



CITY OF WEST COVINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE YEAR ENDED JUNE 30, 2014

Prepared By:

City of West Covina Finance Department

Dennis Swink
Interim Director of Finance

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CITY OF WEST COVINA

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Finance Department

March 23, 2015

To the Members of the City Council, the City Manager, and the Citizens of the City of West Covina:

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all 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 that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their 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 that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by White Nelson Diehl Evans, LLP, a firm of certified public accountants. The auditors have issued an unqualified opinion on these financial statements, and they emphasized there was a restatement of fund balance at July 1, 2013. Their report is located at the front of the financial section of this report.

The 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.

Profile of the Government

The City of West Covina is located in the San Gabriel Valley, 20 miles east of downtown Los Angeles and 15 miles north of Orange County. Incorporated as a general law city in 1923, the City's 17 square miles flourished with walnut groves and orange groves for many decades. The post-World War II building boom rapidly transformed the City, which experienced a significant population increase between 1950 and 1960, from less than 5,000 to more than 50,000 citizens.

Subsequent to this rapid population increase, the City has continued to grow at a steady pace with a current population in excess of 100,000.

The City's location and access to major freeways makes West Covina close to many visitor attractions and an ideal business and commercial center. The City has over 32,000 housing units and offers the amenities of a big city location with a high standard of living for its community.

Under the Council-Manager form of government, the five City Council members are elected at-large to overlapping four-year terms. The City Council selects a Mayor from one of its members each November to serve a one-year term. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides a full range of services to its citizens, including police, fire and emergency medical; construction and maintenance of streets, traffic signalization and other infrastructure; planning and building safety; and social, recreational and cultural activities and events. The City offers sixteen parks, four community centers and a county operated library. The City is financially accountable for the Successor Agency to the Redevelopment Agency of the City of West Covina, a financing authority, and housing authority, which are combined within the City's financial statements. Additional information regarding all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as a foundation for the City's financial planning and control. The City Council holds public hearings and adopts an annual budget for all funds. The budget appropriations are prepared by fund, function, and department. The City Manager is authorized to transfer budgeted amounts within departments to assure adequate and proper standards of service. Budgetary revisions, including supplemental appropriations which increase total appropriations in individual funds, must be approved by the City Council.

Economic Outlook and Major Objectives

From early in its history, the City of West Covina has been noted as a City of beautiful homes. Through its General Plan, Council strives to maintain the City's high quality residential base and living environment. The City's identity is defined by carefully designed entry point elements, landmark areas, and open space areas.

Known as the headquarters of the East San Gabriel Valley, the City strives to maintain a prosperous business and commercial climate. Despite the current challenging financial and economic environment, West Covina derives significant economic stability from the City's three major commercial districts: Plaza at West Covina, Eastland Center, and the Lakes.

Despite the challenging economic climate, our long-term economic outlook is bright. Much of the City's success is attributable to bold and innovative decisions that were made early in our history. The challenging economy has created opportunities in the business community to continually reinvent itself for the benefit of the City and its local surroundings.

The City of West Covina will continue to strive to provide the highest level of service to its residents and businesses, so the community can thrive.

Short-term and Long-term financial planning

Annually, the City adopts a budget covering operating revenues and expenditures, labor usage, capital expenditures, and other sources and uses of funds. For financial planning purposes, the City conducts comprehensive citywide financial forecasting in conjunction with its revenue consultants and other sources.

During the past few years, the City has utilized a range of temporary and permanent cost reduction initiatives, economic development, and revenue generation priorities, outside grants, and the use of fiscal reserves as necessary. As a result, the City has weathered the effects of the recession while providing critical services to the public in such areas as public safety, facility maintenance, parks maintenance, and infrastructure improvement. The City will need to look at rebuilding its reserves.

Awards and Acknowledgements

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Covina for its comprehensive annual financial report for the fiscal year ended June 30, 2013. To earn the award, a government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfied both generally accepted accounting principles and applicable legal requirements. We believe the current comprehensive annual financial report continues to meet GFOA standards except timeliness.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the finance department. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. These are extremely challenging times for local government in which many difficult decisions must be made. Credit also must be given to City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,


Dennis Swink
Finance Director

CITY OF WEST COVINA

City Officials

June 30, 2014

CITY COUNCIL

Fred Sykes, Mayor
James Toma, Mayor Pro Tem
Steve Herfert
Mike Spence
Corey Warshaw

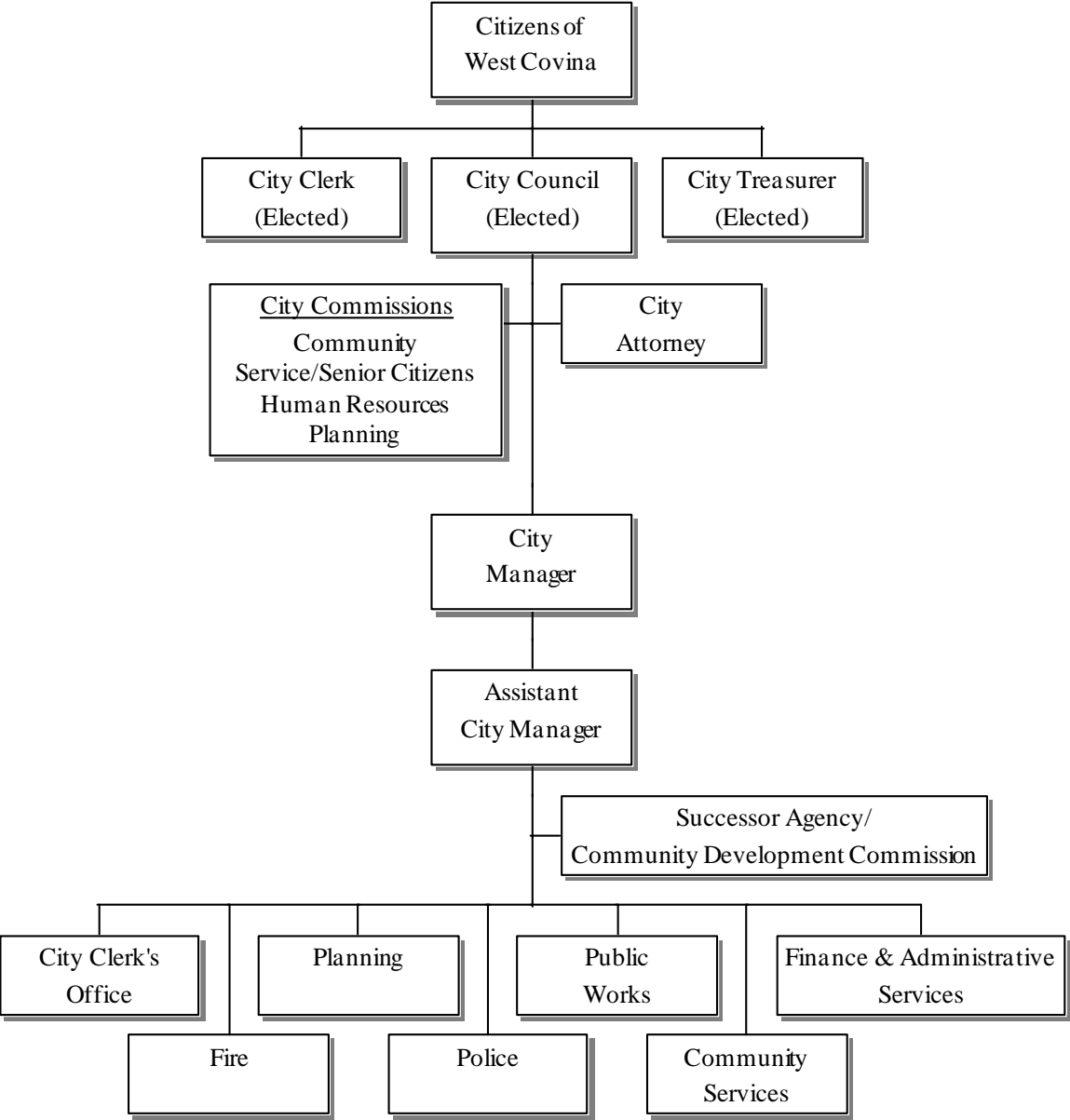
CITY MANAGER

Thomas Mauk

EXECUTIVE MANAGEMENT

Dennis Swink	Finance Director
Chris Freeland	Deputy City Manager/Community Services Director/HR Director
Kimberly Barlow	City Attorney
Rosalia Conde	City Clerk
Jeff Anderson	Planning Director
Larry Whithorn	Fire Chief
Dave Faulkner	Police Chief
Ignacio Ochoa	Public Works Director

City of West Covina Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of West Covina
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of West Covina
West Covina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of West Covina (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.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' 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 auditors consider 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of West Covina, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund and the West Covina Housing Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 23 to the financial statements, the net position of the governmental activities, the fund balance of the General Fund, West Covina Housing Authority Special Revenue Fund, and Community Development Block Grant Special Revenue Fund (included in Other Governmental Funds), and the net position of the pension trust funds were restated at July 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress, the schedules of changes in net pension liability and investment returns and the schedules of actuarially determined contributions, 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 management's discussion and analysis, the schedules of funding progress, the schedules of changes in net pension liability and investment returns, and schedules of actuarially determined contributions 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 the 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 on them.

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, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates 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 supplementary information is 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, 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 City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
March 23, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of West Covina provides an overview of the City's financial activities for the fiscal year ended June 30, 2014. The information presented herein should be considered in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

FINANCIAL HIGHLIGHTS

- As of June 30, 2014, the City's total net position (excess of assets over liabilities) is \$209.4 million.
- The City's total net position decreased \$0.3 million from the prior year.
- As of June 30, 2014, the City's governmental funds reported combined ending fund balances of \$72.5 million, an increase of \$4.5 million from the prior year.
- As of June 30, 2014, the unassigned fund balance for the General Fund was \$5.7 million, an increase of \$1.6 million from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the City government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds* statements offer *short- and long-term* financial information about the activities the government operates like businesses, such as the West Covina Service Group, the City's computer enterprise.
 - *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as an *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data.

See independent auditors' report.

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the City as a whole. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax or sales tax base and the condition of the City's roads, to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into two kinds of activities:

- **Governmental activities** – Most of the City's basic services such as public safety, streets and roads, economic development and parks and recreation, are reported here. Sales taxes, property taxes, state subventions, and other revenues finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of the services accounted for in these funds. These activities include the City's computer enterprise operation.

The government-wide financial statements include the City of West Covina Community Development Commission acting as the Housing Authority, the West Covina Public Financing Authority, the Parking Authority of the City of West Covina and the West Covina Community Services Foundation (component units), along with the City of West Covina (the primary government). Although legally separate, these component units are important because the City is financially accountable for them.

The activities of the Successor Agency of the former redevelopment agency can be found in the Fiduciary Fund Section of the Financial Statements in the Private Purpose Trust Fund.

Reporting the City's Most Significant Funds

The **fund financial statements** provide detailed information about the City's most significant funds – not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other current financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in reconciliations on the pages following the fund financial statements in this report.

See independent auditors' report.

- *Proprietary funds* – When the City charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities.

Reporting the City’s Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All of the City’s fiduciary activities are reported in separate fiduciary funds. These activities are not included in the government-wide financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2014, net position for the City of West Covina was \$209,431,701.

A summary of the government-wide statement of net position at June 30, 2014 follows:

Table 1
Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 93,268,958	\$ 100,935,337	\$ 208,785	\$ (253,661)	\$ 93,477,743	\$ 100,681,676
Capital assets	212,442,596	216,882,606	-	-	212,442,596	216,882,606
Total Assets	305,711,554	317,817,943	208,785	(253,661)	305,920,339	317,564,282
Long-term debt outstanding	80,350,216	79,610,043	127,502	145,515	80,477,718	79,755,558
Other liabilities	15,929,637	28,476,288	20,361	27,344	15,949,998	28,503,632
Total Liabilities	96,279,853	108,086,331	147,863	172,859	96,427,716	108,259,190
Net Position:						
Net investment in capital assets	161,771,546	164,621,539	-	-	161,771,546	164,621,539
Restricted	47,468,277	46,016,224	-	-	47,468,277	46,016,224
Unrestricted	191,878	(906,151)	60,922	(426,520)	252,800	(1,332,671)
Total net position	\$ 209,431,701	\$ 209,731,612	\$ 60,922	\$ (426,520)	\$ 209,492,623	\$ 209,305,092

\$161,771,546 (77%) of the net position reflects the City's investment in capital assets, less any related debt used to acquire those assets that are still outstanding. Since these assets are used to provide services to the citizens, they are not available for future spending. An additional \$47,468,277 (23%) of net position represents resources that are subject to external restrictions on how they may be used. The resulting balance of \$252,800 of net position is unrestricted and may be used to meet the City's ongoing service and credit obligations.

See independent auditors' report.

A summary of the government-wide statement of activities for the year ended June 30, 2014 follows:

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 14,204,405	\$ 12,891,868	\$ 1,873,636	\$ 2,105,421	\$ 16,078,041	\$ 14,997,289
Operating contributions and grants	11,021,410	10,344,778	-	-	11,021,410	10,344,778
Capital contributions and grants	4,458,250	597,405	-	-	4,458,250	597,405
General revenues:						
Property taxes	20,420,020	20,937,356	-	-	20,420,020	20,937,356
Sales taxes	14,705,790	13,307,736	-	-	14,705,790	13,307,736
Other taxes	10,930,479	9,627,069	-	-	10,930,479	9,627,069
Other general revenues	6,758,083	7,655,672	(101,775)	(101,775)	6,656,308	7,553,897
Total revenues	82,498,437	75,361,884	1,771,861	2,003,646	84,270,298	77,365,530
Extraordinary Gain <Loss>	-	(19,629,066)	-	-	-	(19,629,066)
Expenses						
General government	7,472,254	5,547,949	-	-	7,472,254	5,547,949
Public safety	45,443,958	47,160,347	-	-	45,443,958	47,160,347
Public works	21,109,952	20,465,106	-	-	21,109,952	20,465,106
Community services	6,437,040	6,911,667	-	-	6,437,040	6,911,667
Community development	658,082	708,422	-	-	658,082	708,422
Interest expense	1,677,062	1,652,751	-	-	1,677,062	1,652,751
Computer service	-	-	1,284,419	1,435,606	1,284,419	1,435,606
Total expenses	82,798,348	82,446,242	1,284,419	1,435,606	84,082,767	83,881,848
Increase (decrease) in net position	(299,911)	(26,713,424)	487,442	568,040	187,531	(26,145,384)
Beginning net position, as restated	209,731,612	236,445,036	(426,520)	(994,560)	209,305,092	235,450,476
Ending net position	<u>\$ 209,431,701</u>	<u>\$ 209,731,612</u>	<u>\$ 60,922</u>	<u>\$ (426,520)</u>	<u>\$ 209,492,623</u>	<u>\$ 209,305,092</u>

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Total net position for the City increased by \$187,531 during the fiscal year.

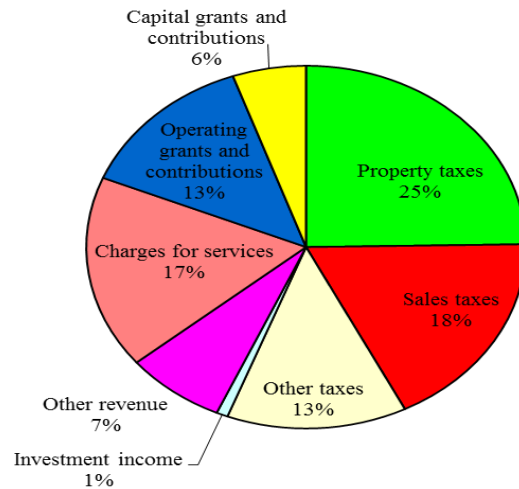
See independent auditors' report.

Governmental Activities

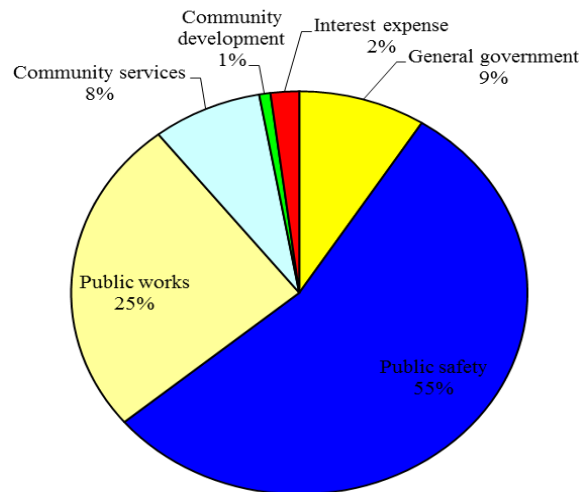
Some of the more significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- Charges for services increased by \$1.4 million because a developer obtained building permits for a large mixed use housing and commercial development. The proposed project will include over 400 residential units and over 17,000 square feet of commercial space.
- Capital Contributions and grants increased by \$3.9 million because there was another \$1 million in street grants related to major road construction and \$2.9 million of developer fees for various improvements relating to a large mixed use project.
- Sales tax, the City's second largest revenue source, increased because consumer spending in the area increased during this period of strong economic growth.
- General Government costs increased by \$1.9 million primarily because the City settled some lawsuits costing over \$1M in fiscal year 13-14.
- Public Safety costs decreased by \$1.7 million.

Revenues by Source – Governmental Activities



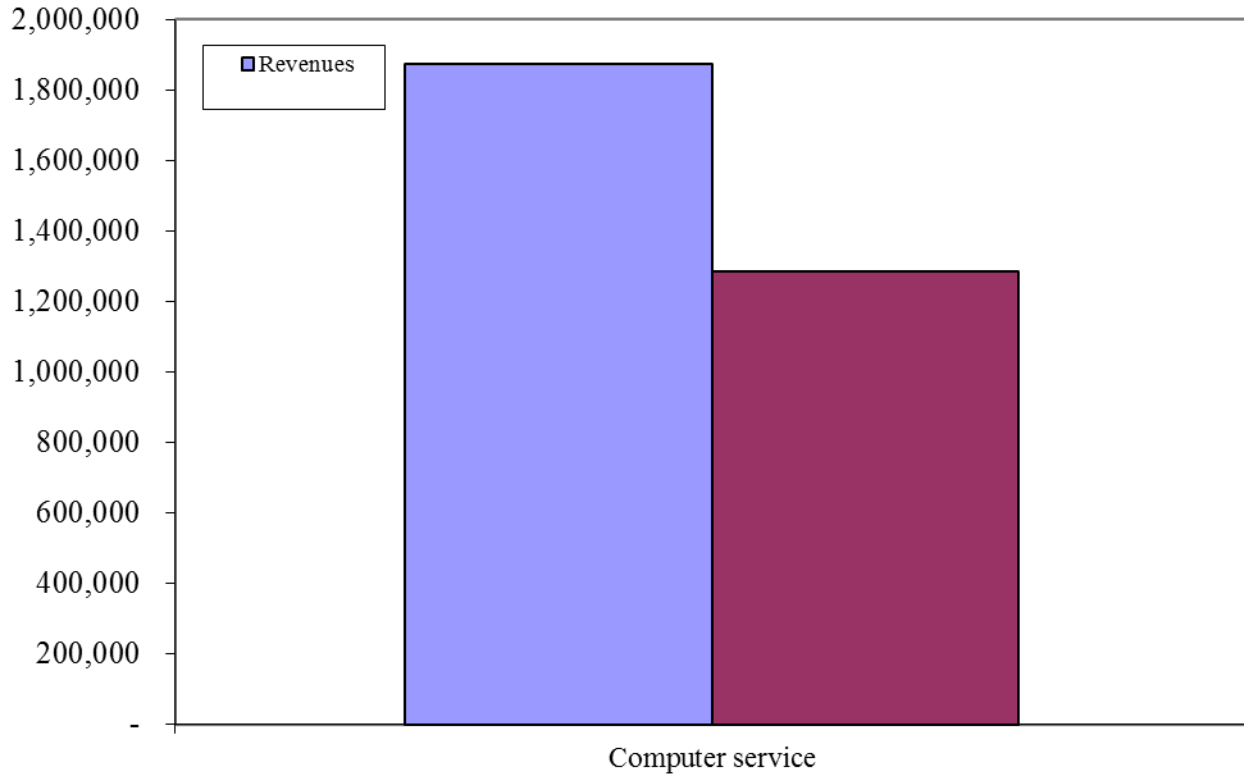
Expenses by Function – Governmental Activities



See independent auditors' report.

Business-Type Activities

The business-type activity is the Computer Services Group, which provides dispatch and records management software and services to other police departments. The business-type activities revenues decreased by \$231,785 in 2013-14. Expenses and transfers out decreased by \$151,187 in 2013/14.



MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper financial management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds. The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,687,385, while total fund balance was \$12,282,711. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.6% of total general fund expenditures, while total fund balance represents 22.9% of that same amount. The nonspendable portion of fund balance in the amount of \$6,595,326 mainly consists of amounts currently owed to the City by the former redevelopment agency. This nonspendable amount may be at risk in the future due to the uncertainty of the law and whether these loans will be considered valid enforceable obligations by the State Department of Finance and in what amount due to provisions of the law that allow the loan balances to be calculated at a lower interest rate. Additionally, \$12.2 million has been recorded as a liability because the potential exists this amount may need to be paid to the Successor Agency.

See independent auditors' report.

The reasons for significant changes in the revenues and expenditures of the City's General Fund from the prior year are as follows:

- Total revenues, exclusive of fund transfers in, increased by \$1,488,482 while total expenditures, exclusive of fund transfers out, increased by \$2,388,584.
- Total taxes were up \$2,388,584 (4.7%) from the prior year. Property taxes increased by \$600,000 (3.3%). Sales tax revenues increased by \$1.3 million (10%), the third consecutive year it has increased after three years of decline. Other taxes also increased by \$1.2 million because the City received additional residual property taxes from the dissolved redevelopment agency.
- Other Revenues declined by \$2.1 million because the prior year included a one-time refund of prior year property tax administration fees and a one-time payment from a franchise renewal that occurred in the prior year.
- General government expenditures increased by \$1.8 million because 2013-14 included about \$200,000 of election expenses, and the City paid settlements of more than \$1 million to resolve some cases.

The **West Covina Housing Authority Fund** provides for low and moderate income activities that were previously provided by the redevelopment agency. The Authority has outstanding loans receivable of \$14.8 million and is due \$6,645,194 from the Successor Agency for amounts borrowed by the former redevelopment agency to fund the SERAF payments and 20% of the loans made to the former redevelopment agency by the City.

The **City Debt Service Fund** finished the fiscal year with a total fund balance of \$13,450,395, down \$576,307 from \$14,026,702 in the prior year. The majority of that amount is designated for payment of debt service on the City's lease revenue bonds.

GENERAL FUND BUDGET

There were no significant changes to the budget during the fiscal year. Licenses and permits exceeded the budget by \$753,253 because the developer for a new mixed use project paid \$600,000 for building permits in 2013-14. Other revenues exceeded the budget by \$1,047,150 because the City received over \$1 million in settlements to resolve several cases

General Government was over budget by \$1,265,547 because the City had to pay approximately \$1 million in settlements that were not budgeted. Public Safety was under budget by \$1,255,166 because several vacancies exist in police and fire.

See independent auditors' report.

CAPITAL ASSETS

Capital Assets
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 38,974,512	\$ 38,974,512	\$ -	\$ -	\$ 38,974,512	\$ 38,974,512
Buildings and improvements	66,648,365	65,674,202	-	-	66,648,365	65,674,202
Equipment and vehicles	6,985,930	6,192,255	-	-	6,985,930	6,192,255
Infrastructure	80,099,654	81,703,686	-	-	80,099,654	81,703,686
Rights of way	14,376,498	14,376,498	-	-	14,376,498	14,376,498
Construction in progress	<u>5,357,637</u>	<u>9,961,403</u>	<u>-</u>	<u>-</u>	<u>5,357,637</u>	<u>9,961,403</u>
Total	<u>\$ 212,442,596</u>	<u>\$ 216,882,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,442,596</u>	<u>\$ 216,882,556</u>

The major additions to capital assets during the year ended June 30, 2014 are as follows:

- Construction in progress had a net decrease of \$4.6 million. The \$5.4 million currently in progress includes the following:
 - Major Street Rehabilitation Projects (\$4.3 million)
 - Traffic Signal Modifications (\$500,000)
- Completed fixed asset additions of \$10.4 million included:
 - Major Street Rehabilitation Projects (\$4 million)
 - Traffic Signal Modifications (\$600,000)
 - Street Upgrade/Median/Landscape Projects (\$850,000)
 - Playground Equipment (\$1.3 million)
 - Facility Repairs/Improvements (\$2.8 million)

Additional information on the City of West Covina's capital assets can be found in note 6 of this report.

LONG-TERM DEBT

At the end of the current fiscal year, the City had debt outstanding of \$80,477,718. Of this amount, \$47,225,000 represents outstanding bonds and \$33,252,718 represents other debt such as compensated absences payable, claims and judgments payable, capital lease obligations, and net OPEB obligations. All of the outstanding bonds are lease revenue bonds secured by leases from the General Fund.

Outstanding Bonds

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Lease Revenue Bonds	<u>\$ 48,385,000</u>	<u>\$ 49,645,000</u>
Total	<u>\$ 48,385,000</u>	<u>\$ 49,645,000</u>

See independent auditors' report.

The City maintains an “AA-/A-1” rating from Standard & Poor’s for its lease revenue bonds. Additional information on the City’s long-term debt can be found in the notes to the accompanying financial statements.

Additional information on the City of West Covina’s long-term debt can be found in notes 7 - 13 of this report.

Contacting the City’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the office of the Director of Finance and Administrative Services, at City of West Covina, 1444 West Garvey Ave., West Covina, California 91793.

See independent auditors’ report.

