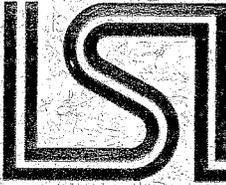


CITY OF IRWINDALE, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2004



Lance
Soll &
Lunghard
LLP
Certified Public Accountants

CITY OF IRWINDALE, CALIFORNIA
FINANCIAL STATEMENTS
JUNE 30, 2004

CITY OF IRWINDALE

JUNE 30, 2004

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CITY OF IRWINDALE

JUNE 30, 2004

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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, 2004, 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, 2004, 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 March 1, 2005, 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 and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 10 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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They 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

March 1, 2005

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, 2004.

Financial Highlights

- The City's net assets increased by \$6,815,292 as a result of this year's operations.
- The program and general revenues were \$2,883,567 and \$33,261,649 respectively.
- The cost of governmental activities was \$29,329,924.
- The General Fund reported excess revenues over expenditures of \$1,194,430.
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) exceeded final budget by \$1,561,134 before transfers while actual appropriations (outflows) were \$1,326,785 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 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 City of Irwindale reports only governmental activities which 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 and the Irwindale Housing Authority. Although legally separate, these "component units" are important because the City of Irwindale is financially accountable for them.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of 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 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 fifteen 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 eleven governmental funds 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 are presented immediately following the notes.

Government-wide Financial Analysis

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

Net Assets - Net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets for the year ended June 30, 2004 were \$57,097,701.

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

	Governmental Activities	
	2004	2003
Current and other assets	\$ 141,344	\$ 141,279
Capital assets	34,011	28,605
Total assets	175,355	169,884
Long-term debt outstanding	109,138	107,608
Other liabilities	9,119	8,150
Total liabilities	118,257	115,758
Net assets:		
Invested in capital assets, net of debt	25,857	20,451
Restricted	99,977	102,912
Unrestricted	(68,736)	(69,237)
Total net assets	\$ 57,098	\$ 54,126

The City's net assets from governmental activities increased to \$57,097,701. This increase of \$2,972,167 comes from the change in net assets of \$6,815,292 and a restatement of net assets of (\$3,843,125) 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 \$5,406,516 net of depreciation, as follows:

Asset Type	Amount (in thousands)
Land	\$ -
Buildings and Improvements	(115)
Furniture and Equipment	329
Infrastructure	7,729
Construction in progress	(2,536)
Capital asset net increase	\$ 5,407

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 increased \$1,530,403 due to the issuance of the 2003 Tax Allocation Housing Parity Bond and long-term debt principal repayments on bonded debt.

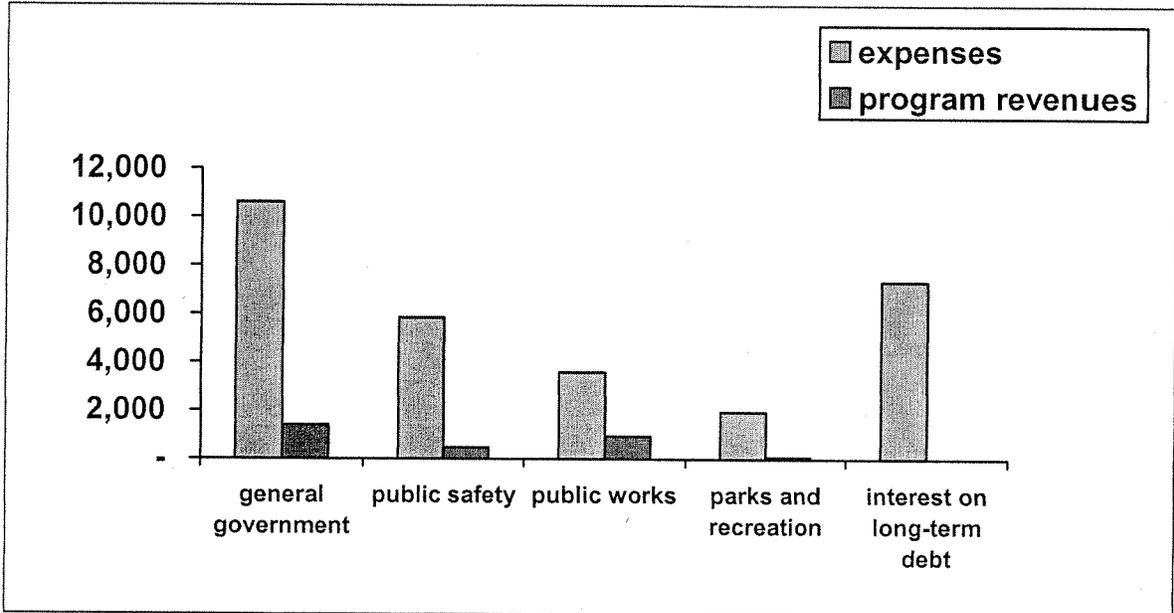
Changes in Net Assets. Governmental activities increased the City of Irwindale's net assets by \$6,815,292. Key elements of the increase are as follows:

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

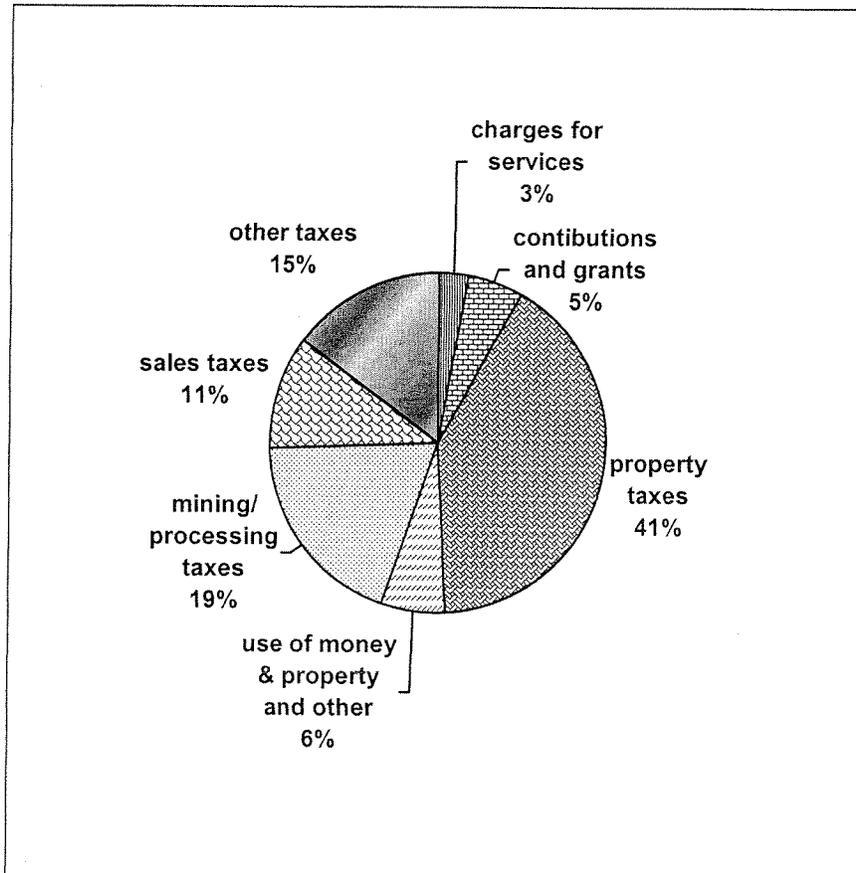
	Governmental Activities	
	2004	2003
Revenues		
Program revenues:		
Charges for services	\$ 1,014	\$ 1,439
Operating contributions and grants	1,870	1,569
Capital contributions and grants	-	-
General revenues:		
Taxes:		
Property taxes	14,859	9,925
Mining/Processing taxes	6,870	6,818
Sales taxes	3,934	3,307
Franchise taxes	747	779
Business License taxes	687	509
Other taxes	3,843	4,234
Motor vehicle in lieu	60	83
Use of money and property	2,228	3,979
Other	34	79
Total revenues	36,146	32,721
Expenses		
General government	10,606	7,087
Public safety	5,836	6,204
Public works	3,596	2,679
Parks and recreation	1,949	1,509
Interest on long-term debt	7,343	6,043
Total expenses	29,330	23,522
Increase in net assets	\$ 6,816	\$ 9,199

For fiscal year 2003-2004, the City's total revenues were \$36,145,216 while the costs of all programs and services were \$29,329,924.

