

City of
West Covina



COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST COVINA, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2017

*City of West Covina,
California*

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Prepared by the West Covina Finance Department

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Finance Department

December 12, 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, 2017. 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. 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, three community centers, four day care facilities, 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, the 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. The challenging economy has created opportunities in the business community to continually reinvent itself for the benefit of the City and its local surroundings. While sales tax revenues are expected to remain flat over the next few years, the City derives significant economic stability from its three major commercial districts: Plaza West Covina, Eastland Center, and The Lakes.

Despite the challenging economic climate, the City is making strides to improve the organizational structure through various reorganization efforts to help future budgets. The City is also fully aware that revenue growth is slow, which exacerbates the strain on the City's financial structure. The City must identify sustainable resources to address increasing costs such as retirement, continued rise in medical costs, debt service requirements, and costs for deferred maintenance of facilities and infrastructure.

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

Short-term and Long-term financial planning

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

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

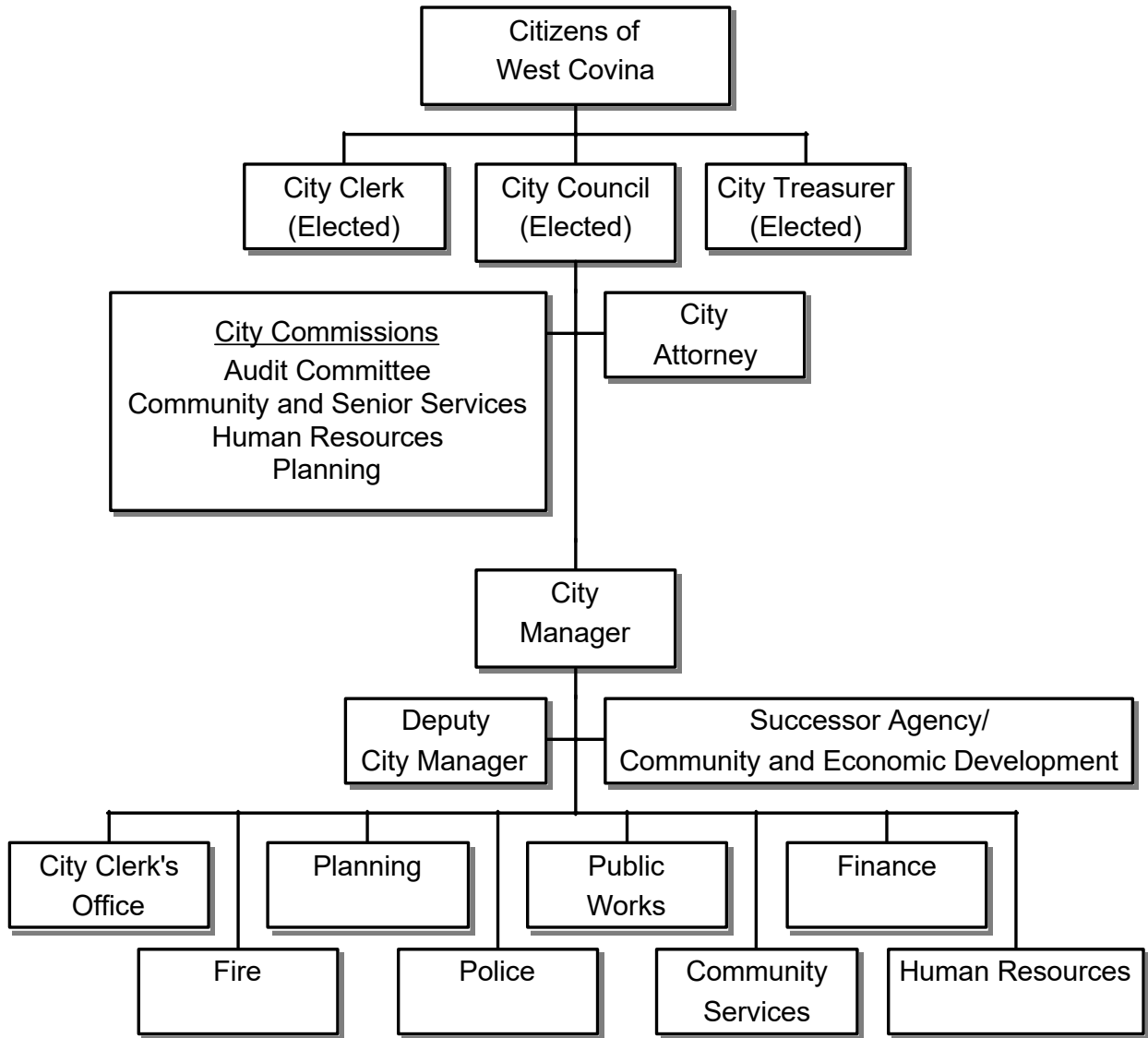
Respectfully submitted,



Nicole Lugotoff
Interim Finance Director

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City of West Covina Organizational Chart



CITY OF WEST COVINA

City Officials

June 30, 2017

CITY COUNCIL

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

CITY MANAGER

Chris Freeland

EXECUTIVE MANAGEMENT

Kimberly Hall Barlow	City Attorney
Rosalia Butler	City Clerk
Nikole Bresciani	Community Services Director
Laura Minnich	Deputy City Manager
Nicole Lugotoff	Finance Director (Interim)
Larry Whithorn	Fire Chief
Edward Macias	Human Resources Director
Jeff Anderson	Planning Director
Dave Faulkner	Police Chief
Chino Consunji	Public Works Director



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Gardenya Duran, CPA
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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, 2017, 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

*PCPS The AICPA Alliance
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, 2017, 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 December 12, 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
December 12, 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 (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. 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

- At June 30, 2017, the City's total net position (assets plus deferred outflows of resources less liabilities and less deferred inflows of resources) is \$59.6 million.
- The City's total net position decreased \$8 million from the prior year. This is comprised of governmental activities which decreased by \$7.9 million and business-type activities which decreased net position by \$0.1 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 land for the expansion of Cameron Park. Deferred outflows of resources from pension costs increased \$19.7 million due to the net difference between the projected and actual investment earnings on pension plan investments. See Note 11D *Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions* for details. The total net pension liability increased by \$26 million. See Note 11C *Changes in Net Pension Liability and Proportionate Share of Net Pension Liability* for details.
- The City's total governmental funds reported combined ending fund balances of \$72.9 million, a decrease of \$10.5 million in comparison with the prior fiscal year of \$83.4 million. Of this, \$12 million, or 16.5% of this total is nonspendable (not available for new spending). The restricted fund balance categories of \$45.1 million or 61.9% is spendable for restricted purposes. The assigned fund balance of \$2.8 million or 3.8% represents amounts that are intended to be used for specific purposes, but are not formally restricted or committed. The unassigned fund balance category of \$13 million or 17.8% represents the City's fund balance reserves.
- The City's business-type computer service enterprise activity (West Covina Service Group) had an operating loss for fiscal year (FY) 2016-17 of \$118,730, compared with \$225,459 in income loss in FY 2015-16. The total net position for the computer service enterprise fund is (\$252,336). The net position in the prior year was (\$135,676).

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, the Statement of Net Position and the Statement of Activities, that present financial data for the City as a whole and 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, 2017, net position for the City was \$59.6 million. Compared to the prior year, the net position of the City decreased by \$8 million or 11.8%.

The City's net position of \$59.6 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, \$153.8 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, \$50.7 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 \$144.9 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, 2017, with the comparative data for the fiscal year ended June 30, 2016.

Table 1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 91,562,563	\$ 99,900,023	\$ (83,318)	\$ 89,687	\$ 91,479,245	\$ 99,989,710
Capital assets	207,274,978	209,912,652	-	-	207,274,978	209,912,652
Total assets	298,837,541	309,812,675	(83,318)	89,687	298,754,223	309,902,362
Deferred Outflows of Resources:						
Deferred amount from pension plans	30,344,516	10,615,982	-	-	30,344,516	10,615,982
	30,344,516	10,615,982	-	-	30,344,516	10,615,982
Liabilities:						
Long-term debt outstanding	259,244,979	237,620,830	140,549	117,121	259,385,528	237,737,951
Other liabilities	6,829,810	5,202,449	28,469	108,242	6,858,279	5,310,691
Total liabilities	266,074,789	242,823,279	169,018	225,363	266,243,807	243,048,642
Deferred Inflows of Resources:						
Deferred amount from pension plans	3,264,778	9,875,864	-	-	3,264,778	9,875,864
	3,264,778	9,875,864	-	-	3,264,778	9,875,864
Net Position:						
Net investment in capital assets	153,784,463	148,989,212	-	-	153,784,463	148,989,212
Restricted	50,717,656	56,902,504	-	-	50,717,656	56,902,504
Unrestricted	(144,659,629)	(138,162,202)	(252,336)	(135,676)	(144,911,965)	(138,297,878)
Total net position	\$ 59,842,490	\$ 67,729,514	\$ (252,336)	\$ (135,676)	\$ 59,590,154	\$ 67,593,838

Changes in Net Position

The City's total revenues of \$87 million for governmental activities are \$7.9 million less than the expenses of \$94.9 million. The decrease is a result of slow growth in revenues offset by increases in expenditures, the largest being public safety.

A summary of the government-wide statement of activities for the year ended June 30, 2017, with the comparative data for the fiscal year ended June 30, 2016, as follows:

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	\$ 13,370,141	\$ 13,632,869	\$ 1,274,318	\$ 1,413,114	\$ 14,644,459	\$ 15,045,983
Operating contributions and grants	10,955,031	13,317,378	-	-	10,955,031	13,317,378
Capital contributions and grants	445,980	1,004,826	-	-	445,980	1,004,826
General revenues:						
Property taxes	23,994,740	22,352,163	-	-	23,994,740	22,352,163
Sales taxes	16,503,563	17,228,237	-	-	16,503,563	17,228,237
Other taxes	10,423,493	10,025,405	-	-	10,423,493	10,025,405
Other general revenues	11,300,580	3,772,631	184,088	(98,262)	11,484,668	3,674,369
Other item:						
Gain on transfer of land from Successor Agency	-	9,789,266	-	-	-	9,789,266
Total revenues	86,993,528	91,122,775	1,458,406	1,314,852	88,451,934	92,437,627
Expenses						
General government	5,775,173	4,571,684	-	-	5,775,173	4,571,684
Public safety	56,169,907	48,410,511	-	-	56,169,907	48,410,511
Public works	21,243,019	20,259,279	-	-	21,243,019	20,259,279
Community services	7,926,410	7,368,492	-	-	7,926,410	7,368,492
Community development	2,190,319	1,145,339	-	-	2,190,319	1,145,339
Interest expense	1,575,724	1,572,645	-	-	1,575,724	1,572,645
Computer service	-	-	1,575,066	1,638,573	1,575,066	1,638,573
Total expenses	94,880,552	83,327,950	1,575,066	1,638,573	96,455,618	84,966,523
Increase (decrease) in net position	(7,887,024)	7,794,825	(116,660)	(323,721)	(8,003,684)	(8,003,684)
Beginning net position	67,729,514	59,934,689	(135,676)	188,045	67,593,838	67,593,838
Ending net position	\$ 59,842,490	\$ 67,729,514	\$ (252,336)	\$ (135,676)	\$ 59,590,154	\$ 59,590,154

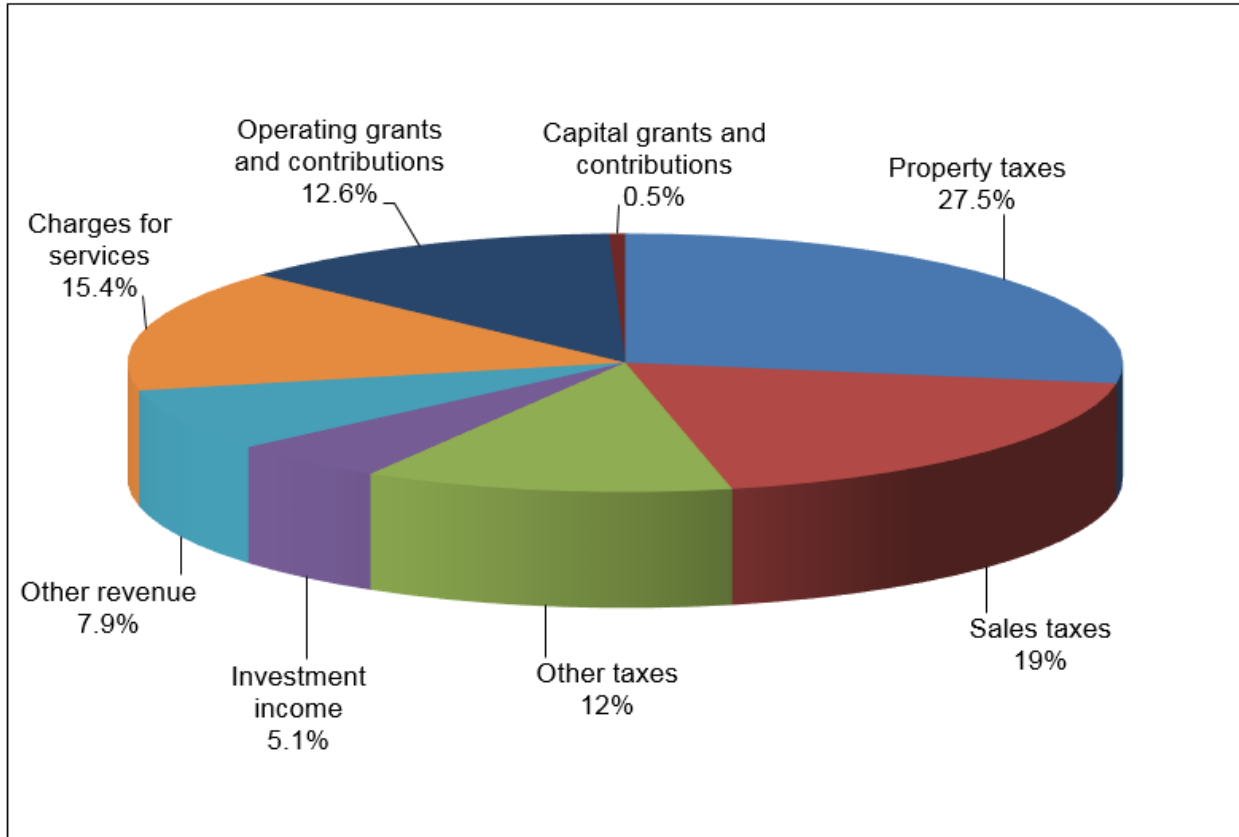
Certain reclassifications have been made to FY 2015-16 balances to conform to classifications used in FY 2016-17.

Governmental Activities

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

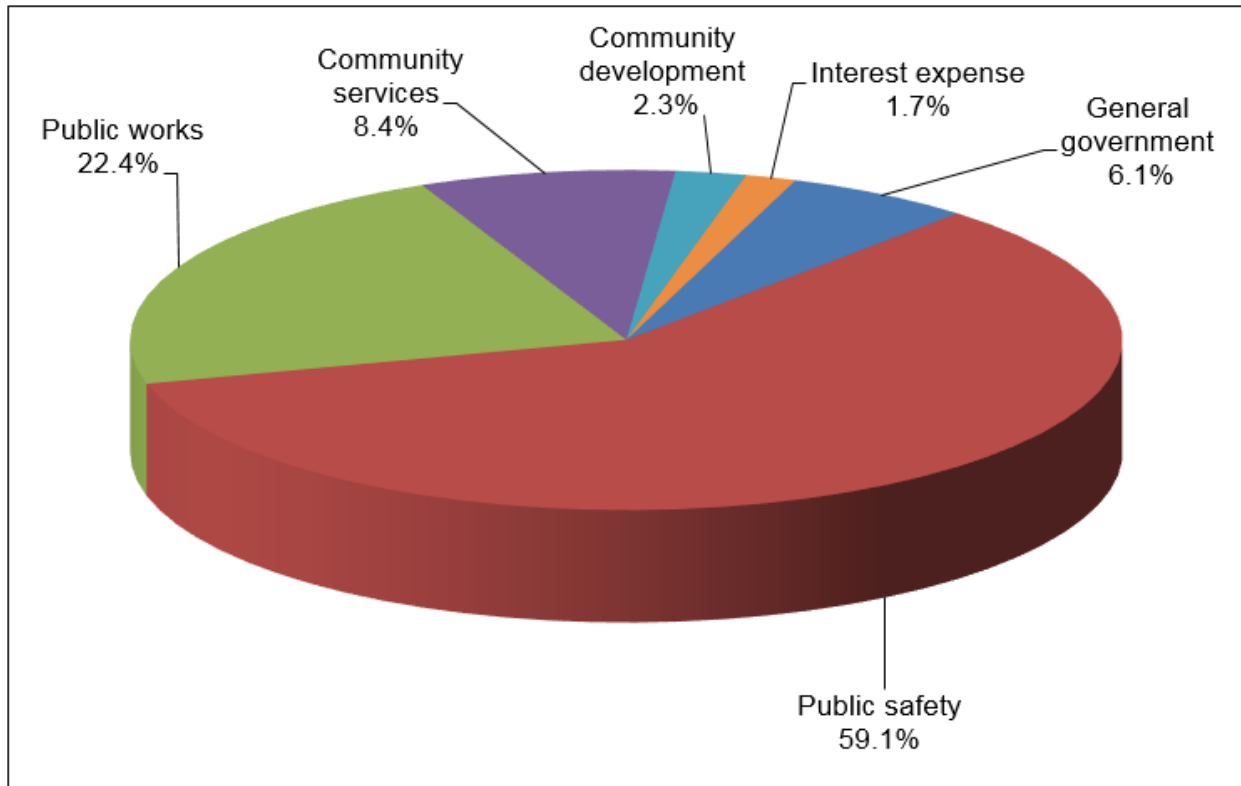
- Operating contributions and grants decreased by \$2.4 million, primarily due to a significant decrease in the drug enforcement revenue arising from delays in the flow of revenue to the City from the U.S. Department of Justice and U.S. Department of Treasury.
- Capital contributions and grants decreased by \$0.6 million due to a decrease in developer fees. Development fluctuates from year to year and several larger park developments occurred the prior fiscal year, primarily residential developments in West Covina Citrus Collection and Cadanera.
- Property taxes, the City's largest revenue source, increased \$1.6 million primarily due to an increase in the assessed valuation.
- Sales tax, the City's second largest revenue source, decreased \$0.7 million as a result of the wrap up the Sales Tax in Lieu (Triple Flip) at the end of the previous fiscal year.
- Other general revenues increased primarily in investment income due to the Department of Finance (DOF) determining that the advances between the City and the Successor Agency were an enforceable obligation on the Recognized Obligation Payment Schedule (ROPS) for FY 2016-17 which resulted in the increase in interest income and the advances owed to the General.
- There was an overall increase in expenses of \$11.6 million, due to an increase in salaries and benefits, maintenance and operations, and capital improvements. Also, in the prior fiscal year, there was a one-time adjustment to the net pension liabilities primarily resulting from changes in actuarial assumptions discount rates for both Miscellaneous and Safety Pension Plans.

Revenues by Source – Governmental Activities



The most significant revenues of the governmental activities are property taxes (\$24 million), sales tax (\$16.5 million) and other taxes (\$10.4 million). Program revenues are \$24.8 million of the total revenues of the governmental activities, which include charges for services (\$13.4 million), operating contributions and grants (\$11 million), and capital grants and contributions (\$0.4 million).

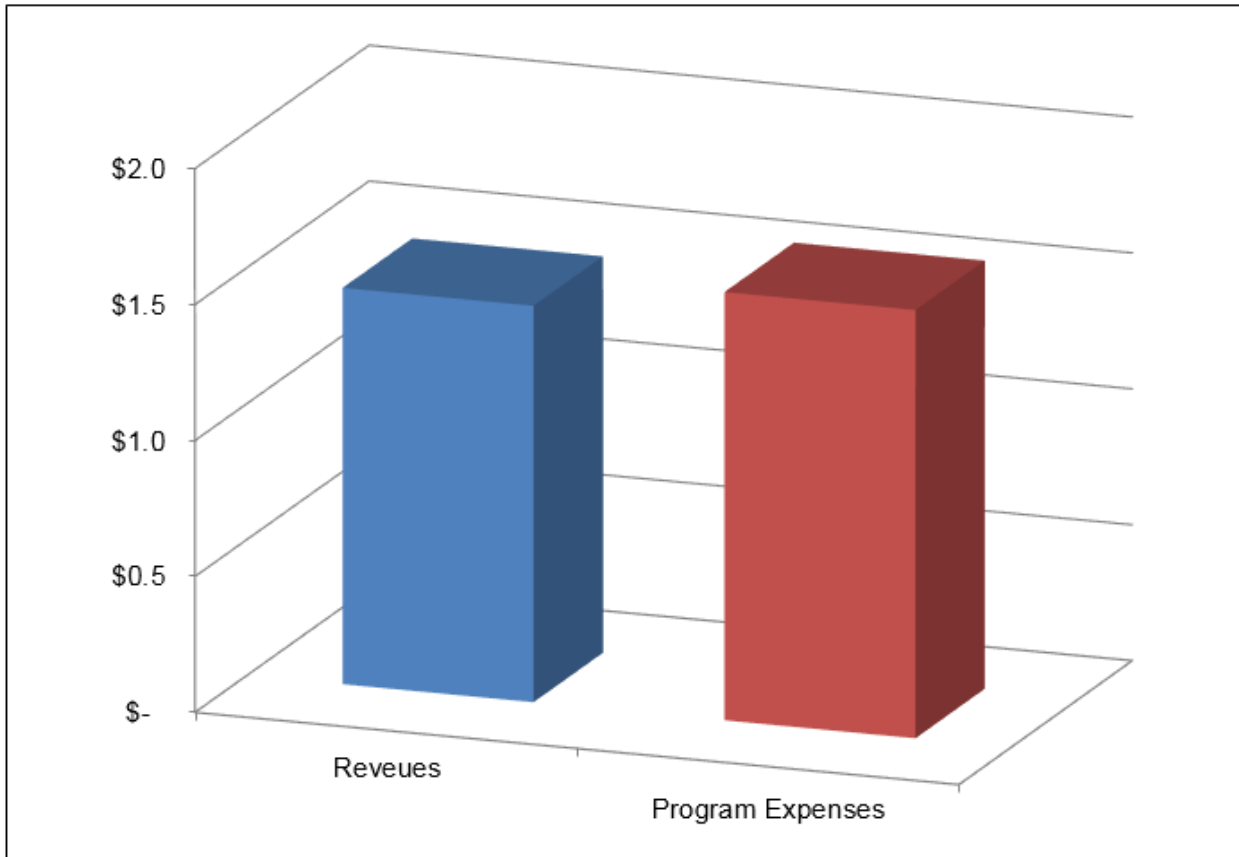
Expenses by Function – Governmental Activities



The City's expenses cover a range of services whose expenses were as follows: public safety (\$56.2 million), public works (\$21.2 million), community services (\$7.9 million), general government (\$5.8 million), community development (\$2.2 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 \$138,796 or 9.8% from the prior fiscal year. Expenses decreased by \$63,507 in FY 2016-17 causing the decrease in net position of \$116,660.

