

CITY OF  
WEST



COVINA

CALIFORNIA



# Comprehensive Annual Financial Report City of West Covina, California

Fiscal Year Ended June 30, 2013



**CITY OF WEST COVINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**Prepared By:**

**City of West Covina Finance Department**

**Nita McKay  
Director of Finance and Administrative  
Services**

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CITY OF WEST COVINA

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*Finance & Administrative Services Department*

January 2, 2014

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

It is my pleasure to present the Comprehensive Annual Financial Report (CAFR) for the City of West Covina (“the City”) for the fiscal year ended June 30, 2013.

This report consists of management’s representations concerning the finances of the City. Management assumes the responsibility for the accuracy of the presented data, and for the completeness and fairness of the presentation and all disclosures. 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, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The City’s financial statements have been audited by White Nelson Diehl Evans, LLP; a firm of certified public accountants. The auditors have issued an unqualified opinion on these financial statements. Such an opinion states that the auditors feel the City followed all accounting rules appropriately and that the financial reports are an accurate representation of the City’s financial condition. Their report is located at the front of the financial section of this report.

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 City of West Covina**

The City of West Covina is located in the San Gabriel Valley, 20 miles east of downtown Los Angeles and 15 miles north of Orange County. Incorporated as a general law city in 1923, the City’s 17 square miles flourished with walnut groves and orange groves for many decades. The post-World War II building boom rapidly transformed the City, which experienced a significant population increase between 1950 and 1960, from less than 5,000 to more than 50,000 citizens. Subsequent to this rapid population increase, the City has continued to grow at a steady pace with approximately 107,000 current residents.



The City's General Plan was originally adopted in 1962. High quality residential developments, shopping, dining and entertainment, business complexes and other economically desirable commercial facilities attract residents and visitors, resulting in significant revenues to support City operations. The City's location and major freeway network allow easy access to area attractions and an ideal business and commercial center.

Under the City's Council-Manager form of government, the five City Council members are elected at-large for four-year overlapping terms, and the Mayor is chosen among the elected council members to serve a one-year term. The City Council appoints the City Manager who is responsible for the day-to-day administration and management of City business within all City departments.

The City provides a full range of services including public safety, public works, planning and building safety, recreational and cultural activities, and general administrative and support services. The City offers sixteen parks, four community centers and a county operated library. The City is financially accountable for the Successor Agency to the Redevelopment Agency of the City of West Covina and a housing authority, both of which are presented separately in the City's financial statements, as well as a financing authority, which is combined within the City's financial statements. Additional information regarding 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 resolution for all funds. The budget appropriations are prepared by fund, function, and department. The City Manager is authorized to make changes in departmental operating budget totals as he may from time to time deem necessary in order to meet the City's needs. In past years, resources have been allocated to departments based on their work program objectives. Continuing allocations are justified by measurable outputs and the ongoing need for the services provided.

### **Economic Outlook and Major Objectives**

From early in its history, the City of West Covina has been noted as "The City of Beautiful Homes". Through its General Plan, management 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 "Headquarters City of the East San Gabriel Valley", the City continually strives to maintain a prosperous business and commercial climate. Despite the current challenging financial and economic environment, West Covina derives significant economic stability from the City's three major commercial districts; Plaza at West Covina, Eastland Center, and The Lakes.

Plaza at West Covina attracts shoppers to such strong retailers as Macy's, Nordstrom Rack, Sears, Best Buy, and JC Penney. The Plaza also offers a variety of dining opportunities and many specialty clothiers such as PACSUN, The Men's Wearhouse, Lane Bryant, and Ally Fashion.

Anchored by WalMart to the west, and Target to the east, the Eastland Center is a two level enclosed shopping center. The Eastland Center continues to provide shopping services and a solid employment

base along the Interstate 10 corridor, with major retailers such as Dick's Sporting Goods, Burlington Coat Factory, and Ross.

The Lakes shopping district provides vital commerce, entertainment, and business services to visitors and residents in West Covina. Edwards Cinemas, with 18 cinema screens, anchors the district. Toys R Us and Babies R Us are popular shopping destinations at The Lakes, with dining establishments and businesses operating in adjacent complexes.

The challenges presented by the State's budget crisis in past years have added concerning aspects to the City's fiscal evaluation. Although the economic recovery is underway, the past fiscal challenges continue to affect virtually every aspect of commercial activity, including those most vital to the City's economic health.

The State enacted laws which abolished California redevelopment agencies on February 1 2012. The dissolution of the Redevelopment Agency of the City of West Covina eliminated essential financing conduits, which constituted a significant loss for the City. Subsequent laws enacted defined the dissolution activities and caused the restatement of certain principal balances and interest amounts on loans between the City and Agency, resulting in further losses to the City. Management has forcefully fought to preserve the financing structure, however, legislative and legal efforts have been in favor of the State's actions.

As a result, the City of West Covina, now acting as the Successor Agency to the City of West Covina Redevelopment Agency, is obligated to comply with legal requirements regarding the dissolution of redevelopment activities and the restatement of loan balances. The City is continuing to assess the impact of the loss of redevelopment as it relates to projects, services and the City's workforce. In the context of this situation, the City will continue to challenge the State's decision and strive to protect the local community's assets and provide the outstanding quality of municipal services that our residents and visitors have come to expect.

Despite the challenging economic climate, our long term economic outlook should be sustained through careful planning and with the outstanding relationships we have built with business leaders and residents in the City. Much of the City's success is attributable to bold and innovative economic decisions which were made early in our history, and which have secured the community's viable fiscal position. The challenging economy has created opportunities in the business community to continually reinvent itself for the benefit of the City and its local surroundings.

The City of West Covina will continue to work to preserve its assets and resources while seeking to maintain and provide the highest level of service to its residents. In fulfilling this mission, compliance with new rules, regulations, and procedures has always been the highest priority in the past, and will continue to be in the future.

### **Short-term and Long-term financial planning**

In accordance with the provisions of the City of West Covina's budgetary process, a City budget covering operating revenues and expenditures, labor usage, sources and uses of funds is prepared annually based on national and local economic assumptions.

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 only 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 improvements.

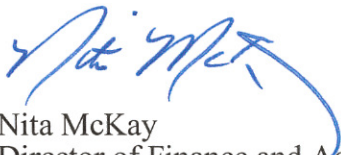
### **Awards and Acknowledgements**

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Covina for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The Certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement from the GFOA is valid for a period of one year. We believe that this 2012-13 CAFR continues to meet the Certificate of Achievement program requirements, and it will be submitted to GFOA for award consideration.

The preparation and publication of this report would not have been possible without the dedication, professionalism, and teamwork of the entire staff of the Finance and Administrative Services Department. I would like to express my appreciation to the all members of the department who assisted in its preparation. The City Council has continued to extend their support to the Finance and Administrative Services Department in the planning of responsible and progressive financial operations. I would like to thank the Mayor, City Council and City Manager for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Nita McKay  
Director of Finance and Administrative Services

CITY OF WEST COVINA

City Officials

June 30, 2013

CITY COUNCIL

Shelley Sanderson, Mayor  
Steve Herfert, Mayor Pro Tem  
Andrew McIntyre, Councilmember  
Rob Sotelo, Councilmember  
Fred Sykes, Councilmember

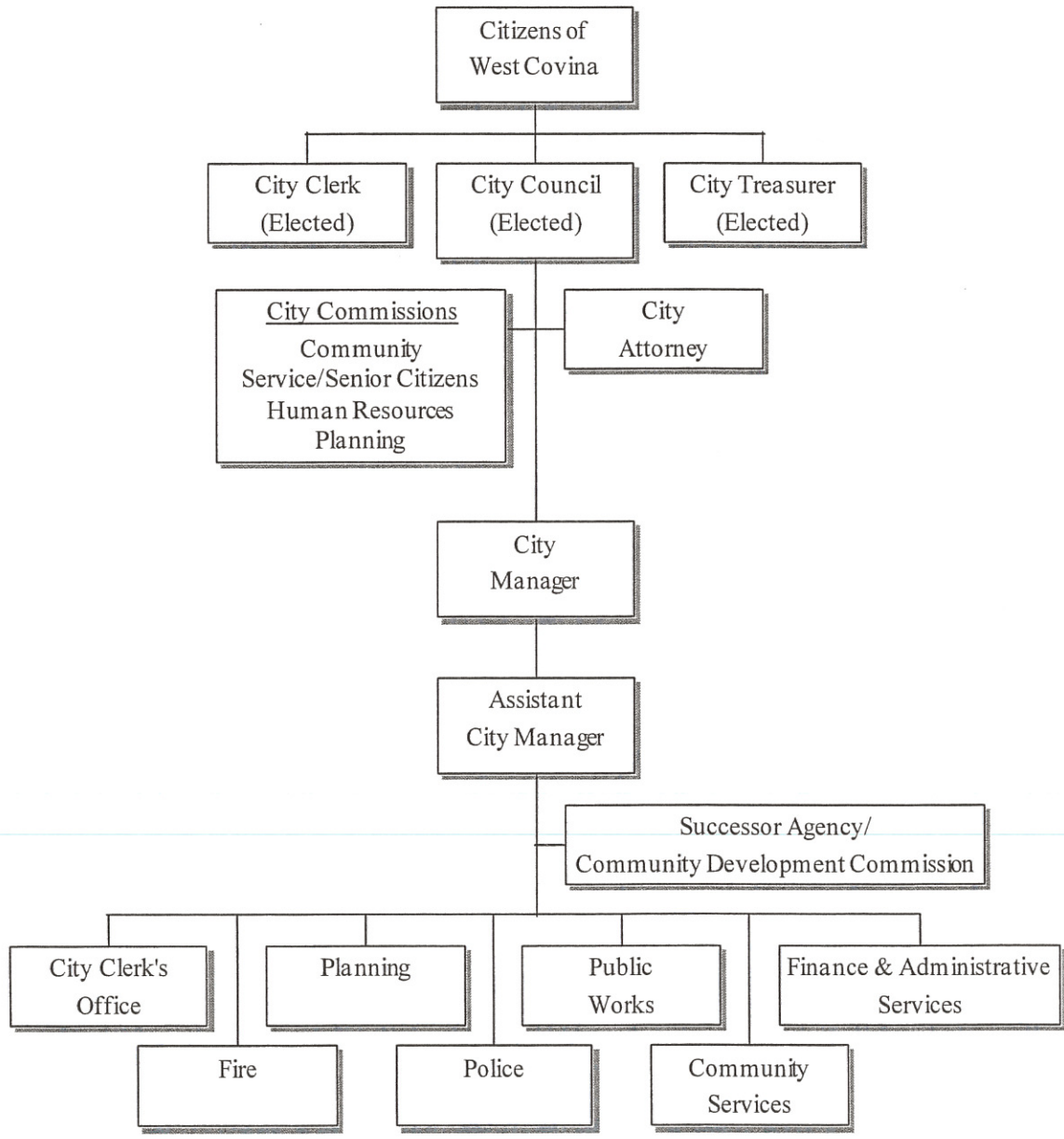
CITY MANAGER

Christopher J. Chung

EXECUTIVE MANAGEMENT

Mike Lee	Assistant City Manager / Community Development Commission Director
Chris Freeland	Deputy City Manager / Community Services Director
Arnold M. Alvarez-Glasman	City Attorney
Sue Rush	Assistant City Clerk
Nita McKay	Finance and Administrative Services Director
Rick Genovese	Interim Fire Chief
Jeff Anderson	Planning Director
Paul LaCommare	Interim Police Chief
Shannon Yauchzee	Public Works Director

# City of West Covina Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of West Covina  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of West Covina (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of West Covina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund, the Community Development Block Grant Special Revenue Fund and the West Covina Housing Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1d to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Note 1d to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in \$11,717,419 reduction of previously reported net position of the governmental activities. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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



## **Other Matters (Continued)**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*White Nelson Diehl Evans LLP*

Irvine, California  
January 2, 2014

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of West Covina provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. The information presented herein should be considered in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

### **FINANCIAL HIGHLIGHTS**

- As of June 30, 2013, the City's total net position (excess of assets over liabilities) is \$209.9 million.
- The City's total net position decreased \$26.1 million. This decrease is the result of \$19.6 million in extraordinary losses from the restatement of certain interest rates on City advances to the former Redevelopment Agency, and the liability for principal and interest payments due to the Successor Agency.
- As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$50.2 million, a decrease of \$17.1 million from the prior year. This decrease is due to the restatement of certain loan balances between the City and the Successor Agency to the Former Redevelopment Agency as described in more detail later in this report.
- As of June 30, 2013, the unassigned fund balance for the General Fund was \$4.1 million, or 8.0% of total General Fund expenditures. This amount decreased by \$9.1 million. General Fund expenditures declined by \$2.9 million which included a \$2.2 million reduction in public safety costs. Even with the City's cost cutting measures, the impacts of the dissolution of redevelopment agencies continues to have a negative impact on the General Fund, including \$21.2 million of extraordinary losses. A liability has been recorded in the amount of \$12.2 million for loan payments made by the former Redevelopment Agency to the City for the period of January 2011 through January 2012 which may be subject to provisions of Assembly Bill (AB) 1484 dictating the amount of loan repayments that may be made by the Successor Agency. There is uncertainty over the legality of this provision of AB 1484 and is still the subject of litigation between the City and the State Department of Finance.
- The City's total long-term debt had a net increase of \$1.5 million during the current fiscal year due to increases in compensated absences and claims payable. Principal reductions of outstanding bonds totaled \$1.2 million. The City's net OPEB obligation increased by \$4.1 million. There were no new debt obligations during the fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.

See independent auditors' report.

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

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

### Reporting the City as a Whole

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

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

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

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

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

The activities of the Successor Agency of the Former Redevelopment Agency can be found in the Fiduciary Fund Section of the Financial Statements in the Private Purpose Trust Fund.

See independent auditors' report.

## 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 management 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 funds. 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 basis of accounting, 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 governmental 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. The relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* are described 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 reported 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.

See independent auditors' report.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2013, net position for the City of West Covina was \$209,914,157.

A summary of the government-wide statement of net position at June 30, 2013 follows:

### City of West Covina Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	101,544,402	108,438,142	(253,661)	(786,398)	101,290,741	107,651,744
Capital assets	<u>216,882,606</u>	<u>222,784,189</u>	-	-	<u>216,882,606</u>	<u>222,784,189</u>
Total Assets	<u>318,427,008</u>	<u>331,222,331</u>	<u>(253,661)</u>	<u>(786,398)</u>	<u>318,173,347</u>	<u>330,435,933</u>
Long-term debt outstanding	79,610,043	78,122,620	145,515	145,730	79,755,558	78,268,350
Other liabilities	<u>28,476,288</u>	<u>4,328,191</u>	<u>27,344</u>	<u>62,432</u>	<u>28,503,632</u>	<u>4,390,623</u>
Total Liabilities	<u>108,086,331</u>	<u>82,450,811</u>	<u>172,859</u>	<u>208,162</u>	<u>108,259,190</u>	<u>82,658,973</u>
Net Position:						
Net investment in						
capital assets	164,621,539	168,749,834	-	-	164,621,539	168,749,834
Restricted	46,016,224	53,333,115	-	-	46,016,224	53,333,115
Unrestricted	<u>(297,086)</u>	<u>26,688,571</u>	<u>(426,520)</u>	<u>(994,560)</u>	<u>(723,606)</u>	<u>25,694,011</u>
Total net position	<u>210,340,677</u>	<u>248,771,520</u>	<u>(426,520)</u>	<u>(994,560)</u>	<u>209,914,157</u>	<u>247,776,960</u>

\$164,621,539 (78%) of the net position reflects the City's investment in capital assets, less any related debt used to acquire those assets that are still outstanding. Since these assets are used to provide services to the citizens, they are not available for future spending. An additional \$46,016,224 (22%) of net position represents resources that are subject to external restrictions on how they may be used. The result is a negative \$723,606 in unrestricted net position. The decrease in the restricted balance of \$7.3 million and the decrease in the unrestricted portion of \$26.4 million are primarily the result of the restatement of interest on advances to and the liability due to the Successor Agency Private Purpose Trust Fund (which is not included in the government-wide statements). This resulted in extraordinary losses of \$19.6 million.

See independent auditors' report.

A summary of the government-wide statement of activities for the year ended June 30, 2013 follows:

City of West Covina  
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues:						
Charges for services	12,891,868	12,238,722	2,105,421	1,805,242	14,997,289	14,043,964
Operating contributions and grants	10,344,778	12,557,141	-	-	10,344,778	12,557,141
Capital contributions and grants	597,405	958,459	-	-	597,405	958,459
General revenues:						
Property taxes	20,937,356	23,313,556	-	-	20,937,356	23,313,556
Sales taxes	13,307,736	13,177,914	-	-	13,307,736	13,177,914
Other taxes	9,627,069	11,059,971	-	-	9,627,069	11,059,971
Other general revenues	<u>7,655,672</u>	<u>6,995,940</u>	<u>(101,775)</u>	<u>(98,811)</u>	<u>7,553,897</u>	<u>6,897,129</u>
Total revenues	75,361,884	80,301,703	2,003,646	1,706,431	77,365,530	82,008,134
Extraordinary Gain <Loss>	(19,629,066)	55,825,872	-	-	(19,629,066)	55,825,872
Expenses						
General government	5,547,949	4,953,340	-	-	5,547,949	4,953,340
Public safety	47,160,347	49,369,913	-	-	47,160,347	49,369,913
Public works	20,465,106	20,510,387	-	-	20,465,106	20,510,387
Community services	6,911,667	6,949,951	-	-	6,911,667	6,949,951
Community development	708,422	4,071,050	-	-	708,422	4,071,050
Interest expense	1,652,751	5,927,002	-	-	1,652,751	5,927,002
Computer service	-	-	1,435,606	1,701,367	1,435,606	1,701,367
Total expenses	<u>82,446,242</u>	<u>91,781,643</u>	<u>1,435,606</u>	<u>1,701,367</u>	<u>83,881,848</u>	<u>93,483,010</u>
Increase (decrease) in net assets	(26,713,424)	44,345,932	568,040	5,064	(26,145,384)	44,350,996
Beginning net position, as restated	<u>237,054,101</u>	<u>192,708,169</u>	<u>(994,560)</u>	<u>(999,624)</u>	<u>236,059,541</u>	<u>191,708,545</u>
Ending net position	<u>210,340,677</u>	<u>237,054,101</u>	<u>(426,520)</u>	<u>(994,560)</u>	<u>209,914,157</u>	<u>236,059,541</u>

The increase or decrease in net position can provide an indication as to whether the overall financial position of the City improved or deteriorated during the year. Total net position for the City decreased by \$26,145,384 during the fiscal year. Virtually all of that decrease was in the Governmental activities as net position decreased by \$26,713,424 (11%) during the fiscal year while business-type activities net position increased by \$568,040 (57%). The decrease in net position in the governmental activities was due to the restatement of advances to the former Redevelopment Agency to comply with AB 1484 whereby accrued interest cannot exceed the Local Agency Investment Fund (LAIF) rate at the time of calculation, resulting in extraordinary losses of \$19.6 million. Other revenue and expense fluctuations for the governmental and business-type activities of the City are described as follows.

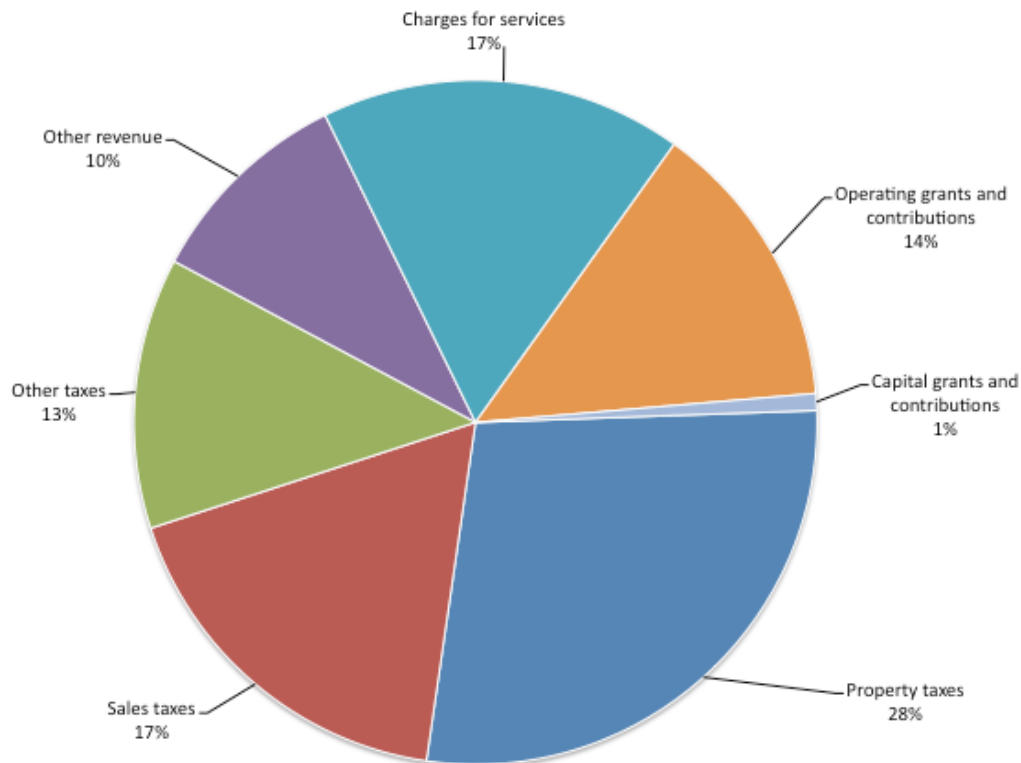
See independent auditors' report.

## Governmental Activities

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

- Property tax revenues decreased by \$2.4 million (10.2%) during the fiscal year due the elimination of redevelopment and the loss of property tax increment.
- Sales tax, the City's second largest revenue source, showed growth for the second consecutive year increasing by \$129,822 (1.0%). This followed a 5% increase in fiscal year 2011-12 and a 10% increase in fiscal year 2010-11.
- Franchise taxes increased by 4.3% which reflects increases in utility rates.
- Investment income decreased \$1,461,948 (89%) due to the elimination of redevelopment in the prior fiscal year and the resulting loss of interest on City loans to the Redevelopment Agency.
- Overall Governmental Activities expenses decreased by \$9,335,401 (10.2%).
- General Government costs increased by \$594,609 (12.0%).
- Public Safety costs decreased by \$2,209,566 (4.5%).
- Community Development costs decreased by \$3,362,628 (82.6%) due to elimination of redevelopment.
- Interest expense decreased by \$4,274,251 (72.1%), due to the elimination of the Redevelopment Agency, as well as historically low interest on the City's variable rate bonds.

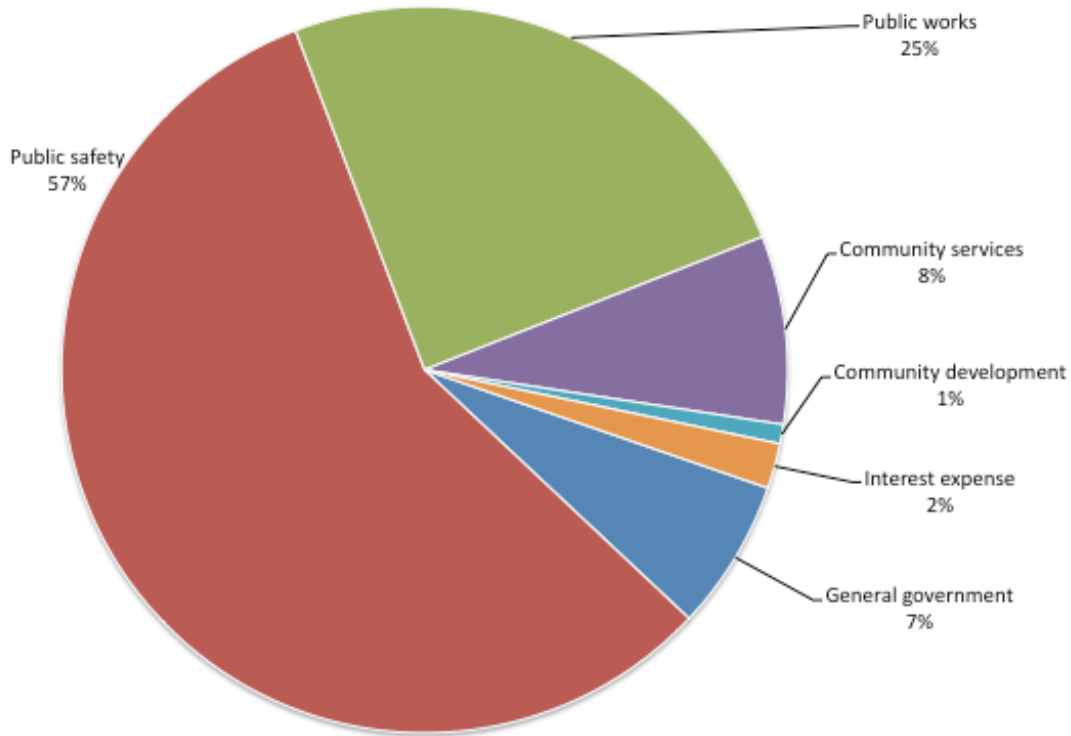
### **Revenues by Source – Governmental Activities**



See independent auditors' report.



