



CITY OF WEST COVINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

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*City of West Covina,
California*

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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Finance Department

February 17, 2021

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, 2020. 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 to both protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a firm of certified public accountants. The auditors have issued an unmodified opinion on these financial statements. Their report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

Economic Outlook and Major Objectives

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

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

The California State Auditor has identified several risks in the City's financial condition, including a major unfunded pension liability, general fund expenditures that have exceeded revenues, and high turnover and reductions in staff in recent years. The City of West Covina continues work to secure the financial future of the City while safeguarding the delivery of great public services. This requires stewardship and a willingness to consider all alternatives in service provision.

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 areas such as public safety, facility maintenance, parks maintenance, and infrastructure improvement. On June 5, 2018, the City Council adopted a fund balance policy to maintain a minimum unassigned fund balance of 17% of the 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.

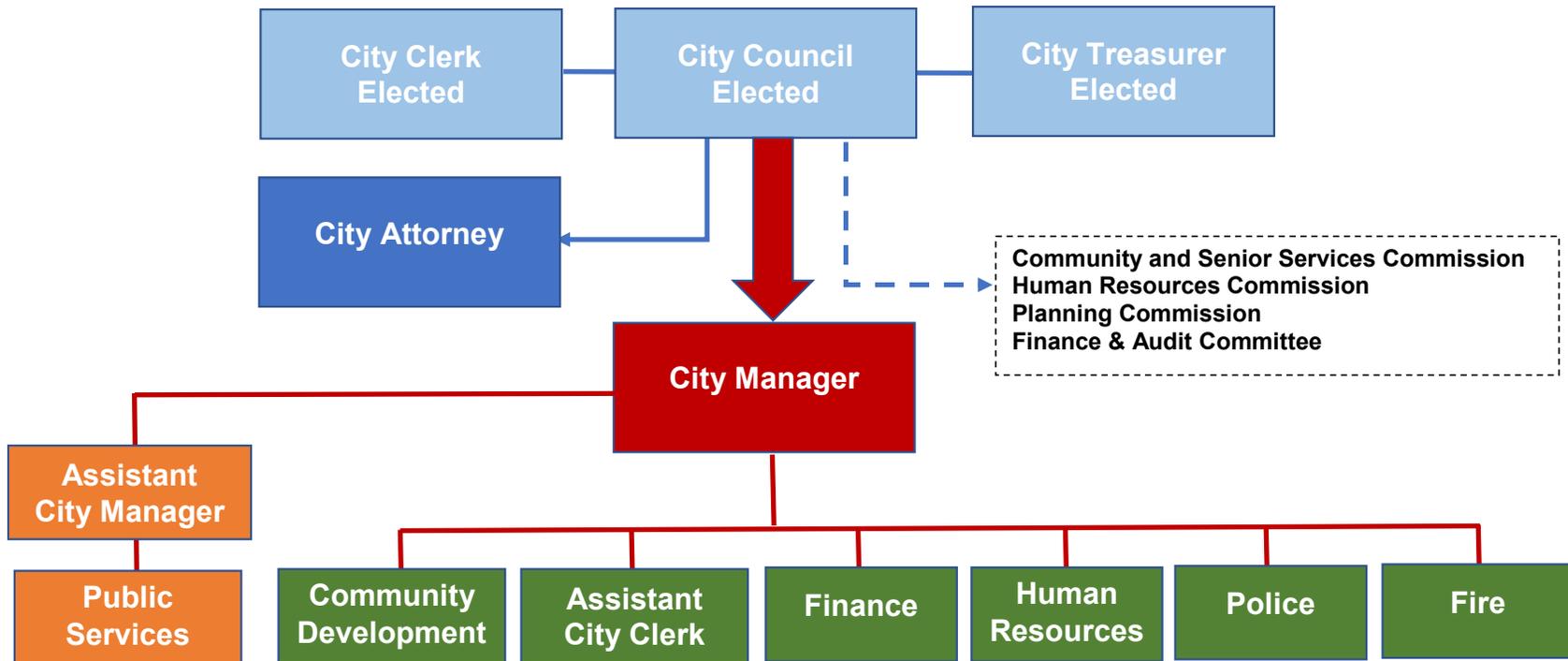
Respectfully submitted,



Robbeyn Bird
Finance Director

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City of West Covina Organizational Chart



CITY OF WEST COVINA

City Officials

June 30, 2020

CITY COUNCIL

Mayor Tony Wu
Mayor Pro Tem Letty Lopez-Viado
Councilmember Dario Castellanos
Councilmember Jessica C. Shewmaker
Councilmember Lloyd Johnson

CITY MANAGER

David Carmany

EXECUTIVE MANAGEMENT

Thomas Duarte	City Attorney
Nick Lewis	City Clerk
Robbeyn Bird	Finance Director
Vincent Capelle	Fire Chief
Helen Tran	Human Resources Director
Jeff Anderson	Planning Director
Jeff Anderson	Community Development Director
Richard Bell	Chief of Police



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MANAGERS / STAFF

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Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA
John Maldonado, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

The Honorable City Council
of the 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 activities, each major fund, and the aggregate remaining fund information of the City of West Covina, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 17, 2021

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City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

The following discussion and analysis of the financial performance of the City of West Covina (the City) provides an overview of the City's financial activities for the fiscal year ended June 30, 2020. 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, 2020, the City's total net position (assets plus deferred outflows of resources less liabilities and less deferred inflows of resources) was a deficit of \$18.9 million.
- The City's total net position decreased \$16.4 million from the prior year. This is mostly due to a decrease in the Deferred Outflows of Resources related to pension (\$2.6 million) and increases in the Net Pension Liability and Other Post-Employment Benefits other than Pensions (\$10.9 million), which totaled approximately \$13.5 million.
- The City's total governmental funds reported combined ending fund balances of \$84.4 million, an increase of \$6.9 million in comparison with the prior fiscal year of \$77.5 million. Of this, \$7.2 million, or 8.5% of this total is non-spendable (not available for new spending). The restricted fund balance categories of \$64.1 million or 75.9% is spendable for restricted purposes. The assigned fund balance of \$1.8 million or 2.1% represents amounts that are intended to be used for specific purposes, but are not formally restricted or committed. The unassigned fund balance category of \$11.4 million or 13.5% represents the City's fund balance reserves.
- The City's business-type computer service enterprise activity (West Covina Service Group) had an operating gain for fiscal year (FY) 2019-20 of \$82,266, compared with a \$51,375 operating loss in FY 2018-19. The total net position for the computer service enterprise fund as of June 30, 2020 was (\$244,119). The net position in the prior year was (\$326,385).

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.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS, (continued)

- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities that are operated like a business, such as the West Covina Service Group, the City's computer service enterprise.
- *Fiduciary fund* statements provide information about the fiduciary relationships – like the agency funds of the City – in which the City acts solely as an *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Reporting the City as a Whole

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

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

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

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

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

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS, (continued)

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.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020, net position for the City was a deficit balance of \$18.9 million. Compared to the prior year, the net position of the City decreased by \$16.3 million.

The City's net position of a deficit of \$18.9 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, \$140.6 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, \$66.0 million of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position of \$225.4 million is a result of the implementation of GASB 68 and GASB 75.

The table below reflects the Statement of Net Position for the fiscal year ended June 30, 2020, with the comparative data for the fiscal year ended June 30, 2019:

Table 1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 105,277,948	\$ 95,707,477	\$ (46,057)	\$ (211,769)	\$ 105,231,891	\$ 95,495,708
Capital assets	189,635,902	197,975,200	-	-	189,635,902	197,975,200
Total assets	294,913,850	293,682,677	(46,057)	(211,769)	294,867,793	293,470,908
Deferred Outflows of Resources:						
Pension related	22,698,850	27,771,055	-	-	22,698,850	27,771,055
OPEB related	4,879,260	2,398,678	-	-	4,879,260	2,398,678
	27,578,110	30,169,733	-	-	27,578,110	30,169,733
Liabilities:						
Long-term debt outstanding	322,543,812	310,595,540	63,620	91,515	322,607,432	310,687,055
Other liabilities	8,822,639	5,789,689	134,442	23,101	8,957,081	5,812,790
Total liabilities	331,366,451	316,385,229	198,062	114,616	331,564,513	316,499,845
Deferred Inflows of Resources:						
Pension related	3,293,071	2,989,630	-	-	3,293,071	2,989,630
OPEB related	6,474,959	6,701,986	-	-	6,474,959	6,701,986
	9,768,030	9,691,616	-	-	9,768,030	9,691,616
Net Position:						
Net investment in capital assets	140,572,511	147,204,908	-	-	140,572,511	147,204,908
Restricted	65,969,665	57,782,735	-	-	65,969,665	57,782,735
Unrestricted	(225,184,697)	(207,212,078)	(244,119)	(326,385)	(225,428,816)	(207,538,463)
Total net position	\$ (18,642,521)	\$ (2,224,435)	\$ (244,119)	\$ (326,385)	\$ (18,886,640)	\$ (2,550,820)

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

Changes in Net Position

The City's total revenues of \$100.4 million for governmental activities are \$16.4 million less than the expenses of \$116.8 million. The decrease is a result of expenditures, the largest being public safety, that are higher than the slow-growing revenues.

A summary of the government-wide statement of activities for the year ended June 30, 2020, with the comparative data for the fiscal year ended June 30, 2019, is as follows:

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 15,927,105	\$ 16,192,984	\$ 1,249,195	\$ 1,099,028	\$ 17,176,300	\$ 17,292,012
Operating contributions and grants	19,989,920	16,153,620	-	-	19,989,920	16,153,620
Capital contributions and grants	582,023	360,872	-	-	582,023	360,872
General revenues:						
Property taxes	27,422,706	26,365,067	-	-	27,422,706	26,365,067
Sales taxes	17,033,647	17,464,609	-	-	17,033,647	17,464,609
Other taxes	9,471,804	9,310,158	-	-	9,471,804	9,310,158
Other general revenues	9,927,609	7,764,136	63,710	113,290	9,991,319	7,877,426
Total revenues	100,354,814	93,611,446	1,312,905	1,212,318	101,667,719	94,823,764
Expenses						
General government	\$ 7,781,252	\$ 7,515,920	-	-	7,781,252	7,515,920
Public safety	72,653,866	58,057,784	-	-	72,653,866	58,057,784
Public works	23,649,892	21,625,190	-	-	23,649,892	21,625,190
Community services	9,418,860	9,280,450	-	-	9,418,860	9,280,450
Community development	1,394,131	795,685	-	-	1,394,131	795,685
Interest expense	1,874,899	1,680,335	-	-	1,874,899	1,680,335
Computer service			1,230,639	1,263,693	1,230,639	1,263,693
Total expenses	116,772,900	98,955,364	1,230,639	1,263,693	118,003,539	100,219,057
Increase (decrease) in net position	(16,418,086)	(5,343,918)	82,266	(51,375)	(16,335,820)	(5,395,293)
Beginning net position	(2,224,435)	3,119,483	(326,385)	(275,010)	(2,550,820)	2,844,473
Ending net position	\$ (18,642,521)	\$ (2,224,435)	\$ (244,119)	\$ (326,385)	\$ (18,886,640)	\$ (2,550,820)

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

Governmental Activities

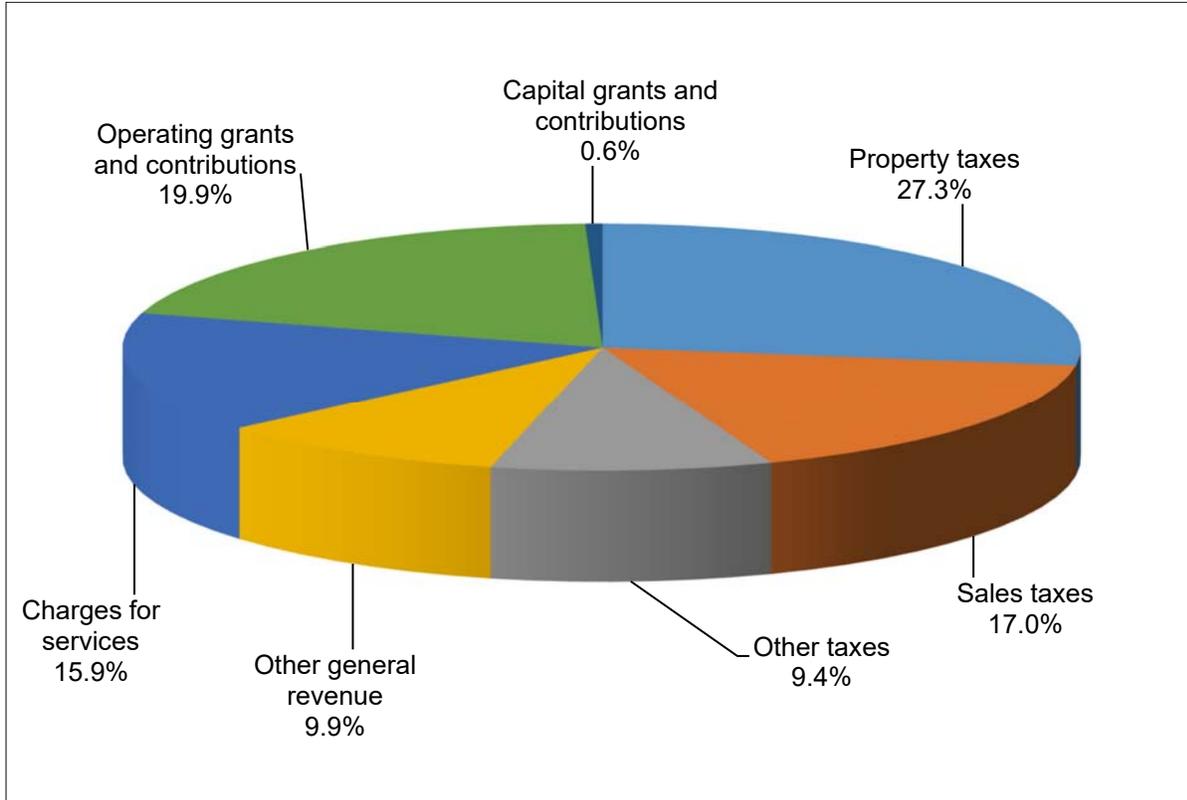
Some of the more significant changes in the revenues and expenses of the City's governmental activities presented above are as follows:

- Operating contributions and grants increased by \$3.8 million, primarily due to an increase of \$2.7 million in Asset Forfeiture monies received, an increase of \$250,000 for ambulance transportation service revenues, and an increase of \$153,000 in funding for the Senior Meals Program.
- Capital contributions and grants increased by approximately \$0.2 million due to an increase in developer fees. Development fluctuates from year to year and residential development of the Meritage Homes resulted in developer fees dedicated to park development collections in FY 2019-20.
- Property taxes, the City's largest revenue source, increased \$1.0 million primarily due to an increase in the property assessment valuations.
- Sales Tax decreased \$0.4 million, due to the ongoing COVID-19 pandemic and the associated economic impact of various businesses closures.
- Other taxes increased by \$0.2 million due to an increase in collection of business license fees, franchise fees and documentary transfer taxes collected with a corresponding decrease in transient occupancy tax of \$0.3 million due to the COVID-19 pandemic.
- Other general revenues increased \$2.2 million primarily due to the sale of land at the Eastland Center in the amount of \$1.97 million.
- Overall expenditures increased by \$17.8 million, primarily due to a \$2.4 million increase in public safety salaries during fiscal year ended June 30, 2020 and increases in unfunded pension liability costs of \$12.2 million. Public Works had an increase of approximately \$2 million. Of that amount, approximately \$925,000 was due to contracting with an outside vendor for building and engineering services. The remainder was due to increased expenditures for street projects completed during 2019-20.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

Revenues by Source – Governmental Activities

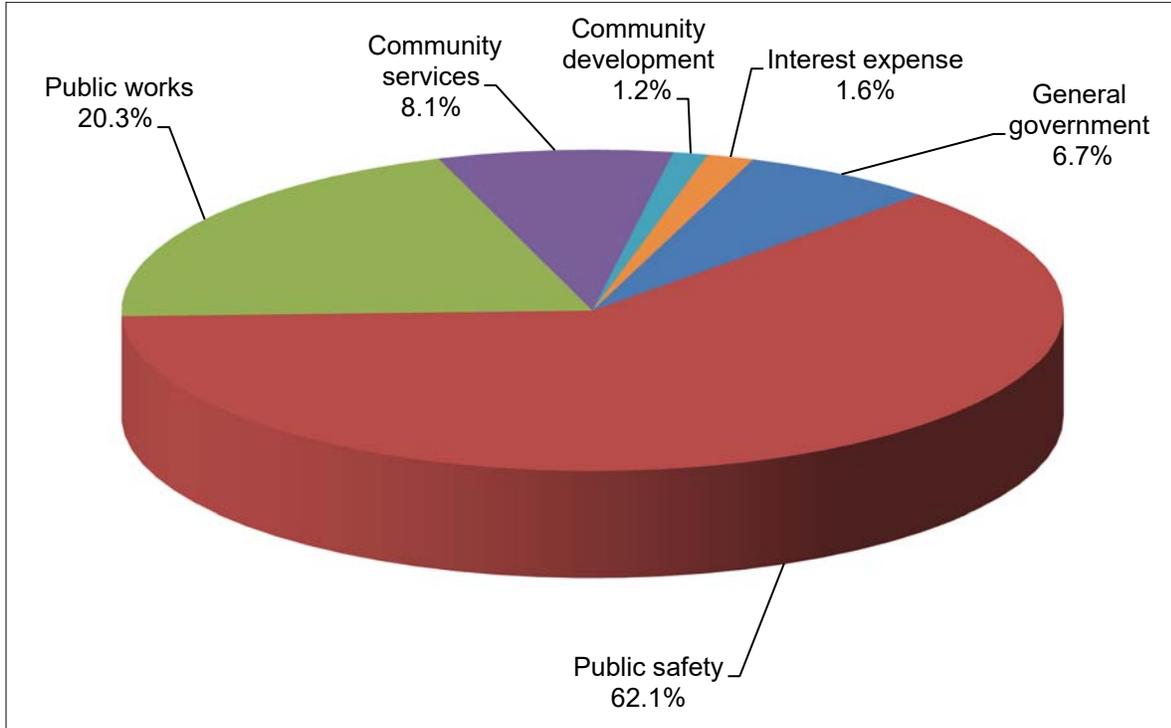


The most significant revenues of the governmental activities are property taxes (\$27.4 million), sales tax (\$17.0 million), other general revenue (\$9.9 million), and other taxes (\$9.5 million). Program revenues are \$36.5 million of the total revenues of the governmental activities, which included charges for services (\$15.9 million), operating contributions and grants (\$20.0 million), and capital grants and contributions (\$0.6 million).

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

Expenses by Function – Governmental Activities



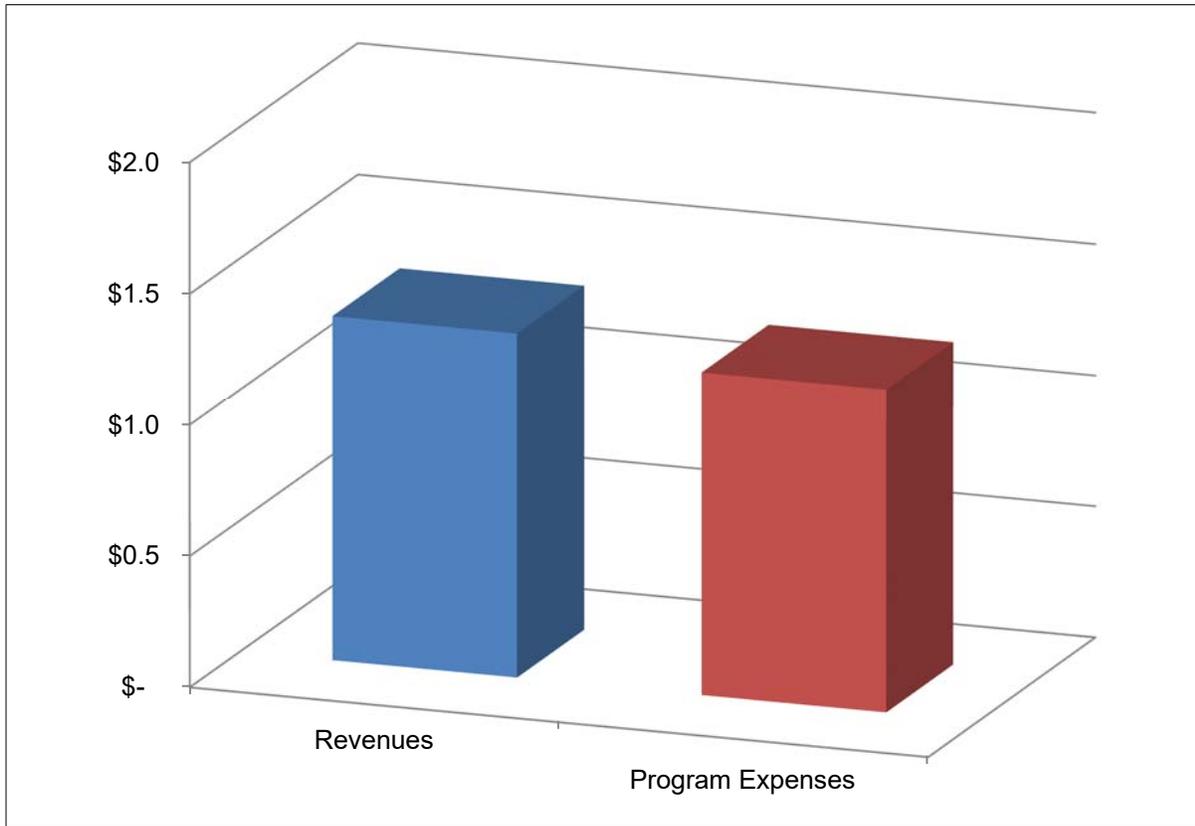
The City's expenses cover a range of services whose expenses were as follows: Public safety (\$72.7 million), public works (\$23.7 million), community services (\$9.4 million), general government (\$7.8 million), interest expense (\$1.9 million) and community development (\$1.4 million). These expenses include capital outlays which are now reflected in the City's capital assets.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

Business-Type Activities

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



The business-type activity's expenses decreased by \$33,054 or 2.6% from the prior fiscal year. Charges for services and other revenues increased by \$100,587 in FY 2019-20 causing the increase in net position of \$82,266.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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 \$12.6 million, while total fund balance was \$19.7 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 18.19% of total general fund expenditures, while total fund balance represents 28.45% of that same amount. The non-spendable portion of fund balance in the amount of \$7.1 million mainly consists of amounts currently owed to the City by the former redevelopment agency in the amount of \$3.6 million and Land Held for Resale in the amount of \$3.0 million.

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 \$5.5 million while total expenditures, exclusive of fund transfers out, increased \$0.5 million.
- Total taxes were up \$2.3 million (4.5%) from the prior year. Property taxes increased by \$1.1 million (4.0%) and sales tax revenues decreased by \$0.4 million (2.5%).
- Investment income increased by \$0.6 million from the prior year due primarily to higher interest rates for most of the fiscal year.
- Other revenue increased by \$1.97 million from the prior year primarily due to the sale of land from Successor Agency.

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 \$14.5 million and is due \$2.06 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 **State Gas Tax Fund** accounts for tax collected on fuel to fund maintenance and repair of the States' highways and roads. The fund finished the fiscal year with a total fund balance of \$4.7 million.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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 approximately \$5.05 million. Taxes in total exceeded the budget by \$1,189,500, consisting primarily of secured property taxes received during the fiscal year. The City budgeted conservatively for these sources of revenue as it generally fluctuates from year to year. Other revenue exceeded the budget by \$1.9 million due to sale of land. Interest Income increased due to higher interest earnings. An increase in fair value adjustment caused an increase to other revenue in the amount of \$302,244 for FY19-20.

CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 47,212,535	\$ 48,815,622	\$ -	\$ -	\$ 47,212,535	\$ 48,815,622
Buildings and improvements	66,803,771	68,862,050	-	-	66,803,771	68,862,050
Equipment and vehicles	8,635,313	8,778,313	-	-	8,635,313	8,778,313
Infrastructure	49,625,180	56,067,902	-	-	49,625,180	56,067,902
Rights of way	14,376,498	14,376,498	-	-	14,376,498	14,376,498
Construction in progress	2,982,605	1,074,815	-	-	2,982,605	1,074,815
Total	<u>\$ 189,635,902</u>	<u>\$ 197,975,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,635,902</u>	<u>\$ 197,975,200</u>

The major additions to capital assets during the year ended June 30, 2020 were as follows:

- Construction in progress had a net increase of \$1.9 million. The \$2.98 million currently in progress includes the following:
 - City Hall Improvements (\$30,000)
 - Various Street Projects (\$2.5 million)
 - Facility Repairs/Improvements (\$81,000)
- Completed fixed asset additions of \$3.8 million included:
 - Fire station pre-alerting systems (\$253,000)
 - Various Park Improvements (\$203,000)
 - Landscaping Improvements (\$281,000)
 - Upgrades to Azusa Sewer Lift station (\$305,000)
 - Upgrades to CNG facility (\$855,000)
 - Traffic Signal Modification (\$600,000)
 - Sewer and Street Rehabilitation Projects (\$573,000)
 - School Crossing Upgrades (\$123,000)
 - Various Facility Repairs/Improvements (\$500,000)
 - Various Information Technology Upgrades (\$27,000)

Additional information on the City's capital assets can be found in Note 7 of this report.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

LONG-TERM DEBT

At the end of the current fiscal year, the City had debt outstanding of \$66.1 million. Of this amount, \$39.7 million represents outstanding bonds and \$26.4 million represents other debt such as compensated absences payable, claims and judgments payable, capital lease obligations, and the Successor Agency note. All of the outstanding bonds are lease revenue bonds secured by leases from the General Fund.

	Outstanding Bonds	
	Governmental Activities	
	2020	2019
Lease Revenue Bonds	\$ 39,699,508	\$ 41,007,613
Total	\$ 39,699,508	\$ 41,007,613

Additional information on the City's long-term debt can be found in Note 8 of this report.

KEY ECONOMIC FACTORS

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in response to the global outbreak of the novel coronavirus, or COVID-19. The Governor issued a "Shelter-in-Place" order on March 19, 2020 to slow the spread of the virus. With the disruption to the economy and the unanticipated loss of revenue to the City, staff immediately began analyzing potential impacts to City finances. As this was an unrepresented crisis, quick decisions were made to postpone non-essential expenditures and implement a hiring freeze for all non-essential positions.

In August 2020, Governor Newsom introduced a "Tiered State Monitoring" system to provide a framework towards the safe reopening of businesses within each county. Los Angeles County has been Purple (Widespread) Tier since the introduction of the monitoring system. Through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) the Federal Government provided governments financial assistance to help address the impacts of COVID-19. However, there was no flexibility to utilize the funding for revenue losses.

Eligibility for CARES Act funding required a local government agency to have a population that exceeds 500,000. Since the City did not meet this criterion, relief for the financial impacts of COVID-19 were limited to programs offered from the State's CARES Act allocations. The City applied for and was granted \$1,308,784 from the State. These funds were received in fiscal year 2020-21 and will help offset any revenue losses or expenditure impacts from the COVID-19 pandemic.

