

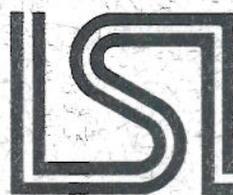
CITY OF IRWINDALE, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2006

Prepared By

FINANCE DEPARTMENT



**Lance
Soll &
Lunghard
LLP**
Certified Public Accountants

CITY OF IRWINDALE, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2006

CITY OF IRWINDALE

JUNE 30, 2006

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Irwindale, 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 Irwindale, California (the City), as of and for the year ended June 30, 2006, 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 Irwindale'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 opinion.

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 Irwindale as of June 30, 2006, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Special Mining Tax 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 December 19, 2006, on our consideration of the City of Irwindale'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 Irwindale, 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 combining and individual fund statements, and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lance, Soll & Lunghard, LLP

December 19, 2006

City of Irwindale Management's Discussion and Analysis

As management of the City of Irwindale, we offer readers of the City of Irwindale's financial statements this narrative overview and analysis of the financial activities of the City of Irwindale for the fiscal year ended June 30, 2006.

Financial Highlights

- The City's net assets increased by \$10,582,215 as a result of this year's operations.
- The program and general revenues were \$42,514,477.
- The cost of governmental activities was \$31,932,262.
- The General Fund reported excess revenues over expenditures of \$406,310.
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) were less than the final budget by \$855,305 before transfers because of one time revenues to be received in the next fiscal year while actual appropriations (outflows) were \$278,591 less than budget before transfers.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Irwindale's basic financial statements. The City of Irwindale'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 Irwindale's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Irwindale'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 Irwindale 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 Irwindale 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 Irwindale include general government, public safety, public works, and parks and recreation.

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

City of Irwindale Management's Discussion and Analysis

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 Irwindale, 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 Irwindale 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 inflows 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 Irwindale maintains seventeen 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, the Special Mining Tax Fund, the Irwindale Community Redevelopment Agency Capital Project Fund and the Irwindale Community Redevelopment Agency Debt Service Fund, all of which are considered to be major funds. Data from the other thirteen governmental are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Irwindale 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 Irwindale'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 nonmajor governmental funds are presented immediately following the notes.

**City of Irwindale
Management's Discussion and Analysis**

Government-wide Financial Analysis

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

**City of Irwindale Net Assets
(in Thousands)**

	Governmental Activities	
	2006	2005
Current and other assets	\$ 153,842	\$ 146,060
Capital assets	40,493	36,173
Total assets	194,335	182,233
Long-term debt outstanding	109,359	109,385
Other liabilities	6,898	5,522
Total liabilities	116,257	114,907
Net assets:		
Invested in capital assets, net of related debt	33,384	28,707
Restricted	103,757	102,404
Unrestricted	(59,063)	(63,785)
Total net assets	\$ 78,078	\$ 67,326

The City's net assets from governmental activities increased to \$78,077,749. This increase of \$10,752,019 comes from the change in net assets of \$10,582,215 and a restatement of net assets of \$169,804 as recorded in the Statement of Activities and flows through the Statement of Net Assets. The following is an explanation of the major changes:

- Capital assets increased \$4,225,707 net of depreciation, as follows:

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

Buildings and Improvements	\$ (115)
Furniture and Equipment	(22)
Infrastructure	(582)
Construction in progress	5,039
Capital asset net increase	\$ 4,320

- The City of Irwindale uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
- Long-term debt outstanding decrease \$25,591 due to the refunding of the 1998 Housing Tax Allocation Bonds which were refunded with the 2005 Tax Allocation Housing Parity Bonds.
- Net Capital Assets increased \$10,752,019 as a result of operations as noted above.

**City of Irwindale
Management's Discussion and Analysis**

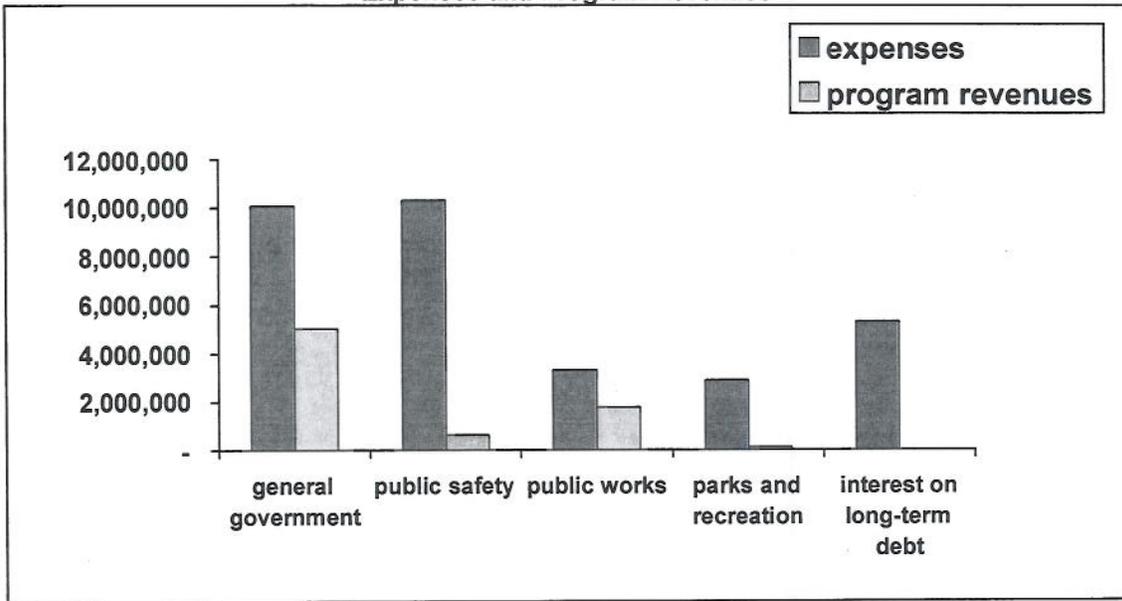
- **Changes in Net Assets.** Governmental activities increased the City of Irwindale's net assets by \$10,582,215. Key elements of the increase are as follows:

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

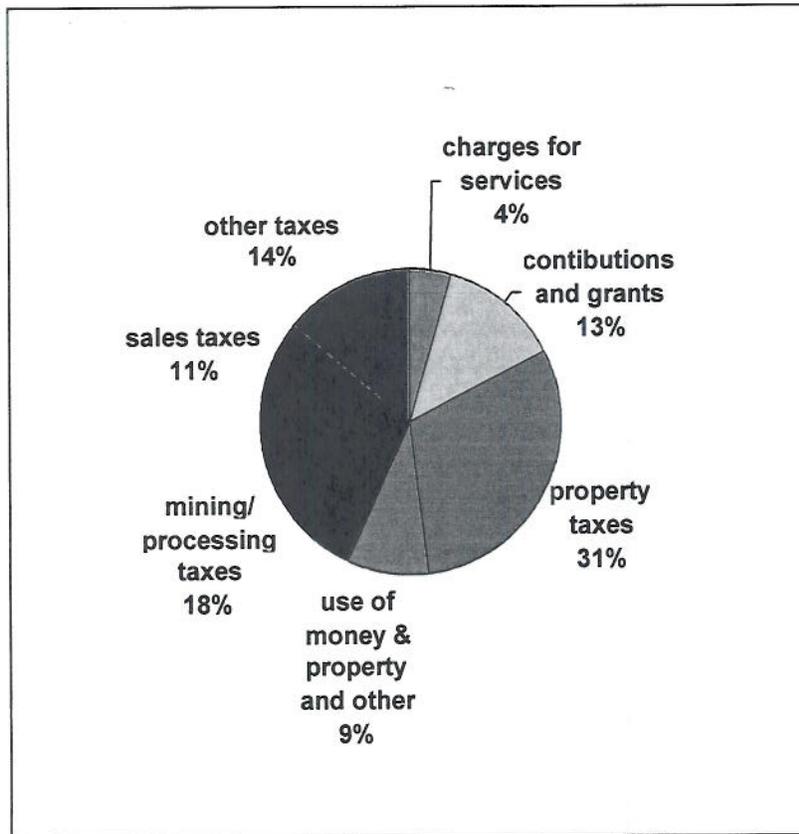
	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,903	\$ 1,507
Operating contributions and grants	5,592	3,182
General revenues:		
Taxes:		
Property taxes	12,982	12,781
Mining/Processing taxes	7,681	6,937
Sales taxes	4,780	4,856
Franchise taxes	871	822
Business License taxes	776	719
Other taxes	4,251	3,974
Motor vehicle in lieu	3	22
Use of money and property	3,627	3,472
Other	22	102
Gain on Sale of Property	26	-
Total revenues	<u>42,514</u>	<u>38,374</u>
Expenses		
General government	10,096	9,619
Public safety	10,318	7,314
Public works	3,311	3,023
Parks and recreation	2,886	1,867
Interest on long-term debt	5,321	6,296
Total expenses	<u>31,932</u>	<u>28,119</u>
Increase in net assets	<u>\$ 10,582</u>	<u>\$ 10,255</u>

The City's total revenues are \$42,514,477 while the costs of all programs and services are \$31,932,262.

**City of Irwindale Government Activities
Expenses and Program Revenues**



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



**City of Irwindale
Management's Discussion and Analysis**

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.

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

	<u>Total Cost of Services 2006</u>	<u>Net Cost of Services 2006</u>
General government	\$ 10,096	\$ (5,070)
Public safety	10,318	(9,705)
Public works	3,311	(1,560)
Parks and recreation	2,886	(2,781)
Interest on long-term debt	<u>5,321</u>	<u>(5,321)</u>
Totals	<u>\$ 31,932</u>	<u>\$ (24,437)</u>

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

Financial Analysis of The City's Funds

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

Governmental funds. The focus of the City of Irwindale'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 Irwindale'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 Irwindale's governmental funds reported combined ending fund balances of \$132.5 million.

The General Fund is the chief operating fund of the City of Irwindale. At the end of the current fiscal year, excluding operating transfers, the General Fund had revenues over expenditures of \$406,310.

**City of Irwindale
Management's Discussion and Analysis**

General Fund Budgetary Highlights

The final appropriations for the General Fund at year-end were \$278,591 less than the final budget. The major differences between final appropriations and the final budget are due to public safety positions which were not filled because of the lengthy interview and selection process, and construction projects which are expected to start in the subsequent fiscal year. Because of one time building permit revenues in the amount of \$1,000,000 expected in fiscal year 2005/2006 were not received, the actual operating revenue had a negative variance of \$855,305. Sales Tax revenue was \$180,000 higher than projected, and Business License revenue was \$26,661 over the projected estimate. Both were attributed to new businesses that have come into the city in the current fiscal year and the previous fiscal years. Building permit expected in fiscal year 2005/2006 will be received in fiscal year 2006/2007 when permits will be issued for the housing project in progress. Budget amendments and supplemental appropriations were made during the year to increase appropriations for unanticipated expenditures that occurred after adoption of the original budget in the amount of \$1,585,339.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2006, the City had \$40.5 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase (including additions and deductions) of \$4.3 million, or 12 percent, over last year.