BASIC FINANCIAL STATEMENTS

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CITY OF WEST COVINA

STATEMENT OF NET POSITION

June 30, 2014

	Governmental Activities	Business-type Activity	Totals
ASSETS:			
Cash and investments	\$ 53,025,871	\$ 208,663	\$ 53,234,534
Cash and investments with fiscal agent	2,001,159	-	2,001,159
Receivables, net:			
Accounts	112,669	122	112,791
Taxes	3,101,280	-	3,101,280
Interest	20,720	-	20,720
Notes and loans	18,520,183	-	18,520,183
Other	996,405	-	996,405
Advances to Successor Agency	13,125,194	-	13,125,194
Due from other agencies	940,846	-	940,846
Due from Successor Agency	787,520	-	787,520
Prepays and other assets	637,111	-	637,111
Capital assets:			
Nondepreciable	58,708,647	-	58,708,647
Depreciable, net	153,733,949	-	153,733,949
TOTAL ASSETS	305,711,554	208,785	305,920,339
LIABILITIES:			
Accounts payable	1,804,595	3,736	1,808,331
Other accrued liabilities	1,443,402	16,625	1,460,027
Interest payable	99,460	-	99,460
Unearned revenues	-	-	-
Due to Successor Agency	12,205,531	-	12,205,531
Deposits	376,649	-	376,649
Long-term liabilities:			
Due within one year	4,539,266	18,799	4,558,065
Due in more than one year	75,810,950	108,703	75,919,653
TOTAL LIABILITIES	96,279,853	147,863	96,427,716
NET POSITION:			
Net investment in capital assets	161,771,546	-	161,771,546
Restricted for:			
Public safety	3,028,300	-	3,028,300
Public works	9,215,960	-	9,215,960
Community services	8,244,766	-	8,244,766
Community development	24,817,038	-	24,817,038
Debt service	2,162,213	-	2,162,213
Unrestricted	191,878	60,922	252,800
TOTAL NET POSITION	\$ 209,431,701	\$ 60,922	\$ 209,492,623

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,472,254	\$ 486,478	\$ -	\$ -
Public safety	45,443,958	3,037,891	3,456,363	-
Public works	21,109,952	8,878,122	1,743,062	1,456,978
Community services	6,437,040	1,180,562	5,821,985	3,001,272
Community development	658,082	621,352	-	-
Interest expense	1,677,062	-	-	-
Total governmental activities	82,798,348	14,204,405	11,021,410	4,458,250
Business-type activity:				
Computer service	1,284,419	1,873,636	-	-
Total business-type activity	1,284,419	1,873,636	-	-
Total	\$ 84,082,767	\$ 16,078,041	\$ 11,021,410	\$ 4,458,250

General revenues:

Taxes:

Property taxes

Sales tax

Franchise taxes

Transient occupancy tax

Other taxes

Investment income

Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activity	Totals
\$ (6,985,776)	\$ -	\$ (6,985,776)
(38,949,704)	-	(38,949,704)
(9,031,790)	-	(9,031,790)
3,566,779	-	3,566,779
(36,730)	-	(36,730)
(1,677,062)	-	(1,677,062)
<u>(53,114,283)</u>	<u>-</u>	<u>(53,114,283)</u>
<u>-</u>	<u>589,217</u>	<u>589,217</u>
<u>-</u>	<u>589,217</u>	<u>589,217</u>
<u>(53,114,283)</u>	<u>589,217</u>	<u>(52,525,066)</u>
20,420,020	-	20,420,020
14,705,790	-	14,705,790
3,478,532	-	3,478,532
1,238,280	-	1,238,280
6,213,667	-	6,213,667
695,341	-	695,341
5,960,967	-	5,960,967
101,775	(101,775)	-
<u>52,814,372</u>	<u>(101,775)</u>	<u>52,712,597</u>
(299,911)	487,442	187,531
<u>209,731,612</u>	<u>(426,520)</u>	<u>209,305,092</u>
<u>\$ 209,431,701</u>	<u>\$ 60,922</u>	<u>\$ 209,492,623</u>

CITY OF WEST COVINA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2014

	General	West Covina Housing Authority Special Revenue Fund
	<u>General</u>	<u>Revenue Fund</u>
ASSETS		
Cash and investments	\$ 16,574,550	\$ 3,205,687
Cash and investments with fiscal agent	-	-
Receivables, net:		
Accounts	106,257	-
Taxes	2,386,107	-
Interest	8,412	1,301
Notes and loans	-	14,818,038
Other	761,335	-
Due from other funds	643,318	-
Advances to Successor Agency	6,480,000	6,645,194
Due from other agencies	347,038	-
Prepays and other assets	115,326	157,500
Due from Successor Agency	787,520	-
	<u>787,520</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 28,209,863</u>	<u>\$ 24,827,720</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 1,120,441	\$ 3,186
Other accrued liabilities	1,337,052	7,496
Due to other funds	-	-
Due to Successor Agency	12,205,531	-
Deposits	376,649	-
TOTAL LIABILITIES	<u>15,039,673</u>	<u>10,682</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue	887,479	-
FUND BALANCES:		
Nonspendable	6,595,326	157,500
Restricted	-	24,659,538
Assigned	-	-
Unassigned	5,687,385	-
TOTAL FUND BALANCES	<u>12,282,711</u>	<u>24,817,038</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 28,209,863</u>	<u>\$ 24,827,720</u>

See independent auditors' report and notes to basic financial statements.

City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,360,394	\$ 18,207,420	\$ 49,348,051
2,001,159	-	2,001,159
-	401	106,658
-	715,173	3,101,280
4,011	6,665	20,389
-	3,702,145	18,520,183
115,608	118,982	995,925
-	-	643,318
-	-	13,125,194
-	593,808	940,846
-	-	272,826
-	-	787,520
<u>\$ 13,481,172</u>	<u>\$ 23,344,594</u>	<u>\$ 89,863,349</u>

\$ 30,777	\$ 541,384	\$ 1,695,788
-	91,129	1,435,677
-	433,955	433,955
-	-	12,205,531
-	-	376,649
<u>30,777</u>	<u>1,066,468</u>	<u>16,147,600</u>

-	319,264	1,206,743
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-	-	6,752,826
13,450,395	18,115,164	56,225,097
-	3,891,565	3,891,565
-	(47,867)	5,639,518
<u>13,450,395</u>	<u>21,958,862</u>	<u>72,509,006</u>

<u>\$ 13,481,172</u>	<u>\$ 23,344,594</u>	<u>\$ 89,863,349</u>
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CITY OF WEST COVINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2014

Fund balances for governmental funds		\$ 72,509,006
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets and accumulated depreciation, are not considered current financial resources in the governmental funds:</p>		
Capital assets	\$ 378,376,516	
Accumulated depreciation	<u>(166,258,268)</u>	
		212,118,248
<p>Long-term debt and compensated absences applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position. Balances at June 30, 2014 are:</p>		
Bonds payable	\$ (48,385,000)	
Compensated absences	(4,348,126)	
Capital lease obligations	(773,283)	
Notes payable	<u>(1,512,768)</u>	
		(55,019,177)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.		(99,460)
Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting.		1,206,743
OPEB obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements.		(17,006,654)
Pension obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements.		(320,233)
Internal service funds were used by management to charge the costs of certain activities, such as vehicle and equipment maintenance and replacement, the City's self-insurance programs and retirement health benefits to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position.		<u>(3,956,772)</u>
Net position of governmental activities		<u>\$ 209,431,701</u>

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	General	West Covina Housing Authority Special Revenue Fund
	<u> </u>	<u> </u>
REVENUES:		
Taxes	\$ 42,407,250	\$ -
Special assessments	-	-
Licenses and permits	1,717,153	-
Fines and forfeitures	350,351	-
Investment income	100,854	304,784
Rental income	367,798	-
Revenue from other agencies	2,309,209	-
Charges for services	6,050,413	-
Repayment of notes and loans	-	26,148
Other revenues	1,193,050	395
TOTAL REVENUES	<u>54,496,078</u>	<u>331,327</u>
EXPENDITURES:		
Current:		
General government	6,410,093	660,449
Public safety	40,653,839	-
Public works	4,248,560	-
Community services	1,725,245	-
Community development	515,085	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
TOTAL EXPENDITURES	<u>53,552,822</u>	<u>660,449</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>943,256</u>	<u>(329,122)</u>
OTHER FINANCING SOURCES (USES):		
Refunding bonds issued	-	-
Payment to refunded bond escrow agent	-	-
Transfers in	2,559,350	-
Transfers out	(1,134,765)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,424,585</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,367,841	(329,122)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>9,914,870</u>	<u>25,146,160</u>
FUND BALANCES - END OF YEAR	<u>\$ 12,282,711</u>	<u>\$ 24,817,038</u>

See independent auditors' report and notes to basic financial statements.

City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 6,378,143	\$ 48,785,393
-	5,513,535	5,513,535
-	-	1,717,153
-	686,381	1,036,732
275,827	35,007	716,472
-	-	367,798
-	8,788,342	11,097,551
501,520	199,608	6,751,541
-	-	26,148
1,135,200	3,929,739	6,258,384
<u>1,912,547</u>	<u>25,530,755</u>	<u>82,270,707</u>
-	16,793	7,087,335
-	2,679,008	43,332,847
-	13,541,482	17,790,042
-	3,674,487	5,399,732
-	163,922	679,007
1,870,239	-	1,870,239
1,666,054	-	1,666,054
<u>3,536,293</u>	<u>20,075,692</u>	<u>77,825,256</u>
<u>(1,623,746)</u>	<u>5,455,063</u>	<u>4,445,451</u>
2,185,000	-	2,185,000
(2,248,061)	-	(2,248,061)
1,110,500	74,265	3,744,115
-	(2,507,575)	(3,642,340)
<u>1,047,439</u>	<u>(2,433,310)</u>	<u>38,714</u>
(576,307)	3,021,753	4,484,165
<u>14,026,702</u>	<u>18,937,109</u>	<u>68,024,841</u>
<u>\$ 13,450,395</u>	<u>\$ 21,958,862</u>	<u>\$ 72,509,006</u>

CITY OF WEST COVINA

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

For the year ended June 30, 2014

Net change in fund balances - total governmental funds \$ 4,484,165

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

Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays and disposals in the current period:

Capital outlay	\$ 6,057,090	
Depreciation expense	<u>(10,351,873)</u>	(4,294,783)

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payment	1,870,239	
Bond issuance	(2,185,000)	
Capital lease	(285,223)	
Payment to refunding escrow	<u>2,248,061</u>	1,648,077

The Statement of Net Position includes accrued interest on long-term debt. This is the net change in the current year. (11,008)

To record as a revenue the net change in compensated absences in the Statement of Activities. 171,108

Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting. 123,962

Expenses reported in the statement of activities which do not require the use of current financial resources are not reported as expenditures in the governmental funds:

Increase in net other post employment benefits obligation	(3,376,000)	
Increase in net pension obligation	<u>(320,233)</u>	(3,696,233)

Internal service funds are used by management to charge the costs of certain activities, such as vehicle and equipment maintenance and replacement, the City's self-insurance and retirement health benefits to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities

1,274,801

Change in net position of governmental activities \$ (299,911)

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 41,870,930	\$ 41,870,930	\$ 42,407,250	\$ 536,320
Licenses and permits	963,900	963,900	1,717,153	753,253
Fines and forfeitures	166,500	166,500	350,351	183,851
Investment income	360,000	360,000	100,854	(259,146)
Rental income	362,970	362,970	367,798	4,828
Revenue from other agencies	2,236,815	2,236,815	2,309,209	72,394
Charges for services	5,566,126	5,566,126	6,050,413	484,287
Other revenues	145,900	145,900	1,193,050	1,047,150
TOTAL REVENUES	<u>51,673,141</u>	<u>51,673,141</u>	<u>54,496,078</u>	<u>2,822,937</u>
EXPENDITURES:				
Current:				
General government	5,144,546	5,144,546	6,410,093	(1,265,547)
Public safety	41,909,005	41,909,005	40,653,839	1,255,166
Public works	4,264,692	4,264,692	4,248,560	16,132
Community services	1,904,133	1,904,133	1,725,245	178,888
Community development	533,597	533,597	515,085	18,512
TOTAL EXPENDITURES	<u>53,755,973</u>	<u>53,755,973</u>	<u>53,552,822</u>	<u>203,151</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,082,832)</u>	<u>(2,082,832)</u>	<u>943,256</u>	<u>3,026,088</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,570,962	2,570,962	2,559,350	(11,612)
Transfers out	<u>(1,114,450)</u>	<u>(1,114,450)</u>	<u>(1,134,765)</u>	<u>(20,315)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,456,512</u>	<u>1,456,512</u>	<u>1,424,585</u>	<u>(31,927)</u>
NET CHANGE IN FUND BALANCE	(626,320)	(626,320)	2,367,841	2,994,161
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>9,914,870</u>	<u>9,914,870</u>	<u>9,914,870</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 9,288,550</u>	<u>\$ 9,288,550</u>	<u>\$ 12,282,711</u>	<u>\$ 2,994,161</u>

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WEST COVINA HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 7,000	\$ 7,000	\$ 304,784	\$ 297,784
Repayment of notes and loans	30,000	30,000	26,148	(3,852)
Other revenues	-	-	395	395
TOTAL REVENUES	37,000	37,000	331,327	294,327
EXPENDITURES:				
Current:				
General government	653,405	653,405	660,449	(7,044)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(616,405)	(616,405)	(329,122)	287,283
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	25,146,160	25,146,160	25,146,160	-
FUND BALANCE - END OF YEAR	\$ 24,529,755	\$ 24,529,755	\$ 24,817,038	\$ 287,283

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2014

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 208,663	\$ 3,677,820
Receivables, net		
Accounts	122	6,011
Interest	-	331
Other	-	480
Prepaid expenses	-	364,285
TOTAL CURRENT ASSETS	<u>208,785</u>	<u>4,048,927</u>
NONCURRENT ASSETS:		
Capital assets:		
Other capital assets	1,059,120	3,407,641
Less accumulated depreciation	<u>(1,059,120)</u>	<u>(3,083,293)</u>
Total capital assets (net of accumulated depreciation)	-	324,348
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>324,348</u>
TOTAL ASSETS	<u>208,785</u>	<u>4,373,275</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	3,736	108,807
Other accrued liabilities	16,625	7,725
Claims and judgments - current portion	-	2,074,440
Compensated absences - current portion	18,799	8,009
Due to other funds	-	209,363
TOTAL CURRENT LIABILITIES	<u>39,160</u>	<u>2,408,344</u>
NONCURRENT LIABILITIES:		
Claims and judgments	-	5,865,141
Compensated absences	108,703	56,562
TOTAL NONCURRENT LIABILITIES	<u>108,703</u>	<u>5,921,703</u>
TOTAL LIABILITIES	<u>147,863</u>	<u>8,330,047</u>
NET POSITION:		
Net investment capital assets	-	324,348
Unrestricted	<u>60,922</u>	<u>(4,281,120)</u>
TOTAL NET POSITION	<u>\$ 60,922</u>	<u>\$ (3,956,772)</u>

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the year ended June 30, 2014

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 1,873,636	\$ 4,261,607
Other revenues	-	32,697
	<u>1,873,636</u>	<u>4,294,304</u>
OPERATING EXPENSES:		
Personnel services	917,473	729,542
Cost of sales, services and operations	366,946	1,453,752
Depreciation	-	145,227
Insurance and claims paid	-	692,975
	<u>1,284,419</u>	<u>3,021,496</u>
OPERATING INCOME	589,217	1,272,808
NONOPERATING REVENUES:		
Investment income	-	1,993
	<u>589,217</u>	<u>1,274,801</u>
INCOME BEFORE TRANSFERS	589,217	1,274,801
TRANSFERS OUT	<u>(101,775)</u>	<u>-</u>
CHANGE IN NET POSITION	487,442	1,274,801
NET POSITION - BEGINNING OF YEAR	<u>(426,520)</u>	<u>(5,231,573)</u>
NET POSITION - END OF YEAR	<u>\$ 60,922</u>	<u>\$ (3,956,772)</u>

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2014

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers	\$ 1,999,134	\$ 4,293,153
Payments to suppliers for goods and services	(367,235)	(3,681,361)
Payments to employees for services	(942,180)	(759,029)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	689,719	(147,237)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	-	209,363
Paid to other funds	(481,056)	(59,734)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(481,056)	149,629
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	-	2,085
NET INCREASE IN CASH AND CASH EQUIVALENTS	208,663	4,477
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	3,673,343
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 208,663	\$ 3,677,820

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2014

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income	\$ 589,217	\$ 1,272,808
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	-	145,227
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables	125,498	(3,202)
(Increase) decrease in other receivables	-	2,051
(Increase) decrease in inventories	-	4,921
(Increase) decrease in prepaid expenses	-	(367,474)
Increase (decrease) in accounts payable	(289)	(5,562)
Increase (decrease) in other accrued liabilities	(6,694)	(1,071)
Increase (decrease) in claims and judgments payable	-	(1,166,519)
Increase (decrease) in compensated absences payable	(18,013)	(28,416)
TOTAL ADJUSTMENTS	100,502	(1,420,045)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 689,719	\$ (147,237)

There were no significant noncash financing or investing activities for the year ended June 30, 2014.

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2014

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds	Special Deposits Agency Fund
	<u>Trust Fund</u>	<u>Funds</u>	<u>Agency Fund</u>
ASSETS:			
Cash and investments	\$ 12,768,186	\$ -	\$ 1,133,590
Cash and investments with fiscal agent	7,407,882	825,732	-
Receivables, net:			
Taxes	181,976	-	47,680
Interest	6,590	-	-
Notes and loans	14,671,967	-	-
Allowance for doubtful accounts	(14,671,967)	-	-
Assessments	30,465,000	-	-
Due from City of West Covina	12,205,531	-	-
Land held for resale	67,040	-	-
Capital assets:			
Nondepreciable	15,597,561	-	-
Depreciable, net	5,951,266	-	-
	<u>84,651,032</u>	<u>825,732</u>	<u>\$ 1,181,270</u>
LIABILITIES:			
Accounts payable	267,980	-	\$ 5,058
Accrued liabilities	3,144	-	-
Interest payable	924,059	-	-
Due to other governments	119,940	-	-
Deposits	-	-	1,176,212
Due to County Auditor Controller	11,578,351	-	-
Due to the City of West Covina	787,520	-	-
Advances from the City of West Covina	13,125,194	-	-
Long-term liabilities:			
Due within one year	6,393,736	-	-
Due in more than one year	98,551,022	-	-
	<u>131,750,946</u>	<u>-</u>	<u>\$ 1,181,270</u>
NET POSITION			
Held in trust for Successor Agency	(47,099,914)	-	
Held in trust for pension benefits	-	825,732	
TOTAL NET POSITION	<u>\$ (47,099,914)</u>	<u>\$ 825,732</u>	

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2014

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds
	<u> </u>	<u> </u>
ADDITIONS:		
Taxes	\$ 12,344,252	\$ -
Employer contributions	-	123,767
Investment income	414,774	87,755
Rental income	50,000	-
Other revenues	626,657	-
	<u>13,435,683</u>	<u>211,522</u>
TOTAL ADDITIONS		
DEDUCTIONS:		
Program administration	10,222,236	-
Administrative costs	-	8,395
Benefit distributions		146,058
Depreciation	372,219	-
Interest and fiscal charges	3,463,032	-
	<u>14,057,487</u>	<u>154,453</u>
TOTAL DEDUCTIONS		
CHANGES IN NET POSITION	(621,804)	57,069
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(46,478,110)</u>	<u>768,663</u>
NET POSITION - END OF YEAR	<u>\$ (47,099,914)</u>	<u>\$ 825,732</u>

See independent auditors' report and notes to basic financial statements.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the City of West Covina, California (City) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

a. Reporting Entity:

The City of West Covina was incorporated on February 23, 1923 under the general laws of the State of California. The accompanying financial statements present the City of West Covina and its component units; entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Because each component unit meets the above-mentioned criteria, included within the financial reporting entity of the City of West Covina are the City of West Covina Housing Authority, the West Covina Public Financing Authority, the Parking Authority of the City of West Covina and the West Covina Community Services Foundation, Inc.

A brief description of each component unit follows:

The West Covina Housing Authority (the Housing Authority) was formed on January 17, 2012 and is responsible for the administration of providing affordable housing in the City. The Housing Authority is administered by a Board which consists of members of the City Council. The transactions of the Housing Authority are reported as a special revenue fund.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

a. Reporting Entity (Continued):

The West Covina Public Financing Authority (the Authority) was created by a joint powers agreement between the City of West Covina and the Community Development Commission of the City of West Covina on June 1, 1990. The purpose of the Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Authority is administered by the Board who are the members of the City Council. The Authority's sole source of income is installment sale, loan and lease payments received from the City and former Community Development Commission (the Commission) which are used to meet the debt service requirements on debt issues. The Authority is blended into the debt service fund of the City.

The Parking Authority of the City of West Covina (the Parking Authority) was formed under the provision of the government code of the State of California for the purpose of financing and constructing parking facilities for lease to the City of West Covina. The City Council acts as the governing body of the Parking Authority and is able to impose its will on the Parking Authority. It is a component unit of the City, and the financial statements of the Parking Authority are included within the financial statements of the City, using the blended method. The Parking Authority has been inactive since 1999.

The West Covina Community Services Foundation, Inc. (the Foundation) was established on July 26, 2005 as a nonprofit public benefit corporation. It was organized and operates exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Foundation is administered by the Board of Directors who are the members of the City Council. The Foundation is blended into the special revenue funds of the City.

Since the City Council serves as the governing board for these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. These component units do not issue component unit financial statements.

b. Basis of Accounting and Measurement Focus:

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City. Interfund services provided and used are not eliminated in the process of consolidation.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported as *general revenues*.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major funds individually and other governmental funds in the aggregate for governmental funds. Fiduciary statements represent assets held by the City in a custodial capacity for other individuals or organizations in the private purpose trust and agency funds.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. Significant revenues subject to the criteria include taxes, licenses and permits, and intergovernmental revenues. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Governmental Funds (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Revenues, expenses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within 60 days after the fiscal year ends to meet the "available" criteria of revenue recognition. Therefore recognition of governmental fund type revenue represented by non-current receivables is reported as deferred inflows of resources until they meet the "availability" criteria.

Sales taxes, property taxes, franchise taxes, revenue from other agencies, rental income, occupancy taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government. The availability period for all revenues is 60 days.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Accounting and Measurement Focus (Continued):

Proprietary and Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, the proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure.

The City's fiduciary private purpose and pension trust funds are accounted for using the economic resources measurement focus and accrual basis of accounting. The private purpose trust fund accounts for the assets held by the City for the Successor Agency to the Community Development Commission of the City of West Covina. The pension trust funds accounts for assets and activities of the Public Agency Retirement System enhancement and supplemental retirement defined benefit pension plans. The City's fiduciary agency funds have no measurement focus but utilize the accrual basis for reporting its assets and liabilities. Because these funds are not available for use by the City, fiduciary funds are not included in the governmental-wide statements.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications:

The City reports the following major governmental funds:

General Fund - This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

West Covina Housing Authority Special Revenue Fund - This fund is used to account for assets and related income received from the former Community Development Commission to be used for the administration of providing affordable housing in the City.

City Debt Service Fund - This fund is used to account for the payment of principal, interest and related costs on the City's long-term debt issues.

The City reports the following major proprietary fund:

Computer Service Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The City's enterprise fund is used to account for computer services provided by the Police Department to other public agencies.

Additionally, the City reports the following fund types:

Governmental Fund Types

Special Revenue Funds - are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Capital Projects Funds - are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short-lived capital assets.

Proprietary Fund Types

Internal Service Funds - These funds are used to account for vehicle and equipment maintenance and replacement, for the City's self-insurance programs, and for retirement health savings plans for qualified City employees. Departments of the City are charged for the services provided or benefits received from these funds.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

Fiduciary Fund Types

Private Purpose Trust Fund - This fund is used to account for the assets and activities of the Successor Agency to Community Development Commission of the City of West Covina.

Pension Trust Funds - These funds are used to account for the assets and activities of the Public Agency Retirement System Retirement Enhancement and Supplemental Retirement plans.

Agency Fund - This fund is used to account for special deposits received by the City.

d. New Accounting Pronouncements:

Current Year Standards:

- GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, required to be implemented in the current fiscal year did not impact the City.
- GASB 67 - *“Financial Reporting for Pensions Plans, an amendment of GASB Statement No. 25”*, was implemented in the current fiscal year.
- GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, required to be implemented in the current fiscal year did not impact the City.

Pending Accounting Standards:

GASB has issued the following statements which may impact the City’s financial reporting requirements in the future:

- GASB 68 - *“Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27”*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *“Government Combinations and Disposals of Government Operations”*, effective for periods beginning after December 15, 2013.
- GASB 71 - *“Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68”*, effective for periods beginning after June 15, 2014.

See independent auditors’ report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Budgets and Budgetary Data:

The annual budget adopted by the City Council provides for the general operation of the City. The annual budget is adopted in summary by the City Council in June of each year for the General, special revenue, debt service funds and capital projects funds. The resolution sets a combined appropriation of the funds for the operation of the City.

The City Manager is authorized to transfer budgeted amounts between departments to ensure adequate and proper standards of service. Budgetary revisions, including supplemental appropriations which increase appropriations in individual funds, must be approved by the City Council. The budgetary level of control is at the fund level. The budgeted figures used in the financial statements' budget to actual comparisons are the final amended amounts.

The budget is formally integrated into the accounting system and employed as a management control device during the year for the General Fund, special revenue funds, debt service funds and capital projects funds.

Budgets for governmental fund types are adopted on a basis consistent with generally accepted accounting principles. Operating appropriations lapse at the end of the fiscal year. Capital projects funds are appropriated on a project basis and appropriations are funded by the council to continue until the specific projects are completed.

f. Cash and Investments:

Investments are reported in the accompanying financial statements at fair value, except for investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash and not subject to significant changes in value from interest rate fluctuations. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City of West Covina.

h. Inventory:

Inventory is stated at average cost. Physical counts of inventory are taken on a cyclical basis during each fiscal year with perpetual records adjusted to actual at that time. The City uses the consumption method of accounting for inventory.

i. Capital Assets:

Capital assets greater than \$5,000 and infrastructure greater than \$100,000 are capitalized and recorded at cost or at an estimated fair value of the assets at the time of acquisition where complete historical records do not exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets include public domain infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, medians, sewer and storm drains.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary and the private-purpose trust funds.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized during the year ended June 30, 2014.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Capital Assets (Continued):

The following schedule summarizes capital asset useful lives:

Governmental Activities:

Infrastructure - pavement	25 years
Infrastructure - other	20 - 75 years
Buildings	20 - 50 years
Improvements other than buildings	20 - 50 years
Equipment and vehicles	5 - 25 years

Business-type Activity:

Equipment and vehicles	5 - 25 years
------------------------	--------------

j. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City does not have deferred outflows of resources.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and 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 this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. 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 practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

l. Property Taxes:

Under California law, property taxes are assessed and collected by the counties up to 1 % of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City of West Covina accrues only those taxes which are received within 60 days after year end.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment - November 1 Second Installment - February 1
Delinquent Dates:	First Installment - December 10 Second Installment - April 10

Taxes are collected by Los Angeles County and are remitted to the City periodically. Dates and percentages are as follows:

December 20	40% Advance
January 17	10% Advance
February 20	Collection No. 1
April 18	35% Advance
May 20	Collection No. 2
July 18	Collection No. 3

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Claims and Judgments:

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including claims incurred but not reported) has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self insurance activities.

n. Compensated Absences:

A liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

A liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

The General Fund and Computer Service Enterprise Fund typically have been used to liquidate the liability for compensated absences.

o. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

2. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments held by the City at June 30, 2014 are reported in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 53,234,534
Cash and investments with fiscal agent	2,001,159

Statement of Fiduciary Net Position:

Cash and investments	13,901,776
Cash and investments with fiscal agent	<u>8,233,614</u>

Total cash and investments \$ 77,371,083

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

Cash on hand	\$ 6,550
Deposits with financial institutions	3,956,516
Investments	<u>73,408,017</u>

Total cash and investments \$ 77,371,083

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that addresses interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City and investments in the City's retirement enhancement and supplemental retirement defined benefit pension trust funds that are in the Public Agency Retirement Plans (PARS Trust Pool), rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	No	N/A	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored				
Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	40%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	30%
Repurchase Agreements	Yes	100 days	20%	20%
Medium-Term Notes	Yes	5 years	30%	30%
Mutual Funds	Yes	N/A	20%	10%
Time Certificates of Deposit	Yes	5 years	25%	25%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	20%
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored			
Agency Securities	None	None	None
Certificates of Deposit	None	None	None
Banker's Acceptances	360 to 365 days	None	None
Commercial Paper	180 to 365 days	None	None
Repurchase Agreements	30 days to 6 months	None	None
Local Agency Investment Fund	None	None	None
Investment Agreements	None	None	None
Money Market Funds	None	None	None

Investments Authorized by Pension Trust Agreements

Investments of pension trust fund contributions held by the trustee are governed by the trust agreements. The City selected an investment strategy allowed by the trust agreements with the objective of providing current income and moderated capital appreciation. The strategic ranges for the investment strategy selected by the City are as follows:

- 0-20% Cash
- 25-45% Fixed Income
- 40-60% Equity

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value will be to changes in market interest rates. In accordance with the City's Investment Policy, the City manages its exposure to interest rate risks 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.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Remaining Maturity (in Years)				Total
	Less Than 1 Year	1 to 2 Years	3 to 4 Years	5 Years or More	
Local Agency Investment Fund	\$ 10,939,131	\$ -	\$ -	\$ -	\$ 10,939,131
Los Angeles County Investment Pool	37,367,574	-	-	-	37,367,574
U.S. Government Sponsored					
Agency Securities	3,429,240	10,943,915	-	-	14,373,155
Money market mutual funds	506,179	-	-	-	506,179
Held by fiscal agent:					
Money market mutual funds	3,593,632	-	-	-	3,593,632
U.S. Government Sponsored					
Agency Securities	799,944	-	-	-	799,944
Investment agreements	-	-	-	5,002,670	5,002,670
Subtotal	<u>\$ 56,635,700</u>	<u>\$ 10,943,915</u>	<u>\$ -</u>	<u>\$ 5,002,670</u>	<u>72,582,285</u>
PARS Trust Pool					825,732
Total investments					<u>\$ 73,408,017</u>

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 (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Minimum Legal Rating	Total as of			Not Rated
		June 30, 2014	AAA	AA+	
Local Agency Investment Fund	N/A	\$ 10,939,131	\$ -	\$ -	\$ 10,939,131
Los Angeles County Investment Pool	N/A	37,367,574	-	-	37,367,574
U.S. Government Sponsored					
Agency Securities	N/A	14,373,155	-	14,373,155	-
Money market mutual funds	A	506,179	506,179	-	-
Held by fiscal agent:					
Money market mutual funds	A	3,593,632	3,593,632	-	-
U.S. Government Sponsored					
Agency Securities	N/A	799,944	-	799,944	-
Investment agreements	N/A	5,002,670	-	-	5,002,670
PARS Trust Pool	N/A	825,732	-	-	825,732
Total		<u>\$ 73,408,017</u>	<u>\$ 4,099,811</u>	<u>\$ 15,173,099</u>	<u>\$ 54,135,107</u>

N/A - Not Applicable

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount, as noted on page 49, that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	\$ 3,429,240
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Agency Securities	10,943,915
Westdeutsche Landesbank	Investment agreement	5,002,670

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2014, all the City's deposits are either federally insured or collateralized. Investments held by bond trustee are selected under the terms of the applicable trust agreement. The trustee acquires the investment and holds the investment on behalf of the reporting government.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

2. CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code 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.

Investment in County Investment Pool

The City is a voluntary participant in the Los Angeles County Investment Pool (LACIP) that is regulated by the California Government Code and the Los Angeles County Board of Supervisors under the oversight of the Los Angeles County Treasurer-Tax Collector. 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 LACIP for the entire LACIP portfolio. The balance available for withdrawal is based on the accounting records maintained by LACIP, which are recorded on an amortized cost basis.

