

Comprehensive Annual Financial Report
City of West Covina, California
Fiscal Year Ended June 30, 2015





CITY OF WEST COVINA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
FOR THE YEAR ENDED JUNE 30, 2015

Prepared By:

City of West Covina Finance Department

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CITY OF WEST COVINA

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March 30, 2016

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

It is a pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of West Covina (City) for the fiscal year ended June 30, 2015. This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by White Nelson Diehl Evans, LLP, a firm of certified public accountants. The auditors have issued an unqualified opinion on these financial statements, and they emphasized there was a restatement of fund balance at July 1, 2015. Their report is located at the front of the financial section of this report.

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

Profile of the Government

The City of West Covina is located in the San Gabriel Valley, 20 miles east of downtown Los Angeles and 15 miles north of Orange County. Incorporated as a general law city in 1923, the City's 16 square miles flourished with walnut groves and orange groves for many decades. The post-World War II building boom rapidly transformed the City, which experienced a significant population increase between 1950 and 1960, from less than 5,000 to more than 50,000 citizens. Subsequent to this rapid population increase, the City has continued to grow at a steady pace with a current population in excess of 110,000.

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

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

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

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

Economic Outlook and Major Objectives

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

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

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

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

Short-term and Long-term financial planning

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

During the past few years, the City has utilized a range of temporary and permanent cost reduction initiatives, economic development, and revenue generation priorities, outside grants, and the use of fiscal reserves as necessary. As a result, the City has weathered the effects of the recession while providing critical services to the public in such areas as public safety, facility maintenance, parks maintenance, and infrastructure improvement. On June 29, 2015, the City Council adopted a fund balance policy with a plan to build its reserves back to 20%. The policy required the City to maintain a minimum unassigned fund balance of at least 10% of General Fund operating expenditures with a goal of bringing the total level of reserves up to 20% of operating expenditures. Since that time the City has exceeded that 20% reserve and amended the fund balance policy to maintain a minimum unassigned fund balance of at least 20% of General Fund operating expenditures.

Awards and Acknowledgements

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

Respectfully submitted,



Christa Buhagiar
Finance Director

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CITY OF WEST COVINA

City Officials

June 30, 2015

CITY COUNCIL

Mayor Fredrick Sykes
Mayor Pro Tem James Toma
Councilman Mike Spence
Councilmember Corey Warshaw
Councilmember Ben Wong

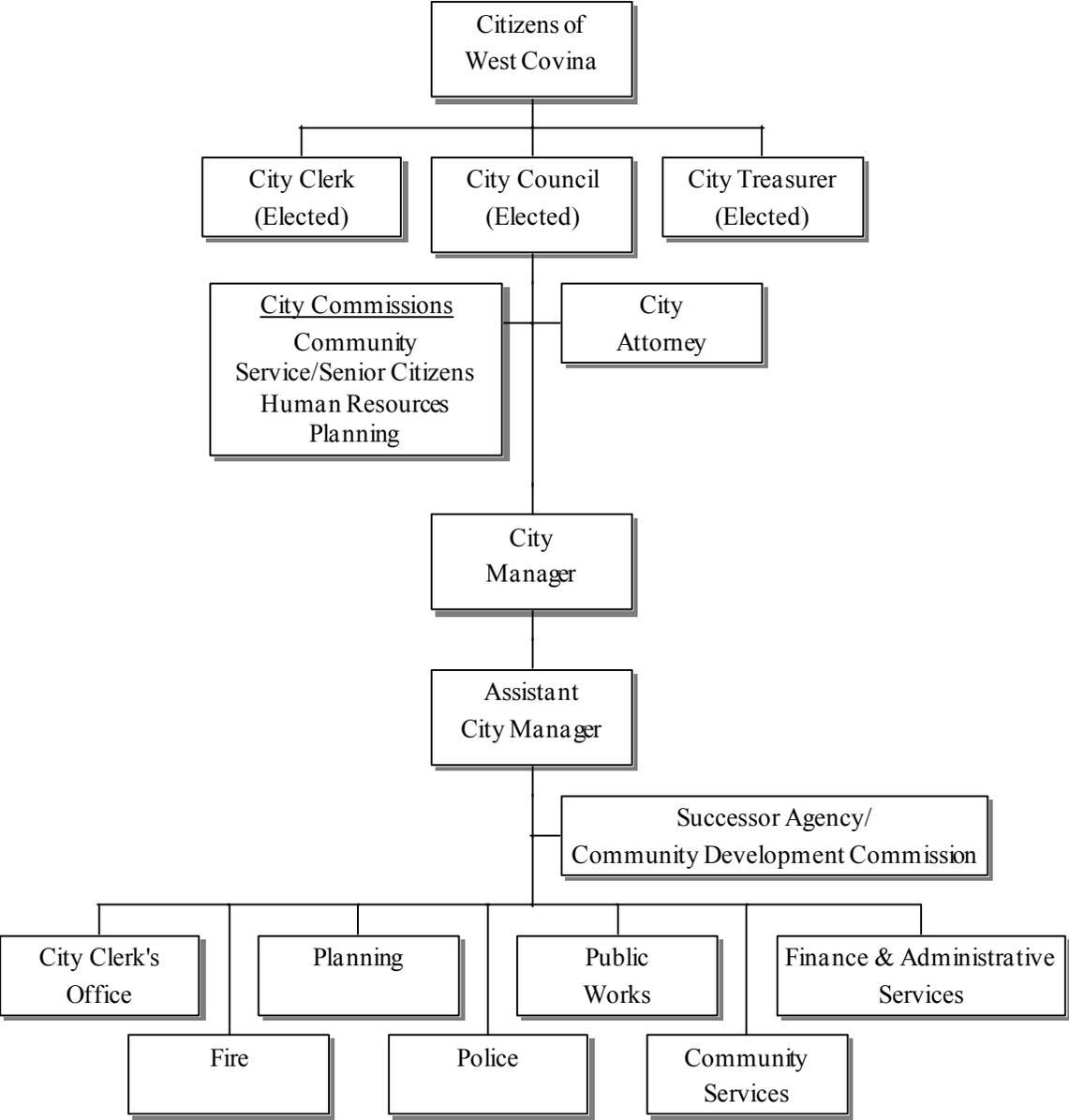
CITY MANAGER

Thomas Mauk

EXECUTIVE MANAGEMENT

Chris Freeland	Assistant City Manager
Kimberly Barlow	City Attorney
Rosalia Conde	City Clerk
Christa Buhagiar	Finance Director
Larry Whithorn	Fire Chief
Dave Faulkner	Police Chief
Jeff Anderson	Planning Director
Chino Consunji	Public Works Director

City of West Covina Organizational Chart



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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparisons for the General Fund, the West Covina Housing Authority Special Revenue Fund and the Grants 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 Notes 1d and 23 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB No. 68*". The adoption of these standards required retrospective application resulting in a reduction in the previously reported net position of the governmental activities. Our opinion is not modified with respect to this matter.

As discussed in Note 23 to the financial statements, the net position of the governmental activities, the fund balances of the General Fund and Other Governmental Funds, and the net position of the private purpose trust fund were restated at July 1, 2014. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of changes in the net pension liability and relation ratios, schedules of contributions and the schedule of funding progress, identified as Required Supplementary Information (RSI) in the accompanying 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 RSI 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 RSI 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 March 30, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
March 30, 2016

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, 2015. 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, 2015, the City's total net position (assets plus deferred outflows of resources less liabilities and less deferred inflows of resources) is \$64 million.
- The City's total net position decreased \$145.6 million from the prior year. This is mostly due to the implementation of Government Accounting Standards Board Statement No. 68 (GASB 68), which requires the city to record the long-term net pension obligation as a liability. Long-term debt such as this is not recorded in the governmental fund statements; therefore, the overall fund balance increased by \$19.1 million.
- The City's total governmental funds reported combined ending fund balances of \$91.6 million, an increase of \$19.5 million in comparison with the prior fiscal year of \$72 million (as restated). Of this, \$6.6 million, or 7% of this total is nonspendable (not available for new spending). The restricted fund balance categories of \$59.9 million or 65% is spendable for restricted purposes. The assigned fund balance of \$4.9 million represents amounts that are intended to be used for specific purposes, but are not formally restricted or committed. The unassigned fund balance category of \$20.1 million or 22% represents the City's fund balance reserves.
- As of June 30, 2015, the unassigned fund balance for the General Fund was \$20.5 million, an increase of \$14.8 million from the prior year. The City was able to settle with the Department of Finance regarding the amount owed back to the County as a result of the dissolution of the redevelopment agency. As a result, \$11.6 million of this increase represents the amount due to the Successor Agency to repay the County over 20 year's interest free. The \$11.6 million was moved to long-term debt which is not reported in the governmental fund statements.
- Operating income for the City's business-type computer service enterprise activity (West Covina Service Group) for fiscal year 2014-15 was \$227,345, compared with \$589,217 in income in 2013-14. The total net position for the computer service enterprise fund is \$188,045. Net position in the prior year was \$60,922.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Reporting the City's Most Significant Funds

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

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other current financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* in reconciliations on the pages following the fund financial statements in this report.
- *Proprietary funds* – When the City charges customers for the services it provides these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities.

Reporting the City's Fiduciary Responsibilities

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015, net position for the City of West Covina was \$64 million. Compared to the prior year, the net position of the City's governmental funds decreased by \$145.6 million or 70%. This overall decrease is attributable to the City's implementation of GASB 68, a new accounting standard that established new financial reporting requirements for most state and local governments that provide employees with pension benefits. GASB 68 requires governments providing defined pension benefits, such as the City of West Covina, to recognize their long-term obligation for pension benefits as a liability on the Government Wide Statement of Net Position for the first time. This accounting requirement has resulted in a restatement of net position totaling \$143.4 million.

The City's net position of \$64 million is made up of three components: Net investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. The largest portion of the City's net position, \$144.2 million, reflects its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the community. As such, these assets are not available for spending. In addition, \$48.8 million of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining negative balance of unrestricted net position of (\$129) million is a result of the implementation of GASB 68.

The table below reflects the Statement of Net Position for the fiscal year ended June 30, 2015, with the comparative data for the fiscal year ended June 30, 2014.

Table 1
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 101,540,420	\$ 93,268,958	\$ 307,327	\$ 208,785	\$ 101,847,747	\$ 93,477,743
Capital assets	204,597,703	212,442,596	-	-	204,597,703	212,442,596
Total Assets	306,138,123	305,711,554	307,327	208,785	306,445,450	305,920,339
Deferred Outflows of Resources:						
Deferred amount from pension plans	9,023,515	-	-	-	9,023,515	-
	9,023,515	-	-	-	9,023,515	-
Liabilities:						
Long-term debt outstanding	222,638,797	80,350,216	97,615	127,502	222,736,412	80,477,718
Other liabilities	4,835,366	15,929,637	21,667	20,361	4,857,033	15,949,998
Total Liabilities	227,474,163	96,279,853	119,282	147,863	227,593,445	96,427,716
Deferred Inflows of Resources:						
Deferred amount from pension plans	23,831,100	-	-	-	23,831,100	-
	23,831,100	-	-	-	23,831,100	-
Net Position:						
Net investment in capital assets	144,215,248	161,771,546	-	-	144,215,248	161,771,546
Restricted	48,793,821	47,468,277	-	-	48,793,821	47,468,277
Unrestricted	(129,152,694)	191,878	188,045	60,922	(128,964,649)	252,800
Total net position	\$ 63,856,375	\$ 209,431,701	\$ 188,045	\$ 60,922	\$ 64,044,420	\$ 209,492,623

Changes in Net Position

The City's total revenues and transfers of \$85 million for governmental activities are less than the expenses of \$86.7 million by \$1.6 million. The decrease is a result is slow growth in our revenues offset by increases in expenditures, the largest being public safety.

A summary of the government-wide statement of activities for the year ended June 30, 2015, follows:

Table 2
Changes in Net Position

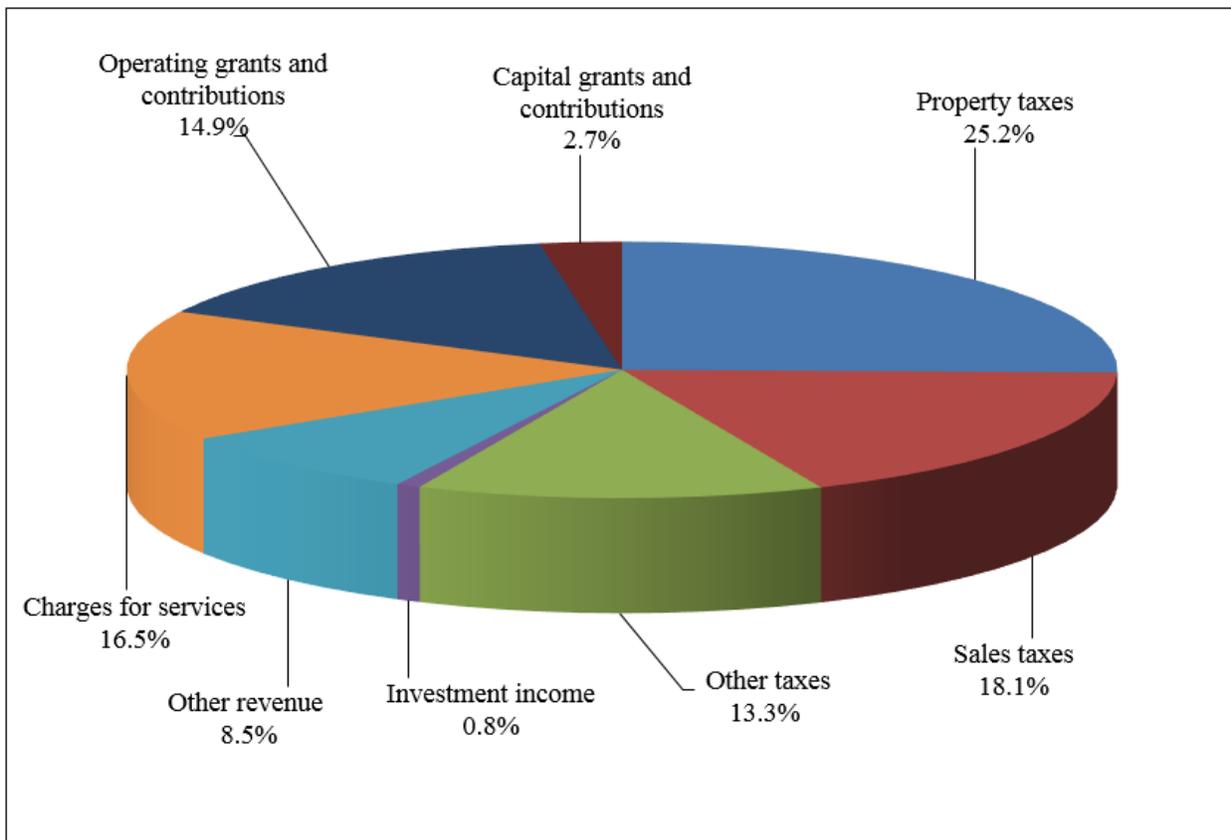
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 13,766,891	\$ 14,204,405	\$ 1,655,134	\$ 1,873,636	\$ 15,422,025	\$ 16,078,041
Operating contributions and grants	12,405,742	11,021,410	-	-	12,405,742	11,021,410
Capital contributions and grants	2,224,864	4,458,250	-	-	2,224,864	4,458,250
General revenues:						
Property taxes	21,156,596	20,420,020	-	-	21,156,596	20,420,020
Sales taxes	15,096,101	14,705,790	-	-	15,096,101	14,705,790
Other taxes	11,068,198	10,930,479	-	-	11,068,198	10,930,479
Other general revenues	7,760,966	6,758,083	(100,222)	(101,775)	7,660,744	6,656,308
Total revenues	83,479,358	82,498,437	1,554,912	1,771,861	85,034,270	84,270,298
Expenses						
General government	5,676,067	7,472,254	-	-	5,676,067	7,472,254
Public safety	49,813,447	45,443,958	-	-	49,813,447	45,443,958
Public works	20,586,770	21,109,952	-	-	20,586,770	21,109,952
Community services	7,035,872	6,437,040	-	-	7,035,872	6,437,040
Community development	766,886	658,082	-	-	766,886	658,082
Interest expense	1,353,156	1,677,062	-	-	1,353,156	1,677,062
Computer service	-	-	1,427,789	1,284,419	1,427,789	1,284,419
Total expenses	85,232,198	82,798,348	1,427,789	1,284,419	86,659,987	84,082,767
Increase (decrease) in net position	(1,752,840)	(299,911)	127,123	487,442	(1,625,717)	187,531
Beginning net position, as restated	65,609,215	209,731,612	60,922	(426,520)	65,670,137	209,305,092
Ending net position	\$ 63,856,375	\$ 209,431,701	\$ 188,045	\$ 60,922	\$ 64,044,420	\$ 209,492,623

Governmental Activities

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

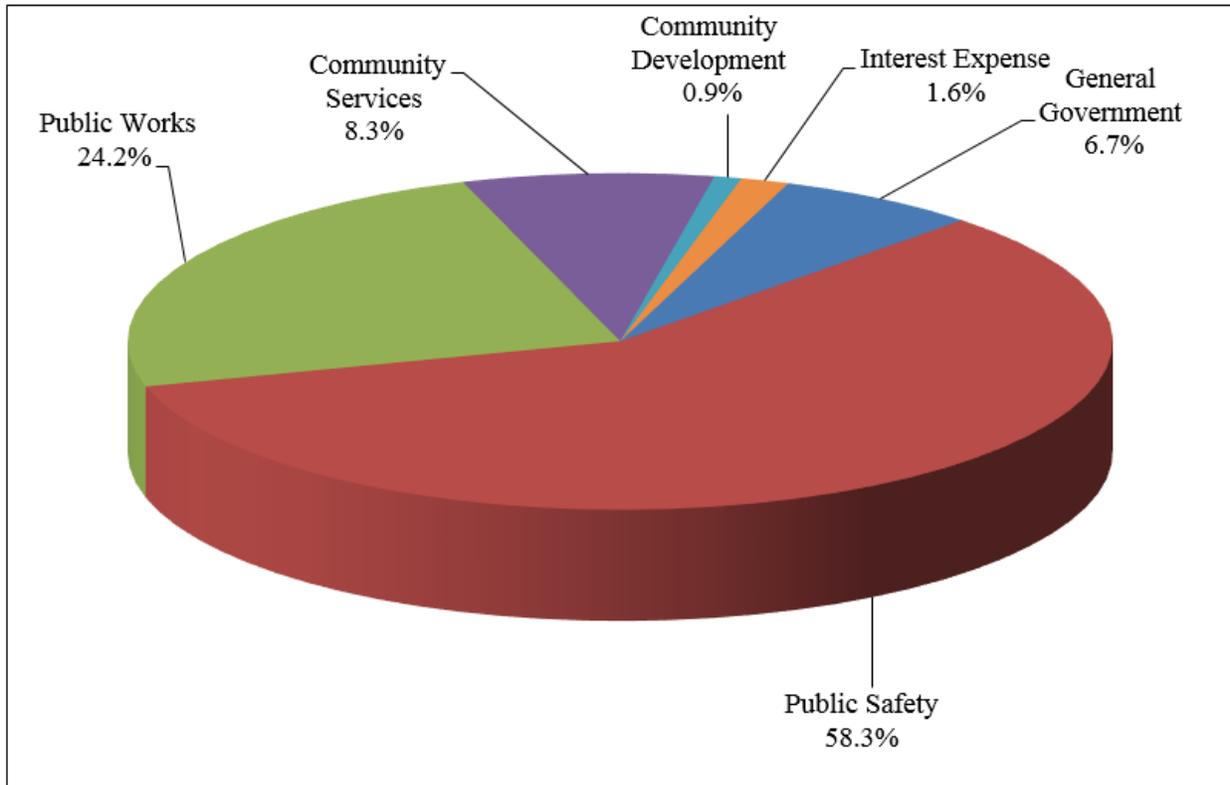
- Operating contributions and grants increased by \$1.4 million, primarily due to a significant increase in the drug enforcement revenue and reimbursed costs relating to the Staffing for Adequate Fire and Emergency Response (SAFER) grant.
- Capital contributions and grants decreased by \$2.2 million due to a decrease in developer fees, as a large development began the prior fiscal year for the Lennar housing project in the downtown district of the City. Also, the City did not receive federal grant funding for major street improvements completed in the prior year.
- Sales tax, the City's second largest revenue source, increased because consumer spending in the area increased during this period of strong economic growth.
- General Government costs decreased by \$1.8 million, primarily due to settlement costs the City incurred during the prior fiscal year.
- Public Safety costs increased by \$4.4 million, primarily as a result of an increase in the Fire Department personnel, due to the SAFER grant, and an increase in the Police Department which increased the overall salaries and benefits expenditures incurred in the current year.

Revenues by Source – Governmental Activities



The most significant revenues of the governmental activities are property taxes (\$21.2 million), sales tax (\$15.1 million) and other taxes (\$11.1 million). Program revenues are (\$28.4 million) of the total revenues of the governmental activities, which include charges for services (\$13.8 million), operating contributions and grants (\$12.4 million), can capital grants and contributions (\$2.2 million).

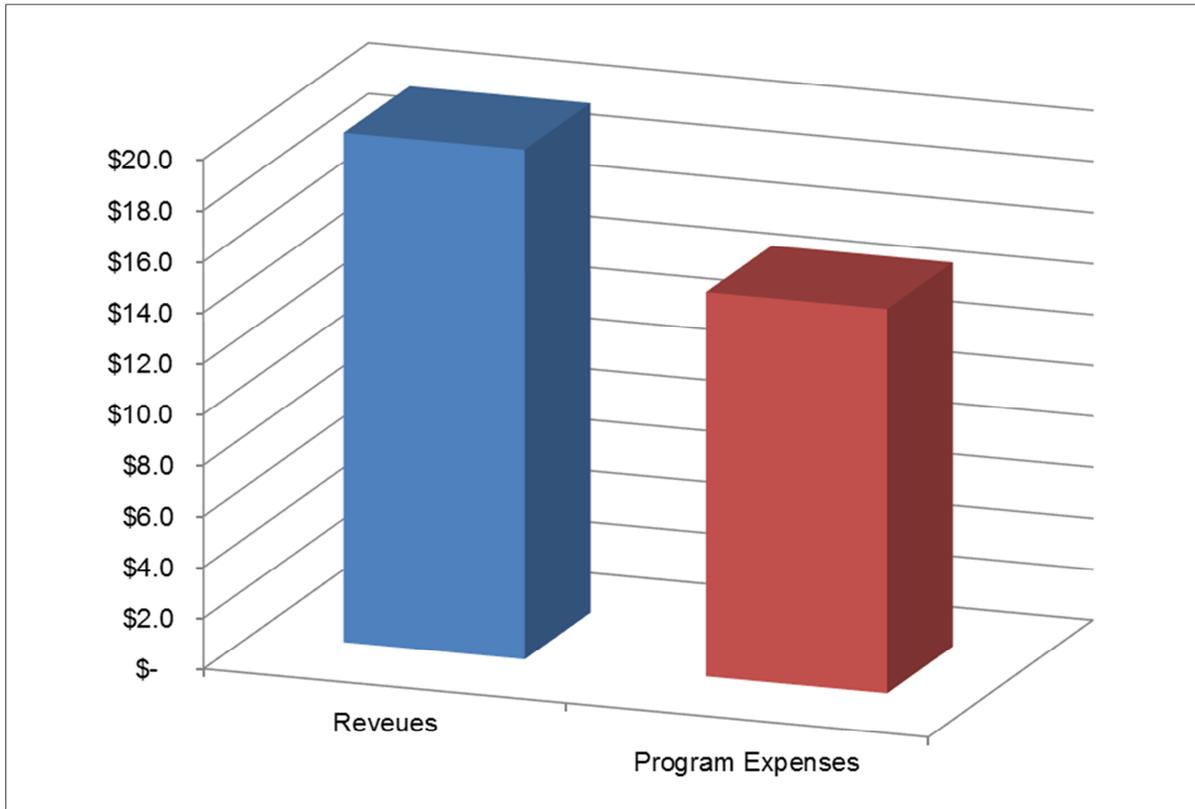
Expenses by Function – Governmental Activities



The City’s expenses cover a range of services whose expenses were as follows: Public Safety (\$49.8 million), Public Works (\$20.6 million), Community Services (\$7 million), General Government (\$5.7 million), Community Development (\$0.8 million) and Interest on Long-term Debt (\$1.4 million). These expenses include capital outlays, which are now reflected in the City’s capital assets.

Business-Type Activities

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



The business-type activities charges for services decreased by \$218,502 or 11.7% from the prior fiscal year. Expenses and transfers out increased by \$143,370 in fiscal year 2014-15 causing the decrease in net position of \$127,123.

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 \$20.5 million, while total fund balance was \$27 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38.1% of total general fund expenditures, while total fund balance represents 50.1% of that same amount. The nonspendable portion of fund balance in the amount of \$6,483,924 mainly consists of amounts currently owed to the City by the former redevelopment agency.

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

- Total revenues, exclusive of fund transfers in, increased by \$3.1 million while total expenditures, exclusive of fund transfers out, increased by \$341,679.
- Total taxes were up \$1.9 million (4.5%) from the prior year. Property taxes increased by \$736,576 (3.6%) and sales tax revenues increased by \$390,311 (2.7%).
- General government expenditures decreased by \$1.4 million because fiscal year 2013-14 included about \$200,000 of election expenses, and the City paid settlements of more than \$1 million to resolve some cases.
- Public Safety expenditures increased by \$1.6 million as a result of increasing PERS and overtime costs.

The **West Covina Housing Authority Fund** provides for low and moderate income activities that were previously provided by the redevelopment agency. The Authority has outstanding loans receivable of \$14.8 million and is due \$6.6 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 by the City.

The **City Debt Service Fund** finished the fiscal year with a total fund balance of \$13.2 million, down \$281,314 from \$13.5 million in the prior year. The majority of that amount is designated for payment of debt service on the City's lease revenue bonds.

The **Grants Fund** accounts for various Federal, State of California, and local grants. The fund finished the fiscal year with a total fund deficit of \$245,924. The deficit will be eliminated through future grant revenue the City will receive during fiscal year 2015-16.

GENERAL FUND BUDGET

There were numerous budget amendments throughout the fiscal year mostly due to clean up items, but the net effect to the General Fund budget was \$442,959. Taxes in total exceeded the budget by \$1,770,422, primarily from the increase in residual redevelopment property tax trust fund monies received during the fiscal year. The City budgeted conservatively for this source of revenue as it may fluctuate from year to year.