City of West Covina

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 71,151,079	\$ -	\$ 71,151,079
Cash and investments with fiscal agent	2,570,106	-	2,570,106
Restricted cash and investments	7,650	-	7,650
Receivables, net:			
Accounts	906,442	460,604	1,367,046
Taxes	2,618,936	-	2,618,936
Interest	236,146	-	236,146
Notes and loans	14,502,425	-	14,502,425
Other	3,243,815	-	3,243,815
Internal balances	518,705	(518,705)	-
Inventories	30,473	-	30,473
Advances to Successor Agency	5,657,793	-	5,657,793
Due from other agencies	597,133	12,044	609,177
Prepays and other assets	229,443	-	229,443
Land held for resale	3,007,802	-	3,007,802
Capital assets:			
Non-depreciable	64,571,638	1,059,120	65,630,758
Depreciable, net	125,064,264	(1,059,120)	124,005,144
Total assets	<u>294,913,850</u>	<u>(46,057)</u>	<u>294,867,793</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	22,698,850	-	22,698,850
OPEB related	4,879,260	-	4,879,260
Total deferred outflows of resources	<u>27,578,110</u>	<u>-</u>	<u>27,578,110</u>
LIABILITIES			
Accounts payable	5,666,398	125,675	5,792,073
Other accrued liabilities	1,866,552	8,767	1,875,319
Interest payable	152,384	-	152,384
Unearned revenues	31,101	-	31,101
Deposits	1,106,204	-	1,106,204
Long-term liabilities:			
Total OPEB liability	61,293,027	-	61,293,027
Net pension liability	195,151,386	-	195,151,386
Due within one year	8,407,758	55,648	8,463,406
Due in more than one year	57,691,641	7,972	57,699,613
Total liabilities	<u>331,366,451</u>	<u>198,062</u>	<u>331,564,513</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	3,293,071	-	3,293,071
OPEB related	6,474,959	-	6,474,959
Total deferred inflows of resources	<u>9,768,030</u>	<u>-</u>	<u>9,768,030</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	140,572,511	-	140,572,511
Restricted for:			
Affordable housing	24,491,816	-	24,491,816
Debt service	4,055,990	-	4,055,990
Pension trust	7,650	-	7,650
Community services	4,925,661	-	4,925,661
Public safety	12,416,659	-	12,416,659
Public works	20,071,889	-	20,071,889
Unrestricted	(225,184,697)	(244,119)	(225,428,816)
Total net position (deficit)	<u>\$ (18,642,521)</u>	<u>\$ (244,119)</u>	<u>\$ (18,886,640)</u>

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

City of West Covina

**Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,781,252	\$ 369,796	\$ -	\$ -
Public safety	72,653,866	4,304,075	7,130,325	1,453
Public works	23,649,892	2,034,963	6,090,848	-
Community services	9,418,860	2,438,156	6,698,667	491,127
Community development	1,394,131	6,780,115	70,080	89,443
Interest expense	1,874,899	-	-	-
Total governmental activities	116,772,900	15,927,105	19,989,920	582,023
Business-type activity:				
Computer service	1,230,639	1,249,195	-	-
Total business-type activity	1,230,639	1,249,195	-	-
Total	\$ 118,003,539	\$ 17,176,300	\$ 19,989,920	\$ 582,023

General revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Transient occupancy taxes

Other taxes

Investment income

Other revenues

Total general revenues

Change in net position

Net position (deficit), beginning of year

Net position (deficit), end of year

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

(continued)

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (7,411,456)	\$ -	\$ (7,411,456)
(61,218,013)	-	(61,218,013)
(15,524,081)	-	(15,524,081)
209,090	-	209,090
5,545,507	-	5,545,507
(1,874,899)	-	(1,874,899)
<u>(80,273,852)</u>	<u>-</u>	<u>(80,273,852)</u>
<u>-</u>	<u>18,556</u>	<u>18,556</u>
<u>-</u>	<u>18,556</u>	<u>18,556</u>
<u>(80,273,852)</u>	<u>18,556</u>	<u>(80,255,296)</u>
27,422,706	-	27,422,706
17,033,647	-	17,033,647
4,445,101	-	4,445,101
1,508,885	-	1,508,885
3,517,818	-	3,517,818
2,682,794	-	2,682,794
7,244,815	63,710	7,308,525
<u>63,855,766</u>	<u>63,710</u>	<u>63,919,476</u>
(16,418,086)	82,266	(16,335,820)
<u>(2,224,435)</u>	<u>(326,385)</u>	<u>(2,550,820)</u>
<u>\$ (18,642,521)</u>	<u>\$ (244,119)</u>	<u>\$ (18,886,640)</u>

City of West Covina

**Balance Sheet – Governmental Funds
June 30, 2020**

	General Fund	Special Revenue Funds	
		West Covina Housing Authority	State Gas Tax
ASSETS			
Cash and investments	\$ 9,815,444	\$ 7,872,283	\$ 5,403,218
Cash and investments with fiscal agent	-	-	-
Restricted cash and investments	7,650	-	-
Receivables, net:			
Accounts	115,330	-	-
Taxes	2,382,434	-	-
Interest	236,146	-	-
Notes and loans	-	14,502,425	-
Other	2,401,775	-	492,588
Due from other funds	1,363,762	-	-
Advances to Successor Agency	3,599,960	2,057,833	-
Advances to other funds	332,173	-	-
Due from other agencies	374,661	-	-
Prepaid expenses	147,023	82,420	-
Land held for resale	3,007,802	-	-
Total assets	<u>\$ 23,784,160</u>	<u>\$ 24,514,961</u>	<u>\$ 5,895,806</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,344,707	\$ 8,878	\$ 1,121,512
Other accrued liabilities	1,637,839	14,267	53,983
Due to other funds	-	-	-
Advances from other funds	-	-	-
Deposits	1,105,864	-	-
Unearned revenue	20,426	-	-
Total liabilities	<u>4,108,836</u>	<u>23,145</u>	<u>1,175,495</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	-
Fund balances (deficit):			
Nonspendable	7,086,958	82,420	-
Restricted:			
Affordable housing	-	24,409,396	-
Debt service	-	-	-
Pension trust	7,650	-	-
Community services	-	-	-
Public safety	-	-	-
Public works	-	-	4,720,311
Assigned	-	-	-
Unassigned	12,580,716	-	-
Total fund balances (deficit)	<u>19,675,324</u>	<u>24,491,816</u>	<u>4,720,311</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,784,160</u>	<u>\$ 24,514,961</u>	<u>\$ 5,895,806</u>

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

(continued)

Non-Major Governmental Funds	Total Governmental Funds
\$ 36,014,287	\$ 59,105,232
2,570,106	2,570,106
-	7,650
296,294	411,624
236,502	2,618,936
-	236,146
-	14,502,425
349,452	3,243,815
-	1,363,762
-	5,657,793
-	332,173
222,472	597,133
-	229,443
-	3,007,802
<u>\$ 39,689,113</u>	<u>\$ 93,884,040</u>
\$ 2,660,132	\$ 5,135,229
159,874	1,865,963
782,605	782,605
332,173	332,173
340	1,106,204
10,675	31,101
<u>3,945,799</u>	<u>9,253,275</u>
<u>200,469</u>	<u>200,469</u>
-	7,169,378
-	24,409,396
4,055,990	4,055,990
-	7,650
4,843,488	4,843,488
7,730,436	7,730,436
18,285,074	23,005,385
1,786,815	1,786,815
(1,158,958)	11,421,758
<u>35,542,845</u>	<u>84,430,296</u>
<u>\$ 39,689,113</u>	<u>\$ 93,884,040</u>

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City of West Covina

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020

Fund balances for governmental funds \$ 84,430,296

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 \$860,681):

Capital assets	\$ 432,565,212	
Less accumulated depreciation	<u>(243,789,991)</u>	188,775,221

Long-term debt and compensated absences applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position (this does not include internal service fund long-term liabilities of \$8,776,893):

Bonds payable (including premium)	(39,699,508)	
Capital lease payable	(180,122)	
Compensated absences (less internal service \$200)	(3,856,905)	
Notes payable	(9,183,761)	
Net pension liability	(195,151,386)	
Total OPEB liability	<u>(61,293,027)</u>	(309,364,709)

Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds. (152,384)

Revenues that are measurable but not available are reported as unavailable revenues under the modified accrual basis of accounting. 200,469

Deferred inflows and outflows of resources related to pensions and OPEB that have not been included in the government fund activity:

Deferred outflows of resources - pension related	22,698,850	
Deferred outflows of resources - OPEB related	4,879,260	
Deferred inflows of resources - pension related	(3,293,071)	
Deferred inflows of resources - OPEB related	<u>(6,474,959)</u>	17,810,080

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.

(341,494)

Net position of governmental activities

\$ (18,642,521)

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

City of West Covina

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2020**

	General Fund	Special Revenue Funds	
		West Covina Housing Authority	State Gas Tax
REVENUES			
Taxes	\$ 53,768,822	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	1,491,744	-	-
Fines and forfeitures	921,872	-	-
Investment income	1,667,494	444,792	55,139
Rental income	700,455	-	-
Revenue from other agencies	2,645,700	36,034	4,400,170
Charges for services	7,381,617	-	23
Other revenues	2,357,219	52,731	184,192
Total revenues	<u>70,934,923</u>	<u>533,557</u>	<u>4,639,524</u>
EXPENDITURES			
Current:			
General government	6,457,768	-	2,980
Public safety	55,337,813	189,368	-
Public works	4,349,341	-	3,308,598
Community services	2,512,749	-	-
Community development	502,326	526,695	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	4,000	-	-
Total expenditures	<u>69,163,997</u>	<u>716,063</u>	<u>3,311,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,770,926</u>	<u>(182,506)</u>	<u>1,327,946</u>
OTHER FINANCING SOURCES (USES)			
Capital leases	196,759	-	-
Transfers in	-	-	567,148
Transfers out	(1,474,057)	-	-
Total other financing sources (uses)	<u>(1,277,298)</u>	<u>-</u>	<u>567,148</u>
Net change in fund balances	493,628	(182,506)	1,895,094
Fund balances, beginning of year	19,181,696	24,674,322	2,825,217
Fund balances, end of year	<u>\$ 19,675,324</u>	<u>\$ 24,491,816</u>	<u>\$ 4,720,311</u>

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

(continued)

Non-Major Governmental Funds	Total Governmental Funds
\$ 8,819,434	\$ 62,588,256
6,490,254	6,490,254
-	1,491,744
-	921,872
509,620	2,677,045
-	700,455
8,305,011	15,386,915
309,179	7,690,819
1,189,848	3,783,990
<u>25,623,346</u>	<u>101,731,350</u>
27,344	6,488,092
3,330,390	58,857,571
9,604,285	17,262,224
4,750,303	7,263,052
185,537	1,214,558
1,833,918	1,833,918
1,928,807	1,932,807
<u>21,660,584</u>	<u>94,852,222</u>
<u>3,962,762</u>	<u>6,879,128</u>
-	196,759
927,765	1,494,913
(202,898)	(1,676,955)
<u>724,867</u>	<u>14,717</u>
4,687,629	6,893,845
30,855,216	77,536,451
<u>\$ 35,542,845</u>	<u>\$ 84,430,296</u>

City of West Covina

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds		\$ 6,893,845
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays and disposals in the current period: (this does not include the following internal service fund activity: depreciation expense of \$179,088).		
Capital outlay	\$ 5,658,952	
Depreciation expense	(12,227,935)	
Capital asset deletion	(1,603,087)	
Construction in progress deemed not viable	<u>(547,164)</u>	(8,719,234)
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.		
Capital leases	(196,759)	
Principal payments of capital leases	16,637	
Principal payments on long-term debt	<u>1,833,918</u>	1,653,796
The Statement of Net Position includes accrued interest on long-term debt. This is the net change in the current year.		
		4,803
Change in revenues that are measureable but not available are reported as unavailable revenue under the modified accrual basis of accounting.		
		200,469
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: (this does not include the following internal service fund activity: change in compensated absences of \$11,510)		
Amortization of bond premium		53,105
Change in compensated absences		390,056
Pension & OPEB expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension & OPEB expense includes the change in the net pension & total OPEB liability, and related changes in pension & OPEB amounts for deferred outflows of resources and deferred inflows of resources.		
		(13,602,056)
Internal service funds are used by management to charge the cost of certain activities, such as vehicle and equipment maintenance and replacement, the City's self-insurance, and retirement health benefits to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		
		<u>(3,292,870)</u>
Change in net position of governmental activities		<u>\$ (16,418,086)</u>

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

City of West Covina

**Statement of Net Position
Proprietary Funds
June 30, 2020**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments	\$ -	\$ 12,045,847
Receivables, net		
Accounts	460,604	494,818
Due from other agencies	12,044	-
Inventories	-	30,473
Total current assets	<u>472,648</u>	<u>12,571,138</u>
Noncurrent Assets:		
Capital Assets:		
Capital assets	1,059,120	3,257,194
Less accumulated depreciation	<u>(1,059,120)</u>	<u>(2,396,513)</u>
Total capital assets, net	<u>-</u>	<u>860,681</u>
Total noncurrent assets	<u>-</u>	<u>860,681</u>
 Total assets	 <u>472,648</u>	 <u>13,431,819</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	125,675	531,169
Other accrued liabilities	8,767	589
Claims and judgments - current portion	-	4,402,010
Compensated absences - current portion	55,648	200
Due to other funds	518,705	62,452
Total current liabilities	<u>708,795</u>	<u>4,996,420</u>
Noncurrent Liabilities:		
Claims and judgments	-	8,776,893
Compensated absences	7,972	-
Total noncurrent liabilities	<u>7,972</u>	<u>8,776,893</u>
 Total liabilities	 <u>716,767</u>	 <u>13,773,313</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	-	860,681
Unrestricted	<u>(244,119)</u>	<u>(1,202,175)</u>
 Total net position (deficit)	 <u>\$ (244,119)</u>	 <u>\$ (341,494)</u>

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

City of West Covina

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 1,249,195	\$ 7,382,655
Other revenues	63,710	147,658
Total operating revenues	<u>1,312,905</u>	<u>7,530,313</u>
OPERATING EXPENSES		
Personnel services	825,411	153,348
Cost of sales, services and operations	405,228	2,186,905
Depreciation	-	179,088
Insurance and claims paid	-	8,511,966
Total operating expenses	<u>1,230,639</u>	<u>11,031,307</u>
Operating income (loss)	<u>82,266</u>	<u>(3,500,994)</u>
NONOPERATING REVENUES		
Investment income	-	5,745
Gain on sale of assets	-	20,337
Total nonoperating revenues	<u>-</u>	<u>26,082</u>
Loss before transfers	82,266	(3,474,912)
Transfers in	-	248,116
Transfers out	-	(66,074)
Change in net position	82,266	(3,292,870)
Net position (deficit), beginning of year	<u>(326,385)</u>	<u>2,951,376</u>
Net position (deficit), end of year	<u>\$ (244,119)</u>	<u>\$ (341,494)</u>

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

City of West Covina

**Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 898,670	\$ 7,239,003
Payments to suppliers for goods and services	(293,887)	(7,362,973)
Payments to employees for services	(853,306)	(164,858)
Net cash provided by (used for) operating activities	<u>(248,523)</u>	<u>(288,828)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Received from other funds	248,523	335,266
Paid to other funds	<u>-</u>	<u>(66,074)</u>
Net cash provided by (used for) non-capital financing activities	<u>248,523</u>	<u>269,192</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(559,024)
Proceeds from sale of assets	<u>-</u>	<u>20,337</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(538,687)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>-</u>	<u>5,745</u>
Net increase (decrease) in cash and cash equivalents	-	(552,578)
Cash and cash equivalents, beginning of year	<u>-</u>	<u>12,598,425</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>	<u><u>\$ 12,045,847</u></u>

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

City of West Covina

**Statement of Cash Flows, (Continued)
Proprietary Funds
For the Year Ended June 30, 2020**

	Business-type Activity	Governmental Activities
	Computer Service Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	\$ 82,266	\$ (3,500,994)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	-	179,088
(Increase) Decrease in operating assets:		
Accounts receivable	(402,191)	(291,310)
Intergovernmental receivable	(12,044)	-
Inventories	-	(299)
Increase (Decrease) in operating liabilities:		
Accounts payable	119,173	215,188
Other accrued liabilities	(7,832)	(1,711)
Claims and judgments payable	-	3,122,720
Compensated absences payable	(27,895)	(11,510)
Net cash provided by (used for) operating activities	<u>\$ (248,523)</u>	<u>\$ (288,828)</u>

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

City of West Covina

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds	Special Deposits Agency Fund
ASSETS			
Cash and investments	\$ 8,549,511	\$ 549,730	\$ 1,819,070
Cash and investments with fiscal agent	7,333,604	-	-
Restricted cash and investments	5,284,166	-	-
Receivables, net:			
Taxes	203,612	-	-
Interest	1,584	-	-
Assessments	12,910,000	-	-
Other	28,019	-	2,166
Due from City of West Covina	8,683,761	-	-
Land held for resale	54,279	-	-
	<u>43,048,536</u>	<u>549,730</u>	<u>\$ 1,821,236</u>
Total assets			
LIABILITIES			
Accounts payable	105,411	-	\$ 87,464
Accrued liabilities	1,096	-	-
Interest payable	364,989	-	-
Unearned revenue	83,026	-	-
Due to other governments	518,630	-	-
Deposits	-	-	1,733,772
Advances from the City of West Covina	5,657,793	-	-
Long-term liabilities:			
Due to County Auditor Controller	8,683,761	-	-
Due within one year	5,614,975	-	-
Due in more than one year	90,256,729	-	-
	<u>111,286,410</u>	<u>-</u>	<u>\$ 1,821,236</u>
Total liabilities			
NET POSITION (DEFICIT)			
Held in trust for Successor Agency	(68,237,874)	-	
Held in trust for pension benefits	-	549,730	
Total net position (deficit)	<u>\$ (68,237,874)</u>	<u>\$ 549,730</u>	

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

City of West Covina

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020**

	Successor Agency Private Purpose Trust Fund	Pension Trust Funds
ADDITIONS		
Taxes	\$ 11,926,731	\$ -
Employer contribution	-	134,771
Investment income	396,522	17,941
Rental income	37,500	-
Other revenues	2,102,015	-
	<hr/>	<hr/>
Total additions	14,462,768	152,712
DEDUCTIONS		
Program administration	14,875,384	-
Administrative costs	-	21,492
Benefit distributions	-	258,812
Interest and fiscal charges	1,165,677	-
	<hr/>	<hr/>
Total deductions	16,041,061	280,304
Change in net position	(1,578,293)	(127,592)
Net position (deficit), beginning of year (restated)	(66,659,581)	677,322
Net position (deficit), end of year	<u>\$ (68,237,874)</u>	<u>\$ 549,730</u>

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Presentation

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

B) Description of Reporting Entity

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

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

A brief description of each component unit follows:

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

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B) Description of Reporting Entity, (continued)

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

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

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

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

C) Basis of Accounting and Measurement Focus

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) Basis of Accounting and Measurement Focus, (continued)

Government-wide Financial Statements

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

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

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Generally Accepted Accounting Principles.

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) Basis of Accounting and Measurement Focus, (continued)

Fund Financial Statements

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

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

Governmental Funds

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) Basis of Accounting and Measurement Focus, (continued)

Governmental Funds, (continued)

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

Revenues, expenditures, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of Generally Accepted Accounting Principles. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Therefore, recognition of governmental fund type revenue represented by receivables is reported as deferred inflows of resources until they meet the "availability" criteria.

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C) Basis of Accounting and Measurement Focus, (continued)

Proprietary and Fiduciary Funds

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

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

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) Fund Classifications

The City reports the following major governmental funds:

General Fund

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

West Covina Housing Authority Special Revenue Fund

This fund is used to account for assets and related income received from the former Community Development Commission to be used for the administration of providing affordable housing in the City.

State Gas Tax Special Revenue Fund

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.

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:

Non-Major Governmental Fund Types

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

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D) 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

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

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

Special Deposits Agency Fund – This fund 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.

E) Financial Statement Elements

1) Cash, Cash Equivalents, and Investments

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

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

2) Receivables and Payables

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

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

3) Inventory

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

4) Prepaid Items

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

5) Notes Receivable

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

6) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has reported the deferred outflow related to pensions and other postemployment benefits.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

6) Deferred Outflows/Inflows of Resources, (continued)

In addition to liabilities, the Statement of Net Position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first item is unavailable revenues, which arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenues are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow of resources related to pensions and other postemployment benefits.

7) Net Position Flow Assumptions

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

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

8) Property Taxes

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

The property tax calendar is as follows:

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

8) Property Taxes, (continued)

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

9) Capital Assets

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

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

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

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, 2020 since the proprietary funds have no debt utilized to construct capital assets.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

9) Capital Assets, (continued)

Capital assets are depreciated using the straight-line method over the following estimated 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 activities:

Equipment and machinery	5-25 years
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10) Claims and Judgments

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

11) Compensated Absences

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

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

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

12) Long-Term Obligations

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

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

13) Reclassifications and Eliminations

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

14) Use of Estimates

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

15) Pension Plans

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E) Financial Statement Elements, (continued)

15) Pension Plans, (continued)

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

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

The following timeframes are used for PARS:

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

16) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

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

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

2) CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and investments	\$ 71,151,079
Cash and investments with fiscal agents	2,570,106
Restricted cash and investments	7,650
Statement of Fiduciary Net Position:	
Cash and investments	10,918,311
Cash and investments with fiscal agents	7,333,604
Restricted cash and investments	<u>5,284,166</u>
Total Cash and Investments	<u><u>\$ 97,264,916</u></u>

Cash and investments at June 30, 2020 consisted of the following:

Cash on hand	\$ 15,900
Deposits with financial institutions	26,243,396
Investments	<u>71,005,620</u>
Total Cash and Investments	<u><u>\$ 97,264,916</u></u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

2) CASH AND INVESTMENTS, (continued)

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

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Government Sponsored Agency Securities	Yes	5 years	None	None
Municipal Securities	Yes	5 years	30%	5%
Supnationals	Yes	5 years	30%	10%
Medium-Term Notes	Yes	5 years	30%	5%
Collateralized Certificate of Deposit	Yes	5 years	25%	25%
Negotiable Certificate of Deposit	Yes	5 years	30%	30%
Banker's Acceptance	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	5%
Asset-Backed Securities	Yes	5 years	20%	20%
Money Market Mutual Funds	Yes	N/A	20%	10%
Repurchase Agreements	Yes	100 days	20%	20%
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	\$75,000,000

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

2) CASH AND INVESTMENTS, (continued)

Investments Authorized by Debt Agreements

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

Maximum Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Agency Securities	5 years	None	None
Certificate of Deposit	5 years	25%	None
Negotiable Certificate of Deposit	5 years	30%	None
Banker's Acceptance	180 days	None	None
Commercial Paper	270 days	25%	5%
Repurchase Agreements	100 days	20%	None
Local Agency Investment Fund	None	None	None
Los Angeles County Investment Pool	None	None	None
Money Market Mutual Funds	5 years	20%	10%
Municipal Securities	5 years	30%	None
Supernationals	5 years	30%	None
Medium-Term Notes	5 years	30%	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

Interest Rate Risk

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

2) CASH AND INVESTMENTS, (continued)

Interest Rate Risk, continued

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

Investment Type	Less than 1 year	1 to 3 Years	3 to 5 Years	Total
Los Angeles County Investment Pool	\$ 47,606	\$ -	\$ -	\$ 47,606
Local Agency Investment Fund	70,068,805			70,068,805
Money Market Mutual Funds	64,706	-	-	64,706
Asset-Backed Securities	-	274,773	-	274,773
Subtotal	<u>\$ 70,181,117</u>	<u>\$ 274,773</u>	<u>\$ -</u>	70,455,890
PARS Trust Pool				<u>549,730</u>
Total Investments				<u>\$ 71,005,620</u>

Credit Risk

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

Investment Type	Minimum Legal Rating*	Total as of June 30, 2020	AAA	Not Rated
Los Angeles County Investment Pool	N/A	\$ 47,606	\$ -	\$ 47,606
Local Agency Investment Fund	N/A	70,068,805	-	70,068,805
Money Market Mutual Funds	AAA	64,706	64,706	-
Asset-Backed Securities	AA	274,773	274,773	-
PARS Trust Pool	N/A	549,730	-	549,730
Total		<u>\$ 71,005,620</u>	<u>\$ 339,479</u>	<u>\$ 70,666,141</u>

* N/A- Not Applicable

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

2) CASH AND INVESTMENTS, (continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There was no investments in any one issuer (other than U.S. Government Agencies, Supranationals, Money Market Funds, and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. All the City's deposits are either federally insured or collateralized as of June 30, 2020. 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.

Investment in County Investment Pool

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

2) CASH AND INVESTMENTS, (continued)

Fair Value Measurements

Generally accepted accounting principles requires classifying investments under a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2020:

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Asset-Backed Securities	\$ 274,773	\$ -	\$ 274,773	\$ -
Total Investments by Fair Value Level	274,773	\$ -	\$ 274,773	\$ -
Investments not subject to the fair value hierarchy:				
Los Angeles County Investment Pool	47,606			
Local Agency Investment Fund	70,068,805			
Money market mutual funds	64,706			
PARS Trust Pool	549,730			
Total	<u>\$ 71,005,620</u>			

Level 2 investments are valued using a Continuous Fixed Income Evaluated Pricing service.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

3) INTERFUND RECEIVABLES AND TRANSFERS

Interfund transactions – Due to/due from interfund borrowings

Interfund receivable and payable balances at June 30, 2020 were as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u> <u>General Fund</u>
Non-Major Governmental Funds	\$ 782,605
Enterprise Fund	518,705
Internal Service Funds	62,452
Total	<u>\$ 1,363,762</u>

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

Interfund transactions - Advances

<u>Payable Fund</u>	<u>Receivable Fund</u> <u>General Fund</u>
Non-Major Governmental Funds	<u>\$ 332,173</u>

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

Interfund transactions - Transfers

The following schedule summarizes the City's transfer activity:

	<u>Transfer In</u>			<u>Total Transfers Out</u>
	<u>State Gas Tax</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Services Funds</u>	
Transfers Out:				
General Fund	\$ 567,148	\$ 906,909	\$ -	\$ 1,474,057
Non-major Governmental Funds	-	20,856	182,042	202,898
Internal Service Funds	-	-	66,074	66,074
Total Transfers In:	<u>\$ 567,148</u>	<u>\$ 927,765</u>	<u>\$ 248,116</u>	<u>\$ 1,743,029</u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

3) INTERFUND RECEIVABLES AND TRANSFERS, (continued)

Interfund transactions – Transfers, (continued)

The \$567,148 transfer from General Fund to State Gas Tax fund was for the SB1 project. The \$906,909 transfer from General Fund to Non-major Governmental Funds included \$578,918 for the Successor Agency Note payment to the County and \$327,991 as the remainder for capital projects.

The \$20,856 transfer within Non-major Governmental Funds was for shared services.

The \$66,074 transfer within Internal Services Funds and the \$182,042 transfer from Non-major Governmental Funds to Internal Services Funds were for the acquisition of police vehicles.

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 18 and 20 for additional information.

The outstanding receivable side of these advances at June 30, 2020 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 SERAF obligation as required by Assembly Bill ABX4-26. The advance bears no interest and must be repaid by August 1, 2022. Effective February 1, 2012, the Commission's redevelopment activities were dissolved, and the receivable side of these advances were retained by the Housing Authority.

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

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

The Dissolution Act sets a defined schedule by which the general advances may be repaid. The repayment schedule is to span a reasonable term of years, with outstanding balances incurring interest at a rate not to exceed that earned by the funds deposited into the Local Agency Investment Fund ("LAIF"). Repayment of the general advances is subject to additional repayment limitations. Repayment commenced in the 2015-2016 fiscal year, annual payments are capped as determined by a specific formula, repayment of the general advances is on a lower payment priority than other obligations of the Successor Agency, and twenty percent (20%) of the repayment amount must be deposited in the LMIHF for the benefit of the Housing Authority. Total general advance and SERAF advance repayments made in the fiscal year 2019-20 were \$635,182 and \$2,696,738, respectively.

- c) The advances from Successor Agency of \$951,661 are related to in-transit deposits that the City is still requesting from the Department of Finance.

The outstanding balances at June 30, 2020 were as follows:

General advances	\$ 3,310,374
Tax sharing advances	951,661
SERAF advances	<u>1,395,758</u>
Total advances to Successor Agency	<u>\$ 5,657,793</u>

5) NOTES AND LOANS RECEIVABLE

The following notes and loans receivable were outstanding as of June 30, 2020:

Housing rehabilitation	\$ 353,888
First time home buyers	214,537
Housing preservation program	640,949
Home improvement program	738,213
Lark Ellen Towers	6,380,133
Executive Lodge Apartments Limited Partnership	6,271,978
West Covina Senior Villas, LLC	2,833,333
West Covina Senior Villas II, L.P.	8,513,884
Other loans	608,196
Less allowance for doubtful accounts	<u>(12,052,686)</u>
Total	<u>\$ 14,502,425</u>

Several housing rehabilitation loans totaling \$353,888 have been made to qualified applicants using Community Development Block Grants received by the City and housing set-aside funds of the former Commission's redevelopment activities. These loans bear interest up to 5% and are repaid when title to the property changes. The City has included 5% of the balance in the allowance for doubtful accounts.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

5) NOTES AND LOANS RECEIVABLE, (continued)

The Housing Authority has loans to first-time home buyers totaling \$214,537. 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 19 individual loans outstanding at June 30, 2020 ranging from \$5,710 to \$22,407. The City has included 5% of the balance in the allowance for doubtful accounts.

The Housing Authority also has housing preservation loans to qualified applicants using housing set-aside funds totaling \$640,949. 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 81 individual loans outstanding at June 30, 2020 ranging from \$205 to \$10,659. The City has included 5% of the balance in the allowance for doubtful accounts.

Several housing improvement loans totaling \$738,213 have been made to qualified applicants. The loans are secured by second trust deeds. The City has included 5% of the balance in the allowance for doubtful accounts.

In May 1997, the Commission loaned \$4,270,000 to Lark Ellen Towers. The loan was transferred to the Housing Authority from the dissolved former Commission. The loan is secured by a deed of trust. The loan accrues interest at 3% per annum and requires annual payments equal to the maximum of \$35,000 or 50% of net profits earned by the project. The outstanding principal and accrued interest at June 30, 2020 was \$6,380,133.

In April 1998, the Commission loaned \$5,622,300 to Executive Lodge Apartments Limited Partnership (Promenade Apartments project). The loan was transferred to the Housing Authority from the dissolved former Commission. The loan is secured by a deed of trust. The loan was amended and restated on April 1, 2017, with a principal of \$6,056,621 accruing interest at 2.82% compounded annually and requires annual payments equal to 50% of "Available Cash Flow". The outstanding principal and accrued interest at June 30, 2020 was \$6,271,978.

In May 2002, the Commission loaned \$4,360,000 to West Covina Senior Villas, LLC. The loan is secured by a deed of trust. The loan does not accrue interest. The loan requires annual payments of \$141,667 through May 2032 that are forgiven by the City unless the borrower defaults on the agreement. The outstanding principal at June 30, 2020 was \$2,833,333. The loan is likely to be forgiven; therefore, the City has included the entire balance in the allowance for doubtful accounts.

In May 2009, the Commission entered into an agreement with West Covina Senior Villas II, L.P. to provide \$8,600,000 for the acquisition of real property in the City and construction and maintenance of an approximately 65-unit apartment complex to be rented to low income and very low income senior citizens. The loan is secured by a deed of trust. The loan does not accrue interest and is forgiven so long as the borrower does not default on the loan. The outstanding principal at June 30, 2020 was \$8,513,884. The loan is 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 For the Year Ended June 30, 2020

5) NOTES AND LOANS RECEIVABLE, (continued)

Other notes consist of affordable housing loans of \$400,000. The notes do not accrue interest and are forgiven unless the borrower sells or refinances the property. Additionally, the balance included a note of \$208,196 for low income housing which accrues no interest and is forgivable if the owner maintains the low and moderate income housing status. The outstanding principal of these loans combined at June 30, 2020 was \$608,196. The loan is likely to be forgiven; therefore, the City has included the entire balance in the allowance for doubtful accounts.

6) LAND HELD FOR RESALE

Land held for resale is valued at the lower of cost or the sales price per contract with the developer. The land held for resale at June 30, 2020 was comprised of land to be used as open space or a municipal golf course in the amount of \$3,007,802.

