

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDING JUNE 30, 2003
CITY OF LANCASTER,
CALIFORNIA

CITY OF LANCASTER
FINANCIAL STATEMENTS
JUNE 30, 2003

CITY OF LANCASTER
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2003

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CITY OF LANCASTER, CALIFORNIA
44933 Fern Avenue
Lancaster, California 93534

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**
For the Year Ended June 30, 2003

Prepared by the City of Lancaster, Finance Department
Gary G. Hill, Finance Director
Cindy M. Prothro, Assistant Finance Director

For additional information, please contact the Finance Department at
(661) 723-6033.

CITY OF LANCASTER

JUNE 30, 2003

CITY COUNCIL MEMBERS

		<u>Term Expires</u>
Frank C. Roberts	Mayor	2004
Bishop Henry W. Hearn	Vice Mayor	2006
James T. Jeffra	Council Member	2004
Edward P. Sileo	Council Member	2006
Andrew D. Visokey	Council Member	2004

CITY OFFICIALS

James C. Gilley	City Manager
Dennis E. Davenport	Assistant City Manager
Gary G. Hill	Finance Director
Brian S. Ludicke	Community Development Director
Lyle W. Norton	Parks, Recreation and Arts Director
James R. Williams	Public Works Director
Geri K. Bryan	City Clerk
David R. McEwen	City Attorney
Mark V. Bozigian	Asst. to City Manager - Redevelopment
Sandra L. Jensen	Human Resources Director

August 28, 2003



Honorable Mayor and Members of the City Council:

We are pleased to submit for your consideration the Comprehensive Annual Financial Report (CAFR) of the City of Lancaster, California, for the fiscal year ended June 30, 2003. This report was prepared by the Finance Department of the City; responsibility for the accuracy and completeness of the presentation, including all disclosures, rests with City staff. This report includes the annual audit report of the City's independent auditors, Lance, Soll, and Lunghard. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's Comprehensive Annual Financial Report is prepared in conformance with the standards of financial reporting developed by the Government Finance Officers Association of the United States and Canada (GFOA), and the Governmental Accounting Standards Board (GASB). A Certificate of Achievement for Excellence in Financial Reporting is presented to those governmental units whose annual financial reports are judged to conform to these standards. This report will be submitted to GFOA for their review. The City has received the Award for the past seventeen consecutive years.

The data presented is accurate in all material aspects. It is designed to factually set forth the City's financial condition and to present results of City operations as measured by activity among the various fund groups in an easily readable and understandable style. All disclosures necessary for the reader to gain an understanding of the City's financial affairs have been included. Financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board. This is the first year the City has prepared this report using the new reporting requirements as prescribed by the Government Accounting Standards Board (GASB) Statement No. 34.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officers. The financial section includes the general purpose financial statements, the combining and individual fund and account group statements and schedules, and the auditor's report on the financial statements and schedules. The statistical section includes selected multi-year financial and demographic information.

This CAFR includes all of the funds and account groups of the City including the separate entities under the direction of the City Council. The separate entities include the Lancaster Redevelopment Agency, the Lancaster Housing Authority, the Lancaster Community Services Foundation, Community Facilities District 89-1, Community Facilities District 90-1, Community Facilities District 91-1, and Community Facilities District 91-2.

The City provides a broad range of services normally associated with a municipality. These services include highway, street, drainage, and infrastructure construction and maintenance; planning and

zoning; and parks, recreation, and cultural activities. Sheriff's and animal control services are provided under contract with Los Angeles County, whereas fire protection, water, sanitation, school, and library are funded by special districts not under City control.

Lancaster: A brief history, major accomplishments, and prospects for the future

I. History

Some historians state that the name "Lancaster" was bestowed upon the town by Mr. M. L. Wicks, a real estate developer who purchased six sections of land from the Southern Pacific Railroad in 1884 at a price of about \$2.50 an acre. Prior to that date, in 1882, Mr. Wicks had started a Scottish settlement of about 150 persons in the Valley, presumably the town was a more permanent home for those people. The story goes on to say that he named the new city for his former home, Lancaster, Pennsylvania.

Another version of the way Lancaster received its name attributes the deed to Mr. Purnell, a member of the Southern Pacific Railroad staff whose duties included the naming of all stations. His reasons, unfortunately, must remain obscure because all records were destroyed by fire in 1906.

Regardless of the origin of the name, the area would not have been developed as it has without the influence of the Southern Pacific Railroad, which was completed between San Francisco and Los Angeles in 1867. Following the completion of the railroad and the establishment of a water stop, the Western Hotel, then known as the Gilwyn, was built in 1874 and by 1890, Lancaster was quite prosperous.

In 1898, gold was discovered in the hills north of Lancaster and attracted scores of prospectors who staked claims that are still visible and being prospected. The old-time miners would rig "V" shaped wagons with sails and "tack" across Muroc Dry Lake going to and from work. Also in 1898, borax was found in the mountains surrounding the Antelope Valley, sparking the world's largest open-pit borax mine.

Since the 1930's, when the first airplane was brought to the area and the Air Force started conducting flight tests at Muroc Air Base, Lancaster has grown relatively steadily. Edwards Air Force Base, famous for its space shuttle landings and home to the famous aviatrix Pancho Barnes and the Happy Bottom Riding Club, has had a major impact on the local economy. The Air Force Flight Test Center's programs which include testing of the B-1b, the B-2 stealth bomber, and the F117A stealth fighter, continue to impact Lancaster's economy.

Until it was incorporated in 1977, Lancaster was under the political influence of Los Angeles County. Citizens in the area felt a need for better interaction with their policymaking body and local control and, with the work of the Citizens for Incorporation, cityhood became a reality. The vote for incorporation signified a new community pride as well as a commitment to exercise the traditional rights of self-governance.

Lancaster's economy prior to incorporation was mainly driven by the defense and aerospace industries; each downturn in military spending had a significant impact on the health of the economy. The last ten years, however, have shown an increased economic diversity as more business investors recognize the area's business strengths. The smog-free desert environment, with its very reasonable land prices, has drawn an influx of young home buyers attracted by housing prices 20 to 50 percent below the market rate in metropolitan Los Angeles, just 60 miles away. Completion of the Antelope Valley Freeway has made the area viable as a bedroom community, and an estimated 40 percent of the Antelope Valley's residents are now commuting to work one hour each way.

Lancaster offers excellent school systems and a community college; quality medical care at Antelope Valley Hospital Medical Center, High Desert Hospital, and Lancaster Community Hospital; and recreational opportunities at eight municipal parks, two regional parks, a National Soccer Center with 34 fields, a performing arts center, museum/art gallery, historic museum, and two swimming pools.

II. Major Accomplishments

The City's major accomplishments during the 2002-2003 fiscal year included new business attraction that brought over 1,000 jobs, innovative public safety programs that increased residents' perception of their safety and security, infrastructure expansions to meet projected growth and a variety of new recreational amenities.

The City's main objective of high quality of life continues; this includes being more responsive to citizen concerns while maintaining an attractive environment for business investment. The City was able to increase service levels to residents, particularly in the area of public safety, without any increase in taxes.

The City developed an award-winning after-school child care program in partnership with the Lancaster School District to meet the needs of working parents. This new, innovative after-school program is called "Lancaster CARES" (Children's Academic and Recreation Enrichment Success) and is funded through two competitive state grants totaling over \$400,000 annually for three years. These three-year grants fully funded the direct costs of the "Lancaster CARES" program and enabled the City and School District to offer free after-school programs.

New recreational facilities have recently added a \$17 million state-of-the-art soccer complex with two activity buildings completed and three more restroom buildings finishing construction. This complex, added to the City's eight-field softball complex, attracts national tournaments to both facilities as well as providing additional recreational venues for local residents. Prime Desert Woodland, a 65-acre park centered around a "straw bale" Interpretive Center, has been completed. It includes scenic trails and interpretive signs and displays that showcase the unique ecosystem of the Antelope Valley's desert. Land acquisition and concept design work has been completed for another new park, the 55-acre Whit Carter Park. A big "hit" is the continuing home runs scored with the ball games at The Hangar, Lancaster's municipal stadium, home of the JetHawks, farm team for the Arizona Diamondbacks.

New public safety programs have targeted local concerns with the growth of drug and gang related influences and with youth issues. Lancaster's innovative Target Oriented Policing program provides resources to address law enforcement issues as they arise.

Some of these successful programs include Neighborhood and Community Watch; a Crime Tip hotline; the School Deputy program and Safety Team, which promotes the image of law enforcement personnel among the youth through community activities and campus presence. The City of Lancaster also opened a seven-person Bureau of Narcotic Enforcement office (LA Impact) in partnership with the Los Angeles County Sheriff's Department to focus on methamphetamine labs in the region. We received renewed grant funding for the highly successful Gang Violence Suppression Program to coordinate specially assigned persons from District Attorney, Probation, Sheriff, the high school district and a non-profit organization that helps troubled youth. This program continues to combat the gang culture among area youth. Additional resources in personnel were added to the department to combat the gang problems of the Antelope Valley. These deputies work with the current gang and GVS team to assist the community in its fight against gang activity.

The City of Lancaster takes an aggressive crime suppression stance, courting millions of dollars in federal and state grants to get criminals off the streets. Operations the past few years succeeded in cutting City crime by arresting hundreds of career criminals. These aggressive programs have placed Lancaster in the top 25% of safest cities in the country among cities with populations over 100,000 people.

Over the last few years the City of Lancaster has been building infrastructure in preparation for the growth we will experience between now and the year 2010. Overpasses were built over the Avenue L and Avenue H railroad crossings and construction is complete on widening and improving the Avenue L and Avenue H freeway overpasses. That will complete the City's peripheral loop and pave the way for the next 20 years of growth. Avenue G is under reconstruction and will open up the Fox Field industrial corridor and the Enterprise Zone.

Lancaster's proximity to Hollywood makes the Antelope Valley a favorite "back lot" for Hollywood productions. The City's Antelope Valley Film Commission (www.avfilm.com) continues to bring millions of entertainment production dollars to the Antelope Valley with some of the recent movies including "T-3", "SWAT", "Fast & Furious II", "Reno 911" and numerous commercials.

The Lancaster Redevelopment Agency continued its success by attracting several new businesses and by assisting existing businesses with expansion. The most notable accomplishment was the recent announcement by Countrywide Home Loans to locate a second 100,000+ square foot loan servicing center in the Lancaster Business Park. This facility will create over 1500 new jobs for area residents. When these jobs are added to other recent attraction and expansion projects, including Robert F. Chapman, Deutrel Industries, Starwood Hotels and Lodgings, Michaels Stores, Inc., L A County Waterworks, Mission Linen, American Storage, Lancaster Body & Frame and Radford Cabinets the recently created jobs number grows to over 2,000.

The Agency also launched the North Downtown Transit Village project. This coalition of existing residents, seniors, businesses, social service providers and private schools have come together with the assistance of the Agency to create a vision to eliminate blight and revitalize the area. This vision

includes a Transit Village in close proximity to public transportation allowing residents and other entities convenient access to a multi-modal transit hub.

On the retail front, the Agency recently completed the relocation and expansion of Costco. Other recent retail additions include: Wal-Mart, Walgreen's, Sav-On, Quizno's Subs, Fatburger, China Star Buffet and Coldstone Creamery.

Lancaster and Edwards Air Force Flight Test Center (EAFFTC) have had their histories marked by firsts in manned flight. To celebrate this fact and to honor the "daring young men and their flying machines", in 1990 the City established its Aerospace Walk of Honor, replete with monuments to the heroes of flight. Since that time, 70 "pioneers of aviation" have been honored, including men who have walked on the moon.

III. Prospects for the Future

The City continues its fiscally conservative General Fund balance reserve to cover unanticipated revenue shortfalls or expenditure requirements. Also in safe and closely monitored condition is the City's status relative to Proposition 4 (the Gann initiative) which limits appropriations by a formula tied to the Consumer Price Index, population growth, and assessed value changes. Four years ago marked the formal adoption of our long-standing informal 10% General Fund unallocated reserve.

Prior heavy reliance on the Aerospace Industry has been changing over the last decade to include some light manufacturing, retail and service industries in the community. Cuts in the Defense Budget have some effect upon the community, but consolidation of other Defense facilities into the Antelope Valley and increases in other employment will offset most, if not all, of this effect. The Greater Antelope Valley Economic Alliance, a non-profit organization whose membership is composed of the cities of Lancaster and Palmdale, Los Angeles County, and other business people continues to work with manufacturers, distributors and retailers to expand the opportunities for employment in the community. We expect to see continuing growth of the community. Some of the more significant short-term goals of the City are as follows:

1. Complete construction of a Veterans Home, a facility for 400 veterans.
2. Complete the relocation of the Antelope Valley Fairgrounds within the Fox Field Industrial Corridor.
3. Continue our efforts to expand the Enterprise Zone.
4. Begin revitalization efforts in the area of the old Antelope Valley Fairgrounds on the east side.

FINANCIAL INFORMATION

Internal Controls

Internal controls are designed to provide reasonable, but not absolute, assurance regarding:

- the safeguarding of assets against loss from unauthorized use or disposition; and
- the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- the cost of a control should not exceed the benefits likely to be derived; and
- the evaluation of costs and benefits requires estimates and judgments by qualified management staff.

All internal control evaluations occur within the aforementioned framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Controls

The City Council adopts an annual budget that is the legal authority for expenditures for the City. The level of adoption is at the Department level for the General Fund and at the fund level for the Special Revenue Funds. Special Revenue funds are expended through the Capital Projects Fund; therefore, the budgeted expenses are reflected as Operating Transfers in the report.

The City's accounting records for general government operations are maintained on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when the services or goods are received and the liabilities incurred. The City also maintains an encumbrance accounting system where the encumbrance of purchase order amounts is made prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance on June 30, 2003, and reappropriated in the next fiscal year.

Cash Management

Idle cash is invested in the Local Agency Investment Fund. On June 30, 2003, the City's portfolio consisted of 100% Local Agency Investment Fund. Total interest earned for all funds approximated \$7.0 million including \$2.6 million in interest paid to the City by the Redevelopment Agency. The average yield for the City during fiscal year ended June 30, 2002 was 2.2%.

Risk Management

The City of Lancaster maintains commercial coverage for property damage, earthquake, special event, and \$10 million liability insurance coverage with a \$50,000 self-insured retention. City Safety and Risk Management committees, along with a risk management consultant, actively review the City's claim activity and exposure to hazards and lawsuits, and recommends changes and

improvements to reduce our future exposure to loss. Due to the recent skyrocketing of workers compensation insurance rates in California, the City has joined the SCRMA risk pool, whereby we are able to reduce our costs over 30%, while maintaining roughly the same risk of loss.

All contractors are required to include the City as an additional insured on their coverage, and all work in the City right-of-way must be done by permit and have "hold harmless" clauses in all permits and contracts. Groups or individuals renting City facilities may purchase liability coverage along with their application fees for facility use as they are required to show proof of insurance and the naming of the City as additional insured for a minimum of \$1,000,000.

OTHER INFORMATION

Independent Audit

The City requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. This report was prepared with the assistance of the auditor, the independent certified public accounting firm of Lance, Soll, and Lunghard. The auditor's opinion is included in this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lancaster for its comprehensive annual financial report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Lancaster has received a Certificate of Achievement for the last seventeen (17) consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA.

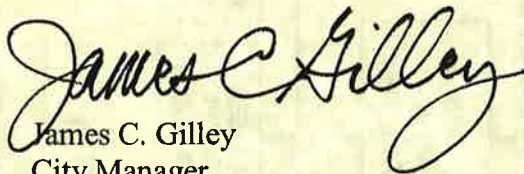
The City received the GFOA Award of Excellence, its most prestigious award (only 5 were awarded in 1996 throughout the US and Canada), which recognizes the most valuable contribution to the field of government finance, with particular focus upon transferability, creativity, technical significance and overall value to the profession. The award was for the Urban Structure Program, a computerized fiscal model that promotes efficient urban development patterns and equitable infrastructure and facility financing. It is the first program to address the costs of providing and maintaining municipal facilities and services in a comprehensive manner, identifying costs and assessing them to those developments that will be creating the needs.

The Government Finance Officers Association of the United States and Canada (GFOA) again awarded a Distinguished Budget Presentation Award to the City of Lancaster for Fiscal Year 2002-2003. This is the highest form of recognition in governmental budgeting, and represents a significant achievement by any organization. The document is judged by an independent, anonymous panel of experts in the field of finance and budgeting. In order to receive the budget award, Lancaster had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well a government's budget serves as a policy document, a financial plan, an operations guide and a communications device. The California Society of Municipal Finance Officers likewise awarded the City of Lancaster the Certificate of Award - Excellence in Operational Budgeting.

Acknowledgments

The preparation of this document is the result of the hard work of the entire Finance Department staff. Their efforts, coupled with the assistance of our auditors, have culminated in the timely completion of this report. We are pleased with the product and wish to thank all involved. Special appreciation goes to the members of the City Council for their continuing interest and support in the financial activities of the City. The financial success of the City of Lancaster is greatly attributable to the City Council's progressive and responsible manner in addressing the business of the municipality.

Respectfully submitted,

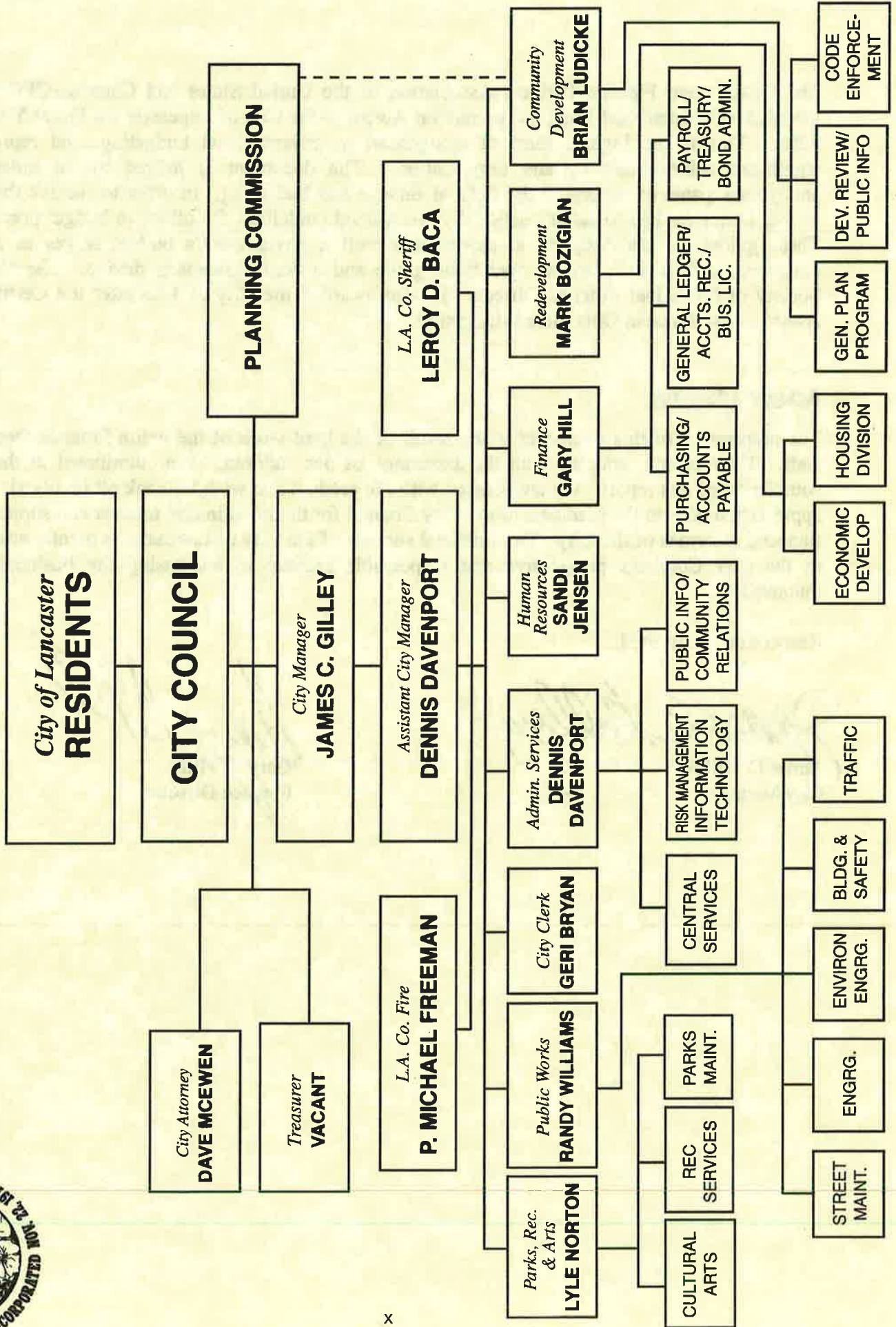

James C. Gilley
City Manager


Gary G. Hill
Finance Director



City of Lancaster

2003 Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lancaster,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



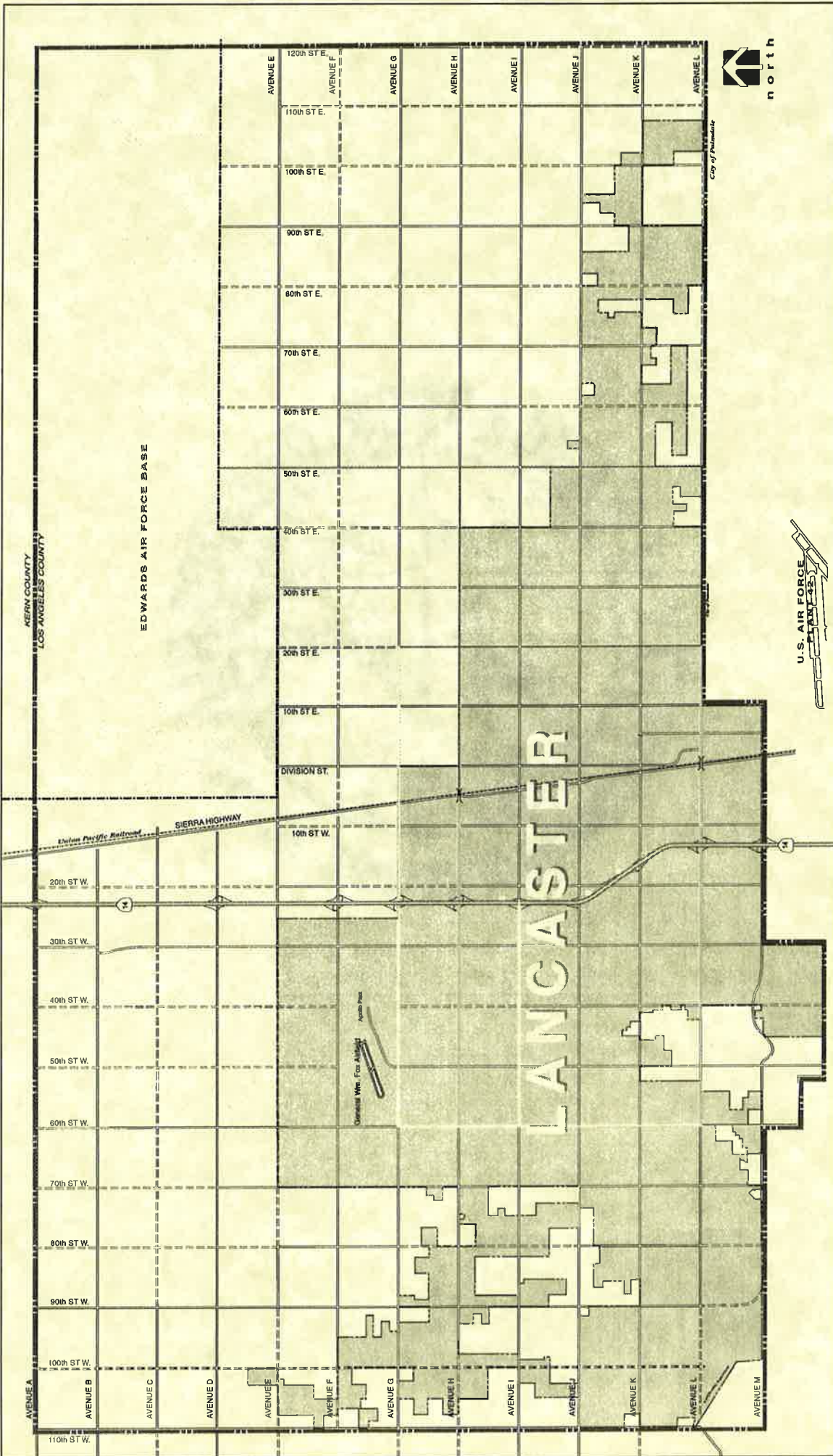
President

Executive Director



CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES





INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, California, as of and for the year ended June 30, 2003, 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 of Lancaster'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 *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2003.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, California, as of June 30, 2003, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2003 on our consideration of the City of Lancaster's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.





