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

CITY OF COVINA, CALIFORNIA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2015

John C. King, Mayor

Kevin Stapleton
Mayor Pro Tem

Peggy Delach
Council Member

Jorge Marquez
Council Member

Walter Allen III
Council Member

Andrea Miller, City Manager

Prepared by the City of Covina Finance Department

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CITY OF COVINA

125 East College Street ● Covina, California 91723-2199

May 17, 2016

Honorable Mayor and City Council
City of Covina
Covina, California

The Comprehensive Annual Financial Report of the City of Covina (City), California, as of June 30, 2015 and for the year then ended, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are the responsibility of the City's management. Completeness and reliability of the information contained in this report is based upon a comprehensive framework of internal controls that is established for this purpose. The costs of internal control should not exceed the anticipated benefits. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Management's Discussion and Analysis (MD&A) interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variations in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. MD&A complements this letter of transmittal and should be read in conjunction with it.

Independent Audit. City policy requires that its financial statements be audited by a certified public accountant. Moss Levy & Hartzheim LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2015. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Not for Profit Organizations*. A separate single audit report includes the schedule of expenditures of federal awards, auditors' report on internal controls, and compliance with applicable laws and regulations.

Profile of the City of Covina

The City is a mature, suburban city located twenty-three miles east of downtown Los Angeles in the eastern portion of the San Gabriel Valley. The City encompasses an area of approximately seven square miles and is virtually completely built out. There are four major retail areas, three industrial areas, and an office park and high rise. The current population is 48,346 according to the State of California Department of Finance.

The City is a general law city, incorporated in 1901. The City Council is composed of five members elected biannually at large to four year alternating terms. The Mayor and Mayor Pro Tem are selected by the City Council.

The City has a Council/Manager form of government. The City Manager is appointed by the City Council to manage the daily affairs of the City and to implement policies established by the Council.

This report includes all the funds of the City. The City provides a full range of services including police and fire protection (via a contract with the Los Angeles County Fire Department); construction and maintenance of highways, streets and infrastructure; library and recreational services; public transportation; planning and economic development; housing; and administrative services. In addition to general municipal activities, the City provides water, sewer, and refuse and recycling collection services (via a contract with Covina Disposal).

The Council is required to adopt a final budget by June 30th of each fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, program (e.g., public safety), and activity (e.g., police patrol). Department heads may transfer resources within each activity as needed. The City Manager may transfer resources between activities within a fund. Transfers between funds require approval from the City Council.

In accordance with the reporting entity definition of the Governmental Accounting Standards Board, the City has included the Covina Public Financing Authority, the Covina Redevelopment Agency (as of February 1, 2012), and the Covina Housing Authority in the financial report.

Several state and county agencies, and school districts provide services to the City, but do not meet the established criteria for inclusion, and accordingly are excluded from this report.

Economic Condition and Outlook

Much of the local development of the City occurred during the post-World War II building boom, which took place from the late 1940's through the 1960's. Prior to the building boom, the City was a major citrus producing area.

The character of the City is one of predominantly low to medium density residential and low-intensity commercial and light industrial uses. Single-family residential properties are the most common use. In addition, there are many commercial establishments, particularly community and neighborhood shopping centers, and a relatively large number of small to medium-sized professional offices and light manufacturing operations. The local economy is based on a variety

of service, retail, and light manufacturing businesses as well as government agencies.

The City's economy always has been healthy, though relatively small in population and area. The City consistently ranks high in retail sales tax generation and sales tax per capita among San Gabriel Valley cities. This is primarily due to the mix of retail businesses located in the City. Despite being in the middle of the well-established San Gabriel Valley, Covina retains a small-town atmosphere. The nearby San Bernardino, Foothill, and Orange Freeways, and the Southern California Regional Rail Authority Metrolink Commuter Rail Line link the City to other areas of metropolitan Los Angeles.

Long-term Financial Planning

As part of a financial strategic plan, the City Council developed the following budget policy guidelines for budgetary and financial planning purposes:

<u>Program - Base Budget</u>

1. *Appropriations*
   - Each program will identify activities and the recommended appropriations
   - Identify recurring vs. nonrecurring appropriations
   - Identify general vs. restricted appropriations
   - Continuing appropriations for year-end
     - *Encumbrances and contractual commitments*
     - *Grant, restricted donation and capital project appropriations are considered life-cycle appropriations*
     - *All other appropriations shall lapse at year-end unless carried forward by City Council action*
2. *Estimated Revenues*
   - Estimated revenues will be identified by fund, program and activity
   - Fund types include general, special revenue, debt service, capital projects, enterprise and internal service
   - Identify recurring vs. nonrecurring revenues
   - Identify general revenues vs. restricted revenues
3. *Fund Balances/Working Capital*
   - Program-base budget will calculate available fund balances and/or working capital available in the various funds
   - Program-base budget will establish adequate reserves
     - *Capital needs*

- *Offset economic hard times*
- *Stabilize fluctuations in cash flow requirements*
- *Emergency Situations*

- General Fund
  - *Minimum of 20% of operating expenses-reserve exclusive of risk management requirements*
  - *Excess reserves will be assigned for nonrecurring activities or capital improvements*
  - *Maintain general liability and worker's compensation reserves based on actuarial recommendations*
- Restricted Funds
  - *Reserves can be used for only restricted purposes*
  - *Excess reserves can be restricted for recurring and nonrecurring activities or capital improvements depending on the nature of the fund*

<u>Program – Base Budget Will Link Resources with Results</u>

1. *Identifying community needs for essential services*
2. *Describing the programs required to provide the essential services*
3. *Identifying the purpose of activities performed in delivering services*
4. *Establishing goals and objectives which define the nature and level of services required*
5. *Identifying resources required to perform program activities and accomplish goals and objectives*
6. *Setting standards to measure and evaluate*
   - Output and outcomes of program activities
   - Accomplishment of program activities
   - Staffing levels
   - Program activity revenue and appropriations
     - *Make budgetary and financial decisions on conservative estimates of revenues, expenditures and other financing sources and uses*
     - *The greater the uncertainty and/or volatility of the budgetary and financial estimates, the more conservative the estimates*

Program Base Budget-Change in Service

1. *The base budget is the required appropriation level needed to maintain the previous year budget service level*
2. *Change in service is the proposed increase or decrease in service level in the program-based budget activity*
3. *Increase in services shall be offset with new revenue or a corresponding decrease in other program services*
4. *Grants shall not have a negative impact on General Fund services*
5. *Future operating grants will not be funded by the General Fund unless there is a new revenue source or decrease in other program services*

Program – Base Budget Shall Be Balanced On a Long-Term Basis

1. *Ongoing and recurring costs shall be funded with ongoing and recurring revenues*
2. *One-time and nonrecurring costs shall be funded with excess ongoing revenues, available one-time revenues or excess reserves*
3. *One-time or nonrecurring revenues shall not fund ongoing cost*
4. *Current costs shall be recognized and funded in the current year, not deferred or funded in future years*
5. *Maintain current full costs providing City services*
6. *The General Fund shall try to maintain a minimum $100,000 operating contingency for unanticipated events*
7. *Make conscious decisions about cost recovery and/or general tax subsidy of those services that benefit only a portion of the tax paying public*

Infrastructure Maintenance

1. *Identify preventive maintenance of infrastructure to minimize future expenditure*
2. *Amortize capital costs*
   - Replacing or expanding existing facilities and equipment
   - With respect to equipment, rates shall be established to recover the replacement cost of each item at the end of its useful life
   - Facilities shall be amortized to cover ongoing maintenance and cyclical repairs, and for the replacement or expansion of major structures

Exceptions

1. *City Council/Agency Board authorization required for*
   - Emergencies

- Legal requirements
- Loans
- Accounting changes and prior period adjustments

Implementation

1. *The City Manager shall be responsible for the preparation and submission of the program-based budget.*

2) *The City Manager shall be authorized to make the appropriate changes to adhere to the budget policy.*

3) *Staff shall report to the City Council 30 days after the end of each fiscal quarter with an update on actual revenues and expenditures as shown in the adopted budget.*

A majority of the policy guidelines have been implemented to date. City staff is in the process of developing a five-year financial plan. The challenge in developing such a plan has been the periodic impacts local governments have experienced as a result of the State fiscal crisis.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the finance department with special recognition of Theresa Franke and Marietta Santos. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City of Covina's finances and to the Department Directors for their cooperation and support during the annual audit.

Sincerely,

Andrea Miller
City Manager

Dennis Swink
Interim Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Covina

California

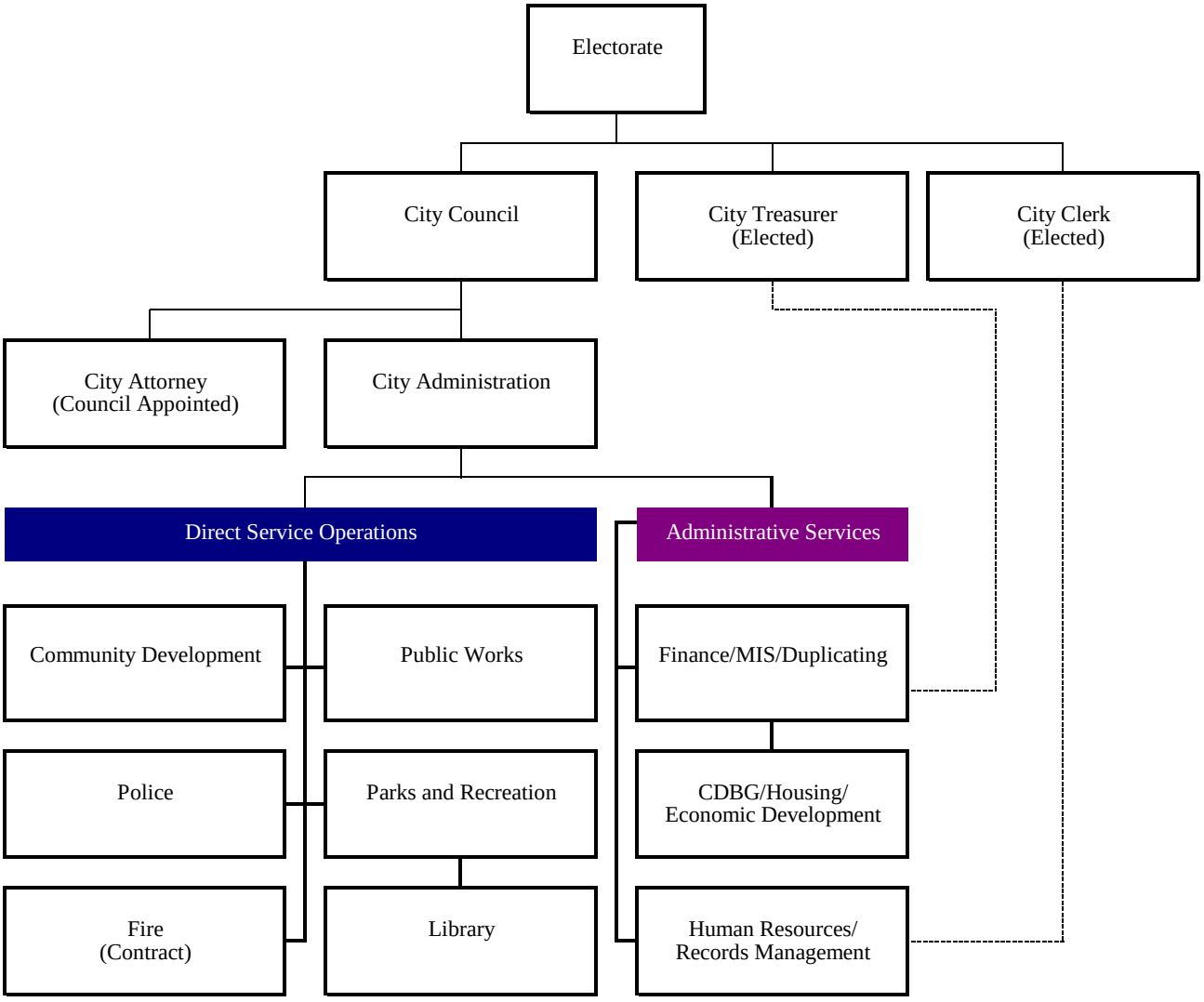
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF COVINA, CALIFORNIA

Organizational Chart
June 30. 2015



Direct Authority
Functional Authority

CITY OF COVINA, CALIFORNIA
List of Principal Officials
2014-2015

Elected Officials	**Term Expires**
Mayor:	
John C. King	March 2017
Mayor Pro Tem:	
Kevin Stapleton	March 2017
Council Members:	
Jorge Marquez	March 2017
Peggy Delach	March 2019
Walter Allen III	March 2019
City Clerk: *	
Mary Lou Walczak	March 2017
City Treasurer:	
Geoffrey Cobbett	March 2017

Administrative Staff	**Date of Hire**
Acting City Manager: *	
Andrea Miller	March 2015
City Attorney: *	
Candice Lee	May 2015
Finance Director:	
Dennis Swink	February 2016
Human Resources Director:	
Danielle Tellez	June 2015
Police Chief:	
Kim Raney	December 1977
Fire Chief: **	
Daryl L. Osby	February 2011
Public Works Director:	
Siobhan Foster	May 2015
Parks and Recreation Director:	
Amy Hall-McGrade	July 1983

* Appointed by City Council
** Appointed by Los Angeles County Fire District

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MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of 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 Covina, California, (the City) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

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MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIAL

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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 26, the budgetary comparison schedules on pages 87 to 88, Schedule of Funding Progress - OPEB on page 90, Agent-Multiple Employer Defined Pension Plan – Last 10 Years: Schedule of Changes in the Net Pension Liability and Related Ratios as of Measurement Date – Miscellaneous Plan on page 91, Schedule of Contributions – Miscellaneous Plan on page 92, Cost Sharing Multiple-Employer Defined Pension Plan – Last 10 Years: Schedule of Plan's Proportionate Share of Net Pension Liability and Related Ratios As of Measurement Date – Safety Plan on pages 93 to 95, and the Schedule of Contributions – Safety Plan on page 96, 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 combining non-major fund financial statements, non-major funds budgetary comparison schedules, the combining internal service funds financial statements, and the combining agency fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, non-major funds budgetary comparison schedules, the combining internal service funds financial statements, and the combining agency fund financial statements 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 non-major fund financial statements, non-major funds budgetary comparison schedules, the combining internal service funds financial statements, and the combining agency fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim, LLP
Culver City, California
March 31, 2016

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Management's Discussion and Analysis

The following discussion and analysis of the City of Covina's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. This report is prepared in conjunction with the accompanying transmittal letter and basic financial statements and notes.

FINANCIAL HIGHLIGHTS

* Implementation of GASB Statements 68 and 71 did have an impact on the City's financial statements. See Note 1, Pensions, Note 10 Retirement Plans and Note 25 Prior Period Adjustments.
* The assets of the City exceeded its liabilities at the close of the fiscal year by $94,610,632. The Governmental Activities have a deficit unrestricted net position of $29,330,744. Business-type Activities have unrestricted net position of $20,749,710.
* The City's net position for Governmental and Business-type activities increased by $4,118,554 or 4.6% from the previous fiscal year. The prior year net position previously reported at $137,712,238 has been restated to $90,492,078.
* The total cost of all City activities was $53,532,129 for the current fiscal year. Net cost of all activities was $23,197,969.
* During the current fiscal year, the City's revenues exceeded net expenses of the governmental activities by $576,537.
* In the City's business-type activities, revenues exceeded expenses by $3,542,017.
* The total fund balances of the City's governmental funds were $21,280,895 at the close of the fiscal year. All of this amount is nonspendable, committed, restricted or assigned and is not *available for spending* at the City's discretion.
* General Fund revenues exceeded expenditures and other financing sources (uses) by $2,391,758 for the fiscal year.
* The total fund balance of the General Fund was $11,054,846 as of June 30, 2015. This total amount is nonspendable, restricted, committed or assigned and is not *available for spending* at the City's discretion (see note 15 of *Notes to the Financial Statements*).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) and notes to the financial statements. The report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances, in a manner similar to private-sector business.

Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, and with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-Wide Financial Statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include General Government, Public Safety, Public Works, Culture and Recreation, Community Development, Transit, Redevelopment and Housing, and Interest on Long-Term Debt. The business-type activities include Water Utility, Environmental Protection, and Sewer.

The Government-Wide Financial Statements include not only the City itself (known as the *primary government*) but also the blending of the legally separate Covina Public Financing Authority, and Covina Housing Authority for which the City is financially accountable. These *component units* are therefore included as an integral part of the primary government.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided in three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the Government-Wide Financial Statements. However, unlike Government-Wide Financial Statements, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

The focus of governmental funds is narrower than that of the Government-Wide Financial Statements; it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the Government-Wide Financial Statements. This will provide a better understanding of the long-term impact of the City's near-term financing decisions. The Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City maintains eighteen individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Housing Authority, which are considered to be major funds. Information from the other non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of the report.

The City adopts an annual appropriated budget for all of the governmental funds. Budgetary comparison schedules have been provided in the required supplementary information section for the general and major special revenue fund to demonstrate compliance with the budget. Budgetary comparison schedules have been provided in the supplementary information section for the remaining major and non-major governmental funds.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City's enterprise funds account for the Water Utility, Environmental Protection and Sewer. *Internal service funds* are used to accumulate and allocate costs internally among various City functions. The City's internal service funds account for the Management Information Systems, Central Equipment, Workers' Compensation and General Liability services. These services predominately benefit governmental and business-type functions and have been allocated within the *governmental activities* as well as *business-type activities* in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility,

Environmental Protection and Sewer. All proprietary funds are considered to be major funds of the City. Conversely, all Central Equipment, Management Information Systems, Workers' Compensation and General Liability internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

Fiduciary Funds

Fiduciary funds (private purpose trust fund) are used to account for the assets and activities for which the City acts as trustee. The Statement of Fiduciary Net Position reports the assets and liabilities of the fund and the net position is reported as "held in trust for other governments".

The Government-Wide Financial Statements exclude fiduciary funds.

Notes to the Financial Statements

The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the Government-Wide and Fund Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by $94,610,632 at the close of the fiscal year.

The largest portion of the City's net position (89.3%) is in capital position (land, buildings and structures, infrastructure, and machinery and equipment) less any related debt outstanding used to acquire those assets. Capital assets are acquired for the purpose of providing services to citizens which make them unavailable for future spending. Resources needed to repay the related debt outstanding must be provided from other sources before liquidating capital assets to satisfy these liabilities.

The remaining portion of net position (10.7%) represents resources that are subject to external restrictions on how it may be used; therefore $18,702,053 may not be used to meet the City's ongoing obligations to citizens and creditors designated by certain federal, state, and local statutes.

The City's net position for Governmental and Business-type activities increased by $4,118,554 or 4.6% from the previous fiscal year. The total cost of all City activities was $53,532,129 for the fiscal year. Net cost of all activities was $23,197,969.

Governmental Activities

This analysis focuses on the net position and changes in net position of the City's Governmental Activities which are presented in the Government-Wide Financial Statements.

Governmental Activities Net Position

	2015*	2014
Current and other assets	$ 46,335,756	$ 41,938,714
Capital assets	70,723,029	72,284,235
Total assets	117,058,785	114,222,949
Long-term liabilities outstanding	41,227,975	9,505,426
Other liabilities	15,736,472	2,652,690
Total liabilities	56,964,447	12,158,116
Net position:		
Net Investment in capital assets	70,723,029	72,284,235
Restricted	18,702,053	21,146,284
Unrestricted	(29,330,744)	8,634,314
Total net position	$ 60,094,338	$ 102,064,833

*Certain balances or amounts have been restated due to the implementation of GASB Statement No. 68 and the overstatement of accounts receivable and due from other governments (see note 24 of *Notes to the Financial Statements*).

The net position of the governmental activities represents 63.5% of the City's total net position. Restricted assets include external restrictions relating to public safety, public works, culture and recreation, transit and redevelopment and housing. Restricted net position decreased by $2,444,231 or 11.6%.

Governmental Activities Change in Net Position

Revenues	2015*	2014
Program revenues:		
Charges for services	$ 5,533,736	$ 7,288,298
Operating grants and contributions	8,018,656	5,131,366
Capital grants and contributions	1,595,869	1,483,056
General revenues:		
Property taxes	12,913,803	11,725,280
Sales taxes - intergovernmental unrestricted	6,569,382	5,643,574
Utility users taxes	5,033,846	5,055,632
Other taxes	2,136,060	2,402,854
Investment earnings	641,993	473,543
Other revenue	-	-
Gain on sale of capital assets	-	-
Total revenues	42,443,345	39,203,603
Expenses		
General government	1,188,341	879,859
Public safety	25,102,323	25,353,602
Public works	6,973,320	7,349,352
Culture and recreation	4,782,738	4,769,656
Community development	1,993,386	1,305,545
Transit	1,289,230	1,255,368
Redevelopment and housing	537,470	433,609
Interest on long-term debt	-	21,131
Total expenses	41,866,808	41,368,122
Decrease in net position before transfers	576,537	(2,164,519)
Transfers in (out)	-	(33,927)
Change in net position	576,537	(2,198,446)
Beginning net position	102,064,833	100,885,021
Prior period adjustments	(42,547,032)	3,378,258
Ending net position	$ 60,094,338	$ 102,064,833

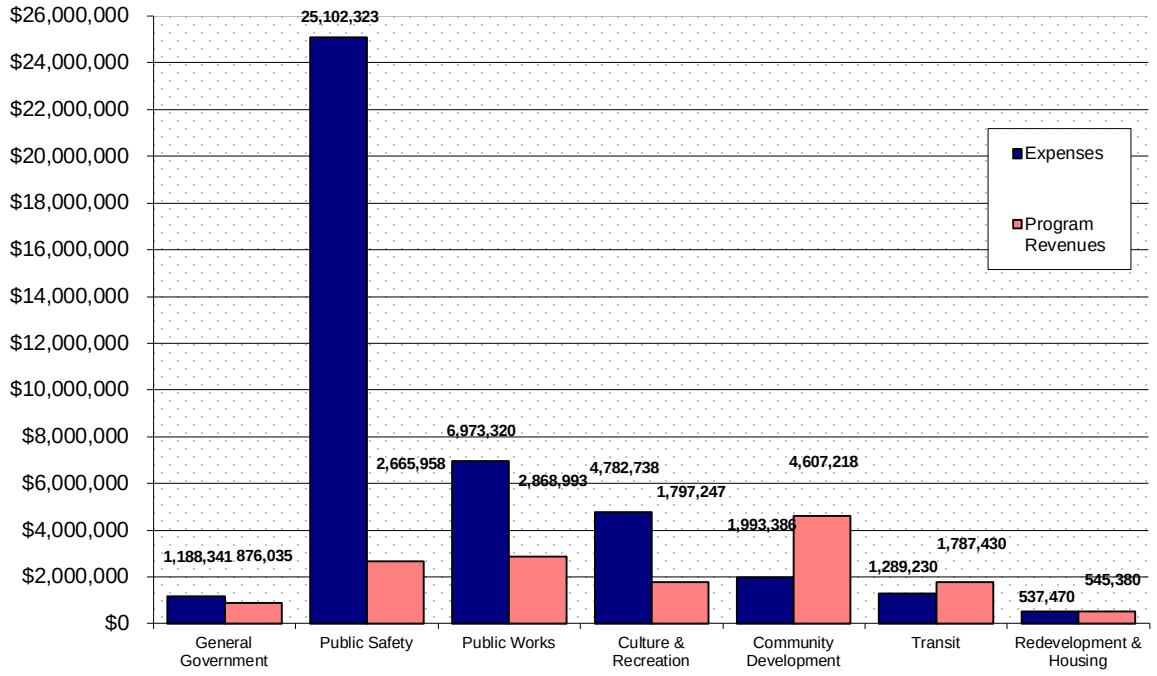
*Certain balances or amounts have been restated due to the implementation of GASB Statement No. 68 and the overstatement of accounts receivable and due from other governments (see note 24 of *Notes to the Financial Statements*).

The City's revenues exceeded net expenses of the governmental activities by $576,537. Revenues show an increase of $3,239,742 while expenses increased slightly by $498,686.

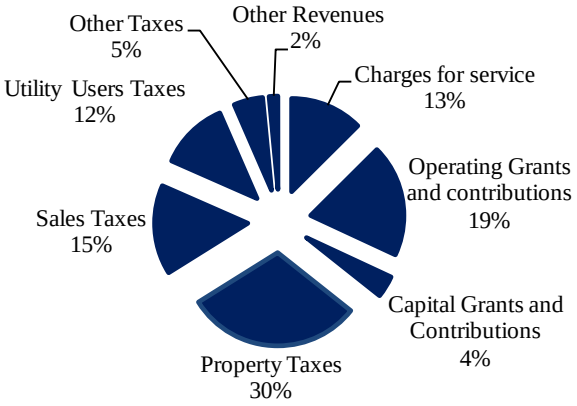
The majority of the revenue increase is a result of an increase in Operating Grants and Contributions of $3,101,589 for money received for the sale of real estate located at 635 Citrus, Covina. There is also an increase in Property Taxes of $1,188,523 and an increase of Sales Tax of $925,808; the Sales Tax difference is due in large part to a one-time decrease in 2014 caused by the dissolution of the Redevelopment Agency. There was a decrease in Charges for Services of $1,968,861 due primarily to the donation of two public safety vehicles in 2014 as well as a sale of real estate in 2014.

A net increase in expenses of $498,686 is reported from the previous fiscal year. The increase in Public Works is due in part to to parking facility improvements which are funded by Proposition C transportation funds. Net Expenses is a good indication of the extent to which the services provided by the City are financed from taxes paid by the citizens as opposed to recovering the cost of these services with user fees and other contributions. The Community Development, Transit and Redevelopment and Housing functions recovered expenses incurred with program revenues. The General Government, Public Safety, Public Works and Culture and Recreation functions are financed primarily from general revenues.

Expenses and Program Revenues-Governmental Activities

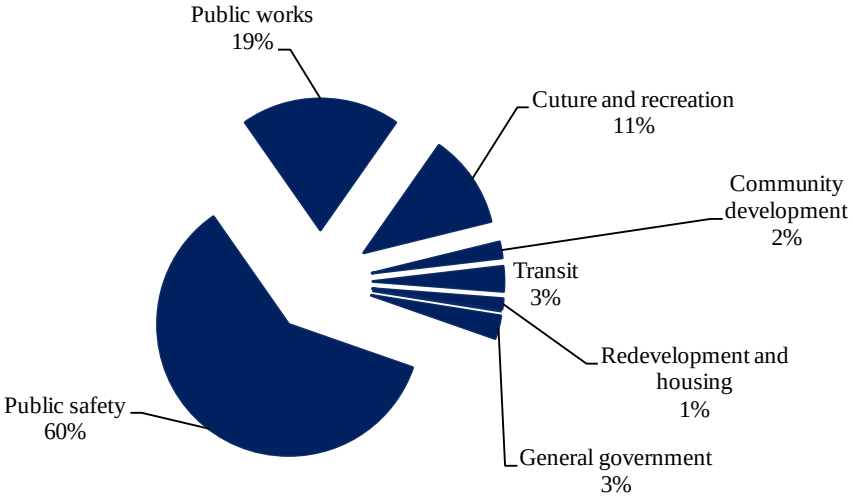


Revenue Sources-Governmental Activities



Taxes, Operating Grants and Contributions, Charges for Services provide 95% of the overall revenue sources of the governmental activities. Taxes include property, sales, utility users and other (transient occupancy, property transfer, business license and franchise). The City is aggressive in the use of both operating and capital grants.

Functions/Programs-Governmental Activities



Public Safety and Public Works represent 79% of the programs of the Governmental Activities. This is consistent with the City's highest priority of citizen safety and well-being. Culture and Recreation represent 11% of Governmental Activities as the City is committed to providing essential city services.

Business-type Activities

The analysis of business-type activities focuses on the net position and changes in net position of the City's Water Utility, Environmental Protection, and Sewer functions which are presented in the Government-Wide Financial Statements.

Business-Type Activities Net Position

	2015*	2014
Current and other assets	$ 38,998,099	$ 35,755,086
Capital assets	33,310,782	34,009,226
Total assets	72,308,881	69,764,312
Long-term liabilities outstanding	35,658,764	32,766,340
Other liabilities	2,133,823	1,350,567
Total liabilities	37,792,587	34,116,907
Net position:		
Net Investment in capital assets	13,766,584	13,256,130
Unrestricted	20,749,710	22,391,275
Total net position	$ 34,516,294	$ 35,647,405

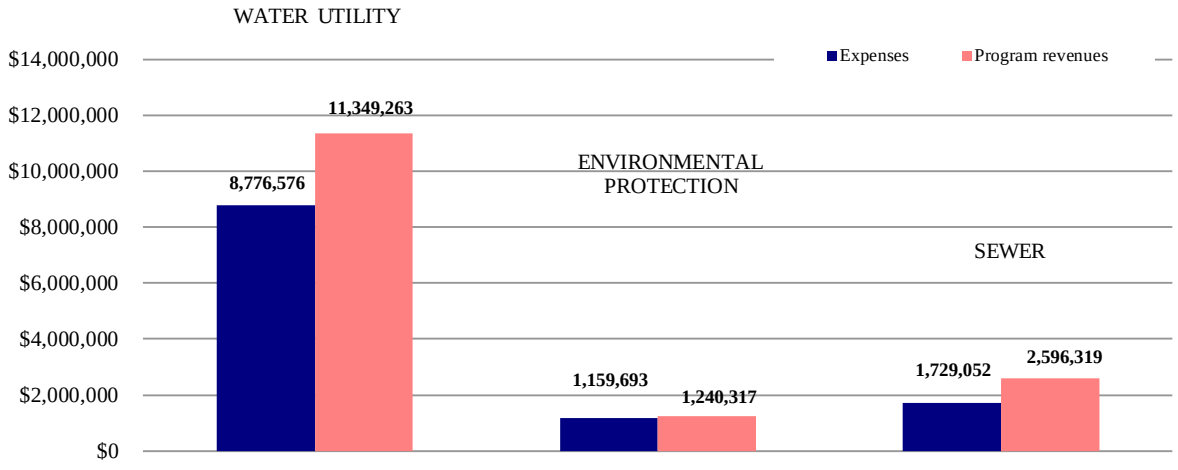
*Certain balances or amounts have been restated due to the implementation of GASB Statement No. 68.

The net position of the business-type activities represents 36.5% of the City's total net position. Business-type net position increased by $3,542,017 from the previous year.

Business-type Change in Net Position

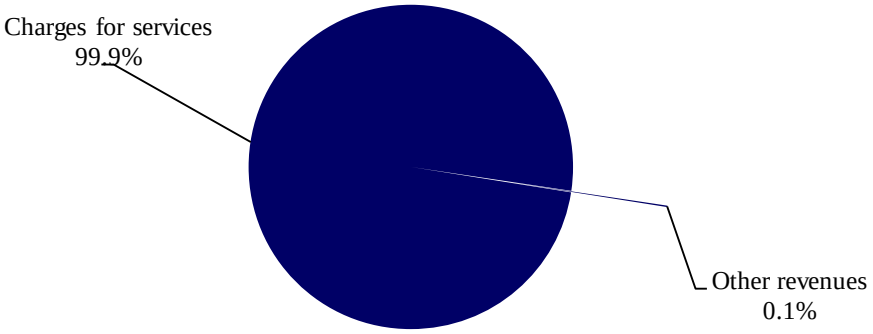
	2015	2014
Revenues		
Program Revenues:		
Charges for services	$ 15,185,899	$ 16,868,648
Operating grants and contributions	-	1,554
Capital grants and contributions	-	366,180
General revenues-investment earnings	21,439	827,621
Total Revenues	15,207,338	18,064,003
Expenses		
Water Utility	8,776,576	9,757,890
Environmental Protection	1,159,693	946,778
Sewer	1,729,052	1,564,254
Total Expenses	11,665,321	12,268,922
Change in net position before transfers	3,542,017	5,795,081
Transfers in (out)	-	33,927
Change in net position	$ 3,542,017	$ 5,829,008

Expenses and Program Revenues-Business-type Activities



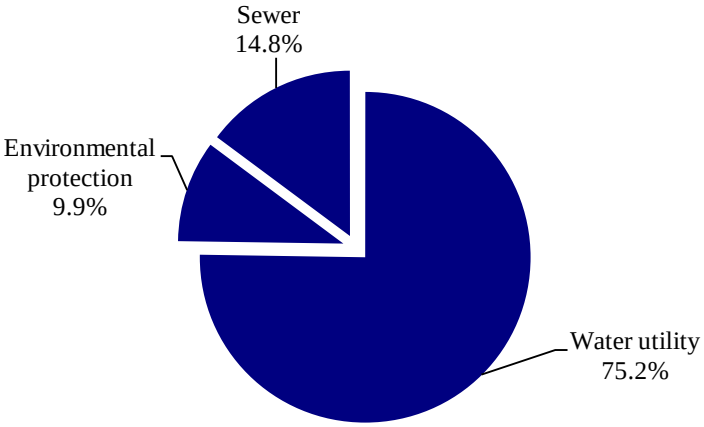
The City's business-type program revenues exceeded expenses by $3,520,578. Water Utility and Sewer Charges for Services recovered both operating and interest expenses during the fiscal year. Environmental protection Charges for Services also recovered all operating expenses.

Revenues by Source-Business-type Activities



Total business-type revenues decreased to $15,185,899 from $17,236,382 in the previous fiscal year. Charges for Services are the major revenue source which provides for both operating and capital maintenance costs. Water Utility Charges for Services include water sales, meter installation fees, connection fees and other miscellaneous charges. Environmental Protection charges include Environmental Fees for refuse and recycling services, and compressed Natural Gas (CNG) as well as permit fees for stormwater and industrial waste. Sewer Charges for Services include fees established to recover the cost of operating the sewer system throughout the City. The decrease in revenue is attributable to a one-time payment from the Covina Irrigating Company for leased water rights in the amount of $1.38 million received in the prior year.

Functions/Programs - Business-type Activities



Total business-type expenses decreased to $11,665,321 from $12,268,922 in the previous fiscal year. The majority of the decrease in expenses is attributed to Water Utility operation which include general and administrative, utility billing, customer service, sales promotion, source and supply, production and storage, and transmission and distribution. The majority of the decrease in Water Utility expenses is primarily attributed to a reduction in water usage: purchased acre feet decreased by 753 acre feet which contributed to a reduction in source/supply cost of $800,000. The Sewer increase in expenses is due in large part to a full year of depreciation for major assets (including a sewerline) which were in service for only a portion of 2014. Environmental protection expenses includes general and administrative, street sweeping, environmental services, refuse collection, industrial waste and waste management. The Environmental protection increase in expenses is due to various factors, including consulting services ($75,000 increase), testing fees ($26,500 increase), salaries and related expenses ($11,000 increase) and indirect cost allocation ($44,580 increase).

