

CITY OF IRVINE, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2014





City of Irvine

Incorporation:	December 28, 1971
Population:	242,651 (January 1, 2014, est.)
Size:	66 square miles
Sphere of Influence:	74 square miles (approx.)



City of Irvine, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014



Prepared by Fiscal Services



City of Irvine

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014

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

November 3, 2014

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Irvine (City) for the fiscal year ended June 30, 2014. 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. 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 has established a comprehensive internal control framework 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 its benefits, the City'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, 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.

Lance, Soll & Lunghard, LLP, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance the financial statements of the City for the fiscal year ended June 30, 2014, are free of material misstatement. The independent auditor concluded there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2014, 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, Lance, Soll & Lunghard, LLP audited the City's major program expenditures of federal funds for compliance with the Federal Single Audit Act Amendments of 1996, the Office of Management and Budget Circular A-133 regulating Single Audits, and the standards

applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Administrative Services Department.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY OF IRVINE PROFILE

The City, incorporated in 1971, is located in Orange County, California, approximately 40 miles southeast of Los Angeles. As one of the nation's largest master-planned communities, the City will increase from its current size of 66 square miles to 74 square miles at build-out, and is the largest city in Orange County (in square miles). The City includes 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 10,081 in 1971 to 242,651 in 2014.

The City operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four member Council. The City Council is responsible, among other things, for 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, overseeing the day-to-day operations of the City, and appointing the Assistant City Manager and the directors of the City's departments. The City 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. The City's core services consist of public safety, maintenance of City infrastructure, provision of life-affirming programs and services to the City's youngest, oldest and most vulnerable populations, financial support of our K-12 public schools, and preservation of the City's aesthetics and beauty. The Orange County Fire Authority provides fire protection and emergency medical aid services. The Orange County Transportation Authority provides transportation services in the City alongside the City's transportation service, Shuttle. 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 a nonprofit public benefit entity, the Orange County Great Park Corporation; a nonprofit corporation, the Irvine Community Land Trust, and the Irvine Public Facilities and Infrastructure Authority, a public body corporate and politic duly created by the City for the construction, acquisition, maintenance, and improvements of public facilities and infrastructure within the City.

The annual budget serves as the foundation for the City'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 decrease overall fund balance. Departmental requests for budget amendments for all funds except the Great Park fund over \$50,000, or amendments that decrease fund balance, 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 II.A. of the notes to the basic financial statements.

ECONOMIC CONDITION

Irvine is renowned as the nation's most successful master-planned community. The City was recently recognized by three organizations for its outstanding quality of life, which includes: Third Best City for Young Adults in California by *Public CEO.com*; Number Three Best City in the Nation to Raise Children by *MyLife.com*; and Fifth Best City in the Nation for Families by *WalletHub.com*. And *24/7 Wall Street*, the online financial news portal, ranked Irvine as one of America's Best Run Cities in 2013 and 2014 based on economy, job market, crime level, and welfare of the population. In September 2013, the Federal Bureau of Investigations (FBI) finalized the 2012 data and named Irvine for the ninth consecutive year as the City with the lowest violent crime rate with populations of more than 100,000 residents.

The economy continues to improve at a slow but steady pace. The California Economic Development Department reports that the unemployment rate in Orange County dropped from 6.5% to 5.2% in the last year through June 2014. Housing prices are increasing again, single family home prices in Irvine increased 26% in 2013, and new home construction starts are accelerating. According to Los Angeles Economic Development Corporation (LAEDC), after initially lagging behind the national economic recovery, Orange County's economy has since expanded faster than both the national and California economies. The LAEDC now projects that the near-term outlook for Orange County is “growing even brighter.”

The City's forward-thinking leadership, strategic financial planning, cost-cutting measures and efficiencies, and careful allocation of resources enabled it to successfully weather the recent Great Recession and the long period of unusually slow growth that followed in its wake. During this period, in spite of increased demand for services related to population growth, the City continued to provide quality services the community expects without depleting its contingency reserve. In addition to successfully addressing the daunting economic realities facing all municipalities during this time, Irvine achieved success not only in providing routine services, but in providing financial support to Irvine schools through the “Support Our Schools Initiative” (Measure BB), establishing a plan to address its unfunded pension liability, and maintaining its status as the safest city of its size in the nation. Reflecting a new phase in the development of the Orange County Great Park, the City also achieved efficiencies in integrating Great Park staff into the City's operating departments.

Much of the credit for the City's success is attributable to the strength, dynamism, and adaptability of the City's business community. Irvine has access to a highly educated, skilled labor force and a fully operational transportation network. Over 10,000 acres in the City are

available for business uses, Irvine issued more than 15,000 business licenses 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 addresses. Within Irvine, there are several major commercial/industrial centers, including the Irvine Business Complex, University Research Park, Irvine Spectrum, and West Irvine.

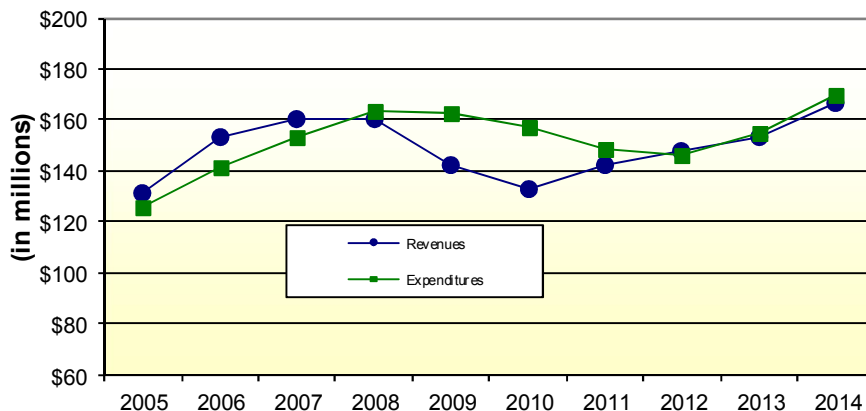
Irvine is fortunate to have outstanding education facilities. The Irvine Unified School District has nationally recognized schools; student performance well above state and national averages; and comprehensive programs in academics, the arts and athletics. Irvine Valley College is a community college, which offers courses for students seeking a degree/certificate or transfer to a four-year university. University of California, Irvine (UCI) and Concordia University are also located in Irvine, offering extensive four-year undergraduate programs. UCI provides graduate level degrees in a variety of areas including medical, business and computer sciences. According to the annual *U.S. News & World Report's* "America's Best Colleges," UCI ranked 42nd among national public and private universities and 11th among public universities in the United States. In addition, many of UCI's graduate programs consistently receive top-50 rankings from *U.S. News & World Report*.

As Irvine has grown, so has our diversity – helping enhance the City's economic growth as increasing globalization, international trade and fast-growing emerging economies provide important business opportunities overseas. Today, Irvine is recognized as one of the most ethnically diverse and fully integrated cities in the county.

Overall, the City's general fund revenue for fiscal year 2013-14 increased 8.5% from prior fiscal year, while related expenditures increased 9.3%. The economic recovery has slower than historic post-recession recoveries; however, general fund revenues are forecasted to increase at a moderate pace, aided by increases in population and accelerating real estate and other economic activity. The City continues the tradition of effectively utilizing available resources to provide the services and staff necessary to accomplish the City Council's top priorities:

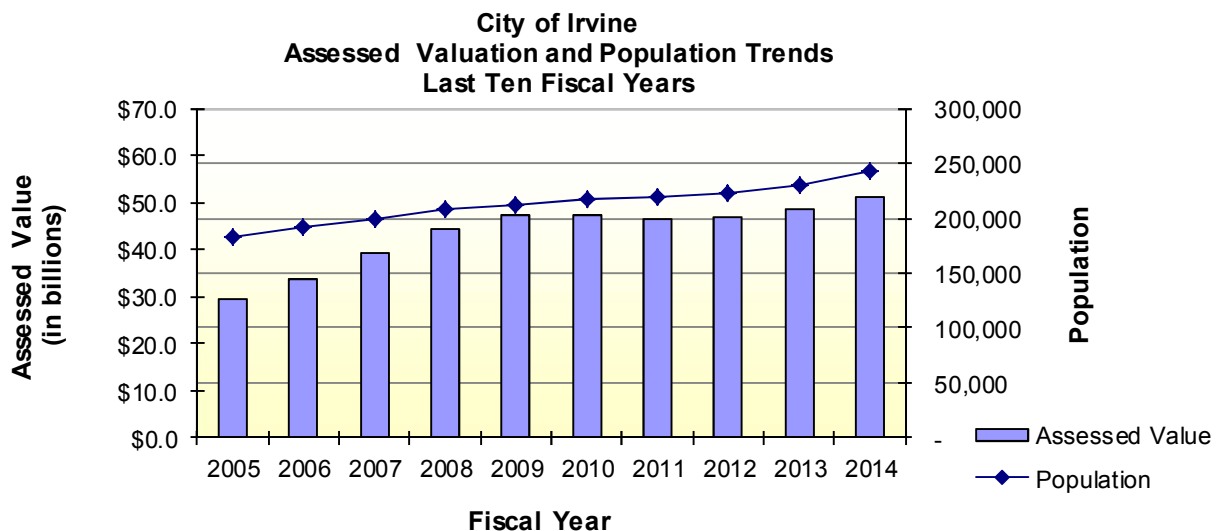
- Ensure the City is clean, well maintained and safe.
- Prevent visible disorder and deterioration
- Promote a prosperous business climate.
- Provide cost-effective and responsive services to residents.

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



Property taxes have become a more significant revenue source since 2004, when the State swapped cities' motor vehicle license fee (VLF) allocations for additional property tax revenue (property tax in-lieu of VLF revenues). The property tax and property tax in-lieu of VLF revenues received in fiscal year 2013-14 totaled \$47.1 million. Throughout the City's history, property tax revenue has grown significantly, reflecting both new development and increasing property values in Irvine. During the recession, property tax revenues dipped slightly, but resumed significant growth again. In fiscal year 2013-14, there was an increase in the City's assessed property valuation of 4.5%.

The following chart compares the total assessed valuation of property located in Irvine against the annual population for the past ten fiscal years. The City's population has continued to increase over the last ten years, and in the last two years the assessed property valuations has increased since the end of the recession and is expected to accelerate. During this last year, residential real estate pricing has surged by approximately 26% (Irvine detached median single family home price, full value sales, as of January 2014). If this trend continues, prior years assessed valuation reductions resulting from falling home prices will be recaptured quickly. This has the potential to result in accelerating growth in the City's property tax revenue for the next several years.



Sales tax is the City's largest general fund revenue source with actual revenues in fiscal year 2013-14 of \$55.6 million. Projections for next year, estimate sales tax revenue increasing 2.0% to \$56.7 million in the general fund. Sales tax receipts next year are projected to exceed the pre-recessionary peak of \$55.8 million for the first time since the recession.

Major initiatives. Through its Strategic Business Plan, Irvine's City Council seeks to assure a high quality of life endures and improves as the City ages and grows in size. The Strategic Business Plan (SBP) was first created in 1994 as a way to help the City Council assess the impact of policy decisions on the City's future quality of life. The SBP evaluates the City's financial capability to achieve its goals; helps set priorities for City operations and the annual budget; and guides the City's capital improvement and rehabilitation program. The following strategic goals set priorities for the City operations and the annual budget.

Promote a safe and secure community through: community policing and problem-solving; meeting emergency response standards; prevention of crime through community programs and after-school programs that support youth; and increasing community involvement.

Maintain City infrastructure 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.

Promote economic prosperity through: the City's General Plan and Zoning Ordinance; 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.

Provide life-affirming programs and services to the City's youngest, oldest and most vulnerable populations by: implementing a variety of initiatives to respond to the needs of our young people through the Strategic Plan for Children, Youth and Families; providing support and assistance programs to older residents with physical, emotional and care-giving needs; continuing to provide door-to-door transportation for residents with disabilities and older adults for school, social, work and medical appointments; and development of a wide variety of recreational opportunities for families.

Financial support of our public schools, K to12 through: school resource officers, drug prevention programs, crossing guards, on-campus programs; and direct cash support related to ballot initiative Measure BB, the Irvine Support our Schools Initiative

Long-term financial planning. The City's Strategic Business Plan (SBP) is updated, published and adopted by the City Council annually as a component of the budget; it establishes the foundation and framework for guiding policy and financial management decisions. This long-term perspective integrates strategic planning and budgeting in order to forecast and actively communicate challenges and opportunities before they arise. The SBP is important because it provides a long-term operating budget projection for the City's general fund revenues and expenditures. The purpose of the operating forecast is to prepare for the upcoming budget year and also to identify long-term financial trends and imbalances, so the budget can be proactively addressed. The second important purpose of the SBP is presentation of the City's five-year Capital Improvement Project program. This is the City's five-year investment plan for capital project infrastructure improvements such as street, park, and traffic signal construction and rehabilitation efforts.

To provide for future infrastructure rehabilitation needs, the City established the Asset Management Plan (AMP) Fund in 1985. The fund balance is \$58.1 million as of June 30, 2014, and continues to make annual contributions to meet the City's infrastructure needs. During fiscal year 2013-14, the AMP's contribution for City infrastructure rehabilitation was \$0.6 million.

Contributions to infrastructure rehab are limited to 90% of investment earnings per City Council policy.

Financial policies. City Council policy sets the Contingency Reserve at 20% of general fund expenditures, with a minimum reserve of 3%. The contingency reserve may be used at the discretion of the City Council to provide resources to make up for temporary decreases in revenues, in the event of an economic downturn while expenditure reductions are implemented, or to provide resources to meet emergency expenditures in the case of flood, fire, earthquake, landslides, or other natural disasters. At June 30, 2014, the fund balance is \$23.2 million; of which, \$4.3 million has been set aside as the 3% minimum reserve.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the thirty-fifth consecutive year 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's Budget Office also received the GFOA Distinguished Budget Presentation Award for its fiscal year 2013-14 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 the CAFR 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. 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 Councilmembers for their steadfast support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Teri Washle
Interim Manager of Fiscal Services



Ken Brown
Director of Administrative Services





Government Finance Officers Association

**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, 2013

Executive Director/CEO

IRVINE CITY OFFICIALS



STEVEN S. CHOI, PH.D.
Mayor



JEFFREY LALLOWAY
Mayor Pro Tem



LARRY AGRAN
Councilmember



BETH KROM
Councilmember

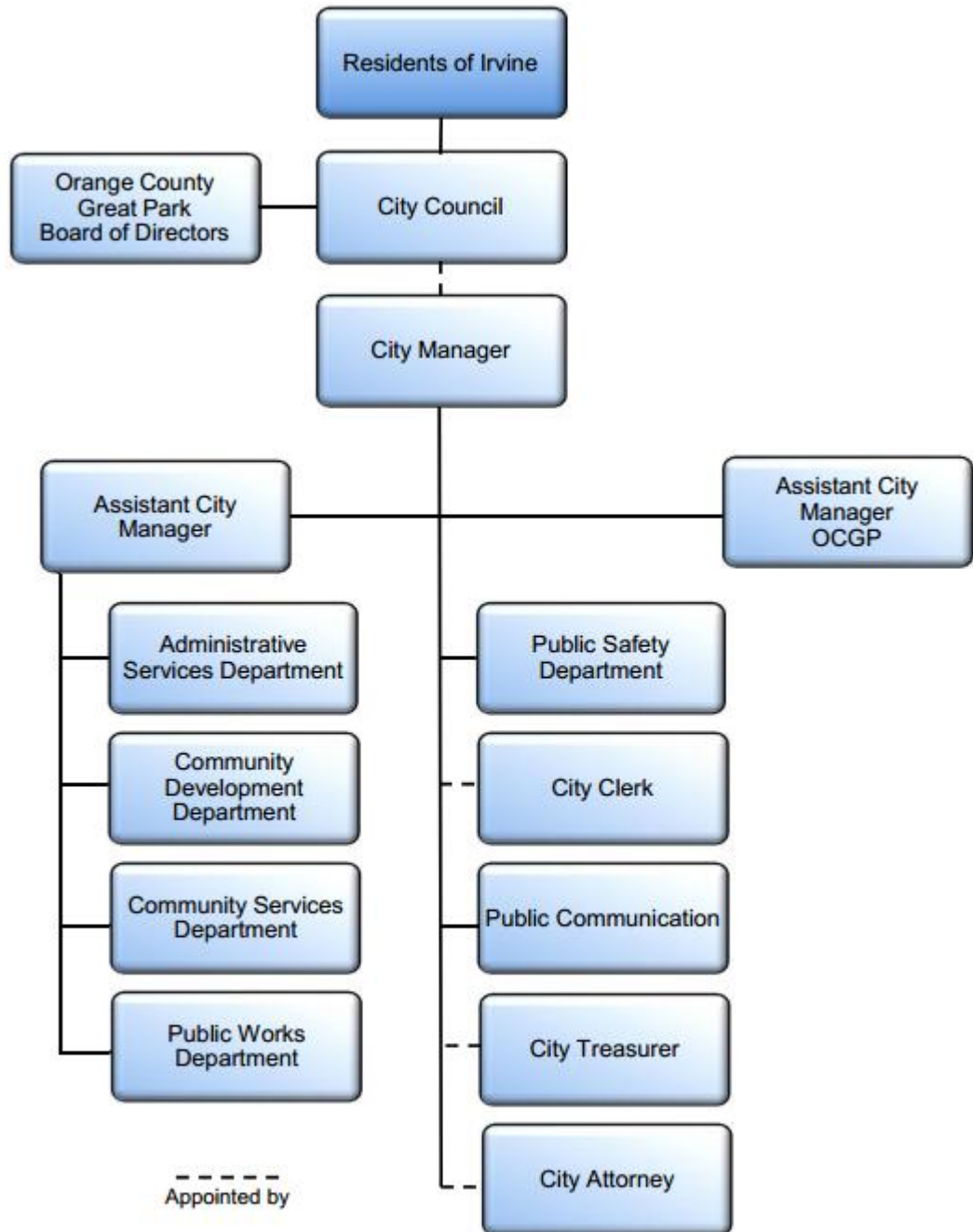


CHRISTINA SHEA
Councilmember

City Manager • Sean Joyce

Assistant City Manager	Sharon Landers
Assistant City Manager, Orange County Great Park	Mike Ellzey
City Attorney.....	Todd Litfin
City Clerk	Molly McLaughlin
Director of Administrative Services.....	Ken Brown
Director of Community Development	Eric Tolles
Director of Community Services	Brian Fisk
Director of Public Affairs & Communications.....	Craig Reem
Director of Public Safety.....	Dave Maggard
Director of Public Works.....	Manuel Gomez

City of Irvine Organizational Chart







INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Irvine, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Orange County Great Park Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014, on our consideration of the City's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Luyhard, LLP

Brea, California
October 24, 2014

City of Irvine

Management's Discussion and Analysis

As management of the City of Irvine (City), California, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. 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.

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.

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 Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases in the net position 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 position changed during the most recent fiscal year. All changes in net position 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, community services, community development, and great park.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities: the Orange County Great Park Corporation 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 Irvine Public Facilities Corporation and the Irvine Public Facility

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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 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.

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 provides 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, Capital Improvement Projects Fund, Orange County Great Park Fund, Assessment Districts Fund, and the Northern Irvine Transportation Mitigation 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 other 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, and Orange County Great Park 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

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services, and 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.

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 Plans, and Other Post Employment Benefit Plans. Required supplementary information can be found immediately following the notes to the basic financial statements.

The combining statements referred to earlier in connection with other governmental funds and internal service funds are presented for Other Special Revenue Funds, Other Capital Projects Funds, Permanent Fund, Internal Service Funds, and 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.

Financial Highlights

- The assets of the City exceeded its liabilities, at June 30, 2014, by \$2.30 billion (*net position*). Of this amount, \$351.25 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to residents and creditors, but is subject to allocation for specific City programs. Some of these designations are \$14.86 million for capital improvement projects, \$58.78 million for future infrastructure and rehabilitation, and \$92.68 million for the development of various non-circulation projects such as parks and public facilities.
- At the fiscal year ended June 30, 2014, the government's total net position increased by \$39.45 million. The increase in net position is attributable to a reduction of operating and capital expenses and an increase in charges for service and tax receipts
- As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$666.88 million, an increase of \$41.67 million in comparison with the prior year. Approximately 23% of this total amount, \$151.49 million, is available for spending at the government's discretion (*committed, assigned, and unassigned fund balance*) within the guidelines of the funding sources.
- At June 30, 2014, committed, assigned, and unassigned fund balance for the general fund was \$94.15 million or 56% of total general fund expenditures. This represents a decrease of \$4.48 million or five percent, from the prior year. The City Council has designated all of the committed and assigned fund balance for specified purposes, in accordance with City policies and budgetary guidelines. The unassigned fund balance which is unrestricted in use, is anticipated to be designated by City Council also for specific purposes at a future City Council meeting.
- The City's total long-term liabilities increased by \$2.61 million or 11%, during the current fiscal year. The key factor in this increase is the additional accrual for general liability and workers' compensation claims, based on an annual actuarial valuation.

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 position, 67%, reflects its net investment in capital assets (e.g., land, buildings and systems, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress); less any related outstanding debt used to acquire those assets. The City's only outstanding debt against capital assets is one capital lease for public safety patrol cars. 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.

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City of Irvine
Summary of Net Position
June 30, 2014 and 2013
(amounts expressed in thousands)

	Governmental Activities	
	2014	2013
Assets		
Current and other assets	\$ 828,921	\$ 742,955
Capital assets	1,541,984	1,575,831
Total Assets	2,370,905	2,318,786
Liabilities		
Other liabilities	53,121	43,162
Long-term liabilities	20,424	17,711
Total Liabilities	73,545	60,873
Net Positions		
Net investment in capital assets	1,541,807	1,575,361
Restricted	404,305	320,962
Unrestricted	351,248	361,590
Total Net Positions	\$ 2,297,360	\$ 2,257,913

During the fiscal year ended June 30, 2014, net position of the City increased to \$2.30 billion, of which \$1.54 billion was the net invested in capital assets such as equipment, buildings and infrastructure. Of the remaining total, \$404.31 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining, \$351.25 million, is subject to designation for specific purposes as approved by the City Council. Some of the designations are \$92.68 million for non-circulation projects such as the Orange County Great Park, various neighborhood parks, and public facilities, \$58.78 million for future infrastructure and rehabilitation, and \$14.86 million for capital improvement projects.

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City of Irvine
Summary of Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(amounts expressed in thousands)

	<u>Governmental</u>	
	<u>Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues:		
Charges for services	\$ 73,649	\$ 51,847
Operating grants and contributions	31,661	32,664
Capital grants and contributions	76,751	145,897
General revenues:		
Property taxes	49,524	46,659
Sales taxes	56,499	51,596
Investment revenue	15,632	7,740
Other taxes	28,363	26,280
Other revenues	237	1,577
Total Revenues	<u>332,316</u>	<u>364,260</u>
Expenses		
General Government	32,863	28,141
Public Safety	62,745	60,168
Public Works	63,897	69,539
Community Services	22,980	29,944
Community Development	39,689	20,575
Great Park	16,812	59,621
Interest on long-term debt	16	20
Unallocated infrastructure depreciation	48,367	46,693
Total Expenses	<u>287,369</u>	<u>314,701</u>
Excess (Deficiency) of Revenues Over (Under)		
Expenditures Before Extraordinary Items	44,947	49,559
Extraordinary Gain (Loss)	<u>(5,500)</u>	<u>-</u>
Change in Net Positions	39,447	48,970
Beginning Net Positions, as restated	<u>2,257,913</u>	<u>2,208,943</u>
Ending Net Positions	<u>\$ 2,297,360</u>	<u>\$ 2,257,913</u>

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Overall, Citywide revenues for the fiscal year ended June 30, 2014, decreased by \$31.94 million, a 9% decrease from the prior year. The majority of the decrease is related to a significant decrease in capital grants and contributions which is partially offset by increases in charges for services. Capital grants and contributions spiked in fiscal year 2012-13 due to significant construction activity in the Great Park area and street infrastructure. Also, developers donated two parks to the City. While construction activity in the Great park area continues to be strong, outside grant and developer contributions were less in the current fiscal year. In addition:

- Program revenues of \$182.06 million were 55% of total revenues. Within this category, charges for services and capital grants and contributions related to infrastructure and capital improvements accounted for 22% and 23% of total revenues, respectively.
- General revenues of \$150.26 million were 45% of total revenues. The largest general revenue, sales tax, accounted for 17% of total revenues.

Total expenses decreased by \$27.33 million, a 9% decrease from the prior year. The Great Park, Community Services and Public Works expenditures decreased 72%, 23%, and 8%, respectively. These decreases are partially offset by a \$19.11 million increase in Community Development, and an increase of \$4.72 million in General Government expenditures. This shift is primarily due to a reorganization whereby Great Park operational staff and related expenditures were reassigned to other departments during the year.

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, 2014, the City's governmental funds reported total combined ending fund balances of \$666.88 million, an increase of \$41.67 million from the prior year. Approximately 23% of the City's governmental funds ending fund balances, or \$151.49 million, constitutes *committed, assigned, and unassigned fund balance*, which is available for spending at the government's discretion within the guidelines of the funding sources. The remainder of fund balance, \$515.39 million, is either nonspendable or restricted for purposes imposed by creditors, grantors, contributors, laws or regulations of other governments or through enabling legislation. The nonspendable total of \$8.62 million consists of \$6.57 million of long-term advances to other funds, \$1.58 million of prepaid expenditure, and a senior citizens services program endowment of \$0.47 million. The remaining restricted funds totaling \$506.77 million are comprised of \$349.25 for capital improvement projects, circulation improvements and maintenance, \$134.00 million in advances to other funds, \$10.94 million for low-income housing a contingency reserve of \$4.32 million, \$1.75 million for public transportation, \$1.55 million for public education, \$1.47 million for law enforcement purposes, \$1.31 million for development services, \$1.23 million for community service activities, and \$0.95 million for pollution remediation.

General Fund Financial Highlights

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The general fund is the chief operating fund of the City. At June 30, 2014, committed, assigned, and unassigned fund balance of the general fund was \$94.15 million, while total fund balance was \$107.91 million. As a measure of the general fund's liquidity, it is useful to compare committed, assigned, and unassigned fund balance to total fund expenditures. Committed, assigned, and unassigned fund balance represents 56% of the total general fund expenditures. As mentioned above, however, the City Council has designated all of this committed, assigned, and unassigned fund balance for specified purposes.

For the fiscal year ended June 30, 2014, the cash and investments balance in the general fund was \$110.93 million, an increase of \$1.65 million from the prior fiscal year. Long-term notes receivable in the amount of \$10.67 million in the general fund, are a result of various housing loans made during the years.