## Expenses by Function – Governmental Activities



### Business-Type Activities

The business-type activity is the Computer Services Group, which provides dispatch and records management software and services to other police departments. The business-type activities revenues increased by \$300,179 (16.6%) from \$1,805,242 in 2011-12 to \$2,105,421 in 2012-13. Expenses and transfers out decreased by \$262,797 (14.6%) from \$1,800,178 in 2011-12 to \$1,537,381 in 2012-13. The result was an increase in net position of \$568,040.

The reasons for significant changes in the revenues and expenses of the City's business-type activities from the prior fiscal year are as follows:

- Charges for services from clients increased by \$300,179 due to customer base expansion and increased license fees.
- The City computer service enterprise operating expenses decreased by \$265,761 primarily from reduced staffing levels.

See independent auditors' report.

## 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 \$4,108,967, while total fund balance was \$10,730,662. 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 8% of total general fund expenditures, while total fund balance represents 21% of that same amount. The nonspendable portion of fund balance in the amount of \$6,621,695 mainly consists of amounts currently owed to the City by the former Redevelopment Agency. This nonspendable amount may be at risk in the future due to the uncertainty of the law and whether these loans will be considered valid enforceable obligations by the State Department of Finance. The City has reported significant extraordinary losses in the current fiscal year due to the restatement of certain interest rates per AB 1484 and the reporting of the \$12.2 million due to the Successor Agency. This latter amount is the subject of ongoing litigation between the City and the State Department of Finance.

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

- Total revenues, exclusive of fund transfers in, increased by \$4,662,136, while total expenditures, exclusive of fund transfers out, decreased by \$2,854,957.
- Total taxes were up \$2,269,618 (6.1%) from the prior fiscal year. Property taxes increased by \$1,051,589 (5.8%), due mainly to the City's share of the residual property tax increment from the former redevelopment agency that is shared with various taxing entities. Sales tax revenues increased by \$694,195 (7.6%), due to a slowly rebounding economy. Franchise taxes increased by 4.3% while business license taxes increased by \$127,303 (6.5%). Transient occupancy taxes (TOT) posted a strong increase of \$175,971 (16.7%) due to a full year of operation of a new hotel and a rebounding hospitality market.
- Investment income declined by \$1,611,340 due to the elimination of redevelopment and the resulting loss of interest income from City advances to the agency and interest related to the sales tax reimbursement agreement with the former Redevelopment Agency. The majority of interest earned in the General Fund previously came from loans and advances to the former Redevelopment Agency.
- Revenues from other agencies increased by \$711,119. The increase is due to a SAFER grant used to fund twelve firefighters, coupled with an increased amount of Proposition A transportation funds that were exchanged with other cities for unrestricted funds.
- Transfers in decreased by \$3,024,528 (55%) due to a one-time transfer of \$4,054,617 from the City's Debt Service to the General Fund in the prior fiscal year.
- Public works expenditures decreased \$426,221 (10%).
- Public safety costs decreased by \$2,231,612 (5%) due to employee-borne pension costs and staffing reductions which were partially offset with the SAFER grant for additional fire personnel.

The **Community Development Block Grant Fund** finished the fiscal year with a fund balance of \$115,155, up from a fund deficit of \$63,912 in the prior fiscal year. This fund receives its allocation of federal funds on a reimbursable basis after expenditures are made and reported to HUD. Revenues during the year were \$1,199,850 and included \$960,682 of grant funds and \$239,016 of loan repayments. Expenditures for the year were \$1,020,783.

See independent auditors' report.

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 \$27.2 million and is due \$6.6 million from the Successor Agency for amounts borrowed by the former Redevelopment Agency to fund the SERAF payments and 20% of the loans made to the former Redevelopment Agency.

The **City Debt Service Fund** finished the fiscal year with a total fund balance of \$14,026,702, down \$96,422 from \$14,123,124 in the prior fiscal year. The majority of that amount is designated for payment of debt service on the City’s lease revenue bonds.

### GENERAL FUND BUDGET

There were only minor changes to the budget during the fiscal year. Taxes in total fell short of estimated revenue by \$439,067. Property taxes exceeded their budget by \$291,838, mainly in the area of secured taxes. The excess was also attributable to \$813,994 in residual tax distributions from the former Redevelopment Agency, up \$556,895 from the prior year. Sales tax revenues fell short of their budget by \$162,071 and business license taxes also fell short by \$110,540. Transient occupancy taxes exceeded their budget by \$178,062. On the expenditure side, City Attorney, reported as part of General Government, exceeded budget due to higher than expected litigation costs. All other departments completed the fiscal year within budget.

### CAPITAL ASSETS

Capital Assets  
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	38,974,512	38,974,512	-	-	38,974,512	38,974,512
Buildings and improvements	65,674,202	67,196,844	-	-	65,674,202	67,196,844
Equipment and vehicles	6,192,254	6,937,975	-	-	6,192,254	6,937,975
Infrastructure	81,703,737	86,739,270	-	-	81,703,737	86,739,270
Rights of way	14,376,498	14,376,498	-	-	14,376,498	14,376,498
Construction in progress	<u>9,961,403</u>	<u>8,559,090</u>	<u>-</u>	<u>-</u>	<u>9,961,403</u>	<u>8,559,090</u>
Total	<u>216,882,606</u>	<u>222,784,189</u>	<u>-</u>	<u>-</u>	<u>216,882,606</u>	<u>222,784,189</u>

The major additions to capital assets during the fiscal year ended June 30, 2013 are as follows:

- Construction in progress had a net increase of \$1,402,313. The \$10.0 million currently in progress includes the following:
  - Major Street Rehabilitation Projects (\$4.0 million)
  - Energy Efficiency Upgrade Projects (\$1.1 million)
  - Street Upgrade/Median/Landscape Projects (\$1.6 million)
  - Park Improvements (\$3.2 million)

See independent auditors’ report.

- Completed fixed asset additions of \$2,416,176 included:
  - Major Street Rehabilitation Projects (\$1.4 million)
  - Traffic Signal Modifications (\$221,631)
  - Highway Safety Improvement Program (\$190,049)
  - Facility Repairs/Improvements (\$295,163)

Additional information on the City of West Covina’s capital assets can be found in note 6 on pages 59-60 of this report.

### **LONG-TERM DEBT**

At the end of the current fiscal year, the City had debt outstanding of \$79,755,558. Of this amount, \$49,645,000 represents outstanding bonds and \$30,110,558 represents other debt, such as compensated absences payable, claims and judgments payable, capital lease obligations, and net OPEB obligations. All of the outstanding bonds are lease revenue bonds secured by leases from the General Fund.

#### Outstanding Bonds

	Governmental Activities	
	2013	2012
Lease revenue bonds	49,645,000	50,825,000
Total	49,645,000	50,825,000

The City maintains an “A+/A-1” rating from Standard & Poor’s for its lease revenue bonds. Additional information on the City’s long-term debt can be found in the notes to the accompanying financial statements on pages 61-70 of this report.

#### Contacting the City’s Financial Management

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

See independent auditors’ report.

## **BASIC FINANCIAL STATEMENTS**

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## CITY OF WEST COVINA

## STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activity	Totals
<b>ASSETS:</b>			
Cash and investments	\$ 48,193,964	\$ -	\$ 48,193,964
Cash and investments with fiscal agent	2,263,653	-	2,263,653
Receivables, net:			
Accounts	61,436	125,620	187,056
Taxes	4,379,245	-	4,379,245
Interest	28,166	-	28,166
Notes and loans	30,968,070	-	30,968,070
Other	472,791	-	472,791
Advances to Successor Agency	13,125,194	-	13,125,194
Internal balances	379,281	(379,281)	-
Due from other agencies	582,418	-	582,418
Due from Successor Agency	777,520	-	777,520
Inventory	1,732	-	1,732
Prepays and other assets	310,932	-	310,932
Capital assets:			
Nondepreciable	63,312,413	-	63,312,413
Depreciable, net	153,570,193	-	153,570,193
<b>TOTAL ASSETS</b>	<b>318,427,008</b>	<b>(253,661)</b>	<b>318,173,347</b>
<b>LIABILITIES:</b>			
Accounts payable	2,359,686	4,025	2,363,711
Accrued liabilities	1,751,765	23,319	1,775,084
Interest payable	146,513	-	146,513
Unearned revenues	11,717,419	-	11,717,419
Due to Successor Agency	12,205,531	-	12,205,531
Deposits	295,374	-	295,374
Long-term liabilities:			
Due within one year	4,705,353	23,916	4,729,269
Due in more than one year	74,904,690	121,599	75,026,289
<b>TOTAL LIABILITIES</b>	<b>108,086,331</b>	<b>172,859</b>	<b>108,259,190</b>
<b>NET POSITION:</b>			
Net investment in capital assets	164,621,539	-	164,621,539
Restricted for:			
Public safety	3,122,586	-	3,122,586
Public works	9,278,192	-	9,278,192
Community services	5,745,060	-	5,745,060
Community development	25,755,226	-	25,755,226
Debt service	2,115,160	-	2,115,160
Unrestricted	(297,086)	(426,520)	(723,606)
<b>TOTAL NET POSITION</b>	<b>\$ 210,340,677</b>	<b>\$ (426,520)</b>	<b>\$ 209,914,157</b>

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

CITY OF WEST COVINA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2013

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 5,547,949	\$ 548,333	\$ -	\$ -
Public safety	47,160,347	3,018,478	2,739,455	-
Public works	20,465,106	7,781,333	1,796,776	597,405
Community services	6,911,667	1,195,612	5,808,547	-
Community development	708,422	348,112	-	-
Interest expense	1,652,751	-	-	-
Total governmental activities	82,446,242	12,891,868	10,344,778	597,405
<b>Business-type activity:</b>				
Computer service	1,435,606	2,105,421	-	-
Total business-type activity	1,435,606	2,105,421	-	-
Total	\$ 83,881,848	\$ 14,997,289	\$ 10,344,778	\$ 597,405

General revenues:

Taxes:

Property taxes

Sales tax

Franchise taxes

Transient occupancy tax

Other taxes

Motor vehicle in lieu, unrestricted

Investment income

Other revenues

Transfers

Total general revenues and transfers

Change in net position before  
extraordinary items

Extraordinary Items:

Loss on return of interest payments

Loss on return of disallowed transfers

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

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



Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activity	Totals
\$ (4,999,616)	\$ -	\$ (4,999,616)
(41,402,414)	-	(41,402,414)
(10,289,592)	-	(10,289,592)
92,492	-	92,492
(360,310)	-	(360,310)
(1,652,751)	-	(1,652,751)
<u>(58,612,191)</u>	<u>-</u>	<u>(58,612,191)</u>
<u>-</u>	<u>669,815</u>	<u>669,815</u>
<u>-</u>	<u>669,815</u>	<u>669,815</u>
<u>(58,612,191)</u>	<u>669,815</u>	<u>(57,942,376)</u>
20,937,356	-	20,937,356
13,307,736	-	13,307,736
3,361,812	-	3,361,812
1,228,062	-	1,228,062
5,037,195	-	5,037,195
57,902	-	57,902
185,451	-	185,451
7,310,544	-	7,310,544
101,775	(101,775)	-
<u>51,527,833</u>	<u>(101,775)</u>	<u>51,426,058</u>
(7,084,358)	568,040	(6,516,318)
(17,179,359)	-	(17,179,359)
(2,449,707)	-	(2,449,707)
(26,713,424)	568,040	(26,145,384)
<u>237,054,101</u>	<u>(994,560)</u>	<u>236,059,541</u>
<u>\$ 210,340,677</u>	<u>\$ (426,520)</u>	<u>\$ 209,914,157</u>

CITY OF WEST COVINA

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2013

	General	Special Revenue Funds	
		Community Development Block Grant	West Covina Housing Authority
<b>ASSETS</b>			
Cash and investments	\$ 13,947,580	\$ 156,429	\$ 3,490,240
Cash and investments with fiscal agent	-	-	-
Receivables:			
Accounts	58,627	-	-
Taxes	3,186,513	-	-
Interest	9,267	90	1,836
Notes and loans	-	3,800,278	27,167,792
Other	293,425	-	5,013
Due from other funds	483,818	-	-
Advances to Successor Agency	6,480,000	-	6,645,194
Due from other agencies	65,850	111,149	-
Prepays and other assets	141,695	-	169,167
Due from Successor Agency	777,520	-	-
<b>TOTAL ASSETS</b>	<b>\$ 25,444,295</b>	<b>\$ 4,067,946</b>	<b>\$ 37,479,242</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 596,899	\$ 120,243	\$ 2,183
Other accrued liabilities	1,615,829	14,450	4,414
Due to other funds	-	-	-
Due to Successor Agency	12,205,531	-	-
Deposits	295,374	-	-
Unearned revenue	-	-	11,717,419
<b>TOTAL LIABILITIES</b>	<b>14,713,633</b>	<b>134,693</b>	<b>11,724,016</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue	-	3,818,098	15,450,373
<b>FUND BALANCES:</b>			
Nonspendable	6,621,695	-	6,814,361
Restricted	-	115,155	3,490,492
Assigned	-	-	-
Unassigned	4,108,967	-	-
<b>TOTAL FUND BALANCES</b>	<b>10,730,662</b>	<b>115,155</b>	<b>10,304,853</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 25,444,295</b>	<b>\$ 4,067,946</b>	<b>\$ 37,479,242</b>

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

City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,663,478	\$ 15,262,894	\$ 44,520,621
2,263,653	-	2,263,653
-	-	58,627
-	1,192,732	4,379,245
8,224	8,326	27,743
-	-	30,968,070
107,164	64,658	470,260
-	-	483,818
-	-	13,125,194
-	405,419	582,418
-	70	310,932
-	-	777,520
<u>\$ 14,042,519</u>	<u>\$ 16,934,099</u>	<u>\$ 97,968,101</u>
\$ 15,817	\$ 1,510,175	\$ 2,245,317
-	108,276	1,742,969
-	44,803	44,803
-	-	12,205,531
-	-	295,374
-	-	11,717,419
<u>15,817</u>	<u>1,663,254</u>	<u>28,251,413</u>
-	249,169	19,517,640
-	70	13,436,126
14,026,702	14,501,304	32,133,653
-	893,566	893,566
-	(373,264)	3,735,703
<u>14,026,702</u>	<u>15,021,676</u>	<u>50,199,048</u>
<u>\$ 14,042,519</u>	<u>\$ 16,934,099</u>	<u>\$ 97,968,101</u>

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CITY OF WEST COVINA

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

June 30, 2013

Fund balances for governmental funds		\$ 50,199,048
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets and accumulated depreciation, are not considered current financial resources in the governmental funds:</p>		
Capital assets	\$ 372,319,376	
Accumulated depreciation	<u>(155,906,345)</u>	
		216,413,031
<p>Long-term debt and compensated absences applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position. Balances at June 30, 2013 are:</p>		
Bonds payable	\$ (49,645,000)	
Compensated absences	(4,519,235)	
Capital lease obligations	(957,535)	
Notes payable	<u>(1,658,532)</u>	
		(56,780,302)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.		(146,513)
Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting.		19,517,640
Net pension obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements.		(13,630,654)
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 for retirement health benefits to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position.		<u>(5,231,573)</u>
Net position of governmental activities		<u><u>\$ 210,340,677</u></u>

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

CITY OF WEST COVINA

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

For the year ended June 30, 2013

	General	Special Revenue Funds	
		Community Development Block Grant	West Covina Housing Authority
REVENUES:			
Taxes	\$ 39,525,933	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	1,156,196	-	-
Fines and forfeitures	234,240	-	-
Investment income (loss)	(152,230)	152	7,793
Rental income	370,913	-	-
Revenue from other agencies	3,056,880	960,682	-
Charges for services	5,514,004	-	-
Repayment of notes and loans	-	239,016	686,219
Other revenues	3,301,660	-	65
TOTAL REVENUES	<u>53,007,596</u>	<u>1,199,850</u>	<u>694,077</u>
EXPENDITURES:			
Current:			
General government	4,642,490	-	475,213
Public safety	40,354,067	21,259	-
Public works	3,922,636	166,477	-
Community services	1,763,704	833,047	-
Community development	481,341	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>51,164,238</u>	<u>1,020,783</u>	<u>475,213</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,843,358</u>	<u>179,067</u>	<u>218,864</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	2,478,900	-	-
Transfers out	(1,110,500)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,368,400</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEMS	3,211,758	179,067	218,864
EXTRAORDINARY ITEMS:			
Gain/(Loss) on transfer of advance	(1,620,000)	-	1,620,000
Loss on return of disallowed transfers	(17,179,359)	-	-
Loss on return of interest payments	(2,449,707)	-	-
NET CHANGE IN FUND BALANCES	(18,037,308)	179,067	1,838,864
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>28,767,970</u>	<u>(63,912)</u>	<u>8,465,989</u>
FUND BALANCES - END OF YEAR	<u>\$ 10,730,662</u>	<u>\$ 115,155</u>	<u>\$ 10,304,853</u>

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

City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 6,659,112	\$ 46,185,045
-	5,511,465	5,511,465
-	-	1,156,196
-	814,579	1,048,819
639,923	37,902	533,540
-	-	370,913
-	5,478,919	9,496,481
458,889	151,308	6,124,201
-	-	925,235
1,127,000	676,392	5,105,117
<u>2,225,812</u>	<u>19,329,677</u>	<u>76,457,012</u>
-	88,253	5,205,956
-	2,313,161	42,688,487
-	12,114,031	16,203,144
-	3,275,734	5,872,485
-	184,914	666,255
1,773,261	-	1,773,261
1,659,473	-	1,659,473
<u>3,432,734</u>	<u>17,976,093</u>	<u>74,069,061</u>
<u>(1,206,922)</u>	<u>1,353,584</u>	<u>2,387,951</u>
1,110,500	50,000	3,639,400
-	(2,427,125)	(3,537,625)
<u>1,110,500</u>	<u>(2,377,125)</u>	<u>101,775</u>
(96,422)	(1,023,541)	2,489,726
-	-	-
-	-	(17,179,359)
-	-	(2,449,707)
(96,422)	(1,023,541)	(17,139,340)
<u>14,123,124</u>	<u>16,045,217</u>	<u>67,338,388</u>
<u>\$ 14,026,702</u>	<u>\$ 15,021,676</u>	<u>\$ 50,199,048</u>

CITY OF WEST COVINA

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

For the year ended June 30, 2013

Net change in fund balances - total governmental funds \$ (17,139,340)

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

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

Capital outlay	\$ 4,375,610	
Disposal of capital assets	(195,163)	
Depreciation expense	<u>(9,936,803)</u>	(5,756,356)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,773,261

The Statement of Net Position includes accrued interest on long-term debt. This is the net change in the current year. 6,722

To record as an expense the net change in compensated absences in the Statement of Activities. (122,234)

Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting. (1,237,318)

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 (4,119,251)

Internal service funds are used by management to charge the costs of certain activities, such as vehicle and equipment maintenance and replacement, the City's self-insurance programs and for retirement health benefits to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. (118,908)

Change in net position of governmental activities \$ (26,713,424)

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



CITY OF WEST COVINA

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

GENERAL FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 39,965,000	\$ 39,965,000	\$ 39,525,933	\$ (439,067)
Licenses and permits	959,200	959,200	1,156,196	196,996
Fines and forfeitures	136,000	136,000	234,240	98,240
Investment income (loss)	360,500	360,500	(152,230)	(512,730)
Rental income	330,500	330,500	370,913	40,413
Revenue from other agencies	3,226,000	3,226,000	3,056,880	(169,120)
Charges for services	5,256,499	5,256,499	5,514,004	257,505
Other revenues	192,900	192,900	3,301,660	3,108,760
<b>TOTAL REVENUES</b>	<b>50,426,599</b>	<b>50,426,599</b>	<b>53,007,596</b>	<b>2,580,997</b>
<b>EXPENDITURES:</b>				
Current:				
General government	4,656,428	4,714,515	4,642,490	72,025
Public safety	40,508,059	40,611,741	40,354,067	257,674
Public works	4,109,366	4,110,785	3,922,636	188,149
Community services	1,869,567	1,876,535	1,763,704	112,831
Community development	485,852	505,852	481,341	24,511
<b>TOTAL EXPENDITURES</b>	<b>51,629,272</b>	<b>51,819,428</b>	<b>51,164,238</b>	<b>655,190</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,202,673)</b>	<b>(1,392,829)</b>	<b>1,843,358</b>	<b>3,236,187</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,390,225	2,478,900	2,478,900	-
Transfers out	(1,110,500)	(1,110,500)	(1,110,500)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,279,725</b>	<b>1,368,400</b>	<b>1,368,400</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE BEFORE EXTRAORDINARY ITEMS</b>	<b>77,052</b>	<b>(24,429)</b>	<b>3,211,758</b>	<b>3,236,187</b>
<b>EXTRAORDINARY ITEMS:</b>				
Loss on transfer of advance	-	-	(1,620,000)	(1,620,000)
Loss on return of disallowed transfers	-	-	(17,179,359)	(17,179,359)
Loss on return of interest payments	-	-	(2,449,707)	(2,449,707)
<b>NET CHANGE IN FUND BALANCE</b>	<b>77,052</b>	<b>(24,429)</b>	<b>(18,037,308)</b>	<b>(18,012,879)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>28,767,970</b>	<b>28,767,970</b>	<b>28,767,970</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 28,845,022</b>	<b>\$ 28,743,541</b>	<b>\$ 10,730,662</b>	<b>\$ (18,012,879)</b>

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

CITY OF WEST COVINA

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

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 152	\$ 152
Revenue from other agencies	1,353,768	1,353,768	960,682	(393,086)
Repayment of notes and loans	30,000	30,000	239,016	209,016
<b>TOTAL REVENUES</b>	<b>1,383,768</b>	<b>1,383,768</b>	<b>1,199,850</b>	<b>(183,918)</b>
EXPENDITURES:				
Current:				
Public safety	231,382	231,382	21,259	210,123
Public works	55,027	440,697	166,477	274,220
Community services	870,913	1,203,234	833,047	370,187
<b>TOTAL EXPENDITURES</b>	<b>1,157,322</b>	<b>1,875,313</b>	<b>1,020,783</b>	<b>854,530</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>226,446</b>	<b>(491,545)</b>	<b>179,067</b>	<b>670,612</b>
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(63,912)	(63,912)	(63,912)	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 162,534</b>	<b>\$ (555,457)</b>	<b>\$ 115,155</b>	<b>\$ 670,612</b>

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

CITY OF WEST COVINA

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

WEST COVINA HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 7,793	\$ 7,793
Repayment of notes and loans	30,000	30,000	686,219	656,219
Other revenues	-	-	65	65
<b>TOTAL REVENUES</b>	<b>30,000</b>	<b>30,000</b>	<b>694,077</b>	<b>664,077</b>
EXPENDITURES:				
Current:				
General government	392,316	586,327	475,213	111,114
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE EXTRAORDINARY ITEM</b>	<b>(362,316)</b>	<b>(556,327)</b>	<b>218,864</b>	<b>775,191</b>
EXTRAORDINARY ITEM:				
Gain on transfer of advance	-	-	1,620,000	1,620,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>(362,316)</b>	<b>(556,327)</b>	<b>1,838,864</b>	<b>2,395,191</b>
FUND BALANCE - BEGINNING OF YEAR	8,465,989	8,465,989	8,465,989	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 8,103,673</b>	<b>\$ 7,909,662</b>	<b>\$ 10,304,853</b>	<b>\$ 2,395,191</b>

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

CITY OF WEST COVINA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2013

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ -	\$ 3,673,343
Receivables:		
Account	125,620	2,809
Interest	-	423
Other	-	2,531
Inventories	-	1,732
TOTAL CURRENT ASSETS	<u>125,620</u>	<u>3,680,838</u>
NONCURRENT ASSETS:		
Capital assets:		
Other capital assets	1,059,120	3,407,641
Less accumulated depreciation	<u>(1,059,120)</u>	<u>(2,938,066)</u>
Total capital assets (net of accumulated depreciation)	-	469,575
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>469,575</u>
TOTAL ASSETS	<u>125,620</u>	<u>4,150,413</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	4,025	114,369
Accrued liabilities	23,319	8,796
Claims and judgments - current portion	-	2,074,440
Compensated absences - current portion	23,916	14,878
Due to other funds	379,281	59,734
TOTAL CURRENT LIABILITIES	<u>430,541</u>	<u>2,272,217</u>
NONCURRENT LIABILITIES:		
Claims and judgments	-	7,031,660
Compensated absences	121,599	78,109
TOTAL NONCURRENT LIABILITIES	<u>121,599</u>	<u>7,109,769</u>
TOTAL LIABILITIES	<u>552,140</u>	<u>9,381,986</u>
NET POSITION:		
Net investment capital assets	-	469,575
Unrestricted	<u>(426,520)</u>	<u>(5,701,148)</u>
TOTAL NET POSITION	<u>\$ (426,520)</u>	<u>\$ (5,231,573)</u>

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

CITY OF WEST COVINA

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

For the year ended June 30, 2013

	<u>Business-type Activity</u>	<u>Governmental Activities</u>
	Computer Service Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 2,105,421	\$ 4,048,924
Other revenues	-	36,397
	<u>2,105,421</u>	<u>4,085,321</u>
OPERATING EXPENSES:		
Personnel services	1,083,298	722,748
Cost of sales, services and operations	352,308	1,465,748
Depreciation	-	145,227
Insurance and claims paid	-	1,872,511
	<u>1,435,606</u>	<u>4,206,234</u>
OPERATING INCOME	669,815	(120,913)
NONOPERATING REVENUES:		
Investment income	-	2,005
	<u>669,815</u>	<u>(118,908)</u>
INCOME BEFORE TRANSFERS	669,815	(118,908)
TRANSFERS OUT	<u>(101,775)</u>	<u>-</u>
CHANGE IN NET POSITION	568,040	(118,908)
NET POSITION - BEGINNING OF YEAR	<u>(994,560)</u>	<u>(5,112,665)</u>
NET POSITION - END OF YEAR	<u>\$ (426,520)</u>	<u>\$ (5,231,573)</u>

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

CITY OF WEST COVINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2013

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Received from customers	\$ 1,993,948	\$ -
Received from user departments	-	4,082,340
Payments to suppliers for goods and services	(396,473)	(4,326,570)
Payments to employees for services	(1,074,436)	(673,772)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	523,039	(918,002)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Received from other funds	-	2,019,198
Paid to other funds	(523,039)	(414,737)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(523,039)	1,604,461
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received on investments	-	1,884
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	688,343
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	2,985,000
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ 3,673,343

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

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

For the year ended June 30, 2013

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 669,815	\$ (120,913)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	-	145,227
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables	(111,473)	(450)
(Increase) decrease in other receivables	-	(2,531)
(Increase) decrease in inventories	-	16
Increase (decrease) in accounts payable	(44,165)	42,295
Increase (decrease) in other accrued liabilities	9,077	(871)
Increase (decrease) in claims and judgments payable	-	(1,030,622)
Increase (decrease) in compensated absences payable	(215)	49,847
 TOTAL ADJUSTMENTS	 (146,776)	 (797,089)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ 523,039	 \$ (918,002)

There were no significant noncash financing or investing activities for the year ended June 30, 2013.

