

WEST COVINA



Comprehensive Annual Financial Report
City of West Covina, California
Fiscal Year Ended June 30, 2016

*City of West Covina,
California*

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prepared by the West Covina Finance Department

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March 1, 2017

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

It is a pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of West Covina (City) for the fiscal year ended June 30, 2016. 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 Rogers, Anderson, Malody & Scott, LLP, a firm of certified public accountants. The auditors have issued an unmodified opinion on these financial statements, and they emphasized there was a restatement of fund balance at July 1, 2015. 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 16 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 110,000.

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, a Sports Complex and a county operated library. The City is financially accountable for the Successor Agency to the former Redevelopment Agency of the City of West Covina, a financing authority, and a 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, City 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 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.

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. On June 29, 2015, the City Council adopted a fund balance policy with a plan to build its reserves back to 20%. The policy required the City to maintain a minimum unassigned fund balance of at least 10% of General Fund operating expenditures with a goal of bringing the total level of reserves up to 20% of operating expenditures. Since that time the City has exceeded that 20% reserve and amended the fund balance policy to maintain a minimum unassigned fund balance of at least 20% of General Fund operating expenditures.

Awards and Acknowledgements

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.

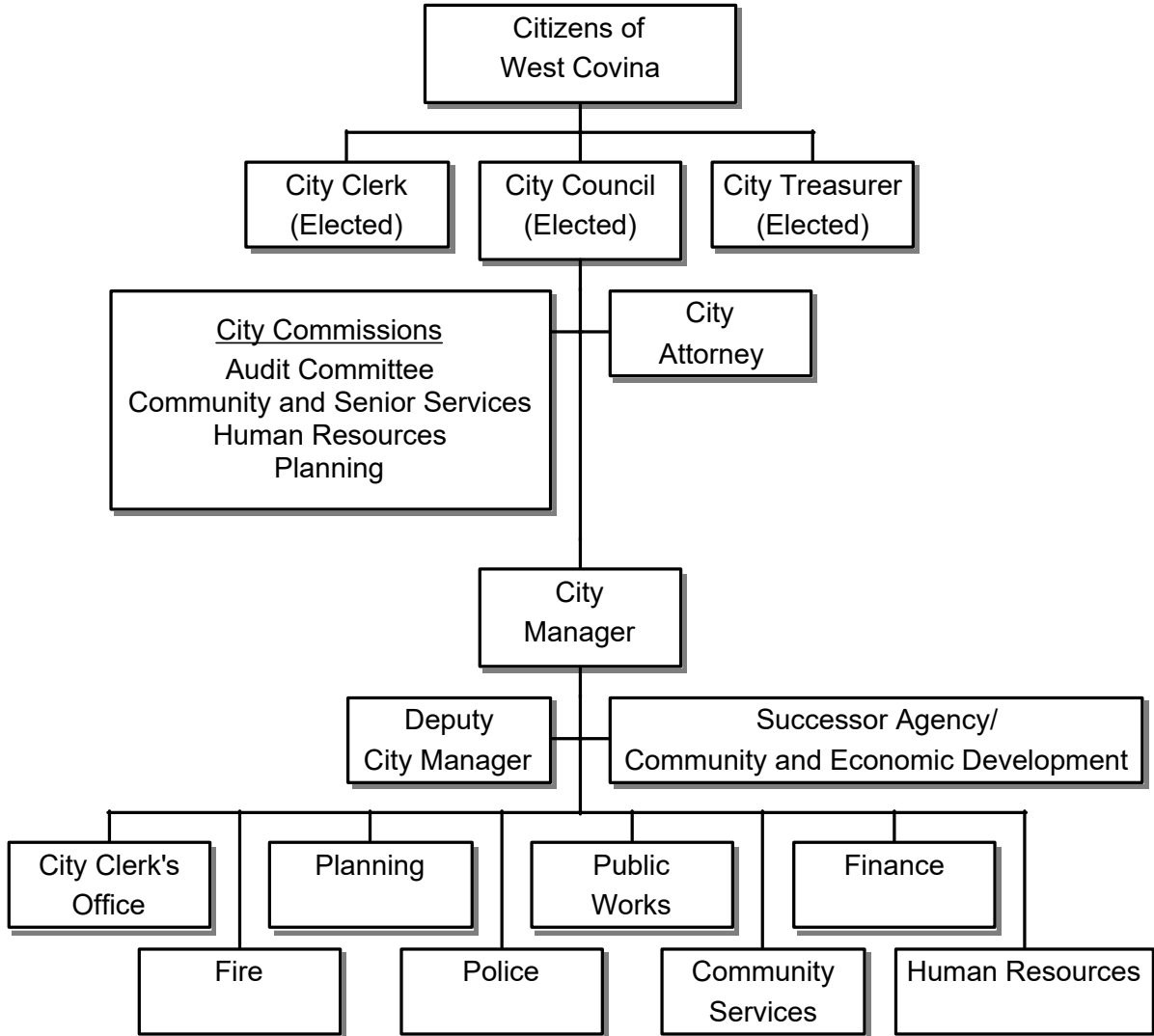
Respectfully submitted,



Christa Buhagiar
Finance Director

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City of West Covina Organizational Chart



CITY OF WEST COVINA

City Officials

June 30, 2016

CITY COUNCIL

Mayor James Toma
Mayor Pro Tem Corey Warshaw
Councilman Lloyd Johnson
Councilman Mike Spence
Councilman Tony Wu

CITY MANAGER

Chris Freeland

EXECUTIVE MANAGEMENT

Kimberly Hall Barlow	City Attorney
Rosalia Butler	City Clerk
Laura Minnich	Deputy City Manager
Christa Buhagiar	Finance Director
Larry Whithorn	Fire Chief
Tom Bokosky	Human Resources Director
Jeff Anderson	Planning Director
Dave Faulkner	Police Chief
Chino Consunji	Public Works Director



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Gardenya Duran, CPA
Brianna Schultz, CPA
Lisa Dongxue Guo, CPA, MSA

The Honorable City Council
of the City of West Covina
West Covina, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Covina, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

MEMBERS

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Certified Public Accountants

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for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the nonmajor fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2017, 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.

Rogers, Anderson, Malody & Scott, LLP

San Bernardino, California
March 1, 2017

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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, 2016. 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, 2016, the City's total net position (assets plus deferred outflows of resources less liabilities and less deferred inflows of resources) is \$67.6 million.
- The City's total net position increased \$7.5 million from the prior year. This is comprised of governmental activities which increased by \$7.8 million and business-type activities which decreased net position by \$0.3 million. The net investment in capital assets in governmental activities increased by \$4.8 million, primarily resulting from an increase in construction in progress due to new projects as well as the purchase of two new fire trucks and a quint which are being equipped for use. The City also had an increase in the net pension liabilities, primarily resulting in changes in actuarial assumptions discount rates for both Miscellaneous and Safety Pension Plans.
- The City's total governmental funds reported combined ending fund balances of \$83.4 million, a decrease of \$4.2 million in comparison with the prior fiscal year of \$87.7 million (as restated). Of this, \$12.4 million, or 15% of this total is nonspendable (not available for new spending). The restricted fund balance categories of \$51 million or 62% is spendable for restricted purposes. The assigned fund balance of \$5.1 million or 6% represents amounts that are intended to be used for specific purposes, but are not formally restricted or committed. The unassigned fund balance category of \$14.5 million or 17% represents the City's fund balance reserves.
- As of June 30, 2016, the unassigned fund balance for the General Fund was \$15.0 million, a decrease of \$5 million from the prior year. The City adopted a fund balance policy which requires all internal service funds be funded every fiscal year to ensure there is no deficit at June 30th. As a result, the General Fund transferred \$6 million to the Self-Insurance Internal Service Funds to eliminate their deficit net position.
- The City's business-type computer service enterprise activity (West Covina Service Group) had an operating loss for fiscal year (FY) 2015-16 of \$225,459, compared with \$227,345 in income in FY 2014-15. The total net position for the computer service enterprise fund is (\$135,676). The net position in the prior year was \$188,045.

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 that are operated like a business, such as the West Covina Service Group, the City's computer service 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 provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 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 service enterprise operation.

The government-wide financial statements include the 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 (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 Assets and the Statement of Activities) and *governmental funds* in reconciliations on the pages following the fund financial statements in this 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

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2016, net position for the City of West Covina was \$67.6 million. Compared to the prior year, the net position of the City increased by \$7.5 million or 12.4%.

The City's net position of \$67.6 million is made up of three components: Net investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. The largest portion of the City's net position, \$149 million, reflects its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the community. As such, these assets are not available for spending. In addition, \$57 million of the City's net position represents resources that are subject to external restrictions on how they may be used. The

remaining deficit balance of unrestricted net position of \$138 million is a result of the implementation of GASB 68.

The table below reflects the Statement of Net Position for the fiscal year ended June 30, 2016, with the comparative data for the fiscal year ended June 30, 2015.

Table 1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 99,900,023	\$ 101,540,420	\$ 89,687	\$ 307,327	\$ 99,989,710	\$ 101,847,747
Capital assets	209,912,652	204,597,703	-	-	209,912,652	204,597,703
Total assets	309,812,675	306,138,123	89,687	307,327	309,902,362	306,445,450
Deferred Outflows of Resources:						
Deferred amount from pension plans	10,615,982	9,023,515	-	-	10,615,982	9,023,515
	10,615,982	9,023,515	-	-	10,615,982	9,023,515
Liabilities:						
Long-term debt outstanding	237,620,830	222,638,797	117,121	97,615	237,737,951	222,736,412
Other liabilities	5,202,449	4,835,366	108,242	21,667	5,310,691	4,857,033
Total liabilities	242,823,279	227,474,163	225,363	119,282	243,048,642	227,593,445
Deferred Inflows of Resources:						
Deferred amount from pension plans	9,875,864	23,831,100	-	-	9,875,864	23,831,100
	9,875,864	23,831,100	-	-	9,875,864	23,831,100
Net Position:						
Net investment in capital assets	148,989,212	144,215,248	-	-	148,989,212	144,215,248
Restricted	56,902,504	48,793,821	-	-	56,902,504	48,793,821
Unrestricted	(138,162,202)	(129,152,694)	(135,676)	188,045	(138,297,878)	(128,964,649)
Total net position	\$ 67,729,514	\$ 63,856,375	\$ (135,676)	\$ 188,045	\$ 67,593,838	\$ 64,044,420

Changes in Net Position

The City's total revenues and transfers of \$91.1 million for governmental activities are greater than the expenses of \$83.3 million by \$7.8 million. The increase is a result of a review of land held for resale in the Successor Agency which was subsequently identified as land held by the City. The land was transferred from the Successor Agency to the City.

A summary of the government-wide statement of activities for the year ended June 30, 2016, with the comparative data for the fiscal year ended June 30, 2015, as follows:

Table 2
Changes in Net Position

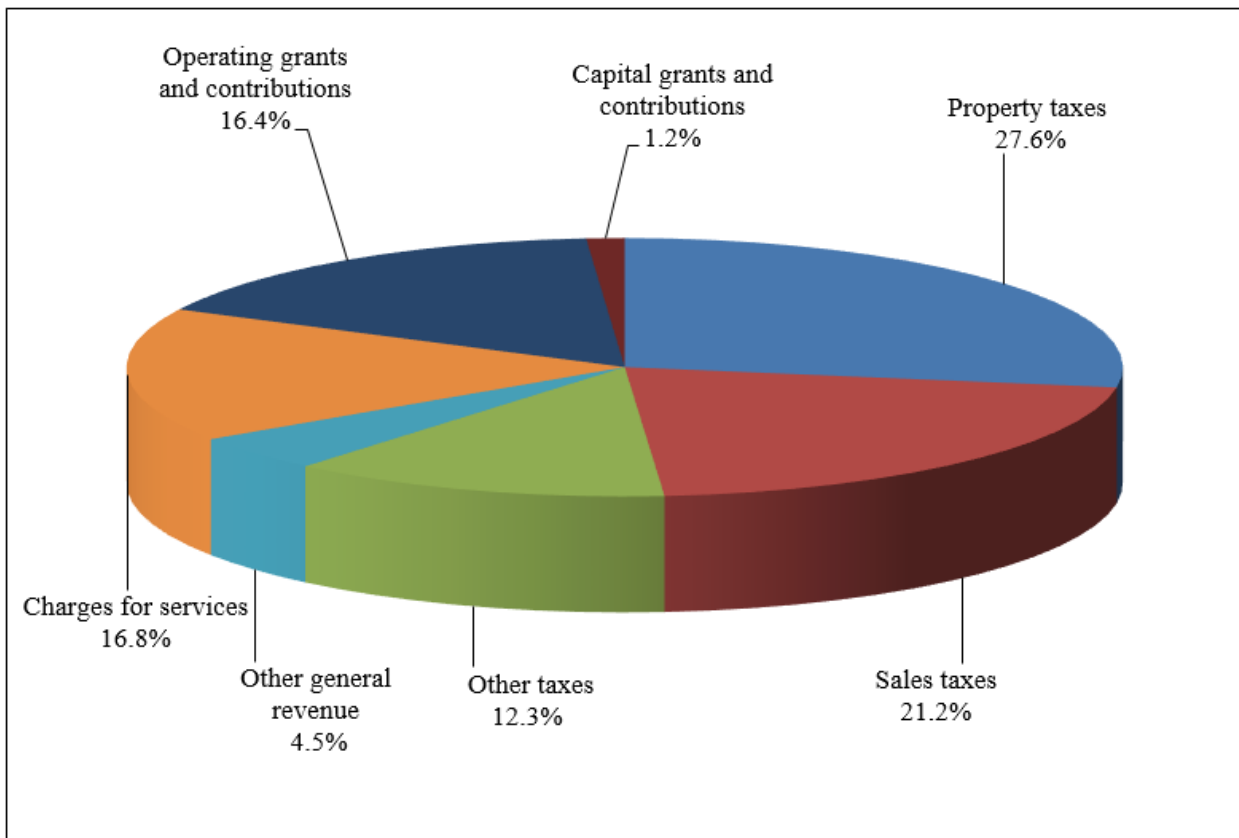
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 13,632,869	\$ 13,766,891	\$ 1,413,114	\$ 1,655,134	\$ 15,045,983	\$ 15,422,025
Operating contributions and grants	13,317,378	12,405,742	-	-	13,317,378	12,405,742
Capital contributions and grants	1,004,826	2,224,864	-	-	1,004,826	2,224,864
General revenues:						
Property taxes	22,352,163	21,156,596	-	-	22,352,163	21,156,596
Sales taxes	17,228,237	15,096,101	-	-	17,228,237	15,096,101
Other taxes	10,025,405	11,068,198	-	-	10,025,405	11,068,198
Other general revenues	3,772,631	7,760,966	(98,262)	(100,222)	3,674,369	7,660,744
Other item:						
Gain on transfer of land from Successor Agency	9,789,266	-	-	-	9,789,266	-
Total revenues	91,122,775	83,479,358	1,314,852	1,554,912	92,437,627	85,034,270
Expenses						
General government	4,963,302	5,676,067	-	-	4,963,302	5,676,067
Public safety	48,410,511	49,813,447	-	-	48,410,511	49,813,447
Public works	20,259,279	20,586,770	-	-	20,259,279	20,586,770
Community services	7,368,492	7,035,872	-	-	7,368,492	7,035,872
Community development	753,721	766,886	-	-	753,721	766,886
Interest expense	1,572,645	1,353,156	-	-	1,572,645	1,353,156
Computer service	-	-	1,638,573	1,427,789	1,638,573	1,427,789
Total expenses	83,327,950	85,232,198	1,638,573	1,427,789	84,966,523	86,659,987
Increase (decrease) in net position	7,794,825	(1,752,840)	(323,721)	127,123	7,471,104	(1,625,717)
Beginning net position, as restated	59,934,689	65,609,215	188,045	60,922	60,122,734	65,670,137
Ending net position	\$ 67,729,514	\$ 63,856,375	\$ (135,676)	\$ 188,045	\$ 67,593,838	\$ 64,044,420

Governmental Activities

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

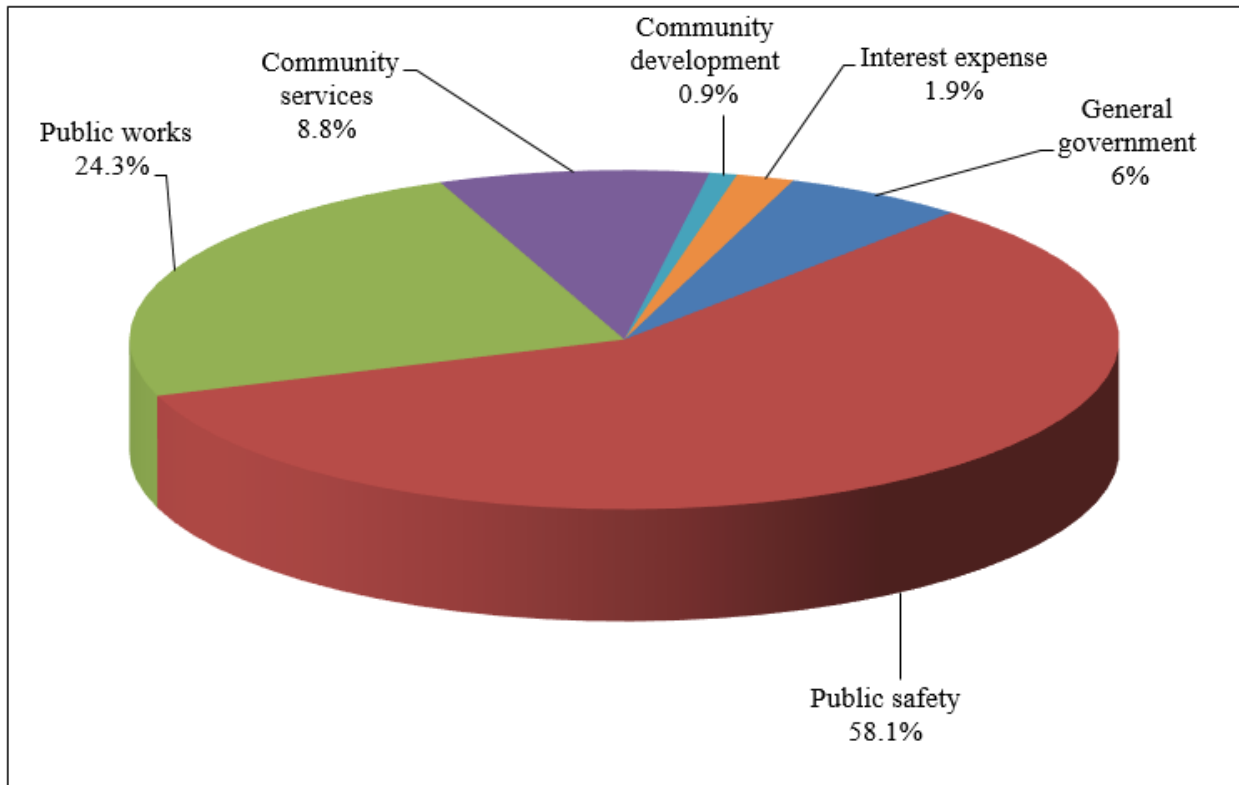
- Operating contributions and grants increased by \$0.9 million, primarily due to a significant increase in the drug enforcement revenue and reimbursed costs relating to the Staffing for Adequate Fire and Emergency Response (SAFER) grant.
- Capital contributions and grants decreased by \$1.2 million due to a decrease in developer fees. Development fluctuates from year to year and several larger park developments began the prior fiscal year, primarily developments in South Hills Estates, Oak Creek, Magnolia, and Cadanera. In the prior fiscal year, the City also completed a major street improvement project that was federally funded.
- Sales tax, the City’s second largest revenue source, increased \$2.1 million with the final true up payments of the Sales Tax in Lieu (Triple Flip).
- General government and public safety costs decreased by \$0.7 million, \$1.4 million, respectively. This decrease is primarily due to a decrease in the net pension liability due to the changes in actuarial assumptions. The discount rate was changed from 7.5 percent (net of administrative expenses) to 7.65 percent for the June 30, 2015, measurement date, for both the Miscellaneous and Safety Pension Plans.
-

Revenues by Source – Governmental Activities



The most significant revenues of the governmental activities are property taxes (\$22.4 million), sales tax (\$17.2 million) and other taxes (\$10 million). Program revenues are (\$27.9 million) of the total revenues of the governmental activities, which include charges for services (\$13.6 million), operating contributions and grants (\$13.3 million), and capital grants and contributions (\$1 million).

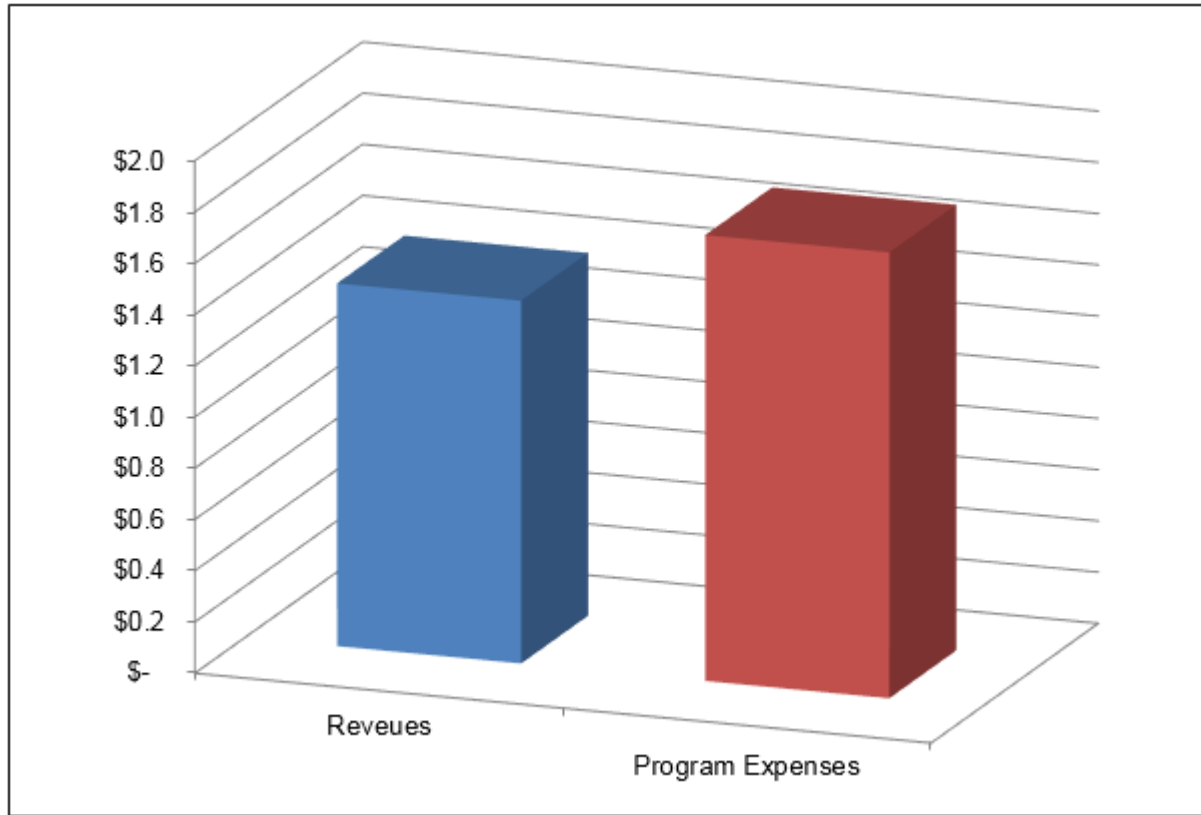
Expenses by Function – Governmental Activities



The City's expenses cover a range of services whose expenses were as follows: Public safety (\$48.4 million), public works (\$20.3 million), community services (\$7.4 million), general government (\$5 million), community development (\$0.8 million) and interest expense (\$1.6 million). These expenses include capital outlays, which are now reflected in the City's capital assets.

Business-Type Activities

The business-type activity is the West Covina Service Group, which provides dispatch and records management software and services to other police departments.



The business-type activity's charges for services decreased by \$242,020 or 17.1% from the prior fiscal year. Expenses and transfers out increased by \$210,784 in fiscal year 2015-16 causing the decrease in net position of \$323,721.

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 \$15.0 million, while total fund balance was \$22.2 million. 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 25.2% of total general fund expenditures, while total fund balance represents 37.2% of that same amount. The nonspendable portion of fund balance in the amount of \$6.6 million mainly consists of amounts currently owed to the City by the former redevelopment agency.

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 \$0.5 million while total expenditures, exclusive of fund transfers out, increased by \$5.6 million.
- Total taxes were up \$3.1 million (7.1%) from the prior year. Property taxes increased by \$1.2 million (5.3%) and sales tax revenues increased by \$2.1 million (12.4%).
- Public Safety expenditures increased by \$4.9 million as a result of increasing PERS and overtime costs. In addition to that, the City also purchased two fire trucks and a quint, which are currently being equipped for operations, totaling \$2.6 million.

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 \$14.7 million and is due \$5.5 million 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 **Grants Fund** accounts for various Federal, State of California, and local grants. The fund finished the fiscal year with a total fund deficit of \$849,395. The deficit will be eliminated through future grant revenue the City will receive during fiscal year 2016-17.

The **City Debt Service Fund** finished the fiscal year with a total fund balance of \$13 million, down \$157,355 from 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 numerous budget amendments throughout the fiscal year mostly due to clean up items, but the net effect to the General Fund budget was \$6.4 million. Taxes in total exceeded the budget by \$980,286, primarily from the increase in residual redevelopment property tax trust fund monies received during the fiscal year. The City budgeted conservatively for this source of revenue as it may fluctuate from year to year. Charges for services revenue exceeded the budget by \$1.3 million, primarily from monies received from Ground Emergency Medical Transportation (GEMT) for services provided since fiscal year 2011-12. Public safety also exceeded the budget by \$1.4 million, primarily due to several vacancies during the fiscal year that were backfilled with overtime.

CAPITAL ASSETS

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 47,900,288	\$ 38,974,512	\$ -	\$ -	\$ 47,900,288	\$ 38,974,512
Buildings and improvements	63,276,362	64,804,323	-	-	63,276,362	64,804,323
Equipment and vehicles	6,340,815	6,898,332	-	-	6,340,815	6,898,332
Infrastructure	73,636,095	78,452,953	-	-	73,636,095	78,452,953
Rights of way	14,376,498	14,376,498	-	-	14,376,498	14,376,498
Construction in progress	4,382,594	1,091,085	-	-	4,382,594	1,091,085
Total	\$ 209,912,652	\$ 204,597,703	\$ -	\$ -	\$ 209,912,652	\$ 204,597,703

The major additions to capital assets during the year ended June 30, 2016, are as follows:

- Construction in progress had a net increase of \$3.3 million. The \$4.3 million currently in progress includes the following:
 - Two Fire Trucks and a Quint (\$2.6 million)
 - Traffic Signal Modifications (\$550,000)
 - General Plan Update (\$270,000)
 - Park Improvements (\$390,000)
 - Various Street Projects (\$466,000)
- Completed fixed asset additions of \$2.8 million included:
 - Major Street Rehabilitation Projects (\$2.5 million)
 - Park Playground Improvements (\$225,000)
 - Facility Repairs/Improvements (\$111,000)

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 \$74.8 million. Of this amount, \$46 million represents outstanding bonds and \$28.8 million represents other debt such as compensated absences payable, claims and judgments payable, capital lease obligations, and Successor Agency note. All of the outstanding bonds are lease revenue bonds secured by leases from the General Fund.