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 \$14.1 million, while total fund balance was \$21.1 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 22.1% of total general fund expenditures, while total fund balance represents 33% of that same amount. The nonspendable portion of fund balance in the amount of \$7 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 \$6.2 million while total expenditures, exclusive of fund transfers out, increased \$4.4 million.
- Total taxes were up \$1.2 million (2.6%) from the prior year. Property taxes increased by \$1.6 million (7.3%) and sales tax revenues decreased by \$0.7 million (4.2%).
- Public Safety expenditures increased by \$3.2 million as a result of increasing personnel costs due to increased California Public Employees' Retirement System (CalPERS) rates and approved amendments to various Memorandums of Understanding (MOU). There was also an increase in overtime costs arising from numerous vacancies through the Police and Fire Departments, along with an increase in property and liability charges to the Police Department due to a high volume of claims that were settled throughout the course of the fiscal year.

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 \$14.3 million and is due \$4.9 million from the Successor Agency for amounts borrowed by the former redevelopment agency to fund the Supplemental Educational Revenue Augmentation Fund (SERAF) payments and 20% of the loans made to the former redevelopment agency by the City.

The **Community Development Block Grant Special Revenue Fund** accounts for the activities of the Community Development Block Grant (CDBG) received from the U.S. Department of Housing and Urban Development. The fund finished the fiscal year with a total fund deficit of \$475,236. The deficit will be eliminated through future grant revenue the City will receive during FY 2017-18.

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 \$5.3 million. Taxes in total exceeded the budget by \$985,623, primarily from property taxes and the residual redevelopment property tax trust fund monies received during the fiscal year. The City budgeted conservatively for these sources of revenue as it may fluctuate from year to year. Investment income exceeded the budget by \$2.7 million. As previously mentioned, DOF determined that the advances between the City and the Successor Agency were an enforceable obligation on the ROPS for FY 2016-17 which resulted in the increase in interest income and the advances owed to the General Fund.

CAPITAL ASSETS

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 48,821,968	\$ 47,900,288	\$ -	\$ -	\$ 48,821,968	\$ 47,900,288
Buildings and improvements	61,908,591	63,276,362	-	-	61,908,591	63,276,362
Equipment and vehicles	8,276,489	6,340,815	-	-	8,276,489	6,340,815
Infrastructure	66,806,897	73,636,095	-	-	66,806,897	73,636,095
Rights of way	14,376,498	14,376,498	-	-	14,376,498	14,376,498
Construction in progress	7,084,535	4,382,594	-	-	7,084,535	4,382,594
Total	\$ 207,274,978	\$ 209,912,652	\$ -	\$ -	\$ 207,274,978	\$ 209,912,652

The major additions to capital assets during the year ended June 30, 2017, are as follows:

- Construction in progress had a net increase of \$2.7 million. The \$7.1 million currently in progress includes the following:
 - Orangewood Park Soccer Complex (\$3.62 million)
 - Tiller Quint Fire Truck (\$1.34 million)
 - Traffic Signal Modifications (\$543,000)
 - Various Street Projects (\$631,000)
 - Various Information Technology Upgrades (\$300,000)
 - Various Park Improvements (\$269,000)
 - Facility Repairs/Improvements (\$181,000)
 - Sewer Camera (\$187,000)
- Completed fixed asset additions of \$2.7 million included:
 - Two Fire Trucks (\$1.3 million)
 - Street Rehabilitation Projects (\$496,000)
 - Vector Sewer Jetter Truck (\$422,000)
 - Facility Repairs/Improvements (\$340,000)
 - Various Information Technology Upgrades (\$190,000)

Additional information on the City'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 \$68.7 million. Of this amount, \$42.6 million represents outstanding bonds and \$26.1 million represents other debt such as compensated absences payable, claims and judgments payable, capital lease obligations, and the Successor Agency note. All of the outstanding bonds are lease revenue bonds secured by leases from the General Fund.

Outstanding Bonds

	Governmental Activities	
	2017	2016
Lease Revenue Bonds	\$ 42,570,000	\$ 46,000,000
Total	<u>\$ 42,570,000</u>	<u>\$ 46,000,000</u>

Additional information on the City'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.

BASIC FINANCIAL STATEMENTS

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City of West Covina

Statement of Net Position June 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 54,944,209	\$ -	\$ 54,944,209
Cash and investments with fiscal agent	2,103,282	-	2,103,282
Restricted cash and investments	501,429	-	501,429
Receivables, net:			
Accounts	165,541	-	165,541
Taxes	3,381,140	-	3,381,140
Interest	17,232	-	17,232
Notes and loans	14,266,152	-	14,266,152
Other	1,473,716	41,044	1,514,760
Internal balances	124,362	(124,362)	-
Inventories	16,549	-	16,549
Advances to Successor Agency	11,233,005	-	11,233,005
Due from other agencies	1,251,516	-	1,251,516
Due from Successor Agency	1,830,504	-	1,830,504
Prepays and other assets	253,926	-	253,926
Capital assets:			
Non-depreciable	70,283,001	1,059,120	71,342,121
Depreciable, net	136,991,977	(1,059,120)	135,932,857
Total assets	<u>298,837,541</u>	<u>(83,318)</u>	<u>298,754,223</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount from pension plans	<u>30,344,516</u>	<u>-</u>	<u>30,344,516</u>
LIABILITIES			
Accounts payable	3,140,218	6,116	3,146,334
Other accrued liabilities	2,885,582	22,353	2,907,935
Interest payable	101,193	-	101,193
Unearned revenues	233,446	-	233,446
Deposits	469,371	-	469,371
Long-term liabilities:			
Other post-employment benefits obligation	24,338,490	-	24,338,490
Net pension liability	166,390,349	-	166,390,349
Due within one year	8,223,262	70,711	8,293,973
Due in more than one year	60,292,878	69,838	60,362,716
Total liabilities	<u>266,074,789</u>	<u>169,018</u>	<u>266,243,807</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amount from pension plans	<u>3,264,778</u>	<u>-</u>	<u>3,264,778</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	153,784,463	-	153,784,463
Restricted for:			
Public safety	4,705,065	-	4,705,065
Public works	13,175,572	-	13,175,572
Community services	2,350,987	-	2,350,987
Affordable housing	24,860,396	-	24,860,396
Debt service	5,625,636	-	5,625,636
Unrestricted	(144,659,629)	(252,336)	(144,911,965)
Total net position (deficit)	<u>\$ 59,842,490</u>	<u>\$ (252,336)</u>	<u>\$ 59,590,154</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, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,775,173	\$ 546,626	\$ -	\$ -
Public safety	56,169,907	3,201,495	4,087,218	-
Public works	21,243,019	7,714,148	535,841	14,976
Community services	7,926,410	1,491,858	6,331,972	431,004
Community development	2,190,319	416,014	-	-
Interest expense	1,575,724	-	-	-
Total governmental activities	<u>94,880,552</u>	<u>13,370,141</u>	<u>10,955,031</u>	<u>445,980</u>
Business-type activity:				
Computer service	<u>1,575,066</u>	<u>1,274,318</u>	<u>-</u>	<u>-</u>
Total business-type activity	<u>1,575,066</u>	<u>1,274,318</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 96,455,618</u>	<u>\$ 14,644,459</u>	<u>\$ 10,955,031</u>	<u>\$ 445,980</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Transient occupancy taxes

Other taxes

Investment income

Other revenues

Total general revenues and transfers

Change in net position

Net position (deficit) - beginning of year

Net position (deficit) - end of year

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

(continued)

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,228,547)	\$ -	\$ (5,228,547)
(48,881,194)	-	(48,881,194)
(12,978,054)	-	(12,978,054)
328,424	-	328,424
(1,774,305)	-	(1,774,305)
(1,575,724)	-	(1,575,724)
<u>(70,109,400)</u>	<u>-</u>	<u>(70,109,400)</u>
<u>-</u>	<u>(300,748)</u>	<u>(300,748)</u>
<u>-</u>	<u>(300,748)</u>	<u>(300,748)</u>
<u>(70,109,400)</u>	<u>(300,748)</u>	<u>(70,410,148)</u>
23,994,740	-	23,994,740
16,503,563	-	16,503,563
3,698,184	-	3,698,184
1,901,649	-	1,901,649
4,823,660	-	4,823,660
4,452,938	2,070	4,455,008
<u>6,847,642</u>	<u>182,018</u>	<u>7,029,660</u>
<u>62,222,376</u>	<u>184,088</u>	<u>62,406,464</u>
(7,887,024)	(116,660)	(8,003,684)
<u>67,729,514</u>	<u>(135,676)</u>	<u>67,593,838</u>
<u>\$ 59,842,490</u>	<u>\$ (252,336)</u>	<u>\$ 59,590,154</u>

City of West Covina

**Balance Sheet – Governmental Funds
June 30, 2017**

	General Fund	Special Revenue Funds	
		West Covina Housing Authority	Community Development Block Grant
ASSETS			
Cash and investments	\$ 11,092,148	\$ 5,620,355	\$ 18,858
Cash and investments with fiscal agent	-	-	-
Restricted cash and investments	-	-	-
Receivables, net:			
Accounts	112,971	-	-
Taxes	3,053,484	-	-
Interest	9,888	1,078	-
Notes and loans	-	14,266,152	-
Other	1,370,735	-	-
Due from other funds	864,326	-	-
Advances to Successor Agency	6,375,055	4,857,950	-
Advances to other funds	475,787	-	-
Due from other agencies	-	-	573,849
Prepaid expenses	131,426	122,500	-
Due from Successor Agency	1,830,504	-	-
Total assets	<u>\$ 25,316,324</u>	<u>\$ 24,868,035</u>	<u>\$ 592,707</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 945,689	\$ 4,279	\$ 445,533
Other accrued liabilities	2,577,282	3,360	36,555
Due to other funds	12,695	-	104,475
Advances from other funds	-	-	-
Due to other governments	167,962	-	-
Deposits	469,371	-	-
Unearned revenue	41,979	-	-
Total liabilities	<u>4,214,978</u>	<u>7,639</u>	<u>586,563</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	481,380
Fund Balances (Deficit):			
Nonspendable	6,982,268	-	-
Restricted:			
Affordable housing	-	24,860,396	-
Debt service	-	-	-
Community services	-	-	-
Public safety	-	-	-
Public works	-	-	-
Assigned	-	-	-
Unassigned	14,119,078	-	(475,236)
Total fund balances (deficit)	<u>21,101,346</u>	<u>24,860,396</u>	<u>(475,236)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,316,324</u>	<u>\$ 24,868,035</u>	<u>\$ 592,707</u>

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

(continued)

Non-Major Governmental Funds	Total Governmental Funds
\$ 26,510,123	\$ 43,241,484
2,103,282	2,103,282
501,429	501,429
17,409	130,380
327,656	3,381,140
6,097	17,063
-	14,266,152
102,981	1,473,716
-	864,326
-	11,233,005
-	475,787
845,629	1,419,478
-	253,926
-	1,830,504
<u>\$ 30,414,606</u>	<u>\$ 81,191,672</u>

\$ 1,297,195	\$ 2,692,696
258,084	2,875,281
555,509	672,679
475,787	475,787
-	167,962
-	469,371
<u>191,467</u>	<u>233,446</u>
<u>2,778,042</u>	<u>7,587,222</u>

<u>238,773</u>	<u>720,153</u>
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-	6,982,268
-	24,860,396
5,625,636	5,625,636
1,952,246	1,952,246
4,934,587	4,934,587
12,690,281	12,690,281
2,820,665	2,820,665
(625,624)	13,018,218

<u>27,397,791</u>	<u>72,884,297</u>
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<u>\$ 30,414,606</u>	<u>\$ 81,191,672</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, 2017

Fund balances for governmental funds \$ 72,884,297

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 \$328,125):

Capital assets	\$ 403,449,845	
Accumulated depreciation	<u>(196,502,992)</u>	206,946,853

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 (this does not include internal service fund long-term liabilities of \$10,601,185):

Bonds payable	(42,570,000)	
Compensated absences	(4,424,440)	
Notes payable	<u>(10,920,515)</u>	(57,914,955)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (101,193)

Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting. 720,153

OPEB obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements. (24,338,490)

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	30,344,516	
Deferred inflows of resources	(3,264,778)	
Net pension liability	<u>(166,390,349)</u>	(139,310,611)

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. 956,436

Net position of governmental activities \$ 59,842,490

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, 2017**

	General Fund	Special Revenue Funds	
		West Covina Housing Authority	Community Development Block Grant
REVENUES			
Taxes	\$ 48,697,900	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	1,037,389	-	-
Fines and forfeitures	894,618	-	-
Investment income	2,802,057	819,924	210
Rental income	604,817	-	-
Revenue from other agencies	1,970,867	-	726,769
Charges for services	6,928,556	-	-
Other revenues	1,435,324	2,398	156,463
Total revenues	<u>64,371,528</u>	<u>822,322</u>	<u>883,442</u>
EXPENDITURES			
Current:			
General government	6,211,486	-	-
Public safety	50,335,459	-	60,771
Public works	4,517,194	-	848,275
Community services	2,098,129	-	232,495
Community development	783,246	408,140	395,360
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>63,945,514</u>	<u>408,140</u>	<u>1,536,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>426,014</u>	<u>414,182</u>	<u>(653,459)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from debt	-	-	-
Transfers in	1,021,536	-	-
Transfers out	(2,491,016)	-	-
Total other financing sources (uses)	<u>(1,469,480)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,043,466)	414,182	(653,459)
Fund balances, beginning of year	<u>22,144,812</u>	<u>24,446,214</u>	<u>178,223</u>
Fund balances (deficit), end of year	<u>\$ 21,101,346</u>	<u>\$ 24,860,396</u>	<u>\$ (475,236)</u>

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

(continued)

Non-Major Governmental Funds	Total Governmental Funds
\$ 6,805,069	\$ 55,502,969
5,318,497	5,318,497
-	1,037,389
-	894,618
826,416	4,448,607
-	604,817
7,495,642	10,193,278
430,583	7,359,139
535,346	2,129,531
<u>21,411,553</u>	<u>87,488,845</u>
3,196	6,214,682
4,084,742	54,480,972
9,963,248	15,328,717
8,493,771	10,824,395
612,135	2,198,881
7,932,925	7,932,925
1,564,669	1,564,669
<u>32,654,686</u>	<u>98,545,241</u>
<u>(11,243,133)</u>	<u>(11,056,396)</u>
500,000	500,000
4,621,696	5,643,232
(3,152,216)	(5,643,232)
<u>1,969,480</u>	<u>500,000</u>
(9,273,653)	(10,556,396)
<u>36,671,444</u>	<u>83,440,693</u>
<u>\$ 27,397,791</u>	<u>\$ 72,884,297</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, 2017

Net change in fund balances - total governmental funds \$ (10,556,396)

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

Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays and disposals in the current period: (this does not include the following internal service fund activity: depreciation expense of \$54,717).

Capital outlay	\$ 9,678,961	
Depreciation expense	(10,710,386)	
Loss on disposal of asset	(99,161)	
Construction in progress deemed not viable	<u>(1,452,371)</u>	(2,582,957)

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.

Debt issuance	(500,000)	
Principal payments on long-term debt	<u>7,932,925</u>	7,432,925

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

(11,055)

Change in revenues that are measureable but not available are reported as unavailable revenue under the modified accrual basis of accounting.

(499,640)

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

Increase in net other post employment benefits obligation	(1,848,107)
Increase in compensated absences	(269,328)

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 changes in pension amounts for deferred outflows of resources and deferred inflows of resources.

295,253

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.

152,281

Change in net position of governmental activities

\$ (7,887,024)

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

City of West Covina

**Statement of Net Position
Proprietary Funds
June 30, 2017**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments	\$ -	\$ 11,702,725
Receivables, net		
Accounts	-	35,161
Interest	-	169
Other	41,044	-
Due from other funds	-	12,695
Inventories	-	16,549
Total current assets	<u>41,044</u>	<u>11,767,299</u>
Noncurrent Assets:		
Capital Assets:		
Capital assets	1,059,120	2,996,457
Less accumulated depreciation	<u>(1,059,120)</u>	<u>(2,668,332)</u>
Total capital assets, net	<u>-</u>	<u>328,125</u>
Total noncurrent assets	<u>-</u>	<u>328,125</u>
 Total assets	 <u>41,044</u>	 <u>12,095,424</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	6,116	447,522
Other accrued liabilities	22,353	10,301
Claims and judgments - current portion	-	3,253,952
Compensated absences - current portion	70,711	10,194
Due to other funds	<u>124,362</u>	<u>79,980</u>
Total current liabilities	<u>223,542</u>	<u>3,801,949</u>
Noncurrent Liabilities:		
Claims and judgments	-	7,332,436
Compensated absences	<u>69,838</u>	<u>4,603</u>
Total noncurrent liabilities	<u>69,838</u>	<u>7,337,039</u>
 Total liabilities	 <u>293,380</u>	 <u>11,138,988</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	-	328,125
Unrestricted	<u>(252,336)</u>	<u>628,311</u>
 Total net position (deficit)	 <u>\$ (252,336)</u>	 <u>\$ 956,436</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, 2017**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 1,274,318	\$ 5,870,829
Other revenues	182,018	96,473
Total operating revenues	<u>1,456,336</u>	<u>5,967,302</u>
OPERATING EXPENSES		
Personnel services	1,319,556	624,348
Cost of sales, services and operations	255,510	1,462,816
Depreciation	-	54,717
Insurance and claims paid	-	3,677,463
Total operating expenses	<u>1,575,066</u>	<u>5,819,344</u>
Operating income (loss)	(118,730)	147,958
NONOPERATING REVENUES		
Investment income	<u>2,070</u>	<u>4,323</u>
Change in net position	(116,660)	152,281
Net position (deficit), beginning of year	<u>(135,676)</u>	<u>804,155</u>
Net position (deficit), end of year	<u>\$ (252,336)</u>	<u>\$ 956,436</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, 2017**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 1,367,284	\$ 6,072,900
Payments to suppliers for goods and services	(250,300)	(4,017,964)
Payments to employees for services	(1,296,128)	(661,706)
Net cash provided by (used for) operating activities	(179,144)	1,393,230
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	124,362	1,797
Paid to other funds	-	(12,695)
Net cash provided by (used for) noncapital financing activities	124,362	(10,898)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	2,100	4,546
Net increase (decrease) in cash and cash equivalents	(52,682)	1,386,878
Cash and cash equivalents, beginning of year	52,682	10,315,847
Cash and cash equivalents, end of year	\$ -	\$ 11,702,725

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, 2017**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ (118,730)	\$ 147,958
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	-	54,717
(Increase) decrease in operating assets:		
Accounts receivable	36,975	(23,219)
Other receivables	(41,044)	128,817
Inventories	-	(8,241)
Increase (decrease) in operating liabilities:		
Accounts payable	4,119	199,962
Other accrued liabilities	1,091	(2,036)
Claims and judgments payable	-	932,630
Compensated absences payable	23,428	(37,358)
Unearned revenue	(84,983)	-
Net cash provided by (used for) operating activities	<u>\$ (179,144)</u>	<u>\$ 1,393,230</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, 2017**

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds	Special Deposits Agency Fund
ASSETS			
Cash and investments	\$ 13,904,955	\$ 755,296	\$ 1,548,671
Cash and investments with fiscal agent	6,096,099	-	-
Restricted cash and investments	65,117	-	-
Receivables, net:			
Taxes	491,200	-	-
Interest	15,810	-	-
Assessments	22,820,000	-	-
Other	-	-	410
Due from other governments	167,962	-	-
Due from City of West Covina	10,420,515	-	-
Land held for resale	139,016	-	-
Capital assets:			
Non-depreciable	3,007,802	-	-
Depreciable, net	4,846,677	-	-
Total assets	61,975,153	755,296	\$ 1,549,081
LIABILITIES			
Accounts payable	79,722	-	\$ 24,355
Accrued liabilities	1,538	-	-
Interest payable	611,164	-	-
Due to the City of West Covina	1,830,504	-	-
Due to other governments	40,292	-	-
Deposits	15,000	-	1,524,726
Advances from the City of West Covina	11,233,005	-	-
Long-term liabilities			
Due to County Auditor Controller	10,420,515	-	-
Due within one year	7,374,195	-	-
Due in more than one year	91,475,027	-	-
Total liabilities	123,080,962	-	\$ 1,549,081
NET POSITION (DEFICIT)			
Held in trust for Successor Agency	(61,105,809)	-	
Held in trust for pension benefits	-	755,296	
Total net position (deficit)	\$ (61,105,809)	\$ 755,296	

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, 2017**

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds
ADDITIONS		
Taxes	\$ 12,516,033	\$ -
Employer contribution	-	134,486
Investment income	325,146	59,890
Rental income	50,000	-
Other revenues	584,782	-
	<u>13,475,961</u>	<u>194,376</u>
DEDUCTIONS		
Program administration	17,327,136	-
Administrative costs	-	17,962
Benefit distributions	-	179,193
Interest and fiscal charges	3,059,354	-
Depreciation	370,084	-
	<u>20,756,574</u>	<u>197,155</u>
Change in net position	(7,280,613)	(2,779)
Net position (deficit), beginning of year	<u>(53,825,196)</u>	<u>758,075</u>
Net position (deficit), end of year	<u>\$ (61,105,809)</u>	<u>\$ 755,296</u>

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Presentation

The basic financial statements of the City of West Covina, California (the 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 was incorporated on February 23, 1923, under the general laws of the State of California. The accompanying financial statements present the City 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, 2017

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, 2017**

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 generally accepted accounting principles.

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, 2017**

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, 2017**

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 generally accepted accounting principles. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, 2017**

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 former 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, 2017

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.

Community Development Block Grant Special Revenue Fund

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

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, 2017**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Fund Classifications, (continued)

Additionally, the City reports the following fund types:

Non-Major Governmental Fund Types

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

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.

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

Successor Agency 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.

Special Deposits 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, 2017**

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, 2017**

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.

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 funds 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 of resources related to pensions.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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, 2017**

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 acquisition 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 assets 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, 2017, since the proprietary funds have no debt utilized to construct 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, 2017**

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, 2017**

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) 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.

Generally accepted accounting principles require that the reported results for pensions must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2015
Measurement Date (MD)	June 30, 2016
Measurement Period (MP)	July 1, 2015 to June 30, 2016

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

2) CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and investments	\$ 54,944,209
Cash and investments with fiscal agents	2,103,282
Restricted cash and investments	501,429
Statement of Fiduciary Net Position:	
Cash and investments	16,208,922
Cash and investments with fiscal agents	6,096,099
Restricted cash and investments	<u>65,117</u>
Total Cash and Investments	<u>\$ 79,919,058</u>

Cash and investments at June 30, 2017, consisted of the following:

Cash on hand	\$ 21,085
Deposits with financial institutions	12,960,881
Investments	<u>66,937,092</u>
Total Cash and Investments	<u>\$ 79,919,058</u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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.

Maximum Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
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, 2017

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	\$ 30,730,544	\$ -	\$ -	\$ 30,730,544
U.S. Treasury Obligations	1,047,583	3,724,380	2,483,812	7,255,775
U.S. Government Sponsored				
Agency Securities	1,468,161	5,992,015	2,800,670	10,260,846
Commercial Paper	1,192,780	-	-	1,192,780
Supranational		1,688,331	966,405	2,654,736
U.S. Corporate	2,800,648	5,290,853	1,912,217	10,003,718
Money market mutual funds	553,096	-	-	553,096
Asset-Backed Securities	93,250	3,437,051	-	3,530,301
Subtotal	<u>\$ 37,886,062</u>	<u>\$ 20,132,630</u>	<u>\$ 8,163,104</u>	66,181,796
PARS Trust Pool				755,296
Total Investments				<u>\$ 66,937,092</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 Poor's or Moody for each investment type.