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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual fund statements, schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Lance, Soll & Lunghard, LLP

August 29, 2003

Management's Discussion and Analysis

As management of the City of Lancaster, we offer readers of the City of Lancaster's financial statements this narrative overview and analysis of the financial activities of the City of Lancaster for the fiscal year ended June 30, 2003. Since this is the first year of GASB 34 reporting there will be limited analysis of the financial results based on prior year comparison. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The program and general revenues were \$92,045,241.
- The cost of governmental activities was \$91,657,837.
- The General Fund reported excess revenues over expenditures of \$3,075,670.
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) exceeded final budget by \$4,327,697 while actual appropriations (outflows) were \$7,022,904 less than budget.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lancaster's basic financial statements. The City of Lancaster's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Lancaster's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Lancaster'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 of Lancaster is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent 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 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 government-wide financial statements distinguish functions of the City of Lancaster that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lancaster include General Government, Public Safety, Public Works, and Parks and Recreation.

The government-wide financial statements include the blending of separate legal entities--the Lancaster Redevelopment Agency and the Lancaster Housing Authority. Although legally separate, these "component units" are important because the City of Lancaster is financially accountable for them.

Fund 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 of Lancaster, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Lancaster can be divided into two categories: Governmental Funds and Fiduciary Funds.

**City of Lancaster
Management's Discussion and Analysis (Continued)**

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 statements, governmental fund financial statements focus on near-term and outflows of spendable resource, 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 financing requirements.

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.

The City of Lancaster maintains thirty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, two capital project funds and one debt service fund, all of which are considered to be major funds. Data from the other thirty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Lancaster adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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 statement because the resources of those funds are not available to support the City of Lancaster'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 statement.

Combining Statements. The combining statements referred to earlier in connection with non-major governmental are presented immediately following the notes.

Government-wide Financial Analysis

Our analysis focuses on the net assets and changes in net assets of the City's governmental activities.

**City of Lancaster Asset Type
(in Thousands)**

Land	\$ 9,521
Buildings and Improvements	27,279
Furniture and Equipment	311
Infrastructure	6,952
Construction in Progress	<u>14,806</u>
Net Capital Assets	<u>\$ 58,869</u>

**City of Lancaster
Management's Discussion and Analysis (Continued)**

- The City of Lancaster uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
- Long-term debt outstanding increased due to the refunding of long-term bonded debt (\$21,537,720).
- Investments increased \$5,372,412 as a result of the additional bond proceeds from the refunded long-term debt.

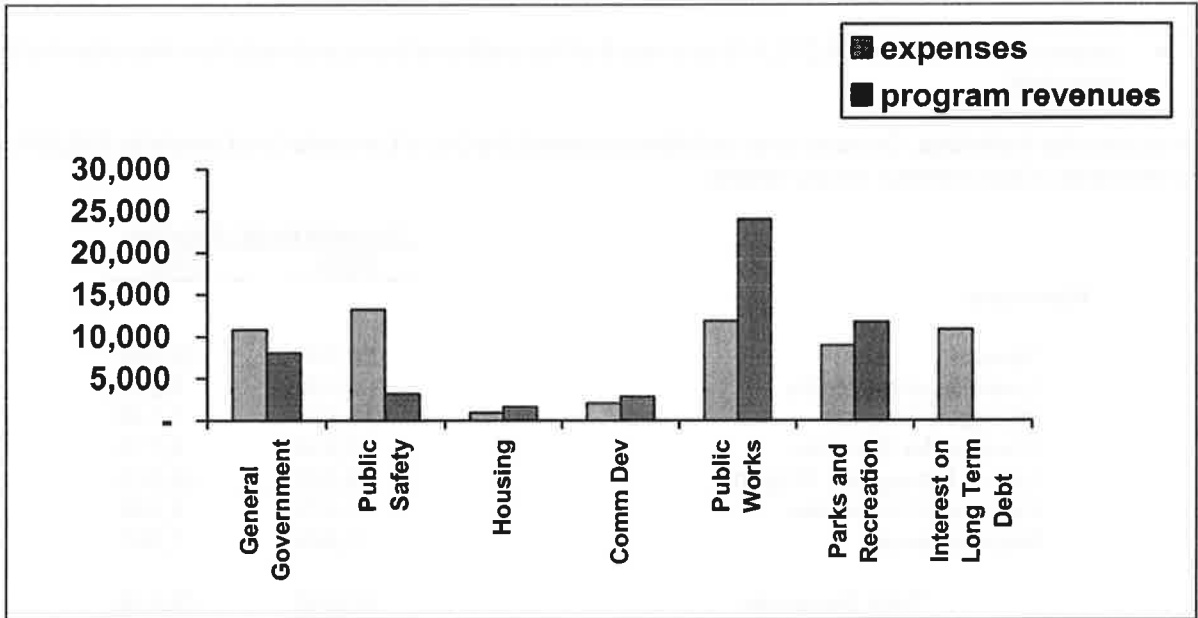
Governmental Activities. Governmental activities increased the City of Lancaster's net assets by \$38,381,426. Key elements of the increase are as follows:

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Revenues		
Taxes:	31,949	29,362
Licenses and Permits	8,939	6,265
Intergovernmental	36,674	1,148
Charges for Services	4,634	5,715
Use of Money and Property	5,929	28,023
Fines and Forfeitures	1,476	4,238
Miscellaneous	2,445	1,667
Total Revenues	<u>92,046</u>	<u>76,418</u>
Expenses		
General Government	10,822	9,661
Public Safety	13,224	12,789
Public Works	11,868	8,742
Parks and Recreation	8,944	10,724
Housing	929	644
Community Development	2,074	1,160
Interest on Long Term Debt	<u>10,878</u>	<u>13,007</u>
Total Expenses	<u>58,739</u>	<u>56,727</u>
Increase in Net Assets	<u>\$ 33,307</u>	<u>\$ 19,691</u>

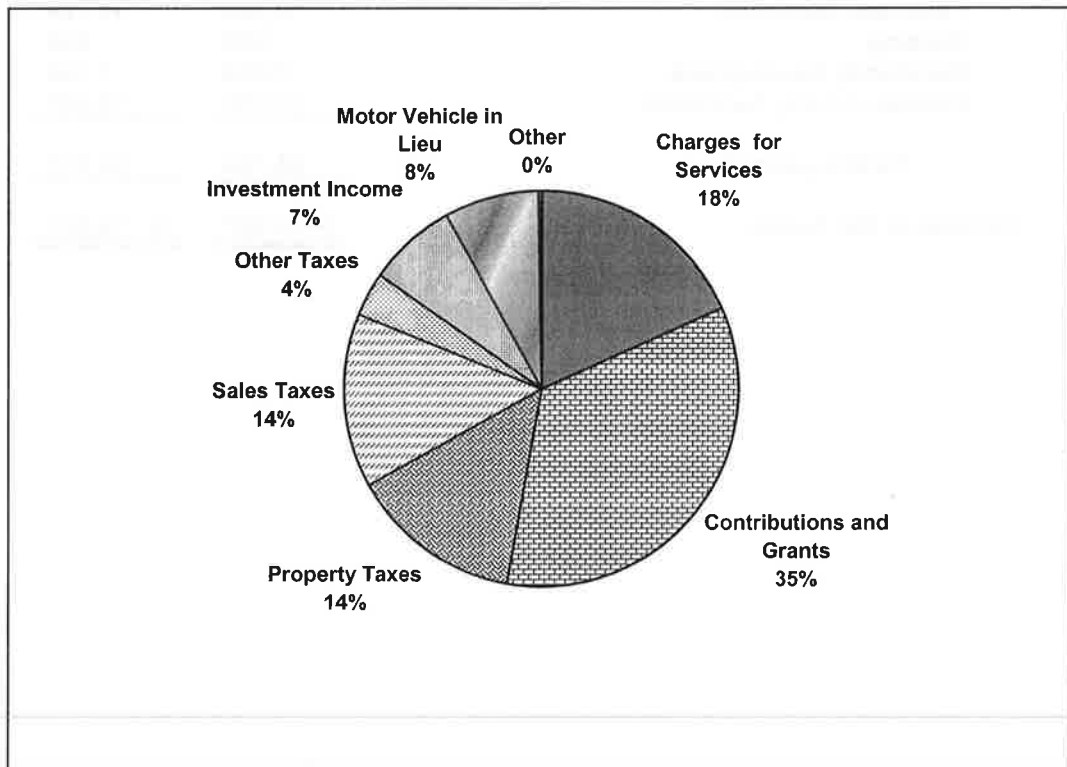
**City of Lancaster
Management's Discussion and Analysis (Continued)**

City of Lancaster Changes in Net Assets

The City's total revenues are \$92,045,241 while the costs of all programs and services are \$58,740,100.



**City of Lancaster Government Activities
Revenue by Source**



**City of Lancaster
Management's Discussion and Analysis (Continued)**

**City of Lancaster Governmental Activities
(in Thousands)**

The following presents the cost of each of the City's five largest programs—general government, public safety, public works parks and recreation and interest on long-term debt—as well as each program's *net cost* (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

- Public works includes expenditures for the City's Redevelopment Agency.

	<u>Total Cost of Services</u> 2003	<u>Net Cost of Services</u> 2003
General Government	\$ 10,823	\$ (2,803)
Public Safety	13,224	(10,028)
Public Works	11,868	2,805
Parks and Recreation	8,943	12,112
Interest on Long-term Debt	<u>10,878</u>	<u>(10,878)</u>
Totals	<u>\$ 55,736</u>	<u>\$ (8,792)</u>

- The net cost of services indicates that the overall cost of government is more than the revenues generated to support it. The City is not fully recovering the cost of these services with program revenues from user fees and other contributions. See the Statement of Activities for further detail on program revenues and general revenues.

Financial Analysis of the City's Funds

The City of Lancaster uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Lancaster's governmental funds reported combined ending fund balances of \$69 million.

The general fund is the chief operating fund of the City of Lancaster. At the end of the current fiscal year, excluding operating transfers, the General Fund had revenues over expenditures of \$3,075,670.

**City of Lancaster
Management's Discussion and Analysis (Continued)**

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$4,022,904 less than the final budget. The budget to actual variance in appropriations was principally due to close control by management. Actual revenues compared very favorably to the final budget with a \$4,327,697 excess before transfers. Budget amendments and supplemental appropriations were made during the year to increase appropriations for unanticipated expenditures after adoption of the original budget in the amount of \$1,045,978.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2003, the City had \$58.9 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment.

The City's Capital Improvement Plan projects spending another \$37.5 million through fiscal 2003-04. Funding will come from current fund balances and projected revenues. The most significant projects include construction of storm drain improvements, reconstruction of streets and recreation facilities. In addition, the Agency will participate in affordable housing projects funded from the Redevelopment Agency Low and Moderate Housing Fund.

Long-term Debt. The City of Lancaster has not used the capital markets for financing the construction of its infrastructure. However, the Lancaster Redevelopment Agency, as with all redevelopment agencies in the State of California, must incur debt in order for it to receive the tax increment flow necessary for it to be viable. The Agency has made extensive use of its ability to issue tax allocation bonds and notes in the marketplace. These notes have been used to finance projects that will enhance the community's prospects for attracting new or expanding existing businesses. On June 30, 2003, the Lancaster Redevelopment Agency had \$180,410,000 in Tax Allocation Bonds and Notes outstanding, of which County entities and local School Districts account for \$44,200,000, Mobile Home Parks account for \$3,090,000 and the Agency is responsible for \$133,120,000. As of June 30, 2003, the City of Lancaster had accrued employee benefits outstanding of \$1,411,042.

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Tax Allocation Bonds	\$ 180,410	\$ 157,745
Accrued Employee Benefits	<u>1,411</u>	<u>1,378</u>
Totals	<u>\$ 181,821</u>	<u>\$ 159,123</u>

Standard & Poor's Corporation and Moody's Investors Service have assigned the tax allocation bonds ratings of "AAA" and "AAA" upon their issuance.

Economic Factors and Next Year's Budgets and Rates

Budgetary revenue estimates have been prepared using a variety of methods. Certain revenue sources, such as Federal and State grants and transportation funds are relatively fixed and known. State subventions (vehicle-in-lieu taxes) and gas tax funds estimates were the biggest unknowns because the state failed to adopt a budget prior to July 1, 2003. In order to adopt a fiscally sound budget, the assumption was made that significant cuts in state subventions would be made. Other revenues, such as recreation fees, are stable and based on the number of programs planned.

**City of Lancaster
Management's Discussion and Analysis (Continued)**

The largest single source of revenue for the City's General Fund is sales tax. Sales tax represents 33% of all General Fund revenues; for the upcoming fiscal year, a 3% growth in sales tax has been projected. The revenue and expenditure projections for development related activity are based upon local and regional economic forecasts and trends. Overall the budget is based on the information supplied by outside agencies, such as the State Department of Finance, State Board of Equalization, and the Los Angeles County Assessor's Office, to predict revenues. The revenue and expenditure projections are intended to serve as a guide in planning for the future.

The assumption used for forecasting expenditures includes increases of 2.5%-3.5% in labor costs due to a rate adjustment that was effective June 29, 2003. Overall personnel costs have grown from 40.4% to 43.7% of the General Fund budget, largely due to substantial increases in workers compensation insurance and other employer paid insurance premiums. Expenditures for the City's Community Safety program, which includes payment for the Los Angeles County Sheriff's services, have been projected to increase at a rate of 3.4%. Also taken into consideration are any costs for contracted services in which the City has an agreement with the provider where the fees are to remain constant for a specified number of years.

A priority of the City is to maintain a high quality of services while adopting a balanced budget. Once again the proposed budget is balanced and conservative in a highly volatile fiscal environment.

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gary Hill, Finance Director, at the City of Lancaster, 44933 Fern Avenue, Lancaster, CA 93534, or by phone at (661) 723-6035.





CITY OF LANCASTER

Exhibit A

STATEMENT OF NET ASSETS
JUNE 30, 2003

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 56,616,706
Receivables:	
Accounts	1,076,236
Taxes	1,808,730
Contract and notes	9,441,587
Accrued interest	278,605
Deferred loans	111,079
Prepaid costs	110,790
Inventories	15,061
Unamortized debt issuance costs	3,722,433
Due from other governments	12,085,279
Land held for resale	26,795,489
Restricted assets:	
Cash and investments	2,346,980
Cash with fiscal agent	16,051,863
Capital assets, net of depreciation	<u>58,869,862</u>
Total Assets	<u>189,330,700</u>
Liabilities:	
Accounts payable	6,694,908
Accrued liabilities	540,066
Accrued interest	2,325,678
Deferred revenue	930,323
Deposits payable	1,087,485
Due to other governments	9,743,200
Noncurrent liabilities:	
Due within one year	2,740,000
Due in more than one year	<u>193,190,011</u>
Total Liabilities	<u>217,251,671</u>
Net Assets:	
Invested in capital assets, net of related debt	58,869,862
Restricted for:	
Community development projects	3,781,783
Public safety	202,921
Capital projects	13,843,424
Unrestricted	<u>(104,618,961)</u>
Total Net Assets	<u>\$ (27,920,971)</u>

See Notes to Financial Statements

CITY OF LANCASTER

Exhibit B

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Contributions and Grants	
Primary Government:				
Governmental Activities:				
General government	\$ 10,822,535	\$ 729,714	\$ 7,289,844	\$ -
Public safety	13,223,818	1,716,185	1,443,868	35,392
Housing	929,192	1,596,605	-	-
Community development	2,074,306	1,174,477	1,663,735	-
Parks and recreation	8,943,756	2,502,180	1,410,866	7,836,398
Public works	11,868,217	10,056,549	10,265,343	3,658,500
Interest on long-term debt	10,878,276	-	-	-
Total Governmental Activities	\$ 58,740,100	\$ 17,775,710	\$ 22,073,656	\$ 11,530,290
				(7,360,444)

General Revenues:

Taxes:

Property taxes, levied for general purpose	13,581,456
Transient occupancy taxes	1,092,648
Sales taxes	13,819,915
Franchise taxes	2,115,310
Business licenses taxes	325,723
Other taxes	39,042
Motor vehicle in lieu	7,475,065
Use of money and property	7,046,681
Gain on sale of assets	93,017
Other	153,013
Total General Revenues	45,741,870

Change in Net Assets	38,381,426
Net Assets at Beginning of Year	131,486,089
Restatement of Net Assets	(197,788,486)
Net Assets at End of Year	\$ (27,920,971)

See Notes to Financial Statements

CITY OF LANCASTER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003

	General	Capital Projects	
		Capital Outlay	Lancaster Redevelopment Agency
Assets:			
Pooled cash and investments	\$ 8,049,872	\$ 1,655,498	\$ 29,517,866
Receivables:			
Accounts	326,603	35,542	71,225
Taxes	437,225	-	237,204
Contract and notes	-	-	3,980,187
Accrued interest	278,605	-	-
Deferred loans	-	-	-
Prepaid costs	110,790	-	-
Due from other governments	2,571,191	-	389,199
Due from other funds	10,238,741	-	1,206,036
Advances to other funds	87,605,917	-	5,246,009
Inventories	15,061	-	-
Land held for resale	300,925	-	25,342,900
Restricted assets:			
Cash and investments	-	-	14,017
Cash and investments with fiscal agents	-	-	1,097,408
Total Assets	\$ 109,934,930	\$ 1,691,040	\$ 67,102,051
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 3,227,325	\$ 1,591,272	\$ 242,775
Accrued liabilities	540,066	-	-
Due to other funds	161,582	-	-
Deferred revenues	32,420,010	-	51,003
Advances from other funds	-	-	87,605,917
Deposits payable	975,945	-	61,266
Due to other governments	-	-	4,568
Total Liabilities	37,324,928	1,591,272	87,965,529
Fund Balances:			
Reserved:			
Reserved for encumbrances	390,150	-	24,260,256
Reserved for inventories	15,061	-	-
Reserved for prepaid costs	110,790	-	-
Reserved for land held for resale	300,925	-	28,240,443
Reserved for advances to other funds	56,065,225	-	3,980,187
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Designated for legal claims	671,306	-	-
Designated for employee benefits	1,508,283	-	-
Designated for emergency repairs	9,107	-	-
Designated for building replacement	401,581	-	-
Designated for City liabilities	3,187	-	-
Designated for debt service	-	-	-
Undesignated	13,134,387	99,768	(77,344,364)
Total Fund Balances	72,610,002	99,768	(20,863,478)
Total Liabilities and Fund Balances	\$ 109,934,930	\$ 1,691,040	\$ 67,102,051