FINANCIAL ANALYSIS OF THE CITY FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

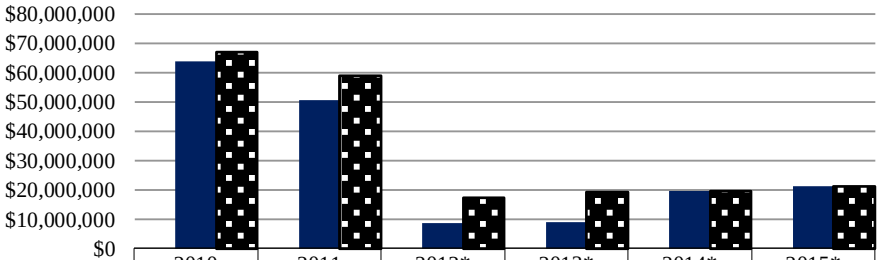
Governmental Funds

The focus of *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. This information assesses the City's financing requirements. *Unassigned fund balance* is a measure of the City's net resources available for designation or spending at the end of the fiscal year.

As of June 30, 2015, the City's governmental funds reported combined fund balances of $21,280,895, an increase of $1,758,107 from the prior year. There is no *Unassigned fund balance* available for designation and/or future spending at the City's discretion. All fund balance is nonspendable, restricted, committed or assigned and is not *available for spending* at the City's discretion.

The following is a summary of fund balances of the governmental funds for fiscal years 2010-2015:

Fund Balances of Governmental Funds



	2010	2011	2012*	2013*	2014*	2015*
Reserved	$-	$-	$-	$-	$-	$-
Nonspendable, restricted, committed or assigned	$63,916,042	$50,502,845	$8,594,775	$9,089,555	$19,543,887	$21,338,935
Total	$67,034,897	$58,826,171	$17,523,159	$19,307,582	$19,522,788	$21,280,895

*Certain balances have been restated due to prior period adjustments previously discussed in the analysis of governmental activities.

The General Fund is the chief operating fund of the City. At the end of the fiscal year, the fund balance of the General Fund was $11,054,846 of which $0 was unassigned. Comparing both total and unassigned fund balances to total fund expenditures is a measure of the General Fund's liquidity. Total fund balance represents 33.8% of total General Fund expenditures and as there was no unassigned fund balance, therefore, 0% of unassigned fund balance is represented by total General Fund expenditures.

The fund balance of the General Fund increased by $2,391,758 during the fiscal year. The increase in fund balance is attributed primarily to the following:

Revenues:

- Increase in property tax revenues, sales tax revenues and transient occupancy tax revenues.

Expenses:

- Decrease in public safety and public works expenditures.

The Housing Authority Special Revenue fund is a major fund of the City. The total fund balance of this fund is $727,237 which is restricted and not *available for spending* at the City's discretion. The total fund balances decreased by $6,272 during the fiscal year.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide statements, but in greater detail.

Unrestricted net position of the Water Utility fund decreased to $18,705,389 in the fiscal year from $19,264,157 in the prior year. Environmental fund unrestricted net position decreased to $456,498 from $1,207,992 in the prior year. The Sewer enterprise fund decreased unrestricted net position to $1,624,716 from unrestricted net position in the prior year of $1,983,959. Other factors concerning the finances of these three funds are addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights
Appropriation differences between the original budget and the final budget are $3,744,546 which represents an 11.6% increase. The most significant budgetary appropriation variances are as follows:

- ***Public Safety.*** The majority of this increase in appropriation includes a computer aided dispatch record management system.
- ***Capital Outlay.*** Increased appropriation to $2,600,000 to account for a transfer of funds to the Successor Agency for the purchase of real estate, which was subsequently sold for $3.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
The City's investment in capital assets for governmental and business-type activities as of June 30, 2015, is $104,033,811 (net of accumulated depreciation). Capital assets include buildings and structures, improvements other than buildings, domain infrastructure, water system infrastructure, sanitary sewer infrastructure, and machinery and equipment. The following is a summary of capital assets (net of accumulated depreciation) at June 30, 2015 and 2014:

Capital Assets
(net of depreciation)

	2015	2014
Governmental activities		
Land	$ 8,652,187	$ 9,104,068
Buildings and structures	12,723,792	12,960,346
Improvements other than buildings	865,933	983,408
Public domain infrastructure	38,036,883	41,408,460
Sanitary sewer infrastructure	2,165,976	2,244,885
Machinery and equipment	3,966,292	3,605,847
Construction in progress	4,311,966	1,977,221
Total governmental activities	70,723,029	72,284,235
Business-type activities		
Land	377,408	377,408
Buildings and structures	10,128,711	10,373,687
Improvements other than buildings	173,292	132,978
Water system infrastructure	20,645,582	21,422,827
Machinery and equipment	1,357,963	1,089,302
Construction in progress	627,826	613,024
Total business-type activities	33,310,782	34,009,226
Total capital assets	$ 104,033,811	$ 106,293,461

There was a net decrease in Public Domain Infrastructure of $3,371,577 during the current fiscal year primarily due to depreciation expense incurred. The net increase of $2,334,745 in Governmental activities Construction in Progress includes Cougar Park improvements ($875,000), traffic signal installation ($296,000), bike and pedestrian improvements ($917,000), and Public Safety's computer aided dispatch record management system ($150,000). Please refer to Note 9 of the Notes to the Financial Statements for more capital asset information.

Debt Administration
At the end of the fiscal year, the City had total long-term debt outstanding of $76,834,134. This includes notes, capital lease, revenue bonds payable, other post employment benefits and net pension liabilities. The following is summary of the outstanding debt (net of unamortized charges) at June 30, 2015 and 2014:

Outstanding Debt
(net of unamortized charges)

	2015	2014
Governmental activities		
Compensated absences	$ 3,823,620	$ 3,874,759
Claims and judgments	5,190,000	5,244,000
Postemployment benefit obligation	1,119,448	386,667
Net pension liability	31,094,904	-
Total governmental activities	41,227,972	9,505,426
Business-type activities		
Compensated absences	324,400	335,389
Capital lease payable	3,764,539	4,033,567
Revenue bonds payable	27,419,746	28,342,757
Net pension liability	4,097,474	-
Total business-type activities	35,606,159	32,711,713
Total outstanding debt	$ 76,834,131	$ 42,217,139

The increase in long-term debt from 2014 to 2015 in both governmental and business type activities is primarily due to the implementation of GASB Statement No. 68 which created the net pension liability of $35,192,378 for the city.

The Covina Public Financing Authority maintains an "AA" (insured) rating from Standard and Poor's for the revenue bonds.

State statutes limit the amount of applicable debt the City may issue to 15 percent of the total assessed valuation. The current debt limitation for the City is $706,159,086 which is also the current legal debt margin.

Additional information on the City's long-term debt and other long-term liabilities can be found in note 14 of the *Notes to the Financial Statements.*

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Covina experienced a $5.0 million or 16.4% General Fund revenue increase in 2015 from 2014. The primary contributing factor for this increase is a 10.3% increase in property tax, a 16.4% increase in sales tax and a 245.1% increase in transient occupancy tax. There was also a 180.2% increase in miscellaneous revenue which consists of proceeds from the sale of two real estate properties.

The City applied good budgeting practices and considered new residential and retail development in formulating the 2016 budget and will continue to do so in future years.

Conservative budget policies put in place by Council direction and emphasized by the City Manager and supported by staff have enabled the City of Covina to remain fiscally solvent. We continue to maintain an emergency contingency reserve of $6,345,730 or 20% of General Fund Appropriations as proof of this discipline.

REQUESTS FOR INFORMATION

This financial report is designated to provide a general overview of the City's finances for all those with an interest in the City's finances. A copy of the financial report is available for review at the Covina Public Library, 234 North Second Avenue, Covina, California, 91723. You may also find a copy of the report online at www.covinaca.gov. Questions concerning any of the information provided in this report should be addressed to City of Covina Finance Department, 125 East College Street, Covina, California, 91723.

Government-Wide Financial Statements

Generally accepted accounting principles (US GAAP) for state and local governments prescribe two basic government-wide financial statements:

- Statement of Net Position
- Statement of Activities

The government-wide financial statements include all governmental and business-type activities of the City of Covina. Their purpose is to summarize the City's consolidated financial activities and position. The government-wide financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Statement of Net Position is the basic government-wide statement of position. A statement of position presents all of an entity's assets, deferred outflows, liabilities, deferred inflows, and net position (equity). The presentation is referred to as the *statement of net position* (*rather than balance sheet)* and the difference between assets, deferred outflows, liabilities, and deferred inflows, referred to as *net position (rather than equity)*.

US GAAP require the City's governmental activities be reported separately from its business-type activities. In general, governmental activities include activities reported in the general, special revenue, debt service and capital projects funds. Business-type activities include activities reported in the enterprise funds. Residual balances of internal service funds are included in governmental activities.

The City's government-wide statement of net position provides a column for the governmental activities, a column for the business-type activities, and a total column for the entire City. All internal balances (payables and receivables between governmental activities and business-type activities) are eliminated from the statement of net position.

The difference of assets and liabilities in the government-wide statement of net position is referred to as net position. Net position is categorized as follows:

- Net investment in capital assets
- Restricted
- Unrestricted

Statement of Activities is used to report changes in net position reported on the government-wide statement of net position**.** The government-wide statement of activities presents expenses before revenues. This emphasizes that in the public sector, revenues are generated for the express purpose of providing services rather than as an end in themselves.

The first column of the government-wide statement of activities present the direct expenses associated with each of the City's functional activities:

- General government
- Public safety
- Public works
- Culture and recreation
- Community development
- Transit
- Redevelopment and housing
- Interest on long-term debt

Business-type activities include direct expenses of the water utility, environmental and sewer functions.

The government-wide statements include the financial activities of the City of Covina, Covina Public Financing Authority, and the Covina Housing Authority.

CITY OF COVINA, CALIFORNIA
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 27,734,016	$ 17,533,408	$ 45,267,424
Cash and investments - restricted	-	11,692,692	11,692,692
Cash and investments - fiscal agent	100,000	-	100,000
Receivables (net of allowances for uncollectibles):			
Interest	389,310	-	389,310
Accounts	739,376	1,750,632	2,490,008
Intergovernmental	3,291,458	41,605	3,333,063
Loans and notes	5,139,702	-	5,139,702
Internal balances	(782,071)	782,071	-
Inventories	56,976	55,155	112,131
Prepaid items	764,977	10,159	775,136
Due from successor agency	3,390,509	-	3,390,509
Investment in Covina Irrigating Company	-	6,798,980	6,798,980
Land held for resale	2,600,000	-	2,600,000
Capital assets, not depreciated	12,964,153	1,005,234	13,969,387
Capital assets, depreciated, (net of accumulated depreciation)	57,758,876	32,305,548	90,064,424
Total assets	114,147,282	71,975,484	186,122,766
Deferred Outflows of Resources:			
Pensions	2,911,503	333,397	3,244,900
Total deferred outflows of resources	2,911,503	333,397	3,244,900
Liabilities			
Accounts payable	1,876,037	453,183	2,329,220
Notes payable	2,000,000	-	2,000,000
Deposits payable	220,929	330,127	551,056
Accrued liabilities	1,005,801	102,009	1,107,810
Due to other governments	1,437	-	1,437
Due to successor agency	132,400	-	132,400
Accrued interest payable	-	402,242	402,242
Unearned revenue	530,492	-	530,492
Long-term liabilities:			
Due within one year	946,093	1,319,461	2,265,554
Due in more than one year (net of unamortized discount and premium)	40,281,882	34,286,698	74,568,580
Total liabilities	46,995,071	36,893,720	83,888,791
Deferred Inflows of Resources:			
Unamortized gain on debt refunding	-	52,605	52,605
Pension	9,969,376	846,262	10,815,638
Total deferred inflows of resources	9,969,376	898,867	10,868,243
Total liabilities and deferred inflows of resources	56,964,447	37,792,587	94,757,034
Net Position			
Net investment in capital assets	70,723,029	13,766,584	84,489,613
Restricted for:			
Public safety	619,865	-	619,865
Public works	6,122,471	-	6,122,471
Culture and recreation	46,366	-	46,366
Transit	2,789,509	-	2,789,509
Redevelopment and housing	9,123,842	-	9,123,842
Unrestricted (deficit)	(29,330,744)	20,749,710	(8,581,034)
Total net position	$ 60,094,338	$ 34,516,294	$ 94,610,632

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	$ 1,188,341	$ 435,274	$ 440,761	$ -	$ (312,306)	$ -	$ (312,306)
Public safety	25,102,323	1,712,553	953,405	-	(22,436,365)	-	(22,436,365)
Public works	6,973,320	695,648	1,451,196	722,149	(4,104,327)	-	(4,104,327)
Culture and recreation	4,782,738	807,829	115,698	873,720	(2,985,491)	-	(2,985,491)
Community development	1,993,386	1,310,078	3,297,140	-	2,613,832	-	2,613,832
Transit	1,289,230	297,094	1,490,336	-	498,200	-	498,200
Redevelopment and housing	537,470	275,260	270,120	-	7,910	-	7,910
Total governmental activities	41,866,808	5,533,736	8,018,656	1,595,869	(26,718,547)	-	(26,718,547)
Business-type activities:							
Water utility	8,776,576	11,349,263	-	-	-	2,572,687	2,572,687
Environmental protection	1,159,693	1,240,317	-	-	-	80,624	80,624
Sewer utility	1,729,052	2,596,319	-	-	-	867,267	867,267
Total business-type activities	11,665,321	15,185,899	-	-	-	3,520,578	3,520,578
Total functions/programs	$ 53,532,129	$ 20,719,635	$ 8,018,656	$ 1,595,869	(26,718,547)	3,520,578	(23,197,969)
General revenues:							
Property taxes					12,913,803	-	12,913,803
Sales taxes, intergovernmental, unrestricted					6,569,382	-	6,569,382
Transient occupancy taxes					99,716	-	99,716
Property transfer taxes					159,795	-	159,795
Business license taxes					326,818	-	326,818
Utility user taxes					5,033,846	-	5,033,846
Franchise taxes					1,549,731	-	1,549,731
Investment earnings					641,993	19,330	661,323
Investment gain in Covina Irrigating Company					-	2,109	2,109
Total general revenues					27,295,084	21,439	27,316,523
Change in net position					576,537	3,542,017	4,118,554
Net position at beginning of fiscal year					102,064,833	35,647,405	137,712,238
Prior period adjustments					(42,547,032)	(4,673,128)	(47,220,160)
Net position at beginning of fiscal year, restated					59,517,801	30,974,277	90,492,078
Net position at end of fiscal year					$ 60,094,338	$ 34,516,294	$ 94,610,632

See accompanying notes to the financial statements.

Governmental Fund Financial Statements

Generally accepted accounting principles (US GAAP) for state and local governments prescribe the following basic governmental fund financial statements:

- Balance Sheet
- Statement of Revenues, Expenditures, and Changes in Fund Balances

The governmental fund financial statements include all the major individual governmental funds and the total of non-major funds of the City of Covina. The governmental fund financial statements are prepared on a modified accrual basis. The major governmental funds of the City are as follows:

General Fund accounts for the revenues and expenditures used to carry out basic governmental activities of the City such as general government, public safety, public works, culture and recreation, and community development. Revenue is recorded by source (e.g., property taxes, licenses and permits, intergovernmental, charges for services and fines and forfeits). General Fund expenditures are made primarily for current day-to-day operations and operating equipment. They are recorded by major functional classification and operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

Housing Authority is a special revenue fund that was created to administer the housing assets, liabilities, duties and obligations related to housing activities retained by the City following the dissolution of the Covina Redevelopment Agency.

Budgetary comparison schedules for the General and major special revenue funds are included in the required supplementary section. Budgetary comparison schedules for the individual non-major funds are located in the supplemental information section of the financial statements.

CITY OF COVINA, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Housing Authority	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	$ 9,745,817	$ 729,899	$ 9,693,927	$ 20,169,643
Cash and investments - restricted	-	-	100,000	100,000
Accrued interest receivable	16,476	372,834	-	389,310
Utility user taxes receivable, net	32,096	-	-	32,096
Accounts receivable, net	634,520	-	19,867	654,387
Loans receivable	-	1,516,781	330,965	1,847,746
Notes receivable	-	4,742,000	-	4,742,000
Due from other governments	2,126,685	-	1,164,773	3,291,458
Due from other funds	182,334	-	85,000	267,334
Due from successor agency	2,535,673	3,390,509	-	5,926,182
Prepaid expenditures	754,570	-	700	755,270
Land held for resale	2,600,000	-	-	2,600,000
Total assets	$ 18,628,171	$ 10,752,023	$ 11,395,232	$ 40,775,426
Liabilities, deferred inflows of resources, and fund balances				
Current Liabilities:				
Accounts payable	$ 547,143	$ 2,579	$ 1,145,567	$ 1,695,289
Notes payable	2,000,000	-	-	2,000,000
Deposits payable	116,149	-	103,500	219,649
Accrued liabilities	923,702	83	16,419	940,204
Due to other governments	-	-	1,437	1,437
Due to other funds	-	-	266,784	266,784
Due to successor agency	2,668,073	-	-	2,668,073
Advances from other funds	819,514	-	-	819,514
Unearned revenue	498,744	-	31,748	530,492
Total liabilities	7,573,325	2,662	1,565,455	9,141,442
Deferred Inflows of Resources:				
Deferred revenue	-	10,022,124	330,965	10,353,089
Total deferred inflows of resources	-	10,022,124	330,965	10,353,089
Total liabilities and deferred inflows of revenues	7,573,325	10,024,786	1,896,420	19,494,531
Fund balances:				
Nonspendable	3,354,570	-	-	3,354,570
Committed	6,699,720	-	-	6,699,720
Restricted	21,359	727,237	8,218,423	8,967,019
Assigned	979,197	-	1,338,429	2,317,626
Unassigned	-	-	(58,040)	(58,040)
Total fund balances	11,054,846	727,237	9,498,812	21,280,895
Total liabilities and fund balances	$ 18,628,171	$ 10,752,023	$ 11,395,232	$ 40,775,426

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Amounts reported for *governmental activities* in the statement of net position are different because:		
Fund balances-total governmental funds	$	21,280,895
Capital assets purchased or constructed for governmental activities are reported as expenditures in the governmental funds. The statement of net position includes those capital assets (net of accumulated depreciation) among the assets of the City as a whole. Not including amounts reported in the internal service funds below.		69,046,612
The focus of governmental funds is on short-term financing, therefore, some assets will not be available to pay for current-period expenditures. Those assets are offset by deferred outflows in the governmental funds and not included in fund balance. Unearned revenue associated with these assets is not included in the statement of net position.		10,353,089
These loans are contingent loans that are to be forgiven or reissued on the property for 55 years. This is an allowance for the future collectibility.		(1,450,044)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. Liabilities (both current and long-term) are reported in the statement of net position net of those included in internal service funds below.		(38,295,073)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources - Pensions		2,686,840
Deferred inflows of resources - Pensions		(9,399,113)
Internal service funds are used by management to charge the costs of central equipment and management information systems activities to individual funds. The internal service funds assets and liabilities are included in governmental activities in the statement of net position. These are net of amounts allocated to enterprises funds.		5,871,132
Net position of governmental activities	$	60,094,338

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	Housing Authority	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 12,812,809	$ -	$ 100,994	$ 12,913,803
Sales taxes, intergovernmental	6,569,382	-	-	6,569,382
Transient occupancy taxes	348,148	-	-	348,148
Property transfer taxes	159,795	-	-	159,795
Business license taxes	325,219	-	1,599	326,818
Utility user taxes	5,033,846	-	-	5,033,846
Franchise taxes	1,549,731	-	-	1,549,731
Licenses and permits	965,527	-	-	965,527
Intergovernmental	839,182	-	5,008,896	5,848,078
Charges for services	2,427,359	-	637,247	3,064,606
Fines and forfeits	559,409	-	-	559,409
Special assessments	-	-	944,194	944,194
Investment earnings	128,262	-	77,785	206,047
Miscellaneous and donations	3,758,250	-	8,197	3,766,447
Total revenues	35,476,919	-	6,778,912	42,255,831
Expenditures:				
Current:				
General government	232,379	-	-	232,379
Public safety	24,210,436	-	406,788	24,617,224
Public works	909,626	-	2,304,073	3,213,699
Culture and recreation	4,570,191	-	32,089	4,602,280
Community development	1,996,556	-	-	1,996,556
Transit	-	-	1,020,243	1,020,243
Redevelopment and housing	-	6,272	484,473	490,745
Capital outlay	821,222	-	2,597,967	3,419,189
Total expenditures	32,740,410	6,272	6,845,633	39,592,315
Excess (deficiency) of revenues over expenditures	2,736,509	(6,272)	(66,721)	2,663,516
Other financing sources (uses):				
Transfers out	(1,606,681)	-	(809,286)	(2,415,967)
Transfers in	1,261,930	-	899,618	2,161,548
Total other financing sources (uses)	(344,751)	-	90,332	(254,419)
Net change in fund balances	2,391,758	(6,272)	23,611	2,409,097
Fund balances at beginning of fiscal year	9,167,076	733,509	9,622,203	19,522,788
Prior period adjustments	(503,988)	-	(147,002)	(650,990)
Fund balances at beginning of fiscal year restated	8,663,088	733,509	9,475,201	18,871,798
Fund balances at end of fiscal year	$ 11,054,846	$ 727,237	$ 9,498,812	$ 21,280,895

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Amounts reported for *governmental activities* in the statement of activities are different because:		
Net change in fund balances-total governmental funds	$	2,409,097
Capital assets purchased or constructed for governmental activities are reported as expenditures in the governmental funds. The statement of activities allocates those capital assets over their estimated useful lives as a depreciation expense charged for the year. This is the amount by which depreciation expense exceeds capital outlay. Net of deprecation included within internal service funds below.		(1,232,251)
The focus of governmental funds is on short-term financing, therefore, some assets are offset by unearned revenue or deferred inflows. Loans and notes issued during the year are reported as expenditures in the governmental funds when paid. Collections of loans and notes are reported as revenues in the governmental funds when received. The annual activity for loans and notes is not reported as revenues and expenses in the statement of activities. Net activity including establishment of an allowance.		140,789
Capital asset sales and disposal are not reflected in the governmental funds except for proceeds. In the government-wide statements the gain or loss is reported.		(466,693)
Long-term liabilities are not recorded as expenditures in the governmental funds but are expensed in the statement of activities. These are the net changes.		(732,627)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:		339,549
Internal service funds are used by management to charge the costs of the central equipment and management information systems activities to individual funds. The adjustments for internal service funds "closes" those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.		118,673
Change in net position of governmental activities	$	576,537

See accompanying notes to the financial statements.

Proprietary Fund Financial Statements

Generally accepted accounting principles (US GAAP) for state and local governments prescribe following basic proprietary fund financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Fund Net Position
- Statement of Cash Flows

The proprietary fund financial statements include all the major individual enterprise and internal service funds of the City of Covina. Internal service funds are reported separately on the statement of net position; statement of revenues, expenses, and changes in fund net position; and statement of cash flows immediately following the total column for enterprise funds. This facilitates tracing amounts between fund financial statements and the government-wide financial statements.

The proprietary financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The intent is to recover costs of operation on a continuing basis through user charges.

Water Utility is used to account for general and administrative, utility billing, customer service, sales promotion, source and supply, production and storage, and transmission and distribution operations. The intent of this fund is to recover costs of operation and capital maintenance (depreciation).

Environmental accounts for the general and administrative, utility billing, street sweeping, environmental services, refuse collection and waste management operations. The intent of the fund is to recover costs of operation.

Sewer accounts for the operation and maintenance of the wastewater system within the City's boundaries. The intent of the fund is to recover costs of operation.

Individual internal service funds are located in the supplemental information section of the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds				Gov. Activities Internal Services Funds
	Water Utility	Environmental	Sewer	Total	
Assets					
Current assets:					
Cash and investments	$ 13,829,668	$ 1,183,867	$ 2,519,873	$ 17,533,408	$ 7,564,373
Cash and investments - fiscal agent	4,089,994	-	7,602,698	11,692,692	-
Accounts receivable, net	1,498,121	248,543	3,968	1,750,632	52,893
Due from other governments	-	12,028	29,577	41,605	-
Prepaid expenses	5,300	3,000	1,859	10,159	9,707
Inventories	55,155	-	-	55,155	56,976
Total current assets	19,478,238	1,447,438	10,157,975	31,083,651	7,683,949
Noncurrent assets:					
Investment in Covina Irrigating Company	6,798,980	-	-	6,798,980	-
Advance to General Fund	819,514	-	-	819,514	-
Capital assets not being depreciated	1,005,234	-	-	1,005,234	-
Capital assets net of accumulated depreciation	24,292,527	940,564	7,072,457	32,305,548	1,676,417
Total noncurrent assets	32,916,255	940,564	7,072,457	40,929,276	1,676,417
Total assets	52,394,493	2,388,002	17,230,432	72,012,927	9,360,366
Deferred Outflows of Resources:					
Pension	219,386	60,763	53,248	333,397	224,663
Total deferred outflows of resources	219,386	60,763	53,248	333,397	224,663
Liabilities:					
Current liabilities:					
Accounts payable	389,032	63,673	478	453,183	180,748
Deposits payable	330,127	-	-	330,127	1,280
Accrued liabilities	68,287	18,493	15,229	102,009	65,597
Due to other funds	550	-	-	550	-
Accrued interest payable	244,765	-	157,477	402,242	-
Current portion of compensated absences payable	58,910	14,490	10,760	84,160	50,063
Current portion of capital lease payable	282,290	-	-	282,290	-
Current portion of revenue bonds payable, net	285,630	-	667,381	953,011	-
Total current liabilities	1,659,591	96,656	851,325	2,607,572	297,688
Noncurrent liabilities:					
Compensated absences payable	175,920	54,030	10,290	240,240	121,710
Capital lease payable	3,482,249	-	-	3,482,249	-
Revenue bonds payable, net	13,665,779	-	12,800,956	26,466,735	-
Net pension liability	2,696,275	746,782	654,417	4,097,474	2,761,129
Total noncurrent liabilities	20,020,223	800,812	13,465,663	34,286,698	2,882,839
Total liabilities	21,679,814	897,468	14,316,988	36,894,270	3,180,527
Deferred Inflows of Resources:					
Unamortized gain on debt refunding	52,605	-	-	52,605	-
Pension	556,869	154,235	135,158	846,262	570,263
Total deferred inflows of resources	609,474	154,235	135,158	898,867	570,263
Total liabilities and deferred inflows of resources	22,289,288	1,051,703	14,452,146	37,793,137	3,750,790
Net position					
Net investment in capital assets	11,619,202	940,564	1,206,818	13,766,584	1,676,417
Unrestricted	18,705,389	456,498	1,624,716	20,786,603	4,157,822
Total net position	$ 30,324,591	$ 1,397,062	$ 2,831,534	34,553,187	$ 5,834,239
Some amounts reported for *business-type activities* in the statement of net assets are different to reflect the consolidation of internal service fund activities related to enterprise funds.				(36,893)	
Net position of business-type activities				$ 34,516,294	

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds				Governmental Activities Internal Service Funds
	Water Utility	Environmental	Sewer	Total	
Operating Revenues:					
Water sales	$ 10,980,890	$ -	$ -	$ 10,980,890	$ -
Environmental fees	-	1,240,123	-	1,240,123	-
Sewer fees	-	-	2,595,003	2,595,003	-
Motor pool charges	-	-	-	-	1,238,420
Insurance charges	-	-	-	-	726,790
Fire line fees	308,184	-	-	308,184	-
Meter installation fees	60,189	-	-	60,189	-
Leased water rights and other	-	143	1,316	1,459	-
Information technology charges	-	-	-	-	1,675,174
Intergovernmental revenue, unrestricted	-	51	-	51	-
Total operating revenues	11,349,263	1,240,317	2,596,319	15,185,899	3,640,384
Operating expenses:					
Management information systems	-	-	-	-	1,287,526
Central equipment	-	-	-	-	1,065,889
General and administrative	707,520	197,486	919,254	1,824,260	-
Utility billing	560,369	-	-	560,369	-
Customer service	496,346	-	-	496,346	-
Sales promotion	4,579	-	-	4,579	-
Source and supply	3,146,588	-	-	3,146,588	-
Production and storage	591,047	-	-	591,047	-
Transmission and distribution	1,418,271	-	-	1,418,271	-
Street sweeping	-	153,141	-	153,141	-
Environmental services	-	417,517	-	417,517	-
Insurance services	-	-	-	-	1,003,532
Refuse collection	-	360	-	360	-
Industrial waste	-	59,980	-	59,980	-
Waste management	-	309,259	-	309,259	-
Depreciation	957,051	21,950	167,735	1,146,736	408,504
Total operating expenses	7,881,771	1,159,693	1,086,989	10,128,453	3,765,451
Operating income	3,467,492	80,624	1,509,330	5,057,446	(125,067)
Nonoperating revenues (expenses):					
Gain on sale of capital assets	-	-	-	-	17,261
Interest expense	(922,745)	-	(642,063)	(1,564,808)	-
Investment gain - CIC	2,109	-	-	2,109	-
Investment earnings	1,030	-	18,300	19,330	-
Total nonoperating revenues (expenses)	(919,606)	-	(623,763)	(1,543,369)	17,261
Transfers					
Transfer in	-	-	-	-	1,256,345
Transfer out	-	-	-	-	(1,001,926)
Total Transfers	-	-	-	-	254,419
Change in net position	2,547,886	80,624	885,567	3,514,077	146,613
Net position at beginning of fiscal year	30,851,780	2,168,135	2,692,323		8,836,665
Prior period adjustments	(3,075,075)	(851,697)	(746,356)		(3,149,039)
Net position at beginning of fiscal year, restated	27,776,705	1,316,438	1,945,967		5,687,626
Net position at end of fiscal year	$ 30,324,591	$ 1,397,062	$ 2,831,534		$ 5,834,239
Some amounts reported for business-type activities in the statement of activities are different to reflect the consolidation of internal service fund activities related to enterprise funds.				27,940	
Change in net position of business-type activities				$ 3,542,017	

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds				Internal Service Funds
	Water Utility	Environmental	Sewer	Total	
Cash flows from operating activities:					
Cash received from customers, users and grants	$ 13,094,382	$ 1,177,314	$ 2,596,475	$ 16,868,171	$ 3,637,473
Cash paid to suppliers for goods and services	(5,148,525)	(650,403)	(270,797)	(6,069,725)	(1,983,395)
Cash paid to employees for services	(1,357,515)	(343,359)	(325,483)	(2,026,357)	(1,334,299)
Cash paid for interfund services - net	(551,520)	(146,930)	(341,160)	(1,039,610)	-
Net cash provided by operating activities	6,036,822	36,622	1,659,035	7,732,479	319,779
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(445,921)	(2,371)	-	(448,292)	(562,233)
Proceeds from sale of capital assets	-	-	-	-	33,252
Capital lease payments	(269,028)	-	-	(269,028)	-
Revenue bonds principal repayments	(265,000)	-	(660,000)	(925,000)	-
Interest paid on revenue bonds	(937,752)	-	(638,982)	(1,576,734)	-
Net cash provided by (used for) capital and related financing activities	(1,917,701)	(2,371)	(1,298,982)	(3,219,054)	(528,981)
Cash flows from non-capital financing activities:					
Advances to General Fund	(819,514)	-	-	(819,514)	-
Transfers to other funds	-	-	-	-	(1,001,926)
Transfers from other funds	-	-	-	-	1,256,345
Net cash used by non-capital financing activities	(819,514)	-	-	(819,514)	254,419
Cash flows from investing activities:					
Interest received on investments	1,030	-	18,300	19,330	-
Net increase (decrease) in cash and cash equivalents	3,300,637	34,251	378,353	3,713,241	45,217
Cash and cash equivalents beginning of fiscal year	14,619,025	1,149,616	9,744,218	25,512,859	7,519,156
Cash and cash equivalents end of fiscal year	$ 17,919,662	$ 1,183,867	$ 10,122,571	$ 29,226,100	$ 7,564,373
Reconciliation of the statement of net position					
Cash and investments	$ 13,829,668	$ 1,183,867	$ 2,519,873	$ 17,533,408	$ 7,564,373
Cash and investments - fiscal agent	4,089,994	-	7,602,698	11,692,692	-
Total cash and investments	$ 17,919,662	$ 1,183,867	$ 10,122,571	$ 29,226,100	$ 7,564,373
Reconciliation of operating income to net cash provided by operating activities					
Operating income	$ 3,467,492	$ 80,624	$ 1,509,330	$ 5,057,446	$ (125,067)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	957,051	21,950	167,735	1,146,736	408,504
Change in operating assets and liabilities:					
Decrease (increase) in accounts receivable	1,707,476	(37,351)	(3,968)	1,666,157	(2,911)
Decrease (increase) in due from other governments	-	(12,028)	4,124	(7,904)	-
Decrease (increase) in prepaid expenses	(5,300)	(3,000)	(1,859)	(10,159)	1,941
Decrease (increase) in inventories	4,844	-	-	4,844	28,312
Increase (decrease) in accounts payable	(76,829)	(9,115)	(3,921)	(89,865)	147,719
Increase (decrease) in deposits payable	37,393	(13,624)	-	23,769	1,280
Increase (decrease) in compensated absences payable	(25,649)	17,940	(3,280)	(10,989)	(104,982)
Increase (decrease) in accrued liabilities	11,411	2,669	903	14,983	7,293
Increase (decrease) in due to other funds	250	-	-	250	-
Increase (decrease) in net pension liability	(578,217)	(160,147)	(140,340)	(878,704)	(387,910)
Increase (decrease) in deferred inflows of resources - pension	556,869	154,235	135,158	846,262	570,263
Decrease (increase) in deferred outflows of resources - pension	(19,969)	(5,531)	(4,847)	(30,347)	(224,663)
Total adjustments	2,569,330	(44,002)	149,705	2,675,033	444,846
Net cash provided by operating activities	$ 6,036,822	$ 36,622	$ 1,659,035	$ 7,732,479	$ 319,779
Noncash capital and related financing activities					
Investment gain - Covina Irrigating Company	$ 809,727	$ -	$ -	$ 809,727	$ -
Amortization of (discount) premium	7,656	-	(7,619)	37	-
Retirement of capital assets	52,637	-	-	52,637	309,191
Retirement of accumulated depreciation on capital assets	(52,637)	-	-	(52,637)	(287,525)
Net effect on noncash activities	$ 817,383	$ -	$ (7,619)	$ 809,764	$ 21,666

See accompanying notes to the financial statements.

