



CITY OF  
*Lancaster*  
CALIFORNIA



COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT



FISCAL YEAR ENDING  
JUNE 30, 2005



**CITY OF LANCASTER, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2005**

CITY OF LANCASTER  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page Number</u>
<b>INTRODUCTORY SECTION</b>	
Principal City Officials	i
Letter of Transmittal	ii
Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting	x
City Boundary Maps	xi
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Exhibit A - Statement of Net Assets	11
Exhibit B - Statement of Activities	12
Fund Financial Statements:	
Exhibit C - Balance Sheet - Governmental Funds	14
Exhibit D - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	16
Exhibit E - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Exhibit F - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Exhibit G - Budgetary Comparison Statement - General Fund	21
Exhibit H - Statement of Fiduciary Net Assets - Fiduciary Funds	22
Notes to Financial Statements	23

CITY OF LANCASTER  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page Number</u>
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Schedule 1 - Combining Balance Sheet - Nonmajor Governmental Funds	56
Schedule 2 - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	64
Schedule 3 - Budgetary Comparison Schedules - Special Revenue Funds	
a. Gas Tax	72
b. Roberti Zberg	73
c. Parks Development	74
d. Housing and Community Development	75
e. Transportation Development Authority	76
f. Bikeway Improvement	77
g. Proposition A	78
h. Sewer Frontage	79
i. Developer Fees	80
j. Community Services	81
k. Traffic Impact Fees	82
l. Operations Impact Fees	83
m. Landscape Maintenance District	84
n. Lighting District	85
o. Drainage Maintenance District	86
p. Proposition C	87
q. Air Quality Management	88
r. C.O.P.S. Grant	89
s. Local Law Enforcement Block Grant	90
t. EDA Grant	91
u. TEA 21	92
v. CCA Fairgrounds Construction	93
w. State Park Bond	94
Schedule 4 - Budgetary Comparison Schedules - Capital Projects Funds	
a. Capital Outlay	95
b. Lancaster Redevelopment Agency	96
Schedule 5 - Budgetary Comparison Schedules - Debt Service Funds - Lancaster Redevelopment Agency	97
Schedule 6 - Combining Balance Sheet - All Agency Funds	98
Schedule 7 - Combining Statement of Changes in Assets and Liabilities - All Agency Funds	100

CITY OF LANCASTER  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2005

TABLE OF CONTENTS

	<u>Page Number</u>
<b>STATISTICAL SECTION</b>	
For the year ended June 30, 2005:	
General Governmental Expenditures by Function	104
General Governmental Revenues by Source	106
General Governmental Tax Revenues by Source	108
Schedule of Property Tax Levies and Collections	110
Schedule of Assessed Valuation	111
Property Tax Rates - All Overlapping Governments	112
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	113
Computation of Legal Debt Margin	114
Schedule Overlapping Debt	115
Schedule of Property Value, Construction, and Deposits	116
Top Twenty-Five Secured Property Owners	117
Top Twenty-Five Sales Tax Producers	118
Schedule of Building Permits by Type	119
Population by Year	120
Miscellaneous Statistical Information	121
Population by Age and Gender	122
Approved Annexations and Subdivision in Areas Annexed After 1986	123
Housing Stock - 1990 and 2000	124
Major Lancaster Area Employers	125
Property Tax Dollar Breakdown	126



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

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2005

Prepared by the City of Lancaster, Finance Department  
Barbara Boswell, 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, 2005

CITY COUNCIL MEMBERS

		<u>Term Expires</u>
Frank C. Roberts	Mayor	2006
Bishop Henry W. Hearn	Vice Mayor	2006
Jim Jeffra	Council Member	2008
Ed Sileo	Council Member	2006
Andrew D. Visokey	Council Member	2008

CITY OFFICIALS

Robert S. LaSala	City Manager
Vacant	Assistant City Manager
Barbara Boswell	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	Redevelopment Director
Sandra L. Jensen	Human Resources Director



September 2, 2005

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, 2005. 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 nineteen 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.

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 basic financial statements, including the management's discussion and analysis, the combining and individual fund 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 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, will remain obscure as 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 2004-2005 fiscal year included opening of the University Center, new business attraction, affordable housing projects, infrastructure improvements to support business attraction and growth in the area, and successfully competing for grant funds.

Lancaster opened the new \$3.5 million Lancaster University Center at the old fairgrounds in partnership with California State University Bakersfield and California University Fresno. The Center brings 4-year degree programs to the area that were not previously available.

The Lancaster Redevelopment Agency continued its success by attracting several new businesses and by assisting existing businesses with expansion. A notable accomplishment was SYGMA, a wholly owned subsidiary of SYSCO, (a Fortune 100 company) began construction on a 20-acre site in the Fox Field Industrial Corridor, constructing a 109,000 square foot distribution center that will create 200 new jobs. The company has already decided to expand this facility and has made a commitment to build out a 239,000 footprint that will house 350 employees when finished. Construction is also due to be completed in late 2005 of the National Guard Armory, a 40,000 square foot troop training facility.

Countrywide Home Loans, which located in Lancaster last year, now occupies the second phase of its 13-acre, 206,000 square foot Loan Processing Center campus. Countrywide plans to employ 1,600 workers when fully staffed. This project received an award from the California Association of Local Development.

The Lancaster Auto Mall is growing, with the expansion of the Mitsubishi dealership and the planned expansion of the Suzuki dealership.

The Agency continues site acquisition for the North Downtown Neighborhood Revitalization Transit Village Project. Construction was completed on the 116-unit Arbor Gardens Senior Apartments within this project area. Other efforts include Jamboree Housing entering into escrow to

purchase a 2.72 acre site to construct a 72-unit affordable multi-family project. Construction also began on a 15,500 square foot facility for the Children's Center of the Antelope Valley.

The City continues its efforts to address the demands being placed on infrastructure by completing the widening of Avenue G to six lanes from the Antelope Valley Freeway to 50<sup>th</sup> Street West, thereby providing additional access and utility infrastructure to the Fox Field Corridor area. Construction also began on 47<sup>th</sup> Street West and 45<sup>th</sup> Street West was opened to the public.

Staff secured almost \$4.3 million in Federal discretionary funding for City and Agency projects including: \$2.5 million for North Valley Regional Water Infrastructure construction; \$1.4 million for Lancaster University Center construction; \$224,000 for the North Downtown Transit Village project; and \$149,000 for the Youth Baseball/Softball Complex at the old fairgrounds.

### **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. This year the City continued its long standing informal policy of maintaining a 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. The Greater Antelope Valley Economic Alliance continues to work with manufacturers 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. Continue pursuing construction of a Veterans Home, a facility for 400 veterans.
2. Continue the redevelopment of the North Downtown Neighborhood Revitalization Transit Village.
3. Continue our efforts to expand the Enterprise Zone and establish a Foreign Trade Zone.
4. Continue the 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 valuation 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, 2005, and reappropriated in the next fiscal year.

### **Cash Management**

Idle cash is invested in the Local Agency Investment Fund. On June 30, 2005, the City's portfolio consisted of 52.7% Local Agency Investment Fund, 40.2% Sweep Investments, .7% Timed Certificates of Deposit and the balance in Cash in Bank. Total interest earned for all funds approximated \$8.6 million including \$3.4 million in interest payable to the City by the Redevelopment Agency. The average yield for the City during fiscal year ended June 30, 2005 was 2.3%.

### **Risk Management**

The City of Lancaster maintains commercial coverage for property damage, earthquake, special event, and \$10 million liability insurance coverage with a \$250,000 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.

### **Financial 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, 2004. 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 nineteen (19) 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, 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 2005-2006. 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

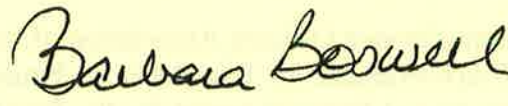
Society of Municipal Finance Officers likewise awarded the City of Lancaster the Certificate of Award - Excellence in Operational Budgeting.

**Acknowledgments**

The preparation of this document is the result of the hard work of the entire Finance Department staff. Special recognition goes to Cindy Prothro, Assistant Finance Director for her dedication, and whose 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,

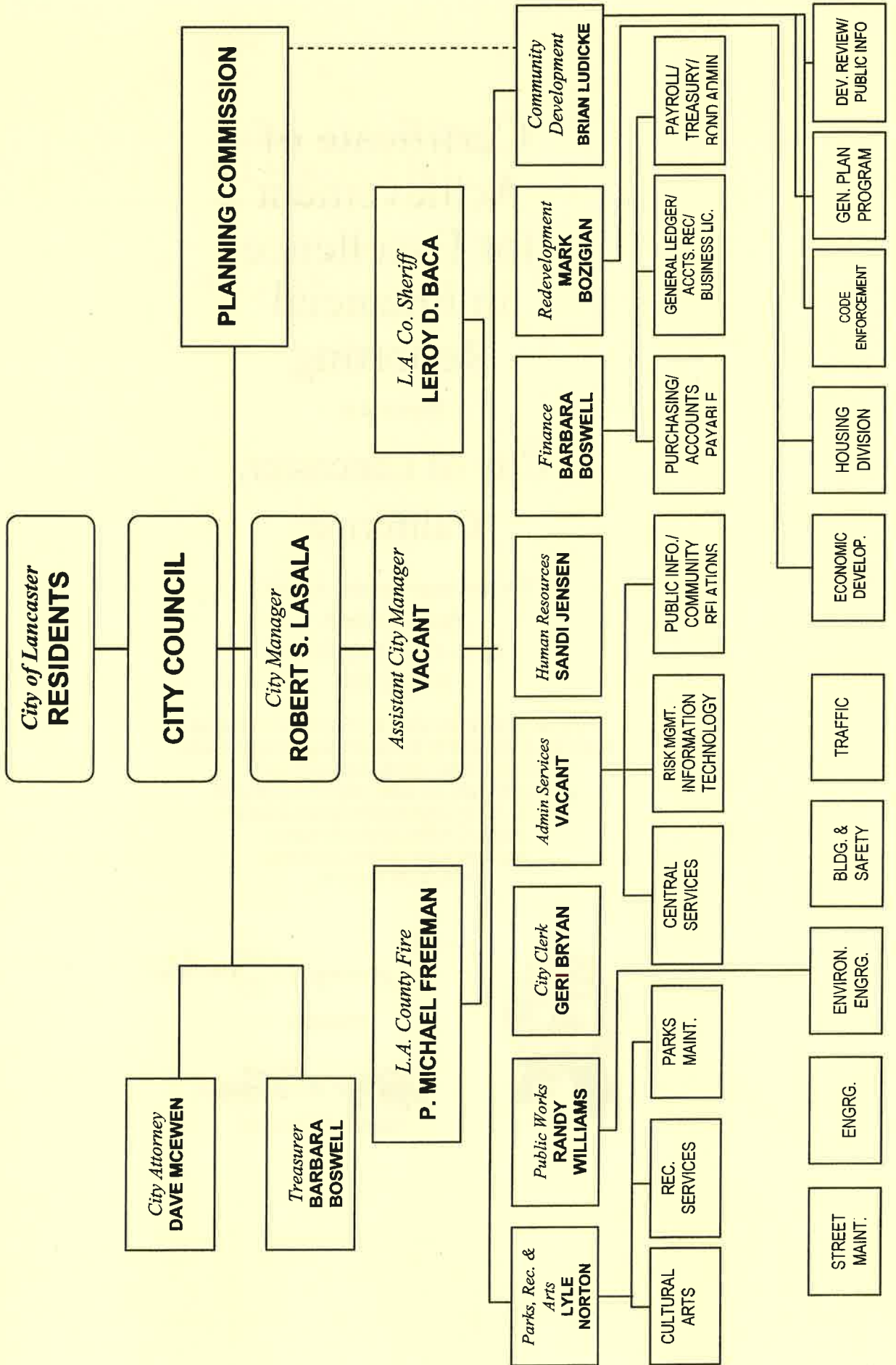
  
Robert S. LaSala  
City Manager

  
Barbara Boswell  
Finance Director



# City of Lancaster

6/30/05 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, 2004

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



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

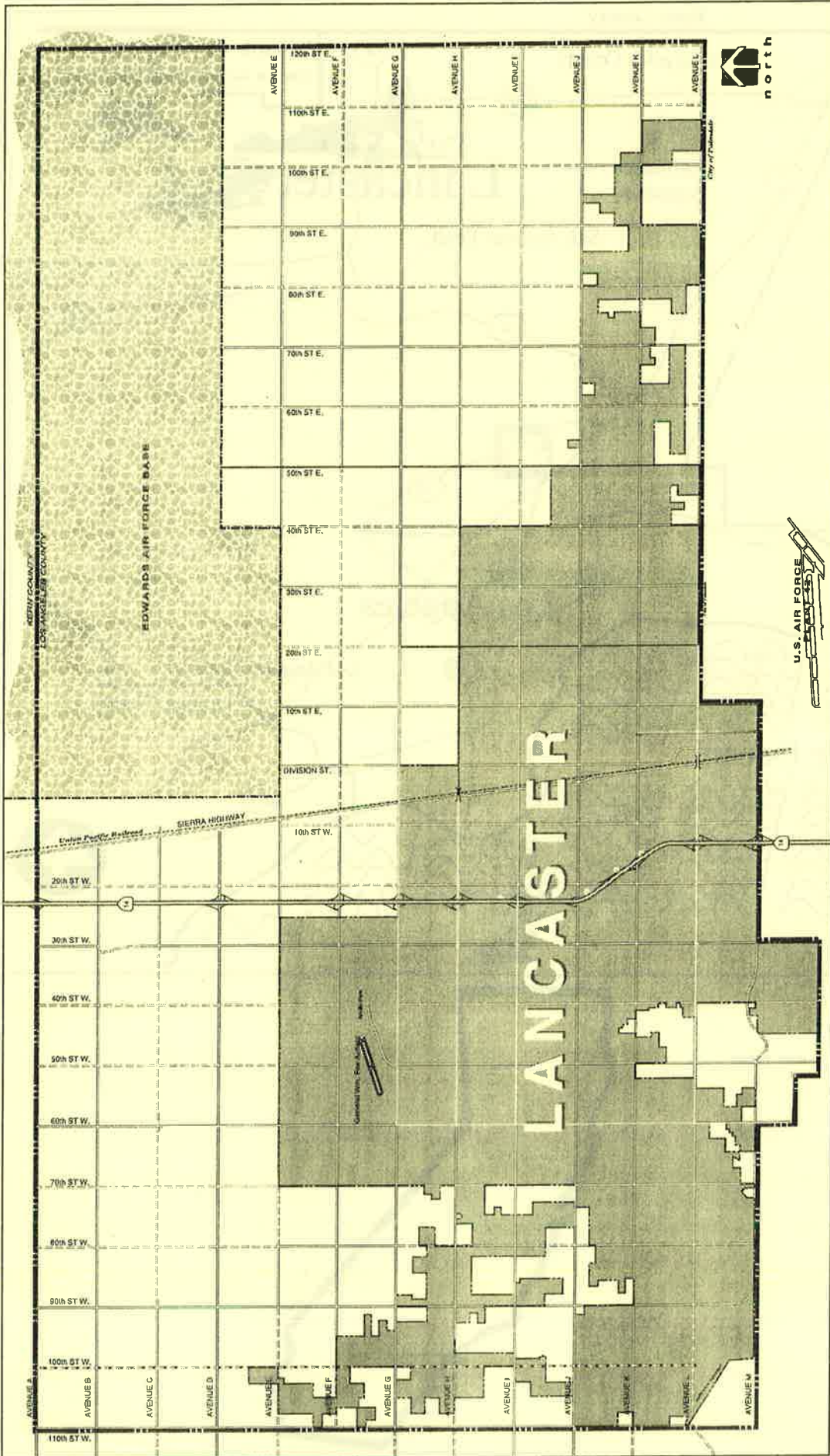
Executive Director





# CITY OF LANCASTER

TOTAL INCORPORATED AREA: 94 SQUARE MILES







*Certified Public Accountants*

**Brandon W. Burrows**  
**Donald L. Parker**  
**Michael K. Chu**  
**David E. Hale**  
*A Professional Corporation*  
**Donald G. Slater**  
**Richard K. Kikuchi**

*Retired*

**Robert C. Lance**  
1914-1994  
**Richard C. Soll**  
**Fred J. Lunghard, Jr.**  
1928-1999

## 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, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 as of June 30, 2005, 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 September 2, 2005, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 fund statements, individual fund budgetary comparison 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 nonmajor fund financial statements and individual fund budgetary comparison schedules 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*

September 2, 2005

## 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, 2005. 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 \$148,133,604
- The cost of governmental activities was \$100,393,169
- The General Fund reported excess revenues over expenditures of \$3,783,070
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) exceeded final budget by \$10,733,465 while actual appropriations (outflows) were \$14,372,291 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.

**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 Net Assets  
(in Thousands)**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 234,566,641	\$ 170,239,111
Capital Assets	<u>87,221,399</u>	<u>67,134,578</u>
Total Assets	321,788,040	237,373,689
Long Term Liabilities Outstanding	242,692,401	216,990,154
Other Liabilities	<u>36,192,718</u>	<u>28,142,738</u>
Total Liabilities	278,885,119	245,132,892
Net Assets		
Invested in capital assets, net of related debt	78,497,929	58,411,108
Restricted	49,398,517	35,639,475
Unrestricted	<u>(84,993,525)</u>	<u>(101,809,786)</u>
Total Net Assets	<u>\$ 42,902,921</u>	<u>\$ (7,759,203)</u>

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

Land	\$ 12,230
Buildings and Improvements	25,837
Furniture and Equipment	2,160
Infrastructure	21,727
Construction in Progress	<u>25,267</u>
Net Capital Assets	<u>\$ 87,221</u>

- 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 (\$25,702,247).
- Cash and Investments increased \$55,635,068 as a result of the additional bond proceeds from the refunded long-term debt, increased building permit activity, and sale of property, and grant funded reimbursements for major capital projects.