**City of Irwindale Capital Assets
(Net of Depreciation, in Thousands)**

	Government Activities	
	2006	2005
Land	\$ 14,587	\$ 14,587
Buildings and Improvements	2,730	2,845
Furniture and Equipment	1,259	1,280
Infrastructure	17,186	16,658
Construction in progress	4,731	803
Totals	<u>\$ 40,493</u>	<u>\$ 36,173</u>

The City's Capital expenditures planned for the next fiscal years amount to \$14.6 million through fiscal 2006-07. Funding will come from current fund balances and projected revenues over the next fiscal year. The most significant projects include construction of storm drains, bridge widening, reconstruction of streets and city facilities. In addition, the Agency will participate in affordable housing projects funded from the Redevelopment Agency Low and Moderate Housing Fund.

Long-term debt. At the end of the current fiscal year, the City of Irwindale had total bonded debt outstanding for the Irwindale Community Redevelopment Agency and the Public Financing Authority and accrued employee benefits and capital leases payable of \$109.4 million.

**City of Irwindale
Management's Discussion and Analysis**

**City of Irwindale Outstanding Debt
(in Thousands)**

	<u>Government Activities</u>	
	<u>2006</u>	<u>2005</u>
Tax Allocation Bonds	\$101,885	\$ 101,360
Certificates of Participation	7,100	7,440
Accrued Employee Benefits	874	861
Capital leases payable	9	26
Unamortized original issue discount	<u>(509)</u>	<u>(303)</u>
Totals	<u>\$109,359</u>	<u>\$ 109,384</u>

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

Economic Factors and Next Year's Budgets And Rates

The revenue and expenditure projections provided for the 2006-2007 budget are based upon economic forecasts and trends for the area in which the City is located. It 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 for entitlement, grants, state subventions, sales tax and property tax. The revenue and expenditure projections are intended to serve as a guide in planning for the future.

This year, the assumption used for forecasting the revenues includes a projected increase of 4% in sales taxes. This increase is based upon sales tax revenues realized in fiscal year 2005-06, historical trends and development scheduled to open during the current fiscal year. Property taxes have been projected to increase at a rate of 2% in accordance with the property tax legislation. Utility Users Tax revenues included a projected increase of 2% based on year to date revenues realized and new consumers of electrical energy. Excavation/Processing tax and Business License tax have been projected to increase at a rate of 4.7% in accordance with the current consumer price index (CPI).

The assumption used for forecasting expenditures includes a projected increase of 3 1/2% for wages, and 3% for medical benefits. A 3% increase was projected for expenditures related to operations. In addition, where ever possible, any expenditures which are not "on-going", such as expenditures identified for certain capital or fixed asset items, have not been carried forward as expenditures in following years. Also taken into consideration, are any costs for contracted services in which the City has an agreement with the provider, where the fees are to remain constant for a specified number of years.

A priority of the City is to maintain a high quality of services while maintaining a balanced budget. Once again the proposed budget is balanced.

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 the City's Finance Department, at the City of Irwindale, 5050 North Irwindale Avenue, Irwindale, California, 91706, (626) 430-2200.

CITY OF IRWINDALE

STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Primary Government Governmental Activities</u>
Assets:	
Cash and investments	\$ 84,984,807
Receivables:	
Accounts	866,546
Taxes	3,575,367
Contracts and notes	13,628,280
Accrued interest	91,527
Prepaid costs	108,330
Deferred charges	2,515,057
Due from other governments	1,238,671
Land held for resale	39,829,995
Restricted assets:	
Cash and investments	15,148
Cash and investments with fiscal agent	6,988,036
Capital assets not being depreciated	19,318,460
Capital assets, net of depreciation	<u>21,174,510</u>
Total Assets	<u>194,334,734</u>
Liabilities:	
Accounts payable	1,216,423
Accrued liabilities	325,954
Accrued interest	2,065,384
Unearned revenue	1,777,858
Deposits payable	630,043
Due to other governments	882,270
Noncurrent:	
Due within one year	3,339,923
Due in more than one year	<u>106,019,130</u>
Total Liabilities	<u>116,256,985</u>
Net Assets:	
Invested in capital assets, net of related debt	33,383,575
Restricted for:	
Community development projects	22,938,092
Public safety	34,985
Capital projects	66,997,715
Debt service	13,786,804
Unrestricted	<u>(59,063,422)</u>
Total Net Assets	<u>\$ 78,077,749</u>

CITY OF IRWINDALE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Primary Government
					Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 10,096,308	\$ 7,372	\$ 5,018,963	\$ -	\$ (5,069,973)
Public safety	10,317,450	599,816	12,160	-	(9,705,474)
Public works	3,311,389	1,190,418	561,405	-	(1,559,566)
Parks and recreation	2,886,369	105,575	-	-	(2,780,794)
Interest on long-term debt	5,320,746	-	-	-	(5,320,746)
Total Governmental Activities	31,932,262	1,903,181	5,592,528	-	(24,436,553)
Total Primary Government	\$ 31,932,262	\$ 1,903,181	\$ 5,592,528	\$ -	(24,436,553)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					12,981,637
Mining/processing taxes					7,681,083
Sales taxes					4,779,885
Franchise taxes					871,268
Business licenses taxes					776,361
Other taxes					4,250,586
Intergovernmental, unrestricted:					
Motor vehicle in lieu					3,257
Use of money and property					3,627,387
Other					21,459
Gain on sale of property					25,845
Total General Revenues					35,018,768
Change in Net Assets					10,582,215
Net Assets at Beginning of Year					67,325,730
Restatement of Net Assets					169,804
Net Assets at End of Year					\$ 78,077,749

CITY OF IRWINDALE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General Fund	Special Revenue Fund	Capital Projects Fund
	General Fund	Special Mining Tax	Irwindale Community Redevelopment Agency Capital Projects
Assets:			
Cash and investments	\$ 20,080,506	\$ 18,059,851	\$ 28,429,866
Receivables:			
Accounts	718,033	90,592	16
Taxes	-	-	714,966
Contracts and notes	12,303	-	13,615,977
Accrued interest	23,844	21,079	24,968
Prepaid costs	108,330	-	-
Due from other governments	1,218,873	-	-
Due from other funds	56,372	-	3,451,194
Advances to other funds	8,172,235	-	-
Land held for resale	-	-	39,027,813
Restricted assets:			
Cash and investments	-	-	15,148
Cash and investments with fiscal agents	-	-	15,331
Total Assets	\$ 30,390,496	\$ 18,171,522	\$ 85,295,279
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 889,082	\$ 184,514	\$ 57,169
Accrued liabilities	304,651	14,528	-
Due to other funds	-	-	-
Deferred revenue	419,207	-	13,611,537
Unearned revenue	1,707,314	70,544	-
Advances from other funds	-	-	4,500,000
Deposits payable	397,523	149,573	77,280
Due to other governments	-	-	51,578
Total Liabilities	3,717,777	419,159	18,297,564
Fund Balances:			
Reserved:			
Reserved for encumbrances	888,332	23,863	10,979,601
Reserved for prepaid costs	108,330	-	-
Reserved for advances to other funds	8,172,235	-	-
Reserved for PERS Stabilization	1,381,230	-	-
Reserved for health and safety	6,000,000	-	-
Reserved for land held for resale	-	-	39,027,813
Reserved for long-term loans receivables	-	-	4,440
Reserved for monitor equipment replacement	-	796,000	-
Reserved for street equipment replacement	-	236,200	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Designated for equipment replacement	276,700	1,032,200	-
Designated for insurance	2,500,000	-	-
Designated for extraction and processing taxes	4,177,753	10,213,339	-
Designated for post retirement benefits	1,000,000	-	-
Designated for traffic signal video enforcement system	873,000	-	-
Designated for continuing projects	922,864	5,450,761	16,985,861
Designated for debt service	-	-	-
Designated for general operations	372,275	-	-
Total Fund Balances	26,672,719	17,752,363	66,997,715
Total Liabilities and Fund Balances	\$ 30,390,496	\$ 18,171,522	\$ 85,295,279

CITY OF IRWINDALE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	Debt Service Fund Irwindale Community Redevelopment Agency Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 14,056,492	\$ 4,358,092	\$ 84,984,807
Receivables:			
Accounts	241	57,664	866,546
Taxes	2,860,401	-	3,575,367
Contracts and notes	-	-	13,628,280
Accrued interest	611	21,025	91,527
Prepaid costs	-	-	108,330
Due from other governments	-	19,798	1,238,671
Due from other funds	-	-	3,507,566
Advances to other funds	-	-	8,172,235
Land held for resale	-	802,182	39,829,995
Restricted assets:			
Cash and investments	-	-	15,148
Cash and investments with fiscal agents	6,972,705	-	6,988,036
Total Assets	\$ 23,890,450	\$ 5,258,761	\$ 163,006,508
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 84,141	\$ 1,517	\$ 1,216,423
Accrued liabilities	-	6,775	325,954
Due to other funds	3,451,194	56,372	3,507,566
Deferred revenue	-	-	14,030,744
Unearned revenue	-	-	1,777,858
Advances from other funds	3,672,235	-	8,172,235
Deposits payable	-	5,667	630,043
Due to other governments	830,692	-	882,270
Total Liabilities	8,038,262	70,331	30,543,093
Fund Balances:			
Reserved:			
Reserved for encumbrances	52,903	81,975	12,026,674
Reserved for prepaid costs	-	-	108,330
Reserved for advances to other funds	-	-	8,172,235
Reserved for PERS Stabilization	-	-	1,381,230
Reserved for health and safety	-	-	6,000,000
Reserved for land held for resale	-	802,182	39,829,995
Reserved for long-term loans receivables	-	-	4,440
Reserved for monitor equipment replacement	-	-	796,000
Reserved for street equipment replacement	-	-	236,200
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	4,304,273	4,304,273
Designated for equipment replacement	-	-	1,308,900
Designated for insurance	-	-	2,500,000
Designated for extraction and processing taxes	-	-	14,391,092
Designated for post retirement benefits	-	-	1,000,000
Designated for traffic signal video enforcement system	-	-	873,000
Designated for continuing projects	-	-	23,359,486
Designated for debt service	15,799,285	-	15,799,285
Designated for general operations	-	-	372,275
Total Fund Balances	15,852,188	5,188,430	132,463,415
Total Liabilities and Fund Balances	\$ 23,890,450	\$ 5,258,761	\$ 163,006,508