Fiduciary Financial Statements

Generally accepted accounting principles (US GAAP) for state and local governments prescribe following basic fiduciary fund financial statements:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Fund Net Position

The fiduciary financial statements report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

The fiduciary financial statements are prepared on a full accrual basis (including depreciation) similar to a private business entity.

Agency Funds is used to account for the receipt, temporary investment, and remittance of fiduciary resources of the Downtown District and Prospero Park District.

Private Purpose Trust Fund accounts for the custodial responsibilities assigned to the Successor Agency to the Covina Redevelopment Agency.

CITY OF COVINA
Statement of Fiduciary Net Position
June 30, 2015

	Private-Purpose Trust	Agency Funds
Assets:		
Cash and investments	$ 7,954,992	$ 1,119
Cash and investments - fiscal agent	2,136,568	-
Accounts receivable	7,483	318
Notes receivable	2,000,000	-
Interest receivable	1,346	-
Prepaid expenses	94,901	-
Due from City of Covina	2,668,073	-
Land held for resale	4,552,742	-
Capital assets, not being depreciated	199,620	-
Capital assets, depreciated (net)	8,982,386	-
Total assets	28,598,111	$ 1,437
Deferred Outflows of Resources:		
Deferred loss on refunding of debt	180,229	
Total deferred outflows of resources	180,229	
Total assets and deferred outflows	28,778,340	
Liabilities:		
Account payable	8,241	$ -
Accrued liabilities	3,993	-
Due to associates	-	1,437
Interest payable	76,089	-
Unearned revenue	7,483	-
Due to City of Covina	324,247	-
Long-term debt:		
Due within one year	1,837,775	-
Due in more than one year	27,314,852	-
Total liabilities	29,572,680	$ 1,437
Deferred Inflows of Resources:		
Deferred gain on refunding of debt	410,156	
Total deferred inflows of resources	410,156	
Total liabilities and deferred inflows of resources	29,982,836	
Net Position (Deficit)		
Held in trust for others	$ (1,204,496)	

See accompanying notes to the financial statements.

CITY OF COVINA
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015

	Private-Purpose Trust
Additions:	
Property taxes	$ 5,993,510
Charges for services	744,426
Investment earnings	62,939
Others	6,100
Total additions	6,806,975
Deductions:	
General and administrative	280,452
Interest and fiscal charges	1,223,110
Bond issuance cost	255,743
Program expenses	1,360,592
Depreciation	312,786
Total deductions	3,432,683
Change in net position	3,374,292
Net position (deficit) - beginning of fiscal year	(4,697,545)
Prior period adjustments	118,757
Net position (deficit) - beginning of the fiscal year, restated	(4,578,788)
Net position (deficit) - end of the fiscal year	$ (1,204,496)

See accompanying notes to the financial statements.

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The financial statements of the City of Covina (City) include the financial activities of the City, the Covina Public Financing Authority, and the Covina Housing Authority. Their financial operations are closely related and the City Council has a continuing responsibility over the entities. The responsibility is determined on the basis of budget adoption, taxing authority, funding and appointments of the governing board. Blended component units, although legally separate entities, are part of the City's operations and so data from these units are combined with data of the City.

Since the City Council acts as the Board of Directors and is able to impose its will on the Covina Public Financing Authority and the Covina Housing Authority, the City is considered to be the primary government and the other three entities are component units. Additionally, since the governing boards of the City and the two other component units are the same, the financial statements of the City and the two component units are blended.

The City of Covina was incorporated in 1901 as a "General Law" City. The City provides a broad range of services to its citizens, including general government, public safety, streets, sanitation and health, culture and park facilities, and social services.

The Covina Redevelopment Agency (Agency) was established in 1969, pursuant to the State of California, Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Covina. On June 28, 2011, Assembly Bill X1 26 (AB X1 26), the Dissolution bill was enacted. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and wind down of redevelopment activity. On January 11, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency and on January 30, 2012, the City Council adopted a resolution to retain the Housing assets and functions of the former redevelopment agency and the Housing Authority of the City will serve as the Housing Successor Agency.

The Successor Agency to the Covina Redevelopment Agency (SACRA) was created to serve as a custodian for the assets and to wind down the affairs of the former Agency. The SACRA is a separate public entity from the City, subject to the direction of an Oversight Board. In general, the SACRA's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the SACRA will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. Based upon the nature of the SACRA's custodial role, the SACRA is reported in a fiduciary fund (private-purpose trust fund).

The Covina Public Financing Authority (Authority) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The Authority exists under a Joint Exercise of Power Agreement between the City of Covina and the Covina Redevelopment Agency. Its purpose is to facilitate financing for public capital improvements of the City and the Agency.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

The Covina Housing Authority (Housing Authority) was formed January 25, 2011, in order to continue to achieve the goals established by the Housing Element of the general plan. A housing authority collaborates with public, private and non-profit entities agencies for the purpose of providing sanitary and safe housing for people of very low, low or moderate income within a city or county's territorial jurisdiction. The core activities of many housing authorities are primarily to build, acquire, own, manage and maintain residential rental units and to provide financial assistance for rentals or ownership in the private real estate market. A housing authority is governed by the state Housing Authority Law, and for purposes of major federal funding, if any is received, regulations of the U.S. Department of Housing and Urban Development (HUD). Further, a housing authority is not required under the Housing Authority Law to seek HUD or any other type of outside funding. On January 30, 2012, the City Council adopted a resolution to retain the Housing assets and functions of the dissolved Agency and the Housing Authority of the City will serve as the Housing Successor Agency.

The accounting policies of the City, the Authority, and the Housing Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

B. Government-wide and Fund Financial Statements

The accompanying financial statements are presented on the basis prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.* The *Basic Financial Statements* of the City are as follows:

Government-wide Financial Statements

The *Statement of Net Position* and *Statement of Activities* report information on all of the activities of the primary government (including its blended component units). The City of Covina has no discretely presented component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements

Separate financial statements of the City, including blended component units, are provided for major individual governmental, proprietary, and fiduciary funds which include the private purpose trust fund and agency fund. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary funds statements. With this measurement focus, all assets and all liabilities associated with the operation of the City are included on the statement of net position. Net position (assets less liabilities) are segregated into invested in capital assets (net of related debt), restricted and unrestricted components. The Statement of Activities and Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds present increases (revenues) and decreases (expenses) in net total position. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Under this determination, unbilled service receivables are recorded at fiscal year-end.

Nonexchange transactions are typically described as taxes, fines and certain grants and donations. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual; i.e., when they become measurable and available to finance expenditures of the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues including property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Certain grant revenues are considered to be available if they are collected within 9 months of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt, claims and judgments and compensated absences, which are recognized only when due and payable at fiscal year-end. General capital asset acquisitions and debt service principal payments are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, charges for services, grant revenues and investment earnings are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Licenses and permits, and fines and forfeitures are not susceptible to accrual because they are not measurable until received in cash. Grant revenues earned but not received are recorded as a receivable, and grants received before the related revenue recognition criteria have been met are reported as deferred revenues.

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 general government, except those required to be accounted for in another fund.

Housing Authority Fund

The special revenue fund administers the housing assets, liabilities, duties, and obligations related to the housing activities retained by the City following the dissolution of the Covina Redevelopment Agency. This fund receives the majority of its revenues form collections and interest on loans.

The City reports the following major proprietary funds:

Water Utility Fund

This enterprise fund is used to account for general and administrative, utility billing, customer service, sales promotion, source and supply, production and storage, and transmission and distribution operations.

Environmental Fund

This enterprise fund accounts for the general and administrative, utility billing, street sweeping, environmental services, refuse collection, industrial waste and waste management operations.

Sewer Fund

This enterprise fund accounts for the operation and maintenance of the wastewater system within the City's boundaries.

Additionally, the City reports the following fund types:

Internal Service Funds

These funds account for the central equipment, management information systems, workers' compensation and general liability services provided to other departments of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Agency Funds

These funds are used to account for funds in which the City is acting as an agent for another agency. The agency funds are reported using the accrual basis of accounting.

Private Purpose Trust Fund

This fund is to account for custodial responsibilities that are assigned to SACRA with the passage of AB X1 26 and was established on February 1, 2012. The fund accounts for the receipt of property tax revenues pursuant to the dissolution of the Agency and expenses incurred pursuant to the recognized obligation payment schedule (ROPS) approved by the State Department of Finance. This fund follows the accrual basis of accounting.

In reporting the financial activities of its business-type activities and proprietary funds, the City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures. The City has elected not to follow subsequent pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges for the City water utility, environmental and sewer services and indirect general government expenses to other functions and funds of the City. Elimination of the water utility, environmental service, and sewer service charges would distort the direct costs and program revenues reported for the various functions concerned. Expenses reported in various funds include allocated indirect general government expenses.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses from operations generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Environmental and Sewer enterprise funds and the City's internal service funds are charges to customers for sales and services. The Water Utility recognizes as operating revenue capital improvement fees intended for construction and rehabilitation of the water system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded, is employed in governmental funds. Amounts encumbered in the current year are treated as restricted, committed or assigned fund equity since they do not constitute expenditures or liabilities. At fiscal year-end, encumbrances outstanding are shown as restricted or assigned fund balance.

E. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" as well as the requirements of Statement No. 50, "Pension Disclosures". This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. Implementation of the GASB Statement No. 68 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 1, O. – Pensions, Note 10 – Retirement Plans, and Note 25 – Prior Period Adjustments.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 1, O. – Pensions, Note 10 – Retirement Plans, and Note 24 – Prior Period Adjustments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments, except for cash and investments with fiscal agents, are pooled with the City's pooled cash and investments, and are therefore considered cash equivalents.

H. Investments

Investments are stated at fair value using quoted market prices. Investment elements, including interest and changes in fair value, are aggregated and reported as investment earnings in the financial statements.

I. Inventories and Prepaid Items

Inventories are priced at the lower of cost or market on a first-in, first-out basis. The inventories consist primarily of water parts, vehicle and equipment parts and gasoline. Inventories of governmental funds are considered immaterial and are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. See Note 15 for more information about the prepaid CalPERS Side Fund.

J. Compensated Absences

The City permits employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and a portion of the sick pay are accrued when incurred in the government-wide and proprietary fund financial statements.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, water, sewer and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with a cost of more than $5,000 (more than $1,000 for certain vehicles and information technology equipment) and an estimated useful life of more than two years. Such assets are recorded at historical or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major capital outlays and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed in the enterprise funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets (Continued)

Property, plant and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

Type of Asset	Life in Years
Buildings and structures	20 - 40 years
Improvements other than buildings	20 years
Public domain infrastructure	15 - 50 years
Water system infrastructure	20 - 50 years
Sanitary sewer system infrastructure	20 - 50 years
Machinery and equipment	5 - 20 years

L. Leased Property

The City receives some of its operating revenues in the form of rent payments from lessees of the parcels of land. The period of these leases could range from 3-5 years. The rent paid by each lessee is a set monthly amount determined by the lease agreement. All leases are cancellable.

The City owns and leases certain properties located in the City to various tenants. The following is a list of properties and tenants:

Lessee	Address Leased	Type of Property	Lease-Term Beginning/Ending	Monthly Rent
Comcast	Public right of way	Easements	Month to month	5% franchise
Bank of America	212 E. Badillo St.	ATM site	12/4/13-12/3/18	$ 3,850
Nextel	2001 Edmund Halley	Communication	Month to month	$ 1,267
Giovanni's	114 E. Italia	Commercial	12/1/13-12/1/16	$ 1,378
Verizon Wireless	P.O. Box 2167	Communication	Month to month	$ 1,276
T-Mobile	6100 Atlantic Blvd	Communication	Month to month	$ 581
Sprint	P.O. Box 7977	Communication	Month to month	$ 1,005

M. Capitalization of Leases

Certain leases have been capitalized, where appropriate, in accordance with the Governmental Accounting Standards Board Statement No. 13, "Accounting for Leases."

N. Claims and Judgments

The accrual for workers' compensation and general liability claims is based upon an actuarial review of the past experience which has been modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2015, is dependent on future developments, based on information from the plan administrators, City management believes that the aggregate accrual is adequate to cover such losses, including amounts for incurred but not reported.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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 as fair value.

P. Net Position

Net position in the statement of net position are categorized as net investment in capital assets, restricted and unrestricted.

Net investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law or enabling legislation. At June 30, 2015, the restricted net position are $18,702,053.

Unrestricted Net Position – This category represents net position of the City not restricted for any project or other purpose.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences Between Governmental Fund Balance Sheets and the Statement of Net Position

"Total fund balances" of the City's governmental funds is $21,280,895 which differs from "net position" of $63,094,338 in governmental activities reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The main differences are as follows:

Capital Assets

Capital assets purchased or constructed for governmental activities are reported as expenditures in the governmental funds. The statement of net positon includes those capital assets among the assets of the City as a whole.

Cost of capital assets	$ 157,151,579
Accumulated depreciation	(88,104,967)
	$ 69,046,612

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

A. Explanation of Differences Between Governmental Fund Balance Sheets and the Statement of Net Position (Continued)

Long-term Receivables

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (long-term loans receivable) are offset by deferred inflows in the governmental funds and not included in fund balance. Deferred inflows associated with the long-term loans receivable is not included in the statement of net position.

Adjustment of unearned revenue	$ 10,353,089
Allowance for uncollectible loans/notes	(1,450,044)
	$ 8,903,045

Long-term Liabilities

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. Long-term liabilities (both current and long-term) are reported in the statement of net position.

Post-employment benefits	$ (1,119,448)
Compensated absences payable	(3,651,850)
Claims and judgments payable	(5,190,000)
Net pension liability	(28,333,775)
	$ (38,295,073)

Deferred Outflows and Inflows of Resources

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflow of resources – pension	$ 2,686,840
Deferred inflow of resources – pension	(9,399,113)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

A. Explanation of Differences Between Governmental Fund Balance Sheets and the Statement of Net Position (Continued)

Internal Service Funds

Internal service funds are used by management to charge the costs of the central equipment, management information systems, worker's compensation and general liability activities to individual funds. The internal service fund assets and liabilities are included in governmental activities in the statement of net position. Net of amounts allocated to proprietary funds.

Net position of internal service funds	$ 5,871,132

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities

The "net change in fund balances" increase of $2,409,097 for governmental funds differs from the "change in net position" increase of $576,537 for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Assets

Capital assets purchased or constructed for governmental activities are reported as expenditures in the governmental funds. The statement of activities allocates those capital assets over their estimated useful lives as a depreciation expense charged for the fiscal year.

Capital outlay	$ 3,235,463
Depreciation expense	(4,467,714)
	$ (1,232,251)

Capital asset sales and disposal are not reported in the governmental funds except for proceeds. In the government-wide statements, the gain or loss is reported.

Adjusted basis on disposal of capital assets	$ (466,693)

Long-term Receivables

Because the focus of governmental funds is on short-term financing, some assets (long-term loans and notes receivables) are offset by unearned revenue and reported as expenditures in the governmental funds. The loans and notes are not reported as expenses in the statement of activities. This includes the change in allowance for uncollectable loans.

Reclass expenditures to reduce loans and notes	$ 140,789

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Differences Between Governmental Fund Operating Statements and the Statement of Activities (Continued)

Long-term Liabilities

Bonds issued are reported as other financing sources. Principal retirement payments are reported as expenditures in the governmental funds and thus, contribute to the change in fund balance. Issuing bonded debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Principal bond payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities. Other long-term liabilities are not recorded as expenditures in the governmental funds but as expenses in the statement of activities.

Change in post-retirement benefit	$ (732,781)
Change in claims and judgments	54,000
Change in compensated absences	(53,846)
Change in pension costs	339,549
	$ (393,078)

Internal Service Funds

Internal service funds are used by management to charge the costs of the central equipment, management information systems, workers' compensation and general liability activities to individual funds. The adjustments for internal service funds "closes" those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year. Net of amounts allocated to proprietary funds.

Net change in net position of internal service funds	$ 118,673

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Charges over Appropriations

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations in the following programs:

Major Fund:	
Housing Authority Special Revenue Fund	$ 6,272
Other Governmental Funds:	
Landscaping Assessment District Special Revenue Fund	2,879
Shoppers Lane Parking District Special Revenue Fund	1,426

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The Lighting Assessment District special revenue fund had a deficit fund balance of $58,040 as of June 30, 2015. This fund incurs more expenses than it collects for services rendered. The City tried to pass a City-wide Lighting District assessment to address the deficit fund balance during 2011-12; however, it failed to pass. Staff will explore this option again in the near future. In the meantime, the General Fund will continue to fund these expenditures. The Management Information Systems Internal Service Fund had a deficit net position of $911,090 due to the implementation of GASB 68.

NOTE 4. CASH AND INVESTMENTS

The City is following the requirements associated with the Governmental Accounting and Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. More commonly referred to as GASB 40, this statement adds to and changes financial statement disclosure requirements for cash and investments of local governments. GASB 40, amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* to address common deposit and investment risks related to credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this Statement requires certain disclosures of investments that have fair values with a high sensitivity to interest rate changes.

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

			Fiduciary Funds		
	Governmental Activities	Business-type Activities	SACRA	Agency	Total
Statement of net position:					
Cash and investments	$ 27,734,016	$ 17,533,408	$ 7,954,992	$ 1,119	$ 53,223,535
Cash and investments - restricted	-	11,692,692	-	-	11,692,692
Cash and investments - fiscal agent	100,000	-	2,136,568	-	2,236,568
Total cash and investments	$ 27,834,016	$ 29,226,100	$ 10,091,560	$ 1,119	$ 67,152,795
Cash and investments as of June 30, 2015, consist of the following:					
Cash on hand	$ 8,335	$ 225	$ -	$ -	$ 8,560
Deposits with financial institutions	1,385,691	14,449,719	2,547,083	1,119	18,383,612
Investments	26,439,990	14,776,156	7,544,477	-	48,760,623
Total cash and investments	$ 27,834,016	$ 29,226,100	$ 10,091,560	$ 1,119	$ 67,152,795

NOTE 4. CASH AND INVESTMENTS (Continued)

Authorized Investments

Under provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code (CGC), the City may invest in the following types of investments:

	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment in One Issuer		Minimum Credit Rating	
	CGC	Covina Policy	CGC	Covina Policy	CGC	Covina Policy	CGC	Covina Policy
Mutual funds (money market funds)	N/A	N/A	20%	10%	10%	None	AAA	AAA
Bankers acceptance	180 days	180 days	40%	20%	30%	None	None	"Prime"
Commercial paper	270 days	180 days	25%	15%	10%	None	A	"Prime"
Certificates and time deposits	5 years	2 years	30%	10%	None	None	None	None
Corporate notes	5 years	2 years	30%	10%	None	None	A	AA-
U.S. Treasury securities	5 years	5 years	None	30%	None	None	None	None
U.S. Agency securities	5 years	5 years	None	30%	None	10%	None	None
Local Agency Investment Fund (LAIF)	N/A	N/A	None	None	None	None	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds and reserves held by bond trustees are governed by the debt agreements, rather than the general provisions of the California Government Code. The City and SACRA bond reserves are held in money market mutual funds and the State of California Local Investment Pool.

Interest Rate Risk

Changes in interest rates could adversely affect the fair market values of an investment. The interest rate risk is monitored by the City by measuring the weighted average maturity of its portfolio. Generally, the longer the maturity of an investment, the greater sensitivity of its fair market value to changes in market interest rates. The City manages its exposure to declines in market values by limiting the weighted average maturity of its investments to less than twenty-four months. The investments held by bond trustees are primarily invested in highly liquid money market mutual funds, and thus are not highly sensitive to interest rate fluctuations. The following table provides information concerning interest rate risk as of June 30, 2015.

Investment type	Fair Value	Weighted Average Maturity (Years)
State investment pool	$ 26,439,990	0.65
U.S. Treasury securities	12,768,759	1.71
Money market funds	2,007,397	0.15
Held by bond trustee:		
State investment pool	1,905,293	0.65
Money market funds	5,639,184	0.07
Total	$ 48,760,623	

NOTE 4. CASH AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Certain investments, such as obligations, which are backed by the full faith and credit of the United States Government, are exempt from credit rating disclosures. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements and the actual rating as of fiscal year end for each investment type:

	Minimum Credit Rating	AAA	AA+	A+	Not Required to be Rated or Not Rated
State investment pool	N/A	$ -	$ -	$ -	$ 26,439,990
U.S. Treasury Notes	N/A	-	-	-	12,768,759
Money market funds	AAA	2,007,397	-	-	-
Held by bond trustee:					
State investment fund	AA-/Aa-	-	-	-	1,905,293
Money market funds	N/A	5,639,184	-	-	-
		$ 7,646,581	$ -	$ -	$ 41,114,042

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

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 California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2015, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

Investment in State Investment Pool

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

NOTE 5. INTERFUND TRANSACTIONS

A. Interfund Balances

Operating receivables between funds are classified as due from or due to other funds. Negative individual fund cash and investment balances are offset by a due from other funds in the General Fund with a due to other funds set up in those funds owing the General Fund. The following are due from and due to balances as of June 30, 2015:

Receivable Fund	Payable Fund		Amount
General - major governmental fund	Non-major governmental	$	266,784
General - major governmental	Water - major proprietary fund		550
	Totals	$	267,334

Interfund Transfers

Transfers between funds are generally subsidies from one fund to another fund, funding of workers compensation and general liability reserves and reimbursement for expenditures incurred. The following are the interfund transfers for fiscal year ended June 30, 2015.

Transfers In Fund	Transfers Out Fund		Amount
General - major governmental fund	Internal service funds	$	1,001,926
	Non-major governmental funds		260,004
			1,261,930
Internal service funds	General fund		1,256,345
			1,256,345
Non-major governmental	General fund		350,336
	Non-major governmental		549,282
			899,618
Total		$	3,417,893

B. Advances To/Advances From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance indication in applicable governmental funds to indicate they are not in spendable form. The following are advances to/from other funds as of June 30, 2015:

Receivable Fund	Payable Fund		Amount
General - major governmental fund	Water utility - major proprietary	$	819,514

NOTE 5. INTERFUND TRANSACTIONS (Continued)

C. Internal Balances

Internal balances represent the net interfund receivables and payables remaining after elimination of all such balances within governmental and business-type activities.

NOTE 6. PROPERTY TAXES

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied in September and are payable in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Any unpaid amounts at the end of the fiscal year are recorded as property taxes receivable. The County of Los Angeles bills and collects the property taxes and subsequently remits the amount due to the City of Covina in installments during the year. Historically, the City has received substantially all of the taxes levied within two years from the date they are levied.

The County is permitted by State Law (Article XIII A of the California Constitution) to levy taxes at one percent (1%) of full market value (at time of purchase) and can increase the property's value no more than two percent (2%) per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

NOTE 7. NOTES RECEIVABLE

The former Agency entered into agreement with Covina Gardens, KBS, L.P., a California Limited Partnership (Developer) to effectuate the Redevelopment Plan for the Covina Revitalization Project No. 1 by providing for the rehabilitation of residential rental housing development existing on a site acquired by the Developer which will maintain the supply and availability of low and moderate income housing, including very low income units. The former Agency provided assistance to the Developer in the form of notes secured by a second deed of trust in the amount not to exceed $4,742,000. The interest rate range is 2% per year and notes receivable are due in 55 years. There is no allowance for notes receivable because management believes that they are fully collectible. The outstanding balance of the notes as of June 30, 2015 was $4,742,000.

NOTE 8. LOANS RECEIVABLE

The City's Community Development Block Grant (CDBG) program provides low-income housing and economic assistance to qualifying households and businesses. Due to the long-term nature of the deferred loans, the City has deferred recognition of revenues until receipt and these amounts have been recorded as loans receivable and deferred revenue in the special revenue fund. The loans do not require monthly repayment. In addition to CDBG loans, first time homebuyer loans made by the former Covina Redevelopment Agency are now administered by the Housing Authority. The loans for the first-time homebuyer and for down payment assistance bear interest from 1.5% to 6.875%. The first-time home buyer loans are forgiven after 45 consecutive years of occupying the home purchased, while the down payment assistance is forgiven after 20 years of occupying the home purchased. The housing rehabilitation program loan is secured by a deed of trust on the property, and is due upon sale or transfer of the title of the property. The outstanding balance as of June 30, 2015 of all loans was $1,847,746. Due to the forgiveness feature of these loans the City has established an allowance for uncollectible loans in the amount of $1,450,044 in the government-wide statements.

NOTE 9. CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Governmental activities					
Capital assets, not depreciated:					
Land	$ 9,104,068	$ -	$ (451,881)	$ -	$ 8,652,187
Construction in progress	1,977,221	2,809,442	-	(474,697)	4,311,966
Total capital assets, not depreciated	11,081,289	2,809,442	(451,881)	(474,697)	12,964,153
Capital assets, depreciated:					
Buildings and structures	20,088,079	-	-	161,122	20,249,201
Improvements other than buildings	4,241,152	-	-	-	4,241,152
Public domain infrastructure	108,177,647	-	-	94,060	108,271,707
Sanitary sewer infrastructure	6,221,681	-	-	-	6,221,681
Machinery and equipment	10,600,121	988,255	(418,055)	219,515	11,389,836
Total capital assets, depreciated	149,328,680	988,255	(418,055)	474,697	150,373,577
Less accumulated depreciation for:					
Buildings and structures	(7,127,733)	(397,676)	-	-	(7,525,409)
Improvements other than buildings	(3,257,744)	(117,475)	-	-	(3,375,219)
Public domain infrastructure	(66,769,187)	(3,465,637)	-	-	(70,234,824)
Sanitary sewer infrastructure	(3,976,796)	(78,909)	-	-	(4,055,705)
Machinery and equipment	(6,994,274)	(816,521)	387,251	-	(7,423,544)
Total accumulated depreciation	(88,125,734)	(4,876,218)	387,251	-	(92,614,701)
Total capital assets, depreciated, net	61,202,946	(3,887,963)	(30,804)	474,697	57,758,876
Total capital assets, net	$ 72,284,235	$ (1,078,521)	$ (482,685)	$ -	$ 70,723,029

Depreciation expense was charged to the following categories.

Governmental activities:	
General government	$ 43,100
Public safety	407,237
Public works	3,568,395
Culture and recreation	179,031
Transit	269,951
Internal service funds charged to proprietary funds	408,504
Total governmental activities	$ 4,876,218

NOTE 9. CAPITAL ASSETS (Continued)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-type activities				
Capital assets, not depreciated:				
Land	$ 377,408	$ -	$ -	$ 377,408
Construction in progress	613,024	64,802	(50,000)	627,826
Total capital assets, not depreciated	990,432	64,802	(50,000)	1,005,234
Capital assets, depreciated:				
Buildings and structures	12,438,344	-	-	12,438,344
Improvements other than buildings	190,226	50,000	-	240,226
Water system infrastructure	29,196,875	-	(2,164)	29,194,711
Machinery and equipment	2,423,282	383,490	-	2,806,772
Total capital assets, depreciated	44,248,727	433,490	(2,164)	44,680,053
Less accumulated depreciation for:				
Buildings and structures	(2,064,657)	(244,976)	-	(2,309,633)
Improvements other than buildings	(57,248)	(9,686)	-	(66,934)
Water system infrastructure	(7,774,048)	(777,245)	2,164	(8,549,129)
Machinery and equipment	(1,333,980)	(114,829)	-	(1,448,809)
Total accumulated depreciation	(11,229,933)	(1,146,736)	2,164	(12,374,505)
Total capital assets, depreciated, net	33,018,794	(713,246)	-	32,305,548
Total capital assets, net	$ 34,009,226	$ (648,444)	$ (50,000)	$ 33,310,782

Depreciation expense was charged to the following categories.

Business-type activities	
Water utility	$ 957,051
Environmental protection	21,950
Sewer	167,735
Total business-type activities	$ 1,146,736

At June 30, 2015, $5,100,000 is committed for capital projects related to the water system project. Also, $8,500,000 is committed for capital projects related to the sewer system improvement project.

NOTE 10. RETIREMENT PLANS

Agent Multiple-Employer Defined Benefit Pension Plan

A. General Information about the Pension Plan

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

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

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 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	City Miscellaneous Plan
Benefit formula	2.0/2.5% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50-55
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	19.863%

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

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	226
Inactive employees entitled to but not yet receiving benefits	244
Active employees	137
Total	607

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

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

B. Net Pension Liability

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

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

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payrol Growth	3.00%
Projected Salary Increase	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

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

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

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

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

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

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

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

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

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

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

C. Changes in the Net Pension Liability

The change in the Net Pension Liability for each Plan follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2013	$ 75,909,361	$ 52,042,799	$ 23,866,562
Changes during the year:			
Service Cost	1,399,079	-	1,399,079
Interest on the Total Pension Liability	5,596,243	-	5,596,243
Contributions from the Employer	-	1,453,480	(1,453,480)
Contributions from the Employees	-	865,295	(865,295)
Net Investment Income	-	8,890,960	(8,890,960)
Benefit Payments	(3,984,640)	(3,984,640)	-
Net Changes	3,010,682	7,225,095	(4,214,413)
Balance at June 30, 2014	$ 78,920,043	$ 59,267,894	$ 19,652,149

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each 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:

	Miscellaneous
1% Decrease	6.50%
Net Pension Liability	$ 29,944,280
Current Discount Rate	7.50%
Net Pension Liability	$ 19,652,149
1% Increase	8.50%
Net Pension Liability	$ 11,171,840

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the fiscal year ended June 30, 2015, the City recognized pension expense of $1,297,878. At June 30, 2015, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,599,026	$ -
Net differences between projected and actual earnings on plan investments	-	(4,058,811)
Total	$ 1,599,026	$ (4,058,811)

$1,599,026 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 fiscal year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2016	$ (1,014,703)
2017	(1,014,703)
2018	(1,014,703)
2019	(1,014,702)
Total	$ (4,058,811)

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan

A. General Information about the Pension Plan

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

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	City Safety Plan		
	1st Tier	2nd Tier	PEPRA
Hire date	Prior to December 31, 2010	On or after January 1, 2011 and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates	20.128%	23.948%	12.25%

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

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense were as follows:

Contributions – employer (Safety Plans)	$ 1,160,695
Proportionate share – employer (Safety Plans)	2,389,114
Difference between proportionate share and actual	$ (1,228,419)

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liability for its proportionate share of the net pension liability was $15,540,223.

The City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

	City Safety Plan		
	1st Tier	2nd Tier	PEPRA
Proportion - June 30, 2013	0.45855%	0.00031%	0.00004%
Proportion - June 30, 2014	0.41396%	0.00030%	0.00004%
Change - Increase (Decrease)	(0.04459%)	(0.00001%)	(0.00000%)

For the fiscal year ended June 30, 2015, the City recognized pension expense of $1,097,573. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ (5,814,914)
Differences between City contributions and proportionate share of contributions	-	(905,149)
City contributions subsequent to the measurement date	1,241,075	-
Adjustment due to differences in proportions	404,799	(36,764)
	$ 1,645,874	$ (6,756,827)

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

$1,241,075 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 fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	Total
2016	$ (1,645,555)
2017	(1,645,555)
2018	(1,607,188)
2019	(1,453,730)
Totals	$ (6,352,028)

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

	Safety
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payrol Growth	3.00%
Projected Salary Increase	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

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

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

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

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

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

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

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each 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:

	City Safety Plan			
	1st Tier	2nd Tier	PEPRA	Total
1% Decrease	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	$ 28,903,233	$ 19,570	$ 2,516	$ 28,925,319
Current Discount Rate	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	$ 15,527,395	$ 11,372	$ 1,462	$ 15,540,229
1% Increase	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	$ 4,506,271	$ 4,617	$ 594	$ 4,511,482

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Defined Contribution Plan

The federal government enacted legislation in 1990 mandating Social Security coverage for previously uncovered governmental employees. Public Agency Retirement Services (PARS) provides this alternate retirement system for part-time, seasonal and temporary employees. The total contribution amounts to 7.5% of covered payroll compared to 12.4% under Social Security. Contribution rates are established by the City. The City began participating in PARS during fiscal year 2004-05. As of June 30, 2015, there were 167 plan participants and $683 was contributed for the fiscal year by the City of Covina.

NOTE 11. COMPENSATED ABSENCES

For governmental funds, accumulated vacation and sick leave benefits payable at June 30, 2015, was $3,823,623. The short-term portion of $811,093 and long-term portion of $3,012,530 is not accounted in the governmental funds but is included in the governmental activities of the government-wide statements. Accumulated vacation and sick leave of $171,773, of which $50,063 represents the current portion, is recorded in the individual internal service funds and governmental activities of the government-wide financial statements. For enterprise funds, accumulated vacation and sick leave amounted to $324,400, of which $84,160 represents the current portion. The total amount is recorded within the respective proprietary funds and business-type activities of the government-wide statements.

NOTE 12. RISK MANAGEMENT

Workers' Compensation and General Liability:

The City has a program of insurance for any liability to City employees arising under the workers' compensation laws for the State of California. By this action, the City will pay all claims up to $500,000. Amounts in excess of $500,000, up to $150,000,000, are covered through an excess commercial insurer. There are no claims that exceed insurance coverage over the last three years.

The City established general liability and workers' compensation internal service funds. The funds have a net position of $1,498,491 and $3,930,918, respectively, which have been internally restricted for payment of outstanding workers' compensation and general liability claims. The balances represent a 70% confidence level for expected losses and a reasonable margin for contingencies.

Actual settlements accrued are accounted for in the appropriate fund. Estimates for all remaining outstanding claims, including an estimate for incurred but not reported claims (IBNR), are not accounted for in the individual funds but are reported in the governmental activities of the government-wide statements under claims and judgments. At June 30, 2015, total actual and estimated claims and judgments payable were as follows:

	Amount
General liability	$ 568,000
Workers' compensation	4,622,000
Total	$ 5,190,000

The current portion of $135,000 and long-term portion of $5,055,000 are not accounted in the governmental funds but are included in the governmental activities of the government-wide statements.