City of Irvine
Summary of Changes in Fund Balances - General Fund
For the Years Ended June 30, 2014 and 2013
(amounts expressed in thousands)

	<u>2014</u>	<u>2013</u>
Revenues		
Taxes:		
Property	\$ 47,081	\$ 44,338
Sales	55,580	51,065
Other	24,729	22,768
Total Taxes	<u>127,390</u>	<u>118,171</u>
Charges for services	24,077	21,189
Intergovernmental	1,033	982
Investment revenue	1,829	321
Other	12,121	12,813
Total Revenues	<u>166,450</u>	<u>153,476</u>
Expenditures		
General Government	26,391	22,020
Public Safety	60,049	57,440
Public Works	28,057	25,871
Community Development	20,860	18,404
Community Services	34,113	31,296
Total Expenditures	<u>169,470</u>	<u>155,031</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>(3,020)</u>	<u>(1,555)</u>
Other Financing Sources (Uses)		
Proceeds from sale of capital assets	46	40
Net transfers	(1,107)	1,578
Net Change in Fund Balance	<u>\$ (4,081)</u>	<u>\$ 63</u>

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Overall, General Fund revenues for the fiscal year ended June 30, 2014, increased by \$12.97 million, or 8%, over the prior year. The majority of this increase is attributable to higher tax revenues and charges for service.

Total General Fund expenditures increased by \$14.44 million, or 9%, from the prior year. Changes in expenditures, by function, occurred as follows during the fiscal year ended June 30, 2014:

- General Government expenditures increased by \$4.37 million to \$26.39 million. This increase is primarily attributable to an \$8.00 million prepayment to the California Public Employees Retirement System to pay down the pension plan's unfunded accrued liability (in 2013 the prepayment was \$5.00 million), and increased salaries, insurance, retirement, employee benefits and contract services.
- Increases in all other departments total \$10.07 million for total expenditures of \$143.08 million. Of this increase, \$4.90 million is attributable to increased salaries, insurance, retirement and other benefits. An increase of \$3.06 million in general operating expenditures (which includes utilities) and an increase of \$2.11 million in contract services.

General Fund Budgetary Highlights

Differences between the general fund original budget expenditures and the final amended budget were \$14.98 million and can be briefly summarized as follows:

Increases for activities:

- \$8.48 million for general government.
- \$2.00 million for community development.
- \$1.73 million for public safety.
- \$1.56 million for community services.
- \$1.21 million for public works.

In each of the functional expenditure categories actual expenditures were less than final budgeted amounts, totaling \$169.47 million, and \$176.17 million, respectively. Additionally, for the fiscal year ended June 30, 2014, actual revenues exceeded budgetary estimates, at \$166.45 million and \$161.24 million, respectively. Since expenditures exceeded revenues, there was a need to draw upon the existing fund balance of \$112.00 million. Furthermore, actual net transfers out of the general fund were less than final budget amounts by \$3.25 million.

Financial Analysis of the Other Major Funds

The Capital Improvement Projects Fund accounts for street, bridge, traffic signals, and other circulation related capital projects funded by grants, fees, gas tax, sales tax, and interest revenue. The fund balance decreased by \$2.69 million as a result of an increase in capital outlay for circulation projects. The fund balance of \$2.96 million is committed to future circulation construction.

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. Current year expenditures, primarily for planning, operations, and programs for the Orange County Great Park amounted to \$15.10 million. The ending fund balance of \$161.37 million is designated for the future development of the Orange County Great Park. There was also a \$5.50 million settlement agreement recorded as an extraordinary loss and disclosed in the Subsequent Events footnotes.

The Assessment Districts Fund accounts for the 1915 Improvement Bond Act bond proceeds to fund major road and drainage improvements throughout the City. Capital outlays were \$18.97 million for improvements related to new development in the City. The ending fund balance of \$136.50 million is restricted for future construction of these projects.

The Northern Irvine Transportation Mitigation 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. Capital outlay for circulation projects were \$5.20 million. There was a \$15.44 million restatement of beginning fund balance due to reclassifying land infrastructure that had been previously recorded as a City capital asset that should have been recorded as Due from Developers. The ending fund balance of \$61.88 is restricted to circulation projects in the City's Northern Sphere of Influence.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$1.54 billion, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease over prior fiscal year in the City's investment in capital assets was \$18.40 million, or a 1% decrease.

City of Irvine
Summary of Changes in Capital Assets
For the Year Ended June 30, 2014
(amounts expressed in thousands)

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital assets, not being depreciated:				
Land, restated	\$ 626,674	\$ 9,639	\$ -	\$ 636,313
Construction in progress	61,472	5,468	6,598	60,342
Total capital assets not being depreciated	<u>688,146</u>	<u>15,107</u>	<u>6,598</u>	<u>696,655</u>
Capital assets, being depreciated:				
Buildings	124,251	6,217	-	130,468
Improvements other than buildings	137,116	381	-	137,497
Machinery and equipment	44,934	2,866	5,050	42,750
Infrastructure	1,423,306	25,808	-	1,449,114
Total capital assets being depreciated	<u>1,729,607</u>	<u>35,272</u>	<u>5,050</u>	<u>1,759,829</u>
Less accumulated depreciation for:				
Buildings	(49,392)	(3,296)	-	(52,688)
Improvements other than buildings	(46,020)	(7,934)	-	(53,954)
Machinery and equipment	(35,413)	(2,562)	(5,024)	(32,951)
Infrastructure	(726,540)	(48,367)	-	(774,907)
Total accumulated depreciation	<u>(857,365)</u>	<u>(62,159)</u>	<u>(5,024)</u>	<u>(914,500)</u>
Total capital assets, being depreciated, net	<u>872,242</u>	<u>(26,887)</u>	<u>26</u>	<u>845,329</u>
Governmental activities capital assets, net	<u>\$ 1,560,388</u>	<u>\$ (11,780)</u>	<u>\$ 6,624</u>	<u>\$ 1,541,984</u>

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

- The beginning balance for land was restated downward by \$15.44 million due to a prior period adjustment. Also there was \$9.64 million in developer contributed land.

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- Infrastructure additions were \$25.81 million. Street additions accounted for \$23.47 million, traffic signal additions totaled \$1.11 million, bridge additions totaled \$0.75 million, trail additions totaled \$0.46 million, and landscaping additions were \$0.02 million.
- Machinery and equipment acquisitions of \$2.87 million included vehicles, and hardware and software per the Strategic Technology Plan.

Additional information on the City's capital assets can be found under section III. B. entitled "Capital Assets" of the Notes to the Basic Financial Statements section of this report.

Long-term Debt

Total outstanding long-term debt at June 30, 2014, is \$25.81, an increase of \$2.61 million from the prior year.

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

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014	Long- Term	Due Within One Year
Compensated absences	\$ 10,548	\$ 3,371	\$ 3,226	\$ 10,693	\$ 7,914	\$ 2,779
Claims payable	12,191	4,947	2,194	14,944	11,228	3,716
Capital lease obligation	470	-	293	177	78	99
Total Long-Term Liabilities	\$ 23,209	\$ 8,318	\$ 5,713	\$ 25,814	\$ 19,220	\$ 6,594

Long-term debt-related events during the fiscal year ended June 30, 2014, included:

- Compensated absences liabilities increased by \$3.37 million and payouts to employees upon termination amounted to \$3.23 million or a net increase of \$1.45 million.
- A net increase to claims payable of \$2.75 million to adjust for possible future general liability and workers' compensation claims.
- Capital lease obligations decreased \$0.29 million as a result of the City making quarterly payments on lease obligations.

Additional information on the City's long-term debt can be found under Section III. E. entitled "Changes in Long-term Liabilities" of the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's economy is 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, the UCLA

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Anderson Forecast, and the California State University at Fullerton Mihaylo College of Business and Economics as well as projections provided by City consultants. 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 2014-15 citywide budget, available through the Administrative Services Department.

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 Position
June 30, 2014
(amounts expressed in thousands)

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 438,339
Cash and investments held by trustee	126,564
Receivables, net of allowances:	
Taxes	17,960
Accounts	4,965
Accrued interest	551
Prepaid	1,590
Inventories	92
Advances to the Successor Agency	191,924
Due from other governments	6,413
Due from developers	16,924
Long-term note receivable	22,206
Net pension asset	1,393
Capital assets, net of accumulated depreciation:	
Land	636,313
Buildings and systems	77,780
Improvements other than buildings	83,543
Machinery and equipment	9,799
Infrastructure	674,207
Construction in progress	<u>60,342</u>
Total Assets	<u>2,370,905</u>
LIABILITIES	
Accounts payable	13,306
Accrued liabilities	5,443
Due to other governments	103
Due to the Successor Agency	5,500
Grant advances	3,610
Deposits	7,610
Unearned revenue	10,955
Noncurrent liabilities:	
Due within one year	6,594
Due in more than one year	19,220
Net OPEB	<u>1,204</u>
Total Liabilities	<u>73,545</u>
NET POSITION	
Net investment in capital assets	1,541,807
Restricted	
Expendable:	
Pension	1,393
Assessment infrastructure and capital improvements	358,353
Housing programs	35,576
Public safety programs	1,467
Other programs and activities	7,047
Nonexpendable:	
Senior Services Fund program	469
Unrestricted	<u>351,248</u>
Total Net Position	<u>\$ 2,297,360</u>

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

City of Irvine
Statement of Activities
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
General Government	\$ 32,863	\$ 1,984	\$ 281	\$ 12	\$ (30,586)
Public Safety	62,745	4,548	1,976	-	(56,221)
Public Works	63,897	18,321	12,409	36,387	3,220
Community Services	22,980	15,375	1,311	33,983	27,689
Community Development	39,689	30,129	2,606	6,369	(585)
Great Park	16,812	3,292	13,078	-	(442)
Interest on Long-Term Debt	16	-	-	-	(16)
Unallocated infrastructure depreciation	48,367	-	-	-	(48,367)
Total Governmental Activities	<u>\$ 287,369</u>	<u>\$ 73,649</u>	<u>\$ 31,661</u>	<u>\$ 76,751</u>	<u>(105,308)</u>
General Revenues					
Taxes:					
Property taxes					49,524
Sales taxes					56,499
Franchise taxes					13,690
Transient occupancy taxes					11,664
Document transfer taxes					2,911
Unrestricted motor vehicle in-lieu					98
Gain on sales of assets					144
Investment revenue					15,632
Other revenue					93
Total General Revenues					150,255
Extraordinary Gain (Loss)					(5,500)
Change in Net Position					39,447
Total Net Position, Beginning, as restated					<u>2,257,913</u>
Total Net Position, Ending					<u>\$ 2,297,360</u>

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

City of Irvine
Balance Sheet
Governmental Funds
June 30, 2014
(amounts expressed in thousands)
Page 1 of 2

	General	Capital Improvement Projects	Orange County Great Park
ASSETS			
Cash and investments	\$ 110,934	\$ 8,890	\$ 33,996
Receivables, net of allowances:			
Taxes	10,323	-	4
Accounts	1,879	1,593	254
Accrued interest	106	5	24
Prepaid	1,465	-	83
Due from other funds	29	-	-
Due from other governments	685	3,415	-
Due from developers	-	-	-
Advances to the Successor Agency	7,757	-	184,167
Long-term note receivable	10,673	-	-
	<u>143,851</u>	<u>13,903</u>	<u>218,528</u>
Total Assets	<u>\$ 143,851</u>	<u>\$ 13,903</u>	<u>\$ 218,528</u>
LIABILITIES			
Accounts payable	\$ 4,725	\$ 869	\$ 1,121
Accrued liabilities	3,027	983	233
Due to General Fund	-	-	-
Due to other governments	15	-	2
Due to the Successor Agency	-	-	5,500
Deposits	5,948	427	2
Grant advances	-	3,610	-
Unearned revenue	10,234	-	50
	<u>23,949</u>	<u>5,889</u>	<u>6,908</u>
Total Liabilities	<u>23,949</u>	<u>5,889</u>	<u>6,908</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	11,988	5,050	50,252
	<u>11,988</u>	<u>5,050</u>	<u>50,252</u>
FUND BALANCES (DEFICITS)			
Nonspendable	8,033	-	83
Restricted	5,730	-	134,000
Committed	18,904	2,964	27,285
Assigned	66,581	-	-
Unassigned	8,666	-	-
	<u>107,914</u>	<u>2,964</u>	<u>161,368</u>
Total Fund Balances (Deficits)	<u>107,914</u>	<u>2,964</u>	<u>161,368</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 143,851</u>	<u>\$ 13,903</u>	<u>\$ 218,528</u>

- continued -

City of Irvine
Balance Sheet
Governmental Funds
June 30, 2014
(amounts expressed in thousands)
Page 2 of 2

	Assessment Districts	North Irvine Transportation Mitigation	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 137,035	\$ 46,782	\$ 199,409	\$ 537,046
Receivables, net of allowances:				
Taxes	-	-	1,627	11,954
Accounts	-	-	772	4,498
Accrued interest	17	33	123	308
Prepaid	-	-	34	1,582
Due from other funds	-	-	-	29
Due from other governments	-	-	2,313	6,413
Due from developers	-	16,824	100	16,924
Advances to the Successor Agency	-	-	-	191,924
Long-term note receivable	-	-	9,205	19,878
Total Assets	<u>\$ 137,052</u>	<u>\$ 63,639</u>	<u>\$ 213,583</u>	<u>\$ 790,556</u>
LIABILITIES				
Accounts payable	\$ 74	\$ 1,208	\$ 3,040	\$ 11,037
Accrued liabilities	7	218	891	5,359
Due to General Fund	-	-	29	29
Due to other governments	80	-	4	101
Due to the Successor Agency	-	-	-	5,500
Deposits	180	-	1,047	7,604
Grant advances	-	-	-	3,610
Unearned revenue	214	338	119	10,955
Total Liabilities	<u>555</u>	<u>1,764</u>	<u>5,130</u>	<u>44,195</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	-	12,189	79,479
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	503	8,619
Restricted	136,497	61,875	171,102	509,204
Committed	-	-	19,946	69,099
Assigned	-	-	7,148	73,729
Unassigned	-	-	(2,435)	6,231
Total Fund Balances (Deficits)	<u>136,497</u>	<u>61,875</u>	<u>196,264</u>	<u>666,882</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 137,052</u>	<u>\$ 63,639</u>	<u>\$ 213,583</u>	<u>\$ 790,556</u>

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

City of Irvine
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014
(amounts expressed in thousands)

Total Fund Balances of Governmental Funds		\$ 666,882
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are nonfinancial resources and are not reported in the funds. The following is net of the Internal Service Funds of \$6,385.		
Governmental capital assets	2,423,898	
Less: accumulated depreciation	<u>(888,299)</u>	1,535,599
Long-term receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
		22,206
Intergovernmental revenues are not collected within current period and are deferred in the funds. However, on an accrual basis revenues are included in the government-wide statements. These revenues include:		
Orange County Great Park Fund	50,252	
Capital Improvement Projects Funds	4,997	
Fees and Exactions	2,614	
General Fund	1,368	
Park Development Fund	174	
Grant Fund	161	
Major Special Events	32	
Light and Landscape	<u>4</u>	59,602
Other revenues are not available to pay for current period expenditures and are not reported in the funds.		
		461
The net pension asset is not an available financial resources and is excluded from the funds.		
		1,393
The net other post employment benefit pension obligation is not due and payable in the current period and are not reported in the funds.		
		(1,204)
A portion of sales tax receivable is not reported in the fund financial statements.		
		6,006
Internal service funds are used by management to charge the cost of activities involved in rendering services to departments within the City. The assets and liabilities of the internal services funds are included in the Statement of Net Position.		
		16,909
Compensated absences long-term liabilities not due and payable in the current period and are not reported in the funds.		
		(10,493)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		
		(1)
Net Position of Governmental Activities		<u><u>\$2,297,360</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
Governmental Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)
Page 1 of 2

	<u>General</u>	<u>Capital Improvement Projects</u>	<u>Orange County Great Park</u>
REVENUES			
Taxes	\$ 127,390	\$ -	\$ -
Licenses and permits	7,395	6	-
Fines and forfeitures	1,830	-	-
Investment income	1,829	102	331
Intergovernmental	1,033	4,413	1,039
Charges for services	24,077	-	4,883
Assessment districts contributions	-	-	-
Revenue from developers	25	-	12,325
Revenue from property owners	-	-	-
Donations	39	-	-
Other revenue	2,832	273	98
Total Revenues	<u>166,450</u>	<u>4,794</u>	<u>18,676</u>
EXPENDITURES			
Current:			
General Government	26,391	47	1,278
Public Safety	60,049	-	-
Public Works	28,057	492	844
Community Development	20,860	-	408
Community Services	34,113	-	1,157
Great Park	-	-	11,413
Capital outlay	-	12,477	-
Total Expenditures	<u>169,470</u>	<u>13,016</u>	<u>15,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,020)</u>	<u>(8,222)</u>	<u>3,576</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property	46	-	-
Transfers in	109	5,529	-
Transfers out	(1,216)	-	(100)
Total Other Financing Sources (Uses)	<u>(1,061)</u>	<u>5,529</u>	<u>(100)</u>
EXTRAORDINARY GAIN (LOSS)			
Settlement agreement	-	-	(5,500)
Total Extraordinary Gain (Loss)	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Net Change in Fund Balances	(4,081)	(2,693)	(2,024)
Fund Balances, Beginning, as restated	<u>111,995</u>	<u>5,657</u>	<u>163,392</u>
Fund Balances, Ending	<u>\$ 107,914</u>	<u>\$ 2,964</u>	<u>\$ 161,368</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, 2014
(amounts expressed in thousands)
Page 2 of 2

	Assessment Districts	North Irvine Transportation Mitigation	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ -	\$ -	\$ 23,410	\$ 150,800
Licenses and permits	-	-	-	7,401
Fines and forfeitures	-	-	-	1,830
Investment income	61	483	1,690	4,496
Intergovernmental	-	-	9,827	16,312
Charges for services	-	21	2,853	31,834
Assessment districts contributions	25,257	-	-	25,257
Revenue from developers	-	6,369	40,405	59,124
Revenue from property owners	-	-	6,172	6,172
Donations	-	-	876	915
Other revenue	-	-	191	3,394
Total Revenues	<u>25,318</u>	<u>6,873</u>	<u>85,424</u>	<u>307,535</u>
EXPENDITURES				
Current:				
General Government	2,857	10	722	31,305
Public Safety	-	-	3,081	63,130
Public Works	283	375	10,400	40,451
Community Development	-	2	4,569	25,839
Community Services	-	-	3,591	38,861
Great Park	-	-	951	12,364
Capital outlay	<u>15,831</u>	<u>4,810</u>	<u>15,440</u>	<u>48,558</u>
Total Expenditures	<u>18,971</u>	<u>5,197</u>	<u>38,754</u>	<u>260,508</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,347</u>	<u>1,676</u>	<u>46,670</u>	<u>47,027</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	-	-	-	46
Transfers in	-	-	17,867	23,505
Transfers out	<u>-</u>	<u>(114)</u>	<u>(21,978)</u>	<u>(23,408)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(114)</u>	<u>(4,111)</u>	<u>143</u>
EXTRAORDINARY GAIN (LOSS)				
Settlement agreement	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Total Extraordinary Gain (Loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Net Change in Fund Balances	6,347	1,562	42,559	41,670
Fund Balances, Beginning, as restated	<u>130,150</u>	<u>60,313</u>	<u>153,705</u>	<u>625,212</u>
Fund Balances, Ending	<u>\$ 136,497</u>	<u>\$ 61,875</u>	<u>\$ 196,264</u>	<u>\$ 666,882</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, 2014
(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		\$ 41,670
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.		
Expenditures for capital outlays		48,558
Expenditures for capital equipment purchases		1,300
Less amounts not capitalized		(19,341)
Depreciation expense		<u>(60,139)</u>
		(29,622)
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.		
Donation of capital infrastructure assets		11,762
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Interest		11,102
Charges for services		2,801
Grants		1,125
Sales taxes		990
Other revenue		<u>(42)</u>
		15,976
Long-term receivables and related unavailable revenue are recognized as expenditures in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been use. However, these payments reduce the unearned revenue in the Statement of Net Position and do not result in an expense in the Statement of Activities.		
		1,706
Governmental funds do not report the changes in the net pension asset or obligation, since it does not provide or require the use of current financial resources.		
Defined Benefit Pension Plan		(35)
Other Post Employment Benefit Plan		(209)
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.		
Accrued interest		1
Compensated absences		<u>(150)</u>
		(149)
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.		
		<u>(1,652)</u>
Change in Net Position of Governmental Activities		<u>\$ 39,447</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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 122,675	\$ 122,675	\$ 127,390	\$ 4,715
Licenses and permits	7,656	8,411	7,395	(1,016)
Fines and forfeitures	1,899	1,899	1,830	(69)
Investment income	1,380	1,380	1,829	449
Intergovernmental	864	864	1,033	169
Charges for services	22,448	23,501	24,077	576
Revenue from developers	16	16	25	9
Donations	3	3	39	36
Other revenue	2,490	2,490	2,832	342
Total Revenues	159,431	161,239	166,450	5,211
EXPENDITURES				
Current:				
General Government:				
City Manager	9,785	9,579	7,845	1,734
Administrative Services	10,187	18,872	18,546	326
Public Safety	59,087	60,815	60,049	766
Public Works	28,689	29,901	28,057	1,844
Community Development	20,397	22,396	20,860	1,536
Community Services	33,047	34,604	34,113	491
Total Expenditures	161,192	176,167	169,470	6,697
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,761)	(14,928)	(3,020)	11,908
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	12	12	46	34
Transfers in	100	107	109	2
Transfers out	(4,189)	(4,468)	(1,216)	3,252
Total Other Financing Sources (Uses)	(4,077)	(4,349)	(1,061)	3,288
Net Change in Fund Balances	(5,838)	(19,277)	(4,081)	15,196
Fund Balances, Beginning	111,995	111,995	111,995	-
Fund Balances, Ending	\$ 106,157	\$ 92,718	\$ 107,914	\$ 15,196

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, 2014
(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>		
REVENUES				
Investment income	\$ 232	\$ 232	\$ 331	\$ 99
Intergovernmental	1,088	1,088	1,039	(49)
Charges for services	4,743	4,673	4,883	210
Revenue from developers	12,350	12,350	12,325	(25)
Other revenue	-	-	98	98
Total Revenues	<u>18,413</u>	<u>18,343</u>	<u>18,676</u>	<u>333</u>
EXPENDITURES				
Current:				
General Government	107	294	1,278	(984)
Public Works	-	-	844	(844)
Community Development	-	553	408	145
Community Services	-	-	1,157	(1,157)
Great Park	<u>15,831</u>	<u>18,228</u>	<u>11,413</u>	<u>6,815</u>
Total Expenditures	<u>15,938</u>	<u>19,075</u>	<u>15,100</u>	<u>3,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,475</u>	<u>(732)</u>	<u>3,576</u>	<u>4,308</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(7,600)</u>	<u>(7,731)</u>	<u>(100)</u>	<u>7,631</u>
Total Other Financing Sources (Uses)	<u>(7,600)</u>	<u>(7,731)</u>	<u>(100)</u>	<u>7,631</u>
EXTRAORDINARY GAIN (LOSS)				
Settlement agreement	<u>-</u>	<u>-</u>	<u>(5,500)</u>	<u>(5,500)</u>
Total Extraordinary Loss	<u>-</u>	<u>-</u>	<u>(5,500)</u>	<u>(5,500)</u>
Net Change in Fund Balances	(5,125)	(8,463)	(2,024)	6,439
Fund Balances, Beginning	<u>163,392</u>	<u>163,392</u>	<u>163,392</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 158,267</u>	<u>\$ 154,929</u>	<u>\$ 161,368</u>	<u>\$ 6,439</u>

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



City of Irvine
Statement of Net Position
Proprietary Funds
June 30, 2014
(amounts expressed in thousands)

	<u>Governmental Activities - Internal Service Funds</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 27,857
Receivables, net of allowances:	
Accounts	229
Accrued interest	20
Prepaid	8
Inventories	92
Total Current Assets	28,206
Noncurrent Assets:	
Capital assets:	
Equipment	32,586
Less accumulated depreciation	(26,201)
Total Noncurrent Assets	6,385
Total Assets	34,591
LIABILITIES	
Current Liabilities:	
Accounts payable	2,269
Accrued liabilities	84
Due to other governments	2
Deposits	6
Lease payable	99
Compensated absences	52
Claims payable	3,716
Total Current Liabilities	6,228
Noncurrent Liabilities:	
Lease payable	78
Compensated absences	148
Claims payable	11,228
Total Noncurrent Liabilities	11,454
Total Liabilities	17,682
NET POSITION	
Net investment in capital assets	6,208
Unrestricted	10,701
Total Net Position	\$ 16,909

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

City of Irvine
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for services	\$ 21,108
Other	391
	21,499
Total Operating Revenues	21,499
OPERATING EXPENSES	
Personal services	2,796
Supplies & equipment	4,583
Contract services	5,518
Administration	1,315
Self-insured losses	4,816
Insurance premiums	2,141
Depreciation	2,020
	23,189
Total Operating Expenses	23,189
Operating Loss	(1,690)
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	275
Interest expense	(17)
Gain on disposal of equipment	98
	356
Total Nonoperating Revenues	356
Loss Before Capital Contributions and Transfers	(1,334)
Capital contributions	54
Transfers in	24
Transfers out	(121)
	(121)
Change in Net Position	(1,377)
Total Net Position, Beginning	18,286
Total Net Position, Ending	\$ 16,909

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, 2014
(amounts expressed in thousands)

	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers and users	\$ 209
Received from interfund services provided	21,107
Paid to suppliers and providers	(15,054)
Paid to employees	(2,794)
Net Cash Provided by Operating Activities	<u>3,468</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	24
Transfers out	(121)
Net Cash Used by Non-Capital Financing Activities	<u>(97)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of equipment	98
Interest paid	(17)
Equipment contributions	(1,422)
Net Cash Used by Capital and Related Financing Activities	<u>(1,341)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	283
Net Cash Provided by Investing Activities	<u>283</u>
Net Increase in Cash and Cash Equivalents	2,313
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>25,544</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 27,857</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	<u>\$ (1,690)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	2,020
Changes in assets and liabilities:	
(Increase) decrease in receivables, net of allowances	(183)
(Increase) decrease in prepaid costs	(3)
Increase (decrease) in accounts payable	838
Increase (decrease) in accrued liabilities	25
Increase (decrease) in deposits	6
Increase (decrease) in lease payable	(293)
Increase (decrease) in compensated absences	(5)
Increase (decrease) in claims payable	2,753
Total Adjustments	<u>5,158</u>
Net Cash Provided by Operating Activities	<u>\$ 3,468</u>
Schedule of Non-Cash and Related Financing Activities	
Contribution of Capital Assets	<u>\$ 54</u>

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



City of Irvine
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013 and June 30, 2014
(amounts expressed in thousands)

	<u>December 31, 2013</u>		
	<u>Pension and Employee Benefit Trust Funds</u>	<u>Successor Agency Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash	\$ -	\$ 444	\$ 94,161
Investments:			
Collective trust funds	19,614	-	-
Short-term investments	290	-	-
Participant-directed investments	11,260	-	-
Receivables, net of allowances:			
Taxes	-	-	726
Accrued interest	-	-	34
Loans	100	-	-
Prepaid	-	-	6
Due from the City of Irvine	-	5,500	-
Due from developers	-	-	1,079
	<u>31,264</u>	<u>5,944</u>	<u>96,006</u>
Total Assets			
LIABILITIES			
Accounts payable	60	44	1,111
Accrued liabilities	48	-	33
Advances from the City of Irvine	-	191,924	-
Due to bondholders	-	-	94,769
Due to other governments	-	5,500	93
	<u>108</u>	<u>197,468</u>	<u>96,006</u>
Total Liabilities			
NET POSITION			
Held in trust for pension benefits	31,156	-	-
Held in trust for Successor Agency	-	(191,524)	-
	<u>\$ 31,156</u>	<u>\$ (191,524)</u>	<u>\$ -</u>
Total Net Position			

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

City of Irvine
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2013 and June 30, 2014
(amounts expressed in thousands)

	<u>December 31, 2013</u>	
	<u>Pension and Employee Benefit Trust Funds</u>	<u>Successor Agency Private- Purpose</u>
ADDITIONS		
Contributions:		
Employer	\$ 521	\$ -
Plan members	86	-
Interest from participants' loan	<u>2</u>	<u>-</u>
Total Contributions	<u>609</u>	<u>-</u>
Investment income (loss):		
Interest and dividends	111	-
Net appreciation (depreciation) in fair value of investments	<u>2,761</u>	<u>-</u>
Total Investment Income	2,872	-
Less investment expenses	<u>(121)</u>	<u>-</u>
Net Investment Income	2,751	-
Taxes	-	1,315
Other revenue	<u>-</u>	<u>179</u>
Total Additions	<u>3,360</u>	<u>1,494</u>
DEDUCTIONS		
Benefit payments	1,572	-
Administration	17	347
Forfeitures to the City of Irvine	4	-
Interest and fiscal charges	<u>-</u>	<u>10,298</u>
Total Deductions	<u>1,593</u>	<u>10,645</u>
TRANSFERS		
Transfers in	-	1,529
Transfers out	<u>-</u>	<u>(1,529)</u>
Total Transfers	<u>-</u>	<u>-</u>
Change in Net Position	1,767	(9,151)
Total Net Position, Beginning	<u>29,389</u>	<u>(182,373)</u>
Total Net Position, Ending	<u>\$ 31,156</u>	<u>\$ (191,524)</u>

See Independent Auditor's Report and Notes to the Basic Financial Statements



City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies

The basic financial statements of the City of Irvine, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The 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 GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. Certain organizations warrant inclusion as part of the financial reporting entry because of the nature and significance of its relationship with the City. A legally separate, tax-exempt organization should be reported as a component unit of the City if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City, its component units, or its constituents.
2. The City, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the City, or its component units, is entitled to, or has the ability to otherwise access, are significant to the City.