CITY OF IRWINDALE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Fund balances of governmental funds	\$ 132,463,415
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.	40,492,970
Long-term debt and compensated absences have not been included in the governmental funds:	
Bonds payable and capital leases payable	(105,969,577)
Compensated absences	(874,419)
Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(2,065,384)
Revenue in the Statement of Activities that do not provide current financial resources are reported as deferred revenue in the funds.	<u>14,030,744</u>
Net assets of governmental activities	<u><u>\$ 78,077,749</u></u>

CITY OF IRWINDALE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	General Fund	Special Revenue Fund	Capital Projects Fund
	General Fund	Special Mining Tax	Irwindale Community Redevelopment Agency Capital Projects
Revenues:			
Taxes	\$ 13,644,498	\$ 4,224,464	\$ 3,119,464
Licenses and permits	1,423,707	-	-
Intergovernmental	1,584,935	-	-
Charges for services	920,586	-	-
Use of money and property	773,873	397,324	1,676,802
Fines and forfeitures	335,249	-	-
Miscellaneous	53,391	-	649
Total Revenues	18,736,239	4,621,788	4,796,915
Expenditures:			
Current:			
General government	6,724,318	269,817	1,918,766
Public safety	5,243,170	-	6,459,223
Public works	2,251,856	648,656	-
Parks and recreation	1,970,076	-	-
Capital outlay	2,122,608	181,031	468,681
Debt service:			
Debt issuance cost	-	-	690,789
Advance refunding escrow	-	-	-
Principal retirement	16,899	-	565,000
Interest and fiscal charges	1,002	-	428,047
Total Expenditures	18,329,929	1,099,504	10,530,506
Excess (Deficiency) of Revenues Over (Under) Expenditures	406,310	3,522,284	(5,733,591)
Other Financing Sources (Uses):			
Transfers in	-	-	2,003,812
Transfers out	-	(849,057)	(300,699)
Refunding bonds issued	-	-	17,445,000
Discount on bonds issued	-	-	(261,675)
Payment to refunding bond escrow agent	-	-	(13,587,457)
Total Other Financing Sources (Uses)	-	(849,057)	5,298,981
Net Change in Fund Balances	\$ 406,310	\$ 2,673,227	\$ (434,610)
Fund Balances:			
Beginning of year, as originally reported	\$ 26,266,409	\$ 15,079,136	\$ 67,356,532
Restatements	-	-	75,793
Beginning of year, as restated	26,266,409	15,079,136	67,432,325
Net Change in Fund Balances	406,310	2,673,227	(434,610)
End of Year	\$ 26,672,719	\$ 17,752,363	\$ 66,997,715

CITY OF IRWINDALE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Debt Service Fund <u>Irwindale Community Redevelopment Agency Debt Service</u>	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 9,462,429	\$ 32,581	\$ 30,483,436
Licenses and permits	-	-	1,423,707
Intergovernmental	-	659,204	2,244,139
Charges for services	-	-	920,586
Use of money and property	687,882	117,351	3,653,232
Fines and forfeitures	-	-	335,249
Miscellaneous	-	-	54,040
Total Revenues	10,150,311	809,136	39,114,389
Expenditures:			
Current:			
General government	1,016,135	68,262	9,997,298
Public safety	-	73,108	11,775,501
Public works	-	295,656	3,196,168
Parks and recreation	-	-	1,970,076
Capital outlay	929,550	183,044	3,884,914
Debt service:			
Debt issuance cost	-	-	690,789
Advance refunding escrow	1,426,443	-	1,426,443
Principal retirement	2,440,000	-	3,021,899
Interest and fiscal charges	4,581,375	-	5,010,424
Total Expenditures	10,393,503	620,070	40,973,512
Excess (Deficiency) of Revenues Over (Under) Expenditures	(243,192)	189,066	(1,859,123)
Other Financing Sources (Uses):			
Transfers in	300,699	849,057	3,153,568
Transfers out	(2,003,812)	-	(3,153,568)
Refunding bonds issued	-	-	17,445,000
Discount on bonds issued	-	-	(261,675)
Payment to refunding bond escrow agent	-	-	(13,587,457)
Total Other Financing Sources (Uses)	(1,703,113)	849,057	3,595,868
Net Change in Fund Balances	\$ (1,946,305)	\$ 1,038,123	\$ 1,736,745
Fund Balances:			
Beginning of year, as originally reported	\$ 17,798,493	\$ 4,150,307	\$ 130,650,877
Restatements	-	-	75,793
Beginning of year, as restated	17,798,493	4,150,307	130,726,670
Net Change in Fund Balances	(1,946,305)	1,038,123	1,736,745
End of Year	\$ 15,852,188	\$ 5,188,430	\$ 132,463,415

CITY OF IRWINDALE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds \$ 1,736,745

Amounts reported for governmental activities in the statement of activities are different 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. 4,225,707

The issuance of long-term debt provides current financial resource to governmental funds, while the repayment 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. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,283,904

Accrued interest for Tax Allocation Bonds. This is the net change in accrued interest for the current period. (50,963)

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. (13,266)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as deferred revenues in the funds. 3,400,088

Change in net assets of governmental activities \$ 10,582,215

CITY OF IRWINDALE

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 26,266,409	\$ 26,266,409	\$ 26,266,409	\$ -
Resources (Inflows):				
Taxes	12,604,800	13,646,044	13,644,498	(1,546)
Licenses and permits	978,250	2,377,600	1,423,707	(953,893)
Intergovernmental	1,169,800	1,521,500	1,584,935	63,435
Charges for services	415,550	507,800	920,586	412,786
Use of money and property	654,000	1,149,850	773,873	(375,977)
Fines and forfeitures	351,100	343,100	335,249	(7,851)
Other	36,200	45,650	53,391	7,741
Amounts Available for Appropriation	42,476,109	45,857,953	45,002,648	(855,305)
Charges to Appropriation (Outflow):				
General government	6,300,496	6,280,100	6,724,318	(444,218)
Public safety	4,799,657	5,705,187	5,243,170	462,017
Public works	2,449,704	2,436,402	2,251,856	184,546
Parks and recreation	2,105,423	2,173,450	1,970,076	203,374
Capital outlay	1,350,000	1,995,480	2,122,608	(127,128)
Debt service:				
Principal	16,899	16,899	16,899	-
Interest and fiscal charges	1,002	1,002	1,002	-
Total Charges to Appropriations	17,023,181	18,608,520	18,329,929	278,591
Budgetary Fund Balance, June 30	\$ 25,452,928	\$ 27,249,433	\$ 26,672,719	\$ (576,714)

CITY OF IRWINDALE

**BUDGETARY COMPARISON STATEMENT
SPECIAL MINING TAX
YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 15,079,136	\$ 15,079,136	\$ 15,079,136	\$ -
Resources (Inflows):				
Taxes	4,238,400	3,332,650	4,224,464	891,814
Use of money and property	285,878	452,350	397,324	(55,026)
Amounts Available for Appropriation	19,603,414	18,864,136	19,700,924	836,788
Charges to Appropriation (Outflow):				
General government	298,621	294,950	269,817	25,133
Public works	1,471,479	923,900	648,656	275,244
Capital outlay	1,072,500	279,000	181,031	97,969
Transfers to other funds	-	948,900	849,057	99,843
Total Charges to Appropriations	2,842,600	2,446,750	1,948,561	498,189
Budgetary Fund Balance, June 30	\$ 16,760,814	\$ 16,417,386	\$ 17,752,363	\$ 1,334,977

CITY OF IRWINDALE

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 1,191,203
Receivables	
Accounts	108,516
Interest	1,310
Restricted assets:	
Cash and investments with fiscal agent	<u>1,226,310</u>
Total Assets	<u>\$ 2,527,339</u>
Liabilities:	
Accounts payable	\$ 3,165
Deposits	<u>2,524,174</u>
Total Liabilities	<u>\$ 2,527,339</u>

CITY OF IRWINDALE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Irwindale (the City) is a reporting entity which consists of the primary government and component units:

Reporting Entity:

Primary Government:

City of Irwindale

Component Unit:

Irwindale Community Redevelopment Agency
Irwindale Public Financing Authority
Irwindale Housing Authority
Irwindale Reclamation Authority

A component unit is determined by such criteria as financial interdependency, selection of governing authority and designation of management, budget control, and the ability to significantly influence operations. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Irwindale (the primary government) and its component units.

The City of Irwindale, the primary government, was incorporated on August 7, 1957, under the laws of the State of California and enjoys all the rights and privileges applicable to a Charter City.

The Irwindale Community Redevelopment Agency was established on January 24, 1975, 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 Irwindale.

The Irwindale Housing Authority was established on August 27, 1987, by a joint exercise of powers agreement between the City and the Community Redevelopment Agency. Under the bond law, the Authority has the power to issue bonds and loan the proceeds to any local agency.

On August 17, 2004, the City of Irwindale created the Irwindale Reclamation Authority under a Joint Power Agreement between the City of Irwindale and the Irwindale Redevelopment Agency. The Authority is organized to receive and reassign the operating rights from each of the mining companies under SMARA for certain quarries located in the City of Irwindale for the purpose of complying with the California Surface Mining and Reclamation Act of 1975 (SMARA) and implementing State Mining and Geology Board Reclamation Regulations (SMGB Regulations).

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

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

The Irwindale Community Redevelopment Agency, the Irwindale Housing Authority, and the Irwindale Reclamation Authority are governed by the City Council of the City of Irwindale. Therefore, they are included in this financial presentation using the blending method. Component unit financial statements for the Irwindale Community Redevelopment Agency have been issued under a separate cover and may be obtained from the City. Separate financial statements have not been prepared for the Irwindale Housing Authority and the Irwindale Reclamation Authority.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) 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 are normally supported by taxes and intergovernmental revenues. 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. Agency funds are reported on the accrual basis of accounting.

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

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

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:

- The General Fund accounts for all unrestricted resources except those required to be accounted for in another fund.
- The Special Mining Tax Fund accounts for the excavation taxes received from the various mining companies in the City.
- The Irwindale Community Redevelopment Agency Capital Projects Fund accounts for the financial resources segregated for the acquisition and construction of major capital facilities within the Irwindale Project Area.
- The Irwindale Community Redevelopment Agency Debt Service Fund accounts for the accumulation of resources for the payment of interest and principal on the long-term debt of the Agency.

Additionally, the City reports the following fund types:

- Agency Funds accounts for assets held by the City in a purely custodial capacity. Agency Funds involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

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. Certain indirect costs are included in the program expense reported for individual functions and activities.

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. Investments

Investments are reported at fair value as required under GASB Statement No. 31. The City's investment in land held for resale is stated at cost. If a disposition and development agreement has been entered into specifying a lower value for the land, then the difference between cost and this value has been reflected as an allowance for decline in value of land held.