The following are changes in the claims and judgments liability for fiscal years 2015 and 2014:

	Fiscal Year Ended June 30	
	2015	2014
Claims and judgments, beginning of fiscal year	$ 5,244,000	$ 5,211,990
Claims incurred (including IBNRs)	389,179	804,682
Claims paid	(443,179)	(772,672)
Claims and judgments, end of fiscal year	$ 5,190,000	$ 5,244,000

NOTE 13. CAPITALIZED LEASE OBLIGATIONS

The City entered into capital leases with Haaker Equipment Company for sewer equipment, and Global Water Management, LLC for water equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date in the City's capital assets. The future minimum lease obligations and the net present value of these payments as of June 30, 2015, are as follows:

Fiscal Years Ending June 30,	Amount
2016	$ 462,228
2017	462,228
2018	462,228
2019	462,228
2020	462,228
2021-2025	2,311,142
2026	231,100
Total minimum lease payments	4,853,382
Less amount representing interest	(1,088,843)
Present value of minimum lease payment	$ 3,764,539

The value of the assets acquired by the capital lease was $4,669,435 as of June 30, 2015, net of accumulated depreciation of $911,743.

NOTE 14. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liabilities for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2015	Current Portion
Governmental activities						
Compensated absences	$ 3,874,759	$ -	$ 596,859	$ (647,995)	$ 3,823,623	$ 811,093
Claims and judgments	5,244,000	-	389,179	(443,179)	5,190,000	135,000
Postemployment benefit obligation	386,667	-	1,154,000	(421,219)	1,119,448	-
Net pension liability	-	40,845,759	14,829,102	(24,579,957)	31,094,904	-
Total long-term liabilities, net	$ 9,505,426	$ 40,845,759	$ 16,969,140	$ (26,092,350)	$ 41,227,975	$ 946,093

	Balance July 1, 2014	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2015	Current Portion
Business-type activities						
Compensated absences	$ 335,389	$ -	$ 107,265	$ (118,254)	$ 324,400	$ 84,160
Capital lease payable	4,033,567	-	-	(269,028)	3,764,539	282,290
Revenue bonds payable	28,305,000	-	-	(925,000)	27,380,000	955,000
Unamortized premium on revenue bonds	152,038	-	-	(5,630)	146,408	5,630
Unamortized discount on revenue bonds	(114,281)	-	-	7,619	(106,662)	(7,619)
Net pension liability	-	4,976,178	1,458,526	(2,337,230)	4,097,474	-
Total long-term liabilities, net	$ 32,711,713	$ 4,976,178	$ 1,565,791	$ (3,647,523)	$ 35,606,159	$ 1,319,461

NOTE 14. LONG-TERM LIABILITIES (Continued)

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. Claims and judgments, compensated absences, pension obligation, and OPEB obligation for the governmental activities are generally liquidated by the General Fund.

Revenue Bonds Payable, Sewer Enterprise Fund

In July 2009, $15,750,000 of revenue bonds were issued to provide funds for the acquisition and construction of improvements to improve and increase capacity to the City's wastewater enterprise. The Authority executed and delivered the certificates. The Authority, pursuant to a trust agreement, assigned all of its rights to the trustee for the benefit of the owners of the certificates. Each certificate represents a proportionate interest in an installment sale agreement of the improvement project financed with the original certificates between the City and the Authority as a seller. Under the agreement, the City has covenanted that it will prescribe, revise, and collect such charges for the services and facilities of its wastewater system which will produce gross revenues that will generate net revenues in an amount sufficient to permit payment of all scheduled debt service on the bonds when due.

A reserve fund is established in the amount of maximum annual installment payments from certificate proceeds for the benefit of the owners of the certificates. Since the Authority is not at-risk for the installment sale payments and the certificates are to be repaid from resources generated by the Sewer Enterprise Fund, the certificates are recorded as long-term debt in the Sewer Enterprise Fund.

The bonds are secured by a pledge of the net revenues received by the City for the sewer fees. Total principal and interest remaining to be paid on the bonds is $19,270,961. Principal and interest paid for the current fiscal year and total customer net revenues were $1,298,981 and $2,595,003, respectively.

Interest is payable semiannually on April 1 and October 1 of each year at rates of interest ranging from 2.5% to 5.375%. Payment of principal on the bonds begins on October 1, 2011, and is due on October 1 each year until 2029. The outstanding balance as of June 30, 2015 was $13,575,000.

The total debt service requirements to maturity with respect to the certificates included in the business-type activities are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2016	$ 675,000	$ 619,781	$ 1,294,781
2017	695,000	598,362	1,293,362
2018	720,000	574,468	1,294,468
2019	745,000	547,900	1,292,900
2020	770,000	518,532	1,288,532
2021-2025	4,375,000	2,053,646	6,428,646
2026-2030	5,595,000	783,272	6,378,272
	$ 13,575,000	$ 5,695,961	$ 19,270,961

NOTE 14. LONG-TERM LIABILITIES (Continued)

Revenue Bonds Payable, Water Enterprise Fund

On December 10, 2010, the City issued $15,000,000 of Revenue Bonds with an interest rate of 2.0% - 5.0% to refund $1,290,000 outstanding 1999 Certificate of Participation bonds and to finance various capital projects amounting to $12,715,285. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the proprietary fund statement of net position.

The Authority executed and delivered the certificates. The Authority, pursuant to a trust agreement, assigned all of its rights to the trustee for the benefit of the owners of the certificates. Each certificate represents a proportionate interest in an installment sale agreement of the improvement project financed with the original certificates between the City and the Authority as a seller. Under the agreement, the City has covenanted that it will prescribe, revise, and collect such charges for the services and facilities of its municipal water system which will produce gross revenues that will generate net revenues equal to 1.25 times the installment payments in each fiscal year.

A reserve fund is established in the amount of maximum annual installment payments from certificate proceeds for the benefit of the owners of the certificates. Since the Authority is not at-risk for the installment sale payments and the certificates are to be repaid from resources generated by the Water Utility Enterprise Fund, the certificates are recorded as long-term debt in the Water Utility Enterprise Fund.

The bonds are secured by a pledge of the net revenues received by the City for water sales. Total principal and interest remaining to be paid on the bonds is $25,473,032. Principal and interest paid for the current year and total customer net revenues were $986,012 and $10,980,890, respectively.

Interest is payable semiannually on April 1 and October 1 of each year at rates of interest ranging from 2.0% to 5.0%. Payment of principal on the bonds begins on October 1, 2011, and is due on October 1 each year until 2040. The outstanding balance as of June 30, 2015 was $13,805,000.

The total debt service requirements to maturity with respect to the certificates included in the business-type activities are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2016	$ 280,000	$ 710,112	$ 990,112
2017	290,000	698,712	988,712
2018	300,000	685,412	985,412
2019	315,000	671,612	986,612
2020	330,000	658,712	988,712
2021-2025	1,865,000	3,059,624	4,924,624
2026-2030	2,385,000	2,518,485	4,903,485
2031-2035	3,080,000	1,804,337	4,884,337
2036-2040	4,020,000	835,176	4,855,176
2041	940,000	25,850	965,850
	$ 13,805,000	$ 11,668,032	$ 25,473,032

NOTE 15. FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific Purposes for which amounts in the funds can be spent. As of June 30, 2015, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.

- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (for example: resolution and ordinance). Ordinance is the highest level of the City Council's approval.

- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated through its fund balance policy the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as nonspendable, restricted or committed.

- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

NOTE 15. FUND BALANCES (Continued)

The City Council adopted a Reserve Policy. The policy aims to help reduce the negative impact on the City in times of economic uncertainty and potential losses of funding from other governmental agencies. City reserves are restricted for one-time purposes. The policy establishes minimum requirements for General Fund nondepartmental reserves, and provides guidelines for the use of these funds.

General Fund non-departmental reserve requirements - Appropriation for contingencies is maintained at twenty percent of total General Fund net appropriations for one-time emergencies and economic uncertainties. Excess fund balance at year-end must first be used to replenish the reserve amount at the 20% level.

	General Fund	Housing Authority	Non-major Governmental	Totals
Nonspendable				
Prepaid expenses	$ 754,570	$ -	$ -	$ 754,570
Land held for resale	2,600,000	-	-	2,600,000
Total	3,354,570	-	-	3,354,570
Committed				
Community improvement	353,990	-	-	353,990
Emergency contingency	6,345,730	-	-	6,345,730
Total	6,699,720	-	-	6,699,720
Restricted				
Culture and recreation	21,359	-	-	21,359
Redevelopment and housing	-	727,237	-	727,237
Community development	-	-	396,043	396,043
Law enforcement	-	-	619,865	619,865
Street projects	-	-	2,346,111	2,346,111
Transportation projects	-	-	3,962,192	3,962,192
Public works projects	-	-	53,134	53,134
Assessment districts	-	-	841,078	841,078
Total	21,359	727,237	8,218,423	8,967,019
Assigned				
Culture and recreation	345,619	-	684,536	1,030,155
Other capital projects	-	-	653,893	653,893
Redevelopment and housing	491,556	-	-	491,556
Public safety	102,461	-	-	102,461
Public works	39,561	-	-	39,561
Total	979,197	-	1,338,429	2,317,626
Unassigned	-	-	(58,040)	(58,040)
Totals	$ 11,054,846	$ 727,237	$ 9,498,812	$ 21,280,895

NOTE 16. CONTINGENCIES

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial position of the City.

NOTE 17. JOINT VENTURE

The Covina Irrigating Company (the Company) is a non-profit mutual water company. The purpose of the Company is to develop, distribute, supply or deliver water at cost for irrigation and domestic uses of its stockholders. The governing board of directors consists of nine directors which are elected by the stockholders.

The City's investment in the Company has been recorded on the equity method of accounting and is shown as an "investment in joint venture" in the Water Utility Enterprise Fund. The City invested in the Company's shares solely to ensure that present and future water supply will be maintained at an adequate level. The City's equity share is 42.18 percent.

Complete financial statements for Covina Irrigating Company can be obtained from the Company. Summarized audited information for the fiscal year ended June 30, 2015 is as follows:

Operating revenues	$ 4,262,629
Operating expenses	(3,139,817)
Operating income	1,122,812
Net income	$ 4,999
Total assets	$22,291,286
Total liabilities	$ 7,018,349
Total fund equity	$15,272,937
Total liabilities and fund equity	$22,291,286

The difference of the acquisition cost of shares by the City over the corresponding percentage of net position acquired at the time of acquisition is considered goodwill.

The City is also a participant in several cost-sharing agreements with other governmental units. There is no significant financial interest or ongoing financial responsibility on the part of the City with these agreements.

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description:

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. This plan is a single-employer defined benefit plan and does not issue separate financial statements. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814. Eligible employees that do not participate in the CalPERS health plan are eligible to receive monthly payments from the City. These benefits are accounted for under the OPEB liability.

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Eligibility:

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of 182 eligible active employees and 150 enrolled eligible retirees at June 30, 2015.

Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City and the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2015, the City contributed $421,219 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years.

The City's OPEB unfunded actuarial accrued liability as of June 30, 2015, the most recent actuarial valuation, was $11,679,000. The Annual Required Contribution (ARC) for the fiscal year ended June 30, 2015, was $1,176,000.

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

	June 30, 2015
Annual required contribution (ARC)	$ 1,176,000
Interest cost	15,000
ARC adjustment	(37,000)
Annual OPEB expense	1,154,000
Contributions made	(421,219)
Decrease in net OPEB obligation	732,781
Net OPEB Obligation, Beginning of Fiscal Year	386,667
Net OPEB Obligation, End of Fiscal Year	$ 1,119,448

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

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy: (Continued)

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	$ 830,000	55.88%	$394,829
6/30/14	854,000	100.96%	386,667
6/30/15	1,154,000	36.50%	789,334

Funding Status and Progress:

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Underfunded/ Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Covered Payroll
6/30/2011	$ -	$ 3,630,000	$ 3,630,000	0.0%	$ 11,997,862	30.3%
6/30/2013	-	4,779,000	4,779,000	0.0%	14,780,000	59.7%
6/30/2015	456,000	9,878,000	9,422,000	4.8%	13,703,000	68.8%

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

Actuarial Methods and Assumptions:

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

The actuarial assumptions for the June 30, 2015 valuation are as follows:

Amortization	Level dollars, closed period
Actuarial cost method	Entry age normal cost method
Average remaining period	18 years as of the valuation date
Investment rate of return	3.75%
Annual healthcare cost trend rate	5.0% to 8.3%
Payroll growth	3.25%
Inflation rates	3.0%
Benefit increases	4.5%-5% annually

NOTE 19. BOND DEFEASANCE

Water Certificates of Participation

In October 1999, the Authority issued the 1999 Refunding Water Certificates of Participation to refund the 1991 Water Certificates of Participation. The transaction refunded and defeased in substance the $2,815,000 balance of the 1991 water certificates. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the City's financial statements. The outstanding balance of the defeased 1991 water certificates at June 30, 2015 was $240,000.

NOTE 20. REBATABLE ARBITRAGE

The City is obligated to calculate arbitrage rebates on all tax allocation bonds. There was no rebatable arbitrage liability.

NOTE 21. RELATED PARTY TRANSACTIONS

The City entered into an agreement with Covina Irrigating Company (CIC) for the pumping, treating and delivering the water to City reservoirs. During the fiscal year, the City paid $3,067,268 to the Covina Irrigating Company for the services of pumping, treating and delivery of water.

NOTE 22. ENCUMBRANCES

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled (executory contracts; and open purchase orders). Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as restricted or assigned governmental fund balance.

As of June 30, 2015, total governmental fund encumbrance balances for the City are as follows:

General Fund	$	4,053
Non-major governmental fund		709,752
Total governmental funds	$	713,805

NOTE 23. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA)

On December 29, 2011, the California Supreme Court upheld AB X1 26 that provides 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.

AB X1 26 provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 11, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with AB X1 26 as part of City resolution number 12-7041.

NOTE 23. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

After enactment of the law, which occurred on June 28, 2011, 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 (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

AB X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB X1 26.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the Low-Moderate Income Housing, Tax Allocation and Redevelopment Agency governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

A. Capital Assets Held by SACRA

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not depreciated:				
Land	$ 245,698	$ -	$ (46,078)	$ 199,620
Total capital assets, not depreciated	245,698	-	(46,078)	199,620
Capital assets, depreciated:				
Buildings and structures	10,116,774	-	-	10,116,774
Improvements other than buildings	1,981,866	-	-	1,981,866
Machinery and equipment	153,255	-	-	153,255
Total capital assets, depreciated	12,251,895	-	-	12,251,895
Less accumulated depreciation for:				
Buildings and structures	(2,666,015)	(202,233)	-	(2,868,248)
Improvements other than buildings	(231,832)	(103,562)	-	(335,394)
Machinery and equipment	(58,876)	(6,991)	-	(65,867)
Total accumulated depreciation	(2,956,723)	(312,786)	-	(3,269,509)
Total capital assets, depreciated, net	9,295,172	(312,786)	-	8,982,386
Total capital assets, net	$ 9,540,870	$ (312,786)	$ (46,078)	$ 9,182,006

Depreciation expense for the fiscal year ended June 30, 2015 was $312,786.

NOTE 23. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

B. Summary of SACRA's Long-Term Debt

	Balance July 1, 2014	Prior Period Adjustments	Additions	Deletions	Balance June 30, 2015	Current Portion
Advances from City of Covina	$ 6,044,939	$ (118,757)	$ -	$ -	$ 5,926,182	$ -
Compensated absences	32,490	-	36,563	(1,743)	67,310	11,040
Notes payable	163,423	-	-	(131,894)	31,529	31,529
Tax allocation bonds	25,761,600	-	6,985,000	(11,160,000)	21,586,600	1,680,000
Accreted interest	31,990	-	63,559	-	95,549	-
Unamortized premium on tax allocation bonds	1,319,357	-	595,177	(469,077)	1,445,457	115,206
Total long-term liabilities, net	$ 33,353,799	$ (118,757)	$ 7,680,299	$ (11,762,714)	$ 29,152,627	$ 1,837,775

Notes Payable

On April 28, 1998, the Covina Redevelopment Agency purchased the Chick's East property located at 626 S. Citrus Avenue for $2.2 million. The purchase was paid by cash deposit of $698,000 and by securing a promissory note of $1,520,052. The Agency took over the leases of three current tenants and entered into a lease with Chick's Sporting Goods for their retail outlet. Interest on the unpaid principal accrues at a variable rate which was 5.404% per annum at June 30, 2015. Monthly payments were $12,091 at June 30, 2015. The outstanding balance as of June 30, 2015 was $31,529.

Tax Allocation Revenue Bonds of 1997, Series A

On July 30, 1997, the Authority issued $1,995,000 Revenue Bonds of 1997, Series A. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 4% to 5.2%. Payment of principal on the bonds started December 1, 1998, and they are due on December 1 each year until 2022. The outstanding principal balance as of June 30, 2015 was $0 as they were refunded as part of the 2014 issue.

Tax Allocation Revenue Bonds of 2002, Series A

On February 1, 2002, the Covina Public Financing Authority issued $10,262,262 Revenue Bonds of 2002, Series A. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 3% to 4.75%. Payment of principal on the bonds started December 1, 2002, and they are due on December 1 each year until 2023. The outstanding principal balance as of June 30, 2015 was $0 as these were refunded as part of the 2013 issue.

NOTE 23. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

B. Summary of SACRA's Long-Term Debt (Continued)

Tax Allocation Revenue Bonds of 2004 Series A and B

On November 1, 2004, the Agency issued $17,240,000 Tax Allocation Revenue Bonds of 2004, Series A in order to refund the Tax Allocation Revenue Bonds of 1995. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 3% to 5%. Payment of principal on the bonds started December 1, 2003, and they are due on December 1 each year until 2023. The principal balance as of June 30, 2015 was $0 as these were refunded as part of the 2014 issue.

On November 1, 2004, the Agency issued $9,610,000 Tax Allocation Revenue Bonds of 2004, Series B. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 2.74% to 3.94%. The bonds are taxable and payment of principal on the bonds will begin December 1, 2005, and they are due on December 1 each year until 2023. The outstanding principal balance as of June 30, 2015 was $2,775,000.

Tax Allocation Revenue Refunding Bonds of 2013, Series E

On December 24, 2013, the Successor Agency of the former Covina Redevelopment Agency issued (through the County of Los Angeles Redevelopment Refunding Authority) 2013E Tax Allocation Revenue Refunding Bonds in the amount of $12,151,600. The purpose of the issue is to refund and defease the 1997 B Revenue Bonds and 2002 A Revenue Bonds plus accreted interest thereon. The proceeds from this issue plus any reserve funds remaining for the 1997 B and 2002 A bonds will be used to fund an escrow account which will be used to redeem the 1997 B and 2002 A bonds on January 22, 2014. The redemption price will be equal to 100% of the 1997 B and 101% of the accreted value of the 2002 A.

The 2013 bonds are issued as $9,460,000 in serial bonds with a maturity date of December 1, 2023. These bonds carry interest at 3-5%. Also issued was $1,756,600 in Capital Appreciation Bonds with final maturity of December 1, 2020. Interest rates are 3.5-4%.

The bonds are secured by tax revenues generated within the project area and as allocated for the payment of the debt by the County of Los Angeles per recognized obligation schedule.

As a result of the refunding the Agency realized a net savings in the amount of $3,136,892 and an economic gain (difference between present value of new debt versus old debt) of $1,441,851.

The outstanding principal balance of the bonds at June 30, 2015, is $11,826,600. The accreted interest amount outstanding on the Capital appreciation bonds is $95,549.

NOTE 23. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

B. Summary of SACRA's Long-Term Debt (Continued)

Tax Allocation Revenue Refunding Bonds of 2014, Series E

On December 17, 2014, the Successor Agency of the former Covina Redevelopment Agency issued (through the County of Los Angeles Redevelopment Refunding Authority) 2014E Tax Allocation Revenue Refunding Bonds in the amount of $6,985,000. The purpose of the issue is to refund and defease the 1997 A Revenue Bonds and 2004 A Revenue Bonds. The proceeds from this issue plus any reserve funds remaining for the 1997 A and 2004 A bonds will be used to fund an escrow account which will be used to redeem the 1997 A and 2004 A bonds on January 8, 2015. The redemption price will be equal to 100% of the 1997 A Revenue Bonds 2004 A Revenue Bonds.

The 2014 bonds were issued as $6,985,000 in serial bonds with a maturity date of December 15, 2023. These bonds carry interest at 2-5%.

The bonds are secured by tax revenues generated within the project area and as allocated for the payment of the debt by the County of Los Angeles per recognized obligation schedule.

As a result of the refunding the Agency realized a net savings in the amount of $2,014,490 and an economic gain (difference between present value of new debt versus old debt) of $464,664.

The outstanding principal balance of the bonds at June 30, 2015, is $6,985,000.

C. Debt Service requirements to maturity with respect to SACRA's Tax Allocation Bonds are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2016	$ 1,680,000	$ 889,055	$ 2,569,055
2017	2,280,000	824,661	3,104,661
2018	2,365,000	723,447	3,088,447
2019	2,470,000	620,327	3,090,327
2020	2,100,621	931,355	3,031,976
2021-2024	10,690,979	1,129,563	11,820,542
	$ 21,586,600	$ 5,118,408	$ 26,705,008

NOTE 24. PRIOR YEAR ADJUSTMENTS

The accompanying financial statements include adjustments that resulted in the restatements of beginning net position and fund balances. The following summarizes the effect of the prior period adjustments to beginning net position and fund balances as of July 1, 2014:

	Governmental Activities	Business-type Activities	Enterprise Funds	Internal Services Funds	Fiduciary Fund Private-Purpose Trust Fund
Net position at July 1, 2014	$ 102,064,833	$ 35,647,405	$ 35,647,405	$ 8,836,665	$ (4,697,545)
Net pension liability	(40,845,759)	(4,976,178)	(4,976,178)	(3,353,252)	-
Deferred outflow of resources - pension contribution	3,539,542	303,050	303,050	204,213	-
Deferred inflow of resources - difference between actual contribution and proportionate share	(1,228,419)	-	-	-	-
Side Fund Asset combined into Net Pension Liability due to GASB 68	(3,361,406)	-	-	-	-
Prior period adjustments from fund statements	(650,990)	-			-
Overstatement of due to General Fund - DOF	-	-	-	-	-
disallowed interest	-	-	-	-	118,757
Net position at July 1, 2014, as restated	$ 59,517,801	$ 30,974,277	$ 30,974,277	$ 5,687,626	$ (4,578,788)

	Governmental General Fund	Governmental Funds Non-Major Funds
Fund balances at July 1, 2014	$ 9,167,076	$ 9,622,203
Overstatement of accounts receivable	(385,231)	-
Overstatement of due from Successor Agency - DOF disallowed interest	(118,757)	-
Overstatement of due from other governments - SCO adjustment	-	(147,002)
Fund balances at July 1, 2014 as restated	$ 8,663,088	$ 9,475,201

CITY OF COVINA, CALIFORNIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive
	Original	Final	Budgetary Basis	(Negative)
Budgetary fund balance, July 1	$ 11,644,925	$ 11,644,925	$ 9,167,076	$ (2,477,849)
Prior period adjustments	-	-	(503,988)	(503,988)
Budgetary fund balance, July 1 restated	11,644,925	11,644,925	8,663,088	(2,981,837)
Resources (inflows):				
Property taxes	11,952,600	11,952,600	12,812,809	860,209
Sales taxes	5,922,000	5,922,000	6,569,382	647,382
Transient occupancy taxes	375,000	375,000	348,148	(26,852)
Property transfer taxes	170,000	170,000	159,795	(10,205)
Business license taxes	535,000	535,000	325,219	(209,781)
Utility user taxes	5,270,000	5,270,000	5,033,846	(236,154)
Franchise taxes	1,485,870	1,485,870	1,549,731	63,861
Licenses and permits	857,000	857,000	965,527	108,527
Intergovernmental	876,250	876,250	839,182	(37,068)
Charges for services	2,321,440	2,321,440	2,427,359	105,919
Fines and forfeits	730,000	730,000	559,409	(170,591)
Investment earnings	163,500	165,300	128,262	(37,038)
Miscellaneous	315,780	445,218	3,758,250	3,313,032
Transfers in	1,126,370	1,226,370	1,261,930	35,560
Amounts available for appropriation	43,745,735	43,976,973	45,401,937	1,424,964
Charges to appropriations (outflows):				
Current:				
General government	440,590	448,591	232,379	216,212
Public safety	23,928,370	24,944,453	24,210,436	734,017
Public works	938,350	932,451	909,626	22,825
Culture and recreation	4,703,800	4,799,467	4,570,191	229,276
Community development	1,819,730	1,810,424	1,996,556	(186,132)
Capital outlay	-	2,600,000	821,222	1,778,778
Transfers out	506,880	546,880	1,606,681	(1,059,801)
Total charges to appropriations	32,337,720	36,082,266	34,347,091	1,735,175
Budgetary fund balance, June 30	$ 11,408,015	$ 7,894,707	$ 11,054,846	3,160,139

See notes to required supplementary information

CITY OF COVINA, CALIFORNIA
Required Supplementary Information
Budgetary Comparison Schedule
Housing Authority Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive
	Original	Final	Budgetary Basis	(Negative)
Budgetary fund balance, July 1	$ 733,509	$ 733,509	$ 733,509	$ -
Charges to appropriations (outflows):				
Current:				
Housing	-	-	6,272	(6,272)
Total charges to appropriations	-	-	6,272	(6,272)
Fund balance, June 30	$ 733,509	$ 733,509	$ 727,237	$ 6,272

See notes to required supllementary information

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. City departments submit budget and service requests to the City Manager. The City Manager prepares a recommended budget to be presented to the City Council.
2. The annual budget is adopted by the City Council on or before June 30th of each fiscal year after holding public hearings to receive input for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
3. The appropriated budget is prepared by fund, program, and activity. Departments may make appropriation transfers within activities. The City Manager is authorized to make appropriation transfers between activities within funds excluding the contingency appropriation. The City Council approves total budgeted appropriations and any amendments between funds and the use of contingency appropriation. This "appropriated budget" covers City expenditures in all governmental funds. Actual expenditures may not exceed budgeted appropriations at the fund level. Budget figures used in the accompanying financial statements are the original budget including prior year carryovers and the final budget including current year amendments.
4. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Encumbrances at year end lapse, and then are added to the following year's budgeted appropriations.
5. Annual budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt budgets for this fund type.
6. Appropriations for capital projects and certain grants and contributions authorized but not constructed or completed during the year lapse at year end, and then are included as part of appropriations in the following year’s annual budget.
7. Under Article XIIIB of the California Constitution (the Gann Spending Limitation), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements.

CITY OF COVINA
Required Supplementary Information
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2015

Schedule of Funding Progress - Other Post-employment Benefits
$ Amount in Thousands

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability (a)	Actuarial Asset Value (b)	Unfunded Actuarial Accrued Liability (Excess Assets) (a)-(b)	Funded Ratio (b)/(a)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(a)-(b)]/(c)
6/30/2011	$ 3,630	$ -	$ 3,630	0.0%	$ 11,998	30.3%
6/30/2013	4,779	-	8,826	0.0%	14,780	59.7%
6/30/2015	9,878	456	9,422	4.8%	13,703	68.8%

CITY OF COVINA
Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*
Miscellaneous Plan

Schedule of Changes in the Net Pension Liability and Related Ratios

		Miscellaneous Plan 2015
Measurement Period		2013-14[1]
Total Pension Liability		
Service Cost	$	1,399,079
Interest on the Total Pension Liability		5,596,243
Benefit Payments, including Refunds of Employee Contributions		(3,984,640)
Net Change in Total Pension Liability		3,010,682
Total Pension Liability - Beginning		75,909,361
Total Pension Liability - Ending (a)	$	78,920,043
Plan Fiduciary Net Position		
Contributions from the Employer	$	1,453,480
Contributions from the Employees		865,295
Net investment income[2]		8,890,960
Benefit Payments		(3,984,640)
Net Change in Plan Fiduciary Net Position		7,225,095
Plan Fiduciary Net Position - Beginning		52,042,799
Plan Fiduciary Net Position - Ending (b)	$	59,267,894
Net Pension Liability - Ending (a)-(b)	$	19,652,149
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		75.10%
Covered Employee Payroll	$	7,967,419
Net Pension Liability as Percentage of Covered Employee Payroll		246.66%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.
[2] Net of administrative expenses.

Note to Schedule:
Benefit Changes: The figures above do not include any liability impact may have resulted from plan changes which occurred after June 30, 2013. 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.

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

Agent Multiple-Employer Defined Benefit Pension Plan
Last 10 Fiscal Years*
Miscellaneous Plan

Schedule of Contributions[1]

	Miscellaneous Plan Fiscal Year 2014-15	
Actuarially Determined Contribution[2]	$	1,599,026
Contributions in Relation to the Actuarially Determined Contribution[2]		(1,599,026)
Contribution Deficiency (Excess)	$	-
Covered Employee Payroll[3]	$	8,922,140
Contributions as a Percentage of Covered Employee Payroll[3]		17.92%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2]Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

[3]Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

Cost-Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years*
Safety Plan – First Tier

Schedule of Plan's Proportionate Share of the Net Pension Liability and Related Ratios

	Safety Plan First Tier
	2014 [1]
Plan's proportion of the Net Pension Liability (Asset)	0.24954%
Plan's proportionate share of the Net Pension Liability (Asset)	$15,527,389
Covered employee payroll [2]	$ 5,251,002
Plan's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	295.70%
Plan's fiduciary net position	$84,331,450
Plan's proportionate share of the Fiduciary Net Pension Liability (Asset) as a percentage of the Plan's Total Pension Liability	543.11%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Covered-Employee Payroll represented above is based on pensionable earnings proivded by the employer. However, GASB 68 defines covered-employee payroll as the total of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

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

Cost-Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years*
Safety Plan – Second Tier

Schedule of Plan's Proportionate Share of the Net Pension Liability and Related Ratios

	Safety Plan Second Tier 2014 [1]
Plan's proportion of the Net Pension Liability (Asset)	0.00018%
Plan's proportionate share of the Net Pension Liability (Asset)	$ 11,372
Covered employee payroll [2]	$ 319,896
Plan's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	3.55%
Plan's fiduciary net position	$ 49,831
Plan's proportionate share of the Fiduciary Net Pension Liability (Asset) as a percentage of the Plan's Total Pension Liability	438.19%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2]Covered-Employee Payroll represented above is based on pensionable earnings proivded by the employer. However, GASB 68 defines covered-employee payroll as the total of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Note to Schedule:

Benefit Changes: The figures above do not include any liability impact may have resulted from plan changes which occurred after June 30, 2013. 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.

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

Cost-Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years*
Safety Plan – PEPRA

Schedule of Plan's Proportionate Share of the Net Pension Liability and Related Ratios

	Safety Plan PEPRA 2014 [1]
Plan's proportion of the Net Pension Liability (Asset)	0.00002%
Plan's proportionate share of the Net Pension Liability (Asset)	$ 1,462
Covered employee payroll [2]	$ 65,038
Plan's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	2.25%
Plan's fiduciary net position	$ 6,406
Plan's proportionate share of the Fiduciary Net Pension Liability (Asset) as a percentage of the Plan's Total Pension Liability	438.17%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2]Covered-Employee Payroll represented above is based on pensionable earnings proivded by the employer. However, GASB 68 defines covered-employee payroll as the total of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Note to Schedule:

Benefit Changes: The figures above do not include any liability impact may have resulted from plan changes which occurred after June 30, 2013. 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.

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

Cost-Sharing Defined Benefit Pension Plan
Last 10 Fiscal Years*
Safety Plan

Schedule of Contributions[1]

	Safety Plan Fiscal Year 2014-15	
Actuarially Determined Contribution[2]	$	1,241,075
Contributions in Relation to the Actuarially Determined Contribution[2]		(1,241,075)
Contribution Deficiency (Excess)	$	-
Covered Employee Payroll[3]	$	6,804,139
Contributions as a Percentage of Covered Employee Payroll[3]		18.24%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2]Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately finaced specific liabilitis.

[3]Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2011 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

Special revenue funds account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance and /or resolution to finance particular functions, or activities. Non-major special revenue governmental funds of the City are as follows:

Community Development Block Grant is a special revenue fund that accounts for the funding from the Department of Housing and Urban Development (HUD) in the form of a Community Block Grant (CDBG) program. The program has specific federal guidelines and all CDBG fund expenditures are monitored for compliance with both federally mandated rules and regulations and County of Los Angeles regulations.

Law Enforcement accounts for federal and state local law enforcement grants and subventions to finance certain police activities.

Narcotic Seizure accounts for receipts and disbursements associated with the federal, state and local narcotic seizure programs.

State Gas Tax accounts for money apportioned by state statutes of the State of California to provide financing for street maintenance and improvements.

Transit accounts for the transit tax (one-half percent sales tax) for transit programs and improvements.

Air Quality Improvement accounts for the motor vehicle fee for air and environmental improvements.

Municipal Parking District accounts for receipts and expenditures for electricity, lot maintenance and engineering services in the various municipal parking lots.

Lighting Assessment District accounts for special assessment collections from benefited properties for street lighting energy and maintenance.

Landscaping Assessment District accounts for special assessment collections from benefited properties for landscape maintenance activities.

Community Facilities District accounts for special assessment collections from benefited properties for community facilities maintenance activities.

Shoppers Lane Parking District accounts for certain business tax registrations to finance parking maintenance and improvements in Shoppers Lane.

Library Grant accounts for the various state grant monies for programs of the Covina Public Library.

Other Grants accounts for the various state grant monies for various programs of the City.

Capital projects funds are used to finance and account for the acquisition and construction of major capital facilities other than those financed by other governmental type and proprietary funds. Non-major capital projects governmental funds of the City are as follows:

General Projects accounts for monies designated for major infrastructure and general improvements not accounted for in other governmental and proprietary funds.

Park Development accounts for federal and state grant monies used for parkland acquisition and development.

Transportation is a capital projects fund and accounts for one-half percent sales tax to finance transportation programs and improvements. Financial resources include various grants from the State and Federal funding sources to provide enhanced transit opportunities.