7) CAPITAL ASSETS

Capital asset activity was as follows for governmental activities for the year ended June 30, 2020:

Governmental activities:	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets, not depreciated:					
Land	\$ 48,815,622	\$ -	\$ (1,603,087)	\$ -	\$ 47,212,535
Rights of way	14,376,498	-	-	-	14,376,498
Construction in progress	1,074,815	3,613,345	(1,705,555)	-	2,982,605
Total capital assets, not depreciated	64,266,935	3,613,345	(3,308,642)	-	64,571,638
Capital assets, being depreciated:					
Buildings and improvements	115,048,221	676,389	-	-	115,724,610
Equipment and vehicles	32,601,682	2,362,139	(628,349)	-	34,335,472
Infrastructure - pavement	196,892,462	144,801	-	-	197,037,263
Infrastructure - other	23,573,729	579,694	-	-	24,153,423
Total capital assets, being depreciated	368,116,094	3,763,023	(628,349)	-	371,250,768
Less accumulated depreciation for:					
Buildings and improvements	(46,186,171)	(2,734,668)	-	-	(48,920,839)
Equipment and vehicles	(23,823,369)	(2,505,139)	628,349	-	(25,700,159)
Infrastructure - pavement	(146,271,704)	(6,738,389)	-	-	(153,010,093)
Infrastructure - other	(18,126,585)	(428,828)	-	-	(18,555,413)
Total accumulated depreciation	(234,407,829)	(12,407,024)	628,349	-	(246,186,504)
Total capital assets, being depreciated, net	133,708,265	(8,644,001)	-	-	125,064,264
Total governmental activities	\$ 197,975,200	\$ (5,030,656)	\$ (3,308,642)	\$ -	\$ 189,635,902

Construction in progress not deemed viable of \$547,164 is included in the deletions for the current year.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

7) CAPITAL ASSETS, (continued)

Depreciation expense (including \$179,088 from Internal Service Funds) was charged to the following functions in the Statement of Activities for the year ended June 30, 2020 as follows:

General government	\$ 422,430
Public safety	1,771,494
Public works	8,358,734
Community services	<u>1,854,366</u>
Total depreciation expense – governmental activities	<u>\$ 12,407,024</u>

Capital asset activity was as follows for business-type activities for the year ended June 30, 2020:

Business-type activities:	Balance		Deletions	Balance	
	June 30, 2019	Additions		June 30, 2020	
Capital assets, being depreciated:					
Equipment and vehicles	\$ 1,059,120	\$ -	\$ -	\$ 1,059,120	
Less accumulated depreciation for:					
Equipment and vehicles	<u>(1,059,120)</u>	<u>-</u>	<u>-</u>	<u>(1,059,120)</u>	
Total business-type activities	<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, 2020.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

8) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental activities:					
Long-term debt					
<i>Direct borrowing:</i>					
Notes payable	\$ 9,762,679	\$ -	\$ (578,918)	\$ 9,183,761	\$ 578,918
Lease Revenue Bonds:					
2006 Lease Revenue Bonds	15,860,000	-	(460,000)	15,400,000	515,000
2018 Lease Revenue Refunding Bonds	23,820,000	-	(795,000)	23,025,000	835,000
Plus deferred amounts:					
Issuance premium	1,327,613	-	(53,105)	1,274,508	53,105
Total Lease Revenue Bonds	41,007,613	-	(1,308,105)	39,699,508	1,403,105
Subtotal long-term debt	50,770,292	-	(1,887,023)	48,883,269	1,982,023
Other long-term liabilities					
Capital Lease Payable	-	196,759	(16,637)	180,122	37,037
Compensated absences	4,258,671	1,557,692	(1,959,258)	3,857,105	1,986,688
Claims and judgments payable	10,056,183	8,147,744	(5,025,024)	13,178,903	4,402,010
Subtotal other long-term liabilities	14,314,854	9,902,195	(7,000,919)	17,216,130	6,425,735
Total long-term liabilities	\$ 65,085,146	\$ 9,902,195	\$ (8,887,942)	\$ 66,099,399	\$ 8,407,758

The following is a summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Business-type activities:					
Compensated absences	\$ 91,515	\$ 27,971	\$ (55,866)	\$ 63,620	\$ 55,648

Notes Payable – Direct Borrowing

CVHP Note Payable

On September 13, 2016, the City entered into a note agreement for \$500,000 with Citrus Valley Health Partners (CVHP) to finance the purchase of certain real property to expand Cameron Park. The promissory note was part of the negotiations for the potential sale of Sunset Field to CVHP and bears no interest. The City has granted to CVHP the option to purchase the Sunset Field before the expiration date as set forth in the Memorandum of Option. The City has the right to prepay the outstanding principal amount in whole or in part without penalty. The full principal amount will be credited to Lender against the purchase price payable if Lender acquires the Sunset Field from the City. The outstanding balance at June 30, 2020 was \$500,000.

In July 2020, the sale agreement of the Sunset Field between the City and CVHP has been executed. The outstanding balance of the note therefore has been credited against the purchase price and the loan is deemed paid in full.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

8) LONG-TERM LIABILITIES, (continued)

Notes Payable, (continued)

Successor Agency Note

On December 4, 2015, the City and Successor Agency entered into a settlement agreement with the California Department of Finance (DOF) regarding the Other Funds Due Diligence Review. The agreement requires the City to repay the Successor Agency \$11,578,351 for transfers that did not represent enforceable obligations. The Successor Agency will then remit these funds to the Los Angeles County Auditor-Controller for allocation to the affected taxing entities. The amount of the note must be repaid through biannual payments in the amount of \$289,459 each January 15th and June 15th until the loan is repaid in full on June 15, 2035. There is no interest charged on this repayment. The outstanding balance as of June 30, 2020 was \$8,683,761.

The annual debt service requirements on the Successor Agency note as of June 30, 2020 were as follows:

Year Ending June 30,	Principal
2021	\$ 578,918
2022	578,918
2023	578,918
2024	578,918
2025	578,918
2026-2030	2,894,590
2031-2035	2,894,581
Total	<u>\$ 8,683,761</u>

Lease Revenue Bonds

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

In September 2006, the City issued \$10,710,000 of Lease Revenue Bonds, Series A and \$7,295,000 of taxable Lease Revenue Bonds, Series B to provide financing for facilities and infrastructure related to the Big League Dreams sports park. The Series A bonds mature annually through June 1, 2036, in amounts ranging from \$80,000 to \$1,270,000, with interest rates that range from 4.0% to a maximum of 5.0% over the term of the bonds. The Series B bonds mature annually through June 1, 2036, in amounts ranging from \$115,000 to \$550,000, with interest rates that range from 5.39% to a maximum of 6.07% over the term of the bonds. The bonds are payable from lease payments as rental for certain public facilities. The reserve requirement was fully funded at June 30, 2020. The outstanding principal balance as of June 30, 2020 was \$15,400,000.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

8) LONG-TERM LIABILITIES, (continued)

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, 2020 were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 515,000	\$ 830,990	\$ 1,345,990
2022	585,000	804,327	1,389,327
2023	660,000	772,557	1,432,557
2024	695,000	736,880	1,431,880
2025	730,000	699,295	1,429,295
2026-2030	4,305,000	2,856,229	7,161,229
2031-2035	6,090,000	1,553,179	7,643,179
2036	1,820,000	96,885	1,916,885
Total	<u>\$ 15,400,000</u>	<u>\$ 8,350,342</u>	<u>\$ 23,750,342</u>

2018 Lease Revenue Refunding Bonds, Series A and B

On November 20, 2018, the City issued \$19,310,000 of Lease Revenue Bonds, Series A and \$4,855,000 of taxable Lease Revenue Bonds, Series B to provide financing for the advance refunding of the City's 2002 Lease Revenue Bonds Series A, 2004 Lease Revenue Bonds Series A&B, and the 2013 Lease Revenue Refunding Bonds Series A. The Series A bonds mature annually through May 1, 2044, in amounts ranging from \$460,000 to \$125,000, 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 May 1, 2030, in amounts ranging from \$345,000 to \$500,000, with interest rates that range from 2.953% to a maximum of 4.469% over the term of the bonds. The bonds are payable from lease payments as rental for certain public facilities. The reserve requirement was fully funded as of June 30, 2020. The outstanding principal balance as of June 30, 2020 was \$23,025,000.

The net savings and economic gain (loss) from this current refunding is unavailable due to those refunded bond series (including 2002 Lease Revenue Bonds Series A, 2004 Lease Revenue Bonds Series A&B, and the 2013 Lease Revenue Refunding Bonds Series A) having variable interest rates.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

8) LONG-TERM LIABILITIES, (continued)

Lease Revenue Bonds, (continued)

2018 Lease Revenue Refunding Bonds, Series A and B, (continued)

The annual debt service requirements on the 2018 Lease Revenue Bonds as of June 30, 2020 were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 835,000	\$ 1,028,098	\$ 1,863,098
2022	870,000	991,076	1,861,076
2023	910,000	952,011	1,862,011
2024	950,000	910,569	1,860,569
2025	990,000	866,750	1,856,750
2026-2030	5,680,000	3,592,601	9,272,601
2031-2035	7,075,000	2,099,750	9,174,750
2036-2040	5,245,000	541,000	5,786,000
2041-2044	470,000	48,000	518,000
Total	<u>\$ 23,025,000</u>	<u>\$ 11,029,855</u>	<u>\$ 34,054,855</u>

Capital Lease Payable

On October 8, 2019, the City financed the purchase of fire trucks by a five-year lease with the term at \$196,759. The loan bears an interest at 4.36% a year and matures on December 1, 2024. Under the lease term, the City has a purchase option of these vehicles at the maturity of the term for \$0. These assets have been capitalized with the obligation shown in the statement of net position. The cost of the trucks was \$196,759 with the accumulated depreciation of \$28,108 as of June 30, 2020.

The total principal amount outstanding at June 30, 2020 was \$180,122. The City's outstanding loan from direct borrowing of is secured with the vehicles as collateral. The outstanding loan from direct borrowings contain a provision that in an event of default, the timing of repayment of outstanding amounts may become immediately due or the vehicles may be repossessed.

The future minimum payments on the lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 37,037	\$ 7,115	\$ 44,152
2022	38,684	5,469	44,153
2023	40,404	3,749	44,153
2024	42,200	1,953	44,153
2025	21,797	278	22,075
	<u>\$ 180,122</u>	<u>\$ 18,564</u>	<u>\$ 198,686</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

8) LONG-TERM LIABILITIES, (continued)

Compensated Absences

The liability of \$3,857,105 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 \$63,620 represents the business-type activity portion of total unpaid vacation and compensation time earned by employees of the City. There is no fixed payment schedule for earned but unpaid compensated absences.

Claims and Judgments

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

The 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. Claims and judgments payable, including estimated claims for incurred but not reported claims, amounted to \$13,178,903 as of June 30, 2020.

Changes in the claims and judgments payable amounts in fiscal year 2020 for the Self-Insurance Fund were as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2018-2019	\$ 10,283,674	\$ 2,507,859	\$ (2,735,350)	\$ 10,056,183
2019-2020	10,056,183	8,147,744	(5,025,024)	13,178,903

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

9) SELF-INSURANCE

The City is a member of California State Association of Counties (CSAC) Excess Insurance Authority. The Authority is a member directed joint powers insurance pool, which has been operational since October 1979. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage.

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

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

For workers' compensation, the City has a self-insured retention of \$1,000,000 per occurrence. The City has a pooled retention of \$5,000,000 each occurrence, a \$20,000,000 reinsurance layer in excess of the \$5,000,000 pooled retention per occurrence for general liability. During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There has been no significant reduction in pooled or insured liability coverage from coverage in the prior year.

On May 5, 2020, the City was approved to join the California Joint Powers Insurance Authority (CJPIA) and pool the City's self-insurance general liability and workers' compensation insurance through the CJPIA programs effective July 1, 2020. The City's withdrawal from the CSAC was also authorized by the City Council effective concurrently.

10) NON-CITY OBLIGATION DEBT

Emanate Health, a California nonprofit public benefit corporation (the Corporation"), has requested that the California Statewide Communities Development Authority (the "Authority") participate in the issuance of one or more series of revenue bonds in an aggregate principal amount not to exceed \$260,000,000 (the "Bonds") for the acquisition, construction, equipping, improvement, renovation, rehabilitation and/or remodeling of hospital, health care and related facilities (the "Facilities") to be owned and operated by the Corporation or one of its affiliates (the "Project"). For each component of the Project, the issuance of the Bonds by the Authority must be approved by the applicable city in which the component of the Project is located before construction can begin. One component of the Project consists of the construction of two separate buildings at the Queen of the Valley Hospital campus located in West Covina.

On May 19, 2020, the City Council approved the issuance of the Bonds and Refunding Bonds by the Authority for the purposes of financing and/or refinancing the Project via the adoption of the resolution number 2020-26.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

11) FUND BALANCE CLASSIFICATION

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

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

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

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

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

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.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

11) FUND BALANCE CLASSIFICATION, (continued)

The details of fund balance as of June 30, 2020 were presented below:

	General Fund	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		West Covina Housing Authority	State Gas Tax		
Non-spendable:					
Prepaid expenses	\$ 147,023	\$ 82,420	\$ -	\$ -	\$ 229,443
Advances to other funds	332,173	-	-	-	332,173
Advances to			-		
Successor Agency	3,599,960	-	-	-	3,599,960
Land held for resale	3,007,802	-	-	-	3,007,802
Restricted:					
Affordable housing	-	24,409,396	-	-	24,409,396
Debt service	-	-	-	4,055,990	4,055,990
Pension Trust	7,650	-	-	-	7,650
Community services	-	-	-	4,843,488	4,843,488
Public safety	-	-	-	7,730,436	7,730,436
Public works	-	-	4,720,311	18,285,074	23,005,385
Assigned:					
Capital projects	-	-	-	1,786,815	1,786,815
Unassigned	12,580,716	-	-	(1,158,958)	11,421,758
Totals	<u>\$ 19,675,324</u>	<u>\$ 24,491,816</u>	<u>\$ 4,720,311</u>	<u>\$ 35,542,845</u>	<u>\$ 84,430,296</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

12) ACCUMULATED FUND BALANCES/NET POSITION DEFICITS

The following funds reported deficits in fund balances/net position as of June 30, 2020:

	<u>Deficit Balance</u>
Non-Major Funds:	
Proposition A Special Revenue Fund	\$ (36,739)
CESF Special Revenue Fund	(141)
Transportation Development Act Special Revenue Fund	(60,457)
Various Grants Special Revenue Fund	(345,953)
Community Development Block Grant Special Revenue Fund	(469,907)
Auto Plaza Improvement District Special Revenue Fund	(172,153)
Integrated Waste Management Special Revenue Fund	(11,073)
Measure H Special Revenue Fund	(62,535)
Self-Insurance Internal Service Fund	(2,152,648)
Computer Service Fund Enterprise Fund	(244,119)
Governmental activities	(18,642,521)

The deficit of \$36,739 in the Proposition A Special Revenue Fund, \$141 in the U.S Department of Justice Special Revenue Fund, \$60,457 in the Transportation Development Act Special Revenue Fund, \$345,953 in the Various Grants Special Revenue Fund, \$469,907 in the Community Development Block Grant Special Revenue Fund, \$172,153 in Auto Plaza Improvement District Special Revenue Fund, \$11,073 in the Integrated Waste Management Special Revenue Fund and \$62,535 in the Measure H Special Revenue Fund are the results of expenditures incurred prior to reimbursement from grantors. The deficits will be eliminated through future grant revenues and as the Auto Plaza Improvement District pays back their advance from the General Fund.

The deficit in the self-insurance internal service fund was a result of multiple litigation settlements during the year. The deficit will be eliminated through future revenues to this fund.

The deficit in the Computer Services Fund net position was a result of additional expenses incurred for the development of new software. City Council has approved an agreement to transition the Computer Services Fund to a private vendor. The deficit will be eliminated through future revenues as a part of the transition.

The deficit in the Governmental activities net position was a result of increased pension costs for unfunded liabilities and other post-employment benefits.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

13) PENSION PLAN SUMMARY

The City currently has a total of two pension plans administered by CalPERS and two retirement enhancement plans administered by PARS. The pension plans consist of a miscellaneous agent plan and a safety agent plan (see Note 14 for a full description of the plans). The retirement enhancement plan consists of an EPMC replacement supplemental retirement plan and a supplemental retirement plan for executive staff and City Council (see Note 15 for a full description of the plans). The summary of the pension related liability, deferred inflows of resources and deferred outflows of resources are as follows:

	Miscellaneous	Safety	EPMC	Exec	Total
Deferred Outflows of Resources - Pension related	\$ 4,140,677	\$ 18,162,220	\$ 315,642	\$ 80,311	\$ 22,698,850
Deferred Inflows of Resources - Pension related	621,252	2,578,326	93,493	-	3,293,071
Pension Liability	46,031,509	144,682,762	951,046	3,486,069	195,151,386

14) RETIREMENT PLAN - CALPERS

A) General Information about the Pension Plans

Plan Descriptions

The Plans are agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2018 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

14) RETIREMENT PLAN - CALPERS, (continued)

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

Benefits Provided, (continued)

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

The Plans' provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous Plan			
	Prior to January 1, 2011	After January 1, 2011	Prior to January 1, 2013	On or After January 1, 2013
Hire date				
Benefit formula	2.0% @ 55	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 67+	50 - 67+	50 - 67+	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	0.00%	8.00%	7.00%	6.25%
Required employer contribution rates	8.731%	8.731%	8.731%	8.731%

	Safety Plan		
	Prior to July 1, 2012	Prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 & Up	50 - 55+	50 - 57+
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	11.50%
Required employer contribution rates	19.950%	19.950%	19.950%

Employees Covered

As of June 30, 2018, (valuation date), the following employees were covered by the benefit terms:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	437	340
Inactive employees entitled to but not yet receiving benefits	248	65
Active employees	152	161
Total	837	566

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

14) RETIREMENT PLAN - CALPERS, (continued)

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Miscellaneous and Safety Plan's for the fiscal year ended June 30, 2020 were \$3,588,349 and \$12,592,730, respectively.

B) Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method:	Market Value of Assets.
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on the table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

14) RETIREMENT PLAN - CALPERS, (continued)

B) Net Pension Liability, (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability,
(continued)

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. 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+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class¹</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Year 11+³</u>
Global Equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100.0%</u>		

¹ In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

14) RETIREMENT PLAN - CALPERS, (continued)

B) Net Pension Liability, (continued)

Change in Assumptions

There were no changes of assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

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

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

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

14) RETIREMENT PLAN - CALPERS, (continued)

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

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

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 157,065,997	\$ 113,834,917	\$ 43,231,080
Changes Recognized for the Measurement Period:			
• Service Cost	1,488,940	-	1,488,940
• Interest on the Total Pension Liability	11,031,185	-	11,031,185
• Differences between Expected and Actual Experience	1,166,025	-	1,166,025
• Contributions from the Employer	-	3,041,783	(3,041,783)
• Contributions from Employees	-	597,814	(597,814)
• Net Investment Income	-	7,327,093	(7,327,093)
• Benefit Payments, including Refunds of Employee Contributions	(9,388,384)	(9,388,384)	-
• Administrative Expense	-	(81,235)	81,235
• Other Miscellaneous Income/(Expense)	-	266	(266)
Net Changes during 2018-19	4,297,766	1,497,337	2,800,429
Balance at: 6/30/2019 (MD)	\$ 161,363,763	\$ 115,332,254	\$ 46,031,509

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

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

14) RETIREMENT PLAN - CALPERS, (continued)

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

Safety Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 384,184,012	\$ 244,096,518	\$ 140,087,494
Changes Recognized for the Measurement Period:			
• Service Cost	5,573,847	-	5,573,847
• Interest on the Total Pension Liability	26,959,893	-	26,959,893
• Differences between Expected and Actual Experience	706,038	-	706,038
• Contributions from the Employer	-	11,176,490	(11,176,490)
• Contributions from Employees	-	1,731,882	(1,731,882)
• Net Investment Income	-	15,909,762	(15,909,762)
• Benefit Payments, including Refunds of Employee Contributions	(21,231,071)	(21,231,071)	-
• Administrative Expense	-	(174,192)	174,192
• Other Miscellaneous Income/(Expense)	-	568	(568)
Net Changes during 2018-19	12,008,707	7,413,439	4,595,268
Balance at: 6/30/2019 (MD)	\$ 396,192,719	\$ 251,509,957	\$ 144,682,762

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

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

The following presents the net pension liability of the Miscellaneous and Safety Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 65,680,446	\$ 46,031,509	\$ 29,722,459
Safety Plan's Net Pension Liability	\$ 197,221,568	\$ 144,682,762	\$ 101,474,111

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

14) RETIREMENT PLAN - CALPERS, (continued)

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

Subsequent Events

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

Net difference between projected 5-year straight-line amortization
and actual earnings on pension
plan investments

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

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

The EARSL for the Miscellaneous Plan for the measurement date ending June 30, 2019 is 1.9 years, which was obtained by dividing the total service years of 1,614 (the sum of remaining service lifetimes of the active employees) by 837 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for the Safety Plan for the measurement date ending June 30, 2019 is 3.4 years, which was obtained by dividing the total service years of 1,925 (the sum of remaining service lifetimes of the active employees) by 566 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

14) RETIREMENT PLAN - CALPERS, (continued)

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

As of the start of the measurement period (July 1, 2018), the net pension liability for Miscellaneous and Safety Plan was \$43,231,080 and \$140,087,494, respectively.

For the measurement period ending June 30, 2019 (the measurement date), the City incurred a pension expense of \$6,407,181 for the Miscellaneous Plan and \$22,636,723 for the Safety Plan. A complete breakdown of the pension expense for Miscellaneous and Safety Plan is as follows:

Miscellaneous Plan

Description:	<u>Amount</u>
Service Cost	\$ 1,488,940
Interest on the Total Pension Liability	11,031,185
Recognized Differences between Expected and Actual Experience	1,055,939
Recognized Changes of Assumptions	(396,055)
Employee Contributions	(597,814)
Projected Earnings on Pension Plan Investments	(7,918,718)
Recognized Differences between Projected and Actual Earnings on Plan Investments	1,662,735
Administrative Expense	81,235
Other Miscellaneous (Income)/Expense	<u>(266)</u>
Total Pension Expense	<u>\$ 6,407,181</u>

Safety Plan

Description:	<u>Amount</u>
Service Cost	\$ 5,573,847
Interest on the Total Pension Liability	26,959,893
Recognized Differences between Expected and Actual Experience	129,697
Recognized Changes of Assumptions	5,219,077
Employee Contributions	(1,731,882)
Projected Earnings on Pension Plan Investments	(17,105,470)
Recognized Differences between Projected and Actual Earnings on Plan Investments	3,417,937
Administrative Expense	174,192
Other Miscellaneous (Income)/Expense	<u>(568)</u>
Total Pension Expense	<u>\$ 22,636,723</u>

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

14) RETIREMENT PLAN - CALPERS, (continued)

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

As of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 552,328	\$ -	\$ 1,596,401	\$ (522,943)
Changes of Assumptions	-	-	3,973,089	(730,818)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(621,252)	-	(1,324,565)
Difference in Actual vs Projected Contributions	-	-	-	-
Pension Contributions Subsequent to Measurement Date	3,588,349	-	12,592,730	-
	\$ 4,140,677	\$ (621,252)	\$ 18,162,220	\$ (2,578,326)

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. The \$3,588,349 and \$12,592,730 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 upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net	
	Miscellaneous	Safety
2021	\$ 1,034,177	\$ 4,880,900
2022	(1,035,243)	(1,800,677)
2023	(186,183)	(328,199)
2024	118,325	239,140
2025	-	-
Thereafter	-	-

D) Payable to the Pension Plan

The City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

15) PUBLIC AGENCY RETIREMENT SYSTEM (PARS)

A) EPMC Replacement Supplemental Retirement Plan

General Information about the Pension Plan

Plan Description and Benefits

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

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

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

Tier 1

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

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

General Information about the Pension Plan, (continued)

Plan Description and Benefits, (continued)

Tier 2

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

Contributions

The City makes all contributions to these plans. Participants do not make any contributions. The actuarially required contribution is determined on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is funding the plan to pay the benefit payments payable each year. The City's contribution for the year ended June 30, 2020 was \$56,957.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

General Information about the Pension Plan, (continued)

Employees Covered

At June 30, 2019, the measurement date, the following employees were covered by the benefit terms for the plan:

	<u>EPMC</u>
Inactive employees or beneficiaries currently receiving benefits	39
Active employees	<u>109</u>
Total	<u><u>148</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, 2019, using an annual actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

Actuarial Assumptions

The total pension liability at June 30, 2019, the measurement date, was determined using the following actuarial assumptions:

	<u>EPMC</u>
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.90% at June 30, 2019 4.86% at June 30, 2018
Inflation	2.75% annually
Salary Increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study
Investment Rate of Return	6.25% at June 30, 2019 and June 30, 2018
Mortality Rate Table	CalPERS 1997-2015 Experience Study

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

A) EPMC Replacement Supplemental Retirement Plan, (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 performs complex projections of future benefit payments and asset values.

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

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

Based on these circumstances, it is the actuary's opinion that a depletion date projection is not appropriate. Therefore, the discount rate is based on the projected portion of the Total Pension Liability funded by the Fiduciary Net Position in each future year. For the funded portion, the long-term expected rate of return on pension plan investments (6.25%) was used. For the unfunded portion, the Bond Buyer 20-Bond Go Index as of the June 30, 2019, measurement date (3.50%) was used. The discount rate used (3.90%) represents the single equivalent rate of return, as described under GASB 68 (paragraph 31).

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Net Pension Liability, (continued)

Discount Rate, (continued)

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

<u>Asset Class Component</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Equity	58.00%	4.82%
REITs	2.00%	3.76%
Fixed Income	35.00%	1.47%
Cash	5.00%	0.06%
Total	<u>100.00%</u>	

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The City chose the Bond Buyer General Obligation 20-Bond Index resulting in the use of a 3.90% discount rate (single equivalent rate of return) in calculating the pension liability.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balances as of June 30, 2018*	\$ 961,657	\$ 154,676	\$ 806,981
Changes for the year:			
• Service Cost	29,665	-	29,665
• Interest	46,211	-	46,211
• Difference between actual and expected experience	45,697	-	45,697
• Assumptions Changes	90,640	-	90,640
• Contributions- employer	-	62,350	(62,350)
• Net Investment Income	-	6,567	(6,567)
• Benefit payments and refunds	(80,968)	(80,968)	-
• Administrative Expenses	-	(769)	769
Net Changes	131,245	(12,820)	144,065
Balance as of June 30, 2019*	\$ 1,092,902	\$ 141,856	\$ 951,046

* Measurement Date

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

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

	Discount Rate - 1% (2.90%)	Current Discount Rate (3.90%)	Discount Rate + 1% (4.90%)
Net Pension Liability	\$ 1,068,709	\$ 951,046	\$ 853,771

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Changes in the Net Pension Liability, (continued)

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

For the year ended June 30, 2020, the City recognized pension expense of \$103,307. A complete breakdown of the pension expense for the Plan is as follows:

Description	Amount
Service cost	\$ 29,665
Interest on total pension liability	46,211
Projected earnings on investments	(9,061)
Administrative expense	769
Recognition of deferred outflows/(inflows):	
Experience	8,588
Assumptions	24,458
Asset returns	2,677
Total pension expense	<u><u>\$ 103,307</u></u>

At June 30, 2020, 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>
Differences between Expected and Actual Experience	\$ 101,991	\$ (24,000)
Changes of Assumptions	152,977	(69,493)
Net Difference between Projected and Actual Earnings on Pension Plan	3,717	-
Employer Contributions Subsequent to Measurement Date	56,957	-
Total	<u><u>\$ 315,642</u></u>	<u><u>\$ (93,493)</u></u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

A) EPMC Replacement Supplemental Retirement Plan, (continued)

Changes in the Net Pension Liability, (continued)

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

The \$56,957 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 during the upcoming fiscal year. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net EPMC
2021	\$ 35,323
2022	33,325
2023	25,709
2024	21,839
2025	21,341
Thereafter	27,655

Payable to the Pension Plan

The City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

B) Supplemental Retirement Plan for Executive Staff and City Council

General Information about the Pension Plan

Plan Description and Benefits

Effective November 1, 2007, the City established a agent multiple-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.

Notes to Basic Financial Statements
For the Year Ended June 30, 2020

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

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

General Information about the Pension Plan, (continued)

Plan Description and Benefits, (continued)

This agent multiple-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. The City's contribution for the year ended June 30, 2020 was \$77,814.

Employees Covered

At June 30, 2019, the measurement date, the following employees were covered by the benefit terms for the plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	11
Active employees	<u>1</u>
Total	<u><u>12</u></u>

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

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

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2019. 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, 2019, the measurement date, was determined using the following actuarial assumptions:

	Supplemental
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	3.63% at June 30, 2019 4.16% at June 30, 2018
Inflation	2.75% annually
Salary Increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study
Investment Rate of Return	6.25% at June 30, 2019 and June 30, 2018
Mortality Rate Table	CalPERS 1997-2015 Experience Study

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

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

Net Pension Liability, (continued)

Discount Rate

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

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

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

Based on these circumstances, it is the actuary's opinion that a depletion date projection is not appropriate. Therefore, the discount rate is based on the projected portion of the Total Pension Liability funded by the Fiduciary Net Position in each future year. For the funded portion, the long-term expected rate of return on pension plan investments (6.25%) was used. For the unfunded portion, the Bond Buyer 20-Bond Go Index as of the June 30, 2019, measurement date, (3.50%) was used. The discount rate used (3.63%) represents the single equivalent rate of return, as described under GASB 68 (paragraph 31).

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

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

Net Pension Liability, (continued)

Discount Rate, (continued)

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

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

Asset Class Component	Target Allocation	Expected Real Rate of Return
Equity	58.00%	4.82%
REITs	2.00%	3.76%
Fixed Income	35.00%	1.47%
Cash	5.00%	0.06%
Total	100.00%	

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The City chose the Bond Buyer General Obligation 20-Bond Index resulting in the use of a 3.63% discount rate (single equivalent rate of return) in calculating the pension liability.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

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

Changes in the Net Pension Liability

The changes in the net pension liability, with a measurement date of June 30, 2019, for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balances as of June 30, 2018*	\$ 3,267,938	\$ 580,176	\$ 2,687,762
Changes for the year:			
• Service Cost	11,963	-	11,963
• Interest	133,267	-	133,267
• Difference between actual and expected experience	477,904	-	477,904
• Assumptions Changes	281,983	-	281,983
• Contributions- employer	-	78,102	(78,102)
• Contributions- employee	-	-	-
• Net Investment Income	-	31,817	(31,817)
• Benefit payments and refunds	(152,749)	(152,749)	-
• Administrative Expenses	-	(3,109)	3,109
Net Changes	752,368	(45,939)	798,307
Balance as of June 30, 2019*	\$ 4,020,306	\$ 534,237	\$ 3,486,069

*Measurement date

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

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

	Discount Rate - 1% (2.63%)	Current Discount Rate (3.63%)	Discount Rate + 1% (4.63%)
Net Pension Liability	\$ 4,172,623	\$ 3,486,069	\$ 2,942,802

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

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

Changes in the Net Pension Liability, (continued)

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

For the year ended June 30, 2020, the City recognized pension expense of \$884,523. A complete breakdown of the pension expense for the Plan is as follows:

Description	Amount
Service cost	\$ 11,963
Interest on total pension liability	133,267
Projected earnings on investments	(33,832)
Administrative expense	3,109
Recognition of deferred outflows/(inflows):	
Experience	477,904
Assumptions	281,983
Asset returns	10,129
Total pension expense	<u>\$ 884,523</u>

At June 30, 2020, 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>
Net Difference between Projected and Actual Earnings on Pension Plan	\$ 2,497	\$ -
Pension Contributions Subsequent to Measurement Date	77,814	-
Total	<u>\$ 80,311</u>	<u>\$ -</u>

The \$77,814 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 during the upcoming fiscal year.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

Changes in the Net Pension Liability, (continued)

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

Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net <u>Supplemental</u>
2021	\$ 4,129
2022	(2,271)
2023	236
2024	403
2025	-
Thereafter	-

Payable to the Pension Plan

The City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

16) 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 non-benefited, part-time employees in accordance with Internal Revenue Code Section 457, to conform to Section 3121(b)(7)(F) of the Internal Revenue Code added by the Omnibus Budget Reconciliation Act of 1990. The plan is administered by Nationwide Retirement Solutions. The plan was established by the authority of the City Council who retains the authority to amend the plan.