Based upon the application of the criteria listed above, the follow components units have been included.

The Irvine Public Facilities Corporation (Corporation) and the Irvine Public Facilities and Infrastructure Authority (Authority) were 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 Councilmembers, respectively. Since the governing bodies of the City Council, the Corporation and the Authority are substantially the same, these entities are reported as component units and their transactions are reported in the governmental fund financial statements as debt service funds. The Corporation's debt was retired in fiscal year 2001-02 and the Authority's debt was retired in fiscal year 2010-11; no additional activity has occurred in these funds. Separate financial statements are not available for the Corporation and the Authority.

City of Irvine
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For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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 (MCAS) El Toro. The OCGPC board of directors is comprised of the five elected City Councilmembers. Since the governing bodies of the City Council and OCGPC are substantially the same, and there is a financial burden relationship between the City and the OCGPC, the OCGPC is reported as a blended component unit. The transactions of the OCGPC are reported in the governmental fund financial statements as a part of the major special revenue fund Orange County Great Park. Copies of separate financial statements for the OCGPC may be obtained from the City of Irvine City Hall, One Civic Center Plaza, Irvine, California, 92606.

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 governs the ICLT. Since the ICLT obtains the majority of its funding from the City, City staff holds management positions, and ICLT provides almost exclusively, benefits to the City even though it does not provide services directly to the City. The ICLT is reported as a blended component unit, and transactions are reported in the governmental fund financial statements as an other governmental special revenue fund. Copies of separate financial statements for the ICLT may be obtained from the City of Irvine City Hall, One Civic Center Plaza, Irvine, California, 92606.

B. Government-wide and Fund Financial Statements – Basis of Presentation

Government-wide Statements: The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. 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 functions or segments 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. As a general rule, the effects of interfund activity has been eliminated from the government-wide financial statements.

Net Position, which is equity, is reported in the following categories: net investment in capital assets represents the City's equity interest in capital assets; restricted assets are net positions whose use is not

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

subject to the City's own discretion; and unrestricted net positions, are available for use. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first when possible, and then use unrestricted resources as needed.

Fund Financial Statements: The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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 Capital Improvement Projects Fund, a capital projects fund, accounts for acquisition or construction of the City's general circulation related infrastructure including traffic signals, street, medians, and bridges.

The Orange County Great Park Fund, a special revenue fund, accounts for the receipt and disbursement of funds used for the specific purpose of managing, developing, operating, and maintaining the Orange County Great Park.

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

The North Irvine Transportation Mitigation Fund, a capital projects fund, accounts for the financial transactions and capital project activity related to the planning and implementation of circulation improvements necessary to accommodate the build out of the City's Northern Sphere of Influence.

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.

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and circulation infrastructure.

Permanent Fund accounts 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 these interest earnings and donations.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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, other major equipment, Civic Center maintenance, telephone, mail and duplicating services, and central stores supplies.

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.

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.

Private-Purpose Trust Funds are the Successor Agency Trust funds, which hold assets and receive resources to pay enforceable obligations and administrative costs of the dissolved Irvine Redevelopment Agency.

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. Inter-Agency 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.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, 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.

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.

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 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, under accrual accounting. However, expenditures 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 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 susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

The proprietary, pension, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

D. Use of Restricted and Unrestricted Resources

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 needed.

E. Assets, Liabilities, Deferred Outflow/Inflow of Resources, and Net Position or Fund Balance

Cash 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. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates or fair market value when market quotations are readily available. Real estate assets (purchased for investment purposes) are reported at fair value utilizing an income approach to valuation method. If real estate investment assets are owned, an independent appraisal is obtained at least annually to determine the fair market value of the investment.

The City maintains a cash and investment pool that is available for use by all funds except the Pension Trust Funds, Private-Purpose Trust Funds, and the Inter-Agency 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.

Inventories and Prepaid

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

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 street, bridge, traffic signal, landscape and trail networks, are reported as assets with an initial individual cost of at least \$50,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

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 improvements are capitalized as construction in progress as projects are constructed.

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

<u>Assets</u>	<u>Lives</u>
Buildings & systems	30 - 40
Improvements other than buildings	15
Machinery and equipment	3 - 10
Infrastructure	17 - 62

Deferred Inflow/Outflow of Resources

In addition to assets, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflow of resources. The separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in the category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, deferred revenue for long term loans receivable and revenues not collected during the availability period. These amounts are deferred and will be recognized as an inflow of resources in the period that the amount becomes available.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
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I. Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Property Taxes

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 (County) bills and collects the property taxes and remits the amounts to the City 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 receives 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.

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 and 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 retirements. The General Fund is used to liquidate the compensated absences liabilities.

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 positions. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs with the exception of prepaid insurance costs, are recognized as an outflow of resources in the period when the debt is issued. 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.

Fund Balance-Net Position

In the fund financial statements, governmental fund balance is made up of the following components:

Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council ordinances. These amounts cannot be used for any other purposes unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned fund balance are amounts designated by the City Council through the annual adopted budget and as amended per the approved budget policy, for specific purposes but do not meet the criteria to be classified as restricted or committed in governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications. In other governmental funds, the unassigned classification reports a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

In the governmental-wide financial statement and proprietary fund financial statements, net positions are classified as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

Restricted net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position is all resources that do not meet the definition of “net investment in capital assets” or “restricted net position”.

When an expense is incurred for purposes for which both restricted, net position and unrestricted net positions are available, the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

F. 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.

G. Implementation of New GASB Pronouncements

In fiscal year ended June 30, 2013, the City adopted the following accounting standards.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflow of resources and deferred inflow of resources. The statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial – and Management’s Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflow of resources and deferred inflow of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflow of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflow of resources or inflow of resources, certain items that were previously reported as assets and liabilities.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflow of resources and deferred inflow of resources, such as changes in the determination of the major funds calculations and limiting the use of the term deferred in financial statement presentations.

In fiscal year ended June 30, 2014, the City adopted the following additional accounting standards.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

I. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 66, *Technical Corrections*, an amendment of GASB Statement No. 10 and Statement No. 62. This Statement addresses the conflict between two previously issue statements regarding the accounting or service loan fees on mortgage loans sold by a government when the stated service fee rate differs significantly from current service fee rates.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, is an amendment of GASB Statement No. 25. This Statement improves financial reporting by government pension plans that are administered through trusts or similar arrangements.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires that when a government guarantor offers a nonexchange financial guarantee to another organization or government, a liability is recognized on the entities financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement.

H. Pending GASB Accounting Pronouncements

The following accounting statements which may impact the City's financial reporting requirements in next near future are listed below.

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, an amendment of GASB Statement No. 27 becomes effective for the fiscal years beginning after December 15, 2013. The Statements objectives are to continue to improve accounting and financial reporting by governments for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity thus creating additional pension transparency.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* becomes effective for fiscal year beginning after June 15, 2014. The Statement provides guidance to governments on determining whether a specific government combination is a merger, acquisition or transfer of operations and the appropriate accounting to be used.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68 is to be implemented concurrently with Statement 68 for fiscal years beginning after June 15, 2014.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

1. During May and June, the City Manager submits to the City's Finance Commission and the City Council a proposed operating budget for all funds of the City for the fiscal year

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

II. Stewardship, Compliance, and Accountability (Continued)

commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

2. The Finance Commission and City Council hold public meetings to consider the proposed budget. 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 (amount not rounded) and do not expand or add to the City's 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 the department level. The City departments are: City Manager, Administrative Services, Community Development, Community Services, Public Safety, Public Works and Great Park. 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 (amount not rounded). Amendments to the adopted General Fund budget for the fiscal year ended June 30, 2014, increased appropriations by \$14,975 to an amended total of \$176,167. The legal level of control for all governmental funds other than the General Fund is considered to be the fund level.
4. Budgets for the General, Special Revenue, and Permanent 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.

B. Excess of Expenditures over Appropriations

Nonmajor Fund

For the year ended June 30, 2014, there were two funds where expenditures exceeded appropriations. In the Slurry Seal Fees Fund, expenditures exceeded appropriations by \$65. This overage is primarily due to an overage in direct and overtime salaries and capital project expenditures. In the Major Special Events Fund, expenditures exceeded appropriations by \$86. Additional events were added to the 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.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds

A. Cash and Investments

Cash and investments, as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 438,339
Cash and investments held by trustee	126,564
Total	564,903
Fiduciary funds:	
Cash and investments	18,092
Cash and investments held by trustee	76,003
Agency deposits	66
Cash and investments - Pension trust funds	31,164
Cash and investments - Private purpose trust funds	444
Total	125,769
Total Cash and Investments	\$ 690,672

Cash and investments, as of June 30, 2014, consist of the following:

Cash on hand	\$ 21
Deposits with financial institutions	12,074
Investments	646,969
Total	659,064
Cash and investments - Pension trust funds	31,164
Cash and investments - Private-purpose trust funds	444
Total Cash and Investments	\$ 690,672

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

The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250 by the Federal Deposit Insurance Corporation (FDIC). The following table identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table 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, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

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	25%	\$5,000
Commercial Paper	270 days	15%	1%
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%
Money Market Mutual Funds	N/A	20%	10%

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, Local Agency Investment Fund, and money market mutual 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, greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City 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's investments (including investment held by trustees) to market interest rate fluctuations is provided in the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Government Sponsored Enterprise Securities	\$ 509,329	\$ 187,856	\$ 38,979	\$ 282,494
Local Agency Investment Fund (LAIF)	81,330	81,330	-	-
Money Market Mutual Funds	56,310	56,310	-	-
	<u>\$ 646,969</u>	<u>\$ 325,496</u>	<u>\$ 38,979</u>	<u>\$ 282,494</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. 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, 2014, is \$235,683.

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.

Investment Type	Total	Minimum Legal Rating	Rating Not Required	Rating as of June 30, 2014	
				AAAm	AA+
U.S. Government Sponsored Enterprise Securities	\$509,329	N/A	\$ -	\$ -	\$ 509,329
Local Agency Investment Fund (LAIF)	81,330	N/A	81,330	-	-
Money Market Mutual Funds	56,310	AAA	-	56,310	-
	<u>\$646,969</u>		<u>\$ 81,330</u>	<u>\$ 56,310</u>	<u>\$ 509,329</u>

Concentration of Credit Risk

The City's investment policy generally limits the amount that can 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 (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the City's investments are as follows:

Issuer	Investment Type	Fair Value
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 99,618
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$ 89,973
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$ 66,286
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	\$ 90,970

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:

Issuer	Investment Type	Fair Value
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	\$ 109,732
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	\$ 32,747
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	\$ 20,003
Dreyfus Government Prime Cash Fund	Money Market Mutual Fund	\$ 37,803

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Because the Dreyfus Fund invests solely in U.S. Treasury and/or U.S. Agency obligations, it is exempt from the 10% 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. All securities owned by the City with the exception of LAIF and money market mutual funds are deposited in trust for safekeeping with a custodial bank different from the City's primary bank. Securities are not held in broker accounts. Funds held by LAIF and money market mutual funds are held in the City's name. The City's investment policy requires all demand deposits, time deposits, and repurchase agreements are to be fully collateralized with securities authorized by the California Government Code and the City.

Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal.

Custodial credit risk for investments held by bond trustees is the risk that the City will not be able to recover the value of investment securities that are in the possession of an outside party. All securities held by bond trustees are in the name of the bond issue in trust for safekeeping with the bond trustee, which is different from the City's primary bank.

As of June 30, 2014, the City's investments in the following uninsured and uncollateralized investment types were held by the City's safekeeping agent or trustee:

Investment Type	Fair Value
U.S. Government Sponsored Enterprise Securities	\$ 346,847

The following investments in the fiscal agent cash portfolios are uninsured or uncollateralized and currently held by the bond trustee:

Investment Type	Fair Value
U.S. Government Sponsored Enterprise Securities	\$ 162,482

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. 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 Pension Plan - Investments in the Plan are administered by the City's Defined Benefit Pension Plan Trustee 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 Pension Plan are included in the basic financial statements as of December 31, 2013. The fair values of the Plan investments have been determined by the respective unit price provided by the custodian as of December 31, 2013.

Defined Contribution Pension 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 Pension Plan are included in the basic financial statements as of December 31, 2013. Investments of the Plan are stated at fair value. The fair value of investments in open-end investment trusts are determined by the funds' quoted share price at December 31, 2013.

Agency Deposits

The agency deposits are funds which were seized during the course of local law enforcement activities and are held in trust pending a final asset forfeiture hearing by the Orange County District Attorney's Office. At the conclusion of each case, the District Attorney's Office informs the City of the required disposition of the funds, at which time, the City remits the seized amount plus interest as directed.

Restricted Cash

Cash and investments in the Senior Services Permanent Fund, consisting of proceeds from permanent fund contributions totaling \$616 at June 30, 2014, were 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, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Governmental Activities:				
Capital assets, not being depreciated:				
Land, restated	\$ 626,674	\$ 9,639	\$ -	\$ 636,313
Construction in progress	<u>61,472</u>	<u>5,468</u>	<u>6,598</u>	<u>60,342</u>
Total capital assets not being depreciated	<u>688,146</u>	<u>15,107</u>	<u>6,598</u>	<u>696,655</u>
Capital assets, being depreciated:				
Buildings and systems	124,251	6,217	-	130,468
Improvements other than buildings	137,116	381	-	137,497
Machinery and equipment	44,934	2,866	5,050	42,750
Infrastructure	<u>1,423,306</u>	<u>25,808</u>	<u>-</u>	<u>1,449,114</u>
Total capital assets being depreciated	<u>1,729,607</u>	<u>35,272</u>	<u>5,050</u>	<u>1,759,829</u>
Less accumulated depreciation for:				
Buildings and systems	(49,392)	(3,296)	-	(52,688)
Improvements other than buildings	(46,020)	(7,934)	-	(53,954)
Machinery and equipment	(35,413)	(2,562)	(5,024)	(32,951)
Infrastructure	<u>(726,540)</u>	<u>(48,367)</u>	<u>-</u>	<u>(774,907)</u>
Total accumulated depreciation	<u>(857,365)</u>	<u>(62,159)</u>	<u>(5,024)</u>	<u>(914,500)</u>
Total capital assets, being depreciated, net	<u>872,242</u>	<u>(26,887)</u>	<u>26</u>	<u>845,329</u>
Governmental activities capital assets, net	<u>\$ 1,560,388</u>	<u>\$ (11,780)</u>	<u>\$ 6,624</u>	<u>\$ 1,541,984</u>

Museum Collections

The Orange County Great Park (OCGP) has acquired airplane collections for the future museum at the Orange County Great Park. The requirement to capitalize these collections is waived because the OCGP collections are held for reasons other than financial gain; the collection is protected, kept unencumbered, cared for, and preserved; and the collection is subject to the City's policy requiring the proceeds from sales of collection items be used to acquire other items for collections.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Depreciation expense was charged to City functions/programs as follows:

General Government	\$ 1,372
Public Safety	163
Public Works	4,307
Community Development	83
Community Services	1,231
Great Park	4,616
Internal Service Funds Depreciation-charged to programs based on asset usage	2,020
Allocated Depreciation	13,792
Unallocated Infrastructure Depreciation	48,367
Total Depreciation Expense - Governmental Activities	\$ 62,159

Construction Commitments

The City has active construction projects as of June 30, 2014. The projects include signals, streets and drainage, bridges, parks, trails, landscape, and facilities. At fiscal year-end, the City's encumbrances with contractors were as follows:

	Spent-to-date	Remaining Commitment
Streets and drainage	\$ 22,949	\$ 951
Parks	5,121	1,034
Facilities	345	988
Traffic signal projects	888	729
Landscape and streetscape	21	-
Bridges	748	1,153
Trails	460	25
Total	\$ 30,532	\$ 4,880

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 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, 2014, was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 29

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

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Interfund Transfers:

Transfers out:	Transfers in:				Total
	General Fund	Capital Improvement Projects	Other Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 38	\$ 1,178	\$ -	\$ 1,216
Orange County Great Park	100	-	-	-	100
North Irvine Transportation Mitigation	-	-	114	-	114
Other Governmental Funds	9	5,491	16,454	24	21,978
Internal Service Funds	-	-	121	-	121
Total	<u>\$ 109</u>	<u>\$ 5,529</u>	<u>\$ 17,867</u>	<u>\$ 24</u>	<u>\$ 23,529</u>

Transfers provided funding for the development of capital projects, as well as capital acquisitions. Transfers are used to move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them and the use of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

D. Leases

Operating Revenue Lease

The City has various operating lease rental agreements producing annual rental revenue to the Orange County Great Park and the General Fund.

Orange County Great Park

The Orange County Great Park (OCGP) fund receives revenue for several operating leases for sites within the former MCAS El Toro. The OCGP is currently under development and thus lease rentals are only projected as far out as to the fiscal year ended June 30, 2018, with some leases expiring or planned to be terminated sooner. The leases are for recreational vehicle storage, green waste recycling, office/manufacturing buildings, farming and other uses of the property.

A lease for the storage of recreational vehicles which had been in effect since July 2005 was terminated on July 15, 2014, due to pending construction of that lease site. The current lease is a month to month, while the City proceeds with Request for Proposal for management of the recreational vehicle storage operation and develop and implement, a plan to suspend the storage operation from its current location and identify and implement a relocation plan. During the fiscal year ended June 30, 2014, rental income of \$966 was collected on this lease.

A lease with Tierra Verde Industries began in May 2006 has been amended and restated over the years and is for two parcels located in the OCGP. The first parcel is approximately 60 acres and is used as a green waste recycling center. The quarterly rental for this property is \$99 for an annual rental of \$396. An additional \$0.61 per ton is charged as a Green Waste Host Fees and the amount collected June 30,

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

2014, was \$341. The second parcel under this lease are buildings used for office space, light maintenance and manufacturing. The rents received for this parcel for the fiscal year ended June 30, 2014, were \$87.

A farming lease with El Toro Farms, LLC to grow strawberries and vegetable crop. The lease began in July 2005, has been renewed over the years and currently terminates June 30, 2015. Rental revenue at June 30, 2014, was \$60.

A lease with Orange County Produce to grow strawberries and / or other crops. The lease began in July 2010 and terminates June 30, 2015. Rental revenue at June 30, 2014, was \$164.

A lease with AMCI/Omnicom for the use of other sites within OCGP. The lease is month to month with \$300 received in the fiscal year June 30, 2014, and no lease revenue projected in the fiscal year ending June 30, 2015.

The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2014, is as follows:

Fiscal Year Ending June 30	Annual Rent
2015	\$ 103
2016	205
2017	106
2018	106
	<u>\$ 520</u>

General Fund

The City has ongoing operating lease agreements for farming, retail space, right of way, facilities, and cell sites which expire at various dates through 2034. Rental revenue reported by the operating lease agreements for the fiscal year ended June 30, 2014, amounted to \$627. The future minimum rental revenue to be received from the aforementioned operating leases, as of June 30, 2014, is as follows:

Fiscal Year Ending June 30	Annual Rent
2015	\$ 589
2016	576
2017	584
2018	592
2019	600
2020-2024	1,929
2025-2029	1,289
2030-2034	247
	<u>\$ 6,406</u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Capital Leases

Total assets acquired through capital leases at June 30, 2014 were as follows:

Governmental Activities	
Machinery and equipment	\$ 861
Less: Accumulated depreciation	(669)
Total	\$ 192

The City entered into a lease agreement with Ford Motor Credit Company in May 2011 for twenty-six patrol cars at a cost of \$566. 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 4.80%. The term of the lease is three years. Payments are due quarterly under the terms of the lease. The remaining balance of the lease was paid in fiscal year 2013-14.

The City entered into a lease agreement with Ford Motor Credit Company in March 2013 for ten patrol cars at a cost of \$295. 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 4.80%. 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 follows:

Fiscal Year Ending June 30	<u>Internal Service Fund</u>		
	Principal	Interest	Total
2015	\$ 99	\$ 6	\$ 105
2016	78	2	80
	\$ 177	\$ 8	\$ 185

E. Changes in Long-term Liabilities

For the fiscal year ended June 30, 2014, changes in long-term liabilities are as follows:

	Balance	Increases	Decreases	Balance	Long- Term	Due Within One Year
	June 30, 2013			June 30, 2014		
Compensated absences	\$ 10,548	\$ 3,371	\$ 3,226	\$ 10,693	\$ 7,914	\$ 2,779
Claims payable	12,191	4,947	2,194	14,944	11,228	3,716
Capital lease obligation	470	-	293	177	78	99
Total Long-Term Liabilities	\$ 23,209	\$ 8,318	\$ 5,713	\$ 25,814	\$ 19,220	\$ 6,594

F. Special Assessment Debt with No City Commitment

The City issued special tax and assessment bonds on behalf of the property owners, pursuant to the Improvement Bond Act of 1915 and the Mello-Roos Community Facilities Act of 1982, to finance the acquisition and construction of certain infrastructure improvements within the assessment districts and community facilities districts.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

The City acts solely as an agent for those paying special tax and assessments and remits the amounts collected to the bondholders of these variable and fixed rate Improvement Bond Act of 1915 and Mello-Roos Community Facilities Act of 1982 issues. The City is acting as an agent and is in no way liable for the Special Assessment debt.

