

**City of Irvine, California**  
**Comprehensive Annual**  
**Financial Report**  
**Year Ended June 30, 2008**



**City of Irvine, California**  
**Comprehensive Annual Financial Report**  
For the Fiscal Year Ended June 30, 2008



**Prepared by Fiscal Services**



# City of Irvine

## Comprehensive Annual Financial Report

### For the Fiscal Year Ended June 30, 2008

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City of Irvine, One Civic Center Plaza, P.O. Box 19575, Irvine, California 92623-9575

December 15, 2008

To the Honorable Mayor, Councilmembers and City Manager:  
City of Irvine  
Irvine, California

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Irvine for the fiscal year ended June 30, 2008. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent public accounting firm of licensed certified public accountants.

The report consists of management's representations concerning the finances of the City of Irvine. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Irvine has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Irvine's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City of Irvine.

Diehl, Evans & Company, LLP, a firm of licensed certified public accountants, has audited the City of Irvine's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Irvine for the fiscal year ended June 30, 2008, are free of material misstatement. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Irvine's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

In addition to the financial audit, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including a schedule of federal financial assistance, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, is available in the City of Irvine's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Irvine's MD&A can be found immediately following the report of the independent auditors.

## **CITY OF IRVINE PROFILE**

The City of Irvine, incorporated in 1971, is located in Orange County, California, approximately 40 miles southeast of Los Angeles. Irvine is one of the nation's largest planned urban communities with 65.9 square miles of land, comprised of residential communities, commercial retail centers, several industrial/office complexes, a 1,500-acre University of California campus, as well as civic, cultural, and recreational facilities. The City's residential population has grown from 7,500 in 1971 to 209,800 in 2008.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, consisting of a Mayor and a four member Council. The governing councils' responsibilities include passing the City's ordinances and operating resolutions, adoption of the annual budget, appointing commissions and committees, and hiring the City Manager, City Clerk, City Treasurer, and City Attorney. The City Manager is responsible for implementing the policies, ordinances and directives of the City Council, for overseeing the day-to-day operations of the City and for appointing the Assistant City Managers and the directors of the City's departments. The Council is elected on a nonpartisan basis. Councilmembers are elected to four-year staggered terms and the Mayor is elected to a two-year term.

The City provides a wide range of services, including public safety; building safety regulation and inspection; infrastructure and public facility capital improvement construction; street and park maintenance; street lighting; recreational activities and cultural programs. The City contracts with the Orange County Fire Authority for fire protection and emergency medical aid services. The Orange County Transportation Authority (OCTA) provides public transportation services in the City. In coordination with the OCTA, the City is operating a local shuttle service, *i* Shuttle, connecting employees and residents to key activity centers. Independent special districts provide educational, library, and utility services to Irvine residents.

The City is also financially accountable for a number of legally separate entities that are included as an integral part of the City's financial statements. These component units include the Orange County Great Park Corporation, a nonprofit public benefit entity, the Irvine Community Land Trust, a nonprofit public benefit entity, as well as the Irvine Redevelopment Agency, Irvine Public Facilities Corporation and the Irvine Public Facilities and Infrastructure Authority.

The annual budget serves as the foundation for the City of Irvine's financial planning and control. The City Council is required to adopt a budget by the start of the fiscal year. The budget is prepared by fund, program (e.g. senior services) and department (e.g. Community Development). After adoption, the City Manager may amend the adopted General Fund budget provided that the change does not increase overall revenues or expenditures. Departmental requests for amendments over \$50,000, or amendments that change revenues or expenditures, or expand or add to City programs or services require review of the Finance Commission and approval by the City Council. The City's budgetary procedures are further discussed in section III.A. of the notes to the basic financial statements.

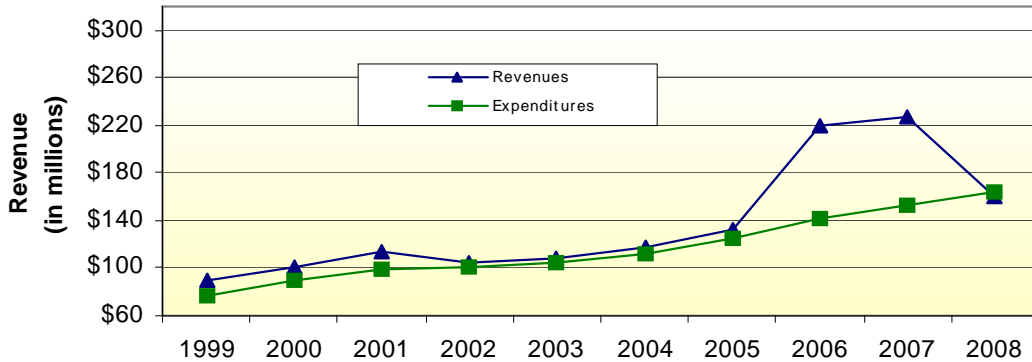
## **ECONOMIC CONDITION**

**Local economy.** Irvine is renowned as the nation's most successful master-planned community. It is home to 13,700 businesses, many of which are headquarters for well-known national corporations. These businesses represent a wide range of industries, most notably Southern California's highest concentration of technology firms. Other industries include a variety of technical and professional businesses, textile, aerospace, pharmaceutical and electronic manufacturers, hotels, an entertainment complex, an auto center, and numerous retail establishments.

Orange County growth slowed in 2007. Most measures of economic activity are expected to slow further in 2008 mainly due to the near collapse of the housing markets (resale and new construction), and oil costs. The City revenue reach a peak of \$862 per capita in inflation adjusted dollars in Fiscal Year 2000-2001. Revenues began decline in Fiscal Year 2006-2007 as the slowdown in the housing market impacted business-to-business sales tax, auto sales, and documentary transfer tax revenue. This trend is expected to continue into next year as the local economy copes with the aftermath of the housing downturn and the job losses recently experienced in the sub-prime mortgage sector. Fortunately, the City's economy is dynamic and diverse and is expected to rebound from the current economic slow-down. The City's status as a regional job magnet, its low rate of unemployment, the relatively high income of its residents, low crime rate (safest city in the U.S. with population over 100,000) and central location will provide a strong basis for mitigating downward economic trends and facilitate a faster recovery. Absent catastrophic events, most indicators point to increasing growth and revenues beginning in late 2009 when local economic activity is expected to strengthen along with renewed growth in the national economy.

Overall, the City's general fund revenue for Fiscal Year 2007-08 decreased 29.4.0% over Fiscal Year 2006-07, while related expenditures increased 6.4%. Due to continued weak transportation sales and higher oil prices, sales tax revenue, which is the largest component of the City's general fund, is estimated to decrease 3.9% for Fiscal Year 2008-09.

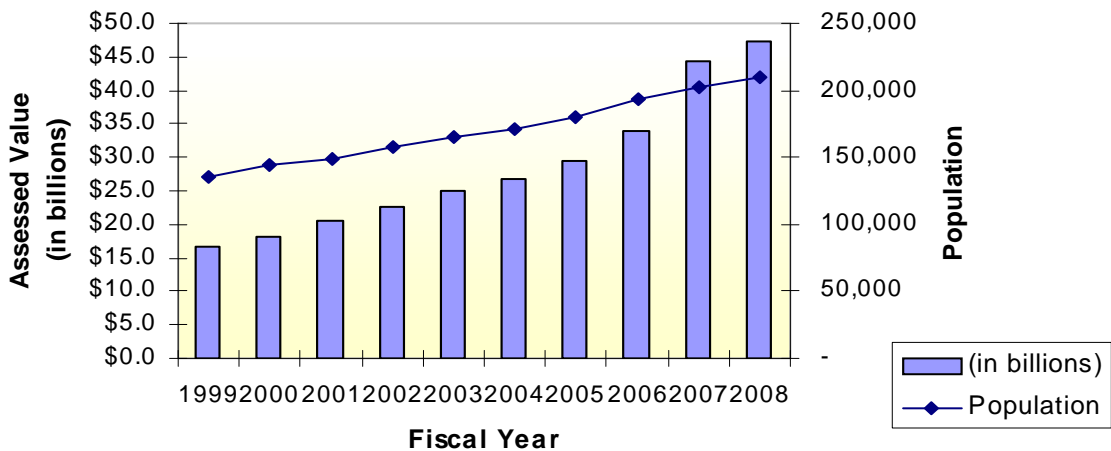
**City of Irvine  
General Fund Revenues and Expenditures  
Last Ten Years**



Irvine continued to experience a rise in property tax revenues. This growth was attributed primarily to new development and resale activity. With \$44.3 billion of assessable property in fiscal year 2007-08, and the Orange County Assessor’s estimate of \$47.3 billion in Fiscal Year 2008-09, Irvine remains the number one city in assessed valuation in Orange County. This 6.8% growth in assessed value from the prior year is reflective of the ongoing expansion of the residential market in the City, as well as commercial property transactions.

The following chart compares total assessed valuation of property located in Irvine against annual population for the past ten fiscal years.

**City of Irvine  
Assessed Valuation and Population Trends  
Last Ten Fiscal Years**



Orange County had a 6.0% unemployment rate for October 2008 lower than the state rate of 8.0%, and the national rate of 6.1%. The September 2008 rate was above last year’s estimate of 4.2%. The County has an employed labor force of approximately 1.5 million, of which the City estimates 202,000 is attributable to Irvine.

**Long-term financial planning.** The City's five-year fiscal forecast projects operating revenues and expenditures based primarily on anticipated commercial, industrial and residential development. The forecast produces an evaluation of the City's financial position as projected growth triggers increased service demands. The forecast projects increasing revenues at a compound annual average rate of 6.0% and expenditures at a rate of 6.6%. Assumptions in the model are fairly conservative and it is possible that a fairly minor adjustment in either projected revenues or expenditures, compounded several years into the future, would be enough to bring the projections into balance. The rise in expenditures is attributed for the most part to the expansion of the City's infrastructure from recent development and annexations, as well as, providing services to a growing population. Infrastructure expansion encompasses recently added open space, newly developed parks, additional street inventory and landscaping, and traffic signal system replacement.

To provide for future infrastructure rehabilitation needs, the City established the Asset Management Plan fund in 1985. This fund has grown to \$70.7 million as of June 30, 2008 and continued making annual contributions of \$1.5 million to meet the City's infrastructure needs. Future contributions will be based on investment earnings in order to preserve core assets.

**Financial policies.** City Council policy sets the Contingency Reserve at a minimum of 15% of general fund operating expenditures. This reserve is designated for future economic uncertainties and to fund delivery of critical City service delivery functions in the event an extreme financial condition occurs.

**Major initiatives.** Through its Strategic Business Plan, Irvine's City Council seeks to ensure a high quality of life endures and improves as the City ages and grows in size. The Strategic Business Plan was first created in 1994 as a way to help the City Council assess the effect of today's economic decisions on the City's future quality of life. As a blueprint for the City's future, the Strategic Business Plan defines the City Council's goals and evaluates the City's financial capacity to achieve them. The following four strategic goals set priorities for City operations and the annual budget.

*A clean and well maintained environment through:* maintenance and rehabilitation of streets, landscape, and facilities; upgrade of the traffic control systems; graffiti removal; modernization of older City facilities; code enforcement and planning with an eye toward preventing deterioration.

*Maintain a safe community through:* community policing and problem-solving; meeting emergency response standards; prevention of crime through community programs and after-school programs that support youth; increasing community involvement; and development of a wide variety of recreational opportunities for families.

*Promote economic prosperity and a livable community through:* the City's General Plan and Zoning Ordinance; creation of the Great Park; enhancing economic development and business retention; strengthening the City's revenue base; supporting legislation that protects the City's tax revenues; and increasing the number of businesses located in Irvine that generate sales tax.

*Promote effective government by:* providing civic information to the community; connecting the community with the past, present and future of Irvine; evaluating the staffing mix of employees, consultants and contractors; implementing the strategic technology plan; developing performance measurements for services; and measuring and evaluating citizen satisfaction.

## AWARDS AND ACKNOWLEDGEMENTS

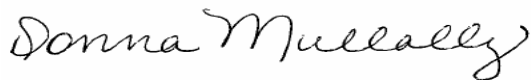
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Irvine for its CAFR for the fiscal year ended June 30, 2007. This was the twenty-ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA Distinguished Budget Presentation Award for its Fiscal Year 2007-08 budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report could not have been accomplished without the efficient and dedicated service of the Fiscal Services Division staff. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report, particularly the financial reporting team and budget. Appreciation is also expressed to the Finance Commission, Investment Advisory Committee, Budget Office, and City departments for their assistance and support in planning and conducting the financial operations of the City during this fiscal year, as well as the Mayor and City Council for their steadfast support for maintaining the highest standards of professionalism in the management of the City of Irvine's finances.

Respectfully submitted,



Donna Mullally  
Manager of Fiscal Services



Rick Paikoff  
Director of Administrative Services







# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Irvine California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R. et".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

## IRVINE CITY OFFICIALS



BETH KROM  
Mayor



SUKHEE KANG  
Mayor Pro Tem



LARRY AGRAN  
Council Member



STEVEN CHOI  
Council Member

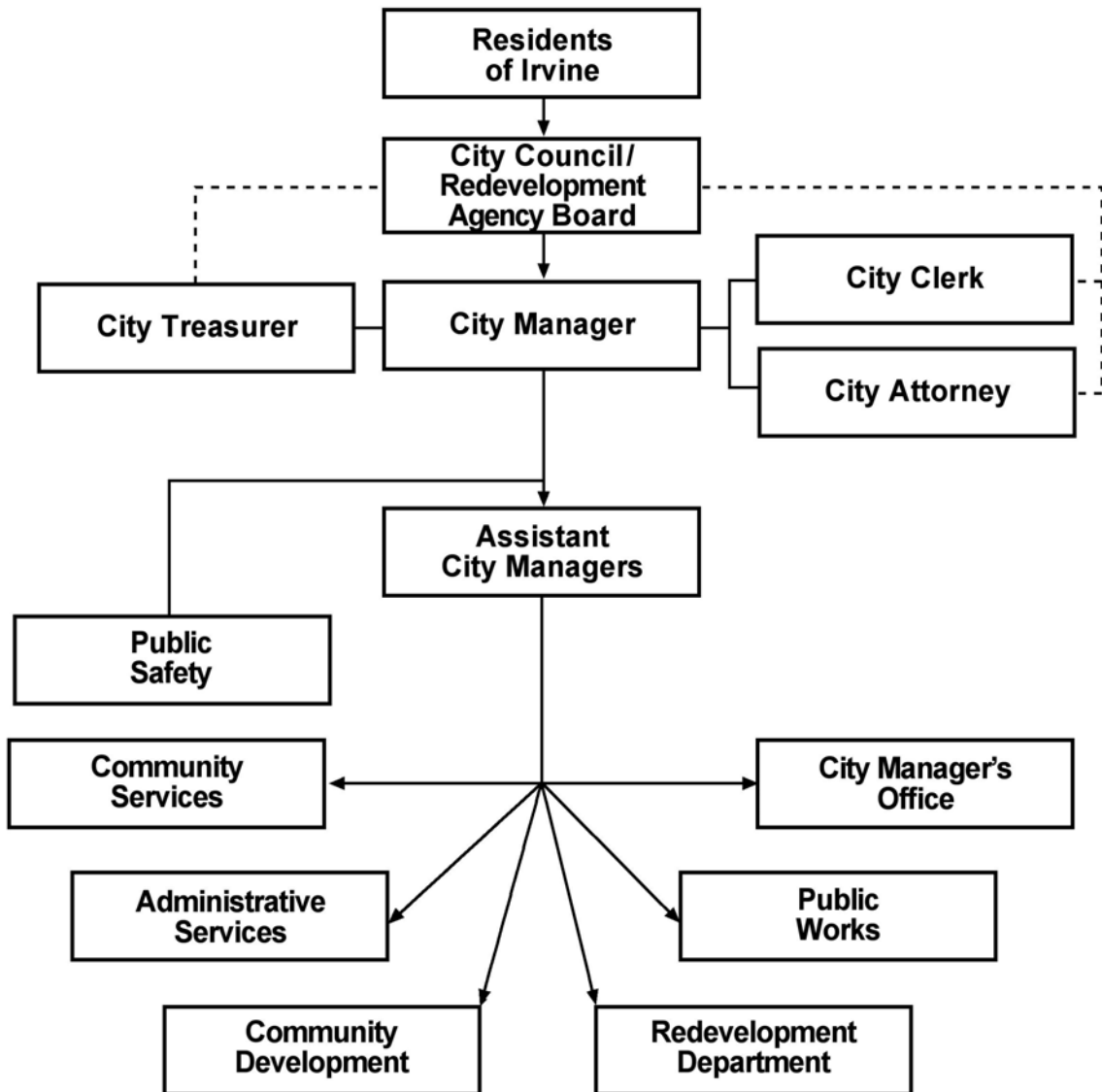


CHRISTINA SHEA  
Council Member

City Manager • Sean Joyce

Assistant City Manager.....	Sharon Landers
Assistant City Manager.....	Wally Kreutzen
City Attorney.....	Phil Kohn
City Clerk.....	Sharie Apodaca
Director of Administrative Services.....	Rick Paikoff
Director of Community Development.....	Douglas Williford
Director of Community Services.....	Paula Burrier-Lund
Director of Public Safety.....	Dave Maggard
Director of Public Works.....	Manuel Gomez
Orange County Great Park CEO.....	Mike Ellzey

# City of Irvine Organizational Chart









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\*A PROFESSIONAL CORPORATION

December 15, 2008

**INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
 Members of City Council  
 City of Irvine  
 Irvine, 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 Irvine, California, 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 Irvine's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Irvine, California, as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Irvine Business Complex, Orange County Great Park, Irvine Redevelopment and RDA Debt Service major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2008, on our consideration of the City of Irvine California's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 management's discussion and analysis, the defined benefit pension plan schedule of employer contributions and the schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

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

*Diehl, Evans and Company, LLP*

# City of Irvine

## Management's Discussion and Analysis

As management of the City of Irvine, California (City), we offer readers of the City of Irvine's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

### Financial Highlights

- The assets of the City exceeded its liabilities, at June 30, 2008, by \$2.16 billion (*net assets*). Of this amount, \$371.3 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors, but is subject to designation for specific City programs.
- The government's total net assets increased by \$142.50 million during the fiscal year ended June 30, 2008. Approximately 47% of this overall financial position improvement is attributable to the receipt of the last installment of development fees to be used for the development of the Orange County Great Park.
- As of June 30, 2008, the City's governmental funds reported combined ending fund balances of \$678.28 million, a decrease of \$31.63 million in comparison with the prior year. Approximately 49% of this total amount, \$332.90 million, is available for spending at the government's discretion (*unreserved fund balance*) within the guidelines of the funding sources.
- At June 30, 2008, unreserved fund balance for the general fund was \$114.34 million or 70% of total general fund expenditures for the fiscal year ended June 30, 2008. This represents a decrease of \$3.47 million or 3% from prior year. The City Council has designated all of this unreserved fund balance for specified purposes, in accordance with City policies and budgetary guidelines.
- The City's total long-term liabilities decreased by \$7.83 million (16%) during the current fiscal year. The key factor in this decrease was the retirement of debt.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

See Independent Auditors' Report.



## **Government-wide financial statements**

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

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

The government-wide financial statements present information about the functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City include general government, public safety, public works, health and sanitation, culture and recreation, community development, redevelopment, and great park.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also three legally separate entities, the Orange County Great Park, the Irvine Redevelopment Agency and the Irvine Community Land Trust. The City is financially accountable for these entities and financial information for these *blended component units* is reported within the financial information presented for the primary government itself. Financial information for two other blended component units, the City of Irvine Public Facilities Corporation and the Irvine Public Facility Infrastructure Authority is also included with the activities of the primary government.

The government-wide financial statements can be found immediately following this discussion and analysis.

## **Fund financial statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary 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 financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, 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.

See Independent Auditors' Report.

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 maintains various individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet, and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, the Irvine Business Center Fund, the Orange County Great Park Fund, the Irvine Redevelopment Fund, the Capital Improvement Projects Fund, the Assessment Districts Fund and the RDA Debt Service Fund; all of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic financial statements also include budgetary comparison statements for the General Fund, the Irvine Business Center Fund, the Orange County Great Park Fund, the Irvine Redevelopment Fund and the RDA Debt Service Fund to demonstrate compliance with the annual budget as adopted and amended.

The basic governmental fund financial statements can be found immediately following the government-wide financial statements.

***Proprietary funds.*** The City maintains various *internal service funds*. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, vehicle fleet operations, miscellaneous equipment maintenance, duplication and telecommunications services, and for its information technology systems. Because these services benefit governmental functions, they have been included within *governmental activities* in the government-wide financial statements.

The *internal service funds* are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found immediately following the basic governmental fund financial statements.

***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's programs. The basic fiduciary fund financial statements can be found immediately following the basic proprietary fund financial statements.

See Independent Auditors' Report.

## **Notes to the basic financial statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the basic fiduciary fund financial statements.

## **Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's annual required contribution to the Defined Benefit Pension Plan. Required supplementary information can be found immediately following the notes to the basic financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented for all nonmajor Special Revenue Funds, all nonmajor Capital Projects Funds, all nonmajor Debt Service Funds, all nonmajor Permanent Funds, all Internal Service Funds and all Fiduciary Funds. These combining and individual fund statements and schedules can be found immediately following the required supplementary information.

The *blended component units* referred to earlier in connection with the government-wide financial statements, although legally separate, function at the discretion and direction of the City's management. Their financial position and results of operations, therefore, have been included as an integral part of the primary government, and are presented in the fund financial statements.

## **Government-wide Financial Analysis**

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net assets (66%) reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

See Independent Auditors' Report.

**City of Irvine**  
**Summary of Net Assets**  
**As of June 30, 2008 and 2007**  
**(in thousands)**

	<b>Governmental</b>	
	<b>Activities</b>	
	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>Assets</b>		
Current and other assets	\$ 820,849	\$ 814,309
Capital assets	<u>1,444,279</u>	<u>1,306,377</u>
Total Assets	<u><u>2,265,128</u></u>	<u><u>2,120,686</u></u>
<b>Liabilities</b>		
Long-term liabilities	31,499	38,195
Other liabilities	<u>72,301</u>	<u>63,665</u>
Total Liabilities	<u><u>103,800</u></u>	<u><u>101,860</u></u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,425,432	1,275,007
Restricted	354,030	430,022
Unrestricted	<u>381,866</u>	<u>313,797</u>
Total Net Assets, as restated	<u><u>\$ 2,161,328</u></u>	<u><u>\$ 2,018,826</u></u>

During the fiscal year ended June 30, 2008, net assets of the City increased 7% to \$2.16 billion, of which \$1.43 billion is invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$354.03 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining \$381.87 million, an increase of 22% over the prior year total of \$313.79 million, is subject to designation for specific purposes as approved by the City Council, but may be used to meet the City's ongoing obligations.

See Independent Auditors' Report.

**City of Irvine**  
**Summary of Changes in Net Assets**  
**As of June 30, 2008 and 2007**  
(in thousands)

	<b>Governmental</b>	
	<b>Activities</b>	
	<u><b>2008</b></u>	<u><b>2007</b></u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 64,225	\$ 45,348
Operating grants and contributions	11,286	16,029
Capital grants and contributions	155,840	245,498
General revenues:		
Sales taxes	58,949	58,041
Property taxes	52,155	54,566
Other taxes	21,989	23,265
Other revenues	3,110	1,702
Investment revenue	36,304	43,458
Total revenues	<u>403,858</u>	<u>487,907</u>
<b>Expenses</b>		
General Government	47,848	18,211
Public Safety	52,292	45,356
Public Works	27,663	90,318
Health and Sanitation	314	263
Culture and Recreation	36,863	34,126
Community Development	18,488	21,485
Redevelopment	10,468	16,628
Great Park	34,248	18,628
Interest on long-term debt	-	1,239
Unallocated infrastructure depreciation	33,172	27,777
Total Expenses	<u>261,356</u>	<u>274,031</u>
Excess of Revenues Over Expenses	<u>142,502</u>	<u>213,876</u>
<b>Increase in Net Assets</b>	142,502	213,876
Beginning Net Assets	<u>2,018,826</u>	<u>1,804,950</u>
Ending Net Assets, as restated	<u><u>\$ 2,161,328</u></u>	<u><u>\$ 2,018,826</u></u>

See Independent Auditors' Report.

Overall, Citywide revenues for the fiscal year ended June 30, 2008 decreased by \$84.05 million, a 17% decrease from the prior year. The majority of the decrease was attributed to capital grants and contributions program revenues. In addition:

- Total program revenues of \$231.35 million were 57% of total revenues. Capital grants and contributions related to infrastructure and capital improvements accounted for 39% of total revenues. Developer fees, received in connection with the Orange County Great Park development, accounted for \$66.67 million of this revenue.
- Total general revenues of \$172.51 million were 43% of total revenues. The largest general revenue, sales taxes, accounted for 15% of total revenues.

Total related expenditures decreased by \$12.68 million, a 5% decrease from the prior year. Public Safety expenditures accounted for 20% of the total expenditures. Public Works expenditures accounted for 11% of total current expenditures, while Community Services expenditures (comprised of health, sanitation, culture and recreation related activities) were 14% of total expenditures.

## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements.

As of June 30, 2008, the City's governmental funds reported total combined ending fund balances of \$678.28 million, a decrease of \$31.63 million from the prior year. Approximately 49% of the City's governmental funds ending fund balances, or \$332.90 million, constitute *unreserved fund balance*, which is available for spending at the government's direction. The remainder of fund balance, \$345.38 million, is *reserved* to indicate that it is not available for new spending, because it has already been committed to: 1) liquidate contracts and purchase orders of the prior period (\$1.07 million), 2) pay debt service (\$5.00 million), 3) pay for infrastructure improvements, park development projects, and capital improvement projects (\$195.12 million), 4) generate income to pay for senior citizens services programs (\$0.47 million), 5) advances to other funds (\$143.63 million) and 6) deposits and prepaid costs (\$0.09 million).

### General Fund Financial Highlights

The general fund is the chief operating fund of the City. At June 30, 2008, unreserved fund balance of the general fund was \$114.34 million, while total fund balance was \$123.79 million. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 70% of the total general fund expenditures. As mentioned above, however, the City Council has designated all of this unreserved fund balance for specified purposes.

See Independent Auditors' Report.

For the fiscal year ended June 30, 2008, the cash and investments balance in the general fund was \$116.34 million, a decrease of \$3.21 million from the prior fiscal year. Long-term notes receivable in the amount of \$11.11 million were established in the general fund as a result of various housing loans made during the years.

**City of Irvine**  
**Summary of Changes in Fund Balances - General Fund**  
**As of June 30, 2008 and 2007**  
(in thousands)

	<u>2008</u>	<u>2007</u>
<b>Revenues</b>		
Taxes:		
Sales	\$ 55,431	\$ 53,974
Property	41,364	36,799
Other	<u>22,346</u>	<u>23,628</u>
Total taxes	119,141	114,401
Charges for services	20,479	20,293
Intergovernmental	2,089	3,575
Investment revenue	6,090	6,555
Other	<u>12,836</u>	<u>82,587</u>
Total Revenues	<u>160,635</u>	<u>227,411</u>
<b>Expenditures</b>		
General Government	28,016	25,913
Public Safety	50,780	46,872
Public Works	31,372	28,415
Community Development	18,543	17,811
Community Services	33,449	32,810
Redevelopment	1,282	1,831
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>163,442</u>	<u>153,652</u>
Excess of Revenues Over Expenditures	(2,807)	73,759
Proceeds from sale of capital assets	14	-
Net transfers	<u>(492)</u>	<u>(76,579)</u>
<b>Increase (Decrease) in Fund Balance</b>	<u>\$ (3,285)</u>	<u>\$ (2,820)</u>

See Independent Auditors' Report.

Overall, general fund revenues for the fiscal year ended June 30, 2008 decreased by \$66.78 million, or 29%, over the prior year. The majority of this decrease is attributable to a \$66.67 million decrease in revenue from developers. The developer fees, which in the past were recorded in the general fund, were instead recorded in the Orange County Great Park Fund and are received according to the terms of the development agreement for the Orange County Great Park.

Total related General Fund expenditures increased by \$9.79 million, or 6%, over the prior year. Changes in expenditures, by function, occurred as follows during the year ended June 30, 2008:

- General Government expenditures increased by \$2.10 million, to \$28.02 million due to increased staffing costs.
- Public Safety expenditures increased by \$3.91 million to \$50.78 million, due to increased regular salary, overtime and benefit costs for active and retiring sworn employees, and costs associated with training new sworn personnel.
- Public Works expenditures increased by \$2.96 million, to \$31.37 million, reflecting increased administrative costs associated with the additional infrastructure and construction, as well as, re-apportionment of prior year spending authorizations not fulfilled.
- Community Development expenditures increased by \$0.73 million, to \$18.54 million, as a result of increased staffing costs.
- Community Services expenditures increased by \$0.64 million, to \$33.45 million, in association with increased services required for expansion of park construction, facilities and programs.
- Redevelopment expenditures decreased by \$0.55 million, to \$1.28 million due to a decrease in redevelopment activity.

### **General Fund Budgetary Highlights**

Differences between the general fund original budget expenditures and the final amended budget were \$4.64 million and can be briefly summarized as follows:

#### Increases for activities

- \$0.44 million for community services.
- \$0.43 million for public works.
- \$0.10 million for redevelopment.
- \$0.62 million for community development.
- \$1.11 million for general government.
- \$1.94 million for public safety.

In each of the functional expenditure categories, actual expenditures were less than final budgeted amounts, at \$163.44 million, and \$174.89 million, respectively. Additionally, for the year ended June 30, 2008, actual revenues did not meet budgetary estimates, at \$160.64 million and \$166.57 million respectively, and expenditures exceeded revenues; therefore, there was a need to draw upon existing fund balance of \$2.81 million. Furthermore, actual net transfers from the general fund were less than final budget amounts by \$13.52 million. Transfers out were \$8.7 million less than budget due to the decrease in development projects, and transfers in were \$4.8 million greater than budget due to one time reduction in bond reserves that were transferred back to the general fund.

See Independent Auditors' Report.



### **Financial Analysis of the Other Major Funds**

The Irvine Business Center Fund utilizes gas tax, interest revenue and developer fees to fund multi-year arterial streets projects in the Irvine Business Center area. For the year ended June 30, 2008, developer fees of \$4.33 million were received. Actual expenditures were less than budgeted amounts, because project delays resulted in the postponement of capital outlay expenditures to future fiscal years. The ending fund balance of \$59.98 million is designated for future construction of various Irvine Business Center projects.

The Orange County Great Park Fund accounts for transactions relating to the development, management, operation and maintenance of the Orange County Great Park to be located on the site of the former Marine Corps Air Station (MCAS) at El Toro. Transfers of \$134.00 million came from the General Fund as a result of a Purchase and Sale and Financing agreement between the City and the Irvine Redevelopment Agency for land purchased in the redevelopment project area. Current year expenditures, primarily for advance planning and design costs for the Orange County Great Park amounted to \$11.92 million. The ending fund balance of \$280.71 million is designated for the future development of the Orange County Great Park.

The Irvine Redevelopment Fund accounts for the operational activities of the Irvine Redevelopment Agency to enable and facilitate the redevelopment of the project area located on the site of the former MCAS El Toro. Transfers in and revenues exceeded expenditures by \$8.29 million, offsetting the prior year deficit fund balance. The ending fund balance of \$0.28 million is designated for the future operations of the Redevelopment Agency.

The Capital Improvement Projects Fund accounts for street, bridge, traffic signal and other circulation related capital projects funded by grants, fees and interest revenue. The fund balance decreased by \$10.63 million due to expenditures of \$35.37 million in capital outlay for circulation capital projects. The fund balance of \$5.50 million is reserved for future construction.

The Assessment Districts Fund accounts for the 1913 and 1915 Act bond proceeds to fund major road and drainage improvements throughout the City. Capital outlays were \$63.40 million for improvements related to new development in the City. The ending fund balance of \$189.62 million is reserved for future construction of these projects.

The RDA Debt Service Fund accounts for the accumulation of tax increment receipts, debt service payments, and statutory pass-through payments of property tax to affected agencies of the redevelopment project area and plans for the non-aviation reuse of the former MCAS El Toro base property. Expenditures and transfers out exceeded revenues by \$149.81 million due to the Purchase and Sale and Financing agreement with the City. The fund balance is a deficit of \$142.11 million. Future tax increment revenues from the development in project area are expected to alleviate this deficit.

See Independent Auditors' Report.

## Capital Assets and Debt Administration

### Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2008, amounts to \$1.4 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 11%.