Investment Type	Minimum Legal Rating*	Total as of June 30, 2017									Not Rated
		AAA	AA+	AA-	AA	A+	A	A-1			
Los Angeles County Investment Pool	N/A	\$ 30,730,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,730,544
U.S. Treasury Obligations	N/A	7,255,775	7,255,775	-	-	-	-	-	-	-	-
U.S. Government Sponsored											
Agency Securities	N/A	10,260,846	10,260,846	-	-	-	-	-	-	-	-
Commercial Paper	A-1	1,192,780	-	-	-	-	-	-	-	1,192,780	-
Supranational	AA/A-1+	2,654,736	2,654,736	-	-	-	-	-	-	-	-
U.S. Corporate	A	10,003,718	600,828	1,006,627	1,757,610	203,511	1,997,222	4,437,920	-	-	-
Money market mutual funds	AAA	553,096	553,096	-	-	-	-	-	-	-	-
Asset-Backed Securities	AA	3,530,301	3,530,301	-	-	-	-	-	-	-	-
PARS Trust Pool	N/A	755,296	-	-	-	-	-	-	-	-	755,296
Total		<u>\$ 66,937,092</u>	<u>\$ 24,855,582</u>	<u>\$ 1,006,627</u>	<u>\$ 1,757,610</u>	<u>\$ 203,511</u>	<u>\$ 1,997,222</u>	<u>\$ 4,437,920</u>	<u>\$ 1,192,780</u>		<u>\$ 31,485,840</u>

* N/A- Not Applicable

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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. There was no investments in any one issuer (other than U.S. Government Agencies, Supranationals, Money Market Funds, and external investment pools) that represent 5% or more of total City investments.

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, 2017, 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, 2017

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

Generally accepted accounting principles requires classifying investments under a fair value hierarchy consisting 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, 2017.

Investments by Fair Value Level	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 7,255,775	\$ -	\$ 7,255,775	\$ -
U.S. Government Sponsored Agency Securities	10,260,846	-	10,260,846	-
Commercial Paper	1,192,780	-	1,192,780	-
Supranational	2,654,736	-	2,654,736	-
U.S. Corporate	10,003,718	-	10,003,718	-
Asset-Backed Securities	3,530,301	-	3,530,301	-
Total Investments by Fair Value Level	34,898,156	\$ -	\$ 34,898,156	\$ -
Investments Measured at Net Asset Value (NAV) or not subject to the fair value hierarchy:				
Los Angeles County Investment Pool	30,730,544			
Money market mutual funds	553,096			
PARS Trust Pool	755,296			
Total	\$ 66,937,092			

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

3) INTERFUND RECEIVABLES AND TRANSFERS

Interfund transactions – Due to/due from interfund borrowings

Interfund receivable and payable balances at June 30, 2017, are as follows:

Payable Fund	Receivable Fund		Total
	General Fund	Internal Service Funds	
General Fund	\$ -	\$ 12,695	\$ 12,695
Community Development Block Grant	104,475	-	104,475
Non-Major Governmental Funds	555,509	-	555,509
Enterprise Fund	124,362	-	124,362
Internal Service Funds	79,980	-	79,980
Total	<u>\$ 864,326</u>	<u>\$ 12,695</u>	<u>\$ 877,021</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>\$ 475,787</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 reader board sign at the Auto Plaza.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

3) INTERFUND RECEIVABLES AND TRANSFERS, (continued)

Interfund transactions - Transfers

The following schedule summarizes the City's transfer activity:

	Transfer In		
	General Fund	Non-major Governmental Funds	Total Transfers Out
Transfers Out:			
General Fund	\$ -	\$ 2,491,016	\$ 2,491,016
Non-major Governmental Funds	1,021,536	2,130,680	3,152,216
Total Transfers In:	<u>\$ 1,021,536</u>	<u>\$ 4,621,696</u>	<u>\$ 5,643,232</u>

Of the \$2,491,016 the General Fund transferred to Non-major Governmental Funds, \$1,501,016 was for debt service payments and \$990,000 was for various capital projects.

Of the \$1,021,536 the Non-major Governmental Funds transferred to the General Fund, \$878,391 was from the Public Safety Augmentation Fund for front-line public safety needs, \$50,000 was from the West Covina Community Services Foundation for the City's SWAT Team and \$93,145 was transferred as part of closing Integrated Waste Management Fund.

Of the \$2,130,680 of transfers within Non-major Governmental Funds, \$1,200,000 was to fund information technology ongoing upgrades, \$921,680 was for the purchase of property for the expansion of Cameron Park, and \$9,000 was for shared services.

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, 2017, 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.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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 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 general advance and SERAF advance repayments made in the 2016-17 fiscal year were \$641,008 and \$2,968,432 respectively.

At June 30, 2017, the outstanding balances are as follows:

General Advances	\$ 7,968,819
SERAF Advances	3,264,186
Total Advances to Successor Agency	<u>\$ 11,233,005</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

5) NOTES AND LOANS RECEIVABLE

As of June 30, 2017, the following notes and loans receivable were outstanding:

Housing rehabilitation	\$ 374,988
First time home buyers	285,700
Housing preservation program	712,697
Home improvement program	899,932
Lark Ellen Towers	6,130,701
Executive Lodge Apartments Limited Partnership	5,975,678
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>(12,103,654)</u>
Total	<u>\$ 14,266,152</u>

Several housing rehabilitation loans totaling \$374,988 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 City has included 5% of the balance in the allowance for doubtful accounts.

The Housing Authority has loans to first-time home buyers totaling \$285,700. 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, 2017, ranging from \$7,965 to \$22,407. The City has included 5% of the balance in the allowance for doubtful accounts.

The Housing Authority also has housing preservation loans to qualified applicants using housing set-aside funds totaling \$712,697. 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 84 individual loans outstanding at June 30, 2017, ranging from \$205 to \$10,659. The City has included 5% of the balance in the allowance for doubtful accounts.

Several housing improvement loans totaling \$899,932 have been made to qualified applicants. The loans are secured by second trust deeds. The City has included 5% of the balance in the allowance for doubtful accounts.

In May 1997, the Commission loaned \$4,270,000 to Lark Ellen Towers. The loan was transferred to the Housing 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, 2017, is \$6,130,701.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

5) NOTES AND LOANS RECEIVABLE, (continued)

In April 1998, the Commission loaned \$5,622,300 to Executive Lodge Apartments Limited Partnership (Promenade Apartments project). The loan was transferred to the Housing Authority from the dissolved former Commission. The loan is secured by a deed of trust. The loan was amended and restated on April 1, 2017, with a principal of \$6,056,621 accruing interest at 2.82% compounded annually and requires annual payments equal to 50% of "Available Cash Flow." The outstanding principal and accrued interest at June 30, 2017, is \$5,975,678.

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 loan 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, 2017, 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 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, 2017, 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, 2017, is \$642,892.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

6) CAPITAL ASSETS

Capital asset activity was as follows for the year ended June 30, 2017:

Governmental activities:	Balance			Balance June 30, 2017
	June 30, 2016	Additions	Deletions	
Capital assets, not depreciated:				
Land	\$ 47,900,288	\$ 921,680	\$ -	\$ 48,821,968
Rights of way	14,376,498	-	-	14,376,498
Construction in progress	4,382,594	6,854,916	(4,152,975)	7,084,535
Total capital assets, not depreciated	66,659,380	7,776,596	(4,152,975)	70,283,001
Capital assets, being depreciated:				
Buildings and improvements	89,733,548	460,738	-	90,194,286
Equipment and vehicles	27,208,933	3,592,155	(1,835,511)	28,965,577
Infrastructure - pavement	193,840,853	518,398	-	194,359,251
Infrastructure - other	22,612,509	31,678	-	22,644,187
Total capital assets, being depreciated	333,395,843	4,602,969	(1,835,511)	336,163,301
Less accumulated depreciation for:				
Buildings and improvements	(26,457,186)	(1,828,509)	-	(28,285,695)
Equipment and vehicles	(20,868,118)	(1,557,320)	1,736,350	(20,689,088)
Infrastructure - pavement	(125,897,967)	(7,009,871)	-	(132,907,838)
Infrastructure - other	(16,919,300)	(369,403)	-	(17,288,703)
Total accumulated depreciation	(190,142,571)	(10,765,103)	1,736,350	(199,171,324)
Total capital assets, being depreciated, net	143,253,272	(6,162,134)	(99,161)	136,991,977
Total governmental activities	\$ 209,912,652	\$ 1,614,462	\$ (4,252,136)	\$ 207,274,978

Depreciation expense (including \$54,717 from Internal Service Funds) was charged to the following functions in the Statement of Activities for the year ended June 30, 2017, as follows:

General government	\$ 22,093
Public safety	1,278,907
Public works	7,945,394
Community services	1,518,709
Total depreciation expense – governmental activities	\$ 10,765,103

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

6) CAPITAL ASSETS, (continued)

Capital asset activity was as follows for the year ended June 30, 2017:

Business-type activities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
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, 2017.

7) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2017:

Governmental activities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Lease Revenue Bonds:					
2002 Lease Revenue Refunding Bonds	\$ 14,580,000	\$ -	\$ (545,000)	\$ 14,035,000	\$ 560,000
2004 Lease Revenue Bonds	10,165,000	-	(375,000)	9,790,000	395,000
2005 Lease Revenue Refunding Bonds	2,135,000	-	(2,135,000)	-	-
2006 Lease Revenue Bonds	16,935,000	-	(310,000)	16,625,000	360,000
2013 Lease Revenue Refunding Bonds	2,185,000	-	(65,000)	2,120,000	65,000
Total Lease Revenue Bonds	46,000,000	-	(3,430,000)	42,570,000	1,380,000
Compensated absences	4,207,267	4,382,925	(4,150,955)	4,439,237	2,510,392
Claims and judgments payable	9,653,758	1,956,856	(1,024,226)	10,586,388	3,253,952
Capital lease obligations	2,715,337	-	(2,715,337)	-	-
Notes payable	12,208,103	500,000	(1,787,588)	10,920,515	1,078,918
Total	\$ 74,784,465	\$ 6,839,781	\$ (13,108,106)	\$ 68,516,140	\$ 8,223,262

The following is a summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2017.

Business-type activities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Compensated absences	\$ 117,121	\$ 138,432	\$ (115,004)	\$ 140,549	\$ 70,711

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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, 2017, 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, 2017, the outstanding principal balance is \$14,035,000.

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, 2017, are as follows (using a 1.535349% interest rate):

Year Ending June 30,	Principal	Interest	Total
2018	\$ 560,000	\$ 215,486	\$ 775,486
2019	575,000	206,888	781,888
2020	595,000	198,060	793,060
2021	610,000	188,925	798,925
2022	630,000	179,559	809,559
2023-2027	3,440,000	746,947	4,186,947
2028-2032	3,985,000	466,593	4,451,593
2033-2036	3,640,000	141,789	3,781,789
Total	<u>\$ 14,035,000</u>	<u>\$ 2,344,247</u>	<u>\$ 16,379,247</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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, 2017, 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, 2017, the outstanding principal balance is \$9,790,000.

The annual debt service requirements on the 2004 Lease Revenue Bonds as of June 30, 2017 are as follows (using a 0.910% interest rate):

Year Ending June 30,	Principal	Interest	Total
2018	\$ 395,000	\$ 89,090	\$ 484,090
2019	410,000	85,495	495,495
2020	430,000	81,764	511,764
2021	450,000	77,851	527,851
2022	465,000	73,756	538,756
2023-2027	2,690,000	300,983	2,990,983
2028-2032	3,370,000	166,849	3,536,849
2033-2034	1,580,000	21,749	1,601,749
Total	<u>\$ 9,790,000</u>	<u>\$ 897,537</u>	<u>\$ 10,687,537</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

7) LONG-TERM LIABILITIES, (continued)

Lease Revenue Bonds, (continued)

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

In September 2005, the City issued \$2,735,000 of Variable Rate Lease Revenue Refunding Bonds, Series C to provide funds to refinance the City's 2002 Series A Taxable Variable Rate Lease Revenue Refunding Bonds and finance the construction of various public facility projects. The bonds mature annually on September 1 in amounts ranging from \$70,000 to \$155,000 through September 1, 2034. The bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on March 1 and September 1 of each year. The bonds have been paid in full in the current year.

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 was fully funded at June 30, 2017. At June 30, 2017, the outstanding principal balance is \$16,625,000.

The annual debt service requirements on the 2006 Lease Revenue Bonds as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
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	585,000	804,327	1,389,327
2023-2027	3,675,000	3,486,633	7,161,633
2028-2032	4,780,000	2,376,002	7,156,002
2033-2036	5,845,000	852,390	6,697,390
Total	<u>\$ 16,625,000</u>	<u>\$ 10,975,223</u>	<u>\$ 27,600,223</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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, 2017, the bonds have not been converted to the fixed rate. At June 30, 2017, the outstanding principal balance is \$2,120,000.

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, 2017, are as follows (using a 0.960% interest rate):

Year Ending June 30,	Principal	Interest	Total
2018	\$ 65,000	\$ 19,728	\$ 84,728
2019	65,000	19,104	84,104
2020	65,000	18,480	83,480
2021	65,000	17,856	82,856
2022	70,000	17,184	87,184
2023-2027	355,000	75,792	430,792
2028-2032	385,000	57,936	442,936
2033-2037	415,000	38,592	453,592
2038-2042	445,000	17,760	462,760
2043-2044	190,000	912	190,912
Total	<u>\$ 2,120,000</u>	<u>\$ 283,344</u>	<u>\$ 2,403,344</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

7) LONG-TERM LIABILITIES, (continued)

Compensated Absences

The liability of \$4,439,237 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 \$140,549 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, 2017, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$10,586,388.

Changes in the claims and judgments payable amounts in fiscal years 1899 and 2017 for the Self-Insurance Fund are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Fiscal Year Liability</u>
2015-2016	\$ 9,187,263	\$ 472,694	\$ (6,199)	\$ 9,653,758
2016-2017	9,653,758	1,956,856	(1,024,226)	10,586,388

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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 lease was paid in full during the current year.

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). The lease was paid in full during the current year.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

7) LONG-TERM LIABILITIES, (continued)

Notes Payable

CVHP Note Payable

On September 13, 2016, the City entered in to a note agreement for \$500,000 with Citrus Valley Health Partners (CVHP) to finance the purchase of certain real property to expand Cameron Park. The promissory note was part of the negotiations for the potential sale of Sunset Field to CVHP and bears no interest. The City has granted to CVHP the option to purchase the Sunset Field before the expiration date as set forth in the Memorandum of Option. The City has the right to prepay the outstanding principal amount in whole or in part without penalty. The full principal amount will be credited to Lender against the purchase price payable if Lender acquires the Sunset Field from the City. At June 30, 2017, the outstanding balance is \$500,000.

Valencia Note

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

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. The loan was paid in full during the current year.

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, 2017, the outstanding balance is \$10,420,515.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

7) LONG-TERM LIABILITIES, (continued)

Notes Payable, (continued)

Successor Agency Note, (continued)

The annual debt service requirements on the Successor Agency note as of June 30, 2017, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2018	\$ 578,918
2019	578,918
2020	578,918
2021	578,918
2022	578,918
2023-2027	2,894,590
2028-2032	2,894,590
2033-2035	<u>1,736,745</u>
Total	<u><u>\$ 10,420,515</u></u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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, 2017.

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, 2019
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, 2017

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.

The details of fund balance as of June 30, 2017, are presented below:

	General	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		West Covina Housing Authority	Community Development Block Grant		
Nonspendable:					
Prepaid expenses	\$ 131,426	\$ -	\$ -	\$ -	\$ 131,426
Advances to other funds	475,787	-	-	-	475,787
Advances to Successor Agency	6,375,055	-	-	-	6,375,055
Restricted:					
Affordable housing	-	24,860,396	-	-	24,860,396
Debt service	-	-	-	5,625,636	5,625,636
Community services	-	-	-	1,952,246	1,952,246
Public safety	-	-	-	4,934,587	4,934,587
Public works	-	-	-	12,690,281	12,690,281
Assigned:					
Capital projects	-	-	-	2,820,665	2,820,665
Unassigned	14,119,078	-	(475,236)	(625,624)	13,018,218
Totals	<u>\$ 21,101,346</u>	<u>\$ 24,860,396</u>	<u>\$ (475,236)</u>	<u>\$ 27,397,791</u>	<u>\$ 72,884,297</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

10) ACCUMULATED FUND BALANCES/NET POSITION DEFICITS

The following funds reported deficits in fund balances/net position as of June 30, 2017:

	<u>Deficit Balance</u>
Major Fund:	
Community Development Block Grant Special Revenue Fund	\$ (475,236)
Non-Major Funds:	
State Gas Tax Special Revenue Fund	(89,941)
Transportation Development Act Special Revenue Fund	(39,613)
Auto Plaza Improvement District Special Revenue Fund	(367,132)
Enterprise Fund:	
Computer Service Fund	(252,336)

The deficit of \$475,236 in the Community Development Block Grant Special Revenue Fund, \$89,941 in the State Gas Tax Special Revenue Fund, \$39,613 in the Transportation Development Act Special Revenue Fund, and \$367,132 in the Auto Plaza Improvement District Special Revenue Fund are the results of expenditures incurred prior to reimbursement from grantors. The deficits will be eliminated through future grant revenues and as the Auto Plaza Improvement District pays back their advance from the General Fund.

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, 2017**

11) RETIREMENT PLAN - CALPERS

A) General Information about the Pension Plans

Plan Descriptions

The Plan is an agent multiple-employer defined benefit pension plan 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, 2015 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 5 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 Plan operates 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, 2017**

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, 2017, 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	8.136%	8.136%	8.136%	8.136%

	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	19.489%	19.489%	19.489%

Employees Covered

At June 30, 2015, (valuation date), the following employees were covered by the benefit terms:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	395	323
Inactive employees entitled to but not yet receiving benefits	230	64
Active employees	155	157
Total	780	544

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Miscellaneous and Safety Plan's for the fiscal year ended June 30, 2017, were \$2,449,585 and \$10,058,079, 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, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, 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, 2017

11) RETIREMENT PLAN - CALPERS, (continued)

B) Net Pension Liability, (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method:	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increase (1)	3.3% - 14.2%
Investment Rate of Return (2)	7.65%
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 increase 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 the table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015, 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.

Change in Assumptions

There were no changes in assumptions.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

11) RETIREMENT PLAN – CALPERS, (continued)

B) Net Pension Liability, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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. The tests 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 (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), 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 equal 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, 2017**

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, 2015.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	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	1.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

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, 2017**

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: 6/30/2015 (VD)	\$ 140,219,980	\$ 109,850,288	\$ 30,369,692
Changes Recognized for the Measurement Period:			
• Service Cost	1,395,164	-	1,395,164
• Interest on the Total Pension Liability	10,423,152	-	10,423,152
• Changes of Benefit Terms	-	-	-
• Differences between Expected and Actual Experience	(568,485)	-	(568,485)
• Changes of Assumptions	-	-	-
• Plan to Plan Resource Movement	-	(4,880)	4,880
• Contributions from the Employer	-	1,871,710	(1,871,710)
• Contributions from Employees	-	819,011	(819,011)
• Net Investment Income	-	590,110	(590,110)
• Benefit Payments, including Refunds of Employee Contributions	(8,197,448)	(8,197,448)	-
• Administrative Expense	-	(66,948)	66,948
Net Changes during 2015-16	3,052,383	(4,988,445)	8,040,828
Balance at: 6/30/2016 (MD)	\$ 143,272,363	\$ 104,861,843	\$ 38,410,520

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

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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: 6/30/2015 (VD)	\$ 332,743,484	\$ 225,914,194	\$ 106,829,290
Changes Recognized for the Measurement Period:			
• Service Cost	4,729,431	-	4,729,431
• Interest on the Total Pension Liability	24,899,740	-	24,899,740
• Changes of Benefit Terms	-	-	-
• Differences between Expected and Actual Experience	(145,882)	-	(145,882)
• Changes of Assumptions	-	-	-
• Plan to Plan Resource Movement	-	4,880	(4,880)
• Contributions from the Employer	-	8,387,165	(8,387,165)
• Contributions from Employees	-	1,660,160	(1,660,160)
• Net Investment Income	-	1,179,228	(1,179,228)
• Benefit Payments, including Refunds of Employee Contributions	(18,951,025)	(18,951,025)	-
• Administrative Expense	-	(137,683)	137,683
Net Changes during 2015-16	10,532,264	(7,857,275)	18,389,539
Balance at: 6/30/2016 (MD)	\$ 343,275,748	\$ 218,056,919	\$ 125,218,829

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

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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%)
Miscellaneous Plan's Net Pension Liability	\$ 55,847,366	\$ 38,410,520	\$ 23,902,536
Safety Plan's Net Pension Liability	\$ 170,162,737	\$ 125,218,829	\$ 88,209,992

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, 2017**

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, 2016 measurement date is 1.8 years, which was obtained by dividing the total service years of 1,389 (the sum of remaining service lifetimes of the active employees) by 780 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. 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, 2016 measurement date is 3.4 years, which was obtained by dividing the total service years of 1,858 (the sum of remaining service lifetimes of the active employees) by 544 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to zero. 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, 2017

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, 2015), the net pension liability for Miscellaneous and Safety Plan was \$30,369,692 and \$106,829,290, respectively.

For the measurement period ending June 30, 2016 (the measurement date), the City incurred a pension expense/ (income) of \$2,205,764 for the Miscellaneous Plan and \$10,388,352 for the Safety Plan. A complete breakdown of the pension expense for Miscellaneous and Safety Plan is as follows:

Miscellaneous Plan

Description	<u>Amount</u>
Service Cost	\$ 1,395,164
Interest on the Total Pension Liability	10,423,152
Changes of Benefit Terms	-
Recognized Differences between Expected and Actual Experience	(375,583)
Plan to Plan Resource Movement	4,880
Recognized Changes of Assumptions	(1,038,594)
Employee Contributions	(819,011)
Projected Earnings on Pension Plan Investments	(8,175,578)
Recognized Differences between Projected and Actual Earnings on Plan Investments	724,386
Administrative Expense	<u>66,948</u>
Total Pension Expense	<u>\$ 2,205,764</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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	\$ 4,729,431
Interest on the Total Pension Liability	24,899,740
Changes of Benefit Terms	-
Recognized Differences between Expected and Actual Experience	(593,209)
Plan to Plan Resource Movement	(4,880)
Recognized Changes of Assumptions	(1,830,647)
Employee Contributions	(1,660,160)
Projected Earnings on Pension Plan Investments	(16,877,401)
Recognized Differences between Projected and Actual Earnings on Plan Investments	1,587,795
Administrative Expense	<u>137,683</u>
Total Pension Expense	<u>\$ 10,388,352</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

11) RETIREMENT PLAN - CALPERS, (continued)

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

As of June 30, 2017, 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	\$ -	\$ (252,660)	\$ -	\$ (763,341)
Changes of Assumptions	-	-	-	(2,196,777)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,663,841	-	11,879,199	-
Difference in Actual vs Projected Contributions	-	-	2,812	-
Pension Contributions Subsequent to Measurement Date	2,449,585	-	10,058,079	-
	<u>\$ 8,113,426</u>	<u>\$ (252,660)</u>	<u>\$ 21,940,090</u>	<u>\$ (2,960,118)</u>

These amounts above are net of outflows and inflows recognized in the 2015-16 measurement period expense. The \$2,449,585 and \$10,058,079 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 measurement 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, 2017	\$ 471,726	\$ (833,718)
2018	724,385	1,069,167
2019	2,697,978	5,546,811
2020	1,517,092	3,139,633

E) Payable to the Pension Plan

The City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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, 2017**

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, 2017, the City's contribution was \$66,000.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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 measurement date, the following employees were covered by the benefit terms for the plan:

	<u>EPMC</u>
Inactive employees or beneficiaries currently receiving benefits	10
Active employees	<u>180</u>
Total	<u><u>190</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, 2017

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Net Pension Liability, (continued)

Actuarial Assumptions

The total pension liability at June 30, 2016, the measurement date, was determined using the following actuarial assumptions:

	<u>EPMC</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.90% (1)
Inflation	3.00%
Salary Increases	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).
Discount Rate changed to 3.90% from 3.50% in 2016.

