



Comprehensive Annual Financial Report

for the year ended
June 30, 2012



CITY OF
CHULA VISTA





Comprehensive Annual Financial Report

*For The Fiscal Year Ended
June 30, 2012*

Mayor
Cheryl Cox

City Council

Rudy Ramirez
Patricia Aguilar
Pamela Bensoussan
Steve Castaneda

City Manager
Jim Sandoval

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, 2012

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CITY OF
CHULA VISTA



Finance Department

December 27, 2012

Honorable Mayor, Councilmembers and Citizens of Chula Vista
Chula Vista City Hall
Chula Vista, CA 91910

The audited Comprehensive Annual Financial Report (CAFR) of the City of Chula Vista for the fiscal year ended June 30, 2012 is hereby submitted to you. The City compiles and prepares the annual financial report to provide interested parties with reliable information concerning the financial condition and results of operations for the City.

The basic financial statements are audited by an independent certified public accounting firm. The purpose of the audit is to ensure that the financial statements present fairly, in all material respects, the financial position and the results of operations of the City. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with City management. The financial statements have been prepared in accordance with generally accepted accounting principles. This means that the statements have been prepared using guidelines that would allow the user to make a meaningful comparison to the financial statements of other similar entities. All disclosures necessary to enable the reader to gain an understanding of the City of Chula Vista's activities have been included.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Chula Vista's MD&A can be found immediately following the report of the independent auditors.

The City of Chula Vista is required to undergo an annual single audit in conformity with the provisions of the Revised Single Audit Act of 1996 and the United States Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, along with the independent auditors' reports on internal controls and compliance with applicable laws, can be found in a separately issued single audit report.

The Comprehensive Annual Financial Report for the City of Chula Vista includes the activities of the primary government (City of Chula Vista) along with several "component units." A component unit is a legally separate organization or entity for which the elected officials of the primary government are financially accountable. Component units, although they are legally separate entities, are in substance part of the primary government's operations and therefore included for financial reporting purposes. The component units included within the City of Vista's financial statements are the Redevelopment Agency of the City of Chula Vista, the Chula Vista Public Financing Authority, the Chula Vista Industrial Development Authority and the Chula Vista Housing Authority.

Profile of the Government

The City of Chula Vista is located in San Diego County with its western border adjacent to San Diego Bay, 8 miles south of Downtown San Diego and 7 miles north of the Mexican border. The City encompasses 50 square miles.

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 in addition to the City Attorney are elected on a citywide basis. The City Council appoints the City Manager and the City Clerk. Municipal services provided include police, fire, parks, recreation, libraries, planning & building, housing programs, street and drainage construction & maintenance and sewer services.

Local Economy and Prospects for the Future

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 from the San Diego Association of Governments (SANDAG) estimates that the median income in Chula Vista is \$66,955.

The City of Chula Vista, with a population of approximately 249,392, is the second largest community in San Diego County. SANDAG projects that the City of Chula Vista will reach a population of approximately 316,467 by the year 2040. SANDAG's 2030 Growth Forecast indicates that the South County sub region will continue to host a substantial amount of the region's projected growth over the next 20 years, primarily through new development in the eastern portion of the City.

Long-Term Financial Planning:

The City periodically updates a 5-Year General Fund Financial Forecast. The purpose of this plan is to analyze current revenue sources to determine if relevant assumptions need to be updated when projecting potential revenue growth over time. Operational expenditures are also examined to estimate cost increases over time due to inflation, increased service demands, and other factors. The goal of the 5-year financial forecast is to match the availability of revenues to service demands over time, and make adjustments to budgetary and financial plans accordingly.

During fiscal year 2012, the Finance Department updated the General Fund 5-Year Financial Forecast to assess the General Fund's ability over the next five years to continue current service levels based on anticipated growth. The forecast anticipated minimal to no growth for the next five years and identified a structural imbalance that resulted in budgetary cuts citywide. The Finance Department will continue to update the five-year forecast, as projections are refined. This forecast will serve as the foundation for the City's Long Term Financial Plan, which is in process. The Government Finance Officers Association (GFOA) recognizes the importance of combining the forecasting of revenues and expenditures into a single financial forecast. The GFOA also recommends that a government should have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals.

Internal Control

The City has developed and put into place systems of internal controls over various accounting and transaction processing functions. Management of the City is responsible for establishing and maintaining the internal control structure. This structure is designed to ensure that the assets of the City are protected from loss, theft, or misuse. These controls are also in place to ensure that adequate accounting information is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The idea of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefits requires estimates and judgments by management.

Budgetary Controls

The City currently adopts a single-year operating and capital budget. The provisions of these budgets are directly posted into the City's general ledger accounting system to help ensure compliance with the appropriations made by the City Council.

Activities of the general fund, special revenue funds, debt service funds and capital project funds are adopted in the operating budget. Budgetary control (which is the policy that expenditures may not exceed appropriations) is at the Department/fund level within each fund. 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 up to \$15,000 within a departmental budget. Any appropriation transfers between departments or greater than \$15,000 require City Council approval. Amounts appropriated for each year in the operating budget lapse at the end of each fiscal year, unless carried forward through the encumbrance process. The City Council also adopts amounts in the operating budget for the proprietary and internal service funds to provide a level of fiscal control.

Independent Audit

Each year the City has an audit performed by an independent certified public accounting firm. This year the audit was performed by the firm of Pun & McGeady, LLP. The auditors also conducted a "single audit" designed to meet the requirements of the federal Revised Single Audit Act of 1996 and the related U.S. Office of Management and Budget's Circular A-133. The auditor's report on the basic financial statements can be found in the financial section of this report.

The auditor's report on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

Awards

The Government Finance Officers Association (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 year ended June 30, 2011. This was the 12th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published 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 again submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire finance staff throughout the fiscal year. We would like to thank all of those individuals who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council, along with the City Manager, for their continued interest in planning and conducting the operations of the City of Chula Vista in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Maria Kachadoorian". The signature is written in a cursive, flowing style.

Maria Kachadoorian

Director of Finance/Treasurer

**City of Chula Vista
List of City Officials
June 30, 2012**

City Council

Cheryl Cox	Mayor
Steve Castaneda	Deputy Mayor
Pamela Bensoussan	Councilmember
Rudy Ramirez	Councilmember
Patricia Aguilar	Councilmember

Administration

James Sandoval	City Manager
Gary Halbert	Assistant City Manager
Scott Tulloch	Assistant City Manager
Glen Goggins	City Attorney
Donna Norris	City Clerk

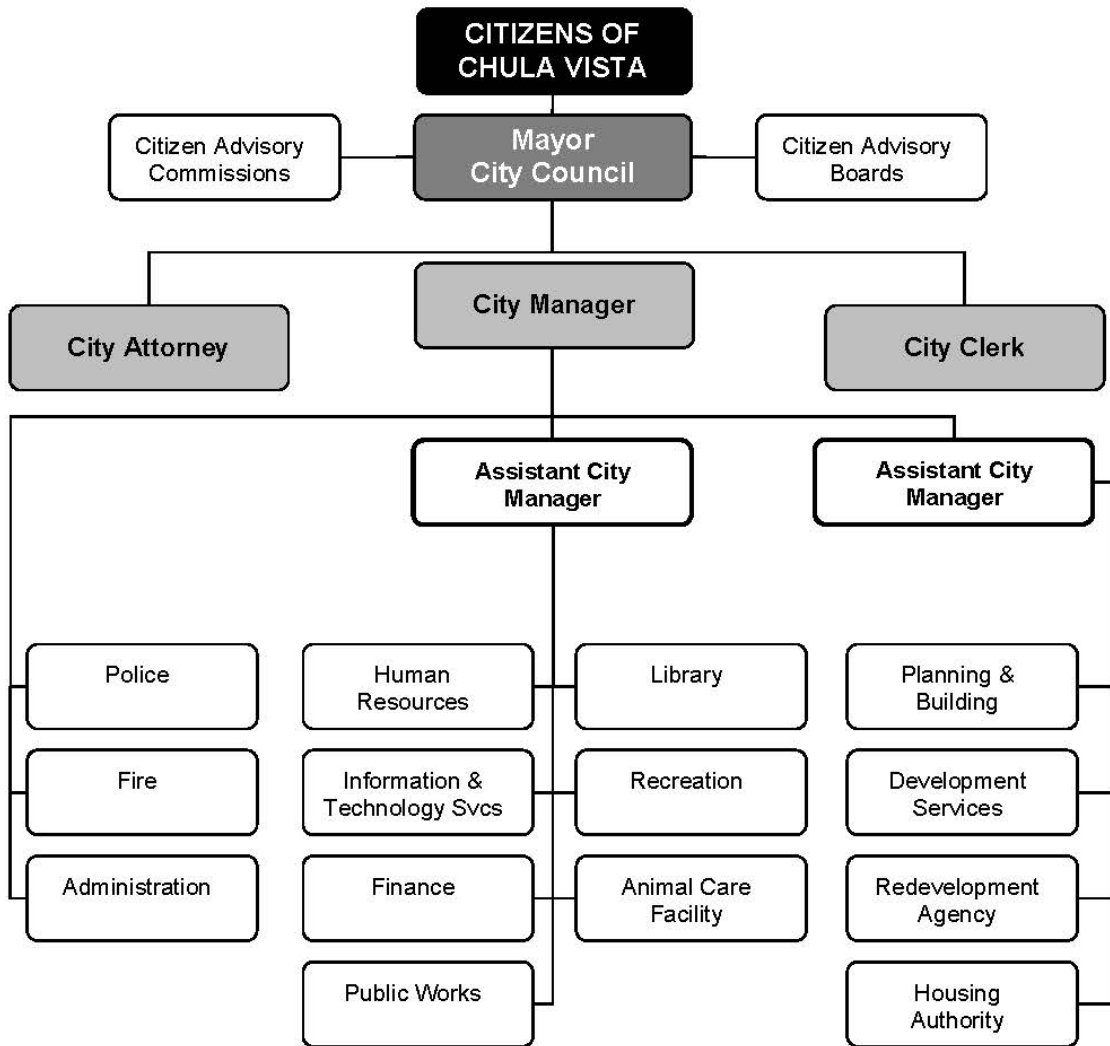
Department Heads

Kelley Bacon	Director of Human Resources & Information Technology Services
David Bejarano	Chief of Police
Gary Halbert	Director of Development Services
Dave Hanneman	Fire Chief
Richard Hopkins	Director of Public Works
Maria Kachadoorian	Director of Finance/Treasurer
Betty Waznis	Director of Library & Recreation
Michael Meacham	Director of Economic Development



**CITY OF
CHULA VISTA**

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chula Vista
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director



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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 (the "City"), as of and for the year ended June 30, 2012, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 16 to the Basic Financial Statements, on December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies. Accordingly, the Chula Vista Redevelopment Agency, a component unit of the City, was dissolved on February 1, 2012. On February 28, 2012, the City Council adopted a resolution and assumed the housing functions from the former Chula Vista Redevelopment Agency. All housing assets, as defined by AB X1 26, were transferred to the City and reported in the Housing Successor Special Revenue Fund, and the remaining assets, net of liabilities, were transferred to the Redevelopment Successor Agency on February 1, 2012.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Information, the Budgetary Comparison Schedules, the Schedules of Funding Progress for the Public Employee Retirement Systems and Other Post Employment Benefits on pages 3 through 21 and 104 through 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements and the Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Ron Mc Geady" followed by "LLP". The signature is written in a cursive, slightly slanted style.

San Diego, California
December 27, 2012

CITY OF CHULA VISTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Chula Vista, we are presenting the readers of this annual financial report a narrative overview and analysis of the financial activities of the City of Chula Vista for the fiscal year ended June 30, 2012. We encourage the readers of this document to consider the information presented here in conjunction with additional information furnished in the letter of transmittal found in the introductory section of this annual report.

FINANCIAL HIGHLIGHTS

The following outlines financial highlights for the year:

1. The assets of the City exceeded its liabilities at June 30, 2012 by \$994.5 million (net assets). Of this amount, \$176.1 million was reported as "unrestricted net assets" and may be used to meet the government's ongoing obligations to citizens and creditors.
2. Total unrestricted net assets are \$23.2 million higher than last fiscal year, an increase of 15.2%.
3. The City's total net assets increased by \$13.4 million in fiscal year 2012. Net assets of governmental activities increased by \$13.4 million, while net assets of the business type activities increased by \$4,853.
4. The City's governmental funds reported combined ending fund balances of \$117.7 million, a decrease of \$7.9 million.
5. Total citywide liabilities decreased by \$49.1 million. Liabilities for governmental activities decreased by \$48.8 million and decreased by \$0.3 million for business-type activities.
6. The City's total long-term debt obligations had a net decrease of \$47.3 million or -24.5% during fiscal year 2012. The decrease is composed of principal reductions (\$8.4 million) and transfer of the former Redevelopment Agency Tax Allocation Bonds (\$43.0 million) and ERAF Loans (\$0.8 million) to a Private-Purpose Trust Fund. In addition, the City issued notes payable of \$4.0 million for energy conservation projects financed through the California Energy Commission and San Diego Gas & Electric's On-Bill Financing Program.
7. An Extraordinary Gain – Government Wide of \$28.7 million is recorded as a result of the dissolution of the City's Redevelopment Agency. Please see Note 16 in the Notes to the Financial Statements section for further information.
8. An Extraordinary Loss of \$3.2 million is reported in the governmental funds due to the dissolution of the redevelopment agency. The loss is due primarily to the removal of net assets at the fund financial statement level. See Note 16 in the Notes to the Financial Statements section for further information.
9. The unassigned fund balance of the General Fund on June 30, 2012 was \$12.0 million or 10.3 percent of fiscal year 2011-12 General Fund expenditures (excluding other financing uses).

10. The City continues to record deferred revenue for collections of the City's Utility User Tax that is related to wireless telecommunications. Deferral of this revenue results in a \$4.3 million reduction in UUT revenues recognized in fiscal year 2011-12. Recognizing this revenue in the future will be contingent upon the outcome of lawsuits related to the Utility User Tax.

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 required supplementary information (RSI) as well as other supplemental financial information.

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*.

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 combines and consolidates governmental funds 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 the Sewer Funds and Transit Operations.

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

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.

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 governmental 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 twenty-seven governmental funds, of which six 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. Information for the City's remaining governmental funds are combined into a single, aggregated "other governmental funds" column. Individual fund data for each of these non-major governmental funds is provided in the supplementary information portion of the 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 Sewer and Transit activities. 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 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.

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.

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.

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 \$994.5 million at the close of the fiscal year ending June 30, 2012. This is an increase of \$13.4 million when compared to the prior year. All of the increase occurred in the City's governmental funds. The following is a summary schedule showing the components that make up the City's net assets at June 30, 2012 and 2011.

**City of Chula Vista
Net Assets
Fiscal Year Ending June 30**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 158,958,704	\$ 155,963,987	\$ 73,026,060	\$ 67,255,297	\$ 231,984,764	\$ 223,219,284
Non-Current Assets	41,033,397	52,841,925	14,293,954	14,066,534	55,327,351	66,908,459
Capital Assets	782,926,138	809,473,731	140,248,319	146,550,585	923,174,457	956,024,316
Total Assets	982,918,239	1,018,279,643	227,568,333	227,872,416	1,210,486,572	1,246,152,059
Current Liabilities	38,453,919	42,016,104	603,803	916,773	39,057,722	42,932,877
Non-Current Liabilities	176,731,284	221,954,722	4,297,255	190,850	181,028,539	222,145,572
Total Liabilities	215,185,203	263,970,826	4,901,058	1,107,623	220,086,261	265,078,449
Net Assets						
Invested in Capital Assets, Net of Related Debt	655,182,727	634,409,385	140,248,319	146,550,585	795,431,046	780,959,970
Restricted	22,929,585	47,168,636	-	-	22,929,585	47,168,636
Unrestricted	89,620,724	72,730,796	86,521,327	80,214,208	176,142,051	152,945,004
Total Net Assets	\$ 767,733,036	\$ 754,308,817	\$ 226,769,646	\$ 226,764,793	\$ 994,502,682	\$ 981,073,610

As the table shows, an amount of \$795.4 million is reported as invested in capital assets (e.g. land, streets, sewers, buildings, improvements, equipment and work in progress), 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's 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.

Additional portions of the City's net assets are restricted (\$22.9 million or 2.3%) and represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$176.1 million may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of fiscal year the City was able to report overall positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in Net Assets

The statement of net assets provides a snapshot at a given point in time of the assets and liabilities of the City. The other citywide statement provided is the *Statement of Activities*. This statement provides the reader with information regarding the revenues, expenses and changes in net assets over the fiscal year. Generally, all changes to the City's net assets from one fiscal year to the next flow through the Statement of Activities. The City's net assets have increased by \$13.4 million or 1.3%, from the prior fiscal year. The government activities account for all of the increase in total net assets.

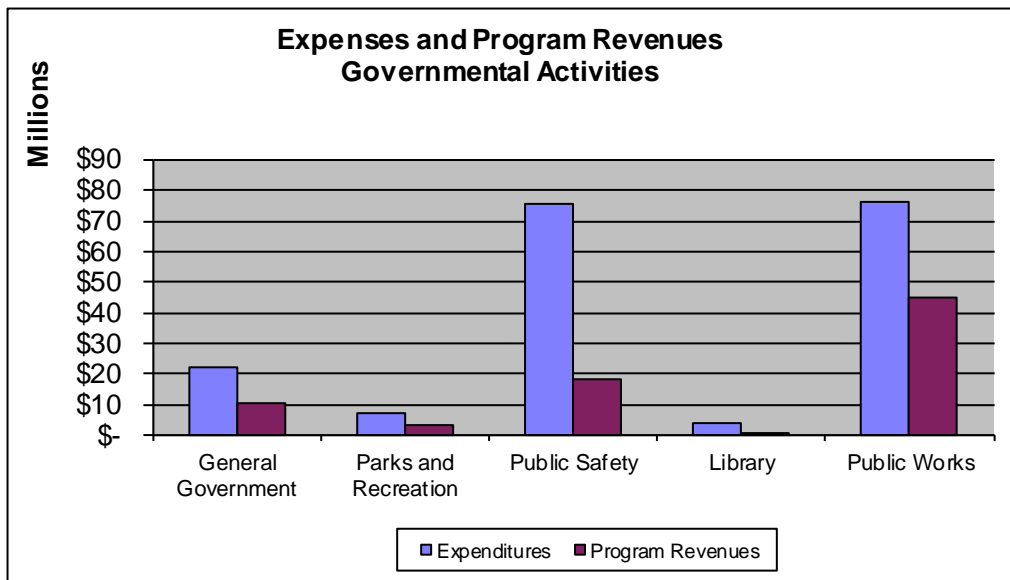
City of Chula Vista Summary of Changes in Net Assets Fiscal Year Ending June 30

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	51,273,789	75,720,603	\$ 39,591,997	\$ 35,235,240	\$ 90,865,786	\$ 110,955,843
Operating Grants & Contributions	21,780,868	31,976,818	3,524,426	3,431,988	25,305,294	35,408,806
Capital Grants & Contributions	4,283,855	4,781,625	-	-	4,283,855	4,781,625
General Revenues:						
Property Taxes	49,721,604	39,437,025	-	-	49,721,604	39,437,025
Sales Taxes	27,275,753	26,702,443	-	-	27,275,753	26,702,443
Franchise Taxes	8,400,178	8,260,411	-	-	8,400,178	8,260,411
Utility User Taxes	3,465,136	4,943,679	-	-	3,465,136	4,943,679
Business License Taxes	1,169,307	1,085,247	-	-	1,169,307	1,085,247
Transient Occupancy Taxes	2,295,675	2,058,878	-	-	2,295,675	2,058,878
Property Transfer Taxes	779,981	777,016	-	-	779,981	777,016
Construction Taxes	321,252	360,156	-	-	321,252	360,156
Investment Earnings	3,615,266	9,108,662	1,273,689	1,288,478	4,888,955	10,397,140
Miscellaneous	1,530,568	5,193,653	2,326,442	1,013,733	3,857,010	6,207,386
Gain (Loss) Disposal of Capital Assets	-	-	10,905	-	10,905	-
Total Revenues	175,913,232	210,406,216	46,727,459	40,969,439	222,640,691	251,375,655
Expenses						
General Government	22,508,977	46,457,112	-	-	22,508,977	46,457,112
Public Safety	75,931,086	75,664,246	-	-	75,931,086	75,664,246
Public Works	76,458,061	71,857,158	-	-	76,458,061	71,857,158
Parks and Recreation	7,310,312	6,995,489	-	-	7,310,312	6,995,489
Library	4,185,624	4,509,999	-	-	4,185,624	4,509,999
Transit	63,021	-	-	-	63,021	-
Interest on Long-Term Debt	8,904,275	11,538,707	-	-	8,904,275	11,538,707
Sewer Funds	-	-	30,524,851	30,245,584	30,524,851	30,245,584
Transit	-	-	7,050,673	7,075,998	7,050,673	7,075,998
Bayfront Trolley Station	-	-	91,942	91,788	91,942	91,788
Sewer DIFs	-	-	129,351	123,629	129,351	123,629
Development Services Fund	-	-	4,730,599	-	4,730,599	-
Total Expenses	195,361,356	217,022,711	42,527,416	37,536,999	237,888,772	254,559,710
Increase/(Decrease) in						
Net Assets Before Transfers	(19,448,124)	(6,616,495)	4,200,043	3,432,440	(15,248,081)	(3,184,055)
Transfers	4,195,190	3,437,718	(4,195,190)	(3,437,718)	-	-
Extraordinary Gain (Loss)	28,677,153	-	-	-	28,677,153	-
Change in Assets	13,424,219	(3,178,777)	4,853	(5,278)	13,429,072	(3,184,055)
Net Assets, Beginning of Year	754,308,817	757,487,594	226,764,793	226,770,071	981,073,610	984,257,665
Net Assets, End of Year	\$ 767,733,036	\$ 754,308,817	\$ 226,769,646	\$ 226,764,793	\$ 994,502,682	\$ 981,073,610

Further analysis is provided within the governmental and business-type activity sections below.

Governmental Activities

Governmental activities increased the City’s net assets by \$13.4 million thereby accounting for all of the City’s increase in net assets. The City received a total of \$77.3 million in Program Revenues for the year a decrease of \$35.2 million from the previous year. A comparison of the cost of services by function for the City’s governmental activities is shown in the table below, along with the program revenues used to cover the net expenses of the governmental activities. A discussion of Program Revenues follows.



Charges for Services had a net decrease of \$24.4 million for governmental activities when compared to the previous year. Some of the more noteworthy changes in the charges for services category are explained below:

- General Government had a net decrease of \$23.8 million. The explanation for the majority of the large decrease is due to two main factors. One was reclassifying Motor Vehicle License Fees of \$16.3 million from a Charge for Service in FY 2010-11 to General Revenue in FY 2011-12. Secondly, the Development Services Fund is no longer a governmental fund but a proprietary fund for FY 2011-12 and accounts for another \$5.8 million of the decrease. Other factors include lower cell site revenues (\$0.3 million), drop in code enforcement violations (\$0.1 million) and a reduction in deposit-fee based zoning fees (\$0.2 million). Finally, General Government revenues were lower due to reduced staffing resulting in lower staff time reimbursements.

- Public Safety had an increase of \$0.6 million due to an increase in jail revenues from other jurisdictions (\$0.8 million) for housing federal inmates, an increase in Police Reimbursements (\$0.4 million) for School Resource Officers and reimbursed overtime from other law enforcement agencies. There were revenue reductions for Police Facility Development Impact Fee reimbursements (\$0.4 million) and the Abandoned Vehicle Abatement Program (\$0.2 million) was discontinued in April 2012 due to termination of State fee for the program.
- Public Works had a decrease of \$0.6 million due to a reduction in Public Works staffing resulting in lower reimbursements for staff time (\$1.0 million) along with increased revenues for inspection fees (\$0.1 million), zoning fees (\$0.2 million) and for the City's Used Oil Recycling Program (\$0.1 million).
- Parks and Recreation had a decrease of \$0.5 million from the prior year due to the reduction in hours at recreational facilities citywide resulting in reduced fees for recreation classes and other related activities.
- Library activities resulted in reduced revenues for the Public Facilities Development Impact Fee fund because the city had fewer building permits issued.

Operating Grants and Contributions for governmental activities showed a decrease of \$10.2 million from the previous fiscal year. The material items that make up most of the change are as follows.

- General Government had reduced revenues of \$4.5 million due to decreases in grant reimbursements from HUD. The primary reason for the reduction is due to American Recovery and Reinvestment Act funds that were spent in fiscal year 2010-11 thereby causing a variance when compared to fiscal year 2011-12 when those funds were no longer available. In the previous fiscal year there were significant expenditures for an affordable housing project and one-time monies for CDBG-R and Neighborhood Stabilization Program funds. HOME Partnership funds were reduced by \$2.1 due to completion of Landings II, in the previous fiscal year. CDBG entitlement fund reimbursements were reduced by \$2.2 million in FY 2011-12 because one-time CDBG-R and Neighborhood Stabilization Program funds were no longer available.
- Public Safety increased by \$0.9 million due to increased funding for the California Border Alliance Group that supports law enforcement activities along the U.S.–Mexico border.
- Public Works category was reduced by \$6.5 when compared to the prior year. The reduction is due to the expiration of the ARRA grant funds. ARRA monies were spent in fiscal year 2010-11 and those funds were no longer available in fiscal year 2011-12. The reductions occurred in American Recovery and Reinvestment Act (\$2.8 million) and energy conservation grants for various solar projects on city owned facilities (\$3.2 million).
- Parks and Recreation category saw a slight increase of \$39,030 from the previous fiscal year. Much of this increase is due to various donations (\$33,500) received from community groups to keep certain recreation facilities open longer.
- Library category showed a decrease of \$100,940. The library had received a Public Library Act grant from the State in the amount of \$81,270 in fiscal year 2010-11 that was not renewed in fiscal year 2011-12.

Capital Grants and Contributions for governmental activities had a decrease of \$0.5 million. The major components of this change are made up of highlighted below.

- General Government had reduced revenues of \$0.2 million due to reduced funding for housing rehabilitation loans (\$200,000) and a one-time grant received from the County of San Diego in fiscal year 2010-11 of \$40,000.
- Public Safety realized 160,522 more in revenue when compared to the previous fiscal year due to receiving a federal grant that was used to upgrade the police department's crime lab.
- The Public Works component accounts for \$0.4 million of the decrease. The City completed fewer transportation related projects thereby receiving fewer reimbursements.

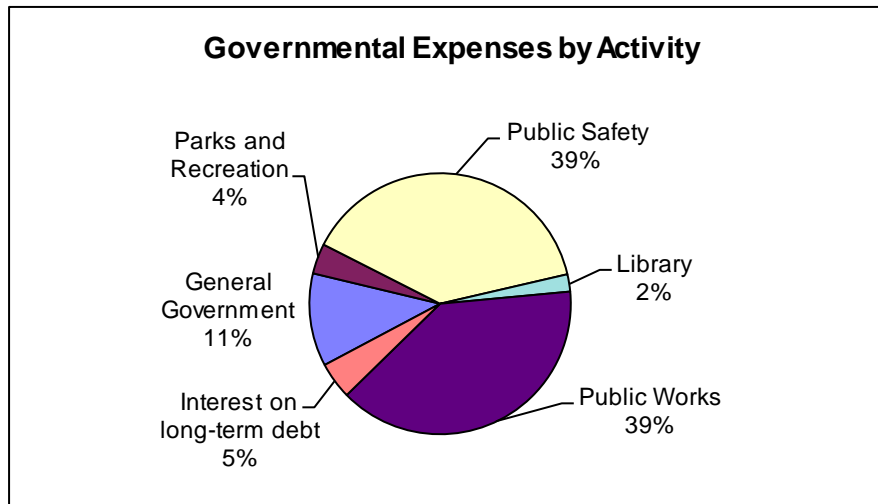
The City's General Revenues increased as a whole by \$0.6 million when compared to the prior fiscal year. Despite the small overall increase in General Revenues there is good news in the details. As seen in the chart below, many of the discretionary revenues saw increases indicating that the City is progressing in its recovery from the recession and housing crisis.

The City has prudently been recording deferred revenue for collections of the City's Utility User Tax that is related to wireless telecommunications. Deferral of this revenue results in a \$4.3 million reduction in UUT revenues that would have been recognized in fiscal year 2011-12. The chart reflects a lesser amount because prior year deferrals did not begin until November 2010. Recognizing this revenue in the future will be contingent upon the outcome of lawsuits related to the Utility User Tax. Investment earnings were down due to the historically low interest rate environment. Miscellaneous revenues are reduced because due to the creation of accounts describing the revenues in more detail thereby reducing the postings to miscellaneous revenues.

**General Revenues
as of June 30**

	2012	2011	Increase/ (Decrease)
Property Taxes	\$ 49,721,604	\$ 39,437,025	\$ 10,284,579
Sales Taxes	27,275,753	26,702,443	573,310
Franchise Taxes	8,400,178	8,260,411	139,767
Utility User Taxes	3,465,136	4,943,679	(1,478,543)
Business License Taxes	1,169,307	1,085,247	84,060
Transient Occupancy Taxes	2,295,675	2,058,878	236,797
Property Transfer Taxes	779,981	777,016	2,965
Construction Taxes	321,252	360,156	(38,904)
Investment Earnings	3,615,266	9,108,662	(5,493,396)
Miscellaneous	1,530,568	5,193,653	(3,663,085)
Total General Revenues	\$ 98,574,720	\$ 97,927,170	\$ 647,550

Total governmental activity type expenses were \$195.3 million in fiscal year 2011-12. The largest expenses were incurred for Public Safety, Public Works and General Government. These three activities combined account for 90% of all general activity expenses. These expenses do not include capital outlays, which are reflected in the City’s capital assets.



Total program revenues from governmental activities were \$77.3 million in fiscal year 2011-12. 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.

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 \$98.6 million in fiscal year 2011-12. The largest percentage of general revenues received during the year for governmental activities were taxes of \$93.4 million, which included Property Taxes of \$49.7 million and Sales Taxes of \$27.3 million.

Business-Type Activities

Net assets for business-type activities were \$226.8 million, an increase of \$4,853 from the prior fiscal year. Overall expenses for the business-type activities showed a \$5.0 million increase over the previous year. The increase is due largely to the first year reclassification of the Development Services Fund (\$4.7 million) from a governmental fund type to a proprietary fund. The Sewer Funds account for the remaining increase of \$0.3 million.

Total program revenues for business-type activities were \$43.1 million and are composed of sewer fees (\$32.6 million), bus fares (\$6.1 million) and development fees (4.3 million). The Metropolitan Transit System, whom the City contracts with to provide transit service, provides a subsidy to make the City whole and is considered an operating grant. Total expenses for the business-type activities were \$42.5 million and were for expenses related to Sewer (\$30.5 million), Transit Operations (\$7.1 million) and processing of development permits and plans (\$4.9).