	Outstanding Bonds	
	Governmental Activities	
	2016	2015
Lease Revenue Bonds	\$ 46,000,000	\$ 47,225,000
Total	\$ 46,000,000	\$ 47,225,000

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 note 7 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 Finance Director, at City of West Covina, 1444 West Garvey Avenue South, West Covina, California 91790.

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BASIC FINANCIAL STATEMENTS

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City of West Covina

Statement of Net Position June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 59,796,887	\$ 52,682	\$ 59,849,569
Cash and investments with fiscal agent	2,089,969	-	2,089,969
Restricted cash and investments	501,028	-	501,028
Receivables, net:			
Accounts	146,348	36,975	183,323
Taxes	5,335,607	-	5,335,607
Interest	38,288	30	38,318
Notes and loans	14,699,655	-	14,699,655
Other	1,307,665	-	1,307,665
Inventories	8,308	-	8,308
Advances to Successor Agency	12,005,194	-	12,005,194
Due from other agencies	1,705,689	-	1,705,689
Due from Successor Agency	1,863,597	-	1,863,597
Prepays and other assets	401,788	-	401,788
Capital assets:			
Non Depreciable	66,659,380	1,059,120	67,718,500
Depreciable, net	143,253,272	(1,059,120)	142,194,152
Total assets	<u>309,812,675</u>	<u>89,687</u>	<u>309,902,362</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount from pension plan	<u>10,615,982</u>	-	<u>10,615,982</u>
LIABILITIES			
Accounts payable	2,485,537	1,997	2,487,534
Other accrued liabilities	1,966,829	21,262	1,988,091
Interest payable	90,138	-	90,138
Unearned revenues	215,280	84,983	300,263
Deposits	444,665	-	444,665
Long-term liabilities:			
Other post-employment benefits obligation	22,490,383	-	22,490,383
Net pension liability	140,345,982	-	140,345,982
Due within one year	7,385,314	65,000	7,450,314
Due in more than one year	67,399,151	52,121	67,451,272
Total liabilities	<u>242,823,279</u>	<u>225,363</u>	<u>243,048,642</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount from pension plans	<u>9,875,864</u>	-	<u>9,875,864</u>
NET POSITION			
Net investment in capital assets	148,989,212	-	148,989,212
Restricted for:			
Public safety	5,941,231	-	5,941,231
Public works	11,677,696	-	11,677,696
Community services	2,088,877	-	2,088,877
Affordable housing	24,312,047	-	24,312,047
Debt service	12,882,653	-	12,882,653
Unrestricted	(138,162,202)	(135,676)	(138,297,878)
Total net position	<u>\$ 67,729,514</u>	<u>\$ (135,676)</u>	<u>\$ 67,593,838</u>

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Activities
For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,963,302	\$ 400,051	\$ 5,162,809	\$ -
Public safety	48,410,511	3,170,579	618,152	-
Public works	20,259,279	8,271,744	635,793	10,338
Community services	7,368,492	1,365,482	6,900,624	994,488
Community development	753,721	425,013	-	-
Interest expense	1,572,645	-	-	-
Total governmental activities	<u>83,327,950</u>	<u>13,632,869</u>	<u>13,317,378</u>	<u>1,004,826</u>
Business-type activity:				
Computer service	<u>1,638,573</u>	<u>1,413,114</u>	<u>-</u>	<u>-</u>
Total business-type activity	<u>1,638,573</u>	<u>1,413,114</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 84,966,523</u>	<u>\$ 15,045,983</u>	<u>\$ 13,317,378</u>	<u>\$ 1,004,826</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Transient occupancy taxes

Other taxes

Investment income

Other revenues

Other item:

Gain on transfer of land from Successor Agency

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as restated

Net position - end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ 599,558	\$ -	\$ 599,558
(44,621,780)	-	(44,621,780)
(11,341,404)	-	(11,341,404)
1,892,102	-	1,892,102
(328,708)	-	(328,708)
(1,572,645)	-	(1,572,645)
<u>(55,372,877)</u>	<u>-</u>	<u>(55,372,877)</u>
<u>-</u>	<u>(225,459)</u>	<u>(225,459)</u>
<u>-</u>	<u>(225,459)</u>	<u>(225,459)</u>
<u>(55,372,877)</u>	<u>(225,459)</u>	<u>(55,598,336)</u>
22,352,163	-	22,352,163
17,228,237	-	17,228,237
3,540,011	-	3,540,011
1,840,553	-	1,840,553
4,644,841	-	4,644,841
(566,064)	3,513	(562,551)
4,236,920	-	4,236,920
9,789,266	-	9,789,266
101,775	(101,775)	-
<u>63,167,702</u>	<u>(98,262)</u>	<u>63,069,440</u>
7,794,825	(323,721)	7,471,104
<u>59,934,689</u>	<u>188,045</u>	<u>60,122,734</u>
<u>\$ 67,729,514</u>	<u>\$ (135,676)</u>	<u>\$ 67,593,838</u>

City of West Covina

**Balance Sheet – Governmental Funds
June 30, 2016**

	General Fund	Special Revenue Funds	
		West Covina Housing Authority	Grants
ASSETS			
Cash and investments	\$ 9,321,651	\$ 4,110,034	\$ -
Cash and investments with fiscal agent	-	-	-
Restricted cash and investments	-	-	-
Receivables, net:			
Accounts	119,458	-	-
Taxes	5,097,365	-	-
Interest	11,249	2,531	79
Notes and loans	-	14,699,655	-
Other	1,131,964	-	-
Due from other funds	1,373,928	-	-
Advances to Successor Agency	6,480,000	5,525,194	-
Advances to other funds	523,582	-	-
Due from other agencies	-	-	989,978
Prepaid expenses	126,197	134,167	-
Due from Successor Agency	1,863,597	-	-
Total assets	<u>\$ 26,048,991</u>	<u>\$ 24,471,581</u>	<u>\$ 990,057</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,029,671	\$ 20,027	\$ 59,738
Other accrued liabilities	1,758,453	5,340	33,829
Due to other funds	128,817	-	605,197
Advances from other funds	-	-	-
Due to other governments	522,209	-	-
Deposits	444,665	-	-
Unearned revenue	2,787	-	173,803
Total liabilities	<u>3,886,602</u>	<u>25,367</u>	<u>872,567</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	966,885
Fund Balances (Deficit):			
Nonspendable	7,129,779	5,659,361	-
Restricted:			
Affordable housing	-	18,786,853	-
Debt service	-	-	-
Community services	-	-	-
Public safety	-	-	-
Public works	-	-	-
Assigned	-	-	-
Unassigned	15,032,610	-	(849,395)
Total fund balances (deficit)	<u>22,162,389</u>	<u>24,446,214</u>	<u>(849,395)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 26,048,991</u>	<u>\$ 24,471,581</u>	<u>\$ 990,057</u>

The accompanying notes are an integral part of these financial statements.

City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 10,163,924	\$ 25,885,431	\$ 49,481,040
2,089,969	-	2,089,969
501,028	-	501,028
14,948	-	134,406
-	238,242	5,335,607
8,270	15,767	37,896
-	-	14,699,655
126,235	49,466	1,307,665
-	-	1,373,928
-	-	12,005,194
-	-	523,582
-	1,245,945	2,235,923
129,073	12,351	401,788
-	-	1,863,597
<u>\$ 13,033,447</u>	<u>\$ 27,447,202</u>	<u>\$ 91,991,278</u>

\$ 21,721	\$ 1,106,820	\$ 2,237,977
-	156,870	1,954,492
-	690,548	1,424,562
-	523,582	523,582
-	8,025	530,234
-	-	444,665
-	38,690	215,280
<u>21,721</u>	<u>2,524,535</u>	<u>7,330,792</u>

<u>-</u>	<u>252,908</u>	<u>1,219,793</u>
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129,073	12,351	12,930,564
-	-	18,786,853
12,882,653	-	12,882,653
-	2,179,015	2,179,015
-	5,941,231	5,941,231
-	11,677,696	11,677,696
-	5,065,065	5,065,065
-	(205,599)	13,977,616
<u>13,011,726</u>	<u>24,669,759</u>	<u>83,440,693</u>

<u>\$ 13,033,447</u>	<u>\$ 27,447,202</u>	<u>\$ 91,991,278</u>
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City of West Covina

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2016

Fund balances for governmental funds \$ 83,440,693

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

Capital assets and accumulated depreciation, are not considered current financial resources in the governmental funds (this does not include internal service fund net capital assets of \$382,842):

Capital assets	\$ 396,979,157	
Accumulated depreciation	<u>(187,449,347)</u>	209,529,810

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, 2016, are:

Bonds payable	(46,000,000)	
Compensated absences	(4,155,112)	
Capital lease obligations	(2,715,337)	
Notes payable	<u>(12,208,103)</u>	(65,078,552)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (90,138)

Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting. 1,219,793

OPEB obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements. (22,490,383)

Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:

Deferred outflows of resources	10,615,982	
Deferred inflows of resources	(9,875,864)	
Pension liability	<u>(140,345,982)</u>	(139,605,864)

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.

804,155

Net position of governmental activities \$ 67,729,514

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2016**

	General Fund	Special Revenue Funds	
		West Covina Housing Authority	Grants
REVENUES			
Taxes	\$ 47,452,961	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	1,156,613	-	-
Fines and forfeitures	796,989	-	-
Investment income	(569,996)	368,011	1,486
Rental income	529,833	-	-
Revenue from other agencies	1,566,549	-	273,497
Charges for services	7,032,594	-	54,715
Other revenues	167,787	100,000	162,247
Total revenues	<u>58,133,330</u>	<u>468,011</u>	<u>491,945</u>
EXPENDITURES			
Current:			
General government	4,710,142	391,618	-
Public safety	47,120,170	-	29,272
Public works	5,081,608	-	665,980
Community services	2,012,171	-	243,132
Community development	538,680	-	-
Debt service:			
Principal	69,450	-	-
Interest and fiscal charges	6,021	-	-
Total expenditures	<u>59,538,242</u>	<u>391,618</u>	<u>938,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,404,912)</u>	<u>76,393</u>	<u>(446,439)</u>
OTHER FINANCING SOURCES (USES)			
Acquisition under capital leases	2,568,446	-	-
Transfers in	2,341,924	-	570
Transfers out	(8,523,516)	-	-
Total other financing sources (uses)	<u>(3,613,146)</u>	<u>-</u>	<u>570</u>
Net change in fund balances	(5,018,058)	76,393	(445,869)
Fund balances (deficit), beginning of year, as restated	<u>27,180,447</u>	<u>24,369,821</u>	<u>(403,526)</u>
Fund balances (deficit), end of year	<u>\$ 22,162,389</u>	<u>\$ 24,446,214</u>	<u>\$ (849,395)</u>

The accompanying notes are an integral part of these financial statements.

City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 6,784,688	\$ 54,237,649
-	5,550,657	5,550,657
-	-	1,156,613
-	-	796,989
(513,461)	143,828	(570,132)
-	-	529,833
1,200,805	8,177,860	11,218,711
497,368	146,559	7,731,236
-	1,057,069	1,487,103
<u>1,184,712</u>	<u>21,860,661</u>	<u>82,138,659</u>
-	2,054	5,103,814
-	3,813,441	50,962,883
-	9,761,679	15,509,267
-	4,608,877	6,864,180
-	360,034	898,714
1,958,011	-	2,027,461
<u>1,568,732</u>	<u>-</u>	<u>1,574,753</u>
<u>3,526,743</u>	<u>18,546,085</u>	<u>82,941,072</u>
<u>(2,342,031)</u>	<u>3,314,576</u>	<u>(802,413)</u>
-	-	2,568,446
2,184,676	303,868	4,831,038
-	(2,288,780)	(10,812,296)
<u>2,184,676</u>	<u>(1,984,912)</u>	<u>(3,412,812)</u>
(157,355)	1,329,664	(4,215,225)
<u>13,169,081</u>	<u>23,340,095</u>	<u>87,655,918</u>
<u>\$ 13,011,726</u>	<u>\$ 24,669,759</u>	<u>\$ 83,440,693</u>

City of West Covina

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds		\$ (4,215,225)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>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: (this does not include the following internal service fund activity: capital outlay of \$89,922 and depreciation expense of \$40,582).</p>		
Capital outlay	\$ 6,226,598	
Depreciation expense	(11,400,355)	
Loss on disposal of asset	(863,490)	
Construction in progress deemed not viable	<u>(1,066,102)</u>	(7,103,349)
<p>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.</p>		
Principal payments on long-term debt	<u>\$ 2,027,461</u>	2,027,461
<p>The Statement of Net Position includes accrued interest on long-term debt. This is the net change in the current year.</p>		
		2,108
<p>To record as expense the net change in compensated absences in the Statement of Activities</p>		
		(101,775)
<p>Change in revenues that are measureable but not available are reported as unavailable revenue under the modified accrual basis of accounting.</p>		
		(47,500)
<p>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:</p>		
Increase in net other post employment benefits obligation		(1,924,739)
<p>Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources</p>		
		3,608,965
<p>The gain in the statement of activities for the transfer of land from the Successor Agency to the City does not provide current financing resources and therefore is not reported as a revenue in the governmental funds.</p>		
		9,789,266
<p>Internal service funds are used by management to charge the cost 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</p>		
		<u>5,759,613</u>
Change in net position of governmental activities		<u>\$ 7,794,825</u>

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Net Position
Proprietary Funds
June 30, 2016**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments	\$ 52,682	\$ 10,315,847
Receivables, net		
Accounts	36,975	11,942
Interest	30	392
Due from other funds	-	128,817
Inventories	-	8,308
Total current assets	<u>89,687</u>	<u>10,465,306</u>
Noncurrent Assets:		
Capital Assets:		
Capital assets	1,059,120	3,076,066
Less accumulated depreciation	(1,059,120)	(2,693,224)
Total capital assets	<u>-</u>	<u>382,842</u>
Total noncurrent assets	<u>-</u>	<u>382,842</u>
Total assets	<u>89,687</u>	<u>10,848,148</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	1,997	247,560
Other accrued liabilities	21,262	12,337
Claims and judgments - current portion	-	2,574,566
Compensated absences - current portion	65,000	28,580
Due to other funds	-	78,183
Unearned revenue	84,983	-
Total current liabilities	<u>173,242</u>	<u>2,941,226</u>
Noncurrent Liabilities:		
Claims and judgments	-	7,079,192
Compensated absences	52,121	23,575
Total noncurrent liabilities	<u>52,121</u>	<u>7,102,767</u>
Total liabilities	<u>225,363</u>	<u>10,043,993</u>
NET POSITION		
Net investment in capital assets	-	382,842
Unrestricted	(135,676)	421,313
Total net position (deficit)	<u>\$ (135,676)</u>	<u>\$ 804,155</u>

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 1,413,114	\$ 4,257,721
Other revenues	-	233,821
Total operating revenues	<u>1,413,114</u>	<u>4,491,542</u>
OPERATING EXPENSES		
Personnel services	1,253,563	714,391
Cost of sales, services and operations	385,010	2,064,915
Depreciation	-	40,582
Insurance and claims paid	-	1,999,139
Total operating expenses	<u>1,638,573</u>	<u>4,819,027</u>
Operating loss	(225,459)	(327,485)
NONOPERATING REVENUES		
Investment income	3,513	4,065
Total nonoperating revenues	<u>3,513</u>	<u>4,065</u>
Loss before transfers	(221,946)	(323,420)
Transfers in	-	6,083,033
Transfers out	<u>(101,775)</u>	<u>-</u>
Change in net position	(323,721)	5,759,613
Net position (deficit), beginning of year	<u>188,045</u>	<u>(4,955,458)</u>
Net position (deficit), end of year	<u>\$ (135,676)</u>	<u>\$ 804,155</u>

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,498,198	\$ 4,493,309
Payments to suppliers for goods and services	(383,418)	(3,508,399)
Payments to employees for services	(1,234,057)	(705,090)
Net cash provided by (used for) operating activities	<u>(119,277)</u>	<u>279,820</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	6,083,033
Paid to other funds	(101,775)	(146,900)
Net cash provided by (used for) noncapital financing activities	<u>(101,775)</u>	<u>5,936,133</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(101,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>3,483</u>	<u>4,029</u>
Net increase (decrease) in cash and cash equivalents	(217,569)	6,118,814
Cash and cash equivalents, beginning of year	<u>270,251</u>	<u>4,197,033</u>
Cash and cash equivalents, end of year	<u>\$ 52,682</u>	<u>\$ 10,315,847</u>

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Cash Flows, (Continued)
Proprietary Funds
For the Year Ended June 30, 2016**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating loss	\$ (225,459)	\$ (327,485)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	-	40,582
(Increase) decrease in operating assets:		
Accounts receivable	101	(4,721)
Other receivables	-	6,488
Inventory	-	(6,308)
Increase (decrease) in operating liabilities:		
Accounts payable	(597)	89,697
Other accrued liabilities	2,189	5,771
Claims and judgments payable	-	466,495
Compensated absences payable	19,506	9,301
Unearned revenue	84,983	-
Net cash provided by (used for) operating activities	<u>\$ (119,277)</u>	<u>\$ 279,820</u>

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016**

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds	Special Deposits Agency Fund
ASSETS			
Cash and investments	\$ 18,042,660	\$ 758,075	\$ 1,439,667
Cash and investments with fiscal agent	7,422,268	-	-
Restricted cash and investments	113,285	-	-
Receivables, net:			
Accounts	-	-	10,896
Taxes	487,500	-	-
Interest	8,175	-	-
Notes and loans	14,671,967	-	-
Allowance for doubtful accounts	(14,671,967)	-	-
Assessments	28,125,000	-	-
Other	-	-	2,911
Due from other governments	168,757	-	-
Prepaid expenses	3,575	-	-
Due from City of West Covina	10,999,433	-	-
Land held for resale	139,016	-	-
Capital assets:			
Nondepreciable	3,007,802	-	-
Depreciable, net	5,216,761	-	-
	<u>73,734,232</u>	<u>758,075</u>	<u>\$ 1,453,474</u>
LIABILITIES			
Accounts payable	43,286	-	\$ 29,700
Accrued liabilities	1,723	-	-
Interest payable	788,532	-	-
Due to the City of West Covina	1,863,597	-	-
Due to other governments	201,457	-	-
Deposits	-	-	1,423,774
Advances from the City of West Covina	12,005,194	-	-
Long-term liabilities			
Due to County Auditor Controller	10,999,433	-	-
Due within one year	7,054,933	-	-
Due in more than one year	94,601,273	-	-
	<u>127,559,428</u>	<u>-</u>	<u>\$ 1,453,474</u>
NET POSITION (DEFICIT)			
Held in trust for Successor Agency	(53,825,196)	-	
Held in trust for pension benefits	-	758,075	
Total net position	<u>\$ (53,825,196)</u>	<u>\$ 758,075</u>	

The accompanying notes are an integral part of these financial statements.

City of West Covina

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016**

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds
ADDITIONS		
Taxes	\$ 17,558,967	\$ -
Employer contribution	-	134,739
Investment income	474,523	9,419
Rental income	50,000	-
Settlements	3,267,211	-
Other revenues	539,153	-
	<u>21,889,854</u>	<u>144,158</u>
DEDUCTIONS		
Program administration	9,998,483	-
Administrative costs	-	6,288
Investment expense	-	690
Benefit distributions	-	228,099
Interest and fiscal charges	2,935,405	-
Depreciation	368,325	-
	<u>13,302,213</u>	<u>235,077</u>
Change in net position before other item	8,587,641	(90,919)
OTHER ITEM		
Loss on transfer of assets to City of West Covina	(9,536,297)	-
Change in net position	(948,656)	(90,919)
Net position (deficit), beginning of year, as restated	<u>(52,876,540)</u>	<u>848,994</u>
Net position (deficit), end of year	<u>\$ (53,825,196)</u>	<u>\$ 758,075</u>

The accompanying notes are an integral part of these financial statements.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Presentation

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.

B) Description of 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 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.

The West Covina Public Financing Authority (the Authority) was created by a joint powers agreement between the City and the Community Development Commission of the City 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.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B) Description of Reporting Entity, (continued)

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. 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. Except for the Housing Authority, these component units do not issue component unit financial statements.

Separate financial statements for the Housing Authority can be obtained from the City of West Covina, City Hall.

C) 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 basic financial statements

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) 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.

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

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. 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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) 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, pension 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*. *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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) 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 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 fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Revenues, expenditures, 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 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 rather than as a reduction of a fund liability.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) 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, deferred outflows of resources, liabilities, and deferred inflows of resources (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 another 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. 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.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Fund Classifications

The City reports the following major governmental funds:

General Fund

This fund is the City's primary operating fund. It accounts for all financial resources of the City, 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.

Grants Special Revenue Fund

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

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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Fund Classifications, (continued)

Additionally, the City reports the following fund types:

Governmental Fund Types

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

Capital Projects Funds – These 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.

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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements

1) Cash, Cash Equivalents, and Investments

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2) Receivables and Payables

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

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

3) 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.

4) Prepaid Items

Certain payments to vendors for costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

5) Notes Receivable

The accompanying financial statements reflect the recording of certain notes receivable that represent loans made to private developers and other parties. In certain cases, the amount of collection is dependent upon future residual receipts to be generated by the property or contingent upon the ability of the owner to sell the property at an amount sufficient to pay all liens against the property.

6) 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 has one item that qualifies for reporting in this category, which is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

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 two items that qualify for reporting in this category. The first item is unavailable revenues, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenues are 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. The second item is a deferred inflow related to pension resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

7) 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.

8) 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
Delinquency 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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

9) 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, 2016, since the proprietary funds have no debt utilized to construction capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Depreciation starts the year following acquisition.

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 activities:

Equipment and machinery	5-25 years
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**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

10) 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.

11) 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.

12) Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

13) Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that the expenses are reported only once in the function in which they are allocated.

14) Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

15) Implementation of New Pronouncements

The City implemented GASB Statement No. 72, Fair Value Measurement and Application. The objective of this statement is to address accounting and financial reporting issues related to fair value measurement. The statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The City implemented GASB Statement No. 82, Pension Issues. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The statement addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

16) Pension Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) and Public Agency Retirement System plans (PARS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2014
Measurement Date (MD)	June 30, 2015
Measurement Period (MP)	July 1, 2014 to June 30, 2015

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 59,849,569
Cash and investments with fiscal agents	2,089,969
Restricted cash and investments	501,028
Statement of Fiduciary Net Position:	
Cash and investments	20,240,402
Cash and investments with fiscal agents	7,422,268
Restricted cash and investments	<u>113,285</u>
Total Cash and Investments	<u>\$ 90,216,521</u>

Cash and investments at June 30, 2016, consisted of the following:

Cash on hand	\$ 20,685
Deposits with financial institutions	11,911,042
Investments	<u>78,284,794</u>
Total Cash and Investments	<u>\$ 90,216,521</u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

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. This 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 concentrations 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*
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	None
Municipal Securities	Yes	5 years	30%	5%
Supernationals	Yes	5 years	30%	10%
Medium-Term Notes	Yes	5 years	30%	5%
Collateralized Certificate of Deposit	Yes	5 years	25%	25%
Negotiable Certificate of Deposit	Yes	5 years	30%	30%
Banker's Acceptance	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	5%
Asset-Backed Securities	Yes	5 years	20%	20%
Money Market Mutual Funds	Yes	N/A	20%	10%
Repurchase Agreements	Yes	100 days	20%	20%
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	\$65,000,000

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

2) CASH AND INVESTMENTS, (continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are generally authorized for investments held by bond trustee. 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 Acceptance	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:

5%	Cash
45%	Fixed Income
48.50%	Equities
1.50%	REIT

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

2) CASH AND INVESTMENTS, (continued)

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

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

Investment Type	Less than 1 year	1 to 3 Years	3 to 5 Years	Total
Los Angeles County Investment Pool	\$ 42,032,319	\$ -	\$ -	\$ 42,032,319
U.S. Treasury Obligations	17,548,347	-	-	17,548,347
U.S. Government Sponsored				
Agency Securities	6,709,151	765,551	-	7,474,702
Commercial Paper	3,746,068	-	-	3,746,068
Supranational	999,679	-	-	999,679
Negotiable Certificates of Deposit	749,902	-	-	749,902
Money market mutual funds	4,473,831	-	-	4,473,831
Asset-Backed Securities	-	-	501,871	501,871
Subtotal	<u>\$ 76,259,297</u>	<u>\$ 765,551</u>	<u>\$ 501,871</u>	\$ 77,526,719
PARS Trust Pool				758,075
Total Investments				<u>\$ 78,284,794</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements and the actual rating as of year-end by Standard and Poor's for each investment type.

Investment Type	Minimum Legal Rating*	Total as of					Not Rated
		June 30, 2016	AAA	AA+	A-1+	A-1	
Los Angeles County Investment Pool	N/A	\$ 42,032,319	\$ -	\$ -	\$ -	\$ -	\$ 42,032,319
U.S. Treasury Obligations	N/A	17,548,347	-	-	17,548,347	-	-
U.S. Government Sponsored							
Agency Securities	N/A	7,474,702	-	2,475,939	4,998,763	-	-
Commercial Paper	A-1	3,746,068	-	-	747,900	2,998,168	-
Supranational	AA/A-1+	999,679	-	-	999,679	-	-
Negotiable Certificates of Deposit	A	749,902	-	-	749,902	-	-
Money market mutual funds	AAA	4,473,831	4,473,831	-	-	-	-
Asset-Backed Securities	AA	501,871	501,871	-	-	-	-
PARS Trust Pool	N/A	758,075	-	-	-	-	758,075
Total		<u>\$ 78,284,794</u>	<u>\$ 4,975,702</u>	<u>\$ 2,475,939</u>	<u>\$ 25,044,591</u>	<u>\$ 2,998,168</u>	<u>\$ 42,790,394</u>

* N/A- Not Applicable

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

2) CASH AND INVESTMENTS, (continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount 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. Gov, Agencies, Supranationals, Money Market Funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
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 provisions 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, 2016, 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.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

2) CASH AND INVESTMENTS, (continued)

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 amount based upon the City's pro-rata share of the fair value provided by LACIP for the entire LACIP portfolio. The balance for withdrawal is based on the accounting records maintained by LACIP, which are recorded on an amortized cost basis.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2016.

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 17,548,347	\$ -	\$ 17,548,347	\$ -
U.S. Government Sponsored				
Agency Securities	7,474,702	-	7,474,702	-
Commercial Paper	3,746,068	-	3,746,068	-
Supranational	999,679	-	999,679	-
Negotiable Certificates of Deposit	749,902	-	749,902	-
Asset-Backed Securities	501,871	-	501,871	-
Total Investments by Fair Value Level	31,020,569	\$ -	\$ 31,020,569	\$ -
Investments Measured at Net Asset Value (NAV)				
Los Angeles County Investment Pool	42,032,319			
Money market mutual funds	4,473,831			
PARS Trust Pool	758,075			
Total	\$ 78,284,794			

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

3) INTERFUND RECEIVABLES AND TRANSFERS

Interfund transactions – Due to/due from interfund borrowings

Interfund receivable and payable balances at June 30, 2016, are as follows:

Payable Fund	Receivable Fund		Total
	General Fund	Internal Service Funds	
General Fund	\$ -	\$ 128,817	\$ 128,817
Grants	605,197	-	605,197
Non-Major Governmental Funds	690,548	-	690,548
Internal Service Funds	78,183	-	78,183
Total	<u>\$ 1,373,928</u>	<u>\$ 128,817</u>	<u>\$ 1,502,745</u>

These interfund payables represent temporary loans to cover negative cash balances.