The bonds are not general obligations of the City but are limited obligations, payable solely from special tax and assessments. 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 the available funds of the City. Neither the faith and credit nor the taxing power of the City, or the State of California, or any political subdivision thereof is pledged to the payment of these bonds.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Non-committal debt amounts issued and outstanding at June 30, 2014, are as follows:

Variable Rate Issues:		Bonds Issued	Bonds Outstanding
07-22	Stonegate	\$ 40,000	\$ 7,905
05-21	Orchard Hills	79,265	31,644
04-20	Portola Springs	78,605	52,071
03-19	Northern Sphere	121,600	43,717
00-18	Shady Canyon/Turtle Ridge/Quail Hill	84,800	8,683
85-7	Irvine Spectrum	41,150	38,210
87-8	Spectrum 5	74,700	15,523
89-10	Westpark	43,640	4,099
93-14	Spectrum 6 & 7	72,400	54,537
94-13	Oak Creek	61,600	16,231
94-15	Westpark II	32,700	4,670
97-16	Northwest Irvine	60,000	25,168
97-17	Lower Peters Canyon East	95,000	32,454
	Total Variable Rate Issues	885,460	334,912
Fixed Rate Issues:		Bonds Issued	Bonds Outstanding
04-20	Portola Springs	7,450	7,320
04-20	Portola Springs	11,795	11,795
04-20	Portola Springs	14,460	14,460
05-21	Orchard Hills	74,860	74,860
07-22	Stonegate	20,415	19,115
07-22	Stonegate	3,095	2,915
07-22	Stonegate	5,840	5,840
07-22	Stonegate	28,350	28,350
10-23	Laguna Altura	25,855	22,460
10-23	Laguna Altura	12,695	12,695
11-24	Cypress Village	38,655	38,377
11-1	Reassessment District	34,855	31,275
IPFIA	Revenue Bonds, 2012 Series A	33,570	29,025
12-1	Reassessment District	126,220	117,770
13-1	Reassessment District	80,755	80,755
CFD 2005-2	Columbus Grove	16,975	16,975
	Total Fixed Rate Issues	535,845	513,987
	Total All Issues	\$1,421,305	\$ 848,899

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

G. Fund Balance Classifications

Fund balances in the governmental funds at June 30, 2014 have been classified as follows:

	General	Capital Improve- ment Projects	Orange County Great Park	Assessment Districts	North Irvine Transportation Mitigation	Other Governmental Funds	Total Governmental Funds
Non Spendable							
Endowment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 469	\$ 469
Prepaid expenditures	1,465	-	83	-	-	34	1,582
Advances to other funds	6,568	-	-	-	-	-	6,568
Subtotal	8,033	-	83	-	-	503	8,619
Restricted for:							
Capital improvement projects	-	-	-	136,497	-	64,297	200,794
Advances to other funds	-	-	134,000	-	-	-	134,000
Park development	-	-	-	-	-	11,069	11,069
Circulation improvement	-	-	-	-	61,875	74,774	136,649
Community services activities	84	-	-	-	-	939	1,023
Contingency reserve	4,317	-	-	-	-	-	4,317
Development activities	1,311	-	-	-	-	-	1,311
Lighting, landscape, and park maintenance	-	-	-	-	-	741	741
Low-income housing activities	-	-	-	-	-	10,935	10,935
Pollution remediation	-	-	-	-	-	951	951
Public safety programs	-	-	-	-	-	1,467	1,467
ADA access activities	18	-	-	-	-	-	18
Public education	-	-	-	-	-	1,545	1,545
Public transportation	-	-	-	-	-	1,739	1,739
Senior nutrition programs and activities	-	-	-	-	-	210	210
Subtotal	5,730	-	134,000	136,497	61,875	168,667	506,769
Committed to:							
Capital improvement projects	-	-	-	-	-	766	766
Circulation improvements	-	2,964	-	-	-	11,129	14,093
Contingency reserve	18,904	-	-	-	-	-	18,904
Great Park development and operations	-	-	27,285	-	-	896	28,181
Public facilities improvements	-	-	-	-	-	7,155	7,155
Subtotal	18,904	2,964	27,285	-	-	19,946	69,099
Assigned to:							
Park development	-	-	-	-	-	7,091	7,091
Compensated absences	3,128	-	-	-	-	-	3,128
Development activities	2,660	-	-	-	-	-	2,660
Education	2,018	-	-	-	-	-	2,018
Infrastructure and rehabilitation	58,775	-	-	-	-	-	58,775
Public safety services	-	-	-	-	-	57	57
Subtotal	66,581	-	-	-	-	7,148	73,729
Unassigned:							
	8,666	-	-	-	-	-	8,666
Total	\$ 107,914	\$ 2,964	\$ 161,368	\$ 136,497	\$ 61,875	\$ 196,264	\$ 666,882

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

H. Restatement

Fund balance/net position at July 1, 2013, has been restated to reflect the following changes:

Funds	Balance at July 1, 2013 as Previously Reported	Fund Restatements	Balance at July 1, 2013 as Adjusted
System Development	\$ 18,201	\$ (589)	\$ 17,612
North Irvine Transportation Mitigation	44,870	15,443	60,313

Funds	Net Position at July 1, 2013 as Previously Reported	Fund Restatements	Net Position at July 1, 2013 as Adjusted
Governmental Activities	\$ 2,258,502	\$ (589)	\$ 2,257,913

During the fiscal year ended June 30, 2014, it was determined that \$589 in systems development fees had been collected for a parking garage structure in the previous year that was exempt from the fee. Therefore, the development fee was refunded during the fiscal year. Since the amount refunded is significant, a fund balance restatement was warranted. Additionally, it was found that \$15,443 was recorded as a land infrastructure capital asset. At the time, it was thought that the land had been formally deeded to the City when the asset should have been recorded as a Due from Developer in the North Irvine Transportation Mitigation Fund.

I. Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court (Court) upheld Assembly Bill 1 X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the city of Irvine that previously had reported a redevelopment agency within the report entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the successor agency (Successor Agency) to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Council Resolution number 12-11.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Also on January 10, 2012, and pursuant to both the Bill and City Council Resolution number 12-11, the City, through the City Council, elected to retain the housing assets and functions of the former redevelopment agency. The City continues to report the housing assets and functions in the governmental special revenue fund designated City Housing Successor.

Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments \$ 444

Interfund Transfers:

	Transfers in:		
Transfers out:	Successor Agency Housing	Successor Agency Debt Service	Total
Redevelopment Obligation Retirement	\$ 1,454	\$ 75	\$ 1,529
Total	\$ 1,454		\$ 1,529

Transfers move receipts from the fund collecting the receipts to the debt service funds for payments of enforceable obligations due.

Advances from the City of Irvine

Advances payable to the City for the year ended June 30, 2014, were as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Advances from the City - Principal	\$ 140,568	\$ -	\$ -	\$ 140,568
Advances from the City - Interest	41,058	10,298	-	51,356
Total	\$ 181,626	\$ 10,298	\$ -	\$ 191,924

The advances from the City represent balances due under a series of financing agreements, including accrued interest at the interest rate allowable under Assembly Bill 1484. Two of the financing agreements dated June 14, 2005, and January 24, 2006, funded the startup operation of the Irvine Redevelopment Agency. These advances are scheduled to begin repayment in fiscal year 2015-16 and

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

are payable over ten years thereafter. As of June 30, 2014, the balance on the advances including accrued interest of \$1,189 totaled \$7,757.

On August 14, 2007, the Board of Directors of the Irvine Redevelopment Agency approved a purchase, sale, and financing agreement with the City whereby the Irvine Redevelopment Agency borrowed \$134,000 from the City in order to purchase real property from the City that is located within the Orange County Great Park Redevelopment Area. The repayment terms call for an annual calculation of the project area cash flow. As of June 30, 2014, the balance on this advance including accrued interest of \$50,167 totaled \$184,167.

Long-term Note

On May 2, 2007, the former Irvine Redevelopment Agency received a \$1,350 HELP (Housing Enabled by Local Partnership) loan from the California Housing Finance Agency. The proceeds of the loan were loaned to the City 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. In December 2013, the Department of Finance authorized the HELP loan as an enforceable obligation and approved payment in full. In January 2014, the Successor Agency Housing paid the remaining balance in full.

Insurance Coverage

Insurance coverage has been obtained by the City of Irvine for the City and all authorities under its control. Information related to the Successor Agency's insurance coverage can be obtained by contacting the City.

J. Extraordinary Item

The City incurred the following losses related to the winding down of the affairs of the former redevelopment agency during the year.

As discussed in the Advance from the City of Irvine footnote on page 77, the City loaned the former redevelopment agency \$140,568 to fund startup costs and for the purchase of property located in the Orange County Great Park redevelopment area. Upon dissolution of the redevelopment agency on February 1, 2012, these loans became the debt of the Successor Agency and were reported on the Recognized Obligation Payment Schedule as an enforceable obligation thus eligible for property tax funding. The State Department of Finance denied these obligations. Ultimately, the City and Successor Agency filed lawsuits to compel the State of Department of Finance to recognize the loans as enforceable obligations. At a later date, the Irvine Community Land Trust also filed suit to protect its interests.

After June 2014, all parties to the lawsuits entered into a settlement agreement that is pending court approval. This agreement calls for the City returning \$5,500 in interest payments received from the former redevelopment agency back to the Successor Agency for remittance to the County Auditor-Controller as well as a guaranteed future revenue stream to pay off the loans from the City. The \$5,500 has been reported in fiscal year 2013-14 as an extraordinary loss in the Great Park fund with a receivable and offsetting payable recorded in the Successor Agency Redevelopment Obligation

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

III. Detailed Notes on All Funds (Continued)

Retirement fund. Since the court has not yet approved the settlement agreement, the remaining financial terms of the settlement agreement will be recorded in fiscal year 2014-15.

K. Subsequent Events

Settlement Agreement A settlement agreement has been entered into that resolves lawsuits filed by the City, Successor Agency, and Irvine Community Land Trust against the State of California relating to debts owed by the former Redevelopment Agency to the City and Irvine Community Land Trust that the State Department of Finance deemed unenforceable obligations for purposes of providing property tax funding to satisfy the debt. The settlement agreement has been approved by the various entities and is pending approval by the Superior Court. The settlement agreement calls for the City to return \$5,500 to the former Redevelopment Agency (now the Successor Agency) which will transmit the full amount to the Orange County Auditor-Controller's Office and the State remitting to the Successor Agency, a total of \$292,000 in property tax receipts over an unspecified period, which when received by the Successor Agency will be remitted to the City and the City disbursing 5% of the settlement received to the Irvine Community Land Trust.

Amended Joint Power Authority Agreement On October 8, 2013, City Council approved an amendment to the Joint Power Authority Agreement (JPAA) with the Orange County Fire Authority (OCFA). The amendment was approved by 20 of OCFA's 24 member agencies and became effective on November 18, 2013. The amendment authorizes payments by OCFA to the City and other entities of equity adjustments to compensate in part such entities for the overpayment of property taxes by their residents in relation to the services received by such jurisdictions from the OCFA. Implementation of the amended JPAA is estimated to generate \$173.7 million in equity payments to the City assuming baseline property tax growth assumptions. On January 27, 2014, the City received the first of two annual payments for 2014.

The County of Orange filed a legal challenge to the amendment, and the trial court ruled that the amendment to the JPAA was invalid because the OCFA did not have the legal ability to make payments for such purpose. The OCFA and the City have appealed the trial court ruling. Prior to the trial court's ruling as noted above, the OCFA made one payment to the City pursuant to the amended JPAA. If OCFA and Irvine lose the appeal, the payment will need to be returned to OCFA.

Community Facilities District No. 2013-3 On August 28, 2014, the City issued Community Facilities District No. 2013-3 Great Park Improvement Area No. 1 Special Tax Bonds, Series 2014 in the principal amount of \$27,700 to provide funds to (a) pay the costs of the acquisition and construction of certain public facilities necessary for the development of the District, (b) to fund a reserve fund for the Series 2014 Bonds, (c) to pay a portion of the interest on the Series 2014 Bonds through March 1, 2017, (d) to pay certain administrative expenses relating to the Series 2014 Bonds, and (e) to pay the costs of issuing the Series 2014 Bonds.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. 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 per occurrence and a \$2,000 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 limit for the pool. Excess workers' compensation coverage above \$300 per occurrence and up to \$3,000 is provided through CIPA. Property risk is financed through insurance contracts and has 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 twelve other cities from Orange, Los Angeles and San Bernardino Counties. Premiums paid during the fiscal year ended June 30, 2014, were \$2,018. 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. Three 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 fiscal year ended June 30, 2014. All self-insurance activity is reported in the City's Self-Insurance Internal Service Fund.

At June 30, 2014, \$14,944 had been accrued for general liability and workers' compensation claims in the fund. This amount represents the estimated outstanding losses including case reserves, the development on known claims 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 2013-14. It is the City's policy to assess its risk exposure periodically.

Changes in the aggregate liability for claims since July 1, 2012, resulted in the following:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability Balance, July 1, 2012	\$ 9,536	\$ 2,377	\$ 11,913
Changes in estimates	2,537	406	2,943
Claim payments during 2012-2013	<u>(1,574)</u>	<u>(1,091)</u>	<u>(2,665)</u>
Liability Balance, June 30, 2013	<u>10,499</u>	<u>1,692</u>	<u>12,191</u>
Changes in estimates	4,225	575	4,800
Claim payments during 2013-2014	<u>(1,649)</u>	<u>(398)</u>	<u>(2,047)</u>
Liability Balance, June 30, 2014	<u><u>\$ 13,075</u></u>	<u><u>\$ 1,869</u></u>	<u><u>\$ 14,944</u></u>

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

B. 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 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.

C. Other Post Employment 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 welfare benefit plan. The Plan provides health insurance premium and medical expense reimbursement benefits to retirees. 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 each employee group. Eligible retirees receive a monthly reimbursement of health insurance premiums and eligible expenses under the plan in an amount to be determined by the Board of Trustees from time to time, based on years of service. 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. For the year ended June 30, 2014, employer contributions were \$756 and participant contributions were \$828. Copies of the MOUs may be obtained from City Hall.

Retirement Health Savings

Plan Description The City provides post retirement medical benefits to management, Irvine Professional Employees Association (IPEA), 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.

Funding Policy The City is required to contribute 2% or 3% of base salary depending on the employee association's MOU. For the year ended June 30, 2014, the City contributed \$254 to the RHS plan. The Plan is administered by Vantagecare Retiree Health Savings Plan.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

Other Post Employment Benefits (OPEB)

Plan Description The City provides retirees the ability to purchase healthcare insurance benefits through the City through a single-employer plan. This benefit coverage is determined by negotiation between the City and the employee associations and detailed along with other wage and benefit issues in MOUs between those entities. Copies of the MOUs may be obtained from City Hall. Employees who have attained age 50 and completed at least five years of service with the City, or who have attained age 60 regardless of years of service, or who medically retire and have coverage immediately prior to retirement, are eligible to retire and participate in the City's healthcare plans by paying the full cost of premiums. As of June 30, 2014, there were 150 retired employees purchasing healthcare benefits. A separate financial statement is not issued.

Funding Policy The retired plan members receiving benefits make contributions at the premium rates identical to those charged for the City's active employees. Employers are required under the GASB accounting principles to account for and report the annual cost of OPEB and accrue any outstanding obligations and commitments in essentially the same manner as they do for pensions.

The GASB principles do not require that the unfunded liabilities actually be funded, only that employers account for the unfunded accrued liability and compliance in meeting the Annual Required Contribution (ARC). The ARC is the sum of the present value of future benefits being earned by current employees plus amortization of benefits already earned by current and former employees but not yet provided for. The amortization of benefits previously earned (unfunded actuarial liabilities) is being amortized on a thirty-year level dollar, open period.

Annual OPEB Cost and Net OPEB Obligation The City's annual OPEB cost (expense) of \$662, is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed a thirty-year period. The following table shows the components of the City's annual OPEB cost for the year:

	June 30, 2014
Annual required contribution (ARC)	\$ 679
Interest adjustment	40
Amortization adjustment	(57)
Annual OPEB cost	662
Employer contribution	(453)
Net change in OPEB obligation	209
Net OPEB obligation - beginning of year	995
Net OPEB obligation - end of year	\$ 1,204

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

The percentage of annual OPEB cost contributed to the plan (implicit subsidy), and the net OPEB obligation is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	518	70.6%	760
6/30/2013	666	64.7%	995
6/30/2014	662	68.3%	1,204

Funded Status and Funding Progress As of July 1, 2012, the date of the latest actuarial valuation, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 5,407
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 5,407
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 68,415
UAAL as a percentage of covered payroll	7.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined to be the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll.

Actuarial Methods and Assumptions Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations. The ARC for the plan was determined as part of the July 1, 2012, actuarial valuation using the following methods and assumptions:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

Actuarial cost method	projected unit credit
Amortization method	level dollar, open
Remaining amortization period	30-year
Inflation rate	3.0%
Discount rate	4.0%
Health care cost trend rate	8.0%
Asset valuation method	N/A
Investment return	N/A

D. Employee Retirement Systems and Pension Plans

City of Irvine Defined Benefit Pension Plan

Plan Description Prior to February 2, 2002, the City 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. As of December 31, 2013, there were 3 active plan participants and 33 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them. The Plan is 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, 2014. The City issues a publicly available financial report that includes financial statements and required supplementary information for the City of Irvine Defined Benefit Pension 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. As of June 30, 2014, the City contributed \$426, which exceeded the actuarial determined rate of 86.3%. The contribution requirement of the City is established and may be amended by the Defined Benefit Pension Plan Trustees.

Annual Pension Cost and Net Pension Obligation The City's actual contributions of \$426 was more than the City's annual required contribution of \$347. The method of valuation used to calculate the costs of the Plan is the Entry Age Normal. This method is a common method used, and it allows for the projected benefits of each individual to be allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age. The components of the annual pension cost for the fiscal year ended June 30, 2014, are as follows:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

Annual required contribution	\$ 347
Interest on net pension obligation	(79)
Adjustment to annual required contribution	193
Annual pension cost	461
Contributions made	(426)
Increase (decrease) in net pension obligation	35
Net pension obligation (asset) - beginning of year	(1,428)
Net pension obligation (asset) - end of year	\$ (1,393)

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 City's Defined Benefit Pension Plan:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/2012	485	83.8%	(1,481)
6/30/2013	546	90.3%	(1,428)
6/30/2014	461	92.2%	(1,393)

Funded Status and Funding Progress As of January 1, 2014, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 20,289
Market value of plan assets	19,904
Unfunded actuarial accrued liability (UAAL)	\$ 385
Funded ratio (actuarial value of plan assets/AAL)	98.1%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 306
UAAL as a percentage of covered payroll	125.8%

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year history of the actuarial accrued liability, market value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

Actuarial Methods and Assumptions The ARC for the plan was determined as part of January 1, 2014 actuarial valuation using the following methods and assumptions:

Actuarial cost method	entry age normal
Amortization method	level dollar, closed
Remaining amortization period	10-year
Inflation rate	3.0%
Asset valuation method	average of expected actuarial value of asset and market value of assets
Investment return	5.5%
Projected salary increases	5.0%
Cost of living adjustments	2.0%

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 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; however, the Plan is 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 MOUs between those entities. Copies of MOUs may be obtained from City Hall.

Funding Policy Effective July 1, 2003, eligible participants were required to contribute 4% of their base compensation into the Plan and the City's contributions were 15% of participants' basic compensation. As of August 10, 2012, pursuant to agreements with the City's employee associations, the City contributed 12.4% of the participants' basic compensation, and eligible participants contributed 6.5% of their basic compensation into the plan. 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 retained 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, 2013, the Plan had 102 members, consisting of 13 active members, 68 terminated and 21 non-employee or other members. All 102 members are fully vested in the Plan. Total Plan assets were \$11,359. Effective April 1996, the Plan became participant-directed. Participants may direct investment of employer contributions and earnings in 1% increments among investment options with the third party administrator, Wells Fargo Bank. Employer contributions to the Plan during the fiscal year ended December 31, 2013 were \$163 and participant contributions were \$86. For additional details concerning the transition to CalPERS, see the note below related to miscellaneous (non-sworn) employees.

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

CalPERS Defined Benefit Pension Plan for Sworn Employees

Plan Description The City's sworn employees not in the City's Defined Benefit Pension Plan 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.

Funding Policy Participants are required to contribute 9% of their annual covered salary. During the year, the City made the contributions required of City sworn employees on their behalf and for their accounts. Effective November 1, 2013, each active employee is to contribute 4.5% of the 9% the City contributed on their behalf. Effective August 11, 2013, each active employee will contribute the full 9% of their annual covered salary. The City is also required to contribute the employer's share 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, 2014, the City's annual pension cost of \$7,025 for CalPERS was equal to the City's required and actual contributions. A summary of principal assumptions and methods used to determine the annual pension cost is as follows:

Valuation date	June 30, 2013
Actuarial cost method	entry age normal
Amortization method	level percent of payroll
Actuarial assumptions	
Discount rate	7.5% (net of administrative expenses)
Projected salary increases	3.3% to 14.2% depending on age, service, and type of employment
Inflation	2.8%
Payroll growth	3.0%
Individual salary growth	a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.8% and an annual production growth of 0.3%

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-year rolling period, with Direct Rate Smoothing with a 5-year ramp up/ramp down. 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:

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	6,409	100%	-
6/30/2013	6,478	100%	-
6/30/2014	7,025	100%	-

Funding Status and Funding Progress As of June 30, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 172,615
Market value of plan assets	131,726
Unfunded actuarial accrued liability (UAAL)	\$ 40,889
Funded ratio (actuarial value of plan assets/AAL)	76.3%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 20,092
UAAL as a percentage of covered payroll	203.5%

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll.

In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. An initial payment of \$1.5 million was made in June 2013, with additional payments of \$1.0 million and \$1.5 million made in February 2014 and June 2014, respectively. The City anticipates realizing the effect of these payments on the unfunded actuarial accrued liability and a decrease in the employer contribution rate beginning in fiscal year 2015-16. Additional prepayments may be made in future years subject to evaluation and discretion of the City Council.

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 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 up to 8% of their annual covered salary depending on the employee association's MOU. The City is also required to contribute additional amounts at an actuarially determined rate. The contribution requirements of plan members and the

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

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, 2014, the City's annual pension cost of \$10,646 for CalPERS was equal to the City's required and actual contributed pension costs. A summary of principal assumptions and methods used to determine the annual pension cost is as follows:

Valuation date	June 30, 2013
Actuarial cost method	entry age normal
Amortization method	level percent of payroll
Actuarial assumptions	
Discount rate	7.5% (net of administrative expenses)
Projected salary increases	3.3% to 14.2% depending on age, service, and type of employment
Inflation	2.8%
Payroll growth	3.0%
Individual salary growth	a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.8% and an annual production growth of 0.3%

Initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level 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-year rolling period, Direct Rate Smoothing with a 5-year ramp up/ramp down. 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 Non-Sworn Employees:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	9,915	100%	-
6/30/2013	10,080	100%	-
6/30/2014	10,646	100%	-

Funding Status and Funding Progress As of June 30, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 280,546
Market value of plan assets	194,558
Unfunded actuarial accrued liability (UAAL)	\$ 85,988
Funded ratio (actuarial value of plan assets/AAL)	69.4%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 44,579
UAAL as a percentage of covered payroll	192.9%

City of Irvine
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

IV. Other Information (Continued)

The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year history of the actuarial accrued liability, actuarial value of assets, their relationship and the relationship of the unfunded actuarial accrued liability to payroll

In June 2013, the City Council approved a plan to reduce the City's unfunded actuarial accrued liability. An initial payment of \$3.5 million was made in June 2013, with additional payments of \$2.0 million and \$3.5 million made in February 2014 and June 2014, respectively. The City anticipates realizing the effect of these payments on the unfunded actuarial accrued liability and a decrease in the employer contribution rate beginning in fiscal year 2015-16. Additional prepayments may be made in future years subject to evaluation and discretion of the City Council.

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. The City is responsible for the administration of the Plan with the City Council having the authority to amend, modify or terminate the provisions and contributions. Retirement benefits depend on amounts contributed plus investment earnings. Copies of PARS' annual financial report may be obtained from their executive office: P.O. Box 1291, Newport Beach, California 92658.

Funding Policy Effective September 1, 2013, eligible participants are required to contribute 4.3% of their base compensation into the Plan. The City shall contribute an amount equal to 3.2% 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, 2013, the Plan had 600 members. Total Plan assets were \$1,872. Employer and employee contributions to the Plan during the year ended December 31, 2013, were \$311.

E. 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 investments of the nonexpendable endowment 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 position of the fund include a nonexpendable amount of \$469, which is reported as part of Restricted Net Position. Expendable donations and accrued interest of \$146 are available for expenditure and are reflected as Restricted Net Position, Expendable.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Schedules of Employer Contributions and Funding Progress – Defined Benefit Pension Plan

The City'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 Entry Age Normal method to determine its annual pension cost.

Schedule of Employer Contributions
For the three years ended June 30, 2014

Fiscal Year Ended June 30,	Actuarial Valuation Date	Annual Required Contributions (ARC)	Percentage of ARC Contributed
2012	1/1/2012	367	110.7%
2013	1/1/2012	431	114.4%
2014	1/1/2014	347	122.5%

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

Schedule of Funding Progress
For the three years ended December 31, 2014

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (A)	Market Value of Assets (B)	Unfunded AAL (A-B)	Funded Ratio (B)/(A)	Covered Payroll (C)	UAAL, % of Covered Payroll (A-B)/C
1/1/2010	19,423	17,060	2,363	87.8%	313	755.0%
1/1/2012	19,899	18,082	1,817	90.9%	361	503.3%
1/1/2014	20,289	19,904	385	98.1%	306	125.8%

* The actuarial valuation is performed bi-annually.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

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
For the three years ended June 30, 2014

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
6/30/2011	152,794	125,203	27,591	81.9%	19,509	141.4%
6/30/2012	162,425	134,847	27,578	83.0%	19,671	140.2%
6/30/2013	172,615	131,726	40,889	76.3%	20,092	203.5%

* Most recent information available.

** Beginning with the 6/30/13 valuation Actuarial Valuation of Assets equal Market Value of Asset per CalPERS Direct Rate Smoothing Policy.

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
For the three years ended June 30, 2014

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
6/30/2011	245,667	182,154	63,513	74.1%	43,515	146.1%
6/30/2012	262,485	198,147	64,338	75.5%	44,664	144.1%
6/30/2013	280,546	194,558	85,988	69.4%	44,579	192.9%

* Most recent information available.

** Beginning with the 6/30/13 valuation Actuarial Valuation of Assets equal Market Value of Asset per CalPERS Direct Rate Smoothing Policy.

City of Irvine
Required Supplementary Information
For the Fiscal Year Ended June 30, 2014 (Continued)
(amounts expressed in thousands)

Schedule of Funding Progress – Other Post Employment Benefit Plan

Provided below is the Schedule of Funding Progress for the City of Irvine's Other Post Employment Benefit Plans:

Schedule of Funding Progress
For the three years ended June 30, 2014

Actuarial Valuation Date *	Actuarial Accrued Liability (AAL) (A)	Actuarial Value of Assets (AVA) (B)	Unfunded AAL (UAAL) (A-B)	Funded Ratio (B)/(A)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (A-B)/C
7/1/2008	\$ 3,868	\$ -	\$ 3,868	0.00%	\$ 59,728	6.48%
7/1/2010	4,031	-	4,031	0.00%	59,615	6.76%
7/1/2012	5,407	-	5,407	0.00%	68,415	7.90%

* Most recent information available





OTHER GOVERNMENTAL FUNDS

The combining statements for Other 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, Other Capital Projects Funds and Permanent Funds.