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

Part-time, non-benefited, non-persable 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 non-benefited, non-persable part-time employees.

During the year, total required and actual contributions amounted to \$70,471 and covered payroll for the year ended June 30, 2020 totaled \$912,588. No contributions were made by the City and employees contributed \$70,471 (7.72% of current covered payroll). Total plan assets at June 30, 2020 were \$839,723. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries and, therefore, are not included in the financial statements.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

17) OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Descriptions

Medical

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

- Police:
 - \$1,005 per month for employees hired before July 1, 2012, with five years of sworn service or hired after July 1, 2012, with more than twenty years of sworn service
 - PEMHCA minimum amount (\$122 and \$125 per month in calendar years 2015 and 2016, respectively) for employees hired after July 1, 2012, with less than twenty years of sworn service
- Fire
 - \$1,005 per month for employees hired before July 1, 2012, with five years of sworn service
 - PEMHCA minimum amount (\$122 and \$125 per month in calendar years 2015 and 2016, respectively) for employees hired after July 1, 2012
- Miscellaneous - At the PEMHCA minimum amount (\$122 and \$125 per month in calendar years 2015 and 2016, respectively).

Life Insurance

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

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

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	279
Inactive employees or beneficiaries currently receiving benefits	379
Inactive employees entitled to, but not yet receiving benefits	39
Total	<u>697</u>

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

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

Contributions

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, 2020, the City contributed \$2,516,858 to the plan, including \$2,101,638, for current premiums (100% of total premiums), and \$408,000 of implied subsidy premiums.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2019 Measurement Date
Actuarial Valuation Date	June 30, 2019
Contribution Policy	No pre-funding
Discount Rate	3.50% at June 30, 2019 (Bond Buyer 20-Bond Index) 3.87% at June 30, 2018 (Bond Buyer 20-Bond Index)
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Salary increases	Aggregate - 3% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare – 7.25% for 2021, decreasing to an ultimate rate of 4.00% in 2076 Medicare – 6.3% for 2021, decreasing to an ultimate rate of 4.00% in 2076
Healthcare Participation	Actives: 60% for PEMHCA minimum benefits Retirees: 100% if covered, 5% re-elect at 65 if waived

Discount Rate

A discount rate of 3.50% was used in the valuation for measurement date June 30, 2019.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

Changes in the OPEB Liability

The changes in the total OPEB liability for the Plan are as follows:

	<u>Total OPEB Liability</u>
Balance at June 30, 2019 (6/30/18 measurement date)	<u>\$ 58,697,077</u>
Changes recognized for the measurement period:	
Service cost	1,545,500
Interest	2,285,257
Differences between expected and actual experience	(1,738,131)
Changes of assumptions	2,887,380
Benefit payments	<u>(2,384,056)</u>
Net changes	<u>2,595,950</u>
Balance at June 30, 2020 (6/30/19 measurement date)	<u><u>\$ 61,293,027</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 71,292,480	\$ 61,293,027	\$ 53,335,618

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 57,790,809	\$ 61,293,027	\$ 65,223,868

OPEB Plan Fiduciary Net Position

The Plan Fiduciary Net Position was \$0 at the June 30, 2019 measurement date, as the City is not prefunding with an OPEB trust. The City does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

City of West Covina

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The net difference between projected and actual earnings on OPEB plan investments is amortized using the straight-line method over 5 years, while all other amounts are amortized over the expected average remaining service lifetime (EARSL) of plan participants, which was 5.1 years as of the 2019 valuation date.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$2,405,199. A complete breakdown of the pension expense for the Plan is as follows:

<u>Description</u>	<u>Amount</u>
Service cost	\$ 1,545,500
Interest on total OPEB liability	2,285,257
Administrative expense	14,622
Recognition of deferred outflows/(inflows)	
Experience	(316,024)
Assumptions	(1,124,156)
Total OPEB expense	<u>\$ 2,405,199</u>

As of fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,422,107
Changes in assumptions	2,362,402	5,052,852
Contributions to OPEB plan subsequent to the measurement date	<u>2,516,858</u>	<u>-</u>
Total	<u>\$ 4,879,260</u>	<u>\$ 6,474,959</u>

The \$2,516,858 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

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

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ (1,440,180)
2022	(1,440,180)
2023	(1,197,407)
2024	(139,269)
2025	104,479
Thereafter	-

18) COMMITMENTS AND CONTINGENCIES

- A) In 1989, in order to assist in the expansion of the Fashion Plaza shopping center, the City enacted an ordinance to allow the Redevelopment Agency of the City of West Covina (the predecessor to the West Covina Community Development Commission) to receive the sales tax generated as a result of the expansion project. At the same time, the City enacted an ordinance providing a credit for sales tax payable by the developer in the amount equal to the sales tax due to the redevelopment agency. These sales tax ordinances and related agreements between the City and the Agency essentially transferred the sales tax increment due to the Fashion Plaza expansion project from the City to the Agency.
- B) On July 25, 2005, the Board of Directors of the former West Covina Community Development Commission adopted Resolution No. 2005-50. By this resolution, the Board of Directors authorized the Commission to reimburse the City of West Covina over a period of 17 years for the sales tax revenue that had essentially been shifted from the City to the Agency. These budgeted interfund transfers between the primary government of the City of West Covina and the former Community Development Commission will be recorded in the fiscal year that they result in a flow of current financial resources, as required by the measurement focus prescribed for governmental funds. As a result of the dissolution of the Redevelopment Agency, the Department of Finance has deemed this agreement as an unenforceable obligation.
- C) The City is currently a defendant in a wrongful termination lawsuit in which the jury awarded the plaintiff an amount in excess of \$4,000,000. The City has appealed the verdict and is awaiting oral arguments related to the appeal. Of the award amount, \$3,000,000 would be covered by excess insurance, however, the excess insurance provider is disputing the coverage. The City, after June 30, 2020, filed action against the excess insurance provider related to the coverage issues. At this time, it is unknown when either matter will be settled or specifically whether the excess insurance coverage will be provided.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

19) CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

On June 29, 2011, Assembly Bill 1 X 26 (the "Dissolution Act") was enacted as part of the fiscal year 2011-12 state budget package. On December 29, 2011, the California Supreme Court Upheld the Dissolution Act which provided for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Dissolution Act provided that upon dissolution of a redevelopment agency, either the city or another unit of local government would agree to serve as the successor agency (Successor Agency) to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City elected to serve as the Successor Agency of the Community Development Commission of the City of West Covina.

After enactment of the law, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution.

Senate Bill 107, signed on September 22, 2015, required the creation of consolidated Oversight Boards commencing after July 1, 2018. Effective July 1, 2018 the Successor Agency of the Community Development Commission and 22 other RDAs in the First Supervisorial District of Los Angeles County were consolidated into the First District Consolidated Oversight Board, which has fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenue.

20) SUCCESSOR AGENCY DISCLOSURES

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

Assessment Receivable

In connection with the Commission's issuance of its \$51,220,000 1996 Special Tax Refunding Bonds, \$32,520,000 in assessments receivable was recorded. The assessment is an annual special tax levied on the Community Facilities District No.1989-1 in an amount sufficient to ensure payment of the debt service on the 1996 Special Tax Refunding Bonds. This special tax supplements sales and property tax increment revenues that also support the debt service on the bonds. The assessments receivable outstanding as of June 30, 2020 was \$12,910,000.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

20) SUCCESSOR AGENCY DISCLOSURES, (continued)

Due from the City of West Covina

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 County Auditor-Controller (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 the Successor Agency to remit \$11,578,351 to the CAC within five days from the date of the letter.

City management, in consultation with its legal counsel, did not agree with the DOF's decision and filed a lawsuit to contest the decision. The City also did not remit the payments that were disallowed to the CAC. In December 2015, the City entered into a settlement agreement, which requires the City to repay the \$11,578,351 over a period of 20 years. See additional details on the long-term payable in Note 8. As the City repays the Successor Agency, the Successor Agency will remit the amounts collected to the CAC. The City reported a long-term liability of \$8,683,761 (reported as part of notes payable) in the governmental activities and a receivable of \$8,683,761 in the Successor Agency related to the DOF's determination at June 30, 2020.

Land Held for Resale

Land held for resale is valued at the lower of cost or the sales price per contract with the developer. The land held for resale at June 30, 2020 was comprised of BKK Project in the amount of \$54,279.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

20) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

Successor Agency:	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Special Tax Bonds:					
1996 Special Tax Refunding Bonds	\$ 16,190,000	\$ -	\$ (3,495,000)	\$ 12,695,000	\$ 3,735,000
Tax Allocation Bonds:					
2017 Tax Allocation Revenue Refunding Bonds	12,135,000	-	(1,820,000)	10,315,000	1,865,000
Plus deferred amounts:					
Issuance premium	224,623	-	(14,975)	209,648	14,975
Total Bonds Payable	<u>28,549,623</u>	<u>-</u>	<u>(5,329,975)</u>	<u>23,219,648</u>	<u>5,614,975</u>
Developer agreement payable	63,950,023	8,947,700	(245,667)	72,652,056	-
Due to County of Los Angeles	<u>1,286,752</u>	<u>-</u>	<u>(1,286,752)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 93,786,398</u>	<u>\$ 8,947,700</u>	<u>\$ (6,862,394)</u>	<u>\$ 95,871,704</u>	<u>\$ 5,614,975</u>

Special Tax Bonds

1996 Special Tax Refunding Bonds (The Fashion Plaza Project)

In 1996, the Community Development Commission issued \$51,220,000 of Special Tax Refunding Bonds comprised of \$9,980,000 of serial bonds and \$41,240,000 of term bonds to finance public parking facilities, street and other improvements located in or adjacent to the Community Development Commission Community Facilities District. The serial bonds matured during the fiscal year ended June 30, 2007. The term bonds bear interest at a rate from 5.75% to 6.0% payable semiannually and are due September 1, 2022. The term bonds are not subject to optional redemption; mandatory redemption begins September 1, 2007, then annually thereafter through September 1, 2022. Interest is payable semiannually on March 1 and September 1 of each year. The bonds are secured by and payable from a portion of the revenues derived from an annual special tax to be levied against all taxable real property within the Special Assessment District. In addition, the Commission has pledged certain other incremental revenues generated within the District consisting of property taxes and sales taxes. In addition, the reserve requirement of \$5,002,670 was fully funded at June 30, 2020. There was a bond call on March 1, 2016, for \$425,000. The outstanding principal balance of the bonds at June 30, 2020 was \$12,695,000.

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

20) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities, (continued)

Special Tax Bonds, (continued)

1996 Special Tax Refunding Bonds (The Fashion Plaza Project), (continued)

The annual debt service requirements on the 1996 Special Tax Bonds as of June 30, 2020 were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,735,000	\$ 649,650	\$ 4,384,650
2022	4,055,000	415,950	4,470,950
2023	4,905,000	147,150	5,052,150
Total	<u>\$ 12,695,000</u>	<u>\$ 1,212,750</u>	<u>\$ 13,907,750</u>

Tax Allocation Bonds

2017 Tax Allocation Revenue Refunding Bonds

On February 14, 2017, the Successor Agency issued Tax Allocation Revenue Refunding bonds, Series 2017A (Tax-Exempt) and 2017B (Federally Taxable). These bonds refinanced the 1998 Housing Set-Aside Tax Allocation Bonds Series A & B, the 2001 Housing Set-Aside Tax Allocation Revenue Bonds, the 2002 Tax Allocation Refunding Bonds and the 1999 Taxable Variable Rate Demand Tax Allocation Bonds. The bonds are payable from and secured solely from the Trust Estate, which will consist primarily of principal and interest payments on the Local Obligations to be purchased by the Authority as set forth in the Agency Indenture. The interest on the Series A bonds is payable semiannually on September 1 and March 1 of each year at interest rates ranging from 2% to 5%. The principal of the Series A bonds is due annually throughout 2026, in amounts ranging from \$400,000 to \$670,000. The interest on the Series B bonds is payable semiannually on September 1 and March 1 of each year at interest rates ranging from 1% to 3.75%. The principal of the Series B bonds is due annually throughout 2032, in amounts ranging from \$145,000 to \$1,215,000. The required reserve of \$1,537,074 at June 30, 2020 was fully funded. The principal balance of outstanding bonds at June 30, 2020 was \$10,315,000.

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

City of West Covina

Notes to Basic Financial Statements For the Year Ended June 30, 2020

20) SUCCESSOR AGENCY DISCLOSURES, (continued)

Long-Term Liabilities, (continued)

Tax Allocation Bonds (continued)

2017 Tax Allocation Revenue Refunding Bonds (continued)

The annual debt service requirements on the 2017 Tax Allocation Revenue Refunding Bonds as of June 30, 2020 were as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,865,000	\$ 305,641	\$ 2,170,641
2022	1,615,000	253,006	1,868,006
2023	1,425,000	205,613	1,630,613
2024	1,255,000	160,406	1,415,406
2025	1,290,000	117,281	1,407,281
2026-2030	2,620,000	235,929	2,855,929
2031-2032	245,000	8,156	253,156
Total	<u>\$ 10,315,000</u>	<u>\$ 1,286,032</u>	<u>\$ 11,601,032</u>

Developer Agreement Payable

On June 26, 1989, the Commission entered into an agreement with a developer to share certain future tax revenues generated by the Community Facilities District. Since 1992, the developer's share of revenues totaled \$55,372,039, the unpaid balance accrues interest at a rate of 10%. The Commission has made payments to the developer totaling \$21,678,037. The balance outstanding at June 30, 2020 was \$72,652,056.

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%. As of June 30, 2020, the Successor Agency has repaid the final balance of \$1,286,752 of the loan to the County.

**Notes to Basic Financial Statements
For the Year Ended June 30, 2020**

20) SUCCESSOR AGENCY DISCLOSURES, (continued)

Net Position Restatement

The beginning net position of the Successor Agency Private Purpose Trust Fund was restated by \$2,088,820 to \$66,659,581 due to the omission of an accrual in the prior year in error.

21) SUBSEQUENT EVENTS

On July 23, 2020, the City of West Covina issued 2020 Lease Revenue Bonds, 2020 Series A in the amount of \$204,095,000 for the purposes of funding all or a portion of its CalPERS Obligation, capital improvements for the City, a reserve for the 2020A Bonds and its cost of issuance. The 2020 Series A Bond was placed with U.S. Bank National Association.

22) COVID-19 AND THE CITY'S ABILITY TO CONTINUE AS A GOING-CONCERN

On March 4, 2020, Governor Newsom proclaimed a State of Emergency in response to the global outbreak of the novel coronavirus, or COVID-19. The Governor issued a "Shelter-in-Place" order on March 19, 2020 to slow the spread of the virus. With the disruption to the economy and the unanticipated loss of revenue to the City, staff immediately began analyzing potential impacts to City finances. As this was an unrepresented crisis, quick decisions were made to postpone non-essential expenditures and implement a hiring freeze for all non-essential positions.

Although the City's services are considered essential, the City Hall was temporarily closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales taxes, are directly impacted by these events, it is probable that this matter will negatively impact the future revenue of the City. On May 19, 2020, the City declared the Fiscal Emergency as part of the City's on-going process to address and improve the City's fiscal position.

In August 2020, Governor Newsom introduced a "Tiered State Monitoring" system to provide a framework towards the safe reopening of businesses within each county. Los Angeles County has been Purple (Widespread) Tier since the introduction of the monitoring system. Through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) the Federal Government provided governments financial assistance to help address the impacts of COVID-19. However, there was no flexibility to utilize the funding for revenue losses.

Eligibility for CARES Act funding required a local government agency to have a population that exceeds 500,000. Since the City did not meet this criterion, relief for the financial impacts of COVID-19 were limited to programs offered from the State's CARES Act allocations. The City applied for and was granted \$1,308,784 from the State. These funds were received in fiscal year 2020-21 and will help offset any revenue losses or expenditure impacts from the COVID-19 pandemic.

On December 1, 2020, the California State Auditor has reported that West Covina is a high-risk city because of the significant risks it faces related to its financial and operational management.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

Measurement Period	2013-14	2014-15	2015-16	2016-17	2017-18
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,653,769	\$ 1,454,757	\$ 1,395,164	\$ 1,568,756	\$ 1,598,999
Interest	9,849,865	10,180,561	10,423,152	10,499,411	10,735,301
Changes of Benefit Terms	-	-	-	8,138,458	-
Difference Between Expected and Actual Experience	-	(134,455)	(568,485)	(1,086,666)	884,485
Changes of Assumptions	-	(2,336,836)	-	-	(792,110)
Benefit Payments, Including Refunds of Employee Contributions	(6,835,867)	(7,534,397)	(8,197,448)	(8,527,256)	(9,225,744)
Net Change in Total Pension Liability	4,667,767	1,629,630	3,052,383	10,592,703	3,200,931
Total Pension Liability - Beginning	133,922,583	138,590,350	140,219,980	143,272,363	153,865,066
Total Pension Liability - Ending (a)	\$ 138,590,350	\$ 140,219,980	\$ 143,272,363	\$ 153,865,066	\$ 157,065,997
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 1,441,234	\$ 1,507,469	\$ 1,871,710	\$ 2,449,585	\$ 2,610,696
Contributions - Employee	921,495	714,712	819,011	788,064	785,970
Net Investment Income	17,189,513	2,500,142	590,110	11,531,815	9,216,240
Benefit Payments, Including Refunds of Employee Contributions	(6,835,867)	(7,534,397)	(8,197,448)	(8,527,256)	(9,225,744)
Plan to Plan Resource Movement	-	307	(4,880)	-	(266)
Administrative Expense	-	(123,626)	(66,948)	(154,821)	(172,889)
Other Miscellaneous Income/(Expense) ¹	-	-	-	-	(328,320)
Net Change in Fiduciary Net Position	12,716,375	(2,935,393)	(4,988,445)	6,087,387	2,885,687
Plan Fiduciary Net Position - Beginning	100,069,306	112,785,681	109,850,288	104,861,843	110,949,230
Plan Fiduciary Net Position - Ending (b)	\$ 112,785,681	\$ 109,850,288	\$ 104,861,843	\$ 110,949,230	\$ 113,834,917
Plan Net Pension Liability - Ending (a) - (b)	\$ 25,804,669	\$ 30,369,692	\$ 38,410,520	\$ 42,915,836	\$ 43,231,080
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.38%	78.34%	73.19%	72.11%	72.48%
Covered Payroll	\$ 10,025,879	\$ 9,381,292	\$ 9,349,710	\$ 14,062,225	\$ 12,173,646
Plan Net Pension Liability as a Percentage of Covered Payroll	257.38%	323.73%	410.82%	305.19%	355.12%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68)

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Measurement Period	<u>2018-19</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 1,488,940
Interest	11,031,185
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	1,166,025
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(9,388,384)</u>
Net Change in Total Pension Liability	4,297,766
Total Pension Liability - Beginning	157,065,997
Total Pension Liability - Ending (a)	<u>\$ 161,363,763</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 3,041,783
Contributions - Employee	597,814
Net Investment Income	7,327,093
Benefit Payments, Including Refunds of Employee Contributions	(9,388,384)
Plan to Plan Resource Movement	-
Administrative Expense	(81,235)
Other Miscellaneous Income/(Expense) ¹	<u>266</u>
Net Change in Fiduciary Net Position	1,497,337
Plan Fiduciary Net Position - Beginning	113,834,917
Plan Fiduciary Net Position - Ending (b)	<u>\$ 115,332,254</u>
Plan Net Pension Liability - Ending (a) - (b)	<u>\$ 46,031,509</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%
Covered Payroll	\$ 8,498,816
Plan Net Pension Liability as a Percentage of Covered Payroll	541.62%

City of West Covina

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

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Actuarially Determined Contribution	\$ 1,507,469	\$ 1,871,710	\$ 2,449,585	\$ 2,610,696	\$ 3,041,539
Contributions in Relation to the Actuarially Determined Contribution	(1,507,469)	(1,871,710)	(2,449,585)	(2,610,696)	(3,041,539)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 9,381,292	\$ 9,349,710	\$ 14,062,225	\$ 12,173,646	\$ 8,498,816
Contributions as a Percentage of Covered Payroll	16.07%	20.02%	17.42%	21.45%	35.79%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2018 Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2017, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2013, Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses, includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

	Fiscal Year
	2019-20
Actuarially Determined Contribution	<u>\$ 3,588,349</u>
Contributions in Relation to the Actuarially Determined Contribution	<u>(3,588,349)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Payroll	\$ 7,843,755
Contributions as a Percentage of Covered Payroll	45.75%

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

Measurement Period	2013-14	2014-15	2015-16	2016-17	2017-18
TOTAL PENSION LIABILITY					
Service Cost	\$ 4,824,545	\$ 4,604,800	\$ 4,729,431	\$ 5,376,792	\$ 5,300,363
Interest	23,426,151	24,117,128	24,899,740	25,330,388	26,141,448
Changes of Benefit Terms	-	-	-	-	-
Difference Between Expected and Actual Experience	-	(1,760,971)	(145,882)	(2,764,123)	2,470,547
Changes of Assumptions	-	(5,858,071)	-	21,000,606	(1,644,342)
Benefit Payments, Including Refunds of Employee Contributions	(17,362,607)	(17,865,208)	(18,951,025)	(19,858,900)	(20,444,515)
Net Change in Total Pension Liability	10,888,089	3,237,678	10,532,264	29,084,763	11,823,501
Total Pension Liability - Beginning	318,617,717	329,505,806	332,743,484	343,275,748	372,360,511
Total Pension Liability - Ending (a)	\$ 329,505,806	\$ 332,743,484	\$ 343,275,748	\$ 372,360,511	\$ 384,184,012
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 6,403,118	\$ 7,339,064	\$ 8,387,165	\$ 10,058,079	\$ 10,515,780
Contributions - Employee	2,416,548	1,628,630	1,660,160	1,818,024	1,830,019
Net Investment Income	34,775,710	5,057,426	1,179,228	23,916,665	19,582,552
Benefit Payments, Including Refunds of Employee Contributions	(17,362,607)	(17,865,208)	(18,951,025)	(19,858,900)	(20,444,515)
Plan to Plan Resource Movement	-	10,338	4,880	-	(568)
Administrative Expense	-	(254,287)	(137,683)	(321,946)	(364,120)
Other Miscellaneous Income/(Expense) ¹	-	-	-	-	(691,471)
Net Change in Fiduciary Net Position	26,232,769	(4,084,037)	(7,857,275)	15,611,922	10,427,677
Plan Fiduciary Net Position - Beginning	203,765,462	229,998,231	225,914,194	218,056,919	233,668,841
Plan Fiduciary Net Position - Ending (b)	\$ 229,998,231	\$ 225,914,194	\$ 218,056,919	\$ 233,668,841	\$ 244,096,518
Plan Net Pension Liability - Ending (a) - (b)	\$ 99,507,575	\$ 106,829,290	\$ 125,218,829	\$ 138,691,670	\$ 140,087,494
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.80%	67.89%	63.52%	62.75%	63.54%
Covered Payroll	\$ 16,974,682	\$ 16,517,686	\$ 17,288,458	\$ 17,084,933	\$ 14,051,195
Plan Net Pension Liability as a Percentage of Covered Payroll	586.21%	646.76%	724.29%	811.78%	996.98%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Measurement Period	<u>2018-19</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 5,573,847
Interest	26,959,893
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	706,038
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(21,231,071)</u>
Net Change in Total Pension Liability	12,008,707
Total Pension Liability - Beginning	<u>384,184,012</u>
Total Pension Liability - Ending (a)	<u>\$ 396,192,719</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 11,176,490
Contributions - Employee	1,731,882
Net Investment Income	15,909,762
Benefit Payments, Including Refunds of Employee Contributions	(21,231,071)
Plan to Plan Resource Movement	-
Administrative Expense	(174,192)
Other Miscellaneous Income/(Expense) ¹	<u>568</u>
Net Change in Fiduciary Net Position	7,413,439
Plan Fiduciary Net Position - Beginning	<u>244,096,518</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 251,509,957</u>
Plan Net Pension Liability - Ending (a) - (b)	<u>\$ 144,682,762</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.48%
Covered Payroll	\$ 16,289,859
Plan Net Pension Liability as a Percentage of Covered Payroll	888.18%

City of West Covina

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

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Actuarially Determined Contribution	\$ 7,339,064	\$ 8,387,165	\$ 10,058,079	\$ 10,515,780	\$ 11,174,096
Contributions in Relation to the Actuarially Determined Contribution	(7,339,064)	(8,387,165)	(10,058,079)	(10,515,780)	(11,174,096)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 16,517,686	\$ 17,288,458	\$ 17,084,933	\$ 14,051,195	\$ 16,289,859
Contributions as a Percentage of Covered Payroll	44.43%	48.51%	58.87%	74.84%	68.60%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2018 Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2017, Funding Valuation Report.
Asset Valuation Method	
Inflation	Actuarial Value of Assets. For details, see June 30, 2013, Funding Valuation Report. 2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses, includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

	Fiscal Year 2019-20
Actuarially Determined Contribution	<u>\$ 12,592,730</u>
Contributions in Relation to the Actuarially Determined Contribution	<u>(12,592,730)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Payroll	\$ 16,447,485
Contributions as a Percentage of Covered Payroll	76.56%

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

Measurement Period	2013-14	2014-15	2015-16	2016-2017	2017-2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 36,000	\$ 36,000	\$ 40,000	\$ 35,733	\$ 29,701
Interest	36,000	28,000	32,000	35,268	46,463
Difference Between Expected and Actual Experience	-	(72,000)	-	98,508	-
Changes of Assumptions	-	200,000	(37,000)	(85,060)	10,475
Changes in benefits	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(64,000)	(9,000)	(91,000)	(42,877)	(56,554)
Net Change in Total Pension Liability	8,000	183,000	(56,000)	41,572	30,085
Total Pension Liability - Beginning	755,000	763,000	946,000	890,000	931,572
Total Pension Liability - Ending (a)	\$ 763,000	\$ 946,000	\$ 890,000	\$ 931,572	\$ 961,657
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 65,000	\$ 56,000	\$ 56,000	\$ 61,019	\$ 60,056
Contributions - Employee	-	-	-	-	-
Net Investment Income	12,000	3,000	(1,000)	10,029	8,234
Benefit Payments, Including Refunds of Employee Contributions	(64,000)	(9,000)	(91,000)	(42,877)	(56,554)
Plan to Plan Resource Movement	-	-	-	-	-
Administrative Expense	(3,000)	(7,000)	(1,000)	(9,456)	(775)
Net Change in Fiduciary Net Position	10,000	43,000	(37,000)	18,715	10,961
Plan Fiduciary Net Position - Beginning	109,000	119,000	162,000	125,000	143,715
Plan Fiduciary Net Position - Ending (b)	\$ 119,000	\$ 162,000	\$ 125,000	\$ 143,715	\$ 154,676
Plan Net Pension Liability - Ending (a) - (b)	\$ 644,000	\$ 784,000	\$ 765,000	\$ 787,857	\$ 806,981
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	15.60%	17.12%	14.04%	15.43%	16.08%
Covered Employee Payroll ⁽¹⁾⁽²⁾	n/a	n/a	\$ 13,388,000	n/a	\$ 15,855,534
Plan Net Pension Liability as a Percentage of Covered Payroll	n/a	n/a	5.71%	n/a	5.09%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: None.

Changes in Assumptions: In 2019, the discount rate was updated to 3.90% and the mortality improvement scale was updated to Scale MP-2019. In 2018, the discount rate used to measure the total pension liability was 4.86 percent. In 2017, amounts reported reflect an adjustment of the discount rate from 3.90 percent to 4.98 percent. In 2016, amounts reported reflect an adjustment of the discount rate from 3.50 percent to 3.90 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 4.80 percent to 3.50 percent. In 2014, amounts reported were based on the 4.80 percent discount rate.

(1) Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 68 defines covered-employee payroll as the total payroll of employees that are provided with pensions through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

(2) Covered employee payroll was for the 12-month period ended on the Measurement Date as reported by the City.

Measurement Period	<u>2018-2019</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 29,665
Interest	46,211
Difference Between Expected and Actual Experience	45,697
Changes of Assumptions	90,640
Changes in benefits	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(80,968)</u>
Net Change in Total Pension Liability	131,245
Total Pension Liability - Beginning	961,657
Total Pension Liability - Ending (a)	<u>\$ 1,092,902</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 62,350
Contributions - Employee	-
Net Investment Income	6,567
Benefit Payments, Including Refunds of Employee Contributions	(80,968)
Plan to Plan Resource Movement	-
Administrative Expense	<u>(769)</u>
Net Change in Fiduciary Net Position	(12,820)
Plan Fiduciary Net Position - Beginning	154,676
Plan Fiduciary Net Position - Ending (b)	<u>\$ 141,856</u>
Plan Net Pension Liability - Ending (a) - (b)	<u>\$ 951,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	12.98%
Covered Employee Payroll ⁽¹⁾⁽²⁾	\$ 14,447,921
Plan Net Pension Liability as a Percentage of Covered Payroll	6.58%

City of West Covina

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

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Actuarially Determined Contribution	\$ 82,000	\$ 105,000	\$ 105,000	\$ 104,000	\$ 134,000
Contributions in Relation to the Actuarially Determined Contribution	(56,000)	(59,000)	(66,000)	(60,056)	(62,350)
Contribution Deficiency (Excess)	\$ 26,000	\$ 46,000	\$ 39,000	\$ 43,944	\$ 71,650
Covered Employee Payroll ^{(1) (2)}	n/a	\$ 13,737,000	n/a	n/a	\$ 14,447,921
Contributions as a Percentage of Covered Payroll	n/a	0.43%	n/a	n/a	0.43%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount
	7-year fixed (closed) period for 2019/20
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
	At least 80% but no more than 120% of market value
Discount Rate:	6%
All Other Assumptions:	Same as those used to develop the TPL

(1) Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 68 defines covered-employee payroll as the total payroll of employees that are provided with pensions through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

(2) Covered employee payroll was for the 12-month period ended on June 30 of the fiscal year as reported by the City.