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

CITY OF WEST COVINA

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

June 30, 2013

	Successor Agency Private Purpose Trust Fund	Special Deposits Agency Fund
	<u>                    </u>	<u>                    </u>
ASSETS:		
Cash and investments	\$ 11,567,898	\$ 1,086,483
Cash and investments with fiscal agent	7,423,055	-
Receivables, net		
Taxes	520,309	20
Interest	4,687	-
Notes and loans	14,671,967	-
Allowance for doubtful accounts	(14,671,967)	-
Assessments	32,520,000	-
Other	-	1,400
Prepaid expenses	4,705	-
Due from City of West Covina	12,205,531	-
Land held for resale	67,040	-
Capital assets:		
Nondepreciable	15,597,561	-
Depreciable, net	6,323,485	-
	<u>86,234,271</u>	<u>\$ 1,087,903</u>
 LIABILITIES:		
Accounts payable	676,059	\$ 11,231
Accrued liabilities	2,384	-
Interest payable	953,836	-
Due to other governments	248,644	-
Deposits	-	1,076,672
Due to County Auditor Controller	11,578,351	-
Due to the City of West Covina	777,520	-
Advances from the City of West Covina	13,125,194	-
Long-term liabilities:		
Due within one year	6,118,021	-
Due in more than one year	99,232,372	-
	<u>132,712,381</u>	<u>\$ 1,087,903</u>
 NET POSITION	 <u>\$ (46,478,110)</u>	

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



CITY OF WEST COVINA

STATEMENT OF CHANGES IN NET POSITION  
PRIVATE PURPOSE TRUST FUND

For the year ended June 30, 2013

	Successor Agency Private Purpose Trust Fund
ADDITIONS:	
Taxes	\$ 13,588,470
Investment income	282,435
Rental income	64,825
Other revenues	454,183
	<hr/>
TOTAL ADDITIONS	14,389,913
	<hr/>
DEDUCTIONS:	
Program administration	9,646,654
Payment to County Auditor Controller	11,578,351
Depreciation	372,219
Interest and fiscal charges	3,710,177
	<hr/>
TOTAL DEDUCTIONS	25,307,401
	<hr/>
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEMS	(10,917,488)
	<hr/>
EXTRAORDINARY ITEMS:	
Gain on return of disallowed transfers	17,801,238
Gain on return of interest payments	2,449,707
	<hr/>
CHANGES IN NET POSITION	9,333,457
	<hr/>
NET POSITION - BEGINNING OF YEAR, AS RESTATED	(55,811,567)
	<hr/>
NET POSITION - END OF YEAR	\$ (46,478,110)
	<hr/> <hr/>

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

a. Reporting Entity:

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

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

A brief description of each component unit follows:

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

a. Reporting Entity (Continued):

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

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

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

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

b. Basis of Accounting and Measurement Focus:

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

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Government-wide Financial Statements**

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

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

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

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

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Fund Financial Statements**

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

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

**Governmental Funds**

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

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Governmental Funds (Continued)**

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

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets.

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

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

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

**Proprietary and Fiduciary Funds**

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, the proprietary funds and fiduciary 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 and fiduciary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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

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

See independent auditors' report.



CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications:

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

**Governmental Fund Types**

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

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications (Continued):

**Proprietary Fund Types**

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

**Fiduciary Fund Types**

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

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

d. New Accounting Pronouncements:

**Implemented:**

In fiscal year 2012-2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, "*Elements of Financial Statements*", into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

In fiscal year 2012-2013, the City early implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement established accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. Accounting changes adopted to conform to the provision of this statement should be applied retroactively. The implementation of this statement resulted in an \$11,717,419 reduction of previously reported net position of the governmental activities.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

**Pending Accounting Standards:**

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

- GASB 66 - *“Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62”*, effective for periods beginning after December 15, 2012.
- GASB 67 - *“Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25”*, effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - *“Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27”*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *“Government Combinations and Disposals of Government Operations”*, effective for periods beginning after December 15, 2013.
- GASB 70 - *“Accounting and Financial Reporting for Nonexchange Financial Guarantees”*, effective for the periods beginning after June 15, 2013.

e. Budgets and Budgetary Data:

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

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

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

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

f. Cash and Investments:

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

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

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

g. Cash Equivalents:

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

h. Inventory:

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Capital Assets:

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

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

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized during the year ended June 30, 2013.

The following schedule summarizes capital asset useful lives:

**Governmental Activities:**

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

**Business-type Activity:**

Equipment and vehicles	5 - 25 years
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See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

j. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have deferred outflows of resources.

In addition to liabilities, the statement of net position 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 a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from three sources: long-term notes receivable repayments, taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

k. Net Position Flow Assumptions:

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

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

l. Property Taxes:

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

l. Property Taxes (Continued):

The property tax calendar is as follows:

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

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

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

m. Claims and Judgments:

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

n. Compensated Absences:

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

n. Compensated Absences (Continued):

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

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

o. Use of Estimates:

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

2. CASH AND INVESTMENTS:

**Cash and Investments**

Cash and investments held by the City at June 30, 2013 are reported in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 48,193,964
Cash and investments with fiscal agents	2,263,653

Statement of Fiduciary Net Position:

Cash and investments	12,654,381
Cash and investments with fiscal agents	<u>7,423,055</u>
Total cash and investments	<u>\$ 70,535,053</u>

See independent auditors' report.



CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

**Cash and Investments (Continued)**

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 9,450
Deposits with financial institutions	4,425,390
Investments	<u>66,100,213</u>
Total cash and investments	<u>\$ 70,535,053</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that addresses interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types <u>Authorized by State Law</u>	Authorized by Investment <u>Policy</u>	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
Local Agency Bonds	No	N/A	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	40%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	30%
Repurchase Agreements	Yes	100 days	20%	20%
Reverse Repurchase Agreements	Yes	92 days	20%	20%
Medium-Term Notes	Yes	5 years	30%	30%
Mutual Funds	No	N/A	N/A	N/A
Time Certificates of Deposit	Yes	5 years	25%	25%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	20%
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by Debt Agreements**

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

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

**Disclosures Relating to Interest Rate Risk**

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk (Continued)**

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

Investment Type	Remaining Maturity (in Months)		Total
	12 Months or Less	More Than 36 Months	
Local Agency Investment Fund	\$ 15,845,135	\$ -	\$ 15,845,135
Los Angeles County Investment Pool	25,360,959	-	25,360,959
U.S. Government Sponsored Agency Securities	-	15,207,409	15,207,409
Held by fiscal agent:			
Money market funds	623,814	-	623,814
U.S. Government Sponsored Agency Securities	4,060,226	-	4,060,226
Investment agreements	-	5,002,670	5,002,670
Total	<u>\$ 45,890,134</u>	<u>\$ 20,210,079</u>	<u>\$ 66,100,213</u>

**Disclosures Relating to Credit Risk**

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

Investment Type	Minimum Legal Rating	Total as of June 30, 2013	Not		
			AAA	AA+	Rated
Local Agency Investment Fund	N/A	\$ 15,845,135	\$ -	\$ -	\$ 15,845,135
Los Angeles County Investment Pool	N/A	25,360,959	-	-	25,360,959
U.S. Government Sponsored Agency Securities	N/A	15,207,409	-	15,207,409	-
Held by fiscal agent:					
Money market funds	A	623,814	623,814	-	-
U.S. Government Sponsored Agency Securities	N/A	4,060,226	-	4,060,226	-
Investment agreements	N/A	5,002,670	-	-	5,002,670
Total		<u>\$ 66,100,213</u>	<u>\$ 623,814</u>	<u>\$ 19,267,635</u>	<u>\$ 46,208,764</u>

N/A - Not Applicable  
See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

**Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount, as noted on page 51, that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Government Sponsored Agency Securities	\$ 3,260,282
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Agency Securities	11,498,869
Federal National Mortgage Association	U.S. Government Sponsored Agency Securities	3,708,540
Westdeutsche Landesbank	Investment agreement	5,002,670

**Custodial Credit Risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, 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.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Investment in County Investment Pool**

The City is a voluntary participant in the Los Angeles County Investment Pool (LACIP) that is regulated by the California Government Code and the Los Angeles County Board of Supervisors under the oversight of the Los Angeles County Treasurer-Tax Collector. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LACIP for the entire LACIP portfolio. The balance available for withdrawal is based on the accounting records maintained by LACIP, which are recorded on an amortized cost basis.

3. DUE TO AND FROM OTHER FUNDS:

Interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Payable</u>	<u>Receivable</u>	<u>Amount</u>
Other Governmental Funds	General Fund	\$ 44,803
Computer Services Enterprise Fund	General Fund	379,281
Fleet Management Internal Service Fund	General Fund	<u>59,734</u>
Total interfund receivable and payable balances		<u>\$ 483,818</u>

These interfund balances are a result of short-term borrowings to cover deficit cash in the Transportation Development Act Special Revenue Fund, Inmate Welfare Special Revenue Fund, Computer Service Enterprise Fund and Fleet Management Internal Service Fund.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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 liability side of these advances was transferred to the Successor Agency. See Note 23 for additional information. At June 30, 2013 the outstanding receivable side of these advances was as follows:

- (a) The General Fund had made the several advances to the Commission totaling \$8,100,000 for administrative and capital improvement construction costs ("General Advance"). Eighty percent (80%) of the balance is reported in the General Fund and the remaining twenty percent (20%) balance is reported in the West Covina Housing Authority Special Revenue Fund.
- (b) In May 2010, the Commission made an advance of \$6,529,308 from the Low and Moderate Income Housing Capital Projects Fund to the Citywide Project Area Debt Service Fund to satisfy the Commission's Supplemental Educational Revenue Augmentation Fund (SERAF) obligation as required by Assembly Bill ABX4-26. The advance bears no interest and must be repaid by June 30, 2015. In May 2011, the Commission made an advance of \$1,344,269 from the Low and Moderate Income Housing Capital Projects Fund to the Citywide Project Area Debt Service Fund to satisfy the Commission's Supplemental Educational Revenue Augmentation Fund (SERAF) obligation as required by Assembly Bill ABX4-26. The advance bears no interest and must be repaid by June 30, 2016. Effective February 1, 2012, the Commission's redevelopment activities were dissolved and the receivable side of these advances were retained by the Housing Authority. The outstanding balance at June 30, 2013 was \$5,025,194.

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

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

The Successor Agency made principal payments of \$1,898,922 and \$949,461 on June 5, 2012 and December 20, 2012, respectively, on the SERAF loan to the Housing Authority. These payments were approved on ROPS I, lines 8 and 9 and ROPS II, lines 8 and 9, respectively.

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

5. NOTES AND LOANS RECEIVABLE:

As of June 30, 2013, the following notes and loans receivable were outstanding:

Housing rehabilitation	\$ 4,420,279
First time home buyers	411,324
Housing preservation program	838,129
Lark Ellen Towers	5,793,638
Executive Lodge Apartments	6,177,220
West Covina Senior Villas, L.L.C.	3,116,666
West Covina Senior Villas II, L.P.	8,600,753
Other loans	1,978,598
Allowance for doubtful accounts	<u>(368,537)</u>
Total	<u>\$ 30,968,070</u>

Several housing rehabilitation loans totaling \$4,420,279 have been made to qualified applicants using Community Development Block Grants received by the City and housing set-aside funds of the former Commission's redevelopment activities. These loans bear interest up to 5% and are repaid when title to the property changes.

The Commission has made loans to first-time home buyers totaling \$411,324. 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 23 individual loans outstanding at June 30, 2013 ranging from \$3,800 to \$22,450.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

5. NOTES AND LOANS RECEIVABLE (CONTINUED):

The Commission has also made housing preservation loans totaling \$838,129 to qualified applicants using housing set-aside funds. Principal and interest are deferred for ten years; after the tenth year loans bear interest at 5%. Loans are repaid after the tenth year or when title to the property changes. There were 96 individual loans outstanding at June 30, 2013 ranging from \$205 to \$11,308.

In May 1997, the Commission loaned \$4,270,000 to Lark Ellen Towers. The loan is secured by a deed of trust. The loan accrues interest at 3% per annum and requires annual payments equal to the maximum of \$35,000 or 50% of net profits earned by the project. The outstanding principal and accrued interest at June 30, 2013 is \$5,793,638.

In April 1998, the Commission loaned \$5,622,300 to Executive Lodge Apartments Limited Partnership (Promenade Apartments project). The loan is secured by a deed of trust. The loan accrues interest at 3% per annum requires annual payments equal to 80% of net profits earned by the project. The outstanding principal and accrued interest at June 30, 2013 is \$6,177,220.

In May 2002, the Commission loaned \$4,250,000 to West Covina Senior Villas, LLC. The loan is secured by a deed of trust. The loan does not accrue interest. The note requires annual payments of \$141,667 through May 2032 that are forgiven by the City unless the borrower defaults on the agreement. The outstanding principal at June 30, 2013 is \$3,116,666.

In May 2009, the Commission entered into an agreement with West Covina Senior Villas II, L.P. to provide \$8,600,000 for the acquisition of real property in the City of West Covina and construction and maintenance of an approximately 65-unit apartment complex to be rented to low income and very low income senior citizens. The loan is secured by a deed of trust. The loan does not accrue interest so long as the borrower does not default on the loan. The note requires annual payments of \$86,869 through ninety-nine years of the note's commencement date. As of June 30, 2013 the Commission had provided \$8,600,000. The outstanding principal at June 30, 2013 is \$8,600,753.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

6. CAPITAL ASSETS:

**Governmental Activities**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 38,974,512	\$ -	\$ -	\$ 38,974,512
Rights of way	14,376,498	-		14,376,498
Construction in progress	<u>8,559,090</u>	<u>3,818,489</u>	<u>(2,416,176)</u>	<u>9,961,403</u>
Total capital assets, not being depreciated	<u>61,910,100</u>	<u>3,818,489</u>	<u>(2,416,176)</u>	<u>63,312,413</u>
Capital assets, being depreciated:				
Buildings and improvements	86,359,897	242,093	-	86,601,990
Equipment and vehicles	22,238,068	703,513	-	22,941,581
Infrastructure - pavement	180,416,393	1,420,847	-	181,837,240
Infrastructure - other	<u>20,622,113</u>	<u>411,680</u>	<u>-</u>	<u>21,033,793</u>
Total capital assets, being depreciated	<u>309,636,471</u>	<u>2,778,133</u>	<u>-</u>	<u>312,414,604</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,163,053)	(1,764,735)	-	(20,927,788)
Equipment and vehicles	(15,300,093)	(1,449,234)	-	(16,749,327)
Infrastructure - pavement	(98,856,771)	(6,528,811)	-	(105,385,582)
Infrastructure - other	<u>(15,442,465)</u>	<u>(339,249)</u>	<u>-</u>	<u>(15,781,714)</u>
Total accumulated depreciation	<u>(148,762,382)</u>	<u>(10,082,029)</u>	<u>-</u>	<u>(158,844,411)</u>
Total capital assets, being depreciated, net	<u>160,874,089</u>	<u>(7,303,896)</u>	<u>-</u>	<u>153,570,193</u>
Total governmental activities capital assets, net	<u>\$ 222,784,189</u>	<u>\$ (3,485,407)</u>	<u>\$ (2,416,176)</u>	<u>\$ 216,882,606</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

6. CAPITAL ASSETS (CONTINUED)

**Governmental Activities (Continued)**

Depreciation expense (including \$145,227 from Internal Service Funds) was charged to the following functions in the Statement of Activities for the year ended June 30, 2013 as follows:

General government	\$	64,011
Public safety		1,065,426
Public works		7,544,754
Community services		<u>1,407,838</u>
	\$	<u>10,082,029</u>

**Business-type Activity**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance at</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2013</u>
Capital assets, being depreciated:				
Equipment and machinery	\$ 1,059,120	\$ -	\$ -	\$ 1,059,120
Less accumulated depreciation for:				
Equipment and machinery	<u>(1,059,120)</u>	<u>-</u>	<u>-</u>	<u>(1,059,120)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense charged to the computer service program for the year ended June 30, 2013.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

7. LONG-TERM LIABILITIES:

**Governmental Activities**

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2013 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2012	Additions	Deletions	June 30, 2013	Within	One Year	More Than	One Year
2002 Lease Revenue Bonds	\$ 16,590,000	\$ -	\$ (480,000)	\$ 16,110,000	\$ 495,000	\$ 15,615,000		
2003 Lease Revenue Bonds	2,520,000	-	(160,000)	2,360,000	170,000	2,190,000		
2004 Lease Revenue Bonds	11,500,000	-	(310,000)	11,190,000	325,000	10,865,000		
2005 Lease Revenue Bonds	2,415,000	-	(65,000)	2,350,000	70,000	2,280,000		
2006 Lease Revenue Bonds	<u>17,800,000</u>	<u>-</u>	<u>(165,000)</u>	<u>17,635,000</u>	<u>195,000</u>	<u>17,440,000</u>		
Total Lease Revenue Bonds	50,825,000	-	(1,180,000)	49,645,000	1,255,000	48,390,000		
Compensated absences	4,440,140	909,922	(737,840)	4,612,222	760,787	3,851,435		
Claims and judgments payable (Note 11)	10,136,722	644,547	(1,675,169)	9,106,100	2,074,440	7,031,660		
Capital lease obligations (Note 12)	1,409,134	-	(451,599)	957,535	469,475	488,060		
Notes payable (Note 13)	1,800,221	-	(141,689)	1,658,532	145,651	1,512,881		
Net OPEB obligation (Note 19)	<u>9,511,403</u>	<u>5,811,000</u>	<u>(1,691,749)</u>	<u>13,630,654</u>	<u>-</u>	<u>13,630,654</u>		
Total long-term liabilities								
Governmental activities	<u>\$ 78,122,620</u>	<u>\$ 7,365,469</u>	<u>\$ (5,878,046)</u>	<u>\$ 79,610,043</u>	<u>\$ 4,705,353</u>	<u>\$ 74,904,690</u>		

**Business-type Activity**

Changes in long-term liabilities for the business-type activity for the year ended June 30, 2013 are as follows:

	Balance			Balance			Due	Due in
	June 30, 2012	Additions	Deletions	June 30, 2013	Within	One Year	More Than	One Year
Compensated absences	<u>\$ 145,730</u>	<u>\$ 23,736</u>	<u>\$ (23,951)</u>	<u>\$ 145,515</u>	<u>\$ 23,916</u>	<u>\$ 121,599</u>		

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

8. LEASE REVENUE BONDS:

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

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

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

The Series B bonds are payable from lease payments to be made by the City to the Authority as rental for certain public facilities consisting of a portion of the City's Civic Center Complex. At June 30, 2013, the outstanding balance is \$16,110,000.

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

8. LEASE REVENUE BONDS (CONTINUED):

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

The annual debt service requirements on the 2002 Lease Revenue Refunding Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 495,000	\$ 150,902	\$ 645,902
2015	510,000	146,266	656,266
2016	525,000	141,489	666,489
2017	545,000	136,571	681,571
2018	560,000	131,466	691,466
2019 - 2023	3,060,000	575,508	3,635,508
2024 - 2028	3,540,000	423,482	3,963,482
2029 - 2033	4,105,000	247,336	4,352,336
2034 - 2036	2,770,000	52,408	2,822,408
Totals	<u>\$ 16,110,000</u>	<u>\$ 2,005,428</u>	<u>\$ 18,115,428</u>

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

On February 19, 2003, the City issued \$3,625,000 of Lease Revenue Bonds to provide financing for the construction of a community center. The bonds mature annually through August 1, 2023 in amounts ranging from \$170,000 to \$270,000, with interest rates ranging from 1.60% to a maximum of 5.375% over the term of the bonds. Interest is payable semiannually on February 1 and August 1 of each year.

The bonds are payable from lease payments as rental for certain public facilities. The reserve requirement at June 30, 2013 of \$287,345 was fully funded. At June 30, 2013, the outstanding balance is \$2,360,000.

The annual debt service requirements on the 2003 Lease Revenue Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 170,000	\$ 115,685	\$ 285,685
2015	175,000	107,663	282,663
2016	185,000	99,110	284,110
2017	190,000	90,015	280,015
2018	200,000	80,360	280,360
2019 - 2023	1,170,000	232,410	1,402,410
2024 - 2025	270,000	7,256	277,256
Totals	<u>\$ 2,360,000</u>	<u>\$ 732,499</u>	<u>\$ 3,092,499</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

8. LEASE REVENUE BONDS (CONTINUED):

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

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

The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2013, the outstanding balance is \$11,190,000.

The annual debt service requirements on the 2004 Lease Revenue Bonds as of June 30, 2013 are as follows (using .10% interest rate at June 30, 2013):

Year Ending June 30,	Principal	Interest	Total
2014	\$ 325,000	\$ 11,190	\$ 336,190
2015	345,000	10,865	355,865
2016	355,000	10,520	365,520
2017	375,000	10,165	385,165
2018	395,000	9,790	404,790
2019 - 2023	2,245,000	42,680	2,287,680
2024 - 2028	2,810,000	30,385	2,840,385
2029 - 2033	3,530,000	14,965	3,544,965
2034 - 2036	<u>810,000</u>	<u>810</u>	<u>810,810</u>
Totals	<u>\$ 11,190,000</u>	<u>\$ 141,370</u>	<u>\$ 11,331,370</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

8. LEASE REVENUE BONDS (CONTINUED):

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

In September 2005, the City issued \$2,735,000 of Variable Rate Lease Refunding Bonds, Series C to provide funds to refinance the City's 2002 Series A Taxable Variable Rate Lease Revenue Refunding Bonds and finance the construction of various public facility projects. The bonds mature annually on September 1 in amounts ranging from \$70,000 to \$155,000 through September 1, 2034. The bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on March 1 and September 1 of each year. The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2013, the outstanding balance is \$2,350,000.

