



CITY OF IRWINDALE, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2008

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CITY OF IRWINDALE, CALIFORNIA

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JUNE 30, 2008

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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, 2008, 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, 2008, 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 date March 2, 2009, on our consideration of the City of Irwindales' internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements, and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lance, Solt & Lingham, LLP

March 9, 2009

City of Irwindale Management's Discussion and Analysis

As management of the City of Irwindale ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, we encourage the readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal and the accompanying basic financial statements. Comparative data on the government-wide financial statements are only presented in the MD&A.

Financial Highlights

- The City's net assets increased by \$22,223,480 as a result of this year's operations.
- The program and general revenues were \$55,732,592.
- The cost of governmental activities was \$33,509,112.
- The General Fund reported excess revenues over expenditures of \$2,582,835. This excess is attributed primarily to one-time accounting adjustments made to recognize revenues reclassified from Deferred Revenues and Deposits relating to mining taxes, business license revenue and project reimbursements. Additionally, property taxes and mining taxes received were higher than anticipated.
- For the General Fund, actual resources available for appropriation (revenue inflows and fund balance) exceeded the final budget by \$3,186,385 before transfers because the city received Property, Sales, and Mining Taxes higher than budgeted. This figure also incorporates the adjustments to recognize revenues previously listed as Deferred Revenue and Deposits. Actual appropriations (outflows) were \$479,726 less than budgeted before transfers.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the City of Irwindale's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Irwindale is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Irwindale that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and

charges (*business-type activities*). The governmental activities of the City of Irwindale include general government, public safety, public works, and parks and recreation.

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

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 nineteen 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 fifteen governmental are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Irwindale's own programs.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement.

Combining statements. The combining statements referred to earlier in connection with nonmajor governmental are presented immediately following the notes.

Government-wide Financial Analysis

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

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

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 184,256	\$ 169,908
Capital assets	<u>53,951</u>	<u>49,567</u>
Total assets	238,207	219,475
Long-term debt outstanding	101,290	105,365
Other liabilities	<u>11,133</u>	<u>10,799</u>
Total liabilities	112,423	116,164
Net assets:		
Invested in capital assets, net of debt	47,561	42,815
Restricted	118,260	104,564
Unrestricted	<u>(40,037)</u>	<u>(44,068)</u>
Total net assets	<u>\$ 125,784</u>	<u>\$ 103,311</u>

The City's net assets from governmental activities increased to \$125,783,759. This increase of \$22,473,208 comes from the change in net assets of \$22,223,480 and a restatement of net assets of \$249,728 as recorded in the Statement of Activities and flows through the Statement of Net Assets. The following is an explanation of the major changes:

- Capital assets increased \$4,383,653 net of depreciation, as follows:

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

Land	\$ -
Buildings and Improvements	(177)
Furniture and Equipment	(218)
Infrastructure	135
Construction in progress	<u>4,644</u>
Capital asset net increase	<u>\$ 4,384</u>

- The City of Irwindale uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
- Net Capital Assets increased \$22,473,208 as a result of operations as noted above.

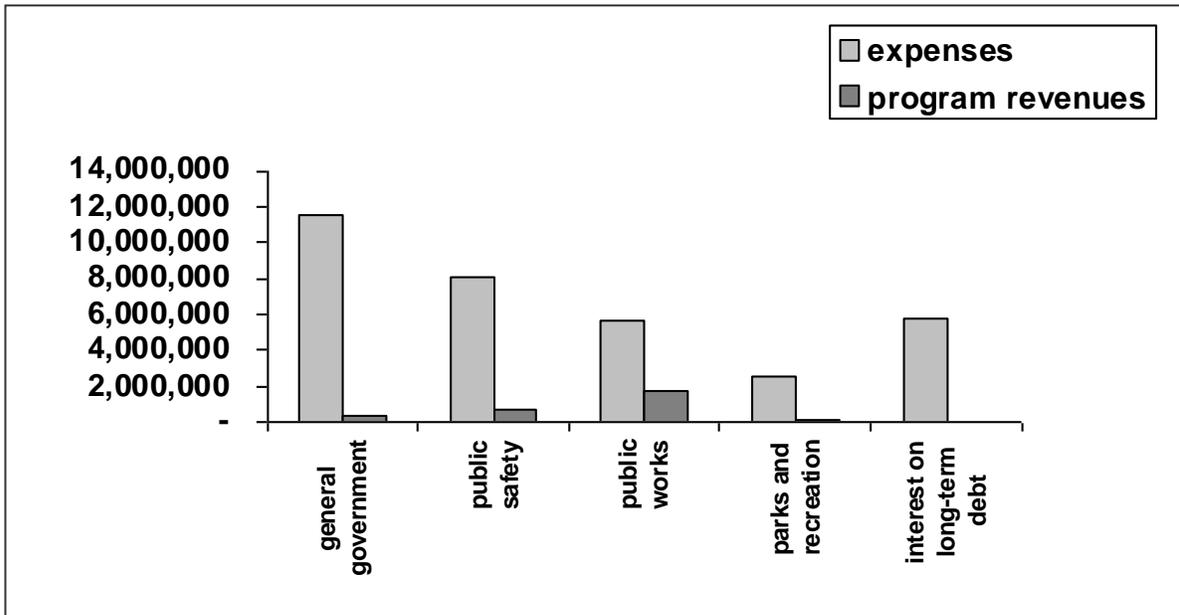
Changes in Net Assets. Governmental activities increased the City of Irwindale's net assets by \$22,223,480. Key elements of the increase are as follows:

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

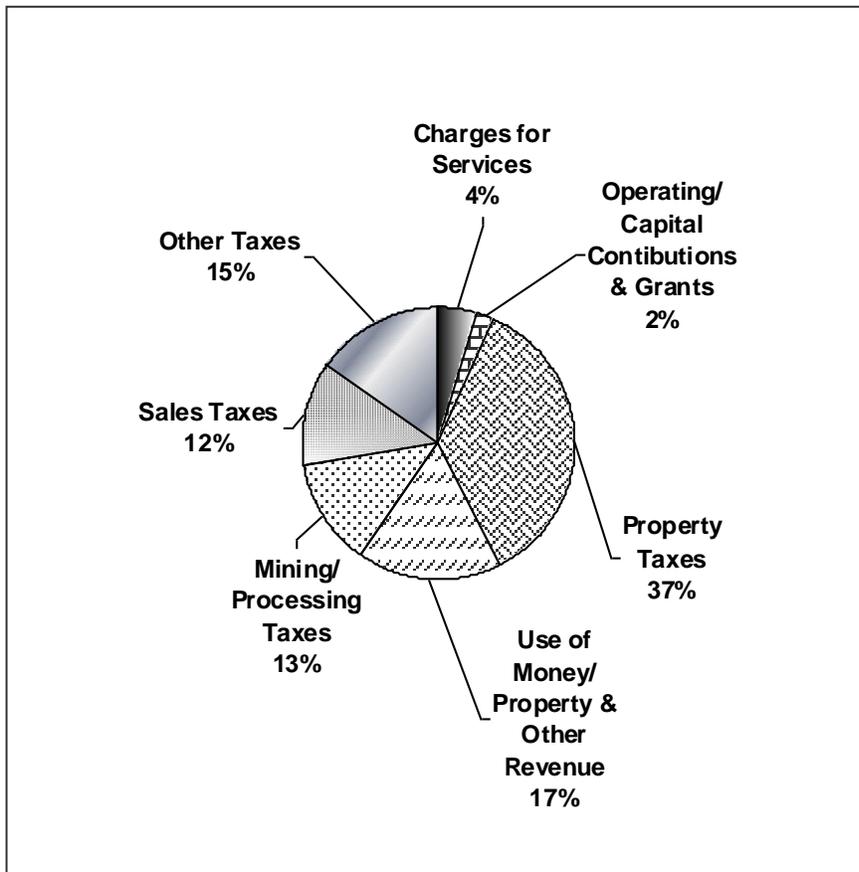
	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,970	\$ 1,697
Operating contributions and grants	609	12,656
Capital contributions and grants	400	-
General revenues:		
Taxes:		
Property taxes	15,752	17,102
Mining/Processing taxes	5,711	7,329
Sales taxes	5,271	5,273
Franchise taxes	917	991
Business License taxes	1,300	675
Other taxes	4,442	4,552
Motor vehicle in lieu	107	8
Use of money and property	5,730	5,302
Other	1,728	79
Gain on Sale of Property	11,795	-
Total revenues	<u>55,732</u>	<u>55,664</u>
Expenses		
General government	11,547	12,009
Public safety	8,064	18,620
Public works	2,519	5,426
Parks and recreation	5,624	2,262
Interest on long-term debt	5,755	5,481
Total expenses	<u>33,509</u>	<u>43,798</u>
Increase in net assets	<u>\$ 22,223</u>	<u>\$ 11,866</u>

The City's total revenues are \$55,732,592 while the costs of all programs and services are \$33,509,112. Certain expenditures relating to the Community Redevelopment Agency are specifically for improvement of blighted areas, and therefore have been listed under Public Safety. In 2007, expenditures in Public Safety were substantially higher than in 2008, due to community redevelopment land acquisition costs of over \$11.5 million.

**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 2008	Net Cost of Services 2008
General government	\$ 11,547	\$ (11,192)
Public safety	8,064	(7,353)
Public works	5,624	(3,870)
Parks and recreation	2,519	(2,360)
Interest on long-term debt	5,755	(5,755)
Totals	\$ 33,509	\$ (30,530)

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

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Irwindale's governmental funds reported combined ending fund balances of \$149.8 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 \$2,582,835. This is attributed primarily to one-time accounting adjustments made to recognize revenues reclassified from Deferred Revenues and Deposits relating to mining taxes, business license revenue and project reimbursements in the amount of \$1.7 million. Additionally, taxes received were higher than anticipated for property taxes \$500,021 and mining taxes \$413,134.

