiscal Year	Special Assessment Due	Special Assessment Collected	Percent Of Collections to Amount Due	Special Assessment Receivable
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
2004-2005	26,127,088	25,275,871	96.74%	851,217

Source: County of San Diego, Auditor & Controller

City of Chula Vista

PRINCIPAL TAXPAYERS AND THEIR ASSESSED VALUES

June 30, 2005

TAXPAYERS	TOTAL TAX	ASSESSED VALUATION	PERCENTAGE OF ASSESSED VALUATION TO TOTAL ASSESSED VALUATION
Rohr Inc	\$ 1,766,593	\$ 165,712,468	1.25%
Camden USA Inc.	1,403,863	110,037,078	0.83%
Bre Properties	1,238,213	75,912,505	0.57%
KB Home Coastal Inc.	1,102,045	73,450,098	0.56%
Brookfield Shea Otay	1,019,342	24,571,819	0.19%
CV Center Inc.	1,012,423	95,000,000	0.72%
Eagle Lomas Verdes	979,219	53,889,142	0.41%
SSR Realty Advisors Calstrs	876,740	69,039,237	0.52%
Duke Energy South Bay LLP	766,265	71,934,269	0.54%
Cornerstone Summit at Eastlake	732,178	57,058,104	0.43%
Shea Homes LP	668,607	22,309,729	0.17%
Missions at Sunbow	645,075	51,713,205	0.39%
Horton DR San Diego Holding Co.	600,018	14,881,178	0.11%
Eastlake Company LLC	517,904	5,616,765	0.04%
Otay MF1 LLC	461,853	20,468,507	0.15%
Otay Ranch R7B LLC	443,119	6,660,522	0.05%
Lyon Otay Ranch LLC	400,753	18,500,902	0.14%
Gateway Chula Vista LLC	378,441	26,258,961	0.20%
San Miguel Village	367,100	39,505,810	0.30%
Cornerstone GDCI Chula Vista	354,674	24,750,000	0.19%
	\$ 15,734,426	\$ 1,027,270,299	7.77%

Source: San Diego County Auditor and Controller

City of Chula Vista
SCHEDULE OF BOND RETIREMENT
1965 GOLF COURSE
Fiscal years 1995-96 through 2004-05

Fiscal Year	<u>GOLF COURSE</u>		<u>POLICE FACILITY BOND</u>		Total Principal & Interest	<u>Unmatured Principal at Year End</u> Golf Course
	Principal	Interest	Principal	Interest		
1995-1996	\$ 50,000	\$ 975	\$ -	\$ -	\$ 50,975	\$ -
1996-1997	-	-	-	-	-	-
1997-1998	-	-	-	-	-	-
1998-1999	-	-	-	-	-	-
1999-2000	-	-	-	-	-	-
2000-2001	-	-	-	-	-	-
2001-2002	-	-	-	-	-	-
2002-2003	-	-	-	-	-	-
2003-2004	-	-	-	-	-	-
2004-2005	-	-	-	-	-	-

Source: City of Chula Vista Finance Department

City of Chula Vista
PRINCIPAL EMPLOYERS
For the year ended June 30, 2005

Company	Product	Employment
Rohr DBA Goodrich Aerospace	Aerospace Manufacturing	1,903
Sharp Chula Vista Medical Center	Hospital	1,410
Scripps Memorial Hospital	Hospital	890
United Parcel Service	Parcel Delivery Service	637
Walmart 2291	General Merchandise	400
Sears Roebuck & Co	General Mercandise	340
Costco Wholesale Corp # 781	General Merchandise	285
ATC Vancom Inc	General Merchandise	284
Costco Wholesale Corp # 460	General Merchandise	275
Walmart Store #3516	General Merchandise	250
Bayview Behavioral Health Campus	Hospital	236
Target # 203	Department Store	230
Home Depot 658/Home Depot USA INC	General Merchandise	215
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)

Cityof Chula Vista
MISCELLANEOUS STATISTICAL DATA
June 30, 2005

Date of Incorporation:	3/17/1911
Form of Government:	Council/Manager
Population:	217,543
Housing Units:	71,844
Median Household Income:	\$ 51,729 (in 1999 dollars)
Fire Class Rating:	3
Fire Personnel Ratio:	.45/1000
Police Personnel Ratio:	1.06/1000
Bond Rating:	A

<u>TOTAL CITY EMPLOYEES AT JUNE 30</u>			
Year	Number of Employees	Percent of Increase (Decrease) over Previous Year	Number of Employees Per Thousands Population
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%	6.78
2005	1547	4.88%	7.11