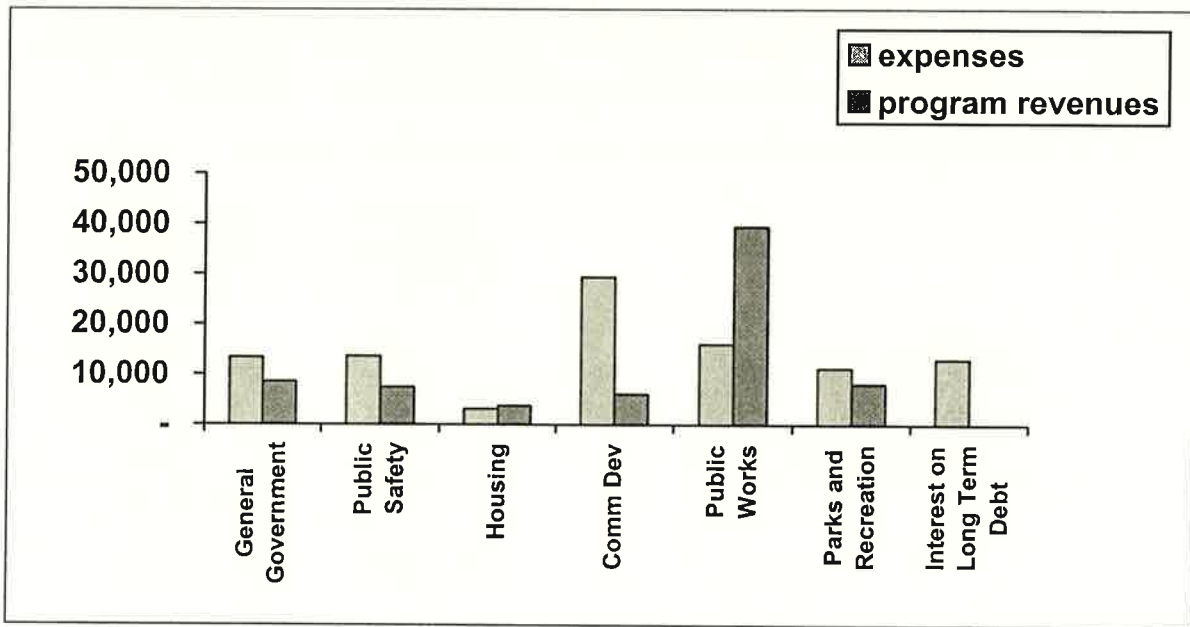
**Governmental Activities.** Governmental activities increased the City of Lancaster's net assets by \$50,682,124. Key elements of the increase are as follows:

**City of Lancaster Changes in Net Assets  
(in Thousands)**

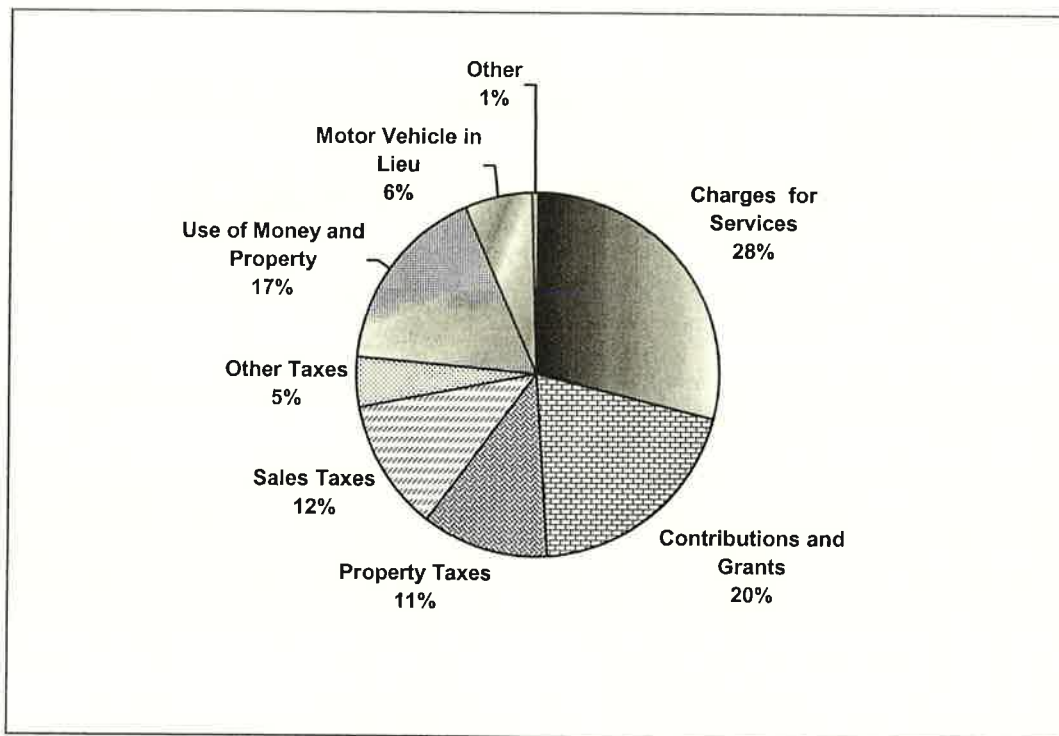
	2005	2004
Revenues		
Program revenues:		
Charges for services	\$ 43,141	\$ 28,844
Operating contributions and grants	29,134	24,541
Capital contributions and grants	1,171	840
General revenues:		
Taxes:		
Property taxes	17,983	15,488
Sales taxes	17,471	16,158
Franchise taxes	2,431	2,366
Other taxes	2,006	2,119
Motor vehicle in lieu	7,919	5,946
Investment income	25,347	5,920
Other	1,531	6,956
Total revenues	148,134	109,178
Expenses		
General government	13,422	12,874
Public safety	13,625	24,248
Public works	16,503	22,671
Parks and recreation	11,285	10,605
Housing	3,116	2,630
Community Development	29,372	2,041
Interest on long-term debt	13,070	12,751
Total expenses	100,393	87,820
Increase in net assets	\$ 47,741	\$ 21,358



The City's total revenues are \$148,133,604 while the costs of all programs and services are \$100,393,169.



City of Lancaster Government Activities Revenue by Source



**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.

	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 13,422	\$ (4,855)
Public Safety	13,625	(6,137)
Public Works	16,503	22,887
Parks and Recreation	11,285	(3,145)
Interest on Long-term Debt	13,070	(13,070)
Totals	\$ 67,905	\$ (4,320)

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 \$156.3 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 \$3,783,070. The significant change in charges for services reflects the substantial growth in the City as indicated by the increases in both the general fund and in the developer related special revenue funds, included in other governmental funds. This growth should continue into FY 2005-06.

## General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$1,576,815 less than the final budget before transfers. 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 \$6,022,423 excess before transfers. Budget amendments were made during the year to decrease appropriations for reductions in State controlled local government revenue.

## Capital Asset and Debt Administration

**Capital Assets.** At the end of FY 2005, the City had \$87.2 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment.

The City's Capital Improvement Plan projects spending \$25.4 million through fiscal 2005-06. 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.

Note 6 provides a detailed analysis of the Capital Assets.

**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, 2005, the Lancaster Redevelopment Agency had \$225,330,000 in Tax Allocation Bonds and Notes outstanding, of which County entities and local School Districts account for \$47,880,000, Mobile Home Parks account for \$2,975,000 and the Agency is responsible for \$174,475,000. As of June 30, 2005, the City of Lancaster had accrued employee benefits outstanding of \$1,501,337.

	Governmental Activities (in Thousands)	
	2005	2004
Tax Allocation Bonds	\$ 225,330	\$ 199,500
Accrued Employee Benefits	1,501	1,596
Totals	<u>\$ 226,831</u>	<u>\$ 201,096</u>

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

Note 10 provides a detailed analysis of the Long Term Debt.

## **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. The passage of Proposition 1A by the voters provided protection of city revenues from the state not previously enjoyed. In addition, an improvement in the state's revenue picture resulted in the early repayment of the VLF Gap Loan by the state. These actions provided some revenue certainty to the city in preparing the Fiscal Year 2005-06 Budget.

The 'Triple Flip' went into effect on July 1, 2004 and suspends one-quarter of the Bradley-Burns sales and use tax revenue, replacing the lost revenues on a dollar-for-dollar basis with funds set aside from the countywide property tax revenues (primarily ERAF), and increases the State's sales and use tax by one-quarter percent with the State increase dedicated to repayment of a bond measure. This swap results in an impact to city cash flows.

Even with the Triple Flip, the largest single source of revenue for the City's General Fund is sales tax. Sales tax represents 42.6% of all General Fund revenues; for the upcoming fiscal year, a 2% decrease in sales tax revenue 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, 2005. Overall personnel costs have grown from 42.8% to 47% of the General Fund budget, with retirement cost increases continuing to be a factor. Community Safety is a top priority of the city and as such the budget for 2005-06 reflects a 15% increase. The budget includes payment for services provided by the Los Angeles County Sheriff's Department.

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 Cindy Prothro, Assistant 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, 2005

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and investments	\$ 151,326,895
Receivables:	
Accounts	1,693,527
Taxes	2,142,935
Contract and notes	9,121,447
Accrued interest	495,306
Prepaid costs	149,856
Inventories	23,887
Unamortized debt issuance costs	6,991,250
Deposits	5,160
Due from other governments	9,514,368
Land held for resale	26,494,532
Restricted assets:	
Cash and investments	3,512,165
Cash with fiscal agent	23,095,313
Capital assets not being depreciated	37,497,595
Capital assets, net of depreciation	49,723,804
<b>Total Assets</b>	<b><u>321,788,040</u></b>
<b>Liabilities:</b>	
Accounts payable	14,131,961
Accrued liabilities	761,285
Accrued interest	3,903,135
Unearned revenue	3,772,101
Deposits payable	2,908,783
Due to other governments	10,259,820
Accrued claims and judgments	455,633
Noncurrent liabilities:	
Due within one year	3,213,915
Due in more than one year	239,478,486
<b>Total Liabilities</b>	<b><u>278,885,119</u></b>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	78,497,929
Restricted for:	
Community development projects	24,591,631
Public safety	38,892
Capital projects	14,617,408
Debt service	10,150,586
Unrestricted	(84,993,525)
<b>Total Net Assets</b>	<b><u>\$ 42,902,921</u></b>

See Notes to Financial Statements

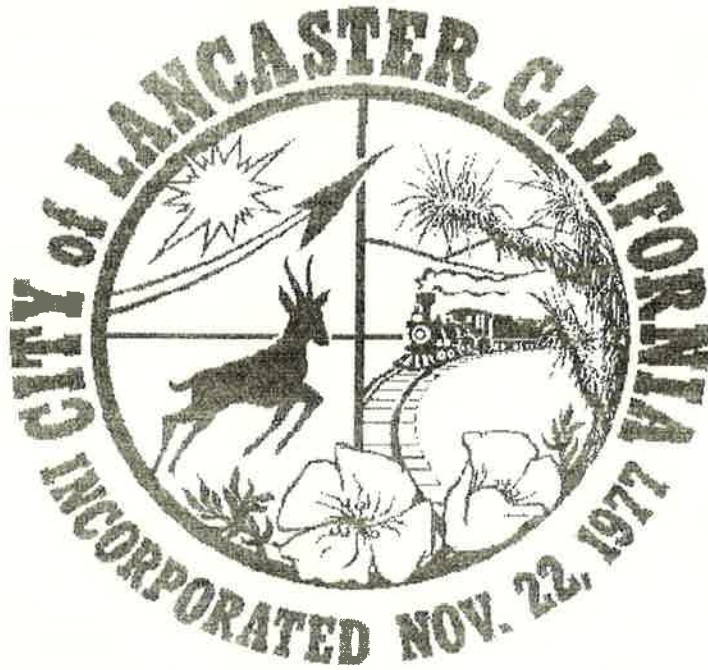
CITY OF LANCASTER

Exhibit B

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Contributions and Grants	
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 13,422,227	\$ 3,901,133	\$ 4,666,001	\$ -
Public safety	13,624,832	6,162,797	1,325,278	-
Housing	3,116,089	1,708,512	2,027,090	-
Community development	29,372,001	3,968,166	2,156,573	-
Parks and recreation	11,285,183	3,377,830	4,241,066	521,221
Public works	16,503,565	24,022,612	14,718,295	649,759
Interest on long-term debt	13,069,272	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 100,393,169</b>	<b>\$ 43,141,050</b>	<b>\$ 29,134,303</b>	<b>\$ 1,170,980</b>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purpose				17,982,717
Transient occupancy taxes				1,300,448
Sales taxes				17,471,173
Franchise taxes				2,430,956
Business licenses taxes				686,682
Other taxes				19,079
Intergovernmental, unrestricted				
Motor Vehicle in lieu				7,918,606
Use of money and property				25,347,471
Other				1,530,139
<b>Total General Revenues</b>				<b>74,687,271</b>
Change in Net Assets				47,740,435
Net Assets at Beginning of Year				(7,759,203)
Restatement of Net Assets				2,921,689
<b>Net Assets at End of Year</b>				<b>\$ 42,902,921</b>

See Notes to Financial Statements



**CITY OF LANCASTER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	General	Capital Projects	
		Capital Outlay	Lancaster Redevelopment Agency
<b>Assets:</b>			
Pooled cash and investments	\$ 32,032,538	\$ 1,562,155	\$ 73,929,149
Receivables:			
Accounts	304,943	1,164	738,212
Taxes	691,686	-	373,712
Contract and notes	-	-	3,715,942
Accrued interest	154,372	-	225,001
Prepaid costs	149,856	-	-
Deposits	-	-	-
Due from other governments	4,592,876	-	389,196
Due from other funds	5,756,759	-	-
Advances to other funds	95,218,839	-	1,746,009
Inventories	23,887	-	-
Land held for resale	-	-	25,342,868
Restricted assets:			
Cash and investments	-	-	13,533
Cash and investments with fiscal agents	-	-	3,716,014
<b>Total Assets</b>	<b>\$ 138,925,756</b>	<b>\$ 1,563,319</b>	<b>\$ 110,189,636</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 6,087,474	\$ 1,522,814	\$ 1,943,487
Accrued liabilities	761,285	-	-
Due to other funds	-	-	3,970,335
Deferred revenues	39,916,126	-	47,108
Advances from other funds	-	-	95,218,839
Developer reimbursements	455,633	-	-
Deposits payable	2,730,068	-	158,189
Due to other governments	-	-	72,011
<b>Total Liabilities</b>	<b>49,950,586</b>	<b>1,522,814</b>	<b>101,409,969</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for encumbrances	390,150	-	-
Reserved for inventories	23,887	-	-
Reserved for prepaid costs	149,856	-	-
Reserved for land held for resale	-	-	25,342,868
Reserved for loans	-	-	3,715,942
Reserved for advances to other funds	58,329,040	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service funds	-	-	-
Designated for legal claims	837,878	-	-
Designated for employee benefits	1,495,238	-	-
Designated for emergency repairs	9,107	-	-
Designated for building replacement	1,001,581	-	-
Designated for City liabilities	553,187	-	-
Designated for approved projects	700,000	-	-
Designated for debt service	-	-	-
Undesignated	25,485,246	40,505	(20,279,143)
<b>Total Fund Balances</b>	<b>88,975,170</b>	<b>40,505</b>	<b>8,779,667</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 138,925,756</b>	<b>\$ 1,563,319</b>	<b>\$ 110,189,636</b>

See Notes to Financial Statements

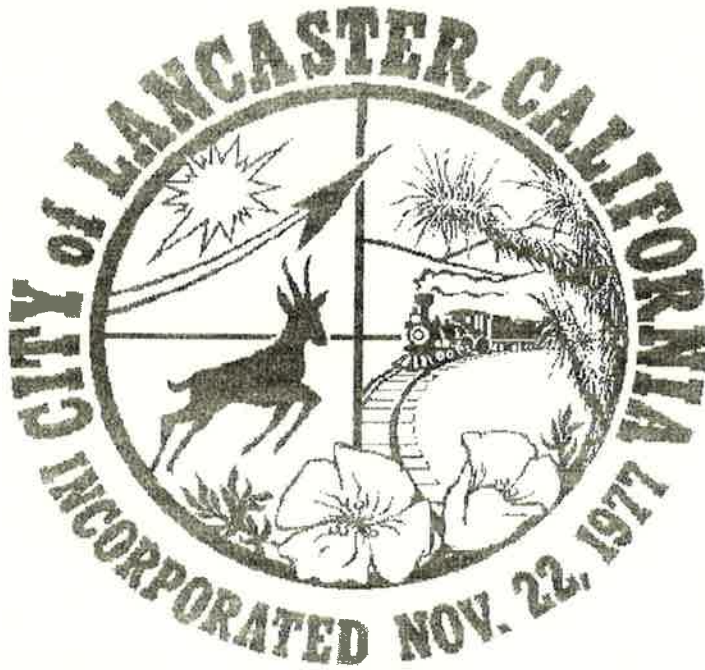


Exhibit C

<u>Debt Service Lancaster Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,361,380	\$ 39,441,673	\$ 151,326,895
-	649,208	1,693,527
1,077,537	-	2,142,935
-	5,405,505	9,121,447
-	115,933	495,306
-	-	149,856
-	5,160	5,160
-	4,532,296	9,514,368
-	-	5,756,759
-	-	96,964,848
-	-	23,887
-	1,151,664	26,494,532
2,941,078	557,554	3,512,165
17,649,475	1,729,824	23,095,313
<b>\$ 26,029,470</b>	<b>\$ 53,588,817</b>	<b>\$ 330,296,998</b>
\$ 3,585,289	\$ 992,897	\$ 14,131,961
-	-	761,285
-	1,786,424	5,756,759
-	2,838,409	42,801,643
-	1,746,009	96,964,848
-	-	455,633
-	20,526	2,908,783
4,782,304	5,405,505	10,259,820
<b>8,367,593</b>	<b>12,789,770</b>	<b>174,040,732</b>
-	-	390,150
-	-	23,887
-	-	149,856
-	1,151,664	26,494,532
-	-	3,715,942
-	-	58,329,040
-	37,928,560	37,928,560
-	1,043,255	1,043,255
-	675,568	675,568
-	-	837,878
-	-	1,495,238
-	-	9,107
-	-	1,001,581
-	-	553,187
-	-	700,000
17,661,877	-	17,661,877
-	-	5,246,608
<b>17,661,877</b>	<b>40,799,047</b>	<b>156,256,266</b>
<b>\$ 26,029,470</b>	<b>\$ 53,588,817</b>	<b>\$ 330,296,998</b>

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2005**

Fund balances of governmental funds	\$ 156,256,266
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.	87,221,399
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Bonds and notes payable	(234,199,814)
Compensated absences	(1,501,337)
Accrued interest payable for the current portion of interest due on notes and bonds has not been reported in the governmental funds.	(3,903,135)
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>39,029,542</u>
<b>Net assets of governmental activities</b>	<b><u><u>\$ 42,902,921</u></u></b>



**CITY OF LANCASTER**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	General	Capital Projects Funds	
		Capital Outlay	Lancaster Redevelopment Agency
<b>Revenues:</b>			
Taxes	\$ 25,936,321	\$ -	\$ 9,185,146
Licenses and permits	2,329,514	-	-
Intergovernmental	11,156,776	-	-
Charges for services	2,517,963	-	-
Use of money and property	641,607	-	20,545,750
Fines and forfeitures	1,334,858	-	-
Miscellaneous	4,966,567	-	1,103,373
<b>Total Revenues</b>	<b>48,883,606</b>	<b>-</b>	<b>30,834,269</b>
<b>Expenditures:</b>			
Current:			
General government	5,845,416	-	4,948,586
Public safety	13,595,775	-	-
Housing	-	-	-
Community development	2,723,266	-	26,576,778
Parks and recreation	10,324,903	-	-
Public works	12,611,176	-	-
Capital outlay	-	19,486,835	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	2,139,939
Debt issuance costs	-	-	1,379,077
<b>Total Expenditures</b>	<b>45,100,536</b>	<b>19,486,835</b>	<b>35,044,380</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,783,070	(19,486,835)	(4,210,111)
<b>Other Financing Sources (Uses):</b>			
Transfers in	13,212,993	19,569,791	-
Transfers out	(5,693,510)	-	(48,765,687)
Refunding bonds issued	-	-	69,285,000
Payment to refunded bond escrow agent	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>7,519,483</b>	<b>19,569,791</b>	<b>20,519,313</b>
Net Change in Fund Balances	11,302,553	82,956	16,309,202
Fund Balances, Beginning of Year, as Originally Reported	77,995,663	(42,451)	(7,529,535)
Restatements	(323,046)	-	-
Fund Balances, Beginning of Year, as Restated	77,672,617	(42,451)	(7,529,535)
<b>Fund Balances, End of Year</b>	<b>\$ 88,975,170</b>	<b>\$ 40,505</b>	<b>\$ 8,779,667</b>