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

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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 on the basis of NCGA Interpretation No. 3 (adopted by GASB); that is, 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. 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 January each year and are delinquent on August 31.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund level statements since these amounts are not available for appropriation.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Infrastructure assets have a capitalization threshold of \$100,000. 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.

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

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

In accordance with GASB Statement No. 34, the City has reported general infrastructure assets acquired since fiscal year 2002-2003. 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 infrastructure assets retroactively.

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

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	10 - 100
Buildings	50
Furniture, Fixtures and Equipment	3 - 7

5. Compensated Absences

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment, upon completion of six months of service. Sick leave is payable when an employee is unable to work because of illness.

Upon termination, sick leave accrued will be paid based on the following:

1. 75% reimbursement from one day up to 60 days,
2. 50% reimbursement from 60 days up to 100 days, and
3. 25% reimbursement for any amount of days over 100.

6. Claims and Judgments

Only the short-term liability, if any, is reflected as a current liability in the applicable governmental fund. The short-term liability, which will be liquidated with expendable available financial resources, is the amount of settlement reached, but unpaid, related to claims and judgments entered. At June 30, 2006, there were no material long-term claims and judgments against the City and no liability was reported.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

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

8. 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.

9. Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities which have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area.
- Public Safety includes those activities which involve the protection of people and property.
- Public Works includes those activities which involve the maintenance and improvement of City streets, roads and park development and maintenance.
- Parks and Recreation includes those activities, which involve the parks and recreation system.
- Capital Outlay includes those activities which involve the acquisition of capital assets.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

e. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debt and compensated absences have not been included in the governmental funds." The detail of the \$(105,969,577) difference is as follows:

City of Irwindale
Notes to Financial Statements (Continued)

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

Bonds payable	\$ (108,985,000)
Less: Deferred bonds discount (to be amortized over the life of the debt)	509,761
Less: Deferred loss on bond defeasance (to be amortized over the life of the debt)	1,132,540
Less: Deferred issuance costs (to be amortized over the life of debt)	1,382,517
Capital leases	<u>(9,395)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (105,969,577)</u>

2. 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 reconciliation between net changes in fund balances - 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 detail of this \$4,225,707 difference is as follows:

Capital outlay	\$ 5,518,527
Depreciation expense	<u>(1,292,820)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,225,707</u>

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resource to governmental funds, while repayment 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 cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The detail of this \$1,283,904 difference is as follows:

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

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

Debt issued or incurred:	
2005 taxable housing tax allocation parity bonds	\$ (17,445,000)
Unamortized bond discount	261,675
Unamortized bond issuance cost	690,789
Unamortized loss on bond defeasance	758,900
Defeased debt:	
1998 housing tax allocation bonds	14,255,000
Principal repayments:	
1996 senior lien tax allocation bonds	\$ 1,135,000
1996 subordinate lien tax allocation bonds	395,000
1998 housing tax allocation bonds	105,000
2002 tax allocation senior parity bonds	465,000
2003 tax allocation housing parity bonds	565,000
2001 refunding certificates of participation	340,000
Capital leases payable	16,899
Bond discount amortization	(54,717)
Bond defeasance loss amortization	(58,524)
Cost of issuance amortization	<u>(146,118)</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>\$ 1,283,904</u>

II. STEWARDSHIP

Note 2: 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 meetings are conducted prior to its adoption by the Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year-end, all 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 Irwindale
Notes to Financial Statements (Continued)**

Note 2: 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). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

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

	<u>Expenditure</u>	<u>Appropriation</u>	<u>Excess</u>
General Fund:			
General Government	\$ 6,724,318	\$ 6,280,100	\$ 444,218
Capital Outlay	2,122,608	1,995,480	127,128
Special Revenue Funds:			
COPS:			
Capital outlay	74,591	19,000	55,591
Proposition A:			
Public Works	23,108	20,079	3,029
Debt Service Fund:			
Irwindale Community Redevelopment Agency:			
Debt service			
Principal	2,440,000	1,879,700	560,300
Interest and fiscal charges	4,581,375	200,000	4,381,375

c. Fund Balance Deficit

The following funds have a fund balance deficit as of June 30, 2006:

Special Revenue Funds:	
Aid to Cities	\$ (1,850)
Proposition A	(893)
Asset Forfeiture	(19)
River Beautification	(29,844)

The City expects to eliminate these deficits with future revenues

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2006, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 91,987,991
Fiduciary funds	2,417,513
Total Cash and Investments	<u>\$ 94,405,504</u>

The City of Irwindale 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.

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

Note 3: Cash and Investments (Continued)

Deposits

At June 30, 2006, the carrying amount of the City's deposits was (\$542,915) and the bank balance was \$622,103. The (\$1,160,018) 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 allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The Agency 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.

Investments

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

- Bonds issued by the City
- United States Treasury Bills, Notes & Bonds
- Registered state warrants or treasury notes or bonds issued by the State of California
- Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies
- Obligations issued by Agencies or Instrumentality of the US Government
- Bankers Acceptances
- Prime Commercial Paper of U.S. Corporations
- Negotiable Certificates of Deposit
- Repurchase/Reverse Repurchase Agreements
- Medium Term Notes
- Money market mutual funds
- Funds held under the terms of a Trust Indenture or other contract or agreement
- Collateralized bank deposits with a perfected security interest
- Mortgage pass-through securities, collateralized mortgage obligation, mortgaged backed or pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, consumer receivable backed bond

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 Irwindale
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (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

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "AA" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2006, the City had no investments in medium-term notes. In addition, the City's investments in Federal Home Loan Bank and Federal Home Loan Mortgage Corporation were rated "AAA" by Moody's and S&P. All securities were investment grade and legal under State law. Investments in U.S. treasuries are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2006, the City's investments in external investment pools and money market mutual funds are unrated.

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.

As of June 30, 2006, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer for the following types of investments: Bankers Acceptances (40%), Commercial Paper (30%), Money Market Mutual Funds (15%), and Negotiable CD's (30%). With respect to concentration of credit risk, as of June 30, 2006, the City is in compliance with its investment policy's restrictions.

City of Irwindale
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

In accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. As of June 30, 2006, the City had more than 5% invested in Federal Home Loan Bank and Federal National Mortgage Association.

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

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 at least 70% of the City's portfolio shall mature in two years or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2006, the City had the following investments and original maturities:

	Investment Maturities				Fair Value
	Less 6 Months	6 Months to 1 Year	1 to 3 Years	3 to 5 Years	
Investments					
California Local Agency Investment Fund	\$ 7,328,832	\$ -	\$ -	\$ -	\$ 7,328,832
Certificate of Deposit	300,000	-	-	-	300,000
Money Market Fund	56,970	-	-	-	56,970
Federal Agency Securities					
Federal Home Loan Bank	56,749,186	10,885,396	-	-	67,634,582
Federal Home Loan Mortgage Corp.	-	-	404,015	-	404,015
Federal National Mortgage Assoc.	7,540,729	-	2,484,128	-	10,024,857
Federal Farm Credit Banks	-	984,817	-	-	984,817
Investments with fiscal agents					
Money Market Mutual Fund	1,813,902	-	-	-	1,813,902
Federal Home Loan Mortgage Corp.	-	-	1,031,019	-	1,031,019
Federal Home Loan Bank	-	-	670,139	-	670,139
Investment Agreement	-	-	-	4,699,286	4,699,286
	<u>\$ 73,789,619</u>	<u>\$ 11,870,213</u>	<u>\$ 4,589,301</u>	<u>\$ 4,699,286</u>	<u>\$ 94,948,419</u>

City of Irwindale
Notes to Financial Statements (Continued)

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 14,586,987	\$ -	\$ 14,586,987	\$ -	\$ -	\$ -	\$ 14,586,987
Construction-in-progress	802,607	-	802,607	5,039,004	-	(1,110,138)	4,731,473
Total Capital Assets, Not Being Depreciated	15,389,594	-	15,389,594	5,039,004	-	(1,110,138)	19,318,460
Capital assets, being depreciated:							
Buildings and improvements	5,769,269	-	5,769,269	-	-	-	5,769,269
Furniture, fixtures and equipment	3,161,498	-	3,161,498	265,519	203,850	-	3,223,167
Infrastructure	17,081,494	-	17,081,494	214,004	-	1,110,138	18,405,636
Total Capital Assets, Being Depreciated	26,012,261	-	26,012,261	479,523	203,850	1,110,138	27,398,072
Less accumulated depreciation:							
Buildings and improvements	2,923,951	-	2,923,951	115,386	-	-	3,039,337
Furniture, fixtures and equipment	1,880,868	(94,011)	1,786,857	381,376	203,850	-	1,964,383
Infrastructure	423,784	-	423,784	796,058	-	-	1,219,842
Total Accumulated Depreciation	5,228,603	(94,011)	5,134,592	1,292,820	203,850	-	6,223,562
Total Capital Assets, Being Depreciated, Net	20,783,658	94,011	20,877,669	(813,297)	-	1,110,138	21,174,510
Governmental Activities Capital Assets, Net	\$ 36,173,252	\$ 94,011	\$ 36,267,263	\$ 4,225,707	\$ -	\$ -	\$ 40,492,971

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

Governmental Activities:	
General government	\$ 80,673
Public safety	189,880
Public works	912,037
Parks and recreation	110,230
Total Depreciation Expense	<u>\$ 1,292,820</u>

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

Note 5: Long-Term Debt

a. Governmental Activities Long-Term Debt

The following is a schedule of changes in long-term debt for fiscal year ended June 30, 2006.

	Outstanding June 30, 2005	Defeasance	Additions	Payments	Outstanding June 30, 2006	Due Within One Year
Tax Allocation Bonds:						
1996 Senior Lien Tax Allocation Bonds	\$ 45,760,000	\$ -	\$ -	\$ 1,135,000	\$ 44,625,000	\$ 1,195,000
1996 Subordinate Lien Tax Allocation Bonds	18,895,000	-	-	395,000	18,500,000	420,000
1998 Housing Tax Allocation Bonds	14,360,000	14,255,000	-	105,000	-	-
2002 Tax Allocation Senior Parity Bonds	13,720,000	-	-	465,000	13,255,000	470,000
2003 Tax Allocation Housing Parity Bonds	8,625,000	-	-	565,000	8,060,000	575,000
2005 Tax Allocation Housing Parity Bonds	-	-	17,445,000	-	17,445,000	300,000
Certificates of Participation:						
2001 Refunding Certificates of Participation	7,440,000	-	-	340,000	7,100,000	350,000
Accrued Employee Benefits	861,153	-	36,324	23,058	874,419	23,000
Capital Lease Payable	26,295	-	-	16,899	9,396	6,923
Total	<u>\$ 109,687,448</u>	<u>\$ 14,255,000</u>	<u>\$ 17,481,324</u>	<u>\$ 3,044,957</u>	109,868,815	<u>\$ 3,339,923</u>
					Less: Unamortized original issue discount (509,762)	
					<u>Net Long-Term Debt</u>	<u>\$ 109,359,053</u>

b. Tax Allocation Bonds

A description of individual issues of bonds outstanding at June 30, 2006 (excluding defeased bonds) follows:

1996 Senior Lien Tax Allocation Bonds

On May 9, 1996, the Agency issued \$52,425,000 of City Industrial Development Project Senior Lien Tax Allocation Bonds. The bonds were issued to refund the Agency's \$52,270,000 1986 Tax Allocation Bonds. Interest on the bonds is payable semi-annually on February 1 and August 1, commencing February 1, 1997. The bonds carry various interest rates ranging from 4.9% to 7.0%. Principal maturities begin February 1, 1998, and continue through August 1, 2026. The outstanding balance at June 30, 2006 was \$44,625,000.