**City of Irvine**  
**Summary of Changes in Capital Assets**  
**For the Year Ended June 30, 2008**  
(in thousands)

	<u>Balance as June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance as June 30, 2008</u>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 574,593	\$ 39	\$ -	\$ 574,632
Construction in progress	22,667	46,195	-	68,862
Total capital assets not being depreciated	<u>597,260</u>	<u>46,234</u>	<u>-</u>	<u>643,494</u>
Capital assets, being depreciated:				
Buildings	79,298	-	-	79,298
Improvements other than buildings	50,570	-	-	50,570
Machinery and equipment	38,395	5,666	1,981	42,080
Infrastructure	1,105,481	127,632	-	1,233,113
Total capital assets being depreciated	<u>1,273,744</u>	<u>133,298</u>	<u>1,981</u>	<u>1,405,061</u>
Less accumulated depreciation for:				
Buildings	(34,383)	(2,010)	-	(36,393)
Improvements other than buildings	(23,094)	(2,295)	-	(25,389)
Machinery and equipment	(27,750)	(3,864)	(1,692)	(29,922)
Infrastructure	(479,400)	(33,172)	-	(512,572)
Total accumulated depreciation	<u>(564,627)</u>	<u>(41,341)</u>	<u>(1,692)</u>	<u>(604,276)</u>
Total capital assets, being depreciated, net	<u>709,117</u>	<u>91,957</u>	<u>289</u>	<u>800,785</u>
Governmental activities capital assets, net	<u>\$ 1,306,377</u>	<u>\$ 138,191</u>	<u>\$ 289</u>	<u>\$ 1,444,279</u>

See Independent Auditors' Report.

Major capital asset transactions during the current fiscal year included the following:

- Infrastructure additions for the year totaled \$127.63 million. Street additions accounted for \$95.63 million, traffic signal additions totaled \$6.08 million, bridge additions were \$0.02 million, trail additions totaled \$1.06 million and landscaping additions were \$24.84 million.
- Machinery and Equipment acquisitions of \$5.67 million included vehicles, telephone equipment, and hardware and software per the Strategic Technology Plan.

Additional information on the City’s capital assets can be found under section IV. B. entitled “Capital Assets” of the notes to the basic financial statements section of this report.

### Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$22.78 million. Bond principal retired during the year totaled \$8.17 million.

#### City of Irvine Summary of Changes in Long-Term Liabilities (in thousands)

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Long- Term	Due Within One Year
Lease Revenue Bonds:						
Series 1985 matures in 2010	\$ 27,100	\$ -	\$ 5,900	\$ 21,200	\$ 14,700	\$ 6,500
Series 1987 matures in 2010	2,035	-	460	1,575	1,085	490
Total Lease Revenue Bonds	<u>29,135</u>	<u>-</u>	<u>6,360</u>	<u>22,775</u>	<u>15,785</u>	<u>6,990</u>
Certificates of Participation:						
Irvine Public Facilities and Infrastructure						
Authority Series 1994 matures in 2011	1,810	-	1,810	-	-	-
Total Certificates of Participation	<u>1,810</u>	<u>-</u>	<u>1,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Debt:						
Compensated absences	8,715	1,481	1,014	9,182	8,090	1,092
Claims payable	8,097	1,393	1,768	7,722	5,953	1,769
Capital lease obligation	425	536	330	631	321	310
Long-term note	1,350	-	-	1,350	1,350	-
Total Other Debt	<u>18,587</u>	<u>3,410</u>	<u>3,112</u>	<u>18,885</u>	<u>15,714</u>	<u>3,171</u>
Total Long-Term Liabilities	<u>\$ 49,532</u>	<u>\$ 3,410</u>	<u>\$ 11,282</u>	<u>\$ 41,660</u>	<u>\$ 31,499</u>	<u>\$ 10,161</u>

Long-term debt-related events during the fiscal year ended June 30, 2008 included:

- Compensated absences liabilities increased by \$1.48 million and payouts to employees upon termination amounted to \$1.01 million.
- A new capital lease for Public Safety patrol vehicles totaled \$0.54 million.

Additional information on the City’s long-term debt can be found under Section IV. E. entitled “Long-term debt” of the Notes to the Basic Financial Statements.

See Independent Auditors’ Report.

## **Economic Factors and Next Year's Budgets and Rates**

The City of Irvine's economy is clearly linked to the national and state economy. However, because the City is still developing, its local economy can experience departures from other local, state or national trends; with resultant recurring revenue fluctuations. Additionally, because the City's revenues are obtained from a limited number of sources, further revenue fluctuations may occur from year-to-year. To develop its budget model, the City uses the "Orange County Economic Forecast" prepared by Chapman University's Center for Economic Research. Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the annual budget preparation, can be obtained from the City's Fiscal Year 2007-2008 citywide budget, available through the City Manager's Office.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Manager of Fiscal Services, One Civic Center Plaza, Post Office Box 19575, Irvine, CA 92623-9575.



# BASIC FINANCIAL STATEMENTS



**City of Irvine**  
**Statement of Net Assets**  
**June 30, 2008**  
(amounts expressed in thousands)

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 755,870
Receivables, net of allowances:	
Taxes	15,942
Accounts	2,959
Accrued interest	4,147
Deposits	94
Inventories	174
Due from other governments	25,649
Due from developers	112
Long-term note receivable	13,658
Net pension asset	2,244
Capital assets, net of accumulated depreciation:	
Land	574,632
Buildings and systems	42,905
Improvements other than buildings	25,181
Machinery and equipment	12,158
Infrastructure	720,541
Construction in progress	68,862
Total Assets	2,265,128
<b>LIABILITIES</b>	
Accounts payable	28,530
Accrued liabilities	7,479
Due to other governments	5,299
Deposits	4,311
Unearned revenue	16,521
Noncurrent liabilities:	
Due within one year	10,161
Due in more than one year	31,499
Total Liabilities	103,800
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	1,425,432
Restricted	
Expendable:	
Debt Service	5,005
Assessment infrastructure and capital improvements	343,300
Other programs and activities	5,256
Nonexpendable:	
Senior Services Fund program	469
Unrestricted	381,866
Total Net Assets	\$ 2,161,328

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<b>Governmental Activities:</b>					
General Government	\$ 47,848	\$ 10,738	\$ 253	\$ -	\$ (36,857)
Public Safety	52,292	3,950	1,977	-	(46,365)
Public Works	27,663	24,566	7,024	74,179	78,106
Health and Sanitation	314	25	289	-	-
Culture and Recreation	36,863	7,698	697	13,005	(15,463)
Community Development	18,488	13,479	76	-	(4,933)
Redevelopment	10,468	319	662	1,989	(7,498)
Great Park	34,248	3,450	308	66,667	36,177
Unallocated infrastructure depreciation	33,172	-	-	-	(33,172)
Total Governmental Activities	<u>\$ 261,356</u>	<u>\$ 64,225</u>	<u>\$ 11,286</u>	<u>\$ 155,840</u>	<u>(30,005)</u>
<b>General Revenues</b>					
Taxes:					
Property taxes					52,155
Franchise taxes					11,553
Sales taxes					58,949
Document transfer taxes					1,328
Transient occupancy taxes					9,108
Unrestricted motor vehicle in-lieu					820
Gain on sales of assets					14
Investment revenue					36,304
Other revenue					2,276
Total General Revenues					<u>172,507</u>
Change in Net Assets					142,502
Total Net Assets, Beginning, as restated					<u>2,018,826</u>
Total Net Assets, Ending					<u><u>\$ 2,161,328</u></u>

See Independent Auditors' Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**  
(amounts expressed in thousands)  
Page 1 of 2

	General	Irvine Business Complex	Orange County Great Park	Irvine Redevelop - ment	Capital Improvement Projects
<b>ASSETS</b>					
Cash and investments	\$ 116,339	\$ 61,179	\$ 147,325	\$ 344	\$ 10,319
Receivables, net of allowances:					
Taxes	10,366	-	-	-	-
Accounts	2,359	-	54	-	89
Accrued interest	443	234	605	-	18
Deposits	94	-	-	-	-
Due from other funds	239	-	-	-	-
Due from other governments	401	9,719	-	-	7,524
Due from developers	8	-	-	-	104
Advances to other funds	11,128	-	144,050	-	-
Long-term note receivable	11,107	-	-	-	-
Total Assets	<u>\$ 152,484</u>	<u>\$ 71,132</u>	<u>\$ 292,034</u>	<u>\$ 344</u>	<u>\$ 18,054</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 4,364	\$ 1,300	\$ 943	\$ 57	\$ 5,525
Accrued liabilities	4,439	133	335	5	78
Due to other funds	-	-	-	-	-
Due to other governments	76	-	-	-	-
Deposits	3,416	-	-	-	645
Deferred revenue	16,402	9,719	10,050	-	6,310
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>28,697</u>	<u>11,152</u>	<u>11,328</u>	<u>62</u>	<u>12,558</u>
Fund Balances:					
Reserved	9,443	-	134,000	-	5,496
Unreserved, reported in:					
General Fund	114,344	-	-	-	-
Special Revenue Funds	-	59,980	146,706	282	-
Capital Project Funds	-	-	-	-	-
Permanent Funds	-	-	-	-	-
Total Fund Balances	<u>123,787</u>	<u>59,980</u>	<u>280,706</u>	<u>282</u>	<u>5,496</u>
Total Liabilities and Fund Balances	<u>\$ 152,484</u>	<u>\$ 71,132</u>	<u>\$ 292,034</u>	<u>\$ 344</u>	<u>\$ 18,054</u>

- continued -

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**  
(amounts expressed in thousands)  
Page 2 of 2

	Assessment Districts	RDA Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 194,817	\$ 15,072	\$ 172,149	\$ 717,544
Receivables, net of allowances:				
Taxes	-	-	2,058	12,424
Accounts	-	-	243	2,745
Accrued interest	88	59	552	1,999
Deposits	-	-	-	94
Due from other funds	-	-	-	239
Due from other governments	-	-	8,004	25,648
Due from developers	-	-	-	112
Advances to other funds	-	-	1,350	156,528
Long-term note receivable	-	-	2,551	13,658
Total Assets	<u>\$ 194,905</u>	<u>\$ 15,131</u>	<u>\$ 186,907</u>	<u>\$ 930,991</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 80	\$ 2,067	\$ 13,160	\$ 27,496
Accrued liabilities	1	-	2,388	7,379
Due to other funds	-	-	239	239
Due to other governments	5,205	-	17	5,298
Deposits	-	-	250	4,311
Deferred revenue	-	-	8,982	51,463
Advances from other funds	-	155,178	1,350	156,528
Total Liabilities	<u>5,286</u>	<u>157,245</u>	<u>26,386</u>	<u>252,714</u>
Fund Balances:				
Reserved	189,619	-	6,824	345,382
Unreserved, reported in:				
General Fund	-	-	-	114,344
Special Revenue Funds	-	(142,114)	112,370	177,224
Capital Project Funds	-	-	41,181	41,181
Permanent Funds	-	-	146	146
Total Fund Balances	<u>189,619</u>	<u>(142,114)</u>	<u>160,521</u>	<u>678,277</u>
Total Liabilities and Fund Balances	<u>\$ 194,905</u>	<u>\$ 15,131</u>	<u>\$ 186,907</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in government activities are not financial resources and are not reported in the funds.	1,434,575
Other long term assets are not available to pay for current period expenditures and are deferred in the funds.	36,997
The net pension asset is not an available financial resource and is excluded from the funds.	2,244
Sales tax receivable not reported in the fund financial statements.	3,518
Internal service funds are used to charge the cost of interfund activities to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	38,871
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	<u>(33,154)</u>
Total Net Assets per Statement of Net Assets	<u>\$ 2,161,328</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
Page 1 of 2

	<u>General</u>	<u>Irvine Business Complex</u>	<u>Orange County Great Park</u>	<u>Irvine Redevelop- ment</u>	<u>Capital Improvement Projects</u>
<b>REVENUES</b>					
Taxes	\$ 119,141	\$ -	\$ -	\$ -	\$ -
Licenses and permits	7,528	-	-	-	-
Fines and forfeitures	2,192	-	-	-	-
Investment income	6,090	3,257	8,321	15	510
Intergovernmental	2,089	-	-	-	12,078
Charges for services	20,479	-	3,450	56	-
Revenue from developers	-	4,325	66,667	-	5
Revenue from property owners	-	-	-	-	-
Donations	598	-	306	-	-
Other revenue	2,518	-	-	-	-
	<u>160,635</u>	<u>7,582</u>	<u>78,744</u>	<u>71</u>	<u>12,593</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current:					
General Government	28,016	25	-	4	43
Public Safety	50,780	-	-	-	-
Public Works	31,372	354	-	-	982
Community Development	18,543	-	-	-	1
Community Services	33,449	-	-	-	-
Redevelopment	1,282	-	-	1,818	-
Great Park	-	-	10,359	-	-
Street lighting	-	-	-	-	-
Capital outlay	-	19,637	1,562	-	35,365
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Administration	-	-	-	-	-
	<u>163,442</u>	<u>20,016</u>	<u>11,921</u>	<u>1,822</u>	<u>36,391</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,807)</u>	<u>(12,434)</u>	<u>66,823</u>	<u>(1,751)</u>	<u>(23,798)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of long-term note	-	-	-	-	-
Proceeds from sale of capital assets	14	-	-	-	-
Transfers in	144,003	68	134,000	144,043	13,172
Transfers out	<u>(144,495)</u>	<u>(1,000)</u>	<u>(25,600)</u>	<u>(134,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(478)</u>	<u>(932)</u>	<u>108,400</u>	<u>10,043</u>	<u>13,172</u>
Net Change in Fund Balances	(3,285)	(13,366)	175,223	8,292	(10,626)
Fund Balances, Beginning, as restated	<u>127,072</u>	<u>73,346</u>	<u>105,483</u>	<u>(8,010)</u>	<u>16,122</u>
Fund Balances, Ending	<u>\$ 123,787</u>	<u>\$ 59,980</u>	<u>\$ 280,706</u>	<u>\$ 282</u>	<u>\$ 5,496</u>

- continued -

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
Page 2 of 2

	Assessment Districts	RDA Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ -	\$ 6,846	\$ 16,470	\$ 142,457
Licenses and permits	-	-	-	7,528
Fines and forfeitures	-	-	-	2,192
Investment income	9,224	619	7,937	35,973
Intergovernmental	-	-	21,718	35,885
Charges for services	-	-	19,587	43,572
Revenue from developers	-	-	12,978	83,975
Revenue from property owners	-	-	4,863	4,863
Donations	-	-	99	1,003
Other revenue	-	-	45	2,563
Total Revenues	<u>9,224</u>	<u>7,465</u>	<u>83,697</u>	<u>360,011</u>
<b>EXPENDITURES</b>				
Current:				
General Government	3,090	-	153	31,331
Public Safety	-	-	1,701	52,481
Public Works	236	-	2,859	35,803
Community Development	-	-	32	18,576
Community Services	-	-	1,815	35,264
Redevelopment	-	2,115	4,522	9,737
Great Park	-	-	1,769	12,128
Street lighting	-	-	5,069	5,069
Capital outlay	63,402	-	49,628	169,594
Debt service:				
Principal retirement	-	-	8,170	8,170
Interest and fiscal charges	-	11,023	830	11,853
Administration	-	-	106	106
Total Expenditures	<u>66,728</u>	<u>13,138</u>	<u>76,654</u>	<u>390,112</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57,504)</u>	<u>(5,673)</u>	<u>7,043</u>	<u>(30,101)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term note	-	-	47	47
Proceeds from sale of capital assets	-	-	-	14
Transfers in	-	-	40,932	476,218
Transfers out	-	(144,141)	(28,567)	(477,803)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(144,141)</u>	<u>12,412</u>	<u>(1,524)</u>
Net Change in Fund Balances	(57,504)	(149,814)	19,455	(31,625)
Fund Balances, Beginning, as restated	<u>247,123</u>	<u>7,700</u>	<u>141,066</u>	<u>709,902</u>
Fund Balances, Ending	<u>\$ 189,619</u>	<u>\$ (142,114)</u>	<u>\$ 160,521</u>	<u>\$ 678,277</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds To the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ (31,625)
<p>Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives as depreciation expense.</p>	
Excess capital outlay over current year depreciation	125,851
<p>Governmental funds do not report the donation of capital assets not held for resale. Such transactions are included as revenue on the Statement of Activities.</p>	
Donation of capital infrastructure assets	11,498
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>	
Interest	9,511
Various grants	14,518
Sales taxes	(549)
<p>Governmental funds do not report the changes in the net pension asset, since it does not provide or require the use of current financial resources.</p>	
	18
<p>Governmental funds report repayments of the principal of long-term debt as expenditures, but repayments are included as a reduction of long-term liabilities in the Statement of Net Assets.</p>	
Issuance of long term note	(47)
Principal repayments on long term debt	8,170
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.</p>	
Accrued interest	104
Compensated absences	(145)
<p>Internal Service Funds are used by management to charge the costs of certain activities such as insurance and fleet, to individual funds. The net revenue (expense) of the Internal Service Funds is included in the Statement of Activities.</p>	
	<u>5,198</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 142,502</u></u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 121,281	\$ 121,281	\$ 119,141	\$ (2,140)
Licenses and permits	9,039	9,039	7,528	(1,511)
Fines and forfeitures	2,083	2,083	2,192	109
Investment income	5,669	5,670	6,090	420
Intergovernmental	3,928	4,068	2,089	(1,979)
Charges for services	21,575	21,695	20,479	(1,216)
Revenue from developers	16	16	-	(16)
Donations	-	-	598	598
Other revenue	2,718	2,720	2,518	(202)
	166,309	166,572	160,635	(5,937)
<b>EXPENDITURES</b>				
Current:				
General Government:				
City Manager	8,791	9,755	8,244	1,511
Administrative Services	21,654	21,802	19,772	2,030
Public Safety	49,670	51,613	50,780	833
Public Works	31,426	31,855	31,372	483
Community Development	19,524	20,142	18,543	1,599
Community Services	35,485	35,923	33,449	2,474
Redevelopment	3,701	3,804	1,282	2,522
	170,251	174,894	163,442	11,452
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,942)	(8,322)	(2,807)	5,515
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	14	14
Transfers in	5,208	139,208	144,003	4,795
Transfers out	(15,296)	(153,217)	(144,495)	8,722
	(10,088)	(14,009)	(478)	13,531
Net Change in Fund Balances	(14,030)	(22,331)	(3,285)	19,046
Fund Balances, Beginning	127,072	127,072	127,072	-
Fund Balances, Ending	\$ 113,042	\$ 104,741	\$ 123,787	\$ 19,046

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Irvine Business Complex**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 3,664	\$ 3,664	\$ 3,257	\$ (407)
Intergovernmental	8,858	8,542	-	(8,542)
Revenue from developers	4,580	4,580	4,325	(255)
Total Revenues	17,102	16,786	7,582	(9,204)
<b>EXPENDITURES</b>				
Current:				
General Government	33	33	25	8
Public Works	430	430	354	76
Capital outlay	20,572	21,119	19,637	1,482
Total Expenditures	21,035	21,582	20,016	1,566
(Deficiency) of Revenues (Under) Expenditures	(3,933)	(4,796)	(12,434)	(7,638)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200	228	68	(160)
Transfers out	-	(1,000)	(1,000)	-
Total Other Financing Sources (Uses)	200	(772)	(932)	(160)
Net Change in Fund Balances	(3,733)	(5,568)	(13,366)	(7,798)
Fund Balances, Beginning	73,346	73,346	73,346	-
Fund Balances, Ending	\$ 69,613	\$ 67,778	\$ 59,980	\$ (7,798)

See Independent Auditors' Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Orange County Great Park**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 4,650	\$ 4,650	\$ 8,321	\$ 3,671
Charges for services	3,399	3,143	3,450	307
Revenue from developers	66,667	66,667	66,667	-
Donations	300	306	306	-
Other revenue	-	162	-	(162)
Total Revenues	75,016	74,928	78,744	3,816
<b>EXPENDITURES</b>				
Current:				
Great Park	10,436	15,522	10,359	5,163
Capital outlay	-	1,739	1,562	177
Total Expenditures	10,436	17,261	11,921	5,340
Excess of Revenues Over Expenditures				
	64,580	57,667	66,823	9,156
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	134,000	134,000	-
Transfers out	(43,250)	(61,945)	(25,600)	36,345
Total Other Financing Sources (Uses)	(43,250)	72,055	108,400	36,345
Net Change in Fund Balances	21,330	129,722	175,223	45,501
Fund Balances, Beginning	105,483	105,483	105,483	-
Fund Balances, Ending	<u>\$ 126,813</u>	<u>\$ 235,205</u>	<u>\$ 280,706</u>	<u>\$ 45,501</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Irvine Redevelopment**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ 57	\$ 57	\$ 15	\$ (42)
Charges for services	-	46	56	10
Total Revenues	<u>57</u>	<u>103</u>	<u>71</u>	<u>(32)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	27	27	4	23
Redevelopment	2,670	136,673	1,818	134,855
Capital outlay	-	60	-	60
Total Expenditures	<u>2,697</u>	<u>136,760</u>	<u>1,822</u>	<u>134,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,640)</u>	<u>(136,657)</u>	<u>(1,751)</u>	<u>134,906</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	500	144,043	144,043	-
Transfers out	-	-	(134,000)	(134,000)
Total Other Financing Sources (Uses)	<u>500</u>	<u>144,043</u>	<u>10,043</u>	<u>(134,000)</u>
Net Change in Fund Balances	(2,140)	7,386	8,292	906
Fund Balances, Beginning	<u>(8,010)</u>	<u>(8,010)</u>	<u>(8,010)</u>	<u>-</u>
Fund Balances, Ending	<u>\$ (10,150)</u>	<u>\$ (624)</u>	<u>\$ 282</u>	<u>\$ 906</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**RDA Debt Service**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,293	\$ 5,293	\$ 6,846	\$ 1,553
Investment income	425	425	619	194
Total Revenues	5,718	5,718	7,465	1,747
<b>EXPENDITURES</b>				
Current:				
Redevelopment	1,993	1,993	2,115	(122)
Debt service:				
Interest and fiscal charges	708	9,753	11,023	(1,270)
Total Expenditures	2,701	11,746	13,138	(1,392)
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,017	(6,028)	(5,673)	355
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(2,800)	(146,343)	(144,141)	2,202
Total Other Financing Sources (Uses)	(2,800)	(146,343)	(144,141)	2,202
Net Change in Fund Balances	217	(152,371)	(149,814)	2,557
Fund Balances, Beginning, as restated	7,700	7,700	7,700	-
Fund Balances, Ending	\$ 7,917	\$ (144,671)	\$ (142,114)	\$ 2,557

See Independent Auditors' Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2008**  
(amounts expressed in thousands)

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 38,326
Receivables, net of allowances:	
Accounts	214
Accrued interest	147
Inventories	174
Due from other governments	1
Total Current Assets	<u>38,862</u>
Noncurrent Assets:	
Capital assets:	
Equipment	32,634
Less accumulated depreciation	<u>(22,930)</u>
Total Noncurrent Assets	<u>9,704</u>
Total Assets	<u>48,566</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	1,034
Accrued liabilities	24
Due to other governments	1
Deferred revenue	54
Lease payable	310
Compensated absences	27
Claims payable	<u>1,769</u>
Total Current Liabilities	<u>3,219</u>
Noncurrent Liabilities:	
Lease payable	321
Compensated absences	202
Claims payable	<u>5,953</u>
Total Noncurrent Liabilities	<u>6,476</u>
Total Liabilities	<u>9,695</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	9,073
Unrestricted	<u>29,798</u>
Total Net Assets	<u><u>\$ 38,871</u></u>

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 19,099
Other	903
Total Operating Revenue	20,002
<b>OPERATING EXPENSES</b>	
Personal services	2,216
Supplies & equipment	4,047
Contract services	4,266
Administration	1,196
Self-insured losses	1,405
Insurance premiums	1,672
Depreciation	3,322
Total Operating Expenses	18,124
Operating Income	1,878
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	1,843
Interest expense	(20)
Loss on disposal of equipment	(88)
Total Nonoperating Revenues	1,735
Income Before Transfers	3,613
Transfers in	1,585
Change in Net Assets	5,198
Total Net Assets, Beginning	33,673
Total Net Assets, Ending	\$ 38,871

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>Governmental Activities - Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers and users	\$ 423
Received from interfund services provided	19,451
Paid to suppliers	(13,966)
Paid for interfund services provided	(203)
Paid to employees	(1,470)
Net Cash Provided by Operating Activities	<u>4,235</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Transfers in	1,585
Net Cash Provided by Non-Capital Financing Activities	<u>1,585</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from sale of equipment	361
Interest paid	(20)
Equipment purchases	(4,324)
Net Cash Used by Capital and Related Financing Activities	<u>(3,983)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	1,874
Net Cash Provided by Investing Activities	<u>1,874</u>
Net Increase in Cash and Cash Equivalents	3,711
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>34,615</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 38,326</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 1,878
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	3,322
Changes in assets and liabilities:	
(Increase) decrease in receivables, net of allowances	(87)
(Increase) decrease in due from other governments	13
(Increase) decrease in inventories	(20)
Increase (decrease) in accounts payable	(705)
Increase (decrease) in accrued liabilities	23
Increase (decrease) in deferred revenue	(54)
Increase (decrease) in lease payable	206
Increase (decrease) in compensated absences	34
Increase (decrease) in claims payable	(375)
Total Adjustments	<u>2,357</u>
Net Cash Provided by Operating Activities	<u>\$ 4,235</u>
Non Cash Capital Financing Activities - Capital Lease Borrowings	<u>\$ 536</u>

See Independent Auditors' Report and Notes to the Basic Financial Statements





**City of Irvine**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2007 and June 30, 2008**  
(amounts expressed in thousands)

	<b>Pension and Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash	\$ -	\$ 99,043
Investments:		
Collective trust funds	18,839	-
Participant directed investments	11,065	-
Receivables, net of allowances:		
Taxes	-	1,499
Accounts	8	-
Accrued interest	2	32
Contributions	10	-
Loans	164	-
Total Assets	30,088	100,574
<b>LIABILITIES</b>		
Accounts payable	200	59
Accrued liabilities	57	171
Due to bondholders	-	100,287
Due to other governments	-	57
Total Liabilities	257	100,574
<b>NET ASSETS</b>		
Held in trust for pension benefits & other purposes	29,831	-
Total Net Assets	\$ 29,831	\$ -

See Independent Auditors' Report and Notes to the Basic Financial Statements

**City of Irvine**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended December 31, 2007**  
(amounts expressed in thousands)

	<b>Pension and Employee Benefit Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 470
Plan members	64
Total Contributions	534
Investment income (loss):	
Interest and dividends	593
Net appreciation (depreciation) in fair value of investments	1,548
Total Investment Income (Loss)	2,141
Less investment expense	(112)
Net Investment Income (Loss)	2,029
Total Additions	2,563
<b>DEDUCTIONS</b>	
Benefit payments	3,914
Administrative expenses	5
Forfeitures to the City of Irvine	8
Transfers to other defined benefit plan	275
Total Deductions	4,202
Change in Net Assets	(1,639)
Total Net Assets, Beginning	31,470
Total Net Assets, Ending	\$ 29,831

See Independent Auditors' Report and Notes to the Basic Financial Statements



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008**

**I. Summary of significant accounting policies**

**A. Reporting Entity**

The City of Irvine (City) was incorporated December 28, 1971, under the general laws of the State of California. The City adopted its Charter in 1975. An elected mayor and four-member council govern the City. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The City's blended component units, although legally separate entities, are, in substance, part of the City's operations and the financial data is combined with data of the City.

**Blended Component Units**

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statement (GASB) 14. The Irvine Public Facilities Corporation (Corporation) and the Irvine Public Facilities and Infrastructure Authority (Authority) are used to finance the acquisition and construction of the City's civic center, operations support facility, animal services facilities, and other infrastructure improvements in the City. The Corporation and Authority are governed by boards comprised of appointed Finance Commissioners and the elected City Council, respectively. The transactions of the Corporation and the Authority are reported in the governmental fund financial statements as debt service funds. The Corporation's debt was retired in Fiscal Year 2002 and no additional activity has occurred in that fund. Separate financial statements are not available for the Corporation and the Authority.

The Irvine Redevelopment Agency (Agency) was created in 1999 to prepare a redevelopment project area and plan for the non-aviation reuse of the former Marine Corps Air Station at El Toro. A board of directors comprised of the elected City Council governs the Agency. The transactions of the Agency are reported in the governmental fund financial statements as a major special revenue fund, a major debt service fund, and nonmajor special revenue fund. Copies of separate financial statements for the Agency may be obtained from the City of Irvine City Hall, 1 Civic Center Plaza, Irvine, California, 92606.

The Orange County Great Park Corporation (OCGPC) was established by the Irvine City Council on July 7, 2003, as a support agency to the City, for the specific purpose of managing and effecting the development, operation, and maintenance of the Orange County Great Park on the site of the former Marine Corps Air Station at El Toro. A board of directors comprised of the elected City Council and four appointed individuals governs the OCGPC. The transactions of the OCGPC are reported in the governmental fund financial statements as a major special revenue fund. Separate financial statements are not available for the OCGPC.

The Irvine Community Land Trust (ICLT) was established by the Irvine City Council on February 14, 2006, as a support agency to the City, for the specific purpose of assisting the City to ensure that its residents are able to secure affordable housing by, among other things, developing, constructing, financing, managing, selling, renting, subsidizing, and monitoring single- and multi-family housing. A board of directors comprised of two individuals appointed by the City and five "At-Large-Directors" appointed from a pool of candidates and ratified by the City Council governs the ICLT. The transactions of the ICLT are reported in the governmental fund financial statements as a nonmajor special revenue fund. Separate financial statements are not available for the ICLT.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**I. Summary of significant accounting policies (continued)**

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of 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, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All City activities are governmental; no business-type activities are reported in the statements.

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 expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City 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 that are properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary 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, as are the proprietary fund and fiduciary fund financial statements; however, the measurement focus is not applicable to agency funds. Under the economic resources measurement focus, all assets and liabilities (current and long-term) are reported. Under 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 providers have been met.

In general, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Direct expenses have not been eliminated from the functional categories; however, indirect expenses and internal payments have been eliminated.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, generally only current assets and liabilities are reported in the governmental funds.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**I. Summary of significant accounting policies (continued)**

Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditure for debt service and compensated absences are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore 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 City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Irvine Business Complex Fund, a Special Revenue Fund, accounts for related capital project activities and fee revenue generated by development within the Irvine Business Complex.

The Orange County Great Park (OCGP) Fund, a Special Revenue Fund, accounts for the receipt and disbursement of monies used for the specific purpose of managing, developing, operating, and maintaining the Orange County Great Park.

The Irvine Redevelopment Fund, a Special Revenue Fund, accounts for the activities of the Irvine Redevelopment Agency to administer the redevelopment project area and plan for the non-aviation reuse of the former MCAS El Toro.

The Capital Improvement Projects Fund accounts for construction of major transportation infrastructure and other public facilities.

The Assessment Districts Fund accounts for the capital project activity in the assessment districts.

The Irvine Redevelopment Debt Service Fund accounts for the accumulation of tax increment receipts, debt service payments, and statutory pass through payments of property tax to affected agencies of the redevelopment project area.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**I. Summary of significant accounting policies (continued)**

Additionally, the City reports the following fund types:

**Governmental Funds**

Special Revenue funds account for proceeds of specific revenue sources that are legally restricted or otherwise designated for specific purposes.

Debt Service funds account for the accumulation of resources and the payment of principal and interest on general long-term debt.

Capital Projects funds account for financial resources used for the acquisition or construction of major capital facilities.

Permanent funds account for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. Adult day health services and senior citizen programs are funded from interest earnings and donations.

**Proprietary Funds**

Internal service funds account for operations that provide services to other departments of the City on a cost reimbursement basis. These services include self-insurance, acquisition, replacement, and maintenance of the City's vehicle fleet and other major equipment, and central stores supplies.

**Fiduciary Funds**

Pension and employee benefit trust funds account for the activities of the City's Defined Benefit Pension Plan for sworn employees, and the Defined Contribution Pension Plan for non-sworn employees. Agency funds are used to account for debt service activities related to the Assessment District and Community Facilities District conduit debt issues, in which the City acts as an agent, not as a principal. Additionally, the Interagency Custodial Fund is used to account for cash seized by Public Safety and held until final disposition of the cases. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges to customers for sales and services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**I. Summary of significant accounting policies (continued)**

sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City does not have business-type activities or enterprise funds; all City activities are governmental activities.