See Notes to Financial Statements

Exhibit E

<b>Debt Service Fund</b>		
<b>Lancaster Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,844,768	\$ -	\$ 40,966,235
-	28,211,911	30,541,425
3,899,798	18,409,948	33,466,522
-	6,903,202	9,421,165
926,985	2,243,723	24,358,065
-	-	1,334,858
1,850,467	803,415	8,723,822
<b>12,522,018</b>	<b>56,572,199</b>	<b>148,812,092</b>
712,626	1,575,194	13,081,822
-	-	13,595,775
-	3,116,089	3,116,089
-	15,930	29,315,974
-	-	10,324,903
-	2,801,814	15,412,990
-	-	19,486,835
2,735,000	449,000	3,184,000
9,931,538	713,781	12,785,258
1,405,363	-	2,784,440
<b>14,784,527</b>	<b>8,671,808</b>	<b>123,088,086</b>
(2,262,509)	47,900,391	25,724,006
48,765,687	2,239,296	83,787,767
-	(29,328,570)	(83,787,767)
-	-	69,285,000
(42,219,454)	-	(42,219,454)
<b>6,546,233</b>	<b>(27,089,274)</b>	<b>27,065,546</b>
4,283,724	20,811,117	52,789,552
13,378,153	19,980,612	103,782,442
-	7,318	(315,728)
13,378,153	19,987,930	103,466,714
<b>\$ 17,661,877</b>	<b>\$ 40,799,047</b>	<b>\$ 156,256,266</b>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds	\$ 52,789,552
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.	16,849,404
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.	(23,338,244)
Accrued interest for notes and bonds payable. This is the net change in accrued interest for the current period.	96,326
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.	93,869
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>1,249,528</u>
<b>Change in net assets of governmental activities</b>	<b><u><u>\$ 47,740,435</u></u></b>

## CITY OF LANCASTER

Exhibit G

**BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2005**

	<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	\$77,672,617	\$77,672,617	\$ 77,672,617	\$ -
<b>Resources (Inflows):</b>				
Taxes	23,307,555	23,967,159	25,936,321	1,969,162
Licenses and permits	7,233,050	2,458,050	2,329,514	(128,536)
Intergovernmental	11,847,374	8,399,327	11,156,776	2,757,449
Charges for services	3,524,978	2,446,097	2,517,963	71,866
Use of money and property	200,000	130,000	641,607	511,607
Fines and forfeitures	1,055,000	1,205,000	1,334,858	129,858
Other	698,500	4,255,550	4,966,567	711,017
Transfers from other funds	5,033,982	8,501,951	13,212,993	4,711,042
<b>Amounts Available for Appropriation</b>	<b>130,573,056</b>	<b>129,035,751</b>	<b>139,769,216</b>	<b>10,733,465</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	6,774,514	5,930,091	5,845,416	84,675
Public safety	13,880,642	14,356,236	13,595,775	760,461
Community development	2,625,897	3,487,741	2,723,266	764,475
Parks and recreation	9,064,256	9,286,095	10,324,903	(1,038,808)
Public works	12,184,730	13,617,188	12,611,176	1,006,012
Transfers to other funds	-	18,488,986	5,693,510	12,795,476
<b>Total Charges to Appropriations</b>	<b>44,530,039</b>	<b>65,166,337</b>	<b>50,794,046</b>	<b>14,372,291</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$86,043,017</b>	<b>\$63,869,414</b>	<b>\$ 88,975,170</b>	<b>\$ 25,105,756</b>

See Notes to Financial Statement

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005**

**Assets:**

Cash and investments	\$ 4,354,869
Receivables (net of allowance for uncollectibles):	
Accounts	2,520
Interest	13,694
Due from other governments	97,718
Restricted assets:	
Cash with fiscal agent	<u>2,941,655</u>
<b>Total Assets</b>	<b><u><u>\$ 7,410,456</u></u></b>

**Liabilities:**

Liabilities:	
Accounts payable	\$ 91,753
Deposits	809,518
Due to bond holders	<u>6,509,185</u>
<b>Total Liabilities</b>	<b><u><u>\$ 7,410,456</u></u></b>



**CITY OF LANCASTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the Reporting Entity**

The City of Lancaster (the City) 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 (the 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. Separate financial statements may be obtained for the Agency by contacting the City's finance department.

The Housing Authority (the 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. Separate financial statements are not available for the Authority.

The Lancaster Community Services Foundation (the Foundation) was formed to provide certain community services to the residents of the City. Separate financial statements are not available for the Foundation.

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.

**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.

**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".

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

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

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 January 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.

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.

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

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

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 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 Lancaster Redevelopment Agency Capital Projects Fund at a net realizable value, which is equal to cost. At June 30, 2005, net realizable value for land held for resale totaled \$1,151,664 in the Housing and Community Development Fund and \$25,342,868 in the Lancaster Redevelopment Agency 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.

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.

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

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

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.

**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 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 that have not been included in the governmental fund activity". The detail of the \$234,199,814 long-term debt difference is as follows:

Long-term debt:	
Tax allocation bonds payable	\$ 225,330,000
Revenue bonds payable	8,350,000
Loans payable	5,741,000
Capitalized leases payable	36,252
Unamortized bond premium	6,749,727
Unamortized bond defeasance loss	(5,015,915)
Unamortized bond issuance costs	<u>(6,991,250)</u>
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	<u>\$ 234,199,814</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 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 \$17,292,818 difference are as follows:

Capital outlay	\$ 19,891,612
Depreciation expense	<u>(2,598,794)</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>\$ 17,292,818</u>

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

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

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 \$(23,338,974) difference are as follows:

Debt Issued or Incurred:	
Tax allocation bonds	\$ (69,285,000)
Section 108 notes	
Bond issuance costs	2,784,440
Bond premiums	(1,928,016)
Principal Repayments:	
Tax allocation bonds	2,735,000
Revenue bonds	270,000
Loans payable	179,000
Capital leases payable	67,218
Payment to escrow agent for refunding	42,219,454
Amortization of bond premium	234,450
Amortization of bond issuance costs	(326,568)
Amortization of bond defeasance loss	<u>(288,952)</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>\$ (23,338,974)</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.

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.

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

**Note 3: Stewardship, Compliance and Accountability (Continued)**

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:			
Parks and recreation	10,324,903	9,286,095	1,038,808
Lancaster Redevelopment			
Agency Capital Project			
General government	4,948,586	4,230,568	718,018

- c. The following fund contained deficit fund balances as of June 30, 2005:

	<u>Deficit Amount</u>
Special Revenue Fund:	
Roberti Zberg	\$ 718,127
EDA Grant	254,533
CCA Fairground Construction	444,386

Reimbursement for CCA Fairgrounds Construction expenses incurred in fiscal year 2004-2005 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.



III. DETAIL NOTES ON ALL FUNDS

Note 4: Deposits and Investments

As of June 30, 2005, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$ 177,934,373
Fiduciary funds	<u>7,296,524</u>
Total Cash and Investments	<u>\$ 185,230,897</u>

The City of Lancaster maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2005, the carrying amount of the City's deposits was \$38,275,264 and the bank balance was \$36,211,967. The \$2,063,297 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also follows 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 Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Under provision of the City's investment policy, and in accordance with the California Government Code, the following investments are authorized:

- Demand Deposits
- Banker's Acceptances
- Local Agency Investment Fund (State Pool)
- Passbook Savings Accounts
- United States Treasury Securities

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

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

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

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.

Credit Risk

At June 30, 2005, the City does not have any investments in securities that may be subject to credit risk. Amounts invested with fiscal agents are not considered to have credit risk because the City does not own the specific securities. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2005, the City's investments in external investment pools are unrated. The City has amounts invested in investment agreements that are held with fiscal agents and invested under the direction of the City. The City's investment policy restricts such investments to no more than 15% of the City's total invested funds and no more than 2% with any one issuer up to \$5,000,000 (and \$10,000,000 in the aggregate) with the financial institution authorized to handle the City's daily primary banking needs. As of June 30, 2005, the City's fiscal agent investments agreements consisted of investments with various corporations that were within acceptable investment grade ranges allowed by the City's investment policy.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

**Note 4: Deposits and Investments (Continued)**

As of June 30, 2005, none of the City's deposits or investments were exposed to custodial credit risk.

**Concentration of Credit Risk**

The City's investment policy imposes restrictions on the maximum percentage it can invest in a single type of investment. These limitations are \$5,000,000 (and \$10,000,000 in the aggregate) for financial institutions authorized to handle the City's daily primary banking needs, the maximum insured by the Federal Deposit Insurance Corporation or agency of the Federal Government for passbook saving accounts, Demand Deposit, NOW Accounts and Money Market Demand Deposit, 15% of the City's invested funds for banker acceptances with no more than 2% in any one issuer, and 85% of the City's invested funds for United States Treasury Securities and securities for which the full faith and credit of the United States is pledged.

**Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that investments in United States Treasury Securities and securities for which the full faith and credit of the United States is pledged should have a maturity no longer than two years. Reserve funds relating to the bonds issues may be invested in securities for more than three years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2005, the City had the following investments and original maturities:

	Investments Maturities			Fair Value
	6 months or less	6 months to 5 years	5 years and more	
<b>Investments</b>				
Certificates of deposits	\$ 500,000	\$ -	\$ -	\$ 500,000
Money market mutual funds	1,511,197	-	-	1,511,197
Investments agreements	17,855,112	20,973,229	-	38,828,341
California Local Agency Investment Fund	80,075,840	-	-	80,075,840
<b>Investments with fiscal agents</b>				
Money market mutual funds	7,604,569	-	-	7,604,569
Investment agreements	-	-	18,435,686	18,435,686
	<u>\$ 107,546,718</u>	<u>\$ 20,973,229</u>	<u>\$ 18,435,686</u>	<u>\$ 146,955,633</u>

**Note 5: Rehabilitation Loans**

During fiscal year 1991-1992, 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, 2005, \$9,121,447 of these loans had been made.

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

**Note 6: Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Adjustments	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 9,521,062	\$ 848,298	\$ 10,369,360	\$ 1,860,816	\$ -	\$ 12,230,176
Construction-in-progress	15,469,858	275,942	15,745,800	19,486,835	9,965,216	25,267,419
<b>Total Capital Assets, Not Being Depreciated</b>	<b>24,990,920</b>	<b>1,124,240</b>	<b>26,115,160</b>	<b>21,347,651</b>	<b>9,965,216</b>	<b>37,497,595</b>
Capital assets, being depreciated:						
Structures and improvements	47,949,843	(546,248)	47,403,595	-	-	47,403,595
Furniture and equipment	5,954,096	2,773,210	8,727,306	-	-	8,727,306
Infrastructure	13,793,525	(131,993)	13,661,532	8,509,177	-	22,170,709
<b>Total Capital Assets, Being Depreciated</b>	<b>67,697,464</b>	<b>2,094,969</b>	<b>69,792,433</b>	<b>8,509,177</b>	<b>-</b>	<b>78,301,610</b>
Less accumulated depreciation:						
Structures and improvements	20,005,092	(18,208)	19,986,884	1,580,120	-	21,567,004
Furniture and equipment	5,548,714	-	5,548,714	1,018,674	-	6,567,388
Infrastructure	-	-	-	443,414	-	443,414
<b>Total Accumulated Depreciation</b>	<b>25,553,806</b>	<b>(18,208)</b>	<b>25,535,598</b>	<b>3,042,208</b>	<b>-</b>	<b>28,577,806</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>42,143,658</b>	<b>2,113,177</b>	<b>44,256,835</b>	<b>5,466,969</b>	<b>-</b>	<b>49,723,804</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 67,134,578</b>	<b>\$ 3,237,417</b>	<b>\$ 70,371,995</b>	<b>\$ 26,814,620</b>	<b>\$ 9,965,216</b>	<b>\$ 87,221,399</b>

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

Governmental activities:	
General government	\$ 571,735
Public safety	29,057
Public works	1,427,886
Community development	51,976
Parks and recreation	961,554
<b>Total Depreciation Expense</b>	<b>\$ 3,042,208</b>

**Note 7: Interfund Receivable, Payable and Transfers**

The composition of interfund balances as of June 30, 2005 is as follows:

Due To/From Other Funds

Funds	Due To Other Funds:		Total
	LRA Debt Service	Nonmajor Governmental Funds	
Due From Other Funds:			
General	\$ 3,970,335	\$ 1,786,424	\$ 5,756,759
<b>Total</b>	<b>\$ 3,970,335</b>	<b>\$ 1,786,424</b>	<b>\$ 5,756,759</b>

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

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

The due to General Fund of \$1,711,424 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	\$ 95,218,839	\$ -	\$ 95,218,839
Nonmajor governmental fund	-	1,746,009	1,746,009
<b>Total</b>	<b>\$ 95,218,839</b>	<b>\$ 1,746,009</b>	<b>\$ 96,964,848</b>

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, 2005, loans to and accrued unpaid interest owed on those loans were \$95,218,839

The Lancaster Redevelopment agency has advanced \$1,746,009 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	
<b>Transfers In:</b>				
General	\$ -	\$ -	\$ 13,212,993	\$ 13,212,993
Capital outlay	3,454,214	-	16,115,577	19,569,791
Redevelopment Agency debt service	-	48,765,687	-	48,765,687
Nonmajor funds	2,239,296	-	-	2,239,296
<b>Total</b>	<b>\$ 5,693,510</b>	<b>\$ 48,765,687</b>	<b>\$ 29,328,570</b>	<b>\$ 83,787,767</b>

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 \$19,569,791.

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 \$13,212,993.

The Lancaster Redevelopment Agency Capital Projects Fund transferred \$48,765,687 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.

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

**Note 8: Due To Other Governments**

County of Los Angeles, Schools and Community College Districts

Residential Project Tax Increment Fund	\$ 162,178
Central Business District Tax Increment Fund	133,984
Fox Field Tax Increment Fund	132,184
Fox Field Project Fund	67,443
Fox Field Low and Moderate Housing Fund	4,568
Amargosa Tax Increment Fund	663,560
Area No. 5 Tax Increment Fund	1,368,962
Area No. 6 Tax Increment Fund	1,811,067
Area No. 7 Tax Increment Fund	<u>510,369</u>
Total	<u>\$ 4,854,315</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, 2005, the previous amounts were owed to these entities.

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

During fiscal year 1991-1992, 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. The outstanding balance of this loan at June 30, 2005 totaled \$1,746,009.

**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, 2005 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.

Lancaster Redevelopment Agency

Combined Tax Allocation Notes and Bonds

1. On December 15, 2004, the Agency issued \$10,200,000 of Combined Redevelopment Project Areas (Fire Protection Facilities Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2005. Interest rates vary from 2.00% to 5.25%. Principal redemptions

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

**Note 10: Long-Term Debt (Continued)**

are payable starting December 1, 2005 through December 1, 2023. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Fire Protection Facilities Project) Tax Allocation Bonds, Issue of 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.

2. On December 15, 2004, the Agency issued \$21,540,000 of Combined Redevelopment Project Areas (Sheriff's Facility Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2005. Interest rates vary from 2.00% to 5.25%. Principal redemptions are payable starting December 1, 2005 through December 1, 2019. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Sheriff's Facility Project) Tax Allocation Bonds, Issue of 1993, pay costs of issuing the Bonds, and fund a debt service reserve account.
3. On December 15, 2004, the Agency issued \$5,135,000 of Combined Redevelopment Project Areas (Library Project), Tax Allocation Refunding Bonds, Issue of 2004. Interest on these bonds is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2005. Interest rates vary from 3.00% to 4.75%. Principal redemptions are payable starting December 1, 2005 through December 1, 2029. The proceeds of this bond issue were utilized to refund all of the Agency's outstanding Combined Redevelopment Project Areas (Library Project) Tax Allocation Bonds, Issue of 1993, and Combined Redevelopment Project Areas (Library Project) Subordinated Tax Allocation Refunding Bonds, Issue of 1999, pay costs of issuing the Bonds, and fund a debt service reserve account.
4. On September 9, 2004, the Agency issued \$7,830,000 of Lancaster Financing Authority, Tax Allocation Refunding Bonds (Lancaster Redevelopment Project No. 5 and Project No. 6 (School Districts), Issue of 2004. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2005. Interest rates vary from 2.00% to 5.60%. Principal redemptions are payable starting February 1, 2005 through February 1, 2034. The proceeds of this bond issue were utilized to advance refund and defease all of the Agency's outstanding Lancaster Redevelopment Project No. 6, Tax Allocation Refunding Bonds (School District), Issue of 1996, finance school district projects pursuant to certain school district pass through agreements with respect to Redevelopment Project No. 5 and No. 6, pay costs of issuing the Bonds, and fund a debt service reserve account.
5. On November 9, 2004, the Agency issued \$13,575,000 of Combined Redevelopment Project Areas (Housing Programs), Subordinate Tax Allocation Bonds, Issue of 2004 (Taxable). This financing was undertaken to provide funding for certain low and moderate income housing projects of the Agency, fund a reserve account for the Bonds and to pay the costs of issuance. The principal portion of these bonds is payable from August 1, 2005 to 2035. Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2005.

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

**Note 10: Long-Term Debt (Continued)**

6. On November 9, 2004, the Agency issued \$11,005,000 of Lancaster Financing Authority, Subordinate Tax Allocation Revenue Bonds (Lancaster Residential, Amargosa, Project No. 5 and Project No. 6 Redevelopment Projects), Issue of 2004B. Interest on these bonds is payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2005. Interest rates vary from 2.35% to 5.00%. Principal redemptions are payable starting February 1, 2008 through February 1, 2035. The proceeds of this bond issue were utilized to finance redevelopment activities of the Agency with respect to four of its Project Areas, fund capitalized interest through August 1, 2007, pay costs of issuing the Bonds, and fund a debt service reserve account.
7. 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). 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.
8. On December 12, 2003, the Agency issued \$34,640,000 of Series 2003 B Bonds (\$18,080,000 Combined Housing Financing and \$16,560,000 of Subordinate Tax Allocation Revenue Bonds). This financing was undertaken to refund \$13,375,000 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 Subordinate Tax Allocation Revenue Bonds and February 1, 2004 to 2034 on the Housing Financing (Combined Housing Bonds). Interest is payable semi-annually on February 1 and August 1 of each year commencing on February 1, 2004. The principal portion of these bonds has been allocated to the following project areas:

	<u>Economic Development</u>	<u>Housing</u>
Residential Area	\$ 1,805,000	\$ 3,372,853
Central Business District Area	-	175,098
Fox Field Area	-	173,720
Amargosa Area	10,305,000	4,687,320
Area Number 5	1,625,000	4,396,360
Area Number 6	2,825,000	4,704,068
Area Number 7	-	570,581
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 16,560,000</u>	<u>\$ 18,080,000</u>

9. 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



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

**Note 10: Long-Term Debt (Continued)**

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.

Central Business District Project Area

1. 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 3.00% 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

1. 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.

Amargosa Redevelopment Project

1. 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 3.0% to 5.0% per annum, commencing August 1, 1999.
2. On March 18, 1999, the Agency issue \$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 2.9% to 5.0% 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.

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

**Note 10: Long-Term Debt (Continued)**

Project Area Number 5

1. 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.