CITY OF COVINA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue Funds						
	Community Development Block Grant	Law Enforcement	Narcotic Seizure	State Gas Tax	Transit	Air Quality Improvement	Municipal Parking District
Assets							
Cash and investments	$ -	$ 391,903	$ 173,453	$ 2,629,149	$ 3,125,012	$ 37,945	$ 664,969
Cash and investments - restricted	100,000	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Accounts	-	-	-	-	-	15,829	-
Loans	330,965	-	-	-	-	-	-
Prepaid expenditures	-	-	-	-	700	-	-
Due from other funds	-	-	85,000	-	-	-	-
Due from other governments	47,232	39,731	-	-	-	-	3,973
Total assets	$ 478,197	$ 431,634	$ 258,453	$ 2,629,149	$ 3,125,712	$ 53,774	$ 668,942
Liabilities and fund balances							
Liabilities:							
Accounts payable	$ 29,388	$ 49,052	$ -	$ 283,038	$ 331,541	$ 602	$ 35,844
Deposits payable	100,000	-	-	-	-	-	-
Accrued liabilities	2,432	6,170	-	-	4,662	38	-
Due to other governments	-	-	-	-	-	-	-
Unearned revenue	-	15,000	-	-	-	-	-
Due to other funds	15,412	-	-	-	-	-	-
Total liabilities	147,232	70,222	-	283,038	336,203	640	35,844
Deferred inflows of resources:							
Unearned revenue - loans/notes	330,965	-	-	-	-	-	-
Total deferred inlows of resources	330,965	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	478,197	70,222	-	283,038	336,203	640	35,844
Fund balances:							
Restricted for:							
Community development	-	-	-	-	-	-	-
Law enforcement	-	361,412	258,453	-	-	-	-
Street projects	-	-	-	2,346,111	-	-	-
Transportation projects	-	-	-	-	2,789,509	-	-
Air Quality projects	-	-	-	-	-	53,134	-
Assessment districts	-	-	-	-	-	-	633,098
Loans receivable	-	-	-	-	-	-	
Assigned to:							
Culture and recreation	-	-	-	-	-	-	-
Other capital projects	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	-	361,412	258,453	2,346,111	2,789,509	53,134	633,098
Total liabilities, deferred inflows, and fund balances	$ 478,197	$ 431,634	$ 258,453	$ 2,629,149	$ 3,125,712	$ 53,774	$ 668,942

CITY OF COVINA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

Special Revenue Funds						
Lighting Assessment District	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District	Library Grant	Other Grants	Total
$ -	$ 153,325	$ 59,674	$ 3,251	$ 16,763	$ 359,241	$ 7,614,685
-	-	-	-	-	-	100,000
-	-	-	30	-	-	15,859
-	-	-	-	-	-	330,965
-	-	-	-	-	-	700
-	-	-	-	-	-	85,000
2,528	2,435	232	-	11,461	65,679	173,271
$ 2,528	$ 155,760	$ 59,906	$ 3,281	$ 28,224	$ 424,920	$ 8,320,480
$ 17,727	$ 6,576	$ 133	$ -	$ 100	$ 27,440	$ 781,441
-	-	3,500	-	-	-	103,500
-	-	-	-	3,117	-	16,419
-	-	-	-	-	1,437	1,437
-	-	-	758	-	-	15,758
42,841	-	-	-	-	-	58,253
60,568	6,576	3,633	758	3,217	28,877	976,808
-	-	-	-	-	-	330,965
-	-	-	-	-	-	330,965
60,568	6,576	3,633	758	3,217	28,877	1,307,773
-	-		-	-	396,043	396,043
-	-	-	-	-	-	619,865
-	-	-	-	-	-	2,346,111
-	-	-	-	-	-	2,789,509
-	-	-	-	-	-	53,134
-	149,184	56,273	2,523	-	-	841,078
-	-	-	-	-	-	-
-	-	-	-	25,007	-	25,007
-	-	-	-	-	-	-
(58,040)	-	-	-	-	-	(58,040)
(58,040)	149,184	56,273	2,523	25,007	396,043	7,012,707
$ 2,528	$ 155,760	$ 59,906	$ 3,281	$ 28,224	$ 424,920	$ 8,320,480

(Continued)

CITY OF COVINA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015
(Continued)

	Capital Project Funds				Total Non-Major Governmental Funds
	General Projects	Park Development	Transportation	Total	
Assets					
Cash and investments	$ 817,369	$ -	$ 1,261,873	$ 2,079,242	$ 9,693,927
Cash and investments - restricted	-	-	-	-	100,000
Receivables (net of allowances for uncollectibles):					
Accounts	4,008	-	-	4,008	19,867
Loans	-	-	-	-	330,965
Prepaid expenditures	-	-	-	-	700
Due from other funds	-	-	-	-	85,000
Due from other governments	-	904,174	87,328	991,502	1,164,773
Total assets	$ 821,377	$ 904,174	$ 1,349,201	$ 3,074,752	$ 11,395,232
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 82,484	$ 105,124	$ 176,518	$ 364,126	$ 1,145,567
Deposits payable	-	-	-	-	103,500
Accrued liabilities	-	-	-	-	16,419
Due to other governments	-	-	-	-	1,437
Unearned revenue	-	15,990	-	15,990	31,748
Due to other funds	85,000	123,531	-	208,531	266,784
Total liabilities	167,484	244,645	176,518	588,647	1,565,455
Deferred inflows of resources:					
Unearned revenue - loans/notes	-	-	-	-	330,965
Total deferred inlows of resources	-	-	-	-	330,965
Total liabilities and deferred inflows of resources	167,484	244,645	176,518	588,647	1,896,420
Fund balances:					
Restricted for:					
Community development	-	-	-	-	396,043
Law enforcement	-	-	-	-	619,865
Street projects	-	-	-	-	2,346,111
Transportation projects	-	-	1,172,683	1,172,683	3,962,192
Air Quality projects	-	-	-	-	53,134
Assessment districts	-	-	-	-	841,078
Loans receivable	-	-	-	-	-
Assigned to:					
Culture and recreation	-	659,529	-	659,529	684,536
Other capital projects	653,893	-	-	653,893	653,893
Unassigned	-	-	-	-	(58,040)
Total fund balances	653,893	659,529	1,172,683	2,486,105	9,498,812
Total liabilities and fund balances	$ 821,377	$ 904,174	$ 1,349,201	$ 3,074,752	$ 11,395,232

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CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Change in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds					
	Community Development Block Grant	Law Enforcement	Narcotic Seizure	State Gas Tax	Transit	Air Quality Improvement
Revenues:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Business license taxes	-	-	-	-	-	-
Intergovernmental	270,120	122,768	-	1,390,906	1,415,353	60,290
Charges for services	118,208	19,866	-	-	265,894	-
Special assessments	-	526,017	-	-	-	-
Investment earnings	-	-	255	28,795	31,656	247
Miscellaneous	-	-	-	-	-	-
Total revenues	388,328	668,651	255	1,419,701	1,712,903	60,537
Expenditures:						
Current:						
Public safety	-	406,788	-	-	-	-
Public works	-	-	-	1,475,959	-	6,156
Culture and recreation	-	-	-	-	-	-
Transit	-	-	-	-	1,020,243	-
Redevelopment and housing	388,379	-	-	-	-	-
Capital outlay	-	-	-	79,676	134,186	-
Total expenditures	388,379	406,788	-	1,555,635	1,154,429	6,156
Excess (deficiency) of revenues over expenditures	(51)	261,863	255	(135,934)	558,474	54,381
Other financing sources (uses):						
Transfers out	-	(260,004)	-	(191,000)	(358,282)	-
Transfers in	-	75,000	-	-	-	-
Total other financing sources (uses)	-	(185,004)	-	(191,000)	(358,282)	-
Net change in fund balances	(51)	76,859	255	(326,934)	200,192	54,381
Fund balances (deficits) at beginning of fiscal year	51	284,553	258,198	2,820,047	2,589,317	(1,247)
Prior period adjustments	-	-	-	(147,002)	-	-
Fund balances (deficits) at beginning of fiscal year, restated	51	284,553	258,198	2,673,045	2,589,317	(1,247)
Fund balances (deficits) at end of fiscal year	$ -	$ 361,412	$ 258,453	$ 2,346,111	$ 2,789,509	$ 53,134

CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Change in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2015

Special Revenue Funds							
Municipal Parking District	Lighting Assessment District	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District	Library Grant	Other Grants	Nonmajor Special Revenue Funds
$ 100,994	$ -	$ -	$ -	$ -	$ -	$ -	$ 100,994
-	-	-	-	1,599	-	-	1,599
-	-	-	-	-	47,466	31,141	3,338,044
82,319	-	-	-	6,160	-	96,091	588,538
-	126,263	161,429	60,960	-	-	69,525	944,194
529	-	-	-	-	-	-	61,482
-	-	-	-	-	8,197	-	8,197
183,842	126,263	161,429	60,960	7,759	55,663	196,757	5,043,048
-	-	-	-	-	-	-	406,788
149,903	243,087	150,749	1,600	7,626	-	54,811	2,089,891
-	-	-	-	-	30,107	1,982	32,089
-	-	-	-	-	-	-	1,020,243
-	-	-	-	-	-	96,094	484,473
-	-	-	-	-	-	-	213,862
149,903	243,087	150,749	1,600	7,626	30,107	152,887	4,247,346
33,939	(116,824)	10,680	59,360	133	25,556	43,870	795,702
-	-	-	-	-	-	-	(809,286)
-	75,000	-	-	-	-	-	150,000
-	75,000	-	-	-	-	-	(659,286)
33,939	(41,824)	10,680	59,360	133	25,556	43,870	136,416
599,159	(16,216)	138,504	(3,087)	2,390	(549)	352,173	7,023,293
-	-	-	-	-	-	-	(147,002)
599,159	(16,216)	138,504	(3,087)	2,390	(549)	352,173	6,876,291
$ 633,098	$ (58,040)	$ 149,184	$ 56,273	$ 2,523	$ 25,007	$ 396,043	$ 7,012,707

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CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Change in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2015
(Continued)

	Capital Projects Funds				Total Non-Major Governmental Funds
	General Projects	Park Development	Transportation	Total	
Revenues:					
Property taxes	$ -	$ -	$ -	$ -	$ 100,994
Business license taxes	-	-	-	-	1,599
Intergovernmental	-	873,720	797,132	1,670,852	5,008,896
Charges for services	17,509	-	31,200	48,709	637,247
Special assessments	-	-	-	-	944,194
Investment earnings	-	-	16,303	16,303	77,785
Miscellaneous	-	-	-	-	8,197
Total revenues	17,509	873,720	844,635	1,735,864	6,778,912
Expenditures:					
Current:					
Public safety	-	-	-	-	406,788
Public works	-	-	214,182	214,182	2,304,073
Culture and recreation	-	-	-	-	32,089
Transit	-	-	-	-	1,020,243
Redevelopment and housing	-	-	-	-	484,473
Capital outlay	577,067	889,709	917,329	2,384,105	2,597,967
Total expenditures	577,067	889,709	1,131,511	2,598,287	6,845,633
Excess (deficiency) of revenues over expenditures	(559,558)	(15,989)	(286,876)	(862,423)	(66,721)
Other financing sources (uses):					
Transfers out	-	-	-	-	(809,286)
Transfers in	391,336	-	358,282	749,618	899,618
Total other financing sources (uses)	391,336	-	358,282	749,618	90,332
Net change in fund balances	(168,222)	(15,989)	71,406	(112,805)	23,611
Fund balances(deficits) at beginning of fiscal year	822,115	675,518	1,101,277	2,598,910	9,622,203
Prior period adjustments	-	-	-	-	(147,002)
Fund balances (deficits) at beginning of fiscal year, restated	822,115	675,518	1,101,277	2,598,910	9,475,201
Fund balances (deficits) at end of fiscal year	$ 653,893	$ 659,529	$ 1,172,683	$ 2,486,105	$ 9,498,812

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 51	$ 51	$ -
Resources (inflows):			
Intergovernmental	631,679	270,120	(361,559)
Amounts available for appropriation	631,730	270,171	(361,559)
Charges to appropriations (outflows):			
Current:			
Redevelopment and housing	631,679	388,379	243,300
Total charges to appropriations	631,679	388,379	243,300
Budgetary fund balance, June 30	$ 51	$ (118,208)	$ (118,259)

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Law Enforcement Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 284,553	$ 284,553	$ -
Resources (inflows):			
Intergovernmental	125,358	122,768	(2,590)
Charges for services	36,000	19,866	(16,134)
Special assessments	194,220	526,017	331,797
Transfers in	75,000	75,000	-
Amounts available for appropriation	715,131	1,028,204	313,073
Charges to appropriations (outflows):			
Current:			
Public safety	434,498	406,788	27,710
Transfers out	260,000	260,004	(4)
Total charges to appropriations	694,498	666,792	27,706
Budgetary fund balance, June 30	$ 20,633	$ 361,412	$ 340,779

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Narcotic Seizure Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 258,198	$ 258,198	$ -
Resources (inflows):			
Investment earnings	-	255	255
Amounts available for appropriation	258,198	258,453	255
Charges to appropriations (outflows):			
Current:			
Public safety	85,000	-	85,000
Budgetary fund balance, June 30	$ 173,198	$ 258,453	$ 85,255

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
State Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 2,820,047	$ 2,820,047	$ -
Prior period adjustment	-	(147,002)	(147,002)
Budgetary fund balance, July 1, restated	2,820,047	2,673,045	(147,002)
Resources (inflows):			
Intergovernmental	1,248,900	1,390,906	142,006
Investment earnings	9,900	28,795	18,895
Amounts available for appropriation	4,078,847	4,092,746	13,899
Charges to appropriations (outflows):			
Current:			
Public works	1,711,498	1,475,959	235,539
Capital outlay	-	79,676	(79,676)
Transfers out	1,341,000	191,000	1,150,000
Total charges to appropriations	3,052,498	1,746,635	1,305,863
Budgetary fund balance, June 30	$ 1,026,349	$ 2,346,111	$ 1,319,762

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Transit Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 2,589,317	$ 2,589,317	$ -
Resources (inflows):			
Intergovernmental	3,287,940	1,415,353	(1,872,587)
Charges for services	231,200	265,894	34,694
Investment earnings	-	31,656	31,656
Amounts available for appropriation	6,108,457	4,302,220	(1,806,237)
Charges to appropriations (outflows):			
Current:			
Transit	2,162,002	1,020,243	1,141,759
Capital outlay	200,900	134,186	66,714
Transfers out	-	358,282	(358,282)
Total charges to appropriations	2,362,902	1,512,711	850,191
Budgetary fund balance, June 30	$ 3,745,555	$ 2,789,509	$ (956,046)

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	$ (1,247)	$ (1,247)	$ -
Resources (inflows):			
Intergovernmental	60,000	60,290	290
Investment earnings	1,380	247	(1,133)
Amounts available for appropriation	60,133	59,290	(843)
Charges to appropriations (outflows):			
Current:			
Public works	85,460	6,156	79,304
Total charges to appropriations	85,460	6,156	79,304
Budgetary fund balance (deficit), June 30	$ (25,327)	$ 53,134	$ 78,461

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Municipal Parking District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 599,159	$ 599,159	$ -
Resources (inflows):			
Property taxes	35,200	100,994	65,794
Intergovernmental			-
Charges for services	60,100	82,319	22,219
Investment earnings	-	529	529
Amounts available for appropriation	694,459	783,001	88,542
Charges to appropriations (outflows):			
Current:			
Public works	200,567	149,903	50,664
Total charges to appropriations	200,567	149,903	50,664
Budgetary fund balance, June 30	$ 493,892	$ 633,098	$ 139,206

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Lighting Assessment District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	$ (16,216)	$ (16,216)	$ -
Resources (inflows):			
Special assessments	122,500	126,263	3,763
Transfers in	75,000	75,000	-
Amounts available for appropriation	181,284	185,047	3,763
Charges to appropriations (outflows):			
Current:			
Public works	250,700	243,087	7,613
Total charges to appropriations	250,700	243,087	7,613
Budgetary fund balance (deficit), June 30	$ (69,416)	$ (58,040)	$ 11,376

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Landscaping Assessment District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 138,504	$ 138,504	$ -
Resources (inflows):			
Special assessments	160,000	161,429	1,429
Investment earnings	1,200	-	(1,200)
Amounts available for appropriation	299,704	299,933	229
Charges to appropriations (outflows):			
Current:			
Public works	147,870	150,749	(2,879)
Total charges to appropriations	147,870	150,749	(2,879)
Budgetary fund balance, June 30	$ 151,834	$ 149,184	$ (2,650)

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Community Facilities District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	$ (3,087)	$ (3,087)	$ -
Resources (inflows):			
Special assessments	36,000	60,960	24,960
Amounts available for appropriation	32,913	57,873	24,960
Charges to appropriations (outflows):			
Current:			
Public works	3,930	1,600	2,330
Total charges to appropriations	3,930	1,600	2,330
Budgetary fund balance, June 30	$ 28,983	$ 56,273	$ 27,290

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Shoppers Lane Parking District Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 2,390	$ 2,390	$ -
Resources (inflows):			
Business license taxes	1,400	1,599	199
Charges for services	5,000	6,160	1,160
Amounts available for appropriation	8,790	10,149	1,359
Charges to appropriations (outflows):			
Current:			
Public works	6,200	7,626	(1,426)
Total charges to appropriations	6,200	7,626	(1,426)
Budgetary fund balance, June 30	$ 2,590	$ 2,523	$ (67)

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Library Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	$ (549)	$ (549)	$ -
Resources (inflows):			
Intergovernmental	40,342	47,466	7,124
Miscellaneous	4,500	8,197	3,697
Amounts available for appropriation	44,293	55,114	10,821
Charges to appropriations (outflows):			
Current:			
Culture and recreation	44,842	30,107	14,735
Total charges to appropriations	44,842	30,107	14,735
Budgetary fund balance (deficit), June 30	$ (549)	$ 25,007	$ 25,556

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Other Grants Special Revenue Funds
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 352,173	$ 352,173	$ -
Resources (inflows):			
Intergovernmental	124,390	31,141	(93,249)
Special assessments	45,000	69,525	24,525
Amounts available for appropriation	521,563	452,839	(68,724)
Charges to appropriations (outflows):			
Current:			
Public works	69,429	54,811	14,618
Culture and recreation	2,000	1,982	18
Redevelopment and housing	96,090	96,094	(4)
Total charges to appropriations	167,519	152,887	14,632
Budgetary fund balance, June 30	$ 354,044	$ 299,952	$ (54,092)

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
General Projects Capital Projects Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 822,115	$ 822,115	$ -
Resources (inflows):			
Charges for services	-	17,509	17,509
Transfers in	191,000	391,336	200,336
Amounts available for appropriation	1,013,115	1,230,960	217,845
Charges to appropriations (outflows):			
Capital outlay	824,691	577,067	247,624
Transfers out	127,269	-	127,269
Total charges to appropriations	951,960	577,067	374,893
Budgetary fund balance, June 30	$ 61,155	$ 653,893	$ 592,738

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Park Development Capital Projects Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 675,518	$ 675,518	$ -
Resources (inflows):			
Intergovernmental	-	873,720	873,720
Amounts available for appropriation	675,518	1,549,238	873,720
Charges to appropriations (outflows):			
Capital outlay	1,833,600	889,709	943,891
Total charges to appropriations	1,833,600	889,709	943,891
Budgetary fund balance (deficit), June 30	$ (1,158,082)	$ 659,529	$ 1,817,611

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Transportation Capital Projects Fund
For the Fiscal Year Ended June 30, 2015

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	$ 1,101,277	$ 1,101,277	$ -
Resources (inflows):			
Intergovernmental	1,343,420	797,132	(546,288)
Charges for services	-	31,200	31,200
Investment earnings	-	16,303	16,303
Transfers in	1,179,306	358,282	(821,024)
Amounts available for appropriation	3,624,003	2,304,194	(1,319,809)
Charges to appropriations (outflows):			
Current:			
Public works	23,000	214,182	(191,182)
Capital outlay	1,379,584	917,329	462,255
Total charges to appropriations	1,402,584	1,131,511	271,073
Budgetary fund balance, June 30	$ 2,221,419	$ 1,172,683	$ (1,048,736)

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Generally accepted accounting principles (GAAP) requires statement of net position items, and revenues and expenses of individual internal service funds be consolidated with the government-wide statement of net position and activities. GAAP still requires internal service funds to be presented in the financial statements.

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Fund Net Position
- Statement of Cash Flows

The following are the individual internal service funds of the City:

Management Information Systems accounts for the accumulation and allocation of costs associated with data processing and electronic information technology.

Central Equipment accounts for the rental of motor vehicles to other departments and related costs.

Workers' Compensation accounts for the cost of worker's compensation costs to other departments.

General Liability accounts for the general liability charges to other departments and related costs.

CITY OF COVINA, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
Assets					
Current assets:					
Cash and investments	$ 780,580	$ 926,793	$ 5,177,000	$ 680,000	$ 7,564,373
Accounts receivable, net	-	510	-	52,383	52,893
Prepaid expenses	9,707	-	-	-	9,707
Inventories	-	56,976	-	-	56,976
Total current assets	790,287	984,279	5,177,000	732,383	7,683,949
Capital assets:					
Machinery and equipment	1,672,211	4,513,940	-	-	6,186,151
Less accumulated depreciation	(1,475,066)	(3,034,668)	-	-	(4,509,734)
Total capital assets (net of accumulated depreciation)	197,145	1,479,272	-	-	1,676,417
Total assets	987,432	2,463,551	5,177,000	732,383	9,360,366
Deferred outflows of resources					
Pensions	122,166	70,837	15,830	15,830	224,663
Total deferred outflows of resources	122,166	70,837	15,830	15,830	224,663
Total assets and deferred outflows of resources	1,109,598	2,534,388	5,192,830	748,213	9,585,029
Liabilities					
Current liabilities:					
Accounts payable	160,576	11,169	520	8,483	180,748
Accrued liabilities	33,495	21,006	5,548	5,548	65,597
Deposits payable	-	-	-	1,280	1,280
Current portion of compensated absences payable	15,100	21,143	6,910	6,910	50,063
Total current liabilities	209,171	53,318	12,978	22,221	297,688
Noncurrent liabilities:					
Compensated absences payable	-	92,430	14,640	14,640	121,710
Net pension liability	1,501,424	870,591	194,557	194,557	2,761,129
Total noncurrent liabilities	1,501,424	963,021	209,197	209,197	2,882,839
Total liabilities	1,710,595	1,016,339	222,175	231,418	3,180,527
Deferred inflows of resources					
Pensions	310,093	179,806	40,182	40,182	570,263
Total deferred inflows of resources	310,093	179,806	40,182	40,182	570,263
Total liabilities and deferred inflows of resources	2,020,688	1,196,145	262,357	271,600	3,750,790
Net Position					
Net investment in capital assets	197,145	1,479,272	-	-	1,676,417
Unrestricted	(1,108,235)	(141,029)	4,930,473	476,613	4,157,822
Total net position	$ (911,090)	$ 1,338,243	$ 4,930,473	$ 476,613	$ 5,834,239

CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2015

	Management Information Systems	Central Equipment	Workers' Compensation	Public Liability	Total
Operating Revenues:					
Charges for services	$ 1,675,174	$ -	$ 418,719	$ 308,071	$ 2,401,964
Motor pool charges	-	1,238,420	-	-	1,238,420
Total operating revenues	1,675,174	1,238,420	418,719	308,071	3,640,384
Operating expenses:					
General and Administrative	1,287,526	59,149	675,509	328,023	2,350,207
Vehicle and equipment operation	-	1,006,740	-	-	1,006,740
Depreciation	161,426	247,078	-	-	408,504
Total operating expenses	1,448,952	1,312,967	675,509	328,023	3,765,451
Operating income (loss)	226,222	(74,547)	(256,790)	(19,952)	(125,067)
Nonoperating revenues (expenses):					
Gain/(loss) on sale and disposal of capital assets	-	17,261	-	-	17,261
Total nonoperating revenues (expenses)	-	17,261	-	-	17,261
Transfers:					
Transfers out	-	-	-	(1,001,926)	(1,001,926)
Transfers in	-	-	1,256,345	-	1,256,345
Total transfers	-	-	1,256,345	(1,001,926)	254,419
Change in net position	226,222	(57,286)	999,555	(1,021,878)	146,613
Net position at beginning of fiscal year	575,047	2,388,429	4,152,808	1,720,381	8,836,665
Prior period adjustments	(1,712,359)	(992,900)	(221,890)	(221,890)	(3,149,039)
Net position at beginning of fiscal year, restated	(1,137,312)	1,395,529	3,930,918	1,498,491	5,687,626
Net position at end of fiscal year	$ (911,090)	$ 1,338,243	$ 4,930,473	$ 476,613	$ 5,834,239

CITY OF COVINA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
Cash flows from operating activities:					
Cash received from customers, users and grants	$ 1,675,174	$ 1,258,978	$ 419,990	$ 283,331	$ 3,637,473
Cash paid to suppliers for goods and services	(539,222)	(608,839)	(601,357)	(233,977)	(1,983,395)
Cash paid to employees for services	(693,308)	(443,585)	(97,978)	(99,428)	(1,334,299)
Net cash provided (used) by operating activities	442,644	206,554	(279,345)	(50,074)	319,779
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(168,302)	(393,931)	-	-	(562,233)
Proceeds from sale of capital assets	-	33,252	-	-	33,252
Net cash used for capital and related financing activities	(168,302)	(360,679)	-	-	(528,981)
Cash flows from non-capital financing activities:					
Transfers out	-	-	-	(1,001,926)	(1,001,926)
Transfers in	-	-	1,256,345	-	1,256,345
Net cash provided by (used for) non-capital financing activities	-	-	1,256,345	(1,001,926)	254,419
Net increase decrease in cash and cash equivalents	274,342	(154,125)	977,000	(1,052,000)	(209,202)
Cash and cash equivalents beginning of fiscal year	506,238	1,080,918	4,200,000	1,732,000	7,519,156
Cash and cash equivalents end of fiscal year	$ 780,580	$ 926,793	$ 5,177,000	$ 680,000	$ 7,564,373
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ 226,222	$ (74,547)	$ (256,790)	$ (19,952)	$ (125,067)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	161,426	247,078	-	-	408,504
Change in operating assets and liabilities:					
Decrease (increase) in accounts receivable	-	20,558	1,271	(24,740)	(2,911)
Decrease (increase) in prepaid expenses	1,941	-	-	-	1,941
Decrease (increase) in inventories	-	28,312	-	-	28,312
Decrease (increase) in deferred outflows of resources - pensions	(122,166)	(70,837)	(15,830)	(15,830)	(224,663)
Increase (decrease) in accounts payable	149,518	9,639	(15,026)	3,588	147,719
Increase (decrease) in deposits payable	-	-	-	1,280	1,280
Increase (decrease) in compensated absences payable	(77,300)	(13,842)	(6,920)	(6,920)	(104,982)
Increase (decrease) in accrued liabilities	3,845	2,696	1,101	(349)	7,293
Increase (decrease) in deferred inflows of resources - pensions	310,093	179,806	40,182	40,182	570,263
Increase (decrease) in net pension liability	(210,935)	(122,309)	(27,333)	(27,333)	(387,910)
Total adjustments	216,422	281,101	(22,555)	(30,122)	444,846
Net cash provided (used) by operating activities	$ 442,644	$ 206,554	$ (279,345)	$ (50,074)	$ 319,779
Noncash capital and related financing activities					
Retirement of capital assets	$ -	$ 309,191	$ -	$ -	$ 309,191
Retirement of accumulated depreciation on capital assets	-	(287,525)	-	-	(287,525)

Agency Funds

Agency funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units or funds.

Downtown District accounts for funds collected and disbursed by the City on behalf of the Downtown District Association members.

Prospero Park District accounts for funds collected and disbursed by the City on behalf of the Prospero Park District Association members.

CITY OF COVINA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2015

Downtown District	Downtown District	Prospero Park District	Totals
Assets			
Cash and investments	$ 1,000	$ 119	$ 1,119
Receivables	318	-	318
	$ 1,318	$ 119	$ 1,437
Liabilities			
Due to association	$ 1,318	$ 119	$ 1,437

CITY OF COVINA, CALIFORNIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Downtown District				
Assets				
Cash and investments	$ 125	$ 8,932	$ (8,057)	$ 1,000
Receivables	-	9,385	(9,067)	318
	$ 125	$ 18,317	$ (17,124)	$ 1,318
Liabilities				
Due to association	$ 125	$ 18,317	$ (17,124)	$ 1,318
Prospero Park District				
Assets				
Cash and investments	$ 122	$ 7,256	$ (7,259)	$ 119
Liabilities				
Due to association	$ 122	$ 7,256	$ (7,259)	$ 119
Total Agency Funds				
Assets				
Cash and investments	$ 247	$ 16,188	$ (15,316)	$ 1,119
Receivables	-	9,385	(9,067)	318
	$ 247	$ 25,573	$ (24,383)	$ 1,437
Liabilities				
Due to association	$ 247	$ 25,573	$ (24,383)	$ 1,437

Statistical Section

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

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 128

Revenue Capacity

These schedules contain information to help the reader assess the City's significant local revenue source, the property tax. 135

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the ability to issue additional debt in the future. 141

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 147

Operating Information

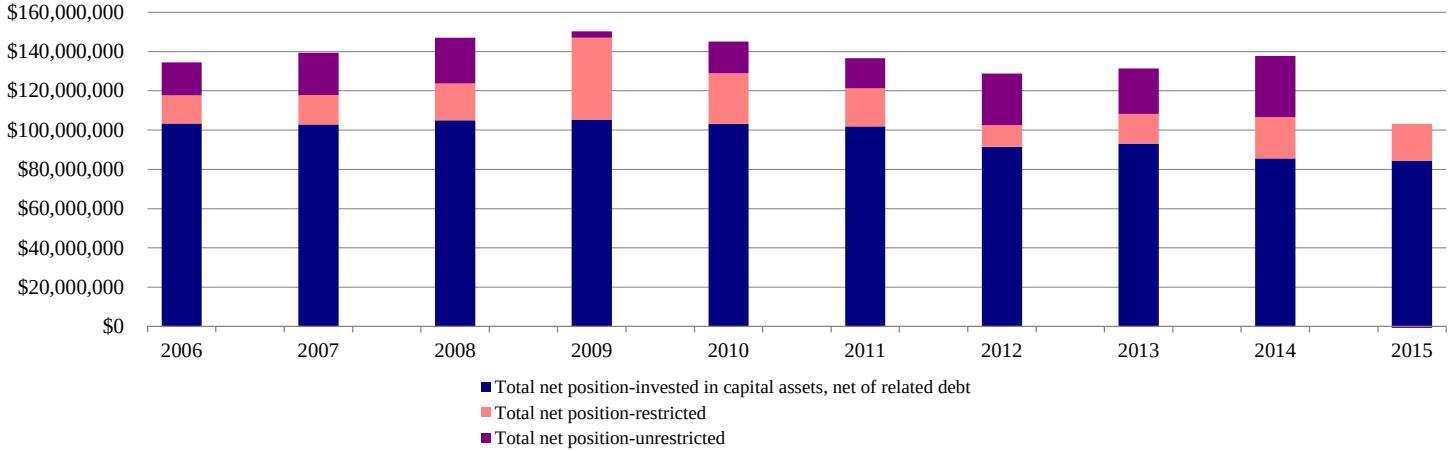
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 150

Debt Continuing Disclosure

These schedules contain information that complies with continuing disclosure requirements of each bond issued. 153

CITY OF COVINA, CALIFORNIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	$ 94,201,342	$ 93,463,987	$ 93,809,311	$ 94,263,857	$ 90,056,952	$ 87,695,682	$ 78,351,025	$ 74,270,261	$ 72,284,235	$ 70,723,029
Restricted	14,313,629	15,004,400	18,530,089	41,514,531	24,081,433	16,560,218	10,950,627	15,229,058	21,146,284	18,702,053
Unrestricted	10,336,685	13,463,167	16,100,410	(5,144,585)	9,854,320	9,671,194	11,892,631	11,385,702	8,634,314	(29,330,744)
Total governmental activities net position	$ 118,851,656	$ 121,931,554	$ 128,439,810	$ 130,633,803	$ 123,992,705	$ 113,927,094	$ 101,194,283	$ 100,885,021	$ 102,064,833	$ 60,094,338
Business-type activities										
Net investment in capital assets	$ 9,210,922	$ 9,340,814	$ 11,106,918	$ 11,081,331	$ 13,155,096	$ 14,181,064	$ 13,160,600	$ 18,808,805	$ 13,256,130	$ 13,766,584
Restricted	-	-	242,609	194,200	1,588,002	2,901,716	-	-	-	-
Unrestricted	6,472,653	8,117,344	7,309,574	8,383,892	6,408,142	5,644,744	14,357,963	11,741,520	22,391,275	20,749,710
Total business-type activities net position	$ 15,683,575	$ 17,458,158	$ 18,659,101	$ 19,659,423	$ 21,151,240	$ 22,727,524	$ 27,518,563	$ 30,550,325	$ 35,647,405	$ 34,516,294
Total net position										
Net investment in capital assets	$ 103,412,264	$ 102,804,801	$ 104,916,229	$ 105,345,188	$ 103,212,048	$ 101,876,746	$ 91,511,625	$ 93,079,066	$ 85,540,365	$ 84,489,613
Restricted	14,313,629	15,004,400	18,772,698	41,708,731	25,669,435	19,461,934	10,950,627	15,229,058	21,146,284	18,702,053
Unrestricted	16,809,338	21,580,511	23,409,984	3,239,307	16,262,462	15,315,938	26,250,594	23,127,222	31,025,589	(8,581,034)
Total net position	$ 134,535,231	$ 139,389,712	$ 147,098,911	$ 150,293,226	$ 145,143,945	$ 136,654,618	$ 128,712,846	$ 131,435,346	$ 137,712,238	$ 94,610,632