	Fiscal Year
	2019-20
Actuarially Determined Contribution	\$ 134,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(56,957)</u>
Contribution Deficiency (Excess)	<u>\$ 77,043</u>
Covered Employee Payroll ⁽¹⁾	\$ 10,222,450
Contributions as a Percentage of Covered Payroll	0.56%

City of West Covina

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

Measurement Period	2013-14	2014-15	2015-16	2016-17	2017-18
TOTAL PENSION LIABILITY					
Service Cost	\$ 112,000	\$ 116,000	\$ 30,000	\$ 20,388	\$ 12,235
Interest	168,000	178,000	141,000	161,327	130,692
Difference Between Expected and Actual Experience	-	(643,000)	-	(111,492)	-
Changes of Assumptions	-	346,000	(455,000)	803,038	(101,877)
Changes in benefits	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(82,000)	(104,000)	(137,000)	(136,317)	(139,056)
Net Change in Total Pension Liability	198,000	(107,000)	(421,000)	736,944	(98,006)
Total Pension Liability - Beginning	2,959,000	3,157,000	3,050,000	2,629,000	3,365,944
Total Pension Liability - Ending (a)	\$ 3,157,000	\$ 3,050,000	\$ 2,629,000	\$ 3,365,944	\$ 3,267,938
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 59,000	\$ 78,000	\$ 78,000	\$ 73,467	\$ 74,100
Contributions - Employee	-	-	-	-	-
Net Investment Income	75,000	13,000	9,000	49,861	36,931
Benefit Payments, Including Refunds of Employee Contributions	(82,000)	(104,000)	(137,000)	(136,317)	(139,056)
Plan to Plan Resource Movement	-	-	-	-	-
Administrative Expense	(6,000)	(6,000)	(4,000)	(8,431)	(3,379)
Net Change in Fiduciary Net Position	46,000	(19,000)	(54,000)	(21,420)	(31,404)
Plan Fiduciary Net Position - Beginning	660,000	706,000	687,000	633,000	611,580
Plan Fiduciary Net Position - Ending (b)	\$ 706,000	\$ 687,000	\$ 633,000	\$ 611,580	\$ 580,176
Plan Net Pension Liability - Ending (a) - (b)	\$ 2,451,000	\$ 2,363,000	\$ 1,996,000	\$ 2,754,364	\$ 2,687,762
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.36%	22.52%	24.08%	18.17%	17.75%
Covered Employee Payroll ⁽¹⁾⁽²⁾	n/a	n/a	\$ 143,000	n/a	\$ 172,512
Plan Net Pension Liability as a Percentage of Covered Payroll	n/a	n/a	1395.80%	n/a	1558.01%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Changes in Benefit Terms: None.

Changes in Assumptions: In 2019, the discount rate was updated to 3.63% and the mortality improvement scale was updated to Scale MP-2019. In 2018, the discount rate used to measure the total pension liability was 4.16 percent. In 2017, amounts reported reflect an adjustment of the discount rate from 6.25 percent to 3.95 percent. In 2016, amounts reported reflect an adjustment of the discount rate from 4.70 percent to 6.25 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 5.55 percent to 4.70 percent. In 2014, amounts reported were based on the 5.55 percent discount rate.

(1) Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 68 defines covered-employee payroll as the total payroll of employees that are provided with pensions through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

(2) Covered employee payroll was for the 12-month period ended on the Measurement Date as reported by the City.

Measurement Period	<u>2018-19</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 11,963
Interest	133,267
Difference Between Expected and Actual Experience	477,904
Changes of Assumptions	281,983
Changes in benefits	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(152,749)</u>
Net Change in Total Pension Liability	752,368
Total Pension Liability - Beginning	3,267,938
Total Pension Liability - Ending (a)	<u>\$ 4,020,306</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 78,102
Contributions - Employee	-
Net Investment Income	31,817
Benefit Payments, Including Refunds of Employee Contributions	(152,749)
Plan to Plan Resource Movement	-
Administrative Expense	<u>(3,109)</u>
Net Change in Fiduciary Net Position	(45,939)
Plan Fiduciary Net Position - Beginning	580,176
Plan Fiduciary Net Position - Ending (b)	<u>\$ 534,237</u>
Plan Net Pension Liability - Ending (a) - (b)	<u>\$ 3,486,069</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	13.29%
Covered Employee Payroll ⁽¹⁾	\$ 179,572
Plan Net Pension Liability as a Percentage of Covered Payroll	1941.32%

City of West Covina

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

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Actuarially Determined Contribution	\$ 439,000	\$ 439,000	\$ 279,000	\$ 278,000	\$ 314,000
Contributions in Relation to the Actuarially Determined Contribution	(78,000)	(78,000)	(73,000)	(74,100)	(78,102)
Contribution Deficiency (Excess)	<u>\$ 361,000</u>	<u>\$ 361,000</u>	<u>\$ 206,000</u>	<u>\$ 203,900</u>	<u>\$ 235,898</u>
Covered Employee Payroll ⁽¹⁾⁽²⁾	n/a	n/a	\$ 96,000	n/a	\$ 179,572
Contributions as a Percentage of Covered Payroll	n/a	n/a	76.04%	n/a	43.49%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level dollar amount
	7-year fixed (closed) period for 2019/20
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
	At least 80% but no more than 120% of market value
Discount Rate:	6%
All Other Assumptions:	Same as those used to develop the TPL

(1) Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 68 defines covered-employee payroll as the total payroll of employees that are provided with pensions through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

(2) Covered employee payroll was for the 12-month period ended on June 30 of the fiscal year as reported by the City.

	Fiscal Year
	2019-20
Actuarially Determined Contribution	\$ 313,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(77,814)</u>
Contribution Deficiency (Excess)	<u>\$ 235,186</u>
Covered Employee Payroll ⁽¹⁾	\$ 219,555
Contributions as a Percentage of Covered Payroll	35.44%

City of West Covina

**Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Ten Years***

Fiscal Year End	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Measurement Period	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>
Total OPEB Liability			
Service cost	\$ 1,913,541	\$ 1,619,250	\$ 1,545,500
Interest	1,889,517	2,158,673	2,285,257
Differences between expected and actual experience	-	-	(1,738,131)
Changes of assumptions	(7,040,369)	(2,524,608)	2,887,380
Benefit payments	(2,467,893)	(2,470,254)	(2,384,056)
Net change in total OPEB liability	<u>(5,705,204)</u>	<u>(1,216,939)</u>	2,595,950
Total OPEB liability - beginning	<u>65,619,220</u>	<u>59,914,016</u>	<u>58,697,077</u>
Total OPEB liability - ending	<u>59,914,016</u>	<u>58,697,077</u>	<u>61,293,027</u>
Covered-employee payroll ⁽¹⁾	\$ 26,527,000	\$ 28,239,505	\$ 26,672,215
Total OPEB liability as a percentage of covered employee-payroll	225.9%	207.9%	229.8%

Notes to Schedule:

Changes in assumptions: Discount rate was updated on municipal bond rate as of the measurement date. Mortality improvement scale was also updated to Scale MP-2019. Discount rate increased from 3.87% at June 30, 2018 to 3.50% at June 30, 2019. Discount rate increased from 3.58% at June 30, 2017 to 3.87% at June 30, 2018. Discount rate increased from 2.85% at June 30, 2016 to 3.58% at June 30, 2017.

The City does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available. Fiscal Year 2017-18 was the first year of implementation.

(1) Covered-employee payroll represented above is based on covered-employee payroll provided by the employer. GASB 75 defines covered-employee payroll as the total payroll of employees that are provided OPEBs through the OPEB plan. Contributions are not based on a measure of pay, therefore, covered-employee payroll is used in this schedule.

City of West Covina

**Required Supplementary Information
General Fund**

General Fund

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

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 52,488,100	\$ 52,579,300	\$ 53,768,822	\$ 1,189,522
Licenses and permits	1,048,700	1,688,700	1,491,744	(196,956)
Fines and forfeitures	840,000	840,000	921,872	81,872
Investment income	208,900	228,900	1,667,494	1,438,594
Rental income	719,300	719,300	700,455	(18,845)
Revenue from other agencies	2,290,500	2,552,500	2,645,700	93,200
Charges for services	7,142,100	7,109,600	7,381,617	272,017
Other revenues	496,000	2,562,346	2,357,219	(205,127)
Total revenues	<u>65,233,600</u>	<u>68,280,646</u>	<u>70,934,923</u>	<u>2,654,277</u>
EXPENDITURES				
Current:				
General government	6,355,625	6,822,625	6,457,768	364,857
Public safety	51,707,665	52,947,250	55,337,813	(2,390,563)
Public works	3,802,135	4,624,455	4,349,341	275,114
Community services	2,600,266	2,760,266	2,512,749	247,517
Community development	510,922	510,922	502,326	8,596
Debt service:				
Interest and fiscal charges	-	-	4,000	(4,000)
Total expenditures	<u>64,976,613</u>	<u>67,665,518</u>	<u>69,163,997</u>	<u>(1,498,479)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>256,987</u>	<u>615,128</u>	<u>1,770,926</u>	<u>1,155,798</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	196,759	196,759	196,759	-
Transfers in	157,673	157,673	-	(157,673)
Transfers out	(578,918)	(1,146,118)	(1,474,057)	(327,939)
Total other financing sources (uses)	<u>(224,486)</u>	<u>(791,686)</u>	<u>(1,277,298)</u>	<u>(485,612)</u>
Net change in fund balance	32,501	(176,558)	493,628	670,186
Fund balance, beginning of year	<u>19,181,696</u>	<u>19,181,696</u>	<u>19,181,696</u>	-
Fund balance, end of year	<u>\$ 19,214,197</u>	<u>\$ 19,005,138</u>	<u>\$ 19,675,324</u>	<u>\$ 670,186</u>

City of West Covina

Required Supplementary Information Major Special Revenue Funds

West Covina Housing Authority Special Revenue Fund

This fund accounts for assets and related income received from the former Community Development Commission to be used for the administration of providing affordable housing in the City.

State Gas Tax Special Revenue Fund

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.

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
West Covina Housing Authority Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 444,792	\$ 444,792
Revenue from other agencies	-	-	36,034	36,034
Other revenues	-	-	52,731	52,731
Total revenues	-	-	533,557	533,557
EXPENDITURES				
Current:				
Public Safety	207,722	231,077	189,368	41,709
Community development	482,158	798,080	526,695	271,385
Total expenditures	689,880	1,029,157	716,063	313,094
Excess (deficiency) of revenues over (under) expenditures	(689,880)	(1,029,157)	(182,506)	846,651
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(33,000)	-	33,000
Total other financing sources (uses)	-	(33,000)	-	33,000
Net change in fund balance	(689,880)	(1,062,157)	(182,506)	879,651
Fund balance, beginning of year	24,674,322	24,674,322	24,674,322	-
Fund balance, end of year	\$ 23,984,442	\$ 23,612,165	\$ 24,491,816	\$ 879,651

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$ -	\$ -	\$ 55,139	\$ 55,139
Revenue from other agencies	4,478,141	4,478,141	4,400,170	(77,971)
Charges for services	-	-	23	23
Other revenues	122,068	122,068	184,192	62,124
Total revenues	4,600,209	4,600,209	4,639,524	39,315
EXPENDITURES				
Current:				
General government	2,500	2,500	2,980	(480)
Public works	1,949,548	3,794,071	3,308,598	485,473
Total expenditures	1,952,048	3,796,571	3,311,578	484,993
Excess (deficiency) of revenues over (under) expenditures	2,648,161	803,638	1,327,946	524,308
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	567,148	567,148
Total other financing sources (uses)	-	-	567,148	567,148
Net change in fund balance	2,648,161	803,638	1,895,094	1,091,456
Fund balance, beginning of year	2,825,217	2,825,217	2,825,217	-
Fund balance, end of year	\$ 5,473,378	\$ 3,628,855	\$ 4,720,311	\$ 1,091,456

**Notes to Required Supplementary Information
June 30, 2020**

1) BUDGETARY INFORMATION

The annual budget adopted by the City Council provides for the general operation of the City. The annual budget is adopted in summary by the City Council in June of each year for the General Fund, special revenue funds, debt service fund and capital projects funds. For the fiscal year ending June 30, 2020 the City adopted budgets for the general fund, special revenue funds, debt service fund, and capital projects funds with the exception of the SAFER Grant, Integrated Waste Management, Art in Public Places Special Revenue Funds, Park Development and Development Impact Fees Capital Projects Fund. The resolution sets a combined appropriation of the funds for the operation of the City.

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

City of West Covina

**Notes to Required Supplementary Information
June 30, 2020**

2) EXPENDITURES IN EXCESS OF APPROPRIATIONS

<u>Governmental Funds</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Major Fund - General Fund:			
Public safety	\$ 52,947,250	\$ 55,337,813	\$ (2,390,563)
Debt service:			
Interest and fiscal charges	-	4,000	(4,000)
Major Fund - State Gas Tax:			
General Government	2,500	2,980	(480)
Non-Major Special Revenue Funds:			
Measure M	33,722	69,642	(35,920)
Proposition A	2,255,183	2,255,247	(64)
Various Grant	281,051	367,317	(86,266)
CDBG	20,118	22,341	(2,223)
Non-Major Capital Projects Funds:			
Park Development	-	65	(65)

**SUPPLEMENTARY
INFORMATION**

Non-Major Governmental Funds

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

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

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

City of West Covina

**Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020**

	Special Revenue Funds	City Debt Service Fund	Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS				
Cash and investments	\$ 33,011,370	\$ 1,200,611	\$ 1,802,306	\$ 36,014,287
Cash and investments with fiscal agent	-	2,570,106	-	2,570,106
Receivables, net:				
Accounts	259,771	36,523	-	296,294
Taxes	236,502	-	-	236,502
Other	99,452	250,000	-	349,452
Due from other agencies	222,472	-	-	222,472
 Total assets	 <u>\$ 33,829,567</u>	 <u>\$ 4,057,240</u>	 <u>\$ 1,802,306</u>	 <u>\$ 39,689,113</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,643,391	\$ 1,250	\$ 15,491	\$ 2,660,132
Other accrued liabilities	159,874	-	-	159,874
Deposit payable	340	-	-	340
Due to other funds	782,605	-	-	782,605
Advances from other funds	332,173	-	-	332,173
Unearned revenue	10,675	-	-	10,675
 Total liabilities	 <u>3,929,058</u>	 <u>1,250</u>	 <u>15,491</u>	 <u>3,945,799</u>
Deferred inflows of resources:				
Unavailable revenue	200,469	-	-	200,469
 Fund Balances:				
Restricted:				
Debt service	-	4,055,990	-	4,055,990
Community services	4,843,488	-	-	4,843,488
Public safety	7,730,436	-	-	7,730,436
Public works	18,285,074	-	-	18,285,074
Assigned	-	-	1,786,815	1,786,815
Unassigned	(1,158,958)	-	-	(1,158,958)
 Total fund balances	 <u>29,700,040</u>	 <u>4,055,990</u>	 <u>1,786,815</u>	 <u>35,542,845</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 33,829,567</u>	 <u>\$ 4,057,240</u>	 <u>\$ 1,802,306</u>	 <u>\$ 39,689,113</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds
For the Year Ended June 30, 2020**

	Special Revenue Funds	City Debt Service Fund	Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES				
Taxes	\$ 8,729,761	\$ -	\$ 89,673	\$ 8,819,434
Special assessments	6,490,254	-	-	6,490,254
Investment income	387,401	110,097	12,122	509,620
Revenue from other agencies	6,990,284	1,314,727	-	8,305,011
Charges for services	22,656	286,523	-	309,179
Other revenues	594,978	-	594,870	1,189,848
	<u>23,215,334</u>	<u>1,711,347</u>	<u>696,665</u>	<u>25,623,346</u>
EXPENDITURES				
Current:				
General government	27,344	-	-	27,344
Public safety	3,055,629	-	274,761	3,330,390
Public works	9,534,132	-	70,153	9,604,285
Community services	4,750,238	-	65	4,750,303
Community development	185,537	-	-	185,537
Debt service:				
Principal	-	1,833,918	-	1,833,918
Interest and fiscal charges	-	1,928,807	-	1,928,807
	<u>17,552,880</u>	<u>3,762,725</u>	<u>344,979</u>	<u>21,660,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,662,454</u>	<u>(2,051,378)</u>	<u>351,686</u>	<u>3,962,762</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,000	578,918	339,847	927,765
Transfers out	(191,042)	-	(11,856)	(202,898)
Total other financing sources (uses)	<u>(182,042)</u>	<u>578,918</u>	<u>327,991</u>	<u>724,867</u>
Net change in fund balance	5,480,412	(1,472,460)	679,677	4,687,629
Fund balances, beginning of year	<u>24,219,628</u>	<u>5,528,450</u>	<u>1,107,138</u>	<u>30,855,216</u>
Fund balances, end of year	<u>\$ 29,700,040</u>	<u>\$ 4,055,990</u>	<u>\$ 1,786,815</u>	<u>\$ 35,542,845</u>

Non-Major Governmental Funds – Special Revenue Funds

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

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

Measure M – This fund accounts for the 0.5% sales tax collected in Los Angeles County used for transportation projects.

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.

CESF – This fund is to account for coronavirus emergency supplemental funding received and expenditures in preventing, preparing for, and responding to the event.

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

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

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

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

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

City of West Covina

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

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

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

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

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

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

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

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

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

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

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

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

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

City of West Covina

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

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

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

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

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

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

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

Mental Health Awareness Training – This fund accounts for funding received and expenditure incurred to support jailer mental health awareness training programs.

Measure H – This funding accounts for funding received and expenditures related to prevent and combat homelessness.

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City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2020**

	Drug Enforcement Rebate	Measure M	Air Quality Improvement	Proposition A
ASSETS				
Cash and investments	\$ 6,817,968	\$ 3,034,801	\$ 261,910	\$ -
Receivables, net:				
Accounts	-	-	200,000	-
Taxes	-	-	-	-
Other	-	-	-	-
Due from other agencies	-	-	-	-
Total assets	<u>\$ 6,817,968</u>	<u>\$ 3,034,801</u>	<u>\$ 461,910</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 91,821	\$ 392,601	\$ 145,599	\$ 6,000
Other accrued liabilities	6,563	61,870	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	30,739
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>98,384</u>	<u>454,471</u>	<u>145,599</u>	<u>36,739</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Fund Balances (Deficit):				
Restricted:				
Community services	-	2,580,330	-	-
Public safety	6,719,584	-	-	-
Public works	-	-	316,311	-
Unassigned	-	-	-	(36,739)
Total fund balances (deficit)	<u>6,719,584</u>	<u>2,580,330</u>	<u>316,311</u>	<u>(36,739)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,817,968</u>	<u>\$ 3,034,801</u>	<u>\$ 461,910</u>	<u>\$ -</u>

(continued)

Proposition C	CESF	Police Donations	Transportation Development Act	AB939	Public Safety Augmentation	COPS/SLESA
\$ 1,780,096	\$ -	\$ 36,367	\$ -	\$ 649,206	\$ 430,774	\$ 541,027
-	-	-	-	-	-	-
-	-	-	-	-	117,552	-
-	-	-	-	61,115	-	-
-	2,200	-	994	-	-	-
<u>\$ 1,780,096</u>	<u>\$ 2,200</u>	<u>\$ 36,367</u>	<u>\$ 994</u>	<u>\$ 710,321</u>	<u>\$ 548,326</u>	<u>\$ 541,027</u>
\$ 202,227	\$ 2,341	\$ -	\$ -	\$ 493	\$ -	\$ 104,290
3,479	-	-	-	1,428	19,071	-
-	-	-	-	-	-	-
-	-	-	61,451	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>205,706</u>	<u>2,341</u>	<u>-</u>	<u>61,451</u>	<u>1,921</u>	<u>19,071</u>	<u>104,290</u>
-	-	-	-	-	-	-
1,574,390	-	-	-	-	-	-
-	-	36,367	-	-	529,255	436,737
-	-	-	-	708,400	-	-
-	(141)	-	(60,457)	-	-	-
<u>1,574,390</u>	<u>(141)</u>	<u>36,367</u>	<u>(60,457)</u>	<u>708,400</u>	<u>529,255</u>	<u>436,737</u>
<u>\$ 1,780,096</u>	<u>\$ 2,200</u>	<u>\$ 36,367</u>	<u>\$ 994</u>	<u>\$ 710,321</u>	<u>\$ 548,326</u>	<u>\$ 541,027</u>

City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds (continued)
June 30, 2020**

	Charter PEG	Art in Public Places	Measure R	Inmate Welfare
ASSETS				
Cash and investments	\$ 113,047	\$ 296,815	\$ 2,975,394	\$ 10,087
Receivables, net:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Other	-	-	-	396
Due from other agencies	-	-	-	-
Total assets	<u>\$ 113,047</u>	<u>\$ 296,815</u>	<u>\$ 2,975,394</u>	<u>\$ 10,483</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,198	\$ -	\$ 61,298	\$ 2,000
Other accrued liabilities	-	-	6,091	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>5,198</u>	<u>-</u>	<u>67,389</u>	<u>2,000</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Fund Balances (Deficit):				
Restricted:				
Community services	107,849	296,815	-	-
Public safety	-	-	-	8,483
Public works	-	-	2,908,005	-
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>107,849</u>	<u>296,815</u>	<u>2,908,005</u>	<u>8,483</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 113,047</u>	<u>\$ 296,815</u>	<u>\$ 2,975,394</u>	<u>\$ 10,483</u>

(continued)

West Covina Community Services Foundation	Various Grants	Community Development Block Grant	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub
\$ 255,262	\$ -	\$ 107,540	\$ 10	\$ 2,638,614	\$ 652,613	\$ 366,192
-	59,771	-	-	-	-	-
-	-	-	-	9,576	1,299	124
28,028	70	9,843	-	-	-	-
-	137,431	81,847	-	-	-	-
<u>\$ 283,290</u>	<u>\$ 197,272</u>	<u>\$ 199,230</u>	<u>\$ 10</u>	<u>\$ 2,648,190</u>	<u>\$ 653,912</u>	<u>\$ 366,316</u>
\$ 1,465	\$ 26,595	\$ 279,727	\$ -	\$ 24,453	\$ 859	\$ 3,650
-	24,317	3,796	-	6,570	728	-
-	-	340	-	-	-	-
-	481,638	184,805	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,675	-	-	-	-	-
<u>1,465</u>	<u>543,225</u>	<u>468,668</u>	<u>-</u>	<u>31,023</u>	<u>1,587</u>	<u>3,650</u>
-	-	200,469	-	-	-	-
281,825	-	-	-	-	-	-
-	-	-	10	-	-	-
-	-	-	-	2,617,167	652,325	362,666
-	(345,953)	(469,907)	-	-	-	-
<u>281,825</u>	<u>(345,953)</u>	<u>(469,907)</u>	<u>10</u>	<u>2,617,167</u>	<u>652,325</u>	<u>362,666</u>
<u>\$ 283,290</u>	<u>\$ 197,272</u>	<u>\$ 199,230</u>	<u>\$ 10</u>	<u>\$ 2,648,190</u>	<u>\$ 653,912</u>	<u>\$ 366,316</u>

City of West Covina

**Combining Balance Sheet
Non-Major Special Revenue Funds (continued)
June 30, 2020**

	Maintenance District #4	Maintenance District #6	Maintenance District #7	Citywide Maintenance District
ASSETS				
Cash and investments	\$ 2,282,191	\$ 244,609	\$ 326,859	\$ 1,666,662
Receivables, net:				
Accounts	-	-	-	-
Taxes	12,962	2,242	1,542	23,062
Other	-	-	-	-
Due from other agencies	-	-	-	-
Total assets	<u>\$ 2,295,153</u>	<u>\$ 246,851</u>	<u>\$ 328,401</u>	<u>\$ 1,689,724</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 86,448	\$ 8,729	\$ 5,345	\$ 293,499
Other accrued liabilities	1,917	547	560	1,651
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>88,365</u>	<u>9,276</u>	<u>5,905</u>	<u>295,150</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	-
Fund Balances (Deficit):				
Restricted:				
Community services	-	-	-	-
Public safety	-	-	-	-
Public works	2,206,788	237,575	322,496	1,394,574
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>2,206,788</u>	<u>237,575</u>	<u>322,496</u>	<u>1,394,574</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,295,153</u>	<u>\$ 246,851</u>	<u>\$ 328,401</u>	<u>\$ 1,689,724</u>

(continued)

<u>Sewer Maintenance</u>	<u>Auto Plaza Improvement District</u>	<u>Integrated Waste Management</u>	<u>Mental Health Awareness Training</u>	<u>Measure H</u>	<u>Total Non-Major Special Revenue Funds</u>
\$ 7,364,595	\$ 156,452	\$ -	\$ 2,279	\$ -	\$ 33,011,370
-	-	-	-	-	259,771
60,042	8,101	-	-	-	236,502
-	-	-	-	-	99,452
-	-	-	-	-	222,472
<u>\$ 7,424,637</u>	<u>\$ 164,553</u>	<u>\$ -</u>	<u>\$ 2,279</u>	<u>\$ -</u>	<u>\$ 33,829,567</u>
\$ 844,584	\$ 4,533	\$ -	\$ -	\$ 49,636	\$ 2,643,391
21,286	-	-	-	-	159,874
-	-	-	-	-	340
-	-	11,073	-	12,899	782,605
-	332,173	-	-	-	332,173
-	-	-	-	-	10,675
<u>865,870</u>	<u>336,706</u>	<u>11,073</u>	<u>-</u>	<u>62,535</u>	<u>3,929,058</u>
-	-	-	-	-	200,469
-	-	-	2,279	-	4,843,488
-	-	-	-	-	7,730,436
6,558,767	-	-	-	-	18,285,074
-	(172,153)	(11,073)	-	(62,535)	(1,158,958)
<u>6,558,767</u>	<u>(172,153)</u>	<u>(11,073)</u>	<u>2,279</u>	<u>(62,535)</u>	<u>29,700,040</u>
<u>\$ 7,424,637</u>	<u>\$ 164,553</u>	<u>\$ -</u>	<u>\$ 2,279</u>	<u>\$ -</u>	<u>\$ 33,829,567</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended June 30, 2020**

	Drug Enforcement Rebate	Measure M	Air Quality Improvement	Proposition A
REVENUES				
Taxes	\$ -	\$ 1,470,650	\$ -	\$ 2,102,971
Special assessments	-	-	-	-
Investment income	81,810	40,517	1,523	-
Revenue from other agencies	5,197,210	-	657,470	-
Charges for services	-	-	-	-
Other revenues	1,900	-	-	-
Total revenues	<u>5,280,920</u>	<u>1,511,167</u>	<u>658,993</u>	<u>2,102,971</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	1,652,100	-	-	-
Public works	-	1,383,695	146,000	-
Community services	-	69,642	-	2,255,247
Community development	-	-	-	-
Total expenditures	<u>1,652,100</u>	<u>1,453,337</u>	<u>146,000</u>	<u>2,255,247</u>
Excess of revenues over (under) expenditures	<u>3,628,820</u>	<u>57,830</u>	<u>512,993</u>	<u>(152,276)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(182,042)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(182,042)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,446,778	57,830	512,993	(152,276)
Fund balances (deficit), beginning of year	<u>3,272,806</u>	<u>2,522,500</u>	<u>(196,682)</u>	<u>115,537</u>
Fund balances (deficit), end of year	<u>\$ 6,719,584</u>	<u>2,580,330</u>	<u>\$ 316,311</u>	<u>\$ (36,739)</u>

(continued)

Proposition C	CESF	Police Donations	Transportation Development Act	AB939	Public Safety Augmentation	COPS/SLESA
\$ 1,744,419	\$ -	\$ -	\$ -	\$ -	\$ 773,318	\$ -
-	-	-	-	-	-	-
23,360	-	376	-	7,085	5,049	6,216
-	2,200	-	994	-	-	205,045
-	-	-	-	-	-	-
-	-	11,488	-	256,933	-	-
<u>1,767,779</u>	<u>2,200</u>	<u>11,864</u>	<u>994</u>	<u>264,018</u>	<u>778,367</u>	<u>211,261</u>
-	-	-	-	-	-	-
-	2,341	1,560	-	-	704,585	182,661
570,393	-	-	994	120,501	-	-
1,228,026	-	-	-	-	-	-
39,345	-	-	-	-	-	-
<u>1,837,764</u>	<u>2,341</u>	<u>1,560</u>	<u>994</u>	<u>120,501</u>	<u>704,585</u>	<u>182,661</u>
<u>(69,985)</u>	<u>(141)</u>	<u>10,304</u>	<u>-</u>	<u>143,517</u>	<u>73,782</u>	<u>28,600</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(69,985)</u>	<u>(141)</u>	<u>10,304</u>	<u>-</u>	<u>143,517</u>	<u>73,782</u>	<u>28,600</u>
<u>1,644,375</u>	<u>-</u>	<u>26,063</u>	<u>(60,457)</u>	<u>564,883</u>	<u>455,473</u>	<u>408,137</u>
<u>\$ 1,574,390</u>	<u>\$ (141)</u>	<u>\$ 36,367</u>	<u>\$ (60,457)</u>	<u>\$ 708,400</u>	<u>\$ 529,255</u>	<u>\$ 436,737</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds (continued)
For the Year Ended June 30, 2020**