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. These Bonds were defeased during the current year by the Project No. 5 and Project No. 6 (School Districts), Issue of 2004 discussed above.
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 4.0% to 7.5% per annum.

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

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, 2005 was \$2,560,000.

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

**Note 10: Long-Term Debt (Continued)**

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 Section 108 of Title I of the Housing and Community Development Act of 1974; and
2. Program income.

The notes mature from 2000-2019 and bear varying rates of interest. The principal balance outstanding as of June 30, 2005 was \$280,000.

On August 7, 2003, the City issued \$1,450,000 of U.S. Government Guaranteed Notes, Series 2003-A, guaranteed by the Secretary of Housing and Urban Development. This 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 2004-2023 and bear varying rates of interest. The principal balance outstanding as of June 30, 2005 was \$1,401,000.

On June 30, 2004, the City issued \$1,500,000 of U.S. Government Guaranteed Notes, Series 2004-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 2005-2024 and bear varying rates of interest. The principal balance outstanding as of June 30, 2005 was \$1,500,000.

**c. Capital Leases**

During fiscal year 1995-1996, 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.

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

**Note 10: Long-Term Debt (Continued)**

d. The following is a schedule of changes in long-term debt of the City by bond types for the fiscal year ended June 30, 2005:

	Balance July 1, 2004	Defeased	Additions	Repayments	Balance June 30, 2005	Due Within One Year
<b><u>Lancaster Housing Authority</u></b>						
Lease Revenue Refunding Bonds	\$ 8,620,000	\$ -	\$ -	\$ 270,000	\$ 8,350,000	\$ 280,000
<b><u>Redevelopment Agency</u></b>						
<b><u>Residential Project Area</u></b>						
1993 Sheriff's Facilities	2,571,218	2,497,706	-	73,512	-	-
1993 Fire Facilities	1,455,305	1,412,558	-	42,747	-	-
1993 and 1999 Library	244,122	239,670	-	4,452	-	-
2003 Development and Housing	11,311,373	-	-	30,320	11,281,053	103,525
2003B Development and Housing	5,136,978	-	-	86,823	5,050,155	186,790
2004B Development and Housing	-	-	1,075,000	-	1,075,000	-
2004 Housing	-	-	1,140,571	-	1,140,571	37,600
2004 Sheriff's Facilities	-	-	2,474,946	-	2,474,946	93,069
2004 Fire Facilities	-	-	1,301,520	-	1,301,520	51,040
2004 Library	-	-	254,090	-	254,090	6,930
<b>Total</b>	<b>20,718,996</b>	<b>4,149,934</b>	<b>6,246,127</b>	<b>237,854</b>	<b>22,577,335</b>	<b>478,954</b>
<b><u>Central Business District Project Area</u></b>						
1993 Sheriff's Facilities	655,647	636,901	-	18,746	-	-
1993 Fire Facilities	305,054	296,093	-	8,961	-	-
1993 and 1999 Library	46,859	45,997	-	862	-	-
1994	1,725,000	-	-	45,000	1,680,000	50,000
2003 Development and Housing	1,063,809	-	-	-	1,063,809	14,181
2003B Development and Housing	175,098	-	-	2,474	172,624	7,275
2004 Housing	-	-	242,797	-	242,797	9,400
2004 Sheriff's Facilities	-	-	631,122	-	631,122	23,733
2004 Fire Facilities	-	-	272,340	-	272,340	10,680
2004 Library	-	-	49,219	-	49,219	1,344
<b>Total</b>	<b>3,971,467</b>	<b>978,991</b>	<b>1,195,478</b>	<b>76,043</b>	<b>4,111,911</b>	<b>116,613</b>

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

**Note 10: Long-Term Debt (Continued)**

	Balance July 1, 2004	Defeased	Additions	Repayments	Balance June 30, 2005	Due Within One Year
<u>Fox Field Project Area</u>						
1993 Sheriff's Facilities	438,255	425,725	-	12,530	-	-
1993 Fire Facilities	294,473	285,823	-	8,650	-	-
1993 and 1999 Library	42,468	41,698	-	770	-	-
1994	2,415,000	-	-	70,000	2,345,000	75,000
2003 Development and Housing	1,776,313	-	-	-	1,776,313	23,717
2003B Development and Housing	173,720	-	-	2,448	171,272	7,200
2004 Housing	-	-	288,747	-	288,747	9,400
2004 Sheriff's Facilities	-	-	422,184	-	422,184	15,876
2004 Fire Facilities	-	-	263,160	-	263,160	10,320
2004 Library	-	-	43,899	-	43,899	1,190
<b>Total</b>	<b>5,140,229</b>	<b>753,246</b>	<b>1,017,990</b>	<b>94,398</b>	<b>5,310,575</b>	<b>142,703</b>
<u>Amargosa Project Area</u>						
1993 Sheriff's Facilities	4,298,756	4,175,852	-	122,904	-	-
1993 Fire Facilities	2,402,990	2,332,406	-	70,584	-	-
1993 and 1999 Library	409,223	401,759	-	7,464	-	-
1999	4,230,000	-	-	80,000	4,150,000	85,000
1999 Lease Revenue	6,030,000	-	-	130,000	5,900,000	135,000
2003 Development and Housing	16,852,607	-	-	25,154	16,827,453	185,675
2003B Development and Housing	14,758,957	-	-	290,123	14,468,834	462,024
2004B Development and Housing	-	-	2,440,000	-	2,440,000	-
2004 Housing	-	-	2,209,633	-	2,209,633	75,200
2004 Sheriff's Facilities	-	-	4,135,680	-	4,135,680	155,520
2004 Fire Facilities	-	-	2,149,140	-	2,149,140	84,280
2004 Library	-	-	425,702	-	425,702	11,606
<b>Total</b>	<b>48,982,533</b>	<b>6,910,017</b>	<b>11,360,155</b>	<b>726,229</b>	<b>52,706,442</b>	<b>1,194,305</b>
<u>Project Area No. 5</u>						
1993 Sheriff's Facilities	6,576,550	6,388,522	-	188,028	-	-
1993 Fire Facilities	3,506,942	3,403,933	-	103,009	-	-
1993 and 1999 Library	640,687	629,030	-	11,657	-	-
1997	4,370,000	-	-	350,000	4,020,000	365,000
2003 Development and Housing	33,322,643	-	-	80,645	33,241,998	318,497
2003B Development and Housing	5,984,572	-	-	97,332	5,887,240	224,543
2004B Development and Housing	-	-	3,895,000	-	3,895,000	-
2004 School Refunding	-	-	2,125,000	9,499	2,115,501	28,497
2004 Housing	-	-	3,393,770	-	3,393,770	117,500
2004 Sheriff's Facilities	-	-	6,328,452	-	6,328,452	237,978
2004 Fire Facilities	-	-	3,137,520	-	3,137,520	123,040
2004 Library	-	-	665,157	-	665,157	18,130
<b>Total</b>	<b>54,401,394</b>	<b>10,421,485</b>	<b>19,544,899</b>	<b>840,170</b>	<b>62,684,638</b>	<b>1,433,185</b>

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

**Note 10: Long-Term Debt (Continued)**

	Balance July 1, 2004	Defeased	Additions	Repayments	Balance June 30, 2005	Due Within One Year
<u>Project Area No. 6</u>						
1993 Sheriff's Facilities	7,447,158	7,234,240	-	212,918	-	-
1993 Fire Facilities	3,440,234	3,339,184	-	101,050	-	-
1993 and 1999 Library	3,412,742	3,350,558	-	62,184	-	-
1996 School	3,135,000	3,055,000	-	80,000	-	-
1997 Mobile Home	3,035,000	-	-	60,000	2,975,000	60,000
2003 Development and Housing	36,218,356	-	-	68,880	36,149,476	375,794
2003B Development and Housing	7,465,093	-	-	127,741	7,337,352	268,468
2004B Development and Housing	-	-	3,595,000	-	3,595,000	-
2004 School Refunding	-	-	5,705,000	25,501	5,679,499	76,500
2004 Housing	-	-	5,822,708	-	5,822,708	202,100
2004 Sheriff's Facilities	-	-	7,166,358	-	7,166,358	269,487
2004 Fire Facilities	-	-	3,076,320	-	3,076,320	120,640
2004 Library	-	-	3,547,936	-	3,547,936	96,740
<b>Total</b>	<b>64,153,583</b>	<b>16,978,982</b>	<b>28,913,322</b>	<b>738,274</b>	<b>75,349,649</b>	<b>1,469,732</b>
<u>Project Area No. 7</u>						
1993 Sheriff's Facilities	397,422	386,059	-	11,363	-	-
1993 and 1999 Library	143,897	141,286	-	2,611	-	-
2003 Development and Housing	1,019,898	-	-	-	1,019,898	13,611
2003B Development and Housing	570,581	-	-	8,058	562,523	23,700
2004 Housing	-	-	476,774	-	476,774	18,800
2004 Sheriff's Facilities	-	-	381,258	-	381,258	14,337
2004 Library	-	-	148,997	-	148,997	4,060
<b>Total</b>	<b>2,131,798</b>	<b>527,345</b>	<b>1,007,029</b>	<b>22,032</b>	<b>2,589,450</b>	<b>74,508</b>
<b>Total Redevelopment Agency</b>	<b>199,500,000</b>	<b>40,720,000</b>	<b>69,285,000</b>	<b>2,735,000</b>	<b>225,330,000</b>	<b>4,910,000</b>
<u>City</u>						
Notes						
Series 1999-A	2,680,000	-	-	120,000	2,560,000	130,000
Series 2000-A	290,000	-	-	10,000	280,000	10,000
Series 2003-A	1,450,000	-	-	49,000	1,401,000	50,000
Series 2004-A	1,500,000	-	-	-	1,500,000	50,000
Accrued Employee Benefit	1,595,206	-	-	93,869	1,501,337	88,000
Capital Lease	103,470	-	-	67,218	36,252	36,252
<b>Total City</b>	<b>7,618,676</b>	<b>-</b>	<b>-</b>	<b>340,087</b>	<b>7,278,589</b>	<b>364,252</b>
<b>Total</b>	<b>\$ 215,738,676</b>	<b>\$ 40,720,000</b>	<b>\$ 69,285,000</b>	<b>\$ 3,345,087</b>	<b>240,958,589</b>	<b>\$ 5,554,252</b>
Less:						
Unamortized original issue discount or premium					(6,749,727)	
Unamortized bond defeasance loss					5,015,915	
<b>Net Long-term Debt</b>					<b>\$ 242,692,401</b>	

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

**Note 10: Long-Term Debt (Continued)**

- e. The following schedule illustrates the debt service requirements to maturity for bonds, notes and loans outstanding as of June 30, 2005:

City of Lancaster U.S. Government Guaranteed Notes		
Fiscal Year	Principal	Interest
2005-2006	\$ 240,000	\$ 321,015
2006-2007	245,000	311,137
2007-2008	264,000	299,404
2008-2009	279,000	299,404
2009-2010	293,000	262,600
2010-2015	1,653,000	1,042,500
2015-2020	1,886,000	469,018
2020-2023	881,000	95,118
Total	<u>\$ 5,741,000</u>	<u>\$ 3,100,195</u>

Capital Leases		
Fiscal Year	Principal	Interest
2005-2006	\$ 36,252	\$ 876
Total	<u>\$ 36,252</u>	<u>\$ 876</u>

Lancaster Housing Authority - Bonds		
Fiscal Year	Principal	Interest
2005-2006	\$ 280,000	\$ 405,369
2006-2007	295,000	394,169
2007-2008	305,000	382,000
2008-2009	320,000	369,190
2009-2010	335,000	353,831
2010-2015	1,920,000	1,512,830
2015-2020	2,455,000	990,250
2020-2023	2,440,000	312,500
Total	<u>\$ 8,350,000</u>	<u>\$ 4,720,139</u>

Lancaster Redevelopment Agency Bonds and Notes		
Fiscal Year	Principal	Interest
2005-2006	4,910,000	10,741,296
2006-2007	5,080,000	10,466,684
2007-2008	4,985,000	10,321,077
2009-2009	5,125,000	10,141,425
2009-2010	5,340,000	9,936,659
2010-2015	29,980,000	46,038,480
2015-2020	37,465,000	38,042,161
2020-2025	44,825,000	27,467,367
2025-2030	42,760,000	16,993,485
2030-2035	41,205,000	6,530,557
2035-2040	3,655,000	105,630
Total	<u>\$ 225,330,000</u>	<u>\$ 186,784,821</u>



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

**Note 10: Long-Term Debt (Continued)**

**f. Defeasance of Debt**

During the current fiscal year, the Agency issued four bond issues (Combined Project Areas, Library Project - \$5,135,000, Combined Project Areas, Sheriff's Facility Project - \$21,540,000, Combined Project Areas, Fire Protection Facilities Project - \$10,200,000 and Tax Allocation Refunding Bonds (Lancaster Redevelopment Project No. 5 and Project No. 6 (School Districts -\$7,830,000) to refund the following bond issues:

Combined Library Project, Series 1999	\$ 1,780,000
Combined Library Project, Series 1993	3,070,000
Combined Sheriff's Project, Series 1993	21,745,000
Combined Fire Project, Series 1993	11,070,000
Tax Allocation Refunding Bonds (School District), Issue of 1996	<u>3,055,000</u>
Total	<u><u>\$ 40,720,000</u></u>

Amounts received from the refundings 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 debt listed above are considered defeased in substance and the liability for these has been removed from the Agency's long-term debt.

The advance refundings resulted in increase and decreases in total debt service payments and created an economic gain (the difference between the present values of the debt service payments in the old and new debt) as follows:

	Debt Service Decrease (Increase)	Economic Gain (Loss)
Library Project Refunding	\$ 709,702	\$ 332,538
Sheriff's Project Refunding	692,026	176,535
Fire Project Refunding	579,174	(68,242)
School District Refunding	<u>1,540,332</u>	<u>(189,909)</u>
Total	<u><u>\$ 3,521,234</u></u>	<u><u>\$ 250,922</u></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 Agency's financial statements. At June 30, 2005, the following bond issues are considered defeased.

<u>Combined Redevelopment Project Areas:</u>	<u>Original Amount</u>
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
Library Project, Issue of 1993	3,860,000
Sheriff's Facility Project, Issue of 1993	27,380,000
Fire Protection Facility Project, Issue of 1993	14,020,000
Library Project, Issue of 1999	1,780,000
<u>Residential Project Area:</u>	
Tax Allocation Refunding Notes, Issue of 1992	13,800,000
Subordinated Tax Allocation Refunding Bonds, Issue of 1997	3,065,000
<u>Central Business District Project Area:</u>	
Tax Allocation Refunding Bonds, Issue of 1986	1,800,000

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

**Note 10: Long-Term Debt (Continued)**

	<u>Original Amount</u>
<u>Amargosa Redevelopment Project Area:</u>	
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
Tax Allocation Refunding Bonds, Issue of 1996	12,700,000
<u>Project Area Number 5:</u>	
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
<u>Project Area Number 6:</u>	
School District Tax Allocation Notes, Issue of 1991	3,250,000
Tax Allocation Refunding Bonds, Issue of 1993	14,100,000
Total	<u>\$ 259,905,000</u>

- e. The Agency has issued \$292,422,000 of Residential Mortgage Revenue Bonds that have not been reflected in Long-Term Debt 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	58,329,040
Reserved for inventory	23,887
Reserved for prepaid costs	<u>149,856</u>
Total	<u>\$ 58,892,933</u>
Capital Projects Fund:	
Reserved for loans receivable	3,715,942
Reserved for land held for resale	<u>25,342,868</u>
Total	<u>\$ 29,058,810</u>
Other Governmental Funds:	
Reserved for land held for resale	<u>\$ 1,151,664</u>

Reserved for advances to other funds in the General Fund above consisted of \$95,218,840 of interfund receivable less \$36,889,800 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	\$ 837,878
Designated for employee benefits	1,495,238
Designated for emergency repairs	9,107
Designated for building replacement	1,001,581
Designated for approved projects	700,000
Designated for City liabilities	<u>553,187</u>
Total	<u>\$ 4,596,991</u>
Special Revenue Fund:	
Designated for Antelope Valley Transit Authority - Proposition A Fund	<u>\$ 155,531</u>
Debt Service Funds:	
Designated for debt service - Lancaster Redevelopment Agency	<u>\$ 17,661,877</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:

General Fund:	
To correct prior year transfer to LLEBG Fund	<u>\$ (323,046)</u>
Nonmajor Funds:	
To correct prior year transfer to LLEBG Fund and restate prior year LLEBG grant unearned revenue	<u>\$ 7,318</u>

Net Assets in the Government-Wide Statement had been restated for the following reasons:

Fund balances restatements from above	\$ (315,728)
Restatement of prior year Capital Assets	<u>3,237,417</u>
Total Net Assets Restatements	<u>\$ 2,921,689</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 7.000% 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 5.434% 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 12: Public Employees Retirement System (Defined Benefit Pension Plan) (Continued)**

Annual Pension Cost

For 2005, the City's annual pension cost of \$1,386,706 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003, 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 3.50%, d) payroll growth of 3.75%, and e) individual salary growth varying by duration of employment coupled with an assumed annual inflation component of 3.50% 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			
Fiscal Year	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ -	100%	\$ -
6/30/2004	853,557	100%	-
6/30/2005	1,386,706	100%	-

Schedule of Funding Progress for PERS						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded Liability (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2002	\$ 31,248,036	\$ 28,222,824	\$ (3,025,212)	110.7 %	\$ 10,480,320	(28.9) %
6/30/2003	32,662,930	34,612,748	1,949,818	94.4 %	11,051,178	17.6 %
6/30/2004	3,549,044	39,258,819	3,799,775	90.3 %	11,824,262	32.1 %

**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 12).

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 \$320,958 (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, 2005 was \$10,698,596. The total payroll for the year was \$13,173,123.

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 2004-2005 were \$53,958. There are currently 18 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, 2004 (latest information available), Antelope Valley Transit Authority's financial position was as follows:

Assets	<u>\$ 50,316,717</u>
Liabilities	\$ 6,232,959
Fund Equity	<u>44,083,758</u>
Total Liabilities and Fund Equity	<u>\$ 50,316,717</u>
Revenues	\$ 33,948,283
Expenses	(12,547,826)
Return of Member Contingency Reserve	<u>(155,693)</u>
Changes in Fund Equity	<u>\$ 21,244,764</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 for its general liabilities. 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.

At June 30, 2005, \$455,633 has been accrued for general liability claims in the general fund. This amount represents an estimate of amounts to be paid for reported claims and incurred but not yet reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2005 is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses.