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

**D. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds and the Interagency Custodial Fund, which hold cash and investments separately from those of other City funds. Each fund's portion of the City's pool is displayed in the financial statements as "Cash and Investments." Investment income is allocated to all participating funds based on each fund's average daily cash balance.

**2. Receivables and payables**

All outstanding balances between funds are reported as "due to/from other funds" if expected to be repaid within one fiscal year. Noncurrent interfund receivables and payables are classified as "Advances to/from other funds."

Property taxes are attached as enforceable liens on the related property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange bills and collects the property taxes and remits the amounts to the City of Irvine in installments during the year. California State legislation (known as the "Teeter Plan") allowed the City and County to adopt an alternative property tax allocation plan whereby the City should receive 100% of the tax levied. The City is not responsible to reimburse the County for unpaid property taxes; in return the County receives all penalty charges or delinquent property taxes and is also responsible for any foreclosure proceedings.

**3. Inventories and prepaid costs**

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

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



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**I. Summary of significant accounting policies (continued)**

**4. Capital assets**

Capital assets include property, plant, equipment and infrastructure. Property, plant and equipment are reported as assets with an initial individual cost of at least \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Infrastructure components, which include the street, bridge, traffic signal, landscape and trail networks, are reported as assets with an initial individual cost of at least \$25,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The estimated historical cost of infrastructure asset networks, as of July 1, 2001 was derived by calculating the current construction or purchase cost from recent historical data, and deflating that cost back in time to estimated prior in-service dates for network classes, using a generally used cost index deflator. Infrastructure asset networks are included in the City's capital assets reporting at estimated historical cost. Additions to the networks after June 30, 2001 are reported at actual cost consistent with the capitalization policy described above. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and infrastructure are capitalized as construction in progress as projects are constructed.

Property, plant and equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & systems	40 years
Improvements other than buildings	15 years
Automotive equipment	3 - 10 years
Other miscellaneous equipment	3 - 10 years
Infrastructure	17 - 62 years

**5. Compensated absences**

It is the City's policy to allow employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. The vesting method is used to calculate the liability. Depending on the bargaining group and years of service, an employee will be paid between 0% and 90% of earned sick pay benefits, and 100% of earned vacation and compensatory time upon separation. All vacation pay, compensatory time and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements; the current portion of the liability is estimated from prior year payments adjusted for material expected variances. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements. The General Fund is used to liquidate the compensated absences liabilities.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**I. Summary of significant accounting policies (continued)**

**6. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. Deferred revenue**

Revenues received, but not yet earned, are deferred until such time as those monies meet the revenue recognition criteria. In the case of intergovernmental revenues in the fund financial statements, e.g., grants, entitlements and shared revenue, the basis of accounting for such revenue is determined according to the procedures common to each fund type in which the grant, entitlement, or shared revenue is recorded. Grants, entitlements and shared revenues received earlier than the time established by the revenue recognition criteria are reported as deferred revenues. In the General Fund, revenues received for inspections not performed are recognized as deferred revenues until such time as the inspections are complete. For the Special Revenue Funds and the Capital Projects Funds, revenues are recognized when the related expenditures are incurred. Such revenues typically include grants or entitlements. The long-term note receivable in the General Fund and Nonmajor Governmental Funds is offset by deferred revenue that will be recognized when received.

Revenues earned, but not yet received, may not be available in a timely manner to pay current expenditures or obligations. Such receivables, not meeting the availability criteria necessary for accrual under modified accrual basis accounting principles, are reclassified as deferred revenues for that period in the fund financial statements. In the government-wide financial statements, however, availability criteria are not considered. Instead, revenues become, and remain receivable from the point in time when revenue is earned through performance or similar recognition standards, until received.

**8. Fund equity**

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

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**I. Summary of significant accounting policies (continued)**

**E. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Specifically, the City has made certain estimates and assumptions related to the collectibility of its receivables (e.g. accounts receivable, intergovernmental receivables, loans receivable, amounts due from other funds and amounts advanced to other funds), the depreciation of its capital assets and infrastructure networks, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates.

**II. Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Assets.**

The governmental fund Balance Sheet includes a reconciliation between Fund Balances – 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 “Other long term assets are not available to pay for current period expenditures and are deferred in the funds.” The details of this \$36,997 difference (in thousands) are as follows:

Revenue is deferred in governmental funds since it does not provide current financial resources. Conversely, in years when this revenue is recognized in the governmental funds, it needs to be excluded from the Statement of Activities since it has already been recognized.

General Fund	\$ 2,874
Orange County Great Park Fund	10,050
Irvine Business Complex Fund	9,719
Park Development Fund	6,319
Capital Improvement Projects Fund	6,022
Grants Fund	<u>12</u>
	34,996
Interest receivable - adjustment to full accrual basis	<u>2,001</u>
Net adjustment to increase Fund Balances - Total Governmental Funds	<u><u>\$ 36,997</u></u>

Another element of the reconciliation explains, “Long-term liabilities are not due and payable in the current period and are not reported in the funds.”

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**II. Reconciliation of government-wide and fund financial statements (continued)**

The details of this \$33,154 difference (in thousands) are as follows:

Lease revenue bonds	\$ 22,775
Accrued interest payable	76
Long-term note	1,350
Compensated absences	<u>8,953</u>
Net adjustment to decrease Fund Balances - Total Governmental Funds	<u><u>\$ 33,154</u></u>

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities.**

The governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between Net Changes in Fund Balances – Total Governmental Funds and Change 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. In the Statement of Activities, however, the cost of these assets is allocated over their estimated useful lives as depreciation expense.”

The details of this \$125,851 difference (in thousands) are as follows:

Expenditures for capital outlays	\$ 169,594
Expenditures for capital equipment purchases	1,492
Less amounts not capitalized	<u>(7,227)</u>
Expenditures for capital asset acquisitions	163,859
Less depreciation expense - governmental funds	<u>(38,008)</u>
Net adjustment to increase Net Change in Fund Balances - Total Governmental Funds	<u><u>\$ 125,851</u></u>

**III. Stewardship, compliance, and accountability**

**A. Budgetary information**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The budget includes proposed expenditures and their financing sources. During May and June, the City Manager submits to the City Finance Commission and the City Council a proposed operating budget for all funds of the City for the fiscal year commencing the following July 1.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**III. Stewardship, compliance, and accountability (continued)**

2. Public hearings are conducted at the Finance Commission and City Council meetings to obtain residents' comments. Prior to July 1, the budget is legally enacted through adoption of an appropriation resolution.
3. After adoption, the annual budget may be amended by the City Manager, if amendments are less than \$50,000 and do not expand or add to city programs or services, except for the General Fund that has no limit if the amendments do not expand or add to the city's programs or services. The legal level of control in the General Fund is considered to be at the department level. The City departments are: City Manager, Administrative Services, Community Development, Community Services, Public Safety, Public Works, Orange County Great Park, and Redevelopment. The first two departments are classified together for reporting purposes as General Government, but City Manager and Administrative Services operate separately as departments for budgetary control purposes. Review by the Finance Commission and approval by the City Council are required if an amendment is in excess of \$50,000. Amendments to the adopted General Fund budget for the year ended June 30, 2008, increased appropriations by \$4,642,637, to an amended total of \$174,894,017. The legal level of control for all governmental funds other than the General Fund is considered to be at the fund level.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any significant reconciling items. Budgeted amounts contained within this report are the original and final amended amounts, as approved by the City Council. No budgetary comparisons are presented for the Capital Projects Funds since budgets are adopted on a project basis as opposed to an annual basis. Also, no budgetary comparisons are presented for the Internal Service and Fiduciary funds.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**B. Excess of expenditures over appropriations**

Major Funds

The RDA Debt Service Fund's Redevelopment expenditures and interest and fiscal charges exceeded appropriations by \$122,000 and \$1,270,000 respectively at June 30, 2008. Redevelopment expenditures include the statutory payments to taxing entities that were affected by the adoption of the Irvine Redevelopment Agency's Redevelopment Plan. The payments to the affected taxing entities are to be allocated between each taxing entity in proportion to the share of property taxes each entity receives in the year the funds are allocated. The tax increment revenue received by the Agency was greater than the amount budgeted; therefore, the increase in tax increment revenue also increased the payments made to the taxing entities in proportion to the revenue received. The increase in interest and fiscal charges is due to an adjustment of the interest rate of the loans to the City.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**III. Stewardship, compliance, and accountability (continued)**

Nonmajor Funds

For the year ended June 30, 2008, the expenditures in the Systems Development Fund exceeded appropriations by \$900,000. The expenditures were for a joint water quality control project with the Irvine Ranch Water District. The expenditures were anticipated to be spent in Fiscal Year 2008-2009. Due to the early completion of the project, the expenditures were recorded in Fiscal Year 2007-2008.

The Public Safety Department expenditures exceeded appropriations in the Major Special Events Fund by \$218,000. Additional events were added to the planned schedule, increasing the need for overtime. These additional overtime costs were offset by an equal amount of revenue billed to and received from the event sponsors.

During Fiscal Year 2005-2006, the City Council approved the formation of the Irvine Community Land Trust (ICLT) Fund that had been accounted for in the Redevelopment Agency Housing Fund. During Fiscal Year 2007-2008, it was determined that the ICLT is a blended component unit of the City and its activity will be recorded in a separate fund. The expenditures exceeded appropriations by \$89,000. The fund was not budgeted in Fiscal Year 2007-2008.

**C. Deficit fund balances**

Major Fund

The RDA Debt Service Fund had a deficit fund balance of \$142,114,398 at June 30, 2008, which is expected to be relieved from future tax increment revenues.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds**

**A. Deposits and investments**

Cash and investments, as of June 30, 2008, are classified in the accompanying financial statements as follows (in thousands):

Statement of net assets:	
Cash and investments	\$ 541,070
Cash and investments held by trustee	214,800
Total	<u>755,870</u>
Fiduciary funds:	
Cash and investments	31,339
Cash and investments held by trustee	67,647
Agency deposits	57
Cash and investments - Pension trust funds	29,904
Total	<u>128,947</u>
Total Cash and Investments	<u><u>\$ 884,817</u></u>

Cash and investments, as of June 30, 2008, consist of the following (in thousands):

Cash on hand	\$ 20
Deposits with financial institutions	(1,198)
Investments	856,091
Total	<u>854,913</u>
Cash and investments - Pension trust funds	29,904
Total Cash and Investments	<u><u>\$ 884,817</u></u>

**Investments Authorized by the California Government Code and the City of Irvine's Investment Policy**

The following table identifies the investment types that are authorized for the City of Irvine by the California Government Code (or the City's investment policy, where more restrictive). Table 1 also addresses interest rate risk, credit risk and concentration of credit risk by virtue of the limitations imposed by the California Government Code (or the City's investment policy, where more restrictive). The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of the bond indentures rather than the general provisions of the California Government Code or the City's investment policy.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

TABLE 1

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasuries	5 years	None	None
U.S. Government Sponsored Enterprise Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30% or \$5,000,000
Commercial Paper	270 days	15%	10% or \$5,000,000
Repurchase Agreements	75 days	25%	None
Reverse Repurchase Agreements	75 days	15%	None
Local Agency Investment Fund (LAIF)	N/A	25%	N/A
Municipal Bonds	5 years	None	None
Corporate Medium Term Notes	5 years	15%	\$3,000,000
Money Market Mutual Funds	N/A	20%	5%

**Investments Authorized by Bond Indentures**

Investments of debt proceeds held by trustees are governed by provisions of the bond indentures rather than the general provisions of the California Government Code or the City's investment policy. The City's investment policy is designed to meet the objectives of safety, liquidity and yield. The City, therefore, has consciously subjected bond proceeds to the additional constraint of the investment policy. The City has adopted the practice of investing bond proceeds exclusively in U.S. Treasury obligations, U.S. Government Sponsored Enterprise Securities and money market funds, in accordance with both the bond indentures and the City's investment policy.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City of Irvine manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City of Irvine's investments (including investment held by trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City of Irvine's investments by maturity (in thousands):

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Sponsored Enterprise Securities	\$ 617,197	\$ 278,569	\$ 130,316	\$ 208,312
Local Agency Investment Fund (LAIF)	10,745	10,745	-	-
Money Market Mutual Funds	228,149	228,149	-	-
	<u>\$ 856,091</u>	<u>\$ 517,463</u>	<u>\$ 130,316</u>	<u>\$ 208,312</u>



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

**Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City's investments (including investments held by trustees) in callable federal agency securities are highly sensitive to interest rate fluctuations. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes their fair values highly sensitive to changes in interest rates. The fair value of callable investments in the City's portfolio at June 30, 2008, is \$203,100,303.

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code or the City's investment policy (where more restrictive), and the actual rating as of year-end for each investment type (in thousands). The Dreyfus Government Cash Fund, although not separately rated, invests in securities issued or guaranteed as to principal and interest by the U.S. government or its agencies and instrumentalities.

Investment Type	Total	Minimum	Rating	Rating as of June 30, 2008	
		Legal	Not	AAA/Aaa	Unrated
		Rating	Required		
U.S. Government Sponsored Enterprise Securities	\$ 617,197	N/A	\$ -	\$ 617,197	\$ -
Local Agency Investment Fund (LAIF)	10,745	N/A	-	-	10,745
Money Market Mutual Funds	228,149	AAA	-	228,149	-
	<u>\$ 856,091</u>		<u>\$ -</u>	<u>\$ 845,346</u>	<u>\$ 10,745</u>

**Concentration of Credit Risk**

The City's investment policy generally states that no more than 5% or \$5 million of the portfolio, whichever is less, may be invested in any obligations of one entity or single security except U.S. Treasuries, U.S. Government Sponsored Enterprise Securities, and LAIF, which is subject to a 25% (excluding the fiscal agent cash portfolio) limitation. Investments in any one issuer that represent 5% or more of the City's investments are as follows:

Issuer	Investment Type	Market Value (in thousands)
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 137,963
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$ 186,156
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$ 132,554
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 89,841

The City's fiscal agent cash portfolio is subject to the constraints of the investment policy in addition to the provisions of the bond indentures. Investments in any one issuer that represent 5% or more of the fiscal agent cash portfolio are as follows:

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Issuer	Investment Type	Market Value (in thousands)
Dreyfus Government Prime Cash Fund	Money Market Fund	\$ 178,866
Wells Fargo Advantage Government	Money Market Fund	\$ 25,153
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$ 70,684

Because the Dreyfus Fund invests solely in U.S. Treasury and/or U.S. Agency obligations, it is exempt from the 5% policy limitation.

**Custodial Credit Risk**

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 its 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 (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. On June 30, 2008, \$1,020,810 of the bank value of the City's deposits with financial institutions was in excess of federal depository insurance limits.

Bank of America, the City's banking institution, has notified the City that there are times during the course of a year where they may not have met the collateral requirements. In addition, due to existing financial market conditions, there is a risk that the City may not be able to recover its deposits in excess of FDIC insurance coverage if a financial institution fails and the market value of the collateral is insufficient to cover all deposits.

As of June 30, 2008, the City's investments in the following investment types were held by the City's safekeeping agent or trustee (in thousands):

Investment Type	Market Value
U.S. Government Sponsored Enterprise Securities	\$ 546,513
Money Market Funds	\$ 24,129

The following investments in the fiscal agent cash portfolio are uninsured or uncollateralized and currently held by the bond trustees (in thousands):

Investment Type	Market Value
U.S. Government Sponsored Enterprise Securities	\$ 70,684
Money Market Funds	\$ 204,020

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

**Investment in State Investment Pool**

The City of Irvine 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. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Cash and Investments - Pension Trust Funds**

Defined Benefit Plan - Investments in the Plan are administered by the City's Defined Benefit Pension Plan Trustees and are subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Benefit Plan are included in the basic financial statements as of December 31, 2007. The fair values of the Plan investments have been determined by the respective unit price provided by the Custodian as of December 31, 2007.

Defined Contribution Plan – The City's Defined Contribution Pension Plan Committee administers investment options in this Plan, which is subject to the investment policies stipulated in the Plan document rather than the general provisions of the California Government Code or the City's investment policy. Cash and investments of the Defined Contribution Plan are included in the basic financial statements as of December 31, 2007. Investments of the Plan are started at fair value. The fair value of investments in open-end investment trusts are determined by the funds' quoted share price at December 31, 2007.

**Restricted Cash**

Cash and investments in the Senior Services Permanent Fund, consisting of proceeds of permanent fund contributions, and totaling \$613,740 at June 30, 2008, was restricted per terms of an agreement with the Irvine Senior Foundation and the City.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

**B. Capital assets**

Capital asset activity for the year ended June 30, 2008, was as follows (in thousands):

	<u>Balance</u> <u>June 30, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 574,593	\$ 39	\$ -	\$ 574,632
Construction in progress	22,667	46,195	-	68,862
Total capital assets not being depreciated	<u>597,260</u>	<u>46,234</u>	<u>-</u>	<u>643,494</u>
Capital assets, being depreciated:				
Buildings and systems	79,298	-	-	79,298
Improvements other than buildings	50,570	-	-	50,570
Machinery and equipment	38,395	5,666	1,981	42,080
Infrastructure	1,105,481	127,632	-	1,233,113
Total capital assets being depreciated	<u>1,273,744</u>	<u>133,298</u>	<u>1,981</u>	<u>1,405,061</u>
Less accumulated depreciation for:				
Buildings and systems	(34,383)	(2,010)	-	(36,393)
Improvements other than buildings	(23,094)	(2,295)	-	(25,389)
Machinery and equipment	(27,750)	(3,864)	(1,692)	(29,922)
Infrastructure	(479,400)	(33,172)	-	(512,572)
Total accumulated depreciation	<u>(564,627)</u>	<u>(41,341)</u>	<u>(1,692)</u>	<u>(604,276)</u>
Total capital assets, being depreciated, net	<u>709,117</u>	<u>91,957</u>	<u>289</u>	<u>800,785</u>
Governmental activities capital assets, net	<u>\$ 1,306,377</u>	<u>\$ 138,191</u>	<u>\$ 289</u>	<u>\$ 1,444,279</u>

On August 14, 2007, the Irvine Redevelopment Agency entered into a Purchase and Sale and Financing agreement with the City for 35.71 acres of real property in the redevelopment project area. The fair market value of the property equals the Purchase and Sale and Financing agreement of \$134,000,000. The City adheres to the guidance of GASB 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues. Therefore, the transaction between the City and Agency is recorded as a transfer in the governmental financial statements. The land remains recorded in the capital assets at its historical cost of \$6,752,154.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Depreciation expense was charged to City programs as follows (in thousands):

Public Works	\$	1,763
General Government		1,558
Community Services		1,132
Public Safety		376
Orange County Great Park		12
Community Development		6
Internal Service Funds Depreciation-Charged to programs based on asset usage		3,322
Allocated Depreciation		8,169
Unallocated Infrastructure Depreciation		33,172
Total Depreciation Expense - Governmental Activities		\$ 41,341

**Construction Commitments**

The City has active construction projects as of June 30, 2008. The projects include signal projects, streets and drainage projects, bridges, trails, landscape, facilities and equipment. At year-end the City's encumbrances with contractors were as follows (in thousands):

	Spent-to-date	Remaining Commitment
Streets and drainage	\$ 83,054	\$ 21,152
Facilities and equipment	46,048	10
Traffic signal projects	6,200	1,930
Landscape	4,347	51
Trails	411	-
Bridges	21	114
Total	\$ 140,081	\$ 23,257

Special assessment bonds that will be repaid by the benefiting property owners are financing the special assessment commitments. A mixture of outside federal and state grants supplemented by City funding finances the other commitments. City funding includes City general fund transfers, Gas Tax and Measure M Turnback funding as well as various types of development fees.

**C. Interfund receivables, payables, and transfers**

The composition of interfund balances as of June 30, 2008, is as follows (in thousands):

<b>Due to/from other funds:</b>		
Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 239
		\$ 239

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

<b>Advances to/from other funds:</b>		
Receivable Fund	Payable Fund	Amount
Orange County Great Park Fund	RDA Debt Service Fund	\$ 144,050
General Fund	RDA Debt Service Fund	11,128
Non-Major Governmental Funds	Non-Major Governmental Funds	1,350
		\$ 156,528

The interfund payable balances (in thousands) represent routine and temporary cash flow assistance from the General Fund until the amounts receivable from other agencies are collected to reimburse eligible expenditures.

The advances balances (in thousands) represent balances due under a series of financing agreements, including accrued interest between the Irvine Redevelopment Agency (RDA) and the City's General Fund. Agreement terms stipulate RDA repayment from future tax increment revenues as they become available. Interfund interest and revenue recorded in the governmental fund financial statements are eliminated in the government-wide, Statement of Activities.

Transfers in (in thousands):								
Transfers out:	General Fund	Irvine Business Complex	Orange County Great Park	Irvine RDA	Capital Improvement Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
General Fund	\$ -	\$ 68	\$ 134,000	\$ -	\$ 4,001	\$ 4,841	\$ 1,585	\$ 144,495
Irvine Business Complex	-	-	-	-	-	1,000	-	1,000
Orange County Great Park	100	-	-	-	-	25,500	-	25,600
Irvine Redevelopment Fund	134,000	-	-	-	-	-	-	134,000
RDA General Debt	-	-	-	144,043	-	98	-	144,141
Nonmajor Governmental Funds	9,903	-	-	-	9,171	9,493	-	28,567
Total	\$ 144,003	\$ 68	\$ 134,000	\$ 144,043	\$ 13,172	\$ 40,932	\$ 1,585	\$ 477,803

Transfers provided funding for the development of the Orange County Great Park, other capital projects, as well as capital acquisitions and debt service. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted from debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

During the year ended June 30, 2008, transfers were made from the General Fund, Orange County Great Park, Irvine Redevelopment Fund, and RDA Debt Service Fund for \$134,000,000 to fund the Purchase and Sale and Financing agreement for the purchase of real property in the redevelopment project area. See Note B, Capital Assets, for more detail on the Purchase and Sale and Financing agreement. In addition, a transfer of \$10,043,256 was made from the Irvine Redevelopment Fund to the RDA Debt Service Fund for interest charge on advances from the City.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

**D. Leases**

**Operating Lease**

The City is lessor in an operating lease with Irvine Roller Hockey Facilities, LLC and its successor-in-interest HBP Realty LLC. The lease is a 10-year lease beginning in July 1996 with 5 successive options to extend the term of the lease for 5 years each. Annual rent under the initial 10 year lease was a fixed minimum of \$60,000. The cost and carrying value of land under lease was \$4,106,009. The first option to extend the term of the lease was accepted, effective July 2006. Annual rent under the renewal option is a fixed minimum of \$73,800 plus 3.5% of the facility's annual gross sales when that amount is in excess of the fixed minimum. Rental revenue at June 30, 2008 was \$73,800. The City expects to receive the following future minimum lease payments:

Year Ending June 30,	Annual Rent
2009	\$ 73,800
2010	73,800
2011	73,800
	\$ 221,400

**Capital Leases**

Total assets acquired through capital leases at June 30, 2008 are (in thousands):

Governmental Activities	
Machinery and equipment	\$ 2,710
Less: Accumulated depreciation	(816)
Total	\$ 1,894

In February 2008, the City entered into a new lease agreement with Ford Motor Credit for patrol cars at a cost of \$536,204. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Equipment and Services Internal Service Fund. The interest rate on the lease is 4.15%. The term of the lease is three years. Future minimum payments relating to the lease are as follows (in thousands):

Year Ending June 30,	Internal Service Fund		
	Principal	Interest	Total
2009	\$ 173	\$ 18	\$ 191
2010	181	11	192
2011	140	3	143
	\$ 494	\$ 32	\$ 526

The City entered into a lease agreement with Key Equipment Finance Corporation in April 2006 for mail room equipment at a cost of \$44,546. The lease meets the capitalization policy and has been recorded as an asset of the Equipment and Services Internal Service Fund. The interest rate on the lease is 7.73%. The term of the lease is three years. Future minimum payments relating to the leases are as follows (in thousands):

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Year Ending	<u>Internal Service Fund</u>		
June 30,	Principal	Interest	Total
2009	\$ 11	\$ -	\$ 11

The City entered into a lease agreement with Ford Motor Credit Corporation in March 2005 for patrol cars at a cost of \$509,365. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Equipment and Services Internal Service Fund. The interest rate on the lease is 3.37%. The term of the lease is three years. The remaining balance was paid in full during fiscal year 2008.

The City entered into a lease agreement with Ford Motor Credit Corporation in January 2006 for patrol cars at a cost of \$231,917. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Equipment and Services Internal Service Fund. The interest rate on the lease is 5.0%. The term of the lease is three years. Future minimum payments relating to the lease are as follows (in thousands):

Year Ending	<u>Internal Service Fund</u>		
June 30,	Principal	Interest	Total
2009	\$ 61	\$ 2	\$ 63

The City entered into a lease agreement with Ford Motor Credit Corporation in April 2006 for patrol cars at a cost of \$185,603. The lease meets the capitalization policy and the vehicles have been recorded as assets of the Equipment and Services Internal Service Fund. The interest rate on the lease is 5.25%. The term of the lease is three years. Payments are due quarterly under the terms of the lease. Future minimum payments relating to the lease are as followings (in thousands):

Year Ending	<u>Internal Service Fund</u>		
June 30,	Principal	Interest	Total
2009	\$ 65	\$ 2	\$ 67

**E. Long-term debt**

**Lease Revenue Bonds Payable**

Lease Revenue Bonds, which were issued by the Irvine Public Facilities and Infrastructure Authority, consist of two separate bond issues; Series 1985 and Series 1987. The \$90,400,000 Series 1985 lease revenue bonds were issued on November 19, 1985. The bonds contain a variable rate of interest and mature from November 1, 1991 to November 1, 2010, per a prescribed redemption schedule of semi-annual principal and monthly interest payments. The \$6,375,000 Series 1987 lease revenue bonds were issued on April 30, 1987, as parity bonds to the original Series 1985 issue. The Series 1987 bonds also contain a variable rate of interest and mature on the same dates as the Series 1985 issue; from November 1, 1991 to November 1, 2010, per a prescribed redemption schedule of semi-annual principal and monthly interest payments. These bond issues were for the purpose of financing the site



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

acquisition and construction of a new civic center, a childcare center, and other capital improvements within the City.

Both the Series 1985 and Series 1987 bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest, on seven days notice and delivery of the Certificate to the Paying Agent. The Remarketing Agent is authorized to sell the repurchased bonds at a price equal to the principal amount thereof, plus accrued interest to the purchase date. The bond indentures provide for various interest rate modes that can be selected by the City, provided that 45 days notice is given to the bondholders. Accordingly, tender dates and the requirements thereof vary with the mode selected. It is anticipated that the bonds will continue to be repriced on a weekly mode. The Authority's bonds are secured by an irrevocable Letter of Credit (LOC) issued by the State Street Bank and Trust Company rated F1+ by Fitch, P-1 by Moody's, and A-1+ by Standard and Poor's. The trustee is entitled to draw an amount sufficient to pay the principal plus accrued interest for the bonds delivered to the trustee. The LOC for both issues (Series 1985 and Series 1987) is valid until November 1, 2010. The City agrees to pay the Bank a nonrefundable letter of credit fee, which is based on a percentage of the total amount available under the LOC.

Both Series 1985 and Series 1987 contain a variable rate of interest, which re-prices weekly. For disclosure purposes, the current rate at June 30, 2008 of 2.8% was utilized for both issues. Principal and interest amounts paid for the year ended June 30, 2008, were \$6,360,000 and \$779,510 respectively. The actual gross cost of debt (interest, 2.80%; remarketing agent, 0.06%; and letter of credit fees, 0.24%) incurred for the fiscal year ended June 30, 2008, was 3.10%.

Annual debt service requirements to maturity for lease revenue bonds are as follows (in thousands):

Year Ending June 30,	Series 1985 Bonds			Series 1987 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 6,500	\$ 594	\$ 7,094	\$ 490	\$ 44	\$ 534
2010	7,000	412	7,412	525	30	555
2011	7,700	216	7,916	560	16	576
	<u>\$ 21,200</u>	<u>\$ 1,222</u>	<u>\$ 22,422</u>	<u>\$ 1,575</u>	<u>\$ 90</u>	<u>\$ 1,665</u>

**Certificates of Participation Payable**

On February 15, 1994, the Irvine Public Facilities and Infrastructure Authority issued \$5,480,000 Certificates of Participation for the purpose of providing approximately one third of the funding for the Culver Railroad Underpass Project. The Certificates have serial maturities annually each February 1, from 1996 to 2005. In addition, term certificates in the amount of \$2,575,000 mature February 1, 2011. The Certificates bear interest rates between 3.70% and 5.625% and interest is payable semi-annually on August 1 and February 1. The term certificates are subject to mandatory sinking fund prepayment on February 1, 2006, and on each February 1 thereafter at a price equal to the principal amount plus accrued interest to the date of prepayment. The Certificates maturing on or after February 1, 2005, are subject to optional prepayment on or after February 1, 2005, at a price equal to the principal amount, plus accrued interest to the date of prepayment, plus a premium ranging from

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

1% to 2%. Principal and interest amounts paid for the year ended June 30, 2008, were \$1,810,000 and \$50,906 respectively.

On August 1, 2007, the City paid off the entire outstanding bond amount of \$1,810,000. These bonds were originally scheduled not to be fully redeemed until February 1, 2011. There was no prepayment premium for the early redemption of these bonds.

The aforementioned Lease Revenue Bonds are not subject to federal arbitrage regulations. The Certificates of Participation are subject to federal arbitrage regulations. As of the final calculation date, August 2, 2007, there was no arbitrage rebate liability associated with this issue.

**Long-Term Note**

On May 2, 2007, the Redevelopment Agency received a \$1,350,000 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan were used to lend monies to the City of Irvine for the purpose of developing an affordable housing rental project. The loan bears simple interest at a rate of 3.5% per annum. The term of the loan is 10 years. Payment of principal and interest on the loan is deferred until May 2, 2017. At June 30, 2008, principal and interest due were \$1,397,000.

**F. Changes in long-term liabilities**

For the year ended June 30, 2008, changes in long-term liabilities are as follows (in thousands):

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008	Long- Term	Due Within One Year
Lease Revenue Bonds:						
Series 1985 matures in 2010	\$ 27,100	\$ -	\$ 5,900	\$ 21,200	\$ 14,700	\$ 6,500
Series 1987 matures in 2010	2,035	-	460	1,575	1,085	490
Total Lease Revenue Bonds	<u>29,135</u>	<u>-</u>	<u>6,360</u>	<u>22,775</u>	<u>15,785</u>	<u>6,990</u>
Certificates of Participation:						
Irvine Public Facilities and Infrastructure Authority Series 1994 matures in 2011	1,810	-	1,810	-	-	-
Total Certificates of Participation	<u>1,810</u>	<u>-</u>	<u>1,810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Debt:						
Compensated absences	8,715	1,481	1,014	9,182	8,090	1,092
Claims payable	8,097	1,393	1,768	7,722	5,953	1,769
Capital lease obligation	425	536	330	631	321	310
Long-term note	1,350	-	-	1,350	1,350	-
Total Other Debt	<u>18,587</u>	<u>3,410</u>	<u>3,112</u>	<u>18,885</u>	<u>15,714</u>	<u>3,171</u>
Total Long-Term Liabilities	<u>\$ 49,532</u>	<u>\$ 3,410</u>	<u>\$ 11,282</u>	<u>\$ 41,660</u>	<u>\$ 31,499</u>	<u>\$ 10,161</u>

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

**G. Special assessment debt with no city commitment**

The City acts solely as an agent for those paying assessments and remits the amounts collected to the bondholders of these variable rate and fixed rate Improvement Bond Act of 1915 issues outstanding at June 30, 2008. The City is acting as an agent and is in no way liable for the Special Assessment debt.

During Fiscal Year 2007-2008, the City issued variable rate bonds for Reassessment District No. 85-7 in the amount of \$51,500,000. The proceeds from the sale of these bonds were used to refund the Assessment District No. 85-7 bonds that were scheduled to be fully redeemed on September 2, 2011, as well as to establish a construction account, fund a reserve account and other costs associated with sales and delivery of bonds. The City has no obligation for the aforementioned bonds beyond remitting the balances in the designated funds for any delinquent Assessment District bond payments.

The City has no obligation beyond the balances in the designated agency funds for any delinquent assessment district bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. The faith, credit, and taxing power of the City are not pledged to the payment of these bonds.