	Charter PEG	Art in Public Places	Measure R	Inmate Welfare
REVENUES				
Taxes	\$ -	\$ -	\$ 1,306,443	\$ -
Special assessments	-	-	-	-
Investment income	1,534	3,637	35,237	117
Revenue from other agencies	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	103,038	-	1,828
	<u>1,534</u>	<u>106,675</u>	<u>1,341,680</u>	<u>1,945</u>
Total revenues				
	<u>1,534</u>	<u>106,675</u>	<u>1,341,680</u>	<u>1,945</u>
EXPENDITURES				
Current:				
General government	27,344	-	-	-
Public safety	-	-	-	1,999
Public works	-	-	671,700	-
Community services	-	-	268,158	-
Community development	-	-	-	-
	<u>27,344</u>	<u>-</u>	<u>939,858</u>	<u>1,999</u>
Total expenditures				
	<u>27,344</u>	<u>-</u>	<u>939,858</u>	<u>1,999</u>
Excess of revenues over (under) expenditures	<u>(25,810)</u>	<u>106,675</u>	<u>401,822</u>	<u>(54)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(25,810)</u>	<u>106,675</u>	<u>401,822</u>	<u>(54)</u>
Fund balances (deficit), beginning of year	<u>133,659</u>	<u>190,140</u>	<u>2,506,183</u>	<u>8,537</u>
Fund balances (deficit), end of year	<u>\$ 107,849</u>	<u>\$ 296,815</u>	<u>\$ 2,908,005</u>	<u>\$ 8,483</u>

(continued)

West Covina Community Services Foundation	Various Grants	Community Development Block Grant	SAFER Grant	Maintenance District #1	Maintenance District #2	Coastal Sage Shrub
\$ -	\$ -	\$ -	\$ -	\$ 596,837	\$ 200,459	\$ 107,650
-	-	-	-	-	-	-
2,911	698	-	-	30,790	7,732	4,346
-	825,087	99,308	-	-	-	-
-	22,656	-	-	-	-	-
120,153	-	85,870	-	-	-	-
<u>123,064</u>	<u>848,441</u>	<u>185,178</u>	<u>-</u>	<u>627,627</u>	<u>208,191</u>	<u>111,996</u>
-	-	-	-	-	-	-
1,453	485,890	22,341	-	-	-	-
-	232,259	52,186	-	312,021	128,563	84,565
31,356	367,317	530,492	-	-	-	-
-	-	40,773	-	-	-	-
<u>32,809</u>	<u>1,085,466</u>	<u>645,792</u>	<u>-</u>	<u>312,021</u>	<u>128,563</u>	<u>84,565</u>
<u>90,255</u>	<u>(237,025)</u>	<u>(460,614)</u>	<u>-</u>	<u>315,606</u>	<u>79,628</u>	<u>27,431</u>
-	-	-	-	-	-	-
-	-	-	-	-	(9,000)	-
-	-	-	-	-	(9,000)	-
90,255	(237,025)	(460,614)	-	315,606	70,628	27,431
191,570	(108,928)	(9,293)	10	2,301,561	581,697	335,235
<u>\$ 281,825</u>	<u>\$ (345,953)</u>	<u>\$ (469,907)</u>	<u>\$ 10</u>	<u>\$ 2,617,167</u>	<u>\$ 652,325</u>	<u>\$ 362,666</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds (continued)
For the Year Ended June 30, 2020**

	Maintenance District #4	Maintenance District #6	Maintenance District #7	Citywide Maintenance District
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	1,026,385	153,539	173,266	1,644,661
Investment income	28,817	3,035	3,825	18,462
Revenue from other agencies	-	-	-	-
Charges for services	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1,055,202</u>	<u>156,574</u>	<u>177,091</u>	<u>1,663,123</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,226,280	164,685	143,509	1,554,962
Community services	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>1,226,280</u>	<u>164,685</u>	<u>143,509</u>	<u>1,554,962</u>
Excess of revenues over (under) expenditures	<u>(171,078)</u>	<u>(8,111)</u>	<u>33,582</u>	<u>108,161</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	9,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>9,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(162,078)	(8,111)	33,582	108,161
Fund balances (deficit), beginning of year	<u>2,368,866</u>	<u>245,686</u>	<u>288,914</u>	<u>1,286,413</u>
Fund balances (deficit), end of year	<u>\$ 2,206,788</u>	<u>\$ 237,575</u>	<u>\$ 322,496</u>	<u>\$ 1,394,574</u>

(continued)

<u>Sewer Maintenance</u>	<u>Auto Plaza Improvement District</u>	<u>Integrated Waste Management</u>	<u>Mental Health Awareness Training</u>	<u>Measure H</u>	<u>Total Non-Major Special Revenue Funds</u>
\$ 311,398	\$ 115,616	\$ -	\$ -	\$ -	\$ 8,729,761
3,492,403	-	-	-	-	6,490,254
78,328	1,988	-	8	-	387,401
-	-	-	2,970	-	6,990,284
-	-	-	-	-	22,656
13,768	-	-	-	-	594,978
<u>3,895,897</u>	<u>117,604</u>	<u>-</u>	<u>2,978</u>	<u>-</u>	<u>23,215,334</u>
-	-	-	-	-	27,344
-	-	-	699	-	3,055,629
2,741,819	-	-	-	-	9,534,132
-	-	-	-	-	4,750,238
-	42,884	-	-	62,535	185,537
<u>2,741,819</u>	<u>42,884</u>	<u>-</u>	<u>699</u>	<u>62,535</u>	<u>17,552,880</u>
<u>1,154,078</u>	<u>74,720</u>	<u>-</u>	<u>2,279</u>	<u>(62,535)</u>	<u>5,662,454</u>
-	-	-	-	-	9,000
-	-	-	-	-	(191,042)
-	-	-	-	-	(182,042)
1,154,078	74,720	-	2,279	(62,535)	5,480,412
<u>5,404,689</u>	<u>(246,873)</u>	<u>(11,073)</u>	<u>-</u>	<u>-</u>	<u>24,219,628</u>
<u>\$ 6,558,767</u>	<u>\$ (172,153)</u>	<u>\$ (11,073)</u>	<u>\$ 2,279</u>	<u>\$ (62,535)</u>	<u>\$ 29,700,040</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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 81,810	\$ 81,810
Revenue from other agencies	-	-	5,197,210	5,197,210
Other revenues	-	-	1,900	1,900
Total revenues	-	-	5,280,920	5,280,920
EXPENDITURES				
Current:				
Public safety	-	2,933,693	1,652,100	1,281,593
Total expenditures	-	2,933,693	1,652,100	1,281,593
Excess (deficiency) of revenues over (under) expenditures	-	(2,933,693)	3,628,820	6,562,513
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(182,042)	(182,042)
Total other financing sources (uses)	-	-	(182,042)	(182,042)
Net change in fund balance	-	(2,933,693)	3,446,778	6,380,471
Fund balance, beginning of year	3,272,806	3,272,806	3,272,806	-
Fund balance, end of year	\$ 3,272,806	\$ 339,113	\$ 6,719,584	\$ 6,380,471

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure M Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,547,227	\$ 1,547,227	\$ 1,470,650	\$ (76,577)
Investment income	-	-	40,517	40,517
Total revenues	<u>1,547,227</u>	<u>1,547,227</u>	<u>1,511,167</u>	<u>(36,060)</u>
EXPENDITURES				
Current:				
Public works	-	3,267,287	1,383,695	1,883,592
Community services	<u>33,722</u>	<u>33,722</u>	<u>69,642</u>	<u>(35,920)</u>
Total expenditures	<u>33,722</u>	<u>3,301,009</u>	<u>1,453,337</u>	<u>1,847,672</u>
Net change in fund balance	1,513,505	(1,753,782)	57,830	1,811,612
Fund balance, beginning of year	<u>2,522,500</u>	<u>2,522,500</u>	<u>2,522,500</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,036,005</u>	<u>\$ 768,718</u>	<u>\$ 2,580,330</u>	<u>\$ 1,811,612</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,523	\$ 1,523
Revenue from other agencies	695,200	1,249,399	657,470	(591,929)
Total revenues	695,200	1,249,399	658,993	(590,406)
EXPENDITURES				
Current:				
Public works	17,264	161,665	146,000	15,665
Total expenditures	17,264	161,665	146,000	15,665
Net change in fund balance	677,936	1,087,734	512,993	(574,741)
Fund balance (deficit), beginning of year	(196,682)	(196,682)	(196,682)	-
Fund balance (deficit), end of year	\$ 481,254	\$ 891,052	\$ 316,311	\$ (574,741)

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,194,485	\$ 2,194,485	\$ 2,102,971	\$ (91,514)
Revenue from other agencies	104,000	104,000	-	(104,000)
Total revenues	<u>2,298,485</u>	<u>2,298,485</u>	<u>2,102,971</u>	<u>(195,514)</u>
EXPENDITURES				
Current:				
Community services	<u>2,237,683</u>	<u>2,255,183</u>	<u>2,255,247</u>	<u>(64)</u>
Total expenditures	<u>2,237,683</u>	<u>2,255,183</u>	<u>2,255,247</u>	<u>(64)</u>
Net change in fund balance	60,802	43,302	(152,276)	(195,578)
Fund balance, beginning of year	<u>115,537</u>	<u>115,537</u>	<u>115,537</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 176,339</u>	<u>\$ 158,839</u>	<u>\$ (36,739)</u>	<u>\$ (195,578)</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition C Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,820,268	\$ 1,820,268	\$ 1,744,419	\$ (75,849)
Investment income	-	-	23,360	23,360
Total revenues	<u>1,820,268</u>	<u>1,820,268</u>	<u>1,767,779</u>	<u>(52,489)</u>
EXPENDITURES				
Current:				
Public works	451,393	1,544,675	570,393	974,282
Community services	1,411,959	1,411,959	1,228,026	183,933
Community development	<u>46,560</u>	<u>46,560</u>	<u>39,345</u>	<u>7,215</u>
Total expenditures	<u>1,909,912</u>	<u>3,003,194</u>	<u>1,837,764</u>	<u>1,165,430</u>
Net change in fund balance	(89,644)	(1,182,926)	(69,985)	1,112,941
Fund balance, beginning of year	<u>1,644,375</u>	<u>1,644,375</u>	<u>1,644,375</u>	-
Fund balance, end of year	<u>\$ 1,554,731</u>	<u>\$ 461,449</u>	<u>\$ 1,574,390</u>	<u>\$ 1,112,941</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CESF Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ -	\$ 60,602	\$ 2,200	\$ (58,402)
EXPENDITURES				
Current:				
Public safety	-	6,000	2,341	3,659
Total expenditures	-	6,000	2,341	3,659
Net change in fund balance	-	54,602	(141)	(54,743)
Fund balance (deficit), beginning of year	-	-	-	-
Fund balance (deficit), end of year	\$ -	\$ 54,602	\$ (141)	\$ (54,743)

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 376	\$ 376
Other revenues	-	11,488	11,488	-
Total revenues	-	11,488	11,864	376
EXPENDITURES				
Current:				
Public safety	-	2,015	1,560	455
Total expenditures	-	2,015	1,560	455
Net change in fund balance	-	9,473	10,304	831
Fund balance, beginning of year	26,063	26,063	26,063	-
Fund balance, end of year	\$ 26,063	\$ 35,536	\$ 36,367	\$ 831

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 70,000	\$ 70,000	\$ 994	\$ (69,006)
EXPENDITURES				
Current:				
Public works	-	80,243	994	79,249
Total expenditures	-	80,243	994	79,249
Net change in fund balance	70,000	(10,243)	-	10,243
Fund balance (deficit), beginning of year	(60,457)	(60,457)	(60,457)	-
Fund balance (deficit), end of year	\$ 9,543	\$ (70,700)	\$ (60,457)	\$ 10,243

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 7,085	\$ 7,085
Other revenues	170,000	170,000	256,933	86,933
Total revenues	170,000	170,000	264,018	94,018
EXPENDITURES				
Current:				
Public works	151,547	151,547	120,501	31,046
Total expenditures	151,547	151,547	120,501	31,046
Net change in fund balance	18,453	18,453	143,517	125,064
Fund balance, beginning of year	564,883	564,883	564,883	-
Fund balance, end of year	\$ 583,336	\$ 583,336	\$ 708,400	\$ 125,064

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 786,000	\$ 786,000	\$ 773,318	\$ (12,682)
Investment income	-	-	5,049	5,049
Total revenues	<u>786,000</u>	<u>786,000</u>	<u>778,367</u>	<u>(7,633)</u>
EXPENDITURES				
Current:				
Public safety	<u>786,000</u>	<u>793,126</u>	<u>704,585</u>	<u>88,541</u>
Total expenditures	<u>786,000</u>	<u>793,126</u>	<u>704,585</u>	<u>88,541</u>
Net change in fund balance	-	(7,126)	73,782	80,908
Fund balance, beginning of year	<u>455,473</u>	<u>455,473</u>	<u>455,473</u>	<u>-</u>
Fund balance, end of year	<u>\$ 455,473</u>	<u>\$ 448,347</u>	<u>\$ 529,255</u>	<u>\$ 80,908</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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 6,216	\$ 6,216
Revenue from other agencies	-	163,853	205,045	41,192
Total revenues	-	163,853	211,261	47,408
EXPENDITURES				
Current:				
Public safety	-	184,060	182,661	1,399
Total expenditures	-	184,060	182,661	1,399
Net change in fund balance	-	(20,207)	28,600	48,807
Fund balance, beginning of year	408,137	408,137	408,137	-
Fund balance, end of year	\$ 408,137	\$ 387,930	\$ 436,737	\$ 48,807

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 1,534	\$ 1,534
EXPENDITURES				
Current:				
General government	-	129,280	27,344	101,936
Total expenditures	-	129,280	27,344	101,936
Net change in fund balance	-	(129,280)	(25,810)	103,470
Fund balance, beginning of year	133,659	133,659	133,659	-
Fund balance, end of year	<u>\$ 133,659</u>	<u>\$ 4,379</u>	<u>\$ 107,849</u>	<u>\$ 103,470</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,365,348	\$ 1,365,348	\$ 1,306,443	\$ (58,905)
Investment income	-	-	35,237	35,237
Total revenues	<u>1,365,348</u>	<u>1,365,348</u>	<u>1,341,680</u>	<u>(23,668)</u>
EXPENDITURES				
Current:				
Public works	545,822	3,100,282	671,700	2,428,582
Community services	<u>325,247</u>	<u>313,453</u>	<u>268,158</u>	<u>45,295</u>
Total expenditures	<u>871,069</u>	<u>3,413,735</u>	<u>939,858</u>	<u>2,473,877</u>
Net change in fund balance	494,279	(2,048,387)	401,822	2,450,209
Fund balance, beginning of year	<u>2,506,183</u>	<u>2,506,183</u>	<u>2,506,183</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,000,462</u>	<u>\$ 457,796</u>	<u>\$ 2,908,005</u>	<u>\$ 2,450,209</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 117	117
Other revenues	1,000	1,000	1,828	828
Total revenues	1,000	1,000	1,945	945
EXPENDITURES				
Current:				
Public safety	3,000	12,065	1,999	10,066
Total expenditures	3,000	12,065	1,999	10,066
Net change in fund balance	(2,000)	(11,065)	(54)	11,011
Fund balance, beginning of year	8,537	8,537	8,537	-
Fund balance, end of year	\$ 6,537	\$ (2,528)	\$ 8,483	\$ 11,011

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 2,911	\$ 2,911
Other revenues	-	19,418	120,153	100,735
Total revenues	-	19,418	123,064	103,646
EXPENDITURES				
Current:				
Public safety	-	2,036	1,453	583
Community services	-	153,425	31,356	122,069
Total expenditures	-	155,461	32,809	122,652
Net change in fund balance	-	(136,043)	90,255	226,298
Fund balance, beginning of year	191,570	191,570	191,570	-
Fund balance, end of year	\$ 191,570	\$ 55,527	\$ 281,825	\$ 226,298

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Various Grants Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 698	\$ 698
Revenue from other agencies	748,951	2,792,671	825,087	(1,967,584)
Charges for services	40,000	40,000	22,656	(17,344)
Total revenues	<u>788,951</u>	<u>2,832,671</u>	<u>848,441</u>	<u>(1,984,230)</u>
EXPENDITURES				
Current:				
Public safety	619,090	875,810	485,890	389,920
Public works	74,535	1,662,182	232,259	1,429,923
Community services	281,051	281,051	367,317	(86,266)
Total expenditures	<u>974,676</u>	<u>2,819,043</u>	<u>1,085,466</u>	<u>1,733,577</u>
Net change in fund balance	(185,725)	13,628	(237,025)	(250,653)
Fund balance (deficit), beginning of year	<u>(108,928)</u>	<u>(108,928)</u>	<u>(108,928)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (294,653)</u>	<u>\$ (95,300)</u>	<u>\$ (345,953)</u>	<u>\$ (250,653)</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ 1,282,868	\$ 1,756,672	\$ 99,308	\$ (1,657,364)
Other revenues	43,250	43,250	85,870	42,620
Total revenues	<u>1,326,118</u>	<u>1,799,922</u>	<u>185,178</u>	<u>(1,614,744)</u>
EXPENDITURES				
Current:				
Public safety	20,118	20,118	22,341	(2,223)
Public works	-	658,393	52,186	606,207
Community development	279,260	753,064	530,492	222,572
Community services	470,935	470,935	40,773	430,162
Total expenditures	<u>770,313</u>	<u>1,902,510</u>	<u>645,792</u>	<u>1,256,718</u>
Excess (deficiency) of revenues over (under) expenditures	555,805	(102,588)	(460,614)	(358,026)
Fund balance (deficit), beginning of year	<u>(9,293)</u>	<u>(9,293)</u>	<u>(9,293)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ 546,512</u>	<u>\$ (111,881)</u>	<u>\$ (469,907)</u>	<u>\$ (358,026)</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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 920,000	\$ 920,000	\$ 596,837	\$ (323,163)
Investment income	13,000	13,000	30,790	17,790
Total revenues	<u>933,000</u>	<u>933,000</u>	<u>627,627</u>	<u>(305,373)</u>
EXPENDITURES				
Current:				
Public works	<u>346,526</u>	<u>499,580</u>	<u>312,021</u>	<u>187,559</u>
Total expenditures	<u>346,526</u>	<u>499,580</u>	<u>312,021</u>	<u>187,559</u>
Net change in fund balance	586,474	433,420	315,606	(117,814)
Fund balance, beginning of year	<u>2,301,561</u>	<u>2,301,561</u>	<u>2,301,561</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,888,035</u>	<u>\$ 2,734,981</u>	<u>\$ 2,617,167</u>	<u>\$ (117,814)</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 288,000	\$ 288,000	\$ 200,459	\$ (87,541)
Investment income	5,000	5,000	7,732	2,732
Total revenues	<u>293,000</u>	<u>293,000</u>	<u>208,191</u>	<u>(84,809)</u>
EXPENDITURES				
Current:				
Public works	<u>148,401</u>	<u>305,181</u>	<u>128,563</u>	<u>176,618</u>
Total expenditures	<u>148,401</u>	<u>305,181</u>	<u>128,563</u>	<u>176,618</u>
Excess (deficiency) of revenues over (under) expenditures	144,599	(12,181)	79,628	91,809
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
Net change in fund balance	135,599	(21,181)	70,628	91,809
Fund balance, beginning of year	<u>581,697</u>	<u>581,697</u>	<u>581,697</u>	<u>-</u>
Fund balance, end of year	<u>\$ 717,296</u>	<u>\$ 560,516</u>	<u>\$ 652,325</u>	<u>\$ 91,809</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 110,000	\$ 110,000	\$ 107,650	\$ (2,350)
Investment income	1,600	1,600	4,346	2,746
Total revenues	111,600	111,600	111,996	396
EXPENDITURES				
Current:				
Public works	84,218	184,218	84,565	99,653
Total expenditures	84,218	184,218	84,565	99,653
Net change in fund balance	27,382	(72,618)	27,431	100,049
Fund balance, beginning of year	335,235	335,235	335,235	-
Fund balance, end of year	\$ 362,617	\$ 262,617	\$ 362,666	\$ 100,049

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 2,075,900	\$ 2,075,900	\$ 1,026,385	\$ (1,049,515)
Investment income	10,000	10,000	28,817	18,817
Total revenues	<u>2,085,900</u>	<u>2,085,900</u>	<u>1,055,202</u>	<u>(1,030,698)</u>
EXPENDITURES				
Current:				
Public works	<u>930,465</u>	<u>1,618,335</u>	<u>1,226,280</u>	<u>392,055</u>
Total expenditures	<u>930,465</u>	<u>1,618,335</u>	<u>1,226,280</u>	<u>392,055</u>
Excess (deficiency) of revenues over (under) expenditures	1,155,435	467,565	(171,078)	(638,643)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Net change in fund balance	1,164,435	476,565	(162,078)	(638,643)
Fund balance, beginning of year	<u>2,368,866</u>	<u>2,368,866</u>	<u>2,368,866</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,533,301</u>	<u>\$ 2,845,431</u>	<u>\$ 2,206,788</u>	<u>\$ (638,643)</u>

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 309,400	\$ 309,400	\$ 153,539	\$ (155,861)
Investment income	500	500	3,035	2,535
Total revenues	<u>309,900</u>	<u>309,900</u>	<u>156,574</u>	<u>(153,326)</u>
EXPENDITURES				
Current:				
Public works	<u>142,669</u>	<u>194,989</u>	<u>164,685</u>	<u>30,304</u>
Total expenditures	<u>142,669</u>	<u>194,989</u>	<u>164,685</u>	<u>30,304</u>
Net change in fund balance	167,231	114,911	(8,111)	(123,022)
Fund balance, beginning of year	<u>245,686</u>	<u>245,686</u>	<u>245,686</u>	<u>-</u>
Fund balance, end of year	<u>\$ 412,917</u>	<u>\$ 360,597</u>	<u>\$ 237,575</u>	<u>\$ (123,022)</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Maintenance District #7 Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 341,642	\$ 341,642	\$ 173,266	\$ (168,376)
Investment income	2,000	2,000	3,825	1,825
Total revenues	<u>343,642</u>	<u>343,642</u>	<u>177,091</u>	<u>(166,551)</u>
EXPENDITURES				
Current:				
Public works	<u>142,579</u>	<u>184,924</u>	<u>143,509</u>	<u>41,415</u>
Total expenditures	<u>142,579</u>	<u>184,924</u>	<u>143,509</u>	<u>41,415</u>
Net change in fund balance	201,063	158,718	33,582	(125,136)
Fund balance, beginning of year	<u>288,914</u>	<u>288,914</u>	<u>288,914</u>	<u>-</u>
Fund balance, end of year	<u>\$ 489,977</u>	<u>\$ 447,632</u>	<u>\$ 322,496</u>	<u>\$ (125,136)</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Citywide Maintenance District Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 3,380,000	\$ 3,380,000	\$ 1,644,661	\$ (1,735,339)
Investment income	4,000	4,000	18,462	14,462
Total revenues	<u>3,384,000</u>	<u>3,384,000</u>	<u>1,663,123</u>	<u>(1,720,877)</u>
EXPENDITURES				
Current:				
Public works	<u>1,544,206</u>	<u>2,351,398</u>	<u>1,554,962</u>	<u>796,436</u>
Total expenditures	<u>1,544,206</u>	<u>2,351,398</u>	<u>1,554,962</u>	<u>796,436</u>
Net change in fund balance	1,839,794	1,032,602	108,161	(924,441)
Fund balance, beginning of year	<u>1,286,413</u>	<u>1,286,413</u>	<u>1,286,413</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,126,207</u>	<u>\$ 2,319,015</u>	<u>\$ 1,394,574</u>	<u>\$ (924,441)</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Sewer Maintenance Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 420,000	\$ 420,000	\$ 311,398	\$ (108,602)
Special assessments	7,060,020	7,060,020	3,492,403	(3,567,617)
Investment income	10,000	10,000	78,328	68,328
Other revenue	-	-	13,768	13,768
Total revenues	<u>7,490,020</u>	<u>7,490,020</u>	<u>3,895,897</u>	<u>(3,594,123)</u>
EXPENDITURES				
Current:				
Public works	<u>1,671,904</u>	<u>8,272,178</u>	<u>2,741,819</u>	<u>5,530,359</u>
Total expenditures	<u>1,671,904</u>	<u>8,272,178</u>	<u>2,741,819</u>	<u>5,530,359</u>
Net change in fund balance	5,818,116	(782,158)	1,154,078	1,936,236
Fund balance, beginning of year	<u>5,404,689</u>	<u>5,404,689</u>	<u>5,404,689</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,222,805</u>	<u>\$ 4,622,531</u>	<u>\$ 6,558,767</u>	<u>\$ 1,936,236</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Auto Plaza Improvement District Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 115,668	\$ 115,668	\$ 115,616	\$ (52)
Investment income	-	-	1,988	1,988
Total revenues	115,668	115,668	117,604	1,936
EXPENDITURES				
Current:				
Community development	66,737	66,737	42,884	23,853
Total expenditures	66,737	66,737	42,884	23,853
Net change in fund balance	48,931	48,931	74,720	25,789
Fund balance (deficit), beginning of year	(246,873)	(246,873)	(246,873)	-
Fund balance (deficit), end of year	\$ (197,942)	\$ (197,942)	\$ (172,153)	\$ 25,789

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Mental Health Awareness Training Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 8	\$ 8
Revenue from other agencies	-	2,970	2,970	-
Total revenues	-	2,970	2,978	8
EXPENDITURES				
Current:				
Public safety	-	699	699	-
Total expenditures	-	699	699	-
Net change in fund balance	-	2,271	2,279	8
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 2,271	\$ 2,279	\$ 8

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure H Special Revenue Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ -	\$ 343,250	\$ -	\$ (343,250)
Total revenues	-	343,250	-	(343,250)
EXPENDITURES				
Current:				
Community development	-	376,250	62,535	313,715
Excess (deficit) of revenues over (under) expenditures	-	(33,000)	(62,535)	313,715
OTHER FINANCING SOURCES (USES)				
Transfers in	-	33,000	-	(33,000)
Total other financing sources (uses)	-	33,000	-	(33,000)
Net change in fund balance	-	-	(62,535)	(62,535)
Fund balance, beginning of year	-	-	-	-
Fund balance (deficit), end of year	\$ -	\$ -	\$ (62,535)	\$ (62,535)

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City of West Covina

Non- Major Governmental Fund – Debt Services Fund

DEBT SERVICE FUND – This 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 payments of principal, interest, and related costs on the City long-term debt issues.

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Debt Service Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 65,000	\$ 65,000	\$ 110,097	\$ 45,097
Revenue from other agencies	1,314,777	1,314,777	1,314,727	(50)
Charges for services	400,000	400,000	286,523	(113,477)
Total revenues	<u>1,779,777</u>	<u>1,779,777</u>	<u>1,711,347</u>	<u>(68,430)</u>
EXPENDITURES				
Debt service:				
Principal	1,833,918	1,833,918	1,833,918	-
Interest and fiscal charges	1,992,167	1,997,167	1,928,807	68,360
Total expenditures	<u>3,826,085</u>	<u>3,831,085</u>	<u>3,762,725</u>	<u>68,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,046,308)</u>	<u>(2,051,308)</u>	<u>(2,051,378)</u>	<u>(70)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,500,598	1,500,598	578,918	(921,680)
Transfers out	(1,903,794)	(1,903,794)	-	1,903,794
Total other financing sources (uses)	<u>(403,196)</u>	<u>(403,196)</u>	<u>578,918</u>	<u>982,114</u>
Net change in fund balance	(2,449,504)	(2,454,504)	(1,472,460)	982,044
Fund balance, beginning of year	<u>5,528,450</u>	<u>5,528,450</u>	<u>5,528,450</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,078,946</u>	<u>\$ 3,073,946</u>	<u>\$ 4,055,990</u>	<u>\$ 982,044</u>

Non-Major Governmental Funds – Capital Projects Funds

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

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

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

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

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

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

City of West Covina

**Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2020**

	<u>City</u>	<u>Construction Tax</u>	<u>Information Technology</u>
ASSETS			
Cash and investments	\$ 179,516	\$ 218,538	\$ 174,292
Total assets	<u>\$ 179,516</u>	<u>\$ 218,538</u>	<u>\$ 174,292</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6	\$ -	\$ 15,485
Total liabilities	<u>6</u>	<u>-</u>	<u>15,485</u>
 Fund Balances:			
Assigned	<u>179,510</u>	<u>218,538</u>	<u>158,807</u>
Total fund balances	<u>179,510</u>	<u>218,538</u>	<u>158,807</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 179,516</u>	<u>\$ 218,538</u>	<u>\$ 174,292</u>

(continued)

<u>Park Development</u>	<u>Development Impact Fees</u>	<u>Total Non-Major Capital Projects Funds</u>
<u>\$ 730,751</u>	<u>\$ 499,209</u>	<u>\$ 1,802,306</u>
<u>\$ 730,751</u>	<u>\$ 499,209</u>	<u>\$ 1,802,306</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,491</u>
<u>-</u>	<u>-</u>	<u>15,491</u>
<u>730,751</u>	<u>499,209</u>	<u>1,786,815</u>
<u>730,751</u>	<u>499,209</u>	<u>1,786,815</u>
<u>\$ 730,751</u>	<u>\$ 499,209</u>	<u>\$ 1,802,306</u>

City of West Covina

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2020**

	City	Construction Tax	Information Technology
REVENUES			
Taxes	\$ -	\$ 89,673	\$ -
Investment income	-	2,520	-
Other revenues	-	-	44,074
Total revenues	<u>-</u>	<u>92,193</u>	<u>44,074</u>
EXPENDITURES			
Current:			
Public safety	274,761	-	-
Public works	-	10,680	59,473
Community services	-	-	-
Total expenditures	<u>274,761</u>	<u>10,680</u>	<u>59,473</u>
Excess of revenues over (under) expenditures	<u>(274,761)</u>	<u>81,513</u>	<u>(15,399)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	327,991	-	11,856
Transfers out	<u>(11,856)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>316,135</u>	<u>-</u>	<u>11,856</u>
Net change in fund balances	41,374	81,513	(3,543)
Fund balances, beginning of year	<u>138,136</u>	<u>137,025</u>	<u>162,350</u>
Fund balances, end of year	<u>\$ 179,510</u>	<u>\$ 218,538</u>	<u>\$ 158,807</u>

(continued)

<u>Park Development</u>	<u>Development Impact Fees</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ -	\$ -	\$ 89,673
9,602	-	12,122
<u>459,900</u>	<u>90,896</u>	<u>594,870</u>
<u>469,502</u>	<u>90,896</u>	<u>696,665</u>
-	-	274,761
-	-	70,153
<u>65</u>	<u>-</u>	<u>65</u>
<u>65</u>	<u>-</u>	<u>344,979</u>
<u>469,437</u>	<u>90,896</u>	<u>351,686</u>
-	-	339,847
<u>-</u>	<u>-</u>	<u>(11,856)</u>
<u>-</u>	<u>-</u>	<u>327,991</u>
469,437	90,896	679,677
<u>261,314</u>	<u>408,313</u>	<u>1,107,138</u>
<u>\$ 730,751</u>	<u>\$ 499,209</u>	<u>\$ 1,786,815</u>

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from other agencies	\$ -	\$ 200,000	\$ -	\$ (200,000)
Other revenues	-	-	-	-
Total revenues	-	200,000	-	(200,000)
EXPENDITURES				
Current:				
Public safety	-	1,377,808	274,761	1,103,047
Excess (deficiency) of revenues over (under) expenditures	-	(1,177,808)	(274,761)	903,047
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	327,991	327,991
Transfers out	-	-	(11,856)	(11,856)
Total other financing sources (uses)	-	-	316,135	316,135
Net change in fund balance	-	(1,177,808)	41,374	1,219,182
Fund balance, beginning of year	138,136	138,136	138,136	-
Fund balance, end of year	\$ 138,136	\$ (1,039,672)	\$ 179,510	\$ 1,219,182

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 70,000	\$ 70,000	\$ 89,673	\$ 19,673
Investment income	-	-	2,520	2,520
Total revenues	70,000	70,000	92,193	22,193
EXPENDITURES				
Current:				
Public safety	-	150,000	10,680	139,320
Public works	20,000	23,948	-	23,948
Total expenditures	20,000	173,948	10,680	163,268
Net change in fund balance	50,000	(103,948)	81,513	185,461
Fund balance, beginning of year	137,025	137,025	137,025	-
Fund balance, end of year	\$ 187,025	\$ 33,077	\$ 218,538	\$ 185,461

City of West Covina

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Information Technology Capital Projects Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 44,074	\$ 44,074
Total revenues	-	-	44,074	44,074
EXPENDITURES				
Current:				
Public works	-	145,831	59,473	86,358
Excess (deficiency) of revenues over (under) expenditures	-	(145,831)	(15,399)	130,432
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	11,856	11,856
Total other financing sources (uses)	-	-	11,856	11,856
Net change in fund balance	-	(145,831)	(3,543)	142,288
Fund balance, beginning of year	162,350	162,350	162,350	-
Fund balance, end of year	\$ 162,350	\$ 16,519	\$ 158,807	\$ 142,288

City of West Covina

Internal Service Funds

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.