City of Irvine
Combining Balance Sheet
Other Governmental Funds
June 30, 2014
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 113,608	\$ 85,185	\$ 616	\$ 199,409
Receivables, net of allowances:				
Taxes	1,627	-	-	1,627
Accounts	607	165	-	772
Accrued interest	74	49	-	123
Prepaid	34	-	-	34
Due from other governments	2,139	174	-	2,313
Due from developers	-	100	-	100
Long-term note receivable	9,205	-	-	9,205
Total Assets	<u>\$ 127,294</u>	<u>\$ 85,673</u>	<u>\$ 616</u>	<u>\$ 213,583</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 2,315	\$ 724	\$ 1	\$ 3,040
Accrued liabilities	250	641	-	891
Due to General Fund	29	-	-	29
Due to other governments	3	1	-	4
Deposits	197	850	-	1,047
Unearned revenue	-	119	-	119
Total Liabilities	<u>2,794</u>	<u>2,335</u>	<u>1</u>	<u>5,130</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	<u>12,015</u>	<u>174</u>	<u>-</u>	<u>12,189</u>
FUND BALANCES (DEFICITS)				
Nonspendable	34	-	469	503
Restricted	93,344	75,177	146	168,667
Committed	19,050	896	-	19,946
Assigned	57	7,091	-	7,148
Unassigned	-	-	-	-
Total Fund Balances	<u>112,485</u>	<u>83,164</u>	<u>615</u>	<u>196,264</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 127,294</u>	<u>\$ 85,673</u>	<u>\$ 616</u>	<u>\$ 213,583</u>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Other Special Revenue Funds	Other Capital Projects Funds	Permanent Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 23,410	\$ -	\$ -	\$ 23,410
Investment income	975	709	6	1,690
Intergovernmental	8,701	1,126	-	9,827
Charges for services	2,852	-	1	2,853
Revenue from developers	24,542	15,863	-	40,405
Revenue from property owners	6,172	-	-	6,172
Donations	841	-	35	876
Other revenue	20	171	-	191
Total Revenues	<u>67,513</u>	<u>17,869</u>	<u>42</u>	<u>85,424</u>
EXPENDITURES				
Current:				
General Government	204	518	-	722
Public Safety	3,081	-	-	3,081
Public Works	9,914	486	-	10,400
Community Development	4,563	6	-	4,569
Community Services	3,558	2	31	3,591
Great Park	-	951	-	951
Capital outlay	<u>7,357</u>	<u>8,083</u>	<u>-</u>	<u>15,440</u>
Total Expenditures	<u>28,677</u>	<u>10,046</u>	<u>31</u>	<u>38,754</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>38,836</u>	<u>7,823</u>	<u>11</u>	<u>46,670</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,184	8,683	-	17,867
Transfers out	<u>(21,841)</u>	<u>(137)</u>	<u>-</u>	<u>(21,978)</u>
Total Other Financing Sources (Uses)	<u>(12,657)</u>	<u>8,546</u>	<u>-</u>	<u>(4,111)</u>
Net Change in Fund Balances	26,179	16,369	11	42,559
Fund Balances, Beginning, as restated	<u>86,306</u>	<u>66,795</u>	<u>604</u>	<u>153,705</u>
Fund Balances, Ending	<u>\$ 112,485</u>	<u>\$ 83,164</u>	<u>\$ 615</u>	<u>\$ 196,264</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 by formula to the cities for use, which is restricted solely to transportation purposes.

State Gasoline Tax - This fund accounts for gasoline taxes received under Sections 2103, 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.

City Housing Successor - This fund accounts for the former housing assets and function of the former RDA Housing fund. On January 10, 2012, the City elected to retain the housing assets and function, it is given the right to enforce affordability covenants and take other actions consistent with the former RDA's authority with respect to affordable housing.

Shuttle - This fund accounts for operation of the shuttle program in the Irvine Business Center and Irvine Spectrum area.

Irvine Community Land Trust - This fund accounts for the activities of the 501(C)(3) created 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. Eleven different funds are combined for this classification.

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2014

(amounts expressed in thousands)

Page 1 of 4

	County Sales Tax Measure M	State Gasoline Tax	Systems Development	Local Park Fees
ASSETS				
Cash and investments	\$ 3,917	\$ 6,082	\$ 18,385	\$ 61,631
Receivables, net of allowances:				
Taxes	665	702	-	-
Accounts	-	1	-	-
Accrued interest	3	4	14	43
Prepaid	-	-	-	-
Due from other governments	-	-	-	-
Long-term note receivable	-	-	-	-
Total Assets	<u>\$ 4,585</u>	<u>\$ 6,789</u>	<u>\$ 18,399</u>	<u>\$ 61,674</u>
LIABILITIES				
Accounts payable	\$ -	\$ 152	\$ 115	\$ -
Accrued liabilities	3	1	-	-
Due to General Fund	-	-	-	-
Due to other governments	-	-	-	-
Deposits	-	-	-	-
Total Liabilities	<u>3</u>	<u>153</u>	<u>115</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	4,582	6,636	-	61,674
Committed	-	-	18,284	-
Assigned	-	-	-	-
Total Fund Balances	<u>4,582</u>	<u>6,636</u>	<u>18,284</u>	<u>61,674</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 4,585</u>	<u>\$ 6,789</u>	<u>\$ 18,399</u>	<u>\$ 61,674</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2014

(amounts expressed in thousands)

Page 2 of 4

	Slurry Seal Fees	Maintenance District	Air Quality Improvement	Fees and Exactions
ASSETS				
Cash and investments	\$ 507	\$ 1,771	\$ 889	\$ 8,809
Receivables, net of allowances:				
Taxes	-	108	-	152
Accounts	28	4	-	-
Accrued interest	-	1	1	-
Prepaid	-	-	-	-
Due from other governments	-	-	75	-
Long-term note receivable	-	-	-	-
Total Assets	<u>\$ 535</u>	<u>\$ 1,884</u>	<u>\$ 965</u>	<u>\$ 8,961</u>
LIABILITIES				
Accounts payable	\$ 10	\$ 1,051	\$ 14	\$ -
Accrued liabilities	-	88	-	-
Due to General Fund	-	-	-	-
Due to other governments	-	-	-	-
Deposits	-	-	-	81
Total Liabilities	<u>10</u>	<u>1,139</u>	<u>14</u>	<u>81</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue	-	4	-	2,614
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	525	741	951	5,500
Committed	-	-	-	766
Assigned	-	-	-	-
Total Fund Balances	<u>525</u>	<u>741</u>	<u>951</u>	<u>6,266</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 535</u>	<u>\$ 1,884</u>	<u>\$ 965</u>	<u>\$ 8,961</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)
Page 3 of 4

	<u>Major Special Events</u>	<u>City Housing Successor</u>	<u>iShuttle</u>
ASSETS			
Cash and investments	\$ -	\$ -	\$ 918
Receivables, net of allowances:			
Taxes	-	-	-
Accounts	124	-	77
Accrued interest	-	-	-
Prepaid	-	-	-
Due from other governments	-	-	1,074
Long-term note receivable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 2,069</u>
LIABILITIES			
Accounts payable	\$ 1	\$ -	\$ 158
Accrued liabilities	5	-	152
Due to General Fund	29	-	-
Due to other governments	-	-	-
Deposits	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>35</u>	<u>-</u>	<u>310</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	<u>32</u>	<u>-</u>	<u>20</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	1,739
Committed	-	-	-
Assigned	57	-	-
	<u>57</u>	<u>-</u>	<u>1,739</u>
Total Fund Balances	<u>57</u>	<u>-</u>	<u>1,739</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 2,069</u>

- continued -

City of Irvine
Combining Balance Sheet
Other Special Revenue Funds
June 30, 2014
(amounts expressed in thousands)
Page 4 of 4

	Irvine Community Land Trust	Grants	Total Other Special Revenue Funds
ASSETS			
Cash and investments	\$ 8,544	\$ 2,155	\$ 113,608
Receivables, net of allowances:			
Taxes	-	-	1,627
Accounts	4	369	607
Accrued interest	6	2	74
Prepaid	18	16	34
Due from other governments	-	990	2,139
Long-term note receivable	4,513	4,692	9,205
	<u>4,513</u>	<u>4,692</u>	<u>9,205</u>
Total Assets	<u>\$ 13,085</u>	<u>\$ 8,224</u>	<u>\$ 127,294</u>
LIABILITIES			
Accounts payable	\$ 19	\$ 795	\$ 2,315
Accrued liabilities	1	-	250
Due to General Fund	-	-	29
Due to other governments	-	3	3
Deposits	8	108	197
	<u>8</u>	<u>108</u>	<u>197</u>
Total Liabilities	<u>28</u>	<u>906</u>	<u>2,794</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	<u>4,513</u>	<u>4,832</u>	<u>12,015</u>
FUND BALANCES (DEFICITS)			
Nonspendable	18	16	34
Restricted	8,526	2,470	93,344
Committed	-	-	19,050
Assigned	-	-	57
	<u>-</u>	<u>-</u>	<u>57</u>
Total Fund Balances	<u>8,544</u>	<u>2,486</u>	<u>112,485</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 13,085</u>	<u>\$ 8,224</u>	<u>\$ 127,294</u>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)
Page 1 of 4

	<u>County Sales Tax Measure M</u>	<u>State Gasoline Tax</u>	<u>Systems Development</u>	<u>Local Park Fees</u>
REVENUES				
Taxes	\$ 3,805	\$ 7,227	\$ 9,322	\$ -
Investment income	29	71	205	459
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Revenue from developers	-	-	-	24,542
Revenue from property owners	-	-	-	-
Donations	-	-	-	-
Other revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	3,834	7,298	9,527	25,001
EXPENDITURES				
Current:				
General Government	17	17	-	-
Public Safety	-	-	-	-
Public Works	132	721	-	-
Community Development	-	-	372	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	149	738	372	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	3,685	6,560	9,155	25,001
OTHER FINANCING SOURCES (USES)				
Transfers in	526	-	114	-
Transfers out	(4,417)	(7,451)	(8,597)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(3,891)	(7,451)	(8,483)	-
Net Change in Fund Balances	(206)	(891)	672	25,001
Fund Balances, Beginning, as restated	<hr/>	<hr/>	<hr/>	<hr/>
	4,788	7,527	17,612	36,673
Fund Balances, Ending	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 4,582	\$ 6,636	\$ 18,284	\$ 61,674

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City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Page 2 of 4

	<u>Slurry Seal Fees</u>	<u>Maintenance District</u>	<u>Air Quality Improvement</u>	<u>Fees and Exactions</u>
REVENUES				
Taxes	\$ -	\$ 2,443	\$ -	\$ 613
Investment income	3	5	9	97
Intergovernmental	-	-	289	-
Charges for services	689	29	-	532
Revenue from developers	-	-	-	-
Revenue from property owners	-	6,172	-	-
Donations	-	-	-	-
Other revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	692	8,649	298	1,242
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
General Government	8	56	7	-
Public Safety	-	-	-	-
Public Works	537	6,127	177	-
Community Development	-	-	-	-
Community Services	-	2,675	-	-
Capital outlay	7,357	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	7,902	8,858	184	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,210)	(209)	114	1,242
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,092	-	-	1,350
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	7,092	-	-	1,350
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(118)	(209)	114	2,592
Fund Balances, Beginning, as restated	643	950	837	3,674
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	<u>\$ 525</u>	<u>\$ 741</u>	<u>\$ 951</u>	<u>\$ 6,266</u>

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City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)
Page 3 of 4

	Major Special Events	City Housing Successor	iShuttle
REVENUES			
Taxes	\$ -	\$ -	\$ -
Investment income	-	-	5
Intergovernmental	-	-	2,603
Charges for services	1,134	-	120
Revenue from developers	-	-	-
Revenue from property owners	-	-	-
Donations	-	-	249
Other revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenues	1,134	-	2,977
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	1,117	-	-
Public Works	-	-	2,166
Community Development	-	-	-
Community Services	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,117	-	2,166
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17	-	811
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	102
Transfers out	-	(1,350)	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	(1,350)	102
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	17	(1,350)	913
Fund Balances, Beginning, as restated	40	1,350	826
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 57	\$ -	\$ 1,739
	<hr/>	<hr/>	<hr/>

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City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

Page 4 of 4

	Irvine Community Land Trust	Grants	Total Other Special Revenue Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 23,410
Investment income	67	25	975
Intergovernmental	1,301	4,508	8,701
Charges for services	92	256	2,852
Revenue from developers	-	-	24,542
Revenue from property owners	-	-	6,172
Donations	-	592	841
Other revenue	-	20	20
	<hr/>	<hr/>	<hr/>
Total Revenues	1,460	5,401	67,513
EXPENDITURES			
Current:			
General Government	2	97	204
Public Safety	-	1,964	3,081
Public Works	-	54	9,914
Community Development	1,643	2,548	4,563
Community Services	-	883	3,558
Capital outlay	-	-	7,357
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,645	5,546	28,677
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185)	(145)	38,836
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	9,184
Transfers out	-	(26)	(21,841)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	(26)	(12,657)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	(185)	(171)	26,179
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning, as restated	8,729	2,657	86,306
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 8,544	\$ 2,486	\$ 112,485
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,673	\$ 3,673	\$ 3,805	\$ 132
Investment income	9	9	29	20
Total Revenues	3,682	3,682	3,834	152
EXPENDITURES				
Current:				
General Government	31	32	17	15
Public Works	263	268	132	136
Total Expenditures	294	300	149	151
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,388	3,382	3,685	303
OTHER FINANCING SOURCES (USES)				
Transfers in	526	526	526	-
Transfers out	(7,181)	(8,279)	(4,417)	3,862
Total Other Financing Sources (Uses)	(6,655)	(7,753)	(3,891)	3,862
Net Change in Fund Balances	(3,267)	(4,371)	(206)	4,165
Fund Balances, Beginning	4,788	4,788	4,788	-
Fund Balances, Ending	\$ 1,521	\$ 417	\$ 4,582	\$ 4,165

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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 6,476	\$ 6,476	\$ 7,227	\$ 751
Investment income	36	36	71	35
Total Revenues	6,512	6,512	7,298	786
EXPENDITURES				
Current:				
General Government	29	30	17	13
Public Works	830	830	721	109
Total Expenditures	859	860	738	122
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,653	5,652	6,560	908
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,302)	(12,093)	(7,451)	4,642
Total Other Financing Sources (Uses)	(10,302)	(12,093)	(7,451)	4,642
Net Change in Fund Balances	(4,649)	(6,441)	(891)	5,550
Fund Balances, Beginning	7,527	7,527	7,527	-
Fund Balances, Ending	\$ 2,878	\$ 1,086	\$ 6,636	\$ 5,550

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Systems Development
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,600	\$ 3,600	\$ 9,322	\$ 5,722
Investment income	75	75	205	130
Total Revenues	3,675	3,675	9,527	5,852
EXPENDITURES				
Current:				
Public Works	200	200	-	200
Community Development	275	372	372	-
Total Expenditures	475	572	372	200
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,200	3,103	9,155	6,052
OTHER FINANCING SOURCES (USES)				
Transfers in	-	114	114	-
Transfers out	(8,613)	(8,597)	(8,597)	-
Total Other Financing Sources (Uses)	(8,613)	(8,483)	(8,483)	-
Net Change in Fund Balances	(5,413)	(5,380)	672	6,052
Fund Balances, Beginning, as restated	17,612	17,612	17,612	-
Fund Balances, Ending	\$ 12,199	\$ 12,232	\$ 18,284	\$ 6,052

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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 195	\$ 195	\$ 459	\$ 264
Revenue from developers	13,822	13,822	24,542	10,720
Total Revenues	14,017	14,017	25,001	10,984
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,017	14,017	25,001	10,984
OTHER FINANCING SOURCES (USES)				
Transfers out	(11,370)	(11,370)	-	11,370
Total Other Financing Sources (Uses)	(11,370)	(11,370)	-	11,370
Net Change in Fund Balances	2,647	2,647	25,001	22,354
Fund Balances, Beginning	36,673	36,673	36,673	-
Fund Balances, Ending	\$ 39,320	\$ 39,320	\$ 61,674	\$ 22,354

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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 14	\$ 14	\$ 3	\$ (11)
Intergovernmental	300	300	-	(300)
Charges for services	652	652	689	37
Total Revenues	966	966	692	(274)
EXPENDITURES				
Current:				
General Government	1	1	8	(7)
Public Works	499	500	537	(37)
Capital outlay	7,336	7,336	7,357	(21)
Total Expenditures	7,836	7,837	7,902	(65)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,870)	(6,871)	(7,210)	(339)
OTHER FINANCING SOURCES (USES)				
Transfers in	10,730	12,309	7,092	(5,217)
Total Other Financing Sources (Uses)	10,730	12,309	7,092	(5,217)
Net Change in Fund Balances	3,860	5,438	(118)	(5,556)
Fund Balances, Beginning	643	643	643	-
Fund Balances, Ending	\$ 4,503	\$ 6,081	\$ 525	\$ (5,556)

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Maintenance District
For the Fiscal Year Ended June 30, 2014
(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>		
REVENUES				
Taxes	\$ 2,373	\$ 2,373	\$ 2,443	\$ 70
Investment income	-	-	5	5
Charges for services	-	-	29	29
Revenue from property owners	6,174	6,174	6,172	(2)
 Total Revenues	 8,547	 8,547	 8,649	 102
EXPENDITURES				
Current:				
General Government	63	64	56	8
Public Works	6,271	6,271	6,127	144
Community Services	2,722	2,746	2,675	71
 Total Expenditures	 9,056	 9,081	 8,858	 223
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (509)	 (534)	 (209)	 325
OTHER FINANCING SOURCES (USES)				
 Total Other Financing Sources (Uses)	 -	 -	 -	 -
 Net Change in Fund Balances	 (509)	 (534)	 (209)	 325
Fund Balances, Beginning	950	950	950	-
Fund Balances, Ending	<u>\$ 441</u>	<u>\$ 416</u>	<u>\$ 741</u>	<u>\$ 325</u>

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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 4	\$ 4	\$ 9	\$ 5
Intergovernmental	240	240	289	49
Total Revenues	244	244	298	54
EXPENDITURES				
Current:				
General Government	7	7	7	-
Public Works	255	255	177	78
Total Expenditures	262	262	184	78
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18)	(18)	114	132
OTHER FINANCING SOURCES (USES)				
Transfers out	(480)	(480)	-	480
Total Other Financing Sources (Uses)	(480)	(480)	-	480
Net Change in Fund Balances	(498)	(498)	114	612
Fund Balances, Beginning	837	837	837	-
Fund Balances, Ending	\$ 339	\$ 339	\$ 951	\$ 612

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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 600	\$ 600	\$ 613	\$ 13
Investment income	83	83	97	14
Charges for services	-	-	532	532
Total Revenues	683	683	1,242	559
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	683	683	1,242	559
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,350	1,350	-
Transfers out	(145)	(162)	-	162
Total Other Financing Sources (Uses)	(145)	1,188	1,350	162
Net Change in Fund Balances	538	1,871	2,592	721
Fund Balances, Beginning	3,674	3,674	3,674	-
Fund Balances, Ending	\$ 4,212	\$ 5,545	\$ 6,266	\$ 721

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, 2014
(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>		
REVENUES				
Charges for services	\$ 1,039	\$ 1,039	\$ 1,134	\$ 95
Total Revenues	<u>1,039</u>	<u>1,039</u>	<u>1,134</u>	<u>95</u>
EXPENDITURES				
Current:				
Public Safety	<u>1,029</u>	<u>1,031</u>	<u>1,117</u>	<u>(86)</u>
Total Expenditures	<u>1,029</u>	<u>1,031</u>	<u>1,117</u>	<u>(86)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10</u>	<u>8</u>	<u>17</u>	<u>9</u>
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	10	8	17	9
Fund Balances, Beginning	<u>40</u>	<u>40</u>	<u>40</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 50</u>	<u>\$ 48</u>	<u>\$ 57</u>	<u>\$ 9</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
City Housing Successor
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total Revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,350)	(1,350)	-
Total Other Financing Sources (Uses)	-	(1,350)	(1,350)	-
EXTRAORDINARY GAIN (LOSS)				
Total Extraordinary Gain (Loss)	-	-	-	-
Net Change in Fund Balances	-	(1,350)	(1,350)	-
Fund Balances, Beginning	1,350	1,350	1,350	-
Fund Balances, Ending	<u>\$ 1,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
iShuttle
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 3	\$ 3	\$ 5	\$ 2
Intergovernmental	2,563	2,563	2,603	40
Charges for services	84	84	120	36
Donations	250	250	249	(1)
Total Revenues	2,900	2,900	2,977	77
EXPENDITURES				
Current:				
Public Works	2,296	2,305	2,166	139
Total Expenditures	2,296	2,305	2,166	139
Excess (Deficiency) of Revenues over (under) Expenditures	604	595	811	216
OTHER FINANCING SOURCES (USES)				
Transfers in	102	102	102	-
Total Other Financing Sources (Uses)	102	102	102	-
Net Change in Fund Balances	706	697	913	216
Fund Balances, Beginning	826	826	826	-
Fund Balances, Ending	<u>\$ 1,532</u>	<u>\$ 1,523</u>	<u>\$ 1,739</u>	<u>\$ 216</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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 57	\$ 57	\$ 67	\$ 10
Intergovernmental	1,100	2,355	1,301	(1,054)
Charges for services	92	92	92	-
Total Revenues	1,249	2,504	1,460	(1,044)
EXPENDITURES				
Current:				
General Government	-	-	2	(2)
Community Development	1,759	3,020	1,643	1,377
Total Expenditures	1,759	3,020	1,645	1,375
Excess (Deficiency) of Revenues Over (Under) Expenditures	(510)	(516)	(185)	331
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(510)	(516)	(185)	331
Fund Balances, Beginning	8,729	8,729	8,729	-
Fund Balances, Ending	<u>\$ 8,219</u>	<u>\$ 8,213</u>	<u>\$ 8,544</u>	<u>\$ 331</u>

City of Irvine
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Grants
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 12	\$ 12	\$ 25	\$ 13
Intergovernmental	4,307	5,290	4,508	(782)
Charges for services	241	241	256	15
Donations	389	489	592	103
Other revenue	-	-	20	20
	<hr/>			
Total Revenues	4,949	6,032	5,401	(631)
<hr/>				
EXPENDITURES				
Current:				
General Government	194	195	97	98
Public Safety	3,387	4,577	1,964	2,613
Public Works	54	54	54	-
Community Development	1,842	1,845	2,548	(703)
Community Services	1,263	1,337	883	454
	<hr/>			
Total Expenditures	6,740	8,008	5,546	2,462
	<hr/>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,791)	(1,976)	(145)	1,831
<hr/>				
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(26)	(26)
	<hr/>			
Total Other Financing Sources (Uses)	-	-	(26)	(26)
	<hr/>			
Net Change in Fund Balances	(1,791)	(1,976)	(171)	1,805
	<hr/>			
Fund Balances, Beginning	2,657	2,657	2,657	-
	<hr/>			
Fund Balances, Ending	\$ 866	\$ 681	\$ 2,486	\$ 1,805
	<hr/>			





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. Other Capital Projects Funds include the following:

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

Irvine Business Complex – This fund accounts for related capital project activities and fee revenue generated by development within the Irvine Business Complex.

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, 2014
 (amounts expressed in thousands)
 Page 1 of 2

	<u>Community Facilities Districts</u>	<u>Park Development</u>	<u>Irvine Business Complex</u>
ASSETS			
Cash and investments	\$ 1,937	\$ 18,750	\$ 63,019
Receivables, net of allowances:			
Accounts	-	-	-
Accrued interest	-	12	36
Due from other governments	-	174	-
Due from developers	100	-	-
Total Assets	<u>\$ 2,037</u>	<u>\$ 18,936</u>	<u>\$ 63,055</u>
LIABILITIES			
Accounts payable	\$ 102	\$ 316	\$ 23
Accrued liabilities	8	167	1
Due to other governments	-	-	-
Deposits	850	-	-
Unearned revenue	-	119	-
Total Liabilities	<u>960</u>	<u>602</u>	<u>24</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>174</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted	1,077	11,069	63,031
Committed	-	-	-
Assigned	-	7,091	-
Total Fund Balances	<u>1,077</u>	<u>18,160</u>	<u>63,031</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 2,037</u>	<u>\$ 18,936</u>	<u>\$ 63,055</u>

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City of Irvine
Combining Balance Sheet
Other Capital Projects Funds
June 30, 2014
 (amounts expressed in thousands)
Page 2 of 2

	<u>Orange County</u> <u>Great Park</u> <u>Infrastructure</u>	<u>Great Park</u> <u>Development</u>	<u>Total</u> <u>Other Capital</u> <u>Projects Funds</u>
ASSETS			
Cash and investments	\$ 829	\$ 650	\$ 85,185
Receivables, net of allowances:			
Accounts	-	165	165
Accrued interest	1	-	49
Due from other governments	-	-	174
Due from developers	-	-	100
Total Assets	<u>\$ 830</u>	<u>\$ 815</u>	<u>\$ 85,673</u>
LIABILITIES			
Accounts payable	\$ -	\$ 283	\$ 724
Accrued liabilities	-	465	641
Due to other governments	-	1	1
Deposits	-	-	850
Unearned revenue	-	-	119
Total Liabilities	<u>-</u>	<u>749</u>	<u>2,335</u>
DEFERRED INFLOW OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>174</u>
FUND BALANCES (DEFICITS)			
Restricted	-	-	75,177
Committed	830	66	896
Assigned	-	-	7,091
Total Fund Balances	<u>830</u>	<u>66</u>	<u>83,164</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances (Deficits)	<u>\$ 830</u>	<u>\$ 815</u>	<u>\$ 85,673</u>

City of Irvine
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Capital Projects Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)
Page 1 of 2

	Community Facilities Districts	Park Development	Irvine Business Complex
REVENUES			
Investment income	\$ 1	\$ 143	\$ 500
Intergovernmental	-	276	850
Revenue from developers	-	-	15,863
Other revenue	-	-	171
Total Revenues	1	419	17,384
EXPENDITURES			
Current:			
General Government	6	38	10
Public Works	166	111	195
Community Development	-	-	6
Community Services	-	2	-
Great Park	-	-	-
Capital outlay	533	3,011	15
Total Expenditures	705	3,162	226
Excess (Deficiency) of Revenues Over (Under) Expenditures	(704)	(2,743)	17,158
OTHER FINANCING SOURCES (USES)			
Transfers in	-	8,683	-
Transfers out	(27)	(8)	(102)
Total Other Financing Sources (Uses)	(27)	8,675	(102)
Net Change in Fund Balances	(731)	5,932	17,056
Fund Balances, Beginning	1,808	12,228	45,975
Fund Balances, Ending	<u>\$ 1,077</u>	<u>\$ 18,160</u>	<u>\$ 63,031</u>

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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, 2014
 (amounts expressed in thousands)
Page 2 of 2