CAPITAL ASSETS

Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 38,974,512	\$ 38,974,512	\$ -	\$ -	\$ 38,974,512	\$ 38,974,512
Buildings and improvements	64,804,323	66,648,365	-	-	64,804,323	66,648,365
Equipment and vehicles	6,898,332	6,985,930	-	-	6,898,332	6,985,930
Infrastructure	78,452,953	80,099,654	-	-	78,452,953	80,099,654
Rights of way	14,376,498	14,376,498	-	-	14,376,498	14,376,498
Construction in progress	1,091,085	5,357,637	-	-	1,091,085	5,357,637
Total	<u>\$ 204,597,703</u>	<u>\$ 212,442,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,597,703</u>	<u>\$ 212,442,596</u>

The major additions to capital assets during the year ended June 30, 2015, are as follows:

- Construction in progress had a net decrease of \$4.3 million. The \$1.09 million currently in progress includes the following:
 - Traffic Signal Modifications (\$550,000)
 - General Plan Update (\$270,000)
 - Park Improvements (\$165,000)
 - Various Street Projects (\$20,000)

- Completed fixed asset additions of \$6.3 million included:
 - Major Street Rehabilitation Projects (\$5.5 million)
 - Traffic Signal Modifications (\$150,000)
 - Playground Equipment (\$235,000)
 - Facility Repairs/Improvements (\$352,000)

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

LONG-TERM DEBT

At the end of the current fiscal year, the City had debt outstanding of \$73.7 million. Of this amount, \$47.2 million represents outstanding bonds and \$26.5 million represents other debt such as compensated absences payable, claims and judgments payable, capital lease obligations, and Successor Agency note. All of the outstanding bonds are lease revenue bonds secured by leases from the General Fund.

Outstanding Bonds

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Lease Revenue Bonds	\$ 47,225,000	\$ 48,385,000
Total	<u>\$ 47,225,000</u>	<u>\$ 48,385,000</u>

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

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

Contacting the City’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director, at City of West Covina, 1444 West Garvey Avenue South, West Covina, California 91790.

BASIC FINANCIAL STATEMENTS

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CITY OF WEST COVINA

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activity	Totals
ASSETS:			
Cash and investments	\$ 62,192,251	\$ 270,251	\$ 62,462,502
Cash and investments with fiscal agent	1,985,148	-	1,985,148
Receivables, net:			
Accounts	316,412	37,076	353,488
Taxes	2,930,135	-	2,930,135
Interest	32,142	-	32,142
Notes and loans	18,407,248	-	18,407,248
Other	1,064,895	-	1,064,895
Inventories	2,000	-	2,000
Advances to Successor Agency	13,125,194	-	13,125,194
Due from other agencies	541,628	-	541,628
Due from Successor Agency	787,520	-	787,520
Prepays and other assets	155,847	-	155,847
Capital assets:			
Nondepreciable	54,442,095	-	54,442,095
Depreciable, net	150,155,608	-	150,155,608
TOTAL ASSETS	306,138,123	307,327	306,445,450
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amount from pension plans	9,023,515	-	9,023,515
LIABILITIES:			
Accounts payable	2,562,331	2,594	2,564,925
Other accrued liabilities	1,597,039	19,073	1,616,112
Interest payable	92,246	-	92,246
Unearned revenues	148,069	-	148,069
Deposits	435,681	-	435,681
Long-term liabilities:			
Other post-employment benefits obligation	20,565,644	-	20,565,644
Net pension liability	128,407,244	-	128,407,244
Due within one year	7,225,451	82,632	7,308,083
Due in more than one year	66,440,458	14,983	66,455,441
TOTAL LIABILITIES	227,474,163	119,282	227,593,445
DEFERRED INFLOWS OF RESOURCES:			
Deferred amount from pension plans	23,831,100	-	23,831,100
NET POSITION:			
Net investment in capital assets	144,215,248	-	144,215,248
Restricted for:			
Public safety	5,246,820	-	5,246,820
Public works	11,310,267	-	11,310,267
Community services	5,974,011	-	5,974,011
Affordable housing	24,369,821	-	24,369,821
Debt service	1,892,902	-	1,892,902
Unrestricted	(129,152,694)	188,045	(128,964,649)
TOTAL NET POSITION	\$ 63,856,375	\$ 188,045	\$ 64,044,420

See accompanying notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,676,067	\$ 885,123	\$ -	\$ -
Public safety	49,813,447	2,825,831	6,813,631	-
Public works	20,586,770	8,278,038	117,963	-
Community services	7,035,872	1,275,278	5,474,148	2,224,864
Community development	766,886	502,621	-	-
Interest expense	1,353,156	-	-	-
Total governmental activities	<u>85,232,198</u>	<u>13,766,891</u>	<u>12,405,742</u>	<u>2,224,864</u>
Business-type activity:				
Computer service	<u>1,427,789</u>	<u>1,655,134</u>	<u>-</u>	<u>-</u>
Total business-type activity	<u>1,427,789</u>	<u>1,655,134</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 86,659,987</u>	<u>\$ 15,422,025</u>	<u>\$ 12,405,742</u>	<u>\$ 2,224,864</u>

General revenues:

Taxes:

Property taxes

Sales tax

Franchise taxes

Transient occupancy tax

Other taxes

Investment income

Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Totals</u>
\$ (4,790,944)	\$ -	\$ (4,790,944)
(40,173,985)	-	(40,173,985)
(12,190,769)	-	(12,190,769)
1,938,418	-	1,938,418
(264,265)	-	(264,265)
(1,353,156)	-	(1,353,156)
<u>(56,834,701)</u>	<u>-</u>	<u>(56,834,701)</u>
<u>-</u>	<u>227,345</u>	<u>227,345</u>
<u>-</u>	<u>227,345</u>	<u>227,345</u>
<u>(56,834,701)</u>	<u>227,345</u>	<u>(56,607,356)</u>
21,156,596	-	21,156,596
15,096,101	-	15,096,101
3,635,092	-	3,635,092
1,613,542	-	1,613,542
5,819,564	-	5,819,564
660,157	1,553	661,710
6,999,034	-	6,999,034
101,775	(101,775)	-
<u>55,081,861</u>	<u>(100,222)</u>	<u>54,981,639</u>
(1,752,840)	127,123	(1,625,717)
<u>65,609,215</u>	<u>60,922</u>	<u>65,670,137</u>
<u>\$ 63,856,375</u>	<u>\$ 188,045</u>	<u>\$ 64,044,420</u>

CITY OF WEST COVINA

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2015

	General	Special Revenue Funds	
		West Covina Housing Authority	Grants
ASSETS			
Cash and investments	\$ 19,948,357	\$ 2,777,996	\$ 89,807
Cash and investments with fiscal agent	-	-	-
Receivables, net:			
Accounts	70,537	-	-
Taxes	2,420,485	-	-
Interest	10,034	1,038	112
Notes and loans	-	14,808,900	-
Other	839,606	-	-
Due from other funds	497,906	-	-
Advances to Successor Agency	6,480,000	6,645,194	-
Due from other agencies	42,098	-	418,189
Prepays and other assets	3,924	145,833	-
Due from Successor Agency	787,520	-	-
TOTAL ASSETS	\$ 31,100,467	\$ 24,378,961	\$ 508,108
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 1,043,554	\$ 3,755	\$ 32,788
Other accrued liabilities	1,486,653	5,385	10,241
Due to other funds	488,579	-	162,746
Deposits	435,681	-	-
Unearned revenue	-	-	148,069
TOTAL LIABILITIES	3,454,467	9,140	353,844
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	630,381	-	400,188
FUND BALANCES:			
Nonspendable	6,483,924	145,833	-
Restricted:			
Affordable housing	-	24,223,988	-
Debt service	-	-	-
Community services	-	-	-
Public safety	-	-	-
Public works	-	-	-
Assigned	-	-	-
Unassigned	20,531,695	-	(245,924)
TOTAL FUND BALANCES	27,015,619	24,369,821	(245,924)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 31,100,467	\$ 24,378,961	\$ 508,108

See accompanying notes to basic financial statements.

City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ 10,956,597	\$ 24,222,461	\$ 57,995,218
1,985,148	-	1,985,148
-	238,654	309,191
-	509,650	2,930,135
11,554	9,048	31,786
-	3,598,348	18,407,248
218,242	559	1,058,407
-	488,579	986,485
-	-	13,125,194
-	81,341	541,628
6,090	-	155,847
-	-	787,520
<u>\$ 13,177,631</u>	<u>\$ 29,148,640</u>	<u>\$ 98,313,807</u>

\$ 8,550	\$ 1,315,821	\$ 2,404,468
-	88,194	1,590,473
-	238,894	890,219
-	-	435,681
-	-	148,069
<u>8,550</u>	<u>1,642,909</u>	<u>5,468,910</u>

-	236,724	1,267,293
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6,090	-	6,635,847
-	-	24,223,988
13,162,991	-	13,162,991
-	5,974,011	5,974,011
-	5,246,820	5,246,820
-	11,310,267	11,310,267
-	4,930,693	4,930,693
-	(192,784)	20,092,987
<u>13,169,081</u>	<u>27,269,007</u>	<u>91,577,604</u>

<u>\$ 13,177,631</u>	<u>\$ 29,148,640</u>	<u>\$ 98,313,807</u>
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CITY OF WEST COVINA

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

June 30, 2015

Fund balances for governmental funds		\$ 91,577,604
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and accumulated depreciation, are not considered current financial resources in the governmental funds (this does not include internal service fund net capital assets of \$322,256):		
Capital assets	\$ 381,100,312	
Accumulated depreciation	<u>(176,824,865)</u>	204,275,447
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, 2015 are:		
Bonds payable	\$ (47,225,000)	
Compensated absences	(4,053,337)	
Capital lease obligations	(216,342)	
Notes payable	<u>(12,941,113)</u>	(64,435,792)
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.		(92,246)
Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting.		1,267,293
OPEB obligations are not due and payable at year end; they are therefore not reported in the governmental fund financial statements.		(20,565,644)
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:		
Deferred outflows of resources	9,023,515	
Deferred inflows of resources	(23,831,100)	
Pension liability	<u>(128,407,244)</u>	(143,214,829)
Internal service funds were used by management to charge the costs of certain activities, such as vehicle and equipment maintenance and replacement, the City's self-insurance programs and retirement health benefits to individual funds. The assets and liabilities of the internal service funds must be added to the Statement of Net Position.		<u>(4,955,458)</u>
Net position of governmental activities		<u>\$ 63,856,375</u>

See accompanying 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, 2015

	General	Special Revenue Funds	
		West Covina Housing Authority	Grants
REVENUES:			
Taxes	\$ 44,315,501	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	1,419,457	-	-
Fines and forfeitures	959,606	-	-
Investment income	176,274	332,124	650
Rental income	406,350	-	-
Revenue from other agencies	1,763,542	-	316,267
Charges for services	6,211,630	-	48,931
Other revenues	2,335,308	-	155,605
TOTAL REVENUES	57,587,668	332,124	521,453
EXPENDITURES:			
Current:			
General government	4,970,993	779,341	-
Public safety	42,215,716	-	187,372
Public works	4,117,711	-	255,440
Community services	1,953,826	-	256,351
Community development	560,784	-	-
Debt service:			
Principal	68,882	-	-
Interest and fiscal charges	6,589	-	-
TOTAL EXPENDITURES	53,894,501	779,341	699,163
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,693,167	(447,217)	(177,710)
OTHER FINANCING SOURCES (USES):			
Transfers in	1,447,629	-	70,395
Transfers out	(1,452,970)	-	(92,141)
TOTAL OTHER FINANCING SOURCES (USES)	(5,341)	-	(21,746)
EXTRAORDINARY ITEM:			
Reclassification of advance due to the successor agency as a long-term note payable	11,578,351	-	-
NET CHANGE IN FUND BALANCES	15,266,177	(447,217)	(199,456)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	11,749,442	24,817,038	(46,468)
FUND BALANCES - END OF YEAR	\$ 27,015,619	\$ 24,369,821	\$ (245,924)

See accompanying notes to basic financial statements.

City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 6,603,322	\$ 50,918,823
-	5,595,338	5,595,338
-	-	1,419,457
-	-	959,606
120,662	50,134	679,844
-	-	406,350
-	8,689,387	10,769,196
483,240	59,814	6,803,615
1,143,570	1,855,844	5,490,327
<u>1,747,472</u>	<u>22,853,839</u>	<u>83,042,556</u>
-	7,000	5,757,334
-	3,503,050	45,906,138
-	9,351,266	13,724,417
-	3,606,266	5,816,443
-	201,112	761,896
1,798,065	-	1,866,947
1,353,781	-	1,360,370
<u>3,151,846</u>	<u>16,668,694</u>	<u>75,193,545</u>
<u>(1,404,374)</u>	<u>6,185,145</u>	<u>7,849,011</u>
1,123,060	560,709	3,201,793
-	(1,554,907)	(3,100,018)
<u>1,123,060</u>	<u>(994,198)</u>	<u>101,775</u>
-	-	11,578,351
(281,314)	5,190,947	19,529,137
<u>13,450,395</u>	<u>22,078,060</u>	<u>72,048,467</u>
<u>\$ 13,169,081</u>	<u>\$ 27,269,007</u>	<u>\$ 91,577,604</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, 2015

Net change in fund balances - total governmental funds		\$ 19,529,137
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays and disposals in the current period: (this does not include the following internal service fund activity: capital outlay of \$89,922 and depreciation expense of \$92,015).</p>		
Capital outlay	\$ 2,826,329	
Depreciation expense	<u>(10,669,129)</u>	(7,842,800)
<p>The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payment	1,866,947	
Successor agency note payable	<u>(11,578,351)</u>	(9,711,404)
<p>The Statement of Net Position includes accrued interest on long-term debt. This is the net change in the current year.</p>		
		7,214
<p>To record as a revenue the net change in compensated absences in the Statement of Activities.</p>		
		294,788
<p>Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting.</p>		
		60,550
<p>Expenses reported in the statement of activities which do not require the use of current financial resources are not reported as expenditures in the governmental funds:</p>		
Increase in net other post employment benefits obligation		(3,558,990)
<p>Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources</p>		
		467,351
<p>Internal service funds are used by management to charge the costs of certain activities, such as vehicle and equipment maintenance and replacement, the City's self-insurance and retirement health benefits to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities</p>		
		<u>(998,686)</u>
Change in net position of governmental activities		<u>\$ (1,752,840)</u>

See accompanying 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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 42,279,780	\$ 42,545,079	\$ 44,315,501	\$ 1,770,422
Licenses and permits	1,160,550	1,160,550	1,419,457	258,907
Fines and forfeitures	895,500	895,500	959,606	64,106
Investment income	374,000	374,000	176,274	(197,726)
Rental income	370,000	370,000	406,350	36,350
Revenue from other agencies	3,971,840	1,759,500	1,763,542	4,042
Charges for services	6,164,120	6,252,258	6,211,630	(40,628)
Other revenues	161,540	1,661,540	2,335,308	673,768
TOTAL REVENUES	55,377,330	55,018,427	57,587,668	2,569,241
EXPENDITURES:				
Current:				
General government	4,560,530	5,767,191	4,970,993	796,198
Public safety	44,403,010	42,199,192	42,215,716	(16,524)
Public works	4,097,230	4,227,040	4,117,711	109,329
Community services	2,119,730	2,071,170	1,953,826	117,344
Community development	605,750	631,735	560,784	70,951
Debt service:				
Principal	-	75,500	68,882	6,618
Interest and fiscal charges	-	-	6,589	(6,589)
TOTAL EXPENDITURES	55,786,250	54,971,828	53,894,501	1,077,327
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(408,920)	46,599	3,693,167	3,646,568
OTHER FINANCING SOURCES (USES):				
Transfers in	2,557,520	2,557,520	1,447,629	(1,109,891)
Transfers out	(2,211,340)	(2,223,900)	(1,452,970)	770,930
TOTAL OTHER FINANCING SOURCES (USES)	346,180	333,620	(5,341)	(338,961)
EXTRAORDINARY ITEM:				
Reclassification of advance due to the successor agency as a long-term note payable	-	-	11,578,351	11,578,351
NET CHANGE IN FUND BALANCE	(62,740)	380,219	15,266,177	14,885,958
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	11,749,442	11,749,442	11,749,442	-
FUND BALANCE - END OF YEAR	\$ 11,686,702	\$ 12,129,661	\$ 27,015,619	\$ 14,885,958

See accompanying 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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 332,124	\$ 332,124
Repayment of notes and loans	15,000	15,000	-	(15,000)
TOTAL REVENUES	15,000	15,000	332,124	317,124
EXPENDITURES:				
Current:				
General government	819,060	820,060	779,341	40,719
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(804,060)	(805,060)	(447,217)	357,843
FUND BALANCE - BEGINNING OF YEAR	24,817,038	24,817,038	24,817,038	-
FUND BALANCE - END OF YEAR	<u>\$ 24,012,978</u>	<u>\$ 24,011,978</u>	<u>\$ 24,369,821</u>	<u>\$ 357,843</u>

See accompanying notes to basic financial statements.

CITY OF WEST COVINA

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

GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 650	\$ 650
Revenue from other agencies	421,110	431,264	316,267	(114,997)
Charges for services	76,690	76,690	48,931	(27,759)
Other revenues	160,000	160,000	155,605	(4,395)
TOTAL REVENUES	657,800	667,954	521,453	(146,501)
EXPENDITURES:				
Current:				
Public safety	-	189,954	187,372	2,582
Public works	122,520	690,588	255,440	435,148
Community services	277,010	277,010	256,351	20,659
TOTAL EXPENDITURES	399,530	1,157,552	699,163	458,389
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	258,270	(489,598)	(177,710)	311,888
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	70,395	70,395
Transfers out	-	-	(92,141)	(92,141)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(21,746)	(21,746)
NET CHANGE IN FUND BALANCE	258,270	(489,598)	(199,456)	290,142
FUND BALANCE - BEGINNING OF YEAR	(46,468)	(46,468)	(46,468)	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 211,802	\$ (536,066)	\$ (245,924)	\$ 290,142

See accompanying notes to basic financial statements.

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CITY OF WEST COVINA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2015

	<u>Business-type Activity</u>	<u>Governmental Activities</u>
	Computer Service Enterprise Fund	Internal Service Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 270,251	\$ 4,197,033
Receivables, net		
Accounts	37,076	7,221
Interest	-	356
Other	-	6,488
Inventories	-	2,000
TOTAL CURRENT ASSETS	<u>307,327</u>	<u>4,213,098</u>
NONCURRENT ASSETS:		
Capital assets:		
Other capital assets	1,059,120	3,369,763
Less accumulated depreciation	<u>(1,059,120)</u>	<u>(3,047,507)</u>
Total capital assets (net of accumulated depreciation)	-	322,256
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>322,256</u>
TOTAL ASSETS	<u>307,327</u>	<u>4,535,354</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	2,594	157,863
Other accrued liabilities	19,073	6,566
Claims and judgments - current portion	-	2,285,505
Compensated absences - current portion	82,632	31,939
Due to other funds	-	96,266
TOTAL CURRENT LIABILITIES	<u>104,299</u>	<u>2,578,139</u>
NONCURRENT LIABILITIES:		
Claims and judgments	-	6,901,758
Compensated absences	14,983	10,915
TOTAL NONCURRENT LIABILITIES	<u>14,983</u>	<u>6,912,673</u>
TOTAL LIABILITIES	<u>119,282</u>	<u>9,490,812</u>
NET POSITION:		
Net investment capital assets	-	322,256
Unrestricted	<u>188,045</u>	<u>(5,277,714)</u>
TOTAL NET POSITION	<u>\$ 188,045</u>	<u>\$ (4,955,458)</u>

See accompanying 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, 2015

	<u>Business-type Activity</u>	<u>Governmental Activities</u>
	Computer Service Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 1,655,134	\$ 4,117,645
Other revenues	-	67,567
	<u>1,655,134</u>	<u>4,185,212</u>
OPERATING EXPENSES:		
Personnel services	1,075,261	462,292
Cost of sales, services and operations	352,528	2,581,623
Depreciation	-	92,015
Insurance and claims paid	-	2,049,936
	<u>1,427,789</u>	<u>5,185,866</u>
OPERATING INCOME (LOSS)	227,345	(1,000,654)
NONOPERATING REVENUES:		
Investment income	<u>1,553</u>	<u>1,968</u>
INCOME BEFORE TRANSFERS	228,898	(998,686)
TRANSFERS OUT	<u>(101,775)</u>	<u>-</u>
CHANGE IN NET POSITION	127,123	(998,686)
NET POSITION - BEGINNING OF YEAR	<u>60,922</u>	<u>(3,956,772)</u>
NET POSITION - END OF YEAR	<u>\$ 188,045</u>	<u>\$ (4,955,458)</u>

See accompanying notes to basic financial statements.

CITY OF WEST COVINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2015

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers	\$ 1,618,180	\$ 4,177,994
Payments to suppliers for goods and services	(353,670)	(2,972,536)
Payments to employees for services	(1,102,700)	(485,168)
NET CASH PROVIDED BY OPERATING ACTIVITIES	161,810	720,290
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	-	192,532
Paid to other funds	(101,775)	(305,630)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(101,775)	(113,098)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	(89,922)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	1,553	1,943
NET INCREASE IN CASH AND CASH EQUIVALENTS	61,588	519,213
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	208,663	3,677,820
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 270,251	\$ 4,197,033

See accompanying notes to basic financial statements.

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

For the year ended June 30, 2015

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 227,345	\$ (1,000,654)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	-	92,015
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables	(36,954)	(1,210)
(Increase) decrease in other receivables	-	(6,008)
(Increase) decrease in inventories	-	(5,189)
(Increase) decrease in prepaid expenses	-	367,474
Increase (decrease) in accounts payable	(1,142)	49,056
Increase (decrease) in other accrued liabilities	2,448	(1,159)
Increase (decrease) in claims and judgments payable	-	1,247,682
Increase (decrease) in compensated absences payable	(29,887)	(21,717)
TOTAL ADJUSTMENTS	(65,535)	1,720,944
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 161,810	\$ 720,290

There were no significant noncash financing or investing activities for the year ended June 30, 2015.

See accompanying notes to basic financial statements.

CITY OF WEST COVINA

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds	Special Deposits Agency Fund
ASSETS:			
Cash and investments	\$ 12,890,745	\$ 848,994	\$ 1,461,526
Cash and investments with fiscal agent	7,400,323	-	-
Receivables, net:			
Taxes	551,567	-	-
Interest	10,692	-	-
Notes and loans	14,671,967	-	-
Allowance for doubtful accounts	(14,671,967)	-	-
Assessments	28,125,000	-	-
Due from City of West Covina	11,578,351	-	-
Land held for resale	67,040	-	-
Capital assets:			
Nondepreciable	15,597,561	-	-
Depreciable, net	5,585,086	-	-
TOTAL ASSETS	81,806,365	848,994	\$ 1,461,526
LIABILITIES:			
Accounts payable	160,203	-	\$ 34,901
Accrued liabilities	2,684	-	-
Interest payable	858,200	-	-
Due to other governments	159,920	-	-
Deposits	-	-	1,426,625
Due to the City of West Covina	787,520	-	-
Advances from the City of West Covina	13,125,194	-	-
Long-term liabilities:			
Due to County Auditor Controller	11,578,351	-	-
Due within one year	6,802,960	-	-
Due in more than one year	97,832,846	-	-
TOTAL LIABILITIES	131,307,878	-	\$ 1,461,526
NET POSITION			
Held in trust for Successor Agency	(49,501,513)	-	
Held in trust for pension benefits	-	848,994	
TOTAL NET POSITION	\$ (49,501,513)	\$ 848,994	

See accompanying notes to basic financial statements.

CITY OF WEST COVINA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2015

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds
ADDITIONS:		
Taxes	\$ 9,205,667	\$ -
Employer contributions	-	134,317
Investment income	461,307	15,549
Rental income	59,300	-
Other revenues	495,925	-
	10,222,199	149,866
DEDUCTIONS:		
Program administration	6,947,856	-
Administrative costs	-	13,164
Benefit distributions		113,440
Depreciation	366,180	-
Interest and fiscal charges	4,094,197	-
	11,408,233	126,604
CHANGE IN NET POSITION BEFORE EXTRAORDINARY ITEMS	(1,186,034)	23,262
EXTRAORDINARY ITEMS:		
Loss on advance	(627,180)	-
CHANGES IN NET POSITION	(1,813,214)	23,262
NET POSITION - BEGINNING OF YEAR, AS RESTATED	(47,688,299)	825,732
NET POSITION - END OF YEAR	\$ (49,501,513)	\$ 848,994

See accompanying notes to basic financial statements.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

a. Reporting Entity:

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

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

A brief description of each component unit follows:

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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.

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

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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, pension trust, and agency funds.

Governmental Funds

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Governmental Funds (Continued)

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

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

Proprietary and Fiduciary Funds

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

c. Fund Classifications:

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary fund:

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

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.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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 assets and activities of the Successor Agency to Community Development Commission of the City of West Covina.

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

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

d. New Accounting Pronouncements:

Current Year Standards:

- In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *“Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27”* and GASB Statement No. 71, *“Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68”*. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the net position of the governmental activities at July 1, 2014 by \$143,361,947.
- GASB Statement No. 69 - *“Government Combinations and Disposals of Government Operations”* was required to be implemented in the current fiscal year and did not impact the City.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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 72 - "*Fair Value Measurement and Application*", effective for periods beginning after June 15, 2015.
- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for the periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 76 - "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", effective for periods beginning after June 15, 2015.
- GASB 77 - "*Tax Abatement Disclosure*", effective for periods beginning after December 15, 2015.
- GASB 78 - "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*", effective for periods beginning after December 15, 2015.
- GASB 79 - "*Certain External Investment Pools and Pool Participants*", effective for periods beginning after June 15, 2015 - except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015.
- GASB 80 - "*Blending Requirements for Certain Component Units*", effective for periods beginning after June 15, 2016.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

e. Budgets and Budgetary Data:

The annual budget adopted by the City Council provides for the general operation of the City. The annual budget is adopted in summary by the City Council in June of each year for the General, special revenue, debt service funds and capital projects funds with the exception of the Inmate Welfare, North Azusa Relinquishment, and Tree Special Revenue Funds. The resolution sets a combined appropriation of the funds for the operation of the City.