3. DUE TO AND FROM OTHER FUNDS:

Interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Payable</u>	<u>Receivable</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 433,955
Fleet Management Internal Service Fund	General Fund	<u>209,363</u>
Total interfund receivable and payable balances		<u>\$ 643,318</u>

These interfund balances are a result of short-term borrowings to cover deficit cash.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

4. LONG-TERM RECEIVABLES FROM SUCCESSOR AGENCY:

Prior to the dissolution of the Commission's redevelopment activities on February 1, 2012, the City authorized several advances to be used for completing redevelopment projects throughout the community. As a result of the dissolution, the liabilities related to these advances were transferred to the Successor Agency. See Note 22 for additional information. At June 30, 2014 the outstanding receivable side of these advances was as follows:

- (a) The General Fund had made the several advances to the Commission totaling \$8,100,000 for administrative and capital improvement construction costs ("General Advance"). Eighty percent (80%) of the balance is reported in the General Fund and the remaining twenty percent (20%) balance is reported in the West Covina Housing Authority Special Revenue Fund.
- (b) In May 2010, the Commission made an advance of \$6,529,308 from the Low and Moderate Income Housing Capital Projects Fund to the Citywide Project Area Debt Service Fund to satisfy the Commission's Supplemental Educational Revenue Augmentation Fund (SERAF) obligation as required by Assembly Bill ABX4-26. The advance bears no interest and must be repaid by June 30, 2015. In May 2011, the Commission made an advance of \$1,344,269 from the Low and Moderate Income Housing Capital Projects Fund to the Citywide Project Area Debt Service Fund to satisfy the Commission's Supplemental Educational Revenue Augmentation Fund (SERAF) obligation as required by Assembly Bill ABX4-26. The advance bears no interest and must be repaid by June 30, 2016. Effective February 1, 2012, the Commission's redevelopment activities were dissolved and the receivable side of these advances were retained by the Housing Authority. The outstanding balance at June 30, 2014 was \$5,025,194.

The "Dissolution Act" (AB 1x26 as amended by AB 1484) outlines the method of repayment for the General Advances and the SERAF Advances by the Successor Agency.

With regard to the General Advances, upon application by the Successor Agency and approval by the Oversight Board, the General Advances will be deemed to be "enforceable obligations" that qualify for repayment; provided the Oversight Board makes a finding that the General Advances were for legitimate redevelopment purposes. The Dissolution Act sets a defined schedule by which the General Advances may be repaid. The repayment schedule is to span a reasonable term of years, with outstanding balances incurring interest at a rate not to exceed that earned by the funds deposited into the Local Agency Investment Fund ("LAIF"). Repayment of the General Advances is subject to additional repayment limitations, including: repayment may not commence prior to the 2013-2014 fiscal year, annual payments are capped as determined by a specific formula, repayment of the General Advances is on a lower payment priority than other obligations of the Successor Agency, and twenty percent (20%) of the repayment amount must be deposited in the LMIHF for the benefit of the Housing Authority. With regard to repayment of the SERAF Advances, repayment is authorized to begin in the 2013-14 fiscal year, and annual repayment is capped pursuant to a statutory formula.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

4. LONG-TERM RECEIVABLES FROM SUCCESSOR AGENCY (CONTINUED):

Successor Agency and City management believes, in consultation with legal counsel, that both the General Advances and the SERAF Advances are enforceable obligations payable by the Successor Agency under the Dissolution Act's repayment restrictions. Therefore, the City has not recorded an allowance for uncollectible advances. That said, the Dissolution Act is a complicated statutory scheme and the State and local agency implementation thereof has been the subject of substantial dispute and litigation. As such, repayment of either the General Advances or the SERAF Advances cannot be guaranteed.

5. NOTES AND LOANS RECEIVABLE:

As of June 30, 2014, the following notes and loans receivable were outstanding:

Housing rehabilitation	\$ 4,293,455
First time home buyers	344,058
Housing preservation program	756,635
Lark Ellen Towers	5,856,285
Executive Lodge Apartments	6,345,889
West Covina Senior Villas, L.L.C.	3,116,666
West Covina Senior Villas II, L.P.	8,600,753
Other loans	1,884,117
Allowance for doubtful accounts	<u>(12,677,675)</u>
Total	<u>\$ 18,520,183</u>

Several housing rehabilitation loans totaling \$4,293,455 have been made to qualified applicants using Community Development Block Grants received by the City and housing set-aside funds of the former Commission's redevelopment activities. These loans bear interest up to 5% and are repaid when title to the property changes.

The Commission has made loans to first-time home buyers totaling \$344,058. Loans are secured by second trust deeds and bear interest at 5%. Principal and interest are deferred for five years and are due monthly in years 6 through 30. There were 20 individual loans outstanding at June 30, 2014 ranging from \$10,900 to \$22,450.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

5. NOTES AND LOANS RECEIVABLE (CONTINUED):

The Commission has also made housing preservation loans totaling \$756,635 to qualified applicants using housing set-aside funds. Principal and interest are deferred for ten years; after the tenth year loans bear interest at 5%. Loans are repaid after the tenth year or when title to the property changes. There were 89 individual loans outstanding at June 30, 2014 ranging from \$205 to \$10,050.

In May 1997, the Commission loaned \$4,270,000 to Lark Ellen Towers. The loan is secured by a deed of trust. The loan accrues interest at 3% per annum and requires annual payments equal to the maximum of \$35,000 or 50% of net profits earned by the project. The outstanding principal and accrued interest at June 30, 2014 is \$5,856,285.

In April 1998, the Commission loaned \$5,622,300 to Executive Lodge Apartments Limited Partnership (Promenade Apartments project). The loan is secured by a deed of trust. The loan accrues interest at 3% per annum requires annual payments equal to 80% of net profits earned by the project. The outstanding principal and accrued interest at June 30, 2014 is \$6,345,889.

In May 2002, the Commission loaned \$4,250,000 to West Covina Senior Villas, LLC. The loan is secured by a deed of trust. The loan does not accrue interest. The note requires annual payments of \$141,667 through May 2032 that are forgiven by the City unless the borrower defaults on the agreement. The outstanding principal at June 30, 2014 is \$3,116,666.

In May 2009, the Commission entered into an agreement with West Covina Senior Villas II, L.P. to provide \$8,600,000 for the acquisition of real property in the City of West Covina and construction and maintenance of an approximately 65-unit apartment complex to be rented to low income and very low income senior citizens. The loan is secured by a deed of trust. The loan does not accrue interest so long as the borrower does not default on the loan. The note requires annual payments of \$86,869 through ninety-nine years of the note's commencement date. As of June 30, 2014 the Commission had provided \$8,600,000. The outstanding principal at June 30, 2014 is \$8,600,753.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

6. CAPITAL ASSETS:

Governmental Activities

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

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, not being depreciated:				
Land	\$ 38,974,512	\$ -	\$ -	\$ 38,974,512
Rights of way	14,376,498	-		14,376,498
Construction in progress	<u>9,961,403</u>	<u>5,759,557</u>	<u>(10,363,323)</u>	<u>5,357,637</u>
Total capital assets, not being depreciated	<u>63,312,413</u>	<u>5,759,557</u>	<u>(10,363,323)</u>	<u>58,708,647</u>
Capital assets, being depreciated:				
Buildings and improvements	86,601,990	2,795,591	-	89,397,581
Equipment and vehicles	22,941,581	2,389,172	-	25,330,753
Infrastructure - pavement	181,837,240	4,046,116	-	185,883,356
Infrastructure - other	<u>21,033,793</u>	<u>1,430,027</u>	<u>-</u>	<u>22,463,820</u>
Total capital assets, being depreciated	<u>312,414,604</u>	<u>10,660,906</u>	<u>-</u>	<u>323,075,510</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,927,788)	(1,821,428)	-	(22,749,216)
Equipment and vehicles	(16,749,326)	(1,595,497)	-	(18,344,823)
Infrastructure - pavement	(105,385,582)	(6,690,655)	-	(112,076,237)
Infrastructure - other	<u>(15,781,765)</u>	<u>(389,520)</u>	<u>-</u>	<u>(16,171,285)</u>
Total accumulated depreciation	<u>(158,844,461)</u>	<u>(10,497,100)</u>	<u>-</u>	<u>(169,341,561)</u>
Total capital assets, being depreciated, net	<u>153,570,143</u>	<u>163,806</u>	<u>-</u>	<u>153,733,949</u>
Total governmental activities capital assets, net	<u>\$ 216,882,556</u>	<u>\$ 5,923,363</u>	<u>\$ (10,363,323)</u>	<u>\$ 212,442,596</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

6. CAPITAL ASSETS (CONTINUED)

Governmental Activities (Continued)

Depreciation expense (including \$145,227 from Internal Service Funds) was charged to the following functions in the Statement of Activities for the year ended June 30, 2014 as follows:

General government	\$	51,033
Public safety		7,740,930
Public works		1,193,640
Community services		<u>1,511,497</u>
	\$	<u>10,497,100</u>

Business-type Activity

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

	<u>Balance at</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2014</u>
Capital assets, being depreciated:				
Equipment and machinery	\$ 1,059,120	\$ -	\$ -	\$ 1,059,120
Less accumulated depreciation for:				
Equipment and machinery	<u>(1,059,120)</u>	<u>-</u>	<u>-</u>	<u>(1,059,120)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense charged to the computer service program for the year ended June 30, 2014.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

7. LONG-TERM LIABILITIES:

Governmental Activities

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2014 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
2002 Lease Revenue Bonds	\$ 16,110,000	\$ -	\$ (495,000)	\$ 15,615,000	\$ 510,000	\$ 15,105,000		
2003 Lease Revenue Bonds	2,360,000	-	(2,360,000)	-	-	-		
2004 Lease Revenue Bonds	11,190,000	-	(325,000)	10,865,000	345,000	10,520,000		
2005 Lease Revenue Bonds	2,350,000	-	(70,000)	2,280,000	70,000	2,210,000		
2006 Lease Revenue Bonds	17,635,000	-	(195,000)	17,440,000	235,000	17,205,000		
2013 Lease Revenue								
Refunding Bonds	-	2,185,000	-	2,185,000	-	2,185,000		
Total Lease Revenue Bonds	49,645,000	2,185,000	(3,445,000)	48,385,000	1,160,000	47,225,000		
Compensated absences	4,612,222	696,564	(896,089)	4,412,697	666,968	3,745,729		
Claims and judgments payable (Note 11)	9,106,100	1,008,838	(2,175,357)	7,939,581	2,074,440	5,865,141		
Capital lease obligations (Note 12)	957,535	285,223	(469,475)	773,283	488,059	285,224		
Notes payable (Note 13)	1,658,532	-	(145,764)	1,512,768	149,799	1,362,969		
Net pension obligation (Note 16)	-	320,233	-	320,233	-	320,233		
Net OPEB obligation (Note 18)	13,630,654	5,150,000	(1,774,000)	17,006,654	-	17,006,654		
Total long-term liabilities								
Governmental activities	<u>\$ 79,610,043</u>	<u>\$ 9,645,858</u>	<u>\$ (8,905,685)</u>	<u>\$ 80,350,216</u>	<u>\$ 4,539,266</u>	<u>\$ 75,810,950</u>		

Business-type Activity

Changes in long-term liabilities for the business-type activity for the year ended June 30, 2014 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2013	Additions	Deletions	June 30, 2014	Within	One Year	More Than	One Year
Compensated absences	<u>\$ 145,515</u>	<u>\$ 21,454</u>	<u>\$ (39,467)</u>	<u>\$ 127,502</u>	<u>\$ 18,799</u>	<u>\$ 108,703</u>		

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. LEASE REVENUE BONDS:

2002 Lease Revenue Refunding Bonds, Series A and B (Public Facilities Project)

On June 25, 2002, the City issued \$2,690,000 of Taxable Variable Rate Lease Revenue Refunding Bonds, 2002 Series A and \$19,205,000 Variable Rate Lease Revenue Refunding Bonds, 2002 Series B to provide financing for the advance refunding of the City's 1997 Refunding Certificates of Participation. The entire principal amount of \$2,690,000 was paid in full in September 2005.

The Series B bonds initially bear interest at 2.5% per annum and, during the initial rate period, interest on the Series B bonds is payable on March 1, 2003 and semiannually thereafter on September 1 and March 1 of each year until September 1, 2006. Thereafter, interest with respect to the Series B bonds is payable on October 1, 2006 and each month thereafter at a variable rate, and after the fixed rate conversion date at the fixed rates. Principal on the Series B bonds is due annually on September 1, in amounts ranging from \$495,000 to \$950,000. The Series B bonds mature on September 1, 2035.

The Series B bonds are payable from lease payments to be made by the City to the Authority as rental for certain public facilities consisting of a portion of the City's Civic Center Complex. At June 30, 2014, the outstanding balance is \$15,615,000.

In connection with this issuance of the 2002 Lease Revenue Bonds, the City obtained a letter of credit as a credit facility for the bonds. The letter of credit was due to expire on June 26, 2012. Prior to the expiration of the letter of credit, on June 1, 2012, the 2002 Lease Revenue Bonds were directly purchased by Wells Fargo Bank, National Association. Because the bonds were directly purchased, the bond indenture does not require a credit facility to support the debt service payments until the bank's tender date of May 31, 2016. Until the tender date, the bonds bear interest at 70% of LIBOR plus the Applicable Spread (currently 80 basis points).

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. LEASE REVENUE BONDS (CONTINUED):

2002 Lease Revenue Refunding Bonds, Series A and B (Public Facilities Project) (Continued)

The annual debt service requirements on the 2002 Lease Revenue Refunding Bonds as of June 30, 2014 are as follows (using a .936% interest rate at June 30, 2014):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 510,000	\$ 146,125	\$ 656,125
2016	525,000	141,353	666,353
2017	545,000	136,440	681,440
2018	560,000	131,340	691,340
2019	575,000	126,099	701,099
2020 - 2024	3,150,000	546,320	3,696,320
2025 - 2029	3,650,000	389,948	4,039,948
2030 - 2034	4,225,000	208,683	4,433,683
2035 - 2036	<u>1,875,000</u>	<u>26,436</u>	<u>1,901,436</u>
Totals	<u>\$ 15,615,000</u>	<u>\$ 1,852,744</u>	<u>\$ 17,467,744</u>

2003 Lease Revenue Bonds, Series A (Community Center Project)

On February 19, 2003, the City issued \$3,625,000 of Lease Revenue Bonds to provide financing for the construction of a community center. The bonds mature annually through August 1, 2023 in amounts ranging from \$170,000 to \$270,000, with interest rates ranging from 1.60% to a maximum of 5.375% over the term of the bonds. Interest is payable semiannually on February 1 and August 1 of each year. The bonds were payable from lease payments as rental for certain public facilities. During the fiscal year, the bonds were refunded in full by the 2013 Lease Revenue Refunding Bonds, Series A.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. LEASE REVENUE BONDS (CONTINUED):

2004 Lease Revenue Bonds, Series A and B (Golf Course Project)

In August 2004, the City issued \$8,165,000 of Variable Rate Lease Revenue Bonds, Series A and \$5,335,000 of Variable Rate Lease Revenue Bonds, Series B to provide financing for grading and infrastructure relating to the City's proposed municipal golf course. The Series A bonds mature annually through May 1, 2034 in amounts ranging from \$185,000 to \$460,000. The Series B bonds mature annually through May 1, 2034 in amounts ranging from \$140,000 and \$350,000. The Series A and B bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on May 1 and November 1 of each year.

The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2014, the outstanding balance is \$10,865,000.

The annual debt service requirements on the 2004 Lease Revenue Bonds as of June 30, 2014 are as follows (using .061% interest rate at June 30, 2014):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 345,000	\$ 6,628	\$ 351,628
2016	355,000	6,417	361,417
2017	375,000	6,201	381,201
2018	395,000	5,972	400,972
2019	410,000	5,731	415,731
2020 - 2024	2,345,000	546,320	2,891,320
2025 - 2029	2,940,000	389,948	3,329,948
2030 - 2034	3,700,000	208,683	3,908,683
Totals	<u>\$ 10,865,000</u>	<u>\$ 1,175,900</u>	<u>\$ 12,040,900</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. LEASE REVENUE BONDS (CONTINUED):

2005 Lease Revenue Bonds, Series C (Public Facilities Project)

In September 2005, the City issued \$2,735,000 of Variable Rate Lease Refunding Bonds, Series C to provide funds to refinance the City's 2002 Series A Taxable Variable Rate Lease Revenue Refunding Bonds and finance the construction of various public facility projects. The bonds mature annually on September 1 in amounts ranging from \$70,000 to \$155,000 through September 1, 2034. The bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on March 1 and September 1 of each year. The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2014, the outstanding balance is \$2,280,000.

In connection with this issuance of the 2005 Lease Revenue Bonds, the City obtained a letter of credit as a credit facility for the bonds. The letter of credit was due to expire on June 26, 2012. Prior to the expiration of the letter of credit, on June 1, 2012, the 2005 Lease Revenue Bonds were directly purchased by Wells Fargo Bank, National Association. Because the bonds were directly purchased, the bond indenture does not require a credit facility to support the debt service payments until the bank's tender date of May 31, 2016. Until the tender date, the bonds bear interest at 70% of LIBOR plus the Applicable Spread (currently 80 basis points).

The annual debt service requirements on the 2005 Lease Revenue Bonds as of June 30, 2014 are as follows (using .936% interest rate at June 30, 2014):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 70,000	\$ 21,336	\$ 91,336
2016	75,000	20,681	95,681
2017	80,000	19,979	99,979
2018	80,000	19,231	99,231
2019	85,000	18,482	103,482
2020 - 2024	475,000	79,824	554,824
2025 - 2029	565,000	56,054	621,054
2030 - 2034	695,000	27,185	722,185
2035	155,000	1,450	156,450
Totals	<u>\$ 2,280,000</u>	<u>\$ 264,222</u>	<u>\$ 2,544,222</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. LEASE REVENUE BONDS (CONTINUED):

2006 Lease Revenue Bonds, Series A and B (Big League Dreams Project)

In September 2006, the City issued \$10,710,000 of Lease Revenue Bonds, Series A and \$7,295,000 of taxable Lease Revenue Bonds, Series B to provide financing for facilities and infrastructure related to the Big League Dreams sports park. The Series A bonds mature annually through June 1, 2036 in amounts ranging from \$80,000 to \$1,270,000, with interest rates that range from 4.0% to a maximum of 5.0% over the term of the bonds. The Series B bonds mature annually through June 1, 2036 in amounts ranging from \$115,000 to \$550,000, with interest rates that range from 5.39% to a maximum of 6.07% over the term of the bonds. The bonds are payable from lease payments as rental for certain public facilities. The reserve requirement of \$1,535,322 was fully funded at June 30, 2014. At June 30, 2014, the outstanding balance is \$17,440,000.

The annual debt service requirements on the 2006 Lease Revenue Bonds as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 235,000	\$ 935,216	\$ 1,170,216
2016	270,000	923,804	1,193,804
2017	310,000	910,664	1,220,664
2018	360,000	894,412	1,254,412
2019	405,000	875,692	1,280,692
2020 - 2024	2,915,000	3,999,529	6,914,529
2025 - 2029	4,085,000	3,077,747	7,162,747
2030 - 2034	5,315,000	1,842,254	7,157,254
2035 - 2036	<u>3,545,000</u>	<u>285,584</u>	<u>3,830,584</u>
Totals	<u>\$ 17,440,000</u>	<u>\$ 13,744,902</u>	<u>\$ 31,184,902</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

8. LEASE REVENUE BONDS (CONTINUED):

2013 Lease Revenue Refunding Bonds, Series A

On January 8, 2014, the City issued \$2,185,000 of Variable Rate Lease Revenue Refunding Bonds, 2013 Series to provide financing for the advance refunding of the City's 2003 Lease Revenue Bonds, Series A.

The bonds mature annually on August 1 in amounts ranging from \$65,000 to \$95,000 through August 1, 2043. The bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on February 1 and August 1 of each year. At June 30, 2014, the outstanding balance is \$2,185,000.

The City refunded the 2003 Bonds to reduce its total debt service payments over 30 years by \$109,604 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$421,241.

The annual debt service requirements on the 2013 Lease Revenue Refunding Bonds as of June 30, 2014 are as follows (using .118% interest rate at June 30,2014):

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 2,578	\$ 2,578
2016	65,000	2,578	67,578
2017	65,000	2,502	67,502
2018	65,000	2,425	67,425
2019	65,000	2,348	67,348
2020 - 2024	345,000	10,555	355,555
2025 - 2029	370,000	8,461	378,461
2030 - 2034	405,000	6,195	411,195
2035 -2039	435,000	3,741	438,741
2040 - 2044	<u>370,000</u>	<u>1,103</u>	<u>371,103</u>
Totals	<u>\$ 2,185,000</u>	<u>\$ 42,486</u>	<u>\$ 2,227,486</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

9. COMPENSATED ABSENCES:

The liability of \$4,412,697 represents the governmental activities portion of total unpaid vacation and compensation time earned by employees of the City. There is no fixed payment schedule for earned but unpaid compensated absences. The General Fund typically has been used to liquidate the liability for compensated absences.

The liability of \$127,502 represents the business-type activity portion of total unpaid vacation and compensation time earned by employees of the City. There is no fixed payment schedule for earned but unpaid compensated absences.

10. LETTERS OF CREDIT:

The City has letters of credit securing the payment of principal and interest on its variable rate bonded debt. The letters of credit are issued in favor of the bond trustees and enable the trustees to make drawings against the letters of credit for payment of principal and interest amounts, if necessary. There were no draws made during fiscal year ended June 30, 2014.

The terms of the letters of credit are summarized as follows:

<u>Letter of Credit</u>	<u>Trustee</u>	<u>Amount</u>	<u>Expiration Date</u>
Wells Fargo Bank: 2004 Lease Revenue Bonds	US Bank	\$ 11,399,698	November 29, 2015

11. CLAIMS AND JUDGMENTS:

The City is exposed to various risks of loss related to its operation, including losses associated with errors and omissions, injuries to employees and members of the public. The City's Internal Service Self-Insurance Fund is used to account for and finance its uninsured risks of loss.

The City of West Covina participates in a joint powers insurance authority insurance pooling arrangement with other public agencies for general liability coverage in excess of the City's self-insured retention of \$1,000,000 per occurrence. The pool shares losses from \$1 million to \$2 million among its members and purchases commercial insurance/reinsurance for losses from \$2 million to \$27 million, per occurrence.

The City of West Covina purchases statutory limits through a joint powers authority insurance pooling arrangement with other public agencies for worker's compensation coverage in excess of the City's self-insured retention of \$1 million per occurrence.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

11. CLAIMS AND JUDGMENTS (CONTINUED):

Settlements for general liability and worker's compensation claims did not exceed the insurance coverage during the last three years.

The claims and judgments liability reported in the Internal Service Self Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2014, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$7,939,581.

Changes in the claims and judgments payable amounts in fiscal years 2013 and 2014 for the Self-Insurance Fund are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2012 - 2013	\$ 10,136,722	\$ 644,547	\$ (1,675,169)	\$ 9,106,100
2013 - 2014	9,106,100	1,008,838	(2,175,357)	7,939,581

12. CAPITAL LEASE OBLIGATIONS:

The following represents governmental activity obligation under capital leases:

Public Safety Emergency Radio System

In June 2008, the City entered into a lease agreement for the acquisition of a public safety emergency radio system. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The police radio acquired under this lease agreement is recorded at their acquisition cost of \$3,050,000.

The City obtained financing in the amount of \$3,050,000 with an interest rate of 3.92% and semiannual payments of \$251,227 through the end of the lease (June 2015). The outstanding balance at June 30, 2014 is \$488,059.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

12. CAPITAL LEASE OBLIGATIONS (CONTINUED):

Ambulance

In October 2013, the City entered into a lease agreement for the acquisition of an ambulance. This lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception. The ambulance acquired under this lease agreement is recorded at their acquisition cost of \$358,784.

The City obtained financing in the amount of \$285,224 with an interest rate of 2.31% and semiannual payments of \$75,471 through the end of the lease (2017). The outstanding balance at June 30, 2014 is \$285,224.

The calculation of the present value of the future lease payments for obligations under capital leases as of June 30, 2014 is as follows:

Year Ending <u>June 30,</u>	
2015	\$ 577,926
2016	75,471
2017	75,471
2018	<u>75,471</u>
Subtotal	804,339
Less: amount representing interest	<u>(31,056)</u>
Present value of future lease payments	<u>\$ 773,283</u>

13. NOTES PAYABLE:

Valencia Note

On May 1, 2003, the City entered into a note agreement for \$1,215,000 to finance the purchase of certain real property. The initial interest rate of 5.31% is adjusted on the eighteenth month anniversary of the effective date, and shall be at that rate which is 0.5% in excess of the two year United States Treasury Bill in existence on the date of such adjustment. Principal and interest payments are due monthly through 2023. The note is payable from the revenues of the General Fund. The outstanding balance at June 30, 2014 is \$628,530.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

13. NOTES PAYABLE (CONTINUED):

Valencia Note (Continued)

The annual debt service requirements on the Valencia note as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 68,095	\$ 5,214	\$ 73,309
2016	68,692	4,617	73,309
2017	69,293	4,016	73,309
2018	69,900	3,409	73,309
2019	70,513	2,796	73,309
2020 - 2023	<u>282,037</u>	<u>4,953</u>	<u>287,990</u>
Totals	<u>\$ 628,530</u>	<u>\$ 25,005</u>	<u>\$ 653,535</u>

California Energy Commission Loan

On September 5, 2006, the City entered into a note agreement for \$1,278,000 to finance for energy efficient purposes the acquisition of equipment and other capital projects. The note accrues interest at 4.5%. Principal and interest payments of \$60,295 are due semiannually through June 22, 2023. The note is payable from the revenues of the General Fund. At June 30, 2014, the outstanding balance is \$884,238.

The annual debt service requirements on the California Energy Commission loan as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 81,705	\$ 38,885	\$ 120,590
2016	85,329	35,261	120,590
2017	89,306	31,284	120,590
2018	93,370	27,220	120,590
2019	97,618	22,972	120,590
2020 - 2023	<u>436,910</u>	<u>45,450</u>	<u>482,360</u>
Totals	<u>\$ 884,238</u>	<u>\$ 201,072</u>	<u>\$ 1,085,310</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

14. FUND BALANCE CLASSIFICATION:

The fund balances reported on the fund statements consist of the following categories:

Nonspendable Fund Balance - This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - This classification includes amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council (Council) has by resolution authorized the Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. Additional formal action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance - This is the residual classification that includes all spendable amounts not contained in the other classifications

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first.