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

Note 5: Long-Term Debt (Continued)

The Agency is required to establish a "Special Fund" into which all tax increment money received by the Agency's Industrial Project Area is to be deposited. These revenues are then required to be transferred to the Trustee for the payment of principal and interest on the bonds.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2006 including interest, are as follows:

	1996 Senior Lien Tax Allocation Bond	
	Principal	Interest
2006 - 2007	1,195,000	2,566,990
2007 - 2008	1,255,000	2,503,834
2008 - 2009	1,325,000	2,435,824
2009 - 2010	1,400,000	2,362,396
2010 - 2011	1,480,000	2,283,221
2011 - 2016	8,765,000	10,021,541
2016 - 2021	11,710,000	7,082,497
2021 - 2026	15,670,000	3,119,719
2026 - 2007	1,825,000	52,469
Totals	<u>\$ 44,625,000</u>	<u>\$ 32,428,491</u>

1996 Subordinate Lien Tax Allocation Bonds

On May 9, 1996, the Agency issued \$21,385,000 of City Industrial Development Project Subordinate Lien Tax Allocation Bonds. The bonds were issued to refund the Agency's \$20,000,000 1992 Subordinate Lien Tax Allocation Refunding Bonds. Interest on the bonds is payable semi-annually on each December 1 and June 1, commencing December 1, 1996. The bonds carry various interest rates ranging from 4.40% to 7.05%. Principal maturities begin December 1, 1997, and continue annually through 2026. The outstanding balance at June 30, 2006 was \$18,500,000.

All tax increment money to be received by the Agency's Industrial Project Area has been pledged to the payment of principal and interest on the bonds, however, this pledge is subordinate to the existing pledge placed by the 1996 Tax Allocation Bonds.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2006 including interest, are as follows:

	1996 Subordinate Lien Tax Allocation Bond	
	Principal	Interest
2006 - 2007	420,000	1,275,015
2007 - 2008	450,000	1,246,950
2008 - 2009	475,000	1,216,650
2009 - 2010	510,000	1,183,890
2010 - 2011	540,000	1,148,445
2011 - 2016	3,325,000	5,105,780
2016 - 2021	4,650,000	3,725,710
2021 - 2026	6,535,000	1,720,553
2026 - 2007	1,595,000	56,224
Totals	<u>\$ 18,500,000</u>	<u>\$ 16,679,217</u>

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

Note 5: Long-Term Debt (Continued)

1998 Housing Tax Allocation Bonds

On January 1, 1998, the Agency issued \$14,955,000 of City Industrial Development Project Housing Tax Allocation Refunding Bonds. The bonds were issued to refund \$12,925,000 of the 1995 City Industrial Project Tax Allocation Bond's \$19,510,000 outstanding balance. Interest on the bonds is payable semi-annually on August 1 and February 1, commencing August 1, 1998. The bonds carry various interest rates ranging from 4.00% to 4.75%. Principal maturities begin August 1, 1998, and continue through August 1, 2025. For repayment of the bonds, the Agency has pledged tax increment revenue which is required to be deposited in the Agency's Low and Moderate Income Housing Fund. In August 2005, the Agency used proceeds of the City Industrial Development Project 2005 Taxable Housing Tax Allocation Parity Bonds along with unspent bond proceeds in the Agency's Low and Moderate Housing Fund to refinance the outstanding balance of the 1998 Housing Tax Allocation Refunding Bonds. At June 30, 2006, the 1998 Housing Tax Allocation Bond was considered defeased.

2002 Tax Allocation Senior Parity Bonds

On January 6, 2003, the Agency issued \$14,175,000 of City Industrial Development Project Tax Allocation Senior Parity Bonds. The bonds were issued to provide funds for certain redevelopment activities of the Agency. Interest on the bonds is payable semi-annually on January 15 and July 15, commencing July 15, 2003. The bonds carry various interest rates from 1.25% to 5.00%. Principal maturities begin July 15, 2004, and continue through 2025. The outstanding balance at June 30, 2006 was \$13,255,000.

The principal and interest on the bonds to be paid by the Agency under the Indenture is payable on a parity with the payment of the principal and interest on the 1996 Senior Bonds and, when and if issued, the Refunding Bonds. While the bonds and the 1996 Senior Bonds are separate obligations of the Agency, the revenues pledged to the bonds and the 1996 Senior Bonds consist primarily of the Tax Revenues.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2006 including interest, are as follows:

	2002 Tax Allocation Senior Parity Bonds	
	Principal	Interest
2006 - 2007	470,000	549,695
2007 - 2008	480,000	540,783
2008 - 2009	490,000	529,613
2009 - 2010	500,000	516,243
2010 - 2011	515,000	501,003
2011 - 2016	2,855,000	2,205,223
2016 - 2021	3,505,000	1,527,020
2021 - 2026	4,440,000	574,379
Totals	<u>\$ 13,255,000</u>	<u>\$ 6,943,959</u>

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

Note 5: Long-Term Debt (Continued)

2003 Taxable Housing Tax Allocation Parity Bonds

In December 2003, the Agency issued \$9,345,000 of Taxable Housing Tax Allocation Housing Bonds to advance refund the outstanding balance of the 1995 Tax Allocation Housing Bonds and to acquire property for future development for low and moderate income housing. The 2003 Taxable Housing Tax Allocation Parity Bonds are payable on a parity with certain obligations of the Agency solely from certain housing set-aside revenues of the Agency.

The bonds consist of \$7,760,000 serial bonds maturing from August 2004 through August 2019, bearing annual interest ranging from 2.00% to 6.00% and \$1,585,000 term bonds due August 1, 2025 bearing annual interest at 6.25%. Interest on the bonds is payable semi annually on August 1 and February 1. The outstanding balance at June 30, 2006 was \$8,060,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2006 including interest, are as follows:

	2003 Taxable Housing Tax Allocation Bonds	
	Principal	Interest
2006 - 2007	575,000	400,163
2007 - 2008	595,000	378,200
2008 - 2009	620,000	353,125
2009 - 2010	650,000	325,325
2010 - 2011	680,000	294,550
2011 - 2016	2,565,000	979,469
2016 - 2021	1,015,000	586,456
2021 - 2026	1,360,000	222,188
Totals	<u>\$ 8,060,000</u>	<u>\$ 3,539,476</u>

2005 Taxable Housing Tax Allocation Parity Bonds

On August 2, 2005, the Irwindale Community Redevelopment Agency issued \$17,445,000 of Taxable Housing Tax Allocation Parity Bonds to refinance the outstanding balance of the 1998 Tax Allocation Housing Refunding Bonds and to finance low and moderate income housing activities of the Agency. The 2005 Taxable Housing Tax Allocation Parity Bonds are payable on a parity with certain obligations of the Irwindale Community Redevelopment Agency solely from certain Housing Set-Aside Revenues of the Agency. The bonds consist of \$5,225,000 serial bonds maturing from August 2006 through August 2017 bearing annual interest ranging from 4.32% to 5.25%, \$5,900,000 term bonds due August 1, 2022, bearing annual interest at 5.4%, and \$6,320,000 term bonds due August 1, 2026, bearing annual interest at 5.53%. Interest on the bonds is payable beginning February 1, 2006, and semi-annually thereafter on August 1 and February 1. The outstanding balance at June 30, 2006 was \$17,445,000.

City of Irwindale
Notes to Financial Statements (Continued)

Note 5: Long-Term Debt (Continued)

	2005 Taxable Housing Tax Allocation Bonds	
	Principal	Interest
2006 - 2007	300,000	925,756
2007 - 2008	150,000	915,916
2008 - 2009	155,000	909,030
2009 - 2010	160,000	901,784
2010 - 2011	165,000	894,145
2011 - 2016	2,330,000	4,263,443
2016 - 2021	5,320,000	3,179,573
2021 - 2026	6,915,000	1,532,745
2026 - 2031	1,950,000	53,918
Totals	<u>\$ 17,445,000</u>	<u>\$ 13,576,310</u>

All of these bonds are special obligations of the Agency and are secured by pledged tax revenues consisting of a portion of all taxes levied upon all taxable property within the redevelopment project area, as further discussed in each official statement.

c. Certificates of Participation

2001 Refunding Certificates of Participation

On August 1, 2001, the City of Irwindale issued \$8,820,000 in Certificates of Participation with interest rates ranging from 2.65% to 5.00%. Interest on the certificates is payable semi-annually on April 1 and October 1 of each year commencing October 1, 2001. Principal maturities begin April 1, 2001, and continue annually through April 1, 2018. The certificates were issued for the purpose of currently refunding, on August 1, 2001, certain outstanding Certificates of Participation known and designated as the \$4,075,000 City of Irwindale, California, Issue of 1997. During October 2001, the remaining 1997 Certificates were currently refunded. The 1997 Certificates of Participation were issued for the advance refunding of certain outstanding Certificates of Participation known and designated as the \$4,125,000 City of Irwindale, California, Issue of 1989. The 1989 Certificates were issued to crossover advance refunding of certain outstanding Certificates of Participation known and designed as the \$5,630,000 City of Irwindale, California, Certificates of Participation Issue of 1985. The 1985 Certificates financed certain structures and improvements in the City. At June 30, 2006, the outstanding balance on the 2001 Refunding Certificates of Participation was \$7,100,000.

The annual requirements to repay the outstanding indebtedness at June 30, including interest, are shown in the schedule below:

	2001 Refunding Certificates of Participation	
	Principal	Interest
2006 - 2007	350,000	323,205
2007 - 2008	360,000	310,605
2008 - 2009	375,000	297,285
2009 - 2010	390,000	283,035
2010 - 2011	405,000	267,435
2011 - 2016	2,305,000	1,058,470
2016 - 2021	2,915,000	450,470
Totals	<u>\$ 7,100,000</u>	<u>\$ 2,990,505</u>

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

Note 5: Long-Term Debt (Continued)

d. Capital Lease Payable

Honeywell Capital Lease

During 1995-1996, the City entered into a lease purchase agreement with Honeywell to acquire and maintain an energy management system. The cost of the asset acquired is \$103,992. The terms of the lease include quarterly payments of \$3,553 for 10 years with an imputed interest rate of 6.48%. As of June 30, 2006, this capital lease has been paid in full.