Changes in the claims liability amount in fiscal years 2004 and 2005 were as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
2003-2004	\$ 420,994	\$ 652,242	\$ (564,664)	\$ 508,572
2004-2005	508,572	215,368	(268,307)	455,633

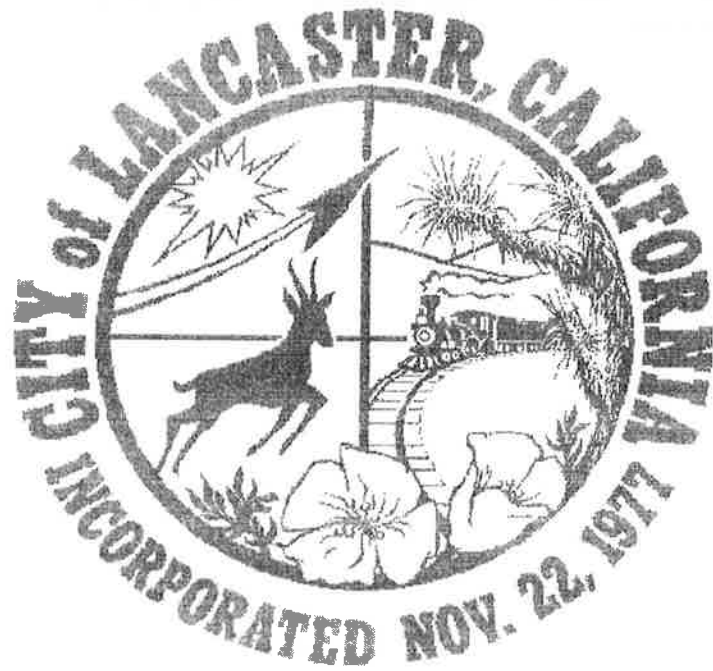
**City of Lancaster**  
**Notes to Financial Statements (Continued)**

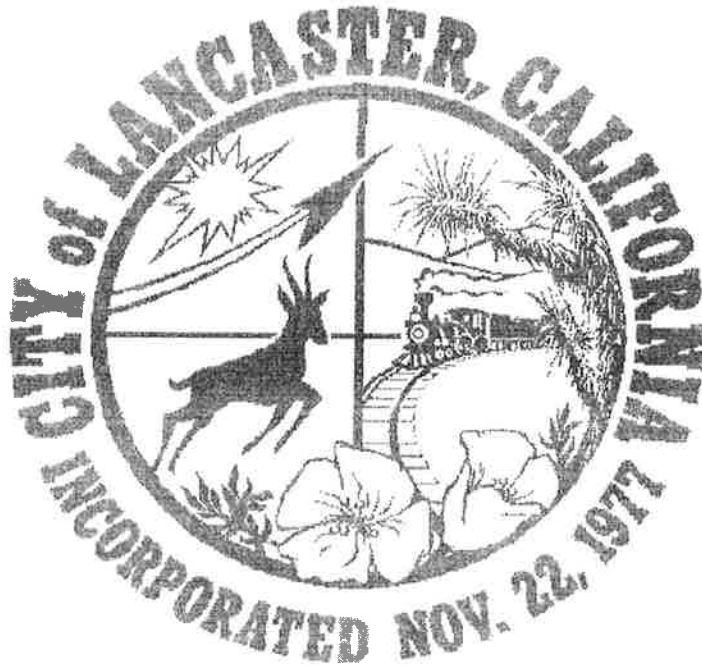
**Note 17: Risk Management (Continued)**

For worker's compensation insurance, the City has transferred all risk of loss with the purchase of commercial insurance policies and has not reported any estimated loss in the financial statements. There were 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**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	<b>Special Revenue Funds</b>		
	<b>Gas Tax</b>	<b>Roberti Zberg</b>	<b>Parks Development</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 1,012,639	\$ -	\$ 1,083,765
Receivables:			
Accounts	-	-	-
Notes	-	-	-
Accrued interest	3,581	-	3,467
Deposits	-	-	-
Due from other governments	208,447	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	-
<b>Total Assets</b>	<b>\$ 1,224,667</b>	<b>\$ -</b>	<b>\$ 1,087,232</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	718,127	-
Deferred revenues	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>718,127</b>	<b>-</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for land held for resale	-	-	-
Unreserved:			
Designated for Antelope Valley Transit Authority	-	-	-
Undesignated	1,224,667	(718,127)	1,087,232
<b>Total Fund Balances</b>	<b>1,224,667</b>	<b>(718,127)</b>	<b>1,087,232</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,224,667</b>	<b>\$ -</b>	<b>\$ 1,087,232</b>

Special Revenue Funds

Housing and Community Development	Transportation Development Authority	Bikeway Improvement	Proposition A	Sewer Frontage	Developer Fees
\$ 1,380,423	\$ 610,134	\$ 67,219	\$ 1,559,727	\$ 293,443	\$ 14,693,562
-	-	-	-	-	332,086
-	-	-	-	-	-
-	-	-	4,003	-	49,784
-	-	-	-	-	-
18,459	3,913,332	-	-	-	-
1,151,664	-	-	-	-	-
-	-	-	557,554	-	-
-	-	-	-	-	-
<b>\$ 2,550,546</b>	<b>\$ 4,523,466</b>	<b>\$ 67,219</b>	<b>\$ 2,121,284</b>	<b>\$ 293,443</b>	<b>\$ 15,075,432</b>
\$ 5,945	\$ -	\$ 25	\$ 567,672	\$ -	\$ -
-	-	-	-	-	-
967,908	1,120,681	-	-	-	332,086
-	-	-	-	-	-
-	-	300	19,927	-	-
-	-	-	-	-	-
<b>973,853</b>	<b>1,120,681</b>	<b>325</b>	<b>587,599</b>	<b>-</b>	<b>332,086</b>
1,151,664	-	-	-	-	-
-	-	-	557,554	-	-
425,029	3,402,785	66,894	976,131	293,443	14,743,346
<b>1,576,693</b>	<b>3,402,785</b>	<b>66,894</b>	<b>1,533,685</b>	<b>293,443</b>	<b>14,743,346</b>
<b>\$ 2,550,546</b>	<b>\$ 4,523,466</b>	<b>\$ 67,219</b>	<b>\$ 2,121,284</b>	<b>\$ 293,443</b>	<b>\$ 15,075,432</b>

**CITY OF LANCASTER**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	<b>Special Revenue Funds</b>		
	<b>Community Services</b>	<b>Traffic Impact Fees</b>	<b>Operations Impact Fees</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 284,887	\$ 2,545,022	\$ 6,431,373
Receivables:			
Accounts	-	210,494	24,275
Notes	-	-	-
Accrued interest	-	7,874	21,807
Deposits	-	-	-
Due from other governments	-	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	-
<b>Total Assets</b>	<b>\$ 284,887</b>	<b>\$ 2,763,390</b>	<b>\$ 6,477,455</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 2,039	\$ -	\$ -
Due to other funds	-	-	-
Deferred revenues	-	210,494	24,275
Advances from other funds	-	1,746,009	-
Deposits payable	299	-	-
Due to other governments	-	-	-
<b>Total Liabilities</b>	<b>2,338</b>	<b>1,956,503</b>	<b>24,275</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for land held for resale	-	-	-
Unreserved:			
Designated for Antelope Valley Transit Authority	-	-	-
Undesignated	282,549	806,887	6,453,180
<b>Total Fund Balances</b>	<b>282,549</b>	<b>806,887</b>	<b>6,453,180</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 284,887</b>	<b>\$ 2,763,390</b>	<b>\$ 6,477,455</b>



Special Revenue Funds					
Landscape Maintenance District	Lighting District	Drainage Maintenance District	Integrated Financing District	Proposition C	Vegetative Management
\$ 1,654,949	\$ 1,817,904	\$ 2,349,865	\$ 800	\$ 686,115	\$ 51
-	-	-	-	-	-
6,786	7,455	9,294	-	403	-
21,736	128,373	25,701	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 1,683,471</b>	<b>\$ 1,953,732</b>	<b>\$ 2,384,860</b>	<b>\$ 800</b>	<b>\$ 686,518</b>	<b>\$ 51</b>
\$ 184,640	\$ 193,972	\$ 30,456	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>184,640</b>	<b>193,972</b>	<b>30,456</b>	<b>-</b>	<b>-</b>	<b>-</b>
-	-	-	-	-	-
1,498,831	1,759,760	2,354,404	800	686,518	51
<b>1,498,831</b>	<b>1,759,760</b>	<b>2,354,404</b>	<b>800</b>	<b>686,518</b>	<b>51</b>
<b>\$ 1,683,471</b>	<b>\$ 1,953,732</b>	<b>\$ 2,384,860</b>	<b>\$ 800</b>	<b>\$ 686,518</b>	<b>\$ 51</b>

**CITY OF LANCASTER**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	<b>Special Revenue Funds</b>		
	<b>Air Quality Management</b>	<b>Lancaster Housing Authority</b>	<b>Lancaster Home Program</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 34,370	\$ 47,920	\$ 72,742
Receivables:			
Accounts	-	82,353	-
Notes	-	-	5,405,505
Accrued interest	252	-	128
Deposits	-	5,160	-
Due from other governments	-	-	-
Land held for resale	-	-	-
Restricted assets:			
Cash and investments	-	-	-
Cash and investments with fiscal agents	-	-	-
<b>Total Assets</b>	<b>\$ 34,622</b>	<b>\$ 135,433</b>	<b>\$ 5,478,375</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ 8,148
Due to other funds	-	-	-
Deferred revenues	-	-	-
Advances from other funds	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	5,405,505
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>5,413,653</b>
<b>Fund Balances:</b>			
Reserved:			
Reserved for land held for resale	-	-	-
Unreserved:			
Designated for Antelope Valley Transit Authority	-	-	-
Undesignated	34,622	135,433	64,722
<b>Total Fund Balances</b>	<b>34,622</b>	<b>135,433</b>	<b>64,722</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 34,622</b>	<b>\$ 135,433</b>	<b>\$ 5,478,375</b>

Special Revenue Funds

C.O.P.S Grant	Local Law Enforcement Block Grant	EDA Grant	TEA 21	CCA Fairgrounds Construction	State Park Bond
\$ 3,500	\$ 131,483	\$ -	\$ 28,523	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
770	329	-	-	-	-
-	-	51,153	165,095	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 4,270</b>	<b>\$ 131,812</b>	<b>\$ 51,153</b>	<b>\$ 193,618</b>	<b>\$ -</b>	<b>\$ -</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	282,384	-	444,386	330,526
-	131,812	51,153	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	<b>131,812</b>	<b>333,537</b>	-	<b>444,386</b>	<b>330,526</b>
-	-	-	-	-	-
-	-	-	-	-	-
4,270	-	(282,384)	193,618	(444,386)	(330,526)
<b>4,270</b>	-	<b>(282,384)</b>	<b>193,618</b>	<b>(444,386)</b>	<b>(330,526)</b>
<b>\$ 4,270</b>	<b>\$ 131,812</b>	<b>\$ 51,153</b>	<b>\$ 193,618</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF LANCASTER**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	<b>Special Revenue Funds</b>	
	<b>Federal, State County Park Grant</b>	<b>EDI Grant</b>
<b>Assets:</b>		
Pooled cash and investments	\$ -	\$ 286
Receivables:		
Accounts	-	-
Notes	-	-
Accrued interest	-	-
Deposits	-	-
Due from other governments	-	-
Land held for resale	-	-
Restricted assets:		
Cash and investments	-	-
Cash and investments with fiscal agents	-	-
	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 286</b>
 <b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Deferred revenues	-	-
Advances from other funds	-	-
Deposits payable	-	-
Due to other governments	-	-
	-	-
<b>Total Liabilities</b>	-	-
 <b>Fund Balances:</b>		
Reserved:		
Reserved for land held for resale	-	-
Unreserved:		
Designated for Antelope Valley Transit Authority	-	-
Undesignated	-	286
	-	286
<b>Total Fund Balances</b>	-	<b>286</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 286</b>

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Governmental Funds</u>
<u>Building Fees</u>	<u>Engineering Fees</u>	<u>Community Facilities District 91-1</u>	<u>Lancaster Housing Authority</u>	
\$ 1,779,395	\$ 871,576	\$ -	\$ -	\$ 39,441,673
-	-	-	-	649,208
-	-	-	-	5,405,505
-	-	-	-	115,933
-	-	-	-	5,160
-	-	-	-	4,532,296
-	-	-	-	1,151,664
-	-	-	-	557,554
-	-	1,043,255	686,569	1,729,824
<b>\$ 1,779,395</b>	<b>\$ 871,576</b>	<b>\$ 1,043,255</b>	<b>\$ 686,569</b>	<b>\$ 53,588,817</b>
\$ -	\$ -	\$ -	\$ -	\$ 992,897
-	-	-	11,001	1,786,424
-	-	-	-	2,838,409
-	-	-	-	1,746,009
-	-	-	-	20,526
-	-	-	-	5,405,505
-	-	-	11,001	12,789,770
-	-	-	-	1,151,664
-	-	-	-	557,554
1,779,395	871,576	1,043,255	675,568	39,089,829
<b>1,779,395</b>	<b>871,576</b>	<b>1,043,255</b>	<b>675,568</b>	<b>40,799,047</b>
<b>\$ 1,779,395</b>	<b>\$ 871,576</b>	<b>\$ 1,043,255</b>	<b>\$ 686,569</b>	<b>\$ 53,588,817</b>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>Roberti Zberg</u>	<u>Parks Development</u>
<b>Revenues:</b>			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	2,364,477	-	-
Charges for services	11,521	-	2,011,000
Use of money and property	16,752	-	10,239
Miscellaneous	-	-	421,453
	<hr/>	<hr/>	<hr/>
<b>Total Revenues</b>	<b>2,392,750</b>	<b>-</b>	<b>2,442,692</b>
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Housing	-	-	-
Community development	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,392,750	-	2,442,692
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	(2,152,401)	(60,148)	(1,106,571)
	<hr/>	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>(2,152,401)</b>	<b>(60,148)</b>	<b>(1,106,571)</b>
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	240,349	(60,148)	1,336,121
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Originally Reported	984,318	(657,979)	(248,889)
	<hr/>	<hr/>	<hr/>
Restatements	-	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Restated	984,318	(657,979)	(248,889)
	<hr/>	<hr/>	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ 1,224,667</b>	<b>\$ (718,127)</b>	<b>\$ 1,087,232</b>
	<hr/>	<hr/>	<hr/>

Special Revenue Funds					
Housing and Community Development	Transportation Development Authority	Bikeway Improvement	Proposition A	Sewer Frontage	Developer Fees
\$ -	\$ -	\$ -	\$ -	\$ 196,517	\$ 9,266,577
2,112,022	6,567,314	286,734	1,837,530	-	-
-	-	-	-	-	-
19,212	16,571	-	29,098	-	188,309
3,500	-	240	11,330	-	5,938
<b>2,134,734</b>	<b>6,583,885</b>	<b>286,974</b>	<b>1,877,958</b>	<b>196,517</b>	<b>9,460,824</b>
21,000	-	-	1,232,342	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
179,000	-	-	-	-	-
297,950	-	-	-	-	-
<b>497,950</b>	<b>-</b>	<b>-</b>	<b>1,232,342</b>	<b>-</b>	<b>-</b>
1,636,784	6,583,885	286,974	645,616	196,517	9,460,824
-	-	-	-	-	-
(1,165,336)	(6,616,352)	(70,349)	(1,207,851)	(5,998)	(2,880,859)
<b>(1,165,336)</b>	<b>(6,616,352)</b>	<b>(70,349)</b>	<b>(1,207,851)</b>	<b>(5,998)</b>	<b>(2,880,859)</b>
471,448	(32,467)	216,625	(562,235)	190,519	6,579,965
1,105,245	3,435,252	(149,731)	2,095,920	102,924	8,163,381
-	-	-	-	-	-
1,105,245	3,435,252	(149,731)	2,095,920	102,924	8,163,381
<b>\$ 1,576,693</b>	<b>\$ 3,402,785</b>	<b>\$ 66,894</b>	<b>\$ 1,533,685</b>	<b>\$ 293,443</b>	<b>\$ 14,743,346</b>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005

	<u>Special Revenue Funds</u>		
	<u>Community Services</u>	<u>Traffic Impact Fees</u>	<u>Operations Impact Fees</u>
<b>Revenues:</b>			
Licenses and permits	\$ -	\$ 3,401,017	\$ 4,567,504
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	-	25,394	81,826
Miscellaneous	73,904	19,079	-
<b>Total Revenues</b>	<b>73,904</b>	<b>3,445,490</b>	<b>4,649,330</b>
<b>Expenditures:</b>			
Current:			
General government	157,685	-	-
Housing	-	-	-
Community development	15,930	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>173,615</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,711)	3,445,490	4,649,330
<b>Other Financing Sources (Uses):</b>			
Transfers in	200,000	-	-
Transfers out	-	(448,012)	(1,292,187)
<b>Total Other Financing Sources (Uses)</b>	<b>200,000</b>	<b>(448,012)</b>	<b>(1,292,187)</b>
Net Change in Fund Balances	100,289	2,997,478	3,357,143
Fund Balances, Beginning of Year, as Originally Reported	182,260	(2,190,591)	3,096,037
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	182,260	(2,190,591)	3,096,037
<b>Fund Balances, End of Year</b>	<b>\$ 282,549</b>	<b>\$ 806,887</b>	<b>\$ 6,453,180</b>



<b>Special Revenue Funds</b>					
<b>Landscape Maintenance District</b>	<b>Lighting District</b>	<b>Drainage Maintenance District</b>	<b>Integrated Financing District</b>	<b>Proposition C</b>	<b>Vegetative Management</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,480,189	-
920,631	2,891,404	1,068,646	-	-	-
25,623	20,032	38,164	-	4,843	51
267,971	-	-	-	-	-
<b>1,214,225</b>	<b>2,911,436</b>	<b>1,106,810</b>	<b>-</b>	<b>1,485,032</b>	<b>51</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
704,662	1,928,626	168,526	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>704,662</b>	<b>1,928,626</b>	<b>168,526</b>	<b>-</b>	<b>-</b>	<b>-</b>
509,563	982,810	938,284	-	1,485,032	51
-	-	-	-	-	-
(231,550)	(32,136)	(402,908)	-	(1,406,656)	-
<b>(231,550)</b>	<b>(32,136)</b>	<b>(402,908)</b>	<b>-</b>	<b>(1,406,656)</b>	<b>-</b>
278,013	950,674	535,376	-	78,376	51
1,220,818	809,086	1,819,028	800	608,142	-
-	-	-	-	-	-
1,220,818	809,086	1,819,028	800	608,142	-
<b>\$ 1,498,831</b>	<b>\$ 1,759,760</b>	<b>\$ 2,354,404</b>	<b>\$ 800</b>	<b>\$ 686,518</b>	<b>\$ 51</b>

**CITY OF LANCASTER**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005**

	<b>Special Revenue Funds</b>		
	<b>Air Quality Management</b>	<b>Lancaster Housing Authority</b>	<b>Lancaster Home Program</b>
<b>Revenues:</b>			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental	100,000	-	2,027,090
Charges for services	-	-	-
Use of money and property	1,069	1,451,830	259,166
Miscellaneous	-	-	-
<b>Total Revenues</b>	<b>101,069</b>	<b>1,451,830</b>	<b>2,286,256</b>
<b>Expenditures:</b>			
Current:			
General government	157,596	3,285	-
Housing	-	893,508	2,222,581
Community development	-	-	-
Public works	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>157,596</b>	<b>896,793</b>	<b>2,222,581</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,527)	555,037	63,675
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	-	(536,479)	(30,589)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(536,479)</b>	<b>(30,589)</b>
Net Change in Fund Balances	(56,527)	18,558	33,086
Fund Balances, Beginning of Year, as Originally Reported	91,149	116,875	31,636
Restatements	-	-	-
Fund Balances, Beginning of Year, as Restated	91,149	116,875	31,636
<b>Fund Balances, End of Year</b>	<b>\$ 34,622</b>	<b>\$ 135,433</b>	<b>\$ 64,722</b>