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



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



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)**

	Total Cost of Services 2004	Net Cost of Services 2004
General government	\$ 10,606	\$ (9,212)
Public safety	5,836	(5,377)
Public works	3,596	(2,663)
Parks and recreation	1,949	(1,851)
Interest on long-term debt	7,343	(7,343)
Totals	\$ 29,330	\$ (26,446)

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. 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 \$127.2 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 \$1,194,430.

General Fund Budgetary Highlights

The actual appropriations for the General Fund at year-end were \$1,326,785 less than the final budget. The major differences between actual appropriations and the final budget are due to construction projects which are expected to start in the subsequent fiscal year. Actual revenues compared very favorably to the final budget with a \$1,561,134 excess, of which \$1,103,000 is attributed to the portion of excavation and processing tax received that were paid under protest from the mining companies. Since these taxes were paid under protest, the amounts were not included in the budget estimates. Budget amendments and supplemental appropriations were made during the year to increase appropriations for unanticipated expenditures after adoption of the original budget in the amount of \$1,066,189.

Capital Asset and Debt Administration

Capital Assets. At the end of fiscal year 2003-2004, the City had \$34 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase of \$5.4 million, or 19 percent, over last year.

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

	Government Activities	
	2004	2003
Land	\$ 14,587	\$ 14,587
Buildings and Improvements	2,961	3,076
Furniture and Equipment	1,486	1,156
Infrastructure	7,728	-
Construction in progress	7,249	9,785
Totals	\$ 34,011	\$ 28,604

The City's Capital expenditures planned for the next fiscal year amount to \$8.5 million through fiscal 2004-05. 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 recreation facilities. In addition, the Redevelopment 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 \$112,368,266.

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

	Government Activities	
	2004	2003
Tax allocation bonds	\$ 104,090	\$ 101,345
Certificates of participation	7,770	8,090
Accrued employee benefits	781	717
Capital leases payable	45	64
Unamortized original issue discount	(318)	(305)
Totals	\$ 112,368	\$ 109,911

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

The revenue and expenditure projections provided for the 2004-2005 budget are based on economic forecasts and trends for the area in which the City is located. This information was 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 included a projected increase of 7% in sales taxes. This increase is based upon sales tax revenues realized in fiscal year 2003-04, 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 6% 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 2.3% in accordance with the current consumer price index (CPI).

The assumption used for forecasting expenditures includes a projected increase of 4% for wages, and 18% for medical benefits. A 2.3% 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 adopting a balanced budget. Once again the proposed budget is balanced and will result in an projected increase of \$1,944,730 to the general fund balance at June 30, 2005.

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.

STATEMENT OF NET ASSETS
JUNE 30, 2004

	<u>Primary Government Governmental Activities</u>
Assets:	
Cash and investments	\$ 85,474,224
Receivables:	
Accounts	1,071,783
Taxes	577,450
Contracts and notes	9,046,743
Accrued interest	300,629
Prepaid costs	599,952
Deferred charges	1,332,162
Due from other governments	693,713
Land held for resale	31,998,028
Restricted assets:	
Cash and investments	14,987
Cash with fiscal agent	10,234,034
Capital assets not being depreciated	21,835,812
Capital assets, net of depreciation	<u>12,175,203</u>
Total Assets	<u>175,354,720</u>
Liabilities:	
Accounts payable	642,176
Accrued liabilities	229,941
Accrued interest	2,098,974
Unearned revenue	1,460,765
Deposits payable	484,729
Due to other governments	972,168
Noncurrent:	
Due within one year	3,230,260
Due in more than one year	<u>109,138,006</u>
Total Liabilities	<u>118,257,019</u>
Net Assets:	
Invested in capital assets, net of related debt	25,857,323
Restricted for:	
Community development projects	16,626,661
Public safety	46,975
Capital projects	78,842,873
Debt service	4,459,481
Unrestricted	<u>(68,735,612)</u>
Total Net Assets	<u>\$ 57,097,701</u>

CITY OF IRWINDALE

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Primary Government:				
Governmental Activities:				
General government	\$ 10,606,038	\$ 4,356	\$ 1,389,607	\$ -
Public safety	5,835,709	427,875	31,024	-
Public works	3,596,167	483,803	449,364	-
Parks and recreation	1,949,082	97,538	-	-
Interest on long-term debt	7,342,928	-	-	-
Total Governmental Activities	29,329,924	1,013,572	1,869,995	-
Total Primary Government	\$ 29,329,924	\$ 1,013,572	\$ 1,869,995	\$ -

General Revenues:

Taxes:

Property taxes, levied for general purpose

Mining/processing taxes

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu

Use of money and property

Other

Total General Revenues

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

Exhibit B

Net (Expenses)
Revenues and Changes
in Net Assets
Primary Government

Governmental
Activities

\$ (9,212,075)
(5,376,810)
(2,663,000)
(1,851,544)
(7,342,928)

(26,446,357)

(26,446,357)

14,858,896
6,869,599
3,934,389
746,851
687,343
3,842,867
59,832
2,228,302
33,570

33,261,649

6,815,292

54,125,534

(3,843,125)

\$ 57,097,701

CITY OF IRWINDALE

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Special Revenue Fund	Capital Projects Fund
	General Fund	Special Mining Tax	Irwindale Community Redevelopment Agency Capital Projects
Assets:			
Cash and investments	\$ 18,141,636	\$ 13,979,735	\$ 40,425,308
Receivables:			
Accounts	969,222	81,667	16
Taxes	-	-	115,412
Contracts and notes	17,561	-	9,029,182
Accrued interest	247,779	11,978	17,357
Prepaid costs	594,278	-	5,674
Deposits	-	-	-
Due from other governments	673,915	-	-
Due from other funds	26,790	-	8,648,146
Advances to other funds	6,677,217	-	-
Land held for resale	-	-	31,998,028
Restricted assets:			
Cash and investments	-	-	14,987
Cash and investments with fiscal agents	-	-	765,832
Total Assets	\$ 27,348,398	\$ 14,073,380	\$ 91,019,942
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 371,015	\$ 87,922	\$ 125,489
Accrued liabilities	214,078	10,638	-
Due to other funds	1,647	-	-
Deferred revenue	-	-	9,024,742
Unearned revenue	1,427,171	33,594	-
Advances from other funds	-	-	3,000,000
Deposits payable	361,554	96,325	26,850
Due to other governments	-	-	-
Total Liabilities	2,375,465	228,479	12,177,081
Fund Balances:			
Reserved:			
Reserved for encumbrances	209,939	26,570	-
Reserved for prepaid costs	594,278	-	5,674
Reserved for advances to other funds	6,677,217	-	-
Reserved for PERS stabilization	1,060,000	-	-
Reserved for health and safety	5,500,000	-	-
Reserved for land held for resale	-	-	31,998,028
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	-	-
Designated for equipment replacement	100,000	723,000	-
Designated for insurance	2,000,000	-	-
Designated for general operations	2,369,495	-	-
Designated for extract/processing taxes	5,725,140	12,804,085	-
Designated for continuing projects	736,864	214,602	46,839,159
Designated for debt service	-	76,644	-
Total Fund Balances	24,972,933	13,844,901	78,842,861
Total Liabilities and Fund Balances	\$ 27,348,398	\$ 14,073,380	\$ 91,019,942