FUND LEVEL FINANCIAL ANALYSIS

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

Governmental Funds

The City uses governmental fund accounting to ensure compliance with budgetary allocations and to maintain control over resources that are legally, or otherwise, restricted for specific purposes. The following is a discussion of the individual “major” funds as shown on the Balance Sheet for Governmental Funds in the basic financial statements.

General Fund – The General fund is used to account for the general operations of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is always reported as a “major fund”. For the fiscal year the General Fund reported \$112.1 million in revenues and \$116.2 million in expenditures, resulting in revenues under expenditures in the amount of \$4.1 million. After accounting for net other financing sources of \$3.5 million, General Fund fund equity decreased by \$7.7 million. Total fund balance at June 30, 2012 was \$28.0 million, composed of \$44.9 million in assets combined with \$16.8 million in liabilities. Total fund balance included \$8.8 million of nonspendable or restricted fund balance, which represents that portion of fund balance that is not available for appropriation. Committed fund balance totaled \$4.4 million. This portion of fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council, and remains binding unless removed in the same manner. Assigned fund balance, totaling \$2.9 million represents that portion of a fund balance that includes amounts that are constrained by the government’s intent to be used for specific purposes, but that are neither restricted nor committed. The City Council has delegated its authority to assign fund balance amounts to the City’s Director of Finance. The final component of total fund balance is unassigned fund balance. Totaling \$12.0 million, this is the portion of fund balance that is available for appropriation for any purpose. Unassigned fund balance represents 10.3% of total fiscal year 2011-12 General Fund expenditures.

Sundry Grants Fund – The Sundry Grants fund is to account for miscellaneous grants such as: Supplemental Law Enforcement Services, California Library Services Act, Public Library Act, Asset Seizure, Local Law Enforcement Block Grants, federal library grants, waste management and recycling, energy conservation, parks and recreation, social service grants, Gayle McCandliss memorial cultural arts, federal assistance, CDBG program income projects, HOME project, and Community Development Block grants.

The Sundry Grants Fund had total revenues of \$12.9 million and expenditures of \$17.7 million, resulting in revenues under expenditures in the amount of negative \$4.8 million. Sundry Grants Fund equity decreased by \$1.7 million for the fiscal year after accounting for net other financing sources of \$3.1 million. Fund equity decreased due to the use of Sundry Grants reserves that had been collected in previous years but not spent until fiscal year 2011-12. Total fund balance at June 30, 2012 was \$6.9 million composed of nonspendable (\$3.2 million) and restricted (\$3.7 million) fund balance.

Low and Moderate Income Housing Successor Special Revenue Fund - The California legislature voted to end redevelopment agencies on February 1, 2012. This fund was created mid-year as a result of the dissolution process and was formerly known as the Low and Moderate Income Housing Fund. The City opted to become the Successor Agency to the Redevelopment Agency and to the Low and Moderate Income Housing. For the year, this fund received \$5,058 made up primarily representing investment and other interest earnings. Housing expenditure activities totaled \$1,642 and were primarily for administrative costs. Due to the dissolution of redevelopment there was an Extraordinary Gain of \$7.1 million incurred for the transfer of assets from the former Low and Moderate Income Housing Fund. See Note 16 in the Notes to the Financial Statements for further information regarding the extraordinary item. Revenue, expenditures and the extraordinary gain resulted in a year end fund balance total of \$7.1 million.

City Debt Service Fund – This fund was established to account for the principal and interest payments on the City's interfund debt. At June 30, 2012, this fund had a fund balance of negative \$37.3 million. The unassigned fund balance decreased by \$0.7 million due to the accrual of interest (\$0.9 million) on interfund loan principal balances and net financial sources of \$0.2 million.

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.

Total revenues for this fund totaled \$5.3 million with \$4.7 million attributable to building permit fees for new development and the remaining amount for investment and interest earnings. Expenditures totaled \$2.6 million comprised of mostly activity in the Transportation DIF in which \$2.4 million was spent to widen Otay Lakes Road and the remaining \$0.2 million for other transportation planning and traffic calming projects.

Total fund equity increased by \$2.8 million for the year. At June 30, 2012 this fund had a fund balance totaling \$42.9 million, comprised of \$45.3 million in assets, mostly cash (\$33.7 million) and Advances to Other Funds (\$11.4 million) and \$2.4 million in liabilities of which \$2.3 million is for deferred revenue. Deferred revenue accounts for the prepayment of development impact fees before the actual building permit has been applied for. Revenue will be recognized once the permit application has been granted.

Park Acquisition Development - This fund was established as a depository for fees collected from developers for the purpose of providing park and recreational facilities directly benefiting and serving residents of the regulated subdivision. This in-lieu fee was adopted by the City to acquire neighborhood and community parkland and to construct parks and recreational facilities.

Total revenues for this fund totaled \$0.9 million with \$0.7 million attributable to building permit fees for new development and the remaining amount for investment and interest earnings. Expenditures totaled \$1.0 million comprised of the purchase of land (\$0.9 million) for the Otay Valley River Park and \$56,619 in capital expenditures. The capital improvements were for Otay Ranch Community Park and the Otay Ranch Village 2 Neighborhood Park. Total fund equity increased by \$2.8 million for the year. At June 30, 2012 this fund had a fund balance totaling \$31.9 million, comprised primarily of \$32.5 million in assets, mostly cash (\$22.4 million) and Advances to Other Funds (\$10 million) and \$.5 million in liabilities.

Proprietary Funds

The City's Sewer Fund is reported as a "major" fund on the Statement of Net Assets for Proprietary Funds in the basic financial statements.

Sewer Fund— The Sewer fund is used to account for all activities related to providing sewer service to the residents of Chula Vista. Resources for the fund come primarily from sewer service charges paid for by users of the system. For the fiscal year these charges totaled \$32.6 million. In addition, non-operating revenues totaling \$1.2 million were realized. Non-operating revenues are composed of investment income (\$1.2 million) and a gain on sale of assets (\$10,905). Operating expenditures totaled \$30.5 million for the year with the single biggest item being the cost of wastewater treatment by the City of San Diego in the amount of \$18.5 million. After accounting for all revenues and expenses, both operating and non-operating, net assets of the fund increased by \$542,591 for the year, totaling \$217.7 million as of June 30, 2012. Of total net assets, \$136.6 million is for sewer system infrastructure such as pump stations, sewer lines and other related equipment and therefore not available to fund the day-to-day operations of the sewer system. The current portion of net assets totals \$63.3 million comprised of cash and investments (\$58.3 million) and accounts receivable of \$4.8 million. Fund liabilities at the end of the fiscal year were \$623,258, of which \$449,422 were considered current liabilities. The fund has no outstanding bonded debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended general fund budget totaled \$131,872,205 including \$2,106,651 in budget amendments to the originally adopted budget and encumbrances of \$5.2 million, which will fund contractual obligations and outstanding purchase orders. The General Fund's budget amendments of \$3,664,639 are summarized as follows:

**General Fund Budget Amendments
Per Council Resolutions
Fiscal Year 2011-12**

Resolution	Budget Amendments	Appropriation
2011-130	Evidence Control Assist & 3 Hourly Latent Print Examiners	\$ 165,000
2011-148	Support for Historic Preservation Commission	2,825
2011-156	Goodrich Aerostructures Donation for Rohr Park Trash Bins	12,000
2011-159	State Reimbursement for Upgrade of CAD Interface GIS Mapping	120,453
2011-185	Budget Amendments Approved For Public Works, Rec, HR and Admin	101,402
2011-186	County of San Diego Grant for Centennial Celebration	20,000
2011-182	SD Regional Computer Forensics Laboratory + 4% Admin Fee	80,818
2011-188	Donation from Target For Literacy Programming	2,000
2011-210	Administration Fee for CBAG Salary Increase	-
2011-210	Donation from the Friends of the Library for Books	45,000
2011-226	Animal Care Facility Cattery Expansion Capital Project	150,000
2011-240	Additional Recreation Classes	390,030
2012-001	Donation from CV Library Foundation for Otay Ranch Library	50,000
2012-024	Undoing March 2011 RDA Actions	(500,000)
2012-032	Donation for Bike Maps, Rohr Park Trash Bins and Interest Adjustment	3,200
2012-038	Valley Healthcare Systems - Jail Medical Services Contract	74,000
2012-039	Greenhouse Gas and Irrigation Incentives	7,500
2012-041	Bonita Canyon Repairs	466,000
2012-060	WalMart Donation to the Fire Department	500
2012-082	Third Quarter Financial Report Budget Cleanup	678,673
2012-191	Fire Department Strike Teams/Fleet Maintenance and ACF Clinics	237,250
Total General Fund Budget Amendments		\$ 2,106,651

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, 2012, amounts to \$923.2 million, net of accumulated depreciation of \$428.6 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 change to the City's investment in capital assets for the current fiscal year was a negative \$20.9 million, net of accumulated depreciation.

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

Debt Administration

Long Term Debt - At June 30, 2012, the City had \$145.5 million in debt outstanding compared to the \$192.8 million last year, a 24.9% net decrease. The majority of this debt is in the form of Certificates of Participation (\$132.3 million) and a CDBG Section 108 Loan (\$8.6 million). The remainder of the outstanding long-term debt is in the form of vested leave time due to City employees, loans, notes payable, claims and judgments and capital lease obligations. The City has no outstanding general obligation debt.

Tax allocation bonded debt (\$43.0 million) has been transferred to the redevelopment agency successor agency and are now reported in the fiduciary funds and accounts for much of the decrease in debt (see Note 16 in the Notes to the Financial Statements for more information). In addition, The City made principal payments of \$8.4 million and retired a pension obligation bond during the fiscal year. During the fiscal year there were four new debt issuances that totaled \$4.0 for energy conservation projects for City facilities.

The City has maintained an "A-" rating by Standard & Poors for Certificates of Participation, which represents a "stable outlook. Additional information on the City's long-term debt obligations can be found in Note 6 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

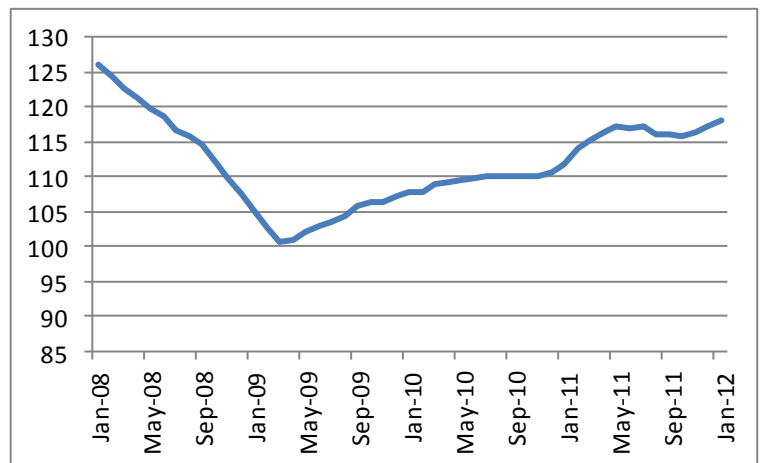
Assessed Valuation and Property Tax. According to the County of San Diego Assessors' Office, the city's total assessed valuation (both secured and unsecured) for the 2011-12 fiscal year was \$21,893,699,349. This is a decrease of \$24,750,997 or 0.11% under the 2010-11 assessed valuation. It should be noted that assessed value was set as of January 1, 2011. Actual current secured property tax revenues for the fiscal year totaled \$22.8 million. This is the same amount that was collected in the prior fiscal year.

Building Activity. The valuation of all building and related permits totaled \$158.6 million for the 2011-12 fiscal year. This is approximately 15.5% less than the valuation of \$187.8 million for these permit categories in the prior fiscal year. The valuation of building permits issued for residential units totaled \$121.1 million. This is \$23.5 million less than the valuation in the prior year. Permits issued for new non-residential buildings totaled \$8.4 million a decrease of \$10.1 million from the prior fiscal year. The valuation of permits issued for alterations or additions to existing buildings totaled \$26.8 million as compared to \$24.2 million in the prior year.

Local Economy. The USD Burnham-Moores Center for Real Estate’s Index of Leading Economic Indicators for San Diego County rose in each month of the second quarter, with gains of 0.6, 0.7, and 0.1 percent respectively for April, May, and June. June’s slight advance was led by a sharp increase in building permits along with moderate gains in consumer confidence and help wanted advertising. These outweighed moderate declines in initial claims for unemployment insurance, local stock prices, and the outlook for the national economy to push the USD Index to its eighth consecutive monthly increase, albeit by the slimmest of margins.

Although June’s advance was weak and the up/down ratio of the components was the worst in nine months, the outlook remains for positive growth in the local economy. The most encouraging news for the local economy was a solid jobs report for June. San Diego County added 24,000 more jobs in June compared to the same month in 2011. That was the best year-over-year job growth in a month since 2005. Barring an international event (Europe, China, and the Middle East) that tips the national economy into a double dip recession, that job growth is expected to last the rest of the year and into at least the first half of 2013.¹

San Diego Index of Leading Economic Indicators



Although the county realized gains in the number of building permits authorized, the housing market continues to show instability. June 2012 home prices in San Diego County were up 1.6% from a year ago according to DataQuick, a real estate analytical firm based in San Diego. The reported median price for all home sales was \$335,500. Four of Chula Vista’s five zip codes saw decreases in the median price of single-family residences while two zip codes increased according to the report. As most cities and counties across the nation, Chula Vista continues to move forward in its economic recovery.

¹ University of San Diego, Burnham Institute, August 1, 2012

Data for June 2012 Compared to June 2011

Zip Code	Locale	Median Price		Percent Change
		2011	2012	
91910	North	\$305,000	\$279,000	-8.5%
91911	South	\$223,000	\$255,500	14.6%
91913	Eastlake	\$320,000	\$295,500	-7.7%
91914	NE	\$510,000	\$479,500	-6.0%
91915	SE	\$322,000	\$314,000	-2.5%

Fiscal Year 2012-13 Budget. The City ended the 2011-12 fiscal year with unassigned fund balance of \$12.0 million. An amount of \$3.0 million of committed fund balance (Economic Contingency Reserve) was budgeted to fund operations in fiscal year 2011-12. Fortunately, only \$0.7 million was needed and the Economic Contingency Reserve ended with a balance of \$2.3 million.

In June 2012, the Chula Vista City Council adopted the 2012-13 annual operating budget which provides \$274.5 million in appropriations to fund all City operating activities. The General Fund budget totaled \$123.8 million. Due to the economic uncertainties caused by the slow economic recovery and the ever increasing threat of the State diverting City revenues to balance its own budget, the City continues to adopt a one-year budget.

The current national mortgage crisis continues to impact overall property values and property tax growth. Based on information received from the San Diego County Assessor, Chula Vista's change in net taxable assessed value for fiscal year 2012-13 is negative 0.71%. This rate of change can be compared to the 2010-11 negative growth rate of 0.11%. Management anticipated this slowdown in the housing market, and its effects on property tax revenue growth, as well as the overall condition of the economy, and adjusted revenue estimates in the 2012-13 budget accordingly.

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.



CITY OF
CHULA VISTA

BASIC FINANCIAL STATEMENTS



CITY OF
CHULA VISTA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Chula Vista
Statement of Net Assets
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 124,073,658	\$ 67,691,717	\$ 191,765,375
Receivables:			
Accounts	2,810,002	5,122,860	7,932,862
Taxes	10,401,807	-	10,401,807
Interest	203,671	105,594	309,265
Other	386,219	68,264	454,483
Due from other governments	5,748,906	-	5,748,906
Due from fiduciary	15,284,095	-	15,284,095
Inventories and prepaid items	50,346	37,625	87,971
Total current assets	<u>158,958,704</u>	<u>73,026,060</u>	<u>231,984,764</u>
Noncurrent assets:			
Restricted cash and investments:			
Held by city	4,014,986	-	4,014,986
Held by fiscal agent	10,119,913	-	10,119,913
Loans receivable	40,746,769	-	40,746,769
Internal balances	(14,293,954)	14,293,954	-
Deferred charges, net	199,611	-	199,611
Net pension assets	246,072	-	246,072
Non-depreciable capital assets	92,292,571	1,849,675	94,142,246
Depreciable capital assets, net	690,633,567	138,398,644	829,032,211
Total noncurrent assets	<u>823,959,535</u>	<u>154,542,273</u>	<u>978,501,808</u>
Total assets	<u>982,918,239</u>	<u>227,568,333</u>	<u>1,210,486,572</u>

City of Chula Vista
Statement of Net Assets, Continued
June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	9,407,475	466,803	9,874,278
Interest payable	2,503,540	-	2,503,540
Unearned revenue	13,428,912	137,000	13,565,912
Compensated absences - due within one year	4,000,000	-	4,000,000
Claims payable - due within one year	4,000,000	-	4,000,000
Long-term debt - due within one year	5,113,992	-	5,113,992
Total current liabilities	38,453,919	603,803	39,057,722
Noncurrent liabilities:			
Retention payable	249,025	-	249,025
Developer deposits	10,373,771	-	10,373,771
Pollution Remediation Obligation	150,000	-	150,000
Arbitrage liability	86,505	-	86,505
Net OPEB liability	4,685,000	-	4,685,000
Compensated absences - due in more than one year	2,652,700	194,884	2,847,584
Claims payable - due in more than one year	18,189,864	-	18,189,864
Long-term debt - due in more than one year	140,344,419	-	140,344,419
Total noncurrent liabilities	176,731,284	194,884	176,926,168
Total liabilities	215,185,203	798,687	215,983,890
NET ASSETS			
Invested in capital assets, net of related debt	655,182,727	140,248,319	795,431,046
Restricted:			
Community development	7,565,686	-	7,565,686
Debt service	12,704,454	-	12,704,454
Capital projects	2,659,445	-	2,659,445
Total restricted	22,929,585	-	22,929,585
Unrestricted	89,620,724	86,521,327	176,142,051
Total net assets	\$ 767,733,036	\$ 226,769,646	\$ 994,502,682

City of Chula Vista
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2012

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	\$ 22,508,977	\$ 5,955,849	\$ 4,175,432	\$ 36,979	\$ 10,168,260
Public safety	75,931,086	8,658,579	9,332,716	160,522	18,151,817
Public works	76,458,061	32,767,261	8,131,554	4,086,354	44,985,169
Parks and recreation	7,310,312	3,051,842	47,198	-	3,099,040
Library	4,185,624	840,258	93,968	-	934,226
Transit	63,021	-	-	-	-
Interest on long-term debt	8,904,275	-	-	-	-
Total governmental activities	195,361,356	51,273,789	21,780,868	4,283,855	77,338,512
Business-type activities:					
Sewer	30,524,851	32,571,135	-	-	32,571,135
Transit	7,050,673	2,671,538	3,432,484	-	6,104,022
Bayfront Trolley Station	91,942	-	91,942	-	91,942
Sewer DIFS	129,351	174,667	-	-	174,667
Development Services Fund	4,730,599	4,174,657	-	-	4,174,657
Total business-type activities	42,527,416	39,591,997	3,524,426	-	43,116,423
Total primary government	\$ 237,888,772	\$ 90,865,786	\$ 25,305,294	\$ 4,283,855	\$ 120,454,935

City of Chula Vista
Statement of Activities and Changes in Net Assets, Continued
For the year ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (12,340,717)	\$ -	\$ (12,340,717)
Public safety	(57,779,269)	-	(57,779,269)
Public works	(31,472,892)	-	(31,472,892)
Parks and recreation	(4,211,272)	-	(4,211,272)
Library	(3,251,398)	-	(3,251,398)
Transit	(63,021)	-	(63,021)
Interest on long-term debt	(8,904,275)	-	(8,904,275)
Total governmental activities	(118,022,844)	-	(118,022,844)
Business-type activities:			
Sewer	-	2,046,284	2,046,284
Transit	-	(946,651)	(946,651)
Bayfront Trolley Station	-	-	-
Sewer DIFS	-	45,316	45,316
Development Services Fund	-	(555,942)	(555,942)
Total business-type activities	-	589,007	589,007
Total primary government	(118,022,844)	589,007	(117,433,837)
General revenues:			
Taxes:			
Property taxes	49,721,604	-	49,721,604
Sales taxes	27,275,753	-	27,275,753
Property transfer taxes	779,981	-	779,981
Franchise taxes	8,400,178	-	8,400,178
Utilities user taxes	3,465,136	-	3,465,136
Business license taxes	1,169,307	-	1,169,307
Transient occupancy taxes	2,295,675	-	2,295,675
Construction taxes	321,252	-	321,252
Total taxes	93,428,886	-	93,428,886
Investment earnings	3,615,266	1,273,689	4,888,955
Miscellaneous	1,530,568	2,326,442	3,857,010
Gain on disposal of capital assets	-	10,905	10,905
Transfers	4,195,190	(4,195,190)	-
Total general revenues and transfers	102,769,910	(584,154)	102,185,756
Extraordinary gain (Note 16)	28,677,153	-	28,677,153
Change in net assets	13,424,219	4,853	13,429,072
Net assets - beginning of year	754,308,817	226,764,793	981,073,610
Net assets - end of year	\$ 767,733,036	\$ 226,769,646	\$ 994,502,682

See accompanying Notes to Basic Financial Statements.



CITY OF
CHULA VISTA

FUND FINANCIAL STATEMENTS



CITY OF
CHULA VISTA

GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Chula Vista
Balance Sheet
Governmental Funds
June 30, 2012

	Major Funds			
	General Fund	Sundry Grants Special Revenue Fund	Low & Moderate Income Housing Successor Special Revenue Fund	City Debt Service Fund
ASSETS				
Cash and investments	\$ 17,403,991	\$ 3,233,623	\$ 19,114	\$ -
Receivables:				
Accounts	2,397,608	302,927	-	-
Taxes	9,560,463	98,756	-	-
Interest	26,988	5,113	10	-
Loans	92,874	16,972,909	20,899,019	-
Other	34,641	-	-	-
Due from other funds	3,006,662	-	-	-
Due from other governments	505,049	2,860,063	-	-
Due from Successor Agency	10,207,797	-	5,076,298	-
Advances to other funds	1,581,814	-	-	-
Inventories and prepaid items	49,595	751	-	-
Restricted cash and investments:				
Held by City	-	3,369,578	645,408	-
Held by fiscal agents	-	-	-	-
Total assets	\$ 44,867,482	\$ 26,843,720	\$ 26,639,849	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,549,046	\$ 1,159,860	\$ 125	\$ -
Due to other funds	-	1,745,331	-	-
Retention payable	-	17,550	-	-
Advances from other funds	-	-	-	37,323,149
Developer deposits	-	-	-	-
Deferred revenue	11,279,378	16,983,468	19,582,145	-
Total liabilities	16,828,424	19,906,209	19,582,270	37,323,149
Fund Balances:				
Nonspendable	8,799,026	3,223,851	6,393,172	-
Restricted	-	3,713,660	664,407	-
Committed	4,375,207	-	-	-
Assigned	2,895,545	-	-	-
Unassigned	11,969,280	-	-	(37,323,149)
Total fund balances	28,039,058	6,937,511	7,057,579	(37,323,149)
Total liabilities and fund balances	\$ 44,867,482	\$ 26,843,720	\$ 26,639,849	\$ -

City of Chula Vista
Balance Sheet, Continued
Governmental Funds
June 30, 2012

Major Funds

	Development Impact Fund	Park Acquisition Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 33,677,637	\$ 22,382,119	\$ 42,466,343	\$ 119,182,827
Receivables:				
Accounts	-	-	109,467	2,810,002
Taxes	-	-	742,588	10,401,807
Interest	80,326	36,097	52,177	200,711
Loans	-	-	2,781,967	40,746,769
Other	183,330	-	126,050	344,021
Due from other funds	-	-	72,231	3,078,893
Due from other governments	-	-	2,383,794	5,748,906
Due from Successor Agency	-	-	-	15,284,095
Advances to other funds	11,404,439	10,042,942	-	23,029,195
Inventories and prepaid items	-	-	-	50,346
Restricted cash and investments:				
Held by City	-	-	-	4,014,986
Held by fiscal agents	-	-	10,119,913	10,119,913
Total assets	\$ 45,345,732	\$ 32,461,158	\$ 58,854,530	\$ 235,012,471
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 166,968	\$ 427,227	\$ 1,881,042	\$ 9,184,268
Due to other funds	-	-	1,333,562	3,078,893
Retention payable	-	-	231,475	249,025
Advances from other funds	-	-	-	37,323,149
Developer deposits	-	-	10,373,771	10,373,771
Deferred revenue	2,255,927	102,942	6,935,400	57,139,260
Total liabilities	2,422,895	530,169	20,755,250	117,348,366
Fund Balances:				
Nonspendable	10,535,338	9,940,000	671,385	39,562,772
Restricted	32,387,499	21,990,990	24,683,002	83,439,558
Committed	-	-	12,842,477	17,217,684
Assigned	-	-	-	2,895,545
Unassigned	-	(1)	(97,584)	(25,451,454)
Total fund balances	42,922,837	31,930,989	38,099,280	117,664,105
Total liabilities and fund balances	\$ 45,345,732	\$ 32,461,158	\$ 58,854,530	\$ 235,012,471



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, 2012

Total Fund Balances - Total Governmental Funds	<u>\$ 117,664,105</u>
Amounts reported for governmental activities in the Statement of Net Assets were different because:	
Deferred charges, such as bond issuance costs, were expenditures in the fund financial statements but were deferred and subject to capitalization and amortization on the Government-Wide Statement of Net Assets.	<u>199,611</u>
Net pension assets were not available to pay for current period expenditures and therefore were not recorded in the governmental funds.	<u>246,072</u>
Capital assets used in governmental activities were not financial resources and therefore were not reported in governmental funds.	
Government-Wide Financial Statements	782,926,138
Less: Internal Service Funds' Capital Assets	<u>(427,780)</u>
Total capital assets	<u>782,498,358</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	<u>(2,503,540)</u>
Long-term liabilities were not due and payable in the current period and therefore were not reported in the governmental funds.	
Amount reported in Government-Wide Statement of Net Assets:	
Compensated absences - due within one year	(4,000,000)
Compensated absences - due in more than one year	(2,652,700)
Claims payable - due within one year	(4,000,000)
Claims payable - due in more than one year	(18,189,864)
Long-term debt - due within one year	(5,113,992)
Long-term debt - due in more than one year	(140,344,419)
Pollution Remediation Obligation	(150,000)
Arbitrage liability	(86,505)
Net OPEB liability	(4,685,000)
Less: Amount reported in Internal Service Funds	
Compensated absences - due in more than one year	<u>62,763</u>
Total long-term liabilities	<u>(179,159,717)</u>
Deferred revenues recorded in governmental fund financial statements resulting from activities in which revenues were earned but funds were not available were recognized as revenues in the Government-Wide Financial Statements.	
Amounts reported in Government-Wide Statement of Net Assets	(13,428,912)
Amounts reported in Governmental Fund Financial Statements	<u>57,139,260</u>
Total adjustments on deferred revenues	<u>43,710,348</u>
Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets.	<u>5,077,799</u>
Net Assets of Governmental Activities	<u><u>\$ 767,733,036</u></u>

City of Chula Vista
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2012

	Major Funds			
	General Fund	Sundry Grants Special Revenue Fund	Low & Moderate Income Housing Successor Special Revenue Fund (1)	City Debt Service Fund
REVENUES:				
Taxes	\$ 85,167,221	\$ -	\$ -	\$ -
Intergovernmental	2,029,529	11,170,227	-	-
Licenses and permits	1,222,769	-	-	-
Developer fees	-	-	-	-
Charges for services	7,794,981	1,033,479	25	-
Fines and forfeitures	1,355,769	-	-	-
Use of money and property	2,916,631	56,654	5,033	-
Other	11,587,469	677,429	-	-
Total revenues	112,074,369	12,937,789	5,058	-
EXPENDITURES:				
Current:				
General government	19,615,371	2,128,285	1,642	-
Public safety	64,440,238	7,070,222	-	-
Public works	25,219,618	4,017,488	-	-
Parks and recreation	3,244,286	28,096	-	-
Library	3,435,325	237,336	-	-
Capital outlay	280,627	4,196,916	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	898,869
Total expenditures	116,235,465	17,678,343	1,642	898,869
REVENUES OVER (UNDER) EXPENDITURES	(4,161,096)	(4,740,554)	3,416	(898,869)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	3,963,104	-	-
Transfers in	9,850,345	157,330	-	502,896
Transfers out	(13,390,590)	(1,049,648)	-	(310,000)
Total other financing sources (uses)	(3,540,245)	3,070,786	-	192,896
EXTRAORDINARY ITEMS:				
Gain/(Loss) on dissolution of the Chula Vista Redevelopment Agency	-	-	7,054,163	-
NET CHANGE IN FUND BALANCES	(7,701,341)	(1,669,768)	7,057,579	(705,973)
FUND BALANCE (DEFICIT):				
Beginning of year	35,740,399	8,607,279	-	(36,617,176)
End of year	\$ 28,039,058	\$ 6,937,511	\$ 7,057,579	\$ (37,323,149)

(1) This fund is for the five-month period from February 1, 2012 to June 30, 2012.

City of Chula Vista
Statement of Revenues, Expenditures and Changes in Fund Balance, Continued
Governmental Funds
For the year ended June 30, 2012

	Major Funds			Total Governmental Funds
	Development Impact Fund	Park Acquisition Development Fund	Other Governmental Funds	
REVENUES:				
Taxes	\$ -	\$ -	\$ 11,700,865	\$ 96,868,086
Intergovernmental	-	-	8,661,255	21,861,011
Licenses and permits	-	-	31,037	1,253,806
Developer fees	4,738,400	705,759	8,522,655	13,966,814
Charges for services	-	-	12,078,845	20,907,330
Fines and forfeitures	-	-	709,477	2,065,246
Use of money and property	363,652	212,895	1,523,055	5,077,920
Other	241,521	-	875,631	13,382,050
Total revenues	5,343,573	918,654	44,102,820	175,382,263
EXPENDITURES:				
Current:				
General government	600	-	2,087,113	23,833,011
Public safety	-	-	406,954	71,917,414
Public works	201,709	-	18,472,290	47,911,105
Parks and recreation	-	939,827	3,434	4,215,643
Library	-	-	-	3,672,661
Capital outlay	2,413,859	56,619	9,234,867	16,182,888
Debt service:				
Principal	-	-	8,423,156	8,423,156
Interest and fiscal charges	-	-	8,330,906	9,229,775
Total expenditures	2,616,168	996,446	46,958,720	185,385,653
REVENUES OVER (UNDER) EXPENDITURES	2,727,405	(77,792)	(2,855,900)	(10,003,390)
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	-	3,963,104
Transfers in	241,006	310,000	22,839,209	33,900,786
Transfers out	(203,935)	-	(17,684,437)	(32,638,610)
Total other financing sources (uses)	37,071	310,000	5,154,772	5,225,280
EXTRAORDINARY ITEMS:				
Gain/(Loss) on dissolution of the Chula Vista Redevelopment Agency	-	-	(10,245,203)	(3,191,040)
NET CHANGE IN FUND BALANCES	2,764,476	232,208	(7,946,331)	(7,969,150)
FUND BALANCE (DEFICIT):				
Beginning of year	40,158,361	31,698,781	46,045,611	125,633,255
End of year	\$ 42,922,837	\$ 31,930,989	\$ 38,099,280	\$ 117,664,105

See accompanying Notes to Basic Financial Statements.