CITY OF COVINA, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	$ 2,715,526	$ 2,865,088	$ 2,314,101	$ 3,142,876	$ 2,500,818	$ 3,262,195	$ 1,154,723	$ 1,923,009	$ 879,859	$ 1,188,341
Public safety	17,402,506	19,474,983	19,708,840	21,209,236	21,354,758	20,665,646	22,538,712	24,363,654	25,353,602	25,102,323
Public works	5,729,144	5,958,931	1,940,499	5,646,611	9,372,078	5,718,211	7,645,492	6,246,958	7,349,352	8,136,978
Culture and recreation	3,470,636	3,639,406	3,611,600	3,953,534	3,775,721	3,852,381	4,099,860	4,322,897	4,769,656	4,782,738
Community development	673,436	871,061	872,902	674,691	899,683	1,008,595	903,125	1,738,855	1,305,545	829,728
Transit	602,471	842,987	928,296	1,035,264	1,255,587	1,771,250	1,498,359	1,393,213	1,255,368	1,289,230
Redevelopment and housing	3,983,007	6,823,408	8,430,738	5,476,535	8,509,029	16,726,583	4,076,392	1,792,779	433,609	537,470
Nondepartmental	780,909	783,515	710,097	-	-	-	-	-	-	-
Interest on long-term debt	2,095,036	1,971,948	2,686,004	1,801,211	1,767,365	1,676,987	427,087	49,654	21,131	-
Total governmental activities expenses	37,452,671	43,231,327	41,203,077	42,939,958	49,435,039	54,681,848	42,343,750	41,831,019	41,368,122	41,866,808
Business-type activities:										
Water utility	4,918,545	4,701,051	5,663,819	4,736,319	5,434,940	8,366,225	8,156,273	9,276,555	9,757,890	8,776,576
Environmental protection	3,188,739	3,406,782	3,636,875	3,838,461	3,590,706	3,044,628	1,026,776	770,164	946,778	1,159,693
Sewer utility					1,306,386	1,246,067	916,194	1,272,822	1,564,254	1,729,052
Total business-type activities expenses	8,107,284	8,107,833	9,300,694	8,574,780	10,332,032	12,656,920	10,099,243	11,319,541	12,268,922	11,665,321
Total expenses	$ 45,559,955	$ 51,339,160	$ 50,503,771	$ 51,514,738	$ 59,767,071	$ 67,338,768	$ 52,442,993	$ 53,150,560	$ 53,637,044	$ 53,532,129
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 615,826	$ 623,230	$ 870,996	$ 1,346,804	$ 2,143,036	$ 2,171,397	$ 1,537,347	$ 356,673	$ 482,450	$ 435,274
Public safety	1,163,481	972,892	1,108,955	402,084	630,996	630,938	1,552,076	1,957,506	2,506,468	1,712,553
Public works	497,797	801,087	720,499	1,010,808	469,403	488,132	764,276	556,466	579,193	1,510,331
Culture and recreation	646,731	842,336	625,015	670,775	703,840	1,084,791	776,590	798,562	1,184,544	807,829
Community development	996,218	906,443	837,228	305,459	733,112	669,205	820,232	1,167,001	1,245,885	495,395
Transit	105,717	203,242	223,334	229,107	220,813	239,177	287,568	328,136	316,429	297,094
Redevelopment and housing	860,536	857,920	873,523	1,002,471	959,081	979,816	389,969	28,710	973,329	60,961
Operating grants and contributions	2,646,589	3,520,504	3,051,803	3,193,844	4,016,332	3,922,703	4,827,008	5,597,878	5,131,366	8,232,955
Capital grants and contributions	2,991,437	2,224,198	2,399,175	2,418,316	1,332,464	846,430	1,154,676	611,661	1,483,056	1,595,869
Total governmental activities program revenues	10,524,332	10,951,852	10,710,528	10,579,668	11,209,077	11,032,589	12,109,742	11,402,593	13,902,720	15,148,261

(Continued)

CITY OF COVINA, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

(Continued)

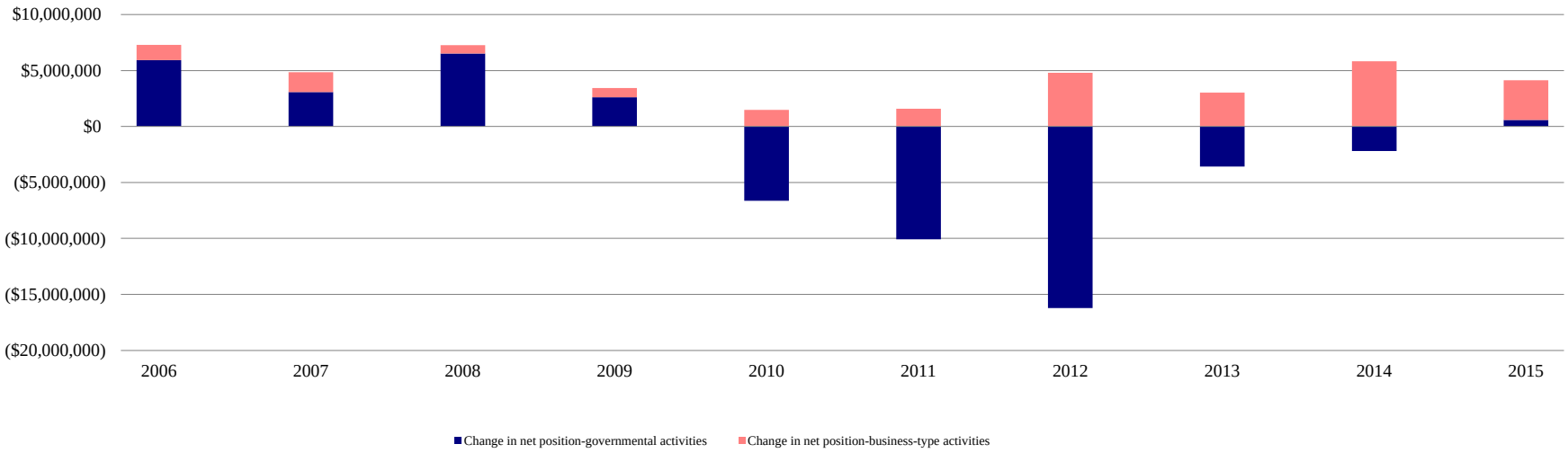
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Water utility	5,967,600	6,096,964	6,185,853	5,460,462	6,625,803	8,872,848	10,515,236	10,902,689	13,337,157	11,349,263
Environmental protection	3,372,873	3,628,004	3,707,867	3,845,177	3,735,408	3,191,529	1,227,298	925,221	1,317,849	1,240,317
Sewer utility	-	-	-	-	970,717	1,464,430	1,750,240	2,263,321	2,213,642	2,596,319
Operating grants and contributions	13,425	26,326	26,138	9,797	-	-	-	-	1,554	-
Capital grants and contributions	-	-	-	-	-	-	-	-	366,180	-
Total business-type activities program revenues	9,353,898	9,751,294	9,919,858	9,315,436	11,331,928	13,528,807	13,492,774	14,091,231	17,236,382	15,185,899
Total program revenues	$ 19,878,230	$ 20,703,146	$ 20,630,386	$ 19,895,104	$ 22,541,005	$ 24,561,396	$ 25,602,516	$ 25,493,824	$ 31,139,102	$ 30,334,160
Net (expense) revenue										
Governmental activities	$ (26,928,339)	$ (32,279,475)	$ (30,492,549)	$ (32,360,290)	$ (38,225,962)	$ (43,649,259)	$ (30,234,008)	$ (30,428,426)	$ (27,465,402)	$ (26,718,547)
Business-type activities	1,246,614	1,643,461	619,164	740,656	999,896	871,887	3,393,531	2,771,690	4,967,460	3,520,578
Total net expense	$ (25,681,725)	$ (30,636,014)	$ (29,873,385)	$ (31,619,634)	$ (37,226,066)	$ (42,777,372)	$ (26,840,477)	$ (27,656,736)	$ (22,497,942)	$ (23,197,969)
General revenues										
Governmental activities:										
Property taxes	$ 12,803,622	$ 14,725,235	$ 16,124,178	$ 16,920,696	$ 18,689,985	$ 18,602,045	$ 13,383,113	$ 13,323,781	$ 11,725,280	$ 12,913,803
Sales taxes	8,774,728	9,035,103	8,633,461	7,306,177	4,661,397	4,978,892	5,323,574	5,835,052	5,643,574	6,569,382
Transient occupancy taxes	578,418	491,226	423,861	340,175	356,027	317,594	316,609	395,589	349,310	99,716
Property transfer taxes	296,459	324,113	158,340	113,113	133,114	92,818	124,226	132,670	157,945	159,795
Business license taxes	360,265	383,254	395,503	349,109	368,913	337,613	373,299	259,692	415,362	326,818
Utility user taxes	5,329,099	5,395,617	5,433,339	5,274,912	5,275,407	4,722,506	4,553,173	5,065,228	5,055,632	5,033,846
Franchise taxes	1,098,988	1,187,401	1,191,560	1,314,360	1,148,788	3,238,200	1,314,343	1,465,788	1,480,237	1,549,731
Intergovernmental	1,088,916	675,895	498,071	131,080	145,828	227,618	24,598	-	-	-
Investment earnings	1,816,665	3,047,173	3,448,945	2,078,611	1,236,562	1,035,569	250,604	337,358	473,543	641,993
Transfers in/out	-	-	-	45,913	(431,157)	(24,383)	6,653	26,880	(33,927)	-
Gain on sale of land held for resale	-	-	-	-	-	55,176	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-	10,105	6,614	-	-
Miscellaneous	712,168	94,356	693,547	1,091,243	-	-	-	-	-	-
Extraordinary loss	-	-	-	-	-	-	(11,674,077)	-	-	-
Total governmental activities	32,859,328	35,359,373	37,000,805	34,965,389	31,584,864	33,583,648	14,006,220	26,848,652	25,266,956	27,295,084
Business-type activities:										
Investment earnings	110,168	131,122	135,192	86,322	160,868	173,150	70,596	60,157	17,894	19,330
Investment earnings - CIC	-	-	446,587	219,257	(66,408)	506,864	1,333,565	226,795	809,727	2,109
Miscellaneous	-	-	-	-	(33,696)	-	-	-	-	-
Transfers in/out	-	-	-	(45,913)	431,157	24,383	(6,653)	(26,880)	33,927	-
Total general revenues	$ 32,969,496	$ 35,490,495	$ 37,582,584	$ 35,225,055	$ 32,076,785	$ 34,288,045	$ 15,403,728	$ 27,108,724	$ 26,128,504	$ 27,316,523

(Continued)

CITY OF COVINA, CALIFORNIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

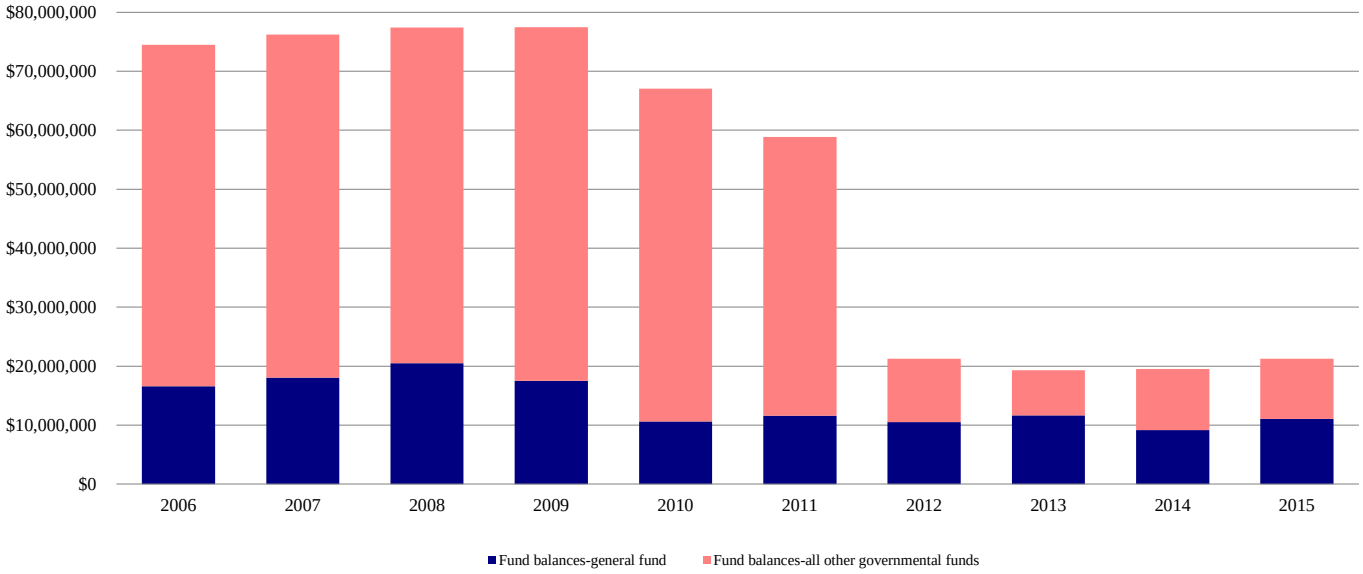
(Continued)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Change in net position										
Governmental activities	$ 5,930,989	$ 3,079,898	$ 6,508,256	$ 2,605,099	$ (6,641,098)	$ (10,065,611)	$ (16,227,788)	$ (3,579,774)	$ (2,198,446)	$ 576,537
Business-type activities	1,356,782	1,774,583	754,356	826,978	1,491,817	1,576,284	4,791,039	3,031,762	5,829,008	3,542,017
Total changes in net position	$ 7,287,771	$ 4,854,481	$ 7,262,612	$ 3,432,077	$ (5,149,281)	$ (8,489,327)	$ (11,436,749)	$ (548,012)	$ 3,630,562	$ 4,118,554



CITY OF COVINA, CALIFORNIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	$ 621,107	$ 393,457	$ 1,030,873	$ 310,399						$ -
Unreserved	15,972,808	17,682,617	19,467,883	17,179,931						-
Nonspendable					$ 646,252	$ 648,802	$ 621,981	$ 28,941	$ 28,094	$ 3,354,570
Restricted					-	-	20,259	24,564	7,436,731	21,359
Committed					6,385,473	172,777	234,540	533,004	21,359	6,699,720
Assigned					457,909	501,835	473,342	478,106	1,680,892	979,197
Unassigned					3,118,855	10,284,466	9,187,601	10,580,310	-	-
Total general fund	$ 16,593,915	$ 18,076,074	$ 20,498,756	$ 17,490,330	$ 10,608,489	$ 11,607,880	$ 10,537,723	$ 11,644,925	$ 9,167,076	$ 11,054,846
All other governmental funds										
Reserved	$ 24,441,157	$ 22,736,840	$ 28,054,791	$ 34,930,036						
Unreserved, reported in:										
Special revenue funds	11,860,367	12,884,570	13,638,976	10,047,112						
Capital projects funds	21,590,780	22,497,931	15,223,862	14,968,350						
Nonspendable					$ 3,916,585	-	-	-	-	-
Restricted					50,861,382	47,292,721	10,103,939	7,070,982	8,879,178	8,945,660
Assigned					1,648,441	1,886,710	856,857	953,958	1,497,633	1,338,429
Unassigned					-	(1,961,140)	(259,217)	(353,128)	(21,099)	(58,040)
Total all other governmental funds	$ 57,892,304	$ 58,119,341	$ 56,917,629	$ 59,945,498	$ 56,426,408	$ 47,218,291	$ 10,701,579	$ 7,671,812	$ 10,355,712	$ 10,226,049



CITY OF COVINA, CALIFORNIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

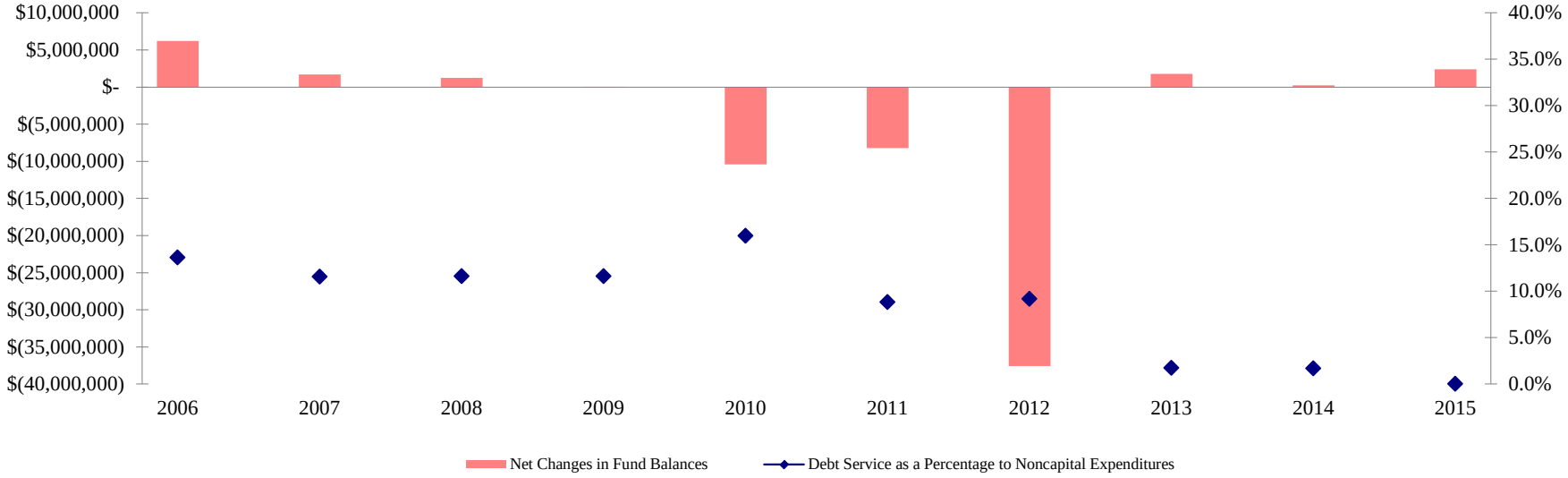
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	$ 29,241,579	$ 31,541,949	$ 32,360,242	$ 31,618,542	$ 26,517,007	$ 32,305,233	$ 25,706,551	$ 26,934,344	$ 24,578,908	$ 26,901,523
Licenses and permits	711,271	476,306	444,730	210,009	408,891	538,623	609,209	878,549	756,173	965,527
Intergovernmental	6,726,942	6,420,597	5,949,049	5,612,171	5,494,624	4,996,751	6,006,293	5,178,331	7,338,277	6,062,377
Charges for services	2,873,894	3,371,448	3,232,866	3,015,698	3,358,721	3,696,406	3,181,384	2,658,584	2,748,519	2,850,307
Fines and forfeits	801,161	826,974	755,574	608,152	736,304	717,102	824,561	871,237	828,444	559,409
Special assessments	363,188	395,993	646,256	1,133,637	781,307	768,407	674,336	645,752	725,365	944,194
Investment earnings	1,765,829	2,995,417	3,383,590	1,990,066	1,184,170	1,006,602	243,762	3,304	186,627	206,047
Gain on land held for resale	-	-	-	-	-	55,176	-	-	-	-
Miscellaneous	712,168	94,356	693,547	1,091,243	449,220	426,682	714,743	296,007	1,369,723	3,766,447
Total revenues	43,196,032	46,123,040	47,465,854	45,279,518	38,930,244	44,510,982	37,960,839	37,466,108	38,532,036	42,255,831
Expenditures										
General government	3,221,988	3,679,816	3,539,841	3,380,536	3,785,471	3,562,834	1,819,595	274,806	503,430	232,379
Public safety	17,090,419	19,206,150	19,542,285	21,174,073	21,397,265	20,360,999	22,267,322	23,842,820	24,415,716	24,617,224
Public works	1,563,035	2,499,640	2,936,385	2,195,664	2,053,646	1,740,182	2,783,422	2,448,294	3,183,073	4,377,357
Culture and recreation	3,263,493	3,442,872	3,431,592	3,777,439	3,634,507	3,546,556	3,826,564	4,262,425	4,546,531	4,602,280
Community development	675,795	866,988	878,362	686,297	923,801	993,778	890,511	1,762,768	1,289,508	832,898
Transit	487,012	637,775	715,454	804,996	996,078	1,535,572	1,240,701	1,125,086	980,911	1,020,243
Redevelopment and housing	3,359,792	5,730,531	7,949,680	4,223,166	4,268,367	15,567,011	3,880,732	491,540	466,232	490,745
Nondepartmental	77,591	43,538	52,987	-	-	-	-	-	-	-
Capital outlay	2,447,000	3,149,885	2,076,654	4,303,702	3,213,996	572,305	2,744,828	890,079	2,823,296	3,419,189
Debt service:										
Principal	2,531,225	2,671,038	2,752,453	2,817,958	5,190,621	2,930,724	3,017,434	553,477	579,404	-
Interest and fiscal charges	2,162,865	2,039,777	2,369,191	1,942,157	1,840,054	1,644,364	685,036	48,115	23,501	-
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond account	-	-	-	-	-	-	-	-	-	-
Total expenditures	36,880,215	43,968,010	46,244,884	45,305,988	47,303,806	52,454,325	43,156,145	35,699,410	38,811,602	39,592,315
Excess of revenues over (under) expenditures	6,315,817	2,155,030	1,220,970	(26,470)	(8,373,562)	(7,943,343)	(5,195,306)	1,766,698	(279,566)	2,663,516

(Continued)

CITY OF COVINA, CALIFORNIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

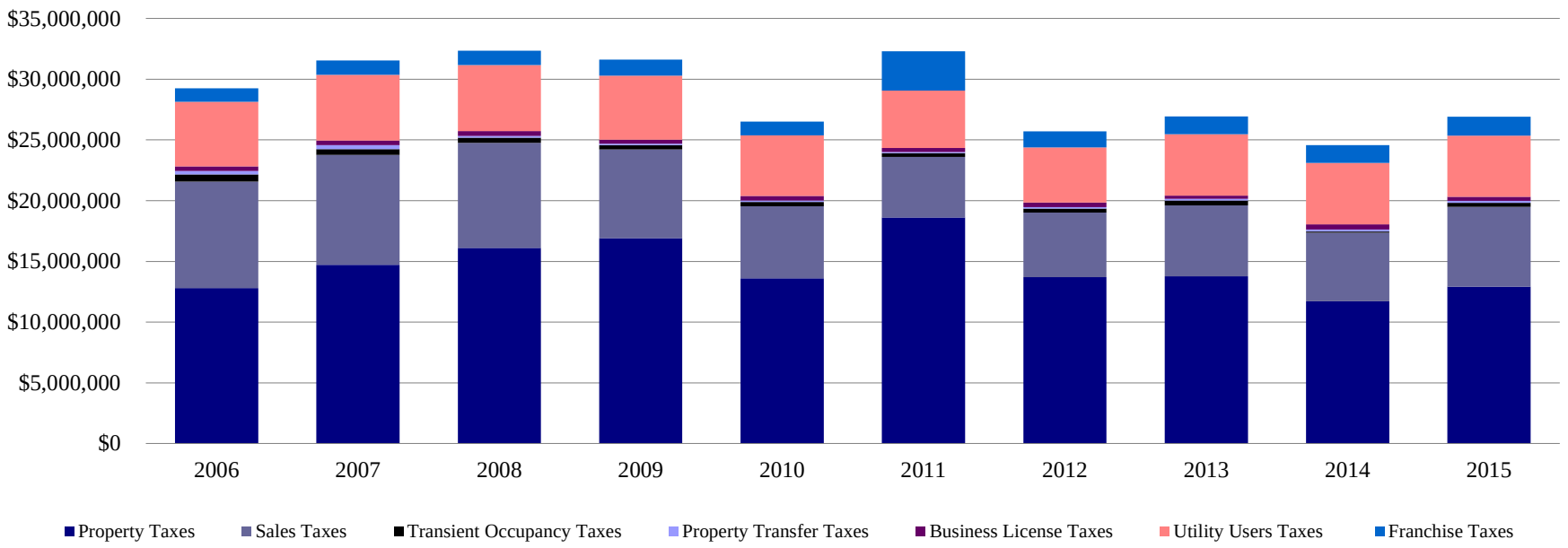
(Continued)

Other financing sources (uses)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transfers in	$ 1,222,967	$ 1,433,178	$ 416,390	$ 1,103,318	$ 5,508,798	$ 3,620,017	$ 4,134,433	$ 544,408	$ 977,149	$ 2,161,548
Transfers out	(1,222,967)	(1,433,178)	(416,390)	(1,057,405)	(10,332,955)	(3,885,400)	(3,949,780)	(517,528)	(1,202,753)	(2,415,967)
Capital leases	-	-	-	-	486,788	-	-	-	-	-
Loan Proceeds	-	-	-	-	2,310,000	-	-	-	-	-
Tax allocation bonds issued	-	-	-	-	-	-	-	-	-	-
Revenue bonds issued	-	-	-	-	-	-	-	-	-	-
Premium on bond debt	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond account	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale and disposal	-	-	-	-	-	-	-	-	720,376	-
of capital assets	(97,202)	(445,834)	-	-	-	-	-	-	-	-
Total other financing sources (uses	(97,202)	(445,834)	-	45,913	(2,027,369)	(265,383)	184,653	26,880	494,772	(254,419)
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	-	-	-	(32,576,216)	-	-	-
Net changes in fund balances	$ 6,218,615	$ 1,709,196	$ 1,220,970	$ 19,443	$(10,400,931)	$ (8,208,726)	$(37,586,869)	$ 1,793,578	$ 215,206	$ 2,409,097
Debt service as a percentage of noncapital expenditures	13.6%	11.5%	11.6%	11.6%	15.9%	8.8%	9.2%	1.7%	1.7%	0.0%



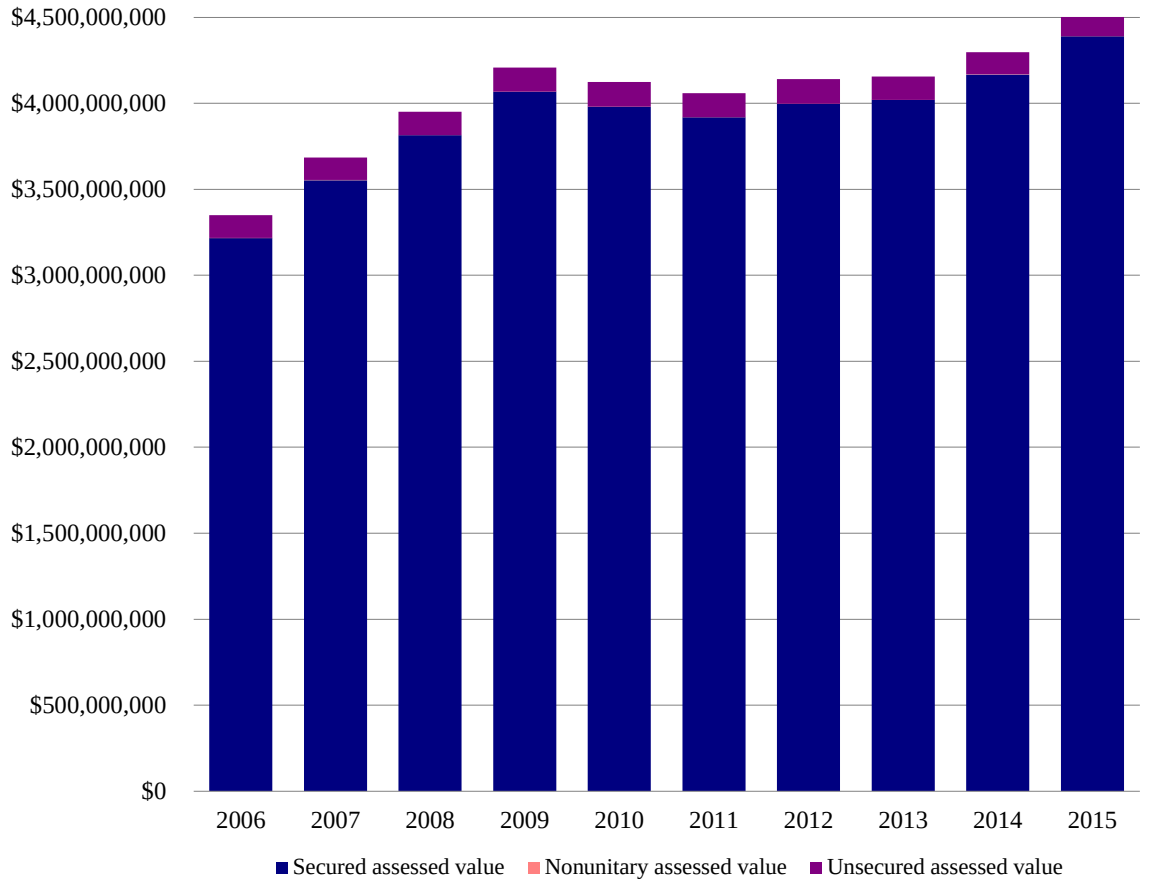
CITY OF COVINA, CALIFORNIA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes [1]	Sales Taxes	Transient Occupancy Taxes	Property Transfer Taxes	Business License Taxes	Utility Users Taxes	Franchise Taxes	Total
2006	12,803,622	8,774,728	578,418	296,459	360,265	5,329,099	1,098,988	29,241,579
2007	14,725,235	9,035,103	491,226	324,113	383,254	5,395,617	1,187,401	31,541,949
2008	16,124,178	8,633,461	423,861	158,340	395,503	5,433,339	1,191,560	32,360,242
2009	16,920,696	7,306,177	340,175	113,113	349,109	5,274,912	1,314,360	31,618,542
2010	13,618,538	5,914,184	356,027	133,114	368,913	4,977,443	1,148,788	26,517,007
2011	18,617,610	4,978,892	317,594	92,818	337,613	4,722,506	3,238,200	32,305,233
2012	13,701,328	5,323,574	316,609	124,226	373,299	4,553,173	1,314,343	25,706,552
2013	13,779,975	5,835,052	394,909	132,670	260,722	5,065,228	1,465,788	26,934,344
2014	11,725,280	5,643,574	100,878	157,945	415,362	5,055,632	1,480,237	24,578,908
2015	12,913,803	6,569,382	348,148	159,795	326,818	5,033,846	1,549,731	26,901,523



CITY OF COVINA, CALIFORNIA
Assessed Value of Taxable Property
Last Ten Fiscal Years

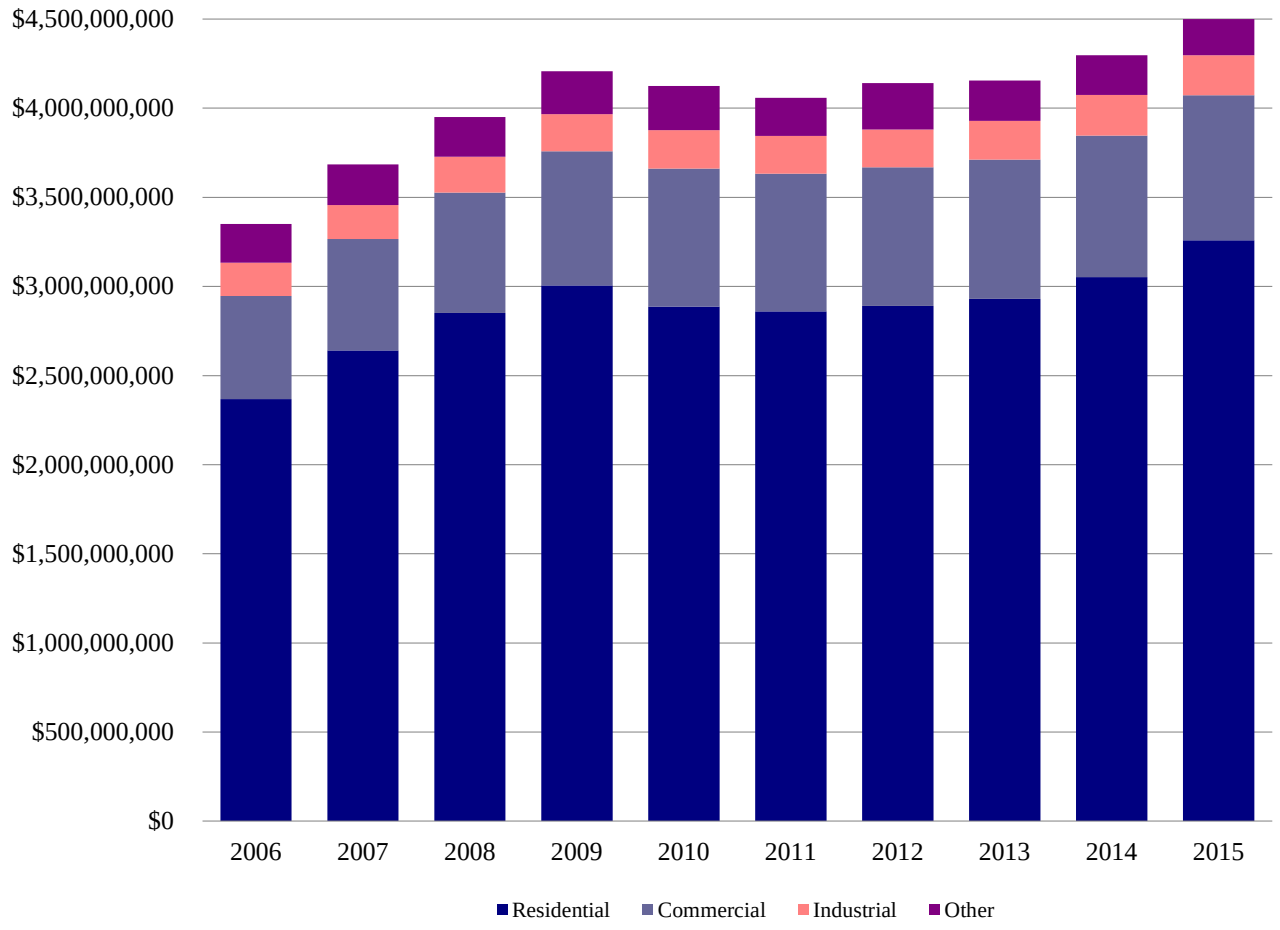
Fiscal Year	Assessed Value [1]				Total Effective Rate (2)
	Secured	Nonunitary	Unsecured	Total	
2006	3,216,896,758	689,018	132,900,062	3,350,485,838	1.3119%
2007	3,553,763,633	634,373	130,918,125	3,685,316,131	1.3467%
2008	3,815,860,520	381,710	134,528,469	3,950,770,699	1.3518%
2009	4,068,752,819	381,710	138,563,298	4,207,697,827	1.3422%
2010	3,981,772,274	381,710	142,877,822	4,125,031,806	1.3644%
2011	3,919,278,191	401,800	138,965,796	4,058,645,787	1.3943%
2012	3,998,495,677	401,800	141,788,741	4,140,686,218	1.3968%
2013	4,019,604,449	401,800	135,484,540	4,155,490,789	1.4036%
2014	4,168,222,632	401,800	129,212,504	4,297,836,936	1.4047%
2015	4,391,097,348	401,800	136,165,789	4,527,664,937	1.4125%



[1] Net of exemptions
[2] Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.
Source: Los Angeles County/Hdl Companies

CITY OF COVINA, CALIFORNIA
Assessed Value of Taxable Property by Use
Last Ten Fiscal Years

Fiscal Year	Assessed Value [1] Residential	Commercial	Industrial	Other	Total	Total Effective Rate (2)
2006	2,368,068,940	578,638,505	187,206,489	216,571,904	3,350,485,838	1.3119%
2007	2,640,273,200	625,389,836	190,387,266	229,265,829	3,685,316,131	1.3467%
2008	2,851,328,670	675,399,224	201,466,528	222,576,277	3,950,770,699	1.3518%
2009	3,005,135,149	752,579,095	209,086,234	240,897,349	4,207,697,827	1.3422%
2010	2,887,006,374	774,649,712	215,229,621	248,146,099	4,125,031,806	1.3644%
2011	2,859,945,639	772,436,342	212,367,095	213,896,711	4,058,645,787	1.3943%
2012	2,890,966,936	778,029,259	211,825,282	259,864,741	4,140,686,218	1.3968%
2013	2,930,723,686	780,928,877	217,974,525	225,863,701	4,155,490,789	1.4036%
2014	3,051,809,271	794,611,256	228,672,928	222,743,481	4,297,836,936	1.4047%
2015	3,259,575,794	813,796,268	223,545,046	230,747,829	4,527,664,937	1.4125%



[1] Net of exemptions
[2] Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.
Source: Los Angeles County/Hdl Companies

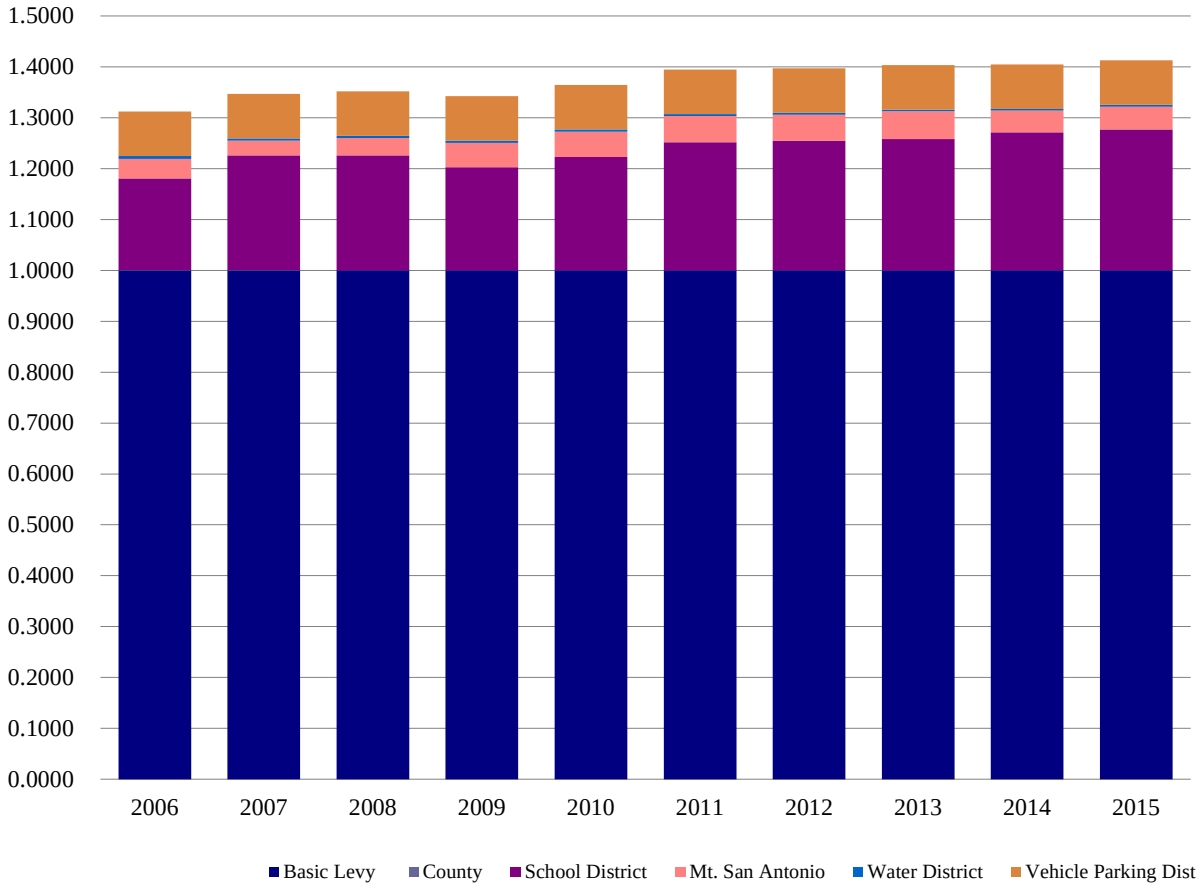
CITY OF COVINA, CALIFORNIA

Property Tax Rates [1]

Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	Basic Levy [2]	County General	County Flood Control	County Total	School District [3]	Community College District [4]	Water District	Vehicle Parking District	Total Effective Rate [5]
2006	1.0000	0.0008	0.0001	0.0009	0.1795	0.0389	0.0052	0.0875	1.3119
2007	1.0000	0.0007	0.0001	0.0008	0.2249	0.0289	0.0047	0.0875	1.3467
2008	1.0000	0.0000	0.0000	0.0000	0.2262	0.0336	0.0045	0.0875	1.3518
2009	1.0000	0.0000	0.0000	0.0000	0.2027	0.0477	0.0043	0.0875	1.3422
2010	1.0000	0.0000	0.0000	0.0000	0.2230	0.0497	0.0043	0.0875	1.3644
2011	1.0000	0.0000	0.0000	0.0000	0.2516	0.0515	0.0037	0.0875	1.3943
2012	1.0000	0.0000	0.0000	0.0000	0.2547	0.0509	0.0037	0.0875	1.3968
2013	1.0000	0.0000	0.0000	0.0000	0.2577	0.0549	0.0035	0.0875	1.4036
2014	1.0000	0.0000	0.0000	0.0000	0.2713	0.0425	0.0035	0.0875	1.4047
2015	1.0000	0.0000	0.0000	0.0000	0.2770	0.0446	0.0035	0.0875	1.4125



[1] Per $100 of assessed value

[2] Basic levy for City ($0.154), County ($0.338), Covina Valley Unified School District ($0.184), Educational Revenue Augmentation Fund ($0.242) and other agencies ($0.082).