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

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

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

f. Cash and Investments:

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Cash Equivalents:

For purposes of the Statement of Cash Flows, the City's Enterprise and Internal Service Funds participate in the pooling of City-wide cash and investments. As amounts are available to these Funds on demand, all cash and investments are considered to be cash and cash equivalents for statement of cash flow purposes.

h. Inventory:

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

i. Capital Assets:

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

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

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There was no interest capitalized during the year ended June 30, 2015 since the proprietary funds have no debt utilized to construction capital assets.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

i. Capital Assets (Continued):

The following schedule summarizes capital asset useful lives:

Governmental Activities:

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

Business-type Activity:

Equipment and machinery	5 - 25 years
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j. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one item that qualifies for reporting in this category, which is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item is *unavailable revenues*, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, *unavailable revenues* are reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pension resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. Net Position Flow Assumptions:

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

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

l. Property Taxes:

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

The property tax calendar is as follows:

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

m. Claims and Judgments:

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

n. Compensated Absences:

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

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

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

o. Pensions:

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

p. Use of Estimates:

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

2. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments held by the City at June 30, 2015 are reported in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 62,462,502
Cash and investments with fiscal agent	1,985,148

Statement of Fiduciary Net Position:

Cash and investments	15,201,265
Cash and investments with fiscal agent	<u>7,400,323</u>

Total cash and investments	<u>\$ 87,049,238</u>
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Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 9,050
Deposits with financial institutions	11,328,438
Investments	<u>75,711,750</u>

Total cash and investments	<u>\$ 87,049,238</u>
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CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

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

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

Investment Types <u>Authorized by State Law</u>	Authorized by Investment <u>Policy</u>	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	40%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	30%
Repurchase Agreements	Yes	100 days	20%	20%
Medium-Term Notes	Yes	5 years	30%	30%
Mutual Funds	Yes	N/A	20%	10%
Time Certificates of Deposit	Yes	5 years	25%	25%
Money Market Mutual Funds	Yes	N/A	20%	10%
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	\$50,000,000

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements

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

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

Investments Authorized by Pension Trust Agreements

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

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

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.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Remaining Maturity (in Years)				Total
	Less Than 1 Year	1 to 2 Years	3 to 4 Years	5 Years or More	
Local Agency Investment Fund	\$ 15,970,948	\$ -	\$ -	\$ -	\$ 15,970,948
Los Angeles County Investment Pool	35,530,335	-	-	-	35,530,335
U.S. Government Sponsored					
Agency Securities	13,376,506	-	-	-	13,376,506
Money market mutual funds	599,496	-	-	-	599,496
Held by fiscal agent:					
Money market mutual funds	3,582,889	-	-	-	3,582,889
U.S. Government Sponsored					
Agency Securities	799,912	-	-	-	799,912
Investment agreements	-	-	-	5,002,670	5,002,670
Subtotal	<u>\$ 69,860,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,002,670</u>	<u>74,862,756</u>
PARS Trust Pool					848,994
Total investments					<u>\$ 75,711,750</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 by Standard and Poor's for each investment type.

Investment Type	Minimum Legal Rating	Total as of			Not Rated
		June 30, 2015	AAA	AA+	
Local Agency Investment Fund	N/A*	\$ 15,970,948	\$ -	\$ -	\$ 15,970,948
Los Angeles County Investment Pool	N/A	35,530,335	-	-	35,530,335
U.S. Government Sponsored					
Agency Securities	N/A	13,376,506	-	13,376,506	-
Money market mutual funds	A	599,496	599,496	-	-
Held by fiscal agent:					
Money market mutual funds	A	3,582,889	3,582,889	-	-
U.S. Government Sponsored					
Agency Securities	N/A	799,912	-	799,912	-
Investment agreements	N/A	5,002,670	-	-	5,002,670
PARS Trust Pool	N/A	848,994	-	-	848,994
Total		<u>\$ 75,711,750</u>	<u>\$ 4,182,385</u>	<u>\$ 14,176,418</u>	<u>\$ 57,352,947</u>

* N/A - Not Applicable

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount, as noted on page 50 that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Agency Securities	\$ 10,242,196
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, 2015, all the City's deposits are either federally insured or collateralized. Investments held by bond trustee are selected under the terms of the applicable trust agreement. The trustee acquires the investment and holds the investment on behalf of the reporting government.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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, 2015 are as follows:

<u>Payable</u>	<u>Receivable</u>	<u>Amount</u>
General Fund	Other Governmental Funds (B)	\$ 488,579
Grants Special Revenue Fund	General Fund (A)	162,746
Other Governmental Funds	General Fund (A)	238,894
Fleet Management Internal Service Fund	General Fund (A)	<u>96,266</u>
Total interfund receivable and payable balances		<u>\$ 986,485</u>

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

(B) These interfund balances are for return of funds for unallowed expenditures charged to the CDBG and Gas Tax Special Revenue Funds.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

4. LONG-TERM RECEIVABLES FROM SUCCESSOR AGENCY:

Prior to the dissolution of the Commission's redevelopment activities on February 1, 2012, the City authorized several advances to be used for completing redevelopment projects throughout the community. As a result of the dissolution, the liabilities related to these advances were transferred to the Successor Agency. See Note 22 for additional information. At June 30, 2015 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. In May 2011, the Commission made an advance of \$1,344,269 from the Low and Moderate Income Housing Capital Projects Fund to the Citywide Project Area Debt Service Fund to satisfy the Commission's Supplemental Educational Revenue Augmentation Fund (SERAF) obligation as required by Assembly Bill ABX4-26. The advance bears no interest and must be repaid by August 1, 2022. Effective February 1, 2012, the Commission's redevelopment activities were dissolved and the receivable side of these advances were retained by the Housing Authority. The outstanding balance at June 30, 2015 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.

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 2014-2015 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 was authorized to begin in the 2014-15 fiscal year, and annual repayment is capped pursuant to a statutory formula. There were no repayments made in the 2014-15 fiscal year.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

Successor Agency and City management believes, in consultation with legal counsel, that both the General Advances and the SERAF Advances are enforceable obligations payable by the Successor Agency under the Dissolution Act's repayment restrictions. Therefore, the City has not recorded an allowance for uncollectible advances.

5. NOTES AND LOANS RECEIVABLE:

As of June 30, 2015, the following notes and loans receivable were outstanding:

Housing rehabilitation	\$ 4,167,180
First time home buyers	326,207
Housing preservation program	709,910
Lark Ellen Towers	5,930,181
Executive Lodge Apartments Limited Partnership	6,404,959
Home improvement program	1,058,197
West Covina Senior Villas, LLC	2,833,333
West Covina Senior Villas II, L.P.	8,513,885
Other loans	742,892
Allowance for doubtful accounts	<u>(12,279,496)</u>
Total	<u>\$ 18,407,248</u>

Several housing rehabilitation loans totaling \$4,167,180 have been made to qualified applicants using Community Development Block Grants received by the City and housing set-aside funds of the former Commission's redevelopment activities. These loans bear interest up to 5% and are repaid when title to the property changes. The City estimates that 5% of these loans will be uncollectible, which resulted in an allowance for doubtful accounts of \$189,386 as of June 30, 2015.

The former Commission's redevelopment activities had made loans to first-time home buyers totaling \$326,207. Loans are secured by second trust deeds and bear interest at 5%. Principal and interest are deferred for five years and are due monthly in years 6 through 30. There were 20 individual loans outstanding at June 30, 2015 ranging from \$9,529 to \$22,460. The loans were transferred to the Housing Authority on February 1, 2012.

The former Commission's redevelopment activities had also made housing preservation loans totaling \$709,910 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 86 individual loans outstanding at June 30, 2015 ranging from \$205 to \$10,659. The loans were transferred to the Housing Authority on February 1, 2012.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

5. NOTES AND LOANS RECEIVABLE (CONTINUED):

In May 1997, the former Commission's redevelopment activities 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, 2015 is \$5,930,181. The loan was transferred to the Housing Authority on February 1, 2012.

In April 1998, the former Commission's redevelopment activities 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, 2015 is \$6,404,959. The loan was transferred to the Housing Authority on February 1, 2012.

Several housing improvement loans totaling \$1,058,197 have been made to qualified applicants. Loans are secured by second trust deeds.

In May 2002, the former Commission's redevelopment activities 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, 2015 is \$2,833,333. The loan is likely to be forgiven therefore the City has included the entire balance in the allowance for doubtful accounts. The loan was transferred to the Housing Authority on February 1, 2012.

In May 2009, the former Commission's redevelopment activities 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. The outstanding principal at June 30, 2015 is \$8,513,885. The loan is likely to be forgiven therefore the City has included the entire balance in the allowance for doubtful accounts. The loan was transferred to the Housing Authority on February 1, 2012.

Other notes consist of affordable housing loans of \$500,000. The notes do not accrue interest and are forgivable unless the borrower sells or refinances the property. Additionally, the balance includes a note of \$242,892 for low income housing which accrues no interest and is forgivable if the owners maintain the low and moderate income housing status. The notes are likely to be forgiven therefore the City has included the entire balance in the allowance for doubtful accounts.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. CAPITAL ASSETS:

Governmental Activities

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
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>5,357,637</u>	<u>2,033,004</u>	<u>(6,299,556)</u>	<u>1,091,085</u>
Total capital assets, not being depreciated	<u>58,708,647</u>	<u>2,033,004</u>	<u>(6,299,556)</u>	<u>54,442,095</u>
Capital assets, being depreciated:				
Buildings and improvements	89,397,581	-	-	89,397,581
Equipment and vehicles	25,330,753	1,542,469	(230,333)	26,642,889
Infrastructure - pavement	185,883,356	5,491,645	-	191,375,001
Infrastructure - other	<u>22,463,820</u>	<u>148,689</u>	<u>-</u>	<u>22,612,509</u>
Total capital assets, being depreciated	<u>323,075,510</u>	<u>7,182,803</u>	<u>(230,333)</u>	<u>330,027,980</u>
Less accumulated depreciation for:				
Buildings and improvements	(22,749,216)	(1,844,042)	-	(24,593,258)
Equipment and vehicles	(18,344,823)	(1,630,067)	230,333	(19,744,557)
Infrastructure - pavement	(112,076,237)	(6,910,321)	-	(118,986,558)
Infrastructure - other	<u>(16,171,285)</u>	<u>(376,714)</u>	<u>-</u>	<u>(16,547,999)</u>
Total accumulated depreciation	<u>(169,341,561)</u>	<u>(10,761,144)</u>	<u>230,333</u>	<u>(179,872,372)</u>
Total capital assets being depreciated, net	<u>153,733,949</u>	<u>(3,578,341)</u>	<u>-</u>	<u>150,155,608</u>
Total governmental activities Capital assets, net	<u>\$ 212,442,596</u>	<u>\$ (1,545,337)</u>	<u>\$ (6,299,556)</u>	<u>\$ 204,597,703</u>

Depreciation expense (including \$92,015 from Internal Service Funds) was charged to the following functions in the Statement of Activities for the year ended June 30, 2015 as follows:

General government	\$ 34,685
Public safety	1,262,109
Public works	7,922,752
Community services	<u>1,541,598</u>
	<u>\$ 10,761,144</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

6. CAPITAL ASSETS (CONTINUED):

Business-type Activity

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
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, 2015.

7. LONG-TERM LIABILITIES:

Governmental Activities

Changes in long-term liabilities for the governmental activities for the year ended June 30, 2015 are as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More Than One Year
Lease Revenue Bonds (Note 8):						
2002 Lease Revenue Bonds	\$ 15,615,000	\$ -	\$ (510,000)	\$ 15,105,000	\$ 525,000	\$ 14,580,000
2004 Lease Revenue Bonds	10,865,000	-	(345,000)	10,520,000	355,000	10,165,000
2005 Lease Revenue Bonds	2,280,000	-	(70,000)	2,210,000	75,000	2,135,000
2006 Lease Revenue Bonds	17,440,000	-	(235,000)	17,205,000	270,000	16,935,000
2013 Lease Revenue Refunding Bonds	<u>2,185,000</u>	<u>-</u>	<u>-</u>	<u>2,185,000</u>	<u>-</u>	<u>2,185,000</u>
Total Lease Revenue Bonds	48,385,000	-	(1,160,000)	47,225,000	1,225,000	46,000,000
Compensated absences (Note 9)	4,412,697	4,323,430	(4,639,936)	4,096,191	2,911,534	1,184,657
Claims and judgments payable (Note 11)	7,939,581	1,760,639	(512,957)	9,187,263	2,285,505	6,901,758
Capital lease obligations (Note 12)	773,283	-	(556,941)	216,342	70,473	145,869
Notes payable (Note 13)	1,512,768	11,578,351	(150,006)	12,941,113	732,939	12,208,174
Net pension obligation	<u>320,233</u>	<u>-</u>	<u>(320,233)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities Governmental activities	<u>\$ 63,343,562</u>	<u>\$ 17,662,420</u>	<u>\$ (7,340,073)</u>	<u>\$ 73,665,909</u>	<u>\$ 7,225,451</u>	<u>\$ 66,440,458</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity

Changes in long-term liabilities for the business-type activity for the year ended June 30, 2015 are as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 127,502	\$ 125,687	\$ (155,574)	\$ 97,615	\$ 82,632	\$ 14,983

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 Series A principal amount of \$2,690,000 was paid in full in September 2005.

The Series B bonds initially bear interest at 2.5% per annum and, during the initial rate period, interest on the Series B bonds is payable on March 1, 2003 and semiannually thereafter on September 1 and March 1 of each year until September 1, 2006. Thereafter, interest with respect to the Series B bonds is payable on October 1, 2006 and each month thereafter at a variable rate, and after the fixed rate conversion date at the fixed rates. As of June 30, 2015, the Series B bonds have not been converted to the fixed rate. Principal on the Series B bonds is due annually on September 1, in amounts ranging from \$495,000 to \$950,000. The Series B bonds mature on September 1, 2035.

The Series B bonds are payable from lease payments to be made by the City to the Authority as rental for certain public facilities consisting of a portion of the City's Civic Center Complex. At June 30, 2015, the outstanding balance is \$15,105,000.

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).

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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, 2015 are as follows (using a .9309% interest rate at June 30, 2015):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 525,000	\$ 140,612	\$ 665,612
2017	545,000	137,725	680,725
2018	565,000	130,652	690,652
2019	570,000	125,439	700,439
2020	595,000	120,086	715,086
2021 - 2025	3,240,000	514,136	3,754,136
2026 - 2030	3,760,000	353,928	4,113,928
2031 - 2035	4,355,000	168,260	4,523,260
2036 - 2040	950,000	8,844	958,884
Totals	<u>\$ 15,105,000</u>	<u>\$ 1,697,682</u>	<u>\$ 16,802,682</u>

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

In August 2004, the City issued \$8,165,000 of Variable Rate Lease Revenue Bonds, Series A and \$5,335,000 of Variable Rate Lease Revenue Bonds, Series B to provide financing for grading and infrastructure relating to the City's proposed municipal golf course. The Series A bonds mature annually through May 1, 2034 in amounts ranging from \$185,000 to \$460,000. The Series B bonds mature annually through May 1, 2034 in amounts ranging from \$140,000 and \$350,000. The Series A and B bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on May 1 and November 1 of each year. As of June 30, 2015, the Series A and B bonds have not been converted to the fixed rate.

The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2015, the outstanding balance is \$10,520,000.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. LEASE REVENUE BONDS (CONTINUED):

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

The annual debt service requirements on the 2004 Lease Revenue Bonds as of June 30, 2015 are as follows (using .08% interest rate at June 30, 2015):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 355,000	\$ 8,416	\$ 363,416
2017	375,000	8,132	383,132
2018	395,000	7,832	402,832
2019	410,000	7,516	417,516
2020	430,000	7,188	437,188
2021 - 2025	2,450,000	30,472	2,480,472
2026 - 2030	3,080,000	19,708	3,099,708
2031 - 2035	<u>3,025,000</u>	<u>6,188</u>	<u>3,031,188</u>
Totals	<u>\$ 10,520,000</u>	<u>\$ 95,452</u>	<u>\$ 10,615,452</u>

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

In September 2005, the City issued \$2,735,000 of Variable Rate Lease Refunding Bonds, Series C to provide funds to refinance the City's 2002 Series A Taxable Variable Rate Lease Revenue Refunding Bonds and finance the construction of various public facility projects. The bonds mature annually on September 1 in amounts ranging from \$70,000 to \$155,000 through September 1, 2034. The bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on March 1 and September 1 of each year. As of June 30, 2015, bonds have not been converted to the fixed rate. The bonds are payable from lease payments as rental for certain public facilities. At June 30, 2015, the outstanding balance is \$2,210,000.

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).

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. LEASE REVENUE BONDS (CONTINUED):

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

The annual debt service requirements on the 2005 Lease Revenue Bonds as of June 30, 2015 are as follows (using .9309% interest rate at June 30, 2015):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 75,000	\$ 20,573	\$ 95,573
2017	80,000	19,875	99,875
2018	80,000	19,130	99,130
2019	85,000	18,385	103,385
2020	90,000	17,594	107,594
2021 - 2025	490,000	74,984	564,984
2026 - 2030	590,000	50,501	640,501
2031 - 2035	<u>720,000</u>	<u>20,573</u>	<u>740,573</u>
Totals	<u>\$ 2,210,000</u>	<u>\$ 241,615</u>	<u>\$ 2,451,615</u>

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

In September 2006, the City issued \$10,710,000 of Lease Revenue Bonds, Series A and \$7,295,000 of taxable Lease Revenue Bonds, Series B to provide financing for facilities and infrastructure related to the Big League Dreams sports park. The Series A bonds mature annually through June 1, 2036 in amounts ranging from \$80,000 to \$1,270,000, with interest rates that range from 4.0% to a maximum of 5.0% over the term of the bonds. The Series B bonds mature annually through June 1, 2036 in amounts ranging from \$115,000 to \$550,000, with interest rates that range from 5.39% to a maximum of 6.07% over the term of the bonds. The bonds are payable from lease payments as rental for certain public facilities. The reserve requirement of \$1,535,322 was fully funded at June 30, 2015. At June 30, 2015, the outstanding balance is \$17,205,000.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. LEASE REVENUE BONDS (CONTINUED):

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

The annual debt service requirements on the 2006 Lease Revenue Bonds as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 270,000	\$ 923,804	\$ 1,193,804
2017	310,000	910,664	1,220,664
2018	360,000	894,412	1,254,412
2019	405,000	875,692	1,280,692
2020	460,000	854,777	1,314,777
2021 - 2025	3,185,000	3,844,046	7,029,046
2026 - 2030	4,305,000	2,856,227	7,161,227
2031 - 2035	6,090,000	1,553,179	7,643,179
2036 - 2040	<u>1,820,000</u>	<u>96,885</u>	<u>1,916,885</u>
Totals	<u>\$ 17,205,000</u>	<u>\$ 12,809,686</u>	<u>\$ 30,014,686</u>

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

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

The bonds mature annually on August 1 in amounts ranging from \$65,000 to \$95,000 through August 1, 2043. The bonds bear interest at a variable rate reset weekly and at a fixed rate after the fixed rate conversion date. Prior to the fixed rate conversion date, interest is payable on the first business day of each month. Following the fixed rate conversion date, interest is payable on February 1 and August 1 of each year. As of June 30, 2015, the bonds have not been converted to the fixed rate. At June 30, 2015, the outstanding balance is \$2,185,000.

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

8. LEASE REVENUE BONDS (CONTINUED):

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

The annual debt service requirements on the 2013 Lease Revenue Refunding Bonds as of June 30, 2015 are as follows (using .10% interest rate at June 30, 2015):

Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 2,185	\$ 2,185
2017	65,000	2,185	67,185
2018	65,000	2,120	67,120
2019	65,000	2,055	67,055
2020	65,000	1,990	66,990
2021 - 2025	345,000	8,945	353,945
2026 - 2030	370,000	7,170	377,170
2031 - 2035	405,000	5,250	410,250
2036 - 2040	435,000	3,170	438,170
2041 - 2045	<u>370,000</u>	<u>935</u>	<u>370,935</u>
Totals	<u>\$ 2,185,000</u>	<u>\$ 36,005</u>	<u>\$ 2,221,005</u>

9. COMPENSATED ABSENCES:

The liability of \$4,096,191 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 \$97,615 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, 2015.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

10. LETTERS OF CREDIT (CONTINUED):

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

<u>Letter of Credit</u>	<u>Trustee</u>	<u>Amount</u>	<u>Expiration Date</u>
Wells Fargo Bank:			
2004 Lease Revenue Bonds	US Bank	\$ 10,717,142	April 30, 2017
2013A Lease Revenue Bonds	US Bank	\$ 3,172,313	January 9, 2017

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

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

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

The claims and judgments liability reported in the Internal Service Self Insurance Fund is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims and judgments be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. As of June 30, 2015, claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$9,187,263.

Changes in the claims and judgments payable amounts in fiscal years 2014 and 2015 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>
2013 - 2014	\$ 9,106,100	\$ 1,008,838	\$ (2,175,357)	\$ 7,939,581
2014 - 2015	7,939,581	1,760,639	(512,957)	9,187,263

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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 annual payments of \$251,227 through the end of the lease (June 2015). The balance was paid in full at June 30, 2015.

Ambulance

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

The City obtained financing in the amount of \$285,224 with an interest rate of 2.31% and annual payments of \$75,471 through the end of the lease (2017). The outstanding balance at June 30, 2015 is \$216,342.

The calculation of the present value of the future lease payments for obligations under capital leases as of June 30, 2015 is as follows:

Year Ending June 30,		
2016	\$	75,471
2017		75,471
2018		75,471
Subtotal		226,413
Less: amount representing interest		(10,071)
Present value of future lease payments	\$	<u>216,342</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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, 2015 is \$560,229.

The annual debt service requirements on the Valencia note as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 68,692	\$ 4,617	\$ 73,309
2017	69,293	4,016	73,309
2018	69,900	3,409	73,309
2019	70,513	2,796	73,309
2020	71,131	2,178	73,309
2021 - 2023	<u>210,700</u>	<u>2,773</u>	<u>213,473</u>
Totals	<u>\$ 560,229</u>	<u>\$ 19,789</u>	<u>\$ 580,018</u>

California Energy Commission Loan

On September 5, 2006, the City entered into a note agreement for \$1,278,000 to finance for energy efficient purposes the acquisition of equipment and other capital projects. The note accrues interest at 4.5%. Principal and interest payments of \$60,295 are due semiannually through June 22, 2023. The note is payable from the revenues of the General Fund. At June 30, 2015, the outstanding balance is \$802,533.

The annual debt service requirements on the California Energy Commission loan as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 85,329	\$ 35,261	\$ 120,590
2017	89,306	31,284	120,590
2018	93,370	27,220	120,590
2019	97,618	22,972	120,590
2020	102,013	18,577	120,590
2021 - 2023	<u>334,897</u>	<u>26,873</u>	<u>361,770</u>
Totals	<u>\$ 802,533</u>	<u>\$ 162,187</u>	<u>\$ 964,720</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

13. NOTES PAYABLE (CONTINUED):

Successor Agency Note

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

The annual debt service requirements on the Successor Agency note as of June 30, 2015 are as follows:

Year Ending June 30,	Principal
2016	\$ 578,918
2017	578,918
2018	578,918
2019	578,918
2020	578,918
2021 - 2025	2,894,590
2026 - 2030	2,894,590
2030 - 2035	2,894,581
Total	<u>\$ 11,578,351</u>

14. FUND BALANCE CLASSIFICATION:

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

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

14. FUND BALANCE CLASSIFICATION (CONTINUED):

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

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.

	General Fund	Special Revenue Funds		City Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		West Covina Housing Authority	Grants			
Nonspendable:						
Prepays and other assets	\$ 3,924	\$ 145,833	\$ -	\$ 6,090	\$ -	\$ 155,847
Advances to Successor Agency	6,480,000	-	-	-	-	6,480,000
Restricted:						
Affordable housing	-	24,223,988	-	-	-	24,223,988
Debt service	-	-	-	13,162,991	-	13,162,991
Community services	-	-	-	-	5,974,011	5,974,011
Public safety	-	-	-	-	5,246,820	5,246,820
Public works	-	-	-	-	11,310,267	11,310,267
Assigned:						
Capital projects	-	-	-	-	4,930,693	4,930,693
Unassigned	<u>20,531,695</u>	<u>-</u>	<u>(245,924)</u>	<u>-</u>	<u>(192,784)</u>	<u>20,092,987</u>
Totals	<u>\$ 27,015,619</u>	<u>\$ 24,369,821</u>	<u>\$ (245,924)</u>	<u>\$ 13,169,081</u>	<u>\$ 27,269,007</u>	<u>\$ 91,577,604</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

15. ACCUMULATED FUND DEFICITS/NET POSITION:

The following funds reported deficits in fund balances/net position as of June 30, 2015:

	<u>Deficit Balance</u>
Major Fund:	
Grants Special Revenue Fund	\$ 245,924
Other Governmental Funds - Special Revenue Funds:	
Transportation Development Act	2,295
SAFER Grant	190,489
Internal Service Funds:	
Self-Insurance	5,702,300

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

Grants Special Revenue Fund

The deficit of \$245,924 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.

Transportation Development Act Special Revenue Fund

The deficit of \$2,295 in the Transportation Development Act Special Revenue Fund is the result of expenses incurred prior to reimbursement from grantors. The deficit will be eliminated through future program reimbursements.

SAFER Grant Special Revenue Fund

The deficit of \$190,489 in the SAFER Grant Special Revenue Fund is the result of expenses incurred prior to reimbursement from grantors. The deficit will be eliminated through future grant revenues.