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
For the year ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ (7,969,150)
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	10,747,725
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount did not include the depreciation expense for Internal Service Funds in the amount of \$270,338.	(25,173,004)
The dissolution of the Chula Vista Redevelopment Agency, effective January 31, 2012, resulted in an extraordinary loss in the fund financial statements of \$2,637,699 (primarily from the removal of net assets at the fund financial statement level). In addition, the extraordinary gain in the Statement of Activities has been adjusted as a result from the increase or decrease of long-term assets and liabilities which were not reported in the governmental funds. See note 16 for more detail.	31,868,193
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) decreased net assets.	(788,024)
The issuance of long-term liabilities provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	
Issuance of long-term debt	(3,963,104)
Principal payment of long-term debt	8,423,156
Amortization expenses were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, amortization expenses were not reported as expenditures in the Governmental Funds.	
Bond premium and discount	(65,192)
Deferred charges	(246,056)
Net pension assets	(2,929,036)
Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.	
Changes in compensated absences	144,872
Changes in claims payable	242,229
Changes in arbitrage liability	(65,663)
Changes in net OPEB liabilities	(1,132,000)
Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. This amount represented the change in accrued interest from prior year.	702,411
Interest earned on long-term receivables did not provide current financial resources were not reported as revenues in the Governmental Funds.	1,301,237
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds was reported with governmental activities.	2,325,625
Change in Net Assets of Governmental Activities	\$ 13,424,219

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Chula Vista
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Major Fund</u> Sewer Fund	<u>Nonmajor</u> Enterprise Funds	<u>Total</u>	<u>Governmental</u> Activities Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 58,331,899	\$ 9,359,818	\$ 67,691,717	\$ 4,890,831
Receivables:				
Accounts	4,792,131	330,729	5,122,860	-
Interest	89,985	15,609	105,594	2,960
Other	-	68,264	68,264	42,198
Prepaid items	37,625	-	37,625	-
Total current assets	<u>63,251,640</u>	<u>9,774,420</u>	<u>73,026,060</u>	<u>4,935,989</u>
Noncurrent assets:				
Advances to other funds	18,396,325	-	18,396,325	-
Capital assets, net	136,645,034	3,603,285	140,248,319	427,780
Total noncurrent assets	<u>155,041,359</u>	<u>3,603,285</u>	<u>158,644,644</u>	<u>427,780</u>
Total assets	<u>218,292,999</u>	<u>13,377,705</u>	<u>231,670,704</u>	<u>5,363,769</u>
LIABILITIES AND				
NET ASSETS				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	449,422	17,381	466,803	223,207
Unearned revenue	-	137,000	137,000	-
Total current liabilities	<u>449,422</u>	<u>154,381</u>	<u>603,803</u>	<u>223,207</u>
Noncurrent liabilities:				
Advances from other funds	-	4,102,371	4,102,371	-
Compensated absences	173,836	21,048	194,884	62,763
Total noncurrent liabilities	<u>173,836</u>	<u>4,123,419</u>	<u>4,297,255</u>	<u>62,763</u>
Total liabilities	<u>623,258</u>	<u>4,277,800</u>	<u>4,901,058</u>	<u>285,970</u>
Net Assets:				
Invested in capital assets	136,645,034	3,603,285	140,248,319	427,780
Unrestricted	81,024,707	5,496,620	86,521,327	4,650,019
Total net assets	<u>\$ 217,669,741</u>	<u>\$ 9,099,905</u>	<u>\$ 226,769,646</u>	<u>\$ 5,077,799</u>

City of Chula Vista
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2012

	Major Fund <u>Sewer Fund</u>	Nonmajor Enterprise <u>Funds</u>	<u>Total</u>	Governmental Activities Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 32,571,135	\$ 7,020,862	\$ 39,591,997	\$ 6,362,160
Other	460,644	1,865,798	2,326,442	30,673
Total operating revenues	<u>33,031,779</u>	<u>8,886,660</u>	<u>41,918,439</u>	<u>6,392,833</u>
OPERATING EXPENSES:				
Operations and administration	23,957,943	11,035,263	34,993,206	6,750,777
Maintenance	1,067,799	-	1,067,799	-
Depreciation	5,499,109	904,375	6,403,484	270,338
Total operating expenses	<u>30,524,851</u>	<u>11,939,638</u>	<u>42,464,489</u>	<u>7,021,115</u>
OPERATING INCOME (LOSS)	<u>2,506,928</u>	<u>(3,052,978)</u>	<u>(546,050)</u>	<u>(628,282)</u>
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	-	3,524,426	3,524,426	-
Interest income	1,182,093	91,596	1,273,689	17,756
Interest expense	-	(62,927)	(62,927)	-
Gain (loss) on disposal of capital assets	10,905	-	10,905	3,137
Total nonoperating revenues (expenses)	<u>1,192,998</u>	<u>3,553,095</u>	<u>4,746,093</u>	<u>20,893</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>3,699,926</u>	<u>500,117</u>	<u>4,200,043</u>	<u>(607,389)</u>
TRANSFERS:				
Transfers in	-	543,137	543,137	2,990,161
Transfers out	(3,157,335)	(1,580,992)	(4,738,327)	(57,147)
Total transfers	<u>(3,157,335)</u>	<u>(1,037,855)</u>	<u>(4,195,190)</u>	<u>2,933,014</u>
CHANGE IN NET ASSETS	<u>542,591</u>	<u>(537,738)</u>	<u>4,853</u>	<u>2,325,625</u>
NET ASSETS:				
Beginning of year	217,127,150	9,637,643	226,764,793	2,752,174
End of year	<u>\$ 217,669,741</u>	<u>\$ 9,099,905</u>	<u>\$ 226,769,646</u>	<u>\$ 5,077,799</u>

City of Chula Vista
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2012

	Major Fund <u>Sewer Fund</u>	Nonmajor Enterprise <u>Funds</u>	<u>Total</u>	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 32,268,606	\$ 6,562,006	\$ 38,830,612	\$ -
Cash received from (payments to) other funds	(290,350)	62,927	(227,423)	6,353,337
Cash payments to supplier and employees for goods and services	(25,207,317)	(11,033,745)	(36,241,062)	(6,837,870)
Other operating revenues	460,644	1,865,798	2,326,442	30,673
Net cash provided (used) by operating activities	<u>7,231,583</u>	<u>(2,543,014)</u>	<u>4,688,569</u>	<u>(453,860)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(130,710)	29,492	(101,218)	266,392
Proceeds received from disposal of capital assets	10,905	-	10,905	3,137
Net cash provided (used) by capital and related financing activities	<u>(119,805)</u>	<u>29,492</u>	<u>(90,313)</u>	<u>269,529</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental	-	3,524,426	3,524,426	-
Interest expense	-	(62,927)	(62,927)	-
Transfers in	-	543,137	543,137	2,990,161
Transfers (out)	(3,157,335)	(1,580,992)	(4,738,327)	(57,147)
Net cash provided (used) by noncapital financing activities	<u>(3,157,335)</u>	<u>2,423,644</u>	<u>(733,691)</u>	<u>2,933,014</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	1,211,522	98,672	1,310,194	18,783
Net cash provided (used) by investing activities	<u>1,211,522</u>	<u>98,672</u>	<u>1,310,194</u>	<u>18,783</u>
Net increase (decrease) in cash and cash equivalents	5,165,965	8,794	5,174,759	2,767,466
CASH AND CASH EQUIVALENTS:				
Beginning of year	53,165,934	9,351,024	62,516,958	2,123,365
End of year	<u>\$ 58,331,899</u>	<u>\$ 9,359,818</u>	<u>\$ 67,691,717</u>	<u>\$ 4,890,831</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,506,928	\$ (3,052,978)	\$ (546,050)	\$ (628,282)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	5,499,109	904,375	6,403,484	270,338
Changes in operating assets and liabilities:				
Accounts receivable	(302,529)	(330,729)	(633,258)	-
Other receivable	-	(8,364)	(8,364)	(8,823)
Prepaid items	(35,884)	-	(35,884)	-
Advances to other funds	(290,350)	-	(290,350)	-
Accounts payable and accrued liabilities	(149,776)	1,569	(148,207)	(87,154)
Unearned revenue	-	(119,763)	(119,763)	-
Advances from other funds	-	62,927	62,927	-
Compensated absences	4,085	(51)	4,034	61
Total adjustments	<u>4,724,655</u>	<u>509,964</u>	<u>5,234,619</u>	<u>174,422</u>
Net cash provided (used) by operating activities	<u>\$ 7,231,583</u>	<u>\$ (2,543,014)</u>	<u>\$ 4,688,569</u>	<u>\$ (453,860)</u>

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Fund - This fund is used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments and/or other funds.

Successor Agency to the Chula Vista Redevelopment Agency Private Purpose Trust Fund - This fund is used to account for monies received from the San Diego County Auditor Controller for the repayment of the enforceable obligations of the former Chula Vista Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

City of Chula Vista
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Agency Funds	Successor Agency to the Chula Vista Redevelopment Agency Private-purpose Trust Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 7,809,301	\$ 16,205,862
Receivables:		
Interest	-	16,481
Loans	-	179,961
Other	19,787	257,769
Restricted cash and investments	72,918,839	5,656,126
Land	-	9,502,300
Buildings, net	-	1,275,375
Total assets	<u><u>\$ 80,747,927</u></u>	<u><u>33,093,874</u></u>
LIABILITIES		
Accounts payable	\$ 2,721	5,722,108
Advances from other funds	-	49,418
Deferred revenue	-	430,977
Long-term debt	-	58,999,095
Due to bondholders	80,712,162	-
Refundable deposits	33,044	-
Total liabilities	<u><u>\$ 80,747,927</u></u>	<u><u>65,201,598</u></u>
NET ASSETS		
Held in trust		<u>(32,107,724)</u>
Total net assets		<u><u>\$ (32,107,724)</u></u>

City of Chula Vista
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the five months period ended June 30, 2012

	Successor Agency to the Chula Vista Redevelopment Agency Private-purpose Trust Fund
	Trust Fund
ADDITIONS:	
Property taxes	\$ 3,233,347
Investment income	132,515
Miscellaneous income	742,620
Total additions	4,108,482
DEDUCTIONS:	
Dissolution payments to San Diego County	5,529,373
Enforceable Obligations	2,345,241
Depreciation	19,885
Administrative expenses	373,538
Total deductions	8,268,037
Change in net assets	(4,159,555)
NET ASSETS:	
Beginning of period	-
Transfer of Operations from the Dissolved Chula Vista Redevelopment Agency (Note 16)	(28,677,153)
Extraordinary gain from dissolution (Note 16)	728,984
End of period	\$ (32,107,724)



CITY OF
CHULA VISTA

City of Chula Vista
Notes to Basic Financial Statements
For the year ended June 30, 2012

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City of Chula Vista
Notes to Basic Financial Statements
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Chula Vista, California (the "City") have been prepared in conformity with generally accepted accounting principles of the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("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, 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.

These basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and either the City is able to impose its will on that organization or there is a potential for that organization to provide financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. 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

The Redevelopment Agency of the City of Chula Vista (the "RDA")

The RDA was created by the City of Chula Vista City Council ("City Council") in October 1972. It was established pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law." Its purpose is to prepare and carry out plans for improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City of Chula Vista. The RDA has been included in the accompanying basic financial statements since the City Council acts as the RDA's governing board and exerts significant influence over its operations. The RDA's operations are governmental in nature and, as such, have been included in the special revenue, capital projects, and debt service funds. The RDA was dissolved due to the passage of Assembly Bill x1 26 which became effective on October 1, 2011. In accordance with Health and Safety code 34175(b), on February 1, 2012, all assets liabilities and fund balance of the RDA were transferred to the Successor Agency to the Redevelopment Agency of the City of Chula Vista ("Successor Agency"). The financial statements of the RDA can be obtained at the Finance Department or online at the City's website at www.ci.chula-vista.ca.us.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

The Chula Vista Industrial Development Authority (the "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. The City does not produce separate financial statements for the Development Authority.

The Chula Vista Public Facilities Financing Authority (the "Financing Authority")

The Financing Authority was established by ordinance, pursuant to the City Charter and Constitution of the State of California, as a public body, to serve the public purposes of the City. The ordinance was adopted on April 4, 1995. The governing body of the Financing Authority is comprised of the consenting members of the City Council. The Financing 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. The City does not produce separate financial statements for the Chula Vista Public Facilities Financing Authority.

The Chula Vista Housing Authority (the "Housing Authority")

The Housing Authority was created by the City of Chula Vista City Council ("City Council") in March 1993 to centrally coordinate and administer the City's programs for promoting balanced housing for families of all income levels. It was established pursuant to the State of California Health and Safety Code, Section 34200. It is empowered to develop, finance and own low income housing within the territorial limits of the City of Chula Vista. It uses a variety of local, state, and federal funding sources to administer and finance these programs. It is also the financing vehicle for the issuance of bonds for housing programs and services. The Housing Authority's financial data and transactions are included within the special revenue fund type. The City does not produce separate financial statements for the Housing Authority.

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

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 in accordance with legal and managerial requirements.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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 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 and due from other funds
- Advances to and advances from other funds
- Transfers in and transfers out

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Governmental Fund Financial Statements

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

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

Revenues are recorded when received in cash, except revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, franchise fees, special assessments, intergovernmental revenues, other taxes, state and federal grants, 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.

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.

Sundry Grants Special Revenue Fund – This fund consists of miscellaneous grants/revenues such as: supplemental law enforcement services, CBAG, California Library Services Act, asset seizure, local law enforcement block grants, California Recreation grants, Public Safety grants, ARRA grants, waste management and recycling, energy conservation, emergency shelter program, HOME program, CDBG program income project, and Community Development Block grants.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Governmental Fund Financial Statements, Continued

The Low and Moderate Income Housing Successor Special Revenue Fund – This fund was established pursuant to Health and Safety Code Section 34176(b)(2) and is used to fund low and moderate income housing and related expenditures. The Low and Moderate Income Housing Successor Fund was created due to the dissolution of the Chula Vista RDA. In accordance with Health and Safety Code Section 34176(b)(2), on February 1, 2012, all rights, powers, assets, liabilities, duties and obligations of the Low and Moderate Income Housing Fund were transferred to the Low and Moderate Income Housing Successor Agency special revenue fund.

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

Development Impact Capital Projects 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.

Park Acquisition Development Capital Projects Fund – This fund is a depository for fees collected from property developers for the purpose of providing park, and recreational facilities directly benefiting and serving residents of the regulated subdivision being developed. This in-lieu fee was adopted by the City to acquire neighborhood and Community Parkland and to construct parks and recreational facilities.

Proprietary Fund Financial Statements

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

A 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. The City's internal service funds include three individual funds which provide services directly to other City funds. These areas of service include Fleet and Vehicle Maintenance, Information Technology Replacement and Workers Compensation.

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 Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Proprietary Fund Financial Statements, Continued

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary funds:

Sewer Enterprise Fund - This fund consists of several subfunds 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.

The *Sewer Facility Replacement Fund* is a depository for a portion of the revenue derived from the monthly sewer service charge. Monies in this fund shall be used solely for the purpose of refurbishment and/or replacement of sewerage facilities including related evaluation, engineering and utility modification costs.

The *Internal Service Funds* are funds used to charge other City funds for fleet management, technology replacement services and workers compensation.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The City's fiduciary funds represent agency funds and private purpose trust funds. Both agency funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund. The City's agency funds 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. The City's private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the Chula Vista Redevelopment Agency. Its results of operations are presented on the Statement of Changes of Fiduciary Net Assets.

The *Successor Agency* was created by the City of Chula Vista City Council (City Council) in August 2011. It was established pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved RDA. The governing body of the Successor Agency is comprised of the members of the Oversight Board selected by the County of San Diego, City of Chula Vista, school and special districts. The Successor Agency has been included in the accompanying basic financial statements as a private purpose trust fund.

C. 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 U.S. GAAP basis expenditures or liabilities because the commitments will be honored during the subsequent year.

D. 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.

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 reported its investments at fair value and the unrealized gain on investments amounted to \$673,959 for the fiscal year ended June 30, 2012.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash, Cash Equivalents and Investments, Continued

The statement of cash flows requires presentation of “cash and cash equivalents”. For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

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.

E. Inventories and Prepaid items

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. Prepaid items are items the City has paid in advance and will receive future benefit from. They are recorded under the consumption method in the General Fund, Sundry Grants Special Revenue Fund and Sewer Fund.

F. 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.

G. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital 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 \$20,000 for equipment and \$100,000 for infrastructure. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements other than buildings	50 years
Machinery and equipment	5-12 years
Infrastructure	30-75 years

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

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, curbs 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 funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting.

H. 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

In 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.

I. Long-Term Debt

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Property Taxes

Property taxes are levied on March 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects property taxes and remits them to the City according to a payment schedule established by the County.

The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year or the current CPI, whichever is less. The City receives a share of this basic tax levy proportionate to what it received during the years 1980-1981.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided the taxes are received within 60 days after the end of the fiscal year. Property taxes received after this date are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are not recorded as revenue until collected.

No allowance for doubtful accounts was considered necessary.

K. 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.

L. Net Assets

In governmental-wide and proprietary fund financial statements, net assets are categorized as follows:

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."

When expenses are incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first, then unrestricted net assets as they are needed.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Fund Balances

In governmental fund financial statements, fund balances are categorized as follows:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner as in by passage of legislation, resolution, ordinance or by taking action via minute order. The City Council is considered the highest authority for the City.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager for that purpose.

Unassigned - This amount is for any portion of the fund balances that do not fall into one of the above categories.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

In November 2009, the City Council adopted a resolution amending the General Fund Reserve Policy to include the following distinct reserve categories: General Fund Operating Reserve, minimum 15%, Economic Contingency Reserve, minimum 5%, and Catastrophic Event Reserves, 3%. The General Operating Reserve represents unrestricted resources available for appropriation by the City Council to address extraordinary needs of an emergency nature. The Economic Contingency Reserve represents monies set aside to mitigate service impacts during a significant downturn in the economy which impacts City revenues such as sales tax, property tax, business license tax, etc. The Catastrophic Event Reserves are monies set aside to fund unanticipated expense related to a major disaster in the City and are associated with the City's Disaster Preparedness Program.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Use of Estimates

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

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of pooled cash and investments, including restricted cash and investments at June 30, 2012:

	Government-Wide Statement of Net Assets			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Assets	Total
Cash and investments	\$ 124,073,658	\$ 67,691,717	\$ 191,765,375	\$ 24,015,163	\$ 215,780,538
Restricted cash and investments:					
Held by City	4,014,986	-	4,014,986	-	4,014,986
Held by fiscal agents	10,119,913	-	10,119,913	78,574,965	88,694,878
Total restricted cash and investments	14,134,899	-	14,134,899	78,574,965	92,709,864
Total cash and investments	\$ 138,208,557	\$ 67,691,717	\$ 205,900,274	\$ 102,590,128	\$ 308,490,402

Cash, cash equivalents, and investments consisted of the following at June 30, 2012:

Petty cash	\$ 6,050
Deposits with financial institution	15,819,789
Investments	203,969,685
Investments held by bond trustee	88,694,878
Total cash and investments	\$ 308,490,402

A. Cash Deposits

The carrying amount of the City's cash deposits were \$15,819,789 at June 30, 2012. Bank balances before reconciling items were \$16,883,095 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, 2012

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 \$250,000 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

As of June 30, 2012, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities					
		1 year or fewer	1 to 2 years	2-3 years	3-4 years	4-5 years	Over 5 years
LAIF	\$ 49,946,605	\$ 49,946,605	\$ -	\$ -	\$ -	\$ -	\$ -
Time Deposits	310,000	310,000	-	-	-	-	-
San Diego County Investment Pool	39,087,365	39,087,365	-	-	-	-	-
CalTrust Short-Term Fund	1,012,600	1,012,600	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-	-
Federal Home Loan Bank	11,042,250	2,008,620	3,000,060	3,033,450	3,000,120	-	-
Federal National Mortgage Association	35,084,340	-	-	6,010,560	13,015,160	16,058,620	-
Federal Home Loan Mortgage Corporation	35,411,946	-	-	17,363,541	12,030,435	6,017,970	-
Federal Farm Credit Bank	32,074,580	-	-	16,032,460	7,011,790	9,030,330	-
Held by bond trustee:							
U.S. Treasury	2,066,960	2,066,960	-	-	-	-	-
Investment Agreements	14,749,265	983,435	-	-	-	-	13,765,830
Mutual Funds	71,878,653	71,878,653	-	-	-	-	-
Total	\$ 292,664,563	\$ 167,294,237	\$ 3,000,060	\$ 42,440,011	\$ 35,057,505	\$ 31,106,920	\$ 13,765,830

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

B. Investments, Continued

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Bankers' Acceptance	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	5%
Commercial Paper	270 days	25%	10%
State and Local Agency Bond Issues	5 years	None	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securitites	5 years	None	None
Repurchase Agreement	90 days	None	10%
Reverse-Purchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	5 years	30%	10%
Time Certificates of Deposits	3 years	None	10%
Money Market Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$50 Million**
Investment Trust of California (CalTrust)	N/A	None	10%

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

B. Investments, Continued

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
Federal Home Loan Mortgage Corporation	None	None	None
Farm Credit Banks	None	None	None
Federal Home Loan Banks	None	None	None
Federal National Mortgage Association	None	None	None
Student Loan Marketing Association	None	None	None
Financing Corporation	None	None	None
Resolution Funding Corporation	None	None	None
Certificates of Deposits, Time Deposits and Bankers' Acceptance	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Funds	None	None	None
State Obligations	None	None	None
Municipal Obligations	None	None	None
Repurchase Agreements	None	None	None
Investment Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

C. Risk Disclosures

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. Specific maturities of investments depend on liquidity needs. As of June 30, 2012, the City's pooled cash and investments had the following maturities:

Maturity	Percentage of Investment
Less than one year	45%
One to two years	1%
Two to three years	21%
Three to four years	16%
Four to five years	15%

The weighted average maturity of the portfolio was 2.5 years.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To be eligible to receive City money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low-and moderate income neighborhoods.

The City's investments are rated by the nationally recognized statistical rating organizations as follows:

Investment Type	Fair Value	Moody's	Standard & Poor's
LAIF	\$ 49,946,605	Not Rated	Not Rated
Time Deposits	310,000	Not Rated	Not Rated
San Diego County Investment Pool	39,087,365	Not Rated	AAAf
CalTrust Short-Term Fund	1,012,600	Not Rated	Aaf
Federal Home Loan Bank	11,042,250	Aaa	AAA
Federal National Mortgage Association	35,084,340	Aaa	AAA
Federal Home Loan Mortgage Corporation	35,411,946	Aaa	AAA
Federal Farm Credit Bank	32,074,580	Aaa	AAA
	\$ 203,969,685		

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

2. CASH, CASH EQUIVALENTS AND INVESTMENTS, Continued

C. Risk Disclosures, Continued

Custodial Credit Risk

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 LAIF and other pooled investments, are held by a third-party custodian (BNY Western Trust). BNY is a registered member of the Federal Reserve Bank.

Concentration of Credit Risk

The City's investment policy contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Fair Value
Federal Home Loan Bank	Federal Agency Securities	\$ 11,042,250
Federal National Mortgage Association	Federal Agency Securities	35,084,340
Federal Home Loan Mortgage Corporation	Federal Agency Securities	35,411,946
Federal Farm Credit Bank	Federal Agency Securities	32,074,580

D. Investments in Local Agency Investment Fund

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments in LAIF at June 30, 2012 included a portion of pool funds invested in Structure Notes and Asset-Backed Securities:

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 pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2012, the City had \$49,946,605 invested in LAIF, which had invested 3.47% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES

A. Accounts Receivable

At June 30, 2012, the City had the following accounts receivable:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Storm drain fees	\$ 69,586	\$ 4,792,131	\$ 4,861,717
Sewer service fees	143,543	-	143,543
Staff time reimbursement	1,764,857	329,668	2,094,525
Parking meter	39,881	-	39,881
Rentals	73,390	-	73,390
Permit and other fees	509,190	-	509,190
Fines and penalties	65,213	-	65,213
Transit	-	1,061	1,061
Miscellaneous	144,342	-	144,342
Total	<u>\$ 2,810,002</u>	<u>\$ 5,122,860</u>	<u>\$ 7,932,862</u>

B. Taxes Receivable

At June 30, 2012, the City had the following taxes receivable:

	<u>Governmental Activities</u>
Sales Tax	\$ 6,616,790
Highway Users Tax	685,518
Property Tax	386,088
Utilities Users Tax	983,748
Transient Occupancy Tax	332,519
Franchise Fee Tax	1,397,144
Total	<u>\$ 10,401,807</u>

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES, Continued

C. Loans Receivable

At June 30, 2012, the City had the following loans receivable, including principal and accrued interest:

	Governmental Activities		
	Principal	Deferred Interest	Total
South Bay Community Services	\$ 3,880,291	\$ 2,105,823	\$ 5,986,114
Heritage (South Bay Community Villas L.P.)	4,400,000	1,393,710	5,793,710
Girls and Boys Club Construction Loan	81,250	-	81,250
Rancho Vista Housing (Chelsea Investment Corporation)	1,500,000	353,220	1,853,220
St. Regis Park (Chelsea Investment Corp)	1,387,152	1,000,644	2,387,796
Chula Vista Rehabilitation CHIP Loans	2,066,670	159,802	2,226,472
Park Village Apts (Civic Center Barrio Housing Corporation)	197,933	-	197,933
Mobile Home Assistance Programs	42,382	-	42,382
Los Vecinos (Wakeland Housing and Development Corporation)	5,680,000	1,237,937	6,917,937
Main Plaza (Alpha III Development Inc.)	1,800,000	390,813	2,190,813
Seniors on Broadway (MAAC Project)	3,511,194	647,786	4,158,980
The Landings (Chelsea Investment Corp)	5,500,000	368,490	5,868,490
First Time Home Buyers Program	1,375,503	-	1,375,503
Neighborhood Stabilization First Time Home Buyer Program	531,000	-	531,000
NSP Rental Housing Program	984,200	66,683	1,050,883
Community Energy Retrofit Program	84,286	-	84,286
Total	\$ 33,021,861	\$ 7,724,908	\$ 40,746,769

South Bay Community Services

In 1998, the RDA 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 RDA. Deeds of trust and assignments of rent 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 Low & Moderate Income Housing Successor Special Revenue Fund. Interest accrues annually on the unpaid balance with rates ranging from 3% to 6%. At June 30, 2012, the outstanding balance of the loan was \$5,986,114, which included a deferred interest accrual of \$2,105,823.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES, Continued

C. Loans Receivable, Continued

Heritage (South Bay Community Villas, L.P.)

In 2002, the RDA 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. The RDA's 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 accrues interest at 3% per annum. Payment of principal and interest on the loan is 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 developer fees, and reasonable operating expenses have been paid. Fund balance has been reserved in the Low and Moderate Income Housing Successor Special Revenue Fund. At June 30, 2012, the outstanding balance of the loan was \$5,793,710 which included a deferred interest accrual of \$1,393,710.

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. At June 30, 2012, the outstanding balance of the loan was \$81,250.

Rancho Vista Housing (Chelsea Investment Corporation)

In 2000, the City and RDA loaned \$1,500,000 to CIC Eastlake, L.P. for the development and operation of Rancho Vista Housing project, a multifamily affordable housing project. The loan is secured by promissory notes and a deed of trust. The outstanding principal on the loan is to be repaid over fifty-five (55) years and interest accrues at the simple interest rate of three (3%) percent per annum on unpaid principal. Payment of principal and interest, or portions thereof, on the loan is made on an annual basis, out of a fund equal to fifty (50%) percent of the net cash flow of the project. At June 30, 2012, the outstanding balance of the loan was \$1,853,220 which included a deferred interest accrual of \$353,220.

St. Regis Park (Chelsea Investment Corporation)

In 2000, the RDA 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 are 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 is made on an annual basis out of a fund equal to 90% of the residual receipts. At June 30, 2012, the outstanding balance of the loan was \$2,387,796 which included a deferred interest accrual of \$1,000,644.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES, Continued

C. Loans Receivable, Continued

Chula Vista Rehabilitation CHIP Loans

The Chula Vista Rehabilitation Community Housing Improvement Program (CHIP) is under the direct control of the RDA. 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. Fund balance has been reserved in the Sundry Grants Special Revenue Fund, Housing Program Special Revenue Fund and in the Low & Moderate Housing Successor Special Revenue Fund. At June 30, 2012, the outstanding balance of the loan was \$2,226,472 which included a deferred interest accrual of \$159,802.

Park Village Apartments (Civic Center Barrio Housing Corporation)

In 1991, the RDA 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. In 2009, a second amendment to the loan was entered into changing the interest from 5% to 3% per annum on the unpaid principal balance of the note. Fund balance has been reserved in the Low and Moderate Income Housing Successor Special Revenue Fund. At June 30, 2012, the outstanding balance of the loan was \$197,933.

Mobile Home Assistance Programs

The RDA entered into agreements with eligible residents of the Orange Tree Mobile home Park, whereby the RDA 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 Low and Moderate Income Housing Successor Special Revenue Fund. At June 30, 2012, the outstanding balance of the loan was \$42,382.

Los Vecinos (Wakeland Housing and Development Corporation)

In 2008, the RDA entered into a loan agreement with Wakeland Housing and Development Corporation to assist the borrower in constructing 41 affordable multifamily units for occupancy by extremely low, very low and lower income households. The loan amount of \$5,680,000 was funded by the Low & Moderate Income Housing Successor Special Revenue Fund. The loan bears an interest rate of 5% per annum. Principal and interest payments will be made on an annual basis out of a fund equal to 50% of the residual receipts for years 1-30 and 75% of the residual receipts for years 31-54, until 55 years from the date the improvements are placed in service, at which time, all principal and unpaid interest is due and payable. The improvements were placed in service on February 7, 2008. At June 30, 2012, the outstanding balance of the loan was \$6,917,937 which included a deferred interest accrual of \$1,237,937.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES, Continued

C. Loans Receivable, Continued

Main Plaza (Alpha III Development Inc.)