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

The annual debt service requirements on the 2005 Lease Revenue Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 70,000	\$ 22,725	\$ 92,725
2015	70,000	22,048	92,048
2016	75,000	21,371	96,371
2017	80,000	20,645	100,645
2018	80,000	19,872	99,872
2019 - 2023	460,000	86,933	546,933
2024 - 2028	540,000	63,145	603,145
2029 - 2033	670,000	34,570	704,570
2034 - 2035	<u>305,000</u>	<u>4,448</u>	<u>309,448</u>
Totals	<u>\$ 2,350,000</u>	<u>\$ 295,757</u>	<u>\$ 2,645,757</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

8. LEASE REVENUE BONDS (CONTINUED):

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

In September 2006, the City issued \$10,710,000 of Lease Revenue Bonds, Series A and \$7,295,000 of taxable Lease Revenue Bonds, Series B to provide financing for facilities and infrastructure related to the Big League Dreams sports park. The Series A bonds mature annually through June 1, 2036 in amounts ranging from \$80,000 to \$1,270,000, with interest rates that range from 4.0% to a maximum of 5.0% over the term of the bonds. The Series B bonds mature annually through June 1, 2036 in amounts ranging from \$115,000 to \$550,000, with interest rates that range from 5.39% to a maximum of 6.07% over the term of the bonds. The bonds are payable from lease payments as rental for certain public facilities. The reserve requirement of \$1,528,766 was fully funded at June 30, 2013. At June 30, 2013, the outstanding balance is \$17,635,000.

The annual debt service requirements on the 2006 Lease Revenue Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 195,000	\$ 944,707	\$ 1,139,707
2015	235,000	935,216	1,170,216
2016	270,000	923,804	1,193,804
2017	310,000	910,664	1,220,664
2018	360,000	894,412	1,254,412
2019 - 2023	2,625,000	4,138,342	6,763,342
2024 - 2028	3,875,000	3,287,696	7,162,696
2029 - 2033	5,040,000	2,116,241	7,156,241
2034 - 2036	<u>4,725,000</u>	<u>538,527</u>	<u>5,263,527</u>
Totals	<u>\$ 17,635,000</u>	<u>\$ 14,689,609</u>	<u>\$ 32,324,609</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

9. COMPENSATED ABSENCES:

The liability of \$4,612,222 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 \$145,515 represents the business-type activity portion of total unpaid vacation and compensation time earned by employees of the City. There is no fixed payment schedule for earned but unpaid compensated absences.

10. LETTERS OF CREDIT:

The City has letters of credit securing the payment of principal and interest on its variable rate bonded debt. The letters of credit are issued in favor of the bond trustees and enable the trustees to make drawings against the letters of credit for payment of principal and interest amounts, if necessary. There were no draws made during fiscal year ended June 30, 2013.

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

<u>Letter of Credit</u>	<u>Trustee</u>	<u>Amount</u>	<u>Expiration Date</u>
Wells Fargo Bank: 2004 Lease Revenue Bonds	US Bank	\$ 11,399,698	November 29, 2014

11. CLAIMS AND JUDGMENTS:

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

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

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

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

11. CLAIMS AND JUDGMENTS (CONTINUED):

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

The claims and judgments liability reported in the Internal Service Self Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2013, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$9,106,100.

Changes in the claims and judgments payable amounts in fiscal years 2012 and 2013 for the Self-Insurance Fund are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2011 - 2012	\$ 11,270,107	\$ 1,001,676	\$ (2,135,061)	\$ 10,136,722
2012 - 2013	10,136,722	644,547	(1,675,169)	9,106,100

12. CAPITAL LEASE OBLIGATIONS:

The following represents governmental activity obligation under capital leases:

**Public Safety Emergency Radio System**

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

The City obtained financing in the amount of \$3,050,000 with an interest rate of 3.92% and semiannual payments of \$251,227 through the end of the lease (June 2015). The outstanding balance at June 30, 2013 is \$957,535.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

12. CAPITAL LEASE OBLIGATIONS (CONTINUED):

**Public Safety Emergency Radio System (Continued)**

The calculation of the present value of the future lease payments for obligations under capital leases as of June 30, 2013 is as follows:

Year Ending <u>June 30,</u>	
2014	\$ 502,454
2015	<u>502,454</u>
Subtotal	1,004,908
Less: amount representing interest	<u>(47,373)</u>
Present value of future lease payments	<u>\$ 957,535</u>

13. NOTES PAYABLE:

**Valencia Note**

On May 1, 2003, the City entered into a note agreement for \$1,215,000 to finance the purchase of certain real property. The initial interest rate of 5.31% is adjusted on the eighteenth month anniversary of the effective date, and shall be at that rate which is 0.5% in excess of the two year United States Treasury Bill in existence on the date of such adjustment. Principal and interest payments are due monthly through 2023. The note is payable from the revenues of the General Fund. The outstanding balance at June 30, 2013 is \$696,146.

The annual debt service requirements on the Valencia note as of June 30, 2013 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 67,503	\$ 5,805	\$ 73,308
2015	68,095	5,214	73,309
2016	68,692	4,617	73,309
2017	69,293	4,015	73,308
2018	69,900	3,408	73,308
2019 - 2023	<u>352,663</u>	<u>7,747</u>	<u>360,410</u>
Totals	<u>\$ 696,146</u>	<u>\$ 30,806</u>	<u>\$ 726,952</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

13. NOTES PAYABLE (CONTINUED):

**California Energy Commission Loan**

On September 5, 2006, the City entered into a note agreement for \$1,278,000 to finance for energy efficient purposes the acquisition of equipment and other capital projects. The note accrues interest at 4.5%. Principal and interest payments of \$60,295 are due semiannually through June 22, 2023. The note is payable from the revenues of the General Fund. At June 30, 2013, the outstanding balance is \$962,386.

The annual debt service requirements on the California Energy Commission loan as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 78,148	\$ 42,442	\$ 120,590
2015	81,705	38,885	120,590
2016	85,329	35,261	120,590
2017	89,306	31,284	120,590
2018	93,370	27,220	120,590
2019 - 2023	<u>534,528</u>	<u>68,422</u>	<u>602,950</u>
Totals	<u>\$ 962,386</u>	<u>\$ 243,514</u>	<u>\$ 1,205,900</u>

14. SHORT-TERM DEBT:

On August 28, 2012, the City issued \$7,600,000 of Tax and Revenue Anticipation Notes (TRAN) at an interest rate of .55% per annum for the purpose of funding interim cash flow requirements in the General Fund. The TRAN plus accrued interest was paid in full on June 27, 2013.

15. 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.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

15. FUND BALANCE CLASSIFICATION (CONTINUED):

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

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

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

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

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

	<u>Special Revenue Funds</u>					Total Governmental Funds
	<u>General</u>	<u>Community Development Block Grant</u>	<u>West Covina Housing Authority</u>	<u>City Debt Service</u>	<u>Other Governmental Funds</u>	
Nonspendable:						
Prepays and other assets	\$ 141,695	\$ -	\$ 169,167	\$ -	\$ 70	\$ 310,932
Advances to Successor Agency	6,480,000	-	6,645,194	-	-	13,125,194
Restricted:						
Debt service	-	-	-	14,026,702	-	14,026,702
Special revenue fund purposes	-	115,155	3,490,492	-	14,501,304	18,106,951
Assigned:						
Capital projects	-	-	-	-	893,566	893,566
Unassigned	<u>4,108,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(373,264)</u>	<u>3,735,703</u>
Totals	<u>\$ 10,730,662</u>	<u>\$ 115,155</u>	<u>\$ 10,304,853</u>	<u>\$ 14,026,702</u>	<u>\$ 15,021,676</u>	<u>\$ 50,199,048</u>

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

16. ACCUMULATED FUND DEFICITS/NET POSITION:

The following funds reported deficits in fund balances/net position as of June 30, 2013:

	<u>Deficit Balance</u>
Other Governmental Funds - Special Revenue Funds:	
Transportation Development Act	\$ 515
Grants	351,045
Inmate Welfare	12,548
Other Governmental Funds - Capital Projects Fund:	
Construction Tax	9,086
Enterprise Fund:	
Computer Services	426,520
Internal Service Fund:	
Self-Insurance	6,292,437

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

**Grants Special Revenue Fund**

The deficit of \$351,045 in the Grants Special Revenue Fund is the result of expenses incurred prior to reimbursement from grantors. The deficit will be eliminated through future grant revenues.

**Computer Services Enterprise Fund**

The deficit in fund balance of \$426,520 is a result of increased costs related to the development of new software for client cities. It is anticipated that the deficit fund balance will be eliminated in future years through a combination of increases in license fees and reductions in operating expenses.

**Self-Insurance Internal Service Fund**

The deficit in fund balance of \$6,292,437 is the result of payment of damages in various claims and litigation matters against the City and the increased legal costs in defending those matters. It is anticipated that this deficit fund balance will be funded with increased charges to the operating funds of the City in future years.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

17. DEFINED BENEFIT PENSION PLANS:

a. California Public Employee Retirement System (PERS):

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

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

The City reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2012 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 30, 2010. The contribution rate indicated for the period is 35.233% of payroll for the safety plan and 13.713% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2012 to June 30, 2013.

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

	<u>Safety</u>	<u>Miscellaneous</u>
Valuation Date	June 30, 2010	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	30 years as of the valuation date	23 years as of the valuation date
Asset Valuation Method	15 year smoothed market	15 year smoothed market

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

17. DEFINED BENEFIT PENSION PLANS (CONTINUED):

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

	<u>Safety</u>	<u>Miscellaneous</u>
Actuarial Assumptions:		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 13.15% depending on age, service and type of employment	3.55% to 14.45% depending on age, service and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of 0.25%

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

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

The funded status of the plan based on the June 30, 2011 actuarial valuation (dollar amounts in thousands) is as follows:

	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Liability % of Covered Payroll</u>
Safety	\$ 295,827	\$ 224,513	\$ 71,314	75.89 %	\$ 17,823	400.12 %
Miscellaneous	122,269	110,510	11,759	90.38 %	10,045	117.06 %

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

See independent auditors' report.



CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

17. DEFINED BENEFIT PENSION PLANS (CONTINUED):

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

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 5,054,059	100%	\$ -
6/30/12	6,365,171	100%	-
6/30/13	6,020,341	100%	-

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/11	\$ 1,223,303	100%	\$ -
6/30/12	1,570,847	100%	-
6/30/13	1,346,443	100%	-

b. Public Agency Retirement System (PARS):

Effective November 1, 2007, the City established two retirement plans with the Public Agency Retirement System (PARS) to supplement the current CalPERS retirement benefits. PARS is a single-employer defined benefit plan. It meets the requirements of a pension trust under California Government Code. Phase II Systems is the PARS Trust Administrator. The plans do not issue separate financial reports. PARS issues a separate comprehensive annual financial report. Copies of PARS' comprehensive annual financial report may be obtained from PARS' office at 1350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

**EPMC Replacement Supplemental Retirement Plan**

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

17. DEFINED BENEFIT PENSION PLANS (CONTINUED):

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

**EPMC Replacement Supplemental Retirement Plan (Continued)**

The City makes all contributions to these plans. Participants do not make any contributions. For the fiscal year ended June 30, 2013, the City's required contributions were \$91,485 and actual contributions were \$199,017. The required contribution was based on the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The unfunded actuarial liability is based on a 20-year open amortization with amortization payments increasing 3.25% annually. The actuarial assumptions include: investment rate of return of 7%, projected salary increases of 3.25% to 12.65% (depending on years of service), and assumed inflation rate of 3%. The ongoing stipends will contain a 2% annual cost of living adjustment consistent with CalPERS pensions. This plan is closed to new hires.

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

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/11	\$ 174,492	100%	\$ -
6/30/12	133,148	100%	-
6/30/13	199,017	100%	-

**Supplemental Retirement Plan for Executive Staff and City Council**

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

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

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

17. DEFINED BENEFIT PENSION PLANS (CONTINUED):

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

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

All three tiers are combined for funding purposes in this plan. The City makes all contributions to these plans. Participants do not make any contributions. For the fiscal year ended June 30, 2013, the City's required and actual contributions were \$77,050. The required contribution was based on the pay as you go method. The City performs biennial actuarial valuations using the entry age normal actuarial cost method. The unfunded actuarial liability is based on a 20-year open amortization (10-years for Tier 3) with amortization payments remaining level. The actuarial assumptions include: investment rate of return of 7%, assumed inflation rate of 3%, projected salary increases of 3.25% to 12.65% (depending on years of service) and 2% annual cost of living adjustments for Tier 3.

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

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

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/11	\$ 52,718	100%	\$ -
6/30/12	45,787	100%	-
6/30/13	77,050	100%	-

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

18. 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 \$96,599 and covered payroll for the year ended June 30, 2013 totaled \$1,287,981. No contributions were made by the City and employees contributed \$96,599 (7.5% of current covered payroll). Total plan assets at June 30, 2013 were \$768,922. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

19. 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 - Kaiser Employee + 1 Other Southern California Counties Rate (\$1,026 and \$1,118 per month in 2012 and 2013, respectively).
- Fire - Kaiser Employee + 1 Los Angeles Area Region Rate (\$931 and \$1,005 per month in 2012 and 2013, respectively).
- Miscellaneous - At the PEMHCA minimum amount (\$112 and \$115 per month in calendar years 2012 and 2013, 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, 2013, the City contributed \$1,691,749 to the plan, including \$1,691,749 for current premiums (100% of total premiums).

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

19. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

c. Annual OPEB Cost and Net OPEB Obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$ 5,822,000
Interest on net OPEB obligation	406,000
Adjustment to annual required contribution	<u>(417,000)</u>
Annual OPEB cost (expense)	5,811,000
Actual contributions made (including premiums paid)	<u>(1,691,749)</u>
Increase in net OPEB obligation	4,119,251
Net OPEB Obligation - beginning of year	<u>9,511,403</u>
 Net OPEB Obligation - end of year	 <u>\$ 13,630,654</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 3,317,000	40.20%	\$ 5,575,491
6/30/12	5,472,000	28.07%	9,511,403
6/30/13	5,811,000	29.11%	13,630,654

d. Funded Status and Funding Progress:

As of June 30, 2011, the latest actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$68,782,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$68,782,000. The funded ratio (actuarial value of assets as a percentage of actuarial accrued liability) was 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$29,420,000 and the ratio of the UAAL to the covered payroll was 233.8%.

See independent auditors' report.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

19. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

d. Funded Status and Funding Progress (Continued):

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of employee turnover, retirement, mortality, as well as economic assumptions regarding claim costs per retiree, healthcare inflation and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements represents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 5% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, inflation rate of 3% and an annual healthcare cost trend rate of 10% initially, reduced by decrements of 1% per year to an ultimate rate of 5% after the sixth year. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years. It is assumed the City's payroll will increase 3% per year.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

20. COMMITMENTS AND CONTINGENCIES:

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

On July 25, 2005, the Board of Directors of the West Covina Community Development Commission (a blended component unit of the City of West Covina) 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 its blended component unit will be recorded in the fiscal year that they result in a flow of current financial resources, as required by the measurement focus prescribed for governmental funds. As a result of the dissolution of the Redevelopment Agency, the Department of Finance has deemed this agreement as an unenforceable obligation.

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

21. TRANSFERS IN/TRANSFERS OUT:

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	
General Fund	Other Governmental Funds Computer Services Enterprise Fund	\$ 2,377,125	(a)
		101,775	
City Debt Service Fund	General Fund	1,110,500	(b)
Other Governmental Funds	Other Governmental Funds	<u>50,000</u>	
Total		<u>\$ 3,639,400</u>	

(a) This is to reimburse the General Fund for traffic, public safety, public works and community service related activities.

(b) This is to transfer funds for debt service payments.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

22. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

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

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

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

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

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

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

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

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

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

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

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

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

City management, in consultation with its legal counsel, did not agree with the DOF's decision and filed a lawsuit to contest the decision. The City also did not remit the payments that were disallowed to the CAC. If the City does not prevail in its lawsuit against the DOF, the City will have to return the funds to the Successor Agency and the Successor Agency will remit the appropriate amount to the CAC. If the City refuses to pay it back, the City will lose future sales and property tax allocations. At June 30, 2013, the City accrued a liability of \$12,205,531 in the General Fund related to the DOF's determination of which \$4,105,531 was reported as part of the extraordinary loss.

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

The Successor Agency made principal and interest payments totaling \$1,898,922 and \$949,461 on SERAF loan to the Housing Authority on June 5, 2012 and December 20, 2012, respectively

The City determined that advances totaling \$16,145,414 were not collectible and wrote off the balance during the fiscal year. This is reported as part of the extraordinary loss in the accompanying financial statements.

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.

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

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

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

23. SUCCESSOR AGENCY DISCLOSURES:

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

**NOTES RECEIVABLE:**

In 2010 the Commission received an award for damages, attorneys' fees and costs under a foreclosure judgment in the superior court in the amount of \$7,586,603. This amount is the result of a positive verdict in litigation against Hassan Imports Partnership and various related entities, stemming from breach of contract of various agreements and covenants with the Commission. The Commission is pursuing collection of these judgments in federal bankruptcy court. The developer has also filed an appeal of the judgment. The outstanding balance at June 30, 2013, with interest, is \$10,229,768. The City also obtained a judgment in a related matter. The outstanding balance of that judgment at June 30, 2013, with interest, is \$1,401,506.

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

The Commission had previously provided a loan to Clippinger Dodge that bears interest at 7% and is collateralized by a promissory note and sales tax guarantees. The outstanding principal and accrued interest at June 30, 2013 is \$1,042,832.

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

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**ASSESSMENT RECEIVABLE:**

As of June 30, 2013, the following assessments receivable were outstanding:

1996 Special Tax Bonds \$ 32,520,000

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

**LAND HELD FOR RESALE:**

Land held for resale, which is valued a lower of cost or the sales price per contract with the developer is comprised of the following at June 30, 2013:

BKK Project \$ 67,040

**CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Capital assets, not being depreciated:				
Land	<u>\$ 15,597,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,597,561</u>
Capital assets, being depreciated:				
Buildings and improvements	18,403,609	-	-	18,403,609
Equipment and vehicles	<u>95,975</u>	<u>-</u>	<u>-</u>	<u>95,975</u>
Total capital assets, being depreciated	<u>18,499,584</u>	<u>-</u>	<u>-</u>	<u>18,499,584</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,716,569)	(368,072)	-	(12,084,641)
Equipment and vehicles	<u>(87,311)</u>	<u>(4,147)</u>	<u>-</u>	<u>(91,458)</u>
Total accumulated depreciation	<u>(11,803,880)</u>	<u>(372,219)</u>	<u>-</u>	<u>(12,176,099)</u>
Total capital assets, being depreciated, net	<u>6,695,704</u>	<u>(372,219)</u>	<u>-</u>	<u>6,323,485</u>
Total capital assets, net	<u>\$ 22,293,265</u>	<u>\$ (372,219)</u>	<u>\$ -</u>	<u>\$ 21,921,046</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**LONG-TERM LIABILITIES:**

Long-term liability activity for the year ended 30, 2013 was as follows:

	Balance			Balance	Due	Due in
	July 1, 2012	Additions	Deletions	June 30, 2013	Within	More Than
					One Year	One Year
1988 Lease Revenue Bonds	\$ 3,785,000	\$ -	\$ (425,000)	\$ 3,360,000	\$ 460,000	\$ 2,900,000
1996 Special Tax Bonds	34,290,000	-	(1,770,000)	32,520,000	2,055,000	30,465,000
Tax Allocation Bonds:						
1999 Tax Allocation Bonds	3,545,000	-	(135,000)	3,410,000	140,000	3,270,000
2002 Tax Allocation Bonds	8,970,000	-	(560,000)	8,410,000	580,000	7,830,000
Total Tax Allocation Bonds	12,515,000	-	(695,000)	11,820,000	720,000	11,100,000
Housing Set-Aside Bonds:						
1998 Housing Set-Aside Bonds	4,200,000	-	(210,000)	3,990,000	215,000	3,775,000
2001 Housing Set-Aside Bonds	7,850,000	-	(400,000)	7,450,000	420,000	7,030,000
Total Housing Set-Aside Bonds	12,050,000	-	(610,000)	11,440,000	635,000	10,805,000
Developer agreement payable	33,853,229	4,298,511	(960,049)	37,191,691	729,163	36,462,528
Due to County of Los Angeles	9,615,188	590,008	(1,186,494)	9,018,702	1,518,858	7,499,844
Total long-term liabilities	\$ 106,108,417	\$ 4,888,519	\$ (5,646,543)	\$ 105,350,393	\$ 6,118,021	\$ 99,232,372

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**LONG-TERM LIABILITIES (CONTINUED):**

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

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

The bonds are secured by the facilities and lease rentals to be received pursuant to a lease agreement between the Commission and the City. The reserve requirement of \$396,612 was fully funded at June 30, 2013. At June 30, 2013, the outstanding balance is \$3,360,000.

The annual debt service requirements on the 1988 Lease Revenue Refunding Bonds as of June 30, 2013 are as follows (using interest rate of 0.1%):

Year Ending June 30,	Principal	Interest	Total
2014	\$ 460,000	\$ 3,360	\$ 463,360
2015	495,000	2,900	497,900
2016	535,000	2,405	537,405
2017	575,000	1,870	576,870
2018	625,000	1,295	626,295
2019 - 2020	670,000	670	670,670
Totals	<u>\$ 3,360,000</u>	<u>\$ 12,500</u>	<u>\$ 3,372,500</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**LONG-TERM LIABILITIES (CONTINUED):**

**1996 Special Tax Bonds (The Fashion Plaza Project)**

In 1996, the Community Development Commission issued \$51,220,000 of Special Tax Refunding Bonds comprised of \$9,980,000 of serial bonds and \$41,240,000 of term bonds to finance public parking facilities, street and other improvements located in or adjacent to the Community Development Commission Community Facilities District. The serial bonds matured during the fiscal year ended June 30, 2007. The term bonds bear interest at a rate from 5.75% to 6.0% payable semiannually and are due September 1, 2022. The term bonds are not subject to optional redemption; mandatory redemption begins September 1, 2007, then annually thereafter through September 1, 2022. Interest is payable semiannually on March 1 and September 1 of each year. The bonds are secured by and payable from a portion of the revenues derived from an annual special tax to be levied against all taxable real property within the Special Assessment District. In addition, the Commission has pledged certain other incremental revenues generated within the District consisting of property taxes and sales taxes. The reserve requirement of \$4,832,827 was fully funded at June 30, 2013. The outstanding principal balance of the bonds at June 30, 2013 is \$32,520,000.

The annual debt service requirements on the 1996 Special Tax Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 2,055,000	\$ 1,889,550	\$ 3,944,550
2015	2,340,000	1,757,700	4,097,700
2016	2,515,000	1,612,050	4,127,050
2017	2,790,000	1,452,900	4,242,900
2018	3,050,000	1,277,700	4,327,700
2019 - 2023	<u>19,770,000</u>	<u>3,201,900</u>	<u>22,971,900</u>
Totals	<u>\$ 32,520,000</u>	<u>\$ 11,191,800</u>	<u>\$ 43,711,800</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**LONG-TERM LIABILITIES (CONTINUED):**

**1999 Tax Allocation Bonds**

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

The Commission has a letter of credit to pay the principal and interest due on the bonds to the extent that other funds are not available. The outstanding principal balance of the bonds at June 30, 2013 is \$3,410,000.

The annual debt service requirements on the 1999 Tax Allocation Bonds as of June 30, 2013 are as follows (using interest rate of 0.25%):

Year Ending June 30,	Principal	Interest	Total
2014	\$ 140,000	\$ 8,525	\$ 148,525
2015	150,000	8,175	158,175
2016	155,000	7,800	162,800
2017	165,000	7,413	172,413
2018	165,000	7,000	172,000
2019 - 2023	935,000	28,500	963,500
2024 -2028	1,170,000	15,675	1,185,675
2029 - 2030	<u>530,000</u>	<u>2,000</u>	<u>532,000</u>
Totals	<u>\$ 3,410,000</u>	<u>\$ 85,088</u>	<u>\$ 3,495,088</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**LONG-TERM LIABILITIES (CONTINUED):**

**2002 Tax Allocation Refunding Bonds**

On June 4, 2002 the Community Development Commission issued \$12,200,000 of Tax Allocation Refunding Bonds. The proceeds of the Bonds were used to prepay the outstanding 1993 Tax Allocation Bonds. The 2002 Bonds are payable from tax revenues of the Commission. The interest on the bonds is payable semiannually on September 1 and March 1 of each year at interest rates ranging from 1.75% to 5.10%. The principal of the bonds is due annually through September 1, 2025, in amounts ranging from \$580,000 to \$800,000. At June 30, 2013 the required reserve of \$987,833 was fully funded. The principal balance of outstanding bonds at June 30, 2013 is \$8,410,000.