	Orange County Great Park Infrastructure	Great Park Development	Total Other Capital Projects Funds
REVENUES			
Investment income	\$ 9	\$ 56	\$ 709
Intergovernmental	-	-	1,126
Revenue from developers	-	-	15,863
Other revenue	-	-	171
	<hr/>	<hr/>	<hr/>
Total Revenues	9	56	17,869
EXPENDITURES			
Current:			
General Government	-	464	518
Public Works	-	14	486
Community Development	-	-	6
Community Services	-	-	2
Great Park	-	951	951
Capital outlay	-	4,524	8,083
	<hr/>	<hr/>	<hr/>
Total Expenditures	-	5,953	10,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	<hr/>	<hr/>	<hr/>
	9	(5,897)	7,823
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	8,683
Transfers out	-	-	(137)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	8,546
Net Change in Fund Balances	9	(5,897)	16,369
Fund Balances, Beginning	821	5,963	66,795
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	\$ 830	\$ 66	\$ 83,164
	<hr/>	<hr/>	<hr/>



PERMANENT FUND

Permanent fund 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 Fund
June 30, 2014
 (amounts expressed in thousands)

	Senior Services Fund
ASSETS	
Cash and investments	\$ 616
Total Assets	\$ 616
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 1
Total Liabilities	1
Fund Balances:	
Nonspendable	469
Restricted	146
Total Fund Balances	615
Total Liabilities and Fund Balances	\$ 616

City of Irvine
Statement of Revenues, Expenditures, and Changes in Fund Balances
Permanent Fund
For the Fiscal Year Ended June 30, 2014
 (amounts expressed in thousands)

	Senior Services Fund
REVENUES	
Investment income	\$ 6
Charges for services	1
Donations	35
Total Revenues	42
EXPENDITURES	
Current:	
Community Services	31
Total Expenditures	31
Excess (Deficiency) of Revenues Over (Under) Expenditures	11
OTHER FINANCING SOURCES (USES)	
Total Other Financing Sources (Uses)	-
Net Change in Fund Balances	11
Fund Balances, Beginning	604
Fund Balances, Ending	\$ 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, 2014
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 1	\$ 1	\$ 6	\$ 5
Charges for services	-	-	1	1
Donations	13	13	35	22
Total Revenues	14	14	42	28
EXPENDITURES				
Current:				
Community Services	58	58	31	27
Total Expenditures	58	58	31	27
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44)	(44)	11	55
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(44)	(44)	11	55
Fund Balances, Beginning	604	604	604	-
Fund Balances, Ending	<u>\$ 560</u>	<u>\$ 560</u>	<u>\$ 615</u>	<u>\$ 55</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 relative 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 Position
Internal Service Funds
June 30, 2014
(amounts expressed in thousands)

	Self- Insurance	Equipment and Services	Inventory	Total Internal Service Funds
ASSETS				
Current Assets:				
Cash and investments	\$ 16,602	\$ 11,159	\$ 96	\$ 27,857
Receivables, net of allowances:				
Accounts	158	71	-	229
Accrued interest	12	8	-	20
Prepaid	8	-	-	8
Inventories	-	-	92	92
Total Current Assets	<u>16,780</u>	<u>11,238</u>	<u>188</u>	<u>28,206</u>
Noncurrent Assets:				
Capital assets:				
Equipment	20	32,566	-	32,586
Less accumulated depreciation	(20)	(26,181)	-	(26,201)
Total Noncurrent Assets	<u>-</u>	<u>6,385</u>	<u>-</u>	<u>6,385</u>
Total Assets	<u>16,780</u>	<u>17,623</u>	<u>188</u>	<u>34,591</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	42	2,175	52	2,269
Accrued liabilities	40	44	-	84
Due to other governments	-	2	-	2
Deposits	-	6	-	6
Lease payable	-	99	-	99
Compensated absences	16	36	-	52
Claims payable	3,716	-	-	3,716
Total Current Liabilities	<u>3,814</u>	<u>2,362</u>	<u>52</u>	<u>6,228</u>
Noncurrent Liabilities:				
Lease payable	-	78	-	78
Compensated absences	46	102	-	148
Claims payable	11,228	-	-	11,228
Total Noncurrent Liabilities	<u>11,274</u>	<u>180</u>	<u>-</u>	<u>11,454</u>
Total Liabilities	<u>15,088</u>	<u>2,542</u>	<u>52</u>	<u>17,682</u>
NET POSITION				
Net investment in capital assets	-	6,208	-	6,208
Unrestricted	1,692	8,873	136	10,701
Total Net Position	<u>\$ 1,692</u>	<u>\$ 15,081</u>	<u>\$ 136</u>	<u>\$ 16,909</u>

City of Irvine
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	<u>Self- Insurance</u>	<u>Equipment and Services</u>	<u>Inventory</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for services	\$ 7,106	\$ 14,002	\$ -	\$ 21,108
Other	1	101	289	391
Total Operating Revenues	<u>7,107</u>	<u>14,103</u>	<u>289</u>	<u>21,499</u>
OPERATING EXPENSES				
Personal services	740	2,052	4	2,796
Supplies & equipment	55	4,248	280	4,583
Contract services	443	5,075	-	5,518
Administration	2	1,313	-	1,315
Self-insured losses	4,801	15	-	4,816
Insurance premiums	2,086	55	-	2,141
Depreciation	-	2,020	-	2,020
Total Operating Expenses	<u>8,127</u>	<u>14,778</u>	<u>284</u>	<u>23,189</u>
Operating Loss	<u>(1,020)</u>	<u>(675)</u>	<u>5</u>	<u>(1,690)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	155	119	1	275
Interest expense	-	(17)	-	(17)
Gain on disposal of equipment	-	98	-	98
Total Nonoperating Revenues	<u>155</u>	<u>200</u>	<u>1</u>	<u>356</u>
Loss Before Capital Contributions and Transfers	<u>(865)</u>	<u>(475)</u>	<u>6</u>	<u>(1,334)</u>
Capital contributions	-	54	-	54
Transfers in	-	24	-	24
Transfers out	-	(121)	-	(121)
Change in Net Position	<u>(865)</u>	<u>(518)</u>	<u>6</u>	<u>(1,377)</u>
Total Net Position, Beginning	<u>2,557</u>	<u>15,599</u>	<u>130</u>	<u>18,286</u>
Total Net Position, Ending	<u>\$ 1,692</u>	<u>\$ 15,081</u>	<u>\$ 136</u>	<u>\$ 16,909</u>

City of Irvine
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Self- Insur- ance	Equip- ment and Services	Inven- tory	Total Internal Service Funds
Cash Flows From Operating Activities				
Received from customers and users	\$ 138	71	\$ -	\$ 209
Received from interfund services provided	6,816	14,002	289	21,107
Paid to suppliers and providers	(4,873)	(9,912)	(269)	(15,054)
Paid to employees	(731)	(2,059)	(4)	(2,794)
Net Cash Provided by Operating Activities	<u>1,350</u>	<u>2,102</u>	<u>16</u>	<u>3,468</u>
Cash Flows From Non-Capital Financing Activities				
Transfers in	-	24	-	24
Transfers out	-	(121)	-	(121)
Net Cash Used by Non-Capital Financing Activities	<u>-</u>	<u>(97)</u>	<u>-</u>	<u>(97)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from sale of equipment	-	98	-	98
Interest paid	-	(17)	-	(17)
Equipment purchases	-	(1,422)	-	(1,422)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>(1,341)</u>	<u>-</u>	<u>(1,341)</u>
Cash Flows from Investing Activities				
Interest received on investments	158	124	1	283
Net Cash Provided by Investing Activities	<u>158</u>	<u>124</u>	<u>1</u>	<u>283</u>
Net Increase in Cash and Cash Equivalents	1,508	788	17	2,313
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>15,094</u>	<u>10,371</u>	<u>79</u>	<u>25,544</u>
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 16,602</u>	<u>\$ 11,159</u>	<u>\$ 96</u>	<u>\$ 27,857</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Cash Flows from Operating Activities				
Operating income (loss)	\$ (1,020)	\$ (675)	\$ 5	\$ (1,690)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	-	2,020	-	2,020
Changes in assets and liabilities:				
(Increase) decrease in receivables, net of allowances	(153)	(30)	-	(183)
(Increase) decrease in prepaid costs	(3)	-	-	(3)
Increase (decrease) in accounts payable	(254)	1,081	11	838
Increase (decrease) in accrued liabilities	18	7	-	25
Increase (decrease) in deposits	-	6	-	6
Increase (decrease) in lease payable	-	(293)	-	(293)
Increase (decrease) in compensated absences	9	(14)	-	(5)
Increase (decrease) in claims payable	2,753	-	-	2,753
Total Adjustments	<u>2,370</u>	<u>2,777</u>	<u>11</u>	<u>5,158</u>
Net Cash Provided by Operating Activities	<u>\$ 1,350</u>	<u>\$ 2,102</u>	<u>\$ 16</u>	<u>\$ 3,468</u>
Schedule of Non-Cash and Related Financing Activities				
Contribution of Capital Assets	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 54</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, and defined contribution agreements.

Private-Purpose Trust Funds - These funds serve as custodian for the assets and liabilities of the Successor Agency Trust pending distribution to the appropriate taxing entities and the payment of enforceable obligations.

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 is used to account for cash seized by Public Safety and held until final disposition of the cases. The other agency funds primarily reflect amounts collected and remitted under the terms of the various assessment districts.

City of Irvine
Combining Statement of Fiduciary Net Position
Pension and Employee Benefit Trust Funds
June 30, 2014
(amounts expressed in thousands)

	PENSION TRUST		Total Pension and Employee Benefit Trust Funds
	(December 31, 2013)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	
ASSETS			
Investments:			
Collective trust funds	\$ 19,614	\$ -	\$ 19,614
Short-term investments	290	-	290
Participant-directed investments	-	11,260	11,260
Receivables, net of allowances:			
Loans	-	100	100
	<u>19,904</u>	<u>11,360</u>	<u>31,264</u>
Total Assets			
	19,904	11,360	31,264
LIABILITIES			
Accounts payable and other accrued liabilities	-	60	60
Accrued liabilities	48	-	48
	<u>48</u>	<u>60</u>	<u>108</u>
Total Liabilities			
	48	60	108
NET POSITION			
Held in trust for pension benefits	<u>19,856</u>	<u>11,300</u>	<u>31,156</u>
Total Net Position	<u>\$ 19,856</u>	<u>\$ 11,300</u>	<u>\$ 31,156</u>

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Pension and Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	PENSION TRUST		
	(December 31, 2013)		
	Defined Benefit Pension Plan	Defined Contribution Pension Plan	Total Pension and Employee Benefit Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 358	\$ 163	\$ 521
Plan members	-	86	86
Interest from participants' loan	-	2	2
Total Contributions	<u>358</u>	<u>251</u>	<u>609</u>
Investment income (loss):			
Interest and dividends	6	105	111
Net appreciation (depreciation) in fair value of investments	<u>1,568</u>	<u>1,193</u>	<u>2,761</u>
Total Investment Income	1,574	1,298	2,872
Less investment expenses	<u>(88)</u>	<u>(33)</u>	<u>(121)</u>
Net Investment Income	<u>1,486</u>	<u>1,265</u>	<u>2,751</u>
Total Additions	<u>1,844</u>	<u>1,516</u>	<u>3,360</u>
DEDUCTIONS			
Benefit payments	1,120	452	1,572
Administrative expenses	17	-	17
Forfeitures to the City of Irvine	<u>-</u>	<u>4</u>	<u>4</u>
Total Deductions	<u>1,137</u>	<u>456</u>	<u>1,593</u>
Change in Net Position	707	1,060	1,767
Total Net Position, Beginning	<u>19,149</u>	<u>10,240</u>	<u>29,389</u>
Total Net Position, Ending	<u>\$ 19,856</u>	<u>\$ 11,300</u>	<u>\$ 31,156</u>

City of Irvine
Combining Statement of Fiduciary Net Position
Private-Purpose Trust Funds
June 30, 2014
(amounts expressed in thousands)

	Successor Agency Housing	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
ASSETS				
Cash and investments	\$ -	\$ -	\$ 444	\$ 444
Due from the City of Irvine	-	-	5,500	5,500
Total Assets	-	-	5,944	5,944
LIABILITIES				
Accounts payable	-	-	44	44
Advances from the City of Irvine	-	191,924	-	191,924
Due to other governments	-	-	5,500	5,500
Total Liabilities	-	191,924	5,544	197,468
NET POSITION				
Held in trust for enforceable obligations	-	(191,924)	400	(191,524)
Total Net Position	\$ -	\$ (191,924)	\$ 400	\$ (191,524)

City of Irvine
Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2014
(amounts expressed in thousands)

	Successor Agency Housing	Successor Agency Debt Service	Redevelopment Obligation Retirement	Total Successor Agency Private-Purpose Trust Funds
ADDITIONS				
Taxes	\$ -	\$ -	\$ 1,315	\$ 1,315
Other revenue	179	-	-	179
Total Additions	179	-	1,315	1,494
DEDUCTIONS				
Administration	-	-	347	347
Debt service:				
Interest and fiscal charges	-	10,298	-	10,298
Total Deductions	-	10,298	347	10,645
TRANSFERS				
Transfers in	1,454	75	-	1,529
Transfers out	-	-	(1,529)	(1,529)
Total Transfers	1,454	75	(1,529)	-
Change in Net Position	1,633	(10,223)	(561)	(9,151)
Total Net Position, Beginning	(1,633)	(181,701)	961	(182,373)
Total Net Position, Ending	<u>\$ -</u>	<u>\$ (191,924)</u>	<u>\$ 400</u>	<u>\$ (191,524)</u>

City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2014
 (amounts expressed in thousands)
Page 1 of 6

	Eastwood Assessment District 13-25	Cypress Village Assessment District 11-24	Laguna Altura Assessment District 10-23	Stonegate Assessment District 07-22	Orchard Hills Assessment District 05-21
ASSETS					
Cash and investments	\$ 14	\$ 5,006	\$ 5,085	\$ 9,940	\$ 12,125
Receivables, net of allowances:					
Taxes	-	-	68	85	-
Accrued interest	-	3	3	3	-
Prepaid costs	-	-	-	-	-
Due from developers	-	-	-	-	76
	<u>14</u>	<u>5,009</u>	<u>5,156</u>	<u>10,028</u>	<u>12,201</u>
LIABILITIES					
Accounts payable	-	-	-	20	106
Accrued liabilities	-	1	2	5	-
Due to bondholders	14	5,008	5,154	10,003	12,095
Due to other governments	-	-	-	-	-
	<u>14</u>	<u>5,009</u>	<u>5,156</u>	<u>10,028</u>	<u>12,201</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2014
(amounts expressed in thousands)
Page 2 of 6

	Portola Springs Assessment District 04-20	Northern Sphere Assessment District 03-19	Shady Canyon/ Turtle Ridge Assessment District 00-18	Irvine Spectrum Reassessment District 85-7	Irvine Spectrum Assessment District 87-8
ASSETS					
Cash and investments	\$ 4,126	\$ 18	\$ 136	\$ 13	\$ 250
Receivables, net of allowances:					
Taxes	19	-	-	-	-
Accrued interest	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from developers	130	126	40	136	69
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	4,275	144	176	149	319
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES					
Accounts payable	122	143	41	135	63
Accrued liabilities	2	1	-	1	-
Due to bondholders	4,151	-	135	13	256
Due to other governments	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	4,275	144	176	149	319
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2014
 (amounts expressed in thousands)
Page 3 of 6

	Westpark Assessment District 89-10	Irvine Spectrum Assessment District 93-14	Oak Creek Assessment District 94-13	Westpark II Assessment District 94-15
ASSETS				
Cash and investments	\$ 4,157	\$ 6,770	\$ 260	\$ 1,465
Receivables, net of allowances:				
Taxes	-	-	-	-
Accrued interest	-	7	-	1
Prepaid costs	-	-	-	-
Due from developers	15	150	67	28
	<u>4,172</u>	<u>6,927</u>	<u>327</u>	<u>1,494</u>
Total Assets				
	<u>4,172</u>	<u>6,927</u>	<u>327</u>	<u>1,494</u>
LIABILITIES				
Accounts payable	13	150	66	27
Accrued liabilities	1	-	1	-
Due to bondholders	4,158	6,777	260	1,440
Due to other governments	-	-	-	27
	<u>4,172</u>	<u>6,927</u>	<u>327</u>	<u>1,494</u>
Total Liabilities				
	<u>4,172</u>	<u>6,927</u>	<u>327</u>	<u>1,494</u>
NET POSITION				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2014
(amounts expressed in thousands)
Page 4 of 6

	Northwest Assessment District 97-16	Lower Peters Canyon Assessment District 97-17	Irvine Public Facilities and Infrastructure Authority 2012 Series A	Reassessment District 11-1
ASSETS				
Cash and investments	\$ 483	\$ 477	\$ 19	\$ 5,017
Receivables, net of allowances:				
Taxes	-	-	-	49
Accrued interest	-	-	-	4
Prepaid costs	-	6	-	-
Due from developers	97	54	-	-
	<u>580</u>	<u>537</u>	<u>19</u>	<u>5,070</u>
LIABILITIES				
Accounts payable	96	83	1	-
Accrued liabilities	1	9	1	1
Due to bondholders	483	445	17	5,069
Due to other governments	-	-	-	-
	<u>580</u>	<u>537</u>	<u>19</u>	<u>5,070</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2014
(amounts expressed in thousands)
Page 5 of 6

	Reassessment District 11-2	Reassessment District 12-1	Reassessment District 13-1	CFD - Central Park 2004-1
ASSETS				
Cash and investments	\$ 5,370	\$ 19,923	\$ 11,034	\$ 852
Receivables, net of allowances:				
Taxes	78	221	174	-
Accrued interest	1	8	4	-
Prepaid costs	-	-	-	-
Due from developers	-	-	-	-
	<u>5,449</u>	<u>20,152</u>	<u>11,212</u>	<u>852</u>
Total Assets				
	<u>5,449</u>	<u>20,152</u>	<u>11,212</u>	<u>852</u>
LIABILITIES				
Accounts payable	-	3	1	-
Accrued liabilities	-	1	1	-
Due to bondholders	5,449	20,148	11,210	852
Due to other governments	-	-	-	-
	<u>5,449</u>	<u>20,152</u>	<u>11,212</u>	<u>852</u>
Total Liabilities				
	<u>5,449</u>	<u>20,152</u>	<u>11,212</u>	<u>852</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of Irvine
Combining Statement of Net Position
Agency Funds
June 30, 2014
(amounts expressed in thousands)
Page 6 of 6

	CFD - Columbus Grove 2005-2	CFD - Great Park 2013-3	Inter-Agency Custodial Fund	Total Agency Funds
ASSETS				
Cash and investments	\$ 1,605	\$ (50)	\$ 66	\$ 94,161
Receivables, net of allowances:				
Taxes	28	4	-	726
Accrued interest	-	-	-	34
Prepaid costs	-	-	-	6
Due from developers	-	91	-	1,079
	<u>1,633</u>	<u>45</u>	<u>66</u>	<u>96,006</u>
Total Assets				
	<u>1,633</u>	<u>45</u>	<u>66</u>	<u>96,006</u>
LIABILITIES				
Accounts payable	-	41	-	1,111
Accrued liabilities	1	4	-	33
Due to bondholders	1,632	-	-	94,769
Due to other governments	-	-	66	93
	<u>1,633</u>	<u>45</u>	<u>66</u>	<u>96,006</u>
Total Liabilities				
	<u>1,633</u>	<u>45</u>	<u>66</u>	<u>96,006</u>
NET POSITION				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	June 30, 2013			June 30, 2014			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
Eastwood Assessment District 13-25							
ASSETS							
Cash and investments	\$ -	\$ 20	\$ 6	\$ 14			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 6</u>	<u>\$ 14</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 6	\$ 6	\$ -			
Accrued liabilities	-	-	-	-			
Due to bondholders	-	20	6	14			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 12</u>	<u>\$ 14</u>			
Cypress Village Assessment District 11-24							
ASSETS							
Cash and investments	\$ 6,662	\$ 580	\$ 2,236	\$ 5,006			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accrued interest	1	3	1	3			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 6,663</u>	<u>\$ 583</u>	<u>\$ 2,237</u>	<u>\$ 5,009</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 248	\$ 248	\$ -			
Accrued liabilities	1	1	1	1			
Due to bondholders	6,662	-	1,654	5,008			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 6,663</u>	<u>\$ 249</u>	<u>\$ 1,903</u>	<u>\$ 5,009</u>			
Laguna Altura Assessment District 10-23							
ASSETS							
Cash and investments	\$ 3,350	\$ 9,261	\$ 7,526	\$ 5,085			
Receivables, net of allowances:							
Taxes	7	68	7	68			
Accrued interest	1	3	1	3			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 3,358</u>	<u>\$ 9,332</u>	<u>\$ 7,534</u>	<u>\$ 5,156</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 2,001	\$ 2,001	\$ -			
Accrued liabilities	1	2	1	2			
Due to bondholders	3,357	1,898	101	5,154			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 3,358</u>	<u>\$ 3,901</u>	<u>\$ 2,103</u>	<u>\$ 5,156</u>			

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	June 30, 2013			June 30, 2014			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
Stonegate Assessment District 07-22							
ASSETS							
Cash and investments	\$ 11,490	\$ 4,057	\$ 5,607	\$ 9,940			
Receivables, net of allowances:							
Taxes	164	85	164	85			
Accrued interest	1	3	1	3			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 11,655</u>	<u>\$ 4,145</u>	<u>\$ 5,772</u>	<u>\$ 10,028</u>			
LIABILITIES							
Accounts payable	-	2,005	1,985	20			
Accrued liabilities	4	5	4	5			
Due to bondholders	11,651	23	1,671	10,003			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 11,655</u>	<u>\$ 2,033</u>	<u>\$ 3,660</u>	<u>\$ 10,028</u>			
Orchard Hills Assessment District 05-21							
ASSETS							
Cash and investments	\$ 7	\$ 13,544	\$ 1,426	\$ 12,125			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	255	939	1,118	76			
Total Assets	<u>\$ 262</u>	<u>\$ 14,483</u>	<u>\$ 2,544</u>	<u>\$ 12,201</u>			
LIABILITIES							
Accounts payable	\$ 255	\$ 1,018	\$ 1,167	\$ 106			
Accrued liabilities	1	-	1	-			
Due to bondholders	6	12,089	-	12,095			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 262</u>	<u>\$ 13,107</u>	<u>\$ 1,168</u>	<u>\$ 12,201</u>			
Portola Springs Assessment District 04-20							
ASSETS							
Cash and investments	\$ 2,468	\$ 4,167	\$ 2,509	\$ 4,126			
Receivables, net of allowances:							
Taxes	97	24	102	19			
Accrued interest	1	-	1	-			
Prepaid costs	-	-	-	-			
Due from developers	92	927	889	130			
Total Assets	<u>\$ 2,658</u>	<u>\$ 5,118</u>	<u>\$ 3,501</u>	<u>\$ 4,275</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 1,438	\$ 1,316	\$ 122			
Accrued liabilities	94	3	95	2			
Due to bondholders	2,564	2,219	632	4,151			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 2,658</u>	<u>\$ 3,660</u>	<u>\$ 2,043</u>	<u>\$ 4,275</u>			

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	June 30, 2013			June 30, 2014			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
Northern Sphere Assessment District 03-19							
ASSETS							
Cash and investments	\$ 35	\$ 736	\$ 753	\$ 18			
Receivables, net of allowances:							
Taxes	48	-	48	-			
Accrued interest	1	-	1	-			
Prepaid costs	-	-	-	-			
Due from developers	194	600	668	126			
Total Assets	<u>\$ 278</u>	<u>\$ 1,336</u>	<u>\$ 1,470</u>	<u>\$ 144</u>			
LIABILITIES							
Accounts payable	\$ 175	\$ 690	\$ 722	\$ 143			
Accrued liabilities	27	1	27	1			
Due to bondholders	76	-	76	-			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 278</u>	<u>\$ 691</u>	<u>\$ 825</u>	<u>\$ 144</u>			
Shady Canyon/Turtle Ridge Assessment District 00-18							
ASSETS							
Cash and investments	\$ 126	\$ 167	\$ 157	\$ 136			
Receivables, net of allowances:							
Taxes	26	-	26	-			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	29	146	135	40			
Total Assets	<u>\$ 181</u>	<u>\$ 313</u>	<u>\$ 318</u>	<u>\$ 176</u>			
LIABILITIES							
Accounts payable	\$ 29	\$ 154	\$ 142	\$ 41			
Accrued liabilities	1	-	1	-			
Due to bondholders	151	1	17	135			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 181</u>	<u>\$ 155</u>	<u>\$ 160</u>	<u>\$ 176</u>			
Irvine Spectrum Reassessment District 85-7							
ASSETS							
Cash and investments	\$ 13	\$ 556	\$ 556	\$ 13			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	128	563	555	136			
Total Assets	<u>\$ 141</u>	<u>\$ 1,119</u>	<u>\$ 1,111</u>	<u>\$ 149</u>			
LIABILITIES							
Accounts payable	\$ 128	\$ 569	\$ 562	\$ 135			
Accrued liabilities	1	1	1	1			
Due to bondholders	12	1	-	13			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 141</u>	<u>\$ 571</u>	<u>\$ 563</u>	<u>\$ 149</u>			

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	June 30, 2013			June 30, 2014		
	Balance	Additions	Deductions	Balance	Additions	Deductions
Irvine Spectrum Assessment District 87-8						
ASSETS						
Cash and investments	\$ 251	\$ 267	\$ 268	\$ 250		
Receivables, net of allowances:						
Taxes	41	-	41	-		
Accrued interest	-	-	-	-		
Prepaid costs	-	-	-	-		
Due from developers	52	242	225	69		
Total Assets	<u>\$ 344</u>	<u>\$ 509</u>	<u>\$ 534</u>	<u>\$ 319</u>		
LIABILITIES						
Accounts payable	\$ 52	\$ 248	\$ 237	\$ 63		
Accrued liabilities	1	-	1	-		
Due to bondholders	291	2	37	256		
Due to other governments	-	-	-	-		
Total Liabilities	<u>\$ 344</u>	<u>\$ 250</u>	<u>\$ 275</u>	<u>\$ 319</u>		
Westpark Assessment District 89-10						
ASSETS						
Cash and investments	\$ 547	\$ 7,309	\$ 3,699	\$ 4,157		
Receivables, net of allowances:						
Taxes	-	-	-	-		
Accrued interest	-	-	-	-		
Prepaid costs	-	-	-	-		
Due from developers	23	78	86	15		
Total Assets	<u>\$ 570</u>	<u>\$ 7,387</u>	<u>\$ 3,785</u>	<u>\$ 4,172</u>		
LIABILITIES						
Accounts payable	\$ 23	\$ 3,691	\$ 3,701	\$ 13		
Accrued liabilities	1	1	1	1		
Due to bondholders	546	3,612	-	4,158		
Due to other governments	-	-	-	-		
Total Liabilities	<u>\$ 570</u>	<u>\$ 7,304</u>	<u>\$ 3,702</u>	<u>\$ 4,172</u>		
Irvine Spectrum Assessment District 93-14						
ASSETS						
Cash and investments	\$ 6,759	\$ 654	\$ 643	\$ 6,770		
Receivables, net of allowances:						
Taxes	21	-	21	-		
Accrued interest	1	7	1	7		
Prepaid costs	-	-	-	-		
Due from developers	137	631	618	150		
Total Assets	<u>\$ 6,918</u>	<u>\$ 1,292</u>	<u>\$ 1,283</u>	<u>\$ 6,927</u>		
LIABILITIES						
Accounts payable	\$ 138	\$ 641	\$ 629	\$ 150		
Accrued liabilities	1	-	1	-		
Due to bondholders	6,779	20	22	6,777		
Due to other governments	-	-	-	-		
Total Liabilities	<u>\$ 6,918</u>	<u>\$ 661</u>	<u>\$ 652</u>	<u>\$ 6,927</u>		