See Notes to Financial Statements

Exhibit C

Debt Service Fund Irwindale Community Redevelopment Agency Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 9,966,700	\$ 2,960,845	\$ 85,474,224
241	20,637	1,071,783
462,038	-	577,450
-	-	9,046,743
14,712	8,803	300,629
-	-	599,952
-	-	-
-	19,798	693,713
-	-	8,674,936
-	-	6,677,217
-	-	31,998,028
-	-	14,987
9,468,202	-	10,234,034
\$ 19,911,893	\$ 3,010,083	\$ 155,363,696
\$ 57,554	\$ 196	\$ 642,176
-	5,225	229,941
8,646,499	26,790	8,674,936
-	-	9,024,742
-	-	1,460,765
3,677,217	-	6,677,217
-	-	484,729
972,168	-	972,168
13,353,438	32,211	28,166,674
-	-	236,509
-	-	599,952
-	-	6,677,217
-	-	1,060,000
-	-	5,500,000
-	-	31,998,028
-	2,977,872	2,977,872
-	-	823,000
-	-	2,000,000
-	-	2,369,495
-	-	18,529,225
-	-	47,790,625
6,558,455	-	6,635,099
6,558,455	2,977,872	127,197,022
\$ 19,911,893	\$ 3,010,083	\$ 155,363,696

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**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

Fund balances of governmental funds	\$ 127,197,022
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.	34,011,015
Long-term debt and compensated absences have not been included in the governmental funds:	
Bonds payable and capital leases payable	(110,255,158)
Compensated absences	(780,946)
Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(2,098,974)
Revenue in the Statement of Activities that do not provide current financial resources are reported as deferred revenue in the funds.	<u>9,024,742</u>
Net assets of governmental activities	<u><u>\$ 57,097,701</u></u>

CITY OF IRWINDALE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	General Fund	Special Revenue Fund	Capital Projects Fund
		Special Mining Tax	Irwindale Community Redevelopment Agency Capital Projects
Revenues:			
Taxes	\$ 12,046,082	\$ 3,777,782	\$ 2,893,747
Licenses and permits	986,506	-	-
Intergovernmental	1,293,347	-	-
Charges for services	388,216	-	-
Use of money and property	410,954	182,504	594,801
Fines and forfeitures	326,193	-	-
Miscellaneous	59,936	-	5,803
Total Revenues	15,511,234	3,960,286	3,494,351
Expenditures:			
Current:			
General government	5,431,010	162,567	1,150,373
Public safety	4,265,172	-	2,021,016
Public works	2,373,233	697,519	-
Parks and recreation	1,879,686	-	-
Capital outlay	346,249	34,923	1,167,986
Debt service:			
Debt issuance cost	-	-	416,913
Current refunding escrow	-	-	-
Principal retirement	18,138	-	-
Interest and fiscal charges	3,316	-	109,688
Total Expenditures	14,316,804	895,009	4,865,976
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,194,430	3,065,277	(1,371,625)
Other Financing Sources (Uses):			
Transfers in	-	-	1,051,588
Transfers out	-	-	(6,384,597)
Tax allocation bonds issued	-	-	9,345,000
Discount on bonds issued	-	-	(29,116)
Payment to refunding escrow	-	-	-
Total Other Financing Sources (Uses)	-	-	3,982,875
Net Change in Fund Balances	\$ 1,194,430	\$ 3,065,277	\$ 2,611,250
Fund Balances:			
Beginning of year, as originally reported	\$ 23,778,503	\$ 10,779,624	\$ 80,074,736
Restatements	-	-	(3,843,125)
Beginning of Year, as restated	23,778,503	10,779,624	76,231,611
Net Change in Fund Balances	1,194,430	3,065,277	2,611,250
End of Year	\$ 24,972,933	\$ 13,844,901	\$ 78,842,861

See Notes to Financial Statements

Exhibit E

Debt Service Fund		
Irwindale Community Redevelopment Agency Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 11,594,823	\$ 32,900	\$ 30,345,334
-	-	986,506
-	511,579	1,804,926
-	-	388,216
221,688	45,220	1,455,167
-	-	326,193
-	-	65,739
11,816,511	589,699	35,372,081
3,760,653	246	10,504,849
-	76,556	6,362,744
-	263,370	3,334,122
-	-	1,879,686
2,910,009	788,776	5,247,943
-	-	416,913
128,095	-	128,095
2,135,000	-	2,153,138
7,096,482	-	7,209,486
16,030,239	1,128,948	37,236,976
(4,213,728)	(539,249)	(1,864,895)
6,384,597	-	7,436,185
(1,051,588)	-	(7,436,185)
-	-	9,345,000
-	-	(29,116)
(5,130,227)	-	(5,130,227)
202,782	-	4,185,657
\$ (4,010,946)	\$ (539,249)	\$ 2,320,762
\$ 10,569,401	\$ 3,517,121	\$ 128,719,385
-	-	(3,843,125)
10,569,401	3,517,121	124,876,260
(4,010,946)	(539,249)	2,320,762
\$ 6,558,455	\$ 2,977,872	\$ 127,197,022

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

Net change in fund balances - total governmental funds	\$ 2,320,762
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.	5,406,516
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	(1,565,093)
Accrued interest for Tax Allocation Bonds. This is the net change in accrued interest for the current period.	(55,860)
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.	(64,168)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as deferred revenues in the funds.	<u>773,135</u>
Change in net assets of governmental activities	<u><u>\$ 6,815,292</u></u>

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2004**

	<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	\$ 23,778,503	\$ 23,778,503	\$ 23,778,503	\$ -
Resources (Inflows):				
Taxes	9,930,250	10,209,650	12,046,082	1,836,432
Licenses and permits	918,900	968,900	986,506	17,606
Intergovernmental	1,107,000	1,143,750	1,293,347	149,597
Charges for services	492,300	330,200	388,216	58,016
Use of money and property	864,800	868,000	410,954	(457,046)
Fines and forfeitures	316,000	396,000	326,193	(69,807)
Other	33,600	33,600	59,936	26,336
Amounts Available for Appropriation	<u>37,441,353</u>	<u>37,728,603</u>	<u>39,289,737</u>	<u>1,561,134</u>
Charges to Appropriation (Outflow):				
General government	5,398,100	5,534,529	5,431,010	103,519
Public safety	3,926,057	4,213,457	4,265,172	(51,715)
Public works	2,011,439	2,273,790	2,373,233	(99,443)
Parks and recreation	1,864,250	1,958,850	1,879,686	79,164
Capital outlay	1,356,100	1,641,509	346,249	1,295,260
Debt service:				
Principal	18,138	18,138	18,138	-
Interest and fiscal charges	3,316	3,316	3,316	-
Total Charges to Appropriations	<u>14,577,400</u>	<u>15,643,589</u>	<u>14,316,804</u>	<u>1,326,785</u>
Budgetary Fund Balance, June 30	<u>\$ 22,863,953</u>	<u>\$ 22,085,014</u>	<u>\$ 24,972,933</u>	<u>\$ 2,887,919</u>

**BUDGETARY COMPARISON STATEMENT
SPECIAL MINING TAX
YEAR ENDED JUNE 30, 2004**

	<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	\$ 10,779,624	\$ 10,779,624	\$ 10,779,624	\$ -
Resources (Inflows):				
Taxes	1,323,000	1,323,000	3,777,782	2,454,782
Use of money and property	260,000	260,000	182,504	(77,496)
Amounts Available for Appropriation	<u>12,362,624</u>	<u>12,362,624</u>	<u>14,739,910</u>	<u>2,377,286</u>
Charges to Appropriation (Outflow):				
General government	245,000	165,000	162,567	2,433
Public works	533,800	803,900	697,519	106,381
Capital outlay	502,500	502,500	34,923	467,577
Total Charges to Appropriations	<u>1,281,300</u>	<u>1,471,400</u>	<u>895,009</u>	<u>576,391</u>
Budgetary Fund Balance, June 30	<u><u>\$ 11,081,324</u></u>	<u><u>\$ 10,891,224</u></u>	<u><u>\$ 13,844,901</u></u>	<u><u>\$ 2,953,677</u></u>

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2004

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 1,009,928
Receivables	
Accounts	15,275
Interest	729
Restricted assets:	
Cash with fiscal agent	<u>1,226,310</u>
Total Assets	<u><u>\$ 2,252,242</u></u>
Liabilities:	
Accounts payable	\$ 6,696
Deposits	<u>2,245,546</u>
Total Liabilities	<u><u>\$ 2,252,242</u></u>

CITY OF IRWINDALE

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004**

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

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 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 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.

The Irwindale Community Redevelopment Agency and the Irwindale Housing Authority are both governed by the City Council of the City of Irwindale. Therefore, they are included in this financial presentation using the blending method. The 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 are not prepared for the Irwindale Housing Authority.