[3] Azusa Unified School District, Charter Oak Unified School District and Covina Valley Unified School District .

[4] Citrus Community College District and Mt. San Antonio Community College District .

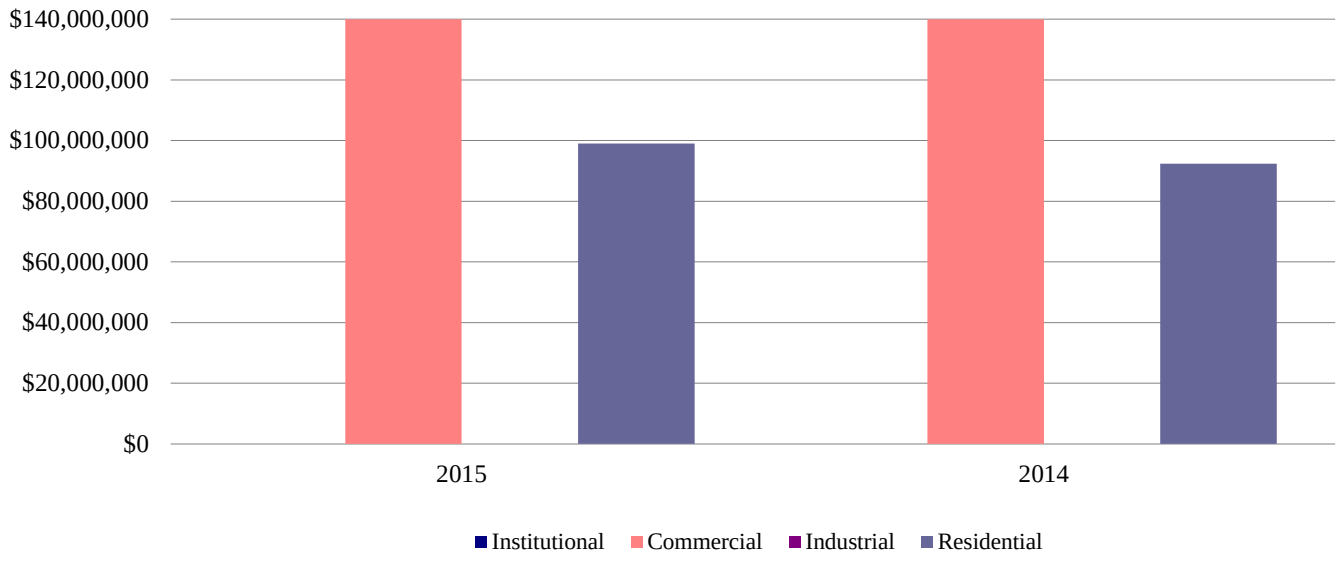
[5] Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies .

CITY OF COVINA, CALIFORNIA
Principal Property Owners
June 30, 2015

		2015			2014		
Taxpayer	Primary Use	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value [1]	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value [1]
Ikea Property Inc	Commercial	$ 55,771,038	1	1.23%	$ 51,221,272	1	1.19%
KIR Covina Limited Partnership	Commercial	47,499,907	2	1.05%	47,285,245	2	1.10%
Vista Pointe Apartments LLC	Residential	45,599,058	3	1.01%	39,194,300	3	0.91%
PUR RB Covina Apartments LLC	Residential	33,600,005	4	0.74%	33,447,250	4	0.78%
FNL of Covina Partners LLC	Commercial	30,247,010	5	0.67%	30,110,317	5	0.70%
Spirit SPE Covina LLC	Commercial	24,800,000	6	0.55%	24,800,000	7	0.58%
UIMC Covina LLC	Commercial	24,407,209	7	0.54%	24,406,813	8	0.57%
Haemonetics Manufacturing Inc	Commercial	22,200,712	8	0.49%	26,560,343	6	0.62%
Covina 023 Woods 206 LP	Residential	19,817,959	9	0.44%	19,728,467	9	0.46%
Wal Mart Real Estate Business Tr	Commercial	19,153,551	10	0.42%	19,192,917	10	0.45%
Total		$ 323,096,449		7.14%	$ 315,946,924		7.36%

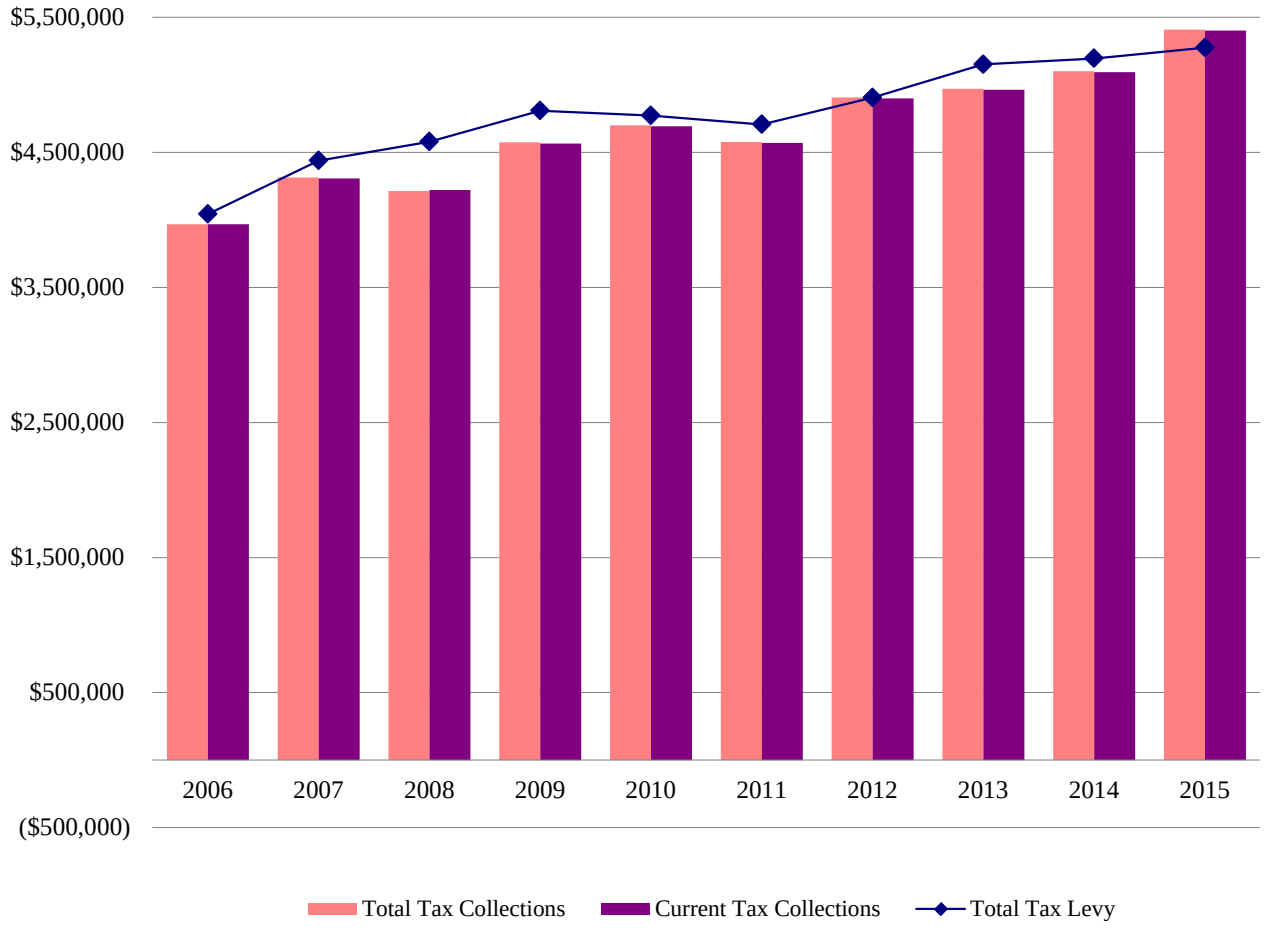
Principal Property Owners



[1] Total assessed valuation of taxable property exclusive of exemptions.
Source: Los Angeles County/Hdl Companies

CITY OF COVINA, CALIFORNIA
Property Tax Levies and Collections [1]
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy [2]	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2006	4,044,043	3,968,302	98.1%	-	3,968,302	98.1%
2007	4,439,472	4,306,933	97.0%	8,432	4,315,365	97.2%
2008	4,578,890	4,221,702	92.2%	(7,129)	4,214,573	92.0%
2009	4,808,286	4,566,246	95.0%	8,333	4,574,579	95.1%
2010	4,772,267	4,694,992	98.4%	6,766	4,701,758	98.5%
2011	4,708,050	4,570,061	97.1%	7,093	4,577,154	97.2%
2012	4,905,372	4,901,258	99.9%	6,561	4,907,819	100.0%
2013	5,152,608	4,965,009	96.4%	6,505	4,971,514	96.5%
2014	5,195,545	5,095,292	98.1%	5,745	5,101,037	98.2%
2015	5,276,198	5,403,432	102.4%	6,191	5,409,623	102.5%

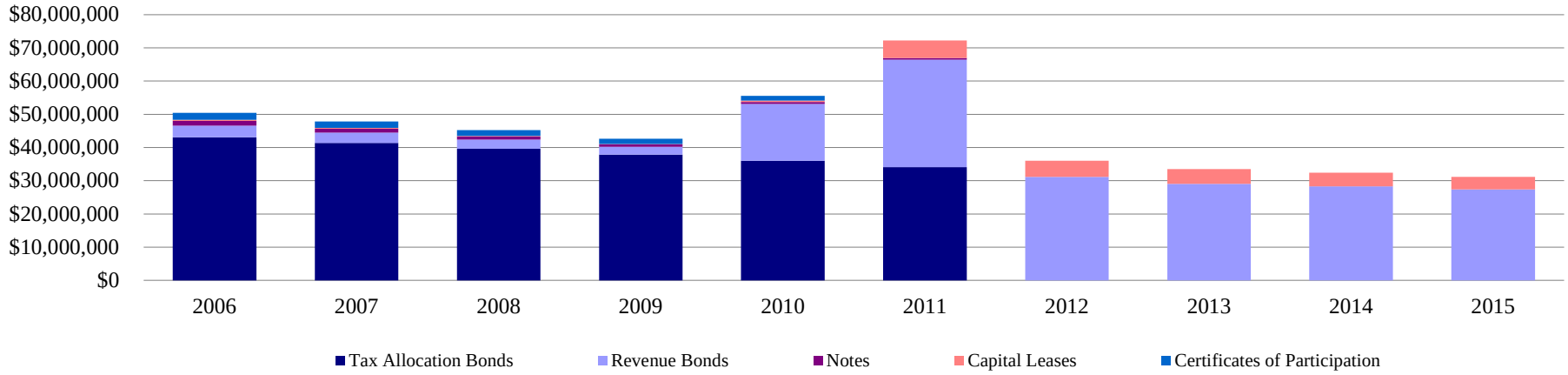


[1] Includes only City general property taxes of the General Fund and Municipal Parking District Special Revenue Fund
[2] Includes secured and unsecured property tax levies exclusive of homeowner exemption, supplemental roll and in-lieu motor vehicle licenses.
Source: Los Angeles County.

CITY OF COVINA, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business Activities					
Fiscal Year	Tax Allocation Bonds [2]	Revenue Bonds	Notes	Capital Leases	Certificates of Participation	Revenue Bonds	Capital Leases	Total	Percentage of Personal Income [1]	Percentage of Debt Per Capita [1]
2006	43,080,525	3,484,432	1,394,483	386,405	2,070,937	-	-	50,416,782	2.15%	0.10%
2007	41,352,646	3,112,628	1,187,398	286,687	1,921,274	-	-	47,860,633	2.38%	0.10%
2008	39,623,416	2,725,824	951,988	194,637	1,766,611	-	-	45,262,476	2.60%	0.11%
2009	37,892,429	2,319,020	761,693	81,974	1,606,948	-	-	42,662,064	2.77%	0.12%
2010	36,012,009	1,897,216	656,516	403,320	1,442,283	15,164,121	-	55,575,465	2.09%	0.09%
2011	34,112,825	1,455,412	543,360	310,752	-	30,842,494	4,963,503	72,228,346	1.63%	0.07%
2012	-	993,608	-	212,881	-	30,167,457	4,665,191	36,039,137	3.26%	0.13%
2013	-	506,804	-	109,404	-	28,556,637	4,355,402	33,528,247	3.70%	0.14%
2014	-	-	-	-	-	28,342,757	4,033,567	32,376,324	3.88%	0.15%
2015	-	-	-	-	-	27,419,747	3,764,539	31,184,286	4.00%	0.16%

Outstanding Debt by Type-Last Ten Fiscal Years



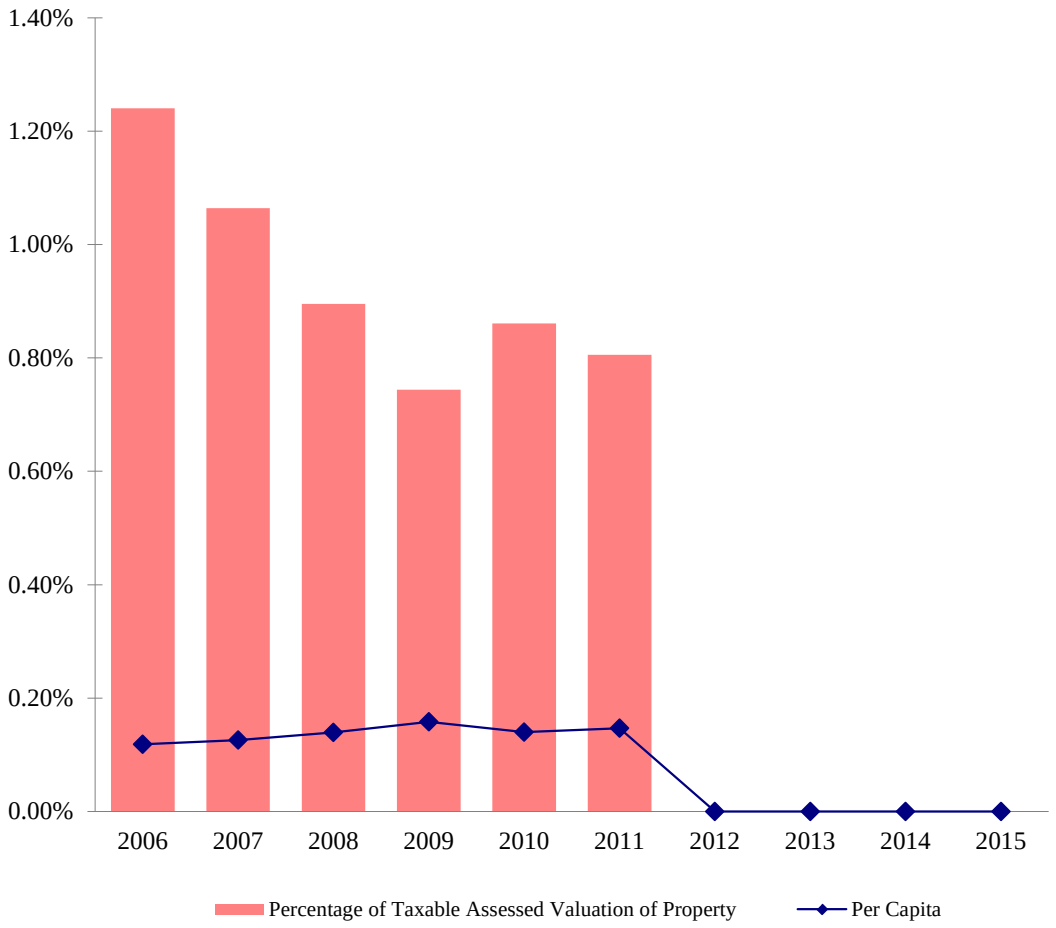
Note: Details regarding the City's outstanding debt can be found in the *notes to the financial statements.*

[1] See Demographic Statistics on page 141.

[2] Due to the dissolution of the Covina Redevelopment Agency, the debt related to tax allocation bonds is no longer reported in this table.

CITY OF COVINA, CALIFORNIA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Tax Allocation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Taxable Assessed Valuation [1] of Property	Per Capita [2]
2006	43,080,525	1,512,494	41,568,031	1.24%	0.12%
2007	41,352,646	2,121,446	39,231,200	1.06%	0.13%
2008	39,623,416	4,243,226	35,380,190	0.90%	0.14%
2009	37,892,429	6,584,875	31,307,554	0.74%	0.16%
2010	36,012,009	505,354	35,506,655	0.86%	0.14%
2011	34,112,825	1,418,394	32,694,431	0.81%	0.15%
2012	-	-	-	0.00%	0.00%
2013	-	-	-	0.00%	0.00%
2014	-	-	-	0.00%	0.00%
2015	-	-	-	0.00%	0.00%

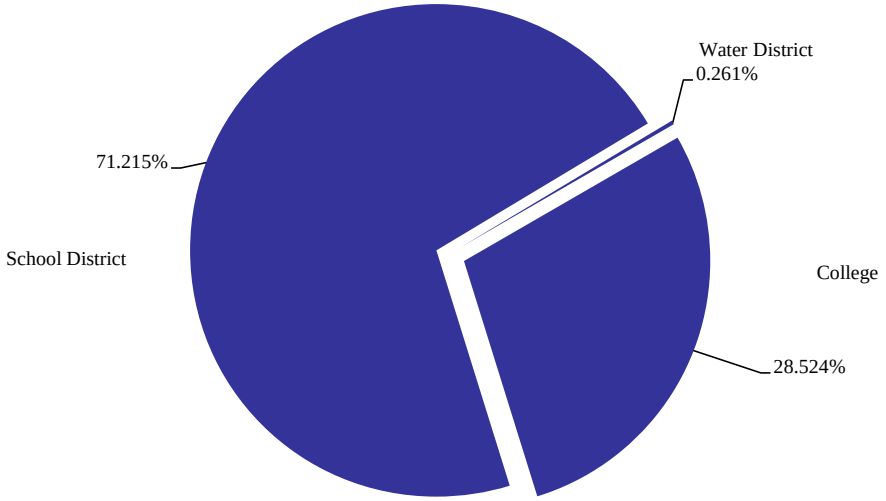


[1] See Assessed Value of Taxable Property-Last Ten Fiscal Years on page 130.
[2] See Demographic Statistics on page 141.
[3] Due to the dissolution of the Covina Redevelopment Agency, Tax Allocation Bonded Debt is no longer reported on this schedule.

CITY OF COVINA, CALIFORNIA
Direct and Overlapping Governmental Activities Bonded Debt
As of June 30, 2015

Jurisdiction	Net General Activities Bonded and Capital Lease Debt Outstanding	Percentage Applicable to City of Covina[2]	Amount Applicable to City of Covina
Direct-City of Covina [1]	$ -	100.000%	$ -
Overlapping:			
Water District:			
Metropolitan Water District	53,296,395	0.369%	196,664
College:			
Citrus CCD DS 2004 Series 2007B	2,750,000	0.394%	10,835
Citrus CCD 2004 2009 Series C	7,105,302	0.394%	27,995
Citrus CCD DS Refunding Bond Series 2013	12,320,000	0.394%	48,541
Citrus CCD DS 2004 Series 2014D	77,687,251	0.394%	306,088
Mt. San Antonio CCD DS 2001 Series 2004B	-	5.888%	-
Mt. San Antonio CCD DS 2001, 2006 Series C	1,975,000	5.885%	116,229
Mt. San Antonio CCD DS 2001, 2008 Series D	21,706,654	5.885%	1,277,437
Mt. San Antonio CCD DS 2008 Series 13A	203,861,691	5.885%	11,997,261
Mt. San Antonio CCD DS 2008 Series 2013B	10,640,000	5.885%	626,164
Mt. San Antonio CCD DS 2013 Series A	73,910,000	5.885%	4,349,604
Mt. San Antonio CCD DS 2013 Series B	47,085,000	5.885%	2,770,952
School District:			
Azusa Unified 2002 Series 2007	2,078,763	1.637%	34,029
Azusa Unified Refund Bond 2002 Series 2011	58,548,585	1.637%	958,440
Charter Oak Unified 2000 Series C 2005	7,020,000	37.633%	2,641,837
Charter Oak Unified 2000 Series D 2006	9,380,000	37.633%	3,529,975
Charter Oak Unified 2000 Series E Refund 2006	981,431	37.633%	369,342
Covina Valley Unified 2001 Series B	15,402,411	41.699%	6,422,651
Covina Valley Unified 2006 Series 2006	-	41.783%	-
Covina Valley Unified 2006, 07 Series B	14,673,731	41.699%	6,118,799
Covina Valley Unified 2001 Refund 2010 Ser A	12,215,000	41.699%	5,093,533
Covina Valley Unified 2012 Series A	28,750,000	41.699%	11,988,463
Covina Valley Unified 2013 Ref Bonds	39,805,000	41.699%	16,598,287
Subtotal overlapping debt			75,483,126
Total direct and overlapping debt			$ 75,483,126

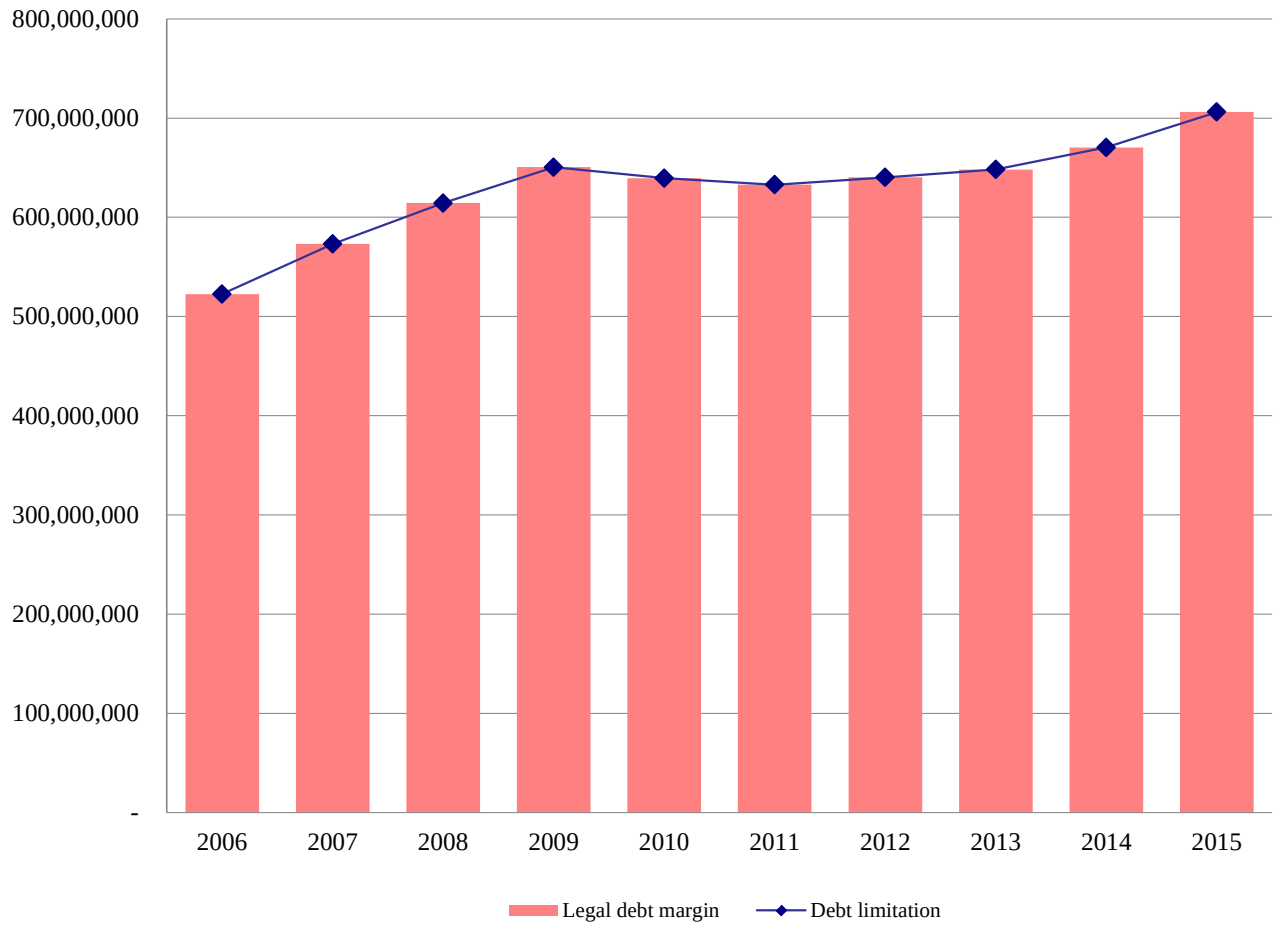
Amount Applicable to City of Covina



[1] Includes governmental activities debt reported in the Ratios of Oustanding Debt by Type on page 135.
[2] The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portio of another governmental unit's taxable assessed value that is whithin the city's boundaries and dividing it by each unit's total taxable assessed value.
Source: Los Angeles County/Hdl Companies

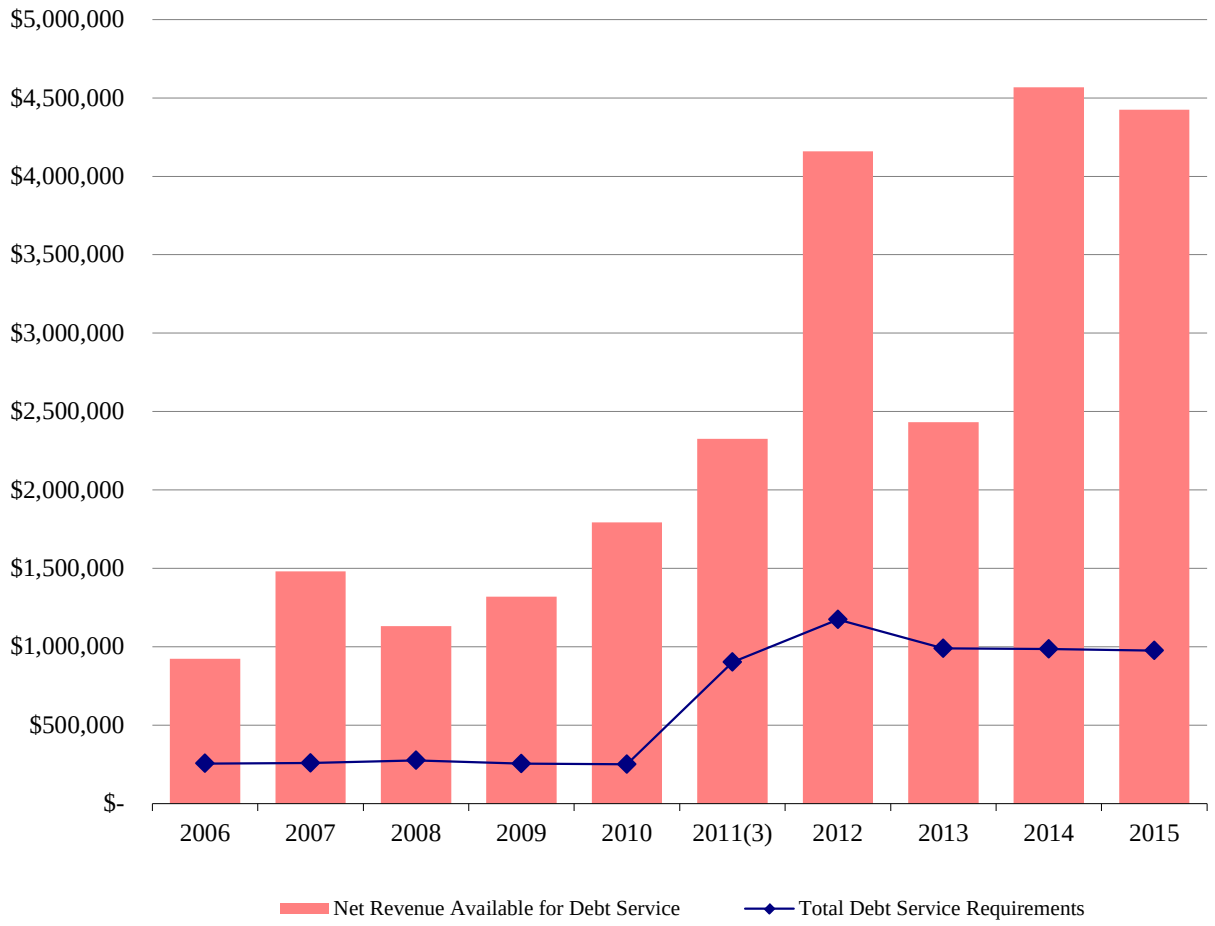
CITY OF COVINA, CALIFORNIA
Legal Debt Margin Information
Last Ten Fiscal Years

	Assessed Valuations			Legal Debt Margin		
Fiscal Year	Assessed Value	Add Exemptions	Total Assessed Value	Debt Limitation- 15% of Total Assessed Value	Total Debt Applicable to Limitation	Legal Debt Margin
2006	3,350,485,838	133,793,779	3,484,279,617	522,641,943	-	522,641,943
2007	3,685,316,131	135,164,362	3,820,480,493	573,072,074	-	573,072,074
2008	3,950,770,699	144,927,903	4,095,698,602	614,354,790	-	614,354,790
2009	4,207,697,827	129,666,573	4,337,364,400	650,604,660	-	650,604,660
2010	4,125,031,806	138,099,508	4,263,131,314	639,469,697	-	639,469,697
2011	4,058,645,787	160,679,668	4,219,325,455	632,898,818	-	632,898,818
2012	4,140,686,218	127,379,664	4,268,065,882	640,209,882	-	640,209,882
2013	4,155,490,789	166,019,257	4,321,510,046	648,226,507	-	648,226,507
2014	4,297,836,936	171,312,269	4,469,149,205	670,372,381	-	670,372,381
2015	4,527,664,937	180,062,301	4,707,727,238	706,159,086	-	706,159,086