Self-Insurance Internal Service Fund

The deficit in net position of \$5,702,300 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. On March 1, 2016, the City Council approved a transfer from the General fund the completely eliminated the deficit.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS:

- a. California Public Employee Retirement System (CalPERS)

General Information about the Pension Plans:

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

General Information about the Pension Plans (Continued):

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous			
	Prior to January 1, 2011	After January 1, 2011	Prior to January 1, 2013	On or After January 1, 2013
Hire date				
Benefit formula	2.0%@55	2.5%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7% or 8%	7% or 8%	7% or 8%	6.25%
Required employer contribution rates	17.090%	17.090%	17.090%	6.250%

	Safety		
	Prior to July 1, 2012	Prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	3%@50	3%@55	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	9%	6.25%
Required employer contribution rates	43.275%	43.275%	6.250%

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- a. California Public Employee Retirement System (CalPERS) (Continued)

General Information about the Pension Plans (Continued):

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability:

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

Net Pension Liability (Continued):

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	(3)	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website under Forms and Publications.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

Net Pension Liability (Continued):

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as a change in methodology occurs.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

Net Pension Liability (Continued):

Discount Rate (Continued)

Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

Changes in the Net Pension Liability:

The changes in the net pension liability, with a measurement date of June 30, 2014, for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	<u>\$ 133,922,583</u>	<u>\$ 100,069,306</u>	<u>\$ 33,853,277</u>
Changes in the Year:			
Service cost	1,653,769	-	1,653,769
Interest on the total pension liability	9,849,865	-	9,849,865
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	1,441,234	(1,441,234)
Contribution - employee	-	921,495	(921,495)
Net investment income	-	17,189,513	(17,189,513)
Administrative expenses	-	-	-
Benefit payments, including refunds of employee contributions	<u>(6,835,867)</u>	<u>(6,835,867)</u>	<u>-</u>
Net Changes	<u>4,667,767</u>	<u>12,716,375</u>	<u>(8,048,608)</u>
Balance at June 30, 2015	<u><u>\$ 138,590,350</u></u>	<u><u>\$ 112,785,681</u></u>	<u><u>\$ 25,804,669</u></u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

Changes in the Net Pension Liability (Continued):

The changes in the net pension liability, with a measurement date of June 30, 2014, for the Safety Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	<u>\$ 318,617,717</u>	<u>\$ 203,765,462</u>	<u>\$ 114,852,255</u>
Changes in the Year:			
Service cost	4,824,545	-	4,824,545
Interest on the total pension liability	23,426,151	-	23,426,151
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	6,403,118	(6,403,118)
Contribution - employee	-	2,416,548	(2,416,548)
Net investment income	-	34,775,710	(34,775,710)
Administrative expenses	-	-	-
Benefit payments, including refunds of employee contributions	(17,362,607)	(17,362,607)	-
Net Changes	<u>10,888,089</u>	<u>26,232,769</u>	<u>(15,344,680)</u>
Balance at June 30, 2015	<u><u>\$ 329,505,806</u></u>	<u><u>\$ 229,998,231</u></u>	<u><u>\$ 99,507,575</u></u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

Changes in the Net Pension Liability (Continued):

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

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 42,743,977	\$ 142,387,455
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 25,804,669	\$ 99,507,575
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 11,666,256	\$ 64,148,264

Pension Plans Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2015, the City recognized pension expense of \$8,250,164. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 8,889,515	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(23,799,100)
Total	<u>\$ 8,889,515</u>	<u>\$ (23,799,100)</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

a. California Public Employee Retirement System (CalPERS) (Continued)

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

The \$8,889,515 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2016	\$ (5,949,775)
2017	(5,949,775)
2018	(5,949,775)
2019	(5,949,775)
2020	-
Thereafter	-

Payable to the Pension Plans:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan:

General Information about the Pension Plan:

Plan Description and Benefits

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan (Continued):

General Information about the Pension Plan (Continued):

Plan Description and Benefits (Continued)

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

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

Tier 1

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan (Continued):

General Information about the Pension Plan (Continued):

Plan Description and Benefits (Continued)

Tier 2

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

Contributions

The City makes all contributions to these plans. Participants do not make any contributions. The actuarially required contribution is determined on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is funding the plan to pay the benefit payments payable each year. For the year ended June 30, 2015, the City's contribution was \$65,000.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan
(Continued):

General Information about the Pension Plan (Continued):

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for the plan:

	<u>EPMC</u>
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>233</u>
Total	<u><u>237</u></u>

Net Pension Liability:

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan (Continued):

Net Pension Liability (Continued):

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25% (1)
Inflation	3.00%
Projected Salary Increase	3.25%
Investment Rate of Return	6.25% (2)
Mortality	(3)

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

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

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

Discount Rate

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan (Continued):

Net Pension Liability (Continued):

Discount Rate (Continued)

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

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan (Continued):

Net Pension Liability (Continued):

Discount Rate (Continued)

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Expected Real Rate of Return (Geometric)</u>
Cash	5.00%	0.45%
Equities	48.50%	5.35%
Fixed income	45.00%	1.55%
REIT	1.50%	4.03%
Total	<u>100.00%</u>	
Long-Term Expected Rate of Return		6.25%

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan
(Continued):

Changes in the Net Pension Liability:

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	<u>\$ 755,000</u>	<u>\$ 109,000</u>	<u>\$ 646,000</u>
Changes in the Year:			
Service cost	36,000	-	36,000
Interest on the total pension liability	36,000	-	36,000
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	65,000	(65,000)
Contribution - employee	-	-	-
Net investment income	-	12,000	(12,000)
Administrative expenses	-	(3,000)	3,000
Benefit payments, including refunds of employee contributions	(64,000)	(64,000)	-
Net Changes	<u>8,000</u>	<u>10,000</u>	<u>(2,000)</u>
Balance at June 30, 2015	<u>\$ 763,000</u>	<u>\$ 119,000</u>	<u>\$ 644,000</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan (Continued):

Changes in the Net Pension Liability (Continued):

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

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

	<u>Miscellaneous</u>
1% Decrease	5.25%
Net Pension Liability	\$ 720,000
Current Discount Rate	6.25%
Net Pension Liability	\$ 644,000
1% Increase	7.25%
Net Pension Liability	\$ 581,000

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

For the year ended June 30, 2015, the City recognized pension expense of \$67,000. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 56,000	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(4,000)
Total	<u>\$ 56,000</u>	<u>\$ (4,000)</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- b. Public Agency Retirement System (PARS) EPMC Replacement Supplemental Retirement Plan (Continued):

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

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

Year Ending June 30,	Amount
2016	\$ (1,000)
2017	(1,000)
2018	(1,000)
2019	(1,000)
2020	-
Thereafter	-

Payable to the Pension Plan:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council:

General Information about the Pension Plan:

Plan Description and Benefits

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council (Continued):

General Information about the Pension Plan (Continued):

Plan Description and Benefits (Continued)

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

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

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

Contributions

All three tiers are combined for funding purposes in this plan. The City makes all contributions to these plans. Participants do not make any contributions. The actuarially required contribution is determined on a pay as you go funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is funding the plan to pay the benefit payments payable each year. For the year ended June 30, 2015, the City's contribution was \$78,000.

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for the plan:

	<u>Supplemental</u>
Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	9
Total	<u><u>15</u></u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council (Continued):

Net Pension Liability:

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

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.55% (1)
Inflation	3.00%
Projected Salary Increase	3.25%
Benefit Increase	2.00%
Investment Rate of Return	6.25% (2)
Mortality	(3)

- (1) Long term expected return on portion of Accrued Liability Funded: (a) 6.25% for funded portion and (b) 4.29% for unfunded portion (Bond Buyer 20-Bond GO Index).
- (2) Plan assets currently invested in PARS diversified moderate portfolio.
- (3) The probabilities of mortality are derived using CalPERS' 1997-2007 experience study.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council (Continued):

Net Pension Liability (Continued):

Discount Rate

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

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

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

Based on these circumstances, it is the actuary's opinion that a depletion date projection is not appropriate. Therefore, the discount rate is based on the projected portion of the Total Pension Liability funded by the Fiduciary Net Position in each future year. For the funded portion, the long-term expected rate of return on pension plan investments (6.25%) was used, and the Bond Buyer 20-Bond Go Index as of the June 30, 2014 measurement date (4.29%) for the unfunded portion. The discount rate used (5.55%) represents the single equivalent rate of return, as described under GASB 68 (paragraph 31).

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council (Continued):

Net Pension Liability (Continued):

Discount Rate (Continued)

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Expected Real Rate of Return (Geometric)</u>
Cash	5.00%	0.45%
Equities	48.50%	5.35%
Fixed income	45.00%	1.55%
REIT	1.50%	4.03%
Total	100.00%	
Long-Term Expected Rate of Return		6.25%

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council (Continued):

Changes in the Net Pension Liability:

The changes in the net pension liability, with a measurement date of June 30, 2014, for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	\$ 2,959,000	\$ 660,000	\$ 2,299,000
Changes in the Year:			
Service cost	112,000	-	112,000
Interest on the total pension liability	168,000	-	168,000
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	59,000	(59,000)
Contribution - employee	-	-	-
Net investment income	-	75,000	(75,000)
Administrative expenses	-	(6,000)	6,000
Benefit payments, including refunds of employee contributions	(82,000)	(82,000)	-
Net Changes	<u>198,000</u>	<u>46,000</u>	<u>152,000</u>
Balance at June 30, 2015	<u>\$ 3,157,000</u>	<u>\$ 706,000</u>	<u>\$ 2,451,000</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council (Continued):

Changes in the Net Pension Liability (Continued):

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

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

	<u>Miscellaneous</u>
1% Decrease	4.55%
Net Pension Liability	\$ 2,935,000
Current Discount Rate	5.55%
Net Pension Liability	\$ 2,451,000
1% Increase	6.55%
Net Pension Liability	\$ 2,058,000

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

For the year ended June 30, 2015, the City recognized pension expense of \$239,000. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 78,000	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	(28,000)
Total	<u>\$ 78,000</u>	<u>\$ (28,000)</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

16. DEFINED BENEFIT PENSION PLANS (CONTINUED):

- c. Public Agency Retirement System (PARS) Supplemental Retirement Plan for Executive Staff and City Council (Continued):

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

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

Year Ending June 30,	Amount
2016	\$ (7,000)
2017	(7,000)
2018	(7,000)
2019	(7,000)
2020	-
Thereafter	-

Payable to the Pension Plan:

At June 30, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

17. DEFINED CONTRIBUTION PENSION PLAN:

Plan Description

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

17. DEFINED CONTRIBUTION PENSION PLAN (CONTINUED):

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

During the year, total required and actual contributions amounted to \$103,477 and covered payroll for the year ended June 30, 2015 totaled \$1,558,155. No contributions were made by the City and employees contributed \$103,477 (7.5% of current covered payroll). Total plan assets at June 30, 2015 were \$778,454. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

18. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

a. Plan Descriptions:

Medical

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

- Police:
 - \$1,005 per month for employees hired before July 1, 2012 with five years of sworn service or hired after July 1, 2012 with more than twenty years of sworn service
 - PEMHCA minimum amount (\$119 and \$122 per month in calendar years 2014 and 2015, respectively) for employees hired after July 1, 2012 with less than twenty years of sworn service
- Fire
 - \$1,005 per month for employees hired before July 1, 2012 with five years of sworn service
 - PEMHCA minimum amount (\$119 and \$122 per month in calendar years 2014 and 2015, respectively) for employees hired after July 1, 2012
- Miscellaneous - At the PEMHCA minimum amount (\$119 and \$122 per month in calendar years 2014 and 2015, respectively).

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

a. Plan Descriptions (Continued):

Life Insurance

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

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

b. City's Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and bargaining unit requirements is based on a pay-as-you-go basis (i.e. as medical insurance premiums become due). For fiscal year ended June 30, 2015, the City contributed \$1,912,010 to the plan, including \$1,912,010 for current premiums (100% of total premiums).

c. Annual OPEB Cost and Net OPEB Obligation:

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

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

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

Annual required contribution	\$ 5,562,000
Interest on net OPEB obligation	680,000
Adjustment to annual required contribution	<u>(771,000)</u>
Annual OPEB cost (expense)	5,471,000
Actual contributions made (including premiums paid)	<u>(1,912,010)</u>
Increase in net OPEB obligation	3,558,990
Net OPEB Obligation - beginning of year	<u>17,006,654</u>
 Net OPEB Obligation - end of year	 <u>\$ 20,565,644</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 5,811,000	29.11%	\$ 13,630,654
6/30/14	5,150,000	34.45%	17,006,654
6/30/15	5,471,000	34.95%	20,565,644

d. Funded Status and Funding Progress:

As of June 30, 2013, the latest actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$65,190,000 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$65,190,000. The funded ratio (actuarial value of assets as a percentage of actuarial accrued liability) was 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$25,620,000 and the ratio of the UAAL to the covered payroll was 254.45%.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

d. Funded Status and Funding Progress (Continued):

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

e. Actuarial Methods and Assumptions:

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The valuation is determined using a discount rate of 4.0%, inflation rate of 3% and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements of 1% per year to an ultimate rate of 5% after the sixth year. The initial UAAL is being amortized as a level percentage of projected payroll on a closed basis over 30 years. It is assumed the City's payroll will increase 3.25% per year.

19. COMMITMENTS AND CONTINGENCIES:

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

19. COMMITMENTS AND CONTINGENCIES (CONTINUED):

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

20. TRANSFERS IN/TRANSFERS OUT:

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	
General Fund	Grants Special Revenue Fund	\$ 92,141	(a)
	Other Governmental Funds	1,253,713	(a)
	Computer Service		
	Enterprise Fund	101,775	(b)
Grants Special Revenue Fund	General Fund	70,395	(d)
City Debt Service Fund	General Fund	1,123,060	(c)
Other Governmental Funds	General Fund	259,515	(d)
	Other Governmental Funds	<u>301,194</u>	(d)
Total		<u>\$ 3,201,793</u>	

- (a) To reimburse the General Fund for traffic public safety, public works and community service related activities.
- (b) To reimburse the General Fund for public safety activities.
- (c) To fund for debt service payments.
- (d) To reimburse the CDBG and Gas Tax Special Revenue Funds for unallowable costs and to cover deficits in other funds.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

21. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

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

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

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

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

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

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

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

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

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

City management, in consultation with its legal counsel, did not agree with the DOF's decision and filed a lawsuit to contest the decision. The City also did not remit the payments that were disallowed to the CAC. In December 2015, the City entered into a settlement agreement, which requires the City to repay the \$11,578,351 over a period of 20 years. See additional details on the long-term payable in Note 13. As the City repays the Successor Agency, the Successor Agency will remit the amounts collected to the CAC. At June 30, 2015, the City is reporting a long-term liability of \$11,578,351 in the governmental activities and a receivable of \$11,578,351 in the Successor Agency related to the DOF's determination.

Advances from City of West Covina - AB 1484 specifies the actions to be taken and the method of repayment for advances by the Successor Agency to the various funds of the City. Upon application and approval by the Successor Agency and approval by the Oversight Board, loan agreements (advances) entered into by the former redevelopment agency and the City shall be deemed to be enforceable obligations provided that the Oversight Board makes a finding that the advances were for legitimate redevelopment purposes. The accumulated interest on the remaining amount of advances will be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The advances are to be repaid with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by the funds deposited into the Local Agency Investment Fund. The annual advances repayments are subject to certain limitations. Advance repayments shall not be made prior to the 2014-2015 fiscal year, are subject to a formula distribution, and have a lower priority for repayment as described in AB 1484 (Health and Safety Code Section 34191.4(2)(A)). The advances related to the borrowing for the SERAF payment have a priority over repayment of the other advances. 20% of the repayment of the other advances not related to the SERAF advances shall be deducted and transferred to the Low and Moderate Income Housing Asset Fund (Housing Authority). Management of the City has not recorded an allowance for uncollectible advances as all the advances are expected to be repaid.

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

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

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

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

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

22. SUCCESSOR AGENCY DISCLOSURES:

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

NOTES RECEIVABLE:

In 2010 the Commission received an award for damages, attorneys' fees and costs under a foreclosure judgment in the superior court in the amount of \$7,586,603. This amount is the result of a positive verdict in litigation against Hassan Imports Partnership and various related entities, stemming from breach of contract of various agreements and covenants with the Commission. The Commission is pursuing collection of these judgments in federal bankruptcy court. The developer has also filed an appeal of the judgment. The outstanding balance at June 30, 2015, 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, 2015, 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, 2015 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.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

ASSESSMENT RECEIVABLE:

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

As of June 30, 2015, the following assessments receivable were outstanding:

1996 Special Tax Bonds \$ 28,125,000

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, 2015:

BKK Project \$ 67,040

CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Balance at</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 15,597,561	\$ -	\$ -	\$ 15,597,561
Capital assets, being depreciated:				
Buildings and improvements	18,403,609	-	-	18,403,609
Equipment and vehicles	<u>95,975</u>	<u>-</u>	<u>-</u>	<u>95,975</u>
Total capital assets, being depreciated	<u>18,499,584</u>	<u>-</u>	<u>-</u>	<u>18,499,584</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,452,713)	(368,072)	-	(12,820,785)
Equipment and vehicles	<u>(95,605)</u>	<u>1,892*</u>	<u>-</u>	<u>(93,713)</u>
Total accumulated depreciation	<u>(12,548,318)</u>	<u>(366,180)</u>	<u>-</u>	<u>(12,914,498)</u>
Total capital assets, being depreciated, net	<u>5,951,266</u>	<u>(366,180)</u>	<u>-</u>	<u>5,585,086</u>
Total capital assets, net	<u>\$ 21,548,827</u>	<u>\$ (366,180)</u>	<u>\$ -</u>	<u>\$ 21,182,647</u>

* Immaterial correction of prior year calculation error.

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES:

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014 <u>(As Restated)</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2015	Due Within One Year	Due in More Than One Year
1988 Lease Revenue Bonds	\$ 2,900,000	\$ -	\$ (495,000)	\$ 2,405,000	\$ 535,000	\$ 1,870,000
1996 Special Tax Bonds	30,465,000	-	(2,340,000)	28,125,000	2,515,000	25,610,000
Tax Allocation Bonds:						
1999 Tax Allocation Bonds	3,270,000	-	(150,000)	3,120,000	155,000	2,965,000
2002 Tax Allocation Bonds	7,830,000	-	(605,000)	7,225,000	630,000	6,595,000
Total Tax Allocation Bonds	11,100,000	-	(755,000)	10,345,000	785,000	9,560,000
Housing Set-Aside Bonds:						
1998 Housing Set-Aside Bonds	3,775,000	-	(230,000)	3,545,000	240,000	3,305,000
2001 Housing Set-Aside Bonds	7,030,000	-	(435,000)	6,595,000	455,000	6,140,000
Total Housing Set-Aside Bonds	10,805,000	-	(665,000)	10,140,000	695,000	9,445,000
Developer agreement payable	42,810,228	6,244,890	(2,512,640)	46,542,478	833,072	45,709,406
Due to County of Los Angeles	8,024,833	463,068	(1,409,573)	7,078,328	1,439,888	5,638,440
Total long-term liabilities	\$ 106,105,061	\$ 6,707,958	\$ (8,177,213)	\$ 104,635,806	\$ 6,802,960	\$ 97,832,846

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

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

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

The bonds are secured by the facilities and lease rentals to be received pursuant to a lease agreement between the Commission and the City. The reserve requirement of \$387,500 was fully funded at June 30, 2015. At June 30, 2015, the outstanding balance is \$2,405,000.

The annual debt service requirements on the 1988 Lease Revenue Refunding Bonds as of June 30, 2015 are as follows (using interest rate of 0.1%):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 535,000	\$ 2,405	\$ 537,405
2017	575,000	1,870	576,870
2018	625,000	1,295	626,295
2019	<u>670,000</u>	<u>670</u>	<u>670,670</u>
Totals	<u>\$ 2,405,000</u>	<u>\$ 6,240</u>	<u>\$ 2,411,240</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

1996 Special Tax Bonds (The Fashion Plaza Project)

In 1996, the Community Development Commission issued \$51,220,000 of Special Tax Refunding Bonds comprised of \$9,980,000 of serial bonds and \$41,240,000 of term bonds to finance public parking facilities, street and other improvements located in or adjacent to the Community Development Commission Community Facilities District. The serial bonds matured during the fiscal year ended June 30, 2007. The term bonds bear interest at a rate from 5.75% to 6.0% payable semiannually and are due September 1, 2022. The term bonds are not subject to optional redemption; mandatory redemption begins September 1, 2007, then annually thereafter through September 1, 2022. Interest is payable semiannually on March 1 and September 1 of each year. The bonds are secured by and payable from a portion of the revenues derived from an annual special tax to be levied against all taxable real property within the Special Assessment District. In addition, the Commission has pledged certain other incremental revenues generated within the District consisting of property taxes and sales taxes. The reserve requirement of \$5,002,670 was fully funded at June 30, 2015. The outstanding principal balance of the bonds at June 30, 2015 is \$28,125,000.

The annual debt service requirements on the 1996 Special Tax Bonds as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 2,515,000	\$ 1,612,050	\$ 4,127,050
2017	2,790,000	1,452,900	4,242,900
2018	3,050,000	1,277,700	4,327,700
2019	3,305,000	1,087,050	4,392,050
2020	3,555,000	881,250	4,436,250
2021 - 2023	<u>12,910,000</u>	<u>1,233,600</u>	<u>14,143,600</u>
Totals	<u>\$ 28,125,000</u>	<u>\$ 7,544,550</u>	<u>\$ 35,669,550</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

1999 Tax Allocation Bonds

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

The Commission has a letter of credit to pay the principal and interest due on the bonds to the extent that other funds are not available. The outstanding principal balance of the bonds at June 30, 2015 is \$3,120,000.

The annual debt service requirements on the 1999 Tax Allocation Bonds as of June 30, 2015 are as follows (using interest rate of 0.23%):

Year Ending June 30,	Principal	Interest	Total
2016	\$ 155,000	\$ 7,176	\$ 162,176
2017	165,000	6,820	171,820
2018	165,000	6,440	171,440
2019	170,000	6,061	171,061
2020	175,000	5,670	180,670
2021 - 2025	1,025,000	21,827	1,046,827
2026 - 2030	<u>1,265,000</u>	<u>8,924</u>	<u>1,273,924</u>
Totals	<u>\$ 3,120,000</u>	<u>\$ 62,917</u>	<u>\$ 3,182,917</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

2002 Tax Allocation Refunding Bonds

On June 4, 2002 the Community Development Commission issued \$12,200,000 of Tax Allocation Refunding Bonds. The proceeds of the Bonds were used to prepay the outstanding 1993 Tax Allocation Bonds. The 2002 Bonds are payable from tax revenues of the Commission. The interest on the bonds is payable semiannually on September 1 and March 1 of each year at interest rates ranging from 1.75% to 5.10%. The principal of the bonds is due annually through September 1, 2025, in amounts ranging from \$580,000 to \$800,000. At June 30, 2015 the required reserve of \$996,533 was fully funded. The principal balance of outstanding bonds at June 30, 2015 is \$7,225,000.

The annual debt service requirements on the 2002 Tax Allocation Refunding Bonds as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 630,000	\$ 349,890	\$ 979,890
2017	660,000	319,515	979,515
2018	690,000	285,090	975,090
2019	725,000	249,008	974,008
2020	765,000	211,013	976,013
2021 - 2025	3,105,000	546,083	3,651,083
2026	<u>650,000</u>	<u>16,575</u>	<u>666,575</u>
Totals	<u>\$ 7,225,000</u>	<u>\$ 1,977,174</u>	<u>\$ 9,202,174</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

1998 Housing Set-Aside Tax Allocation Bonds

In 1998, the Community Development Commission issued \$4,945,000 of Series A Tax Allocation Bonds and \$1,200,000 of Taxable Series B Tax Allocation Bonds to provide funds for the acquisition and rehabilitation of a multi-family housing project. The bonds mature annually through September 1, 2025 in amounts ranging from \$215,000 to \$420,000, with interest rates varying from 4.5% to 7.0%. Interest is payable semiannually on March 1, and September 1, of each year. The bonds are payable solely from and secured by a pledge of that portion of the tax increment revenues receivable by the Commission with respect to the merged redevelopment project area and are required to be deposited into the Commission's Low and Moderate Income Housing Fund. At June 30, 2015 the required reserve of \$446,513 was fully funded. The principal balance of outstanding bonds at June 30, 2015 is \$3,545,000.

The annual debt service requirements on the 1998 Housing Set-Aside Tax Allocation Bonds as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 240,000	\$ 192,875	\$ 432,875
2017	255,000	179,248	434,248
2018	270,000	164,653	434,653
2019	285,000	149,131	434,131
2020	300,000	132,725	432,725
2021 - 2025	1,775,000	381,951	2,156,951
2026	<u>420,000</u>	<u>11,938</u>	<u>431,938</u>
Totals	<u>\$ 3,545,000</u>	<u>\$ 1,212,521</u>	<u>\$ 4,757,521</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

2001 Housing Set-Aside Tax Allocation Bonds

On December 1, 2001 the Community Development Commission issued \$11,275,000 of Housing Set-Aside Tax Allocation Bonds. The proceeds of the bonds were used to fund a grant for the acquisition and development of a senior housing apartment complex and finance the implementation of the Commission's low and moderate income housing programs. The bonds are payable from and secured by certain tax increment revenues. The interest on the bonds is payable on March 1 and September 1 of each year with interest rates ranging from 2.25% to 5.00%. The principal of the bonds is due annually through September 1, 2031 in amounts ranging from \$25,000 to \$600,000. The bonds are subject to optional and mandatory redemption provisions. At June 30, 2015 the required reserve of \$779,438 was fully funded. The principal balance of outstanding bonds at June 30, 2015 is \$6,595,000.

The annual debt service requirements on the 2001 Housing Set-Aside Tax Allocation Bonds as of June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 455,000	\$ 310,915	\$ 765,915
2017	475,000	289,287	764,287
2018	500,000	266,250	766,250
2019	525,000	241,906	766,906
2020	550,000	216,237	766,237
2021 - 2025	1,930,000	720,419	2,650,419
2026 - 2030	1,500,000	397,000	1,897,000
2031 - 2032	660,000	26,250	686,250
Totals	<u>\$ 6,595,000</u>	<u>\$ 2,468,264</u>	<u>\$ 9,063,264</u>

Developer Agreement Payable

On June 26, 1989, the Commission entered into an agreement with a developer to share certain future tax revenues generated by the Community Facilities District. Since 1992, the developer's share of revenues totaled \$55,372,039, the unpaid balance accrues interest at a rate of 10%. The Commission has made payments to the developer totaling \$19,435,730.

Outstanding
Balance at
June 30, 2015

\$ 46,542,478

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

22. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

LONG-TERM LIABILITIES (CONTINUED):

Due to the County of Los Angeles

Based on an agreement dated June 19, 1990 between the Commission and the County, during the first twenty years beginning in 1990, the Commission will retain from the County 50% of the County portion of tax increment. Per the agreement, the Commission must repay all amounts withheld from the County beginning in 2011. The repayment is made annually and is based on a calculation of excess tax increment revenues from the sub-project area. The outstanding balance accrues interest at 7%. The balance at June 30, 2015 is \$7,078,328.

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, 2015.