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

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

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities 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.

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.

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

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

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.

Fiduciary 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, and/or other funds.

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.

2. Receivables and Payables

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

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

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

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

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

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.

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:

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

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

<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 all applicable governmental fund types. 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, 2004, there were no material long-term judgments and claims 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.

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.

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

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

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 \$110,255,158 difference is as follows:

Bonds payable	\$ 111,860,000
Less: Deferred bonds discount (to be amortized over the life of the debt)	(318,235)
Less: Deferred loss on bond defeasance (to be amortized over the life of the debt)	(452,743)
Less: Deferred issuance costs (to be amortized over the life of debt)	(879,419)
Capital leases	<u>45,555</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 110,255,158</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:

City of Irwindale
Notes to Financial Statements (Continued)

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

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 \$5,406,516 difference is as follows:

Capital outlay	\$ 5,983,954
Depreciation expense	<u>(577,438)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,406,516</u>

Another element of that reconciliation states that "repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets". Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of this \$1,565,093 difference is as follows:

Debt issued or incurred:	
2003 taxable housing tax allocation parity bonds	\$ 9,345,000
Unamortized bond discount	(29,116)
Unamortized bond issuance cost	(416,913)
Unamortized loss on bond defeasance	(473,322)
Principal repayments:	
1995 housing tax allocation bonds	(5,130,000)
1996 senior lien tax allocation bonds	(1,025,000)
1996 subordinate lien tax allocation bonds	(350,000)
1998 housing tax allocation bonds	(95,000)
2001 refunding certificates of participation	(320,000)
Capital leases payable	(18,138)
Bond discount amortization	15,431
Bond defeasance loss amortization	20,579
Cost of issuance amortization	<u>41,572</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>\$ 1,565,093</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.

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:

Fund	Expenditure	Appropriation	Excess
General Fund:			
Public Safety	\$ 4,265,172	\$ 4,213,457	\$ 51,715
Public Works	2,373,233	2,273,790	99,443
Special Revenue Funds:			
State Gas Tax:			
Public Works	32,900	29,450	3,450
Proposition A:			
Public Works	20,510	12,100	8,410
Community Development Block Grant:			
Public Works	21,834	21,800	34
AB 939:			
Parks and Recreation	186,377	169,600	16,777
Capital Project Fund:			
Irwindale Community Redevelopment Agency:			
Transfers out	6,384,597	1,245,400	5,139,197
Debt Service Fund:			
Irwindale Community Redevelopment Agency:			
General government	3,760,653	3,682,500	78,153
Capital outlay	2,910,009	85,000	2,825,009
Debt service			
Interest and fiscal charges	7,096,482	175,800	6,920,682

City of Irwindale
Notes to Financial Statements (Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

c. Fund Balance Deficit

The following funds have a fund balance deficit as of June 30, 2004:

Special Revenue Funds:	
State Gas Tax	\$ (835)
Aid to Cities	(1,850)
Asset Forfeiture	(19)

The City expects to eliminate these deficits with future revenues

III. DETAIL NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2004, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 95,723,245
Fiduciary funds	<u>2,236,238</u>
Total Cash and Investments	<u>\$ 97,959,483</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.

During the year ended June 30, 2003, the City implemented the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes and modifies disclosure requirements related to investment and deposit risks; accordingly, the note disclosure on cash and investments has been revised to conform to the provisions of GASB Statement No. 40.

Deposits

At June 30, 2004, the carrying amount of the City's deposits was \$698,825 and the bank balance was \$1,378,681. The \$679,856 difference represents outstanding checks and other reconciling items.

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, 2004, the City had no investments in medium-term notes. Investments in U.S. government securities are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2004, the City's investments in external investment pools and money market mutual funds are unrated.

City of Irwindale
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

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, 2004, 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. With respect to concentration risk, as of June 30, 2004, the City has not invested more than 15% of its total investments in any one issuer. 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, 2004, the City had the following investments and original maturities:

	Investment Maturities (in Years)			Fair Value
	Less Than 1	1 - 5	Greater Than 5	
California Local Agency Investment Fund	\$18,070,957	\$ -	\$ -	\$18,070,957
Federal Home Loan Bank Notes	-	71,715,756	-	71,715,756
Federal Home Loan Mortgage Corp.	-	-	648,442	648,442
Money market mutual funds - held by fiscal agent	1,230,050	-	-	1,230,050
Investment Agreements - held by fiscal agent	-	-	5,595,453	5,595,453
	<u>\$19,301,007</u>	<u>\$71,715,756</u>	<u>\$ 6,243,895</u>	<u>\$97,260,658</u>

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

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 14,586,987	\$ -	\$ -	\$ 14,586,987
Construction-in-progress	9,784,939	5,333,845	7,869,959	7,248,825
Total Capital Assets, Not Being Depreciated	24,371,926	5,333,845	7,869,959	21,835,812
Capital assets, being depreciated:				
Buildings and improvements	5,769,269	-	-	5,769,269
Furniture, fixtures and equipment	2,253,582	650,109	-	2,903,691
Infrastructure	-	7,869,959	-	7,869,959
Total Capital Assets, Being Depreciated	8,022,851	8,520,068	-	16,542,919
Less accumulated depreciation:				
Buildings and improvements	2,693,180	115,385		2,808,565
Furniture, fixtures and equipment	1,097,098	320,792		1,417,890
Infrastructure	-	141,261	-	141,261
Total Accumulated Depreciation	3,790,278	577,438	-	4,367,716
Total Capital Assets, Being Depreciated, Net	4,232,573	7,942,630	-	12,175,203
Governmental Activities Capital Assets, Net	\$ 28,604,499	\$ 13,276,475	\$ 7,869,959	\$ 34,011,015

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

Governmental Activities:	
General government	\$ 82,024
Public safety	188,616
Public works	254,387
Parks and recreation	52,411
Total Depreciation Expense - Governmental Activities	\$ 577,438

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

Note 5: Long-Term Debt

a. Tax Allocation Bonds

A description of individual issues of bonds outstanding at June 30, 2004 (excluding defeased bonds) follows:

1995 Housing Tax Allocation Bonds

On April 18, 1995, the Agency issued \$20,000,000 of City Industrial Development Project Tax Allocation Housing Bonds. The bonds were issued to increase, improve and preserve the supply of low and moderate income housing in the City of Irwindale. Interest on the bonds is payable semi-annually on February 1 and August 1, commencing August 1, 1995. The bonds carry various interest rates from 6.100% to 6.625%. Principal maturities began August 1, 1996 and continue through 2026. In January 1998, \$12,925,000 of the 1995 Tax Allocation Housing Bonds were refunded and in December 2003, \$4,785,000 of the remaining balance outstanding was refunded.

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 an interest rate of 4.9% to 7.0%. Principal maturities begin February 1, 1998 and continue through August 1, 2026. The outstanding balance at June 30, 2004 was \$46,840,000.

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.

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 an interest rate of 4.40% to 7.05%. Principal maturities begin December 1, 1997 and continue annually through 2026. The outstanding balance at June 30, 2004 was \$19,270,000.

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.

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 an interest rate of 4.00% to 4.75%. The outstanding balance at June 30, 2004 was \$14,460,000.

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.

City of Irwindale
Notes to Financial Statements (Continued)

Note 5: Long-Term Debt (Continued)

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, 2004 was \$14,175,000.

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.

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 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, 2004 was \$9,345,000.

Concurrent with the issuance of the bonds, the agency transferred \$5,130,277 from the amount currently on deposit in the Agency's Low and Moderate Income Housing Fund and \$128,095 from the 1995 Bonds reserve account to an escrow account that will be used to provide for all future debt service payments on the 1995 Tax Allocation Housing Bonds. As a result, the 1995 Housing Tax Allocation Bonds are considered defeased.

The Agency refunding of the 1995 Housing Tax Allocation Bonds resulted in an increase of its total debt service payments over the next 23 years by almost \$0.6 million and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$0.2 million.

All of these bonds are a special obligation 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 for the issue.