Non-committal debt amounts issued and outstanding at June 30, 2008, are as follows (in thousands):

Variable Rate Issues:		Bonds Issued	Bonds Outstanding
07-22	Stonegate	\$ 40,000	\$ 40,000
05-21	Orchard Hills	80,000	80,000
04-20	Portola Springs	115,000	78,248
03-19	Northern Sphere	121,600	51,514
00-18	Shady Canyon/Turtle Ridge/Quail Hill	84,800	8,683
85-7	Irvine Spectrum	51,500	51,500
87-8	Spectrum 5	74,700	15,750
89-10	Westpark	43,640	25,415
93-14	Spectrum 6 & 7	72,400	54,537
94-13	Oak Creek	61,600	22,287
94-15	Westpark II	32,700	13,267
97-16	Northwest Irvine	60,000	27,695
97-17	Lower Peters Canyon East	95,000	32,754
	Total Variable Rate Issues	<u>932,940</u>	<u>501,650</u>

-Continued-

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Non-committal debt amounts issued and outstanding at June 30, 2008, are as follows (in thousands):

Fixed Rate Issues:		Bonds Issued	Bonds Outstanding
00-18	Shady Canyon/Turtle Ridge/Quail Hill	46,755	40,725
00-18	Shady Canyon/Turtle Ridge/Quail Hill	27,220	24,160
00-18	Shady Canyon/Turtle Ridge/Quail Hill	18,040	16,430
00-18	Shady Canyon/Turtle Ridge/Quail Hill	6,705	6,210
04-20	Portola Springs	37,885	37,885
03-19	Northern Sphere	6,795	6,280
03-19	Northern Sphere	28,890	27,470
03-19	Northern Sphere	8,885	8,435
03-19	Northern Sphere	15,725	15,280
03-19	Northern Sphere	17,875	17,875
87-8	Spectrum 5	5,695	2,900
87-8	Spectrum 5	10,825	7,720
87-8	Spectrum 5	17,300	5,880
87-8	Spectrum 5	11,015	9,000
93-14	Spectrum 6 & 7	1,905	1,690
93-14	Spectrum 6 & 7	875	785
93-14	Spectrum 6 & 7	4,475	4,180
93-14	Spectrum 6 & 7	2,120	2,050
93-14	Spectrum 6 & 7	1,335	1,335
97-16	Northwest Irvine	1,320	1,160
97-17	Lower Peters Canyon East	3,040	2,720
97-17	Lower Peters Canyon East	1,650	1,525
IPFIA	Revenue Bonds, Series A	66,240	38,665
99-1	Reassessment District	15,465	3,555
99-2	Reassessment District	50,775	36,407
IPFIA	Revenue Bonds, Series B	57,575	46,945
01-1	Reassessment District	8,755	7,443
01-2	Reassessment District	48,814	40,854
IPFIA	Revenue Bonds, Series C	91,175	76,720
03-1	Reassessment District	9,665	8,425
03-2	Reassessment District	81,519	69,562
CFD 2005-2	Columbus Grove	24,375	23,995
	Total Fixed Rate Issues	730,688	594,266
	Total All Issues	\$ 1,663,628	\$ 1,095,916

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

**H. Fund equity reservations, designations, and restricted net assets**

The City has established reservations of fund equity to segregate fund balances that are not available for expenditure or which are legally segregated for a specific future use. The City Council has also established designations of unreserved fund balances to indicate tentative plans for uses of financial resources in a future period.

**Reservations**

The City's fund equity reservations at June 30, 2008, are presented in the table below (in thousands) followed by explanations as to the nature and purpose of each reservation.

	General Fund	Orange County Great Park	Capital Improve- ment Projects	Assess- ment Districts	Other Govern- mental Funds
Encumbrances	\$ 1,066	\$ -	\$ -	\$ -	\$ -
Deposits	94	-	-	-	-
Advances to other funds	8,283	134,000	-	-	1,350
Debt service	-	-	-	-	5,005
Infrastructure improvements in assessment districts	-	-	-	189,619	-
Capital improvement projects	-	-	5,496	-	-
Senior Services program	-	-	-	-	469
<b>Total Reserved</b>	<b>\$ 9,443</b>	<b>\$ 134,000</b>	<b>\$ 5,496</b>	<b>\$ 189,619</b>	<b>\$ 6,824</b>

Reserved for Encumbrances - This reserve is maintained to indicate commitments related to unperformed contracts for goods or services at fiscal year end, and represent the estimated amount of expenditures expected to result when such contracts are completed.

Reserved for Deposits - These amounts represent security deposits for the City's share of joint transportation projects with other government agencies. These funds will not be available for current expenditures until the related projects are complete.

Reserved for Advances to Other Funds - This reserve represents amounts of various financing and reimbursement agreements that are not currently available resources.

Reserved for Debt Service - This amount represents all amounts accumulated in the debt service funds to be used for future debt service, including amounts held in accordance with bond indentures or similar covenants.

Reserved for Infrastructure Improvements in Assessment Districts - This reserve represents amounts established to account for the expenditures of bond construction proceeds used to fund capital improvement projects in the various assessment districts.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Reserved for Capital Improvement Projects - This reserve represents amounts established to account for expenditures for the construction and rehabilitation of circulation improvements and railroad grade separation projects from revenues that are restricted by bond covenants and enabling legislation.

Reserved for Senior Services Programs - This reserve represents nonexpendable resources invested to produce earnings that may be used to support the City's adult day health services and senior citizen centers.

**Designations**

The City's designations at June 30, 2008, are presented in the table below (in thousands) followed by explanations as to the nature and purpose of each designation.

	General Fund	Irvine Business Complex	Orange County Great Park	Irvine Redevelop- ment Fund	Other Govern- mental Funds
Asset Management	\$ 70,711	\$ -	\$ -	\$ -	\$ -
Infrastructure & rehabilitation	13,346	-	-	-	-
Education partnership	1,089	-	-	-	-
Compensated absences	1,739	-	-	-	-
Contingency	23,169	-	-	-	-
Orange County Great Park	-	-	146,706	-	-
Development services	987	-	-	-	-
Building and safety	1,338	-	-	-	-
Council reallocation	287	-	-	-	-
Anti-drug programs	271	-	-	-	-
Community Services	1,407	-	-	-	-
Irvine Business Complex	-	59,980	-	-	-
Senior Services program	-	-	-	-	146
Street and road improvements	-	-	-	-	63,900
Street lighting	-	-	-	-	3,543
Park capital outlays	-	-	-	-	30,147
Traffic signal exactions	-	-	-	-	7,677
Irvine Redevelopment	-	-	-	282	4,097
Affordable housing program	-	-	-	-	471
Clean Air Act program	-	-	-	-	1,296
Special programs	-	-	-	-	1,239
<b>Total Designated</b>	<b>\$ 114,344</b>	<b>\$ 59,980</b>	<b>\$ 146,706</b>	<b>\$ 282</b>	<b>\$ 112,516</b>

Designated for Asset Management - This designated amount is available to the City Council as a long-term funding source for infrastructure rehabilitation and other projects deemed appropriate by the City Council, once sufficient funds have accumulated as a reserve for the City's lease revenue bond obligations.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Designated for Infrastructure & Rehabilitation - The City Council designated this amount of fund balance to provide funding for current and long-term major rehabilitation of the City's infrastructure.

Designated for Education Partnership - The City Council designated this amount of fund balance to provide funding for enhancements or in additions to programs and activities for students attending public schools located within the City of Irvine boundaries.

Designated for Compensated Absences - This amount is designated for funding vacation and sick leave conversion benefits payable upon termination.

Designated for Contingency - Per City Council policy, a minimum goal of 15% of the General Fund operating budget is designated for future economic uncertainties to fund critical City service delivery functions during times of extreme financial conditions.

Designated for Orange County Great Park - This fund balance is designated for land-use planning and implementation of the development plan for the Orange County Great Park on the site of the former Marine Corps Air Station at El Toro.

Designated for Development Services - This amount is designated for development costs such as those related to general plan amendments, zone changes, master plans, development agreements, tentative tract and parcel maps and sign programs.

Designated for Building and Safety - This amount is designated for development processing activities such as plan check, inspections, permit issuance, and code enforcement.

Designated for Council Reallocation - This amount is designated for reallocation by the City Council for Fiscal Year 2007-2008 priorities.

Designated for Anti-Drug Programs - These funds are designated for law enforcement purposes, supplementing and not supplanting other public safety funding.

Designated for Community Services - This fund balance is designated for community services programs supported by donations, special programs, and events.

Designated for Irvine Business Complex - This fund balance is designated to provide for planned new capital and transportation management projects within the Irvine Business Complex area and is funded by revenues generated by development within the Irvine Business Complex.

Designated for Senior Services Programs - This amount is designated for purposes that support the City's adult day health services and senior citizens programs.

Designated for Street and Road Improvements - These funds are designated for specific street related purposes such as new construction, rehabilitation and maintenance, as well as Traffic Congestion Relief plans.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Designated for Street Lighting - These funds are designated for the expenditures of special assessments generated by voter approval of the City of Irvine Landscape, Lighting, and Park Maintenance Assessment District in April 2002.

Designated for Park Capital Outlays - This fund balance is designated to provide for expenditures of developer fees received under the Quimby Act for the purposes of providing or improving recreational facilities in the area of proposed developer improvements.

Designated for Traffic Signal Exactions - This fund balance is designated to provide for expenditures of developer fees collected for future capital improvements projects from which they will receive direct benefit.

Designated for Irvine Redevelopment - This fund balance is designated to provide for the accumulation of 20% of tax increment set aside for affordable housing uses and Agency related activities.

Designated for Affordable Housing Program - This fund balance is designated to provide for the activities of the Irvine Redevelopment Agency to administer the redevelopment project area, the expenditures of the Affordable Housing In-Lieu fees to assist in the implementation and financing affordable housing development projects as approved by the City Council.

Designated for Clean Air Act Program - This fund balance is designated to provide for the City's programs implementing AB 2766, the California Clean Air Act of 1988, which mandates that the fees collected fund expenditures for the reduction of air pollution from motor vehicles.

Designated for Special Programs - The City Council designated these funds to support a variety of grant funded special programs as designated by law, the grant terms, or administrative regulations.

**Restricted Net Assets**

Restrictions imposed by constitutional provisions, legislation or mutual agreement with third parties the City's Net Assets at June 30, 2008, are summarized below (in thousands).

<b>Net assets restricted for:</b>	
Debt service	\$ 5,005
Assessment district infrastructure improvements	189,619
Capital improvement projects	111,193
Streets and transportation improvement projects	42,488
Street lighting	3,543
Public Safety	271
Clean Air Act program	1,296
Senior Services programs:	
Expendable	146
Nonexpendable	469
Total Restricted Net Assets	\$ 354,030



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

Restricted for Debt Service - This restriction represents amounts accumulated in the debt service funds to be used for future debt service, including amounts held in accordance with bond indentures or similar covenants.

Restricted for Assessment Districts Infrastructure Improvements - This restriction represents amounts established to account for the expenditures of bond construction proceeds used to fund capital improvement projects in the various assessment districts.

Restricted for Capital Improvement Projects - This restriction represents amounts established to account for expenditures for the construction and rehabilitation of circulation improvements and railroad grade separation projects from revenues that are restricted by bond covenants and enabling legislation.

Restricted for Streets and Transportation Improvement Projects - This restriction represents amounts used to provide for planned new streets and transportation management projects within the City.

Restricted for Street Lighting - These funds are restricted for the expenditures of special assessments generated by voter approval of the City of Irvine Landscape, Lighting and Park Maintenance Assessment District in April 2002.

Restricted for Public Safety - These funds are restricted for law enforcement purposes, supplementing and not supplanting other public safety funding.

Restricted for Clean Air Act Program - This restriction represents amounts used to provide for the City's programs implementing AB 2766, the California Clean Air Act of 1988, which mandates that the fees collected fund expenditures for the reduction of air pollution from motor vehicles.

Restricted for Senior Services Programs - These amounts are restricted for purposes that support the City's permanent fund activities to provide adult day health services, and additional support for senior citizens centers and programs. A portion of the restricted fund balance is non-expendable in accordance with the contractual agreement to establish the fund.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**IV. Detailed notes on all funds (continued)**

**Pension and Employee Benefit Trust Fund Restrictions**

Pension Trust Funds net assets at December 31, 2007, contain the following restricted amounts (in thousands):

Defined Benefit Pension Benefits	\$ 18,792
Defined Contribution Pension Benefits	<u>11,039</u>
Total Pension and Employee Benefit Trust Funds - Net Assets	<u><u>\$ 29,831</u></u>

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information**

**A. Risk management**

The City uses a combination of insured and self-insured programs to finance its property and casualty risk. The City is self-insured for workers' compensation, automotive and general liability risks. Excess liability coverage above \$350,000 per occurrence and a \$2,000,000 aggregate is provided through a risk-sharing pool, the California Insurance Pool Authority (CIPA). CIPA also purchases excess liability coverage up to a \$42,000,000 limit for the pool. Excess workers' compensation coverage above \$300,000 per occurrence and up to \$3,000,000 is provided through the use of CIPA. Property and employment practices liability risk are financed through insurance contracts and have various limits and deductibles.

The City is a member of CIPA in order to jointly purchase insurance coverage and to share costs for professional risk management, claim administration, and group purchasing of insurance products with ten other Orange County cities. Premiums paid during the fiscal year ended June 30, 2008 were \$1,620,246. CIPA uses independent actuaries and underwriters to determine premiums and help set insurance limits and deductible levels. The pool is managed by an independent general manager and contracted legal advisers. Two internal subcommittees are made up of City members to provide direction on underwriting and claims activities. The Governing Board of CIPA is comprised of one member from each participating City and is responsible for the selection of the independent general manager, legal counsel and electing subcommittee members.

The government retains a risk of loss, due to the fact that actual losses may exceed estimated claims or coverage amounts. Settled claims have not exceeded any of the City's coverage amounts in any of the last three fiscal years and there were no reductions in the City's coverage during the year ended June 30, 2008. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund.

At June 30, 2008, \$7,721,685 had been accrued for general liability and workers' compensation claims in the fund. This amount represents estimates of amounts to be paid for reported and incurred but not reported claims based upon past experience, modified for current trends and information, including all claims adjustment expenses. The liabilities included in the self-insurance fund are based on the results of an actuarial review performed during fiscal year 2007-2008. It is the City's policy to assess its risk exposure periodically.

Changes in the aggregate liability for claims since July 1, 2006, resulted in the following (in thousands):

	Workers' Compensation	General Liability	Total
Liability Balance, July 2006	\$ 8,157	\$ 1,297	\$ 9,454
Claims and changes in estimates	(911)	1,460	549
Claim payments during 2006-2007	(1,423)	(483)	(1,906)
Liability Balance, June 30, 2007	<u>5,823</u>	<u>2,274</u>	<u>8,097</u>
Claims and changes in estimates	340	1,053	1,393
Claim payments during 2007-2008	(1,043)	(725)	(1,768)
Liability Balance, June 30, 2008	<u>\$ 5,120</u>	<u>\$ 2,602</u>	<u>\$ 7,722</u>

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

**B. Subsequent events**

**Decline in Investment Values - Defined Benefit Pension Plan**

The financial markets have experienced significant declines since the Defined Benefit Pension Plan (Plan) financial statement date of December 31, 2007. On November 30, 2008, the Plan's investment portfolio value was approximately \$15.00 million, a decline of approximately 20.30%.

**C. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City of Irvine is defendant and plaintiff in several pending lawsuits arising out of matters incidental to the operation of the City. Although the outcome of these lawsuits cannot be determined at present, management estimates that any potential claims against the City not covered by insurance resulting from such litigation will not materially affect the City's financial condition.

**D. Other postemployment benefits**

**Voluntary Employees' Beneficiary Association**

Plan Description The Voluntary Employees' Beneficiary Association (VEBA) known as "Premium Reimbursement Plan of the Irvine Employees Benefit Trust" is a defined contribution healthcare plan. The Plan was established by the Irvine Police Association (IPA), and later joined by the Irvine City Employees Association (ICEA) and Association of Supervisory and Administrative Personnel (ASAP). Separate accounts are maintained under the trust agreement for the three member groups, but the amounts administered are pooled within the employee group. Eligible retirees receive a monthly reimbursement of health insurance premiums under the plan in an amount to be determined by the Board of Trustees based on years of service and contribution. Eligibility requires five years of active service and five years of mandatory contributions to the plan. The Plan is administered by Delta Health Systems under the provisions of IRS Code Section 501(c) (9).

Funding Policy Participants and the City are required to contribute to the plan at a percentage of base pay per the various employee associations' Memorandum of Understanding (MOU). The contribution requirements of plan members and the City are established and may be amended by the MOU with the various employee associations. At June 30, 2008, employer contributions were \$754,835 and participant contributions were \$720,311. Copies of the MOU may be obtained from City Hall.

**Retirement Health Savings**

Plan Description The City provides post retirement medical benefits to management and non-represented employees in the form of contributions to a defined contribution Retiree Health Savings Plan (RHS). Employer contribution rates to the Plan are determined by negotiation between the City, and the employee association and detailed along with other wage and benefit issues in MOU between those entities. Copies of the MOU may be obtained from City Hall.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

Funding Policy The City is required to contribute 2% or 3% of base salary depending on the employee association's MOU. At June 30, 2008, the City contributed \$253,950 to the RHS plan. The Plan is administered by Vantagecare Retiree Health Savings Plan.

**E. Employee retirement systems and pension plans**

The City's Defined Benefit and Defined Contribution Pension Plans are accounted for within the Pension Trust Funds. The plans are described below.

**City of Irvine Defined Benefit Pension Plan**

Plan Description Prior to February 2, 2002, the City of Irvine provided pension benefits for all of its sworn employees through the City of Irvine Defined Benefit Pension Plan. On February 2, 2002, the City contracted with the California Public Employees' Retirement system (CalPERS) to provide retirement benefits for sworn employees. The City of Irvine Defined Benefit Pension Plan is a single-employer defined benefit pension plan established by City resolution and administered in accordance with the provisions of the Plan document adopted on April 1, 1975, and subsequently restated on January 1, 1984, July 1, 1996, and January 1, 2004. The Plan is now closed to new participants. An actuarial valuation is performed bi-annually to determine the actuarial implication of the plan's funding policy. The last actuarial valuation date was January 1, 2006. The City issues a publicly available financial report that includes financial statements and required supplementary information for the City of Irvine Defined Benefit Plan. Copies of the annual financial report may be obtained from City Hall.

Funding Policy The City makes the contributions required of City employees on their behalf and for their accounts. The City contributes at an actuarially determined rate or higher; the current rate is 63.43% of annual covered payroll, which equals the actuarial determined rate of 63.43%. The contribution requirements of plan members and the City are established and may be amended by City resolution.

Annual Pension Cost and Net Pension Obligation For 2007, the City's annual required contributions of \$212,488 was less than the City's actual contributions, which totaled \$230,482. The method of valuation used to calculate the costs of the Plan is the aggregate cost method. Under this method there is no unfunded actuarial liability and all costs including gains and losses are funded as a percentage of participants' future salaries. The components of the annual pension cost for the year ended December 31, 2007 are as follows:

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

Annual required contribution	\$ 212,488
Interest on net pension obligation	(151,153)
Adjustment to annual required contribution	151,153
Annual pension cost	<u>212,488</u>
Actuarial adjustment	-
Contributions made	<u>(230,482)</u>
Increase (decrease) in net pension obligation	(17,994)
Net pension obligation (asset) - beginning of year	<u>(2,226,110)</u>
Net pension obligation (asset) - end of year	<u><u>\$ (2,244,104)</u></u>

Per the plan document, this net pension asset (negative obligation) is restricted for purposes solely related to the City's Defined Benefit Pension Plan. Contributions to date exceed the required actuarial net pension obligation, but are not available to pay current or future City expenditures.

The costs of the Plan are derived by making certain specific assumptions as to interest and mortality rates, which are assumed to hold for years into the future. Since actual experience may differ somewhat from the assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Provided below is the three-year trend information for the Defined Benefit Pension Plan (in thousands):

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2005	\$ 309	100%	\$ (2,226)
12/31/2006	\$ 327	100%	\$ (2,226)
12/31/2007	\$ 212	100%	\$ (2,244)

The actuarial assumptions included a 5.50% investment rate of return, 3.5% inflation rate, annual salary increases of 5% and post-retirement benefit increases of 2%. The actuarial method for valuing assets is market value plus actuarial contribution and interest.

Funded Status and Funding Progress As of January 1, 2006, the most recent actuarial valuation date, the Plan was 100% funded. The actuarial accrued liability for benefits was \$17,366,599, and the actuarial value of assets was \$17,366,549, resulting in no Unfunded Actuarial Accrued Liability (UAAL). The covered payroll (annual payroll of active employees covered by the plan) was \$334,996, and the ratio of the UAAL to the covered payroll was zero percent. The Schedule of Funding Progress is presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multi year trend information whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrual liability for benefits.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

**City of Irvine Defined Contribution Pension Plan**

Plan Description The City provides pension benefits through the City of Irvine Defined Contribution Pension Plan for those full time non-sworn employees who elected not to participate in CalPERS in 2003. The City of Irvine is responsible for the administration of the Plan with the City Council having the authority to amend or terminate contribution provisions. Copies of the annual financial report may be obtained from City Hall. Retirement benefits depend on amounts contributed plus investment earnings. Until July 2004, non-sworn full time employees were eligible to participate from the date of employment. The Plan is now closed to new participants. Employer and employee contribution rates to the plan are determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in Memorandums of Understanding between those entities. Copies of Memorandum of Understandings may be obtained from City Hall.

Funding Policy Effective July 1, 2004, eligible participants were required to contribute 4% of their base compensation into the Plan. Pursuant to agreements with the City's employee associations, the City's contributions were 15% of the participants' basic compensation for the fiscal year ended December 31, 2007. Plan participants have the right to 100% of their account balance upon their death, permanent and total disability or upon attainment of normal retirement age 59.5 under the Plan. If employment terminates prior to normal retirement age for reasons other than death or permanent and total disability, the participant will retain 50% vesting upon successful completion of the six month to one year probationary period and 5% vesting for each calendar year in which the employee attains 1,000 hours of credited service until the completion of the fifth year when full vesting will occur.

At December 31, 2007, the Plan had a membership of 122, consisting of 16 active members, 81 terminated and 25 non-employee or other members. Out of the 122 members, 122 are fully vested in the Plan. Total Plan assets were \$11,239,146. Effective April 1996, the Plan became participant-directed. Participants may direct investment of employer contributions and earnings in 1% increments among twenty-five investment options with the third party administrator, Wachovia Bank. Employer contributions to the Plan during the calendar year ended December 31, 2007 were \$239,587 and participant contributions were \$63,890. On March 15, 2007, \$275,007 was transferred to CalPERS. For additional details concerning the transition to CalPERS, see the note below related to miscellaneous (non-sworn) employees.

**CalPERS Defined Benefit Pension Plan for Sworn Employees**

Plan Description The City's sworn employees not in the City's Defined Benefit Pension Plan are eligible to participate in the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. Initial participation was determined during the employees' ratification vote during October 2001. New employees are required to join CalPERS. CalPERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

Funding Policy Participants are required to contribute 9% of their annual covered salary. The City makes the contributions required of City sworn employees on their behalf and for their accounts. The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by CalPERS. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration.

Annual Pension Cost For the fiscal year ended June 30, 2008, the City's annual pension cost of \$6,710,237 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined by actuarial valuation using the entry age normal actuarial cost method as of June 30, 2005. The amortization method used is a level percentage of payroll. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by age, length of service and type of employment from 3.25% to 13.15%, (c) a 3% inflation rate, (d) a 3.25% payroll growth rate, and (e) a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3% and an annual production growth of 0.25%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent Plan amendments will be amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the Plan are amortized over a 30 years rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the Plan's accrued liability exceeds the actuarial value of Plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Provided below is the schedule of three-year trend information for the CalPERS Defined Benefit Pension Plan for Sworn Employees:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 6,271,129	100%	\$ -
6/30/2007	\$ 5,764,925	100%	\$ -
6/30/2008	\$ 6,710,237	100%	\$ -

Funding Status and Funding Progress As of June 30, 2007, the most recent actuarial valuation date, the Plan was 79.89% funded. The actuarial accrued liability for benefits was \$107,079,899 and the actuarial value of assets was \$85,550,000, resulting in an UAAL of \$21,529,899. The covered payroll (annual payroll of active employees covered by the plan) was \$14,975,285, and the ratio of the UAAL to the covered payroll was 143.8%. The Schedule of Funding Progress is presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multi year trend information whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.



**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

**CalPERS Defined Benefit Pension Plan for Miscellaneous (Non-Sworn) Employees**

Plan Description The City's non-sworn employees not in the City's Defined Contribution Pension Plan are eligible to participate in the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. Initial participation was determined during the employees' ratification vote during November 2002. New employees are required to join CalPERS. CalPERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Funding Policy Participants are required to contribute 8% of their annual covered salary. The City contributes 2.552 % of the contribution required of miscellaneous employees on their behalf and for their accounts. The City is also required to contribute additional amounts at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by CalPERS. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration.

Annual Pension Cost For the fiscal year ended June 30, 2008, the City's annual pension cost of \$9,712,580 for CalPERS was equal to the City's required and actual contributed pension costs. The required contribution was determined by actuarial valuation as of June 30, 2005 using the entry age normal actuarial cost method. The amortization method used is a level percentage of payroll. The actuarial assumptions included (a) a 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by age, length of service and type of employment from 3.25% to 14.45%, (c) a 3% inflation rate, (d) and a 3.25% payroll growth rate. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. All changes in liability due to Plan amendments, changes in actuarial assumptions, or methodology will be amortized as a level percentage of pay over a 20-year period. Gains and losses that occur in the operation of the Plan are also tracked and 6% of the net unamortized gain or loss will be amortized each year. If the Plan's accrued liability exceeds the actuarial value of Plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year period.

Provided below is the schedule of three-year trend information for the CalPERS Defined Benefit Pension Plan for Non-Sworn Employees:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 9,748,852	100%	\$ -
6/30/2007	\$ 8,499,866	100%	\$ -
6/30/2008	\$ 9,712,580	100%	\$ -

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

Funding Status and Funding Progress As of June 30, 2007, the most recent actuarial valuation date, the Plan was 73.06% funded. The actuarial accrued liability for benefits was \$155,486,827 and the actuarial value of assets was \$113,590,757, resulting in an UAAL of \$41,896,070. The covered payroll (annual payroll of active employees covered by the Plan) was \$42,049,734, and the ratio of the UAAL to the covered payroll was 99.6%. The Schedule of Funding Progress is presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multi year trend information whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Public Agency Retirement System Defined Contribution Plan**

Plan Description The City's part-time, seasonal and temporary employees that are ineligible for another retirement plan are eligible to participate in the Public Agency Retirement Systems Trust (PARS), pursuant to the requirements of 3121(6)(7)(F) of the Internal Revenue Code. Retirement benefits depend on amounts contributed plus investment earnings. Copies of PAR's annual financial report may be obtained from their executive office: P.O. Box 1291, Newport Beach, California 92658.

Funding Policy Effective June 30, 2003, eligible participants are required to contribute 1.75% of their base compensation into the Plan. The City shall contribute an amount equal to 5.75% of the base salary compensation. Plan participants have the right to 100% of their account balance upon their death, termination of employment, permanent and total disability, or upon attainment of normal retirement age of 59.5 under the Plan.

Annual Pension Cost At December 31, 2007, the Plan had a membership of 560 members. Total Plan assets were \$1,787,823. Employer and employee contributions to the Plan during the calendar year ended December 31, 2007 were \$325,923.

**F. Permanent Fund**

The City has one permanent fund which was established during the fiscal year ended June 30, 2002. The Senior Services Fund was created with a contribution received in conjunction with the Agreement to Terminate the Irvine Senior Foundation/City of Irvine Distribution of Funds Agreement (Agreement), approved by the City Council in March 2002. This Agreement directs the City to use the interest income earned by investment of the nonexpendable portion to fund projects at specific senior citizen and adult day health centers, and to use other contributed amounts and their investment earnings in the same manner as previously used by the Irvine Senior Foundation.

The net assets of the fund include a nonexpendable amount of \$469,404 which is reported as part of Restricted Net Assets. Expendable donations and accrued interest of \$145,242 are available for expenditure and are reflected as Restricted Net Assets, Expendable. The amount of net depreciation on investments available for expenditure at June 30, 2008 was \$3,713. The City administers this fund pursuant to its authority and duties under the Uniform Management of Institutional Funds Act, section 18500 et. Seq.

**City of Irvine**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**V. Other information (continued)**

**G. Restatement**

During the fiscal year ended June 30, 2008, the Irvine Redevelopment Agency discovered that accrued interest payable on advances was understated on advances from the City. The advances to the Irvine Redevelopment Agency are recorded in the RDA Debt Service Fund.

Beginning fund balance has been restated as follows (in thousands):

Fund Balance, as previously reported	\$ 8,311
Adjustment for understatement of accrued interest payable payable on advances from the City	<u>(611)</u>
Fund Balance, as restated	<u><u>\$ 7,700</u></u>

During the year ended June 30, 2008, the City discovered that the government-wide Statement of Activities had an understatement of interest revenue.

Beginning net assets have been restated as follows (in thousands):

Net Assets, as previously reported	\$ 2,018,215
Adjustment for understatement of interest revenue	<u>611</u>
Net Assets, as restated	<u><u>\$ 2,018,826</u></u>

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2008 (Continued)**

**Schedule of Employer Contributions – Defined Benefit Pension Plan**

The City of Irvine's retirement system for sworn employees is known as the Defined Benefit Pension Plan. It is a single-employer defined benefit pension plan established by City resolution and administered in accordance with the provisions of the Plan document adopted on April 1, 1975, and subsequently restated on January 1, 1984, July 1, 1996, and January 1, 2004. Copies of the annual financial report may be obtained from City Hall.

The Plan uses the aggregate cost method to determine its annual pension cost.

**Schedule of Employer Contributions**  
**For the three years ended December 31, 2007**

Year	Actuarial Valuation Date	Annual Required Contributions (ARC)*	Percentage of ARC Contributed
2005	1/1/2004	\$ 189,466	98.88%
2006	1/1/2006	\$ 217,777	100.55%
2007	1/1/2006	\$ 186,404	123.65%

\* Annual required contributions were determined by multiplying the actual covered payroll by the ARC rate in order to ensure an appropriate comparison of contributions required versus contributions made.

Provided below is the Schedule of Funding Progress for the City of Irvine's Defined Benefit Pension Plan:

**Schedule of Funding Progress**  
**(in thousands)**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded AAL (A-B)	Funded Ratio (B)/(A)	Covered Payroll (C)	UAAL, % of Covered Payroll (A-B)/C
12/31/2002	\$ 16,283	\$ 16,283	\$ -	100.00%	\$ 398	0.0%
12/31/2004	\$ 16,981	\$ 16,981	\$ -	100.00%	\$ 455	0.0%
12/31/2006	\$ 17,367	\$ 17,367	\$ -	100.00%	\$ 335	0.0%

\* The actuarial valuation is performed bi-annually.

**City of Irvine**  
**Required Supplementary Information**  
**For the Fiscal year Ended June 30, 2008 (Continued)**

**Schedules of Funding Progress – CalPERS Defined Benefit Pension Plans**

**CalPERS Defined Benefit Pension Plan for Sworn Employees**

Provided below is the Schedule of Funding Progress for the CalPERS Defined Benefit Pension Plan for Sworn Employees:

**Schedule of Funding Progress**  
(in thousands)

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded AAL (A-B)	Funded Ratio (B)/(A)	Covered Payroll (C)	UAAL, % of Covered Payroll (A-B)/C
6/30/2005	\$ 84,260	\$ 66,426	\$ 17,834	78.83%	\$ 12,051	148.0%
6/30/2006	\$ 96,243	\$ 76,310	\$ 19,933	79.29%	\$ 13,804	144.4%
6/30/2007	\$ 107,080	\$ 85,550	\$ 21,530	79.89%	\$ 14,975	143.8%

**CalPERS Defined Benefit Pension Plan for Non-Sworn Employees**

Provided below is the Schedule of Funding Progress for the CalPERS Defined Benefit Pension Plan for Non-Sworn Employees:

**Schedule of Funding Progress**  
(in thousands)

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (B)	Unfunded AAL (A-B)	Funded Ratio (B)/(A)	Covered Payroll (C)	UAAL, % of Covered Payroll (A-B)/C
6/30/2005	\$ 118,256	\$ 79,414	\$ 38,842	67.15%	\$ 32,810	118.4%
6/30/2006	\$ 134,617	\$ 95,587	\$ 39,030	71.01%	\$ 37,570	103.9%
6/30/2007	\$ 155,487	\$ 113,591	\$ 41,896	73.06%	\$ 42,050	99.6%



## **NONMAJOR GOVERNMENTAL FUNDS**

The combining statements for Nonmajor Governmental Funds represent a consolidation of the information for specific funds contained in the Supplementary Financial Statements. These statements summarize the financial information contained in Other Special Revenue Funds, Debt Service Funds, Other Capital Projects Funds and Permanent Funds.