General Fund Budgetary Highlights

- The final appropriations for the General Fund at year-end were \$479,726 less than the final budget. The major differences between final appropriations and the final budget are primarily due to Capital Projects starting later than anticipated, and deferring expenses into the subsequent fiscal year. Actual revenues compared favorably to the final budget with a \$3,186,385 excess. This is attributed to higher revenue received than budgeted as follows: Property Taxes \$500,021, Sales Taxes \$183,554, Mining Taxes \$413,134, and over \$250,000 in Building Permit/Plan Check/Engineering Fees. This excess amount also includes accounting adjustments made to recognize revenues previously listed as Deferred Revenues and Deposits for mining taxes \$1.2 million, business license revenue \$202,814, project reimbursements \$240,000, and deposit adjustments of \$132,943. Budget amendments and supplemental appropriations were made during the year to increase appropriations for unanticipated expenditures that occurred after adoption of the original budget in the amount of \$190,069.

Capital Asset and Debt Administration

Capital Assets. At the end of FY 2008, the City had \$54 million invested in a broad range of capital assets, including land, buildings, infrastructure, and equipment. This amount represents a net increase (including additions and deductions) of \$4.4 million, over last year.

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

	<u>Government Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 14,587	\$ 14,587
Buildings and Improvements	2,438	2,615
Furniture and Equipment	1,031	1,249
Infrastructure	30,373	30,238
Construction in progress	<u>5,522</u>	<u>878</u>
Totals	<u>\$ 53,951</u>	<u>\$ 49,567</u>

The City's Capital expenditures planned for the next two fiscal years amount to \$224 million through fiscal 2009-10. Funding will come from current fund balances and projected revenues over the next two fiscal years. The most significant projects include construction of storm drains, bridge widening, reconstruction of streets and city facilities. In addition, the Agency will participate in affordable housing projects funded from the Redevelopment Agency Low and Moderate Housing Fund.

Long-term debt. At the end of the current fiscal year, the City of Irwindale had total bonded debt outstanding for the Irwindale Community Redevelopment Agency and the Public Financing Authority and accrued employee benefits and capital leases payable of \$105.4 million.

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

	Government Activities	
	2008	2007
Tax Allocation Bonds	\$ 96,305	\$ 99,350
Certificates of Participation	6,390	6,750
Accrued Employee Benefits	1,146	1,019
Capital leases payable	-	2
Unamortized original issue discount	1,604	1,657
Totals	\$105,445	\$108,778

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

Local Economy

The City of Irwindale's economy is driven by mining, wholesale trade, retail trade, manufacturing, entertainment and recreation. The mining industry has provided revenues that support street capital improvement projects, as well as, support to the City's general operations. In addition, many other manufacturers, generate a significant amount of sales tax that support the City's operations. Irwindale's economic condition is impacted by national and statewide trends. The U.S. and California economies are in recession and economists predict this will continue for the next several years. The huge deficit in the State budget brings more uncertainty to local governments.

Three major revenue sources for the City are Sales, Utility Users and Mining Taxes. Sales taxes and mining taxes are expected to decrease due to the downturn in the economy and the nation's financial crisis. The City is taking steps to address changes affecting Utility Users Tax and protect this important General Fund revenue. Changes in federal law, as well as, a number of legal challenges to the manner in which Utility User Tax is applied may reduce or eliminate local governments' ability to apply this tax to telecommunications.

The City's continuous development activities will enhance revenue sources, however many of the planned projects will take anywhere from two to four years. The City is in negotiations for a planned hotel and retail development which will generate transient occupancy, sales and property taxes. Planned completion of this project is estimated by the end of 2010. In addition, the City is in the process of completing an environmental impact report to build a much needed Materials Recycling Facility (MRF). The landfill located in our area will be closing in 2013. The MRF is expected to generate approximately \$2 million in franchise fees for the City.

The City started FY 2008-09 with a planned budget deficit using General Fund reserves to cover the deficit. With the worsening economy, drop in revenues and unplanned increased expenditures, at mid-year the City has estimated that this deficit has grown. While the City has sufficient reserves to handle the current downturn, the City Council has approved cost cutting strategies to minimize the planned deficit. The City's financial condition is being closely monitored. By closely tracking revenues and expenditures and forecasting trends, it is clear that the City will require some actions to adjust expenses which outpace current revenue trends.

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.

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CITY OF IRWINDALE

STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Primary Government Governmental Activities</u>
Assets:	
Cash and investments	\$ 87,237,536
Receivables:	
Accounts	789,297
Taxes	2,002,365
Notes and loans	23,213,564
Accrued interest	512,231
Prepaid costs	997,892
Deposits	30,027
Due from other governments	1,286,317
Deferred charges	5,225,620
Land held for resale	55,908,742
Restricted assets:	
Cash with fiscal agent	7,052,916
Capital assets not being depreciated	20,108,533
Capital assets, net of depreciation	<u>33,842,154</u>
Total Assets	<u>238,207,194</u>
Liabilities:	
Accounts payable	3,235,411
Accrued liabilities	498,643
Accrued interest	1,959,434
Unearned revenue	390,318
Deposits payable	463,381
Due to other governments	431,188
Noncurrent liabilities:	
Due within one year	4,155,000
Due in more than one year	<u>101,290,060</u>
Total Liabilities	<u>112,423,435</u>
Net Assets:	
Invested in capital assets, net of related debt	47,560,687
Restricted for:	
Public safety	171,729
Community development projects	30,299,810
Capital projects	76,285,979
Debt service	11,502,449
Unrestricted	<u>(40,036,895)</u>
Total Net Assets	<u>\$ 125,783,759</u>

CITY OF IRWINDALE

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues				Net (Expenses)
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenues and Changes in Net Assets
					Primary Governmental Activities
Primary Government:					
Governmental Activities:					
General government	\$ 11,547,438	\$ 65,162	\$ 290,484	\$ -	\$ (11,191,792)
Public safety	8,063,566	568,437	142,259	-	(7,352,870)
Parks and recreation	2,519,073	125,620	33,309	-	(2,360,144)
Public works	5,623,566	1,210,761	142,897	400,000	(3,869,908)
Interest on long-term debt	5,755,469	-	-	-	(5,755,469)
Total Governmental Activities	33,509,112	1,969,980	608,949	400,000	(30,530,183)
Total Primary Government	\$ 33,509,112	\$ 1,969,980	\$ 608,949	\$ 400,000	(30,530,183)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					15,751,809
Mining/processing taxes					5,710,900
Sales taxes					5,270,560
Franchise taxes					916,917
Business licenses taxes					1,300,093
Utility users tax					3,938,351
Other taxes					504,001
Intergovernmental, unrestricted:					
Motor vehicle in lieu					107,343
Use of money and property					5,729,773
Other					1,728,496
Gain on sale of assets					11,795,420
Total General Revenues					52,753,663
Change in Net Assets					22,223,480
Net Assets at Beginning of Year					103,310,551
Restatement of Net Assets					249,728
Net Assets at End of Year					\$ 125,783,759

CITY OF IRWINDALE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>
		<u>Special Mining Tax</u>	<u>Redevelopment Agency Capital Projects</u>
Assets:			
Cash and investments	\$ 21,068,533	\$ 22,656,012	\$ 24,747,975
Receivables:			
Accounts	723,956	6,272	-
Taxes	-	-	401,043
Notes and loans	19,015	-	23,194,549
Accrued interest	195,294	154,766	63,724
Prepaid costs	997,892	-	-
Deposits	-	-	-
Due from other governments	1,284,148	-	1,928
Due from other funds	1,634,030	-	1,810,973
Advances to other funds	6,639,235	-	-
Land held for resale	-	-	54,306,392
Restricted assets:			
Cash and investments with fiscal agents	-	-	288
Total Assets	<u>\$ 32,562,103</u>	<u>\$ 22,817,050</u>	<u>\$ 104,526,872</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 908,696	\$ 236,509	\$ 424,284
Accrued liabilities	450,240	33,717	-
Deferred revenues	1,054,847	-	23,190,109
Unearned revenues	177,657	212,661	-
Deposits payable	393,118	53,763	16,500
Due to other governments	29,123	-	-
Due to other funds	-	-	1,610,000
Advances from other funds	-	-	3,000,000
Total Liabilities	<u>3,013,681</u>	<u>536,650</u>	<u>28,240,893</u>
Fund Balances:			
Reserved:			
Reserved for encumbrances	595,364	251,088	763,009
Reserved for notes and loans	19,015	-	4,440
Reserved for prepaid costs	997,892	-	-
Reserved for deposits	-	-	-
Reserved for land held for resale	-	-	54,306,392
Reserved for advances to other funds	6,639,235	-	-
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds			
Designated for PERS stabilization	800,000	-	-
Designated for capital assets replacement	5,926,100	1,190,800	-
Designated for compensated absences	1,147,000	-	-
Designated for post retirement benefits	2,000,000	-	-
Designated for capital improvement projects	3,850,000	19,415,002	21,212,138
Designated for debt service	-	-	-
Designated for economic contingency	7,573,816	-	-
Undesignated	-	1,423,510	-
Total Fund Balances	<u>29,548,422</u>	<u>22,280,400</u>	<u>76,285,979</u>
Total Liabilities and Fund Balances	<u>\$ 32,562,103</u>	<u>\$ 22,817,050</u>	<u>\$ 104,526,872</u>