When an expenditure is 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.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

14. FUND BALANCE CLASSIFICATION (CONTINUED):

	General Fund	West Covina Housing Authority Special Revenue Fund	City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepays and other assets	\$ 115,326	\$ 157,500	\$ -	\$ -	\$ 272,826
Advances to Successor Agency	6,480,000	-	-	-	6,480,000
Restricted:					
Debt service	-	-	13,450,395	-	13,450,395
Special revenue fund purposes	-	24,659,538	-	18,116,234	42,775,771
Assigned:					
Capital projects	-	-	-	3,891,565	3,891,565
Unassigned	<u>5,944,496</u>	<u>-</u>	<u>-</u>	<u>(47,867)</u>	<u>5,896,629</u>
Totals	<u>\$ 12,539,822</u>	<u>\$ 24,817,038</u>	<u>\$ 13,450,395</u>	<u>\$ 21,959,932</u>	<u>\$ 72,767,187</u>

15. ACCUMULATED FUND DEFICITS/NET POSITION:

The following funds reported deficits in fund balances/net position as of June 30, 2014:

	<u>Deficit Balance</u>
Other Governmental Funds - Special Revenue Funds:	
Grants	\$ 46,468
Inmate Welfare	1,399
Internal Service Funds:	
Fleet Management	51,938
Self-Insurance	4,726,132

Management's explanations for the resolution of significant accumulated fund deficits are summarized as follows:

Grants Special Revenue Fund

The deficit of \$46,468 in the Grants Special Revenue Fund is the result of expenses incurred prior to reimbursement from grantors. The deficit will be eliminated through future grant revenues.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

15. ACCUMULATED FUND DEFICITS/NET POSITION (CONTINUED):

Fleet Management Internal Service Fund

The deficit in net position of \$51,938 is a result of increased maintenance due to the increased age of the fleet. It is anticipated that the deficit will be eliminated in future years through in future years with increased charges to operating funds and replacement of vehicles with maintenance issues.

Self-Insurance Internal Service Fund

The deficit in net position of \$4,726,132 is the result of payment of damages in various claims and litigation matters against the City and the increased legal costs in defending those matters. It is anticipated that this deficit fund balance will be funded with increased charges to the operating funds of the City in future years.

16. DEFINED BENEFIT PENSION PLANS:

a. California Public Employee Retirement System (PERS):

The City of West Covina contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

“Classic” members (employees hired before January 1, 2013 or after January 1, 2013 and have been in the PERS System) are required to contribute the employee contribution of either 7% or 8% of their annual covered salary for miscellaneous employees, and 9% for safety employees. New members (hired after January 1, 2013) are required to contribute 6.25% of their annual covered salary. The City made the contributions required of “classic” safety employees on their behalf and for their account, while the miscellaneous employees and new members made their own contributions. Benefit provisions and all other requirements are established by state statute and City contracts with employee bargaining groups.

The City reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2011. The contribution rate indicated for the period is 38.96% of payroll for the safety plan and 14.73% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2014, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2013 to June 30, 2014.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (PERS) (Continued):

A summary of principle assumptions and methods used to determine the ARC is shown below.

	<u>Safety</u>	<u>Miscellaneous</u>
Valuation Date	June 30, 2011	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	30 years as of the valuation date	23 years as of the valuation date
Asset Valuation Method	15 year smoothed market	15 year smoothed market
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 13.15% depending on age, service and type of employment	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%

The excess of total actuarial accrued liability over the actuarial value of plan assets is called the unfunded actuarial accrued liability. Changes in the liability due to subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30-year period. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization period may not be lower than the payment calculated over a 30 year amortization period.

The unfunded actuarial liabilities for both the safety and miscellaneous plans are amortized over a period ending June 30, 2041.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (PERS) (Continued):

The funded status of the plan based on the June 30, 2013 actuarial valuation (dollar amounts in thousands) is as follows:

	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	Unfunded Liability % of Covered Payroll
Safety	\$ 304,817	\$ 203,117	\$ 101,700	66.64%	\$ 16,480	617.11%
Miscellaneous	127,251	99,941	27,310	78.54%	\$ 9,733	280.59%

The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

*Three-Year Trend Information - Safety Annual Pension Cost
(Employer Contribution)*

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/12	\$ 6,365,171	100%	\$ -
6/30/13	6,020,341	100%	-
6/30/14	6,727,857	100%	-

*Three-Year Trend Information - Miscellaneous Annual Pension Cost
(Employer Contribution)*

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/12	\$ 1,570,847	100%	\$ -
6/30/13	1,346,443	100%	-
6/30/14	1,469,327	100%	-

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS):

Effective November 1, 2007, the City established two retirement plans with the Public Agency Retirement System (PARS) to supplement the current CalPERS retirement benefits. PARS is an agent-multiple employer defined benefit plan. It meets the requirements of a pension trust under California Government Code. Phase II Systems is the PARS Trust Administrator. The plans do not issue separate financial reports.

EPMC Replacement Supplemental Retirement Plan

Plan Description

The EPMC Replacement Plan, a single-employer defined benefit plan, was established to replace a long-standing benefit for city employees no longer allowed by CalPERS. The plan provides for a benefit in an amount equal to the member's years of service, times the member's final pay, times the CalPERS age factor, times .70% for miscellaneous employees (times .89% for safety employees). At the time of retirement, employees will make an election to receive either a lump sum payment or receive ongoing stipends over their lifetime.

Employee shall be eligible to receive benefits under this plan if he or she meets all of the following requirements under one of the following tiers

Tier 1

- Full time miscellaneous employees on or after July 1, 2004 but hired prior to July 1, 2011.
- Classified as a department head of city council, employee represented by the Confidential Employees' Association, General Employees' Association, West Covina Maintenance and Crafts Employees' Association, Mid-Management Employees' Association and Non-Sworn Support Employees' Association.
- Has had compensable earnings under CalPERS impacted by CalPERS regulation, thereby causing a reduction in CalPERS benefits
- At least fifty (50) years of age
- Has completed at least one year of employment
- Has terminated employment with the City and concurrently retired under CalPERS under a regular service retirement, and remains in retired status under CalPERS
- Has applied for benefits under this plan

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) (Continued):

EPMC Replacement Supplemental Retirement Plan (Continued)

Tier 2

- Full time employee:
 - Fire management employee on or after July 1, 2004 but hired prior to July 1, 2011.
 - Fire safety employee on or after July 1, 2004 but hired prior to July 1, 2012
 - Police management employee on or after July 1, 2004 but hired prior to December 31, 2012, or an employee hired prior to January 1, 2013 who promotes or transfers to police management position on or after January 1, 2013.
- Not represented by the West Covina Police Officers Association
- Has had compensable earnings under CalPERS impacted by CalPERS regulation, thereby causing a reduction in CalPERS benefits
- At least fifty (50) years of age
- Has completed at least one year of employment
- Has terminated employment with the City and concurrently retired under CalPERS under a regular service retirement, and remains in retired status under CalPERS
- Has applied for benefits under this plan

Participant date as of June 30, 2013 (latest available):

Retirees receiving benefits	4
Active plan members	<u>112</u>
	<u>116</u>

Funding Policy

The City makes all contributions to these plans. Participants do not make any contributions. For the fiscal year ended June 30, 2014, the City's required contributions were \$112,000 and actual contributions were \$64,704. The required contribution was based on the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. The unfunded actuarial liability is based on a 15-year closed amortization. The actuarial assumptions include: investment rate of return of 6%, projected salary increases of 3.25% to 12.65% (depending on years of service), and assumed inflation rate of 3%. The ongoing stipends will contain a 2% annual cost of living adjustment consistent with CalPERS pensions.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) (Continued):

EPMC Replacement Supplemental Retirement Plan (Continued)

*Three-Year Trend Information - EPMC Annual Pension Cost
(Employer Contribution)*

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/12	\$ 133,148	100%	\$ -
6/30/13	199,017	100%	-
6/30/14	112,000	58%	47,296

Supplemental Retirement Plan for Executive Staff and City Council

This single-employer defined benefit pension plan is separated into three tiers.

Tier 1 (full-time non-safety Department Head and the City Manager) and Tier 2 (City Council) provides an additional retirement amount to miscellaneous department heads, City Manager and City Council in an amount equal to the amount of \$823 per month. This benefit amount increases each year by CPI, up to 2%. In order to be eligible for this benefit, participants must have five years of service with the City and must retire into PERS from the City.

Tier 3 (City Manager) provides an increased retirement benefit to a former City Manager consistent with the terms of his contract. It will convert the retirement formula for all years of prior CalPERS service at non-West Covina agencies to the CalPERS 2.5% @ 55 formula currently in place with the City of West Covina.

Participant date as of June 30, 2013 (latest available):

Retirees receiving benefits	6
Active plan members	10
	16

All three tiers are combined for funding purposes in this plan. The City makes all contributions to these plans. Participants do not make any contributions. For the fiscal year ended June 30, 2014, the City's required contribution was \$332,000 and actual contributions were \$59,053. The required contribution was based on the pay as you go method. The City performs biennial actuarial valuations using the entry age normal actuarial cost method. The unfunded actuarial liability is based on a 15-year closed amortization (10-years for Tier 3) with amortization payments remaining level. The actuarial assumptions include: investment rate of return of 6%, assumed inflation rate of 3%, projected salary increases of 3.25%.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) (Continued):

Supplemental Retirement Plan for Executive Staff and City Council (Continued)

The Schedule of Funding Progress, presented as required supplementary information, shows the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll. The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. This plan is closed to new hires.

*Three-Year Trend Information – Executive Annual Pension Cost
(Employer Contribution)*

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 45,787	100%	\$ -
6/30/13	77,050	100%	-
6/30/14	332,000	18%	272,937

17. DEFINED CONTRIBUTION PENSION PLAN:

Plan Description

During the 1991-1992 fiscal year, the City established the West Covina Part-Time Retirement Plan, a defined contribution retirement plan, for all nonbenefited, part-time employees in accordance with Internal Revenue Code Section 457, to conform to Section 3121(b)(7)(F) of the Internal Revenue Code added by the Omnibus Budget Reconciliation Act of 1990. The plan is administered by Nationwide Retirement Solutions. The plan was established by the authority of the City Council who retains the authority to amend the plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of the contributions.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

17. DEFINED CONTRIBUTION PENSION PLAN (CONTINUED):

Part-time, nonbenefited, nonpersable employees of the City must participate in the plan. During 2012-13, 195 part-time employees participated in the plan. All contributions to the plan vest immediately. An employee who leaves the City is entitled to all contributions and earnings applied to the individual's account through the date of separation, less legally required income tax withholding. Contribution levels into the deferred compensation plan were established by City Council resolution at 0% for the City and 7.5% for nonbenefited, nonpersable part-time employees.

During the year, total required and actual contributions amounted to \$100,226 and covered payroll for the year ended June 30, 2014 totaled \$1,336,347. No contributions were made by the City and employees contributed \$100,226 (7.5% of current covered payroll). Total plan assets at June 30, 2014 were \$774,675. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

18. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

a. Plan Descriptions:

Medical

The City administers a single-employer defined benefit plan which provides healthcare benefits to eligible retirees and their dependents in accordance with various labor agreements. City paid amounts are capped at varying amounts depending on employee's bargaining unit, as follows:

- Police:
 - \$1,005 per month for employees hired before July 1, 2012 with have five years of sworn service or hired after July 1,2012 with more than twenty years of sworn service
 - PEMHCA minimum amount (\$115 and \$119 per month in calendar years 2013 and 2014, respectively) for employees hired after July 1,2012 with less than twenty years of sworn service
- Fire
 - \$1,005 per month for employees hired before July 1, 2012 with have five years of sworn service
 - PEMHCA minimum amount (\$115 and \$119 per month in calendar years 2013 and 2014, respectively) for employees hired after July 1,2012
- Miscellaneous - At the PEMHCA minimum amount (\$115 and \$119 per month in calendar years 2013 and 2014, respectively).

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

18. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):

a. Plan Descriptions (Continued):

Life Insurance

Eligible retirees, in accordance with various labor agreements, receive life insurance benefits from the City as follows:

- \$500 Confidential/Exempt, General, Maintenance and Non-Sworn Safety bargaining units
- \$10,000 Executive Management, Mid-Management, Police Management (retired after September 1, 2006), Fire Management and Fire bargaining units
- \$10,500 Police bargaining unit

b. City's Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and bargaining unit requirements is based on a pay-as-you-go basis (i.e. as medical insurance premiums become due). For fiscal year ended June 30, 2014, the City contributed \$1,774,000 to the plan, including \$1,770,000 for current premiums (100% of total premiums).

c. Annual OPEB Cost and Net OPEB Obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

18. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):

a. Annual OPEB Cost and Net OPEB Obligation (Continued):

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 5,236,000
Interest on net OPEB obligation	510,000
Adjustment to annual required contribution	<u>(596,000)</u>
Annual OPEB cost (expense)	5,150,000
Actual contributions made (including premiums paid)	<u>(1,774,000)</u>
Increase in net OPEB obligation	3,376,000
Net OPEB Obligation - beginning of year	<u>13,630,654</u>
 Net OPEB Obligation - end of year	 <u>\$ 17,006,654</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 5,472,000	28.07%	\$ 9,511,403
6/30/13	5,811,000	29.11%	13,630,654
6/30/14	5,150,000	34.45%	17,006,654

d. Funded Status and Funding Progress:

As of June 30, 2013, the latest actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$65,190,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$65,190,000. The funded ratio (actuarial value of assets as a percentage of actuarial accrued liability) was 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$25,620,000 and the ratio of the UAAL to the covered payroll was 268.47%.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

18. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):

d. Funded Status and Funding Progress (Continued):

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 rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding 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 represents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. 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 actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, inflation rate of 3% and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements of 1% per year to an ultimate rate of 5% after the sixth year. The UAAL is being amortized as a level percentage of projected payroll on a closed basis over 30 years. It is assumed the City's payroll will increase 3.25% per year.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

19. COMMITMENTS AND CONTINGENCIES:

- (a) In 1989, in order to assist in the expansion of the Fashion Plaza shopping center, the City enacted an ordinance to allow the Redevelopment Agency of the City of West Covina (the predecessor to the West Covina Community Development Commission) to receive the sales tax generated as a result of the expansion project. At the same time, the City enacted an ordinance providing a credit for sales tax payable by the developer in the amount equal to the sales tax due to the redevelopment agency. These sales tax ordinances and related agreements between the City and the Agency essentially transferred the sales tax increment due to the Fashion Plaza expansion project from the City to the Agency.

On July 25, 2005, the Board of Directors of the former West Covina Community Development Commission adopted Resolution No. 2005-50. By this resolution, the Board of Directors authorized the Commission to reimburse the City of West Covina over a period of 17 years for the sales tax revenue that had essentially been shifted from the City to the Agency. These budgeted interfund transfers between the primary government of the City of West Covina and the former Community Development Commission will be recorded in the fiscal year that they result in a flow of current financial resources, as required by the measurement focus prescribed for governmental funds. As a result of the dissolution of the Redevelopment Agency, the Department of Finance has deemed this agreement as an unenforceable obligation.

- (b) Budgets for governmental fund types are adopted on a basis consistent with generally accepted accounting principles. Operating appropriations lapse at the end of the fiscal year. Capital projects funds are appropriated on a project basis and appropriations are funded by the council to continue until the specific projects are completed.

20. TRANSFERS IN/TRANSFERS OUT:

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	
General Fund	Other Governmental Funds	\$ 2,457,575	(a)
	Computer Services		
	Enterprise Fund	101,775	
City Debt Service Fund	General Fund	1,110,500	(b)
Other Governmental Funds	General Fund	24,265	
	Other Governmental Funds	<u>50,000</u>	
Total		<u>\$ 3,744,115</u>	

- (a) This is to reimburse the General Fund for traffic, public safety, public works and community service related activities.
(b) This is to transfer funds for debt service payments.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

21. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the “Dissolution Act”) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 10, 2012, the City elected to serve as the Successor Agency of the Community Development Commission of the City of West Covina.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA’s housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. On January 17, 2012, the City created the City of West Covina Housing Authority to service as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

21. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. The Successor Agency remitted \$1,891,166 to the CAC on December 19, 2012 for the low and moderate income housing funds due diligence review.

The due diligence review for all other funds was finalized with the final letter of determination issued by the DOF on April 24, 2013. The DOF determined that the principal and interest payments made by the former Community Development Commission totaling \$12,205,531 on various loans from the City of West Covina for the period January 1, 2011 to June 30, 2012 were on loans not made within the first two years of the formation of the former redevelopment agency. The DOF ordered Successor Agency to remit \$11,578,351 to the CAC within five days from the date of the letter.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

21. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

City management, in consultation with its legal counsel, did not agree with the DOF's decision and filed a lawsuit to contest the decision. The City also did not remit the payments that were disallowed to the CAC. If the City does not prevail in its lawsuit against the DOF, the City will have to return the funds to the Successor Agency and the Successor Agency will remit the appropriate amount to the CAC. If the City refuses to pay it back, the City will lose future sales and property tax allocations. At June 30, 2014, the City is reporting a liability of \$12,205,531 in the General Fund and \$11,578,351 in the Successor Agency related to the DOF's determination.

Advances from City of West Covina - AB 1484 specifies the actions to be taken and the method of repayment for advances by the Successor Agency to the various funds of the City. Upon application and approval by the Successor Agency and approval by the Oversight Board, loan agreements (advances) entered into by the former redevelopment agency and the City shall be deemed to be enforceable obligations provided that the Oversight Board makes a finding that the advances were for legitimate redevelopment purposes. The accumulated interest on the remaining amount of advances will be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The advances are to be repaid with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by the funds deposited into the Local Agency Investment Fund. The annual advances repayments are subject to certain limitations. Advance repayments shall not be made prior to the 2013-2014 fiscal year, are subject to a formula distribution, and have a lower priority for repayment as described in AB 1484 (Health and Safety Code Section 34191.4(2)(A)). The advances related to the borrowing for the SERAF payment have a priority over repayment of the other advances. 20% of the repayment of the other advances not related to the SERAF advances shall be deducted and transferred to the Low and Moderate Income Housing Asset Fund (Housing Authority). Management of the City has not recorded an allowance for uncollectible advances as all the advances are expected to be repaid.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency.

The State Controller completed its review on December 11, 2013, and identified \$8,497,720 of unallowable transfers of assets that occurred during the audit between the former Commission and the City. This amount is already included in the amount ordered by DOF to remit to the CAC (see previous page).

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

21. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

22. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the Commission's former non-housing redevelopment activities were transferred to the City in its fiduciary capacity as the Successor Agency to the Redevelopment Agency of the City of West Covina on February 1, 2012 as a result of the dissolution of California redevelopment agencies. These assets and liabilities and any activities related to them are reported in the City's fiduciary private-purpose trust fund financial statements. Disclosures related to these assets and liabilities are as follows:

NOTES RECEIVABLE:

In 2010 the Commission received an award for damages, attorneys' fees and costs under a foreclosure judgment in the superior court in the amount of \$7,586,603. This amount is the result of a positive verdict in litigation against Hassan Imports Partnership and various related entities, stemming from breach of contract of various agreements and covenants with the Commission. The Commission is pursuing collection of these judgments in federal bankruptcy court. The developer has also filed an appeal of the judgment. The outstanding balance at June 30, 2014, with interest, is \$10,229,768. The City also obtained a judgment in a related matter. The outstanding balance of that judgment at June 30, 2014, with interest, is \$1,401,506.

Subsequent to the above litigation, Hassan Imports Partnership also breached two additional sales tax guaranty agreements related to the Chevrolet and Dodge dealerships. The outstanding amounts due under these loans is \$1,997,861.

The Commission had previously provided a loan to Clippinger Dodge that bears interest at 7% and is collateralized by a promissory note and sales tax guarantees. The outstanding principal and accrued interest at June 30, 2014 is \$1,042,832.

All of these receivables are offset by an allowance for doubtful accounts on the financial statements of the private-purpose trust fund.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

ASSESSMENT RECEIVABLE:

In connection with the Commission's issuance of its \$51,220,000 1996 Special Tax Bonds, \$32,520,000 in assessments receivable was recorded. The assessment is an annual special tax levied on the community facilities district in an amount sufficient to ensure payment of the debt service on the 1996 Special Tax Bonds. This special tax supplements sales and property tax increment revenues that also support the debt service on the bonds.

As of June 30, 2014, the following assessments receivable were outstanding:

1996 Special Tax Bonds	<u>\$ 30,465,000</u>
------------------------	----------------------

LAND HELD FOR RESALE:

Land held for resale, which is valued a lower of cost or the sales price per contract with the developer is comprised of the following at June 30, 2014:

BKK Project	<u>\$ 67,040</u>
-------------	------------------

CAPITAL ASSETS:

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

	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Capital assets, not being depreciated:				
Land	<u>\$ 15,597,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,597,561</u>
Capital assets, being depreciated:				
Buildings and improvements	18,403,609	-	-	18,403,609
Equipment and vehicles	<u>95,975</u>	<u>-</u>	<u>-</u>	<u>95,975</u>
Total capital assets, being depreciated	<u>18,499,584</u>	<u>-</u>	<u>-</u>	<u>18,499,584</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,084,641)	(368,072)	-	(12,452,713)
Equipment and vehicles	<u>(91,458)</u>	<u>(4,147)</u>	<u>-</u>	<u>(95,605)</u>
Total accumulated depreciation	<u>(12,176,099)</u>	<u>(372,219)</u>	<u>-</u>	<u>(12,548,318)</u>
Total capital assets, being depreciated, net	<u>6,323,485</u>	<u>(372,219)</u>	<u>-</u>	<u>5,951,266</u>
Total capital assets, net	<u>\$ 21,921,046</u>	<u>\$ (372,219)</u>	<u>\$ -</u>	<u>\$ 21,548,827</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES:

Long-term liability activity for the year ended 30, 2014 was as follows:

	Balance			Balance	Due	Due in
	July 1, 2013	Additions	Deletions	June 30, 2014	Within	More Than
					One Year	One Year
1988 Lease Revenue Bonds	\$ 3,360,000	\$ -	\$ (460,000)	\$ 2,900,000	\$ 495,000	\$ 2,405,000
1996 Special Tax Bonds	32,520,000	-	(2,055,000)	30,465,000	2,340,000	28,125,000
Tax Allocation Bonds:						
1999 Tax Allocation Bonds	3,410,000	-	(140,000)	3,270,000	150,000	3,120,000
2002 Tax Allocation Bonds	8,410,000	-	(580,000)	7,830,000	605,000	7,225,000
Total Tax Allocation Bonds	11,820,000	-	(720,000)	11,100,000	755,000	10,345,000
Housing Set-Aside Bonds:						
1998 Housing Set-Aside Bonds	3,990,000	-	(215,000)	3,775,000	230,000	3,545,000
2001 Housing Set-Aside Bonds	7,450,000	-	(420,000)	7,030,000	435,000	6,595,000
Total Housing Set-Aside Bonds	11,440,000	-	(635,000)	10,805,000	665,000	10,140,000
Developer agreement payable	37,191,691	4,458,234	-	41,649,925	729,163	40,920,762
Due to County of Los Angeles	9,018,702	524,989	(1,518,858)	8,024,833	1,409,573	6,615,260
Total long-term liabilities	\$ 105,350,393	\$ 4,983,223	\$ (5,388,858)	\$ 104,944,758	\$ 6,393,736	\$ 98,551,022

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

1988 Lease Revenue Refunding Bonds (The Lakes Public Parking Project)

In 1988, the Community Development Commission issued \$7,750,000 of Variable Rate Lease Revenue Bonds for the purpose of constructing two multi-story parking structures. The bonds consist of \$7,350,000 of current interest bonds and \$400,000 of compound interest bonds. The bonds carried interest rates of 6.625% and 7.50%, respectively, until January 31, 1994. On February 1, 1994, the bonds were converted to variable rate bonds. The interest rates vary based on the prevailing financial market conditions beginning on February 1, 1994, to a maximum of 12% over the term of the bonds and are payable monthly. The bonds are subject to mandatory redemption beginning August 1, 1994, and annually thereafter through August 1, 2018.

The bonds are secured by the facilities and lease rentals to be received pursuant to a lease agreement between the Commission and the City. The reserve requirement of \$396,612 was fully funded at June 30, 2014. At June 30, 2014, the outstanding balance is \$2,900,000.

The annual debt service requirements on the 1988 Lease Revenue Refunding Bonds as of June 30, 2014 are as follows (using interest rate of 0.1%):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 495,000	\$ 1,769	\$ 496,769
2016	535,000	1,467	536,467
2017	575,000	1,141	576,141
2018	625,000	790	625,790
2019	670,000	409	670,409
Totals	<u>\$ 2,900,000</u>	<u>\$ 5,576</u>	<u>\$ 2,905,576</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

1996 Special Tax Bonds (The Fashion Plaza Project)

In 1996, the Community Development Commission issued \$51,220,000 of Special Tax Refunding Bonds comprised of \$9,980,000 of serial bonds and \$41,240,000 of term bonds to finance public parking facilities, street and other improvements located in or adjacent to the Community Development Commission Community Facilities District. The serial bonds matured during the fiscal year ended June 30, 2007. The term bonds bear interest at a rate from 5.75% to 6.0% payable semiannually and are due September 1, 2022. The term bonds are not subject to optional redemption; mandatory redemption begins September 1, 2007, then annually thereafter through September 1, 2022. Interest is payable semiannually on March 1 and September 1 of each year. The bonds are secured by and payable from a portion of the revenues derived from an annual special tax to be levied against all taxable real property within the Special Assessment District. In addition, the Commission has pledged certain other incremental revenues generated within the District consisting of property taxes and sales taxes. The reserve requirement of \$5,002,670 was fully funded at June 30, 2014. The outstanding principal balance of the bonds at June 30, 2014 is \$30,465,000.

The annual debt service requirements on the 1996 Special Tax Bonds as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 2,340,000	\$ 1,757,700	\$ 4,097,700
2016	2,515,000	1,612,050	4,127,050
2017	2,790,000	1,452,900	4,242,900
2018	3,050,000	1,277,700	4,327,700
2019	3,305,000	1,087,050	4,392,050
2020 - 2023	<u>16,465,000</u>	<u>2,114,850</u>	<u>18,579,850</u>
Totals	<u>\$ 30,465,000</u>	<u>\$ 9,302,250</u>	<u>\$ 39,767,250</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

1999 Tax Allocation Bonds

On November 1, 1999, the Community Development Commission issued \$3,945,000 of Taxable Variable Rate Tax Allocation bonds. The proceeds of the bonds were used to fund a loan to the Commission, which was used by the Commission to finance certain redevelopment capital projects within the West Covina Merged Project Area. The bonds are payable from and secured by certain tax revenues payable to the Commission. The interest on the 1999 Bonds is payable monthly at an adjustable interest rate with a maximum of 12%. Principal is due annually through November 1, 2029, in amounts ranging from \$140,000 to \$270,000.

The Commission has a letter of credit to pay the principal and interest due on the bonds to the extent that other funds are not available. The outstanding principal balance of the bonds at June 30, 2014 is \$3,270,000.

The annual debt service requirements on the 1999 Tax Allocation Bonds as of June 30, 2014 are as follows (using interest rate of 0.21%):

Year Ending June 30,	Principal	Interest	Total
2015	\$ 150,000	\$ 6,867	\$ 156,867
2016	155,000	6,552	161,552
2017	165,000	6,227	171,227
2018	165,000	5,880	170,880
2019	170,000	5,534	175,534
2020 - 2024	975,000	21,977	996,977
2025 -2029	1,220,000	10,710	1,230,710
2030	<u>270,000</u>	<u>567</u>	<u>270,567</u>
Totals	<u>\$ 3,270,000</u>	<u>\$ 64,314</u>	<u>\$ 3,334,314</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

2002 Tax Allocation Refunding Bonds

On June 4, 2002 the Community Development Commission issued \$12,200,000 of Tax Allocation Refunding Bonds. The proceeds of the Bonds were used to prepay the outstanding 1993 Tax Allocation Bonds. The 2002 Bonds are payable from tax revenues of the Commission. The interest on the bonds is payable semiannually on September 1 and March 1 of each year at interest rates ranging from 1.75% to 5.10%. The principal of the bonds is due annually through September 1, 2025, in amounts ranging from \$580,000 to \$800,000. At June 30, 2014 the required reserve of \$996,346 was fully funded. The principal balance of outstanding bonds at June 30, 2014 is \$7,830,000.