**City of Irvine**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**  
(amounts expressed in thousands)

	<b>Other Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Other Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 112,881	\$ 4,933	\$ 53,721	\$ 614	\$ 172,149
Receivables, net of allowances:					
Taxes	2,058	-	-	-	2,058
Accounts	210	33	-	-	243
Accrued interest	440	39	71	2	552
Due from other governments	572	-	7,432	-	8,004
Advances to other funds	1,350	-	-	-	1,350
Long-term note receivable	2,551	-	-	-	2,551
	<u>2,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,551</u>
Total Assets	<u>\$ 120,062</u>	<u>\$ 5,005</u>	<u>\$ 61,224</u>	<u>\$ 616</u>	<u>\$ 186,907</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,127	\$ -	\$ 11,032	\$ 1	\$ 13,160
Accrued liabilities	61	-	2,327	-	2,388
Due to other funds	239	-	-	-	239
Due to other governments	2	-	15	-	17
Deposits	-	-	250	-	250
Deferred revenue	2,563	-	6,419	-	8,982
Advances from other funds	1,350	-	-	-	1,350
	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350</u>
Total Liabilities	<u>6,342</u>	<u>-</u>	<u>20,043</u>	<u>1</u>	<u>26,386</u>
Fund Balances:					
Reserved	1,350	5,005	-	469	6,824
Unreserved	112,370	-	41,181	146	153,697
	<u>112,370</u>	<u>-</u>	<u>41,181</u>	<u>146</u>	<u>153,697</u>
Total Fund Balances	<u>113,720</u>	<u>5,005</u>	<u>41,181</u>	<u>615</u>	<u>160,521</u>
Total Liabilities and Fund Balances	<u>\$ 120,062</u>	<u>\$ 5,005</u>	<u>\$ 61,224</u>	<u>\$ 616</u>	<u>\$ 186,907</u>



**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>Other Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Other Capital Projects Funds</b>	<b>Permanent Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 16,470	\$ -	\$ -	\$ -	\$ 16,470
Investment income	5,338	590	1,978	31	7,937
Intergovernmental	6,911	-	14,807	-	21,718
Charges for services	7,617	11,896	74	-	19,587
Revenue from developers	12,978	-	-	-	12,978
Revenue from property owners	4,863	-	-	-	4,863
Donations	99	-	-	-	99
Other revenue	-	-	27	18	45
	<u>54,276</u>	<u>12,486</u>	<u>16,886</u>	<u>49</u>	<u>83,697</u>
<b>EXPENDITURES</b>					
Current:					
General Government	114	17	22	-	153
Public Safety	1,701	-	-	-	1,701
Public Works	2,693	-	166	-	2,859
Community Development	21	-	11	-	32
Community Services	1,779	-	19	17	1,815
Redevelopment	4,522	-	-	-	4,522
Great Park	-	-	1,769	-	1,769
Street lighting	5,069	-	-	-	5,069
Capital outlay	1,889	-	47,739	-	49,628
Debt service:					
Principal retirement	-	8,170	-	-	8,170
Interest and fiscal charges	-	830	-	-	830
Administration	-	106	-	-	106
	<u>17,788</u>	<u>9,123</u>	<u>49,726</u>	<u>17</u>	<u>76,654</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,488</u>	<u>3,363</u>	<u>(32,840)</u>	<u>32</u>	<u>7,043</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of long-term note	47	-	-	-	47
Transfers in	4,555	1,229	35,148	-	40,932
Transfers out	(18,664)	(9,903)	-	-	(28,567)
	<u>(14,062)</u>	<u>(8,674)</u>	<u>35,148</u>	<u>-</u>	<u>12,412</u>
Net Change in Fund Balances	22,426	(5,311)	2,308	32	19,455
Fund Balances, Beginning	<u>91,294</u>	<u>10,316</u>	<u>38,873</u>	<u>583</u>	<u>141,066</u>
Fund Balances, Ending	<u>\$ 113,720</u>	<u>\$ 5,005</u>	<u>\$ 41,181</u>	<u>\$ 615</u>	<u>\$ 160,521</u>



## OTHER SPECIAL REVENUE FUNDS

Special Revenue Funds account for taxes and other revenues set aside in accordance with law or administrative regulations for expenditures restricted for specified services. Special Revenue Funds include the following:

County Sales Tax Measure M - This fund accounts for the one-half percent sales tax authorized by the Measure M tax initiative within the County of Orange. Sales tax proceeds are distributed formula to the cities for their use, which is restricted solely to transportation purposes.

State Gasoline Tax - This fund accounts for gasoline taxes received under Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highways Code. These funds are utilized solely for street related purposes.

Systems Development - This fund accounts for a 1% tax imposed by City Ordinance on all new construction. Revenues are designated for circulation and public facilities improvements.

Local Park Fees - This fund accounts for fees received under the Subdivision Map Act of the California State Constitution that requires developers to either contribute land or pay fees to provide recreational facilities within the development area.

Slurry Seal Fees - This fund accounts for developer construction fees to be utilized for the slurry seal of City streets that had wear and tear due to construction traffic.

Maintenance District - This fund accounts for City-wide street lighting and landscape maintenance costs, and the collection of assessments from property owners.

Air Quality Improvement - This fund accounts for receipts and disbursements made to reduce air pollution from motor vehicles pursuant to the California Clean Air Act of 1988 under Section 44244.1 of the California Health and Safety Code.

Fees and Exactions - This fund accounts for the collection of fees imposed on developers and property owners for future capital improvement projects from which they will receive direct benefit.

Major Special Events - This fund accounts for a participant user fee for major events. The fees collected are applied to Public Safety costs incurred as a result of these events.

RDA Housing - This fund accounts for the accumulation receipts of 20% tax increment to be set aside for affordable housing and accounts for the Irvine Redevelopment Agency housing related activities.

North Irvine Transportation Mitigation - This fund accounts for the financial transaction related to the planning and implementation of circulation improvements necessary to accommodate the build-out of the City's Northern Sphere of Influence.

Shuttle Service - This fund accounts for the implementation and operation of the shuttle program to the public on March 31, 2008.

Irvine Community Land Trust - This fund accounts for the activities of the 501C3 originated for the purpose of assisting the City in securing low income housing for its residents.

Grants - This fund accounts for a variety of state and federal grants. Nine different funds are combined for this classification.

**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds - Nonmajor**  
**June 30, 2008**  
 (amounts expressed in thousands)  
 Page 1 of 4

	County Sales Tax Measure M	State Gasoline Tax	Systems Development
<b>ASSETS</b>			
Cash and investments	\$ 5,643	\$ 10,239	\$ 18,054
Receivables, net of allowances:			
Taxes	543	1,177	-
Accounts	-	-	-
Accrued interest	26	46	68
Due from other governments	-	-	-
Advances to other funds	-	-	-
Long-term note receivable	-	-	-
Total Assets	<u>\$ 6,212</u>	<u>\$ 11,462</u>	<u>\$ 18,122</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 85	\$ 900
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Deferred revenue	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>-</u>	<u>85</u>	<u>900</u>
Fund Balances:			
Reserved	-	-	-
Unreserved	6,212	11,377	17,222
Total Fund Balances	<u>6,212</u>	<u>11,377</u>	<u>17,222</u>
Total Liabilities and Fund Balances	<u>\$ 6,212</u>	<u>\$ 11,462</u>	<u>\$ 18,122</u>

- continued -

**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds - Nonmajor**  
**June 30, 2008**  
 (amounts expressed in thousands)  
**Page 2 of 4**

	<u>Local Park Fees</u>	<u>Slurry Seal Fees</u>	<u>Maintenance District</u>	<u>Air Quality Improvement</u>
<b>ASSETS</b>				
Cash and investments	\$ 30,032	\$ 1,626	\$ 3,590	\$ 1,229
Receivables, net of allowances:				
Taxes	-	-	338	-
Accounts	-	-	32	-
Accrued interest	115	6	14	5
Due from other governments	-	-	-	62
Advances to other funds	-	-	-	-
Long-term note receivable	-	-	-	-
Total Assets	<u>\$ 30,147</u>	<u>\$ 1,632</u>	<u>\$ 3,974</u>	<u>\$ 1,296</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 428	\$ -
Accrued liabilities	-	-	3	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>431</u>	<u>-</u>
Fund Balances:				
Reserved	-	-	-	-
Unreserved	30,147	1,632	3,543	1,296
Total Fund Balances	<u>30,147</u>	<u>1,632</u>	<u>3,543</u>	<u>1,296</u>
Total Liabilities and Fund Balances	<u>\$ 30,147</u>	<u>\$ 1,632</u>	<u>\$ 3,974</u>	<u>\$ 1,296</u>

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**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds - Nonmajor**  
**June 30, 2008**  
 (amounts expressed in thousands)  
 Page 3 of 4

	Fees and Exactions	Major Special Events	RDA Housing	North Irvine Transportation Mitigation
<b>ASSETS</b>				
Cash and investments	\$ 9,462	\$ -	\$ 3,943	\$ 27,475
Receivables, net of allowances:				
Taxes	-	-	-	-
Accounts	-	160	-	-
Accrued interest	36	-	15	104
Due from other governments	-	-	-	-
Advances to other funds	-	-	1,350	-
Long-term note receivable	-	-	-	-
Total Assets	<u>\$ 9,498</u>	<u>\$ 160</u>	<u>\$ 5,308</u>	<u>\$ 27,579</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 3	\$ 17	\$ 79
Accrued liabilities	-	9	4	43
Due to other funds	-	122	-	-
Due to other governments	-	-	-	-
Deferred revenue	-	-	-	-
Advances from other funds	1,350	-	-	-
Total Liabilities	<u>1,350</u>	<u>134</u>	<u>21</u>	<u>122</u>
Fund Balances:				
Reserved	-	-	1,350	-
Unreserved	8,148	26	3,937	27,457
Total Fund Balances	<u>8,148</u>	<u>26</u>	<u>5,287</u>	<u>27,457</u>
Total Liabilities and Fund Balances	<u>\$ 9,498</u>	<u>\$ 160</u>	<u>\$ 5,308</u>	<u>\$ 27,579</u>

- continued -

**City of Irvine**  
**Combining Balance Sheet**  
**Other Special Revenue Funds - Nonmajor**  
**June 30, 2008**  
(amounts expressed in thousands)  
**Page 4 of 4**

	<u>Shuttle Service</u>	<u>Irvine Community Land Trust</u>	<u>Grants</u>	<u>Total Other Special Revenue Funds - Nonmajor</u>
<b>ASSETS</b>				
Cash and investments	\$ 784	\$ 160	\$ 644	\$ 112,881
Receivables, net of allowances:				
Taxes	-	-	-	2,058
Accounts	-	-	18	210
Accrued interest	3	-	2	440
Due from other governments	-	-	510	572
Advances to other funds	-	-	-	1,350
Long-term note receivable	-	-	2,551	2,551
	<u>\$ 787</u>	<u>\$ 160</u>	<u>\$ 3,725</u>	<u>\$ 120,062</u>
Total Assets				
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 141	\$ -	\$ 474	\$ 2,127
Accrued liabilities	1	-	1	61
Due to other funds	-	-	117	239
Due to other governments	-	-	2	2
Deferred revenue	-	-	2,563	2,563
Advances from other funds	-	-	-	1,350
	<u>142</u>	<u>-</u>	<u>3,157</u>	<u>6,342</u>
Total Liabilities				
Fund Balances:				
Reserved	-	-	-	1,350
Unreserved	645	160	568	112,370
	<u>645</u>	<u>160</u>	<u>568</u>	<u>113,720</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$ 787</u>	<u>\$ 160</u>	<u>\$ 3,725</u>	<u>\$ 120,062</u>

**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds - Nonmajor**  
**For the Fiscal Year Ended June 30, 2008**  
 (amounts expressed in thousands)  
 Page 1 of 4

	County Sales Tax Measure M	State Gasoline Tax	Systems Development
<b>REVENUES</b>			
Taxes	\$ 3,192	\$ 3,549	\$ 5,783
Investment income	359	516	762
Intergovernmental	-	3,250	-
Charges for services	-	-	-
Revenue from developers	-	-	-
Revenue from property owners	-	-	-
Donations	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	3,551	7,315	6,545
<b>EXPENDITURES</b>			
Current:			
General Government	12	12	-
Public Safety	-	-	-
Public Works	200	512	1,225
Community Development	-	-	-
Community Services	-	-	-
Redevelopment	-	-	-
Street lighting	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	212	524	1,225
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>
	3,339	6,791	5,320
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of long-term note	-	-	-
Transfers in	-	-	-
Transfers out	(4,283)	(3,712)	(10,257)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(4,283)	(3,712)	(10,257)
Net Change in Fund Balances	(944)	3,079	(4,937)
Fund Balances, Beginning	<hr/>	<hr/>	<hr/>
	7,156	8,298	22,159
Fund Balances, Ending	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 6,212	\$ 11,377	\$ 17,222

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**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds - Nonmajor**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

Page 2 of 4

	<b>Local Park Fees</b>	<b>Slurry Seal Fees</b>	<b>Maintenance District</b>	<b>Air Quality Improvement</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 2,235	\$ -
Investment income	1,301	68	137	57
Intergovernmental	-	-	-	242
Charges for services	-	263	1	-
Revenue from developers	12,978	-	-	-
Revenue from property owners	-	-	4,863	-
Donations	-	-	-	-
<b>Total Revenues</b>	<b>14,279</b>	<b>331</b>	<b>7,236</b>	<b>299</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	2	49	1
Public Safety	-	-	-	-
Public Works	-	46	-	2
Community Development	-	-	-	18
Community Services	-	-	1,465	-
Redevelopment	-	-	-	-
Street lighting	-	-	5,069	-
Capital outlay	-	735	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>783</b>	<b>6,583</b>	<b>21</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,279	(452)	653	278
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term note	-	-	-	-
Transfers in	-	767	-	-
Transfers out	(412)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(412)</b>	<b>767</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>13,867</b>	<b>315</b>	<b>653</b>	<b>278</b>
Fund Balances, Beginning	16,280	1,317	2,890	1,018
Fund Balances, Ending	<u>\$ 30,147</u>	<u>\$ 1,632</u>	<u>\$ 3,543</u>	<u>\$ 1,296</u>

- continued -

**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds - Nonmajor**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
**Page 3 of 4**

	<b>Fees and Exactions</b>	<b>Major Special Events</b>	<b>RDA Housing</b>	<b>North Irvine Transportation Mitigation</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 1,711	\$ -
Investment income	517	-	149	1,410
Intergovernmental	-	-	-	-
Charges for services	6,785	543	-	-
Revenue from developers	-	-	-	-
Revenue from property owners	-	-	-	-
Donations	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	7,302	543	1,860	1,410
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	2	7
Public Safety	-	527	-	-
Public Works	-	-	-	300
Community Development	-	-	3	-
Community Services	-	-	-	-
Redevelopment	2,046	-	651	-
Street lighting	-	-	-	-
Capital outlay	-	-	-	1,141
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	2,046	527	656	1,448
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	5,256	16	1,204	(38)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term note	-	-	47	-
Transfers in	-	-	-	2,578
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	47	2,578
Net Change in Fund Balances	5,256	16	1,251	2,540
Fund Balances, Beginning	<hr/>	<hr/>	<hr/>	<hr/>
	2,892	10	4,036	24,917
Fund Balances, Ending	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 8,148	\$ 26	\$ 5,287	\$ 27,457

- continued -

**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Special Revenue Funds - Nonmajor**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

Page 4 of 4

	Shuttle Service	Irvine Community Land Trust	Grants	Other Special Revenue Funds - Nonmajor
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ 16,470
Investment income	28	3	31	5,338
Intergovernmental	-	246	3,173	6,911
Charges for services	-	-	25	7,617
Revenue from developers	-	-	-	12,978
Revenue from property owners	-	-	-	4,863
Donations	-	-	99	99
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	28	249	3,328	54,276
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	29	114
Public Safety	-	-	1,174	1,701
Public Works	408	-	-	2,693
Community Development	-	-	-	21
Community Services	-	-	314	1,779
Redevelopment	-	89	1,736	4,522
Street lighting	-	-	-	5,069
Capital outlay	-	-	13	1,889
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	408	89	3,266	17,788
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	(380)	160	62	36,488
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term note	-	-	-	47
Transfers in	1,025	-	185	4,555
Transfers out	-	-	-	(18,664)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	1,025	-	185	(14,062)
Net Change in Fund Balances	645	160	247	22,426
Fund Balances, Beginning	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	321	91,294
Fund Balances, Ending	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 645	\$ 160	\$ 568	\$ 113,720

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**County Sales Tax Measure M**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 3,060	\$ 3,060	\$ 3,192	\$ 132
Investment income	284	284	359	75
Total Revenues	<u>3,344</u>	<u>3,344</u>	<u>3,551</u>	<u>207</u>
<b>EXPENDITURES</b>				
Current:				
General Government	15	15	12	3
Public Works	200	200	200	-
Total Expenditures	<u>215</u>	<u>215</u>	<u>212</u>	<u>3</u>
Excess of Revenues Over Expenditures	<u>3,129</u>	<u>3,129</u>	<u>3,339</u>	<u>210</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(8,409)</u>	<u>(8,873)</u>	<u>(4,283)</u>	<u>4,590</u>
Total Other Financing Sources (Uses)	<u>(8,409)</u>	<u>(8,873)</u>	<u>(4,283)</u>	<u>4,590</u>
Net Change in Fund Balances	(5,280)	(5,744)	(944)	4,800
Fund Balances, Beginning	<u>7,156</u>	<u>7,156</u>	<u>7,156</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,876</u>	<u>\$ 1,412</u>	<u>\$ 6,212</u>	<u>\$ 4,800</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**State Gasoline Tax**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,595	\$ 3,595	\$ 3,549	\$ (46)
Investment income	235	235	516	281
Intergovernmental	-	3,250	3,250	-
Total Revenues	3,830	7,080	7,315	235
<b>EXPENDITURES</b>				
Current:				
General Government	15	15	12	3
Public Works	530	530	512	18
Total Expenditures	545	545	524	21
Excess of Revenues Over Expenditures	3,285	6,535	6,791	256
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(11,326)	(14,038)	(3,712)	10,326
Total Other Financing Sources (Uses)	(11,326)	(14,038)	(3,712)	10,326
Net Change in Fund Balances	(8,041)	(7,503)	3,079	10,582
Fund Balances, Beginning	8,298	8,298	8,298	-
Fund Balances, Ending	\$ 257	\$ 795	\$ 11,377	\$ 10,582

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Systems Development**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 6,000	\$ 6,000	\$ 5,783	\$ (217)
Investment income	655	655	762	107
Total Revenues	<u>6,655</u>	<u>6,655</u>	<u>6,545</u>	<u>(110)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	-	325	1,225	(900)
Total Expenditures	<u>-</u>	<u>325</u>	<u>1,225</u>	<u>(900)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,655</u>	<u>6,330</u>	<u>5,320</u>	<u>(1,010)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	18	18	-	(18)
Transfers out	(11,564)	(10,278)	(10,257)	21
Total Other Financing Sources (Uses)	<u>(11,546)</u>	<u>(10,260)</u>	<u>(10,257)</u>	<u>3</u>
Net Change in Fund Balances	(4,891)	(3,930)	(4,937)	(1,007)
Fund Balances, Beginning	<u>22,159</u>	<u>22,159</u>	<u>22,159</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 17,268</u>	<u>\$ 18,229</u>	<u>\$ 17,222</u>	<u>\$ (1,007)</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Local Park Fees**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ 591	\$ 591	\$ 1,301	\$ 710
Revenue from developers	12,052	12,052	12,978	926
Total Revenues	<u>12,643</u>	<u>12,643</u>	<u>14,279</u>	<u>1,636</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>12,643</u>	<u>12,643</u>	<u>14,279</u>	<u>1,636</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(412)</u>	<u>(412)</u>	<u>(412)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(412)</u>	<u>(412)</u>	<u>(412)</u>	<u>-</u>
Net Change in Fund Balances	12,231	12,231	13,867	1,636
Fund Balances, Beginning	<u>16,280</u>	<u>16,280</u>	<u>16,280</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 28,511</u>	<u>\$ 28,511</u>	<u>\$ 30,147</u>	<u>\$ 1,636</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Slurry Seal Fees**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ 62	\$ 62	\$ 68	\$ 6
Charges for services	350	350	263	(87)
Total Revenues	<u>412</u>	<u>412</u>	<u>331</u>	<u>(81)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	2	(2)
Public Works	138	138	46	92
Capital outlay	<u>1,262</u>	<u>1,262</u>	<u>735</u>	<u>527</u>
Total Expenditures	<u>1,400</u>	<u>1,400</u>	<u>783</u>	<u>617</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(988)</u>	<u>(988)</u>	<u>(452)</u>	<u>536</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>760</u>	<u>1,856</u>	<u>767</u>	<u>(1,089)</u>
Total Other Financing Sources (Uses)	<u>760</u>	<u>1,856</u>	<u>767</u>	<u>(1,089)</u>
Net Change in Fund Balances	(228)	868	315	(553)
Fund Balances, Beginning	<u>1,317</u>	<u>1,317</u>	<u>1,317</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,089</u>	<u>\$ 2,185</u>	<u>\$ 1,632</u>	<u>\$ (553)</u>



**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Maintenance District**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,179	\$ 2,179	\$ 2,235	\$ 56
Investment income	75	75	137	62
Charges for services	3	3	1	(2)
Revenue from property owners	4,524	4,524	4,863	339
	6,781	6,781	7,236	455
<b>EXPENDITURES</b>				
Current:				
General Government	56	56	49	7
Community Services	1,603	1,605	1,465	140
Street lighting	5,068	5,068	5,069	(1)
	6,727	6,729	6,583	146
Excess of Revenues Over Expenditures	54	52	653	601
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	54	52	653	601
Fund Balances, Beginning	2,890	2,890	2,890	-
Fund Balances, Ending	\$ 2,944	\$ 2,942	\$ 3,543	\$ 601

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Air Quality Improvement**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 27	\$ 27	\$ 57	\$ 30
Intergovernmental	200	200	242	42
Total Revenues	227	227	299	72
<b>EXPENDITURES</b>				
Current:				
General Government	2	2	1	1
Public Works	229	229	2	227
Community Development	10	10	18	(8)
Total Expenditures	241	241	21	220
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14)	(14)	278	292
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(643)	-	643
Total Other Financing Sources (Uses)	-	(643)	-	643
Net Change in Fund Balances	(14)	(657)	278	935
Fund Balances, Beginning	1,018	1,018	1,018	-
Fund Balances, Ending	\$ 1,004	\$ 361	\$ 1,296	\$ 935

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Fees and Exactions**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 70	\$ 70	\$ 517	\$ 447
Charges for services	-	5,500	6,785	1,285
Revenue from developers	3,034	3,034	-	(3,034)
Total Revenues	3,104	8,604	7,302	(1,302)
<b>EXPENDITURES</b>				
Current:				
Redevelopment	3,024	3,095	2,046	1,049
Total Expenditures	3,024	3,095	2,046	1,049
Excess (Deficiency) of Revenues Over (Under) Expenditures	80	5,509	5,256	(253)
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	80	5,509	5,256	(253)
Fund Balances, Beginning	2,892	2,892	2,892	-
Fund Balances, Ending	<u>\$ 2,972</u>	<u>\$ 8,401</u>	<u>\$ 8,148</u>	<u>\$ (253)</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Major Special Events**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 305	\$ 305	\$ 543	\$ 238
Total Revenues	<u>305</u>	<u>305</u>	<u>543</u>	<u>238</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	<u>309</u>	<u>309</u>	<u>527</u>	<u>(218)</u>
Total Expenditures	<u>309</u>	<u>309</u>	<u>527</u>	<u>(218)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4)</u>	<u>(4)</u>	<u>16</u>	<u>20</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(4)</u>	<u>(4)</u>	<u>16</u>	<u>20</u>
Fund Balances, Beginning	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 6</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ 26</u></u>	<u><u>\$ 20</u></u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**RDA Housing**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,323	\$ 1,323	\$ 1,711	\$ 388
Investment income	132	132	149	17
Total Revenues	1,455	1,455	1,860	405
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	2	(2)
Community Development	-	-	3	(3)
Redevelopment	948	950	651	299
Total Expenditures	948	950	656	294
Excess of Revenues Over Expenditures	507	505	1,204	699
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of long-term note	-	-	47	47
Total Other Financing Sources	-	-	47	47
Net Change in Fund Balances	507	505	1,251	746
Fund Balances, Beginning	4,036	4,036	4,036	-
Fund Balances, Ending	\$ 4,543	\$ 4,541	\$ 5,287	\$ 746

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**North Irvine Transportation Mitigation**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 1,208	\$ 1,208	\$ 1,410	\$ 202
Intergovernmental	250	250	-	(250)
Total Revenues	1,458	1,458	1,410	(48)
<b>EXPENDITURES</b>				
Current:				
General Government	10	10	7	3
Public Works	479	479	300	179
Capital outlay	5,527	5,527	1,141	4,386
Total Expenditures	6,016	6,016	1,448	4,568
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,558)	(4,558)	(38)	4,520
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,392	2,592	2,578	(14)
Total Other Financing Sources (Uses)	2,392	2,592	2,578	(14)
Net Change in Fund Balances	(2,166)	(1,966)	2,540	4,506
Fund Balances, Beginning	24,917	24,917	24,917	-
Fund Balances, Ending	\$ 22,751	\$ 22,951	\$ 27,457	\$ 4,506

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Shuttle Service**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 28	\$ 28
Total Revenues	-	-	28	28
<b>EXPENDITURES</b>				
Current:				
Public Works	-	1,025	408	617
Total Expenditures	-	1,025	408	617
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,025)	(380)	645
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,025	1,025	-
Total Other Financing Sources	-	1,025	1,025	-
Net Change in Fund Balances	-	-	645	645
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645</u>	<u>\$ 645</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Irvine Community Land Trust**  
**For the Fiscal Year Ended June 30, 2008**  
 (amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 3	\$ 3
Intergovernmental	-	-	246	246
Total Revenues	-	-	249	249
<b>EXPENDITURES</b>				
Current:				
Redevelopment	-	-	89	(89)
Total Expenditures	-	-	89	(89)
Excess of Revenues Over Expenditures	-	-	160	160
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balances	-	-	160	160
Fund Balances, Beginning	-	-	-	-
Fund Balances, Ending	\$ -	\$ -	\$ 160	\$ 160



**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Grants**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ 7	\$ 7	\$ 31	\$ 24
Intergovernmental	5,460	6,623	3,173	(3,450)
Charges for services	-	-	25	25
Donations	94	94	99	5
	<u>5,561</u>	<u>6,724</u>	<u>3,328</u>	<u>(3,396)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	31	31	29	2
Public Safety	586	2,300	1,174	1,126
Public Works	139	139	-	139
Community Services	286	287	314	(27)
Redevelopment	3,257	3,257	1,736	1,521
Capital outlay	18	18	13	5
	<u>4,317</u>	<u>6,032</u>	<u>3,266</u>	<u>2,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,244</u>	<u>692</u>	<u>62</u>	<u>(630)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	185	185	-
Transfers out	(1,328)	(1,328)	-	1,328
	<u>(1,328)</u>	<u>(1,143)</u>	<u>185</u>	<u>1,328</u>
Total Other Financing Sources (Uses)	<u>(1,328)</u>	<u>(1,143)</u>	<u>185</u>	<u>1,328</u>
Net Change in Fund Balances	(84)	(451)	247	698
Fund Balances, Beginning	<u>321</u>	<u>321</u>	<u>321</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 237</u>	<u>\$ (130)</u>	<u>\$ 568</u>	<u>\$ 698</u>



# DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. Debt Service Funds include the following:

Irvine Public Facilities and Infrastructure Authority - This fund accounts for the accumulation and disbursement of monies to meet the debt service requirements for the Series 1985 and Series 1987 lease revenue bonds, as well as the 1994 Culver Underpass Certificates of Participation.

Infrastructure Financing Plan - This fund accounts for the preliminary work on an infrastructure financing plan.

**City of Irvine**  
**Combining Balance Sheet**  
**Debt Service Funds**  
**June 30, 2008**  
(amounts expressed in thousands)

	<b>Irvine Public Facilities and Infrastructure Authority</b>	<b>Infrastructure Financing Plan</b>	<b>Total Debt Service Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 4,806	\$ 127	\$ 4,933
Receivables, net of allowances:			
Accounts	33	-	33
Accrued interest	38	1	39
Total Assets	\$ 4,877	\$ 128	\$ 5,005
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
Fund Balances:			
Reserved	4,877	128	5,005
Total Fund Balances	4,877	128	5,005
Total Liabilities and Fund Balances	\$ 4,877	\$ 128	\$ 5,005

**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Debt Service Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>Irvine Public Facilities and Infrastructure Authority</b>	<b>Infrastructure Financing Plan</b>	<b>Total Debt Service Funds</b>
<b>REVENUES</b>			
Investment income	\$ 582	\$ 8	\$ 590
Charges for services	<u>11,896</u>	<u>-</u>	<u>11,896</u>
Total Revenues	<u>12,478</u>	<u>8</u>	<u>12,486</u>
<b>EXPENDITURES</b>			
Current:			
General Government	4	13	17
Debt service:			
Principal retirement	8,170	-	8,170
Interest and fiscal charges	830	-	830
Administration	<u>89</u>	<u>17</u>	<u>106</u>
Total Expenditures	<u>9,093</u>	<u>30</u>	<u>9,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,385</u>	<u>(22)</u>	<u>3,363</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,079	150	1,229
Transfers out	<u>(9,903)</u>	<u>-</u>	<u>(9,903)</u>
Total Other Financing Sources (Uses)	<u>(8,824)</u>	<u>150</u>	<u>(8,674)</u>
Net Change in Fund Balances	(5,439)	128	(5,311)
Fund Balances, Beginning	<u>10,316</u>	<u>-</u>	<u>10,316</u>
Fund Balances, Ending	<u>\$ 4,877</u>	<u>\$ 128</u>	<u>\$ 5,005</u>

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Irvine Public Facilities and Infrastructure Authority**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 535	\$ 535	\$ 582	\$ 47
Charges for services	11,896	11,896	11,896	-
Total Revenues	12,431	12,431	12,478	47
<b>EXPENDITURES</b>				
Current:				
General Government	4	4	4	-
Debt service:				
Principal retirement	8,170	8,170	8,170	-
Interest and fiscal charges	922	922	830	92
Administration	85	85	89	(4)
Total Expenditures	9,181	9,181	9,093	88
Excess of Revenues Over Expenditures	3,250	3,250	3,385	135
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,100	1,100	1,079	(21)
Transfers out	(5,127)	(5,127)	(9,903)	(4,776)
Total Other Financing (Uses)	(4,027)	(4,027)	(8,824)	(4,797)
Net Change in Fund Balances	(777)	(777)	(5,439)	(4,662)
Fund Balances, Beginning	10,316	10,316	10,316	-
Fund Balances, Ending	\$ 9,539	\$ 9,539	\$ 4,877	\$ (4,662)

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Infrastructure Financing Plan**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 8	\$ 8
Total Revenues	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
<b>EXPENDITURES</b>				
Current:				
General Government	17	17	13	(4)
Debt service:				
Administration	<u>133</u>	<u>133</u>	<u>17</u>	<u>116</u>
Total Expenditures	<u>150</u>	<u>150</u>	<u>30</u>	<u>120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(150)</u>	<u>(150)</u>	<u>(22)</u>	<u>128</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>150</u>	<u>150</u>	<u>150</u>	<u>-</u>
Total Other Financing Sources	<u>150</u>	<u>150</u>	<u>150</u>	<u>-</u>
Net Change in Fund Balances	-	-	128	128
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ 128</u>





## OTHER CAPITAL PROJECTS FUNDS

Other Capital Projects Funds are used for the construction of infrastructure and public facility improvements within the City and which, because of their complexity, typically require more than one budgetary cycle to complete. Capital Projects Funds include the following:

Community Facilities Districts - This fund accounts for infrastructure improvements associated with Columbus Grove and Central Park.

Park Development - This fund accounts for receipts and disbursement of monies used for development and construction of non-circulation projects such as parks and public facilities within the City.

Transit Guideway - This fund accounts for a transit guideway project to serve the Great Park and Irvine Spectrum.

Orange County Great Park Infrastructure - This fund accounts for expenditures related to the planning, design, and construction of the Great Park Communities Backbone Infrastructure for the Orange County Great Park.