(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, 2017**

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 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. For the unfunded portion, the Bond Buyer 20-Bond Go Index as of the June 30, 2016, measurement date (2.85%) was used. The discount rate used (3.90%) 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, 2017**

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.

<u>Asset Class Component</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Equity	50.0%	4.8%
Fixed Income	45.0%	1.5%
Cash	5.0%	0.0%
Total	<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 2.85% rate in calculating the pension liability.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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, 2015	\$ 946,000	\$ 162,000	\$ 784,000
Changes for the year:			
• Service Cost	40,000	-	40,000
• Interest	32,000	-	32,000
• Difference between actual and expected experience	-	-	-
• Assumptions Changes	(37,000)	-	(37,000)
• Contributions- employer	-	56,000	(56,000)
• Contributions- employee	-	-	-
• Net Investment Income	-	(1,000)	1,000
• Benefit payments and refunds	(91,000)	(91,000)	-
• Administrative Expenses	-	(1,000)	1,000
Net Changes	(56,000)	(37,000)	(19,000)
Balance as of June 30, 2016	\$ 890,000	\$ 125,000	\$ 765,000

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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% (2.9%)	Current Discount Rate (3.9%)	Discount Rate + 1% (4.9%)
Net Pension Liability	\$ 883,000	\$ 765,000	\$ 702,000

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

For the year ended June 30, 2017, the City recognized pension expense of \$77,000. At June 30, 2017, 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	\$ -	\$ (52,000)
Changes of Assumptions	114,000	-
Net Difference between Projected and Actual Earnings on Pension Plan	8,000	-
Employer Contributions Subsequent to Measurement Date	66,000	-
Total	\$ 188,000	\$ (52,000)

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Changes in the Net Pension Liability, (continued)

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

The \$66,000 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net <u>PARS</u>
2018	\$ 13,000
2019	13,000
2020	16,000
2021	14,000
2022	12,000
Thereafter	2,000

Payable to the Pension Plan

The City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

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, 2017

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, 2017, the City's contribution was \$73,000.

Employees Covered

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

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	9
Active employees	<u>2</u>
Total	<u><u>11</u></u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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, 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 below.

Actuarial Assumptions

The total pension liability in the June 30, 2016, the measurement date, was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.25% (1)
Inflation	3.00%
Salary Increases	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). Discount Rate changed to 6.25% from 4.70% in 2016.

(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, 2017**

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. As of the June 30, 2016, the measurement date, the plan assets invested to achieve the long-term expected rate of return on investment is sufficient to pay projected benefit. Therefore, the Bond Buyer 20-Bond Go Index is not applicable. The discount rate used (6.25%) 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, 2017

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.

<u>Asset Class Component</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Equity	50.0%	4.8%
Fixed Income	45.0%	1.5%
Cash	5.0%	0.0%
Total	<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 to calculate the pension liability. As of the June 30, 2016, the measurement date, the plan assets invested to achieve the long-term expected rate of return on investment is sufficient to pay projected benefit. Therefore, the Bond Buyer 20-Bond Go Index is not applicable.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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, 2016, 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, 2015	\$ 3,050,000	\$ 687,000	\$ 2,363,000
Changes for the year:			
• Service Cost	30,000	-	30,000
• Interest	141,000	-	141,000
• Difference between actual and expected experience	-	-	-
• Assumptions Changes	(455,000)	-	(455,000)
• Contributions- employer	-	78,000	(78,000)
• Contributions- employee	-	-	-
• Net Investment Income	-	9,000	(9,000)
• Benefit payments and refunds	(137,000)	(137,000)	-
• Administrative Expenses	-	(4,000)	4,000
Net Changes	(421,000)	(54,000)	(367,000)
Balance as of June 30, 2016	\$ 2,629,000	\$ 633,000	\$ 1,996,000

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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 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% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
Net Pension Liability	\$ 2,286,000	\$ 1,996,000	\$ 1,607,000

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

For the year ended June 30, 2017, the City recognized pension expense of negative \$338,000. At June 30, 2017, 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	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan	30,000	-
Pension Contributions Subsequent to Measurement Date	73,000	-
Total	\$ 103,000	\$ -

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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)

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

The \$73,000 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net <u>PARS</u>
2018	\$ 5,000
2019	5,000
2020	12,000
2021	8,000

Payable to the Pension Plan

The City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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 \$107,763 and covered payroll for the year ended June 30, 2017, totaled \$1,631,447. No contributions were made by the City and employees contributed \$107,763 (7.5% of current covered payroll). Total plan assets at June 30, 2017, were \$873,140. 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, 2017**

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, 2017, the City contributed \$2,467,893 to the plan, including \$1,946,893, for current premiums (100% of total premiums), and \$521,000 of implied subsidy premiums.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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 (ARC) of the employer, an amount actuarially determined in accordance with generally accepted accounting principles. 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)	\$ 4,562,000
Interest on net OPEB obligation	854,000
Adjustments to annual required contribution	<u>(1,100,000)</u>
Annual OPEB cost (expense)	4,316,000
Contributions made	<u>(2,467,893)</u>
Increase in net OPEB obligation	1,848,107
Net OPEB obligation - beginning of year	<u>22,490,383</u>
Net OPEB obligation - end of year	<u><u>\$ 24,338,490</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 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>
6/30/2015	\$ 5,471,000	34.95%	\$ 20,565,444
6/30/2016	4,136,000	53.46%	22,490,383
6/30/2017	4,316,000	57.18%	24,338,490

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, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017, the City is reporting a long-term liability of \$10,420,515 in the governmental activities and a receivable of \$10,420,515 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, 2017**

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, 2017**

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:

Assessment Receivable

In connection with the Commission's issuance of its \$51,220,000 1996 Special Tax Refunding Bonds, \$32,520,000 in assessments receivable was recorded. The assessment is an annual special tax levied on the Community Facilities District No.1989-1 in an amount sufficient to ensure payment of the debt service on the 1996 Special Tax Refunding Bonds. This special tax supplements sales and property tax increment revenues that also support the debt service on the bonds. As of June 30, 2017, the assessments receivable outstanding was \$22,820,000.

Land Held for Resale

Land held for resale is valued at the lower of cost or the sales price per contract with the developer. At June 30, 2017, the land held for resale is comprised of BKK Project in the amount of \$139,016.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 3,007,802	\$ -	\$ -	\$ 3,007,802
Total capital assets, not being depreciated	3,007,802	-	-	3,007,802
Capital assets, being depreciated:				
Buildings and improvements	18,403,609	-	-	18,403,609
Equipment and vehicles	61,405	-	-	61,405
Total capital assets, being depreciated	18,465,014	-	-	18,465,014
Less accumulated depreciation for:				
Buildings and improvements	(13,188,859)	(368,073)	-	(13,556,932)
Equipment and vehicles	(59,394)	(2,011)	-	(61,405)
Total accumulated depreciation	(13,248,253)	(370,084)	-	(13,618,337)
Total capital assets, being depreciated, net	5,216,761	(370,084)	-	4,846,677
Total capital assets, net	\$ 8,224,563	\$ (370,084)	\$ -	\$ 7,854,479

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Successor Agency:					
Lease Revenue Bonds:					
1988 Lease Revenue Refunding Bonds	\$ 1,870,000	\$ -	\$ (575,000)	\$ 1,295,000	\$ 625,000
Special Tax Bonds:					
1996 Special Tax Redunding Bonds	25,185,000	-	(2,745,000)	22,440,000	3,000,000
Tax Allocation Bonds:					
1999 Tax Allocation Bonds	2,965,000	-	(2,965,000)	-	-
2002 Tax Allocation Revenue Refunding Bonds	6,595,000	-	(6,595,000)	-	-
2017 Tax Allocation Revenue Refunding Bonds	-	15,380,000	-	15,380,000	1,480,000
Housing Set-Aside Bonds:					
1998 Housing Set-Aside Bonds	3,305,000	-	(3,305,000)	-	-
2001 Housing Set-Aside Tax Allocation Revenue Bonds	6,140,000	-	(6,140,000)	-	-
Plus deferred amounts:					
Issuance premium	-	238,237	-	238,237	-
Total Bonds Payable	46,060,000	15,618,237	(22,325,000)	39,353,237	5,105,000
Developer agreement payable	49,563,075	5,776,348	(480,578)	54,858,845	513,215
Due to County of Los Angeles	6,033,131	303,364	(1,699,355)	4,637,140	1,755,980
Total	\$ 101,656,206	\$ 21,697,949	\$ (24,504,933)	\$ 98,849,222	\$ 7,374,195

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities, (continued)

Lease Revenue Bonds

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 was fully funded at June 30, 2017. At June 30, 2017, the outstanding principal balance is \$1,295,000.

The annual debt service requirements on the 1988 Lease Revenue Refunding Bonds as of June 30, 2017, are as follows (using a .10% interest rate at June 30, 2017):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 625,000	\$ 1,295	626,295
2019	670,000	670	670,670
Total	<u>\$ 1,295,000</u>	<u>\$ 1,965</u>	<u>\$ 1,296,965</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities, (continued)

Special Tax Bonds

1996 Special Tax Refunding 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. In addition, the reserve requirement of \$5,002,670 was fully funded at June 30, 2017. There was a bond call on March 1, 2016, for \$425,000. The outstanding principal balance of the bonds at June 30, 2017, is \$22,440,000.

The annual debt service requirements on the 1996 Special Tax Bonds as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 3,000,000	\$ 1,256,400	\$ 4,256,400
2019	3,250,000	1,068,900	4,318,900
2020	3,495,000	866,550	4,361,550
2021	3,735,000	649,650	4,384,650
2022	4,055,000	415,950	4,470,950
2023	4,905,000	147,150	5,052,150
Total	<u>\$ 22,440,000</u>	<u>\$ 4,404,600</u>	<u>\$ 26,844,600</u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities, (continued)

Tax Allocation Bonds

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 bonds were paid in full as part of the 2017 bond refinancing.

2002 Tax Allocation Revenue 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. The bonds were paid in full as part of the 2017 bond refinancing.

2017 Tax Allocation Revenue Refunding Bonds

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. The bonds are payable from and secured solely from the Trust Estate, which will consist primarily of principal and interest payments on the Local Obligations to be purchased by the Authority as set forth in the Agency Indenture. The interest on the Series A bonds is payable semiannually on September 1 and March 1 of each year at interest rates ranging from 2% to 5%. The principal of the Series A bonds is due annually throughout 2026, in amounts ranging from \$400,000 to \$670,000. The interest on the Series B bonds is payable semiannually on September 1 and March 1 of each year at interest rates ranging from 1% to 3.75%. The principal of the Series B bonds is due annually throughout 2032, in amounts ranging from \$145,000 to \$1,215,000. At June 30, 2017, the required reserve of \$1,537,074 was fully funded. The principal balance of outstanding bonds at June 30, 2017, is \$15,380,000.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2017

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities, (continued)

Tax Allocation Bonds, (continued)

2017 Tax Allocation Refunding Bonds, (Continued)

The annual debt service requirements on the 2017 Tax Allocation Revenue Refunding Bonds as of June 30, 2017, are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,480,000	\$ 455,058	\$ 1,935,058
2019	1,765,000	405,625	2,170,625
2020	1,820,000	361,413	2,181,413
2021	1,865,000	305,641	2,170,641
2022	1,615,000	253,006	1,868,006
2023-2027	5,315,000	619,716	5,934,716
2028-2032	<u>1,520,000</u>	<u>107,669</u>	<u>1,627,669</u>
Total	<u>\$ 15,380,000</u>	<u>\$ 2,508,128</u>	<u>\$ 17,888,128</u>

The reacquisition price of the current refunding equals the net carrying amount of the old bonds, which is \$17,828,207 and consists of \$17,450,000 principal and \$378,207 accrued interests.

As a result of the current refunding, the City reduced its debt service cash flow by \$1,443,006, resulting in an economic gain of \$603,922 (calculated as the difference between the debt service payments under the old and new bonds discounted to present value using the effective interest rate).

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

17) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities, (continued)

Housing Set-Aside Bonds

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. The bonds were paid in full as part of the 2017 bond refinancing.

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. The bonds were paid in full as part of the 2017 bond refinancing.

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 \$21,697,200. The balance outstanding at June 30, 2017, is \$54,858,845.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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, 2017, is \$4,637,140.

18) SUBSEQUENT EVENT

There were no subsequent events that would materially affect the results presented in these financial statements.

**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	2015-16
TOTAL PENSION LIABILITY			
Service Cost	\$ 1,653,769	\$ 1,454,757	\$ 1,395,164
Interest	9,849,865	10,180,561	10,423,152
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	(134,455)	(568,485)
Changes of Assumptions	-	(2,336,836)	-
Benefit Payments, Including Refunds of Employee Contributions	(6,835,867)	(7,534,397)	(8,197,448)
Net Change in Total Pension Liability	4,667,767	1,629,630	3,052,383
Total Pension Liability - Beginning	133,922,583	138,590,350	140,219,980
Total Pension Liability - Ending (a)	\$ 138,590,350	\$ 140,219,980	\$ 143,272,363
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 1,441,234	\$ 1,507,469	\$ 1,871,710
Contributions - Employee	921,495	714,712	819,011
Net Investment Income	17,189,513	2,500,142	590,110
Benefit Payments, Including Refunds of Employee Contributions	(6,835,867)	(7,534,397)	(8,197,448)
Plan to Plan Resource Movement	-	307	(4,880)
Administrative Expense	-	(123,626)	(66,948)
Net Change in Fiduciary Net Position	12,716,375	(2,935,393)	(4,988,445)
Plan Fiduciary Net Position - Beginning	100,069,306	112,785,681	109,850,288
Plan Fiduciary Net Position - Ending (b)	\$ 112,785,681	\$ 109,850,288	\$ 104,861,843
Plan Net Pension Liability - Ending (a) - (b)	\$ 25,804,669	\$ 30,369,692	\$ 38,410,520
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.38%	78.34%	73.19%
Covered Payroll	\$ 10,025,879	\$ 9,381,292	\$ 9,349,710
Plan Net Pension Liability as a Percentage of Covered Payroll	257.38%	323.73%	410.82%

* Measurement period 2013-14 was the first year of implementation, therefore, only three 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, 2015. 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: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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	Fiscal Year 2016-17
Actuarially Determined Contribution	\$ 1,507,469	\$ 1,871,710	\$ 2,449,585
Contributions in Relation to the Actuarially Determined Contribution	(1,507,469)	(1,871,710)	(2,449,585)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 9,381,292	\$ 9,349,710	\$ 14,062,225
Contributions as a Percentage of Covered Payroll	16.07%	20.02%	17.42%

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only three years are presented.

Notes to Schedule:

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2013, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2013, Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	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	2015-16
TOTAL PENSION LIABILITY			
Service Cost	\$ 4,824,545	\$ 4,604,800	\$ 4,729,431
Interest	23,426,151	24,117,128	24,899,740
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	-	(1,760,971)	(145,882)
Changes of Assumptions	-	(5,858,071)	-
Benefit Payments, Including Refunds of Employee Contributions	(17,362,607)	(17,865,208)	(18,951,025)
Net Change in Total Pension Liability	10,888,089	3,237,678	10,532,264
Total Pension Liability - Beginning	318,617,717	329,505,806	332,743,484
Total Pension Liability - Ending (a)	\$ 329,505,806	\$ 332,743,484	\$ 343,275,748
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 6,403,118	\$ 7,339,064	\$ 8,387,165
Contributions - Employee	2,416,548	1,628,630	1,660,160
Net Investment Income	34,775,710	5,057,426	1,179,228
Benefit Payments, Including Refunds of Employee Contributions	(17,362,607)	(17,865,208)	(18,951,025)
Plan to Plan Resource Movement	-	10,338	4,880
Administrative Expense	-	(254,287)	(137,683)
Net Change in Fiduciary Net Position	26,232,769	(4,084,037)	(7,857,275)
Plan Fiduciary Net Position - Beginning	203,765,462	229,998,231	225,914,194
Plan Fiduciary Net Position - Ending (b)	\$ 229,998,231	\$ 225,914,194	\$ 218,056,919
Plan Net Pension Liability - Ending (a) - (b)	\$ 99,507,575	\$ 106,829,290	\$ 125,218,829
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.80%	67.89%	63.52%
Covered Payroll	\$ 16,974,682	\$ 16,517,686	\$ 17,288,458
Plan Net Pension Liability as a Percentage of Covered Payroll	586.21%	646.76%	724.29%

* Measurement period 2013-14 was the first year of implementation, therefore, only three 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, 2015. 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: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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	Fiscal Year 2016-17
Actuarially Determined Contribution	\$ 7,339,064	\$ 8,387,165	\$ 10,058,079
Contributions in Relation to the Actuarially Determined Contribution	(7,339,064)	(8,387,165)	(10,058,079)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 16,517,686	\$ 17,288,458	\$ 17,084,933
Contributions as a Percentage of Covered Payroll	44.43%	48.51%	58.87%

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only three 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, 2013, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2013, Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	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	2015-16
TOTAL PENSION LIABILITY			
Service Cost	\$ 36,000	\$ 36,000	\$ 40,000
Interest	36,000	28,000	32,000
Difference Between Expected and Actual Experience	-	(72,000)	-
Changes of Assumptions	-	200,000	(37,000)
Changes in benefits	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(64,000)	(9,000)	(91,000)
Net Change in Total Pension Liability	8,000	183,000	(56,000)
Total Pension Liability - Beginning	755,000	763,000	946,000
Total Pension Liability - Ending (a)	\$ 763,000	\$ 946,000	\$ 890,000
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 65,000	\$ 56,000	\$ 56,000
Contributions - Employee	-	-	-
Net Investment Income	12,000	3,000	(1,000)
Benefit Payments, Including Refunds of Employee Contributions	(64,000)	(9,000)	(91,000)
Plan to Plan Resource Movement	-	-	-
Administrative Expense	(3,000)	(7,000)	(1,000)
Net Change in Fiduciary Net Position	10,000	43,000	(37,000)
Plan Fiduciary Net Position - Beginning	109,000	119,000	162,000
Plan Fiduciary Net Position - Ending (b)	\$ 119,000	\$ 162,000	\$ 125,000
Plan Net Pension Liability - Ending (a) - (b)	\$ 644,000	\$ 784,000	\$ 765,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	15.60%	17.12%	14.04%
Covered Payroll	\$ -	\$ -	\$ -
Plan Net Pension Liability as a Percentage of Covered Payroll	n/a	n/a	n/a

* Measurement period 2013-14 was the first year of implementation, therefore, only three years are presented.

Notes to Schedule:

Changes in Benefit Terms: None.

Changes in Assumptions: In 2016, amounts reported reflect an adjustment of the discount rate from 3.50 percent to 3.90 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 4.80 percent to 3.50 percent. In 2014, amounts reported were based on the 4.80 percent discount rate.

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	Fiscal Year 2016-17
Actuarially Determined Contribution	\$ 82,000	\$ 82,000	\$ 105,000
Contributions in Relation to the Actuarially Determined Contribution	(56,000)	(56,000)	(66,000)
Contribution Deficiency (Excess)	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 39,000</u>
Covered Payroll	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	n/a	n/a	n/a

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only three years are presented.

Notes to Schedule:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount
	10-year fixed (closed) period for projected UAAL as of 6/30/2016
Remaining Amortization	10 years
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate:	6%
All Other Assumptions:	Same as those used to develop the TPL

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	2015-16
TOTAL PENSION LIABILITY			
Service Cost	\$ 112,000	\$ 116,000	\$ 30,000
Interest	168,000	178,000	141,000
Difference Between Expected and Actual Experience	-	(643,000)	-
Changes of Assumptions	-	346,000	(455,000)
Changes in benefits	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(82,000)	(104,000)	(137,000)
Net Change in Total Pension Liability	198,000	(107,000)	(421,000)
Total Pension Liability - Beginning	2,959,000	3,157,000	3,050,000
Total Pension Liability - Ending (a)	\$ 3,157,000	\$ 3,050,000	\$ 2,629,000
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 59,000	\$ 78,000	\$ 78,000
Contributions - Employee	-	-	-
Net Investment Income	75,000	13,000	9,000
Benefit Payments, Including Refunds of Employee Contributions	(82,000)	(104,000)	(137,000)
Plan to Plan Resource Movement	-	-	-
Administrative Expense	(6,000)	(6,000)	(4,000)
Net Change in Fiduciary Net Position	46,000	(19,000)	(54,000)
Plan Fiduciary Net Position - Beginning	660,000	706,000	687,000
Plan Fiduciary Net Position - Ending (b)	\$ 706,000	\$ 687,000	\$ 633,000
Plan Net Pension Liability - Ending (a) - (b)	\$ 2,451,000	\$ 2,363,000	\$ 1,996,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.36%	22.52%	24.08%
Covered Payroll	\$ -	\$ -	\$ -
Plan Net Pension Liability as a Percentage of Covered Payroll	n/a	n/a	n/a

* Measurement period 2013-14 was the first year of implementation, therefore, only three years are presented.

Notes to Schedule:

Changes in Benefit Terms:None.

Changes in Assumptions: In 2016, amounts reported reflect an adjustment of the discount rate from 4.70 percent to 6.25 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 5.55 percent to 4.70 percent. In 2014, amounts reported were based on the 5.55 percent discount rate.

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	Fiscal Year 2016-17
Actuarially Determined Contribution	\$ 439,000	\$ 439,000	\$ 279,000
Contributions in Relation to the Actuarially Determined Contribution	(78,000)	(78,000)	(73,000)
Contribution Deficiency (Excess)	<u>\$ 361,000</u>	<u>\$ 361,000</u>	<u>\$ 206,000</u>
Covered Payroll	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	n/a	n/a	n/a

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only three years are presented.

Notes to Schedule:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount
	10-year fixed (closed) period for projected UAAL as of 6/30/2016
Remaining Amortization	10 years
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate:	6%
All Other Assumptions:	Same as those used to develop the TPL

City of West Covina

**Required Supplementary Information
 Schedule of Funding Progress
 Other Post-Employment Benefits
 For the Year Ended June 30, 2017
 (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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 49,134,034	\$ 47,712,277	\$ 48,697,900	\$ 985,623
Licenses and permits	1,067,400	1,067,400	1,037,389	(30,011)
Fines and forfeitures	865,800	865,800	894,618	28,818
Investment income	125,000	125,000	2,802,057	2,677,057
Rental income	400,000	500,000	604,817	104,817
Revenue from other agencies	2,188,866	2,188,866	1,970,867	(217,999)
Charges for services	5,830,145	6,443,145	6,928,556	485,411
Other revenues	170,237	1,448,214	1,435,324	(12,890)
Total revenues	<u>59,781,482</u>	<u>60,350,702</u>	<u>64,371,528</u>	<u>4,020,826</u>
EXPENDITURES				
Current:				
General government	5,786,932	6,848,879	6,211,486	637,393
Public safety	45,221,896	49,219,864	50,335,459	(1,115,595)
Public works	4,586,266	4,596,693	4,517,194	79,499
Community services	2,109,476	2,238,943	2,098,129	140,814
Community development	947,992	1,035,230	783,246	251,984
Total expenditures	<u>58,652,562</u>	<u>63,939,609</u>	<u>63,945,514</u>	<u>(5,905)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,128,920</u>	<u>(3,588,907)</u>	<u>426,014</u>	<u>4,014,921</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	775,000	1,080,427	1,021,536	(58,891)
Transfers out	(1,887,731)	(2,523,158)	(2,491,016)	32,142
Total other financing sources (uses)	<u>(1,112,731)</u>	<u>(1,442,731)</u>	<u>(1,469,480)</u>	<u>(26,749)</u>
Net change in fund balance	16,189	(5,031,638)	(1,043,466)	3,988,172
Fund balance, beginning of year	<u>22,144,812</u>	<u>22,144,812</u>	<u>22,144,812</u>	<u>-</u>
Fund balance, end of year	<u>\$ 22,161,001</u>	<u>\$ 17,113,174</u>	<u>\$ 21,101,346</u>	<u>\$ 3,988,172</u>

City of West Covina

Required Supplementary Information Major Special Revenue Funds

West Covina Housing Authority Special Revenue Fund

This fund accounts 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.