Xerox Capital Lease

During 2002-2003, the City entered into a lease purchase agreement with Xerox to acquire a copier for the Police Department. The cost of the asset acquired is \$31,951. The terms of the lease include monthly payments of \$604 for five years with an imputed interest rate of 5.13%. The outstanding balance at June 30, 2006 was \$9,396.

The annual requirements to repay the outstanding indebtedness at June 30, including interest, are shown in the schedule below:

	Capital Lease - Xerox	
	Principal	Interest
2006 - 2007	6,923	321
2007 - 2008	2,473	27
Totals	<u>\$ 9,396</u>	<u>\$ 348</u>

e. Current Year Defeasance.

In August 2005, the Irwindale Community Redevelopment Agency issued the City Industrial Development Project 2005 Taxable Housing Tax Allocation Parity Bonds in the amount of \$17.445 million to refinance \$4.817 million of the outstanding balance of the 1998 Housing Tax Allocation Refunding Bonds and provide \$11.662 million for the Housing Fund after payment of issuance cost of \$0.705 million and \$0.261 underwriter discount.

Concurrent with the issuance of the bonds, the agency transferred \$8.771 million from the amount currently on deposit in the Agency's Low and Moderate Income Housing Fund and \$1.426 million from the 1998 Bonds reserve and debt service accounts to an escrow account that will be used to provide for all future debt service payments on the 1998 Housing Tax Allocation refunding Bonds. The deposit will be in an amount sufficient to pay principal and interest on the 1998 Bonds through and including August 1, 2008, and to pay the redemption price of the 1998 Bonds remaining outstanding on August 1, 2008. As a result, \$14,255,000 of the outstanding 1998 Housing Tax Allocation Refunding Bonds is considered defeased and the liability for those bonds has been removed from the statement of net assets.

The purpose of the refinancing was to exchange tax exempt bond proceeds for taxable bond proceeds in order for the Agency to provide Silent Second Loans to low and moderate income persons for the purchase of new single family detached home. Although the advance refunding resulted in the recognition of an accounting loss of \$0.76 million for the year ended June 30, 2006, the Agency in effect reduced its aggregate debt service payments by almost \$15.3 million over the next 20 years and obtained an economic loss (difference between the present values of the old and new debt service payments) of \$1.67 million

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

Note 5: Long-Term Debt (Continued)

f. Other Special Obligations

On April 9, 1998, the City of Irwindale Community Facilities District No. 1 issued \$11,390,000 in Special Tax Refunding Bonds with interest rates varying from 4.25% to 6.00% to advance refund \$10,000,000 of outstanding 1991 Special Tax Revenue Bonds, which are considered to be defeased.

On November 30, 1998, the City of Irwindale Sewer Assessment District issued \$975,000 in limited obligation improvement bonds carrying an interest rate of 6.25% pursuant to the provision of the Improvement Bond Act of 1915.

The issues described above are not reflected in the liabilities on the statement of net assets because they are special obligations payable solely from and secured by specific revenue source described in the resolutions and official statement of the 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.

	Amount Outstanding at June 30, 2006
City of Irwindale Community Facility District No. 1 1998 Special Tax Refunding Bonds	\$ 10,080,000
City of Irwindale Sewer Assessment District (Live Oak Avenue) Limited Obligation Improvement Bonds	770,000

Note 6: Interfund Receivable, Payable and Transfer

The composition of interfund balances as of June 30, 2006 is as follows:

a. Due To/From Other Funds

Funds	Due To Other Funds:		Total
	Irwindale Community Redevelopment Agency - Debt Service Fund	Nonmajor Governmental Funds	
Due From Other Funds:			
General Fund	\$ -	\$ 56,372	\$ 56,372
Irwindale Community Redevelopment Agency Capital Projects Fund	3,451,194	-	3,451,194
Total	<u>\$ 3,451,194</u>	<u>\$ 56,372</u>	<u>\$ 3,507,566</u>

The due to General Fund of \$56,372 from various nonmajor funds was to cover temporary deficit cash balances at June 30, 2006.

The Industrial Project Area's Project Fund loaned \$3,389,806 to the Tax Increment Fund for project operating expenditures. The Industrial Project Area's Low and Moderate Housing Fund loaned \$61,388 to the Parque Del Norte and the Nora Fraijo Tax Increment Funds to reflect the amount of the 20% set-aside that was deferred.

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

Note 6: Interfund Receivable, Payable and Transfer (Continued)

b. Advances To/From Other Funds

Funds	Advances From Other Funds:		
	Irwindale Community Redevelopment Agency		
	Capital Project Fund	Debt Service Fund	Total
Advances To Other Funds:			
General Fund	\$ 4,500,000	\$ 3,672,235	\$ 8,172,235
Total	\$ 4,500,000	\$ 3,672,235	\$ 8,172,235

During the current and previous fiscal years, the City of Irwindale had made loans to the Agency. These loans bear interest at rates from 0% to 8% per year. As of June 30, 2006, the loan balance was \$8,172,235.

c. Interfund Transfers

Funds	Transfers out:			
	Special Mining Tax	Irwindale Community Redevelopment Agency		Total
		Capital Project Fund	Debt Service Fund	
Transfers in:				
Irwindale Community Redevelopment Agency Capital Projects Fund	\$ -	\$ -	\$ 2,003,812	\$ 2,003,812
Irwindale Community Redevelopment Agency Debt Service Fund	-	300,699	-	300,699
Nonmajor Governmental Funds	849,057	-	-	849,057
Total	\$ 849,057	\$ 300,699	\$ 2,003,812	\$ 3,153,568

The Special Mining Tax fund transferred \$849,057 to non-major governmental funds pursuant to a settlement agreement.

The Irwindale Community Redevelopment Agency Debt Service fund transferred \$2,003,812 to the Irwindale Community Redevelopment Agency Capital Projects fund to supplement the repayment of City loans.

The Irwindale Community Redevelopment Agency Capital Projects fund transferred \$300,699 to the Irwindale Community Redevelopment Agency Debt Service fund for debt service payments.

Note 7: Net Assets and Fund Balance Restatement

Fund balance has been restated by \$75,793 to adjust land held for resale to detail listing at June 30, 2006.

Net assets have been restated by \$169,804 to adjust land held for resale by \$75,793 and capital assets by \$94,011 at June 30, 2006, in order to agree to detail listing.

IV. OTHER DISCLOSURES

Note 8: Retirement Plan

Plan Description

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

Funding Policy

Participants are required to contribute 7% (9% for safety employees) 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 23.361% for safety employees and 7.633% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2006, the City's annual pension cost of \$1,171,956 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005, actuarial valuation using the entry age normal actuarial cost method.

The Summary of Principal Assumptions and methods to determine the annual required contribution is shown below:

Valuation Date	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	17 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of .25%

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

Note 8: Retirement Plan (Continued)

The following table provides salary and contribution requirements for the current and two prior fiscal years.

Three-Year Trend Information for PERS (Amounts in Thousands)			
Fiscal Years Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2004	\$ 368	100%	\$ -
6/30/2005	\$ 888	100%	\$ -
6/30/2006	\$ 1,172	100%	\$ -

The City of Irwindale participated in risk pooling. Risk pooling consists of combining assets and liabilities across employers to produce large groups where the impact of a catastrophic demographic event is shared among all employers of the same risk pool. Participation in risk pools is mandatory for all plans with less than 100 active members. Mandated participation in risk pools was initially based on the active membership of each rate plan as of June 30, 2003. The implementation of risk pools was done in a way that minimizes the impact on employer contribution rates. The first year in risk pools, the employer contributions are almost identical to what the rates would have been outside the pools. Future rates will be based on the experience of each pool. Pooling will reduce the volatility of future employer rates. Mandated participation will occur on an annual basis. If on any valuation date, starting with the June 30, 2003 valuation, a rate plan has less than 100 active members, it will be mandated in one of the risk pools effective on that valuation date.

Note 9: Retirement Enhancement Plan

The City of Irwindale established the PARS Retirement Enhancement Plan (PARS) for its employees to supplement the PERS retirement benefits. PARS is a 401(a) tax-qualified multiple employer trust made up of California governmental agencies. Union Bank of California is the trustee for PARS and has the duties to receive and invest plan contributions, safeguard assets of the plan and distribute benefits to eligible plan participants or beneficiaries pursuant to the plan document. To be eligible for benefits under this plan, employees must be full-time or part-time employee on or after July 1, 2001, be at least 50 years of age, have completed at least three years of continuous employment with the City, have terminated employment with the City and concurrently retire under PERS, and have applied for benefits under this plan.

PARS supplements the current 2% at 55 PERS benefits to provide with a combined total retirement benefit equivalent to a 3% at 55 PERS benefits based on the total credited PERS years of service.

The City is required to contribute at an actuarially determined rate; the current rate is 9.65% of the annual covered payroll. The required contribution was based on the July 1, 2004 actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions included (a) a pre-retirement investment return of 7.50% and a post-retirement investment rate of return of 6.00%, (b) an inflation rate of 3.00%, (c) projected annual payroll increases of 3.75% to 14.20% based on year of service, and (d) a cost-of-living adjustment of 2% per year.

For fiscal year ending June 30, 2006, the City's annual required contribution and actual contribution was \$351,152.

City of Irwindale
Notes to Financial Statements (Continued)

Note 9: Retirement Enhancement Plan (Continued)

Trend Information for PARS (Amounts in Thousands)			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 314	100 %	\$ -
6/30/2006	351	100 %	-

Schedule of Funded Status and Funding Progress for PARS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/01	\$ 2,253	\$ -	\$ 2,253	0.0%	\$ 2,332	96.6%
6/30/04	3,224	2,940	284	91.2%	3,076	9.2%

For PARS, actuarial valuation is performed every three years.

Note 10: Post-Employment Employee Benefits

The City provides health insurance for its retired employees according to the Personnel Rules and Regulations. The authority to do so is included in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. The expenditure is accounted for within the general fund and is funded on a pay as you go (cash) basis. The total post-employment health insurance expenditure for the fiscal year 2005-2006 was \$374,609 for 40 retired employees receiving benefits.