City of Irwindale
Notes to Financial Statements (Continued)

Note 5: Long-Term Debt (Continued)

b. 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 that vary 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, 2004, the outstanding balance on the 2001 Refunding Certificates of Participation was \$7,770,000.

c. 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 asset's acquired value 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%. The outstanding balance at June 30, 2004 was \$23,333.

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 asset acquired value 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, 2004 was \$22,222.

City of Irwindale
Notes to Financial Statements (Continued)

Note 5: Long-Term Debt (Continued)

d. Schedule of Long-Term Debt

	Outstanding June 30, 2003	Additions	Payments	Outstanding June 30, 2004	Due Within One Year
Bonds:					
<u>Tax Allocation Bonds:</u>					
1995 Housing Tax Allocation Bonds	\$ 5,130,000	\$ -	\$ 5,130,000	\$ -	\$ -
1996 Senior Lien Tax Allocation Bonds	47,865,000	-	1,025,000	46,840,000	1,080,000
1996 Subordinate Lien Tax Allocation Bonds	19,620,000	-	350,000	19,270,000	375,000
1998 Housing Tax Allocation Bonds	14,555,000	-	95,000	14,460,000	100,000
2002 Tax Allocation Senior Parity Bonds	14,175,000	-	-	14,175,000	455,000
2003 Tax Allocation Housing Parity Bonds	-	9,345,000	-	9,345,000	720,000
<u>Certificates of Participation:</u>					
2001 Refunding Certificates of Participation	8,090,000	-	320,000	7,770,000	330,000
Accrued Employee Benefits	716,778	202,464	138,296	780,946	151,000
Capital Lease Payable	63,692	-	18,137	45,555	19,260
Total	<u>\$ 110,215,470</u>	<u>\$ 9,547,464</u>	<u>\$ 7,076,433</u>	112,686,501	<u>\$ 3,230,260</u>
				Less: Unamortized original issue discount	<u>(318,235)</u>
				Net Long-Term Debt	<u>\$ 112,368,266</u>

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

Note 5: Long-Term Debt (Continued)

e. Schedule of Debt Service Payments

	1996 Senior Lien Tax Allocation Bond		1996 Subordinate Lien Tax Allocation Bond		1998 Housing Tax Allocation Refunding Bond	
	Principal	Interest	Principal	Interest	Principal	Interest
2004 - 2005	\$ 1,080,000	\$ 2,679,935	\$ 375,000	\$ 1,324,580	\$ 100,000	\$ 718,338
2005 - 2006	1,135,000	2,625,578	395,000	1,300,799	105,000	713,775
2006 - 2007	1,195,000	2,566,990	420,000	1,275,015	115,000	708,825
2007 - 2008	1,255,000	2,503,834	450,000	1,246,950	120,000	703,463
2008 - 2009	1,325,000	2,435,824	475,000	1,216,650	125,000	697,719
2009 - 2014	7,835,000	10,961,473	2,910,000	5,535,600	725,000	3,387,125
2014 - 2019	10,425,000	8,368,093	4,065,000	4,335,150	4,570,000	2,743,750
2019 - 2024	13,955,000	4,833,565	5,700,000	2,638,215	5,835,000	1,449,125
2024 - 2028	8,635,000	758,713	4,480,000	431,636	2,765,000	139,875
Totals	\$ 46,840,000	\$ 37,734,005	\$ 19,270,000	\$ 19,304,595	\$ 14,460,000	\$ 11,261,995

	2001 Refunding Certificates of Participation		2002 Tax Allocation Senior Parity Bonds		2003 Taxable Housing Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2004 - 2005	\$ 330,000	\$ 345,490	\$ 455,000	\$ 563,626	\$ 720,000	\$ 486,394
2005 - 2006	340,000	334,765	465,000	557,295	565,000	417,288
2006 - 2007	350,000	323,205	470,000	549,695	575,000	400,163
2007 - 2008	360,000	310,605	480,000	540,783	595,000	378,200
2008 - 2009	375,000	297,285	490,000	529,613	620,000	353,125
2009 - 2014	2,115,000	1,247,460	2,665,000	2,407,518	3,560,000	1,288,963
2014 - 2019	2,650,000	717,450	3,215,000	1,829,658	910,000	699,294
2019 - 2024	1,250,000	94,500	4,030,000	990,316	1,210,000	382,231
2024 - 2028	-	-	1,905,000	96,375	590,000	37,500
Totals	\$ 7,770,000	\$ 3,670,760	\$ 14,175,000	\$ 8,064,879	\$ 9,345,000	\$ 4,443,158

	Capital Lease Payable-Honeywell		Capital Lease - Xerox		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004 - 2005	\$ 13,011	\$ 1,200	\$ 6,249	\$ 994	\$ 3,079,260	\$ 6,120,557
2005 - 2006	10,322	336	6,577	666	3,021,899	5,950,502
2006 - 2007	-	-	6,923	321	3,131,923	5,824,214
2007 - 2008	-	-	2,473	27	3,262,473	5,683,862
2008 - 2009	-	-	-	-	3,410,000	5,530,216
2009 - 2014	-	-	-	-	19,810,000	24,828,139
2014 - 2019	-	-	-	-	25,835,000	18,693,395
2019 - 2024	-	-	-	-	31,980,000	10,387,952
2024 - 2028	-	-	-	-	18,375,000	1,464,099
Totals	\$ 23,333	\$ 1,536	\$ 22,222	\$ 2,008	\$ 111,905,555	\$ 84,482,936

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

Note 5: Long-Term Debt (Continued)

f. Defeasance of Bonds

On January 1, 1998, the Agency issued \$14,955,000 in Housing Tax Allocation Refunding Bonds with interest rates varying from 4.000% to 4.750% to advance refund \$12,925,000 out of the \$19,510,000 outstanding 1995 Housing Tax Allocation Bonds with interest rates varying from 6.100% to 6.625%. The net proceeds of \$13,718,000 (after payment of \$702,000 in underwriting fees, insurance and other issuance cost and a bond discount of \$535,000) were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the \$12,925,000 1995 bonds refunded. In December 2003, the Agency deposited \$5,130,227 of the net proceeds of the 2003 Taxable Housing Tax Allocation Parity Bonds in an irrevocable trust with an escrow agent to current refund the remaining \$4,785,000 outstanding balance of the 1995 Housing Tax Allocation Bond. As a result, the 1995 Housing tax allocation Bonds are considered to be refunded and the liability for these bonds has been removed from the long-term liabilities on the statement of net assets.

g. 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 <u>June 30, 2004</u>
City of Irwindale Community Facility District No. 1 1998 Special Tax Refunding Bonds	\$ 10,585,000
City of Irwindale Sewer Assessment District (Live Oak Avenue) Limited Obligation Improvement Bonds	845,000

City of Irwindale
Notes to Financial Statements (Continued)

Note 6: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2004 is as follows:

a. Due To/From Other Funds

Funds	Due To Other Funds:			Total
	General Fund	Irwindale Community Redevelopment Agency - Debt Service Fund	Nonmajor Governmental Funds	
Due From Other Funds:				
General Fund	\$ -	\$ -	\$ 26,790	\$ 26,790
Irwindale Community Redevelopment Agency Capital Projects Fund	1,647	8,646,499	-	8,648,146
Total	\$ 1,647	\$ 8,646,499	\$ 26,790	\$ 8,674,936

The due to General Fund of \$26,790 from various nonmajor funds was a result of temporary deficit cash balances in those funds.