<b>Special Revenue Funds</b>					
<b>C.O.P.S Grant</b>	<b>Local Law Enforcement Block Grant</b>	<b>EDA Grant</b>	<b>TEA 21</b>	<b>CCA Fairgrounds Construction</b>	<b>State Park Bond</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
189,700	273,912	-	649,759	521,221	-
-	-	-	-	-	-
2,770	1,102	-	672	-	119
-	-	-	-	-	-
<b>192,470</b>	<b>275,014</b>	<b>-</b>	<b>650,431</b>	<b>521,221</b>	<b>119</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
192,470	275,014	-	650,431	521,221	119
-	-	-	27,851	734,966	-
<b>(189,700)</b>	<b>(273,912)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(349,251)</b>
<b>(189,700)</b>	<b>(273,912)</b>	<b>-</b>	<b>27,851</b>	<b>734,966</b>	<b>(349,251)</b>
2,770	1,102	-	678,282	1,256,187	(349,132)
1,500	(8,420)	(282,384)	(484,664)	(1,700,573)	18,606
-	7,318	-	-	-	-
1,500	(1,102)	(282,384)	(484,664)	(1,700,573)	18,606
<b>\$ 4,270</b>	<b>\$ -</b>	<b>\$ (282,384)</b>	<b>\$ 193,618</b>	<b>\$ (444,386)</b>	<b>\$ (330,526)</b>

CITY OF LANCASTER

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005

	<u>Special Revenue Funds</u>	
	<u>Federal, State County Park Grant</u>	<u>EDI Grant</u>
<b>Revenues:</b>		
Licenses and permits	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Use of money and property	-	286
Miscellaneous	-	-
	<hr/>	<hr/>
<b>Total Revenues</b>	<b>-</b>	<b>286</b>
	<hr/>	<hr/>
<b>Expenditures:</b>		
Current:		
General government	-	-
Housing	-	-
Community development	-	-
Public works	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
	<hr/>	<hr/>
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	286
	<hr/>	<hr/>
<b>Other Financing Sources (Uses):</b>		
Transfers in	740,000	-
Transfers out	-	(740,000)
	<hr/>	<hr/>
<b>Total Other Financing Sources (Uses)</b>	<b>740,000</b>	<b>(740,000)</b>
	<hr/>	<hr/>
Net Change in Fund Balances	740,000	(739,714)
	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Originally Reported	(740,000)	740,000
	<hr/>	<hr/>
Restatements	-	-
	<hr/>	<hr/>
Fund Balances, Beginning of Year, as Restated	(740,000)	740,000
	<hr/>	<hr/>
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 286</b>
	<hr/> <hr/>	<hr/> <hr/>

Special Revenue Funds		Capital Projects Funds	Debt Service Funds	Total Governmental Funds
Building Fees	Engineering Fees	Community Facilities District 91-1	Lancaster Housing Authority	
\$ 5,315,297	\$ 5,464,999	\$ -	\$ -	\$ 28,211,911
-	-	-	-	18,409,948
-	-	-	-	6,903,202
-	-	15,178	35,417	2,243,723
-	-	-	-	803,415
<b>5,315,297</b>	<b>5,464,999</b>	<b>15,178</b>	<b>35,417</b>	<b>56,572,199</b>
-	-	-	3,286	1,575,194
-	-	-	-	3,116,089
-	-	-	-	15,930
-	-	-	-	2,801,814
-	-	-	270,000	449,000
-	-	-	415,831	713,781
-	-	-	<b>689,117</b>	<b>8,671,808</b>
<b>5,315,297</b>	<b>5,464,999</b>	<b>15,178</b>	<b>(653,700)</b>	<b>47,900,391</b>
-	-	-	536,479	2,239,296
<b>(3,535,902)</b>	<b>(4,593,423)</b>	<b>-</b>	<b>-</b>	<b>(29,328,570)</b>
<b>(3,535,902)</b>	<b>(4,593,423)</b>	<b>-</b>	<b>536,479</b>	<b>(27,089,274)</b>
<b>1,779,395</b>	<b>871,576</b>	<b>15,178</b>	<b>(117,221)</b>	<b>20,811,117</b>
-	-	1,028,077	792,789	19,980,612
-	-	-	-	7,318
-	-	1,028,077	792,789	19,987,930
<b>\$ 1,779,395</b>	<b>\$ 871,576</b>	<b>\$ 1,043,255</b>	<b>\$ 675,568</b>	<b>\$ 40,799,047</b>

CITY OF LANCASTER

Schedule 3a

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 984,318	\$ 984,318	\$ 984,318	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	2,125,000	2,499,811	2,364,477	(135,334)
Charges for services	-	-	11,521	11,521
Use of money and property	-	-	16,752	16,752
<b>Amounts Available for Appropriation</b>	<b>3,109,318</b>	<b>3,484,129</b>	<b>3,377,068</b>	<b>(107,061)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	3,203,914	3,289,688	2,152,401	1,137,287
<b>Total Charges to Appropriations</b>	<b>3,203,914</b>	<b>3,289,688</b>	<b>2,152,401</b>	<b>1,137,287</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (94,596)</b>	<b>\$ 194,441</b>	<b>\$ 1,224,667</b>	<b>\$ 1,030,226</b>

CITY OF LANCASTER

Schedule 3b

BUDGETARY COMPARISON SCHEDULE  
 ROBERTI ZBERG  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (657,979)	\$ (657,979)	\$ (657,979)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	718,127	718,127	-	(718,127)
<b>Amounts Available for Appropriation</b>	<b>60,148</b>	<b>60,148</b>	<b>(657,979)</b>	<b>(718,127)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	-	60,148	(60,148)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>60,148</b>	<b>(60,148)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 60,148</b>	<b>\$ 60,148</b>	<b>\$ (718,127)</b>	<b>\$ (778,275)</b>

CITY OF LANCASTER

Schedule 3c

BUDGETARY COMPARISON SCHEDULES  
PARKS DEVELOPMENT  
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (248,889)	\$ (248,889)	\$ (248,889)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,240,000	-	-	-
Intergovernmental	-	80,000	-	(80,000)
Charges for services	-	-	2,011,000	2,011,000
Use of money and property	-	421,453	10,239	(411,214)
Other	-	-	421,453	421,453
<b>Amounts Available for Appropriation</b>	<b>991,111</b>	<b>252,564</b>	<b>2,193,803</b>	<b>1,941,239</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	2,452,737	1,106,571	1,346,166
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>2,452,737</b>	<b>1,106,571</b>	<b>1,346,166</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 991,111</b>	<b>\$ (2,200,173)</b>	<b>\$ 1,087,232</b>	<b>\$ 3,287,405</b>



## CITY OF LANCASTER

Schedule 3d

**BUDGETARY COMPARISON SCHEDULE  
HOUSING AND COMMUNITY DEVELOPMENT  
YEAR ENDED JUNE 30, 2005**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,105,245	\$ 1,105,245	1,105,245	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,641,476	1,641,476	2,112,022	470,546
Use of money and property	-	-	19,212	19,212
Other	-	-	3,500	3,500
<b>Amounts Available for Appropriation</b>	<b>2,746,721</b>	<b>2,746,721</b>	<b>3,239,979</b>	<b>493,258</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	21,000	(21,000)
Debt service:				
Principal	-	-	179,000	(179,000)
Interest and fiscal charges	-	-	297,950	(297,950)
Transfers to other funds	-	2,853,626	1,165,336	1,688,290
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>2,853,626</b>	<b>1,663,286</b>	<b>1,190,340</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,746,721</b>	<b>\$ (106,905)</b>	<b>\$ 1,576,693</b>	<b>\$ 1,683,598</b>

CITY OF LANCASTER

Schedule 3e

**BUDGETARY COMPARISON SCHEDULE  
TRANSPORTATION DEVELOPMENT AUTHORITY  
YEAR ENDED JUNE 30, 2005**

	<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	\$ 3,435,252	\$ 3,435,252	\$ 3,435,252	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	3,847,000	10,380,281	6,567,314	(3,812,967)
Use of money and property	70,000	84,153	16,571	(67,582)
<b>Amounts Available for Appropriation</b>	<b>7,352,252</b>	<b>13,899,686</b>	<b>10,019,137</b>	<b>(3,880,549)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	13,898,338	6,616,352	7,281,986
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>13,898,338</b>	<b>6,616,352</b>	<b>7,281,986</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,352,252</b>	<b>\$ 1,348</b>	<b>\$ 3,402,785</b>	<b>\$ 3,401,437</b>

CITY OF LANCASTER

Schedule 3f

BUDGETARY COMPARISON SCHEDULE  
BIKEWAY IMPROVEMENT  
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (149,731)	\$ (149,731)	\$ (149,731)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	63,854	286,734	286,734	-
Use of money and property	-	-	-	-
Other	-	-	240	240
<b>Amounts Available for Appropriation</b>	<b>(85,877)</b>	<b>137,003</b>	<b>137,243</b>	<b>240</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	65,000	70,349	(5,349)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>65,000</b>	<b>70,349</b>	<b>(5,349)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (85,877)</b>	<b>\$ 72,003</b>	<b>\$ 66,894</b>	<b>\$ (5,109)</b>

CITY OF LANCASTER

Schedule 3g

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION A  
YEAR ENDED JUNE 30, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,095,920	\$ 2,095,920	\$ 2,095,920	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,785,483	1,785,483	1,837,530	52,047
Use of money and property	59,927	59,927	29,098	(30,829)
Other	-	-	11,330	11,330
<b>Amounts Available for Appropriation</b>	<b>3,941,330</b>	<b>3,941,330</b>	<b>3,973,878</b>	<b>32,548</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	1,435,000	1,435,000	1,232,342	202,658
Transfers to other funds	1,964,989	1,835,445	1,207,851	627,594
<b>Total Charges to Appropriations</b>	<b>3,399,989</b>	<b>3,270,445</b>	<b>2,440,193</b>	<b>830,252</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 541,341</b>	<b>\$ 670,885</b>	<b>\$ 1,533,685</b>	<b>\$ 862,800</b>

CITY OF LANCASTER

Schedule 3h

BUDGETARY COMPARISON SCHEDULE  
SEWER FRONTAGE  
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 102,924	\$ 102,924	\$ 102,924	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	-	-	196,517	196,517
<b>Amounts Available for Appropriation</b>	<b>102,924</b>	<b>102,924</b>	<b>299,441</b>	<b>196,517</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	21,015	5,998	15,017
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>21,015</b>	<b>5,998</b>	<b>15,017</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 102,924</b>	<b>\$ 81,909</b>	<b>\$ 293,443</b>	<b>\$ 211,534</b>

CITY OF LANCASTER

Schedule 3i

BUDGETARY COMPARISON SCHEDULE  
 DEVELOPER FEES  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,163,381	\$ 8,163,381	\$ 8,163,381	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,212,000	-	9,266,577	9,266,577
Use of money and property	-	-	188,309	188,309
Other	500	500	5,938	5,438
Transfers from other funds	3,085,200	-	-	-
<b>Amounts Available for Appropriation</b>	<b>12,461,081</b>	<b>8,163,881</b>	<b>17,624,205</b>	<b>9,460,324</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	13,690,816	2,880,859	10,809,957
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>13,690,816</b>	<b>2,880,859</b>	<b>10,809,957</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$12,461,081</b>	<b>\$ (5,526,935)</b>	<b>\$ 14,743,346</b>	<b>\$ 20,270,281</b>

CITY OF LANCASTER

Schedule 3j

BUDGET COMPARISON SCHEDULE  
 COMMUNITY SERVICES  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 182,260	\$ 182,260	\$ 182,260	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	-	5,000	-	(5,000)
Other	5,000	-	73,904	73,904
Transfers from other funds	200,000	200,000	200,000	-
<b>Amounts Available for Appropriation</b>	<b>387,260</b>	<b>387,260</b>	<b>456,164</b>	<b>68,904</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	200,000	-	157,685	(157,685)
Community development	-	-	15,930	(15,930)
<b>Total Charges to Appropriations</b>	<b>200,000</b>	<b>-</b>	<b>173,615</b>	<b>(173,615)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 187,260</b>	<b>\$ 387,260</b>	<b>\$ 282,549</b>	<b>\$ (104,711)</b>

CITY OF LANCASTER

Schedule 3k

**BUDGETARY COMPARISON SCHEDULE  
TRAFFIC IMPACT FEES  
YEAR ENDED JUNE 30, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (2,190,591)	\$ (2,190,591)	\$ (2,190,591)	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,575,000	15,000	3,401,017	3,386,017
Use of money and property	-	-	25,394	25,394
Other	-	-	19,079	19,079
<b>Amounts Available for Appropriation</b>	<b>(615,591)</b>	<b>(2,175,591)</b>	<b>1,254,899</b>	<b>3,430,490</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	4,035,101	448,012	3,587,089
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>4,035,101</b>	<b>448,012</b>	<b>3,587,089</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (615,591)</b>	<b>\$ (6,210,692)</b>	<b>\$ 806,887</b>	<b>\$ 7,017,579</b>



CITY OF LANCASTER

Schedule 3I

**BUDGETARY COMPARISON SCHEDULE  
OPERATIONS IMPACT FEES  
YEAR ENDED JUNE 30, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 3,096,037	\$ 3,096,037	\$ 3,096,037	\$ -
<b>Resources (Inflows):</b>				
Licenses and permits	1,804,800	-	4,567,504	4,567,504
Use of money and property	-	-	81,826	81,826
<b>Amounts Available for Appropriation</b>	<b>4,900,837</b>	<b>3,096,037</b>	<b>7,745,367</b>	<b>4,649,330</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	3,118,051	4,449,784	1,292,187	3,157,597
<b>Total Charges to Appropriations</b>	<b>3,118,051</b>	<b>4,449,784</b>	<b>1,292,187</b>	<b>3,157,597</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,782,786</b>	<b>\$ (1,353,747)</b>	<b>\$ 6,453,180</b>	<b>\$ 7,806,927</b>

CITY OF LANCASTER

Schedule 3m

BUDGETARY COMPARISON SCHEDULE  
 LANDSCAPE MAINTENANCE DISTRICT  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,220,818	\$ 1,220,818	\$ 1,220,818	\$ -
<b>Resources (Inflows):</b>				
Charges for services	1,091,240	1,091,240	920,631	(170,609)
Use of money and property	-	-	25,623	25,623
Other	-	-	267,971	267,971
<b>Amounts Available for Appropriation</b>	<b>2,312,058</b>	<b>2,312,058</b>	<b>2,435,043</b>	<b>122,985</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	810,800	860,800	704,662	156,138
Transfers to other funds	425,000	450,000	231,550	218,450
<b>Total Charges to Appropriations</b>	<b>1,235,800</b>	<b>1,310,800</b>	<b>936,212</b>	<b>374,588</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,076,258</b>	<b>\$ 1,001,258</b>	<b>\$ 1,498,831</b>	<b>\$ 497,573</b>

CITY OF LANCASTER

Schedule 3n

**BUDGETARY COMPARISON SCHEDULE  
LIGHTING DISTRICT  
YEAR ENDED JUNE 30, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 809,086	\$ 809,086	\$ 809,086	\$ -
<b>Resources (Inflows):</b>				
Taxes	-	-	-	-
Charges for services	2,805,196	2,805,193	2,891,404	86,211
Use of money and property	-	-	20,032	20,032
<b>Amounts Available for Appropriation</b>	<b>3,614,282</b>	<b>3,614,279</b>	<b>3,720,522</b>	<b>106,243</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	2,320,100	2,270,100	1,928,626	341,474
Transfers to other funds	25,000	75,000	32,136	42,864
<b>Total Charges to Appropriations</b>	<b>2,345,100</b>	<b>2,345,100</b>	<b>1,960,762</b>	<b>384,338</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,269,182</b>	<b>\$ 1,269,179</b>	<b>\$ 1,759,760</b>	<b>\$ 490,581</b>

CITY OF LANCASTER

Schedule 3o

BUDGETARY COMPARISON SCHEDULE  
DRAINAGE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,819,028	\$ 1,819,028	\$ 1,819,028	\$ -
<b>Resources (Inflows):</b>				
Charges for services	945,007	945,007	1,068,646	123,639
Investment income	-	-	38,164	38,164
<b>Amounts Available for Appropriation</b>	<b>2,764,035</b>	<b>2,764,035</b>	<b>2,925,838</b>	<b>161,803</b>
<b>Charges to Appropriation (Outflow):</b>				
Parks and recreation	708,727	882,500	168,526	713,974
Transfers to other funds	1,416,818	3,289,688	402,908	2,886,780
<b>Total Charges to Appropriations</b>	<b>2,125,545</b>	<b>4,172,188</b>	<b>571,434</b>	<b>3,600,754</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 638,490</b>	<b>\$ (1,408,153)</b>	<b>\$ 2,354,404</b>	<b>\$ 3,762,557</b>

CITY OF LANCASTER

Schedule 3p

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 608,142	\$ 608,142	\$ 608,142	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,880,945	2,524,378	1,480,189	(1,044,189)
Investment income	-	-	4,843	4,843
<b>Amounts Available for Appropriation</b>	<b>2,489,087</b>	<b>3,132,520</b>	<b>2,093,174</b>	<b>(1,039,346)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	3,486,700	3,132,428	1,406,656	1,725,772
<b>Total Charges to Appropriations</b>	<b>3,486,700</b>	<b>3,132,428</b>	<b>1,406,656</b>	<b>1,725,772</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (997,613)</b>	<b>\$ 92</b>	<b>\$ 686,518</b>	<b>\$ 686,426</b>

CITY OF LANCASTER

Schedule 3q

**BUDGETARY COMPARISON SCHEDULE  
AIR QUALITY MANAGEMENT  
YEAR ENDED JUNE 30, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 91,149	\$ 91,149	\$ 91,149	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	50,000	100,000	100,000	-
Investment income	-	-	1,069	1,069
<b>Amounts Available for Appropriation</b>	<b>141,149</b>	<b>191,149</b>	<b>192,218</b>	<b>1,069</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	157,596	(157,596)
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>157,596</b>	<b>(157,596)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 141,149</b>	<b>\$ 191,149</b>	<b>\$ 34,622</b>	<b>\$ (156,527)</b>

CITY OF LANCASTER

Schedule 3r

BUDGETARY COMPARISON SCHEDULE  
C.O.P.S. GRANT  
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
<b>Resources (inflows):</b>				
Intergovernmental	200,000	189,700	189,700	-
Investment income	-	-	2,770	2,770
<b>Amounts Available for Appropriation</b>	<b>201,500</b>	<b>191,200</b>	<b>193,970</b>	<b>2,770</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	-	-	-
Transfers to other funds	-	-	189,700	(189,700)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>189,700</b>	<b>(189,700)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 201,500</b>	<b>\$ 191,200</b>	<b>\$ 4,270</b>	<b>\$ (186,930)</b>

CITY OF LANCASTER

Schedule 3s

**BUDGETARY COMPARISON SCHEDULE  
LOCAL LAW ENFORCEMENT BLOCK GRANT  
YEAR ENDED JUNE 30, 2005**

	<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	\$ (1,102)	\$ (1,102)	\$ (1,102)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	200,000	90,004	273,912	183,908
Investment income	-	-	1,102	1,102
<b>Amounts Available for Appropriation</b>	<b>198,898</b>	<b>88,902</b>	<b>273,912</b>	<b>185,010</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	-	273,912	(273,912)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>273,912</b>	<b>(273,912)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 198,898</b>	<b>\$ 88,902</b>	<b>\$ -</b>	<b>\$ (88,902)</b>