Note 11: Risk Management

a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Irwindale is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 109 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

b. Self-Insurance Programs of the Authority

General Liability

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,001 to \$750,000 are pooled based on a member's share of costs under \$30,000; costs from \$750,001 to \$10,000,000 are

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

Note 11: Risk Management (Continued)

pooled based on payroll. Costs of covered claims above \$10,000,000 are currently paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation

The City also participates in the workers' compensation pool administered by the Authority. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and by loss layer. Members retain the first \$50,000 of each claim. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and loss development reserves associated with losses from \$100,000 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,000 to \$150,000,000 are transferred to excess insurance policy. Costs in excess of \$150,000,000 are pooled among the Members based on payroll. Administrative expenses are paid from the Authority's investment earnings.

c. Purchased Insurance

Environmental Liability Insurance

The City of Irwindale participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Irwindale. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50,000,000 for the three-year period from July 1, 2005, through June 30, 2008. Each member has a \$10,000,000 limit during the 3-year term of the policy.

Property Insurance

The City of Irwindale participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. Total all-risk property insurance coverage is \$26,495,182. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance

The City of Irwindale purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City of Irwindale currently has earthquake protection in the amount of \$16,964,827. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Fidelity Bonds

The City of Irwindale purchases blanket fidelity bond coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

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

Note 11: Risk Management (Continued)

d. Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Note 12: Contingent Liabilities

On August 26, 2004, the City entered into a settlement agreement and mutual general release with United Rock Products Corporation (United) whereby the City will establish and maintain the Irwindale Reclamation Authority which will provide an \$8 million financial assurance through a reclamation fund funded by the City. Before the effective date of this agreement the City made an initial contribution of \$985,715 to the Reclamation fund and will follow with annual contributions of \$328,572 until the aggregate amount of the reclamation fund equals \$8 million. On the other end, United agrees that it will not contest the existing mining taxes imposed by the City.

Note 13: Subsequent Events

In November 2006, the Irwindale Community Redevelopment Agency issued \$18,505,000 of Subordinate Lien Tax Allocation Refunding Bonds to refinance the outstanding balance of the 1996 Subordinate Lien Tax Allocation Bonds

CITY OF IRWINDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds			
	Housing Authority	State Gas Tax	COPS	Aid To Cities
Assets:				
Cash and investments	\$ 1,968,987	\$ -	\$ 34,944	\$ -
Receivables:				
Accounts	-	3,841	-	-
Accrued interest	18,225	-	41	-
Due from other governments	-	-	-	-
Land held for resale	802,182	-	-	-
Total Assets	\$ 2,789,394	\$ 3,841	\$ 34,985	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	3,841	-	1,850
Deposits payable	-	-	-	-
Total Liabilities	-	3,841	-	1,850
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	920	-
Reserved for land held for resale	802,182	-	-	-
Unreserved:				
Undesignated	1,987,212	-	34,065	(1,850)
Total Fund Balances	2,789,394	-	34,985	(1,850)
Total Liabilities and Fund Balances	\$ 2,789,394	\$ 3,841	\$ 34,985	\$ -

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

Special Revenue Funds

	Proposition A	Air Quality Improvement	TDA Article 3	Proposition C
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 58,029
Receivables:				
Accounts	-	469	-	-
Accrued interest	2	-	-	68
Due from other governments	-	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ 2	\$ 469	\$ -	\$ 58,097
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	895	147	-	-
Deposits payable	-	-	-	-
Total Liabilities	895	147	-	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for land held for resale	-	-	-	-
Unreserved:				
Undesignated	(893)	322	-	58,097
Total Fund Balances	(893)	322	-	58,097
Total Liabilities and Fund Balances	\$ 2	\$ 469	\$ -	\$ 58,097

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	Special Revenue Funds			
	Community Development Block Grant	Asset Forfeiture	River Beautification	AB 939
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 407,810
Receivables:				
Accounts	176	-	-	53,178
Accrued interest	-	-	-	488
Due from other governments	19,798	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ 19,974	\$ -	\$ -	\$ 461,476
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,517
Accrued liabilities	-	-	-	6,775
Due to other funds	19,776	19	29,844	-
Deposits payable	-	-	-	5,667
Total Liabilities	19,776	19	29,844	13,959
Fund Balances:				
Reserved:				
Reserved for encumbrances	80,106	-	-	949
Reserved for land held for resale	-	-	-	-
Unreserved:				
Undesignated	(79,908)	(19)	(29,844)	446,568
Total Fund Balances	198	(19)	(29,844)	447,517
Total Liabilities and Fund Balances	\$ 19,974	\$ -	\$ -	\$ 461,476

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Reclamation</u>	
Assets:		
Cash and investments	\$ 1,888,322	\$ 4,358,092
Receivables:		
Accounts	-	57,664
Accrued interest	2,201	21,025
Due from other governments	-	19,798
Land held for resale	-	802,182
Total Assets	\$ 1,890,523	\$ 5,258,761
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 1,517
Accrued liabilities	-	6,775
Due to other funds	-	56,372
Deposits payable	-	5,667
Total Liabilities	-	70,331
Fund Balances:		
Reserved:		
Reserved for encumbrances	-	81,975
Reserved for land held for resale	-	802,182
Unreserved:		
Undesignated	1,890,523	4,304,273
Total Fund Balances	1,890,523	5,188,430
Total Liabilities and Fund Balances	\$ 1,890,523	\$ 5,258,761

CITY OF IRWINDALE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	Special Revenue Funds			
	Housing Authority	State Gas Tax	COPS	Aid To Cities
Revenues:				
Taxes	\$ -	\$ 32,581	\$ -	\$ -
Intergovernmental	-	-	100,000	-
Use of money and property	66,830	-	2,227	-
Total Revenues	66,830	32,581	102,227	-
Expenditures:				
Current:				
General government	-	32,581	-	-
Public safety	-	-	73,108	-
Public works	-	-	-	-
Capital outlay	40,111	-	74,591	-
Total Expenditures	40,111	32,581	147,699	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,719	-	(45,472)	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	26,719	-	(45,472)	-
Fund Balances:				
Beginning of Year	2,762,675	-	80,457	(1,850)
End of Year	\$ 2,789,394	\$ -	\$ 34,985	\$ (1,850)

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds			
	Proposition A	Air Quality Improvement	TDA Article 3	Proposition C
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	24,028	1,785	-	20,708
Use of money and property	8	-	-	1,378
Total Revenues	24,036	1,785	-	22,086
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	23,108	1,200	-	7,125
Capital outlay	-	-	6,898	-
Total Expenditures	23,108	1,200	6,898	7,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	928	585	(6,898)	14,961
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	928	585	(6,898)	14,961
Fund Balances:				
Beginning of Year	(1,821)	(263)	6,898	43,136
End of Year	<u>\$ (893)</u>	<u>\$ 322</u>	<u>\$ -</u>	<u>\$ 58,097</u>

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	Special Revenue Funds			
	Community Development Block Grant	Asset Forfeiture	River Beautification	AB 939
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,517	-	61,444	449,722
Use of money and property	-	-	-	8,489
Total Revenues	1,517	-	61,444	458,211
Expenditures:				
Current:				
General government	195	-	-	26,486
Public safety	-	-	-	-
Public works	1,124	-	-	263,099
Capital outlay	-	-	61,444	-
Total Expenditures	1,319	-	61,444	289,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	198	-	-	168,626
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	198	-	-	168,626
Fund Balances:				
Beginning of Year	-	(19)	(29,844)	278,891
End of Year	\$ 198	\$ (19)	\$ (29,844)	\$ 447,517

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006**

	<u>Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Reclamation</u>	
Revenues:		
Taxes	\$ -	\$ 32,581
Intergovernmental	-	659,204
Use of money and property	38,419	117,351
Total Revenues	<u>38,419</u>	<u>809,136</u>
Expenditures:		
Current:		
General government	9,000	68,262
Public safety	-	73,108
Public works	-	295,656
Capital outlay	-	183,044
Total Expenditures	<u>9,000</u>	<u>620,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>29,419</u>	<u>189,066</u>
Other Financing Sources (Uses):		
Transfers in	849,057	849,057
Total Other Financing Sources (Uses)	<u>849,057</u>	<u>849,057</u>
Net Change in Fund Balances	<u>878,476</u>	<u>1,038,123</u>
Fund Balances:		
Beginning of Year	<u>1,012,047</u>	<u>4,150,307</u>
End of Year	<u>\$ 1,890,523</u>	<u>\$ 5,188,430</u>

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE
 HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,762,675	\$ 2,762,675	\$ 2,762,675	\$ -
Resources (Inflows):				
Use of money and property	32,900	82,950	66,830	(16,120)
Amounts Available for Appropriation	2,795,575	2,845,625	2,829,505	(16,120)
Charges to Appropriation (Outflow):				
Capital outlay	43,500	844,200	40,111	804,089
Total Charges to Appropriations	43,500	844,200	40,111	804,089
Budgetary Fund Balance, June 30	\$ 2,752,075	\$ 2,001,425	\$ 2,789,394	\$ 787,969

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE

STATE GAS TAX

YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	29,450	33,000	32,581	(419)
Amounts Available for Appropriation	29,450	33,000	32,581	(419)
Charges to Appropriation (Outflow):				
General government	29,450	33,000	32,581	419
Total Charges to Appropriations	29,450	33,000	32,581	419
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
COPS
YEAR ENDED JUNE 30, 2006**

	<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	\$ 80,457	\$ 80,457	\$ 80,457	\$ -
Resources (Inflows):				
Intergovernmental	-	100,000	100,000	-
Use of money and property	-	4,000	2,227	(1,773)
Amounts Available for Appropriation	80,457	184,457	182,684	(1,773)
Charges to Appropriation (Outflow):				
Public safety	-	100,000	73,108	26,892
Capital outlay	-	19,000	74,591	(55,591)
Total Charges to Appropriations	-	119,000	147,699	(28,699)
Budgetary Fund Balance, June 30	\$ 80,457	\$ 65,457	\$ 34,985	\$ (30,472)

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,821)	\$ (1,821)	\$ (1,821)	\$ -
Resources (Inflows):				
Intergovernmental	21,097	21,700	24,028	2,328
Use of money and property	200	200	8	(192)
Amounts Available for Appropriation	19,476	20,079	22,215	2,136
Charges to Appropriation (Outflow):				
Public works	21,297	20,079	23,108	(3,029)
Total Charges to Appropriations	21,297	20,079	23,108	(3,029)
Budgetary Fund Balance, June 30	\$ (1,821)	\$ -	\$ (893)	\$ (893)

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (263)	\$ (263)	\$ (263)	\$ -
Resources (Inflows):				
Intergovernmental	1,350	1,812	1,785	(27)
Amounts Available for Appropriation	1,087	1,549	1,522	(27)
Charges to Appropriation (Outflow):				
Public works	1,350	1,549	1,200	349
Total Charges to Appropriations	1,350	1,549	1,200	349
Budgetary Fund Balance, June 30	\$ (263)	\$ -	\$ 322	\$ 322