Interfund transactions - Advances

Payable Fund	Receivable Fund General Fund
Non-Major Governmental Funds	<u>\$ 523,582</u>

Advances between the General Fund and the Auto Plaza Improvement District non-major special revenue fund are for cash advanced for the replacement of the readerboard sign at the Auto Plaza.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

3) INTERFUND RECEIVABLES AND TRANSFERS, (continued)

Interfund transactions - Transfers

The following schedule summarizes the City's transfer activity:

	Transfers In					Total Transfers Out
	General Fund	Grants Special Revenue Fund	City Debt Service Fund	Non-major Governmental Funds	Internal Service Funds	
Transfers Out:						
General Fund	\$ -	\$ 570	\$ 2,184,676	\$ 255,237	\$ 6,083,033	\$ 8,523,516
Non-major Governmental Funds	2,240,149	-	-	48,631	-	2,288,780
Enterprise Fund	101,775	-	-	-	-	101,775
Total Transfers In:	<u>\$ 2,341,924</u>	<u>\$ 570</u>	<u>\$ 2,184,676</u>	<u>\$ 303,868</u>	<u>\$ 6,083,033</u>	<u>\$ 10,914,071</u>

The General Fund transferred \$6,083,033 to the Internal Service Funds to cover deficits in the funds, \$2,184,676 to the City Debt Service Fund for debt service payments, and \$255,237 to the Non-major Governmental Funds to close the Fee and Charge Fund to the General Fund and fund information technology ongoing upgrades.

The Non-major Governmental Funds transferred \$2,240,149 to the General Fund to reimburse for public safety, public works, and community service activities.

The Computer Service Enterprise Fund transferred \$101,775 to the General Fund to reimburse for public safety activities.

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 17 for additional information. At June 30, 2016, 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.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

4) LONG-TERM RECEIVABLES FROM SUCCESSOR AGENCY, (continued)

(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. 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 August 1, 2022. 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 "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.

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. Repayment commenced in the 2015-2016 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. Total SERAF advance repayments made in the 2015-16 fiscal year were \$1,120,000.

At June 30, 2016, the outstanding balances are as follows:

General advances	\$ 6,480,000
SERAF advances	5,525,194
Total	<u>\$ 12,005,194</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

5) NOTES AND LOANS RECEIVABLE

As of June 30, 2016, the following notes and loans receivable were outstanding:

Housing rehabilitation	\$ 379,446
First time home buyers	305,891
Housing preservation program	643,599
Home improvement program	998,387
Lark Ellen Towers	6,094,330
Executive Lodge Apartments Limited Partnership	6,278,002
West Covina Senior Villas, LLC	2,833,333
West Covina Senior Villas II, L.P.	8,513,885
Other loans	642,892
Allowance for doubtful accounts	<u>(11,990,110)</u>
Total	<u>\$ 14,699,655</u>

Several housing rehabilitation loans totaling \$379,446 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 Authority has loans to first-time home buyers totaling \$305,891. 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, 2016, ranging from \$8,939 to \$22,407.

The Authority also has housing preservation loans to qualified applicants using housing set-aside funds totaling \$643,599. 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 86 individual loans outstanding at June 30, 2016, ranging from \$205 to \$10,659.

In May 1997, the Commission loaned \$4,270,000 to Lark Ellen Towers. The loan was transferred to the Authority from the dissolved former Commission. 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, 2016, is \$6,094,330.

In April 1998, the Commission loaned \$5,622,300 to Executive Lodge Apartments Limited Partnership (Promenade Apartments project). The loan was transferred to the Authority from the dissolved former Commission. The loan is secured by a deed of trust. The loan accrues interest at 3% per annum and requires annual payments equal to 80% of net profits earned by the project. The outstanding principal and accrued interest at June 30, 2016, is \$6,278,002.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

5) NOTES RECEIVABLE, (continued)

Several housing improvement loans totaling \$998,387 have been made to qualified applicants. Loans are secured by second trust deeds.

In May 2002, the Commission loaned \$4,360,000 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, 2016, is \$2,833,333. The loan is likely to be forgiven; therefore, the City has included the entire balance in the allowance for doubtful accounts.

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 and is forgiven so long as the borrower does not default on the loan. The outstanding principal at June 30, 2016, is \$8,513,885. The loan is likely to be forgiven; therefore, the City has included the entire balance in the allowance for doubtful accounts.

Other notes consist of affordable housing loans of \$400,000. The notes do not accrued interest and are forgiven unless the borrower sells or refinances the property. Additionally, the balance included a note of \$242,892 for low income housing which accrues no interest and is forgivable if the owner maintains the low and moderate income housing status. The loan is likely to be forgiven; therefore, the City has included the entire balance in the allowance for doubtful accounts. The outstanding principal at June 30, 2016, is \$642,892.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

6) CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2016:

Governmental activities:	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not depreciated:				
Land	\$ 38,974,512	\$ 9,789,266	\$ (863,490)	\$ 47,900,288
Rights of way	14,376,498	-	-	14,376,498
Construction in progress	1,091,085	7,159,429	(3,867,920)	4,382,594
Total capital assets, not depreciated	54,442,095	16,948,695	(4,731,410)	66,659,380
Capital assets, being depreciated:				
Buildings and improvements	89,397,581	335,967	-	89,733,548
Equipment and vehicles	26,642,889	1,736,782	(1,170,738)	27,208,933
Infrastructure - pavement	191,375,001	2,465,852	-	193,840,853
Infrastructure-other	22,612,509	-	-	22,612,509
Total capital assets, being depreciated	330,027,980	4,538,601	(1,170,738)	333,395,843
Less accumulated depreciation for:				
Buildings and improvements	(24,593,258)	(1,863,928)	-	(26,457,186)
Equipment and vehicles	(19,744,557)	(2,294,299)	1,170,738	(20,868,118)
Infrastructure - pavement	(118,986,558)	(6,911,409)	-	(125,897,967)
Infrastructure - other	(16,547,999)	(371,301)	-	(16,919,300)
Total accumulated depreciation	(179,872,372)	(11,440,937)	1,170,738	(190,142,571)
Total capital assets, being depreciated, net	150,155,608	(6,902,336)	-	143,253,272
Total governmental activities	\$ 204,597,703	\$ 10,046,359	\$ (4,731,410)	\$ 209,912,652

Depreciation expense (including \$40,582 from Internal Service Funds) was charged to the following functions in the Statement of Activities for the year ended June 30, 2016, as follows:

Governmental Activities:	
General government	\$ 196,257
Public safety	1,712,512
Public works	8,007,178
Community services	1,524,990
Total depreciation expense – governmental activities	\$ 11,440,937

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

6) CAPITAL ASSETS, (continued)

Capital asset activity was as follows for the year ended June 30, 2016:

Business-type activities:	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, being depreciated:				
Equipment and vehicles	\$ 1,059,120	\$ -	\$ -	\$ 1,059,120
Less accumulated depreciation for:				
Equipment and vehicles	(1,059,120)	-	-	(1,059,120)
Total business-type activities	\$ -	\$ -	\$ -	\$ -

There was no depreciation expense charged to the computer service program for the year ended June 30, 2016.

7) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental activities:					
Lease Revenue Bonds:					
2002 Lease Revenue Bonds	\$ 15,105,000	\$ -	\$ (525,000)	\$ 14,580,000	\$ 545,000
2004 Lease Revenue Bonds	10,520,000	-	(355,000)	10,165,000	375,000
2005 Lease Revenue Bonds	2,210,000	-	(75,000)	2,135,000	80,000
2006 Lease Revenue Bonds	17,205,000	-	(270,000)	16,935,000	310,000
2013 Lease Revenue Refunding Bonds	2,185,000	-	-	2,185,000	65,000
Total Lease Revenue Bonds	47,225,000	-	(1,225,000)	46,000,000	1,375,000
Compensated absences	4,096,191	4,278,202	(4,167,126)	4,207,267	2,448,974
Claims and judgments payable	9,187,263	472,694	(6,199)	9,653,758	2,574,566
Capital lease obligations	216,342	2,568,446	(69,451)	2,715,337	249,257
Notes payable	12,941,113	-	(733,010)	12,208,103	737,517
Total	\$ 73,665,909	\$ 7,319,342	\$ (6,200,786)	\$ 74,784,465	\$ 7,385,314

The following is a summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2016.

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Business-type activities:					
Compensated absences	\$ 97,615	\$ 138,230	\$ (118,724)	\$ 117,121	\$ 65,000

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

7) LONG-TERM LIABILITIES, (continued)

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 Series A 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. As of June 30, 2016, the Series B bonds have not been converted to the fixed rate. 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, 2016, the outstanding balance is \$14,580,000.

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.

The annual debt service requirements on the 2002 Lease Revenue Refunding Bonds as of June 30, 2016, are as follows (using a 1.11966% interest rate at June 30, 2016):

Year Ending June 30,	Principal	Interest	Total
2017	\$ 545,000	\$ 163,252	\$ 708,252
2018	560,000	157,150	717,150
2019	575,000	150,880	725,880
2020	595,000	144,441	739,441
2021	610,000	137,779	747,779
2022-2026	3,340,000	582,132	3,922,132
2027-2031	3,870,000	383,609	4,253,609
2032-2036	4,485,000	153,623	4,638,623
Total	<u>\$ 14,580,000</u>	<u>\$ 1,872,866</u>	<u>\$ 16,452,866</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

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. As of June 30, 2016, the Series A and B bonds have not been converted to the fixed rate.

The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2016, the outstanding balance is \$10,165,000.

The annual debt service requirements on the 2004 Lease Revenue Bonds as of June 30, 2016 are as follows (using .41% interest rate at June 30, 2016):

Year Ending June 30,	Principal	Interest	Total
2017	\$ 375,000	\$ 41,677	\$ 416,677
2018	395,000	40,139	435,139
2019	410,000	38,520	448,520
2020	430,000	36,839	466,839
2021	450,000	35,076	485,076
2022-2026	2,565,000	146,124	2,711,124
2027-2031	3,220,000	88,375	3,308,375
2032-2034	2,320,000	19,311	2,339,311
Total	<u>\$ 10,165,000</u>	<u>\$ 446,061</u>	<u>\$ 10,611,061</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

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. As of June 30, 2016, bonds have not been converted to the fixed rate. The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2016, the outstanding balance is \$2,135,000.

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.

The annual debt service requirements on the 2005 Lease Revenue Bonds as of June 30, 2016, are as follows (using 1.119659 % interest rate at June 30, 2016):

Year Ending June 30,	Principal	Interest	Total
2017	\$ 80,000	\$ 23,905	\$ 103,905
2018	80,000	23,009	103,009
2019	85,000	22,113	107,113
2020	90,000	21,162	111,162
2021	90,000	20,154	110,154
2022-2026	510,000	84,702	594,702
2027-2031	615,000	54,136	669,136
2032-2035	585,000	16,683	601,683
Total	<u>\$ 2,135,000</u>	<u>\$ 265,864</u>	<u>\$ 2,400,864</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

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, 2016. At June 30, 2016, the outstanding balance is \$16,935,000.

The annual debt service requirements on the 2006 Lease Revenue Bonds as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 310,000	\$ 910,665	\$ 1,220,665
2018	360,000	894,412	1,254,412
2019	405,000	875,692	1,280,692
2020	460,000	854,777	1,314,777
2021	515,000	830,990	1,345,990
2022-2026	3,440,000	3,672,860	7,112,860
2027-2031	4,540,000	2,622,583	7,162,583
2032-2036	6,905,000	1,223,909	8,128,909
Total	<u>\$ 16,935,000</u>	<u>\$ 11,885,888</u>	<u>\$ 28,820,888</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

Lease Revenue Bonds, (continued)

2013 Lease Revenue Refunding Bonds, Series A (Community Center Project)

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. As of June 30, 2016, the bonds have not been converted to the fixed rate. At June 30, 2016, 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, 2016, are as follows (using .47% interest rate at June 30, 2016):

Year Ending June 30,	Principal	Interest	Total
2017	\$ 65,000	\$ 9,964	\$ 74,964
2018	65,000	9,659	74,659
2019	65,000	9,353	74,353
2020	65,000	9,048	74,048
2021	65,000	8,742	73,742
2022-2026	350,000	38,775	388,775
2027-2031	380,000	30,174	410,174
2032-2036	410,000	20,845	430,845
2037-2041	440,000	10,787	450,787
2042-2044	280,000	1,340	281,340
Total	<u>\$ 2,185,000</u>	<u>\$ 148,687</u>	<u>\$ 2,333,687</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

Compensated Absences

The liability of \$4,207,267 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 \$117,121 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.

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 is self-insured for the first \$1,000,000 each for general liability and workers' compensation claims against the City.

The City purchases excess insurance for general liability and workers' compensation.

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, 2016, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$9,653,758.

Changes in the claims and judgments payable amounts in fiscal years 2015 and 2016 for the Self-Insurance Fund are as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2014-2015	\$ 7,939,581	\$ 1,760,639	\$ (512,957)	\$ 9,187,263
2015-2016	9,187,263	472,694	(6,199)	9,653,758

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

Capital Lease Obligations:

The following represents governmental activity obligation under capital leases:

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 annual payments of \$75,471 through the end of the lease (2017). The outstanding balance at June 30, 2016, is \$146,891.

The calculation of the present value of the future lease payments for obligations under capital leases as of June 30, 2016, is as follows:

	Year Ending June 30,	
	2017	\$ 75,471
	2018	75,471
Total minimum lease payments		<u>150,942</u>
Less amount representing interest		<u>(4,051)</u>
Net present value of minimum lease payments		<u>\$ 146,891</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

Capital Lease Obligations, (continued)

Fire Trucks

On December 23, 2015, the City entered into a lease agreement for the acquisition of fire trucks. 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 fire trucks acquired under this lease agreement is recorded at their acquisition cost of \$2,568,446.

The City obtained financing in the amount of \$2,568,446 with an interest rate of 3.10% and semi-annual payments of \$129,073 through the end of the lease (2028). At June 30, 2016, the outstanding balance is \$2,568,446.

The calculation of the present value of the future lease payments for obligations under capital leases as of June 30, 2016, is as follows:

	Year Ending June 30,	
	2017	\$ 258,146
	2018	258,146
	2019	258,146
	2020	258,146
	2021	258,146
	2022-2026	1,290,732
	2027-2028	516,294
Total minimum lease payments		<u>3,097,756</u>
Less amount representing interest		<u>(529,310)</u>
Net present value of minimum lease payments		<u>\$ 2,568,446</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

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. At June 30, 2016, the outstanding balance is \$491,466.

The annual debt service requirements on the Valencia note as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 69,293	\$ 3,718	\$ 73,011
2018	68,570	3,162	71,732
2019	69,582	2,602	72,184
2020	70,147	2,037	72,184
2021	70,716	1,468	72,184
2022-2023	143,158	1,209	144,367
Total	<u>\$ 491,466</u>	<u>\$ 14,196</u>	<u>\$ 505,662</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

Notes Payable, (continued)

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, 2016, the outstanding balance is \$717,204.

The annual debt service requirements on the California Energy Commission loan as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 89,306	\$ 31,284	\$ 120,590
2018	93,370	27,220	120,590
2019	97,618	22,972	120,590
2020	102,013	18,577	120,590
2021	106,703	13,887	120,590
2022-2023	228,194	12,986	241,180
Total	<u>\$ 717,204</u>	<u>\$ 126,926</u>	<u>\$ 844,130</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

7) LONG-TERM LIABILITIES, (continued)

Notes Payable, (continued)

Successor Agency Note

On December 4, 2015, the City and Successor Agency entered into a settlement agreement with the California Department of Finance (DOF) regarding the Other Funds Due Diligence Review. The agreement requires the City to repay the Successor Agency \$11,578,351 for transfers that did not represent enforceable obligations. The Successor Agency will then remit these funds to the Los Angeles County Auditor-Controller for allocation to the affected taxing entities. The amount of the note must be repaid through biannual payments in the amount of \$289,459 each January 15th and June 15th until the loan is repaid in full on June 15, 2035. There is no interest charged on this repayment. At June 30, 2016, the outstanding balance is \$10,999,433.

The annual debt service requirements on the Successor Agency note as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2017	\$ 578,918
2018	578,918
2019	578,918
2020	578,918
2021	578,918
2022-2026	2,894,590
2027-2031	2,894,590
2032-2035	<u>2,315,663</u>
Total	<u>\$ 10,999,433</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

8) 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, 2016.

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	\$ 10,717,142	April 30, 2017
Bank of the West:			
2013A Lease Revenue Bonds	US Bank	3,172,313	January 9, 2018

9) 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 City Manager 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.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

9) FUND BALANCE CLASSIFICATION, (continued)

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.

	<u>Special Revenue Funds</u>			City Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
	General	West Covina Housing Authority	Grants			
Nonspendable:						
Prepaid expenses	\$ 126,197	\$ 134,167	\$ -	\$ 129,073	\$ 12,351	\$ 401,788
Advances to other funds	523,582					523,582
Advances to						
Successor Agency	6,480,000	5,525,194	-	-	-	12,005,194
Restricted:						
Affordable housing	-	18,786,853	-	-	-	18,786,853
Debt service	-	-	-	12,882,653	-	12,882,653
Community services	-	-	-	-	2,179,015	2,179,015
Public safety	-	-	-	-	5,941,231	5,941,231
Public works	-	-	-	-	11,677,696	11,677,696
Assigned:						
Capital projects	-	-	-	-	5,065,065	5,065,065
Unassigned	<u>15,032,610</u>	<u>-</u>	<u>(849,395)</u>	<u>-</u>	<u>(205,599)</u>	<u>13,977,616</u>
Totals	<u>\$ 22,162,389</u>	<u>\$ 24,446,214</u>	<u>\$ (849,395)</u>	<u>\$ 13,011,726</u>	<u>\$ 24,669,759</u>	<u>\$ 83,440,693</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

10) ACCUMULATED FUND DEFICITS/NET POSITION

The following funds reported deficits in fund balances/net position as of June 30, 2016:

	<u>Deficit Balance</u>
Major Fund:	
Grants Special Revenue Fund	\$ 849,395
Non-Major Funds:	
SAFER Grant Special Revenue Fund	205,599
Enterprise Fund:	
Computer Service Fund	135,676

The deficit of \$849,395 in the Grants Special Revenue Fund and \$205,599 in the SAFER Grant Special Revenue Fund are the results of expenditures incurred prior to reimbursement from grantors. The deficits will be eliminated through future grant revenues.

The deficit in Computer Service Fund is a result of additional expenses incurred for the development of new software.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS

A) General Information about the Pension Plans

Plan Descriptions

The Plans consist of Miscellaneous and Safety agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2014, Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

A) General Information about the Pension Plans, (continued)

Benefits Provided, (continued)

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous Plan			
	Prior to January 1, 2011	After January 1, 2011	Prior to January 1, 2013	On or After January 1, 2013
Hire date				
Benefit formula	2.0% @ 55	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7% or 8%	7% or 8%	7% or 8%	6.25%
Required employer contribution rates	19.878%	19.878%	19.878%	19.878%

	Safety Plan		
	Prior to July 1, 2012	Prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 & Up	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	12.00%	12.00%	12.00%
Required employer contribution rates	48.364%	48.364%	48.364%

Employees Covered

At June 30, 2014, (valuation date), the following employees were covered by the benefit terms:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	357	314
Inactive employees entitled to but not yet receiving benefits	232	61
Active employees	167	157
Total	756	532

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

A) General Information about the Pension Plans, (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Employer Contributions to the Miscellaneous and Safety Plan's for the fiscal year ended June 30, 2016, were \$1,871,891 and \$8,387,165, respectively.

B) Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Notes to Basic Financial Statements
For the Year Ended June 30, 2016

11) RETIREMENT PLAN - CALPERS, (continued)

B) Net Pension Liability, (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%. For measurement date June 30, 2014, 7.50%.
Inflation	2.75%
Salary Increases (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.65%. For measurement date June 30, 2014, 7.50%.
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN – CALPERS, (continued)

B) Net Pension Liability, (continued)

Discount Rate

The discount rate used to measure the total pension liability for measurement date June 30, 2015, was 7.65 percent. The discount rate used to measure the total pension liability in the previous year was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plan, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website, at www.calpers.ca.gov.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

B) Net Pension Liability, (continued)

Discount Rate, (continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	100%		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

C) Changes in the Net Pension Liability and Proportionate Share of Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2014 (VD)¹	\$ 138,590,350	\$ 112,785,681	\$ 25,804,669
Changes Recognized for the Measurement Period:			
• Service Cost	1,454,757	-	1,454,757
• Interest on the Total Pension Liability	10,180,561	-	10,180,561
• Changes of Benefit Terms	-	-	-
• Differences between Expected and Actual Experience	(134,455)	-	(134,455)
• Changes of Assumptions	(2,336,836)	-	(2,336,836)
• Plan to Plan Resource Movement	-	307	(307)
• Contributions from the Employer	-	1,507,469	(1,507,469)
• Contributions from Employees	-	714,712	(714,712)
• Net Investment Income ²	-	2,500,142	(2,500,142)
• Benefit Payments, including Refunds of Employee Contributions	(7,534,397)	(7,534,397)	-
• Administrative Expense	-	(123,626)	123,626
Net Changes during 2014-15	1,629,630	(2,935,393)	4,565,023
Balance at: 6/30/2015 (MD)¹	\$ 140,219,980	\$ 109,850,288	\$ 30,369,692

Valuation Date (VD), Measurement Date (MD).

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

² Net of administrative expenses.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

C) Changes in the Net Pension Liability and Proportionate Share of Net Pension Liability,
(continued)

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2014 (VD)¹	\$ 329,505,806	\$ 229,998,231	\$ 99,507,575
Changes Recognized for the Measurement Period:			
• Service Cost	4,604,800	-	4,604,800
• Interest on the Total Pension Liability	24,117,128	-	24,117,128
• Changes of Benefit Terms	-	-	-
• Differences between Expected and Actual Experience	(1,760,971)	-	(1,760,971)
• Changes of Assumptions	(5,858,071)	-	(5,858,071)
• Plan to Plan Resource Movement	-	10,338	(10,338)
• Contributions from the Employer	-	7,339,064	(7,339,064)
• Contributions from Employees	-	1,628,630	(1,628,630)
• Net Investment Income ²	-	5,057,426	(5,057,426)
• Benefit Payments, including Refunds of Employee Contributions	(17,865,208)	(17,865,208)	-
• Administrative Expense	-	(254,287)	254,287
Net Changes during 2014-15	3,237,678	(4,084,037)	7,321,715
Balance at: 6/30/2015 (MD)¹	\$ 332,743,484	\$ 225,914,194	\$ 106,829,290

Valuation Date (VD), Measurement Date (MD).

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

² Net of administrative expenses.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

C) Changes in the Net Pension Liability and Proportionate Share of Net Pension Liability,
(continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Miscellaneous and Safety Plan's as of the measurement date, calculated using the discount rate of 7.65 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Misc Plan's Net Pension Liability/(Asset)	\$ 47,775,063	\$ 30,369,692	\$ 15,896,832
Safety Plan's Net Pension Liability/(Asset)	\$ 150,853,079	\$ 106,829,290	\$ 70,632,399

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings 5 year straight-line amortization

All other amounts Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

C) Changes in the Net Pension Liability and Proportionate Share of Net Pension Liability,
(continued)

Recognition of Gains and Losses, (continued)

The EARSL for the Miscellaneous Plan for the June 30, 2015 measurement date is 1.8 years, which was obtained by dividing the total service years of 1,335 (the sum of remaining service lifetimes of the active employees) by 756 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the Safety Plan for the June 30, 2015 measurement date is 3.2 years, which was obtained by dividing the total service years of 1,736 (the sum of remaining service lifetimes of the active employees) by 532 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

11) RETIREMENT PLAN - CALPERS, (continued)

D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2014), the net pension liability for Miscellaneous and Safety Plan was \$25,804,669 and \$99,507,575, respectively.

For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense/ (income) of \$473,712 for the Miscellaneous Plan and \$6,225,323 for the Safety Plan. A complete breakdown of the pension expense for Misc. and Safety Plan is as follows:

Miscellaneous Plan

Description	<u>Amount</u>
Service Cost	\$ 1,454,757
Interest on the Total Pension Liability	10,180,561
Changes of Benefit Terms	-
Recognized Differences between Expected and Actual Experience	(74,697)
Plan to Plan Resource Movement	(307)
Recognized Changes of Assumptions	(1,298,242)
Employee Contributions	(714,712)
Projected Earnings on Pension Plan Investments	(8,404,566)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(792,708)
Administrative Expense	<u>123,626</u>
Total Pension Expense/(Income)	<u>\$ 473,712</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

Safety Plan

Description	Amount
Service Cost	\$ 4,604,800
Interest on the Total Pension Liability	24,117,128
Changes of Benefit Terms	-
Recognized Differences between Expected and Actual Experience	(550,303)
Plan to Plan Resource Movement	(10,338)
Recognized Changes of Assumptions	(1,830,647)
Employee Contributions	(1,628,630)
Projected Earnings on Pension Plan Investments	(17,179,134)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(1,551,840)
Administrative Expense	254,287
Total Pension Expense/(Income)	<u>\$ 6,225,323</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

11) RETIREMENT PLAN - CALPERS, (continued)

D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

As of June 30, 2016, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ (59,758)	\$ -	\$ (1,210,668)
Changes of Assumptions	-	(1,038,594)	-	(4,027,424)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(1,197,241)	-	(2,231,179)
Change in Employer's Proportion	-	-	-	-
Difference in Actual vs Projected Contributions Pension Contributions Subsequent to Measurement Date	15,771	-	5,155	-
	<u>1,871,891</u>	<u>-</u>	<u>8,387,165</u>	<u>-</u>
	<u>\$ 1,887,662</u>	<u>\$ (2,295,593)</u>	<u>\$ 8,392,320</u>	<u>\$ (7,469,271)</u>

These amounts above are net of outflows and inflow recognized in the 2014-15 measurement period expense. The \$1,871,891 and \$8,387,165 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended	Deferred Outflows/(Inflows) of Resources, Net	
	Miscellaneous	Safety
June 30, 2016	\$ (1,875,289)	\$ (3,930,447)
2017	(792,708)	(3,930,447)
2018	(792,709)	(2,027,562)
2019	1,180,884	2,424,340
Thereafter	-	-

E) Payable to the Pension Plan

At June 30, 2016, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS)

A) EPMC Replacement Supplemental Retirement Plan

General Information about the Pension Plan

Plan Description and Benefits

Effective November 1, 2007, the City established a single-employer defined benefit plan to supplement the current CalPERS retirement benefits that is to be administered for the City by the Public Agency Retirement System (PARS), a third-party administrator. The plan meets the requirements of a pension trust under California Government Code. Phase II Systems is the PARS Trust Administrator. The plan does not issue separate financial reports.

The EPMC Replacement 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.

Employees 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 or 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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued):

A) EPMC Replacement Supplemental Retirement Plan, (continued)

General Information about the Pension Plan, (continued)

Plan Description and Benefits, (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.

Contributions

The City makes all contributions to these plans. Participants do not make any contributions. The actuarially required contribution is determined on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is funding the plan to pay the benefit payments payable each year. For the year ended June 30, 2016, the City's contribution was \$56,000.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

A) EPMC Replacement Supplemental Retirement Plan, (continued)

General Information about the Pension Plan, (continued)

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the plan:

	<u>EPMC</u>
Inactive employees or beneficiaries currently receiving benefits	4
Active employees	<u>233</u>
Total	<u><u>237</u></u>

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Net Pension Liability, (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

	<u>EPMC</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.50% (1)
Inflation	3.00%
Salary Increases (1)	3.25%
Investment Rate of Return	6.25% (2)
Mortality Rate Table	(3)

(1) Long term expected return on plan assets (gross of administrative expenses).