CITY OF IRWINDALE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Debt Service Fund Redevelopment Agency Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 12,218,711	\$ 6,546,305	\$ 87,237,536
Receivables:			
Accounts	-	59,069	789,297
Taxes	1,601,322	-	2,002,365
Notes and loans	-	-	23,213,564
Accrued interest	58,625	39,822	512,231
Prepaid costs	-	-	997,892
Deposits	-	30,027	30,027
Due from other governments	241	-	1,286,317
Due from other funds	-	1,610,000	5,055,003
Advances to other funds	-	-	6,639,235
Land held for resale	-	1,602,350	55,908,742
Restricted assets:			
Cash and investments with fiscal agents	7,052,628	-	7,052,916
Total Assets	\$ 20,931,527	\$ 9,887,573	\$ 190,725,125
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,617,371	\$ 48,551	\$ 3,235,411
Accrued liabilities	-	14,686	498,643
Deferred revenues	-	-	24,244,956
Unearned revenues	-	-	390,318
Deposits payable	-	-	463,381
Due to other governments	402,065	-	431,188
Due to other funds	1,810,973	1,634,030	5,055,003
Advances from other funds	3,639,235	-	6,639,235
Total Liabilities	7,469,644	1,697,267	40,958,135
Fund Balances:			
Reserved:			
Reserved for encumbrances	7,165,155	247,725	9,022,341
Reserved for notes and loans	-	-	23,455
Reserved for prepaid costs	-	-	997,892
Reserved for deposits	-	30,027	30,027
Reserved for land held for resale	-	1,602,350	55,908,742
Reserved for advances to other funds	-	-	6,639,235
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	6,310,204	6,310,204
Designated for PERS stabilization	-	-	800,000
Designated for capital assets replacement	-	-	7,116,900
Designated for compensated absences	-	-	1,147,000
Designated for post retirement benefits	-	-	2,000,000
Designated for capital improvement projects	-	-	44,477,140
Designated for debt service	6,296,728	-	6,296,728
Designated for economic contingency	-	-	7,573,816
Undesignated	-	-	1,423,510
Total Fund Balances	13,461,883	8,190,306	149,766,990
Total Liabilities and Fund Balances	\$ 20,931,527	\$ 9,887,573	\$ 190,725,125

CITY OF IRWINDALE

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Fund balances of governmental funds	\$ 149,766,990
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.	53,950,687
Long-term debt and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	(104,298,729)
Compensated absences	(1,146,331)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(1,959,434)
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	5,225,620
Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	<u>24,244,956</u>
Net assets of governmental activities	<u><u>\$ 125,783,759</u></u>

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CITY OF IRWINDALE

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>
		<u>Special Mining Tax</u>	<u>Redevelopment Agency Capital Projects</u>
Revenues:			
Taxes	\$ 14,960,006	\$ 3,139,221	\$ 2,992,740
Licenses and permits	673,240	-	-
Intergovernmental	378,876	-	-
Charges for services	806,291	-	-
Use of money and property	1,636,537	1,031,990	1,802,067
Fines and forfeitures	419,100	-	-
Miscellaneous	2,723,335	-	67,071
Total Revenues	21,597,385	4,171,211	4,861,878
Expenditures:			
Current:			
General government	6,622,659	271,731	210,754
Public safety	6,566,552	-	1,219,674
Parks and recreation	2,410,170	-	-
Public works	2,803,754	1,118,199	-
Capital outlay	608,915	234,834	944,941
Debt service:			
Principal retirement	2,473	-	745,000
Interest and fiscal charges	27	-	1,294,117
Total Expenditures	19,014,550	1,624,764	4,414,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,582,835	2,546,447	447,392
Other Financing Sources (Uses):			
Transfers in	-	-	1,282,251
Transfers out	(619,358)	(1,122,936)	(1,610,000)
Gain (loss) on sale of land held	-	-	11,795,420
Total Other Financing Sources (Uses)	(619,358)	(1,122,936)	11,467,671
Net Change in Fund Balances	1,963,477	1,423,511	11,915,063
Fund Balances, Beginning of Year	27,584,945	20,856,889	64,370,916
Fund Balances, End of Year	\$ 29,548,422	\$ 22,280,400	\$ 76,285,979

CITY OF IRWINDALE

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Debt Service Fund		Total Governmental Funds
	Redevelopment Agency Debt Service	Other Governmental Funds	
Revenues:			
Taxes	\$ 11,999,457	\$ 381,103	\$ 33,472,527
Licenses and permits	-	-	673,240
Intergovernmental	-	181,847	560,723
Charges for services	-	-	806,291
Use of money and property	999,539	263,944	5,734,077
Fines and forfeitures	-	-	419,100
Miscellaneous	-	31,731	2,822,137
Total Revenues	12,998,996	858,625	44,488,095
Expenditures:			
Current:			
General government	4,174,548	123,950	11,403,642
Public safety	-	25,271	7,811,497
Parks and recreation	-	-	2,410,170
Public works	-	449,437	4,371,390
Capital outlay	3,947,557	27,300	5,763,547
Debt service:			
Principal retirement	2,660,000	-	3,407,473
Interest and fiscal charges	4,177,047	-	5,471,191
Total Expenditures	14,959,152	625,958	40,638,910
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,960,156)	232,667	3,849,185
Other Financing Sources (Uses):			
Transfers in	619,358	2,732,936	4,634,545
Transfers out	(1,282,251)	-	(4,634,545)
Gain (loss) on sale of land held	-	-	11,795,420
Total Other Financing Sources (Uses)	(662,893)	2,732,936	11,795,420
Net Change in Fund Balances	(2,623,049)	2,965,603	15,644,605
Fund Balances, Beginning of Year	16,084,932	5,224,703	134,122,385
Fund Balances, End of Year	\$ 13,461,883	\$ 8,190,306	\$ 149,766,990

CITY OF IRWINDALE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2008**

Net change in fund balances - total governmental funds \$ 15,644,605

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 4,133,925

The issuance of long-term debt provides current financial resource to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is net effect of these differences in the treatment of long-term debt and related items. 3,077,218

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 45,977

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. (127,322)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. (550,923)

Change in net assets of governmental activities \$ 22,223,480

CITY OF IRWINDALE

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 27,584,945	\$ 27,584,945	\$ 27,584,945	\$ -
Resources (Inflows):				
Taxes	13,577,400	13,577,400	14,960,006	1,382,606
Licenses and permits	733,300	733,300	673,240	(60,060)
Intergovernmental	336,050	336,050	378,876	42,826
Charges for services	547,100	547,100	806,291	259,191
Use of money and property	1,638,600	1,638,600	1,636,537	(2,063)
Fines and forfeitures	359,500	359,500	419,100	59,600
Miscellaneous	1,219,050	1,219,050	2,723,335	1,504,285
Amounts Available for Appropriation	45,995,945	45,995,945	49,182,330	3,186,385
Charges to Appropriation (Outflow):				
General government	6,273,083	6,751,621	6,622,659	128,962
Public safety	6,057,393	6,360,493	6,566,552	(206,059)
Parks and recreation	2,536,281	2,508,193	2,410,170	98,023
Public works	3,345,374	2,892,450	2,803,754	88,696
Capital outlay	1,150,250	918,377	608,915	309,462
Debt service:				
Principal retirement	2,473	2,473	2,473	-
Interest and fiscal charges	27	27	27	-
Transfers out	680,000	680,000	619,358	60,642
Total Charges to Appropriations	20,044,881	20,113,634	19,633,908	479,726
Budgetary Fund Balance, June 30	\$ 25,951,064	\$ 25,882,311	\$ 29,548,422	\$ 3,666,111

CITY OF IRWINDALE

**BUDGETARY COMPARISON STATEMENT
SPECIAL MINING TAX
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,856,889	\$ 20,856,889	\$ 20,856,889	\$ -
Resources (Inflows):				
Taxes	3,449,400	3,449,400	3,139,221	(310,179)
Use of money and property	703,300	703,300	1,031,990	328,690
Amounts Available for Appropriation	25,009,589	25,009,589	25,028,100	18,511
Charges to Appropriation (Outflow):				
General government	342,188	328,400	271,731	56,669
Public works	1,172,757	1,440,366	1,118,199	322,167
Capital outlay	1,743,000	558,000	234,834	323,166
Transfers out	598,000	1,198,000	1,122,936	75,064
Total Charges to Appropriations	3,855,945	3,524,766	2,747,700	777,066
Budgetary Fund Balance, June 30	\$ 21,153,644	\$ 21,484,823	\$ 22,280,400	\$ 795,577

CITY OF IRWINDALE

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 1,469,327
Receivables:	
Accounts	85,619
Accrued interest	8,809
Restricted assets:	
Cash with fiscal agent	<u>1,223,388</u>
Total Assets	<u>\$ 2,787,143</u>
Liabilities:	
Accounts payable	\$ 86
Deposits payable	<u>2,787,057</u>
Total Liabilities	<u>\$ 2,787,143</u>

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CITY OF IRWINDALE

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

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

Reporting Entity:

Primary Government:

City of Irwindale

Component Unit:

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

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

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

The Irwindale Community Redevelopment Agency was established on January 24, 1975, pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Irwindale.

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

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

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

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

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

b. Government-Wide and Fund Financial Statements

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of gas tax which has an availability period of 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Agency funds are reported on the accrual basis of accounting.

City of Irwindale
Notes to Financial Statements (Continued)

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

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

The City reports the following major governmental funds:

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

Additionally, the City reports the following fund types:

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

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

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

d. Assets, Liabilities and Net Assets or Equity

1. Investments

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

City of Irwindale
Notes to Financial Statements (Continued)

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

2. Receivables and Payables

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

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

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

Property tax revenue is recognized on the basis of NCGA Interpretation No. 3 (adopted by GASB); that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of January each year and are delinquent on August 31.