In 2003, the RDA entered into a loan agreement with Main Plaza, LP to assist in acquiring and improving certain real property for occupancy by very low, low, and moderate income households. The loan bears an interest rate of 3% per annum. The loan is due and payable on the date that is 55 years from the date of the RDA's issuance of the Certificate of Completion, which is in 2061. At June 30, 2012, the outstanding balance of the loan was \$2,190,813 which included a deferred interest accrual of \$390,813.

Seniors on Broadway (MAAC Project)

The RDA entered into a loan agreement with Seniors on Broadway, Limited Partnership to assist in acquiring and improving certain real property for occupancy by very low, low, and moderate income households. The loan bears an interest rate of 3% per annum. The loan is due and payable on the date that is 55 years from the date of the RDA's issuance of the Certificate of Completion. At June 30, 2012, the outstanding balance of the loan was \$4,158,980 which included a deferred interest accrual of \$647,786.

The Landings (Chelsea Investment Corporation)

The RDA entered into a loan agreement with CIC Landings, L.P. to assist the borrower in constructing 92 affordable multifamily apartment units for occupancy by extremely low, very low and lower income households. The loan bears an interest rate of 3% per annum. The loan is due and payable each and every year commencing with the first anniversary of the issuance of the Certificate of Completion by the City in an amount equal to 50% of the residual receipts. At June 30, 2012, the outstanding balance of the loan was \$5,868,490 which included a deferred interest accrual of \$368,490.

First Time Home Buyers program

The Chula Vista First-Time Homebuyer Program is under the direct control of the Housing Authority and funded through U.S. Department of Housing and Urban Development HOME funds. Currently administered by Community HousingWorks, the program offers equity share deferred home gap financing loans to qualified borrowers. Loan repayments are re-deposited into the program and are redistributed as future loans. Fund balance has been reserved in the Sundry Grants Special Revenue Fund. At June 30, 2012, the outstanding balance of the loan was \$1,375,503.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

3. RECEIVABLES, Continued

C. Loans Receivable, Continued

Neighborhood Stabilization First Time Home Buyers program

The Chula Vista Neighborhood Stabilization First-Time Homebuyer Program and Neighborhood Stabilization Resale Program are under the direct control of the Agency and funded through U.S. Department of Housing and Urban Development Neighborhood Stabilization funds. Currently administered by Community HousingWorks, the Program offers equity share deferred home gap financing loans to qualified borrowers and an acquisition, rehabilitation, and resale option to those qualifying in targeted areas. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans. Fund balance has been reserved in the Sundry Grants Special Revenue Fund. At June 30, 2012, the outstanding balance of the loan was \$531,000.

NSP Rental Housing program

The RDA entered into a loan agreement with San Diego Community Housing Corporation to acquire and rehabilitate rental housing for very low income households. The loan is secured by promissory notes and a deed of trust. The outstanding principal and interest amount of the loan will be repaid over fifty-five (55) years and shall accrue at the simple interest rate of three (3%) percent per annum. Principal and interest are payable annually out of a fund equal to 50% of residual receipts derived from the property and/or operation of the property. Fund balance has been reserved in the Sundry Grants Special Revenue Fund. At June 30, 2012, the outstanding balance of the loan was \$1,050,883 which included deferred interest accrual of \$66,683.

Community Retrofit program

The Chula Vista Community Energy Revolving Loan Fund (RLF) is under the direct control of the City of Chula Vista and was capitalized through the American Recovery & Reinvestment Act. The RLF offers fully amortized low-interest rate home energy improvement loans to qualified borrowers residing within Chula Vista. The loans are secured by a deed of trust on the properties. Principal and interest are payable monthly. Interest accrues annually on the unpaid principal balance of the notes. Loan repayments are re-deposited into the program cash accounts and are redistributed as future loans except for loans funded by General fund. Fund balance has been reserved in the General Fund and Sundry Grants Special Revenue Fund. At June 30, 2012, the outstanding balances of the loans were \$11,624 and \$72,662, respectively.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. INTERFUND TRANSACTIONS

A. Due To/Due From Other Funds

As of June 30, 2012, balances were as follows:

Due From Other Funds	Due To Other Funds		
	Sundry Grants Special Revenue Fund	Nonmajor Governmental Funds	Total
	General Fund	\$ 1,745,331	\$ 1,261,331
Nonmajor Governmental Funds	-	72,231	72,231
Total	\$ 1,745,331	\$ 1,333,562	\$ 3,078,893

The amounts of due to and due from for all funds represent one day loans which were made to cover negative cash balances at year end due to reimbursements not being received as of June 30, 2012.

B. Long-Term Advances

As of June 30, 2012, balances were as follows:

Advances To Other Funds	Advances From Other Funds		
	City Debt Service Fund	Nonmajor Enterprise Fund	Total
	General Fund	\$ 1,581,814	\$ -
Developer Impact Capital Projects Fund	11,404,439	-	11,404,439
Park Acquisition Development Fund	10,042,942	-	10,042,942
Sewer Enterprise Fund	14,293,954	4,102,371	18,396,325
Total	\$ 37,323,149	\$ 4,102,371	\$ 41,425,520

City Council authorized loans to Public Facilities DIF for \$12,950,160 and Western DIF for \$36,094. The Public Facilities DIF loan for \$5,200,000 is due and payable in 13 years, with the first payment due in fiscal year 2012/2013 at an interest rate of 3.80% based on the pooled investment rate. The Public Facilities DIF loan for \$5,300,000 is due and payable in 13 years, with the first payment due in fiscal year 2013 at an interest rate of 0.56% based on the pooled investment rate.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. INTERFUND TRANSACTIONS, Continued

B. Long-Term Advances, Continued

City Council authorized a loan to Western PAD from Eastern PAD in the amount of \$9,630,000 to acquire the 14.41 acre site located in the lower Sweetwater Valley owned by the Redevelopment Agency and \$310,000 to acquire the 1.89 acre site located at Auto Park Place, Chula Vista. The loan will be repaid as funds become available, either as a result of credit acquisitions by the Agency or the payment of PAD fees by developers in western Chula Vista. The Agency will ensure that PAD funds are repaid to fully fund the development of the park for which they were originally collected. The balance was \$10,042,942 at June 30, 2012.

The City Council authorized loans with indefinite terms from the Trunk Sewer fund to Salt Creek for \$16,848,381, to the Storm Drain fund for \$744,612, and \$803,331 from the Sewer Facility fund for capital improvement projects.

C. Transfers In/Out

Transfers for the year ended June 30, 2012, were as follows:

	Transfers In								Total
	General Fund	Sundry Grants Special Revenue Fund	Park Acquisition Development Fund	City Debt Service Fund	Development Impact Fund	Non-major Governmental Funds	Nonmajor Enterprise Funds	Governmental Activities Internal Service	
Transfers Out									
General Fund	\$ -	\$ 157,330	\$ -	\$ -	\$ -	\$ 9,772,037	\$ 471,062	\$ 2,990,161	\$ 13,390,590
Sundry Grants Special Revenue Fund	252,782	-	-	-	-	796,866	-	-	1,049,648
City Debt Service Fund	-	-	310,000	-	-	-	-	-	310,000
Development Impact Fund	-	-	-	152,894	-	51,041	-	-	203,935
Nonmajor Governmental Fund	5,192,892	-	-	100,002	241,006	12,078,462	72,075	-	17,684,437
Sewer Enterprise Fund	3,142,406	-	-	-	-	14,929	-	-	3,157,335
Nonmajor Enterprise Funds	1,262,265	-	-	250,000	-	68,727	-	-	1,580,992
Governmental Activities Internal Service	-	-	-	-	-	57,147	-	-	57,147
Total	\$ 9,850,345	\$ 157,330	\$ 310,000	\$ 502,896	\$ 241,006	\$ 22,839,209	\$ 543,137	\$ 2,990,161	\$ 37,434,084

General Fund - Operating support to reimburse the General Fund for City staff services and equipment. Total amount of reimbursement was \$9,850,343.

Sundry Grants Special Revenue Fund- transferring the General Fund's matching contribution to the federal grants in the amount of \$157,330.

Development Impact Fund - Reimbursing capital improvement project expenditures in the amount of \$241,006.

Park Acquisition Development Fund - Funding the acquisition of 1.89 acre site located at Auto Park Place, Chula Vista and borrowing the funds in the amount of \$310,000 from the Eastern PAD to the Western PAD.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

4. INTERFUND TRANSACTIONS, Continued

C. Transfers In/Out, Continued

City Debt Service - Funding debt service funds for repayment of various long-term obligations amounted to \$502,896.

Non-major Governmental Funds - Funding debt service funds for repayment of various long-term obligations and to fund various capital improvement projects amounted to \$18,349,032. Other transfers were for operating support, staff services and capital improvement projects in the amount of \$9,000 from Home Program, \$42,000 from CDBG, and \$92,000 from Low and Moderate Income Housing to Chula Vista Housing Authority, \$4,250,000 from Chula Vista Housing Authority to Low and Moderate Income Housing, \$27,543 and \$912 from Other Transportation Program to *TransNet* and TDA respectively, \$24,750 from Transit to Other Transportation Program, \$43,977 from Development Services to Transportation Equity Program and \$18,622,925 from Successor Agency to Redevelopment Agency Debt Service due to the dissolution of the latter.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

5. CAPITAL ASSETS

Government-Wide Financial Statements

A summary of changes in governmental activities capital assets for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Deletions	CIP Transfers	Transferred to Successor Agency	Balance June 30, 2012
Capital assets, not being depreciated:						
Land	\$ 83,775,771	\$ 940,000	\$ -	\$ -	\$ (9,502,300)	\$ 75,213,471
Construction in progress	23,869,250	8,190,320	-	(14,980,470)	-	17,079,100
Total capital assets, not being depreciated	107,645,021	9,130,320	-	(14,980,470)	(9,502,300)	92,292,571
Capital assets, being depreciated:						
Buildings	213,831,082	-	-	257,638	(2,386,218)	211,702,502
Improvements other than buildings	126,115,525	-	-	3,454,216	-	129,569,741
Machinery and equipment	34,944,724	1,646,655	(8,709,986)	-	-	27,881,393
Infrastructure	636,448,076	-	-	11,268,616	-	647,716,692
Subtotal	1,011,339,407	1,646,655	(8,709,986)	14,980,470	(2,386,218)	1,016,870,328
Less accumulated depreciation						
Buildings	(40,214,374)	(4,260,428)	-	-	1,090,958	(43,383,844)
Improvements other than buildings	(35,783,406)	(2,522,007)	-	-	-	(38,305,413)
Machinery and equipment	(30,764,223)	(981,341)	7,626,320	-	-	(24,119,244)
Infrastructure	(202,748,694)	(17,679,566)	-	-	-	(220,428,260)
Subtotal	(309,510,697)	(25,443,342)	7,626,320	-	1,090,958	(326,236,761)
Total capital assets, being depreciated	701,828,710	(23,796,687)	(1,083,666)	14,980,470	(1,295,260)	690,633,567
Total capital assets, net	\$ 809,473,731	\$ (14,666,367)	\$ (1,083,666)	\$ -	\$ (10,797,560)	\$ 782,926,138

During the fiscal year ended June 30, 2012, the Redevelopment Agency (RDA) was dissolved due to the passage of ABX1 26. The RDA's capital assets transferred to the Successor Agency and were not included in the Government-Wide Statement of Net Assets.

Governmental activities depreciation expense for capital assets for the year ended June 30, 2012 is allocated as follows:

General government	\$ 1,200,854
Public safety	2,237,512
Public works	18,868,703
Parks and recreation	2,650,595
Library	215,340
Internal service	270,338
Total depreciation expense	\$ 25,443,342

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

5. CAPITAL ASSETS, Continued

Government-Wide Financial Statements, Continued

A summary of changes in business-type activities capital assets for the year ended June 30, 2012 is as follows:

	Balance July 1, 2011	Additions	Deletions	CIP Transfers	Balance June 30, 2012
Capital assets, not being depreciated:					
Construction in progress	\$ 2,702,040	\$ 239,718	\$ -	\$ (1,092,083)	\$ 1,849,675
Total capital assets, not being depreciated	2,702,040	239,718	-	(1,092,083)	1,849,675
Capital assets, being depreciated:					
Machinery and equipment	13,620,272	-	(612,706)	-	13,007,566
Infrastructure	226,651,065	-	(24,865)	1,092,083	227,718,283
Subtotal	240,271,337	-	(637,571)	1,092,083	240,725,849
Less accumulated depreciation					
Machinery and equipment	(10,223,057)	(1,219,840)	499,071	-	(10,943,826)
Infrastructure	(86,199,735)	(5,183,644)	-	-	(91,383,379)
Subtotal	(96,422,792)	(6,403,484)	499,071	-	(102,327,205)
Total capital assets, being depreciated	143,848,545	(6,403,484)	(138,500)	1,092,083	138,398,644
Total capital assets, net	\$ 146,550,585	\$ (6,163,766)	\$ (138,500)	\$ -	\$ 140,248,319

Depreciation expense for business-type activities for the year ended June 30, 2012 is allocated as follows:

Sewer	\$ 5,499,109
Transit	844,375
Sewer DIFS	60,000
Total depreciation expense	\$ 6,403,484

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT

Governmental Activities Long-Term Debt

A summary of changes in governmental activities long-term debt for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Debt Issued	Debt Retired	Transferred to RDA Successor Agency (1)	Balance June 30, 2012	Classification	
						Due within One Year	Due in More Than One Year
Tax Allocation Bonds	\$ 43,985,000	\$ -	\$ (980,000)	\$ (43,005,000)	\$ -	\$ -	\$ -
Pension Obligation Bonds	2,655,000	-	(2,655,000)	-	-	-	-
Certificate of Participation	136,060,000	-	(3,770,000)	-	132,290,000	3,915,000	128,375,000
ERAF Loan	885,000	-	(87,500)	(797,500)	-	-	-
Section 108 Loan	8,911,000	-	(317,000)	-	8,594,000	332,000	8,262,000
Notes Payable	933,615	3,963,104	(201,619)	-	4,695,100	461,638	4,233,462
Capital Leases	1,097,304	-	(412,037)	-	685,267	405,354	279,913
Bond Premium	27,169	-	(1,181)	-	25,988	-	25,988
Bond Discount	(1,774,742)	-	66,373	876,425	(831,944)	-	(831,944)
Total	\$ 192,779,346	\$ 3,963,104	\$ (8,357,964)	\$ (42,926,075)	\$ 145,458,411	\$ 5,113,992	\$ 140,344,419

(1) See note 16 that describes transfer of debt to RDA Successor Agency

A. Tax Allocation Bonds

	Balance June 30, 2011	Debt Issued	Debt Retired	Transferred to RDA Successor Agency (1)	Balance June 30, 2012
2006 Subordinate Tax Allocation Refunding Bonds, Series B	10,760,000	-	(460,000)	(10,300,000)	-
2008 Tax Allocation Refunding Bonds	21,625,000	-	-	(21,625,000)	-
Total	\$ 43,985,000	\$ -	\$ (980,000)	\$ (43,005,000)	\$ -

(1) See note 16 that describes transfer of debt to RDA Successor Agency

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

A. Tax Allocation Bonds, Continued

2006 Senior Tax Allocation Refunding Bonds, Series A

In July 2006, the RDA issued the 2006 Senior Tax Allocation Refunding Bonds, Series A in the amount of \$13,435,000 to refinance the RDA's outstanding Bayfront/Town Centre Redevelopment Project 1994 Senior Tax Allocation Refunding Bonds, Series A, and to satisfy the reserve requirement for the Bonds and provide for the costs of issuing the Bonds. The original bond proceeds were used in the acquisition of property, demolition, relocation, public improvements and funding the Low and Moderate Income Housing Project. The bonds consist of serial bonds which mature in 2028. Interest is payable semiannually on March 1 and September 1 at interest rates ranging from 4.00% to 4.60%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2012, at various redemption prices. The bonds are payable solely from certain tax increment revenues of the RDA and other funds held under the indenture. The principal balance of \$11,080,000 was transferred to the Successor Agency on February 1, 2012.

2006 Subordinate Tax Allocation Refunding Bonds, Series B

In July 2006, the RDA issued \$12,325,000 2006 Subordinate Tax Allocation Refunding Bonds, Series B to refinance the RDA's outstanding Bayfront/Town Centre Redevelopment Project 1994 Senior Tax Allocation Refunding Bonds, Series C and D, and to satisfy the reserve requirement for the Bonds and provide for the costs of issuing the Bonds. The original bond proceeds were used in the acquisition of property, demolition, relocation, public improvements and funding the Low and Moderate Income Housing Project. The bonds consist of \$7,995,000 serial bonds which mature from 2007 to 2021 in amounts ranging from \$290,000 to \$735,000 and term bonds of \$4,330,000 which mature in 2028. Interest is payable semiannually on April 1 and October 1 at interest rates ranging from 4.00% to 6.00%. The bonds are subject to optional redemption on any interest payment date on or after October 1, 2012, 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 principal balance of \$10,300,000 was transferred to the Successor Agency on February 1, 2012.

2008 Tax Allocation Refunding Bonds

In July 2008, the RDA issued the 2008 Tax Allocation Refunding Bonds in the amount of \$21,625,000 to refinance the RDA's outstanding Merged Redevelopment Project 2000 Tax Allocation Bonds, to satisfy the reserve requirement for the Bonds, to provide for the costs of issuing the Bonds, and to provide funds to finance or refinance redevelopment activities. The bonds consist of \$11,570,000 serial bonds which mature from 2014 to 2028 in amounts ranging from \$575,000 to \$1,020,000 and term bonds of \$3,345,000 and \$6,710,000 which mature in 2031 and 2036 respectively. Interest is payable semiannually on March 1 and September 1 at interest rates ranging from 4.00% to 4.94%. The bonds are subject to optional redemption on any interest payment date on or after September 1, 2019, 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 principal balance of \$21,625,000 was transferred to the Successor Agency on February 1, 2012.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

A. Tax Allocation Bonds, Continued

Pledged Revenues

The Successor Agency has pledged tax revenues to the repayment of the RDA's debts transferred to it on February 1, 2012 through the final maturity of the Bonds, or early retirement of the Bonds, whichever comes first.

Tax revenues consist of tax increment revenues allocated to the RDA's project areas pursuant to Section 33670 of the Redevelopment Law excluding that portion of such tax increment revenues required to be paid under tax-sharing agreements unless the payment of such amounts has been subordinated to payment of debt services on the Bonds. Tax increment received in fiscal year 2012 was \$13,822,938 and total debt service of all Tax Allocation Bonds paid was \$2,972,666. The Bonds required 21% of net revenues. In future years, annual principal and interest payments on the Tax Allocation Bonds are expected to require 25% of tax increment revenues.

B. Pension Obligation Bonds

	<u>Balance</u> <u>July 1, 2011</u>	<u>Debt</u> <u>Issued</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>
POB 1994 Series	\$ 2,655,000	\$ -	\$ (2,655,000)	\$ -
Total	<u>\$ 2,655,000</u>	<u>\$ -</u>	<u>\$ (2,655,000)</u>	<u>\$ -</u>

1994 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% and are reflected in the annual debt service schedule below; (3) Capital Appreciation Bonds, with original amount due of \$2,371,532 which matured in 2006. The bonds are not limited as to payment by any special source of funds of the City. The accreted value of the Pension Obligation Bonds at June 30, 2012 was \$0.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

C. Certificates of Participation

	Balance June 30, 2011	Debt Issued	Debt Retired	Balance June 30, 2012	Classification	
					Due within One Year	Due in More Than One Year
2002 COP Police Facility	\$ 52,790,000	\$ -	\$ (1,400,000)	\$ 51,390,000	\$ 1,460,000	\$ 49,930,000
2003 Refunding COP	2,240,000	-	(990,000)	1,250,000	1,030,000	220,000
2004 COP Civic Ctr Ph 1	33,180,000	-	(885,000)	32,295,000	915,000	31,380,000
2006 COP Civic Ctr Ph 2	18,495,000	-	(495,000)	18,000,000	510,000	17,490,000
2010 Refunding COP Corp Yard	29,355,000	-	-	29,355,000	-	29,355,000
Total	\$ 136,060,000	\$ -	\$ (3,770,000)	\$ 132,290,000	\$ 3,915,000	\$ 128,375,000

2002 COP

In June 2002, the Chula Vista Public Financing Authority issued \$60,145,000 in 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, 2012 the outstanding balance is \$51,390,000.

The annual debt service requirements for the 2002 Certificates of Participation outstanding at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,460,000	\$ 2,456,146	\$ 3,916,146
2014	1,520,000	2,396,546	3,916,546
2015	1,585,000	2,332,465	3,917,465
2016	1,660,000	2,262,264	3,922,264
2017	1,735,000	2,186,706	3,921,706
2018-2022	10,020,000	9,616,841	19,636,841
2023-2027	12,890,000	6,807,250	19,697,250
2028-2032	16,650,000	3,133,750	19,783,750
2033	3,870,000	96,750	3,966,750
Total	\$ 51,390,000	\$ 31,288,718	\$ 82,678,718

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

C. Certificates of Participation, Continued

2003 Refunding COP

In May 2003, the Chula Vista Public Financing Authority (the "Financing 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, 2012 the outstanding balance is \$1,250,000.

The annual debt service requirements for the 2003 Refunding Certificates of Participation outstanding at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,030,000	\$ 24,438	\$ 1,054,438
2014	220,000	3,850	223,850
Total	\$ 1,250,000	\$ 28,288	\$ 1,278,288

2004 Civic Center Project Phase I COP

In September 2004, the Chula Vista Public Financing Authority (the "Financing Authority") issued \$37,240,000 in 2004 Certificates of Participation to provide funding for the first 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, 2012 the outstanding balance is \$32,295,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities 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, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 915,000	\$ 1,476,386	\$ 2,391,386
2014	950,000	1,442,074	2,392,074
2015	985,000	1,406,449	2,391,449
2016	1,025,000	1,369,511	2,394,511
2017	1,065,000	1,328,511	2,393,511
2018-2022	6,025,000	5,943,970	11,968,970
2023-2027	7,470,000	4,493,388	11,963,388
2028-2032	9,410,000	2,555,275	11,965,275
2033-2034	4,450,000	336,500	4,786,500
Total	\$ 32,295,000	\$ 20,352,064	\$ 52,647,064

2006 Civic Center Project Phase II COP

In March 2006, the Chula Vista Public Financing Authority (the "Financing Authority") issued \$20,325,000 in 2006 Certificates of Participation to provide funds for the construction and equipping of certain improvements to the Civic Center Complex of the City of Chula Vista and other existing City facilities, fund capitalized interest, fund a reserve fund, and pay the costs incurred in connection with the execution and delivery 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 September 1, 2006. The certificates mature in 2036 and principal is payable on March 1 each year, commencing March 1, 2008. As of June 30, 2012 the outstanding balance is \$18,000,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

C. Certificates of Participation, Continued

2006 Civic Center Project Phase II COP, Continued

The annual debt service requirements for the 2006 Certificates of Participation Civic Center Project Phase II outstanding at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 510,000	\$ 758,239	\$ 1,268,239
2014	530,000	740,389	1,270,389
2015	550,000	721,309	1,271,309
2016	570,000	700,959	1,270,959
2017	590,000	679,584	1,269,584
2018-2022	3,315,000	3,034,506	6,349,506
2023-2027	3,895,000	2,289,984	6,184,984
2028-2032	4,075,000	1,447,813	5,522,813
2033-2036	3,965,000	456,074	4,421,074
Total	\$ 18,000,000	\$ 10,828,856	\$ 28,828,856

2010 Refunding COP Corp Yard

In February 2010, the Chula Vista Public Financing Authority (Authority) issued \$29,355,000 in 2010 Certificates of Participation to provide funds for the construction, reconstruction, modernization and equipping of Phase 3 of the Civic Center Complex of the City of Chula Vista, to refinance the City's outstanding Certificates of Participation Series A of 2000 (2000 Financing Project), fund capitalized interest, fund a reserve fund, and pay the costs incurred in connection with the execution and delivery 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 September 1, 2010. The certificates mature in 2033 and principal is payable on March 1 each year, commencing March 01, 2014. As of June 30, 2012 the outstanding balance is \$ 29,355,000.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

C. Certificates of Participation, Continued

2010 Refunding COP Corp Yard, Continued

The annual debt service requirements for the 2010 Refunding Certificates of Participation Corp Yard outstanding at June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ -	\$ 1,477,206	\$ 1,477,206
2014	1,015,000	1,477,206	2,492,206
2015	1,055,000	1,436,606	2,491,606
2016	1,085,000	1,402,319	2,487,319
2017	1,130,000	1,364,344	2,494,344
2018-2022	6,500,000	5,957,356	12,457,356
2023-2027	8,275,000	4,178,038	12,453,038
2028-2032	9,295,000	1,713,250	11,008,250
2033	1,000,000	55,000	1,055,000
Total	\$ 29,355,000	\$ 19,061,325	\$ 48,416,325

D. ERAF Loan

	Balance June 30, 2011	Debt Issued	Debt Retired	Transferred to RDA Successor Agency (1)	Balance June 30, 2012
2005 ERAF	\$ 350,000	\$ -	\$ (40,000)	\$ (310,000)	\$ -
2006 ERAF	535,000	-	(47,500)	(487,500)	-
Total	\$ 885,000	\$ -	\$ (87,500)	\$ (797,500)	\$ -

(1) See note 16 that describes transfer of debt to RDA Successor Agency

2005 ERAF

In May 2005, the RDA 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 principal balance of \$310,000 was transferred to the Successor Agency on February 1, 2012.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

D. ERAF Loan, Continued

2006 ERAF

In May 2006, the RDA participated in a \$7930,000 Loan Agreement with the California Statewide Communities Development Authority to finance their 2006 share of ERAF Payments to the County Auditor. The principal balance of \$487,500 was transferred to the Successor Agency on February 1, 2012.

E. Section 108 Loan

	Balance June 30, 2011	Debt Issued	Debt Retired	Balance June 30, 2012	Classification	
					Due within One Year	Due in More Than One Year
Section 108 Loan	\$ 8,911,000	\$ -	\$ (317,000)	\$ 8,594,000	\$ 332,000	\$ 8,262,000
Total	\$ 8,911,000	\$ -	\$ (317,000)	\$ 8,594,000	\$ 332,000	\$ 8,262,000

Section 108 Loan

In June 2008, the City entered into a Contract for Loan Guarantee Assistance with the U.S. Department of Housing and Urban Development (“HUD”) as part of the Section 108 Loan Program in the amount of \$9,500,000. The Section 108 Loan is an “advance” of future CDBG entitlement funds and, as such, is repaid with a portion of the City’s annual entitlement. Proceeds of the loan will be used to fund multiple capital improvement projects. Debt service payments will be made with future CDBG entitlements for 20 years, with interest payments beginning with fiscal year 2009. As of June 30, 2012, the outstanding balance is \$8,594,000. The annual debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 332,000	\$ 417,073	\$ 749,073
2014	349,000	403,752	752,752
2015	367,000	389,175	756,175
2016	385,000	373,242	758,242
2017	404,000	355,858	759,858
2018-2022	2,347,000	1,468,100	3,815,100
2023-2027	2,994,000	793,573	3,787,573
2028-2029	1,416,000	77,476	1,493,476
Total	\$ 8,594,000	\$ 4,278,249	\$ 12,872,249

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

F. Notes Payable

	Balance June 30, 2011	Debt Issued	Debt Retired	Balance June 30, 2012	Classification	
					Due within One Year	Due in More Than One Year
The Adamo-Parking Structure Note	\$ 124,469	\$ -	\$ (42,289)	\$ 82,180	\$ 47,523	\$ 34,657
California Energy Commission (CEC) Loan #1	809,146	-	(148,560)	660,586	154,566	506,020
California Energy Commission (CEC) Loan #2	-	1,959,134	-	1,959,134	63,789	1,895,345
California Energy Commission (CEC) Loan #3	-	1,747,668	-	1,747,668	160,223	1,587,445
SDG&E OBF Loan #1 (Parkway Boiler)	-	85,180	(8,518)	76,662	8,518	68,144
SDG&E OBF Loan #2 (Transit HVAC)	-	171,122	(2,252)	168,870	27,019	141,851
Total CEC Loans/SDG&E On-Bill Financing	809,146	3,963,104	(159,330)	4,612,920	414,115	4,198,805
Total	\$ 933,615	\$ 3,963,104	\$ (201,619)	\$ 4,695,100	\$ 461,638	\$ 4,233,462

The Adamo - Parking Structure Note

In January 1994, the City entered into a loan agreement with a private party in order to purchase certain land acquisitions 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%. As of June 30, 2012, the outstanding balance is \$82,180.