See Notes to Financial Statements

Exhibit C

<u>Debt Service Lancaster Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 17,393,470	\$ 56,616,706
-	642,866	1,076,236
1,134,301	-	1,808,730
-	5,461,400	9,441,587
-	-	278,605
-	111,079	111,079
-	-	110,790
-	9,124,889	12,085,279
-	-	11,444,777
-	-	92,851,926
-	-	15,061
-	1,151,664	26,795,489
2,332,963	-	2,346,980
13,242,215	1,712,240	16,051,863
\$ 16,709,479	\$ 35,597,608	\$ 231,035,108
\$ 1,383,688	\$ 249,848	\$ 6,694,908
-	-	540,066
1,044,454	10,238,741	11,444,777
-	7,091,171	39,562,184
-	5,246,009	92,851,926
-	50,274	1,087,485
4,277,232	5,461,400	9,743,200
6,705,374	28,337,443	161,924,546
-	-	24,650,406
-	-	15,061
-	-	110,790
-	1,151,664	29,693,032
-	-	60,045,412
-	4,407,262	4,407,262
-	1,022,435	1,022,435
-	678,804	678,804
-	-	671,306
-	-	1,508,283
-	-	9,107
-	-	401,581
-	-	3,187
10,004,105	-	10,004,105
-	-	(64,110,209)
10,004,105	7,260,165	69,110,562
\$ 16,709,479	\$ 35,597,608	\$ 231,035,108

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2003**

Fund balances of governmental funds	\$ 69,110,562
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	58,869,862
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Bonds and Notes Payable	(190,796,536)
Compensated Absences	(1,411,042)
Accrued interest payable for the current portion of interest due on Notes and Bonds has not been reported in the governmental funds.	(2,325,678)
Certain revenues are reported as deferred revenue in the governmental funds because the revenue recognition criteria have not been met, however, they are included as revenue in the governmental fund activity under accrual basis of accounting.	<u>38,631,861</u>
Net assets of governmental activities	<u><u>\$ (27,920,971)</u></u>



CITY OF LANCASTER

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003

	General	Capital Projects Funds	
		Capital Outlay	Lancaster Redevelopment Agency
Revenues:			
Taxes	\$ 21,246,954	\$ -	\$ 6,416,829
Licenses and permits	4,256,562	-	-
Intergovernmental	9,065,807	-	-
Charges for services	974,894	-	-
Use of money and property	189,467	-	3,250,331
Fines and forfeitures	1,476,522	-	-
Miscellaneous	2,251,200	-	39,042
Total Revenues	39,461,406	-	9,706,202
Expenditures:			
Current:			
General government	6,280,066	-	2,337,177
Public safety	11,374,238	-	1,762,080
Housing	-	-	-
Community development	2,025,672	-	-
Parks and recreation	8,178,638	-	-
Public works	8,260,675	-	-
Capital outlay	194,104	23,350,619	-
Debt service:			
Principal retirement	58,012	-	900,000
Interest and fiscal charges	14,331	-	2,636,016
Debt issuance costs	-	-	3,773,805
Total Expenditures	36,385,736	23,350,619	11,409,078
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,075,670	(23,350,619)	(1,702,876)
Other Financing Sources (Uses):			
Transfers in	2,313,141	23,350,387	-
Transfers out	(867,677)	-	(85,011,959)
Refunding bonds issued	-	-	101,575,000
Payment to refunded bond escrow agent	-	-	-
Bond issuance premium	-	-	5,380,526
Total Other Financing Sources (Uses)	1,445,464	23,350,387	21,943,567
Net Change in Fund Balances	4,521,134	(232)	20,240,691
Fund Balances, Beginning of Year,	68,088,868	100,000	51,230,351
Restatements	-	-	(92,334,520)
Fund Balances, Beginning of Year, as restated	68,088,868	100,000	(41,104,169)
Fund Balances, End of Year	\$ 72,610,002	\$ 99,768	\$ (20,863,478)

See Notes to Financial Statements

Exhibit E

<u>Debt Service Fund</u>		
<u>Lancaster Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,285,043	\$ -	\$ 31,948,826
-	4,681,976	8,938,538
3,776,536	23,831,718	36,674,061
-	3,659,206	4,634,100
430,895	2,057,968	5,928,661
-	-	1,476,522
-	154,291	2,444,533
<u>8,492,474</u>	<u>34,385,159</u>	<u>92,045,241</u>
574,120	1,416,272	10,607,635
-	67,630	13,203,948
-	929,192	929,192
-	-	2,025,672
-	-	8,178,638
-	2,932,793	11,193,468
-	-	23,544,723
3,845,000	1,100,000	5,903,012
8,988,823	658,574	12,297,744
-	-	3,773,805
<u>13,407,943</u>	<u>7,104,461</u>	<u>91,657,837</u>
<u>(4,915,469)</u>	<u>27,280,698</u>	<u>387,404</u>
85,011,959	1,379,532	112,055,019
-	(26,175,383)	(112,055,019)
-	-	101,575,000
(78,410,575)	-	(78,410,575)
-	-	5,380,526
<u>6,601,384</u>	<u>(24,795,851)</u>	<u>28,544,951</u>
<u>1,685,915</u>	<u>2,484,847</u>	<u>28,932,355</u>
8,318,190	3,748,680	131,486,089
-	1,026,638	(91,307,882)
8,318,190	4,775,318	40,178,207
<u>\$ 10,004,105</u>	<u>\$ 7,260,165</u>	<u>\$ 69,110,562</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003**

Net change in fund balances - total governmental funds	\$ 28,932,355
 Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	21,854,183
Long-term debt transactions reported as expenditures and other financing sources and uses in the governmental funds are reported as changes to long-term debt.	(18,857,096)
Accrued interest for notes and bonds payable. This is the net change in accrued interest for the current period.	1,408,431
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(32,732)
Certain revenues are reported as deferred revenue in the governmental funds because the revenue recognition criteria have not been met, however, they are included as revenue in the governmental fund activity under accrual basis of accounting.	<u>5,076,285</u>
Change in net assets of governmental activities	<u><u>\$ 38,381,426</u></u>

CITY OF LANCASTER

Exhibit G

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2003**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 68,088,868	\$ 68,088,868	\$ 68,088,868	\$ -
Resources (Inflows):				
Taxes	20,330,000	20,330,000	21,246,954	916,954
Licenses and permits	1,820,000	1,820,000	4,256,562	2,436,562
Intergovernmental	7,288,900	7,573,831	9,065,807	1,491,976
Charges for services	1,410,650	1,410,650	974,894	(435,756)
Use of money and property	300,000	300,000	189,467	(110,533)
Fines and forfeitures	1,170,000	1,170,000	1,476,522	306,522
Other	268,974	268,974	2,251,200	1,982,226
Transfers from other funds	3,812,348	4,573,395	2,313,141	(2,260,254)
Amounts Available for Appropriation	104,489,740	105,535,718	109,863,415	4,327,697
Charges to Appropriation (Outflow):				
General government	5,989,032	6,247,276	6,280,066	(32,790)
Public safety	11,921,426	11,921,426	11,374,238	547,188
Community development	2,425,496	2,367,496	2,025,672	341,824
Parks and recreation	7,798,152	7,892,427	8,178,638	(286,211)
Public works	8,585,797	8,724,097	8,260,675	463,422
Capital outlay	194,610	194,610	194,104	506
Debt service:				
Principal	58,012	58,012	58,012	-
Interest and fiscal charges	16,088	16,088	14,331	1,757
Transfers to other funds	3,227,103	3,854,885	867,677	2,987,208
Total Charges to Appropriations	40,215,716	41,276,317	37,253,413	4,022,904
Budgetary Fund Balance, June 30	\$ 64,274,024	\$ 64,259,401	\$ 72,610,002	\$ 8,350,601

See Notes to Financial Statements

CITY OF LANCASTER

Exhibit H

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003

Assets:	
Cash and investments	\$ 4,632,523
Receivables (net of allowance for uncollectibles):	
Accounts	2,520
Cash with fiscal agent	<u>2,618,474</u>
Total Assets	<u>\$ 7,253,517</u>
Liabilities:	
Accounts payable	\$ 11,811
Deposits	1,094,539
Due to bond holders	<u>6,147,167</u>
Total Liabilities	<u>\$ 7,253,517</u>

CITY OF LANCASTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Lancaster was incorporated on November 22, 1977 under the laws of the State of California and enjoys all the rights and privileges applicable to a general law City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Lancaster (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City:

Component Units:

Lancaster Redevelopment Agency
Lancaster Housing Authority
Lancaster Community Services Foundation

Blended Component Units

The Redevelopment Agency was established pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Lancaster.

The Housing Authority was formed for the purpose of providing affordable, decent housing for lower income residents of the City of Lancaster. The Authority operates certain mobile home parks within the City.

The Lancaster Community Services Foundation was formed to provide certain community services to the residents of the City.

Although these component units are legally separate from the City of Lancaster, they are reported as if they were part of the primary government because the governing boards of these component units are the same as the primary government. Furthermore, the purpose of these component units is to provide a safe and more efficient service for the residents of Lancaster.

GASB Statement No. 34

The City implemented the provisions of GASB Statement No. 34, which requires a new financial statement presentation, in fiscal year 2002-2003. The details of the new reporting model are stated in the following paragraphs.

City of Lancaster
Notes to Financial Statements (Continued)

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Capital Outlay Fund - to account for the capital improvement projects of the City.

Lancaster Redevelopment Agency - Capital Project Fund - to account for the general redevelopment operations of the City's Redevelopment Agency.

Lancaster Redevelopment Agency - Debt Service Fund - to account for the accumulation of resources for, and the payment of, principal and interest on the Tax Allocation notes and bonds issued by the Redevelopment Agency.

The Agency Funds used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments. The City reports the following Agency Funds:

Assessment District Funds: To account for the City, acting in the capacity as an agent, for various 1915 Act Assessment District Bonds.

Community Facilities Districts: To account for collection of special assessments within the Mello-Roos District to provide public waterworks improvements and basic infrastructure within the Districts.

Agency: To account for various performance and construction deposits.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed

d. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City pools idle cash from all funds for the purpose of increasing income through investment activities.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in March preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

3. Inventories and Prepaid Items

Inventories of materials and supplies are carried at cost on a moving average basis. The City uses the consumption method of accounting for inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by City resolution.

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$250 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired in the current year. As the City is still in the process of compiling the necessary data, and as permitted under GASB Statement No. 34, the City has not reported any prior year infrastructure assets.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	40
Machinery and equipment	7
Public domain infrastructure	50
Construction-in-progress	N/A

6. Land Held for Resale

The City of Lancaster and the Lancaster Redevelopment Agency has acquired several parcels of land as part of its primary purpose to develop or redevelop blighted properties. The City records these parcels as land held for resale in its financial records. The property is being carried in the General Fund and the Lancaster Redevelopment Agency Capital Projects Fund at a net realizable value, which is equal to cost. At June 30, 2003, net realizable value for land held for resale totaled \$300,925 in the General Fund, \$1,151,664 in the Housing and Community Development Fund and \$25,342,900 in the Capital Projects Fund with this amount offset by a reservation of fund balance.

7. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than twice his regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Accrued sick leave may be accumulated without limit. Employees resigning in good standing from City service shall receive up to a maximum of 50% of unused sick leave.

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. 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 bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Comparative Data/Reclassifications

Comparative total data for the prior year have not been presented because this is the first year the City is reporting its financial statements under GASB Statement No. 34. Comparative total data will be presented in future years as they become available.

Note 2: Reconciliation of Government-Wide and Fund Financial Statements

- a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes a reconciliation between fund balance - governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debts and compensated absences from the general long-term debt account group have not been included in the governmental fund activity". The detail of the \$190,796,536 long-term debt difference is as follows:

Tax allocation bonds payable	\$ 180,410,000
Revenue bonds payable	8,880,000
Loans payable	3,090,000
Capitalized leases payable	166,428
Unamortized bond premium	5,307,231
Unamortized bond defeasance loss	(3,334,690)
Unamortized bond issuance costs	<u>(3,722,433)</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ 190,796,536</u>

- b. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 2: Reconciliation of Government-Wide and Fund Financial Statements (Continued)

report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$21,854,183 difference are as follows:

Capital Outlay	\$ 23,350,619
Depreciation Expense	<u>(1,496,436)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 21,854,183</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds". Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this (\$18,857,096) difference are as follows:

Debt Issued or Incurred:	
Tax Allocation bonds	\$ (101,575,000)
Bond issuance costs	3,773,805
Bond premiums	(5,380,525)
Principal Repayments:	
Tax allocation bonds	3,845,000
Revenue bonds	250,000
Loans payable	1,750,000
Capital leases payable	58,012
Payment to escrow agent for refunding	78,410,575
Amortization of bond premium	73,294
Amortization of bond issuance costs	(51,372)
Amortization of bond defeasance loss	<u>(10,885)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ (18,857,096)</u>

II. STEWARDSHIP

Note 3: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. Expenditures may not exceed appropriations at the function level. At fiscal year end, all unencumbered operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 3: Stewardship, Compliance and Accountability (Continued)

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

- b. Excess of expenditures over appropriations by department in individual funds are as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
General Government	\$ 6,280,066	\$ 6,247,276	\$ 32,790
Parks and Recreation	8,178,638	7,892,427	286,211
Special Revenue Funds:			
Community Services:			
General government	202,554	180,000	22,554
Lighting District:			
Public works	2,129,087	2,004,000	125,087
C.O.P.S. Grant:			
Public safety	67,630	60,000	7,630
Capital Projects Fund:			
Lancaster Redevelopment Agency:			
Debt service	7,309,821	900,000	6,409,821
Debt Service Fund:			
Lancaster Redevelopment Agency:			
Debt service	12,833,823	12,470,000	363,823

- c. The following fund contained deficit fund balances as of June 30:

	<u>Deficit Amount</u>
Special Revenue Fund:	
Roberti Zberg	\$ 324,852
Bikeway Improvement	26,374
Traffic Impact	4,197,426
Lighting District	73,328
Proposition C	368,658
Tea 21	4,242,773
CCA Fairground Construction	1,843,694
Federal State Country Park Grant	816,733
EDI Grant	443,282
Capital Projects Fund:	
Lancaster Redevelopment Agency	41,104,169

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 3: Stewardship, Compliance and Accountability (Continued)

In the Traffic Impact Fees Fund, the deficit fund balance will be eliminated in future years by future Traffic Impact Fees, see Note 11 for further information.

Reimbursement for CCA Fairgrounds Construction and State Park Bond and TEA 21 construction expenses incurred in fiscal year 2002-2003 has been requested and is pending receipt. The deficit fund balances for these grants are a result of required changes in reporting for Cost Reimbursable Grants.

In the Lancaster Redevelopment Agency Capital Project Fund, the deficit fund balance occurred because of changes in reporting City loans in the fund, this change is made in conjunction with implementation of GASB 34.

III. DETAIL NOTES ON ALL FUNDS

Note 4: Deposits and Investments

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

At June 30, 2003, cash and investments were reported as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash and investments	\$ 56,616,706	\$ 4,632,523	\$ 61,249,229
Cash and investments with fiscal agent	16,051,863	2,618,474	18,670,337
Restricted cash and investments	2,346,980	-	2,346,980
Total Cash and Investments	\$ 75,015,549	\$ 7,250,997	\$ 82,266,546

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

Interest income earned on pooled cash and investments is allocated to the various funds based on the cash balances. Interest income from cash and investments with fiscal agent and in the deferred compensation plan is credited directly to the related fund.

Pooled Cash and Non-Negotiable Certificates of Deposit

All pooled cash and nonnegotiable certificates of deposit are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits.

The City may waive collateral requirements for deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 4: Deposits and Investments (Continued)

Cash and Investments with Fiscal Agent

The City has monies held by fiscal agents pledged to the payment or security of bonds payable of the Lancaster Redevelopment Agency. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of these bonds, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its fiscal agent may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy.

Restricted Cash and Investments

Restricted cash and investments are maintained as part of the City of Lancaster's cash and investment pool. These amounts represent unexpended bond proceeds and interest earnings from Lancaster Redevelopment Agency Project Area No. 5, School District Tax Allocation Notes, Issue of 1991 and Project Area No. 6, School District Tax Allocation Notes, Issue of 1991.

Credit Risk, Carrying Amount, and Market Value of Deposits

Deposits of the City are summarized below. The deposits are classified as to credit risk by three categories as follows: Category 1 includes deposits that are insured or collateralized, with the securities held by the City or its agent in the City's name; Category 2 includes deposits which are uninsured but which are collateralized with the securities held by the pledging financial institution's trust department in the City's name; Category 3 includes deposits which are uninsured and uncollateralized, or collateralized with securities held by the pledging financial institutions, or by its safekeeping department or agent but not in the City's name.

	Category			Bank Balance	Carrying Value
	1	2	3		
Cash in Bank	\$ 236,369	\$4,957,986	\$ -	\$5,194,355	\$2,649,190

Authorized Investments

Under provisions of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Certificates of Deposit
- Local Agency Investment Fund (State Pool) Deposits
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- U. S. Government Securities
- Money Market Funds

Unclassified Investment

Investment in State Treasury's Investment Pool and Money Market Funds cannot be assigned a credit risk category because the City does not own specific securities. However, the fund's investment policies and practices with regard to the credit and market risks have been determined acceptable to the City's investment policies. The State Treasurer's office audits LAIF annually. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members in accordance with the State statute. The County Treasury's Investment Pool is overseen by County Board of Supervisors. The fair value of the position in the State and County Investment Pool is the same as the value of the pool shares.

City of Lancaster
Notes to Financial Statements (Continued)

Note 4: Deposits and Investments (Continued)

	<u>Fair Value</u>
Investment in State Treasury's Investment Pool	\$ 60,947,019
Investment Agreements and Money Market	<u>18,670,337</u>
Totals	<u>\$ 79,617,356</u>

Note 5: Rehabilitation Loans

During fiscal year 1991-92, the City of Lancaster and the Redevelopment Agency initiated several rehabilitation loan programs. These loans are secured by a deed of trust on the property involved and are payable when the property is sold or otherwise changes ownership. No interest rate is present on these loans. As of June 30, 2003, \$9,441,587 of these loans had been made.

Note 6: Capital Assets

Capital asset activity for the year ended June 30 was as follows:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Adjusted Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 8,360,943	\$ -	\$ 8,360,943	\$ 1,160,119	\$ -	\$ 9,521,062
Construction-in-progress	-	-	-	14,806,436	-	14,806,436
Total Capital Assets, Not Being Depreciated	<u>8,360,943</u>	<u>-</u>	<u>8,360,943</u>	<u>15,966,555</u>	<u>-</u>	<u>24,327,498</u>
Capital assets, being depreciated:						
Structures and improvements	45,436,262	-	45,436,262	249,972	-	45,686,234
Furniture and equipment	7,604,569	(2,773,210)	4,831,359	655,727	(17,186)	5,469,900
Infrastructure	-	-	-	6,952,074	-	6,952,074
Total Capital Assets, Being Depreciated	<u>53,040,831</u>	<u>(2,773,210)</u>	<u>50,267,621</u>	<u>7,857,773</u>	<u>(17,186)</u>	<u>58,108,208</u>
Less accumulated depreciation:						
Structures and improvements	-	16,913,059	16,913,059	1,493,705	-	18,406,764
Furniture and equipment	-	4,699,826	4,699,826	476,440	(17,186)	5,159,080
Total Accumulated Depreciation	<u>-</u>	<u>21,612,885</u>	<u>21,612,885</u>	<u>1,970,145</u>	<u>(17,186)</u>	<u>23,565,844</u>
Total Capital Assets, Being Depreciated, Net	<u>53,040,831</u>	<u>(24,386,095)</u>	<u>28,654,736</u>	<u>5,887,628</u>	<u>-</u>	<u>34,542,364</u>
Governmental Activities Capital Assets, Net	<u>\$ 61,401,774</u>	<u>\$ (24,386,095)</u>	<u>\$ 37,015,679</u>	<u>\$ 21,854,183</u>	<u>\$ -</u>	<u>\$ 58,869,862</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 425,632
Public safety	32,919
Public works	728,841
Community development	35,502
Parks and recreation	<u>747,251</u>
Total Depreciation Expense	<u>\$ 1,970,145</u>

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 7: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2003 is as follows:

Due To/From Other Funds

Funds	Due to Other Funds			Total
	General Fund	LRA Debt Service	Nonmajor Governmental Funds	
Due From Other Funds:				
General	\$ -	\$ -	\$ 10,238,741	\$ 10,238,741
LRA Capital Projects	161,582	1,044,454	-	1,206,036
Total	<u>\$ 161,582</u>	<u>\$ 1,044,454</u>	<u>\$ 10,238,741</u>	<u>\$ 11,444,777</u>

The due to General Fund of \$10,238,741 from various nonmajor funds was a result of temporary deficit cash balances in those funds.

The other interfund balances were the results of routine interfund transactions not cleared prior to year-end.

Advances to/from Other Funds

Funds	Advances to Other Funds		Total
	General Fund	LRA Capital Projects	
Advances from Other Funds:			
LRA Capital Projects	\$ 87,605,917	\$ -	\$ 87,605,917
Nonmajor governmental fund	-	5,246,009	5,246,009
Total	<u>\$ 87,605,917</u>	<u>\$ 5,246,009</u>	<u>\$ 92,851,926</u>

During the current and previous fiscal years, the City of Lancaster has made loans to the Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2003, loans to and accrued unpaid interest owed on those loans were \$87,605,917.

The Lancaster Redevelopment agency has advanced \$5,246,009 to the Traffic Impact Fee Fund to fund the Avenue L Overpass Project.

Interfund Transfers

	Transfers Out			Total
	General Fund	Redevelopment Agency Capital Projects	Nonmajor Funds	
Transfers In:				
General	\$ -	\$ -	\$ 2,313,141	\$ 2,313,141
Capital Outlay	687,677	-	22,662,710	23,350,387
Redevelopment Agency				
Debt Service	-	85,011,959	-	85,011,959
Nonmajor Funds	180,000	-	1,199,532	1,379,532
Total	<u>\$ 867,677</u>	<u>\$ 85,011,959</u>	<u>\$ 26,175,383</u>	<u>\$ 112,055,019</u>

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 7: Interfund Receivable, Payable and Transfers (Continued)

The City uses the Capital Outlay Fund to account for all of its capital projects. The funding sources for those projects were reported as transfers from various funds to the Capital Outlay fund. The total of the Capital Projects transfers for the year were \$23,350,387.