The interfund balances between the Irwindale Redevelopment Agency debt service and capital projects funds were to cover negative cash balances and to loan fund for rehabilitation expenditure.

b. Advances To/From Other Funds

Funds	Advances From Other Funds:		Total
	Capital Project Fund	Irwindale Community Redevelopment Agency Debt Service Fund	
Advances To Other Funds:			
General Fund	\$ 3,000,000	\$ 3,677,217	\$ 6,677,217
Total	\$ 3,000,000	\$ 3,677,217	\$ 6,677,217

During the current and previous fiscal years, the City of Irwindale had made loans to the Agency. These loans bear interest at rates of 0% to 8% per year. As of June 30, 2004, the loan balance was \$6,677,217, which includes accrued interest.

c. Interfund Transfers

Funds	Transfers Out:		Total
	Capital Project Fund	Irwindale Community Redevelopment Agency Debt Service Fund	
Transfers In:			
Irwindale Community Redevelopment Agency Capital Projects Fund	\$ -	\$ 1,051,588	\$ 1,051,588
Irwindale Community Redevelopment Agency Debt Service Fund	6,384,597	-	6,384,597
Total	\$ 6,384,597	\$ 1,051,588	\$ 7,436,185

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

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

The Irwindale Redevelopment Agency Debt Service Fund transferred funds to the Irwindale Redevelopment Agency Capital Project Fund to finance various capital projects and the Irwindale Redevelopment Agency Capital Project transferred proceeds of the long term debt to the Irwindale Redevelopment Agency Debt Service Fund to defease the remaining outstanding balance of the 1995 Housing Tax Allocation Bond.

Note 7: Net Assets and Fund Equity Restatement

Beginning fund equity for the Irwindale Community Redevelopment Agency Capital Project Fund has been restated as follows:

To agree land held for resale to detail inventory at July 1, 2003.	\$ (4,598,446)
To recognize deferred revenue that should have been recognized in prior year	<u>755,321</u>
	<u><u>\$ (3,843,125)</u></u>

Beginning net assets have been restated as follows:

To agree land held for resale to detail inventory at July 1, 2003.	\$ (4,598,446)
To recognize deferred revenue that should have been recognized in prior year	<u>755,321</u>
	<u><u>\$ (3,843,125)</u></u>

IV. OTHER DISCLOSURES

Note 8: Retirement Plan

Plan Description

The City of Irwindale contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at 400 P Street, Sacramento, 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 0% for non-safety employees and 8.076% for safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

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

Note 8: Retirement Plan (Continued)

Annual Pension Cost

For 2004, the City's annual pension cost of \$368,000 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age normal actuarial cost method. A summary of principle assumptions and methods used to determine the annual required contribution is shown below:

	<u>Safety Plan</u>	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2003	June 30, 2003
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	17 Years as of the Valuation Date	17 Years as of the Valuation Date
Asset Valuation Method	3-Years Smoothed Market	3-Years Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 13.15% depending on age, service, and type of employment	3.25% to 14.45% depending on age, service, and type of employment
Inflation	3.00%	3.00%
Payroll growth	3.25%	3.25%
Individual's 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 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

**Three-Year Trend Information for PERS
(Amounts in Thousands)**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2002	\$ -	100 %	\$ -
6/30/2003	\$ -	100 %	\$ -
6/30/2004	\$ 368	100 %	\$ -

City of Irwindale
Notes to Financial Statements (Continued)

Note 8: Retirement Plan (Continued)

Schedule of Funding Progress for PERS
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/01:						
Miscellaneous	\$ 16,354	\$ 12,311	\$ (4,043)	132.84 %	\$ 2,286	(176.86) %
Safety	15,358	13,602	(1,756)	112.91	1,489	117.93
Total	<u>\$ 31,712</u>	<u>\$ 25,913</u>	<u>\$ (5,799)</u>	<u>122.38 %</u>	<u>\$ 3,775</u>	<u>(153.62) %</u>
6/30/02:						
Miscellaneous	\$ 15,477	\$ 13,056	\$ (2,421)	118.54 %	\$ 2,711	(89.30) %
Safety	14,240	14,064	(176)	101.25	1,554	(11.33)
Total	<u>\$ 29,717</u>	<u>\$ 27,120</u>	<u>\$ (2,597)</u>	<u>109.58 %</u>	<u>\$ 4,265</u>	<u>(60.89) %</u>
6/30/03:						
Miscellaneous	\$ 23,729	\$ 25,970	\$ 2,241	91.37% %	\$ 7,250	30.90 %
Safety	35,777	42,706	6,929	83.80%	4,761	145.50
Total	<u>\$ 59,506</u>	<u>\$ 68,676</u>	<u>\$ 9,170</u>	<u>86.65% %</u>	<u>\$ 12,011</u>	<u>76.35% %</u>

Note 9: PARS 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 9.33% of the annual covered payroll. The required contribution was based on the July 1, 2001 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 3.50%, (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, 2004, the City's annual required contribution and actual contribution was \$284,743.

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

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 expenditures for the fiscal year 2003-2004 were \$340,280 for 37 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 106 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 coverage's. 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 \$15,000,000 are pooled based on payroll. Costs of covered claims above \$15,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

Workers' Compensation - The City also participates in the workers' compensation pool administered by the Authority. Pool deposits and retrospective adjustments are valued in a manner similar to the General Liability pool. The City of Irwindale is charged for the first \$50,000 of each claim. Costs are pooled above that level to \$50,000. Costs from \$50,001 to \$100,000 per claim are pooled based on the member's losses under its retention level. Costs between \$100,001 and \$2,000,000 per claim are pooled based on payroll. Costs between \$2,000,000 and \$50,000,000 are paid by excess insurance purchased by the Authority. Costs in excess of \$50,000,000 are pooled by the members based on payroll.

c. 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.

City of Irwindale
Notes to Financial Statements (Continued)

Note 12: Subsequent events

On August 17, 2004, the City of Irwindale created the Irwindale Reclamation Authority under a Joint Power Agreement among the City of Irwindale and the Irwindale Redevelopment Agency. The Authority is organized to receive and reassign, 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), the operating rights from each of the mining companies under SMARA for certain of the quarries located in the City of Irwindale. The voting members of the Authority are the members of the City Council of the City and Board of Directors of the Agency.

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 agree that it will not contest the existing mining taxes imposed by the City.

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CITY OF IRWINDALE
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>Special Revenue Funds</u>		
	<u>Housing Authority</u>	<u>State Gas Tax</u>	<u>COPS</u>
Assets:			
Cash and investments	\$ 2,739,524	\$ -	\$ 46,636
Receivables:			
Accounts	1,640	3,819	300
Accrued interest	8,345	-	39
Due from other governments	-	-	-
Total Assets	<u>\$ 2,749,509</u>	<u>\$ 3,819</u>	<u>\$ 46,975</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	4,654	-
Total Liabilities	<u>-</u>	<u>4,654</u>	<u>-</u>
Fund Balances:			
Unreserved:			
Undesignated	2,749,509	(835)	46,975
Total Fund Balances	<u>2,749,509</u>	<u>(835)</u>	<u>46,975</u>
Total Liabilities and Fund Balances	<u>\$ 2,749,509</u>	<u>\$ 3,819</u>	<u>\$ 46,975</u>

Special Revenue Funds

<u>Aid To Cities</u>	<u>Proposition A</u>	<u>Air Quality Improvement</u>	<u>TDA Article 3</u>	<u>Proposition C</u>
\$ -	\$ 1,017	\$ -	\$ 12	\$ 31,404
-	-	469	-	-
-	-	-	-	26
-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,017</u>	<u>\$ 469</u>	<u>\$ 12</u>	<u>\$ 31,430</u>
\$ -	\$ -	\$ -	\$ -	\$ 196
-	-	-	-	-
1,850	-	469	-	-
<u>1,850</u>	<u>-</u>	<u>469</u>	<u>-</u>	<u>196</u>
(1,850)	1,017	-	12	31,234
<u>(1,850)</u>	<u>1,017</u>	<u>-</u>	<u>12</u>	<u>31,234</u>
<u>\$ -</u>	<u>\$ 1,017</u>	<u>\$ 469</u>	<u>\$ 12</u>	<u>\$ 31,430</u>

**COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Community Development Block Grant</u>	<u>Asset Forfeiture</u>	<u>AB 939</u>	
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 142,252	\$ 2,960,845
Receivables:				
Accounts	-	-	14,409	20,637
Accrued interest	-	-	393	8,803
Due from other governments	19,798	-	-	19,798
Total Assets	\$ 19,798	\$ -	\$ 157,054	\$ 3,010,083
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 196
Accrued liabilities	-	-	5,225	5,225
Due to other funds	19,798	19	-	26,790
Total Liabilities	19,798	19	5,225	32,211
Fund Balances:				
Unreserved:				
Undesignated	-	(19)	151,829	2,977,872
Total Fund Balances	-	(19)	151,829	2,977,872
Total Liabilities and Fund Balances	\$ 19,798	\$ -	\$ 157,054	\$ 3,010,083