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.

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 819,924	\$ 819,924
Other revenues	-	-	2,398	2,398
Total revenues	-	-	822,322	822,322
EXPENDITURES				
Current:				
Community development	731,019	774,842	408,140	366,702
Total expenditures	731,019	774,842	408,140	366,702
Net change in fund balance	(731,019)	(774,842)	414,182	1,189,024
Fund balance, beginning of year	24,446,214	24,446,214	24,446,214	-
Fund balance, end of year	\$ 23,715,195	\$ 23,671,372	\$ 24,860,396	\$ 1,189,024

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 740,580	\$ 2,249,724	\$ 726,769	\$ (1,522,955)
Investment income	-	-	210	210
Other revenue	-	-	156,463	156,463
Total revenues	740,580	2,249,724	883,442	(1,366,282)
EXPENDITURES				
Current:				
Public safety	115,000	115,000	60,771	54,229
Public works	38,377	1,136,787	848,275	288,512
Community services	267,203	269,203	232,495	36,708
Community development	400,000	395,360	395,360	-
Total expenditures	820,580	1,916,350	1,536,901	379,449
Net change in fund balance	(80,000)	333,374	(653,459)	(986,833)
Fund balance, beginning of year	178,223	178,223	178,223	-
Fund balance (deficit), end of year	\$ 98,223	\$ 511,597	\$ (475,236)	\$ (986,833)

**Notes to Required Supplementary Information
June 30, 2017**

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 Fund, special revenue funds, debt service funds and capital projects funds. The resolution sets a combined appropriation of the funds for the operation of the City.

The City Manager is authorized to transfer budgeted amounts between departments to ensure adequate and proper standards of service. Budgetary revisions, including supplemental appropriations which increase appropriations in individual funds, must be approved by the City Council. The budgetary level of control is at the departmental 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

<u>Governmental Funds</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Major Fund - General Fund:			
Public Safety	\$ 49,219,864	\$ 50,335,459	\$ (1,115,595)
Non-Major Fund - Police Donations			
Special Revenue Fund:			
Public Safety	9,531	9,538	(7)

SUPPLEMENTARY INFORMATION

Non-Major Governmental Funds

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

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

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, 2017**

	Special Revenue Funds	City Debt Service Fund	Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS				
Cash and investments	\$ 20,159,979	\$ 3,009,755	\$ 3,340,389	\$ 26,510,123
Cash and investments with fiscal agent	-	2,103,282	-	2,103,282
Restricted cash and investments	-	501,429	-	501,429
Receivables, net:				
Accounts	-	17,409	-	17,409
Taxes	327,656	-	-	327,656
Interest	4,429	1,073	595	6,097
Other	93,054	9,927	-	102,981
Due from other agencies	845,629	-	-	845,629
 Total assets	 <u>\$ 21,430,747</u>	 <u>\$ 5,642,875</u>	 <u>\$ 3,340,984</u>	 <u>\$ 30,414,606</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 947,274	\$ 17,239	\$ 332,682	\$ 1,297,195
Other accrued liabilities	78,377	-	179,707	258,084
Due to other funds	555,509	-	-	555,509
Advances from other funds	475,787	-	-	475,787
Unearned revenue	183,537	-	7,930	191,467
 Total liabilities	 <u>2,240,484</u>	 <u>17,239</u>	 <u>520,319</u>	 <u>2,778,042</u>
Deferred inflows of resources:				
Unavailable revenue	238,773	-	-	238,773
Fund Balances:				
Restricted:				
Debt Service	-	5,625,636	-	5,625,636
Community services	1,952,246	-	-	1,952,246
Public safety	4,934,587	-	-	4,934,587
Public works	12,690,281	-	-	12,690,281
Assigned	-	-	2,820,665	2,820,665
Unassigned	(625,624)	-	-	(625,624)
 Total fund balances	 <u>18,951,490</u>	 <u>5,625,636</u>	 <u>2,820,665</u>	 <u>27,397,791</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 21,430,747</u>	 <u>\$ 5,642,875</u>	 <u>\$ 3,340,984</u>	 <u>\$ 30,414,606</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, 2017**

	Special Revenue Funds	City Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES				
Taxes	\$ 6,742,475	\$ -	\$ 62,594	\$ 6,805,069
Special assessments	5,318,497	-	-	5,318,497
Investment income	119,373	685,662	21,381	826,416
Revenue from other agencies	6,186,358	1,229,760	79,524	7,495,642
Charges for services	113,837	316,746	-	430,583
Other revenues	358,472	-	176,874	535,346
	<u>18,839,012</u>	<u>2,232,168</u>	<u>340,373</u>	<u>21,411,553</u>
Total revenues				
EXPENDITURES				
Current:				
General government	3,196	-	-	3,196
Public safety	3,497,253	-	587,489	4,084,742
Public works	9,285,517	-	677,731	9,963,248
Community services	4,062,538	-	4,431,233	8,493,771
Community development	612,135	-	-	612,135
Debt service:				
Principal	-	7,932,925	-	7,932,925
Interest and fiscal charges	-	1,564,669	-	1,564,669
	<u>17,460,639</u>	<u>9,497,594</u>	<u>5,696,453</u>	<u>32,654,686</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>1,378,373</u>	<u>(7,265,426)</u>	<u>(5,356,080)</u>	<u>(11,243,133)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	-	500,000	-	500,000
Transfers in	9,000	1,501,016	3,111,680	4,621,696
Transfers out	(1,030,536)	(2,121,680)	-	(3,152,216)
	<u>(1,021,536)</u>	<u>(120,664)</u>	<u>3,111,680</u>	<u>1,969,480</u>
Total other financing sources (uses)				
Net change in fund balance	356,837	(7,386,090)	(2,244,400)	(9,273,653)
Fund balances, beginning of year	18,594,653	13,011,726	5,065,065	36,671,444
Fund balances, end of year	<u>\$ 18,951,490</u>	<u>\$ 5,625,636</u>	<u>\$ 2,820,665</u>	<u>\$ 27,397,791</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.

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

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.

Inmate Welfare – This fund accounts for any money, refund, rebate or commission received from a telephone call from inmates while incarcerated to meet the requirements of California Penal Code: Part 3; Title 4; Chapter 1; Section 4025. The monies are to be expended for the benefit, education, and welfare of inmates confined within the jail. Any funds that are not needed for the welfare of the inmates may be expended for the maintenance of the jail facilities.

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

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

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.

City of West Covina

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, 2017**

	Drug Enforcement Rebate	Integrated Waste Management	Air Quality Improvement	Proposition A
ASSETS				
Cash and investments	\$ 4,302,516	\$ -	\$ 666,088	\$ 169,689
Receivables, net:				
Taxes	-	-	-	-
Interest	926	-	143	37
Other	-	-	35,017	-
Due from other agencies	-	-	38,001	-
Total assets	<u>\$ 4,303,442</u>	<u>\$ -</u>	<u>\$ 739,249</u>	<u>\$ 169,726</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 155,569	\$ -	\$ 40,118	\$ 58,958
Other accrued liabilities	646	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>156,215</u>	<u>-</u>	<u>40,118</u>	<u>58,958</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	38,001	-
Fund Balances (Deficit):				
Restricted:				
Community services	-	-	-	110,768
Public safety	4,147,227	-	-	-
Public works	-	-	661,130	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>4,147,227</u>	<u>-</u>	<u>661,130</u>	<u>110,768</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,303,442</u>	<u>\$ -</u>	<u>\$ 739,249</u>	<u>\$ 169,726</u>

(continued)

Proposition C	State Gas Tax	Police Donations	Transportation Development Act	AB939	Public Safety Augmentation	COPS/SLESA
\$ 1,451,899	\$ 58,884	\$ 25,713	\$ 10	\$ 373,538	\$ 1,949	\$ 349,410
-	-	-	-	-	129,408	7,162
322	45	2	-	80	-	75
-	-	-	-	48,093	-	-
-	-	-	-	-	-	-
<u>\$ 1,452,221</u>	<u>\$ 58,929</u>	<u>\$ 25,715</u>	<u>\$ 10</u>	<u>\$ 421,711</u>	<u>\$ 131,357</u>	<u>\$ 356,647</u>
\$ 157,862	\$ 109,279	\$ 588	\$ 39,623	\$ 3,155	\$ -	\$ 4,994
5,028	39,591	-	-	1,772	-	754
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>162,890</u>	<u>148,870</u>	<u>588</u>	<u>39,623</u>	<u>4,927</u>	<u>-</u>	<u>5,748</u>
-	-	-	-	-	-	-
1,289,331	-	-	-	-	-	-
-	-	25,127	-	-	131,357	350,899
-	-	-	-	416,784	-	-
-	(89,941)	-	(39,613)	-	-	-
<u>1,289,331</u>	<u>(89,941)</u>	<u>25,127</u>	<u>(39,613)</u>	<u>416,784</u>	<u>131,357</u>	<u>350,899</u>
<u>\$ 1,452,221</u>	<u>\$ 58,929</u>	<u>\$ 25,715</u>	<u>\$ 10</u>	<u>\$ 421,711</u>	<u>\$ 131,357</u>	<u>\$ 356,647</u>

City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds (continued)
June 30, 2017**

	Charter PEG	Art in Public Places	Measure R	Inmate Welfare
ASSETS				
Cash and investments	\$ 276,388	\$ 98,465	\$ 1,543,091	\$ 14,892
Receivables, net:				
Taxes	-	-	-	-
Interest	59	21	334	3
Other	-	-	-	-
Due from other agencies	-	-	-	-
Total assets	<u>\$ 276,447</u>	<u>\$ 98,486</u>	<u>\$ 1,543,425</u>	<u>\$ 14,895</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 44,424	\$ -
Other accrued liabilities	-	2,598	695	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>2,598</u>	<u>45,119</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Fund Balances (Deficit):				
Restricted:				
Community services	276,447	95,888	-	-
Public safety	-	-	-	14,895
Public works	-	-	1,498,306	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>276,447</u>	<u>95,888</u>	<u>1,498,306</u>	<u>14,895</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 276,447</u>	<u>\$ 98,486</u>	<u>\$ 1,543,425</u>	<u>\$ 14,895</u>

(continued)

West Covina Community Services Foundation	Grants	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub	Maintenance District #4
\$ 124,255	\$ 360,311	\$ -	\$ 1,951,856	\$ 642,374	\$ 288,358	\$ 2,394,118
-	-	-	23,418	7,400	101	18,685
28	85	-	421	139	62	523
9,944	-	-	-	-	-	-
-	252,109	555,519	-	-	-	-
<u>\$ 134,227</u>	<u>\$ 612,505</u>	<u>\$ 555,519</u>	<u>\$ 1,975,695</u>	<u>\$ 649,913</u>	<u>\$ 288,521</u>	<u>\$ 2,413,326</u>
\$ 4,398	\$ 38,701	\$ -	\$ 9,392	\$ 1,910	\$ 10,696	\$ 53,329
-	3,378	-	1,329	1,157	507	2,391
-	-	555,509	-	-	-	-
-	-	-	-	-	-	-
-	183,537	-	-	-	-	-
<u>4,398</u>	<u>225,616</u>	<u>555,509</u>	<u>10,721</u>	<u>3,067</u>	<u>11,203</u>	<u>55,720</u>
-	200,772	-	-	-	-	-
129,829	49,983	-	-	-	-	-
-	265,072	10	-	-	-	-
-	-	-	1,964,974	646,846	277,318	2,357,606
-	(128,938)	-	-	-	-	-
<u>129,829</u>	<u>186,117</u>	<u>10</u>	<u>1,964,974</u>	<u>646,846</u>	<u>277,318</u>	<u>2,357,606</u>
<u>\$ 134,227</u>	<u>\$ 612,505</u>	<u>\$ 555,519</u>	<u>\$ 1,975,695</u>	<u>\$ 649,913</u>	<u>\$ 288,521</u>	<u>\$ 2,413,326</u>

City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds (continued)
June 30, 2017**

	Maintenance District #6	Maintenance District #7	Citywide Maintenance District
ASSETS			
Cash and investments	\$ 316,554	\$ 368,344	\$ 1,196,212
Receivables, net:			
Taxes	5,679	2,886	25,318
Interest	69	81	271
Other	-	-	-
Due from other agencies	-	-	-
Total assets	<u>\$ 322,302</u>	<u>\$ 371,311</u>	<u>\$ 1,221,801</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 16,082	\$ 6,554	\$ 143,164
Other accrued liabilities	1,009	1,013	994
Due to other funds	-	-	-
Advances from other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>17,091</u>	<u>7,567</u>	<u>144,158</u>
Deferred Inflows of Resources:			
Unavailable revenue	-	-	-
Fund Balances (Deficit):			
Restricted:			
Community services	-	-	-
Public safety	-	-	-
Public works	305,211	363,744	1,077,643
Unassigned	-	-	-
Total fund balances (deficit)	<u>305,211</u>	<u>363,744</u>	<u>1,077,643</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 322,302</u>	<u>\$ 371,311</u>	<u>\$ 1,221,801</u>

(continued)

<u>Sewer Maintenance</u>	<u>Auto Plaza Improvement District</u>	<u>Total Non-Major Special Revenue Funds</u>
\$ 3,055,958	\$ 129,107	\$ 20,159,979
107,599	-	327,656
675	28	4,429
-	-	93,054
-	-	845,629
<u>\$ 3,164,232</u>	<u>\$ 129,135</u>	<u>\$ 21,430,747</u>
\$ 27,998	\$ 20,480	\$ 947,274
15,515	-	78,377
-	-	555,509
-	475,787	475,787
-	-	183,537
<u>43,513</u>	<u>496,267</u>	<u>2,240,484</u>
-	-	238,773
-	-	1,952,246
-	-	4,934,587
3,120,719	-	12,690,281
-	(367,132)	(625,624)
<u>3,120,719</u>	<u>(367,132)</u>	<u>18,951,490</u>
<u>\$ 3,164,232</u>	<u>\$ 129,135</u>	<u>\$ 21,430,747</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, 2017**

	Drug Enforcement Rebate	Integrated Waste Management	Air Quality Improvement	Proposition A
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 1,978,032
Special assessments	-	-	-	-
Investment income	28,179	-	3,721	51
Revenue from other agencies	560,905	-	137,753	97,022
Charges for services	-	75,388	-	-
Other revenues	2,450	-	-	-
Total revenues	<u>591,534</u>	<u>75,388</u>	<u>141,474</u>	<u>2,075,105</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	1,779,080	-	-	-
Public works	-	75,546	85,730	-
Community services	-	-	-	2,449,621
Community development	-	-	-	-
Total expenditures	<u>1,779,080</u>	<u>75,546</u>	<u>85,730</u>	<u>2,449,621</u>
Excess of revenues over (under) expenditures	<u>(1,187,546)</u>	<u>(158)</u>	<u>55,744</u>	<u>(374,516)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(93,145)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(93,145)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,187,546)	(93,303)	55,744	(374,516)
Fund balances (deficit), beginning of year	<u>5,334,773</u>	<u>93,303</u>	<u>605,386</u>	<u>485,284</u>
Fund balances (deficit), end of year	<u>\$ 4,147,227</u>	<u>-</u>	<u>\$ 661,130</u>	<u>\$ 110,768</u>

(continued)

Proposition C	State Gas Tax	Police Donations	Transportation Development Act	AB939	Public Safety Augmentation	COPS/SLESA
\$ 1,644,472	\$ -	\$ -	\$ -	\$ -	\$ 727,799	\$ -
-	-	-	-	-	-	-
7,989	1,328	171	11	2,155	1,055	1,925
-	2,030,832	4,000	-	-	-	217,759
-	709	-	-	-	-	-
408	309	820	-	187,242	-	-
<u>1,652,869</u>	<u>2,033,178</u>	<u>4,991</u>	<u>11</u>	<u>189,397</u>	<u>728,854</u>	<u>219,684</u>
1,071	2,125	-	-	-	-	-
-	-	9,538	-	-	-	164,675
547,594	2,475,206	-	39,624	147,990	-	-
845,928	-	-	-	-	-	-
8,730	-	-	-	-	-	-
<u>1,403,323</u>	<u>2,477,331</u>	<u>9,538</u>	<u>39,624</u>	<u>147,990</u>	<u>-</u>	<u>164,675</u>
<u>249,546</u>	<u>(444,153)</u>	<u>(4,547)</u>	<u>(39,613)</u>	<u>41,407</u>	<u>728,854</u>	<u>55,009</u>
-	-	-	-	-	-	-
-	-	-	-	-	(878,391)	-
-	-	-	-	-	(878,391)	-
249,546	(444,153)	(4,547)	(39,613)	41,407	(149,537)	55,009
<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>\$ 1,289,331</u>	<u>\$ (89,941)</u>	<u>\$ 25,127</u>	<u>\$ (39,613)</u>	<u>\$ 416,784</u>	<u>\$ 131,357</u>	<u>\$ 350,899</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds (continued)
For the Year Ended June 30, 2017**

	Charter PEG	Art in Public Places	Measure R	Inmate Welfare
REVENUES				
Taxes	\$ -	\$ -	\$ 1,230,841	\$ -
Special assessments	-	-	-	-
Investment income	1,650	555	7,994	86
Revenue from other agencies	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	13,897	-	3,982
Total revenues	<u>1,650</u>	<u>14,452</u>	<u>1,238,835</u>	<u>4,068</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	3,516	-	-	6,750
Public works	-	-	147,015	-
Community services	-	-	449,341	-
Community development	-	-	-	-
Total expenditures	<u>3,516</u>	<u>-</u>	<u>596,356</u>	<u>6,750</u>
Excess of revenues over (under) expenditures	<u>(1,866)</u>	<u>14,452</u>	<u>642,479</u>	<u>(2,682)</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	(1,866)	14,452	642,479	(2,682)
Fund balances (deficit), beginning of year	<u>278,313</u>	<u>81,436</u>	<u>855,827</u>	<u>17,577</u>
Fund balances (deficit), end of year	<u>\$ 276,447</u>	<u>\$ 95,888</u>	<u>\$ 1,498,306</u>	<u>\$ 14,895</u>

(continued)

West Covina Community Services Foundation	Grants	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub	Maintenance District #4
\$ -	\$ -	\$ -	\$ 514,160	\$ 166,998	\$ 107,054	\$ -
-	-	-	-	-	-	1,039,889
964	1,429	-	11,032	3,683	1,657	14,051
-	1,413,330	1,677,156	-	-	-	-
-	37,740	-	-	-	-	-
149,364	-	-	-	-	-	-
<u>150,328</u>	<u>1,452,499</u>	<u>1,677,156</u>	<u>525,192</u>	<u>170,681</u>	<u>108,711</u>	<u>1,053,940</u>
-	-	-	-	-	-	-
2,872	59,275	1,471,547	-	-	-	-
-	136,016	-	320,265	100,087	82,839	1,065,998
95,952	221,696	-	-	-	-	-
-	-	-	-	-	-	-
<u>98,824</u>	<u>416,987</u>	<u>1,471,547</u>	<u>320,265</u>	<u>100,087</u>	<u>82,839</u>	<u>1,065,998</u>
<u>51,504</u>	<u>1,035,512</u>	<u>205,609</u>	<u>204,927</u>	<u>70,594</u>	<u>25,872</u>	<u>(12,058)</u>
-	-	-	-	-	-	9,000
(50,000)	-	-	-	(9,000)	-	-
(50,000)	-	-	-	(9,000)	-	9,000
1,504	1,035,512	205,609	204,927	61,594	25,872	(3,058)
<u>128,325</u>	<u>(849,395)</u>	<u>(205,599)</u>	<u>1,760,047</u>	<u>585,252</u>	<u>251,446</u>	<u>2,360,664</u>
<u>\$ 129,829</u>	<u>\$ 186,117</u>	<u>\$ 10</u>	<u>\$ 1,964,974</u>	<u>\$ 646,846</u>	<u>\$ 277,318</u>	<u>\$ 2,357,606</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds (continued)
For the Year Ended June 30, 2017**

	Maintenance District #6	Maintenance District #7	Citywide Maintenance District
REVENUES			
Taxes	\$ -	\$ -	\$ -
Special assessments	155,143	166,116	1,627,200
Investment income	2,015	2,192	6,083
Revenue from other agencies	-	-	-
Charges for services	-	-	-
Other revenues	-	-	-
	<u>157,158</u>	<u>168,308</u>	<u>1,633,283</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	217,976	175,387	1,412,762
Community services	-	-	-
Community development	-	-	-
	<u>217,976</u>	<u>175,387</u>	<u>1,412,762</u>
Total expenditures	<u>217,976</u>	<u>175,387</u>	<u>1,412,762</u>
Excess of revenues over (under) expenditures	<u>(60,818)</u>	<u>(7,079)</u>	<u>220,521</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(60,818)	(7,079)	220,521
Fund balances (deficit), beginning of year	<u>366,029</u>	<u>370,823</u>	<u>857,122</u>
Fund balances (deficit), end of year	<u>\$ 305,211</u>	<u>\$ 363,744</u>	<u>\$ 1,077,643</u>

(continued)

<u>Sewer Maintenance</u>	<u>Auto Plaza Improvement District</u>	<u>Total Non-Major Special Revenue Funds</u>
\$ 227,656	\$ 145,463	\$ 6,742,475
2,330,149	-	5,318,497
17,282	2,115	119,373
47,601	-	6,186,358
-	-	113,837
-	-	358,472
<u>2,622,688</u>	<u>147,578</u>	<u>18,839,012</u>
-	-	3,196
-	-	3,497,253
2,255,482	-	9,285,517
-	-	4,062,538
-	603,405	612,135
<u>2,255,482</u>	<u>603,405</u>	<u>17,460,639</u>
<u>367,206</u>	<u>(455,827)</u>	<u>1,378,373</u>
-	-	9,000
-	-	(1,030,536)
-	-	(1,021,536)
367,206	(455,827)	356,837
<u>2,753,513</u>	<u>88,695</u>	<u>18,594,653</u>
<u>\$ 3,120,719</u>	<u>\$ (367,132)</u>	<u>\$ 18,951,490</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 28,179	\$ 28,179
Revenue from other agencies	20,000	20,000	560,905	540,905
Other revenues			2,450	2,450
Total revenues	20,000	20,000	591,534	571,534
EXPENDITURES				
Current:				
Public safety	-	3,934,610	1,779,080	2,155,530
Net change in fund balance	20,000	(3,914,610)	(1,187,546)	2,727,064
Fund balance, beginning of year	5,334,773	5,334,773	5,334,773	-
Fund balance, end of year	\$ 5,354,773	\$ 1,420,163	\$ 4,147,227	\$ 2,727,064