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

<u>Letter of Credit</u>	<u>Trustee</u>	<u>Amount</u>	<u>Expiration Date</u>
Wells Fargo Bank:			
1988 Lease Revenue Bonds	Bank of New York	\$ 2,440,582	August 1, 2018
1999 Tax Allocation Bonds	US Bank	3,172,313	April 30, 2017

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

23. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS:

Restatement of the Government-Wide Financial Statements' net position as of July 1, 2014 are as follows:

	<u>Governmental Activities</u>
Net position at July 1, 2014, as originally reported	\$ 209,431,701
Implementation of GASB Statements 68 and 71 to record pension liability at beginning of year	(143,361,947)
To correct sales tax allocation between City and Successor Agency related to Fashion Mall Plaza	(549,237)
To correct administration charged to Community Facilities District	25,000
To record revenue to the proper period	<u>63,698</u>
Net position at July 1, 2014, as restated	<u>\$ 65,609,215</u>

Restatements of the Governmental Funds fund balances as of July 1, 2014 are as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund balances at July 1, 2014, as originally reported	\$ 12,282,711	\$ 22,005,330
To correct sales tax allocation between City and Successor Agency related to Fashion Mall Plaza	(549,237)	-
To correct administration charged to Community Facilities District	25,000	-
To correct cash receipts recorded in General Fund in error	(38,180)	38,180
To record revenue to the proper period	<u>29,148</u>	<u>34,550</u>
Fund balances at July 1, 2014, as restated	<u>\$ 11,749,442</u>	<u>\$ 22,078,060</u>

CITY OF WEST COVINA

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2015

23. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS (CONTINUED):

Restatement of the Successor Agency Private Purpose Trust Fund's net position as of July 1, 2014 is as follows:

Net position at July 1, 2014, as originally reported	\$ (47,099,914)
To correct sales tax allocation between City and Successor Agency related to Fashion Mall Plaza	549,237
To correct balance of developer agreement payable	(1,160,302)
To correct administration charged to Community Facilities District	(25,000)
To record revenue to the proper period	<u>47,680</u>
Net position at July 1, 2014, as restated	<u>\$ (47,688,299)</u>

24. SUBSEQUENT EVENTS:

Events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosure as of March 30, 2016, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST COVINA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 CalPERS PENSION PLANS - MISCELLANEOUS

Last Ten Fiscal Years*

	<u>2015</u>
Total Pension Liability:	
Service cost	\$ 1,653,769
Interest on total pension liability	9,849,865
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	<u>(6,835,867)</u>
Net Change in Total Pension Liability	4,667,767
Total Pension Liability - Beginning of Year	<u>133,922,583</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 138,590,350</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 1,441,234
Contributions - employee	921,495
Net investment income	17,189,513
Benefit payments	<u>(6,835,867)</u>
Net Change in Plan Fiduciary Net Position	12,716,375
Plan Fiduciary Net Position - Beginning of Year	<u>100,069,306</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 112,785,681</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 25,804,669</u></u>
Plan fiduciary net position as a percentage of the total pension liability	81.38%
Covered - employee payroll	\$ 10,025,879
Net pension liability as percentage of covered- employee payroll	257.38%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

CITY OF WEST COVINA

SCHEDULE OF CONTRIBUTIONS
CalPERS PENSION PLANS - MISCELLANEOUS

Last Ten Fiscal Years*

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 1,542,953
Contributions in relation to the actuarially determined contributions	<u>(1,542,953)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	\$ 7,250,397
Contributions as a percentage of covered - employee payroll	21.28%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years (2%@55, 2.5%@55, and 2%@60), and 30 years (2%@62)
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment; including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years (2%@55, 2.5%@55, and 2%@60) 52 years (2%@62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WEST COVINA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CalPERS PENSION PLANS - SAFETY

Last Ten Fiscal Years*

	<u>2015</u>
Total Pension Liability:	
Service cost	\$ 4,824,545
Interest on total pension liability	23,426,151
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	<u>(17,362,607)</u>
Net Change in Total Pension Liability	10,888,089
Total Pension Liability - Beginning of Year	<u>318,617,717</u>
Total Pension Liability - End of Year (a)	<u>\$ 329,505,806</u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 6,403,118
Contributions - employee	2,416,548
Net investment income	34,775,710
Benefit payments	<u>(17,362,607)</u>
Net Change in Plan Fiduciary Net Position	26,232,769
Plan Fiduciary Net Position - Beginning of Year	<u>203,765,462</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 229,998,231</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 99,507,575</u>
Plan fiduciary net position as a percentage of the total pension liability	69.80%
Covered - employee payroll	\$ 16,974,682
Net pension liability as percentage of covered- employee payroll	586.21%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

CITY OF WEST COVINA
 SCHEDULE OF CONTRIBUTIONS
 CalPERS PENSION PLANS - SAFETY

Last Ten Fiscal Years*

	2015
Contractually required contribution (actuarially determined)	\$ 7,346,562
Contributions in relation to the actuarially determined contributions	(7,346,562)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 13,239,430
Contributions as a percentage of covered - employee payroll	55.49%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years (3%@50 and 3%@55) and 30 years (2.7%@57)
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on age, service, and type of employment; including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years (3%@50, 3%@55, and 2.7%@57)
Mortality	

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WEST COVINA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
EPMC REPLACEMENT SUPPLEMENTAL RETIREMENT PLAN

Last Ten Fiscal Years*

	<u>2015</u>
Total Pension Liability:	
Service cost	\$ 36,000
Interest on total pension liability	36,000
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	<u>(64,000)</u>
Net Change in Total Pension Liability	8,000
Total Pension Liability - Beginning of Year	<u>755,000</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 763,000</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 65,000
Contributions - employee	-
Net investment income	12,000
Benefit payments	(64,000)
Administrative expenses	<u>(3,000)</u>
Net Change in Plan Fiduciary Net Position	10,000
Plan Fiduciary Net Position - Beginning of Year	<u>109,000</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 119,000</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 644,000</u></u>
Plan fiduciary net position as a percentage of the total pension liability	15.60%
Covered - employee payroll	\$ 10,877,169
Net pension liability as percentage of covered- employee payroll	5.92%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

CITY OF WEST COVINA
 SCHEDULE OF CONTRIBUTIONS
 EPMC REPLACEMENT SUPPLEMENTAL RETIREMENT PLAN

Last Ten Fiscal Years*

	2015
Contractually required contribution (actuarially determined)	\$ 112,000
Contributions in relation to the actuarially determined contributions	(56,000)
Contribution deficiency (excess)	\$ 56,000
Covered - employee payroll	\$ 10,877,169
Contributions as a percentage of covered - employee payroll	0.51%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount
Remaining amortization period	15 years
	Actuarial value of assets; investment gains and losses spread over a 5-year rolling period; not less than 80% nor more than 120% of market value
Asset valuation method	value
Inflation	3.00%
Salary increases	Aggregate increases of 3.25%
	Merit increases - CalPERS 1997-2007 Experience Study
Investment rate of return	6.25%
Retirement age	50 years (3%@50, 3%@55, and 2.7%@57)
Mortality	Mortality assumptions are based on the CalPERS 1997-2011 experience study

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WEST COVINA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
 SUPPLEMENTAL RETIREMENT PLAN FOR EXECUTIVE STAFF

Last Ten Fiscal Years*

	<u>2015</u>
Total Pension Liability:	
Service cost	\$ 112,000
Interest on total pension liability	168,000
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	<u>(82,000)</u>
Net Change in Total Pension Liability	198,000
Total Pension Liability - Beginning of Year	<u>2,959,000</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 3,157,000</u></u>
Plan Fiduciary Net Position:	
Contributions - employer	\$ 59,000
Contributions - employee	-
Net investment income	75,000
Benefit payments	(82,000)
Administrative expenses	<u>(6,000)</u>
Net Change in Plan Fiduciary Net Position	46,000
Plan Fiduciary Net Position - Beginning of Year	<u>660,000</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 706,000</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 2,451,000</u></u>
Plan fiduciary net position as a percentage of the total pension liability	22.36%
Covered - employee payroll	\$ -
Net pension liability as percentage of covered- employee payroll	0.00%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

CITY OF WEST COVINA
 SCHEDULE OF CONTRIBUTIONS
 SUPPLEMENTAL RETIREMENT PLAN FOR EXECUTIVE STAFF

Last Ten Fiscal Years*

	2015
Contractually required contribution (actuarially determined)	\$ 383,000
Contributions in relation to the actuarially determined contributions	(78,000)
Contribution deficiency (excess)	\$ 305,000
Covered - employee payroll	\$ -
Contributions as a percentage of covered - employee payroll	0.00%

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount
Remaining amortization period	15 years
Asset valuation method	Actuarial value of assets; investment gains and losses spread over a 5-
Inflation	3.00%
Salary increases	Aggregate increases of 3.25%
	Merit increases - CalPERS 1997-2007 Experience Study
Investment rate of return	6.25%
Retirement age	50 years (3%@50, 3%@55, and 2.7%@57)
Mortality	Mortality assumptions are based on the CalPERS 1997-2011 experience study

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF WEST COVINA

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2015
 (dollar amounts in thousands)

OTHER POST-EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
07/01/09	\$ -	\$ 45,391	\$ 45,391	0.00%	\$ 30,254	150.03%
06/30/11	-	68,782	68,782	0.00%	29,420	233.79%
06/30/13	-	65,190	65,190	0.00%	25,620	254.45%

SUPPLEMENTARY SCHEDULES

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CITY OF WEST COVINA

OTHER GOVERNMENTAL FUNDS

June 30, 2015

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, 2015

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
ASSETS			
Cash and investments	\$ 19,107,469	\$ 5,114,992	\$ 24,222,461
Receivables, net:			
Accounts	238,654	-	238,654
Taxes	509,650	-	509,650
Interest	7,103	1,945	9,048
Notes and loans	3,598,348	-	3,598,348
Other	559	-	559
Due from other funds	488,579	-	488,579
Due from other agencies	81,341	-	81,341
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 24,031,703</u>	<u>\$ 5,116,937</u>	<u>\$ 29,148,640</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 1,130,667	\$ 185,154	\$ 1,315,821
Other accrued liabilities	87,104	1,090	88,194
Due to other funds	238,894	-	238,894
Unearned revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,456,665</u>	<u>186,244</u>	<u>1,642,909</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	236,724	-	236,724
	<u> </u>	<u> </u>	<u> </u>
FUND BALANCES:			
Restricted:			
Community services	5,974,011	-	5,974,011
Public safety	5,246,820	-	5,246,820
Public works	11,310,267	-	11,310,267
Assigned	-	4,930,693	4,930,693
Unassigned	(192,784)	-	(192,784)
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>22,338,314</u>	<u>4,930,693</u>	<u>27,269,007</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 24,031,703</u>	<u>\$ 5,116,937</u>	<u>\$ 29,148,640</u>

CITY OF WEST COVINA

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

For the year ended June 30, 2015

	Special Revenue Funds	Capital Projects Funds	Total Other Governmental Funds
REVENUES:			
Taxes	\$ 6,365,058	\$ 238,264	\$ 6,603,322
Special assessments	5,595,338	-	5,595,338
Investment income	39,295	10,839	50,134
Revenue from other agencies	8,689,387	-	8,689,387
Charges for services	59,814	-	59,814
Other revenues	399,494	1,456,350	1,855,844
	<u>21,148,386</u>	<u>1,705,453</u>	<u>22,853,839</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
General government	7,000	-	7,000
Public safety	3,347,511	155,539	3,503,050
Public works	9,231,537	119,729	9,351,266
Community services	3,266,588	339,678	3,606,266
Community development	201,112	-	201,112
	<u>16,053,748</u>	<u>614,946</u>	<u>16,668,694</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,094,638</u>	<u>1,090,507</u>	<u>6,185,145</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	560,709	-	560,709
Transfers out	<u>(1,503,528)</u>	<u>(51,379)</u>	<u>(1,554,907)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(942,819)</u>	<u>(51,379)</u>	<u>(994,198)</u>
NET CHANGE IN FUND BALANCES	4,151,819	1,039,128	5,190,947
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	<u>18,186,495</u>	<u>3,891,565</u>	<u>22,078,060</u>
FUND BALANCES - END OF YEAR	<u>\$ 22,338,314</u>	<u>\$ 4,930,693</u>	<u>\$ 27,269,007</u>

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CITY OF WEST COVINA

OTHER SPECIAL REVENUE FUNDS

June 30, 2015

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.

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

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

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

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

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

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

CITY OF WEST COVINA

OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

June 30, 2015

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

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

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

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. This fund was moved to the general fund in fiscal year 2014-2015.

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

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

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

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

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

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

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

OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

June 30, 2015

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

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

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

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

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

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

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

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

CITY OF WEST COVINA
 COMBINING BALANCE SHEET
 OTHER SPECIAL REVENUE FUNDS

June 30, 2015

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
ASSETS				
Cash and investments	\$ 5,182,641	\$ 6,291	\$ 476,862	\$ 605,820
Receivables, net:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	1,939	2	178	227
Notes and loans	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Due from other agencies	-	-	35,105	-
	<u>\$ 5,184,580</u>	<u>\$ 6,293</u>	<u>\$ 512,145</u>	<u>\$ 606,047</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 550,446	\$ -	\$ 292	\$ -
Other accrued liabilities	11,087	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
	<u>561,533</u>	<u>-</u>	<u>292</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS):				
Restricted:				
Community services	-	6,293	-	606,047
Public safety	4,623,047	-	-	-
Public works	-	-	511,853	-
Unassigned	-	-	-	-
	<u>4,623,047</u>	<u>6,293</u>	<u>511,853</u>	<u>606,047</u>
TOTAL FUND BALANCES (DEFICITS)	<u>4,623,047</u>	<u>6,293</u>	<u>511,853</u>	<u>606,047</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,184,580</u>	<u>\$ 6,293</u>	<u>\$ 512,145</u>	<u>\$ 606,047</u>

Proposition C	State Gas Tax	Police Donations	Transportation Development Act	AB939	Inmate Welfare	Public Safety Augmentation	COPS/SLESA
\$ 839,545	\$ 712,978	\$ 30,465	\$ -	\$ 290,695	\$ 6,821	\$ 163,532	\$ 387,854
-	-	-	-	44,598	-	-	-
-	279,632	-	-	-	-	115,768	-
225	317	29	-	109	3	56	145
-	-	-	-	-	-	-	-
-	-	-	-	-	559	-	-
-	270,255	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 839,770</u>	<u>\$ 1,263,182</u>	<u>\$ 30,494</u>	<u>\$ -</u>	<u>\$ 335,402</u>	<u>\$ 7,383</u>	<u>\$ 279,356</u>	<u>\$ 387,999</u>
\$ 150,102	\$ 56,626	\$ 117	\$ 259	\$ 2,096	\$ -	\$ -	\$ 80,588
8,921	16,998	-	-	1,582	-	-	754
-	-	-	2,036	-	-	-	-
-	-	-	-	-	-	-	-
<u>159,023</u>	<u>73,624</u>	<u>117</u>	<u>2,295</u>	<u>3,678</u>	<u>-</u>	<u>-</u>	<u>81,342</u>
-	-	-	-	-	-	-	-
680,747	-	-	-	-	-	-	-
-	-	30,377	-	-	7,383	279,356	306,657
-	1,189,558	-	-	331,724	-	-	-
-	-	-	(2,295)	-	-	-	-
<u>680,747</u>	<u>1,189,558</u>	<u>30,377</u>	<u>(2,295)</u>	<u>331,724</u>	<u>7,383</u>	<u>279,356</u>	<u>306,657</u>
<u>\$ 839,770</u>	<u>\$ 1,263,182</u>	<u>\$ 30,494</u>	<u>\$ -</u>	<u>\$ 335,402</u>	<u>\$ 7,383</u>	<u>\$ 279,356</u>	<u>\$ 387,999</u>

(Continued)

CITY OF WEST COVINA

COMBINING BALANCE SHEET
OTHER SPECIAL REVENUE FUNDS
(CONTINUED)

June 30, 2015

	Charter PEG	Art in Public Places	North Azusa Relinquishment	Measure R
ASSETS				
Cash and investments	\$ 276,524	\$ 528,305	\$ -	\$ 799,135
Receivables, net:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	103	198	-	299
Notes and loans	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Due from other agencies	-	-	-	-
TOTAL ASSETS	\$ 276,627	\$ 528,503	\$ -	\$ 799,434
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 79,052
Other accrued liabilities	-	55	-	2,673
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	-	55	-	81,725
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS):				
Restricted:				
Community services	276,627	528,448	-	-
Public safety	-	-	-	-
Public works	-	-	-	717,709
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	276,627	528,448	-	717,709
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 276,627	\$ 528,503	\$ -	\$ 799,434

Integrated Waste Management	West Covina Community Services Foundation	Community Development Block Grant	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub	Maintenance District #4
\$ 70,985	\$ 148,464	\$ -	\$ -	\$ 1,602,483	\$ 582,006	\$ 162,339	\$ 2,241,569
-	3,568	-	190,488	-	-	-	-
18,403	-	-	-	8,383	1,686	101	14,499
-	37	-	-	599	218	61	838
-	-	3,598,348	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	218,324	-	-	-	-	-
-	-	46,236	-	-	-	-	-
<u>\$ 89,388</u>	<u>\$ 152,069</u>	<u>\$ 3,862,908</u>	<u>\$ 190,488</u>	<u>\$ 1,611,465</u>	<u>\$ 583,910</u>	<u>\$ 162,501</u>	<u>\$ 2,256,906</u>
\$ 1,201	\$ 13,609	\$ 14,396	\$ -	\$ 10,782	\$ 2,199	\$ 5,993	\$ 53,718
374	-	2,005	16,513	1,421	760	276	2,006
-	-	62,882	173,976	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,575</u>	<u>13,609</u>	<u>79,283</u>	<u>190,489</u>	<u>12,203</u>	<u>2,959</u>	<u>6,269</u>	<u>55,724</u>
-	-	46,236	190,488	-	-	-	-
-	138,460	3,737,389	-	-	-	-	-
-	-	-	-	-	-	-	-
87,813	-	-	-	1,599,262	580,951	156,232	2,201,182
-	-	-	(190,489)	-	-	-	-
<u>87,813</u>	<u>138,460</u>	<u>3,737,389</u>	<u>(190,489)</u>	<u>1,599,262</u>	<u>580,951</u>	<u>156,232</u>	<u>2,201,182</u>
<u>\$ 89,388</u>	<u>\$ 152,069</u>	<u>\$ 3,862,908</u>	<u>\$ 190,488</u>	<u>\$ 1,611,465</u>	<u>\$ 583,910</u>	<u>\$ 162,501</u>	<u>\$ 2,256,906</u>

(Continued)

CITY OF WEST COVINA
 COMBINING BALANCE SHEET
 OTHER SPECIAL REVENUE FUNDS
 (CONTINUED)

June 30, 2015

	Maintenance District #6	Maintenance District #7	Citywide Maintenance District	Sewer Maintenance
ASSETS				
Cash and investments	\$ 354,745	\$ 409,791	\$ 836,375	\$ 2,321,237
Receivables, net:				
Accounts	-	-	-	-
Taxes	3,344	2,573	21,725	43,536
Interest	133	153	315	893
Notes and loans	-	-	-	-
Other	-	-	-	-
Due from other funds	-	-	-	-
Due from other agencies	-	-	-	-
	\$ 358,222	\$ 412,517	\$ 858,415	\$ 2,365,666
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 5,381	\$ 5,557	\$ 85,090	\$ 10,534
Other accrued liabilities	565	565	1,872	18,677
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
	5,946	6,122	86,962	29,211
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	-	-
FUND BALANCES (DEFICITS):				
Restricted:				
Community services	-	-	-	-
Public safety	-	-	-	-
Public works	352,276	406,395	771,453	2,336,455
Unassigned	-	-	-	-
	352,276	406,395	771,453	2,336,455
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 358,222	\$ 412,517	\$ 858,415	\$ 2,365,666

Auto Plaza Improvement District	Tree	Total Other Special Revenue Funds
\$ 70,007	\$ -	\$ 19,107,469
-	-	238,654
-	-	509,650
26	-	7,103
-	-	3,598,348
-	-	559
-	-	488,579
-	-	81,341
<u>\$ 70,033</u>	<u>\$ -</u>	<u>\$ 24,031,703</u>

\$ 2,629	\$ -	\$ 1,130,667
-	-	87,104
-	-	238,894
-	-	-
<u>2,629</u>	<u>-</u>	<u>1,456,665</u>

-	-	236,724
---	---	---------

-	-	5,974,011
-	-	5,246,820
67,404	-	11,310,267
-	-	(192,784)
<u>67,404</u>	<u>-</u>	<u>22,338,314</u>

<u>\$ 70,033</u>	<u>\$ -</u>	<u>\$ 24,031,703</u>
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CITY OF WEST COVINA

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

For the year ended June 30, 2015

	Drug Enforcement Rebate	Business Improvement Tax	Air Quality Improvement	Proposition A
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 1,896,711
Special assessments	-	-	-	-
Investment income	10,757	17	1,039	227
Revenue from other agencies	4,155,289	-	133,784	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
TOTAL REVENUES	4,166,046	17	134,823	1,896,938
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	1,999,443	-	-	-
Public works	-	-	15,019	-
Community services	-	800	-	1,900,000
Community development	-	-	-	-
TOTAL EXPENDITURES	1,999,443	800	15,019	1,900,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,166,603	(783)	119,804	(3,062)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	2,166,603	(783)	119,804	(3,062)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	2,456,444	7,076	392,049	609,109
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 4,623,047	\$ 6,293	\$ 511,853	\$ 606,047

Proposition C	State Gas Tax	Police Donations	Transportation Development Act	AB939	Inmate Welfare	Public Safety Augmentation	COPS/SLESA
\$ 1,576,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,218	\$ -
-	-	-	-	-	-	-	-
1,810	1,232	159	-	716	8	285	932
-	3,096,283	5,500	-	-	-	-	192,245
-	725	-	-	3,363	-	-	-
-	563	16,100	-	130,916	8,774	-	-
<u>1,578,548</u>	<u>3,098,803</u>	<u>21,759</u>	<u>-</u>	<u>134,995</u>	<u>8,782</u>	<u>700,503</u>	<u>193,177</u>
-	-	-	-	-	-	-	-
-	-	16,752	-	-	-	-	232,287
542,676	2,202,789	-	2,295	138,483	-	-	-
960,182	-	-	-	-	-	-	-
148,994	-	-	-	-	-	-	-
<u>1,651,852</u>	<u>2,202,789</u>	<u>16,752</u>	<u>2,295</u>	<u>138,483</u>	<u>-</u>	<u>-</u>	<u>232,287</u>
<u>(73,304)</u>	<u>896,014</u>	<u>5,007</u>	<u>(2,295)</u>	<u>(3,488)</u>	<u>8,782</u>	<u>700,503</u>	<u>(39,110)</u>
-	320,255	-	-	-	-	-	-
-	(719,827)	(10,045)	-	-	-	(650,000)	-
-	(399,572)	(10,045)	-	-	-	(650,000)	-
(73,304)	496,442	(5,038)	(2,295)	(3,488)	8,782	50,503	(39,110)
754,051	693,116	35,415	-	335,212	(1,399)	228,853	345,767
<u>\$ 680,747</u>	<u>\$ 1,189,558</u>	<u>\$ 30,377</u>	<u>\$ (2,295)</u>	<u>\$ 331,724</u>	<u>\$ 7,383</u>	<u>\$ 279,356</u>	<u>\$ 306,657</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, 2015

	Charter PEG	Art in Public Places	North Azusa Relinquishment	Measure R
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 1,180,222
Special assessments	-	-	-	-
Investment income	684	1,197	-	1,486
Revenue from other agencies	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	80,848	-	-
TOTAL REVENUES	684	82,045	-	1,181,708
EXPENDITURES:				
Current:				
General government	7,000	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	948,363
Community services	-	-	-	-
Community development	-	5,248	-	-
TOTAL EXPENDITURES	7,000	5,248	-	948,363
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,316)	76,797	-	233,345
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(1,417)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,417)	-
NET CHANGE IN FUND BALANCES	(6,316)	76,797	(1,417)	233,345
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	282,943	451,651	1,417	484,364
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 276,627	\$ 528,448	\$ -	\$ 717,709

Integrated Waste Management	West Covina Community Services Foundation	Community Development Block Grant	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub	Maintenance District #4
\$ -	\$ -	\$ -	\$ -	\$ 462,165	\$ 148,239	\$ 78,819	\$ -
-	-	-	-	-	-	-	1,046,375
-	258	-	-	3,650	1,356	401	5,064
-	-	246,631	859,655	-	-	-	-
55,210	-	-	-	-	-	-	-
-	162,293	-	-	-	-	-	-
<u>55,210</u>	<u>162,551</u>	<u>246,631</u>	<u>859,655</u>	<u>465,815</u>	<u>149,595</u>	<u>79,220</u>	<u>1,051,439</u>
-	-	-	-	-	-	-	-
-	-	48,885	1,050,144	-	-	-	-
54,625	-	13,240	-	292,587	93,864	76,292	912,132
-	102,460	303,146	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>54,625</u>	<u>102,460</u>	<u>365,271</u>	<u>1,050,144</u>	<u>292,587</u>	<u>93,864</u>	<u>76,292</u>	<u>912,132</u>
<u>585</u>	<u>60,091</u>	<u>(118,640)</u>	<u>(190,489)</u>	<u>173,228</u>	<u>55,731</u>	<u>2,928</u>	<u>139,307</u>
-	-	218,324	-	-	-	-	9,000
-	(50,000)	-	-	(1,200)	(10,200)	-	(3,580)
-	(50,000)	218,324	-	(1,200)	(10,200)	-	5,420
585	10,091	99,684	(190,489)	172,028	45,531	2,928	144,727
<u>87,228</u>	<u>128,369</u>	<u>3,637,705</u>	<u>-</u>	<u>1,427,234</u>	<u>535,420</u>	<u>153,304</u>	<u>2,056,455</u>
<u>\$ 87,813</u>	<u>\$ 138,460</u>	<u>\$ 3,737,389</u>	<u>\$ (190,489)</u>	<u>\$ 1,599,262</u>	<u>\$ 580,951</u>	<u>\$ 156,232</u>	<u>\$ 2,201,182</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, 2015

	Maintenance District #6	Maintenance District #7	Citywide Maintenance District	Sewer Maintenance
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 202,026
Special assessments	154,844	149,149	1,606,683	2,638,287
Investment income	817	949	1,532	4,649
Revenue from other agencies	-	-	-	-
Charges for services	-	-	-	516
Other revenues	-	-	-	-
TOTAL REVENUES	155,661	150,098	1,608,215	2,845,478
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	129,146	121,388	1,402,603	2,286,035
Community services	-	-	-	-
Community development	-	-	-	-
TOTAL EXPENDITURES	129,146	121,388	1,402,603	2,286,035
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	26,515	28,710	205,612	559,443
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	13,130	-
Transfers out	(3,570)	(3,580)	-	(50,000)
TOTAL OTHER FINANCING SOURCES (USES)	(3,570)	(3,580)	13,130	(50,000)
NET CHANGE IN FUND BALANCES	22,945	25,130	218,742	509,443
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	329,331	381,265	552,711	1,827,012
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 352,276	\$ 406,395	\$ 771,453	\$ 2,336,455