(2) Plan assets currently invested in PARS diversified moderate portfolio.

(3) The probabilities of mortality are derived using CalPERS' 1997-2011 experience study.

Discount Rate

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Net Pension Liability, (continued)

Discount Rate, (continued)

The following circumstances were included in the evaluation of sufficiency for the City:

- Annual contributions of 0.7% of payroll (closed group basis) are assumed (beginning with 2015/16).
- Benefit payments are annually withdrawn from the Trust until assets are exhausted and then benefit payments made directly by the City.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.25%.
- The actuarial assumptions do not change.
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the actuary's opinion that the depletion date outlined in GASB 67 and 68 outlined in GASB 67 and 68 is fiscal year 2027/28. Therefore, benefit payments before 2027/28 are discounted at the long-term expected rate of return on pension plan investments (6.25%), and payments after that date at the Bond Buyer 20-Bond Go Index as of the June 30, 2014, measurement date (4.29%). The discount rate used (4.8%) represents the single equivalent rate of return, as described under GASB 68 (paragraph 31).

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Net Pension Liability, (continued)

Discount Rate, (continued)

The table below reflects the long-term expected real rate of return by asset class.

Asset Allocation	Actual Allocation		Target Allocation
	Value at June 30, 2016	Actual %	
Total Fixed			
(fixed + inflation linked)	\$ 58,000	46.1%	45.0%
Cash	8,000	6.6%	5.0%
Fixed Income	57,000	45.8%	50.0%
REIT	2,000	1.5%	0.0%
Total	<u>\$ 125,000</u>	<u>100%</u>	<u>100%</u>

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The City chose the Bond Buyer General Obligation 20-Bond Index resulting in the use of a 4.29% rate in calculating the pension liability.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Changes in the Net Pension Liability

The changes in the net pension liability for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balances as of June 30, 2014	\$ 763,000	\$ 119,000	\$ 644,000
Changes for the year:			
• Service Cost	36,000	-	36,000
• Interest	28,000	-	28,000
• Difference between actual and expected experience	(72,000)	-	(72,000)
• Assumptions Changes	200,000	-	200,000
• Contributions- employer	-	56,000	(56,000)
• Contributions- employee	-	-	-
• Net Investment Income	-	3,000	(3,000)
• Benefit payments and refunds	(9,000)	(9,000)	-
• Administrative Expenses	-	(7,000)	7,000
Net Changes	183,000	43,000	140,000
Balance as of June 30, 2015	\$ 946,000	\$ 162,000	\$ 784,000

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Changes in the Net Pension Liability, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (2.5%)	Current Discount Rate (3.5%)	Discount Rate + 1% (4.5%)
Net Pension Liability	\$ 892,000	\$ 784,000	\$ 696,000

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2016, the City recognized pension expense of \$82,000. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ (62,000)
Changes of Assumptions	173,000	-
Net Difference between Projected and Actual Earnings on Pension Plan	-	(1,000)
Employer Contributions Subsequent to Measurement Date	56,000	-
Total	\$ 229,000	\$ (63,000)

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, (continued):

The \$56,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net
<u> </u>	<u> </u>
	PARS
2017	\$ 16,000
2018	16,000
2019	16,000
2020	17,000
Thereafter	45,000

Payable to the Pension Plan

At June 30, 2016, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

B) Supplemental Retirement Plan for Executive Staff and City Council

General Information about the Pension Plan

Plan Description and Benefits

Effective November 1, 2007, the City established a single-employer defined benefit plan to supplement the current CalPERS retirement benefits that is to be administered for the City by with the Public Agency Retirement System (PARS), a third-party administrator. The plan meets the requirements of a pension trust under California Government Code. Phase II Systems is the PARS Trust Administrator. The plan does not issue separate financial reports and is closed to new hires.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

B) Supplemental Retirement Plan for Executive Staff and City Council, (continued)

General Information about the Pension Plan, (continued)

Plan Description and Benefits, (continued)

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.

Contributions

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. The actuarially required contribution is determined on a pay as you go funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is funding the plan to pay the benefit payments payable each year. For the year ended June 30, 2016, the City's contribution was \$78,000.

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	6
Active employees	9
Total	<u>15</u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

B) Supplemental Retirement Plan for Executive Staff and City Council, (continued)

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	4.70% (1)
Inflation	3.00%
Salary Increases (1)	3.25%
Investment Rate of Return	6.25% (2)
Mortality Rate Table	(3)

(1) Long term expected return on plan assets (gross of administrative expenses).

(2) Plan assets currently invested in PARS diversified moderate portfolio.

(3) The probabilities of mortality are derived using CalPERS' 1997-2011 experience study.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

B) Supplemental Retirement Plan for Executive Staff and City Council, (continued)

Net Pension Liability, (continued)

Discount Rate

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the City:

- The City ceased contributions and withdrawals from the Trust. The City will pay benefits directly to retirees until the trust is sufficient, on an expected basis, to pay all remaining benefits.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.25%.
- The actuarial assumptions do not change.
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the actuary's opinion that a depletion date projection is not appropriate. Therefore, the discount rate is based on the projected portion of the Total Pension Liability funded by the Fiduciary Net Position in each future year. For the funded portion, the long-term expected rate of return on pension plan investments (6.25%) was used, and the Bond Buyer 20-Bond Go Index as of the June 30, 2016, measurement date (2.85%) for the unfunded portion. The discount rate used (3.5%) represents the single equivalent rate of return, as described under GASB 68 (paragraph 31).

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

B) Supplemental Retirement Plan for Executive Staff and City Council, (continued)

Net Pension Liability, (continued)

Discount Rate, (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class	New Strategic Allocation	Expected Real Rate of Return (Geometric)
Cash	5.0%	0.45%
Equities	48.5%	5.35%
Fixed Income	45.0%	1.55%
REIT	1.5%	4.03%
Total	100%	
Long-Term Expected Rate of Return		6.25%

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The City chose the Bond Buyer General Obligation 20-Bond Index resulting in the use of a 4.29% rate in calculating the pension liability.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

B) Supplemental Retirement Plan for Executive Staff and City Council, (continued)

Changes in the Net Pension Liability

The changes in the net pension liability, with a measurement date of June 30, 2015, for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balances as of June 30, 2014	\$ 3,157,000	\$ 706,000	\$ 2,451,000
Changes for the year:			
• Service Cost	116,000	-	116,000
• Interest	178,000	-	178,000
• Difference between actual and expected experience	(643,000)	-	(643,000)
• Assumptions Changes	346,000	-	346,000
• Contributions- employer	-	78,000	(78,000)
• Contributions- employee	-	-	-
• Net Investment Income	-	13,000	(13,000)
• Benefit payments and refunds	(104,000)	(104,000)	-
• Administrative Expenses	-	(6,000)	6,000
Net Changes	(107,000)	(19,000)	(88,000)
Balance as of June 30, 2015	\$ 3,050,000	\$ 687,000	\$ 2,363,000

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

B) Supplemental Retirement Plan for Executive Staff and City Council, (continued)

Changes in the Net Pension Liability, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (3.7%)	Current Discount Rate (4.7%)	Discount Rate + 1% (5.7%)
Net Pension Liability	\$ 2,875,000	\$ 2,363,000	\$ 1,960,000

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2016, the City recognized pension expense of negative \$19,000. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ (48,000)
Changes of Assumptions	26,000	-
Net Difference between Projected and Actual Earnings on Pension Plan	3,000	-
Pension Contributions Subsequent to Measurement Date	78,000	-
Total	\$ 107,000	\$ (48,000)

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

12) PUBLIC AGENCY RETIREMENT SYSTEM (PARS), (continued)

B) Supplemental Retirement Plan for Executive Staff and City Council, (continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, (continued)

The \$78,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net
	PARS
2017	\$ (23,000)
2018	(1,000)
2019	(1,000)
2020	6,000
Thereafter	-

Payable to the Pension Plan

At June 30, 2016, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

13) 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.

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 \$92,806 and covered payroll for the year ended June 30, 2016, totaled \$1,898,563. No contributions were made by the City and employees contributed \$92,806 (7.5% of current covered payroll). Total plan assets at June 30, 2016, were \$765,377. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

14) 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 five years of sworn service or hired after July 1, 2012, with more than twenty years of sworn service
 - PEMHCA minimum amount (\$122 and \$125 per month in calendar years 2015 and 2016, 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 five years of sworn service
 - PEMHCA minimum amount (\$122 and \$125 per month in calendar years 2015 and 2016, respectively) for employees hired after July 1, 2012
- Miscellaneous - At the PEMHCA minimum amount (\$122 and \$125 per month in calendar years 2015 and 2016, respectively).

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, 2016, the City contributed \$2,211,261 to the plan, including \$1,740,261 for current premiums (100% of total premiums), and \$471,000 of implied subsidy premiums.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

14) OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

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.

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 (ARC)	\$ 4,325,000
Interest on net OPEB obligation	778,000
Adjustments to annual required contribution	<u>(967,000)</u>
Annual OPEB cost (expense)	4,136,000
Contributions made	<u>(2,211,261)</u>
Decrease in net OPEB obligation	1,924,739
Net OPEB obligation - beginning of year	<u>20,565,644</u>
Net OPEB obligation - end of year	<u><u>\$ 22,490,383</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2014	\$ 5,150,000	34.45%	\$ 17,006,654
6/30/2015	5,471,000	34.95%	20,565,444
6/30/2016	4,136,000	53.46%	22,490,383

D) Funded Status and Funding Progress:

Actuarial Accrued Liability (AAL)	\$ 55,763,000
Actuarial Value Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	55,763,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	25,692,000
UAAL as a Percentage of Covered Payroll	217.04%

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

14) 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 as follow:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	27 Years as of the Valuation Date
Actuarial Assumptions:	
Investment Rate of Return	4.00%
Projected Salary Increase	3.25%
Health Care Trend Rate*	6.50%
Inflation Rate	3.00%

* 6.50% initially, reduced by increments of .05% per year to an ultimate rate of 5% after the third year.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

15) 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.
- B) 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.

16) 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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

16) CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, (continued)

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.

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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

16) CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES, (continued)

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.

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. In December 2015, the City entered into a settlement agreement, which requires the City to repay the \$11,578,351 over a period of 20 years. See additional details on the long-term payable in Note 7. As the City repays the Successor Agency, the Successor Agency will remit the amounts collected to the CAC. At June 30, 2016, the City is reporting a long-term liability of \$11,578,351 in the governmental activities and a receivable of \$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 2014-2015 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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

16) CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT
AGENCIES, (continued)

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 above).

On May 2, 2000, the City and the RDA entered into a Financing Agreement establishing a \$5,600,000 line of credit to the RDA to achieve project goals within the implementation plan. The City Council and RDA resolutions approved the 2000 Financing Agreement and promissory note. The Financing Agreement authorized the RDA to draw down funds from the line of credit. Specifically, the RDA withdrew \$600,000 and \$5,000,000 on September 2000 and June 2004, respectively, as substantiated through the financial statements. On March 9, 2016, the DOF found that the loans were for legitimate redevelopment purposes and therefore enforceable obligations.

Similarly, on June 15, 2010, the RDA and the City entered into a Cash Flow Loan totaling \$2,500,000 to satisfy the RDA's short term cash flow needs. The Agency provided City Council and RDA resolutions and financial statements substantiating the loans in the amount of \$2,500,000. On March 9, 2016, the DOF found that the loans were for legitimate redevelopment purposes and therefore enforceable obligations.

Management believes, in consultation with legal counsel, that the remaining 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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

17) 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, 2016, 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, 2016, 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 at June 30, 2016, 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, 2016, 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.

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, 2016, the following assessments receivable were outstanding:

1996 Special Tax Bonds	<u>\$25,185,000</u>
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City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

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, 2016:

BKK Project \$139,016

Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 15,597,561	\$ -	\$ (12,589,759)	\$ 3,007,802
Total capital assets, not being depreciated	<u>15,597,561</u>	<u>-</u>	<u>(12,589,759)</u>	<u>3,007,802</u>
Capital assets, being depreciated:				
Buildings and improvements	18,403,609	-	-	18,403,609
Equipment and vehicles	95,975	(34,570)	-	61,405
Total capital assets, being depreciated	<u>18,499,584</u>	<u>(34,570)</u>	<u>-</u>	<u>18,465,014</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,820,785)	(368,074)	-	(13,188,859)
Equipment and vehicles	(93,713)	(251)	34,570	(59,394)
Total accumulated depreciation	<u>(12,914,498)</u>	<u>(368,325)</u>	<u>34,570</u>	<u>(13,248,253)</u>
Total capital assets, being depreciated, net	<u>5,585,086</u>	<u>(402,895)</u>	<u>34,570</u>	<u>5,216,761</u>
Total capital assets, net	<u>\$ 21,182,647</u>	<u>\$ (402,895)</u>	<u>\$ (12,555,189)</u>	<u>\$ 8,224,563</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015*	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Successor Agency:					
Lease Revenue Bonds:					
1998 Lease Revenue Bonds	\$ 2,405,000	\$ -	\$ (535,000)	\$ 1,870,000	\$ 575,000
Special Tax Bonds:					
1996 Special Tax Bonds	28,125,000	-	(2,940,000)	25,185,000	2,745,000
Tax Allocation Bonds:					
1999 Tax Allocation Bonds	3,120,000	-	(155,000)	2,965,000	165,000
2002 Tax Allocation Bonds	7,225,000	-	(630,000)	6,595,000	660,000
Housing Set-Aside Bonds:					
1998 Housing Set-Aside Bonds	3,545,000	-	(240,000)	3,305,000	255,000
2001 Housing Set-Aside Bonds	6,595,000	-	(455,000)	6,140,000	475,000
Total Bonds Payable	51,015,000	-	(4,955,000)	46,060,000	4,875,000
Developer agreement payable	46,148,939	5,071,489	(1,657,353)	49,563,075	480,578
Due to County of Los Angeles	7,078,328	394,691	(1,439,888)	6,033,131	1,699,355
Total	\$ 104,242,267	\$ 5,466,180	\$ (8,052,241)	\$ 101,656,206	\$ 7,054,933

*Includes prior period restatement of \$393,534 to developer agreement payable. See note 18 for details.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

17) 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 \$387,500 was fully funded at June 30, 2016. At June 30, 2016, the outstanding balance is \$1,870,000.

The annual debt service requirements on the 1988 Lease Revenue Refunding Bonds as of June 30, 2016, are as follows (using interest rate of 0.1%):

Year Ending June 30,	Principal	Interest	Total
2017	\$ 575,000	\$ 1,870	\$ 576,870
2018	625,000	1,295	626,295
2019	670,000	670	670,670
Total	<u>\$ 1,870,000</u>	<u>\$ 3,835</u>	<u>\$ 1,873,835</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

17) 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, 2016. In addition, there was a bond call on March 1, 2016, for \$425,000. The outstanding principal balance of the bonds at June 30, 2016, is \$25,185,000.

The annual debt service requirements on the 1996 Special Tax Bonds as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,745,000	\$ 1,452,900	\$ 4,197,900
2018	3,000,000	1,277,700	4,277,700
2019	3,250,000	1,087,050	4,337,050
2020	3,495,000	881,250	4,376,250
2021	3,735,000	660,750	4,395,750
2022-2023	8,960,000	572,850	9,532,850
Total	<u>\$ 25,185,000</u>	<u>\$ 5,932,500</u>	<u>\$ 31,117,500</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

17) 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, 2016, is \$2,965,000.

The annual debt service requirements on the 1999 Tax Allocation Bonds as of June 30, 2016, are as follows (using interest rate of 0.50%):

Year Ending June 30,	Principal	Interest	Total
2017	\$ 165,000	\$ 14,825	\$ 179,825
2018	165,000	14,000	179,000
2019	170,000	13,175	183,175
2020	175,000	12,325	187,325
2021	185,000	11,450	196,450
2022-2026	1,075,000	42,325	1,117,325
2027-2030	<u>1,030,000</u>	<u>13,075</u>	<u>1,043,075</u>
Total	<u>\$ 2,965,000</u>	<u>\$ 121,175</u>	<u>\$ 3,086,175</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

17) 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, 2016, the required reserve of \$996,533 was fully funded. The principal balance of outstanding bonds at June 30, 2016, is \$6,595,000.

The annual debt service requirements on the 2002 Tax Allocation Refunding Bonds as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 660,000	\$ 319,515	\$ 979,515
2018	690,000	285,090	975,090
2019	725,000	249,008	974,008
2020	765,000	211,013	976,013
2021	800,000	171,105	971,105
2022-2026	<u>2,955,000</u>	<u>391,553</u>	<u>3,346,553</u>
Total	<u>\$ 6,595,000</u>	<u>\$ 1,627,284</u>	<u>\$ 8,222,284</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

17) 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, 2016, the required reserve of \$446,513 was fully funded. The principal balance of outstanding bonds at June 30, 2016, is \$3,305,000.

The annual debt service requirements on the 1998 Housing Set-Aside Tax Allocation Bonds as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 255,000	\$ 179,248	\$ 434,248
2018	270,000	164,653	434,653
2019	285,000	149,131	434,131
2020	300,000	132,725	432,725
2021	315,000	115,425	430,425
2022-2026	<u>1,880,000</u>	<u>278,464</u>	<u>2,158,464</u>
Total	<u>\$ 3,305,000</u>	<u>\$ 1,019,646</u>	<u>\$ 4,324,646</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

17) 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, 2016, the required reserve of \$779,438 was fully funded. The principal balance of outstanding bonds at June 30, 2016, is \$6,140,000.

The annual debt service requirements on the 2001 Housing Set-Aside Tax Allocation Bonds as of June 30, 2016, are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 475,000	\$ 289,287	\$ 764,287
2018	500,000	266,250	766,250
2019	525,000	241,906	766,906
2020	550,000	216,237	766,237
2021	575,000	189,094	764,094
2022-2026	1,555,000	634,325	2,189,325
2027-2031	1,765,000	315,375	2,080,375
2032	195,000	4,875	199,875
Total	<u>\$ 6,140,000</u>	<u>\$ 2,157,349</u>	<u>\$ 8,297,349</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 \$55,372,039, the unpaid balance accrues interest at a rate of 10%. The Commission has made payments to the developer totaling \$21,486,622. The balance outstanding at June 30, 2016, is \$49,563,075.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

17) 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, 2016, is \$6,033,131.

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, 2016.

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	\$ 2,440,582	August 1, 2018

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

18) RESTATEMENT OF BEGINNING NET POSITION

Fund Statements

During fiscal year 2015-16, prior period adjustments were needed to correct the beginning fund balance in the following funds. The amount of adjustments affecting the cumulative results of operations was due to errors occurred in fiscal year 2014-15.

General Fund

General Fund

Fund balance - beginning, as previously reported	\$ 27,015,619
Prior period adjustment	<u>164,828</u>
Fund balance - beginning, as restated	<u><u>\$ 27,180,447</u></u>

A prior period adjustment of net effect of \$164,828 was needed to adjust/correct the beginning fund balance in the General Fund. In fiscal year 2015-16 the Inmate Welfare Fund was moved to the General Fund. As a result, the Inmate Welfare Fund's beginning fund balance of \$7,226 was recorded as part of the General Fund's beginning fund balance. It was also determined during the year that \$157,602 in expenditures related to the Los Angeles County Park Bonds were incorrectly charged to the General Fund in previous years.

Special Revenue Funds:

Grants

Fund balance - beginning, as previously reported	\$ (245,924)
Prior period adjustment	<u>(157,602)</u>
Fund balance - beginning, as restated	<u><u>\$ (403,526)</u></u>

Art in Public Places

Fund balance - beginning, as previously reported	\$ 528,448
Prior period adjustment	<u>(322,121)</u>
Fund balance - beginning, as restated	<u><u>\$ 206,327</u></u>

Community Development Block Grant

Fund balance - beginning, as previously reported	\$ 3,737,389
Prior period adjustment	<u>(3,599,408)</u>
Fund balance - beginning, as restated	<u><u>\$ 137,981</u></u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2016

18) RESTATEMENT OF BEGINNING NET POSITION, (continued)

A prior period adjustment of \$157,602 in the Grants Special Revenue Fund was needed to correctly reflect expenditures related to the Los Angeles County Park Bonds that were incorrectly charged to the General Fund in previous years.

A prior period adjustment of \$322,121 in the Art in Public Places Special Revenue Fund is due to the City Council approving the in-lieu funds reimbursement to Plaza West Covina. However, the in-lieu funds that were received in prior years were recognized as revenue instead of being held as a deposit.

A prior period adjustment of \$3,599,408 in the Community Development Block Grant Special Revenue Fund was needed to correct an error for amounts that should have been recorded as deferred revenue in the prior year.

Fiduciary Fund:

Successor Agency Private Purpose Trust Fund

Net position - beginning, as previously reported	\$ (49,501,513)
Prior period adjustment	<u>(3,375,027)</u>
Net position - beginning, as restated	<u>\$ (52,876,540)</u>

A prior period adjustment of \$393,534 was recorded to correct the Developer Agreement Payable beginning balance. A prior period adjustment of \$2,981,493 was recorded during the year due to certain capital assets discovered that are no longer being held by the former Redevelopment Agency.

GOVERNMENT WIDE STATEMENTS

Net position - beginning, as previously reported	\$ 63,856,375
Prior period adjustment	<u>(3,921,686)</u>
Net position - beginning, as restated	<u>\$ 59,934,689</u>

A prior period adjustment of \$3,921,686 was recorded based on the prior period adjustments previously noted in the General Fund and Special Revenue Funds.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2016**

19) SUBSEQUENT EVENT

During Fiscal Year 2016-17, the City budgeted to pay off various debt obligations. As of January 3, 2017, the following debt obligations had been paid off:

- 2005 Lease Revenue Refunding Bonds, Series C, in the amount of \$2,135,476
- Fire Trucks Lease in the amount of \$2,591,382
- California Energy Commission Loan in the amount of \$718,530
- Valencia Note in the amount of \$491,797
- Ambulance Capital Lease in the amount of \$149,237

On December 21, 2016, the California Public Employees' Retirement System (CalPERS) Board of Administration voted to lower the CalPERS discount rate from 7.5 percent to 7.0 percent over the next three years. The discount rate will change as follows:

- Fiscal year 2017-2018 7.375%
- Fiscal year 2018-2019 7.250%
- Fiscal year 2019-2020 7.000%

Lowering the discount rate, also known as the assumed rate of investment return, will lead to increases in an employer's normal cost for pension contributions and unfunded actuarial liabilities.

On January 17, 2017, City Council approved in the Police Officer's Association's (POA) Memorandum of Understanding (MOU) the elimination of retiree medical benefits for new employees, who will instead receive a \$200 month City contribution to a Retiree health Savings plan.

On February 14, 2017, the Successor Agency issued Tax Allocation Revenue Refunding bonds, Series 2017A (Tax-Exempt) and 2017B (Federally Taxable). These bonds refinanced the 1998 Housing Set-Aside Tax Allocation Bonds Series A & B, the 2001 Housing Set-Aside Tax Allocation Revenue Bonds, the 2002 Tax Allocation Refunding Bonds and the 1999 Taxable Variable Rate Demand Tax Allocation Bonds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of West Covina

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios CalPERS Pension Plan - Miscellaneous Last Ten Years*

Measurement Period	2013-14	2014-15
TOTAL PENSION LIABILITY		
Service Cost	\$ 1,653,769	\$ 1,454,757
Interest	9,849,865	10,180,561
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	(134,455)
Changes of Assumptions	-	(2,336,836)
Benefit Payments, Including Refunds of Employee Contributions	(6,835,867)	(7,534,397)
Net Change in Total Pension Liability	4,667,767	1,629,630
Total Pension Liability - Beginning	133,922,583	138,590,350
Total Pension Liability - Ending (a)	\$ 138,590,350	\$ 140,219,980
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 1,441,234	\$ 1,507,469
Contributions - Employee	921,495	714,712
Net Investment Income ¹	17,189,513	2,500,142
Benefit Payments, Including Refunds of Employee Contributions	(6,835,867)	(7,534,397)
Plan to Plan Resource Movement	-	307
Administrative Expense	-	(123,626)
Net Change in Fiduciary Net Position	12,716,375	(2,935,393)
Plan Fiduciary Net Position - Beginning	100,069,306	112,785,681
Plan Fiduciary Net Position - Ending (b)	\$ 112,785,681	\$ 109,850,288
Plan Net Pension Liability - Ending (a) - (b)	\$ 25,804,669	\$ 30,369,692
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.38%	78.34%
Covered Payroll	\$ 10,025,879	\$ 9,381,292
Plan Net Pension Liability as a Percentage of Covered Payroll	257.38%	323.73%

¹ Net of administrative expenses.

* Measurement date June 30, 2014 (fiscal year 2014-15) was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent for the June 30, 2015 measurement date.

City of West Covina

Required Supplementary Information Schedule of Plan Contributions CalPERS Pension Plan - Miscellaneous Last Ten Years*

	Fiscal Year 2014-15	Fiscal Year 2015-16
Actuarially Determined Contribution	\$ 1,542,953	\$ 1,507,469
Contributions in Relation to the Actuarially Determined Contribution	(1,542,953)	(1,507,469)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 7,250,397	\$ 9,381,292
Contributions as a Percentage of Covered Payroll	21.28%	16.07%

* Fiscal Year 2014-15 was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013, Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012, Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses; includes Inflation. For 2014-15, 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of West Covina

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios CalPERS Pension Plan - Safety Last Ten Years*

Measurement Period	2013-14	2014-15
TOTAL PENSION LIABILITY		
Service Cost	\$ 4,824,545	\$ 4,604,800
Interest	23,426,151	24,117,128
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	-	(1,760,971)
Changes of Assumptions	-	(5,858,071)
Benefit Payments, Including Refunds of Employee Contributions	(17,362,607)	(17,865,208)
Net Change in Total Pension Liability	10,888,089	3,237,678
Total Pension Liability - Beginning	318,617,717	329,505,806
Total Pension Liability - Ending (a)	\$ 329,505,806	\$ 332,743,484
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 6,403,118	\$ 7,339,064
Contributions - Employee	2,416,548	1,628,630
Net Investment Income ¹	34,775,710	5,057,426
Benefit Payments, Including Refunds of Employee Contributions	(17,362,607)	(17,865,208)
Plan to Plan Resource Movement	-	10,338
Administrative Expense	-	(254,287)
Net Change in Fiduciary Net Position	26,232,769	(4,084,037)
Plan Fiduciary Net Position - Beginning	203,765,462	229,998,231
Plan Fiduciary Net Position - Ending (b)	\$ 229,998,231	\$ 225,914,194
Plan Net Pension Liability - Ending (a) - (b)	\$ 99,507,575	\$ 106,829,290
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.80%	67.89%
Covered Payroll	\$ 16,974,682	\$ 16,517,686
Plan Net Pension Liability as a Percentage of Covered Payroll	586.21%	646.76%

¹ Net of administrative expenses.

* Measurement date June 30, 2014, (fiscal year 2014-15) was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent for the June 30, 2015, measurement date.