The annual debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 47,523	\$ 5,051	\$ 52,574
2014	34,657	1,086	35,743
Total	\$ 82,180	\$ 6,137	\$ 88,317

California Energy Commission Loans/SDG&E On-Bill Financing

On September 25, 2007, the City Council approved Resolution 2007-241 authorizing the City's participation in the California Energy Commission ("CEC") and the SDG&E On-Bill Financing program. The loans would bridge the financial gap between energy conservation project capital costs and the available rebates for energy conservation equipment. As of June 30, 2012, the outstanding balance is \$4,612,920.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

F. Notes Payable, Continued

California Energy Commission Loans/SDG&E On-Bill Financing, Continued

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 414,115	\$ 162,629	\$ 576,744
2014	486,910	89,836	576,746
2015	498,683	78,062	576,745
2016	510,668	66,077	576,745
2017	346,990	55,032	402,022
2017-2022	1,692,459	185,665	1,878,124
2023-2026	663,095	45,586	708,681
Total	\$ 4,612,920	\$ 682,887	\$ 5,295,807

G. Capital Leases

	Balance June 30, 2011	Debt Issued	Debt Retired	Balance June 30, 2012	Classification	
					Due within One Year	Due in More Than One Year
SD County Regional Comm. System	\$ 795,641	\$ -	\$ (250,780)	\$ 544,861	\$ 264,948	\$ 279,913
Medical Resuscitation Equipment	301,663	-	(161,257)	140,406	140,406	-
Total	\$ 1,097,304	\$ -	\$ (412,037)	\$ 685,267	\$ 405,354	\$ 279,913

SD County Regional Communication System

The City has participated in the San Diego County Regional Communications System ("RCS"). The City financed its share of the RCS network infrastructure over 14 years in the amount of \$2,809,405. The agreement with the County provided the City with full partnership in the RCS. As of June 30, 2012, the outstanding balance is \$544,861.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

G. Capital Leases, Continued

SD County Regional Communication System, Continued

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

Year Ending				
June 30,	Principal	Interest	Total	
2013	\$ 264,948	\$ 30,785	\$	295,733
2014	279,913	15,815		295,728
Total	\$ 544,861	\$ 46,600	\$	591,461

Medical Resuscitation Equipment

On April 16, 2008 the City entered into a five year lease purchase agreement for the acquisition of medical resuscitation equipment manufactured by Zoll Medical Corporation for use by the Fire Department financed by Kansas State Bank of Manhattan in the amount of \$764,224. The medical equipment replaced the existing equipment that is beyond its useful performance life. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments at the inception date.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2012, are as follows:

Year Ending				
June 30,	Principal	Interest	Total	
2013	\$ 140,406	\$ 3,106	\$	143,512
Total	\$ 140,406	\$ 3,106	\$	143,512

The carrying value of assets acquired through capital leases are as follows:

	Governmental
	Activities
Assets:	
Machinery & equipment	\$ 764,224
Less: Accumulated depreciation	(254,742)
Total	\$ 509,482

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

H. Special Assessment Debt - Non-City Obligations

Bonds issued to finance public improvement projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed properties. 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, 2012, the special assessment debts outstanding are as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2012</u>
CFD 06-1A Eastlake Woods, Vista, Land Swap	\$ 39,000,000	\$ 33,750,000
CFD 06-1B Eastlake Woods, Vista, Land Swap	7,880,000	6,945,000
CFD 01-2 McMillin Otay Valley Ranch Village 6	10,250,000	8,805,000
CFD 08-I Otay Ranch Village	21,655,000	18,745,000
CFD 07-I Otay Ranch Village II	28,050,000	22,395,000
CFD 12-I McMillin Otay Ranch Village 7	22,565,000	19,250,000
CFD 2001-1B San Miguel Ranch 2005 Improvement	12,230,000	11,195,000
CFD 13-I McMillin Otay Ranch Village 7	16,620,000	11,445,000
CFD 07-I McMillin Otay Ranch Village I	16,950,000	14,185,000
2005 Revenue Refunding Bonds	93,930,000	77,710,000
AD 94-I Eastlake Greens Phase II	7,464,474	2,855,000
RAD 2001-1 Refunding Revenue Bonds Residential	20,445,000	10,605,000
RAD 2001-2 Refunding Revenue Bonds Commercial	9,705,000	1,730,000
Industrial Development Revenue Bonds, 1992 Series A-D	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
Industrial Development Revenue Bonds, 2004 Series A-F	251,265,000	251,265,000
Industrial Development Revenue Bonds, 2006 Series A	161,240,000	161,240,000
Total	<u>\$ 1,093,149,474</u>	<u>\$ 926,020,000</u>

I. Multi-Family Housing Bonds - Non-City Obligations

Bonds issued to finance public improvement and/or affordable multifamily housing projects are liabilities of the developers and are secured by liens against the assessed property. The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

6. LONG-TERM DEBT, Continued

Governmental Activities Long-Term Debt, Continued

I. Multi-Family Housing Bonds - Non-City Obligations

As of June 30, 2012, the total multifamily housing bonds outstanding are as follows:

	Original Amount	Outstanding June 30, 2012
2000 A Pear Tree Manor Project	\$ 5,779,000	\$ 4,659,000
1999 A Villa Serena Project	5,566,500	5,270,000
2007 A Oxford Terrace Apartments	2,276,000	1,851,000
2007 B Oxford Terrace Apartments	2,363,000	2,363,000
2006 A Teresina Apartment Projects	37,940,000	37,940,000
2007 C The Landing Apartment	16,670,000	5,904,011
Total	\$ 70,594,500	\$ 57,987,011

J. Debt Compliance

At June 30, 2012, City management believes that the City has complied with all requirements of its various debt agreements.

7. UNEARNED/DEFERRED REVENUE

A. Government-Wide Financial Statements

At June 30, 2012, unearned revenue was reported as follows:

Public Facilities Development Impact Fee Prepayment	\$ 1,203,496
UTT Wireless	7,277,715
Grants	5,084,701
Total	\$ 13,565,912

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

7. UNEARNED/DEFERRED REVENUE, Continued

B. Governmental Fund Financial Statements

At June 30, 2012, deferred revenue was reported as follows:

Interest receivable on:	
Advances to other funds	\$ 10,760,970
Loans Receivable:	
South Bay Community Services	4,835,319
South Bay Community Villas, L.P.	4,400,000
St. Regis Park	1,387,152
Los Vecinos (Wakeland Housing & Development)	5,680,000
Seniors on Broadway (MAAC Project)	3,511,194
Rancho Vista Housing (Chelsea Invest Corp.)	1,500,000
Alpha III Development (Main Plaza)	1,800,000
The Landings (Chelsea Invest. Corp)	5,500,000
Long-term receivables	11,476,428
Public Facilities DIF	1,203,496
Grants	5,084,701
Total	\$ 57,139,260

8. COMPENSATED ABSENCES

Government-Wide Financial Statements

Summary of changes in governmental activities compensated absences for the year ended June 30, 2012 is as follows:

	Balance			Balance June 30, 2012	Classification	
	July 1, 2011	Additions	Deletions		Due within One Year	Due in More Than One Year
Compensated Absences	\$ 6,797,511	\$ 4,827,849	\$ (4,972,660)	\$ 6,652,700	\$ 4,000,000	\$ 2,652,700
Total	\$ 6,797,511	\$ 4,827,849	\$ (4,972,660)	\$ 6,652,700	\$ 4,000,000	\$ 2,652,700

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$6,652,700 at June 30, 2012. For the governmental activities claims and judgments and compensated absences are generally liquidated by the general fund. In business-type funds, the liabilities are reported in the funds as the benefits vest and are earned.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

8. COMPENSATED ABSENCES, Continued

Governmental-Wide Financial Statements, Continued

Compensated absences at June 30, 2012 are obligations of the following funds:

Governmental funds	\$ 6,589,937
Fleet Mangement internal service fund	<u>62,763</u>
	<u>\$ 6,652,700</u>

9. OTHER REQUIRED FUND DISCLOSURES

A. Deficit Fund Balances

At June 30, 2012, the following funds had deficit fund equity:

City Debt Service Fund	<u>\$ (37,323,149)</u>
------------------------	------------------------

The City Debt Service fund has a deficit fund balance due to the fund booking its long term advances. The City expects to repay the advances via transfers from other funds.

10. SELF-INSURANCE ACCRUED LIABILITIES

The City is self-insured for the first \$500,000 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 \$500,000 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 \$45,000,000 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 SANDPIPA, 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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

10. SELF-INSURANCE ACCRUED LIABILITIES, Continued

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 \$1,000,000 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, 2012, there are 160 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 statutory limits via group purchased excess insurance policies.

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:

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2009-2010	\$ 17,869,949	\$ 4,554,348	\$ (3,622,693)	\$ 18,801,604
2010-2011	18,801,604	7,960,587	(4,330,098)	22,432,093
2011-2012	22,432,093	3,372,465	(3,614,694)	22,189,864

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

11. 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 employees 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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

11. PENSION PLANS, Continued

A. California Public Employees' Retirement Plan, Continued

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 employees make the required contributions with the following effective dates: Miscellaneous Chula Vista Employee Association ("CVEA"), 2% on July 1, 2011, 2% on January 1, 2012 and 2% on June 30, 2012; Miscellaneous Other than CVEA, 8% on January 14, 2011; Safety POA, 1.5% on July 1, 2011, 2.25% on January 1, 2012 and 2.25% on July 1, 2012; Safety IAFF, 9% on January 14, 2011. The City employer is required to contribute at an actuarially determined rate of 22.702% of annual covered payroll for miscellaneous employees and 26.134% of annual covered payroll for safety employees for the fiscal year ended June 30, 2012.

Readers of this document are advised to refer directly to the full disclosure of actuarial and funding practices of the multi-employer CalPERS system, which this agency does not control. CalPERS may employ actuarial techniques such as extended smoothing and amortization periods that would result in future increases in required employer contributions which are not reflected in these financial statements, particularly in the event of any future changes in governmental financial reporting standards and system-wide funding practices. Further information on its financial practices should be requested from CalPERS.

Annual Pension Cost

For fiscal year 2012, the City's annual pension cost of \$23,996,289 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.55% to 14.45% for miscellaneous employees and 3.55% to 13.15% for safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%. 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	Net Pension Asset
	Miscellaneous Employees	Safety Employees	Total			
6/30/2010	\$ 9,082,303	\$ 8,783,315	\$ 17,865,618	100%	\$ -	\$ 5,601,547
6/30/2011	9,952,829	9,139,398	19,092,227	100%	-	3,175,108
6/30/2012	12,563,479	11,432,810	23,996,289	100%	-	246,072

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

11. PENSION PLANS, Continued

A. California Public Employees' Retirement Plan, Continued

The City's changes in net pension asset for the year ended June 30, 2012, are as follows:

	2012	2011	2010
Annual required contribution	\$ (21,067,253)	\$ (16,665,788)	\$ (15,792,292)
Interest on net pension assets	246,071	434,120	594,803
Adjustment to the annual required contribution	(3,175,107)	(2,860,559)	(2,668,129)
Annual pension cost	(23,996,289)	(19,092,227)	(17,865,618)
Contribution made	21,067,253	16,665,788	15,792,292
Decrease in net pension asset	(2,929,036)	(2,426,439)	(2,073,326)
Net pension asset, beginning of year	3,175,108	5,601,547	7,674,873
Net pension asset, end of year	\$ 246,072	\$ 3,175,108	\$ 5,601,547

The interest rate on the net pension obligation is 7.75%.

Most Recent Actuarial Study – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
Miscellaneous:						
6/30/2011	\$ 287,943,786	\$ 381,582,655	\$ 93,638,869	75.5%	\$ 41,109,611	227.78%
Safety:						
6/30/2011	\$ 273,750,352	\$ 319,838,087	\$ 46,087,735	85.6%	\$ 34,000,483	135.55%

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, 2012, the City's total payroll and covered payroll was \$1,355,311. The City made employer contributions of \$50,824 (3.75% of current covered payroll), and employees contributed \$50,824 (3.75% of current covered payroll).

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

12. OTHER POSTEMPLOYMENT BENEFITS

B. Defined Contribution Pension Plan, Continued

Plan Description

The City provides a Retiree Healthcare Plan, a single employer defined benefit plan, which allows retirees to purchase healthcare coverage under the City's medical plan. Retirees pay 100% of the premiums. Retirees not eligible for Medicare pay the same healthcare premiums as active employees, even though retiree's healthcare costs are greater than that of active employees. This results in an implied subsidy of retiree's healthcare costs by the City. In fiscal year 2011, the City entered into an agreement with various bargaining groups eliminating the subsidized retiree health care rates for employees hired under the Second Tier CalPERS Retirement Plan. The postemployment benefit is a single-employer plan. The plan has not been audited and therefore, there is no audited GAAP-basis postemployment benefit plan report available.

On April 22, 2008 the City Council approved a medical incentive program for early retirement, the City offered to pay the employees' single premium until December 31, 2009 if the employee retired between May 5, 2008 and June 5, 2008. On December 16, 2008, the City Council approved a third resolution to pay the employees' single premium until December 31, 2010 and December 31, 2009 if the employees retired between January 1, 2009 and March 27, 2009 or between March 28, 2009 and June 26, 2009. On July 14, 2009, the City Council approved a fourth resolution granting two years additional service credit for eligible International Association of Fire Fighters (IAFF) employees only and a limited medical incentive program for safety employees who retire between July 15, 2009 and October 12, 2009. If an employee takes advantage of the two year additional service credit, the City will pay the premium for the employee only for two calendar years and if the employee had already reached the 30 year maximum years of service and cannot take advantage of the additional service credit, the City will pay the premium for employee only for four calendar years.

Eligibility

Employees are eligible for retiree health benefits if they retired from the City on or after age 50 (unless disabled) and are eligible for PERS pension. The benefits are available only to employees who retired from the City. Membership of the plan consisted of the following at June 30, 2012:

	Police	Fire	Miscellaneous	Total
Eligible active employee	206	116	558	880
Enrolled eligible retirees	19	9	156	184

The information above does not reflect current retirees that are not yet enrolled in the healthcare plan but are eligible to enroll in the plan at a later date.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Defined Contribution Pension Plan, Continued

Funding Policy

The City offers an implied subsidy benefit paid from the City's general fund. The City's contribution is based on pay-as-you-go. The retirees pay 100% of their individual premium except for the retirees who retire under the incentive plan. The City is contributing \$452 in premium on behalf of one employee who retired under the incentive plan in fiscal year 2012.

Annual Other Postemployment Benefits (OPEB) Cost and Net OPEB Obligations

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution	\$ 1,803,000	\$ 1,470,000	\$ 1,423,000
Interest on net OPEB obligation	151,000	108,000	74,790
Adjustment to the annual required contribution	<u>(285,000)</u>	<u>-</u>	<u>-</u>
Net OPEB cost	1,669,000	1,578,000	1,497,790
Contribution made	<u>(537,000)</u>	<u>(574,000)</u>	<u>(702,598)</u>
Increase in net OPEB liability	1,132,000	1,004,000	795,192
Net OPEB liability, beginning of the year	<u>3,553,000</u>	<u>2,549,000</u>	<u>1,753,808</u>
Net OPEB liability, end of year	<u>\$ 4,685,000</u>	<u>\$ 3,553,000</u>	<u>\$ 2,549,000</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2011 and 2012 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase in Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 1,497,790	53%	\$ 1,115,056	\$ 2,549,000
6/30/2011	1,578,000	20%	795,192	3,553,000
6/30/2012	1,669,000	19%	1,132,000	4,685,000

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Defined Contribution Pension Plan, Continued

Funding Status and Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was not funded in its initial year of implementation. The actuarial accrued liability for benefits was \$13,617,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability ("UAAL") of \$13,617,000 and a funded ratio (actuarial value of assets as a percentage of the actuarial liability) of 0%.

Funding Status and Progress, Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purpose are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial assets, consistent with the long-term respective of the calculations.

The actuarial cost method used for determining the benefit obligation is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.25% discount rate, the inflation rate for HMO's starts at 8.4% (the increase in 2012 premiums over 2011) and grades down to 4.5% (2017 premiums over 2016) and remains at 4.5% into the future. This assumption means healthcare is assumed to increase, on the average, 7.1% a year for HMOs and 7.5% a year for PPOs a year for the next seven years after 2012. The general inflation assumption rate is 3% and is assumed that healthcare will level off at 1.5% over general inflation. The UAAL is being amortized as a level percentage of projected payroll over 30 years.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

12. OTHER POSTEMPLOYMENT BENEFITS, Continued

B. Defined Contribution Pension Plan, Continued

Most Recent Actuarial Study – Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Assets Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Liability as Percentage of Covered Payroll</u>
6/30/2011	\$ -	\$ 13,617,000	\$ (13,617,000)	0.00%	\$ 73,651,000	(18.49)%

13. POLLUTION REMEDIATION OBLIGATIONS

The City is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liabilities or, if appropriate, capitalized when goods and services are acquired if one of the following five specified obligating events occurs:

- The City is compelled to take pollution remediation action because of an imminent endangerment;
- The City violates a pollution prevention-related permit or license;
- The City is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a government responsible for sharing costs;
- The City is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation;
- The City commences or legally obligates itself to commence pollution remediation.

At June 30, 2012, the City identified the following sites which met one of the above obligating events:

Corp Yard

The estimate installation costs of groundwater monitoring wells and monitoring activity is approximately \$150,000. This estimate is based on the installation of additional ground water monitoring wells and about five years to get the site closed with the cost of \$20,000 per year in testing and reporting and about \$10,000 a year in staff time. This estimate is subject to the test result or changes in applicable laws or regulations. The intent is to monitor for natural attenuation, however, the City believes that after another round of monitoring, the site will be closed.

The City secured a pollution and remediation legal liability insurance to cover pollution and remediation legal liability, legal defense expense and contingent transportation coverage in the amount of \$10,000,000 per occurrence up to \$50,000,000 in aggregate liability with a self-insured retention amount of \$100,000 per occurrence. At June 30, 2012, the City recorded pollution remediation obligations in the amount of \$150,000 on the Government-Wide Statement of Net Assets and allocated the total amount to General Government on the Government-Wide Statement of Activities and Changes in Net Assets.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

13. POLLUTION REMEDIATION OBLIGATIONS, Continued

The pollution remediation costs for Corp Yard are not covered by this insurance, however, the City will be covered should there be claims against the City by third parties.

14. COMMITMENTS AND CONTINGENCIES

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

The City participates in a number of federally assisted grant programs, including those from the U.S. Department of Housing and Urban Development, U.S. Department of Justice, U.S. Department of Treasury, U.S. Department of Transportation, and the U.S. 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 on this audit.

The General Fund has loaned a cumulative amount of \$913,429 to the Successor 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.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

15. CLASSIFICATION OF FUND BALANCES

	Major Funds							Total
	General	Sundry Grants	RDA	City	Development	Park Acquisition	Nonmajor	
	Fund	Special Revenue Fund	Special Revenue Fund	Debt Service Fund	Impact Fund	Development Fund	Governmental Funds	
Nonspendable								
Prepaid items	\$ 49,595	\$ 751	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,346
Loans receivable	8,749,431	3,223,100	6,393,172	-	10,535,338	9,940,000	671,385	39,512,426
Total nonspendable	8,799,026	3,223,851	6,393,172	-	10,535,338	9,940,000	671,385	39,562,772
Restricted								
SLESF - law enforcement	-	178,257	-	-	-	-	-	178,257
Police grants	-	210,381	-	-	-	-	-	210,381
Asset forfeiture - drug enforcement and education	-	496,395	-	-	-	-	-	496,395
Library services grant	-	190,883	-	-	-	-	-	190,883
Park and recreation grants	-	78,238	-	-	-	-	-	78,238
Federal grants	-	64,861	-	-	-	-	-	64,861
State grants	-	12,180	-	-	-	-	-	12,180
ARRA grants	-	(104,882)	-	-	-	-	-	(104,882)
Waste management, recycling and environ. grants	-	1,244,571	-	-	-	-	-	1,244,571
Community and housing development	-	1,342,776	664,407	-	-	-	951,448	2,958,631
Public facilities	-	-	-	-	8,578,169	-	-	8,578,169
Otay Ranch Village ramp and bridge	-	-	-	-	3,328,913	-	-	3,328,913
Transportation improvements	-	-	-	-	14,366,030	-	1,864,407	16,230,437
Telegraph Canyon drainage	-	-	-	-	6,114,387	-	-	6,114,387
Park acquisitions and development	-	-	-	-	-	21,990,990	-	21,990,990
Parking meter services	-	-	-	-	-	-	605,038	605,038
Traffic signal and safety	-	-	-	-	-	-	2,755,320	2,755,320
Storm drain	-	-	-	-	-	-	253,995	253,995
Open space maintenance	-	-	-	-	-	-	15,748,007	15,748,007
Assessment districts improvement	-	-	-	-	-	-	2,504,787	2,504,787
Total restricted	-	3,713,660	664,407	-	32,387,499	21,990,990	24,683,002	83,439,558
Committed								
Economic contingency	2,298,088	-	-	-	-	-	138,023	2,436,111
Otay Valley Regional Park management cost	203,481	-	-	-	-	-	-	203,481
Capital projects	1,828,638	-	-	-	-	-	-	1,828,638
Public safety	45,000	-	-	-	-	-	-	45,000
Debt service	-	-	-	-	-	-	12,704,454	12,704,454
Total committed	4,375,207	-	-	-	-	-	12,842,477	17,217,684
Assigned								
Economic development	75,000	-	-	-	-	-	-	75,000
IFAS support	58,339	-	-	-	-	-	-	58,339
Fire equipment	31,911	-	-	-	-	-	-	31,911
Graffiti tracker services	11,650	-	-	-	-	-	-	11,650
Master fee update and cost allocation plan	23,732	-	-	-	-	-	-	23,732
Bayfront project	80,000	-	-	-	-	-	-	80,000
Supplies and services	54,378	-	-	-	-	-	-	54,378
Parking lot improvement	50,000	-	-	-	-	-	-	50,000
Damage to City property	40,000	-	-	-	-	-	-	40,000
Grants	12,106	-	-	-	-	-	-	12,106
Education and training	15,000	-	-	-	-	-	-	15,000
Web design and development	2,112	-	-	-	-	-	-	2,112
Ballot initiative	160,000	-	-	-	-	-	-	160,000
Legal services	89,091	-	-	-	-	-	-	89,091
Social media marketing	107,750	-	-	-	-	-	-	107,750
Public liability	2,084,476	-	-	-	-	-	-	2,084,476
Total assigned	2,895,545	-	-	-	-	-	-	2,895,545
Unassigned								
	11,969,280	-	-	(37,323,149)	-	(1)	(97,584)	(25,451,454)
Total fund balances	\$ 28,039,058	\$ 6,937,511	\$ 7,057,579	\$ (37,323,149)	\$ 42,922,837	\$ 31,930,989	\$ 38,099,280	\$ 117,664,105

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On December 29, 2011, the Supreme Court of the State of California (the "Court") upheld the enforceability of legislation that provides for the dissolution of California redevelopment agencies, but struck down the Assembly Bill X1 27 which would have provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. As a result of the Court ruling, the dissolution of California Redevelopment Agencies was effective as of February 1, 2012.

Assembly Bill X1 26 signed into law as part of the State's budget package on June 29, 2011, requires each California Redevelopment Agency to suspend nearly all activities except to complete existing contracts, meet already-incurred obligations, preserve its assets, prepare for the impending dissolution of the agency, and transfer all of its assets to a Successor Agency that is governed by an oversight board representing the various taxing jurisdictions in the community.

Assembly Bill X1 26 also required each agency to adopt an Enforceable Obligation Payment Schedule and draft a Recognized Obligation Payment Schedule prior to September 30, 2011. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with Agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill X1 26. Only the amount of tax revenues necessary to fund the payments reflected on the Enforceable Obligation Payment Schedule will be allocated to the Successor Agencies.

Assembly Bill X1 26 directs the Department of Finance of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the Successor Agency as defined in Assembly Bill X1 26.

On January 12, 2012, The City Council of the City of Chula Vista adopted Resolution No. 2203 electing to retain the housing assets and functions previously performed by the dissolved Chula Vista Redevelopment Agency pursuant to Section 34176(a)(1) of the California Health and Safety Code. On January 31, 2012, the former Chula Vista Redevelopment Agency had net assets (deficit) of \$(21,622,990). Accordingly, the City has assumed the responsibility of the housing assets and functions for the Low and Moderate Income Housing Funds and transferred housing assets and liabilities in the net amount of \$7,054,163 to the Low and Moderate Income Housing Successor Special Revenue Fund. All remaining assets and liabilities of the RDA under the RDA Debt Service Fund and RDA Capital Projects Fund in the net amount of \$(28,677,153) were transferred to the RDA Successor Agency and are reported in the Fiduciary Funds.

City of Chula Vista
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, Continued

Balance as of January 31, 2012 (Modified Accrual Basis):	
RDA Capital Projects Fund	\$ 7,664,325
RDA Debt Service Fund	(15,043,573)
RDA Special Revenue Fund	17,624,451
Reconciliation to Accrual Basis:	
Deferred Charges	763,906
Capital Assets	10,797,560
Arbitrage Liability	(3,584)
Pollution Remediation	(500,000)
Long-Term Debt	(42,926,075)
Total adjustments	<u>(31,868,193)</u>
Balance as of February 1, 2012 (Accrual Basis):	(21,622,990)
Less: Housing Assets Transfer to Low & Moderate Income Housing Successor Special Revenue Fund	<u>(7,054,163)</u>
Extraordinary Gain - Government-wide	<u><u>\$ (28,677,153)</u></u>

Due to nature of the private-purpose trust fund certain long-term items including deferred charges, arbitrage liability, pollution remediation and bond discounts are written off and recorded when the expenditure takes place. Deferred revenue on advances between funds that were combined has been recognized. Certain accounts payable balances relating to AB1290 have been written off since they are no longer owed. These entries have been recorded as extraordinary items in the private-purpose trust fund.

Deferred Charges	\$ (763,906)
Arbitrage Liability	3,584
Pollution Remediation	500,000
Bond Discount	(876,425)
Deferred Revenue	1,141,449
Accounts Payable	<u>724,282</u>
Extraordinary Gain - ROPS	<u><u>\$ 728,984</u></u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Chula Vista
Required Supplementary Information
For the year ended June 30, 2012

1. BUDGETARY INFORMATION

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 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 published 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 up to \$15,000 within a departmental budget. Any appropriation transfers between departments or greater than \$15,000 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, 2012, was adopted and approved by the City Council for the general, special revenue and debt service funds except for the Developer's Deposit Special Revenue fund, which is used to account for various developer deposit for development projects and is used to fund staff costs and other costs related to specific projects. These budgets are prepared on the modified accrual basis of accounting. 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.

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2012

1. BUDGETARY INFORMATION, Continued

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	84,032,418	84,032,418	\$ 85,167,221	\$ 1,134,803
Intergovernmental	1,539,171	2,663,127	2,029,529	(633,598)
Licenses and permits	825,630	1,015,630	1,222,769	207,139
Charges for services	6,712,128	7,334,984	7,794,981	459,997
Fines and forfeitures	2,199,885	2,199,885	1,355,769	(844,116)
Use of money and property	2,234,999	2,285,498	2,916,631	631,133
Other	13,841,680	14,651,506	11,587,469	(3,064,037)
Total revenues	111,385,911	114,183,048	112,074,369	(2,108,679)
EXPENDITURES:				
Current:				
General government:				
City council	1,266,619	1,322,512	1,220,792	101,720
Boards and Commissions	40,076	40,076	4,314	35,762
City clerks	1,407,780	1,407,780	883,284	524,496
City attorney	2,255,035	2,275,279	2,022,299	252,980
Administration	1,731,761	1,710,163	1,696,156	14,007
Management and information	2,869,481	2,889,353	2,865,368	23,985
Human resources	3,737,073	3,910,075	2,969,100	940,975
Finance	3,213,689	3,193,464	3,153,005	40,459
Non-Departmental	2,364,150	2,632,024	2,084,852	547,172
Planning and building	2,737,685	2,977,654	2,716,201	261,453
Total general government	21,623,349	22,358,380	19,615,371	2,743,009
Public safety:				
Police	41,621,625	42,061,896	41,992,883	69,013
Fire	21,686,275	22,395,666	22,447,355	(51,689)
Total public safety	63,307,900	64,457,562	64,440,238	17,324
Public works:				
Engineering	3,960,523	3,961,523	3,833,575	127,948
General services	21,618,653	22,017,712	21,386,043	631,669
Total public works	25,579,176	25,979,235	25,219,618	759,617
Parks and recreation	2,872,381	3,316,951	3,244,286	72,665
Library	3,422,601	3,579,119	3,435,325	143,794
Capital outlay	70,000	1,855,932	280,627	1,575,305
Total expenditures	116,875,407	121,547,179	116,235,465	5,311,714
REVENUES OVER (UNDER) EXPENDITURES	(5,489,496)	(7,364,131)	(4,161,096)	3,203,035
Other Financing Sources (Uses)				
Transfers in	9,163,777	10,784,042	9,850,345	(933,697)
Transfers out	6,034,507	11,879,003	(13,390,590)	(25,269,593)
Total other financing sources (uses)	15,198,284	22,663,045	(3,540,245)	(26,203,290)
Net change in fund balance	\$ 9,708,788	\$ 15,298,914	(7,701,341)	\$ (23,000,255)
Fund Balance:				
Beginning of year			35,740,399	
End of year			\$ 28,039,058	

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2012

1. BUDGETARY INFORMATION, Continued

Budgetary Comparison Schedule, Sundry Grants Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 15,440,519	\$ 20,949,448	\$ 11,170,227	\$ (9,779,221)
Charges for services	979,000	979,000	1,033,479	54,479
Use of money and property	20,000	20,000	56,654	36,654
Other	191,000	200,889	677,429	476,540
Total revenues	<u>16,630,519</u>	<u>22,149,337</u>	<u>12,937,789</u>	<u>(9,211,548)</u>
EXPENDITURES:				
Current:				
General government	3,694,537	5,653,840	2,128,285	3,525,555
Public safety	7,178,410	9,537,461	7,070,222	2,467,239
Public works	4,387,999	6,190,194	4,017,488	2,172,706
Parks and recreation	1,200	28,696	28,096	600
Library	281,270	281,270	237,336	43,934
Capital outlay	2,625,222	10,459,991	4,196,916	6,263,075
Total expenditures	<u>18,168,638</u>	<u>32,151,452</u>	<u>17,678,343</u>	<u>14,473,109</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,538,119)</u>	<u>(10,002,115)</u>	<u>(4,740,554)</u>	<u>5,261,561</u>
OTHER FINANCING SOURCES (USES):				
Issuance of debt	-	-	3,963,104	3,963,104
Transfers in	204,649	165,416	157,330	(8,086)
Transfers out	(1,083,246)	(1,049,648)	(1,049,648)	-
Total other financing sources (uses)	<u>(878,597)</u>	<u>(884,232)</u>	<u>3,070,786</u>	<u>3,955,018</u>
Net change in fund balance	<u>\$ (2,416,716)</u>	<u>\$ (10,886,347)</u>	<u>(1,669,768)</u>	<u>\$ 9,216,579</u>
Fund Balance:				
Beginning of year			<u>8,607,279</u>	
End of year			<u>\$ 6,937,511</u>	

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2012

1. BUDGETARY INFORMATION, Continued

Budgetary Comparison Schedule, Low & Moderate Income Housing Successor Special Revenue Fund

	Budgeted Amounts		Actual Amounts (1)	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 25	\$ 25
Use of money and property	-	-	5,033	5,033
Total revenues	-	-	5,058	5,058
EXPENDITURES:				
Current:				
General government	-	-	1,642	(1,642)
Total expenditures	-	-	1,642	(1,642)
REVENUES OVER (UNDER) EXPENDITURES	-	-	3,416	3,416
EXTRAORDINARY ITEMS:				
Gain on dissolution of the Chula Vista Redevelopment Agency	-	-	7,054,163	7,054,163
Net change in fund balance	\$ -	\$ -	7,057,579	\$ 7,057,579
Fund Balance:				
Beginning of year			-	
End of year			<u>\$ 7,057,579</u>	

(1) Period is for the five months from February 1, 2012 to June 30, 2012. See Note 16.