The annual debt service requirements on the 2002 Tax Allocation Refunding Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 580,000	\$ 401,110	\$ 981,110
2015	605,000	376,292	981,292
2016	630,000	349,891	979,891
2017	660,000	319,515	979,515
2018	690,000	285,090	975,090
2019 - 2023	3,385,000	877,329	4,262,329
2024 - 2026	<u>1,860,000</u>	<u>145,350</u>	<u>2,005,350</u>
Totals	<u>\$ 8,410,000</u>	<u>\$ 2,754,577</u>	<u>\$ 11,164,577</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**LONG-TERM LIABILITIES (CONTINUED):**

**1998 Housing Set-Aside Tax Allocation Bonds**

In 1998, the Community Development Commission issued \$4,945,000 of Series A Tax Allocation Bonds and \$1,200,000 of Taxable Series B Tax Allocation Bonds to provide funds for the acquisition and rehabilitation of a multi-family housing project. The bonds mature annually through September 1, 2025 in amounts ranging from \$215,000 to \$420,000, with interest rates varying from 4.5% to 7.0%. Interest is payable semiannually on March 1, and September 1, of each year. The bonds are payable solely from and secured by a pledge of that portion of the tax increment revenues receivable by the Commission with respect to the merged redevelopment project area and are required to be deposited into the Commission's Low and Moderate Income Housing Fund. At June 30, 2013 the required reserve of \$443,430 was fully funded. The principal balance of outstanding bonds at June 30, 2013 is \$3,990,000.

The annual debt service requirements on the 1998 Housing Set-Aside Tax Allocation Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 215,000	\$ 217,683	\$ 432,683
2015	230,000	205,715	435,715
2016	240,000	192,875	432,875
2017	255,000	179,248	434,248
2018	270,000	164,653	434,653
2019 - 2023	1,590,000	571,869	2,161,869
2024 -2026	<u>1,190,000</u>	<u>103,876</u>	<u>1,293,876</u>
Totals	<u>\$ 3,990,000</u>	<u>\$ 1,635,919</u>	<u>\$ 5,625,919</u>

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**LONG-TERM LIABILITIES (CONTINUED):**

**2001 Housing Set-Aside Tax Allocation Bonds**

On December 1, 2001 the Community Development Commission issued \$11,275,000 of Housing Set-Aside Tax Allocation Bonds. The proceeds of the bonds were used to fund a grant for the acquisition and development of a senior housing apartment complex and finance the implementation of the Commission's low and moderate income housing programs. The bonds are payable from and secured by certain tax increment revenues. The interest on the bonds is payable on March 1 and September 1 of each year with interest rates ranging from 2.25% to 5.00%. The principal of the bonds is due annually through September 1, 2031 in amounts ranging from \$25,000 to \$600,000. The bonds are subject to optional and mandatory redemption provisions. At June 30, 2013 the required reserve of \$779,176 was fully funded. The principal balance of outstanding bonds at June 30, 2013 is \$7,450,000.

The annual debt service requirements on the 2001 Housing Set-Aside Tax Allocation Bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 420,000	\$ 350,195	\$ 770,195
2015	435,000	331,167	766,167
2016	455,000	310,915	765,915
2017	475,000	289,287	764,287
2018	500,000	266,250	766,250
2019 - 2023	2,635,000	943,812	3,578,812
2024 - 2028	1,000,000	521,750	1,521,750
2029 - 2032	1,530,000	136,250	1,666,250
Totals	<u>\$ 7,450,000</u>	<u>\$ 3,149,626</u>	<u>\$ 10,599,626</u>

**Developer Agreement Payable**

On June 26, 1989, the Commission entered into an agreement with a developer to share certain future tax revenues generated by the Community Facilities District. Since 1992, the developer's share of revenues totaled \$49,087,108. The Commission has made payments to the developer totaling \$15,233,879.

Outstanding  
Balance at  
June 30, 2013

\$ 37,191,691

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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2013

23. 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, 2013 is \$9,018,702.

**LETTERS OF CREDIT:**

The Commission has letters of credit securing the payment of principal and interest on certain variable rate bonded debt. The letters of credit are issued in favor of the bond trustees and enable the trustees to make drawings against the letters of credit for payment of principal and interest amounts, if necessary. There were no draws made during fiscal year ended June 30, 2013.

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

<u>Letter of Credit</u>	<u>Trustee</u>	<u>Amount</u>	<u>Expiration Date</u>
Wells Fargo Bank:			
1988 Lease Revenue Bonds	Bank of New York	\$ 3,409,710	December 3, 2013
1999 Tax Allocation Bonds	US Bank	3,467,176	October 31, 2015

24. SUBSEQUENT EVENTS:

Events occurring after June 30, 2013 have been evaluated for possible adjustments to the financial statements or disclosure as of January 2, 2014, which is the date these financial statements were available to be issued.

25. RESTATEMENT OF NET POSITION:

As a result of early implementation of GASB Statement No. 65, the net position of the governmental activities was decreased by \$11,717,419 to \$237,054,101 to add liabilities previously reported as revenues.

The net position of the Successor Agency Private Purpose Trust Fund was increased by \$456,808 to \$(55,811,567) to remove a liability that was denied by the Department of Finance.

See independent auditors' report.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF WEST COVINA

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2013  
(dollar amounts in thousands)

**CalPERS SAFETY PENSION PLAN**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
06/30/10	\$ 265,268	\$ 211,332	\$ 53,936	79.67%	\$ 19,282	279.72%
06/30/11	281,287	219,238	62,049	77.94%	17,641	351.73%
06/30/12	295,827	224,513	71,314	75.89%	17,823	400.12%

**CalPERS MISCELLANEOUS PENSION PLAN**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
06/30/10	\$ 114,029	\$ 103,556	\$ 10,473	90.82%	\$ 13,494	77.61%
06/30/11	120,856	107,982	12,874	89.35%	12,859	100.12%
06/30/12	122,269	110,510	11,759	90.38%	10,045	117.06%

**EPMC REPLACEMENT SUPPLEMENTAL RETIREMENT PLAN**

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

See independent auditors' report.

CITY OF WEST COVINA

SCHEDULES OF FUNDING PROGRESS  
(CONTINUED)

For the year ended June 30, 2013  
(dollar amounts in thousands)

**SUPPLEMENTAL RETIREMENT PLAN FOR EXECUTIVE STAFF**

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

**OTHER POST-EMPLOYMENT BENEFIT PLAN**

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

See independent auditors' report.

**SUPPLEMENTARY SCHEDULES**

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CITY OF WEST COVINA

OTHER GOVERNMENTAL FUNDS

June 30, 2013

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

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

CITY OF WEST COVINA

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS	<u>          </u>	<u>          </u>	<u>          </u>
Cash and investments	\$ 14,101,634	\$ 1,161,260	\$ 15,262,894
Receivables, net:			
Taxes	1,192,732	-	1,192,732
Interest	7,741	585	8,326
Other	53,706	10,952	64,658
Due from other agencies	405,419	-	405,419
Prepays and other assets	70	-	70
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b><u>\$ 15,761,302</u></b>	<b><u>\$ 1,172,797</u></b>	<b><u>\$ 16,934,099</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,223,092	\$ 287,083	\$ 1,510,175
Other accrued liabilities	107,042	1,234	108,276
Due to other funds	44,803	-	44,803
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<b><u>1,374,937</u></b>	<b><u>288,317</u></b>	<b><u>1,663,254</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue	249,169	-	249,169
	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES:</b>			
Nonspendable	70	-	70
Restricted	14,501,304	-	14,501,304
Assigned	-	893,566	893,566
Unassigned	(364,178)	(9,086)	(373,264)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<b><u>14,137,196</u></b>	<b><u>884,480</u></b>	<b><u>15,021,676</u></b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 15,761,302</u></b>	<b><u>\$ 1,172,797</u></b>	<b><u>\$ 16,934,099</u></b>

See independent auditors' report.

CITY OF WEST COVINA

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

For the year ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
REVENUES:			
Taxes	\$ 6,608,445	\$ 50,667	\$ 6,659,112
Special assessments	5,511,465	-	5,511,465
Fines and forfeitures	814,579	-	814,579
Investment income	34,879	3,023	37,902
Revenue from other agencies	5,478,919	-	5,478,919
Charges for services	151,308	-	151,308
Other revenues	629,112	47,280	676,392
	<u>19,228,707</u>	<u>100,970</u>	<u>19,329,677</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	88,253	-	88,253
Public safety	2,309,161	4,000	2,313,161
Public works	11,569,624	544,407	12,114,031
Community services	3,229,250	46,484	3,275,734
Community development	184,914	-	184,914
	<u>17,381,202</u>	<u>594,891</u>	<u>17,976,093</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,847,505</u>	<u>(493,921)</u>	<u>1,353,584</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	50,000	-	50,000
Transfers out	<u>(2,427,125)</u>	<u>-</u>	<u>(2,427,125)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,377,125)</u>	<u>-</u>	<u>(2,377,125)</u>
NET CHANGE IN FUND BALANCES	(529,620)	(493,921)	(1,023,541)
FUND BALANCES - BEGINNING OF YEAR	<u>14,666,816</u>	<u>1,378,401</u>	<u>16,045,217</u>
FUND BALANCES - END OF YEAR	<u>\$ 14,137,196</u>	<u>\$ 884,480</u>	<u>\$ 15,021,676</u>

See independent auditors' report.

CITY OF WEST COVINA

OTHER SPECIAL REVENUE FUNDS

June 30, 2013

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

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

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

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

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

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

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

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

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

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

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

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



CITY OF WEST COVINA

OTHER SPECIAL REVENUE FUNDS  
(CONTINUED)

June 30, 2013

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

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

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

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

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

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

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

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

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

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

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

CITY OF WEST COVINA  
 COMBINING BALANCE SHEET  
 OTHER SPECIAL REVENUE FUNDS

June 30, 2013

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
<b>ASSETS</b>				
Cash and investments	\$ 2,530,328	\$ 19,784	\$ 257,669	\$ 146,842
Receivables, net				
Taxes	-	-	-	165,059
Interest	1,393	11	126	52
Other	-	-	-	-
Due from other agencies	-	-	-	-
Prepays and other assets	-	-	-	-
	<u>\$ 2,531,721</u>	<u>\$ 19,795</u>	<u>\$ 257,795</u>	<u>\$ 311,953</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 23,704	\$ -	\$ -	\$ -
Other accrued liabilities	22,716	-	162	-
Due to other funds	-	-	-	-
	<u>46,420</u>	<u>-</u>	<u>162</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue	-	-	-	-
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable	-	-	-	-
Restricted	2,485,301	19,795	257,633	311,953
Unassigned	-	-	-	-
	<u>2,485,301</u>	<u>19,795</u>	<u>257,633</u>	<u>311,953</u>
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u><u>2,485,301</u></u>	<u><u>19,795</u></u>	<u><u>257,633</u></u>	<u><u>311,953</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 2,531,721</u></u>	<u><u>\$ 19,795</u></u>	<u><u>\$ 257,795</u></u>	<u><u>\$ 311,953</u></u>

See independent auditors' report.

Proposition C	Traffic Safety	State Gas Tax	Police Special Programs	Transportation Development Act	AB939	Grants	Tree
\$ 1,232,892	\$ 175,185	\$ 362,940	\$ 41,090	\$ -	\$ 286,235	\$ 44,828	\$ 109
137,051	44,083	417,787	-	-	42,560	-	-
653	-	469	21	-	160	240	-
-	3,258	-	-	-	-	16,916	-
-	-	68,483	-	30,324	-	303,707	-
-	-	-	-	-	-	70	-
<u>\$ 1,370,596</u>	<u>\$ 222,526</u>	<u>\$ 849,679</u>	<u>\$ 41,111</u>	<u>\$ 30,324</u>	<u>\$ 328,955</u>	<u>\$ 365,761</u>	<u>\$ 109</u>
\$ 92,385	\$ 6,569	\$ 71,064	\$ 477	\$ -	\$ 828	\$ 430,521	\$ -
4,295	-	14,428	458	-	2,166	37,116	-
-	-	-	-	30,839	-	-	-
<u>96,680</u>	<u>6,569</u>	<u>85,492</u>	<u>935</u>	<u>30,839</u>	<u>2,994</u>	<u>467,637</u>	<u>-</u>
-	-	-	-	-	-	249,169	-
-	-	-	-	-	-	70	-
1,273,916	215,957	764,187	40,176	-	325,961	-	109
-	-	-	-	(515)	-	(351,115)	-
<u>1,273,916</u>	<u>215,957</u>	<u>764,187</u>	<u>40,176</u>	<u>(515)</u>	<u>325,961</u>	<u>(351,045)</u>	<u>109</u>
<u>\$ 1,370,596</u>	<u>\$ 222,526</u>	<u>\$ 849,679</u>	<u>\$ 41,111</u>	<u>\$ 30,324</u>	<u>\$ 328,955</u>	<u>\$ 365,761</u>	<u>\$ 109</u>

(Continued)

CITY OF WEST COVINA

COMBINING BALANCE SHEET  
OTHER SPECIAL REVENUE FUNDS  
(CONTINUED)

June 30, 2013

	Inmate Welfare	Public Safety	COPS Grant	Special Assessments
ASSETS				
Cash and investments	\$ -	\$ 92,524	\$ 364,579	\$ 6,837,729
Receivables, net				
Taxes	-	105,107	34,634	124,852
Interest	-	45	200	3,433
Other	1,416	-	-	-
Due from other agencies	-	-	2,905	-
Prepays and other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,416</u>	<u>\$ 197,676</u>	<u>\$ 402,318</u>	<u>\$ 6,966,014</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ 2,131	\$ 372,628
Other accrued liabilities	-	-	754	23,415
Due to other funds	13,964	-	-	-
	<u>13,964</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>13,964</u>	<u>-</u>	<u>2,885</u>	<u>396,043</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):				
Nonspendable	-	-	-	-
Restricted	-	197,676	399,433	6,569,971
Unassigned	(12,548)	-	-	-
	<u>(12,548)</u>	<u>197,676</u>	<u>399,433</u>	<u>6,569,971</u>
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<u>(12,548)</u>	<u>197,676</u>	<u>399,433</u>	<u>6,569,971</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,416</u>	<u>\$ 197,676</u>	<u>\$ 402,318</u>	<u>\$ 6,966,014</u>

See independent auditors' report.

<u>Charter Cable</u>	<u>Art in Public Places</u>	<u>North Azusa Relinquishment</u>	<u>Measure R</u>	<u>Integrated Waste Management</u>	<u>West Covina Community Services Foundation</u>	<u>Total Other Special Revenue Funds</u>
\$ 302,295	\$ 100,110	\$ 287,748	\$ 864,063	\$ 43,613	\$ 111,071	\$ 14,101,634
-	-	-	103,692	17,907	-	1,192,732
179	59	155	480	-	65	7,741
-	-	26,212	-	-	5,904	53,706
-	-	-	-	-	-	405,419
-	-	-	-	-	-	70
<u>\$ 302,474</u>	<u>\$ 100,169</u>	<u>\$ 314,115</u>	<u>\$ 968,235</u>	<u>\$ 61,520</u>	<u>\$ 117,040</u>	<u>\$ 15,761,302</u>
7,523	\$ -	161,848	\$ 35,934	\$ 182	\$ 17,298	\$ 1,223,092
-	-	-	1,154	378	-	107,042
-	-	-	-	-	-	44,803
<u>7,523</u>	<u>-</u>	<u>161,848</u>	<u>37,088</u>	<u>560</u>	<u>17,298</u>	<u>1,374,937</u>
-	-	-	-	-	-	249,169
-	-	-	-	-	-	70
294,951	100,169	152,267	931,147	60,960	99,742	14,501,304
-	-	-	-	-	-	(364,178)
<u>294,951</u>	<u>100,169</u>	<u>152,267</u>	<u>931,147</u>	<u>60,960</u>	<u>99,742</u>	<u>14,137,196</u>
<u>\$ 302,474</u>	<u>\$ 100,169</u>	<u>\$ 314,115</u>	<u>\$ 968,235</u>	<u>\$ 61,520</u>	<u>\$ 117,040</u>	<u>\$ 15,761,302</u>

CITY OF WEST COVINA

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

For the year ended June 30, 2013

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 1,744,428
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	6,319	51	575	87
Revenue from other agencies	1,772,161	-	95,023	119,496
Charges for services	-	-	-	-
Other revenues	-	2,005	-	-
	<u>1,778,480</u>	<u>2,056</u>	<u>95,598</u>	<u>1,864,011</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	1,946,914	-	-	-
Public works	-	-	47,237	-
Community services	-	-	-	2,037,500
Community development	-	-	-	-
	<u>1,946,914</u>	<u>-</u>	<u>47,237</u>	<u>2,037,500</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(168,434)</u>	<u>2,056</u>	<u>48,361</u>	<u>(173,489)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(11,900)	-	-
	<u>-</u>	<u>(11,900)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(168,434)	(9,844)	48,361	(173,489)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>2,653,735</u>	<u>29,639</u>	<u>209,272</u>	<u>485,442</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 2,485,301</u>	<u>\$ 19,795</u>	<u>\$ 257,633</u>	<u>\$ 311,953</u>

See independent auditors' report.

Proposition C	Traffic Safety	State Gas Tax	Police Special Programs	Transportation Development Act	AB939	Grants	Tree
\$ 1,449,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	814,579	-	-	-	-	-	-
2,984	-	3,436	104	-	768	1,441	2
-	-	2,599,560	3,500	30,324	-	703,953	-
-	-	2,974	-	-	4,823	67,256	-
-	-	102	3,031	-	170,185	179,137	-
<u>1,452,718</u>	<u>814,579</u>	<u>2,606,072</u>	<u>6,635</u>	<u>30,324</u>	<u>175,776</u>	<u>951,787</u>	<u>2</u>
-	-	-	-	-	-	-	-
-	-	-	8,816	-	-	241,773	-
251,589	-	3,381,177	-	-	168,985	1,225,346	1,000
765,436	-	-	-	-	-	270,402	-
84,200	-	-	-	-	-	-	-
<u>1,101,225</u>	<u>-</u>	<u>3,381,177</u>	<u>8,816</u>	<u>-</u>	<u>168,985</u>	<u>1,737,521</u>	<u>1,000</u>
-	-	-	-	-	-	-	-
351,493	814,579	(775,105)	(2,181)	30,324	6,791	(785,734)	(998)
-	-	50,000	-	-	-	-	-
-	(867,381)	(836,569)	-	-	-	-	-
-	(867,381)	(786,569)	-	-	-	-	-
351,493	(52,802)	(1,561,674)	(2,181)	30,324	6,791	(785,734)	(998)
922,423	268,759	2,325,861	42,357	(30,839)	319,170	434,689	1,107
<u>\$ 1,273,916</u>	<u>\$ 215,957</u>	<u>\$ 764,187</u>	<u>\$ 40,176</u>	<u>\$ (515)</u>	<u>\$ 325,961</u>	<u>\$ (351,045)</u>	<u>\$ 109</u>

(Continued)

CITY OF WEST COVINA

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

For the year ended June 30, 2013

	Inmate Welfare	Public Safety	COPS Grant	Special Assessments
REVENUES:				
Taxes	\$ -	\$ 636,492	\$ -	\$ 1,693,874
Special assessments	-	-	-	5,511,465
Fines and forfeitures	-	-	-	-
Investment income	-	168	908	13,566
Revenue from other agencies	-	-	154,902	-
Charges for services	-	-	-	4,627
Other revenues	9,477	-	-	-
	<u>9,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>9,477</u>	<u>636,660</u>	<u>155,810</u>	<u>7,223,532</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	6,734	-	104,924	-
Public works	-	-	-	5,539,729
Community services	-	-	-	-
Community development	-	-	-	39,999
	<u>6,734</u>	<u>-</u>	<u>104,924</u>	<u>5,579,728</u>
TOTAL EXPENDITURES	<u>6,734</u>	<u>-</u>	<u>104,924</u>	<u>5,579,728</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,743</u>	<u>636,660</u>	<u>50,886</u>	<u>1,643,804</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(575,000)	-	(50,000)
	<u>-</u>	<u>(575,000)</u>	<u>-</u>	<u>(50,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(575,000)</u>	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCES	2,743	61,660	50,886	1,593,804
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>(15,291)</u>	<u>136,016</u>	<u>348,547</u>	<u>4,976,167</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ (12,548)</u>	<u>\$ 197,676</u>	<u>\$ 399,433</u>	<u>\$ 6,569,971</u>

See independent auditors' report



Charter Cable	Art in Public Places	North Azusa Relinquishment	Measure R	Integrated Waste Management	West Covina Community Services Foundation	Total Other Special Revenue Funds
\$ -	\$ -	\$ -	\$ 1,083,917	\$ -	\$ -	\$ 6,608,445
-	-	-	-	-	-	5,511,465
-	-	-	-	-	-	814,579
951	189	919	2,095	-	316	34,879
-	-	-	-	-	-	5,478,919
-	-	-	-	71,628	-	151,308
-	67,026	-	-	-	198,149	629,112
<u>951</u>	<u>67,215</u>	<u>919</u>	<u>1,086,012</u>	<u>71,628</u>	<u>198,465</u>	<u>19,228,707</u>
88,253	-	-	-	-	-	88,253
-	-	-	-	-	-	2,309,161
-	-	222,954	687,245	44,362	-	11,569,624
-	-	-	-	-	155,912	3,229,250
-	60,715	-	-	-	-	184,914
<u>88,253</u>	<u>60,715</u>	<u>222,954</u>	<u>687,245</u>	<u>44,362</u>	<u>155,912</u>	<u>17,381,202</u>
(87,302)	6,500	(222,035)	398,767	27,266	42,553	1,847,505
-	-	-	-	-	-	50,000
-	-	(36,275)	-	-	(50,000)	(2,427,125)
-	-	(36,275)	-	-	(50,000)	(2,377,125)
(87,302)	6,500	(258,310)	398,767	27,266	(7,447)	(529,620)
382,253	93,669	410,577	532,380	33,694	107,189	14,666,816
<u>\$ 294,951</u>	<u>\$ 100,169</u>	<u>\$ 152,267</u>	<u>\$ 931,147</u>	<u>\$ 60,960</u>	<u>\$ 99,742</u>	<u>\$ 14,137,196</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, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 6,319	\$ 6,319
Revenue from other agencies	<u>12,000</u>	<u>1,772,161</u>	<u>1,760,161</u>
TOTAL REVENUES	12,000	1,778,480	1,766,480
EXPENDITURES:			
Current:			
Public safety	<u>2,671,191</u>	<u>1,946,914</u>	<u>724,277</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,659,191)	(168,434)	2,490,757
FUND BALANCE - BEGINNING OF YEAR	<u>2,653,735</u>	<u>2,653,735</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (5,456)</u></u>	<u><u>\$ 2,485,301</u></u>	<u><u>\$ 2,490,757</u></u>

See independent auditors' report.

CITY OF WEST COVINA

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

BUSINESS IMPROVEMENT TAX SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 51	\$ 51
Other revenues	-	2,005	2,005
TOTAL REVENUES	-	2,056	2,056
EXPENDITURES:			
Current:			
Community services	4,492	-	4,492
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,492)	2,056	6,548
OTHER FINANCING USES:			
Transfers out	(11,900)	(11,900)	-
NET CHANGE IN FUND BALANCE	(16,392)	(9,844)	6,548
FUND BALANCE - BEGINNING OF YEAR	29,639	29,639	-
FUND BALANCE - END OF YEAR	<u>\$ 13,247</u>	<u>\$ 19,795</u>	<u>\$ 6,548</u>

See independent auditors' report.

CITY OF WEST COVINA

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 575	\$ 575
Revenue from other agencies	<u>126,000</u>	<u>95,023</u>	<u>(30,977)</u>
TOTAL REVENUES	126,000	95,598	(30,402)
EXPENDITURES:			
Current:			
Public works	<u>328,082</u>	<u>47,237</u>	<u>280,845</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(202,082)	48,361	250,443
FUND BALANCE - BEGINNING OF YEAR	<u>209,272</u>	<u>209,272</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 7,190</u></u>	<u><u>\$ 257,633</u></u>	<u><u>\$ 250,443</u></u>

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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, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
REVENUES:			
Taxes	\$ 1,675,000	\$ 1,744,428	\$ 69,428
Investment income	-	87	87
Revenue from other agencies	<u>160,000</u>	<u>119,496</u>	<u>(40,504)</u>
TOTAL REVENUES	1,835,000	1,864,011	29,011
EXPENDITURES:			
Current:			
Community services	<u>2,045,900</u>	<u>2,037,500</u>	<u>8,400</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(210,900)	(173,489)	37,411
FUND BALANCE - BEGINNING OF YEAR	<u>485,442</u>	<u>485,442</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 274,542</u></u>	<u><u>\$ 311,953</u></u>	<u><u>\$ 37,411</u></u>

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CITY OF WEST COVINA

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

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,380,000	\$ 1,449,734	\$ 69,734
Investment income	-	2,984	2,984
TOTAL REVENUES	<u>1,380,000</u>	<u>1,452,718</u>	<u>72,718</u>
EXPENDITURES:			
Current:			
Public works	1,013,494	251,589	761,905
Community services	862,591	765,436	97,155
Community development	102,981	84,200	18,781
TOTAL EXPENDITURES	<u>1,979,066</u>	<u>1,101,225</u>	<u>877,841</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(599,066)	351,493	950,559
FUND BALANCE - BEGINNING OF YEAR	<u>922,423</u>	<u>922,423</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 323,357</u></u>	<u><u>\$ 1,273,916</u></u>	<u><u>\$ 950,559</u></u>

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CITY OF WEST COVINA

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

TRAFFIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Fines and forfeitures	\$ 900,000	\$ 814,579	\$ (85,421)
OTHER FINANCING USES:			
Transfers out	<u>(867,381)</u>	<u>(867,381)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	32,619	(52,802)	(85,421)
FUND BALANCE - BEGINNING OF YEAR	<u>268,759</u>	<u>268,759</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 301,378</u>	<u>\$ 215,957</u>	<u>\$ (85,421)</u>

See independent auditors' report.