3. Inventories and Prepaid Items

Governmental funds use the purchases method to account for their inventories of materials and supplies. Under the purchase method, inventories are reported as expenditure when purchased rather than capitalized as an asset.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The fund balances in the governmental fund types have been reserved for amounts equal to the prepaid items in the fund level statements since these amounts are not available for appropriation.

4. Capital Assets

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

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

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

In accordance with GASB Statement No. 34, the City has reported its general infrastructure assets acquired after June 30, 1980, which include pavement, sidewalk, curb and gutter, streetlights, storm drains, bridges and traffic signals.

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

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	25 - 100
Buildings	50
Furniture, Fixtures and Equipment	3 – 10

5. Compensated Absences

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

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

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

6. Claims and Judgments

Only the short-term liability, if any, is reflected as a current liability in the applicable governmental fund. The short-term liability, which will be liquidated with expendable available financial resources, is the amount of settlement reached, but unpaid, related to claims and judgments entered. At June 30, 2008, there were no material long-term claims and judgments against the City and no liability was reported.

7. Long-Term Obligations

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

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

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

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

8. Fund Equity

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

9. Functional Classifications

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

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

e. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debt and compensated absences have not been included in the governmental funds." The detail of the \$(104,298,729) difference is as follows:

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

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

Bonds payable	\$ (102,695,000)
Less: Deferred bonds discount (to be amortized over the life of the debt)	<u>(1,603,729)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (104,298,729)</u></u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail of this \$4,133,925 difference is as follows:

Capital outlay	\$ 5,715,034
Depreciation expense	<u>(1,581,109)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 4,133,925</u></u>

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resource to governmental funds, while repayment of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The detail of this \$3,077,218 difference is as follows:

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

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

Principal repayments:	
2001 refunding certificates of participation	\$ 360,000
2002 tax allocation senior parity bonds	480,000
2003 tax allocation housing parity bonds	595,000
2005 taxable housing tax allocation parity bonds	150,000
2006 tax allocation refunding parity bonds	1,255,000
2006 subordinate lien tax allocation refunding bonds	565,000
Capital leases payable	2,473
Bond discounts and premiums amortization	53,446
Bond defeasance loss amortization	(58,524)
Cost of issuance amortization	<u>(325,177)</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><u>\$ 3,077,218</u></u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public meetings are conducted prior to its adoption by the Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year-end, all operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

Encumbrances

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

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

Note 2: Stewardship, Compliance and Accountability (Continued)

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

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

	<u>Expenditure</u>	<u>Appropriation</u>	<u>Excess</u>
General Fund:			
Public safety	\$ 6,566,552	\$ 6,360,493	\$ 206,059
Special Revenue Funds:			
State Gas Tax:			
General government	34,403	33,000	1,403
Proposition A:			
Public Works	25,052	21,900	3,152
Air Quality Improvement:			
Public Works	2,100	2,000	100

c. Fund Balance Deficit

The following funds have a fund balance deficit as of June 30, 2008:

Special Revenue Funds:	
Proposition A	\$ (734)
Air Quality Improvement	(99)

The City expects to eliminate these deficits with future revenues

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2008, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 94,290,452
Fiduciary funds	2,692,715
Total Cash and Investments	<u><u>\$ 96,983,167</u></u>

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

City of Irwindale
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Deposits

At June 30, 2008, the carrying amount of the City's deposits was \$1,686,880 and the bank balance was \$4,417,931. The \$2,731,051 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The Agency Treasurer may waive the collateral requirement for deposits which are fully insured up to \$100,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

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

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

Investments Authorized by Debt Agreements

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

City of Irwindale
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

Investments in State Investment Pool

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

GASB Statement No. 31

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

Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated "AA" or higher by Standard and Poor's (S&P) or by Moody's. As of June 30, 2008, the City had no investments in medium-term notes. In addition, the City's investments in Federal Agency investments were rated "AAA" by Moody's and S&P. All securities were investment grade and legal under State law. Investments in U.S. treasuries are not considered to have credit risk and, therefore, their credit quality is not disclosed. As of June 30, 2008, the City's investments in external investment pools and money market mutual funds are unrated.

Custodial Credit Risk

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

As of June 30, 2008, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer for the following types of investments: Bankers Acceptances (40%), Commercial Paper (30%), Money Market Mutual Funds (15%), and Negotiable CD's (30%). With respect to concentration of credit risk, as of June 30, 2008, the City is in compliance with its investment policy's restrictions.

City of Irwindale
Notes to Financial Statements (Continued)

Note 3: Cash and Investments (Continued)

In accordance with GASB Statement No. 40, if the City has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. As of June 30, 2008, the City had more than 5% invested in Federal Home Loan Bank and Federal National Mortgage Association.

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

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that at least 70% of the City's portfolio shall mature in two years or less. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2008, the City had the following investments and original maturities:

	Investment Maturities				Fair Value
	Less 6 Months	6 Months to 1 Year	1 to 3 Years	3 to 5 Years	
Investments					
California Local Agency Investment Fund	\$ 16,288,428	\$ -	\$ -	\$ -	\$ 16,288,428
Money Market Fund	58,172	-	-	-	58,172
Federal Agency Securities	50,799,680	-	19,873,703	-	70,673,383
Investments with fiscal agents					
Money Market Mutual Fund	5,444,134	-	-	-	5,444,134
Federal Agency Securities	-	-	1,016,994	676,176	1,693,170
Investment Agreement	-	-	-	1,139,000	1,139,000
	<u>\$ 72,590,414</u>	<u>\$ -</u>	<u>\$ 20,890,697</u>	<u>\$ 1,815,176</u>	<u>\$ 95,296,287</u>

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

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Adjustments	Adjusted Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 14,586,987	\$ -	\$ 14,586,987	\$ -	\$ -	\$ -	\$ 14,586,987
Construction-in-progress	877,803	314,122	1,191,925	5,405,107	-	(1,075,486)	5,521,546
Total Capital Assets, Not Being Depreciated	15,464,790	314,122	15,778,912	5,405,107	-	(1,075,486)	20,108,533
Capital assets, being depreciated:							
Buildings and improvements	5,769,269	(434,171)	5,335,098	-	-	-	5,335,098
Furniture, fixtures and equipment	3,632,350	-	3,632,350	309,927	173,156	-	3,769,121
Infrastructure	40,818,191	130,726	40,948,917	-	-	1,075,486	42,024,403
Total Capital Assets, Being Depreciated	50,219,810	(303,445)	49,916,365	309,927	173,156	1,075,486	51,128,622
Less accumulated depreciation:							
Buildings and improvements	3,154,723	(364,362)	2,790,361	106,592	-	-	2,896,953
Furniture, fixtures and equipment	2,382,929	125,311	2,508,240	403,151	173,156	-	2,738,235
Infrastructure	10,579,914	-	10,579,914	1,071,366	-	-	11,651,280
Total Accumulated Depreciation	16,117,566	(239,051)	15,878,515	1,581,109	173,156	-	17,286,468
Total Capital Assets, Being Depreciated, Net	34,102,244	(64,394)	34,037,850	(1,271,182)	-	1,075,486	33,842,154
Governmental Activities Capital Assets, Net	\$ 49,567,034	\$ 249,728	\$ 49,816,762	\$ 4,133,925	\$ -	\$ -	\$ 53,950,687

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

Governmental Activities:	
General government	\$ 76,398
Public safety	239,843
Parks and recreation	109,614
Public works	1,155,254
Total Depreciation Expense	\$ 1,581,109

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

Note 5: Long-Term Debt

The following is a schedule of changes in governmental activities long-term debt for fiscal year ended June 30, 2008.

	Outstanding June 30, 2007	Additions	Payments	Outstanding June 30, 2008	Due Within One Year
Tax Allocation Bonds:					
2002 Tax Allocation Senior Parity Bonds	\$ 12,785,000	\$ -	\$ 480,000	\$ 12,305,000	\$ 490,000
2003 Tax Allocation Housing Parity Bonds	7,485,000	-	595,000	6,890,000	620,000
2005 Tax Allocation Housing Parity Bonds	17,145,000	-	150,000	16,995,000	155,000
2006 Tax Allocation Refunding Parity Bonds	43,430,000	-	1,255,000	42,175,000	1,325,000
2006 subordinate Lien Tax Allocation Refunding Bonds	18,505,000	-	565,000	17,940,000	595,000
Certificates of Participation:					
2001 Refunding Certificates of Participation	6,750,000	-	360,000	6,390,000	375,000
Accrued Employee Benefits	1,019,009	656,312	528,990	1,146,331	595,000
Capital Lease Payable	2,473	-	2,473	-	-
Total	<u>\$ 107,121,482</u>	<u>\$ 656,312</u>	<u>\$ 3,936,463</u>	103,841,331	<u>\$ 4,155,000</u>
			Plus: Unamortized original issue premium	1,603,729	
			Net Long-Term Debt	<u>\$ 105,445,060</u>	

a. Tax Allocation Bonds

A description of individual issues of bonds outstanding at June 30, 2008, (excluding defeased bonds) follows:

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, 2008, was \$12,305,000.