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year were \$2,313,141.

The Lancaster Redevelopment Agency Capital Projects Fund transferred \$85,011,959 to the Lancaster Redevelopment Agency Debt Service Fund for bond proceeds received in connection with the issuance of its Tax Allocation Refunding Bonds per the bond indenture.

Note 8: Due To Other Governments

County of Los Angeles, Schools and Community College Districts

Residential Project Tax Increment Fund	\$ 236,262
Central Business District Tax Increment Fund	77,624
Fox Field Tax Increment Fund	72,118
Fox Field Low and Moderate Housing Fund	4,568
Amargosa Tax Increment Fund	234,457
Area No. 5 Tax Increment Fund	1,761,507
Area No. 6 Tax Increment Fund	1,775,238
Area No. 7 Tax Increment Fund	<u>120,025</u>
Total	<u>\$ 4,281,799</u>

The Lancaster Redevelopment Agency has various tax sharing agreements present in the Residential, Amargosa, Area No. 5 and Area No. 6 Project Areas. As a result of these agreements, the Agency has agreed to remit to schools, community college districts and other districts a portion of its tax increment collections. As of June 30, 2003, the previous amounts were owed to these entities.

Note 9: Loan to City of Lancaster - Avenue L Overpass Project

During fiscal year 1991-92, the Lancaster Redevelopment Agency adopted Resolution 11-92 making a benefit finding relating to the expenditure of Agency funds and authorizing the lending of funds to the City of Lancaster for the implementation of the Avenue L Overpass Project. The City of Lancaster adopted Resolution 92-105 to accept this loan. This loan is to be repaid from future Traffic Impact Fees. No fixed date of repayment or interest rate has been specified. A reservation of fund balance has been established for this loan (See Note 14). The outstanding balance of this loan at June 30, 2003 totaled \$5,246,009.

Note 10: Long-Term Debt

a. Bonds and Notes

A description of individual issues of bonds and notes (excluding defeased issues) outstanding as of June 30 follows:

Lancaster Housing Authority

On February 4, 1999, the Authority issued \$10,040,000 of Lancaster Housing Authority Lease Revenue Refunding Bonds. These bonds were issued to defease a previous issue of 1994 Lease Revenue Bonds (Brierwood Mobile Home Park Project). Interest on these bonds is due semi-annually on April 1 and October 1 of each year commencing April 1, 1999. Interest rates vary from 3.05% to 5.00%. The principal portion of these bonds is payable from April 1, 1999 to April 1, 2024.

City of Lancaster
Notes to Financial Statements (Continued)

Note 10: Long-Term Debt (Continued)

Lancaster Redevelopment Agency

Developer Debt

During fiscal year 2000-01, the Agency acquired 7.26 acres of commercial property in the Amargosa Project Area from D & D Development Co. The purchase price was \$2,000,000 and \$600,000 was paid to the developer prior to June 30, 2002. The remaining \$1,400,000 is payable in three installments due July 15, 2001 through 2003 in the amounts of \$500,000, \$500,000 and \$400,000, respectively. There is no interest due on these installment payments unless delinquencies in payment occurs.

Bonds and Notes

A description of individual issues of bonds and notes (excluding defeased issues) outstanding as of June 30 follows:

Combined Tax Allocation Notes and Bonds

1. On May 15, 1993, the Agency issued \$14,020,000 of Combined Redevelopment Project Areas (Fire Protection Facilities Project), Tax Allocation Bonds, Issue of 1993. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 1993. Interest rates vary from 2.80% to 5.75%. Principal redemptions are payable starting August 1, 1994 through August 1, 2023. The principal portion of these bonds relates to the following project areas:

Residential Area	\$ 1,789,000
Central Business District Area	375,000
Fox Field Area	362,000
Amargosa Area	2,954,000
Area Number 5	4,311,000
Area Number 6	<u>4,229,000</u>
Total	<u>\$ 14,020,000</u>

These allocations were determined by comparing each project area's projected available repayment funds with the total projected available repayment funds. Pledged revenue for this issue consists of a portion of revenue allocated to the County of Los Angeles under existing pass-through agreements with the Agency.

2. On May 1, 1993, the Agency issued \$27,380,000 of Combined Redevelopment Project Areas (Sheriff's Facility Project), Tax Allocation Bonds, Issue of 1993. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 1993. Interest rates vary from 2.90% to 5.70%. Principal redemptions are payable starting August 1, 1994 through August 1, 2023. The principal portion of these bonds relates to the following project areas:

Residential Area	\$ 3,145,000
Central Business District Area	802,000
Fox Field Area	536,000
Amargosa Area	5,258,000
Area Number 5	8,044,000
Area Number 6	9,109,000
Area Number 7	<u>486,000</u>
Total	<u>\$ 27,380,000</u>

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 10: Long-Term Debt (Continued)

These allocations were determined by comparing each project area's projected available repayment funds with the total projected available repayment funds. Pledged revenue for this issue consists of a portion of revenue allocated to the County of Los Angeles under existing pass-through agreements with the Agency.

3. On July 15, 1994, the Agency issued \$3,860,000 of Combined Redevelopment Project Areas (Library Project), Tax Allocation Bonds, Issue of 1993. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 1994. Interest rates vary from 2.80% to 5.75%. Principal redemptions are payable starting August 1, 1994 through August 1, 2023. The principal portion of these bonds relates to the following project areas:

Residential Area	\$ 191,000
Central Business District Area	37,000
Fox Field Area	33,000
Amargosa Area	320,000
Area Number 5	500,000
Area Number 6	2,667,000
Area Number 7	<u>112,000</u>
Total	<u>\$ 3,860,000</u>

These allocations were determined by comparing each project area's projected available repayment funds with the total projected available repayment funds. Pledged revenue for this issue consists of a portion of revenue allocated to the County of Los Angeles under existing pass-through agreements with the Agency.

4. On November 19, 1999, the Agency issued \$1,780,000 of Combined Redevelopment Project Areas (Library Project), Subordinated Tax Allocation Refunding Bonds, Series 1999. The principal portion of these bonds is payable from December 1, 2024 to 2029. Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2000. The principal portion of these bonds has been allocated to the following project areas:

Residential Area	\$ 87,813
Central Business District Area	16,613
Fox Field Area	15,427
Amargosa Area	147,147
Area Number 5	231,400
Area Number 6	1,229,387
Area Number 7	<u>52,213</u>
Total	<u>\$ 1,780,000</u>

5. On June 11, 2003, the Agency issued \$101,575,000 of Series 2003 Bonds (\$60,980,000 Combined Housing Financing and \$40,595,000 of Combined Economic Development Financing). Of the \$40,595,000, the School District is responsible for \$4,465,000. This financing was undertaken to refund \$75,065,000 in outstanding Agency debt and to provide the Agency with additional funds for projects. The principal portion of these bonds is payable from August 1, 2004 to 2034 on the Economic Development Financing (Combined Tax Allocation Bonds, Series 2003) and August 1, 2005 to 2033 on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1 of each year commencing on August 1, 2004. The principal portion of these bonds has been allocated to the following project areas:

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 10: Long-Term Debt (Continued)

	Economic Development	Housing
Residential Area	\$ 6,003,631	\$ 5,309,221
Central Business District Area	-	1,063,809
Fox Field Area	-	1,776,313
Amargosa Area	4,979,760	11,874,074
Area Number 5	15,973,440	17,353,138
Area Number 6	13,638,169	22,583,547
Area Number 7	-	1,019,898
Total	\$ 40,595,000	\$ 60,980,000

6. On February 23, 1993, the Agency, City of Lancaster, Los Angeles County Public Library and the County of Los Angeles entered into a Memorandum of Understanding whereby the Agency will provide a contribution in the amount of \$1,500,000, and a loan to the Library in the approximate principal amount of \$5,870,000, for construction and development of the Library Project. The Agency contribution and loan amounts will be provided in addition to net proceeds from the Library Bonds and Subordinated Bonds for development and construction of the Library Project. The exact amount of the Agency loan will be determined by subtracting the amount of net bond proceeds, subordinated note proceeds and contributions proceeds from the total development and construction costs of the Library Project.

Residential Redevelopment Project Area

On September 1, 1997, the Agency issued \$3,065,000 of Lancaster Residential Redevelopment Project Area, Subordinated Tax Allocation Refunding Bonds, Issue of 1997. The principal portion of these bonds is payable from September 1, 1998 to September 1, 2027. Interest is payable semi-annually at rates of 4.25% to 6.65% per annum, commencing March 1, 1998. These bonds are subordinate to the \$13,800,000 Tax Allocation Refunding Bonds discussed above. A portion of the proceeds of these bonds was utilized to defease the Lancaster Residential Redevelopment Project Area, Subordinated Tax Allocation Notes, Issue of 1992.

Central Business District Project Area

On January 1, 1994, the Agency issued \$3,065,000 of Lancaster Central Business District Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2023. Interest is payable semi-annually on February 1 and August 1 each year commencing August 1, 1994 at rates of 3.000% to 6.125% per annum. The proceeds of these bonds was utilized to defease \$1,055,000 of the Tax Allocation Refunding Bonds, Issue of 1986 and \$1,900,000 of Subordinated Tax Allocation Refunding Notes, Issue of 1988.

Fox Field Redevelopment Project

On January 1, 1994, the Agency issued \$3,050,000 of Lancaster Fox Field Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1994. The principal portion of these bonds is payable from August 1, 1994 to August 1, 2022. Interest is payable semi-annually on February 1 and August 1 of each year at rates of 3.000% to 6.125% per annum, commencing August 1, 1994. These bonds defeased the \$1,600,000 Fox Field Subordinated Tax Allocation Refunding Notes, Issue of 1988.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 10: Long-Term Debt (Continued)

Amargosa Redevelopment Project

1. On February 28, 1996, the Agency issued \$12,700,000 of Lancaster Redevelopment Agency, Amargosa Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1996. These Bonds were issued to refund the Agency's outstanding Amargosa Redevelopment Project Area, Subordinated Tax Allocation Refunding Notes, Issue of 1991 and to defease the Agency's Amargosa Redevelopment Project Area, Tax Allocation Refunding Bonds, Issue of 1988. The principal portion of these bonds is payable from February 1, 1997 to February 1, 2023. Interest is payable semi-annually on February 1 and August 1 of each year at rates of 3.50% to 5.65% per annum, commencing August 1, 1996.
2. On March 18, 1999, the Agency issued \$4,380,000 of Lancaster Redevelopment Agency, Amargosa Redevelopment Project, Tax Allocation Refunding Bonds, Issue of 1999. The purpose of these bonds was to defease a portion of the \$7,005,000 Tax Allocation Refunding Bonds, Issue of 1991. The principal portion of these bonds is payable from February 1, 2000 to February 1, 2024. Interest is payable semi-annually at rates of 3.00% to 5.00% per annum, commencing August 1, 1999.
3. On March 18, 1999, the Agency issued \$6,710,000 of Lancaster Redevelopment Agency, Lease Revenue Refunding Bonds (Lancaster Public Capital Improvement Projects), Issue of 1999. The purpose of these bonds was to defease \$7,475,000 of Lancaster Redevelopment Agency, Lease Revenue Notes (Lancaster Public Capital Improvement Projects), Issue of 1995. The principal portion of these bonds is payable from December 1, 1999 to December 1, 2028. Interest is payable semi-annually at rates of 2.90% to 5.00% per annum, commencing December 1, 1999. The Bonds are payable from Lease Payments to be made by the City of Lancaster to the Agency or its assignee. The property covered by the Lease consists of the Lancaster Performing Arts Center completed in November 1991 and developed by the Agency at a cost of \$8,024,000. Neither the Bonds nor the obligation of the City to make Lease Payments under the Lease Agreement constitutes an indebtedness of the City, the Agency, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise.

Project Area Number 5

On December 1, 1997, the Agency issued \$6,480,000 of Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1997. The principal portion of these bonds is payable from February 1, 1998 to February 1, 2014. Interest is payable semi-annually at rates of 3.75% to 5.00% per annum, commencing February 1, 1998. These bonds are issued on a parity basis with the previously issued \$10,750,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1996 and the \$13,755,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1991. A portion of the proceeds of these bonds was utilized to defease the Lancaster Redevelopment Project No. 5, Tax Allocation Refunding Bonds, Issue of 1988.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 10: Long-Term Debt (Continued)

Project Area Number 6

1. On February 28, 1996, the Agency issued \$3,650,000 of Lancaster Redevelopment Agency, Lancaster Redevelopment Project No. 6, Tax Allocation Refunding Bonds (School District), Issue of 1996. These Bonds were issued to refund the Agency's outstanding Lancaster Redevelopment Project No.6, School District Tax Allocation Notes, Issue of 1991 and to implement the School District Pass Through Agreement. The principal portion of these bonds is payable from August 1, 1996 to August 1, 2025. Interest is payable semi-annually on February 1 and August 1 of each year at rates of 3.30% to 5.65% per annum, commencing August 1, 1996.
2. On February 1, 2000, the Agency took over the operation of the Desert Sands Mobile Home Park Project. In connection with this, the Agency is accomplishing the servicing of its previously issued Mobile Home Park Revenue Bonds (Desert Sands Mobile Home Park Project), Series 1997 A and B Bonds issued November 1, 1997. The bonds outstanding as of February 1, 2000 were \$3,280,000. The principal portion of these bonds is payable from May 1, 2000 to 2028. Interest is payable semi-annually on May 1 and November 1 of each year at rates of 4.00% to 7.50% per annum. These bonds have been reflected as an adjustment to the Long-Term Debt of the Agency in the current year.

b. U.S. Government Guaranteed Notes (Section 108 Notes)

On June 5, 1996, the City issued \$4,000,000 of U.S. Government Guaranteed Notes, Series 1996-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

1. Future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.

The notes mature from 1996 to 2003 and bear varying interest rates. The notes were completely paid off as of June 30, 2003.

On April 28, 1999, the City issued \$3,100,000 of U.S. Government Guaranteed Notes, Series 1999-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

1. Future entitlements that the City may become eligible for under Section 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.

The notes mature from 2000 to 2018 and bear varying rates of interest. The principal balance outstanding as of June 30, 2003 is \$2,790,000.

On June 14, 2000, the City issued \$320,000 of U.S. Government Guaranteed Notes, Series 2000-A, guaranteed by the Secretary of Housing and Urban Development. The City has pledged as security for repayment of the notes the following:

1. Future entitlements that the City may become eligible for under Sections 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.

The notes mature from 2000 to 2019 and bear varying rates of interest. The principal balance outstanding as of June 30, 2003 is \$300,000.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 10: Long-Term Debt (Continued)

c. Capital Leases

During fiscal year 1995-96, the City entered into a capital lease arrangement with USL Capital for the retrofit of lighting systems at various City properties. The lease consists of 40 consecutive quarterly payments. Each payment includes interest at the rate of 6.2% per year.

The following schedule illustrates the debt service requirements:

<u>Fiscal Year</u>	<u>Amount</u>
2003-2004	\$ 72,343
2004-2005	72,343
2005-2006	<u>36,170</u>
Total Debt Service	<u>\$ 180,856</u>
Total Interest	<u>\$ 14,428</u>

The following is a schedule of changes in long-term debt of the City by bond types for the fiscal year ended June 30, 2003:

	<u>Balance July 1, 2002</u>	<u>Defeased</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2003</u>	<u>Due Within One Year</u>
Agency Tax Allocation Bonds:						
Combined Project Area Issues:						
Economic Development - 2003	\$ -	\$ -	\$ 36,130,000	\$ -	\$ 36,130,000	\$ 10,000
Housing - 2003	-	-	60,980,000	-	60,980,000	-
Housing - 1993	27,610,000	26,945,000	-	665,000	-	-
Amargosa Lease Revenue - 1999	6,285,000	-	-	125,000	6,160,000	130,000
Amargosa - 1999	4,285,000	-	-	25,000	4,260,000	30,000
Residential - 1997	2,895,000	-	-	45,000	2,850,000	50,000
Area No. 5 - 1997	5,025,000	-	-	320,000	4,705,000	335,000
Area No. 5 - 1996	5,925,000	5,925,000	-	-	-	-
Amargosa - 1996	10,915,000	-	-	340,000	10,575,000	355,000
Central Business District - 1994	1,810,000	-	-	40,000	1,770,000	45,000
Fox - 1994	2,545,000	-	-	65,000	2,480,000	65,000
Area No. 6 - 1993	12,165,000	11,870,000	-	295,000	-	-
Residential - 1992	11,455,000	11,105,000	-	350,000	-	-
Amargosa - 1991	3,680,000	3,575,000	-	105,000	-	-
Area No. 5 - 1991	11,805,000	11,535,000	-	270,000	-	-
Total Agency Tax Allocation Bonds	<u>106,400,000</u>	<u>70,955,000</u>	<u>97,110,000</u>	<u>2,645,000</u>	<u>129,910,000</u>	<u>1,020,000</u>
Schools:						
Area No. 5 - 1996	4,225,000	4,225,000	-	115,000	-	-
Area No. 5 - 2003	-	-	4,465,000	-	4,465,000	250,000
Area No. 6 - 1996	3,280,000	-	-	70,000	3,210,000	75,000
Total School Bonds	<u>7,505,000</u>	<u>4,225,000</u>	<u>4,465,000</u>	<u>185,000</u>	<u>7,675,000</u>	<u>325,000</u>
County:						
Library - 1999	1,780,000	-	-	-	1,780,000	-
Sheriff's Facilities - 1993	23,570,000	-	-	580,000	22,990,000	605,000
Library - 1993	3,325,000	-	-	80,000	3,245,000	85,000
Fire Facilities - 1993	12,020,000	-	-	300,000	11,720,000	315,000
Total County Bonds	<u>40,695,000</u>	<u>-</u>	<u>-</u>	<u>960,000</u>	<u>39,735,000</u>	<u>1,005,000</u>
Agency Mobile Home Bonds:						
Area No. 6 - Desert Sands - 1997	3,145,000	-	-	55,000	3,090,000	55,000
Total Mobile Home Bonds	<u>3,145,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>3,090,000</u>	<u>55,000</u>
Total Redevelopment Agency Bonds	<u>\$ 157,745,000</u>	<u>\$ 75,180,000</u>	<u>\$ 101,575,000</u>	<u>\$ 3,845,000</u>	<u>\$ 180,410,000</u>	<u>\$ 2,405,000</u>
Lancaster Housing Authority:						
Lease Revenue Bonds	\$ 9,130,000	\$ -	\$ -	\$ 250,000	\$ 8,880,000	\$ 260,000

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 10: Long-Term Debt (Continued)

	Balance July 1, 2002	Deceased	Additions	Repayments	Balance June 30, 2003	Due Within One Year
City Notes:						
City of Lancaster:						
Series 1996-A	\$ 730,000	\$ -	\$ -	\$ 730,000	\$ -	\$ -
Series 1999-A	2,900,000	-	-	110,000	2,790,000	110,000
Series 2000-A	310,000	-	-	10,000	300,000	10,000
Total City Notes	\$ 3,940,000	\$ -	\$ -	\$ 850,000	\$ 3,090,000	\$ 120,000
Total for City and Agency:						
Redevelopment Agency Bonds	\$ 157,745,000	\$ 75,065,000	\$ 101,575,000	\$ 3,845,000	\$ 180,410,000	\$ 2,155,000
Lancaster Housing Authority	9,130,000	-	-	250,000	8,880,000	260,000
City Notes	3,940,000	-	-	850,000	3,090,000	120,000
Accrued Employee Benefit	1,378,310	-	32,732	-	1,411,042	0
Capital Lease	224,440	-	-	58,012	166,428	0
Total	\$ 172,417,750	\$ 75,065,000	\$ 101,607,732	\$ 6,003,012	193,957,470	\$ 2,535,000
					Unamortized bond premium	5,307,231
					Unamortized bond defeasance loss	(3,334,690)
					Total long-term liabilities	\$ 195,930,011

The following schedule illustrates the debt service requirements to maturity for bonds, notes and loans outstanding as of June 30, 2003:

**City of Lancaster
U.S. Government Guaranteed Notes**

Fiscal Year	Principal	Interest
2003-2004	\$ 120,000	\$ 192,597
2004-2005	130,000	185,510
2005-2006	140,000	177,763
2006-2007	140,000	169,626
2007-2008	155,000	160,944
2008-2013	900,000	649,577
2013-2018	1,190,000	317,898
2018-2023	315,000	13,308
Total	\$ 3,090,000	\$ 1,867,223

Capital Leases

Fiscal Year	Principal	Interest
2003-2004	\$ 62,958	\$ 9,384
2004-2005	67,218	4,168
2005-2006	36,252	876
Total	\$ 166,428	\$ 14,428

Lancaster Housing Authority - Bonds

Fiscal Year	Principal	Interest
2003-2004	\$ 260,000	\$ 425,581
2004-2005	270,000	415,831
2005-2006	280,000	405,369
2006-2007	295,000	394,169
2007-2008	305,000	382,000
2008-2013	1,755,000	1,685,150
2013-2018	2,220,000	1,217,200
2018-2023	2,840,000	603,500
2023-2028	655,000	32,750
Total	\$ 8,880,000	\$ 5,561,550

City of Lancaster
Notes to Financial Statements (Continued)

Note 10: Long-Term Debt (Continued)

Lancaster Redevelopment Agency Bonds and Notes		
Fiscal Year	Principal	Interest
2003-2004	\$ 2,155,000	\$ 7,387,238
2004-2005	2,510,000	9,006,756
2005-2006	3,445,000	8,877,716
2006-2007	3,880,000	8,730,430
2007-2008	3,975,000	8,565,824
2008-2013	23,570,000	39,612,844
2013-2018	29,890,000	32,687,255
2018-2023	39,675,000	23,412,899
2023-2028	34,780,000	13,217,088
2028-2033	31,135,000	5,225,656
2033-2038	5,395,000	168,151
Total	<u>\$ 180,410,000</u>	<u>\$ 156,891,857</u>

d. Defeasance of Bonds

During the current fiscal year, the Lancaster Redevelopment Agency issued two bond issues (Housing Financing - \$60,980,000 and Economic Development Financing - \$40,595,000) to refund approximately \$75 million in outstanding Agency debt and to provide the Agency with additional funds for projects. Amounts received from the refunding were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the various bond issues noted above. As a result, the debts listed above are considered defeased in substance and the liability for these has been removed from the Agency's long-term debt.