City of West Covina

Required Supplementary Information Schedule of Plan Contributions CalPERS Pension Plan - Safety Last Ten Years*

	Fiscal Year 2014-15	Fiscal Year 2015-16
Actuarially Determined Contribution	\$ 7,346,562	\$ 7,339,064
Contributions in Relation to the Actuarially Determined Contribution	(7,346,562)	(7,339,064)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 13,239,430	\$ 16,517,686
Contributions as a Percentage of Covered Payroll	55.49%	44.43%

* Fiscal Year 2014-15 was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013, Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012, Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses; includes Inflation. For 2014-15, 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of West Covina

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios CalPERS Pension Plan- EPMC Replacement Supplemental Retirement Plan Last Ten Years*

Measurement Period	2013-14	2014-15
TOTAL PENSION LIABILITY		
Service Cost	\$ 36,000	\$ 36,000
Interest	36,000	28,000
Difference Between Expected and Actual Experience	-	(72,000)
Changes of Assumptions	-	200,000
Changes in benefits	-	-
Benefit Payments, Including Refunds of Employee Contributions	(64,000)	(9,000)
Net Change in Total Pension Liability	8,000	183,000
Total Pension Liability - Beginning	755,000	763,000
Total Pension Liability - Ending (a)	\$ 763,000	\$ 946,000
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 65,000	\$ 56,000
Contributions - Employee	-	-
Net Investment Income ¹	12,000	3,000
Benefit Payments, Including Refunds of Employee Contributions	(64,000)	(9,000)
Plan to Plan Resource Movement	-	-
Administrative Expense	(3,000)	(7,000)
Net Change in Fiduciary Net Position	10,000	43,000
Plan Fiduciary Net Position - Beginning	109,000	119,000
Plan Fiduciary Net Position - Ending (b)	\$ 119,000	\$ 162,000
Plan Net Pension Liability - Ending (a) - (b)	\$ 644,000	\$ 784,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	15.60%	17.12%
Covered Payroll	\$ 10,877,169	\$ 9,374,923
Plan Net Pension Liability as a Percentage of Covered Payroll	5.92%	8.36%

¹ Net of administrative expenses.

* Measurement date June 30, 2014, (fiscal year 2014-15) was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent for the June 30, 2015, measurement date.

City of West Covina

**Required Supplementary Information
Schedule of Plan Contributions
CalPERS Pension Plan- EPMC Replacement Supplemental Retirement Plan
Last Ten Years***

	Fiscal Year 2014-15	Fiscal Year 2015-16
Actuarially Determined Contribution	\$ 112,000	\$ 82,000
Contributions in Relation to the Actuarially Determined Contribution	(56,000)	(56,000)
Contribution Deficiency (Excess)	<u>\$ 56,000</u>	<u>\$ 26,000</u>
Covered Payroll	\$ 10,877,169	\$ 9,374,923
Contributions as a Percentage of Covered Payroll	1.03%	0.87%

* Fiscal Year 2014-15 was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013, Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012, Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses; includes Inflation. For 2014-15, 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of West Covina

Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios CalPERS Pension Plan - Supplemental Retirement Plan for Executive Staff Last Ten Years*

Measurement Period	2013-14	2014-15
TOTAL PENSION LIABILITY		
Service Cost	\$ 112,000	\$ 116,000
Interest	168,000	178,000
Difference Between Expected and Actual Experience	-	(643,000)
Changes of Assumptions	-	346,000
Changes in benefits	-	-
Benefit Payments, Including Refunds of Employee Contributions	(82,000)	(104,000)
Net Change in Total Pension Liability	198,000	(107,000)
Total Pension Liability - Beginning	2,959,000	3,157,000
Total Pension Liability - Ending (a)	\$ 3,157,000	\$ 3,050,000
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 59,000	\$ 78,000
Contributions - Employee	-	-
Net Investment Income ¹	75,000	13,000
Benefit Payments, Including Refunds of Employee Contributions	(82,000)	(104,000)
Plan to Plan Resource Movement	-	-
Administrative Expense	(6,000)	(6,000)
Net Change in Fiduciary Net Position	46,000	(19,000)
Plan Fiduciary Net Position - Beginning	660,000	706,000
Plan Fiduciary Net Position - Ending (b)	\$ 706,000	\$ 687,000
Plan Net Pension Liability - Ending (a) - (b)	\$ 2,451,000	\$ 2,363,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.36%	22.52%
Covered Payroll	\$ -	\$ -
Plan Net Pension Liability as a Percentage of Covered Payroll	0.00%	0.00%

¹ Net of administrative expenses.

* Measurement date June 30, 2014, (fiscal year 2014-15) was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent for the June 30, 2015, measurement date.

City of West Covina

Required Supplementary Information Schedule of Plan Contributions CalPERS Pension Plan - Supplemental Retirement Plan for Executive Staff Last Ten Years*

	Fiscal Year 2014-15	Fiscal Year 2015-16
Actuarially Determined Contribution	\$ 383,000	\$ 439,000
Contributions in Relation to the Actuarially Determined Contribution	(78,000)	(78,000)
Contribution Deficiency (Excess)	<u>\$ 305,000</u>	<u>\$ 361,000</u>
Covered Payroll	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	0.00%	0.00%

* Fiscal Year 2014-15 was the first year of implementation, therefore, only two years are presented.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were from the June 30, 2013, Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2012, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012, Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.65% Net of Pension Plan Investment Expenses; includes Inflation. For 2014-15, 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

City of West Covina

**Required Supplementary Information
 Schedule of Funding Progress
 Other Post-Employment Benefits
 For the Year Ended June 30, 2016
 (Amounts Expressed in Thousands)**

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]
6/30/2011	\$ -	\$ 68,782	\$ 68,782	0.00%	\$ 29,420	233.79%
6/30/2013	-	65,190	65,190	0.00%	25,620	254.45%
6/30/2015	-	55,763	55,763	0.00%	25,692	217.04%

City of West Covina

Required Supplementary Information General Fund

General Fund

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

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 45,682,675	\$ 46,472,675	\$ 47,452,961	\$ 980,286
Licenses and permits	1,185,000	1,185,000	1,156,613	(28,387)
Fines and forfeitures	913,000	913,000	796,989	(116,011)
Investment income	150,000	150,000	(569,996)	(719,996)
Rental income	460,000	460,000	529,833	69,833
Revenue from other agencies	1,464,000	1,464,000	1,566,549	102,549
Charges for services	5,698,510	5,766,438	7,032,594	1,266,156
Other revenues	183,000	183,000	167,787	(15,213)
Total revenues	<u>55,736,185</u>	<u>56,594,113</u>	<u>58,133,330</u>	<u>1,539,217</u>
EXPENDITURES				
Current:				
General government	5,159,556	5,240,679	4,710,142	530,537
Public safety	44,917,214	45,730,542	47,120,170	(1,389,628)
Public works	4,897,057	5,216,408	5,081,608	134,800
Community services	2,241,666	2,251,048	2,012,171	238,877
Community development	572,599	588,828	538,680	50,148
Debt service:				
Principal	75,500	69,479	69,450	29
Interest and fiscal charges	-	6,021	6,021	-
Total expenditures	<u>57,863,592</u>	<u>59,103,005</u>	<u>59,538,242</u>	<u>(435,237)</u>
Deficiency of revenues under expenditures	<u>(2,127,407)</u>	<u>(2,508,892)</u>	<u>(1,404,912)</u>	<u>1,103,980</u>
OTHER FINANCING SOURCES (USES)				
Acquisition under capital leases	2,568,446	2,568,446	2,568,446	-
Transfers in	1,581,775	3,198,182	2,341,924	(856,258)
Transfers out	<u>(1,887,000)</u>	<u>(9,755,021)</u>	<u>(8,523,516)</u>	<u>1,231,505</u>
Total other financing sources (uses)	<u>2,263,221</u>	<u>(3,988,393)</u>	<u>(3,613,146)</u>	<u>375,247</u>
Net change in fund balance	135,814	(6,497,285)	(5,018,058)	1,479,227
Fund balance, beginning of year, as restated	<u>27,180,447</u>	<u>27,180,447</u>	<u>27,180,447</u>	<u>-</u>
Fund balance, end of year	<u>\$ 27,316,261</u>	<u>\$ 20,683,162</u>	<u>\$ 22,162,389</u>	<u>\$ 1,479,227</u>

City of West Covina

Required Supplementary Information Major Special Revenue Funds

West Covina Housing Authority Special Revenue Fund

The West Covina Housing Authority Special Revenue 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.

Grants Special Revenue Fund

The Grants Special Revenue 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

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
West Covina Housing Authority Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ -	\$ 368,011	\$ 368,011
Other revenues	18,000	18,000	100,000	82,000
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>468,011</u>	<u>450,011</u>
EXPENDITURES				
Current:				
General government	<u>777,058</u>	<u>581,605</u>	<u>391,618</u>	<u>189,987</u>
Total expenditures	<u>777,058</u>	<u>581,605</u>	<u>391,618</u>	<u>189,987</u>
Net change in fund balance	(759,058)	(563,605)	76,393	639,998
Fund balance, beginning of year	<u>24,369,821</u>	<u>24,369,821</u>	<u>24,369,821</u>	-
Fund balance, end of year	<u>\$ 23,610,763</u>	<u>\$ 23,806,216</u>	<u>\$ 24,446,214</u>	<u>\$ 639,998</u>

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,486	\$ 1,486
Revenue from other agencies	233,309	1,367,816	273,497	(1,094,319)
Charges for services	71,810	71,810	54,715	(17,095)
Other revenues	160,000	160,000	162,247	2,247
Total revenues	<u>465,119</u>	<u>1,599,626</u>	<u>491,945</u>	<u>(1,107,681)</u>
EXPENDITURES				
Current:				
Public safety	-	30,103	29,272	831
Public works	102,602	816,609	665,980	150,629
Community services	<u>297,583</u>	<u>297,761</u>	<u>243,132</u>	<u>54,629</u>
Total expenditures	<u>400,185</u>	<u>1,144,473</u>	<u>938,384</u>	<u>206,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,934</u>	<u>455,153</u>	<u>(446,439)</u>	<u>(901,592)</u>
OTHER FINANCING SOURCES				
Transfers in	-	3,787	570	(3,217)
Total other financing sources	<u>-</u>	<u>3,787</u>	<u>570</u>	<u>(3,217)</u>
Net change in fund balance	64,934	458,940	(445,869)	(904,809)
Fund balance (deficit), beginning of year, as restated	<u>(403,526)</u>	<u>(403,526)</u>	<u>(403,526)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (338,592)</u>	<u>\$ 55,414</u>	<u>\$ (849,395)</u>	<u>\$ (904,809)</u>

**Notes to Required Supplementary Information
June 30, 2016**

1) BUDGETARY INFORMATION

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 with the exception of the Development Impact Fees Capital Projects Fund. 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.

2) EXPENDITURES IN EXCESS OF APPROPRIATIONS

Governmental Funds	Final Budget	Expenditures	Excess
Major Fund - General Fund	\$ 59,103,005	\$ 59,538,242	\$ 435,237
Non-Major Special Revenue Funds:			
Drug Enforcement Rebate	1,718,445	1,720,932	2,487
Transportation Development Act	75,847	76,070	223
Non-Major Capital Projects Fund:			
Construction Tax	235,297	236,236	939

SUPPLEMENTARY INFORMATION

City of West Covina

Major Debt Service Fund

DEBT SERVICE FUNDS are 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 issues.

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Fund City Debt Service Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ (513,461)	\$ (513,461)
Revenue from other agencies	-	1,193,805	1,200,805	7,000
Charges for services	975,415	975,415	497,368	(478,047)
Total revenues	975,415	2,169,220	1,184,712	(984,508)
EXPENDITURES				
Debt service:				
Principal	1,980,329	2,559,247	1,958,011	601,236
Interest and fiscal charges	1,542,165	1,542,165	1,568,732	(26,567)
Total expenditures	3,522,494	4,101,412	3,526,743	574,669
Deficiency of revenues under expenditures	(2,547,079)	(1,932,192)	(2,342,031)	(409,839)
OTHER FINANCING SOURCES				
Transfers in	1,747,000	2,325,918	2,184,676	(141,242)
Net change in fund balance	(800,079)	393,726	(157,355)	(551,081)
Fund balance, beginning of year	13,169,081	13,169,081	13,169,081	-
Fund balance, end of year	<u>\$ 12,369,002</u>	<u>\$ 13,562,807</u>	<u>\$ 13,011,726</u>	<u>\$ (551,081)</u>

Non-Major Governmental Funds

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
Non-Major Governmental Funds
June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and investments	\$ 20,465,067	\$ 5,420,364	\$ 25,885,431
Receivables, net:			
Taxes	238,242	-	238,242
Interest	12,589	3,178	15,767
Other	49,466	-	49,466
Due from other agencies	1,210,945	35,000	1,245,945
Prepaid expenses	12,351	-	12,351
	<u>21,988,660</u>	<u>5,458,542</u>	<u>27,447,202</u>
Total assets	<u>\$ 21,988,660</u>	<u>\$ 5,458,542</u>	<u>\$ 27,447,202</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 773,023	\$ 333,797	\$ 1,106,820
Other accrued liabilities	132,190	24,680	156,870
Due to other funds	690,548	-	690,548
Advances from other funds	523,582	-	523,582
Due to other governments	8,025	-	8,025
Unearned revenue	38,690	-	38,690
	<u>2,166,058</u>	<u>358,477</u>	<u>2,524,535</u>
Total liabilities	<u>2,166,058</u>	<u>358,477</u>	<u>2,524,535</u>
Deferred inflows of resources:			
Unavailable revenue	217,908	35,000	252,908
	<u>217,908</u>	<u>35,000</u>	<u>252,908</u>
Fund Balances:			
Nonspendable	12,351	-	12,351
Restricted:			
Community services	2,179,015	-	2,179,015
Public safety	5,941,231	-	5,941,231
Public works	11,677,696	-	11,677,696
Assigned	-	5,065,065	5,065,065
Unassigned	(205,599)	-	(205,599)
	<u>19,604,694</u>	<u>5,065,065</u>	<u>24,669,759</u>
Total fund balances	<u>19,604,694</u>	<u>5,065,065</u>	<u>24,669,759</u>
Total liabilities, deferred inflows of resources, and fund balances			
	<u>\$ 21,988,660</u>	<u>\$ 5,458,542</u>	<u>\$ 27,447,202</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES			
Taxes	\$ 6,594,788	\$ 189,900	\$ 6,784,688
Special assessments	5,550,657	-	5,550,657
Investment income	112,275	31,553	143,828
Revenue from other agencies	7,977,860	200,000	8,177,860
Charges for services	133,559	13,000	146,559
Other revenues	458,889	598,180	1,057,069
	<u>20,828,028</u>	<u>1,032,633</u>	<u>21,860,661</u>
EXPENDITURES			
Current:			
General government	2,054	-	2,054
Public safety	3,642,530	170,911	3,813,441
Public works	9,525,443	236,236	9,761,679
Community services	3,913,872	695,005	4,608,877
Community development	360,034	-	360,034
	<u>17,443,933</u>	<u>1,102,152</u>	<u>18,546,085</u>
Total expenditures	<u>17,443,933</u>	<u>1,102,152</u>	<u>18,546,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,384,095</u>	<u>(69,519)</u>	<u>3,314,576</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	99,977	203,891	303,868
Transfers out	<u>(2,288,780)</u>	<u>-</u>	<u>(2,288,780)</u>
Total other financing sources (uses)	<u>(2,188,803)</u>	<u>203,891</u>	<u>(1,984,912)</u>
Net change in fund balance	1,195,292	134,372	1,329,664
Fund balances, beginning of year, as restated	<u>18,409,402</u>	<u>4,930,693</u>	<u>23,340,095</u>
Fund balances, end of year	<u>\$ 19,604,694</u>	<u>\$ 5,065,065</u>	<u>\$ 24,669,759</u>

City of West Covina

Non-Major Governmental Funds – Special Revenue Funds

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

Drug Enforcement Rebate - This 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.

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 Donations - 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.

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

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

City of West Covina

Non-Major Governmental Funds – Special Revenue Funds, (continued)

Charter PEG - 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.

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 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 the activities of the Community Development Block Grant received from the U.S. Department of Housing and Urban Development.

SAFER Grant - This fund accounts for personnel costs that are reimbursable through the Staffing for Adequate Fire and Emergency Response (SAFER) Grant.

Maintenance District #1 - The City levies special benefit assessments and property taxes upon property within defined districts. Through the Los Angeles County Tax Collector, assessments are placed on the property owner's annual tax bill. These funds are used to maintain and improve the open spaces within the districts by providing landscape maintenance.

Maintenance District #2 - The City levies special benefit assessments and property taxes upon property within defined districts. Through the Los Angeles County Tax Collector, assessments are placed on the property owner's annual tax bill. These funds are used to maintain and improve the open spaces within the districts by providing landscape maintenance.

Coastal Sage Shrub – This community facilities district was formed to provide for the restoration and ongoing maintenance of sensitive environmental habitat within the development area of a former landfill, including habitat for endangered species such as the California gnatcatcher (*Polioptila californica*).

Maintenance District #4 - The City levies special benefit assessments and property taxes upon property within defined districts. Through the Los Angeles County Tax Collector, assessments are placed on the property owner's annual tax bill. These funds are used to maintain and improve the open spaces within the districts by providing landscape maintenance.

Non-Major Governmental Funds – Special Revenue Funds, (continued)

Maintenance District #6 - The City levies special benefit assessments and property taxes upon property within defined districts. Through the Los Angeles County Tax Collector, assessments are placed on the property owner's annual tax bill. These funds are used to maintain and improve the open spaces within the districts by providing landscape maintenance.

Maintenance District #7 - The City levies special benefit assessments and property taxes upon property within defined districts. Through the Los Angeles County Tax Collector, assessments are placed on the property owner's annual tax bill. These funds are used to maintain and improve the open spaces within the districts by providing landscape maintenance.

Citywide Maintenance District - Revenue for the fund comes from annual special benefit assessments from property owners who benefit from covered improvements. This fund provides the majority of funding for the City's street lighting system and street tree program.

Sewer Maintenance - This fund supports the City's street sweeping program and maintenance of the City's sewer system. The City also provides services to the City of Covina through this fund.

Auto Plaza Improvement District - This fund is an assessment district supported by six of West Covina's automobile dealers to fund the construction, maintenance and operations of a reader board adjacent to Interstate 10.

City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016**

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
ASSETS				
Cash and investments	\$ 5,511,420	\$ 6,266	\$ 572,566	\$ 486,864
Receivables, net:				
Taxes	-	-	-	-
Interest	3,391	4	352	300
Other	-	-	-	-
Due from other agencies	-	-	42,537	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 5,514,811</u>	<u>\$ 6,270</u>	<u>\$ 615,455</u>	<u>\$ 487,164</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 179,392	\$ 6,270	\$ 4,621	\$ 1,880
Other accrued liabilities	646	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>180,038</u>	<u>6,270</u>	<u>4,621</u>	<u>1,880</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	5,448	-
Fund Balances (Deficit):				
Nonspendable	-	-	-	-
Restricted:				
Community services	-	-	-	485,284
Public safety	5,334,773	-	-	-
Public works	-	-	605,386	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>5,334,773</u>	<u>-</u>	<u>605,386</u>	<u>485,284</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,514,811</u>	<u>\$ 6,270</u>	<u>\$ 615,455</u>	<u>\$ 487,164</u>

Proposition C	State Gas Tax	Police Donations	Transportation Development Act	AB939	Public Safety Augmentation	COPS/SLESA
\$ 1,184,422	\$ 274,660	\$ 29,660	\$ -	\$ 333,416	\$ 154,504	\$ 316,094
-	-	-	-	-	126,295	6,304
727	197	14	-	200	95	194
-	-	-	-	44,585	-	-
-	135,128	-	86,389	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,185,149</u>	<u>\$ 409,985</u>	<u>\$ 29,674</u>	<u>\$ 86,389</u>	<u>\$ 378,201</u>	<u>\$ 280,894</u>	<u>\$ 322,592</u>
\$ 139,838	\$ 25,121	\$ -	\$ -	\$ 480	\$ -	\$ 22,687
5,526	30,652	-	3,660	2,344	-	4,015
-	-	-	74,704	-	-	-
-	-	-	-	-	-	-
-	-	-	8,025	-	-	-
-	-	-	-	-	-	-
<u>145,364</u>	<u>55,773</u>	<u>-</u>	<u>86,389</u>	<u>2,824</u>	<u>-</u>	<u>26,702</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,039,785	-	-	-	-	-	-
-	-	29,674	-	-	280,894	295,890
-	354,212	-	-	375,377	-	-
-	-	-	-	-	-	-
<u>1,039,785</u>	<u>354,212</u>	<u>29,674</u>	<u>-</u>	<u>375,377</u>	<u>280,894</u>	<u>295,890</u>
<u>\$ 1,185,149</u>	<u>\$ 409,985</u>	<u>\$ 29,674</u>	<u>\$ 86,389</u>	<u>\$ 378,201</u>	<u>\$ 280,894</u>	<u>\$ 322,592</u>

City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016**

	Charter PEG	Art in Public Places	Measure R	Integrated Waste Management
ASSETS				
Cash and investments	\$ 278,142	\$ 89,784	\$ 922,540	\$ 76,528
Receivables, net:				
Taxes	-	-	-	18,403
Interest	171	55	567	-
Other	-	-	-	-
Due from other agencies	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 278,313</u>	<u>\$ 89,839</u>	<u>\$ 923,107</u>	<u>\$ 94,931</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 5,756	\$ 66,340	\$ 1,011
Other accrued liabilities	-	2,647	940	617
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>8,403</u>	<u>67,280</u>	<u>1,628</u>
Deferred Inflows of Resources:				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):				
Nonspendable	-	-	-	-
Restricted:				
Community services	278,313	81,436	-	-
Public safety	-	-	-	-
Public works	-	-	855,827	93,303
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>278,313</u>	<u>81,436</u>	<u>855,827</u>	<u>93,303</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 278,313</u>	<u>\$ 89,839</u>	<u>\$ 923,107</u>	<u>\$ 94,931</u>

West Covina Community Services Foundation	Community Development Block Grant	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub	Maintenance District #4
\$ 117,051	\$ -	\$ -	\$ 1,780,805	\$ 619,426	\$ 261,849	\$ 2,399,142
-	-	-	10,493	29	98	11,550
72	-	-	1,096	381	161	1,477
4,881	-	-	-	-	-	-
-	315,859	631,032	-	-	-	-
12,351	-	-	-	-	-	-
<u>\$ 134,355</u>	<u>\$ 315,859</u>	<u>\$ 631,032</u>	<u>\$ 1,792,394</u>	<u>\$ 619,836</u>	<u>\$ 262,108</u>	<u>\$ 2,412,169</u>
\$ 6,030	\$ 49,186	\$ -	\$ 31,350	\$ 33,980	\$ 10,436	\$ 50,002
-	31,138	26,949	997	604	226	1,503
-	11,069	604,775	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	38,690	-	-	-	-	-
<u>6,030</u>	<u>130,083</u>	<u>631,724</u>	<u>32,347</u>	<u>34,584</u>	<u>10,662</u>	<u>51,505</u>
-	7,553	204,907	-	-	-	-
12,351	-	-	-	-	-	-
115,974	178,223	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,760,047	585,252	251,446	2,360,664
-	-	(205,599)	-	-	-	-
<u>128,325</u>	<u>178,223</u>	<u>(205,599)</u>	<u>1,760,047</u>	<u>585,252</u>	<u>251,446</u>	<u>2,360,664</u>
<u>\$ 134,355</u>	<u>\$ 315,859</u>	<u>\$ 631,032</u>	<u>\$ 1,792,394</u>	<u>\$ 619,836</u>	<u>\$ 262,108</u>	<u>\$ 2,412,169</u>

City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2016**

	Maintenance District #6	Maintenance District #7	Citywide Maintenance District
ASSETS			
Cash and investments	\$ 383,093	\$ 378,358	\$ 915,053
Receivables, net:			
Taxes	1,960	2,685	20,758
Interest	236	233	567
Other	-	-	-
Due from other agencies	-	-	-
Prepaid expenses	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 385,289</u>	<u>\$ 381,276</u>	<u>\$ 936,378</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 18,616	\$ 9,823	\$ 77,632
Other accrued liabilities	644	630	1,624
Due to other funds	-	-	-
Advances from other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
	<u>19,260</u>	<u>10,453</u>	<u>79,256</u>
Total liabilities	<u>19,260</u>	<u>10,453</u>	<u>79,256</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):			
Nonspendable	-	-	-
Restricted:			
Community services	-	-	-
Public safety	-	-	-
Public works	366,029	370,823	857,122
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>366,029</u>	<u>370,823</u>	<u>857,122</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 385,289</u>	<u>\$ 381,276</u>	<u>\$ 936,378</u>

Sewer Maintenance	Auto Plaza Improvement District	Total Non-Major Special Revenue Funds
\$ 2,759,935	\$ 613,489	\$ 20,465,067
39,667	-	238,242
1,720	379	12,589
-	-	49,466
-	-	1,210,945
-	-	12,351
<u>\$ 2,801,322</u>	<u>\$ 613,868</u>	<u>\$ 21,988,660</u>
\$ 30,981	\$ 1,591	\$ 773,023
16,828	-	132,190
-	-	690,548
-	523,582	523,582
-	-	8,025
-	-	38,690
<u>47,809</u>	<u>525,173</u>	<u>2,166,058</u>
<u>-</u>	<u>-</u>	<u>217,908</u>
-	-	12,351
-	-	2,179,015
-	-	5,941,231
2,753,513	88,695	11,677,696
-	-	(205,599)
<u>2,753,513</u>	<u>88,695</u>	<u>19,604,694</u>
<u>\$ 2,801,322</u>	<u>\$ 613,868</u>	<u>\$ 21,988,660</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2016**

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,946,323
Special assessments	-	-	-	-
Investment income	32,281	-	3,246	1,393
Revenue from other agencies	2,343,769	-	138,114	100,420
Charges for services	56,608	-	-	-
Other revenues	-	-	-	3,224
Total revenues	<u>2,432,658</u>	<u>-</u>	<u>141,360</u>	<u>2,051,360</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	1,720,932	-	-	-
Public works	-	-	47,827	-
Community services	-	6,293	-	2,172,123
Community development	-	-	-	-
Total expenditures	<u>1,720,932</u>	<u>6,293</u>	<u>47,827</u>	<u>2,172,123</u>
Excess of revenues over (under) expenditures	<u>711,726</u>	<u>(6,293)</u>	<u>93,533</u>	<u>(120,763)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	711,726	(6,293)	93,533	(120,763)
Fund balances (deficit), beginning of year, as restated	<u>4,623,047</u>	<u>6,293</u>	<u>511,853</u>	<u>606,047</u>
Fund balances (deficit), end of year	<u>\$ 5,334,773</u>	<u>\$ -</u>	<u>\$ 605,386</u>	<u>\$ 485,284</u>

Proposition C	State Gas Tax	Police Donations	Transportation Development Act	AB939	Public Safety Augmentation	COPS/SLESA
\$ 1,617,352	\$ -	\$ -	\$ -	\$ -	\$ 709,173	\$ -
-	-	-	-	-	-	-
6,156	2,578	183	-	1,943	1,538	1,911
-	2,050,061	1,600	78,365	-	-	194,333
-	1,961	-	-	1,376	-	-
-	-	3,107	-	178,417	-	-
<u>1,623,508</u>	<u>2,054,600</u>	<u>4,890</u>	<u>78,365</u>	<u>181,736</u>	<u>710,711</u>	<u>196,244</u>
-	2,054	-	-	-	-	-
-	-	5,593	-	-	-	207,011
275,593	2,192,892	-	76,070	138,083	-	-
854,722	-	-	-	-	-	-
135,355	-	-	-	-	-	-
<u>1,265,670</u>	<u>2,194,946</u>	<u>5,593</u>	<u>76,070</u>	<u>138,083</u>	<u>-</u>	<u>207,011</u>
<u>357,838</u>	<u>(140,346)</u>	<u>(703)</u>	<u>2,295</u>	<u>43,653</u>	<u>710,711</u>	<u>(10,767)</u>
1,200	25,000	-	-	-	-	-
-	(720,000)	-	-	-	(709,173)	-
<u>1,200</u>	<u>(695,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(709,173)</u>	<u>-</u>
359,038	(835,346)	(703)	2,295	43,653	1,538	(10,767)
<u>680,747</u>	<u>1,189,558</u>	<u>30,377</u>	<u>(2,295)</u>	<u>331,724</u>	<u>279,356</u>	<u>306,657</u>
<u>\$ 1,039,785</u>	<u>\$ 354,212</u>	<u>\$ 29,674</u>	<u>\$ -</u>	<u>\$ 375,377</u>	<u>\$ 280,894</u>	<u>\$ 295,890</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2016**