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 70,000	\$ 70,000	\$ 75,388	\$ 5,388
EXPENDITURES				
Current:				
Public works	55,342	92,506	75,546	16,960
Excess (deficiency) of revenues over (under) expenditures	14,658	(22,506)	(158)	22,348
OTHER FINANCING (USES)				
Transfers out	-	(93,145)	(93,145)	-
Net change in fund balance	14,658	(115,651)	(93,303)	22,348
Fund balance, beginning of year	93,303	93,303	93,303	-
Fund balance (deficit), end of year	\$ 107,961	\$ (22,348)	\$ -	\$ 22,348

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 3,721	\$ 3,721
Revenue from other agencies	130,000	684,199	137,753	(546,446)
Total revenues	130,000	684,199	141,474	(542,725)
EXPENDITURES				
Current:				
Public works	83,776	1,133,072	85,730	1,047,342
Net change in fund balance	46,224	(448,873)	55,744	504,617
Fund balance, beginning of year	605,386	605,386	605,386	-
Fund balance, end of year	\$ 651,610	\$ 156,513	\$ 661,130	\$ 504,617

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,986,155	\$ 1,986,155	\$ 1,978,032	\$ (8,123)
Investment income	-	-	51	51
Revenue from other agencies	100,000	100,000	97,022	(2,978)
Total revenues	<u>2,086,155</u>	<u>2,086,155</u>	<u>2,075,105</u>	<u>(11,050)</u>
EXPENDITURES				
Current:				
Community services	<u>2,437,640</u>	<u>2,488,135</u>	<u>2,449,621</u>	<u>38,514</u>
Net change in fund balance	(351,485)	(401,980)	(374,516)	27,464
Fund balance, beginning of year	<u>485,284</u>	<u>485,284</u>	<u>485,284</u>	-
Fund balance, end of year	<u>\$ 133,799</u>	<u>\$ 83,304</u>	<u>\$ 110,768</u>	<u>\$ 27,464</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,647,463	\$ 1,647,463	\$ 1,644,472	\$ (2,991)
Investment income	-	-	7,989	7,989
Other revenues	-	-	408	408
Total revenues	<u>1,647,463</u>	<u>1,647,463</u>	<u>1,652,869</u>	<u>5,406</u>
EXPENDITURES				
Current:				
General government	-	1,359	1,071	288
Public works	403,614	1,105,247	547,594	557,653
Community services	910,383	910,383	845,928	64,455
Community development	26,695	26,695	8,730	17,965
Total expenditures	<u>1,340,692</u>	<u>2,043,684</u>	<u>1,403,323</u>	<u>640,361</u>
Net change in fund balance	306,771	(396,221)	249,546	645,767
Fund balance, beginning of year	<u>1,039,785</u>	<u>1,039,785</u>	<u>1,039,785</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,346,556</u>	<u>\$ 643,564</u>	<u>\$ 1,289,331</u>	<u>\$ 645,767</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,328	\$ 1,328
Revenue from other agencies	2,225,369	2,225,369	2,030,832	(194,537)
Charges for services	-	-	709	709
Other revenues	-	-	309	309
Total revenues	<u>2,225,369</u>	<u>2,225,369</u>	<u>2,033,178</u>	<u>(192,191)</u>
EXPENDITURES				
Current:				
General government	2,500	2,500	2,125	375
Public works	2,458,779	2,553,870	2,475,206	78,664
Total expenditures	<u>2,461,279</u>	<u>2,556,370</u>	<u>2,477,331</u>	<u>79,039</u>
Net change in fund balance	(235,910)	(331,001)	(444,153)	(113,152)
Fund balance, beginning of year	<u>354,212</u>	<u>354,212</u>	<u>354,212</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 118,302</u>	<u>\$ 23,211</u>	<u>\$ (89,941)</u>	<u>\$ (113,152)</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 171	\$ 171
Revenue from other agencies	-	4,000	4,000	-
Other revenues	-	820	820	-
Total revenues	-	4,820	4,991	171
EXPENDITURES				
Current:				
Public safety	-	9,531	9,538	(7)
Net change in fund balance	-	(4,711)	(4,547)	164
Fund balance, beginning of year	29,674	29,674	29,674	-
Fund balance, end of year	\$ 29,674	\$ 24,963	\$ 25,127	\$ 164

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 70,573	\$ 218,074	\$ -	\$ (218,074)
Investment income	-	-	11	11
Total revenue	70,573	218,074	11	(218,063)
EXPENDITURES				
Current:				
Public works	175,000	200,000	39,624	160,376
Net change in fund balance	(104,427)	18,074	(39,613)	(57,687)
Fund balance, beginning of year	-	-	-	-
Fund balance (deficit), end of year	\$ (104,427)	\$ 18,074	\$ (39,613)	\$ (57,687)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 2,155	\$ 2,155
Charges for services	3,000	3,000	-	(3,000)
Other revenues	170,000	170,000	187,242	17,242
Total revenues	173,000	173,000	189,397	16,397
EXPENDITURES				
Current:				
Public works	169,089	181,089	147,990	33,099
Net change in fund balance	3,911	(8,089)	41,407	49,496
Fund balance, beginning of year	375,377	375,377	375,377	-
Fund balance, end of year	\$ 379,288	\$ 367,288	\$ 416,784	\$ 49,496

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 725,000	\$ 725,000	\$ 727,799	\$ 2,799
Investment income	-	-	1,055	1,055
Total revenues	725,000	725,000	728,854	3,854
OTHER FINANCING USES				
Transfers out	(725,000)	(1,005,000)	(878,391)	126,609
Net change in fund balance	-	(280,000)	(149,537)	130,463
Fund balance, beginning of year	280,894	280,894	280,894	-
Fund balance, end of year	\$ 280,894	\$ 894	\$ 131,357	\$ 130,463

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,925	\$ 1,925
Revenue from other agencies	170,000	170,000	217,759	47,759
Total revenues	170,000	170,000	219,684	49,684
EXPENDITURES				
Current:				
Public safety	-	263,405	164,675	98,730
Net change in fund balance	170,000	(93,405)	55,009	148,414
Fund balance, beginning of year	295,890	295,890	295,890	-
Fund balance, end of year	\$ 465,890	\$ 202,485	\$ 350,899	\$ 148,414

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,650	\$ 1,650
EXPENDITURES				
Current:				
Public safety	266,627	266,627	3,516	263,111
Net change in fund balance	(266,627)	(266,627)	(1,866)	264,761
Fund balance, beginning of year	278,313	278,313	278,313	-
Fund balance, end of year	<u>\$ 11,686</u>	<u>\$ 11,686</u>	<u>\$ 276,447</u>	<u>\$ 264,761</u>

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 555	\$ 555
Other revenues	70,000	70,000	13,897	(56,103)
Total revenues	70,000	70,000	14,452	(55,548)
EXPENDITURES				
Current:				
Community development	8,000	8,000	-	8,000
Net change in fund balance	62,000	62,000	14,452	(47,548)
Fund balance, beginning of year	81,436	81,436	81,436	-
Fund balance, end of year	\$ 143,436	\$ 143,436	\$ 95,888	\$ (47,548)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,235,506	\$ 1,235,506	\$ 1,230,841	\$ (4,665)
Investment income	-	-	7,994	7,994
Total revenues	1,235,506	1,235,506	1,238,835	3,329
EXPENDITURES				
Current:				
Public works	835,000	1,336,975	147,015	1,189,960
Community services	488,891	488,891	449,341	39,550
Total expenditures	1,323,891	1,825,866	596,356	1,229,510
Net change in fund balance	(88,385)	(590,360)	642,479	1,232,839
Fund balance, beginning of year	855,827	855,827	855,827	-
Fund balance, end of year	\$ 767,442	\$ 265,467	\$ 1,498,306	\$ 1,232,839

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Inmate Welfare Special Revenue Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 86	86
Other revenues	7,000	7,000	3,982	(3,018)
Total revenues	7,000	7,000	4,068	(2,932)
EXPENDITURES				
Current:				
Public safety	6,750	6,750	6,750	-
Net change in fund balance	250	250	(2,682)	(2,932)
Fund balance, beginning of year	17,577	17,577	17,577	-
Fund balance, end of year	\$ 17,827	\$ 17,827	\$ 14,895	\$ (2,932)

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 964	\$ 964
Other revenues	100,000	130,553	149,364	18,811
Total revenues	100,000	130,553	150,328	19,775
EXPENDITURES				
Current:				
Public safety	-	2,872	2,872	-
Community services	50,000	96,254	95,952	302
Total expenditures	50,000	99,126	98,824	302
Excess of revenues over expenditures	50,000	31,427	51,504	20,077
OTHER FINANCING (USES)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	-	(18,573)	1,504	20,077
Fund balance, beginning of year	128,325	128,325	128,325	-
Fund balance, end of year	\$ 128,325	\$ 109,752	\$ 129,829	\$ 20,077

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,429	\$ 1,429
Revenue from other agencies	1,320,760	3,247,718	1,413,330	(1,834,388)
Charges for services	45,000	45,000	37,740	(7,260)
Total revenues	<u>1,365,760</u>	<u>3,292,718</u>	<u>1,452,499</u>	<u>(1,840,219)</u>
EXPENDITURES				
Current:				
Public safety	-	580,830	59,275	521,555
Public works	1,140,760	1,554,946	136,016	1,418,930
Community services	318,555	318,555	221,696	96,859
Total expenditures	<u>1,459,315</u>	<u>2,454,331</u>	<u>416,987</u>	<u>2,037,344</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(93,555)</u>	<u>838,387</u>	<u>1,035,512</u>	<u>197,125</u>
OTHER FINANCING SOURCES				
Transfers in	<u>6,715</u>	<u>6,715</u>	<u>-</u>	<u>(6,715)</u>
Net change in fund balance	(86,840)	845,102	1,035,512	190,410
Fund balance (deficit), beginning of year	<u>(849,395)</u>	<u>(849,395)</u>	<u>(849,395)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (936,235)</u>	<u>\$ (4,293)</u>	<u>\$ 186,117</u>	<u>\$ 190,410</u>

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 1,912,227	\$ 2,117,826	\$ 1,677,156	\$ (440,670)
EXPENDITURES				
Current:				
Public safety	1,912,227	1,912,227	1,471,547	440,680
Net change in fund balance	-	205,599	205,609	10
Fund balance (deficit), beginning of year	(205,599)	(205,599)	(205,599)	-
Fund balance (deficit), end of year	\$ (205,599)	\$ -	\$ 10	\$ 10

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 456,923	\$ 456,923	\$ 514,160	\$ 57,237
Investment income	3,040	3,040	11,032	7,992
Total revenues	459,963	459,963	525,192	65,229
EXPENDITURES				
Current:				
Public works	444,704	588,940	320,265	268,675
Net change in fund balance	15,259	(128,977)	204,927	333,904
Fund balance, beginning of year	1,760,047	1,760,047	1,760,047	-
Fund balance, end of year	\$ 1,775,306	\$ 1,631,070	\$ 1,964,974	\$ 333,904

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 138,500	\$ 138,500	\$ 166,998	\$ 28,498
Investment income	-	-	3,683	3,683
Total revenues	138,500	138,500	170,681	32,181
EXPENDITURES				
Current:				
Public works	166,811	286,961	100,087	186,874
Total expenditures	166,811	286,961	100,087	186,874
Excess (deficiency) of revenues over (under) expenditures	(28,311)	(148,461)	70,594	219,055
OTHER FINANCING (USES)				
Transfers out	(9,000)	(9,000)	(9,000)	-
Net change in fund balance	(37,311)	(157,461)	61,594	219,055
Fund balance, beginning of year	585,252	585,252	585,252	-
Fund balance, end of year	\$ 547,941	\$ 427,791	\$ 646,846	\$ 219,055

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 125,000	\$ 125,000	\$ 107,054	\$ (17,946)
Investment income	-	-	1,657	1,657
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>108,711</u>	<u>(16,289)</u>
EXPENDITURES				
Current:				
Public safety	5,000	5,000	-	5,000
Public works	131,183	131,183	82,839	48,344
Total expenditures	<u>136,183</u>	<u>136,183</u>	<u>82,839</u>	<u>53,344</u>
Net change in fund balance	(11,183)	(11,183)	25,872	37,055
Fund balance, beginning of year	<u>251,446</u>	<u>251,446</u>	<u>251,446</u>	<u>-</u>
Fund balance, end of year	<u>\$ 240,263</u>	<u>\$ 240,263</u>	<u>\$ 277,318</u>	<u>\$ 37,055</u>

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 1,040,000	\$ 1,040,000	\$ 1,039,889	\$ (111)
Investment income	5,000	5,000	14,051	9,051
Total revenues	1,045,000	1,045,000	1,053,940	8,940
EXPENDITURES				
Current:				
Public works	1,234,227	1,410,833	1,065,998	344,835
Deficiency of revenues under expenditures	(189,227)	(365,833)	(12,058)	353,775
OTHER FINANCING SOURCES (USES)				
Transfers in	9,000	9,000	9,000	-
Net change in fund balance	(180,227)	(356,833)	(3,058)	353,775
Fund balance, beginning of year	2,360,664	2,360,664	2,360,664	-
Fund balance, end of year	\$ 2,180,437	\$ 2,003,831	\$ 2,357,606	\$ 353,775

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 154,700	\$ 154,700	\$ 155,143	\$ 443
Investment income	-	-	2,015	2,015
Total revenues	<u>154,700</u>	<u>154,700</u>	<u>157,158</u>	<u>2,458</u>
EXPENDITURES				
Current:				
Public works	<u>223,100</u>	<u>266,600</u>	<u>217,976</u>	<u>48,624</u>
Net change in fund balance	(68,400)	(111,900)	(60,818)	51,082
Fund balance, beginning of year	<u>366,029</u>	<u>366,029</u>	<u>366,029</u>	-
Fund balance, end of year	<u>\$ 297,629</u>	<u>\$ 254,129</u>	<u>\$ 305,211</u>	<u>\$ 51,082</u>

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 163,813	\$ 163,813	\$ 166,116	\$ 2,303
Investment income	2,150	2,150	2,192	42
Total revenues	<u>165,963</u>	<u>165,963</u>	<u>168,308</u>	<u>2,345</u>
EXPENDITURES				
Current:				
Public works	<u>229,995</u>	<u>231,820</u>	<u>175,387</u>	<u>56,433</u>
Net change in fund balance	(64,032)	(65,857)	(7,079)	58,778
Fund balance, beginning of year	<u>370,823</u>	<u>370,823</u>	<u>370,823</u>	-
Fund balance, end of year	<u>\$ 306,791</u>	<u>\$ 304,966</u>	<u>\$ 363,744</u>	<u>\$ 58,778</u>

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 1,622,434	\$ 1,622,434	\$ 1,627,200	\$ 4,766
Investment income	300	300	6,083	5,783
Total revenues	<u>1,622,734</u>	<u>1,622,734</u>	<u>1,633,283</u>	<u>10,549</u>
EXPENDITURES				
Current:				
Public works	<u>1,516,523</u>	<u>1,537,715</u>	<u>1,412,762</u>	<u>124,953</u>
Net change in fund balance	106,211	85,019	220,521	135,502
Fund balance, beginning of year	<u>857,122</u>	<u>857,122</u>	<u>857,122</u>	<u>-</u>
Fund balance, end of year	<u>\$ 963,333</u>	<u>\$ 942,141</u>	<u>\$ 1,077,643</u>	<u>\$ 135,502</u>

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 190,000	\$ 190,000	\$ 227,656	\$ 37,656
Special assessments	2,723,592	2,159,867	2,330,149	170,282
Investment income	6,000	6,000	17,282	11,282
Charges for services	-	-	47,601	47,601
Total revenues	<u>2,919,592</u>	<u>2,355,867</u>	<u>2,622,688</u>	<u>266,821</u>
EXPENDITURES				
Current:				
Public works	<u>2,457,376</u>	<u>3,849,836</u>	<u>2,255,482</u>	<u>1,594,354</u>
Net change in fund balance	462,216	(1,493,969)	367,206	1,861,175
Fund balance, beginning of year	<u>2,753,513</u>	<u>2,753,513</u>	<u>2,753,513</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,215,729</u>	<u>\$ 1,259,544</u>	<u>\$ 3,120,719</u>	<u>\$ 1,861,175</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 146,605	\$ 146,605	\$ 145,463	\$ (1,142)
Investment income	-	-	2,115	2,115
Total revenues	146,605	146,605	147,578	973
EXPENDITURES				
Current:				
Community development	117,284	649,866	603,405	46,461
Net change in fund balance	29,321	(503,261)	(455,827)	47,434
Fund balance, beginning of year	88,695	88,695	88,695	-
Fund balance (deficit), end of year	\$ 118,016	\$ (414,566)	\$ (367,132)	\$ 47,434

City of West Covina

Non-Major Governmental Funds – Debt Service Funds

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
City Debt Service Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 685,662	\$ 685,662
Revenue from other agencies	1,220,666	1,220,666	1,229,760	9,094
Charges for services	1,081,200	1,081,200	316,746	(764,454)
Total revenues	<u>2,301,866</u>	<u>2,301,866</u>	<u>2,232,168</u>	<u>(69,698)</u>
EXPENDITURES				
Debt service:				
Principal	8,077,962	8,656,880	7,932,925	723,955
Interest and fiscal charges	1,450,852	1,450,852	1,564,669	(113,817)
Total expenditures	<u>9,528,814</u>	<u>10,107,732</u>	<u>9,497,594</u>	<u>610,138</u>
Deficiency of revenues under expenditures	<u>(7,226,948)</u>	<u>(7,805,866)</u>	<u>(7,265,426)</u>	<u>540,440</u>
OTHER FINANCING SOURCES				
Proceeds from debt	-	500,000	500,000	-
Transfers in	922,098	1,501,016	1,501,016	-
Transfers out	(1,200,000)	(2,130,000)	(2,121,680)	8,320
Total other financing sources (uses)	<u>(277,902)</u>	<u>(128,984)</u>	<u>(120,664)</u>	<u>8,320</u>
Net change in fund balance	(6,304,850)	(7,934,850)	(7,386,090)	548,760
Fund balance, beginning of year	<u>13,011,726</u>	<u>13,011,726</u>	<u>13,011,726</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,706,876</u>	<u>\$ 5,076,876</u>	<u>\$ 5,625,636</u>	<u>\$ 548,760</u>

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, 2017**

	<u>City</u>	<u>Construction Tax</u>	<u>Information Technology</u>
ASSETS			
Cash and investments	\$ 954,365	\$ 393,383	\$ 995,309
Receivables, net:			
Interest	<u>205</u>	<u>84</u>	<u>-</u>
Total assets	<u>\$ 954,570</u>	<u>\$ 393,467</u>	<u>\$ 995,309</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 40,712	\$ 11,053	\$ 169,179
Other accrued liabilities	-	65	7,503
Unearned revenue	<u>-</u>	<u>-</u>	<u>7,930</u>
Total liabilities	<u>40,712</u>	<u>11,118</u>	<u>184,612</u>
Fund Balances:			
Assigned	<u>913,858</u>	<u>382,349</u>	<u>810,697</u>
Total fund balances	<u>913,858</u>	<u>382,349</u>	<u>810,697</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 954,570</u>	<u>\$ 393,467</u>	<u>\$ 995,309</u>

(continued)

<u>Park Development</u>	<u>Development Impact Fees</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ 918,608	\$ 78,724	\$ 3,340,389
<u>306</u>	<u>-</u>	<u>595</u>
<u>\$ 918,914</u>	<u>\$ 78,724</u>	<u>\$ 3,340,984</u>
\$ 111,738	\$ -	\$ 332,682
172,139	-	179,707
<u>-</u>	<u>-</u>	<u>7,930</u>
<u>283,877</u>	<u>-</u>	<u>520,319</u>
<u>635,037</u>	<u>78,724</u>	<u>2,820,665</u>
<u>635,037</u>	<u>78,724</u>	<u>2,820,665</u>
<u>\$ 918,914</u>	<u>\$ 78,724</u>	<u>\$ 3,340,984</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, 2017**

	City	Construction Tax	Information Technology
REVENUES			
Taxes	\$ -	\$ 62,594	\$ -
Investment income	5,431	2,397	-
Revenue from other agencies	55,000	-	24,524
Other revenues	86,505	-	-
Total revenues	<u>146,936</u>	<u>64,991</u>	<u>24,524</u>
EXPENDITURES			
Current:			
Public safety	587,489	-	-
Public works	-	60,013	617,718
Community services	-	-	-
Total expenditures	<u>587,489</u>	<u>60,013</u>	<u>617,718</u>
Excess of revenues over (under) expenditures	(440,553)	4,978	(593,194)
Other financing sources (uses)			
Transfers in	<u>990,000</u>	<u>-</u>	<u>1,200,000</u>
Net change in fund balances	549,447	4,978	606,806
Fund balances, beginning of year	<u>364,411</u>	<u>377,371</u>	<u>203,891</u>
Fund balances, end of year	<u>\$ 913,858</u>	<u>\$ 382,349</u>	<u>\$ 810,697</u>

(continued)

<u>Park Development</u>	<u>Development Impact Fees</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ -	\$ -	\$ 62,594
13,553	-	21,381
-	-	79,524
<u>62,413</u>	<u>27,956</u>	<u>176,874</u>
<u>75,966</u>	<u>27,956</u>	<u>340,373</u>
-	-	587,489
-	-	677,731
<u>4,431,233</u>	<u>-</u>	<u>4,431,233</u>
<u>4,431,233</u>	<u>-</u>	<u>5,696,453</u>
(4,355,267)	27,956	(5,356,080)
<u>921,680</u>	<u>-</u>	<u>3,111,680</u>
(3,433,587)	27,956	(2,244,400)
<u>4,068,624</u>	<u>50,768</u>	<u>5,065,065</u>
<u>\$ 635,037</u>	<u>\$ 78,724</u>	<u>\$ 2,820,665</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 5,431	\$ 5,431
Revenue from other agencies	-	105,000	55,000	(50,000)
Other revenues	-	-	86,505	86,505
Total revenues	-	105,000	146,936	41,936
EXPENDITURES				
Current:				
Public safety	480,815	846,074	587,489	258,585
Deficiency of revenues under expenditures	(480,815)	(741,074)	(440,553)	300,521
OTHER FINANCING (USES)				
Transfers in	380,000	990,000	990,000	-
Net change in fund balance	(100,815)	248,926	549,447	300,521
Fund balance, beginning of year	364,411	364,411	364,411	-
Fund balance, end of year	\$ 263,596	\$ 613,337	\$ 913,858	\$ 300,521

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 90,000	\$ 90,000	\$ 62,594	\$ (27,406)
Investment income	-	-	2,397	2,397
Total revenues	90,000	90,000	64,991	(25,009)
EXPENDITURES				
Current:				
Public works	353,559	444,441	60,013	384,428
Net change in fund balance	(263,559)	(354,441)	4,978	359,419
Fund balance, beginning of year	377,371	377,371	377,371	-
Fund balance, end of year	\$ 113,812	\$ 22,930	\$ 382,349	\$ 359,419

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ -	\$ 36,060	\$ 24,524	\$ (11,536)
EXPENDITURES				
Current:				
Public works	1,200,000	1,439,951	617,718	822,233
Deficiency of revenues under expenditures	(1,200,000)	(1,403,891)	(593,194)	810,697
OTHER FINANCING SOURCES				
Transfers in	1,200,000	1,200,000	1,200,000	-
Net change in fund balance	-	(203,891)	606,806	810,697
Fund balance, beginning of year	203,891	203,891	203,891	-
Fund balance, end of year	\$ 203,891	\$ -	\$ 810,697	\$ 810,697

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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 43,800	\$ 43,800	\$ 13,553	\$ (30,247)
Other revenues	-	-	62,413	62,413
Total revenues	43,800	43,800	75,966	32,166
EXPENDITURES				
Current:				
Community services	-	4,938,438	4,431,233	507,205
Excess (deficiency) of revenues over (under) expenditures	43,800	(4,894,638)	(4,355,267)	507,205
OTHER FINANCING SOURCES				
Transfers in	-	930,000	921,680	(8,320)
Net change in fund balance	43,800	(3,964,638)	(3,433,587)	531,051
Fund balance, beginning of year	4,068,624	4,068,624	4,068,624	-
Fund balance, end of year	\$ 4,112,424	\$ 103,986	\$ 635,037	\$ 531,051

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Development Impact Fees Capital Projects Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ 120,000	\$ 120,000	\$ 27,956	\$ (92,044)
Total revenues	120,000	120,000	27,956	(92,044)
Net change in fund balance	120,000	120,000	27,956	(92,044)
Fund balance, beginning of year	50,768	50,768	50,768	-
Fund balance, end of year	<u>\$ 170,768</u>	<u>\$ 170,768</u>	<u>\$ 78,724</u>	<u>\$ (92,044)</u>

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.