The advance refunding resulted in an increase in total debt service payments of \$27,371,312 (\$13,723,945 for the Housing Financing Issue and \$13,647,367 for the Economic Development Financing) and created an economic gain (the difference between the present values of the debt service payments in the old and new debt) of \$7,152,951 (\$3,886,160 for the Housing Financing Issue and \$3,266,791 for the Economic Development Financing).

The following bond issues were defeased by this issuance:

Residential Project Area, Series 1992	\$ 11,105,000
Amargosa Project Area, Series 1991	3,575,000
Project Area No. 5, Series 1991	11,535,000
Project Area No. 5, Series 1996	10,035,000
Project Area No. 6, Series 1993	11,870,000
Combined Series 1993 Housing Financing	<u>26,945,000</u>
Total	<u>\$ 75,065,000</u>

In prior years, the Agency defeased certain tax allocation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 10: Long-Term Debt (Continued)

At June 30, the following bond issues are considered defeased:

	<u>Original Amount</u>
Combined Redevelopment Project Areas:	
Subordinated Tax Allocation Notes	\$ 7,000,000
Tax Allocation Refunding Notes, Issue of 1988	25,990,000
Housing Programs, Tax Allocation Bonds, Issue of 1993	32,000,000
Residential Project Area:	
Tax Allocation Refunding Notes, Issue of 1992	13,800,000
Central Business District Project Area:	
Tax Allocation Refunding Bonds, Issue of 1986	1,800,000
Amargosa Redevelopment Project Area:	
Tax Allocation Notes	5,400,000
Tax Allocation Refunding Notes, Issue of 1989	9,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,000,000
Tax Allocation Refunding Bonds, Issue of 1991	9,000,000
Tax Allocation Refunding Bonds	6,190,000
Tax Allocation Refunding Bonds (amount defeased)	2,590,000
Lease Revenue Notes, Issue of 1995	7,475,000
Project Area Number 5:	
Tax Allocation Notes	6,250,000
Subordinated Tax Allocation Refunding Notes, Issue of 1989	16,000,000
Subordinated Tax Allocation Refunding Notes, Issue of 1991	4,500,000
School District Tax Allocation Notes, Issue of 1991	4,250,000
Tax Allocation Refunding Bonds, Issue of 1991	13,755,000
Tax Allocation Refunding Bonds, Issue of 1996	10,750,000
Project Area Number 6:	
School District Tax Allocation Notes, Issue of 1991	3,250,000
Tax Allocation Refunding Bonds, Issue of 1993	14,100,000
	<u>197,100,000</u>
Total	<u>\$ 197,100,000</u>

- e. The Agency has issued \$292,422,000 of Residential Mortgage Revenue Bonds which have not been reflected in the Long-Term Debt Account Group because these bonds are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 11: Fund Equity

a. Reservation of Fund Balance

Special Purpose Reserves

Certain fund balance reserve accounts have been established in the following funds which represent available spendable resources restricted for a specified purpose:

General Fund:

Reserved for encumbrances	\$ 390,150
Reserved for advances to other funds	56,065,225
Reserved for land held for resale	300,925
Reserved for inventory	15,061
Reserved for prepaid costs	<u>110,790</u>
Total	<u><u>\$ 56,882,151</u></u>

Capital Projects Funds:

Reserved for advances to other funds	\$ 3,980,187
Reserved for encumbrances	24,260,256
Reserved for land held for resale	<u>28,240,443</u>
Total	<u><u>\$ 56,480,886</u></u>

Reserved for advances to other funds in the General Fund above consisted of \$87,605,917 of interfund receivable less \$31,540,692 of deferred interest revenue.

b. Unreserved - Designation of Fund Balances

The City has established certain designations of fund balances to indicate tentative plans for financial resources utilization in the future fiscal years.

General Fund:

Designated for legal claims	\$ 671,306
Designated for employee benefits	1,508,283
Designated for emergency repairs	9,107
Designated for building replacement	401,581
Designated for City liabilities	<u>3,187</u>
Total	<u><u>\$ 2,593,464</u></u>

Special Revenue Fund:

Designated for Antelope Valley Transit Authority - Proposition A Fund	<u><u>\$ 930,451</u></u>
---	--------------------------

Debt Service Funds:

Designated for debt service - Lancaster Housing Authority	\$ 678,804
Designated for debt service - Lancaster Redevelopment Agency	<u>10,004,105</u>
Total	<u><u>\$ 10,682,909</u></u>

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 11: Fund Equity (Continued)

c. Restatement of Net Assets and Fund Balances

Fund balances in the following funds had been restated for the following reasons:

Special Revenue Fund:

Housing and Community Development Fund	
To record land held for resale acquired in prior years	\$ 1,151,664
Transportation Development Authority Fund	
To adjust a prior year receivable	(125,026)

Capital Projects Fund

Lancaster Redevelopment Agency	
Advances from other funds which were reported in the General Long-Term Debt:	
Account Group are now reported in the individual fund	(84,525,509)
To adjust land held for resale resulting from inventory	(7,809,011)

In addition, Net Assets had been restated due to the implementation of GASB 34 as follow:

To record the beginning balance of the following:

Capital assets net book value	37,015,679
Noncurrent liabilities	(173,317,750)
Accrued interest payable	(3,734,109)
Deferred revenue	<u>33,555,576</u>

Total restatement of	
Total Restatement of Net Assets	<u><u>\$ (197,788,486)</u></u>

IV. OTHER INFORMATION

Note 12: Public Employees Retirement System (Defined Benefit Pension Plan)

Plan Description

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

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 0% for miscellaneous employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

**City of Lancaster
Notes to Financial Statements (Continued)**

Note 11: Fund Equity (Continued)

Annual Pension Cost

For 2002, the City's annual pension cost of \$0 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 1999, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, (c) inflation of 3.5%, (d) payroll growth of 3.75%, and (e) individual salary growth varying by duration of employment coupled with an assumed annual inflation component of 3.5% and an annual production growth of 0.25%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized a level percent of pay over a closed 20-year period.

Three-Year Trend Information for PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2001	\$ -	100 %	\$ -
6/30/2002	\$ -	100 %	\$ -
6/30/2003	\$ -	100 %	\$ -

Schedule of Funding Progress for PERS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded Liability (Excess Assets) AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/2000	\$ 30,708,391	\$ 22,042,836	\$ (8,665,555)	139.3 %	\$ 9,394,994	(92.2) %
6/30/2001	32,414,783	24,949,734	(7,465,049)	129.9 %	10,108,131	(73.9) %
6/30/2002	31,248,036	28,222,824	(3,025,212)	110.7 %	10,480,320	(28.9) %

Note 13: Public Agency Retirement System (Defined Contribution Retirement Plan)

The City contributes to the Public Agency Retirement System (PARS), which is a defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

City of Lancaster
Notes to Financial Statements (Continued)

Note 13: Public Agency Retirement System (Defined Contribution Retirement Plan) (Continued)

As established by the plan, all eligible employees of the City will become a participant in the plan from the date they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing a benefit under the Public Employees Retirement System (see Note 9).

Contributions made by an employee and the employer vest immediately. As determined by the plan, each employee contributes 0% of gross earnings to the plan. The City contributes an additional 3% of gross earnings.

During the year, the City contributed \$293,219.97 (3% of current year covered payroll) and employees contributed \$0 (0% of current year covered payroll). The total covered payroll of employees participating in the plan for the year ended June 30, 2003 was \$9,773,966. The total payroll for the year was \$11,938,638.

No changes in plan provisions occurred during the year. The plan held no securities of the City or other related parties during or at the close of the fiscal year.

Note 14: Other Post-Employment Employee Benefits

The City provides certain post-employment health care benefits. Specifically, the City provides health insurance for its retired employees according to the Personnel Rules and Regulations. The expenditure is accounted for within the general government funds and is funded on a pay as you go (cash) basis. The total post-employment health insurance expenditures for the fiscal year 2002-2003 were \$13,248. There are currently seven participants receiving benefits.

Note 15: Stadium Operating Lease

The City of Lancaster leases the Lancaster Municipal Stadium to Clutch Play Baseball for the Jethawks, a California "A" League professional baseball team. This facility is leased from March 1 through September 1 at which time the operation returns to the City for City recreational functions.

Note 16: Joint Ventures

Antelope Valley Transit Authority

The City is a member of the Antelope Valley Transit Authority, a joint powers authority of the County of Los Angeles and the cities of Palmdale and Lancaster. The Authority was formed to provide public transit service to Palmdale and Lancaster. The governing board consists of one person from each member agency. Each member has one vote.

Description of Debt

On October 1, 1991, the California Special Districts Association Finance Corporation, on behalf of the Los Angeles County Transportation Commission, issued Certificate of Participation Notes in the amount of \$19,340,000. This issue was for the benefit of several different transit authorities. The Certificates of Participation were issued prior to the formation of the Antelope Valley Transit Authority. Los Angeles County participated in this issuance on behalf of the Authority to provide financing of \$7,690,000 for the purchase of transportation equipment.

Subsequent to the Certificate of Participation issue, the Authority entered into a "Reimbursement Agreement" with the County of Los Angeles to repay the obligation incurred by the County on their behalf.

City of Lancaster
Notes to Financial Statements (Continued)

Note 16: Joint Ventures (Continued)

As of June 30, 2002 (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 18,504,878</u>
Liabilities	\$ 4,263,830
Fund Equity	<u>14,241,048</u>
Total Liabilities and Fund Equity	<u>\$ 18,504,878</u>
Revenues	\$ 14,473,404
Expenses	(10,318,299)
Return of Member Contingency Reserve	<u>(2,146,592)</u>
Changes in Fund Equity	<u>\$ 2,008,513</u>

The Authority is funded in part by revenues allocated to the City and redirected to the Authority and in part by a shared formula based on the level of service provided to the jurisdiction. The City of Lancaster is the primary recipient of local services from the Authority.

Separate financial statements of the Authority are available from the Authority office located at 1031 W. Avenue L-12, Lancaster, California 93534.

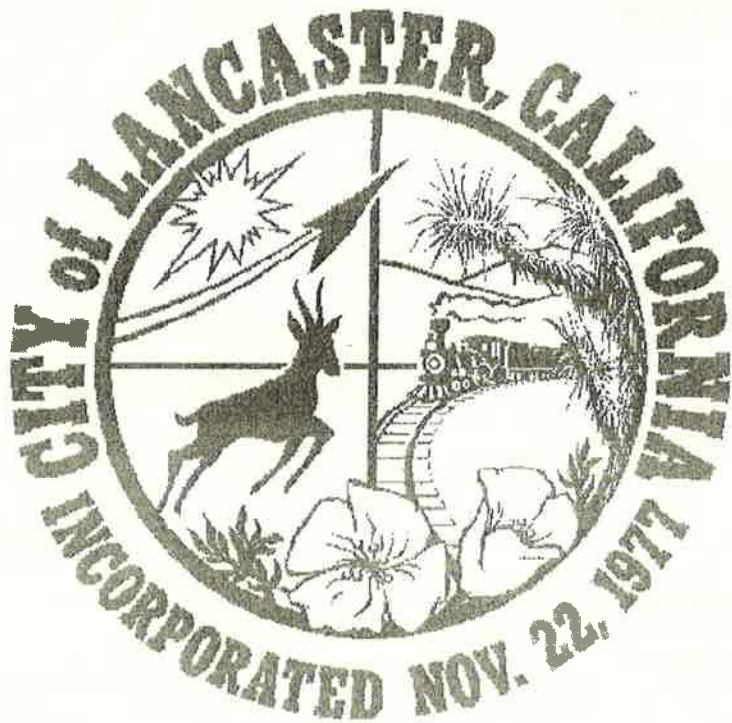
Note 17: Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City handled those risks with the purchase of commercial insurance. The City maintained liability insurance coverage up to a limit of \$10,000,000 with \$100,000 self-insurance retention. Workers' compensation insurance is provided by the State Compensation Insurance Fund, with statutory limit coverage. The City also maintained property coverage including earthquake and flood. Since the City has transferred all risk of loss with the purchase of commercial insurance policies, the City has not reported any estimated loss in the financial statements. There are no significant reductions in insurance coverage from the previous year. In addition, insurance coverage exceeded the amount of settlements for each of the past three fiscal years.

Note 18: Contingent Liabilities

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.





CITY OF LANCASTER
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>Roberti Zberg</u>	<u>Parks Development</u>
Assets:			
Pooled cash and investments	\$ 957,519	\$ -	\$ 366,921
Receivables:			
Accounts	-	-	-
Notes	-	-	-
Deferred loans	-	-	-
Due from other governments	218,727	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	<u>\$ 1,176,246</u>	<u>\$ -</u>	<u>\$ 366,921</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	324,852	-
Deferred revenues	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
Total Liabilities	<u>-</u>	<u>324,852</u>	<u>-</u>
Fund Balances:			
Reserved:			
Reserved for land held for resale	-	-	-
Unreserved:			
Designated for Antelope Valley Transit Authority	-	-	-
Undesignated	1,176,246	(324,852)	366,921
Total Fund Balances	<u>1,176,246</u>	<u>(324,852)</u>	<u>366,921</u>
Total Liabilities and Fund Balances	<u>\$ 1,176,246</u>	<u>\$ -</u>	<u>\$ 366,921</u>

Special Revenue Funds

Housing and Community Development	Transportation Development Authority	Bikeway Improvement	Proposition A	Sewer Frontage	Developer Fees
\$ -	\$ 3,820,877	\$ -	\$ 2,824,324	\$ 119,394	\$ 4,231,539
-	-	-	-	-	332,086
111,079	-	-	-	-	-
9,148	-	1,068,422	166,580	-	-
1,151,664	-	-	-	-	-
-	-	-	-	-	-
\$ 1,271,891	\$ 3,820,877	\$ 1,068,422	\$ 2,990,904	\$ 119,394	\$ 4,563,625
\$ 1,098	\$ -	\$ -	\$ 21,602	\$ -	\$ -
165,548	-	1,094,621	-	-	-
-	-	-	-	-	332,086
-	-	175	50,000	-	-
-	-	-	-	-	-
166,646	-	1,094,796	71,602	-	332,086
1,151,664	-	-	-	-	-
-	-	-	930,451	-	-
(46,419)	3,820,877	(26,374)	1,988,851	119,394	4,231,539
1,105,245	3,820,877	(26,374)	2,919,302	119,394	4,231,539
\$ 1,271,891	\$ 3,820,877	\$ 1,068,422	\$ 2,990,904	\$ 119,394	\$ 4,563,625

CITY OF LANCASTER
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	<u>Special Revenue Funds</u>		
	<u>Community Services</u>	<u>Traffic Impact Fees</u>	<u>Operations Impact Fees</u>
Assets:			
Pooled cash and investments	\$ 69,007	\$ 1,048,583	\$ 860,453
Receivables:			
Accounts	-	210,494	24,275
Notes	-	-	-
Deferred loans	-	-	-
Due from other governments	-	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	<u>\$ 69,007</u>	<u>\$ 1,259,077</u>	<u>\$ 884,728</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,790	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenues	-	210,494	24,275
Advances from other funds	-	5,246,009	-
Deposits payable	99	-	-
Due to other governments	-	-	-
Total Liabilities	<u>1,889</u>	<u>5,456,503</u>	<u>24,275</u>
Fund Balances:			
Reserved:			
Reserved for land held for resale	-	-	-
Unreserved:			
Designated for Antelope Valley Transit Authorit	-	-	-
Undesignated	67,118	(4,197,426)	860,453
Total Fund Balances	<u>67,118</u>	<u>(4,197,426)</u>	<u>860,453</u>
Total Liabilities and Fund Balances	<u>\$ 69,007</u>	<u>\$ 1,259,077</u>	<u>\$ 884,728</u>

Special Revenue Funds					
Landscape Maintenance District	Lighting District	Drainage Maintenance District	Integrated Financing District	Proposition C	Vegetative Management
\$ 481,191	\$ 70,628	\$ 2,125,511	\$ 800	\$ -	\$ 71,862
-	-	-	-	-	-
-	-	-	-	-	-
15,958	47,206	7,233	-	138,164	-
-	-	-	-	-	-
\$ 497,149	\$ 117,834	\$ 2,132,744	\$ 800	\$ 138,164	\$ 71,862
\$ 14,625	\$ 191,162	\$ 9,731	\$ -	\$ -	\$ -
-	-	-	-	506,822	-
-	-	-	-	-	-
-	-	-	-	-	-
14,625	191,162	9,731	-	506,822	-
-	-	-	-	-	-
-	-	-	-	-	-
482,524	(73,328)	2,123,013	800	(368,658)	71,862
482,524	(73,328)	2,123,013	800	(368,658)	71,862
\$ 497,149	\$ 117,834	\$ 2,132,744	\$ 800	\$ 138,164	\$ 71,862

CITY OF LANCASTER

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	Special Revenue Funds		
	Air Quality Management	Lancaster Housing Authority	Lancaster Home Program
Assets:			
Pooled cash and investments	\$ 62,200	\$ 152,592	\$ 22,701
Receivables:			
Accounts	-	76,011	-
Notes	-	-	5,461,400
Deferred loans	-	-	-
Due from other governments	-	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
Total Assets	\$ 62,200	\$ 228,603	\$ 5,484,101
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 22	\$ -	\$ 9,818
Due to other funds	-	-	-
Deferred revenues	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	5,461,400
Total Liabilities	22	-	5,471,218
Fund Balances:			
Reserved:			
Reserved for land held for resale	-	-	-
Unreserved:			
Designated for Antelope Valley Transit Authority	-	-	-
Undesignated	62,178	228,603	12,883
Total Fund Balances	62,178	228,603	12,883
Total Liabilities and Fund Balances	\$ 62,200	\$ 228,603	\$ 5,484,101

Special Revenue Funds					
C.O.P.S Grant	Local Law Enforcement Block Grant	EDA Grant	TEA 21	CCA Fairgrounds Construction	State Park Bond
\$ 1,023	\$ -	\$ 81,469	\$ -	\$ -	\$ 24,876
-	-	-	-	-	-
-	-	-	-	-	-
-	298,135	51,153	5,260,469	1,843,694	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,023</u>	<u>\$ 298,135</u>	<u>\$ 132,622</u>	<u>\$ 5,260,469</u>	<u>\$ 1,843,694</u>	<u>\$ 24,876</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	158,415	-	4,873,773	1,843,694	-
-	-	51,153	4,629,469	1,843,694	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	<u>158,415</u>	<u>51,153</u>	<u>9,503,242</u>	<u>3,687,388</u>	-
-	-	-	-	-	-
-	-	-	-	-	-
1,023	139,720	81,469	(4,242,773)	(1,843,694)	24,876
<u>1,023</u>	<u>139,720</u>	<u>81,469</u>	<u>(4,242,773)</u>	<u>(1,843,694)</u>	<u>24,876</u>
<u>\$ 1,023</u>	<u>\$ 298,135</u>	<u>\$ 132,622</u>	<u>\$ 5,260,469</u>	<u>\$ 1,843,694</u>	<u>\$ 24,876</u>

CITY OF LANCASTER

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003

	<u>Special Revenue Funds</u>	
	<u>Federal, State County Park Grant</u>	<u>EDI Grant</u>
Assets:		
Pooled cash and investments	\$ -	\$ -
Receivables:		
Accounts	-	-
Notes	-	-
Deferred loans	-	-
Due from other governments	-	-
Land held for resale	-	-
Restricted assets:		
Cash and investments with fiscal agents	-	-
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	816,733	443,282
Deferred revenues	-	-
Advances from other funds	-	-
Deposits payable	-	-
Due to other governments	-	-
Total Liabilities	<u><u>816,733</u></u>	<u><u>443,282</u></u>
Fund Balances:		
Reserved:		
Reserved for land held for resale	-	-
Unreserved:		
Designated for Antelope Valley Transit Authority	-	-
Undesignated	(816,733)	(443,282)
Total Fund Balances	<u><u>(816,733)</u></u>	<u><u>(443,282)</u></u>
Total Liabilities and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Governmental Funds</u>
<u>Community Facilities District 91-1</u>	<u>Lancaster Housing Authority</u>	
\$ -	\$ -	\$ 17,393,470
-	-	642,866
-	-	5,461,400
-	-	111,079
-	-	9,124,889
-	-	1,151,664
<u>1,022,435</u>	<u>689,805</u>	<u>1,712,240</u>
<u>\$ 1,022,435</u>	<u>\$ 689,805</u>	<u>\$ 35,597,608</u>
\$ -	\$ -	\$ 249,848
-	11,001	10,238,741
-	-	7,091,171
-	-	5,246,009
-	-	50,274
-	-	5,461,400
<u>-</u>	<u>11,001</u>	<u>28,337,443</u>
-	-	1,151,664
-	-	930,451
<u>1,022,435</u>	<u>678,804</u>	<u>5,178,050</u>
<u>1,022,435</u>	<u>678,804</u>	<u>7,260,165</u>
<u>\$ 1,022,435</u>	<u>\$ 689,805</u>	<u>\$ 35,597,608</u>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003

	Gas Tax	Roberti Zberg	Parks Development
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	2,482,128	-	1,359,350
Charges for services	10,275	-	556,783
Use of money and property	-	-	12,288
Miscellaneous	-	-	-
Total Revenues	2,492,403	-	1,928,421
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Housing	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,492,403	-	1,928,421
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(1,616,828)	(310,709)	(987,320)
Total Other Financing Sources (Uses)	(1,616,828)	(310,709)	(987,320)
Net Change in Fund Balances	875,575	(310,709)	941,101
Fund Balances, Beginning of Year, as Reported	300,671	(14,143)	(574,180)
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	300,671	(14,143)	(574,180)
Fund Balances, End of Year	\$ 1,176,246	\$ (324,852)	\$ 366,921