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

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

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

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

City of West Covina

**Combining Statement of Net Position
Internal Service Funds
June 30, 2020**

	Fleet Management	Self-Insurance
ASSETS		
Current Assets:		
Cash and investments	\$ 221,873	\$ 11,455,901
Receivables, net:		
Accounts	494,818	-
Inventories	30,473	-
Total current assets	<u>747,164</u>	<u>11,455,901</u>
Noncurrent Assets		
Capital assets:		
Capital assets	1,891,536	-
Less accumulated depreciation	<u>(1,766,222)</u>	<u>-</u>
Total capital assets	<u>125,314</u>	<u>-</u>
Total noncurrent assets	<u>125,314</u>	<u>-</u>
Total assets	<u>872,478</u>	<u>11,455,901</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	101,523	429,646
Other accrued liabilities	589	-
Claims and judgments - current portion	-	4,402,010
Compensated absences - current portion	200	-
Due to other funds	-	-
Total current liabilities	<u>102,312</u>	<u>4,831,656</u>
Noncurrent Liabilities:		
Claims and judgments	-	8,776,893
Total noncurrent liabilities	<u>-</u>	<u>8,776,893</u>
Total liabilities	<u>102,312</u>	<u>13,608,549</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	125,314	-
Unrestricted	<u>644,852</u>	<u>(2,152,648)</u>
Total net position (deficit)	<u>\$ 770,166</u>	<u>\$ (2,152,648)</u>

(continued)

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ 368,073	\$ -	\$ 12,045,847
-	-	494,818
-	-	30,473
<u>368,073</u>	<u>-</u>	<u>12,571,138</u>
-	1,365,658	3,257,194
<u>-</u>	<u>(630,291)</u>	<u>(2,396,513)</u>
<u>-</u>	<u>735,367</u>	<u>860,681</u>
<u>-</u>	<u>735,367</u>	<u>860,681</u>
<u>368,073</u>	<u>735,367</u>	<u>13,431,819</u>
-	-	531,169
-	-	589
-	-	4,402,010
-	-	200
<u>-</u>	<u>62,452</u>	<u>62,452</u>
<u>-</u>	<u>62,452</u>	<u>4,996,420</u>
-	-	8,776,893
-	-	8,776,893
<u>-</u>	<u>62,452</u>	<u>13,773,313</u>
-	735,367	860,681
<u>368,073</u>	<u>(62,452)</u>	<u>(1,202,175)</u>
<u>\$ 368,073</u>	<u>\$ 672,915</u>	<u>\$ (341,494)</u>

City of West Covina

**Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020**

	Fleet Management	Self-Insurance
OPERATING REVENUES:		
Charges for services	\$ 1,913,910	\$ 5,468,745
Other revenues	31,545	96,484
Total operating revenues	<u>1,945,455</u>	<u>5,565,229</u>
OPERATING EXPENSES:		
Personnel services	123,848	-
Cost of sales, services and operations	1,453,221	733,684
Depreciation	11,966	-
Insurance and claims paid	-	8,511,966
Total operating expenses	<u>1,589,035</u>	<u>9,245,650</u>
Operating income (loss)	<u>356,420</u>	<u>(3,680,421)</u>
NONOPERATING REVENUES:		
Investment income	-	-
Gain on sale of assets	9,700	-
Total nonoperating revenues	<u>9,700</u>	<u>-</u>
Gain (loss) before transfers	<u>366,120</u>	<u>(3,680,421)</u>
Transfers in	2,792	-
Transfers out	(63,282)	-
Change in net position	305,630	(3,680,421)
Net position, beginning of year	<u>464,536</u>	<u>1,527,773</u>
Net position (deficit), end of year	<u>\$ 770,166</u>	<u>\$ (2,152,648)</u>

(continued)

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ -	\$ -	\$ 7,382,655
-	19,629	147,658
-	19,629	7,530,313
29,500	-	153,348
-	-	2,186,905
-	167,122	179,088
-	-	8,511,966
29,500	167,122	11,031,307
(29,500)	(147,493)	(3,500,994)
4,734	1,011	5,745
-	10,637	20,337
4,734	11,648	26,082
(24,766)	(135,845)	(3,474,912)
-	245,324	248,116
-	(2,792)	(66,074)
(24,766)	106,687	(3,292,870)
392,839	566,228	2,951,376
<u>\$ 368,073</u>	<u>\$ 672,915</u>	<u>\$ (341,494)</u>

City of West Covina

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020**

	Fleet Management	Self-Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from user departments	\$ 1,647,550	\$ 5,571,824
Payments to suppliers for goods and services	(1,495,754)	(5,784,640)
Payments to employees for services	(135,358)	-
Net cash provided by (used for) operating activities	<u>16,438</u>	<u>(212,816)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Received from other funds	2,792	24,698
Paid to other funds	(63,282)	-
Net cash provided by (used for) noncapital financing activities	<u>(60,490)</u>	<u>24,698</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Proceeds from sale of assets	9,700	-
Net cash provided by (used for) capital and related financing activities	<u>9,700</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on investments	-	-
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(34,352)	(188,118)
Cash and cash equivalents, beginning of year	256,225	11,644,019
Cash and cash equivalents, ending of year	<u>\$ 221,873</u>	<u>\$ 11,455,901</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ 356,420	\$ (3,680,421)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	11,966	-
(Increase) Decrease in operating assets:		
Accounts receivable	(297,905)	6,595
Inventories	(299)	-
Increase (Decrease) in operating liabilities:		
Accounts payable	(40,523)	338,290
Other accrued liabilities	(1,711)	-
Claims and judgments payable	-	3,122,720
Compensated absences payable	(11,510)	-
Net cash provided by (used for) operating activities	<u>\$ 16,438</u>	<u>\$ (212,816)</u>

(continued)

<u>Retiree Health Savings Plan</u>	<u>Vehicle Replacement</u>	<u>Totals</u>
\$ -	\$ 19,629	\$ 7,239,003
-	(82,579)	(7,362,973)
<u>(29,500)</u>	<u>-</u>	<u>(164,858)</u>
<u>(29,500)</u>	<u>(62,950)</u>	<u>(288,828)</u>
-	307,776	335,266
-	(2,792)	(66,074)
<u>-</u>	<u>304,984</u>	<u>269,192</u>
-	(559,024)	(559,024)
<u>-</u>	<u>10,637</u>	<u>20,337</u>
<u>-</u>	<u>(548,387)</u>	<u>(538,687)</u>
<u>4,734</u>	<u>1,011</u>	<u>5,745</u>
<u>4,734</u>	<u>1,011</u>	<u>5,745</u>
(24,766)	(305,342)	(552,578)
<u>392,839</u>	<u>305,342</u>	<u>12,598,425</u>
<u>\$ 368,073</u>	<u>\$ -</u>	<u>\$ 12,045,847</u>
\$ (29,500)	\$ (147,493)	\$ (3,500,994)
-	167,122	179,088
-	-	(291,310)
-	-	(299)
-	(82,579)	215,188
-	-	(1,711)
-	-	3,122,720
<u>-</u>	<u>-</u>	<u>(11,510)</u>
<u>\$ (29,500)</u>	<u>\$ (62,950)</u>	<u>\$ (288,828)</u>

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Pension Trust Funds

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

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

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

City of West Covina

**Combining Statement of Net Position
Pension Trust Funds
June 30, 2020**

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ASSETS			
Cash and investments	\$ 87,926	\$ 461,804	\$ 549,730
NET POSITION			
Held in trust for pension benefits	\$ 87,926	\$ 461,804	\$ 549,730

City of West Covina

**Combining Statement of Changes in Net Position
Pension Trust Funds
For the Year Ended June 30, 2020**

	Retirement Enhancement Defined Benefit Pension Fund	Supplemental Retirement Defined Benefit Pension Fund	Total Pension Trust Funds
ADDITIONS			
Employer contribution	\$ 56,957	\$ 77,814	\$ 134,771
Investment income	2,909	15,032	17,941
Total Additions	<u>59,866</u>	<u>92,846</u>	<u>152,712</u>
DEDUCTIONS			
Administrative costs	12,017	9,475	21,492
Benefit distributions	103,008	155,804	258,812
Total Deductions	<u>115,025</u>	<u>165,279</u>	<u>280,304</u>
Change in net position	(55,159)	(72,433)	(127,592)
Net position, beginning of year	<u>143,085</u>	<u>534,237</u>	<u>677,322</u>
Net position, end of year	<u>\$ 87,926</u>	<u>\$ 461,804</u>	<u>\$ 549,730</u>

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City of West Covina

Agency Fund

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

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

City of West Covina

**Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2020**

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS				
Cash and investments	\$ 1,917,047	\$ 403,989	\$ 501,966	\$ 1,819,070
Receivables, net:				
Other	1,956	2,166	1,956	2,166
Total Assets	<u>\$ 1,919,003</u>	<u>\$ 406,155</u>	<u>\$ 503,922</u>	<u>\$ 1,821,236</u>
LIABILITIES				
Accounts payable	\$ 52,284	\$ 475,926	\$ 440,746	\$ 87,464
Deposits	1,866,719	458,812	591,759	1,733,772
Total Liabilities	<u>\$ 1,919,003</u>	<u>\$ 934,738</u>	<u>\$ 1,032,505</u>	<u>\$ 1,821,236</u>

Statistical Section

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

CONTENTS	Page
Financial Trends	197
These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
Revenue Capacity	211
These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.	
Debt Capacity	218
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
Demographic and Economic Information	226
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	228
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	

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

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$179,236,866	\$222,784,189	\$164,621,539	\$161,771,546
Restricted	25,286,909	53,331,999	46,016,224	47,468,277
Unrestricted	1,884,827	(27,344,668)	(297,086)	191,878
Total governmental activities net position	<u>\$ 206,408,602</u>	<u>\$ 248,771,520</u>	<u>\$ 210,340,677</u>	<u>\$ 209,431,701</u>
Business-type activities:				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Unrestricted	(999,624)	(994,560)	(426,769)	60,922
Total business-type activities net position	<u>\$ (999,624)</u>	<u>\$ (994,560)</u>	<u>\$ (426,769)</u>	<u>\$ 60,922</u>
Primary government:				
Net investment in capital assets	\$ 179,236,866	\$ 222,784,189	\$ 164,621,539	\$ 161,771,546
Restricted	25,286,909	53,331,999	46,016,224	47,468,277
Unrestricted	(98,187)	(28,339,228)	(723,855)	252,800
Total primary government net position	<u>\$ 204,425,588</u>	<u>\$ 247,776,960</u>	<u>\$ 209,913,908</u>	<u>\$ 209,492,623</u>

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 144,215,248	\$ 148,989,212	\$ 153,784,463	\$ 153,940,332	\$ 147,204,908	\$140,572,511
48,793,821	56,902,504	50,717,656	51,130,936	57,782,735	65,969,665
<u>(129,152,694)</u>	<u>(138,162,202)</u>	<u>(144,659,629)</u>	<u>(201,951,785)</u>	<u>(207,212,078)</u>	<u>(225,184,697)</u>
<u>\$ 63,856,375</u>	<u>\$ 67,729,514</u>	<u>\$ 59,842,490</u>	<u>\$ 3,119,483</u>	<u>\$ (2,224,435)</u>	<u>\$ (18,642,521)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>188,045</u>	<u>(135,676)</u>	<u>(252,336)</u>	<u>(275,010)</u>	<u>(326,385)</u>	<u>(244,119)</u>
<u>\$ 188,045</u>	<u>\$ (135,676)</u>	<u>\$ (252,336)</u>	<u>\$ (275,010)</u>	<u>\$ (326,385)</u>	<u>\$ (244,119)</u>
\$ 144,215,248	\$ 148,989,212	\$ 153,784,463	\$ 153,940,332	\$ 147,204,908	\$140,572,511
48,793,821	56,902,504	50,717,656	51,130,936	57,782,735	65,969,665
<u>(128,964,649)</u>	<u>(138,297,878)</u>	<u>(144,911,965)</u>	<u>(202,226,795)</u>	<u>(207,538,463)</u>	<u>(225,428,816)</u>
<u>\$ 64,044,420</u>	<u>\$ 67,593,838</u>	<u>\$ 59,590,154</u>	<u>\$ 2,844,473</u>	<u>\$ (2,550,820)</u>	<u>\$ (18,886,640)</u>

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
Governmental activities:				
General government	\$ 2,922,898	\$ 4,953,340	\$ 5,519,153	\$ 7,472,254
Public safety	45,253,725	49,369,913	47,323,516	45,443,958
Public works	21,052,423	20,510,387	20,372,375	21,109,952
Community services	6,629,292	6,949,951	6,878,176	6,437,040
Community development	9,414,730	4,071,050	1,127,924	658,082
Interest expense	7,101,037	5,927,002	1,652,750	1,677,062
Total governmental activities expenses	<u>92,374,105</u>	<u>91,781,643</u>	<u>82,873,894</u>	<u>82,798,348</u>
Business-type activities:				
Computer enterprise	2,086,135	1,701,367	1,435,855	1,284,419
Total business-type activities expenses	<u>2,086,135</u>	<u>1,701,367</u>	<u>1,435,855</u>	<u>1,284,419</u>
Total primary government expenses	<u>94,460,240</u>	<u>93,483,010</u>	<u>84,309,749</u>	<u>84,082,767</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	681,877	599,066	548,333	486,478
Public safety	3,571,864	3,196,729	3,018,478	3,037,891
Public works	8,043,988	7,046,096	7,781,333	8,878,122
Community services	1,166,675	1,141,162	1,195,612	1,180,562
Community development	240,462	255,669	348,112	621,352
Operating grants and contributions	10,189,050	12,557,141	10,344,778	11,021,410
Capital grants and contributions	678,827	958,459	597,405	4,458,250
Total governmental activities program revenues	<u>24,572,743</u>	<u>25,754,322</u>	<u>23,834,051</u>	<u>29,684,065</u>
Business-type activities:				
Charges for services:				
Computer enterprise	2,268,982	1,805,242	2,105,421	1,873,636
Total business-type activities program revenues	<u>2,268,982</u>	<u>1,805,242</u>	<u>2,105,421</u>	<u>1,873,636</u>
Total primary government program revenues	<u>26,841,725</u>	<u>27,559,564</u>	<u>25,939,472</u>	<u>31,557,701</u>

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,676,067	\$ 4,963,302	\$ 5,775,173	\$ 7,523,129	\$ 7,515,920	\$ 7,781,252
49,813,447	48,410,511	56,169,907	67,734,047	58,057,784	72,653,866
20,586,770	20,259,279	21,243,019	21,161,586	21,625,190	23,649,892
7,035,872	7,368,492	7,926,410	8,926,070	9,280,450	9,418,860
766,886	753,721	2,190,319	1,618,181	795,685	1,394,131
1,353,156	1,572,645	1,575,724	1,515,826	1,680,335	1,874,899
<u>85,232,198</u>	<u>83,327,950</u>	<u>94,880,552</u>	<u>108,478,839</u>	<u>98,955,364</u>	<u>116,772,900</u>
1,427,789	1,638,573	1,575,066	1,305,426	1,263,693	1,230,639
<u>1,427,789</u>	<u>1,638,573</u>	<u>1,575,066</u>	<u>1,305,426</u>	<u>1,263,693</u>	<u>1,230,639</u>
<u>86,659,987</u>	<u>84,966,523</u>	<u>96,455,618</u>	<u>109,784,265</u>	<u>100,219,057</u>	<u>118,003,539</u>
885,123	400,051	546,626	814,465	829,295	369,796
2,825,831	3,170,579	3,201,495	3,610,467	3,839,103	4,304,075
8,278,038	8,271,744	7,714,148	8,967,472	9,156,370	2,034,963
1,275,278	1,365,482	1,491,858	2,110,943	1,903,119	2,438,156
502,621	425,013	416,014	264,959	465,097	6,780,115
12,405,742	13,317,378	10,955,031	10,285,701	12,097,219	19,989,920
2,224,864	1,004,826	445,980	151,966	360,872	582,023
<u>28,397,497</u>	<u>27,955,073</u>	<u>24,771,152</u>	<u>26,205,973</u>	<u>28,651,075</u>	<u>36,499,048</u>
1,655,134	1,413,114	1,274,318	1,199,162	1,099,028	1,249,195
<u>1,655,134</u>	<u>1,413,114</u>	<u>1,274,318</u>	<u>1,199,162</u>	<u>1,099,028</u>	<u>1,249,195</u>
<u>30,052,631</u>	<u>29,368,187</u>	<u>26,045,470</u>	<u>27,405,135</u>	<u>29,750,103</u>	<u>37,748,243</u>

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Net revenues (expenses):				
Governmental activities	\$ (67,801,362)	\$ (66,027,321)	\$ (58,612,191)	\$ (53,114,283)
Business-type activities	182,847	103,875	669,566	589,217
net primary government				
revenues (expenses)	<u>(67,618,515)</u>	<u>(65,923,446)</u>	<u>(57,942,625)</u>	<u>(52,525,066)</u>
General revenues and other changes				
in net position:				
Governmental activities:				
Taxes:				
Property taxes	30,888,074	23,313,556	20,937,356	20,420,020
Sales tax	12,550,157	13,177,914	13,307,736	14,705,790
Franchise tax	3,159,080	3,224,053	3,361,812	3,478,532
Other taxes	5,449,323	7,835,918	6,265,257	7,451,947
Motor vehicle in lieu, unrestricted	517,098	55,880	57,902	-
Investment income	2,281,105	1,647,399	185,451	695,341
Other general revenues	4,412,125	5,193,850	7,310,544	5,960,967
Transfers	95,934	98,811	101,775	101,775
Extraordinary gain (loss)	-	55,825,872	(19,629,066)	-
Total governmental activities	<u>59,352,896</u>	<u>110,373,253</u>	<u>31,898,767</u>	<u>52,814,372</u>
Business-type activities:				
Investment income	-	-	-	-
Other revenues	-	-	-	-
Transfers	(95,934)	(98,811)	(101,775)	(101,775)
Total business-type activities	<u>(95,934)</u>	<u>(98,811)</u>	<u>(101,775)</u>	<u>(101,775)</u>
Total primary government	<u>59,256,962</u>	<u>110,274,442</u>	<u>31,796,992</u>	<u>52,712,597</u>
Changes in net position:				
Governmental activities	(8,448,466)	44,345,932	(26,713,424)	(299,911)
Business-type activities	<u>86,913</u>	<u>5,064</u>	<u>568,040</u>	<u>487,442</u>
Total primary government				
change in net position	<u>\$ (8,361,553)</u>	<u>\$ 44,350,996</u>	<u>\$ (26,145,384)</u>	<u>\$ 187,531</u>

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ (56,834,701)	\$ (55,372,877)	\$ (70,109,400)	\$ (82,272,866)	\$ (70,304,289)	\$ (80,273,852)
227,345	(225,459)	(300,748)	(106,264)	(164,665)	18,556
<u>(56,607,356)</u>	<u>(55,598,336)</u>	<u>(70,410,148)</u>	<u>(82,379,130)</u>	<u>(70,468,954)</u>	<u>(80,255,296)</u>
21,156,596	22,352,163	23,994,740	25,392,860	26,365,067	27,422,706
15,096,101	17,228,237	16,503,563	17,449,827	17,464,609	17,033,647
3,635,092	3,540,011	3,698,184	4,011,817	4,207,765	4,445,101
7,433,106	6,485,394	6,725,309	7,692,437	9,158,794	5,026,703
-	-	-	-	-	-
660,157	(566,064)	4,452,938	559,164	2,016,573	2,682,794
6,999,034	4,236,920	6,847,642	9,256,591	5,747,563	7,244,815
101,775	101,775	-	-	-	-
-	9,789,266	-	-	-	-
<u>55,081,861</u>	<u>63,167,702</u>	<u>62,222,376</u>	<u>64,362,696</u>	<u>64,960,371</u>	<u>63,855,766</u>
1,553	3,513	2,070	884	1,083	-
-	-	182,018	82,706	112,207	63,710
<u>(101,775)</u>	<u>(101,775)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(100,222)</u>	<u>(98,262)</u>	<u>184,088</u>	<u>83,590</u>	<u>113,290</u>	<u>63,710</u>
54,981,639	63,069,440	62,406,464	64,446,286	65,073,661	63,919,476
(1,752,840)	7,794,825	(7,887,024)	(17,910,170)	(5,343,918)	(16,418,086)
127,123	(323,721)	(116,660)	(22,674)	(51,375)	82,266
<u>\$ (1,625,717)</u>	<u>\$ 7,471,104</u>	<u>\$ (8,003,684)</u>	<u>\$ (17,932,844)</u>	<u>\$ (5,395,293)</u>	<u>\$ (16,335,820)</u>

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
General government	\$ 2,922,898	\$ 4,953,340	\$ 5,547,949	\$ 7,472,254
Public safety	45,253,725	49,369,913	47,160,347	45,443,958
Public works	21,052,423	20,510,387	20,465,106	21,109,952
Community services	6,629,292	6,949,951	6,911,667	6,437,040
Community development	9,414,730	4,071,050	708,422	658,082
Interest expense	7,101,037	5,927,002	1,652,751	1,677,062
Total expenses	92,374,105	91,781,643	82,446,242	82,798,348
Program revenues:				
Charges for services:				
General government	681,877	599,066	548,333	486,478
Public safety	3,571,864	3,196,729	3,018,478	3,037,891
Public works	8,043,988	7,046,096	7,781,333	8,878,122
Community services	1,166,675	1,141,162	1,195,612	1,180,562
Community development	240,462	255,669	348,112	621,352
Operating grants and contributions	10,189,050	12,557,141	10,344,778	11,021,410
Capital grants and contributions	678,827	958,459	597,405	4,458,250
Total program revenues	24,572,743	25,754,322	23,834,051	29,684,065
Net program revenues (expenses)	(67,801,362)	(66,027,321)	(58,612,191)	(53,114,283)
General revenues and other changes in net position:				
Taxes:				
Property taxes	30,888,074	23,313,556	20,937,356	20,420,020
Sales tax	12,550,157	13,177,914	13,307,736	14,705,790
Franchise tax	3,159,080	3,224,053	3,361,812	3,478,532
Other taxes	5,449,323	7,835,918	6,265,257	7,451,947
Motor vehicle in lieu, unrestricted	517,098	55,880	57,902	-
Investment income	2,281,105	1,647,399	185,451	695,341
Other general revenues	4,412,125	5,193,850	7,310,544	5,960,967
Transfers	95,934	98,811	101,775	101,775
Extraordinary gain (loss)	-	55,825,872	(19,629,066)	-
Total governmental revenues and other changes	59,352,896	110,373,253	31,898,767	52,814,372
Changes in net position	\$ (8,448,466)	\$ 44,345,932	\$ (26,713,424)	\$ (299,911)

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 5,676,067	\$ 4,963,302	\$ 5,775,173	\$ 7,523,129	\$ 7,515,920	\$ 7,781,252
49,813,447	48,410,511	56,169,907	67,734,047	58,057,784	72,653,866
20,586,770	20,259,279	21,243,019	21,161,586	21,625,190	23,649,892
7,035,872	7,368,492	7,926,410	8,926,070	9,280,450	9,418,860
766,886	753,721	2,190,319	1,618,181	795,685	1,394,131
1,353,156	1,572,645	1,575,724	1,515,826	1,680,335	1,874,899
<u>85,232,198</u>	<u>83,327,950</u>	<u>94,880,552</u>	<u>108,478,839</u>	<u>98,955,364</u>	<u>116,772,900</u>
885,123	400,051	546,626	814,465	829,295	369,796
2,825,831	3,170,579	3,201,495	3,610,467	3,839,103	4,304,075
8,278,038	8,271,744	7,714,148	8,967,472	9,156,370	2,034,963
1,275,278	1,365,482	1,491,858	2,110,943	1,903,119	2,438,156
502,621	425,013	416,014	264,959	465,097	6,780,115
12,405,742	13,317,378	10,955,031	10,285,701	12,097,219	19,989,920
2,224,864	1,004,826	445,980	151,966	360,872	582,023
<u>28,397,497</u>	<u>27,955,073</u>	<u>24,771,152</u>	<u>26,205,973</u>	<u>28,651,075</u>	<u>36,499,048</u>
<u>(56,834,701)</u>	<u>(55,372,877)</u>	<u>(70,109,400)</u>	<u>(82,272,866)</u>	<u>(70,304,289)</u>	<u>(80,273,852)</u>
21,156,596	22,352,163	23,994,740	25,392,860	26,365,067	27,422,706
15,096,101	17,228,237	16,503,563	17,449,827	17,464,609	17,033,647
3,635,092	3,540,011	3,698,184	4,011,817	4,207,765	4,445,101
7,433,106	6,485,394	6,725,309	7,692,437	9,158,794	5,026,703
-	-	-	-	-	-
660,157	(566,064)	4,452,938	559,164	2,016,573	2,682,794
6,999,034	4,236,920	6,847,642	9,256,591	5,747,563	7,244,815
101,775	101,775	-	-	-	-
-	9,789,266	-	-	-	-
<u>55,081,861</u>	<u>63,167,702</u>	<u>62,222,376</u>	<u>64,362,696</u>	<u>64,960,371</u>	<u>63,855,766</u>
<u>\$ (1,752,840)</u>	<u>\$ 7,794,825</u>	<u>\$ (7,887,024)</u>	<u>\$ (17,910,170)</u>	<u>\$ (5,343,918)</u>	<u>\$ (16,418,086)</u>

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
Computer Enterprise	\$ 2,086,135	\$ 1,701,367	\$ 1,435,606	\$ 1,284,419
Total expenses	2,086,135	1,701,367	1,435,606	1,284,419
Program revenues:				
Charges for services:				
Computer Enterprise	2,268,982	1,805,242	2,105,421	1,873,636
Total program revenues	2,268,982	1,805,242	2,105,421	1,873,636
Net revenues (expenses)	182,847	103,875	669,815	589,217
General revenues and other changes in net position:				
Investment income	-	-	-	-
Other revenues	-	-	-	-
Transfers	(95,934)	(98,811)	(101,775)	(101,775)
Total general revenues and other changes	(95,934)	(98,811)	(101,775)	(101,775)
Changes in net position	\$ 86,913	\$ 5,064	\$ 568,040	\$ 487,442

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
<u>\$ 1,427,789</u>	<u>\$ 1,638,573</u>	<u>\$ 1,575,066</u>	<u>\$ 1,305,426</u>	<u>\$1,263,693</u>	<u>\$1,230,639</u>
<u>1,427,789</u>	<u>1,638,573</u>	<u>1,575,066</u>	<u>1,305,426</u>	<u>1,263,693</u>	<u>1,230,639</u>
<u>1,655,134</u>	<u>1,413,114</u>	<u>1,274,318</u>	<u>1,199,162</u>	<u>1,099,028</u>	<u>1,249,195</u>
<u>1,655,134</u>	<u>1,413,114</u>	<u>1,274,318</u>	<u>1,199,162</u>	<u>1,099,028</u>	<u>1,249,195</u>
<u>227,345</u>	<u>(225,459)</u>	<u>(300,748)</u>	<u>(106,264)</u>	<u>(164,665)</u>	<u>18,556</u>
1,553	3,513	2,070	884	1,083	-
-	-	182,018	82,706	112,207	63,710
<u>(101,775)</u>	<u>(101,775)</u>	<u>182,018</u>	<u>82,706</u>	<u>112,207</u>	<u>-</u>
<u>(100,222)</u>	<u>(98,262)</u>	<u>366,106</u>	<u>166,296</u>	<u>225,497</u>	<u>63,710</u>
<u>\$ 127,123</u>	<u>\$ (323,721)</u>	<u>\$ 65,358</u>	<u>\$ 60,032</u>	<u>\$ 60,832</u>	<u>\$ 82,266</u>