Great Park Development - This fund is used to account for expenditures related to the planning, design, demolition, and construction of the Orange County Great Park.

**City of Irvine**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
**June 30, 2008**  
(amounts expressed in thousands)  
**Page 1 of 2**

	<u>Community Facilities Districts</u>	<u>Park Development</u>	<u>Transit Guideway</u>
<b>ASSETS</b>			
Cash and investments	\$ 23,715	\$ 13,364	\$ 466
Receivables, net of allowances:			
Accrued interest	-	50	2
Due from other governments	-	7,432	-
Total Assets	<u>\$ 23,715</u>	<u>\$ 20,846</u>	<u>\$ 468</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1	\$ 1,858	\$ 334
Accrued liabilities	-	2,043	-
Due to other governments	-	-	-
Deposits	250	-	-
Deferred revenue	-	6,419	-
Total Liabilities	<u>251</u>	<u>10,320</u>	<u>334</u>
Fund Balances:			
Unreserved	<u>23,464</u>	<u>10,526</u>	<u>134</u>
Total Fund Balances	<u>23,464</u>	<u>10,526</u>	<u>134</u>
Total Liabilities and Fund Balances	<u>\$ 23,715</u>	<u>\$ 20,846</u>	<u>\$ 468</u>

- continued -

**City of Irvine**  
**Combining Balance Sheet**  
**Other Capital Projects Funds**  
**June 30, 2008**  
 (amounts expressed in thousands)  
**Page 2 of 2**

	Orange County Great Park Infrastructure	Great Park Development	Total Other Capital Projects Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,986	\$ 12,190	\$ 53,721
Receivables, net of allowances:			
Accrued interest	15	4	71
Due from other governments	-	-	7,432
Total Assets	\$ 4,001	\$ 12,194	\$ 61,224
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 3	\$ 8,836	\$ 11,032
Accrued liabilities	1	283	2,327
Due to other governments	-	15	15
Deposits	-	-	250
Deferred revenue	-	-	6,419
Total Liabilities	4	9,134	20,043
 Fund Balances:			
Unreserved	3,997	3,060	41,181
Total Fund Balances	3,997	3,060	41,181
Total Liabilities and Fund Balances	\$ 4,001	\$ 12,194	\$ 61,224

**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2008**  
 (amounts expressed in thousands)  
 Page 1 of 2

	<u>Community Facilities Districts</u>	<u>Park Development</u>	<u>Transit Guideway</u>
<b>REVENUES</b>			
Investment income	\$ 966	\$ 665	\$ 41
Intergovernmental	-	14,807	-
Charges for services	-	74	-
Other revenue	-	27	-
	<hr/>	<hr/>	<hr/>
Total Revenues	966	15,573	41
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General Government	-	18	1
Public Works	-	116	50
Community Development	-	11	-
Community Services	-	19	-
Great Park	-	-	-
Capital outlay	509	25,282	1,050
	<hr/>	<hr/>	<hr/>
Total Expenditures	509	25,446	1,101
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	457	(9,873)	(1,060)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	9,550	98
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	9,550	98
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	457	(323)	(962)
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning	23,007	10,849	1,096
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 23,464	\$ 10,526	\$ 134
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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**City of Irvine**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

Page 2 of 2

	<b>Orance County Great Park Infrastructure</b>	<b>Great Park Development</b>	<b>Total Other Capital Projects Funds</b>
<b>REVENUES</b>			
Investment income	\$ 199	\$ 107	\$ 1,978
Intergovernmental	-	-	14,807
Charges for services	-	-	74
Other revenue	-	-	27
	<hr/>	<hr/>	<hr/>
Total Revenues	199	107	16,886
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
General Government	1	2	22
Public Works	-	-	166
Community Development	-	-	11
Community Services	-	-	19
Great Park	57	1,712	1,769
Capital outlay	65	20,833	47,739
	<hr/>	<hr/>	<hr/>
Total Expenditures	123	22,547	49,726
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	76	(22,440)	(32,840)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	25,500	35,148
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	25,500	35,148
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	76	3,060	2,308
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning	3,921	-	38,873
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 3,997	\$ 3,060	\$ 41,181
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



## PERMANENT FUNDS

Permanent funds account for resources that are legally restricted, to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Senior Services - This fund accounts for adult day health services and senior citizen programs which are funded from interest earnings and additional donations.

**City of Irvine**  
**Balance Sheet**  
**Permanent Funds**  
**June 30, 2008**  
(amounts expressed in thousands)

	<u>Senior Services Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 614
Receivables, net of allowances:	
Accrued interest	<u>2</u>
Total Assets	<u>\$ 616</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts payable	<u>\$ 1</u>
Total Liabilities	<u>1</u>
 Fund Balances:	
Reserved	469
Unreserved	<u>146</u>
Total Fund Balances	<u>615</u>
Total Liabilities and Fund Balances	<u>\$ 616</u>



**City of Irvine**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Permanent Funds**  
**For the Fiscal Year Ended June 30, 2008**  
 (amounts expressed in thousands)

	<b>Senior Services Fund</b>
<b>REVENUES</b>	
Investment income	\$ 31
Other revenue	18
	49
<b>EXPENDITURES</b>	
Current:	
Community Services	17
	17
Total Expenditures	17
	32
<b>OTHER FINANCING SOURCES (USES)</b>	
Total Other Financing Sources	-
	-
Net Change in Fund Balances	32
Fund Balances, Beginning	583
	583
Fund Balances, Ending	\$ 615
	615

**City of Irvine**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Permanent Fund - Senior Services**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ 12	\$ 12	\$ 31	\$ 19
Other revenue	19	19	18	(1)
Total Revenues	<u>31</u>	<u>31</u>	<u>49</u>	<u>18</u>
<b>EXPENDITURES</b>				
Current:				
Community Services	79	79	17	62
Total Expenditures	<u>79</u>	<u>79</u>	<u>17</u>	<u>62</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(48)</u>	<u>(48)</u>	<u>32</u>	<u>80</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(48)	(48)	32	80
Fund Balances, Beginning	<u>583</u>	<u>583</u>	<u>583</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 535</u>	<u>\$ 535</u>	<u>\$ 615</u>	<u>\$ 80</u>





# INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for operations that provide services to other departments of the City on a cost reimbursement basis. Internal Service Funds include the following:

Self-Insurance - This fund accounts for payments made for insurance services related to workers' compensation, general liability, automotive coverage, and to maintain a sinking fund for future claims.

Equipment and Services - This fund accounts for fleet and central services, as well as equipment replacement.

Inventory - This fund accounts for the warehousing of the City's central supplies and their distribution to operating departments.

**City of Irvine**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2008**  
(amounts expressed in thousands)

	<u>Self- Insurance</u>	<u>Equipment and Services</u>	<u>Inventory</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 25,276	\$ 13,047	\$ 3	\$ 38,326
Receivables, net of allowances:				
Accounts	91	123	-	214
Accrued interest	95	52	-	147
Inventories	-	-	174	174
Due from other governments	-	1	-	1
	<u>25,462</u>	<u>13,223</u>	<u>177</u>	<u>38,862</u>
Total Current Assets				
	<u>25,462</u>	<u>13,223</u>	<u>177</u>	<u>38,862</u>
Noncurrent Assets:				
Capital assets:				
Equipment	35	32,599	-	32,634
Less accumulated depreciation	(27)	(22,903)	-	(22,930)
	<u>8</u>	<u>9,696</u>	<u>-</u>	<u>9,704</u>
Total Noncurrent Assets				
	<u>8</u>	<u>9,696</u>	<u>-</u>	<u>9,704</u>
Total Assets	<u>25,470</u>	<u>22,919</u>	<u>177</u>	<u>48,566</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	83	928	23	1,034
Accrued liabilities	11	13	-	24
Due to other governments	-	1	-	1
Deferred revenue	54	-	-	54
Lease payable	-	310	-	310
Compensated absences	9	18	-	27
Claims payable	1,769	-	-	1,769
	<u>1,926</u>	<u>1,270</u>	<u>23</u>	<u>3,219</u>
Total Current Liabilities				
	<u>1,926</u>	<u>1,270</u>	<u>23</u>	<u>3,219</u>
Noncurrent Liabilities:				
Lease payable	-	321	-	321
Compensated absences	70	132	-	202
Claims payable	5,953	-	-	5,953
	<u>6,023</u>	<u>453</u>	<u>-</u>	<u>6,476</u>
Total Noncurrent Liabilities				
	<u>6,023</u>	<u>453</u>	<u>-</u>	<u>6,476</u>
Total Liabilities	<u>7,949</u>	<u>1,723</u>	<u>23</u>	<u>9,695</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	8	9,065	-	9,073
Unrestricted	17,513	12,131	154	29,798
	<u>17,521</u>	<u>21,196</u>	<u>154</u>	<u>38,871</u>
Total Net Assets				
	<u>\$ 17,521</u>	<u>\$ 21,196</u>	<u>\$ 154</u>	<u>\$ 38,871</u>

**City of Irvine**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Self- Insurance</u>	<u>Equipment and Services</u>	<u>Inventory</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,409	\$ 14,690	\$ -	\$ 19,099
Other	500	51	352	903
Total Operating Revenue	<u>4,909</u>	<u>14,741</u>	<u>352</u>	<u>20,002</u>
<b>OPERATING EXPENSES</b>				
Personal services	690	1,526	-	2,216
Supplies & equipment	78	3,623	346	4,047
Contract services	393	3,873	-	4,266
Administration	21	1,175	-	1,196
Self-insured losses	1,405	-	-	1,405
Insurance premiums	1,672	-	-	1,672
Depreciation	3	3,319	-	3,322
Total Operating Expenses	<u>4,262</u>	<u>13,516</u>	<u>346</u>	<u>18,124</u>
Operating Income	<u>647</u>	<u>1,225</u>	<u>6</u>	<u>1,878</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	1,198	645	-	1,843
Interest expense	-	(20)	-	(20)
Loss on disposal of equipment	-	(88)	-	(88)
Total Nonoperating Revenues	<u>1,198</u>	<u>537</u>	<u>-</u>	<u>1,735</u>
Income Before Transfers	1,845	1,762	6	3,613
Transfers in	<u>-</u>	<u>1,585</u>	<u>-</u>	<u>1,585</u>
Change in Net Assets	1,845	3,347	6	5,198
Total Net Assets, Beginning	<u>15,676</u>	<u>17,849</u>	<u>148</u>	<u>33,673</u>
Total Net Assets, Ending	<u>\$ 17,521</u>	<u>\$ 21,196</u>	<u>\$ 154</u>	<u>\$ 38,871</u>

**City of Irvine**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<u>Self- Insur- ance</u>	<u>Equip- ment and Services</u>	<u>Inven- tory</u>	<u>Total Internal Service Funds</u>
<b>Cash Flows From Operating Activities</b>				
Received from customers and users	\$ 473	\$ (50)	\$ -	\$ 423
Received from interfund services provided	4,409	14,690	352	19,451
Paid to suppliers	(4,107)	(9,496)	(363)	(13,966)
Paid for interfund services provided	(20)	(183)	-	(203)
Paid to employees	(479)	(991)	-	(1,470)
Net Cash Provided (Used) by Operating Activities	<u>276</u>	<u>3,970</u>	<u>(11)</u>	<u>4,235</u>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Transfers in	-	1,585	-	1,585
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>1,585</u>	<u>-</u>	<u>1,585</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Proceeds from sale of equipment	-	361	-	361
Interest paid	-	(20)	-	(20)
Equipment purchases	-	(4,324)	-	(4,324)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(3,983)</u>	<u>-</u>	<u>(3,983)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	1,234	640	-	1,874
Net Cash Provided by Investing Activities	<u>1,234</u>	<u>640</u>	<u>-</u>	<u>1,874</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,510	2,212	(11)	3,711
Cash and Cash Equivalents, Beginning of Fiscal Year	23,766	10,835	14	34,615
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 25,276</u>	<u>\$ 13,047</u>	<u>\$ 3</u>	<u>\$ 38,326</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>				
<b>Cash Flows from Operating Activities</b>				
Operating income	\$ 647	\$ 1,225	\$ 6	\$ 1,878
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3	3,319	-	3,322
Changes in assets and liabilities:				
(Increase) decrease in receivables, net of allowances	27	(114)	-	(87)
(Increase) decrease in due from other governments	-	13	-	13
(Increase) decrease in inventories	-	-	(20)	(20)
Increase (decrease) in accounts payable	12	(720)	3	(705)
Increase (decrease) in accrued liabilities	10	13	-	23
Increase (decrease) in due to other governments	(1)	1	-	-
Increase (decrease) in deferred revenue	(54)	-	-	(54)
Increase (decrease) in lease payable	-	206	-	206
Increase (decrease) in compensated absences	7	27	-	34
Increase (decrease) in claims payable	(375)	-	-	(375)
Total Adjustments	<u>(371)</u>	<u>2,745</u>	<u>(17)</u>	<u>2,357</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 276</u>	<u>\$ 3,970</u>	<u>\$ (11)</u>	<u>\$ 4,235</u>
Noncash Capital Financing Activities - Capital Lease Borrowings	<u>\$ -</u>	<u>\$ 536</u>	<u>\$ -</u>	<u>\$ 536</u>







## FIDUCIARY FUNDS

Fiduciary Funds account for assets held by a governmental entity for other parties, as trustee or as an agent, which cannot be used to finance a governmental entities own operating programs. Fiduciary Funds include the following:

Pension and Employee Benefit Trust Funds - These funds account for resources held in trust for employees and their beneficiaries based on defined benefit pension agreements, defined contribution agreements, other post employment benefit agreements, and other employee benefit arrangements.

Agency Funds - These funds account for assets that are held in a custodial relationship. As assets are received, they may be temporarily invested, and then remitted to individuals, private organizations, or other governments. One of these funds, the Interagency Custodial Fund, accounts for the activity in a bank account set up for Public Safety, for holding the cash received pending the disposition of cases against defendants, as well as the appropriate disbursement direction from the County. The other agency funds primarily reflect amounts collected and remitted under the terms of the various assessment districts.

**City of Irvine**  
**Combining Statement of Net Assets**  
**Pension and Employee Benefit Trust Funds**  
**June 30, 2008**  
(amounts expressed in thousands)

	<b>PENSION TRUST</b>		
	<b>(December 31, 2007)</b>		
	<b>Defined Benefit Pension Plan</b>	<b>Defined Contribution Pension Plan</b>	<b>Total Pension and Employee Benefit Trust Funds</b>
<b>ASSETS</b>			
Investments:			
Collective trust funds	\$ 18,839	\$ -	\$ 18,839
Participant directed investments	-	11,065	11,065
Receivables, net of allowances:			
Accounts	8	-	8
Accrued interest	2	-	2
Contributions	-	10	10
Loans	-	164	164
	<u>18,849</u>	<u>11,239</u>	<u>30,088</u>
Total Assets			
<b>LIABILITIES</b>			
Accounts payable	-	200	200
Accrued liabilities	57	-	57
	<u>57</u>	<u>200</u>	<u>257</u>
Total Liabilities			
<b>NET ASSETS</b>			
Held in trust for pension benefits & other purposes	<u>18,792</u>	<u>11,039</u>	<u>29,831</u>
Total Net Assets	<u>\$ 18,792</u>	<u>\$ 11,039</u>	<u>\$ 29,831</u>

**City of Irvine**  
**Combining Statement of Changes in Net Assets**  
**Pension and Employee Benefit Trust Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)

	<b>PENSION TRUST</b>		
	<b>(December 31, 2007)</b>		
	<b>Defined Benefit Pension Plan</b>	<b>Defined Contribution Pension Plan</b>	<b>Total Pension and Employee Benefit Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 230	\$ 240	\$ 470
Plan members	-	64	64
Total Contributions	<u>230</u>	<u>304</u>	<u>534</u>
Investment Income (Loss):			
Interest and dividends	114	479	593
Net appreciation (depreciation) in fair value of investments	1,221	327	1,548
Total Investment Income (Loss)	<u>1,335</u>	<u>806</u>	<u>2,141</u>
Less investment expense	(112)	-	(112)
Net Investment Income (Loss)	<u>1,223</u>	<u>806</u>	<u>2,029</u>
Total Additions	<u>1,453</u>	<u>1,110</u>	<u>2,563</u>
<b>DEDUCTIONS</b>			
Benefit payments	966	2,948	3,914
Administrative expenses	5	-	5
Forfeitures to the City of Irvine	-	8	8
Transfers to other defined benefit plan	-	275	275
Total Deductions	<u>971</u>	<u>3,231</u>	<u>4,202</u>
Change in Net Assets	482	(2,121)	(1,639)
Total Net Assets, Beginning	<u>18,310</u>	<u>13,160</u>	<u>31,470</u>
Total Net Assets, Ending	<u>\$ 18,792</u>	<u>\$ 11,039</u>	<u>\$ 29,831</u>

**City of Irvine**  
**Combining Statement of Net Assets**  
**Agency Funds**  
**June 30, 2008**  
 (amounts expressed in thousands)  
**Page 1 of 6**

	<u>Stonegate Assessment 07-22</u>	<u>Orchard Hills Assessment 05-21</u>	<u>Portola Springs Assessment 04-20</u>	<u>Northern Sphere Assessment 03-19</u>
<b>ASSETS</b>				
Cash and investments	\$ 3,966	\$ 4,789	\$ 8,593	\$ 11,511
Receivables, net of allowances:				
Taxes	-	-	19	211
Accrued interest	-	1	2	5
	<u>3,966</u>	<u>4,790</u>	<u>8,614</u>	<u>11,727</u>
Total Assets				
	<u>3,966</u>	<u>4,790</u>	<u>8,614</u>	<u>11,727</u>
<b>LIABILITIES</b>				
Accounts payable	-	1	1	-
Accrued liabilities	-	-	-	8
Due to bondholders	3,966	4,789	8,613	11,719
Due to other governments	-	-	-	-
	<u>3,966</u>	<u>4,790</u>	<u>8,614</u>	<u>11,727</u>
Total Liabilities				
	<u>3,966</u>	<u>4,790</u>	<u>8,614</u>	<u>11,727</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

**City of Irvine**  
**Combining Statement of Net Assets**  
**Agency Funds**  
**June 30, 2008**  
 (amounts expressed in thousands)  
**Page 2 of 6**

	Shady Canyon Turtle Ridge Assessment 00-18	Irvine Spectrum Reassessment 85-7	Irvine Spectrum Assessment 87-8	Westpark Assessment 89-10
<b>ASSETS</b>				
Cash and investments	\$ 13,093	\$ 5,499	\$ 5,205	\$ 546
Receivables, net of allowances:				
Taxes	412	-	57	-
Accrued interest	5	-	2	-
	<u>13,510</u>	<u>5,499</u>	<u>5,264</u>	<u>546</u>
Total Assets				
	<u>13,510</u>	<u>5,499</u>	<u>5,264</u>	<u>546</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	1	-
Accrued liabilities	6	-	15	20
Due to bondholders	13,504	5,499	5,248	526
Due to other governments	-	-	-	-
	<u>13,510</u>	<u>5,499</u>	<u>5,264</u>	<u>546</u>
Total Liabilities				
	<u>13,510</u>	<u>5,499</u>	<u>5,264</u>	<u>546</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- continued -

**City of Irvine**  
**Combining Statement of Net Assets**  
**Agency Funds**  
**June 30, 2008**  
 (amounts expressed in thousands)  
**Page 3 of 6**

	<u>Irvine Spectrum Assessment 93-14</u>	<u>Oak Creek Assessment 94-13</u>	<u>Westpark II Assessment 94-15</u>	<u>Northwest Assessment 97-16</u>
<b>ASSETS</b>				
Cash and investments	\$ 8,222	\$ 440	\$ 1,861	\$ 694
Receivables, net of allowances:				
Taxes	49	-	-	-
Accrued interest	1	-	-	-
	<u>8,272</u>	<u>440</u>	<u>1,861</u>	<u>694</u>
Total Assets				
	<u>8,272</u>	<u>440</u>	<u>1,861</u>	<u>694</u>
<b>LIABILITIES</b>				
Accounts payable	56	-	-	-
Accrued liabilities	10	26	15	32
Due to bondholders	8,206	414	1,846	662
Due to other governments	-	-	-	-
	<u>8,272</u>	<u>440</u>	<u>1,861</u>	<u>694</u>
Total Liabilities				
	<u>8,272</u>	<u>440</u>	<u>1,861</u>	<u>694</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**City of Irvine**  
**Combining Statement of Net Assets**  
**Agency Funds**  
**June 30, 2008**  
 (amounts expressed in thousands)  
**Page 4 of 6**

	Lower Peters Canyon Assessment 97-17	Irvine Public Facilities and Infrastructure Authority Series A	Irvine Public Facilities and Infrastructure Authority Series B	Irvine Public Facilities and Infrastructure Authority Series C
<b>ASSETS</b>				
Cash and investments	\$ 1,241	\$ 3,014	\$ 2,131	\$ 4,493
Receivables, net of allowances:				
Taxes	22	-	-	-
Accrued interest	-	-	-	-
	<u>1,263</u>	<u>3,014</u>	<u>2,131</u>	<u>4,493</u>
Total Assets				
	<u>1,263</u>	<u>3,014</u>	<u>2,131</u>	<u>4,493</u>
<b>LIABILITIES</b>				
Accounts payable	-	-	-	-
Accrued liabilities	39	-	-	-
Due to bondholders	1,224	3,014	2,131	4,493
Due to other governments	-	-	-	-
	<u>1,263</u>	<u>3,014</u>	<u>2,131</u>	<u>4,493</u>
Total Liabilities				
	<u>1,263</u>	<u>3,014</u>	<u>2,131</u>	<u>4,493</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**City of Irvine**  
**Combining Statement of Net Assets**  
**Agency Funds**  
**June 30, 2008**  
 (amounts expressed in thousands)  
**Page 5 of 6**

	<u>Reassessment 99-1</u>	<u>Reassessment 99-2</u>	<u>Reassessment 01-1</u>	<u>Reassessment 01-2</u>	<u>Reassessment 03-1</u>
<b>ASSETS</b>					
Cash and investments	\$ 1,164	\$ 5,461	\$ 767	\$ 4,737	\$ 839
Receivables, net of allowances:					
Taxes	-	87	18	144	60
Accrued interest	<u>1</u>	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>
Total Assets	<u>1,165</u>	<u>5,551</u>	<u>786</u>	<u>4,884</u>	<u>900</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to bondholders	1,165	5,551	786	4,884	900
Due to other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,165</u>	<u>5,551</u>	<u>786</u>	<u>4,884</u>	<u>900</u>
<b>NET ASSETS</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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**City of Irvine**  
**Combining Statement of Net Assets**  
**Agency Funds**  
**June 30, 2008**  
**(amounts expressed in thousands)**  
**Page 6 of 6**

	<u>Reassessment 03-2</u>	<u>CFD - Central Park Assessment 04-1</u>	<u>CFD - Columbus Grove Assessment 05-2</u>	<u>Inter-Agency Custodial Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 7,168	\$ 838	\$ 2,714	\$ 57	\$ 99,043
Receivables, net of allowances:					
Taxes	254	-	166	-	1,499
Accrued interest	5	1	1	-	32
	<u>7,427</u>	<u>839</u>	<u>2,881</u>	<u>57</u>	<u>100,574</u>
Total Assets					
	<u>7,427</u>	<u>839</u>	<u>2,881</u>	<u>57</u>	<u>100,574</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	59
Accrued liabilities	-	-	-	-	171
Due to bondholders	7,427	839	2,881	-	100,287
Due to other governments	-	-	-	57	57
	<u>7,427</u>	<u>839</u>	<u>2,881</u>	<u>57</u>	<u>100,574</u>
Total Liabilities					
	<u>7,427</u>	<u>839</u>	<u>2,881</u>	<u>57</u>	<u>100,574</u>
<b>NET ASSETS</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
**Page 1 of 9**

	<u>June 30, 2007</u> <u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2008</u> <u>Balance</u>
<b>Stonegate Assessment 07-22</b>				
ASSETS				
Cash and investments	\$ 5,309	\$ 7	\$ 1,350	\$ 3,966
Receivables, net of allowances:				
Taxes	-	-	-	-
Accrued interest	1	-	1	-
	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Assets	<u>\$ 5,310</u>	<u>\$ 7</u>	<u>\$ 1,351</u>	<u>\$ 3,966</u>
LIABILITIES				
Accounts payable	\$ 47	\$ 49	\$ 96	\$ -
Accrued liabilities	-	-	-	-
Due to bondholders	5,263	-	1,297	3,966
	<u>5,263</u>	<u>-</u>	<u>1,297</u>	<u>3,966</u>
Total Liabilities	<u>\$ 5,310</u>	<u>\$ 49</u>	<u>\$ 1,393</u>	<u>\$ 3,966</u>
<b>Orchard Hills Assessment 05-21</b>				
ASSETS				
Cash and investments	\$ 7,450	\$ 17	\$ 2,678	\$ 4,789
Receivables, net of allowances:				
Taxes	-	-	-	-
Accrued interest	3	1	3	1
	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>
Total Assets	<u>\$ 7,453</u>	<u>\$ 18</u>	<u>\$ 2,681</u>	<u>\$ 4,790</u>
LIABILITIES				
Accounts payable	\$ 1	\$ 14	\$ 14	\$ 1
Accrued liabilities	-	-	-	-
Due to bondholders	7,452	-	2,663	4,789
	<u>7,452</u>	<u>-</u>	<u>2,663</u>	<u>4,789</u>
Total Liabilities	<u>\$ 7,453</u>	<u>\$ 14</u>	<u>\$ 2,677</u>	<u>\$ 4,790</u>
<b>Portola Springs Assessment 04-20</b>				
ASSETS				
Cash and investments	\$ 9,532	\$ 3,756	\$ 4,695	\$ 8,593
Receivables, net of allowances:				
Taxes	-	19	-	19
Accrued interest	2	2	2	2
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total Assets	<u>\$ 9,534</u>	<u>\$ 3,777</u>	<u>\$ 4,697</u>	<u>\$ 8,614</u>
LIABILITIES				
Accounts payable	\$ 33	\$ 853	\$ 885	\$ 1
Accrued liabilities	-	-	-	-
Due to bondholders	9,501	1,684	2,572	8,613
	<u>9,501</u>	<u>1,684</u>	<u>2,572</u>	<u>8,613</u>
Total Liabilities	<u>\$ 9,534</u>	<u>\$ 2,537</u>	<u>\$ 3,457</u>	<u>\$ 8,614</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
**Page 2 of 9**

	June 30, 2007			June 30, 2008		
	Balance	Additions	Deductions	Balance	Additions	Deductions
<b>Northern Sphere Assessment 03-19</b>						
<b>ASSETS</b>						
Cash and investments	\$ 12,571	\$ 14,109	\$ 15,169	\$ 11,511		
Receivables, net of allowances:						
Taxes	216	211	216	211		
Accrued interest	21	6	22	5		
	<u>12,808</u>	<u>14,326</u>	<u>15,407</u>	<u>11,727</u>		
Total Assets	<u>\$ 12,808</u>	<u>\$ 14,326</u>	<u>\$ 15,407</u>	<u>\$ 11,727</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 32	\$ 5,602	\$ 5,634	\$ -		
Accrued liabilities	-	8	-	8		
Due to bondholders	12,776	856	1,913	11,719		
	<u>12,808</u>	<u>6,466</u>	<u>7,547</u>	<u>11,727</u>		
Total Liabilities	<u>\$ 12,808</u>	<u>\$ 6,466</u>	<u>\$ 7,547</u>	<u>\$ 11,727</u>		
<b>Shady Canyon Turtle Ridge Assessment 00-18</b>						
<b>ASSETS</b>						
Cash and investments	\$ 13,480	\$ 12,020	\$ 12,407	\$ 13,093		
Receivables, net of allowances:						
Taxes	352	412	352	412		
Accrued interest	26	6	27	5		
	<u>13,858</u>	<u>12,438</u>	<u>12,786</u>	<u>13,510</u>		
Total Assets	<u>\$ 13,858</u>	<u>\$ 12,438</u>	<u>\$ 12,786</u>	<u>\$ 13,510</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 4,795	\$ 4,795	\$ -		
Accrued liabilities	-	6	-	6		
Due to bondholders	13,858	-	354	13,504		
	<u>13,858</u>	<u>4,801</u>	<u>5,149</u>	<u>13,510</u>		
Total Liabilities	<u>\$ 13,858</u>	<u>\$ 4,801</u>	<u>\$ 5,149</u>	<u>\$ 13,510</u>		
<b>Irvine Spectrum Reassessment 85-7</b>						
<b>ASSETS</b>						
Cash and investments	\$ 7,912	\$ 65,581	\$ 67,994	\$ 5,499		
Receivables, net of allowances:						
Taxes	-	-	-	-		
Accrued interest	62	-	62	-		
	<u>7,974</u>	<u>65,581</u>	<u>68,056</u>	<u>5,499</u>		
Total Assets	<u>\$ 7,974</u>	<u>\$ 65,581</u>	<u>\$ 68,056</u>	<u>\$ 5,499</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 2	\$ 8,197	\$ 8,199	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	7,972	-	2,473	5,499		
	<u>7,974</u>	<u>8,197</u>	<u>10,672</u>	<u>5,499</u>		
Total Liabilities	<u>\$ 7,974</u>	<u>\$ 8,197</u>	<u>\$ 10,672</u>	<u>\$ 5,499</u>		

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
**Page 3 of 9**

	<u>June 30, 2007</u>				<u>June 30, 2008</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>		<u>Balance</u>
<b>Irvine Spectrum Assessment 87-8</b>					
ASSETS					
Cash and investments	\$ 7,405	\$ 11,653	\$ 13,853		\$ 5,205
Receivables, net of allowances:					
Taxes	75	57	75		57
Accrued interest	27	2	27		2
	<u>7,507</u>	<u>11,712</u>	<u>13,955</u>		<u>5,264</u>
Total Assets	<u>\$ 7,507</u>	<u>\$ 11,712</u>	<u>\$ 13,955</u>		<u>\$ 5,264</u>
LIABILITIES					
Accounts payable	\$ 1	\$ 5,485	\$ 5,485		\$ 1
Accrued liabilities	-	15	-		15
Due to bondholders	7,506	-	2,258		5,248
	<u>7,507</u>	<u>5,500</u>	<u>7,743</u>		<u>5,264</u>
Total Liabilities	<u>\$ 7,507</u>	<u>\$ 5,500</u>	<u>\$ 7,743</u>		<u>\$ 5,264</u>
<b>Westpark Assessment 89-10</b>					
ASSETS					
Cash and investments	\$ 502	\$ 177	\$ 133		\$ 546
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	-	-	-		-
	<u>502</u>	<u>177</u>	<u>133</u>		<u>546</u>
Total Assets	<u>\$ 502</u>	<u>\$ 177</u>	<u>\$ 133</u>		<u>\$ 546</u>
LIABILITIES					
Accounts payable	\$ -	\$ 126	\$ 126		\$ -
Accrued liabilities	-	20	-		20
Due to bondholders	502	24	-		526
	<u>502</u>	<u>170</u>	<u>126</u>		<u>546</u>
Total Liabilities	<u>\$ 502</u>	<u>\$ 170</u>	<u>\$ 126</u>		<u>\$ 546</u>
<b>Irvine Spectrum Assessment 93-14</b>					
ASSETS					
Cash and investments	\$ 7,889	\$ 1,963	\$ 1,630		\$ 8,222
Receivables, net of allowances:					
Taxes	6	49	6		49
Accrued interest	3	1	3		1
	<u>7,898</u>	<u>2,013</u>	<u>1,639</u>		<u>8,272</u>
Total Assets	<u>\$ 7,898</u>	<u>\$ 2,013</u>	<u>\$ 1,639</u>		<u>\$ 8,272</u>
LIABILITIES					
Accounts payable	\$ 33	\$ 862	\$ 839		\$ 56
Accrued liabilities	57	10	57		10
Due to bondholders	7,808	406	8		8,206
	<u>7,898</u>	<u>1,278</u>	<u>904</u>		<u>8,272</u>
Total Liabilities	<u>\$ 7,898</u>	<u>\$ 1,278</u>	<u>\$ 904</u>		<u>\$ 8,272</u>