<u>Housing and Community Development</u>	<u>Transportation Development Authority</u>	<u>Bikeway Improvement</u>	<u>Proposition A</u>	<u>Sewer Frontage</u>	<u>Developer Fees</u>
\$ -	\$ -	\$ -	\$ -	\$ 49,691	\$ 2,856,447
1,214,260	3,978,074	1,123,322	1,611,014	-	-
-	-	-	-	-	-
-	83,529	-	77,408	-	115,086
-	-	110	12,000	-	-
<u>1,214,260</u>	<u>4,061,603</u>	<u>1,123,432</u>	<u>1,700,422</u>	<u>49,691</u>	<u>2,971,533</u>
18,000	-	-	1,113,991	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
850,000	-	-	-	-	-
223,867	-	-	-	-	-
<u>1,091,867</u>	<u>-</u>	<u>-</u>	<u>1,113,991</u>	<u>-</u>	<u>-</u>
122,393	4,061,603	1,123,432	586,431	49,691	2,971,533
-	-	-	-	-	-
<u>(152,809)</u>	<u>(2,491,701)</u>	<u>(1,117,218)</u>	<u>(50,006)</u>	<u>-</u>	<u>(2,315,066)</u>
<u>(152,809)</u>	<u>(2,491,701)</u>	<u>(1,117,218)</u>	<u>(50,006)</u>	<u>-</u>	<u>(2,315,066)</u>
<u>(30,416)</u>	<u>1,569,902</u>	<u>6,214</u>	<u>536,425</u>	<u>49,691</u>	<u>656,467</u>
<u>(16,003)</u>	<u>2,376,001</u>	<u>(32,588)</u>	<u>2,382,877</u>	<u>69,703</u>	<u>3,575,072</u>
<u>1,151,664</u>	<u>(125,026)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,135,661</u>	<u>2,250,975</u>	<u>(32,588)</u>	<u>2,382,877</u>	<u>69,703</u>	<u>3,575,072</u>
<u>\$ 1,105,245</u>	<u>\$ 3,820,877</u>	<u>\$ (26,374)</u>	<u>\$ 2,919,302</u>	<u>\$ 119,394</u>	<u>\$ 4,231,539</u>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003

	<u>Community Services</u>	<u>Traffic Impact Fees</u>	<u>Operations Impact Fees</u>
Revenues:			
Licenses and permits	\$ -	\$ 1,143,909	\$ 631,929
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	28,301	18,764
Miscellaneous	70,781	29,074	-
Total Revenues	<u>70,781</u>	<u>1,201,284</u>	<u>650,693</u>
Expenditures:			
Current:			
General government	202,554	-	-
Public safety	-	-	-
Housing	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>202,554</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(131,773)</u>	<u>1,201,284</u>	<u>650,693</u>
Other Financing Sources (Uses):			
Transfers in	180,000	-	-
Transfers out	-	(159,355)	(288,847)
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>(159,355)</u>	<u>(288,847)</u>
Net Change in Fund Balances	<u>48,227</u>	<u>1,041,929</u>	<u>361,846</u>
Fund Balances, Beginning of Year, as Reported	18,891	(5,239,355)	498,607
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	<u>18,891</u>	<u>(5,239,355)</u>	<u>498,607</u>
Fund Balances, End of Year	<u>\$ 67,118</u>	<u>\$ (4,197,426)</u>	<u>\$ 860,453</u>

<u>Landscape Maintenance District</u>	<u>Lighting District</u>	<u>Drainage Maintenance District</u>	<u>Integrated Financing District</u>	<u>Proposition C</u>	<u>Vegetative Management</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	90,635	-	1,742,670	-
770,744	1,567,395	754,009	-	-	-
5,269	-	50,987	-	-	1,118
41,190	-	1,136	-	-	-
817,203	1,567,395	896,767	-	1,742,670	1,118
-	-	-	-	-	-
-	-	-	-	-	-
517,701	2,129,087	286,005	-	-	-
-	-	-	-	-	-
517,701	2,129,087	286,005	-	-	-
299,502	(561,692)	610,762	-	1,742,670	1,118
-	550,000	-	-	-	-
-	(18,181)	(458,420)	-	(2,332,097)	-
-	531,819	(458,420)	-	(2,332,097)	-
299,502	(29,873)	152,342	-	(589,427)	1,118
183,022	(43,455)	1,970,671	800	220,769	70,744
-	-	-	-	-	-
183,022	(43,455)	1,970,671	800	220,769	70,744
\$ 482,524	\$ (73,328)	\$ 2,123,013	\$ 800	\$ (368,658)	\$ 71,862

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003

	Air Quality Management	Lancaster Housing Authority	Lancaster Home Program
Revenues:			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	206,348	-	-
Charges for services	-	-	-
Use of money and property	469	1,452,130	148,891
Miscellaneous	-	-	-
Total Revenues	206,817	1,452,130	148,891
Expenditures:			
Current:			
General government	66,727	-	-
Public safety	-	-	-
Housing	-	709,553	219,639
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	66,727	709,553	219,639
Excess (Deficiency) of Revenues Over (Under) Expenditures	140,090	742,577	(70,748)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	(26,035)	(649,532)	-
Total Other Financing Sources (Uses)	(26,035)	(649,532)	-
Net Change in Fund Balances	114,055	93,045	(70,748)
Fund Balances, Beginning of Year, as Reported	(51,877)	135,558	83,631
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	(51,877)	135,558	83,631
Fund Balances, End of Year	\$ 62,178	\$ 228,603	\$ 12,883

<u>C.O.P.S Grant</u>	<u>Local Law Enforcement Block Grant</u>	<u>EDA Grant</u>	<u>TEA 21</u>	<u>CCA Fairgrounds Construction</u>	<u>State Park Bond</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
279,907	298,135	302,493	631,000	8,372,828	139,554
-	-	-	-	-	-
6,812	3,115	-	-	-	-
-	-	-	-	-	-
286,719	301,250	302,493	631,000	8,372,828	139,554
-	-	15,000	-	-	-
67,630	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
67,630	-	15,000	-	-	-
219,089	301,250	287,493	631,000	8,372,828	139,554
-	-	-	-	-	-
(269,372)	(298,135)	(207,225)	(3,373,946)	(7,702,663)	(89,903)
(269,372)	(298,135)	(207,225)	(3,373,946)	(7,702,663)	(89,903)
(50,283)	3,115	80,268	(2,742,946)	670,165	49,651
51,306	136,605	1,201	(1,499,827)	(2,513,859)	(24,775)
-	-	-	-	-	-
51,306	136,605	1,201	(1,499,827)	(2,513,859)	(24,775)
\$ 1,023	\$ 139,720	\$ 81,469	\$ (4,242,773)	\$ (1,843,694)	\$ 24,876

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2003

	Federal, State County Park Grant	EDI Grant
Revenues:		
Licenses and permits	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Use of money and property	-	-
Miscellaneous	-	-
	<hr/>	<hr/>
Total Revenues	<hr/> -	<hr/> -
Expenditures:		
Current:		
General government	-	-
Public safety	-	-
Housing	-	-
Public works	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<hr/>	<hr/>
Total Expenditures	<hr/> -	<hr/> -
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/> -	<hr/> -
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	(816,733)	(443,282)
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	<hr/> (816,733)	<hr/> (443,282)
Net Change in Fund Balances	<hr/> (816,733)	<hr/> (443,282)
Fund Balances, Beginning of Year, as Reported	-	-
Restatements	<hr/> -	<hr/> -
Fund Balances, Beginning of Year, as Restated	<hr/> -	<hr/> -
Fund Balances, End of Year	<hr/> \$ (816,733)	<hr/> \$ (443,282)

Community Facilities District 91-1	Lancaster Housing Authority	Total Governmental Funds
\$ -	\$ -	\$ 4,681,976
-	-	23,831,718
-	-	3,659,206
18,665	35,136	2,057,968
-	-	154,291
18,665	35,136	34,385,159
-	-	1,416,272
-	-	67,630
-	-	929,192
-	-	2,932,793
-	250,000	1,100,000
-	434,707	658,574
-	684,707	7,104,461
18,665	(649,571)	27,280,698
-	649,532	1,379,532
-	-	(26,175,383)
-	649,532	(24,795,851)
18,665	(39)	2,484,847
1,003,770	678,843	3,748,680
-	-	1,026,638
1,003,770	678,843	4,775,318
\$ 1,022,435	\$ 678,804	\$ 7,260,165

CITY OF LANCASTER

Schedule 3a

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 300,671	\$ 300,671	\$ 300,671	\$ -
Resources (Inflows):				
Intergovernmental	1,520,259	2,863,465	2,482,128	(381,337)
Charges for services	-	-	10,275	10,275
Use of money and property	(1,593)	10,000	-	(10,000)
Other	6,992	-	-	-
Amounts Available for Appropriation	1,826,329	3,174,136	2,793,074	(381,062)
Charges to Appropriation (Outflow):				
Transfers to other funds	3,220,872	3,026,621	1,616,828	1,409,793
Total Charges to Appropriations	3,220,872	3,026,621	1,616,828	1,409,793
Budgetary Fund Balance, June 30	\$ (1,394,543)	\$ 147,515	\$ 1,176,246	\$ 1,028,731

CITY OF LANCASTER

Schedule 3b

BUDGETARY COMPARISON SCHEDULE
 ROBERTI ZBERG
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (14,143)	\$ (14,143)	\$ (14,143)	\$ -
Resources (Inflows):				
Intergovernmental	-	(385,000)	-	385,000
Amounts Available for Appropriation	(14,143)	(399,143)	(14,143)	385,000
Charges to Appropriation (Outflow):				
Transfers to other funds	385,000	385,000	310,709	74,291
Total Charges to Appropriations	385,000	385,000	310,709	74,291
Budgetary Fund Balance, June 30	\$ (399,143)	\$ (784,143)	\$ (324,852)	\$ 459,291

CITY OF LANCASTER

Schedule 3c

BUDGETARY COMPARISON SCHEDULES
PARKS DEVELOPMENT
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (574,180)	\$ (574,180)	\$ (574,180)	\$ -
Resources (Inflows):				
Intergovernmental	2,326,362	(595,000)	1,359,350	1,954,350
Charges for services	374,783	550,000	556,783	6,783
Use of money and property	-	-	12,288	12,288
Transfers from other funds	(185)	-	-	-
Amounts Available for Appropriation	2,126,780	(619,180)	1,354,241	1,973,421
Charges to Appropriation (Outflow):				
Transfers to other funds	1,469,864	1,226,891	987,320	239,571
Total Charges to Appropriations	1,469,864	1,226,891	987,320	239,571
Budgetary Fund Balance, June 30	\$ 656,916	\$ (1,846,071)	\$ 366,921	\$ 2,212,992

CITY OF LANCASTER

Schedule 3d

**BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,135,661	\$ 1,135,661	1,135,661	\$ -
Resources (Inflows):				
Intergovernmental	1,206,833	1,450,156	1,214,260	(235,896)
Amounts Available for Appropriation	2,342,494	2,585,817	2,349,921	(235,896)
Charges to Appropriation (Outflow):				
General government	18,000	18,000	18,000	-
Debt service:				
Principal	319,302	850,000	850,000	-
Interest and fiscal charges	103,295	223,867	223,867	-
Transfers to other funds	258,290	358,290	152,809	205,481
Total Charges to Appropriations	698,887	1,450,157	1,244,676	205,481
Budgetary Fund Balance, June 30	\$ 1,643,607	\$ 1,135,660	\$ 1,105,245	\$ (30,415)

CITY OF LANCASTER

Schedule 3e

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DEVELOPMENT AUTHORITY
YEAR ENDED JUNE 30, 2003**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,250,975	\$ 2,250,975	\$ 2,250,975	\$ -
Resources (Inflows):				
Intergovernmental	2,732,602	10,181,420	3,978,074	(6,203,346)
Use of money and property	-	65,000	83,529	18,529
Transfers from other funds	13,739	-	-	-
Amounts Available for Appropriation	<u>4,997,316</u>	<u>12,497,395</u>	<u>6,312,578</u>	<u>(6,184,817)</u>
Charges to Appropriation (Outflow):				
Transfers to other funds	13,401,153	12,674,605	2,491,701	10,182,904
Total Charges to Appropriations	<u>13,401,153</u>	<u>12,674,605</u>	<u>2,491,701</u>	<u>10,182,904</u>
Budgetary Fund Balance, June 30	<u><u>\$ (8,403,837)</u></u>	<u><u>\$ (177,210)</u></u>	<u><u>\$ 3,820,877</u></u>	<u><u>\$ 3,998,087</u></u>

CITY OF LANCASTER

Schedule 3f

**BUDGETARY COMPARISON SCHEDULE
BIKEWAY IMPROVEMENT
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (32,588)	\$ (32,588)	\$ (32,588)	\$ -
Resources (Inflows):				
Intergovernmental	42,118	1,354,550	1,123,322	(231,228)
Use of money and property	-	500	-	(500)
Other	-	-	110	110
Amounts Available for Appropriation	9,530	1,322,462	1,090,844	(231,618)
Charges to Appropriation (Outflow):				
Transfers to other funds	1,393,698	1,260,777	1,117,218	143,559
Total Charges to Appropriations	1,393,698	1,260,777	1,117,218	143,559
Budgetary Fund Balance, June 30	\$ (1,384,168)	\$ 61,685	\$ (26,374)	\$ (88,059)

CITY OF LANCASTER

Schedule 3g

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,382,877	\$ 2,382,877	\$ 2,382,877	\$ -
Resources (Inflows):				
Intergovernmental	1,052,469	1,597,167	1,611,014	13,847
Use of money and property	9,000	50,000	77,408	27,408
Other	-	-	12,000	12,000
Transfers from other funds	19,066	-	-	-
Amounts Available for Appropriation	3,463,412	4,030,044	4,083,299	53,255
Charges to Appropriation (Outflow):				
General government	1,364,500	1,364,500	1,113,991	250,509
Transfers to other funds	555,000	1,085,000	50,006	1,034,994
Total Charges to Appropriations	1,919,500	2,449,500	1,163,997	1,285,503
Budgetary Fund Balance, June 30	\$ 1,543,912	\$ 1,580,544	\$ 2,919,302	\$ 1,338,758

CITY OF LANCASTER

Schedule 3h

BUDGETARY COMPARISON SCHEDULE
SEWER FRONTAGE
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 69,703	\$ 69,703	\$ 69,703	\$ -
Resources (Inflows):				
Licenses and permits	13,913	-	49,691	49,691
Amounts Available for Appropriation	83,616	69,703	119,394	49,691
Charges to Appropriation (Outflow):				
Transfers to other funds	60,000	60,000	-	60,000
Total Charges to Appropriations	60,000	60,000	-	60,000
Budgetary Fund Balance, June 30	\$ 23,616	\$ 9,703	\$ 119,394	\$ 109,691

CITY OF LANCASTER

Schedule 3i

BUDGETARY COMPARISON SCHEDULE
DEVELOPER FEES
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,575,072	\$ 3,575,072	\$ 3,575,072	\$ -
Resources (Inflows):				
Licenses and permits	1,995,030	2,510,000	2,856,447	346,447
Charges for services	417	-	-	-
Use of money and property	29,170	-	115,086	115,086
Other	-	60,000	-	(60,000)
Amounts Available for Appropriation	5,599,689	6,145,072	6,546,605	401,533
Charges to Appropriation (Outflow):				
Transfers to other funds	4,577,784	4,647,856	2,315,066	2,332,790
Total Charges to Appropriations	4,577,784	4,647,856	2,315,066	2,332,790
Budgetary Fund Balance, June 30	\$ 1,021,905	\$ 1,497,216	\$ 4,231,539	\$ 2,734,323

CITY OF LANCASTER

Schedule 3j

**BUDGET COMPARISON SCHEDULE
COMMUNITY SERVICES
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,891	\$ 18,891	\$ 18,891	\$ -
Resources (Inflows):				
Other	49,754	-	70,781	70,781
Transfers from other funds	180,000	180,000	180,000	-
Amounts Available for Appropriation	248,645	198,891	269,672	70,781
Charges to Appropriation (Outflow):				
General government	180,000	180,000	202,554	(22,554)
Parks and recreation	143,957	-	-	-
Total Charges to Appropriations	323,957	180,000	202,554	(22,554)
Budgetary Fund Balance, June 30	\$ (75,312)	\$ 18,891	\$ 67,118	\$ 48,227

CITY OF LANCASTER

Schedule 3k

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC IMPACT FEES
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,239,355)	\$ (5,239,355)	\$ (5,239,355)	\$ -
Resources (Inflows):				
Licenses and permits	660,310	700,000	1,143,909	443,909
Use of money and property	-	-	28,301	28,301
Other	24,304	-	29,074	29,074
Transfers from other funds	8,646	-	-	-
Amounts Available for Appropriation	(4,546,095)	(4,539,355)	(4,038,071)	501,284
Charges to Appropriation (Outflow):				
Transfers to other funds	700,026	1,193,170	159,355	1,033,815
Total Charges to Appropriations	700,026	1,193,170	159,355	1,033,815
Budgetary Fund Balance, June 30	\$ (5,246,121)	\$ (5,732,525)	\$ (4,197,426)	\$ 1,535,099

CITY OF LANCASTER

Schedule 31

**BUDGETARY COMPARISON SCHEDULE
OPERATIONS IMPACT FEES
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 498,607	\$ 498,607	\$ 498,607	\$ -
Resources (Inflows):				
Licenses and permits	347,266	50,000	631,929	581,929
Use of money and property	-	-	18,764	18,764
Transfers from other funds	4,322	-	-	-
Amounts Available for Appropriation	850,195	548,607	1,149,300	600,693
Charges to Appropriation (Outflow):				
Transfers to other funds	91,720	491,420	288,847	202,573
Total Charges to Appropriations	91,720	491,420	288,847	202,573
Budgetary Fund Balance, June 30	\$ 758,475	\$ 57,187	\$ 860,453	\$ 803,266

CITY OF LANCASTER

Schedule 3m

**BUDGETARY COMPARISON SCHEDULE
LANDSCAPE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 183,022	\$ 183,022	\$ 183,022	\$ -
Resources (Inflows):				
Charges for services	409,271	865,000	770,744	(94,256)
Use of money and property	873	-	5,269	5,269
Other	28,880	-	41,190	41,190
Amounts Available for Appropriation	622,046	1,048,022	1,000,225	(47,797)
Charges to Appropriation (Outflow):				
Capital outlay	840,000	840,000	517,701	322,299
Total Charges to Appropriations	840,000	840,000	517,701	322,299
Budgetary Fund Balance, June 30	\$ (217,954)	\$ 208,022	\$ 482,524	\$ 274,502

CITY OF LANCASTER

Schedule 3n

BUDGETARY COMPARISON SCHEDULE
 LIGHTING DISTRICT
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (43,455)	\$ (43,455)	\$ (43,455)	\$ -
Resources (Inflows):				
Charges for services	937,082	1,540,000	1,567,395	27,395
Transfers from other funds	550,000	550,000	550,000	-
Amounts Available for Appropriation	1,443,627	2,046,545	2,073,940	27,395
Charges to Appropriation (Outflow):				
Capital outlay	2,004,000	2,004,000	2,129,087	(125,087)
Transfers to other funds	-	-	18,181	(18,181)
Total Charges to Appropriations	2,004,000	2,004,000	2,147,268	(143,268)
Budgetary Fund Balance, June 30	\$ (560,373)	\$ 42,545	\$ (73,328)	\$ (115,873)

CITY OF LANCASTER

Schedule 3o

BUDGETARY COMPARISON SCHEDULE
DRAINAGE MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,970,671	\$ 1,970,671	\$ 1,970,671	\$ -
Resources (Inflows):				
Intergovernmental	-	-	90,635	90,635
Charges for services	458,414	605,000	754,009	149,009
Invest income	-	-	50,987	50,987
Other	1,136	-	1,136	1,136
Transfers from other funds	13,923	-	-	-
Amounts Available for Appropriation	2,430,221	2,575,671	2,867,438	291,767
Charges to Appropriation (Outflow):				
Public works	850,000	850,000	286,005	563,995
Transfers to other funds	1,059,476	1,579,008	458,420	1,120,588
Total Charges to Appropriations	1,909,476	2,429,008	744,425	1,684,583
Budgetary Fund Balance, June 30	\$ 520,745	\$ 146,663	\$ 2,123,013	\$ 1,976,350

CITY OF LANCASTER

Schedule 3p

**BUDGETARY COMPARISON SCHEDULE
INTEGRATED FINANCING DISTRICT
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 800	\$ 800	\$ 800	\$ -
Budgetary Fund Balance, June 30	\$ 800	\$ 800	\$ 800	\$ -

CITY OF LANCASTER

Schedule 3q

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 220,769	\$ 220,769	\$ 220,769	\$ -
Resources (Inflows):				
Intergovernmental	1,308,728	1,324,770	1,742,670	417,900
Invest income	-	50,000	-	(50,000)
Transfers from other funds	1,016	-	-	-
Amounts Available for Appropriation	1,529,497	1,595,539	1,963,439	367,900
Charges to Appropriation (Outflow):				
Transfers to other funds	4,256,649	3,047,941	2,332,097	715,844
Total Charges to Appropriations	4,256,649	3,047,941	2,332,097	715,844
Budgetary Fund Balance, June 30	\$ (2,727,152)	\$ (1,452,402)	\$ (368,658)	\$ 1,083,744