	Charter PEG	Art in Public Places	Measure R	Integrated Waste Management
REVENUES				
Taxes	\$ -	\$ -	\$ 1,211,550	\$ -
Special assessments	-	-	-	-
Investment income	1,686	1,720	6,062	-
Revenue from other agencies	-	-	-	-
Charges for services	-	-	-	73,614
Other revenues	-	51,019	-	-
Total revenues	<u>1,686</u>	<u>52,739</u>	<u>1,217,612</u>	<u>73,614</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	489,648	68,124
Community services	-	-	589,846	-
Community development	-	177,630	-	-
Total expenditures	<u>-</u>	<u>177,630</u>	<u>1,079,494</u>	<u>68,124</u>
Excess of revenues over (under) expenditures	<u>1,686</u>	<u>(124,891)</u>	<u>138,118</u>	<u>5,490</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,686	(124,891)	138,118	5,490
Fund balances (deficit), beginning of year, as restated	<u>276,627</u>	<u>206,327</u>	<u>717,709</u>	<u>87,813</u>
Fund balances (deficit), end of year	<u>\$ 278,313</u>	<u>\$ 81,436</u>	<u>\$ 855,827</u>	<u>\$ 93,303</u>

West Covina Community Services Foundation	Community Development Block Grant	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub	Maintenance District #4
\$ -	\$ -	\$ -	\$ 487,045	\$ 155,443	\$ 180,712	\$ -
-	-	-	-	-	-	1,045,001
937	-	-	10,106	3,594	1,308	13,581
-	1,417,556	1,618,182	-	-	-	-
-	-	-	-	-	-	-
137,006	86,116	-	-	-	-	-
<u>137,943</u>	<u>1,503,672</u>	<u>1,618,182</u>	<u>497,151</u>	<u>159,037</u>	<u>182,020</u>	<u>1,058,582</u>
-	-	-	-	-	-	-
5,509	61,992	1,633,292	-	-	-	-
-	1,203,119	-	335,273	144,536	86,806	904,520
92,569	198,319	-	-	-	-	-
-	-	-	-	-	-	-
<u>98,078</u>	<u>1,463,430</u>	<u>1,633,292</u>	<u>335,273</u>	<u>144,536</u>	<u>86,806</u>	<u>904,520</u>
<u>39,865</u>	<u>40,242</u>	<u>(15,110)</u>	<u>161,878</u>	<u>14,501</u>	<u>95,214</u>	<u>154,062</u>
-	-	-	1,501	-	-	9,000
(50,000)	-	-	(2,594)	(10,200)	-	(3,580)
(50,000)	-	-	(1,093)	(10,200)	-	5,420
(10,135)	40,242	(15,110)	160,785	4,301	95,214	159,482
<u>138,460</u>	<u>137,981</u>	<u>(190,489)</u>	<u>1,599,262</u>	<u>580,951</u>	<u>156,232</u>	<u>2,201,182</u>
<u>\$ 128,325</u>	<u>\$ 178,223</u>	<u>\$ (205,599)</u>	<u>\$ 1,760,047</u>	<u>\$ 585,252</u>	<u>\$ 251,446</u>	<u>\$ 2,360,664</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2016**

	Maintenance District #6	Maintenance District #7	Citywide Maintenance District
REVENUES			
Taxes	\$ -	\$ -	\$ -
Special assessments	154,999	146,024	1,590,345
Investment income	2,173	2,349	4,403
Revenue from other agencies	-	-	-
Charges for services	-	-	-
Other revenues	-	-	-
	<u>157,172</u>	<u>148,373</u>	<u>1,594,748</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	8,100	-	-
Public works	131,749	180,365	1,522,209
Community services	-	-	-
Community development	-	-	-
	<u>139,849</u>	<u>180,365</u>	<u>1,522,209</u>
Total expenditures	<u>139,849</u>	<u>180,365</u>	<u>1,522,209</u>
Excess of revenues over (under) expenditures	<u>17,323</u>	<u>(31,992)</u>	<u>72,539</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	13,130
Transfers out	<u>(3,570)</u>	<u>(3,580)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,570)</u>	<u>(3,580)</u>	<u>13,130</u>
Net change in fund balances	13,753	(35,572)	85,669
Fund balances (deficit), beginning of year, as restated	<u>352,276</u>	<u>406,395</u>	<u>771,453</u>
Fund balances (deficit), end of year	<u>\$ 366,029</u>	<u>\$ 370,823</u>	<u>\$ 857,122</u>

Sewer Maintenance	Auto Plaza Improvement District	Total Non-Major Special Revenue Funds
\$ 219,867	\$ 67,323	\$ 6,594,788
2,614,288	-	5,550,657
12,110	1,017	112,275
35,460	-	7,977,860
-	-	133,559
-	-	458,889
<u>2,881,725</u>	<u>68,340</u>	<u>20,828,028</u>
-	-	2,054
101	-	3,642,530
1,728,629	-	9,525,443
-	-	3,913,872
-	47,049	360,034
<u>1,728,730</u>	<u>47,049</u>	<u>17,443,933</u>
<u>1,152,995</u>	<u>21,291</u>	<u>3,384,095</u>
50,146	-	99,977
(786,083)	-	(2,288,780)
<u>(735,937)</u>	<u>-</u>	<u>(2,188,803)</u>
417,058	21,291	1,195,292
<u>2,336,455</u>	<u>67,404</u>	<u>18,409,402</u>
<u>\$ 2,753,513</u>	<u>\$ 88,695</u>	<u>\$ 19,604,694</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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 32,281	\$ 32,281
Revenue from other agencies	20,000	1,549,378	2,343,769	794,391
Charges for services	-	56,608	56,608	-
Total revenues	20,000	1,605,986	2,432,658	826,672
EXPENDITURES				
Current:				
Public safety	-	1,718,445	1,720,932	(2,487)
Net change in fund balance	20,000	(112,459)	711,726	824,185
Fund balance, beginning of year	4,623,047	4,623,047	4,623,047	-
Fund balance, end of year	\$ 4,643,047	\$ 4,510,588	\$ 5,334,773	\$ 824,185

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current:				
Community services	\$ -	\$ 6,293	\$ 6,293	\$ -
Net change in fund balance	-	(6,293)	(6,293)	-
Fund balance, beginning of year	6,293	6,293	6,293	-
Fund balance, end of year	<u>\$ 6,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 3,246	\$ 3,246
Revenue from other agencies	134,000	134,000	138,114	4,114
Total revenues	134,000	134,000	141,360	7,360
EXPENDITURES				
Current:				
Public works	54,630	60,958	47,827	13,131
Net change in fund balance	79,370	73,042	93,533	20,491
Fund balance, beginning of year	511,853	511,853	511,853	-
Fund balance, end of year	\$ 591,223	\$ 584,895	\$ 605,386	\$ 20,491

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,947,120	\$ 1,947,120	\$ 1,946,323	\$ (797)
Investment income	-	-	1,393	1,393
Revenue from other agencies	100,000	100,000	100,420	420
Other revenue	-	-	3,224	3,224
Total revenues	<u>2,047,120</u>	<u>2,047,120</u>	<u>2,051,360</u>	<u>4,240</u>
EXPENDITURES				
Current:				
Community services	<u>1,930,000</u>	<u>2,222,648</u>	<u>2,172,123</u>	<u>50,525</u>
Net change in fund balance	117,120	(175,528)	(120,763)	54,765
Fund balance, beginning of year	<u>606,047</u>	<u>606,047</u>	<u>606,047</u>	<u>-</u>
Fund balance, end of year	<u>\$ 723,167</u>	<u>\$ 430,519</u>	<u>\$ 485,284</u>	<u>\$ 54,765</u>

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,615,485	\$ 1,615,485	\$ 1,617,352	\$ 1,867
Investment income	-	-	6,156	6,156
Total revenues	<u>1,615,485</u>	<u>1,615,485</u>	<u>1,623,508</u>	<u>8,023</u>
EXPENDITURES				
Current:				
Public works	394,217	346,722	275,593	71,129
Community services	918,909	945,654	854,722	90,932
Community development	158,761	158,761	135,355	23,406
Total expenditures	<u>1,471,887</u>	<u>1,451,137</u>	<u>1,265,670</u>	<u>185,467</u>
Excess of revenues over expenditures	<u>143,598</u>	<u>164,348</u>	<u>357,838</u>	<u>193,490</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,200	1,200	-
Net change in fund balance	143,598	165,548	359,038	193,490
Fund balance, beginning of year	<u>680,747</u>	<u>680,747</u>	<u>680,747</u>	<u>-</u>
Fund balance, end of year	<u>\$ 824,345</u>	<u>\$ 846,295</u>	<u>\$ 1,039,785</u>	<u>\$ 193,490</u>

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 2,578	\$ 2,578
Revenue from other agencies	2,386,741	2,386,741	2,050,061	(336,680)
Charges for services	-	-	1,961	1,961
Total revenues	<u>2,386,741</u>	<u>2,386,741</u>	<u>2,054,600</u>	<u>(332,141)</u>
EXPENDITURES				
Current:				
General government	2,500	2,500	2,054	446
Public works	2,524,578	2,493,393	2,192,892	300,501
Total expenditures	<u>2,527,078</u>	<u>2,495,893</u>	<u>2,194,946</u>	<u>300,947</u>
Deficiency of revenues under expenditures	<u>(140,337)</u>	<u>(109,152)</u>	<u>(140,346)</u>	<u>(31,194)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Transfers out	<u>(720,000)</u>	<u>(720,000)</u>	<u>(720,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(695,000)</u>	<u>(695,000)</u>	<u>(695,000)</u>	<u>-</u>
Net change in fund balance	(835,337)	(804,152)	(835,346)	(31,194)
Fund balance, beginning of year	<u>1,189,558</u>	<u>1,189,558</u>	<u>1,189,558</u>	<u>-</u>
Fund balance, end of year	<u>\$ 354,221</u>	<u>\$ 385,406</u>	<u>\$ 354,212</u>	<u>\$ (31,194)</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Police Donations Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 183	\$ 183
Revenue from other agencies	-	1,600	1,600	-
Other revenues	-	3,107	3,107	-
Total revenues	-	4,707	4,890	183
EXPENDITURES				
Current:				
Public safety	-	5,593	5,593	-
Net change in fund balance	-	(886)	(703)	183
Fund balance, beginning of year	30,377	30,377	30,377	-
Fund balance, end of year	\$ 30,377	\$ 29,491	\$ 29,674	\$ 183

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 68,702	\$ 78,365	\$ 78,365	\$ -
EXPENDITURES				
Current:				
Public works	-	75,847	76,070	(223)
Net change in fund balance	68,702	2,518	2,295	(223)
Fund balance, beginning of year	(2,295)	(2,295)	(2,295)	-
Fund balance, end of year	\$ 66,407	\$ 223	\$ -	\$ (223)

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,943	\$ 1,943
Charges for services	3,000	3,000	1,376	(1,624)
Other revenues	170,000	170,000	178,417	8,417
Total revenues	173,000	173,000	181,736	8,736
EXPENDITURES				
Current:				
Public works	142,644	154,644	138,083	16,561
Net change in fund balance	30,356	18,356	43,653	25,297
Fund balance, beginning of year	331,724	331,724	331,724	-
Fund balance, end of year	\$ 362,080	\$ 350,080	\$ 375,377	\$ 25,297

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Safety Augmentation Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 650,000	\$ 709,173	\$ 709,173	\$ -
Investment income	-	-	1,538	1,538
Total revenues	650,000	709,173	710,711	1,538
OTHER FINANCING USES				
Transfers out	(650,000)	(709,173)	(709,173)	-
Net change in fund balance	-	-	1,538	1,538
Fund balance, beginning of year	279,356	279,356	279,356	-
Fund balance, end of year	\$ 279,356	\$ 279,356	\$ 280,894	\$ 1,538

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
COPS/SLESA Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,911	\$ 1,911
Revenue from other agencies	170,000	170,000	194,333	24,333
Total revenues	170,000	170,000	196,244	26,244
EXPENDITURES				
Current:				
Public safety	-	207,011	207,011	-
Net change in fund balance	170,000	(37,011)	(10,767)	26,244
Fund balance, beginning of year	306,657	306,657	306,657	-
Fund balance, end of year	\$ 476,657	\$ 269,646	\$ 295,890	\$ 26,244

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Charter PEG Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,686	\$ 1,686
EXPENDITURES				
Current:				
Community Services	10,000	10,000	-	10,000
Net change in fund balance	(10,000)	(10,000)	1,686	11,686
Fund balance, beginning of year	276,627	276,627	276,627	-
Fund balance, end of year	\$ 266,627	\$ 266,627	\$ 278,313	\$ 11,686

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,720	\$ 1,720
Other revenues	70,000	70,000	51,019	(18,981)
Total revenues	70,000	70,000	52,739	(17,261)
EXPENDITURES				
Current:				
Community development	8,000	184,530	177,630	6,900
Net change in fund balance	62,000	(114,530)	(124,891)	(10,361)
Fund balance, beginning of year, as restated	206,327	206,327	206,327	-
Fund balance, end of year	\$ 268,327	\$ 91,797	\$ 81,436	\$ (10,361)

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,211,328	\$ 1,211,328	\$ 1,211,550	\$ 222
Investment income	-	-	6,062	6,062
Total revenues	1,211,328	1,211,328	1,217,612	6,284
EXPENDITURES				
Current:				
Public works	200,000	498,002	489,648	8,354
Community services	659,150	659,150	589,846	69,304
Total expenditures	859,150	1,157,152	1,079,494	77,658
Net change in fund balance	352,178	54,176	138,118	83,942
Fund balance, beginning of year	717,709	717,709	717,709	-
Fund balance, end of year	\$ 1,069,887	\$ 771,885	\$ 855,827	\$ 83,942

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 70,000	\$ 70,000	\$ 73,614	\$ 3,614
EXPENDITURES				
Current:				
Public works	85,180	106,701	68,124	38,577
Net change in fund balance	(15,180)	(36,701)	5,490	42,191
Fund balance, beginning of year	87,813	87,813	87,813	-
Fund balance, end of year	\$ 72,633	\$ 51,112	\$ 93,303	\$ 42,191

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 937	\$ 937
Other revenues	100,000	131,228	137,006	5,778
Total revenues	100,000	131,228	137,943	6,715
EXPENDITURES				
Current:				
Public safety	-	5,509	5,509	-
Community services	50,000	98,109	92,569	5,540
Total expenditures	50,000	103,618	98,078	5,540
Excess of revenues over expenditures	50,000	27,610	39,865	12,255
OTHER FINANCING (USES)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	-	(22,390)	(10,135)	12,255
Fund balance, beginning of year	138,460	138,460	138,460	-
Fund balance, end of year	\$ 138,460	\$ 116,070	\$ 128,325	\$ 12,255

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 760,439	\$ 1,608,779	\$ 1,417,556	\$ (191,223)
Other revenue	80,000	80,000	86,116	6,116
Total revenues	840,439	1,688,779	1,503,672	(185,107)
EXPENDITURES				
Current:				
Public safety	500	125,999	61,992	64,007
Public works	734,455	1,202,268	1,203,119	(851)
Community services	168,085	280,512	198,319	82,193
Total expenditures	903,040	1,608,779	1,463,430	145,349
Net change in fund balance	(62,601)	80,000	40,242	(39,758)
Fund balance, beginning of year, as restated	137,981	137,981	137,981	-
Fund balance, end of year	\$ 75,380	\$ 217,981	\$ 178,223	\$ (39,758)

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
SAFER Grant Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 1,706,256	\$ 1,706,256	\$ 1,618,182	\$ (88,074)
EXPENDITURES				
Current:				
Public safety	1,706,256	1,706,256	1,633,292	72,964
Net change in fund balance	-	-	(15,110)	(15,110)
Fund balance (deficit), beginning of year	(190,489)	(190,489)	(190,489)	-
Fund balance (deficit), end of year	\$ (190,489)	\$ (190,489)	\$ (205,599)	\$ (15,110)

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Maintenance District #1 Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 452,532	\$ 452,532	\$ 487,045	\$ 34,513
Investment income	2,890	2,890	10,106	7,216
Total revenues	455,422	455,422	497,151	41,729
EXPENDITURES				
Current:				
Public works	533,816	389,580	335,273	54,307
Excess (deficiency) of revenues over (under) expenditures	(78,394)	65,842	161,878	96,036
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,501	1,501	-
Transfers out	(1,200)	(2,594)	(2,594)	-
Total other financing sources (uses)	(1,200)	(1,093)	(1,093)	-
Net change in fund balance	(79,594)	64,749	160,785	96,036
Fund balance, beginning of year	1,599,262	1,599,262	1,599,262	-
Fund balance, end of year	\$ 1,519,668	\$ 1,664,011	\$ 1,760,047	\$ 96,036

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Maintenance District #2 Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 138,500	\$ 138,500	\$ 155,443	\$ 16,943
Investment income	-	-	3,594	3,594
Total revenues	138,500	138,500	159,037	20,537
EXPENDITURES				
Current:				
Public works	168,561	158,411	144,536	13,875
Excess (deficiency) of revenues over (under) expenditures	(30,061)	(19,911)	14,501	34,412
OTHER FINANCING (USES)				
Transfers out	(10,200)	(10,200)	(10,200)	-
Net change in fund balance	(40,261)	(30,111)	4,301	34,412
Fund balance, beginning of year	580,951	580,951	580,951	-
Fund balance, end of year	\$ 540,690	\$ 550,840	\$ 585,252	\$ 34,412

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Coastal Sage Shrub Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 107,400	\$ 107,400	\$ 180,712	\$ 73,312
Investment income	-	-	1,308	1,308
Total revenues	107,400	107,400	182,020	74,620
EXPENDITURES				
Current:				
Public works	112,998	112,998	86,806	26,192
Net change in fund balance	(5,598)	(5,598)	95,214	100,812
Fund balance, beginning of year	156,232	156,232	156,232	-
Fund balance, end of year	\$ 150,634	\$ 150,634	\$ 251,446	\$ 100,812

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Maintenance District #4 Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 1,040,000	\$ 1,040,000	\$ 1,045,001	\$ 5,001
Investment income	-	-	13,581	13,581
Total revenues	1,040,000	1,040,000	1,058,582	18,582
EXPENDITURES				
Current:				
Public works	1,361,267	1,187,549	904,520	283,029
Excess (deficiency) of revenues over (under) expenditures	(321,267)	(147,549)	154,062	301,611
OTHER FINANCING SOURCES (USES)				
Transfers in	9,000	9,000	9,000	-
Transfers out	(3,580)	(3,580)	(3,580)	-
Total other financing sources (uses)	5,420	5,420	5,420	-
Net change in fund balance	(315,847)	(142,129)	159,482	301,611
Fund balance, beginning of year	2,201,182	2,201,182	2,201,182	-
Fund balance, end of year	\$ 1,885,335	\$ 2,059,053	\$ 2,360,664	\$ 301,611

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Maintenance District #6 Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 155,000	\$ 155,000	\$ 154,999	\$ (1)
Investment income	-	-	2,173	2,173
Total revenues	155,000	155,000	157,172	2,172
EXPENDITURES				
Current:				
Public safety	50,000	8,100	8,100	-
Public works	154,982	155,116	131,749	23,367
Total expenditures	204,982	163,216	139,849	23,367
Excess (deficiency) of revenues over (under) expenditures	(49,982)	(8,216)	17,323	25,539
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,570)	(3,570)	(3,570)	-
Net change in fund balance	(53,552)	(11,786)	13,753	25,539
Fund balance, beginning of year	352,276	352,276	352,276	-
Fund balance, end of year	\$ 298,724	\$ 340,490	\$ 366,029	\$ 25,539

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Maintenance District #7 Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 150,800	\$ 150,800	\$ 146,024	\$ (4,776)
Investment income	-	-	2,349	2,349
Total revenues	150,800	150,800	148,373	(2,427)
EXPENDITURES				
Current:				
Public works	211,159	208,301	180,365	27,936
Deficiency of revenues under expenditures	(60,359)	(57,501)	(31,992)	25,509
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,580)	(3,580)	(3,580)	-
Net change in fund balance	(63,939)	(61,081)	(35,572)	25,509
Fund balance, beginning of year	406,395	406,395	406,395	-
Fund balance, end of year	\$ 342,456	\$ 345,314	\$ 370,823	\$ 25,509

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Citywide Maintenance District Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 1,595,000	\$ 1,595,000	\$ 1,590,345	\$ (4,655)
Investment income	-	-	4,403	4,403
Total revenues	1,595,000	1,595,000	1,594,748	(252)
EXPENDITURES				
Current:				
Public works	1,528,008	1,538,235	1,522,209	16,026
Excess of revenues over expenditures	66,992	56,765	72,539	15,774
OTHER FINANCING SOURCES				
Transfers in	13,130	13,130	13,130	-
Net change in fund balance	80,122	69,895	85,669	15,774
Fund balance, beginning of year	771,453	771,453	771,453	-
Fund balance, end of year	\$ 851,575	\$ 841,348	\$ 857,122	\$ 15,774

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Maintenance Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 190,000	\$ 190,000	\$ 219,867	\$ 29,867
Special assessments	2,678,065	2,678,065	2,614,288	(63,777)
Investment income	3,500	3,500	12,110	8,610
Charges for services	-	-	35,460	35,460
Total revenues	<u>2,871,565</u>	<u>2,871,565</u>	<u>2,881,725</u>	<u>10,160</u>
EXPENDITURES				
Current:				
Public safety	-	-	101	(101)
Public works	2,654,649	2,006,287	1,728,629	277,658
Total expenditures	<u>2,654,649</u>	<u>2,006,287</u>	<u>1,728,730</u>	<u>277,557</u>
Excess of revenues over expenditures	<u>216,916</u>	<u>865,278</u>	<u>1,152,995</u>	<u>287,717</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,146	50,146	-
Transfers out	(25,000)	(786,083)	(786,083)	-
Total other financing sources (uses)	<u>(25,000)</u>	<u>(735,937)</u>	<u>(735,937)</u>	<u>-</u>
Net change in fund balance	191,916	129,341	417,058	287,717
Fund balance, beginning of year	<u>2,336,455</u>	<u>2,336,455</u>	<u>2,336,455</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,528,371</u>	<u>\$ 2,465,796</u>	<u>\$ 2,753,513</u>	<u>\$ 287,717</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Auto Plaza Improvement District Special Revenue Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 57,750	\$ 57,750	\$ 67,323	\$ 9,573
Investment income	-	-	1,017	1,017
Total revenues	57,750	57,750	68,340	10,590
EXPENDITURES				
Current:				
Community development	46,890	49,970	47,049	2,921
Net change in fund balance	10,860	7,780	21,291	13,511
Fund balance, beginning of year	67,404	67,404	67,404	-
Fund balance, end of year	\$ 78,264	\$ 75,184	\$ 88,695	\$ 13,511

Non-Major Governmental Funds – Capital Projects Funds

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.

Information Technology - The funds paid into this fund are to be used for information technology capital outlay projects.

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

Development Impact Fees - This fund accounts for fees received from residential developers to help fund the purchase/replacement of vehicles/equipment along with the repairs and improvements of city facilities.