CITY OF WEST COVINA

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

STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 3,436	\$ 3,436
Revenue from other agencies	2,795,000	2,599,560	(195,440)
Charges for services	-	2,974	2,974
Other revenues	-	102	102
	<u>2,795,000</u>	<u>2,606,072</u>	<u>(188,928)</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	4,172,471	3,381,177	791,294
	<u>4,172,471</u>	<u>3,381,177</u>	<u>791,294</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,377,471)</u>	<u>(775,105)</u>	<u>602,366</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	50,000	50,000	-
Transfers out	(836,569)	(836,569)	-
	<u>(786,569)</u>	<u>(786,569)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE	(2,164,040)	(1,561,674)	602,366
FUND BALANCE - BEGINNING OF YEAR	<u>2,325,861</u>	<u>2,325,861</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 161,821</u>	<u>\$ 764,187</u>	<u>\$ 602,366</u>

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CITY OF WEST COVINA

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

POLICE SPECIAL PROGRAMS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
REVENUES:			
Investment income	\$ -	\$ 104	\$ 104
Revenue from other agencies	3,500	3,500	-
Other revenues	<u>3,031</u>	<u>3,031</u>	<u>-</u>
 TOTAL REVENUES	 6,531	 6,635	 104
EXPENDITURES:			
Current:			
Public safety	<u>31,885</u>	<u>8,816</u>	<u>23,069</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (25,354)	 (2,181)	 23,173
 FUND BALANCE - BEGINNING OF YEAR	 <u>42,357</u>	 <u>42,357</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 17,003</u>	 <u>\$ 40,176</u>	 <u>\$ 23,173</u>

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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, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Revenue from other agencies	\$ 45,000	\$ 30,324	\$ (14,676)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(30,839)</u>	<u>(30,839)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 14,161</u>	<u>\$ (515)</u>	<u>\$ (14,676)</u>

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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, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 768	\$ 768
Charges for services	3,500	4,823	1,323
Other revenues	<u>170,000</u>	<u>170,185</u>	<u>185</u>
 TOTAL REVENUES	 173,500	 175,776	 2,276
EXPENDITURES:			
Current:			
Public works	<u>211,575</u>	<u>168,985</u>	<u>42,590</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (38,075)	 6,791	 44,866
 FUND BALANCE - BEGINNING OF YEAR	 <u>319,170</u>	 <u>319,170</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 281,095</u>	 <u>\$ 325,961</u>	 <u>\$ 44,866</u>

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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, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 1,441	\$ 1,441
Revenue from other agencies	2,057,303	703,953	(1,353,350)
Charges for services	75,000	67,256	(7,744)
Other revenues	<u>170,000</u>	<u>179,137</u>	<u>9,137</u>
 TOTAL REVENUES	 <u>2,302,303</u>	 <u>951,787</u>	 <u>(1,350,516)</u>
EXPENDITURES:			
Current:			
Public safety	214,723	241,773	(27,050)
Public works	2,805,697	1,225,346	1,580,351
Community services	<u>320,361</u>	<u>270,402</u>	<u>49,959</u>
 TOTAL EXPENDITURES	 <u>3,340,781</u>	 <u>1,737,521</u>	 <u>1,603,260</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (1,038,478)	 (785,734)	 252,744
 FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	 <u>434,689</u>	 <u>434,689</u>	 <u>-</u>
 FUND BALANCE (DEFICIT) - END OF YEAR	 <u>\$ (603,789)</u>	 <u>\$ (351,045)</u>	 <u>\$ 252,744</u>

See independent auditors' report.

CITY OF WEST COVINA

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

TREE SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Investment income	\$ -	\$ 2	\$ 2
EXPENDITURES:			
Current:			
Public works	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,000)	(998)	2
FUND BALANCE - BEGINNING OF YEAR	<u>1,107</u>	<u>1,107</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 107</u>	<u>\$ 109</u>	<u>\$ 2</u>

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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, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Other revenues	\$ 7,000	\$ 9,477	\$ 2,477
EXPENDITURES:			
Current:			
Public safety	<u>7,052</u>	<u>6,734</u>	<u>318</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(52)	2,743	2,795
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(15,291)</u>	<u>(15,291)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (15,343)</u>	<u>\$ (12,548)</u>	<u>\$ 2,795</u>

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CITY OF WEST COVINA

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

PUBLIC SAFETY SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 600,000	\$ 636,492	\$ 36,492
Investment income	-	168	168
TOTAL REVENUES	600,000	636,660	36,660
OTHER FINANCING USES:			
Transfers out	(575,000)	(575,000)	-
NET CHANGE IN FUND BALANCE	25,000	61,660	36,660
FUND BALANCE - BEGINNING OF YEAR	136,016	136,016	-
FUND BALANCE - END OF YEAR	<u>\$ 161,016</u>	<u>\$ 197,676</u>	<u>\$ 36,660</u>

See independent auditors' report.

CITY OF WEST COVINA

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

COPS GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
REVENUES:			
Investment income	\$ -	\$ 908	\$ 908
Revenue from other agencies	<u>305,015</u>	<u>154,902</u>	<u>(150,113)</u>
TOTAL REVENUES	305,015	155,810	(149,205)
EXPENDITURES:			
Current:			
Public safety	<u>286,467</u>	<u>104,924</u>	<u>181,543</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,548	50,886	32,338
FUND BALANCE - BEGINNING OF YEAR	<u>348,547</u>	<u>348,547</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 367,095</u></u>	<u><u>\$ 399,433</u></u>	<u><u>\$ 32,338</u></u>

See independent auditors' report.



CITY OF WEST COVINA

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

SPECIAL ASSESSMENTS SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 818,700	\$ 1,693,874	\$ 875,174
Special assessments	5,374,860	5,511,465	136,605
Investment income	-	13,566	13,566
Charges for services	-	4,627	4,627
	<u>6,193,560</u>	<u>7,223,532</u>	<u>1,029,972</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	6,061,532	5,539,729	521,803
Community development	41,670	39,999	1,671
	<u>6,103,202</u>	<u>5,579,728</u>	<u>523,474</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	90,358	1,643,804	1,553,446
OTHER FINANCING USES:			
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	40,358	1,593,804	1,553,446
FUND BALANCE - BEGINNING OF YEAR	<u>4,976,167</u>	<u>4,976,167</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,016,525</u>	<u>\$ 6,569,971</u>	<u>\$ 1,553,446</u>

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CITY OF WEST COVINA

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

CHARTER CABLE SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 951	\$ 951
EXPENDITURES:			
Current:			
General government	<u>112,800</u>	<u>88,253</u>	<u>24,547</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(112,800)	(87,302)	25,498
FUND BALANCE - BEGINNING OF YEAR	<u>382,253</u>	<u>382,253</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 269,453</u>	<u>\$ 294,951</u>	<u>\$ 25,498</u>

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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, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Investment income	\$ -	\$ 189	\$ 189
Other revenues	-	67,026	67,026
TOTAL REVENUES	-	67,215	67,215
EXPENDITURES:			
Current:			
Community development	4,954	60,715	(55,761)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,954)	6,500	11,454
FUND BALANCE - BEGINNING OF YEAR	93,669	93,669	-
FUND BALANCE - END OF YEAR	<u>\$ 88,715</u>	<u>\$ 100,169</u>	<u>\$ 11,454</u>

See independent auditors' report.

CITY OF WEST COVINA

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

NORTH AZUSA RELINQUISHMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 919	\$ 919
EXPENDITURES:			
Current:			
Public works	<u>373,881</u>	<u>222,954</u>	<u>150,927</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(373,881)	(222,035)	151,846
OTHER FINANCING USES:			
Transfers out	<u>(36,275)</u>	<u>(36,275)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(410,156)	(258,310)	151,846
FUND BALANCE - BEGINNING OF YEAR	<u>410,577</u>	<u>410,577</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 421</u>	<u>\$ 152,267</u>	<u>\$ 151,846</u>

See independent auditors' report.

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, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 1,050,000	\$ 1,083,917	\$ 33,917
Investment income	-	2,095	2,095
TOTAL REVENUES	1,050,000	1,086,012	36,012
EXPENDITURES:			
Current:			
Public works	1,647,851	687,245	960,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(597,851)	398,767	996,618
FUND BALANCE - BEGINNING OF YEAR	532,380	532,380	-
FUND BALANCE - END OF YEAR	\$ (65,471)	\$ 931,147	\$ 996,618

See independent auditors' report.

CITY OF WEST COVINA

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

INTEGRATED WASTE MANAGEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES:			
Charges for services	\$ 70,000	\$ 71,628	\$ 1,628
EXPENDITURES:			
Current:			
Public works	<u>67,998</u>	<u>44,362</u>	<u>23,636</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,002	27,266	25,264
FUND BALANCE - BEGINNING OF YEAR	<u>33,694</u>	<u>33,694</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 35,696</u>	<u>\$ 60,960</u>	<u>\$ 25,264</u>

See independent auditors' report.

CITY OF WEST COVINA

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

WEST COVINA COMMUNITY SERVICES FOUNDATION SPECIAL REVENUE FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 316	\$ 316
Other revenues	<u>219,512</u>	<u>198,149</u>	<u>(21,363)</u>
TOTAL REVENUES	219,512	198,465	(21,047)
EXPENDITURES:			
Current:			
Community services	<u>252,710</u>	<u>155,912</u>	<u>96,798</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(33,198)	42,553	75,751
OTHER FINANCING USES:			
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(83,198)	(7,447)	75,751
FUND BALANCE - BEGINNING OF YEAR	<u>107,189</u>	<u>107,189</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 23,991</u></u>	<u><u>\$ 99,742</u></u>	<u><u>\$ 75,751</u></u>

See independent auditors' report.

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CITY OF WEST COVINA

MAJOR DEBT SERVICE FUND

June 30, 2013

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

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

CITY OF WEST COVINA

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

CITY DEBT SERVICE FUND - MAJOR FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ 812,287	\$ 639,923	\$ (172,364)
Charges for services	558,299	458,889	(99,410)
Other revenues	<u>1,127,000</u>	<u>1,127,000</u>	<u>-</u>
 TOTAL REVENUES	 <u>2,497,586</u>	 <u>2,225,812</u>	 <u>(271,774)</u>
EXPENDITURES:			
Debt service:			
Principal	1,768,266	1,773,261	(4,995)
Interest and fiscal charges	<u>2,111,018</u>	<u>1,659,473</u>	<u>451,545</u>
 TOTAL EXPENDITURES	 <u>3,879,284</u>	 <u>3,432,734</u>	 <u>446,550</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (1,381,698)	 (1,206,922)	 174,776
OTHER FINANCING SOURCES:			
Transfers in	<u>1,110,500</u>	<u>1,110,500</u>	<u>-</u>
 NET CHANGE IN FUND BALANCE	 (271,198)	 (96,422)	 174,776
FUND BALANCE - BEGINNING OF YEAR	 <u>14,123,124</u>	 <u>14,123,124</u>	 <u>-</u>
FUND BALANCE - END OF YEAR	 <u><u>\$ 13,851,926</u></u>	 <u><u>\$ 14,026,702</u></u>	 <u><u>\$ 174,776</u></u>

See independent auditors' report.

CITY OF WEST COVINA

OTHER CAPITAL PROJECTS FUNDS

June 30, 2013

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

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

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

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

CITY OF WEST COVINA  
 COMBINING BALANCE SHEET  
 OTHER CAPITAL PROJECTS FUNDS

June 30, 2013

	City	Construction Tax	Park Development	Total Other Capital Projects Funds
<b>ASSETS</b>				
Cash and investments	\$ 1,013,035	\$ 25,803	\$ 122,422	\$ 1,161,260
Receivables, net				
Interest	540	9	36	585
Other	-	-	10,952	10,952
	<u>\$ 1,013,575</u>	<u>\$ 25,812</u>	<u>\$ 133,410</u>	<u>\$ 1,172,797</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 245,185	\$ 34,898	\$ 7,000	\$ 287,083
Other accrued liabilities	1,020	-	214	1,234
	<u>246,205</u>	<u>34,898</u>	<u>7,214</u>	<u>288,317</u>
<b>FUND BALANCES (DEFICIT):</b>				
Assigned	767,370	-	126,196	893,566
Unassigned	-	(9,086)	-	(9,086)
	<u>767,370</u>	<u>(9,086)</u>	<u>126,196</u>	<u>884,480</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 1,013,575</u></u>	<u><u>\$ 25,812</u></u>	<u><u>\$ 133,410</u></u>	<u><u>\$ 1,172,797</u></u>

See independent auditors' report.

CITY OF WEST COVINA

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

For the year ended June 30, 2013

	<u>City</u>	<u>Construction Tax</u>	<u>Park Development</u>	<u>Total Other Capital Projects Funds</u>
REVENUES:				
Taxes	\$ -	\$ 50,667	\$ -	\$ 50,667
Investment income	2,775	36	212	3,023
Other revenues	-	-	47,280	47,280
	<u>2,775</u>	<u>50,703</u>	<u>47,492</u>	<u>100,970</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
Public safety	4,000	-	-	4,000
Public works	377,840	77,005	89,562	544,407
Community services	9,819	-	36,665	46,484
	<u>391,659</u>	<u>77,005</u>	<u>126,227</u>	<u>594,891</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(388,884)	(26,302)	(78,735)	(493,921)
FUND BALANCES - BEGINNING OF YEAR	<u>1,156,254</u>	<u>17,216</u>	<u>204,931</u>	<u>1,378,401</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 767,370</u>	<u>\$ (9,086)</u>	<u>\$ 126,196</u>	<u>\$ 884,480</u>

See independent auditors' report.

CITY OF WEST COVINA

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

CITY CAPITAL PROJECTS FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 2,775	\$ 2,775
TOTAL REVENUES	<u>-</u>	<u>2,775</u>	<u>2,775</u>
EXPENDITURES:			
Current:			
Public safety	8,381	4,000	4,381
Public works	669,775	377,840	291,935
Community services	30,220	9,819	20,401
TOTAL EXPENDITURES	<u>708,376</u>	<u>391,659</u>	<u>316,717</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(708,376)	(388,884)	319,492
FUND BALANCE - BEGINNING OF YEAR	<u>1,156,254</u>	<u>1,156,254</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 447,878</u>	<u>\$ 767,370</u>	<u>\$ 319,492</u>

See independent auditors' report.

CITY OF WEST COVINA

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

CONSTRUCTION TAX CAPITAL PROJECTS FUND

For the year ended June 30, 2013

	Budgeted Amounts <u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 36,000	\$ 50,667	\$ 14,667
Investment income	-	36	36
	<u>36,000</u>	<u>50,703</u>	<u>14,703</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public works	<u>124,097</u>	<u>77,005</u>	<u>47,092</u>
	<u>124,097</u>	<u>77,005</u>	<u>47,092</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(88,097)	(26,302)	61,795
FUND BALANCE - BEGINNING OF YEAR	<u>17,216</u>	<u>17,216</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (70,881)</u>	<u>\$ (9,086)</u>	<u>\$ 61,795</u>

See independent auditors' report.

CITY OF WEST COVINA

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

PARK DEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	<u>Final</u>	<u>Actual</u>	
REVENUES:			
Investment income	\$ -	\$ 212	\$ 212
Other revenues	-	47,280	47,280
TOTAL REVENUES	<u>-</u>	<u>47,492</u>	<u>47,492</u>
EXPENDITURES:			
Current:			
Public works	102,373	89,562	12,811
Community services	101,354	36,665	64,689
TOTAL REVENUES	<u>203,727</u>	<u>126,227</u>	<u>77,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(203,727)	(78,735)	124,992
FUND BALANCE - BEGINNING OF YEAR	<u>204,931</u>	<u>204,931</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,204</u>	<u>\$ 126,196</u>	<u>\$ 124,992</u>

See independent auditors' report.



CITY OF WEST COVINA  
INTERNAL SERVICE FUNDS

June 30, 2013

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

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

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

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

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

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

June 30, 2013

	<u>Fleet Management</u>	<u>Self-Insurance</u>
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and investments	\$ -	\$ 2,868,485
Receivables:		
Account	-	2,809
Interest	-	-
Other	-	2,531
Inventories	<u>1,732</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,732</u>	<u>2,873,825</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets:		
Other capital assets	2,987,100	-
Less accumulated depreciation	<u>(2,585,713)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>401,387</u>	<u>-</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>401,387</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>403,119</u>	<u>2,873,825</u>
<b>LIABILITIES:</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	92,248	22,121
Other accrued liabilities	6,140	2,656
Claims and judgments - current portion	-	2,074,440
Compensated absences - current portion	9,944	4,934
Due to other funds	<u>59,734</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>168,066</u>	<u>2,104,151</u>
<b>NONCURRENT LIABILITIES:</b>		
Claims and judgments	-	7,031,660
Compensated absences	<u>47,658</u>	<u>30,451</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>47,658</u>	<u>7,062,111</u>
<b>TOTAL LIABILITIES</b>	<u>215,724</u>	<u>9,166,262</u>
<b>NET POSITION:</b>		
Net investment in capital assets	401,387	-
Unrestricted	<u>(213,992)</u>	<u>(6,292,437)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 187,395</u>	<u>\$ (6,292,437)</u>

See independent auditors' report.

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 575,075	\$ 229,783	\$ 3,673,343
-	-	2,809
301	122	423
-	-	2,531
-	-	1,732
<u>575,376</u>	<u>229,905</u>	<u>3,680,838</u>
-	420,541	3,407,641
-	(352,353)	(2,938,066)
-	68,188	469,575
-	68,188	469,575
<u>575,376</u>	<u>298,093</u>	<u>4,150,413</u>
-	-	114,369
-	-	8,796
-	-	2,074,440
-	-	14,878
-	-	59,734
-	-	2,272,217
-	-	7,031,660
-	-	78,109
-	-	7,109,769
-	-	9,381,986
-	68,188	469,575
<u>575,376</u>	<u>229,905</u>	<u>(5,701,148)</u>
<u>\$ 575,376</u>	<u>\$ 298,093</u>	<u>\$ (5,231,573)</u>

CITY OF WEST COVINA

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

For the year ended June 30, 2013

	<u>Fleet Management</u>	<u>Self-Insurance</u>
OPERATING REVENUES:		
Charges for services	\$ 1,476,564	\$ 2,466,355
Other revenues	-	36,397
	<u>1,476,564</u>	<u>2,502,752</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Personnel services	512,226	190,349
Cost of sales, services and operations	1,119,737	346,011
Depreciation	85,150	-
Insurance and claims paid	-	1,872,511
	<u>1,717,113</u>	<u>2,408,871</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	(240,549)	93,881
NONOPERATING REVENUES:		
Investment income	-	-
	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(240,549)	93,881
NET POSITION - BEGINNING OF YEAR	<u>427,944</u>	<u>(6,386,318)</u>
NET POSITION - END OF YEAR	<u>\$ 187,395</u>	<u>\$ (6,292,437)</u>

See independent auditors' report.

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 106,005	\$ -	\$ 4,048,924
-	-	36,397
<u>106,005</u>	<u>-</u>	<u>4,085,321</u>
20,173	-	722,748
-	-	1,465,748
-	60,077	145,227
<u>-</u>	<u>-</u>	<u>1,872,511</u>
<u>20,173</u>	<u>60,077</u>	<u>4,206,234</u>
85,832	(60,077)	(120,913)
<u>1,405</u>	<u>600</u>	<u>2,005</u>
87,237	(59,477)	(118,908)
<u>488,139</u>	<u>357,570</u>	<u>(5,112,665)</u>
<u>\$ 575,376</u>	<u>\$ 298,093</u>	<u>\$ (5,231,573)</u>

CITY OF WEST COVINA

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the year ended June 30, 2013

	Fleet Management	Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user departments	\$ 1,476,564	\$ 2,499,771
Payments to suppliers for goods and services	(1,096,726)	(3,229,844)
Payments to employees for services	(463,082)	(190,517)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(83,244)</u>	<u>(920,590)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	59,734	1,959,464
Paid to other funds	-	(414,737)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>59,734</u>	<u>1,544,727</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(23,510)	624,137
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>23,510</u>	<u>2,244,348</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 2,868,485</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (240,549)	\$ 93,881
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	85,150	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables	-	(450)
(Increase) decrease in other receivables	-	(2,531)
(Increase) decrease in inventories	16	-
Increase (decrease) in accounts payable	22,995	19,300
Increase (decrease) in other accrued liabilities	760	(1,631)
Increase (decrease) in claims and judgments	-	(1,030,622)
Increase (decrease) in compensated absences	48,384	1,463
TOTAL ADJUSTMENTS	<u>157,305</u>	<u>(1,014,471)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (83,244)</u>	<u>\$ (920,590)</u>

See independent auditors' report.

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 106,005	\$ -	\$ 4,082,340
-	-	(4,326,570)
<u>(20,173)</u>	<u>-</u>	<u>(673,772)</u>
<u>85,832</u>	<u>-</u>	<u>(918,002)</u>
-	-	2,019,198
<u>-</u>	<u>-</u>	<u>(414,737)</u>
<u>-</u>	<u>-</u>	<u>1,604,461</u>
<u>1,310</u>	<u>574</u>	<u>1,884</u>
87,142	574	688,343
<u>487,933</u>	<u>229,209</u>	<u>2,985,000</u>
<u>\$ 575,075</u>	<u>\$ 229,783</u>	<u>\$ 3,673,343</u>
<u>\$ 85,832</u>	<u>\$ (60,077)</u>	<u>\$ (120,913)</u>
-	60,077	145,227
-	-	(450)
-	-	(2,531)
-	-	16
-	-	42,295
-	-	(871)
-	-	(1,030,622)
-	-	49,847
<u>-</u>	<u>60,077</u>	<u>(797,089)</u>
<u>\$ 85,832</u>	<u>\$ -</u>	<u>\$ (918,002)</u>

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CITY OF WEST COVINA

AGENCY FUND

June 30, 2013

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

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

CITY OF WEST COVINA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
SPECIAL DEPOSITS AGENCY FUND

For the year ended June 30, 2013

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
<b>ASSETS:</b>				
Cash and investments	\$ 1,292,367	\$ 2,592,969	\$ 2,798,853	\$ 1,086,483
Receivables, net				
Taxes	13,086	20	13,086	20
Other	-	1,400	-	1,400
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 1,305,453</u>	<u>\$ 2,594,389</u>	<u>\$ 2,811,939</u>	<u>\$ 1,087,903</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 125	\$ 113,663	\$ 102,557	\$ 11,231
Deposits	1,305,328	2,596,429	2,825,085	1,076,672
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>\$ 1,305,453</u>	<u>\$ 2,710,092</u>	<u>\$ 2,927,642</u>	<u>\$ 1,087,903</u>

See independent auditors' report.

## DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2013

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

Contents: Table

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

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

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Principal Property Taxpayers	9
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**Debt Capacity** these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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**Demographic and Economic Information** these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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

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CITY OF WEST COVINA

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual bases of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 146,195,649	\$ 143,792,663	\$ 144,030,127	\$ 139,413,253
Restricted	106,938,430	104,865,107	99,990,727	88,484,572
Unrestricted	<u>2,406,084</u>	<u>140,122</u>	<u>(3,710,829)</u>	<u>20,796,530</u>
Total governmental activities net position	<u>\$ 255,540,163</u>	<u>\$ 248,797,892</u>	<u>\$ 240,310,025</u>	<u>\$ 248,694,355</u>
Business-type activities:				
Net investment in capital assets	\$ 458,875	\$ 136,937	\$ 193,706	\$ 303,147
Restricted	-	-	-	-
Unrestricted	<u>1,692,357</u>	<u>1,832,618</u>	<u>1,469,994</u>	<u>721,839</u>
Total business-type activities net position	<u>\$ 2,151,232</u>	<u>\$ 1,969,555</u>	<u>\$ 1,663,700</u>	<u>\$ 1,024,986</u>
Primary government:				
Net investment in capital assets	\$ 146,654,524	\$ 143,929,600	\$ 144,223,833	\$ 139,716,400
Restricted	106,938,430	104,865,107	99,990,727	88,484,572
Unrestricted	<u>4,098,441</u>	<u>1,972,740</u>	<u>(2,240,835)</u>	<u>21,518,369</u>
Total primary government net position	<u>\$ 257,691,395</u>	<u>\$ 250,767,447</u>	<u>\$ 241,973,725</u>	<u>\$ 249,719,341</u>

TABLE 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 148,634,909	\$ 180,298,472	\$ 184,338,106	\$ 179,236,866	\$ 168,749,834	\$ 164,621,539
30,802,069	25,937,799	18,316,134	25,286,909	53,333,115	46,016,224
63,530,998	22,723,726	10,219,814	1,884,827	26,688,571	(297,086)
<u>\$ 242,967,976</u>	<u>\$ 228,959,997</u>	<u>\$ 212,874,054</u>	<u>\$ 206,408,602</u>	<u>\$ 248,771,520</u>	<u>\$ 210,340,677</u>
\$ 202,227	\$ 107,507	\$ 42,073	\$ -	\$ -	\$ -
-	-	-	-	-	-
(66,842)	(786,551)	(1,128,610)	(999,624)	(994,560)	(426,520)
<u>\$ 135,385</u>	<u>\$ (679,044)</u>	<u>\$ (1,086,537)</u>	<u>\$ (999,624)</u>	<u>\$ (994,560)</u>	<u>\$ (426,520)</u>
\$ 148,837,136	\$ 180,405,979	\$ 184,380,179	\$ 179,236,866	\$ 168,749,834	\$ 164,621,539
30,802,069	25,937,799	18,316,134	25,286,909	53,333,115	46,016,224
63,464,156	21,937,175	9,091,204	(98,187)	25,694,011	(723,606)
<u>\$ 243,103,361</u>	<u>\$ 228,280,953</u>	<u>\$ 211,787,517</u>	<u>\$ 204,425,588</u>	<u>\$ 247,776,960</u>	<u>\$ 209,914,157</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION  
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
General government	\$ 2,314,558	\$ 2,919,887	\$ 1,594,760	\$ 46,328
Public safety	33,172,116	38,436,098	38,433,238	42,186,533
Public works	16,803,123	19,642,927	20,696,562	19,322,212
Community services	7,911,247	4,144,990	6,482,112	5,167,297
Community development	6,438,979	6,761,102	11,245,539	9,610,651
Interest on long-term debt	4,039,240	5,001,981	7,714,047	8,320,239
Total governmental activities expenses	<u>70,679,263</u>	<u>76,906,985</u>	<u>86,166,258</u>	<u>84,653,260</u>
Business-type activities:				
Simulator	241,047	-	-	-
Computer enterprise	2,023,376	2,212,802	2,098,690	2,470,811
Total business-type activities expenses	<u>2,264,423</u>	<u>2,212,802</u>	<u>2,098,690</u>	<u>2,470,811</u>
Total primary government expenses	<u>72,943,686</u>	<u>79,119,787</u>	<u>88,264,948</u>	<u>87,124,071</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,271,852	1,377,178	2,767,383	861,565
Public safety	1,772,859	2,562,910	3,310,988	3,141,098
Public works	3,763,540	3,610,577	5,297,840	6,339,196
Community services	1,471,603	1,546,169	1,454,683	1,526,866
Community development	154,837	223,938	302,677	537,813
Operating grants and contributions	9,833,967	10,802,517	11,614,595	8,607,221
Capital grants and contributions	1,064,756	378,493	285,078	2,714,668
Total governmental activities program revenues	<u>19,333,414</u>	<u>20,501,782</u>	<u>25,033,244</u>	<u>23,728,427</u>
Business-type activities:				
Charges for services:				
Simulator	79,903	-	-	-
Computer enterprise	2,165,999	1,992,662	1,721,715	1,765,224
Total business-type activities program revenues	<u>2,245,902</u>	<u>1,992,662</u>	<u>1,721,715</u>	<u>1,765,224</u>
Total primary government program revenues	<u>21,579,316</u>	<u>22,494,444</u>	<u>26,754,959</u>	<u>25,493,651</u>

Source: City of West Covina Finance Department

TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 2,448,843	\$ 2,849,501	\$ 3,337,547	\$ 2,922,898	\$ 4,953,340	\$ 5,547,949
45,498,406	47,682,934	48,151,398	45,253,725	49,369,913	47,160,347
20,246,687	21,598,894	21,054,241	21,052,423	20,510,387	20,465,106
5,214,550	7,835,430	6,558,987	6,629,292	6,949,951	6,911,667
10,000,667	12,867,904	8,619,004	9,414,730	4,071,050	708,422
8,200,588	7,962,089	6,577,544	7,101,037	5,927,002	1,652,751
<u>91,609,741</u>	<u>100,796,752</u>	<u>94,298,721</u>	<u>92,374,105</u>	<u>91,781,643</u>	<u>82,446,242</u>
-	-	-	-	-	-
<u>2,682,467</u>	<u>2,633,564</u>	<u>2,507,498</u>	<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,606</u>
<u>2,682,467</u>	<u>2,633,564</u>	<u>2,507,498</u>	<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,606</u>
<u>94,292,208</u>	<u>103,430,316</u>	<u>96,806,219</u>	<u>94,460,240</u>	<u>93,483,010</u>	<u>83,881,848</u>
1,145,943	757,678	1,019,690	681,877	599,066	548,333
3,431,488	3,611,259	3,850,741	3,571,864	3,196,729	3,018,478
4,251,433	5,818,290	7,041,281	8,043,988	7,046,096	7,781,333
1,443,945	1,158,644	1,089,227	1,166,675	1,141,162	1,195,612
275,235	266,286	313,639	240,462	255,669	348,112
10,618,414	11,895,355	5,157,956	10,189,050	12,557,141	10,344,778
434,630	578,828	3,574,609	678,827	958,459	597,405
<u>21,601,088</u>	<u>24,086,340</u>	<u>22,047,143</u>	<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>
-	-	-	-	-	-
<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>	<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>
<u>1,755,717</u>	<u>1,885,071</u>	<u>2,193,037</u>	<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>
<u>23,356,805</u>	<u>25,971,411</u>	<u>24,240,180</u>	<u>26,841,725</u>	<u>27,559,564</u>	<u>25,939,472</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION  
GENERAL REVENUES

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Net revenues (expenses):				
Governmental activities	\$ (51,345,849)	\$ (56,405,203)	\$ (61,133,014)	\$ (60,924,833)
Business-type activities	(18,521)	(220,140)	(376,975)	(705,587)
Net primary government revenues (expenses)	<u>(51,364,370)</u>	<u>(56,625,343)</u>	<u>(61,509,989)</u>	<u>(61,630,420)</u>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	16,107,447	17,565,368	27,614,922	32,458,314
Sales tax	14,355,566	14,522,220	14,216,986	14,056,880
Franchise tax	2,617,462	2,870,211	2,845,521	2,874,165
Other taxes	4,028,136	2,959,329	3,433,966	4,454,217
Motor vehicle in lieu, unrestricted	5,054,209	7,044,997	2,606,079	650,304
Investment income	44,464	2,858,850	1,993,102	6,919,306
Other general revenues	1,324,596	2,132,720	(65,429)	7,895,977
Transfers	250,000	137	-	-
Extraordinary gain (loss)	-	-	-	-
Total governmental activities	<u>43,781,880</u>	<u>49,953,832</u>	<u>52,645,147</u>	<u>69,309,163</u>
Business-type activities:				
Investment income	21,268	38,600	71,120	66,873
Transfers	(250,000)	(137)	-	-
Total business-type activities	<u>(228,732)</u>	<u>38,463</u>	<u>71,120</u>	<u>66,873</u>
Total primary government	<u>43,553,148</u>	<u>49,992,295</u>	<u>52,716,267</u>	<u>69,376,036</u>
Changes in net position:				
Governmental activities	(7,563,969)	(6,451,371)	(8,487,867)	8,384,330
Business-type activities	<u>(247,253)</u>	<u>(181,677)</u>	<u>(305,855)</u>	<u>(638,714)</u>
Total primary government change in net position	<u>\$ (7,811,222)</u>	<u>\$ (6,633,048)</u>	<u>\$ (8,793,722)</u>	<u>\$ 7,745,616</u>



TABLE 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (70,008,653)	\$ (76,710,412)	\$ (72,251,578)	\$ (67,801,362)	\$ (66,027,321)	\$ (58,612,191)
(926,750)	(748,493)	(314,461)	182,847	103,875	669,815
<u>(70,935,403)</u>	<u>(77,458,905)</u>	<u>(72,566,039)</u>	<u>(67,618,515)</u>	<u>(65,923,446)</u>	<u>(57,942,376)</u>
34,760,944	36,387,548	28,849,815	30,888,074	23,313,556	20,937,356
11,167,748	9,261,965	7,791,286	12,550,157	13,177,914	13,307,736
3,367,958	3,512,830	3,093,538	3,159,080	3,224,053	3,361,812
4,445,300	5,108,429	5,392,829	5,449,323	7,835,918	6,265,257
500,629	383,831	331,289	517,098	55,880	57,902
7,800,642	4,768,327	4,288,088	2,281,105	1,647,399	185,451
2,239,053	3,200,753	2,077,837	4,412,125	5,193,850	7,310,544
-	78,750	93,140	95,934	98,811	101,775
-	-	-	-	55,825,872	(19,629,066)
<u>64,282,274</u>	<u>62,702,433</u>	<u>51,917,822</u>	<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>
37,149	12,814	108	-	-	-
-	(78,750)	(93,140)	(95,934)	(98,811)	(101,775)
<u>37,149</u>	<u>(65,936)</u>	<u>(93,032)</u>	<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>
<u>64,319,423</u>	<u>62,636,497</u>	<u>51,824,790</u>	<u>59,256,962</u>	<u>110,274,442</u>	<u>31,796,992</u>
(5,726,379)	(14,007,979)	(20,333,756)	(8,448,466)	44,345,932	(26,713,424)
(889,601)	(814,429)	(407,493)	86,913	5,064	568,040
<u>\$ (6,615,980)</u>	<u>\$ (14,822,408)</u>	<u>\$ (20,741,249)</u>	<u>\$ (8,361,553)</u>	<u>\$ 44,350,996</u>	<u>\$ (26,145,384)</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION  
GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
General government	\$ 2,314,558	\$ 2,919,887	\$ 1,594,760	\$ 46,328
Public safety	33,172,116	38,436,098	38,433,238	42,186,533
Public works	16,803,123	19,642,927	20,696,562	19,322,212
Community services	7,911,247	4,144,990	6,482,112	5,167,297
Community development	6,438,979	6,761,102	11,245,539	9,610,651
Interest on long-term debt	4,039,240	5,001,981	7,714,047	8,320,239
Total expenses	<u>70,679,263</u>	<u>76,906,985</u>	<u>86,166,258</u>	<u>84,653,260</u>
Program revenues:				
Charges for services:				
General government	1,271,852	1,377,178	2,767,383	861,565
Public safety	1,772,859	2,562,910	3,310,988	3,141,098
Public works	3,763,540	3,610,577	5,297,840	6,339,196
Community services	1,471,603	1,546,169	1,454,683	1,526,866
Community development	154,837	223,938	302,677	537,813
Operating grants and contributions	9,833,967	10,802,517	11,614,595	8,607,221
Capital grants and contributions	1,064,756	378,493	285,078	2,714,668
Total program revenues	<u>19,333,414</u>	<u>20,501,782</u>	<u>25,033,244</u>	<u>23,728,427</u>
Net program revenues (expenses)	<u>(51,345,849)</u>	<u>(56,405,203)</u>	<u>(61,133,014)</u>	<u>(60,924,833)</u>
General revenues and other changes in net position:				
Taxes:				
Property taxes	16,107,447	17,565,368	27,614,922	32,458,314
Sales tax	14,355,566	14,522,220	14,216,986	14,056,880
Franchise tax	2,617,462	2,870,211	2,845,521	2,874,165
Other taxes	4,028,136	2,959,329	3,433,966	4,454,217
Motor vehicle in lieu, unrestricted	5,054,209	7,044,997	2,606,079	650,304
Investment income	44,464	2,858,850	1,993,102	6,919,306
Other general revenues	1,324,596	2,132,720	(65,429)	7,895,977
Transfers	250,000	137	-	-
Extraordinary gain (loss)	-	-	-	-
Total general revenues and other changes	<u>43,781,880</u>	<u>49,953,832</u>	<u>52,645,147</u>	<u>69,309,163</u>
Changes in net position	<u>\$ (7,563,969)</u>	<u>\$ (6,451,371)</u>	<u>\$ (8,487,867)</u>	<u>\$ 8,384,330</u>

Source: City of West Covina Finance Department

TABLE 3

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 2,448,843	\$ 2,849,501	\$ 3,337,547	\$ 2,922,898	\$ 4,953,340	\$ 5,547,949
45,498,406	47,682,934	48,151,398	45,253,725	49,369,913	47,160,347
20,246,687	21,598,894	21,054,241	21,052,423	20,510,387	20,465,106
5,214,550	7,835,430	6,558,987	6,629,292	6,949,951	6,911,667
10,000,667	12,867,904	8,619,004	9,414,730	4,071,050	708,422
8,200,588	7,962,089	6,577,544	7,101,037	5,927,002	1,652,751
<u>91,609,741</u>	<u>100,796,752</u>	<u>94,298,721</u>	<u>92,374,105</u>	<u>91,781,643</u>	<u>82,446,242</u>
1,145,943	757,678	1,019,690	681,877	599,066	548,333
3,431,488	3,611,259	3,850,741	3,571,864	3,196,729	3,018,478
4,251,433	5,818,290	7,041,281	8,043,988	7,046,096	7,781,333
1,443,945	1,158,644	1,089,227	1,166,675	1,141,162	1,195,612
275,235	266,286	313,639	240,462	255,669	348,112
10,618,414	11,895,355	5,157,956	10,189,050	12,557,141	10,344,778
434,630	578,828	3,574,609	678,827	958,459	597,405
<u>21,601,088</u>	<u>24,086,340</u>	<u>22,047,143</u>	<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>
<u>(70,008,653)</u>	<u>(76,710,412)</u>	<u>(72,251,578)</u>	<u>(67,801,362)</u>	<u>(66,027,321)</u>	<u>(58,612,191)</u>
34,760,944	36,387,548	28,849,815	30,888,074	23,313,556	20,937,356
11,167,748	9,261,965	7,791,286	12,550,157	13,177,914	13,307,736
3,367,958	3,512,830	3,093,538	3,159,080	3,224,053	3,361,812
4,445,300	5,108,429	5,392,829	5,449,323	7,835,918	6,265,257
500,629	383,831	331,289	517,098	55,880	57,902
7,800,642	4,768,327	4,288,088	2,281,105	1,647,399	185,451
2,239,053	3,200,753	2,077,837	4,412,125	5,193,850	7,310,544
-	78,750	93,140	95,934	98,811	101,775
-	-	-	-	55,825,872	(19,629,066)
<u>64,282,274</u>	<u>62,702,433</u>	<u>51,917,822</u>	<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>
<u>\$ (5,726,379)</u>	<u>\$ (14,007,979)</u>	<u>\$ (20,333,756)</u>	<u>\$ (8,448,466)</u>	<u>\$ 44,345,932</u>	<u>\$ (26,713,424)</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION  
BUSINESS-TYPE ACTIVITIES

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Expenses:				
Simulator	\$ 241,047	\$ -	\$ -	\$ -
Computer enterprise	2,023,376	2,212,802	2,098,690	2,470,811
Total expenses	<u>2,264,423</u>	<u>2,212,802</u>	<u>2,098,690</u>	<u>2,470,811</u>
Program revenues:				
Charges for services:				
Simulator	79,903	-	-	-
Computer enterprise	2,165,999	1,992,662	1,721,715	1,765,224
Total program revenues	<u>2,245,902</u>	<u>1,992,662</u>	<u>1,721,715</u>	<u>1,765,224</u>
Net revenues (expenses)	<u>(18,521)</u>	<u>(220,140)</u>	<u>(376,975)</u>	<u>(705,587)</u>
General revenues and other changes in net position:				
Investment income	21,268	38,600	71,120	66,873
Transfers	(250,000)	(137)	-	-
Total general revenues and other changes	<u>(228,732)</u>	<u>38,463</u>	<u>71,120</u>	<u>66,873</u>
Changes in net position	<u>\$ (247,253)</u>	<u>\$ (181,677)</u>	<u>\$ (305,855)</u>	<u>\$ (638,714)</u>

TABLE 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,682,467	2,633,564	2,507,498	2,086,135	1,701,367	1,435,606
2,682,467	2,633,564	2,507,498	2,086,135	1,701,367	1,435,606
-	-	-	-	-	-
1,755,717	1,885,071	2,193,037	2,268,982	1,805,242	2,105,421
1,755,717	1,885,071	2,193,037	2,268,982	1,805,242	2,105,421
(926,750)	(748,493)	(314,461)	182,847	103,875	669,815
37,149	12,814	108	-	-	-
-	(78,750)	(93,140)	(95,934)	(98,811)	(101,775)
37,149	(65,936)	(93,032)	(95,934)	(98,811)	(101,775)
\$ (889,601)	\$ (814,429)	\$ (407,493)	\$ 86,913	\$ 5,064	\$ 568,040

CITY OF WEST COVINA

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
General fund:				
Reserved	\$ 24,398,011	\$ 24,201,596	\$ 24,954,584	\$ 24,793,675
Unreserved	24,427,158	23,513,760	23,982,187	19,315,808
Total general fund	<u>\$ 48,825,169</u>	<u>\$ 47,715,356</u>	<u>\$ 48,936,771</u>	<u>\$ 44,109,483</u>
All other governmental funds:				
Reserved	\$ 34,406,256	\$ 44,606,915	\$ 25,188,543	\$ 42,527,670
Unreserved, reported in:				
Special revenue funds	6,021,975	5,980,930	9,981,374	8,293,679
Debt service funds	(1,654,836)	929,735	12,139,928	4,134,045
Capital projects funds	(4,625,186)	(888,628)	(2,685,881)	(1,825,601)
Total all other governmental funds	<u>\$ 34,148,209</u>	<u>\$ 50,628,952</u>	<u>\$ 44,623,964</u>	<u>\$ 53,129,793</u>
General fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: City of West Covina Finance Department

TABLE 5

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 23,805,491	\$ 22,621,000	\$ 24,321,122	\$ -	\$ -	\$ -
16,021,539	12,846,323	7,246,828	-	-	-
<u>\$ 39,827,030</u>	<u>\$ 35,467,323</u>	<u>\$ 31,567,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 33,118,104	\$ 28,675,986	\$ 24,916,095	\$ -	\$ -	\$ -
9,438,350	9,297,969	10,351,716	-	-	-
(631,251)	(2,380,312)	(465,131)	-	-	-
860,278	3,085,503	(131,153)	-	-	-
<u>\$ 42,785,481</u>	<u>\$ 38,679,146</u>	<u>\$ 34,671,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 20,827,056	\$ 15,580,789	\$ 6,621,695
-	-	-	8,786,221	13,187,181	4,108,967
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,613,277</u>	<u>\$ 28,767,970</u>	<u>\$ 10,730,662</u>
\$ -	\$ -	\$ -	\$ 8,210,093	\$ 6,200,423	\$ 6,814,431
-	-	-	38,138,456	31,101,636	32,133,653
-	-	-	1,964,946	1,378,401	893,566
-	-	-	(12,759,988)	(110,042)	(373,264)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,553,507</u>	<u>\$ 38,570,418</u>	<u>\$ 39,468,386</u>

CITY OF WEST COVINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
<b>Revenues:</b>				
Taxes	\$ 47,634,431	\$ 49,046,990	\$ 58,464,794	\$ 62,801,264
Special assessments	3,311,896	3,448,956	3,582,066	3,711,712
Licenses and permits	1,425,077	1,046,759	1,336,564	1,833,239
Fines and forfeitures	1,410,536	1,264,600	1,168,842	1,106,271
Investment income	3,564,751	8,239,221	5,807,699	9,544,547
Rental income	593,486	589,564	266,516	223,668
Intergovernmental	8,586,703	12,052,408	12,301,929	7,491,065
Charges for services	4,221,452	5,397,270	6,646,242	8,515,601
Repayment of notes and loans	1,877,550	2,336,958	1,355,096	988,220
Developer fees	916,384	378,493	7,884	1,462,535
Other	1,624,656	2,517,164	2,566,819	8,903,148
<b>Total revenues</b>	<b>75,166,922</b>	<b>86,318,383</b>	<b>93,504,451</b>	<b>106,581,270</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,230,885	4,790,513	4,912,513	5,478,534
Public safety	34,037,594	37,643,249	39,996,407	41,602,661
Public works	10,996,162	12,937,191	14,269,148	15,623,128
Community services	10,630,005	8,337,754	11,857,937	31,362,253
Community development	8,814,434	5,229,820	10,385,511	7,120,280
Pass-through payments	4,067,098	4,817,371	3,199,441	2,568,343
<b>Debt service:</b>				
Principal retirement	1,807,869	2,200,464	2,050,000	4,014,507
Interest and fiscal charges	7,664,295	7,901,882	8,766,422	10,059,439
Cost of issuance	-	-	-	294,764
Developer agreement payments	-	-	1,858,120	2,783,820
<b>Total expenditures</b>	<b>82,248,342</b>	<b>83,858,244</b>	<b>97,295,499</b>	<b>120,907,729</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(7,081,420)</b>	<b>2,460,139</b>	<b>(3,791,048)</b>	<b>(14,326,459)</b>
<b>Other financing sources (uses):</b>				
Transfers in	8,781,210	9,842,137	9,342,762	33,024,064
Transfers out	(8,531,210)	(10,140,446)	(10,342,762)	(33,024,064)
Issuance of bonds	261,792	13,500,000	2,735,000	18,005,000
Gain/(loss) on sale of property	-	-	-	-
Payment to refunded bond escrow agent	-	-	(2,727,525)	-
Extraordinary gain (loss)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>511,792</b>	<b>13,201,691</b>	<b>(992,525)</b>	<b>18,005,000</b>
<b>Net change in fund balances</b>	<b>\$ (6,569,628)</b>	<b>\$ 15,661,830</b>	<b>\$ (4,783,573)</b>	<b>\$ 3,678,541</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>13.85%</b>	<b>15.04%</b>	<b>18.00%</b>	<b>23.60%</b>

Source: City of West Covina Finance Department



TABLE 6

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 65,069,488	\$ 65,186,854	\$ 63,270,166	\$ 63,663,702	\$ 53,636,172	\$ 46,185,045	
3,913,965	4,180,404	4,871,575	5,210,062	5,270,856	5,511,465	
1,196,670	1,085,650	904,985	1,099,083	866,642	1,156,196	
1,216,628	1,229,852	1,324,698	1,056,923	1,097,836	1,048,819	
8,778,813	5,601,091	5,589,739	4,124,960	3,419,665	533,540	
270,058	311,997	310,819	468,123	421,521	370,913	
8,113,584	8,848,048	11,321,980	8,363,460	12,481,691	9,496,481	
8,178,880	7,021,197	6,845,511	6,779,667	6,732,076	6,124,201	
1,048,727	794,365	449,045	721,348	332,698	925,235	
10,950	-	-	-	-	-	
662,988	1,824,050	1,112,553	3,781,096	1,720,792	5,105,117	
<u>98,460,751</u>	<u>96,083,508</u>	<u>96,001,071</u>	<u>95,268,424</u>	<u>85,979,949</u>	<u>76,457,012</u>	
5,787,654	4,687,485	4,646,621	4,180,878	4,950,311	5,205,956	
44,138,678	45,554,204	45,639,257	41,938,421	44,109,598	42,688,487	
16,308,548	17,923,628	19,686,587	15,325,261	18,209,981	16,203,144	
24,580,791	7,189,514	5,390,364	5,412,009	5,917,227	5,872,485	
7,632,478	10,739,465	6,142,905	8,228,653	4,246,590	666,255	
2,825,925	3,468,902	9,724,035	5,863,850	2,112,227	-	
3,441,290	3,828,282	4,108,592	4,649,975	5,155,105	1,773,261	
9,827,109	9,055,221	8,410,803	8,520,890	6,307,988	1,659,473	
-	-	-	-	-	-	
2,939,322	2,181,599	2,002,039	2,317,114	351,444	-	
<u>117,481,795</u>	<u>104,628,300</u>	<u>105,751,203</u>	<u>96,437,051</u>	<u>91,360,471</u>	<u>74,069,061</u>	
<u>(19,021,044)</u>	<u>(8,544,792)</u>	<u>(9,750,132)</u>	<u>(1,168,627)</u>	<u>(5,380,522)</u>	<u>2,387,951</u>	
9,976,252	12,048,364	11,023,152	11,171,460	8,947,657	3,639,400	
(9,901,252)	(11,969,614)	(9,180,012)	(11,075,526)	(8,848,846)	(3,537,625)	
4,319,279	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	7,453,315	(19,629,066)	
<u>4,394,279</u>	<u>78,750</u>	<u>1,843,140</u>	<u>95,934</u>	<u>7,552,126</u>	<u>(19,527,291)</u>	
<u>\$ (14,626,765)</u>	<u>\$ (8,466,042)</u>	<u>\$ (7,906,992)</u>	<u>\$ (1,072,693)</u>	<u>\$ 2,171,604</u>	<u>\$ (17,139,340)</u>	
21.10%	19.30%	25.60%	19.89%	16.20%	5.21%	