CITY OF COVINA, CALIFORNIA
Pledged-Revenue Bond Coverage
Water Utility Fund Certificates of Participation and Revenue Bonds
Last Ten Fiscal Years

Fiscal Year	Gross Revenues [1]	Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	5,339,489	4,416,669	922,820	145,000	110,243	255,243	3.62
2007	5,649,525	4,169,737	1,479,788	155,000	103,716	258,716	5.72
2008	6,286,464	5,154,512	1,131,952	160,000	115,662	275,662	4.11
2009	5,544,739	4,225,309	1,319,430	165,000	89,148	254,148	5.19
2010	6,680,855	4,887,609	1,793,246	170,000	81,190	251,190	7.14
2011[3]	8,905,849	6,580,727	2,325,122	180,000	722,912	902,912	2.58
2012	10,545,532	6,387,102	4,158,430	425,000	748,263	1,173,263	3.54
2013	10,933,333	8,501,999	2,431,334	250,000	740,263	990,263	2.46
2014	13,339,122	8,771,194	4,567,928	255,000	731,412	986,412	4.63
2015	11,350,293	6,924,720	4,425,573	265,000	710,708	975,708	4.54



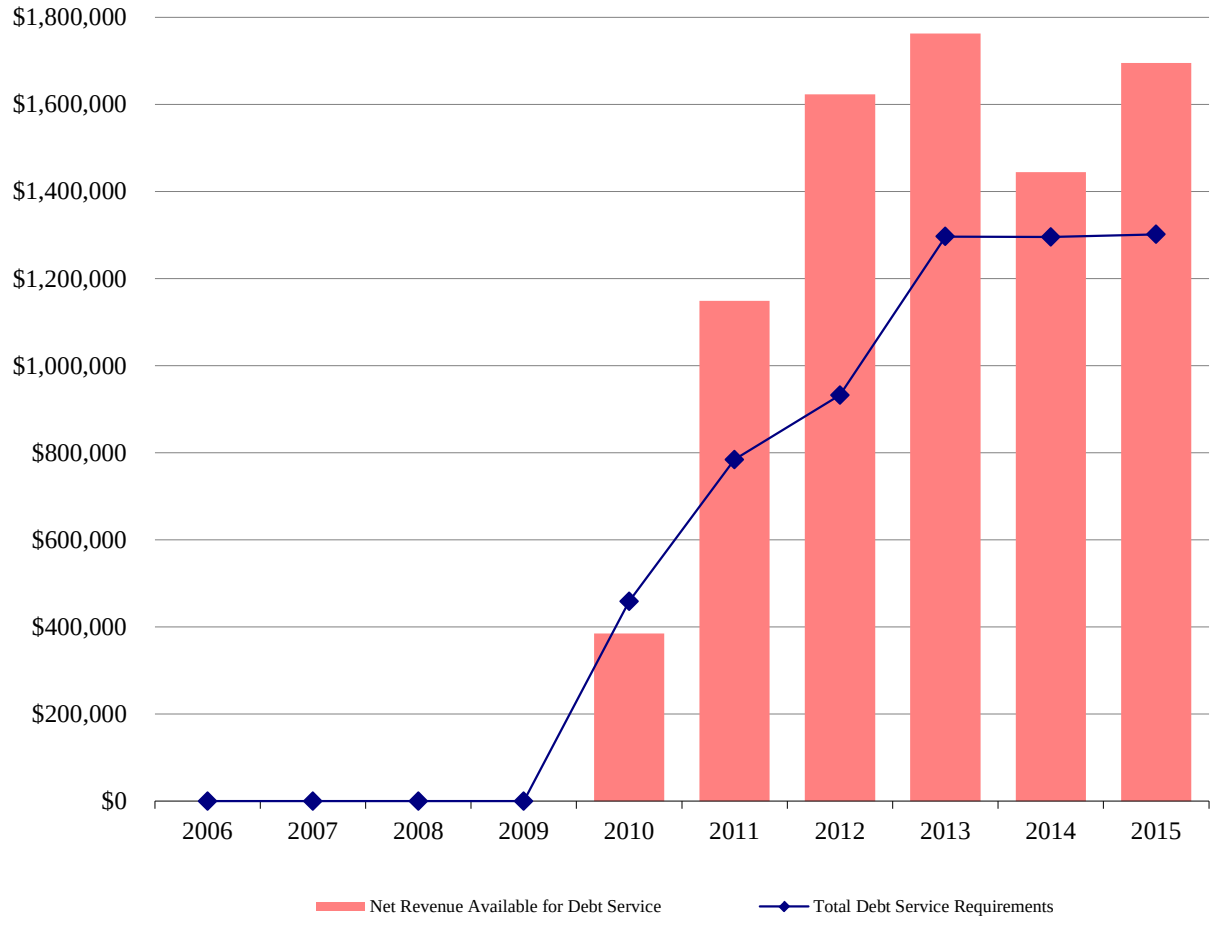
[1] Total revenues (including investment earnings) excluding joint venture investment income and gain on sale of capital assets.

[2] Total operating expenses exclusive of depreciation.

[3] Includes revenue bonds issued in this year.

CITY OF COVINA, CALIFORNIA
Pledged-Revenue Bond Coverage
Sewer Fund Revenue Bonds
Last Ten Fiscal Years

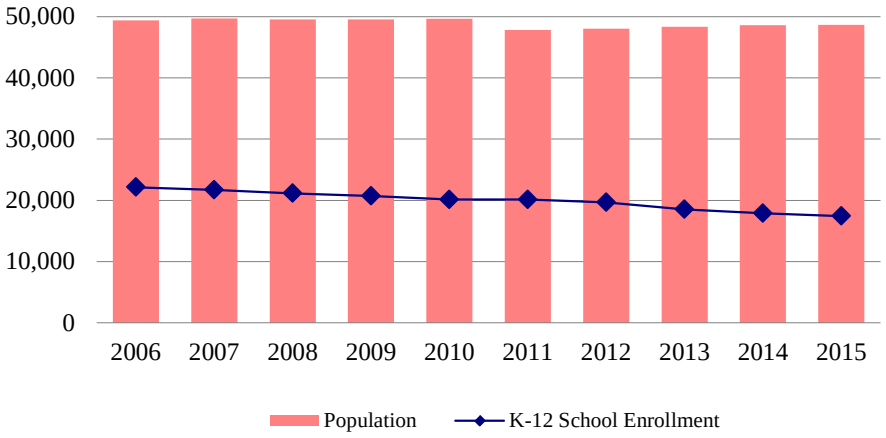
Fiscal Year	Gross Revenues [1]	Operating Expenses [2]	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	1,073,901	688,638	385,263	-	459,193	459,193	0.84
2011	1,585,281	435,948	1,149,333	-	784,658	784,658	1.46
2012	1,788,503	164,835	1,623,668	250,000	682,806	932,806	1.74
2013	2,285,996	522,657	1,763,339	625,000	671,867	1,296,867	1.36
2014	2,229,571	784,732	1,444,839	640,000	656,056	1,296,056	1.11
2015	2,614,619	919,254	1,695,365	660,000	642,063	1,302,063	1.30



[1] Total revenues (including investment earnings) excluding gain on sale of capital assets.
[2] Total operating expenses exclusive of depreciation.

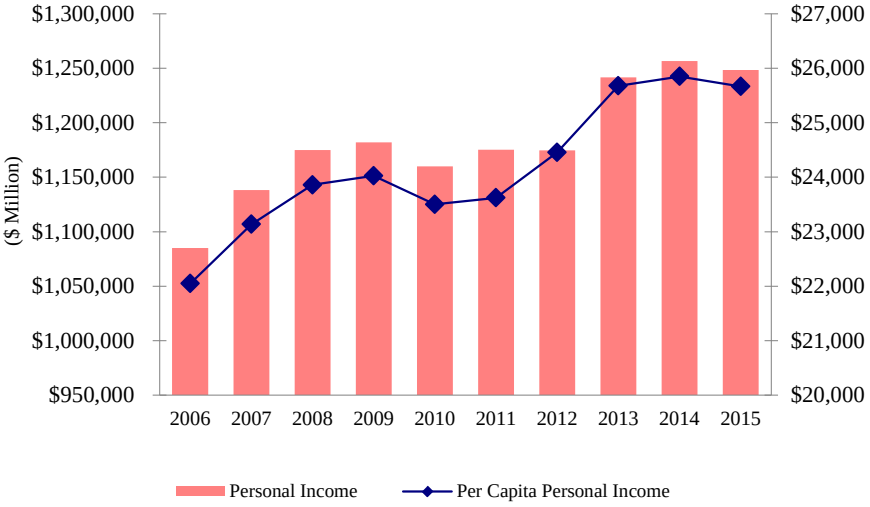
Last Ten Fiscal Years

Year	Population [1]	K-12 School Enrollment [2]
2006	49,378	22,144
2007	49,720	21,689
2008	49,552	21,147
2009	49,541	20,688
2010	49,622	20,123
2011	47,796	20,115
2012	48,038	19,659
2013	48,357	18,524
2014	48,619	17,864
2015	48,640	17,432



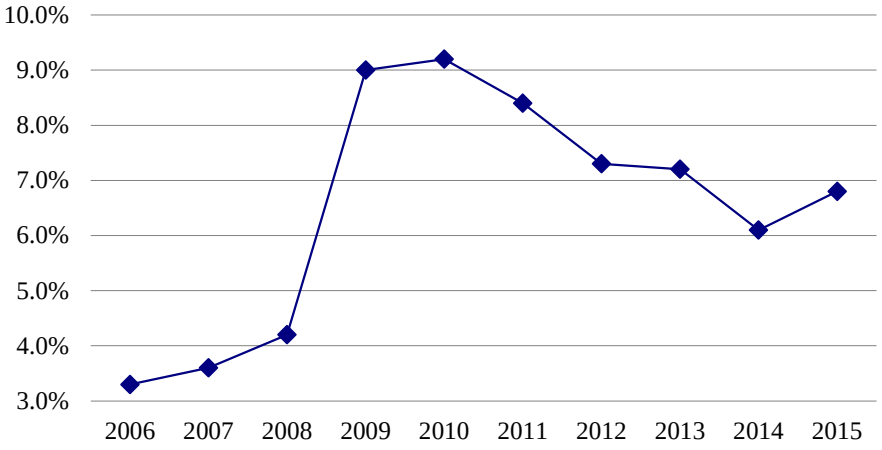
Last Ten Fiscal Years

Year	Personal Income[3] ($ Thousand)	Per Capita Personal Income[3]
2006	1,085,029	22,047
2007	1,138,071	23,135
2008	1,174,924	23,859
2009	1,181,934	24,026
2010	1,160,074	23,502
2011	1,175,121	23,621
2012	1,174,673	24,453
2013	1,241,808	25,680
2014	1,256,801	25,850
2015	1,248,346	25,665



Last Ten Fiscal Years

Year	Unemployment Rate [4]
2005	3.7%
2006	3.3%
2007	3.6%
2008	4.2%
2009	9.0%
2010	9.2%
2011	8.4%
2012	7.3%
2013	7.2%
2014	6.1%
2015	6.8%



[1] State Department of Finance.
[2] State Department of Education-Covina Valley and Charter Oak Unified School Districts.
[3] HdL, Coren & Cone.
[4] State Employment Development Department.

CITY OF COVINA, CALIFORNIA
Principal Employers [1]
As of June 30, 2015

	2015			2014		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Covina Valley Unified School District	1,805	1	12.63%	1,710	2	11.97%
Citrus Valley Health Partners-Intercommunity*	815	2	5.70%	815	1	5.70%
Charter Oak Unified School District	565	3	3.95%	555	3	3.88%
City of Covina	379	4	2.65%	300	4	2.10%
Wal-Mart	276	5	1.93%	269	6	1.88%
Vitas Innovative Hospice Care	267	6	1.87%	264	7	1.85%
Lereta, LLC	251	7	1.76%	347	5	2.43%
Magan Medical Clinic	231	8	1.62%	237	8	1.66%
Lowe's Home Centers LLC	210	9	1.47%	233	9	1.63%
Ikea U.S. West, Inc.	195	10	1.36%	224	10	1.57%
	4,994		34.95%	4,954		34.67%

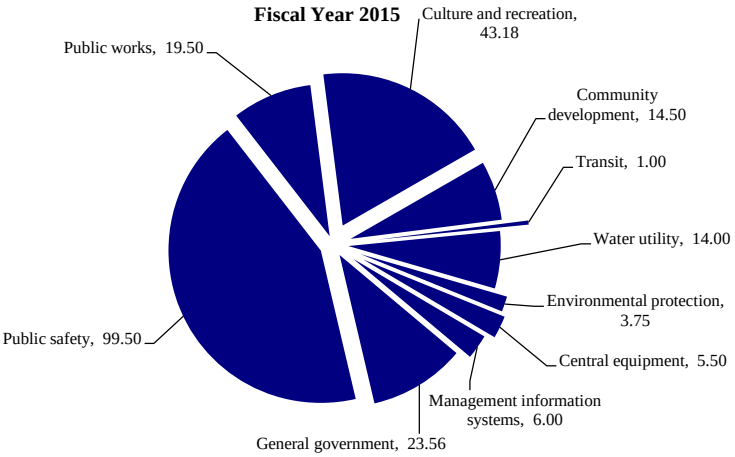
(1) No principal employer information available prior to 2006.

Source: City of Covina Finance Department, Covina Valley and Charter Oak School Districts and Citrus Valley Medical Center
*Updated information not provided; 815 reflects 2014 amount

CITY OF COVINA, CALIFORNIA
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
General government	22.31	21.06	21.06	30.00	25.00	26.00	27.00	30.00	29.50	23.56
Public safety	100.50	101.00	101.00	104.00	94.50	93.50	91.00	94.00	94.50	99.50
Public works	18.00	18.00	17.00	22.00	20.00	26.50	28.00	25.50	26.50	19.50
Culture and recreation	45.54	43.88	43.88	65.00	41.50	38.50	65.50	57.00	56.50	43.18
Community development	15.95	15.95	15.95	17.00	8.50	2.00	2.50	6.00	5.00	14.50
Transit	1.35	1.50	1.50	2.00	1.50	1.50	1.00	1.00	1.00	1.00
Redevelopment and housing	3.50	3.50	3.50	7.00	8.00	5.50	3.50	-	-	-
Water utility	13.25	13.25	13.25	11.00	12.50	12.50	12.00	10.00	12.00	14.00
Environmental protection	3.75	3.75	3.75	3.00	3.00	3.00	3.50	2.50	3.50	3.75
Central equipment	3.50	4.00	4.00	3.00	3.50	4.50	4.50	4.00	4.50	5.50
Management information systems	3.00	3.00	3.00	4.00	1.50	4.50	4.50	5.00	5.50	6.00
Total full-time equivalent positions	230.65	228.89	227.89	268.00	219.50	218.00	243.00	235.00	238.50	230.49

Source: Finance Department Budget



CITY OF COVINA, CALIFORNIA

Operating Indicators by Function [1]

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Finance:										
Payroll checks issued	7,694	7,038	6,961	4,291	4,175	4,174	3,939	4,094	3,904	3,761
Accounts payable checks issued	6,374	7,093	7,498	8,591	9,283	9,290	9,207	9,101	9,901	9,902
Purchase orders issued	506	707	921	2,715	7,054	7,259	7,003	6,951	7,061	7,162
Community Development Block Grant (CDBG):										
Businesses assisted	4	2	6	6	4	3	2	2	2	2
Jobs created	12	14	13	4	9	24	0	6	6	5
Houses rehabilitated	4	6	3	7	-	1	6	2	3	6
Housing:										
Transitional House-Number of people served	17	14	18	14	23	15	13	12	6	[2]
Covenants-Monitoring rental units	460	460	504	487	483	483	398	396	402	392
Public Safety										
Police:										
Physical arrests	2,987	2,322	2,805	3,070	3,041	3,160	3,157	3,265	4,231	3,455
Parking violations	9,367	10,831	12,603	11,786	11,900	15,537	16,096	13,458	19,893	21,775
Traffic violations	3,314	4,475	5,449	5,772	5,874	6,976	7,174	6,896	8,091	8,019
Fire:										
Number of calls answered	4,643	4,283	4,306	3,996	3,856	3,919	3,537	3,951	3,477	3,511
Inspections	2,279	2,279	2,319	802	1,066	2,250	1,512	2,287	2,521	2,630
Culture and Recreation										
Parks and Recreation:										
Leaders-in-Training participants	75	54	67	73	67	61	70	70	70	70
Youth sports participants	1,312	1,945	1,863	2,240	2,594	2,890	2,390	2,413	2,313	1,093
Leisure lifestyle classes participants	5,920	6,694	6,555	6,398	7,350	7,900	7,450	7,212	7,946	7,867
Cultural excursion program participants	580	489	543	494	530	478	380	347	436	390
Summer evening event attendees	25,000	25,000	25,000	25,950	27,250	25,950	23,650	10,005	6,013	10,500
Senior service participants	21,162	20,503	22,825	22,681	19,095	18,060	13,434	14,350	10,836	10,211
Senior nutrition program meals served	18,336	16,565	15,539	15,522	15,920	15,530	12,300	10,074	12,075	10,871
Special events	53,000	53,000	53,000	53,000	53,000	53,000	53,000	53,000	28,000	53,200
Aquatic participants	8,750	10,716	9,620	8,244	7,911	7,780	5,400	4,115	9,630	15,132
Library:										
Circulation										
Books/Audiobooks/CD'S	111,236	127,254	126,668	134,775	144,535	151,051	149,068	149,766	153,758	164,199
Videos/DVD's	7,500	9,065	9,729	11,255	13,351	12,740	13,787	14,601	15,887	18,545
iPads	12									
Total Circulation	118,748	136,319	134,993	146,030	157,886	163,791	162,855	164,367	169,645	182,744
Gate Count	206,514	222,129	230,478	240,350	234,562	279,949	292,085	286,671	277,349	288,087
Computer Services										
Number of hours	13,860	14,976	14,220	14,787	16,172	22,804	24,437	20,816	24,424	32,117
Number of users	18,751	20,772	18,156	19,860	20,941	24,194	24,365	22,444	23,687	28,344
Library Cards Issued										
City Residents	1,760	2,197	2,125	2,219	2,221	2,558	2,663	2,421	2,278	2,753
Non-City Residents	2,118	2,713	2,682	2,580	2,202	2,327	2,809	2,492	2,328	2,687
Library materials added										
Books	3,439	4,903	3,169	2,797	2,729	5,236	3,858	4,250	3,373	5,256
CDs	298	86	120	112	183	287	35	148	182	369
Audiobooks	128	159	115	97	131	185	106	91	99	127
DVD's	181	221	194	232	263	394	346	282	529	490
Total Materials Added	4,046	5,369	3,598	3,238	3,306	6,102	4,345	4,771	4,183	6,242
Library Programs/Services										
Storytime participants	1,397	2,060	2,339	4,318	1,911	1,297	1,476	983	1,089	930
Adult/Young Adult program participants	423	895	540	700	690	1,260	485	311	525	531
Children's program participants	3,014	3,222	1,582	1,602	1,486	1,693	1,289	992	1,742	1,113
Summer Reading Program participants	620	702	890	890	1,096	859	902	837	864	1,072
Joint Summer Reading program participants	1,079	1,079	1,006	951	671					
In-N-Out Cover-to-Cover Reading Program	202	181								
Homework Help Tutors	20	22	32	35	24	[2]	[2]	[2]	[2]	[2]
Homework Help volunteer hours	483	586	777	990	713	[2]	[2]	[2]	[2]	[2]
Number of participants	738	1,120	1,410	1,132	677	[2]	[2]	[2]	[2]	[2]
Total volunteer hours	13,052	1,180	11,288	10,464	10,113	8,640	15,611	2,448	6,157	8,495

Continued

CITY OF COVINA, CALIFORNIA

Operating Indicators by Function [1]

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Literacy										
Number of tutors	27	29	36	37	(2)	(2)	(2)	(2)	(2)	(2)
Number of adults served	97	101	105	91	(2)	(2)	(2)	(2)	(2)	(2)
Number of children served	37	52	40	46	(2)	(2)	(2)	(2)	(2)	(2)
Reference Questions										
Adult	11,528	14,299	12,055	9,808	11,354	17,985	21,592	14,851	18,400	18,512
Childrens	6,918	8,862	6,885	9,135	8,005	14,396	10,116	10,157	10,617	11,758
Circulation	8,908	6,608								
Total Reference Questions	27,354	29,769	18,940	18,943	19,359	32,381	31,708	24,999	29,017	30,270
Planning										
Planning reviews	610	281	254	465	320	336	462	359	267	450
Permits issued	2,253	2,204	1,911	422	400	443	707	790	1,075	946
Inspections	531	471	416	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Building										
Building reviews	503	450	350	336	320	336	462	359	267	450
Permits issued	1,658	1,599	1,060	1,080	400	443	707	790	1,075	946
Inspections	6,029	6,078	5,375	5,441	3,400	3,682	3,115	4,249	7,378	3,788
Transit										
Average daily parking customers (station & structure p	845	821	823	886	742	765	760	823	757	550
Dial-A-Cab participants (monthly average)	1,918	1,920	1,981	1,639	1,515	1,432	1,307	1,111	835	1,000
Subsidized bus passes (monthly average)	53	53	44	60	77	75	87	143	119	125
Code Enforcement										
Total Inspections	4,434	4,601	5,591	13,919	10,034	7,991	5,368	3,270	4,339	(2)
Signs removed from public right of way	1,083	1,053	661	3,516	528	575	533	340	192	(2)
Industrial Waste Inspections	413	724	133	488	593	12	0	0	0	(2)
Water Utility										
Average daily consumption (gallons)	4,450,897	5,125,309	5,048,319	4,816,719	5,445,095	5,510,880	6,120,192	5,878,647	6,472,445	6,305,734
Meter reads	103,851	106,430	102,768	101,008	54,423	51,926	50,039	50,509	50,509	50,509
Meter replacements	6	74	14	73	168	849	1,053	619	619	619
Consumer responses	12,703	4,765	7,975	7,298	1,715	2,593	2,889	5,888	5,888	5,888
Service line repairs	62	111	83	99	87	99	148	109	109	109
Main line repairs	34	38	57	46	43	48	53	72	72	72
Street Maintenance										
Traffic sign remove/replace/install	92	234	1,392	565	244	787	261	229	229	229
Potholes repaired	4,058	2,738	2,415	1,502	1,928	1,782	1,047	533	533	533
Curb painted (lf)	15,436	10,117	22,884	51,424	27,653	42,446	20,681	32,704	32,704	32,704
Utility cuts repaired	-	15	5	24	81	104	156	116	116	116
Trees trimmed	799	474	305	352	703	375	565	294	294	294
Equipment Maintenance										
Preventative maintenance service	492	475	536	568	478	359	309	336	336	336
Safety inspections	563	516	564	626	474	372	423	445	445	445
Daily demand repairs	439	1,169	1,224	1,210	1,043	993	936	1,045	1,045	1,045
Tire repairs	315	282	248	253	243	327	262	234	234	234
Environmental Protection										
Refuse collected (tons/month)	2,334	2,222	2,242	2,601	2,559	2,642	2,680	2,762	3,759	2,700
Recyclables collected (tons/month)	188	188	188	198	192	193	202	211	226	290
Green waste collected (tons/month)	469	483	525	536	542	546	550	567	579	620
Compressed natural gas sold (gallon equivalents)	28,080	59,351	13,865	19,093	22,704	25,462	18,542	16,496	19,521	22,318

[1] Information provided by various departments for last nine fiscal years. No indicators for public works.

CITY OF COVINA, CALIFORNIA
Capital Asset Statistics by Function [1]
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Buildings-civic center	1	1	1	1	1	1	1	1	1	1
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	24	26	27	26	26	26	26	26	26
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Arterial streets (miles)	35	35	35	35	35	35	35	35	35	35
Residential streets (miles)	81	82	82	82	82	82	82	82	82	82
Curb and gutter (miles)	240	240	240	240	240	240	240	240	240	240
Sidewalk (square feet)	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,000,000
Traffic signals	60	60	60	60	60	60	60	58	58	56
Sanitary sewer (miles)	121	121	121	121	121	121	121	121	121	120
Storm water catch basins	82	82	82	71	71	71	71	72	65	65
Street trees	9,325	9,325	9,325	9,347	9,563	9,576	9,589	9,637	9,754	9,900
Parking structure (spaces)	125	125	125	125	125	125	125	125	-	-
Culture and recreation										
Parks and recreation:										
Park acreage	51	53	53	53	53	53	57	57	57	57
Parks	9	8	8	8	8	8	9	9	9	9
Horse-walking trails	1	1	1	1	1	1	1	1	1	1
Nature trails	1	1	1	1	1	1	1	1	1	1
Playground areas	8	8	8	8	8	8	8	8	8	8
Swimming pools	2	2	2	2	2	2	2	2	2	2
Softball fields	3	3	3	3	3	3	3	3	4	4
Baseball fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	10	10	10	10	10	10	10	10	5	5
Roller hockey rinks	2	2	2	2	2	2	2	2	2	2
Tennis courts	3	3	3	3	3	3	3	3	9	9
Buildings and centers	12	12	12	12	12	12	12	12	3	3
Library buildings	1	1	1	1	1	1	1	1	1	1
Transit										
Parking structure (vehicle spaces)	655	655	655	655	655	655	655	655	655	655
Parking lot (secured bicycle spaces)	-	36	36	36	36	36	36	[2]	[2]	[2]
Transit vehicles	5	5	5	5	5	5	4	[2]	[2]	[2]
Housing										
Transitional housing	1	1	1	1	1	1	1	1	1	1
Water utility										
Reservoirs	9	9	9	8	8	8	8	8	8	8
Pump stations	7	7	7	6	6	6	6	6	6	6
Water mains (miles)	102	102	102	102	102	102	102	102	102	102
Service meters	8,650	8,650	8,650	8,552	8,703	8,437	8,329	8,443	8,470	8,470
Fire hydrants	1,059	1,059	1,059	1,057	1,057	1,043	1,037	1,006	1,003	991

[1] Information provided by various departments for last nine fiscal years. There are no capital asset statistics available for community development and environmental protection.
[2] Information not available.

City of Covina, California
Continuing Disclosure
Water System

Summary of Operations

	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Water Purchased (in acre-feet)									
Covina Irrigating Company (CIC)	7,592.14	6,953.21	6,523.71	6,773.21	5,303.01	6,059.89	5,868.75	4,686.30	4,429.00
Three Valley Muni Water Dist(MWD)	71.30	63.04	33.25	29.50	148.50	-	238.50	1,427.10	931.00
Total Purchased	**7,663.44**	**7,016.25**	**6,556.96**	**6,802.71**	**5,451.51**	**6,059.89**	**6,107.25**	**6,113.40**	**5,360.00**
Potable Water Sold (in acre-feet)	7,654.84	7,016.28	6,563.21	6,313.76	5,418.59	5,410.57	5,479.33	5,738.46	4,986.00
Change from previous year	8.37%	-8.34%	-6.46%	-3.80%	-14.18%	-0.15%	1.27%	4.73%	-13.11%
Population	49,720	49,552	49,541	49,622	47,796	48,038	48,357	48,619	49,002
Cost of CIC Water $/a-f	$ 140.00	$ 180.00	$ 280.00	$ 310.00	$ 425.00	$ 425.00	$ 450.00	$ 475.00	$ 475.00
Cost of MWD Water $/a-f	478.00	528.00	528.00	692.00	754.00	793.00	849.00	875.00	879.41
Number of Water Accounts[1]	8,470	8,443	8,329	8,178	8,532	8,606	8,583	8,635	8,550

Water System Fund Revenues and Expenses[2]

	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Operating Revenue									
Charges for Services	5,518,403	6,155,131	5,460,462	6,625,803	8,872,848	10,515,236	10,902,689	13,337,157	10,896,780
Operating Expenses									
Source & supply	2,034,423	2,715,495	1,567,518	2,135,247	3,194,055	2,943,016	3,325,059	3,944,941	3,146,588
Production & storage	479,730	541,948	570,553	446,230	511,794	507,877	645,858	497,422	556,304
Transmission & distribution	586,448	786,324	925,845	960,513	1,207,591	1,423,143	1,531,620	1,394,900	1,732,307
Customer acct & collections	222,195	276,628	377,026	424,001	640,413	857,370	1,182,150	1,082,024	1,061,295
Administrative & general	846,941	834,117	784,365	921,618	1,026,874	655,696	835,384	904,636	638,819
Depreciation	392,624	411,491	443,133	464,462	1,056,167	783,715	779,081	867,235	957,051
Total Operating Expenses	4,562,361	5,566,003	4,668,440	5,352,071	7,636,894	7,170,817	8,299,152	8,691,158	8,092,364
Net Revenues	956,042	589,128	792,022	1,273,732	1,235,954	3,344,419	2,603,537	4,645,999	2,804,416
1999 Bond Installment Payments	258,715	256,665	254,148	251,190	218,555	-	-	-	
2010 Bond Installment Payments	-	-	-	-	192,308	1,173,262	990,262	986,413	710,708
Coverage	3.70	2.30	3.12	5.07	3.01	2.85	2.63	4.71	3.95

Water Rates[1]

	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/16*
Minimum Charge:								
5/8" & 3/4"	$ 12.42	$ 12.79	$ 28.48	$ 29.65	$ 30.87	$ 31.90	$ 33.24	$ 33.24
1"	31.04	31.97	41.94	43.78	45.71	47.33	49.44	49.44
1-1/2"	62.08	63.94	64.36	67.32	70.43	73.04	76.43	76.43
2"	99.33	102.31	102.31	105.38	108.54	111.80	115.15	115.15
3"	186.25	191.84	191.84	197.59	203.52	209.63	215.92	215.92
4"	310.40	319.71	319.71	329.30	339.18	349.36	359.84	359.84
6"	620.82	639.44	639.44	658.44	678.39	698.74	719.70	719.70
8"	993.30	1,023.10	eliminated					
Charge per hunderd cubic feet (hcf):	1.18	1.65						
Single Family (0-16 ccf)			2.25	2.37	2.49	2.58	2.71	2.71
Single Family (17+ ccf)			2.51	2.64	2.77	2.88	3.02	3.02
Multi-Family (0-12 ccf)			2.25	2.37	2.49	2.58	2.71	2.71
Multi-Family (13+ ccf)			2.46	2.59	2.71	2.82	2.96	2.96
Commercial/Institutional			2.62	2.76	2.89	3.01	3.16	3.16
Industrial/Manufacturing			2.28	2.39	2.51	2.61	2.74	2.74
Irrigation/Landscaping			2.62	2.76	2.89	3.01	3.16	3.16
City/Miscellaneous			2.29	2.40	2.52	2.62	2.75	2.75
Capital Improvements Projects Fee:								
5/8" & 3/4"	5.08	5.08	2.54	2.54	2.54	2.54	2.54	2.54
1"	12.72	12.72	6.36	6.36	6.36	6.36	6.36	6.36
1-1/2"	25.43	25.43	12.72	12.72	12.72	12.72	12.72	12.72
2"	40.69	40.69	32.55	32.55	32.55	32.55	32.55	32.55
3"	76.29	76.29	61.03	61.03	61.03	61.03	61.03	61.03
4"	127.14	127.14	101.71	101.71	101.71	101.71	101.71	101.71
6"	254.29	254.29	203.43	203.43	203.43	203.43	203.43	203.43
8"	406.86	406.86	eliminated					
Private Fire Standby Service:								
4"	17.77	17.77	18.57	19.31	20.08	20.88	21.71	21.71
6"	51.61	51.61	53.93	56.09	58.33	60.66	63.09	63.09
8"	109.99	109.99	114.94	119.54	124.32	129.29	134.46	134.46
10"	197.79	197.79	206.69	214.96	223.56	232.50	241.80	241.80

* 2016 Water Rates are currently under review and may be changed; information presented is current as of 3/23/16

Largest Water Accounts[1]

Customer	Type of Business	Consumption (in acre-feet)	% of total consumption	Revenue Received	% of total water sales
Covina School District	Governmental	115.77	2.32%	$ 218,147	1.88%
Charter Oak Unified School Dist	Governmental	76.68	1.54%	118,040	1.02%
Nijar Realty Prop 189	Commercial	65.39	1.31%	138,257	1.19%
City of Covina	Governmental	51.15	1.03%	96,229	0.83%
Inter-Comm Health SVC	Commercial	47.86	0.96%	134,283	1.16%
Sequoia Hospitality Inc	Commercial	31.81	0.64%	55,202	0.48%
Eastland Tower	Commercial	19.44	0.39%	37,291	0.32%
Sonrise Christian School	Commercial	19.00	0.38%	32,944	0.28%
Rayne Soft Water Service	Commercial	18.88	0.38%	29,676	0.26%
BRE DDE Retail Holdings III LLC	Commercial	17.78	0.36%	55,459	0.48%
TOTALS		**463.76**	**9.30%**	**$ 915,527**	**7.88%**

GRAND TOTAL CONSUMPTION **4,986.00** **GRAND TOTAL SALES** **$ 11,620,569**

(1) Information obtained from Water information system
(2) Information obtained from Covina Comprehensive Annual Financial Report

City of Covina, California
Continuing Disclosure
Wastewater System

Sewer Fund Revenues and Expenses

	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Operating Revenue										
Special Assessments	135,464	169,745	263,576	532,693	970,717	1,464,430	1,750,240	2,263,321	2,213,642	2,596,318
Operating Expenses										
General & Administrative	97,064	406,489	864,689	270,453	688,638	435,948	164,835	522,657	784,732	919,254
Depreciation	-	-	-	-	12,527	25,461	28,319	42,314	110,795	167,735
Total Operating Expenses	97,064	406,489	864,689	270,453	701,165	461,409	193,154	564,971	895,527	1,086,989
Net Revenues	38,400	(236,744)	(601,113)	262,240	269,552	1,003,021	1,557,086	1,698,350	1,318,115	1,509,329
2009 Installment Payments	-	-	-	-	459,193	685,931	932,806	1,296,869	1,296,056	1,298,981
Coverage	-	-	-	-	0.59	1.46	1.67	1.31	1.02	1.16

Sewer Rates [1]

6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015
2.38	3.94	5.50	7.06	8.62	8.62	10.36

[1] Monthly Rates