City of Irwindale
Notes to Financial Statements (Continued)

Note 5: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2002 Tax Allocation Senior Parity Bonds	
	Principal	Interest
2008 - 2009	\$ 490,000	\$ 529,613
2009 - 2010	500,000	516,243
2010 - 2011	515,000	501,003
2011 - 2012	530,000	483,488
2012 - 2013	550,000	464,038
2013 - 2018	3,085,000	1,964,788
2018 - 2023	3,845,000	1,180,559
2023 - 2028	2,790,000	213,750
Totals	<u>\$ 12,305,000</u>	<u>\$ 5,853,482</u>

2003 Taxable Housing Tax Allocation Parity Bonds

In December 2003, the Agency issued \$9,345,000 of Taxable Housing Tax Allocation Housing Bonds to advance refund the outstanding balance of the 1995 Tax Allocation Housing Bonds and to acquire property for future development for low and moderate income housing. The 2003 Taxable Housing Tax Allocation Parity Bonds are payable on a parity with certain obligations of the Agency solely from certain housing set-aside revenues of the Agency. The bonds consist of \$7,760,000 serial bonds maturing from August 2004 through August 2019, bearing annual interest ranging from 2.00% to 6.00% and \$1,585,000 term bonds due August 1, 2025, bearing annual interest at 6.25%. Interest on the bonds is payable semi annually on August 1 and February 1. The outstanding balance at June 30, 2008, was \$6,890,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2003 Taxable Housing Tax Allocation Parity Bonds	
	Principal	Interest
2008 - 2009	\$ 620,000	\$ 353,125
2009 - 2010	650,000	325,325
2010 - 2011	680,000	294,550
2011 - 2012	710,000	260,650
2012 - 2013	740,000	223,938
2013 - 2018	1,485,000	765,681
2018 - 2023	1,145,000	455,031
2023 - 2028	860,000	82,813
Totals	<u>\$ 6,890,000</u>	<u>\$ 2,761,113</u>

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

Note 5: Long-Term Debt (Continued)

2005 Taxable Housing Tax Allocation Parity Bonds

On August 2, 2005, the Irwindale Community Redevelopment Agency issued \$17,445,000 of Taxable Housing Tax Allocation Parity Bonds to refinance the outstanding balance of the 1998 Tax Allocation Housing Refunding Bonds and to finance low and moderate income housing activities of the Agency. The 2005 Taxable Housing Tax Allocation Parity Bonds are payable on a parity with certain obligations of the Irwindale Community Redevelopment Agency solely from certain Housing Set-Aside Revenues of the Agency. The bonds consist of \$5,225,000 serial bonds maturing from August 2006 through August 2017 bearing annual interest ranging from 4.32% to 5.25%, \$5,900,000 term bonds due August 1, 2022, bearing annual interest at 5.4%, and \$6,320,000 term bonds due August 1, 2026, bearing annual interest at 5.53%. Interest on the bonds is payable beginning February 1, 2006, and semi-annually thereafter on August 1 and February 1. The outstanding balance at June 30, 2008, was \$16,995,000.

	<u>2005 Taxable Housing Parity TAB</u>	
	<u>Principal</u>	<u>Interest</u>
2008 - 2009	\$ 155,000	\$ 909,030
2009 - 2010	160,000	901,784
2010 - 2011	165,000	894,145
2011 - 2012	175,000	885,851
2012 - 2013	190,000	876,679
2013 - 2018	3,930,000	3,941,473
2018 - 2023	5,900,000	2,577,190
2023 - 2028	<u>6,320,000</u>	<u>748,486</u>
Totals	<u>\$ 16,995,000</u>	<u>\$ 11,734,638</u>

2006 Tax Allocation Refunding Parity Bonds

In July 2006, the Irwindale Community Redevelopment Agency issued the City Industrial Development Project 2006 Tax Allocation Refunding Parity Bonds in the amount of \$44,035,000 for the purpose of refunding, on a current basis, the Agency's 1996 Senior Lien Tax Allocation Bonds. The 2006 Tax Allocation Refunding Parity Bonds are payable on a parity with certain obligations of the Irwindale Community Redevelopment Agency solely from certain tax increment revenues allocated to the Agency as further discussed in each official statement of the issue. The bonds consist of \$18,465,000 serial bonds maturing from January 15, 2007 through July 15, 2017, bearing annual interest ranging from 4.25% to 5.25%, and term bonds ranging from \$2,275,000 to \$3,510,000 due July 15, 2018 through 2026, respectively, and bearing annual interest at 5.25% and 5.85%, respectively. Interest on the bonds is payable semi-annually on January 15 and July 15. The outstanding balance at June 30, 2008, was \$42,175,000.

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

Note 5: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2006 Tax Allocation Refunding Parity Bonds	
	Principal	Interest
2008 - 2009	\$ 1,325,000	\$ 2,225,109
2009 - 2010	1,455,000	2,165,515
2010 - 2011	1,565,000	2,097,205
2011 - 2012	1,645,000	2,022,491
2012 - 2013	1,725,000	1,943,523
2013 - 2018	8,890,000	8,296,600
2018 - 2023	12,655,000	5,501,044
2023 - 2028	12,915,000	1,560,289
Totals	<u>\$ 42,175,000</u>	<u>\$ 25,811,776</u>

2006 Subordinate Lien Tax Allocation Refunding Bonds

In October 2006, the Irwindale Community Redevelopment Agency issued the City Industrial Development Project 2006 Subordinate Lien Tax Allocation Refunding Bonds in the amount of \$18,505,000 for the purpose of refunding, on a current basis, the Agency's 1996 Subordinate Lien Tax Allocation Bond. The 2006 Subordinate Lien Tax Allocation Refunding Bonds are payable on a subordinate basis to certain obligations of the Irwindale Community Redevelopment Agency solely from certain tax increment revenues allocated to the Agency as further discussed in each official statement for the issue. The bonds consist of \$18,505,000 serial bonds ranging from \$565,000 to \$1,475,000 maturing from December 1, 2007 through June 1, 2026, bearing annual interest ranging from 4.50% to 5.50%, due December 1, 2007 through 2026, respectively. Interest on the bonds is payable annually on December 1. The outstanding balance at June 30, 2008, was \$17,940,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2008, including interest, are as follows:

	2006 Subordinate Lien Tax Allocation Refunding Bonds	
	Principal	Interest
2008 - 2009	\$ 595,000	\$ 905,313
2009 - 2010	620,000	877,975
2010 - 2011	655,000	849,288
2011 - 2012	675,000	819,363
2012 - 2013	710,000	788,200
2013 - 2018	4,100,000	3,368,375
2018 - 2023	5,245,000	2,195,113
2023 - 2028	5,340,000	569,938
Totals	<u>\$ 17,940,000</u>	<u>\$ 10,373,565</u>

City of Irwindale
Notes to Financial Statements (Continued)

Note 5: Long-Term Debt (Continued)

The Agency has pledged, as security for bonds it has issued, either directly or through the Financing Authority, a portion of the tax increment revenue (including Low and Moderate Income Housing set-aside) that it receives. These bonds were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The Agency has committed to appropriate each year, from these resources amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$155,835,269 with annual debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$11,609,325 and the debt service obligation on the bonds was \$8,761,106.

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 ranging from 2.65% to 5.00%. Interest on the certificates is payable semi-annually on April 1 and October 1 of each year commencing October 1, 2001. Principal maturities begin April 1, 2001, and continue annually through April 1, 2018. The certificates were issued for the purpose of currently refunding, on August 1, 2001, certain outstanding Certificates of Participation known and designated as the \$4,075,000 City of Irwindale, California, Issue of 1997. During October 2001, the remaining 1997 Certificates were currently refunded. The 1997 Certificates of Participation were issued for the advance refunding of certain outstanding Certificates of Participation known and designated as the \$4,125,000 City of Irwindale, California, Issue of 1989. The 1989 Certificates were issued to crossover advance refunding of certain outstanding Certificates of Participation known and designed as the \$5,630,000 City of Irwindale, California, Certificates of Participation Issue of 1985. The 1985 Certificates financed certain structures and improvements in the City. At June 30, 2008, the outstanding balance on the 2001 Refunding Certificates of Participation was \$6,390,000.

The annual requirements to amortize the outstanding indebtedness as of June 30, 2008, including interest, are as follows:

	2001 Refunding Certificates of Participation	
	Principal	Interest
2008 - 2009	\$ 375,000	\$ 297,285
2009 - 2010	390,000	283,035
2010 - 2011	405,000	267,435
2011 - 2012	420,000	250,830
2012 - 2013	440,000	232,980
2013 - 2018	2,530,000	839,130
2018 - 2023	1,830,000	186,000
Totals	<u>\$ 6,390,000</u>	<u>\$ 2,356,695</u>

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

Note 5: Long-Term Debt (Continued)

c. Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The liability will be paid in future years by the General Fund.

d. 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, 2008</u>
City of Irwindale Community Facility District No. 1 1998 Special Tax Refunding Bonds	\$ 9,435,000
City of Irwindale Sewer Assessment District (Live Oak Avenue) Limited Obligation Improvement Bonds	670,000

City of Irwindale
Notes to Financial Statements (Continued)

Note 6: Interfund Receivable, Payable and Transfer

The composition of interfund balances as of June 30, 2008, is as follows:

a. Due To/From Other Funds

Funds	Due To Other Funds:			Total
	Redevelopment Agency		Nonmajor Governmental Funds	
	Capital Projects Fund	Debt Service Fund		
Due From Other Funds:				
General Fund	\$ -	\$ -	\$ 1,634,030	\$ 1,634,030
Redevelopment Agency Capital Projects	-	1,810,973	-	1,810,973
Nonmajor Governmental Funds	1,610,000	-	-	1,610,000
Total	<u>\$ 1,610,000</u>	<u>\$ 1,810,973</u>	<u>\$ 1,634,030</u>	<u>\$ 5,055,003</u>

The due to General Fund of \$1,634,030 from various nonmajor funds was to cover temporary deficit cash balances at June 30, 2008.

The due to various nonmajor funds of \$1,610,000 from the Irwindale Community Redevelopment Agency Capital Projects fund was to cover expenditures for the acquisition of the Baca Property.