The annual debt service requirements on the 2002 Tax Allocation Refunding Bonds as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 605,000	\$ 376,291	\$ 981,291
2016	630,000	349,890	979,890
2017	660,000	319,515	979,515
2018	690,000	285,090	975,090
2019	725,000	249,008	974,008
2020 - 2024	3,250,000	708,136	3,958,136
2025 - 2026	<u>1,270,000</u>	<u>65,535</u>	<u>1,335,535</u>
Totals	<u>\$ 7,830,000</u>	<u>\$ 2,353,465</u>	<u>\$ 10,183,465</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

1998 Housing Set-Aside Tax Allocation Bonds

In 1998, the Community Development Commission issued \$4,945,000 of Series A Tax Allocation Bonds and \$1,200,000 of Taxable Series B Tax Allocation Bonds to provide funds for the acquisition and rehabilitation of a multi-family housing project. The bonds mature annually through September 1, 2025 in amounts ranging from \$215,000 to \$420,000, with interest rates varying from 4.5% to 7.0%. Interest is payable semiannually on March 1, and September 1, of each year. The bonds are payable solely from and secured by a pledge of that portion of the tax increment revenues receivable by the Commission with respect to the merged redevelopment project area and are required to be deposited into the Commission's Low and Moderate Income Housing Fund. At June 30, 2014 the required reserve of \$445,940 was fully funded. The principal balance of outstanding bonds at June 30, 2014 is \$3,775,000.

The annual debt service requirements on the 1998 Housing Set-Aside Tax Allocation Bonds as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 230,000	\$ 205,715	\$ 435,715
2016	240,000	192,875	432,875
2017	255,000	179,248	434,248
2018	270,000	164,653	434,653
2019	285,000	149,131	434,131
2020 - 2024	1,680,000	479,611	2,159,611
2025 -2026	<u>815,000</u>	<u>47,003</u>	<u>862,003</u>
Totals	<u>\$ 3,775,000</u>	<u>\$ 1,418,236</u>	<u>\$ 5,193,236</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

2001 Housing Set-Aside Tax Allocation Bonds

On December 1, 2001 the Community Development Commission issued \$11,275,000 of Housing Set-Aside Tax Allocation Bonds. The proceeds of the bonds were used to fund a grant for the acquisition and development of a senior housing apartment complex and finance the implementation of the Commission's low and moderate income housing programs. The bonds are payable from and secured by certain tax increment revenues. The interest on the bonds is payable on March 1 and September 1 of each year with interest rates ranging from 2.25% to 5.00%. The principal of the bonds is due annually through September 1, 2031 in amounts ranging from \$25,000 to \$600,000. The bonds are subject to optional and mandatory redemption provisions. At June 30, 2014 the required reserve of \$779,438 was fully funded. The principal balance of outstanding bonds at June 30, 2014 is \$7,030,000.

The annual debt service requirements on the 2001 Housing Set-Aside Tax Allocation Bonds as of June 30, 2014 are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 435,000	\$ 331,167	\$ 766,167
2016	455,000	310,915	765,915
2017	475,000	289,287	764,287
2018	500,000	266,250	766,250
2019	525,000	241,906	766,906
2020 - 2024	2,290,000	823,906	3,113,906
2025 - 2029	1,245,000	465,625	1,710,625
2030 - 2032	1,105,000	70,375	1,175,375
Totals	<u>\$ 7,030,000</u>	<u>\$ 2,799,431</u>	<u>\$ 9,829,431</u>

Developer Agreement Payable

On June 26, 1989, the Commission entered into an agreement with a developer to share certain future tax revenues generated by the Community Facilities District. Since 1992, the developer's share of revenues totaled \$49,087,108, the unpaid balance accrues interest at a rate of 10%. The Commission has made payments to the developer totaling \$16,193,927.

Outstanding
Balance at
June 30, 2014

\$ 41,649,925

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

Due to the County of Los Angeles

Based on an agreement dated June 19, 1990 between the Commission and the County, during the first twenty years beginning in 1990, the Commission will retain from the County 50% of the County portion of tax increment. Per the agreement, the Commission must repay all amounts withheld from the County beginning in 2011. The repayment is made annually and is based on a calculation of excess tax increment revenues from the sub-project area. The outstanding balance accrues interest at 7%. The balance at June 30, 2014 is \$8,024,833.

LETTERS OF CREDIT:

The Commission has letters of credit securing the payment of principal and interest on certain variable rate bonded debt. The letters of credit are issued in favor of the bond trustees and enable the trustees to make drawings against the letters of credit for payment of principal and interest amounts, if necessary. There were no draws made during fiscal year ended June 30, 2014.

The terms of the letters of credit are summarized as follows:

<u>Letter of Credit</u>	<u>Trustee</u>	<u>Amount</u>	<u>Expiration Date</u>
Wells Fargo Bank:			
1988 Lease Revenue Bonds	Bank of New York	\$ 3,409,710	December 3, 2015
1999 Tax Allocation Bonds	US Bank	3,467,176	October 31, 2015

23. RESTATEMENT OF NET POSITION/FUND BALANCES:

The net position of the governmental activities at July 1, 2013 was restated as follows:

Net position at July 1, 2013, as originally reported	\$ 210,340,677
Reduce loans receivable balance due to an adjustment to increase allowance for doubtful account	<u>(609,065)</u>
Net position at July 1, 2013, as restated	<u>\$ 209,731,612</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2014

23. RESTATEMENT OF NET POSITION/FUND BALANCES (CONTINUED):

The fund balances at July 1, 2013 were restated as follows:

	<u>General Fund</u>	<u>West Covina Housing Authority Special Revenue Fund</u>	<u>Other Governmental Funds</u>
Fund balances at July 1, 2013, as originally reported	\$ 10,730,662	\$ 10,304,853	\$ 15,136,831
To record unavailable revenues for previously recognized revenues	(815,792)	-	-
To eliminate unavailable revenues Related to notes receivable	<u>-</u>	<u>14,841,307</u>	<u>3,800,278</u>
Fund balances at July 1, 2013, as restated	<u>\$ 9,914,870</u>	<u>\$ 25,146,160</u>	<u>\$ 18,937,109</u>

The net position of the pension trust funds were restated to recognize trust balances of \$768,663.

24. SUBSEQUENT EVENTS:

Events occurring after June 30, 2014 have been evaluated for possible adjustments to the financial statements or disclosure as of March 23, 2015, which is the date these financial statements were available to be issued.

See independent auditors' report.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WEST COVINA

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2014
(dollar amounts in thousands)

CalPERS SAFETY PENSION PLAN

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
06/30/11	\$ 281,287	\$ 219,238	\$ 62,049	77.94%	\$ 17,641	351.73%
06/30/12	295,827	224,513	71,314	75.89%	17,823	400.12%
06/30/13	304,816	203,116	101,700	66.64%	16,480	617.11%

CalPERS MISCELLANEOUS PENSION PLAN

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
06/30/11	\$ 120,856	\$ 107,982	\$ 12,874	89.35%	\$ 12,859	100.12%
06/30/12	122,269	110,510	11,759	90.38%	10,045	117.06%
06/30/13	127,251	99,941	27,310	78.54%	9,733	280.59%

EPMC REPLACEMENT SUPPLEMENTAL RETIREMENT PLAN

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
10/01/07	\$ 1,359	\$ -	\$ 1,359	0.00%	\$ 31,853	4.27%
07/01/09	1,028	27	1,001	2.63%	23,766	4.21%
06/30/11	884	77	807	8.71%	20,364	3.96%
06/30/13	553	115	438	20.80%	10,989	3.99%

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULES OF FUNDING PROGRESS
(CONTINUED)

For the year ended June 30, 2014
(dollar amounts in thousands)

SUPPLEMENTAL RETIREMENT PLAN FOR EXECUTIVE STAFF

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
11/01/07	\$ 853	\$ -	\$ 853	0.00%	\$ 1,972	43.26%
7/1/2009	3,084	280	2,804	9.08%	1,666	168.31%
06/30/11	3,096	535	2,561	17.28%	1,268	201.97%
06/30/13	3,540	636	2,904	17.97%	907	320.18%

OTHER POST-EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
07/01/09	\$ -	\$ 45,391	\$ 45,391	0.00%	\$ 30,254	150.03%
06/30/11	-	68,782	68,782	0.00%	29,420	233.79%
06/30/13	-	65,190	68,782	0.00%	25,620	268.47%

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND INVESTMENT RETURNS

RETIREMENT ENHANCEMENT DEFINED BENEFIT PENSION PLAN

For the year ended June 30, 2014

Total Pension Liability:	
Service cost	\$ 47,000
Interest	33,180
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(96,571)</u>
Net change in total pension liability	(16,391)
Total pension liability - beginning	553,000
Total pension liability - ending (a)	<u><u>\$ 536,609</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 64,704
Contributions - plan members	-
Net investment income	12,931
Benefit payments, including refunds of member contributions	(64,279)
Administrative expense	<u>(2,780)</u>
Net change in plan fiduciary net position	10,576
Plan fiduciary net position - beginning	108,777
Plan fiduciary net position - ending (b)	<u><u>\$ 119,353</u></u>
City's net pension liability - ending (a)-(b)	<u><u>\$ 417,256</u></u>
Plan fiduciary net position as a percentage of the total pension liability	22.24%
Covered-employee payroll	\$ 10,989,000
City's net pension liability as a percentage of covered-employee payroll	3.80%
Annual money-weighted rate of return, net of investment expense	Not Available

Notes to Schedule:

Governmental Accounting Standards Board Statement No. 67 has been implemented in 2014. Until a full 10-year trend is compiled, this pension plan will only present information for those years for which information is available.

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS

RETIREMENT ENHANCEMENT DEFINED BENEFIT PENSION PLAN

For the year ended June 30, 2014

Actuarially determined contribution	\$ 112,000
Contributions in relation to the actuarially determined contribution	<u>64,704</u>
Contribution deficiency (excess)	\$ 47,296
Covered-employee payroll	\$ 10,928,000
Contributions as a percentage of covered-employee payroll	0.59%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	15-year fixed (closed) period for projected UAAL as of 06/30/12
Asset valuation method	5-year rolling period; not less than 80% nor more than 120% of market
Inflation	3.00%
Salary increases	3.25% aggregate; merit increases: CalPERS 1997-2007 Experience Study
Investment rate of return	6.00%
Retirement age	CalPERS 1997-2007 Experience Study

	Benefit	CalPERS Hire Age	Expected Retirement Age	
Mortality	Miscellaneous	2.5% @ 55	32.7	58.0
	Police	3% @ 50	24.2	53.6
	Fire	3% @ 50	27.4	54.9
	CalPERS 1997-2007 Experience Study (Fully generational scale AA applied to post-retirement mortality)			

Governmental Accounting Standards Board Statement No. 67 has been implemented in 2014. Until a full 10-year trend is compiled, this pension plan will only present information for those years for which information is available.

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND INVESTMENT RETURNS

SUPPLEMENTAL RETIREMENT DEFINED BENEFIT PENSION PLAN

For the year ended June 30, 2014

Total Pension Liability:	
Service cost	\$ 154,000
Interest	152,220
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(49,487)
Net change in total pension liability	<u>256,733</u>
Total pension liability - beginning	<u>3,540,000</u>
Total pension liability - ending (a)	<u><u>\$ 3,796,733</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 59,063
Contributions - plan members	-
Net investment income	74,824
Benefit payments, including refunds of member contributions	(81,779)
Administrative expense	(5,615)
Net change in plan fiduciary net position	<u>46,493</u>
Plan fiduciary net position - beginning	<u>659,886</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 706,379</u></u>
City's net pension liability - ending (a)-(b)	<u><u>\$ 3,090,354</u></u>
Plan fiduciary net position as a percentage of the total pension liability	18.60%
Covered-employee payroll	\$ 907,000
City's net pension liability as a percentage of covered-employee payroll	340.72%
Annual money-weighted rate of return, net of investment expense	Not Available

Notes to Schedule:

Governmental Accounting Standards Board Statement No. 67 has been implemented in 2014. Until a full 10-year trend is compiled, this pension plan will only present information for those years for which information is available.

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS

SUPPLEMENTAL RETIREMENT DEFINED BENEFIT PENSION PLAN

For the year ended June 30, 2014

Actuarially determined contribution	\$ 332,000
Contributions in relation to the actuarially determined contribution	<u>59,063</u>
Contribution deficiency (excess)	\$ 272,937
Covered-employee payroll	\$ 1,352,000
Contributions as a percentage of covered-employee payroll	4.37%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	UAAL from prior valuation: 15-year from 06/30/12 15-year closed for gains and losses, plan amendments, assumption changes and method changes
Asset valuation method	5-year rolling period; not less than 80% nor more than 120% of market
Inflation	3.00%
Salary increases	3.25% aggregate; merit increases: CalPERS 1997-2007 Experience Study
Investment rate of return	Select and ultimate discount rates (6% return on trust assets, 4.25 return on city investments) based on funded status
	2011/12 4.62%
	2013/14 4.63%
	2016/14 4.63%
	2021/22 4.66%
	2026/27 4.68%
	through 2038/39 4.72%
Retirement age	Assumed retirement age provided by City; male- 54.9, female -53.2
Mortality	CalPERS 1997-2007 Experience Study (Fully generational scale AA applied to post-retirement mortality)

Governmental Accounting Standards Board Statement No. 67 has been implemented in 2014. Until a full 10-year trend is compiled, this pension plan will only present information for those years for which information is available.

See independent auditors' report.

SUPPLEMENTARY SCHEDULES

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CITY OF WEST COVINA

OTHER GOVERNMENTAL FUNDS

June 30, 2014

SPECIAL REVENUE FUNDS are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CAPITAL PROJECTS FUNDS are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short-lived capital assets.

CITY OF WEST COVINA

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS	<u> </u>	<u> </u>	<u> </u>
Cash and investments	\$ 14,315,990	\$ 3,891,430	\$ 18,207,420
Receivables, net:			
Accounts	401	-	401
Taxes	715,173	-	715,173
Interest	5,510	1,155	6,665
Notes and loans	3,702,145	-	3,702,145
Other	118,982	-	118,982
Due from other agencies	<u>593,808</u>	<u>-</u>	<u>593,808</u>
 TOTAL ASSETS	 <u><u>\$ 19,452,009</u></u>	 <u><u>\$ 3,892,585</u></u>	 <u><u>\$ 23,344,594</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 541,384	\$ -	\$ 541,384
Other accrued liabilities	90,109	1,020	91,129
Due to other funds	<u>433,955</u>	<u>-</u>	<u>433,955</u>
 TOTAL LIABILITIES	 <u>1,065,448</u>	 <u>1,020</u>	 <u>1,066,468</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	<u>319,264</u>	<u>-</u>	<u>319,264</u>
FUND BALANCES:			
Restricted	18,115,164	-	18,115,164
Assigned	-	3,891,565	3,891,565
Unassigned	<u>(47,867)</u>	<u>-</u>	<u>(47,867)</u>
 TOTAL FUND BALANCES	 <u>18,067,297</u>	 <u>3,891,565</u>	 <u>21,958,862</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 19,452,009</u></u>	 <u><u>\$ 3,892,585</u></u>	 <u><u>\$ 23,344,594</u></u>

See independent auditors' report.

CITY OF WEST COVINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
REVENUES:			
Taxes	\$ 6,026,628	\$ 351,515	\$ 6,378,143
Special assessments	5,513,535	-	5,513,535
Fines and forfeitures	686,381	-	686,381
Investment income	31,092	3,915	35,007
Revenue from other agencies	8,788,342	-	8,788,342
Charges for services	199,608	-	199,608
Other revenues	923,169	3,006,570	3,929,739
	<u>22,168,755</u>	<u>3,362,000</u>	<u>25,530,755</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	12,709	4,084	16,793
Public safety	2,678,919	89	2,679,008
Public works	13,211,858	329,624	13,541,482
Community services	3,653,369	21,118	3,674,487
Community development	163,922	-	163,922
	<u>19,720,777</u>	<u>354,915</u>	<u>20,075,692</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,447,978</u>	<u>3,007,085</u>	<u>5,455,063</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	74,265	-	74,265
Transfers out	<u>(2,507,575)</u>	<u>-</u>	<u>(2,507,575)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,433,310)</u>	<u>-</u>	<u>(2,433,310)</u>
NET CHANGE IN FUND BALANCES	14,668	3,007,085	3,021,753
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>18,052,629</u>	<u>884,480</u>	<u>18,937,109</u>
FUND BALANCES - END OF YEAR	<u>\$ 18,067,297</u>	<u>\$ 3,891,565</u>	<u>\$ 21,958,862</u>

See independent auditors' report.

CITY OF WEST COVINA
OTHER SPECIAL REVENUE FUNDS

June 30, 2014

SPECIAL REVENUE FUNDS are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Drug Enforcement Rebate - The fund accounts for the City's portion of revenue received from drug asset seizures. The revenue is used to enhance the police programs.

Business Improvement Tax - This fund accounts for business improvement taxes which are restricted to economic development activities.

Air Quality Improvement - This fund accounts for the City's portion of motor vehicle registration fees collected under AB 2766. This fee was levied to fund programs to reduce air pollution from mobile sources such as cars, trucks and buses. Money is distributed to the cities based on population, and additional discretionary grants are made based on specific requests.

Proposition A - This fund accounts for the 0.5% sales tax collected in Los Angeles County which is used for transportation programs and projects.

Proposition C - This fund accounts for gasoline taxes which are restricted for transportation programs and projects.

Traffic Safety - This fund accounts for the vehicle code fines expended for traffic safety enforcement.

State Gas Tax - This fund accounts for the City's proportionate share of gas tax monies collected by the State of California and Proposition 1B monies which are used for street construction and maintenance.

Police Special Programs - This fund accounts for donations received and expenditures related to various police programs.

Transportation Development Act - This fund accounts for regional Transportation Development Act funds received from Los Angeles County which are used for local streets and roads.

AB939 - This fund accounts for programs to reduce solid waste deposits in local landfills, pursuant to AB939.

Grants - This fund accounts for various Federal, State of California, and local grants that are restricted to expenditures for specific programs and projects.

CITY OF WEST COVINA

OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

June 30, 2014

Tree - This fund accounts for developer contributions restricted for the replacement of trees and new urban forestation projects.

Inmate Welfare - This fund accounts for revenues from items sold to inmates. The revenues are used to enhance inmate welfare.

Public Safety - This fund accounts for sales tax revenue legally restricted for public safety. Revenue is used to augment police operations.

COPS Grant - This fund accounts for revenue from the State restricted for supplementing police operations.

Special Assessments - This fund accounts for monies received from services deemed to benefit the properties and businesses against which the special benefit assessments are levied. The assessments are levied once a year and sent to the Los Angeles County Tax Collector for collection, or billed directly to business owners. The City presently provides sewer, open space, landscape maintenance, park maintenance, street lighting and business improvement services.

Charter Cable - This fund accounts for monies received from the City's cable television franchisee for a one-time litigation settlement and for cable-related capital expenditures.

Art in Public Places - This fund accounts for development fees paid in lieu of acquisition and installation of approved artwork in a development with expenditures restricted to acquisition, installation, maintenance and repair of artworks at approved sites.

North Azusa Relinquishment - This fund accounts for monies received from the State as a result of the relinquishment of the City of a certain portion of North Azusa Avenue.

Measure R - This fund accounts for sales tax revenues collected in Los Angeles County to provide transportation related projects and programs.

Integrated Waste Management - This fund accounts for landfill local enforcement agency activities and waste management programs, other than AB939.

West Covina (WC) Community Services Foundation - This fund accounts for activity of the West Covina Community Services Foundation, a 501(c)(3) nonprofit organization.

Community Development Block Grant (CDBG) - This fund accounts for activities of the Community Development Block Grant received from the U.S. Department of Housing and Urban Development.

CITY OF WEST COVINA

COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS

June 30, 2014

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
ASSETS				
Cash and investments	\$ 2,500,350	\$ 7,573	\$ 360,546	\$ 503,238
Receivables, net:				
Accounts	-	-	-	-
Taxes	-	-	-	105,733
Interest	803	3	140	138
Notes and loans	-	-	-	-
Other	-	-	-	-
Due from other agencies	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 2,501,153</u>	<u>\$ 7,576</u>	<u>\$ 360,686</u>	<u>\$ 609,109</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 52,153	\$ 500	\$ 2,760	\$ -
Other accrued liabilities	30,735	-	428	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>82,888</u>	<u>500</u>	<u>3,188</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES (DEFICITS):				
Restricted	2,418,265	7,076	357,498	609,109
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES (DEFICITS)	<u>2,418,265</u>	<u>7,076</u>	<u>357,498</u>	<u>609,109</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
	<u>\$ 2,501,153</u>	<u>\$ 7,576</u>	<u>\$ 360,686</u>	<u>\$ 609,109</u>

See independent auditors' report.

Proposition C	Traffic Safety	State Gas Tax	Police Special Programs	Transportation Development Act	AB939	Grants	Tree
\$ 809,073	\$ -	\$ 396,783	\$ 35,847	\$ -	\$ 299,196	\$ -	\$ 109
-	-	-	-	-	401	-	-
-	-	329,818	-	-	42,416	-	-
316	-	6	14	-	122	129	-
-	-	-	-	-	-	-	-
-	24,889	-	-	-	-	87,698	-
-	24,545	-	-	50,515	-	446,141	-
<u>\$ 809,389</u>	<u>\$ 49,434</u>	<u>\$ 726,607</u>	<u>\$ 35,861</u>	<u>\$ 50,515</u>	<u>\$ 342,135</u>	<u>\$ 533,968</u>	<u>\$ 109</u>
\$ 50,016	\$ 6,628	\$ 16,725	\$ 309	\$ -	\$ 5,410	\$ 16,140	\$ -
5,322	-	16,766	137	-	1,513	9,656	-
-	42,806	-	-	50,515	-	235,376	-
<u>55,338</u>	<u>49,434</u>	<u>33,491</u>	<u>446</u>	<u>50,515</u>	<u>6,923</u>	<u>261,172</u>	<u>-</u>
-	-	-	-	-	-	319,264	-
754,051	-	693,116	35,415	-	335,212	-	109
-	-	-	-	-	-	(46,468)	-
<u>754,051</u>	<u>-</u>	<u>693,116</u>	<u>35,415</u>	<u>-</u>	<u>335,212</u>	<u>(46,468)</u>	<u>109</u>
<u>\$ 809,389</u>	<u>\$ 49,434</u>	<u>\$ 726,607</u>	<u>\$ 35,861</u>	<u>\$ 50,515</u>	<u>\$ 342,135</u>	<u>\$ 533,968</u>	<u>\$ 109</u>

(Continued)

CITY OF WEST COVINA

COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

June 30, 2014

	Inmate Welfare	Public Safety	COPS Grant	Special Assessments
ASSETS				
Cash and investments	\$ -	\$ 109,570	\$ 338,538	\$ 7,486,767
Receivables, net:				
Accounts	-	-		-
Taxes	-	119,240	-	99,661
Interest	-	43	135	3,131
Notes and loans	-	-	-	-
Other	2,662	-	-	-
Due from other agencies	-	-	21,775	-
	<u>-</u>	<u>-</u>	<u>21,775</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 2,662</u>	 <u>\$ 228,853</u>	 <u>\$ 360,448</u>	 <u>\$ 7,589,559</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 13,927	\$ 310,968
Other accrued liabilities	-	-	754	21,575
Due to other funds	4,061	-	-	-
	<u>4,061</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>4,061</u>	 <u>-</u>	 <u>14,681</u>	 <u>332,543</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Restricted	-	228,853	345,767	7,257,016
Unassigned	(1,399)	-	-	-
	<u>(1,399)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL FUND BALANCES (DEFICITS)	 <u>(1,399)</u>	 <u>228,853</u>	 <u>345,767</u>	 <u>7,257,016</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 2,662</u>	 <u>\$ 228,853</u>	 <u>\$ 360,448</u>	 <u>\$ 7,589,559</u>

See independent auditors' report.

Charter Cable	Art in Public Places	North Azusa Relinquishment	Measure R	Integrated Waste Management	West Covina Community Services Foundation	Community Development Block Grant	Total Other Special Revenue Funds
\$ 282,828	\$ 451,516	\$ 1,416	\$ 536,833	\$ 69,899	\$ 125,908	\$ -	\$ 14,315,990
-	-	-	-	-	-	-	401
-	-	-	-	18,305	-	-	715,173
115	184	1	171	-	59	-	5,510
-	-	-	-	-	-	3,702,145	3,702,145
-	-	-	-	-	3,733	-	118,982
-	-	-	-	-	-	50,832	593,808
<u>\$ 282,943</u>	<u>\$ 451,700</u>	<u>\$ 1,417</u>	<u>\$ 537,004</u>	<u>\$ 88,204</u>	<u>\$ 129,700</u>	<u>\$ 3,752,977</u>	<u>\$ 19,452,009</u>
\$ -	\$ -	\$ -	\$ 51,623	\$ 561	\$ 1,331	\$ 12,333	\$ 541,384
-	49	-	1,017	415	-	1,742	90,109
-	-	-	-	-	-	101,197	433,955
-	49	-	52,640	976	1,331	115,272	1,065,448
-	-	-	-	-	-	-	319,264
282,943	451,651	1,417	484,364	87,228	128,369	3,637,705	18,115,164
-	-	-	-	-	-	-	(47,867)
<u>282,943</u>	<u>451,651</u>	<u>1,417</u>	<u>484,364</u>	<u>87,228</u>	<u>128,369</u>	<u>3,637,705</u>	<u>18,067,297</u>
<u>\$ 282,943</u>	<u>\$ 451,700</u>	<u>\$ 1,417</u>	<u>\$ 537,004</u>	<u>\$ 88,204</u>	<u>\$ 129,700</u>	<u>\$ 3,752,977</u>	<u>\$ 19,452,009</u>

CITY OF WEST COVINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS

For the year ended June 30, 2014

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 1,820,191
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	5,442	30	763	360
Revenue from other agencies	2,241,944	-	132,383	206,605
Charges for services	-	-	-	-
Other revenues	-	-	-	-
	<u>2,247,386</u>	<u>30</u>	<u>133,146</u>	<u>2,027,156</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	2,338,687	-	-	-
Public works	-	-	33,281	-
Community services	-	1,944	-	1,730,000
Community development	-	-	-	-
	<u>2,338,687</u>	<u>1,944</u>	<u>33,281</u>	<u>1,730,000</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(91,301)</u>	<u>(1,914)</u>	<u>99,865</u>	<u>297,156</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	24,265	-	-	-
Transfers out	-	(10,805)	-	-
	<u>24,265</u>	<u>(10,805)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(67,036)	(12,719)	99,865	297,156
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>2,485,301</u>	<u>19,795</u>	<u>257,633</u>	<u>311,953</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 2,418,265</u>	<u>\$ 7,076</u>	<u>\$ 357,498</u>	<u>\$ 609,109</u>

See independent auditors' report.