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	June 30, 2013				June 30, 2014
	Balance	Additions	Deductions		Balance
Oak Creek Assessment District 94-13					
ASSETS					
Cash and investments	\$ 261	\$ 235	\$ 236		\$ 260
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	-	-	-		-
Prepaid costs	-	-	-		-
Due from developers	54	247	234		67
Total Assets	<u>\$ 315</u>	<u>\$ 482</u>	<u>\$ 470</u>		<u>\$ 327</u>
LIABILITIES					
Accounts payable	\$ 55	\$ 245	\$ 234		\$ 66
Accrued liabilities	1	1	1		1
Due to bondholders	259	1	-		260
Due to other governments	-	-	-		-
Total Liabilities	<u>\$ 315</u>	<u>\$ 247</u>	<u>\$ 235</u>		<u>\$ 327</u>
Westpark II Assessment District 94-15					
ASSETS					
Cash and investments	\$ 1,467	\$ 119	\$ 121		\$ 1,465
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	-	1	-		1
Prepaid costs	-	-	-		-
Due from developers	17	98	87		28
Total Assets	<u>\$ 1,484</u>	<u>\$ 218</u>	<u>\$ 208</u>		<u>\$ 1,494</u>
LIABILITIES					
Accounts payable	\$ 18	\$ 99	\$ 90		\$ 27
Accrued liabilities	1	-	1		-
Due to bondholders	1,438	2	-		1,440
Due to other governments	27	-	-		27
Total Liabilities	<u>\$ 1,484</u>	<u>\$ 101</u>	<u>\$ 91</u>		<u>\$ 1,494</u>
Northwest Assessment District 97-16					
ASSETS					
Cash and investments	\$ 483	\$ 356	\$ 356		\$ 483
Receivables, net of allowances:					
Taxes	-	-	-		-
Accrued interest	-	-	-		-
Prepaid costs	-	-	-		-
Due from developers	84	368	355		97
Total Assets	<u>\$ 567</u>	<u>\$ 724</u>	<u>\$ 711</u>		<u>\$ 580</u>
LIABILITIES					
Accounts payable	\$ 84	\$ 366	\$ 354		\$ 96
Accrued liabilities	1	1	1		1
Due to bondholders	482	1	-		483
Due to other governments	-	-	-		-
Total Liabilities	<u>\$ 567</u>	<u>\$ 368</u>	<u>\$ 355</u>		<u>\$ 580</u>

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	June 30, 2013			June 30, 2014			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
Lower Peters Canyon Assessment District 97-17							
ASSETS							
Cash and investments	\$ 480	\$ 739	\$ 742	\$ 477			
Receivables, net of allowances:							
Taxes	2	-	2	-			
Accrued interest	-	-	-	-			
Prepaid costs	-	6	-	6			
Due from developers	113	436	495	54			
Total Assets	<u>\$ 595</u>	<u>\$ 1,181</u>	<u>\$ 1,239</u>	<u>\$ 537</u>			
LIABILITIES							
Accounts payable	\$ 114	\$ 611	\$ 642	\$ 83			
Accrued liabilities	-	9	-	9			
Due to bondholders	481	-	36	445			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 595</u>	<u>\$ 620</u>	<u>\$ 678</u>	<u>\$ 537</u>			
Irvine Public Facilities and Infrastructure Authority 2012 Series A							
ASSETS							
Cash and investments	\$ 11	\$ 65	\$ 57	\$ 19			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 11</u>	<u>\$ 65</u>	<u>\$ 57</u>	<u>\$ 19</u>			
LIABILITIES							
Accounts payable	\$ 1	\$ 19	\$ 19	\$ 1			
Accrued liabilities	1	1	1	1			
Due to bondholders	9	8	-	17			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 11</u>	<u>\$ 28</u>	<u>\$ 20</u>	<u>\$ 19</u>			
Reassessment District 11-1							
ASSETS							
Cash and investments	\$ 4,969	\$ 6,468	\$ 6,420	\$ 5,017			
Receivables, net of allowances:							
Taxes	58	49	58	49			
Accrued interest	2	4	2	4			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 5,029</u>	<u>\$ 6,521</u>	<u>\$ 6,480</u>	<u>\$ 5,070</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 3,209	\$ 3,209	\$ -			
Accrued liabilities	1	1	1	1			
Due to bondholders	5,028	41	-	5,069			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 5,029</u>	<u>\$ 3,251</u>	<u>\$ 3,210</u>	<u>\$ 5,070</u>			

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	June 30, 2013			June 30, 2014			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
Reassessment District 11-2							
ASSETS							
Cash and investments	\$ 5,311	\$ 7,124	\$ 7,065	\$ 5,370			
Receivables, net of allowances:							
Taxes	83	78	83	78			
Accrued interest	1	1	1	1			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 5,395</u>	<u>\$ 7,203</u>	<u>\$ 7,149</u>	<u>\$ 5,449</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 3,511	\$ 3,511	\$ -			
Accrued liabilities	-	-	-	-			
Due to bondholders	5,395	54	-	5,449			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 5,395</u>	<u>\$ 3,565</u>	<u>\$ 3,511</u>	<u>\$ 5,449</u>			
Reassessment District 12-1							
ASSETS							
Cash and investments	\$ 19,315	\$ 26,137	\$ 25,529	\$ 19,923			
Receivables, net of allowances:							
Taxes	258	221	258	221			
Accrued interest	8	8	8	8			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 19,581</u>	<u>\$ 26,366</u>	<u>\$ 25,795</u>	<u>\$ 20,152</u>			
LIABILITIES							
Accounts payable	\$ 3	\$ 12,766	\$ 12,766	\$ 3			
Accrued liabilities	1	1	1	1			
Due to bondholders	19,577	571	-	20,148			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 19,581</u>	<u>\$ 13,338</u>	<u>\$ 12,767</u>	<u>\$ 20,152</u>			
Reassessment District 13-1							
ASSETS							
Cash and investments	\$ 98,212	\$ 9,808	\$ 96,986	\$ 11,034			
Receivables, net of allowances:							
Taxes	-	174	-	174			
Accrued interest	-	4	-	4			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 98,212</u>	<u>\$ 9,986</u>	<u>\$ 96,986</u>	<u>\$ 11,212</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 2,204	\$ 2,203	\$ 1			
Accrued liabilities	-	1	-	1			
Due to bondholders	98,212	-	87,002	11,210			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 98,212</u>	<u>\$ 2,205</u>	<u>\$ 89,205</u>	<u>\$ 11,212</u>			

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	June 30, 2013			June 30, 2014			
	Balance	Additions	Deductions	Balance	Additions	Deductions	Balance
CFD-Central Park 2004-1							
ASSETS							
Cash and investments	\$ 854	\$ -	\$ 2	\$ 852			
Receivables, net of allowances:							
Taxes	-	-	-	-			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 854</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 852</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 2	\$ 2	\$ -			
Accrued liabilities	-	-	-	-			
Due to bondholders	854	-	2	852			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 854</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ 852</u>			
CFD-Columbus Grove 2005-2							
ASSETS							
Cash and investments	\$ 23,642	\$ 1,877	\$ 23,914	\$ 1,605			
Receivables, net of allowances:							
Taxes	28	28	28	28			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	-	-	-	-			
Total Assets	<u>\$ 23,670</u>	<u>\$ 1,905</u>	<u>\$ 23,942</u>	<u>\$ 1,633</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 493	\$ 493	\$ -			
Accrued liabilities	-	1	-	1			
Due to bondholders	23,670	-	22,038	1,632			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ 23,670</u>	<u>\$ 494</u>	<u>\$ 22,531</u>	<u>\$ 1,633</u>			
CFD-Great Park 2013-3							
ASSETS							
Cash and investments	\$ (227)	\$ 4,310	\$ 4,133	\$ (50)			
Receivables, net of allowances:							
Taxes	-	4	-	4			
Accrued interest	-	-	-	-			
Prepaid costs	-	-	-	-			
Due from developers	227	191	327	91			
Total Assets	<u>\$ -</u>	<u>\$ 4,505</u>	<u>\$ 4,460</u>	<u>\$ 45</u>			
LIABILITIES							
Accounts payable	\$ -	\$ 129	\$ 88	\$ 41			
Accrued liabilities	-	4	-	4			
Due to bondholders	-	451	451	-			
Due to other governments	-	-	-	-			
Total Liabilities	<u>\$ -</u>	<u>\$ 584</u>	<u>\$ 539</u>	<u>\$ 45</u>			

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	June 30, 2013			June 30, 2014
	Balance	Additions	Deductions	Balance
Inter-Agency Custodial Fund				
ASSETS				
Cash and investments	\$ 97	\$ 162	\$ 193	\$ 66
Receivables, net of allowances:				
Taxes	-	-	-	-
Accrued interest	-	-	-	-
Prepaid costs	-	-	-	-
Due from developers	-	-	-	-
Total Assets	<u>\$ 97</u>	<u>\$ 162</u>	<u>\$ 193</u>	<u>\$ 66</u>
LIABILITIES				
Accounts payable	\$ 28	\$ 68	\$ 96	\$ -
Accrued liabilities	-	-	-	-
Due to bondholders	-	-	-	-
Due to other governments	69	67	70	66
Total Liabilities	<u>\$ 97</u>	<u>\$ 135</u>	<u>\$ 166</u>	<u>\$ 66</u>
Total Agency Funds				
ASSETS				
Cash and investments	\$ 186,583	\$ 98,718	\$ 191,140	\$ 94,161
Receivables, net of allowances:				
Taxes	833	731	838	726
Accrued interest	17	34	17	34
Prepaid costs	-	6	-	6
Due from developers	1,405	5,466	5,792	1,079
Total Assets	<u>\$ 188,838</u>	<u>\$ 104,955</u>	<u>\$ 197,787</u>	<u>\$ 96,006</u>
LIABILITIES				
Accounts payable	\$ 1,103	\$ 36,431	\$ 36,423	\$ 1,111
Accrued liabilities	139	34	140	33
Due to bondholders	187,500	21,014	113,745	94,769
Due to other governments	96	67	70	93
Total Liabilities	<u>\$ 188,838</u>	<u>\$ 57,546</u>	<u>\$ 150,378</u>	<u>\$ 96,006</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 financial health.

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 Position by Component
- Changes in Net Position
- 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 Tax Payers
- 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
- Budgeted Full-Time, Part-Time, and Non-Hourly Positions 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.

City of Irvine
Net Position by Component
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental Activities				
Net investment in capital assets	\$ 1,541,807	\$ 1,575,361	\$ 1,537,181	\$ 1,523,430
Restricted	404,305	320,962	287,906	294,596
Unrestricted	<u>351,248</u>	<u>362,179</u>	<u>384,731</u>	<u>287,840</u>
Total Governmental Activities Net Position	<u>\$ 2,297,360</u>	<u>\$ 2,258,502</u>	<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>
Primary Government				
Net investment in capital assets	\$ 1,541,630	\$ 1,575,361	\$ 1,537,181	\$ 1,523,430
Restricted	404,305	320,962	287,906	294,596
Unrestricted	<u>351,425</u>	<u>362,179</u>	<u>384,731</u>	<u>287,840</u>
Total Primary Government Net Position	<u>\$ 2,297,360</u>	<u>\$ 2,258,502</u>	<u>\$ 2,209,818</u>	<u>\$ 2,105,866</u>

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 1,488,021	\$ 1,459,815	\$ 1,425,432	\$ 1,275,007	\$ 1,180,580	\$ 883,853
349,681	375,082	364,556	430,022	410,792	351,994
244,927	294,354	371,340	313,186	213,578	144,889
<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>	<u>\$ 2,161,328</u>	<u>\$ 2,018,215</u>	<u>\$ 1,804,950</u>	<u>\$ 1,380,736</u>

\$ 1,488,021	\$ 1,459,815	\$ 1,425,432	\$ 1,275,007	\$ 1,180,580	\$ 883,853
349,681	375,082	364,556	430,022	410,792	351,994
244,927	294,354	371,340	313,186	213,578	144,889
<u>\$ 2,082,629</u>	<u>\$ 2,129,251</u>	<u>\$ 2,161,328</u>	<u>\$ 2,018,215</u>	<u>\$ 1,804,950</u>	<u>\$ 1,380,736</u>

City of Irvine
Changes in Net Position
Last Ten Fiscal Years
(amounts expressed in thousands)

	2014	2013	2012	2011
EXPENSES				
Governmental Activities				
General Government	\$ 32,863	\$ 28,141	\$ 54,380	\$ 20,267
Public Safety	62,745	59,284	57,563	57,091
Public Works	63,897	70,423	59,037	58,702
Community Services	22,980	29,944	35,806	33,006
Community Development ⁽¹⁾	39,689	20,575	20,694	21,747
Redevelopment ⁽¹⁾	-	-	-	-
Great Park ⁽²⁾	16,812	59,621	16,398	14,747
Interest on long-term debt	16	20	26	68
Unallocated infrastructure depreciation	48,367	46,693	44,770	42,778
Total Governmental Activities Expenses	<u>\$ 287,369</u>	<u>\$ 314,701</u>	<u>\$ 288,674</u>	<u>\$ 248,406</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for services:				
General Government	\$ 1,984	\$ 560	\$ 1,741	\$ 462
Public Safety	4,548	4,471	3,172	3,460
Public Works	18,321	13,847	7,210	10,465
Community Services	15,375	14,326	9,070	9,069
Community Development ⁽¹⁾	30,129	14,410	15,788	17,579
Redevelopment ⁽¹⁾	-	-	-	-
Great Park ⁽²⁾	3,292	4,233	3,212	2,946
Operating grants and contributions	31,661	32,664	23,693	16,570
Capital grants and contributions	76,751	145,897	36,104	71,731
Total Governmental Activities Program Revenues	<u>182,061</u>	<u>230,408</u>	<u>99,990</u>	<u>132,282</u>
Total Net Revenues (Expenses)	<u>\$ (105,308)</u>	<u>\$ (84,293)</u>	<u>\$ (188,684)</u>	<u>\$ (116,124)</u>
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities				
Taxes:				
Property tax ⁽³⁾	\$ 49,524	\$ 46,659	\$ 47,862	\$ 48,370
Sales taxes	56,499	51,596	48,972	48,694
Franchise taxes	13,690	12,505	12,163	12,099
Transient occupancy taxes	11,664	11,256	8,489	8,294
Document transfer taxes	2,911	2,404	1,426	1,536
Business license taxes	-	-	905	911
Motor vehicle in-lieu	98	115	108	981
Sale of assets	144	129	563	64
Unrestricted capital grants & contributions	-	-	-	-
Investment revenue	15,632	7,740	7,982	4,786
Other revenue	93	1,448	250	27
Total General Revenues	<u>150,255</u>	<u>133,852</u>	<u>128,720</u>	<u>125,762</u>
Extraordinary Gain (Loss)	<u>(5,500)</u>	<u>-</u>	<u>163,916</u>	<u>-</u>
Changes in Net Position	<u>\$ 39,447</u>	<u>\$ 49,559</u>	<u>\$ 103,952</u>	<u>\$ 9,638</u>

⁽¹⁾ Redevelopment department established in fiscal year 2005-06 and combined with Community Development in fiscal year 2008-09.

⁽²⁾ Great Park department established in fiscal year 2006-07.

⁽³⁾ City amounts included the Redevelopment Agency's incremental valuation, until the Redevelopment Agency was dissolved on January 31, 2012.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 23,199	\$ 20,495	\$ 47,848	\$ 18,211	\$ 22,587	\$ 18,732
57,891	57,693	52,292	45,356	43,907	38,418
59,666	55,070	27,663	90,318	60,461	61,121
26,715	32,284	37,177	34,389	29,868	26,978
25,447	32,453	18,488	21,485	24,822	18,038
-	-	10,468	16,628	1,400	-
17,593	13,235	34,248	18,628	-	-
14,803	14,111	-	1,239	1,250	979
41,026	38,928	33,172	27,777	24,502	22,089
<u>\$ 266,340</u>	<u>\$ 264,269</u>	<u>\$ 261,356</u>	<u>\$ 274,031</u>	<u>\$ 208,797</u>	<u>\$ 186,355</u>
\$ 7,354	\$ 681	\$ 10,738	\$ -	\$ 2,861	\$ 134
4,163	4,273	3,950	3,429	3,610	3,365
12,057	10,856	24,566	18,098	27,231	37,855
9,219	10,896	7,723	7,285	6,793	6,059
6,896	4,828	13,479	12,983	16,355	13,164
-	-	319	768	-	-
3,521	3,384	3,450	2,785	-	-
9,644	15,702	11,286	16,029	9,949	10,465
31,707	52,238	155,840	245,498	434,218	110,554
84,561	102,858	231,351	306,875	501,017	181,596
<u>\$ (181,779)</u>	<u>\$ (161,411)</u>	<u>\$ (30,005)</u>	<u>\$ 32,844</u>	<u>\$ 292,220</u>	<u>\$ (4,759)</u>
\$ 50,791	\$ 54,168	\$ 52,155	\$ 54,566	\$ 33,094	\$ 27,530
42,209	49,732	58,949	58,041	53,688	49,335
11,223	11,704	11,553	11,344	10,040	9,015
7,306	7,768	9,108	9,396	8,708	7,295
1,626	996	1,328	2,525	3,831	3,622
-	-	-	-	-	-
628	715	820	1,069	1,284	1,429
62	165	14	21	78	74
-	-	-	1	1	-
20,492	7,325	36,304	43,458	21,270	9,169
179	20	2,276	-	-	-
134,516	132,593	172,507	180,421	131,994	107,469
-	-	-	-	-	-
<u>\$ (47,263)</u>	<u>\$ (28,818)</u>	<u>\$ 142,502</u>	<u>\$ 213,265</u>	<u>\$ 424,214</u>	<u>\$ 102,710</u>

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

	<u>2014 ⁽¹⁾</u>	<u>2013 ⁽¹⁾</u>	<u>2012 ⁽¹⁾</u>	<u>2011 ⁽¹⁾</u>
GENERAL FUND				
Non Spendable	\$ 8,033	\$ 7,987	\$ 7,736	\$ 7,816
Restricted	5,730	5,378	5,435	4,927
Committed	18,904	16,538	16,033	7,863
Assigned	66,581	70,987	74,850	74,674
Unassigned	<u>8,666</u>	<u>11,105</u>	<u>7,878</u>	<u>13,474</u>
Total General Fund	<u>\$ 107,914</u>	<u>\$ 111,995</u>	<u>\$ 111,932</u>	<u>\$ 108,754</u>
ALL OTHER GOVERNMENTAL FUNDS				
Non Spendable	\$ 586	\$ 136,400	\$ 136,178	\$ 175,116
Restricted	501,039	296,160	269,852	281,699
Committed	50,195	63,194	82,706	148,216
Assigned	7,148	5,062	12,621	10,712
Unassigned	<u>-</u>	<u>(2,453)</u>	<u>(1,536)</u>	<u>(224,542)</u>
Total All Other Governmental Funds	<u>\$ 558,968</u>	<u>\$ 498,363</u>	<u>\$ 499,821</u>	<u>\$ 391,201</u>
ALL GOVERNMENTAL FUNDS	<u>\$ 666,882</u>	<u>\$ 610,358</u>	<u>\$ 611,753</u>	<u>\$ 499,955</u>

GENERAL FUND

Reserved
Unreserved
Total General Fund

ALL OTHER GOVERNMENTAL FUNDS

Reserved
Unreserved, reported in:
Special Revenue Funds
Capital Project Funds
Permanent Funds
Total All Other Governmental Funds

ALL GOVERNMENTAL FUNDS

⁽¹⁾The City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54) beginning fiscal year ended June 30, 2010.

⁽²⁾Information prior to the implementation of GASB 54 is unavailable.

<u>2010⁽²⁾</u>	<u>2009⁽²⁾</u>	<u>2008⁽²⁾</u>	<u>2007⁽²⁾</u>	<u>2006⁽²⁾</u>	<u>2005⁽²⁾</u>
\$ 7,054					
5,234					
15,938					
75,411					
312					
<u>\$ 103,949</u>					

\$ 136,584
273,138
185,655
15,022
(180,521)
<u>\$ 429,878</u>

\$ 533,827

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 9,427	\$ 9,443	\$ 9,261	\$ 9,142	\$ 2,745
100,769	114,344	117,811	120,750	111,696
<u>\$ 110,196</u>	<u>\$ 123,787</u>	<u>\$ 127,072</u>	<u>\$ 129,892</u>	<u>\$ 114,441</u>
\$ 320,395	\$ 335,939	\$ 293,983	\$ 289,757	\$ 249,718
127,296	187,750	262,416	185,171	115,520
52,429	30,655	26,928	(9)	(67)
170	146	114	72	56
<u>\$ 500,290</u>	<u>\$ 554,490</u>	<u>\$ 583,441</u>	<u>\$ 474,991</u>	<u>\$ 365,227</u>
<u>\$ 610,486</u>	<u>\$ 678,277</u>	<u>\$ 710,513</u>	<u>\$ 604,883</u>	<u>\$ 479,668</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
REVENUES				
Taxes				
Property taxes	\$ 49,524	\$ 46,659	\$ 47,861	\$ 50,608
Sales and use taxes	59,385	54,663	52,566	48,487
All other taxes	41,891	37,445	30,732	33,371
Licenses & permits	7,401	6,865	6,091	6,122
Fines & forfeitures	1,830	1,780	2,065	1,916
Investment income	4,496	(283)	4,146	10,488
Intergovernmental	16,312	18,694	14,072	35,419
Charges for services	31,834	27,702	24,057	33,496
Assessment districts contributions	25,257	31,520	2,489	38,318
Revenue from developers	59,124	53,469	16,539	7,641
Revenue from property owners	6,172	6,015	5,673	5,372
Donations	915	655	572	574
Other revenue	3,394	4,234	3,400	4,392
Total Revenues	<u>307,535</u>	<u>289,418</u>	<u>210,263</u>	<u>276,204</u>
EXPENDITURES				
Current:				
General Government	31,305	26,446	52,183	28,346
Public Safety	63,130	60,211	56,264	55,586
Public Works	40,451	41,330	34,663	27,188
Community Development	25,839	23,321	22,873	27,234
Community Services	38,861	34,839	33,965	32,054
Redevelopment ⁽²⁾	-	-	-	-
Great Park	12,364	15,235	16,079	14,779
Street lighting	-	-	6,403	6,892
Capital Outlay	48,558	86,345	60,461	95,986
Debt Services:				
Principal retirement	-	-	-	8,260
Interest & fiscal charges	-	-	4,866	16,336
Administration	-	-	-	11
Total Expenditures	<u>260,508</u>	<u>287,727</u>	<u>287,757</u>	<u>312,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>47,027</u>	<u>1,691</u>	<u>(77,494)</u>	<u>(36,468)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term note	-	-	-	-
Proceeds from sale of capital assets	46	40	1,125	322
Transfers in	23,505	31,166	16,304	215,415
Transfers out	(23,408)	(33,417)	(16,309)	(213,141)
Total Other Financing Sources (Uses)	<u>143</u>	<u>(2,211)</u>	<u>1,120</u>	<u>2,596</u>
EXTRAORDINARY GAIN (LOSS)				
Forgiveness of debts	-	-	25,823	-
Dissolution of redevelopment agency	-	-	162,349	-
Settlement agreement	(5,500)	-	-	-
Total Extraordinary Gain (Loss)	<u>(5,500)</u>	<u>-</u>	<u>188,172</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 41,670</u>	<u>\$ (520)</u>	<u>\$ 111,798</u>	<u>\$ (33,872)</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES				
	0.0%	0.0%	2.1%	11.4%

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

⁽²⁾ Redevelopment department established in fiscal year 2005-06 and combined into Community Development in fiscal year 2008-09.