City of Chula Vista
Required Supplementary Information, Continued
For the year ended June 30, 2012

PUBLIC EMPLOYEE RETIREMENT SYSTEMS (PERS)
SCHEDULE OF FUNDING PROGRESS

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2009	\$ 258,234,202	\$ 337,496,425	\$ 79,262,223	76.51%	\$ 45,211,544	175.31%
6/30/2010	\$ 271,275,031	\$ 355,519,797	\$ 84,244,766	76.30%	\$ 43,498,397	193.67%
6/30/2011	\$ 287,943,786	\$ 381,582,655	\$ 93,638,869	75.46%	\$ 41,109,611	227.78%

Safety Employees

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2009	\$ 240,935,156	\$ 279,516,735	\$ 38,581,579	86.20%	\$ 34,149,134	112.98%
6/30/2010	\$ 255,698,516	\$ 295,764,402	\$ 40,065,886	86.45%	\$ 34,298,135	116.82%
6/30/2011	\$ 273,750,352	\$ 319,838,087	\$ 46,087,735	85.59%	\$ 34,000,483	135.55%

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Assets Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2007	\$ -	\$ 9,608,000	\$ 9,608,000	0.00%	\$ 93,172,648	10.31%
6/30/2009	\$ -	\$ 11,885,000	\$ 11,885,000	0.00%	\$ 69,087,000	17.20%
6/30/2011	\$ -	\$ 13,617,000	\$ 13,617,000	0.00%	\$ 73,651,000	18.49%

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Transportation Grants - This fund is used to account for revenues and expenditures received from the State under the Street and Safety Code Sections 2106, 2107 and 2107.5. The allocations must be spent for street maintenance or construction and a limited amount for engineering.

Parking Meter - This fund is used to account for revenues from on/off street parking and issued parking citations within the parking district. The funds derived must be expended for a purpose substationally connected with the problem of traffic regulation and control in the parking district.

Traffic Safety - This fund is a depository for all monies derived from vehicle code fines (excluding parking violations). The fines are collected through the County court system and remitted to the City monthly. These monies may be expended only for traffic control devices and equipment and maintenance thereof or for the maintenance, improvement or construction of public streets.

Town Centre I - This fund is used to account for revenues from an in lieu parking fee. The in lieu parking fee applies to any developer of a new commercial building or addition to an existing commercial building within the Downtown Parking district. Use of monies in this fund is restricted for the purchase or development of parking sites.

Developer Deposits - This fund is used to account for revenues received from various developers for development projects and is used to fund staff costs, and other costs related to specific projects.

Open Space Districts - This fund is a depository for all monies received for all flat rate property tax assessments levied against benefiting property owners for the maintenance of open space areas.

Housing Programs - This fund is for federal housing rehabilitation monies held in trust by Bank of America for issuance of housing rehab loans to qualified low and moderate income recipients.

Traffic Signals - This fund accounts for fees from developers for all new traffic signal construction.

Transportation Sales Tax - This fund was established for the receipt and disbursement of all transportation sales tax revenues for the City.

Storm Drain - This 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.

Housing Authority - This fund is used to account for revenues and expenditures received from Local, State and Federal governments for the City's program in promoting balanced housing for families of all income levels.

Redevelopment Agency Special Revenue Fund - This fund was established to account for the 20% of the revenue received from tax increment within the redevelopment project areas and is used to fund low and moderate income housing and related expenditures. This fund is closed on February 1, 2012.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

Public Financing Authority - This fund is used to account for 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.

1994 POB - This fund receives payments from the City for payment of principal and interest due on 1994 taxable pension obligation bonds.

Notes Payable - This fund is used for the payment of principal and interest on various notes payable.

Lease Payable - This fund is used to account for the City's portion of the infrastructure and financing costs of the San Diego County regional communications systems (RCS) and lease purchase of the Fire Department's medical resuscitation equipment.

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. This fund is closed on February 1, 2012.

CAPITAL PROJECTS FUNDS:

Residential Construction Tax - This fund is a depository for fees levied for the construction, replacement or conversion of all dwelling units within the City including hotels and motels.

Highway Safety - This fund is a depository for the revenues received from State per Proposition 1B. Funds must be spent for transportation projects to relieve congestion, improve the movement of goods, improve air quality and security of the transportation system.

Bicycle Facility - This fund was established as a depository for local Transportation Development Act funds (Article 3.0) received from the County for the purpose of bicycle related programs.

Industrial Development Authority - This fund was established to account for staff costs in assisting in the issuance of industrial development bonds. A fee of 1/8 of 1% is charged to reimburse costs incurred.

Redevelopment Capital Projects - This fund was established to account for capital improvement projects related to various redevelopment areas. This fund is closed on February 1, 2012.

Assessment District Improvements - This fund was established as a depository for monies received from issuance of bonds for various assessment districts. The monies are used to finance the construction of public works improvements in the related districts.

Transportation Partnership - This fund is a depository for the revenues received from the State and Local Transportation Partnership Program. Funds must be spent for street purposes.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS, Continued:

Other Transportation Program - This fund is a depository for the revenues received from the Federal Highway Safety Improvement Program. Funds must be spent for street, public highway bridges and other regional surface transportation programs.

Transportation Equity Act - This fund was established to account for reimbursable capital improvement program such as highway safety, transit, and other surface transportation programs from FY98 through FY2003 as required by PL 105-178.

Traffic Congestion Relief - This fund is a depository for the revenues received from Traffic Congestion Relief Fund as required by AB2928. The monies must be spent for street or road maintenance or reconstruction.

City of Chula Vista
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

Special Revenue

	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Developer Deposits	Open Space Districts
ASSETS						
Cash and investments	\$ 43,661	\$ 726,651	\$ 109,127	\$ 50,876	\$ 10,604,087	\$ 16,518,468
Receivables:						
Accounts	-	39,881	-	-	-	-
Taxes	287,482	-	-	-	-	56,793
Interest	206	970	339	80	-	22,931
Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Restricted cash and investments:						
Held by fiscal agent	-	-	-	-	-	-
Total assets	\$ 331,349	\$ 767,502	\$ 109,466	\$ 50,956	\$ 10,604,087	\$ 16,598,192
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 56,435	\$ 6,372	\$ -	\$ 230,316	\$ 850,185
Due to other funds	-	-	-	-	-	-
Retention payable	-	-	-	-	-	-
Developer deposits	-	-	-	-	10,373,771	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	-	56,435	6,372	-	10,604,087	850,185
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	299,355	605,038	103,094	50,956	-	15,748,007
Committed	31,994	106,029	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	331,349	711,067	103,094	50,956	-	15,748,007
Total liabilities and fund balances	\$ 331,349	\$ 767,502	\$ 109,466	\$ 50,956	\$ 10,604,087	\$ 16,598,192

City of Chula Vista
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2012

Special Revenue

	Housing Programs	Traffic Signals	Transportation Sales Tax	Storm Drain	Housing Authority	RDA Special Revenue (1)
ASSETS						
Cash and investments	\$ 21,084	\$ 2,842,504	\$ 739,722	\$ 184,140	\$ 583,606	\$ -
Receivables:						
Accounts	-	-	-	69,586	-	-
Taxes	-	-	-	278	-	-
Interest	-	5,211	482	220	4,468	-
Loans	680,460	-	-	-	2,101,507	-
Other	-	-	-	-	-	-
Due from other funds	-	-	72,231	-	-	-
Due from other governments	1,407	-	684,630	-	-	-
Restricted cash and investments:						
Held by fiscal agent	-	-	-	-	-	-
Total assets	\$ 702,951	\$ 2,847,715	\$ 1,497,065	\$ 254,224	\$ 2,689,581	\$ -
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ 108,348	\$ 320,975	\$ 229	\$ 79,967	\$ -
Due to other funds	-	-	-	-	-	-
Retention payable	-	87,141	14,309	-	-	-
Developer deposits	-	-	-	-	-	-
Deferred revenue	129,150	-	-	-	2,101,507	-
Total liabilities	129,150	195,489	335,284	229	2,181,474	-
Fund Balances:						
Nonspendable	671,385	-	-	-	-	-
Restricted	-	2,652,226	1,161,781	253,995	508,107	-
Committed	-	-	-	-	-	-
Unassigned	(97,584)	-	-	-	-	-
Total fund balances	573,801	2,652,226	1,161,781	253,995	508,107	-
Total liabilities and fund balances	\$ 702,951	\$ 2,847,715	\$ 1,497,065	\$ 254,224	\$ 2,689,581	\$ -

(Continued)

(1) This fund was closed on February 1, 2012. See Note 16.

City of Chula Vista
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2012

	Debt Service				Capital Projects	
	Public Financing Authority	1994 POB	Notes Payable	Lease Payable	RDA Debt Service (1)	Residential Construction Tax
ASSETS						
Cash and investments	\$ 2,240,771	\$ -	\$ 288,034	\$ 389	\$ -	\$ 380,542
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Interest	6,206	-	21	14	-	1,117
Loans	-	-	-	-	-	-
Other	53,819	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Restricted cash and investments:						
Held by fiscal agent	10,119,913	-	-	-	-	-
Total assets	\$ 12,420,709	\$ -	\$ 288,055	\$ 403	\$ -	\$ 381,659
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 375	\$ -	\$ 4,338	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Retention payable	-	-	-	-	-	-
Developer deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total liabilities	375	-	4,338	-	-	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	381,659
Committed	12,420,334	-	283,717	403	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	12,420,334	-	283,717	403	-	381,659
Total liabilities and fund balances	\$ 12,420,709	\$ -	\$ 288,055	\$ 403	\$ -	\$ 381,659

(Continued)

(1) This fund was closed on February 1, 2012. See Note 16.

City of Chula Vista
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2012

Capital Projects

	Highway Safety	Bicycle Facility	Industrial Development Authority	RDA Capital Projects (1)	Assessment District Improvements	Transportation Partnership
ASSETS						
Cash and investments	\$ 671,730	\$ -	\$ 10,709	\$ -	\$ 2,504,057	\$ 28,869
Receivables:						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Interest	2,157	-	17	-	3,644	45
Loans	-	-	-	-	-	-
Other	-	72,231	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Restricted cash and investments:						
Held by fiscal agent	-	-	-	-	-	-
Total assets	\$ 673,887	\$ 72,231	\$ 10,726	\$ -	\$ 2,507,701	\$ 28,914
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 2,914	\$ -
Due to other funds	-	72,231	-	-	-	-
Retention payable	130,025	-	-	-	-	-
Developer deposits	-	-	-	-	-	-
Deferred revenue	173,529	-	-	-	-	-
Total liabilities	303,554	72,231	-	-	2,914	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	370,333	-	10,726	-	2,504,787	28,914
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	370,333	-	10,726	-	2,504,787	28,914
Total liabilities and fund balances	\$ 673,887	\$ 72,231	\$ 10,726	\$ -	\$ 2,507,701	\$ 28,914

(Continued)

(1) This fund was closed on February 1, 2012. See Note 16.

City of Chula Vista
Combining Balance Sheet, Continued
Non-Major Governmental Funds
June 30, 2012

	Capital Projects			Total Other Governmental Funds
	Other Transportation Program	Transportation Equity Act	Traffic Congestion Relief	
ASSETS				
Cash and investments	\$ -	\$ -	\$ 3,917,316	\$ 42,466,343
Receivables:				
Accounts	-	-	-	109,467
Taxes	-	-	398,035	742,588
Interest	-	-	4,049	52,177
Loans	-	-	-	2,781,967
Other	-	-	-	126,050
Due from other funds	-	-	-	72,231
Due from other governments	1,697,757	-	-	2,383,794
Restricted cash and investments:				
Held by fiscal agent	-	-	-	10,119,913
Total assets	\$ 1,697,757	\$ -	\$ 4,319,400	\$ 58,854,530
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 220,588	\$ -	\$ -	\$ 1,881,042
Due to other funds	1,261,331	-	-	1,333,562
Retention payable	-	-	-	231,475
Developer deposits	-	-	-	10,373,771
Deferred revenue	211,814	-	4,319,400	6,935,400
Total liabilities	1,693,733	-	4,319,400	20,755,250
Fund Balances:				
Nonspendable	-	-	-	671,385
Restricted	4,024	-	-	24,683,002
Committed	-	-	-	12,842,477
Unassigned	-	-	-	(97,584)
Total fund balances	4,024	-	-	38,099,280
Total liabilities and fund balances	\$ 1,697,757	\$ -	\$ 4,319,400	\$ 58,854,530

(Concluded)

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2012

Special Revenue

	Transportation Grants	Parking Meter	Traffic Safety	Town Centre I	Developer Deposits	Open Space Districts
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,567,954	-	-	-	-	-
Licenses and permits	-	21,582	-	-	-	-
Developer fees	-	-	-	-	8,522,655	-
Charges for services	-	-	-	-	-	11,306,685
Fines and forfeitures	-	238,925	423,487	-	-	-
Use of money and property	624	322,498	1,575	483	39,754	139,885
Other	1,781	-	-	-	-	-
Total revenues	3,570,359	583,005	425,062	483	8,562,409	11,446,570
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	364,064	34,474	-	-	-
Public works	-	-	-	-	8,562,409	9,630,960
Parks and recreation	-	-	-	-	-	-
Capital outlay	-	650	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	-	364,714	34,474	-	8,562,409	9,630,960
REVENUES OVER (UNDER) EXPENDITURES	3,570,359	218,291	390,588	483	-	1,815,610
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(3,561,418)	-	(534,140)	-	-	-
Total other financing sources (uses)	(3,561,418)	-	(534,140)	-	-	-
EXTRAORDINARY ITEMS:						
Gain (Loss) on dissolution of the Chula Vista Redevelopment Agency	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	8,941	218,291	(143,552)	483	-	1,815,610
FUND BALANCES:						
Beginning of year	322,408	492,776	246,646	50,473	-	13,932,397
End of year	\$ 331,349	\$ 711,067	\$ 103,094	\$ 50,956	\$ -	\$ 15,748,007

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the year ended June 30, 2012

Special Revenue

	Housing Programs	Traffic Signals	Transportation Sales Tax	Storm Drain	Housing Authority	RDA Special Revenue (1)
REVENUES:						
Taxes	\$ -	\$ -	\$ 3,485,185	\$ -	\$ -	\$ 1,540,904
Intergovernmental	28,443	-	989,803	-	-	-
Licenses and permits	-	-	-	9,455	-	-
Developer fees	-	-	-	-	-	-
Charges for services	50	145,471	-	555,497	71,092	50
Fines and forfeitures	-	-	-	47,065	-	-
Use of money and property	1,810	29,996	3,546	1,428	30,004	61,664
Other	6,674	25,806	91,027	-	622,058	50
Total revenues	36,977	201,273	4,569,561	613,445	723,154	1,602,668
EXPENDITURES:						
Current:						
General government	41,854	-	-	-	856,690	218,891
Public safety	-	-	-	-	-	-
Public works	-	2,117	-	207,171	-	-
Parks and recreation	-	-	-	-	-	-
Capital outlay	-	862,751	4,466,175	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	41,854	864,868	4,466,175	207,171	856,690	218,891
REVENUES OVER (UNDER) EXPENDITURES	(4,877)	(663,595)	103,386	406,274	(133,536)	1,383,777
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	27,543	-	143,882	4,250,000
Transfers out	-	-	-	(340,463)	(4,460,227)	(92,882)
Total other financing sources (uses)	-	-	27,543	(340,463)	(4,316,345)	4,157,118
EXTRAORDINARY ITEMS:						
Gain (Loss) on dissolution of the Chula Vista Redevelopment Agency	-	-	-	-	-	(17,624,451)
NET CHANGE IN FUND BALANCES	(4,877)	(663,595)	130,929	65,811	(4,449,881)	(12,083,556)
FUND BALANCES:						
Beginning of year	578,678	3,315,821	1,030,852	188,184	4,957,988	12,083,556
End of year	\$ 573,801	\$ 2,652,226	\$ 1,161,781	\$ 253,995	\$ 508,107	\$ -

(1) Period is for seven months from July 1, 2011 to January 31, 2012. See Note 16.

(Continued)

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the year ended June 30, 2012

	Debt Service				Capital Projects	
	Public Financing Authority	1994 POB	Notes Payable	Lease Payable	RDA Debt Service (1)	Residential Construction Tax
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 261,252
Intergovernmental	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	286,419	-	(5)	85	47,070	6,787
Other	-	-	-	-	20	59,999
Total revenues	286,419	-	(5)	85	47,090	328,038
EXPENDITURES:						
Current:						
General government	8,871	-	-	-	4,741	-
Public safety	8,416	-	-	-	-	-
Public works	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:						
Principal	3,770,000	2,655,000	518,619	412,037	1,067,500	-
Interest and fiscal charges	6,329,256	107,860	468,212	55,911	1,369,667	-
Total expenditures	10,116,543	2,762,860	986,831	467,948	2,441,908	-
REVENUES OVER (UNDER) EXPENDITURES	(9,830,124)	(2,762,860)	(986,836)	(467,863)	(2,394,818)	328,038
OTHER FINANCING SOURCES (USES):						
Transfers in	5,094,288	2,762,834	1,194,476	467,949	6,128,598	200,000
Transfers out	-	-	-	-	-	(642,173)
Total other financing sources (uses)	5,094,288	2,762,834	1,194,476	467,949	6,128,598	(442,173)
EXTRAORDINARY ITEMS:						
Gain (Loss) on dissolution of the Chula Vista Redevelopment Agency	-	-	-	-	15,043,573	-
NET CHANGE IN FUND BALANCES	(4,735,836)	(26)	207,640	86	18,777,353	(114,135)
FUND BALANCES:						
Beginning of year	17,156,170	26	76,077	317	(18,777,353)	495,794
End of year	\$ 12,420,334	\$ -	\$ 283,717	\$ 403	\$ -	\$ 381,659

(1) Period is for seven months from July 1, 2011 to January 31, 2012. See Note 16.

(Continued)

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the year ended June 30, 2012

Capital Projects

	Highway Safety	Bicycle Facility	Industrial Development Authority	RDA Capital Projects (1)	Assessment District Improvements	Transportation Partnership
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ 6,413,524	\$ -	\$ -
Intergovernmental	1,498,959	30,208	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Developer fees	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	9,110	(614)	104	490,625	21,288	271
Other	-	-	-	48,570	19,646	-
Total revenues	1,508,069	29,594	104	6,952,719	40,934	271
EXPENDITURES:						
Current:						
General government	-	-	-	956,066	-	-
Public safety	-	-	-	-	-	-
Public works	-	4,930	-	-	-	-
Parks and recreation	-	-	-	-	3,434	-
Capital outlay	1,508,069	25,576	-	297,109	-	1
Debt Service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	1,508,069	30,506	-	1,253,175	3,434	1
REVENUES OVER (UNDER) EXPENDITURES	-	(912)	104	5,699,544	37,500	270
OTHER FINANCING SOURCES (USES):						
Transfers in	-	912	-	2,500,000	-	-
Transfers out	-	-	-	(7,216,515)	-	-
Total other financing sources (uses)	-	912	-	(4,716,515)	-	-
EXTRAORDINARY ITEMS:						
Gain (Loss) on dissolution of the Chula Vista Redevelopment Agency	-	-	-	(7,664,325)	-	-
NET CHANGE IN FUND BALANCES	-	-	104	(6,681,296)	37,500	270
FUND BALANCES:						
Beginning of year	370,333	-	10,622	6,681,296	2,467,287	28,644
End of year	\$ 370,333	\$ -	\$ 10,726	\$ -	\$ 2,504,787	\$ 28,914

(1) Period is for seven months from July 1, 2011 to January 31, 2012. See Note 16.

(Continued)

City of Chula Vista
Combining Statement of Revenues, Expenditures and Changes in Fund Balances, Continued
Non-Major Governmental Funds
For the year ended June 30, 2012

	Capital Projects			Total Other Governmental Funds
	Other Transportation Program	Transportation Equity Act	Traffic Congestion Relief	
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 11,700,865
Intergovernmental	1,490,111	-	1,055,777	8,661,255
Licenses and permits	-	-	-	31,037
Developer fees	-	-	-	8,522,655
Charges for services	-	-	-	12,078,845
Fines and forfeitures	-	-	-	709,477
Use of money and property	-	-	28,648	1,523,055
Other	-	-	-	875,631
Total revenues	1,490,111	-	1,084,425	44,102,820
EXPENDITURES:				
Current:				
General government	-	-	-	2,087,113
Public safety	-	-	-	406,954
Public works	20,726	43,977	-	18,472,290
Parks and recreation	-	-	-	3,434
Capital outlay	1,490,111	-	584,425	9,234,867
Debt Service:				
Principal	-	-	-	8,423,156
Interest and fiscal charges	-	-	-	8,330,906
Total expenditures	1,510,837	43,977	584,425	46,958,720
REVENUES OVER (UNDER) EXPENDITURES	(20,726)	(43,977)	500,000	(2,855,900)
OTHER FINANCING SOURCES (USES):				
Transfers in	24,750	43,977	-	22,839,209
Transfers out	(336,619)	-	(500,000)	(17,684,437)
Total other financing sources (uses)	(311,869)	43,977	(500,000)	5,154,772
EXTRAORDINARY ITEMS:				
Gain (Loss) on dissolution of the Chula Vista Redevelopment Agency	-	-	-	(10,245,203)
NET CHANGE IN FUND BALANCES	(332,595)	-	-	(7,946,331)
FUND BALANCES:				
Beginning of year	336,619	-	-	46,045,611
End of year	\$ 4,024	\$ -	\$ -	\$ 38,099,280

(Concluded)

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
City Debt Service Fund - Major Governmental Fund
For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures:			
Debt service:			
Interest and fiscal charges	\$ 900,000	\$ 898,869	\$ 1,131
Total expenditures	<u>900,000</u>	<u>898,869</u>	<u>1,131</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(900,000)</u>	<u>(898,869)</u>	<u>1,131</u>
Other Financing Sources (Uses):			
Transfers in	502,894	502,896	2
Transfers out	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>192,894</u>	<u>192,896</u>	<u>2</u>
Net change in fund balance	<u><u>\$ (707,106)</u></u>	<u><u>(705,973)</u></u>	<u><u>\$ 1,133</u></u>
Fund Balance:			
Beginning of year		<u>(36,617,176)</u>	
End of year		<u><u>\$ (37,323,149)</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Transportation Grants Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 3,769,351	\$ 3,567,954	\$ (201,397)
Use of money and property	-	624	624
Other	-	1,781	1,781
Total revenues	<u>3,769,351</u>	<u>3,570,359</u>	<u>(198,992)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,769,351</u>	<u>3,570,359</u>	<u>(198,992)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(3,939,428)</u>	<u>(3,561,418)</u>	<u>378,010</u>
Total other financing sources (uses)	<u>(3,939,428)</u>	<u>(3,561,418)</u>	<u>378,010</u>
Net change in fund balance	<u><u>\$ (170,077)</u></u>	<u>8,941</u>	<u><u>\$ 179,018</u></u>
Fund Balance:			
Beginning of year		<u>322,408</u>	
End of year		<u><u>\$ 331,349</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Parking Meter Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses and permits	\$ 24,000	\$ 21,582	\$ (2,418)
Fines and forfeitures	230,000	238,925	8,925
Use of money and property	376,000	322,498	(53,502)
Total revenues	<u>630,000</u>	<u>583,005</u>	<u>(46,995)</u>
Expenditures:			
Current:			
Public safety	430,203	364,064	66,139
Capital outlay	388,489	650	387,839
Total expenditures	<u>818,692</u>	<u>364,714</u>	<u>453,978</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(188,692)</u>	<u>218,291</u>	<u>406,983</u>
Net change in fund balance	<u><u>\$ (188,692)</u></u>	<u>218,291</u>	<u><u>\$ 406,983</u></u>
Fund Balance:			
Beginning of year		<u>492,776</u>	
End of year		<u><u>\$ 711,067</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Traffic Safety Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Fines and forfeitures	\$ 534,140	\$ 423,487	\$ (110,653)
Use of money and property	-	1,575	1,575
Total revenues	<u>534,140</u>	<u>425,062</u>	<u>(109,078)</u>
Expenditures:			
Current:			
Public safety	<u>41,500</u>	<u>34,474</u>	<u>7,026</u>
Total expenditures	<u>41,500</u>	<u>34,474</u>	<u>7,026</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>492,640</u>	<u>390,588</u>	<u>(102,052)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(534,140)</u>	<u>(534,140)</u>	<u>-</u>
Total other financing sources (uses)	<u>(534,140)</u>	<u>(534,140)</u>	<u>-</u>
Net change in fund balance	<u>\$ (41,500)</u>	<u>(143,552)</u>	<u>\$ (102,052)</u>
Fund Balance:			
Beginning of year		<u>246,646</u>	
End of year		<u>\$ 103,094</u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Town Centre I Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Use of money and property	\$ -	\$ 483	\$ 483
Total revenues	<u>-</u>	<u>483</u>	<u>483</u>
Expenditures:			
Capital outlay	10,433	-	10,433
Total expenditures	<u>10,433</u>	<u>-</u>	<u>10,433</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,433)</u>	<u>483</u>	<u>10,916</u>
Net change in fund balance	<u><u>\$ (10,433)</u></u>	<u>483</u>	<u><u>\$ 10,916</u></u>
Fund Balance:			
Beginning of year		<u>50,473</u>	
End of year		<u><u>\$ 50,956</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Open Space Districts Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 11,595,097	\$ 11,306,685	\$ (288,412)
Use of money and property	-	139,885	139,885
Total revenues	<u>11,595,097</u>	<u>11,446,570</u>	<u>(148,527)</u>
Expenditures:			
Current:			
Public works	11,842,413	9,630,960	2,211,453
Total expenditures	<u>11,842,413</u>	<u>9,630,960</u>	<u>2,211,453</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(247,316)</u>	<u>1,815,610</u>	<u>2,062,926</u>
Net change in fund balance	<u>\$ (247,316)</u>	<u>1,815,610</u>	<u>\$ 2,062,926</u>
Fund Balance:			
Beginning of year		<u>13,932,397</u>	
End of year		<u>\$ 15,748,007</u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Housing Programs Special Revenue Fund
For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Intergovernmental	\$ 93,256	\$ 28,443	\$ (64,813)
Charges for services	-	50	50
Use of money and property	-	1,810	1,810
Other	-	6,674	6,674
Total revenues	<u>93,256</u>	<u>36,977</u>	<u>(56,279)</u>
Expenditures:			
Current:			
General government	<u>114,498</u>	<u>41,854</u>	<u>72,644</u>
Total expenditures	<u>114,498</u>	<u>41,854</u>	<u>72,644</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(21,242)</u>	<u>(4,877)</u>	<u>16,365</u>
Net change in fund balance	<u><u>\$ (21,242)</u></u>	<u><u>(4,877)</u></u>	<u><u>\$ 16,365</u></u>
Fund Balance:			
Beginning of year		<u>578,678</u>	
End of year		<u><u>\$ 573,801</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Traffic Signals Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 250,000	\$ 145,471	\$ (104,529)
Use of money and property	-	29,996	29,996
Other	-	25,806	25,806
Total revenues	<u>250,000</u>	<u>201,273</u>	<u>(48,727)</u>
Expenditures:			
Current:			
Public works	15,000	2,117	12,883
Capital outlay	3,241,704	862,751	2,378,953
Total expenditures	<u>3,256,704</u>	<u>864,868</u>	<u>2,391,836</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(3,006,704)</u>	<u>(663,595)</u>	<u>2,343,109</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (3,006,704)</u></u>	<u><u>(663,595)</u></u>	<u><u>\$ 2,343,109</u></u>
Fund Balance:			
Beginning of year		<u>3,315,821</u>	
End of year		<u><u>\$ 2,652,226</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Transportation Sales Tax Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 4,347,000	\$ 3,485,185	\$ (861,815)
Intergovernmental	-	989,803	989,803
Use of money and property	-	3,546	3,546
Other	-	91,027	91,027
Total revenues	<u>4,347,000</u>	<u>4,569,561</u>	<u>222,561</u>
Expenditures:			
Capital outlay	14,650,358	4,466,175	10,184,183
Total expenditures	<u>14,650,358</u>	<u>4,466,175</u>	<u>10,184,183</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,303,358)</u>	<u>103,386</u>	<u>10,406,744</u>
Other Financing Sources (Uses):			
Transfers in	27,543	27,543	-
Total other financing sources (uses)	<u>27,543</u>	<u>27,543</u>	<u>-</u>
Net change in fund balance	<u><u>\$ (10,275,815)</u></u>	<u>130,929</u>	<u><u>\$ 10,406,744</u></u>
Fund Balance:			
Beginning of year		<u>1,030,852</u>	
End of year		<u><u>\$ 1,161,781</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Storm Drain Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Licenses and permits	\$ 25,000	\$ 9,455	\$ (15,545)
Charges for services	525,000	555,497	30,497
Fines and forfeitures	5,000	47,065	42,065
Use of money and property	-	1,428	1,428
Total revenues	<u>555,000</u>	<u>613,445</u>	<u>58,445</u>
Expenditures:			
Current:			
Public works	<u>262,619</u>	<u>207,171</u>	<u>55,448</u>
Total expenditures	<u>262,619</u>	<u>207,171</u>	<u>55,448</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>292,381</u>	<u>406,274</u>	<u>113,893</u>
Other Financing Sources (Uses):			
Transfers out	<u>(290,463)</u>	<u>(340,463)</u>	<u>(50,000)</u>
Total other financing sources (uses)	<u>(290,463)</u>	<u>(340,463)</u>	<u>(50,000)</u>
Net change in fund balance	<u><u>\$ 1,918</u></u>	<u>65,811</u>	<u><u>\$ 63,893</u></u>
Fund Balance:			
Beginning of year		<u>188,184</u>	
End of year		<u><u>\$ 253,995</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Housing Authority Special Revenue Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 71,000	\$ 71,092	\$ 92
Use of money and property	-	30,004	30,004
Other	817,101	622,058	(195,043)
Total revenues	<u>888,101</u>	<u>723,154</u>	<u>(164,947)</u>
Expenditures:			
Current:			
General government	5,153,405	856,690	4,296,715
Total expenditures	<u>5,153,405</u>	<u>856,690</u>	<u>4,296,715</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,265,304)</u>	<u>(133,536)</u>	<u>4,131,768</u>
Other Financing Sources (Uses):			
Transfers in	210,226	143,882	(66,344)
Transfers out	(4,460,227)	(4,460,227)	-
Total other financing sources (uses)	<u>(4,250,001)</u>	<u>(4,316,345)</u>	<u>(66,344)</u>
Net change in fund balance	<u>\$ (8,515,305)</u>	<u>(4,449,881)</u>	<u>\$ 4,065,424</u>
Fund Balance:			
Beginning of year		<u>4,957,988</u>	
End of year		<u>\$ 508,107</u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
RDA Special Revenue Fund
For the seven months ended January 31, 2012