Proposition C	Traffic Safety	State Gas Tax	Police Special Programs	Transportation Development Act	AB939	Grants	Tree
\$ 1,512,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	686,381	-	-	-	-	-	-
2,171	-	533	92	-	717	807	-
-	-	3,497,792	-	50,515	-	1,761,241	-
-	-	26,503	-	-	3,470	90,778	-
-	-	-	16,911	-	172,303	155,141	-
<u>1,515,142</u>	<u>686,381</u>	<u>3,524,828</u>	<u>17,003</u>	<u>50,515</u>	<u>176,490</u>	<u>2,007,967</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	21,764	-	-	52,704	-
1,032,928	-	2,811,467	-	50,000	167,239	1,389,096	-
889,518	-	-	-	-	-	261,590	-
112,561	-	-	-	-	-	-	-
<u>2,035,007</u>	<u>-</u>	<u>2,811,467</u>	<u>21,764</u>	<u>50,000</u>	<u>167,239</u>	<u>1,703,390</u>	<u>-</u>
<u>(519,865)</u>	<u>686,381</u>	<u>713,361</u>	<u>(4,761)</u>	<u>515</u>	<u>9,251</u>	<u>304,577</u>	<u>-</u>
-	-	50,000	-	-	-	-	-
-	(902,338)	(834,432)	-	-	-	-	-
-	(902,338)	(784,432)	-	-	-	-	-
(519,865)	(215,957)	(71,071)	(4,761)	515	9,251	304,577	-
<u>1,273,916</u>	<u>215,957</u>	<u>764,187</u>	<u>40,176</u>	<u>(515)</u>	<u>325,961</u>	<u>(351,045)</u>	<u>109</u>
<u>\$ 754,051</u>	<u>\$ -</u>	<u>\$ 693,116</u>	<u>\$ 35,415</u>	<u>\$ -</u>	<u>\$ 335,212</u>	<u>\$ (46,468)</u>	<u>\$ 109</u>

(Continued)

CITY OF WEST COVINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

For the year ended June 30, 2014

	Inmate Welfare	Public Safety	COPS Grant	Special Assessments
REVENUES:				
Taxes	\$ -	\$ 680,938	\$ -	\$ 885,775
Special assessments	-	-	-	5,513,535
Fines and forfeitures	-	-	-	-
Investment income	-	239	812	16,108
Revenue from other agencies	-	-	186,970	-
Charges for services	-	-	-	5,638
Other revenues	11,289	-	-	-
	<u>11,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>11,289</u>	<u>681,177</u>	<u>187,782</u>	<u>6,421,056</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	140	-	241,448	-
Public works	-	-	-	5,637,193
Community services	-	-	-	-
Community development	-	-	-	46,818
	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,818</u>
TOTAL EXPENDITURES	<u>140</u>	<u>-</u>	<u>241,448</u>	<u>5,684,011</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,149</u>	<u>681,177</u>	<u>(53,666)</u>	<u>737,045</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(650,000)	-	(50,000)
	<u>-</u>	<u>(650,000)</u>	<u>-</u>	<u>(50,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(650,000)</u>	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCES	11,149	31,177	(53,666)	687,045
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>(12,548)</u>	<u>197,676</u>	<u>399,433</u>	<u>6,569,971</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (1,399)</u>	<u>\$ 228,853</u>	<u>\$ 345,767</u>	<u>\$ 7,257,016</u>

See independent auditors' report

Charter Cable	Art in Public Places	North Azusa Relinquishment	Measure R	Integrated Waste Management	West Covina Community Services Foundation	Community Development Block Grant	Total Other Special Revenue Funds
\$ -	\$ -	\$ -	\$ 1,126,753	\$ -	\$ -	\$ -	\$ 6,026,628
-	-	-	-	-	-	-	5,513,535
-	-	-	-	-	-	-	686,381
701	725	75	1,044	-	321	152	31,092
-	-	-	-	-	-	710,892	8,788,342
-	-	-	-	73,219	-	-	199,608
-	365,300	-	2,400	-	199,825	-	923,169
<u>701</u>	<u>366,025</u>	<u>75</u>	<u>1,130,197</u>	<u>73,219</u>	<u>200,146</u>	<u>711,044</u>	<u>22,168,755</u>
12,709	-	-	-	-	-	-	12,709
-	-	-	-	-	-	24,176	2,678,919
-	-	150,925	1,576,980	46,951	-	315,798	13,211,858
-	-	-	-	-	121,519	648,798	3,653,369
-	4,543	-	-	-	-	-	163,922
<u>12,709</u>	<u>4,543</u>	<u>150,925</u>	<u>1,576,980</u>	<u>46,951</u>	<u>121,519</u>	<u>988,772</u>	<u>19,720,777</u>
<u>(12,008)</u>	<u>361,482</u>	<u>(150,850)</u>	<u>(446,783)</u>	<u>26,268</u>	<u>78,627</u>	<u>(277,728)</u>	<u>2,447,978</u>
-	-	-	-	-	-	-	74,265
-	(10,000)	-	-	-	(50,000)	-	(2,507,575)
-	(10,000)	-	-	-	(50,000)	-	(2,433,310)
<u>(12,008)</u>	<u>351,482</u>	<u>(150,850)</u>	<u>(446,783)</u>	<u>26,268</u>	<u>28,627</u>	<u>(277,728)</u>	<u>14,668</u>
<u>294,951</u>	<u>100,169</u>	<u>152,267</u>	<u>931,147</u>	<u>60,960</u>	<u>99,742</u>	<u>3,915,433</u>	<u>18,052,629</u>
<u>\$ 282,943</u>	<u>\$ 451,651</u>	<u>\$ 1,417</u>	<u>\$ 484,364</u>	<u>\$ 87,228</u>	<u>\$ 128,369</u>	<u>\$ 3,637,705</u>	<u>\$ 18,067,297</u>

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DRUG ENFORCEMENT REBATE SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Investment income	\$ -	\$ 5,442	\$ 5,442
Revenue from other agencies	11,000	2,241,944	2,230,944
TOTAL REVENUES	11,000	2,247,386	2,236,386
EXPENDITURES:			
Current:			
Public safety	3,537,365	2,338,687	1,198,678
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,526,365)	(91,301)	3,435,064
OTHER FINANCING SOURCES:			
Transfers in	-	24,265	24,265
NET CHANGE IN FUND BALANCE	(3,526,365)	(67,036)	3,459,329
FUND BALANCE - BEGINNING OF YEAR	2,485,301	2,485,301	-
FUND BALANCE - END OF YEAR	<u>\$ (1,041,064)</u>	<u>\$ 2,418,265</u>	<u>\$ 3,459,329</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

BUSINESS IMPROVEMENT TAX SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 30	\$ 30
EXPENDITURES:			
Current:			
Community services	<u>4,492</u>	<u>1,944</u>	<u>2,548</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,492)	(1,914)	2,578
OTHER FINANCING USES:			
Transfers out	<u>(10,805)</u>	<u>(10,805)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(15,297)	(12,719)	2,578
FUND BALANCE - BEGINNING OF YEAR	<u>19,795</u>	<u>19,795</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,498</u>	<u>\$ 7,076</u>	<u>\$ 2,578</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 763	\$ 763
Revenue from other agencies	<u>125,000</u>	<u>132,383</u>	<u>7,383</u>
TOTAL REVENUES	125,000	133,146	8,146
EXPENDITURES:			
Current:			
Public works	<u>402,402</u>	<u>33,281</u>	<u>369,121</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(277,402)	99,865	377,267
FUND BALANCE - BEGINNING OF YEAR	<u>257,633</u>	<u>257,633</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (19,769)</u></u>	<u><u>\$ 357,498</u></u>	<u><u>\$ 377,267</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,775,000	\$ 1,820,191	\$ 45,191
Investment income	-	360	360
Revenue from other agencies	<u>125,000</u>	<u>206,605</u>	<u>81,605</u>
TOTAL REVENUES	1,900,000	2,027,156	127,156
EXPENDITURES:			
Current:			
Community services	<u>2,030,900</u>	<u>1,730,000</u>	<u>300,900</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(130,900)	297,156	428,056
FUND BALANCE - BEGINNING OF YEAR	<u>311,953</u>	<u>311,953</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 181,053</u>	<u>\$ 609,109</u>	<u>\$ 428,056</u>

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CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,512,500	\$ 1,512,971	\$ 471
Investment income	-	2,171	2,171
TOTAL REVENUES	<u>1,512,500</u>	<u>1,515,142</u>	<u>2,642</u>
EXPENDITURES:			
Current:			
Public works	1,412,883	1,032,928	379,955
Community services	909,083	889,518	19,565
Community development	115,437	112,561	2,876
TOTAL EXPENDITURES	<u>2,437,403</u>	<u>2,035,007</u>	<u>402,396</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(924,903)	(519,865)	405,038
FUND BALANCE - BEGINNING OF YEAR	<u>1,273,916</u>	<u>1,273,916</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 349,013</u></u>	<u><u>\$ 754,051</u></u>	<u><u>\$ 405,038</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Fines and forfeitures	\$ 895,000	\$ 686,381	\$ (208,619)
OTHER FINANCING USES:			
Transfers out	<u>(920,000)</u>	<u>(902,338)</u>	<u>17,662</u>
NET CHANGE IN FUND BALANCE	(25,000)	(215,957)	(190,957)
FUND BALANCE - BEGINNING OF YEAR	<u>215,957</u>	<u>215,957</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 190,957</u>	<u>\$ -</u>	<u>\$ (190,957)</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ 1,500	\$ 533	\$ (967)
Revenue from other agencies	3,276,607	3,497,792	221,185
Charges for services	<u>-</u>	<u>26,503</u>	<u>26,503</u>
 TOTAL REVENUES	 3,278,107	 3,524,828	 246,721
EXPENDITURES:			
Current:			
Public works	<u>3,714,615</u>	<u>2,811,467</u>	<u>903,148</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(436,508)</u>	 <u>713,361</u>	 <u>1,149,869</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	50,000	50,000	-
Transfers out	<u>(834,432)</u>	<u>(834,432)</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(784,432)</u>	 <u>(784,432)</u>	 <u>-</u>
 NET CHANGE IN FUND BALANCE	 (1,220,940)	 (71,071)	 1,149,869
 FUND BALANCE - BEGINNING OF YEAR	 <u>764,187</u>	 <u>764,187</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ (456,753)</u>	 <u>\$ 693,116</u>	 <u>\$ 1,149,869</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

POLICE SPECIAL PROGRAMS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 92	\$ 92
Other revenues	<u>16,638</u>	<u>16,911</u>	<u>273</u>
TOTAL REVENUES	16,638	17,003	365
EXPENDITURES:			
Current:			
Public safety	<u>39,948</u>	<u>21,764</u>	<u>18,184</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(23,310)	(4,761)	18,549
FUND BALANCE - BEGINNING OF YEAR	<u>40,176</u>	<u>40,176</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 16,866</u></u>	<u><u>\$ 35,415</u></u>	<u><u>\$ 18,549</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRANSPORTATION DEVELOPMENT ACT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Revenue from other agencies	\$ 45,000	\$ 50,515	\$ 5,515
EXPENDITURES:			
Current:			
Public works	<u>50,000</u>	<u>50,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,000)	515	5,515
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(515)</u>	<u>(515)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (5,515)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,515</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AB939 SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 717	\$ 717
Charges for services	3,000	3,470	470
Other revenues	<u>170,000</u>	<u>172,303</u>	<u>2,303</u>
 TOTAL REVENUES	 173,000	 176,490	 3,490
EXPENDITURES:			
Current:			
Public works	<u>216,838</u>	<u>167,239</u>	<u>49,599</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (43,838)	 9,251	 53,089
 FUND BALANCE - BEGINNING OF YEAR	 <u>325,961</u>	 <u>325,961</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 282,123</u>	 <u>\$ 335,212</u>	 <u>\$ 53,089</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 807	\$ 807
Revenue from other agencies	532,750	1,761,241	1,228,491
Charges for services	71,019	90,778	19,759
Other revenues	<u>160,000</u>	<u>155,141</u>	<u>(4,859)</u>
 TOTAL REVENUES	 <u>763,769</u>	 <u>2,007,967</u>	 <u>1,244,198</u>
EXPENDITURES:			
Current:			
Public safety	-	52,704	(52,704)
Public works	1,781,740	1,389,096	392,644
Community services	<u>299,592</u>	<u>261,590</u>	<u>38,002</u>
 TOTAL EXPENDITURES	 <u>2,081,332</u>	 <u>1,703,390</u>	 <u>377,942</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(1,317,563)</u>	 <u>304,577</u>	 <u>1,622,140</u>
 FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	 <u>(351,045)</u>	 <u>(351,045)</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - END OF YEAR	 <u>\$ (1,668,608)</u>	 <u>\$ (46,468)</u>	 <u>\$ 1,622,140</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TREE SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ -	\$ -
EXPENDITURES:			
Current:			
Public works	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-
FUND BALANCE - BEGINNING OF YEAR	<u>109</u>	<u>109</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 109</u></u>	<u><u>\$ 109</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INMATE WELFARE SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Other revenues	\$ 7,000	\$ 11,289	\$ 4,289
EXPENDITURES:			
Current:			
Public safety	<u>1,232</u>	<u>140</u>	<u>1,092</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,768	11,149	5,381
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(12,548)</u>	<u>(12,548)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (6,780)</u>	<u>\$ (1,399)</u>	<u>\$ 5,381</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 650,000	\$ 680,938	\$ 30,938
Investment income	-	239	239
TOTAL REVENUES	650,000	681,177	31,177
OTHER FINANCING USES:			
Transfers out	(650,000)	(650,000)	-
NET CHANGE IN FUND BALANCE	-	31,177	31,177
FUND BALANCE - BEGINNING OF YEAR	197,676	197,676	-
FUND BALANCE - END OF YEAR	<u>\$ 197,676</u>	<u>\$ 228,853</u>	<u>\$ 31,177</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COPS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
REVENUES:			
Investment income	\$ -	\$ 812	\$ 812
Revenue from other agencies	<u>171,532</u>	<u>186,970</u>	<u>15,438</u>
TOTAL REVENUES	171,532	187,782	16,250
EXPENDITURES:			
Current:			
Public safety	<u>360,450</u>	<u>241,448</u>	<u>119,002</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(188,918)	(53,666)	135,252
FUND BALANCE - BEGINNING OF YEAR	<u>399,433</u>	<u>399,433</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 210,515</u></u>	<u><u>\$ 345,767</u></u>	<u><u>\$ 135,252</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL ASSESSMENTS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Taxes	\$ 836,200	\$ 885,775	\$ 49,575
Special assessments	5,568,566	5,513,535	(55,031)
Investment income	-	16,108	16,108
Charges for services	-	5,638	5,638
	<u>6,404,766</u>	<u>6,421,056</u>	<u>16,290</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	6,215,189	5,637,193	577,996
Community development	41,854	46,818	(4,964)
	<u>6,257,043</u>	<u>5,684,011</u>	<u>573,032</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	147,723	737,045	589,322
OTHER FINANCING USES:			
Transfers out	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCE	97,723	687,045	589,322
FUND BALANCE - BEGINNING OF YEAR	<u>6,569,971</u>	<u>6,569,971</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,667,694</u>	<u>\$ 7,257,016</u>	<u>\$ 589,322</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CHARTER CABLE SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 701	\$ 701
EXPENDITURES:			
Current:			
General government	<u>50,000</u>	<u>12,709</u>	<u>37,291</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(50,000)	(12,008)	37,992
FUND BALANCE - BEGINNING OF YEAR	<u>294,951</u>	<u>294,951</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 244,951</u></u>	<u><u>\$ 282,943</u></u>	<u><u>\$ 37,992</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ART IN PUBLIC PLACES SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 725	\$ 725
Other revenues	<u>10,000</u>	<u>365,300</u>	<u>355,300</u>
TOTAL REVENUES	10,000	366,025	356,025
EXPENDITURES:			
Current:			
Community development	<u>4,123</u>	<u>4,543</u>	<u>(420)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,877	361,482	355,605
OTHER FINANCING USES:			
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
NET CHANGE IN FUND BALANCE	5,877	351,482	345,605
FUND BALANCE - BEGINNING OF YEAR	<u>100,169</u>	<u>100,169</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 106,046</u></u>	<u><u>\$ 451,651</u></u>	<u><u>\$ 345,605</u></u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

NORTH AZUSA RELINQUISHMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Investment income	\$ -	\$ 75	\$ 75
EXPENDITURES:			
Current:			
Public works	<u>150,927</u>	<u>150,925</u>	<u>2</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(150,927)	(150,850)	77
FUND BALANCE - BEGINNING OF YEAR	<u>152,267</u>	<u>152,267</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,340</u>	<u>\$ 1,417</u>	<u>\$ 77</u>

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CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,100,000	\$ 1,126,753	\$ 26,753
Investment income	-	1,044	1,044
Other revenues	<u>-</u>	<u>2,400</u>	<u>2,400</u>
TOTAL REVENUES	1,100,000	1,130,197	30,197
EXPENDITURES:			
Current:			
Public works	<u>1,912,986</u>	<u>1,576,980</u>	<u>336,006</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(812,986)	(446,783)	366,203
FUND BALANCE - BEGINNING OF YEAR	<u>931,147</u>	<u>931,147</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 118,161</u>	<u>\$ 484,364</u>	<u>\$ 366,203</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

INTEGRATED WASTE MANAGEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Charges for services	\$ 70,000	\$ 73,219	\$ 3,219
EXPENDITURES:			
Current:			
Public works	<u>67,994</u>	<u>46,951</u>	<u>21,043</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,006	26,268	24,262
FUND BALANCE - BEGINNING OF YEAR	<u>60,960</u>	<u>60,960</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 62,966</u>	<u>\$ 87,228</u>	<u>\$ 24,262</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

WEST COVINA COMMUNITY SERVICES FOUNDATION SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 321	\$ 321
Other revenues	<u>143,449</u>	<u>199,825</u>	<u>56,376</u>
TOTAL REVENUES	143,449	200,146	56,697
EXPENDITURES:			
Current:			
Community services	<u>240,248</u>	<u>121,519</u>	<u>118,729</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(96,799)	78,627	175,426
OTHER FINANCING USES:			
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(146,799)	28,627	175,426
FUND BALANCE - BEGINNING OF YEAR	<u>99,742</u>	<u>99,742</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (47,057)</u></u>	<u><u>\$ 128,369</u></u>	<u><u>\$ 175,426</u></u>

See independent auditors' report.

CITY OF WEST COVINA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 152	\$ 152
Revenue from other agencies	800,000	710,892	(89,108)
Repayment of notes and loans	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
 TOTAL REVENUES	 <u>900,000</u>	 <u>711,044</u>	 <u>(188,956)</u>
EXPENDITURES:			
Current:			
Public safety	228,562	24,176	204,386
Public works	360,844	315,798	45,046
Community services	<u>1,092,255</u>	<u>648,798</u>	<u>443,457</u>
 TOTAL EXPENDITURES	 <u>1,681,661</u>	 <u>988,772</u>	 <u>692,889</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (781,661)	 (277,728)	 503,933
 FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	 <u>3,915,433</u>	 <u>3,915,433</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 3,133,772</u>	 <u>\$ 3,637,705</u>	 <u>\$ 503,933</u>

See independent auditors' report.

CITY OF WEST COVINA

MAJOR DEBT SERVICE FUND

June 30, 2014

The DEBT SERVICE FUND is used to account for the accumulation of resources for, and the payment of, governmental long-term debt principal and interest.

City Debt Service - This fund accounts for the payment of principal, interest and related costs on the City's long-term debt issues.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CITY DEBT SERVICE FUND - MAJOR FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ 812,300	\$ 275,827	\$ (536,473)
Charges for services	1,031,300	501,520	(529,780)
Other revenues	<u>1,135,200</u>	<u>1,135,200</u>	<u>-</u>
 TOTAL REVENUES	 <u>2,978,800</u>	 <u>1,912,547</u>	 <u>(1,066,253)</u>
EXPENDITURES:			
Debt service:			
Principal	1,870,135	1,870,239	(104)
Interest and fiscal charges	<u>2,072,934</u>	<u>1,666,054</u>	<u>406,880</u>
 TOTAL EXPENDITURES	 <u>3,943,069</u>	 <u>3,536,293</u>	 <u>406,776</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(964,269)</u>	 <u>(1,623,746)</u>	 <u>(659,477)</u>
OTHER FINANCING SOURCES:			
Refunding bonds issued	-	2,185,000	2,185,000
Payment to refunded bond escrow agent	-	(2,248,061)	(2,248,061)
Transfers in	<u>1,110,500</u>	<u>1,110,500</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>1,110,500</u>	 <u>1,047,439</u>	 <u>(63,061)</u>
 NET CHANGE IN FUND BALANCE	 146,231	 (576,307)	 (722,538)
 FUND BALANCE - BEGINNING OF YEAR	 <u>14,026,702</u>	 <u>14,026,702</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 14,172,933</u>	 <u>\$ 13,450,395</u>	 <u>\$ (722,538)</u>

See independent auditors' report.

CITY OF WEST COVINA

OTHER CAPITAL PROJECTS FUNDS

June 30, 2014

CAPITAL PROJECTS FUNDS are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short-lived capital assets.

City Capital Projects - This fund accounts for all capital expenditures not being accounted for in the capital projects described below, or in other fund types.

Construction Tax - This fund accounts for monies received from developers based on the construction of dwelling units and used primarily to construct public domain assets.

Park Development - This fund accounts for park fees received from residential developers to be used for new park construction.

CITY OF WEST COVINA
 COMBINING BALANCE SHEET
 OTHER CAPITAL PROJECTS FUNDS

June 30, 2014

	City	Construction Tax	Park Development	Total Other Capital Projects Funds
ASSETS				
Cash and investments	\$ 475,232	\$ 301,542	\$ 3,114,656	\$ 3,891,430
Receivables, net				
Interest	194	85	876	1,155
TOTAL ASSETS	\$ 475,426	\$ 301,627	\$ 3,115,532	\$ 3,892,585
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Other accrued liabilities	\$ 1,020	\$ -	\$ -	\$ 1,020
TOTAL LIABILITIES	1,020	-	-	1,020
FUND BALANCES:				
Assigned	474,406	301,627	3,115,532	3,891,565
TOTAL FUND BALANCES	474,406	301,627	3,115,532	3,891,565
TOTAL LIABILITIES AND FUND BALANCES	\$ 475,426	\$ 301,627	\$ 3,115,532	\$ 3,892,585

See independent auditors' report.

CITY OF WEST COVINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER CAPITAL PROJECTS FUNDS

For the year ended June 30, 2014

	City	Construction Tax	Park Development	Total Other Capital Projects Funds
REVENUES:				
Taxes	\$ -	\$ 351,515	\$ -	\$ 351,515
Investment income	1,331	215	2,369	3,915
Other revenues	-	-	3,006,570	3,006,570
	<u>1,331</u>	<u>351,730</u>	<u>3,008,939</u>	<u>3,362,000</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	-	4,084	-	4,084
Public safety	-	89	-	89
Public works	279,900	36,844	12,880	329,624
Community services	14,395	-	6,723	21,118
	<u>294,295</u>	<u>41,017</u>	<u>19,603</u>	<u>354,915</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(292,964)	310,713	2,989,336	3,007,085
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>767,370</u>	<u>(9,086)</u>	<u>126,196</u>	<u>884,480</u>
FUND BALANCES - END OF YEAR	<u>\$ 474,406</u>	<u>\$ 301,627</u>	<u>\$ 3,115,532</u>	<u>\$ 3,891,565</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CITY CAPITAL PROJECTS FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 1,331	\$ 1,331
EXPENDITURES:			
Current:			
Public safety	4,381	-	4,381
Public works	291,935	279,900	12,035
Community services	20,402	14,395	6,007
TOTAL EXPENDITURES	<u>316,718</u>	<u>294,295</u>	<u>22,423</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(316,718)	(292,964)	23,754
FUND BALANCE - BEGINNING OF YEAR	<u>767,370</u>	<u>767,370</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 450,652</u>	<u>\$ 474,406</u>	<u>\$ 23,754</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CONSTRUCTION TAX CAPITAL PROJECTS FUND

For the year ended June 30, 2014

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Final	Actual	
REVENUES:			
Taxes	\$ 30,000	\$ 351,515	\$ 321,515
Investment income	-	215	215
TOTAL REVENUES	<u>30,000</u>	<u>351,730</u>	<u>321,730</u>
EXPENDITURES:			
Current:			
General government	4,080	4,084	(4)
Public safety	-	89	(89)
Public works	109,681	36,844	72,837
TOTAL EXPENDITURES	<u>113,761</u>	<u>41,017</u>	<u>72,744</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(83,761)	310,713	394,474
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(9,086)</u>	<u>(9,086)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (92,847)</u>	<u>\$ 301,627</u>	<u>\$ 394,474</u>

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARK DEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2014

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 2,369	\$ 2,369
Other revenues	-	<u>3,006,570</u>	<u>3,006,570</u>
TOTAL REVENUES	-	<u>3,008,939</u>	<u>3,008,939</u>
EXPENDITURES:			
Current:			
Public works	12,802	12,880	(78)
Community services	<u>182,944</u>	<u>6,723</u>	<u>176,221</u>
TOTAL EXPENDITURES	<u>195,746</u>	<u>19,603</u>	<u>176,143</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(195,746)	2,989,336	3,185,082
FUND BALANCE - BEGINNING OF YEAR	<u>126,196</u>	<u>126,196</u>	-
FUND BALANCE - END OF YEAR	<u>\$ (69,550)</u>	<u>\$ 3,115,532</u>	<u>\$ 3,185,082</u>

See independent auditors' report.

CITY OF WEST COVINA
INTERNAL SERVICE FUNDS

June 30, 2014

INTERNAL SERVICE FUNDS are used to account for the financing of goods or service provided by one department to other departments of the City on a cost reimbursement basis.

Fleet Management - This fund provides maintenance on materials and supplies for City vehicles and other gasoline or diesel powered equipment.

Self-Insurance - This fund accounts for the use of funds that are charged to departments for the administration and payment of claims under the City's self-insured general liability and workers' compensation programs.

Retirement Health Savings Plan - This fund accounts for the set aside lump sum benefits for retiring employees.

Vehicle Replacement - This fund provides for replacement of City vehicles.

CITY OF WEST COVINA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS

June 30, 2014

	<u>Fleet Management</u>	<u>Self-Insurance</u>
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ -	\$ 2,864,964
Receivables, net::		
Accounts	-	6,011
Interest	-	-
Other	-	480
Prepays expenses	<u>(3,189)</u>	<u>367,474</u>
TOTAL CURRENT ASSETS	<u>(3,189)</u>	<u>3,238,929</u>
NONCURRENT ASSETS:		
Capital assets:		
Other capital assets	2,987,100	-
Less accumulated depreciation	<u>(2,670,863)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>316,237</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>316,237</u>	<u>-</u>
TOTAL ASSETS	<u>313,048</u>	<u>3,238,929</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	97,423	11,384
Other accrued liabilities	6,572	1,153
Claims and judgments - current portion	-	2,074,440
Compensated absences - current portion	6,691	1,318
Due to other funds	<u>209,363</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>320,049</u>	<u>2,088,295</u>
NONCURRENT LIABILITIES:		
Claims and judgments	-	5,865,141
Compensated absences	<u>44,937</u>	<u>11,625</u>
TOTAL NONCURRENT LIABILITIES	<u>44,937</u>	<u>5,876,766</u>
TOTAL LIABILITIES	<u>364,986</u>	<u>7,965,061</u>
NET POSITION:		
Net investment in capital assets	316,237	-
Unrestricted	<u>(368,175)</u>	<u>(4,726,132)</u>
TOTAL NET POSITION	<u>\$ (51,938)</u>	<u>\$ (4,726,132)</u>

See independent auditors' report.

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 582,628	\$ 230,228	\$ 3,677,820
-	-	6,011
237	94	331
-	-	480
-	-	364,285
<u>582,865</u>	<u>230,322</u>	<u>4,048,927</u>
-	420,541	3,407,641
-	<u>(412,430)</u>	<u>(3,083,293)</u>
-	8,111	324,348
-	8,111	324,348
<u>582,865</u>	<u>238,433</u>	<u>4,373,275</u>
-	-	108,807
-	-	7,725
-	-	2,074,440
-	-	8,009
-	-	209,363
-	-	<u>2,408,344</u>
-	-	5,865,141
-	-	56,562
-	-	<u>5,921,703</u>
-	-	8,330,047
-	8,111	324,348
<u>582,865</u>	<u>230,322</u>	<u>(4,281,120)</u>
<u>\$ 582,865</u>	<u>\$ 238,433</u>	<u>\$ (3,956,772)</u>

CITY OF WEST COVINA

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

For the year ended June 30, 2014

	Fleet Management	Self-Insurance
OPERATING REVENUES:		
Charges for services	\$ 1,472,047	\$ 2,695,492
Other revenues	291	32,406
	<u>1,472,338</u>	<u>2,727,898</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Personnel services	477,923	163,604
Cost of sales, services and operations	1,148,598	305,014
Depreciation	85,150	-
Insurance and claims paid	-	692,975
	<u>1,711,671</u>	<u>1,161,593</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	(239,333)	1,566,305
NONOPERATING REVENUES:		
Investment income	-	-
	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(239,333)	1,566,305
NET POSITION - BEGINNING OF YEAR	<u>187,395</u>	<u>(6,292,437)</u>
NET POSITION - END OF YEAR	<u>\$ (51,938)</u>	<u>\$ (4,726,132)</u>

See independent auditors' report.