Retiree 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, 2017**

	Fleet Management	Self-Insurance
ASSETS		
Current Assets:		
Cash and investments	\$ -	\$ 10,911,954
Receivables, net:		
Accounts	-	35,161
Interest	-	-
Due from other funds	-	12,695
Inventories	16,549	-
Total current assets	<u>16,549</u>	<u>10,959,810</u>
Noncurrent Assets		
Capital assets:		
Capital assets	2,409,536	-
Less accumulated depreciation	(2,244,560)	-
Total capital assets	<u>164,976</u>	<u>-</u>
Total noncurrent assets	<u>164,976</u>	<u>-</u>
 Total assets	 <u>181,525</u>	 <u>10,959,810</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	76,447	371,075
Other accrued liabilities	10,301	-
Claims and judgements - current portion	-	3,253,952
Compensated absences - current portion	10,194	-
Due to other funds	79,980	-
Total current liabilities	<u>176,922</u>	<u>3,625,027</u>
Noncurrent Liabilities:		
Claims and judgements	-	7,332,436
Compensated absences	4,603	-
Total noncurrent liabilities	<u>4,603</u>	<u>7,332,436</u>
 Total liabilities	 <u>181,525</u>	 <u>10,957,463</u>
NET POSITION		
Net investment in capital assets	164,976	-
Unrestricted	(164,976)	2,347
 Total net position	 <u>\$ -</u>	 <u>\$ 2,347</u>

(continued)

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 509,761	\$ 281,010	\$ 11,702,725
-	-	35,161
110	59	169
-	-	12,695
-	-	16,549
<u>509,871</u>	<u>281,069</u>	<u>11,767,299</u>
-	586,921	2,996,457
-	(423,772)	(2,668,332)
<u>-</u>	<u>163,149</u>	<u>328,125</u>
<u>-</u>	<u>163,149</u>	<u>328,125</u>
<u>509,871</u>	<u>444,218</u>	<u>12,095,424</u>
-	-	447,522
-	-	10,301
-	-	3,253,952
-	-	10,194
-	-	79,980
<u>-</u>	<u>-</u>	<u>3,801,949</u>
-	-	7,332,436
<u>-</u>	<u>-</u>	<u>4,603</u>
<u>-</u>	<u>-</u>	<u>7,337,039</u>
<u>-</u>	<u>-</u>	<u>11,138,988</u>
-	163,149	328,125
<u>509,871</u>	<u>281,069</u>	<u>628,311</u>
<u>\$ 509,871</u>	<u>\$ 444,218</u>	<u>\$ 956,436</u>

City of West Covina

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2017**

	Fleet Management	Self-Insurance
OPERATING REVENUES:		
Charges for services	\$ 1,534,856	\$ 4,167,487
Other revenues	-	-
Total operating revenues	<u>1,534,856</u>	<u>4,167,487</u>
OPERATING EXPENSES:		
Personnel services	523,948	-
Cost of sales, services and operations	975,139	487,677
Depreciation	35,769	-
Insurance and claims paid	-	3,677,463
Total operating expenses	<u>1,534,856</u>	<u>4,165,140</u>
Operating income (loss)	<u>-</u>	<u>2,347</u>
NONOPERATING REVENUES:		
Investment income	-	-
Change in net position	-	2,347
Net position, beginning of year	-	-
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ 2,347</u></u>

(continued)

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ -	\$ 168,486	\$ 5,870,829
-	96,473	96,473
<u>-</u>	<u>264,959</u>	<u>5,967,302</u>
100,400	-	624,348
-	-	1,462,816
-	18,948	54,717
<u>-</u>	<u>-</u>	<u>3,677,463</u>
<u>100,400</u>	<u>18,948</u>	<u>5,819,344</u>
<u>(100,400)</u>	<u>246,011</u>	<u>147,958</u>
<u>3,333</u>	<u>990</u>	<u>4,323</u>
(97,067)	247,001	152,281
<u>606,938</u>	<u>197,217</u>	<u>804,155</u>
<u>\$ 509,871</u>	<u>\$ 444,218</u>	<u>\$ 956,436</u>

City of West Covina

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017**

	Fleet Management	Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user departments	\$ 1,534,856	\$ 4,273,085
Payments to suppliers for goods and services	(986,042)	(3,015,500)
Payments to employees for services	(550,611)	(10,695)
Net cash provided by (used for) operating activities	<u>(1,797)</u>	<u>1,246,890</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	1,797	-
Paid to other funds	-	(12,695)
Net cash provided by (used for) noncapital financing activities	<u>1,797</u>	<u>(12,695)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	-	-
Net increase (decrease) in cash and cash equivalents	-	1,234,195
Cash and cash equivalents, beginning of year	-	9,677,759
Cash and cash equivalents, ending of year	<u>\$ -</u>	<u>\$ 10,911,954</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ -	\$ 2,347
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	35,769	-
(Increase) decrease in operating assets:		
Accounts receivable	-	(23,219)
Other receivables	-	128,817
Inventories	(8,241)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(3,857)	220,241
Other accrued liabilities	1,195	(3,231)
Claims and judgments payable	-	932,630
Compensated absences payable	(26,663)	(10,695)
Net cash provided by (used for) operating activities	<u>\$ (1,797)</u>	<u>\$ 1,246,890</u>

(continued)

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ -	\$ 264,959	\$ 6,072,900
-	(16,422)	(4,017,964)
<u>(100,400)</u>	<u>-</u>	<u>(661,706)</u>
<u>(100,400)</u>	<u>248,537</u>	<u>1,393,230</u>
-	-	1,797
<u>-</u>	<u>-</u>	<u>(12,695)</u>
<u>-</u>	<u>-</u>	<u>(10,898)</u>
<u>3,596</u>	<u>950</u>	<u>4,546</u>
(96,804)	249,487	1,386,878
<u>606,565</u>	<u>31,523</u>	<u>10,315,847</u>
<u>\$ 509,761</u>	<u>\$ 281,010</u>	<u>\$ 11,702,725</u>
\$ (100,400)	\$ 246,011	\$ 147,958
-	18,948	54,717
-	-	(23,219)
-	-	128,817
-	-	(8,241)
-	(16,422)	199,962
-	-	(2,036)
-	-	932,630
<u>-</u>	<u>-</u>	<u>(37,358)</u>
<u>\$ (100,400)</u>	<u>\$ 248,537</u>	<u>\$ 1,393,230</u>

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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, 2017**

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and investments	<u>\$ 143,716</u>	<u>\$ 611,580</u>	<u>\$ 755,296</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 143,716</u>	<u>\$ 611,580</u>	<u>\$ 755,296</u>

City of West Covina

**Combining Statement of Changes in Net Position
Pension Trust Funds
For the Year Ended June 30, 2017**

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ADDITIONS			
Employer contribution	\$ 61,019	\$ 73,467	\$ 134,486
Investment income	9,833	50,057	59,890
Total Additions	<u>70,852</u>	<u>123,524</u>	<u>194,376</u>
DEDUCTIONS			
Administrative costs	9,531	8,431	17,962
Benefit distributions	<u>42,876</u>	<u>136,317</u>	<u>179,193</u>
Total Deductions	<u>52,407</u>	<u>144,748</u>	<u>197,155</u>
Change in net position	18,445	(21,224)	(2,779)
Net Position, beginning of year	<u>125,271</u>	<u>632,804</u>	<u>758,075</u>
Net Position, end of year	<u>\$ 143,716</u>	<u>\$ 611,580</u>	<u>\$ 755,296</u>

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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, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and investments	\$ 1,439,667	\$ 564,847	\$ 455,843	\$ 1,548,671
Receivables, net:				
Accounts	10,896	578	11,474	-
Other	2,911	764	3,265	410
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,453,474</u>	<u>\$ 566,189</u>	<u>\$ 470,582</u>	<u>\$ 1,549,081</u>
LIABILITIES				
Accounts payable	\$ 29,700	\$ 369,010	\$ 374,355	\$ 24,355
Deposits	1,423,774	609,123	508,171	1,524,726
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 1,453,474</u>	<u>\$ 978,133</u>	<u>\$ 882,526</u>	<u>\$ 1,549,081</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	203
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	217
These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.	
Debt Capacity	224
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	232
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	235
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			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$148,634,909	\$180,298,472	\$184,338,106	\$179,236,866
Restricted	30,802,069	25,937,799	18,316,134	25,286,909
Unrestricted	63,530,998	22,723,726	10,219,814	1,884,827
Total governmental activities net pension	<u>\$ 242,967,976</u>	<u>\$ 228,959,997</u>	<u>\$ 212,874,054</u>	<u>\$ 206,408,602</u>
Business-type activities:				
Net investment in capital assets	\$ 202,227	\$ 107,507	\$ 42,073	\$ -
Restricted	-	-	-	-
Unrestricted	(66,842)	(786,551)	(1,128,610)	(999,624)
Total business-type activities net pension	<u>\$ 135,385</u>	<u>\$ (679,044)</u>	<u>\$ (1,086,537)</u>	<u>\$ (999,624)</u>
Primary government:				
Net investment in capital assets	\$ 148,837,136	\$ 180,405,979	\$ 184,380,179	\$ 179,236,866
Restricted	30,802,069	25,937,799	18,316,134	25,286,909
Unrestricted	63,464,156	21,937,175	9,091,204	(98,187)
Total primary government net pension	<u>\$ 243,103,361</u>	<u>\$ 228,280,953</u>	<u>\$ 211,787,517</u>	<u>\$ 204,425,588</u>

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$222,784,189	\$164,621,539	\$161,771,546	\$ 144,215,248	\$ 148,989,212	\$ 153,784,463
53,331,999	46,016,224	47,468,277	48,793,821	56,902,504	50,717,656
<u>(27,344,668)</u>	<u>(297,086)</u>	<u>191,878</u>	<u>(129,152,694)</u>	<u>(138,162,202)</u>	<u>(144,659,629)</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>	<u>\$ 59,842,490</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>(994,560)</u>	<u>(426,769)</u>	<u>60,922</u>	<u>188,045</u>	<u>(135,676)</u>	<u>(252,336)</u>
<u>\$ (994,560)</u>	<u>\$ (426,769)</u>	<u>\$ 60,922</u>	<u>\$ 188,045</u>	<u>\$ (135,676)</u>	<u>\$ (252,336)</u>
\$ 222,784,189	\$ 164,621,539	\$ 161,771,546	\$ 144,215,248	\$ 148,989,212	\$ 153,784,463
53,331,999	46,016,224	47,468,277	48,793,821	56,902,504	50,717,656
<u>(28,339,228)</u>	<u>(723,855)</u>	<u>252,800</u>	<u>(128,964,649)</u>	<u>(138,297,878)</u>	<u>(144,911,965)</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>	<u>\$ 59,590,154</u>

City of West Covina

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
General government	\$ 2,448,843	\$ 2,849,501	\$ 3,337,547	\$ 2,922,898
Public safety	45,498,406	47,682,934	48,151,398	45,253,725
Public works	20,246,687	21,598,894	21,054,241	21,052,423
Community services	5,214,550	7,835,430	6,558,987	6,629,292
Community development	10,000,667	12,867,904	8,619,004	9,414,730
Interest on long-term debt	8,200,588	7,962,089	6,577,544	7,101,037
Total governmental activities expenses	<u>91,609,741</u>	<u>100,796,752</u>	<u>94,298,721</u>	<u>92,374,105</u>
Business-type activities:				
Computer enterprise	<u>2,682,467</u>	<u>2,633,564</u>	<u>2,507,498</u>	<u>2,086,135</u>
Total business-type activities expenses	<u>2,682,467</u>	<u>2,633,564</u>	<u>2,507,498</u>	<u>2,086,135</u>
Total primary government expenses	<u>94,292,208</u>	<u>103,430,316</u>	<u>96,806,219</u>	<u>94,460,240</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,145,943	757,678	1,019,690	681,877
Public safety	3,431,488	3,611,259	3,850,741	3,571,864
Public works	4,251,433	5,818,290	7,041,281	8,043,988
Community services	1,443,945	1,158,644	1,089,227	1,166,675
Community development	275,235	266,286	313,639	240,462
Operating grants and contributions	10,618,414	11,895,355	5,157,956	10,189,050
Capital grants and contributions	434,630	578,828	3,574,609	678,827
Total governmental activities program revenues	<u>21,601,088</u>	<u>24,086,340</u>	<u>22,047,143</u>	<u>24,572,743</u>
Business-type activities:				
Charges for services:				
Computer enterprise	<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>	<u>2,268,982</u>
Total business-type activities program revenues	<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>	<u>2,268,982</u>
Total primary government program revenues	<u>23,356,805</u>	<u>25,971,411</u>	<u>24,240,180</u>	<u>26,841,725</u>

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,953,340	\$ 5,519,153	\$ 7,472,254	\$ 5,676,067	\$ 4,963,302	\$ 5,775,173
49,369,913	47,323,516	45,443,958	49,813,447	48,410,511	56,169,907
20,510,387	20,372,375	21,109,952	20,586,770	20,259,279	21,243,019
6,949,951	6,878,176	6,437,040	7,035,872	7,368,492	7,926,410
4,071,050	1,127,924	658,082	766,886	753,721	2,190,319
5,927,002	1,652,750	1,677,062	1,353,156	1,572,645	1,575,724
<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>94,880,552</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>1,575,066</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>1,575,066</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>	<u>96,455,618</u>
599,066	548,333	486,478	885,123	400,051	546,626
3,196,729	3,018,478	3,037,891	2,825,831	3,170,579	3,201,495
7,046,096	7,781,333	8,878,122	8,278,038	8,271,744	7,714,148
1,141,162	1,195,612	1,180,562	1,275,278	1,365,482	1,491,858
255,669	348,112	621,352	502,621	425,013	416,014
12,557,141	10,344,778	11,021,410	12,405,742	13,317,378	10,955,031
958,459	597,405	4,458,250	2,224,864	1,004,826	445,980
<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>24,771,152</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>1,274,318</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>1,274,318</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>	<u>26,045,470</u>

City of West Covina

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

	Fiscal Year			
	2008	2009	2010	2011
Net revenues (expenses):				
Governmental activities	\$(70,008,653)	\$(76,710,412)	\$(72,251,578)	\$(67,801,362)
Business-type activities	(926,750)	(748,493)	(314,461)	182,847
net primary government revenues (expenses)	<u>(70,935,403)</u>	<u>(77,458,905)</u>	<u>(72,566,039)</u>	<u>(67,618,515)</u>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	34,760,944	36,387,548	28,849,815	30,888,074
Sales tax	11,167,748	9,261,965	7,791,286	12,550,157
Franchise tax	3,367,958	3,512,830	3,093,538	3,159,080
Other taxes	4,445,300	5,108,429	5,392,829	5,449,323
Motor vehicle in lieu, unrestricted	500,629	383,831	331,289	517,098
Investment income	7,800,642	4,768,327	4,288,088	2,281,105
Other general revenues	2,239,053	3,200,753	2,077,837	4,412,125
Transfers	-	78,750	93,140	95,934
Extraordinary gain (loss)	-	-	-	-
Total governmental activities	<u>64,282,274</u>	<u>62,702,433</u>	<u>51,917,822</u>	<u>59,352,896</u>
Business-type activities:				
Investment income	37,149	12,814	108	-
Other revenues	-	-	-	-
Transfers	-	(78,750)	(93,140)	(95,934)
Total business-type activities	<u>37,149</u>	<u>(65,936)</u>	<u>(93,032)</u>	<u>(95,934)</u>
Total primary government	<u>64,319,423</u>	<u>62,636,497</u>	<u>51,824,790</u>	<u>59,256,962</u>
Changes in net position:				
Governmental activities	(5,726,379)	(14,007,979)	(20,333,756)	(8,448,466)
Business-type activities	(889,601)	(814,429)	(407,493)	86,913
Total primary government change in net position	<u>\$ (6,615,980)</u>	<u>\$ (14,822,408)</u>	<u>\$ (20,741,249)</u>	<u>\$ (8,361,553)</u>

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
<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>	<u>\$(70,109,400)</u>
<u>103,875</u>	<u>669,566</u>	<u>589,217</u>	<u>227,345</u>	<u>(225,459)</u>	<u>(300,748)</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>	<u>(70,410,148)</u>
23,313,556	20,937,356	20,420,020	21,156,596	22,352,163	23,994,740
13,177,914	13,307,736	14,705,790	15,096,101	17,228,237	16,503,563
3,224,053	3,361,812	3,478,532	3,635,092	3,540,011	3,698,184
7,835,918	6,265,257	7,451,947	7,433,106	6,485,394	6,725,309
55,880	57,902	-	-	-	-
1,647,399	185,451	695,341	660,157	(566,064)	4,452,938
5,193,850	7,310,544	5,960,967	6,999,034	4,236,920	6,847,642
98,811	101,775	101,775	101,775	101,775	-
55,825,872	(19,629,066)	-	-	9,789,266	-
<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>62,222,376</u>
-	-	-	1,553	3,513	2,070
-	-	-	-	-	182,018
<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>-</u>
<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(100,222)</u>	<u>(98,262)</u>	<u>184,088</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>	<u>62,406,464</u>
44,345,932	(26,713,424)	(299,911)	(1,752,840)	7,794,825	(7,887,024)
<u>5,064</u>	<u>568,040</u>	<u>487,442</u>	<u>127,123</u>	<u>(323,721)</u>	<u>(116,660)</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>	<u>\$(8,003,684)</u>

City of West Covina

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
General government	\$ 2,448,843	\$ 2,849,501	\$ 3,337,547	\$ 2,922,898
Public safety	45,498,406	47,682,934	48,151,398	45,253,725
Public works	20,246,687	21,598,894	21,054,241	21,052,423
Community services	5,214,550	7,835,430	6,558,987	6,629,292
Community development	10,000,667	12,867,904	8,619,004	9,414,730
Interest on long-term debt	8,200,588	7,962,089	6,577,544	7,101,037
Total expenses	91,609,741	100,796,752	94,298,721	92,374,105
Program revenues:				
Charges for services:				
General government	1,145,943	757,678	1,019,690	681,877
Public safety	3,431,488	3,611,259	3,850,741	3,571,864
Public works	4,251,433	5,818,290	7,041,281	8,043,988
Community services	1,443,945	1,158,644	1,089,227	1,166,675
Community development	275,235	266,286	313,639	240,462
Operating grants and contributions	10,618,414	11,895,355	5,157,956	10,189,050
Capital grants and contributions	434,630	578,828	3,574,609	678,827
Total program revenues	21,601,088	24,086,340	22,047,143	24,572,743
Net program revenues (expenses)	(70,008,653)	(76,710,412)	(72,251,578)	(67,801,362)
General revenues and other changes in net position:				
Taxes:				
Property taxes	34,760,944	36,387,548	28,849,815	30,888,074
Sales tax	11,167,748	9,261,965	7,791,286	12,550,157
Franchise tax	3,367,958	3,512,830	3,093,538	3,159,080
Other taxes	4,445,300	5,108,429	5,392,829	5,449,323
Motor vehicle in lieu, unrestricted	500,629	383,831	331,289	517,098
Investment income	7,800,642	4,768,327	4,288,088	2,281,105
Other general revenues	2,239,053	3,200,753	2,077,837	4,412,125
Transfers	-	78,750	93,140	95,934
Extraordinary gain (loss)	-	-	-	-
Total governmental revenues and other changes	64,282,274	62,702,433	51,917,822	59,352,896
Changes in net position	\$ (5,726,379)	\$ (14,007,979)	\$ (20,333,756)	\$ (8,448,466)

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,953,340	\$ 5,547,949	\$ 7,472,254	\$ 5,676,067	\$ 4,963,302	\$ 5,775,173
49,369,913	47,160,347	45,443,958	49,813,447	48,410,511	56,169,907
20,510,387	20,465,106	21,109,952	20,586,770	20,259,279	21,243,019
6,949,951	6,911,667	6,437,040	7,035,872	7,368,492	7,926,410
4,071,050	708,422	658,082	766,886	753,721	2,190,319
5,927,002	1,652,751	1,677,062	1,353,156	1,572,645	1,575,724
<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>	<u>94,880,552</u>
599,066	548,333	486,478	885,123	400,051	546,626
3,196,729	3,018,478	3,037,891	2,825,831	3,170,579	3,201,495
7,046,096	7,781,333	8,878,122	8,278,038	8,271,744	7,714,148
1,141,162	1,195,612	1,180,562	1,275,278	1,365,482	1,491,858
255,669	348,112	621,352	502,621	425,013	416,014
12,557,141	10,344,778	11,021,410	12,405,742	13,317,378	10,955,031
958,459	597,405	4,458,250	2,224,864	1,004,826	445,980
<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>24,771,152</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>	<u>(70,109,400)</u>
23,313,556	20,937,356	20,420,020	21,156,596	22,352,163	23,994,740
13,177,914	13,307,736	14,705,790	15,096,101	17,228,237	16,503,563
3,224,053	3,361,812	3,478,532	3,635,092	3,540,011	3,698,184
7,835,918	6,265,257	7,451,947	7,433,106	6,485,394	6,725,309
55,880	57,902	-	-	-	-
1,647,399	185,451	695,341	660,157	(566,064)	4,452,938
5,193,850	7,310,544	5,960,967	6,999,034	4,236,920	6,847,642
98,811	101,775	101,775	101,775	101,775	-
55,825,872	(19,629,066)	-	-	9,789,266	-
<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>62,222,376</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>	<u>\$ (7,887,024)</u>

City of West Covina

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Computer Enterprise	\$ 2,682,467	\$ 2,633,564	\$ 2,507,498	\$ 2,086,135
Total expenses	2,682,467	2,633,564	2,507,498	2,086,135
Program revenues:				
Charges for services:				
Computer Enterprise	1,755,717	1,885,071	2,193,037	2,268,982
Total program revenues	1,755,717	1,885,071	2,193,037	2,268,982
Net revenues (expenses)	(926,750)	(748,493)	(314,461)	182,847
General revenues and other changes in net position:				
Investment income	37,149	12,814	108	-
Other revenues	-	-	-	-
Transfers	-	(78,750)	(93,140)	(95,934)
Total general revenues and other changes	37,149	(65,936)	(93,032)	(95,934)
Changes in net position	\$ (889,601)	\$ (814,429)	\$ (407,493)	\$ 86,913