CITY OF LANCASTER

Schedule 3r

**BUDGETARY COMPARISON SCHEDULE
VEGETATIVE MANAGEMENT
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 70,744	\$ 70,744	\$ 70,744	\$ -
Resources (Inflows):				
Invest income	-	-	1,118	1,118
Transfers from other funds	514	-	-	-
Amounts Available for Appropriation	70,744	70,744	71,862	1,118
Charges to Appropriation (Outflow):				
Transfers to other funds	55,700	55,700	-	55,700
Total Charges to Appropriations	55,700	55,700	-	55,700
Budgetary Fund Balance, June 30	\$ 15,044	\$ 15,044	\$ 71,862	\$ 56,818

CITY OF LANCASTER

Schedule 3s

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY MANAGEMENT
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (51,877)	\$ (51,877)	\$ (51,877)	\$ -
Resources (Inflows):				
Intergovernmental	68,958	50,000	206,348	156,348
Invest income	-	-	469	469
Transfers from other funds	32	-	-	-
Amounts Available for Appropriation	17,081	(1,877)	154,940	156,817
Charges to Appropriation (Outflow):				
General government	53,958	66,727	66,727	-
Transfers to other funds	40,000	26,035	26,035	-
Total Charges to Appropriations	93,958	92,762	92,762	-
Budgetary Fund Balance, June 30	\$ (76,877)	\$ (94,639)	\$ 62,178	\$ 156,817

CITY OF LANCASTER

Schedule 3t

**BUDGETARY COMPARISON SCHEDULE
LANCASTER HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2003**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 135,558	\$ 135,558	\$ 135,558	\$ -
Resources (Inflows):				
Invest income	401,976	-	1,452,130	1,452,130
Transfers from other funds	961	-	-	-
Amounts Available for Appropriation	537,534	135,558	1,587,688	1,452,130
Charges to Appropriation (Outflow):				
Public services	1,912,016	1,912,016	709,553	1,202,463
Transfers to other funds	938,616	938,616	649,532	289,084
Total Charges to Appropriations	2,850,632	2,850,632	1,359,085	1,491,547
Budgetary Fund Balance, June 30	<u>\$ (2,313,098)</u>	<u>\$ (2,715,074)</u>	<u>\$ 228,603</u>	<u>\$ 2,943,677</u>

CITY OF LANCASTER

Schedule 3u

BUDGETARY COMPARISON SCHEDULE
 LANCASTER HOME PROGRAM
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 83,631	\$ 83,631	\$ 83,631	\$ -
Resources (Inflows):				
Invest income	-	-	148,891	148,891
Other	88,911	-	-	-
Transfers from other funds	553	-	-	-
Amounts Available for Appropriation	172,542	83,631	232,522	148,891
Charges to Appropriation (Outflow):				
Public services	-	219,639	219,639	-
Total Charges to Appropriations	-	219,639	219,639	-
Budgetary Fund Balance, June 30	\$ 172,542	\$ (136,008)	\$ 12,883	\$ 148,891

CITY OF LANCASTER

Schedule 3v

BUDGETARY COMPARISON SCHEDULE
C.O.P.S. GRANT
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 51,306	\$ 51,306	\$ 51,306	\$ -
Resources (Inflows):				
Licenses and permits	244,515	-	-	-
Intergovernmental	35,392	290,000	279,907	(10,093)
Invest income	-	-	6,812	6,812
Transfers from other funds	373	-	-	-
Amounts Available for Appropriation	331,213	341,306	338,025	(3,281)
Charges to Appropriation (Outflow):				
Public safety	60,000	60,000	67,630	(7,630)
Transfers to other funds	270,000	270,000	269,372	628
Total Charges to Appropriations	330,000	330,000	337,002	(7,002)
Budgetary Fund Balance, June 30	\$ 1,213	\$ 11,306	\$ 1,023	\$ (10,283)

CITY OF LANCASTER

Schedule 3w

BUDGETARY COMPARISON SCHEDULE
 LOCAL LAW ENFORCEMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 136,605	\$ 136,605	\$ 136,605	\$ -
Resources (Inflows):				
Intergovernmental	285,748	287,000	298,135	11,135
Invest income	-	-	3,115	3,115
Transfers from other funds	300	-	-	-
Amounts Available for Appropriation	422,353	423,605	437,855	14,250
Charges to Appropriation (Outflow):				
Transfers to other funds	300,000	300,000	298,135	1,865
Total Charges to Appropriations	300,000	300,000	298,135	1,865
Budgetary Fund Balance, June 30	\$ 122,353	\$ 123,605	\$ 139,720	\$ 16,115

CITY OF LANCASTER

Schedule 3x

BUDGETARY COMPARISON SCHEDULE
EDA GRANT
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,201	\$ 1,201	\$ 1,201	\$ -
Resources (Inflows):				
Intergovernmental	191,132	-	302,493	302,493
Amounts Available for Appropriation	192,333	1,201	303,694	302,493
Charges to Appropriation (Outflow):				
General government	-	-	15,000	(15,000)
Transfers to other funds	1,150,000	1,150,000	207,225	942,775
Total Charges to Appropriations	1,150,000	1,150,000	222,225	927,775
Budgetary Fund Balance, June 30	\$ (957,667)	\$ (1,148,799)	\$ 81,469	\$ 1,230,268

CITY OF LANCASTER

Schedule 3y

BUDGETARY COMPARISON SCHEDULE
TEA 21
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ (1,499,827)	\$ (1,499,827)	\$(1,499,827)	\$ -
Resources (Inflows):				
Intergovernmental	-	5,206,000	631,000	(4,575,000)
Amounts Available for Appropriation	(1,499,827)	3,706,173	(868,827)	(4,575,000)
Charges to Appropriation (Outflow):				
Transfers to other funds	4,560,127	3,706,173	3,373,946	332,227
Total Charges to Appropriations	4,560,127	3,706,173	3,373,946	332,227
Budgetary Fund Balance, June 30	\$ (6,059,954)	\$ -	\$(4,242,773)	\$ (4,242,773)

CITY OF LANCASTER

Schedule 3z

BUDGETARY COMPARISON SCHEDULE
 CCA FAIRGROUNDS CONSTRUCTION
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (2,513,859)	\$ (2,513,859)	\$(2,513,859)	\$ -
Resources (Inflows):				
Intergovernmental	7,206,196	11,926,921	8,372,828	(3,554,093)
Amounts Available for Appropriation	4,692,337	9,413,062	5,858,969	(3,554,093)
Charges to Appropriation (Outflow):				
Transfers to other funds	-	-	7,702,663	(7,702,663)
Total Charges to Appropriations	-	-	7,702,663	(7,702,663)
Budgetary Fund Balance, June 30	\$ 4,692,337	\$ 9,413,062	\$(1,843,694)	\$(11,256,756)

CITY OF LANCASTER

Schedule 3aa

BUDGETARY COMPARISON SCHEDULE
STATE PARK BOND
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (24,775)	\$ (24,775)	\$ (24,775)	\$ -
Resources (Inflows):				
Intergovernmental	1,812,753	-	139,554	139,554
Amounts Available for Appropriation	1,787,978	(24,775)	114,779	139,554
Charges to Appropriation (Outflow):				
Transfers to other funds	812,758	364,039	89,903	274,136
Total Charges to Appropriations	812,758	364,039	89,903	274,136
Budgetary Fund Balance, June 30	\$ 975,220	\$ (388,814)	\$ 24,876	\$ 413,690

CITY OF LANCASTER

Schedule 3bb

**BUDGETARY COMPARISON SCHEDULE
FEDERAL, STATE, COUNTY PARK GRANT
YEAR ENDED JUNE 30, 2003**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Charges to Appropriation (Outflow):				
Transfers to other funds	915,000	915,000	816,733	98,267
Total Charges to Appropriations	915,000	915,000	816,733	98,267
Budgetary Fund Balance, June 30	\$ (915,000)	\$ (915,000)	\$ (816,733)	\$ 98,267

CITY OF LANCASTER

Schedule 3cc

BUDGETARY COMPARISON SCHEDULE
 EDI GRANT
 YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Charges to Appropriation (Outflow):				
Transfers to other funds	740,000	740,000	443,282	296,718
Total Charges to Appropriations	<u>740,000</u>	<u>740,000</u>	<u>443,282</u>	<u>296,718</u>
Budgetary Fund Balance, June 30	<u>\$ (740,000)</u>	<u>\$ (740,000)</u>	<u>\$ (443,282)</u>	<u>\$ 296,718</u>

CITY OF LANCASTER

Schedule 4a

**BUDGETARY COMPARISON SCHEDULE
CAPITAL OUTLAY
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Resources (Inflows):				
Transfers from other funds	45,606,991	42,905,242	23,350,387	(19,554,855)
Amounts Available for Appropriation	45,706,991	43,005,242	23,450,387	(19,554,855)
Charges to Appropriation (Outflow):				
Capital outlay	45,606,991	42,905,242	23,350,619	19,554,623
Total Charges to Appropriations	45,606,991	42,905,242	23,350,619	19,554,623
Budgetary Fund Balance, June 30	\$ 100,000	\$ 100,000	\$ 99,768	\$ (232)

CITY OF LANCASTER

Schedule 4b

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT 91-1
YEAR ENDED JUNE 30, 2003**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 1,003,770	\$ 1,003,770	\$ 1,003,770	\$ -
Resources (Inflows):				
Use of money and property	-	-	18,665	18,665
Amounts Available for Appropriation	<u>1,003,770</u>	<u>1,003,770</u>	<u>1,022,435</u>	<u>18,665</u>
Budgetary Fund Balance, June 30	<u>\$ 1,003,770</u>	<u>\$ 1,003,770</u>	<u>\$ 1,022,435</u>	<u>\$ 18,665</u>

CITY OF LANCASTER

Schedule 4c

**BUDGETARY COMPARISON SCHEDULE
LANCASTER REDEVELOPMENT AGENCY
YEAR ENDED JUNE 30, 2003**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (41,104,169)	\$ (41,104,169)	\$ (41,104,169)	\$ -
Resources (Inflows):				
Taxes	5,634,000	5,784,000	6,416,829	632,829
Use of money and property	2,776,400	3,221,590	3,250,331	28,741
Other	72,300	72,300	39,042	(33,258)
City loan proceeds	1,175,000	1,266,175	-	(1,266,175)
Refunding bonds issued	-	101,575,000	101,575,000	-
Bond issuance premium	-	5,380,526	5,380,526	-
Amounts Available for Appropriation	(31,446,469)	76,195,422	75,557,559	(637,863)
Charges to Appropriation (Outflow):				
General government	2,557,400	3,154,350	2,337,177	817,173
Public safety	3,860,400	6,144,915	1,762,080	4,382,835
Debt service:				
Principal	500,000	900,000	900,000	-
Interest and fiscal charges	-	-	2,636,016	(2,636,016)
Debt issuance costs	-	-	3,773,805	(3,773,805)
Transfers to other funds	8,410,000	89,501,000	85,011,959	4,489,041
Total Charges to Appropriations	15,327,800	99,700,265	96,421,037	3,279,228
Budgetary Fund Balance, June 30	\$ (46,774,269)	\$ (23,504,843)	\$ (20,863,478)	\$ 2,641,365

CITY OF LANCASTER

Schedule 5a

BUDGETARY COMPARISON SCHEDULE
LANCASTER HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 678,843	\$ 678,843	\$ 678,843	\$ -
Resources (Inflows):				
Use of money and property	-	-	35,136	35,136
Transfers from other funds	-	-	649,532	649,532
Amounts Available for Appropriation	678,843	678,843	1,363,511	684,668
Charges to Appropriation (Outflow):				
Debt service:				
Principal	-	-	250,000	(250,000)
Interest and fiscal charges	-	-	434,707	(434,707)
Total Charges to Appropriations	-	-	684,707	(684,707)
Budgetary Fund Balance, June 30	\$ 678,843	\$ 678,843	\$ 678,804	\$ (39)

CITY OF LANCASTER

Schedule 5b

**BUDGETARY COMPARISON SCHEDULE
LANCASTER REDEVELOPMENT AGENCY
YEAR ENDED JUNE 30, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,318,190	\$ 8,318,190	\$ 8,318,190	\$ -
Resources (Inflows):				
Taxes	5,325,455	5,325,455	4,285,043	(1,040,412)
Intergovernmental	937,000	937,000	3,776,536	2,839,536
Use of money and property	404,000	404,000	430,895	26,895
City loan proceeds	-	2,636,016	-	(2,636,016)
Transfers from other funds	8,810,000	89,500,921	85,011,959	(4,488,962)
Amounts Available for Appropriation	23,794,645	107,121,582	101,822,623	(5,298,959)
Charges to Appropriation (Outflow):				
General government	-	-	574,120	(574,120)
Debt service:				
Principal	2,805,000	3,845,000	3,845,000	-
Interest and fiscal charges	6,580,000	8,625,000	8,988,823	(363,823)
Transfers to other funds	4,100,000	4,100,000	-	4,100,000
Payment to refunded bond escrow	-	66,859,000	78,410,575	(11,551,575)
Total Charges to Appropriations	13,485,000	83,429,000	91,818,518	(8,389,518)
Budgetary Fund Balance, June 30	\$ 10,309,645	\$ 23,692,582	\$ 10,004,105	\$ (13,688,477)

CITY OF LANCASTER
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2003

	<u>Assessment Districts</u>	<u>Agency</u>	<u>Community Facilities District 89-1</u>	<u>Community Facilities District 90-1</u>	<u>Community Facilities District 91-1</u>
Assets:					
Cash and investments	\$ 149,765	\$ 1,092,758	\$ 158,569	\$ 830,891	\$ 486,797
Receivables (net of allowance for uncollectibles):					
Accounts	-	2,520	-	-	-
Restricted assets:					
Cash with fiscal agent	-	-	189,925	794,157	565,205
Total Assets	<u><u>\$ 149,765</u></u>	<u><u>\$ 1,095,278</u></u>	<u><u>\$ 348,494</u></u>	<u><u>\$ 1,625,048</u></u>	<u><u>\$ 1,052,002</u></u>
 Liabilities:					
Accounts payable	\$ -	\$ 739	\$ 2,750	\$ 2,000	\$ 2,000
Deposits	-	1,094,539	-	-	-
Amounts collected on behalf of bondholders	149,765	-	345,744	1,623,048	1,050,002
Total Liabilities	<u><u>\$ 149,765</u></u>	<u><u>\$ 1,095,278</u></u>	<u><u>\$ 348,494</u></u>	<u><u>\$ 1,625,048</u></u>	<u><u>\$ 1,052,002</u></u>

Schedule 6

<u>Community Facilities District 91-2</u>	<u>Assessment District 92-101</u>	<u>Assessment District 93-3</u>	<u>Totals</u>
\$ 1,239,526	\$ 356,002	\$ 318,215	\$ 4,632,523
-	-	-	2,520
<u>840,899</u>	<u>225,470</u>	<u>2,818</u>	<u>2,618,474</u>
<u>\$ 2,080,425</u>	<u>\$ 581,472</u>	<u>\$ 321,033</u>	<u>\$ 7,253,517</u>
\$ 2,000	\$ 2,322	\$ -	\$ 11,811
-	-	-	1,094,539
<u>2,078,425</u>	<u>579,150</u>	<u>321,033</u>	<u>6,147,167</u>
<u>\$ 2,080,425</u>	<u>\$ 581,472</u>	<u>\$ 321,033</u>	<u>\$ 7,253,517</u>

CITY OF LANCASTER

Schedule 7

Page 1 of 3

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2003</u>
Assessment Districts				
Assets:				
Cash and investments	\$ 145,259	\$ 4,506	\$ -	\$ 149,765
Total Assets	\$ 145,259	\$ 4,506	\$ -	\$ 149,765
Liabilities:				
Amounts collected on behalf of bondholders	\$ 145,259	\$ 4,506	\$ -	\$ 149,765
Total Liabilities	\$ 145,259	\$ 4,506	\$ -	\$ 149,765
Agency				
Assets:				
Cash and investments	\$ 1,073,385	\$ 47,668	\$ 28,295	\$ 1,092,758
Accounts receivables	1,500	2,850	1,830	2,520
Total Assets	\$ 1,074,885	\$ 50,518	\$ 30,125	\$ 1,095,278
Liabilities:				
Accounts payable	\$ 738	\$ 27,329	\$ 27,328	\$ 739
Deposits	1,074,147	48,900	28,508	1,094,539
Total Liabilities	\$ 1,074,885	\$ 76,229	\$ 55,836	\$ 1,095,278
Community Facilities District 89-1				
Assets:				
Cash and investments	\$ 166,852	\$ 299,241	\$ 307,524	\$ 158,569
Cash and investments with fiscal agent	231,360	-	41,435	189,925
Accounts receivable	1,856	-	1,856	-
Total Assets	\$ 400,068	\$ 299,241	\$ 350,815	\$ 348,494
Liabilities:				
Accounts payable	\$ 1,369	\$ 309,170	\$ 307,789	\$ 2,750
Amounts collected on behalf of bondholders	398,699	299,241	352,196	345,744
Total Liabilities	\$ 400,068	\$ 608,411	\$ 659,985	\$ 348,494
Community Facilities District 90-1				
Assets:				
Cash and investments	\$ 833,237	\$ 750,002	\$ 752,348	\$ 830,891
Cash and investments with fiscal agent	777,243	16,914	-	794,157
Accounts receivable	12,199	-	12,199	-
Total Assets	\$ 1,622,679	\$ 766,916	\$ 764,547	\$ 1,625,048
Liabilities:				
Accounts payable	\$ -	\$ 754,346	\$ 752,346	\$ 2,000
Amounts collected on behalf of bondholders	1,622,679	766,915	766,546	1,623,048
Total Liabilities	\$ 1,622,679	\$ 1,521,261	\$ 1,518,892	\$ 1,625,048

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Community Facilities District 91-1				
Assets:				
Cash and investments	\$ 489,264	\$ 540,392	\$ 542,859	\$ 486,797
Cash and investments with fiscal agent	561,318	3,887	-	565,205
Accounts receivable	1,693	-	1,693	-
Total Assets	\$ 1,052,275	\$ 544,279	\$ 544,552	\$ 1,052,002
Liabilities:				
Accounts payable	\$ -	\$ 544,859	\$ 542,859	\$ 2,000
Amounts collected on behalf of bondholders	1,052,275	540,392	542,665	1,050,002
Total Liabilities	\$ 1,052,275	\$ 1,085,251	\$ 1,085,524	\$ 1,052,002
Community Facilities District 91-2				
Assets:				
Cash and Investments	\$ 813,995	\$ 1,220,380	\$ 794,849	\$ 1,239,526
Cash and investments with fiscal agent	845,806	4,495	9,402	840,899
Accounts receivables	25,454	-	25,454	-
Total Assets	\$ 1,685,255	\$ 1,224,875	\$ 829,705	\$ 2,080,425
Liabilities:				
Accounts payable	\$ -	\$ 796,835	\$ 794,835	\$ 2,000
Amounts collected on behalf of bondholders	1,685,255	1,224,875	831,705	2,078,425
Total Liabilities	\$ 1,685,255	\$ 2,021,710	\$ 1,626,540	\$ 2,080,425
Assessment District 92-101				
Assets:				
Cash and investments	\$ 2,321,784	\$ 600,081	\$ 2,565,863	\$ 356,002
Cash and investments with fiscal agent	25,077	696,135	495,742	225,470
Accounts receivable	1,313	-	1,313	-
Total Assets	\$ 2,348,174	\$ 1,296,216	\$ 3,062,918	\$ 581,472
Liabilities:				
Accounts payable	\$ -	\$ 2,119,979	\$ 2,117,657	\$ 2,322
Amounts collected on behalf of bondholders	2,348,174	1,208,794	2,977,818	579,150
Total Liabilities	\$ 2,348,174	\$ 3,328,773	\$ 5,095,475	\$ 581,472
Assessment District 93-3				
Assets:				
Cash and investments	\$ 108,687	\$ 929,166	\$ 719,638	\$ 318,215
Cash and investments with fiscal agent	46,566	-	43,748	2,818
Accounts receivable	8,409	-	8,409	-
Total Assets	\$ 163,662	\$ 929,166	\$ 771,795	\$ 321,033
Liabilities:				
Accounts payable	\$ 9,058	\$ 371,060	\$ 380,118	\$ -
Amounts collected on behalf of bondholders	154,604	929,165	762,736	321,033
Total Liabilities	\$ 163,662	\$ 1,300,225	\$ 1,142,854	\$ 321,033

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Balance July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2003</u>
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 5,952,463	\$ 4,391,436	\$ 5,711,376	\$ 4,632,523
Cash and investments with fiscal agent	2,487,370	721,431	590,327	2,618,474
Accounts receivable	52,424	2,850	27,300	27,974
Accrued interest receivables	-	-	25,454	(25,454)
Total Assets	<u>\$ 8,492,257</u>	<u>\$ 5,115,717</u>	<u>\$ 6,354,457</u>	<u>\$ 7,253,517</u>
Liabilities:				
Accounts payable	\$ 11,165	\$ 4,923,578	\$ 4,922,932	\$ 11,811
Deposits	1,074,147	48,900	28,508	1,094,539
Amounts collected on behalf of bondholders	7,406,945	4,973,888	6,233,666	6,147,167
Total Liabilities	<u>\$ 8,492,257</u>	<u>\$ 9,946,366</u>	<u>\$ 11,185,106</u>	<u>\$ 7,253,517</u>

CITY OF LANCASTER
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION ⁽¹⁾
TEN YEARS ENDED JUNE 30, 2003

Fiscal Year	General Government	Community Development	Public Works	Cultural and Recreational	Housing	Public Safety	Capital Outlay	Debt Service	Total
1993-1994	\$ 8,730,666	\$ 952,827	\$ 8,050,658	\$ 5,750,162	\$ 467,243	\$ 9,097,116	\$ 55,276,005	\$ 15,677,143	\$ 104,001,820
1994-1995	9,426,792	907,787	7,405,819	6,128,722	773,408	9,944,610	34,872,845	17,639,564	87,099,547
1995-1996	8,992,920	1,201,371	7,059,026	6,551,340	1,113,252	10,204,708	56,881,791	26,823,213	118,827,621
1996-1997	7,647,509	1,046,991	7,547,685	6,940,100	778,443	15,051,735	20,628,892	18,602,363	78,243,718
1997-1998	6,363,373	925,205	7,199,449	6,728,169	559,543	13,667,461	20,749,593	21,870,211	78,063,004
1998-1999	9,177,492	1,074,923	7,343,297	7,135,363	1,016,406	12,616,832	21,650,937	21,479,142	81,494,392
1999-2000	8,324,988	1,076,912	9,576,747	7,580,133	578,823	19,913,979	18,865,104	19,730,578	85,647,264
2000-2001	7,637,154	1,069,895	7,919,830	8,365,917	696,422	18,256,414	16,165,559	18,360,535	78,471,726
2001-2002	9,660,716	1,160,119	8,742,156	10,723,539	643,692	12,789,263	25,253,071	18,948,914	87,921,470
2002-2003	10,607,635	2,025,672	11,193,468	8,178,638	929,192	13,203,948	23,544,723	21,974,561	91,657,837

⁽¹⁾ Includes all Governmental Fund Type Expenditures

Source: City of Lancaster Finance Department

(#) Note: The Lancaster Housing Authority was formed during fiscal year ended June 30, 1994.