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 94,068	\$ -	\$ 4,261,607
-	-	32,697
<u>94,068</u>	<u>-</u>	<u>4,294,304</u>
88,015	-	729,542
-	140	1,453,752
-	60,077	145,227
<u>-</u>	<u>-</u>	<u>692,975</u>
<u>88,015</u>	<u>60,217</u>	<u>3,021,496</u>
6,053	(60,217)	1,272,808
<u>1,436</u>	<u>557</u>	<u>1,993</u>
7,489	(59,660)	1,274,801
<u>575,376</u>	<u>298,093</u>	<u>(5,231,573)</u>
<u>\$ 582,865</u>	<u>\$ 238,433</u>	<u>\$ (3,956,772)</u>

CITY OF WEST COVINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2014

	<u>Fleet Management</u>	<u>Self-Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user departments	\$ 1,472,338	\$ 2,726,747
Payments to suppliers for goods and services	(1,138,502)	(2,542,719)
Payments to employees for services	<u>(483,465)</u>	<u>(187,549)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(149,629)</u>	<u>(3,521)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	209,363	-
Paid to other funds	<u>(59,734)</u>	<u>-</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>149,629</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(3,521)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>-</u>	<u>2,868,485</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 2,864,964</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ (239,333)</u>	<u>\$ 1,566,305</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	85,150	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables	-	(3,202)
(Increase) decrease in other receivables	-	2,051
(Increase) decrease in inventories	4,921	-
(Increase) decrease in prepaid expenses	-	(367,474)
Increase (decrease) in accounts payable	5,175	(10,737)
Increase (decrease) in other accrued liabilities	432	(1,503)
Increase (decrease) in claims and judgments	-	(1,166,519)
Increase (decrease) in compensated absences	<u>(5,974)</u>	<u>(22,442)</u>
TOTAL ADJUSTMENTS	<u>89,704</u>	<u>(1,569,826)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (149,629)</u>	<u>\$ (3,521)</u>

See independent auditors' report.

Retiree Health Savings Plan	Vehicle Replacement	Totals
\$ 94,068	\$ -	\$ 4,293,153
-	(140)	(3,681,361)
<u>(88,015)</u>	<u>-</u>	<u>(759,029)</u>
<u>6,053</u>	<u>(140)</u>	<u>(147,237)</u>
-	-	209,363
<u>-</u>	<u>-</u>	<u>(59,734)</u>
<u>-</u>	<u>-</u>	<u>149,629</u>
<u>1,500</u>	<u>585</u>	<u>2,085</u>
7,553	445	4,477
<u>575,075</u>	<u>229,783</u>	<u>3,673,343</u>
<u>\$ 582,628</u>	<u>\$ 230,228</u>	<u>\$ 3,677,820</u>
<u>\$ 6,053</u>	<u>\$ (60,217)</u>	<u>\$ 1,272,808</u>
-	60,077	145,227
-	-	(3,202)
-	-	2,051
-	-	4,921
-	-	(367,474)
-	-	(5,562)
-	-	(1,071)
-	-	(1,166,519)
<u>-</u>	<u>-</u>	<u>(28,416)</u>
<u>-</u>	<u>60,077</u>	<u>(1,420,045)</u>
<u>\$ 6,053</u>	<u>\$ (140)</u>	<u>\$ (147,237)</u>

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CITY OF WEST COVINA

PENSION TRUST FUNDS

June 30, 2014

PENSION TRUST FUNDS are used to account for monies required to be held in trust for the members and beneficiaries of defined benefit pension plans.

Retirement Enhancement Defined Benefit Pension Trust Fund - This fund accounts for the assets and activities of the Public Agency Retirement System Enhancement Plan.

Supplemental Retirement Defined Benefit Pension Trust Fund - This fund accounts for the assets and activities of the Public Agency Supplemental Retirement Plan.

CITY OF WEST COVINA
 COMBINING STATEMENT OF NET POSITION
 ALL PENSION TRUST FUNDS

June 30, 2014

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ASSETS:			
Cash and investments with fiscal agent	\$ 119,353	\$ 706,379	\$ 825,732
 HELD IN TRUST FOR PENSION BENEFITS	 \$ 119,353	 \$ 706,379	 \$ 825,732

See independent auditors' report.

CITY OF WEST COVINA

COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PENSION TRUST FUNDS

For the year ended June 30, 2014

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ADDITIONS:			
Employer contributions	\$ 64,704	\$ 59,063	\$ 123,767
Investment income	12,931	74,824	87,755
TOTAL ADDITIONS	77,635	133,887	211,522
DEDUCTIONS:			
Administrative costs	2,780	5,615	8,395
Benefit distributions	64,279	81,779	146,058
TOTAL DEDUCTIONS	67,059	87,394	154,453
CHANGES IN NET POSITION	10,576	46,493	57,069
NET POSITION - BEGINNING OF YEAR, AS RESTATED	108,777	659,886	768,663
NET POSITION - END OF YEAR	<u>\$ 119,353</u>	<u>\$ 706,379</u>	<u>\$ 825,732</u>

See independent auditors' report.

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CITY OF WEST COVINA

AGENCY FUND

June 30, 2014

The AGENCY FUND is used to account for monies held by the City in a trustee capacity as an agent for individuals, private organizations and other governmental units.

Special Deposits - This fund accounts for developer funds placed on deposit with the City pending either a return to the depositor or disbursement by the City on behalf of the depositor to pay for studies and other developer expenses.

CITY OF WEST COVINA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SPECIAL DEPOSITS AGENCY FUND

For the year ended June 30, 2014

	Balance <u>July 1, 2013</u>	Additions	Deletions	Balance <u>June 30, 2014</u>
ASSETS:				
Cash and investments	\$ 1,086,483	\$ 4,212,826	\$ 4,165,719	\$ 1,133,590
Receivables, net:				
Taxes	20	47,680	20	47,680
Other	1,400	-	1,400	-
	<u>1,400</u>	<u>-</u>	<u>1,400</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,087,903</u>	<u>\$ 4,260,506</u>	<u>\$ 4,167,139</u>	<u>\$ 1,181,270</u>
LIABILITIES:				
Accounts payable	\$ 11,231	\$ 184,408	\$ 190,581	\$ 5,058
Deposits	1,076,672	4,259,735	4,160,195	1,176,212
	<u>1,076,672</u>	<u>4,259,735</u>	<u>4,160,195</u>	<u>1,176,212</u>
TOTAL LIABILITIES	<u>\$ 1,087,903</u>	<u>\$ 4,444,143</u>	<u>\$ 4,350,776</u>	<u>\$ 1,181,270</u>

See independent auditors' report.

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2014

This part of the City of West Covina'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 say about the government's overall financial health.

Contents: Table

Financial Trends 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	1
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Changes in Net Position - Governmental Activities	3
Changes in Net Position - Business-type Activities	4
Fund Balances of Governmental Funds	5
Changes in Fund Balances of Governmental Funds	6

Revenue Capacity these schedules contain information to help the reader assess the City's most significant own-source revenue.

Assessed Value and Estimated Actual Value of Taxable Property	7
Direct and Overlapping Property Tax Rates	8
Principal Property Taxpayers	9
Property Tax Levies and Collections	10

Debt Capacity 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.

Ratios of Outstanding Debt by Type	11
Ratio of General Bonded Debt Outstanding	12
Direct and Overlapping Debt	13
Legal Debt Margin Information	14
Pledged Revenue Coverage	15

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.

Demographic and Economic Statistics	16
Principal Employers	17

Operating Information these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Operating Indicators by Function	19
Capital Asset Statistics by Function	20

CITY OF WEST COVINA

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual bases of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Net investment in capital assets	\$ 143,792,663	\$ 144,030,127	\$ 139,413,253	\$ 148,634,909
Restricted	104,865,107	99,990,727	88,484,572	30,802,069
Unrestricted	140,122	(3,710,829)	20,796,530	63,530,998
Total governmental activities net position	\$ 248,797,892	\$ 240,310,025	\$ 248,694,355	\$ 242,967,976
Business-type activities:				
Net investment in capital assets	\$ 136,937	\$ 193,706	\$ 303,147	\$ 202,227
Restricted	-	-	-	-
Unrestricted	1,832,618	1,469,994	721,839	(66,842)
Total business-type activities net position	\$ 1,969,555	\$ 1,663,700	\$ 1,024,986	\$ 135,385
Primary government:				
Net investment in capital assets	\$ 143,929,600	\$ 144,223,833	\$ 139,716,400	\$ 148,837,136
Restricted	104,865,107	99,990,727	88,484,572	30,802,069
Unrestricted	1,972,740	(2,240,835)	21,518,369	63,464,156
Total primary government net position	\$ 250,767,447	\$ 241,973,725	\$ 249,719,341	\$ 243,103,361

TABLE 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 180,298,472	\$ 184,338,106	\$ 179,236,866	\$ 168,749,834	\$ 164,621,539	\$ 161,771,546
25,937,799	18,316,134	25,286,909	53,333,115	46,016,224	47,468,277
22,723,726	10,219,814	1,884,827	26,688,571	(297,086)	191,878
<u>\$ 228,959,997</u>	<u>\$ 212,874,054</u>	<u>\$ 206,408,602</u>	<u>\$ 248,771,520</u>	<u>\$ 210,340,677</u>	<u>\$ 209,431,701</u>
\$ 107,507	\$ 42,073	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
(786,551)	(1,128,610)	(999,624)	(994,560)	(426,520)	60,922
<u>\$ (679,044)</u>	<u>\$ (1,086,537)</u>	<u>\$ (999,624)</u>	<u>\$ (994,560)</u>	<u>\$ (426,520)</u>	<u>\$ 60,922</u>
\$ 180,405,979	\$ 184,380,179	\$ 179,236,866	\$ 168,749,834	\$ 164,621,539	\$ 161,771,546
25,937,799	18,316,134	25,286,909	53,333,115	46,016,224	47,468,277
21,937,175	9,091,204	(98,187)	25,694,011	(723,606)	252,800
<u>\$ 228,280,953</u>	<u>\$ 211,787,517</u>	<u>\$ 204,425,588</u>	<u>\$ 247,776,960</u>	<u>\$ 209,914,157</u>	<u>\$ 209,492,623</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses:				
Governmental activities:				
General government	\$ 2,919,887	\$ 1,594,760	\$ 46,328	\$ 2,448,843
Public safety	38,436,098	38,433,238	42,186,533	45,498,406
Public works	19,642,927	20,696,562	19,322,212	20,246,687
Community services	4,144,990	6,482,112	5,167,297	5,214,550
Community development	6,761,102	11,245,539	9,610,651	10,000,667
Interest on long-term debt	5,001,981	7,714,047	8,320,239	8,200,588
Total governmental activities expenses	<u>76,906,985</u>	<u>86,166,258</u>	<u>84,653,260</u>	<u>91,609,741</u>
Business-type activity:				
Computer enterprise	<u>2,212,802</u>	<u>2,098,690</u>	<u>2,470,811</u>	<u>2,682,467</u>
Total business-type activity expenses	<u>2,212,802</u>	<u>2,098,690</u>	<u>2,470,811</u>	<u>2,682,467</u>
Total primary government expenses	<u>79,119,787</u>	<u>88,264,948</u>	<u>87,124,071</u>	<u>94,292,208</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,377,178	2,767,383	861,565	1,145,943
Public safety	2,562,910	3,310,988	3,141,098	3,431,488
Public works	3,610,577	5,297,840	6,339,196	4,251,433
Community services	1,546,169	1,454,683	1,526,866	1,443,945
Community development	223,938	302,677	537,813	275,235
Operating grants and contributions	10,802,517	11,614,595	8,607,221	10,618,414
Capital grants and contributions	378,493	285,078	2,714,668	434,630
Total governmental activities program revenues	<u>20,501,782</u>	<u>25,033,244</u>	<u>23,728,427</u>	<u>21,601,088</u>
Business-type activity:				
Charges for services:				
Computer enterprise	<u>1,992,662</u>	<u>1,721,715</u>	<u>1,765,224</u>	<u>1,755,717</u>
Total business-type activity program revenues	<u>1,992,662</u>	<u>1,721,715</u>	<u>1,765,224</u>	<u>1,755,717</u>
Total primary government program revenues	<u>22,494,444</u>	<u>26,754,959</u>	<u>25,493,651</u>	<u>23,356,805</u>

Source: City of West Covina Finance Department

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,849,501	\$ 3,337,547	\$ 2,922,898	\$ 4,953,340	\$ 5,547,949	\$ 7,472,254
47,682,934	48,151,398	45,253,725	49,369,913	47,160,347	45,443,958
21,598,894	21,054,241	21,052,423	20,510,387	20,465,106	21,109,952
7,835,430	6,558,987	6,629,292	6,949,951	6,911,667	6,437,040
12,867,904	8,619,004	9,414,730	4,071,050	708,422	658,082
7,962,089	6,577,544	7,101,037	5,927,002	1,652,751	1,677,062
<u>100,796,752</u>	<u>94,298,721</u>	<u>92,374,105</u>	<u>91,781,643</u>	<u>82,446,242</u>	<u>82,798,348</u>
<u>2,633,564</u>	<u>2,507,498</u>	<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,606</u>	<u>1,284,419</u>
<u>2,633,564</u>	<u>2,507,498</u>	<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,606</u>	<u>1,284,419</u>
<u>103,430,316</u>	<u>96,806,219</u>	<u>94,460,240</u>	<u>93,483,010</u>	<u>83,881,848</u>	<u>84,082,767</u>
757,678	1,019,690	681,877	599,066	548,333	486,478
3,611,259	3,850,741	3,571,864	3,196,729	3,018,478	3,037,891
5,818,290	7,041,281	8,043,988	7,046,096	7,781,333	8,878,122
1,158,644	1,089,227	1,166,675	1,141,162	1,195,612	1,180,562
266,286	313,639	240,462	255,669	348,112	621,352
11,895,355	5,157,956	10,189,050	12,557,141	10,344,778	11,021,410
578,828	3,574,609	678,827	958,459	597,405	4,458,250
<u>24,086,340</u>	<u>22,047,143</u>	<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>	<u>29,684,065</u>
<u>1,885,071</u>	<u>2,193,037</u>	<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>
<u>1,885,071</u>	<u>2,193,037</u>	<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>
<u>25,971,411</u>	<u>24,240,180</u>	<u>26,841,725</u>	<u>27,559,564</u>	<u>25,939,472</u>	<u>31,557,701</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Net revenues (expenses):				
Governmental activities	\$ (56,405,203)	\$ (61,133,014)	\$ (60,924,833)	\$ (70,008,653)
Business-type activity	(220,140)	(376,975)	(705,587)	(926,750)
Net primary government revenues (expenses)	<u>(56,625,343)</u>	<u>(61,509,989)</u>	<u>(61,630,420)</u>	<u>(70,935,403)</u>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	17,565,368	27,614,922	32,458,314	34,760,944
Sales tax	14,522,220	14,216,986	14,056,880	11,167,748
Franchise tax	2,870,211	2,845,521	2,874,165	3,367,958
Other taxes	2,959,329	3,433,966	4,454,217	4,445,300
Motor vehicle in lieu, unrestricted	7,044,997	2,606,079	650,304	500,629
Investment income	2,858,850	1,993,102	6,919,306	7,800,642
Other general revenues	2,132,720	(65,429)	7,895,977	2,239,053
Transfers	137	-	-	-
Extraordinary gain (loss)	-	-	-	-
Total governmental activities	<u>49,953,832</u>	<u>52,645,147</u>	<u>69,309,163</u>	<u>64,282,274</u>
Business-type activity:				
Investment income	38,600	71,120	66,873	37,149
Transfers	(137)	-	-	-
Total business-type activities	<u>38,463</u>	<u>71,120</u>	<u>66,873</u>	<u>37,149</u>
Total primary government	<u>49,992,295</u>	<u>52,716,267</u>	<u>69,376,036</u>	<u>64,319,423</u>
Changes in net position:				
Governmental activities	(6,451,371)	(8,487,867)	8,384,330	(5,726,379)
Business-type activity	<u>(181,677)</u>	<u>(305,855)</u>	<u>(638,714)</u>	<u>(889,601)</u>
Total primary government change in net position	<u>\$ (6,633,048)</u>	<u>\$ (8,793,722)</u>	<u>\$ 7,745,616</u>	<u>\$ (6,615,980)</u>

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (76,710,412)	\$ (72,251,578)	\$ (67,801,362)	\$ (66,027,321)	\$ (58,612,191)	\$ (53,114,283)
(748,493)	(314,461)	182,847	103,875	669,815	589,217
<u>(77,458,905)</u>	<u>(72,566,039)</u>	<u>(67,618,515)</u>	<u>(65,923,446)</u>	<u>(57,942,376)</u>	<u>(52,525,066)</u>
36,387,548	28,849,815	30,888,074	23,313,556	20,937,356	20,420,020
9,261,965	7,791,286	12,550,157	13,177,914	13,307,736	14,705,790
3,512,830	3,093,538	3,159,080	3,224,053	3,361,812	3,478,532
5,108,429	5,392,829	5,449,323	7,835,918	6,265,257	7,451,947
383,831	331,289	517,098	55,880	57,902	-
4,768,327	4,288,088	2,281,105	1,647,399	185,451	695,341
3,200,753	2,077,837	4,412,125	5,193,850	7,310,544	5,960,967
78,750	93,140	95,934	98,811	101,775	101,775
-	-	-	55,825,872	(19,629,066)	-
<u>62,702,433</u>	<u>51,917,822</u>	<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>	<u>52,814,372</u>
12,814	108	-	-	-	-
(78,750)	(93,140)	(95,934)	(98,811)	(101,775)	(101,775)
<u>(65,936)</u>	<u>(93,032)</u>	<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>
<u>62,636,497</u>	<u>51,824,790</u>	<u>59,256,962</u>	<u>110,274,442</u>	<u>31,796,992</u>	<u>52,712,597</u>
(14,007,979)	(20,333,756)	(8,448,466)	44,345,932	(26,713,424)	(299,911)
(814,429)	(407,493)	86,913	5,064	568,040	487,442
<u>\$ (14,822,408)</u>	<u>\$ (20,741,249)</u>	<u>\$ (8,361,553)</u>	<u>\$ 44,350,996</u>	<u>\$ (26,145,384)</u>	<u>\$ 187,531</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses:				
General government	\$ 2,919,887	\$ 1,594,760	\$ 46,328	\$ 2,448,843
Public safety	38,436,098	38,433,238	42,186,533	45,498,406
Public works	19,642,927	20,696,562	19,322,212	20,246,687
Community services	4,144,990	6,482,112	5,167,297	5,214,550
Community development	6,761,102	11,245,539	9,610,651	10,000,667
Interest on long-term debt	5,001,981	7,714,047	8,320,239	8,200,588
Total expenses	<u>76,906,985</u>	<u>86,166,258</u>	<u>84,653,260</u>	<u>91,609,741</u>
Program revenues:				
Charges for services:				
General government	1,377,178	2,767,383	861,565	1,145,943
Public safety	2,562,910	3,310,988	3,141,098	3,431,488
Public works	3,610,577	5,297,840	6,339,196	4,251,433
Community services	1,546,169	1,454,683	1,526,866	1,443,945
Community development	223,938	302,677	537,813	275,235
Operating grants and contributions	10,802,517	11,614,595	8,607,221	10,618,414
Capital grants and contributions	378,493	285,078	2,714,668	434,630
Total program revenues	<u>20,501,782</u>	<u>25,033,244</u>	<u>23,728,427</u>	<u>21,601,088</u>
Net program revenues (expenses)	<u>(56,405,203)</u>	<u>(61,133,014)</u>	<u>(60,924,833)</u>	<u>(70,008,653)</u>
General revenues and other changes in net position:				
Taxes:				
Property taxes	17,565,368	27,614,922	32,458,314	34,760,944
Sales tax	14,522,220	14,216,986	14,056,880	11,167,748
Franchise tax	2,870,211	2,845,521	2,874,165	3,367,958
Other taxes	2,959,329	3,433,966	4,454,217	4,445,300
Motor vehicle in lieu, unrestricted	7,044,997	2,606,079	650,304	500,629
Investment income	2,858,850	1,993,102	6,919,306	7,800,642
Other general revenues	2,132,720	(65,429)	7,895,977	2,239,053
Transfers	137	-	-	-
Extraordinary gain (loss)	-	-	-	-
Total general revenues and other changes	<u>49,953,832</u>	<u>52,645,147</u>	<u>69,309,163</u>	<u>64,282,274</u>
Changes in net position	<u>\$ (6,451,371)</u>	<u>\$ (8,487,867)</u>	<u>\$ 8,384,330</u>	<u>\$ (5,726,379)</u>

Source: City of West Covina Finance Department

TABLE 3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,849,501	\$ 3,337,547	\$ 2,922,898	\$ 4,953,340	\$ 5,547,949	\$ 7,472,254
47,682,934	48,151,398	45,253,725	49,369,913	47,160,347	45,443,958
21,598,894	21,054,241	21,052,423	20,510,387	20,465,106	21,109,952
7,835,430	6,558,987	6,629,292	6,949,951	6,911,667	6,437,040
12,867,904	8,619,004	9,414,730	4,071,050	708,422	658,082
7,962,089	6,577,544	7,101,037	5,927,002	1,652,751	1,677,062
<u>100,796,752</u>	<u>94,298,721</u>	<u>92,374,105</u>	<u>91,781,643</u>	<u>82,446,242</u>	<u>82,798,348</u>
757,678	1,019,690	681,877	599,066	548,333	486,478
3,611,259	3,850,741	3,571,864	3,196,729	3,018,478	3,037,891
5,818,290	7,041,281	8,043,988	7,046,096	7,781,333	8,878,122
1,158,644	1,089,227	1,166,675	1,141,162	1,195,612	1,180,562
266,286	313,639	240,462	255,669	348,112	621,352
11,895,355	5,157,956	10,189,050	12,557,141	10,344,778	11,021,410
578,828	3,574,609	678,827	958,459	597,405	4,458,250
<u>24,086,340</u>	<u>22,047,143</u>	<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>	<u>29,684,065</u>
<u>(76,710,412)</u>	<u>(72,251,578)</u>	<u>(67,801,362)</u>	<u>(66,027,321)</u>	<u>(58,612,191)</u>	<u>(53,114,283)</u>
36,387,548	28,849,815	30,888,074	23,313,556	20,937,356	20,420,020
9,261,965	7,791,286	12,550,157	13,177,914	13,307,736	14,705,790
3,512,830	3,093,538	3,159,080	3,224,053	3,361,812	3,478,532
5,108,429	5,392,829	5,449,323	7,835,918	6,265,257	7,451,947
383,831	331,289	517,098	55,880	57,902	-
4,768,327	4,288,088	2,281,105	1,647,399	185,451	695,341
3,200,753	2,077,837	4,412,125	5,193,850	7,310,544	5,960,967
78,750	93,140	95,934	98,811	101,775	101,775
-	-	-	55,825,872	(19,629,066)	-
<u>62,702,433</u>	<u>51,917,822</u>	<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>	<u>52,814,372</u>
<u>\$ (14,007,979)</u>	<u>\$ (20,333,756)</u>	<u>\$ (8,448,466)</u>	<u>\$ 44,345,932</u>	<u>\$ (26,713,424)</u>	<u>\$ (299,911)</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITIES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses:				
Computer enterprise	\$ 2,212,802	\$ 2,098,690	\$ 2,470,811	\$ 2,682,467
Total expenses	<u>2,212,802</u>	<u>2,098,690</u>	<u>2,470,811</u>	<u>2,682,467</u>
Program revenues:				
Charges for services:				
Computer enterprise	<u>1,992,662</u>	<u>1,721,715</u>	<u>1,765,224</u>	<u>1,755,717</u>
Total program revenues	<u>1,992,662</u>	<u>1,721,715</u>	<u>1,765,224</u>	<u>1,755,717</u>
Net revenues (expenses)	<u>(220,140)</u>	<u>(376,975)</u>	<u>(705,587)</u>	<u>(926,750)</u>
General revenues and other changes in net position:				
Investment income	38,600	71,120	66,873	37,149
Transfers	<u>(137)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and other changes	<u>38,463</u>	<u>71,120</u>	<u>66,873</u>	<u>37,149</u>
Changes in net position	<u>\$ (181,677)</u>	<u>\$ (305,855)</u>	<u>\$ (638,714)</u>	<u>\$ (889,601)</u>

TABLE 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,633,564	\$ 2,507,498	\$ 2,086,135	\$ 1,701,367	\$ 1,435,606	\$ 1,284,419
<u>2,633,564</u>	<u>2,507,498</u>	<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,606</u>	<u>1,284,419</u>
1,885,071	2,193,037	2,268,982	1,805,242	2,105,421	1,873,636
<u>1,885,071</u>	<u>2,193,037</u>	<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>
(748,493)	(314,461)	182,847	103,875	669,815	589,217
12,814	108	-	-	-	-
<u>(78,750)</u>	<u>(93,140)</u>	<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>
(65,936)	(93,032)	(95,934)	(98,811)	(101,775)	(101,775)
<u>\$ (814,429)</u>	<u>\$ (407,493)</u>	<u>\$ 86,913</u>	<u>\$ 5,064</u>	<u>\$ 568,040</u>	<u>\$ 487,442</u>

CITY OF WEST COVINA

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
General fund:				
Reserved	\$ 24,201,596	\$ 24,954,584	\$ 24,793,675	\$ 23,805,491
Unreserved	23,513,760	23,982,187	19,315,808	16,021,539
Total general fund	<u>\$ 47,715,356</u>	<u>\$ 48,936,771</u>	<u>\$ 44,109,483</u>	<u>\$ 39,827,030</u>
All other governmental funds:				
Reserved	\$ 44,606,915	\$ 25,188,543	\$ 42,527,670	\$ 33,118,104
Unreserved, reported in:				
Special revenue funds	5,980,930	9,981,374	8,293,679	9,438,350
Debt service funds	929,735	12,139,928	4,134,045	(631,251)
Capital projects funds	(888,628)	(2,685,881)	(1,825,601)	860,278
Total all other governmental funds	<u>\$ 50,628,952</u>	<u>\$ 44,623,964</u>	<u>\$ 53,129,793</u>	<u>\$ 42,785,481</u>
General fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TABLE 5

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 22,621,000	\$ 24,321,122	\$ -	\$ -	\$ -	\$ -
12,846,323	7,246,828	-	-	-	-
<u>\$ 35,467,323</u>	<u>\$ 31,567,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,675,986	\$ 24,916,095	\$ -	\$ -	\$ -	\$ -
9,297,969	10,351,716	-	-	-	-
(2,380,312)	(465,131)	-	-	-	-
3,085,503	(131,153)	-	-	-	-
<u>\$ 38,679,146</u>	<u>\$ 34,671,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 20,827,056	\$ 15,580,789	\$ 6,621,695	\$ 6,595,326
-	-	8,786,221	13,187,181	4,108,967	5,687,385
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,613,277</u>	<u>\$ 28,767,970</u>	<u>\$ 10,730,662</u>	<u>\$ 12,282,711</u>
\$ -	\$ -	\$ 8,210,093	\$ 6,200,423	\$ 6,814,431	\$ 157,500
-	-	38,138,456	31,101,636	32,133,653	56,225,097
-	-	1,964,946	1,378,401	893,566	3,891,565
-	-	(12,759,988)	(110,042)	(373,264)	(47,867)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,553,507</u>	<u>\$ 38,570,418</u>	<u>\$ 39,468,386</u>	<u>\$ 60,226,295</u>

CITY OF WEST COVINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Revenues:				
Taxes	\$ 49,046,990	\$ 58,464,794	\$ 62,801,264	\$ 65,069,488
Special assessments	3,448,956	3,582,066	3,711,712	3,913,965
Licenses and permits	1,046,759	1,336,564	1,833,239	1,196,670
Fines and forfeitures	1,264,600	1,168,842	1,106,271	1,216,628
Investment income	8,239,221	5,807,699	9,544,547	8,778,813
Rental income	589,564	266,516	223,668	270,058
Intergovernmental	12,052,408	12,301,929	7,491,065	8,113,584
Charges for services	5,397,270	6,646,242	8,515,601	8,178,880
Repayment of notes and loans	2,336,958	1,355,096	988,220	1,048,727
Developer fees	378,493	7,884	1,462,535	10,950
Other	2,517,164	2,566,819	8,903,148	662,988
Total revenues	86,318,383	93,504,451	106,581,270	98,460,751
Expenditures:				
Current:				
General government	4,790,513	4,912,513	5,478,534	5,787,654
Public safety	37,643,249	39,996,407	41,602,661	44,138,678
Public works	12,937,191	14,269,148	15,623,128	16,308,548
Community services	8,337,754	11,857,937	31,362,253	24,580,791
Community development	5,229,820	10,385,511	7,120,280	7,632,478
Pass-through payments	4,817,371	3,199,441	2,568,343	2,825,925
Debt service:				
Principal retirement	2,200,464	2,050,000	4,014,507	3,441,290
Interest and fiscal charges	7,901,882	8,766,422	10,059,439	9,827,109
Cost of issuance	-	-	294,764	-
Developer agreement payments	-	1,858,120	2,783,820	2,939,322
Total expenditures	83,858,244	97,295,499	120,907,729	117,481,795
Excess (deficiency) of revenues over (under) expenditures	2,460,139	(3,791,048)	(14,326,459)	(19,021,044)
Other financing sources (uses):				
Transfers in	9,842,137	9,342,762	33,024,064	9,976,252
Transfers out	(10,140,446)	(10,342,762)	(33,024,064)	(9,901,252)
Issuance of bonds	13,500,000	2,735,000	18,005,000	4,319,279
Payment to refunded bond escrow agent	-	(2,727,525)	-	-
Extraordinary gain (loss)	-	-	-	-
Total other financing sources (uses)	13,201,691	(992,525)	18,005,000	4,394,279
Net change in fund balances	\$ 15,661,830	\$ (4,783,573)	\$ 3,678,541	\$ (14,626,765)
Debt service as a percentage of noncapital expenditures	15.04%	18.00%	23.60%	21.10%