City of West Covina

**Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2016**

	<u>City</u>	<u>Construction Tax</u>	<u>Information Technology</u>
ASSETS			
Cash and investments	\$ 383,082	\$ 403,242	\$ 203,891
Receivables, net:			
Interest	236	248	-
Due from other agencies	35,000	-	-
Total assets	<u>\$ 418,318</u>	<u>\$ 403,490</u>	<u>\$ 203,891</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 18,881	\$ 14,694	\$ -
Other accrued liabilities	26	11,425	-
Total liabilities	<u>18,907</u>	<u>26,119</u>	<u>-</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>35,000</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Assigned	<u>364,411</u>	<u>377,371</u>	<u>203,891</u>
Total fund balances	<u>364,411</u>	<u>377,371</u>	<u>203,891</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 418,318</u>	<u>\$ 403,490</u>	<u>\$ 203,891</u>

<u>Park Development</u>	<u>Development Impact Fees</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ 4,379,381	\$ 50,768	\$ 5,420,364
2,694	-	3,178
-	-	35,000
<u>\$ 4,382,075</u>	<u>\$ 50,768</u>	<u>\$ 5,458,542</u>
\$ 300,222	\$ -	\$ 333,797
13,229	-	24,680
<u>313,451</u>	<u>-</u>	<u>358,477</u>
-	-	35,000
<u>4,068,624</u>	<u>50,768</u>	<u>5,065,065</u>
<u>4,068,624</u>	<u>50,768</u>	<u>5,065,065</u>
<u>\$ 4,382,075</u>	<u>\$ 50,768</u>	<u>\$ 5,458,542</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2016**

	<u>City</u>	<u>Construction Tax</u>	<u>Information Technology</u>
REVENUES			
Taxes	\$ -	\$ 189,900	\$ -
Investment income	2,380	2,601	-
Revenue from other agencies	200,000	-	-
Charges for services	13,000	-	-
Other revenues	-	-	-
	<u>215,380</u>	<u>192,501</u>	<u>-</u>
EXPENDITURES			
Current:			
Public safety	170,911	-	-
Public works	-	236,236	-
Community services	-	-	-
	<u>170,911</u>	<u>236,236</u>	<u>-</u>
Excess of revenues over (under) expenditures	44,469	(43,735)	-
Other financing sources (uses)			
Transfers in	-	-	203,891
	<u>44,469</u>	<u>(43,735)</u>	<u>203,891</u>
Net change in fund balances	44,469	(43,735)	203,891
Fund balances, beginning of year	<u>319,942</u>	<u>421,106</u>	<u>-</u>
Fund balances, end of year	<u>\$ 364,411</u>	<u>\$ 377,371</u>	<u>\$ 203,891</u>

<u>Park Development</u>	<u>Development Impact Fees</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ -	\$ -	\$ 189,900
26,484	88	31,553
-	-	200,000
-	-	13,000
<u>547,500</u>	<u>50,680</u>	<u>598,180</u>
<u>573,984</u>	<u>50,768</u>	<u>1,032,633</u>
-	-	170,911
-	-	236,236
<u>695,005</u>	<u>-</u>	<u>695,005</u>
<u>695,005</u>	<u>-</u>	<u>1,102,152</u>
(121,021)	50,768	(69,519)
<u>-</u>	<u>-</u>	<u>203,891</u>
(121,021)	50,768	134,372
<u>4,189,645</u>	<u>-</u>	<u>4,930,693</u>
<u>\$ 4,068,624</u>	<u>\$ 50,768</u>	<u>\$ 5,065,065</u>

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 2,380	\$ 2,380
Revenue from other agencies	-	200,000	200,000	-
Charges for services	-	13,000	13,000	-
Total revenues	-	213,000	215,380	2,380
EXPENDITURES				
Current:				
Public safety	-	170,911	170,911	-
Net change in fund balance	-	42,089	44,469	2,380
Fund balance, beginning of year	319,942	319,942	319,942	-
Fund balance, end of year	\$ 319,942	\$ 362,031	\$ 364,411	\$ 2,380

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 90,000	\$ 90,000	\$ 189,900	\$ 99,900
Investment income	-	-	2,601	2,601
Total revenues	90,000	90,000	192,501	102,501
EXPENDITURES				
Current:				
Public works	132,775	235,297	236,236	(939)
Net change in fund balance	(42,775)	(145,297)	(43,735)	101,562
Fund balance, beginning of year	421,106	421,106	421,106	-
Fund balance, end of year	\$ 378,331	\$ 275,809	\$ 377,371	\$ 101,562

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Information Technology Capital Projects Fund
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 203,891	\$ 203,891	\$ -
Net change in fund balance	-	203,891	203,891	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 203,891</u>	<u>\$ 203,891</u>	<u>\$ -</u>

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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 26,484	\$ 26,484
Other revenues	525,600	525,600	547,500	21,900
Total revenues	525,600	525,600	573,984	48,384
EXPENDITURES				
Current:				
Community services	3,903,000	801,539	695,005	106,534
Net change in fund balance	(3,377,400)	(275,939)	(121,021)	154,918
Fund balance, beginning of year	4,189,645	4,189,645	4,189,645	-
Fund balance, end of year	\$ 812,245	\$ 3,913,706	\$ 4,068,624	\$ 154,918

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City of West Covina

Internal Service Funds

INTERNAL SERVICE FUNDS are used to account for the financing of goods or services 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, 2016**

	Fleet Management	Self-Insurance
ASSETS		
Current Assets:		
Cash and investments	\$ -	\$ 9,677,759
Receivables, net:		
Accounts	-	11,942
Interest	-	-
Due from other funds	-	128,817
Inventories	8,308	-
Total current assets	<u>8,308</u>	<u>9,818,518</u>
Noncurrent Assets		
Capital assets:		
Capital assets	2,464,436	-
Less accumulated depreciation	<u>(2,263,691)</u>	<u>-</u>
Total capital assets	<u>200,745</u>	<u>-</u>
Total noncurrent assets	<u>200,745</u>	<u>-</u>
Total assets	<u>209,053</u>	<u>9,818,518</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	80,304	150,834
Other accrued liabilities	9,106	3,231
Claims and judgements - current portion	-	2,574,566
Compensated absences - current portion	20,215	8,365
Due to other funds	<u>78,183</u>	<u>-</u>
Total current liabilities	<u>187,808</u>	<u>2,736,996</u>
Noncurrent Liabilities:		
Claims and judgements	-	7,079,192
Compensated absences	<u>21,245</u>	<u>2,330</u>
Total noncurrent liabilities	<u>21,245</u>	<u>7,081,522</u>
Total liabilities	<u>209,053</u>	<u>9,818,518</u>
NET POSITION		
Net investment in capital assets	200,745	-
Unrestricted	<u>(200,745)</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 606,565	\$ 31,523	\$ 10,315,847
-	-	11,942
373	19	392
-	-	128,817
-	-	8,308
<u>606,938</u>	<u>31,542</u>	<u>10,465,306</u>
-	611,630	3,076,066
-	(429,533)	(2,693,224)
-	182,097	382,842
-	182,097	382,842
<u>606,938</u>	<u>213,639</u>	<u>10,848,148</u>
-	16,422	247,560
-	-	12,337
-	-	2,574,566
-	-	28,580
-	-	78,183
-	16,422	2,941,226
-	-	7,079,192
-	-	23,575
-	-	7,102,767
-	16,422	10,043,993
-	182,097	382,842
606,938	15,120	421,313
<u>\$ 606,938</u>	<u>\$ 197,217</u>	<u>\$ 804,155</u>

City of West Covina

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016**

	Fleet Management	Self-Insurance
OPERATING REVENUES:		
Charges for services	\$ 1,500,138	\$ 2,670,413
Other revenues	-	233,821
	<u>1,500,138</u>	<u>2,904,234</u>
Total operating revenues	1,500,138	2,904,234
OPERATING EXPENSES:		
Personnel services	425,958	179,041
Cost of sales, services and operations	1,038,128	1,026,787
Depreciation	36,085	-
Insurance and claims paid	-	1,999,139
	<u>1,500,171</u>	<u>3,204,967</u>
Total operating expenses	1,500,171	3,204,967
Operating loss	<u>(33)</u>	<u>(300,733)</u>
NONOPERATING REVENUES:		
Investment income	-	-
	<u>-</u>	<u>-</u>
Total nonoperating revenues	-	-
Loss before transfers	<u>(33)</u>	<u>(300,733)</u>
Transfers in	-	6,003,033
	<u>-</u>	<u>6,003,033</u>
Change in net position	(33)	5,702,300
Net position, beginning of year	<u>33</u>	<u>(5,702,300)</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 87,170	\$ -	\$ 4,257,721
-	-	233,821
<u>87,170</u>	<u>-</u>	<u>4,491,542</u>
109,392	-	714,391
-	-	2,064,915
-	4,497	40,582
-	-	1,999,139
<u>109,392</u>	<u>4,497</u>	<u>4,819,027</u>
<u>(22,222)</u>	<u>(4,497)</u>	<u>(327,485)</u>
<u>3,716</u>	<u>349</u>	<u>4,065</u>
<u>3,716</u>	<u>349</u>	<u>4,065</u>
<u>(18,506)</u>	<u>(4,148)</u>	<u>(323,420)</u>
<u>-</u>	<u>80,000</u>	<u>6,083,033</u>
(18,506)	75,852	5,759,613
<u>625,444</u>	<u>121,365</u>	<u>(4,955,458)</u>
<u>\$ 606,938</u>	<u>\$ 197,217</u>	<u>\$ 804,155</u>

City of West Covina

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016**

	Fleet Management	Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user departments	\$ 1,500,138	\$ 2,906,001
Payments to suppliers for goods and services	(1,059,267)	(2,440,351)
Payments to employees for services	(422,788)	(172,910)
Net cash provided by (used for) operating activities	<u>18,083</u>	<u>292,740</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	-	6,003,033
Paid to other funds	(18,083)	(128,817)
Net cash provided by (used for) noncapital financing activities	<u>(18,083)</u>	<u>5,874,216</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	-	-
Net cash increase (decrease) in cash and cash equivalents	-	6,166,956
Cash and cash equivalents, beginning of year	-	3,510,803
Cash and cash equivalents, ending of year	<u>\$ -</u>	<u>\$ 9,677,759</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating loss	\$ (33)	\$ (300,733)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	36,085	-
(Increase) decrease in operating assets:		
Accounts receivable	-	(4,721)
Other receivables	-	6,488
Inventory	(6,308)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(17,594)	116,072
Other accrued liabilities	2,763	3,008
Claims and judgments payable	-	466,495
Compensated absences payable	3,170	6,131
Net cash provided by (used for) operating activities	<u>\$ 18,083</u>	<u>\$ 292,740</u>

Retiree Health Savings Plan	Vehicle Replacement	Totals
\$ 87,170	\$ -	\$ 4,493,309
-	(8,781)	(3,508,399)
<u>(109,392)</u>	<u>-</u>	<u>(705,090)</u>
<u>(22,222)</u>	<u>(8,781)</u>	<u>279,820</u>
-	80,000	6,083,033
<u>-</u>	<u>-</u>	<u>(146,900)</u>
<u>-</u>	<u>80,000</u>	<u>5,936,133</u>
<u>-</u>	<u>(101,168)</u>	<u>(101,168)</u>
<u>3,577</u>	<u>452</u>	<u>4,029</u>
(18,645)	(29,497)	6,118,814
<u>625,210</u>	<u>61,020</u>	<u>4,197,033</u>
<u>\$ 606,565</u>	<u>\$ 31,523</u>	<u>\$ 10,315,847</u>
\$ (22,222)	\$ (4,497)	\$ (327,485)
-	4,497	40,582
-	-	(4,721)
-	-	6,488
-	-	(6,308)
-	(8,781)	89,697
-	-	5,771
-	-	466,495
<u>-</u>	<u>-</u>	<u>9,301</u>
<u>\$ (22,222)</u>	<u>\$ (8,781)</u>	<u>\$ 279,820</u>

Pension Trust Funds

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
Pension Trust Funds
June 30, 2016**

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and investments	<u>\$ 125,271</u>	<u>\$ 632,804</u>	<u>\$ 758,075</u>
 Held in Trust for Pension Benefits	<u>\$ 125,271</u>	<u>\$ 632,804</u>	<u>\$ 758,075</u>

City of West Covina

**Combining Statement of Changes in Net Position
Pension Trust Funds
For the Year Ended June 30, 2016**

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ADDITIONS			
Employer contribution	\$ 56,439	\$ 78,300	\$ 134,739
Investment income	-	9,419	9,419
Total Additions	<u>56,439</u>	<u>87,719</u>	<u>144,158</u>
DEDUCTIONS			
Administrative costs	1,769	4,519	6,288
Investment expense	690	-	690
Benefit distributions	<u>91,020</u>	<u>137,079</u>	<u>228,099</u>
Total Deductions	<u>93,479</u>	<u>141,598</u>	<u>235,077</u>
Change in net position	(37,040)	(53,879)	(90,919)
Net Position, beginning of year	<u>162,311</u>	<u>686,683</u>	<u>848,994</u>
Net Position, end of year	<u>\$ 125,271</u>	<u>\$ 632,804</u>	<u>\$ 758,075</u>

City of West Covina

Agency Fund

AGENCY FUNDS are 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
Agency Fund
For the Year Ended June 30, 2016**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Cash and investments	\$ 1,461,526	\$ 399,050	\$ 420,909	\$ 1,439,667
Receivables, net:				
Accounts	-	31,087	20,191	10,896
Other	-	3,090	179	2,911
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,461,526</u>	<u>\$ 433,227</u>	<u>\$ 441,279</u>	<u>\$ 1,453,474</u>
LIABILITIES				
Accounts payable	\$ 34,901	\$ 313,701	\$ 318,902	\$ 29,700
Deposits	1,426,625	421,069	423,920	1,423,774
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 1,461,526</u>	<u>\$ 734,770</u>	<u>\$ 742,822</u>	<u>\$ 1,453,474</u>

Statistical Section

This section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS	Page
Financial Trends	209
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
Revenue Capacity	223
These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.	
Debt Capacity	230
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	238
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	241
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 government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of West Covina

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 139,413,253	\$148,634,909	\$180,298,472	\$184,338,106
Restricted	88,484,572	30,802,069	25,937,799	18,316,134
Unrestricted	20,796,530	63,530,998	22,723,726	10,219,814
Total governmental activities net pension	<u>\$ 248,694,355</u>	<u>\$ 242,967,976</u>	<u>\$ 228,959,997</u>	<u>\$ 212,874,054</u>
Business-type activities:				
Net investment in capital assets	\$ 303,147	\$ 202,227	\$ 107,507	\$ 42,073
Restricted	-	-	-	-
Unrestricted	721,839	(66,842)	(786,551)	(1,128,610)
Total business-type activities net pension	<u>\$ 1,024,986</u>	<u>\$ 135,385</u>	<u>\$ (679,044)</u>	<u>\$ (1,086,537)</u>
Primary government:				
Net investment in capital assets	\$ 139,716,400	\$ 148,837,136	\$ 180,405,979	\$ 184,380,179
Restricted	88,484,572	30,802,069	25,937,799	18,316,134
Unrestricted	21,518,369	63,464,156	21,937,175	9,091,204
Total primary government net pension	<u>\$ 249,719,341</u>	<u>\$ 243,103,361</u>	<u>\$ 228,280,953</u>	<u>\$ 211,787,517</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$179,236,866	\$222,784,189	\$164,621,539	\$161,771,546	\$ 144,215,248	\$ 148,989,212
25,286,909	53,331,999	46,016,224	47,468,277	48,793,821	56,902,504
1,884,827	(27,344,668)	(297,086)	191,878	(129,152,694)	(138,162,202)
<u>\$ 206,408,602</u>	<u>\$ 248,771,520</u>	<u>\$ 210,340,677</u>	<u>\$ 209,431,701</u>	<u>\$ 63,856,375</u>	<u>\$ 67,729,514</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
(999,624)	(994,560)	(426,769)	60,922	188,045	(135,676)
<u>\$ (999,624)</u>	<u>\$ (994,560)</u>	<u>\$ (426,769)</u>	<u>\$ 60,922</u>	<u>\$ 188,045</u>	<u>\$ (135,676)</u>
\$ 179,236,866	\$ 222,784,189	\$ 164,621,539	\$ 161,771,546	\$ 144,215,248	\$ 148,989,212
25,286,909	53,331,999	46,016,224	47,468,277	48,793,821	56,902,504
(98,187)	(28,339,228)	(723,855)	252,800	(128,964,649)	(138,297,878)
<u>\$ 204,425,588</u>	<u>\$ 247,776,960</u>	<u>\$ 209,913,908</u>	<u>\$ 209,492,623</u>	<u>\$ 64,044,420</u>	<u>\$ 67,593,838</u>

City of West Covina

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Expenses:				
Governmental activities:				
General government	\$ 46,328	\$ 2,448,843	\$ 2,849,501	\$ 3,337,547
Public safety	42,186,533	45,498,406	47,682,934	48,151,398
Public works	19,322,212	20,246,687	21,598,894	21,054,241
Community services	5,167,297	5,214,550	7,835,430	6,558,987
Community development	9,610,651	10,000,667	12,867,904	8,619,004
Interest on long-term debt	8,320,239	8,200,588	7,962,089	6,577,544
Total governmental activities expenses	<u>84,653,260</u>	<u>91,609,741</u>	<u>100,796,752</u>	<u>94,298,721</u>
Business-type activities:				
Computer enterprise	<u>2,470,811</u>	<u>2,682,467</u>	<u>2,633,564</u>	<u>2,507,498</u>
Total business-type activities expenses	<u>2,470,811</u>	<u>2,682,467</u>	<u>2,633,564</u>	<u>2,507,498</u>
Total primary government expenses	<u>87,124,071</u>	<u>94,292,208</u>	<u>103,430,316</u>	<u>96,806,219</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	861,565	1,145,943	757,678	1,019,690
Public safety	3,141,098	3,431,488	3,611,259	3,850,741
Public works	6,339,196	4,251,433	5,818,290	7,041,281
Community services	1,526,866	1,443,945	1,158,644	1,089,227
Community development	537,813	275,235	266,286	313,639
Operating grants and contributions	8,607,221	10,618,414	11,895,355	5,157,956
Capital grants and contributions	2,714,668	434,630	578,828	3,574,609
Total governmental activities program revenues	<u>23,728,427</u>	<u>21,601,088</u>	<u>24,086,340</u>	<u>22,047,143</u>
Business-type activities:				
Charges for services:				
Computer enterprise	<u>1,765,224</u>	<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>
Total business-type activities program revenues	<u>1,765,224</u>	<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>
Total primary government program revenues	<u>25,493,651</u>	<u>23,356,805</u>	<u>25,971,411</u>	<u>24,240,180</u>

Source: City of West Covina Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 2,922,898	\$ 4,953,340	\$ 5,519,153	\$ 7,472,254	\$ 5,676,067	\$ 4,963,302
45,253,725	49,369,913	47,323,516	45,443,958	49,813,447	48,410,511
21,052,423	20,510,387	20,372,375	21,109,952	20,586,770	20,259,279
6,629,292	6,949,951	6,878,176	6,437,040	7,035,872	7,368,492
9,414,730	4,071,050	1,127,924	658,082	766,886	753,721
7,101,037	5,927,002	1,652,750	1,677,062	1,353,156	1,572,645
<u>92,374,105</u>	<u>91,781,643</u>	<u>82,873,894</u>	<u>82,798,348</u>	<u>85,232,198</u>	<u>83,327,950</u>
<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,855</u>	<u>1,284,419</u>	<u>1,427,789</u>	<u>1,638,573</u>
<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,855</u>	<u>1,284,419</u>	<u>1,427,789</u>	<u>1,638,573</u>
<u>94,460,240</u>	<u>93,483,010</u>	<u>84,309,749</u>	<u>84,082,767</u>	<u>86,659,987</u>	<u>84,966,523</u>
681,877	599,066	548,333	486,478	885,123	400,051
3,571,864	3,196,729	3,018,478	3,037,891	2,825,831	3,170,579
8,043,988	7,046,096	7,781,333	8,878,122	8,278,038	8,271,744
1,166,675	1,141,162	1,195,612	1,180,562	1,275,278	1,365,482
240,462	255,669	348,112	621,352	502,621	425,013
10,189,050	12,557,141	10,344,778	11,021,410	12,405,742	13,317,378
678,827	958,459	597,405	4,458,250	2,224,864	1,004,826
<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>	<u>29,684,065</u>	<u>28,397,497</u>	<u>27,955,073</u>
<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>	<u>1,655,134</u>	<u>1,413,114</u>
<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>	<u>1,655,134</u>	<u>1,413,114</u>
<u>26,841,725</u>	<u>27,559,564</u>	<u>25,939,472</u>	<u>31,557,701</u>	<u>30,052,631</u>	<u>29,368,187</u>

City of West Covina

Changes in Net Position, (continued) Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Net revenues (expenses):				
Governmental activities	\$(60,924,833)	\$(70,008,653)	\$(76,710,412)	\$(72,251,578)
Business-type activities	(705,587)	(926,750)	(748,493)	(314,461)
net primary government revenues (expenses)	<u>(61,630,420)</u>	<u>(70,935,403)</u>	<u>(77,458,905)</u>	<u>(72,566,039)</u>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	32,458,314	34,760,944	36,387,548	28,849,815
Sales tax	14,056,880	11,167,748	9,261,965	7,791,286
Franchise tax	2,874,165	3,367,958	3,512,830	3,093,538
Other taxes	4,454,217	4,445,300	5,108,429	5,392,829
Motor vehicle in lieu, unrestricted	650,304	500,629	383,831	331,289
Investment income	6,919,306	7,800,642	4,768,327	4,288,088
Other general revenues	7,895,977	2,239,053	3,200,753	2,077,837
Transfers	-	-	78,750	93,140
Extraordinary gain (loss)	-	-	-	-
Total governmental activities	<u>69,309,163</u>	<u>64,282,274</u>	<u>62,702,433</u>	<u>51,917,822</u>
Business-type activities:				
Investment income	66,873	37,149	12,814	108
Transfers	-	-	(78,750)	(93,140)
Total business-type activities	<u>66,873</u>	<u>37,149</u>	<u>(65,936)</u>	<u>(93,032)</u>
Total primary government	<u>69,376,036</u>	<u>64,319,423</u>	<u>62,636,497</u>	<u>51,824,790</u>
Changes in net position:				
Governmental activities	8,384,330	(5,726,379)	(14,007,979)	(20,333,756)
Business-type activities	(638,714)	(889,601)	(814,429)	(407,493)
Total primary government change in net position	<u>\$ 7,745,616</u>	<u>\$ (6,615,980)</u>	<u>\$(14,822,408)</u>	<u>\$(20,741,249)</u>

Source: City of West Covina Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$(67,801,362)	\$(66,027,321)	\$(58,612,191)	\$(53,114,283)	\$(56,834,701)	\$(55,372,877)
182,847	103,875	669,566	589,217	227,345	(225,459)
<u>(67,618,515)</u>	<u>(65,923,446)</u>	<u>(57,942,625)</u>	<u>(52,525,066)</u>	<u>(56,607,356)</u>	<u>(55,598,336)</u>
30,888,074	23,313,556	20,937,356	20,420,020	21,156,596	22,352,163
12,550,157	13,177,914	13,307,736	14,705,790	15,096,101	17,228,237
3,159,080	3,224,053	3,361,812	3,478,532	3,635,092	3,540,011
5,449,323	7,835,918	6,265,257	7,451,947	7,433,106	6,485,394
517,098	55,880	57,902	-	-	-
2,281,105	1,647,399	185,451	695,341	660,157	(566,064)
4,412,125	5,193,850	7,310,544	5,960,967	6,999,034	4,236,920
95,934	98,811	101,775	101,775	101,775	101,775
-	55,825,872	(19,629,066)	-	-	9,789,266
<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>	<u>52,814,372</u>	<u>55,081,861</u>	<u>63,167,702</u>
-	-	-	-	1,553	3,513
<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>
<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(100,222)</u>	<u>(98,262)</u>
<u>59,256,962</u>	<u>110,274,442</u>	<u>31,796,992</u>	<u>52,712,597</u>	<u>54,981,639</u>	<u>63,069,440</u>
(8,448,466)	44,345,932	(26,713,424)	(299,911)	(1,752,840)	7,794,825
86,913	5,064	568,040	487,442	127,123	(323,721)
<u>\$ (8,361,553)</u>	<u>\$ 44,350,996</u>	<u>\$(26,145,384)</u>	<u>\$ 187,531</u>	<u>\$ (1,625,717)</u>	<u>\$ 7,471,104</u>

City of West Covina

Changes in Net Position Governmental Activities Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Expenses:				
General government	\$ 46,328	\$ 2,448,843	\$ 2,849,501	\$ 3,337,547
Public safety	42,186,533	45,498,406	47,682,934	48,151,398
Public works	19,322,212	20,246,687	21,598,894	21,054,241
Community services	5,167,297	5,214,550	7,835,430	6,558,987
Community development	9,610,651	10,000,667	12,867,904	8,619,004
Interest on long-term debt	8,320,239	8,200,588	7,962,089	6,577,544
Total expenses	84,653,260	91,609,741	100,796,752	94,298,721
Program revenues:				
Charges for services:				
General government	861,565	1,145,943	757,678	1,019,690
Public safety	3,141,098	3,431,488	3,611,259	3,850,741
Public works	6,339,196	4,251,433	5,818,290	7,041,281
Community services	1,526,866	1,443,945	1,158,644	1,089,227
Community development	537,813	275,235	266,286	313,639
Operating grants and contributions	8,607,221	10,618,414	11,895,355	5,157,956
Capital grants and contributions	2,714,668	434,630	578,828	3,574,609
Total program revenues	23,728,427	21,601,088	24,086,340	22,047,143
Net program revenues (expenses)	(60,924,833)	(70,008,653)	(76,710,412)	(72,251,578)
General revenues and other changes in net position:				
Taxes:				
Property taxes	32,458,314	34,760,944	36,387,548	28,849,815
Sales tax	14,056,880	11,167,748	9,261,965	7,791,286
Franchise tax	2,874,165	3,367,958	3,512,830	3,093,538
Other taxes	4,454,217	4,445,300	5,108,429	5,392,829
Motor vehicle in lieu, unrestricted	650,304	500,629	383,831	331,289
Investment income	6,919,306	7,800,642	4,768,327	4,288,088
Other general revenues	7,895,977	2,239,053	3,200,753	2,077,837
Transfers	-	-	78,750	93,140
Extraordinary gain (loss)	-	-	-	-
Total governmental revenues and other changes	69,309,163	64,282,274	62,702,433	51,917,822
Changes in net position	\$ 8,384,330	\$ (5,726,379)	\$ (14,007,979)	\$ (20,333,756)

Source: City of West Covina Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 2,922,898	\$ 4,953,340	\$ 5,547,949	\$ 7,472,254	\$ 5,676,067	\$ 4,963,302
45,253,725	49,369,913	47,160,347	45,443,958	49,813,447	48,410,511
21,052,423	20,510,387	20,465,106	21,109,952	20,586,770	20,259,279
6,629,292	6,949,951	6,911,667	6,437,040	7,035,872	7,368,492
9,414,730	4,071,050	708,422	658,082	766,886	753,721
7,101,037	5,927,002	1,652,751	1,677,062	1,353,156	1,572,645
<u>92,374,105</u>	<u>91,781,643</u>	<u>82,446,242</u>	<u>82,798,348</u>	<u>85,232,198</u>	<u>83,327,950</u>
681,877	599,066	548,333	486,478	885,123	400,051
3,571,864	3,196,729	3,018,478	3,037,891	2,825,831	3,170,579
8,043,988	7,046,096	7,781,333	8,878,122	8,278,038	8,271,744
1,166,675	1,141,162	1,195,612	1,180,562	1,275,278	1,365,482
240,462	255,669	348,112	621,352	502,621	425,013
10,189,050	12,557,141	10,344,778	11,021,410	12,405,742	13,317,378
678,827	958,459	597,405	4,458,250	2,224,864	1,004,826
<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>	<u>29,684,065</u>	<u>28,397,497</u>	<u>27,955,073</u>
<u>(67,801,362)</u>	<u>(66,027,321)</u>	<u>(58,612,191)</u>	<u>(53,114,283)</u>	<u>(56,834,701)</u>	<u>(55,372,877)</u>
30,888,074	23,313,556	20,937,356	20,420,020	21,156,596	22,352,163
12,550,157	13,177,914	13,307,736	14,705,790	15,096,101	17,228,237
3,159,080	3,224,053	3,361,812	3,478,532	3,635,092	3,540,011
5,449,323	7,835,918	6,265,257	7,451,947	7,433,106	6,485,394
517,098	55,880	57,902	-	-	-
2,281,105	1,647,399	185,451	695,341	660,157	(566,064)
4,412,125	5,193,850	7,310,544	5,960,967	6,999,034	4,236,920
95,934	98,811	101,775	101,775	101,775	101,775
-	55,825,872	(19,629,066)	-	-	9,789,266
<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>	<u>52,814,372</u>	<u>55,081,861</u>	<u>63,167,702</u>
<u>\$ (8,448,466)</u>	<u>\$ 44,345,932</u>	<u>\$ (26,713,424)</u>	<u>\$ (299,911)</u>	<u>\$ (1,752,840)</u>	<u>\$ 7,794,825</u>

City of West Covina

**Changes in Net Position
Business-Type Activities
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
Expenses:				
Computer Enterprise	<u>\$ 2,470,811</u>	<u>\$ 2,682,467</u>	<u>\$ 2,633,564</u>	<u>\$ 2,507,498</u>
Total expenses	<u>2,470,811</u>	<u>2,682,467</u>	<u>2,633,564</u>	<u>2,507,498</u>
Program revenues:				
Charges for services:				
Computer Enterprise	<u>1,765,224</u>	<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>
Total program revenues	<u>1,765,224</u>	<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>
Net revenues (expenses)	<u>(705,587)</u>	<u>(926,750)</u>	<u>(748,493)</u>	<u>(314,461)</u>
General revenues and other changes in net position:				
Investment income	66,873	37,149	12,814	108
Transfers	<u>-</u>	<u>-</u>	<u>(78,750)</u>	<u>(93,140)</u>
Total general revenues and other changes	<u>66,873</u>	<u>37,149</u>	<u>(65,936)</u>	<u>(93,032)</u>
Changes in net position	<u>\$ (638,714)</u>	<u>\$ (889,601)</u>	<u>\$ (814,429)</u>	<u>\$ (407,493)</u>

Source: City of West Covina Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
<u>\$ 2,086,135</u>	<u>\$ 1,701,367</u>	<u>\$ 1,435,606</u>	<u>\$ 1,284,419</u>	<u>\$ 1,427,789</u>	<u>\$ 1,638,573</u>
<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,606</u>	<u>1,284,419</u>	<u>1,427,789</u>	<u>1,638,573</u>
<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>	<u>1,655,134</u>	<u>1,413,114</u>
<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>	<u>1,655,134</u>	<u>1,413,114</u>
<u>182,847</u>	<u>103,875</u>	<u>669,815</u>	<u>589,217</u>	<u>227,345</u>	<u>(225,459)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,553</u>	<u>3,513</u>
<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>
<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(100,222)</u>	<u>(98,262)</u>
<u>\$ 86,913</u>	<u>\$ 5,064</u>	<u>\$ 568,040</u>	<u>\$ 487,442</u>	<u>\$ 127,123</u>	<u>\$ (323,721)</u>