CITY OF LANCASTER

Schedule 3t

BUDGETARY COMPARISON SCHEDULE  
 EDA GRANT  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (282,384)	\$ (282,384)	\$ (282,384)	\$ -
<b>Resources (Inflows):</b>				
Transfers from other funds	-	-	-	-
<b>Amounts Available for Appropriation</b>	<b>(282,384)</b>	<b>(282,384)</b>	<b>(282,384)</b>	<b>-</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	445,157	-	445,157
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>445,157</b>	<b>-</b>	<b>445,157</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (282,384)</b>	<b>\$ (727,541)</b>	<b>\$ (282,384)</b>	<b>\$ 445,157</b>

CITY OF LANCASTER

Schedule 3u

BUDGETARY COMPARISON SCHEDULE  
TEA 21  
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (484,664)	\$ (484,664)	\$ (484,664)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	649,759	649,759
Invest Income	-	-	672	672
Transfers from other funds	-	-	27,851	27,851
<b>Amounts Available for Appropriation</b>	<b>(484,664)</b>	<b>(484,664)</b>	<b>193,618</b>	<b>678,282</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (484,664)</b>	<b>\$ (484,664)</b>	<b>\$ 193,618</b>	<b>\$ 678,282</b>

CITY OF LANCASTER

Schedule 3v

BUDGETARY COMPARISON SCHEDULE  
 CCA FAIRGROUNDS CONSTRUCTION  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,700,573)	\$ (1,700,573)	\$ (1,700,573)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	700,000	521,221	(178,779)
Transfers from other funds	-	-	734,966	734,966
<b>Amounts Available for Appropriation</b>	<u>(1,700,573)</u>	<u>(1,000,573)</u>	<u>(444,386)</u>	<u>556,187</u>
<b>Budgetary Fund Balance, June 30</b>	<u>\$ (1,700,573)</u>	<u>\$ (1,000,573)</u>	<u>\$ (444,386)</u>	<u>\$ 556,187</u>

CITY OF LANCASTER

Schedule 3w

BUDGETARY COMPARISON SCHEDULE  
 STATE PARK BOND  
 YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,606	\$ 18,606	\$ 18,606	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	541,000	904,069	-	(904,069)
Invest Income	-	-	119	119
<b>Amounts Available for Appropriation</b>	<b>559,606</b>	<b>922,675</b>	<b>18,725</b>	<b>(903,950)</b>
<b>Charges to Appropriation (Outflow):</b>				
Transfers to other funds	969,889	788,889	349,251	439,638
<b>Total Charges to Appropriations</b>	<b>969,889</b>	<b>788,889</b>	<b>349,251</b>	<b>439,638</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (410,283)</b>	<b>\$ 133,786</b>	<b>\$ (330,526)</b>	<b>\$ (464,312)</b>

CITY OF LANCASTER

Schedule 4a

BUDGETARY COMPARISON SCHEDULE  
CAPITAL OUTLAY  
YEAR ENDED JUNE 30, 2005

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (42,451)	\$ (42,451)	\$ (42,451)	\$ -
<b>Resources (Inflows):</b>				
Transfers from other funds	-	16,948,925	19,569,791	2,620,866
<b>Amounts Available for Appropriation</b>	<b>(42,451)</b>	<b>16,906,474</b>	<b>19,527,340</b>	<b>2,620,866</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	75,024,751	75,024,751	19,486,835	55,537,916
<b>Total Charges to Appropriations</b>	<b>75,024,751</b>	<b>75,024,751</b>	<b>19,486,835</b>	<b>55,537,916</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (75,067,202)</b>	<b>\$ (58,118,277)</b>	<b>\$ 40,505</b>	<b>\$ 58,158,782</b>

CITY OF LANCASTER

Schedule 4b

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER REDEVELOPMENT AGENCY  
YEAR ENDED JUNE 30, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (7,529,535)	\$ (7,529,535)	\$ (7,529,535)	\$ -
<b>Resources (Inflows):</b>				
Taxes	6,155,000	6,155,000	9,185,146	3,030,146
Intergovernmental	25,000	25,000	-	(25,000)
Use of money and property	2,868,527	7,988,527	20,545,750	12,557,223
Other	1,415,000	1,415,000	1,103,373	(311,627)
Refunding bonds issued	-	34,640,000	69,285,000	34,645,000
Transfers from other funds	-	550,000	-	(550,000)
<b>Amounts Available for Appropriation</b>	<b>2,933,992</b>	<b>43,243,992</b>	<b>92,589,734</b>	<b>49,345,742</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	4,483,766	3,340,044	4,948,586	(1,608,542)
Community development	-	289,382	26,576,778	(26,287,396)
Capital outlay	32,672,050	54,939,274	-	54,939,274
Debt service:				
Principal	1,835,742	1,285,742	-	1,285,742
Interest and fiscal charges	-	-	2,139,939	(2,139,939)
Debt issuance cost	-	961,000	1,379,077	(418,077)
Transfers to other funds	3,977,000	20,884,776	48,765,687	(27,880,911)
<b>Total Charges to Appropriations</b>	<b>42,968,558</b>	<b>81,700,218</b>	<b>83,810,067</b>	<b>(2,109,849)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (40,034,566)</b>	<b>\$ (38,456,226)</b>	<b>\$ 8,779,667</b>	<b>\$ 47,235,893</b>

## CITY OF LANCASTER

Schedule 5

**BUDGETARY COMPARISON SCHEDULE  
LANCASTER REDEVELOPMENT AGENCY  
YEAR ENDED JUNE 30, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 13,378,153	\$ 13,378,153	\$ 13,378,153	\$ -
<b>Resources (Inflows):</b>				
Taxes	4,290,000	4,290,000	5,844,768	1,554,768
Intergovernmental	961,000	961,000	3,899,798	2,938,798
Use of money and property	330,000	330,000	926,985	596,985
Other	-	-	1,850,467	1,850,467
Transfers from other funds	4,878,000	-	48,765,687	48,765,687
<b>Amounts Available for Appropriation</b>	<b>23,837,153</b>	<b>18,959,153</b>	<b>74,665,858</b>	<b>55,706,705</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	712,626	(712,626)
Debt service:				
Principal	1,010,000	3,185,000	2,735,000	450,000
Interest and fiscal charges	3,868,000	11,286,100	9,931,538	1,354,562
Pass through agreement payments	-	-	1,405,363	(1,405,363)
Refunding costs	-	240,000	-	240,000
Payment to refunded bond escrow	-	-	42,219,454	(42,219,454)
<b>Total Charges to Appropriations</b>	<b>4,878,000</b>	<b>14,711,100</b>	<b>57,003,981</b>	<b>(42,292,881)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 18,959,153</b>	<b>\$ 4,248,053</b>	<b>\$ 17,661,877</b>	<b>\$ 13,413,824</b>

**CITY OF LANCASTER**  
**COMBINING BALANCE SHEET**  
**ALL AGENCY FUNDS**  
**JUNE 30, 2005**

	<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>
<b>Assets:</b>					
Cash and investments	\$ 153,652	\$ 824,805	\$ 818,220	\$ 605,577	\$ 451,099
Receivables (net of allowance for uncollectibles):					
Accounts	-	2,520	-	-	-
Interest	609	-	3,051	2,345	1,726
Due from other governments	-	-	37,657	19,229	4,816
Restricted assets:					
Cash with fiscal agent	-	-	430,741	956,709	559,293
<b>Total Assets</b>	<b><u>\$ 154,261</u></b>	<b><u>\$ 827,325</u></b>	<b><u>\$ 1,289,669</u></b>	<b><u>\$ 1,583,860</u></b>	<b><u>\$ 1,016,934</u></b>
 <b>Liabilities:</b>					
Liabilities:					
Accounts payable	\$ -	\$ 17,807	\$ 6,579	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-
Due to other governments	-	-	-	-	-
Deposits	-	809,518	-	-	-
Amounts collected on behalf of bondholders	154,261	-	1,283,090	1,583,860	1,016,934
<b>Total Liabilities</b>	<b><u>\$ 154,261</u></b>	<b><u>\$ 827,325</u></b>	<b><u>\$ 1,289,669</u></b>	<b><u>\$ 1,583,860</u></b>	<b><u>\$ 1,016,934</u></b>



Schedule 6

<u>Community Facilities District 91-2</u>	<u>Assessment District 92-101</u>	<u>Assessment District 93-3</u>	<u>Totals</u>
\$ 1,106,953	\$ 180,064	\$ 214,499	\$ 4,354,869
-	-	-	2,520
4,265	705	993	13,694
14,445	5,376	16,195	97,718
<u>833,819</u>	<u>158,846</u>	<u>2,247</u>	<u>2,941,655</u>
<b><u>\$ 1,959,482</u></b>	<b><u>\$ 344,991</u></b>	<b><u>\$ 233,934</u></b>	<b><u>\$ 7,410,456</u></b>
\$ 60,000	\$ -	\$ 7,367	\$ 91,753
-	-	-	-
-	-	-	-
-	-	-	809,518
<u>1,899,482</u>	<u>344,991</u>	<u>226,567</u>	<u>6,509,185</u>
<b><u>\$ 1,959,482</u></b>	<b><u>\$ 344,991</u></b>	<b><u>\$ 233,934</u></b>	<b><u>\$ 7,410,456</u></b>

## CITY OF LANCASTER

Schedule 7  
Page 1 of 3COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

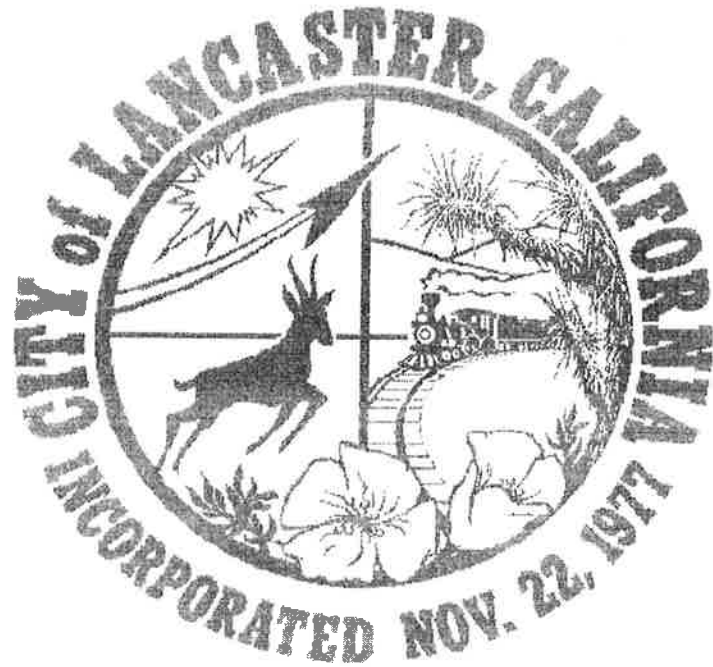
	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b><u>Assessment Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 151,376	\$ 2,276	\$ -	\$ 153,652
Accrued interest receivable	-	609	-	609
<b>Total Assets</b>	<b>\$ 151,376</b>	<b>\$ 2,885</b>	<b>\$ -</b>	<b>\$ 154,261</b>
<b>Liabilities:</b>				
Amounts collected on behalf of bondholders	\$ 151,376	\$ 2,885	\$ -	\$ 154,261
<b>Total Liabilities</b>	<b>\$ 151,376</b>	<b>\$ 2,885</b>	<b>\$ -</b>	<b>\$ 154,261</b>
<b><u>Agency</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 800,937	\$ 219,621	\$ 195,753	\$ 824,805
Accounts receivables	2,100	2,700	2,280	2,520
<b>Total Assets</b>	<b>\$ 803,037</b>	<b>\$ 222,321</b>	<b>\$ 198,033</b>	<b>\$ 827,325</b>
<b>Liabilities:</b>				
Accounts payable	\$ 11,929	\$ 116,318	\$ 110,440	\$ 17,807
Deposits	791,108	219,463	201,053	809,518
<b>Total Liabilities</b>	<b>\$ 803,037</b>	<b>\$ 335,781</b>	<b>\$ 311,493</b>	<b>\$ 827,325</b>
<b><u>Community Facilities District 89-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 302,388	\$ 1,093,980	\$ 578,148	\$ 818,220
Cash and investments with fiscal agent	533,357	-	102,616	430,741
Accounts receivable	20,738	37,657	20,738	37,657
Accrued interest receivable	-	3,051	-	3,051
<b>Total Assets</b>	<b>\$ 856,483</b>	<b>\$ 1,134,688</b>	<b>\$ 701,502</b>	<b>\$ 1,289,669</b>
<b>Liabilities:</b>				
Accounts payable	\$ 22,979	\$ 561,598	\$ 577,998	\$ 6,579
Amounts collected on behalf of bondholders	833,504	1,120,601	671,015	1,283,090
<b>Total Liabilities</b>	<b>\$ 856,483</b>	<b>\$ 1,682,199</b>	<b>\$ 1,249,013</b>	<b>\$ 1,289,669</b>
<b><u>Community Facilities District 90-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 82,719	\$ 697,098	\$ 174,240	\$ 605,577
Cash and investments with fiscal agent	1,523,575	-	566,866	956,709
Accounts receivable	22,154	19,229	22,154	19,229
Accrued interest receivable	-	2,345	-	2,345
<b>Total Assets</b>	<b>\$ 1,628,448</b>	<b>\$ 718,672</b>	<b>\$ 763,260</b>	<b>\$ 1,583,860</b>
<b>Liabilities:</b>				
Amounts collected on behalf of bondholders	\$ 1,628,448	\$ 620,356	\$ 664,944	\$ 1,583,860
<b>Total Liabilities</b>	<b>\$ 1,628,448</b>	<b>\$ 620,356</b>	<b>\$ 664,944</b>	<b>\$ 1,583,860</b>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Balance July 1, 2004	Additions	Deductions	Balance June 30, 2005
<b><u>Community Facilities District 91-1</u></b>				
<b>Assets:</b>				
Cash and investments	\$ -	\$ 527,074	\$ 75,975	\$ 451,099
Cash and investments with fiscal agent	1,073,974	-	514,681	559,293
Accounts receivable	3,530	4,816	3,530	4,816
Accrued interest receivable	-	1,726	-	1,726
<b>Total Assets</b>	<b>\$ 1,077,504</b>	<b>\$ 533,616</b>	<b>\$ 594,186</b>	<b>\$ 1,016,934</b>
<b>Liabilities:</b>				
Accounts payable	\$ 61,498	\$ -	\$ 61,498	\$ -
Amounts collected on behalf of bondholders	1,016,006	533,616	532,688	1,016,934
<b>Total Liabilities</b>	<b>\$ 1,077,504</b>	<b>\$ 533,616</b>	<b>\$ 594,186</b>	<b>\$ 1,016,934</b>
<b><u>Community Facilities District 91-2</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 789,853	\$ 663,145	\$ 346,045	\$ 1,106,953
Cash and investments with fiscal agent	1,284,858	-	451,039	833,819
Accounts receivables	61,498	14,445	61,498	14,445
Accrued interest receivable	-	4,265	-	4,265
<b>Total Assets</b>	<b>\$ 2,136,209</b>	<b>\$ 681,855</b>	<b>\$ 858,582</b>	<b>\$ 1,959,482</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 60,000	\$ -	\$ 60,000
Amounts collected on behalf of bondholders	2,136,209	620,356	857,083	1,899,482
<b>Total Liabilities</b>	<b>\$ 2,136,209</b>	<b>\$ 680,356</b>	<b>\$ 857,083</b>	<b>\$ 1,959,482</b>
<b><u>Assessment District 92-101</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 32,021	\$ 197,344	\$ 49,301	\$ 180,064
Cash and investments with fiscal agent	297,942	-	139,096	158,846
Accounts receivable	4,016	5,376	4,016	5,376
Accrued interest receivable	-	705	-	705
<b>Total Assets</b>	<b>\$ 333,979</b>	<b>\$ 203,425</b>	<b>\$ 192,413</b>	<b>\$ 344,991</b>
<b>Liabilities:</b>				
Amounts collected on behalf of bondholders	\$ 333,979	\$ 203,342	\$ 192,330	\$ 344,991
<b>Total Liabilities</b>	<b>\$ 333,979</b>	<b>\$ 203,342</b>	<b>\$ 192,330</b>	<b>\$ 344,991</b>
<b><u>Assessment District 93-3</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 74,732	\$ 913,446	\$ 773,679	\$ 214,499
Cash and investments with fiscal agent	2,101	146	-	2,247
Accounts receivable	5,584	16,195	5,584	16,195
Accrued interest receivable	-	993	-	993
<b>Total Assets</b>	<b>\$ 82,417</b>	<b>\$ 930,780</b>	<b>\$ 779,263</b>	<b>\$ 233,934</b>
<b>Liabilities:</b>				
Accounts payable	\$ 14,977	\$ 516,253	\$ 523,863	\$ 7,367
Amounts collected on behalf of bondholders	67,440	929,685	770,558	226,567
<b>Total Liabilities</b>	<b>\$ 82,417</b>	<b>\$ 1,445,938</b>	<b>\$ 1,294,421</b>	<b>\$ 233,934</b>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Totals - All Agency Funds</b>				
<b>Assets:</b>				
Cash and investments	\$ 2,234,026	\$ 4,313,984	\$ 2,193,141	\$ 4,354,869
Cash and investments with fiscal agent	4,715,807	146	1,774,298	2,941,655
Accounts receivable	119,620	100,418	119,800	100,238
Accrued interest receivable	-	13,694	-	13,694
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<b><u>\$ 7,069,453</u></b>	<b><u>\$ 4,428,242</u></b>	<b><u>\$ 4,087,239</u></b>	<b><u>\$ 7,410,456</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 111,383	\$ 1,254,169	\$ 1,273,799	\$ 91,753
Deposits	791,108	219,463	201,053	809,518
Amounts collected on behalf of bondholders	6,166,962	4,030,841	3,688,618	6,509,185
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total Liabilities</b>	<b><u>\$ 7,069,453</u></b>	<b><u>\$ 5,504,473</u></b>	<b><u>\$ 5,163,470</u></b>	<b><u>\$ 7,410,456</u></b>



**CITY OF LANCASTER**

**General Governmental Expenditures by Function (1)**

**Ten Years Ended June 30, 2005**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Community Development</u>	<u>Public Works</u>	<u>Cultural and Recreational</u>	<u>Housing</u>
1995-1996	8,992,920	1,201,371	7,059,026	6,551,340	1,113,252
1996-1997	7,647,509	1,046,991	7,547,685	6,940,100	778,443
1997-1998	6,363,373	925,205	7,199,449	6,728,169	559,543
1998-1999	9,177,492	1,074,923	7,343,297	7,135,363	1,016,406
1999-2000	8,324,988	1,076,912	9,576,747	7,580,133	578,823
2000-2001	7,637,154	1,069,895	7,919,830	8,365,917	696,422
2001-2002	9,660,716	1,160,119	8,742,156	10,723,539	643,692
2002-2003	10,607,635	2,025,672	11,193,468	8,178,638	929,192
2003-2004	12,347,142	1,981,836	12,396,385	9,813,484	2,629,627
2004-2005	13,081,822	29,315,974	15,412,990	10,324,903	3,116,089