Source: City of West Covina Finance Department

TABLE 6

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 65,186,854	\$ 63,270,166	\$ 63,663,702	\$ 53,636,172	\$ 46,185,045	\$ 48,785,393
4,180,404	4,871,575	5,210,062	5,270,856	5,511,465	5,513,535
1,085,650	904,985	1,099,083	866,642	1,156,196	1,717,153
1,229,852	1,324,698	1,056,923	1,097,836	1,048,819	1,036,732
5,601,091	5,589,739	4,124,960	3,419,665	533,540	716,472
311,997	310,819	468,123	421,521	370,913	367,798
8,848,048	11,321,980	8,363,460	12,481,691	9,496,481	11,097,551
7,021,197	6,845,511	6,779,667	6,732,076	6,124,201	6,751,541
794,365	449,045	721,348	332,698	925,235	26,148
-	-	-	-	-	-
1,824,050	1,112,553	3,781,096	1,720,792	5,105,117	6,258,384
96,083,508	96,001,071	95,268,424	85,979,949	76,457,012	82,270,707
4,687,485	4,646,621	4,180,878	4,950,311	5,205,956	7,087,335
45,554,204	45,639,257	41,938,421	44,109,598	42,688,487	43,332,847
17,923,628	19,686,587	15,325,261	18,209,981	16,203,144	17,790,042
7,189,514	5,390,364	5,412,009	5,917,227	5,872,485	5,399,732
10,739,465	6,142,905	8,228,653	4,246,590	666,255	679,007
3,468,902	9,724,035	5,863,850	2,112,227	-	-
3,828,282	4,108,592	4,649,975	5,155,105	1,773,261	1,870,239
9,055,221	8,410,803	8,520,890	6,307,988	1,659,473	1,666,054
-	-	-	-	-	-
2,181,599	2,002,039	2,317,114	351,444	-	-
104,628,300	105,751,203	96,437,051	91,360,471	74,069,061	77,825,256
(8,544,792)	(9,750,132)	(1,168,627)	(5,380,522)	2,387,951	4,445,451
12,048,364	11,023,152	11,171,460	8,947,657	3,639,400	3,744,115
(11,969,614)	(9,180,012)	(11,075,526)	(8,848,846)	(3,537,625)	(3,642,340)
-	-	-	-	-	2,185,000
-	-	-	-	-	(2,248,061)
-	-	-	7,453,315	(19,629,066)	-
78,750	1,843,140	95,934	7,552,126	(19,527,291)	38,714
\$ (8,466,042)	\$ (7,906,992)	\$ (1,072,693)	\$ 2,171,604	\$ (17,139,340)	\$ 4,484,165
19.30%	25.60%	19.89%	16.20%	5.21%	5.18%

CITY OF WEST COVINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended June 30	City				Less: Exemptions	Taxable Assessed Value
	Secured	Non-Unitary	Unsecured			
2005	\$ 4,808,086	\$ 464	\$ 15,093	\$ (48,139)	\$ 4,775,504	
2006	5,330,215	464	13,711	(64,912)	5,279,478	
2007	5,838,746	464	14,903	(56,655)	5,797,458	
2008	6,261,173	462	15,899	(76,713)	6,200,821	
2009	6,549,882	462	15,315	(78,464)	6,487,195	
2010	6,281,230	-	15,205	(76,991)	6,219,444	
2011	6,276,734	-	11,705	(86,340)	6,202,099	
2012	6,381,873	-	12,762	(85,792)	6,308,843	
2013	6,477,468	-	10,645	(93,277)	6,394,836	
2014	6,670,267	-	15,080	(73,615)	6,611,732	

Note:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. 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 described above.

TABLE 7

Community Development Commission (CDC)				City and CDC Total Taxable Assessed Value	Total Direct Tax Rate
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value		
\$ 1,547,925	\$ 132,801	\$ (111,853)	\$ 1,568,873	\$ 6,344,377	13.985%
1,723,957	137,934	(118,531)	1,743,360	7,022,838	13.985%
1,895,168	146,336	(123,048)	1,918,456	7,715,914	13.985%
2,038,968	144,533	(138,919)	2,044,582	8,245,403	13.985%
2,283,051	150,880	(143,108)	2,290,823	8,778,018	13.820%
2,339,976	163,198	(152,699)	2,350,475	8,569,919	13.820%
2,336,269	157,035	(142,764)	2,350,540	8,552,639	13.820%
2,408,026	152,958	(152,569)	2,408,415	8,717,258	13.820%
2,429,152	160,821	(152,386)	2,437,587	8,832,423	13.820%
2,498,131	161,438	(186,502)	2,473,067	9,084,799	13.820%

CITY OF WEST COVINA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years
(rate per \$100 of taxable value)
(Tax Rate Area 9495)

	Fiscal Year			
	2005	2006	2007	2008
City Prop 13 Rate:				
City of West Covina Sewer Maintenance District	0.003130	0.003130	0.003130	0.003130
City of West Covina Tax District I	0.136710	0.136710	0.136710	0.136710
Sub-Total City Direct Rate	0.139840	0.139840	0.139840	0.139840
Children's Institutional Tuition Fund (400.21)	0.002880	0.002880	0.002880	0.002880
County Sanitation District No. 22 Operating (066.85)	0.014140	0.014140	0.014140	0.014140
County School Services (400.15)	0.001450	0.001450	0.001450	0.001450
County School Services Fund West Covina (985.06)	0.007850	0.007850	0.007850	0.007850
Development Center Handicapped Minors West Covina (98)	0.000870	0.000870	0.000870	0.000870
Educational Revenue Augmentation Fund (400.00)	0.072470	0.072470	0.072470	0.072470
Educational Revenue Augmentation Fund (400.01)	0.169290	0.169290	0.169290	0.169290
Los Angeles County Accumulative Capital Outlay (001.20)	0.000120	0.000120	0.000120	0.000120
Los Angeles County Flood Control Imp. Dist. Main. (030.10)	0.001800	0.001800	0.001800	0.001800
Los Angeles County Library (003.01)	0.024080	0.024080	0.024080	0.024080
Los Angeles County Fire - Ffw (007.31)	0.007560	0.007560	0.007560	0.007560
Los Angeles County Flood Control Maintenance (030.70)	0.010190	0.010190	0.010190	0.010190
Los Angeles County General (001.05)	0.329550	0.329550	0.329550	0.329550
Mount San Antonio Children's Center Fund (809.20)	0.000300	0.000300	0.000300	0.000300
Mount San Antonio Community College (809.04)	0.031040	0.031040	0.031040	0.031040
Upper San Gabriel Valley Muni Water - Covina (368.10)	0.000580	0.000580	0.000580	0.000580
West Covina Unified School District (985.03)	0.185970	0.185970	0.185970	0.185970
Sub-Total	0.860140	0.860140	0.860140	0.860140
Total Prop 13 Rate	1.000000	1.000000	1.000000	1.000000
Voter Approved Rates:				
Metro Water District	0.005800	0.005200	0.004700	0.004500
Flood Control	0.000245	0.000050	0.000050	-
Community College	0.014731	0.021220	0.025300	0.017500
Unified Schools	0.082226	0.061470	0.065120	0.051440
County	0.000923	0.000800	0.000660	-
Total Voter Approved Rates	0.103925	0.088740	0.095830	0.073440
Total Tax Rate	1.103925	1.088740	1.095830	1.073440

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 for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assess property values for the payment of any voter approved bonds.

TABLE 8

Fiscal Year					
2009	2010	2011	2012	2013	2014
0.003130	0.003130	0.003130	0.003130	0.003130	0.003130
0.136710	0.136710	0.135100	0.135100	0.135100	0.135100
0.139840	0.139840	0.138230	0.138230	0.138230	0.138230
0.002880	0.002880	0.002880	0.002880	0.002880	0.002880
0.014140	0.014140	0.014140	0.014140	0.014140	0.014140
0.001450	0.001450	0.001450	0.001450	0.001450	0.001450
0.007850	0.007850	0.007850	0.007850	0.007850	0.007850
0.000870	0.000870	0.000870	0.000870	0.000870	0.000870
0.072470	0.072470	0.074500	0.074500	0.074500	0.074500
0.169290	0.169290	0.169300	0.169300	0.169300	0.169300
0.000120	0.000120	0.000120	0.000120	0.000120	0.000120
0.001800	0.001800	0.001800	0.001800	0.001800	0.001800
0.024080	0.024080	0.024100	0.024100	0.024100	0.024100
0.007560	0.007560	0.007560	0.007560	0.007560	0.007560
0.010190	0.010190	0.010190	0.010190	0.010190	0.010190
0.329550	0.329550	0.329200	0.329200	0.329200	0.329200
0.000300	0.000300	0.000300	0.000300	0.000300	0.000300
0.031040	0.031040	0.031000	0.031000	0.031000	0.031000
0.000580	0.000580	0.000580	0.000580	0.000580	0.000580
0.185970	0.185970	0.186000	0.186000	0.186000	0.186000
0.860140	0.860140	0.861840	0.861840	0.861840	0.861840
1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
0.004300	0.004300	0.003700	0.003700	0.003500	0.003500
-	-	-	-	-	-
0.023326	0.025710	0.026363	0.026415	0.028957	0.020231
0.060406	0.052576	0.059198	0.053770	0.049650	0.036262
-	-	-	-	-	-
0.088032	0.082586	0.089261	0.083885	0.082107	0.059993
1.088032	1.082586	1.089261	1.083885	1.082107	1.059993

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CITY OF WEST COVINA

TABLE 9

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2014		2005	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
624 Glendora Avenue Apartments	\$ -	0.00%	\$ 23,725,141	0.37%
851 S. Sunset Avenue Apartments LLC	-	0.00%	22,540,862	0.36%
CP Lafayette Parc LLC	45,875,417	0.50%	-	0.00%
Eastland Shopping Center LLC	94,655,219	1.04%	85,913,842	1.35%
Eastland Tower Partnership	46,100,000	0.51%	31,650,000	0.50%
Gateway Crescent LLC	46,800,000	0.52%	-	0.00%
Hassen Real Estate Partnership	53,041,326	0.58%	47,035,224	0.74%
KW of CV Sunset LLC	44,528,272	0.49%	-	0.00%
LA Palma Royale LLC	53,850,772	0.59%	-	0.00%
Legacy Partners Verandas LP	31,252,797	0.34%	-	0.00%
Lend Lease A R Timberwood LP	-	0.00%	23,804,673	0.38%
Plaza West Covina	198,898,711	2.19%	169,151,619	2.67%
Pried XIV Trust	30,351,673	0.33%	24,699,156	0.39%
Sunset Apartments LLC	-	0.00%	20,762,850	0.33%
WCPP Limited	-	0.00%	-	0.00%
West Covina Lakes Association	-	0.00%	21,900,000	0.35%
	<u>\$ 645,354,187</u>	<u>7.10%</u>	<u>\$ 471,183,367</u>	<u>7.43%</u>

The amounts shown above include assessed value data for both the City and the Community Development Commission.

The top ten property tax payers are shown for each year.

Source: Los Angeles County Assessor 2013/14 Combined Tax Rolls and the SBE Unitary Tax Roll

CITY OF WEST COVINA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	City					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	\$ 6,228,741	\$ 5,637,051	90.50%	\$ 63,827	\$ 5,700,878	91.53%
2006	7,404,266	6,799,451	91.83%	(262,305)	6,537,146	88.29%
2007	8,255,755	7,536,422	91.29%	(7,738)	7,528,684	91.19%
2008	8,788,631	7,766,633	88.37%	(65,994)	7,700,639	87.62%
2009	9,207,210	8,509,721	92.42%	104,568	8,614,289	93.56%
2010	8,913,839	8,152,304	91.46%	111,790	8,264,094	92.71%
2011	8,782,946	8,287,440	94.36%	201,261	8,488,701	96.65%
2012	8,961,279	8,280,265	92.40%	(167,264)	8,113,001	90.53%
2013	9,094,235	8,853,013	97.35%	(75,056)	8,777,957	96.52%
2014	9,119,226	9,105,997	99.85%	-	9,105,997	99.85%

Notes:

The amounts presented include City property taxes and Community Development Commission tax increment. This schedule also includes amounts collected by the City and the Community Development Commission that were passed-through to other agencies.

Fiscal year 2012 collections for Community Development Commission are as of January 31, 2012. This is due to ABx1 26 (RDA Dissolution Bill) that was effective February 1, 2012. Subsequent to January 31, 2012, there were no property taxes levied under the Community Development Commission.

TABLE 10

Fiscal Year Ended June 30	Community Development Commission					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	\$ 12,333,003	\$ 12,130,821	98.36%	\$ 1,291,517	\$ 13,422,338	108.83%
2006	14,104,710	14,076,889	99.80%	1,144,548	15,221,437	107.92%
2007	15,942,115	15,927,954	99.91%	827,358	16,755,312	105.10%
2008	17,595,311	17,485,161	99.37%	1,100,374	18,585,535	105.63%
2009	19,346,023	18,610,849	96.20%	833,301	19,444,150	100.51%
2010	20,058,658	19,121,096	95.33%	349,563	19,470,659	97.07%
2011	20,132,138	19,147,814	95.11%	394,313	19,542,127	97.07%
2012	20,612,835	8,727,674	42.34%	191,262	8,918,936	43.27%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WEST COVINA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Lease Revenue Bonds	Special Assessment Bonds	Tax Allocation Bonds (1)	Loans	Capital Lease Obligations	
2005	\$ 44,880,000	\$ 43,350,000	\$ 31,500,000	\$ 22,754,013	\$ 817,731	\$ 143,301,744
2006	44,550,000	42,345,000	30,830,000	24,940,778	572,389	143,238,167
2007	60,570,000	41,240,000	30,140,000	27,764,353	398,483	160,112,836
2008	59,395,000	40,040,000	29,170,000	31,584,157	3,267,104	163,456,261
2009	58,530,000	38,745,000	28,165,000	34,960,554	2,691,276	163,091,830
2010	57,515,000	37,355,000	27,020,000	38,733,523	2,261,401	162,884,924
2011	56,115,000	35,870,000	25,815,000	42,385,673	1,843,538	162,029,211
2012	50,825,000	-	-	1,800,221	1,409,134	54,034,355
2013	49,645,000	-	-	1,658,532	957,535	52,261,067
2014	48,385,000	-	-	1,512,768	773,282	50,671,050

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) The 1994 West Covina Public Financing Authority Water Revenue Bonds were defeased as of June 30, 2000 due to the sale of the City's water system.
- (2) These ratios are calculated using personal income and population for the prior calendar year.

TABLE 11

<u>Business-type Activities</u>					
<u>Certificates</u>	<u>Total</u>	<u>Total</u>	<u>Percentage</u>	<u>Debt</u>	
<u>of</u>	<u>Business-type</u>	<u>Primary</u>	<u>of Personal</u>	<u>per</u>	
<u>Participation</u>	<u>Activities</u>	<u>Government</u>	<u>Income (2)</u>	<u>Capita (2)</u>	
\$ -	\$ -	\$ 143,301,744	3.65%	\$ 1,290	
-	-	143,238,167	3.42%	1,283	
-	-	160,112,836	3.52%	1,428	
-	-	163,456,261	3.45%	1,459	
-	-	163,091,830	3.39%	1,456	
-	-	162,884,924	3.37%	1,443	
-	-	162,029,211	3.47%	1,527	
-	-	54,034,355	1.15%	506	
-	-	52,261,067	1.10%	487	
-	-	50,671,050	1.01%	470	

CITY OF WEST COVINA

TABLE 12

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years
(in thousands of dollars, except Per Capita)

Fiscal Year Ended June 30	Lease Revenue Bonds	Special Assessment Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value (1)	Per Capita
2005	\$ 44,880	\$ 43,350	\$ 31,500	\$ 119,730	1.89%	\$ 404
2006	44,550	42,345	30,830	117,725	1.68%	399
2007	60,570	41,240	30,140	131,950	1.71%	540
2008	59,395	40,040	29,170	128,605	1.56%	530
2009	58,530	38,745	28,165	125,440	1.43%	522
2010	57,515	37,355	27,020	121,890	1.42%	510
2011	56,115	35,870	25,815	117,800	1.38%	529
2012	50,825	-	-	50,825	0.58%	476
2013	49,645	-	-	49,645	0.56%	463
2014	48,385	-	-	48,385	0.53%	449

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Sources: City of West Covina Finance Department
Los Angeles County Assessor's Office

CITY OF WEST COVINA

TABLE 13

DIRECT AND OVERLAPPING DEBT

June 30, 2014

2013-14 Assessed Valuation		\$ 9,084,799,000	
Redevelopment Incremental Valuation		<u>(2,473,067,000)</u>	
Adjusted Assessed Valuation		<u>\$ 6,611,732,000</u>	
	<u>Total Debt</u>	<u>% Applicable ⁽¹⁾</u>	<u>City's Share of</u>
	6/30/2014		Debt 6/30/14
Overlapping Tax and Assessment Debt:			
Los Angeles County Flood Control District	\$ 17,480,000	0.822%	\$ 143,686
Metropolitan Water District	132,275,000	0.416%	550,264
Mount San Antonio Community College District	367,870,367	12.713%	46,767,360
Baldwin Park Unified School District	99,942,506	0.297%	296,829
Bassett Unified School District	39,004,081	0.066%	25,743
Covina Valley Unified School District	115,563,499	31.653%	36,579,314
Hacienda-La Puente Unified School District	87,908,428	1.363%	1,198,192
Rowland Unified School District	208,566,229	14.669%	30,594,580
Walnut Valley Unified School District	117,492,391	0.717%	842,420
West Covina Unified School District	27,940,000	95.348%	26,640,231
Los Angeles County Reg'l Park and Open Space Assessment District	113,615,000	0.798% #	906,648
TOTAL OVERLAPPING TAX and ASSESSMENT DEBT	<u>\$ 1,327,657,501</u>		<u>\$ 144,545,267</u>
Direct and Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	\$ 1,835,420,030	0.798%	\$ 14,646,652
Los Angeles County Supt. of Schools Cert. of Participation	9,529,882	0.798%	76,048
Los Angeles County Sanitation District No. 15 Authority	22,254,960	1.979%	440,426
Los Angeles County Sanitation District No. 21 Authority	13,117,586	2.542%	333,449
Los Angeles County Sanitation District No. 22 Authority	11,341,470	21.576%	2,447,036
Baldwin Park Unified School District General Fund Obligations	28,875,000	0.297%	85,759
Covina Valley Unified School District General Fund Obligations	5,000,000	31.653%	1,582,650
Rowland Unified School District General Fund Obligations	5,000,000	14.669%	733,450
City of West Covina General Fund Obligations	48,385,000	100.000%	48,385,000
TOTAL GROSS DIRECT and OVERLAPPING GENERAL FUND DEBT			<u>\$ 68,730,470</u>
Less: L.A. County General Fund Obligations supported by landfill revenues			<u>(40,181)</u>
TOTAL NET DIRECT and OVERLAPPING GENERAL FUND DEBT			68,690,289
Overlapping Tax Increment Debt (Successor Agency)			
Tax Allocation Bonds	\$ 21,905,000	100.000%	\$ 21,905,000
Total Gross Overlapping Debt	2,900,000	100.000%	2,900,000
Total Net Overlapping Debt	30,465,000	100.000%	<u>30,465,000</u>
			<u>\$ 55,270,000</u>
TOTAL DIRECT DEBT			\$ 48,385,000
TOTAL GROSS OVERLAPPING DEBT			220,160,737
TOTAL NET OVERLAPPING DEBT			220,120,556
GROSS COMBINED TOTAL DEBT ⁽²⁾			\$ 268,545,737
NET COMBINED TOTAL DEBT			\$ 268,505,556

1) The 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 tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CITY OF WEST COVINA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year			
	2005	2006	2007	2008
Assessed valuation	\$ 4,775,504	\$ 5,279,478	\$ 5,797,458	\$ 6,200,821
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,193,876	1,319,870	1,449,365	1,550,205
Debt limit percentage	15%	15%	15%	15%
Debt limit	179,081	197,980	217,405	232,531
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	<u>\$ 179,081</u>	<u>\$ 197,980</u>	<u>\$ 217,405</u>	<u>\$ 232,531</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of the 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the State's establishment of the limit.

Sources: City of West Covina Finance Department
Los Angeles County Tax Assessor's Office

TABLE 14

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 6,487,195	\$ 6,219,444	\$ 6,202,099	\$ 6,308,843	\$ 6,394,836	\$ 6,611,732
25%	25%	25%	25%	25%	25%
1,621,799	1,554,861	1,550,525	1,577,211	1,598,709	1,652,933
15%	15%	15%	15%	15%	15%
243,270	233,229	232,579	236,582	239,806	247,940
-	-	-	-	-	-
<u>\$ 243,270</u>	<u>\$ 233,229</u>	<u>\$ 232,579</u>	<u>\$ 236,582</u>	<u>\$ 239,806</u>	<u>\$ 247,940</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF WEST COVINA

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years
(In thousands of dollars)

Fiscal Year Ended June 30	Lease Revenue Bonds and Certificates of Participation			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2005	\$ 41,865	\$ 355	\$ 1,037	30.08
2006	46,565	375	1,296	27.87
2007	47,964	2,130	2,411	10.56
2008	48,724	1,175	2,151	14.65
2009	48,251	865	1,675	19.00
2010	44,950	1,310	1,245	17.59
2011	47,672	1,855	1,268	15.26
2012	48,347	1,505	1,155	18.18
2013	53,006	1,605	1,272	18.42
2014	54,753	1,715	1,249	18.47

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2005	\$ 13,422	\$ 655	\$ 1,400	6.53
2006	15,221	670	1,458	7.15
2007	16,755	690	1,474	7.74
2008	18,626	970	1,406	7.84
2009	19,444	1,005	1,293	8.46
2010	19,564	1,207	1,207	8.10
2011	19,542	1,205	1,127	8.38
2012	21,224	1,250	1,079	9.11
2013	12,152	1,305	1,030	5.20
2014	8,675	1,358	978	3.71

Notes: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
Operating expenses do not include interest or depreciation expenses.

Source: City of West Covina Finance Department

TABLE 15

Fiscal Year Ended June 30	Assessment District Bond					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	\$ 4,005	\$ 1,128	\$ 2,877	\$ 905	\$ 2,597	0.82
2006	3,831	739	3,092	1,005	2,548	0.87
2007	3,995	593	3,402	1,105	2,494	0.95
2008	3,765	811	2,954	1,200	2,430	0.81
2009	3,375	333	3,042	1,295	2,358	0.83
2010	3,828	72	3,756	1,390	2,281	1.02
2011	3,591	470	3,121	1,485	2,197	0.85
2012	4,444	70	4,374	1,580	2,105	1.19
2013	5,569	1,027	4,542	1,770	2,004	1.20
2014	5,740	767	4,973	2,055	1,890	1.26

CITY OF WEST COVINA

TABLE 16

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (3)	Annual Unemployment Rate (4)
2004	111,098	\$ 3,922,759	\$ 35,309	5.70%
2005	111,675	4,192,615	37,543	4.70%
2006	112,113	4,544,837	40,538	4.20%
2007	112,009	4,735,517	42,278	4.40%
2008	112,022	4,807,536	42,916	6.60%
2009	112,880	4,833,296	42,818	10.20%
2010	106,098	4,668,206	43,999	11.20%
2011	106,713	4,695,265	43,999	10.50%
2012	107,248	4,764,278	44,423	9.00%
2013	107,828	5,017,237	46,530	8.20%

Sources:

- (1) State of California, Department of Finance, E-1 Cities, Counties and the State Population estimates with Annual Percent Change - January 1, 2014
- (2) Estimated by multiplying population by per capita income
- (3) Bureau of Economic Analysis, Used per capita income of Los Angeles-Long Beach-Santa Ana, CA area
- (4) State of California Employment Development Department Labor Market Information, Unemployment rate June 2014

CITY OF WEST COVINA

TABLE 17

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2014		2005	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Queen of the Valley Campus	1,393	2.61%		
WC Unified School District	1,331	2.50%		
City of West Covina	413	0.77%		
Target Store #T1028 & T2147	374	0.70%		
Walmart Store #5954	300	0.56%	Data was not available at time of printing	
Macy's	289	0.54%		
Interspace/Concorde Battery	245	0.46%		
JC Penny Corp Inc. #1505-7	220	0.41%		
B.J.'s Restaurant & Brewery	196	0.37%		
S G V Newspaper Group	180	0.34%		

Note: "Total Employment" as used above represents the total employment of all employers located within the City limits.

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CITY OF WEST COVINA

TABLE 18

FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	43	44	43	43	42	40	39	36	31	33
Public safety	297	296	307	307	306	295	281	264	253	268
Public works	79	79	79	79	83	78	76	72	64	66
Community services	66	63	63	63	55	47	44	44	41	41
Community development	22	22	24	24	24	23	19	16	7	6
Total	<u>507</u>	<u>504</u>	<u>516</u>	<u>516</u>	<u>510</u>	<u>483</u>	<u>459</u>	<u>432</u>	<u>396</u>	<u>414</u>

Source: City of West Covina Finance Department

CITY OF WEST COVINA
OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year			
	2005	2006	2007	2008
Police:				
Total arrests	3,852	3,491	3,449	3,726
Calls for police service (1)	89,340	80,048	79,753	82,588
Graffiti sites cleaned (2)	N/A	N/A	N/A	15,736
Fire:				
Emergency responses	7,122	7,057	7,064	7,167
Fire inspections	3,819	3,122	3,711	3,748
Public Works:				
Building permits issued	3,798	4,250	3,854	3,189
Community Services:				
Recreation class registrations	3,950	4,342	4,820	5,097
Environmental Management:				
Graffiti sites cleaned (2)	8,055	9,600	17,903	N/A

Note:

- (1) Calls received that generated an incident number, not necessarily a police response.
- (2) Due to department restructuring, the responsibility for graffiti abatement was absorbed by the Police Department starting in fiscal year 2008-2009

TABLE 19

Fiscal Year					
2009	2010	2011	2012	2013	2014
3,651	3,397	3,210	2,557	2,755	2,537
82,682	75,752	71,254	71,741	65,554	69,874
8,009	16,077	15,781	23,579	19,910	20,014
7,194	6,949	7,454	7,545	7,871	7,990
3,751	3,603	430	496	837	749
2,891	2,334	2,477	2,435	3,882	2,925
6,564	7,916	7,041	6,927	6,027	6,283
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WEST COVINA
 CAPITAL ASSET STATISTICS
 BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year			
	2005	2006	2007	2008
Police:				
Stations	1	1	1	1
Fire:				
Stations	5	5	5	5
Public Works:				
Streets (miles)	230.0	230.0	230.0	230.0
Streetlight poles	826	826	826	826
Streetlight fixtures	1,109	1,109	1,109	1,109
Traffic signals	113	114	114	114
Parks and Recreation:				
Sports complex	-	-	-	1
Parks	15	16	16	16
Community centers	4	4	4	4
Wastewater:				
Sanitary sewers (miles)	233.0	233.0	238.9	238.9
Storm sewers (miles)	42.0	42.0	42.0	42.0

Source: City of West Covina

TABLE 20

Fiscal Year						
2009	2010	2011	2012	2013	2014	
1	1	1	1	1	1	1
5	5	5	5	5	5	5
230.0	230.0	231.0	231.0	231.0	231.0	231.0
826	826	826	826	826	826	826
1,109	1,109	1,109	1,109	1,109	1,109	1,109
116	116	116	117	117	117	117
1	1	1	1	1	1	1
16	16	16	16	16	16	16
4	4	4	4	4	4	4
238.9	238.9	238.9	238.9	238.9	238.9	238.9
42.0	42.0	42.0	42.0	42.0	42.0	42.0

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