CITY OF LANCASTER
GENERAL GOVERNMENTAL REVENUES BY SOURCE ⁽¹⁾
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Inter-governmental</u>
1993-1994	\$ 24,575,093	\$ 4,820,008	\$ 380,058	\$ 5,845,768	\$ 13,598,497
1994-1995	24,640,294	4,170,323	384,558	7,830,327	19,374,301
1995-1996	24,666,339	1,949,269	323,151	13,524,143	18,999,066
1996-1997	24,165,570	3,218,254	391,390	8,267,365	22,124,999
1997-1998	23,192,401	5,269,610	338,418	5,582,732	21,958,132
1998-1999	24,023,330	5,404,540	848,929	10,075,111	25,094,138
1999-2000	26,322,794	4,868,360	995,976	6,727,484	31,931,475
2000-2001	27,796,903	5,739,195	1,161,592	6,125,222	27,832,471
2001-2002	29,362,273	6,264,777	1,148,340	5,714,990	26,104,631
2002-2003	31,948,826	8,938,538	1,476,522	5,928,661	36,674,061

⁽¹⁾ Includes all Governmental Fund Type Revenues

Source: City of Lancaster Finance Department

CITY OF LANCASTER

GENERAL GOVERNMENTAL REVENUES BY SOURCE ⁽¹⁾

TEN YEARS ENDED JUNE 30, 2003

<u>Charges for Services</u>	<u>Other Revenue</u>	<u>Total</u>
\$ 3,144,246	\$ 13,513,576	\$ 65,877,246
4,505,126	3,106,501	64,011,430
4,605,370	4,878,418	68,945,756
5,399,871	1,512,398	65,079,847
2,230,390	4,960,000	63,531,683
1,946,440	5,635,120	73,027,608
2,324,956	3,366,468	76,537,513
3,504,440	3,456,913	75,616,736
4,238,458	1,667,435	74,500,904
4,634,100	2,444,533	92,045,241

CITY OF LANCASTER
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (*)
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Sales Taxes</u>	<u>Property Taxes</u>	<u>Property Tax Increments</u>	<u>Franchises</u>	<u>Business Taxes</u>	<u>Transient Occupancy Taxes</u>
1993-1994	\$ 8,750,447	\$ 1,771,041	\$ 10,720,480	\$ 2,099,689	\$ 247,208	\$ 737,236
1994-1995	9,360,106	1,968,706	9,926,664	2,162,883	274,409	724,309
1995-1996	9,661,755	2,325,230	9,306,036	2,173,206	256,892	705,772
1996-1997	9,805,464	2,354,173	8,416,764	2,190,513	231,076	898,510
1997-1998	9,959,619	2,423,954	7,228,622	2,184,590	197,339	947,205
1998-1999	10,643,357	2,372,569	7,198,879	2,263,082	268,549	973,557
1999-2000	12,557,173	2,354,859	7,381,846	2,483,480	234,855	1,022,630
2000-2001	12,709,015	2,349,633	8,270,520	2,701,614	330,123	1,107,312
2001-2002	12,905,456	2,376,368	9,214,969	3,112,759	318,956	1,025,256
2002-2003	13,819,915	2,395,158	10,701,872	3,129,084	325,723	1,092,648

(*) Includes all Governmental Fund Type Tax Revenues

Source: City of Lancaster Finance Department

CITY OF LANCASTER

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (*)

TEN YEARS ENDED JUNE 30, 2003
(Continued)

<u>Property Transfer Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
\$ 162,177	\$ 86,815	\$ 24,575,093
137,890	85,327	24,640,294
156,166	81,282	24,666,339
197,426	71,645	24,165,570
178,572	72,500	23,192,401
207,659	95,678	24,023,330
211,593	76,358	26,322,794
240,055	88,631	27,796,903
325,603	82,906	29,362,273
398,455	85,971	31,948,826

CITY OF LANCASTER

SCHEDULE OF PROPERTY TAX LEVIES AND COLLECTIONS

TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Current Taxes Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
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Note: The City of Lancaster neither levies nor collects ad valorem property taxes. The City was incorporated in 1977 as a no-property tax City. Due to special legislation approved in 1988, the City now receives a small percent of the 1% general tax levy. However, the major revenue source of the Lancaster Redevelopment Agency, a Component Unit of the City, is property tax increment revenues. Tax increments do not constitute a levy by the City or any other governmental agency.

CITY OF LANCASTER
SCHEDULE OF ASSESSED VALUATION
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Percentage Increase (Decrease)</u>
1993-1994	\$ 4,721,548,402	0.82%
1994-1995	4,731,101,468	0.20%
1995-1996	4,546,512,412	(3.90%)
1996-1997	4,450,708,670	(2.11%)
1997-1998	4,290,781,723	(3.59%)
1998-1999	4,258,346,787	(0.76%)
1999-2000	4,224,994,724	(0.78%)
2000-2001	4,394,525,333	4.01%
2001-2002	4,688,973,704	6.70%
2002-2003	5,048,812,570	7.67%

Note: Since the Los Angeles County Assessor's Office assesses property at 100% of the actual value, the assessed value and the estimated actual value are the same.

Source: Los Angeles County Assessor's Office

CITY OF LANCASTER
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>General</u>	<u>Los Angeles County</u>	<u>Elementary Schools</u>	<u>High Schools</u>	<u>Community College</u>	<u>Sanitation District</u>	<u>Water</u>	<u>Total</u>
1993-1994	1.000000	0.001713	0.000000	0.000000	0.000000	0.001508	0.096156	1.099377
1994-1995	1.000000	0.001993	0.000000	0.000149	0.000000	0.003162	0.094155	1.099459
1995-1996	1.000000	0.001604	0.000000	0.000000	0.000000	0.000000	0.080013	1.081617
1996-1997	1.000000	0.001584	0.000000	0.000000	0.000000	0.000000	0.078989	1.080573
1997-1998	1.000000	0.001584	0.000000	0.000000	0.000000	0.000000	0.078989	1.080573
1998-1999	1.000000	0.001422	0.000000	0.000000	0.000000	0.000000	0.076384	1.077806
1999-2000	1.000000	0.001422	0.000000	0.000000	0.000000	0.000000	0.075834	1.077256
2000-2001	1.000000	0.001422	0.000000	0.000000	0.000000	0.000000	0.073844	1.075266
2001-2002	1.000000	0.001033	0.024109	0.026502	0.000000	0.000000	0.071384	1.123028
2002-2003	1.000000	0.000992	0.022433	0.024279	0.000000	0.000000	0.070554	1.118258

Note: Rates are expressed as dollars per \$100 of assessed valuation.

Source: Los Angeles County Tax Collector

CITY OF LANCASTER
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>
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Note: The City of Lancaster has no outstanding general obligation debt as of June 30, 2003, nor has it had general obligation debt during the last ten fiscal years. Therefore, no information is presented. This statistical table normally indicates the general obligation debt to be repaid through general property taxes, the ratios of net general bonded debt to the assessed value, and the net bonded debt per capita.

CITY OF LANCASTER
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2003

Total assessed value of all real and personal property	\$ 5,048,812,570
Legal debt limit - 3.75% of total assessed valuation	189,330,471
Amount of debt applicable to limit	-
Legal debt margin	189,330,471
Percentage of legal debt authorized	0%

Sources: City of Lancaster Finance Department and Los Angeles County Assessor's Office

CITY OF LANCASTER
SCHEDULE OF OVERLAPPING DEBT
AT JUNE 30, 2003

2002-2003 Assessed Valuation: \$2,152,423,279 (after deducting \$2,896,389,291 redevelopment incremental valuation)

<u>Overlapping Bonded Debt:</u>	<u>Gross Debt</u>	<u>Percentage of gross debt applicable to City of Lancaster</u>	<u>Amount of gross debt applicable to City of Lancaster</u>
Antelope Valley East Kern Water Agency	\$ 3,275,000	44.48%	\$ 1,456,631
Antelope Valley Union High School 2002 Ser A	50,000,000	23.08%	11,541,104
Eastside Union School District 1998 Ser A	6,012,548	22.38%	1,345,675
Eastside Union School District Ser 2002	5,400,000	22.38%	1,208,580
Lancaster Elementary School District 1999 Ser 99A	16,749,669	89.45%	14,982,445
Lancaster Elementary School District 1999 Ser 2001	11,435,262	89.45%	10,228,750
Los Angeles County Facilities 1987 Debt Service	30,225,000	0.37%	110,827
Westside Union School District 89 Ser C	6,310,000	21.81%	1,376,352
Westside Union School District 1998 Ser A	7,087,875	21.81%	1,546,024
Westside Union School District 2001 Ser A	3,800,718	21.81%	829,022
Westside Union School District 2002 Ser A	3,641,250	21.81%	794,238
TOTAL GROSS OVERLAPPING BONDED DEBT			\$ 45,419,648

Note: Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, non-bonded capital lease obligations, and certificates of participation.

Source: HdL Coren & Cone

CITY OF LANCASTER
SCHEDULE OF PROPERTY VALUE, CONSTRUCTION, AND DEPOSITS
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Property Value</u>	<u>Construction Value</u>	<u>Banks</u>	<u>Savings & Loans</u>	<u>Credit Unions</u>	<u>Total Deposits</u>
1993-1994	\$ 4,721,548	\$ 53,926	\$ 517,594	\$ 287,939	\$ 16,790	\$ 822,323
1994-1995	4,731,101	83,953	540,263	325,451	17,841	883,555
1995-1996	4,546,512	62,693	570,758	238,576	19,925	829,259
1996-1997	4,454,242	73,905	563,672	252,727	22,242	838,641
1997-1998	4,290,781	106,852	541,792	264,129	25,109	831,030
1998-1999	4,258,347	106,174	405,563	435,333	26,305	867,201
1999-2000	4,224,994	67,760	316,515	443,329	27,218	787,062
2000-2001	4,394,525	97,361	380,750	490,167	28,662	899,579
2001-2002	4,688,973	135,393	529,647	509,456	29,721	1,068,824
2002-2003	5,048,812	120,710	588,791	528,948	30,112	1,147,851

Note: All amounts expressed in thousands.

Sources: Property Value: Los Angeles County Assessor's Office
Construction Value: City of Lancaster, Building and Safety Department
Deposits: FDIC Offices and Deposits

CITY OF LANCASTER

TOP TWENTY-FIVE SECURED PROPERTY OWNERS

YEAR ENDED JUNE 30, 2003

<u>Owner (Number of Parcels)</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
BPP Valley Central (12)	\$ 44,576,595	0.90%
Lancaster Redevelopment Agency (820)	36,445,793	0.73%
Passco Lancaster LLC (22)	31,950,158	0.64%
Thrifty Payless Inc. (1)	29,866,962	0.60%
Kaiser Foundation Health Plan (7)	23,993,865	0.48%
Provident Affordable Housing (7)	22,815,757	0.46%
Woodcreek Garden Apartments (6)	20,308,000	0.41%
Antelope Pines Estates (4)	15,062,690	0.30%
Toys R Us (4)	14,418,910	0.29%
Lexington Lancaster LLC (1)	14,051,336	0.28%
Paracelsus Real Estate Corporation (5)	13,751,925	0.28%
Frank A. Visco (15)	13,705,248	0.28%
Cinemark USA Inc. (2)	13,663,050	0.27%
Lees Lancaster Investments (6)	12,241,517	0.25%
Essex Ventures LLC (4)	10,967,255	0.22%
Wood Lancaster No 1 (8)	10,718,252	0.22%
Lancaster Baptist Church (4)	10,389,103	0.21%
Rite Aid Corporation (4)	10,233,621	0.21%
Adelphia Communication of California II (1)	10,090,306	0.20%
Caritas Affiliated Corporation No 1 (3)	9,944,884	0.20%
Century Plaza East LLC (1)	9,467,639	0.19%
Baney Corporation (2)	8,521,359	0.17%
Westwood Park Limited (1)	8,808,700	0.18%
Casa Bonita Apartments (3)	8,679,794	0.17%
Dayton Hudson Corporation (2)	8,662,235	0.17%

Source: HdL Coren & Cone, Los Angeles County Assessor 2001-2002 Secured Tax Rolls

CITY OF LANCASTER

PRINCIPAL GENERATORS OF SALES TAX REVENUE

YEAR ENDED JUNE 30, 2003

<u>Taxpayer</u>	<u>Type of Business</u>
Albertson's, Inc.	Grocery Store
Arco AM PM Mini Marts	Gasoline/Convenience Station
Camacho Auto Sales	Used Automotive Dealers
Cardlock Fuel Systems, Inc.	Petroleum Production
Circuit City Stores West, Inc.	Home Electronics/Appliance Store
Costco Wholesale Corporaton	Discount Membership Department Store
Harley Davidson	Boats/Motorcycles
Home Depot	Home Improvement Store
Hunter Dodge Chrysler Jeep	Auto Dealership
Johnson Ford	Auto Dealership
K-Mart Corporation	Department Store
Lancaster Honda	Auto Dealership
Lancaster Jeep Eagle	Auto Dealership
Lancaster Mazda Isuzu Subaru	Auto Dealership
Petro Lock	Petroleum Production
Sav On Drugs	Drug Stores
Sierra Toyota Lancaster Mitsubishi	Auto Dealership
Stater Bros	Grocery Store
Target	Discount Department Store
Terry Lumber	Lumber/Building Materials
Texaco Starmart	Service Stations
Toys R Us, Inc.	Retail Toy Store
Von's	Grocery Store
Wal-Mart	Department Store
Young's RV Center	Recreational Vehicles

Taxpayers are listed in alphabetical order.

Due to confidentiality requirements, individual sales tax dollars are not disclosed.

Source: Hinderliter, de Llamas & Associates, California State Board of Equilization

CITY OF LANCASTER
SCHEDULE OF BUILDING PERMITS BY TYPE
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Industrial</u>		<u>Other</u>		<u>Totals</u>	
	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>
1993-1994	350	\$41,477,000	11	\$ 948,000	1	\$ 1,430,000	1,429	\$ 10,070,665	1,791	\$ 53,925,665
1994-1995	362	42,561,000	35	27,624,000	1	2,709,000	1,899	11,059,041	2,297	83,953,041
1995-1996	281	36,103,000	18	8,133,000	1	3,828,000	1,396	14,629,000	1,696	62,693,000
1996-1997	383	52,845,000	27	8,156,000	1	524,000	1,199	12,380,500	1,610	73,905,500
1997-1998	394	55,283,000	22	19,797,000	1	54,000	1,246	31,718,300	1,663	106,852,300
1998-1999	352	58,487,600	18	4,320,000	4	27,830,000	1,196	15,536,490	1,570	106,174,090
1999-2000	200	36,550,000	24	7,261,000	4	3,602,000	1,025	20,347,530	1,253	67,760,530
2000-2001	456	65,993,000	17	15,906,000	4	1,820,000	988	13,642,000	1,465	97,361,000
2001-2002	503	76,053,866	33	39,071,818	2	626,509	1,043	19,641,332	1,581	135,393,525
2002-2003	570	82,408,980	34	21,998,222	2	1,528,009	1,044	12,900,910	1,650	118,836,120

Source: City of Lancaster Department of Public Works, Building Division

CITY OF LANCASTER
POPULATION BY YEAR
TEN YEARS ENDED JUNE 30, 2003

<u>Fiscal Year</u>	<u>Population</u>	<u>% Increase Over Prior Year</u>
1992-1993	107,675	2.89%
1993-1994	115,524	7.29%
1994-1995	118,457	2.54%
1995-1996	121,023	2.17%
1996-1997	123,197	1.80%
1997-1998	127,136	3.20%
1998-1999	130,079	2.31%
1999-2000	132,402	1.79%
2000-2001	122,145	-7.75%
2001-2002	123,147	0.82%
2002-2003	126,052	2.36%

Source: State of California, Department of Finance, excluding fiscal year 1990-1991
United States Census Bureau for fiscal year 2000-2001

CITY OF LANCASTER

MISCELLANEOUS STATISTICAL INFORMATION

Date of Incorporation	November 22, 1977
Form of Government	Council-Manager
Area	94 square miles
Police Protection	Los Angeles County Sheriff's Department
Fire Protection	Los Angeles County Fire Protection District
Municipal Water	Los Angeles County Waterworks District #4
Library	Los Angeles County Library System
Education: Public Schools	18 Elementary 4 Intermediate 5 High School 1 Community College
Recreation and Parks	256 Acres of Parks 2 Swimming Pools 1 National Soccer Center 1 Municipal Baseball Stadium
Hospitals	2 General 3 Convalescent
Topography	High desert, approximate elevation - 2400'
Temperature	Mean 61 degrees

CITY OF LANCASTER

JUNE 30, 2003

POPULATION BY AGE

Age	Population		Percent of Total Population		Percent Change
	1990	2000	1990	2000	
0-4	9,535	9,544	9.8%	8.0%	-1.8%
5-14	15,697	22,265	16.1%	18.8%	2.7%
15-19	6,559	10,209	6.7%	8.6%	1.9%
20-24	7,399	7,650	7.6%	6.4%	-1.2%
25-34	21,178	16,379	21.8%	13.8%	-8.0%
35-44	14,245	20,830	14.6%	17.5%	2.9%
45-54	8,556	13,763	8.8%	11.6%	2.8%
55-64	6,458	7,877	6.6%	6.6%	0.0%
65+	7,664	10,201	7.9%	8.6%	0.7%
Total	97,291	118,718	100.0%	100.0%	

POPULATION BY GENDER

Gender	1990		2000		Percent Change
	Population	% of Total	Population	% of Total	
Male	48,695	50.1%	60,257	50.8%	0.7%
Female	48,596	49.9%	58,461	49.2%	-0.7%
Total	97,291	100.0%	118,718	100.0%	

Source: 1990 and 2000 Census

CITY OF LANCASTER

JUNE 30, 2003

APPROVED ANNEXATIONS

<u>Year</u>	<u>Number of Annexations</u>	<u>Area of Annexation (Sq. Miles)</u>	<u>County Approved Lots</u>	<u>County Approved Dwelling Units</u>
1986	1	0.01	0	0
1987	2	17.47	484	238
1988	9	9.55	322	0
1989	20	5.35	0	0
1990	16	3.25	0	0
1991-2002	0	0.00	0	0
Total	48	35.63	806	238

APPROVED SUBDIVISION IN AREAS ANNEXED AFTER 1986

<u>Year</u>	<u>Number of Approved TM's</u>	<u>Number of Single Family Lots</u>
1988	2	248
1989	7	832
1990	10	4,695
1991	7	1,885
1992-2002	0	0
Total	26	7,660

CITY OF LANCASTER
HOUSING STOCK - 1990 AND 2000
JUNE 30, 2003

<u>Unit Type</u>	<u>1990</u>		<u>2000</u>		<u>Growth</u>	
	<u>Number of Units</u>	<u>Percent of Total Units</u>	<u>Number of Units</u>	<u>Percent of Total Units</u>	<u>Number of Units</u>	<u>Percent Increase</u>
Single Family	23,427	64.1%	28,418	66.0%	4,991	21.3%
Multi-Family (2-4 units)	2,368	6.5%	2,728	6.0%	360	15.2%
Multi-Family (5+ units)	7,388	20.2%	7,534	18.0%	146	2.0%
Mobile Homes	3,342	9.2%	4,247	10.0%	905	27.1%
Total	36,525	100.0%	42,927	100.0%	6,402	17.5%

Source: State Department of Finance Housing Units Projections, January 1, 2000.

CITY OF LANCASTER
MAJOR LANCASTER AREA EMPLOYERS
JUNE 30, 2003

<u>Employer</u>	<u>Employees</u>
Edwards Air Force Base/NASA Dryden	10,650
Lockheed Martin Co	4,600
Elementary School Districts	4,200
Los Angeles County	3,200
Antelope Valley Mall	2,000
Antelope Valley Hospital Medical Center (386 Beds)	1,994
Walmart	1,784
Mojave Airport	1,300
Northrop-Grumman	1,300
CA State Prison	1,300
Antelope Valley Union High School District	1,292
Boeing North America	1,100
U.S. Borax	880
Rite Aid Regional Support Center	880
Countrywide Home Loans Service Center	810
Antelope Valley College	802
Lancaster Community Hospital (132 Beds)	560
Kaiser Permanente	540
Anderson Barrows	500
Federal Aviation Administration	490
Rexhall Industries	475
High Desert Health System (L.A. County)	460
Lance Campers	400
Target Stores	380
Senior Systems Technology	350
Deluxe Check Printers	350
High Desert Medical Group	307
Desert Haven	250
Symvionics	250
Antelope Valley Press	245
Starwood Enterprises	230
Michael's Distribution Center	230
Signature Fundraising	200

Source: Greater Antelope Valley Economic Alliance