CITY OF WEST COVINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Fiscal Years  
(in thousands of dollars)

Fiscal Year Ended June 30	City				Taxable Assessed Value
	Secured	Non-Unitary	Unsecured	Less: Exemptions	
2004	\$ 4,475,555	\$ 1,388	\$ 14,744	\$ (23,716)	\$ 4,467,971
2005	4,808,086	464	15,093	(48,139)	4,775,504
2006	5,330,215	464	13,711	(64,912)	5,279,478
2007	5,838,746	464	14,903	(56,655)	5,797,458
2008	6,261,173	462	15,899	(76,713)	6,200,821
2009	6,549,882	462	15,315	(78,464)	6,487,195
2010	6,281,230	-	15,205	(76,991)	6,219,444
2011	6,276,734	-	11,705	(86,340)	6,202,099
2012	6,381,873	-	12,762	(85,792)	6,308,843
2013	6,477,468	-	10,645	(93,277)	6,394,836

Note:

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

TABLE 7

Community Development Commission (CDC)				City and CDC Total Taxable Assessed Value	Total Direct Tax Rate
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value		
\$ 1,459,309	\$ 132,127	\$ (103,577)	\$ 1,487,859	\$ 5,955,830	13.985%
1,547,925	132,801	(111,853)	1,568,873	6,344,377	13.985%
1,723,957	137,934	(118,531)	1,743,360	7,022,838	13.985%
1,895,168	146,336	(123,048)	1,918,456	7,715,914	13.985%
2,038,968	144,533	(138,919)	2,044,582	8,245,403	13.985%
2,283,051	150,880	(143,108)	2,290,823	8,778,018	13.820%
2,339,976	163,198	(152,699)	2,350,475	8,569,919	13.820%
2,336,269	157,035	(142,764)	2,350,540	8,552,639	13.820%
2,408,026	152,958	(152,569)	2,408,415	8,717,258	13.820%
2,429,152	160,821	(152,386)	2,437,587	8,832,423	13.820%

CITY OF WEST COVINA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year			
	2004	2005	2006	2007
City Prop 13 Rate:				
City of West Covina Sewer Maintenance District	0.003130	0.003130	0.003130	0.003130
City of West Covina Tax District I	0.136710	0.136710	0.136710	0.136710
<b>Sub-Total City Direct Rate</b>	<b>0.139840</b>	<b>0.139840</b>	<b>0.139840</b>	<b>0.139840</b>
Children's Institutional Tuition Fund (400.21)	0.002880	0.002880	0.002880	0.002880
County Sanitation District No. 22 Operating (066.85)	0.014140	0.014140	0.014140	0.014140
County School Services (400.15)	0.001450	0.001450	0.001450	0.001450
County School Services Fund West Covina (985.06)	0.007850	0.007850	0.007850	0.007850
Development Center Handicapped Minors West Covina (98)	0.000870	0.000870	0.000870	0.000870
Educational Revenue Augmentation Fund (400.00)	0.072470	0.072470	0.072470	0.072470
Educational Revenue Augmentation Fund (400.01)	0.169290	0.169290	0.169290	0.169290
Los Angeles County Accumulative Capital Outlay (001.20)	0.000120	0.000120	0.000120	0.000120
Los Angeles County Flood Control Imp. Dist. Main. (030.10)	0.001800	0.001800	0.001800	0.001800
Los Angeles County Library (003.01)	0.024080	0.024080	0.024080	0.024080
Los Angeles County Fire - Ffw (007.31)	0.007560	0.007560	0.007560	0.007560
Los Angeles County Flood Control Maintenance (030.70)	0.010190	0.010190	0.010190	0.010190
Los Angeles County General (001.05)	0.329550	0.329550	0.329550	0.329550
Mount San Antonio Children's Center Fund (809.20)	0.000300	0.000300	0.000300	0.000300
Mount San Antonio Community College (809.04)	0.031040	0.031040	0.031040	0.031040
Upper San Gabriel Valley Muni Water - Covina (368.10)	0.000580	0.000580	0.000580	0.000580
West Covina Unified School District (985.03)	0.185970	0.185970	0.185970	0.185970
<b>Sub-Total</b>	<b>0.860140</b>	<b>0.860140</b>	<b>0.860140</b>	<b>0.860140</b>
<b>Total Prop 13 Rate</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>
Voter Approved Rates:				
Metro Water District	0.006100	0.005800	0.005200	0.004700
Flood Control	0.000462	0.000245	0.000050	0.000050
Community College	0.015246	0.014731	0.021220	0.025300
Unified Schools	0.050839	0.082226	0.061470	0.065120
County	0.000992	0.000923	0.000800	0.000660
<b>Total Voter Approved Rates</b>	<b>0.073639</b>	<b>0.103925</b>	<b>0.088740</b>	<b>0.095830</b>
<b>Total Tax Rate</b>	<b>1.073639</b>	<b>1.103925</b>	<b>1.088740</b>	<b>1.095830</b>

Note:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assess property values for the payment of any voter approved bonds.

TABLE 8

Fiscal Year					
2008	2009	2010	2011	2012	2013
0.003130	0.003130	0.003130	0.003130	0.003130	0.003130
0.136710	0.136710	0.136710	0.135100	0.135100	0.135100
0.139840	0.139840	0.139840	0.138230	0.138230	0.138230
0.002880	0.002880	0.002880	0.002880	0.002880	0.002880
0.014140	0.014140	0.014140	0.014140	0.014140	0.014140
0.001450	0.001450	0.001450	0.001450	0.001450	0.001450
0.007850	0.007850	0.007850	0.007850	0.007850	0.007850
0.000870	0.000870	0.000870	0.000870	0.000870	0.000870
0.072470	0.072470	0.072470	0.074500	0.074500	0.074500
0.169290	0.169290	0.169290	0.169300	0.169300	0.169300
0.000120	0.000120	0.000120	0.000120	0.000120	0.000120
0.001800	0.001800	0.001800	0.001800	0.001800	0.001800
0.024080	0.024080	0.024080	0.024100	0.024100	0.024100
0.007560	0.007560	0.007560	0.007560	0.007560	0.007560
0.010190	0.010190	0.010190	0.010190	0.010190	0.010190
0.329550	0.329550	0.329550	0.329200	0.329200	0.329200
0.000300	0.000300	0.000300	0.000300	0.000300	0.000300
0.031040	0.031040	0.031040	0.031000	0.031000	0.031000
0.000580	0.000580	0.000580	0.000580	0.000580	0.000580
0.185970	0.185970	0.185970	0.186000	0.186000	0.186000
0.860140	0.860140	0.860140	0.861840	0.861840	0.861840
<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>	<b>1.000000</b>
0.004500	0.004300	0.004300	0.003700	0.003700	0.003500
-	-	-	-	-	-
0.017500	0.023326	0.025710	0.026363	0.026415	0.028957
0.051440	0.060406	0.052576	0.059198	0.053770	0.049650
-	-	-	-	-	-
<b>0.073440</b>	<b>0.088032</b>	<b>0.082586</b>	<b>0.089261</b>	<b>0.083885</b>	<b>0.082107</b>
<b>1.073440</b>	<b>1.088032</b>	<b>1.082586</b>	<b>1.089261</b>	<b>1.083885</b>	<b>1.082107</b>

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## CITY OF WEST COVINA

TABLE 9

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2013		2004	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
851 S. Sunset Avenue Apartments LLC	\$ -	0.00%	\$ 22,540,862	0.38%
Cole ME West Covina California DST	28,454,849	0.32%	-	0.00%
Cole MT West Covina California LC	87,727,132	0.99%	-	0.00%
Eastland Shopping Center LLC	-	0.00%	85,913,842	1.44%
Eastland Tower Partnership	42,600,000	0.48%	31,650,000	0.53%
Gateway Crescent LLC	46,800,000	0.53%	-	0.00%
Hassen Imports Partnership	-	0.00%	47,019,668	0.79%
Hassen Real Estate Partnership	35,919,195	0.41%	-	0.00%
KW of CV Sunset LLC	40,107,000	0.45%	-	0.00%
Plaza West Covina	190,213,742	2.15%	169,151,619	2.84%
Pleasant Hill Partners	-	0.00%	16,518,533	0.28%
Pried XIV Trust	29,756,545	0.34%	24,699,156	0.41%
PT Enterprises LLC	28,857,269	0.33%	-	0.00%
Sears Development Company	27,153,536	0.31%	16,951,811	0.28%
WCPP Limited	-	0.00%	14,805,623	0.25%
West Covina Lakes Association	-	0.00%	21,900,000	0.37%
	<u>\$ 557,589,268</u>	<u>6.31%</u>	<u>\$ 451,151,114</u>	<u>7.57%</u>

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

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

Source: Los Angeles County Assessor 2012/13 Combined Tax Rolls and the SBE Unitary Tax Roll

CITY OF WEST COVINA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30	City					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2004	\$ 6,120,235	\$ 5,826,025	95.19%	\$ 76,492	\$ 5,902,517	96.44%
2005	6,228,741	5,637,051	90.50%	63,827	5,700,878	91.53%
2006	7,404,266	6,799,451	91.83%	(262,305)	6,537,146	88.29%
2007	8,255,755	7,536,422	91.29%	(7,738)	7,528,684	91.19%
2008	8,788,631	7,766,633	88.37%	(65,994)	7,700,639	87.62%
2009	9,207,210	8,509,721	92.42%	104,568	8,614,289	93.56%
2010	8,913,839	8,152,304	91.46%	111,790	8,264,094	92.71%
2011	8,782,946	8,287,440	94.36%	201,261	8,488,701	96.65%
2012	8,961,279	8,280,265	92.40%	(167,264)	8,113,001	90.53%
2013	9,094,235	8,853,013	97.35%	(75,056)	8,777,957	96.52%

Notes:

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

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



TABLE 10

Fiscal Year Ended June 30	Community Development Commission					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2004	\$ 11,439,589	\$ 11,308,165	98.85%	\$ 647,807	\$ 11,955,972	104.51%
2005	12,333,003	12,130,821	98.36%	1,291,517	13,422,338	108.83%
2006	14,104,710	14,076,889	99.80%	1,144,548	15,221,437	107.92%
2007	15,942,115	15,927,954	99.91%	827,358	16,755,312	105.10%
2008	17,595,311	17,485,161	99.37%	1,100,374	18,585,535	105.63%
2009	19,346,023	18,610,849	96.20%	833,301	19,444,150	100.51%
2010	20,058,658	19,121,096	95.33%	349,563	19,470,659	97.07%
2011	20,132,138	19,147,814	95.11%	394,313	19,542,127	97.07%
2012	20,612,835	8,727,674	42.34%	191,262	8,918,936	43.27%
2013	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WEST COVINA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Lease Revenue Bonds	Special Assessment Bonds	Tax Allocation Bonds (1)	Loans	Capital Lease Obligations	
2004	\$ 31,735,000	\$ 44,255,000	\$ 32,155,000	\$ 21,014,344	\$ 1,058,092	\$ 130,217,436
2005	44,880,000	43,350,000	31,500,000	22,754,013	817,731	143,301,744
2006	44,550,000	42,345,000	30,830,000	24,940,778	572,389	143,238,167
2007	60,570,000	41,240,000	30,140,000	27,764,353	398,483	160,112,836
2008	59,395,000	40,040,000	29,170,000	31,584,157	3,267,104	163,456,261
2009	58,530,000	38,745,000	28,165,000	34,960,554	2,691,276	163,091,830
2010	57,515,000	37,355,000	27,020,000	38,733,523	2,261,401	162,884,924
2011	56,115,000	35,870,000	25,815,000	42,385,673	1,843,538	162,029,211
2012	50,825,000	-	-	1,800,221	1,409,134	54,034,355
2013	49,645,000	-	-	1,658,532	957,535	52,261,067

Notes:

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

(1) The 1994 West Covina Public Financing Authority Water Revenue Bonds were defeased as of June 30, 2000 due to the sale of the City's water system.

(2) These ratios are calculated using personal income and population for the prior calendar year.

TABLE 11

<u>Business-type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Debt per Capita (2)</u>
<u>Certificates of Participation</u>	<u>Total Business-type Activities</u>			
\$ -	\$ -	\$ 130,217,436	3.52%	\$ 1,180
-	-	143,301,744	3.65%	1,290
-	-	143,238,167	3.42%	1,283
-	-	160,112,836	3.52%	1,428
-	-	163,456,261	3.45%	1,459
-	-	163,091,830	3.39%	1,456
-	-	162,884,924	3.37%	1,443
-	-	162,029,211	3.47%	1,527
-	-	54,034,355	1.15%	506
-	-	52,261,067	1.10%	487

## CITY OF WEST COVINA

TABLE 12

## RATIO OF GENERAL BONDED DEBT OUTSTANDING

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

Fiscal Year Ended June 30	Lease Revenue Bonds	Special Assessment Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value (1)	Per Capita
2004	\$ 31,735	\$ 44,255	\$ 32,155	\$ 108,145	1.82%	\$ 288
2005	44,880	43,350	31,500	119,730	1.89%	404
2006	44,550	42,345	30,830	117,725	1.68%	399
2007	60,570	41,240	30,140	131,950	1.71%	540
2008	59,395	40,040	29,170	128,605	1.56%	530
2009	58,530	38,745	28,165	125,440	1.43%	522
2010	57,515	37,355	27,020	121,890	1.42%	510
2011	56,115	35,870	25,815	117,800	1.38%	529
2012	50,825	-	-	50,825	0.58%	476
2013	49,645	-	-	49,645	0.56%	463

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

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

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

CITY OF WEST COVINA

TABLE 13

DIRECT AND OVERLAPPING DEBT

June 30, 2013

2012-13 Assessed Valuation		\$ 8,832,423,000	
Redevelopment Incremental Valuation		<u>(2,437,587,000)</u>	
Adjusted Assessed Valuation		<u>\$ 6,394,836,000</u>	
	<u>Total Debt</u>		<u>City's Share of</u>
	6/30/2013	% Applicable <sup>(1)</sup>	Debt 6/30/13
Overlapping Tax and Assessment Debt:			
Los Angeles County Flood Control District	\$ 19,770,000	0.837%	\$ 165,475
Metropolitan Water District	165,085,000	0.421%	695,008
Mount San Antonio Community College District	212,076,742	12.883%	27,321,847
Baldwin Park Unified School District	98,725,527	0.300%	296,177
Bassett Unified School District	39,744,081	0.068%	27,026
Covina Valley Unified School District	119,496,200	31.813%	38,015,326
Hacienda-La Puente Unified School District	90,748,428	1.411%	1,280,460
Rowland Unified School District	163,707,079	15.018%	24,585,529
Walnut Valley Unified School District	124,443,223	0.729%	907,191
West Covina Unified School District	28,925,000	95.218%	27,541,807
Los Angeles County Reg'l Park and Open Space Assessment District	142,870,000	0.811% #	1,158,676
TOTAL OVERLAPING TAX and ASSESSMENT DEBT	<u>\$ 1,205,591,280</u>		<u>\$ 121,994,522</u>
Direct and Overlapping General Fund Debt:			
Los Angeles County General Fund Obligations	\$ 1,729,437,327	0.811%	\$ 14,025,737
Los Angeles County Supt. of Schools Cert. of Participation	10,377,239	0.811%	84,159
Los Angeles County Sanitation District No. 15 Authority	29,239,080	2.019%	590,337
Los Angeles County Sanitation District No. 21 Authority	17,234,188	2.580%	444,642
Los Angeles County Sanitation District No. 22 Authority	14,900,685	21.720%	3,236,429
Baldwin Park Unified School District General Fund Obligations	40,915,000	0.300%	122,745
Covina Valley Unified School District General Fund Obligations	5,000,000	31.813%	1,590,650
Rowland Unified School District General Fund Obligations	5,000,000	15.018%	750,900
City of West Covina General Fund Obligations	49,645,000	100.000%	49,645,000
TOTAL GROSS DIRECT and OVERLAPPING GENERAL FUND DEBT			<u>\$ 70,490,599</u>
Less: L.A. County General Fund Obligations supported by landfill revenues			<u>44,539</u>
TOTAL NET DIRECT and OVERLAPPING GENERAL FUND DEBT			<u>70,446,060</u>
Overlapping Tax Increment Debt ( Successor Agency )			
Tax Allocation Bonds	\$ 23,260,000	100.000%	\$ 23,260,000
Total Gross Overlapping Debt	3,360,000	100.000%	3,360,000
Total Net Overlapping Debt	32,520,000	100.000%	<u>32,520,000</u>
			<u>\$ 59,140,000</u>
TOTAL DIRECT DEBT			\$ 49,645,000
TOTAL GROSS OVERLAPPING DEBT			201,980,121
TOTAL NET OVERLAPPING DEBT			201,935,582
GROSS COMBINED TOTAL DEBT <sup>(2)</sup>			\$ 251,625,121
NET COMBINED TOTAL DEBT			\$ 251,580,582

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

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

Source: California Municipal Statistics, Inc.

CITY OF WEST COVINA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years  
(in thousands of dollars)

	Fiscal Year			
	2004	2005	2006	2007
Assessed valuation	\$ 4,467,971	\$ 4,775,504	\$ 5,279,478	\$ 5,797,458
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,116,993	1,193,876	1,319,870	1,449,365
Debt limit percentage	15%	15%	15%	15%
Debt limit	167,549	179,081	197,980	217,405
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	<u>\$ 167,549</u>	<u>\$ 179,081</u>	<u>\$ 197,980</u>	<u>\$ 217,405</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of the 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the State's establishment of the limit.

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

TABLE 14

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 6,200,821	\$ 6,487,195	\$ 6,219,444	\$ 6,202,099	\$ 6,308,843	\$ 6,394,836
25%	25%	25%	25%	25%	25%
1,550,205	1,621,799	1,554,861	1,550,525	1,577,211	1,598,709
15%	15%	15%	15%	15%	15%
232,531	243,270	233,229	232,579	236,582	239,806
-	-	-	-	-	-
<u>\$ 232,531</u>	<u>\$ 243,270</u>	<u>\$ 233,229</u>	<u>\$ 232,579</u>	<u>\$ 236,582</u>	<u>\$ 239,806</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF WEST COVINA

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years  
(In thousands of dollars)

Fiscal Year Ended June 30	Lease Revenue Bonds and Certificates of Participation			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2004	\$ 36,793	\$ 210	\$ 597	45.59
2005	41,865	355	1,037	30.08
2006	46,565	375	1,296	27.87
2007	47,964	2,130	2,411	10.56
2008	48,724	1,175	2,151	14.65
2009	48,251	865	1,675	19.00
2010	44,950	1,310	1,245	17.59
2011	47,672	1,855	1,268	15.26
2012	48,347	1,505	1,155	18.18
2013	53,006	1,605	1,272	18.42

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Revenue	Debt Service		Coverage
		Principal	Interest	
2004	\$ 11,956	\$ 515	\$ 1,391	6.27
2005	13,422	655	1,400	6.53
2006	15,221	670	1,458	7.15
2007	16,755	690	1,474	7.74
2008	18,626	970	1,406	7.84
2009	19,444	1,005	1,293	8.46
2010	19,564	1,207	1,207	8.10
2011	19,542	1,205	1,127	8.38
2012	21,224	1,250	1,079	9.11
2013	12,152	1,305	1,030	5.20

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

Source: City of West Covina Finance Department



TABLE 15

Fiscal Year Ended June 30	Assessment District Bond					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 4,643	\$ 1,017	\$ 3,626	\$ 855	\$ 2,642	1.04
2005	4,005	1,128	2,877	905	2,597	0.82
2006	3,831	739	3,092	1,005	2,548	0.87
2007	3,995	593	3,402	1,105	2,494	0.95
2008	3,765	811	2,954	1,200	2,430	0.81
2009	3,375	333	3,042	1,295	2,358	0.83
2010	3,828	72	3,756	1,390	2,281	1.02
2011	3,591	470	3,121	1,485	2,197	0.85
2012	4,444	70	4,374	1,580	2,105	1.19
2013	5,569	1,027	4,542	1,770	2,004	1.20

## CITY OF WEST COVINA

TABLE 16

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (3)	Annual Unemployment Rate (4)
2003	110,315	\$ 3,699,634	\$ 33,537	6.10%
2004	111,098	3,922,759	35,309	5.70%
2005	111,675	4,192,615	37,543	4.70%
2006	112,113	4,544,837	40,538	4.20%
2007	112,009	4,735,517	42,278	4.40%
2008	112,022	4,807,536	42,916	6.60%
2009	112,880	4,833,296	42,818	10.20%
2010	106,098	4,668,206	43,999	11.20%
2011	106,713	4,695,265	43,999	10.50%
2012	107,248	4,764,278	44,423	9.00%

## Sources:

- (1) State of California, Department of Finance, E-1 Cities, Counties and the State Population estimates with Annual Percent Change - January 1, 2013
- (2) Estimated by multiplying population by per capita income
- (3) Bureau of Economic Analysis, Used per capita income of Los Angeles-Long Beach-Santa Ana, CA area
- (4) State of California Employment Development Department Labor Market Information, Unemployment rate June 2013

CITY OF WEST COVINA

TABLE 17

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2013		2004	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Queen of the Valley Campus	1,484	2.90%		
WC Unified School District	1,194	2.34%		
Target Store #T1028 & T2147	437	0.86%		
City of West Covina	397	0.78%		
Walmart Store #5954	301	0.59%	Data was not available at time of printing	
Macy's	299	0.59%		
Interspace/Concorde Battery	252	0.49%		
S G V Newspaper Group	225	0.44%		
East Valley Comm. Health Ctr	200	0.39%		
B.J.'s Restaurant & Brewery	187	0.37%		

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

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CITY OF WEST COVINA

TABLE 18

FULL-TIME AND PART-TIME CITY EMPLOYEES  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	44	43	44	43	43	42	40	39	36	31
Public safety	297	297	296	307	307	306	295	281	264	253
Public works	81	79	79	79	79	83	78	76	72	64
Community services	65	66	63	63	63	55	47	44	44	41
Community development	23	22	22	24	24	24	23	19	16	7
Total	<u>510</u>	<u>507</u>	<u>504</u>	<u>516</u>	<u>516</u>	<u>510</u>	<u>483</u>	<u>459</u>	<u>432</u>	<u>396</u>

Source: City of West Covina Finance Department

CITY OF WEST COVINA  
OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year			
	2004	2005	2006	2007
<b>Police:</b>				
Total arrests	3,837	3,852	3,491	3,449
Calls for police service (1)	95,654	89,340	80,048	79,753
Graffiti sites cleaned (2)	N/A	N/A	N/A	N/A
<b>Fire:</b>				
Emergency responses	7,080	7,122	7,057	7,064
Fire inspections	3,350	3,819	3,122	3,711
<b>Public Works:</b>				
Building permits issued	3,830	3,798	4,250	3,854
<b>Community Services:</b>				
Recreation class registrations	3,617	3,950	4,342	4,820
<b>Environmental Management:</b>				
Graffiti sites cleaned (2)	8,055	8,055	9,600	17,903

Note:

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

TABLE 19

Fiscal Year					
2008	2009	2010	2011	2012	2013
3,726	3,651	3,397	3,210	2,557	2,755
82,588	82,682	75,752	71,254	71,741	65,554
15,736	8,009	16,077	15,781	23,579	19,910
7,167	7,194	6,949	7,454	7,545	7,871
3,748	3,751	3,603	430	496	837
3,189	2,891	2,334	2,477	2,435	3,882
5,097	6,564	7,916	7,041	6,927	6,027
N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WEST COVINA  
 CAPITAL ASSET STATISTICS  
 BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year			
	2004	2005	2006	2007
Police:				
Stations	1	1	1	1
Fire:				
Stations	5	5	5	5
Public Works:				
Streets (miles)	230.0	230.0	230.0	230.0
Streetlight poles	826	826	826	826
Streetlight fixtures	1,109	1,109	1,109	1,109
Traffic signals	113	113	114	114
Parks and Recreation:				
Sports complex	-	-	-	-
Parks	15	15	16	16
Community centers	4	4	4	4
Wastewater:				
Sanitary sewers (miles)	233.0	233.0	233.0	238.9
Storm sewers (miles)	42.0	42.0	42.0	42.0

Source: City of West Covina



TABLE 20

Fiscal Year						
2008	2009	2010	2011	2012	2013	
1	1	1	1	1	1	1
5	5	5	5	5	5	5
230.0	230.0	230.0	231.0	231.0	231.0	231.0
826	826	826	826	826	826	826
1,109	1,109	1,109	1,109	1,109	1,109	1,109
114	116	116	116	117	117	117
1	1	1	1	1	1	1
16	16	16	16	16	16	16
4	4	4	4	4	4	4
238.9	238.9	238.9	238.9	238.9	238.9	238.9
42.0	42.0	42.0	42.0	42.0	42.0	42.0

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