	Final Budget (1)	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes	\$ 2,821,470	\$ 1,540,904	\$ (1,280,566)
Charges for services	-	50	50
Use of money and property	17,885	61,664	43,779
Other	-	50	50
Total revenues	<u>2,839,355</u>	<u>1,602,668</u>	<u>(1,236,687)</u>
Expenditures:			
Current:			
General government	<u>628,111</u>	<u>218,891</u>	<u>409,220</u>
Total expenditures	<u>628,111</u>	<u>218,891</u>	<u>409,220</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,211,244</u>	<u>1,383,777</u>	<u>(827,467)</u>
Other Financing Sources (Uses):			
Transfers in	4,250,000	4,250,000	-
Transfers out	<u>(10,729,541)</u>	<u>(92,882)</u>	<u>10,636,659</u>
Total other financing sources (uses)	<u>(6,479,541)</u>	<u>4,157,118</u>	<u>10,636,659</u>
EXTRAORDINARY ITEM:			
Loss on dissolution of the Chula Vista Redevelopment Agency	<u>-</u>	<u>(17,624,451)</u>	<u>10,636,659</u>
Net change in fund balance	<u><u>\$ (4,268,297)</u></u>	<u><u>(12,083,556)</u></u>	<u><u>\$ (7,815,259)</u></u>
Fund Balance:			
Beginning of period		<u>12,083,556</u>	
End of period		<u><u>\$ -</u></u>	

(1) The fund was closed on February 1, 2012. However, the budget was prepared based on a 12-month period ended June 30, 2012. See

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Public Financing Authority Debt Service Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Use of money and property	\$ -	\$ 286,419	\$ 286,419
Total revenues	<u>-</u>	<u>286,419</u>	<u>286,419</u>
Expenditures:			
Current:			
General government	10,650	8,871	1,779
Public safety	9,500	8,416	1,084
Debt service:			
Principal	3,761,853	3,770,000	(8,147)
Interest and fiscal charges	6,337,428	6,329,256	8,172
Total expenditures	<u>10,119,431</u>	<u>10,116,543</u>	<u>2,888</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,119,431)</u>	<u>(9,830,124)</u>	<u>289,307</u>
Other Financing Sources (Uses):			
Transfers in	9,333,397	5,094,288	(4,239,109)
Transfers out	(4,134,580)	-	4,134,580
Total other financing sources (uses)	<u>5,198,817</u>	<u>5,094,288</u>	<u>(104,529)</u>
Net change in fund balance	<u>\$ (4,920,614)</u>	<u>(4,735,836)</u>	<u>\$ 184,778</u>
Fund Balance:			
Beginning of year		<u>17,156,170</u>	
End of year		<u>\$ 12,420,334</u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
1994 POB Debt Service Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Expenditures:			
Debt service:			
Principal	\$ 2,655,000	\$ 2,655,000	\$ -
Interest and fiscal charges	107,860	107,860	-
Total expenditures	<u>2,762,860</u>	<u>2,762,860</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,762,860)</u>	<u>(2,762,860)</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in	<u>2,765,359</u>	<u>2,762,834</u>	<u>(2,525)</u>
Total other financing sources (uses)	<u>2,765,359</u>	<u>2,762,834</u>	<u>(2,525)</u>
Net change in fund balance	<u><u>\$ 2,499</u></u>	<u>(26)</u>	<u><u>\$ (2,525)</u></u>
Fund Balance:			
Beginning of year		<u>26</u>	
End of year		<u><u>\$ -</u></u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Notes Payable Debt Service Fund
For the year ended June 30, 2012

	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:			
Use of money and property	\$ -	\$ (5)	\$ (5)
Total revenues	<u>-</u>	<u>(5)</u>	<u>(5)</u>
Expenditures:			
Debt service:			
Principal	549,247	518,619	30,628
Interest and fiscal charges	645,229	468,212	177,017
Total expenditures	<u>1,194,476</u>	<u>986,831</u>	<u>207,645</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,194,476)</u>	<u>(986,836)</u>	<u>207,640</u>
Other Financing Sources (Uses):			
Transfers in	<u>1,194,476</u>	<u>1,194,476</u>	<u>-</u>
Total other financing sources (uses)	<u>1,194,476</u>	<u>1,194,476</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>207,640</u>	<u>\$ 207,640</u>
Fund Balance:			
Beginning of year		<u>76,077</u>	
End of year		<u>\$ 283,717</u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Lease Payable Debt Service Fund
For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:			
Use of money and property	\$ -	\$ 85	\$ 85
Total revenues	<u>-</u>	<u>85</u>	<u>85</u>
Expenditures:			
Debt service:			
Principal	412,037	412,037	-
Interest and fiscal charges	<u>55,913</u>	<u>55,911</u>	<u>2</u>
Total expenditures	<u>467,950</u>	<u>467,948</u>	<u>2</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(467,950)</u>	<u>(467,863)</u>	<u>87</u>
Other Financing Sources (Uses):			
Transfers in	<u>467,950</u>	<u>467,949</u>	<u>(1)</u>
Total other financing sources (uses)	<u>467,950</u>	<u>467,949</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>86</u>	<u>\$ 86</u>
Fund Balance:			
Beginning of year		<u>317</u>	
End of year		<u>\$ 403</u>	

City of Chula Vista
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
RDA Debt Service Fund
For the year ended June 30, 2012

	Final Budget (1)	Actual Amounts	Variance with Final Budget
Revenues:			
Use of money and property	\$ -	\$ 47,070	\$ 47,070
Other	-	20	20
Total revenues	<u>-</u>	<u>47,090</u>	<u>47,090</u>
Expenditures:			
Current:			
General government	15,000	4,741	10,259
Debt service:			
Principal	1,154,999	1,067,500	87,499
Interest and fiscal charges	3,344,112	1,369,667	1,974,445
Total expenditures	<u>4,514,111</u>	<u>2,441,908</u>	<u>2,072,203</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,514,111)</u>	<u>(2,394,818)</u>	<u>2,119,293</u>
Other Financing Sources (Uses):			
Transfers in	7,911,972	6,128,598	(1,783,374)
Transfers out	(7,275,214)	-	7,275,214
Total other financing sources (uses)	<u>636,758</u>	<u>6,128,598</u>	<u>5,491,840</u>
EXTRAORDINARY ITEMS:			
Gain on dissolution of the Chula Vista Redevelopment Agency	<u>-</u>	<u>15,043,573</u>	<u>5,491,840</u>
Net change in fund balance	<u>\$ (3,877,353)</u>	<u>18,777,353</u>	<u>\$ 22,654,706</u>
Fund Balance:			
Beginning of year		<u>(18,777,353)</u>	
End of year		<u>\$ -</u>	

(1) This fund was closed on February 1, 2012. However, the budget was prepared based on a 12-month period ended June 30, 2012.
See Note 16.



CITY OF
CHULA VISTA

NON-MAJOR ENTERPRISE FUNDS

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

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

Sewer DIFS Fund - This fund is a depository for a portion of the revenue derived from the monthly sewer service charge. Monies in this fund shall be used solely for the purpose of refurbishment and/or replacement of sewerage facilities including related evaluation, engineering and utility modification costs.

Development Services Fund - This fund is a depository for a portion of the developer fees and other development related activities.

City of Chula Vista
Combining Statement of Net Assets
Non-Major Enterprise Funds
June 30, 2012

	Transit Fund	Bayfront Trolley Station Fund	Sewer DIFS Fund	Development Services Fund	Total
ASSETS					
Current assets:					
Cash and investments	\$ 498,693	\$ 1,089	\$ 8,777,728	\$ 82,308	\$ 9,359,818
Receivables:					
Accounts	1,061	-	-	329,668	330,729
Interest	1,218	-	14,391	-	15,609
Other	68,264	-	-	-	68,264
Total current assets	<u>569,236</u>	<u>1,089</u>	<u>8,792,119</u>	<u>411,976</u>	<u>9,774,420</u>
Noncurrent assets:					
Capital assets, net	1,441,898	-	2,161,387	-	3,603,285
Total noncurrent assets	<u>1,441,898</u>	<u>-</u>	<u>2,161,387</u>	<u>-</u>	<u>3,603,285</u>
Total assets	<u>2,011,134</u>	<u>1,089</u>	<u>10,953,506</u>	<u>411,976</u>	<u>13,377,705</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	7,215	1,089	-	9,077	17,381
Unearned revenues	137,000	-	-	-	137,000
Total current liabilities	<u>144,215</u>	<u>1,089</u>	<u>-</u>	<u>9,077</u>	<u>154,381</u>
Noncurrent liabilities:					
Advances from other funds	-	-	4,102,371	-	4,102,371
Compensated absences	21,048	-	-	-	21,048
Total noncurrent liabilities	<u>21,048</u>	<u>-</u>	<u>4,102,371</u>	<u>-</u>	<u>4,123,419</u>
Total liabilities	<u>165,263</u>	<u>1,089</u>	<u>4,102,371</u>	<u>9,077</u>	<u>4,277,800</u>
NET ASSETS					
Invested in capital assets	1,441,898	-	2,161,387	-	3,603,285
Unrestricted	403,973	-	4,689,748	402,899	5,496,620
Total net assets	<u>\$ 1,845,871</u>	<u>\$ -</u>	<u>\$ 6,851,135</u>	<u>\$ 402,899</u>	<u>\$ 9,099,905</u>

City of Chula Vista
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Non-Major Enterprise Funds
For the year ended June 30, 2012

	Transit Fund	Bayfront Trolley Station Fund	Sewer DIFS Fund	Development Services Fund	Total
OPERATING REVENUES:					
Charges for services	\$ 2,671,538	\$ -	\$ 174,667	\$ 4,174,657	\$ 7,020,862
Other	124,554	-	-	1,741,244	1,865,798
Total operating revenues	2,796,092	-	174,667	5,915,901	8,886,660
OPERATING EXPENSES:					
Operation and administration	6,206,298	91,942	6,424	4,730,599	11,035,263
Depreciation	844,375	-	60,000	-	904,375
	7,050,673	91,942	66,424	4,730,599	11,939,638
Operating income (loss)	(4,254,581)	(91,942)	108,243	1,185,302	(3,052,978)
NONOPERATING REVENUES:					
Intergovernmental	3,432,484	91,942	-	-	3,524,426
Interest revenue	6,543	-	85,053	-	91,596
Interest expenses	-	-	(62,927)	-	(62,927)
Total nonoperating revenues	3,439,027	91,942	22,126	-	3,553,095
Income (loss) before transfers	(815,554)	-	130,369	1,185,302	500,117
TRANSFERS:					
Transfers in	57,147	-	-	485,990	543,137
Transfers out	(62,599)	-	(250,000)	(1,268,393)	(1,580,992)
Total transfers	(5,452)	-	(250,000)	(782,403)	(1,037,855)
Net increase (decrease) in net assets	(821,006)	-	(119,631)	402,899	(537,738)
NET ASSETS:					
Beginning of year	2,666,877	-	6,970,766	-	9,637,643
End of year	\$ 1,845,871	\$ -	\$ 6,851,135	\$ 402,899	\$ 9,099,905

City of Chula Vista
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the year ended June 30, 2012

	Transit Fund	Bayfront Trolley Station Fund	Sewer DIFS Fund	Development Services Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 2,542,350	\$ -	\$ 174,667	\$ 3,844,989	\$ 6,562,006
Cash received from other funds	-	-	62,927	-	62,927
Cash payments to suppliers and employees for goods and services	(6,214,946)	(90,853)	(6,424)	(4,721,522)	(11,033,745)
Other operating revenues	124,554	-	-	1,741,244	1,865,798
Net cash provided (used) by operating activities	(3,548,042)	(90,853)	231,170	864,711	(2,543,014)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	29,492	-	-	-	29,492
Net cash provided by capital and related financing activities	29,492	-	-	-	29,492
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Intergovernmental	3,432,484	91,942	-	-	3,524,426
Interest expenses	-	-	(62,927)	-	(62,927)
Transfer in	57,147	-	-	485,990	543,137
Transfers (out)	(62,599)	-	(250,000)	(1,268,393)	(1,580,992)
Net cash provided (used) by noncapital financing activities	3,427,032	91,942	(312,927)	(782,403)	2,423,644
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest revenue	7,340	-	91,332	-	98,672
Net cash used by investing activities	7,340	-	91,332	-	98,672
Net increase (decrease) in cash and cash equivalents	(84,178)	1,089	9,575	82,308	8,794
CASH AND CASH EQUIVALENT:					
Beginning of year	582,871	-	8,768,153	-	9,351,024
End of year	\$ 498,693	\$ 1,089	\$ 8,777,728	\$ 82,308	\$ 9,359,818
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (4,254,581)	\$ (91,942)	\$ 108,243	\$ 1,185,302	\$ (3,052,978)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation	844,375	-	60,000	-	904,375
Changes in operating assets and liabilities:					
Accounts receivable	(1,061)	-	-	(329,668)	(330,729)
Other receivable	(8,364)	-	-	-	(8,364)
Accounts payable and accrued liabilities	(8,597)	1,089	-	9,077	1,569
Unearned revenue	(119,763)	-	-	-	(119,763)
Advances from other funds	-	-	62,927	-	62,927
Compensated absences	(51)	-	-	-	(51)
Total adjustments	706,539	1,089	122,927	(320,591)	509,964
Net cash provided (used) by operating activities	\$ (3,548,042)	\$ (90,853)	\$ 231,170	\$ 864,711	\$ (2,543,014)

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.

Workers Compensation - This fund is a depository for contributions made from the General Fund to pay for annual costs related to worker's compensation liabilities including the provision of an appropriate reserve to pay uninsured claim costs. The City is self-insured for the first \$1,000,000 per claim. The amount of the reserve and the required annual transfer is determined by the Director of Finance, based on experience and consultation with the Risk Manager.

City of Chula Vista
Combining Statement of Net Assets
All Internal Service Funds
June 30, 2012

	Fleet Management	Technology Replacement	Workers Compensation	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,867,282	\$ 3,012	\$ 3,020,537	\$ 4,890,831
Receivables:				
Interest	2,960	-	-	2,960
Other	42,198	-	-	42,198
Total current assets	<u>1,912,440</u>	<u>3,012</u>	<u>3,020,537</u>	<u>4,935,989</u>
Noncurrent assets:				
Capital assets, net	427,780	-	-	427,780
Total noncurrent assets	<u>427,780</u>	<u>-</u>	<u>-</u>	<u>427,780</u>
Total assets	<u>2,340,220</u>	<u>3,012</u>	<u>3,020,537</u>	<u>5,363,769</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	223,207	-	-	223,207
Total current liabilities	<u>223,207</u>	<u>-</u>	<u>-</u>	<u>223,207</u>
Noncurrent liabilities:				
Compensated absences	62,763	-	-	62,763
Total noncurrent liabilities	<u>62,763</u>	<u>-</u>	<u>-</u>	<u>62,763</u>
Total liabilities	<u>285,970</u>	<u>-</u>	<u>-</u>	<u>285,970</u>
NET ASSETS				
Invested in capital assets	427,780	-	-	427,780
Unrestricted	1,626,470	3,012	3,020,537	4,650,019
Total net assets	<u>\$ 2,054,250</u>	<u>\$ 3,012</u>	<u>\$ 3,020,537</u>	<u>\$ 5,077,799</u>

City of Chula Vista
Combining Statement of Revenues, Expenses, and Changes in Net Assets
All Internal Service Funds
For the year ended June 30, 2012

	Fleet Management	Technology Replacement	Workers Compensation	Total
OPERATING REVENUES:				
Charges for services	\$ 3,507,007	\$ -	\$ 2,855,153	\$ 6,362,160
Other	23,705	-	6,968	30,673
Total operating revenues	3,530,712	-	2,862,121	6,392,833
OPERATING EXPENSES:				
Operation and administration	3,913,310	5,722	2,831,745	6,750,777
Depreciation	270,338	-	-	270,338
Total operating expenses	4,183,648	5,722	2,831,745	7,021,115
Operating income (loss)	(652,936)	(5,722)	30,376	(628,282)
NONOPERATING REVENUES:				
Interest revenue	17,756	-	-	17,756
Gain on disposal of capital assets	3,137	-	-	3,137
Total nonoperating revenues	20,893	-	-	20,893
Income (loss) before transfers	(632,043)	(5,722)	30,376	(607,389)
TRANSFERS:				
Transfers in	-	-	2,990,161	2,990,161
Transfers out	(57,147)	-	-	(57,147)
Total transfers	(57,147)	-	2,990,161	2,933,014
Net increase (decrease) in net assets	(689,190)	(5,722)	3,020,537	2,325,625
NET ASSETS:				
Beginning of year	2,743,440	8,734	-	2,752,174
End of year	<u>\$ 2,054,250</u>	<u>\$ 3,012</u>	<u>\$ 3,020,537</u>	<u>\$ 5,077,799</u>

City of Chula Vista
Combining Statement of Cash Flows
All Internal Service Funds
For the year ended June 30, 2012

	Fleet Management	Technology Replacement	Workers Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from other funds	\$ 3,498,184	\$ -	\$ 2,855,153	\$ 6,353,337
Cash payments to suppliers and employees for goods and services	(4,000,403)	(5,722)	(2,831,745)	(6,837,870)
Other operating revenues	23,705	-	6,968	30,673
Net cash provided (used) by operating activities	(478,514)	(5,722)	30,376	(453,860)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	266,392	-	-	266,392
Proceeds received from disposal of capital assets	3,137	-	-	3,137
Net cash provided by capital and related financing activities	269,529	-	-	269,529
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers (out)	-	-	2,990,161	2,990,161
Transfers (out)	(57,147)	-	-	(57,147)
Net cash provided (used) by noncapital financing activities	(57,147)	-	2,990,161	2,933,014
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest revenue	18,783	-	-	18,783
Net cash used by investing activities	18,783	-	-	18,783
Net increase (decrease) in cash and cash equivalents	(247,349)	(5,722)	3,020,537	2,767,466
CASH AND CASH EQUIVALENT:				
Beginning of year	2,114,631	8,734	-	2,123,365
End of year	<u>\$ 1,867,282</u>	<u>\$ 3,012</u>	<u>\$ 3,020,537</u>	<u>\$ 4,890,831</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (652,936)	\$ (5,722)	\$ 30,376	\$ (628,282)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	270,338	-	-	270,338
Changes in operating assets and liabilities:				
Other receivable	(8,823)	-	-	(8,823)
Accounts payable and accrued liabilities	(87,154)	-	-	(87,154)
Compensated absences	61	-	-	61
Total adjustments	174,422	-	-	174,422
Net cash provided (used) by operating activities	\$ (478,514)	\$ (5,722)	\$ 30,376	\$ (453,860)

FIDUCIARY FUNDS

AGENCY FUND

The Agency Fund is used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

Special Assessment District - This fund accounts for all money collected to pay for debt services of the various assessment districts for which the City acts as paying agent but has no legal commitment or obligation.

Miscellaneous Deposits - This fund accounts for all money collected to pay for certain deposits.

City of Chula Vista
Statement of Changes in Assets and Liabilities
Agency Fund
For the year ended June 30, 2012

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<u>Special Assessment District</u>				
Assets:				
Cash and investments	\$ 7,701,829	\$ 26,268,115	\$ (26,173,900)	\$ 7,796,044
Restricted cash and investments:				
Held by fiscal agents	72,923,442	13,808,544	(13,813,147)	72,918,839
Total assets	\$ 80,625,271	\$ 40,076,659	\$ (39,987,047)	\$ 80,714,883
Liabilities:				
Due to bondholders	\$ 80,625,271	\$ 39,627,817	\$ (39,540,926)	\$ 80,712,162
Accounts Payable	-	2,721	-	2,721
Total liabilities	\$ 80,625,271	\$ 39,630,538	\$ (39,540,926)	\$ 80,714,883
<u>Miscellaneous Deposits</u>				
Assets:				
Cash and investments	\$ -	\$ 1,168,307	\$ (1,155,050)	\$ 13,257
Other Receivables	-	19,787	-	19,787
Total assets	\$ -	\$ 1,188,094	\$ (1,155,050)	\$ 33,044
Liabilities:				
Refundable deposits	\$ -	\$ 33,044	\$ -	\$ 33,044
Total liabilities	\$ -	\$ 33,044	\$ -	\$ 33,044
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 7,701,829	\$ 27,436,422	\$ (27,328,950)	\$ 7,809,301
Restricted cash and investments:				
Held by fiscal agents	72,923,442	13,808,544	(13,813,147)	72,918,839
Other Receivables	-	19,787	-	19,787
Total assets	\$ 80,625,271	\$ 41,264,753	\$ (41,142,097)	\$ 80,747,927
Liabilities:				
Accounts Payable	\$ -	\$ 2,721	\$ -	\$ 2,721
Due to bondholders	80,625,271	39,627,817	(39,540,926)	80,712,162
Refundable Deposits	-	33,044	-	33,044
Total liabilities	\$ 80,625,271	\$ 39,663,582	\$ (39,540,926)	\$ 80,747,927

CITY OF CHULA VISTA

Statistical Section

June 30, 2012

This part of the City of Chula Vista's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

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Financial Trends	152-155
These schedules contain information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	156-159
These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	
Debt Capacity	160-165
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	166-168
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	169-173
These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	

CITY OF CHULA VISTA
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	\$ 456,096,957	\$ 537,716,998	\$ 600,317,974	\$ 662,230,041	\$ 715,090,838	\$ 621,878,119	\$ 623,938,515	\$ 634,377,842	\$ 634,409,385	\$ 655,182,727
Restricted	55,203,919	55,283,141	72,468,247	75,916,972	69,516,915	55,166,660	43,901,854	49,193,256	47,168,636	22,929,585
Unrestricted	103,843,928	110,825,189	111,448,751	95,782,921	126,026,156	91,683,171	89,235,419	73,916,496	72,730,796	89,620,724
Total governmental activities net assets	615,144,804	703,825,328	784,234,972	833,929,934	910,633,909	768,727,950	757,075,788	757,487,594	754,308,817	767,733,036
Business-type activities:										
Invested in capital assets, net of related debt	7,156,534	6,217,348	7,423,479	6,540,514	5,658,433	150,004,170	148,237,562	152,384,420	146,550,585	140,248,319
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	362,007	381,697	580,735	500,299	335,824	55,294,988	64,860,578	74,385,651	80,214,208	86,521,327
Total business-type activities net assets	7,518,541	6,599,045	8,004,214	7,040,813	5,994,257	205,299,158	213,098,140	226,770,071	226,764,793	226,769,646
Primary government:										
Invested in capital assets, net of related debt	463,253,491	543,934,346	607,741,453	668,770,555	720,749,271	771,882,289	772,176,077	786,762,262	780,959,970	795,431,046
Restricted	55,203,919	55,283,141	72,468,247	75,916,972	69,516,915	55,166,660	43,901,854	49,193,256	47,168,636	22,929,585
Unrestricted	104,205,935	111,206,886	112,029,486	96,283,220	126,361,980	146,978,159	154,095,997	148,302,147	152,945,004	176,142,051
Total primary government net assets	\$ 622,663,345	\$ 710,424,373	\$ 792,239,186	\$ 840,970,747	\$ 916,628,166	\$ 974,027,108	\$ 970,173,928	\$ 984,257,665	\$ 981,073,610	\$ 994,502,682

The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.

CITY OF CHULA VISTA

**Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 36,112,144	\$ 37,542,162	\$ 42,591,851	\$ 53,566,425	\$ 45,249,650	\$ 51,609,403	\$ 49,216,220	\$ 51,136,412	\$ 46,457,112	\$ 22,508,977
Public safety	46,795,935	54,974,182	63,368,815	72,887,220	77,136,782	78,633,467	76,097,546	74,008,767	75,664,246	75,931,086
Public works	60,981,126	71,482,668	79,723,824	102,122,564	103,117,608	86,410,082	72,509,779	69,524,903	71,857,158	76,458,061
Parks and recreation	7,213,329	5,854,495	7,757,251	8,085,160	9,353,280	9,650,399	9,805,893	7,849,907	6,995,489	7,310,312
Library	8,110,316	8,845,277	8,890,126	10,412,973	10,320,817	8,532,621	7,617,286	4,826,602	4,509,999	4,185,624
Transit	-	-	-	-	-	-	-	-	-	63,021
Interest on long-term debt	9,322,463	12,827,332	12,656,986	12,263,808	12,032,833	13,656,534	13,064,138	11,217,753	11,538,707	8,904,275
Total governmental activities expenses	168,535,313	191,526,116	214,988,853	259,338,150	257,210,970	248,492,506	228,310,862	218,564,344	217,022,711	195,361,356
Business-type activities:										
Transit	7,797,769	7,257,722	7,475,184	7,447,393	7,330,560	8,301,081	8,147,424	7,571,898	7,075,998	7,050,673
Bayfront Trolley Station	79,593	85,567	98,900	86,595	103,691	98,406	98,800	94,802	91,788	91,942
Sewer funds	-	-	-	-	-	30,323,015	23,528,217	29,240,616	30,245,584	30,524,851
Sewer DIFs	-	-	-	-	-	203,500	200,660	126,019	123,629	129,351
Development Services Fund	-	-	-	-	-	62,927	-	-	-	4,730,599
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	7,877,362	7,343,289	7,574,084	7,533,988	7,434,251	38,988,929	31,975,101	37,033,335	37,536,999	42,527,416
Total primary government expenses	176,412,675	198,869,405	222,562,937	266,872,138	264,645,221	287,481,435	260,285,963	255,597,679	254,559,710	237,888,772
Program revenues:										
Governmental activities:										
Charges for services:										
General government	29,530,624	25,937,307	23,523,277	33,955,790	45,255,716	38,563,085	35,959,181	32,419,505	29,785,079	5,955,849
Public safety	5,003,310	9,991,565	9,555,756	11,598,587	7,311,407	8,148,817	7,954,060	8,833,813	7,989,893	8,658,579
Public works	34,193,401	46,862,521	40,020,387	52,749,415	45,520,978	23,112,265	25,793,234	28,761,170	33,378,070	32,767,261
Parks and recreation	1,534,116	25,000,748	15,702,515	26,935,981	19,106,017	11,881,147	2,776,032	2,559,668	3,599,653	3,051,842
Library	603,136	2,751,059	2,220,368	2,693,087	818,285	561,948	326,116	505,044	967,908	840,258
Operating grants and contributions	23,272,659	17,426,744	22,226,690	19,464,389	16,646,713	34,498,639	18,957,467	17,984,120	31,976,818	21,780,868
Capital grants and contributions	2,190,909	1,783,068	79,419,189	57,074,381	85,608,765	50,632,109	16,754,583	23,711,994	4,781,625	4,283,855
Total governmental activities program revenues	96,328,155	129,753,012	192,668,182	204,471,630	220,267,881	167,398,010	108,520,673	114,775,314	112,479,046	77,338,512
Business-type activities:										
Charges for services:										
Transit	2,319,322	2,525,349	2,425,531	2,526,487	2,433,008	1,660,821	3,679,761	3,335,334	2,534,385	2,671,538
Sewer funds	-	-	-	-	-	29,138,449	31,046,180	36,284,081	32,257,256	32,571,135
Sewer DIFs	-	-	-	-	-	539,136	232,430	166,303	443,599	174,667
Development Services Fund	-	-	-	-	-	-	-	-	-	4,174,657
Operating grants and contributions	3,610,307	3,805,056	4,231,445	-	-	5,378,518	3,390,228	3,357,566	3,431,988	3,524,426
Capital grants and contributions	-	-	1,971,311	-	-	-	-	-	-	-
Total business-type activities program revenues	5,929,629	6,330,405	8,628,287	2,526,487	2,433,008	36,716,924	38,348,599	43,143,284	38,667,228	43,116,423
Total primary government program revenues	102,257,784	136,083,417	201,296,469	206,998,117	222,700,889	204,114,934	146,869,272	157,918,598	151,146,274	120,454,935
Net revenues (expenses):										
Governmental activities	(72,207,158)	(61,773,104)	(22,320,671)	(54,866,520)	(36,943,089)	(81,094,496)	(119,790,189)	(103,789,030)	(104,543,665)	(118,022,844)
Business-type activities	(1,947,733)	(1,012,884)	1,054,203	(5,007,501)	(5,001,243)	(2,272,005)	6,373,498	6,109,949	1,130,229	589,007
Total net revenues (expenses)	(74,154,891)	(62,785,988)	(21,266,468)	(59,874,021)	(41,944,332)	(83,366,501)	(113,416,691)	(97,679,081)	(103,413,436)	(117,433,837)
General revenues and other changes in net assets:										
Governmental activities:										
Taxes:										
Property taxes	22,472,649	26,674,527	27,074,211	32,597,672	38,882,122	43,388,023	43,319,156	41,798,577	39,437,025	49,721,604
Sales tax	19,612,779	21,421,090	23,600,000	30,915,515	32,817,351	29,062,355	26,263,317	23,674,601	26,702,443	27,275,753
Other taxes	14,844,449	25,826,828	23,373,749	41,578,824	21,400,961	21,922,357	21,643,366	21,927,677	17,485,387	16,431,529
Investment income	14,372,650	5,651,048	11,678,930	10,195,710	13,386,872	8,663,014	12,676,922	5,744,616	9,108,662	3,615,266
Other general revenues	155,683,692	68,050,147	18,828,693	4,256,385	7,137,140	8,343,946	355,175	7,581,794	5,193,653	1,530,568
Transfers	45,626	42,876	34,900	122,588	22,618	5,594,536	3,880,091	3,473,571	3,437,718	4,195,190
Total general revenues and transfers	227,031,845	147,666,516	104,590,483	119,666,694	113,647,064	116,974,231	108,138,027	104,200,836	101,364,888	102,769,910
Extraordinary gain	-	-	-	-	-	-	-	-	-	28,677,153
Total governmental activities	227,031,845	147,666,516	104,590,483	119,666,694	113,647,064	116,974,231	108,138,027	104,200,836	101,364,888	131,447,063
Business-type activities:										
Investment income	118,056	20,715	56,485	78,605	167,734	6,740,155	2,090,311	1,785,660	1,288,478	1,273,689
Miscellaneous	17,907	115,549	329,381	4,088,083	3,809,571	670,170	3,215,264	9,249,893	1,013,733	2,337,347
Transfers	(45,626)	(42,876)	(34,900)	(122,588)	(22,618)	(5,594,536)	(3,880,091)	(3,473,571)	(3,437,718)	(4,195,190)
Total business-type activities	90,337	93,388	350,966	4,044,100	3,954,687	1,815,789	1,425,484	7,561,982	(1,135,507)	(584,154)
Total primary government	227,122,182	147,759,904	104,941,449	123,710,794	117,601,751	118,790,020	109,563,511	111,762,818	100,229,381	130,862,909
Changes in net assets										
Governmental activities	154,824,687	85,893,412	82,269,812	64,800,174	76,703,975	35,879,735	(11,652,162)	411,806	(3,178,777)	13,424,219
Business-type activities	(1,857,396)	(919,496)	1,405,169	(963,401)	(1,046,556)	(456,216)	7,798,982	13,671,931	(5,278)	4,853
Total primary government	\$ 152,967,291	\$ 84,973,916	\$ 83,674,981	\$ 63,836,773	\$ 75,657,419	\$ 35,423,519	\$ (3,853,180)	\$ 14,083,737	\$ (3,184,055)	\$ 13,429,072

The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.