City of West Covina

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	Fiscal Year			
	2007	2008	2009	2010
General fund:				
Reserved	\$ 24,793,675	\$ 23,805,491	\$ 22,621,000	\$ 24,321,122
Unreserved	19,315,808	16,021,539	12,846,323	7,246,828
Total general fund	\$ 44,109,483	\$ 39,827,030	\$ 35,467,323	\$ 31,567,950
All other governmental funds:				
Reserved	\$ 42,527,670	\$ 33,118,104	\$ 28,675,986	\$ 24,916,095
Unreserved, reported in:				
Special revenue funds	8,293,679	9,438,350	9,297,969	10,351,716
Capital projects funds	4,134,045	(631,251)	(2,380,312)	(465,131)
Debt service funds	(1,825,601)	860,278	3,085,503	(131,153)
Total all other governmental funds	\$ 53,129,793	\$ 42,785,481	\$ 38,679,146	\$ 34,671,527
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Total general fund	\$ -	\$ -	\$ -	\$ -
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -

Source: City of West Covina Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,827,056	\$ 15,580,789	\$ 6,621,695	\$ 6,595,326	\$ 6,483,924	\$ 7,129,779
8,786,221	13,187,181	4,108,967	5,687,385	20,531,695	15,032,610
<u>\$ 29,613,277</u>	<u>\$ 28,767,970</u>	<u>\$ 10,730,662</u>	<u>\$ 12,282,711</u>	<u>\$ 27,015,619</u>	<u>\$ 22,162,389</u>
\$ 8,210,093	\$ 6,200,423	\$ 6,814,431	\$ 157,500	\$ 151,923	\$ 5,277,203
38,138,456	31,101,636	32,133,653	56,225,097	59,918,077	51,467,448
1,964,946	1,378,401	893,566	3,891,565	4,930,693	5,065,065
<u>(12,759,988)</u>	<u>(110,042)</u>	<u>(373,264)</u>	<u>(47,867)</u>	<u>(438,708)</u>	<u>(531,412)</u>
<u>\$ 35,553,507</u>	<u>\$ 38,570,418</u>	<u>\$ 39,468,386</u>	<u>\$ 60,226,295</u>	<u>\$ 64,561,985</u>	<u>\$ 61,278,304</u>

City of West Covina

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 62,801,264	\$ 65,069,488	\$ 65,186,854	\$ 63,270,166
Special assessments	3,711,712	3,913,965	4,180,404	4,871,575
Licenses and permits	1,833,239	1,196,670	1,085,650	904,985
Fines and forfeitures	1,106,271	1,216,628	1,229,852	1,324,698
Investment income	9,544,547	8,778,813	5,601,091	5,589,739
Rental income	223,668	270,058	311,997	310,819
Intergovernmental	7,491,065	8,113,584	8,848,048	11,321,980
Charges for services	8,515,601	8,178,880	7,021,197	6,845,511
Repayment of notes and loans	988,220	1,048,727	794,365	449,045
Developer fees	1,462,535	10,950	-	-
Other	8,903,148	662,988	1,824,050	1,112,553
Total revenues	106,581,270	98,460,751	96,083,508	96,001,071
Expenditures				
Current:				
General government	5,478,534	5,787,654	4,687,485	4,646,621
Public safety	41,602,661	44,138,678	45,554,204	45,639,257
Public works	15,623,128	16,308,548	17,923,628	19,686,587
Community services	31,362,253	24,580,791	7,189,514	5,390,364
Community development	7,120,280	7,632,478	10,739,465	6,142,905
Pass-through payments	2,568,343	2,825,925	3,468,902	9,724,035
Capital Outlay	-	-	-	-
Debt service:				
Principal retirement	4,014,507	3,441,290	3,828,282	4,108,592
Interest and fiscal charges	10,059,439	9,827,109	9,055,221	8,410,803
Cost of issuance	294,764	-	-	-
Developer agreement payments	2,783,820	2,939,322	2,181,599	2,002,039
Total expenditures	120,907,729	117,481,795	104,628,300	105,751,203
Excess (deficiency) of revenues over (under) expenditures	<u>(14,326,459)</u>	<u>(19,021,044)</u>	<u>(8,544,792)</u>	<u>(9,750,132)</u>
Other financing sources (uses):				
Transfers in	33,024,064	9,976,252	12,048,364	11,023,152
Transfers out	(33,024,064)	(9,901,252)	(11,969,614)	(9,180,012)
Acquisition under capital leases	-	-	-	-
Issuance of bonds	18,005,000	4,319,279	-	-
Payment to refunded bond escrow agent	-	-	-	-
Extraordinary gain (loss)	-	-	-	-
Total other financing sources (uses)	18,005,000	4,394,279	78,750	1,843,140
Net change in fund balances	\$ 3,678,541	\$(14,626,765)	\$ (8,466,042)	\$ (7,906,992)
 Debt service as a percentage of noncapital expenditures	 23.60%	 21.10%	 19.30%	 25.60%

Source: City of West Covina Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 63,663,702	\$ 53,636,172	\$ 46,185,045	\$ 48,785,393	\$ 50,918,823	\$ 54,237,649
5,210,062	5,270,856	5,511,465	5,513,535	5,595,338	5,550,657
1,099,083	866,642	1,156,196	1,717,153	1,419,457	1,156,613
1,056,923	1,097,836	1,048,819	1,036,732	959,606	796,989
4,124,960	3,419,665	533,388	716,472	679,844	(570,132)
468,123	421,521	370,913	367,798	406,350	529,833
8,363,460	12,481,691	9,496,633	11,097,551	10,769,196	11,218,711
6,779,667	6,732,076	6,124,201	6,751,541	6,803,615	7,731,236
721,348	332,698	925,235	26,148	-	-
-	-	-	-	-	-
3,781,096	1,720,792	5,105,117	6,258,384	5,490,327	1,487,103
<u>95,268,424</u>	<u>85,979,949</u>	<u>76,457,012</u>	<u>82,270,707</u>	<u>83,042,556</u>	<u>82,138,659</u>
4,180,878	4,950,311	5,205,956	7,087,335	5,757,334	5,103,814
41,938,421	44,109,598	42,688,487	43,332,847	45,906,138	50,962,883
15,325,261	18,209,981	16,203,144	17,790,042	13,724,417	15,509,267
5,412,009	5,917,227	5,872,485	5,399,732	5,816,443	6,864,180
8,228,653	4,246,590	666,255	679,007	761,896	898,714
5,863,850	2,112,227	-	-	-	-
-	-	-	-	-	-
4,649,975	5,155,105	1,773,261	1,870,239	1,866,947	2,027,461
8,520,890	6,307,988	1,659,473	1,666,054	1,360,370	1,574,753
-	-	-	-	-	-
2,317,114	351,444	-	-	-	-
<u>96,437,051</u>	<u>91,360,471</u>	<u>74,069,061</u>	<u>77,825,256</u>	<u>75,193,545</u>	<u>82,941,072</u>
<u>(1,168,627)</u>	<u>(5,380,522)</u>	<u>2,387,951</u>	<u>4,445,451</u>	<u>7,849,011</u>	<u>(802,413)</u>
11,171,460	8,947,657	3,639,400	3,744,115	3,201,793	4,831,038
(11,075,526)	(8,848,846)	(3,537,625)	(3,642,340)	(3,100,018)	(10,812,296)
-	-	-	-	-	2,568,446
-	-	-	2,185,000	-	-
-	-	-	(2,248,061)	-	-
-	7,453,315	(19,629,066)	-	11,578,351	-
<u>95,934</u>	<u>7,552,126</u>	<u>(19,527,291)</u>	<u>38,714</u>	<u>11,680,126</u>	<u>(3,412,812)</u>
<u>\$ (1,072,693)</u>	<u>\$ 2,171,604</u>	<u>\$ (17,139,340)</u>	<u>\$ 4,484,165</u>	<u>\$ 19,529,137</u>	<u>\$ (4,215,225)</u>
19.89%	16.20%	5.21%	5.18%	4.92%	4.70%

City of West Covina

Assessed Value and Estimated Actual Value of Taxable Property (1) Last Ten Fiscal Years

Fiscal Year Ended June 30	City				Taxable Assessed Value
	Secured	Non- Unitary	Unsecured	Less: Exemptions	
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
2015	7,116,733	-	12,346	(94,084)	7,034,995
2016	7,458,200	-	14,738	(95,915)	7,377,023

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.

<u>Successor Agency (SA) of the former Community Development Commission (CDC)</u>				<u>Taxable Assessed Value</u>	<u>City and SA Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
<u>Secured</u>	<u>Unsecured</u>	<u>Less: Exemptions</u>				
\$ 1,895,168	\$ 146,336	\$ (123,048)	\$ 1,918,456	\$ 7,715,914	30.751%	
2,038,968	144,533	(138,919)	2,044,582	8,245,403	30.818%	
2,283,051	150,880	(143,108)	2,290,823	8,778,018	32.247%	
2,339,976	163,198	(152,699)	2,350,475	8,569,919	33.284%	
2,336,269	157,035	(142,764)	2,350,540	8,552,639	33.326%	
2,408,026	152,958	(152,569)	2,408,415	8,717,258	33.518%	
2,429,152	160,821	(152,386)	2,437,587	8,832,423	33.456%	
2,498,131	161,438	(186,502)	2,473,067	9,084,799	14.083%	
2,566,170	161,710	(184,907)	2,542,973	9,577,968	14.116%	
2,795,635	162,488	(189,554)	2,768,569	10,145,592	14.138%	

City of West Covina

Direct and Overlapping Property Tax Rates (1) Last Ten Fiscal Years (rate per \$100 of assessed value)

	Fiscal Year			
	2007	2008	2009	2010
Basic Levy¹	1.00000	1.00000	1.00000	1.00000
Baldwin Park Unified	0.08877	0.13260	0.15384	0.16101
Bassett Unified School District	0.08210	0.10806	0.08990	0.10877
County Detention Facilities 1987 Debt	0.00066	0.00000	0.00000	0.00000
Covina Valley Unified School District	0.08419	0.07870	0.07863	0.08592
Hacienda-La Puente Unified	0.05239	0.05103	0.05681	0.05973
LA County Flood Control	0.00005	0.00000	0.00000	0.00000
Metropolitan Water District	0.00470	0.00450	0.00430	0.00430
Mt. San Antonio College	0.02530	0.01750	0.02333	0.02571
Rowland Heights Unified	0.07429	0.06944	0.07029	0.06769
Walnut Valley Unified	0.08749	0.08462	0.11297	0.11674
West Covina Municipal Maint. Dist.	0.16980	0.17480	0.17830	0.18180
West Covina Unified	0.06511	0.05143	0.06041	0.05258
Total Direct & Overlapping² Tax Rates	1.73485	1.77267	1.82876	1.86426
City Share of 1% Levy Per Prop 13³	0.13820	0.13820	0.13820	0.13820
Redevelopment Rate⁴	1.00541	1.00450	1.00430	1.00430
Total Tax Rate⁵	0.30751	0.30818	0.32247	0.33284

¹ In 1978, California voters passed Proposition 13 which set 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 assessed property values for the payment of any voter approved bonds.

² Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³ City's share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.

⁴ Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years

⁵ Total Direct Rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft taxes. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purpose of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: Los Angeles County Assessor 2006/07 - 2015/16 Tax Rate Table

Fiscal Year					
2011	2012	2013	2014	2015	2016
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.16673	0.17506	0.16406	0.15842	0.16519	0.16288
0.12316	0.11628	0.12773	0.11632	0.11539	0.15771
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.09003	0.08999	0.09500	0.11472	0.11426	0.11062
0.06462	0.06430	0.06689	0.06653	0.06432	0.06394
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.00370	0.00370	0.00350	0.00350	0.00350	0.00350
0.02636	0.02642	0.02896	0.02023	0.02129	0.02154
0.07538	0.09195	0.10053	0.12297	0.14313	0.12426
0.11839	0.11735	0.12554	0.11342	0.11510	0.09285
0.18180	0.18180	0.18180	0.18310	0.18310	0.18310
0.05920	0.05377	0.04965	0.03626	0.05412	0.04205
1.90937	1.92061	1.94365	1.93547	1.97941	1.96243
0.13820	0.13820	0.13820	0.13820	0.13820	0.13820
1.00370	1.00370	N/A	N/A	N/A	N/A
0.33326	0.33518	0.33456	0.14083	0.14116	0.14138

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City of West Covina

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Plaza West Covina LLC	\$224,708,376	1	2.21%	\$175,557,475	1	2.28%
Eastland Shopping Center LLC	151,417,830	2	1.49%	89,382,037	2	1.16%
La Palma Royale LLC	56,969,885	3	0.56%	-		0.00%
Glendora Avenue Properties LLC	51,748,570	4	0.51%	-		0.00%
301 South Glendora Avenue Apts	49,609,290	5	0.49%	-		0.00%
CIP 2014 SG Covina Owner LLC	46,800,000	6	0.46%	-		0.00%
CSMC 2006 C5 North Barranca St	46,100,000	7	0.45%	-		0.00%
TPA of NASCH LLC	45,728,385	8	0.45%	-		0.00%
Bently Real Estate LLC	40,595,815	9	0.40%	-		0.00%
Hassen Real Estate Partnership	37,062,125	10	0.37%	52,911,869	3	0.69%
PPC WR Apartments	-		0.00%	48,511,798	4	0.63%
Ten West Associates LLC	-		0.00%	40,180,000	5	0.52%
PPC AVF III Pacific LLC	-		0.00%	37,909,950	6	0.49%
West Covina 8 B LLC	-		0.00%	35,809,360	7	0.46%
Eastland Tower Partnership	-		0.00%	31,650,000	8	0.41%
Pried XIV Trust	-		0.00%	27,349,820	9	0.35%
Sears Development Company	-		0.00%	27,345,173	10	0.35%
Totals	\$750,740,276		7.40%	\$566,607,482		7.34%

Source: HdL Coren & Cone; Los Angeles County Assessor 2006-07 and 2015-16 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of West Covina

**Property Tax Levies and Collections
Last Ten Fiscal Years (1)**

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
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%	(67,229)	9,038,768	99.12%
2015	9,702,185	53,266	0.55%	34,965	88,231	0.91%
2016	10,173,156	9,881,520	97.13%	88,647	9,970,167	98.00%

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

Community Development Commission						
Fiscal Year Ended June 30	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
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
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	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 (a)	Tax Allocation Bonds (1) (a)	Loans	Capital Lease Obligations	
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	50,671,051
2015	47,225,000	-	-	12,941,113	216,342	60,382,455
2016	46,000,000	-	-	12,208,103	2,715,337	60,923,440

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.

(a) As a result of the dissolution of the Community Development Commission on January 31, 2012 indebtedness was transferred to the Successor Agency.

<u>Business-Type Activities</u>					
<u>Certificates of Participation</u>	<u>Total Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Debt Per Capita (2)</u>	
\$ -	\$ -	\$160,112,836	6.10%	\$ 1,431	
-	-	163,456,261	6.19%	1,461	
-	-	163,091,830	6.29%	1,453	
-	-	162,884,924	6.38%	1,443	
-	-	162,029,211	6.07%	1,518	
-	-	54,034,355	1.96%	504	
-	-	52,261,067	1.94%	485	
-	-	50,671,051	1.88%	470	
-	-	60,382,455	2.28%	560	
-	-	60,923,440	2.27%	565	

City of West Covina

**Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

<u>Fiscal Year Ended June 30</u>	<u>Lease Revenue Bonds</u>	<u>Special Assessment Bonds(a)</u>	<u>Tax Allocation Bonds(a)</u>	<u>Total</u>	<u>Percent of Assessed Value(1)</u>	<u>Per Capita</u>
2007	\$ 60,570	\$ 41,240	\$ 30,140	\$ 131,950	1.71%	541
2008	59,395	40,040	29,170	128,605	1.56%	531
2009	58,530	38,745	28,165	125,440	1.43%	522
2010	57,515	37,355	27,020	121,890	1.42%	509
2011	56,115	35,870	25,815	117,800	1.38%	526
2012	50,825	-	-	50,825	0.81%	474
2013	49,645	-	-	49,645	0.78%	460
2014	48,385	-	-	48,385	0.73%	449
2015	47,225	-	-	47,225	0.67%	438
2016	46,000	-	-	46,000	0.62%	426

Notes:

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.

(a) As a result of the dissolution of the Community Development Commission on January 31, 2012 indebtedness was transferred to the Successor Agency.

City of West Covina

Direct and Overlapping Debt June 30, 2016

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with Property Taxes:			
Metropolitan Water District	\$ 44,916,916	0.753	\$ 338,074
Mt. San Antonio CCD DS 2001, 2006 Series C	1,000,000	12.819	128,191
Mt. San Antonio CCD DS 2001, 2008 Series D	1,000,924	12.819	128,309
Mt. San Antonio CCD DS 2008 Series 2013A	202,351,691	12.819	25,939,569
Mt. San Antonio CCD DS 2008 Series 2013B	9,555,000	12.819	1,224,860
Mt. San Antonio CCD DS 2013 Ref Series A	70,910,000	12.819	9,089,990
Mt. San Antonio CCD DS 2013 Ref Series B	44,045,000	12.819	5,646,152
Mt. San Antonio CCD DS 2008 Series 2015C	39,130,000	12.819	5,016,095
Baldwin Park USD 1996 Series A	741,058	0.295	2,189
Baldwin Park USD 2001 Refunding Bonds	530,000	0.295	1,566
Baldwin Park USD 2002 Series 2004	4,174,767	0.295	12,333
Baldwin Park USD 2005 Refund Bonds	3,108,699	0.295	9,183
Baldwin Park USD 2002 Series 2005	108,232	0.295	320
Baldwin Park USD 2002 Series 2006	1,265,000	0.295	3,737
Baldwin Park USD 2006 Series 2007	683,605	0.295	2,019
Baldwin Park USD 2006 Series 2008	23,736,780	0.295	70,121
Baldwin Park USD DS 2006 Series 2013	68,780,000	0.295	203,183
Basset USD DS 2004 Series 2005 A	773,352	0.060	467
Basset USD DS 2006 Series 2007	4,636,192	0.060	2,800
Basset USD DS 2006 Series B	2,409,566	0.060	1,455
Basset USD DS 2014 Ref Series A	4,999,970	0.060	3,020
Basset USD DS 2014 Ref Series B	8,445,000	0.060	5,101
Basset USD DS 2014 Series A	25,090,000	0.060	15,155
Covina Valley USD DS 2001 Series B	14,161,686	32.017	4,534,134
Covina Valley USD DS 2006, 07 Series B	13,711,450	32.017	4,389,982
Covina Valley USD DS 2001 Refund 2010 Series A	11,645,000	32.017	3,728,369
Covina Valley USD DS 2012 Series A	27,565,000	32.017	8,825,461
Covina Valley USD DS 2013 Ref Bonds	39,280,000	32.017	12,576,242
Covina Valley USD DS 2012 Series B	37,000,000	32.017	11,846,256
Hacienda-La Puente USD DS 2000 Series A	2,091,173	1.345	28,133
Hacienda-La Puente USD DS 2000 Series 2003B	2,821,876	1.345	37,963
Hacienda-La Puente USD DS 2005 Refunding Bonds	23,615,000	1.345	317,695
Hacienda-La Puente USD DS 2007 Refunding	54,550,000	1.345	733,866
Rowland Heights USD DS 2000 Series A	1,531,982	15.023	230,143
Rowland Heights USD DS 2000 Series B	439,075	15.023	65,960
Rowland Heights USD DS 2005 Ref Bonds	9,538,815	15.023	1,432,977
Rowland Heights USD DS 2006 Series A	735,000	15.023	110,416
Rowland Heights USD DS 2006 Series B	28,197,549	15.023	4,236,003
Rowland Heights USD DS 2006 Series C (BABS)	12,000,000	15.023	1,802,711
Rowland Heights USD DS 2006 Series D QSCB	20,150,000	15.023	3,027,053
Rowland Heights USD DS 2006 Series E	557,451	15.023	83,744
Rowland Heights USD DS 2012 Series A	72,410,000	15.023	10,877,861
Rowland Heights USD DS 2013 Ref Bonds	111,219,972	15.023	16,708,125
Walnut Valley USD DS 2000 Series E	16,694,951	0.741	123,759
Walnut Valley USD DS 2007 Series A (Measure S)	1,685,000	0.741	12,491
Walnut Valley USD DS 2007 Series A (Measure Y)	285,887	0.741	2,119
Walnut Valley USD DS 2011 Refunding	27,329,521	0.741	202,593
Walnut Valley USD DS 2012 Ref Bonds	5,585,000	0.741	41,401
Walnut Valley USD DS 2014 Ref Bonds Series A	24,470,000	0.741	181,395
Walnut Valley USD DS 2014 Ref Bonds Series B	40,660,000	0.741	301,411
West Covina USD 2002 Refunding Series A	12,160,000	95.421	11,603,196
West Covina USD DS 2012 Ref Bonds	13,455,000	95.421	12,838,898
Sub Total Overlapping Debt			158,744,246
City of West Covina Direct Debt - Lease Revenue Bonds			46,000,000
Total Direct and Overlapping Debt			\$ 204,744,246

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Glendora. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for the debt, for each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

Source: HdL Coren & Cone, Los Angeles, County Assessor and Auditor Combined 2015-16 Lien Date Tax Rolls

City of West Covina

Legal Debt Margin Information Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Assessed valuation	\$ 5,797,458	\$ 6,200,821	\$ 6,487,195	\$ 6,219,444
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,449,365	1,550,205	1,621,799	1,554,861
Debt limit percentage	15%	15%	15%	15%
Debt limit	217,405	232,531	243,270	233,229
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	\$ 217,405	\$ 232,531	\$ 243,270	\$ 233,229
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 margin 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 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.

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 6,202,099	\$ 6,308,843	\$ 6,394,836	\$ 6,611,732	\$ 7,034,995	\$ 2,566,170
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,550,525	1,577,211	1,598,709	1,652,933	1,758,749	641,543
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
232,579	236,582	239,806	247,940	263,812	96,231.38
-	-	-	-	-	-
<u>\$ 232,579</u>	<u>\$ 236,582</u>	<u>\$ 239,806</u>	<u>\$ 247,940</u>	<u>\$ 263,812</u>	<u>\$ 96,231</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of West Covina

Pledged-Revenue Coverage Last Ten Fiscal Years

Fiscal Year Ended June 30	Lease Revenue Bonds and Certificates of Participation			
	Revenue	Debt Service		Coverage
		Principal	Interest	
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
2015	57,588	1,655	891	22.62
2016	58,133	1,900	1,121	19.24

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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	1,145	1,207	8.32
2011	19,542	1,205	1,127	8.38
2012	17,260	1,250	1,079	7.41
2013	12,152	1,305	1,030	5.20
2014	8,675	1,358	978	3.71
2015	9,260	1,420	920	3.96
2016	15,110	1,480	853	6.48

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

Source: City of West Covina Finance Department

Fiscal Year Ended June 30	Assessment District Bond					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
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
2015	3,305	1,457	1,848	2,340	1,758	0.45
2016	6,911	1,429	5,482	2,940	2,124	1.08

City of West Covina

Demographic and Economic Statistics Last Ten Fiscal Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Annual Unemployment Rate</u>
2006	112,034	\$ 2,544,852	\$ 22,715	4.2%
2007	111,868	2,623,864	23,455	4.4%
2008	111,842	2,642,491	23,627	6.5%
2009	112,230	2,591,391	23,090	10.2%
2010	112,890	2,552,782	22,613	11.2%
2011	106,713	2,670,706	25,027	10.9%
2012	107,248	2,751,555	25,656	8.2%
2013	107,828	2,698,504	25,026	6.7%
2014	107,879	2,653,176	24,594	10.1%
2015	107,873	2,680,000	24,844	8.2%

Sources: HdL Coren & Cone, California State Department of Finance, and California Employment

City of West Covina

Principal Employers Current Year and Nine Years Ago

Employer	2016			2007		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Queen of the Valley Campus	1,591	1	3.13%	1,700	1	3.18%
WC Unified School District	1,466	2	2.88%	950	2	1.78%
City of West Covina	339	3	0.67%	515	3	0.96%
Walmart Store #5954	300	4	0.59%			
Macy's	289	5	0.57%	450	4	0.84%
Interspace/Concorde Battery Corpo	245	6	0.48%	215	9	0.40%
JC Penney Corp Inc. #1505-7	220	7	0.43%	215	10	0.40%
Target Store #T1028	215	8	0.42%	323	6	0.60%
S G V Newspaper Group	180	9	0.35%	378	5	0.71%
B.J.'s Restaurant & Brewery	176	10	0.35%			
Progressive Mgmt Systems				217	8	0.41%
Penske Motors				228	7	0.43%
Totals	<u>5,021</u>		<u>9.86%</u>	<u>5,191</u>		<u>9.71%</u>

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

Source: Labor Market Info, EDD, State of California
City of West Covina Business License section

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City of West Covina

Full-time and Part-time City Employees By Function Last Ten Fiscal Years

Function	Fiscal year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	43	43	42	40	39	36	31	31	31	32
Public safety	307	307	306	295	281	264	253	244	268	268
Public works	79	79	83	78	76	72	64	69	71	71
Community services	63	63	55	47	44	44	41	42	41	41
Community development	<u>24</u>	<u>24</u>	<u>24</u>	<u>23</u>	<u>19</u>	<u>16</u>	<u>7</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u>516</u>	<u>516</u>	<u>510</u>	<u>483</u>	<u>459</u>	<u>432</u>	<u>396</u>	<u>389</u>	<u>413</u>	<u>414</u>

Source: City of West Covina Finance Department

City of West Covina

Operating Indicators by Function (1) Last Ten Years

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Public Safety:				
Police:				
Total arrests	3,449	3,726	3,651	3,397
Calls for police service (1)	79,753	82,588	82,682	75,752
Graffiti sites cleaned (2)	N/A	15,736	8,009	16,077
Fire:				
Emergency responses	7,064	7,167	7,194	6,949
Fire inspections	3,711	3,748	3,751	3,603
Public works:				
Building permits issued	3,854	3,189	2,891	2,334
Graffiti sites cleaned (2)	N/A	N/A	N/A	N/A
Community Services				
Recreation class registrations	4,850	5,097	6,564	7,916
Environmental Management				
Graffiti sites cleaned (2)	17,903	N/A	N/A	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 fiscal year 2008-2009 and by Public Works starting fiscal year 2015-2016.

Source: City of West Covina Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
3,210	2,557	2,755	2,537	2,544	2,624
71,254	71,741	65,554	69,874	71,098	72,368
15,781	23,579	19,910	20,014	16,156	N/A
7,454	7,545	7,871	7,990	8,555	9,494
430	496	837	749	717	778
2,477	2,435	3,882	2,925	3,617	5,038
N/A	N/A	N/A	N/A	N/A	13,964
7,041	6,927	6,027	6,283	6,487	7,129
N/A	N/A	N/A	N/A	N/A	N/A

City of West Covina

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function	Fiscal Year			
	2007	2008	2009	2010
Public Safety:				
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
Streelight fixtures	1,109	1,109	1,109	1,109
Traffic signals	114	114	116	116
Parks and recreation:				
Sports Complex	-	1	1	1
Parks	16	16	16	16
Community centers	4	4	4	4
Wastewater:				
Sanitary sewers (miles)	238.9	238.9	238.9	238.9
Storm sewers (miles)	42.0	42.0	42.0	42.0

Source: City of West Covina

Fiscal Year					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
5	5	5	5	5	5
231.0	231.0	231.0	231.0	231.0	240.3
826	826	826	826	826	826
1,109	1,109	1,109	1,109	1,109	1,109
116	117	117	117	114	114
1	1	1	1	1	1
16	16	16	16	16	16
4	4	4	4	4	4
238.9	238.9	238.9	238.9	238.9	238.9
42.0	42.0	42.0	42.0	42.0	42.0

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