The Industrial Project Area's Project Fund loaned \$1,738,030 to the Tax Increment Fund for project operating expenditures. The Industrial Project Area's Low and Moderate Housing Fund loaned \$72,943 to the Parque Del Norte and the Nora Fraijo Tax Increment Funds to reflect the amount of the 20% set-aside that was deferred.

b. Advances To/From Other Funds

Funds	Advances From Other Funds:		Total
	Irwindale Community Redevelopment Agency		
	Capital Project Fund	Debt Service Fund	
Advances To Other Funds:			
General Fund	<u>\$ 3,000,000</u>	<u>\$ 3,639,235</u>	<u>\$ 6,639,235</u>

During the current and previous fiscal years, the City of Irwindale had made loans to the Agency. These loans bear interest at rates from 0% to 8% per year. As of June 30, 2008, the loan balance was \$6,639,235.

City of Irwindale
Notes to Financial Statements (Continued)

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

c. Interfund Transfers

Funds	Transfers out:				Total
	General Fund	Special Mining Tax	Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	
Transfers in:					
Redevelopment Agency Capital Projects	\$ -	\$ -	\$ -	\$ 1,282,251	\$ 1,282,251
Redevelopment Agency Debt Service	619,358	-	-	-	619,358
Nonmajor Governmental Funds	-	1,122,936	1,610,000	-	2,732,936
Total	\$ 619,358	\$ 1,122,936	\$ 1,610,000	\$ 1,282,251	\$ 4,634,545

The Special Mining Tax fund transferred \$1,122,936 to non-major governmental funds pursuant to a settlement agreement.

The Irwindale Community Redevelopment Agency Debt Service fund transferred \$1,282,251 to the Irwindale Community Redevelopment Agency Capital Projects fund to supplement the repayment of City loans.

The General Fund transferred \$619,358 to the Irwindale Community Redevelopment Agency Debt Service fund for the lease on municipal facilities related to the 2001 refunding certificates of participation.

The transfer to nonmajor funds of \$1,610,000 from the Irwindale Community Redevelopment Agency Capital Projects fund was to cover expenditures for the acquisition of the Baca Property.

Note 7: Net Assets Restatements

Beginning net assets have been restated by \$249,728 to agree to the capital assets detail record at beginning of the fiscal year.

IV. OTHER DISCLOSURES

Note 8: Retirement Plan

Plan Description

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

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 23.874% for safety employees and 8.643% for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2008, the City's annual pension cost of \$1,517,552 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method.

Valuation Date	June 30, 2007
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years as of Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

City of Irwindale
Notes to Financial Statements (Continued)

Note 8: Retirement Plan (Continued)

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

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

<u>Fiscal Years Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2006	\$ 1,172	100%	\$ -
6/30/2007	1,361	100%	-
6/30/2008	1,518	100%	-

Schedule of Funding Progress for PERS Miscellaneous Plan
Most Current Available
(Amounts in Thousands)

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio (AVA/AL)</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
6/30/2005	\$ 2,891	\$ 2,589	\$ 303	89.5%	\$ 755	40.1%
6/30/2006	2,754	2,492	262	90.5%	700	37.5%
6/30/2007	2,612	2,391	220	91.6%	666	33.1%

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

Note 9: Retirement Enhancement Plan

The City of Irwindale established the PARS Retirement Enhancement Plan (PARS) for its employees to supplement the PERS retirement benefits. PARS is a 401(a) tax-qualified multiple employer trust made up of California governmental agencies. Union Bank of California is the trustee for PARS and has the duties to receive and invest plan contributions, safeguard assets of the plan and distribute benefits to eligible plan participants or beneficiaries pursuant to the plan document. To be eligible for benefits under this plan, employees must be a full-time or part-time employee; be at least 50 years of age, have completed at least three years of continuous employment with the City as of the last day of employment with the City if hired prior to January 1, 2007, or 10 years of continuous employment if hired on or after January 1, 2007. Employees must terminate employment with the City; concurrently retire under PERS; and have applied for benefits under this plan.

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

Note 9: Retirement Enhancement Plan (Continued)

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 10.04% of the annual covered payroll. The required contribution was based on the July 1, 2004, actuarial valuation, using the entry age normal actuarial cost method. The actuarial assumptions included (a) a pre-retirement investment return of 7.50% and a post-retirement investment rate of return of 6.00%, (b) an inflation rate of 3.00%, (c) projected annual payroll increases of 3.75% to 14.20% based on year of service, and (d) a cost-of-living adjustment of 2% per year.

For fiscal year ending June 30, 2008, the City's annual required contribution and actual contribution was \$434,077.

Trend Information for PARS (Amounts in Thousands)			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 351	100 %	\$ -
6/30/2007	376	100 %	-
6/30/2008	434	100 %	-

Schedule of Funded Status and Funding Progress for PARS (Amounts in Thousands)						
Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/01	\$ 2,253	\$ -	\$ 2,253	0.0%	\$ 2,332	96.6%
6/30/04	3,224	2,940	284	91.2%	3,076	9.2%
6/30/06	4,894	4,212	683	86.1%	3,622	18.9%

Note 10: Post-Employment Employee Benefits

The City provides health insurance for its retired employees according to the Personnel Rules and Regulations. The authority to do so is included in the Memorandum of Understanding between the City and each of its employee groups and ultimately passed by Council action. The expenditure is accounted for within the general fund and is funded on a pay as you go (cash) basis. The total post-employment health insurance expenditure for the fiscal year 2007-2008 was \$477,387 for 44 retired employees receiving benefits.

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

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 119 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. 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). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers' Compensation

The City of Irwindale also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

City of Irwindale
Notes to Financial Statements (Continued)

Note 11: Risk Management (Continued)

c. Purchased Insurance

Environmental Liability Insurance

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

Property Insurance

The City of Irwindale participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of Irwindale property is currently insured according to a schedule of covered property submitted by the City of Irwindale to the Authority. The City of Irwindale property currently has all-risk property insurance protection in the amount of \$32,687,977. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance

The City of Irwindale purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Irwindale property currently has earthquake protection in the amount of \$20,999,851. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Fidelity Bonds

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

Special Event Tenant User Liability Insurance

The City of Irwindale further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on City property. The insurance premium is paid by the tenant user and is paid to the City of Irwindale according to a schedule. The City of Irwindale then pays for the insurance. The insurance is arranged by the Authority.

d. Adequacy of Protection

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

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

Note 12: Subsequent Events

ERAF Tax Increment Revenue Shift

On September 30, 2008, the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the state Educational Revenue Augmentation Fund (ERAF). It is estimated that the Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately \$1,231,727.

Financial Concerns Relating to the California Economy

As indicated in the State of California's 2008-2009 Proposed Budget Summary – Economic Outlook:

“The California and national economies faced considerable headwinds - a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to record levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally.”

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City and its component units operate. Therefore, the projection of the financial data for the City and its component units into future periods must recognize these factors and consider the effect of these on its operations and costs.

In September 2008, certain financial institutions in the United States encountered difficulties, causing volatility in the financial markets. It is not possible to determine what effect the volatility of the financial markets could have on the fair value of this asset in future fiscal periods.

CITY OF IRWINDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>Special Revenue Funds</u>			
	<u>Housing Authority</u>	<u>State Gas Tax</u>	<u>COPS</u>	<u>Aid To Cities</u>
Assets:				
Pooled cash and investments	\$ 2,105,340	\$ -	\$ 172,666	\$ -
Receivables:				
Accounts	1,125	12,036	-	-
Accrued interest	13,468	40	1,061	-
Deposits	-	-	-	-
Due from other funds	1,610,000	-	-	-
Land held for resale	1,602,350	-	-	-
	<u>\$ 5,332,283</u>	<u>\$ 12,076</u>	<u>\$ 173,727</u>	<u>\$ -</u>
Total Assets				
	<u>\$ 5,332,283</u>	<u>\$ 12,076</u>	<u>\$ 173,727</u>	<u>\$ -</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 23,690	\$ 1,094	\$ 1,998	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	1,621,971	10,709	-	-
	<u>1,645,661</u>	<u>11,803</u>	<u>1,998</u>	<u>-</u>
Total Liabilities				
	<u>1,645,661</u>	<u>11,803</u>	<u>1,998</u>	<u>-</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	156,582	-	91,143	-
Reserved for land held for resale	1,602,350	-	-	-
Reserved for deposits	-	-	-	-
Undesignated	1,927,690	273	80,586	-
	<u>3,686,622</u>	<u>273</u>	<u>171,729</u>	<u>-</u>
Total Fund Balances				
	<u>3,686,622</u>	<u>273</u>	<u>171,729</u>	<u>-</u>
Total Liabilities and Fund Balances				
	<u>\$ 5,332,283</u>	<u>\$ 12,076</u>	<u>\$ 173,727</u>	<u>\$ -</u>

CITY OF IRWINDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

(Continued)

	Special Revenue Funds			
	Proposition A	Air Quality Improvement	Proposition C	Community Development Block Grant
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 46,669	\$ -
Receivables:				
Accounts	-	517	1,860	-
Accrued interest	-	-	312	-
Deposits	-	-	-	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ -	\$ 517	\$ 48,841	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	734	616	-	-
Total Liabilities	734	616	-	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for deposits	-	-	-	-
Undesignated	(734)	(99)	48,841	-
Total Fund Balances	(734)	(99)	48,841	-
Total Liabilities and Fund Balances	\$ -	\$ 517	\$ 48,841	\$ -