-continued-

**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
 (amounts expressed in thousands)  
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	June 30, 2007				June 30, 2008
	Balance	Additions	Deductions		Balance
<b>Oak Creek Assessment 94-13</b>					
ASSETS					
Cash and investments	\$ 584	\$ 13	\$ 157		\$ 440
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	2	1	3		-
	<u>586</u>	<u>14</u>	<u>160</u>		<u>440</u>
Total Assets	<u>\$ 586</u>	<u>\$ 14</u>	<u>\$ 160</u>		<u>\$ 440</u>
LIABILITIES					
Accounts payable	\$ -	\$ 153	\$ 153		\$ -
Accrued liabilities	-	26	-		26
Due to bondholders	586	-	172		414
	<u>586</u>	<u>-</u>	<u>172</u>		<u>414</u>
Total Liabilities	<u>\$ 586</u>	<u>\$ 179</u>	<u>\$ 325</u>		<u>\$ 440</u>
<b>Westpark II Assessment 94-15</b>					
ASSETS					
Cash and investments	\$ 1,814	\$ 135	\$ 88		\$ 1,861
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	-	-	-		-
	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Total Assets	<u>\$ 1,814</u>	<u>\$ 135</u>	<u>\$ 88</u>		<u>\$ 1,861</u>
LIABILITIES					
Accounts payable	\$ -	\$ 84	\$ 84		\$ -
Accrued liabilities	-	15	-		15
Due to bondholders	1,814	32	-		1,846
	<u>1,814</u>	<u>32</u>	<u>-</u>		<u>1,846</u>
Total Liabilities	<u>\$ 1,814</u>	<u>\$ 131</u>	<u>\$ 84</u>		<u>\$ 1,861</u>
<b>Northwest Assessment 97-16</b>					
ASSETS					
Cash and investments	\$ 732	\$ 336	\$ 374		\$ 694
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	1	-	1		-
	<u>1</u>	<u>-</u>	<u>1</u>		<u>-</u>
Total Assets	<u>\$ 733</u>	<u>\$ 336</u>	<u>\$ 375</u>		<u>\$ 694</u>
LIABILITIES					
Accounts payable	\$ -	\$ 255	\$ 255		\$ -
Accrued liabilities	-	32	-		32
Due to bondholders	733	-	71		662
	<u>733</u>	<u>-</u>	<u>71</u>		<u>662</u>
Total Liabilities	<u>\$ 733</u>	<u>\$ 287</u>	<u>\$ 326</u>		<u>\$ 694</u>

-continued-

**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
 (amounts expressed in thousands)  
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	<u>June 30, 2007</u>				<u>June 30, 2008</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>		<u>Balance</u>
<b>Lower Peters Canyon Assessment 97-17</b>					
<b>ASSETS</b>					
Cash and investments	\$ 1,259	\$ 863	\$ 881		\$ 1,241
Receivables, net of allowances:					
Taxes	10	22	10		22
Accrued interest	3	-	3		-
	<u>1,272</u>	<u>885</u>	<u>894</u>		<u>1,263</u>
Total Assets	<u>\$ 1,272</u>	<u>\$ 885</u>	<u>\$ 894</u>		<u>\$ 1,263</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 491	\$ 491		\$ -
Accrued liabilities	-	39	-		39
Due to bondholders	1,272	11	59		1,224
	<u>1,272</u>	<u>541</u>	<u>550</u>		<u>1,263</u>
Total Liabilities	<u>\$ 1,272</u>	<u>\$ 541</u>	<u>\$ 550</u>		<u>\$ 1,263</u>
<b>Irvine Public Facility and Infrastructure Authority Series A</b>					
<b>ASSETS</b>					
Cash and investments	\$ 2,602	\$ 481	\$ 69		\$ 3,014
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	-	-	-		-
	<u>2,602</u>	<u>481</u>	<u>69</u>		<u>3,014</u>
Total Assets	<u>\$ 2,602</u>	<u>\$ 481</u>	<u>\$ 69</u>		<u>\$ 3,014</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 16	\$ 16		\$ -
Accrued liabilities	-	-	-		-
Due to bondholders	2,602	412	-		3,014
	<u>2,602</u>	<u>428</u>	<u>16</u>		<u>3,014</u>
Total Liabilities	<u>\$ 2,602</u>	<u>\$ 428</u>	<u>\$ 16</u>		<u>\$ 3,014</u>
<b>Irvine Public Facility and Infrastructure Authority Series B</b>					
<b>ASSETS</b>					
Cash and investments	\$ 1,726	\$ 472	\$ 67		\$ 2,131
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	-	-	-		-
	<u>1,726</u>	<u>472</u>	<u>67</u>		<u>2,131</u>
Total Assets	<u>\$ 1,726</u>	<u>\$ 472</u>	<u>\$ 67</u>		<u>\$ 2,131</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 15	\$ 15		\$ -
Accrued liabilities	-	-	-		-
Due to bondholders	1,726	405	-		2,131
	<u>1,726</u>	<u>420</u>	<u>15</u>		<u>2,131</u>
Total Liabilities	<u>\$ 1,726</u>	<u>\$ 420</u>	<u>\$ 15</u>		<u>\$ 2,131</u>

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
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	June 30, 2007			June 30, 2008		
	Balance	Additions	Deductions	Balance	Additions	Deductions
<b>Irvine Public Facility and Infrastructure Authority Series C</b>						
<b>ASSETS</b>						
Cash and investments	\$ 3,594	\$ 971	\$ 72	\$ 4,493		
Receivables, net of allowances:						
Taxes	-	-	-	-		
Accrued interest	-	-	-	-		
Total Assets	<u>\$ 3,594</u>	<u>\$ 971</u>	<u>\$ 72</u>	<u>\$ 4,493</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 15	\$ 15	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	3,594	899	-	4,493		
Total Liabilities	<u>\$ 3,594</u>	<u>\$ 914</u>	<u>\$ 15</u>	<u>\$ 4,493</u>		
<b>Reassessment 99-1</b>						
<b>ASSETS</b>						
Cash and investments	\$ 1,184	\$ 1,510	\$ 1,530	\$ 1,164		
Receivables, net of allowances:						
Taxes	-	-	-	-		
Accrued interest	4	1	4	1		
Total Assets	<u>\$ 1,188</u>	<u>\$ 1,511</u>	<u>\$ 1,534</u>	<u>\$ 1,165</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 578	\$ 578	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	1,188	-	23	1,165		
Total Liabilities	<u>\$ 1,188</u>	<u>\$ 578</u>	<u>\$ 601</u>	<u>\$ 1,165</u>		
<b>Reassessment 99-2</b>						
<b>ASSETS</b>						
Cash and investments	\$ 5,626	\$ 6,837	\$ 7,002	\$ 5,461		
Receivables, net of allowances:						
Taxes	66	87	66	87		
Accrued interest	13	3	13	3		
Total Assets	<u>\$ 5,705</u>	<u>\$ 6,927</u>	<u>\$ 7,081</u>	<u>\$ 5,551</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 2,886	\$ 2,886	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	5,705	-	154	5,551		
Total Liabilities	<u>\$ 5,705</u>	<u>\$ 2,886</u>	<u>\$ 3,040</u>	<u>\$ 5,551</u>		

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
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	June 30, 2007			June 30, 2008		
	Balance	Additions	Deductions	Balance	Additions	Deductions
<b>Reassessment 01-1</b>						
ASSETS						
Cash and investments	\$ 787	\$ 1,181	\$ 1,201	\$ 767		
Receivables, net of allowances:						
Taxes	6	18	6	18		
Accrued interest	3	1	3	1		
	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>		
Total Assets	<u>\$ 796</u>	<u>\$ 1,200</u>	<u>\$ 1,210</u>	<u>\$ 786</u>		
LIABILITIES						
Accounts payable	\$ -	\$ 518	\$ 518	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	796	-	10	786		
	<u>796</u>	<u>-</u>	<u>10</u>	<u>786</u>		
Total Liabilities	<u>\$ 796</u>	<u>\$ 518</u>	<u>\$ 528</u>	<u>\$ 786</u>		
<b>Reassessment 01-2</b>						
ASSETS						
Cash and investments	\$ 4,902	\$ 6,544	\$ 6,709	\$ 4,737		
Receivables, net of allowances:						
Taxes	120	144	120	144		
Accrued interest	14	3	14	3		
	<u>14</u>	<u>3</u>	<u>14</u>	<u>3</u>		
Total Assets	<u>\$ 5,036</u>	<u>\$ 6,691</u>	<u>\$ 6,843</u>	<u>\$ 4,884</u>		
LIABILITIES						
Accounts payable	\$ -	\$ 2,704	\$ 2,704	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	5,036	-	152	4,884		
	<u>5,036</u>	<u>-</u>	<u>152</u>	<u>4,884</u>		
Total Liabilities	<u>\$ 5,036</u>	<u>\$ 2,704</u>	<u>\$ 2,856</u>	<u>\$ 4,884</u>		
<b>Reassessment 03-1</b>						
ASSETS						
Cash and investments	\$ 870	\$ 1,304	\$ 1,335	\$ 839		
Receivables, net of allowances:						
Taxes	31	60	31	60		
Accrued interest	3	1	3	1		
	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>		
Total Assets	<u>\$ 904</u>	<u>\$ 1,365</u>	<u>\$ 1,369</u>	<u>\$ 900</u>		
LIABILITIES						
Accounts payable	\$ -	\$ 568	\$ 568	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	904	-	4	900		
	<u>904</u>	<u>-</u>	<u>4</u>	<u>900</u>		
Total Liabilities	<u>\$ 904</u>	<u>\$ 568</u>	<u>\$ 572</u>	<u>\$ 900</u>		

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**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
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	June 30, 2007			June 30, 2008		
	Balance	Additions	Deductions	Balance	Balance	Balance
<b>Reassessment 03-2</b>						
<b>ASSETS</b>						
Cash and investments	\$ 7,274	\$ 11,000	\$ 11,106	\$ 7,168		
Receivables, net of allowances:						
Taxes	218	254	218	254		
Accrued interest	22	5	22	5		
	<u>7,514</u>	<u>11,259</u>	<u>11,346</u>	<u>7,427</u>		
Total Assets	<u>\$ 7,514</u>	<u>\$ 11,259</u>	<u>\$ 11,346</u>	<u>\$ 7,427</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 4,426	\$ 4,426	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	7,514	-	87	7,427		
	<u>7,514</u>	<u>-</u>	<u>87</u>	<u>7,427</u>		
Total Liabilities	<u>\$ 7,514</u>	<u>\$ 4,426</u>	<u>\$ 4,513</u>	<u>\$ 7,427</u>		
<b>CFD-Central Park Assessment 04-1</b>						
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 914	\$ 76	\$ 838		
Receivables, net of allowances:						
Taxes	-	-	-	-		
Accrued interest	3	-	2	1		
	<u>3</u>	<u>-</u>	<u>2</u>	<u>1</u>		
Total Assets	<u>\$ 3</u>	<u>\$ 914</u>	<u>\$ 78</u>	<u>\$ 839</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 2	\$ 68	\$ 70	\$ -		
Accrued liabilities	1	-	1	-		
Due to bondholders	-	842	3	839		
	<u>-</u>	<u>842</u>	<u>3</u>	<u>839</u>		
Total Liabilities	<u>\$ 3</u>	<u>\$ 910</u>	<u>\$ 74</u>	<u>\$ 839</u>		
<b>CFD-Columbus Grove Assessment 05-2</b>						
<b>ASSETS</b>						
Cash and investments	\$ 2,731	\$ 3,033	\$ 3,050	\$ 2,714		
Receivables, net of allowances:						
Taxes	77	165	76	166		
Accrued interest	6	1	6	1		
	<u>83</u>	<u>166</u>	<u>82</u>	<u>167</u>		
Total Assets	<u>\$ 2,814</u>	<u>\$ 3,199</u>	<u>\$ 3,132</u>	<u>\$ 2,881</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ 1	\$ 1,378	\$ 1,379	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	2,813	68	-	2,881		
	<u>2,813</u>	<u>68</u>	<u>-</u>	<u>2,881</u>		
Total Liabilities	<u>\$ 2,814</u>	<u>\$ 1,446</u>	<u>\$ 1,379</u>	<u>\$ 2,881</u>		

-continued-

**City of Irvine**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2008**  
(amounts expressed in thousands)  
**Page 9 of 9**

	June 30, 2007			June 30, 2008		
	Balance	Additions	Deductions	Balance	Additions	Deductions
<b>Inter-Agency Custodial Fund</b>						
ASSETS						
Cash and investments	\$ 50	\$ 95	\$ 88	\$ 57		
Receivables, net of allowances:						
Taxes	-	-	-	-		
Accrued interest	-	-	-	-		
	<u>50</u>	<u>95</u>	<u>88</u>	<u>57</u>		
Total Assets	<u>\$ 50</u>	<u>\$ 95</u>	<u>\$ 88</u>	<u>\$ 57</u>		
LIABILITIES						
Accounts payable	\$ -	\$ 44	\$ 44	\$ -		
Accrued liabilities	-	-	-	-		
Due to bondholders	50	56	49	57		
	<u>50</u>	<u>100</u>	<u>93</u>	<u>57</u>		
Total Liabilities	<u>\$ 50</u>	<u>\$ 100</u>	<u>\$ 93</u>	<u>\$ 57</u>		
<b>Total Agency Funds</b>						
ASSETS						
Cash and investments	\$ 107,785	\$ 144,972	\$ 153,714	\$ 99,043		
Receivables, net of allowances:						
Taxes	1,177	1,498	1,176	1,499		
Accrued interest	219	34	221	32		
	<u>109,181</u>	<u>146,504</u>	<u>155,111</u>	<u>100,574</u>		
Total Assets	<u>\$ 109,181</u>	<u>\$ 146,504</u>	<u>\$ 155,111</u>	<u>\$ 100,574</u>		
LIABILITIES						
Accounts payable	\$ 152	\$ 40,182	\$ 40,275	\$ 59		
Accrued liabilities	58	171	58	171		
Due to bondholders	108,971	5,695	14,322	100,344		
	<u>109,181</u>	<u>46,048</u>	<u>54,655</u>	<u>100,574</u>		
Total Liabilities	<u>\$ 109,181</u>	<u>\$ 46,048</u>	<u>\$ 54,655</u>	<u>\$ 100,574</u>		



# STATISTICAL SECTION

This section of the City of Irvine's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall economic trend.

Financial Trends Schedules - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

- Net Assets by Component
- Changes in Net Assets
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds
- Taxable Sales by Category
- Tax Revenue by Source, Governmental Funds

Revenue Capacity Schedules - These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Taxpayers
- Property Tax Levies and Collections

Debt Capacity Schedules - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- Ratio of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Schedule of Direct and Overlapping Bonded Debt
- Legal Debt Margin

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

- Demographic and Economic Statistics
- Principal Employers
- Full-time and Part-time City Employees by Function

Operating Information - These schedules contain information about the City's operations and resources to help the reader understand how the city's financial information relates to the services the City provides and the activities it performs.

- Capital Asset Statistics
- Operating Indicators by Function

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented Governmental Accounting Standards Board Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**City of Irvine**  
**Net Assets by Component**  
**Last Seven Fiscal Years**  
(amounts expressed in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>GOVERNMENTAL ACTIVITIES</b>							
Invested in capital assets, net of related debt	\$ 1,425,432	\$ 1,275,007	\$ 1,180,580	\$ 883,853	\$ 810,255	\$ 741,460	\$ 684,510
Restricted	354,030	430,022	410,792	351,994	343,352	285,379	312,353
Unrestricted	381,866	313,797	213,578	144,889	124,419	111,001	103,862
Total Governmental Activities Net Assets	<u>\$ 2,161,328</u>	<u>\$ 2,018,826</u>	<u>\$ 1,804,950</u>	<u>\$ 1,380,736</u>	<u>\$ 1,278,026</u>	<u>\$ 1,137,840</u>	<u>\$ 1,100,725</u>
<b>PRIMARY GOVERNMENT</b>							
Invested in capital assets, net of related debt	\$ 1,425,432	\$ 1,275,007	\$ 1,180,580	\$ 883,853	\$ 810,255	\$ 741,460	\$ 684,510
Restricted	354,030	430,022	410,792	351,994	343,352	285,379	312,353
Unrestricted	381,866	313,797	213,578	144,889	124,419	111,001	103,862
Total Primary Government Net Assets	<u>\$ 2,161,328</u>	<u>\$ 2,018,826</u>	<u>\$ 1,804,950</u>	<u>\$ 1,380,736</u>	<u>\$ 1,278,026</u>	<u>\$ 1,137,840</u>	<u>\$ 1,100,725</u>

**Note:** The City implemented Governmental Accounting Standards Board Statement No. 34 (GASB 34) for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is unavailable.

Source: City Fiscal Services Division

**City of Irvine**  
**Changes in Net Assets**  
**Last Seven Fiscal Years**  
(amounts expressed in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>EXPENSES</b>							
<b>Governmental Activities</b>							
General Government	\$ 47,848	\$ 18,211	\$ 22,587	\$ 18,732	\$ 20,967	\$ 17,305	\$ 15,684
Public Safety	52,292	45,356	43,907	38,418	36,238	31,582	33,284
Public Works	27,663	90,318	60,461	61,121	51,849	29,731	36,984
Health and Sanitation	314	263	251	235	205	200	173
Culture and Recreation	36,863	34,126	29,617	26,743	22,783	20,531	20,195
Community Development	18,488	21,485	24,822	18,038	15,180	12,664	14,877
Redevelopment <sup>(1)</sup>	10,468	16,628	1,400	-	-	-	-
Great Park <sup>(2)</sup>	34,248	18,628	-	-	-	-	-
Interest on long-term debt	-	1,239	1,250	979	746	961	1,426
Unallocated infrastructure depreciation	33,172	27,777	24,502	22,089	19,396	16,989	14,841
Total Governmental Activities Expenses	<u>\$ 261,356</u>	<u>\$ 274,031</u>	<u>\$ 208,797</u>	<u>\$ 186,355</u>	<u>\$ 167,364</u>	<u>\$ 129,963</u>	<u>\$ 137,464</u>
<b>PROGRAM REVENUES</b>							
<b>Governmental Activities</b>							
Charges for services:							
General Government	\$ 10,738	\$ -	\$ 2,861	\$ 134	\$ 222	\$ 425	\$ 212
Public Safety	3,950	3,429	3,610	3,365	3,329	3,624	2,453
Public Works	24,566	18,098	27,231	37,855	13,895	15,009	11,271
Culture and Recreation	7,698	7,285	6,793	6,059	5,574	5,031	4,935
Community Development	13,479	12,983	16,355	13,164	11,683	9,887	10,055
Redevelopment <sup>(1)</sup>	319	768	-	-	-	-	-
Great Park <sup>(2)</sup>	3,450	2,785	-	-	-	-	-
Operating grants and contributions	11,286	16,029	9,949	10,465	9,036	5,073	5,073
Capital grants and contributions	155,840	245,498	434,218	110,554	165,605	31,850	79,850
Total Governmental Activities Program Revenues	<u>231,351</u>	<u>306,875</u>	<u>501,017</u>	<u>181,596</u>	<u>209,344</u>	<u>70,899</u>	<u>113,849</u>
<b>Total Net Revenues (Expenses)</b>	<u>\$ (30,005)</u>	<u>\$ 32,844</u>	<u>\$ 292,220</u>	<u>\$ (4,759)</u>	<u>\$ 41,980</u>	<u>\$ (59,064)</u>	<u>\$ (23,615)</u>
<b>GENERAL REVENUES AND OTHER</b>							
<b>CHANGES IN NET ASSETS</b>							
<b>Governmental Activities</b>							
Taxes:							
Property tax <sup>(3)</sup>	\$ 52,155	\$ 54,566	\$ 33,094	\$ 27,530	\$ 17,372	\$ 16,189	\$ 15,269
Franchise taxes	11,553	11,344	10,040	9,015	8,729	8,896	8,627
Sales taxes	58,949	58,041	53,688	49,335	48,547	41,763	40,986
Document transfer taxes	1,328	2,525	3,831	3,622	2,617	1,813	1,457
Transient occupancy taxes	9,108	9,396	8,708	7,295	6,688	6,112	6,009
Motor vehicle in-lieu	820	1,069	1,284	1,429	10,712	8,511	8,925
Sale of assets	14	21	78	74	-	49	28
Unrestricted capital grants & contributions	-	1	1	-	-	444	152
Investment revenue	36,304	43,458	21,270	9,169	3,541	10,721	15,109
Other revenue	2,276	-	-	-	-	-	469
Total Governmental Activities	<u>172,507</u>	<u>180,421</u>	<u>131,994</u>	<u>107,469</u>	<u>98,206</u>	<u>94,498</u>	<u>97,031</u>
<b>Changes in Net Assets</b>	<u>\$ 142,502</u>	<u>\$ 213,265</u>	<u>\$ 424,214</u>	<u>\$ 102,710</u>	<u>\$ 140,186</u>	<u>\$ 35,434</u>	<u>\$ 73,416</u>

**Note:** The City implemented Governmental Accounting Standards Board Statement No. 34 (GASB 34) for the fiscal year ended June 30, 2002.

Information prior to the implementation of GASB 34 is unavailable.

<sup>(1)</sup> Redevelopment department established in Fiscal Year 2005.

<sup>(2)</sup> Great Park department established in Fiscal Year 2007.

<sup>(3)</sup> City amounts include the Redevelopment Agency's incremental valuation.

Source: City Fiscal Services Division



**City of Irvine**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>GENERAL FUND</b>				
Reserved	\$ 9,443	\$ 9,261	\$ 9,142	\$ 2,745
Unreserved	114,344	117,811	120,750	111,696
Total General Fund	<u>\$ 123,787</u>	<u>\$ 127,072</u>	<u>\$ 129,892</u>	<u>\$ 114,441</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ 335,939	\$ 293,983	\$ 289,757	\$ 249,718
Unreserved, reported in:				
Special Revenue Funds	177,224	262,416	185,171	115,520
Capital Project Funds	41,181	26,928	(9)	(67)
Permanent Funds	146	114	72	56
Total All Other Governmental Funds	<u>\$ 554,490</u>	<u>\$ 583,441</u>	<u>\$ 474,991</u>	<u>\$ 365,227</u>

Source: City Fiscal Services Division

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 2,200	\$ 616	\$ 736	\$ 1,194	\$ 1,438	\$ 22,879
102,262	99,104	96,626	94,752	87,203	64,240
<u>\$ 104,462</u>	<u>\$ 99,720</u>	<u>\$ 97,362</u>	<u>\$ 95,946</u>	<u>\$ 88,641</u>	<u>\$ 87,119</u>
\$ 265,307	\$ 217,452	\$ 244,287	\$ 216,266	\$ 220,728	\$ 276,214
81,008	67,967	68,615	60,680	55,887	38,627
(13)	-	-	-	-	-
97	112	106	-	-	-
<u>\$ 346,399</u>	<u>\$ 285,531</u>	<u>\$ 313,008</u>	<u>\$ 276,946</u>	<u>\$ 276,615</u>	<u>\$ 314,841</u>

**City of Irvine**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>REVENUES</b>				
Taxes:				
Sales and use taxes	\$ 58,949	\$ 58,041	\$ 53,688	\$ 49,335
Property taxes	52,155	54,566	33,094	27,530
All other taxes	31,353	33,261	42,340	32,566
Licenses and permits	7,528	7,166	8,996	6,943
Fines and forfeitures	2,192	1,985	2,151	2,059
Investment income	35,973	39,141	20,201	8,774
Intergovernmental	35,885	20,647	13,315	10,801
Charges for services	43,572	35,241	34,178	28,450
Assessment districts contributions	-	108,131	101,067	47,421
Revenue from developers	83,975	89,669	76,410	36,051
Revenue from property owners	4,863	7,782	6,372	5,859
Donations	1,003	-	-	-
Other revenue	2,563	4,253	6,326	2,582
Total Revenues	<u>360,011</u>	<u>459,883</u>	<u>398,138</u>	<u>258,371</u>
<b>EXPENDITURES</b>				
Current:				
General Government	31,331	28,662	34,308	28,780
Public Safety	52,481	47,830	44,100	39,130
Public Works	35,803	39,613	29,946	32,409
Community Development	18,576	17,818	24,947	18,078
Community Services	35,264	34,524	29,613	26,621
Redevelopment	9,737	15,537	1,270	-
Great Park	12,128	18,636	-	-
Street lighting	5,069	4,589	4,137	4,190
Capital Outlay	169,594	137,511	93,798	73,914
Debt Services:				
Principal retirement	8,170	6,225	5,770	5,330
Interest and fiscal charges	11,853	1,240	1,202	911
Administration	106	108	179	156
Total Expenditures	<u>390,112</u>	<u>352,293</u>	<u>269,270</u>	<u>229,519</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,101)</u>	<u>107,590</u>	<u>128,868</u>	<u>28,852</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of long-term note	47	1,350	-	-
Proceeds from sale of capital assets	14	-	-	-
Transfers in	476,218	97,956	83,297	22,244
Transfers out	(477,803)	(101,266)	(86,950)	(22,919)
Proceeds from capital lease obligation	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,524)</u>	<u>(1,960)</u>	<u>(3,653)</u>	<u>(675)</u>
Net Change in Fund Balances	<u>\$ (31,625)</u>	<u>\$ 105,630</u>	<u>\$ 125,215</u>	<u>\$ 28,177</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>				
	8.9%	2.8%	3.6%	3.6%

<sup>(1)</sup> Excludes infrastructure, prior to the implementation of Governmental Accounting Standards Board Statement No. 34.

Source: City Fiscal Services Division

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$	48,547	\$ 41,763	\$ 40,986	\$ 46,529	\$ 43,278	\$ 38,626
	17,372	16,189	15,269	12,864	10,917	9,805
	28,814	27,758	24,152	25,744	27,139	23,896
	6,646	5,859	5,780	6,104	6,276	5,432
	1,829	1,921	1,796	2,338	2,139	2,025
	3,510	9,662	13,734	28,346	19,227	17,953
	15,883	17,261	14,780	16,340	11,811	15,187
	25,152	22,943	20,786	20,660	28,888	25,839
	104,061	-	69,476	60,949	4,238	61,925
	15,985	4,619	5,097	-	-	-
	8,529	4,365	2,937	2,792	2,283	14,113
	-	-	-	-	-	-
	1,909	453	1,158	5,627	1,256	3,720
	<u>278,237</u>	<u>152,793</u>	<u>215,951</u>	<u>228,293</u>	<u>157,452</u>	<u>218,521</u>
	30,118	24,576	21,941	63,582	19,216	16,592
	36,640	33,724	33,286	31,730	30,066	26,197
	30,673	21,365	20,012	18,894	15,121	13,607
	15,002	12,825	14,643	12,699	11,669	8,484
	22,436	20,540	19,038	17,662	16,092	13,735
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,771	3,687	3,618	3,391	3,344	3,234
	68,271	54,440	56,711	59,405	91,377	76,618
	4,885	4,550	6,635	5,780	5,580	5,197
	706	892	1,251	2,427	2,620	2,660
	166	195	148	223	124	121
	<u>212,668</u>	<u>176,794</u>	<u>177,283</u>	<u>215,793</u>	<u>195,209</u>	<u>166,445</u>
	<u>65,569</u>	<u>(24,001)</u>	<u>38,668</u>	<u>12,500</u>	<u>(37,757)</u>	<u>52,076</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	22,393	26,627	13,677	34,290	27,667	30,443
	(22,352)	(27,745)	(14,867)	(37,030)	(26,633)	(31,204)
	-	-	-	-	19	9
	<u>41</u>	<u>(1,118)</u>	<u>(1,190)</u>	<u>(2,740)</u>	<u>1,053</u>	<u>(752)</u>
\$	<u>65,610</u>	<u>\$ (25,119)</u>	<u>\$ 37,478</u>	<u>\$ 9,760</u>	<u>\$ (36,704)</u>	<u>\$ 51,324</u>
	3.6%	4.5%	6.0% <sup>(1)</sup>	5.4% <sup>(1)</sup>	8.0% <sup>(1)</sup>	8.9% <sup>(1)</sup>

**City of Irvine**  
**Taxable Sales by Category**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Apparel stores	\$ *	\$ 160,900	\$ 134,828	\$ 107,968
General merchandise	*	426,465	381,271	334,891
Food stores	*	125,231	121,971	112,236
Dinning establishments	*	455,127	429,805	395,191
Home furnishings and appliances	*	214,469	212,144	213,146
Building material and farm tools	*	103,877	85,475	91,439
Auto dealers and supplies	*	726,047	722,744	782,031
Service stations	*	183,978	160,051	134,092
Other retail stores	*	925,451	838,667	754,319
All other outlets	*	1,610,630	1,647,566	1,558,964
<b>Total</b>	<b>\$ -</b>	<b>\$ 4,932,175</b>	<b>\$ 4,734,522</b>	<b>\$ 4,484,277</b>
<b>City Direct Sales Tax Rate</b>	0.75%	0.75%	0.75%	1.00%

**Note:** Data prior to Fiscal Year 2000-2001 is only available on a calendar year basis. Subsequent fiscal years were estimated by dividing the respective calendar year by two and adding half of each year together.

\* Statistics for Fiscal Year 2007-2008 is unavailable at the present time.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 93,733	\$ 74,095	\$ 73,043	\$ 71,139	\$ 63,174	\$ 56,962
316,770	298,023	270,510	241,725	209,598	194,340
89,630	84,524	77,627	74,035	68,354	61,835
374,066	337,082	311,470	297,177	273,319	251,919
204,504	181,005	163,123	169,808	161,719	135,823
88,095	76,730	83,749	83,662	55,247	47,250
829,419	702,634	587,821	471,822	452,655	416,286
117,033	101,927	89,816	99,995	81,928	70,385
759,285	595,802	557,940	863,996	698,106	596,929
1,461,650	1,387,472	1,375,154	1,729,321	1,670,135	1,627,030
<u>\$ 4,334,185</u>	<u>\$ 3,839,294</u>	<u>\$ 3,590,253</u>	<u>\$ 4,102,680</u>	<u>\$ 3,734,235</u>	<u>\$ 3,458,759</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**City of Irvine**  
**Tax Revenues by Source - Governmental Funds**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	Property Tax		Sales Tax	Transient Occupancy Tax	Franchise Tax	Document Transfer Tax	Other	Total
	City	Redevelopment Agency <sup>(1)</sup>						
2008	\$ 45,309	\$ 6,846	\$ 58,949	\$ 9,108	\$ 11,553	\$ 1,328	\$ 9,364	\$ 142,457
2007	42,013	12,553	58,041	9,396	11,344	2,525	9,996	145,868
2006	33,094	-	53,688	8,708	10,040	3,831	19,761	129,122
2005	27,530	-	49,335	7,295	9,015	3,622	12,634	109,431
2004	17,372	-	48,547	6,688	8,729	2,617	10,780	94,733
2003	16,189	-	41,763	6,112	8,896	1,813	10,937	85,710
2002	15,269	-	40,986	6,009	8,627	1,457	8,059	80,407
2001	12,864	-	46,529	7,288	7,253	1,466	9,737	85,137
2000	10,917	-	43,278	6,446	6,404	1,283	13,006	81,334
1999	9,805	-	38,626	5,730	5,681	1,195	11,290	72,327

<sup>(1)</sup> Redevelopment Agency tax increment began in Fiscal Year 2007.

Source: City Fiscal Services Division, and City Budget Office

**City of Irvine**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)

Fiscal Year	City			Taxable Assessed Value <sup>(1)</sup>	Redevelopment Agency <sup>(2)</sup>			Incremental Valuation	Total Direct Tax Rate
	Secured	Public Utility	Unsecured		Secured	Public Utility	Unsecured		
2008	\$ 41,322,909	\$ 2,479	\$ 3,057,595	\$ 44,382,983	\$ 847,207	\$ 335	\$ 2,559	\$ 850,101	0.030%
2007	36,335,844	5,682	2,938,730	39,280,256	830,738	616	2,904	834,258	0.030%
2006	31,225,237	5,893	2,532,912	33,764,042	-	-	-	-	0.030%
2005	27,069,659	7,034	2,558,015	29,634,708	-	-	-	-	0.030%
2004	24,268,011	5,685	2,526,044	26,799,740	-	-	-	-	0.030%
2003	22,388,912	18,268	2,451,452	24,858,632	-	-	-	-	0.030%
2002	20,292,552	16,892	2,400,696	22,710,140	-	-	-	-	0.031%
2001	18,169,324	16,432	2,219,603	20,405,359	-	-	-	-	0.036%
2000	16,217,961	3,714	2,074,761	18,296,436	-	-	-	-	0.038%
1999	14,709,776	4,320	2,050,427	16,764,523	-	-	-	-	0.040%

Note: Estimated value of taxable property not readily available in the State of California. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations of Proposition 13 passed in 1978.

<sup>(1)</sup>City amounts include the Redevelopment Agency's incremental valuation.

<sup>(2)</sup>Redevelopment Agency tax values began in Fiscal Year 2007.