CITY OF CHULA VISTA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,258,150	\$ 8,799,026
Restricted	-	-	-	-	-	-	-	-	127,883	-
Committed	-	-	-	-	-	-	-	-	7,178,838	4,375,207
Assigned	-	-	-	-	-	-	-	-	5,298,536	2,895,545
Unassigned	-	-	-	-	-	-	-	-	11,876,992	11,969,280
Reserved	21,358,332	20,096,238	22,214,965	21,771,010	22,249,346	22,258,951	20,732,416	19,478,496	-	-
Unreserved	<u>28,694,894</u>	<u>25,191,333</u>	<u>19,287,213</u>	<u>18,114,943</u>	<u>13,252,911</u>	<u>11,817,191</u>	<u>12,417,105</u>	<u>13,703,304</u>	-	-
Total general fund	<u>50,053,226</u>	<u>45,287,571</u>	<u>41,502,178</u>	<u>39,885,953</u>	<u>35,502,257</u>	<u>34,076,142</u>	<u>33,149,521</u>	<u>33,181,800</u>	<u>35,740,399</u>	<u>28,039,058</u>
All other governmental funds:										
Nonspendable	-	-	-	-	-	-	-	-	21,669,849	30,763,746
Restricted	-	-	-	-	-	-	-	-	109,944,736	83,439,558
Committed	-	-	-	-	-	-	-	-	17,370,613	12,842,477
Assigned	-	-	-	-	-	-	-	-	(2,402,991)	-
Unassigned	-	-	-	-	-	-	-	-	(59,092,342)	(37,420,734)
Reserved	106,439,367	98,145,262	98,226,224	64,859,111	65,710,718	26,305,432	33,197,517	61,852,404	-	-
Unreserved, reported in:										
Debt service funds	(28,318,787)	(39,678,141)	(40,817,038)	(42,861,708)	(44,404,278)	(43,496,817)	(46,692,600)	(56,280,718)	-	-
Capital projects funds	73,977,363	81,760,701	94,472,902	113,659,937	92,093,271	78,496,664	70,791,397	58,595,303	-	-
Special revenue funds	<u>38,423,739</u>	<u>41,395,612</u>	<u>48,987,258</u>	<u>57,893,321</u>	<u>64,843,684</u>	<u>48,690,364</u>	<u>42,565,836</u>	<u>27,334,131</u>	-	-
Total all other governmental funds	<u>\$ 190,521,682</u>	<u>\$ 181,623,434</u>	<u>\$ 200,869,346</u>	<u>\$ 193,550,661</u>	<u>\$ 178,243,395</u>	<u>\$ 109,995,643</u>	<u>\$ 99,862,150</u>	<u>\$ 91,501,120</u>	<u>\$ 87,489,865</u>	<u>\$ 89,625,047</u>

The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.

CITY OF CHULA VISTA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 58,729,882	\$ 72,842,579	\$ 85,192,455	\$ 86,509,678	\$ 93,100,434	\$ 103,543,735	\$ 91,770,846	\$ 87,263,934	\$ 88,878,664	\$ 96,868,086
Licenses and permits	4,596,975	5,533,743	3,946,733	3,441,613	2,870,424	2,767,850	2,041,721	2,274,964	2,887,150	1,253,806
Fines and forfeitures	1,507,652	1,568,585	1,398,146	1,724,862	2,226,822	2,671,545	3,317,666	3,124,021	2,348,565	2,065,246
Investment income	13,874,221	5,113,371	10,199,902	7,946,878	13,570,315	10,890,132	10,103,986	6,299,595	8,716,624	5,077,920
Developer fees	25,613,027	44,032,302	22,625,331	50,551,528	24,058,397	17,318,134	9,252,547	11,700,991	16,498,744	13,966,814
Intergovernmental	31,868,289	24,600,541	43,647,460	41,847,938	36,107,073	43,962,835	39,497,983	41,965,596	48,177,707	21,861,011
Charges for services	38,994,778	44,940,117	41,850,292	43,823,886	52,694,312	15,679,753	12,435,955	11,877,763	11,743,505	20,907,330
Other	21,862,659	25,318,879	24,231,228	30,012,125	23,567,613	30,427,119	29,404,221	31,918,308	28,163,311	13,382,050
Total revenues	197,047,483	223,950,117	233,091,547	265,858,508	248,195,390	227,261,103	197,824,925	196,425,172	207,414,270	175,382,263
Expenditures										
Current:										
General government	35,884,084	38,239,086	46,054,981	49,628,483	46,904,990	49,596,883	43,640,514	45,966,934	39,701,396	23,833,011
Public safety	45,781,808	52,491,410	61,673,449	67,913,584	73,245,978	74,781,055	72,872,527	72,080,790	70,693,779	71,917,414
Public works	49,118,238	54,430,850	56,220,867	72,296,203	75,720,582	57,789,303	46,042,781	45,778,665	48,056,229	47,911,105
Parks and recreation	4,820,255	4,824,714	5,369,192	6,210,040	7,503,259	6,869,089	6,969,924	5,255,812	4,030,767	4,215,643
Library	7,803,208	7,583,333	8,957,574	9,734,444	9,660,809	8,224,897	7,199,101	4,563,849	3,870,646	3,672,661
Capital outlay	66,522,243	56,039,237	61,134,157	72,988,853	36,472,182	29,525,186	19,305,564	27,628,148	34,215,021	16,182,888
Debt service:										
Principal retirement	7,046,207	13,362,073	4,936,247	6,054,618	30,892,802	7,884,493	7,686,525	7,301,362	7,911,995	8,423,156
Interest and fiscal charges	9,817,072	10,910,758	12,059,211	12,260,244	12,289,908	12,224,973	12,576,939	11,585,816	11,094,106	9,229,775
Bond issuance cost	-	-	-	-	514,994	34,485	844,584	-	-	-
Total expenditures	226,793,115	237,881,461	256,405,678	297,086,469	293,205,504	246,930,364	217,138,459	220,161,376	219,573,939	185,385,653
Excess (deficiency) of revenues over (under) expenditures	(29,745,632)	(13,931,344)	(23,314,131)	(31,227,961)	(45,010,114)	(19,669,261)	(19,313,534)	(23,736,204)	(12,159,669)	(10,003,390)
Other financing sources (uses):										
Transfers in	43,317,265	26,894,272	84,773,947	55,698,112	53,900,545	26,104,914	50,502,425	61,296,934	56,989,583	33,900,786
Transfers out	(43,178,867)	(26,789,382)	(84,678,601)	(52,132,246)	(53,835,509)	(20,400,837)	(46,589,803)	(57,815,981)	(53,551,865)	(32,638,610)
Proceeds from long-term debt	-	-	765,000	-	-	-	665,884	29,355,000	42,286	3,963,104
Proceeds from bond sale	11,320,000	-	37,240,000	21,255,000	25,760,000	10,264,224	21,625,000	207,372	-	-
Payment to escrow agent trust	-	-	-	-	-	-	(15,110,000)	(16,710,000)	-	-
Bond premium/(bond discount)	-	-	35,254	-	(505,884)	-	(579,161)	(925,872)	-	-
Proceeds from sale of capital assets	-	162,551	639,050	-	-	-	-	-	9,630,000	-
Total other financing sources (uses)	11,458,398	267,441	38,774,650	24,820,866	25,319,152	15,968,301	10,514,345	15,407,453	13,110,004	5,225,280
Extraordinary item:										
Forgiveness of debt	(5,635,850)	-	-	-	-	-	-	-	-	-
Loss on dissolution of the Chula Vista Redevelopment Agency	-	-	-	-	-	-	-	-	-	(3,191,040)
Total extraordinary item	(5,635,850)	-	-	-	-	-	-	-	-	(3,191,040)
Net change in fund balances	\$ (23,923,084)	\$ (13,663,903)	\$ 15,460,519	\$ (6,407,095)	\$ (19,690,962)	\$ (3,700,960)	\$ (8,799,189)	\$ (8,328,751)	\$ 950,335	\$ (7,969,150)
Debt service as a percentage of noncapital expenditures	10.3%	12.9%	8.4%	10.1%	16.7%	8.8%	10.2%	9.6%	9.4%	10.1%

The City of Chula Vista implemented GASB 34 for the fiscal year ended June 30, 2002. Sewer funds were converted to an enterprise fund in fiscal year 2008.

CITY OF CHULA VISTA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value ¹	Secured	Unsecured	Less: Exemptions ²	Taxable Assessed Value	
2003	11,489,756,820	359,527,956	(303,902,966)	11,545,381,810	578,332,766	92,744,520		671,077,286	0.144%
2004	13,186,377,450	387,657,132	(349,913,333)	13,224,121,249	548,945,714	84,234,008		633,179,722	0.144%
2005	15,390,029,359	402,366,184	(426,140,493)	15,366,255,050	617,179,700	82,759,507		699,939,207	0.144%
2006	18,481,902,606	442,863,514	(452,332,435)	18,472,433,685	735,529,147	82,456,175		817,985,322	0.144%
2007	21,254,352,374	582,720,155	(496,479,594)	21,340,592,935	846,124,571	202,760,284		1,048,884,855	0.144%
2008	24,381,647,068	544,113,016	(567,257,524)	24,358,502,560	1,058,205,677	94,614,761		1,152,820,438	0.144%
2009	24,861,548,900	565,347,815	(603,500,966)	24,823,395,749	1,061,746,125	105,702,620		1,167,448,745	0.144%
2010	22,168,954,872	610,945,054	(682,909,923)	22,096,990,003	1,094,004,250	131,944,885		1,225,949,135	0.144%
2011	21,341,397,693	577,214,653	(683,167,117)	21,235,445,229	1,042,561,908	130,433,921		1,172,995,829	0.144%
2012	21,280,088,193	613,792,400	(739,917,158)	21,153,963,435	1,054,772,168	157,330,744		1,212,102,912	0.144%

¹ Includes redevelopment incremental valuation

² Redevelopment Agency exemptions are included in City exemption data as they are not reported separately

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: County of San Diego Property Tax Services

CITY OF CHULA VISTA
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Direct Rates:										
City basic rate	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144	0.144
Overlapping Rates:										
Chula Vista Elementary School District Bonds	0.026	0.027	0.028	0.027	0.027	0.020	0.018	0.025	0.026	0.026
Sweetwater Union High School District Bonds	0.022	0.020	0.018	0.023	0.020	0.047	0.046	0.056	0.055	0.061
Southwestern Community College Bonds	0.013	0.007	0.013	0.015	0.014	0.013	0.013	0.034	0.036	0.033
MWD D/S Remainder of SDCWA 15019999	0.007	0.006	0.006	0.005	0.005	0.005	0.0043	0.0043	0.0037	0.0037
CWA South Bay Irrigation Debt Service	0.001	0.001	-	-	-	-	-	-	-	-
County of San Diego**	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Total Overlapping Rates	<u>1.069</u>	<u>1.061</u>	<u>1.065</u>	<u>1.070</u>	<u>1.066</u>	<u>1.084</u>	<u>1.081</u>	<u>1.120</u>	<u>1.121</u>	<u>1.124</u>

Breakdown of the County of San Diego 1.00 Rate:**

County General	0.15920355
Gen Elem Chula Vista	0.29103670
High Sweetwater Union	0.18823068
Southwestern Community College	0.05072194
County School Service	0.00757296
County School Service - Capital Outlay	0.00190859
Childrens Institutions Tuition	0.00161434
Regional Occupational Centers	0.00483027
Chula Vista Project (19/84601)	0.00019695
Chula Vista Project (19/84602)	0.00039390
Educational Revenue Augmentation Fund	0.14676995
Chula Vista City	0.14375071
South Bay Irrigation	0.00000000
CWA South Bay Irrigation	0.00376946
San Diego Unified Port	<u>0.00000000</u>
Total	<u>1.00000000</u>

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school bonds and other debt service. Overlapping rates may vary by tax rate area. The data listed in this table is representative of tax rate area 001001.

Source: County of San Diego Property Tax Services

CITY OF CHULA VISTA
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
JPB Development	\$ 253,593,675	1	1.20%			-
San Diego Expressway Limited	189,100,000	2	0.89%			-
Rohr Inc	181,306,637	3	0.86%	208,305,662	1	1.80%
GGP-Otay Ranch LP	176,655,960	4	0.84%			-
Equity Residential	119,057,451	5	0.56%			-
Regulo Place Apartments Investor	100,505,618	6	0.48%			-
Chula Vista Center LLC	72,673,458	7	0.34%	61,952,493	5	0.54%
Shea Homes LTD Partnership	70,332,644	8	0.33%			-
Camden USA Inc	62,974,684	9	0.30%			-
Corky McMillin Homes	56,546,264	10	0.27%			-
Duke Energy South Bay LLC	-		-	101,001,287	2	0.87%
Bre Properties Inc	-		-	65,796,351	3	0.57%
CA State Teachers	-		-	62,000,000	4	0.54%
Gateway Town Center	-		-	54,250,694	6	0.47%
Scripps Health	-		-	54,078,377	7	0.47%
Eastlake Co LLC	-		-	49,871,811	8	0.43%
Price Reit Inc	-		-	44,419,751	9	0.38%
TCR Sunbow Limited	-		-	37,349,862	10	0.32%
	<u>\$ 1,282,746,391</u>		<u>6.06%</u>	<u>739,026,288</u>		<u>6.40%</u>

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: MuniServices, LLC
County of San Diego Property Tax Services

CITY OF CHULA VISTA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	14,293,880	14,061,319	98.37%	112,257	14,173,576	99.16%
2004	16,200,005	15,959,723	98.52%	116,784	16,076,507	99.24%
2005	18,652,193	18,324,623	98.24%	106,497	18,431,120	98.81%
2006	22,096,604	21,617,022	97.83%	162,806	21,779,829	98.57%
2007	25,159,692	24,409,063	97.02%	209,442	24,618,505	97.85%
2008	28,641,734	27,506,299	96.04%	460,875	27,967,173	97.64%
2009	29,304,771	28,147,698	96.05%	765,703	28,913,402	98.66%
2010	26,246,478	25,313,706	96.45%	538,429	25,852,135	98.50%
2011	25,325,126	24,773,002	97.82%	134,325	24,907,328	98.35%
2012	25,373,780	24,669,632	97.22%	(35,474)	24,634,158	97.09%

¹ Levy amounts do not include supplemental taxes.

² Collection amounts represent delinquencies collected for all prior years during the current tax year.
Total delinquent collections are reduced by any refunds processed from prior year tax collections.

Source: County of San Diego Property Tax Services

CITY OF CHULA VISTA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Total Governmental Activities	Percentage of Personal Income ¹	Debt Per Capita ¹
	Pension Obligation Bonds	Tax Allocation Bonds	Loans	Certificates of Participation			
2003	14,799,025	42,750,000	7,462,505	104,225,000	169,236,530	2.19%	882
2004	13,985,870	42,125,000	7,315,971	92,920,000	156,346,841	1.93%	774
2005	12,991,962	41,240,000	8,193,481	127,599,255	190,024,698	2.18%	901
2006	11,795,000	40,295,000	9,811,786	144,240,000	206,141,786	2.26%	937
2007	10,415,000	41,275,000	9,573,012	139,845,000	201,108,012	2.15%	887
2008	8,820,000	40,185,000	19,304,342	135,045,000	203,354,342	2.12%	878
2009	7,000,000	45,830,000	18,736,012	130,580,000	202,146,012	2.05%	857
2010	4,980,000	44,925,000	17,686,144	139,700,000	207,291,144	2.18%	866
2011	2,655,000	43,985,000	16,876,860	136,060,000	199,576,860	2.00%	818
2012	-	43,005,000	19,673,344	132,290,000	194,968,344	2.00%	793

¹ These ratios are calculated using personal income and population for the prior calendar year.

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF CHULA VISTA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita
	Pension Obligation Bonds	Tax Allocation Bonds	Total		
2003	14,799	42,750	57,549	0.50%	300
2004	13,986	42,125	56,111	0.42%	278
2005	12,992	41,240	54,232	0.35%	257
2006	11,795	40,295	52,090	0.28%	237
2007	10,415	41,275	51,690	0.24%	228
2008	8,820	40,185	49,005	0.20%	212
2009	7,000	45,830	52,830	0.21%	224
2010	4,980	44,925	49,905	0.23%	208
2011	2,655	43,985	46,640	0.22%	191
2012	-	43,005	43,005	0.20%	175

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

CITY OF CHULA VISTA
Direct and Overlapping Debt
June 30, 2012

2011-12 Assessed Valuation:	\$ 21,153,963,435
Redevelopment Incremental Valuation:	<u>1,212,102,912</u>
Adjusted Assessed Valuation:	\$ 19,941,860,523

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Total Debt</u> <u>6/30/12</u>	<u>% Applicable (1)</u>	<u>City's Share of</u> <u>Debt 6/30/12</u>
Metropolitan Water District	\$ 196,545,000	1.104%	\$ 2,169,857
Otay Municipal Water District, I.D. No. 27	6,755,000	99.995	6,754,662
Southwestern Community College District	240,489,345	52.935	127,303,035
Sweetwater Union High School District	334,479,415	63.969	213,963,137
Chula Vista City School District	70,265,000	86.590	60,842,464
City of Chula Vista Community Facilities Districts	215,740,000	100.	215,740,000
Sweetwater Union High School District Community Facilities Districts	173,576,177	3.978-100.	162,241,907
Chula Vista City School District Community Facilities Districts	5,580,000	100.	5,580,000
City of Chula Vista 1915 Act Bonds	26,067,498	100.	<u>26,067,498</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 820,662,560

Ratios to 2011-12 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....3.88%

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

San Diego County General Fund Obligations	\$ 395,115,000	5.786%	\$ 22,861,354
San Diego County Pension Obligations	787,112,618	5.786	45,542,336
San Diego County Superintendent of Schools Obligations	18,750,000	5.786	1,084,875
Southwestern Community College District Certificates of Participation	1,330,000	52.935	¹ 704,036
Sweetwater Union High School District Certificates of Participation	11,325,000	63.969	7,244,489
Chula Vista City School District Certificates of Participation	148,925,000	86.590	128,954,158
City of Chula Vista Certificates of Participation	132,290,000	100.	132,290,000
Otay Municipal Water District Certificates of Participation	58,245,000	62.560	<u>36,438,072</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 375,119,320
Less: Otay Municipal Water District Certificates of Participation			<u>36,438,072</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 338,681,248
TOTAL DIRECT DEBT			\$ 132,290,000
TOTAL GROSS OVERLAPPING DEBT			\$ 1,063,491,880
TOTAL NET OVERLAPPING DEBT			\$ 1,027,053,808
GROSS COMBINED TOTAL DEBT			\$ 1,195,781,880
NET COMBINED TOTAL DEBT			\$ 1,159,343,808

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to Adjusted Assessed Valuation:

Total Direct Debt (\$132,290,000).....	0.66%
Gross Combined Total Debt.....	6.00%
Net Combined Total Debt.....	5.81%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/12: \$0

Source: California Municipal Statistics, Inc.

CITY OF CHULA VISTA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Assessed valuation	\$ 11,545,381,810	\$ 13,224,121,249	\$ 15,366,255,050	\$ 18,472,433,685	\$ 21,340,592,935
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,886,345,453	3,306,030,312	3,841,563,763	4,618,108,421	5,335,148,234
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	432,951,818	495,904,547	576,234,564	692,716,263	800,272,235
Total net debt applicable to limit:					
Pension obligation bonds	<u>14,799,025</u>	<u>13,985,870</u>	<u>12,991,962</u>	<u>11,795,000</u>	<u>10,415,000</u>
Legal debt margin	<u>\$ 418,152,793</u>	<u>\$ 481,918,677</u>	<u>\$ 563,242,602</u>	<u>\$ 680,921,263</u>	<u>\$ 789,857,235</u>
Total debt applicable to the limit as a percentage of debt limit	3.4%	2.8%	2.3%	1.7%	1.3%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City Finance Department
County of San Diego Property Tax Services

CITY OF CHULA VISTA
Legal Debt Margin Information, Continued
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
Assessed valuation	\$ 24,358,502,560	\$ 24,823,395,749	\$ 22,096,990,003	\$ 21,235,445,229	\$ 21,153,963,435
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	6,089,625,640	6,205,848,937	5,524,247,501	5,308,861,307	5,288,490,859
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	913,443,846	930,877,341	828,637,125	796,329,196	793,273,629
Total net debt applicable to limit:					
Pension obligation bonds	<u>8,820,000</u>	<u>7,000,000</u>	<u>4,980,000</u>	<u>2,655,000</u>	<u>-</u>
Legal debt margin	<u>\$ 904,623,846</u>	<u>\$ 923,877,341</u>	<u>\$ 823,657,125</u>	<u>\$ 793,674,196</u>	<u>\$ 793,273,629</u>
Total debt applicable to the limit as a percentage of debt limit	1.0%	0.8%	0.6%	0.3%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City Finance Department
County of San Diego Property Tax Services

CITY OF CHULA VISTA
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2003	7,822,428	580,000	2,943,058	2.22
2004	10,317,573	625,000	2,902,851	2.92
2005	8,939,444	885,000	2,855,288	2.39
2006	10,404,880	945,000	2,797,726	2.78
2007	11,935,618	995,000	2,735,150	3.20
2008	13,793,329	1,090,000	1,965,103	4.51
2009	13,781,683	870,000	1,728,722	5.30
2010	13,884,637	905,000	2,070,381	4.67
2011	13,822,938	940,000	2,032,665	4.65
2012	10,931,615	980,000	1,992,565	3.68

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

CITY OF CHULA VISTA
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Total Population	Pct. of S.D. County Population	Pct. Change from Previous Year	Median Age	Avg. Household Size
2002	191,922	7.0%	5.6%	33.3	3.00
2003	202,094	7.0%	5.3%	33.5	3.04
2004	211,018	7.0%	4.4%	33.7	3.07
2005	219,939	7.0%	4.2%	34.0	3.09
2006	226,838	8.0%	3.1%	33.9	3.12
2007	231,597	8.0%	2.1%	33.9	3.13
2008	235,767	8.0%	1.8%	33.8	3.16
2009	239,369	8.0%	1.5%	33.9	3.20
2010	243,916	8.0%	1.9%	33.5	3.21
2011	245,987	8.0%	0.8%	34.1	3.21

Source: SANDAG, Current Estimates (Oct. 2012)

Notes: Dollar values are inflation-adjusted to 2011 dollars.

Year-to-year variation for socio-economic data (poverty, education, unemployment) is the result of both actual change and sampling error.

CITY OF CHULA VISTA
Demographic and Economic Statistics, Continued
Last Ten Calendar Years

<u>Year</u>	<u>Educational Attainment</u>		<u>Pct. Below Poverty</u>	<u>Unemployment Rate</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income</u>
	<u>% High School Graduate</u>	<u>% Bachelor's Degree or Higher</u>				
2002	n/a	n/a	n/a	6.1%	7,745,300	40,400
2003	n/a	n/a	n/a	6.1%	8,097,600	40,100
2004	n/a	n/a	n/a	5.6%	8,707,200	41,300
2005	78.5%	24.7%	9.1%	5.1%	9,103,400	41,400
2006	81.7%	24.1%	11.0%	4.7%	9,370,300	41,300
2007	79.6%	25.4%	9.1%	5.3%	9,608,800	41,500
2008	81.0%	25.7%	8.5%	7.0%	9,848,900	41,800
2009	80.0%	25.5%	11.5%	11.2%	9,497,600	39,700
2010	83.0%	29.1%	8.4%	12.3%	9,960,800	40,800
2011	82.2%	25.7%	11.6%	11.6%	9,758,900	39,700

Source: SANDAG, Current Estimates (Oct. 2012)

Notes: Dollar values are inflation-adjusted to 2011 dollars.

Year-to-year variation for socio-economic data (poverty, education, unemployment) is the result of both actual change and sampling error.

CITY OF CHULA VISTA
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u> ²	<u>2012</u>		<u>2003</u> ¹	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Sweetwater Union High School District	3,911	7.52%	n/a	n/a
Chula Vista Elementary School District	2,727	5.24%	n/a	n/a
Rohr Inc/Goodrich Aerospace	2,167	4.17%	n/a	n/a
Sharp Chula Vista Medical Center	1,735	3.34%	n/a	n/a
Southwestern Community College	1,716	3.30%	n/a	n/a
Wal-Mart	1,239	2.38%	n/a	n/a
Scripps Mercy Hospital Chula Vista	1,109	2.13%	n/a	n/a
City of Chula Vista	1,106	2.13%	n/a	n/a
Costco	538	1.03%	n/a	n/a
24 Hour Fitness	475	0.91%	n/a	n/a

¹ 2003 data is not available.

² Sharp Rees-Stealy falls within the top 10 employers category; however, the actual number of employees is unavailable.

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: State Employment Development Department
City Finance Department
Sweetwater Union High School District Human Resources Department
Chula Vista Elementary School District Human Resources Department
Southwestern Community College Human Resources Department

CITY OF CHULA VISTA
Full-time and Part-time City Employees
by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30</u>									
	<u>2003</u>	<u>2004</u> ¹	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	225	465	193	380	324	302	272	273	258	269
Public safety	413	480	528	518	548	504	476	468	448	432
Public works/engr	295	249	335	198	237	188	181	175	155	159
Parks and recreation	162	-	175	230	242	223	169	164	112	115
Library	216	182	217	252	227	196	189	73	41	76
Planning and building	92	99	91	97	83	68	63	62	54	55
Total	<u>1,403</u>	<u>1,475</u>	<u>1,539</u>	<u>1,675</u>	<u>1,661</u>	<u>1,481</u>	<u>1,350</u>	<u>1,215</u>	<u>1,068</u>	<u>1,106</u>

¹ Parks and Recreation employee count included in General Government count

Source: City Finance Department

CITY OF CHULA VISTA

**Operating Indicators
by Function**

Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Police:					
Citizen-initiated calls for service	71,268	71,000	74,106	73,075	74,277
Fire:					
Number of emergency calls ¹	8,088	8,420	9,907	n/a	14,853
Inspections	n/a	n/a	n/a	1,780	2,119
Public works:					
Street resurfacing/maintenance ² (square feet)	218,632	252,789	142,864	230,598	157,903
Parks and recreation:					
Number of recreation classes	2,261	1,819	1,709	1,821	2,231
Number of facility rentals	897	402	680	610	855
Library:					
Circulation	1,308,148	1,308,709	1,414,295	1,467,799	1,344,115
Attendance	1,044,755	1,070,560	1,121,119	1,170,168	1,148,024
Sewer:					
New connections	2,652	2,480	1,934	488	529
Average daily sewage treatment (millions of gallons)	16.3	15.8	17.0	16.9	17.0

¹ Figure for 2005 represents the calendar year instead of fiscal year.

² Excludes filling of potholes and crack sealing.

Note: Data is not available for the fiscal years marked as n/a.

Source: City of Chula Vista

CITY OF CHULA VISTA

**Operating Indicators
by Function, Continued
Last Ten Fiscal Years**

	Fiscal Year				
	2008	2009	2010	2011	2012
Police:					
Citizen-initiated calls for service	74,192	70,051	68,601	65,186	64,885
Fire:					
Number of emergency calls ¹	14,548	14,983	11,490	11,319	12,863
Inspections	n/a	3,676	2,898	2,389	2,205
Public works:					
Street resurfacing/maintenance ² (square feet)	77,507	108,745	84,276	99,978	55,398
Parks and recreation:					
Number of recreation classes	2,575	2,149	2,301	2,008	1,914
Number of facility rentals	1,217	969	1,175	1,524	2,028
Library:					
Circulation	1,265,720	1,160,139	985,157	952,847	982,688
Attendance	1,296,245	820,243	605,979	614,841	722,310
Sewer:					
New connections	165	468	469	287	646
Average daily sewage treatment (millions of gallons)	16.8	16.5	16.2	16.3	15.9

¹ Figure for 2005 represents the calendar year instead of fiscal year.

² Excludes filling of potholes and crack sealing.

Note: Data is not available for the fiscal years marked as n/a.

Source: City of Chula Vista

CITY OF CHULA VISTA

**Capital Asset Statistics
by Function**

Last Ten Fiscal Years

	Fiscal Year				
	2003	2004	2005	2006	2007
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	7	7	8	9	9
Public works:					
Streets (miles)	358.8	370.9	373.8	387.3	403.3
Streetlights	7,547	8,047	8,368	8,501	8,953
Traffic signals	170	188	199	220	238
Parks and recreation:					
Parks (acreage) ¹	382.1	394.6	406.4	482.8	504.1
Recreation facilities	9	9	9	12	12
Library:					
Libraries	2	2	2	2	2
Sewer:					
Sewer pipes (miles)	428.2	448.1	455.8	471.3	484.2
Storm drains (miles)	182.3	191.9	219.9	228.6	234.0
Maximum daily treatment capacity (millions of gallons)	19.8	19.8	20.9	20.9	20.9

¹ Includes community, neighborhood, special purpose, mini, and urban parks.

Source: City of Chula Vista

CITY OF CHULA VISTA

**Capital Asset Statistics
by Function, Continued
Last Ten Fiscal Years**

	Fiscal Year				
	2008	2009	2010	2011	2012
Police:					
Stations	1	1	1	1	1
Fire:					
Fire stations	9	9	9	9	9
Public works:					
Streets (miles)	416.9	421.0	429.5	429.5	429.5
Streetlights	9,013	9,026	9,052	9,054	9,066
Traffic signals	253	267	267	268	269
Parks and recreation:					
Parks (acreage) ¹	504.1	504.1	504.1	523.1	530.7
Recreation facilities	12	11	11	11	11
Library:					
Libraries	2	2	2	2	3
Sewer:					
Sewer pipes (miles)	493.8	496.5	505.0	505.0	505.0
Storm drains (miles)	244.7	245.3	248.9	248.9	249.0
Maximum daily treatment capacity (millions of gallons)	20.9	20.9	20.9	20.9	20.9

¹ Includes community, neighborhood, special purpose, mini, and urban parks.

Source: City of Chula Vista



CITY OF
CHULA VISTA



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of 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, 2012, which collectively comprise the City's basic financial, and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness's of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive style with a large initial "P" and "M".

San Diego, California
December 27, 2012