CITY OF IRWINDALE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	Special Revenue Funds			
	Asset Forfeiture	River Beautification	AB 939	Reclamation
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 530,779	\$ 3,690,851
Receivables:				
Accounts	-	-	43,531	-
Accrued interest	-	-	3,562	21,379
Deposits	-	-	30,027	-
Due from other funds	-	-	-	-
Land held for resale	-	-	-	-
Total Assets	\$ -	\$ -	\$ 607,899	\$ 3,712,230
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 21,769	\$ -
Accrued liabilities	-	-	14,686	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	36,455	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for deposits	-	-	30,027	-
Undesignated	-	-	541,417	3,712,230
Total Fund Balances	-	-	571,444	3,712,230
Total Liabilities and Fund Balances	\$ -	\$ -	\$ 607,899	\$ 3,712,230

CITY OF IRWINDALE

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Total Nonmajor Governmental Funds
Assets:	
Pooled cash and investments	\$ 6,546,305
Receivables:	
Accounts	59,069
Accrued interest	39,822
Deposits	30,027
Due from other funds	1,610,000
Land held for resale	1,602,350
	<hr/>
Total Assets	\$ 9,887,573
	<hr/>
Liabilities and Fund Balances:	
Liabilities:	
Accounts payable	\$ 48,551
Accrued liabilities	14,686
Due to other funds	1,634,030
	<hr/>
Total Liabilities	1,697,267
	<hr/>
Fund Balances:	
Reserved:	
Reserved for encumbrances	247,725
Reserved for land held for resale	1,602,350
Reserved for deposits	30,027
Undesignated	6,310,204
	<hr/>
Total Fund Balances	8,190,306
	<hr/>
Total Liabilities and Fund Balances	\$ 9,887,573
	<hr/>

CITY OF IRWINDALE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	<u>Special Revenue Funds</u>			
	<u>Housing Authority</u>	<u>State Gas Tax</u>	<u>COPS</u>	<u>Aid To Cities</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	34,403	100,000	-
Use of money and property	87,292	273	7,197	-
Miscellaneous	15	-	-	1,850
Total Revenues	87,307	34,676	107,197	1,850
Expenditures:				
Current:				
General government	57,201	34,403	-	-
Public safety	-	-	25,271	-
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	57,201	34,403	25,271	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,106	273	81,926	1,850
Other Financing Sources (Uses):				
Transfers in	1,610,000	-	-	-
Total Other Financing Sources (Uses)	1,610,000	-	-	-
Net Change in Fund Balances	1,640,106	273	81,926	1,850
Fund Balances, Beginning of Year	2,046,516	-	89,803	(1,850)
Fund Balances, End of Year	\$ 3,686,622	\$ 273	\$ 171,729	\$ -

CITY OF IRWINDALE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

(Continued)

	Special Revenue Funds			
	Proposition A	Air Quality Improvement	Proposition C	Community Development Block Grant
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	24,904	1,977	20,563	-
Use of money and property	(2)	-	2,051	-
Miscellaneous	-	-	-	-
Total Revenues	24,902	1,977	22,614	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	25,052	2,100	7,000	39
Capital outlay	-	-	27,300	-
Total Expenditures	25,052	2,100	34,300	39
Excess (Deficiency) of Revenues Over (Under) Expenditures	(150)	(123)	(11,686)	(39)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(150)	(123)	(11,686)	(39)
Fund Balances, Beginning of Year	(584)	24	60,527	39
Fund Balances, End of Year	\$ (734)	\$ (99)	\$ 48,841	\$ -

CITY OF IRWINDALE

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Asset Forfeiture	River Beautification	AB 939	Reclamation
Revenues:				
Taxes	\$ -	\$ -	\$ 381,103	\$ -
Intergovernmental	-	-	-	-
Use of money and property	-	-	23,747	143,386
Miscellaneous	22	29,844	-	-
Total Revenues	22	29,844	404,850	143,386
Expenditures:				
Current:				
General government	-	-	9,411	22,935
Public safety	-	-	-	-
Public works	-	-	415,246	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	424,657	22,935
Excess (Deficiency) of Revenues Over (Under) Expenditures	22	29,844	(19,807)	120,451
Other Financing Sources (Uses):				
Transfers in	-	-	-	1,122,936
Total Other Financing Sources (Uses)	-	-	-	1,122,936
Net Change in Fund Balances	22	29,844	(19,807)	1,243,387
Fund Balances, Beginning of Year	(22)	(29,844)	591,251	2,468,843
Fund Balances, End of Year	\$ -	\$ -	\$ 571,444	\$ 3,712,230

CITY OF IRWINDALE

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

	Total Nonmajor Governmental Funds
Revenues:	
Taxes	\$ 381,103
Intergovernmental	181,847
Use of money and property	263,944
Miscellaneous	31,731
	<hr/>
Total Revenues	858,625
	<hr/>
Expenditures:	
Current:	
General government	123,950
Public safety	25,271
Public works	449,437
Capital outlay	27,300
	<hr/>
Total Expenditures	625,958
	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	232,667
	<hr/>
Other Financing Sources (Uses):	
Transfers in	2,732,936
	<hr/>
Total Other Financing Sources (Uses)	2,732,936
	<hr/>
Net Change in Fund Balances	2,965,603
	<hr/>
Fund Balances, Beginning of Year	5,224,703
	<hr/>
Fund Balances, End of Year	\$ 8,190,306
	<hr/> <hr/>

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,046,516	\$ 2,046,516	\$ 2,046,516	\$ -
Resources (Inflows):				
Use of money and property	32,450	32,450	87,292	54,842
Miscellaneous	-	-	15	15
Transfers in	-	-	1,610,000	1,610,000
Amounts Available for Appropriation	2,078,966	2,078,966	3,743,823	1,664,857
Charges to Appropriation (Outflow):				
General government	43,500	1,785,250	57,201	1,728,049
Total Charges to Appropriations	43,500	1,785,250	57,201	1,728,049
Budgetary Fund Balance, June 30	\$ 2,035,466	\$ 293,716	\$ 3,686,622	\$ 3,392,906

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	33,000	33,000	34,403	1,403
Use of money and property	-	-	273	273
Amounts Available for Appropriation	33,000	33,000	34,676	1,676
Charges to Appropriation (Outflow):				
General government	33,000	33,000	34,403	(1,403)
Total Charges to Appropriations	33,000	33,000	34,403	(1,403)
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 273	\$ 273

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
COPS
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 89,803	\$ 89,803	\$ 89,803	\$ -
Resources (Inflows):				
Intergovernmental	-	-	100,000	100,000
Use of money and property	-	-	7,197	7,197
Amounts Available for Appropriation	89,803	89,803	197,000	107,197
Charges to Appropriation (Outflow):				
Public safety	-	192,473	25,271	167,202
Total Charges to Appropriations	-	192,473	25,271	167,202
Budgetary Fund Balance, June 30	\$ 89,803	\$ (102,670)	\$ 171,729	\$ 274,399

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
PROPOSITION A
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (584)	\$ (584)	\$ (584)	\$ -
Resources (Inflows):				
Intergovernmental	21,700	21,700	24,904	3,204
Use of money and property	200	200	(2)	(202)
Amounts Available for Appropriation	21,316	21,316	24,318	3,002
Charges to Appropriation (Outflow):				
Public works	21,900	21,900	25,052	(3,152)
Total Charges to Appropriations	21,900	21,900	25,052	(3,152)
Budgetary Fund Balance, June 30	\$ (584)	\$ (584)	\$ (734)	\$ (150)

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
AIR QUALITY IMPROVEMENT
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24	\$ 24	\$ 24	\$ -
Resources (Inflows):				
Intergovernmental	2,000	2,000	1,977	(23)
Amounts Available for Appropriation	2,024	2,024	2,001	(23)
Charges to Appropriation (Outflow):				
Public works	2,000	2,000	2,100	(100)
Total Charges to Appropriations	2,000	2,000	2,100	(100)
Budgetary Fund Balance, June 30	\$ 24	\$ 24	\$ (99)	\$ (123)

CITY OF IRWINDALE

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 60,527	\$ 60,527	\$ 60,527	\$ -
Resources (Inflows):				
Intergovernmental	18,000	18,000	20,563	2,563
Use of money and property	350	350	2,051	1,701
Amounts Available for Appropriation	78,877	78,877	83,141	4,264
Charges to Appropriation (Outflow):				
Public works	7,000	17,000	7,000	10,000
Capital outlay	50,000	36,500	27,300	9,200
Total Charges to Appropriations	57,000	53,500	34,300	19,200
Budgetary Fund Balance, June 30	\$ 21,877	\$ 25,377	\$ 48,841	\$ 23,464

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39	\$ 39	\$ 39	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	39	39	39	-
Charges to Appropriation (Outflow):				
Public works	23,000	-	39	(39)
Total Charges to Appropriations	23,000	-	39	(39)
Budgetary Fund Balance, June 30	\$ (22,961)	\$ 39	\$ -	\$ (39)

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
AB 939
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 591,251	\$ 591,251	\$ 591,251	\$ -
Resources (Inflows):				
Taxes	424,000	424,000	381,103	(42,897)
Use of money and property	18,000	18,000	23,747	5,747
Amounts Available for Appropriation	1,033,251	1,033,251	996,101	(37,150)
Charges to Appropriation (Outflow):				
General government	30,000	15,000	9,411	5,589
Public works	433,319	420,344	415,246	5,098
Total Charges to Appropriations	463,319	435,344	424,657	10,687
Budgetary Fund Balance, June 30	\$ 569,932	\$ 597,907	\$ 571,444	\$ (26,463)

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
RECLAMATION
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,468,843	\$ 2,468,843	\$ 2,468,843	\$ -
Resources (Inflows):				
Use of money and property	89,300	89,300	143,386	54,086
Transfers in	1,198,000	1,198,000	1,122,936	(75,064)
Amounts Available for Appropriation	3,756,143	3,756,143	3,735,165	(20,978)
Charges to Appropriation (Outflow):				
General government	98,000	98,000	22,935	75,065
Total Charges to Appropriations	98,000	98,000	22,935	75,065
Budgetary Fund Balance, June 30	\$ 3,658,143	\$ 3,658,143	\$ 3,712,230	\$ 54,087