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Nonspendable	\$ 20,827,056	\$ 15,580,789	\$ 6,621,695	\$ 6,595,326
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	8,786,221	13,187,181	4,108,967	5,687,385
Total general fund	<u>\$ 29,613,277</u>	<u>\$ 28,767,970</u>	<u>\$ 10,730,662</u>	<u>\$ 12,282,711</u>
All other governmental funds:				
Nonspendable	\$ 8,210,093	\$ 6,200,423	\$ 6,814,431	\$ 157,500
Restricted	38,138,456	31,101,636	32,133,653	56,225,097
Assigned	1,964,946	1,378,401	893,566	3,891,565
Unassigned	(12,759,988)	(110,042)	(373,264)	(47,867)
Total all other governmental funds	<u>\$ 35,553,507</u>	<u>\$ 38,570,418</u>	<u>\$ 39,468,386</u>	<u>\$ 60,226,295</u>

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 6,483,924	\$ 7,129,779	\$ 6,982,268	\$ 9,952,978	\$ 8,976,583	\$ 7,086,958
-	-	-	-	-	7,650
-	-	-	320,200	320,200	-
<u>20,531,695</u>	<u>15,032,610</u>	<u>14,119,078</u>	<u>11,979,653</u>	<u>9,884,913</u>	<u>12,580,716</u>
<u>\$ 27,015,619</u>	<u>\$ 22,162,389</u>	<u>\$ 21,101,346</u>	<u>\$ 22,252,831</u>	<u>\$19,181,696</u>	<u>\$19,675,324</u>
\$ 151,923	\$ 5,277,203	\$ 4,980,450	\$ 110,833	\$ 99,167	\$ 82,420
59,918,077	51,467,448	45,082,696	49,600,866	57,840,755	64,044,695
4,930,693	5,065,065	2,820,665	2,004,895	1,107,138	1,786,815
<u>(438,708)</u>	<u>(531,412)</u>	<u>(1,100,860)</u>	<u>(710,218)</u>	<u>(692,305)</u>	<u>(1,158,958)</u>
<u>\$ 64,561,985</u>	<u>\$ 61,278,304</u>	<u>\$ 51,782,951</u>	<u>\$ 51,006,376</u>	<u>\$58,354,755</u>	<u>\$64,754,972</u>

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Revenues:				
Taxes	\$ 63,663,702	\$ 53,636,172	\$ 46,185,045	\$ 48,785,393
Special assessments	5,210,062	5,270,856	5,511,465	5,513,535
Licenses and permits	1,099,083	866,642	1,156,196	1,717,153
Fines and forfeitures	1,056,923	1,097,836	1,048,819	1,036,732
Investment income	4,124,960	3,419,665	533,388	716,472
Rental income	468,123	421,521	370,913	367,798
Revenue from other agencies	8,363,460	12,481,691	9,496,633	11,097,551
Charges for services	6,779,667	6,732,076	6,124,201	6,751,541
Repayment of notes and loans	721,348	332,698	925,235	26,148
Other	3,781,096	1,720,792	5,105,117	6,258,384
Total revenues	<u>95,268,424</u>	<u>85,979,949</u>	<u>76,457,012</u>	<u>82,270,707</u>
Expenditures				
Current:				
General government	4,180,878	4,950,311	5,205,956	7,087,335
Public safety	41,938,421	44,109,598	42,688,487	43,332,847
Public works	15,325,261	18,209,981	16,203,144	17,790,042
Community services	5,412,009	5,917,227	5,872,485	5,399,732
Community development	8,228,653	4,246,590	666,255	679,007
Pass-through payments	5,863,850	2,112,227	-	-
Debt service:				
Principal retirement	4,649,975	5,155,105	1,773,261	1,870,239
Interest and fiscal charges	8,520,890	6,307,988	1,659,473	1,666,054
Cost of issuance	-	-	-	-
Developer agreement payments	2,317,114	351,444	-	-
Total expenditures	<u>96,437,051</u>	<u>91,360,471</u>	<u>74,069,061</u>	<u>77,825,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,168,627)</u>	<u>(5,380,522)</u>	<u>2,387,951</u>	<u>4,445,451</u>
Other financing sources (uses):				
Capital leases	-	-	-	-
Transfers in	11,171,460	8,947,657	3,639,400	3,744,115
Transfers out	(11,075,526)	(8,848,846)	(3,537,625)	(3,642,340)
Issuance of bonds	-	-	-	2,185,000
Premium of refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(2,248,061)
Extraordinary gain (loss)	-	7,453,315	(19,629,066)	-
Total other financing sources (uses)	<u>95,934</u>	<u>7,552,126</u>	<u>(19,527,291)</u>	<u>38,714</u>
Net change in fund balances	<u>\$ (1,072,693)</u>	<u>\$ 2,171,604</u>	<u>\$ (17,139,340)</u>	<u>\$ 4,484,165</u>
Debt service as a percentage of noncapital expenditures				
	19.89%	16.20%	5.21%	5.18%

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 50,918,823	\$ 54,237,649	\$ 55,502,969	\$ 59,255,716	\$ 62,477,442	\$ 62,588,256
5,595,338	5,550,657	5,318,497	6,077,861	6,347,182	6,490,254
1,419,457	1,156,613	1,037,389	1,089,850	1,140,622	1,491,744
959,606	796,989	894,618	1,290,187	1,318,333	921,872
679,844	(570,132)	4,448,607	551,948	2,008,971	2,677,045
406,350	529,833	604,817	649,968	647,749	700,455
10,769,196	11,218,711	10,193,278	7,920,178	12,581,261	15,386,915
6,803,615	7,731,236	7,359,139	8,681,704	7,473,923	7,690,819
-	-	-	-	-	-
5,490,327	1,487,103	2,129,531	4,229,895	1,142,659	3,783,990
<u>83,042,556</u>	<u>82,138,659</u>	<u>87,488,845</u>	<u>89,747,307</u>	<u>95,138,142</u>	<u>101,731,350</u>
5,757,334	5,103,814	6,214,682	5,700,461	6,828,020	6,488,092
45,906,138	50,962,883	54,480,972	53,087,630	58,205,797	58,857,571
13,724,417	15,509,267	15,328,717	17,635,489	14,800,936	17,262,224
5,816,443	6,864,180	10,824,395	6,975,178	7,290,775	7,263,052
761,896	898,714	2,198,881	1,182,255	1,086,128	1,214,558
-	-	-	-	-	-
1,866,947	2,027,461	7,931,202	1,958,918	13,353,918	1,833,918
1,360,370	1,574,753	1,566,392	1,501,956	1,691,316	1,932,807
-	-	-	-	389,726	-
-	-	-	-	-	-
<u>75,193,545</u>	<u>82,941,072</u>	<u>98,545,241</u>	<u>88,041,887</u>	<u>103,646,616</u>	<u>94,852,222</u>
7,849,011	(802,413)	(11,056,396)	1,705,420	(8,508,474)	6,879,128
-	2,568,446	500,000	-	-	196,759
3,201,793	4,831,038	5,643,232	3,902,056	149,121	1,494,913
(3,100,018)	(10,812,296)	(5,643,232)	(5,232,566)	(9,121)	(1,676,955)
-	-	-	-	24,165,000	-
-	-	-	-	1,380,718	-
-	-	-	-	(12,900,000)	-
11,578,351	-	-	-	-	-
<u>11,680,126</u>	<u>(3,412,812)</u>	<u>500,000</u>	<u>(1,330,510)</u>	<u>12,785,718</u>	<u>14,717</u>
<u>\$ 19,529,137</u>	<u>\$ (4,215,225)</u>	<u>\$ (10,556,396)</u>	<u>\$ 374,910</u>	<u>\$ 4,277,244</u>	<u>\$ 6,893,845</u>
4.92%	4.70%	10.29%	4.18%	15.08%	3.97%

City of West Covina

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

Fiscal Year Ended June 30	City				Taxable Assessed Value
	Secured	Non-Unitary	Unsecured	Less: Exemptions	
2011	\$ 6,276,734	\$ -	\$ 11,705	\$ (86,340)	\$ 6,202,099
2012	6,381,873	-	12,762	(85,792)	6,308,843
2013	6,477,468	-	10,645	(93,277)	6,394,836
2014	6,670,267	-	15,080	(73,615)	6,611,732
2015	7,116,733	-	12,346	(94,084)	7,034,995
2016	7,458,200	-	14,738	(95,915)	7,377,023
2017	7,829,861	-	11,212	(100,253)	7,740,820
2018	8,229,924	-	9,185	(84,900)	8,154,209
2019	8,718,033	-	10,356	(101,379)	8,627,010
2020	9,003,076	-	11,057	(79,629)	9,014,134

NOTE:

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

Source: HdL Coren & Cone, Los Angeles Assessor 2010/2011 - 2019/2020 Combined Tax Rolls

(continued)

<u>Successor Agency (SA) of the former Community Development Commission (CDC)</u>				<u>Taxable Assessed Value</u>	<u>City and SA Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
<u>Secured</u>	<u>Unsecured</u>	<u>Less: Exemptions</u>				
\$ 2,336,269	\$ 157,035	\$ (142,764)	\$ 2,350,540	\$ 8,552,639	33.326%	
2,408,026	152,958	(152,569)	2,408,415	8,717,258	33.518%	
2,429,152	160,821	(152,386)	2,437,587	8,832,423	33.456%	
2,498,131	161,438	(186,502)	2,473,067	9,084,799	14.083%	
2,566,170	161,710	(184,907)	2,542,973	9,577,968	14.116%	
2,795,635	162,488	(189,554)	2,768,569	10,145,592	14.138%	
3,028,206	165,375	(170,529)	3,023,052	10,763,872	14.165%	
3,103,316	163,326	(154,330)	3,112,312	11,266,521	14.109%	
3,305,249	167,442	(168,062)	3,304,629	11,931,639	14.221%	
3,483,295	169,859	(195,530)	3,457,624	12,471,758	14.236%	

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Basic Levy¹	1.00000	1.00000	1.00000	1.00000
Baldwin Park Unified	0.16673	0.17506	0.16406	0.15842
Bassett Unified School District	0.12316	0.11628	0.12773	0.11632
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000
Covina Valley Unified School District	0.09003	0.08999	0.09500	0.11472
Hacienda-La Puente Unified	0.06462	0.06430	0.06689	0.06653
LA County Flood Control	0.00000	0.00000	0.00000	0.00000
Metropolitan Water District	0.00370	0.00370	0.00350	0.00350
Mt. San Antonio College	0.02636	0.02642	0.02896	0.02023
Rowland Heights Unified	0.07538	0.09195	0.10053	0.12297
Walnut Valley Unified	0.11839	0.11735	0.12554	0.11342
West Covina Municipal Maint. Dist.	0.18180	0.18180	0.18180	0.18310
West Covina Unified	0.05920	0.05377	0.04965	0.03626
Total Direct & Overlapping² Tax Rates	1.90937	1.92061	1.94365	1.93547
City Share of 1% Levy Per Prop 13³	0.13820	0.13820	0.13820	0.13820
Redevelopment Rate⁴	1.00370	1.00370	N/A	N/A
Total Tax Rate⁵	0.33326	0.33518	0.33456	0.14083

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 proportions as general fund revenue.

Source: Los Angeles County Assessor 2010/11 - 2019/20 Tax Rate Table

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
0.16519	0.16288	0.10510	0.13039	0.12402	0.13032
0.11539	0.15771	0.16781	0.17443	0.16349	0.14196
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.11426	0.11062	0.12581	0.14205	0.13976	0.13521
0.06432	0.06394	0.06600	0.10531	0.10706	0.08252
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
0.02129	0.02154	0.02400	0.02371	0.02435	0.04781
0.14313	0.12426	0.12444	0.11841	0.11861	0.10760
0.11510	0.09285	0.06601	0.07388	0.10582	0.09538
0.18310	0.18310	0.18310	0.18310	0.18310	0.18310
0.05412	0.04205	0.04914	0.09514	0.09795	0.08192
1.97941	1.96245	1.91492	2.04992	2.06766	2.00932
0.13820	0.13820	0.13820	0.13820	0.13820	0.13820
N/A	N/A	N/A	N/A	N/A	N/A
0.14116	0.14138	0.14165	0.14109	0.14221	0.14236

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City of West Covina

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Plaza West Covina LLC	\$ 276,110,914	1	2.21%	\$ 183,924,412	1	2.15%
BRE DDR BR Eastland California LLC	180,509,731	2	1.45%			0.00%
Colony at the Lakes	176,262,499	3	1.41%	-		0.00%
624 South Glendora Avenue Owner LLC	73,950,991	4	0.59%	-		0.00%
Deutsche Mellon National Asset LLC	68,285,940	5	0.55%	-		0.00%
WC MB RE LLC	62,897,717	6	0.50%	-		0.00%
Walnut Ridge Apartments LP	60,621,979	7	0.49%	-		0.00%
TPA Nasch LLC	58,034,550	8	0.47%	-		0.00%
MillBrook Park Apartments	45,753,701	9	0.37%	-		0.00%
Francisquito Avenue Fee Owner LLC	44,733,422	10	0.36%	-		0.00%
Eastland Shopping Center LLC	-		0.00%	102,072,600	2	1.19%
Gateway Crescent LLC	-		0.00%	56,730,228	3	0.66%
PPC WR Apartments LLC	-		0.00%	51,361,141	4	0.60%
Eastland Tower Partnership	-		0.00%	51,008,272	5	0.60%
Legacy Partners Verandas LP	-		0.00%	48,065,859	6	0.56%
CP Lafayette Parc LLC	-		0.00%	43,724,863	7	0.51%
SP Torrey Pines LLC	-		0.00%	40,107,000	8	0.47%
Hassen Real Estate Partnership	-		0.00%	34,956,936	9	0.41%
KOR BAM Sunset Plaza LLC	-		0.00%	30,540,327	10	0.36%
Totals	<u>\$1,047,161,444</u>		<u>8.40%</u>	<u>\$642,491,638</u>		<u>7.51%</u>

Source: HdL Coren & Cone; Los Angeles County Assessor 2010-11 and 2019-20 Combined Tax Rolls and the SBE Non Unitary Tax Roll

City of West Covina

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	City					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2011	\$ 8,782,946	\$ 8,287,440	94.36%	\$ 201,261	\$ 8,488,701	96.65%
2012	8,961,279	8,280,265	92.40%	(167,264)	8,113,001	90.53%
2013	9,094,235	8,853,013	97.35%	(75,056)	8,777,957	96.52%
2014	9,119,226	9,105,997	99.85%	(67,229)	9,038,768	99.12%
2015	9,702,185	9,491,592	97.83%	34,965	9,526,557	98.19%
2016	10,173,156	9,881,520	97.13%	88,647	9,970,167	98.00%
2017	10,671,800	10,440,321	97.83%	109,928	10,550,250	98.86%
2018	11,679,354	11,040,516	94.53%	267,238	11,307,754	96.82%
2019	12,395,960	11,894,401	95.95%	233,272	12,127,673	97.84%
2020	12,607,874	11,998,360	95.17%	241,683	12,240,043	97.08%

Notes:

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

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

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

(continued)

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
\$ 20,132,138	\$ 19,147,814	95.11%	\$ 394,313	\$ 19,542,127	97.07%
20,612,835	8,727,674	42.34%	191,262	8,918,936	43.27%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
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	
2011	\$ 56,115,000	\$ 35,870,000	\$ 25,815,000	\$ 42,385,673	\$ 1,843,538	\$ 162,029,211
2012	50,825,000	-	-	1,800,221	1,409,134	54,034,355
2013	49,645,000	-	-	1,658,532	957,535	52,261,067
2014	48,385,000	-	-	1,512,768	773,282	50,671,051
2015	47,225,000	-	-	12,941,113	216,342	60,382,455
2016	46,000,000	-	-	12,208,103	2,715,337	60,923,440
2017	42,570,000	-	-	10,920,515	-	53,490,515
2018	41,190,000	-	-	10,341,597	-	51,531,597
2019	39,680,000	-	-	9,762,679	-	49,442,679
2020	38,425,000	-	-	9,183,761	180,122	47,788,883

Notes:

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

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

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

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

Source: City of West Covina Finance Department

(continued)

<u>Business-Type Activities</u>					
<u>Certificates of Participation</u>	<u>Total Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Debt Per Capita (2)</u>	
\$ -	\$ -	\$162,029,211	6.35%	\$ 1,435	
-	-	54,034,355	2.02%	506	
-	-	52,261,067	1.90%	487	
-	-	50,671,051	1.88%	470	
-	-	60,382,455	2.28%	560	
-	-	60,923,440	2.27%	565	
-	-	53,490,515	1.98%	496	
-	-	51,531,597	1.88%	476	
-	-	49,442,679	1.70%	457	
-	-	47,788,883	1.56%	451	

City of West Covina

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years in thousands (000s)

Fiscal Year Ended June 30	Lease Revenue Bonds	Special Assessment Bonds(a)	Tax Allocation Bonds(a)	Total	Percent of Assessed Value(1)	Per Capita
2011	\$ 56,115	\$ 35,870	\$ 25,815	\$ 117,800	1.38%	\$ 497
2012	50,825	-	-	50,825	0.58%	476
2013	49,645	-	-	49,645	0.56%	463
2014	48,385	-	-	48,385	0.53%	449
2015	47,225	-	-	47,225	0.49%	438
2016	46,000	-	-	46,000	0.45%	426
2017	42,570	-	-	42,570	0.40%	395
2018	41,190	-	-	41,190	0.37%	381
2019	39,680	-	-	39,680	0.33%	367
2020	38,425	-	-	38,425	0.31%	363

Notes:

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

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

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

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

City of West Covina

Direct and Overlapping Debt June 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with Property Taxes:			
Metropolitan Water District	\$ 18,151,752	0.728	\$ 132,141
MT. SAN ANTONIO CCD DS 2008 SERIES 2013A	161,708,000	12.917	20,888,478
MT. SAN ANTONIO CCD DS 2008 SERIES 2013B	3,805,000	12.917	491,507
MT. SAN ANTONIO CCD DS 2013 REF SERIES A	23,500,000	12.917	3,035,590
MT. SAN ANTONIO CCD DS 2013 REF SERIES B	27,185,000	12.917	3,511,597
MT. SAN ANTONIO CCD DS 2008 SERIES 2015C	10,870,000	12.917	1,404,122
MT. SAN ANTONIO CCD DS 2015 REF BONDS	17,365,000	12.917	2,243,107
MT. SAN ANTONIO CCD DS 2018 SERIES 2019A	401,245,000	12.917	51,830,442
BALDWIN PARK USD 2006 SERIES 2013	2,112,709	0.293	6,198
BALDWIN PARK USD 2006 SERIES 2019	44,761,025	0.293	131,320
BASSETT USD DS 2006 SER B	10,535,729	0.062	6,483
BASSETT USD DS 2014 REF SERIES A	7,860,000	0.062	4,837
BASSETT USD DS 2014 REF SERIES B	5,995,000	0.062	3,689
BASSETT USD DS 2016 REF BONDS	7,090,000	0.062	4,363
BASSETT USD DS 2014 SERIES B	19,755,000	0.062	12,157
COVINA VALLEY USD DS 2001 SERIES B	9,447,069	31.981	3,021,260
COVINA VALLEY USD DS 2001 REFUND 2010 SERIES A	1,935,000	31.981	618,831
COVINA VALLEY USD DS 2012 SERIES A	4,815,000	31.981	1,539,882
COVINA VALLEY USD DS 2013 REF BONDS	11,865,000	31.981	3,794,537
COVINA VALLEY USD DS 2012 SERIES B	36,145,000	31.981	11,559,507
COVINA VALLEY USD DS 2012 SERIES C	31,490,000	31.981	10,070,795
COVINA VALLEY USD DS 2012 SERIES C	29,380,000	31.981	9,395,997
COVINA VALLEY USD DS 2016 REF BONDS	14,000,000	31.981	4,477,330
COVINA VALLEY USD DS 2012 SERIES D	58,690,000	31.981	18,769,607
HACIENDA-LA PUENTE USD DS 2005 REFUNDING BONDS	19,550,000	1.374	268,661
HACIENDA-LA PUENTE USD DS 2007 REFUNDING	51,100,000	1.374	702,229
HACIENDA-LA PUENTE USD DS 2016 SERIES 2017A	59,695,000	1.374	820,344
ROWLAND HEIGHTS USD DS 2005 REF BONDS	6,984,432	14.634	1,022,072
ROWLAND HEIGHTS USD DS 2006 SERIES B	19,272,549	14.634	2,820,261
ROWLAND HEIGHTS USD DS 2019	14,355,000	14.634	2,100,648
ROWLAND HEIGHTS USD DS 2006 SERIES D QSCB	14,075,000	14.634	2,059,674
ROWLAND HEIGHTS USD DS 2006 SERIES E	557,451	14.634	81,575
ROWLAND HEIGHTS USD DS 2012 SERIES A	40,330,000	14.634	5,901,717
ROWLAND HEIGHTS USD DS 2013 REF BONDS	23,840,000	14.634	3,488,642
ROWLAND HEIGHTS USD DS 2012 SERIES B	65,999,972	14.634	9,658,150
ROWLAND HEIGHTS USD DS 2015 REF BONDS	41,420,000	14.634	6,061,223
WALNUT VALLEY USD DS 2000 SERIES D	11,428,114	0.748	85,530
WALNUT VALLEY USD DS 2000 SERIES E	4,509,459	0.748	33,750
WALNUT VALLEY USD DS 2011 REF	745,000	0.748	5,576
WALNUT VALLEY USD DS 2007 SERIES B MEAS. S	10,284,601	0.748	76,972
WALNUT VALLEY USD DS 2007 SERIES C	310,547	0.748	2,324
WALNUT VALLEY USD DS 2014 REF BONDS SERIES A	3,260,000	0.748	24,398
WALNUT VALLEY USD DS 2014 REF BONDS SERIES B	2,345,000	0.748	17,550
WALNUT VALLEY USD DS 2016 REF BONDS	39,205,000	0.748	293,417
WALNUT VALLEY USD DS 2018 2019	66,730,000	0.748	499,418
WEST COVINA USD 2002 REFUNDING SERIES A	8,985,000	95.442	8,575,453
WEST COVINA USD DS 2012 REF BONDS	9,900,000	95.442	9,448,746
WEST COVINA USD DS 2016 SERIES A	69,355,000	95.442	66,193,713
Sub Total Overlapping Debt			<u>267,404,480</u>
City of West Covina Direct Debt - Lease Revenue Bonds			<u>23,025,000</u>
Total Direct and Overlapping Debt			<u>\$ 290,429,480</u>

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

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

Source: HdL Coren & Cone, Los Angeles, County Assessor and Auditor Combined 2019-20 Lien Date Tax Rolls

City of West Covina

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

	Fiscal Year			
	2011	2012	2013	2014
Assessed valuation	\$ 6,202,099	\$ 6,308,843	\$ 6,394,836	\$ 6,611,732
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,550,525	1,577,211	1,598,709	1,652,933
Debt limit percentage	15%	15%	15%	15%
Debt limit	232,579	236,582	239,806	247,940
Total net debt applicable to limitation	-	-	-	-
Legal debt margin	\$ 232,579	\$ 236,582	\$ 239,806	\$ 247,940
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

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

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

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 7,034,995	\$ 7,377,023	\$ 7,740,820	\$ 8,154,209	\$ 8,627,010	\$ 9,014,134
25%	25%	25%	25%	25%	25%
1,758,749	1,844,256	1,935,205	2,038,552	2,156,753	2,253,534
15%	15%	15%	15%	15%	15%
263,812	276,638	290,281	305,783	323,513	338,030
-	-	-	-	-	-
<u>\$ 263,812</u>	<u>\$ 276,638</u>	<u>\$ 290,281</u>	<u>\$ 305,783</u>	<u>\$ 323,513</u>	<u>\$ 338,030</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

City of West Covina

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

Fiscal Year Ended June 30	Lease Revenue Bonds and Certificates of Participation			
	General Fund Revenue	Debt Service		Coverage
		Principal	Interest	
2011	\$ 47,672	\$ 1,855	\$ 1,268	\$ 15
2012	48,347	1,505	1,155	18.18
2013	53,006	1,605	1,272	18.42
2014	54,753	1,715	1,249	18.47
2015	57,588	1,655	891	22.62
2016	58,133	1,900	1,121	19.24
2017	64,372	4,005	1,185	12.40
2018	67,196	2,005	1,306	20.29
2019	65,426	1,255	1,918	20.62
2020	70,935	1,255	1,918	22.36

Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service		Coverage
		Principal	Interest	
2011	\$ 19,542	\$ 1,205	\$ 1,127	8.38
2012	17,260	1,250	1,079	7.41
2013	12,152	1,305	1,030	5.20
2014	8,675	1,358	978	3.71
2015	9,260	1,420	920	3.96
2016	15,110	1,480	853	6.48
2017	9,365	19,005	802	0.47
2018	10,256	1,480	-	6.93
2019	12,625	1,820	361	5.79
2020	9,633	1,820	361	4.42

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

Source: City of West Covina Finance Department

(continued)

Fiscal Year Ended June 30	Assessment District Bond					
	Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage
2011	\$ 3,591	\$ 470	\$ 3,121	\$ 1,485	\$ 2,197	0.85
2012	4,444	70	4,374	1,580	2,105	1.19
2013	5,569	1,027	4,542	1,770	2,004	1.20
2014	5,740	767	4,973	2,055	1,890	1.26
2015	3,305	1,457	1,848	2,340	1,758	0.45
2016	6,911	1,429	5,482	2,940	2,124	1.08
2017	4,596	2,536	2,060	2,745	1,365	0.50
2018	4,596	2,536	2,060	3,000	1,429	0.47
2019	5,304	929	4,375	3,250	1,004	1.03
2020	3,999	3,365	634	3,495	1,120	0.14

City of West Covina

Demographic and Economic Statistics Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Annual Unemployment Rate</u>
2010	112,890	\$ 2,552,782	\$ 22,613	11.2%
2011	106,713	2,670,706	25,027	10.9%
2012	107,248	2,751,555	25,656	8.2%
2013	107,828	2,698,504	25,026	6.7%
2014	107,879	2,653,176	24,594	10.1%
2015	107,873	2,680,000	24,844	8.2%
2016	107,813	2,705,736	25,096	6.4%
2017	108,245	2,737,892	25,293	5.2%
2018	108,116	2,916,516	26,975	4.6%
2019	105,999	3,053,619	28,807	4.4%

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

City of West Covina

Principal Employers Current Year and Nine Years Ago

Employer	2020			2011		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Queen of the Valley Campus	1,685	1	3.29%	1,782	1	3.23%
WC Unified School District	1,375	2	2.69%	1,223	2	2.22%
Merakey Allos	663	3	1.29%			
California Respite Care	400	4	0.78%			
Macy's	343	5	0.67%	271	5	0.49%
City of West Covina	333	6	0.65%	482	3	0.87%
Porto's Bakery	313	7	0.61%			
Target Store #T-2147	253	8	0.49%			
Interspace/Concorde Battery Corporation	248	9	0.48%	206	8	0.37%
Target Store #T1028	247	10	0.48%	404	4	0.73%
JC Penney Corp Inc. #1505-7				257	7	0.47%
S G V Newspaper Group				264	6	0.48%
B.J.'s Restaurant & Brewery				201	9	0.36%
Sears Roebuck & Company				145	10	0.26%
Totals	5,860		11.45%	5,235		9.48%

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

Source: Labor Market Info, EDD, State of California
HdL Coren & Cone

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City of West Covina

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	39	36	31	31	31	32	42	46	36	32
Public safety	281	264	253	244	268	268	282	259	238	237
Public works	76	72	64	69	71	71	75	56	44	-
Public services	-	-	-	-	-	-	-	-	-	25
Community services	44	44	41	42	41	41	87	64	64	27
Community development	19	16	7	2	2	2	1	1	3	12
Total	<u>459</u>	<u>432</u>	<u>396</u>	<u>389</u>	<u>413</u>	<u>414</u>	<u>487</u>	<u>426</u>	<u>385</u>	<u>333</u>

Source: City of West Covina Finance Department

City of West Covina

Operating Indicators by Function Last Ten Years

Function/Program	Fiscal Year			
	2011	2012	2013	2014
Public safety:				
Police:				
Total arrests	3,210	2,557	2,755	2,537
Calls for police service (1)	71,254	71,741	65,554	69,874
Graffiti sites cleaned	15,781	23,579	19,910	20,014
Fire:				
Emergency responses	7,454	7,545	7,871	7,990
Fire inspections	430	496	837	749
Public works:				
Building permits issued	2,477	2,435	3,882	2,925
Graffiti sites cleaned (2)	N/A	N/A	N/A	N/A
Community services:				
Recreation class registrations (3)	7,041	6,927	6,027	6,283

Note:

- (1) Calls received that generated an incident number but not necessarily a police response.
- (2) Due to department restructuring, the responsibility for graffiti abatement was absorbed by the Police Department starting fiscal year 2008-2009 and by Public Works starting fiscal year 2015-2016.
- (3) The increase in recreation class registrations in FY18 relates to inclusions of daycare classes.
- (4) The decrease in recreation class registrations in FY20 relates to COVID restrictions.

Source: City of West Covina Finance Department

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
2,544	2,624	2,818	3,080	2,538	2,037
71,098	72,368	74,898	84,850	73,713	68,605
16,156	N/A	N/A	N/A	N/A	N/A
8,555	9,494	9,353	9,383	9,289	8,944
717	778	816	805	1,009	356
3,617	5,038	1,547	1,399	2,938	3,022
N/A	13,964	6,694	2,391	3,077	3,140
6,487	7,129	7,500	17,902	26,482	8,075

City of West Covina

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function	Fiscal Year			
	2011	2012	2013	2014
Public safety:				
Police:				
Stations	1	1	1	1
Fire:				
Stations	5	5	5	5
Public works:				
Streets (miles)	231.0	231.0	231.0	231.0
Streetlight poles	826	826	826	826
Streetlight fixtures	1,109	1,109	1,109	1,109
Traffic signals	116	117	117	117
Parks and recreation:				
Sports Complex	1	1	1	1
Parks	16	16	16	16
Community centers	4	4	4	4
Wastewater:				
Sanitary sewers (miles)	238.9	238.9	238.9	238.9
Storm sewers (miles)	42.0	42.0	42.0	42.0

Source: City of West Covina

(continued)

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
5	5	5	5	5	5
231.0	240.3	240.3	240.3	240.3	240.3
826	826	674	674	674	674
1,109	1,109	420	420	420	420
114	114	97	97	97	97
1	1	1	1	1	1
16	16	16	16	16	16
4	4	4	4	4	4
238.9	238.9	227.0	227.0	227.0	227.0
42.0	42.0	26.0	26.0	26.0	26.0

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