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
<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>\$ 1,575,066</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>1,575,066</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>1,274,318</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>1,274,318</u>
<u>103,875</u>	<u>669,815</u>	<u>589,217</u>	<u>227,345</u>	<u>(225,459)</u>	<u>(300,748)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,553</u>	<u>3,513</u>	<u>2,070</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,018</u>
<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>-</u>
<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(100,222)</u>	<u>(98,262)</u>	<u>184,088</u>
<u>\$ 5,064</u>	<u>\$ 568,040</u>	<u>\$ 487,442</u>	<u>\$ 127,123</u>	<u>\$ (323,721)</u>	<u>\$ (116,660)</u>

City of West Covina

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

	Fiscal Year			
	2008	2009	2010	2011
General fund:				
Reserved	\$ 23,805,491	\$ 22,621,000	\$ 24,321,122	\$ -
Unreserved	16,021,539	12,846,323	7,246,828	-
Total general fund	\$ 39,827,030	\$ 35,467,323	\$ 31,567,950	\$ -
All other governmental funds:				
Reserved	\$ 33,118,104	\$ 28,675,986	\$ 24,916,095	\$ -
Unreserved, reported in:				
Special revenue funds	9,438,350	9,297,969	10,351,716	-
Capital projects funds	(631,251)	(2,380,312)	(465,131)	-
Debt service funds	860,278	3,085,503	(131,153)	-
Total all other governmental funds	\$ 42,785,481	\$ 38,679,146	\$ 34,671,527	\$ -
General Fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ 20,827,056
Unassigned	-	-	-	8,786,221
Total general fund	\$ -	\$ -	\$ -	\$ 29,613,277
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ 8,210,093
Restricted	-	-	-	38,138,456
Assigned	-	-	-	1,964,946
Unassigned	-	-	-	(12,759,988)
Total all other governmental funds	\$ -	\$ -	\$ -	\$ 35,553,507

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 15,580,789	\$ 6,621,695	\$ 6,595,326	\$ 6,483,924	\$ 7,129,779	\$ 6,982,268
13,187,181	4,108,967	5,687,385	20,531,695	15,032,610	14,119,078
\$ 28,767,970	\$ 10,730,662	\$ 12,282,711	\$ 27,015,619	\$ 22,162,389	\$ 21,101,346
\$ 6,200,423	\$ 6,814,431	\$ 157,500	\$ 151,923	\$ 5,277,203	\$ 4,980,450
31,101,636	32,133,653	56,225,097	59,918,077	51,467,448	45,082,696
1,378,401	893,566	3,891,565	4,930,693	5,065,065	2,820,665
(110,042)	(373,264)	(47,867)	(438,708)	(531,412)	(1,100,860)
\$ 38,570,418	\$ 39,468,386	\$ 60,226,295	\$ 64,561,985	\$ 61,278,304	\$ 51,782,951

City of West Covina

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Taxes	\$ 65,069,488	\$ 65,186,854	\$ 63,270,166	\$ 63,663,702
Special assessments	3,913,965	4,180,404	4,871,575	5,210,062
Licenses and permits	1,196,670	1,085,650	904,985	1,099,083
Fines and forfeitures	1,216,628	1,229,852	1,324,698	1,056,923
Investment income	8,778,813	5,601,091	5,589,739	4,124,960
Rental income	270,058	311,997	310,819	468,123
Intergovernmental	8,113,584	8,848,048	11,321,980	8,363,460
Charges for services	8,178,880	7,021,197	6,845,511	6,779,667
Repayment of notes and loans	1,048,727	794,365	449,045	721,348
Developer fees	10,950	-	-	-
Other	662,988	1,824,050	1,112,553	3,781,096
Total revenues	<u>98,460,751</u>	<u>96,083,508</u>	<u>96,001,071</u>	<u>95,268,424</u>
Expenditures				
Current:				
General government	5,787,654	4,687,485	4,646,621	4,180,878
Public safety	44,138,678	45,554,204	45,639,257	41,938,421
Public works	16,308,548	17,923,628	19,686,587	15,325,261
Community services	24,580,791	7,189,514	5,390,364	5,412,009
Community development	7,632,478	10,739,465	6,142,905	8,228,653
Pass-through payments	2,825,925	3,468,902	9,724,035	5,863,850
Debt service:				
Principal retirement	3,441,290	3,828,282	4,108,592	4,649,975
Interest and fiscal charges	9,827,109	9,055,221	8,410,803	8,520,890
Developer agreement payments	2,939,322	2,181,599	2,002,039	2,317,114
Total expenditures	<u>117,481,795</u>	<u>104,628,300</u>	<u>105,751,203</u>	<u>96,437,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,021,044)</u>	<u>(8,544,792)</u>	<u>(9,750,132)</u>	<u>(1,168,627)</u>
Other financing sources (uses):				
Transfers in	9,976,252	12,048,364	11,023,152	11,171,460
Transfers out	(9,901,252)	(11,969,614)	(9,180,012)	(11,075,526)
Acquisition under capital leases	-	-	-	-
Issuance of bonds	4,319,279	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Extraordinary gain (loss)	-	-	-	-
Total other financing sources (uses)	<u>4,394,279</u>	<u>78,750</u>	<u>1,843,140</u>	<u>95,934</u>
Net change in fund balances	<u><u>\$(14,626,765)</u></u>	<u><u>\$ (8,466,042)</u></u>	<u><u>\$ (7,906,992)</u></u>	<u><u>\$ (1,072,693)</u></u>
Debt service as a percentage of noncapital expenditures	21.10%	19.30%	25.60%	19.89%

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 53,636,172	\$ 46,185,045	\$ 48,785,393	\$ 50,918,823	\$ 54,237,649	\$ 55,502,969
5,270,856	5,511,465	5,513,535	5,595,338	5,550,657	5,318,497
866,642	1,156,196	1,717,153	1,419,457	1,156,613	1,037,389
1,097,836	1,048,819	1,036,732	959,606	796,989	894,618
3,419,665	533,388	716,472	679,844	(570,132)	4,448,607
421,521	370,913	367,798	406,350	529,833	604,817
12,481,691	9,496,633	11,097,551	10,769,196	11,218,711	10,193,278
6,732,076	6,124,201	6,751,541	6,803,615	7,731,236	7,359,139
332,698	925,235	26,148	-	-	-
-	-	-	-	-	-
1,720,792	5,105,117	6,258,384	5,490,327	1,487,103	2,129,531
<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>	<u>87,488,845</u>
4,950,311	5,205,956	7,087,335	5,757,334	5,103,814	6,214,682
44,109,598	42,688,487	43,332,847	45,906,138	50,962,883	54,480,972
18,209,981	16,203,144	17,790,042	13,724,417	15,509,267	15,328,717
5,917,227	5,872,485	5,399,732	5,816,443	6,864,180	10,824,395
4,246,590	666,255	679,007	761,896	898,714	2,198,881
2,112,227	-	-	-	-	-
5,155,105	1,773,261	1,870,239	1,866,947	2,027,461	7,931,202
6,307,988	1,659,473	1,666,054	1,360,370	1,574,753	1,566,392
351,444	-	-	-	-	-
<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>98,545,241</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>	<u>(11,056,396)</u>
8,947,657	3,639,400	3,744,115	3,201,793	4,831,038	5,643,232
(8,848,846)	(3,537,625)	(3,642,340)	(3,100,018)	(10,812,296)	(5,643,232)
-	-	-	-	2,568,446	500,000
-	-	2,185,000	-	-	-
-	-	(2,248,061)	-	-	-
7,453,315	(19,629,066)	-	11,578,351	-	-
<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>500,000</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>	<u>\$(10,556,396)</u>
16.20%	5.21%	5.18%	4.92%	4.70%	10.29%

City of West Covina

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

Fiscal Year Ended June 30	City				Taxable Assessed Value
	Secured	Non- Unitary	Unsecured	Less: Exemptions	
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
2017	7,829,861	-	11,212	(100,253)	7,740,820

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.

Source: HdL Coren & Cone, Los Angeles Assessor 2007/2008 - 2016/2017 Combined Tax Rolls

(continued)

<u>Successor Agency (SA) of the former Community Development Commission (CDC)</u>				City and SA	Total
<u>Secured</u>	<u>Unsecured</u>	<u>Less:</u> <u>Exemptions</u>	<u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Total Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Direct Tax</u> <u>Rate</u>
\$ 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%
3,028,206	165,375	(170,529)	3,023,052	10,763,872	14.165%

City of West Covina

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

	Fiscal Year			
	2008	2009	2010	2011
Basic Levy¹	1.00000	1.00000	1.00000	1.00000
Baldwin Park Unified	0.13260	0.15384	0.16101	0.16673
Bassett Unified School District	0.10806	0.08990	0.10877	0.12316
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000
Covina Valley Unified School District	0.07870	0.07863	0.08592	0.09003
Hacienda-La Puente Unified	0.05103	0.05681	0.05973	0.06462
LA County Flood Control	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00450	0.00430	0.00430	0.00370
Mt. San Antonio College	0.01750	0.02333	0.02571	0.02636
Rowland Heights Unified	0.06944	0.07029	0.06769	0.07538
Walnut Valley Unified	0.08462	0.11297	0.11674	0.11839
West Covina Municipal Maint. Dist.	0.17480	0.17830	0.18180	0.18180
West Covina Unified	0.05143	0.06041	0.05258	0.05920
Total Direct & Overlapping² Tax Rates	1.77267	1.82876	1.86426	1.90937
City Share of 1% Levy Per Prop 13³	0.13820	0.13820	0.13820	0.13820
Redevelopment Rate⁴	1.00450	1.00430	1.00430	1.00370
Total Tax Rate⁵	0.30818	0.32247	0.33284	0.33326

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 2007/08 - 2016/17 Tax Rate Table

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.17506	0.16406	0.15842	0.16519	0.16288	0.10510
0.11628	0.12773	0.11632	0.11539	0.15771	0.16781
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.08999	0.09500	0.11472	0.11426	0.11062	0.12581
0.06430	0.06689	0.06653	0.06432	0.06394	0.06600
0.00000	0.00000	0.00000	0.00000	0.00000	0.00350
0.00370	0.00350	0.00350	0.00350	0.00350	0.02400
0.02642	0.02896	0.02023	0.02129	0.02154	0.10939
0.09195	0.10053	0.12297	0.14313	0.12426	0.01505
0.11735	0.12554	0.11342	0.11510	0.09285	0.06601
0.18180	0.18180	0.18310	0.18310	0.18310	0.18310
0.05377	0.04965	0.03626	0.05412	0.04205	0.04914
1.92061	1.94365	1.93547	1.97941	1.96243	1.91492
0.13820	0.13820	0.13820	0.13820	0.13820	0.13820
1.00370	N/A	N/A	N/A	N/A	N/A
0.33518	0.33456	0.14083	0.14116	0.14138	0.14165

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City of West Covina

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Plaza West Covina LLC	\$265,751,508	1	2.47%	\$178,937,551	1	2.17%
Eastland Shopping Center LLC	165,400,934	2	1.54%	97,390,833	2	1.18%
301 South Glendora Avenue Apts	99,764,554	3	0.93%	-		0.00%
PT Enterprises llc	59,725,549	4	0.55%	-		0.00%
Walnut Ridge Apartments LP	57,021,230	5	0.53%	-		0.00%
TPA of NASCH LLC	54,592,705	6	0.51%	-		0.00%
Glendora Avenue Properties LLC	52,536,245	7	0.49%	-		0.00%
CIP 2014 SG Covina Owner LLC	46,800,000	8	0.43%	-		0.00%
CSMC 2006 C5 North Barranca St	46,100,000	9	0.43%	-		0.00%
Bently Real Estate LLC	41,214,894	10	0.38%	-		0.00%
Hassen Real Estate Partnership	-		0.00%	55,145,163	3	0.67%
PPC WR Apartments	-		0.00%	49,481,816	4	0.60%
Ten West Associates LLC	-		0.00%	40,983,600	5	0.50%
PPC AVF III Pacific LLC	-		0.00%	38,667,810	6	0.47%
West Covina 8 B LLC	-		0.00%	36,525,153	7	0.44%
Eastland Tower Partnership	-		0.00%	36,263,000	8	0.44%
Pried XIV Trust	-		0.00%	27,896,815	9	0.34%
Sears Development Company	-		0.00%	27,664,894	10	0.34%
Totals	<u>\$888,907,619</u>		<u>8.26%</u>	<u>\$588,956,635</u>		<u>7.15%</u>

Source: HdL Coren & Cone; Los Angeles County Assessor 2007-08 and 2016-17 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of West Covina

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	City					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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	9,491,592	97.83%	34,965	9,526,557	98.19%
2016	10,173,156	9,881,520	97.13%	88,647	9,970,167	98.00%
2017	10,671,800	10,440,321	97.83%	109,928	10,550,250	98.86%

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.

Source: Los Angeles County Auditor Controller's Office - Accounting Division

(continued)

Fiscal Year Ended June 30	Community Development Commission					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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
2017	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	
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
2017	42,570,000	-	-	10,920,515	-	53,490,515

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.

Source: City of West Covina Finance Department

(continued)

<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>	
\$ -	\$ -	\$163,456,261	6.23%	\$ 1,461	
-	-	163,091,830	6.17%	1,458	
-	-	162,884,924	6.29%	1,451	
-	-	162,029,211	6.35%	1,435	
-	-	54,034,355	2.02%	506	
-	-	52,261,067	1.90%	487	
-	-	50,671,051	1.84%	472	
-	-	60,382,455	2.24%	560	
-	-	60,923,440	2.30%	565	
-	-	53,490,515	2.00%	496	

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>
2008	\$ 59,395	\$ 40,040	\$ 29,170	\$ 128,605	1.56%	\$ 531
2009	58,530	38,745	28,165	125,440	1.43%	523
2010	57,515	37,355	27,020	121,890	1.42%	512
2011	56,115	35,870	25,815	117,800	1.38%	497
2012	50,825	-	-	50,825	0.81%	476
2013	49,645	-	-	49,645	0.78%	463
2014	48,385	-	-	48,385	0.73%	451
2015	47,225	-	-	47,225	0.67%	438
2016	46,000	-	-	46,000	0.62%	426
2017	42,570	-	-	42,570	0.55%	395

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.

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

City of West Covina

Direct and Overlapping Debt June 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with Property Taxes:			
Metropolitan Water District	\$ 36,281,674	0.750	\$ 271,993
Mt. San Antonio CCD DS 2001, 2008 Series D	394,812	12.958	51,159
Mt. San Antonio CCD DS 2008 Series 2013A	200,561,691	12.958	25,988,642
Mt. San Antonio CCD DS 2008 Series 2013B	8,460,000	12.958	1,096,241
Mt. San Antonio CCD DS 2013 Ref Series A	67,410,000	12.958	8,734,940
Mt. San Antonio CCD DS 2013 Ref Series B	40,990,000	12.958	5,311,455
Mt. San Antonio CCD DS 2008 Series 2015C	19,500,000	12.958	2,526,796
Mt. San Antonio CCD DS 2015 Ref Bonds	19,130,000	12.958	2,478,852
Baldwin Park USD 1996 Series A	367,966	0.300	1,104
Baldwin Park USD 2002 Series 2004	6,866,857	0.300	20,604
Baldwin Park USD 2006 Series 2007	645,000	0.300	1,935
Baldwin Park USD 2006 Series 2008	498,611	0.300	1,496
Baldwin Park USD 2006 Series 2013	23,729,411	0.300	71,201
Baldwin Park USD 2016 Ref Bonds	68,780,000	0.300	206,377
Basset USD DS 2004 Series 2005 A	521,208	0.057	298
Basset USD DS 2006 Series 2007	6,475,758	0.057	3,696
Basset USD DS 2006 Series B	4,999,970	0.057	2,854
Basset USD DS 2014 Ref Series A	8,335,000	0.057	4,758
Basset USD DS 2014 Series A	15,690,000	0.057	8,956
Bassett USD DS 2016 Ref Bond	28,830,000	0.057	16,456
Covina Valley USD DS 2001 Series B	12,954,772	32.249	4,177,841
Covina Valley USD DS 2006, 07 Series B	2,762,032	32.249	890,740
Covina Valley USD DS 2001 Refund 2010 Series A	11,020,000	32.249	3,553,888
Covina Valley USD DS 2012 Series A	26,235,000	32.249	8,460,639
Covina Valley USD DS 2013 Ref Bonds	38,635,000	32.249	12,459,569
Covina Valley USD DS 2012 Series B	36,920,000	32.249	11,906,492
Covina Valley USD DS 2012 Series C	64,410,000	32.249	20,771,861
Hacienda-La Puente USD DS 2000 Series A	1,454,540	1.337	19,440
Hacienda-La Puente USD DS 2000 Series 2003B	1,867,286	1.337	24,956
Hacienda-La Puente USD DS 2005 Refunding Bonds	23,290,000	1.337	311,272
Hacienda-La Puente USD DS 2007 Refunding	54,285,000	1.337	725,521
Rowland Heights USD DS 2000 Series A	1,461,829	15.089	220,571
Rowland Heights USD DS 2005 Ref Bonds	8,944,753	15.089	1,349,646
Rowland Heights USD DS 2006 Series B	27,022,549	15.089	4,077,349
Rowland Heights USD DS 2006 Series C (BABS)	12,000,000	15.089	1,810,643
Rowland Heights USD DS 2006 Series D QSCB	18,750,000	15.089	2,829,129
Rowland Heights USD DS 2006 Series E	557,451	15.089	84,112
Rowland Heights USD DS 2012 Series A	4,193,500	15.089	6,327,442
Rowland Heights USD DS 2013 Ref Bonds	27,285,000	15.089	4,116,949
Rowland Heights USD DS 2012 Series B	65,999,972	15.089	9,958,531
Rowland Heights USD DS 2015 Ref Bonds	44,195,000	15.089	6,668,447
Walnut Valley USD DS 2000 Series E	11,428,114	0.734	83,847
Walnut Valley USD DS 2007 Series A (Measure S)	5,167,108	0.734	37,910
Walnut Valley USD DS 2011 Refunding	25,685,606	0.734	188,452
Walnut Valley USD DS 2007 Series B (Measure S)	1,160,000	0.734	8,511
Walnut Valley USD DS 2017 Series C	195,887	0.734	1,437
Walnut Valley USD DS 2014 Ref Bonds Series A	15,000,000	0.734	110,053
Walnut Valley USD DS 2014 Ref Bonds Series B	8,700,000	0.734	63,831
Walnut Valley USD DS 2016 Ref Bonds	40,010,000	0.734	293,548
West Covina USD 2002 Refunding Series A	11,425,000	95.495	10,910,287
West Covina USD DS 2012 Ref Bonds	12,620,000	95.495	12,051,451
Sub Total Overlapping Debt			<u>171,294,178</u>
City of West Covina Direct Debt - Lease Revenue Bonds			<u>42,570,000</u>
Total Direct and Overlapping Debt			<u>\$ 213,864,178</u>

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 2016-17 Lien Date Tax Rolls

City of West Covina

**Legal Debt Margin Information
Last Ten Fiscal Years
in thousands (000s)**

	Fiscal Year			
	2008	2009	2010	2011
Assessed valuation	\$ 6,200,821	\$ 6,487,195	\$ 6,219,444	\$ 6,202,099
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,550,205	1,621,799	1,554,861	1,550,525
Debt limit percentage	15%	15%	15%	15%
Debt limit	232,531	243,270	233,229	232,579
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	\$ 232,531	\$ 243,270	\$ 233,229	\$ 232,579
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.

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

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 6,308,843	\$ 6,394,836	\$ (94,084)	\$ (95,915)	\$ 7,377,023	\$ 7,740,820
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,577,211	1,598,709	(23,521)	(23,979)	1,844,256	1,935,205
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
236,582	239,806	(3,528)	(3,597)	276,638.36	290,280.75
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 236,582</u>	<u>\$ 239,806</u>	<u>\$ (3,528)</u>	<u>\$ (3,597)</u>	<u>\$ 276,638</u>	<u>\$ 290,281</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of West Covina

Pledged-Revenue Coverage Last Ten Fiscal Years in thousands (000s)

Fiscal Year Ended June 30	Lease Revenue Bonds and Certificates of Participation				
	Revenue	Debt Service		Coverage	
		Principal	Interest		
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	
2017	64,372	4,005	1,185	12.40	

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
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
2017	9,365	19,005	802	0.47

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

(continued)

Fiscal Year Ended June 30	Assessment District Bond					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
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
2017	4,596	2,536	2,060	2,745	1,365	0.50

City of West Covina

Demographic and Economic Statistics Last Ten Calendar 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>
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%
2016	107,813	2,705,736	25,096	6.4%

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	2017			2008		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Queen of the Valley Campus	1,649	1	3.23%	1,534	1	2.75%
WC Unified School District	1,526	2	2.99%	1,075	2	1.93%
City of West Covina	487	3	0.95%	510	4	1.21%
Macy's	284	4	0.56%			
Target Store #T1028	241	5	0.47%	674	3	1.21%
Interspace/Concorde Battery Corporation	234	6	0.46%	225	8	0.40%
Walmart Store #5954	221	7	0.43%			
B.J.'s Restaurant & Brewery	181	8	0.35%	207	9	0.37%
Target Store #T-2147	174	9	0.34%			
JC Penney Corp Inc. #1505-7	162	10	0.32%	261	7	0.47%
S G V Newspaper Group				287	6	0.52%
Progressive Mgmt Systems				201	10	0.36%
Northgate Gonzalez Market #22				313	5	0.56%
Totals	5,159		10.10%	5,287		9.78%

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
HdL Coren & Cone

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City of West Covina

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

Function	Fiscal year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	43	42	40	39	36	31	31	31	32	42
Public safety	307	306	295	281	264	253	244	268	268	282
Public works	79	83	78	76	72	64	69	71	71	75
Community services	63	55	47	44	44	41	42	41	41	87
Community development	24	24	23	19	16	7	2	2	2	1
Total	<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>	<u>487</u>

Source: City of West Covina Finance Department

City of West Covina

Operating Indicators by Function Last Ten Years

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Public Safety:				
Police:				
Total arrests	3,726	3,651	3,397	3,210
Calls for police service (1)	82,588	82,682	75,752	71,254
Graffiti sites cleaned (2)	15,736	8,009	16,077	15,781
Fire:				
Emergency responses	7,167	7,194	6,949	7,454
Fire inspections	3,748	3,751	3,603	430
Public works:				
Building permits issued	3,189	2,891	2,334	2,477
Graffiti sites cleaned (2)	N/A	N/A	N/A	N/A
Community Services				
Recreation class registrations	5,097	6,564	7,916	7,041
Environmental Management				
Graffiti sites cleaned (2)	N/A	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

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
2,557	2,755	2,537	2,544	2,624	2,818
71,741	65,554	69,874	71,098	72,368	74,898
23,579	19,910	20,014	16,156	N/A	N/A
7,545	7,871	7,990	8,555	9,494	9,353
496	837	749	717	778	816
2,435	3,882	2,925	3,617	5,038	1,547
N/A	N/A	N/A	N/A	13,964	6,694
6,927	6,027	6,283	6,487	7,129	7,500
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			
	2008	2009	2010	2011
Public Safety:				
Police:				
Stations	1	1	1	1
Fire:				
Stations	5	5	5	5
Public works:				
Streets (miles)	230.0	230.0	230.0	231.0
Streetlight poles	826	826	826	826
Streetlight fixtures	1,109	1,109	1,109	1,109
Traffic signals	114	116	116	116
Parks and recreation:				
Sports Complex	1	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

(continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
5	5	5	5	5	5
231.0	231.0	231.0	231.0	240.3	240.3
826	826	826	826	826	674
1,109	1,109	1,109	1,109	1,109	420
117	117	117	114	114	97
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	227.0
42.0	42.0	42.0	42.0	42.0	26.0

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