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
IRWINDALE COMMUNITY REDEVELOPMENT AGENCY CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 64,370,916	\$ 64,370,916	\$ 64,370,916	\$ -
Resources (Inflows):				
Taxes	3,337,601	3,337,601	2,992,740	(344,861)
Use of money and property	1,671,833	1,671,833	1,802,067	130,234
Miscellaneous	32,455	32,455	67,071	34,616
Transfers in	10,061	10,061	1,282,251	1,272,190
Gain (loss) on sale of land held	-	-	11,795,420	11,795,420
Amounts Available for Appropriation	69,422,866	69,422,866	82,310,465	12,887,599
Charges to Appropriation (Outflow):				
General government	319,525	319,525	210,754	108,771
Public safety	1,702,900	1,702,900	1,219,674	483,226
Capital outlay	3,717,230	3,717,230	944,941	2,772,289
Debt service:				
Principal retirement	1,260,550	1,260,550	745,000	515,550
Interest and fiscal charges	-	-	1,294,117	(1,294,117)
Transfers out	1,610,000	1,610,000	1,610,000	-
Total Charges to Appropriations	8,610,205	8,610,205	6,024,486	2,585,719
Budgetary Fund Balance, June 30	\$ 60,812,661	\$ 60,812,661	\$ 76,285,979	\$ 15,473,318

CITY OF IRWINDALE

**BUDGETARY COMPARISON SCHEDULE
IRWINDALE COMMUNITY REDEVELOPMENT AGENCY DEBT SERVICE
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 16,084,932	\$ 16,084,932	\$ 16,084,932	\$ -
Resources (Inflows):				
Taxes	13,394,000	13,394,000	11,999,457	(1,394,543)
Use of money and property	845,000	845,000	999,539	154,539
Transfers in	-	-	619,358	619,358
Amounts Available for Appropriation	30,323,932	30,323,932	29,703,286	(620,646)
Charges to Appropriation (Outflow):				
General government	4,930,200	4,930,200	4,174,548	755,652
Capital outlay	10,086,189	10,086,189	3,947,557	6,138,632
Debt service:				
Principal retirement	1,743,800	1,743,800	2,660,000	(916,200)
Interest and fiscal charges	220,000	220,000	4,177,047	(3,957,047)
Transfers out	547,066	547,066	1,282,251	(735,185)
Total Charges to Appropriations	17,527,255	17,527,255	16,241,403	1,285,852
Budgetary Fund Balance, June 30	\$ 12,796,677	\$ 12,796,677	\$ 13,461,883	\$ 665,206

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CITY OF IRWINDALE

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2008

	Agency	Recreation Trust	CFD #1	Live Oak Assessment District
Assets:				
Cash and investments	\$ 29,535	\$ 8,394	\$ 880,288	\$ 24,243
Receivables:				
Accounts	-	-	21,331	31,979
Accrued interest	-	-	5,287	37
Restricted assets:				
Cash with fiscal agent	-	-	1,139,010	84,378
Total Assets	<u>\$ 29,535</u>	<u>\$ 8,394</u>	<u>\$ 2,045,916</u>	<u>\$ 140,637</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deposits payable	29,535	8,394	2,045,916	140,637
Total Liabilities	<u>\$ 29,535</u>	<u>\$ 8,394</u>	<u>\$ 2,045,916</u>	<u>\$ 140,637</u>

CITY OF IRWINDALE

COMBINING BALANCE SHEET
 ALL AGENCY FUNDS
 JUNE 30, 2008

	<u>Street Lighting District</u>	<u>Sewer Maintenance District</u>	<u>Totals</u>
Assets:			
Cash and investments	\$ 18,766	\$ 508,101	\$ 1,469,327
Receivables:			
Accounts	2,622	29,687	85,619
Accrued interest	121	3,364	8,809
Restricted assets:			
Cash with fiscal agent	-	-	1,223,388
Total Assets	<u>\$ 21,509</u>	<u>\$ 541,152</u>	<u>\$ 2,787,143</u>
Liabilities:			
Accounts payable	\$ 43	\$ 43	\$ 86
Deposits payable	21,466	541,109	2,787,057
Total Liabilities	<u>\$ 21,509</u>	<u>\$ 541,152</u>	<u>\$ 2,787,143</u>

CITY OF IRWINDALE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<u>Agency</u>				
Assets:				
Cash and investments	\$ 65,962	\$ 32,308	\$ 68,735	\$ 29,535
Total Assets	<u>\$ 65,962</u>	<u>\$ 32,308</u>	<u>\$ 68,735</u>	<u>\$ 29,535</u>
Liabilities:				
Deposits payable	\$ 65,962	\$ 32,308	\$ 68,735	\$ 29,535
Total Liabilities	<u>\$ 65,962</u>	<u>\$ 32,308</u>	<u>\$ 68,735</u>	<u>\$ 29,535</u>
<u>Recreation Trust</u>				
Assets:				
Cash and investments	\$ 7,039	\$ 5,792	\$ 4,437	\$ 8,394
Total Assets	<u>\$ 7,039</u>	<u>\$ 5,792</u>	<u>\$ 4,437</u>	<u>\$ 8,394</u>
Liabilities:				
Deposits payable	\$ 7,039	\$ 5,792	\$ 4,437	\$ 8,394
Total Liabilities	<u>\$ 7,039</u>	<u>\$ 5,792</u>	<u>\$ 4,437</u>	<u>\$ 8,394</u>
<u>CFD #1</u>				
Assets:				
Cash and investments	\$ 852,561	\$ 927,832	\$ 900,105	\$ 880,288
Receivables:				
Accounts	-	21,331	-	21,331
Accrued interest	1,052	5,287	1,052	5,287
Restricted assets:				
Cash with fiscal agent	1,139,040	67,779	67,809	1,139,010
Total Assets	<u>\$ 1,992,653</u>	<u>\$ 1,022,229</u>	<u>\$ 968,966</u>	<u>\$ 2,045,916</u>
Liabilities:				
Accounts payable	\$ 120	\$ 12,158	\$ 12,278	\$ -
Deposits payable	1,992,533	978,828	925,445	2,045,916
Total Liabilities	<u>\$ 1,992,653</u>	<u>\$ 990,986</u>	<u>\$ 937,723</u>	<u>\$ 2,045,916</u>
<u>Live Oak Assessment District</u>				
Assets:				
Cash and investments	\$ 47,834	\$ 85,727	\$ 109,318	\$ 24,243
Receivables:				
Accounts	8,106	23,978	105	31,979
Accrued interest	28	37	28	37
Restricted assets:				
Cash with fiscal agent	87,270	2,686	5,578	84,378
Total Assets	<u>\$ 143,238</u>	<u>\$ 112,428</u>	<u>\$ 115,029</u>	<u>\$ 140,637</u>
Liabilities:				
Accounts payable	\$ 121	\$ 7,590	\$ 7,711	\$ -
Deposits payable	143,117	102,469	104,949	140,637
Total Liabilities	<u>\$ 143,238</u>	<u>\$ 110,059</u>	<u>\$ 112,660</u>	<u>\$ 140,637</u>

CITY OF IRWINDALE

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<u>Street Lighting District</u>				
Assets:				
Cash and investments	\$ 16,946	\$ 10,518	\$ 8,698	\$ 18,766
Receivables:				
Accounts	-	2,622	-	2,622
Accrued interest	13	121	13	121
Total Assets	<u>\$ 16,959</u>	<u>\$ 13,261</u>	<u>\$ 8,711</u>	<u>\$ 21,509</u>
Liabilities:				
Accounts payable	\$ 875	\$ 6,043	\$ 6,875	\$ 43
Deposits payable	16,084	9,104	3,722	21,466
Total Liabilities	<u>\$ 16,959</u>	<u>\$ 15,147</u>	<u>\$ 10,597</u>	<u>\$ 21,509</u>
<u>Sewer Maintenance District</u>				
Assets:				
Cash and investments	\$ 458,401	\$ 143,849	\$ 94,149	\$ 508,101
Receivables:				
Accounts	-	29,687	-	29,687
Accrued interest	437	3,738	811	3,364
Total Assets	<u>\$ 458,838</u>	<u>\$ 177,274</u>	<u>\$ 94,960</u>	<u>\$ 541,152</u>
Liabilities:				
Accounts payable	\$ 5,186	\$ 37,732	\$ 42,875	\$ 43
Deposits payable	453,652	117,201	29,744	541,109
Total Liabilities	<u>\$ 458,838</u>	<u>\$ 154,933</u>	<u>\$ 72,619</u>	<u>\$ 541,152</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 1,448,743	\$ 1,206,026	\$ 1,185,442	\$ 1,469,327
Receivables:				
Accounts	8,106	77,618	105	85,619
Accrued interest	1,530	9,183	1,904	8,809
Restricted assets:				
Cash with fiscal agent	1,226,310	70,465	73,387	1,223,388
Total Assets	<u>\$ 2,684,689</u>	<u>\$ 1,363,292</u>	<u>\$ 1,260,838</u>	<u>\$ 2,787,143</u>
Liabilities:				
Accounts payable	\$ 6,302	\$ 63,523	\$ 69,739	\$ 86
Deposits payable	2,678,387	1,245,702	1,137,032	2,787,057
Total Liabilities	<u>\$ 2,684,689</u>	<u>\$ 1,309,225</u>	<u>\$ 1,206,771</u>	<u>\$ 2,787,143</u>

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