(1) Includes all Governmental Fund Type Expenditures

Source: City of Lancaster Finance Department - Exhibit E

<u>Public Safety</u>	<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>
10,204,708	56,881,791	26,823,213	118,827,621
15,051,735	20,628,892	18,602,363	78,243,718
13,667,461	20,749,593	21,870,211	78,063,004
12,616,832	21,650,937	21,479,142	81,494,392
19,913,979	18,865,104	19,730,578	85,647,264
18,256,414	16,165,559	18,360,535	78,471,726
12,789,263	25,253,071	18,948,914	87,921,470
13,203,948	23,544,723	21,974,561	91,657,837
12,085,647	31,895,374	14,747,666	97,897,161
13,595,775	19,486,835	18,753,698	123,088,086

**CITY OF LANCASTER**

**General Governmental Revenues by Source (1)**

**Ten years ended June 30, 2005**

<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>
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
2003-2004	36,793,307	19,819,171	1,060,855	2,929,109	31,112,509
2004-2005	40,966,235	30,541,425	1,334,858	24,343,533	33,466,522

(1) Includes all Governmental Fund Type Revenues

Source: City of Lancaster Finance Department - Exhibit E



<u>Charges for Services</u>	<u>Other Revenue</u>	<u>Total</u>
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
7,252,368	11,062,256	110,029,575
9,435,697	8,723,822	148,812,092

**CITY OF LANCASTER**

**General Governmental Tax Revenues by Source (1)**

**Ten years ended June 30, 2005**

<u>Fiscal Year</u>	<u>Sales Taxes</u>	<u>Property Taxes</u>	<u>Property Tax Increments</u>	<u>Franchises</u>	<u>Business Taxes</u>
1995-1996	9,661,755	2,325,230	9,306,036	2,173,206	256,892
1996-1997	9,805,464	2,354,173	8,416,764	2,190,513	231,076
1997-1998	9,959,619	2,423,954	7,228,622	2,184,590	197,339
1998-1999	10,643,357	2,372,569	7,198,879	2,263,082	268,549
1999-2000	12,557,173	2,354,859	7,381,846	2,483,480	234,855
2000-2001	12,709,015	2,349,633	8,270,520	2,701,614	330,123
2001-2002	12,905,456	2,376,368	9,214,969	3,112,759	318,956
2002-2003	13,819,915	2,395,158	10,701,872	3,129,084	325,723
2003-2004	16,157,657	2,473,957	12,148,860	3,324,743	385,141
2004-2005	17,471,173	1,747,125	15,029,914	3,525,215	384,411

- (1) Includes all Governmental Fund Type Tax Revenues
- (2) Program implemented FY04 (Rental Housing Business & License)
- (3) Excludes Paramutual Revenue

Source: City of Lancaster Finance Department

<u>Lan-Cap (2)</u>	<u>Transient Occupancy Taxes</u>	<u>Property Transfer Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
0	705,772	156,166	81,282	24,666,339
0	898,510	197,426	71,645	24,165,570
0	947,205	178,572	72,500	23,192,401
0	973,557	207,659	95,678	24,023,330
0	1,022,630	211,593	76,358	26,322,794
0	1,107,312	240,055	88,631	27,796,903
0	1,025,256	325,603	82,906	29,362,273
0	1,092,648	398,455	85,971	31,948,826
223,300	1,214,219	751,838	113,592	36,793,306
302,271	1,300,448	1,204,693	985 (3)	40,966,235

**CITY OF LANCASTER**  
**Schedule of Property Tax Levies and Collections**  
**Ten Years Ended June 30, 2005**

<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, 2005**

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Percentage Increase (Decrease)</u>
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%
2003-2004	5,564,639,889	10.22%
2004-2005	6,202,360,481	11.46%

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, 2005**

<u>Fiscal Year</u>	<u>General</u>	<u>Los Angeles County</u>	<u>High Schools</u>	<u>Community College</u>	<u>Sanitation District</u>	<u>Water</u>	<u>Total</u>
1994-1995	1.000000	0.001993	0.000149	0.000000	0.003162	0.094155	1.099459
1995-1996	1.000000	0.001604	0.000000	0.000000	0.000000	0.080013	1.081617
1996-1997	1.000000	0.001584	0.000000	0.000000	0.000000	0.078989	1.080573
1997-1998	1.000000	0.001584	0.000000	0.000000	0.000000	0.078989	1.080573
1998-1999	1.000000	0.001422	0.000000	0.000000	0.000000	0.076384	1.077806
1999-2000	1.000000	0.001422	0.000000	0.000000	0.000000	0.075834	1.077256
2000-2001	1.000000	0.001422	0.000000	0.000000	0.000000	0.073844	1.075266
2001-2002	1.000000	0.001033	0.026502	0.000000	0.000000	0.071384	1.098919
2002-2003	1.000000	0.001033	0.026502	0.000000	0.000000	0.071384	1.098919
2003-2004	1.000000	0.000923	0.025714	0.000000	0.000000	0.070540	1.097177
2004-2005	1.000000	0.000795	0.022664	0.000000	0.000000	0.070500	1.093959

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, 2005**

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>
------------------------	-------------------	---------------------------	----------------------------------

Note: The City of Lancaster has no outstanding general obligation debt as of June 30, 2005, 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.

Source: City of Lancaster Finance Department

**CITY OF LANCASTER**

**Computation of Legal Debt Margin**

**June 30,2005**

Total assessed value of all real and personal property	\$ 6,202,360,409
Legal debt limit - 3.75% of total assessed valuation	\$ 232,588,515
Amount of debt applicable to limit	0
Legal debt margin	\$ 232,588,515
Percentage of legal debt authorized	0%

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



**CITY OF LANCASTER**  
**Schedule of Direct & Overlapping Debt**  
**At June 30, 2005**

<u>Overlapping Bonded Debt</u>	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City</u>	<u>Net Bonded Debt</u>
Antelope Valley-East Kern Water Agency	1,135,000	26.728%	303,358
Eastside Union Elem School District 1998 Ser A	5,642,548	19.364%	1,092,634
Eastside Union School District Ser 2002	5,175,000	19.364%	1,002,097
Eastside Union SD Ser 2003	3,570,000	19.364%	691,302
Lancaster Elementary School District 1999 Ser 99A	16,034,669	88.886%	14,252,637
Lancaster Elementary School District 1999 Ser 2001	11,285,262	88.886%	10,031,061
Los Angeles County Facilities 1987	16,205,000	0.321%	51,993
Westside Union Elem School District Ref 89 Ser C	5,565,000	21.166%	1,177,893
Westside Union Elem School District 1998 Ser A	6,807,875	21.166%	1,440,961
Westside Union Elem School District 1998 Ser 2001A	3,790,718	21.166%	802,347
Westside Union Elem School District 1998 Ser 2002A	3,596,250	21.166%	761,185
Antelope Valley Union High School District 2002 Ser B	35,001,694	20.423%	7,148,413
Antelope Valley Union High School District 2002 Ser A	47,945,000	20.423%	9,791,831
			<u>48,547,712</u>

2004/05 Assessed Valuation: \$2,182,636,852 After Deducting \$4,019,723,629 Redevelopment Increment.

Debt to Assessed Valuation Ratios:	Direct Debt	0.00%
	Overlapping De	2.22%
	Total Debt	2.22%

Source: HdL Coren & Cone

**CITY OF LANCASTER**

**Schedule of Property Value, Construction, and Deposits**

**Ten Years Ended June 30, 2005**

<b>Fiscal Year</b>	<b>Property Value</b>	<b>Construction Value</b>	<b>Banks</b>	<b>Savings &amp; Loans</b>	<b>Credit Unions</b>	<b>Total Deposits</b>
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
2003-2004	5,710,623	307,176	1,014,781	237,657	32,568	1,285,006
2004-2005	6,202,360	452,672	823,972	611,051	54,501	1,489,524

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: Banks and Savings & Loans - www.FDIC.gov  
 Deposits: Credit Unions - Highland Data

**CITY OF LANCASTER**

**Top Twenty-Five Secured Property Owners**

**Year Ended June 30, 2005**

<u>Owner (Number of Parcels)</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
1 Provident Housing Resources (5)	\$ 54,304,500	0.88%
2 BPP Valley Central (12)	46,316,999	0.75%
3 Passco Lancaster LLC (24)	37,422,598	0.60%
4 Thrifty Payless Inc .(2)	32,929,468	0.53%
5 Lexington Lancaster LLC (1)	26,209,360	0.42%
6 Woodcreek Garden Apartments (6)	24,715,784	0.40%
7 Lancaster Redevelopment Agency (523)	20,676,390	0.33%
8 Lancaster Hospital Corporation (5)	20,594,113	0.33%
9 Antelope Pines Estates (4)	19,140,046	0.31%
10 Comcast Corporation (3)	16,210,305	0.26%
11 Lancaster Baptist Church (5)	16,127,762	0.26%
12 Citadel Properties Lancaster LLC (2)	15,827,232	0.26%
13 Caritas Affiliated Corporation No. 1 (6)	15,540,763	0.25%
14 Michael's Stores Inc. (8)	15,033,911	0.24%
15 Toys R Us Inc.(4)	14,823,432	0.24%
16 Mildred Koch Trust (33)	14,618,276	0.24%
17 Frank A. & Sharon S. Visco (15)	14,454,403	0.23%
18 Cinema Properties Inc. (4)	14,196,495	0.23%
19 Wood Lancaster No. 1 (15)	14,090,298	0.23%
20 Westwood Park Limited (1)	13,740,700	0.22%
21 Rite Aid Corporation (3)	13,198,400	0.21%
22 Western Pacific Housing Inc. (77)	12,741,561	0.21%
23 Kaiser Foundation Health Plan Inc. (4)	12,724,608	0.21%
24 Lee's Lancaster Investment (6)	12,719,454	0.21%
25 West Park Villas LLC (1)	12,620,859	0.20%

Source: Hdl Coren & Cone, Los Angeles County Assessor 2003-2004 Secured Tax Rolls

**THE CITY OF LANCASTER**  
**Top 25 Sales Tax Producers**  
**Year Ended June 30, 2005**

<b>Business Name</b>	<b>Business Category</b>
Albertson's	Grocery Stores Liquor
Arco	Service Stations
Arco Am Pm Mini Mart	Service Stations
Camacho Auto Sales	Used Automotive Dealers
Cardlock Fuels	Petroleum Prod/Equipment
Consolidated Electrical Dstr	Plumbing /Electrical Supplies
Costco	Discount Dept Stores
Deluxe Financial Services	Light Industrial/Printers
H W Hunter Dodge Chrysler Jeep	New Motor Vehicle Dealers
Harley Davidson	Boats/Motorcycles
Home Depot	Lumber/Building Materials
Johnson Ford	New Motor Vehicle Dealers
K Mart	Discount Dept Stores
Lancaster Honda	New Motor Vehicle Dealers
Lancaster Mazda Isuzu Subaru Suzuki	New Motor Vehicle Dealers
Oroco Construction Supply	Heavy Industrial
Petro Lock	Petroleum Prod/Equipment
Sierra Toyota Mitsubishi	New Motor Vehicle Dealers
Stater Brothers	Grocery Stores Liquor
Stock Building Supply	Lumber/Building Materials
Target	Discount Dept Stores
Texaco Starmart	Service Stations
Wal Mart	Discount Dept Stores
Weston Builders Supply	Contractors
Youngs RV Center	Trailers And Supplies

Taxpayers are listed in alphabetical order.

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

Source: Hdl Coren & Cone, Los Angeles County Assessor 2003-2004 Secured Tax Rolls

**CITY OF LANCASTER**  
**Schedule of Building Permits by Type**  
**Ten Years Ended June 30, 2005**

Fiscal Year	Residential		Commercial		Industrial		Other		Totals	
	#	Amount	#	Amount	#	Amount	#	Amount	#	Amount
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
2003-2004	1,432	257,262,650	311	29,839,468	1	271,635	1,162	19,802,155	2,906	307,175,908
2004-2005	2,380	404,735,301	357	27,350,960	2	756,385	1,321	19,829,079	4,060	452,671,725

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

**CITY OF LANCASTER**

**Population by Year**

**Ten Years Ended June 30, 2005**

<u>Fiscal Year</u>	<u>Population</u>	<u>% Increase Over Prior Year</u>
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%
2003-2004	129,190	2.49%
2004-2005	133,703	3.49%

Source: State of California, Department of Finance, excluding fiscal year 2000-2001.  
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-Member
Area	Los Angeles County Sheriff's Department
Police Protection	Los Angeles County Fire Protection District
Fire Protection	Los Angeles County Library System
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	360 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 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%	2.6%
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%
<b>Total</b>	<b>97,291</b>	<b>118,718</b>	<b>100%</b>	<b>100%</b>	

### City Population by Gender

Gender	1990		2000		Percent Change
	Population	Percent of Total	Population	Percent of Total	
Males	48,695	50.1%	60,257	50.8%	0.7%
Females	48,596	49.9%	58,461	49.2%	-0.7%
<b>Total</b>	<b>97,291</b>	<b>100%</b>	<b>118,718</b>	<b>100%</b>	

Source: 1990 and 2000 Census



### City of Lancaster Approved Annexations

YEAR	Number of Annexations	Area of Annexation (Square Miles)	County Approved Lots	County Approved Dwelling Units
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
1991-2005	0	0.00	0	0
<b>Total</b>	<b>48</b>	<b>35.63</b>	<b>806</b>	<b>238</b>

### City Approved Subdivision in Areas Annexed After 1986

YEAR	Number of Approved TMS	Number of Single Family Lots
1988	2	248
1989	7	832
1990	10	4,695
1991	7	1,885
1992-2005	0	0
<b>Total</b>	<b>26</b>	<b>7,660</b>

### Housing Stock - 1990 and 2000

Unit Type	1990		2000		Growth	
	Number of Units	Percent of Total Units	Number of Units	Percent of Total Units	Number of Units	Percent Increase
Single Family	23,427	64.1%	28,418	66.2%	4,991	21.3%
Multi-Family (2-4 units)	2,368	6.5%	2,728	6.4%	360	15.2%
Multi-Family (5+ units)	7,388	20.2%	7,534	17.6%	146	2.0%
Mobile Home	3,342	9.2%	4,247	9.8%	905	27.1%
<b>Total</b>	<b>36,525</b>	<b>100%</b>	<b>42,927</b>	<b>100%</b>	<b>6,402</b>	<b>17.5%</b>

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

**CITY OF LANCASTER**

**Major Lancaster Area Employers**

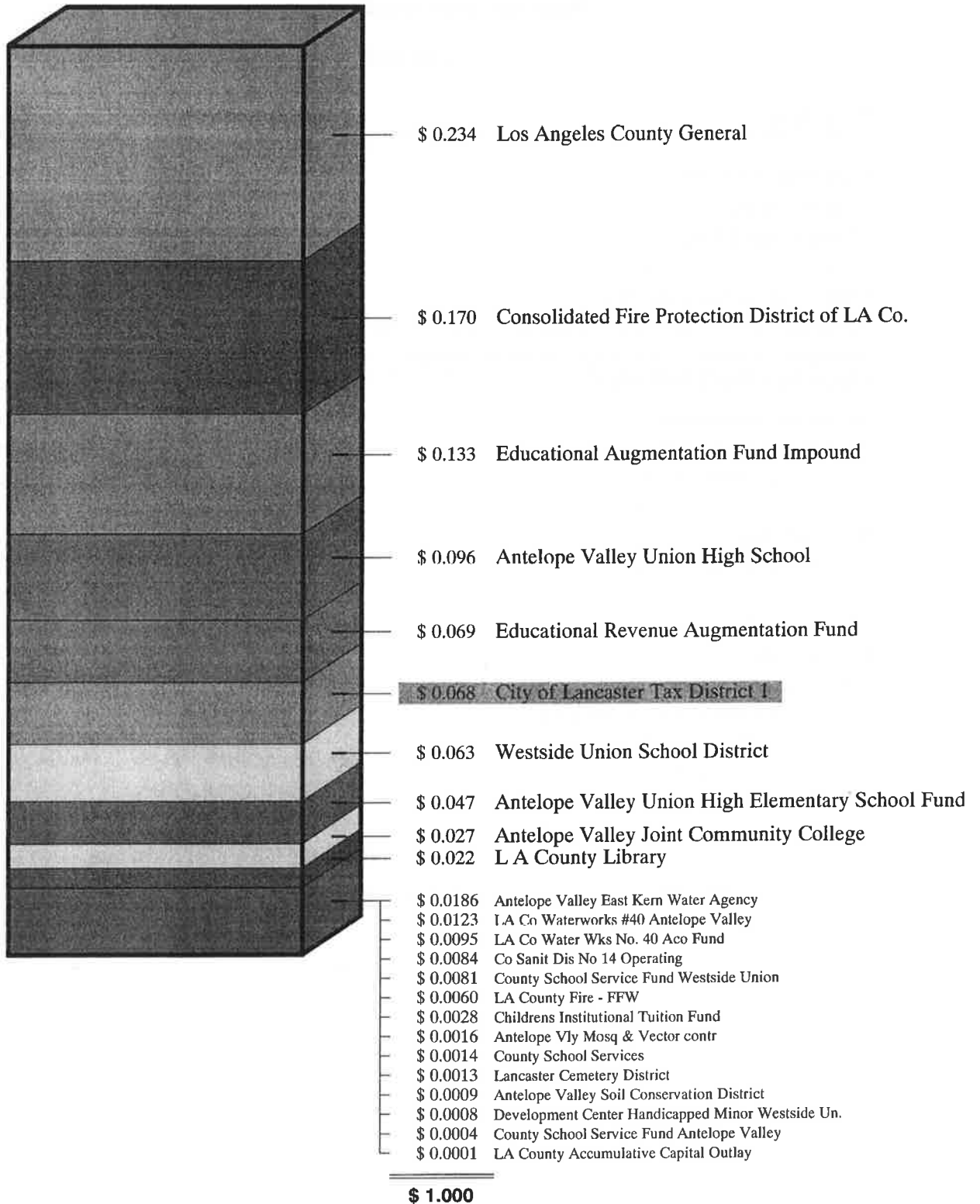
**June 30,2005**

<u>Employer</u>	<u>Employees</u>
Edwards Air Force	12,270
Lockheed Martin Co	4,200
China Lake NWC	3,985
County of Los Angeles	3,383
Palmdale School District	2,986
Antelope Valley Hospital Medical Center (386 Beds)	2,300
Antelope Valley Union High School District	1,876
Lancaster School District	1,800
Northrop-Grumman	1,750
Wal-Mart (4 stores)	1,496
California State Prison	1,348
Countrywide Corporation	1,120
Rite Aid, Inc.	1,063
Boeing North America	996
Antelope Valley Mall	918
Westwide School District	905
U.S. Borax	845
Antelope Valley College	825
Federal Aviation Administration	700
Lancaster Community Hospital	530
Kaiser Permanente	505

Source: Greater Antelope Valley Economic Alliance

# THE CITY OF LANCASTER

## PROPERTY TAX DOLLAR BREAKDOWN



**ATI (Annual Tax Increment) Ratios For Tax Rate Area 10669, Excluding Redevelopment Factors & Additional Debt Service**

Source: HdL Coren & Cone, Los Angeles County Assessor 2004/05 Annual Tax Increment Tables

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Page 1

*This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone.*