Auto Plaza Improvement District	Tree	Total Other Special Revenue Funds
\$ 119,920	\$ -	\$ 6,365,058
-	-	5,595,338
70	-	39,295
-	-	8,689,387
-	-	59,814
-	-	399,494
<u>119,990</u>	<u>-</u>	<u>21,148,386</u>
-	-	7,000
-	-	3,347,511
-	-	9,231,537
-	-	3,266,588
<u>46,870</u>	<u>-</u>	<u>201,112</u>
<u>46,870</u>	<u>-</u>	<u>16,053,748</u>
<u>73,120</u>	<u>-</u>	<u>5,094,638</u>
-	-	560,709
<u>-</u>	<u>(109)</u>	<u>(1,503,528)</u>
<u>-</u>	<u>(109)</u>	<u>(942,819)</u>
73,120	(109)	4,151,819
<u>(5,716)</u>	<u>109</u>	<u>18,186,495</u>
<u>\$ 67,404</u>	<u>\$ -</u>	<u>\$ 22,338,314</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 10,757	\$ 10,757
Revenue from other agencies	20,000	20,000	4,155,289	4,135,289
TOTAL REVENUES	20,000	20,000	4,166,046	4,146,046
EXPENDITURES:				
Current:				
Public safety	-	1,997,613	1,999,443	(1,830)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,000	(1,977,613)	2,166,603	4,144,216
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	2,456,444	2,456,444	2,456,444	-
FUND BALANCE - END OF YEAR	\$ 2,476,444	\$ 478,831	\$ 4,623,047	\$ 4,144,216

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 17	\$ 17
EXPENDITURES:				
Current:				
Community services	4,490	4,490	800	3,690
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,490)	(4,490)	(783)	3,707
FUND BALANCE - BEGINNING OF YEAR	7,076	7,076	7,076	-
FUND BALANCE - END OF YEAR	\$ 2,586	\$ 2,586	\$ 6,293	\$ 3,707

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,039	\$ 1,039
Revenue from other agencies	128,000	128,000	133,784	5,784
TOTAL REVENUES	128,000	128,000	134,823	6,823
EXPENDITURES:				
Current:				
Public works	25,650	457,995	15,019	442,976
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	102,350	(329,995)	119,804	449,799
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	392,049	392,049	392,049	-
FUND BALANCE - END OF YEAR	\$ 494,399	\$ 62,054	\$ 511,853	\$ 449,799

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 1,877,980	\$ 1,877,980	\$ 1,896,711	\$ 18,731
Investment income	-	-	227	227
Revenue from other agencies	101,000	101,000	-	(101,000)
TOTAL REVENUES	1,978,980	1,978,980	1,896,938	(82,042)
EXPENDITURES:				
Current:				
Community services	1,907,990	1,907,990	1,900,000	7,990
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	70,990	70,990	(3,062)	(74,052)
FUND BALANCE - BEGINNING OF YEAR	609,109	609,109	609,109	-
FUND BALANCE - END OF YEAR	\$ 680,099	\$ 680,099	\$ 606,047	\$ (74,052)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,557,740	\$ 1,557,740	\$ 1,576,738	\$ 18,998
Investment income	-	-	1,810	1,810
TOTAL REVENUES	<u>1,557,740</u>	<u>1,557,740</u>	<u>1,578,548</u>	<u>20,808</u>
EXPENDITURES:				
Current:				
Public works	186,580	1,164,611	542,676	621,935
Community services	919,590	938,116	960,182	(22,066)
Community development	108,610	108,401	148,994	(40,593)
TOTAL EXPENDITURES	<u>1,214,780</u>	<u>2,211,128</u>	<u>1,651,852</u>	<u>559,276</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	342,960	(653,388)	(73,304)	580,084
FUND BALANCE - BEGINNING OF YEAR	<u>754,051</u>	<u>754,051</u>	<u>754,051</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,097,011</u>	<u>\$ 100,663</u>	<u>\$ 680,747</u>	<u>\$ 580,084</u>

CITY OF WEST COVINA

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

STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,232	\$ 1,232
Revenue from other agencies	2,895,763	2,895,763	3,096,283	200,520
Charges for services	-	-	725	725
Other revenues	-	-	563	563
TOTAL REVENUES	2,895,763	2,895,763	3,098,803	203,040
EXPENDITURES:				
Current:				
Public works	1,869,160	2,525,755	2,202,789	322,966
EXCESS OF REVENUES OVER EXPENDITURES	1,026,603	370,008	896,014	526,006
OTHER FINANCING SOURCES (USES):				
Transfers in	50,000	50,000	320,255	270,255
Transfers out	(719,790)	(719,790)	(719,827)	(37)
TOTAL OTHER FINANCING SOURCES (USES)	(669,790)	(669,790)	(399,572)	270,218
NET CHANGE IN FUND BALANCE	356,813	(299,782)	496,442	796,224
FUND BALANCE - BEGINNING OF YEAR	693,116	693,116	693,116	-
FUND BALANCE - END OF YEAR	\$ 1,049,929	\$ 393,334	\$ 1,189,558	\$ 796,224

CITY OF WEST COVINA

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

POLICE DONATIONS SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 159	\$ 159
Revenue from other agencies	-	-	5,500	5,500
Other revenues	-	750	16,100	15,350
TOTAL REVENUES	-	750	21,759	21,009
EXPENDITURES:				
Current:				
Public safety	-	17,071	16,752	319
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(16,321)	5,007	21,328
OTHER FINANCING USES:				
Transfers out	-	-	(10,045)	(10,045)
NET CHANGE IN FUND BALANCE	-	(16,321)	(5,038)	11,283
FUND BALANCE - BEGINNING OF YEAR	35,415	35,415	35,415	-
FUND BALANCE - END OF YEAR	\$ 35,415	\$ 19,094	\$ 30,377	\$ 11,283

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Revenue from other agencies	\$ 90,150	\$ 90,150	\$ -	\$ (90,150)
EXPENDITURES:				
Current:				
Public works	-	80,000	2,295	77,705
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	90,150	10,150	(2,295)	(12,445)
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 90,150	\$ 10,150	\$ (2,295)	\$ (12,445)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 716	\$ 716
Charges for services	3,000	3,000	3,363	363
Other revenues	170,000	170,000	130,916	(39,084)
TOTAL REVENUES	173,000	173,000	134,995	(38,005)
EXPENDITURES:				
Current:				
Public works	168,150	168,550	138,483	30,067
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,850	4,450	(3,488)	(7,938)
FUND BALANCE - BEGINNING OF YEAR	335,212	335,212	335,212	-
FUND BALANCE - END OF YEAR	\$ 340,062	\$ 339,662	\$ 331,724	\$ (7,938)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 8	\$ 8
Other revenues	4,000	4,000	8,774	4,774
TOTAL REVENUES	4,000	4,000	8,782	4,782
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(1,399)	(1,399)	(1,399)	-
FUND BALANCE - END OF YEAR	\$ 2,601	\$ 2,601	\$ 7,383	\$ 4,782

CITY OF WEST COVINA

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

PUBLIC SAFETY AUGMENTATION SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 650,000	\$ 650,000	\$ 700,218	\$ 50,218
Investment income	-	-	285	285
TOTAL REVENUES	650,000	650,000	700,503	50,503
OTHER FINANCING USES:				
Transfers out	(650,000)	(650,000)	(650,000)	-
NET CHANGE IN FUND BALANCE	-	-	50,503	50,503
FUND BALANCE - BEGINNING OF YEAR	228,853	228,853	228,853	-
FUND BALANCE - END OF YEAR	<u>\$ 228,853</u>	<u>\$ 228,853</u>	<u>\$ 279,356</u>	<u>\$ 50,503</u>

CITY OF WEST COVINA

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

COPS/SLESA SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 932	\$ 932
Revenue from other agencies	140,000	140,000	192,245	52,245
TOTAL REVENUES	140,000	140,000	193,177	53,177
EXPENDITURES:				
Current:				
Public safety	-	251,334	232,287	19,047
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	140,000	(111,334)	(39,110)	72,224
FUND BALANCE - BEGINNING OF YEAR	345,767	345,767	345,767	-
FUND BALANCE - END OF YEAR	\$ 485,767	\$ 234,433	\$ 306,657	\$ 72,224

CITY OF WEST COVINA

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

CHARTER PEG SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 684	\$ 684
EXPENDITURES:				
Current:				
General government	10,000	60,000	7,000	53,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	(60,000)	(6,316)	53,684
FUND BALANCE - BEGINNING OF YEAR	282,943	282,943	282,943	-
FUND BALANCE - END OF YEAR	\$ 272,943	\$ 222,943	\$ 276,627	\$ 53,684

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,197	\$ 1,197
Other revenues	45,000	45,000	80,848	35,848
TOTAL REVENUES	45,000	45,000	82,045	37,045
EXPENDITURES:				
Current:				
Community development	-	130,000	5,248	124,752
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	45,000	(85,000)	76,797	161,797
FUND BALANCE - BEGINNING OF YEAR	451,651	451,651	451,651	-
FUND BALANCE - END OF YEAR	\$ 496,651	\$ 366,651	\$ 528,448	\$ 161,797

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,168,320	\$ 1,168,320	\$ 1,180,222	\$ 11,902
Investment income	-	-	1,486	1,486
TOTAL REVENUES	1,168,320	1,168,320	1,181,708	13,388
EXPENDITURES:				
Current:				
Public works	673,420	1,596,439	948,363	648,076
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	494,900	(428,119)	233,345	661,464
FUND BALANCE - BEGINNING OF YEAR	484,364	484,364	484,364	-
FUND BALANCE - END OF YEAR	\$ 979,264	\$ 56,245	\$ 717,709	\$ 661,464

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for services	\$ 70,000	\$ 70,000	\$ 55,210	\$ (14,790)
EXPENDITURES:				
Current:				
Public works	52,150	52,550	54,625	(2,075)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,850	17,450	585	(16,865)
FUND BALANCE - BEGINNING OF YEAR	87,228	87,228	87,228	-
FUND BALANCE - END OF YEAR	\$ 105,078	\$ 104,678	\$ 87,813	\$ (16,865)

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 258	\$ 258
Other revenues	100,000	100,000	162,293	62,293
TOTAL REVENUES	100,000	100,000	162,551	62,551
EXPENDITURES:				
Current:				
Community services	-	112,460	102,460	10,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100,000	(12,460)	60,091	72,551
OTHER FINANCING USES:				
Transfers out	(100,000)	(100,000)	(50,000)	50,000
NET CHANGE IN FUND BALANCE	-	(112,460)	10,091	122,551
FUND BALANCE - BEGINNING OF YEAR	128,369	128,369	128,369	-
FUND BALANCE - END OF YEAR	\$ 128,369	\$ 15,909	\$ 138,460	\$ 122,551

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ 800,000	\$ 800,000	\$ 246,631	\$ (553,369)
Repayment of notes and loans	80,000	80,000	-	(80,000)
TOTAL REVENUES	880,000	880,000	246,631	(633,369)
EXPENDITURES:				
Current:				
General government	11,500	-	-	-
Public safety	66,220	292,532	48,885	243,647
Public works	55,820	506,650	13,240	493,410
Community services	267,350	481,612	303,146	178,466
TOTAL EXPENDITURES	400,890	1,280,794	365,271	915,523
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	479,110	(400,794)	(118,640)	282,154
OTHER FINANCING SOURCES:				
Transfers in	-	-	218,324	218,324
NET CHANGE IN FUND BALANCE	479,110	(400,794)	99,684	500,478
FUND BALANCE - BEGINNING OF YEAR	3,637,705	3,637,705	3,637,705	-
FUND BALANCE - END OF YEAR	\$ 4,116,815	\$ 3,236,911	\$ 3,737,389	\$ 500,478

CITY OF WEST COVINA

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

SAFER GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from other agencies	\$ -	\$ 2,212,340	\$ 859,655	\$ (1,352,685)
EXPENDITURES:				
Current:				
Public safety	-	2,212,340	1,050,144	1,162,196
EXCESS OF REVENUES UNDER EXPENDITURES	-	-	(190,489)	(190,489)
FUND BALANCE - BEGINNING OF YEAR	(178,622)	(178,622)	-	(178,622)
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (178,622)</u>	<u>\$ (178,622)</u>	<u>\$ (190,489)</u>	<u>\$ (369,111)</u>

CITY OF WEST COVINA

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

MAINTENANCE DISTRICT #1 SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 395,000	\$ 395,000	\$ 462,165	\$ 67,165
Investment income	-	-	3,650	3,650
TOTAL REVENUES	395,000	395,000	465,815	70,815
EXPENDITURES:				
Current:				
Public works	343,870	433,760	292,587	141,173
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	51,130	(38,760)	173,228	211,988
OTHER FINANCING USES:				
Transfers out	(1,200)	(1,200)	(1,200)	-
NET CHANGE IN FUND BALANCE	49,930	(39,960)	172,028	211,988
FUND BALANCE - BEGINNING OF YEAR	1,427,234	1,427,234	1,427,234	-
FUND BALANCE - END OF YEAR	\$ 1,477,164	\$ 1,387,274	\$ 1,599,262	\$ 211,988

CITY OF WEST COVINA

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

MAINTENANCE DISTRICT #2 SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 138,500	\$ 138,500	\$ 148,239	\$ 9,739
Investment income	-	-	1,356	1,356
TOTAL REVENUES	138,500	138,500	149,595	11,095
EXPENDITURES:				
Current:				
Public works	108,060	278,608	93,864	184,744
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	30,440	(140,108)	55,731	195,839
OTHER FINANCING USES:				
Transfers out	(10,200)	(10,200)	(10,200)	-
NET CHANGE IN FUND BALANCE	20,240	(150,308)	45,531	195,839
FUND BALANCE - BEGINNING OF YEAR	535,420	535,420	535,420	-
FUND BALANCE - END OF YEAR	\$ 555,660	\$ 385,112	\$ 580,951	\$ 195,839

CITY OF WEST COVINA

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

COASTAL SAGE SHRUB SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 107,400	\$ 107,400	\$ 78,819	\$ (28,581)
Investment income	-	-	401	401
TOTAL REVENUES	107,400	107,400	79,220	(28,180)
EXPENDITURES:				
Current:				
Public works	117,300	119,924	76,292	43,632
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,900)	(12,524)	2,928	15,452
FUND BALANCE - BEGINNING OF YEAR	153,304	153,304	153,304	-
FUND BALANCE - END OF YEAR	\$ 143,404	\$ 140,780	\$ 156,232	\$ 15,452

CITY OF WEST COVINA

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

MAINTENANCE DISTRICT #4 SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES:				
Special assessments	\$ 1,040,000	\$ 1,040,000	\$ 1,046,375	\$ 6,375
Investment income	-	-	5,064	5,064
TOTAL REVENUES	1,040,000	1,040,000	1,051,439	11,439
EXPENDITURES:				
Current:				
Public works	962,800	1,013,299	912,132	101,167
EXCESS OF REVENUES OVER EXPENDITURES	77,200	26,701	139,307	112,606
OTHER FINANCING SOURCES (USES):				
Transfers in	9,000	9,000	9,000	-
Transfers out	(3,580)	(3,580)	(3,580)	-
TOTAL OTHER FINANCING SOURCES (USES)	5,420	5,420	5,420	-
NET CHANGE IN FUND BALANCE	82,620	32,121	144,727	112,606
FUND BALANCE - BEGINNING OF YEAR	2,056,455	2,056,455	2,056,455	-
FUND BALANCE - END OF YEAR	\$ 2,139,075	\$ 2,088,576	\$ 2,201,182	\$ 112,606

CITY OF WEST COVINA

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

MAINTENANCE DISTRICT #6 SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 155,000	\$ 155,000	\$ 154,844	\$ (156)
Investment income	-	-	817	817
TOTAL REVENUES	155,000	155,000	155,661	661
EXPENDITURES:				
Current:				
Public works	143,910	159,675	129,146	30,529
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,090	(4,675)	26,515	31,190
OTHER FINANCING USES:				
Transfers out	(3,570)	(3,570)	(3,570)	-
NET CHANGE IN FUND BALANCE	7,520	(8,245)	22,945	31,190
FUND BALANCE - BEGINNING OF YEAR	329,331	329,331	329,331	-
FUND BALANCE - END OF YEAR	\$ 336,851	\$ 321,086	\$ 352,276	\$ 31,190

CITY OF WEST COVINA

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

MAINTENANCE DISTRICT #7 SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 147,000	\$ 147,000	\$ 149,149	\$ 2,149
Investment income	-	-	949	949
TOTAL REVENUES	147,000	147,000	150,098	3,098
EXPENDITURES:				
Current:				
Public works	149,390	199,326	121,388	77,938
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,390)	(52,326)	28,710	81,036
OTHER FINANCING USES:				
Transfers out	(3,580)	(3,580)	(3,580)	-
NET CHANGE IN FUND BALANCE	(5,970)	(55,906)	25,130	81,036
FUND BALANCE - BEGINNING OF YEAR	381,265	381,265	381,265	-
FUND BALANCE - END OF YEAR	\$ 375,295	\$ 325,359	\$ 406,395	\$ 81,036

CITY OF WEST COVINA

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

CITYWIDE MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 1,588,000	\$ 1,588,000	\$ 1,606,683	\$ 18,683
Investment income	-	-	1,532	1,532
TOTAL REVENUES	1,588,000	1,588,000	1,608,215	20,215
EXPENDITURES:				
Current:				
Public works	1,519,660	1,512,600	1,402,603	109,997
EXCESS OF REVENUES OVER EXPENDITURES	68,340	75,400	205,612	130,212
OTHER FINANCING SOURCES:				
Transfers in	13,130	13,130	13,130	-
NET CHANGE IN FUND BALANCE	81,470	88,530	218,742	130,212
FUND BALANCE - BEGINNING OF YEAR	552,711	552,711	552,711	-
FUND BALANCE - END OF YEAR	\$ 634,181	\$ 641,241	\$ 771,453	\$ 130,212

CITY OF WEST COVINA

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

SEWER MAINTENANCE SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 181,800	\$ 181,800	\$ 202,026	\$ 20,226
Special assessments	2,678,000	2,678,000	2,638,287	(39,713)
Investment income	-	-	4,649	4,649
Charges for services	-	-	516	516
TOTAL REVENUES	2,859,800	2,859,800	2,845,478	(14,322)
EXPENDITURES:				
Current:				
Public works	2,616,860	3,037,681	2,286,035	751,646
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	242,940	(177,881)	559,443	737,324
OTHER FINANCING USES:				
Transfers out	(50,000)	(50,000)	(50,000)	-
NET CHANGE IN FUND BALANCE	192,940	(227,881)	509,443	737,324
FUND BALANCE - BEGINNING OF YEAR	1,827,012	1,827,012	1,827,012	-
FUND BALANCE - END OF YEAR	\$ 2,019,952	\$ 1,599,131	\$ 2,336,455	\$ 737,324

CITY OF WEST COVINA

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

AUTO PLAZA IMPROVEMENT DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 44,380	\$ 44,380	\$ 119,920	\$ 75,540
Investment income	-	-	70	70
TOTAL REVENUES	44,380	44,380	119,990	75,610
EXPENDITURES:				
Current:				
Community development	46,580	46,580	46,870	(290)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,200)	(2,200)	73,120	75,320
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(5,716)	(5,716)	(5,716)	-
FUND BALANCE - END OF YEAR	\$ (7,916)	\$ (7,916)	\$ 67,404	\$ 75,320

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CITY OF WEST COVINA

MAJOR DEBT SERVICE FUND

June 30, 2015

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

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

CITY OF WEST COVINA

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

CITY DEBT SERVICE FUND - MAJOR FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 845,000	\$ 845,000	\$ 120,662	\$ (724,338)
Charges for services	940,000	940,000	483,240	(456,760)
Other revenues	1,143,570	1,143,570	1,143,570	-
TOTAL REVENUES	2,928,570	2,928,570	1,747,472	(1,181,098)
EXPENDITURES:				
Debt service:				
Principal	2,292,990	2,292,990	1,798,065	494,925
Interest and fiscal charges	943,700	956,260	1,353,781	(397,521)
TOTAL EXPENDITURES	3,236,690	3,249,250	3,151,846	97,404
EXCESS OF REVENUES UNDER EXPENDITURES	(308,120)	(320,680)	(1,404,374)	(1,083,694)
OTHER FINANCING SOURCES:				
Transfers in	1,110,500	1,123,060	1,123,060	-
NET CHANGE IN FUND BALANCE	802,380	802,380	(281,314)	(1,083,694)
FUND BALANCE - BEGINNING OF YEAR	13,450,395	13,450,395	13,450,395	-
FUND BALANCE - END OF YEAR	\$ 14,252,775	\$ 14,252,775	\$ 13,169,081	\$ (1,083,694)

CITY OF WEST COVINA

OTHER CAPITAL PROJECTS FUNDS

June 30, 2015

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, 2015

	City	Construction Tax	Park Development	Total Other Capital Projects Funds
ASSETS				
Cash and investments	\$ 339,053	\$ 456,719	\$ 4,319,220	\$ 5,114,992
Receivables, net				
Interest	142	171	1,632	1,945
TOTAL ASSETS	\$ 339,195	\$ 456,890	\$ 4,320,852	\$ 5,116,937
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 18,233	\$ 35,784	\$ 131,137	\$ 185,154
Other accrued liabilities	1,020	-	70	1,090
TOTAL LIABILITIES	19,253	35,784	131,207	186,244
FUND BALANCES:				
Assigned	319,942	421,106	4,189,645	4,930,693
TOTAL FUND BALANCES	319,942	421,106	4,189,645	4,930,693
TOTAL LIABILITIES AND FUND BALANCES	\$ 339,195	\$ 456,890	\$ 4,320,852	\$ 5,116,937

CITY OF WEST COVINA

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

For the year ended June 30, 2015

	City	Construction Tax	Park Development	Total Other Capital Projects Funds
REVENUES:				
Taxes	\$ -	\$ 238,264	\$ -	\$ 238,264
Investment income	1,075	944	8,820	10,839
Other revenues	-	-	1,456,350	1,456,350
TOTAL REVENUES	1,075	239,208	1,465,170	1,705,453
EXPENDITURES:				
Current:				
Public safety	155,539	-	-	155,539
Public works	-	119,729	-	119,729
Community services	-	-	339,678	339,678
TOTAL EXPENDITURES	155,539	119,729	339,678	614,946
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(154,464)	119,479	1,125,492	1,090,507
OTHER FINANCING USES:				
Transfers out	-	-	(51,379)	(51,379)
NET CHANGE IN FUND BALANCES	(154,464)	119,479	1,074,113	1,039,128
FUND BALANCES - BEGINNING OF YEAR	474,406	301,627	3,115,532	3,891,565
FUND BALANCES - END OF YEAR	\$ 319,942	\$ 421,106	\$ 4,189,645	\$ 4,930,693

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 1,075	\$ 1,075
EXPENDITURES:				
Current:				
Public safety	-	155,539	155,539	-
Public works	-	1,533	-	1,533
TOTAL EXPENDITURES	-	157,072	155,539	1,533
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(157,072)	(154,464)	2,608
FUND BALANCE - BEGINNING OF YEAR	474,406	474,406	474,406	-
FUND BALANCE - END OF YEAR	\$ 474,406	\$ 317,334	\$ 319,942	\$ 2,608

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 30,000	\$ 30,000	\$ 238,264	\$ 208,264
Investment income	-	-	944	944
TOTAL REVENUES	30,000	30,000	239,208	209,208
EXPENDITURES:				
Current:				
Public works	9,990	269,101	119,729	149,372
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	20,010	(239,101)	119,479	358,580
FUND BALANCE - BEGINNING OF YEAR	301,627	301,627	301,627	-
FUND BALANCE - END OF YEAR	\$ 321,637	\$ 62,526	\$ 421,106	\$ 358,580

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 8,820	\$ 8,820
Other revenues	1,522,050	1,522,050	1,456,350	(65,700)
TOTAL REVENUES	1,522,050	1,522,050	1,465,170	(56,880)
EXPENDITURES:				
Current:				
Community services	-	506,316	339,678	166,638
EXCESS OF REVENUES OVER EXPENDITURES	1,522,050	1,015,734	1,125,492	109,758
OTHER FINANCING USES:				
Transfers out	-	-	(51,379)	(51,379)
NET CHANGE IN FUND BALANCE	1,522,050	1,015,734	1,074,113	58,379
FUND BALANCE - BEGINNING OF YEAR	3,115,532	3,115,532	3,115,532	-
FUND BALANCE - END OF YEAR	\$ 4,637,582	\$ 4,131,266	\$ 4,189,645	\$ 58,379

CITY OF WEST COVINA
INTERNAL SERVICE FUNDS

June 30, 2015

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, 2015

	<u>Fleet Management</u>	<u>Self-Insurance</u>
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ -	\$ 3,510,803
Receivables, net:		
Accounts	-	7,221
Interest	-	-
Other	-	6,488
Inventories	2,000	-
TOTAL CURRENT ASSETS	<u>2,000</u>	<u>3,524,512</u>
NONCURRENT ASSETS:		
Capital assets:		
Other capital assets	2,859,300	-
Less accumulated depreciation	<u>(2,622,470)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>236,830</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>236,830</u>	<u>-</u>
TOTAL ASSETS	<u>238,830</u>	<u>3,524,512</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	97,898	34,762
Other accrued liabilities	6,343	223
Claims and judgments - current portion	-	2,285,505
Compensated absences - current portion	27,375	4,564
Due to other funds	96,266	-
TOTAL CURRENT LIABILITIES	<u>227,882</u>	<u>2,325,054</u>
NONCURRENT LIABILITIES:		
Claims and judgments	-	6,901,758
Compensated absences	10,915	-
TOTAL NONCURRENT LIABILITIES	<u>10,915</u>	<u>6,901,758</u>
TOTAL LIABILITIES	<u>238,797</u>	<u>9,226,812</u>
NET POSITION:		
Net investment in capital assets	236,830	-
Unrestricted	<u>(236,797)</u>	<u>(5,702,300)</u>
TOTAL NET POSITION	<u>\$ 33</u>	<u>\$ (5,702,300)</u>

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 625,210	\$ 61,020	\$ 4,197,033
-	-	7,221
234	122	356
-	-	6,488
-	-	2,000
<u>625,444</u>	<u>61,142</u>	<u>4,213,098</u>
-	510,463	3,369,763
-	<u>(425,037)</u>	<u>(3,047,507)</u>
-	<u>85,426</u>	<u>322,256</u>
-	<u>85,426</u>	<u>322,256</u>
<u>625,444</u>	<u>146,568</u>	<u>4,535,354</u>
-	25,203	157,863
-	-	6,566
-	-	2,285,505
-	-	31,939
-	-	96,266
-	<u>25,203</u>	<u>2,578,139</u>
-	-	6,901,758
-	-	10,915
-	-	<u>6,912,673</u>
-	<u>25,203</u>	<u>9,490,812</u>
-	85,426	322,256
<u>625,444</u>	<u>35,939</u>	<u>(5,277,714)</u>
<u>\$ 625,444</u>	<u>\$ 121,365</u>	<u>\$ (4,955,458)</u>