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 43,136	\$ 43,136	\$ 43,136	\$ -
Resources (Inflows):				
Intergovernmental	17,800	18,000	20,708	2,708
Use of money and property	1,000	2,200	1,378	(822)
Amounts Available for Appropriation	61,936	63,336	65,222	1,886
Charges to appropriation (outflow):				
Public works	-	7,125	7,125	-
Capital outlay	68,834	-	-	-
Total Charges to Appropriations	68,834	7,125	7,125	-
Budgetary Fund Balance, June 30	\$ (6,898)	\$ 56,211	\$ 58,097	\$ 1,886

CITY OF IRWINDALE

**BUDGET COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	21,000	41,439	1,517	(39,922)
Amounts Available for Appropriation	21,000	41,439	1,517	(39,922)
Charges to Appropriation (Outflow):				
General government	-	-	195	(195)
Public works	-	-	1,124	(1,124)
Capital Outlay	21,000	41,439	-	41,439
Total Charges to Appropriations	21,000	41,439	1,319	40,120
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 198	\$ 198

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE

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YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 278,891	\$ 278,891	\$ 278,891	\$ -
Resources (Inflows):				
Intergovernmental	336,000	424,000	449,722	25,722
Investment income	1,000	17,000	8,489	(8,511)
Amounts Available for Appropriation	615,891	719,891	737,102	17,211
Charges to Appropriation (Outflow):				
General government	30,000	30,000	26,486	3,514
Public works	380,536	377,300	263,099	114,201
Total Charges to Appropriations	410,536	407,300	289,585	117,715
Budgetary Fund Balance, June 30	\$ 205,355	\$ 312,591	\$ 447,517	\$ 134,926

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE
 RECLAMATION
 YEAR ENDED JUNE 30, 2006

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$1,012,047	\$ 1,012,047	\$ 1,012,047	\$ -
Resources (inflows):				
Invest Income	-	55,550	38,419	(17,131)
Transfers from other funds	-	938,057	849,057	(89,000)
Amounts available for appropriation	1,012,047	2,005,654	1,899,523	(106,131)
Charges to appropriation (outflow):				
General government	13,000	23,000	9,000	14,000
Public works	-	75,000	-	75,000
Total Charges to Appropriations	13,000	98,000	9,000	89,000
Budgetary fund balance, June 30	\$ 999,047	\$ 1,907,654	\$ 1,890,523	\$ (17,131)

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
IRWINDALE COMMUNITY REDEVELOPMENT AGENCY - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2006**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1 as restated	\$ 67,432,325	\$ 67,432,325	\$ 67,432,325	\$ -
Resources (Inflows):				
Taxes	2,958,000	3,104,000	3,119,464	15,464
Use of money and property	10,234,154	4,869,926	1,676,802	(3,193,124)
Other	5,800	18,300	649	(17,651)
Refunding bonds issued	-	-	17,445,000	17,445,000
Other debts issued	3,000,000	3,000,000	-	(3,000,000)
Transfers in	-	-	2,003,812	2,003,812
Amounts Available for Appropriation	83,630,279	78,424,551	91,678,052	13,253,501
Charges to Appropriation (Outflow):				
General government	4,060,900	1,962,350	1,918,766	43,584
Public safety	21,217,136	8,266,305	6,459,223	1,807,082
Capital Outlay	10,087,700	7,158,450	468,681	6,689,769
Debt service:				
Debt issuance cost	-	-	690,789	(690,789)
Principal	565,000	565,000	565,000	-
Interest and fiscal charges	2,004,350	555,300	428,047	127,253
Transfers out	1,815,100	821,200	300,699	520,501
Payment to refunding bond escrow	-	-	13,587,457	(13,587,457)
Total Charges to Appropriations	39,750,186	19,328,605	24,680,337	(5,351,732)
Budgetary Fund Balance, June 30	\$ 43,880,093	\$ 59,095,946	\$ 66,997,715	\$ 7,901,769

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
IRWINDALE COMMUNITY REDEVELOPMENT AGENCY - DEBT SERVICE
YEAR ENDED JUNE 30, 2006**

	<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	\$ 17,798,493	\$ 17,798,493	\$ 17,798,493	\$ -
Resources (Inflows):				
Taxes	11,850,400	12,745,300	9,462,429	(3,282,871)
Use of money and property	50,000	438,600	687,882	249,282
Transfers in	-	-	300,699	300,699
Amounts Available for Appropriation	<u>29,698,893</u>	<u>30,982,393</u>	<u>28,249,503</u>	<u>(2,732,890)</u>
Charges to Appropriation (Outflow):				
General government	3,624,150	4,163,155	1,016,135	3,147,020
Capital Outlay	2,591,464	1,071,500	929,550	141,950
Debt service:				
Principal	430,650	1,879,700	2,440,000	(560,300)
Interest and fiscal charges	195,000	200,000	4,581,375	(4,381,375)
Current refunding escrow	-	-	1,426,443	(1,426,443)
Transfers out	7,600,000	6,500,000	2,003,812	4,496,188
Total Charges to Appropriations	<u>14,441,264</u>	<u>13,814,355</u>	<u>12,397,315</u>	<u>1,417,040</u>
Budgetary Fund Balance, June 30	<u>\$ 15,257,629</u>	<u>\$ 17,168,038</u>	<u>\$ 15,852,188</u>	<u>\$ (1,315,850)</u>

CITY OF IRWINDALE

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2006

	<u>Agency</u>	<u>Recreation Trust</u>	<u>CFD #1</u>	<u>Live Oak Assessment District</u>	<u>Street Lighting District</u>	<u>Sewer Maintenance District</u>	<u>Totals</u>
Assets:							
Cash and investments	\$ 63,092	\$ 3,585	\$ 773,363	\$ 20,066	\$ 9,964	\$ 321,133	\$ 1,191,203
Receivables:							
Accounts	-	-	29,490	34,354	4,253	40,419	108,516
Interest	-	-	901	23	12	374	1,310
Restricted assets:							
Cash with fiscal agent	-	-	1,139,040	87,270	-	-	1,226,310
Total Assets	\$ 63,092	\$ 3,585	\$ 1,942,794	\$ 141,713	\$ 14,229	\$ 361,926	\$ 2,527,339
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 35	\$ 104	\$ 3,026	\$ 3,165
Deposits	63,092	3,585	1,942,794	141,678	14,125	358,900	2,524,174
Total Liabilities	\$ 63,092	\$ 3,585	\$ 1,942,794	\$ 141,713	\$ 14,229	\$ 361,926	\$ 2,527,339

CITY OF IRWINDALE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Agency				
Assets:				
Cash and investments	\$ 62,448	\$ 17,751	\$ 17,107	\$ 63,092
Total Assets	\$ 62,448	\$ 17,751	\$ 17,107	\$ 63,092
Liabilities:				
Deposits payable	62,448	34,708	34,064	63,092
Total Liabilities	\$ 62,448	\$ 34,708	\$ 34,064	\$ 63,092
Recreation Trust				
Assets:				
Cash and investments	\$ 3,705	\$ 4,665	\$ 4,785	\$ 3,585
Total Assets	\$ 3,705	\$ 4,665	\$ 4,785	\$ 3,585
Liabilities:				
Deposits	\$ 3,705	\$ 4,665	\$ 4,785	\$ 3,585
Total Liabilities	\$ 3,705	\$ 4,665	\$ 4,785	\$ 3,585
CFD #1				
Assets:				
Cash and investments	\$ 747,626	\$ 847,504	\$ 821,767	\$ 773,363
Receivables:				
Accounts	-	29,490	-	29,490
Interest	600	901	600	901
Restricted assets:				
Cash with fiscal agent	1,139,040	-	-	1,139,040
Total Assets	\$ 1,887,266	\$ 877,895	\$ 822,367	\$ 1,942,794
Liabilities:				
Deposits payable	1,887,266	877,895	822,367	1,942,794
Total Liabilities	\$ 1,887,266	\$ 877,895	\$ 822,367	\$ 1,942,794

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<u>Live Oak Assessment District</u>				
Assets:				
Cash and investments	\$ 43,081	\$ 96,558	\$ 119,573	\$ 20,066
Receivables:				
Accounts	8,768	27,483	1,897	34,354
Interest	35	23	35	23
Restricted assets:				
Cash with fiscal agent	87,270	-	-	87,270
Total Assets	\$ 139,154	\$ 124,064	\$ 121,505	\$ 141,713
Liabilities:				
Accounts payable	\$ -	\$ 8,508	\$ 8,473	\$ 35
Deposits payable	139,154	115,556	113,032	141,678
Total Liabilities	\$ 139,154	\$ 124,064	\$ 121,505	\$ 141,713
<u>Street Lighting District</u>				
Assets:				
Cash and investments	\$ 13,214	\$ 9,811	\$ 13,061	\$ 9,964
Receivables:				
Accounts	716	4,253	716	4,253
Interest	11	12	11	12
Total Assets	\$ 13,941	\$ 14,076	\$ 13,788	\$ 14,229
Liabilities:				
Accounts payable	\$ 1,750	\$ 5,230	\$ 6,876	\$ 104
Deposits payable	12,191	8,846	6,912	14,125
Total Liabilities	\$ 13,941	\$ 14,076	\$ 13,788	\$ 14,229
<u>Sewer Maintenance District</u>				
Assets:				
Cash and investments	\$ 277,813	\$ 90,382	\$ 47,062	\$ 321,133
Receivables:				
Accounts	6,803	40,419	6,803	40,419
Interest	223	374	223	374
Total Assets	\$ 284,839	\$ 131,175	\$ 54,088	\$ 361,926
Liabilities:				
Accounts payable	\$ 3,145	\$ 14,397	\$ 14,516	\$ 3,026
Deposits payable	281,694	116,778	39,572	358,900
Total Liabilities	\$ 284,839	\$ 131,175	\$ 54,088	\$ 361,926

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
Totals - All Agency Funds				
Assets:				
Cash and investments	\$ 1,147,887	\$ 1,066,671	\$ 1,023,355	\$ 1,191,203
Receivables:				
Accounts	16,287	101,645	9,416	108,516
Interest	869	1,310	869	1,310
Restricted assets:				
Cash with fiscal agent	1,226,310	-	-	1,226,310
Total Assets	\$ 2,391,353	\$ 1,169,626	\$ 1,033,640	\$ 2,527,339
Liabilities:				
Accounts payable	\$ 4,895	\$ 28,135	\$ 29,865	\$ 3,165
Deposits payable	2,386,458	1,158,448	1,020,732	2,524,174
Total Liabilities	\$ 2,391,353	\$ 1,186,583	\$ 1,050,597	\$ 2,527,339