Source: Orange County Auditor-Controller, and MuniServices LLC



**City of Irvine**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
(expressed as a rate per \$100 of assessed value)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002*</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<b>City Direct Rates</b>	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992
<b>Overlapping Rates:</b>										
Orange County Street Lighting Maintenance District #10	0.00972	0.00972	0.00972	0.00972	0.00972	0.00972	0.00972	0.00972	0.00972	0.00972
Orange County Fire Authority-General Fund	0.11559	0.11559	0.11559	0.11559	0.11559	0.11559	0.11559	0.11559	0.11559	0.11559
Orange County Water District	0.00533	0.00533	0.00533	0.00533	0.00533	0.00533	0.00533	0.00533	0.00533	0.00533
Orange County Water District-Water Reserve	0.00008	0.00008	0.00008	0.00008	0.00008	0.00008	0.00008	0.00008	0.00008	0.00008
Orange County Transit Authority	0.00289	0.00289	0.00289	0.00289	0.00289	0.00289	0.00289	0.00289	0.00289	0.00289
Orange County Sanitation #7 General Fund	0.01082	0.01082	0.01082	0.01082	0.01082	0.01082	0.01082	0.01082	0.01082	0.01082
Orange County Sanitation (OC 7TH SMD)	0.00159	0.00159	0.00159	0.00159	0.00159	0.00159	0.00159	0.00159	0.00159	0.00159
Tustin Unified General Fund	0.45154	0.45154	0.45154	0.45154	0.45154	0.45154	0.45154	0.45154	0.45154	0.45154
South Orange County Community College District	0.09104	0.09104	0.09104	0.09104	0.09104	0.09104	0.09104	0.09104	0.09104	0.09104
Orange County Department of Education	0.01649	0.01649	0.01649	0.01649	0.01649	0.01649	0.01649	0.01649	0.01649	0.01649
Orange County General Fund	0.06339	0.06339	0.06339	0.06339	0.06339	0.06339	0.06339	0.06339	0.06339	0.06339
Orange County Public Library	0.01715	0.01715	0.01715	0.01715	0.01715	0.01715	0.01715	0.01715	0.01715	0.01715
Orange County Flood Control District	0.02034	0.02034	0.02034	0.02034	0.02034	0.02034	0.02034	0.02034	0.02034	0.02034
Orange County Harbors Beaches & Parks CSA	0.01572	0.01572	0.01572	0.01572	0.01572	0.01572	0.01572	0.01572	0.01572	0.01572
Educational Revenue Augmentation Fund	0.14673	0.14673	0.14673	0.14673	0.14673	0.14673	0.14673	0.14673	0.14673	0.14673
Orange County Cemetery Fund	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051	0.00051
Orange County Vector Control District	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115	0.00115
Total Proposition 13 Rate (see note below)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Metropolitan Water District	0.00450	0.00470	0.00520	0.00580	0.00610	0.00670	0.00770	0.00880	0.00890	0.00890
Irvine City-Bond Fund 1974	-	-	-	-	-	0.00000	0.00130	0.00590	0.00850	0.00970
Tustin Unified SFID 2002 Bond SR 2003A	0.00001	-	-	0.05541	0.03036	-	-	-	-	-
Tustin Unified SFID 2002 Bond SR 2006B	0.03172	0.00232	0.03105	-	-	-	-	-	-	-
Total Direct and Overlapping Rate	<u>1.03623</u>	<u>1.00702</u>	<u>1.03625</u>	<u>1.06121</u>	<u>1.03646</u>	<u>1.00670</u>	<u>1.00900</u>	<u>1.01470</u>	<u>1.01740</u>	<u>1.01860</u>

**Note:** In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies in which the subject property resides. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter-approved school and water district bonds.

\*Under Article IXXXA of the California Constitution, local agencies within the State of California can only levy a tax rate for general obligation bonds. In addition, Article XIII A of the California Constitution specifies that the counties within the State of California may levy a basic tax rate, distributing the proceeds to the proper agencies. The City's general obligation bonds were retired during Fiscal Year 2002.

Source: Orange County Auditor-Controller Tax Rate Area 26-000

**City of Irvine  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>2008</u>			<u>1999</u>		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Irvine Company	\$ 5,084,093,703	1	11.46%	\$ 1,504,642,504	1	8.98%
Maguire Properties	1,285,936,577	2	2.90%	-		
Irvine Apartment Communities	1,242,682,421	3	2.80%	789,255,216	2	4.71%
Heritage Fields El Toro	864,944,013	4	1.95%	-		-
Central Park West	298,515,801	5	0.67%	-		-
Capital Research Company	238,777,644	6	0.54%	-		-
Lakeshore Properties LLC	174,287,257	7	0.39%	-		-
B Braun Medical Inc	149,746,368	8	0.34%			
Century Centre LLC	142,414,112	9	0.32%	-		-
2040 Main LLC	105,751,911	10	0.24%	-		-
Security Pacific Bank	-		-	169,056,917	3	1.01%
Spicker Properties LP	-		-	113,014,306	4	0.67%
Jamboree LLC	-		-	108,269,735	5	0.65%
OTR	-		-	105,050,217	6	0.63%
Lakeshore Properties LLC	-		-	95,338,977	7	0.57%
Equitable Life Assurance	-		-	84,764,450	8	0.51%
Metropolitan Life	-		-	77,100,001	9	0.46%
Allergan Pharmaceuticals	-		-	76,023,751	10	0.45%
<b>Totals</b>	<b>\$ 9,587,149,807</b>		<b>21.60%</b>	<b>\$ 3,122,516,074</b>		<b>18.64%</b>

Presented in the order of highest to lowest estimated property tax revenue paid to City and Redevelopment Agency

Source: County Tax Assessor's Office and County Tax Roll

**City of Irvine  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount <sup>(2)</sup>	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 79,843,121	\$ 76,838,078	96.24%	\$ 2,242,922	\$ 79,080,999	99.05%
2007	77,743,318	76,384,058	98.25%	1,451,665	77,835,723	100.12%
2006	57,438,195	55,937,610	97.4%	768,707	56,706,318	98.7%
2005	49,012,241	50,247,731	102.52%	629,321	50,877,052	103.80%
2004	47,447,593	46,459,312	97.92%	425,152	46,884,464	98.81%
2003	42,762,873	41,801,320	97.75%	469,054	42,270,374	98.85%
2002	36,487,887	35,606,325	97.58%	359,476	35,965,801	98.57%
2001	31,871,521	31,166,546	97.79%	380,470	31,547,016	98.98%
2000	30,100,175	29,482,296	97.95%	310,355	29,792,652	98.98%
1999	25,627,848	24,471,860	95.49%	266,883	24,738,743	96.53%

<sup>(1)</sup> Includes General City property tax revenue inclusive of secured, unsecured, and supplemental rolls as well as 1915 Act Assessment District and Proposition 218, "The Right to Vote on Tax Initiative", special assessments. Amount excludes property tax-in lieu VLF, sales and use tax compensation, ERAF, Triple flip or VLF swap. The amounts presented include City property taxes and Redevelopment Agency tax increment beginning in Fiscal Year 2007.

<sup>(2)</sup> Net collections reflect deductions for refunds, delinquencies and impoundments.

**City of Irvine**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita)

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Lease Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Capital Leases</b>	<b>Total Governmental Activities</b>	<b>Percentage of Personal Income <sup>(1)</sup></b>	<b>% of Actual Assessed Value of Property <sup>(2)</sup></b>	<b>Per Capita <sup>(1)</sup></b>
2008	\$ -	\$ 22,775	\$ -	\$ 631	\$ 23,406	0.27%	0.05%	\$ 112
2007	-	29,135	1,810	425	31,370	0.41%	0.09%	155
2006	-	34,965	2,205	648	37,818	0.51%	0.11%	195
2005	-	40,365	2,575	801	43,741	0.60%	0.15%	254
2004	-	45,340	2,930	939	49,209	-	0.18%	286
2003	-	49,890	3,265	1,228	54,383	-	0.22%	330
2002	-	54,120	3,585	1,500	59,205	-	0.26%	376
2001	720	58,025	5,595	752	65,092	-	0.32%	440
2000	2,120	61,510	6,490	1,003	71,123	-	0.39%	494
1999	3,430	64,775	7,340	130	75,675	-	0.45%	558

<sup>(1)</sup> See the Demographic and Economic Statistics schedule for population and personal income data. Personal income data prior to Fiscal Year 2005 is not available.

<sup>(2)</sup> Assessed value used because actual value of taxable property not readily available in the State of California.

Source: City Fiscal Services Division, Employment Development Department, State Department of Finance, U.S. Bureau of Census, and Center for Demographic Research, California State University, Fullerton

**City of Irvine**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita)

<b>Fiscal Year</b>	<b>Population</b>	<b>Total General Obligation Bonds <sup>(1)</sup></b>	<b>Less Debt Service Fund <sup>(2)</sup></b>	<b>Net Bonded Debt</b>	<b>Percent of Debt to Assessed Value <sup>(3)</sup></b>	<b>Debt per Capita</b>
2008	210	\$ -	\$ -	\$ -	0.00%	\$ -
2007	202	-	-	-	0.00%	-
2006	194	-	-	-	0.00%	-
2005	172 <sup>(4)</sup>	-	-	-	0.00%	-
2004	172	-	-	-	0.00%	-
2003	165	-	-	-	0.00%	-
2002	158	-	-	-	0.00%	-
2001	148	720	412	308	0.00%	2.08
2000	144	2,120	540	1,580	0.01%	10.97
1999	135	3,430	339	3,091	0.02%	22.90

<sup>(1)</sup> Amounts exclude lease revenue bonds.

<sup>(2)</sup> Amounts available for repayment of general obligation bonds.

<sup>(3)</sup> Assessed value used because estimated value of taxable property not readily available in State of California.

<sup>(4)</sup> 2005 American Community Survey, U.S. Census Bureau. Data is limited to the household population and exclude the population living in institutions, college dormitories, and other group quarters.

Source: City Fiscal Services Division

**City of Irvine**  
**Schedule of Direct and Overlapping Bonded Debt**  
**June 30, 2008**

Fiscal Year 2007-08 assessed valuation:	\$ 44,382,983,056
Redevelopment incremental valuation:	846,126,498
Adjusted assessed valuation	\$ 43,536,856,558

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total		City's Share of Debt 6/30/08
	Debt 6/30/08	%Applicable <sup>(1)</sup>	
Orange County Teeter Plan Obligations	\$ 123,725,000	11.840 %	\$ 14,649,040
Metropolitan Water District	327,215,000	2.466	8,069,122
Rancho Santiago Community College District	321,779,339	12.805	41,203,844
Irvine Unified School District Community Facilities Districts	266,430,000	99.417-100.	265,949,754
Laguna Unified School District	34,945,000	0.00002	7
Saddleback Valley Unified School District	142,480,000	3.706	5,280,309
Santa Ana Unified School District	126,037,965	29.971	37,774,838
Santa Ana Unified School District Community Facilities District No. 2004-1	11,785,000	100.	11,785,000
Tustin Unified School District School Facilities Improvement District No. 2002-1	43,683,929	8.34	3,643,240
Tustin Unified School District Community Facilities District No. 97-1	100,747,675	100.	100,747,675
Tustin Unified School District Community Facilities District No. 2007-1	74,677,670	100.	74,677,670
Irvine Ranch Water District Improvement Districts	218,566,530	51.818-100.	149,786,825
City of Irvine Community Facilities District No. 2005-2	23,995,000	100.	23,995,000
City of Irvine 1915 Act Bonds	909,591,261	100.	909,591,261
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 1,647,153,585</b>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 532,326,000	11.840 %	\$ 63,027,398
Orange County Pension Obligations	72,729,867	11.840	8,611,216
Orange County Board of Education Certificates of Participation	19,590,000	11.840	2,319,456
Municipal Water District of Orange County Water Facilities Corporation	19,295,000	14.084	2,717,508
South Orange County Community College District Certificates of Participation	34,945,000	23.437	8,190,060
Orange Unified School District Certificates of Participation	50,870,000	0.005	2,544
Santa Ana Unified School District Certificates of Participation	64,855,968	29.971	19,437,982
Tustin Unified School District Certificates of Participation	6,115,000	25.508	1,559,814
Irvine Ranch Water District Certificates of Participation	38,800,000	63.735	24,729,180
City of Irvine General Fund Obligations	24,170,000	100.	24,170,000
Orange County Fire Authority	10,365,000	23.005	2,384,468
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 157,149,626 <sup>(2)</sup></b>
Less: MWDOC Water Facilities Corporation (paid from water charges)			2,717,508
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 154,432,118</b>

<b>GROSS COMBINED TOTAL DEBT</b>	<b>\$ 1,804,303,211 <sup>(3)</sup></b>
<b>NET COMBINED TOTAL DEBT</b>	<b>\$ 1,801,585,703</b>

- <sup>(1)</sup>Percentage of overlapping agency's assessed valuation located within boundaries of the city.
- <sup>(2)</sup>Previously classified Orange County Sanitation District Certificates of Participation have been reclassified as district revenue supported issues and are no longer included in debt statement.
- <sup>(3)</sup>Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to Fiscal Year 2007-08 Assessed Valuation:</u>	
Total overlapping tax and assessment debt.....	3.71%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined direct debt (\$24,170,000).....	0.06%
Gross combined total debt.....	4.14%
Net combined total debt.....	4.14%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

Source: California Municipal Statistics, Inc.

**City of Irvine  
Legal Debt Margin  
Last Ten Fiscal Years**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assessed valuation	\$ 44,382,983,056	\$ 39,280,255,615	\$ 33,764,042,231	\$ 29,634,708,495
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 11,095,745,764	\$ 9,820,063,904	\$ 8,441,010,558	\$ 7,408,677,124
Debit limit percentage	15%	15%	15%	15%
Debt limit	1,664,361,865	1,473,009,586	1,266,151,584	1,111,301,569
Total Net Debt Applicable to Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 1,664,361,865</u>	<u>\$ 1,473,009,586</u>	<u>\$ 1,266,151,584</u>	<u>\$ 1,111,301,569</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

**Note:** The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with Fiscal Year 1981-82, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City Fiscal Services Division, California Municipal Statistics, Inc., and Orange County Auditor-Controller

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$ 26,799,740,692	\$ 24,858,631,527	\$ 22,710,140,394	\$ 20,405,359,320	\$ 18,296,436,249	\$ 16,764,522,624
25%	25%	25%	25%	25%	25%
\$ 6,699,935,173	\$ 6,214,657,882	\$ 5,677,535,099	\$ 5,101,339,830	\$ 4,574,109,062	\$ 4,191,130,656
15%	15%	15%	15%	15%	15%
1,004,990,276	932,198,682	851,630,265	765,200,975	686,116,359	628,669,598
-	-	-	308,513	1,580,260	3,090,655
<u>\$ 1,004,990,276</u>	<u>\$ 932,198,682</u>	<u>\$ 851,630,265</u>	<u>\$ 764,892,462</u>	<u>\$ 684,536,099</u>	<u>\$ 625,578,943</u>
0.00%	0.00%	0.00%	0.04%	0.23%	0.49%



**City of Irvine  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income <sup>(1)</sup> (in thousands)</b>	<b>Per Capita Personal Income</b>	<b>Income per Median Household</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2008	209,806	\$ 8,691,214	\$ 41,425	\$ 98,923	32.9	26,097	4.0%
2007	202,079	7,667,079	37,941	85,624	33.4	25,781	2.6%
2006	193,785 <sup>(2)</sup>	7,352,397	37,941	84,270	32.1	25,459	3.8%
2005	172,182 <sup>(3)</sup>	7,267,978 <sup>(3)</sup>	42,211 <sup>(3)</sup>	82,827	36.0	25,163	3.9%
2004	171,700	*	*	71,200	34.5	24,833	2.4%
2003	164,923	*	*	71,200	33.1	24,714	2.8%
2002	157,499	*	*	75,985	33.1	24,360	2.9%
2001	148,100	*	*	72,605	33.1	23,784	2.1%
2000	144,100	*	*	72,057	34.2	23,127	2.0%
1999	135,500	*	*	68,844	34.0	23,235	1.9%

\* Statistics prior to Fiscal Year 2004-2005 are unavailable.

<sup>(1)</sup> Used prior fiscal year per capita income and estimated population number from City Budget Office to calculate fiscal year total personal income.

<sup>(2)</sup> City Budget Office estimate.

<sup>(3)</sup> 2005 American Community Survey, U.S. Census Bureau. Data is limited to the household population and exclude the population living in institutions, college dormitories, and other group quarters.

Source: U.S. Bureau of Census, Employment Development Department, California Department of Finance, California State University, Fullerton, and Irvine Unified School District

**City of Irvine  
Principal Employers  
Current Year and Nine Years Ago**

<b>Employer</b>	<b>2008</b>		<b>1999</b>	
	<b>Number of Employees</b>	<b>Percentage of Employment</b>	<b>Number of Employees</b>	<b>Percentage of Employment</b>
University of California Irvine	16,000	7.10%	10,150	11.26%
Irvine Unified School District	2,473	1.10%	2,239	2.48%
Cellco Partnership	2,108	0.94%	-	-
Broadcom	2,000	0.89%	-	-
St John Knits	1,972	0.87%	2,500	2.77%
Allergan	1,922	0.85%	1,995	2.21%
Edwards Lifesciences	1,779	0.79%	1,995	2.21%
Parker Hannifin	1,650	0.73%	2,000	2.22%
Capital Group Companies	1,506	0.67%	-	-
B Braun Medical	1,500	0.67%	1,750	1.94%
Toshiba	-	-	3,300	3.66%
Fluor Daniel, Inc.	-	-	2,500	2.77%
Blessing Enterprises Inc.	-	-	2,000	2.22%
Air Touch Cellular	-	-	1,900	2.11%
B. Braun McGaw	-	-	1,750	1.94%

Source: City Budget Office and City Public Safety Department

**City of Irvine**  
**Full-Time and Part-Time City Employees by Function**  
**Last Ten Fiscal Years**

FUNCTION	Full-Time and Part-Time Employees as of June 30									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government:										
Full-time	94.00	87.20	82.10	73.00	80.00	80.00	79.00	72.00	70.00	66.00
Part-time	24.40	22.80	35.34	40.22	33.40	35.08	34.03	32.08	31.32	13.85
Public Safety:										
Full-time	283.00	263.00	242.00	236.00	233.00	232.00	233.50	226.50	226.50	214.50
Part-time	59.70	43.10	54.43	49.07	40.40	45.42	45.40	57.10	55.97	45.60
Public Works:										
Full-time	154.00	148.00	135.00	129.00	120.00	118.50	118.00	115.00	111.00	113.00
Part-time	5.00	7.00	11.68	11.99	10.60	12.95	18.05	18.45	15.88	5.57
Community Development:										
Full-time	96.30	90.00	84.90	84.00	77.50	79.50	79.00	81.00	79.00	79.00
Part-time	10.60	12.40	17.45	15.15	16.07	15.97	15.17	15.47	15.43	0.92
Community Services:										
Full-time	114.00	92.00	83.00	83.00	83.00	84.00	84.00	81.00	78.00	73.00
Part-time	209.90	217.50	209.79	208.96	188.32	194.31	205.88	198.44	182.71	156.85
Redevelopment:										
Full-time	15.70	14.90	9	-	-	-	-	-	-	-
Part-time	6.90	5.80	5	-	-	-	-	-	-	-
Great Park:										
Full-time	21.00	15.00	15.00	10	-	-	-	-	-	-
Part-time	9.60	9.20	9	-	-	-	-	-	-	-
<b>Total</b>	<b>1,104.10</b>	<b>1,027.90</b>	<b>993.69</b>	<b>940.39</b>	<b>882.29</b>	<b>897.73</b>	<b>912.03</b>	<b>897.04</b>	<b>865.81</b>	<b>768.29</b>

**Note:** Part-time employees are expressed as full-time equivalents.

The Redevelopment Department was established in Fiscal Year 2006.

The Orange County Great Park began operations at the former Marine Corps Air Station at El Toro in 2005.

**City of Irvine  
Capital Asset Statistics  
Last Ten Fiscal Years**

FUNCTION	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police Safety:										
Stations	2	2	2	2	2	2	2	2	1	1
Patrol units	44	43	39	37	37	37	37	37	37	37
Fire stations <sup>(1)</sup>	9	9	9	8	7	7	7	7	6	6
Public Works:										
Streets (miles)	1,742	1,704	1,645	1,612	1,612	1,532	1,495	1,477	1,447	1,405
Traffic signals	295	295	295	282	274	273	260	253	247	240
Streetscape (acres)	716	702	670	670	599	557	542	526	526	450
Open space/greenbelts (acres)	3,500	2,340	2,144	2,136	2,136	300	300	300	300	288
Bicycle trails (miles)	147	148	141	132	132	132	126	126	126	*
Off-street bicycle trails (miles)	43	43	43	42	42	42	32	32	32	*
Culture and Recreation:										
Community athletic parks	13	11	11	9	7	7	7	7	7	*
Community centers	11	11	9	9	9	9	6	6	*	*
Dog parks	1	1	1	1	1	1	1	1	*	*
Skate parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	35	35	31	31	27	27	27	*	*	*
Swimming pools	4	4	4	3	3	3	3	3	*	*
Batting cages	14	14	14	14	14	14	14	*	*	*
Basketball courts	25	25	19	19	15	15	15	*	*	*
Racquetball/handball courts	10	10	9	9	9	9	9	*	*	*
Tennis courts	57	57	55	53	53	47	39	48	48	*
Volleyball courts	14	14	14	14	12	12	12	*	*	*

<sup>(1)</sup> Joint powers authority with the Orange County Fire Authority.

\* Data not readily available.

Source: City Budget Office

**City of Irvine**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

<b>FUNCTION</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
General Government:				
Checks/wire transfers	47,837	46,004	55,056	47,000
Number of purchase orders placed	1,898	2,290	2,100	2,098
Police:				
Animal control service calls	7,247	7,068	9,750	9,718
Physical arrests	2,855	3,377	3,512	2,288
Parking citations	9,465	9,135	8,076	8,117
Traffic citations	26,452	27,281	25,179	20,441
Highways and Streets:				
Arterial street resurfacing (centerline miles)	5.76	3.09	0.98	1.13
Arterial street sweeping (curb miles)	37,939	37,939	36,834	35,762
Community Development:				
Building permits issued	117,000	155,000	130,100	124,591
Building inspections completed	11,500	12,800	14,930	13,424
Culture and Recreation:				
Aquatic lap & rec. participants (attendance frequency)	19,750	18,000	16,350	15,194
Number of field and league participants	1,325,000	1,175,000	1,095,000	1,050,000
Recreational & instructional classes offered	6,763	7,000	7,000	6,687
Youth services participation units	74,152	74,000	73,869	72,978
Redevelopment <sup>(2)</sup> :				
Number of discretionary applications processed	7	3	-	-
Number of demolition permits issued	15	8	-	-
Number of grading/building permits issued	16	15	-	-

<sup>(1)</sup> The Aquatics Centers closed for renovation.

<sup>(2)</sup> The Redevelopment Agency project area was established in 2005.

\* Data not readily available.

Source: Various city departments

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
41,641	40,472	*	44,078	*	39,191
2,121	1,600	*	3,000	*	2,633
9,718	10,415	9,392	7,750	7,767	*
2,314	2,209	5,487	2,355	2,359	2,131
8,042	11,242	10,627	7,856	*	*
18,167	32,300	30,805	22,259	21,341	25,844
6.08	4.82	2.44	5.10	2.75	0.15
34,059	33,617	33,050	33,400	30,000	28,000
156,835	125,000	110,000	144,900	90,000	57,000
14,137	13,100	9,500	11,100	11,300	10,600
NA (1)	14,249	20,999	26,000	25,500	26,000
1,044,000	1,043,945	1,040,432	1,030,432	911,600	731,289
5,819	3,500	3,500	3,300	3,300	3,300
72,978	61,649	58,000	57,085	44,345	40,221
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

**City of Irvine**  
**Miscellaneous Statistical Information**  
**June 30, 2008**

<u>Date of Incorporation</u>	-	December 28, 1971
<u>Form of Government</u>	-	Charter, Council-Manager
<u>Area</u>	-	65.9 square miles
<u>City Tree</u>	-	Camphor
<u>City Flower</u>	-	Lily of the Nile
<u>Registered Voters as of June 30, 2008</u>	-	103,441
<u>Fire Protection</u>	-	Orange County Fire Authority (Joint Powers Authority)
<u>Water Supply</u>	-	Irvine Ranch Water District
<u>City Park and Landscape Areas</u>		<u>Acres</u>
Streetscape	-	716
Community Parks	-	333
Neighborhood Parks	-	152
Sports Field	-	126
<u>Facilities and Services Excluded in the Reporting Entity</u>		<u>Number</u>
Education:		
Elementary Schools	-	24
Middle Schools	-	5
High Schools	-	5
Continuing High School	-	1
Hospitals:		
Number of Hospitals	-	1

Source: State Department of Finance, Irvine Unified School District, City Finance Division, City Community Services Department, City Public Safety Department, and City Public Works Department

**City of Irvine  
Miscellaneous Statistical Information  
June 30, 2008  
(continued)**

**Total Valuation of Construction Activity  
(commercial, industrial and other)**

<u>Year</u>	<u>Commercial</u>	<u>Residential</u>
2008	\$251,269,260	\$363,333,294
2007	445,600,704	392,766,606
2006	818,840,474	539,959,491
2005	139,306,324	511,012,501
2004	140,099,477	457,438,697
2003	97,793,649	481,207,054
2002	169,520,522	288,402,025
2001	134,375,635	279,701,813
2000	292,586,130	491,585,803
1999	251,276,003	337,429,076

**Building Permits  
(number of units authorized)**

<u>Year</u>	<u>Authorized</u>
2008	3,283
2007	3,884
2006	1,206
2005	1,062
2004	1,564
2003	1,397
2002	1,320
2001	1,492
2000	1,802
1999	2,578

**Housing Units**

<u>Year</u>	<u>Unit</u>
2008	86,589
2007	81,917
2006	80,054
2005	77,574
2004	73,922
2003	70,989
2002	66,867
2001	63,987
2000	62,011
1999	57,178

Sources: City Community Development Department



**City of Irvine**  
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**General Plan**

Irvine is a planned community. The Irvine Company initiated design and development of the first components of the City more than 40 years ago. World-renowned architect and planner William Pereira participated in the early stages of design and development. In 1971, the City of Irvine was incorporated. Since that time, the City and the Irvine Company have cooperatively planned and designed how the land might be best used to create a place for people to live, work, and play.

Irvine is renowned for many outstanding attributes. Irvine is the nation's largest master-planned urban community, consisting of approximately 66 square miles of land including residential villages, commercial retail centers, as well as civic, cultural, recreational and other supportive facilities. Beautiful homes and apartments line landscaped boulevards. Greenbelts, parks, tennis courts, athletic parks and swimming pools provide a variety of recreational activities. Shopping centers are within biking distance, and children are able to walk to award-winning neighborhood schools. Irvine is rated the safest city in the U.S. with populations over 100,000.

**Industry and Employment**

Within Irvine there are several major commercial/industrial centers; the Irvine Business Complex, University Research Park, Irvine Spectrum and West Irvine.

The Irvine Business Complex is located adjacent to John Wayne Airport. A variety of professional and technical businesses, as well as residential properties, are located in this area.

The University Research Park is a 183-acre business, research, and development office park, located next to the University of California, Irvine (UCI). The Irvine Company developed the University Research Park to promote a mutually beneficial association between innovative businesses and UCI. Companies that locate within the University Research Park have the benefit of partnering with UCI through internship programs, executive extension programs, and collaborative research. Some of the University Research Park's companies include renowned local, regional, and national companies such as America Online, Cisco Systems, and Skyworks.

The Irvine Spectrum, home to prestigious high-rises and campus-like environments, is one of California's leaders in its concentration of technology, research and development, and light manufacturing companies. Six industry clusters have emerged in the area: software, computer hardware, biotech, medical devices, broadband communications, and automotive design. Some of Irvine Spectrum's leading companies include Broadcom, Verizon Wireless, Toshiba, Advanced Sterilization Products, Meade Instruments, Ford Motor Company, and its Premier Auto Group.

Irvine has access to a highly educated, skilled labor force and a fully operational transportation network. Over 9,356 acres in the City are available for business uses: 1,456 acres are zoned for multi-use such as office, retail, institutional, and residential land uses; 1,765 acres for commercial uses, including retail, office, and commercial recreational land uses; and 6,135 acres in areas such as the Irvine Business Complex and Spectrum for office, manufacturing, and retail land uses. As of June 30, 2008, Irvine was home to over 14,600 businesses ranging from Fortune 500 corporations to on-the-grow companies, as the city continues to emerge as one of the nation's most prestigious business address.

Sources: Morgan Quitno Press, City Community Development Department, City Public Works Department, The Irvine Company, Orange County Register, and U.S. Census Bureau

**City of Irvine**  
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**Retail Community**

The Irvine General Plan gives retailers a blueprint for the future managed growth of the City and added confidence in making the decision to locate a business here. Irvine has 42 retail shopping centers ranging from small neighborhood centers to a large regional retail and entertainment complex. The neighborhood centers contain a variety of retail, personal services, automotive service shops, restaurants, and movie theaters. The Irvine Spectrum Center is Orange County's premier dining, shopping, and entertainment destination, offering concerts, dancing, movies, dining, comedy, and nightclubs.

**Education**

The City is fortunate to have outstanding educational facilities. Home to 28 California Distinguished Schools and 14 National Blue Ribbon Schools, the Irvine Unified School District (IUSD) includes twenty-two elementary schools (with two K-8 schools), five middle schools, four comprehensive high schools, and one continuation/independent study high school. In addition, Irvine residents have access to two elementary schools, Hicks Canyon Elementary School and Myford Elementary School; and to Beckman High School, all of which are in the Irvine city boundary but are under the Tustin Unified School District. Each of the IUSD schools has achieved and surpassed the state's long-range Academic Performance Index (API) target of 800. Mardan School (K-12), a private school is also located in Irvine, and provides education for children with emotional and learning challenges.

Irvine Valley College is a community college, which proudly offers courses for students seeking to obtain a degree/certificate or transfer to a four-year university. UCI and Concordia University are located in Irvine, offering extensive four-year undergraduate programs. Additionally, UCI provides graduate level degrees in a variety of areas including medical, business and computer sciences.

Irvine is also home to satellite campuses of Alliant International University, California State University, Fullerton, University of La Verne, Keller Graduate School of Management, Pepperdine University, University of Southern California, and Webster University.

**Recreational Opportunities**

Located in the City of Irvine are three public golf courses, one 18-hole natural grass putting course, one golf practice center, one tennis club, and numerous public and private tennis courts. The City owns and manages over 485 acres of public park lands, eleven public facilities (which include a Fine Arts Center, an Aquatics Complex and two Senior Centers), and over 40 miles of off-street trails. There are two County Libraries, and a County Regional Park. In partnership with the University of California, Irvine, the Irvine Barclay Theatre was developed as a 750-seat community theater. The Verizon Wireless Amphitheater is a 15,500-seat outdoor venue that is home to the Pacific Symphony Orchestra and other shows and festivals during the summer.

Commercial recreation facilities include two miniature golf courses, batting cages, racing cars, boats, video arcades, a bowling alley, an open air amphitheater which hosts professional contemporary musical artists, and five movie complexes (56 theaters, including one IMAX screen).

Sources: California Department of Education, The Irvine Company, City Community Development Department, City Community Service Department, City Finance Division, and University of California, Irvine, and Irvine Unified School District

**City of Irvine**  
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**Family Services and Child Care Opportunities**

The City of Irvine offers a variety of family support services: the Child Care Coordination Office, the Child Resource Center, FOR Families, Disability Services, and Irvine Youth Employment. The City is very proud of the variety of child care opportunities available in our community: forty-two infant/toddler/pre-school centers, thirty-three school-age centers, and numerous licensed family child care home sites. The National Association for the Education of Young Children has developed an accreditation system for early childhood programs; fifteen programs in Irvine have successfully completed the accreditation process.

The Child Care Coordination Office provides resource and referral services to parents seeking quality and affordable child care in Irvine, support services to persons opening new home-based family child care businesses or new child care centers in Irvine.

The Child Resource Center offers a lending library for members that include: child development/curriculum books, DVDs and training materials, instructional materials, lamination and die cut machines.

FOR Families provides information and short-term support to individuals, couples, and families living or working in Irvine who need assistance identifying and accessing needed services and resources.

Disability Services is committed to providing resource and referral services, disability sensitivity training, accommodations and inclusion services, accessible services, programs and activities to Irvine residents and families with disabilities.

Irvine Youth Employment assists Irvine youth in employment, counseling, referrals, and job placement with Orange County employers.