CITY OF WEST COVINA

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

For the year ended June 30, 2015

	Fleet Management	Self-Insurance
OPERATING REVENUES:		
Charges for services	\$ 1,454,688	\$ 2,574,687
Other revenues	51,978	15,589
	<u>1,506,666</u>	<u>2,590,276</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Personnel services	389,845	25,255
Cost of sales, services and operations	985,442	1,491,253
Depreciation	79,408	-
Insurance and claims paid	-	2,049,936
	<u>1,454,695</u>	<u>3,566,444</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	51,971	(976,168)
NONOPERATING REVENUES:		
Investment income	-	-
	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	51,971	(976,168)
NET POSITION - BEGINNING OF YEAR	<u>(51,938)</u>	<u>(4,726,132)</u>
NET POSITION - END OF YEAR	<u>\$ 33</u>	<u>\$ (5,702,300)</u>

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 88,270	\$ -	\$ 4,117,645
-	-	67,567
<u>88,270</u>	<u>-</u>	<u>4,185,212</u>
47,192	-	462,292
-	104,928	2,581,623
-	12,607	92,015
<u>-</u>	<u>-</u>	<u>2,049,936</u>
<u>47,192</u>	<u>117,535</u>	<u>5,185,866</u>
41,078	(117,535)	(1,000,654)
<u>1,501</u>	<u>467</u>	<u>1,968</u>
42,579	(117,068)	(998,686)
<u>582,865</u>	<u>238,433</u>	<u>(3,956,772)</u>
<u>\$ 625,444</u>	<u>\$ 121,365</u>	<u>\$ (4,955,458)</u>

CITY OF WEST COVINA

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2015

	Fleet Management	Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user departments	\$ 1,506,666	\$ 2,583,058
Payments to suppliers for goods and services	(990,156)	(1,902,655)
Payments to employees for services	(403,412)	(34,564)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>113,098</u>	<u>645,839</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	192,532	-
Paid to other funds	(305,630)	-
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(113,098)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	645,839
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	2,864,964
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 3,510,803</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 51,971	\$ (976,168)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	79,408	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivables	-	(1,210)
(Increase) decrease in other receivables	-	(6,008)
(Increase) decrease in inventories	(5,189)	-
(Increase) decrease in prepaid expenses	-	367,474
Increase (decrease) in accounts payable	475	23,378
Increase (decrease) in other accrued liabilities	(229)	(930)
Increase (decrease) in claims and judgments	-	1,247,682
Increase (decrease) in compensated absences	(13,338)	(8,379)
TOTAL ADJUSTMENTS	<u>61,127</u>	<u>1,622,007</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 113,098</u>	<u>\$ 645,839</u>

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 88,270	\$ -	\$ 4,177,994
-	(79,725)	(2,972,536)
<u>(47,192)</u>	<u>-</u>	<u>(485,168)</u>
<u>41,078</u>	<u>(79,725)</u>	<u>720,290</u>
-	-	192,532
<u>-</u>	<u>-</u>	<u>(305,630)</u>
-	-	(113,098)
<u>-</u>	<u>(89,922)</u>	<u>(89,922)</u>
<u>1,504</u>	<u>439</u>	<u>1,943</u>
42,582	(169,208)	519,213
<u>582,628</u>	<u>230,228</u>	<u>3,677,820</u>
<u>\$ 625,210</u>	<u>\$ 61,020</u>	<u>\$ 4,197,033</u>
<u>\$ 41,078</u>	<u>\$ (117,535)</u>	<u>\$ (1,000,654)</u>
-	12,607	92,015
-	-	(1,210)
-	-	(6,008)
-	-	(5,189)
-	-	367,474
-	25,203	49,056
-	-	(1,159)
-	-	1,247,682
-	-	(21,717)
<u>-</u>	<u>37,810</u>	<u>1,720,944</u>
<u>\$ 41,078</u>	<u>\$ (79,725)</u>	<u>\$ 720,290</u>

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CITY OF WEST COVINA

PENSION TRUST FUNDS

June 30, 2015

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

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

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

CITY OF WEST COVINA

COMBINING STATEMENT OF NET POSITION
ALL PENSION TRUST FUNDS

June 30, 2015

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ASSETS:			
Cash and investments with fiscal agent	\$ 162,311	\$ 686,683	\$ 848,994
HELD IN TRUST FOR PENSION BENEFITS	\$ 162,311	\$ 686,683	\$ 848,994

CITY OF WEST COVINA

COMBINING STATEMENT OF CHANGES IN NET POSITION
ALL PENSION TRUST FUNDS

For the year ended June 30, 2015

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ADDITIONS:			
Employer contributions	\$ 56,097	\$ 78,220	\$ 134,317
Investment income	2,631	12,918	15,549
 TOTAL ADDITIONS	 <u>58,728</u>	 <u>91,138</u>	 <u>149,866</u>
DEDUCTIONS:			
Administrative costs	6,800	6,364	13,164
Benefit distributions	8,970	104,470	113,440
 TOTAL DEDUCTIONS	 <u>15,770</u>	 <u>110,834</u>	 <u>126,604</u>
 CHANGES IN NET POSITION	 42,958	 (19,696)	 23,262
 NET POSITION - BEGINNING OF YEAR	 <u>119,353</u>	 <u>706,379</u>	 <u>825,732</u>
 NET POSITION - END OF YEAR	 <u>\$ 162,311</u>	 <u>\$ 686,683</u>	 <u>\$ 848,994</u>

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CITY OF WEST COVINA

AGENCY FUND

June 30, 2015

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, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and investments	\$ 1,133,590	\$ 3,584,708	\$ 3,256,772	\$ 1,461,526
Receivables, net:				
Taxes	47,680	-	47,680	-
TOTAL ASSETS	<u>\$ 1,181,270</u>	<u>\$ 3,584,708</u>	<u>\$ 3,304,452</u>	<u>\$ 1,461,526</u>
LIABILITIES:				
Accounts payable	\$ 5,112	\$ 150,514	\$ 120,725	\$ 34,901
Deposits	1,176,212	3,597,089	3,346,676	1,426,625
TOTAL LIABILITIES	<u>\$ 1,181,324</u>	<u>\$ 3,747,603</u>	<u>\$ 3,467,401</u>	<u>\$ 1,461,526</u>

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2015

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.

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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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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 basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 144,030,127	\$ 139,413,253	\$ 148,634,909	\$ 180,298,472
Restricted	99,990,727	88,484,572	30,802,069	25,937,799
Unrestricted	<u>(3,710,829)</u>	<u>20,796,530</u>	<u>63,530,998</u>	<u>22,723,726</u>
Total governmental activities net pension	<u>\$ 240,310,025</u>	<u>\$ 248,694,355</u>	<u>\$ 242,967,976</u>	<u>\$ 228,959,997</u>
Business-type activities:				
Net investment in capital assets	\$ 193,706	\$ 303,147	\$ 202,227	\$ 107,507
Restricted	-	-	-	-
Unrestricted	<u>1,469,994</u>	<u>721,839</u>	<u>(66,842)</u>	<u>(786,551)</u>
Total business-type activities net pension	<u>\$ 1,663,700</u>	<u>\$ 1,024,986</u>	<u>\$ 135,385</u>	<u>\$ (679,044)</u>
Primary government:				
Net investment in capital assets	\$ 144,223,833	\$ 139,716,400	\$ 148,837,136	\$ 180,405,979
Restricted	99,990,727	88,484,572	30,802,069	25,937,799
Unrestricted	<u>(2,240,835)</u>	<u>21,518,369</u>	<u>63,464,156</u>	<u>21,937,175</u>
Total primary government net pension	<u>\$ 241,973,725</u>	<u>\$ 249,719,341</u>	<u>\$ 243,103,361</u>	<u>\$ 228,280,953</u>

TABLE 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 184,338,106	\$ 179,236,866	\$ 222,784,189	\$ 164,621,539	\$ 161,771,546	\$ 144,215,248
18,316,134	25,286,909	53,331,999	46,016,224	47,468,277	48,793,821
10,219,814	1,884,827	(27,344,668)	(297,086)	191,878	(129,152,694)
<u>\$ 212,874,054</u>	<u>\$ 206,408,602</u>	<u>\$ 248,771,520</u>	<u>\$ 210,340,677</u>	<u>\$ 209,431,701</u>	<u>\$ 63,856,375</u>
\$ 42,073	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
(1,128,610)	(999,624)	(994,560)	(426,769)	60,922	188,045
<u>\$ (1,086,537)</u>	<u>\$ (999,624)</u>	<u>\$ (994,560)</u>	<u>\$ (426,769)</u>	<u>\$ 60,922</u>	<u>\$ 188,045</u>
\$ 184,380,179	\$ 179,236,866	\$ 222,784,189	\$ 164,621,539	\$ 161,771,546	\$ 144,215,248
18,316,134	25,286,909	53,331,999	46,016,224	47,468,277	48,793,821
9,091,204	(98,187)	(28,339,228)	(723,855)	252,800	(128,964,649)
<u>\$ 211,787,517</u>	<u>\$ 204,425,588</u>	<u>\$ 247,776,960</u>	<u>\$ 209,913,908</u>	<u>\$ 209,492,623</u>	<u>\$ 64,044,420</u>

CITY OF WEST COVINA
 CHANGES IN NET POSITION
 EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses:				
Governmental activities:				
General government	\$ 1,594,760	\$ 46,328	\$ 2,448,843	\$ 2,849,501
Public safety	38,433,238	42,186,533	45,498,406	47,682,934
Public works	20,696,562	19,322,212	20,246,687	21,598,894
Community services	6,482,112	5,167,297	5,214,550	7,835,430
Community development	11,245,539	9,610,651	10,000,667	12,867,904
Interest on long-term debt	7,714,047	8,320,239	8,200,588	7,962,089
Total governmental activities expenses	<u>86,166,258</u>	<u>84,653,260</u>	<u>91,609,741</u>	<u>100,796,752</u>
Business-type activities:				
Computer enterprise	2,098,690	2,470,811	2,682,467	2,633,564
Total business-type activities expenses	<u>2,098,690</u>	<u>2,470,811</u>	<u>2,682,467</u>	<u>2,633,564</u>
Total primary government expenses	<u>88,264,948</u>	<u>87,124,071</u>	<u>94,292,208</u>	<u>103,430,316</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	2,767,383	861,565	1,145,943	757,678
Public safety	3,310,988	3,141,098	3,431,488	3,611,259
Public works	5,297,840	6,339,196	4,251,433	5,818,290
Community services	1,454,683	1,526,866	1,443,945	1,158,644
Community development	302,677	537,813	275,235	266,286
Operating grants and contributions	11,614,595	8,607,221	10,618,414	11,895,355
Capital grants and contributions	285,078	2,714,668	434,630	578,828
Total governmental activities program revenues	<u>25,033,244</u>	<u>23,728,427</u>	<u>21,601,088</u>	<u>24,086,340</u>
Business-type activities:				
Charges for services:				
Computer enterprise	1,721,715	1,765,224	1,755,717	1,885,071
Total business-type activities program revenues	<u>1,721,715</u>	<u>1,765,224</u>	<u>1,755,717</u>	<u>1,885,071</u>
Total primary government program revenues	<u>26,754,959</u>	<u>25,493,651</u>	<u>23,356,805</u>	<u>25,971,411</u>

Source: City of West Covina Finance Department

TABLE 2

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	3,337,547	\$	2,922,898	\$	4,953,340	\$	5,519,153	\$	7,472,254	\$	5,676,067
	48,151,398		45,253,725		49,369,913		47,323,516		45,443,958		49,813,447
	21,054,241		21,052,423		20,510,387		20,372,375		21,109,952		20,586,770
	6,558,987		6,629,292		6,949,951		6,878,176		6,437,040		7,035,872
	8,619,004		9,414,730		4,071,050		1,127,924		658,082		766,886
	6,577,544		7,101,037		5,927,002		1,652,750		1,677,062		1,353,156
	<u>94,298,721</u>		<u>92,374,105</u>		<u>91,781,643</u>		<u>82,873,894</u>		<u>82,798,348</u>		<u>85,232,198</u>
	<u>2,507,498</u>		<u>2,086,135</u>		<u>1,701,367</u>		<u>1,435,855</u>		<u>1,284,419</u>		<u>1,427,789</u>
	<u>2,507,498</u>		<u>2,086,135</u>		<u>1,701,367</u>		<u>1,435,855</u>		<u>1,284,419</u>		<u>1,427,789</u>
	<u>96,806,219</u>		<u>94,460,240</u>		<u>93,483,010</u>		<u>84,309,749</u>		<u>84,082,767</u>		<u>86,659,987</u>
	1,019,690		681,877		599,066		548,333		486,478		885,123
	3,850,741		3,571,864		3,196,729		3,018,478		3,037,891		2,825,831
	7,041,281		8,043,988		7,046,096		7,781,333		8,878,122		8,278,038
	1,089,227		1,166,675		1,141,162		1,195,612		1,180,562		1,275,278
	313,639		240,462		255,669		348,112		621,352		502,621
	5,157,956		10,189,050		12,557,141		10,344,778		11,021,410		12,405,742
	<u>3,574,609</u>		<u>678,827</u>		<u>958,459</u>		<u>597,405</u>		<u>4,458,250</u>		<u>2,224,864</u>
	<u>22,047,143</u>		<u>24,572,743</u>		<u>25,754,322</u>		<u>23,834,051</u>		<u>29,684,065</u>		<u>28,397,497</u>
	<u>2,193,037</u>		<u>2,268,982</u>		<u>1,805,242</u>		<u>2,105,421</u>		<u>1,873,636</u>		<u>1,655,134</u>
	<u>2,193,037</u>		<u>2,268,982</u>		<u>1,805,242</u>		<u>2,105,421</u>		<u>1,873,636</u>		<u>1,655,134</u>
	<u>24,240,180</u>		<u>26,841,725</u>		<u>27,559,564</u>		<u>25,939,472</u>		<u>31,557,701</u>		<u>30,052,631</u>

CITY OF WEST COVINA

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Net revenues (expenses):				
Governmental activities	\$ (61,133,014)	\$ (60,924,833)	\$ (70,008,653)	\$ (76,710,412)
Business-type activities	(376,975)	(705,587)	(926,750)	(748,493)
net primary government revenues (expenses)	<u>(61,509,989)</u>	<u>(61,630,420)</u>	<u>(70,935,403)</u>	<u>(77,458,905)</u>
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	27,614,922	32,458,314	34,760,944	36,387,548
Sales tax	14,216,986	14,056,880	11,167,748	9,261,965
Franchise tax	2,845,521	2,874,165	3,367,958	3,512,830
Other taxes	3,433,966	4,454,217	4,445,300	5,108,429
Motor vehicle in lieu, unrestricted	2,606,079	650,304	500,629	383,831
Investment income	1,993,102	6,919,306	7,800,642	4,768,327
Other general revenues	(65,429)	7,895,977	2,239,053	3,200,753
Transfers	-	-	-	78,750
Extraordinary gain (loss)	-	-	-	-
Total governmental activities	<u>52,645,147</u>	<u>69,309,163</u>	<u>64,282,274</u>	<u>62,702,433</u>
Business-type activities:				
Investment income	71,120	66,873	37,149	12,814
Transfers	-	-	-	(78,750)
Total business-type activities	<u>71,120</u>	<u>66,873</u>	<u>37,149</u>	<u>(65,936)</u>
Total primary government	<u>52,716,267</u>	<u>69,376,036</u>	<u>64,319,423</u>	<u>62,636,497</u>
Changes in net position:				
Governmental activities	(8,487,867)	8,384,330	(5,726,379)	(14,007,979)
Business-type activities	<u>(305,855)</u>	<u>(638,714)</u>	<u>(889,601)</u>	<u>(814,429)</u>
Total primary government change in net position	<u>\$ (8,793,722)</u>	<u>\$ 7,745,616</u>	<u>\$ (6,615,980)</u>	<u>\$ (14,822,408)</u>

Source: City of West Covina Finance Department

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (72,251,578)	\$ (67,801,362)	\$ (66,027,321)	\$ (58,612,191)	\$ (53,114,283)	\$ (56,834,701)
(314,461)	182,847	103,875	669,566	589,217	227,345
<u>(72,566,039)</u>	<u>(67,618,515)</u>	<u>(65,923,446)</u>	<u>(57,942,625)</u>	<u>(52,525,066)</u>	<u>(56,607,356)</u>
28,849,815	30,888,074	23,313,556	20,937,356	20,420,020	21,156,596
7,791,286	12,550,157	13,177,914	13,307,736	14,705,790	15,096,101
3,093,538	3,159,080	3,224,053	3,361,812	3,478,532	3,635,092
5,392,829	5,449,323	7,835,918	6,265,257	7,451,947	7,433,106
331,289	517,098	55,880	57,902	-	-
4,288,088	2,281,105	1,647,399	185,451	695,341	660,157
2,077,837	4,412,125	5,193,850	7,310,544	5,960,967	6,999,034
93,140	95,934	98,811	101,775	101,775	101,775
-	-	55,825,872	(19,629,066)	-	-
<u>51,917,822</u>	<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>	<u>52,814,372</u>	<u>55,081,861</u>
108	-	-	-	-	1,553
(93,140)	(95,934)	(98,811)	(101,775)	(101,775)	(101,775)
<u>(93,032)</u>	<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>	<u>(100,222)</u>
<u>51,824,790</u>	<u>59,256,962</u>	<u>110,274,442</u>	<u>31,796,992</u>	<u>52,712,597</u>	<u>54,981,639</u>
(20,333,756)	(8,448,466)	44,345,932	(26,713,424)	(299,911)	(1,752,840)
(407,493)	86,913	5,064	568,040	487,442	127,123
<u>\$ (20,741,249)</u>	<u>\$ (8,361,553)</u>	<u>\$ 44,350,996</u>	<u>\$ (26,145,384)</u>	<u>\$ 187,531</u>	<u>\$ (1,625,717)</u>

CITY OF WEST COVINA
CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses:				
General government	\$ 1,594,760	\$ 46,328	\$ 2,448,843	\$ 2,849,501
Public safety	38,433,238	42,186,533	45,498,406	47,682,934
Public works	20,696,562	19,322,212	20,246,687	21,598,894
Community services	6,482,112	5,167,297	5,214,550	7,835,430
Community development	11,245,539	9,610,651	10,000,667	12,867,904
Interest on long-term debt	7,714,047	8,320,239	8,200,588	7,962,089
Total expenses	86,166,258	84,653,260	91,609,741	100,796,752
Program revenues:				
Charges for services:				
General government	2,767,383	861,565	1,145,943	757,678
Public safety	3,310,988	3,141,098	3,431,488	3,611,259
Public works	5,297,840	6,339,196	4,251,433	5,818,290
Community services	1,454,683	1,526,866	1,443,945	1,158,644
Community development	302,677	537,813	275,235	266,286
Operating grants and contributions	11,614,595	8,607,221	10,618,414	11,895,355
Capital grants and contributions	285,078	2,714,668	434,630	578,828
Total program revenues	25,033,244	23,728,427	21,601,088	24,086,340
Net program revenues (expenses)	(61,133,014)	(60,924,833)	(70,008,653)	(76,710,412)
General revenues and other changes in net position:				
Taxes:				
Property taxes	27,614,922	32,458,314	34,760,944	36,387,548
Sales tax	14,216,986	14,056,880	11,167,748	9,261,965
Franchise tax	2,845,521	2,874,165	3,367,958	3,512,830
Other taxes	3,433,966	4,454,217	4,445,300	5,108,429
Motor vehicle in lieu, unrestricted	2,606,079	650,304	500,629	383,831
Investment income	1,993,102	6,919,306	7,800,642	4,768,327
Other general revenues	(65,429)	7,895,977	2,239,053	3,200,753
Transfers	-	-	-	78,750
Extraordinary gain (loss)	-	-	-	-
Total governmental revenues and other changes	52,645,147	69,309,163	64,282,274	62,702,433
Changes in net position	\$ (8,487,867)	\$ 8,384,330	\$ (5,726,379)	\$ (14,007,979)

Source: City of West Covina Finance Department

TABLE 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 3,337,547	\$ 2,922,898	\$ 4,953,340	\$ 5,547,949	\$ 7,472,254	\$ 5,676,067
48,151,398	45,253,725	49,369,913	47,160,347	45,443,958	49,813,447
21,054,241	21,052,423	20,510,387	20,465,106	21,109,952	20,586,770
6,558,987	6,629,292	6,949,951	6,911,667	6,437,040	7,035,872
8,619,004	9,414,730	4,071,050	708,422	658,082	766,886
6,577,544	7,101,037	5,927,002	1,652,751	1,677,062	1,353,156
<u>94,298,721</u>	<u>92,374,105</u>	<u>91,781,643</u>	<u>82,446,242</u>	<u>82,798,348</u>	<u>85,232,198</u>
1,019,690	681,877	599,066	548,333	486,478	885,123
3,850,741	3,571,864	3,196,729	3,018,478	3,037,891	2,825,831
7,041,281	8,043,988	7,046,096	7,781,333	8,878,122	8,278,038
1,089,227	1,166,675	1,141,162	1,195,612	1,180,562	1,275,278
313,639	240,462	255,669	348,112	621,352	502,621
5,157,956	10,189,050	12,557,141	10,344,778	11,021,410	12,405,742
3,574,609	678,827	958,459	597,405	4,458,250	2,224,864
<u>22,047,143</u>	<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>	<u>29,684,065</u>	<u>28,397,497</u>
<u>(72,251,578)</u>	<u>(67,801,362)</u>	<u>(66,027,321)</u>	<u>(58,612,191)</u>	<u>(53,114,283)</u>	<u>(56,834,701)</u>
28,849,815	30,888,074	23,313,556	20,937,356	20,420,020	21,156,596
7,791,286	12,550,157	13,177,914	13,307,736	14,705,790	15,096,101
3,093,538	3,159,080	3,224,053	3,361,812	3,478,532	3,635,092
5,392,829	5,449,323	7,835,918	6,265,257	7,451,947	7,433,106
331,289	517,098	55,880	57,902	-	-
4,288,088	2,281,105	1,647,399	185,451	695,341	660,157
2,077,837	4,412,125	5,193,850	7,310,544	5,960,967	6,999,034
93,140	95,934	98,811	101,775	101,775	101,775
-	-	55,825,872	(19,629,066)	-	-
<u>51,917,822</u>	<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>	<u>52,814,372</u>	<u>55,081,861</u>
<u>\$ (20,333,756)</u>	<u>\$ (8,448,466)</u>	<u>\$ 44,345,932</u>	<u>\$ (26,713,424)</u>	<u>\$ (299,911)</u>	<u>\$ (1,752,840)</u>

CITY OF WEST COVINA
 CHANGES IN NET POSITION
 BUSINESS-TYPE ACTIVITIES

Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses:				
Computer Enterprise	\$ 2,098,690	\$ 2,470,811	\$ 2,682,467	\$ 2,633,564
Total expenses	<u>2,098,690</u>	<u>2,470,811</u>	<u>2,682,467</u>	<u>2,633,564</u>
Program revenues:				
Charges for services:				
Computer Enterprise	1,721,715	1,765,224	1,755,717	1,885,071
Total program revenues	<u>1,721,715</u>	<u>1,765,224</u>	<u>1,755,717</u>	<u>1,885,071</u>
Net revenues (expenses)	<u>(376,975)</u>	<u>(705,587)</u>	<u>(926,750)</u>	<u>(748,493)</u>
General revenues and other changes in net position:				
Investment income	71,120	66,873	37,149	12,814
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,750)</u>
Total general revenues and other changes	<u>71,120</u>	<u>66,873</u>	<u>37,149</u>	<u>(65,936)</u>
Changes in net position	<u>\$ (305,855)</u>	<u>\$ (638,714)</u>	<u>\$ (889,601)</u>	<u>\$ (814,429)</u>

Source: City of West Covina Finance Department

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,507,498	\$ 2,086,135	\$ 1,701,367	\$ 1,435,606	\$ 1,284,419	\$ 1,427,789
2,507,498	2,086,135	1,701,367	1,435,606	1,284,419	1,427,789
2,193,037	2,268,982	1,805,242	2,105,421	1,873,636	1,655,134
2,193,037	2,268,982	1,805,242	2,105,421	1,873,636	1,655,134
(314,461)	182,847	103,875	669,815	589,217	227,345
108	-	-	-	-	1,553
(93,140)	(95,934)	(98,811)	(101,775)	(101,775)	(101,775)
(93,032)	(95,934)	(98,811)	(101,775)	(101,775)	(100,222)
\$ (407,493)	\$ 86,913	\$ 5,064	\$ 568,040	\$ 487,442	\$ 127,123

CITY OF WEST COVINA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Reserved	\$ 24,954,584	\$ 24,793,675	\$ 23,805,491	\$ 22,621,000
Unreserved	23,982,187	19,315,808	16,021,539	12,846,323
Total general fund	<u>\$ 48,936,771</u>	<u>\$ 44,109,483</u>	<u>\$ 39,827,030</u>	<u>\$ 35,467,323</u>
All other governmental funds:				
Reserved	\$ 25,188,543	\$ 42,527,670	\$ 33,118,104	\$ 28,675,986
Unreserved, reported in:				
Special revenue funds	9,981,374	8,293,679	9,438,350	9,297,969
Capital projects funds	12,139,928	4,134,045	(631,251)	(2,380,312)
Debt service funds	(2,685,881)	(1,825,601)	860,278	3,085,503
Total all other governmental funds	<u>\$ 44,623,964</u>	<u>\$ 53,129,793</u>	<u>\$ 42,785,481</u>	<u>\$ 38,679,146</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					
2010	2011	2012	2013	2014	2015
\$ 24,321,122	\$ -	\$ -	\$ -	\$ -	\$ -
7,246,828	-	-	-	-	-
<u>\$ 31,567,950</u>	<u>\$ -</u>				
\$ 24,916,095	\$ -	\$ -	\$ -	\$ -	\$ -
10,351,716	-	-	-	-	-
(465,131)	-	-	-	-	-
(131,153)	-	-	-	-	-
<u>\$ 34,671,527</u>	<u>\$ -</u>				
\$ -	\$ 20,827,056	\$ 15,580,789	\$ 6,621,695	\$ 6,595,326	\$ 6,483,924
-	8,786,221	13,187,181	4,108,967	5,687,385	20,531,695
<u>\$ -</u>	<u>\$ 29,613,277</u>	<u>\$ 28,767,970</u>	<u>\$ 10,730,662</u>	<u>\$ 12,282,711</u>	<u>\$ 27,015,619</u>
\$ -	\$ 8,210,093	\$ 6,200,423	\$ 6,814,431	\$ 157,500	\$ 151,923
-	38,138,456	31,101,636	32,133,653	56,225,097	59,918,077
-	1,964,946	1,378,401	893,566	3,891,565	4,930,693
-	(12,759,988)	(110,042)	(373,264)	(47,867)	(438,708)
<u>\$ -</u>	<u>\$ 35,553,507</u>	<u>\$ 38,570,418</u>	<u>\$ 39,468,386</u>	<u>\$ 60,226,295</u>	<u>\$ 64,561,985</u>