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	51,106	\$ 54,168	\$ 52,155	\$ 54,566	\$ 33,094	\$ 27,530
	42,209	49,732	58,949	58,041	53,688	49,335
	25,393	25,402	31,353	33,261	42,340	32,566
	4,395	4,592	7,528	7,166	8,996	6,943
	1,948	1,936	2,192	1,985	2,151	2,059
	10,845	23,089	35,973	39,141	20,201	8,774
	35,367	43,610	35,885	20,647	13,315	10,801
	34,405	34,202	43,572	35,241	34,178	28,450
	-	498	-	108,131	101,067	47,421
	336	1,103	83,975	89,669	76,410	36,051
	4,904	5,203	4,863	7,782	6,372	5,859
	791	537	1,003	-	-	-
	4,065	2,936	2,563	4,253	6,326	2,582
	<u>215,764</u>	<u>247,008</u>	<u>360,011</u>	<u>459,883</u>	<u>398,138</u>	<u>258,371</u>
	29,457	30,572	31,331	28,662	34,308	28,780
	56,165	56,404	52,481	47,830	44,100	39,130
	35,709	33,833	35,803	39,613	29,946	32,409
	25,888	33,985	18,576	17,818	24,947	18,078
	33,667	34,240	35,264	34,524	29,613	26,621
	-	-	9,737	15,537	1,270	-
	17,743	13,073	12,128	18,636	-	-
	5,658	6,226	5,069	4,589	4,137	4,190
	76,164	84,770	169,594	137,511	93,798	73,914
	7,525	6,990	8,170	6,225	5,770	5,330
	14,690	14,038	11,853	1,240	1,202	911
	43	75	106	108	179	156
	<u>302,709</u>	<u>314,206</u>	<u>390,112</u>	<u>352,293</u>	<u>269,270</u>	<u>229,519</u>
	<u>(86,945)</u>	<u>(67,198)</u>	<u>(30,101)</u>	<u>107,590</u>	<u>128,868</u>	<u>28,852</u>
	62	48	47	1,350	-	-
	-	-	14	-	-	-
	124,556	65,542	476,218	97,956	83,297	22,244
	<u>(113,586)</u>	<u>(64,308)</u>	<u>(477,803)</u>	<u>(101,266)</u>	<u>(86,950)</u>	<u>(22,919)</u>
	<u>11,032</u>	<u>1,282</u>	<u>(1,524)</u>	<u>(1,960)</u>	<u>(3,653)</u>	<u>(675)</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	<u>(75,913)</u>	<u>(65,916)</u>	<u>(31,625)</u>	<u>105,630</u>	<u>125,215</u>	<u>28,177</u>
	9.8%	9.2%	9.1%	3.5%	4.1%	4.1%

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Apparel stores	\$ *	\$ 159,717	\$ 147,173	\$ 137,511
General merchandise	*	263,586	220,639	226,867
Food stores	*	113,455	107,635	104,389
Eating & drinking places	*	427,823	397,217	355,376
Home furnishings & appliances	*	295,561	253,368	230,224
Building material & farm tools	*	72,600	66,566	62,052
Auto dealers & supplies	*	469,552	430,327	404,128
Service stations	*	207,795	202,401	179,117
Other retail stores	*	323,782	312,495	217,823
All other outlets	*	1,225,397	1,209,205	1,209,268
Total	\$ -	\$ 3,559,268	\$ 3,347,026	\$ 3,126,755
City Direct Sales Tax Rate	0.75%	0.75%	0.75%	0.75%

⁽¹⁾ The State reduced the actual sales tax allocation by 0.25%, and used this 0.25% as security for the State's "Economic Recovery Bonds." The State has replaced the 0.25% reduction of sales tax with a dollar-for-dollar allocation of local property tax from the County ERAF funds.

* Statistics for fiscal year 2013-14 is unavailable at the present time.

	2010	2009	2008	2007	2006	2005
\$	172,603	\$ 165,975	\$ 151,277	\$ 160,900	\$ 134,828	\$ 107,968
	278,703	313,425	382,044	426,465	381,271	334,891
	125,234	118,234	135,395	125,231	121,971	112,236
	445,344	437,188	455,804	455,127	429,805	395,191
	283,000	238,432	172,600	214,469	212,144	213,146
	73,915	70,540	94,565	103,877	85,475	91,439
	474,807	467,329	660,418	726,047	722,744	782,031
	197,404	182,025	212,969	183,978	160,051	134,092
	285,369	372,985	748,933	925,451	838,667	754,319
	<u>1,472,038</u>	<u>1,574,474</u>	<u>1,635,329</u>	<u>1,610,630</u>	<u>1,647,566</u>	<u>1,558,964</u>
\$	<u>3,808,417</u>	<u>3,940,607</u>	<u>4,649,334</u>	<u>4,932,175</u>	<u>4,734,522</u>	<u>4,484,277</u>
	0.75%	0.75%	0.75%	0.75% ⁽¹⁾	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		Other	Total
	City	Redevelopment Agency ^{(1) (2)}				Tax	Tax		
2014	\$ 49,442	\$ 82	\$ 59,385	\$ 9,331	\$ 13,100	\$ 2,911	\$ 16,549	\$ 150,800	
2013	46,564	95	54,663	9,005	11,950	2,404	14,086	138,767	
2012	44,549	3,312	52,566	8,489	11,591	1,426	9,226	131,159	
2011	44,122	6,486	48,487	8,294	11,548	1,536	11,993	132,466	
2010	45,065	6,041	42,209	7,268	11,223	1,626	5,276	118,708	
2009	45,395	8,773	49,732	7,768	11,704	996	4,934	129,302	
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	

⁽¹⁾ Redevelopment Agency tax increment began in fiscal year 2006-07.

⁽²⁾ Redevelopment Agency was dissolved on January 31, 2012.

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

Fiscal Year	City				Redevelopment Agency ^{(2) (3)}				Direct Tax Rate
	Secured	Public Utility	Unsecured	Taxable Assessed Value ⁽¹⁾	Secured	Public Utility	Unsecured	Incremental Valuation	
2014	\$ 47,391,485	\$ 1,639	\$ 3,609,124	\$ 51,002,248	\$ 964,285	\$ 335	\$ 807	\$ 965,427	0.02992%
2013	45,031,475	1,718	3,612,900	48,646,093	601,600	335	3,758	605,693	0.02992%
2012	43,704,446	1,811	3,429,975	47,136,232	634,278	335	6,549	641,162	0.02992%
2011	43,012,659	1,811	3,524,106	46,538,576	615,136	335	6,958	622,429	0.02992%
2010	43,654,448	2,009	3,555,544	47,212,001	597,735	335	4,229	602,299	0.02992%
2009	43,636,021	2,060	3,619,528	47,257,609	864,151	335	7,657	872,143	0.02992%
2008	41,322,909	2,479	3,057,595	44,382,983	847,207	335	2,559	850,101	0.02992%
2007	36,335,844	5,682	2,938,730	39,280,256	830,738	616	2,904	834,258	0.02992%
2006	31,225,237	5,893	2,532,912	33,764,042	-	-	-	-	0.02992%
2005	27,069,659	7,034	2,558,015	29,634,708	-	-	-	-	0.02992%

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.

⁽¹⁾ City amounts include the Redevelopment Agency's incremental valuation.

⁽²⁾ Redevelopment Agency tax values began in fiscal year 2006-07.

⁽³⁾ Redevelopment Agency was dissolved on January 31, 2012.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
City Direct Rates	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992	0.02992
Overlapping Rates:										
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	0.27536	0.27536	0.27536	0.27536	0.27536	0.27536	0.27536	0.27536	0.27536	0.27536
Orange County Water District	0.00541	0.00541	0.00541	0.00541	0.00541	0.00541	0.00541	0.00541	0.00541	0.00541
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
Tustin Unified General Fund	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>	<u>0.45154</u>
Total Proposition 13 Rates (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	0.00350	0.00350	0.00370	0.00370	0.00430	0.00430	0.00450	0.00470	0.00520	0.00580
Tustin Unified	0.08912	0.06729	0.05586	-	-	-	-	-	-	-
Total Direct and Overlapping Rates	<u>1.09262</u>	<u>1.07079</u>	<u>1.05956</u>	<u>1.00370</u>	<u>1.00430</u>	<u>1.00430</u>	<u>1.00450</u>	<u>1.00702</u>	<u>1.03625</u>	<u>1.03646</u>

This schedule shows information for tax rate area 26-000.

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.

**City of Irvine
Principal Property Taxpayers**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Irvine Company	\$5,115,426,671	1	10.03%	\$2,869,237,924	1	9.68%
Irvine Apartment Communities	732,650,150	2	1.44%	1,326,394,358	2	4.48%
Heritage Fields El Toro	582,825,230	3	1.14%	-		-
Allergan	458,780,422	4	0.90%	-		-
B Braun Medical Inc	362,233,709	5	0.71%	191,161,567	5	0.65%
Park Spectrum	330,192,625	6	0.65%	-		-
Jamboree Center LLC	300,515,215	7	0.59%	-		-
John Hancock Life	280,438,817	8	0.55%	-		-
LBA IV-PPI LLC	272,157,527	9	0.53%	-		-
Broadcom Corporation	209,362,206	10	0.41%	-		-
Maguire Properties-Park	-		-	570,921,203	3	1.93%
Koll Center Irvine	-		-	205,581,243	4	0.69%
Lakeshore Properties LLC	-		-	163,874,474	6	0.55%
Watermarke Homes LLC	-		-	138,939,955	7	0.47%
2040 Main LLC	-		-	99,639,528	8	0.34%
OTR	-		-	98,401,857	9	0.33%
Meristar OC LP	-		-	97,560,394	10	0.33%
Totals	\$8,644,582,572		16.95%	\$5,761,712,503		19.44%

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

Redevelopment Agency began in fiscal year 2006-07 and was dissolved on January 31, 2012.

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

Fiscal Year	Total Tax Levy for Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount ⁽²⁾	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 76,486,915	\$ 76,278,909	99.73%	\$ 729,226	\$ 77,008,135	99.73%
2013	70,528,865	69,549,205	98.61%	739,919	70,289,124	98.61%
2012	79,604,976	77,405,056	97.24%	1,066,687	78,471,743	105.29%
2011	77,520,820	75,332,973	97.18%	1,137,627	76,470,600	98.65%
2010	77,549,644	63,080,086	81.34%	1,670,155	64,750,241	83.50%
2009	79,872,700	76,262,107	95.48%	769,454	77,031,561	96.44%
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	97.39%	768,707	56,706,318	98.73%
2005	49,012,241	50,247,731	102.52%	629,321	50,877,052	103.80%

⁽¹⁾ 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 2006-07.

⁽²⁾ 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)

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	Capital Leases	Total Governmental Activities	Percentage of Personal Income ⁽¹⁾	% of Actual Assessed Value of Property ⁽²⁾	Per Capita ⁽¹⁾
2014	\$ -	\$ -	\$ -	\$ 177	177	0.00%	0.000%	1
2013	-	-	-	470	470	0.01%	0.001%	2
2012	-	-	-	386	386	0.00%	0.001%	2
2011	-	-	-	689	689	0.01%	0.001%	3
2010	-	8,260	-	381	8,641	0.11%	0.018%	40
2009	-	15,785	-	673	16,458	0.19%	0.035%	77
2008	-	22,775	-	631	23,406	0.27%	0.053%	113
2007	-	29,135	1,810	425	31,370	0.41%	0.080%	157
2006	-	34,965	2,205	648	37,818	0.51%	0.112%	197
2005	-	40,365	2,575	801	43,741	0.60%	0.148%	239

⁽¹⁾ See Demographic and Economic Statistics schedule for personal income and population. Personal income data not available prior to fiscal year 2004-05.

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

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

Fiscal Year	Population ⁽¹⁾	Total General Obligation Bonds	Less Debt Service Fund	Net Bonded Debt	Percent of Debt to Assessed Value	Debt per Capita
2014	243	-	-	-	0.00%	-
2013	231	-	-	-	0.00%	-
2012	224	-	-	-	0.00%	-
2011	219	-	-	-	0.00%	-
2010	218	-	-	-	0.00%	-
2009	213	-	-	-	0.00%	-
2008	208	-	-	-	0.00%	-
2007	199	-	-	-	0.00%	-
2006	192	-	-	-	0.00%	-
2005	183	-	-	-	0.00%	-

⁽¹⁾ California Department of Finance at January 1, est.

City of Irvine
Schedule of Direct and Overlapping Bonded Debt
June 30, 2014

2013-14 Assessed valuation: \$ 51,002,248,297

	<u>Total</u>	<u>%Applicable ⁽¹⁾</u>	<u>City's Share of</u>
	<u>Debt 6/30/14</u>		<u>Debt 6/30/14</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 132,275,000	2.335 %	\$ 3,088,621
Rancho Santiago Community College District	285,430,201	11.018	31,448,700
Irvine Unified School District Community Facilities Districts	411,492,332	99.735-100.	410,893,702
Laguna Unified School District	28,470,000	0.00002	6
Saddleback Valley Unified School District	126,840,000	3.829	4,856,704
Santa Ana Unified School District	289,561,562	26.052	75,436,578
Santa Ana Unified School District Community Facilities District No. 2004-1	11,220,000	100	11,220,000
Tustin Unified School District School Facilities Improvement District No. 2002-1	53,319,645	8.977	4,786,505
Tustin Unified School District School Facilities Improvement District No. 2008-1	72,135,000	9.209	6,642,912
Tustin Unified School District School Facilities Improvement District No. 2012-1	35,000,000	23.844	8,345,400
Tustin Unified School District Community Facilities District No. 97-1	95,277,675	100	95,277,675
Tustin Unified School District Community Facilities District No. 2007-1	90,500,000	100	90,500,000
Irvine Ranch Water District Improvement Districts	457,875,550	18.205-100.	346,918,584
City of Irvine Community Facilities District No. 2005-2	16,975,000	100	16,975,000
City of Irvine 1915 Act Bonds	831,924,000	100	<u>831,924,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			1,938,314,387
<u>OVERLAPPING GENERAL FUND DEBT:</u>			
Orange County General Fund Obligations	\$ 145,476,000	11.528 %	\$ 16,770,473
Orange County Pension Obligation Bonds	32,195,288	11.528	3,711,473
Orange County Board of Education Certificates of Participation	15,500,000	11.528	1,786,840
Municipal Water District of Orange County Water Facilities Corporation	7,775,000	13.811	1,073,805
Orange Unified School District Certificates of Participation and Benefit Obligation	119,856,560	0.0001	120
Santa Ana Unified School District Certificates of Participation	76,291,353	26.052	<u>19,875,423</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 43,218,134
Less: MWDOC Water Facilities Corporation (paid from water charges)			<u>1,073,805</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 42,144,329
TOTAL DIRECT DEBT			\$ 177,433
GROSS OVERLAPPING DEBT			\$ 1,981,532,521
NET OVERLAPPING DEBT			\$ 1,980,458,716
GROSS COMBINED TOTAL DEBT			\$ 1,981,709,954 ⁽²⁾
NET COMBINED TOTAL DEBT			\$ 1,980,458,716

⁽¹⁾Percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

⁽²⁾Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	3.80%
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Ratios to Adjusted Assessed Valuation:

Total Direct Debt	0.00%
Gross Combined Total Debt.....	3.89%
Net Combined Total Debt.....	3.88%

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed valuation	\$ 51,002,248,297	\$ 48,646,093,255	\$ 47,136,231,043	\$ 46,538,576,173
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$12,750,562,074	\$12,161,523,314	\$11,784,057,761	\$11,634,644,043
Debit limit percentage	15%	15%	15%	15%
Debt limit	1,912,584,311	1,824,228,497	1,767,608,664	1,745,196,606
Total Net Debt Applicable to Limit: General obligation bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 1,912,584,311</u>	<u>\$ 1,824,228,497</u>	<u>\$ 1,767,608,664</u>	<u>\$ 1,745,196,606</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 the 1981-82 fiscal year, 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.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 47,212,001,153	\$ 47,257,608,206	\$ 44,382,983,056	\$ 39,280,255,615	\$ 33,764,042,231	\$ 29,634,708,495
25%	25%	25%	25%	25%	25%
\$11,803,000,288	\$11,814,402,052	\$11,095,745,764	\$ 9,820,063,904	\$ 8,441,010,558	\$ 7,408,677,124
15%	15%	15%	15%	15%	15%
1,770,450,043	1,772,160,308	1,664,361,865	1,473,009,586	1,266,151,584	1,111,301,569
-	-	-	-	-	-
<u>\$ 1,770,450,043</u>	<u>\$ 1,772,160,308</u>	<u>\$ 1,664,361,865</u>	<u>\$ 1,473,009,586</u>	<u>\$ 1,266,151,584</u>	<u>\$ 1,111,301,569</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

City of Irvine
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽³⁾	Income per Median Household ⁽³⁾	Median Age ⁽³⁾	School Enrollment ⁽⁵⁾	Unemployment Rate ⁽⁶⁾
2014	242,651	\$ 9,595,168 ⁽³⁾	\$ 43,271	\$ 92,663	33.6	30,170	3.9%
2013	231,117	\$ 8,174,011 ⁽³⁾	\$ 43,102	\$ 92,599	34.0	29,000	4.6%
2012	223,729	8,886,628 ⁽³⁾	41,898	90,939	33.1	27,411	6.0%
2011	219,156	8,481,794 ⁽³⁾	41,759	93,258	33.2	27,202	6.9%
2010	217,686	8,090,372 ⁽³⁾	57,165	94,903	33.3	26,812	7.4%
2009	212,541	8,723,320 ⁽²⁾	41,043	91,101	33.3	26,323	7.0%
2008	207,646	8,601,736 ⁽²⁾	41,425	98,923	32.9	26,097	4.0%
2007	199,400	7,667,079 ⁽²⁾	37,941	85,624	33.4	25,781	2.6%
2006	192,167	7,352,397 ⁽²⁾	37,941	84,270	32.1	25,459	3.8%
2005	183,218	7,267,978 ⁽⁴⁾	42,211 ⁽⁴⁾	82,827	36.0	25,163	3.9%

⁽¹⁾ California Department of Finance at January 1.

⁽²⁾ Used prior fiscal year per capita income and estimated population number from City Budget Office to calculate fiscal year total personal income.

⁽³⁾ U.S. Censes Bureau, American Community Survey

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

⁽⁵⁾ Irvine Unified School District

⁽⁶⁾ Employment Development Department

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

Employer	2014			2005		
	Number of Employees	Rank	Percentage of Employment	Number of Employees	Rank	Percentage of Employment
University of California Irvine	15,750	1	7.80%	16,254	1	9.97%
Irvine Unified School District	4,285	2	2.12%	3,890	2	2.39%
Blizzard Entertainment Inc	2,620	3	1.30%	-	-	-
Broadcom Corporation	2,604	4	1.29%	1,200	9	0.74%
Edwards Lifesciences	2,575	5	1.28%	-	-	-
Parker Hannifin	2,400	6	1.19%	-	-	-
Allergan	1,922	7	0.95%	1,922	4	1.18%
Verizon Wireless	1,472	8	0.73%	1,960	3	1.20%
B Braun Medical Inc	1,370	9	0.68%	-	-	-
Western Digital Technologies	1,300	10	0.64%	-	-	-
New Century Mortgage	-	-	-	1,620	5	0.99%
Option One	-	-	-	1,500	6	0.92%
Albertson's Sav-On/Lucky	-	-	-	1,282	7	0.79%
Washington Mutual	-	-	-	1,250	8	0.77%
Toshiba	-	-	-	994	10	0.61%

Source: City Public Safety Department

City of Irvine
Budgeted Full-Time, Part-Time, and Non-Hourly Positions by Function
Last Ten Fiscal Years

FUNCTION	Fiscal Years as of June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Full-time	88.00	82.00	80.00	80.00	89.00	91.00	94.00	87.20	82.10	73.00
Part-time	12.53	9.28	8.60	9.06	10.40	25.65	24.40	22.80	35.34	40.22
Non-hourly	10.00	10.00	10.00	10.00	10.00	10.00	10.00	-	-	-
Public Safety										
Full-time	298.00	290.00	290.00	291.00	295.00	295.00	283.00	263.00	242.00	236.00
Part-time	30.95	30.95	31.05	31.33	33.80	29.31	29.30	43.10	54.43	49.07
Non-hourly	39.40	32.40	32.40	30.40	30.40	30.40	30.40	-	-	-
Public Works										
Full-time	142.00	122.00	121.00	123.00	134.00	152.00	154.00	148.00	135.00	129.00
Part-time	4.30	1.75	1.75	3.50	4.00	5.88	5.00	7.00	11.68	11.99
Community Development										
Full-time	102.00	99.00	101.00	101.00	104.00	109.00	96.30	90.00	84.90	84.00
Part-time	1.80	1.80	2.60	2.60	2.60	7.14	-	12.40	17.45	15.15
Non-hourly	6.00	6.00	11.00	11.00	11.00	11.00	10.60	-	-	-
Community Services										
Full-time	108.00	113.00	114.00	114.50	118.00	113.00	114.00	92.00	83.00	83.00
Part-time	197.69	196.63	185.11	177.54	178.20	194.63	197.90	217.50	209.79	208.96
Non-hourly	12.00	12.00	12.00	12.00	12.00	12.00	12.00	-	-	-
Redevelopment										
Full-time	-	-	-	-	-	-	15.70	14.90	9.00	-
Part-time	-	-	-	-	-	-	6.90	5.80	5.00	-
Great Park										
Full-time	-	30.00	33.00	29.50	23.00	23.00	21.00	15.00	15.00	10.00
Part-time	-	7.13	4.88	4.68	4.70	2.20	0.60	9.20	9.00	-
Non-hourly	-	5.00	9.00	9.00	39.00	39.00	9.00	-	-	-
Total	<u>1,052.67</u>	<u>1,048.94</u>	<u>1,047.39</u>	<u>1,040.11</u>	<u>1,099.10</u>	<u>1,150.21</u>	<u>1,114.10</u>	<u>1,027.90</u>	<u>993.69</u>	<u>940.39</u>

Note:

Part-time employees are expressed as full-time equivalents.

The Redevelopment Department was established in fiscal year 2005-06 and combined with Community Development in fiscal year 2008-09.

In 2014, all Great Park staff were reassigned to other departments during the year.

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

FUNCTION	Fiscal Years as of June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Police safety										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	52	46	46	44	44	44	44	43	39	37
Fire stations ⁽¹⁾	11	11	11	11	11	9	9	9	9	8
Public Works										
Streets (miles)	1,875	1,855	1,851	1,827	1,757	1,742	1,742	1,704	1,645	1,612
Traffic signals	338	337	330	330	327	317	295	295	295	282
Streetscape (acres)	872	834	808	781	773	749	716	702	670	670
Open space/greenbelts (acres)	5,590	5,250	5,250	5,250	5,250	4,100	3,500	2,340	2,144	2,136
Bicycle trails (miles)	152	151	151	151	147	147	147	148	141	132
Off-street bicycle trails (miles)	57	54	54	45	44	43	43	43	43	42
Culture and Recreation										
Community athletic parks	19	19	18	18	18	13	13	11	11	9
Multi use centers	14	14	13	12	12	11	11	11	9	9
Dog parks	1	1	1	1	1	1	1	1	1	1
Skate parks	1	1	1	1	1	1	1	1	1	1
Soccer fields	40	40	38	38	36	36	35	35	31	31
Swimming pools	4	4	4	4	4	4	4	4	4	3
Batting cages	14	14	14	14	14	14	14	14	14	14
Basketball courts	30	29	29	29	29	29	25	25	19	19
Racquetball/handball courts	14	14	14	14	10	10	10	10	9	9
Tennis courts	64	64	64	61	59	59	57	57	55	53
Volleyball courts	16	16	16	16	15	15	14	14	14	14

⁽¹⁾ Joint powers authority with the Orange County Fire Authority.

City of Irvine
Operating Indicators by Function
Last Ten Fiscal Years

FUNCTION	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government				
Checks/wire transfers	44,607	45,105	44,672	44,422
Number of purchase orders placed	1,936	1,953	2,316	2,211
Police				
Animal control service calls	10,580	10,664	10,309	8,639
Physical arrests	2,774	2,824	2,802	2,579
Parking citations	4,824	6,934	4,702	4,793
Traffic citations	23,541	23,221	26,395	19,426
Highways and Streets				
City street resurfacing (centerline miles)	40	47	44	17
City street sweeping (curb miles)	38,449	38,401	38,300	38,204
Community Development				
Building inspections completed	160,718	151,835	127,964	87,563
Building permits issued	12,635	12,029	10,201	10,582
Culture and Recreation				
Recreational & instructional classes offered	8,890	8,151	8,203	7,671
Recreational & instructional enrollees	99,811	90,027	81,271	71,853
Recreational & internet registrants for classes	50	52	54	56
Youth services participation units	NA	NA	NA	87,517
Redevelopment ^{(1) (2)}				
Number of discretionary applications processed	-	-	-	231
Number of demolition permits issued	-	-	-	9
Number of grading/building permits issued	-	-	-	47

⁽¹⁾ The Redevelopment Agency project area was established in fiscal year 2004-05.

⁽²⁾ Redevelopment Agency was dissolved on January 31, 2012.

⁽³⁾ Only arterial rehabilitation

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
47,252	47,918	47,837	46,004	55,056	47,000
2,172	2,065	1,898	2,290	2,100	2,098
8,510	8,669	7,247	7,068	9,750	9,718
2,819	2,846	2,855	3,377	3,512	2,288
6,639	6,830	9,465	9,135	8,076	8,117
29,707	26,325	26,452	27,281	25,179	20,441
41	30	27	10	1 ⁽³⁾	1 ⁽³⁾
38,204	37,940	37,939	37,939	36,834	35,762
63,363	98,538	117,000	155,000	130,100	124,591
8,030	8,132	11,500	12,800	14,930	13,424
7,546	6,845	6,763	7,000	7,000	6,687
70,998	65,153	61,804	56,848	54,982	44,851
56	58	56	54	48	41
75,240	68,251	74,152	74,000	73,869	72,978
10	17	7	3	-	-
8	11	15	8	-	-
44	7	16	15	-	-

City of Irvine
Miscellaneous Statistical Information
June 30, 2014

<u>Date of Incorporation</u>	-	December 28, 1971
<u>Form of Government</u>	-	Charter, Council-Manager
<u>Incorporated Area</u>	-	66 square miles
<u>City Tree</u>	-	Camphor
<u>City Flower</u>	-	Lily of the Nile
<u>Registered Voters as of January 2014</u>	-	104,251
<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	-	872
Community Parks	-	350
Neighborhood Parks	-	163
Sports Field	-	155
<u>Facilities and Services Excluded in the Reporting Entity</u>		<u>Number</u>
Education:		
Elementary Schools	-	22
Middle Schools	-	6
High Schools	-	5
Continuation/Independent Study High School	-	1

City of Irvine
Miscellaneous Statistical Information
June 30, 2014
(continued)

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

<u>Year</u>	<u>Commercial</u>	<u>Residential</u>
2014	\$293,556,248	\$778,675,037
2013	276,788,166	742,296,834
2012	255,540,173	332,668,311
2011	305,411,655	643,421,544
2010	79,329,191	168,054,166
2009	64,419,150	79,699,317
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

Building Permits
(number of units authorized)

<u>Year</u>	<u>Authorized</u>
2014	3,565
2013	3,937
2012	1,231
2011	1,829
2010	1,520
2009	1,643
2008	3,283
2007	3,884
2006	1,206
2005	1,062

Housing Units
(number of units in the City)

<u>Year</u>	<u>Unit</u>
2014	93,718
2013	90,095
2012	83,710
2011	81,560
2010	79,414
2009	77,729
2008	75,159
2007	73,815
2006	70,389
2005	68,564



About the Cover

Since its incorporation in 1971, Irvine has become a nationally recognized city, with a population of 242,651, spans 66 square miles and is recognized as one of America's safest and most successful master-planned urban communities. Top-rated educational institutions, an enterprising business atmosphere, sound environmental stewardship, and respect for diversity all contribute to Irvine's enviable quality of life. This family-friendly city features more than 16,000 acres of parks, sports fields and dedicated open space, and is the home of the Orange County Great Park – the first great metropolitan park of the 21st century.

Cover photo features Woodbridge Lake, the photographer, Christopher Young, submitted the photo as part of the City's 40th anniversary photography contest in 2011.

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