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CITY OF IRWINDALE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	<u>Special Revenue Funds</u>		
	<u>Housing Authority</u>	<u>State Gas Tax</u>	<u>COPS</u>
Revenues:			
Taxes	\$ -	\$ 32,900	\$ -
Intergovernmental	-	-	100,000
Use of money and property	39,119	-	776
	<u>39,119</u>	<u>-</u>	<u>100,776</u>
Total Revenues	<u>39,119</u>	<u>32,900</u>	<u>100,776</u>
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	76,556
Public works	-	32,900	-
Capital outlay	698,904	-	-
	<u>698,904</u>	<u>32,900</u>	<u>76,556</u>
Total Expenditures	<u>698,904</u>	<u>32,900</u>	<u>76,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(659,785)	-	24,220
Fund Balances:			
Beginning of Year	3,409,294	(835)	22,755
End of Year	<u>\$ 2,749,509</u>	<u>\$ (835)</u>	<u>\$ 46,975</u>

Special Revenue Funds

<u>Aid To Cities</u>	<u>Proposition A</u>	<u>Air Quality Improvement</u>	<u>TDA Article 3</u>	<u>Proposition C</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	20,529	1,749	5,450	17,092
-	72	-	12	219
-	20,601	1,749	5,462	17,311
-	-	-	-	-
-	-	-	-	-
-	20,510	1,749	-	-
-	24,000	-	5,872	60,000
-	44,510	1,749	5,872	60,000
-	(23,909)	-	(410)	(42,689)
(1,850)	24,926	-	422	73,923
\$ (1,850)	\$ 1,017	\$ -	\$ 12	\$ 31,234

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004**

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Community Development Block Grant</u>	<u>Asset Forfeiture</u>	<u>AB 939</u>	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 32,900
Intergovernmental	21,834	-	344,925	511,579
Use of money and property	-	-	5,022	45,220
Total Revenues	<u>21,834</u>	<u>-</u>	<u>349,947</u>	<u>589,699</u>
Expenditures:				
Current:				
General government	-	-	246	246
Public safety	-	-	-	76,556
Public works	21,834	-	186,377	263,370
Capital outlay	-	-	-	788,776
Total Expenditures	<u>21,834</u>	<u>-</u>	<u>186,623</u>	<u>1,128,948</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	163,324	(539,249)
Fund Balances:				
Beginning of Year	-	(19)	(11,495)	3,517,121
End of Year	<u>\$ -</u>	<u>\$ (19)</u>	<u>\$ 151,829</u>	<u>\$ 2,977,872</u>

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**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2004**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,409,294	\$ 3,409,294	\$ 3,409,294	\$ -
Resources (Inflows):				
Use of money and property	100,000	47,000	39,119	(7,881)
Amounts Available for Appropriation	3,509,294	3,456,294	3,448,413	(7,881)
Charges to Appropriation (Outflow):				
Capital outlay	43,500	703,500	698,904	4,596
Total Charges to Appropriations	43,500	703,500	698,904	4,596
Budgetary Fund Balance, June 30	\$ 3,465,794	\$ 2,752,794	\$ 2,749,509	\$ (3,285)

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
YEAR ENDED JUNE 30, 2004**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (835)	\$ (835)	\$ (835)	\$ -
Resources (Inflows):				
Taxes	29,450	29,450	32,900	3,450
Amounts Available for Appropriation	28,615	28,615	32,065	3,450
Charges to Appropriation (Outflow):				
Public works	29,450	29,450	32,900	(3,450)
Total Charges to Appropriations	29,450	29,450	32,900	(3,450)
Budgetary Fund Balance, June 30	\$ (835)	\$ (835)	\$ (835)	\$ -

CITY OF IRWINDALE

Schedule 3C

BUDGETARY COMPARISON SCHEDULE
COPS
YEAR ENDED JUNE 30, 2004

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 22,755	\$ 22,755	\$ 22,755	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	-	-	776	776
Amounts Available for Appropriation	122,755	122,755	123,531	776
Charges to Appropriation (Outflow):				
Public safety	100,000	100,000	76,556	23,444
Total Charges to Appropriations	100,000	100,000	76,556	23,444
Budgetary Fund Balance, June 30	\$ 22,755	\$ 22,755	\$ 46,975	\$ 24,220

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2004**

	<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	\$ 24,926	\$ 24,926	\$ 24,926	\$ -
Resources (Inflows):				
Intergovernmental	14,600	14,600	20,529	5,929
Use of money and property	2,000	2,000	72	(1,928)
Amounts Available for Appropriation	41,526	41,526	45,527	4,001
Charges to Appropriation (Outflow):				
Public works	12,100	12,100	20,510	(8,410)
Capital outlay	24,000	24,000	24,000	-
Total Charges to Appropriations	36,100	36,100	44,510	(8,410)
Budgetary Fund Balance, June 30	\$ 5,426	\$ 5,426	\$ 1,017	\$ (4,409)

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2004**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	1,350	1,350	1,749	399
Amounts Available for Appropriation	1,350	1,350	1,749	399
Charges to Appropriation (Outflow):				
Public works	2,310	2,310	1,749	561
Total Charges to Appropriations	2,310	2,310	1,749	561
Budgetary Fund Balance, June 30	\$ (960)	\$ (960)	\$ -	\$ 960

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION C
YEAR ENDED JUNE 30, 2004**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 73,923	\$ 73,923	\$ 73,923	\$ -
Resources (Inflows):				
Intergovernmental	12,200	12,200	17,092	4,892
Use of money and property	1,000	1,000	219	(781)
Amounts Available for Appropriation	87,123	87,123	91,234	4,111
Charges to appropriation (outflow):				
Capital outlay	60,000	60,000	60,000	-
Total Charges to Appropriations	60,000	60,000	60,000	-
Budgetary Fund Balance, June 30	\$ 27,123	\$ 27,123	\$ 31,234	\$ 4,111

**BUDGET COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2004**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	21,800	21,800	21,834	34
Amounts Available for Appropriation	21,800	21,800	21,834	34
Charges to Appropriation (Outflow):				
Public works	21,800	21,800	21,834	(34)
Total Charges to Appropriations	21,800	21,800	21,834	(34)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF IRWINDALE

Schedule 3H

BUDGETARY COMPARISON SCHEDULE
 AB 939
 YEAR ENDED JUNE 30, 2004

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (11,495)	\$ (11,495)	\$ (11,495)	\$ -
Resources (Inflows):				
Intergovernmental	203,400	203,400	344,925	141,525
Investment income	700	700	5,022	4,322
Amounts Available for Appropriation	192,605	192,605	338,452	145,847
Charges to Appropriation (Outflow):				
General government	-	30,000	246	29,754
Parks and recreation	148,000	169,600	186,377	(16,777)
Total Charges to Appropriations	148,000	199,600	186,623	12,977
Budgetary Fund Balance, June 30	\$ 44,605	\$ (6,995)	\$ 151,829	\$ 158,824

BUDGETARY COMPARISON SCHEDULE
IRWINDALE COMMUNITY REDEVELOPMENT AGENCY - CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2004

	<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	\$ 76,231,611	\$ 76,231,611	\$ 76,231,611	\$ -
Resources (Inflows):				
Taxes	2,860,000	2,860,000	2,893,747	33,747
Use of money and property	2,531,100	1,569,150	594,801	(974,349)
Other	3,990,342	65,300	5,803	(59,497)
Tax allocation bonds issued	-	-	9,345,000	9,345,000
Transfers in	-	-	1,051,588	1,051,588
Amounts Available for Appropriation	<u>85,613,053</u>	<u>80,726,061</u>	<u>90,122,550</u>	<u>9,396,489</u>
Charges to Appropriation (Outflow):				
General government	1,962,572	2,404,450	1,150,373	1,254,077
Public safety	2,057,500	2,040,300	2,021,016	19,284
Capital Outlay	22,112,500	20,243,900	1,167,986	19,075,914
Debt service:				
Debt issuance cost	-	-	416,913	(416,913)
Interest and fiscal charges	-	-	109,688	(109,688)
Transfers out	1,832,000	1,254,400	6,384,597	(5,130,197)
Discount on bonds issued	-	-	29,116	(29,116)
Total Charges to Appropriations	<u>27,964,572</u>	<u>25,943,050</u>	<u>11,279,689</u>	<u>14,663,361</u>
Budgetary Fund Balance, June 30	<u>\$ 57,648,481</u>	<u>\$ 54,783,011</u>	<u>\$ 78,842,861</u>	<u>\$ 24,059,850</u>