CITY OF WEST COVINA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$ 58,464,794	\$ 62,801,264	\$ 65,069,488	\$ 65,186,854
Special assessments	3,582,066	3,711,712	3,913,965	4,180,404
Licenses and permits	1,336,564	1,833,239	1,196,670	1,085,650
Fines and forfeitures	1,168,842	1,106,271	1,216,628	1,229,852
Investment income	5,807,699	9,544,547	8,778,813	5,601,091
Rental income	266,516	223,668	270,058	311,997
Intergovernmental	12,301,929	7,491,065	8,113,584	8,848,048
Charges for services	6,646,242	8,515,601	8,178,880	7,021,197
Repayment of notes and loans	1,355,096	988,220	1,048,727	794,365
Developer fees	7,884	1,462,535	10,950	-
Other	2,566,819	8,903,148	662,988	1,824,050
Total revenues	<u>93,504,451</u>	<u>106,581,270</u>	<u>98,460,751</u>	<u>96,083,508</u>
Expenditures				
Current:				
General government	4,912,513	5,478,534	5,787,654	4,687,485
Public safety	39,996,407	41,602,661	44,138,678	45,554,204
Public works	14,269,148	15,623,128	16,308,548	17,923,628
Community services	11,857,937	31,362,253	24,580,791	7,189,514
Community development	10,385,511	7,120,280	7,632,478	10,739,465
Pass-through payments	3,199,441	2,568,343	2,825,925	3,468,902
Debt service:				
Principal retirement	2,050,000	4,014,507	3,441,290	3,828,282
Interest and fiscal charges	8,766,422	10,059,439	9,827,109	9,055,221
Cost of issuance	-	294,764	-	-
Developer agreement payments	1,858,120	2,783,820	2,939,322	2,181,599
Total expenditures	<u>97,295,499</u>	<u>120,907,729</u>	<u>117,481,795</u>	<u>104,628,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,791,048)</u>	<u>(14,326,459)</u>	<u>(19,021,044)</u>	<u>(8,544,792)</u>
Other financing sources (uses):				
Transfers in	9,342,762	33,024,064	9,976,252	12,048,364
Transfers out	(10,342,762)	(33,024,064)	(9,901,252)	(11,969,614)
Issuance of bonds	2,735,000	18,005,000	4,319,279	-
Payment to refunded bond escrow agent	(2,727,525)	-	-	-
Extraordinary gain (loss)	-	-	-	-
Total other financing sources (uses)	<u>(992,525)</u>	<u>18,005,000</u>	<u>4,394,279</u>	<u>78,750</u>
Net change in fund balances	<u>\$ (4,783,573)</u>	<u>\$ 3,678,541</u>	<u>\$ (14,626,765)</u>	<u>\$ (8,466,042)</u>
Debt service as a percentage of noncapital expenditures				
	18.00%	23.60%	21.10%	19.30%

Source: City of West Covina Finance Department

TABLE 6

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 63,270,166	\$ 63,663,702	\$ 53,636,172	\$ 46,185,045	\$ 48,785,393	\$ 50,918,823	
4,871,575	5,210,062	5,270,856	5,511,465	5,513,535	5,595,338	
904,985	1,099,083	866,642	1,156,196	1,717,153	1,419,457	
1,324,698	1,056,923	1,097,836	1,048,819	1,036,732	959,606	
5,589,739	4,124,960	3,419,665	533,388	716,472	679,844	
310,819	468,123	421,521	370,913	367,798	406,350	
11,321,980	8,363,460	12,481,691	9,496,633	11,097,551	10,769,196	
6,845,511	6,779,667	6,732,076	6,124,201	6,751,541	6,803,615	
449,045	721,348	332,698	925,235	26,148	-	
-	-	-	-	-	-	
1,112,553	3,781,096	1,720,792	5,105,117	6,258,384	5,490,327	
<u>96,001,071</u>	<u>95,268,424</u>	<u>85,979,949</u>	<u>76,457,012</u>	<u>82,270,707</u>	<u>83,042,556</u>	
4,646,621	4,180,878	4,950,311	5,205,956	7,087,335	5,757,334	
45,639,257	41,938,421	44,109,598	42,688,487	43,332,847	45,906,138	
19,686,587	15,325,261	18,209,981	16,203,144	17,790,042	13,724,417	
5,390,364	5,412,009	5,917,227	5,872,485	5,399,732	5,816,443	
6,142,905	8,228,653	4,246,590	666,255	679,007	761,896	
9,724,035	5,863,850	2,112,227	-	-	-	
4,108,592	4,649,975	5,155,105	1,773,261	1,870,239	1,866,947	
8,410,803	8,520,890	6,307,988	1,659,473	1,666,054	1,360,370	
-	-	-	-	-	-	
2,002,039	2,317,114	351,444	-	-	-	
<u>105,751,203</u>	<u>96,437,051</u>	<u>91,360,471</u>	<u>74,069,061</u>	<u>77,825,256</u>	<u>75,193,545</u>	
<u>(9,750,132)</u>	<u>(1,168,627)</u>	<u>(5,380,522)</u>	<u>2,387,951</u>	<u>4,445,451</u>	<u>7,849,011</u>	
11,023,152	11,171,460	8,947,657	3,639,400	3,744,115	3,201,793	
(9,180,012)	(11,075,526)	(8,848,846)	(3,537,625)	(3,642,340)	(3,100,018)	
-	-	-	-	2,185,000	-	
-	-	-	-	(2,248,061)	-	
		7,453,315	(19,629,066)	-	11,578,351	
<u>1,843,140</u>	<u>95,934</u>	<u>7,552,126</u>	<u>(19,527,291)</u>	<u>38,714</u>	<u>11,680,126</u>	
<u>\$ (7,906,992)</u>	<u>\$ (1,072,693)</u>	<u>\$ 2,171,604</u>	<u>\$ (17,139,340)</u>	<u>\$ 4,484,165</u>	<u>\$ 19,529,137</u>	
25.60%	19.89%	16.20%	5.21%	5.18%	4.92%	

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	
2006	\$ 5,330,215	\$ 464	\$ 13,711	\$ (64,912)	\$ 5,279,478
2007	5,838,746	464	14,903	(56,655)	5,797,458
2008	6,261,173	462	15,899	(76,713)	6,200,821
2009	6,549,882	462	15,315	(78,464)	6,487,195
2010	6,281,230	-	15,205	(76,991)	6,219,444
2011	6,276,734	-	11,705	(86,340)	6,202,099
2012	6,381,873	-	12,762	(85,792)	6,308,843
2013	6,477,468	-	10,645	(93,277)	6,394,836
2014	6,670,267	-	15,080	(73,615)	6,611,732
2015	7,116,733	-	12,346	(94,084)	7,034,995

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

Source: HdL Coren & Cone, Los Angeles Assessor 2005/2006 - 2014/2015 Combined Tax Rolls

TABLE 7

Successor Agency (SA) of the former Community Development Commission (CDC)				City and SA	Total
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Taxable Assessed Value	Direct Tax Rate
\$ 1,723,957	\$ 137,934	\$ (118,531)	\$ 1,743,360	\$ 7,022,838	29.833%
1,895,168	146,336	(123,048)	1,918,456	7,715,914	30.751%
2,038,968	144,533	(138,919)	2,044,582	8,245,403	30.818%
2,283,051	150,880	(143,108)	2,290,823	8,778,018	32.247%
2,339,976	163,198	(152,699)	2,350,475	8,569,919	33.284%
2,336,269	157,035	(142,764)	2,350,540	8,552,639	33.326%
2,408,026	152,958	(152,569)	2,408,415	8,717,258	33.518%
2,429,152	160,821	(152,386)	2,437,587	8,832,423	33.456%
2,498,131	161,438	(186,502)	2,473,067	9,084,799	14.083%
2,566,170	161,710	(184,907)	2,542,973	9,577,968	14.116%

CITY OF WEST COVINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year			
	2006	2007	2008	2009
Basic Levy¹	1.00000	1.00000	1.00000	1.00000
Baldwin Park Unified	0.09961	0.08877	0.13260	0.15384
Bassett Unified School District	0.09051	0.08210	0.10806	0.08990
County Detention Facilities 1987 Debt	0.00080	0.00066	0.00000	0.00000
Covina Valley Unified School District	0.03793	0.08419	0.07870	0.07863
Hacienda-La Puente Unified	0.05511	0.05239	0.05103	0.05681
LA County Flood Control	0.00005	0.00005	0.00000	0.00000
Metropolitan Water District	0.00520	0.00470	0.00450	0.00430
Mt. San Antonio College	0.02122	0.02530	0.01750	0.02333
Rowland Heights Unified	0.03633	0.07429	0.06944	0.07029
Walnut Valley Unified	0.09140	0.08749	0.08462	0.11297
West Covina Municipal Maint. Dist.	0.16320	0.16980	0.17480	0.17830
West Covina Unified	0.06148	0.06511	0.05143	0.06041
Total Direct & Overlapping² Tax Rates	1.66283	1.73485	1.77267	1.82876
City Share of 1% Levy Per Prop 13³	0.13820	0.13820	0.13820	0.13820
Redevelopment Rate⁴	1.00604	1.00541	1.00450	1.00430
Total Tax Rate⁵	0.29833	0.30751	0.30818	0.32247

¹ In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

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

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

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

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

TABLE 8

Fiscal Year					
2010	2011	2012	2013	2014	2015
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.16101	0.16673	0.17506	0.16406	0.15842	0.16519
0.10877	0.12316	0.11628	0.12773	0.11632	0.11539
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.08592	0.09003	0.08999	0.09500	0.11472	0.11426
0.05973	0.06462	0.06430	0.06689	0.06653	0.06432
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.00430	0.00370	0.00370	0.00350	0.00350	0.00350
0.02571	0.02636	0.02642	0.02896	0.02023	0.02129
0.06769	0.07538	0.09195	0.10053	0.12297	0.14313
0.11674	0.11839	0.11735	0.12554	0.11342	0.11510
0.18180	0.18180	0.18180	0.18180	0.18310	0.18310
0.05258	0.05920	0.05377	0.04965	0.03626	0.05412
1.86426	1.90937	1.92061	1.94365	1.93547	1.97941
0.13820	0.13820	0.13820	0.13820	0.13820	0.13820
1.00430	1.00370	1.00370	N/A	N/A	N/A
0.33284	0.33326	0.33518	0.33456	0.14083	0.14116

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CITY OF WEST COVINA
 PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Plaza West Covina LLC	\$ 220,306,658	1	2.30%	\$ 172,183,499	1	2.46%
Eastland Shopping Center LLC	105,368,555	2	1.10%	87,632,112	2	1.25%
Walnut Ridge Apartments LP	55,827,608	3	0.58%	-		0.00%
Barranca Medici LP	52,402,350	4	0.55%	-		0.00%
Gateway Crescent LLC	46,800,000	5	0.49%	-		0.00%
Eastland Tower Partnership	46,100,000	6	0.48%	31,650,000	6	0.45%
Glendora Avenue Properties LLC	46,088,474	7	0.48%	24,199,583	9	0.35%
TPA of NASCH LLC	44,824,901	8	0.47%	-		0.00%
Hassen Real Estate Partnership	36,336,233	9	0.38%	47,975,609	3	0.69%
KOR BAM Sunset Plaza LLC	32,287,266	10	0.34%	-		0.00%
PPC AVF III Pacific LLC	-		0.00%	37,166,950	4	0.53%
West Covina 8 LLC	-		0.00%	35,107,600	5	0.50%
Pried XIV Trust	-		0.00%	26,813,551	7	0.38%
Lend Lease A R Timberwood LP	-		0.00%	24,331,375	8	0.35%
PPC Apartments LLC	-		0.00%	23,186,500	10	0.33%
Totals	<u>\$ 686,342,045</u>		<u>7.17%</u>	<u>\$ 510,246,779</u>		<u>7.29%</u>

Source: HdL Coren & Cone

CITY OF WEST COVINA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	City					
		Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percent of Levy		Amount	Percent of Levy	
2006	\$ 7,404,266	\$ 6,799,451	91.83%	\$ (262,305)	\$ 6,537,146	88.29%	
2007	8,255,755	7,536,422	91.29%	(7,738)	7,528,684	91.19%	
2008	8,788,631	7,766,633	88.37%	(65,994)	7,700,639	87.62%	
2009	9,207,210	8,509,721	92.42%	104,568	8,614,289	93.56%	
2010	8,913,839	8,152,304	91.46%	111,790	8,264,094	92.71%	
2011	8,782,946	8,287,440	94.36%	201,261	8,488,701	96.65%	
2012	8,961,279	8,280,265	92.40%	(167,264)	8,113,001	90.53%	
2013	9,094,235	8,853,013	97.35%	(75,056)	8,777,957	96.52%	
2014	9,119,226	9,105,997	99.85%	(67,229)	9,038,768	99.12%	
2015	9,702,185	9,491,592	97.83%	34,965	9,526,557	98.19%	

Notes:

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

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

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
2006	\$ 14,104,710	\$ 14,076,889	99.80%	\$ 1,144,548	\$ 15,221,437	107.92%
2007	15,942,115	15,927,954	99.91%	827,358	16,755,312	105.10%
2008	17,595,311	17,485,161	99.37%	1,100,374	18,585,535	105.63%
2009	19,346,023	18,610,849	96.20%	833,301	19,444,150	100.51%
2010	20,058,658	19,121,096	95.33%	349,563	19,470,659	97.07%
2011	20,132,138	19,147,814	95.11%	394,313	19,542,127	97.07%
2012	20,612,835	8,727,674	42.34%	191,262	8,918,936	43.27%
2013	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF WEST COVINA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities					Total Governmental Activities
	Lease Revenue Bonds	Special Assessment Bonds (a)	Tax Allocation Bonds (1) (a)	Loans	Capital Lease Obligations	
2006	\$ 44,550,000	\$ 42,345,000	\$ 30,830,000	\$ 24,940,778	\$ 572,389	\$ 143,238,167
2007	60,570,000	41,240,000	30,140,000	27,764,353	398,483	160,112,836
2008	59,395,000	40,040,000	29,170,000	31,584,157	3,267,104	163,456,261
2009	58,530,000	38,745,000	28,165,000	34,960,554	2,691,276	163,091,830
2010	57,515,000	37,355,000	27,020,000	38,733,523	2,261,401	162,884,924
2011	56,115,000	35,870,000	25,815,000	42,385,673	1,843,538	162,029,211
2012	50,825,000	-	-	1,800,221	1,409,134	54,034,355
2013	49,645,000	-	-	1,658,532	957,535	52,261,067
2014	48,385,000	-	-	1,512,768	773,282	50,671,051
2015	47,225,000	-	-	12,941,113	216,342	60,382,455

Notes:

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

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

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

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

TABLE 11

<u>Business-Type Activities</u>					
<u>Certificates of Participation</u>	<u>Total Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Debt Per Capita (2)</u>	
\$ -	\$ -	\$ 143,238,167	5.63%	\$ 1,279	
-	-	160,112,836	6.10%	1,431	
-	-	163,456,261	6.19%	1,461	
-	-	163,091,830	6.29%	1,453	
-	-	162,884,924	6.38%	1,443	
-	-	162,029,211	6.07%	1,518	
-	-	54,034,355	1.96%	504	
-	-	52,261,067	1.94%	485	
-	-	50,671,051	1.88%	470	
-	-	60,382,455	2.28%	560	

CITY OF WEST COVINA
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(a)	Tax Allocation Bonds(a)	Total	Percent of Assessed Value(1)	Per Capita
2006	\$ 44,550	\$ 42,345	\$ 30,830	\$ 117,725	1.68%	\$ 398
2007	60,570	41,240	30,140	131,950	1.71%	541
2008	59,395	40,040	29,170	128,605	1.56%	531
2009	58,530	38,745	28,165	125,440	1.43%	522
2010	57,515	37,355	27,020	121,890	1.42%	509
2011	56,115	35,870	25,815	117,800	1.38%	526
2012	50,825	-	-	50,825	0.81%	474
2013	49,645	-	-	49,645	0.78%	460
2014	48,385	-	-	48,385	0.73%	449
2015	47,225	-	-	47,225	0.67%	438

Notes:

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

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

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

CITY OF WEST COVINA
DIRECT AND OVERLAPPING DEBT
June 30, 2015

2014-15 Assessed Valuation:	\$ 9,577,967,532	
Redevelopment Successor Agency Incremental Valuation	(2,178,236,364)	
	\$ 7,399,731,168	
<u>Overlapping Tax and Assessment Debt:</u>	<u>Total Debt</u>	<u>% Applicable (1)</u>
	at 6/30/15	City's Share of Debt at 6/30/15
Los Angeles County Flood Control District	\$ 15,105,000	0.823%
Metropolitan Water District	110,420,000	0.414%
Mount San Antonio Community College District	359,178,346	12.710%
Baldwin Park Unified School District	97,397,926	0.289%
Bassett Unified School District	48,269,081	0.061%
Covina Valley Unified School District	110,846,141	31.757%
Hacienda-La Puente Unified School District	85,129,003	1.356%
Rowland Unified School District	268,486,907	14.790%
Walnut Valley Unified School District	125,564,379	0.738%
West Covina Unified School District	27,130,000	95.342%
Los Angeles County Regional Park and Open Space Assessment District	82,880,000	0.797%
Total Overlapping Tax and Assessment Debt		150,062,421
<u>Direct and Overlapping General Fund Debt:</u>		
Los Angeles County General Fund Obligations	1,885,330,518	0.797%
Los Angeles County Superintendent of Schools Certificates of Participation	8,719,113	0.797%
Los Angeles County Sanitation District No. 15 Authority	19,813,040	2.026%
Los Angeles County Sanitation District No. 21 Authority	11,678,263	2.512%
Los Angeles County Sanitation District No. 22 Authority	10,097,030	21.582%
Baldwin Park Unified School District General Fund Obligations	28,825,000	0.289%
Covina Valley Unified School District General Fund Obligations	5,000,000	31.757%
Hacienda-La Puente Unified School District General Fund Obligations	28,160,000	1.356%
Rowland Unified School District General Fund Obligations	5,000,000	14.790%
City of West Covina General Fund Obligations	47,225,000	100%
Total Gross Direct and Overlapping General Fund Debt		67,986,990
Less: Los Angeles County General Fund Obligations supported by landfill		36,223
Total Net Direct and Overlapping General Fund Debt		\$ 67,950,767
<u>Overlapping Tax Increment Debt (Successor Agency):</u>		
Tax Allocation Bonds	\$ 20,485,000	100.00%
Lease Revenue Bonds	2,405,000	100.00%
Special Tax Bonds	28,125,000	100.00%
Total Overlapping Tax Increment Debt		\$ 51,015,000
Total Direct Debt		\$ 47,225,000
Total Gross Overlapping Debt		\$ 221,839,411
Total Net Overlapping Debt		\$ 221,803,188
Gross Combined Total Debt (2)		\$ 269,064,411
Net Combined Total Debt		\$ 269,028,188

(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 non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation	
Total Overlapping Tax and Assessment Debt	1.57%
Total Direct Debt (\$47,225,000)	0.49%
Gross Combined Total Debt	2.81%
Net Combined Total Debt	2.81%

Ratios of Redevelopment Successor Agency Incremental Valuation (\$2,178,236,364)	
Total Overlapping Tax Increment Debt	2.34%

Source: California Municipal Statistics, Inc.

CITY OF WEST COVINA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(in thousands of dollars)

	Fiscal Year			
	2006	2007	2008	2009
Assessed valuation	\$ 5,279,478	\$ 5,797,458	\$ 6,200,821	\$ 6,487,195
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,319,870	1,449,365	1,550,205	1,621,799
Debt limit percentage	15%	15%	15%	15%
Debt limit	197,980	217,405	232,531	243,270
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	<u>\$ 197,980</u>	<u>\$ 217,405</u>	<u>\$ 232,531</u>	<u>\$ 243,270</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 margin of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the state's establishment of the limit.

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

TABLE 14

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 6,219,444	\$ 6,202,099	\$ 6,308,843	\$ 6,394,836	\$ 6,611,732	\$ 7,034,995
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,554,861	1,550,525	1,577,211	1,598,709	1,652,933	1,758,749
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
233,229	232,579	236,582	239,806	247,940	263,812
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 233,229</u>	<u>\$ 232,579</u>	<u>\$ 236,582</u>	<u>\$ 239,806</u>	<u>\$ 247,940</u>	<u>\$ 263,812</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		
2006	\$ 46,565	\$ 375	\$ 1,296	27.87	
2007	47,964	2,130	2,411	10.56	
2008	48,724	1,175	2,151	14.65	
2009	48,251	865	1,675	19.00	
2010	44,950	1,310	1,245	17.59	
2011	47,672	1,855	1,268	15.26	
2012	48,347	1,505	1,155	18.18	
2013	53,006	1,605	1,272	18.42	
2014	54,753	1,715	1,249	18.47	
2015	57,588	1,655	891	22.62	

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2006	\$ 15,221	\$ 670	\$ 1,458	7.15
2007	16,755	690	1,474	7.74
2008	18,626	970	1,406	7.84
2009	19,444	1,005	1,293	8.46
2010	19,564	1,145	1,207	8.32
2011	19,542	1,205	1,127	8.38
2012	17,260	1,250	1,079	7.41
2013	12,152	1,305	1,030	5.20
2014	8,675	1,358	978	3.71
2015	6,920	1,420	920	2.96

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

Source: City of West Covina Finance Department

Fiscal Year Ended June 30	Assessment District Bond						
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest	Coverage	
2006	\$ 3,831	\$ 739	\$ 3,092	\$ 1,005	\$ 2,548	0.87	
2007	3,995	593	3,402	1,105	2,494	0.95	
2008	3,765	811	2,954	1,200	2,430	0.81	
2009	3,375	333	3,042	1,295	2,358	0.83	
2010	3,828	72	3,756	1,390	2,281	1.02	
2011	3,591	470	3,121	1,485	2,197	0.85	
2012	4,444	70	4,374	1,580	2,105	1.19	
2013	5,569	1,027	4,542	1,770	2,004	1.20	
2014	5,740	767	4,973	2,055	1,890	1.26	
2015	3,634	2,973	661	2,340	1,758	0.16	

CITY OF WEST COVINA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Annual Unemployment Rate
2005	111,620	\$ 2,410,992.00	\$ 21,600	4.7%
2006	112,034	\$ 2,544,852	\$ 22,715	4.2%
2007	111,868	\$ 2,623,864	\$ 23,455	4.4%
2008	111,842	\$ 2,642,491	\$ 23,627	6.5%
2009	112,230	\$ 2,591,391	\$ 23,090	10.2%
2010	112,890	\$ 2,552,782	\$ 22,613	11.2%
2011	106,713	\$ 2,670,706	\$ 25,027	10.9%
2012	107,248	\$ 2,751,555	\$ 25,656	8.2%
2013	107,828	\$ 2,698,504	\$ 25,026	6.7%
2014	107,879	\$ 2,653,176	\$ 24,594	10.1%

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

CITY OF WEST COVINA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2015			2006		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Queen of the Valley Campus	1,588	1	2.96%	1,591	1	3.02%
WC Unified School District	1,512	2	2.82%	985	2	1.87%
City of West Covina	351	3	0.65%	504	3	0.96%
Target Store #T1028 & T2147	374	4	0.70%	263	6	0.50%
Walmart Store #5954	300	5	0.56%			
Macy's	289	6	0.54%	225	8	0.42%
Interspace/Concorde Battery Corporation	245	7	0.46%			
JC Penney Corp Inc. #1505-7	220	8	0.41%	223	9	0.42%
B.J.'s Restaurant & Brewery	196	9	0.37%			
S G V Newspaper Group	180	10	0.34%	327	4	0.62%
Robinsons - May				283	5	0.54%
Sears Roebuck and Company				228	7	0.43%
Penske Motors				221	10	0.42%
Totals	<u>5,255</u>		<u>9.80%</u>	<u>4,850</u>		<u>9.19%</u>

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

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

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CITY OF WEST COVINA
 FULL-TIME AND PART-TIME CITY EMPLOYEES
 BY FUNCTION
 Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal year</u>									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government	44	43	43	42	40	39	36	31	31	31
Public safety	296	307	307	306	295	281	264	253	244	268
Public works	79	79	79	83	78	76	72	64	69	71
Community services	63	63	63	55	47	44	44	41	42	41
Community development	22	24	24	24	23	19	16	7	2	2
Total	<u>504</u>	<u>516</u>	<u>516</u>	<u>510</u>	<u>483</u>	<u>459</u>	<u>432</u>	<u>396</u>	<u>389</u>	<u>413</u>

Source: City of West Covina Finance Department

CITY OF WEST COVINA
 OPERATING INDICATORS
 BY FUNCTION
 Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Police:				
Total arrests	3,491	3,449	3,726	3,651
Calls for police service (1)	80,048	79,753	82,588	82,682
Graffiti sites cleaned (2)	N/A	N/A	15,736	8,009
Fire				
Emergency responses	7,057	7,064	7,167	7,194
Fire inspections	3,122	3,711	3,748	3,751
Public works:				
Building permits issued	4,250	3,854	3,189	2,891
Community Services				
Recreation class registrations	4,342	4,850	5,097	6,564
Environmental Management				
Graffiti sites cleaned (2)	9,600	17,903	N/A	N/A

Note:

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

TABLE 19

Fiscal Year					
2010	2011	2012	2013	2014	2015
3,397	3,210	2,557	2,755	2,537	2,544
75,752	71,254	71,741	65,554	69,874	71,098
16,077	15,781	23,579	19,910	20,014	16,156
6,949	7,454	7,545	7,871	7,990	8,555
3,603	430	496	837	749	717
2,334	2,477	2,435	3,882	2,925	3,617
7,916	7,041	6,927	6,027	6,283	6,487
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			
	2006	2007	2008	2009
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	114	114	114	116
Parks and recreation:				
Sports Complex	-	-	1	1
Parks	16	16	16	16
Community centers	4	4	4	4
Wastewater:				
Sanitary sewers (miles)	233.0	238.9	238.9	238.9
Storm sewers (miles)	42.0	42.0	42.0	42.0

Source: City of West Covina

TABLE 20

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
5	5	5	5	5	5
230.0	231.0	231.0	231.0	231.0	231.0
826	826	826	826	826	826
1,109	1,109	1,109	1,109	1,109	1,109
116	116	117	117	117	114
1	1	1	1	1	1
16	16	16	16	16	16
4	4	4	4	4	4
238.9	238.9	238.9	238.9	238.9	238.9
42.0	42.0	42.0	42.0	42.0	42.0

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