BUDGETARY COMPARISON SCHEDULE
IRWINDALE COMMUNITY REDEVELOPMENT AGENCY - DEBT SERVICE
YEAR ENDED JUNE 30, 2004

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,569,401	\$ 10,569,401	\$ 10,569,401	\$ -
Resources (Inflows):				
Taxes	11,458,300	11,458,300	11,594,823	136,523
Use of money and property	680,000	239,200	221,688	(17,512)
Transfers in	-	-	6,384,597	6,384,597
Amounts Available for Appropriation	22,707,701	22,266,901	28,770,509	6,503,608
Charges to Appropriation (Outflow):				
General government	3,662,500	3,682,500	3,760,653	(78,153)
Capital Outlay	2,220,000	85,000	2,910,009	(2,825,009)
Debt service:				
Principal	-	-	2,135,000	(2,135,000)
Interest and fiscal charges	175,800	175,800	7,096,482	(6,920,682)
Current refunding escrow	-	-	128,095	(128,095)
Transfers out	7,600,000	7,600,000	1,051,588	6,548,412
Payment to refunded bond escrow	-	-	5,130,227	(5,130,227)
Total Charges to Appropriations	13,658,300	11,543,300	22,212,054	(10,668,754)
Budgetary Fund Balance, June 30	\$ 9,049,401	\$ 10,723,601	\$ 6,558,455	\$ (4,165,146)

CITY OF IRWINDALE
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2004

	<u>Agency</u>	<u>Recreation Trust</u>	<u>CFD #1</u>	<u>Live Oak Assessment District</u>
Assets:				
Cash and investments	\$ 58,606	\$ 2,504	\$ 717,174	\$ 19,298
Receivables:				
Accounts	-	-	6,952	7,279
Interest	-	-	550	13
Restricted assets:				
Cash with fiscal agent	-	-	1,139,040	87,270
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 58,606</u>	<u>\$ 2,504</u>	<u>\$ 1,863,716</u>	<u>\$ 113,860</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits	58,606	2,504	1,863,716	113,860
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 58,606</u>	<u>\$ 2,504</u>	<u>\$ 1,863,716</u>	<u>\$ 113,860</u>

Schedule 6

<u>Street Lighting District</u>	<u>Sewer Maintenance District</u>	<u>Totals</u>
\$ 12,234	\$ 200,112	\$ 1,009,928
92	952	15,275
12	154	729
-	-	1,226,310
<u>\$ 12,338</u>	<u>\$ 201,218</u>	<u>\$ 2,252,242</u>
\$ 2,772	\$ 3,924	\$ 6,696
<u>9,566</u>	<u>197,294</u>	<u>2,245,546</u>
<u>\$ 12,338</u>	<u>\$ 201,218</u>	<u>\$ 2,252,242</u>

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
<u>Agency</u>				
Assets:				
Cash and investments	\$ 56,252	\$ 17,869	\$ 15,515	\$ 58,606
Total Assets	\$ 56,252	\$ 17,869	\$ 15,515	\$ 58,606
Liabilities:				
Accounts payable	\$ 280	\$ -	\$ 280	\$ -
Deposits payable	55,972	17,869	15,235	58,606
Total Liabilities	\$ 56,252	\$ 17,869	\$ 15,515	\$ 58,606
<u>Recreation Trust</u>				
Assets:				
Cash and investments	\$ 1,660	\$ 3,644	\$ 2,800	\$ 2,504
Total Assets	\$ 1,660	\$ 3,644	\$ 2,800	\$ 2,504
Liabilities:				
Deposits	\$ 1,660	\$ 3,644	\$ 2,800	\$ 2,504
Total Liabilities	\$ 1,660	\$ 3,644	\$ 2,800	\$ 2,504
<u>CFD #1</u>				
Assets:				
Cash and investments	\$ 601,461	\$ 898,264	\$ 782,551	\$ 717,174
Receivables:				
Accounts	52,132	6,952	52,132	6,952
Interest	447	550	447	550
Restricted assets:				
Cash with fiscal agent	1,139,040	-	-	1,139,040
Total Assets	\$ 1,793,080	\$ 905,766	\$ 835,130	\$ 1,863,716
Liabilities:				
Accounts payable	\$ -	\$ 9,444	\$ 9,444	\$ -
Deposits payable	1,793,080	896,322	825,686	1,863,716
Total Liabilities	\$ 1,793,080	\$ 905,766	\$ 835,130	\$ 1,863,716

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2004</u>
<u>Live Oak Assessment District</u>				
Assets:				
Cash and investments	\$ 12,735	\$ 91,443	\$ 84,880	\$ 19,298
Receivables:				
Accounts	10,415	408	3,544	7,279
Interest	9	13	9	13
Restricted assets:				
Cash with fiscal agent	87,270	-	-	87,270
Total Assets	<u>\$ 110,429</u>	<u>\$ 91,864</u>	<u>\$ 88,433</u>	<u>\$ 113,860</u>
Liabilities:				
Accounts payable	\$ -	\$ 6,117	\$ 6,117	\$ -
Deposits payable	110,429	85,747	82,316	113,860
Total Liabilities	<u>\$ 110,429</u>	<u>\$ 91,864</u>	<u>\$ 88,433</u>	<u>\$ 113,860</u>
<u>Street Lighting District</u>				
Assets:				
Cash and investments	\$ 4,038	\$ 14,949	\$ 6,753	\$ 12,234
Receivables:				
Accounts	1,904	544	2,356	92
Interest	4	12	4	12
Total Assets	<u>\$ 5,946</u>	<u>\$ 15,505</u>	<u>\$ 9,113</u>	<u>\$ 12,338</u>
Liabilities:				
Accounts payable	\$ 626	\$ 5,792	\$ 3,646	\$ 2,772
Deposits payable	5,320	9,713	5,467	9,566
Total Liabilities	<u>\$ 5,946</u>	<u>\$ 15,505</u>	<u>\$ 9,113</u>	<u>\$ 12,338</u>
<u>Sewer Maintenance District</u>				
Assets:				
Cash and investments	\$ 98,288	\$ 145,537	\$ 43,713	\$ 200,112
Receivables:				
Accounts	14,352	5,623	19,023	952
Interest	27	154	27	154
Total Assets	<u>\$ 112,667</u>	<u>\$ 151,314</u>	<u>\$ 62,763</u>	<u>\$ 201,218</u>
Liabilities:				
Accounts payable	\$ 525	\$ 33,059	\$ 29,660	\$ 3,924
Deposits payable	112,142	118,255	33,103	197,294
Total Liabilities	<u>\$ 112,667</u>	<u>\$ 151,314</u>	<u>\$ 62,763</u>	<u>\$ 201,218</u>

CITY OF IRWINDALE

Schedule 7
Page 3 of 3COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2004</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 774,434	\$ 1,171,706	\$ 936,212	\$ 1,009,928
Receivables:				
Accounts	78,803	13,527	77,055	15,275
Interest	487	729	487	729
Restricted assets:				
Cash with fiscal agent	1,226,310	-	-	1,226,310
Total Assets	<u>\$ 2,080,034</u>	<u>\$ 1,185,962</u>	<u>\$ 1,013,754</u>	<u>\$ 2,252,242</u>
Liabilities:				
Accounts payable	\$ 1,431	\$ 54,412	\$ 49,147	\$ 6,696
Deposits payable	2,078,603	1,131,550	964,607	2,245,546
Total Liabilities	<u>\$ 2,080,034</u>	<u>\$ 1,185,962</u>	<u>\$ 1,013,754</u>	<u>\$ 2,252,242</u>